

GROUP LIFE INSURANCE PLANS
FOR EMPLOYEES OF
THE STATE OF WISCONSIN
AND
LOCAL GOVERNMENT EMPLOYERS



2002 POLICY YEAR REPORT
TO
THE STATE OF WISCONSIN
GROUP INSURANCE BOARD

Submitted by
Minnesota Life Insurance Company
June 2003

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GROUP LIFE INSURANCE PLANS

I. Plan Summary

The group life insurance plan for State of Wisconsin employees began on January 1, 1958; the group life insurance plan for local government employees began on January 1, 1960. These plans provide term life insurance for both active and retired employees. Employees may also insure their spouses and dependent children.

A. State of Wisconsin - Employee Insurance

Both active and retired State employees are eligible for a basic term insurance plan. Employees also receive accidental death and dismemberment insurance equal to their life insurance until age 65. If an insured employee continues in employment, benefits continue beyond age 65 until the earlier of retirement or attainment of age 70. The waiver-of-premium benefit provides free insurance to disabled employees under age 70.

Insurance for all employees under age 65 and for active employees ages 65 to 69 is equal to earnings under the Wisconsin Retirement System for the previous calendar year rounded to the next higher thousand dollars. At age 65, insurance reduces to 75% of the insurance then in force. At age 66, insurance reduces to 50% of the insurance in force prior to age 65. For active employees over age 65, these reductions are delayed until the earlier of retirement or attainment of age 70. A retired employee retains lifetime coverage in a reduced amount.

A supplemental insurance plan provides added term insurance for active employees equal to 100% of insurance under the basic plan. Prior to April 24, 1990, an employee could alternatively select supplemental insurance equal to 50% of insurance under the basic plan. Employees enrolled under that alternative may maintain that level of coverage. The supplemental insurance terminates on the later of the employee's 65th birthday or retirement but in no event beyond the employee's 70th birthday.

An additional insurance plan offers extra coverage on an employee-pay-all basis. Effective May 1, 1998, an employee may elect up to three units of additional insurance. Each unit provides coverage equal to 100% of insurance under the basic plan. The additional insurance terminates on the later of the employee's 65th birthday or retirement. An employee who continues in active employment beyond age 70 may maintain the additional insurance coverage by continued payment of premiums.

Employees pay premiums to cover the major portion of the cost of the basic and supplemental coverages during active employment. Employees pay premiums to cover the entire cost of the additional insurance. Employee premium rates in effect during 2002 were as shown in the table on the following page.

GROUP LIFE INSURANCE PLANS

Monthly Premium per \$1,000 of Insurance

<u>Attained Age</u>	1-1-2002 through 12-31-2002		
	<u>Basic</u>	<u>Supplemental</u>	<u>Additional</u>
Under 30	\$.05	\$.05	\$.06
30-34	.05	.05	.07
35-39	.05	.05	.07
40-44	.09	.09	.12
45-49	.13	.13	.18
50-54	.20	.20	.27
55-59	.36	.36	.48
60-64	.44	.44	.59
65-69	.59	.59	.80

Retired employees pay no further premiums. The State contributes premiums equal to 63% of employee contributions for basic insurance and 35% of employee contributions for supplemental insurance. These contributions are allocated to cover the cost of continuing the basic plan after retirement and to cover the State's portion of the cost of the basic and supplemental plans for active employees.

B. State of Wisconsin - Spouse and Dependent Insurance

The spouse and dependent insurance plan for State employees was introduced in 1981. Insured State employees may purchase life insurance benefits for spouses and dependents. A dependent child is eligible until age 19 or until age 25 as long as the dependent is a full-time student. A physically or mentally disabled dependent may qualify to continue the coverage past age 25. Premiums for this insurance are paid entirely by employees.

An insured employee may elect either one or two units of coverage. Each unit provides \$10,000 of life insurance for an insured spouse and \$5,000 for each insured dependent child. During 2002, the monthly premium was \$2.50 for each unit of coverage.

C. Local Government Employers - Employee Insurance

All three insurance plans are available to employees of local government employers. A local government employer may elect to offer only the basic plan or may offer the basic plan with either or both the supplemental plan and the additional plan. The employer may select a benefit reduction schedule for the basic plan identical to the State plan or a plan with an age 67 benefit reduction to 25% of insurance in force prior to age 65.

GROUP LIFE INSURANCE PLANS

Employees pay premiums to cover the entire cost of basic, supplemental, and additional insurance during active employment. Employee premium rates in effect during 2002 were as follows:

Monthly Premium per \$1,000 of Insurance for Basic, Supplemental, and Additional

<u>Attained Age</u>	<u>01-01-2002 Through 12-31-2002</u>
Under 30	\$.05
30-34	.06
35-39	.07
40-44	.10
45-49	.16
50-54	.30
55-59	.48
60-64	.53
65-69	.60

The employer's contribution for the basic plan with a 50% ultimate benefit at ages 66 and later is 50% of employee contributions. For the plan with a benefit reduction to 25% at age 67 and later, the contribution is 20% of employee contributions.

D. Local Government Employers - Spouse and Dependent Insurance

The spouse and dependent insurance plan for local government employees was introduced in 1983. The benefits are the same as those under the plan for State employees.

During 2002, the monthly premium for this plan was \$2.00 for each unit of coverage.

GROUP LIFE INSURANCE PLANS

E. Funding Status

The cost of insurance for retired employees is funded in advance by employer premium contributions and by dividends from the premiums paid by active employees. Each year the values of the plans' assets are compared to the present values of future benefit liabilities for retired employees and the present values of future benefits in excess of future premiums for active employees. The following table summarizes this comparison as of December 31, 2002:

	<u>State Plan</u>	<u>Local Government Employer's Plan</u>
1. Assets		
a. Premium Deposit Fund	\$241,655,917	\$ 100,249,667
b. Contingent Liability Reserve	<u>44,476,613</u>	<u>70,171,487</u>
c. Total	\$286,132,530	\$170,421,154
2. Liabilities		
a. Retired Lives	\$121,902,082	\$ 63,179,148
b. Active Lives	<u>163,748,810</u>	<u>105,144,720</u>
c. Total	\$285,650,892	\$168,323,868
3. Unfunded Accrued Liability (2c - 1c)	\$ (481,638)	\$ (2,097,286)
4. Total Assets as a Percent of Total Liabilities (1c / 2c)	100.2%	101.2%
5. Assets Available for Active Lives Liability After Funding Retired Lives (1c - 2a)	\$164,230,448	\$107,242,006
6. Active Lives Assets as a Percent of Active Lives Liabilities (5 / 2b)	100.3%	102.0%

F. Underwriters

The group life insurance plan is underwritten by Minnesota Life Insurance Company. With the consent of the Group Insurance Board, the following three companies reinsured the plan during 2002:

The EPIC Life Insurance Company
National Guardian Life Insurance Company*
Sentry Life Insurance Company**

G. The financial agreement between the Group Insurance Board and Minnesota Life establishes the basis for plan finances. All calculations in this policy year report are made in accordance with the financial agreement.

*National Guardian terminated its participation as a reinsurer effective July 1, 2002.

**Sentry terminated its participation as a reinsurer effective January 1, 2003.

STATE OF WISCONSIN

II. State of Wisconsin Plan

Report on operations for 2002, the forty-fifth year of the plan.

A. Employee Coverage

	<u>12-31-2001</u>	<u>12-31-2002</u>
1. Employees Insured for Pre-Retirement Insurance ⁽¹⁾		
Basic Plan	53,735	55,359
Supplemental Plan	39,752	40,663
Additional Plan	21,949	23,096
2. Pre-Retirement Life and AD&D Insurance ⁽¹⁾		
Basic Plan	\$2,277,758,000	\$2,441,489,000
Supplemental Plan	1,709,216,000	1,823,029,000
Additional Plan	1,614,778,000	1,835,845,000
3. Employees Insured for Post-Retirement Insurance		
	12,489	12,809
4. Post-Retirement Life Insurance		
	\$ 219,827,750	\$ 234,159,250
B. Spouse and Dependent Coverage		
1. Employees Insured		
	24,513	24,994
2. Estimated Spouse and Dependent Life Insurance		
	\$ 572,335,000	\$ 585,955,000

(1) Retirees under age 65 are included in this group.

STATE OF WISCONSIN

C. Premium Summary

Employee Contributions

Basic Plan	\$5,343,526	
Supplemental Plan	4,036,043	
Additional Plan	3,998,345	
Spouse and Dependent Plan	<u>1,273,884</u>	\$14,651,798

State Contributions to Premium Deposit Fund

Basic Plan	\$2,672,759	
Supplemental Plan	<u>1,141,597</u>	<u>\$ 3,814,356</u>

Total Premium \$18,466,154

D. Employee Claims

	<u>Basic Plan</u>	<u>Supplemental Plan</u>	<u>Additional Plan</u>	<u>Total</u>
1. Pre-Retirement Life and AD&D Insurance				
Life	\$4,949,652	\$3,719,722	\$2,788,661	\$11,458,035
AD&D	402,543	239,839	399,447	1,041,829
Living Benefit	56,000	55,000	100,000	211,000
Disability	<u>174,137</u>	<u>178,741</u>	<u>338,104</u>	<u>690,982</u>
Total	\$5,582,332	\$4,193,302	\$3,626,212	\$13,401,846
2. Post-Retirement Life Insurance				
Life	\$6,811,293			\$ 6,811,293
Living Benefit	<u>31,500</u>			<u>31,500</u>
Total	\$6,842,793			\$ 6,842,793

E. Spouse and Dependent Claims

	<u>Spouse</u>	<u>Dependent</u>	
Life	\$836,524	\$85,503	\$ 922,027
Living Benefit	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$836,524	\$85,503	\$ 922,027

STATE OF WISCONSIN

F. Financial Experience - Pre-Retirement Employee Insurance

1. Premium

Employee Contributions	\$13,377,914	
Withdrawal From Premium Deposit Fund on 12-31-2002	<u>109,858</u>	
 Total Premium		 \$13,487,772

2. Claim Charges

Death Claims	\$11,458,035	
AD&D Claims	1,041,829	
Living Benefit Claims	211,000	
Increase in Disability Claim Reserve	690,982	
Conversion Charge	0	
Catastrophic Loss Credit	<u>0</u>	
 Total Claim Charges		 \$13,401,846

3. Expense Charges

Minnesota Life Expenses	\$ 536,780	
Reinsurance Expense	4,893	
Risk Charge	<u>60,795</u>	
 Total Expense Charges		 \$ 602,468

4. Tax Charges

State Premium Tax	\$ 269,755	
Federal Income Tax	<u>46,884</u>	
 Total Tax Charges		 \$ 316,639

5. Interest Credits/Charges

On Premium	\$ 293,038	
On Disability Claim Reserve	938,590	
On Claims Paid	(225,132)	
On Expense Charges and Conversion Charge	<u>(21,420)</u>	
 Total Interest Credits/Charges		 \$ 985,076

6. State Internal Administration Expense \$ 150,150

7. Actuarial Service Charge \$ 1,745

8. Audit/Consultant Service Charge \$ 0

9. Experience Credits \$ 0
 Experience Credit [(1)-(2)-(3)-(4)+(5)-(6)-(7)-(8)]

The Experience Credit is deposited in the Contingent Liability Reserve.

STATE OF WISCONSIN

G. Financial Experience - Post-Retirement Employee Insurance

1. Premium Deposit Fund

Premium Deposit Fund on 12-31-2001	\$223,143,852
Contributions for 2002	3,814,356
Withdrawals on 12-31-2002	(109,858)
Withdrawals of Post-Retirement Life Insurance Values to Pay Health and Long-Term Care Insurance Premiums	
Interest on Premium Deposit Fund in 2002	<u>15,343,979</u>
Premium Deposit Fund on 12-31-2002	\$241,655,917
Interest Rate in 2002	6.82%

2. Contingent Liability Reserve

Contingent Liability Reserve on 12-31-2001	\$ 48,211,931
Contributions on 12-31-2002	0
Post-Retirement Death Claims	(6,842,793)
Minnesota Life Expenses	(103,552)
State Premium Tax	(141,762)
Interest on Contingent Liability Reserve in 2002	<u>3,352,789</u>
Contingent Liability Reserve on 12-31-2002	\$ 44,476,613
Interest Rate in 2002	7.37%

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G. Financial Experience - Post-Retirement Employee Insurance (cont'd)

3. Summary of Assets and Liabilities on December 31

	<u>2001</u>	<u>2002</u>
a. Assets		
i. Premium Deposit Fund	\$223,143,852	\$241,655,917
ii. Contingent Liability Reserve	<u>48,211,931</u>	<u>44,476,613</u>
iii. Total	\$271,355,783	\$286,132,530
b. Liabilities		
i. Retired Lives	\$116,717,486	\$121,902,082
ii. Active Lives	<u>154,794,983</u>	<u>163,748,810</u>
iii. Total	\$271,512,469	\$285,650,892
c. Unfunded Accrued Liability [b(iii) - a(iii)]		
	\$ 156,686	\$ (481,638)
d. Total Assets as a Percent of Total Liabilities [a(iii) / b(iii)]		
	99.9%	100.2%
e. Assets Available for Active Lives Liability After Funding Retired Lives [a(iii) - b(i)]		
	\$154,638,297	\$164,230,448
f. Active Lives Assets as a Percent of Active Lives Liabilities [e / b(ii)]		
	99.9%	100.3%

Liabilities numbers are the present values of future net liabilities, i.e., the excess of future claims over future premiums.

Funding Assumptions appear on page 29 of this report.

H. Stop-Loss Calculation for Employee Insurance

Stop-Loss Limit	\$ 30,006,468
Claim Charges	\$ 20,139,512
Expense Charges	<u>1,117,537</u>
Total Charges	\$ 21,257,049
Catastrophic Loss Credit	\$ 0

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I. Financial Experience - Spouse and Dependent Insurance

1. Premium		\$1,273,884
2. Claim Charges		
Death Claims	\$ 922,027	
Living Benefit Claims	0	
Conversion Charge	0	
Catastrophic Loss Credit	<u>0</u>	
Total Claim Charges		\$ 922,027
3. Expense Charges		
Minnesota Life Expenses	\$ 23,439	
Risk Charge	<u>2,548</u>	
Total Expense Charges		\$ 25,987
4. Tax Charges		
State Premium Tax	\$ 25,478	
Federal Income Tax	<u>3,462</u>	
Total Tax Charges		\$ 28,940
5. Interest Credits/Charges		
On Premium	\$ 27,761	
On Claims Paid	(14,792)	
On Expense Charges and Conversion Charge	<u>(1,643)</u>	
Total Interest Credits/Charges		\$ 11,326
6. State Internal Administration Expense		\$ 27,200
7. Audit/Consultant Service Charge		\$ 0
8. Addition to Stabilization Reserve [(1)-(2)-(3)-(4)+(5)-(6)-(7)]		\$ 281,056
9. Stabilization Reserve		
Stabilization Reserve on 12-31-2001		\$ 748,952
Addition to Reserve on 12-31-2002		281,056
Interest on Stabilization Reserve in 2002		<u>51,361</u>
Stabilization Reserve on 12-31-2002		\$ 1,081,369

J. Stop-Loss Calculation for Spouse and Dependent Insurance

Stop-Loss Limit		\$1,592,355
Claim Charges		869,269
Expense Charges		<u>51,465</u>
Total Charges		\$ 920,734
Catastrophic Loss Credit		\$ 0

STATE OF WISCONSIN

K. Cumulative Financial Experience on Employee Insurance - 1958 Through 2002

Employee Contributions		\$231,876,546
State Contributions		
Basic Plan	\$ 68,688,000	
Supplemental Plan	<u>30,575,471</u>	
		<u>\$ 99,263,471</u>
Total Premium		\$331,140,017
Death Claims	\$286,479,553	
AD&D Claims	15,560,938	
Living Benefit Claims	1,547,500	
Increase in Disability Claim Reserve	14,478,323	
Conversion Charge	362,072	
Catastrophic Loss Credit	<u>0</u>	
Total Claim Charges		\$318,428,386
Contingent Liability Reserve on 12-31-2002	\$ 44,476,613	
Premium Deposit Fund on 12-31-2002	<u>241,655,917</u>	
Total		\$286,132,530
Payments to State		
State Premium Tax	\$ 6,641,656	
State Internal Administration Expense	2,768,539	
Actuarial Service Charge	11,846	
Audit/Consultant Service Charge	<u>24,403</u>	
Total		\$ 9,446,444
Payment from Contingent Liability Reserve for Premiums		\$ 3,530,569
Withdrawals of Post-Retirement Life Insurance Values to Pay Health and Long-Term Care Insurance Premiums		\$ 2,459,404
Excess of Disbursement and Reserves Over Premium		\$288,857,316
Minnesota Life Expenses	\$ 6,986,373	
Reinsurance Expense	165,743	
Risk Charge	1,478,435	
Federal Income Tax Charge	<u>775,483</u>	
Total	\$ 9,406,034	
Interest Credited to Plan	<u>298,263,350</u>	
Interest Credited to Plan Less Cost		\$288,857,316

STATE OF WISCONSIN

L. Cumulative Financial Experience on Spouse and Dependent Insurance - 1981 Through 2002

Employee Contribution		\$16,536,138
Death Claims	\$15,165,167	
Living Benefit Claims	30,000	
Conversion Charge	198,615	
Catastrophic Loss Credit	<u>(313,347)</u>	
Total Claim Charges		\$15,080,435
Stabilization Reserve on 12-31-2002		\$ 1,081,369
Payments to State		
State Premium Tax	\$ 330,724	
State Internal Administration Expense	649,104	
Audit/Consultant Service Charge	<u>9,151</u>	
Total		\$ 988,979
Payment From Stabilization Reserve for Premiums		\$ 35,399
Excess of Disbursement and Reserves Over Premium		\$ 650,044
Minnesota Life Expenses	\$ 268,476	
Risk Charge	26,103	
Federal Income Tax Charge	<u>56,722</u>	
Total	\$ 351,301	
Interest Credited to Plan	<u>1,001,345</u>	
Interest Credited to Plan Less Cost		\$ 650,044

STATE OF WISCONSIN

M. Historical Statistics - Employee Insurance

Year	Insurance In Force at End of Year	
	Pre-Retirement	Post-Retirement
2002	\$6,100,363,000	\$234,159,250
2001	5,601,752,000	219,827,750
2000	4,965,080,000	207,848,750
1999	4,593,228,000	195,619,000
1998	4,252,269,000	184,580,000
1997	3,681,951,000	176,424,750
1996	3,584,824,000	164,237,000
1995	3,447,425,000	150,884,500
1994	3,288,876,000	141,705,750
1993	3,109,346,000	124,314,500
1992	2,986,736,000	114,713,000

Year	Employee Contributions	State Contribution		Total Premium
		Basic Plan	Supplemental Plan	
2002	\$ 13,377,914	\$ 2,672,759	\$ 1,141,597	\$ 17,192,270
2001	12,057,622	2,448,473	1,054,664	15,560,759
2000	10,944,386	2,273,603	985,914	14,203,903
1999	10,249,171	2,217,950	941,962	13,409,083
1998	10,102,741	2,235,849	970,180	13,308,770
1997	8,946,462	2,208,860	852,028	12,007,350
1996	9,164,244	2,690,952	543,024	12,398,220
1995	8,686,931	2,493,999	615,338	11,796,268
1994	8,461,769	1,964,723	1,074,292	11,500,784
1993	8,140,909	1,919,975	1,029,295	11,090,179
1958-1992	<u>131,744,397</u>	<u>45,560,857</u>	<u>21,367,177</u>	<u>198,672,431</u>
Total	\$231,876,546	\$68,688,000	\$30,575,471	\$331,140,017

Year	Death Losses			Total	Living Benefits	Disability Losses	Conversion Costs	Total Claims
	Pre-Retirement Life	Pre-Retirement AD&D	Post-Retirement Life					
2002	\$ 11,458,035	\$ 1,041,829	\$ 6,811,293	\$ 19,311,157	\$ 242,500	\$ 690,982	\$ 0	\$ 20,244,639
2001	10,842,443	469,215	6,156,890	17,468,548	361,500	1,312,119	1,800	19,143,967
2000	9,303,701	738,921	6,183,157	16,225,779	166,000	714,191	5,400	17,111,370
1999	11,419,416	1,166,970	5,990,105	18,576,491	77,250	672,318	14,820	19,340,879
1998	10,449,799	1,216,350	5,146,711	16,812,860	141,000	1,497,976	21,000	18,472,836
1997	7,417,928	316,976	4,527,978	12,262,882	116,750	(908,019)	14,400	11,486,013
1996	8,604,923	887,877	4,428,322	13,921,122	13,500	808,101	7,980	14,750,703
1995	8,456,559	28,545	4,573,955	13,059,059	56,000	1,566,398	10,440	14,691,897
1994	8,761,236	659,002	3,879,843	13,300,081	98,000	563,108	2,940	13,964,129
1993	7,358,438	966,248	3,971,052	12,295,738	275,000	1,053,686	25,140	13,649,564
1958-1992	<u>111,781,904</u>	<u>8,069,005</u>	<u>28,955,865</u>	<u>148,806,774</u>	<u>0</u>	<u>6,507,463</u>	<u>258,152</u>	<u>155,572,389</u>
Total	\$205,854,382	\$15,560,938	\$80,625,171	\$302,040,491	\$1,547,500	\$14,478,323	\$362,072	\$318,428,386

STATE OF WISCONSIN

M. Historical Statistics - Employee Insurance (cont'd)

Year	Overhead Cost						State Internal Administration Expense	Actuarial Service Charge	Audit/Consultant Charge	Interest Credits/Charges
	Insurance Company Expense	Reinsurance Expense	Risk Charge	State Premium Tax	Federal Income Tax	Total				
2002	\$ 640,332	\$ 4,893	\$ 60,795	\$ 411,517	\$ 46,884	\$ 1,164,421	\$ 150,150	\$ 1,745	\$ 0	\$ 46,486
2001	576,218	5,323	56,204	387,097	34,496	1,059,338	107,850	1,650	0	67,341
2000	532,568	13,125	52,944	344,786	28,148	971,571	38,008	1,402	8,727	53,830
1999	472,366	14,071	26,028	389,658	33,123	935,246	0	1,391	0	49,296
1998	414,812	13,309	56,964	375,376	46,762	907,223	137,490	1,153	0	94,563
1997	357,849	11,840	18,695	228,842	46,369	663,595	133,276	923	0	64,433
1996	312,003	15,800	62,776	299,163	64,153	753,895	229,781	835	7,676	51,177
1995	299,394	15,036	38,829	296,637	70,862	720,758	121,885	783	8,000	65,690
1994	278,597	14,158	23,771	282,524	80,459	679,509	164,994	804	0	40,714
1993	229,299	13,234	10,430	275,552	88,395	616,910	160,992	776	0	65,612
1958-1992	<u>2,879,935</u>	<u>44,954</u>	<u>1,070,999</u>	<u>3,350,504</u>	<u>235,832</u>	<u>7,575,224</u>	<u>1,524,113</u>	<u>384</u>	<u>0</u>	<u>1,548,546</u>
Total	\$6,986,373	\$165,743	\$1,478,435	\$6,641,656	\$775,483	\$16,047,690	\$2,768,539	\$11,846	\$24,403	\$2,147,688

Year	Reserves			Total
	Disability Reserve	Contingent Liability Reserve	Premium Deposit Fund	
2002	\$14,478,323	\$44,476,613	\$241,655,917	\$300,610,853
2001	13,787,341	48,211,931	223,143,852	285,143,124
2000	12,475,222	50,992,413	206,330,935	269,798,570
1999	11,761,031	53,505,251	189,675,567	254,941,849
1998	11,088,713	55,999,169	177,584,817	244,672,699
1997	9,590,737	57,505,153	166,585,300	233,681,190
1996	10,498,756	55,889,932	152,267,757	218,656,445
1995	9,690,655	56,262,396	139,684,073	205,637,124
1994	8,124,257	56,538,551	128,094,719	192,757,527
1993	7,561,149	55,803,458	117,082,734	180,447,341
1992	6,507,463	55,056,399	106,192,546	167,756,408

Year	Interest Credits on Reserves				Withdrawals to Pay Health Premiums
	Disability Reserve	Contingent Liability Reserve	Premium Deposit Fund	Total	
2002	\$ 938,590	\$ 3,352,789	\$ 15,343,979	\$ 19,635,358	\$ 536,412
2001	890,592	3,621,720	14,805,993	19,318,305	601,165
2000	837,693	3,782,331	13,637,481	18,257,505	241,630
1999	745,309	3,732,430	12,112,018	16,589,757	173,788
1998	653,225	3,848,131	11,326,953	15,828,309	219,407
1997	775,255	4,112,878	11,421,091	16,309,224	164,436
1996	731,764	4,230,434	10,733,510	15,695,708	190,995
1995	643,884	4,463,967	10,218,284	15,326,135	331,571
1994	640,904	4,770,823	9,603,289	15,015,016	0
1993	583,394	4,858,669	9,467,635	14,909,698	0
1958-1992	<u>7,604,186</u>	<u>58,930,608</u>	<u>62,695,853</u>	<u>129,230,647</u>	<u>0</u>
Total	\$15,044,796	\$99,704,780	\$181,366,086	\$296,115,662	\$2,459,404

STATE OF WISCONSIN

N. Historical Statistics - Spouse and Dependent Insurance

Year	Employee Contributions	Death Losses	Living Benefits	Conversion Costs	Total Claims
2002	\$ 1,273,884	\$ 922,027	\$ 0	\$ 0	\$ 922,027
2001	1,186,792	1,017,237	0	0	1,017,237
2000	961,460	959,803	0	11,220	971,023
1999	947,828	1,212,835	0	12,660	1,225,495
1998	935,641	1,098,067	0	18,120	1,116,187
1997	918,706	882,263	0	18,120	900,383
1996	915,839	729,915	0	25,860	755,775
1995	912,904	1,116,877	20,000	15,180	1,152,057
1994	893,128	853,090	0	13,290	866,380
1993	869,317	647,198	10,000	14,280	671,478
1981-1992	<u>6,720,639</u>	<u>5,725,855</u>	<u>0</u>	<u>69,885</u>	<u>5,795,740</u>
Total	\$16,536,138	\$15,165,167	\$30,000	\$198,615	\$15,393,782

Year	Overhead Cost						State Internal Administration Expense	Audit/ Consultant Charge
	Insurance Company Expense	Risk Charge	Catastrophic Loss Credit	State Premium Tax	Federal Income Tax	Total		
2002	\$ 23,439	\$ 2,548	\$ 0	\$ 25,478	\$ 3,462	\$ 54,927	\$ 27,200	\$ 0
2001	22,580	2,374	0	23,736	2,941	51,631	22,050	0
2000	22,114	1,923	(109,139)	19,229	1,072	(64,801)	0	3,273
1999	20,146	1,896	(73,018)	18,957	1,863	(30,156)	0	0
1998	18,245	1,871	(31,395)	18,713	2,769	10,203	32,981	0
1997	17,460	1,837	0	18,374	3,604	41,275	5,185	0
1996	16,027	1,832	(397)	18,317	4,586	40,365	86,159	2,878
1995	15,976	1,826	(61,817)	18,258	5,563	(20,194)	45,700	3,000
1994	15,630	1,786	0	17,863	6,342	41,621	59,543	0
1993	12,621	1,739	(5,507)	17,386	7,052	33,291	63,542	0
1981-1992	<u>84,238</u>	<u>6,479</u>	<u>(32,074)</u>	<u>134,413</u>	<u>17,468</u>	<u>210,516</u>	<u>306,744</u>	<u>0</u>
Total	\$268,476	\$26,103	\$(313,347)	\$330,724	\$56,722	\$368,678	\$649,104	\$9,151

Year	Insurance In Force at End of Year	Stabilization Reserve	Interest Credits	
			On Stabilization Reserve	Current Premium Less Charges
2002	\$585,955,000	\$1,081,369	\$ 51,361	\$11,326
2001	572,335,000	748,952	45,334	5,361
2000	555,905,000	602,383	38,945	4,096
1999	547,785,000	507,377	50,286	950
1998	535,540,000	703,652	59,703	1,049
1997	531,800,000	866,630	62,185	6,576
1996	527,605,000	826,006	56,663	4,222
1995	526,045,000	734,459	73,732	(1,253)
1994	518,765,000	929,639	74,363	3,727
1993	502,475,000	926,539	67,769	6,329
1981-1992	<u>428,868,000</u>	<u>848,809</u>	<u>321,420</u>	<u>57,201</u>
Total			\$901,761	\$99,584

WISCONSIN LOCAL GOVERNMENTS

III. Wisconsin Local Government Plan

Report on operations for 2002, the forty-third year of the plan.

A. Employee Coverage

	<u>12-31-2001</u>	<u>12-31-2002</u>
1. Employees Insured for Pre-Retirement Insurance ⁽¹⁾		
Basic Plan	81,773	83,438
Supplemental Plan	15,478	16,604
Additional Plan	27,380	29,106
2. Pre-Retirement Life and AD&D Insurance ⁽¹⁾		
Basic Plan	\$3,012,639,000	\$3,174,758,000
Supplemental Plan	589,955,000	657,863,000
Additional Plan	1,903,271,000	2,133,086,000
3. Employees Insured for Post-Retirement Insurance		
	16,560	16,841
4. Post-Retirement Life Insurance		
	\$ 134,879,000	\$ 141,320,687
B. Spouse and Dependent Coverage		
1. Employees Insured		
	34,885	35,453
2. Estimated Spouse and Dependent Life Insurance		
	\$ 829,425,000	\$ 845,205,000

(1) Retirees under age 65 are included in this group.

WISCONSIN LOCAL GOVERNMENTS

C. Premium Summary

Employee Contributions

Basic Plan	\$7,324,392	
Supplemental Plan	1,256,395	
Additional Plan	3,931,588	
Spouse and Dependent Plan	<u>1,438,021</u>	\$13,950,396

Employer Contributions to Premium

Basic Plan	\$ 728,716	
Supplemental Plan	<u>12,464</u>	<u>741,180</u>
		\$14,691,576

Employer Contributions to Premium Deposit Fund

Basic Plan	\$1,374,756	
Supplemental Plan	<u>0</u>	<u>1,374,756</u>
		\$16,066,332

Total Premium

D. Employee Claims

	<u>Basic Plan</u>	<u>Supplemental Plan</u>	<u>Additional Plan</u>	<u>Total</u>
1. Pre-Retirement Life and AD&D Insurance				
Life	\$6,240,894	\$682,293	\$2,811,550	\$ 9,734,737
AD&D	601,820	56,502	578,170	1,236,492
Living Benefit	89,000	47,000	302,000	438,000
Disability	<u>549,614</u>	<u>212,746</u>	<u>570,005</u>	<u>1,332,365</u>
Total	\$7,481,328	\$998,541	\$4,261,725	\$12,741,594
2. Post-Retirement Life Insurance				
Life	\$3,852,234			\$ 3,852,234
Living Benefit	<u>20,750</u>			<u>20,750</u>
Total	\$3,872,984			\$ 3,872,984

E. Spouse and Dependent Claims

	<u>Spouse</u>	<u>Dependent</u>	
Life	\$1,297,550	\$146,280	\$ 1,443,830
Living Benefit	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$1,297,550	\$146,280	\$ 1,443,830

WISCONSIN LOCAL GOVERNMENTS

F. Financial Experience - Pre-Retirement Employee Insurance

1. Premium

Employee Contributions	\$12,512,375
Employer Contributions	741,180
Withdrawal from Premium Deposit Fund on 12-31-2002	<u>117,140</u>

Total Premium \$13,370,695

2. Claim Charges

Death Claims	\$ 9,734,737
AD&D Claims	1,236,492
Living Benefit Claims	438,000
Increase in Disability Claim Reserve	1,332,365
Conversion Charge	22,500
Catastrophic Loss Credit	<u>0</u>

Total Claim Charges \$12,764,094

3. Expense Charges

Minnesota Life Expenses	\$ 997,645
Reinsurance Expense	4,175
Risk Charge	<u>46,950</u>

Total Expense Charges \$ 1,048,770

4. Tax Charges

State Premium Tax	\$ 267,414
Federal Income Tax	<u>52,727</u>

Total Tax Charges \$ 320,141

5. Interest Credits/Charges

On Premium	\$ 300,792
On Disability Claim Reserve	827,016
On Claims Paid	(182,737)
On Expense Charges and Conversion Charge	<u>(30,866)</u>

Total Interest Credits/Charges \$ 914,205

6. State Internal Administration Expense \$ 150,150

7. Actuarial Service Charge \$ 1,745

8. Audit/Consultant Service Charge \$ 0

9. Experience Credits \$ 0
 Experience Credit [(1)-(2)-(3)-(4)+(5)-(6)-(7)-(8)]

The Experience Credit is deposited in the Contingent Liability Reserve.

WISCONSIN LOCAL GOVERNMENTS

G. Financial Experience - Post-Retirement Employee Insurance

1. Premium Deposit Fund

Premium Deposit Fund on 12-31-2001	\$ 92,628,705
Contributions for 2002	1,374,756
Withdrawal on 12-31-2002	(117,140)
Withdrawals of Post-Retirement Life Insurance Values to Pay Health Insurance Premiums	0
Interest on Premium Deposit Fund in 2002	<u>6,363,346</u>
Premium Deposit Fund on 12-31-2002	\$100,249,667
Interest Rate in 2002	6.82%

2. Contingent Liability Reserve

Contingent Liability Reserve on 12-31-2001	\$69,463,315
Contributions on 12-31-2002	0
Post-Retirement Death Claims	(3,872,984)
Minnesota Life Expenses	(119,856)
State Premium Tax	(81,454)
Interest on Contingent Liability Reserve in 2002	<u>4,782,466</u>
Contingent Liability Reserve on 12-31-2002	\$70,171,487
Interest Rate in 2002	7.06%

WISCONSIN LOCAL GOVERNMENTS

G. Financial Experience - Post-Retirement Employee Insurance (cont'd)

3. Summary of Assets and Liabilities on December 31

	<u>2001</u>	<u>2002</u>
a. Assets		
i. Premium Deposit Fund	\$ 92,628,705	\$100,249,667
ii. Contingent Liability Reserve	<u>69,463,315</u>	<u>70,171,487</u>
iii. Total	\$162,092,020	\$170,421,154
b. Liabilities		
i. Retired Lives	\$ 59,577,922	\$ 63,179,148
ii. Active Lives	<u>98,079,574</u>	<u>105,144,720</u>
iii. Total	\$157,657,496	\$168,323,868
c. Unfunded Accrued Liability [b(iii) - a(iii)]		
	\$ (4,434,524)	\$ (2,097,286)
d. Total Assets as a Percent of Total Liabilities [a(iii) / b(iii)]		
	102.8%	101.2%
e. Assets Available for Active Lives Liability After Funding Retired Lives [a(iii) - b(i)]		
	\$102,514,098	\$107,242,006
f. Active Lives Assets as a Percent of Active Lives Liabilities [e / b(ii)]		
	104.5%	102.0%

Liabilities numbers are the present values of future net liabilities, i.e., the excess of future claims over future premiums.

Funding Assumptions appear on page 29 of this report.

H. Stop-Loss Calculation for Employee Insurance

Stop-Loss Limit	\$ 20,578,176
Claim Charges	\$ 16,356,204
Expense Charges	<u>1,517,494</u>
Total Charges	\$ 17,873,698
Catastrophic Loss Credit	\$ 0

WISCONSIN LOCAL GOVERNMENTS

I. Financial Experience - Spouse and Dependent Insurance		
1. Premium		\$1,438,021
2. Claim Charges		
Death Claims	\$1,443,830	
Living Benefit Claims	0	
Conversion Charge	<u>22,500</u>	
Total Claim Charges		\$1,466,330
3. Expense Charges		
Minnesota Life Expenses	\$ 66,868	
Risk Charge	<u>2,876</u>	
Total Expense Charges		\$ 69,744
4. Tax Charges		
State Premium Tax	\$ 28,760	
Federal Income Tax	<u>(1,441)</u>	
Total Tax Charges		\$ 27,319
5. Interest Credits/Charges		
On Premium	\$ 33,440	
On Claims Paid	(21,689)	
On Expense Charges and Conversion Charge	<u>(2,935)</u>	
Total Interest Credits/Charges		\$ 8,816
6. State Internal Administration Expense		\$ 27,200
7. Audit/Consultant Service Charge		\$ 0
8. Addition to Stabilization Reserve [(1)-(2)-(3)-(4)+(5)-(6)-(7)]		\$(143,756)
9. Stabilization Reserve		
Stabilization Reserve on 12-31-2001		\$2,488,949
Addition to Reserve on 12-31-2002		(143,756)
Interest on Stabilization Reserve in 2002		<u>169,119</u>
Stabilization Reserve on 12-31-2002		\$2,514,312
J. Stop-Loss Calculation for Spouse and Dependent Insurance		
Stop-Loss Limit		\$1,797,526
Claim Charges		1,434,024
Expense Charges		<u>98,504</u>
Total Charges		\$1,532,528
Catastrophic Loss Credit		\$ 0

WISCONSIN LOCAL GOVERNMENTS

K. Cumulative Financial Experience on Employee Insurance - 1960 Through 2002

Employee Contributions		\$167,435,876
Employer Contributions		
Premium Credited to Plan	\$ 29,640,884	
Premium Deposit Fund	<u>27,956,783</u>	<u>57,597,667</u>
Total Premium		\$225,033,543
Death Claims	\$190,138,294	
AD&D Claims	10,530,055	
Living Benefit Claims	1,287,250	
Increase in Disability Claim Reserve	13,645,555	
Conversion Charge	199,590	
Catastrophic Loss Credit	<u>(178,106)</u>	
Total Claim Charges		\$215,622,638
Contingent Liability Reserve on 12-31-2002	\$ 70,171,487	
Premium Deposit Fund on 12-31-2002	<u>100,249,667</u>	
Total		\$170,421,154
Payments to State		
State Premium Tax	\$ 4,643,176	
State Internal Administration Expense	2,776,219	
Actuarial Service Charge	11,847	
Audit/Consultant Service Charge	24,403	
Research Survey Cost	<u>10,520</u>	
Total		\$ 7,466,165
Payment from Contingent Liability Reserve for Premiums		\$ 1,883,923
Withdrawals of Post-Retirement Life Insurance Values to Pay Health Insurance Premiums		\$ 13,950
Excess of Disbursement and Reserves Over Premium		\$170,374,287
Minnesota Life Expenses	\$ 11,414,050	
Reinsurance Expense	117,054	
Risk Charge	1,117,735	
Catastrophic Loss	178,106	
Federal Income Tax Charge	<u>634,888</u>	
Total	\$ 13,461,833	
Interest Credited to Plan	<u>\$183,836,120</u>	
Interest Credited to Plan Less Cost		\$170,374,287

WISCONSIN LOCAL GOVERNMENTS

L. Cumulative Financial Experience on Spouse and Dependent Insurance - 1983 Through 2002

Employee Contribution		\$23,020,359
Death Claims	\$19,489,857	
Living Benefit Claims	60,000	
Conversion Charge	<u>151,065</u>	
Total Claim Charges		\$19,700,922
Stabilization Reserve on 12-31-2002		\$ 2,514,312
Payments to State		
State Premium Tax	\$ 460,409	
State Internal Administration Expense	593,785	
Audit/Consultant Service Charge	<u>9,151</u>	
Total		\$ 1,063,345
Payment from Stabilization Reserve for Premiums		\$ 41,392
Excess of Disbursement and Reserves over Premium		\$ 299,612
Minnesota Life Expenses	\$ 832,568	
Risk Charge	40,315	
Federal Income Tax Charge	<u>90,007</u>	
Total	\$ 962,890	
Interest Credited to Plan	<u>1,262,502</u>	
Interest Credited to Plan Less Cost		\$ 299,612

WISCONSIN LOCAL GOVERNMENTS

M. Historical Statistics - Employee Insurance

Year	Insurance In Force at End of Year	
	Pre-Retirement	Post-Retirement
2002	\$5,965,707,000	\$141,320,687
2001	5,505,865,000	134,879,000
2000	4,694,213,000	125,537,000
1999	4,559,369,000	115,355,750
1998	3,729,857,000	106,349,250
1997	3,388,947,000	101,841,000
1996	3,163,553,000	94,016,500
1995	2,852,690,000	85,953,250
1994	2,550,220,000	80,734,250
1993	2,362,663,000	75,210,500
1992	2,117,113,000	70,577,000

Premium

Year	Employee Contributions	Employer Contributions	Employer PDF Contributions	Total Premium
2002	\$ 12,512,375	\$ 741,180	\$ 1,374,756	\$ 14,628,311
2001	11,320,435	571,653	1,274,766	13,166,854
2000	10,116,720	537,353	1,378,975	12,033,048
1999	9,455,950	525,820	1,329,891	11,311,661
1998	8,935,636	520,786	1,305,749	10,762,171
1997	7,726,042	500,583	1,217,745	9,444,370
1996	7,082,005	464,015	1,129,605	8,675,625
1995	6,355,243	452,078	453,488	7,260,809
1994	5,867,717	435,748	958,165	7,261,630
1993	5,517,841	422,844	1,468,824	7,409,509
1960-1992	<u>82,545,912</u>	<u>24,468,824</u>	<u>16,064,819</u>	<u>123,079,555</u>
Total	\$167,435,876	\$29,640,884	\$27,956,783	\$225,033,543

Claims

Year	Death Losses				Living Benefits	Disability Losses	Conversion Costs	Total Claims
	Pre-Retirement Life	Pre-Retirement AD&D	Post-Retirement Life	Total				
2002	\$ 9,734,737	\$ 1,236,492	\$ 3,852,234	\$ 14,823,463	\$ 458,750	\$ 1,332,365	\$ 22,500	\$ 16,637,078
2001	9,365,292	628,839	3,562,572	13,556,703	123,000	1,869,808	16,380	15,565,891
2000	7,971,710	769,460	3,348,041	12,089,211	23,750	1,086,269	8,940	13,208,170
1999	7,612,827	720,856	3,340,578	11,674,261	283,750	332,907	4,740	12,295,658
1998	7,828,959	587,626	3,261,026	11,677,611	177,000	901,549	1,500	12,757,660
1997	5,788,561	223,923	2,796,384	8,808,868	(19,000)	284,627	1,920	9,076,415
1996	5,023,613	216,522	2,607,352	7,847,487	3,500	661,038	3,480	8,515,505
1995	5,344,920	358,868	2,720,817	8,424,605	48,250	731,140	4,200	9,208,195
1994	4,842,280	283,171	2,297,342	7,422,793	176,500	861,343	1,980	8,462,616
1993	4,491,197	328,935	2,247,644	7,067,776	11,750	559,710	6,900	7,646,136
1960-1992	<u>68,493,938</u>	<u>5,175,363</u>	<u>23,606,270</u>	<u>97,275,571</u>	<u>0</u>	<u>5,024,799</u>	<u>127,050</u>	<u>102,427,420</u>
Total	\$136,498,033	\$10,530,055	\$53,640,260	\$200,668,349	\$1,287,250	\$13,645,555	\$199,590	\$215,800,744

WISCONSIN LOCAL GOVERNMENTS

M. Historical Statistics - Employee Insurance (cont'd)

Year	Overhead Cost						State Internal Administration Expense	Actuarial Service Charge	Audit/Consultant Charge	Research Survey Cost	Interest Credits/Charges
	Insurance Company Expense	Reinsurance Expense	Risk Charge*	State Premium Tax	Federal Income Tax	Total					
2002	\$ 1,117,501	\$ 4,175	\$ 46,950	\$ 348,868	\$ 52,727	\$ 1,570,221	\$ 150,150	\$ 1,745	\$ 0	\$ 0	\$ 87,189
2001	1,003,151	4,517	47,021	325,213	44,602	1,424,504	107,850	1,650	0	0	92,006
2000	919,839	11,163	46,654	276,155	41,480	1,295,291	38,007	1,402	8,727	0	74,225
1999	842,497	11,704	39,389	256,390	45,544	1,195,524	0	1,391	0	0	61,178
1998	781,429	10,963	67,869	269,165	51,662	1,181,088	137,490	1,153	0	0	66,448
1997	654,127	9,422	43,533	189,988	48,267	945,337	133,276	923	0	0	73,970
1996	525,188	11,398	77,198	179,650	49,782	843,216	229,781	835	7,676	0	67,296
1995	473,329	10,174	52,225	191,259	49,335	776,322	121,884	784	8,000	10,520	49,021
1994	426,211	9,215	41,453	175,968	51,592	704,439	164,994	804	0	0	64,070
1993	366,779	8,307	21,860	158,516	61,322	616,784	160,992	776	0	0	47,044
1960-1992	<u>4,303,999</u>	<u>26,016</u>	<u>633,583</u>	<u>2,272,004</u>	<u>138,575</u>	<u>7,374,177</u>	<u>1,531,795</u>	<u>384</u>	<u>0</u>	<u>0</u>	<u>1,410,323</u>
Total	\$11,414,050	\$117,054	\$1,117,735	\$4,643,176	\$634,888	\$17,926,903	\$2,776,219	\$11,847	\$24,403	\$10,520	\$2,092,770

*Risk charge reflects for 1987 catastrophic loss credit of \$178,106.

Year	Reserves			
	Disability Reserve	Contingent Liability Reserve	Premium Deposit Fund	Total
2002	\$13,645,555	\$70,171,487	\$100,249,667	\$184,066,709
2001	12,313,190	69,463,315	92,628,705	174,405,210
2000	10,443,382	68,348,884	85,827,691	164,619,957
1999	9,357,113	66,759,288	78,788,609	154,905,010
1998	9,024,206	65,206,883	72,488,388	146,719,477
1997	8,122,657	64,306,104	67,178,644	139,607,405
1996	7,838,030	61,079,501	61,363,768	130,281,299
1995	7,176,992	58,118,087	55,947,591	121,242,670
1994	6,445,852	56,409,433	51,411,760	114,267,045
1993	5,584,509	54,240,795	46,715,151	106,540,455
1992	5,024,799	51,671,733	41,533,354	98,229,886

Year	Interest Credits on Reserves				Withdrawals to Pay Health Premiums
	Disability Reserve	Contingent Liability Reserve	Premium Deposit Fund	Total	
2002	\$ 827,016	\$ 4,782,466	\$ 6,363,346	\$ 11,972,828	\$ 0
2001	745,750	4,865,755	6,146,276	11,757,781	1,301
2000	667,981	4,744,914	5,660,107	11,073,002	0
1999	610,273	4,391,757	4,970,330	9,972,360	0
1998	551,337	4,327,436	4,580,522	9,459,295	0
1997	581,259	4,500,700	4,597,131	9,679,090	0
1996	545,985	4,399,126	4,299,221	9,244,332	12,649
1995	512,482	4,465,535	4,082,343	9,060,360	0
1994	469,426	4,565,650	3,837,324	8,872,400	0
1993	450,815	4,555,206	3,712,973	8,718,994	0
1960-1992	<u>5,356,060</u>	<u>50,072,241</u>	<u>26,504,607</u>	<u>81,932,908</u>	<u>0</u>
Total	\$11,318,384	\$95,670,786	\$74,754,180	\$181,743,350	\$13,950

WISCONSIN LOCAL GOVERNMENTS

N. Historical Statistics - Spouse and Dependent Insurance

<u>Year</u>	<u>Employee Contributions</u>	<u>Death Losses</u>	<u>Living Benefits</u>	<u>Conversion Costs</u>	<u>Total Claims</u>
2002	\$ 1,438,021	\$ 1,443,830	\$ 0	\$ 22,500	\$ 1,466,330
2001	1,387,334	1,585,553	20,000	3,360	1,608,913
2000	1,683,726	1,708,753	0	13,020	1,721,773
1999	2,004,228	1,392,740	40,000	13,560	1,446,300
1998	2,013,825	1,203,916	0	9,840	1,213,756
1997	1,995,888	1,220,563	0	8,580	1,229,143
1996	1,644,265	1,183,862	0	13,920	1,197,782
1995	1,260,571	1,123,004	0	10,590	1,133,594
1994	1,223,141	1,190,216	0	7,980	1,198,196
1993	1,184,997	1,009,855	0	13,845	1,023,700
1983-1991	<u>7,184,363</u>	<u>6,427,565</u>	<u>0</u>	<u>33,870</u>	<u>6,461,435</u>
Total	\$23,020,359	\$19,489,857	\$60,000	\$151,065	\$ 19,700,922

<u>Year</u>	<u>Overhead Cost</u>					<u>State Internal Administration Expense</u>	<u>Audit/ Consultant Charge</u>
	<u>Insurance Company Expense</u>	<u>Risk Charge</u>	<u>State Premium Tax</u>	<u>Federal Income Tax</u>	<u>Total</u>		
2002	\$ 66,868	\$ 2,876	\$ 28,760	\$ (1,441)	\$ 97,063	\$ 27,200	\$ 0
2001	64,511	2,775	27,747	(1,677)	93,356	22,050	0
2000	62,662	3,367	33,675	2,536	102,240	0	3,273
1999	62,131	4,008	40,085	7,958	114,182	0	0
1998	62,429	4,028	40,277	10,281	117,015	32,981	0
1997	60,875	3,992	39,918	12,297	117,082	5,185	0
1996	57,201	3,289	32,885	10,425	103,800	86,159	2,878
1995	54,835	2,521	25,211	7,793	90,360	45,700	3,000
1994	53,207	2,446	24,463	8,749	88,865	59,543	0
1993	48,061	2,370	23,700	9,657	83,788	63,542	0
1983-1992	<u>239,788</u>	<u>8,643</u>	<u>143,688</u>	<u>23,429</u>	<u>415,548</u>	<u>251,425</u>	<u>0</u>
Total	\$832,568	\$40,315	\$460,409	\$90,007	\$1,423,299	\$593,785	\$9,151

<u>Year</u>	<u>Insurance In Force At End of Year</u>	<u>Stabilization Reserve</u>	<u>Interest Credits</u>	
			<u>On Stabilization Reserve</u>	<u>Current Premium Less Charges</u>
2002	\$845,205,000	\$2,514,312	\$ 169,119	\$ 8,816
2001	829,425,000	2,488,949	181,673	4,938
2000	794,480,000	2,639,323	175,805	12,820
1999	771,135,000	3,184,815	131,088	15,723
1998	779,930,000	2,003,701	81,995	25,715
1997	769,810,000	1,245,918	38,746	26,770
1996	759,600,000	535,924	18,367	15,569
1995	554,096,250	248,342	18,100	10,883
1994	531,232,500	231,442	26,210	7,727
1993	515,346,000	320,968	23,904	10,067
1983-1992	495,236,250	273,031	<u>186,101</u>	<u>72,366</u>
Total			\$1,051,108	\$211,394

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IV. Funding Assumptions

A. Salaries increase annually in accordance with the following schedule:

<u>Age</u>	Percentage Increase	
	<u>State</u>	<u>Local</u>
20	12.3	12.3
25	11.0	11.0
30	8.8	8.8
35	7.6	7.6
40	6.7	6.7
45	6.0	6.0
50	5.5	5.5
55	5.0	5.0
60	4.8	4.8
65	4.8	4.8

B. Annual employee withdrawal rates are as follows:

<u>Age</u>	Withdrawals per 1,000	
	<u>State</u>	<u>Local</u>
20	75	53
25	75	53
30	66	38
35	43	25
40	30	20
45	23	17
50	19	16
55	15	12
60	11	9

C. Annual interest rates are 7% for active employees and 5% for retired employees.

D. Expected mortality and morbidity are based on studies of the actual experience of the plan during the years 1999 through 2001. Annual accidental death rates of .16 deaths per thousand for State employees and .15 deaths per thousand for employees of participating public employers are assumed at all ages under 65. These rates are also based on plan experience during 1999 through 2001.

E. No explicit allowance is made for insurance company expenses or State premium taxes.

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V. Conversion of Post-Retirement Life Insurance Values to Pay Health or Long-Term Care Insurance Premiums

Report on operations for 2002, the eighth year of the benefit.

	<u>State Retirees</u>	<u>Local Retirees</u>
A. Number of Retirees Utilizing Benefit		
1. Utilization on December 31, 2001	86	0
2. Conversions Effective in 2002	41	0
3. Terminations During 2002		
a. Exhaustion of Conversion Account Balance	25	0
b. Death	2	0
c. Revocation of Conversion	<u>0</u>	<u>0</u>
d. Total Terminations (a+b+c)	27	0
4. Utilization on December 31, 2002 (1+2-3d)	100	0
B. Conversion Account Activity		
1. Conversion Account Balances on December 31, 2001	\$594,866.32	\$0.00
2. Conversion Account Balances Established in 2002	\$536,411.75	\$0.00
3. Payments From Conversion Accounts During 2002		
a. Health Insurance Premiums	\$322,316.73	\$0.00
b. Long-Term Care Insurance Premiums	\$ 71,848.16	\$0.00
c. Death Benefits	\$ 3,207.08	\$0.00
d. Revocation of Conversion	\$ 0.00	\$0.00
e. Reversion to Life Insurance Plan Reserve	<u>\$ 0.00</u>	<u>\$0.00</u>
f. Total Payments (a+b+c+d+e)	\$397,371.97	\$0.00
4. Conversion Account Balances on December 31, 2002 (1+2-3f)	\$733,906.10	\$0.00

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	<u>State Retirees</u>	<u>Local Retirees</u>
C. Cumulative Number of Retirees Utilizing Benefit - 1995 Through 2002		
1. Conversions	260	4
2. Terminations		
a. Exhaustion of Conversion Account Balance	148	4
b. Death	10	0
c. Revocation of Conversion	<u> 2</u>	<u> 0</u>
d. Total Terminations (a+b+c)	160	4
3. Utilization on December 31, 2002 (1-2d)	100	0
D. Cumulative Conversion Account Activity – 1995 through 2002		
1. Conversion Account Balances Established	\$2,485,319.25	\$13,950.00
2. Payments From Conversion Accounts		
a. Health Insurance Premiums	\$1,594,529.57	\$13,950.00
b. Long-Term Care Insurance Premiums	\$ 90,867.75	\$ 0.00
c. Death Benefits	\$ 39,093.83	\$ 0.00
d. Revocation of Conversion	\$ 26,922.00	\$ 0.00
e. Reversion to Life Insurance Plan Reserve	<u> 0.00</u>	<u> 0.00</u>
f. Total Payments (a+b+c+d+e)	\$1,751,413.15	\$13,950.00
3. Conversion Account Balances on December 31, 2002 (1-2f)	\$ 733,906.10	\$ 0.00