

August, 2017

**Policy #: 11DBL0000000**  
**Broker: Cassini Insurance Agency**  
**212-555-1212**

**ABC Company**  
**DBA: Univac Inc.**  
**123 Main Street**  
**Building #1**  
**New York, NY, 10006**  
**Attn: Grace Hopper**

**IMPORTANT: Addition of Paid Family Leave (PFL) to Your Existing New York Disability Policy**

Dear Arch Policyholder:

As you may know, in April of 2016 Governor Cuomo signed into law Paid Family Leave (PFL) for New York workers. Paid Family Leave benefits begins January 1, 2018 and provide job-protected, wage replacement to employees when leave is needed to:

1. Bond with a child
2. Care for a close relative with a serious health condition
3. Help relieve family pressures when someone is called to active military service

The Paid Family Leave program starts January 1, 2018 with a maximum leave duration of 8 weeks and a benefit payout of 50% of an employee's average weekly wage. The number of weeks and benefit payout are phased in over the next four years with a maximum of 12 weeks and a benefit payout of 67% of the employee's average weekly wage in 2021. Employees may take the maximum benefit weeks in any given 52-week period. The 52-week clock starts on the first day the employee takes Paid Family Leave.

Paid Family Leave coverage will be included under your Arch Disability policy and will be added as a rider (to be delivered later in 2017). As stated in the NY Workers Compensation Law, Paid Family Leave is to be fully funded by employees through payroll deductions. The employee contribution rate is set by New York State each year. The weekly 2018 employee contribution rate for Paid Family Leave is 0.126% of the employee's average weekly wage capped at New York State's current average weekly wage (NYSAWW) of \$1,305.92. This equals a maximum contribution of a \$1.65 per week.

Employers may now begin collecting employee contributions to help offset up front premium payments for 2018 policies billed annual in advance.

Here are examples of how the Paid Family Leave deduction is calculated:

Employee "A" earns \$400 weekly:

\$400.00	Employee Weekly Earnings
X 0.0126	Paid Family Leave rate
= \$0.51	Employee's weekly deduction

Employee "B" earns \$1,500 weekly:

\$1,305.92 (cap)	Weekly earnings is capped at wage max. (\$1,305.92)*
X 0.00126	Paid Family Leave rate
= \$1.65	Employee's weekly deduction

\* For the calculation of employee contributions, the wages are capped at the NYS Average Weekly Wage (\$1,305.92 for 2018)

Any employee deductions collected prior to 2018 should be held and not remitted to Arch until you receive an invoice from Arch asking you to pay the Paid Family Leave premium. As an employer, you may elect to wait until January 1, 2018 to begin deducting for Paid Family Leave Coverage if your disability policy is billed quarterly in arrears OR if you wish to "front" the 2018 annual in advance PFL payment and then retain 2018 employee deductions to cover the cost of coverage.

Arch will include billing for Paid Family Leave benefits as a separate line item to your 2018 DBL invoice(s). If your disability policy is billed quarterly in arrears, Paid Family Leave will be billed quarterly in arrears. If you pay your Disability policy annually in advance, Paid Family Leave will be billed annually in advance as well.

For more information regarding the New York Paid Family Benefits program, please visit:

[www.Archinsurance.com/Disability](http://www.Archinsurance.com/Disability)

[www.ny.gov/programs/new-york-state-paid-family-leave](http://www.ny.gov/programs/new-york-state-paid-family-leave)

Thank you for your valued business.