March 19, 2014

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R.C. 2363

To: The Members of the Board

Remuneration Rule - Stock Option Plans
Effective Date: April 1, 2014

In accordance with the authorization of the Underwriting Committee, and approval by the New York State Department of Financial Services, an amendment to the Manual regarding the treatment of Stock Option Plans for premium determination, has been implemented with an effective date of April 1, 2014.

This change stipulates that stock option plans are not to be treated as remuneration for premium calculation purposes. The change now provides the necessary distinction between stock option plans and stock bonuses, the latter which are treated as remuneration.

The update is shown in Rule V, Page R-31 of the Manual. It is also reflected in an updated version of the New York Workers Compensation & Employers Liability Manual on the Board’s website at: www.nycirb.org.

Very truly yours,

Monte Almer

President

WVT:tg
Encl.
f. Payments for active military duty;
g. Employee discounts on goods purchased from the employee's employer;
h. Supper money for late work;
i. Work uniform allowances;
j. Sick pay paid to an employee by a third party such as an insured's group insurance carrier which is paying disability income benefits to a disabled employee;
k. Employer provided perquisites ("perks") such as:
   (1) An automobile;
   (2) An airplane flight;
   (3) An incentive vacation (e.g., contest winner);
   (4) A discount on property or services;
   (5) Club memberships;
   (6) Tickets to entertainment events.
l. Employer contributions to salary reduction, employee savings plans, retirement, or cafeteria plans (IRC 125)–Contributions made by the employer, at the employer's expense, that are determined by the amount contributed by the employee.
m. Stock Option Plans – When stock options are exercised, the income is not included for remuneration purposes.

**Note:** Refer to Section I.H. of the Digest of Rulings and Interpretations for additional procedures regarding the inclusion and/or exclusion of remuneration.

4. Payroll

Payroll means remuneration.

5. Wages Paid for Time Not Worked

a. Idle Time

Some employers pay employees for time not worked. The entire amount of wages paid for idle time is to be included as payroll. Wages paid for idle time, due to the following circumstances, are to be assigned in their entirety to the classification which applies to the work normally performed by the employee involved.

(1) Suspension or delay of work due to weather conditions;

(2) Delays while waiting for materials;