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ALERT

Business and Economy

Top 10 Laws and Regulations for 2025

WITH 2025 NOW upon us, so is a slew of new laws and regulations that will affect California businesses.

Last year was a busy legislative session in addition to a rash of important rule-making. The end result is another round of new legislation that California employers need to stay on top of.

1. 'Captive audience' meetings barred

Starting Jan. 1, California employers are prohibited from requiring employees to attend "captive audience" meetings where the employer shares its opinions on political or religious matters.

This includes topics such as unionization, legislation, elections or religious affiliations. Employers are also barred from retaliating, discriminating or taking any adverse action against employees who opt out.

The law applies broadly to most employers, but does include some exceptions, including religious organizations, political organizations and educational institutions providing relevant coursework. Employers who violate SB 399 could face significant consequences, including a civil penalty of \$500 per employee, per violation.

2. 'Egregious' offenders

Cal/OSHA is working on new rules, expected to take effect in 2025, that would step up enforcement and penalties against California employers that commit "egregious" and "enterprise-wide" workplace safety violations.

A business cited for an egregious violation could be fined up to \$158,000 "per instance," meaning it can be applied for each employee exposed to the violation.

Violations that could be considered egregious include:

- The employer intentionally making no reasonable effort to eliminate a risk.
- The employer has a history of one or more serious, repeat or willful violations.
- The employer intentionally disregarded its health and safety responsibilities.

3. Expanded paid sick leave

Two bills expanded the use of paid sick leave, starting Jan. 1.

The more far-reaching measure, AB 2499, expands current state law that allows employees who are victims of crime or abuse to take time off for court appearances, treatment and various other reasons.

The new measure also expands the use of paid sick leave to cover certain "safe time" absences for issues like:

- Domestic violence,
- Sexual assault,
- Stalking, or
- Violence, brandishing a weapon or making threats of physical injury or death.

AB 2499 also permits workers to take time off to help family members who are victims of a crime.

The second measure, SB 1105, allows agricultural workers to use accrued paid sick leave to avoid wildfire smoke, excessive heat or flooding conditions.

The measure states that this is a clarification that existing law allows workers to take sick days for preventive care.

See 'PAGA' on page 2

TOP 10



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New Measures Aim to Curb Rampant PAGA Abuse

4. Freelance Worker Protection Act

Starting this year, California's Freelance Worker Protection Act imposes new requirements on businesses hiring freelance workers for professional services worth \$250 or more.

The law requires employers to provide freelancers with a written contract outlining key details, including the services provided, payment amounts and deadlines for compensation. If no payment date is specified in the contract, freelancers must be paid no later than 30 days after completing their work.

Importantly, the law also prohibits retaliation against freelancers who assert their rights, such as raising complaints about violations or seeking enforcement of the law.

Noncompliance can lead to significant penalties. If a written contract is not provided, employers may face a \$1,000 penalty.

Late payments can result in damages up to twice the amount owed.

5. Indoor heat illness

These new requirements actually took effect at the end of last summer, so 2025 is the first full year they've been in effect.

Cal/OSHA's indoor heat illness prevention rules require employers to protect workers in indoor workplaces when temperatures reach 82 degrees or higher. These regulations apply to most indoor settings, but mainly affect restaurants, warehouses and manufacturing facilities.

At 82 degrees, employers must ensure workers have cool, potable water nearby and access to a cool-down area where temperatures remain below 82 degrees. Workers should be encouraged to take rest breaks to prevent heat-related illness, and be monitored for symptoms during these breaks.

At 87 degrees, employers must take additional steps, when feasible, such as cooling work areas, providing personal heat-protective equipment and implementing work-rest schedules.

Affected employers should evaluate options like installing air conditioning. While this is feasible for smaller spaces, larger facilities like warehouses may require alternative strategies.



THE HEAT IS ON: Cal/OSHA's new Indoor Heat Illness Prevention Standard is in now effect

6. PAGA reform

In July 2024, Gov. Newsom signed into law two measures aimed at curbing rampant abuse of the Private Attorneys General Act, which has become a costly thorn in the side of businesses in California.

PAGA allows workers who allege they have suffered labor violations, like unpaid overtime or being denied mandatory meal and rest breaks, to file suit against their employers rather than file a claim with the state Department of Labor Standards Enforcement.

The new laws aim to reward employers with reduced penalties if they address in good faith issues raised by an employee.

For example, the reforms cap the assessment at 15% of the available penalty for employers that take immediate and proactive steps to bring themselves into compliance with state law. Employers that take "reasonable" steps to address issues within 60 days of receiving a PAGA notice will face a maximum penalty of 30%.

The new PAGA also requires a worker to personally experience violations alleged in a claim if they want to bring action. It also increases workers' share of awards to 35%, from 25%. The rest of the funds go to the Labor & Workforce Development Agency.

7. Family leave change

A new law, AB 2123, bars employers from requiring that workers who plan to take time off under the state's Paid Family Leave Program first take up to two weeks of accrued vacation time before benefits kick in.

8. Driver's license queries

Starting Jan. 1, employers are barred from listing in help-wanted ads and job applications that having a driver license is a prerequisite for a job, unless the employer:

- Reasonably expects that driving will be part of the job, and
- Reasonably believes that allowing the employee to use alternative forms of transportation (including ride-sharing, taxi or bicycle) would take more time or require the business to incur higher costs.

9. Poster updates

Employers have to update two mandatory work posters this year.

The standard poster that informs employees about their rights under workers' compensation laws, is one of them. The new poster must include language stating that employees may consult with an attorney for advice about workers' comp law and that they may have to pay attorneys' fees if they hire a lawyer as part of their claim.

Also, businesses are required to post an updated paid leave law notice to reflect the changes ushered in by AB 2499, the paid leave law for crime and abuse victims discussed above.

10. Minimum wage

California's minimum wage increased to \$16.50 an hour on Jan. 1. This rate is for all areas of the state, except for those jurisdictions that have implemented their own minimum wage to reflect the higher cost of living in their area. ❖



Poll: Top Eight Risks Facing Businesses in 2025

ONE OF the keys to running a successful business is having in place a robust risk management system to ensure your company can guard against a growing number of threats that can derail operations or cause significant losses.

While each industry and company have different risks they face, a recent survey collected responses from risk managers around the world to identify the top risks facing businesses.

The “Allianz Risk Barometer 2025” highlights the key threats for organizations in an increasingly interconnected and volatile environment. Below are the top eight risks in 2025 and what you can do to protect against them.

1. Cyber incidents

Cyber risks — ransomware attacks, data breaches and IT outages — remain the top threat globally. With AI accelerating the sophistication of attacks, businesses have to double down on protection.

What you can do – Invest in robust cyber-security measures and train employees on how to detect threats. Regularly update systems and conduct penetration testing.

2. Business interruption

Supply chain disruptions, often triggered by cyberattacks or natural disasters, have consistently ranked high. If one of your suppliers suddenly can't provide you with goods your firm needs or a cyberattack affects your ability to function, you will lose money.

What you can do – Diversify suppliers, explore local sourcing and implement business continuity plans that include how to respond to each possible issue that could result in disruption to operations or sales.

3. Natural catastrophes

Events like hurricanes, wildfires, convective storms and flooding can cause physical damage and interrupt business operations.

What you can do – Put in place a disaster recovery plan that includes how members of your staff will communicate, possible alternative locations for operations, and how to protect your facilities.

4. Changes in laws, regulations

Regulatory shifts, especially around sustainability and emerging technologies like AI, are creating compliance challenges. Businesses will be faced with plenty of uncertainty under the new Trump presidency, considering his plans to pursue deregulation.

What you can do – It's important that you stay on top of regulatory and legal changes to avoid penalties or lawsuits.

5. Climate change

The physical and operational impacts of climate change, such as extreme weather and resource scarcity, are intensifying and businesses need to harden their operations to cope.

What you can do – How you harden your operations and facilities against climate change will depend on what natural catastrophes your firm may be exposed to. If you are in a wildfire area, that may include using fireproof siding and roofs and creating a defensible space around your facilities.

6. Fire and explosion

Fires remain a leading cause of business interruption, especially with the rise of lithium-ion battery incidents. It can take longer to recover from fires or explosions compared to many other perils.

What you can do – Ensure that you conduct regular fire safety audits and training to staff, particularly if you store flammable materials on-site. Regularly update your fire prevention protocols and provide emergency response training.

7. Macroeconomic developments

Economic uncertainties, including inflation and fluctuating monetary policies, pose challenges for budgeting and forecasting. This will be especially true under the Trump administration as he sets out to reverse Biden's policies and pursues tariffs that could lead to trade wars.

What you can do – Keep abreast of market trends and adapt to macroeconomic changes with flexible planning. Staying agile and diversifying revenue streams can mitigate risks.

8. Market developments

Many experts believe it is unlikely that there will be a major stock market slide in 2025. Recovering earnings and strong fundamentals should support continued growth.

What you can do – Strategic planning and market analysis are critical if your organization is reliant on stock market gains.

The takeaway

The above list of risks was gleaned from a survey of companies around the world, but most of the risks also apply to U.S. firms.

It's important that businesses take a structured approach to managing their risks and creating plans for all eventualities that may affect them. That requires buy-in from management and a focus on protecting the company's revenue stream, physical and digital assets, employees and supply chains. ❖

Be Sure to Post Your OSHA Form 300A

EMLOYERS WITH 10 or more employees have to post their completed OSHA Form 300A by Feb. 1 and must keep it posted in their workplace until April 30.

The form must be posted where the company usually posts other employee notices, like minimum wage and workplace safety notices.

Form 300A summarizes the total number of fatalities, missed workdays, job transfers or restrictions, and injuries and illnesses at a business, as recorded on Form 300.

The Summary requires the following information from the Form 300 Log:

- The total number of non-first-aid occupational injury and illness cases.
- The number of cases with days away from work and cases with job transfer or restriction, and the number of other recordable cases.
- The cumulative number of days from all injuries or illnesses, including days away from work and job transfers or restrictions.
- The number of occupational injury/illness cases, including skin disorders, respiratory conditions, poisoning and hearing loss.

If your business recorded no injuries or illnesses last year, you must enter “zero” on the total line and still post the form, which must be signed and certified by a company executive.

Who Must File Electronically

The following must submit 300A data online to Cal/OSHA:

- Employers with 250 or more employees at an establishment.
- Employers with 20-249 employees at an establishment in industries on OSHA’s High Hazard Industry list.

* The last day employers can submit their forms electronically is March 2.

COVID-19 cases

Employers must also record work-related COVID-19 cases like any other occupational incident. To be recordable, an illness must result in one or more of the following:

- Days away from work
- Restricted work or transfer to another job
- Medical treatment beyond first aid
- Loss of consciousness
- A significant injury or illness diagnosed by a physician or other licensed health care professional
- Death.

If a work-related COVID-19 case meets any of these criteria, covered employers must record the case on their 300 and 300A forms. ❖

How to Streamline Your Workers’ Comp Policy Audit

ARE YOU due for a workers’ compensation premium audit? Audits are how insurance rates are determined, and it’s possible that it will uncover information that can actually save you money — or not if you’ve hired additional staff and haven’t notified your insurer.

In any case, it pays to be prepared and you can do so with the following tips:

Note staffing changes – Let us know when there are changes in your staffing, payroll or areas of operation. This is important not just at audit time, but all the time. Your rates are based on variable rating information, including the number of employees, job classifications and the states in which you operate. Updated information results in more accurate premium assessments.

Get your records ready – Your auditor will need to see records such as federal and state tax returns, ledgers, checkbooks, contracts and employee or contractor tax documents. If you prepare your records in advance, you’ll speed up the audit process.

Gather all payroll information – Make sure you break out various types of compensation in your records.

For example, to set your premium, we consider pay but not contributions to employee benefits packages and other perks, so it’s important to make sure your records are clear on the various types of compensation.

Also make sure overtime pay is clearly defined since it’s classified as regular pay for workers’ compensation insurance purposes.

Ensure that contractors have their own insurance – This is important not only from an audit standpoint, but from a liability

perspective as well. If an uninsured contractor has an accident while performing work on your behalf, you can be held liable. If an audit identifies contractors for whom you don’t have certificates of coverage, you can be charged for their premiums.

Remain on hand to answer questions – As your auditor reviews your material, he or she may have questions or need additional data. If you are available to provide answers, your audit will be completed more quickly.

The takeaway

By following these tips, you’ll be more prepared for your workers’ compensation premium audit.

A fast, efficient audit process can save time for both you and your auditor, so it pays to be prepared. ❖

