



George Petersen Insurance Agency

News You Can Use

AMERICAN RESCUE PLAN ACT

Stimulus Plan Expands Business Assistance

THE \$1.9 TRILLION American Rescue Plan Act (ARPA) that President Biden signed into law on March 11 contains a number of provisions intended to help small businesses and other organizations hurt by the pandemic.

Foremost, it includes additional Paycheck Protection Program (PPP) loans to struggling businesses, and a number of special grants to companies in industries that have been especially hard hit, including restaurants, movie theaters, concert spaces and museums.

The measure also includes provisions extending a number of tax credits to employers affected by the pandemic, in order to make it easier for people laid off during the health emergency to access COBRA coverage after they lose their jobs and their health coverage.

ARPA opens up a new opportunity for businesses that have been hurt by the pandemic to access financial aid to keep their doors open and stay viable. Many of the programs build on ones introduced earlier in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and extended by the Consolidated Appropriations Act of 2021 (CAA).

PPP extended

The law authorizes another \$7.25 billion for the Paycheck Protection Program, which offers forgivable loans to small firms and other organizations that have been hit by the pandemic.

These loans are forgivable if 60% of the funds are used on payroll and the rest pays for mortgage interest, rent, utilities, personal protective equipment or certain other business expenses.

While the legislation set the deadline to apply for March 31, it was extended until June 30 after Congress passed supplemental legislation.

Other assistance

There are a number of other provisions of the new law aimed at providing financial aid:

- \$10 billion for state governments to help leverage private capital and make low-interest loans and other investments to help their small businesses recover.
- \$15 billion to the Economic Injury Disaster Loan grants program to be given to small businesses in underserved areas, especially minority-owned enterprises.
- \$29 billion for financial relief grants to restaurants. The maximum grant size will be \$5 million for restaurants and \$10 million for restaurant groups. The Small Business Administration will administer these grants.
- \$15 billion will be added to the Shuttered Venue Operators Grants program, which was launched by the CARES Act. More funds will be made available to museums, theaters, concerts and other venues that had to shut down due to COVID-19-induced restrictions. This program has not yet launched.

Tax credits

Originally enacted under the CARES Act and CAA, the Employee Retention Credit (ERC) lets certain employers take advantage of a tax credit for qualified wages paid to employees.

The CARES Act capped the ERC at \$5,000 per employee for 2020. The CAA, passed in late 2020, expanded the ERC to apply to qualified wages made between Jan. 1 and June 30 this year. It also

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EMPLOYEE MENTAL HEALTH

EAPs to the Rescue During Troubling Times

THANKS TO stresses brought on by the COVID-19 pandemic, employee assistance programs have become more popular and crucial than ever before.

EAP managers report a surge in call volume from workers that need mental health help as they face the stresses of potentially becoming infected by the virus, losing a loved one or a friend to COVID-19 or financial problems due to reduced hours or a partner being laid off.

If you have an EAP, now is the right time to promote the program among your employees so those who really need it can get the help they need. Also, since you are likely paying for the EAP, there's more incentive for you now to get your workers to take advantage of its offerings.

EAPs are obviously beneficial to workers when they are in trying times or dealing with a life emergency. When employees access EAPs during hard times, that also benefits the employer in the form of fewer days away from work and reduced presenteeism, which is defined as being at work but not being productive due to issues that may be weighing on the employee.

The "2020 Annual Report for the Workplace Outcome Suite," published by LifeWorks, found that workers who access their EAPs significantly increase their productivity once they have accessed their program and received counseling.



What an EAP offers

EAPs are a work-based intervention program designed to identify and assist employees in resolving personal problems that may be adversely affecting their performance at work.

Services offered vary, but some of the common ones include:

Resolving workplace personality conflicts – Advice and suggestions on how to work with a difficult manager or co-worker.

Drug addiction prevention – Advice on how to deal with the employee's addiction, or how to handle a family member's addiction.

Counseling – This can cover any mental health issue an employee or family member is dealing with, including depression, anxiety, anger management, as well as grief counseling.

Health and caregiving assistance – This can include managing return-to-work issues after an injury, managing a disability or medical issue, or getting care for an ill or elderly loved one.

Legal and family assistance – Marriage counseling, divorce or child custody advice.

Financial counseling – How to avoid bankruptcy, pay down credit card debt or create a budget.

A note about confidentiality: Employers do not get to know who is utilizing the service, what the reasons are or how often employees call, due to Health Insurance Portability and Accountability Act regulations. ❖

Return on investment and savings

Small employers: ROI: 3:1. Cost savings per employee: \$2,000.

Mid-size employers: ROI: 5:1. Cost savings per employee: \$2,500.

Large employers: ROI: 9:1. Cost savings per employee: \$3,000.

Strong results for employees

- 86% of EAP-using workers had clinical improvements from the help they received.
- 86% improved their work productivity.
- 64% had fewer days off from work.
- 94% reported that they were satisfied with the service.

Source: EAP vendor survey by National Behavioral Consortium

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Employee Retention Credit Extended Until Year's End

increased the maximum amount of the credit to \$7,000 per employee per quarter.

The new stimulus law extends the ERC through the end of this year. That means that eligible small firms can take a tax credit of up to \$28,000 per employee for 2021.

Who is eligible: Businesses that were either fully or partially suspended as a result of COVID-19-related government orders that restricted their ability to operate and generate sales. Also, any business that has gross receipts that are less than 80% of gross receipts for the

same calendar quarter in 2019.

ARPA also makes eligible for the tax credit any start-up businesses that also suffered revenue losses as a result of the pandemic.

In addition, ARPA extends through September the availability of paid leave credits to small and midsize businesses that offer paid leave to employees who may take leave due to illness, quarantine or caregiving due to the pandemic and any closure orders.

Employers that offer paid leave to workers who are sick or in quarantine can take dollar-for-dollar tax credits equal to wages of up to \$5,000. ❖

PANDEMIC FALLOUT

Employment-Related Lawsuits Explode

AS THE COVID-19 pandemic continues, so does the number of workplace-related lawsuits filed by workers across the country against their employers.

The pandemic laid the groundwork for new local, state and federal laws and regulations governing a number of workplace issues, like safety, family and medical leave and remote work. It created new challenges for employers who were forced to close operations, lay off and furlough workers and organize new work arrangements.

Two law firms that track workplace litigation report that there were more than 1,000 COVID-19-related lawsuits filed by workers against their employers in 2020.

Employees filed 1,452 lawsuits in state and federal court in 2020 according to Littler Mendelson in San Francisco. Meanwhile, Seyfarth Shaw put the number at 1,005 for all of last year.

According to Seyfarth, of those cases:

- 690 were complaints concerning layoffs and firings that were spurred by the pandemic.
- 339 cases were related to workplace safety and retaliation for complaining about safety shortfalls. Many of these cases allege that employers had failed to protect their workers from contracting COVID-19 through safety measures such as partitions between workstations, face covering, social distancing, and more. Also, 190 of these cases were workers alleging employers retaliated by firing them for complaining about unsafe working conditions, or the failure to comply with COVID-19 protocols.
- 240 cases were for discrimination typically for terminations of furloughs. Discrimination complaints cut across a number of protected categories, including, age, racial and gender discrimination. Typically, complaints concern being discriminated against during the layoff process and employees alleging they were targeted for dismissal based on their protected category.
- 113 were wage and hour claims, mostly concerning

employees alleging they were forced to work off the clock. This was especially prominent in cases of people working from home, where the lines between home life and work can get blurred.

- 93 were for FMLA infractions. Many suits say employees grappling with COVID-19 themselves or caring for a relative have been illegally denied sick leave or family and medical leave.

“We anticipate that the tide of workplace class action litigation will continue to rise in several key areas such as discrimination and workplace bias, wage & hour, as well as on the health & safety front,” Seyfarth wrote in its report. “Employers are apt to see these workplace class actions expand and morph as businesses restart operations in 2021 in the wake of COVID-19, particularly as courts roll out a patchwork quilt of rulings.”

The worst part: Both firms predict even more pandemic-related lawsuits to be filed this year, asserting that the coronavirus is now the main force pushing a new surge in workplace litigation.

What you can do

Employers should familiarize themselves with the workplace laws that were put in place by the CARES Act and other federal legislation, as well as any laws or regulations that were enacted in their states in response to the COVID-19 pandemic.

Compliance is key to many of these measures, particularly if you may be putting employees or the general public at risk.

Comply with workplace safety regulations concerning your workers and do not retaliate against anyone who comes to you with concerns about your COVID-19 safety protocols.

Also, if you are terminating or firing people because you cannot keep them on due to the pandemic, make sure you do so fairly and do not single out any number of people in a protected class. The decisions should be made based on their work duties, their value to the organization – and even seniority. ❖





PERSONAL LIABILITY

How an Umbrella Policy Can Save You from Ruin

DO YOU have enough liability insurance? If there were a vehicle accident for which you were at fault, and a family breadwinner were disabled or killed, would your auto liability policy offer enough coverage to pay for a lifetime of lost wages due to such an event?

Keep in mind, the legal system holds you accountable for injuries you cause to others. This may include garnishing your wages and seizing any assets you have in order to pay off a legal judgment.

Consider what would happen if there were a settlement (or judgment, if it went to court) of \$2.5 million as a result of an auto accident for which you were found liable and your auto policy has a limit of \$500,000.

After the insurer pays the judgement of \$500,000 you would be on the hook for the remaining \$2 million.

The umbrella protects

To avoid this fate, all you need is an umbrella insurance policy. These policies provide additional coverage once the liability limits on your homeowner's or auto insurance policy are exhausted. Umbrella policies are typically sold with limits of \$1 million to \$10 million.

In the example above, if you had a \$3 million umbrella policy, the auto insurer would pay the auto policy limit of \$500,000, and your umbrella insurance would pay the other \$2 million of the \$2.5 million settlement or award. Your assets would not be at risk.

When considering umbrella coverage, you should ask yourself whether you have assets that you don't want to put at risk in the event of a catastrophic liability.

An umbrella policy is not limited to covering liability incidents that occur in your car. Do you have a swimming pool, trampoline, swing set or other recreational equipment? Also if one of your kids injures someone and you are sued, excess liability would be covered by the policy too.

Most umbrella policies can also save the day if you accidentally posted something on your social media that results in a legal action. This is because most of these policies include a "Personal Injury" clause, which covers things like libel and slander.

How much do you need?

People often figure that the amount of umbrella coverage they need should be the value of their assets, but this might not be adequate.

If, for example, you have assets of \$2 million and buy \$2 million worth of coverage, what happens if you're found liable for a \$4 million judgment?

Insurance would pay the first \$2 million, plus the limit of the underlying homeowner's or auto policy, but you could lose a significant amount of your assets because of the shortfall in coverage.

The more coverage you get, the more bulletproof your assets become.

Costs

The cost of an umbrella policy is relatively inexpensive. The rate will depend on how many cars you have, if you own rental properties and whether you have younger drivers under the age of 21, which will slightly increase the rate.

In most cases, you can get a \$2 million umbrella policy for about a dollar a day if you have the basics, such as two cars and a home.

However, even though these policies are inexpensive, securing an umbrella to protect you should never be done based on cost. It should be based on what is the best amount of coverage to help prevent any loss of assets. The key is to preserve your quality of life.

Call us if you need assistance assessing how much you require to protect your assets and quality of life. ❖