



George Petersen Insurance Agency

News You Can Use

RESIDENTIAL CONSTRUCTION SAFETY

Fall-Protection Trigger to Be Reduced to 6 Feet

THE CAL/OSHA Standards Board has relented to threats from Federal OSHA and voted to align its residential construction and roofing fall-protection trigger with its federal counterpart at 6 feet.

California has been the only state that runs its own OSHA and not comply with the federal mandate that requires laborers working at heights of more than 6 feet to use fall protection like safety harnesses and clips, among other methods. Cal/OSHA's current rules call for a 7.5-foot or 15-foot trigger, depending on the work being performed.

The final rules have been sent to the state's Office of Administrative law for approval. It's not clear when they will take effect, but Fed-OSHA has asked that the new rules be implemented by July 1, 2025.

If your firm is in the construction trades, it's important that you understand the new rules before they take effect. They will require many employers, in particular roofers, to make substantial changes to their safety regimens to ensure compliance.

The new rules

Under the new regulations, fall protection at most heights 6 feet or above may include:

- Personal fall-protection systems (like harnesses or safety belts),
- Scaffolding,
- Guardrails, and
- Safety nets.

Typically, passive systems like scaffolding, guardrails and safety nets are preferred, and if not possible to implement, a personal fall-protection system should be used, under OSHA rules.

Under current Cal/OSHA rules, construction trigger heights include 2 stories or 30 feet for connecting structural steel, 20 feet for most roofing work and 15 feet for panelized roof systems, residential framing and roofing activities, and work on wider structural members.

In addition, the agency requires fall protection at a height of 7½ feet for unprotected platforms, scaffolds or edges of structures, and 6 feet for working with rebar or similar projections.

Examples of triggers that will be brought down to 6 feet under Cal/OSHA's revised rule on residential construction are:

- Roofing.
- Working on floors and other walking/working services (from 15 feet currently).
- Walking/working on top plates, joists, rafters, trusses, beams or other similar structural members (from 15 feet).
- Installing starter board, roof sheathing and fascia board.

You can find the full regulations [here](#).

See 'Comply' on page 2



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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.

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SPECIAL COVERAGE

Your Homeowner's Policy May Not Cover Your Fine Art

DO YOU own fine art that may have some historic or artistic significance that required a specific fine skill to create, and is rare and unique?

Fine art differs from collectibles and jewelry, which your policy will typically cover up to a limit. Homeowner's policies usually cover up to a set limit for many specific categories of items.

For example, your policy may cover a loss of up to \$2,500 for your art, collectibles and antiques. That's obviously not enough for something worth tens or hundreds of thousands of dollars.

Most standard homeowner's policies have a cap, per insurance category, on the amount of personal property coverage provided. In addition, general homeowner's insurance policies may have exclusions that further limit when and how a claim is paid out.

The solution: Fine art insurance

The answer to this, is fine art insurance, which will cover high-valued art often up to its appraised value for covered events like:

- Theft or fire.
- Accidental breakage or damage.
- Severe weather.

Fine art policies may also include transportation coverage. This can be especially beneficial because about 5 to 10% of art claims are a result of damage or loss to the pieces during transit.

You can opt to insure items individually on floater policies, or purchase broader "valuable-item" insurance that can cover a collection of work.

The first step in obtaining fine art coverage is having your artwork appraised. Next, meet with us to find you the right insurance that can cover your unique collection and be tailor-made for you.

If you buy coverage directly from an insurer, you'll be sold only the products that company offers. If you work with us, you will be able to compare several quotes and coverage options from top fine art insurance companies.

Once you have a policy, it's a good idea to have your work appraised annually, to ensure you are covered for the full value.



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Take Steps Now to Comply with the New Standard

The takeaway

With these rules impending, it's imperative that construction firms and contractors take steps now to comply with the new standard. For many, it will require investing in fall-protection systems, which can be costly — particularly for stationary ones.

Expect Cal/OSHA to enforce the new trigger vigorously.

One final word of warning: According to the *Cal/OSHA Reporter* newsletter, Cal/OSHA is just getting started.

It has a "Phase II" planned that will go beyond residential construction, with the ultimate goal of bringing all construction fall-protection triggers down to 6 feet. Rulemaking on that may start in the next few months.

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WORKERS' COMPENSATION

Commissioner Orders 2% Benchmark Rate Cut

CALIFORNIA INSURANCE Commissioner Ricardo Lara in July ordered that the state's average benchmark workers' compensation rate be cut by 2.1%, for policies incepting on or after Sept. 1.

The decision rejected the Workers' Compensation Insurance Rating Bureau's recommendation that the rate be raised by 0.9%, citing a slight uptick in claims costs and claims-adjusting costs.

The benchmark rate, also known as the pure premium rate, is a base rate that insurers can use to price their policies. It only includes the cost of claims and claims-adjusting costs and does not take into account other forms of overhead and profits.

Experience Matters

While this year's pure premium rate will decline, some employers may see higher rate increases or rate reductions, depending on their class code, claims experience and X-Mod, and location.

Also, insurers are not required to use the pure premium rate and are free to price their policies as they see fit, using their own modeling.

The decision is a further reflection of the low pricing environment for workers' compensation, a rare bright spot in an insurance market that has seen hefty rate increases in other lines, such as commercial property and liability coverage.

The average benchmark rate fell to \$1.38 per \$100 of payroll, down from the current \$1.41 on Sept. 1

What's affecting rates

The tiny rate-increase recommendation by the Rating Bureau was based on continuing downward pressure on claims costs since last year. Drivers of the recommendation included:

- Lower claims cost inflation
- Lower frequency of claims
- Lower overall claims costs
- Higher medical costs
- Higher claims-adjusting costs.

Reasons behind Lara's decision

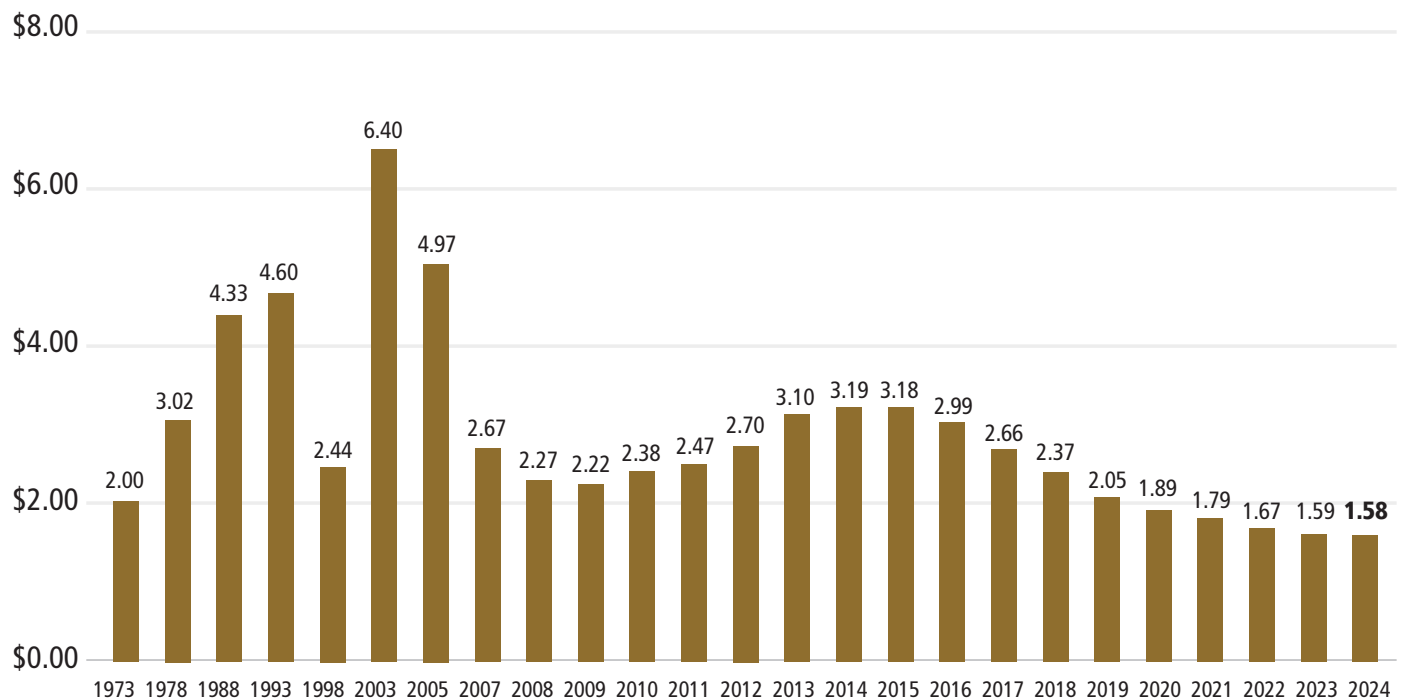
Factors that the commissioner cited as influencing his decision include:

- The continuing decrease in the number of medical services associated with each workers' comp claim, and
- A continuing decline in the percentage of claims with permanent disability benefits.

If you have questions about your coverage, please give your agent a call.

RATES LOWEST IN MORE THAN 50 YEARS

Average charged workers' compensation rate (per \$100 of payroll)



Source: Workers' Compensation Insurance Rating Bureau

TAX COMPLIANCE

Employers with 10+ Staff Must File ACA Forms Online

WITH 2025 just a few months away, it's important that small employers understand their group health insurance reporting obligations under the Affordable Care Act as they changed at the start of this year.

Before 2024, only employers that sent out 250 or more Forms 1094-B/1095-B and 1094-C/1095-C were required to file them online with the IRS. But since early 2024 (and affecting the 2023 tax year), employers filing 10 or more ACA reporting forms have been required to file electronically.

It's important that you understand your filing obligations to avoid fines that can quickly add up.

Here are the deadlines for 2025

Meeting the filing deadlines for Forms 1094-C and 1095-C is critical to complying with ACA requirements. Here are the deadlines for next year:

Jan. 31 – Employers must by this date have sent Form 1095-C to all of their full-time employees, who must supply the form to the IRS when they file their taxes.

Feb. 28 – This is the deadline to file Forms 1094-C and 1095-C by paper with the IRS for the few employers who are still eligible to do this.

March 31 – This is the deadline to file Forms 1094-C and 1095-C electronically with the IRS.

Filing electronically

You can file your forms electronically on the [ACA Information Returns \(AIR\) Program](#), which is run by the IRS. This page includes all of the resources and guidance you need to understand and use it.

Hardship waivers

Employers can request a waiver for filing electronically if they can prove that doing so will cause an undue hardship on them or if it goes against their religious beliefs. Businesses must submit their waiver request at least 45 days prior to the due date for returns by using [this form](#).

Penalties for Non-Compliance

- Employers who offer their workers health insurance and who fail to file the ACA forms electronically despite being required to do so (and if they don't have a waiver), can be subject to a fine of \$310 per return that was not reported electronically.
- Failure to file correct information on a form: \$310 per return for which the failure occurs. The maximum penalty an employer may incur under this penalty is nearly \$3.8 million per calendar year.
- Failure to provide a correct information return or payee statement: \$310 per return for which the failure occurs. The maximum penalty that may be incurred is nearly \$3.8 million per calendar year.

In addition to George Petersen Insurance's employee benefits services, we have access to Professional Employer Organizations.

