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Correspondence Memorandum

Date: January 31, 2025

To: Group Insurance Board

From: Cindy Klimke-Armatoski, Chief Trust Finance Officer
Division of Trust Finance

Subject: Audit of Income Continuation Insurance (ICI) Plan Actuarial Valuations as of December 31, 2023

The Department of Employee Trust Funds (ETF) requests the Group Insurance Board (Board) accept the audit reports of the State and Local ICI actuarial valuation as of December 31, 2023, (and related experience studies) and the consulting actuary's (Milliman) response.

Segal completed an audit of the State and Local ICI actuarial valuations as of December 31, 2023, and the related experience studies. An actuarial audit is a valuable method of monitoring the quality of actuarial services performed on behalf of benefit plans. ETF contracted with Segal to perform a full-scope audit, which includes replicating the original actuarial valuations. This is based on the same census data, assumptions, and actuarial methods used by the plan's consulting actuary, Milliman. In addition, the reviewing actuary examined the consulting actuary's methods and assumptions for reasonableness and consistency. The Government Finance Officers Association recommends actuarial audits at least once every five years.

Attachment A and B are the reports from Segal communicating the results of the audits. A response from Milliman is also included as Attachment C. Segal found the valuations as of December 31, 2023, sufficiently reflects the results of the ICI plan and assumptions appear reasonable. Segal offered a few minor recommendations related to disclosures and funding projections. The original valuations were presented to the Board at its May 23, 2024, meeting ([Ref. GIB | 05.23.24 | 9](#)).

Staff from Segal and Milliman will be at the Board meeting to address any questions.

Attachment A: [Actuarial Audit for the Actuarial Valuation of the State Income Continuation Insurance Plan as of December 31, 2023](#)

Reviewed and approved by Diana Felsmann, Deputy Secretary
Electronically Signed 02/05/2025

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Attachment B: [Actuarial Audit for the Actuarial Valuation of the Local Income Continuation Insurance Plan as of December 31, 2023](#)

Attachment C: [State and Local Income Continuation Insurance Audit Reports – Milliman's Response](#)