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**Department of Employee Trust Funds**  
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SECRETARY

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## ***Correspondence Memorandum***

**Date:** July 21, 2020  
**To:** Group Insurance Board  
**From:** Tom Rasmussen, Life Insurance Plan Manager  
Office of Strategic Health Policy  
**Subject:** Wisconsin Public Employers (WPE) Group Life Insurance 2019 Policy Year  
Report and Plan Management and Financial Reporting

**The Department of Employee Trust Funds (ETF) requests the Group Insurance Board (Board) accept the Securian Financial Group (Securian) annual report.**

The results of the 2019 policy year experience are highlighted in the attached letter from Securian Vice President and Actuary, Paul Rudeen. The 2019 policy year highlights and experience can be found in the Financial Experience Report. ETF recommends the Board accept the Securian Annual Report.

### **State Government Life Insurance Plan Experience**

As of December 31, 2019, the state life insurance plan (State plan) covered 85,366 total lives – both active employees and retirees. There were 51,674 active employees, and 33,692 retired employees under the plan. Since December 31, 2018, the total number of insured active employees increased by 543, while the number of insured retirees increased by 783. The number of employees who elected Spouse and Dependent coverage increased by 266 in 2019.

Claim payments for the employee plan were lower than expected, driven by low life and disability claims. Claims on the spouse and dependent plan were higher than targeted, but the most recent three years' experience was lower than targeted.

The overall average interest earning rate on all reserve funds held for the plan was 3.01%. This result reflects a conservative investment strategy involving mostly high-grade corporate bonds. The plan ended 2019 with an asset reserve (ratio of plan assets to liabilities) of 99.1%, up from the 2018 ratio of 74.3%. The valuation goal is 100%. The valuation increase is the result of the 5% annual premium increase beginning in April 2020 through April 2028, as authorized by the Board on August 19, 2019. Valuations are calculated based on projections using assumptions for future cash flows.

Reviewed and approved by Eileen K Mallow, Director, Office of  
Strategic Health Policy

Electronically Signed 7/29/20

Board	Mtg Date	Item #
GIB	8.19.20	8

### **Local Government Life Insurance Plan Experience**

On December 31, 2019, the local government life insurance plan (Local plan) covered 123,257 total lives for both active employees and retirees. There are 744 local government employers participating in this plan with 76,305 active employees, and 46,952 retired employees insured. The number of insured lives in the local plan increased by 543 active employees and 1,351 retirees from 2018. The number of employees who elected Spouse and Dependent coverage decreased by 257.

Claim payments for the employee plan were lower than expected, driven by low life and disability claims. Claims on the spouse and dependent plan were lower than the current target level.

The overall interest earnings rate on all reserve funds held for the plan was 3%. This rate reflects a conservative investment strategy involving mostly high-grade corporate bonds. With a valuation target of 100% the plan ended 2019 with an asset reserve of 106.1%, down from 115.7% in 2018. The decrease was mainly due to lower interest rates and increased post-65 insurance volume.

### **Consolidation of Reserve Funds**

At the Board's August 2019 meeting, the Board authorized transference of funds in the Active Premium Deposit Fund (PDF) to the Retiree PDF following the recommendation of Milliman, ETF's life insurance actuarial consulting partner, and supported by Securian. This transfer of funds closed the Active PDF by December 31, 2019.

At that same meeting, the Board also authorized closing the State Contingent Liability Reserve (CLR) which had a balance of \$0.

The Local CLR has a balance of \$13,098,188 which is down from the balance of \$23,082,838 as of December 31, 2018. The recommendation remains to close the account after the funds have been depleted. The Local CLR is on pace to be depleted in 2021, but that is contingent on the level of claims in the 2020 and 2021.

The consolidation was done in order to simplify the plan management and financial reporting by reducing the number of experience accounts held by Securian to support the plan.

### **Premiums**

On August 19, 2019, the Board adopted a plan that authorized a 5% annual premium increase to the State plan effective April 2020 through April 2028. This action was taken with the goal of maintaining and managing the program to a 100% funding level for each plan. The table below reflects updated premiums effective April 1, 2021.

Attained Age	Monthly Premium per \$1,000 of Insurance					
	Current (2020)			Effective 4/1/2021		
	Basic	Supp	Addl	Basic	Supp	Addl
Under 30	0.04	0.04	0.07	0.05	0.05	0.07
30-34	0.04	0.04	0.07	0.05	0.05	0.07
35-39	0.04	0.04	0.07	0.05	0.05	0.07
40-44	0.07	0.07	0.10	0.07	0.07	0.10
45-49	0.11	0.11	0.17	0.12	0.12	0.17
50-54	0.18	0.18	0.26	0.19	0.19	0.28
55-59	0.24	0.24	0.36	0.25	0.25	0.38
60-64	0.33	0.33	0.50	0.35	0.35	0.52
65-69	0.43	0.43	0.63	0.45	0.45	0.66

At that same meeting, the Board authorized a one-time decrease to the State plan Spouse and Dependent Unit premium effective April 1, 2020. There is no recommended rate change for Spouse and Dependent for 2021.

There was no rate change for the Local plan in 2020 and no recommendation to change rates for 2021.

### Securian Performance Standards for Customer Service

The contract with Securian includes nine quantitative performance standards for timely provision of customer service. Securian attained higher-than-targeted goals for all nine standards.

Securian managed 32,963 transactions subject to the performance standards in 2019 and achieved an overall success rate of 99.87%.

### Claims Enhancements

Beginning January 1, 2021, Securian will provide an enhanced claims concierge service to plan beneficiaries for qualified claims. This increased level of service will offer two additional options to beneficiaries for processing claims.

- **Fast Track:** Allows for expedited claims processing by eliminating the need for a death certificate or a mailed claim form. It will include an outreach call to verify a delivery method (mail or email). Securian will require a secondary verification of the death.
- **Cash Advance:** Provides financial assistance of up to \$25,000 under certain circumstances by issuing a partial benefit prior to receipt of a death certificate or completed claim form from the beneficiary. The cash advance amount is deducted from the final benefit paid out amount.

**COVID-19**

The WPE Group Life Insurance Program does not contain any exclusion related to pandemics. Any claims made as result of COVID-19 are treated the same as claims for any other disease. As of July 21, 2020, there have been 16 COVID-19 related deaths, with associated claims paid out totaling \$555,350. Service and claims have continued without interruption.

Due to the stop-loss safeguard, the short-term impact to the plan is limited, and existing reserves are sufficient to absorb the impact in 2020. While the ultimate impact of COVID-19 is uncertain, and a goal of the life plan is to maintain premium rate stability, actions may need to be taken in the future as a result of the COVID-19 impact.

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

Attachment A: 2019 State of WI Financial Report with Highlights Letter

Attachment B: 2020 State Employees Report

Attachment C: 2020 Local Employees Report

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# FINANCIAL EXPERIENCE REPORT

State of Wisconsin – Group Insurance Board

January 1, 2019 through December 31, 2019

Policy Number: 2832

*Submitted by*

**Securian Financial**



June 30, 2020

The Group Insurance Board  
4822 Madison Yards Way  
Madison, WI 53705-9100

RE: EMPLOYEE LIFE INSURANCE PLAN  
2019 POLICY YEAR HIGHLIGHTS

Ladies and Gentlemen:

This report presents the 2019 policy year experience on the group life insurance plans for employees of the State of Wisconsin and participating local government employers. The most important developments on the plans during 2019 are summarized in this letter. Details may be found in the policy year report on the page(s) indicated following each section. Historical experience is presented on pages 19-33 for the State plan and on pages 47-59 for the local government plan.

## STATE PLAN

### PLAN GROWTH

- The total number of insured active employees increased by over 500, while the number of insured retirees increased by over 700. On December 31, 2019, over 51,000 active employees, plus over 33,000 retired employees, were insured under the plan. Total life insurance in force on active employees, retirees, spouses and dependents increased by 3% to over \$12.0 billion. (Pages 5 and 13)

### CLAIMS

- In 2019, claims for the employee plan were lower than expected, driven by low life and disability claims. (Pages 6, 7, 14 and 15)
- Claims on the spouse and dependent plan were higher than target, but the most recent three years' experience was lower than target. (Page 11)

## OTHER BENEFITS

- In April 2010, the Board approved the addition of an aviation AD&D benefit for work related accidental deaths. The 2019 policy year is the eighth in which a separate experience calculation has been performed for that benefit. There were no claims for this benefit in 2019. (Page 9)
- Retired State employees are allowed to convert the value of their postretirement life insurance to an account to pay health insurance or long-term care insurance premiums. During 2019, a total of 288 retired State employees utilized this option, including 56 new elections in 2019 and 232 continuations of earlier elections. As of December 31, 2019, there were 234 retired State employees utilizing this option. Of these 234 retired employees, 174 employees used the account to pay health insurance premiums and 60 used it for long-term care insurance premiums. Converted values for these employees are deducted from the plan's reserves at the time this option is elected. (Pages 16 and 63)

## FUNDING STATUS

- The overall average interest earnings rate on all reserve funds held for the plan was 3.01%. This result reflects a conservative investment strategy involving primarily high-grade corporate bonds.
- The plan ended 2019 with funding at 99.1% of liabilities. A schedule of premium rate increases was approved by the Group Insurance Board in August 2019 in order to increase the plan funding level. These future increases are incorporated into the funding level. (Page 17)

## LOCAL GOVERNMENT PLAN

### PLAN GROWTH

- The plan continued its steady, modest growth. On December 31, 2019, a total of 744 local government employers participated.
- The total number of insured active employees increased by over 500, while the number of insured retirees increased by over 1,300. On December 31, 2019, over 76,000 active employees, plus almost 46,000 retired employees, were insured under the plan. Total life insurance in force on active employees, retirees, spouses and dependents increased by 3% to \$13.1 billion. (Pages 35 and 41)

### CLAIMS

- In 2019, claims for the employee plan were lower than expected, driven by low life and disability claims. (Pages 36, 37, 42 and 43)
- Claims in 2019 on the spouse and dependent plan were lower than the current target level. (Page 39)



### OTHER BENEFITS

- Retired local employees are allowed to convert the value of their postretirement life insurance to pay health insurance premiums. Usage of this provision among local government retirees has been minimal, as only a small number participate in the Board's health insurance plans. The long-term care insurance plan offered through ETF is not available to local government employees. Only one person used this option during 2019. (Pages 44 and 63)

### FUNDING STATUS

- The overall average interest earnings rate on all reserve funds held for the plan was 3.00%. This result reflects a conservative investment strategy involving primarily high-grade corporate bonds.
- The plan ended 2019 with funding at 106.1% of liabilities. (Page 45)

Respectfully submitted,



Paul Rudeen, FSA  
Vice President and Actuary  
Group Insurance Division

PR:pt



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## GROUP LIFE INSURANCE PLANS

### I. Plan Summary

The group life insurance plan for State of Wisconsin employees began on January 1, 1958; the group life insurance plan for local government employees began on January 1, 1960. These plans provide term life insurance for both active and retired employees. Employees may also insure their spouses and dependent children.

#### A. State of Wisconsin - Employee Insurance

Both active and retired State employees are eligible for a basic term insurance plan. Employees also receive accidental death and dismemberment insurance equal to their life insurance until age 65. If an insured employee continues in employment, benefits continue beyond age 65 until the earlier of retirement or attainment of age 70. The waiver of premium benefit provides free insurance to disabled employees under age 70.

Insurance for all employees under age 65 and for active employees ages 65 to 69 is equal to earnings under the Wisconsin Retirement System for the previous calendar year rounded to the next higher thousand dollars. At age 65, insurance reduces to 75% of the insurance then in force. At age 66, insurance reduces to 50% of the insurance in force prior to age 65. For active employees over age 65, these reductions are delayed until the earlier of retirement or attainment of age 70. A retired employee retains lifetime coverage in a reduced amount.

A supplemental insurance plan provides added term insurance for active employees equal to 100% of insurance under the basic plan. Prior to April 24, 1990, an employee could alternatively select supplemental insurance equal to 50% of insurance under the basic plan. Employees enrolled under that alternative may maintain that level of coverage. The supplemental insurance terminates on the later of the employee's 65th birthday or retirement but in no event beyond the employee's 70th birthday.

An additional insurance plan offers extra coverage on an employee-pay-all basis. Effective May 1, 1998, an employee may elect up to three units of additional insurance. Each unit provides coverage equal to 100% of insurance under the basic plan. The additional insurance terminates on the later of the employee's 65th birthday or retirement. An employee who continues in active employment beyond age 70 may maintain the additional insurance coverage by continued payment of premiums.

Employees pay premiums to cover the major portion of the cost of the basic and supplemental coverages during active employment. Employees pay premiums to cover the entire cost of the additional insurance. Employee premium rates in effect during 2019 were as shown in the table on the following page.

GROUP LIFE INSURANCE PLANS

Monthly Premium per \$1,000 of Insurance

<u>Attained Age</u>	<u>1-1-2019 through 3-31-2019</u>			<u>4-1-2019 through 12-31-2019</u>		
	<u>Basic</u>	<u>Supplemental</u>	<u>Additional</u>	<u>Basic</u>	<u>Supplemental</u>	<u>Additional</u>
Under 30	\$.04	\$.04	\$.06	\$.04	\$.04	\$.06
30-34	.04	.04	.06	.04	.04	.06
35-39	.04	.04	.06	.04	.04	.06
40-44	.06	.06	.09	.06	.06	.09
45-49	.10	.10	.15	.11	.11	.16
50-54	.16	.16	.24	.17	.17	.25
55-59	.22	.22	.33	.23	.23	.35
60-64	.30	.30	.45	.32	.32	.47
65-69	.39	.39	.59	.41	.41	.60

Post-age 65 retired employees pay no further premiums. The State contributes premiums equal to 65.25% of employee contributions for basic insurance and 37.25% of employee contributions for supplemental insurance. These contributions are allocated to cover the cost of continuing the basic plan after retirement, to cover the State's portion of the cost of the basic and supplemental plans for active employees, and to cover the cost of the employer aviation AD&D insurance.

B. State of Wisconsin - Spouse and Dependent Insurance

The spouse and dependent insurance plan for State employees was introduced in 1981. Insured State employees may purchase life insurance benefits for spouses and dependents. A dependent child is eligible until age 19 or until age 25 as long as the dependent is a full-time student. A physically or mentally disabled dependent may qualify to continue the coverage past age 25. Premiums for this insurance are paid entirely by employees.

An insured employee may elect either one or two units of coverage. Each unit provides \$10,000 of life insurance for an insured spouse and \$5,000 for each insured dependent child. During 2019, the monthly premium was \$2.50 for each unit of coverage.

C. Local Government Employers - Employee Insurance

All three insurance plans are available to employees of local government employers. A local government employer may elect to offer only the basic plan or may offer the basic plan with either or both the supplemental plan and the additional plan. The employer may select a benefit reduction schedule for the basic plan identical to the State plan or a plan with an age 67 benefit reduction to 25% of insurance in force prior to age 65.



## GROUP LIFE INSURANCE PLANS

Employees pay premiums to cover the entire cost of basic, supplemental and additional insurance during active employment and while retired and under age 65. Employee premium rates in effect during 2019 were as follows:

### Monthly Premium per \$1,000 of Insurance for Basic, Supplemental and Additional

<u>Attained Age</u>	<u>01-01-2019 through 12-31-2019</u>
Under 30	.05
30-34	.06
35-39	.07
40-44	.08
45-49	.12
50-54	.22
55-59	.39
60-64	.49
65-69	.57

The employer's contribution for the basic plan with a 50% ultimate benefit at ages 66 and later is 40% of employee contributions. For the plan with a benefit reduction to 25% at age 67 and later, the contribution is 20% of employee contributions.

#### D. Local Government Employers - Spouse and Dependent Insurance

The spouse and dependent insurance plan for local government employees was introduced in 1983. The benefits are the same as those under the plan for State employees.

During 2019, the monthly premium was \$1.75 for each unit of coverage.

GROUP LIFE INSURANCE PLANS

E. Funding Status

The cost of insurance for retired employees is funded in advance by employer premium contributions and by dividends from the premiums paid by active employees. Each year the values of the plans' assets are compared to the present values of future benefit liabilities for retired employees and the present values of future benefits in excess of future premiums for active employees. The following table summarizes this comparison as of December 31, 2019:

	<u>State Plan</u>	<u>Local Government Employers Plan</u>
1. Assets		
a. Retiree Premium Deposit Fund	\$348,301,154	\$243,459,750
b. Active Premium Deposit Fund Available for Post-Retirement Funding	0	0
c. Contingent Liability Reserve	0	13,098,188
d. Active Stabilization Reserve Available for Post-Retirement Funding	51,571,717	68,802,400
e. Total	\$399,872,872	\$325,360,337
2. Liabilities		
a. Post-Age 65 Retirees	\$411,812,249	\$253,136,026
b. Pre-Age 65 Retirees	58,376,856	41,916,770
c. Active Employees	(66,688,186)	11,713,767
d. Total	\$403,500,919	\$306,766,563
3. Unfunded Accrued Liability (2d - 1e)	\$3,628,047	(\$18,593,774)
4. Total Assets as a Percent of Total Liabilities (1e / 2d)	99.1%	106.1%

F. Underwriters

The group life insurance plan is underwritten by Minnesota Life Insurance Company. With the consent of the Group Insurance Board, the EPIC Life Insurance Company reinsured a portion of the plan during 2019.

G. Financial Basis

The financial agreement between the Group Insurance Board and Minnesota Life establishes the basis for plan finances. All calculations in this policy year report are made in accordance with the financial agreement and amendments approved by the Group Insurance Board.

H. Wisconsin Number of Lives by Age Band

	Active Employees and Retirees Combined	
<u>Age</u>	<u>Local</u>	<u>State</u>
Under 30	8,536	5,255
30 - 34	8,323	5,994
34 - 39	9,457	6,713
40 - 44	9,991	6,663
45 - 49	11,074	6,922
50 - 54	11,921	7,482
55 - 59	12,714	8,503
60 - 64	12,944	9,454
65 - 69	12,757	9,755
70 and over	25,540	18,625
	123,257	85,366

STATE OF WISCONSIN

II. State of Wisconsin Plan - Active Employees\*

Report on operations for 2019, the sixty-second year of the plan.

A. Employee Coverage

	<u>12-31-2018</u>	<u>12-31-2019</u>
1. Employees Insured for Pre-Retirement Insurance		
Basic Plan	51,131	51,674
Supplemental Plan	35,393	35,613
Additional Plan	24,878	25,147
2. Pre-Retirement Life and AD&D Insurance		
Basic Plan	\$ 3,243,661,000	\$ 3,355,464,000
Supplemental Plan	2,303,232,000	2,375,358,000
Additional Plan	3,794,277,000	3,940,138,000

B. Spouse and Dependent Coverage

1. Employees Insured	23,063	23,329
2. Estimated Spouse and Dependent Life Insurance	\$ 562,535,000	\$ 570,400,000

\*The active employee plan financial report includes:

- All active employees at ages under 70.
- All active employees at age 70 and over who continue to participate in the additional life insurance benefit.
- Spouses and dependents of active employees.
- All premium contributions by the State toward the cost of pre-retirement life insurance for active employees.

STATE OF WISCONSIN

C. Premium Summary

Employee Contributions

Basic Plan	\$ 5,111,164	
Supplemental Plan	3,680,876	
Additional Plan	8,492,942	
Spouse and Dependent Plan	<u>1,223,303</u>	
		\$ 18,508,285

State Contributions

Basic Plan	\$ 1,788,907	
Supplemental Plan	1,288,307	
Basic Aviation AD&D Plan	115,001	
Supplemental Aviation AD&D Plan	<u>82,820</u>	
		\$ <u>3,275,035</u>

Total Premium \$ 21,783,320

D. Employee Claims

	<u>Basic Plan</u>	<u>Supplemental Plan</u>	<u>Additional Plan</u>	<u>Total</u>
Life	\$ 5,104,298	\$ 3,720,616	\$ 4,502,395	\$ 13,327,309
AD&D	376,509	252,393	158,859	787,761
Living Benefit	229,000	159,000	367,000	755,000
Disability	<u>(431,592)</u>	<u>(254,434)</u>	<u>(335,777)</u>	<u>(1,021,803)</u>
Total	\$ 5,278,215	\$ 3,877,575	\$ 4,692,477	\$ 13,848,267

E. Employer Aviation AD&D Claims

	<u>Basic Plan</u>	<u>Supplemental Plan</u>	<u>Additional Plan</u>	<u>Total</u>
AD&D	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Total	\$ 0	\$ 0	\$ 0	\$ 0

F. Spouse and Dependent Claims

	<u>Spouse</u>	<u>Dependent</u>		<u>Total</u>
Life	\$ 911,491	\$ 80,104		\$ 991,595
Living Benefit	<u>20,000</u>	<u>0</u>		<u>20,000</u>
Total	\$ 931,491	\$ 80,104		\$ 1,011,595

STATE OF WISCONSIN

G. Financial Experience - Active Employee Insurance

1. Premium

Employee Contributions	\$ 17,284,982	
Employer Contributions	<u>3,077,214</u>	
 Total Premium		 \$ 20,362,196

2. Claim Charges

Death Claims	\$ 13,327,309	
AD&D Claims	787,761	
Living Benefit Claims	755,000	
Increase in Disability Claim Reserve	(1,021,803)	
Pooled Claims	13,876	
Pool Charge	1,940,660	
Conversion Charge	33,780	
Catastrophic Loss Credit	<u>0</u>	
 Total Claim Charges		 \$ 15,836,583

3. Expense Charges

Minnesota Life Expenses	\$ 820,639	
Reinsurance Expense	3,448	
Risk Charge	<u>0</u>	
 Total Expense Charges		 \$ 824,087

4. Tax Charges

State Premium Tax	\$ 407,244	
Federal Income Tax	<u>35,181</u>	
 Total Tax Charges		 \$ 442,425

5. Interest Credits/Charges

On Premium	\$ 168,535	
On Disability Claim Reserve	840,396	
On Claims Paid	(101,691)	
On Expense Charges, Pool Charge & Conversion Charge	<u>(27,859)</u>	
 Total Interest Credits/Charges		 \$ 879,381

6. State Internal Administration Expense \$ 473,583

7. Audit/Consultant Service Charge \$ 0

8. Contribution to Stabilization Reserve [(1)-(2)-(3)-(4)+(5)-(6)-(7)] \$ 3,664,899

STATE OF WISCONSIN

H. Reserve Summary

1. Premium Deposit Fund

Balance on 12-31-2018	\$	12,749,998
Interest Credit		390,322
Withdrawals on 12-31-2019		0
Transfer of Balance to Retiree Premium Deposit Fund 12-31-2019		<u>(13,140,320)</u>
Balance on 12-31-2019	\$	0

2. Stabilization Reserve

Balance on 12-31-2018	\$	51,437,096
Interest Credit		1,560,271
Contribution on 12-31-2019		3,664,899
Withdrawals on 12-31-2019		<u>0</u>
Balance on 12-31-2019	\$	56,662,266

Interest Rate on Premium Deposit Fund and Stabilization Reserve in 2019 3.04%

I. Stop-Loss Calculation for Active Employee Insurance

Stop-Loss Limit	\$	28,115,205
Claim Charges	\$	15,657,464
Expense Charges		<u>1,231,331</u>
Total Charges	\$	16,888,795
Catastrophic Loss Credit	\$	0

STATE OF WISCONSIN

J. Financial Experience - Employer Aviation AD&D Insurance

1. Premium		\$ 197,821
2. Claim Charges		
AD&D Claims	\$ 0	
Pooled Claims	0	
Pool Charge	11,990	
Catastrophic Loss Credit	<u>0</u>	
Total Claim Charges		\$ 11,990
3. Expense Charges		
Risk Charge	<u>\$ 1,335</u>	
Total Expense Charges		\$ 1,335
4. Tax Charges		
State Premium Tax	<u>\$ 3,956</u>	
Total Tax Charges		\$ 3,956
5. Interest Credits/Charges		
On Premium	\$ 1,638	
On Claims Paid	0	
On Expense Charges & Tax Charges	<u>(130)</u>	
Total Interest Credits/Charges		\$ 1,508
6. Addition to Stabilization Reserve [(1)-(2)-(3)-(4)+(5)]		\$ 182,048
7. Stabilization Reserve		
Stabilization Reserve on 12-31-2018		\$ 1,408,152
Addition to Reserve on 12-31-2019		182,048
Interest on Stabilization Reserve in 2019		<u>41,164</u>
Stabilization Reserve on 12-31-2019		\$ 1,631,364

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STATE OF WISCONSIN

K. Financial Experience - Spouse and Dependent Insurance

1. Premium		\$ 1,223,303
2. Claim Charges		
Death Claims	\$ 991,595	
Living Benefit Claims	20,000	
Conversion Charge	1,200	
Catastrophic Loss Credit	<u>0</u>	
Total Claim Charges		\$ 1,012,795
3. Expense Charges		
Minnesota Life Expenses	\$ 22,631	
Risk Charge	<u>2,447</u>	
Total Expense Charges		\$ 25,078
4. Tax Charges		
State Premium Tax	\$ 24,466	
Federal Income Tax	<u>1,542</u>	
Total Tax Charges		\$ 26,008
5. Interest Credits/Charges		
On Premium	\$ 10,237	
On Claims Paid	(7,631)	
On Expense Charges & Conversion Charge	<u>(1,115)</u>	
Total Interest Credits/Charges		\$ 1,491
6. State Internal Administration Expense		\$ 96,329
7. Audit/Consultant Service Charge		\$ 0
8. Addition to Stabilization Reserve [(1)-(2)-(3)-(4)+(5)-(6)-(7)]		\$ 64,584
9. Stabilization Reserve		
Stabilization Reserve on 12-31-2018		\$ 1,143,091
Addition to Reserve on 12-31-2019		64,584
Interest on Stabilization Reserve in 2019		<u>34,908</u>
Stabilization Reserve on 12-31-2019		\$ 1,242,583

L. Stop-Loss Calculation for Spouse and Dependent Insurance

Stop-Loss Limit		\$ 1,590,294
Claim Charges		972,027
Expense Charges		<u>49,544</u>
Total Charges		\$ 1,021,571
Catastrophic Loss Credit		\$ 0

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STATE OF WISCONSIN

III. State of Wisconsin Plan - Retirees\*

Report on operations for 2019, the sixty-second year of the plan.

A. Retiree Coverage

	<u>12-31-2018</u>	<u>12-31-2019</u>
1. Retirees Insured for Pre-Age 65 Insurance		
Basic Plan	6,859	6,600
Supplemental Plan	4,312	4,110
Additional Plan	2,050	2,004
2. Pre-Age 65 Life and AD&D Insurance		
Basic Plan	\$ 460,483,000	\$ 450,516,000
Supplemental Plan	284,498,000	274,964,000
Additional Plan	249,044,000	255,453,000
3. Retirees Insured for Post-Age 65 Insurance	26,050	27,092
4. Post-Age 65 Life Insurance	\$ 779,130,250	\$ 826,410,000

\*The retiree plan financial report includes:

- All retirees at age 65 and over, and all active employees at age 70 and over, who receive a post-retirement life insurance benefit with no further premium payments.
- All retirees under age 65 who receive post-retirement life insurance benefits based on continued premium payments.
- All funding contributions by the State toward future post-retirement life insurance for currently active employees.

STATE OF WISCONSIN

B. Premium Summary

Pre-Age 65 Retiree Contributions

Basic Plan	\$ 1,859,448	
Supplemental Plan	1,308,280	
Additional Plan	<u>525,742</u>	
		\$ 3,693,470
State Contributions to Premium Deposit Fund		\$ 1,431,126
Total Premium		\$ 5,124,596

C. Retiree Claims

	<u>Basic Plan</u>	<u>Supplemental Plan</u>	<u>Additional Plan</u>	<u>Total</u>
1. Pre-Age 65 Life and AD&D Insurance				
Life	\$ 1,888,131	\$ 1,060,398	\$ 312,151	\$ 3,260,680
AD&D	0	0	0	0
Living Benefit	<u>42,000</u>	<u>0</u>	<u>0</u>	<u>42,000</u>
Total	\$ 1,930,131	\$ 1,060,398	\$ 312,151	\$ 3,302,680
2. Post-Age 65 Life Insurance				
Life	\$ 18,643,774			\$ 18,643,774
Living Benefit	<u>57,000</u>			<u>57,000</u>
Total	\$ 18,700,774			\$ 18,700,774

STATE OF WISCONSIN

D. Financial Experience - Pre-Age 65 Retiree Insurance

1. Premium

Pre-Age 65 Contributions	\$ 3,693,470	
Withdrawal from Premium Deposit Fund on 12-31-2019	201,566	

Total Premium		\$ 3,895,036
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2. Claim Charges

Death Claims	\$ 3,260,680	
AD&D Claims	0	
Living Benefit Claims	42,000	
Pooled Claims	0	
Pool Charge	204,951	
Conversion Charge	0	
Catastrophic Loss Credit	0	

Total Claim Charges		\$ 3,507,631
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3. Expense Charges

Minnesota Life Expenses	\$ 206,557	
Reinsurance Expense	868	
Risk Charge	0	

Total Expense Charges		\$ 207,425
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4. Tax Charges

State Premium Tax	\$ 77,901	
Federal Income Tax	7,328	

Total Tax Charges		\$ 85,229
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5. Interest Credits/Charges

On Premium	\$ 31,100	
On Claims Paid	(27,686)	
On Expense Charges, Pool Charge & Conversion Charge	(4,435)	

Total Interest Credits/Charges		\$ (1,021)
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6. State Internal Administration Expense		\$ 93,731
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7. Actuarial Service Charge		\$ 0
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8. Experience Credit [(1)-(2)-(3)-(4)+(5)-(6)-(7)]		\$ 0
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The Experience Credit is deposited in the Contingent Liability Reserve.

STATE OF WISCONSIN

E. Financial Experience - Post-Age 65 Retiree Insurance

1. Premium Deposit Fund

Premium Deposit Fund on 12-31-2018	\$ 343,983,569
Contributions for Active Employees During 2019	1,431,126
Withdrawal on 12-31-2019 for Pre-Age 65 Retiree Insurance	(201,566)
Post-Age 65 Death Claims	(18,700,774)
Minnesota Life Expenses on Post-Age 65 Retiree Death Claims	(310,969)
State Premium Tax	(388,323)
Risk Charge	(16,075)
Withdrawals of Postretirement Life Insurance Values to pay Health and Long-Term Care Insurance Premiums	(953,555)
Interest on Premium Deposit Fund in 2019	10,317,401
Transfer of Balance from Active Premium Deposit Fund on 12-31-2019	<u>13,140,320</u>
Premium Deposit Fund on 12-31-2019	\$ 348,301,154

Interest Rate on Premium Deposit Fund Reserve in 2019	3.07%
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STATE OF WISCONSIN

F. Summary of Assets and Liabilities for Post-Retirement Benefits on December 31

	<u>2018</u>	<u>2019</u>
1. Assets		
a. Retiree Premium Deposit Fund	\$ 343,983,569	\$ 348,301,154
b. Active Premium Deposit Fund Available for Post-Retirement Funding	12,749,998	0
c. Contingent Liability Reserve	0	0
d. Active Stabilization Reserve Available for Post-Retirement Funding	<u>46,528,394</u>	<u>51,571,717</u>
e. Total	\$ 403,261,961	\$ 399,872,872
2. Liabilities		
a. Post-Age 65 Retirees	\$ 376,201,098	\$ 411,812,249
b. Pre-Age 65 Retirees	61,074,499	58,376,856
c. Active Employees	<u>105,434,448</u>	<u>(66,688,186)</u>
d. Total	\$ 542,710,045	\$ 403,500,919
3. Unfunded Accrued Liability [2(d) - 1(e)]	\$ 139,448,084	\$ 3,628,047
4. Total Assets as a Percent of Total Liabilities [1(e)/2(d)]	74.3%	99.1%

Definitions of asset values:

- Retiree Premium Deposit Fund: total retiree premium deposit fund assets
- Active Premium Deposit Fund Available for Post-Retirement Funding: active premium deposit fund assets in excess of the active target reserve level. The target level of active premium deposit fund plus active stabilization reserve equals 25% of active plan premium.
- Contingent Liability Reserve: total contingent liability reserve assets
- Active Stabilization Reserve Available for Post-Retirement Funding: active stabilization reserve assets in excess of the active target reserve level. The target level of active premium deposit fund plus active stabilization reserve equals 25% of active plan premium.

Definitions of liability values:

- Post-Age 65 Retirees: present value of future claims
- Pre-Age 65 Retirees: present value of future claims minus present value of future premiums
- Active Employees: present values of future active employment claims and future post-retirement claims for active employees minus present values of future State and employee premium contributions

Funding Assumptions appear on page 61 of this report.

G. Stop-Loss Calculation for Retiree Insurance

Stop-Loss Limit	\$ 33,682,135	
Claim Charges	\$ 22,548,754	
Expense Charges	<u>1,000,693</u>	
Total Charges	\$ 23,549,445	
Catastrophic Loss Credit	\$ 0	

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STATE OF WISCONSIN

IV. Historical Experience

A. Cumulative Financial Experience on Active Employee Insurance - 2008 through 2019

Employee Contributions			\$ 187,221,199
State Contributions			
Basic Plan	\$ 20,713,176		
Supplemental Plan	14,896,066		
		35,609,242	
Total Premium			\$ 222,830,441
Reserve Brought Forward on January 1, 2008			\$ 8,057,225
January 1, 2008 PDF Balance Transferred to Retiree Coverage on December 31, 2019			(8,057,225)
Death Claims	\$ 139,291,275		
AD&D Claims	9,631,989		
Living Benefit Claims	8,528,000		
Increase in Disability Claim Reserve	5,602,628		
Pooled Claims	(1,383,659)		
Pool Charge	12,231,533		
Conversion Charge	192,436		
Catastrophic Loss Credit	0		
		174,094,202	
Total Claim Charges			\$ 174,094,202
Premium Deposit Fund on 12-31-2019	\$ 0		
Stabilization Reserve on 12-31-2019	56,662,266		
		56,662,266	
Total			\$ 56,662,266
Payments to State			
State Premium Tax	\$ 4,456,610		
State Internal Administration Expense	3,120,169		
Actuarial Service Charge	0		
Audit/Consultant Service Charge	9,177		
Legal Expense	0		
		7,585,956	
Total			\$ 7,585,956
Excess of Disbursement and Reserves Over Premium and Reserve Brought Forward on January 1, 2008			\$ 15,511,983
Minnesota Life Expenses	\$ 8,820,737		
Reinsurance Expense	38,214		
Risk Charge	117,026		
Federal Income Tax Charge	289,247		
		9,265,224	
Total	\$ 9,265,224		
Interest Credited to Plan	29,860,302		
Interest Credited to January 1, 2008 PDF Balance Transferred to Retiree Coverage December 31, 2019	(5,083,095)		
		15,511,983	
Interest Credited to Plan Less Cost			\$ 15,511,983

STATE OF WISCONSIN

B. Historical Statistics - Active Employee Insurance - 2008 and Later

Year	Insurance in Force At End of Year	Employee Contributions	Premium		Total
			State Contributions		
			Basic Plan	Supplemental Premium	
2019	9,670,960,000	\$17,284,982	\$1,788,907	\$1,288,307	\$20,362,196
2018	9,341,170,000	16,651,718	1,733,977	1,249,114	19,634,809
2017	9,292,890,298	15,820,410	1,666,135	1,197,236	18,683,781
2016	8,997,561,000	15,515,646	1,648,564	1,194,245	18,358,455
2015	8,613,537,000	15,275,946	1,647,053	1,198,117	18,121,116
2014	8,452,027,000	14,891,956	1,624,221	1,185,512	17,701,689
2013	8,181,289,000	14,270,577	1,570,301	1,148,173	16,989,051
2012	7,809,378,000	13,858,600	1,542,392	1,131,700	16,532,692
2011	7,884,065,000	15,323,502	1,887,488	1,130,589	18,341,579
2010	8,152,346,000	17,069,440	1,954,805	1,452,757	20,477,002
2008- 2009	8,098,961,000	<u>31,258,422</u>	<u>3,649,333</u>	<u>2,720,316</u>	<u>37,628,071</u>
Totals		\$187,221,199	\$20,713,176	\$14,896,066	\$222,830,441

Claims

Year	Death Losses			Living Benefits	Disability Losses	Total Claims
	Life	AD&D	Total			
2019	\$13,327,309	\$787,761	\$14,115,070	\$755,000	(\$1,021,803)	\$13,848,267
2018	12,019,604	1,092,562	13,112,166	945,000	(1,340,768)	12,716,398
2017	12,372,627	736,166	13,108,793	793,000	(954,549)	12,947,244
2016	13,238,707	881,336	14,120,043	835,000	(474,575)	14,480,468
2015	10,437,142	45,440	10,482,582	1,091,000	6,070	11,579,652
2014	9,502,514	1,221,893	10,724,407	767,000	1,512,237	13,003,644
2013	12,685,738	158,866	12,844,604	215,000	322,717	13,382,321
2012	12,293,688	1,176,864	13,470,552	1,185,000	1,342,529	15,998,081
2011	12,844,361	994,280	13,838,641	1,191,000	1,184,198	16,213,839
2010	11,065,435	654,500	11,719,935	162,000	1,495,964	13,377,899
2008- 2009	<u>19,504,150</u>	<u>1,882,321</u>	<u>21,386,471</u>	<u>589,000</u>	<u>3,530,608</u>	<u>25,506,079</u>
Totals	\$139,291,275	\$9,631,989	\$148,923,264	\$8,528,000	\$5,602,628	\$163,053,892

Year	Total Claims	Conversion Charge	Pooled Claims	Pool Charge	Total Claim Charges
2019	\$13,848,267	\$33,780	\$13,876	\$1,940,660	\$15,836,583
2018	12,716,398	29,296	7,588	1,713,776	14,467,058
2017	12,947,244	7,260	(801,675)	1,483,880	13,636,709
2016	14,480,468	24,000	(96,410)	1,421,117	15,829,175
2015	11,579,652	44,820	(77,934)	1,254,801	12,801,339
2014	13,003,644	30,300	(4,392)	903,382	13,932,934
2013	13,382,321	8,700	(20,911)	731,188	14,101,298
2012	15,998,081	14,280	13,466	728,305	16,754,132
2011	16,213,839	0	(417,267)	662,830	16,459,402
2010	13,377,899	0	0	622,396	14,000,295
2008- 2009	<u>25,506,079</u>	<u>0</u>	<u>0</u>	<u>769,198</u>	<u>26,275,277</u>
Totals	\$163,053,892	\$192,436	(\$1,383,659)	\$12,231,533	\$174,094,202

STATE OF WISCONSIN

B. Historical Statistics - Active Employee Insurance - 2008 and Later (cont'd)

Year	Overhead Cost						State Internal Administration Expense	Audit/ Consultant Charge	Interest Credits/ Charges
	Insurance Company Expense	Reinsurance Expense	Risk Charge	State Premium Tax	Federal Income Tax	Total			
2019	\$820,639	\$3,448	\$0	\$407,244	\$35,181	\$1,266,512	\$473,583	\$0	\$38,985
2018	821,717	3,527	0	392,696	28,872	1,246,812	322,082	0	44,287
2017	781,916	3,355	0	373,676	5,839	1,164,785	204,408	0	42,171
2016	768,301	3,297	0	367,169	5,523	1,144,290	419,785	0	21,443
2015	758,369	3,255	0	362,422	6,885	1,130,931	198,529	0	40,064
2014	740,816	3,179	0	354,034	6,541	1,104,570	515,107	0	40,569
2013	710,992	3,051	0	339,781	3,025	1,056,849	0	0	39,815
2012	676,289	2,888	0	330,654	1,791	1,011,622	225,516	0	23,343
2011	715,322	3,023	0	366,832	26,714	1,111,891	263,769	3,062	65,019
2010	713,009	3,237	22,909	409,540	58,728	1,207,423	190,230	6,115	114,323
2008- 2009	<u>1,313,367</u>	<u>5,954</u>	<u>94,117</u>	<u>752,562</u>	<u>110,148</u>	<u>2,276,148</u>	<u>307,160</u>	<u>0</u>	<u>367,721</u>
Totals	\$8,820,737	\$38,214	\$117,026	\$4,456,610	\$289,247	\$13,721,833	\$3,120,169	\$9,177	\$837,740

Year	Reserves			
	Disability Reserve	Stabilization Reserve	Premium Deposit Fund	Total
2019	\$26,560,711	\$56,662,266	\$0	\$83,222,977
2018	27,582,514	51,437,096	12,749,998	91,769,608
2017	28,923,282	45,498,726	12,360,619	86,782,627
2016	29,877,831	39,598,519	11,977,289	81,453,639
2015	30,352,406	36,418,539	11,580,344	78,351,289
2014	30,346,336	30,250,604	11,168,671	71,765,611
2013	28,834,099	26,006,603	10,752,168	65,592,870
2012	28,511,382	22,123,903	10,326,781	60,962,066
2011	27,168,853	21,512,559	9,895,287	58,576,699
2010	25,984,655	18,903,224	9,447,632	54,335,511
2009	24,488,691	11,882,916	8,981,728	45,353,335

Year	Interest Credits on Reserves			
	Disability Reserve	Stabilization Reserve	Premium Deposit Fund	Total
2019	\$840,396	\$1,560,271	\$390,322	\$2,790,989
2018	908,254	1,386,972	389,379	2,684,605
2017	947,672	1,232,486	383,330	2,563,488
2016	1,017,821	1,175,511	396,945	2,590,277
2015	1,094,059	1,043,495	411,673	2,549,227
2014	1,105,436	948,918	416,503	2,470,857
2013	1,151,615	860,366	425,387	2,437,368
2012	1,176,622	869,957	431,494	2,478,073
2011	1,222,715	818,146	447,655	2,488,516
2010	1,265,665	567,381	465,904	2,298,950
2008- 2009	<u>2,430,165</u>	<u>315,544</u>	<u>924,503</u>	<u>3,670,212</u>
Totals	\$13,160,420	\$10,779,047	\$5,083,095	\$29,022,562

STATE OF WISCONSIN

C. Cumulative Financial Experience on Employer Aviation AD&D Insurance - 2011 through 2019

Employer Contribution		\$	1,607,028
AD&D Claims	\$	0	
Pooled Claims		0	
Pool Charge	109,985		
Catastrophic Loss Credit	<u>0</u>		
Total Claim Charges		\$	109,985
Stabilization Reserve on 12-31-2019		\$	1,631,364
Payments to State			
State Premium Tax	\$	<u>32,139</u>	
Total		\$	32,139
Payment from Stabilization Reserve for Premiums		\$	0
Excess of Disbursement and Reserves over Premium		\$	166,460
Risk Charge	\$	<u>10,847</u>	
Total	\$	10,847	
Interest Credited to Plan	<u>177,307</u>		
Interest Credited to Plan Less Cost		\$	166,460

STATE OF WISCONSIN

D. Historical Statistics - Employer Aviation AD&D Insurance

<u>Year</u>	<u>Employer Contributions</u>	<u>Death Losses</u>	<u>Pooled Claims</u>	<u>Pool Charge</u>	<u>Total Claim Charges</u>
2019	\$197,821	\$0	\$0	\$11,990	\$11,990
2018	191,770	0	0	11,990	11,990
2017	184,074	0	0	11,990	11,990
2016	182,752	0	0	11,990	11,990
2015	182,904	0	0	12,405	12,405
2014	180,626	0	0	12,405	12,405
2013	174,759	0	0	12,405	12,405
2012	171,906	0	0	12,405	12,405
2011	<u>140,416</u>	<u>0</u>	<u>0</u>	<u>12,405</u>	<u>12,405</u>
Totals	\$1,607,028	\$0	\$0	\$109,985	\$109,985

<u>Year</u>	<u>Overhead Cost</u>			
	<u>Risk Charge</u>	<u>Catastrophic</u>	<u>State</u>	<u>Total</u>
		<u>Loss Credit</u>	<u>Premium Tax</u>	
2019	\$1,335	\$0	\$3,956	\$5,291
2018	1,294	0	3,835	5,129
2017	1,242	0	3,681	4,923
2016	1,234	0	3,655	4,889
2015	1,235	0	3,658	4,893
2014	1,219	0	3,613	4,832
2013	1,180	0	3,495	4,675
2012	1,160	0	3,438	4,598
2011	<u>948</u>	<u>0</u>	<u>2,808</u>	<u>3,756</u>
Totals	\$10,847	\$0	\$32,139	\$42,986

<u>Year</u>	<u>Stabilization Reserve</u>	<u>Interest Credits</u>	
		<u>On Stabilization Reserve</u>	<u>Current Premium Less Charges</u>
2019	\$1,631,364	\$41,164	\$1,508
2018	1,408,152	33,704	1,521
2017	1,198,276	27,080	901
2016	1,003,134	22,576	885
2015	813,800	17,961	916
2014	629,317	13,058	902
2013	451,968	8,266	867
2012	285,156	4,352	857
2011	125,044	<u>0</u>	<u>789</u>
Totals		\$168,161	\$9,146

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STATE OF WISCONSIN

E. Cumulative Financial Experience on Spouse and Dependent Insurance - 1981 through 2019

Employee Contribution		\$ 36,331,056
Death Claims	\$ 33,322,691	
Living Benefit Claims	210,000	
Conversion Charge	274,215	
Catastrophic Loss Credit	<u>(313,347)</u>	
Total Claim Charges		\$ 33,493,559
Stabilization Reserve on 12-31-2019		\$ 1,242,583
Payments to State		
State Premium Tax	\$ 726,621	
State Internal Administration Expense	1,597,566	
Audit/Consultant Service Charge	<u>15,767</u>	
Total		\$ 2,339,954
Payment from Stabilization Reserve for Premiums		\$ 35,399
Excess of Disbursement and Reserves over Premium		\$ 780,439
Minnesota Life Expenses	\$ 662,346	
Risk Charge	65,693	
Federal Income Tax Charge	<u>69,008</u>	
Total	\$ 797,047	
Interest Credited to Plan	<u>1,577,486</u>	
Interest Credited to Plan Less Cost		\$ 780,439

STATE OF WISCONSIN

F. Historical Statistics - Spouse and Dependent Insurance

<u>Year</u>	<u>Employee Contributions</u>	<u>Death Losses</u>	<u>Living Benefits</u>	<u>Conversion Costs</u>	<u>Total Claim Charges</u>
2019	\$1,223,303	\$991,595	\$20,000	\$1,200	\$1,012,795
2018	1,225,564	856,527	0	8,100	864,627
2017	1,201,756	841,765	40,000	8,040	889,805
2016	1,193,323	966,262	20,000	13,800	1,000,062
2015	1,204,063	886,808	0	15,600	902,408
2014	1,216,922	1,071,247	20,000	15,120	1,106,367
2013	1,221,519	1,308,985	20,000	5,340	1,334,325
2012	1,233,041	1,027,236	0	7,200	1,034,436
2011	1,275,001	1,241,135	20,000	1,200	1,262,335
2010	1,253,513	939,101	20,000	0	959,101
1981- 2009	<u>24,083,051</u>	<u>23,192,030</u>	<u>50,000</u>	<u>198,615</u>	<u>23,440,645</u>
Total	\$36,331,056	\$33,322,691	\$210,000	\$274,215	\$33,806,906

Overhead Cost

<u>Year</u>	<u>Insurance Company Expense</u>	<u>Risk Charge</u>	<u>Catastrophic Loss Credit</u>	<u>State Premium Tax</u>	<u>Federal Income Tax</u>	<u>Total</u>	<u>State Internal Administration Expense</u>	<u>Audit/ Consultant Charge</u>
2019	\$22,631	\$2,447	\$0	\$24,466	\$1,542	\$51,086	\$96,329	\$0
2018	22,673	2,451	0	24,511	1,519	51,154	64,968	0
2017	22,232	2,404	0	24,035	237	48,908	79,932	0
2016	22,076	2,387	0	23,866	335	48,664	91,391	0
2015	22,275	2,408	0	24,081	644	49,408	38,029	0
2014	22,513	2,434	0	24,338	961	50,246	113,603	0
2013	22,598	2,443	0	24,430	1,048	50,519	0	0
2012	22,811	2,466	0	24,661	1,108	51,046	52,096	0
2011	23,588	2,550	0	25,500	1,595	53,233	69,352	221
2010	23,876	2,507	0	25,070	1,567	53,020	36,037	452
1981- 2009	<u>435,073</u>	<u>41,196</u>	<u>(313,347)</u>	<u>481,663</u>	<u>58,452</u>	<u>703,037</u>	<u>955,829</u>	<u>15,094</u>
Total	\$662,346	\$65,693	(\$313,347)	\$726,621	\$69,008	\$1,210,321	\$1,597,566	\$15,767

Interest Credits

<u>Year</u>	<u>Insurance In Force At End of Year</u>	<u>Stabilization Reserve</u>	<u>On Stabilization Reserve</u>	<u>Current Premium Less Charges</u>
2019	\$570,400,000	\$1,242,583	\$34,908	\$1,491
2018	562,535,000	1,143,091	25,132	3,419
2017	559,785,000	869,725	18,037	1,869
2016	568,225,000	666,708	16,601	1,604
2015	566,585,000	595,297	11,647	3,276
2014	570,825,000	366,156	13,328	1,186
2013	562,840,000	404,936	18,683	1,354
2012	561,610,000	548,224	17,311	2,006
2011	567,755,000	433,444	24,058	1,695
2010	601,900,000	517,831	18,277	5,463
1981- 2009	605,205,000	289,188	<u>1,229,236</u>	<u>126,905</u>
Total			\$1,427,218	\$150,268



STATE OF WISCONSIN

G. Cumulative Financial Experience on Retiree Insurance - 2008 through 2019

Retiree Contributions		\$ 42,301,123
State Contributions		<u>16,566,429</u>
Total Premium		\$ 58,867,552
Reserve Brought Forward on January 1, 2008		\$ 329,768,061
January 1, 2008 PDF Balance Transferred from Active Coverage on December 31, 2019		8,057,225
Death Claims	\$ 205,700,614	
AD&D Claims	1,143,779	
Living Benefit Claims	853,250	
Pooled Claims	(15,007)	
Pool Charge	1,134,525	
Conversion Charge	0	
Catastrophic Loss Credit	<u>0</u>	
Total Claim Charges		\$ 208,817,161
Contingent Liability Reserve on 12-31-2019	\$ 0	
Premium Deposit Fund on 12-31-2019	<u>348,301,154</u>	
Total		\$ 348,301,154
Payments to State		
State Premium Tax	\$ 4,388,482	
State Internal Administration Expense	595,625	
Actuarial Service Charge	<u>167,740</u>	
Total		\$ 5,151,847
Withdrawals of Postretirement Life Insurance Values to Pay Health and Long-Term Care Insurance Premiums		\$ 8,985,175
Excess of Disbursement and Reserves Over Premium and Reserve Brought Forward on January 1, 2008		\$ 174,562,499
Minnesota Life Expenses	\$ 4,943,989	
Reinsurance Expense	10,107	
Risk Charge	284,152	
Federal Income Tax Charge	<u>75,773</u>	
Total		\$ 5,314,021
Interest Credited to Plan	174,793,425	
Interest Credited to January 1, 2008 PDF Balnce Transferred from Active Coverage December 31, 2019	<u>5,083,095</u>	
Interest Credited to Plan Less Cost		\$ 174,562,499

STATE OF WISCONSIN

H. Historical Statistics - Retiree Insurance - 2008 and Later

Year	Insurance In Force at End of Year		Premium		
	Pre-Age 65	Post-Age 65	Pre-Age 65 Retiree Contributions	State Contributions for Active Employees	Total Premium
	2019	980,933,000	826,410,000	\$3,693,470	\$1,431,126
2018	994,025,000	779,130,250	3,606,903	1,387,182	4,994,085
2017	1,001,470,000	735,296,500	3,609,284	1,332,953	4,942,237
2016	1,002,871,000	685,321,832	3,604,916	1,318,862	4,923,778
2015	972,832,000	628,842,832	3,400,362	1,317,549	4,717,911
2014	934,984,000	581,764,582	3,356,082	1,299,230	4,655,312
2013	957,904,000	536,245,750	3,485,410	1,254,575	4,739,985
2012	1,002,851,000	493,214,250	3,741,193	1,231,835	4,973,028
2011	1,049,228,000	449,896,500	3,803,006	1,509,822	5,312,828
2010	807,734,000	396,600,250	3,531,803	1,563,881	5,095,684
2008- 2009	767,497,000	371,714,750	<u>6,468,694</u>	<u>2,919,414</u>	<u>9,388,108</u>
Totals			\$42,301,123	\$16,566,429	\$58,867,552

Claims

Death Losses

Year	Pre-Age 65 Life	Pre-Age 65 AD&D	Post -Age 65 Life	Total	Pre-Age 65 Living Benefits	Post-Age 65 Living Benefits	Total Claims
2019	\$3,260,680	\$0	\$18,643,774	\$21,904,454	\$42,000	\$57,000	\$22,003,454
2018	4,203,201	43,106	17,130,367	21,376,674	216,000	112,000	21,704,674
2017	2,964,161	0	16,167,529	19,131,690	196,000	60,000	19,387,690
2016	6,569,324	54,024	13,896,647	20,519,995	39,000	0	20,558,995
2015	3,864,466	0	14,179,633	18,044,099	0	20,000	18,064,099
2014	3,740,124	92,172	14,772,467	18,604,763	0	24,500	18,629,263
2013	4,492,915	125,384	12,894,445	17,512,744	0	17,000	17,529,744
2012	4,842,877	82,782	12,039,820	16,965,479	0	0	16,965,479
2011	3,904,690	290,730	9,880,703	14,076,123	0	0	14,076,123
2010	3,290,890	238,764	10,472,997	14,002,651	0	0	14,002,651
2008- 2009	<u>6,501,320</u>	<u>216,817</u>	<u>17,987,584</u>	<u>24,705,721</u>	<u>0</u>	<u>69,750</u>	<u>24,775,471</u>
Totals	\$47,634,648	\$1,143,779	\$158,065,966	\$206,844,393	\$493,000	\$360,250	\$207,697,643

Year	Total Claims	Conversion Charge	Pooled Claims	Pool Charge	Total Claim Charges
2019	\$22,003,454	\$0	\$0	\$204,951	\$22,208,405
2018	21,704,674	0	0	149,283	21,853,957
2017	19,387,690	0	0	150,868	19,538,558
2016	20,558,995	0	0	127,215	20,686,210
2015	18,064,099	0	(15,007)	105,318	18,154,410
2014	18,629,263	0	0	91,464	18,720,727
2013	17,529,744	0	0	75,289	17,605,033
2012	16,965,479	0	0	70,191	17,035,670
2011	14,076,123	0	0	59,925	14,136,048
2010	14,002,651	0	0	44,041	14,046,692
2008- 2009	<u>24,775,471</u>	<u>0</u>	<u>0</u>	<u>55,980</u>	<u>24,831,451</u>
Totals	\$207,697,643	\$0	(\$15,007)	\$1,134,525	\$208,817,161

STATE OF WISCONSIN

H. Historical Statistics - Retiree Insurance - 2008 and Later (cont'd)

Year	Overhead Cost						Actuarial Service Charge	State Internal Administration Expense	Interest Credits/Charges
	Insurance Company Expense	Reinsurance Expense	Risk Charge	State Premium Tax	Federal Income Tax	Total			
2019	\$517,526	\$868	\$16,075	\$466,224	\$7,328	\$1,008,021	\$0	\$93,731	(\$1,021)
2018	498,296	897	14,903	457,762	6,117	977,975	7,500	53,885	5,184
2017	479,402	888	16,991	410,171	1,135	908,587	21,500	41,662	1,757
2016	447,825	885	19,203	433,427	1,877	903,217	0	85,560	3,637
2015	433,768	847	16,007	380,473	761	831,856	0	40,464	3,064
2014	430,059	836	15,476	393,878	1,385	841,634	36,000	104,989	9,514
2013	407,919	851	14,631	368,093	3,239	794,733	12,000	0	7,098
2012	397,630	868	14,728	357,523	6,785	777,534	22,000	45,964	4,922
2011	373,492	875	100,229	299,388	12,431	786,415	0	53,761	6,767
2010	341,652	806	22,142	295,725	12,331	672,656	41,435	38,772	13,322
2008- 2009	<u>616,421</u>	<u>1,486</u>	<u>33,767</u>	<u>525,818</u>	<u>22,384</u>	<u>1,199,876</u>	<u>27,305</u>	<u>36,837</u>	<u>40,477</u>
Totals	\$4,943,990	\$10,107	\$284,152	\$4,388,482	\$75,773	\$9,702,504	\$167,740	\$595,625	\$94,721

Year	Reserves		
	Contingent Liability Reserve	Premium Deposit Fund	Total
2019	\$0	\$348,301,154	\$348,301,154
2018	0	343,983,569	343,983,569
2017	0	351,972,292	351,972,292
2016	0	357,495,643	357,495,643
2015	0	363,023,352	363,023,352
2014	0	364,891,996	364,891,996
2013	0	366,652,383	366,652,383
2012	0	366,110,007	366,110,007
2011	0	363,777,660	363,777,660
2010	0	357,229,357	357,229,357
2009	0	349,424,958	349,424,958

Year	Interest Credits on Reserves			Withdrawals to Pay Health and LTC Premiums
	Contingent Liability Reserve	Premium Deposit Fund	Total	
2019	\$0	\$10,317,401	\$10,317,401	\$953,555
2018	0	10,838,120	10,838,120	932,796
2017	0	11,254,391	11,254,391	1,211,428
2016	0	12,269,121	12,269,121	1,049,258
2015	0	13,290,039	13,290,039	852,928
2014	0	14,036,549	14,036,549	758,413
2013	0	14,923,289	14,923,289	716,230
2012	0	15,739,647	15,739,647	504,082
2011	0	16,791,512	16,791,512	586,579
2010	0	17,976,631	17,976,631	481,683
2008- 2009	<u>1,123,779</u>	<u>36,138,225</u>	<u>37,262,004</u>	<u>938,223</u>
Totals	\$1,123,779	\$173,574,925	\$174,698,704	\$8,985,175

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STATE OF WISCONSIN

I. Cumulative Financial Experience on Employee Insurance (Active Employees and Retirees) - 1958 through 2007

Employee Contributions		\$ 304,103,381
State Contributions		
Basic Plan	\$ 82,390,479	
Supplemental Plan	<u>36,340,802</u>	
		<u>118,731,281</u>
Total Premium		\$ 422,834,662
Death Claims	\$ 398,102,916	
AD&D Claims	20,768,912	
Living Benefit Claims	4,066,000	
Increase in Disability Claim Reserve	20,958,083	
Pooled Claims	(119,478)	
Pool Charge	1,065,368	
Conversion Charge	362,072	
Catastrophic Loss Credit	<u>0</u>	
Total Claim Charges		\$ 445,203,873
Contingent Liability Reserve on 12-31-2007	\$ 14,533,673	
Premium Deposit Fund on 12-31-2007	<u>323,291,613</u>	
Total		\$ 337,825,286
Payments to State		
State Premium Tax	\$ 9,230,199	
State Internal Administration Expense	3,885,022	
Actuarial Service Charge	38,388	
Audit/Consultant Service Charge	51,734	
Legal Expense	<u>39,790</u>	
Total		\$ 13,245,133
Payment from Contingent Liability Reserve for Premiums		\$ 3,530,569
Withdrawals of Postretirement Life Insurance Values to Pay Health and Long-Term Care Insurance Premiums		\$ 4,522,251
Excess of Disbursement and Reserves Over Premium		\$ 381,492,450
Minnesota Life Expenses	\$ 10,830,892	
Reinsurance Expense	180,635	
Risk Charge	1,584,835	
Federal Income Tax Charge	<u>971,199</u>	
Total	\$ 13,567,561	
Interest Credited to Plan	<u>395,060,011</u>	
Interest Credited to Plan Less Cost		\$ 381,492,450

STATE OF WISCONSIN

J. Historical Statistics - Active Employee and Retiree Insurance - through 2007

Year	Insurance In Force at End of Year		Year	Employee Contributions	Premium		Total Premium
	Pre-Retirement	Post-Retirement			State Contributions		
					Basic Plan	Supplemental Plan	
2007	7,803,344,000	320,232,500	2007	\$16,156,764	\$2,955,765	\$1,232,334	\$20,344,863
2006	7,329,155,000	295,682,250	2006	14,974,540	2,779,424	1,163,077	18,917,041
2005	6,999,101,000	277,559,750	2005	14,094,642	2,675,764	1,126,915	17,897,321
2004	6,760,990,000	261,620,000	2004	13,436,167	2,609,471	1,103,938	17,149,576
2003	6,377,422,000	248,541,250	2003	13,564,722	2,682,055	1,139,067	17,385,844
2002	6,100,363,000	234,159,250	2002	13,377,914	2,672,759	1,141,597	17,192,270
2001	5,601,752,000	219,827,750	2001	12,057,622	2,448,473	1,054,664	15,560,759
2000	4,965,080,000	207,848,750	2000	10,944,386	2,273,603	985,914	14,203,903
1999	4,593,228,000	195,619,000	1999	10,249,171	2,217,950	941,962	13,409,083
1998	4,252,269,000	184,580,000	1998	10,102,741	2,235,849	970,180	13,308,770
1997	3,681,951,000	176,424,750	1958-1997	<u>175,144,712</u>	<u>56,839,366</u>	<u>25,481,154</u>	<u>257,465,232</u>
			Total	\$304,103,381	\$82,390,479	\$36,340,802	\$422,834,662

Claims

Year	Death Losses			Total	Living Benefits	Disability Losses	Total Claims
	Pre-Retirement Life	Pre-Retirement AD&D	Post-Retirement Life				
2007	\$15,424,394	\$578,367	\$8,774,275	\$24,777,036	\$512,000	\$1,047,671	\$26,336,707
2006	14,953,112	1,119,759	8,480,232	24,553,103	576,000	2,314,751	27,443,854
2005	13,479,300	1,788,385	7,520,973	22,788,658	340,500	2,283,776	25,412,934
2004	13,872,722	940,858	7,554,908	22,368,488	601,500	(602,109)	22,367,879
2003	14,695,689	780,605	6,867,758	22,344,052	488,500	1,435,671	24,268,223
2002	11,458,035	1,041,829	6,811,293	19,311,157	242,500	690,982	20,244,639
2001	10,842,443	469,215	6,156,890	17,468,548	361,500	1,312,119	19,142,167
2000	9,303,701	738,921	6,183,157	16,225,779	166,000	714,191	17,105,970
1999	11,419,416	1,166,970	5,990,105	18,576,491	77,250	672,318	19,326,059
1998	10,449,799	1,216,350	5,146,711	16,812,860	141,000	1,497,976	18,451,836
1958- 1997	<u>152,380,988</u>	<u>10,927,653</u>	<u>50,337,015</u>	<u>213,645,656</u>	<u>559,250</u>	<u>9,590,737</u>	<u>223,795,643</u>
Total	\$278,279,599	\$20,768,912	\$119,823,317	\$418,871,828	\$4,066,000	\$20,958,083	\$443,895,911

  

Year	Total Claims	Conversion Charge	Pooled Claims	Pool Charge	Total Claim Charges
2007	\$26,336,707	\$0	\$0	\$298,751	\$26,635,458
2006	27,443,854	0	0	243,030	27,686,884
2005	25,412,934	0	0	213,495	25,626,429
2004	22,367,879	0	(40,116)	172,047	22,499,810
2003	24,268,223	0	(79,362)	138,045	24,326,906
2002	20,244,639	0	0	0	20,244,639
2001	19,142,167	1,800	0	0	19,143,967
2000	17,105,970	5,400	0	0	17,111,370
1999	19,326,059	14,820	0	0	19,340,879
1998	18,451,836	21,000	0	0	18,472,836
1958- 1997	<u>223,795,643</u>	<u>319,052</u>	<u>0</u>	<u>0</u>	<u>224,114,695</u>
Total	\$443,895,911	\$362,072	(\$119,478)	\$1,065,368	\$445,203,873

STATE OF WISCONSIN

J. Historical Statistics - Active Employee and Retiree Insurance - through 2007 (cont'd)

Year	Overhead Cost						State Administration Expense	Internal Service Charge	Audit/Consultant Charge	Legal Expense	Interest Credits/Charges
	Insurance Company Expense	Reinsurance Expense	Risk Charge	State Premium Tax	Federal Income Tax	Total					
2007	\$868,193	\$3,255	\$48,189	\$543,582	\$46,634	\$1,509,853	\$249,586	\$23,937	\$0	\$0	\$90,476
2006	810,168	3,027	34,416	566,203	39,071	1,452,885	223,343	0	8,698	0	86,556
2005	761,403	2,864	17,262	523,708	34,781	1,340,018	208,373	0	0	0	99,255
2004	723,308	2,703	0	459,084	33,016	1,218,111	181,758	905	0	39,790	47,974
2003	681,447	3,043	6,533	495,966	42,214	1,229,203	253,423	1,700	18,633	0	83,487
2002	640,332	4,893	60,795	411,517	46,884	1,164,421	150,150	1,745	0	0	46,486
2001	576,218	5,323	56,204	387,097	34,496	1,059,338	107,850	1,650	0	0	67,341
2000	532,568	13,125	52,944	344,786	28,148	971,571	38,008	1,402	8,727	0	53,830
1999	472,366	14,071	26,028	389,658	33,123	935,246	0	1,391	0	0	49,296
1998	414,812	13,309	56,964	375,376	46,762	907,223	137,490	1,153	0	0	94,563
1958- 1997	<u>4,350,077</u>	<u>115,022</u>	<u>1,225,500</u>	<u>4,733,222</u>	<u>586,070</u>	<u>11,009,891</u>	<u>2,335,041</u>	<u>4,505</u>	<u>15,676</u>	<u>0</u>	<u>1,836,172</u>
Total	\$10,830,892	\$180,635	\$1,584,835	\$9,230,199	\$971,199	\$22,797,760	\$3,885,022	\$38,388	\$51,734	\$39,790	\$2,555,436

Year	Reserves			Total
	Disability Reserve	Contingent Liability Reserve	Premium Deposit Fund	
2007	\$20,958,083	\$14,533,673	\$323,291,613	\$358,783,369
2006	19,910,412	22,320,164	303,582,094	345,812,670
2005	17,595,661	29,423,280	288,655,047	335,673,988
2004	15,311,885	35,338,788	273,479,546	324,130,219
2003	15,913,994	40,413,306	256,750,262	313,077,562
2002	14,478,323	44,476,613	241,655,917	300,610,853
2001	13,787,341	48,211,931	223,143,852	285,143,124
2000	12,475,222	50,992,413	206,330,935	269,798,570
1999	11,761,031	53,505,251	189,675,567	254,941,849
1998	11,088,713	55,999,169	177,584,817	244,672,699
1997	9,590,737	57,505,153	166,585,300	233,681,190

Year	Interest Credits on Reserves			Total	Withdrawals to Pay Health and LTC Premiums
	Disability Reserve	Contingent Liability Reserve	Premium Deposit Fund		
2007	\$1,149,269	\$1,305,400	\$17,715,113	\$20,169,782	\$263,259
2006	975,149	1,681,973	16,073,075	18,730,197	538,053
2005	890,137	1,904,463	15,960,456	18,755,056	316,819
2004	937,441	2,796,523	15,200,843	18,934,807	537,217
2003	948,032	3,105,807	15,745,232	19,799,071	407,499
2002	938,590	3,352,789	15,343,979	19,635,358	536,412
2001	890,592	3,621,720	14,805,993	19,318,305	601,165
2000	837,693	3,782,331	13,637,481	18,257,505	241,630
1999	745,309	3,732,430	12,112,018	16,589,757	173,788
1998	653,225	3,848,131	11,326,953	15,828,309	219,407
1958- 1997	<u>10,979,387</u>	<u>81,367,379</u>	<u>114,139,662</u>	<u>206,486,428</u>	<u>687,002</u>
Total	\$19,944,824	\$110,498,946	\$262,060,805	\$392,504,575	\$4,522,251

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WISCONSIN LOCAL GOVERNMENTS

V. Wisconsin Local Government Plan - Active Employees\*

Report on operations for 2019, the sixtieth year of the plan.

A. Employee Coverage

	<u>12-31-2018</u>	<u>12-31-2019</u>
1. Employees Insured for Pre-Retirement Insurance (1)		
Basic Plan	75,762	76,305
Supplemental Plan	26,196	26,610
Additional Plan	32,967	33,186
2. Pre-Retirement Life and AD&D Insurance (1)		
Basic Plan	\$ 4,172,473,000	\$ 4,284,883,000
Supplemental Plan	1,545,795,000	1,608,720,000
Additional Plan	4,435,573,000	4,580,987,000

B. Spouse and Dependent Coverage

1. Employees Insured	32,828	32,571
2. Estimated Spouse and Dependent Life Insurance	\$ 796,730,000	\$ 790,590,000

\*The active employee plan financial report includes:

- All active employees at ages under 70.
- All active employees at age 70 and over who continue to participate in the additional life insurance benefit.
- Spouses and dependents of active employees.

WISCONSIN LOCAL GOVERNMENTS

C. Premium Summary

Employee Contributions

Basic Plan	\$ 6,764,961	
Supplemental Plan	2,972,711	
Additional Plan	7,979,866	
Spouse and Dependent Plan	<u>1,175,804</u>	
		\$ 18,893,342

Employer Contributions to Premium

Basic Plan	\$ 1,802,906	
Supplemental Plan	<u>20,551</u>	
		<u>1,823,457</u>

Total Premium		\$ <u>20,716,799</u>
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D. Employee Claims

	<u>Basic Plan</u>	<u>Supplemental Plan</u>	<u>Additional Plan</u>	<u>Total</u>
Life	\$ 5,106,459	\$ 1,545,684	\$ 5,009,124	\$ 11,661,267
AD&D	267,506	(46,796)	446,932	667,642
Living Benefit	264,000	150,000	292,000	706,000
Disability	<u>(371,509)</u>	<u>(156,384)</u>	<u>(694,294)</u>	<u>(1,222,187)</u>
Total	\$ 5,266,456	\$ 1,492,504	\$ 5,053,762	\$ 11,812,722

E. Spouse and Dependent Claims

	<u>Spouse</u>	<u>Dependent</u>	
Life	\$ 791,531	\$ 95,091	\$ 886,622
Living Benefit	<u>                    </u>	<u>                    0</u>	<u>                    0</u>
Total	\$ 791,531	\$ 95,091	\$ 886,622

WISCONSIN LOCAL GOVERNMENTS

F. Financial Experience - Active Employee Insurance

1. Premium

Employee Contributions	\$ 17,717,538	
Employer Contributions	<u>1,823,457</u>	
Total Premium		\$ 19,540,995

2. Claim Charges

Death Claims	\$ 11,661,267	
AD&D Claims	667,642	
Living Benefit Claims	706,000	
Pooled Claims	1,102	
Pool Charge	236,740	
Increase in Disability Claim Reserve	(1,222,187)	
Conversion Charge	3,900	
Catastrophic Loss Credit	<u>0</u>	
Total Claim Charges		\$ 12,054,464

3. Expense Charges

Minnesota Life Expenses	\$ 1,570,314	
Reinsurance Expense	3,482	
Risk Charge	<u>16,302</u>	
Total Expense Charges		\$ 1,590,098

4. Tax Charges

State Premium Tax	\$ 390,820	
Federal Income Tax	<u>32,372</u>	
Total Tax Charges		\$ 423,192

5. Interest Credits/Charges

On Premium	\$ 167,094	
On Disability Claim Reserve	723,685	
On Claims Paid	(66,090)	
On Expense Charges, Pool Charge & Conversion Charge	<u>(20,456)</u>	
Total Interest Credits/Charges		\$ 804,233

6. State Internal Administration Expense \$ 473,583

7. Audit/Consultant Service Charge \$ 0

8. Contribution to Stabilization Reserve [(1)-(2)-(3)-(4)+(5)-(6)-(7)] \$ 5,803,891

WISCONSIN LOCAL GOVERNMENTS

G. Reserve Summary

1. Premium Deposit Fund

Balance on 12-31-2018	\$	12,564,716
Interest Credit		379,910
Withdrawals on 12-31-2019		0
Transfer of Balance to Retiree Premium Deposit Fund 12-31-2019		<u>(12,944,626)</u>
Balance on 12-31-2019	\$	0

2. Stabilization Reserve

Balance on 12-31-2018	\$	65,914,410
Interest Credit		1,969,349
Contribution on 12-31-2019		5,803,891
Withdrawals on 12-31-2019		<u>0</u>
Balance on 12-31-2019	\$	73,687,650

Interest Rate on Premium Deposit Fund and Stabilization Reserve in 2019		2.99%
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H. Stop-Loss Calculation for Active Employee Insurance

Stop-Loss Limit	\$	25,810,729
Claim Charges	\$	12,176,265
Expense Charges		<u>1,980,918</u>
Total Charges	\$	14,157,183
Catastrophic Loss Credit	\$	0

WISCONSIN LOCAL GOVERNMENTS

I. Financial Experience - Spouse and Dependent Insurance

1. Premium		\$ 1,175,804
2. Claim Charges		
Death Claims	\$ 886,622	
Living Benefit Claims	0	
Conversion Charge	<u>4,980</u>	
Total Claim Charges		\$ 891,602
3. Expense Charges		
Minnesota Life Expenses	\$ 62,318	
Risk Charge	<u>2,352</u>	
Total Expense Charges		\$ 64,670
4. Tax Charges		
State Premium Tax	\$ 23,516	
Federal Income Tax	<u>1,148</u>	
Total Tax Charges		\$ 24,664
5. Interest Credits/Charges		
On Premium	\$ 10,186	
On Claims Paid	(5,734)	
On Expense Charges & Conversion Charge	<u>(1,430)</u>	
Total Interest Credits/Charges		\$ 3,022
6. State Internal Administration Expense		\$ 96,328
7. Audit/Consultant Service Charge		\$ 0
8. Addition to Stabilization Reserve [(1)-(2)-(3)-(4)+(5)-(6)-(7)]		\$ 101,562
9. Stabilization Reserve		
Stabilization Reserve on 12-31-2018		\$ 1,440,706
Addition to Reserve on 12-31-2019		101,562
Interest on Stabilization Reserve in 2019		<u>44,014</u>
Stabilization Reserve on 12-31-2019		\$ 1,586,282

J. Stop-Loss Calculation for Spouse and Dependent Insurance

Stop-Loss Limit		\$ 1,704,916
Claim Charges		850,813
Expense Charges		<u>88,186</u>
Total Charges		\$ 938,999
Catastrophic Loss Credit		\$ 0

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WISCONSIN LOCAL GOVERNMENTS

VI. Wisconsin Local Government Plan - Retirees\*

Report on operations for 2019, the sixtieth year of the plan.

A. Retiree Coverage

	<u>12-31-2018</u>	<u>12-31-2019</u>
1. Retirees Insured for Pre-Age 65 Insurance		
Basic Plan	10,076	9,918
Supplemental Plan	2,095	2,144
Additional Plan	3,129	3,184
2. Pre-Age 65 Life and AD&D Insurance		
Basic Plan	\$ 650,280,000	\$ 653,428,000
Supplemental Plan	140,381,000	147,884,000
Additional Plan	397,320,000	425,290,000
3. Retirees Insured for Post-Age 65 Insurance	35,525	37,034
4. Post-Age 65 Insurance	\$ 537,174,500	\$ 569,561,000

\*The retiree plan financial report includes:

- All retirees at age 65 and over, and all active employees at age 70 and over, who receive a post-retirement life insurance benefit with no further premium payments.
- All retirees under age 65 who receive post-retirement life insurance benefits based on continued premium payments.
- All funding contributions by employers toward future post-retirement life insurance for currently active employees.

WISCONSIN LOCAL GOVERNMENTS

B. Premium Summary

Pre-Age 65 Retiree Contributions

Basic Plan	\$ 4,607,826	
Supplemental Plan	323,782	
Additional Plan	<u>967,860</u>	
		\$ 5,899,468

Employer Contributions to Premium Deposit Fund \$ 1,962,963

Total Premium \$ 7,862,431

C. Retiree Claims

	<u>Basic Plan</u>	<u>Supplemental Plan</u>	<u>Additional Plan</u>	<u>Total</u>
<b>1. Pre-Age 65 Life and AD&amp;D Insurance</b>				
Life	\$ 2,342,364	\$ 517,501	\$ 1,114,871	\$ 3,974,736
AD&D	(7,049)	0	0	(7,049)
Living Benefit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$ 2,335,315	\$ 517,501	\$ 1,114,871	\$ 3,967,687
<b>2. Post-Age 65 Life Insurance</b>				
Life	\$ 11,000,491			\$ 11,000,491
Living Benefit	<u>20,000</u>			<u>20,000</u>
Total	\$ 11,020,491			\$ 11,020,491



WISCONSIN LOCAL GOVERNMENTS

D. Financial Experience - Pre-Age 65 Retiree Insurance

1. Premium

Pre-Age 65 Contributions	\$ 5,899,468	
Total Premium		\$ 5,899,468

2. Claim Charges

Death Claims	\$ 3,974,736	
AD&D Claims	(7,049)	
Living Benefit Claims	0	
Pooled Claims	0	
Pool Charge	36,088	
Conversion Charge	0	
Catastrophic Loss Credit	<u>0</u>	
Total Claim Charges		\$ 4,003,775

3. Expense Charges

Minnesota Life Expenses	\$ 631,825	
Reinsurance Expense	1,401	
Risk Charge	<u>7,724</u>	
Total Expense Charges		\$ 640,950

4. Tax Charges

State Premium Tax	\$ 97,277	
Federal Income Tax	<u>13,449</u>	
Total Tax Charges		\$ 110,726

5. Interest Credits/Charges

On Premium	\$ 46,947	
On Claims Paid	(21,930)	
On Expense Charges, Pool Charge & Conversion Charge	<u>(7,012)</u>	
Total Interest Credits/Charges		\$ 18,006

6. State Internal Administration Expense \$ 126,424

7. Actuarial Service Charge \$ 0

8. Experience Credit [(1)-(2)-(3)-(4)+(5)-(6)-(7)] \$ 1,035,598

The Experience Credit is deposited in the Contingent Liability Reserve.

WISCONSIN LOCAL GOVERNMENTS

E. Financial Experience - Post-Age 65 Retiree Insurance

1. Premium Deposit Fund

Premium Deposit Fund on 12-31-2018	\$	221,815,396
Contributions for Active Employees During 2019		1,962,963
Withdrawals on 12-31-2019		0
Withdrawals of Postretirement Life Insurance Values to pay Health and Long-Term Care Insurance Premiums		0
Interest on Premium Deposit Fund in 2019		6,736,764
Transfer of Balance from Active Premium Deposit Fund 12-31-2019		<u>12,944,626</u>
Premium Deposit Fund on 12-31-2019	\$	243,459,750

2. Contingent Liability Reserve

Contingent Liability Reserve on 12-31-2018	\$	23,082,838
Contributions on 12-31-2019		1,035,598
Post-Age 65 Death Claims		(11,020,491)
Minnesota Life Expenses		(391,278)
State Premium Tax		(233,025)
Risk Charge		(6,477)
Interest on Contingent Liability Reserve in 2019		<u>631,023</u>
Contingent Liability Reserve on 12-31-2019	\$	13,098,188

Interest Rate on Premium Deposit Fund and Contingent Liability Reserve in 2019	3.05%
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WISCONSIN LOCAL GOVERNMENTS

F. Summary of Assets and Liabilities for Post-Retirement Benefits on December 31

	<u>2018</u>	<u>2019</u>
1. Assets		
a. Retiree Premium Deposit Fund	\$ 221,815,396	\$ 243,459,750
b. Active Premium Deposit Fund Available for Post-Retirement Funding	12,564,716	0
c. Contingent Liability Reserve	23,082,838	13,098,188
d. Active Stabilization Reserve Available for Post-Retirement Funding	<u>61,143,963</u>	<u>68,802,400</u>
e. Total	\$ 318,606,913	\$ 325,360,336
2. Liabilities		
a. Post-Age 65 Retirees	\$ 228,744,866	\$ 253,136,026
b. Pre-Age 65 Retirees	40,299,584	41,916,770
c. Active Employees	<u>6,399,956</u>	<u>11,713,767</u>
d. Total	\$ 275,444,406	\$ 306,766,563
3. Unfunded Accrued Liability [2(d) - 1(e)]	\$ (43,162,507)	\$ (18,593,773)
4. Total Assets as a Percent of Total Liabilities [1(e)/2(d)]	115.7%	106.1%

Definitions of asset values:

- Retiree Premium Deposit Fund: total retiree premium deposit fund assets
- Active Premium Deposit Fund Available for Post-Retirement Funding: active premium deposit fund assets in excess of the active target reserve level. The target level of active premium deposit fund plus active stabilization reserve equals 25% of active plan premium.
- Contingent Liability Reserve: total contingent liability reserve assets
- Active Stabilization Reserve Available for Post-Retirement Funding: active stabilization reserve assets in excess of the active target reserve level. The target level of active premium deposit fund plus active stabilization reserve equals 25% of active plan premium.

Definitions of liability values:

- Post-Age 65 Retirees: present value of future claims
- Pre-Age 65 Retirees: present value of future claims minus present value of future premiums
- Active Employees: present values of future active employment claims and future post-retirement claims for active employees minus present values of future State and employee premium contributions

Funding Assumptions appear on page 61 of this report.

G. Stop-Loss Calculation for Retiree Insurance

Stop-Loss Limit	\$ 24,771,361	
Claim Charges	\$ 15,080,609	
Expense Charges	<u>1,369,007</u>	
Total Charges	\$ 16,449,616	
Catastrophic Loss Credit	\$ 0	

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WISCONSIN LOCAL GOVERNMENTS

VII. Historical Experience

A. Cumulative Financial Experience on Active Employee Insurance - 2008 through 2019

Employee Contributions		\$ 196,527,098
Employer Contributions		<u>18,703,786</u>
Total Premium		\$ 215,230,884
Reserve Brought Forward on January 1, 2008		\$ 7,995,249
January 1, 2008 PDF Balance Transferred to Retiree Coverage on December 31, 2019		(7,995,249)
Death Claims	\$ 116,119,987	
AD&D Claims	9,293,184	
Living Benefit Claims	7,324,000	
Increase in Disability Claim Reserve	5,724,141	
Pooled Claims	(171,472)	
Pool Charge	1,246,481	
Conversion Charge	115,920	
Catastrophic Loss Credit	<u>0</u>	
Total Claim Charges		\$ 139,652,241
Premium Deposit Fund on 12-31-2019	\$ 0	
Stabilization Reserve on 12-31-2019	<u>73,687,650</u>	
Total		\$ 73,687,650
Payments to State		
State Premium Tax	\$ 4,304,619	
State Internal Administration Expense	3,120,167	
Actuarial Service Charge	0	
Audit/Consultant Service Charge	13,444	
Research Survey Cost	<u>0</u>	
Total		\$ 7,438,230
Excess of Disbursement and Reserves Over Premium and Reserve Brought Forward on January 1, 2008		\$ 5,547,237
Minnesota Life Expenses	\$ 16,664,053	
Reinsurance Expense	37,023	
Risk Charge	126,042	
Catastrophic Loss	0	
Federal Income Tax Charge	<u>313,055</u>	
Total		\$ 17,140,173
Interest Credited to Plan	27,636,787	
Interest Credited to January 1, 2008 PDF Balnce Transferred to Retiree Coverage December 31, 2019	<u>(4,949,377)</u>	
Interest Credited to Plan Less Cost		\$ 5,547,237

WISCONSIN LOCAL GOVERNMENTS

B. Historical Statistics - Active Employee Insurance - 2008 and Later

<u>Year</u>	<u>Insurance in Force at End of Year</u>	<u>Premium</u>		
		<u>Employee Contributions</u>	<u>Employer Contributions</u>	<u>Total Premium</u>
2019	\$10,474,589,918	\$17,717,538	\$1,823,457	\$19,540,995
2018	10,153,841,000	17,275,024	1,806,763	19,081,787
2017	9,966,980,000	16,916,303	1,803,431	18,719,734
2016	9,794,200,000	16,642,233	1,719,771	18,362,004
2015	9,368,725,000	16,019,705	1,694,114	17,713,819
2014	9,071,624,000	15,627,511	1,557,078	17,184,589
2013	8,808,111,000	15,302,736	1,537,139	16,839,875
2012	8,309,500,000	15,569,667	1,555,163	17,124,830
2011	8,654,114,000	16,740,728	1,408,259	18,148,987
2010	8,586,067,000	16,895,496	1,371,228	18,266,724
2008- 2009	8,280,640,000	<u>31,820,157</u>	<u>2,427,383</u>	<u>34,247,540</u>
Totals		\$196,527,098	\$18,703,786	\$215,230,884

Claims

<u>Year</u>	<u>Death Losses</u>			<u>Living Benefits</u>	<u>Disability Losses</u>	<u>Total Claims</u>
	<u>Life</u>	<u>AD&amp;D</u>	<u>Total</u>			
2019	\$11,661,267	\$667,642	\$12,328,909	\$706,000	(\$1,222,187)	\$11,812,722
2018	9,035,682	993,149	10,028,831	886,000	(1,135,707)	9,779,124
2017	9,206,218	428,077	9,634,295	705,000	(245,498)	10,093,797
2016	7,741,046	545,761	8,286,807	469,000	1,245,097	10,000,904
2015	10,735,324	928,547	11,663,871	1,155,000	610,935	13,429,806
2014	9,319,278	841,742	10,161,020	908,000	1,484,178	12,553,198
2013	10,259,826	1,040,611	11,300,437	0	6,079	11,306,516
2012	8,753,139	674,179	9,427,318	642,000	1,174,943	11,244,261
2011	8,835,570	674,431	9,510,001	68,000	1,215,476	10,793,477
2010	10,419,788	1,148,439	11,568,227	1,332,000	942,703	13,842,930
2008- 2009	<u>20,152,849</u>	<u>1,350,606</u>	<u>21,503,455</u>	<u>453,000</u>	<u>1,648,122</u>	<u>23,604,577</u>
Totals	\$116,119,987	\$9,293,184	\$125,413,171	\$7,324,000	\$5,724,141	\$138,461,312

<u>Year</u>	<u>Total Claims</u>	<u>Conversion Charge</u>	<u>Pooled Claims</u>	<u>Pool Charge</u>	<u>Total Claim Charges</u>
2019	\$11,812,722	\$3,900	\$1,102	\$236,740	\$12,054,464
2018	9,779,124	2,940	(23,449)	194,997	9,953,612
2017	10,093,797	9,000	(12,352)	168,914	10,259,359
2016	10,000,904	10,920	171	146,140	10,158,135
2015	13,429,806	26,100	(54,822)	122,637	13,523,721
2014	12,553,198	0	387	84,519	12,638,104
2013	11,306,516	600	(2,331)	73,447	11,378,232
2012	11,244,261	6,900	0	71,793	11,322,954
2011	10,793,477	17,040	(80,178)	55,483	10,785,822
2010	13,842,930	11,040	0	42,860	13,896,830
2008- 2009	<u>23,604,577</u>	<u>27,480</u>	<u>0</u>	<u>48,951</u>	<u>23,681,008</u>
Totals	\$138,461,312	\$115,920	(\$171,472)	\$1,246,481	\$139,652,241

WISCONSIN LOCAL GOVERNMENTS

B. Historical Statistics - Active Employee Insurance - 2008 and Later (cont'd)

Overhead Costs									
Year	Insurance Company Expense	Reinsurance Expense	Risk Charge	State Premium Tax	Federal Income Tax	Total	State Internal Administration Expense	Audit/ Consultant Service Charge	Interest Credits/ Charges
2019	\$1,570,314	\$3,482	\$16,302	\$390,820	\$32,372	\$2,013,290	\$473,583	\$0	\$80,548
2018	1,533,412	3,400	12,853	381,636	28,089	1,959,390	322,081	0	63,253
2017	1,504,318	3,335	12,699	374,395	11,793	1,906,540	204,407	0	51,244
2016	1,475,571	3,272	3,382	367,240	11,411	1,860,876	419,785	0	55,218
2015	1,423,482	3,156	0	354,276	8,548	1,789,462	198,529	0	38,566
2014	1,380,953	3,061	0	343,692	7,381	1,735,087	515,107	0	44,679
2013	1,321,269	2,890	0	336,798	8,552	1,669,509	0	0	47,584
2012	1,310,049	2,822	0	342,497	17,592	1,672,960	225,516	0	51,340
2011	1,388,398	2,991	0	362,980	36,880	1,791,249	263,769	5,239	87,014
2010	1,329,765	3,078	24,714	365,334	47,967	1,770,858	190,230	5,955	98,413
2008- 2009	<u>2,426,522</u>	<u>5,536</u>	<u>56,092</u>	<u>684,951</u>	<u>102,470</u>	<u>3,275,571</u>	<u>307,160</u>	<u>2,250</u>	<u>278,071</u>
Totals	\$16,664,053	\$37,023	\$126,042	\$4,304,619	\$313,055	\$21,444,792	\$3,120,167	\$13,444	\$895,930

Reserves				
Year	Disability Reserve	Stabilization Reserve	Premium Deposit Fund	Total
2019	\$22,875,289	\$73,687,650	\$0	\$96,562,938
2018	24,097,476	65,914,410	12,564,716	102,576,602
2017	25,233,183	56,550,484	12,191,042	93,974,709
2016	25,478,681	47,954,165	11,825,627	85,258,473
2015	24,233,584	39,938,189	11,446,930	75,618,703
2014	23,622,649	35,701,886	11,053,067	70,377,602
2013	22,138,471	31,467,384	10,651,475	64,257,330
2012	22,132,392	25,834,701	10,238,389	58,205,482
2011	20,957,449	20,189,994	9,813,308	50,960,751
2010	19,741,973	13,292,179	9,371,161	42,405,313
2009	18,799,270	9,368,979	8,910,328	37,078,577

Interest Credits on Reserves				
Year	Disability Reserve	Stabilization Reserve	Premium Deposit Fund	Total
2019	\$723,685	\$1,969,349	\$379,910	\$3,072,944
2018	776,944	1,677,025	373,674	2,827,643
2017	785,232	1,410,415	365,415	2,561,062
2016	804,797	1,232,753	378,697	2,416,247
2015	845,921	1,149,709	393,863	2,389,493
2014	842,622	1,050,910	401,592	2,295,124
2013	887,019	905,946	413,086	2,206,051
2012	904,315	785,652	425,081	2,115,048
2011	935,213	572,680	442,147	1,950,040
2010	984,110	437,826	460,833	1,882,769
2008- 2009	<u>1,968,253</u>	<u>141,104</u>	<u>915,079</u>	<u>3,024,436</u>
Totals	\$10,458,111	\$11,333,369	\$4,949,377	\$26,740,857

WISCONSIN LOCAL GOVERNMENTS

C. Cumulative Financial Experience on Spouse and Dependent Insurance - 1983 through 2019

Employee Contribution		\$	45,236,227
Death Claims	\$		41,613,966
Living Benefit Claims			235,000
Conversion Charge			<u>343,425</u>
Total Claim Charges		\$	42,192,391
Stabilization Reserve on 12-31-2019		\$	1,586,282
Payments to State			
State Premium Tax	\$		904,726
State Internal Administration Expense			1,542,244
Audit/Consultant Service Charge			<u>16,000</u>
Total		\$	2,462,970
Payment from Stabilization Reserve for Premiums		\$	41,392
Excess of Disbursement and Reserves over Premium		\$	1,046,808
Minnesota Life Expenses	\$		1,967,245
Risk Charge			84,748
Federal Income Tax Charge			<u>68,393</u>
Total	\$		2,120,386
Interest Credited to Plan			<u>3,167,194</u>
Interest Credited to Plan Less Cost		\$	1,046,808



WISCONSIN LOCAL GOVERNMENTS

D. Historical Statistics - Spouse and Dependent Insurance

<u>Year</u>	<u>Employee Contributions</u>	<u>Death Losses</u>	<u>Living Benefits</u>	<u>Conversion Costs</u>	<u>Total Claim Charges</u>
2019	\$1,175,804	\$886,622	\$0	\$4,980	\$891,602
2018	1,171,614	1,000,074	0	6,300	1,006,374
2017	1,184,896	1,030,967	0	4,800	1,035,767
2016	1,191,484	1,202,132	20,000	4,200	1,226,332
2015	1,196,318	1,051,479	10,000	4,500	1,065,979
2014	1,208,721	1,245,796	20,000	2,700	1,268,496
2013	1,216,332	1,330,896	20,000	2,160	1,353,056
2012	1,248,127	1,180,227	0	14,400	1,194,627
2011	1,297,655	1,631,968	0	22,200	1,654,168
2010	1,329,441	1,448,386	10,000	9,300	1,467,686
1983- 2009	<u>33,015,835</u>	<u>29,605,419</u>	<u>155,000</u>	<u>267,885</u>	<u>30,028,304</u>
Total	\$45,236,227	\$41,613,966	\$235,000	\$343,425	\$42,192,391

<u>Year</u>	<u>Overhead Cost</u>					<u>State Internal Administration Expense</u>	<u>Audit/ Consultant Charge</u>
	<u>Insurance Company Expense</u>	<u>Risk Charge</u>	<u>State Premium Tax</u>	<u>Federal Income Tax</u>	<u>Total</u>		
2019	\$62,318	\$2,352	\$23,516	\$1,148	\$89,333	\$96,328	\$0
2018	62,096	2,343	23,432	900	88,771	64,968	0
2017	62,799	2,370	23,698	(913)	87,954	79,932	0
2016	63,149	2,383	23,830	(1,140)	88,222	91,392	0
2015	63,405	2,393	23,926	(1,408)	88,316	38,028	0
2014	64,062	2,417	24,174	(1,569)	89,084	113,603	0
2013	64,466	2,433	24,327	(1,756)	89,470	0	0
2012	66,151	2,496	24,963	(1,637)	91,973	52,095	0
2011	68,776	2,595	25,953	(1,246)	96,078	69,352	294
2010	70,593	2,659	26,589	(1,138)	98,703	36,037	612
1983- 2009	<u>1,319,430</u>	<u>60,307</u>	<u>660,318</u>	<u>77,152</u>	<u>2,117,207</u>	<u>900,509</u>	<u>15,094</u>
Total	\$1,967,245	\$84,748	\$904,726	\$68,393	\$3,025,111	\$1,542,244	\$16,000

<u>Year</u>	<u>Insurance In Force At End of Year</u>	<u>Stabilization Reserve</u>	<u>Interest Credits</u>	
			<u>On Stabilization Reserve</u>	<u>Current Premium Less Charges</u>
2019	\$790,590,000	\$1,586,282	\$44,014	\$3,022
2018	796,730,000	1,440,706	42,538	2,706
2017	795,935,000	1,383,961	42,135	1,100
2016	803,760,000	1,359,483	49,746	346
2015	807,400,000	1,523,853	55,221	1,827
2014	805,950,000	1,462,810	65,312	185
2013	810,265,000	1,659,775	76,939	1,253
2012	819,980,000	1,807,777	83,235	1,510
2011	852,035,000	1,813,600	107,302	(1,396)
2010	882,590,000	2,229,931	125,084	1,942
1983- 2009	<u>895,485,000</u>	<u>2,604,808</u>	<u>2,209,299</u>	<u>253,874</u>
Total			\$2,900,825	\$266,369

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WISCONSIN LOCAL GOVERNMENTS

E. Cumulative Financial Experience on Retiree Insurance - 2008 through 2019

Retiree Contributions		\$	61,910,300
Employer Contributions			<u>22,354,280</u>
Total Premium		\$	84,264,580
Reserve Brought Forward on January 1, 2008		\$	208,679,884
January 1, 2008 PDF Balance Transferred from Active Coverage on December 31, 2019			7,995,249
Death Claims	\$		145,625,072
AD&D Claims			2,805,988
Living Benefit Claims			444,000
Pooled Claims			0
Pool Charge			174,187
Conversion Charge			0
Catastrophic Loss Credit			<u>0</u>
Total Claim Charges		\$	149,049,247
Contingent Liability Reserve on 12-31-2019	\$		13,098,188
Premium Deposit Fund on 12-31-2019			<u>243,459,750</u>
Total		\$	256,557,936
Payments to State			
State Premium Tax	\$		3,296,313
State Internal Administration Expense			804,794
Actuarial Service Charge			144,870
Audit/Consultant Service Charge			0
Research Survey Cost			<u>0</u>
Total		\$	4,245,977
Withdrawals of Postretirement Life Insurance Values to Pay Health Insurance Premiums		\$	24,311
Excess of Disbursement and Reserves Over Premium and Reserve Brought Forward on January 1, 2008		\$	108,937,759
Minnesota Life Expenses	\$		9,766,224
Reinsurance Expense			14,528
Risk Charge			182,363
Catastrophic Loss			0
Federal Income Tax Charge			<u>198,541</u>
Total	\$		10,161,656
Interest Credited to Plan			114,150,038
Interest Credited to January 1, 2008 PDF Balance Transferred from Active Coverage December 31, 2019			<u>4,949,377</u>
Interest Credited to Plan Less Cost		\$	108,937,758

WISCONSIN LOCAL GOVERNMENTS

F. Historical Statistics - Retiree Insurance - 2008 and Later

Year	Insurance In Force at End of Year		Pre-Age 65 Retiree Contributions	PDF Contributions	Total Premium
	Pre-Age 65	Post-Age 65			
2019	1,226,602,000	569,561,000	\$5,899,468	\$1,962,963	\$7,862,431
2018	1,187,981,000	537,174,500	5,775,013	1,926,713	7,701,726
2017	1,145,345,093	509,135,750	5,701,145	1,899,029	7,600,174
2016	1,141,194,000	472,046,250	5,718,247	1,874,958	7,593,205
2015	1,112,234,000	433,244,500	5,509,597	1,818,885	7,328,482
2014	1,090,809,000	401,638,500	5,459,554	1,776,490	7,236,044
2013	1,090,977,000	369,512,250	5,505,225	1,743,698	7,248,923
2012	1,020,957,000	339,426,250	5,400,091	1,814,635	7,214,726
2011	917,858,000	296,558,250	4,655,484	1,895,348	6,550,832
2010	800,016,000	263,634,750	4,332,956	1,928,846	6,261,802
2008- 2009	714,345,000	230,296,250	<u>7,953,520</u>	<u>3,712,715</u>	<u>11,666,235</u>
Totals			\$61,910,300	\$22,354,280	\$84,264,580

Claims

Year	Death Losses				Pre-Age 65 Living Benefits	Post-Age 65 Living Benefits	Total Claims
	Pre-Age 65 Life	Pre-Age 65 AD&D	Post -Age 65 Life	Total			
2019	\$3,974,736	(\$7,049)	\$11,000,491	\$14,968,178	\$0	\$20,000	\$14,988,178
2018	3,289,712	0	9,705,496	12,995,208	130,000	18,750	13,143,958
2017	3,639,854	58,362	8,993,031	12,691,247	59,000	0	12,750,247
2016	5,475,274	196,502	8,954,073	14,625,849	0	14,750	14,640,599
2015	5,446,127	295,595	8,624,236	14,365,958	0	80,750	14,446,708
2014	3,875,731	626,749	7,337,281	11,839,761	0	0	11,839,761
2013	4,196,353	264,010	7,415,466	11,875,829	0	17,250	11,893,079
2012	4,950,514	113,582	6,588,265	11,652,361	0	13,000	11,665,361
2011	5,810,820	513,478	6,141,237	12,465,535	0	12,500	12,478,035
2010	6,091,729	364,772	5,939,071	12,395,572	0	15,250	12,410,822
2008- 2009	<u>8,184,818</u>	<u>379,987</u>	<u>9,990,757</u>	<u>18,555,562</u>	<u>0</u>	<u>62,750</u>	<u>18,618,312</u>
Totals	\$54,935,668	\$2,805,988	\$90,689,404	\$148,431,060	\$189,000	\$255,000	\$148,875,060

Year	Total Claims	Conversion Charge	Pooled Claims	Pool Charge	Total Claim Charges
2019	\$14,988,178	\$0	\$0	\$36,088	\$15,024,266
2018	13,143,958	0	0	30,307	13,174,265
2017	12,750,247	0	0	23,422	12,773,669
2016	14,640,599	0	0	21,229	14,661,828
2015	14,446,708	0	0	16,096	14,462,804
2014	11,839,761	0	0	13,199	11,852,960
2013	11,893,079	0	0	7,732	11,900,811
2012	11,665,361	0	0	8,896	11,674,257
2011	12,478,035	0	0	6,052	12,484,087
2010	12,410,822	0	0	3,851	12,414,673
2008- 2009	<u>18,618,312</u>	<u>0</u>	<u>0</u>	<u>7,315</u>	<u>18,625,627</u>
Totals	\$148,875,060	\$0	\$0	\$174,187	\$149,049,247

WISCONSIN LOCAL GOVERNMENTS

F. Historical Statistics - Retiree Insurance - 2008 and Later (cont'd)

Year	Overhead Cost						State Internal Administration Expense	Actuarial Service Charge	Interest Credits/Charges
	Insurance Company Expense	Reinsurance Expense	Risk Charge	State Premium Tax	Federal Income Tax	Total			
2019	\$1,023,103	\$1,401	\$14,202	\$330,303	\$13,449	\$1,382,457	\$126,424	\$0	\$18,006
2018	974,548	1,372	14,135	290,736	12,948	1,293,739	72,304	7,500	11,070
2017	943,351	1,354	8,248	304,493	10,699	1,268,145	56,360	21,500	13,003
2016	931,180	1,353	13,552	321,065	13,350	1,280,500	115,745	0	4,841
2015	892,989	1,306	10,572	314,850	13,478	1,233,195	54,740	0	8,231
2014	848,726	1,289	6,425	264,516	15,675	1,136,631	142,028	36,000	11,667
2013	828,185	1,244	20,021	267,149	19,318	1,135,917	0	12,000	11,576
2012	785,780	1,189	29,194	256,922	22,779	1,095,864	62,181	22,000	5,425
2011	713,181	1,079	30,153	271,532	19,193	1,035,138	72,728	0	12,776
2010	654,086	1,055	14,297	268,565	19,479	957,482	52,451	18,565	12,474
2008-2009	<u>1,171,095</u>	<u>1,886</u>	<u>21,565</u>	<u>406,183</u>	<u>38,173</u>	<u>1,638,902</u>	<u>49,833</u>	<u>27,305</u>	<u>28,401</u>
Totals	\$9,766,224	\$14,528	\$182,364	\$3,296,314	\$198,541	\$13,457,970	\$804,794	\$144,870	\$137,470

Year	Reserves		
	Contingent Liability Reserve	Premium Deposit Fund	Total
2019	\$13,098,188	\$243,459,750	\$256,557,937
2018	23,082,838	221,815,396	244,898,234
2017	30,918,590	213,312,700	244,231,290
2016	38,097,058	205,048,477	243,145,535
2015	45,987,286	197,480,756	243,468,042
2014	53,223,215	189,909,860	243,133,075
2013	58,638,249	181,280,272	239,918,521
2012	63,563,611	172,545,902	236,109,513
2011	67,625,600	164,069,046	231,694,646
2010	70,833,865	157,167,232	228,001,097
2009	73,364,357	150,285,432	223,649,789

Year	Interest Credits on Reserves			Withdrawals to Pay Health and LTC Premiums
	Contingent Liability Reserve	Premium Deposit Fund	Total	
2019	\$631,023	\$6,736,764	\$7,367,787	\$0
2018	925,973	6,575,983	7,501,956	0
2017	1,227,058	6,365,194	7,592,252	0
2016	1,597,091	6,550,796	8,147,887	10,368
2015	1,963,438	6,785,555	8,748,993	0
2014	2,281,364	6,863,358	9,144,722	10,260
2013	2,606,565	6,990,672	9,597,237	0
2012	2,921,314	7,127,704	10,049,018	0
2011	3,294,095	7,427,799	10,721,894	0
2010	3,750,711	7,773,175	11,523,886	3,683
2008-2009	<u>8,298,640</u>	<u>15,318,296</u>	<u>23,616,936</u>	<u>0</u>
Totals	\$29,497,272	\$84,515,296	\$114,012,568	\$24,311

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WISCONSIN LOCAL GOVERNMENTS

G. Cumulative Financial Experience on Employee Insurance (Active Employees and Retirees) - 1960 through 2007

Employee Contributions		\$ 247,240,031
Employer Contributions		
Premium Credited to Plan	\$ 34,214,362	
Premium Deposit Fund	<u>35,774,042</u>	
		<u>69,988,404</u>
Total Premium		\$ 317,228,435
Death Claims	\$ 273,752,066	
AD&D Claims	16,867,867	
Living Benefit Claims	3,510,750	
Increase in Disability Claim Reserve	17,151,148	
Pooled Claims	0	
Pool Charge	99,732	
Conversion Charge	338,490	
Catastrophic Loss Credit	<u>(178,106)</u>	
Total Claim Charges		\$ 311,541,947
Contingent Liability Reserve on 12-31-2007	\$ 75,683,793	
Premium Deposit Fund on 12-31-2007	<u>140,991,340</u>	
Total		\$ 216,675,133
Payments to State		
State Premium Tax	\$ 6,679,342	
State Internal Administration Expense	3,892,703	
Actuarial Service Charge	38,388	
Audit/Consultant Service Charge	51,735	
Research Survey Cost	<u>10,520</u>	
Total		\$ 10,672,688
Payment from Contingent Liability Reserve for Premiums		\$ 1,883,923
Withdrawals of Postretirement Life Insurance Values to Pay Health Insurance Premiums		\$ 56,310
Excess of Disbursement and Reserves Over Premium		\$ 223,601,566
Minnesota Life Expenses	\$ 18,448,064	
Reinsurance Expense	131,816	
Risk Charge	1,357,265	
Catastrophic Loss	178,106	
Federal Income Tax Charge	<u>952,651</u>	
Total	\$ 21,067,902	
Interest Credited to Plan	<u>244,669,468</u>	
Interest Credited to Plan Less Cost		\$ 223,601,566

WISCONSIN LOCAL GOVERNMENTS

H. Historical Statistics - Active Employee and Retiree Insurance - through 2007

Year	Insurance In Force at End of Year		Year	Premium			Total Premium
	Pre-Retirement	Post-Retirement		Employee Contributions	Employer Contributions	Employer PDF Contributions	
2007	\$8,106,420,000	\$209,309,500	2007	\$18,514,622	\$1,104,737	\$1,732,601	\$21,351,960
2006	7,605,139,000	190,202,187	2006	16,955,065	950,272	1,610,684	19,516,021
2005	7,197,947,000	173,746,187	2005	15,776,326	880,599	1,523,359	18,180,284
2004	6,704,793,000	161,093,937	2004	14,659,344	833,183	1,488,778	16,981,305
2003	6,344,520,000	152,082,937	2003	13,898,798	804,687	1,461,837	16,165,322
2002	5,965,707,000	141,320,687	2002	12,512,375	741,180	1,374,756	14,628,311
2001	5,505,865,000	134,879,000	2001	11,320,435	571,653	1,274,766	13,166,854
2000	4,964,213,000	125,537,000	2000	10,116,720	537,353	1,378,975	12,033,048
1999	4,559,369,000	115,355,750	1999	9,455,950	525,820	1,329,891	11,311,661
1998	3,729,857,000	106,349,250	1998	8,935,636	520,786	1,305,749	10,762,171
1997	3,388,947,000	101,841,000	1960 -1997	115,094,760	26,744,092	21,292,646	163,131,498
Total				\$247,240,031	\$34,214,362	\$35,774,042	\$317,228,435

Claims

Year	Death Losses			Total	Living Benefits	Disability Losses	Total Claims
	Pre-Retirement Life	Pre-Retirement AD&D	Post-Retirement Life				
2007	\$13,661,977	\$1,192,492	\$5,305,187	\$20,159,656	\$511,000	\$1,327,477	\$21,998,133
2006	12,342,722	1,580,258	4,521,061	18,444,041	901,000	1,430,034	20,775,075
2005	10,388,980	879,966	4,145,891	15,414,837	124,500	804,850	16,344,187
2004	12,627,796	1,015,277	4,283,601	17,926,674	200,000	(605,989)	17,520,685
2003	12,350,259	1,669,819	3,986,298	18,006,376	487,000	549,221	19,042,597
2002	9,734,737	1,236,492	3,852,234	14,823,463	458,750	1,332,365	16,614,578
2001	9,365,292	628,839	3,562,572	13,556,703	123,000	1,869,808	15,549,511
2000	7,971,710	769,460	3,348,041	12,089,211	23,750	1,086,269	13,199,230
1999	7,612,827	720,856	3,340,578	11,674,261	283,750	332,907	12,290,918
1998	7,828,959	587,626	3,261,026	11,677,611	177,000	901,549	12,756,160
1960- 1997	93,984,509	6,586,782	36,275,809	136,847,100	221,000	8,122,657	145,190,757
Total	\$197,869,768	\$16,867,867	\$75,882,298	\$290,619,933	\$3,510,750	\$17,151,148	\$311,281,831

Year	Total Claims	Conversion Charge	Pooled Claims	Pool Charge	Total Claim Charges
2007	\$21,998,133	\$11,160	\$0	\$23,273	\$22,032,566
2006	20,775,075	57,600	0	25,208	20,857,883
2005	16,344,187	26,640	0	19,746	16,390,573
2004	17,520,685	26,640	0	17,119	17,564,444
2003	19,042,597	16,860	0	14,386	19,073,843
2002	16,614,578	22,500	0	0	16,637,078
2001	15,549,511	16,380	0	0	15,565,891
2000	13,199,230	8,940	0	0	13,208,170
1999	12,290,918	4,740	0	0	12,295,658
1998	12,756,160	1,500	0	0	12,757,660
1960- 1997	145,190,757	145,530	0	0	145,336,287
Total	\$311,281,831	\$338,490	\$0	\$99,732	\$311,720,053



WISCONSIN LOCAL GOVERNMENTS

H. Historical Statistics - Active Employee and Retiree Insurance - through 2007 (cont'd)

Year	Overhead Cost						State Internal Administration Expense	Actuarial Service Charge	Audit/Consultant Charge	Research Survey Cost	Interest Credits/Charges
	Insurance Company Expense	Reinsurance Expense	Risk Charge*	State Premium Tax	Federal Income Tax	Total					
2007	\$1,642,242	\$3,416	\$65,405	\$468,673	\$72,165	\$2,251,901	\$249,586	\$23,936	\$0	\$0	\$191,898
2006	1,494,687	3,123	47,586	444,260	64,454	2,054,110	223,343	0	8,699	0	110,645
2005	1,389,672	2,909	42,714	349,646	61,415	1,846,356	208,373	0	0	0	143,998
2004	1,285,912	2,675	29,069	371,621	59,267	1,748,544	181,758	905	0	0	89,217
2003	1,221,501	2,639	54,756	401,966	60,462	1,741,324	253,424	1,700	18,633	0	121,600
2002	1,117,501	4,175	46,950	348,868	52,727	1,570,221	150,150	1,745	0	0	87,189
2001	1,003,151	4,517	47,021	325,213	44,602	1,424,504	107,850	1,650	0	0	92,006
2000	919,839	11,163	46,654	276,155	41,480	1,295,291	38,007	1,402	8,727	0	74,225
1999	842,497	11,704	39,389	256,390	45,544	1,195,524	0	1,391	0	0	61,178
1998	781,429	10,963	67,869	269,165	51,662	1,181,088	137,490	1,153	0	0	66,448
1960- 1997	<u>6,749,633</u>	<u>74,532</u>	<u>869,852</u>	<u>3,167,385</u>	<u>398,873</u>	<u>11,260,275</u>	<u>2,342,722</u>	<u>4,506</u>	<u>15,676</u>	<u>10,520</u>	<u>1,711,724</u>
Total	\$18,448,064	\$131,816	\$1,357,265	\$6,679,342	\$952,651	\$27,569,138	\$3,892,703	\$38,388	\$51,735	\$10,520	\$2,750,128

\*Risk charge reflects reduction for 1987 catastrophic loss credit of \$178,106.

Year	Reserves			Total
	Disability Reserve	Contingent Liability Reserve	Premium Deposit Fund	
2007	\$17,151,148	\$75,683,793	\$140,991,340	\$233,826,281
2006	15,823,671	75,175,650	131,607,871	222,607,192
2005	14,393,637	75,305,226	123,117,809	212,816,672
2004	13,588,787	72,017,608	114,855,712	200,462,107
2003	14,194,776	70,683,368	107,040,743	191,918,887
2002	13,645,555	70,171,487	100,249,667	184,066,709
2001	12,313,190	69,463,315	92,628,705	174,405,210
2000	10,443,382	68,348,884	85,827,691	164,619,957
1999	9,357,113	66,759,288	78,788,609	154,905,010
1998	9,024,206	65,206,883	72,488,388	146,719,477
1997	8,122,657	64,306,104	67,178,644	139,607,405

Year	Interest Credits on Reserves			Withdrawals to Pay Health Premiums
	Disability Reserve	Contingent Liability Reserve	Premium Deposit Fund	
2007	\$929,813	\$4,325,062	\$7,670,212	\$12,925,087
2006	818,117	4,180,360	6,879,378	11,877,855
2005	816,982	4,115,015	6,738,738	11,670,735
2004	823,287	4,424,860	6,337,309	11,585,456
2003	867,360	4,707,408	6,542,089	12,116,857
2002	827,016	4,782,466	6,363,346	11,972,828
2001	745,750	4,865,755	6,146,276	11,757,781
2000	667,981	4,744,914	5,660,107	11,073,002
1999	610,273	4,391,757	4,970,330	9,972,360
1998	551,337	4,327,436	4,580,522	9,459,295
1960- 1997	<u>7,916,027</u>	<u>72,558,458</u>	<u>47,033,599</u>	<u>127,508,084</u>
Total	\$15,573,943	\$117,423,491	\$108,921,906	\$241,919,340

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STATE OF WISCONSIN  
AND LOCAL GOVERNMENTS

VIII. Funding Assumptions

A. Salaries increase annually in accordance with the following schedule:

	Percentage Increase	
<u>Age</u>	<u>State</u>	<u>Local</u>
20	6.3	7.1
25	6.3	7.1
30	6.3	7.1
35	5.1	5.4
40	4.5	4.5
45	4.2	4.0
50	3.8	3.4
55	3.8	3.4
60	3.4	3.3
65	3.4	3.3

B. Annual employee withdrawal rates are as follows:

	Withdrawals Per 1,000	
<u>Age</u>	<u>State</u>	<u>Local</u>
20	173	180
25	140	130
30	114	81
35	88	62
40	31	25
45	26	21
50	21	18
55	20	17
60	20	17

C. Annual interest rates are projected portfolio rates, assuming new money rates grade to 5.00% over 10 years beginning with the 2019 new money rate of 2.66%.

D. Expected mortality and morbidity are based on studies of the actual experience of the plan during the years 2014 through 2018. Mortality and morbidity rates are expected to improve 2% per year in the future. The Local plan valuation assumes mortality improvement beyond 2032 will be reflected in reduced premium rates. The State plan valuation assumes premium contribution rates will increase 5% per year through 2028, as approved by the Group Insurance Board in August 2019, and remain at their 2028 levels thereafter.

E. Annual accidental death rates of .12 deaths per thousand for State employees and .14 deaths per thousand for employees of participating public employers are assumed at all ages under 65. These rates are based on plan experience during 2014 through 2018.

F. No explicit allowance is made for insurance company expenses or State premium taxes.

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STATE OF WISCONSIN  
AND WISCONSIN LOCAL GOVERNMENTS

IX. Conversion of Postretirement Life Insurance Values to Pay Health or Long-Term Care Insurance Premiums

Report on operations for 2019, the twenty-fifth year of the benefit

	<u>State Retirees</u>	<u>Local Retirees</u>
A. Number of Retirees Utilizing Benefit		
1. Utilization on December 31, 2018	232	1
2. Conversions Effective in 2019	56	0
3. Terminations During 2019		
a. Exhaustion of Conversion Account Balance	49	0
b. Death	3	0
c. Revocation of Conversion	0	0
d. Reversion to Life Insurance Plan Reserve	<u>2</u>	<u>0</u>
e. Total Terminations (a+b+c+d)	54	0
4. Adjustments	0	0
5. Utilization on December 31, 2019 (1+2-3e-4)	234	1
B. Conversion Account Activity		
1. Conversion Account Balances on December 31, 2018	\$ 1,394,920.75	\$ 34.20
2. Conversion Account Balances Established in 2019	\$ 937,962.00	\$ 0.00
3. Payments From Conversion Accounts During 2019		
a. Health Insurance Premiums	\$ 674,818.74	\$ 0.00
b. Long-term Care Insurance Premiums	140,505.32	0.00
c. Death Benefits	20,344.01	0.00
d. Revocation of Conversion	0.00	0.00
e. Reversion to Life Insurance Plan Reserve	26.28	0.00
f. Adjustments	161.63	0.00
g. Total Payments (a+b+c+d+e+f)	<u>\$ 835,855.98</u>	<u>\$ 0.00</u>
4. Conversion Account Balances on December 31, 2019 (1+2-3g)	\$ 1,497,026.77	\$ 34.20

STATE OF WISCONSIN  
AND WISCONSIN LOCAL GOVERNMENTS

	<u>State Retirees</u>	<u>Local Retirees</u>
C. Cumulative Number of Retirees Utilizing Benefit - 1995 through 2019		
1. Conversions	1,079	11
2. Terminations		
a. Exhaustion of Conversion Account Balance	787	11
b. Death	50	0
c. Revocation of Conversion	4	1
d. Reversion to Life Insurance Plan Reserve	<u>14</u>	<u>0</u>
e. Total Terminations (a+b+c+d)	855	12
3. Adjustments	10	2
4. Utilization on December 31, 2019 (1-2e+3)	234	1
D. Cumulative Conversion Account Activity - 1995 through 2019		
1. Conversion Account Balances Established	\$ 13,493,227.00	\$ 80,620.50
2. Payments From Conversion Accounts		
a. Health Insurance Premiums	\$ 10,207,054.59	\$ 80,579.80
b. Long-term Care Insurance Premiums	1,449,814.71	0.00
c. Death Benefits	233,856.50	0.00
d. Revocation of Conversion	50,878.90	0.00
e. Reversion to Life Insurance Plan Reserve	55,257.81	0.00
f. Adjustments	<u>(662.28)</u>	<u>6.50</u>
g. Total Payments (a+b+c+d+e+f)	\$ 11,996,200.23	\$ 80,586.30
3. Conversion Account Balances on December 31, 2019 (1-2g)	\$ 1,497,026.77	\$ 34.20

GROUP LIFE INSURANCE PLAN COVERAGES  
FOR STATE EMPLOYEES AND  
THEIR SPOUSES AND DEPENDENTS

REPORT TO THE GROUP INSURANCE BOARD  
OF THE STATE OF WISCONSIN

Submitted by  
Securian Financial

August 19, 2020

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# PREMIUM RATES FOR THE STATE EMPLOYEE GROUP LIFE INSURANCE PLAN

## Review of Recent Plan Experience

- Premiums

The premium rate structure for the plan is described in the Appendix at the end of this report. The fundamental principles of this structure were adopted by the Board on August 30, 1994.

The most recent change in premium rates occurred on April 1, 2020, when employee premium rates were increased for basic, supplemental, and additional insurance. The increase was implemented to help strengthen the funding level of the post-retirement life insurance benefit. Because employer contributions are based on a percentage of employee premium rates, employer premium contributions were also increased at that time.

- Claims

Historically, claim rates have shown a steady pattern of improvements over many years. These improvements have allowed the Board to reduce premium rates frequently.

Claims during 2019 and the most recent three-year period were better than the targeted level.

## Recommendation

The Board, ETF, and Securian have implemented a strategy that enables the premiums to cover anticipated claims and will allow for strengthening the reserves used to fund post-retirement life insurance benefits. As part of this strategy, in August 2019 the Board approved a schedule of premium increases of 5% per year through 2028. Due to the continued low interest rate environment, we recommend no changes to the schedule of premium rate increases approved by the Board in August 2019. Under the approved schedule, the employee premium contribution rates effective April 1, 2021 are as follows:

	<b>Monthly Premium Rate per <u>\$1,000 of Insurance</u></b>	
<b><u>Age</u></b>	<b><u>Basic and Supplemental</u></b>	<b><u>Additional</u></b>
<b>Under 30</b>	<b>\$.05</b>	<b>\$.07</b>
<b>30-34</b>	<b>.05</b>	<b>.07</b>
<b>35-39</b>	<b>.05</b>	<b>.07</b>
<b>40-44</b>	<b>.07</b>	<b>.10</b>
<b>45-49</b>	<b>.12</b>	<b>.17</b>
<b>50-54</b>	<b>.19</b>	<b>.28</b>
<b>55-59</b>	<b>.25</b>	<b>.38</b>
<b>60-64</b>	<b>.35</b>	<b>.52</b>
<b>65-69</b>	<b>.45</b>	<b>.66</b>

## STOP-LOSS LIMITS FOR THE STATE EMPLOYEE GROUP LIFE INSURANCE PLAN

### Summary of Stop-Loss Provision

- Limits the liability of plan reserves for high claims in a policy year. Excess claims and expenses above the stop-loss limit are covered by risk reserves of Securian and the reinsurer.
- State and local government plans are separate for purposes of the stop-loss provision.
- The annual stop-loss limit for each plan is calculated by applying a table of stop-loss rates to the amounts of insurance in force.

### Recent Experience

The current stop-loss rates were implemented on January 1, 2012. As discussed in the first section of this report, overall claims in recent years were lower than the experience on which the current rates are based.

### Recommendation

**We recommend no change to stop loss rates at this time.**

BENEFITS AND PREMIUMS FOR INSURED SPOUSES AND  
DEPENDENTS OF STATE EMPLOYEES

Recent Claims Experience

Over the last several years claims experience has been positive, resulting in growth in the stabilization reserve balance. As a result, the premium rate was reduced from \$2.50 to \$2.26 monthly for each unit of insurance effective April 1, 2020. It is anticipated that claims and expenses will exceed premiums at the reduced rate and the excess will be drawn from the stabilization reserve.

Claims in 2019 were slightly above the targeted level. However, the most recent several years' experience has been better than target.

Recommendation

**Due to the recent premium rate decrease implemented in April 2020, we recommend no change to the spouse and dependent premiums.**

Submitted for Securian Financial by:



Paul E. Rudeen, FSA  
Vice President and Actuary  
Group Insurance Division

August 21, 2019

## APPENDIX

### SUMMARY OF BENEFIT AND PREMIUM STRUCTURE

#### Employee Insurance

##### Basic Coverage:

- Controlled by ss. 40.05 (6) (a) and 40.72 (1), Stats.
- Coverage can be continued, and the employee is liable for premium, up to age 70 (age 65 if retired). Thereafter, eligible employees receive premium-free postretirement coverage at 50% of the active coverage amount.
- Maximum employee premium, by statute, is \$0.60 per \$1,000 in coverage.
- The State pays the difference between employee premium and total premium. State premiums, which are expressed as a percentage of employee premiums, are intended to pay a portion of the cost of current coverage and to also cover the cost of future postretirement coverage. The State pays an amount equal to 63% of the employee premium.
- Premiums are established annually by the Group Insurance Board. Securian makes recommendations based on experience in the three most recent plan years.

##### Supplemental Coverage:

- Controlled by ss. 40.05 (6) (a) and 40.72 (10), Stats.
- Coverage can continue, and employee is liable for premium, up to age 70 (age 65 if retired). There is no postretirement benefit.
- Maximum employee premium, by statute, is \$0.60 per \$1,000 in coverage.
- The State pays the difference between employee premium and total premium. The State pays an amount equal to 35% of the employee premium.
- Premiums are established annually by the Group Insurance Board. Employee premium rates are equal to those for the basic plan.

##### Additional Coverage:

- Controlled by s. 40.03 (6) (b), Stats. and the life insurance contract.

- An employee may purchase one, two or three units of coverage.
- The employee pays the entire premium. There is no maximum premium. Coverage can be continued for as long as the employee remains employed (or until age 65 if retired). There is no postretirement benefit.
- Premium rates are set by the Group Insurance Board. Securian's recommendation is based on experience in the three most recent plan years.

#### Spouse and Dependent Insurance

- An insured employee's legal spouse and unmarried children, including stepchildren, adopted children, children in adoptive placement and legal wards, are eligible for coverage.
- A dependent child is eligible until age 19 or until age 25 if a full-time student. A physically or mentally disabled dependent may qualify beyond age 25.
- An employee may purchase either one or two units of coverage.
- Amounts of insurance per unit of coverage:

Spouse	\$10,000
Dependent Child	5,000

- Monthly premium is \$2.50 per unit of coverage. By statute, the State is not required to contribute toward premiums.
- Benefits and premiums are established by the Group Insurance Board. Securian makes recommendations based on experience in the three most recent plan years.

#### Employer Aviation AD&D Insurance

- A loss under the standard definition of accidental death or dismemberment (AD&D) suffered by a State employee who is a pilot, crew member or passenger on an aircraft owned, operated or leased by a State employer and being used for business of the State employer is exempt from the non-commercial aviation limit to AD&D claims.
- Premium for this benefit is paid by the State in an amount equal to 2.25% of the active employee paid premium for Basic and Supplemental coverages.
- A financial experience calculation for this benefit is performed separately from the active employee life insurance benefit.

GROUP LIFE INSURANCE PLAN COVERAGES  
FOR LOCAL GOVERNMENT EMPLOYEES AND  
THEIR SPOUSES AND DEPENDENTS

REPORT TO THE GROUP INSURANCE BOARD  
OF THE STATE OF WISCONSIN

Submitted by  
Securian Financial

August 19, 2020

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## PREMIUM RATES FOR THE LOCAL GOVERNMENT EMPLOYEE GROUP LIFE INSURANCE PLAN

### Review of Recent Plan Experience

- Premiums

The premium rate structure for the plan is described in the Appendix at the end of this report. The fundamental principles of this structure were adopted by the Board on November 29, 1994.

The most recent change in premium rates occurred on July 1, 2013, when employee premium rates were reduced for basic, supplemental and additional insurance. Because employer contributions are based on a percentage of employee premium rates, employer premium contributions were also reduced at that time.

- Claims

Historically, claim rates have shown a steady pattern of improvements over many years. These improvements have allowed the Board to reduce premium rates frequently.

Claims during 2019 and the most recent three-year period were better than the targeted level. However, due to the continued low interest rate environment, and the pressure that places on funding of post-retirement life insurance benefits, we believe it is prudent to hold premium rates at their current levels for a period of time. This strategy will enable the premiums to cover anticipated claims and will allow for strengthening the reserves used to fund post-retirement life insurance benefits.

### Recommendation

**Based on our analysis of recent experience, we recommend that employee and employer premium contribution rates be continued at their current levels in 2021.**



## STOP-LOSS LIMITS FOR THE LOCAL GOVERNMENT EMPLOYEE GROUP LIFE INSURANCE PLAN

### Summary of Stop-Loss Provision

- Limits the liability of plan reserves for high claims in a policy year. Excess claims and expenses above the stop-loss limit are covered by risk reserves of Securian and the reinsurers.
- State and local government plans are separate for purposes of the stop-loss provision.
- The annual stop-loss limit for each plan is calculated by applying a table of stop-loss rates to the amounts of insurance in force.

### Recent Experience

The current stop-loss rates were implemented on January 1, 2013. As discussed in the first section of this report, overall claims in recent years were lower than the experience on which the current rates are based.

### Recommendation

**We recommend no change to stop loss rates at this time.**

BENEFITS AND PREMIUMS FOR INSURED SPOUSES AND  
DEPENDENTS OF LOCAL GOVERNMENT EMPLOYEES

Recent Claims Experience

This plan maintains a stabilization reserve to provide financial stability as claims fluctuate from year to year. Because of good experience and interest earnings, the plan's stabilization reserve had grown to be in excess of the targeted reserve level. Based on the recent experience and the size of the stabilization reserve balance, premiums were reduced from \$2.00 to \$1.75 monthly for each unit of insurance effective July 1, 2007. It was anticipated that claims and expenses would exceed premiums at the reduced rate and the excess would be drawn from the stabilization reserve, the balance of which was large enough to provide this support for at least several years.

Claims during 2019 and the most recent several years were better than the targeted level. As experience continues to improve, further premium rate reductions may be appropriate.

Recommendation

**Based on our analysis of recent experience, we recommend that spouse and dependent insurance benefits and premiums be continued at their current levels in 2021.**

Submitted for Securian Financial by:



Paul E. Rudeen, FSA  
Vice President and Actuary  
Group Insurance Division

August 21, 2019

## APPENDIX

### SUMMARY OF BENEFIT AND PREMIUM STRUCTURE

#### Employee Insurance

##### Basic Coverage:

- Controlled by ss. 40.05 (6) (a) and 40.72 (1), Stats.
- Coverage can be continued, and the employee is liable for premium, up to age 70 (age 65 if retired). Thereafter, eligible employees receive premium-free postretirement coverage at 25% or 50% of the active coverage amount.
- Maximum employee premium, by statute, is \$0.60 per \$1,000 in coverage.
- Employer pays the difference between employee premium and total premium. Employer premiums, which are expressed as a percentage of employee premiums, are intended to cover the cost of postretirement coverage. Employers that elect the 50% postretirement benefit pay an amount equal to 40% of the employee premium. Most local employers pay an amount equal to 20% of the employee premium to provide a 25% postretirement benefit.
- Premiums are established annually by the Group Insurance Board. Securian makes recommendations based on the combined experience of the basic, supplemental and additional plans in the three most recent plan years.

##### Supplemental Coverage:

- Controlled by ss. 40.05 (6) (a) and 40.72 (10), Stats.
- Coverage can continue, and employee is liable for premium, up to age 70 (age 65 if retired). There is no postretirement benefit.
- Maximum employee premium, by statute, is \$0.60 per \$1,000 in coverage.
- Employer pays the difference, if any, between employee premium and total premium. Prior to July 1, 1995, local employers were required to pay an amount equal to at least 20% of the total premium. Based on Board action in November 1994, effective July 1, 1995, employers are not required to contribute toward the premiums for supplemental insurance; employees pay the total premium.
- Premiums are established annually by the Group Insurance Board. The total supplemental premium is set equal to the employee premium for the basic plan.

##### Additional Coverage:

- Controlled by s. 40.03 (6) (b), Stats. and the life insurance contract.

- An employee may purchase one, two or three units of coverage.
- The employee pays the entire premium. There is no maximum premium. Coverage can be continued for as long as the employee remains employed (or until age 65 if retired). There is no postretirement benefit.
- Premium rates are set by the Group Insurance Board. The premium rates for additional insurance are set equal to the employee premium rates for the basic plan.

Spouse and Dependent Insurance

- An insured employee's legal spouse and unmarried children, including stepchildren, adopted children, children in adoptive placement and legal wards, are eligible for coverage.
- A dependent child is eligible until age 19 or until age 25 if a full-time student. A physically or mentally disabled dependent may qualify beyond age 25.
- An employee may purchase either one or two units of coverage.
- Amounts of insurance per unit of coverage:

Spouse	\$10,000
Dependent	5,000

- Monthly premium is \$1.75 per unit of coverage. By statute, local government employers are not required to contribute toward premiums.
- Benefits and premiums are established by the Group Insurance Board. Securian makes recommendations based on experience in the three most recent plan years.