

RESERVE POLICY FOR THE GROUP LIFE INSURANCE PROGRAM

ADOPTED: May 12, 2021

The Group Insurance Board offers group life insurance to all WRS eligible state employees and their dependents and all WRS local employees and their dependents, if their employer participates. There are separate programs for state and local employees. The program is administered by a contract between the Board and an established life insurer, currently Securian Financial. The program is supported by premiums paid by both employees and employers. The life insurance administrator guarantees adequate assets for all active employee claims; retiree benefits are considered paid up at age 65, subject to a reducing benefit until the insured reaches age 70. The funding target established by the Group Insurance Board (Board) under this policy is used in determining annual premium rates to be paid by program enrollees. Local units of government may determine their contribution amount.

OBJECTIVE

This target funding policy is designed to provide guidance for the Board in establishing premiums that are sufficient to fund plan liabilities, protect the fiscal integrity of the program, and maintain a reasonable premium rate for employees and employers. Implementation of the funding target policy is subject to review annually by the Board as discussed below.

LIFE INSURANCE PROGRAM FUNDING TARGET

The Board will, in consultation with the life insurance administrator actuaries, establish separate funding targets for the state and local programs. The current policy, approved by the Board, establishes a valuation target of 100% of anticipated liabilities for both the state and local programs.

In order to preserve the fund integrity and ease the impact of premium rate changes, the Board may decide to spread recommended rate adjustments so that any funding target adjustment is reached over a period of years rather than in one year. This policy does not prohibit the Board, upon the advice of ETF staff and program actuaries, from setting premium rates that cause the funding target to fall outside the target range if the program's financial condition, claim experience, and other factors or trends indicate that a different target is necessary to fulfill the Board's fiduciary responsibility. Each year, and in consultation with its actuaries, the Board reviews the funding target and premiums.

AS OF MAY 12, 2021

FUNDING TARGET POLICY REVIEW PERIOD

The Board will review this policy and the funding targets for each plan at least every three years.

AUDIT OF PLAN RESERVES

ETF will present the results of an independent audit of the life insurance administrator to the Board not less than every 5 years.