



State of Wisconsin
Local—Income Continuation
Insurance Program
Fact Sheet 2016

Income Continuation Insurance (ICI) is an optional insurance that provides a replacement income for disabilities that are considered short-term in nature, as well as those which may last for extended periods.

Program Review

- Created by Wis. Stat. § 40.62.
- The Department of Employee Trust Funds and the Wisconsin Group Insurance Board (GIB) have statutory authority for program administration and oversight [Wis. Stat. § 40.03 (6)].
- The program is self-insured, financed by employer and employee premium contributions.
- Local government employers perform enrollment and premium collection.
- Most of the premium income is allocated to pay benefits, establish reserves, and provide rehabilitative services.
- The GIB contracts with a private administrator to issue eligibility determinations and process claims.

Eligibility and Enrollment

- Local employers are eligible if they adopt a resolution to enroll in the program and if 65% of all eligible employees enroll. The employer may be granted a temporary waiver of the 65% participation requirement by ETF.
- Local government employees who have been participating in the Wisconsin Retirement System (WRS) for six months are eligible.
- Some elected local officials are eligible immediately.
- Coverage may continue during authorized leaves of absence and layoffs.
- There is an enrollment opportunity upon hire or upon providing evidence of insurability.
- Standard ICI coverage is for annual earnings of \$64,000 or less. See reverse side for information on optional supplemental coverage.
- Employer participation may be terminated if employee participation falls below the minimum participation percentage; or, after a minimum of 12 months under the program, the employer may submit a resolution by October of that year to withdraw from the program.

Benefits

- Disability means the inability to perform the duties of the claimant's position (short-term) or the complete inability to engage in any substantial gainful activity for which the claimant is reasonably qualified (long-term).
- Monthly benefits equal 75% of previous calendar year salary (rounded to the next highest \$1,000 and divided by 12); a \$75 supplement is added to the normal monthly benefit amount, beginning with the second year of disability.
- There is a maximum monthly benefit of \$4,000 for standard ICI coverage.
- Benefits are payable for the length of disability or until age 65. There is an exception for disabilities beginning at age 62 or later.
- Benefits are paid after an elected elimination period.
- Benefits may pay the cost of rehabilitative training.
- Benefits will not duplicate benefits available from other state or federal programs (e.g., WRS, Social Security, Worker's Compensation, etc.).

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Premium

- The monthly premium is based on previous calendar year WRS reported earnings (rounded to the next higher \$1,000 and divided by 12).
- Employers may contribute a portion of or pay the total premium for employees for standard coverage.

Optional Supplemental Coverage

- Optional coverage is available to employees with annual earnings exceeding \$64,000. Allows coverage of salary up to a maximum of \$120,000.
- Employees pay entire premium for optional supplemental coverage; premiums are in addition to required premium payments for standard coverage. Employers are not permitted to pay any portion of the supplemental ICI premium.
- There is a maximum monthly benefit payable of \$7,500 for standard and supplemental coverage.

Financial Statistics as of December 31, 2015

Total Assets:	\$35.3 million
Estimated Total Liabilities: (Reported Claims + Incurred But Not Reported Claims)	\$4.4 million
Recommended Reserve:	100-200% of estimated liabilities

Claims Statistics

Paid in 2015 by Year Incurred

	2015	2014	2013	2012
Number of Claims	89	40	6	9
Average Monthly Benefit	\$2,588	\$2,308	\$1,508	\$613

Total Paid in Year Ended December 31

	2015	2014	2013	2012
Number of Claims	178	168	176	136
Average Monthly Benefit	\$2,051	\$1,857	\$1,838	\$1,924

Revenues by Type (in thousands \$)

Year	Premiums		Investment Income	Total	Covered Employees
	Employee	Employer			
2015	\$0	\$0	\$(258)	\$(258)	8,597
2014	\$0	\$0	\$1,874	\$1,874	8,463
2013	\$0	\$0	\$4,188	\$4,188	8,344
2012	\$141	\$177	\$3,895	\$4,213	7,559

Expenses by Type (in thousands \$)

Year	Benefits Paid		Other Expenses	Total
	Short- and Long-term			
2015	\$1,184*		\$0*	\$1,184
2014	\$833		\$0	\$833
2013	\$1,250		\$0	\$1,250
2012	\$1,029		\$0	\$1,029

* Total 2015 claims \$1,184,483 (includes taxes). Other expenses (pass throughs) \$0.