



LEADERS' CHOICE

INSURANCE

## NEWS ALERT

## Natural Disaster Alert

# Protecting Your Business During Wildfires

**T**HE WILDFIRE danger continues growing in California, but it's not only homes that are being burned to the ground. Hundreds of business owners have seen their facilities succumb to the flames, leaving nothing but charred skeletal remains.

If you have a business in an area at risk of wildfires, you need to take steps to reduce your exposure and perhaps save your facilities in case a fire encroaches.

The following are recommendations from a variety of fire safety sources to protect your commercial property:

**Check fire hydrants** – Ensure fire hydrants are located no more than 250 feet from the primary buildings and are connected to a reliable water source.

**Consider exterior walls** – Select exterior wall cladding made of noncombustible siding materials such as concrete and brick. Ensure the bottom of the siding is no higher than 6 inches from the ground.

**Choose the right windows** – Use dual-paned windows made with tempered glass. For windows that can open, install screens to cover sections that can open. Always close windows when wildfire threatens.

See 'Roofing' on page 2

## MAINTAIN A DEFENSIBLE SPACE

### Zone 1 (zero to 5 feet)

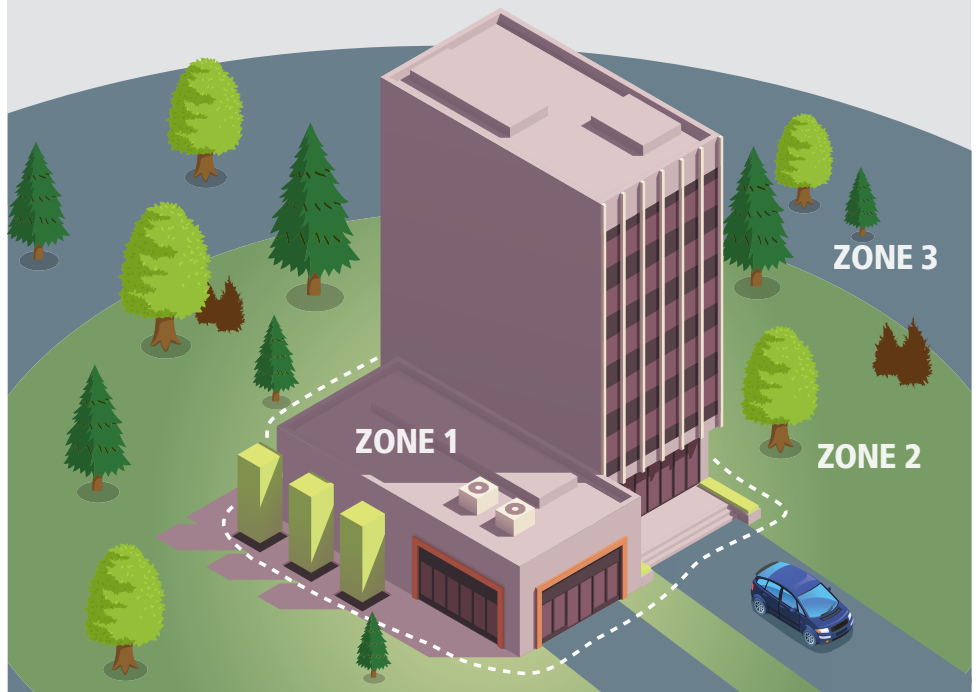
- Design and maintain this area to keep materials from igniting.
- Ensure nearby debris, dry leaves, and dead plant material do not accumulate in this zone.
- Use hardscape like gravel, pavers, concrete and other noncombustible mulch materials.
- The best practice is to have no vegetation in the area, but if you want to have bushes, select ones with low combustibility characteristics such as high moisture content, low oil or resin content and deep roots with thick heavy leaves.

### Zone 2 (5 to 30 feet)

- Maintain trees and taller vegetation, and keep them at least 10 feet from each other.
- Remove vegetation under trees to prevent fire from climbing.
- Prune mature trees up to 6-10 feet from the ground. Landscaping in this area should include low growing, open-structured, less resinous, higher moisture content plants.

### Zone 3 (30 to 100 feet)

- Mow grass down to a maximum height of 4 inches.
- Remove or dispose of tree needles or leaves, remove dead trees, thin out small trees and shrubs, creating islands of vegetation.
- Thin mature trees so that canopies do not touch.
- Limb and prune mature trees up to 6-10 feet.

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## Workers' Compensation

# Rate Filing Expands COVID-19 Surcharge Tiers

**T**HE WORKERS' Compensation Insurance Rating Bureau has amended its 2021 rate filing to make its earlier recommended COVID-19 surcharge more equitable.

The Rating Bureau is leaving unchanged its overall recommendation that benchmark rates be increased an average of 2.6% for policies incepting on or after Jan. 1, 2021.

But it modified a previous recommendation that a COVID-19 surcharge of \$.06 per \$100 of payroll be applied to all policies, in favor of a six-tiered surcharge (see right).

The tiers range from 1 cent per \$100 of payroll for the least-risky sectors to a high of 24 cents for the riskiest.

All sectors will be placed in one of the six tiers depending on their relative share of COVID-19 claims that had been filed through the end of August.

The Insurance Department wrapped up hearings on the rate filing in early October and will announce in November whether it approves the filing or is making changes.

The benchmark rates (or pure premium rates) are published as guideposts for insurers to price their policies. Insurers are not required to follow them, although most do to some degree.

While the Bureau earlier said it would not apply COVID-19 claims towards employers' experience modifiers (X-Mods), the surcharge will apply to all employers – even those who have not seen any coronavirus-related illness claims. ❖

## THE SURCHARGE CATEGORIES\*

### 1 cent

- Management of Companies and Enterprises (55)
- Information Technology (51)
- Professional, Scientific and Technical Services (54)

### 3 cents

- Outside Sales (8742)
- Finance and Insurance (52)
- Clerical (8810)
- Mining, Quarrying, and Oil and Gas Extraction (21)
- Arts, Entertainment and Recreation (71)
- Real Estate and Rental and Leasing (53)

### 6 cents

- Administrative Support and Waste Management and Remediation Services (56)
- Wholesale Trade (42)
- Construction (23)
- Educational Services (61)
- Manufacturing (31)
- Other Services (except Public Administration) (81)

### 12 cents

- Public Administration (92)
- Retail Trade (44)
- Transportation and Warehousing (48)

### 18 cents

- Accommodation and Food Services (72)
- Agriculture, Forestry, Fishing and Hunting (11)

### 24 cents

- Health Care and Social Assistance (62)

\* The two digits are the first two numbers of four-digit NAIC class codes, and all class codes that start with those two digits will see the surcharge applied, unless otherwise noted with a four-digit code.



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## Opt for Class A Fire-Resistant Roofing

**Choose the right fencing** – When neighboring buildings are located within 20 feet of each other, use of steel fencing for the perimeter area can serve as a radiant barrier, providing added protection should a neighboring building ignite and burn.

**Cover your vents** – Install ½-inch noncombustible mesh screening over all vents to prevent embers from entering through them.

**Clean gutters, select Class A fire-resistant roofing** – Clean gutters regularly, particularly during the summer months and during fire season.

Remove debris, which can be ignited by wind-blown embers, from roof and gutters.

Install gutters and downspouts made of noncombustible materials such as aluminum. Do not use foam insert gutter guard materials, even if the manufacturer makes claims related to fire resistance.

Select roofing with a Class A fire rating.

**Use noncombustible materials for signs** – Consider signs made of aluminum or other lightweight materials that won't ignite easily. ❖

## Workplace Injuries & Illnesses

# COVID-19 Claims Grow as Overall Claims Plummet

**W**HILE THE number of COVID-19 workers' compensation cases filed in California continues to grow, total workplace injury and illness claims in the state have fallen nearly 20% so far in 2020 compared to last year.

Through September, the state had recorded 47,412 COVID-19 workers' compensation claims, accounting for 11.1% of all claims reported since the start of the year. During that same period, California workers filed 425,280 workers' compensation claims, down 19% from the first nine months of 2019.

The first COVID-19 cases among California workers were filed in March. They peaked in July and started to decline in August, just when parts of the state started opening up on a partial basis.

While it's too early to tell if it's a harbinger of things to come, the numbers are high enough that employers cannot let their guard down when it comes to preventing the spread of the coronavirus in their workplaces.

### Who is filing claims?

The top five sectors reporting COVID-19 workers' compensation claims during the first seven months of the year were:

- **Health care:** 16,889 claims (37%)
- **Public safety/government:** 6,902 claims (15%)
- **Manufacturing:** 3,759 claims (8.3%)
- **Retail:** 3,593 claims (7.9%)
- **Transportation:** 2,255 claims (5%)

### Overall claims falling

Due to the severe economic slowdown brought on by the coronavirus pandemic that forced thousands of businesses to shut their doors or have their employees work from home, the number of overall workplace injuries has tumbled.

There were a total of 425,280 workers' compensation claims filed

in California in the first nine months of the year, compared to 526,469 claims in the same period of 2019. The case load in September dropped 30% compared to September 2019.

"That decline reflects both the sharp drop in employment, the high number of workers now working from home, and the pandemic-driven slowdown in economic activity in the state," the California Workers' Compensation Institute wrote in a report about the numbers.

### Handling workers' comp claims

A new law that took effect in September extends workers' compensation benefits to California employees who contract COVID-19 while working outside of their homes.

To qualify for the presumption, all of the following conditions must be met:

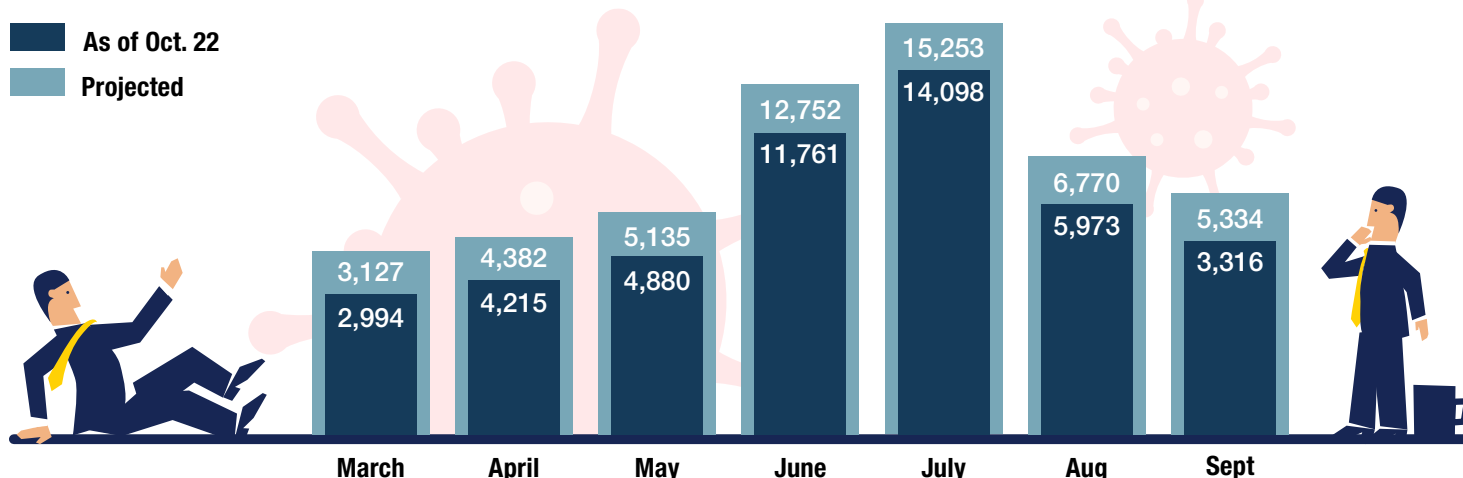
- The worker must test positive for or be diagnosed with COVID-19 within 14 days after a day they worked at your jobsite at your direction.
- The day they worked at your jobsite was on or after June 6.
- The jobsite is not their home or residence.
- If your worker is diagnosed with COVID-19, the diagnosis was done by a medical doctor and confirmed by a positive test for COVID-19 within 30 days of the date of the diagnosis.

### The takeaway

If you have an employee who is working on-site and who tests positive for COVID-19, you should let them know about their rights to file for workers' compensation if they miss work and/or need treatment.

The state's insurance commissioner has approved new rules that bar insurers from using any COVID-19 claims against your experience modifier (X-Mod), so it won't hurt your workers' compensation experience if an employee files a claim. ❖

## CALIFORNIA CORONAVIRUS WORKERS' COMPENSATION CLAIMS



Source: California Workers' Compensation Institute



# State Family Rights Act Expanded to Small Firms

**A** NEW LAW that takes effect in January 2021 will expand the California Family Rights Act to cover even small employers – those with five or more staff.

The law, which requires covered employers to provide up to 12 weeks of unpaid leave a year for family and medical leave purposes, currently only applies 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.

The new law takes effect Jan. 1, 2021, so it’s important that employers who are currently not held to account under the law prepare to offer unpaid family or medical leave if they have an employee who asks for it.

The CFRA, largely modeled on the federal Family and Medical Leave Act (FMLA), also only applies to employees that live within 75 miles of their worksite. The new law eliminates that requirement as well.

## The main changes

The main thrust of the new law, SB 1383, is to expand the CFRA to cover smaller employers, as mentioned above.

The CFRA currently allows employees to take unpaid leave for a number of purposes, including to care for a family member with a serious health condition. The law defines a family

member as a minor child, a spouse or a parent.

Starting 2021, the CFRA will expand that definition to include:

- Siblings,
- Grandparents,
- Grandchildren, and
- Domestic partners.

Also, the law expands the definition of “child” to include all adult children (regardless of if they are dependents) and the children of a domestic partner.

These new definitions apply to all employers covered by the law.

## Other changes

SB 1383 also makes the following changes:

- It deletes a provision that if both parents work for the same employer, the employer is not required to provide more than a total of 12 weeks for leave in connection with the birth, adoption or foster care placement of a child. So starting Jan. 1, an employer in that position would be required to provide 12 weeks to both employees.
- It deletes language from the CFRA that allows employers to refuse reinstatement to salaried employees who are among the highest-paid 10% of the firm’s employees and where the refusal is necessary to prevent substantial and grievous economic injury.
- It creates a mismatch with the FMLA that could theoretically allow an employee to take 12 weeks of unpaid CFRA leave to care for one of the new categories of family members as discussed above, and then take another 12 weeks of FMLA leave to care for themselves, child or spouse. This mismatch takes place because the FMLA does not cover siblings, grandparents, grandchildren and domestic partners and their children.

## The takeaway

If you have more than five employees, you will need to prepare for this new law.

It’s best if you can have your HR manager work with an employment law attorney to develop policies and procedures so your firm can administer these new leave requirements should a staff member ask for CFRA leave. ❖

