

ICI Experience Studies

Item 6 – Group Insurance Board

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State and Local ICI Experience Studies

Study	Experience Period
Claim Termination Rate Study	1/1/2017 through 6/30/2022
Benefit Offset Study	1/1/2017 through 12/31/2021
Overpayment Recovery Study	As of 12/31/2021
Liability Runout Study	1/1/2017 through 12/31/2021

The results from these studies were used to update the valuation assumptions for the State and Local ICI plans.

- Claim termination rates
- Probabilities of being approved for benefit offsets
- Estimated offset amounts
- Estimated overpayment recoveries

Liability Runout Study

- Historical liabilities from 2017 through 2021 were restated using the new valuation assumptions.

Claim Duration	Average Annual Margin
1 – 12 months	4.0%
13 – 24 months	3.7%
25 – 36 months	3.7%
37 – 48 months	1.1%
49 – 60 months	1.0%
61 + months	1.6%
Total	2.2%

- Positive overall margin of 2.2% indicates the new assumptions provide adequate funding for the runout of open claims during the study period.

Impact of New Valuation Assumptions

The following table compares estimated liabilities as of December 31, 2021 based on the prior and new valuation assumptions:

Liability Component	State ICI Prior Assumptions	State ICI New Assumptions	Local ICI Prior Assumptions	Local ICI New Assumptions
Basic Benefits	\$76,683,938	\$73,500,612	\$6,054,263	\$5,764,866
Supplemental Benefits	\$2,487,749	\$2,417,086	\$270,790	\$270,975
\$75 Add-on	\$226,667	\$235,573	\$50,558	\$54,095
Total	\$79,398,354	\$76,153,271	\$6,375,611	\$6,089,936

The estimated liabilities as of December 31, 2021 based on the new assumptions are approximately 4% lower than the estimated liabilities based on the prior assumptions, with all else equal.

Actuarial Disclaimers

- We relied on information provided by the Department of Employee Trust Funds (ETF) and The Hartford. This information includes State and Local ICI claim data. If any of this information is inaccurate or incomplete, our results may be affected.
- We developed valuation assumptions from the experience studies for the State and Local ICI plans that are individually reasonable and that, in combination, offer our best estimate of future experience. To the extent that actual experience varies from the assumptions, the emerging liabilities for the plans will vary from results contained herein.
- Our analysis was prepared exclusively for ETF for a specific and limited purpose under the terms of Amendment 17B of the agreement between Milliman and ETF. It is not for the use or benefit of any third party for any purpose.
- I, Paul Correia, am a Consulting Actuary with Milliman. I am a member of the American Academy of Actuaries, and I meet its Qualification Standards to render the actuarial opinion contained herein.

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Questions?

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