



State of Wisconsin
LOCAL - INCOME CONTINUATION
INSURANCE PROGRAM
FACT SHEET 2011

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 (ETF) 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).
- 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.).

PREMIUM

- The 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.
- Maximum monthly benefit payable up to \$7,500 for standard and supplemental coverage.

FINANCIAL STATISTICS AS OF DECEMBER 31, 2010

Total Assets:	\$28.9 million
Estimated Total Liabilities: (Reported Claims + Incurred But Not Reported Claims)	\$ 4.0 million
Recommended Reserve:	15-25% of estimated liabilities

CLAIMS STATISTICS

Paid in 2010 by Year Incurred

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Number of Claims	55	37	6	0
Average Monthly Benefit	\$2,378	\$1,809	\$1,280	\$0

Total Paid in Year Ended December 31

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Number of Claims	124	110	114	145
Average Monthly Benefit	\$1,798	\$1,842	\$1,913	\$971

REVENUES BY TYPE (in thousands \$)

<u>Year</u>	<u>Premiums</u>			<u>Total</u>	<u>Covered Employees</u>
	<u>Employee</u>	<u>Employer</u>	<u>Investment Income</u>		
2010	\$822	\$1,077	\$2,980	\$4,879	7,964
2009	\$816	\$1,023	\$4,331	\$6,170	8,232
2008	\$745	\$971	\$(6,080)	\$(4,364)	7,837
2007	\$682	\$921	\$1,981	\$3,584	7,270

EXPENSES BY TYPE (in thousands \$)

<u>Year</u>	<u>Benefits Paid</u>		<u>Total</u>
	<u>Short- and Long-term</u>	<u>Other Expenses</u>	
2010	\$764*	\$0*	\$764
2009	\$645	\$0	\$645
2008	\$565	\$0	\$565
2007	\$867	\$2	\$869

* Total 2010 claims \$764,408 (includes taxes). Other expenses (pass through benefits) \$0.