



George Petersen Insurance Agency

News You Can Use

ANNUAL UPDATE

2024 HSA Limits, HDHP Minimums, Maximums Set

THE IRS has raised the maximum amount employees can funnel into their health savings accounts by 7.8% for 2024, the largest increase ever, brought to you by inflation.

The IRS updates this amount annually, along with minimum deductibles as well as the out-of-pocket maximums for high-deductible health plans. Under its rules, HSAs, which help employees save for medical expenses, are only available to those enrolled in qualified HDHPs.

Understanding these amounts now can help you get an early start on human resources planning for next year.

Here are the changes coming in 2024:

NEXT YEAR'S AMOUNTS

HSA annual contribution limit

Individual plan: \$4,150, up 7.8% from \$3,850 in 2023*

Family plan: \$8,300, up 7% from \$7,750 in 2023

* Catch-up contributions: People who are 55 or older may contribute an additional \$1,000 a year to their HSA.

HDHP minimum annual deductible

Individual plan: \$1,600, up from \$1,500 in 2023

Family plan: \$3,200, up from \$3,000 in 2023

HDHP annual out-of-pocket maximum

Individual plan: \$8,050, up from \$7,500 in 2023

Family plan: \$16,100, up from \$15,000 in 2023

Excepted benefit health reimbursement arrangement

Maximum annual employer contribution: \$2,100, up from \$1,950

Funds roll over from year to year and can earn interest. Many plans also have investment options for the funds to help savers further grow the account.

The many benefits for employees who have an HSA include:

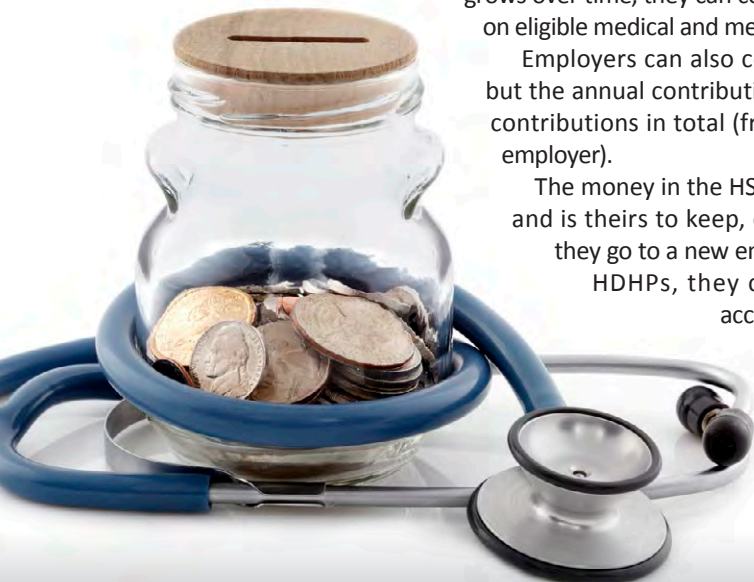
- The money an employee contributes to an HSA is not subject to income taxes, which reduces their overall taxable income.
- They are not taxed on withdrawals.
- If employees contribute to their HSA with after-tax money, they can deduct their contributions during tax time on Form 1040.
- Employees can tap the funds for any approved out-of-pocket medical expenses.
- They can also grow the account tax-free by investing the funds in the account, sort of like a nest egg for medical expenses in retirement. (That said, 62% of account holders spend the money on year-to-year or near-term expenses, according to a report by the Employee Benefit Research Institute.)

The many benefits of HSAs

An HSA is a special bank account for your employees' eligible health care costs. They can put money into their HSA through pre-tax payroll deductions, deposits or transfers. As the amount grows over time, they can continue to save it or spend it on eligible medical and medical-related expenses.

Employers can also contribute to the accounts, but the annual contribution maximum applies to all contributions in total (from the employee and the employer).

The money in the HSA belongs to the employee and is theirs to keep, even if they switch jobs. If they go to a new employer that offers qualified HDHPs, they can continue to fund the account in their new job.



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CONTACT US:

If you have a question about any article in this newsletter or coverage questions, contact your broker at one of our offices.

**Auburn
Colusa
Eureka
Fort Bragg
Ferndale
Gualala**

**Healdsburg
Redding
San Rafael
Santa Rosa
Ukiah**

Phone: 1-800-236-9046

E-mail: info@gpins.com

License No. : 0603247

WORKERS' COMP

Class Code Changes Approved by Insurance Dept

IF YOU have staff who work remotely, you'll want to pay attention to changes that are coming to the workers' compensation class code you use for them.

Starting Sept. 1, California's telecommuter class code will finally get its own pure premium rate, that is lower than what's currently being charged.

Since many people started working remotely after the COVID-19 pandemic began in 2020, the Workers' Compensation Insurance Rating Bureau created a new telecommuter class code (8871) and tethered its pure premium advisory rate to the 8810 clerical classification for easier administration.

Now, under the Rating Bureau's workers' compensation regulatory filing which was adopted by the California Department of Insurance on May 25, code 8871 will receive its own rate, separate from the clerical rate. In fact, the new telecommuter rate will be 25% lower than the clerical rate due to lower losses and higher average payroll in the telecommuter class code.

If you have remote workers, you'll want to ensure they are in the telecommuter class code to enjoy the lower premium.

New X-Mod threshold

The approval of the filing also increases the workers' comp premium threshold for experience rating (being eligible for an X-Mod) to \$10,200 from \$9,200 to account for wage inflation.

Restaurant classification split

Other changes include splitting the 9079 restaurant classification into six new codes (see box below), effective Sept. 1, 2024.

While there will be six codes, they will still be combined for rate-making purposes until the Rating Bureau collects a few years of data from the new codes, so that it can set individual rates for each of them.



NEW RESTAURANT CODES

- **9058** Hotel/Motels/Short-Term Housing – Food/Beverage
- **9080** Restaurants – Full Service
- **9081(1)** Restaurants – Not Otherwise Classified
- **9081(2)** Concessionaires
- **9082** Catering
- **9083** Restaurants – Fast Food/Fast Casual
- **9084** Bars/Taverns

NEW CODE: *Remote workers will get their own unique workers' comp class code, starting in September.*



VICARIOUS LIABILITY

You're Responsible for Employees Driving on the Job

MANY BUSINESS owners don't think twice when asking a worker to run to the office supply store, to the bank or run another errand for the company while on the clock.

But as soon as that employee enters their personal vehicle on a trip for your business, you automatically become vicariously liable for their actions.

Think it's not a big deal? There have been cases when employers have been found liable and ordered to pay up to \$25 million for crashes involving employees using their cell phones while driving, according to the National Safety Council.

That means if your employee is in an accident and injures a third party, damages another car or injures themselves, your firm could be held liable.

For injuries to only your employee, your workers' compensation insurance would handle the costs, but for injuries to others and third party property, you are ultimately liable since they were carrying out duties for your firm.

The employee's auto insurance will be primary, but the problem arises when the coverage is insufficient. The employer can then be sued by the third party.

And once a third party knows there is an employer behind the person who hit them, that often encourages them to sue, seeking even more damages than they normally would.

With that in mind, you should do all you can to reduce your exposure by writing a policy for your driving employees (see box on right).

Beside having a driving policy in place, you can also make sure to hire employees who are safe drivers by checking their driving records during the hiring process.

Also, make sure that your management is on board with the policy.

That means that managers should avoid texting or calling employees while they are driving on company time.

That would clash with your policy on barring cell-phone use while driving.

Insurance

Finally, you should make sure that you have proper insurance in place in case calamity strikes. And unfortunately, some employees will inevitably be slack in following even the best laid out policies.

ELEMENTS OF A DRIVING POLICY

Consider including the following in the policy:

- Expectations you have for driving staff.
- No talking on a cell phone or using any functions like apps and texting.
- Avoid other distractions by barring other activities while driving, like eating and drinking.
- Train workers in safe vehicle operations.
- Make sure that any employees who drive for you are properly licensed.
- Require them to take breaks on longer trips.
- Check staff driving records periodically.
- Spell out that they must buy personal auto insurance with certain minimum limits. The insurance policy should not include a business exclusion.



Commercial auto will cover all of your workers who drive company vehicles for collisions, but it won't cover employees if they are driving their own vehicles while on the job. Such vehicles are considered non-owned autos because they are not owned by the named insured.

Employees are not insureds while driving non-owned autos, even if they are using the vehicles on company business.

But if you do have workers who use their personal vehicles for work, you can purchase an endorsement for your commercial auto policy: Hired and Non-Owned Auto Coverage. This endorsement covers workers who drive their personal or rented vehicles on behalf of their employer.

But it provides excess coverage only, meaning that the employee's personal auto policy will apply first if the worker is sued after an accident involving their personal auto. The endorsement would apply only if the employee's personal policy limits are breached.



HOMEOWNERS' ISSUES

Get Hopping on Mid-Year Home Maintenance

SUMMER IS here and while most of us look forward to picnics, outings, camping and vacations, it's smart to also do a few nips and tucks on your home.

Take the time when the weather is nice to inspect and tackle any maintenance now, well ahead of fall and winter, and to fix any problems before they become major repair projects. Here are some tips that you can follow:

The top

- Start by either climbing up and inspecting the roof or viewing it from the ground. Look for signs of wear on the shingles, curling, cracking or protruding nails.
- Also check the valleys where two rooflines intersect. Check the metal, flashings around chimneys and flues, as well as the rubber boots around plumbing vents.
- Inspect flashing around skylights and caulk any areas that may leak.
- Clean and inspect your rain gutters. Get rid of all the debris that's collected and make sure that downspouts carry water from the gutters and that water doesn't pool up.
- Fix any issues as needed.

The middle

- Inspect your house exterior for loose or rotting siding or window frames. Look for dry rot as well on patio flooring and beams. Power-wash siding or brick to get rid of dust, dirt, tree sap, bird droppings and other residue.
- Look for chipped, peeling or flaking paint on your siding. Check for loose vinyl or aluminum siding.
- Check for broken storm windows and screens. If you bring screens out in the summer, inspect them for damage before installing.
- Check window glazing and make sure it's not cracking or falling apart. If you find problems, remove the old glazing and use putty to reseal.

The bottom

- Close vents and uncover basement windows if you have them.
- Check brick tuckpointing and foundation for cracks or leaks.

Foundation cracks can create an entry point for groundwater and insects. Repair as needed.

- Inspect the crawlspaces for signs of flooding or water leaks. Fix as necessary.
- If you have washed-out areas next to the foundation, you should fill and compact them. Make sure that you maintain a slope away from the foundation in all areas around your home.

Plumbing, HVAC and electrical

- Replace the faucet traps (the small screen on the end of your faucet) to get rid of any mineral deposits and other debris.
- Clean the clothes dryer vent and exhaust duct to get rid of any lint or dust clogging them.
- Turn off the power to the outside unit of the central air condition system and spray the outside coils with water.
- Also, remove the filter and check inside the filter box to make sure it's clean. If it isn't, call a professional to clean and service the unit. Make sure to change the filter every three months.
- Inspect overhead electrical wires leading to your home to make sure they are not close to or contacting tree limbs. If they are, contact your power company.

Patio and yard

- Inspect outdoor play equipment, looking for loose or broken pieces, wood splintering or protruding nails. Fix any issues.
- Walk the perimeter of your backyard and inspect the fence. Fix any loose boards or posts.
- Also repair and reinforce any broken or loose parts. If the stain or paint is fading or chipping, repaint or restain the fence.
- Inspect walkways and your driveway for cracks. Refill as needed.

The takeaway

When you own a home, chores can seem endless, but most important is keeping up on needed maintenance.

Take the opportunity that summer weather provides and do preventative maintenance to keep small problems from becoming big – and costly – ones.

