

February 2005

Dear Client:

We would like to inform you of your responsibilities with regard to workers' compensation and disability insurance. **These requirements should be thoroughly discussed with your insurance agent.** The costs of these insurance policies are incurred by the employer. However, some state allow for employee withholding to reduce disability insurance costs.

Companies that have employees are required to carry these types of insurance when payroll begins. There are exemptions for officers and spouses (please discuss this with your insurance carrier). If you presently have employees receiving a salary and are not aware of your workers' compensation and disability coverage, please look into this matter immediately.

Individuals that pay a household employee are similarly required to have workers' compensation and disability insurance. Worker's compensation insurance is required when an employee works more than 20 hours per week. Disability insurance is required if the household employee works 40 hours or more a week. However, if they live in your home or stay overnight there is no minimum hour requirement.

We would like to request that you provide us with a "schedule of insurance" for our files. This will allow us to properly respond to any notices that may be received by the Workers' Compensation Board. Please update this information, once provided, as is warranted.

We welcome your questions and comments.

Sincerely,

*EISMAN, ZUCKER, KLEIN AND RUTTENBERG LLP*