



George Petersen Insurance Agency

News You Can Use

LEGISLATIVE UPDATE

Newsom, Businesses Agree on PAGA Reforms

GOVERNOR GAVIN Newsom, legislators and business groups have struck an agreement to reform a law that has become a costly thorn in the side of employers operating in California, the Private Attorneys General Act.

The deal averts a showdown over a business-backed initiative slated to be on the November ballot that would have repealed the law. The bill would keep the law intact while limiting frivolous litigation by allowing employers to make things right after a PAGA suit is filed.

PAGA allows workers who allege they have suffered labor violations, like unpaid overtime or being denied mandatory meal and rest breaks, to file suit against their employers rather than the typical route of filing a claim with the state Department of Labor Standards Enforcement.



The law essentially allows employees, represented by private attorneys, to stand in for the state and all their co-workers in suing their employer.

One reason workers pursue PAGA claims is the tremendous backlog that the DLSE faces, and they do so in the belief that the claim will be handled more quickly. However, a report by the Fix PAGA Coalition found that workers filing claims directly with the DLSE wait fewer than 10 months on average for their awards, compared to 23 months for PAGA court case awards.

Proceeds from settlements are split 25% with the employee who filed the case and the rest with the state, which collected more than \$200 million in penalties in 2022.

The Fix PAGA Coalition's report found that non-profits, small businesses and other employers have paid out nearly \$10 billion in PAGA case awards since 2013, with attorneys receiving the far bigger portion of the settlements.

Backers of the PAGA ballot initiative withdrew their measure in exchange for the legislation, which has been signed into law by Newsom.

Agreement Highlights

Redefines 'standing' – It requires workers to personally experience the alleged violations brought in a claim.

Cure provisions – It expands the list of Labor Code violations that can be cured before a PAGA action commences, which could allow employers to avoid lawsuits by making employees whole after receiving notice of alleged violations.

Limits claims – It codifies a court's ability to limit the scope of claims presented at trial to better manage the complaint.

Reforms penalty structure – It caps penalties on employers that quickly fix policies and/or practices to make workers whole after they receive a notice of a PAGA action. It also caps penalties on employers that proactively comply with the Labor Code before receiving a PAGA notice.

See 'Package' on page 2



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

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FED-OSHA RULEMAKING

OSHA Updates HazCom Standard

CHANGES ARE again coming to Fed-OSHA's Hazardous Communications Standard, which governs the handling of chemicals and other dangerous substances.

OSHA's final rule, which took effect July 19, 2024, will bring the standard in line with the latest update to the United Nations' Globally Harmonized System of Classification and Labelling of Chemicals.

The update revises criteria for the classification of certain health and physical hazards, as well as updating labeling requirements and safety data sheets (SDSs), among other changes.

Affected firms may have to update their HazCom program, and provide additional employee training for newly identified physical, health or other hazards.

It's important for employers to stay up to date on the HazCom standard to protect their workers. Labels and SDSs are often the first indication to a worker that they are handling a hazardous chemical, so it is imperative that they be as accurate and complete as possible.

Staggered Compliance Deadlines

First: Chemical manufacturers, importers or distributors evaluating substances will have to comply by Jan. 19, 2026, while those that evaluate mixtures will have to comply by July 19, 2027.

Second: Other employers will have to comply six months after those dates: July 19, 2026 for those that handle, store or use substances, and Jan. 19, 2028 for mixtures.

What the rule does

The new rule ensures that OSHA's HazCom standard jibes with the Global Harmonized System, which is used in most developed and many developing countries around the world.

It provides consistent definitions of hazards, specific criteria for labels, and a specific format for safety SDSs.

The new classification criteria only affect SDSs and labels for certain products (aerosols, desensitized explosives and flammable gases). If your firm handles any of these, you will have to ensure that your labels and SDSs for select hazardous chemicals are updated accordingly.

Rule highlights

Labeling – It updates labeling requirements for certain very small containers and bulk containers to ensure the labels are comprehensive and readable.

Manufacturers must only provide the updated label for each individual container with each shipment once the product reaches its customer. Warehousing employees will not be required to open sealed pallets and boxes of containers to relabel them or repack the product in preprinted bags.

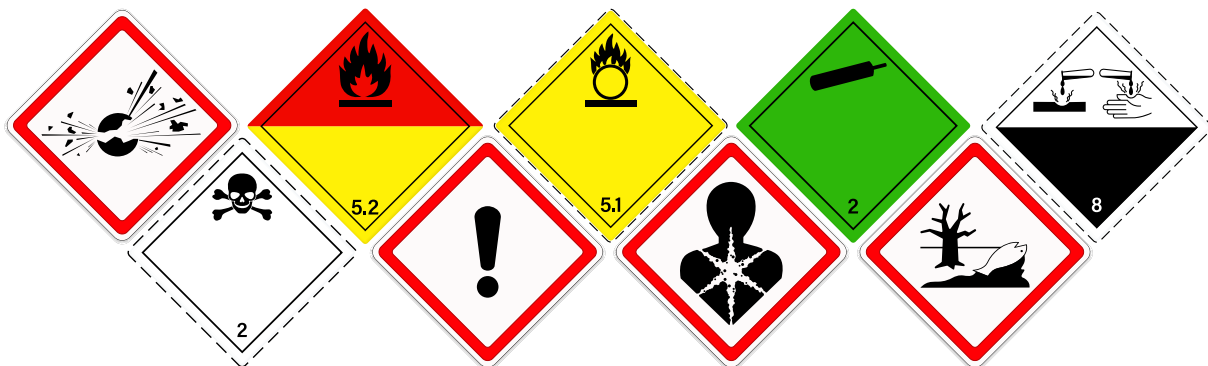
Flammable gas addition – The Flammable Gas hazard class gets a new hazard class (Desensitized Explosives), as well as new hazard categories:

- Unstable gases in the Flammable Gases class
- Pyrophoric gases in the Flammable Gases class, and
- Nonflammable aerosols in the Aerosols class.

New and revised definitions – There are a number of definitions that are being revised or which are new altogether.

Employer takeaway

HazCom citations are one of the most common citations that OSHA issues. If your operations handle chemicals, you should take the opportunity now to review your HazCom program and plan for compliance by the deadline that affects your company.



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The Package Aims to Limit Frivolous PAGA Claims

The takeaway

Jennifer Barrera, CEO of the California Chamber of Commerce, said in a prepared statement: "This package provides meaningful reforms that ensure workers continue to have a strong vehicle to get labor claims resolved, while also limiting the frivolous litigation that has cost

employers billions without benefiting workers."

While the legislation will not eliminate PAGA, all sides of the agreement predict it would go a long way towards reducing frivolous claims.

HOMEOWNER'S CORNER

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, 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 preventive maintenance to keep small problems from becoming big — and costly — ones.



LONG-TERM CARE INSURANCE

How to Protect Your Assets, Legacy as You Age

WE WOULD all love to pass on a decent-sized legacy to our heirs. But too many estates are all but entirely consumed by the high costs of medical care, especially as we age.

Yes, we have Medicare to cover the major medical expenses of those Americans over age 65. But many people fail to realize that long-term and nursing home care is not covered under Medicare.

Meanwhile, Medicaid can help with basic expenses — but generally only after you have impoverished yourself by spending your assets down to less than \$2,000.

Until then, you're going to have to either fund long-term care costs out of your own savings and pension income, or have long-term care insurance in place.

Sobering statistics

- One in three individuals who buy a long-term care policy at age 60 with a 90-day elimination period (benefits kick in after 90 days of chronic disability) will need those benefits before they die.
- Half of everyone over 60 will have a need for nursing home/custodial care at some point.
- The average woman who needs long term care spends 2.6 years in a facility. The average man spends 2.3 years.
- Ten percent of those who enter a nursing home stay there five years or more.

The cost of long-term care

The median rate for a semi-private room in a nursing home was \$8,669 per month in 2023 — \$104,000 per year — according to the

latest "Cost of Care Study" by Genworth. The median price of an assisted living facility was \$5,350 per month, or \$64,200 per year.

That's easily enough to consume most or all of a private pension, and/or your Social Security income — leaving you and your family little or nothing left over in retirement for living expenses and savings of your own.

If you don't have a lot of income coming in, it's also enough to quickly eat away at most peoples' retirement savings nest eggs.

Medicaid requirements have teeth

If you have assets like a home, and you receive Medicaid benefits, the state may place a lien on your home. When you pass away, the state may seize your home out from under your heirs and sell it to recover any Medicaid benefits that were paid to you, under a state Medicaid Recovery Program.

What you can do

Get long-term care insurance in place, if you qualify. Even a small amount of coverage can make a big financial difference for you and your family, should you ever have a claim.

Consider the Long-Term Care Partnership Program, which may help you shelter a certain amount of your estate from any Medicaid recovery program if you purchase a qualified long-term care insurance plan.

For example, if you purchase \$250,000 of long-term care protection, you may be able to exempt that amount from Medicaid collectors, thereby ensuring that you will be able to pass your family home and/or other assets on to heirs.

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