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# Small Business Bulletin

Provided by Franconia Insurance & Financial Services

## 4 Employment Policies to Review in 2024

The employment policies in employee handbooks are important for establishing employee expectations, addressing workplace issues and defending against potential lawsuits. However, failing to update these policies regularly can make employers vulnerable to legal risks and liabilities, resulting in costly fines, penalties and attorney fees. Employment laws are often complicated, and employers must be aware of new regulatory developments that may impact their organizations and workforce. To assist with this effort, this article explores four employment policies small businesses should consider reviewing in 2024.

### 1. CROWN Act

As of September 2023, 23 states passed the Creating a Respectful and Open World for Natural Hair (CROWN) Act, prohibiting discrimination based on an individual's hair texture and style. With many states and localities adopting hair discrimination laws, employers must ensure their workplace dress code policies are current and comply with state and local laws.

### 2. Pregnant Workers Fairness Act

The Pregnant Workers Fairness Act (PWFA) was signed into law on Dec. 29, 2022, and became effective on June 27, 2023. Under this law, employers with at least 15 employees must provide reasonable accommodations to workers with known limitations related to pregnancy, childbirth or related medical conditions unless the accommodation will cause the employer an "undue hardship." The U.S. Equal Employment Opportunity Commission (EEOC) has started accepting charges under the PWFA for situations occurring on June 27, 2023, or later. Savvy employers will look at the EEOC's final PWFA regulations and consider including a policy in their 2024 employee handbooks that explicitly addresses PWFA accommodations.

### 3. Noncompete Agreements

In January 2023, the Federal Trade Commission (FTC) proposed a rule banning most noncompete agreements. The FTC is expected to vote on this rule in April 2024. Many states have also passed noncompete bans or taken action to ensure noncompetes are unenforceable. Due to the shifting legislation surrounding these policies, employers need to ensure their noncompete agreements are tailored to the state and locality where their employees work.

### 4. FLSA Overtime and Minimum Wage Exemptions

On Aug. 30, 2023, the U.S. Department of Labor (DOL) announced a proposed rule to amend current requirements that executive, administrative and professional employees must satisfy to be exempt from the Fair Labor Standards Act's (FLSA) minimum wage and overtime requirements. With this rule, the DOL proposes increasing the minimum salary level from \$684 to \$1,059 per week (from \$35,568 to \$55,068 per year) and from \$107,432 to \$143,988 per year for highly compensated employees. The rule would also enable the DOL to update salary levels automatically every three years without relying on the rulemaking process. The final overtime rule is expected to be released in April 2024. While the proposal doesn't impose any new requirements on employers until the rule is published, proactive employers will review the FLSA's proposed rule and evaluate the changes needed to remain compliant.

### Summary

Regularly reviewing and updating employment policies is an effective and cost-effective way for small businesses to protect themselves. Contact us today for more resources.



## The Importance of Business Interruption Insurance: Safeguarding Against Unexpected Disruptions

Small businesses regularly face several risks that could necessitate a temporary shutdown or reduction of operations, both of which can have devastating effects on a business. One way businesses can protect themselves from the financial impacts of these occurrences is by securing business interruption insurance. This type of coverage can offer valuable assistance following a covered event. This article provides information about business interruption insurance, including why it's important and how small businesses can obtain it.

### What Is Business Interruption Insurance?

Business interruption insurance, also known as business income insurance, may provide a financial safeguard against temporary revenue losses and extra expenses resulting from covered business shutdowns or reductions in operations. For example, if a fire or a vandal damages a company's building and leads to a temporary closure, business interruption insurance can provide financial assistance while the building is repaired.

**The Federal Emergency Management Agency reports that 25% of businesses don't reopen after a disaster. Business interruption insurance can play a key role in ensuring operations resume following a catastrophe.**

Policies may also offer coverage if a civil authority (e.g., a local, state or federal governmental entity) forbids access to the business's premises. This may happen following a natural disaster, even if the business's property is not damaged. Each policy is unique, and businesses should work with their agent or broker to fully understand the scope of their coverage.

### Why Do Small Businesses Need Business Interruption Insurance?

Shutdowns created by unforeseen events can have significant financial ramifications on small businesses. In these circumstances, business interruption insurance may provide coverage for the following:

- **Lost income**—This insurance can help replace the revenue a business would have generated if it did not need to close temporarily.
- **Continued operating expenses**—Business interruption insurance can also provide financial assistance to cover standard, ongoing operating expenses.
- **Relocation costs**—This type of coverage can also offer financial assistance for moving expenses if a business needs to temporarily relocate.

Additionally, a specialized form of business interruption insurance known as contingent business interruption insurance offers coverage if disruptions in the supply chains create losses. For example, if property damage to a third-party vendor impacts a business's capability to continue its operations, this type of coverage may be able to mitigate the resulting financial impact. It can typically be added as an endorsement to a standard business interruption policy.

**The National Association of Insurance Commissioners estimates that 30%-40% of small business owners carry business interruption insurance.**

### How Do Small Businesses Obtain Business Interruption Insurance?

For small businesses, business interruption insurance is typically bundled with commercial property and liability coverage in a business owners policy (BOP). Businesses with 100 or fewer employees and a revenue of \$5 million or less may be eligible for a BOP that includes business interruption insurance. For businesses that are not eligible for a BOP, business interruption insurance may be available as a standalone policy or added to a commercial property policy. It is essential for businesses to review their existing coverage to determine if business interruption insurance is included.

### Conclusion

Business interruption insurance can provide crucial financial assistance for small businesses if they need to temporarily shut down or reduce operations. Contact us today for more information on this coverage and risk management planning.