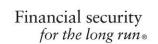


Report to the Group Insurance Board of the State of Wisconsin

Minnesota Life Insurance Company
Paul Rudeen

August 30, 2017

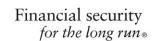
Group Life Insurance Program





- 2016 Policy Year Report Highlights Letter
- Life Insurance Plan
 - State employees; spouses and dependents
- Life Insurance Plan
 - Local government employees; spouses and dependents

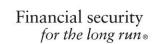
Group Life Insurance Program





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

Overview of 2016 Results

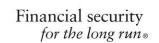




State Plan

- 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

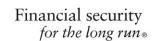
Overview of 2016 Results





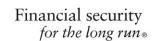
Local Government Plan

- 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





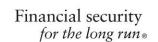
- State Plan
 - Employees
 - Claims higher than target
 - Spouse and Dependents
 - Claims result better than target
 - Aviation AD Benefit
 - Work-related accidental deaths
 - No claims in 2016





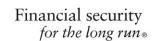
State Plan

- Plan Growth
 - Insurance in force increased 4% to \$11.2 billion
 - More than 81,000 insured lives
- Other Benefits
 - Conversion of post retirement life insurance
 - Pay health insurance or long term care premiums
 - 233 retirees utilized
- Reserve Funds
 - Earned 3.36%
 - Funding of future benefits is within an acceptable range





- Local Government Plan
 - Employees
 - Very good result in 2016
 - Spouse and Dependents
 - Claims higher than target
 - Pricing anticipates using reserves to cover excess claims

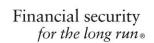




Local Government Plan

- Plan Growth
 - 6 local governments entered; 6 increased coverages
 - 738 local governments participate
 - Insurance in force increased 4% to \$12.2 billion
 - More than 118,000 insured lives
- Other Benefits
 - Conversion of post retirement life insurance
 - Pay health insurance premiums
 - 3 participants utilized
- Reserve Funds
 - Earned 3.31%
 - Funding of future benefits is within an acceptable range

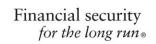
Pricing Recommendations – State Plan





- Employee Life Insurance
 - 2016 claims higher than target level; 2014-2016 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 2018

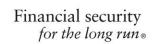
Pricing Recommendations – State Plan





- Stop-Loss Provisions
 - Limit the charge to plan in one year for claims and expenses
 - Recommend no change to stop-loss rates in 2018
 - Consistent with plan results and recommendation for employee rates

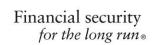
Pricing Recommendations – State Plan





- Spouse and Dependents
 - 2016 results were better than target
 - Results during 2014-2016 are consistent with plan's current pricing basis
 - Recommend no change to premium rate in 2018

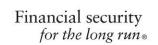
Pricing Recommendations – Local Government Plan





- Employee Life Insurance
 - 2016 results and 2014-2016 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 2018

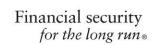
Pricing Recommendations – Local Government Plan





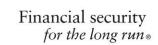
- Stop Loss Provisions
 - Limit the charge to plan in one year for claims and expenses
 - Recommend no change to stop-loss rates in 2018
 - Consistent with recommendation for employee rates

Pricing Recommendations – Local Government Plan





- Spouse and Dependents
 - Plan has a large stabilization reserve
 - 2016 claims higher than expected
 - Decrease to the stabilization reserve
 - Recent experience consistent with strategy of drawing down the reserve
 - Recommend no change to rates in 2018





- Each component of plan is on track financially
- Recommendations for 2018
 - No changes to rates under either State or Local Government portions of plan
- We will continue to monitor results



Questions

Minnesota Life	Insurance	Company
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A Securian Company

Securian Life Insurance Company

A New York authorized insurer

Insurance products are issued by Minnesota Life Insurance Company in all states except New York. In New York, products are issued by Securian Life Insurance Company, a New York authorized insurer. Both companies are headquartered in Saint Paul, MN. Product availability and features may vary by state. Each insurer is solely responsible for the financial obligations under the policies or contracts it issues.

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