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## Correspondence Memorandum

**Date:** April 21, 2023  
**To:** Group Insurance Board  
**From:** Jim Guidry, Director  
Benefit Services Bureau  
**Subject:** Income Continuation Insurance (ICI) Experience Studies

**This memo is for informational purposes only. No Board action is required.**

Actuarial valuations of the State and Local ICI programs are conducted annually by the Group Insurance Board's (Board's) disability consulting actuary, Milliman, Inc. (Milliman). Valuations are based on actuarial assumptions. Every three years, an experience study is conducted to review the current actuarial assumptions and methods and compare them to actual experience of the ICI program. The enclosed ICI experience study covers the years 2017–2022.

Milliman analyzed trends in claim termination rates, offset approval rates and amounts, and overpayment recoveries. Milliman performed liability runout studies to evaluate the margins in historical ICI liabilities using different claim termination and estimated offset assumptions to verify that their current assumptions are still valid or to make updates to their valuation assumptions.

Based on their analysis, Milliman developed new estimated offset assumptions and new claim termination rate assumptions for projecting future benefit payments. Milliman's overpayment recovery assumptions were found to be reasonable and do not require revision.

The revised assumptions result in lower aggregate liabilities for both the State and Local programs.

The new assumptions have been used to perform the 2022 State and Local program valuations ([Ref. GIB | 05.17.23 | 7](#)).

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

Attachment A: [Report on Experience Studies for the State and Local ICI Plans](#)

Reviewed and approved by Matt Stohr, Administrator, Division of Retirement Services  
Electronically Signed 04/25/2023

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