Voluntary Paid Family Leave Insurance—State Law Overview

A growing trend has seen states amending their insurance codes to allow carriers to sell insurance policies for voluntary paid family leave (PFL) benefits. Under these laws, employers may purchase the policies to provide a PFL wage-replacement benefit to their employees. In some cases, employees can buy their own policy directly from the insurer. The state insurance laws allowing the policies set parameters that PFL plans must meet to be eligible for insurance coverage. Unlike many mandatory state paid family and medical leave programs, the insurance laws do not require employers to provide job protection for employees on leave.

At a time when more and more states are imposing paid employee leave mandates on employers, this approach offers a voluntary alternative for providing paid leave to employees caring for family members. The chart below describes key features of state insurance laws for voluntary PFL programs, many of which follow the same general format. Note that most of the laws allow employers to choose a carrier to provide PFL coverage; however, in two states—Vermont and New Hampshire—the state selects the carrier and plays a larger role in the design of the insurance program. In addition, while most of the plans are limited to compensation for family leave, some offer the option of providing the benefit during the employee's own medical leave as well.

State	Type of Policy	Qualifying Reasons for Leave	Length of Leave	Monetary Benefit	Other Required Terms
Alabama Paid Family Leave Income Replacement Benefits Act	Employer-sponsored group insurance policy or voluntarily purchased employee policy; written as a separate policy for paid family leave benefits or a rider to a disability insurance policy	Benefits may be provided for any leave taken by an employee from work to do any of the following: • Care for a family member with a serious health condition; • Bond with the employee's child during the first 12 months after the child's birth	At least two weeks for each covered reason	As detailed in insurance policy	Policies must specify: • Requirements of each covered family leave reason; • Amount of benefits for covered family leave reasons; • Terms of any unpaid waiting period; • Definition and calculation of

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		or placement with the employee for adoption or foster care; or • Address a qualifying military exigency as interpreted under the federal Family and Medical Leave Act (FMLA).			income and offsets on which benefits are based; and • Any limitations, exclusions or reductions on benefits.
Arkansas [AR ST 23-62-112]	An insurance policy issued to an employer that may be written as: • A separate group insurance policy purchased by an employer; • An amendment or rider to a group disability income insurance policy; or • Included in a group disability income insurance policy.	Benefits may be provided to an employee to pay for a portion of the employee's income loss due to: • Caring for a family member with a serious health condition; • The birth, adoption, or foster placement of a child with an employee; and	Not specified by statute	Not specified by statute	None specified by statute

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		• Circumstances arising because the employee's family member is on active duty as a service member or has been notified of an impending call or order to active duty.			
Florida HB 721	Insurance may be issued to and purchased by an employer as an amendment or a rider to a group disability income policy, included in a group disability income policy, or issued as a separate group insurance policy.	Benefits may be provided for leave taken by an employee for: • Participation in providing care, including physical or psychological care, for a family member made necessary by a serious health condition of the family member; • Bonding with the employee's child during the first 12 months after the child's birth or the first 12	PFL policy must allow at least two weeks of leave per 52-week period for each covered circumstance.	As detailed in insurance policy	PFL insurance policies must specify: • Details and requirements of all qualifying events; • Length and amount of benefits available for each covered circumstance; • Conditions of any waiting periods; • Definition of and method for calculating income on which

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		months after the placement of the child for adoption by or foster care with the employee; • Addressing a qualifying exigency under the federal FMLA, arising out of the fact that the spouse, child or parent of the employee is on active duty or has been notified of an impending call or order to active duty in the U.S. Armed Forces; • Caring for a family member who was injured in the line of duty while serving in the U.S. Armed Forces; or • Caring for a family member			benefits will be issued; • Any income offsets; and • The frequency of payments. The law also specifies certain permissible limitations, exclusions and reductions on eligibility for benefits, in addition to other requirements.

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		or other leave as specified in the policy.			
Kentucky HB 179	Purchased by the employer as: • A standalone group paid family leave insurance policy or contract purchased by an employer; • Part of a group disability income insurance policy or contract; or • A rider, amendment or supplemental policy provision to a group disability income insurance policy or contract.	Benefits may be provided for any leave taken from work by an employee: • To participate in providing care, including physical or psychological care, for a family member because of a serious health condition of the family member or any other reason specified in the policy or contract; • To bond with a child during the first 12 months after the child's birth, adoption or placement with the employee for foster care;	PFL policy must allow at least two weeks for each covered reason during a 52-week period.	As detailed in insurance policy	• Requirements for each of the covered reasons for leave; • Amount and length of family leave benefits available for each covered reason for leave; • Terms and conditions of any unpaid waiting periods; • Definition and method of calculating wages or other income on which the benefit amount is based; • Any income offsets; and • Any limitation, exclusion or reduction of eligibility for

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		• To address a qualifying exigency recognized under the federal FMLA relating to a family member who is on covered active duty, or has been notified of an impending call or order to covered active duty, in the U.S. Armed Forces; • To care for a family member injured in the line of duty, either in the U.S. Armed Forces or as a first responder; and • For any other reason not based on the employee's disability specified in the			benefits under the policy or contract.

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		policy or contract.			
New Hampshire HB 2	New Hampshire PFL insurance is available as an employer-sponsored group plan or as an individual plan for workers who are not covered by a group plan or equivalent benefits. Participation in PFL insurance is completely voluntary for private employers; however, New Hampshire state employees must be covered at no cost to them. Employers that offer their own PFL benefit or PFL insurance through a carrier different from the one selected by the state (currently MetLife) are not eligible for a tax credit covering up to	Policies must provide benefits for at least the following reasons: • To care for the insured's parent, spouse or child who has a serious health condition; • To bond with the employee's child during the first 12 months after the child's birth, or the first 12 months after the placement of the child for adoption or foster care with the employee; and • Because of any qualifying exigency arising from foreign deployment with the U.S. Armed Forces, or to care for a service	A minimum of six weeks of wage replacement benefits during a 12-month benefit period for qualifying leave. Benefits must be capped at a maximum of 12 total combined weeks of wage replacement during the 12-month benefit period. Workers whose employers do not offer PFL insurance and who buy individual insurance are limited to six weeks of coverage. Benefits must be available in increments of at least four hours on any one day on an intermittent and continuous basis.	At least 60% of the insured's average weekly wage	State regulations outline minimum standards for PFL insurance coverage. These include the following requirements, among others: • A provision for payment of benefits to insureds weekly, biweekly or at such intervals as the employee is customarily paid wages; • A renewal, continuation or nonrenewal provision consistent with the terms of the contract issued; • Declination of renewal or termination of insurance, as specified in the

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	50% of the cost of premiums.	member with a serious injury or illness as permitted under the federal FMLA, if the insured is the service member's spouse, child, parent or next of kin. Policies may provide additional benefits for the insured's own serious health condition, treatment therefore or recovery therefrom that makes the employee unable to perform the functions of their job.			regulations, including reasons to decline renewal and 45 days' notice; • Requirements for adverse benefit determinations; • Specific disclosures; and • An outline of coverage in a prescribed format.
South Carolina [Paid Family Leave Insurance Act]	Family leave insurance may be written as: • An amendment or rider to a group disability income policy or life insurance policy;	Family leave benefits may be provided for leave taken from work to: • Participate in providing care, including physical or psychological	Family leave policy must allow at least two weeks of leave for each covered reason during a 52-week period.	As detailed in insurance policy	• Requirements for each of the covered reasons for leave; • Length of benefits available for each covered reason for leave;

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	• Included in a group disability income policy or life insurance policy; or • A separate group insurance policy purchased by an employer.	care, for a family member of the employee made necessary by a serious health condition of the family member; • Bond with the employee's child during the first 12 months after the child's birth, or the first 12 months after the placement of the child for adoption or foster care with the employee; • Address a qualifying exigency as interpreted under the FMLA arising out of the fact that the spouse, child or parent of the employee is on active duty, or has been notified			• Specific information about any unpaid waiting period; • The amount of benefits paid for covered family leave reasons; • Definition and method of calculating income on which the benefit amount is based; • Any income offsets; and • Any limitations, exclusions or reductions on eligibility.

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		of an impending call or order to active duty, in the U.S. Armed Forces; • Care for a family service member injured in the line of duty; or • Take other leave to provide care for a family member or other family leave as specified in the policy.			
Tennessee [Tennessee Paid Family Leave Insurance Act]	Family leave insurance may be written as an amendment or rider to a group disability income policy or life insurance policy, included in a group disability income policy or life insurance policy, or as a separate group insurance policy purchased by an employer.	• Birth or adoption of a child by the employee; • Placement of a child with the employee for foster care; • Care of a family member of the employee who has a serious health condition; or	Not specified in the law	Not specified in the law	Policies must set forth details and requirements for each reason an employee is entitled to take family leave.

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		• A family member of the employee is a service member on active duty or has been notified of an impending call or order to active duty.			
Texas Ins. Code Section 1255.102	Family leave insurance is a policy, amendment or rider to an employer's group disability policy delivered or issued in Texas.	Family leave insurance may provide benefits for leave taken by an employee to: • Participate in providing care, including physical or psychological care, for a family member of the insured made necessary by a serious health condition of the family member; • Bond with the insured's child during the first 12 months after the child's birth, or the first 12	Not less than two weeks for a covered reason during a 52-week period	As detailed in the insurance policy	• Length of leave available for each covered reason; • Requirements for each covered reason for leave; • Specific information about any unpaid waiting period; • Amount of benefits that will be paid for covered leave; • Definition and calculation method of income on which the amount of benefits is based;

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		months after the placement of the child for adoption or foster care with the insured; • Address a qualifying exigency, as interpreted under the FMLA, arising from the fact that the spouse, dependent, or parent of the insured is on active duty or has been notified of an impending call or order to active duty in the U.S. Armed Forces, including the National Guard and armed forces reserves; • Care for a family member described above who is injured in			• Specific information about any income offsets; and • Any eligibility limits, exclusions or reductions.

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		the line of duty; and • Take other leave to provide care for a family member or other family leave as specified in the policy.			
Vermont Governor's initiative	Paid family and medical leave (PFML) is provided to state employees. PFML and paid family leave insurance policies are available for purchase by employers, and paid family leave insurance policies are also available for purchase by employees. The program was rolled out in three stages: 1. State employees were provided a 60% wage replacement benefit in July 2023;	Policies provide partial wage replacement for leave due to the following: • The employee's own serious health condition, including the birth of their child; • Caring for a family member with a serious health condition; • Bonding with a child during the first year following birth or within the first year of initial	Six weeks minimum; 26 weeks maximum per 12-month period	At least 60% of employee wages	The program is not defined by statute or regulations. Information from the state and The Hartford, the insurance carrier chosen to implement the benefit, indicate plan designs are flexible.

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	2. Coverage was made available for purchase to private employers in February 2024; 3. Coverage was made available for purchase in May 2025 to individual employees whose employers do not offer PFML and to self-employed individuals, with benefits starting in July 2025.	placement for adoption or fostering; • Caring for a covered military servicemember with a serious illness or injury when you are a spouse, child, parent, parent-in-law, or acted in place of a parent or next of kin to the military servicemember; and • A qualifying exigency associated with active duty in the military or a call to active duty of your family member. Private employers (but not individual employees) may choose paid family leave policies instead of PFML			

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		coverage. Family leave policies cover all the qualifying events listed above except the employee's own serious health condition or recovery from childbirth.			
Virginia VA ST § 38.2-107.2	Family leave insurance may be written as an amendment or rider to a group disability income policy, included in a group disability income policy or written as a separate group insurance policy purchased by an employer.	May cover a portion of an employee's income loss due to: • Birth of a child or adoption of a child by the employee; • Placement of a child with the employee for foster care; • Care of a family member of the employee who has a serious health condition; or • Circumstances arising out of the fact that the	Not specified by statute	Not specified by statute	Not specified by statute

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		employee's family member who is a service member is on active duty or has been notified of an impending call or order to active duty.			