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Correspondence Memorandum

Date: February 3, 2025
To: Group Insurance Board
From: Tom Rasmussen, Life and Dental Insurance Program Manager
 Office of Strategic Health Policy
Subject: Life Insurance Actuarial Audit

The Department of Employee Trust Funds (ETF) recommends the Group Insurance Board (Board) accept the State of Wisconsin Department of Employee Trust Funds Group Life Insurance Program (Program) 2024 Group Life Insurance Actuarial Audit (Audit) and Securian Financial Group’s (Securian) response.

ETF retained Milliman, Inc. to perform an actuarial audit of the Program. The audit focused on reviewing financial results presented to the Board at the August 2024 [\(Ref. ETF I 08.14.24 I 5\)](#) meeting, as well as reviewing the Program’s reserves, funding and investments strategies, and rate methodology for compliance with the federal Older Workers Benefit Protection Act.

The audit results are based on an analysis of Securian’s actuarial methods and assumptions for the specific and limited purpose of evaluating the reasonableness and accuracy of these methods and assumptions for the Program. Milliman relied on information provided by both ETF and Securian. The audit was prepared in accordance with generally recognized and accepted actuarial principles and practices.

Milliman’s report of the audit can be found in Attachment A of this memo, and a response from Securian can be found in Attachment B.

Milliman found the funding and investment strategies specified by Securian to be reasonable. Milliman also determined that the assumptions and methods used in Securian’s Financial Experience Report were reasonable and appropriate. Additionally, they confirmed that the 5% annual premium increase for the state plan, approved by the Board in August 2019 [\(Ref. ETF I 08.21.19 I 7B\)](#), continues to be an appropriate strategy to use to maintain a secure funding level.

Milliman recommended that ETF and Securian discuss differences between the expense ratios in the Financial Experience Report and what is included in the Group

Reviewed and approved by Renee Walk, Director, Office of Strategic Health Policy
 Electronically Signed 02/14/2025

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Life Insurance Agreement with the Board. Milliman also recommended Securian recalibrate its pooling charges to better align the charges with the pooled claims levels for the state and local plans.

Milliman recommended for ETF to have Securian update the documentation for disability claim reserves to include the complete set of assumptions and adjustments. It also recommended that Securian add a Reliance and Limitation disclosure in its Financial Experience Report to enhance transparency, documentation, and disclosure to the report.

Milliman recommended that ETF perform an equal cost test to ensure compliance with the federal Older Workers Benefit Protection Act. Milliman recommended working with Securian to obtain historical experience for the State and Local programs to determine if claims costs are the same for older workers as they are for younger workers under the reducing benefit schedule.

In 2018, in preparation for the Request for Proposal being released, Securian provided information to ETF to assist in completing a cost comparison analysis. An internal review of the current life insurance benefit levels was conducted with the information provided. ETF determined that the benefits were compliant.

In late 2023, ETF considered conducting another cost comparison review. However, it was decided to wait for the results of the actuarial audit and its associated recommendations, as there had been no significant changes to the life insurance tables that would have significantly changed the cost comparison analysis completed in 2018.

Further discussions will be held between Securian, Milliman, and ETF to address the recommendations.

Staff from ETF and both Milliman and Securian will be available at the Board meeting to answer any questions.

Attachment A: [State of Wisconsin Department of Employee Trust Funds Group Life Insurance Program 2024 Group Life Insurance Actuarial Audit](#)

Attachment B: [Life Insurance Audit Report – Securian's Response](#)