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MEMORANDUM

To: Board of Trustees
Industry & Local 338 Welfare Fund

From: Russell Bley
John P. Urbank

Date: December 3, 2018

Re: **Amalgamated Life Renewal Effective January 1, 2019 -
Short Term Disability and New York State Paid Family Leave Plan**

We have reviewed and analyzed the Fund's Short Term Disability (Enhanced DBL) and New York State Paid Family Leave (NYS PFL) coverage renewal provided by Amalgamated Life effective January 1, 2019. Please note that the current terms for Life and AD&D are guaranteed through December 31, 2019.

The Fund's current rate, the original renewal, and revised renewal offerings are detailed in the chart below:

	2018 Current Rates	Original 2019 Renewal Rates	Revised 2019 Renewal Rates
Enhanced DBL (\$240 per week)	\$9.25 PPPM	\$9.25 PPPM	\$7.00 PPPM
Annual Premium*	\$17,430	\$17,430	\$13,190
Annual Dollar Change	Current	\$0	(\$4,240)
Percentage Change	Current	+0.0%	-24.3%

* Assumes 157 participants for Enhanced DBL.

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As illustrated above, Amalgamated Life originally proposed to maintain the current rates for the Enhanced DBL coverages. Based on the Amalgamated Life's experience report, the Enhanced DBL has had a 60 percent claims to premium ratio over the most recent five-year period. While we believe that the offer to maintain the current rates was a reasonable offer from Amalgamated Life, on behalf of the Fund we appealed the Enhanced DBL rate renewal action.

We are pleased to inform the Trustees that Amalgamated Life has agreed to reduce the current Enhanced DBL rate from \$9.25 to \$7.00 per person per month, which amounts to \$4,200 in annual savings. This rate is guaranteed for one year through December 31, 2019.

Amalgamated Life also proposed to increase the NYS PFL premium from 0.126% to 0.153% of covered payroll. There have been no claims for this coverage to date since its implementation last year. Amalgamated Life was not able to revise this renewal proposal since it is the state mandated rate.

If you have any questions, please let us know.

cc Fund Co-Counsel
 Associated-Administrators

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