

Group Life Insurance Program Annual Report



Item 6 – Group Insurance Board

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Securian Financial





Action Needed

- ETF requests the Board accept the 2022 Securian Financial Experience Reports.
- ETF requests the Board approve a premium reduction for the state Spouse and Dependent coverage from \$2.26 to \$2.10 per unit, effective April 1, 2024.

State Plan Highlights

2022 Highlights

- 86,088 covered lives.
- Total life insurance coverage in force is \$13.1 billion.
- Claims for employees higher than targeted but within normal volatility.
- Claims on Spouse and Dependent lower than targeted.
- 5% employee premium increase.
- Asset reserve of 88.5%.

State Plan Premiums

In 2019, the Board approved a 5% annual premium increase through April 1, 2028.

Recommendation to reduce Spouse and Dependent premium from \$2.26 to \$2.10 per unit effective April 1, 2024.

Local Plan Highlights

2022 Highlights

- 125,281 covered lives.
- 755 local governments employer participating.
- Total life insurance coverage in force is \$13.5 billion.
- Claims for employee coverage lower than targeted.
- Claims on Spouse and Dependent coverage higher than targeted.
- Asset reserve of 105.8%.

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.

In 2022 there were 78 claims due to COVID — 19 with over \$2.7 million paid in claims.

Continue to see a decrease in COVID — 19 claims.


Performance Guarantees

2022 Annual Performance Standards

- 35,523 transactions subject to performance standards.
- Overall performance success rate of 99.74%.
- Met or exceeded 8 of 9 standards.
- Achieved a 95% satisfaction score on biennial employer survey.

The background is a dark blue gradient with numerous out-of-focus light spots in shades of blue and purple, creating a bokeh effect.

Questions?

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 composed of light-colored stone with numerous arched windows and classical 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 16th, 2023

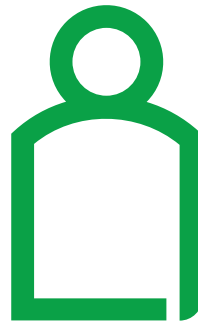


Group Life Insurance Program

State Plan and Local Government Plan Components



**Active
Employees**



Retirees



**Spouse &
Dependents**



2022 Policy Year Report Highlights

State Plan

Employees

- 2022 Claims higher than expected, but within normal volatility
- Recent three years' mortality experience higher than expected, driven by COVID in 2020 and 2021

Spouse & Dependent

- 2022 Claims lower than expected
- Recent three years' experience lower than expected
- Recommend rate reduction to draw down reserve

Aviation AD Benefit

- Work-related accidental deaths
- No claims in 2022



2022 Policy Year Report Highlights

State Plan

Plan Growth

- Insurance in force increased 2.5% to \$13.1 billion
- More than 86,000 active and retired insured lives

Other Benefits

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

Reserve Funds

- Funding of future benefits is at 88.5%
- Earned 2.74%
- 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:

- Recommend a premium rate reduction from \$2.26 to \$2.10 per unit
- Allows for gradual draw down of the stabilization reserve



2022 Policy Year Report Highlights

Local Government Plan

Employees

- 2022 Claims lower than expected
- Recent three years' experience better than expected despite COVID-19

Spouse & Dependents

- 2022 Claims slightly lower than expected
- Recent three years' experience higher than expected
- Pricing anticipates using reserves to cover excess claims



2022 Policy Year Report Highlights

Local Government Plan

Plan Growth

- 755 local governments participate
- Insurance in force increased by 1% to \$13.5 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 105.8%
- Earned 2.74%
- Rate hold horizon shortened from 2032 to 2025

Report to the Group Insurance Board

Local Government Plan



Employee Life Insurance

Recommendation:

- No change to premium rates in 2024
- Prudent to hold premium rates at current levels, consistent with valuation assumption

Report to the Group Insurance Board

Local Government Plan



Spouse and Dependents

Recommendation:

- No change to premium rates in 2024
- Premium rates are set to gradually draw down the stabilization reserve



Rate Changes for 2024



State Plan

- Continue the employee premium rate increase scheduled approved in 2019
- Decrease the Spouse & Dependent rate from \$2.26 to \$2.10 per unit

Local Plan

- No premium rate changes for 2024



Questions?



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Thank you



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