

Business and Economy

Top 10 California Laws, Regs for 2024

EVERY YEAR, bills passed by the state Legislature and signed into law by the governor take effect, and 2023 was a busy legislative session in Sacramento. The end result is another set of new laws that employers need to stay on top of in the New Year.

This should bring a semblance of relief to companies located in wildfire-prone areas, who have seen their commercial property insurance non-renewed and who have been unable to find replacement coverage.



1. Sick leave law expanded

A new law that took effect Jan. 1 increased the amount of paid sick leave days California workers are eligible for to five days (40 hours), up from the current three, or 24 hours.

The new legislation applies to virtually all employees in the state. Under the law, businesses have two options for providing sick leave:

Up front: They can provide all five paid sick days up front for the year, and these days can be used immediately.

Accrual: They can build up paid sick leave by either accruing one hour of leave for every 30 hours worked, or providing 40 hours of leave by the 200th day of the year.

2. Pre-employment cannabis screening

Employers in California are no longer allowed to ask a job applicant about past cannabis use.

The legislation, SB 700, bars employers from conducting pre-employment drug screenings for cannabis. In addition, the new law, which took effect Jan. 1, prohibits companies from penalizing workers for their off-the-clock cannabis use.

Another measure, AB 2188, makes it unlawful for employers to “discriminate” against a person for failing a workplace drug test that only detects inactive cannabis compounds called metabolites.

3. FAIR Plan increases its limits

With more and more California businesses being forced to go to the California FAIR Plan for their property coverage, the market of last resort has increased its commercial property coverage limits to \$20 million per location from the previous \$8.3 million.

4. Workplace violence law

A new law, which takes effect July 1, requires employers with at least one worker to have in place a workplace violence prevention plan, and conduct workplace violence prevention training and keep a log of violent incidents in the workplace..

The prevention plan must include:

- Procedures for the employer to accept and respond to reports of workplace violence.
- Procedures to communicate with employees regarding workplace violence.
- Procedures for responding to workplace violence emergencies.

Employers will also be required to train their workers on the plan and on how to respond to violent incidents or threats of violence.

See ‘Non-Competes’ on page 2

CONTACT US

Pleasant Hill Office
363 Civic Drive, 100
Pleasant Hill, CA 94523
Phone: 925-686-2860

Morgan Hill Office
15005 Concord Circle
Morgan Hill CA 95037
Phone: 408-842-2131

Sacramento Office
111 Woodmere Rd., Suite 290
Folsom, CA 95630
Phone: 916-970-2745

San Diego Office
5330 Carroll Canyon Rd, Suite 110
San Diego, CA 92121
Phone: 858-345-5787

License No. 0K07568

Non-Competes with Employees Now Expressly Illegal

5. Treasury reporting rule

A new Treasury Department rule requires businesses with fewer than 20 employees and less than \$5 million in revenue to report ownership and control information to the Financial Crimes Enforcement Network (FinCEN) as part of an effort to cut down on fraud, money laundering and the funding of terrorism that could run through anonymous business entities.

The new rule was prompted by the passage of the Corporate Transparency Act enacted in 2021, but which took effect Jan. 1.

Companies formed after Jan. 1 will have 30 days to file that information with FinCEN. Existing companies will have to start filing that information starting Jan. 1, 2025.

6. No more non-competes

Under two new laws, non-compete agreements with employees are expressly illegal starting in 2024 and if an employer requires one be signed, it could provide grounds for a lawsuit by the worker.

Here's a rundown of the two laws:

AB 1076 – This law adds new requirements and penalties to existing cases that make it illegal for employers to include non-compete clauses in employment contracts or require an employee to sign a non-compete agreement that doesn't meet exceptions under the law.

The law also requires employers to notify current employees who signed non-compete agreements that they are now void under California law by Feb. 14, 2024. This also applies to former employees who were hired after Dec. 31, 2021.

SB 699 – This legislation bars employers from enforcing a non-compete agreement that is void under state law. Most notably it would make void an agreement signed by an employee out of state who later relocates to California.

It also provides employees and job applicants a private right of action, including awards for injunctive relief, actual damages and attorney's fees, and costs if an employer requires them to sign a non-compete. Additionally, it makes a violation of the statute an act of unfair competition — another possible legal risk.

7. New joint-employer rule

The National Labor Relations Board has issued a final rule that expands the definition of what's considered a joint-employer relationship and increases employers' potential liability.

Under the rule, two or more entities may be considered joint employers if they share one or more employees and they both can determine the workers' essential terms and conditions of employment. If a company is deemed a joint employer with another entity, each can be held liable for labor law violations that the other commits.

The new NLRB rule applies to almost all industries, but will have the most effect on companies that use staffing or temp agencies, firms that are third party employers, and franchisors.

The rule took effect Dec. 26, 2023 on a prospective basis, meaning it applies to any cases filed on or after that date.

8. Reproductive-loss leave law

Starting Jan. 1, workers in the Golden State can take up to five days off for a "reproductive loss," defined as a miscarriage, stillbirth, failed adoption or failed surrogacy experienced by an employee, their spouse or partner.

Under the new law, SB 848, workers are not required to take all five days consecutively, but they must use them all within three months of the event.

If an employee experiences two reproductive losses in a year, they will be eligible for 20 days off.

9. New telecommuter class code

If you have staff who work remotely, you'll want to know that there is a new California workers' compensation class code.


After droves of employees starting 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.

Under Rating Bureau rules, code 8871 will receive its own rate which is 25% lower than the clerical rate. If you have remote workers, you'll want to ensure they are in the telecommuter class code to enjoy the lower premium.

10. Cal/OSHA ups its penalties

Cal/OSHA penalties for several workplace safety violations by California employers have increased for 2024 (see chart below). ❖

MAXIMUM PENALTIES FOR VIOLATIONS		
Violation type	2024	2023
General and regulatory violations, (posting and recordkeeping issues)	\$15,873	\$15,375
Willful and repeat violations	\$158,727	\$153,744
Serious violations, including tower cranes and carcinogen use	\$25,000	\$25,000
Serious and other-than-serious violation	\$16,131	\$15,625
Failure to abate	\$16,131	\$15,625
Serious or repeat violation	\$161,323	\$156,259



Important Birthdays Over 50

MOST CHILDREN stop being “and-a-half” somewhere around age 12. Kids add “and-a-half” to make sure everyone knows they’re closer to the next age than the last.

When you are older, “and-a-half” birthdays start making a comeback. In fact, starting at age 50, several birthdays and “half-birthdays” are critical to understand because they have implications regarding your retirement income.

Age 50

At age 50, workers in certain qualified retirement plans are able to begin making annual catch-up contributions in addition to their normal contributions. Those who participate in 401(k), 403(b), and 457 plans can contribute an additional \$7,500 per year in 2024.

Those who participate in Simple Individual Retirement Account (IRA) or Simple 401(k) plans can make a catch-up contribution of up to \$3,500 in 2024. And those who participate in traditional or Roth IRAs can set aside an additional \$1,000 a year.^{1,2}

Age 59½

At age 59½, workers are able to start making withdrawals from qualified retirement plans without incurring a 10% federal income tax penalty. This applies to workers who have contributed to IRAs and employer-sponsored plans, such as 401(k) and 403(b) plans (457 plans are never subject to the 10% penalty).

Keep in mind that distributions from traditional IRAs, 401(k) plans, and other employer-sponsored retirement plans are taxed as ordinary income.

Age 62

At age 62 workers are first able to draw Social Security retirement benefits. However, if a person continues to work, those benefits will be reduced.

The Social Security Administration will deduct \$1 in benefits for each \$2 an individual earns above an annual limit. In 2024, the income limit is \$22,320.³

Age 65

At age 65, individuals can qualify for Medicare. The Social Security Administration recommends applying three months before reaching age 65.

It’s important to note that if you are already receiving Social Security benefits, you will automatically be enrolled in Medicare Part A (hospitalization) and Part B (medical insurance) without an additional application.⁴



Age 65 to 67

Between ages 65 and 67, individuals become eligible to receive 100% of their Social Security benefit. The age varies, depending on birth year. Individuals born in 1955, for example, become eligible to receive 100% of their benefits when they reach age 66 years and 2 months. Those born in 1960 or later need to reach age 67 before they’ll become eligible to receive full benefits.⁵

Age 73

In most circumstances, once you reach age 73, you must begin taking required minimum distributions from a traditional Individual Retirement Account and other defined contribution plans. You may continue to contribute to a traditional IRA past age 70½ as long as you meet the earned-income requirement.

Understanding key birthdays may help you better prepare for certain retirement income and benefits. But perhaps more importantly, knowing key birthdays can help you avoid penalties that may be imposed if you miss the date.

Edward C. Rusnak
Joseph Yang
Sagemark Consulting
3000 Executive Parkway, Suite 400
P.O. Box 5154
San Ramon, CA 94583

Phone: (925) 659-0372

Fax: (925) 804-2472

E-mail: Edward.Rusnak@LFG.com

1. If you reach the age of 50 before the end of the calendar year.
2. IRS.gov, 2024
3. SSA.gov, 2024
4. SSA.gov, 2024. Individuals can decline Part B coverage because it requires an additional premium payment.
5. SSA.gov, 2024

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Continuing Trend

Auto Insurers Keep Up Double-Digit Rate Hikes

PRIVATE AUTO insurance rates continued climbing last year with all of the country's largest car insurance carriers raising rates by 15% or more from 2022 levels, according to a new report.

The rate hikes continue as car insurers face mounting claims costs due to increasing repair and replacement costs as well as more destructive natural disasters, among other factors. Many of the nation's largest insurers have been bleeding red ink due to losses in their homeowner's and auto insurance books of business.

As a result, they have been raising their rates significantly. The last two years, 2022 and 2023, have seen heavy rate hikes after insurers kept pricing steady between 2018 and 2021.

that caused more than \$1 billion in losses in the U.S, the most ever.

More expensive cars — The average price of a new car in October 2023 was \$47,936, compared to \$38,000 in October 2018. The prices of cars escalated rapidly in 2021 and 2022 due to supply chain shortages that hampered vehicle production around the world.

Roads are becoming deadlier — From 2019 to 2022, the number of deadly accidents in the United States increased nearly 18% — from 36,355 fatal car crashes in 2019 to 42,795 in 2022.

More car thefts — Motor vehicle thefts increased by 29% in 2023 from 2022, meaning an additional 56,843 thefts took place in 2023, according to the Council on Criminal Justice. Since 2019, motor vehicle thefts have shot up 105%, reversing a decades-long decline.

Top 10 Insurers Cumulative Rate Hikes

Cumulative rate hikes in 2022 and 2023 as compared with rates in 2021:

- State Farm: 27.5%
- Progressive: 22.8%
- GEICO: 29.1%
- Allstate: 30%
- USAA: 26.5%
- Liberty Mutual: 31.1%
- Farmers Insurance: 34.7%
- Travelers: 24.4%
- American Family: 26.0%
- Nationwide: 27.8%

Source: S&P Global Market Intelligence's RateWatch app

Rate drivers

Insurers are raising rates to account for a number of factors:

Repair costs — The cost of car maintenance and repair jumped 10.7% in 2023, according to the Bureau of Labor Statistics Consumer Price Index report. That's on top of even steeper increases in the prior two years. A number of factors are to blame:

- Higher cost of auto parts
- Higher labor repair shop labor costs.
- Newer cars with lots of tech cost more to repair.

Natural disasters — In 2023 there were 28 natural disasters

Options for reducing your premium

There are steps you can take that can tamp down your rates:

- **Bundle policies.** Most insurers offer discounts if you bundle multiple policies, such as auto, home and umbrella insurance.
- **Maintain a clean driving record.** Drivers without a history of accidents and tickets are often rewarded with lower premiums.
- **Raise your deductible.** A higher deductible means a lower premium, but it also means you will pay more out of pocket if you have to file a claim.
- **Choose a cheaper car.** If you are in the market for a new car, you should contact us to discuss the insurance. Lower-priced vehicles and smaller cars cost much less to insure compared to higher-end models with all the bells and whistles.

Whatever you do, don't reduce your coverage to the minimum level that your state requires. The minimum levels are not enough to cover the costs if you are at fault in an accident that destroys a BMW 7 series or severely injures other people. ❖