

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

2003 POLICY YEAR REPORT  
TO  
THE STATE OF WISCONSIN  
GROUP INSURANCE BOARD

Submitted by  
Minnesota Life Insurance Company

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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 2003 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>	<u>1-1-2003 through 2-28-2003</u>			<u>Attained Age</u>	<u>3-1-2003 through 12-31-2003</u>		
	<u>Basic</u>	<u>Supplemental</u>	<u>Additional</u>		<u>Basic</u>	<u>Supplemental</u>	<u>Additional</u>
Under 30	\$.05	\$.05	\$.06	Under 30	\$.05	\$.05	\$.06
30-34	.05	.05	.07	30-34	.05	.05	.07
35-39	.05	.05	.07	35-39	.05	.05	.07
40-44	.09	.09	.12	40-44	.08	.08	.11
45-49	.13	.13	.18	45-49	.12	.12	.16
50-54	.20	.20	.27	50-54	.20	.20	.27
55-59	.36	.36	.48	55-59	.32	.32	.43
60-64	.44	.44	.59	60-64	.40	.40	.54
65-69	.59	.59	.80	65-69	.55	.55	.74

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 2003, 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 2003 were as follows:

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

<u>Attained Age</u>	<u>01-01-2003 Through 12-31-2003</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 2003, 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, 2003:

	<u>State Plan</u>	<u>Local Government Employers Plan</u>
1. Assets		
a. Premium Deposit Fund	\$256,750,262	\$107,040,743
b. Contingent Liability Reserve	<u>40,413,306</u>	<u>70,683,368</u>
c. Total	\$297,163,568	\$177,724,111
2. Liabilities		
a. Retired Lives	\$126,322,269	\$ 67,386,198
b. Active Lives	<u>166,543,095</u>	<u>109,856,831</u>
c. Total	\$292,865,364	\$177,243,029
3. Unfunded Accrued Liability (2c - 1c)	\$ (4,298,204)	\$ (481,082)
4. Total Assets as a Percent of Total Liabilities (1c / 2c)	101.5%	100.3%
5. Assets Available for Active Lives Liability After Funding Retired Lives (1c - 2a)	\$170,841,299	\$110,337,913
6. Active Lives Assets as a Percent of Active Lives Liabilities (5 / 2b)	102.6%	100.4%

### F. Underwriters

The group life insurance plan is underwritten by Minnesota Life Insurance Company. With the consent of the Group Insurance Board, the EPIC Life Insurance Company reinsured a portion of the plan during 2003.

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.

STATE OF WISCONSIN

II. State of Wisconsin Plan

Report on operations for 2003, the forty-sixth year of the plan.

A. Employee Coverage

	<u>12-31-2002</u>	<u>12-31-2003</u>
1. Employees Insured for Pre-Retirement Insurance <sup>(1)</sup>		
Basic Plan	55,359	56,087
Supplemental Plan	40,663	41,003
Additional Plan	23,096	23,721
2. Pre-Retirement Life and AD&D Insurance <sup>(1)</sup>		
Basic Plan	\$2,441,489,000	\$2,525,292,000
Supplemental Plan	1,823,029,000	1,876,086,000
Additional Plan	1,835,845,000	1,976,044,000
3. Employees Insured for Post-Retirement Insurance		
	12,809	13,112
4. Post-Retirement Life Insurance		
	\$ 234,159,250	\$ 248,541,250
B. Spouse and Dependent Coverage		
1. Employees Insured		
	24,994	25,064
2. Estimated Spouse and Dependent Life Insurance		
	\$ 585,955,000	\$ 590,340,000

<sup>(1)</sup> Retirees under age 65 are included in this group.

STATE OF WISCONSIN

C. Premium Summary

Employee Contributions

Basic Plan	\$5,367,666	
Supplemental Plan	4,034,504	
Additional Plan	4,162,552	
Spouse and Dependent Plan	<u>1,303,679</u>	\$14,868,401

State Contributions to Premium Deposit Fund

Basic Plan	\$2,682,055	
Supplemental Plan	<u>1,139,067</u>	<u>\$ 3,821,122</u>

Total Premium \$18,689,523

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	\$6,181,934	\$4,892,193	\$3,621,562	\$14,695,689
AD&D	408,379	282,554	89,672	780,605
Living Benefit	158,000	76,000	203,000	437,000
Disability	<u>483,227</u>	<u>387,275</u>	<u>565,169</u>	<u>1,435,671</u>
Total	\$7,231,540	\$5,638,022	\$4,479,403	\$17,348,965
2. Post-Retirement Life Insurance				
Life	\$6,867,758			\$ 6,867,758
Living Benefit	<u>51,500</u>			<u>51,500</u>
Total	\$6,919,258			\$ 6,919,258

E. Spouse and Dependent Claims

	<u>Spouse</u>	<u>Dependent</u>	
Life	\$1,277,911	\$85,477	\$ 1,363,388
Living Benefit	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$1,277,911	\$85,477	\$ 1,363,388

STATE OF WISCONSIN

F. Financial Experience - Pre-Retirement Employee Insurance

1. Premium

Employee Contributions	\$13,564,722	
Withdrawal From Premium Deposit Fund on 12-31-2003	<u>4,064,510</u>	
 Total Premium		 \$17,629,232

2. Claim Charges

Death Claims	\$14,695,689	
AD&D Claims	780,605	
Living Benefit Claims	437,000	
Increase in Disability Claim Reserve	1,435,671	
Pooled Claims	(79,362)	
Pool Charge	138,045	
Conversion Charge	0	
Catastrophic Loss Credit	<u>0</u>	
 Total Claim Charges		 \$17,407,648

3. Expense Charges

Minnesota Life Expenses	\$ 574,973	
Reinsurance Expense	3,043	
Risk Charge	<u>6,533</u>	
 Total Expense Charges		 \$ 584,549

4. Tax Charges

State Premium Tax	\$ 352,584	
Federal Income Tax	<u>42,214</u>	
 Total Tax Charges		 \$ 394,798

5. Interest Credits/Charges

On Premium	\$ 358,537	
On Disability Claim Reserve	948,032	
On Claims Paid	(247,227)	
On Expense Charges and Conversion Charge	<u>(27,823)</u>	
 Total Interest Credits/Charges		 \$ 1,031,519

6. State Internal Administration Expense

\$ 253,423

7. Actuarial Service Charge

\$ 1,700

8. Audit/Consultant Service Charge

\$ 18,633

9. Experience Credits

Experience Credit	[(1)-(2)-(3)-(4)+(5)-(6)-(7)-(8)]	\$ 0
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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 12-31-2002	\$241,655,917
Contributions for 2003	3,821,122
Withdrawals on 12-31-2003	(4,064,510)
Withdrawals of Post-Retirement Life Insurance Values to Pay Health and Long-Term Care Insurance Premiums	(407,499)
Interest on Premium Deposit Fund in 2003	<u>15,745,232</u>
Premium Deposit Fund on 12-31-2003	\$256,750,262
Interest Rate in 2003	6.51%

2. Contingent Liability Reserve

Contingent Liability Reserve on 12-31-2002	\$ 44,476,613
Contributions on 12-31-2003	0
Post-Retirement Death Claims	(6,919,258)
Minnesota Life Expenses	(106,474)
State Premium Tax	(143,382)
Interest on Contingent Liability Reserve in 2003	<u>3,105,807</u>
Contingent Liability Reserve on 12-31-2003	\$ 40,413,306
Interest Rate in 2003	7.47%

STATE OF WISCONSIN

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

3. Summary of Assets and Liabilities on December 31

	<u>2002</u>	<u>2003</u>
a. Assets		
i. Premium Deposit Fund	\$ 241,655,917	\$256,750,262
ii. Contingent Liability Reserve	<u>44,476,613</u>	<u>40,413,306</u>
iii. Total	\$ 286,132,530	\$297,163,568
b. Liabilities		
i. Retired Lives	\$ 121,902,082	\$126,322,269
ii. Active Lives	<u>163,748,810</u>	<u>166,543,095</u>
iii. Total	\$ 285,650,892	\$292,865,364
c. Unfunded Accrued Liability [b(iii) - a(iii)]	\$ (481,638)	\$ (4,298,204)
d. Total Assets as a Percent of Total Liabilities [a(iii) / b(iii)]	100.2%	101.5%
e. Assets Available for Active Lives Liability After Funding Retired Lives [a(iii) - b(i)]	\$ 164,230,448	\$170,841,299
f. Active Lives Assets as a Percent of Active Lives Liabilities [e / b(ii)]	100.3%	102.6%

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	\$ 29,570,788
Claim Charges	\$ 24,322,052
Expense Charges	<u>1,186,989</u>
Total Charges	\$ 25,509,041
Catastrophic Loss Credit	\$ 0

STATE OF WISCONSIN

I. Financial Experience - Spouse and Dependent Insurance

1. Premium		\$1,303,679
2. Claim Charges		
Death Claims	\$1,363,388	
Living Benefit Claims	0	
Conversion Charge	0	
Catastrophic Loss Credit	<u>0</u>	
Total Claim Charges		\$1,363,388
3. Expense Charges		
Minnesota Life Expenses	\$ 23,988	
Risk Charge	<u>2,607</u>	
Total Expense Charges		\$ 26,595
4. Tax Charges		
State Premium Tax	\$ 26,074	
Federal Income Tax	<u>3,315</u>	
Total Tax Charges		\$ 29,389
5. Interest Credits/Charges		
On Premium	\$ 28,088	
On Claims Paid	(21,641)	
On Expense Charges and Conversion Charge	<u>(2,377)</u>	
Total Interest Credits/Charges		\$ 4,070
6. State Internal Administration Expense		\$ 58,793
7. Audit/Consultant Service Charge		\$ 4,052
8. Addition to Stabilization Reserve [(1)-(2)-(3)-(4)+(5)-(6)-(7)]		\$ (174,468)
9. Stabilization Reserve		
Stabilization Reserve on 12-31-2002		\$1,081,369
Addition to Reserve on 12-31-2003		(174,468)
Interest on Stabilization Reserve in 2003		<u>65,191</u>
Stabilization Reserve on 12-31-2003		\$ 972,092

J. Stop-Loss Calculation for Spouse and Dependent Insurance

Stop-Loss Limit		\$1,629,598
Claim Charges		1,351,641
Expense Charges		<u>52,669</u>
Total Charges		\$1,404,310
Catastrophic Loss Credit		\$ 0

STATE OF WISCONSIN

K. Cumulative Financial Experience on Employee Insurance - 1958 Through 2003

Employee Contributions		\$245,441,268
State Contributions		
Basic Plan	\$ 71,370,055	
Supplemental Plan	<u>31,714,538</u>	
		<u>\$103,084,593</u>
Total Premium		\$348,525,861
Death Claims	\$308,043,000	
AD&D Claims	16,341,543	
Living Benefit Claims	2,036,000	
Increase in Disability Claim Reserve	15,913,994	
Pooled Claims	(79,362)	
Pool Charge	138,045	
Conversion Charge	362,072	
Catastrophic Loss Credit	<u>0</u>	
Total Claim Charges		\$342,755,292
Contingent Liability Reserve on 12-31-2003	\$ 40,413,306	
Premium Deposit Fund on 12-31-2003	<u>256,750,262</u>	
Total		\$297,163,568
Payments to State		
State Premium Tax	\$ 7,137,622	
State Internal Administration Expense	3,021,962	
Actuarial Service Charge	13,546	
Audit/Consultant Service Charge	<u>43,036</u>	
Total		\$ 10,216,166
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		\$ 2,866,903
Excess of Disbursement and Reserves Over Premium		\$308,006,637
Minnesota Life Expenses	\$ 7,667,820	
Reinsurance Expense	168,786	
Risk Charge	1,484,968	
Federal Income Tax Charge	<u>817,697</u>	
Total	\$ 10,139,271	
Interest Credited to Plan	<u>318,145,908</u>	
Interest Credited to Plan Less Cost		\$308,006,637

STATE OF WISCONSIN

L. Cumulative Financial Experience on Spouse and Dependent Insurance - 1981 Through 2003

Employee Contribution		\$17,839,817
Death Claims	\$16,528,555	
Living Benefit Claims	30,000	
Conversion Charge	198,615	
Catastrophic Loss Credit	<u>(313,347)</u>	
Total Claim Charges		\$16,443,823
Stabilization Reserve on 12-31-2003		\$ 972,092
Payments to State		
State Premium Tax	\$ 356,798	
State Internal Administration Expense	707,897	
Audit/Consultant Service Charge	<u>13,203</u>	
Total		\$ 1,077,898
Payment From Stabilization Reserve for Premiums		\$ 35,399
Excess of Disbursement and Reserves Over Premium		\$ 689,395
Minnesota Life Expenses	\$ 292,464	
Risk Charge	28,710	
Federal Income Tax Charge	<u>60,037</u>	
Total	\$ 381,211	
Interest Credited to Plan	<u>1,070,606</u>	
Interest Credited to Plan Less Cost		\$ 689,395

STATE OF WISCONSIN

M. Historical Statistics - Employee Insurance

Year	Insurance in Force at End of Year		Year	Employee Contributions	State Contributions		Total Premium
	Pre-Retirement	Post-Retirement			Basic Plan	Supplemental Plan	
2003	\$6,377,422,000	\$248,541,250	2003	\$ 13,564,722	\$ 2,682,055	\$ 1,139,067	\$ 17,385,844
2002	6,100,363,000	234,159,250	2002	13,377,914	2,672,759	1,141,597	17,192,270
2001	5,601,752,000	219,827,750	2001	12,057,622	2,448,473	1,054,664	15,560,759
2000	4,965,080,000	207,848,750	2000	10,944,386	2,273,603	985,914	14,203,903
1999	4,593,228,000	195,619,000	1999	10,249,171	2,217,950	941,962	13,409,083
1998	4,252,269,000	184,580,000	1998	10,102,741	2,235,849	970,180	13,308,770
1997	3,681,951,000	176,424,750	1997	8,946,462	2,208,860	852,028	12,007,350
1996	3,584,824,000	164,237,000	1996	9,164,244	2,690,952	543,024	12,398,220
1995	3,447,425,000	150,884,500	1995	8,686,931	2,493,999	615,338	11,796,268
1994	3,288,876,000	141,705,750	1994	8,461,769	1,964,723	1,074,292	11,500,784
1993	3,109,346,000	124,314,500	1958-1993	<u>139,885,306</u>	<u>47,480,832</u>	<u>22,396,472</u>	<u>209,762,610</u>
			Total	\$245,441,268	\$71,370,055	\$31,714,538	\$348,525,861

Claims

Year	Death Losses			Total	Living Benefits	Disability Losses	Total Claims
	Pre-Retirement Life	Pre-Retirement AD&D	Post-Retirement Life				
2003	\$ 14,695,689	\$ 780,605	\$ 6,867,758	\$ 22,344,052	\$ 488,500	\$ 1,435,671	\$ 24,268,223
2002	11,458,035	1,041,829	6,811,293	19,311,157	242,500	690,982	20,244,639
2001	10,842,443	469,215	6,156,890	17,468,548	361,500	1,312,119	19,142,167
2000	9,303,701	738,921	6,183,157	16,225,779	166,000	714,191	17,105,970
1999	11,419,416	1,166,970	5,990,105	18,576,491	77,250	672,318	19,326,059
1998	10,449,799	1,216,350	5,146,711	16,812,860	141,000	1,497,976	18,451,836
1997	7,417,928	316,976	4,527,978	12,262,882	116,750	(908,019)	11,471,613
1996	8,604,923	887,877	4,428,322	13,921,122	13,500	808,101	14,742,723
1995	8,456,559	28,545	4,573,955	13,059,059	56,000	1,566,398	14,681,457
1994	8,761,236	659,002	3,879,843	13,300,081	98,000	563,108	13,961,189
1958-1993	<u>119,140,342</u>	<u>9,035,253</u>	<u>32,926,917</u>	<u>161,102,512</u>	<u>275,000</u>	<u>7,561,149</u>	<u>168,938,661</u>
Total	\$ 220,550,071	\$ 16,341,543	\$87,492,929	\$324,384,543	\$2,036,000	\$15,913,994	\$342,334,537

Year	Total Claims	Conversion Charge	Pooled Claims	Pool Charge	Total Claim Charges
2003	\$ 24,268,223	\$ 0	\$(79,362)	\$138,045	\$ 24,326,906
2002	20,244,639	0	0	0	20,244,639
2001	19,142,167	1,800	0	0	19,143,967
2000	17,105,970	5,400	0	0	17,111,370
1999	19,326,059	14,820	0	0	19,340,879
1998	18,451,836	21,000	0	0	18,472,836
1997	11,471,613	14,400	0	0	11,486,013
1996	14,742,723	7,980	0	0	14,750,703
1995	14,681,457	10,440	0	0	14,691,897
1994	13,961,189	2,940	0	0	13,964,129
1958-1993	<u>168,938,661</u>	<u>283,292</u>	<u>0</u>	<u>0</u>	<u>169,221,853</u>
Total	\$342,334,537	\$362,072	\$(79,362)	\$138,045	\$342,755,292

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				
2003	\$ 681,447	\$ 3,043	\$ 6,533	\$ 495,966	\$ 42,214	\$ 1,229,203	\$ 253,423	\$ 1,700	\$18,633	\$ 83,487
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
1958-1993	<u>3,102,234</u>	<u>58,188</u>	<u>1,081,429</u>	<u>3,626,056</u>	<u>324,227</u>	<u>8,192,134</u>	<u>1,685,105</u>	<u>1,160</u>	<u>0</u>	<u>1,614,158</u>
Total	\$7,667,820	\$168,786	\$1,484,968	\$7,137,622	\$817,697	\$17,276,893	\$3,021,962	\$13,546	\$43,036	\$2,231,175

Year	Reserves			Total
	Disability Reserve	Contingent Liability Reserve	Premium Deposit Fund	
2003	\$15,913,994	\$40,413,306	\$256,750,262	\$313,077,562
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

Year	Interest Credits on Reserves				Withdrawals to Pay Health and LTC Premiums
	Disability Reserve	Contingent Liability Reserve	Premium Deposit Fund	Total	
2003	\$ 948,032	\$ 3,105,807	\$ 15,745,232	\$ 19,799,071	\$ 407,499
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
1958-1993	<u>8,187,580</u>	<u>63,789,277</u>	<u>72,163,488</u>	<u>144,140,345</u>	<u>0</u>
Total	\$15,992,828	\$102,810,587	\$197,111,318	\$315,914,733	\$2,866,903

STATE OF WISCONSIN

N. Historical Statistics - Spouse and Dependent Insurance

Year	Employee Contributions	Death Losses	Living Benefits	Conversion Costs	Total Claim Charges
2003	\$ 1,303,679	\$ 1,363,388	\$ 0	\$ 0	\$ 1,363,388
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
1981-1993	<u>7,589,956</u>	<u>6,373,053</u>	<u>10,000</u>	<u>84,165</u>	<u>6,467,218</u>
Total	\$17,839,817	\$16,528,555	\$30,000	\$198,615	\$16,757,170

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		
2003	\$ 23,988	\$ 2,607	\$ 0	\$ 26,074	\$ 3,315	\$ 55,984	\$ 58,793	\$ 4,052
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
1981-1993	<u>96,859</u>	<u>8,210</u>	<u>(37,581)</u>	<u>151,799</u>	<u>24,520</u>	<u>243,807</u>	<u>370,286</u>	<u>0</u>
Total	\$292,464	\$28,710	\$(313,347)	\$356,798	\$60,037	\$424,662	\$707,897	\$13,203

Year	Insurance In Force at End of Year	Stabilization Reserve	Interest Credits	
			On Stabilization Reserve	Current Premium Less Charges
2003	\$590,340,000	\$ 972,092	\$ 65,191	\$ 4,070
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
1981-1993	<u>502,475,000</u>	<u>926,539</u>	<u>389,189</u>	<u>63,530</u>
Total			\$966,952	\$103,654



WISCONSIN LOCAL GOVERNMENTS

III. Wisconsin Local Government Plan

Report on operations for 2003, the forty-fourth year of the plan.

A. Employee Coverage

	<u>12-31-2002</u>	<u>12-31-2003</u>
1. Employees Insured for Pre-Retirement Insurance <sup>(1)</sup>		
Basic Plan	83,438	83,716
Supplemental Plan	16,604	18,128
Additional Plan	29,106	30,192
2. Pre-Retirement Life and AD&D Insurance <sup>(1)</sup>		
Basic Plan	\$3,174,758,000	\$3,281,854,000
Supplemental Plan	657,863,000	736,895,000
Additional Plan	2,133,086,000	2,325,771,000
3. Employees Insured for Post-Retirement Insurance		
	16,841	17,305
4. Post-Retirement Life Insurance		
	\$ 141,320,687	\$ 152,082,937
B. Spouse and Dependent Coverage		
1. Employees Insured		
	35,453	35,366
2. Estimated Spouse and Dependent Life Insurance		
	\$ 845,205,000	\$ 844,175,000

<sup>(1)</sup> Retirees under age 65 are included in this group.

WISCONSIN LOCAL GOVERNMENTS

C. Premium Summary

Employee Contributions

Basic Plan	\$8,065,584	
Supplemental Plan	1,428,691	
Additional Plan	4,404,523	
Spouse and Dependent Plan	<u>1,450,770</u>	\$15,349,568

Employer Contributions to Premium

Basic Plan	\$ 791,296	
Supplemental Plan	<u>13,391</u>	<u>804,687</u>
		\$16,154,255

Employer Contributions to Premium Deposit Fund

Basic Plan	\$1,461,837	
Supplemental Plan	<u>0</u>	<u>1,461,837</u>
		\$17,616,092

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	\$6,738,436	\$1,641,834	\$3,969,989	\$12,350,259
AD&D	1,013,640	230,669	425,510	1,669,819
Living Benefit	119,000	83,000	285,000	487,000
Disability	<u>112,366</u>	<u>139,186</u>	<u>297,669</u>	<u>549,221</u>
Total	\$7,983,442	\$2,094,689	\$4,978,168	\$15,056,299
2. Post-Retirement Life Insurance				
Life	\$3,986,298			\$ 3,986,298
Living Benefit	<u>0</u>			<u>0</u>
Total	\$3,986,298			\$ 3,986,298

E. Spouse and Dependent Claims

	<u>Spouse</u>	<u>Dependent</u>		<u>Total</u>
Life	\$1,259,014	\$ 85,781		\$ 1,344,795
Living Benefit	<u>0</u>	<u>0</u>		<u>0</u>
Total	\$1,259,014	\$ 85,781		\$ 1,344,795

WISCONSIN LOCAL GOVERNMENTS

F. Financial Experience - Pre-Retirement Employee Insurance

1. Premium

Employee Contributions	\$13,898,798
Employer Contributions	804,687
Withdrawal from Premium Deposit Fund on 12-31-2003	<u>1,200,952</u>

Total Premium \$15,904,437

2. Claim Charges

Death Claims	\$ 12,350,259
AD&D Claims	1,669,819
Living Benefit Claims	487,000
Pooled Claims	0
Pool Charge	14,386
Increase in Disability Claim Reserve	549,221
Conversion Charge	16,860
Catastrophic Loss Credit	<u>0</u>

Total Claim Charges \$15,087,545

3. Expense Charges

Minnesota Life Expenses	\$ 1,096,150
Reinsurance Expense	2,639
Risk Charge	<u>54,756</u>

Total Expense Charges \$ 1,153,545

4. Tax Charges

State Premium Tax	\$ 318,088
Federal Income Tax	<u>60,462</u>

Total Tax Charges \$ 378,550

5. Interest Credits/Charges

On Premium	\$ 349,037
On Disability Claim Reserve	867,360
On Claims Paid	(190,695)
On Expense Charges and Conversion Charge	<u>(36,742)</u>

Total Interest Credits/Charges \$ 988,960

6. State Internal Administration Expense \$ 253,424

7. Actuarial Service Charge \$ 1,700

8. Audit/Consultant Service Charge \$ 18,633

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 12-31-2002	\$ 100,249,667
Contributions for 2003	1,461,837
Withdrawal on 12-31-2003	(1,200,952)
Withdrawals of Post-Retirement Life Insurance Values to Pay Health Insurance Premiums	(11,898)
Interest on Premium Deposit Fund in 2003	<u>6,542,089</u>
Premium Deposit Fund on 12-31-2003	\$107,040,743
Interest Rate in 2003	6.50%

2. Contingent Liability Reserve

Contingent Liability Reserve on 12-31-2002	\$ 70,171,487
Contributions on 12-31-2003	0
Post-Retirement Death Claims	(3,986,298)
Minnesota Life Expenses	(125,351)
State Premium Tax	(83,878)
Interest on Contingent Liability Reserve in 2003	<u>4,707,408</u>
Contingent Liability Reserve on 12-31-2003	\$ 70,683,368
Interest Rate in 2003	6.88%

WISCONSIN LOCAL GOVERNMENTS

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

3. Summary of Assets and Liabilities on December 31

	<u>2002</u>	<u>2003</u>
a. Assets		
i. Premium Deposit Fund	\$ 100,249,667	\$107,040,743
ii. Contingent Liability Reserve	<u>70,171,487</u>	<u>70,683,368</u>
iii. Total	\$170,421,154	\$177,724,111
b. Liabilities		
i. Retired Lives	\$ 63,179,148	\$ 67,386,198
ii. Active Lives	<u>105,144,720</u>	<u>109,856,831</u>
iii. Total	\$168,323,868	\$177,243,029
c. Unfunded Accrued Liability [b(iii) - a(iii)]	\$ (2,097,286)	\$ (481,082)
d. Total Assets as a Percent of Total Liabilities [a(iii) / b(iii)]	101.2%	100.3%
e. Assets Available for Active Lives Liability After Funding Retired Lives [a(iii) - b(i)]	\$107,242,006	\$110,337,913
f. Active Lives Assets as a Percent of Active Lives Liabilities [e / b(ii)]	102.0%	100.4%

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	\$ 22,555,431
Claim Charges	\$ 18,994,845
Expense Charges	<u>1,680,863</u>
Total Charges	\$ 20,675,708
Catastrophic Loss Credit	\$ 0

WISCONSIN LOCAL GOVERNMENTS

I. Financial Experience - Spouse and Dependent Insurance

1. Premium		\$1,450,770
2. Claim Charges		
Death Claims	\$1,344,795	
Living Benefit Claims	0	
Conversion Charge	<u>19,680</u>	
Total Claim Charges		\$1,364,475
3. Expense Charges		
Minnesota Life Expenses	\$ 67,461	
Risk Charge	<u>2,902</u>	
Total Expense Charges		\$ 70,363
4. Tax Charges		
State Premium Tax	\$ 29,015	
Federal Income Tax	<u>(1,614)</u>	
Total Tax Charges		\$ 27,401
5. Interest Credits/Charges		
On Premium	\$ 33,879	
On Claims Paid	(21,974)	
On Expense Charges and Conversion Charge	<u>(3,606)</u>	
Total Interest Credits/Charges		\$ 8,299
6. State Internal Administration Expense		\$ 58,792
7. Audit/Consultant Service Charge		\$ 4,052
8. Addition to Stabilization Reserve [(1)-(2)-(3)-(4)+(5)-(6)-(7)]		\$ (66,014)
9. Stabilization Reserve		
Stabilization Reserve on 12-31-2002		\$2,514,312
Addition to Reserve on 12-31-2003		(66,014)
Interest on Stabilization Reserve in 2003		<u>167,387</u>
Stabilization Reserve on 12-31-2003		\$2,615,685

J. Stop-Loss Calculation for Spouse and Dependent Insurance

Stop-Loss Limit		\$2,103,617
Claim Charges		1,341,034
Expense Charges		<u>99,378</u>
Total Charges		\$1,440,412
Catastrophic Loss Credit		\$ 0

WISCONSIN LOCAL GOVERNMENTS

K. Cumulative Financial Experience on Employee Insurance - 1960 Through 2003

Employee Contributions		\$181,334,674
Employer Contributions		
Premium Credited to Plan	\$ 30,445,571	
Premium Deposit Fund	<u>29,418,620</u>	<u>59,864,191</u>
Total Premium		\$241,198,865
Death Claims	\$206,474,851	
AD&D Claims	12,199,874	
Living Benefit Claims	1,774,250	
Increase in Disability Claim Reserve	14,194,776	
Pooled Claims	0	
Pool Charge	14,386	
Conversion Charge	216,450	
Catastrophic Loss Credit	<u>(178,106)</u>	
Total Claim Charges		\$234,696,481
Contingent Liability Reserve on 12-31-2003	\$ 70,683,368	
Premium Deposit Fund on 12-31-2003	<u>107,040,743</u>	
Total		\$177,724,111
Payments to State		
State Premium Tax	\$ 5,045,142	
State Internal Administration Expense	3,029,643	
Actuarial Service Charge	13,547	
Audit/Consultant Service Charge	43,036	
Research Survey Cost	<u>10,520</u>	
Total		\$ 8,141,888
Payment from Contingent Liability Reserve for Premiums		\$ 1,883,923
Withdrawals of Post-Retirement Life Insurance Values to Pay Health Insurance Premiums		\$ 25,848
Excess of Disbursement and Reserves Over Premium		\$181,273,386
Minnesota Life Expenses	\$ 12,635,551	
Reinsurance Expense	119,693	
Risk Charge	1,172,491	
Catastrophic Loss	178,106	
Federal Income Tax Charge	<u>695,350</u>	
Total	\$ 14,801,191	
Interest Credited to Plan	<u>\$196,074,577</u>	
Interest Credited to Plan Less Cost		\$181,273,386

WISCONSIN LOCAL GOVERNMENTS

L. Cumulative Financial Experience on Spouse and Dependent Insurance - 1983 Through 2003

Employee Contribution		\$24,471,129
Death Claims	\$20,834,652	
Living Benefit Claims	60,000	
Conversion Charge	<u>170,745</u>	
Total Claim Charges		\$21,065,397
Stabilization Reserve on 12-31-2003		\$ 2,615,685
Payments to State		
State Premium Tax	\$ 489,424	
State Internal Administration Expense	652,577	
Audit/Consultant Service Charge	<u>13,203</u>	
Total		\$ 1,155,204
Payment from Stabilization Reserve for Premiums		\$ 41,392
Excess of Disbursement and Reserves over Premium		\$ 406,549
Minnesota Life Expenses	\$ 900,029	
Risk Charge	43,217	
Federal Income Tax Charge	<u>88,393</u>	
Total	\$ 1,031,639	
Interest Credited to Plan	<u>1,438,188</u>	
Interest Credited to Plan Less Cost		\$ 406,549

WISCONSIN LOCAL GOVERNMENTS

M. Historical Statistics - Employee Insurance

Year	Insurance in Force at End of Year		Year	Premium			Total Premium
	Pre-Retirement	Post-Retirement		Employee Contributions	Employer Contributions	Employer PDF Contributions	
	2003	\$6,344,520,000		\$152,082,937	2003	\$ 13,898,798	
2002	5,965,707,000	141,320,687	2002	12,512,375	741,180	1,374,756	14,628,311
2001	5,505,865,000	134,879,000	2001	11,320,435	571,653	1,274,766	13,166,854
2000	4,964,213,000	125,537,000	2000	10,116,720	537,353	1,378,975	12,033,048
1999	4,559,369,000	115,355,750	1999	9,455,950	525,820	1,329,891	11,311,661
1998	3,729,857,000	106,349,250	1998	8,935,636	520,786	1,305,749	10,762,171
1997	3,388,947,000	101,841,000	1997	7,726,042	500,583	1,217,745	9,444,370
1996	3,163,553,000	94,016,500	1996	7,082,005	464,015	1,129,605	8,675,625
1995	2,852,690,000	85,953,250	1995	6,355,243	452,078	453,488	7,260,809
1994	2,550,220,000	80,734,250	1994	5,867,717	435,748	958,165	7,261,630
1993	2,362,663,000	75,210,500	1960-1993	<u>88,063,753</u>	<u>24,891,668</u>	<u>17,533,643</u>	<u>130,489,064</u>
Total				\$181,334,674	\$30,445,571	\$29,418,620	\$241,198,865

Claims

Year	Death Losses			Total	Living Benefits	Disability Losses	Total Claims
	Pre-Retirement Life	Pre-Retirement AD&D	Post-Retirement Life				
2003	\$ 12,350,259	\$ 1,669,819	\$ 3,986,298	\$ 18,006,376	\$ 487,000	\$ 549,221	\$ 19,042,597
2002	9,734,737	1,236,492	3,852,234	14,823,463	458,750	1,332,365	16,614,578
2001	9,365,292	628,839	3,562,572	13,556,703	123,000	1,869,808	15,549,511
2000	7,971,710	769,460	3,348,041	12,089,211	23,750	1,086,269	13,199,230
1999	7,612,827	720,856	3,340,578	11,674,261	283,750	332,907	12,290,918
1998	7,828,959	587,626	3,261,026	11,677,611	177,000	901,549	12,756,160
1997	5,788,561	223,923	2,796,384	8,808,868	(19,000)	284,627	9,074,495
1996	5,023,613	216,522	2,607,352	7,847,487	3,500	661,038	8,512,025
1995	5,344,920	358,868	2,720,817	8,424,605	48,250	731,140	9,203,995
1994	4,842,280	283,171	2,297,342	7,422,793	176,500	861,343	8,460,636
1960-1993	<u>72,985,135</u>	<u>5,504,298</u>	<u>25,853,914</u>	<u>104,343,347</u>	<u>11,750</u>	<u>5,584,509</u>	<u>109,939,606</u>
Total	\$148,848,293	\$12,199,874	\$57,626,558	\$218,674,725	\$1,774,250	\$14,194,776	\$234,643,751

Year	Total Claims	Conversion Charge	Pooled Claims	Pool Charge	Total Claim Charges
2003	\$ 19,042,597	\$ 16,860	\$0	\$14,386	\$ 19,073,843
2002	16,614,578	22,500	0	0	16,637,078
2001	15,549,511	16,380	0	0	15,565,891
2000	13,199,230	8,940	0	0	13,208,170
1999	12,290,918	4,740	0	0	12,295,658
1998	12,756,160	1,500	0	0	12,757,660
1997	9,074,495	1,920	0	0	9,076,415
1996	8,512,025	3,480	0	0	8,515,505
1995	9,203,995	4,200	0	0	9,208,195
1994	8,460,636	1,980	0	0	8,462,616
1960-1993	<u>109,939,606</u>	<u>133,950</u>	<u>0</u>	<u>0</u>	<u>110,073,556</u>
Total	\$234,643,751	\$216,450	\$0	\$14,386	\$234,874,587

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					
2003	\$ 1,221,501	\$ 2,639	\$ 54,756	\$ 401,966	\$ 60,462	\$ 1,741,324	\$ 253,424	\$ 1,700	\$ 18,663	\$ 0	\$ 121,600
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
1960-1993	<u>4,670,778</u>	<u>34,323</u>	<u>655,443</u>	<u>2,430,520</u>	<u>199,897</u>	<u>7,990,961</u>	<u>1,692,787</u>	<u>1,160</u>	<u>0</u>	<u>0</u>	<u>1,457,367</u>
Total	\$12,635,551	\$119,693	\$1,172,491	\$5,045,142	\$695,350	\$19,668,227	\$3,029,643	\$13,547	\$43,036	\$10,520	\$2,214,370

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

Year	Reserves			Total
	Disability Reserve	Contingent Liability Reserve	Premium Deposit Fund	
2003	\$14,194,776	\$70,683,368	\$107,040,743	\$191,918,887
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

Year	Interest Credits on Reserves				Withdrawals to Pay Health Premiums
	Disability Reserve	Contingent Liability Reserve	Premium Deposit Fund	Total	
2003	\$ 867,360	\$ 4,707,408	\$ 6,542,089	\$ 12,116,857	\$11,898
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	12,649
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	0
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
1960-1993	<u>5,806,875</u>	<u>54,627,447</u>	<u>30,217,580</u>	<u>90,651,902</u>	<u>0</u>
Total	\$12,185,744	\$100,378,194	\$81,296,269	\$193,860,207	\$25,848

## 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 Claim Charges</u>
2003	\$ 1,450,770	\$ 1,344,795	\$ 0	\$ 19,680	\$ 1,364,475
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
1983-1993	<u>8,369,360</u>	<u>7,437,420</u>	<u>0</u>	<u>47,715</u>	<u>7,485,135</u>
Total	\$24,471,129	\$20,834,652	\$60,000	\$170,745	\$ 21,065,397

<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>		
2003	\$ 67,461	\$ 2,902	\$ 29,015	\$ (1,614)	\$ 97,764	\$ 58,792	\$ 4,052
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
1983-1993	<u>287,849</u>	<u>11,013</u>	<u>167,388</u>	<u>33,086</u>	<u>499,336</u>	<u>314,967</u>	<u>0</u>
Total	\$900,029	\$43,217	\$489,424	\$88,393	\$1,521,063	\$652,577	\$13,203

<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>
2003	\$844,175,000	\$2,615,685	\$ 167,387	\$ 8,299
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
1983-1993	515,346,000	320,968	<u>210,005</u>	<u>82,433</u>
Total			\$1,218,495	\$219,693



STATE OF WISCONSIN  
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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 2000 through 2002. Annual accidental death rates of .14 deaths per thousand for State employees and .16 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 2000 through 2002.

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



STATE OF WISCONSIN  
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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 2003, the ninth year of the benefit.

	<u>State Retirees</u>	<u>Local Retirees</u>
A. Number of Retirees Utilizing Benefit		
1. Utilization on December 31, 2002	100	0
2. Conversions Effective in 2003	29	2
3. Terminations During 2003		
a. Exhaustion of Conversion Account Balance	31	0
b. Death	1	0
c. Revocation of Conversion	0	0
d. Reversion to Life Insurance Plan Reserve	<u>2</u>	<u>0</u>
e. Total Terminations (a+b+c+d)	34	0
4. Utilization on December 31, 2003 (1+2-3e)	95	2
B. Conversion Account Activity		
1. Conversion Account Balances on December 31, 2002	\$733,906.10	\$ 0.00
2. Conversion Account Balances Established in 2003	\$408,214.00	\$11,898.00
3. Payments From Conversion Accounts During 2003		
a. Health Insurance Premiums	\$338,950.30	\$ 1,403.10
b. Long-Term Care Insurance Premiums	\$121,090.17	\$ 0.00
c. Death Benefits	\$ 3,495.60	\$ 0.00
d. Revocation of Conversion	\$ 0.00	\$ 0.00
e. Reversion to Life Insurance Plan Reserve	<u>\$ 715.24</u>	<u>\$ 0.00</u>
f. Total Payments (a+b+c+d+e)	\$464,251.31	\$ 1,403.10
4. Conversion Account Balances on December 31, 2003 (1+2-3f)	\$677,868.79	\$10,494.90

STATE OF WISCONSIN  
AND WISCONSIN LOCAL GOVERNMENTS

	<u>State Retirees</u>	<u>Local Retirees</u>
C. Cumulative Number of Retirees Utilizing Benefit - 1995 Through 2003		
1. Conversions	289	6
2. Terminations		
a. Exhaustion of Conversion Account Balance	179	4
b. Death	11	0
c. Revocation of Conversion	2	0
d. Reversion to Life Insurance Plan Reserve	<u>2</u>	<u>0</u>
e. Total Terminations (a+b+c+d)	194	4
3. Utilization on December 31, 2003 (1-2d)	95	2
D. Cumulative Conversion Account Activity – 1995 through 2003		
1. Conversion Account Balances Established	\$2,893,533.25	\$25,848.00
2. Payments From Conversion Accounts		
a. Health Insurance Premiums	\$1,933,479.87	\$15,353.10
b. Long-Term Care Insurance Premiums	\$ 211,957.92	\$ 0.00
c. Death Benefits	\$ 42,589.43	\$ 0.00
d. Revocation of Conversion	\$ 26,922.00	\$ 0.00
e. Reversion to Life Insurance Plan Reserve	<u>\$ 715.24</u>	<u>\$ 0.00</u>
f. Total Payments (a+b+c+d+e)	\$2,215,664.46	\$15,353.10
3. Conversion Account Balances on December 31, 2003 (1-2f)	\$ 677,868.79	\$10,494.90