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CORRESPONDENCE MEMORANDUM

DATE: December 20, 2011

TO: Group Insurance Board

FROM: Marcia Blumer, Program Manager
Wisconsin Public Employers (WPE) Group Life Insurance Program
Division of Insurance Services

SUBJECT: WPE Group Life Insurance Program
Policy Amendments

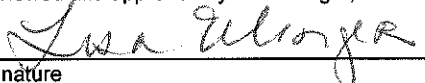
Staff recommends the Group Insurance Board (Board) adopt the policy changes described below to allow enrollment in the WPE Group Life Insurance Program when a family status change event occurs and to allow enrollment for groups of insured employees who would otherwise lose coverage. The amendments will be effective May 1, 2012.

Enrollment Due to Family Status Change Event: This proposed amendment allows an employee who gains a dependent (spouse, domestic partner, or child) to enroll or add one level of coverage within 30 days of the event. According to Minnesota Life, allowing employees to increase coverage due to a family status change is fairly common in the industry and is a benefit included in many group policies. Since additional coverage is being made available across the entire population of insured, active employees and will be limited to one level of coverage (equal to annual earnings), the potential for adverse selection is mitigated.

Proposed Amendment:

Limited Enrollment for Family Status Change. An eligible employee may enroll in or increase coverage by one level (100% of the employee's previous calendar year's earnings rounded to the next higher \$1,000) without the need to provide satisfactory evidence of insurability if application is made within 30 days of one of the following: (a) the date of the employee's marriage; (b) the date that the employee establishes a domestic partnership for Wis. Stat. Chapter 40 benefit purposes; or (c) the date of birth, adoption, placement for adoption, or award of legal guardianship of the employee's dependent child. Enrollment is subject to the plan maximum, and if employed by a local government, is subject to the plans that are made available by the employee's employer.

Reviewed and approved by Lisa Ellinger, Division of Insurance Services


Signature

1/18/12
Date

Board	Mtg Date	Item #
GIB	2.7.12	5

Enrollment When Other Group Coverage Is Lost: There are some Wisconsin Retirement System local employers participating in the WPE Group Life Insurance Program who have employee groups who bargained for life insurance coverage under different contracts. Over the years, members of these employee groups have opted to enroll in these alternative group life insurance plans and have declined to enroll in the WPE Program.

As local employers reevaluate benefit options, Minnesota Life and Employee Trust Funds (ETF) are receiving inquiries from employers about allowing these groups of employees to enroll in the WPE Program if their alternative group plan is terminated. Currently, individuals who did not enroll during their initial eligibility must apply for coverage through evidence of insurability (EOI) if they want coverage at a later date. This proposed amendment would allow these employee groups who have been covered under another group life insurance plan an opportunity to enroll in the WPE Group Life Insurance Program if the other insurance is being eliminated by the employer.

Allowing such groups of employees to enroll is not expected to result in any more adverse selection than a new group coming onto the plan. Furthermore, the groups coming back will be limited to the coverage they had under the previous policy and the previous coverage that is being terminated. This will further limit the adverse selection and ensure that the new coverage will be over a greater cross section of the group coming back to the plan.

Proposed Amendment:

An eligible employee who had group term life insurance coverage offered through an alternative employer sponsored plan will be treated as a newly eligible employee if the alternative coverage is being terminated by the employer and the employee had life insurance coverage under the alternative plan up until the effective date for inclusion under this plan. The amount of insurance available will be subject to the amounts available under this policy and the employer's resolution for participation under the plan. Eligible employees must apply for coverage within 30 days of the date coverage is terminated under the alternative employer sponsored plan. Evidence of insurability is required for any amount of insurance that exceeds the amount of insurance for which the employee was insured under the prior alternative employer sponsored plan.

Based on a review of the applicable sections of Wis. Stat. Chapter 40 and the Wisconsin Administration Code, ETF staff does not believe there are any statutory or rule provision that would prevent ETF and the Board from proceeding to establish and implement the proposed life insurance policy amendments.

ETF staff will notify employers and employees of the policy changes prior to the effective date. In addition, ETF and Minnesota Life staff will work with employers to

WPE Group Life Insurance Program

December 20, 2011

Page 3

coordinate enrollment for their employee groups who may be losing other group life insurance coverage.

ETF staff members will be available at the February 7, 2012, Board meeting to answer any questions you may have regarding the proposed amendments.