

Report to the Group Insurance Board of the State of Wisconsin

Minnesota Life Insurance Company
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August 25, 2015

Group Life Insurance Program

- 2014 Policy Year Report Highlights Letter
- Life Insurance Plan
 - State employees; spouses and dependents
- Life Insurance Plan
 - Local government employees; spouses and dependents

Group Life Insurance Program

- State Plan and Local Government Plan
 - Each plan has 3 components
 - Active employees
 - Retirees
 - Spouse and dependents

Overview of 2014 Results

- State Plan
 - Employee
 - Results consistent with pricing strategy
 - Recommend no change to premium rate
 - Spouse and Dependent
 - Results consistent with pricing strategy
 - Recommend no change to premium rate

Overview of 2014 Results

- Local Government Plan
 - Employee
 - Results consistent with pricing strategy
 - Recommend no change to premium rate
 - Spouse and Dependent
 - Results consistent with pricing strategy
 - Recommend no change to premium rate

2014 Policy Year Report Highlights

- State Plan
 - Employees
 - Claims result better than target
 - Spouse and Dependents
 - Claims result at target
 - Aviation AD Benefit
 - Work-related accidental deaths
 - Approved by Board in April 2010
 - No claims in 2014

2014 Policy Year Report Highlights

- State Plan
 - Plan Growth
 - Insurance in force increased 3% to \$10.5 billion
 - More than 77,000 insured lives
 - Other Benefits
 - Conversion of post retirement life insurance
 - Pay health insurance or long term care premiums
 - 202 retirees utilized
 - Reserve Funds
 - Earned 3.82%
 - Funding of future benefits is within an acceptable range

2014 Policy Year Report Highlights

- Local Government Plan
 - Employees
 - Excellent result in 2014
 - Spouse and Dependents
 - Claims higher than target
 - Pricing anticipates using reserves to cover excess claims

2014 Policy Year Report Highlights

- Local Government Plan
 - Plan Growth
 - 12 local governments entered; 1 withdrew; 1 merger; 12 increased coverages
 - 729 local governments participate
 - Insurance in force increased 3% to \$11.4 billion
 - More than 112,000 insured lives
 - Other Benefits
 - Conversion of post retirement life insurance
 - Pay health insurance premiums
 - 3 participants utilized
 - Reserve Funds
 - Earned 3.76%
 - Funding of future benefits is within an acceptable range

Pricing Recommendations – State Plan

- Employee Life Insurance
 - 2014 results and 2012-2014 results better than target level
 - Continued low interest rate environment places pressure on post-retirement funding
 - Prudent to hold premium rates at current levels
 - Recommend no change to premium rates in 2016

Pricing Recommendations – State Plan

- Stop-Loss Provisions
 - Limit the charge to plan in one year for claims and expenses
 - Recommend no change to stop-loss rates in 2016
 - Consistent with plan results and recommendation for employee rates

Pricing Recommendation – State Plan

- Spouse and Dependents
 - 2014 results were at target
 - Results during 2012-2014 are consistent with plan's current pricing basis
 - Recommend no change to premium rate in 2016

Pricing Recommendations – Local Government Plan

- Employee Life Insurance
 - 2014 results and 2012-2014 results better than target level
 - Continued low interest rate environment places pressure on post-retirement funding
 - Prudent to hold premium rates at current levels
 - Recommend no change to premium rates in 2016

Pricing Recommendations – Local Government Plan

- Stop Loss Provisions
 - Limit the charge to plan in one year for claims and expenses
 - Recommend no change to stop-loss rates in 2016
 - Consistent with recommendation for employee rates

Pricing Recommendations – Local Government Plan

- Spouse and Dependents
 - Plan has a large stabilization reserve
 - 2014 results emerged as expected
 - Claims exceeded premium
 - Excess drawn from reserve
 - Recommend no change to rates in 2016

Summary

- Each component of plan is on track financially
- Recommendations for 2016
 - No changes to rates under either State or Local Government portions of plan
- We will continue to monitor results

Questions

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