



RISK REPORT

Top 10 Business Laws and Regulations for 2021

EVERY YEAR starts with a bevy of new laws and regulations affecting employers and business in California, and many of the new rules this time around are an outgrowth of the COVID-19 pandemic and its effects on workers.

Employers in the year ahead have a number of changes they will have to contend with, some of which were enacted near the end of 2020 as emergency regulations or legislation. The following are the top 10 laws and regulations affecting employers in 2021.

1. COVID-19 workers' compensation rules

AB 1159, which took effect in September, requires that workers' compensation benefits be extended so that any employee who reports to a workplace and contracts COVID-19 is presumed to have contracted it at work, making them eligible for workers' comp benefits.

But the law also imposes sweeping reporting rules for employers that have outbreaks in their workplaces (it's considered an outbreak if 4% of an employer's workers test positive for COVID-19). Under new rules by the Workers' Compensation Insurance Rating Bureau, though, COVID-19 illness claims will not count against employers' experience modifiers (X-Mods).

Under the law, when reporting a COVID-19 claim employers must provide the following information:

- The date the worker tested positive,
- The workplace address of the worker during the 14 days before the positive test, and
- The highest number of employees who reported to work in the 45 days preceding the last day the employee worked in the workplace.

The above must be reported for each worker COVID-19 case. The law sunsets on Jan. 1, 2023.

2. Cal/OSHA COVID-19 regulations

Cal/OSHA in November enacted emergency regulations that require employers to implement safeguards to reduce the risk of COVID-19 spreading in the workplace.

The rules require employers to create a COVID-19 prevention plan, require masks in the workplace, social distancing and other ways to reduce the likelihood of virus spread.

Employers must investigate coronavirus cases in their workplace. If a worker

contracts COVID-19, they must notify all staff who may have been exposed, within one day. Workers who may have been exposed must be offered COVID-19 testing at no cost. Employers must report every new case to local health authorities.

3. Cal/OSHA law adds confusion

Before Cal/OSHA came out with its emergency COVID-19 regulations, Governor Newsom signed into law AB 685, which adds to Cal/OSHA's responsibilities in policing COVID-19 protections.

The law expands the agency's authority to issue stop-work orders to workplaces it deems a COVID-19 "imminent hazard."

The law also requires employers to notify a number of parties (state agencies, local authorities, employees, contractors and more) if they have coronavirus infections in any of their facilities.

Notice to employees must include information regarding benefits the employee may be eligible for under federal, state and local laws, including workers' comp, COVID-19-related leave, company sick leave, state-mandated leave, and more.

See 'AB 5' on page 2

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WISHES YOU A HAPPY NEW YEAR

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Continued from page 1

AB 5 Gets an Overhaul, Exempts Many Professions

4. Expansion of California Family Rights Act

SB 1383 expands the California Family Rights Act to cover even small employers – those with five or more staff.

The CFRA, which requires covered employers to provide up to 12 weeks of unpaid leave a year for family and medical leave purposes, had until now applied to employers with 50 or more workers.

The new law also expands the scope of “family members” for whom employees can take leave to help care for them to include siblings, grandparents, grandchildren and domestic partners. Also, the law expands the definition of “child” to include all adult children.

5. Independent contractor law tweaked

AB 2257, which took effect in September 2020, revises the controversial AB 5 independent contractor law by adding a number of exceptions for certain classes of workers.

AB 5 created a new standard for discerning what workers should be classified as employees or independent contractors and it swept up a number of professions in its net, causing some consternation and hand-wringing among both employers of those contractors and the independent contractors themselves.

The professions that are now exempt include (among others):

- Graphic designers
- Web designers
- Consultants
- Freelance writers
- Translators
- Editors and content contributors.

6. Wildfire smoke safety regulations

Cal/OSHA is working on permanent wildfire smoke regulations to protect outdoor workers when the air worsens during major events.

An emergency regulation is set to expire Jan. 31, 2021, at which time Cal/OSHA hopes to introduce the permanent replacement that would require employers to protect their outdoor workers from smoke if the Air Quality Index (AQI) exceeds 150.

The regulations apply when the AQI for airborne particulate matter 2.5 microns (PM2.5) or smaller is 151 or greater.

The permanent regulations are expected to cover training and methods for protecting workers (like moving them inside or providing N95 respirators during high-smoke conditions).

7. New classification for telecommuters

There is a new workers’ compensation class code to assign to employees who work from home, an outgrowth of the coronavirus pandemic which thrust so many people into working from home.

The new class code, (Clerical Telecommuter Employees – N.O.C.), applies to employees that work from home or “away from any location of their employer,” doing office clerical work.

This class code, available on policies effective Jan. 1 or later, is to be used for employees which would have been classified under class code 8810, Office Clerical employees, that are doing work at home 50% or more of the time.

8. Sick leave and kin care law

Under Labor Code, an employee was entitled to use up to half of their annual accrued sick leave to care for a family member, but not the full amount of sick leave they have.

AB 2017 gives employees the sole discretion to use as much of their sick leave as they want to care for a family member, with no approval from their employer required. The law took effect Jan. 1.

A “family member” is defined as a child, parent or guardian, spouse or domestic partner, grandparent, grandchild or sibling.

9. Data protections strengthened further

California voters last year passed Prop. 24, which established a new law: the California Privacy Rights Act of 2020. The CPRA amends and strengthens the state’s current data protection privacy law, the California Consumer Privacy Act (CCPA), which governs how organizations have to protect personal data that they collect.

The CPRA gives additional rights to consumers and places extra obligations on businesses. It provides additional protections for sensitive personal information, expands the CCPA’s opt-out rights to include new types of information-sharing, and requires businesses to provide additional mechanisms for individuals to access, correct or delete data, with a particular focus on information used by automated decision-making systems.

While the law doesn’t take full effect until Jan. 1, 2023, it has a 12-month look-back period. Privacy experts advise companies to start working on their data protection infrastructure in 2021 in order to be ready for this expansive new law.

10. State minimum wage increases

As of Jan. 1, California’s minimum wage increased to \$14 for employers with 26 or more employees, and to \$13 for those with 25 or fewer employees. Local minimum wages may also have risen. Check your local rules for other minimum wage requirements.





Coverage Issues

Your New Year Insurance Checklist

AS 2021 gets underway and while you're making New Year's resolutions, you should also resolve to review the state of your business's insurance program.

The best way to do that is to start by reviewing your enterprise's activities in the past year and how they may affect your insurance policies in the new year. What you find as you go through the following checklist may surprise you.

Did your operations change last year? Workers' compensation and commercial general liability (CGL) insurance premiums are based in part on the type of work your business does.

If your business changed, the insurance company may revise how it classifies your operations when it audits your records. This could cause your premiums to increase; inform the company now to avoid a surprise later.

Did your payroll and sales change? These premiums are also based on the amounts of your payrolls and sales. Employment practices liability insurance premiums are based on the number of employees.

If you had a good year and these numbers increased, expect to pay additional premiums at audit time.

Conversely, if both shrunk, ask your insurer to reduce its estimates so you can get the return premium now.

Did you acquire, form or sell any businesses? CGL policies typically provide short-term coverage for some newly acquired or formed entities. After 30 or 90 days, that coverage disappears unless you report the new entities to the insurer.

Workers' comp policies do not automatically cover a new entity. If your business and the new entity have common ownership, you may be able to add that entity to your policy, but you must report it to the insurer.

Did your properties change? Did you buy or sell any buildings? Lease new ones? Add on to or upgrade any buildings? Buy new equipment? Make sure your insurer knows about these changes. Some property insurance policies provide limited automatic coverage, but only for 30 days or so.

Also, the amounts of insurance on your properties should reflect the cost of replacing them. If your building is 30% bigger than it was this time last year, you may be underinsured.

Did your auto schedule change? If you have sold, replaced or added any vehicles, make sure your insurance company has an up-to-date list of all vehicles.

Do you need new or additional insurance? Could you afford to pay for legal costs, settlements, penalties, lost income and recovery measures if you were sued over a network data breach or suffered a ransomware attack? If not, you may need cyber insurance.

Could a client sue you for alleged errors or omissions in your work? If so, you might need professional liability insurance.

Also, you may need greater amounts of general liability and automobile liability insurance, especially if you work for other firms. They often require their vendors and contractors to carry high insurance limits. You may need a commercial umbrella liability policy for additional amounts of insurance.

The takeaway

You've worked hard to build your business, and your work deserves protection. By using this checklist, you will get a good start on protecting what you have while you work in 2021 to make it grow.



Emergency Regulations

COVID-19 Workplace Safety Rules Take Effect

THE CAL/OSHA Standards Board has approved new emergency regulations that will impose strict rules on employers to implement safeguards in order to reduce the risk of COVID-19 spreading in the workplace.

The sweeping rules extend the reach of protections to employer-provided housing and transportation, as well as imposing new reporting requirements on employers who have workers that contract the coronavirus.

The new rules took effect Nov. 30, so employers need to ramp up immediately to comply with them.

HIGHLIGHTS OF THE NEW REGULATIONS

- Physical distancing and mask-wearing are required unless it is not possible to wear masks on the job. If physical distancing is not possible, the employer would have to explain why.
- Employers must provide face coverings and ensure they are worn by employees over the nose and mouth.
- At fixed work locations where it is not possible to maintain physical distancing, the employer shall install cleanable partitions that effectively reduce aerosol transmission between employees.
- Employers must implement cleaning and disinfecting procedures for frequently touched surfaces and objects, such as doorknobs, elevator buttons, equipment, tools, handrails, handles, controls, bathroom surfaces and steering wheels.
- Employers will be required to have a written COVID-19 prevention program. Cal/OSHA will allow the program to be incorporated into an existing injury and illness prevention plan or be stand-alone.
- Employers must identify and evaluate COVID-19 hazards with participation from employees, and then correct those hazards.
- Employers must investigate cases among their employees. If they discover one of their staff has contracted COVID-19, they must notify all employees at a worksite who might have been exposed, within one day. Workers who may have been exposed must be offered COVID-19 testing at no cost.
- Employers must report coronavirus cases in their workplaces to local health authorities.
- Employers must maintain medical records related to COVID-19 and provide those records to the local health department, the California Department of Public Health, Cal/OSHA, and the National Institute for Occupational Safety and Health (upon request).
- Employers must implement a system of record-keeping to track all COVID-19 cases in the workplace.
- Employees with COVID-19 symptoms may not return to work until at least 10 days since symptoms first appeared, and not until after 24 hours have passed since the employee had a fever of 100.4 or higher and after all symptoms have passed.

There are even rules for disinfecting and cleaning employee housing and transportation if the company provides them.

The regs also include provisions that are beyond the scope of workplace safety regulations, such as requiring employers to maintain employees' earnings, seniority and benefits when they are off work because of COVID-19.

Key takeaways

The new rules took effect Nov. 30, so you will need to immediately prepare. You should:

- Prepare for new record-keeping requirements,
- Write COVID-19 prevention program guidelines,
- Implement testing protocols according to the regulations, and
- Prepare policies and procedures for notifying affected staff and others of possible COVID-19 exposure.

GET THE FULL REGULATIONS HERE