



# Sonoma County Winegrowers

Succession Series Kickoff  
November 3, 2016

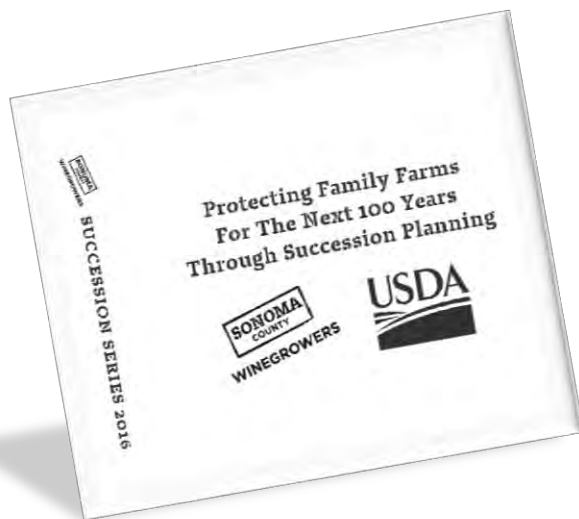
**WELCOME!**

**SONOMA  
COUNTY  
WINEGROWERS**

# Succession Series Overview



1. November 3: Insurance to Manage Risk
2. **December 14**: Family Dynamics (am/pm session)
3. **February 13**: Farm Financials & Strategy
4. **March 23**: Core & Best Practices I: Employee Retention
5. **April 14**: Core & Best Practices II: Operational Compliance
6. **June 12**: Synthesis & Achieving Success



- ✓ **Attend all sessions**
- ✓ **Bring your family members**

# Today's Agenda

1. American AgCredit: Crop Insurance Update
2. USDA: Record keeping and Data Collection
3. George Petersen Insurance: Business and Personal Liability
4. Zenith: Mitigating Workers Comp Claims & Cost
5. District Attorney: Workers Comp Fraud





# Sonoma County

## Multiple Peril Crop Insurance



American AgCredit

MONEY FOR AGRICULTURE

# *Objectives*

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- Review unique features and requirements of the program
- Discuss covered causes of loss (including smoke taint)
- Timely reporting
- AD 1026 Compliance
- Whole Farm Revenue Protection



# *Unique features*

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- Crop Insurance is a government program
- Insurance is by variety
- Optional units are available
- Contract pricing available





# *Insurance Requirements*

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## Wine Grapes

- Growers can insure any or all varieties, but must insure all acres of a variety selected in the county
- Vines must be 4<sup>th</sup> leaf, planted 2014 or before or 3<sup>rd</sup> leaf grafted 2015 and before
- Vineyards rented on a crop share, either the landlord or operator or both can insure their share of the crop



# *Covered Causes of Loss*

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- Adverse weather
  - Too hot, too cold, too wet, too dry (drought!), wind, hail, frost, freeze, etc.
- Bird & wildlife damage
- Diseases & pests (Red blotch, Pierce's)
- Smoke Taint (assuming grower has met all of the policy requirements)



# *Reporting & Important Dates*

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- Contract change deadline is January 31<sup>st</sup>
- Notice of Damage – recommended within 72 hours of recognizing damage. No later than 15 days after harvest. Late notices of damage will be considered within 60 day of harvest.
- Contract deadline – May 15<sup>th</sup>
- AD-1026 – for any new entities must be filed with FSA by June 1<sup>st</sup> of the prior crop year.



# AD-1026

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- Highly Erodible Land and Wet Land Conservation requirement.
- Compliance with FSA is required to receive the premium subsidy.
- Entity changes can cause issues – even if you were compliant in the past.
- Changes in ownership must be reported immediately.



# *Whole Farm Revenue Protection*

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- Revenue safety net for all commodities grown under the farm entity.
- Provides coverage for crops that do not have MPCl coverage available.
- An Umbrella Policy with a Revenue Trigger.





- Best fits growers with multiple commodities.
- Covers the TOTAL Revenue from all of your farming operations.
- Uses the average of your most recent 5 years tax returns to establish coverage.
- Claims are paid after taxes have been filed.



# *The Difference in our Service*

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- We are a hands on agency
- All clients are personally contacted during the renewal cycle
- We meet with a majority of our clients annually
- Entities, crops, acres and changes are verified at renewal
- We communicate with policyholders through out the year
- Our goal is to be sure that our policyholders receive full benefits of coverage under the terms of their policy.



## *American Ag Credit*

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Deadline to purchase Wine Grape Crop  
Insurance is January 31<sup>st</sup> 2017

Thank you

Fred Carvajal

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# Farm Service Agency

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Record Keeping Practices To Participate in USDA Programs

Lisa V. Velasquez  
County Executive Director

1986 to Present

My mission is to help farmers and ranchers participate in programs to help keep them in business to continue to provide food and fiber, because it is a human basic need and farm families are dedicated to providing safe and affordable food while conserving soil and water resources.



# Application Completion

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- Who
- What
- Where
- When
- Why
- How



# Who?

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Name of Business Entity or and Individual, what is the difference.



# Business Entity

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- General Partnership
- Limited Partnership
- Joint Venture

# Individual

- 
- Individual
  - Trust
  - Corporation

What?

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Crop and Type

# Where?

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Ranch Map or GIS layer

Physical Address

Parcel Number



# When?

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Specific Dates of when natural disaster occurred. Weather Data,  
Newspaper articles.

# Why?

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What happened during the natural disaster?

# How?

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Flooding cause the plant to be washed away along with the topsoil.

“

Chances are you already collect most of the information  
we need.

”

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# Who Approves These Applications?

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A local board of County Committee Members, who farm and ranch just like you do.



“

Questions?

”

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Lisa V. Velasquez  
County Executive Director  
Sonoma-Marín County FSA Office  
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[Lisa.Velasquez@ca.usda.gov](mailto:Lisa.Velasquez@ca.usda.gov)

# Liability Insurance to Protect your Farm & Business

By: Coop Gableman



George Petersen Insurance Agency

# What can you be held liable for?

- *Negligent Acts* – Damage done to a 3<sup>rd</sup> party by failure to exercise due care
  - Products, Premises, farm equipment operation, livestock injury, pollution
- *Intentional acts*- Done with intent to cause harm
  - libel, slander, wrongful eviction, assault, battery, employment liability

# How to Protect Yourself

- *Named Insured*
  - Name ALL entities: Individuals, Partnerships, LLC's, Corporations, Trusts



# Must have Policies

- Farm Liability (FCPL) – Bodily Injury & Property Damage Coverage
  - *Commercial Operations* - Premises, farm equipment, livestock, custom farming, rental buildings, roadside stands, farmers markets, equine boarding/training, chemical drift, pollution cleanup
  - *Personal Liability* - Premises, accidents away from premises, domestic WC, watercraft, ATV's- off premises
- General Liability – Bodily Injury & Property Damage Coverage
  - Read ALL the EXCLUSIONS
  - Premises, Products/ Completed Operations, Personal Injury, Damage to Rented Premises, Employee Benefits Liab., Patent Infringement/ Intellectual Property, Liquor/ Host liquor, Foreign Products, Property of Others/ CCC, Aircraft/ Watercraft

# Must have Policies

- Auto Liability
  - Always ask for Symbol 1 – Any Auto
- Excess Liability
  - How much is enough?

# Policies to Consider

- Employment Practices Liability
- Professional Liability (Errors & Omissions) – Financial Loss
- Pollution Liability
- Directors & Officers Liability

# Types of Lawsuits

- Nuisance lawsuits
  - It depends on the complaint. The suit would have to allege a wrongful act that triggers on one of your liability policies.
- Joint Employment Liability
  - Workers' Compensation & EPLI are your best defense.

# Vineyard Managers – Must have policies

- Farm Liability
  - For chemical drift & pollution cleanup coverage
- General Liability
  - Must have the “Your Work & Care, Custody & Control” exclusions eliminated from the policy. Most carriers will have a Vineyard Managers Endorsement or something similar that does this.
- Workers’ Compensation
  - If you have employees



# Vineyard Managers – Should have policies

- Employment Practices Liability
- Pollution Liability
- E&O/Professional Liability

# Record Keeping

- Additional Insured endorsements
  - Most require a written contract with your sub-contractor to be in force
- Proof of Work Comp insurance from your Vineyard Manager
- OSHA 300 log- for work injuries (must be submitted to OSHA electronically)
- WIIPP Safety Handbook
  - Meeting records
  - Inspection records
  - Accident Investigation records
  - Disciplinary records

# Record Keeping

- Employee records
  - Including payroll & benefits
- Material Data Sheets
- Chemical use/ application records
- B.I.T. Inspection records

# Workers' Compensation Mitigating Risks

Marissa Peterson  
Client Service Manager  
Zenith Insurance Company  
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# DISCLAIMER

The information contained in this presentation is meant to provide employers and producers with a general understanding of certain aspects of Agribusiness insurance and a general understanding of some of Zenith Insurance Company's services. The information contained in this presentation is not to be construed as legal advice and is not meant to be a substitute for legal advice.

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# Agenda

- What is workers' compensation?
- How your experience modification is calculated and how it impacts your costs?
- What to do before an incident occurs?
- What happens when an injury occurs?
- Benefits of Workers' Compensation
- Steps you can take to mitigate your claim and overall expenses.

# What is Workers' Compensation?

- **Workers' comp is a no-fault system**
  - Employees who are legitimately injured as a result of their work receive benefits as set by law, regardless of who is at fault
  - Benefits include:
    - Payment of all appropriate medical bills
    - Assistance with return to work
    - Payment of temporary and/or permanent disability
    - Vocational rehabilitation or supplemental job displacement benefit voucher
    - Death benefits
- **Injuries/Accidents covered:**
  - Course and scope of employment
  - Specific work-related injuries, cumulative injuries, and occupational diseases

# Experience Modification – Ex Mod

- Calculated annually
- Effective for one year
- Payroll exposure for three years
- Workers' Compensation experience for the past 3 years
- Compares a company's loss experience to other similar businesses (by class code)
- Adjusts the company's premiums to reflect its actual loss experience
- Published by Workers' Compensation Insurance Rating Bureau

# Before the Incident Occurs...

- Are your postings up?
- Who handles work comp? Takes statements? Reports injury?  
Follows up with carrier?
- Prepare Incident Packets
  - Claim form
  - Time of injury packet
  - Accident investigation
  - Medical release
  - Prescription drug card
- Other Considerations

# Before the Incident Occurs...

- Prepare a list of potential modified duty tasks
  - Ask your carrier if you need assistance
- Identify an in network clinic
  - Go meet the doctors!
  - Provide job descriptions
  - First aid program
  - Invite the staff to see your facility

# When An Injury Occurs

- Provide incident packet to injured worker
- Obtain signed claim form and medical release
- Obtain statements from injured worker, supervisor, witnesses, etc.
- Assist injured worker with getting a medical appointment
- Call claim in to carrier within 24 hours



# Reporting Requirements

## Claim Reporting

- The employer should report the injury to their carrier as soon as possible, preferably **within 24 hours**



## Non-Emergency Situations:

- The employer/carrier must **authorize** treatment with a MPN provider within 24 hours of knowledge of an injury
- The employer/carrier must be sure that an initial medical appointment is scheduled within 3 business days of the knowledge of an injury



## Emergency Situations:

- The employer should refer the injured employee to the nearest hospital or urgent care

# Importance of Timely Reporting



- Insurance carrier has 90 days to investigate if a claim is compensable or not.
- The 90-day clock starts ticking upon the employer's date of knowledge of the injury.
- Insurance carrier must authorize and pay for reasonable medical treatment during the 90-day investigation period up to \$10,000.

# Timely Reporting

- Encourage Immediate Reporting:

## Costs Increase With Lag in Reporting

4-14 Days	16% Higher
15-30 Days	31% Higher
31+ Days	40% Higher

Source: 2009 Zenith Countrywide

## Late Reporting Gives Higher Odds of Litigation

# of Days	Litigation Chance
0-10	22%
11-20	29%
21-30	34%
31+	47%

# Workers' Compensation Benefits

## Medical



- The goal is to guide injured employees through the recovery process to achieve maximum medical improvement
- Medical treatment is monitored after every visit
- Payment for appropriate medical treatment and services that are relevant to the work-related injury, for example:
  - Mileage to and from medical appointments
  - Prescription medication
  - Physical therapy
  - Diagnostic testing



# Workers' Compensation Benefits

## Temporary Disability

- Based on prior 12 months gross wages
- Calculated at 2/3 of average weekly wage
- 3-day waiting period
- First payment within 14 days, if claim is accepted
- Biweekly payments
- TD Rates (increased January 2016)
  - Minimum \$169.26
  - Maximum \$1,128.43

# Workers' Compensation Benefits Permanent Disability

- Maximum Medical Improvement (MMI)
  - Formerly Permanent and Stationary (P&S)
- Physicians determine disability using AMA guidelines
- Based on objective measurements of impairment
- Includes impact on basic activities of daily living
  - Examples: Household Chores
  - Driving
  - Walking



# Workers' Compensation Benefits

## Return to Work

Return to Work (RTW) is a process that an employer sets up to bring injured employees back to work quickly and safely.

Return to work is commonly referred to as:

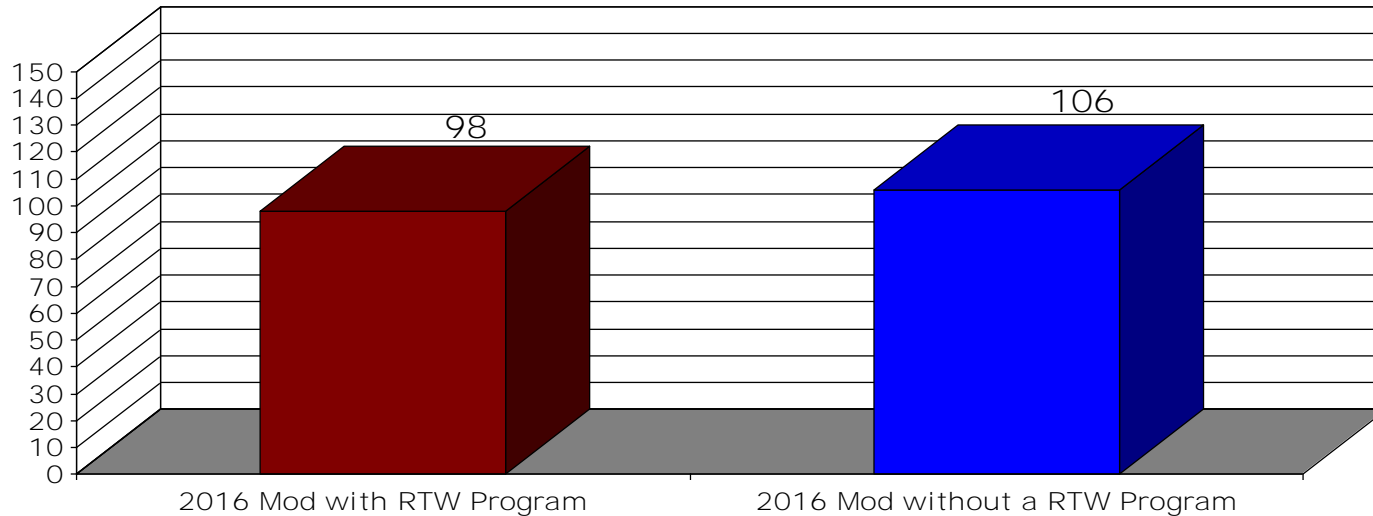
- Modified duty or Transitional work

Return to work should be:

- Within medical guidelines provided by the physician
- Task oriented
  - May provide alternate tasks or duties
  - Supervisor/Manager wish list
- Temporary and time-bound
  - Short period of time
  - Consider part-time or reduced hours



# 2016 Premium Savings Based on RTW Efforts



Component	Mod Points	1 Year Premiums	3 Year Premiums
2016 Mod with RTW Program	98	\$554,501	\$1,663,503
2016 Mod without RTW Program	106	\$600,332	\$1,800,996
<b>2016 Savings</b>	<b>8</b>	<b>\$45,831</b>	<b>\$137,493</b>

Temporary Disability Payment Savings \$61,746



Zenith Insurance Company Corporate Office: 21255 Califa Street, Woodland Hills, CA 91367.  
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SONOMA COUNTY  
**DISTRICT ATTORNEY'S OFFICE**  
INSURANCE FRAUD UNIT

- ▶ PRESENTERS:
- ▶ Investigator Lisa Chapman
- ▶ Investigator Mark Azzouni

# The Stats!

- ▶ Approximately \$10 billion in workers' compensation claims are filed each year in California
- ▶ Approximately 30% of those claims are fraudulent
- ▶ That is \$3 billion dollars....and it is reflected in YOUR premiums!

# Worker's Compensation Fraud

- ▶ Why do we care?
  - ▶ W.C. Fraud is a CRIME
  - ▶ W.C. Fraud affects public safety
    - ▶ Legitimate claims not processed timely
    - ▶ Increases bureaucratic red tape
  - ▶ W.C. Fraud Damages the Economy
    - ▶ Federal, State and Local levels
    - ▶ Businesses leave California
    - ▶ Underground economy thrives
  - ▶ W.C. Fraud Increases Insurance Rates
    - ▶ Businesses and Individuals



# Types of Worker's Compensation Fraud

- ▶ Applicant Fraud
- ▶ Employer Fraud
- ▶ Medical Provider Fraud

# Applicant Fraud

- ▶ Fabricated Incidents
- ▶ Pre-existing conditions
- ▶ Malingering/exaggeration
- ▶ False receipts, billings, etc
- ▶ Unreported Income

# Employer Fraud

- ▶ False Statements to dissuade claimants
- ▶ Premium Fraud
  - ▶ Misclassification of employees to reduce premium
  - ▶ Under-report payroll
  - ▶ Failure to report injuries
- ▶ Unreported injuries
- ▶ Failure to provide coverage

# Fraud Prevention

- ▶ Be Proactive, Not Reactive
- ▶ Hire wisely
- ▶ Focus on Safety
- ▶ Develop a return-to-work policy
- ▶ Educate
- ▶ Stay in touch

# Be Proactive

- ▶ Review your IIPP (Injury and Illness Prevention Plan) and make sure it is up to date.
- ▶ Make sure all supervisors/foremen know and implement your IIPP.

# Hire Wisely

- ▶ Conduct background checks on applicants
- ▶ Verify their references
- ▶ Conduct pre-employment physicals
- ▶ Conduct pre-employment drug testing



# Focus on safety

- ▶ Train your employees from the first day
  - ▶ Safe lifting
  - ▶ Taking breaks
  - ▶ Staying hydrated (have water readily available)
- ▶ A safer workplace reduces the chance of accidents or illness

# Develop a return-to-work policy

- ▶ Benefits
  - ▶ Reduce workers' compensation costs
  - ▶ Improve productivity and morale across the organization
  - ▶ Ensure you do not lose a good employee
  - ▶ Accommodations:
    - ▶ Modifying work schedule/Work part time
    - ▶ Modifying work duties
    - ▶ Implementing reasonable accommodations

# Educate

## Employee orientation

- Have the employee READ the IIPP, don't just "make it available"
- Enforce and reinforce the importance of workplace safety

## Continuing education

- Have "tailgate/safety" meetings weekly
- Let the employee participate in/lead safety training
  - Let them talk generally about an injury or illness they have suffered or witnessed, and how that could have been avoided.

# Stay in touch

- ▶ Keep in regular contact
  - ▶ Makes an injured worker feel motivated to return to work
  - ▶ Document each contact or attempted contact
    - ▶ This may help you identify an employee who is malingering or has other employment

# DOCUMENT, DOCUMENT, DOCUMENT

- ▶ If an employee is injured
  - ▶ Have a written procedure for investigating and documenting all injuries
  - ▶ Thoroughly interview the injured worker
  - ▶ Thoroughly interview the supervisor(s)
  - ▶ Thoroughly interview all witnesses and document if there were no witnesses
  - ▶ Make sure the injured worker gets proper medical attention

# What can you do if you suspect fraud?

- ▶ Talk to your insurance company
- ▶ Report to California Department of Insurance
- ▶ Report to your local DA's Office – Sonoma County D.A.'s Office
  - ▶ Hotline: 707-565-2558



SONOMA COUNTY  
**DISTRICT ATTORNEY'S**  
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**SONOMA  
COUNTY**

**WINEGROWERS**

THANK YOU

Next Up: Family Dynamics 12/14

Morning Session: 8:30am-Afternoon Session: 1pm