

Financial security
for the long run®



Report to the Group Insurance Board of the State of Wisconsin

Minnesota Life Insurance Company
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August 30, 2017



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

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

- 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

- 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

- 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

- 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

- 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

- 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

- 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

- 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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Group Insurance

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