

# Group Insurance Board State of Wisconsin Department of Employee Trust Funds

Independent Accountant's Report on Applying  
Agreed-Upon Procedures for Third-Party  
Administration of Group Life Insurance Program

Years Ended December 31, 2023 and 2022



**WIPFLI**

# Group Insurance Board State of Wisconsin

## Independent Accountant’s Report on Applying Agreed-Upon Procedures

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**Independent Accountant's Report on Applying Agreed-Upon Procedures for  
Third-Party Administration of Group Life Insurance Program**

Group Insurance Board  
Department of Employee Trust Funds  
State of Wisconsin  
Madison, Wisconsin

We have performed the procedures presented in the following report related to Minnesota Life Insurance Company's dba Securian Financial (Securian) compliance with the Contract for Third-Party Administration for the Group Life Insurance Program for the years ended December 31, 2023 and 2022. Securian's management is responsible for the Group Life Insurance Program's compliance with the Contract for Third-Party Administration for the Group Life Insurance Program.

The State of Wisconsin - Department of Employee Trust Fund's (ETF) management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting users in determining whether Securian complied with the specified requirements. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Our procedures and findings are described in the following report.

We were engaged by the State of Wisconsin - Department of Employee Trust Fund's management to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on Securian's compliance with the Contract for the Third-Party Administration for the Group Life Insurance Program. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Securian and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the State of Wisconsin – Department of Employee Trust Funds, and is not intended to be and should not be used by anyone other than this specified party.



Wipfli LLP  
Madison, Wisconsin

November 15, 2024

## Section 1 – Objectives and Scope

# Objectives and Scope

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This section of our report is based on the agreed-upon procedures as set forth in our proposal dated November 28, 2018, and the contract dated April 29, 2019, and amended November 10, 2021, and April 8, 2024, which included the Statement of Work.

## A. Background – Group Life Insurance Program

The Group Life Insurance Program (GLIP) is authorized by Wisconsin Statutes. The Program is available to the employees of the State and participating local government employers with at least six months participation under the Wisconsin Retirement System (WRS). The Program is funded by employer and employee premium payments as well as investment income. Benefits provided under the Program consist of death benefits, dismemberment benefits, and other health conversion features.

The Program is administered by Minnesota Life Insurance Company dba Securian Financial, who also acts as insurer. Under the administrative agreement between the Group Insurance Board (GIB) and Securian, Securian is responsible for the provision of technical assistance, enrollment, premium reporting and billing, claims administration, provision of marketing and promotional materials, and certain periodic reporting. The ETF is responsible for communication of program provisions to employees, including the printing and distribution of manuals and forms and counseling employers and participating employer groups, maintenance of employee and employer records, and administration of the appeals process.

## B. Previous Engagements

The GLIP was last subjected to agreed-upon procedures concerning compliance for the period of January 1, 2020, through December 31, 2021.

## C. Scope

Our engagement extends to the application of the certain procedures enumerated in Section II of this report. We applied these procedures to the records and systems maintained by Securian and ETF. Our procedures were applied to the 2023 and 2022 plan years.

## Section II – Group Life Insurance Program Procedures and Results

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# Group Life Insurance Program Procedures and Results

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## Evidence of Insurability Coverage Declinations and Approvals

Employees who do not enroll during the open enrollment period, or who wish to increase their spouse and dependent coverage, may obtain coverage by providing the insurer satisfactory evidence of insurability. As the insurer, Securian has the discretion to extend or decline coverage.

### Procedures

1. Obtained documentation of the enrollment process under the evidence of insurability provisions and discussed the policies with appropriate personnel.
2. Obtained electronic data file containing coverage declinations and approvals from Securian during the 2022-2023 period.
3. Selected a sample of 30 declinations and approvals and inspected documentation and basis for coverage decision, including support for the denial or approval status. Recomputed processing times and compared to the performance standards indicated in the administrative agreement.
4. Compared policies and results of the 30 sampled declinations and approvals with requirements of the ETF contract.

### Results

We obtained documentation of the process for enrollments under the evidence of insurability provisions of the plan. We obtained an electronic data file containing all persons declined and approved coverage under evidence of insurability and randomly selected 30 (15 from 2023 and 15 from 2022) of the 249 declined and 1,121 approved during the 2022-2023 period. Of the 30 selections, 21 were approvals and 9 were declinations.

We inspected the electronic files, recalculated the underwriting build rating, inspected the medical questionnaire (as applicable), and inspected the physician's statement (as applicable). In addition, we recalculated the number of days to request additional information, if applicable, process, and mail final decision notification. The dates used in the recalculation was the date the underwriter department received the application, the date additional information was requested, the date the additional information was received, and finally the date on the rejection/approval letter.

The Administrative Agreement requires 98% of all applications requiring additional information deemed necessary for making underwriting decision be requested within 7 calendar days after the receipt of the completed application. In addition, the Administrative Agreement requires 95% of final dispositions be mailed within 7 calendar days after receipt of all necessary information.

Of the 30 applications inspected, we identified one claim where the final decision was made and communicated without receiving and reviewing the required exam and medical lab information.

# Group Life Insurance Program Procedures and Results

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## Claims Testing

Generally, ETF is contacted at the time of an insured member's death. ETF notifies Securian and the appropriate forms are forwarded to the beneficiaries. Upon submission of the claim request form and supporting documentation, Securian pays the claim according to the plan and the beneficiaries' requests.

## Procedures

1. Discussed the policies with appropriate personnel.
2. Obtained an electronic data file containing claims paid from Securian during the 2022-2023 period.
3. Selected a sample of 90 claims paid and inspected documentation and payment details. Recomputed processing times and compared to the performance standards indicated in the administrative agreement.
4. Compared policies and results of 90 sampled claim transactions with requirements of the ETF contract.

## Results

We obtained documentation of the process for claims payment under the plan. We obtained a data file containing all claims paid and randomly selected 90 (45 from 2023 and 45 from 2022) of the 5,251 claims paid during the 2022-2023 period.

The electronic files of all claims selected contained the following documents: initial application, distribution request (via notice of death and/or call center record), certificate of death, initial request letter from Securian, final proof dates, and claim paid information, as applicable. The amount of each claim payment was recomputed based on type of claim (state vs. local), coverage elected, earnings base, and age at date of death. No exceptions were found as a result of applying the procedures, either in the payment amount or the beneficiary payee. In addition, we verified that payments tested were for eligible state or local, active, and retiree participants or beneficiaries in accordance with the requirements of the administrative agreement.

For one claim, we identified a difference in the interest calculated and paid. The calculation used the date the claim was submitted for payment (March 9, 2023) as opposed to the date the claim was paid (March 10, 2023). The resulting difference in interest was \$3.48 (\$274.88 paid vs \$278.36 calculated).

We identified five claims paid in 2022 and three claims paid in 2023 that were classified as annuity overpayments. Each overpayment was not able to be recovered, therefore it was deducted from the benefit as a payment to ETF. No interest was paid on the overpayment, instead it was applied to the other beneficiaries.



# Group Life Insurance Program Procedures and Results

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## Claims Testing (Cont.)

The Administrative Agreement requires 95% of claims to be paid within 10 calendar days after receipt of all necessary proof. In addition, the Administrative Agreement requires 99% of all initial requests for additional information are mailed within 7 calendar days of notice of death.

With the sample of 90 claims inspected, we identified the following exceptions:

From 2022:

- 1) Days from receipt of proof to claim payment – 1 claim exceeded the 10-day requirement (14 days), also there was no beneficiary statement received for one of the four beneficiaries paid out.

From 2023:

- 1) Days from receipt of proof to claim payment – 2 claims exceeded the 10-day requirement (14 and 17 days)
- 2) Days from notice of death to initial request – 3 claims exceed the 7-day requirement (9, 12, 42)

# Group Life Insurance Program Procedures and Results

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## Eligibility and Premium Testing

All employees of the State of Wisconsin and participating local governments who participate in the WRS are eligible to participate in the plan. Participants have thirty days upon hire to enroll. Coverage becomes effective upon completion of the application. Certain legislative, judicial, and other employees are immediately eligible. Coverage and premiums are based on the previous year's annual earnings as reported to WRS, or expected current earnings in the year of hire. Participants may elect additional, supplemental, and spouse and dependent coverage subject to certain criteria. Premiums may be adjusted annually by ETF.

## Procedures

1. Discussed the policies with appropriate personnel.
2. Obtained an electronic data file containing new participants/enrollees and non-new employees (status changes, etc.) during the 2022-2023 period.
3. Selected a sample of 30 participants and inspected eligibility documentation and premium determination. Recomputed processing times and compared to the performance standards indicated in the administrative agreement.
4. Compared policies and results of the 30 sampled participants with requirements of the ETF contract.

## Results

We obtained electronic documentation of the process for eligibility and premium determination and remittance under the plan. We observed that there were two separate processes in place for each of the following groups:

- State and State agency employees
- Local government unit employees

We obtained an electronic data file containing all new enrollments and non-new employees (status changes) and randomly selected 30 (15 from 2023 and 15 from 2022) of the 26,593 local and state applicants who enrolled and/or had status changes during the 2022-2023 period. For each participant, we viewed the signed application noting the insurance amount and type request and agreed this back to the initial electronic data file. We recalculated the premium amount according to age and rates specified in the Administrative Agreement. We observed that the coverage effective date and premiums began in the same period. No exceptions were found as a result of applying the procedures.

The Administrative Agreement requires 99% of all eligible applications be approved or denied within 7 calendar days following the receipt of a completed application. The processing times for all items selected fell within the required standards.

# Group Life Insurance Program Procedures and Results

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## Disability Premium Waivers

Participants who are actively employed and become totally disabled may receive continued coverage that requires no premiums, subject to periodic documentation requirements.

### Procedures

1. Discussed the policies with appropriate personnel.
2. Obtained an electronic data file containing disability premium waivers during the 2022-2023 period.
3. Selected a sample of 25 participants and inspected documentation and premium waiver determination. Recomputed processing times and compared to the performance standards indicated in the administrative agreement.
4. Compared policies and results of the 25 sample premium waivers with requirements of the ETF contract.

### Results

We obtained documentation of the process for disability premium waivers under the plan. We obtained a data file containing premium waivers and randomly selected 25 (13 from 2023 and 12 from 2022) of the 1,720 waivers of premiums during the 2022-2023 period.

For each participant, we inspected the participant's application, noting each contained an initial request form, correspondence for additional information, notice of disability form, if applicable, and the attending physician statement, if applicable. For all items selected, documentation, denials and determinations were consistent with policies developed by Securian.

We inquired with Kjirsten Elsner of the process of medical condition follow-up. Securian follows up on medical conditions for disability waiver premium claims that are approved for a limited number of years. The follow-up occurs in advance of the approval expiration and includes requests for documentation on the member disability status. Disability waiver premiums approved for long-term disability insurance are permanently approved, and therefore no further follow-ups are performed.

The Administrative Agreement requires that 99% of new waiver of premium disability claims needing additional information be requested within 7 calendar days after the receipt of claim and 95% of disability claims to be adjudicated within 10 days of proof being received. The processing times for all items selected fell within the required standards.

# Group Life Insurance Program Procedures and Results

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## Cancellation and Termination Processing

Coverage is suspended for employees who are terminated and active employees who elect to cancel their coverage. The effective date of the cancellation is the first day of the month following the status termination date.

### Procedures

1. Discussed the policies with appropriate personnel.
2. Obtained an electronic data file containing all policy cancellations and terminations during the 2022-2023 period.
3. Selected a sample of 25 participants and inspected documentation of the policy cancellation.
4. Compared policies and results of the 25 sample cancellations and terminations with requirements of the ETF contract.

### Results

We obtained a data file containing all policy cancellation and terminations and randomly selected 25 (12 from 2023 and 13 from 2022) of the 22,463 cancellations and terminations during the 2022-2023 period. Of the 25 selected, our sample included 21 terminations and 4 cancellations.

For each participant, we inspected the cancellation or termination date and compared it to the Securian database. The support provided for the termination date was a screen print directly from ETF's WEBS system which is where the Employers report the WRS terminations to the State. Because Employers report the termination dates to Securian through multiple channels (phone calls, emails, premium remittances, online submissions), there was no additional paperwork provided to support the date. There was one exception noted related to a termination date in the system. An adjustment worksheet provided by an Employer was misread and an incorrect date was entered into the system.

# Group Life Insurance Program Procedures and Results

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## Life to Health Conversions

Employees whose basic life insurance coverage is at its final reduced amount may choose to convert their coverage to pay premiums for health insurance or long-term care insurance. Premiums are paid until the account containing the conversion value is reduced to zero.

### Procedures

1. Discussed the policies with appropriate personnel.
2. Obtained an electronic data file containing all life to health policy conversions during the 2022-2023 period.
3. Selected a sample of 25 participants and inspected documentation of the policy conversion.
4. Compared policies and results of the 25 sample life to health conversions with requirements of the ETF contract.

### Results

We obtained documentation of the process for life to health conversions under the plan. We obtained a data file containing a listing of all health insurance premiums paid on health to life conversions and randomly selected 25 (12 from 2023 and 13 from 2022) of the 311 life to health conversions with premiums paid during the 2022-2023 period.

For each participant, we inspected the annual remaining balance notification letter sent to the participant, noting that every letter in the sample was dated either November 8, 2023 and/or November 15, 2022, which complies with the agreement. In addition, we inspected the schedule of the remaining balance attached to each annual notification letter. For any that disclosed a reduced value of zero in the corresponding four months, we obtained and inspected the four-month letter sent to the participant. In the sample of 25, four participants qualified for the four-month letter which was sent within the time requirements.

# Group Life Insurance Program Procedures and Results

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## Premium Billing and Collecting

Coverage and premiums are based on the previous year's annual earnings as reported to WRS, or expected current earnings in the year of hire. Rates are outlined in the Administrative Agreement, are based on age in the year of coverage, and can change yearly. Participants may elect additional, supplemental, and spouse and dependent coverage subject to certain criteria. Premiums may be adjusted annually by ETF.

### Procedures

1. Discussed the policies with appropriate personnel.
2. Obtained an electronic data file for all premiums billed and premiums collected during the 2022-2023 period.
3. Selected a sample of 25 Employers and inspected premium billing and collecting documentation.
4. Compared policies and results of the 25 sampled Employers with requirements of the ETF contract.

### Results

We obtained an electronic data file containing all premiums billed and premiums collected during the 2022-2023 period and randomly selected a sample of 7 billed during 2022, 6 collected during 2022, 6 billed during 2023 and 6 collected during 2023. For each selection, we viewed the premium billing calculation, which included a listing of all of the employees, their insurance coverage, and rate table used. For a small selection of individuals (5-10) for each Employer, we verified the coverage type and effective date was consistent with the requirements of the contract. In addition, we viewed the amount invoiced and compared it to the amount received from the Employer. No exceptions were found as a result of applying this procedure. Any differences were the result of Employer adjustments, which were provided along with the premium files. No exceptions were found in the recording of premiums between state, local, active, and retiree as consistent with the requirements of the ETF contract.

# Group Life Insurance Program Procedures and Results

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## Administrative Performance Standards

The Administrative Agreement between the ETF and Securian requires Securian to report quarterly on a variety of service levels. The standards generally relate to timely processing of claims, applications, and underwriting determinations.

### Procedures

1. Discussed the process with appropriate personnel.
2. Obtained quarterly service level reporting furnished to ETF during 2022-2023.
3. Selected all service levels from two quarters of each year from 2022-2023 and agreed to underlying detail.
4. Compared process, reports, and results of sampled detail with requirements of the ETF contract.

### Results

Quarter 2 and 4 of 2023 and Quarter 1 and 3 of 2022 were selected to test all of the service requirements:

Service Level	Requirement	Testing	Q2 & Q4 2023 Results	Q1 & Q3 2022 Results
<b>A</b>	Pay 95% of all death and dismemberment claims within 10 calendar days after receipt of all necessary proof	Traced and agreed to claim payment spreadsheet.	19 (should have been reported as 27, June amounts were incorrectly excluded) and 14 claims were outside the guaranteed number of days, both met the required performance standard including the amount in error	6 and 9 claims were outside the guaranteed number of days, both met the required performance standard
<b>B</b>	Mail 99% of all initial requests for information for death and dismemberment claims within 7 calendar days of receipt of Notice of Death (ET-6301) and other documentation from the Department	Traced and agreed to claim payment spreadsheet.	12 and 11 requests were outside the guaranteed number of days, both fell below the stated percentage requirement at 98.33% and 98.58%	4 and 0 requests were outside the guaranteed number of days, both met the required performance standard

# Group Life Insurance Program Procedures and Results

Service Level	Requirement	Testing	Q2 & Q4 2023 Results	Q1 & Q3 2022 Results
C	Approve or reject 99% of all applications eligible for processing within 7 calendar days after receipt of completed form	Traced and agreed to application listing. The reporting includes the number of applications received each day in each month of the quarter, but does not include the date the applications were approved/rejected. Securian manually tracks the number of processed applications and manually tracks the applications that exceed 7 days.	0 and 7 applications were outside the guaranteed number of days, both met the required performance standard	0 claims applications outside the guaranteed number of days, both met the required performance standard
D	Approve or request additional information necessary for making an underwriting decision on 98% of all applications requiring evidence of insurability within 7 calendar days after receipt of completed application	Traced and agreed to application summary report.	0 applications were outside the guaranteed number of days, both met the required performance standard	0 applications were outside the guaranteed number of days, both met the required performance standard
E	Make final disposition of 95% of all evidence of insurability applications (with notification mailed to the applicant) within 7 calendar days after receipt of necessary information	Traced and agreed to application summary report.	1 and 0 applications were outside the guaranteed number of days, both met the required performance standard	0 applications were outside the guaranteed number of days, both met the required performance standard



# Group Life Insurance Program Procedures and Results

Service Level	Requirement	Testing	Q2 & Q4 2023 Results	Q1 & Q3 2022 Results
<b>F</b>	For new waiver of premium disability claims, request additional information for 99% of claims within 7 calendar days after receipt of claim	Traced and agreed to supporting waiver of premium claims incurred report.	3 and 0 claims were outside the guaranteed number of days, Q2 fell below the stated percentage requirement at 95.65%	0 claims were outside the guaranteed number of days, both met the required performance standard
<b>G</b>	Make final disposition of 95% of new waiver of premium disability claims within 10 calendar days after receipt of necessary information	Traced and agreed to supporting waiver of premium claim listing.	4 and 0 claims were outside the guaranteed number of days, both met the required performance standard	3 and 0 claims were outside the guaranteed number of days, both met the required performance standard
<b>H</b>	Make final disposition of 95% of continuing waiver of premium disability claims within 10 calendar days after receipt of necessary information	Traced and agreed to supporting waiver of premium claim listing.	0 claims were outside the guaranteed number of days, both met the required performance standard	0 claims were outside the guaranteed number of days, both met the required performance standard
<b>I</b>	Include 95% of all Life to Health applications, amendments and cancellations received by the fifth day of a month in the remittance due on the twentieth day of the same month	Traced and agreed to Life to Health Insurance Premium listing.	0 applications were outside the guaranteed number of days, both met the required performance standard	0 applications were outside the guaranteed number of days, both met the required performance standard

According to the Performance Guarantees Quarterly Report:

Q2 of 2023 had 47 total exceptions out of the 8,197 services processed, resulting in an exception rate of 0.57%.

Q4 of 2023 had 32 total exceptions out of the 9,099 services processed, resulting in an exception rate of 0.35%.

Q1 of 2022 had 14 total exceptions out of the 7,708 services processed, resulting in an exception rate of 0.18%.

Q3 of 2022 had 9 total exceptions out of the 11,569 services processed, resulting in an exception rate of 0.08%.