

Life Insurance Premium Effective Date Modification and Annuity Effective Date Change



Item 8 – Group Insurance Board

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Action Needed

- The Department of Employee Trust Funds (ETF) recommends the Group Insurance Board (Board) approve the following changes to the Wisconsin Public Employers Group Life Insurance Program (Program):
 - Modify the Local Plan premium rate effective date to April 1 instead of the current date of July 1. This change would be effective April 1, 2026, contingent on the implementation date of ETF's Insurance Administration System (IAS).
 - Modify the Program contract and policy for retirees whose life insurance will automatically continue when taking an immediate annuity to 30 days from the date coverage ends. The change would be effective immediately following the implementation of ETF's IAS.



Local Plan Premium Effective Date Change

Current Model

- State and Local Plan similar in benefits but financially separate
- Employers report employee's earnings from previous year to ETF by January 31
- ETF provides earnings to Securian which are used to update coverage amounts
- Updated premiums go into effect on April 1 for State and July 1 for Locals
 - Age band changes
 - Updated earnings
 - Rate changes approved by Board

IAS Makes It Happen

- Implementation of IAS will allow process to become more automated
- Aligns the State and Local Plan change date
- Benefit amount and premium date more closely aligned
- Minimize the complexities of IAS configuration
- Contingent on implementation of IAS

Impact to Local Employers

- Impact should be minimal for employers
- No significant impact to the funding
- Local Plan has never experienced a premium increase for active employees
- ETF solicited feedback from employers

Employer Feedback

- Solicited employer feedback at ETF Update meeting and SurveyMonkey survey
- 757 surveys sent with 48% response rate
- 79% of respondents felt the change would not cause adverse impact for them
- Most common concerns:
 - Will require additional work/resources
 - Difficult to plan for budgets and not aligning with their fiscal year
- 12% requested moving to January 1

Education

If approved ETF will promote the change via

- ETF Updates
- IAS Employer Education Workgroups
- ETF Employer News
- ETF Employee News
- ETF website



Change in the Timeframe for Retiree to Begin Their Annuity to Automatically Continue Life Insurance

Current Policy

- Eligible retirees have up to 31 days after their coverage terminates to begin their annuity to have life insurance continue automatically. Premiums are taken from retiree's annuity
- If employee does not immediately begin their annuity, they can file an application with ETF to continue their life insurance. Retirees are billed directly

Recommendation

- Modify the program's contract and policy language to reduce by one the number of days allowed for a retiree to begin their annuity to have their life insurance continue automatically
- Reduce from 31 days to 30 days

Why the Change

- Consistent with ICI and health insurance policy
- Ease the administrative complexities and IAS configuration

Member Education

Promote the change to raise awareness

- Member Newsletters
- Employer Newsletters
- ETF Updates
- Updating Administrative Manual
- IAS



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Questions?

Thank you



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