

# Employee Benefits & Workers' Comp News



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Workers' Comp

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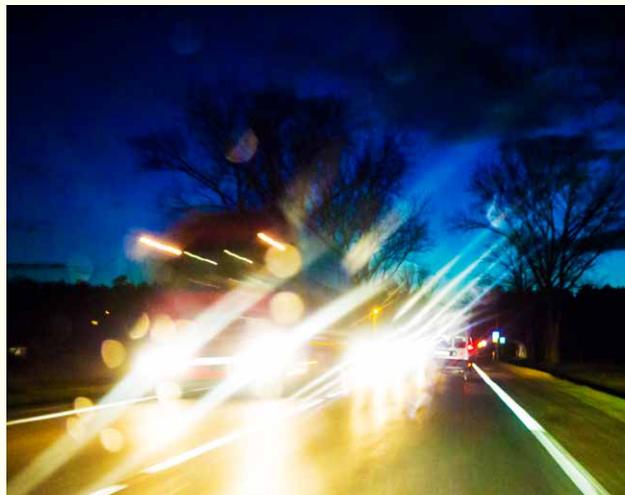
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## Auto-Related Workers Comp Claims on the Rise

The percentage of vehicle-related workers compensation claims are increasing, both in count and in percent of total claims, according to data from AF Group.

**T**he total percent of claims in 2017 was 3.50 percent, compared with 1.95 percent in 2007. The percent of total claims incurred in 2017 was 7.94 percent, compared with 5.14 percent in 2007, according to AF Group.

Driver distraction is the likely cause of these motor vehicle accidents, AF Group said. "From a work comp perspective, these distractions are often a personal choice by employees who are trying to multitask and do their jobs better and more efficiently," AF Group said in an emailed statement.



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## What's Considered Medically Appropriate for Insurance To Be Expanded

**H**ealthy groceries, home-delivered meals, air conditioners and grab bars in the bathroom may soon be some of the "medically appropriate" benefits covered by insurance.

The Centers for Medicare & Medicaid Services expanded the definition of "primarily health-related" benefits insurers can include in their Medicare Advantage policies. Beginning in 2019, insurers can provide retirees care and devices to prevent or treat illness and injuries or reduce emergency medical care. The details of what insurers will offer will not be known until fall 2018 enrollment. The type of benefits offered also can vary according to the beneficiaries' place of residence.

Experts believe these benefits will reduce costs and advance benefi-

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If you want to reduce distracted driving, here are some basic things to consider:

### 1 Recognize the Extent of the Problem

There are three types of distraction:

**Visual** — taking your eyes off the road.

Examples: Looking at a GPS device or trying to read something in your car.

**Manual** — taking your hands off the wheel. Examples: Reaching for something on the floor or in the back seat

**Cognitive** — taking your mind off driving. Example: Falling asleep.

### 2 Hire safe drivers

It may seem obvious, but many times employers hire people whose driving responsibilities are only incidental to the job. So they often never bother to obtain those employees' driving records or if they do, don't critically review them.

Nevertheless, employers should obtain motor vehicle records (MVRs) for all job candidates who might be driving. Frequent moving violations and of course driving under the influence violations are red flags. If you decide to give only minimal weight to a candidate's poor driving record because of more important considerations, then at least impose restrictions on their ability to drive for work.

If driving is a big part of the job, you should include a road test as part of the interview process. Focus on evaluating the candidate's safe driving behavior and defensive driving techniques.

### 3 Make Sure Everyone Drives Safely — or Doesn't Drive on the Job

Review employee MVRs annually. Prepare and distribute to all of your employees safe-driving policies. In particular,

- ✱ Stress the importance of good defensive driving skills and highlight for everyone your company's "no texting while driving" policy.
- ✱ Explain that if a GPS device needs to be programed, you expect the driver to pull off the road to set it.

### 4 Be Prepared When Accidents Happen

Accidents will happen, whether from distracted driving or not. Include an accident kit in your company vehicles. In addition to flares and signage, such kits used to include disposable cameras and a list of phone numbers. With cell phones these items are not necessarily important to include anymore.

But give employees appropriate phone numbers to call to report the accident and advise them to take pictures. Tell them to avoid discussing fault but work with police to document the accident.

Try to use an accident as a "teachable moment," gleaned from it tips on how to avoid similar situations in the future.

Of course, reducing distracted driving should not only reduce workers comp costs, but your auto insurance rates as well. Please give us a call if there's anything we can do to help. ■

ciaries' health. Observers are hopeful insurers for individual and employer-sponsored health insurance soon will follow suit if studies indicate that food-related and care interventions will lower costs and improve health outcomes.

For instance, the Institute on Aging, a California nonprofit that offers services for seniors and adults with disabilities, reduced health care costs 30 percent by taking a more integrated approach to addressing participants' social and health needs. A Health Affairs study showed a 16 percent decrease in overall medical spending for participants in a medically-tailored meal program.



# How to Plan for Life's What-Ifs – with Long-Term Disability Insurance

Few people can imagine a day when they will be too ill or injured to work. Unfortunately, it's not that uncommon. According to the Council for Disability Awareness, more than one in four of today's 20-year-olds can expect to be out of work for at least a year because of a disabling condition before they reach the normal retirement age.

**T**wo sources of supplemental income, Workers' Compensation and Social Security Disability Insurance (SSDI), have limited applications. Workers' comp only covers time away from work if the illness or injury is work-related. In 2016, only one percent of workers missed work because of an illness or injury at work. From 2006 to 2015, only 34 percent of workers who claimed SSDI had their applications approved.

Long-term disability insurance has a wider application. Long-term disability insurance dropped in popularity for a few years as employers focused on complying with the Affordable Care Act's health insurance provisions. However, interest in the benefit is gaining again as more employers and employees see the advantage of protecting employees' salaries when they're unable to work.

Short-term disability insurance pays benefits for the first three to six months, and then long-term disability kicks in. A typical long-term policy pays about 50 to 60 percent of an employee's salary, with a \$5,000 monthly maximum payout, until the employee can re-



turn to work. Some policies will pay until age 65.

The most common reasons for long-term disability claims include musculoskeletal disorders, cancer, pregnancy, mental health issues and injuries. Keep in mind that many insurers are requiring employees to answer health-related questions and show evidence of insurability. Some insurers have a pre-existing condition provision and won't pay benefits for as long as a year.

According to the Council of Disability Awareness, the average duration of a claim is nearly three years. Few families have enough savings to last them 34.6 months. In 2015 the Federal Reserve Board surveyed adults and found that about 53 percent said they don't have enough money saved to cover three months.

Employers can pay for sponsored long-term disability insurance premiums in several ways:

- ✱ **Employer Fully Paid:** Employers often automatically enroll employees and pay for all the premiums — an easy way to meet the required minimum level of employee participation required by some insurers. When employers leave it to employees, they often only get 30 percent participation. However, even when an employer automatically enrolls all company employees, only 75 percent usually keep the benefit. If an employee goes on disability, they must pay taxes on any benefits they receive.
- ✱ **Employer/Employee Shared Costs:** Some employers pay for a basic benefit that replaces 40 percent or 50 percent of income and then offer employees the opportunity to make additional payments for benefits that would increase the replacement amount to 60 to 70 percent of their salary.
- ✱ **Employee Fully Paid:** This can be offered as a voluntary benefit with the employee paying all the costs. If they do this, they can handle the payments in different ways:
  - ✱ Employees pay their premiums with pre-tax dollars. If they become disabled and make a claim, they must pay federal taxes on the benefit.
  - ✱ Employees pay their premiums with after-tax dollars. They pay more now, but if they become disabled and make a claim, they will get more money because they won't have to pay federal taxes.

The challenge for many employers is educating employees so they understand the benefits of a long-term disability policy. Education is key, particularly for younger employees who may think they are invincible. They should understand the benefits of having both short- and long-term disability benefits and understand how tax choice options can affect their disability benefits.

Interested? Talk to us about the best options for your employees. ■

## What You Need to Know About Group Life Insurance

The percentage of vehicle-related workers compensation claims are increasing, both in count and in percent of total claims, according to data from AF Group.



**M**ore Americans now have life insurance coverage through their employer rather than with individual policies. According to the Life Insurance Marketing and Research Association (LIMRA), 108 million adults and children receive employment-based life insurance compared to 102 million individual policy holders.

One reason for the popularity of employer-sponsored life insurance is that few Americans are financially prepared to handle their final costs. LIMRA reports that more than 40 percent of employees have no life insurance and another 30 percent do not have enough to pay for burial and probate

costs. For a low monthly premium — usually paid for by the employer — employers can give their employees peace of mind.

If you decide to offer life insurance benefits to your employees, you must determine:

- ✱ Which employees should be covered
- ✱ What type of life insurance benefits you want to offer
- ✱ How much coverage your employees need
- ✱ Which vendor is right for your company's needs

## Employees

You can offer life insurance to all of your full-time employees or only to some employees.

The advantage of offering coverage to a large number of employees is that you can get lower rates and avoid individual medical exams when you have a big group. Premiums are based on the ages of your employees, regardless of whether they are healthy. Your healthy employees help subsidize those who are categorized as uninsurable.

You also can decide to offer life insurance as a special benefit only to key employees. A downside is that you won't be allowed to deduct the premiums for federal tax purposes unless you meet the government's nondiscrimination requirements. To meet those re-

quirements you must offer life insurance to at least 70 percent of your employees and at least 85 percent of participating employees cannot be key employees. If you decide to offer coverage to employees based on their marital status or employment-related factors, such as job duties, compensation, or length of service, keep in mind that you can't offer coverage only to male employees or only to married employees with children.

## Basic Types

The most popular employer-sponsored policy is group term-life insurance. Most group term policies only are effective for as long as an employee works at the company. Coverage is for employees only, not for spouses or children. To offer term-life insurance, you must have at least 10 full-time employees, although there is an exception. The 10-employee rule is not required if you provide coverage to all full-time employees; base coverage on employees' annual salary; and do not require physical exams to obtain coverage. The downside of this type of coverage is an employee will lose their coverage if they leave the job. However, some insurers allow employees to convert their group term coverage to an individual permanent policy. The individual policy might require additional underwriting and the features and premiums might not be exactly what the employee

wants or needs.

**Permanent life** is becoming a popular option because it can easily be converted to an individual policy if an employee leaves their employment. Another advantage is it earns interest or dividends. Unlike a term life policy, employees — not employers — usually pay the premiums.

## Amount

The most popular benefit amounts are either a set amount or an amount based on the employee's salary.

Employers often gravitate to a set amount of \$50,000 because they can deduct the cost of premiums from their annual income taxes. Also, the premium cost for the first \$50,000 of group term life insurance isn't included in the employee's gross income.

If you choose instead to offer a benefit based on an employee's salary, you might base it on one, two or three times the employee's annual salary.

Keep in mind that if you offer a benefit of more than \$50,000, IRS code Section 79 requires you and your employees to pay Social Security and Medicare taxes on the additional amount.

Please contact us to help you find the best life insurance plans for you to compare and choose from. ■

# Does Technology Have a Solution for Distracted Driving?

Some experts think technology offers the best solutions for reducing distracted driving.

**C**ell phone blocking: Blocking apps can keep people from using their cellphones while driving. These apps can be downloaded and activated to the cellphone or installed in vehicles as a “geofence” or virtual barrier around drivers, preventing them from sending or receiving transmissions. Many providers permit certain white-listed incoming phone numbers and will allow the driver to make an outgoing call in an emergency.

**Telematics:** GPS can provide real-time information about a vehicle’s location and rate of speed, and even whether drivers are using a seat belt.

**On board cameras or car “black boxes”:** Some units, called dash cams, record drivers (“cabin view”) as well as the front view of the road ahead and can be useful in a variety of ways.

The recorded video can be used to monitor driving habits, including ensuring that drivers refrain from cellphone use, as well as providing evidence in the event of a traffic accident.

**Eye-tracking software:** Car companies such as Audi have been developing ways to mitigate driving without awareness (DWA), or subconscious driving with little or no conscious attention paid to the surrounding traffic. ■

