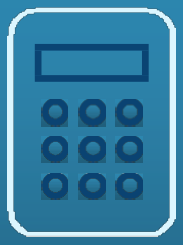
PREMIUM CALCULATION GUIDE



GROUP BENEFIT SOLUTIONS

Products and services are provided by Life Insurance Company of North America and
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1.0 KEY TERMS

Lives

Lives are the total number of insured for a specific coverage.

Volume

Volume is the total amount of covered insurance for a specific coverage. Volumes may be based on any of the following.

- Multiple of Annual Compensation (e.g., 1x, 2x or 3x Annual Compensation)
- Flat Dollar Amount (e.g., $10,000 per employee, $50,000 per employee)
- Incremental Units (e.g., units of $2,500, units of $10,000)
- Monthly Covered Payroll (Annual Compensation/12 months)
- Weekly Covered Payroll (Annual Compensation/52 weeks)
- Monthly Covered Benefit (Annual Compensation/12 months * Benefit %)
- Weekly Covered Benefit (Annual Compensation/52 weeks * Benefit %)

Rates

The rate is the pricing factor upon which the insurance buyer's premium is based. Rates may be:

- Per employee or per unit per month (e.g., $2.70 per employee per month); or
- Per a certain dollar of covered volume (e.g., $0.20 per $1,000, $0.50 per $100, $0.60 per $10)

Note – Each type of policy has a different method for calculating premium.
Please review your policy for the correct rates and method of determining the volume to use when calculating premium based on the products you have purchased.

2.0 PREMIUM CALCULATION FORMULAS AND EXAMPLES

2.1 Basic Life, Basic AD&D and Voluntary AD&D Employee & Spouse

Rate: Generally based on $1,000 of volume

Volume: Typically a multiple of annual compensation **or** a flat dollar amount per insured

Formula: Volume / $1,000 * Rate = Monthly Premium Due

Example 1 – Volume based on Multiple of Annual Compensation

Information per the policy:	
Basic Benefit:	1.5 * Annual Compensation rounded to the next higher $1,000
Maximum Benefit:	Lesser of 1.5 * Annual Compensation or $100,000
Age-based Reductions:	Benefit will reduce to 50% of the Life Insurance Benefit at age 70. The benefit reduction effective date is the date of change.
Rate:	$0.20 per $1,000
Employee information:	
Employee 1:	Annual Compensation = $33,000 per year
Employee 2:	Annual Compensation = $73,000 per year

Step #1: Calculate Volume

a. Calculate the basic benefit

Basic benefit = 1.5 * Annual Compensation

Employee 1: 1.5 * $33,000 = **$49,500**

Employee 2: 1.5 * $73,000 = **109,500**

b. Where applicable, round the volume calculated in a. above as follows:

Employee 1: $49,500 rounded to the next higher $1,000 = **$50,000**

Employee 2: $109,500 rounded to the next higher $1,000 = **$110,000**

c. Determine if calculated volume is greater than the minimum and less than the maximum

In this example there is no minimum and a maximum of $100,000.

Employee 1: The calculated volume of **$50,000** is less than $100,000, so it can be used in the premium calculation

Employee 2: The calculated volume of **$110,000** for employees under age 70 is greater than $100,000. The volume will need to be capped at **$100,000**

d. Determine if age-based reduction is applicable

In this example, if employees are over age 70 they would be eligible for a reduction as follows:

Employee 1: $50,000 * 50% = **$25,000**

Employee 2: $100,000 * 50% = **$50,000**

Note – Please review your policy for the correct benefit reduction effective date.
Benefit reduction effective date may be as of the date of change (i.e. birth date), policy anniversary date, 1st of month following date of change or a specific date (e.g. January 1). New York Life Group Benefit Solutions' (NYL GBS) standard benefit reduction effective date is the date of change. If your policy does not specifically state the benefit reduction effective date in the Age Based Reductions section of the policy, the NYL GBS standard should be used.

Step #2: Calculate Monthly Premium Due

Monthly Premium Due = Volume (calculated above) / $1,000 * Rate

Employee 1:

Employee under age 70:	Monthly Premium Due = $50,000 / $1,000 * $0.20 = **$10.00**
Employee over age 70:	Monthly Premium Due = $25,000 / $1,000 * $0.20 = **$5.00**

Employee 2:

Employee under age 70:	Monthly Premium Due = $100,000 / $1,000 * $0.20 = **$20.00**
Employee over age 70:	Monthly Premium Due = $50,000 / $1,000 * $0.20 = **$10.00**

Example 2 – Volume based on Flat Dollar Amount

Information per the policy:	
Basic Benefit:	$50,000
Age-based Reductions:	Benefit will reduce to 50% of the Life Insurance Benefit at age 70.
Rate:	$0.20 per $1,000
Company information:	
Number of covered employees under 70:	100
Number of covered employees over 70:	25
Total number of covered employees:	125

Step #1: Calculate Volume

Employees under age 70:	$50,000 basic benefit * 100 employees = **$5,000,000**
Employees over age 70:	$50,000 basic benefit * 25 employees = **$1,250,000** Per the policy, these employees are eligible for a reduction as follows: $1,250,000 * 50% = **$625,000**

Step #2: Calculate Monthly Premium Due

Monthly Premium Due = Volume (calculated above) / $1,000 * Rate

Employee under age 70:	Monthly Premium Due = $5,000,000 / $1,000 * 0.20 = **$1,000**
Employee over age 70:	Monthly Premium Due = $625,000 / $1,000 * 0.20 = **$125**

Total Monthly Premium Due = $1,000 + $125 = **$1,125**

2.2 Voluntary Life Employee and Spouse

Rate: Generally based on $1,000 of volume

Volume: An elected amount of coverage (multiple of annual compensation **or** flat dollar amount)

Formula: Volume / $1,000 * Rate = Monthly Premium Due

Note that the premium formula for Voluntary Life Employee and Spouse policies is the same as for the Basic Life, Basic AD&D, and the Voluntary AD&D Employee & Spouse. The only difference is that Voluntary Life Employee and Spouse rates are generally age-banded (i.e., grouped by age). As such, when calculating premiums the correct age-banded rate must be applied.

Note – Please review your policy for the correct age-band rate change effective date. Age-band rate changes may be effective as of the last policy anniversary date, 1st of month following date of birth or a specific time of year. NYL GBS' standard age-band rate change effective date is the last policy anniversary date for both current and new employees.

Example

Information per the policy:

Basic Benefit:	1, 2, 3, 4 or 5 * Annual Compensation rounded to the next higher $1,000
Maximum Benefit:	Lesser of 5 * Annual Compensation or $200,000
Age-based Reductions:	Benefit will reduce to 50% of the Life Insurance Benefit at age 70. *See Benefit Reduction Effective Date note on page 3.
Rates:	Monthly Rates are based on units of $1,000

Under Age 20	$0.153	Age 45–49	$0.384
Age 20–24	$0.144	Age 50–54	$0.726
Age 25–29	$0.153	Age 55–59	$1.347
Age 30–34	$0.177	Age 60–64	$2.461
Age 35–39	$0.190	Age 65–69	$4.065
Age 40–44	$0.243	Age 70+	$4.950

A change in rates due to a change in the employee's age will become effective on the policy anniversary date coinciding with or following the employee's birthday.

Employee information:	Employee 1	Employee 2	Employee 3
Benefit Election:	2x	5x	3x
Annual Compensation:	$83,000	$55,000	$71,000
Age at Policy Anniversary:	44	57	76

Step #1: Calculate Volume

a. Calculate the basic benefit

Basic benefit = Employee elected multiple * Annual Compensation

Employee 1: 2 * $83,000 = **$166,000**

Employee 2: 5 * $55,000 = **$275,000**

Employee 3: 3 * $71,000 = **$213,000**

b. Where applicable, round the volume calculated in a. above.

Per the policy, amounts should be rounded to the nearest $1,000. In this example, the calculated amounts are already rounded. As such we can proceed to the next step.

c. Determine if calculated volume is greater than the minimum and less than the maximum.

In this example, there is no minimum and a maximum of $200,000.

Employee 1: **$166,000** (calculated in a. above) is less than $200,000, so it can be used in the premium calculation.

Employee 2: **$275,000** (calculated in a. above) is greater than $200,000. The volume will need to be capped at **$200,000** for the premium calculation.

Employee 3: **$213,000** (calculated in a. above) is greater than $200,000. The volume will need to be capped at **$200,000** for the premium calculation.

d. Determine if age-based reduction is applicable

In this example, employee 3 is the only employee over age 70 and eligible for a reduction as follows:

Employee 3: $200,000 * 50% = **$100,000**

Step #2: Calculate Monthly Premium Due

Monthly Premium Due = Volume (calculated above) / 1,000 * Rate

Employee 1: Employee is age 44 and falls in the age-band 40–44 with a rate of $0.243
Monthly Premium Due = $166,000 / $1,000 * $0.243 = **$40.34**

Employee 2: Employee is age 57 and falls in the age-band 55–59 with a rate of $1.347
Monthly Premium Due = $200,000 / $1,000 * $1.347 = **$269.40**

Employee 3: Employee is age 76 and falls in the age-band 75–79 with a rate of $4.950
Monthly Premium Due = $100,000 / $1,000 * $4.950 = **$495.00**

2.3 Voluntary Life Child and Voluntary AD&D Child

Rate: Generally based on $1,000 of volume

Volume: Flat dollar amount **or** incremental values

Formula: Volume / $1,000 * Rate = Monthly Premium Due

Note that the child life insurance rate is a flat rate regardless of how many eligible children an employee may have; it is not a per child rate.

Example 1 – Rate based on Flat Dollar Amount	
Information per the policy:	
Basic Benefit:	$10,000
Rate:	$0.20 per $1,000
Company information:	
Number of Child Life elections:	125

Step #1: Calculate Volume

$10,000 basic benefit * 125 elections = **$1,250,000**

Step #2: Calculate Monthly Premium Due

Monthly Premium Due = Volume (calculated above) / $1,000 * Rate

Monthly Premium Due = $1,250,000 / $1,000 * $0.20 = **$250**

Example 2 – Rate based on Incremental Units	
Information per the policy:	
Basic Benefit:	Units of $2,500 up to a maximum of $10,000
Rate:	$0.20 per $2,500
Company information:	
Units elected	Number of elections
$2,500	20
$5,000	15
$7,500	19
$10,000	70

Step #1: Calculate Volume

Volume = Units elected * Number of elections

$2,500 * 20	$ 50,000
$5,000 * 15	$ 75,000
$7,500 * 19	$142,500
$10,000 * 70 =	$700,000

Total Volume = $967,500

Step #2: Calculate Monthly Premium Due

Monthly Premium Due = Volume (calculated above) / 2,500 * Rate

Monthly Premium Due = $967,500 / $2,500 * $0.20 = **$77.40**

2.4 Long Term Disability Policies

Rate: May be based on $100 of monthly covered payroll (standard) **or** $100 of monthly covered benefit.

Volume: The calculation used to determine the volume will depend on the rate basis as follows:

$100 of monthly covered payroll	$100 of monthly covered benefit
Annual Payroll / 12 Months	Annual Payroll / 12 Months * Benefit %

Formula: Volume / $100 * Rate = Monthly Premium Due

Note – Covered Payroll is the highest monthly payroll amount that would increase the gross monthly disability benefit. Any further increase in monthly payroll will not result in a higher gross monthly disability benefit (i.e. premiums are not payable on any amount of monthly payroll that would not produce an increase in the gross monthly disability benefit).

Example 1 – Rate based on $100 of Monthly Covered Payroll

Information per the policy:	
Benefit %:	60%
Benefit Maximum:	$5,000
Covered Payroll Maximum:	$8,333
Rate:	$0.50 per $100 of monthly covered payroll
Employee information:	
Employee 1:	Annual Compensation = $81,000
Employee 2:	Annual Compensation = $105,000

Step #1: Calculate Volume

a. Volume = Annual Compensation / 12

Employee 1: $81,000 / 12 = **$6,750**

Employee 2: $105,000 / 12 = **$8,750**

b. Determine if calculated volume is greater than the minimum and less than the maximum

In this example there is no minimum. Since the rate is based on monthly covered payroll, the volume calculated in a. above cannot exceed the covered payroll maximum of $8,333.

Employee 1: **$6,750** (calculated in a. above) is less than $8,333, so it can be used in the premium calculation.

Employee 2: **$8,750** (calculated in a. above) is greater than $8,333. The volume will need to be capped at **$8,333** for the premium calculation.

Step #2: Calculate Monthly Premium Due

Monthly Premium Due = Volume (calculated above) / $100 * Rate

Employee 1: Monthly Premium Due = $6,750 / $100 * $0.50 = **$33.75**

Employee 2: Monthly Premium Due = $8,333 / $100 * $0.50 = **$41.67**

Example 2 – Rate based on $100 of Monthly Covered Benefit

Information per the policy:	
Benefit %:	60%
Benefit Maximum:	$5,000
Covered Payroll Maximum:	$8,333
Rate:	$0.50 per $100 of monthly covered benefit
Employee information:	
Employee 1:	Annual Compensation = $81,000
Employee 2:	Annual Compensation = $105,000

Step #1: Calculate Volume

a. Volume = Annual Compensation / 12 * Benefit %

Employee 1: $81,000 / 12 * 60% = **$4,050**

Employee 2: $105,000 / 12 * 60% = **$5,250**

b. Determine if calculated volume is greater than the minimum and less than the maximum

In this example there is no minimum. Since the rate is based on monthly covered benefit, the volume calculated in a. above cannot exceed the benefit maximum of $5,000.

Employee 1: **$4,050** (calculated in a. above) is less than $5,000, so it can be used in the premium calculation

Employee 2: **$5,250** (calculated in a. above) is greater than $5,000. The volume will need to be capped at **$5,000** for the premium calculation.

Step #2: Calculate Monthly Premium Due

Monthly Premium Due = Volume (calculated above) / $100 * Rate

Employee 1: Monthly Premium Due = $4,050 / $100 * $0.50 = **$20.25**

Employee 2: Monthly Premium Due = $5,000 / $100 * $0.50 = **$25.00**

2.5 Short Term Disability Policies

Rate: May be based on $10 of weekly covered benefit (standard) **or** $100 of monthly covered payroll.

Volume: The calculation used to determine the volume will depend on the rate basis as follows:

$10 of weekly covered benefit	$100 of monthly covered payroll
Annual Payroll / 52 weeks * Benefit %	Annual Payroll / 12 months

Formula: The formula used to determine the premium due will depend on the rate basis as follows:

$10 of weekly covered benefit	$100 of monthly covered payroll
Volume / 10 * Rate	Volume / 100 * Rate

Example 1 – Rate based on $10 of Weekly Covered Benefit

Information per the policy:	
Benefit %:	60%
Benefit Maximum:	$1,000
Covered Payroll Maximum:	$1,666
Rate:	$0.60 per $100 of monthly covered benefit
Employee information:	
Employee 1:	Annual Compensation = $80,000
Employee 2:	Annual Compensation = $95,000

Step #1: Calculate Volume

a. Volume = Annual Compensation / 52 weeks * Benefit %

Employee 1: $80,000 / 52 * 60% = **$923.07**

Employee 2: $95,000 / 52 * 60% = **$1,096.15**

b. Determine if calculated volume is greater than the minimum and less than the maximum

In this example there is no minimum. Since the rate is based on monthly covered benefit, the volume calculated in a. above cannot exceed the benefit maximum of $1,000.

Employee 1: **$923.07** (calculated in a. above) is less than $1,000, so it can be used in the premium calculation.

Employee 2: **$1,096.15** (calculated in a. above) is greater than $1,000. The volume will need to be capped at **$1,000** for the premium calculation.

Step #2: Calculate Monthly Premium Due

Monthly Premium Due = Volume (calculated above) / $10 * Rate

Employee 1: Monthly Premium Due = $923.07 / $10 * $0.60 = **$55.39**

Employee 2: Monthly Premium Due = $1,000 / $10 * $0.60 = **$60.00**

Example 2 – Rate based on $100 of Monthly Covered Payroll

Information per the policy:	
Benefit %:	60%
Benefit Maximum:	$1,000
Covered Payroll Maximum:	$1,666
Rate:	$0.60 per $100 of monthly covered payroll
Employee information:	
Employee 1:	$19,000
Employee 2:	$25,000

Step #1: Calculate Volume

a. Volume = Annual Compensation / 12

Employee 1: $19,000 / 12 = **$1,583.33**

Employee 2: $25,000 / 12 = **$2,083.33**

b. Determine if calculated volume is greater than the minimum and less than the maximum

In this example there is no minimum. Since the rate is based on monthly covered payroll, the volume calculated in a. above cannot exceed the covered payroll maximum of $1,666.

Employee 1: **$1,583.33** (calculated in a. above) is less than $1,666, so it can be used in the premium calculation.

Employee 2: **$2,083.33** (calculated in a. above) is greater than $1,666. The volume will need to be capped at **$1,666** for the premium calculation.

Step #2: Calculate Monthly Premium Due

Monthly Premium Due = Volume (calculated above) / $100 * Rate

Employee 1: Monthly Premium Due = $1,583.33 / $100 * $0.60 = **$9.50**

Employee 2: Monthly Premium Due = $1,666 / $100 * $0.60 = **$10.00**

2.6 Disability Buy-up Policies

A long-term disability buy-up plan offers a basic level of coverage (core) and an optional level of coverage (buy-up).

Rate: May be structured as "Inclusive of Core rates" or "In-addition to Core rates" and may be based on $100 of monthly covered payroll (LTD standard), $100 of monthly covered benefit, **or** $10 of weekly covered benefit (STD standard).

Volume: May be First Dollar Incremental, In-Excess, or Inclusive. The calculation used to determine the volume will depend on the product and rate basis as follows:

Product	$100 of monthly covered	$100 of monthly covered benefit
LTD	Annual Payroll / 12 Months	Annual Payroll / 12 Months * Benefit %

Product	$10 of weekly covered benefit	$100 of monthly covered payroll
STD	Volume / 10 * Rate	Volume / 100 * Rate

Formula: The formula used to determine the premium due will depend on the rate basis as follows:

$10 of weekly covered benefit	$100 of monthly covered payroll/benefit
Volume / 10 * Rate	Volume / 100 * Rate

2.6a First Dollar (Incremental)

	Core	Buy-up
Insured Employees (Lives)	All eligible employees	All eligible employees who elect the buy-up option
Volume Calculation	Entire covered volume from first dollar	Entire covered volume from first dollar

Example 1 – First Dollar Incremental

Information per the policy:

	Core	Buy-up
Benefit %:	60%	60%
Benefit Maximum:	$3,000	$10,000
Covered Payroll Maximum:	$5,000	$16,667
Rate:	0.13/100 of monthly covered payroll	0.079/100 of monthly covered payroll

Employee information:

Employee 1:	Annual Compensation = $50,000; Elected buy-up = No
Employee 2:	Annual Compensation = $75,000; Elected buy-up = No
Employee 3:	Annual Compensation = $75,000; Elected buy-up = Yes
Employee 4:	Annual Compensation = $250,000; Elected buy-up = Yes

Step #1: Calculate Core Volume and Premium Due

a. Volume = Annual Compensation / 12

Employee 1: $50,000 / 12 = **$4,166.66**

Employee 2: $75,000 / 12 = **$6,250.00**

Employee 3: $75,000 / 12 = **$6,250.00**

Employee 4: $250,000 / 12 = **$20,833.33**

b. Determine if calculated volume is greater than the minimum and less than the maximum

In this example there is no minimum. Since the rate is based on monthly covered payroll, the volume calculated in a. above cannot exceed the core covered payroll maximum of $5,000.

Employee 1: **$4,166.66** (calculated in a. above) is less than $5,000, so it can be used in the core premium calculation.

Employee 2: **$6,250.00** (calculated in a. above) is greater than $5,000. The volume will need to be capped at **$5,000** for the core premium calculation.

Employee 3: **$6,250.00** (calculated in a. above) is greater than $5,000. The volume will need to be capped at **$5,000** for the core premium calculation.

Employee 4: **$20,833.33** (calculated in a. above) is greater than $5,000. The volume will need to be capped at **$5,000** for the core premium calculation.

c. Monthly Premium Due = Volume (calculated above) / $100 * Rate

Employee 1: Monthly Premium Due = $4,166.66 / $100 * $0.13 = **$5.42**

Employee 2: Monthly Premium Due = $5,000.00 / $100 * $0.13 = **$6.50**

Employee 3: Monthly Premium Due = $5,000.00 / $100 * $0.13 = **$6.50**

Employee 4: Monthly Premium Due = $5,000.00 / $100 * $0.13 = **$6.50**

Step #2: Calculate Buy-up Volume and Premium Due

a. Determine if calculated volume is greater than the minimum and less than the maximum

In this example there is no minimum. Since the rate is based on monthly covered payroll, the volume calculated in a. above cannot exceed the buy-up covered payroll maximum of $16,667.

Employee 1&2: Not applicable. Employee did not elect buy-up.

Employee 3: **$6,250.00** (calculated in a. above) is less than $16,667, so it can be used in the buy-up premium calculation.

Employee 4: **$20,833.33** (calculated in a. above) is greater than $16,667. The volume will need to be capped at **$16,667** for the buy-up premium calculation.

b. Monthly Premium Due = Volume (calculated above) / $100 * Rate

Employee 1 & 2: Not applicable. Employee did not elect buy-up.

Employee 3: Monthly Premium Due = $6,250.00 / $100 * $0.079 = **$4.94**

Employee 4: Monthly Premium Due = $16,667.00 / $100 * $0.079 = **$13.17**

Step #3: Calculate Total Monthly Premium Due

Total Monthly Premium Due = Core premium + Buy-up premium

Employee 1: Total Monthly Premium Due = $5.42 + $0 = **$5.42**

Employee 2: Total Monthly Premium Due = $6.50 + $0 = **$6.50**

Employee 3: Total Monthly Premium Due = $6.50 + $4.94 = **$11.44**

Employee 4: Total Monthly Premium Due = $6.50 + $13.17 = **$19.67**

2.6b In Excess

	Core	Buy-up
Insured Employees (Lives)	All eligible employees	All eligible employees who elect the buy-up option
Volume Calculation	Entire covered volume from first dollar	Covered volume in excess of the core volume (Core volume minus Buy-up volume)

Example 1 – In Excess

Information per the policy:

	Core	Buy-up
Benefit %:	60%	60%
Benefit Maximum:	$3,000	$10,000
Covered Payroll Maximum:	$5,000	$16,667
Rate:	0.13/100 of monthly covered payroll	0.14/100 of monthly covered payroll

Employee information:

Employee 1:	Annual Compensation = $50,000; Elected buy-up = No
Employee 2:	Annual Compensation = $75,000; Elected buy-up = No
Employee 3:	Annual Compensation = $75,000; Elected buy-up = Yes
Employee 4:	Annual Compensation = $250,000; Elected buy-up = Yes

Step #1: Calculate Core Volume and Premium Due

a. Volume = Annual Compensation / 12

Employee 1: $50,000 / 12 = **$4,166.66**

Employee 2: $75,000 / 12 = **$6,250.00**

Employee 3: $75,000 / 12 = **$6,250.00**

Employee 4: $250,000 / 12 = **$20,833.33**

b. Determine if calculated volume is greater than the minimum and less than the maximum

In this example there is no minimum. Since the rate is based on monthly covered payroll, the volume calculated in a. above cannot exceed the core covered payroll maximum of $5,000.

Employee 1: **$4,166.66** (calculated in a. above) is less than $5,000, so it can be used in the core premium calculation.

Employee 2: **$6,250.00** (calculated in a. above) is greater than $5,000. The volume will need to be capped at **$5,000** for the core premium calculation.

Employee 3: **$6,250.00** (calculated in a. above) is greater than $5,000. The volume will need to be capped at **$5,000** for the core premium calculation.

Employee 4: **$20,833.33** (calculated in a. above) is greater than $5,000. The volume will need to be capped at **$5,000** for the core premium calculation.

c. Monthly Premium Due = Volume (calculated above) / $100 * Rate

Employee 1: Monthly Premium Due = $4,166.66 / $100 * $0.13 = **$5.42**

Employee 2: Monthly Premium Due = $5,000.00 / $100 * $0.13 = **$6.50**

Employee 3: Monthly Premium Due = $5,000.00 / $100 * $0.13 = **$6.50**

Employee 4: Monthly Premium Due = $5,000.00 / $100 * $0.13 = **$6.50**

Step #2: Calculate Buy-up Volume and Premium Due

a. Determine if calculated volume is greater than the minimum and less than the maximum

In this example there is no minimum. Since the rate is based on monthly covered payroll, the volume calculated in a. above cannot exceed the buy-up covered payroll maximum of $16,667.

Employee 1&2: Not applicable. Employee did not elect buy-up.

Employee 3: **$6,250.00** (calculated in a. above) is less than $16,667, so it can be used in the buy-up premium calculation.

Employee 4: **$20,833.33** (calculated in a. above) is greater than $16,667. The volume will need to be capped at **$16,667** for the buy-up premium calculation.

b. Subtract core volume used in step #1 from the buy-up volume determined in a. above.

Employee 1&2: Not applicable. Employee did not elect buy-up.

Employee 3: **$6,250.00** (calculated in a. above) - $5,000 = $1,250 to be used in the buy-up premium calculation.

Employee 4: **$16,667** (calculated in a. above) - $5,000 = $11,667 to be used in the buy-up premium calculation.

c. Monthly Premium Due = Volume (calculated above) / $100 * Rate

Employee 1 & 2: Not applicable. Employee did not elect buy-up.

Employee 3: Monthly Premium Due = $1,250.00 / $100 * $0.14 = **$1.75**

Employee 4: Monthly Premium Due = $11,667.00 / $100 * $0.14 = **$16.33**

Step #3: Calculate Total Monthly Premium Due

Total Monthly Premium Due = Core premium + Buy-up premium

Employee 1: Total Monthly Premium Due = $5.42 + $0 = **$5.42**

Employee 2: Total Monthly Premium Due = $6.50 + $0 = **$6.50**

Employee 3: Total Monthly Premium Due = $6.50 + $1.75 = **$8.25**

Employee 4: Total Monthly Premium Due = $6.50 + $16.33 = **$22.83**

2.6c Inclusive

	Core	Buy-up
Insured Employees (Lives)	All eligible employees who do not elect the buy-up option.	All eligible employees who elect the buy-up option.
Volume Calculation	Entire covered volume from first dollar	Entire covered volume from first dollar

Example 1 – Inclusive

Information per the policy:

	Core	Buy-up
Benefit %:	60%	60%
Benefit Maximum:	$3,000	$10,000
Covered Payroll Maximum:	$5,000	$16,667
Rate:	0.13/100 of monthly covered payroll	0.134/100 of monthly covered payroll

Employee information:

Employee 1:	Annual Compensation = $50,000; Elected buy-up = No
Employee 2:	Annual Compensation = $75,000; Elected buy-up = No
Employee 3:	Annual Compensation = $75,000; Elected buy-up = Yes
Employee 4:	Annual Compensation = $250,000; Elected buy-up = Yes

Step #1: Calculate Core Volume and Premium Due

a. Volume = Annual Compensation / 12

Employee 1: $50,000 / 12 = **$4,166.66**

Employee 2: $75,000 / 12 = **$6,250.00**

Employee 3: $75,000 / 12 = **$6,250.00**

Employee 4: $250,000 / 12 = **$20,833.33**

b. Determine if calculated volume is greater than the minimum and less than the maximum

In this example there is no minimum. Since the rate is based on monthly covered payroll, the volume calculated in a. above cannot exceed the core covered payroll maximum of $5,000.

Employee 1: **$4,166.66** (calculated in a. above) is less than $5,000, so it can be used in the core premium calculation.

Employee 2: **$6,250.00** (calculated in a. above) is greater than $5,000. The volume will need to be capped at **$5,000** for the core premium calculation.

Employee 3 & 4: Not applicable. Employee elected buy-up.

c. Monthly Premium Due = Volume (calculated above) / $100 * Rate

Employee 1: Monthly Premium Due = $4,166.66 / $100 * $0.13 = **$5.42**

Employee 2: Monthly Premium Due = $5,000.00 / $100 * $0.13 = **$6.50**

Employee 3 & 4: Not applicable. Employee elected buy-up.

Step #2: Calculate Buy-up Volume and Premium Due

a. Determine if calculated volume is greater than the minimum and less than the maximum

In this example there is no minimum. Since the rate is based on monthly covered payroll, the volume calculated in a. above cannot exceed the buy-up covered payroll maximum of $16,667.

Employee 1&2: Not applicable. Employee did not elect buy-up.

Employee 3: **$6,250.00** (calculated in a. above) is less than $16,667, so it can be used in the buy-up premium calculation.

Employee 4: **$20,833.33** (calculated in a. above) is greater than $16,667. The volume will need to be capped at **$16,667** for the buy-up premium calculation.

b. Monthly Premium Due = Volume (calculated above) / $100 * Rate

Employee 1 & 2: Not applicable. Employee did not elect buy-up.

Employee 3: Monthly Premium Due = $6,250.00 / $100 * $0.134 = **$8.37**

Employee 4: Monthly Premium Due = $16,667.00 / $100 * $0.134 = **$22.33**

Step #3: Calculate Total Monthly Premium Due

Total Monthly Premium Due = Core premium + Buy-up premium

Employee 1: Total Monthly Premium Due = $5.42 + $0 = **$5.42**

Employee 2: Total Monthly Premium Due = $6.50 + $0 = **$6.50**

Employee 3: Total Monthly Premium Due = $0 + $8.37 = **$8.37**

Employee 4: Total Monthly Premium Due = $0 + $22.33 = **$22.33**

2.7 New York Paid Family Leave (NY PFL)

Rate: A state-determined percentage known as the employee contribution rate.

Volume: Employee's gross wages. Employees earning less than the Statewide Average Weekly Wage (SAWW) will contribute less than the maximum annual contribution, consistent with their actual wages. Once an employee reaches the maximum annual contributions for the year, no additional premiums should be collected from or remitted for that employee.

Formula: Volume / 12 * Rate = Monthly Premium Due

Note – The Statewide Average Weekly Wage (SAWW) and employee contribution rate provided below are for illustration purposes only and are not actuals per the NY State. Refer to the New York State website (https://paidfamilyleave.ny.gov/cost) for the current Statewide Average Weekly Wage (SAWW) and employee contribution rate which are adjusted annually by the State of New York.

Example	
Information per the policy:	
SAWW:	$1,269.23 weekly or $66,000 annually ($1,269.23*52=$66,000)
Rate:	0.175%
Maximum Annual Contribution:	$115.50 ($66,000*0.175%)
Employee information:	
Employee 1:	Annual Compensation = $60,000 base with no bonus or commission
Employee 2:	Annual Compensation = $60,000 base with $10,000 bonus in December
Employee 3:	Annual Compensation = $60,000 base with $1,700 bonus quarterly
Employee 4:	Annual Compensation = $120,000 base with or without commissions

Step #1: Calculate Volume

a. Employee 1. Annual Compensation: $60,000 base salary with no bonus or commission;

Volume = $60,000/12 = **$5,000** per month

Monthly Premium Due = Volume / 12 * Rate = $5,000 x 0.00175 = **$8.75**

Total Annual Premium = $8.75 x 12 months = $105.00 (does not exceed maximum annual contribution of $115.50)

b. Employee 2. Annual Compensation: $60,000 base salary with $10,000 bonus in December

Months 1-11:

Volume = $60,000/12 = **$5,000** per month

Monthly Premium Due = $5,000 x 0.00175 = **$8.75**

Month 12:

Volume = $60,000/12 = **$5,000** per month + **$6,000** bonus* = **$11,000**

**Only $6,000 of the $10,000 bonus was included in order to not exceed the annualized SAWW maximum of $66,000.*

Monthly Premium Due = $11,000 x 0.00175 = **$19.25**

Total Annual Premium = ($8.75 x 11 months) + $19.25 month = **$115.50**

c. Employee 3. Annual Compensation: $60,000 base salary with $1,700 bonus quarterly;

Months 1, 2, 4, 5, 7, 8, 10, 11:

Volume = $60,000/12 = **$5,000** per month

Monthly Premium Due = $5,000 x 0.00175 = **$8.75**

Months 3, 6, 9:

Volume = $60,000/12 = **$5,000** per month + **$1,700** bonus* = **$6,700**

Monthly Premium Due = $6,700 x 0.00175 = **$11.725**

Month 12:

Volume = $60,000/12 = **$5,000** per month + **$900** bonus* = **$5,900**

Monthly Premium Due = $5,900 x 0.00175 = **$10.325**

Total Annual Premium = ($8.75 x 8 months) + ($11.725 x 3 months) + $10.325 = **$115.50**

**Only $900 of the December $1,700 bonus was included in order to not exceed the annualized SAWW maximum of $66,000*

d. Employee 4. Annual Compensation: $120,000 base salary with or without bonus or commissions

Months 1-6:

Volume = $120,000/12 = **$10,000** per month

Monthly Premium Due = $10,000 x 0.00175 = **$17.50**

Month 7:

Volume* = $6,000

Monthly Premium Due = $6,000 x 0.00175 = **$10.50**

**Only $6,000 of the monthly $10,000 was included in order to not exceed the annualized SAWW maximum of $66,000.*

Month 8-12:

Monthly Premium Due = $0. The maximum annual contribution was reached in July

Total Annual Premium = ($17.50 x 6 months) + 10.50 = **$115.50**

2.8 Administrative Services Only (ASO) Policies

Administrative Service Only – Disability (ASO DBL) and Administrative Service Only Paid Family Leave (ASO PFL) fees are generally based on a fee schedule of Per Employee per Month. Note that the rate for your ASO PFL will be different from your ASO DBL coverage.

To calculate the premium due, use the following formula:

Total Covered Employees * Per Employee per Month Fee = Monthly Premium Due

Example	
Information per the policy:	Fee = $2.70 per employee per month
Company information:	Number of covered employees = 52

Monthly Premium Due = 52 employees * $2.70 = **$140.40**