

Group Life Insurance Program Annual Report



Item 9 – Group Insurance Board

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Office of Strategic Health Policy

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Securian



Action Needed

- The Department of Employee Trust Funds (ETF) requests the Group Insurance Board (Board) accept the annual Wisconsin Public Employers (WPE) Group Life Insurance 2021 Policy Year Report by Securian Financial Group (Securian).

State Plan Highlights

2021 Highlights

- 85,682 covered lives – decrease from 2020
- Total life insurance coverage in force increased by 2% to more than \$12.8 billion
- Claims higher than targeted due to COVID-19
- 3-year total experience higher than targeted when adjusted for expected mortality improvement
- 5% employee premium increase
- Asset reserve of 85.4% - down from 96.5% in 2020

Local Plan Highlights

2021 Highlights

- 124,660 covered lives – increase from 2020
- 748 local governments participating
- Total life insurance coverage in force grew by 2% to \$13.3 billion
- Claims lower than targeted
- 3-year total experience higher than targeted when adjusted for expected mortality improvement
- No premium change
- Asset reserve of 117.5% - increase from 108% in 2020

State Plan Premiums

In 2019, the Board approved 5% annual premium increase through April 2028

No premium change to Spouse and Dependent premiums

Local Plan Premiums

No recommended premium action for active employees

No premium change to Spouse and Dependent premiums

COVID-19 Impact

WPE Group Life Insurance Program does not contain any exclusion related to pandemics

As of July 12, 2022, 475 COVID-19 related deaths exceeding \$15 million in claims

Due to the stop-loss safeguard, the short-term impact to the plan is limited and the existing reserves are sufficient to absorb the impact

Performance Guarantees

2021 Annual Performance Standards

- Achieved higher than contracted targeted goals in all 9 quantitative standards
- 33,870 transactions
- Achieved overall performance standard of 99.87%


Securian's Presentation

Susan Munson-Regala

- Vice-President and Actuary of Group Insurance

Hans Larsen

- Actuarial Senior Consultant

The background of the slide is a photograph of the Wisconsin State Capitol building. The building is a grand, classical-style structure with a prominent central dome topped by a golden statue. The facade is light-colored with many windows and columns. The sky is a clear, bright blue. The text is overlaid on the left side of the image.

Report to the Group Insurance Board of the State of Wisconsin

Securian Financial

Susan Munson-Regala

Vice President and Actuary

Hans Larsen

Actuary

August 17th, 2022

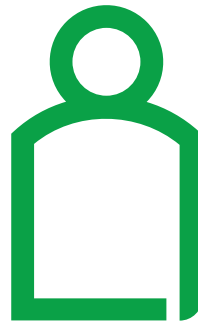


Group Life Insurance Program

State Plan and Local Government Plan Components



**Active
Employees**



Retirees



**Spouse &
Dependents**



2021 Policy Year Report Highlights

State Plan

Employees

- 2021 Claims higher than expected due to COVID-19
- Recent three years' mortality experience higher than expected

Spouse & Dependent

- 2021 Claims higher than target due to COVID -19
- Recent three years' experience higher than target
- Pricing anticipates using reserves to cover excess claims

Aviation AD Benefit

- Work-related accidental deaths
- No claims in 2021



2021 Policy Year Report Highlights

State Plan

Plan Growth

- Insurance in force increased 2% to \$12.8 billion
- More than 85,000 active and retired insured lives

Other Benefits

- Conversion of post retirement life insurance
- Pay health insurance or long-term care premiums
- 301 retirees utilized

Reserve Funds

- Funding of future benefits is at 85.4%
- Earned 2.61%
- Incorporates schedule of future premium rate increases approved in 2019

Report to the Group Insurance Board

State Plan



Employee Life Insurance

Recommendation:

- No change to previously approved premium increase schedule
- Premium rates will increase according to schedule approved in 2019
 - Premium increases were implemented in order to maintain post-retirement benefit funding

Report to the Group Insurance Board

State Plan

Spouse and Dependents



Recommendation:

- No change to premium rates in 2023
- Premium rates are set to gradually draw down the stabilization reserve



2021 Policy Year Report Highlights

Local Government Plan

Employees

- 2021 Claims lower than expected despite COVID-19
- Recent three years' experience better than expected

Spouse & Dependents

- 2021 Claims higher than target due to COVID -19
- Recent three years' experience higher than target
- Pricing anticipates using reserves to cover excess claims



2020 Policy Year Report Highlights

Local Government Plan

Plan Growth

- 748 local governments participate
- Insurance in force increased by 2% to \$13.3 Billion
- More than 124,000 active and retired insured lives

Other Benefits

- Conversion of post retirement life insurance
- Pay health insurance premiums
- 1 participant utilized

Reserve Funds

- Funding of future benefits is at 117.5%
- Earned 2.62%

Report to the Group Insurance Board

Local Government Plan



Employee Life Insurance

Recommendation:

- No change to premium rates in 2023
- Prudent to hold premium rates at current levels
 - Continued volatile environment may place pressure on post retirement funding

Report to the Group Insurance Board

Local Government Plan



Spouse and Dependents

Recommendation:

- No change to premium rates in 2023
- Premium rates are set to gradually draw down the stabilization reserve

COVID Financial Impact

- COVID share of total claims for Wisconsin's plan was lower than the share for Securian's total block
- Impact of COVID on post-65 retiree funding not large enough to recommend a change to funding strategy



Valuation Mortality Assumption

- Enhancements to the process for updating the mortality assumption
 - COVID-19 adjustment
 - Increased age-based granularity
 - Adjusted experience period
- Impact
 - Decrease to funding % for State
 - Increase to funding % for Local





Rate Changes for 2023

State Plan

- Continue the premium rate increase scheduled approved in 2019

Local Plan

- No premium rate changes for 2023





Questions?



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Action Needed

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Thank you



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ETF E-mail Updates



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