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**CORRESPONDENCE MEMORANDUM**

**DATE:** January 20, 2016  
**TO:** Group Insurance Board  
**FROM:** Sherry Etes, Group Life Insurance Program Manager  
**SUBJECT:** Minnesota Life Insurance Company Name Change and Contract Extension

**Staff requests the Group Insurance Board (Board) exercise the option to extend the current contract with Securian Financial Group for one year and amend the contract to add an additional two-year contract extension. This action will extend the contract from January 1, 2017 through December 31, 2019.**

**Name Change**

Securian Financial Group, Inc. (Securian), is the parent company of the underwriter, Minnesota Life Insurance Company (MLIC). Securian has announced that effective January 1, 2016, the firm has completed its brand transition in the group insurance market from MLIC to Securian Financial Group. While MLIC and Securian will continue to be the underwriters of Securian's group life and voluntary products, the brand the company presents to the market moving forward will be Securian. All Department of Employee Trust Fund (ETF) forms have been updated with the new name and ETF's Office of Communications is working with Securian to notify employers and members of this change. This memo will refer to MLIC as Securian going forward.

**Contract Extension**

**Background**

ETF released a Request for Proposal (RFP) for administrative services for the Wisconsin Public Employers (WPE) Group Life Insurance Program in February 2010. Securian was awarded a five-year contract from January 1, 2011 through December 31, 2015. The contract allows for two one-year extensions. The first extension was approved by the Board on November 18, 2014 and runs from January 1, 2016 through December 31, 2016.

Securian has been the administrator of the WPE Group Life Insurance Program since its inception in 1958 and has provided excellent service to plan participants. Securian's dedication to customer service is evident in its success in meeting or exceeding the customer service performance standards required in the contract.

Reviewed and approved by Lisa Ellinger, Director, Office of Strategic Health Policy

Electronically Signed 2/8/16

Board	Mtg Date	Item #
GIB	2.17.16	6A

### **Securian Performance Standards for Customer Service**

The contract with Securian includes nine performance standards for timely provision of customer service. Securian managed 29,811 transactions subject to the nine standards in 2015 and met or exceeded all nine standards in 99.94% of those transactions. The customer service standards include such measures as:

- Payment of death claims within ten (10) days of receiving necessary proof. Goal: 95% success rate; achieved: 99.16%
- Application for insurance coverage accepted or rejected within seven (7) days of receipt of completed form. Goal: 99% success rate; achieved: 100%
- Final disposition of new disability claims within ten (10) days of receipt of necessary information. Goal: 95% success rate; achieved: 100%

### **Proposal**

Securian has a strong history of consistently offering a competitive product and exceptional customer service to both members and ETF staff. As a result, staff recommends renewing the final one-year contract extension and amending the contract extension to include an additional two years. This would allow the contract to remain in place from January 1, 2017 through December 31, 2019. Approval of this proposal will:

- Provide uninterrupted member access to a quality product and customer service team;
- Avoid diverting Board time and staff resources from implementing any Board-approved initiatives outlined in the November 2015 Segal Consulting report, [Observations and Recommendations for 2017 and Beyond](#), and;
- Continue to allow for consistent administration of the group life insurance program on behalf of members.

The terms of the contract can be negotiated by the parties to the contract. On behalf of the Board, ETF negotiated with Securian to ensure consensus moving forward with the available 1-year contract extension and amendment to add two additional years to the contract. ETF now seeks Board approval to finalize the extension from January 1, 2017 through December 31, 2019.

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