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## **Correspondence Memorandum**

**Date:** May 31, 2023  
**To:** Employee Trust Funds Board  
**From:** Jim Guidry, Benefit Services Bureau Director  
 Division of Retirement Services  
**Subject:** Duty Disability Insurance Program Experience Studies

**This memo is for informational purposes only. No Board action is required.**

The actuarial valuation of the Duty Disability (DD) Insurance program is conducted annually by the disability program’s consulting actuary, Milliman, Inc. (Milliman). Valuation results and projections are based on program experience and actuarial assumptions. Every three years, an experience study is performed to review the current actuarial assumptions and methods and compare them to actual experience of the DD program. The DD Insurance program experience study uses experience data from the years 2016–2022. Even though the study is conducted every three years, Milliman uses six or more years of experience data to help analyze trends.

Milliman analyzed and updated claim termination rate assumptions, updated estimated offset assumptions by analyzing each potential benefit offset and amounts, updated assumptions for spouse death benefits, developed new assumptions for dependent children death benefits, and studied overpayment recoveries. Milliman also performed a retrospective runout study to validate the new assumptions by evaluating the historical margins using the new assumptions.

Applying the updated assumptions to December 31, 2021, open claim liabilities would have yielded a net 0.2% decrease in liabilities, similar to the liabilities produced using the previous assumptions. The new assumptions have been used to perform the 2022 DD Insurance annual valuation ([Ref. ETF | 06.22.23 | 4D](#)).

Staff will be at the Board meeting to answer any questions.

Attachment A: [Milliman Report on Duty Disability Insurance Program Experience Studies, May 2023](#)

Reviewed and approved by Matt Stohr, Administrator, Div. of Retirement Services  
 Electronically Signed 06/02/23

Board	Mtg Date	Item #
ETF	06.22.23	4C