



When Is An Independent Contractor An Employee?

To prevent independent contractor misclassifications, the Attorney General has issued an advisory pertaining to the independent contractor law which took effect in 2004. Sanctions for misclassification include civil penalties, criminal conviction, and prohibition from performing services for state, municipal or county governments.

The State of Massachusetts Department of Industrial Accidents (DIA) utilizes a “three-factor” test for determining whether someone is an employee or an independent contractor. All three of these must be in effect simultaneously for someone to be considered a non-employee.

- **Freedom from Control:** A worker must be able to demonstrate they actually

carry out their activities and duties with independence and autonomy.

- **Service Outside the Usual Course of Company Business:** A worker who performs the same type of work that is part of the normal service delivered by the company cannot be an independent contractor.
- **Independent Trade, Occupation or Business:** A worker must be customarily engaged in an independently established trade, occupation, profession or business of the same nature as that involved in the service performed.

For more information on this law and how it may affect your business, please call us at (508) 995-4553.

Point of Interest

We are pleased to announce that we have recently been certified as a **Woman Owned Business Enterprise** with the **State Office of Minority and Women Business Assistance (SOMWBA)**. SOMWBA is an agency within the Commonwealth of Massachusetts that helps to promote the development of business enterprises and non-profit organizations owned or operated by minorities and women.

Lopes & McCarron join the Sylvia Group.

The Sylvia Group is pleased to announce two recent appointments to their Financial Services & Benefits Department:

Deirdre Lopes has joined the team as an Account Executive. She is a graduate of the University of the Pacific in Stockton, CA. She has ten years of experience working as a personal financial representative. She is licensed with the National Association Security Dealers with series 6 and 63 licenses. She also is licensed in Life, Accident and Health and is appointed to sell annuities. She resides in New Bedford with her son and is actively involved in community service as a member of Leader-

ship Soutcoast, a life member of NAACP of New Bedford, a member of the Martha Briggs Educational Club and Treatment on Demand. Deirdre also serves as a Big Sister Mentor and is a board member with the Cecil Milton Lopes III Foundation, Inc. Against Violence.

Mark McCarron is an Account Executive specializing in group benefits. He has his Associates’ Degree in Business from Northeast University and has over twenty years of industry experience concentrating his expertise in the group medical, life and disability arenas. He has experience as a Senior Consultant providing risk analysis of medical, dental, medical stop loss and ancillary benefits. Additionally, his industry experience includes working as a Senior Underwriter and a National Accounts Risk Manager. Mark is a Licensed Life Accident and Health broker and is pursuing his Property and Casualty license as well. Mark resides in Holbrook with his wife, Kathleen, and two children. He is the former Chairman of the Holbrook Board of Assessors and has a long history of community involvement in the Holbrook Little League, serving as President of the League from 1998—2004.

This Issue:

Employee or Contractor?	1
Point of Interest	1
Prescription Drug Coverage	2
MA Auto Changes	3
Your Financial Physical	4

Prescription Drug Coverage for Seniors

As of January 1, 2006, if you are covered by Medicare, you will be eligible for Medicare Part D, the new prescription drug benefit. There are many prescription drug plans to choose from, depending on what prescriptions you take, if any, how much they cost, and where you purchase them. The government has a web site www.cms.gov to help you decide on the best plan based on your personal medical needs. You will need to see which plans cover the medications you take, how much they will cost under the plan, and whether you can go to your usual pharmacy or mail order vendor to get them.

If you currently have an individual Medigap or Medicare Supplement plan with prescription coverage, you may be able to save in insurance premiums with the new plans. If you are under a retiree plan, however, you should have received a letter from your plan stating whether your coverage is at least as good as the new Part D benefit (the term they use is actuarially equivalent). If the cost of your retiree plan is reasonable, you may not want to make any changes to your coverage at this time.

The standard Part D drug benefit plan has a \$250 deductible per year, then the plan pays 75% of the next \$2000 (you pay 25%). For the next \$2850 of drug expenses, you pay the entire cost – this is referred to as the ‘donut hole’ or ‘coverage gap’. If your expenses exceed the total of \$5100 per year, the plan will then pay 95% of the cost for the balance of the year.

For people who have significant prescription expenses, you will want to consider one of the **Enhanced** drug plans offered by many companies. These plans may provide coverage for the deductibles as well as the coverage gap, usually with copayments based on whether your prescription is a generic drug, a ‘preferred’ brand drug or non-preferred or specialty drug. For people who have minimal or no prescription expenses, a low cost standard plan may be the best choice for 2006. You will be given an opportunity to review your drug plan choice at open enrollment from November 15th – December 31st each year.

Everyone who is eligible for Medicare must make their initial election between now and May 15, 2006. If you do not choose a drug plan by then and later find that you need drug coverage, you will pay a late enrollment penalty of 1% for every month you delay joining.

If you are unsure of how the new Part D plan affects your business and your employee group health plan, please call our office. We can help you and your employees understand the Medicare options for both active and retired employees. Sylvia & Company is licensed to offer Medicare Part D prescription plans to groups and individuals.

A Tip You Can Use

As we look toward a new year, it is important to remember that in most years, fire is the largest single cause of property loss in the United States. According to the National Fire Protection Association, there are approximately 400,000 home fires in the United States each year. Residential fires kill several thousand Americans each year and average \$5 to \$6 billion dollars in property damage annually. There are steps, however, that you can take to reduce your exposure to this deadly peril:

- Smoke alarms should be installed in various parts of the home, including bedrooms, living rooms and kitchens. Homes with smoke alarms typically have a fire-related death rate that is 40-50% less than the rate of homes without alarms.
- Fire extinguishers should be kept in the garage, kitchen and on each floor of the house. The potency of these extinguishers should be checked on an annual basis.
- If you are about to build a new home, consider the installation of a sprinkler system. These systems have proven to be very effective in suppressing most fires before the fire department arrives. In addition, they normally add only about 1% to the cost of a new home and last for the life of the home.
- Never leave burning candles unattended. Fires often start when children, adults and pets inadvertently overturn candles
- Properly maintain your clothes dryer, which is a large cause of fires in the United States. The dryer vent should be kept clean, the lint screen should be removed and cleaned after each use and a qualified technician should periodically inspect gas clothes dryers.

Using these tips, and others, can help you keep your home and your family safe. Make this one of your top New Year’s resolutions.

Winterizing Your Home or Business

Is your property ready for winter? Ice, snow, wind and freezing temperatures can result in severe damage to your property. To avoid being taken by surprise, follow our simple and helpful tips.

Frozen Pipes are very common. The outer walls of your home or business contain most of your plumbing so it is exposed to colder air than your thermostat which can result in freezing or bursting pipes. Protect your pipes by:

- Properly insulating unfinished rooms, such as garages, where pipes may be exposed. Consider snap-on insulation for pipes.
- Drain and shut off pipes flowing to outside faucets.
- If you are going away, leave faucets dripping and cabinets open while you are away to expose plumbing to warmer air. Also, ask someone to check your property regularly and install a low temperature alarm if you are away often. This activates your alarm system if the temperature falls below a pre-set level.

Ice and Snow Buildup on your Roof can cause seepage, cracking and even a collapsing roof. Safeguard your roof by:

- Avoiding a warm attic by properly insulating the attic floor. (This will also help save on your heating bills.)
- Providing for continuous ventilation of attic air. The attic air should be only five to ten degrees warmer than the outside.

Improperly Used or Maintained Heating Systems such as furnaces, fireplaces, wood stoves and space heaters can cause fire puff-backs and smoke damage. Maintain your system by:

- Servicing furnaces and boilers at least once a year and cleaning chimneys and flues periodically.
- Keep plenty of space between space heaters and household objects.

In the Event of a Loss... take steps to control the damage. Move your property out of harm's way and protect it from the elements. Report your claim as soon as possible.

Do You Need Gap Insurance?

Did you know that when you drive your new or used car off the lot your car has most likely lost 20% of its value? If you put less than a 20% down payment on your vehicle, you should have gap insurance. If your car is stolen or declared totaled, you will be paid for the actual cash value of your car - which can be a lot different from what you still owe on your loan. Without gap insurance, your lender will hold you responsible for paying the difference; this might mean you have to come up with hundreds or thousands of dollars to pay that debt. A gap insurance policy will eliminate that difference. Contact your customer service representative for more information.

Massachusetts Auto Changes

When your Massachusetts policy renews, you will find changes that may be confusing to you. In April, the Insurance Commissioner approved changes recommended by the State Rating Bureau ("SRB") that would apply discounts and surcharges to auto insurance policies based on driver history. The revised Safe Driver Insurance Plan ("SDIP") will provide discounts for the state's best drivers and offer incentives for bad drivers to improve their driving records and realize lower rates.

These changes are scheduled to take effect January 1, 2006, and it is reported that the revised SDIP will more closely resemble how insurers evaluate driving records in most other states. These SDIP changes are intended to encourage safe driving through financial incentives, improve consumer understanding of the impact that driving records have on insurance premiums and make rates more reflective of actual driving records.

The biggest difference you may notice immediately is that your "Step" rating has changed. The current SDIP steps of 9 to 35 will be replaced with a point system in which drivers will be assigned points based on at-fault accidents and moving violations incurred in the last five years of driving experience.

There are additional potential changes as well that are still being finalized. Your Customer Service Representative at the Sylvia Group will be more than happy to assist you with understanding these changes and how they may impact you.

We Want to Hear from You...

The Sylvia Group is dedicated to providing you with current insurance industry news. E-mail us your address and the topics you are most interested in. We will send you pertinent updates as we receive industry news.
customers1st@sylviainsurance.com

Making a Difference..... Together

In September, A Walecka & Son arranged for one of their large tractor trailer trucks to be driven to Pearl, Mississippi loaded with items for the many victims of Hurricane Katrina. Items such as clothing, household items, blankets and toiletries were donated by our employees, our clients, our friends, our families and others in our community.

The Gateway Rescue Mission is a facility in Mississippi that has been working very hard to help the survivors rebuild their lives. They recently sent a letter to us and were very appreciative for all we did to help

them with their mission and the survivors were thankful what all we did to help them rebuild their lives.

The success of this effort was contingent upon people's generosity of time, energy and physical goods. In particular, we would like to recognize A. Walecka & Son , Advanced Eye Centers, Barbara & Ed Glicksman, Friendly Fruit , Furniture City, the Massachusetts Maritime Academy, the New Bedford Jaycees and the West Hill Neighbors for their contributions and assistance.

This is a great example of how we

How Long Ago Was Your Last Financial Physical?

The Sylvia Group of Insurance Agencies announces a partnership with The Householder Group, Estate and Retirement Specialists ("THG"), an independent financial planning firm. Robert M. Burkarth III, CPA, CLU, ChFC is the Regional Vice President of THG here in the South Coast of Massachusetts. He manages the Dartmouth office and lends his experience to Sylvia clients. Bob has over 23 years experience in tax, insurance, investment, business and estate planning.

The Householder Group ("THG") is an independent, national financial planning and investment firm that provides services and advice in five main areas: estate planning, dealing with both the distribution and taxation of an estate, protection planning, focusing on preserving assets from creditors or unforeseen circumstances like a long-term illness, and three related, but separate, areas: cash flow or retirement planning, income tax planning and investments. Bob's advice includes strategies to minimize income taxes along with helping clients understand how their investment assets, like a 401(k) plan or other savings, are structured, so that they understand what they have and are comfortable with the risks.

The Householder Group is another, among a long list, of value-added services for Sylvia Group clients. THG's approach fits in well with The Sylvia Group's client philosophy in that the client's needs come first – the objective is to focus knowledge and experience for their benefit. To find out more, read the interview between Maureen Sylvia Armstrong and Bob posted on the Sylvia Group website, or call Kristine Arsenault at (508) 995-4080 to set an appointment for a complimentary consultation.

Securities offered through AIG Financial Advisors, Inc., member NASD, SIPC and a wholly owned subsidiary broker-dealer member of AIG Advisor Group (AIGAG). Investment Advisory Services offered through The Householder Group, a registered investment advisor not affiliated with AIG Financial Advisors, Inc. or AIGAG



Office Hours
8:00 a.m.—5:00 p.m.

PRST STD
U.S. Postage Paid
NEW BEDFORD, MA
Permit No. 398

500 Faunce Corner Road
Building 100, Suite 120
Dartmouth, Massachusetts 02747

Phone: 508-995-4553
Toll Free: 1-800-466-5939

www.sylviainsurance.com

E-mail: customers1st@sylviainsurance.com