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AASI News

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SPECIAL POINTS OF IN- TEREST:

- **Worker's Comp Mod Rates.**
- **Worker's Comp Audits**
- **Ordinance and Law Coverage**
- **Distracted Driving**
- **Section 125**

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Aftermarket can
help your business

Workers' Compensation in California

What is a mod rate? How does it work? How does the audit process work? These are some of the first questions we get from our customers. Below find explanations we've tried to provide in English.

Mod Rates...The mod rate or experience rating system is a merit based system intended to provide employers a direct financial incentive to reduce work-related accidents. The workers' comp insurance rating bureau (WCIRB) is a nonprofit agency that all workers comp carriers report their losses and payroll information to. The WCIRB then publishes each qualifying businesses mod rate-which is essentially a report card on how the business is doing compared to all other businesses that use the same class code. Each year the WCIRB intends to give a mod to the 20% of Policyholders that have 80% of the total premium in California. The



Learning the CA Worker's Comp process saves Money

WCIRB analyzes the data they get from the Workers Comp carriers and determines how each qualifying business is doing. If you are doing better than others you will have a credit mod. A credit mod is below 1.00 (for example .85). If you are doing worse than others in your class code you will have a debit mod. A debit mod is above 1.00 (for example 1.10). The mod is then multiplied against the carriers base rate. This can dramatically decrease or increase your costs. Maintaining a credit Mod is always in your best interest.

Audits...At the beginning of each policy year you give the Workers Comp Company a payroll estimate for the next 12 Months. At the end of your policy they audit your actual payroll-usually with a self auditing form. They will ask for more premium if your audited payroll is higher than your estimated payroll. They will return premium if your audited payroll is less than your estimated payroll. Please be sure to always respond to the audit request. A breakdown will happen if you don't respond to the audit. When there is no response, the insurance company will do an "Estimated" audit and increase your original estimated payroll by 50% to 100% and bill you additional premium. They will also sometimes endorse your renewal policy with this new estimated payroll. This results in big bills, confusion and heartache.

Please let us know if you have questions.

Is your building properly insured?

Your building is a major investment. We want to be sure your insurance policy responds properly if ever needed. How much coverage do you have per square foot? Do you know if it is enough in your area? Replacement Cost coverage replaces the building as is with the same or similar materials up to the limit you carry on your policy. It

doesn't automatically cover changes that your City or County may require when you rebuild (like sprinklers). Even if for example you carry \$750,000 of building coverage & the cost to replace or fix your building is \$600,000 you will not be able to use the extra \$150,000 in coverage for upgrades or code changes. The way to make sure this

is covered is Ordinance & Law coverage. Most policies automatically come with a small amount of Ordinance & Law coverage. It may be adequate or it may not. It will depend upon your specific situation. Please check with us if any of these comments are of concern to you.

Distracted Driving

Obviously the fewer distractions we can have while driving the better. Some common distractions for drivers are...texting or talking on a cell phone, eating or drinking, grooming, reading navigation systems, adjusting electronics, etc. What people think of as multitasking is really our minds switching back and forth between what are sometimes complex problems. This can result in inattention blindness or the driver's brain not being entirely focused on the road. An example would be when you don't even recall seeing a traffic light as red or don't see a stop sign at an intersection. Here are some steps

you can take to help promote driving safety.

- Include guidance on ways to avoid distracted driving in your company's driver handbook.
- Consider banning cell phones from use while driving or using devices that lock down electronics while in motion.
- Ask you employees to sign a pledge indicating their willingness to drive in a safe and courteous manner at all times.
- Monitor the daily performance of individual operators with electronics or a 'How's my driving?' program.

- Encourage drivers to identify a safe place to stop, away from traffic, if they have a genuine need to place a call.
- Use training or other appropriate actions to bring drivers who violate company policy into compliance.
- Educate your drivers about the need to maintain a healthy lifestyle. This especially applies to getting enough sleep & avoiding heavy consumption of "legal" substances.

Anything that affects the visual, physical or cognitive abilities of a driver while behind the wheel has the potential to create a dangerous distraction. The trick is to create an environment where your drivers are reminded of their responsibility to be safe.



Question: *Is my Building covered properly?*

Answer: *It depends.*

Question: *What should I do to make sure?*

Answer: *Double check with your agent.*

Updating Section 125

Internal Revenue Service Code, Section 125, allows employees to purchase health insurance and other accompanying benefits tax-free. The Section 125 Premium Only Plan is an integral part of any small business owner's employee

benefit package. The bottom line is employees save up to 40% in payroll taxes alone and employers save an additional 8% in matching payroll taxes on all qualifying insurance premium with the Section 125 Premium Only Plan. Employers recoup the

small \$99 one-time setup fee quickly and then continue to realize tax savings year after year. Visit: www.flexaffiliates.com/plan/AASI/ to setup your Section 125 today!

Automotive Aftermarket Sales

As we enter our twenty-second year in business we would like to thank you for your continued business! We strive to provide the best customer service and rates in the insurance industry and hope your experience has been a positive one regardless of the length of our partnership. During this time we have gained access to many carriers that continually show impressive rates and commitment to this industry and hope that we can continue to grow with you.



We provide Workers Comp, Liability and Health Insurance. If you would like us to quote any of the lines of business we do not currently write, please reach out to us.

As always, our staff will be happy to answer any questions you have regarding your business insurance needs and we hope that you keep this newsletter with our contact information.

If you have any of the following changes, please notify us so we can make the necessary policy adjustments:

- Increase or Decrease in Payroll
- Acquire a New Business Location
- Change in Ownership
- Vehicle Changes
- New Employees Eligible for your Health Plan



Our Founder

Gary Staker, "Our fearless leader" was born in Huntington Park, California, and moved to the Sacramento area as a child. He started his career in the automotive aftermarket in 1984 as the sales manager of California Automotive Wholesalers Association, where he headed the insurance division. In 1996, he opened Automotive Aftermarket Services, Inc. Gary has always worked with businesses of all sizes. Gary has been an insurance consultant for the California, San Jose, San Francisco, and Oakland Chambers of Commerce. He was Chairman of the Board of Big Valley Federal Credit Union and is a current Board Member of First U.S. Community Credit Union. Gary has one son and three grandchildren and enjoys outdoor activities of all kinds.