



State of Wisconsin  
Department of Employee Trust Funds  
Robert J. Conlin  
SECRETARY

801 W Badger Road  
PO Box 7931  
Madison WI 53707-7931

1-877-533-5020 (toll free)  
Fax 608-267-4549  
etf.wi.gov

## Correspondence Memorandum

**Date:** July 31, 2017  
**To:** Group Insurance Board  
**From:** Sherry Etes, Life Insurance Program Manager  
Office of Strategic Health Policy  
**Subject:** Wisconsin Public Employers (WPE) Group Life Insurance  
2016 Policy Year Report and Recommendations

**ETF requests the Group Insurance Board (Board) approve the recommendation to maintain existing premium rates under the State and Local government portions of the Group Life Insurance Program and accept the annual report from Securian Financial Group (Securian).**

Securian recommends maintaining the existing premium rates and benefits of the state plan for the plan year from April 1, 2018 through March 31, 2019. Securian also recommends maintaining the existing premium rates and benefits of the local government plans for the plan year from July 1, 2018 through June 30, 2019.

The results of the 2016 policy year experience and Securian recommendations will be presented by Paul Rudeen, Vice President and Actuary for Securian, at the August 30 Board meeting. The 2016 policy year highlights and experience details can be found in the Financial Experience Report (Attachment A).

### State Plan Experience

The number of insured lives in the State government plan increased by more than 1,800 active employees and 1,400 retirees in 2016. Total life insurance in force increased 4% to over \$11.2 billion in 2016. Claims for the employee plan were higher than expected, driven by high life insurance claims. Claims for the spouse and dependent plan were lower than target.

The overall average interest earnings rate on all reserve funds held for the plan was 3.36%. The plan ended 2016 with funding of future benefits within an acceptable range. Securian recommends rates for the State plan to continue at current levels in the 2018 plan year.

Reviewed and approved by Lisa Ellinger, Director, Office of Strategic Health Policy

Electronically Signed 8/22/17

Board	Mtg Date	Item #
GIB	08.30.17	4B

---

# FINANCIAL EXPERIENCE REPORT

State of Wisconsin – Group Insurance Board

January 1, 2016 through December 31, 2016

Policy Number: 2832

*Submitted by*

**Minnesota Life Insurance Company**





June 30, 2017

The Group Insurance Board  
801 West Badger Road  
Madison, WI 53713

RE: EMPLOYEE LIFE INSURANCE PLAN  
2015 POLICY YEAR HIGHLIGHTS

Ladies and Gentlemen:

This report presents the 2016 policy year experience on the group life insurance plans for employees of the State of Wisconsin and participating local government employers. The most important developments on the plans during 2016 are summarized in this letter. Details may be found in the policy year report on the page(s) indicated following each section. Historical experience is presented on pages 19-33 for the State plan and on pages 47-59 for the local government plan.

## STATE PLAN

### PLAN GROWTH

- The total number of insured active employees increased by over 1,800, while the number of insured retirees increased by 1,400. On December 31, 2016, over 50,000 active employees, plus over 30,000 retired employees, were insured under the plan. Total life insurance in force on active employees, retirees, spouses and dependents increased by 4% to over \$11.2 billion. (Pages 5 and 13)

### CLAIMS

- In 2016, claims for the employee plan were higher than expected, driven by high life claims. (Pages 6, 7, 14 and 15)
- Claims on the spouse and dependent plan were lower than target. (Page 11)

### OTHER BENEFITS

- In April 2010, the Board approved the addition of an aviation AD&D benefit for work related accidental deaths. The 2016 policy year is the sixth in which a separate experience calculation has been performed for that benefit. There were no claims for this benefit in 2016. (Page 9)
- Retired State employees are allowed to convert the value of their postretirement life insurance to an account to pay health insurance or long-term care insurance premiums. During 2016, a total of 233 retired State employees utilized this option, including 75 new elections in 2016 and 158 continuations of earlier elections. As of December 31, 2016, there were 184 retired State employees utilizing this option. Of these 184 retired employees, 143 employees used the account to pay health insurance premiums and 41 used it for long-term care insurance premiums. Converted values for these employees are deducted from the plan's reserves at the time this option is elected. (Pages 16 and 63)

### FUNDING STATUS

- The overall average interest earnings rate on all reserve funds held for the plan was 3.36%. This result reflects a conservative investment strategy involving primarily high-grade corporate bonds and residential mortgages.
- The plan ended 2016 with funding of future benefits within an acceptable range. (Page 17)

## LOCAL GOVERNMENT PLAN

### PLAN GROWTH

- The plan continued its steady, modest growth. In 2016, six local government employers entered the plan, and two local government employers withdrew. Six participating employers increased the benefits they offer to their employees. On December 31, 2016, a total of 738 local government employers participated.
- The total number of insured active employees increased by over 2,400, while the number of insured retirees increased by over 1,400. On December 31, 2016, over 75,000 active employees, plus over 42,000 retired employees, were insured under the plan. Total life insurance in force on active employees, retirees, spouses and dependents increased by 4% to \$12.2 billion. (Pages 35 and 41)

### CLAIMS

- In 2016, the employee plan had an excellent result, driven by low death and AD&D claims. (Pages 36, 37, 42 and 43)
- Claims in 2016 on the spouse and dependent plan were higher than the current target level, which anticipates using the plan's reserves to cover excess claims. (Page 39)

### OTHER BENEFITS

- Retired local employees are allowed to convert the value of their postretirement life insurance to pay health insurance premiums. Usage of this provision among local government retirees has been minimal, as only a small number participate in the Board's health insurance plans. The long-term care insurance plan offered through ETF is not available to local government employees. Only three people used this option during 2016. (Pages 44 and 63)

### FUNDING STATUS

- The overall average interest earnings rate on all reserve funds held for the plan was 3.31%. This result reflects a conservative investment strategy involving primarily high-grade corporate bonds and residential mortgages.
- The plan ended 2016 with funding of future benefits within an acceptable range. (Page 45)

Respectfully submitted,



Paul Rudeen, FSA  
Vice President and Actuary  
Group Insurance Division

PR:pt



CONTENTS  
2016 POLICY YEAR REPORT

	<u>Page</u>
I. Plan Summary	1
II. State of Wisconsin Plan - Active Employees	
A. Employee Coverage	5
B. Spouse and Dependent Coverage	5
C. Premium Summary	6
D. Employee Claims	6
E. Employer Aviation AD&D Claims	6
F. Spouse and Dependent Claims	6
G. Financial Experience - Active Employee Insurance	7
H. Reserve Summary	8
I. Stop-Loss Calculation for Employee Insurance	8
J. Financial Experience - Employer Aviation AD&D Insurance	9
K. Financial Experience - Spouse and Dependent Insurance	11
L. Stop-Loss Calculation for Spouse and Dependent Insurance	11
III. State of Wisconsin Plan - Retirees	
A. Retiree Coverage	13
B. Premium Summary	14
C. Retiree Claims	14
D. Financial Experience - Pre-Age 65 Retiree Insurance	15
E. Financial Experience - Post-Age 65 Retiree Insurance	16
F. Summary of Assets and Liabilities for Post-Retirement Benefits on December 31	17
G. Stop-Loss Calculation for Employee Insurance	17



CONTENTS (cont'd)

2016 POLICY YEAR REPORT

IV.	State of Wisconsin Plan - Historical Experience	
A.	Cumulative Financial Experience on Active Employee Insurance	19
B.	Historical Statistics - Active Employee Insurance	20
C.	Cumulative Financial Experience on Employer Aviation AD&D Insurance	22
D.	Historical Statistics - Employer Aviation AD&D Insurance	23
E.	Cumulative Financial Experience on Spouse and Dependent Insurance	25
F.	Historical Statistics - Spouse and Dependent Insurance	26
G.	Cumulative Financial Experience on Retiree Insurance	27
H.	Historical Statistics - Retiree Insurance	28
I.	Cumulative Financial Experience on Employee Insurance (Active and Retiree)	31
J.	Historical Statistics - Active Employee and Retiree Insurance	32
V.	Local Government Plan - Active Employees	
A.	Employee Coverage	35
B.	Spouse and Dependent Coverage	35
C.	Premium Summary	36
D.	Employee Claims	36
E.	Spouse and Dependent Claims	36
F.	Financial Experience - Active Employee Insurance	37
G.	Reserve Summary	38
H.	Stop-Loss Calculation for Employee Insurance	38
I.	Financial Experience - Spouse and Dependent Insurance	39
J.	Stop-Loss Calculation for Spouse and Dependent Insurance	39

## CONTENTS (cont'd)

### 2016 POLICY YEAR REPORT

VI.	Local Government Plan - Retirees	
	A. Retiree Coverage	41
	B. Premium Summary	42
	C. Retiree Claims	42
	D. Financial Experience - Pre-Age 65 Retiree Insurance	43
	E. Financial Experience - Post-Age 65 Retiree Insurance	44
	F. Summary of Assets and Liabilities for Post-Retirement Benefits on December 31	45
	G. Stop-Loss Calculation for Employee Insurance	45
VII.	Local Government Plan - Historical Experience	
	A. Cumulative Financial Experience on Active Employee Insurance	47
	B. Historical Statistics - Active Employee Insurance	48
	C. Cumulative Financial Experience on Spouse and Dependent Insurance	50
	D. Historical Statistics - Spouse and Dependent Insurance	51
	E. Cumulative Financial Experience on Retiree Insurance	53
	F. Historical Statistics - Retiree Insurance	54
	G. Cumulative Financial Experience on Employee Insurance (Active and Retiree)	57
	H. Historical Statistics - Active Employee and Retiree Insurance	58
VIII.	Funding Assumptions	61
IX.	Conversion of Postretirement Life Insurance Values to Pay Health or Long-Term Care Insurance Premiums	
	A. Number of Retirees Utilizing Benefit	63
	B. Conversion Account Activity	63
	C. Cumulative Number of Retirees Utilizing Benefit	64
	D. Cumulative Conversion Account Activity	64

THIS PAGE INTENTIONALLY  
LEFT BLANK

## GROUP LIFE INSURANCE PLANS

### I. Plan Summary

The group life insurance plan for State of Wisconsin employees began on January 1, 1958; the group life insurance plan for local government employees began on January 1, 1960. These plans provide term life insurance for both active and retired employees. Employees may also insure their spouses and dependent children.

#### A. State of Wisconsin - Employee Insurance

Both active and retired State employees are eligible for a basic term insurance plan. Employees also receive accidental death and dismemberment insurance equal to their life insurance until age 65. If an insured employee continues in employment, benefits continue beyond age 65 until the earlier of retirement or attainment of age 70. The waiver of premium benefit provides free insurance to disabled employees under age 70.

Insurance for all employees under age 65 and for active employees ages 65 to 69 is equal to earnings under the Wisconsin Retirement System for the previous calendar year rounded to the next higher thousand dollars. At age 65, insurance reduces to 75% of the insurance then in force. At age 66, insurance reduces to 50% of the insurance in force prior to age 65. For active employees over age 65, these reductions are delayed until the earlier of retirement or attainment of age 70. A retired employee retains lifetime coverage in a reduced amount.

A supplemental insurance plan provides added term insurance for active employees equal to 100% of insurance under the basic plan. Prior to April 24, 1990, an employee could alternatively select supplemental insurance equal to 50% of insurance under the basic plan. Employees enrolled under that alternative may maintain that level of coverage. The supplemental insurance terminates on the later of the employee's 65th birthday or retirement but in no event beyond the employee's 70th birthday.

An additional insurance plan offers extra coverage on an employee-pay-all basis. Effective May 1, 1998, an employee may elect up to three units of additional insurance. Each unit provides coverage equal to 100% of insurance under the basic plan. The additional insurance terminates on the later of the employee's 65th birthday or retirement. An employee who continues in active employment beyond age 70 may maintain the additional insurance coverage by continued payment of premiums.

Employees pay premiums to cover the major portion of the cost of the basic and supplemental coverages during active employment. Employees pay premiums to cover the entire cost of the additional insurance. Employee premium rates in effect during 2016 were as shown in the table on the following page.

GROUP LIFE INSURANCE PLANS

Monthly Premium per \$1,000 of Insurance

<u>Attained Age</u>	<u>1-1-2016 through 12-31-2016</u>		
	<u>Basic</u>	<u>Supplemental</u>	<u>Additional</u>
Under 30	\$.04	\$.04	\$ .06
30-34	.04	.04	.06
35-39	.04	.04	.06
40-44	.06	.06	.09
45-49	.10	.10	.15
50-54	.16	.16	.24
55-59	.22	.22	.33
60-64	.30	.30	.45
65-69	.39	.39	.59

Post-age 65 retired employees pay no further premiums. The State contributes premiums equal to 65.25% of employee contributions for basic insurance and 37.25% of employee contributions for supplemental insurance. These contributions are allocated to cover the cost of continuing the basic plan after retirement, to cover the State's portion of the cost of the basic and supplemental plans for active employees, and to cover the cost of the employer aviation AD&D insurance.

B. State of Wisconsin - Spouse and Dependent Insurance

The spouse and dependent insurance plan for State employees was introduced in 1981. Insured State employees may purchase life insurance benefits for spouses and dependents. A dependent child is eligible until age 19 or until age 25 as long as the dependent is a full-time student. A physically or mentally disabled dependent may qualify to continue the coverage past age 25. Premiums for this insurance are paid entirely by employees.

An insured employee may elect either one or two units of coverage. Each unit provides \$10,000 of life insurance for an insured spouse and \$5,000 for each insured dependent child. During 2016, the monthly premium was \$2.50 for each unit of coverage.

C. Local Government Employers - Employee Insurance

All three insurance plans are available to employees of local government employers. A local government employer may elect to offer only the basic plan or may offer the basic plan with either or both the supplemental plan and the additional plan. The employer may select a benefit reduction schedule for the basic plan identical to the State plan or a plan with an age 67 benefit reduction to 25% of insurance in force prior to age 65.

## GROUP LIFE INSURANCE PLANS

Employees pay premiums to cover the entire cost of basic, supplemental and additional insurance during active employment and while retired and under age 65. Employee premium rates in effect during 2016 were as follows:

### Monthly Premium per \$1,000 of Insurance for Basic, Supplemental and Additional

<u>Attained Age</u>	<u>01-01-2016 through 12-31-2016</u>
Under 30	.05
30-34	.06
35-39	.07
40-44	.08
45-49	.12
50-54	.22
55-59	.39
60-64	.49
65-69	.57

The employer's contribution for the basic plan with a 50% ultimate benefit at ages 66 and later is 40% of employee contributions. For the plan with a benefit reduction to 25% at age 67 and later, the contribution is 20% of employee contributions.

#### D. Local Government Employers - Spouse and Dependent Insurance

The spouse and dependent insurance plan for local government employees was introduced in 1983. The benefits are the same as those under the plan for State employees.

During 2016, the monthly premium was \$1.75 for each unit of coverage.

## GROUP LIFE INSURANCE PLANS

### E. Funding Status

The cost of insurance for retired employees is funded in advance by employer premium contributions and by dividends from the premiums paid by active employees. Each year the values of the plans' assets are compared to the present values of future benefit liabilities for retired employees and the present values of future benefits in excess of future premiums for active employees. The following table summarizes this comparison as of December 31, 2016:

	State Plan	Local Government Employers Plan
1. Assets		
a. Retiree Premium Deposit Fund	\$ 357,495,643	\$ 205,048,477
b. Active Premium Deposit Fund Available for Post-Retirement Funding	11,977,289	11,825,627
c. Contingent Liability Reserve	0	38,097,058
d. Active Stabilization Reserve Available for Post-Retirement Funding	35,008,905	43,363,664
e. Total	\$ 404,481,837	\$ 298,334,826
2. Liabilities		
a. Post-Age 65 Retirees	\$ 320,357,044	\$ 195,229,789
b. Pre-Age 65 Retirees	60,576,602	43,672,642
c. Active Employees	111,818,256	47,167,511
d. Total	\$ 492,751,902	\$ 286,069,942
3. Unfunded Accrued Liability (2d - 1e)	\$ 88,270,065	\$ (12,264,884)
4. Total Assets as a Percent of Total Liabilities (1e / 2d)	82.1%	104.3%

### F. Underwriters

The group life insurance plan is underwritten by Minnesota Life Insurance Company. With the consent of the Group Insurance Board, the EPIC Life Insurance Company reinsured a portion of the plan during 2016.

### G. Financial Basis

The financial agreement between the Group Insurance Board and Minnesota Life establishes the basis for plan finances. All calculations in this policy year report are made in accordance with the financial agreement and amendments approved by the Group Insurance Board.

STATE OF WISCONSIN

II. State of Wisconsin Plan - Active Employees\*

Report on operations for 2016, the fifty-ninth year of the plan.

A. Employee Coverage

	<u>12-31-2015</u>	<u>12-31-2016</u>
1. Employees Insured for Pre-Retirement Insurance		
Basic Plan	49,096	50,946
Supplemental Plan	34,804	35,536
Additional Plan	24,128	24,920
2. Pre-Retirement Life and AD&D Insurance		
Basic Plan	\$ 2,990,237,000	\$ 3,126,018,000
Supplemental Plan	2,167,914,000	2,240,510,000
Additional Plan	3,455,386,000	3,631,033,000

B. Spouse and Dependent Coverage

1. Employees Insured	23,309	23,393
2. Estimated Spouse and Dependent Life Insurance	\$ 566,585,000	\$ 568,225,000

\*The active employee plan financial report includes:

- All active employees at ages under 70.
- All active employees at age 70 and over who continue to participate in the additional life insurance benefit.
- Spouses and dependents of active employees.
- All premium contributions by the State toward the cost of pre-retirement life insurance for active employees.



STATE OF WISCONSIN

C. Premium Summary

Employee Contributions

Basic Plan	\$ 4,710,182	
Supplemental Plan	3,412,127	
Additional Plan	7,393,337	
Spouse and Dependent Plan	<u>1,193,323</u>	
		\$ 16,708,969

State Contributions

Basic Plan	\$ 1,648,564	
Supplemental Plan	1,194,245	
Basic Aviation AD&D Plan	105,979	
Supplemental Aviation AD&D Plan	<u>76,773</u>	
		\$ <u>3,025,561</u>

Total Premium \$ 19,734,530

D. Employee Claims

	<u>Basic Plan</u>	<u>Supplemental Plan</u>	<u>Additional Plan</u>	<u>Total</u>
Life	\$ 4,980,202	\$ 3,395,880	\$ 4,862,625	\$ 13,238,707
AD&D	198,667	170,667	512,002	881,336
Living Benefit	271,000	198,000	366,000	835,000
Disability	<u>(178,372)</u>	<u>(327,829)</u>	<u>31,626</u>	<u>(474,575)</u>
Total	\$ 5,271,497	\$ 3,436,718	\$ 5,772,253	\$ 14,480,468

E. Employer Aviation AD&D Claims

	<u>Basic Plan</u>	<u>Supplemental Plan</u>	<u>Additional Plan</u>	<u>Total</u>
AD&D	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Total	\$ 0	\$ 0	\$ 0	\$ 0

F. Spouse and Dependent Claims

	<u>Spouse</u>	<u>Dependent</u>		<u>Total</u>
Life	\$ 780,746	\$ 185,516		\$ 966,262
Living Benefit	<u>20,000</u>	<u>0</u>		<u>20,000</u>
Total	\$ 800,746	\$ 185,516		\$ 986,262

STATE OF WISCONSIN

G. Financial Experience - Active Employee Insurance

1. Premium

Employee Contributions	\$ 15,515,646	
Employer Contributions	<u>2,842,809</u>	
 Total Premium		 \$ 18,358,455

2. Claim Charges

Death Claims	\$ 13,238,707	
AD&D Claims	881,336	
Living Benefit Claims	835,000	
Increase in Disability Claim Reserve	(474,575)	
Pooled Claims	(96,410)	
Pool Charge	1,421,117	
Conversion Charge	24,000	
Catastrophic Loss Credit	<u>0</u>	
 Total Claim Charges		 \$ 15,829,175

3. Expense Charges

Minnesota Life Expenses	\$ 768,301	
Reinsurance Expense	3,297	
Risk Charge	<u>0</u>	
 Total Expense Charges		 \$ 771,598

4. Tax Charges

State Premium Tax	\$ 367,169	
Federal Income Tax	<u>5,523</u>	
 Total Tax Charges		 \$ 372,692

5. Interest Credits/Charges

On Premium	\$ 97,200	
On Disability Claim Reserve	1,017,821	
On Claims Paid	(60,711)	
On Expense Charges, Pool Charge & Conversion Charge	<u>(15,046)</u>	
 Total Interest Credits/Charges		 \$ 1,039,264

6. State Internal Administration Expense \$ 419,785

7. Audit/Consultant Service Charge \$ 0

8. Contribution to Stabilization Reserve [(1)-(2)-(3)-(4)+(5)-(6)-(7)] \$ 2,004,469

STATE OF WISCONSIN

H. Reserve Summary

1. Premium Deposit Fund

Balance on 12-31-2015	\$	11,580,344
Interest Credit		396,945
Withdrawals on 12-31-2016		<u>0</u>
Balance on 12-31-2016	\$	11,977,289

2. Stabilization Reserve

Balance on 12-31-2015	\$	36,418,539
Interest Credit		1,175,511
Contribution on 12-31-2016		2,004,469
Withdrawals on 12-31-2016		<u>0</u>
Balance on 12-31-2016	\$	39,598,519

Interest Rate on Premium Deposit Fund and Stabilization Reserve in 2016 3.28%

I. Stop-Loss Calculation for Active Employee Insurance

Stop-Loss Limit	\$	25,548,993
Claim Charges	\$	15,736,986
Expense Charges		<u>1,138,767</u>
Total Charges	\$	16,875,753
Catastrophic Loss Credit	\$	0

STATE OF WISCONSIN

J. Financial Experience - Employer Aviation AD&D Insurance

1. Premium		\$	182,752
2. Claim Charges			
AD&D Claims	\$	0	
Pooled Claims		0	
Pool Charge		11,990	
Catastrophic Loss Credit		<u>0</u>	
Total Claim Charges		\$	11,990
3. Expense Charges			
Risk Charge	\$	<u>1,234</u>	
Total Expense Charges		\$	1,234
4. Tax Charges			
State Premium Tax	\$	<u>3,655</u>	
Total Tax Charges		\$	3,655
5. Interest Credits/Charges			
On Premium	\$	969	
On Claims Paid		0	
On Expense Charges & Tax Charges		<u>(84)</u>	
Total Interest Credits/Charges		\$	885
6. Addition to Stabilization Reserve [(1)-(2)-(3)-(4)+(5)]		\$	166,758
7. Stabilization Reserve			
Stabilization Reserve on 12-31-2015		\$	813,800
Addition to Reserve on 12-31-2016			166,758
Interest on Stabilization Reserve in 2016			<u>22,576</u>
Stabilization Reserve on 12-31-2016		\$	1,003,134

THIS PAGE INTENTIONALLY  
LEFT BLANK

STATE OF WISCONSIN

K. Financial Experience - Spouse and Dependent Insurance

1. Premium		\$ 1,193,323
2. Claim Charges		
Death Claims	\$ 966,262	
Living Benefit Claims	20,000	
Conversion Charge	13,800	
Catastrophic Loss Credit	0	
Total Claim Charges		\$ 1,000,062
3. Expense Charges		
Minnesota Life Expenses	\$ 22,076	
Risk Charge	2,387	
Total Expense Charges		\$ 24,463
4. Tax Charges		
State Premium Tax	\$ 23,866	
Federal Income Tax	335	
Total Tax Charges		\$ 24,201
5. Interest Credits/Charges		
On Premium	\$ 6,359	
On Claims Paid	(3,986)	
On Expense Charges & Conversion Charge	(769)	
Total Interest Credits/Charges		\$ 1,604
6. State Internal Administration Expense		\$ 91,391
7. Audit/Consultant Service Charge		\$ 0
8. Addition to Stabilization Reserve [(1)-(2)-(3)-(4)+(5)-(6)-(7)]		\$ 54,810
9. Stabilization Reserve		
Stabilization Reserve on 12-31-2015		\$ 595,297
Addition to Reserve on 12-31-2016		54,810
Interest on Stabilization Reserve in 2016		16,601
Stabilization Reserve on 12-31-2016		\$ 666,708

L. Stop-Loss Calculation for Spouse and Dependent Insurance

Stop-Loss Limit		\$ 1,551,320
Claim Charges		1,005,040
Expense Charges		48,329
Total Charges		\$ 1,053,369
Catastrophic Loss Credit		\$ 0

THIS PAGE INTENTIONALLY  
LEFT BLANK

STATE OF WISCONSIN

III. State of Wisconsin Plan - Retirees\*

Report on operations for 2016, the fifty-ninth year of the plan.

A. Retiree Coverage

	<u>12-31-2015</u>	<u>12-31-2016</u>
1. Retirees Insured for Pre-Age 65 Insurance		
Basic Plan	7,098	7,127
Supplemental Plan	4,637	4,599
Additional Plan	1,992	2,089
2. Pre-Age 65 Life and AD&D Insurance		
Basic Plan	\$ 459,561,000	\$ 466,946,000
Supplemental Plan	294,806,000	296,617,000
Additional Plan	218,465,000	239,308,000
3. Retirees Insured for Post-Age 65 Insurance	22,396	23,767
4. Post-Age 65 Life Insurance	\$ 628,842,832	\$ 685,321,832

\*The retiree plan financial report includes:

- All retirees at age 65 and over, and all active employees at age 70 and over, who receive a post-retirement life insurance benefit with no further premium payments.
- All retirees under age 65 who receive post-retirement life insurance benefits based on continued premium payments.
- All funding contributions by the State toward future post-retirement life insurance for currently active employees.



STATE OF WISCONSIN

B. Premium Summary

Pre-Age 65 Retiree Contributions

Basic Plan	\$ 1,809,245	
Supplemental Plan	1,276,310	
Additional Plan	<u>519,361</u>	
		\$ 3,604,916
State Contributions to Premium Deposit Fund		\$ 1,318,862
Total Premium		\$ 4,923,778

C. Retiree Claims

	<u>Basic Plan</u>	<u>Supplemental Plan</u>	<u>Additional Plan</u>	<u>Total</u>
1. Pre-Age 65 Life and AD&D Insurance				
Life	\$ 2,637,287	\$ 1,895,555	\$ 2,036,482	\$ 6,569,324
AD&D	27,012	27,012	0	54,024
Living Benefit	<u>0</u>	<u>39,000</u>	<u>0</u>	<u>39,000</u>
Total	\$ 2,664,299	\$ 1,961,567	\$ 2,036,482	\$ 6,662,348
2. Post-Age 65 Life Insurance				
Life	\$ 13,896,647			\$ 13,896,647
Living Benefit	<u>0</u>			<u>0</u>
Total	\$ 13,896,647			\$ 13,896,647

STATE OF WISCONSIN

D. Financial Experience - Pre-Age 65 Retiree Insurance

1. Premium

Pre-Age 65 Contributions	\$ 3,604,916	
Withdrawal from Premium Deposit Fund on 12-31-2016	<u>3,619,888</u>	
 Total Premium		 \$ 7,224,804

2. Claim Charges

Death Claims	\$ 6,569,324	
AD&D Claims	54,024	
Living Benefit Claims	39,000	
Pooled Claims	0	
Pool Charge	127,215	
Conversion Charge	0	
Catastrophic Loss Credit	<u>0</u>	
 Total Claim Charges		 \$ 6,789,563

3. Expense Charges

Minnesota Life Expenses	\$ 206,060	
Reinsurance Expense	885	
Risk Charge	<u>0</u>	
 Total Expense Charges		 \$ 206,945

4. Tax Charges

State Premium Tax	\$ 144,496	
Federal Income Tax	<u>1,877</u>	
 Total Tax Charges		 \$ 146,373

5. Interest Credits/Charges

On Premium	\$ 35,053	
On Claims Paid	(28,586)	
On Expense Charges, Pool Charge & Conversion Charge	<u>(2,830)</u>	
 Total Interest Credits/Charges		 \$ 3,637

6. State Internal Administration Expense \$ 85,560

7. Actuarial Service Charge \$ 0

8. Experience Credit [(1)-(2)-(3)-(4)+(5)-(6)-(7)] \$ 0

The Experience Credit is deposited in the Contingent Liability Reserve.

STATE OF WISCONSIN

E. Financial Experience - Post-Age 65 Retiree Insurance

1. Premium Deposit Fund

Premium Deposit Fund on 12-31-2015	\$ 363,023,352
Contributions for Active Employees During 2016	1,318,862
Withdrawal on 12-31-2016 for Pre-Age 65 Retiree Insurance	(3,619,888)
Post-Age 65 Death Claims	(13,896,647)
Minnesota Life Expenses on Post-Age 65 Retiree Death Claims	(241,765)
State Premium Tax	(288,931)
Risk Charge	(19,203)
Withdrawals of Postretirement Life Insurance Values to pay Health and Long-Term Care Insurance Premiums	(1,049,258)
Interest on Premium Deposit Fund in 2016	<u>12,269,121</u>
Premium Deposit Fund on 12-31-2016	\$ 357,495,643

Interest Rate on Premium Deposit Fund Reserve in 2016	3.45%
---	-------

STATE OF WISCONSIN

F. Summary of Assets and Liabilities for Post-Retirement Benefits on December 31

	<u>2015</u>	<u>2016</u>
1. Assets		
a. Retiree Premium Deposit Fund	\$ 363,023,352	\$ 357,495,643
b. Active Premium Deposit Fund Available for Post-Retirement Funding	11,580,344	11,977,289
c. Contingent Liability Reserve	0	0
d. Active Stabilization Reserve Available for Post-Retirement Funding	<u>27,357,981</u>	<u>35,008,905</u>
e. Total	\$ 401,961,677	\$ 404,481,837
2. Liabilities		
a. Post-Age 65 Retirees	\$ 296,144,682	\$ 320,357,044
b. Pre-Age 65 Retirees	63,938,958	60,576,602
c. Active Employees	<u>183,313,314</u>	<u>111,818,256</u>
d. Total	\$ 543,396,954	\$ 492,751,902
3. Unfunded Accrued Liability [2(d) - 1(e)]	\$ 141,435,277	\$ 88,270,065
4. Total Assets as a Percent of Total Liabilities [1(e)/2(d)]	74.0%	82.1%

Definitions of asset values:

- Retiree Premium Deposit Fund: total retiree premium deposit fund assets
- Active Premium Deposit Fund Available for Post-Retirement Funding: active premium deposit fund assets in excess of the active target reserve level. The target level of active premium deposit fund plus active stabilization reserve equals 50% of active plan premium.
- Contingent Liability Reserve: total contingent liability reserve assets
- Active Stabilization Reserve Available for Post-Retirement Funding: active stabilization reserve assets in excess of the active target reserve level. The target level of active premium deposit fund plus active stabilization reserve equals 50% of active plan premium.

Definitions of liability values:

- Post-Age 65 Retirees: present value of future claims
- Pre-Age 65 Retirees: present value of future claims minus present value of future premiums
- Active Employees: present values of future active employment claims and future post-retirement claims for active employees minus present values of future State and employee premium contributions

Funding Assumptions appear on page 61 of this report.

G. Stop-Loss Calculation for Retiree Insurance

Stop-Loss Limit	\$ 28,494,531	
Claim Charges	\$ 20,645,811	
Expense Charges	<u>901,340</u>	
Total Charges	\$ 21,547,151	
Catastrophic Loss Credit	\$ 0	

THIS PAGE INTENTIONALLY  
LEFT BLANK

STATE OF WISCONSIN

IV. Historical Experience

A. Cumulative Financial Experience on Active Employee Insurance - 2008 through 2016

Employee Contributions		\$ 137,464,089
State Contributions		
Basic Plan	\$ 15,524,157	
Supplemental Plan	11,161,409	
		26,685,566
Total Premium		\$ 164,149,655
Reserve Brought Forward on January 1, 2008		\$ 8,057,225
Death Claims	\$ 101,571,735	
AD&D Claims	7,015,500	
Living Benefit Claims	6,035,000	
Increase in Disability Claim Reserve	8,919,748	
Pooled Claims	(603,448)	
Pool Charge	7,093,217	
Conversion Charge	122,100	
Catastrophic Loss Credit	0	
Total Claim Charges		\$ 130,153,852
Premium Deposit Fund on 12-31-2016	\$ 11,977,289	
Stabilization Reserve on 12-31-2016	39,598,519	
Total		\$ 51,575,808
Payments to State		
State Premium Tax	\$ 3,282,994	
State Internal Administration Expense	2,120,096	
Actuarial Service Charge	0	
Audit/Consultant Service Charge	9,177	
Legal Expense	0	
Total		\$ 5,412,267
Excess of Disbursement and Reserves Over Premium and Reserve Brought Forward on January 1, 2008		\$ 14,935,047
Minnesota Life Expenses	\$ 6,396,465	
Reinsurance Expense	27,884	
Risk Charge	117,026	
Federal Income Tax Charge	219,355	
Total	\$ 6,760,730	
Interest Credited to Plan	21,695,777	
Interest Credited to Plan Less Cost		\$ 14,935,047

STATE OF WISCONSIN

B. Historical Statistics - Active Employee Insurance - 2008 and Later

Year	Insurance in Force At End of Year	Employee Contributions	Premium		Total
			State Contributions		
			Basic Plan	Supplemental Premium	
2016	8,997,561,000	\$15,515,646	\$1,648,564	\$1,194,245	\$18,358,455
2015	8,613,537,000	15,275,946	1,647,053	1,198,117	18,121,116
2014	8,452,027,000	14,891,956	1,624,221	1,185,512	17,701,689
2013	8,181,289,000	14,270,577	1,570,301	1,148,173	16,989,051
2012	7,809,378,000	13,858,600	1,542,392	1,131,700	16,532,692
2011	7,884,065,000	15,323,502	1,887,488	1,130,589	18,341,579
2010	8,152,346,000	17,069,440	1,954,805	1,452,757	20,477,002
2009	8,098,961,000	16,364,530	1,893,115	1,408,385	19,666,030
2008	7,527,518,000	<u>14,893,892</u>	<u>1,756,218</u>	<u>1,311,931</u>	<u>17,962,041</u>
Totals		\$137,464,089	\$15,524,157	\$11,161,409	\$164,149,655

Claims

Year	Death Losses			Living Benefits	Disability Losses	Total Claims
	Life	AD&D	Total			
2016	\$13,238,707	\$881,336	\$14,120,043	\$835,000	(\$474,575)	\$14,480,468
2015	10,437,142	45,440	10,482,582	1,091,000	6,070	11,579,652
2014	9,502,514	1,221,893	10,724,407	767,000	1,512,237	13,003,644
2013	12,685,738	158,866	12,844,604	215,000	322,717	13,382,321
2012	12,293,688	1,176,864	13,470,552	1,185,000	1,342,529	15,998,081
2011	12,844,361	994,280	13,838,641	1,191,000	1,184,198	16,213,839
2010	11,065,435	654,500	11,719,935	162,000	1,495,964	13,377,899
2009	11,008,714	934,814	11,943,528	264,000	1,696,753	13,904,281
2008	<u>8,495,436</u>	<u>947,507</u>	<u>9,442,943</u>	<u>325,000</u>	<u>1,833,855</u>	<u>11,601,798</u>
Totals	\$101,571,735	\$7,015,500	\$108,587,235	\$6,035,000	\$8,919,748	\$123,541,983

Year	Total Claims	Conversion Charge	Pooled Claims	Pool Charge	Total Claim Charges
2016	\$14,480,468	\$24,000	(\$96,410)	\$1,421,117	\$15,829,175
2015	11,579,652	44,820	(77,934)	1,254,801	12,801,339
2014	13,003,644	30,300	(4,392)	903,382	13,932,934
2013	13,382,321	8,700	(20,911)	731,188	14,101,298
2012	15,998,081	14,280	13,466	728,305	16,754,132
2011	16,213,839	0	(417,267)	662,830	16,459,402
2010	13,377,899	0	0	622,396	14,000,295
2009	13,904,281	0	0	415,524	14,319,805
2008	<u>11,601,798</u>	<u>0</u>	<u>0</u>	<u>353,674</u>	<u>11,955,472</u>
Totals	\$123,541,983	\$122,100	(\$603,448)	\$7,093,217	\$130,153,852

STATE OF WISCONSIN

B. Historical Statistics - Active Employee Insurance - 2008 and Later (cont'd)

Year	Overhead Cost						State Internal Administration Expense	Audit/ Consultant Charge	Interest Credits/ Charges
	Insurance Company Expense	Reinsurance Expense	Risk Charge	State Premium Tax	Federal Income Tax	Total			
2016	\$768,301	\$3,297	\$0	\$367,169	\$5,523	\$1,144,290	\$419,785	\$0	\$21,443
2015	758,369	3,255	0	362,422	6,885	1,130,931	198,529	0	40,064
2014	740,816	3,179	0	354,034	6,541	1,104,570	515,107	0	40,569
2013	710,992	3,051	0	339,781	3,025	1,056,849	0	0	39,815
2012	676,289	2,888	0	330,654	1,791	1,011,622	225,516	0	23,343
2011	715,322	3,023	0	366,832	26,714	1,111,891	263,769	3,062	65,019
2010	713,009	3,237	22,909	409,540	58,728	1,207,423	190,230	6,115	114,323
2009	684,771	3,109	45,156	393,321	59,908	1,186,265	180,736	0	143,259
2008	<u>628,596</u>	<u>2,845</u>	<u>48,961</u>	<u>359,241</u>	<u>50,240</u>	<u>1,089,883</u>	<u>126,424</u>	<u>0</u>	<u>224,462</u>
Totals	\$6,396,465	\$27,884	\$117,026	\$3,282,994	\$219,355	\$10,043,724	\$2,120,096	\$9,177	\$712,297

Year	Reserves			
	Disability Reserve	Stabilization Reserve	Premium Deposit Fund	Total
2016	\$29,877,831	\$39,598,519	\$11,977,289	\$81,453,639
2015	30,352,406	36,418,539	11,580,344	78,351,289
2014	30,346,336	30,250,604	11,168,671	71,765,611
2013	28,834,099	26,006,603	10,752,168	65,592,870
2012	28,511,382	22,123,903	10,326,781	60,962,066
2011	27,168,853	21,512,559	9,895,287	58,576,699
2010	25,984,655	18,903,224	9,447,632	54,335,511
2009	24,488,691	11,882,916	8,981,728	45,353,335
2008	22,791,938	6,199,293	8,514,260	37,505,491

Year	Interest Credits on Reserves			
	Disability Reserve	Stabilization Reserve	Premium Deposit Fund	Total
2016	\$1,017,821	\$1,175,511	\$396,945	\$2,590,277
2015	1,094,059	1,043,495	411,673	2,549,227
2014	1,105,436	948,918	416,503	2,470,857
2013	1,151,615	860,366	425,387	2,437,368
2012	1,176,622	869,957	431,494	2,478,073
2011	1,222,715	818,146	447,655	2,488,516
2010	1,265,665	567,381	465,904	2,298,950
2009	1,245,596	315,544	467,468	2,028,608
2008	<u>1,184,569</u>	<u>0</u>	<u>457,035</u>	<u>1,641,604</u>
Totals	\$10,464,098	\$6,599,318	\$3,920,064	\$20,983,480



STATE OF WISCONSIN

C. Cumulative Financial Experience on Employer Aviation AD&D Insurance - 2011 through 2016

Employer Contribution		\$	1,033,363
AD&D Claims	\$		0
Pooled Claims			0
Pool Charge			74,015
Catastrophic Loss Credit			<u>0</u>
Total Claim Charges		\$	74,015
Stabilization Reserve on 12-31-2016		\$	1,003,134
Payments to State			
State Premium Tax	\$		<u>20,667</u>
Total		\$	20,667
Payment from Stabilization Reserve for Premiums		\$	0
Excess of Disbursement and Reserves over Premium		\$	64,453
Risk Charge	\$		<u>6,976</u>
Total	\$		6,976
Interest Credited to Plan			<u>71,429</u>
Interest Credited to Plan Less Cost		\$	64,453

STATE OF WISCONSIN

D. Historical Statistics - Employer Aviation AD&D Insurance

<u>Year</u>	<u>Employer Contributions</u>	<u>Death Losses</u>	<u>Pooled Claims</u>	<u>Pool Charge</u>	<u>Total Claim Charges</u>
2016	\$182,752	\$0	\$0	\$11,990	\$11,990
2015	182,904	0	0	12,405	12,405
2014	180,626	0	0	12,405	12,405
2013	174,759	0	0	12,405	12,405
2012	171,906	0	0	12,405	12,405
2011	<u>140,416</u>	<u>0</u>	<u>0</u>	<u>12,405</u>	<u>12,405</u>
Totals	\$1,033,363	\$0	\$0	\$74,015	\$74,015

Overhead Cost

<u>Year</u>	<u>Risk Charge</u>	Catastrophic		<u>Total</u>
		<u>Loss Credit</u>	<u>State Premium Tax</u>	
2016	\$1,234	\$0	\$3,655	\$4,889
2015	1,235	0	3,658	4,893
2014	1,219	0	3,613	4,832
2013	1,180	0	3,495	4,675
2012	1,160	0	3,438	4,598
2011	<u>948</u>	<u>0</u>	<u>2,808</u>	<u>3,756</u>
Totals	\$6,976	\$0	\$20,667	\$27,643

Interest Credits

<u>Year</u>	<u>Stabilization Reserve</u>	Interest Credits	
		<u>On Stabilization Reserve</u>	<u>Current Premium Less Charges</u>
2016	\$1,003,134	\$22,576	\$885
2015	813,800	17,961	916
2014	629,317	13,058	902
2013	451,968	8,266	867
2012	285,156	4,352	857
2011	125,044	<u>0</u>	<u>789</u>
Totals		\$66,213	\$5,216

THIS PAGE INTENTIONALLY  
LEFT BLANK

STATE OF WISCONSIN

E. Cumulative Financial Experience on Spouse and Dependent Insurance - 1981 through 2016

Employee Contribution		\$ 32,680,433
Death Claims	\$ 30,632,804	
Living Benefit Claims	150,000	
Conversion Charge	256,875	
Catastrophic Loss Credit	<u>(313,347)</u>	
Total Claim Charges		\$ 30,726,332
Stabilization Reserve on 12-31-2016		\$ 666,708
Payments to State		
State Premium Tax	\$ 653,609	
State Internal Administration Expense	1,356,337	
Audit/Consultant Service Charge	<u>15,767</u>	
Total		\$ 2,025,713
Payment from Stabilization Reserve for Premiums		\$ 35,399
Excess of Disbursement and Reserves over Premium		\$ 773,719
Minnesota Life Expenses	\$ 594,810	
Risk Charge	58,391	
Federal Income Tax Charge	<u>65,710</u>	
Total	\$ 718,911	
Interest Credited to Plan	<u>1,492,630</u>	
Interest Credited to Plan Less Cost		\$ 773,719

STATE OF WISCONSIN

F. Historical Statistics - Spouse and Dependent Insurance

<u>Year</u>	<u>Employee Contributions</u>	<u>Death Losses</u>	<u>Living Benefits</u>	<u>Conversion Costs</u>	<u>Total Claim Charges</u>
2016	\$1,193,323	\$966,262	\$20,000	\$13,800	\$1,000,062
2015	1,204,063	886,808	0	15,600	902,408
2014	1,216,922	1,071,247	20,000	15,120	1,106,367
2013	1,221,519	1,308,985	20,000	5,340	1,334,325
2012	1,233,041	1,027,236	0	7,200	1,034,436
2011	1,275,001	1,241,135	20,000	1,200	1,262,335
2010	1,253,513	939,101	20,000	0	959,101
2009	1,052,748	1,115,936	0	0	1,115,936
2008	1,038,545	1,182,121	20,000	0	1,202,121
2007	1,026,775	1,094,710	0	0	1,094,710
1981- 2006	<u>20,964,983</u>	<u>19,799,263</u>	<u>30,000</u>	<u>198,615</u>	<u>20,027,878</u>
Total	\$32,680,433	\$30,632,804	\$150,000	\$256,875	\$31,039,679

Overhead Cost

<u>Year</u>	<u>Insurance Company Expense</u>	<u>Risk Charge</u>	<u>Catastrophic Loss Credit</u>	<u>State Premium Tax</u>	<u>Federal Income Tax</u>	<u>Total</u>	<u>State Internal Administration Expense</u>	<u>Audit/ Consultant Charge</u>
2016	\$22,076	\$2,387	\$0	\$23,866	\$335	\$48,664	\$91,391	\$0
2015	22,275	2,408	0	24,081	644	49,408	38,029	0
2014	22,513	2,434	0	24,338	961	50,246	113,603	0
2013	22,598	2,443	0	24,430	1,048	50,519	0	0
2012	22,811	2,466	0	24,661	1,108	51,046	52,096	0
2011	23,588	2,550	0	25,500	1,595	53,233	69,352	221
2010	23,876	2,507	0	25,070	1,567	53,020	36,037	452
2009	24,213	2,105	0	21,055	(430)	46,943	43,980	0
2008	23,887	2,077	0	20,771	(473)	46,262	24,797	0
2007	23,616	2,054	0	20,535	(486)	45,719	50,720	0
1981- 2006	<u>363,357</u>	<u>34,960</u>	<u>(313,347)</u>	<u>419,302</u>	<u>59,841</u>	<u>564,113</u>	<u>836,332</u>	<u>15,094</u>
Total	\$594,810	\$58,391	(\$313,347)	\$653,609	\$65,710	\$1,059,173	\$1,356,337	\$15,767

Interest Credits

<u>Year</u>	<u>Insurance In Force At End of Year</u>	<u>Stabilization Reserve</u>	<u>On Stabilization Reserve</u>	<u>Current Premium Less Charges</u>
2016	\$568,225,000	\$666,708	\$16,601	\$1,604
2015	566,585,000	595,297	11,647	3,276
2014	570,825,000	366,156	13,328	1,186
2013	562,840,000	404,936	18,683	1,354
2012	561,610,000	548,224	17,311	2,006
2011	567,755,000	433,444	24,058	1,695
2010	601,900,000	517,831	18,277	5,463
2009	605,205,000	289,188	26,401	3,383
2008	594,715,000	413,515	37,004	2,552
2007	592,020,000	608,594	45,352	4,356
1981- 2006	584,735,000	723,260	<u>1,120,479</u>	<u>116,614</u>
Total			\$1,349,141	\$143,489

STATE OF WISCONSIN

G. Cumulative Financial Experience on Retiree Insurance - 2008 through 2016

Retiree Contributions		\$ 31,391,466
State Contributions		<u>12,415,168</u>
Total Premium		\$ 43,806,634
Reserve Brought Forward on January 1, 2008		\$ 329,768,061
Death Claims	\$ 143,330,902	
AD&D Claims	1,100,673	
Living Benefit Claims	170,250	
Pooled Claims	(15,007)	
Pool Charge	629,423	
Conversion Charge	0	
Catastrophic Loss Credit	<u>0</u>	
Total Claim Charges		\$ 145,216,241
Contingent Liability Reserve on 12-31-2016	\$ 0	
Premium Deposit Fund on 12-31-2016	<u>357,495,643</u>	
Total		\$ 357,495,643
Payments to State		
State Premium Tax	\$ 3,054,325	
State Internal Administration Expense	406,347	
Actuarial Service Charge	<u>138,740</u>	
Total		\$ 3,599,412
Withdrawals of Postretirement Life Insurance Values to Pay Health and Long-Term Care Insurance Premiums		\$ 5,887,396
Excess of Disbursement and Reserves Over Premium and Reserve Brought Forward on January 1, 2008		\$ 138,623,997
Minnesota Life Expenses	\$ 3,448,766	
Reinsurance Expense	7,454	
Risk Charge	236,183	
Federal Income Tax Charge	<u>61,193</u>	
Total	\$ 3,753,596	
Interest Credited to Plan	<u>142,377,593</u>	
Interest Credited to Plan Less Cost		\$ 138,623,997

STATE OF WISCONSIN

H. Historical Statistics - Retiree Insurance - 2008 and Later

Year	Insurance In Force at End of Year		Premium		
	Pre-Age 65	Post-Age 65	Pre-Age 65 Retiree Contributions	State Contributions for Active Employees	Total Premium
	2016	1,002,871,000	685,321,832	\$3,604,916	\$1,318,862
2015	972,832,000	628,842,832	3,400,362	1,317,549	4,717,911
2014	934,984,000	581,764,582	3,356,082	1,299,230	4,655,312
2013	957,904,000	536,245,750	3,485,410	1,254,575	4,739,985
2012	1,002,851,000	493,214,250	3,741,193	1,231,835	4,973,028
2011	1,049,228,000	449,896,500	3,803,006	1,509,822	5,312,828
2010	807,734,000	396,600,250	3,531,803	1,563,881	5,095,684
2009	767,497,000	371,714,750	3,316,473	1,514,440	4,830,913
2008	740,099,000	348,802,000	<u>3,152,221</u>	<u>1,404,974</u>	<u>4,557,195</u>
Totals			\$31,391,466	\$12,415,168	\$43,806,634

Claims

Year	Death Losses				Pre-Age 65 Living Benefits	Post-Age 65 Living Benefits	Total Claims
	Pre-Age 65 Life	Pre-Age 65 AD&D	Post -Age 65 Life	Total			
2016	\$6,569,324	\$54,024	\$13,896,647	\$20,519,995	\$39,000	\$0	\$20,558,995
2015	3,864,466	0	14,179,633	18,044,099	0	20,000	18,064,099
2014	3,740,124	92,172	14,772,467	18,604,763	0	24,500	18,629,263
2013	4,492,915	125,384	12,894,445	17,512,744	0	17,000	17,529,744
2012	4,842,877	82,782	12,039,820	16,965,479	0	0	16,965,479
2011	3,904,690	290,730	9,880,703	14,076,123	0	0	14,076,123
2010	3,290,890	238,764	10,472,997	14,002,651	0	0	14,002,651
2009	2,558,329	216,817	9,299,657	12,074,803	0	50,250	12,125,053
2008	<u>3,942,991</u>	<u>0</u>	<u>8,687,927</u>	<u>12,630,918</u>	<u>0</u>	<u>19,500</u>	<u>12,650,418</u>
Totals	\$37,206,606	\$1,100,673	\$106,124,296	\$144,431,575	\$39,000	\$131,250	\$144,601,825

Year	Total Claims	Conversion Charge	Pooled Claims	Pool Charge	Total Claim Charges
2016	\$20,558,995	\$0	\$0	\$127,215	\$20,686,210
2015	18,064,099	0	(15,007)	105,318	18,154,410
2014	18,629,263	0	0	91,464	18,720,727
2013	17,529,744	0	0	75,289	17,605,033
2012	16,965,479	0	0	70,191	17,035,670
2011	14,076,123	0	0	59,925	14,136,048
2010	14,002,651	0	0	44,041	14,046,692
2009	12,125,053	0	0	36,768	12,161,821
2008	<u>12,650,418</u>	<u>0</u>	<u>0</u>	<u>19,212</u>	<u>12,669,630</u>
Totals	\$144,601,825	\$0	(\$15,007)	\$629,423	\$145,216,241

STATE OF WISCONSIN

H. Historical Statistics - Retiree Insurance - 2008 and Later (cont'd)

Year	Overhead Cost					Total	Actuarial Service Charge	State Internal Administration Expense	Interest Credits/Charges
	Insurance Company Expense	Reinsurance Expense	Risk Charge	State Premium Tax	Federal Income Tax				
2016	\$447,825	\$885	\$19,203	\$433,427	\$1,877	\$903,217	\$0	\$85,560	\$3,637
2015	433,768	847	16,007	380,473	761	831,856	0	40,464	3,064
2014	430,059	836	15,476	393,878	1,385	841,634	36,000	104,989	9,514
2013	407,919	851	14,631	368,093	3,239	794,733	12,000	0	7,098
2012	397,630	868	14,728	357,523	6,785	777,534	22,000	45,964	4,922
2011	373,492	875	100,229	299,388	12,431	786,415	0	53,761	6,767
2010	341,652	806	22,142	295,725	12,331	672,656	41,435	38,772	13,322
2009	317,468	764	17,105	260,348	11,673	607,358	0	36,837	24,523
2008	<u>298,953</u>	<u>722</u>	<u>16,662</u>	<u>265,470</u>	<u>10,711</u>	<u>592,518</u>	<u>27,305</u>	<u>0</u>	<u>15,954</u>
Totals	\$3,448,766	\$7,454	\$236,183	\$3,054,325	\$61,193	\$6,807,921	\$138,740	\$406,347	\$88,801

Year	Reserves		
	Contingent Liability Reserve	Premium Deposit Fund	Total
2016	\$0	\$357,495,643	\$357,495,643
2015	0	363,023,352	363,023,352
2014	0	364,891,996	364,891,996
2013	0	366,652,383	366,652,383
2012	0	366,110,007	366,110,007
2011	0	363,777,660	363,777,660
2010	0	357,229,357	357,229,357
2009	0	349,424,958	349,424,958
2008	6,269,070	332,961,288	339,230,358

Year	Interest Credits on Reserves			Withdrawals to Pay Health and LTC Premiums
	Contingent Liability Reserve	Premium Deposit Fund	Total	
2016	\$0	\$12,269,121	\$12,269,121	\$1,049,258
2015	0	13,290,039	13,290,039	852,928
2014	0	14,036,549	14,036,549	758,413
2013	0	14,923,289	14,923,289	716,230
2012	0	15,739,647	15,739,647	504,082
2011	0	16,791,512	16,791,512	586,579
2010	0	17,976,631	17,976,631	481,683
2009	351,100	18,252,922	18,604,022	458,842
2008	<u>772,679</u>	<u>17,885,303</u>	<u>18,657,982</u>	<u>479,381</u>
Totals	\$1,123,779	\$141,165,013	\$142,288,792	\$5,887,396



THIS PAGE INTENTIONALLY  
LEFT BLANK

STATE OF WISCONSIN

I. Cumulative Financial Experience on Employee Insurance (Active Employees and Retirees) - 1958 through 2007

Employee Contributions		\$ 304,103,381
State Contributions		
Basic Plan	\$ 82,390,479	
Supplemental Plan	<u>36,340,802</u>	
		<u>118,731,281</u>
Total Premium		\$ 422,834,662
Death Claims	\$ 398,102,916	
AD&D Claims	20,768,912	
Living Benefit Claims	4,066,000	
Increase in Disability Claim Reserve	20,958,083	
Pooled Claims	(119,478)	
Pool Charge	1,065,368	
Conversion Charge	362,072	
Catastrophic Loss Credit	<u>0</u>	
Total Claim Charges		\$ 445,203,873
Contingent Liability Reserve on 12-31-2007	\$ 14,533,673	
Premium Deposit Fund on 12-31-2007	<u>323,291,613</u>	
Total		\$ 337,825,286
Payments to State		
State Premium Tax	\$ 9,230,199	
State Internal Administration Expense	3,885,022	
Actuarial Service Charge	38,388	
Audit/Consultant Service Charge	51,734	
Legal Expense	<u>39,790</u>	
Total		\$ 13,245,133
Payment from Contingent Liability Reserve for Premiums		\$ 3,530,569
Withdrawals of Postretirement Life Insurance Values to Pay Health and Long-Term Care Insurance Premiums		\$ 4,522,251
Excess of Disbursement and Reserves Over Premium		\$ 381,492,450
Minnesota Life Expenses	\$ 10,830,892	
Reinsurance Expense	180,635	
Risk Charge	1,584,835	
Federal Income Tax Charge	<u>971,199</u>	
Total	\$ 13,567,561	
Interest Credited to Plan	<u>395,060,011</u>	
Interest Credited to Plan Less Cost		\$ 381,492,450

STATE OF WISCONSIN

J. Historical Statistics - Active Employee and Retiree Insurance - through 2007

Year	Insurance In Force at End of Year		Year	Employee Contributions	Premium		Total Premium
	Pre-Retirement	Post-Retirement			State Contributions		
					Basic Plan	Supplemental Plan	
2007	7,803,344,000	320,232,500	2007	\$16,156,764	\$2,955,765	\$1,232,334	\$20,344,863
2006	7,329,155,000	295,682,250	2006	14,974,540	2,779,424	1,163,077	18,917,041
2005	6,999,101,000	277,559,750	2005	14,094,642	2,675,764	1,126,915	17,897,321
2004	6,760,990,000	261,620,000	2004	13,436,167	2,609,471	1,103,938	17,149,576
2003	6,377,422,000	248,541,250	2003	13,564,722	2,682,055	1,139,067	17,385,844
2002	6,100,363,000	234,159,250	2002	13,377,914	2,672,759	1,141,597	17,192,270
2001	5,601,752,000	219,827,750	2001	12,057,622	2,448,473	1,054,664	15,560,759
2000	4,965,080,000	207,848,750	2000	10,944,386	2,273,603	985,914	14,203,903
1999	4,593,228,000	195,619,000	1999	10,249,171	2,217,950	941,962	13,409,083
1998	4,252,269,000	184,580,000	1998	10,102,741	2,235,849	970,180	13,308,770
1997	3,681,951,000	176,424,750	1958-1997	<u>175,144,712</u>	<u>56,839,366</u>	<u>25,481,154</u>	<u>257,465,232</u>
			Total	\$304,103,381	\$82,390,479	\$36,340,802	\$422,834,662

Claims

Year	Death Losses				Living Benefits	Disability Losses	Total Claims
	Pre-Retirement Life	Pre-Retirement AD&D	Post-Retirement Life	Total			
2007	\$15,424,394	\$578,367	\$8,774,275	\$24,777,036	\$512,000	\$1,047,671	\$26,336,707
2006	14,953,112	1,119,759	8,480,232	24,553,103	576,000	2,314,751	27,443,854
2005	13,479,300	1,788,385	7,520,973	22,788,658	340,500	2,283,776	25,412,934
2004	13,872,722	940,858	7,554,908	22,368,488	601,500	(602,109)	22,367,879
2003	14,695,689	780,605	6,867,758	22,344,052	488,500	1,435,671	24,268,223
2002	11,458,035	1,041,829	6,811,293	19,311,157	242,500	690,982	20,244,639
2001	10,842,443	469,215	6,156,890	17,468,548	361,500	1,312,119	19,142,167
2000	9,303,701	738,921	6,183,157	16,225,779	166,000	714,191	17,105,970
1999	11,419,416	1,166,970	5,990,105	18,576,491	77,250	672,318	19,326,059
1998	10,449,799	1,216,350	5,146,711	16,812,860	141,000	1,497,976	18,451,836
1958- 1997	<u>152,380,988</u>	<u>10,927,653</u>	<u>50,337,015</u>	<u>213,645,656</u>	<u>559,250</u>	<u>9,590,737</u>	<u>223,795,643</u>
Total	\$278,279,599	\$20,768,912	\$119,823,317	\$418,871,828	\$4,066,000	\$20,958,083	\$443,895,911

  

Year	Total Claims	Conversion Charge	Pooled Claims	Pool Charge	Total Claim Charges
2007	\$26,336,707	\$0	\$0	\$298,751	\$26,635,458
2006	27,443,854	0	0	243,030	27,686,884
2005	25,412,934	0	0	213,495	25,626,429
2004	22,367,879	0	(40,116)	172,047	22,499,810
2003	24,268,223	0	(79,362)	138,045	24,326,906
2002	20,244,639	0	0	0	20,244,639
2001	19,142,167	1,800	0	0	19,143,967
2000	17,105,970	5,400	0	0	17,111,370
1999	19,326,059	14,820	0	0	19,340,879
1998	18,451,836	21,000	0	0	18,472,836
1958- 1997	<u>223,795,643</u>	<u>319,052</u>	<u>0</u>	<u>0</u>	<u>224,114,695</u>
Total	\$443,895,911	\$362,072	(\$119,478)	\$1,065,368	\$445,203,873

## STATE OF WISCONSIN

### J. Historical Statistics - Active Employee and Retiree Insurance - through 2007 (cont'd)

Year	Overhead Cost						State Administration Expense	Internal Service Charge	Actuarial Consultant Charge	Legal Expense	Interest Credits/ Charges
	Insurance Company Expense	Reinsurance Expense	Risk Charge	State Premium Tax	Federal Income Tax	Total					
2007	\$868,193	\$3,255	\$48,189	\$543,582	\$46,634	\$1,509,853	\$249,586	\$23,937	\$0	\$0	\$90,476
2006	810,168	3,027	34,416	566,203	39,071	1,452,885	223,343	0	8,698	0	86,556
2005	761,403	2,864	17,262	523,708	34,781	1,340,018	208,373	0	0	0	99,255
2004	723,308	2,703	0	459,084	33,016	1,218,111	181,758	905	0	39,790	47,974
2003	681,447	3,043	6,533	495,966	42,214	1,229,203	253,423	1,700	18,633	0	83,487
2002	640,332	4,893	60,795	411,517	46,884	1,164,421	150,150	1,745	0	0	46,486
2001	576,218	5,323	56,204	387,097	34,496	1,059,338	107,850	1,650	0	0	67,341
2000	532,568	13,125	52,944	344,786	28,148	971,571	38,008	1,402	8,727	0	53,830
1999	472,366	14,071	26,028	389,658	33,123	935,246	0	1,391	0	0	49,296
1998	414,812	13,309	56,964	375,376	46,762	907,223	137,490	1,153	0	0	94,563
1958- 1997	<u>4,350,077</u>	<u>115,022</u>	<u>1,225,500</u>	<u>4,733,222</u>	<u>586,070</u>	<u>11,009,891</u>	<u>2,335,041</u>	<u>4,505</u>	<u>15,676</u>	<u>0</u>	<u>1,836,172</u>
Total	\$10,830,892	\$180,635	\$1,584,835	\$9,230,199	\$971,199	\$22,797,760	\$3,885,022	\$38,388	\$51,734	\$39,790	\$2,555,436

Year	Reserves			Total
	Disability Reserve	Contingent Liability Reserve	Premium Deposit Fund	
2007	\$20,958,083	\$14,533,673	\$323,291,613	\$358,783,369
2006	19,910,412	22,320,164	303,582,094	345,812,670
2005	17,595,661	29,423,280	288,655,047	335,673,988
2004	15,311,885	35,338,788	273,479,546	324,130,219
2003	15,913,994	40,413,306	256,750,262	313,077,562
2002	14,478,323	44,476,613	241,655,917	300,610,853
2001	13,787,341	48,211,931	223,143,852	285,143,124
2000	12,475,222	50,992,413	206,330,935	269,798,570
1999	11,761,031	53,505,251	189,675,567	254,941,849
1998	11,088,713	55,999,169	177,584,817	244,672,699
1997	9,590,737	57,505,153	166,585,300	233,681,190

Year	Interest Credits on Reserves				Withdrawals to Pay Health and LTC Premiums
	Disability Reserve	Contingent Liability Reserve	Premium Deposit Fund	Total	
2007	\$1,149,269	\$1,305,400	\$17,715,113	\$20,169,782	\$263,259
2006	975,149	1,681,973	16,073,075	18,730,197	538,053
2005	890,137	1,904,463	15,960,456	18,755,056	316,819
2004	937,441	2,796,523	15,200,843	18,934,807	537,217
2003	948,032	3,105,807	15,745,232	19,799,071	407,499
2002	938,590	3,352,789	15,343,979	19,635,358	536,412
2001	890,592	3,621,720	14,805,993	19,318,305	601,165
2000	837,693	3,782,331	13,637,481	18,257,505	241,630
1999	745,309	3,732,430	12,112,018	16,589,757	173,788
1998	653,225	3,848,131	11,326,953	15,828,309	219,407
1958- 1997	<u>10,979,387</u>	<u>81,367,379</u>	<u>114,139,662</u>	<u>206,486,428</u>	<u>687,002</u>
Total	\$19,944,824	\$110,498,946	\$262,060,805	\$392,504,575	\$4,522,251

THIS PAGE INTENTIONALLY  
LEFT BLANK

WISCONSIN LOCAL GOVERNMENTS

V. Wisconsin Local Government Plan - Active Employees\*

Report on operations for 2016, the fifty-seventh year of the plan.

A. Employee Coverage

	<u>12-31-2015</u>	<u>12-31-2016</u>
1. Employees Insured for Pre-Retirement Insurance (1)		
Basic Plan	73,266	75,681
Supplemental Plan	25,062	26,140
Additional Plan	32,340	33,111
2. Pre-Retirement Life and AD&D Insurance (1)		
Basic Plan	\$ 3,876,531,000	\$ 4,047,600,000
Supplemental Plan	1,410,186,000	1,490,052,000
Additional Plan	4,082,008,000	4,256,548,000

B. Spouse and Dependent Coverage

1. Employees Insured	33,230	32,810
2. Estimated Spouse and Dependent Life Insurance	\$ 807,400,000	\$ 803,760,000

\*The active employee plan financial report includes:

- All active employees at ages under 70.
- All active employees at age 70 and over who continue to participate in the additional life insurance benefit.
- Spouses and dependents of active employees.

WISCONSIN LOCAL GOVERNMENTS

C. Premium Summary

Employee Contributions

Basic Plan	\$ 6,508,648	
Supplemental Plan	2,762,293	
Additional Plan	7,371,292	
Spouse and Dependent Plan	<u>1,191,484</u>	
		\$ 17,833,717

Employer Contributions to Premium

Basic Plan	\$ 1,700,523	
Supplemental Plan	<u>19,248</u>	
		<u>1,719,771</u>
Total Premium		\$ 19,553,488

D. Employee Claims

	<u>Basic Plan</u>	<u>Supplemental Plan</u>	<u>Additional Plan</u>	<u>Total</u>
Life	\$ 3,371,030	\$ 1,101,937	\$ 3,268,079	\$ 7,741,046
AD&D	184,395	76,125	285,241	545,761
Living Benefit	194,000	116,000	159,000	469,000
Disability	<u>138,474</u>	<u>319,288</u>	<u>787,335</u>	<u>1,245,097</u>
Total	\$ 3,887,899	\$ 1,613,350	\$ 4,499,655	\$ 10,000,904

E. Spouse and Dependent Claims

	<u>Spouse</u>	<u>Dependent</u>	
Life	\$ 1,091,842	\$ 110,290	\$ 1,202,132
Living Benefit	<u>20,000</u>	<u>0</u>	<u>20,000</u>
Total	\$ 1,111,842	\$ 110,290	\$ 1,222,132

WISCONSIN LOCAL GOVERNMENTS

F. Financial Experience - Active Employee Insurance

1. Premium

Employee Contributions	\$ 16,642,233	
Employer Contributions	<u>1,719,771</u>	
 Total Premium		 \$ 18,362,004

2. Claim Charges

Death Claims	\$ 7,741,046	
AD&D Claims	545,761	
Living Benefit Claims	469,000	
Pooled Claims	171	
Pool Charge	146,140	
Increase in Disability Claim Reserve	1,245,097	
Conversion Charge	10,920	
Catastrophic Loss Credit	<u>0</u>	
 Total Claim Charges		 \$ 10,158,135

3. Expense Charges

Minnesota Life Expenses	\$ 1,475,571	
Reinsurance Expense	3,272	
Risk Charge	<u>3,382</u>	
 Total Expense Charges		 \$ 1,482,225

4. Tax Charges

State Premium Tax	\$ 367,240	
Federal Income Tax	<u>11,411</u>	
 Total Tax Charges		 \$ 378,651

5. Interest Credits/Charges

On Premium	\$ 104,878	
On Disability Claim Reserve	804,797	
On Claims Paid	(37,472)	
On Expense Charges, Pool Charge & Conversion Charge	<u>(12,188)</u>	
 Total Interest Credits/Charges		 \$ 860,015

6. State Internal Administration Expense \$ 419,785

7. Audit/Consultant Service Charge \$ 0

8. Contribution to Stabilization Reserve [(1)-(2)-(3)-(4)+(5)-(6)-(7)] \$ 6,783,223



WISCONSIN LOCAL GOVERNMENTS

G. Reserve Summary

1. Premium Deposit Fund

Balance on 12-31-2015	\$	11,446,930
Interest Credit		378,697
Withdrawals on 12-31-2016		<u>0</u>
Balance on 12-31-2016	\$	11,825,627

2. Stabilization Reserve

Balance on 12-31-2015	\$	39,938,189
Interest Credit		1,232,753
Contribution on 12-31-2016		6,783,223
Withdrawals on 12-31-2016		<u>0</u>
Balance on 12-31-2016	\$	47,954,165

Interest Rate on Premium Deposit Fund and Stabilization Reserve in 2016		3.14%
---	--	-------

H. Stop-Loss Calculation for Active Employee Insurance

Stop-Loss Limit	\$	24,081,258
Claim Charges	\$	10,203,781
Expense Charges		<u>1,849,465</u>
Total Charges	\$	12,053,246
Catastrophic Loss Credit	\$	0

WISCONSIN LOCAL GOVERNMENTS

I. Financial Experience - Spouse and Dependent Insurance

1. Premium		\$ 1,191,484
2. Claim Charges		
Death Claims	\$ 1,202,132	
Living Benefit Claims	20,000	
Conversion Charge	<u>4,200</u>	
Total Claim Charges		\$ 1,226,332
3. Expense Charges		
Minnesota Life Expenses	\$ 63,149	
Risk Charge	<u>2,383</u>	
Total Expense Charges		\$ 65,532
4. Tax Charges		
State Premium Tax	\$ 23,830	
Federal Income Tax	<u>(1,140)</u>	
Total Tax Charges		\$ 22,690
5. Interest Credits/Charges		
On Premium	\$ 6,895	
On Claims Paid	(5,630)	
On Expense Charges & Conversion Charge	<u>(919)</u>	
Total Interest Credits/Charges		\$ 346
6. State Internal Administration Expense		\$ 91,392
7. Audit/Consultant Service Charge		\$ 0
8. Addition to Stabilization Reserve [(1)-(2)-(3)-(4)+(5)-(6)-(7)]		\$ (214,116)
9. Stabilization Reserve		
Stabilization Reserve on 12-31-2015		\$ 1,523,853
Addition to Reserve on 12-31-2016		(214,116)
Interest on Stabilization Reserve in 2016		<u>49,746</u>
Stabilization Reserve on 12-31-2016		\$ 1,359,483

J. Stop-Loss Calculation for Spouse and Dependent Insurance

Stop-Loss Limit		\$ 1,727,652
Claim Charges		1,155,333
Expense Charges		<u>89,361</u>
Total Charges		\$ 1,244,694
Catastrophic Loss Credit		\$ 0

THIS PAGE INTENTIONALLY  
LEFT BLANK

WISCONSIN LOCAL GOVERNMENTS

VI. Wisconsin Local Government Plan - Retirees\*

Report on operations for 2016, the fifty-seventh year of the plan.

A. Retiree Coverage

	<u>12-31-2015</u>	<u>12-31-2016</u>
1. Retirees Insured for Pre-Age 65 Insurance		
Basic Plan	10,821	10,571
Supplemental Plan	2,003	2,023
Additional Plan	3,015	3,083
2. Pre-Age 65 Life and AD&D Insurance		
Basic Plan	\$ 660,932,000	\$ 658,413,000
Supplemental Plan	124,315,000	130,074,000
Additional Plan	326,987,000	352,707,000
3. Retirees Insured for Post-Age 65 Insurance	30,209	31,927
4. Post-Age 65 Insurance	\$ 433,244,500	\$ 472,046,250

\*The retiree plan financial report includes:

- All retirees at age 65 and over, and all active employees at age 70 and over, who receive a post-retirement life insurance benefit with no further premium payments.
- All retirees under age 65 who receive post-retirement life insurance benefits based on continued premium payments.
- All funding contributions by employers toward future post-retirement life insurance for currently active employees.

WISCONSIN LOCAL GOVERNMENTS

B. Premium Summary

Pre-Age 65 Retiree Contributions

Basic Plan	\$ 4,466,656	
Supplemental Plan	310,153	
Additional Plan	<u>941,438</u>	
		\$ 5,718,247

Employer Contributions to Premium Deposit Fund \$ 1,874,958

Total Premium \$ 7,593,205

C. Retiree Claims

	<u>Basic Plan</u>	<u>Supplemental Plan</u>	<u>Additional Plan</u>	<u>Total</u>
<b>1. Pre-Age 65 Life and AD&amp;D Insurance</b>				
Life	\$ 2,697,705	\$ 789,563	\$ 1,988,006	\$ 5,475,274
AD&D	135,251	61,251	0	196,502
Living Benefit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$ 2,832,956	\$ 850,814	\$ 1,988,006	\$ 5,671,776
<b>2. Post-Age 65 Life Insurance</b>				
Life	\$ 8,954,073			\$ 8,954,073
Living Benefit	<u>14,750</u>			<u>14,750</u>
Total	\$ 8,968,823			\$ 8,968,823

WISCONSIN LOCAL GOVERNMENTS

D. Financial Experience - Pre-Age 65 Retiree Insurance

1. Premium

Pre-Age 65 Contributions	\$ 5,718,247	
Withdrawal from Premium Deposit Fund on 12-31-2016	847,665	
	<u>847,665</u>	
Total Premium		\$ 6,565,912

2. Claim Charges

Death Claims	\$ 5,475,274	
AD&D Claims	196,502	
Living Benefit Claims	0	
Pooled Claims	0	
Pool Charge	21,229	
Conversion Charge	0	
Catastrophic Loss Credit	0	
	<u>0</u>	
Total Claim Charges		\$ 5,693,005

3. Expense Charges

Minnesota Life Expenses	\$ 610,190	
Reinsurance Expense	1,353	
Risk Charge	5,792	
	<u>5,792</u>	
Total Expense Charges		\$ 617,335

4. Tax Charges

State Premium Tax	\$ 131,318	
Federal Income Tax	13,350	
	<u>13,350</u>	
Total Tax Charges		\$ 144,668

5. Interest Credits/Charges

On Premium	\$ 32,180	
On Claims Paid	(22,844)	
On Expense Charges, Pool Charge & Conversion Charge	(4,495)	
	<u>(4,495)</u>	
Total Interest Credits/Charges		\$ 4,841

6. State Internal Administration Expense \$ 115,745

7. Actuarial Service Charge \$ 0

8. Experience Credit [(1)-(2)-(3)-(4)+(5)-(6)-(7)] \$ 0

The Experience Credit is deposited in the Contingent Liability Reserve.

WISCONSIN LOCAL GOVERNMENTS

E. Financial Experience - Post-Age 65 Retiree Insurance

1. Premium Deposit Fund

Premium Deposit Fund on 12-31-2015	\$ 197,480,756
Contributions for Active Employees During 2016	1,874,958
Withdrawals on 12-31-2016	(847,665)
Withdrawals of Postretirement Life Insurance Values to pay Health and Long-Term Care Insurance Premiums	(10,368)
Interest on Premium Deposit Fund in 2016	<u>6,550,796</u>
Premium Deposit Fund on 12-31-2016	\$ 205,048,477

2. Contingent Liability Reserve

Contingent Liability Reserve on 12-31-2015	\$ 45,987,286
Contributions on 12-31-2016	0
Post-Age 65 Death Claims	(8,968,823)
Minnesota Life Expenses	(320,990)
State Premium Tax	(189,746)
Risk Charge	(7,760)
Interest on Contingent Liability Reserve in 2016	<u>1,597,091</u>
Contingent Liability Reserve on 12-31-2016	\$ 38,097,058

Interest Rate on Premium Deposit Fund and Contingent Liability Reserve in 2016	3.39%
--	-------

WISCONSIN LOCAL GOVERNMENTS

F. Summary of Assets and Liabilities for Post-Retirement Benefits on December 31

	<u>2015</u>	<u>2016</u>
1. Assets		
a. Retiree Premium Deposit Fund	\$ 197,480,756	\$ 205,048,477
b. Active Premium Deposit Fund Available for Post-Retirement Funding	11,446,930	11,825,627
c. Contingent Liability Reserve	45,987,286	38,097,058
d. Active Stabilization Reserve Available for Post-Retirement Funding	<u>31,081,280</u>	<u>43,363,664</u>
e. Total	\$ 285,996,252	\$ 298,334,826
2. Liabilities		
a. Post-Age 65 Retirees	\$ 173,569,257	\$ 195,229,789
b. Pre-Age 65 Retirees	43,537,026	43,672,642
c. Active Employees	<u>49,099,708</u>	<u>47,167,511</u>
d. Total	\$ 266,205,991	\$ 286,069,942
3. Unfunded Accrued Liability [2(d) - 1(e)]	\$ (19,790,261)	\$ (12,264,884)
4. Total Assets as a Percent of Total Liabilities [1(e)/2(d)]	107.4%	104.3%

Definitions of asset values:

- Retiree Premium Deposit Fund: total retiree premium deposit fund assets
- Active Premium Deposit Fund Available for Post-Retirement Funding: active premium deposit fund assets in excess of the active target reserve level. The target level of active premium deposit fund plus active stabilization reserve equals 50% of active plan premium.
- Contingent Liability Reserve: total contingent liability reserve assets
- Active Stabilization Reserve Available for Post-Retirement Funding: active stabilization reserve assets in excess of the active target reserve level. The target level of active premium deposit fund plus active stabilization reserve equals 50% of active plan premium.

Definitions of liability values:

- Post-Age 65 Retirees: present value of future claims
- Pre-Age 65 Retirees: present value of future claims minus present value of future premiums
- Active Employees: present values of future active employment claims and future post-retirement claims for active employees minus present values of future State and employee premium contributions

Funding Assumptions appear on page 61 of this report.

G. Stop-Loss Calculation for Retiree Insurance

Stop-Loss Limit	\$ 20,549,391
Claim Charges	\$ 14,497,867
Expense Charges	<u>1,267,149</u>
Total Charges	\$ 15,765,016
Catastrophic Loss Credit	\$ 0



THIS PAGE INTENTIONALLY  
LEFT BLANK

WISCONSIN LOCAL GOVERNMENTS

VII. Historical Experience

A. Cumulative Financial Experience on Active Employee Insurance - 2008 through 2016

Employee Contributions		\$ 144,618,233
Employer Contributions		<u>13,270,135</u>
Total Premium		\$ 157,888,368
Reserve Brought Forward on January 1, 2008		\$ 7,995,249
Death Claims	\$ 86,216,820	
AD&D Claims	7,204,316	
Living Benefit Claims	5,027,000	
Increase in Disability Claim Reserve	8,327,533	
Pooled Claims	(136,773)	
Pool Charge	645,830	
Conversion Charge	100,080	
Catastrophic Loss Credit	<u>0</u>	
Total Claim Charges		\$ 107,384,806
Premium Deposit Fund on 12-31-2016	\$ 11,825,627	
Stabilization Reserve on 12-31-2016	<u>47,954,165</u>	
Total		\$ 59,779,792
Payments to State		
State Premium Tax	\$ 3,157,768	
State Internal Administration Expense	2,120,096	
Actuarial Service Charge	0	
Audit/Consultant Service Charge	13,444	
Research Survey Cost	<u>0</u>	
Total		\$ 5,291,308
Excess of Disbursement and Reserves Over Premium and Reserve Brought Forward on January 1, 2008		\$ 6,572,289
Minnesota Life Expenses	\$ 12,056,009	
Reinsurance Expense	26,806	
Risk Charge	84,188	
Catastrophic Loss	0	
Federal Income Tax Charge	<u>240,801</u>	
Total		\$ 12,407,804
Interest Credited to Plan		<u>18,980,093</u>
Interest Credited to Plan Less Cost		\$ 6,572,289

WISCONSIN LOCAL GOVERNMENTS

B. Historical Statistics - Active Employee Insurance - 2008 and Later

<u>Year</u>	<u>Insurance in Force at End of Year</u>	<u>Premium</u>		
		<u>Employee Contributions</u>	<u>Employer Contributions</u>	<u>Total Premium</u>
2016	\$9,794,200,000	\$16,642,233	\$1,719,771	\$18,362,004
2015	9,368,725,000	16,019,705	1,694,114	17,713,819
2014	9,071,624,000	15,627,511	1,557,078	17,184,589
2013	8,808,111,000	15,302,736	1,537,139	16,839,875
2012	8,309,500,000	15,569,667	1,555,163	17,124,830
2011	8,654,114,000	16,740,728	1,408,259	18,148,987
2010	8,586,067,000	16,895,496	1,371,228	18,266,724
2009	8,280,640,000	16,275,592	1,294,951	17,570,543
2008	7,811,801,000	<u>15,544,565</u>	<u>1,132,432</u>	<u>16,676,997</u>
Totals		\$144,618,233	\$13,270,135	\$157,888,368

Claims

<u>Year</u>	<u>Death Losses</u>			<u>Living Benefits</u>	<u>Disability Losses</u>	<u>Total Claims</u>
	<u>Life</u>	<u>AD&amp;D</u>	<u>Total</u>			
2016	\$7,741,046	\$545,761	\$8,286,807	\$469,000	\$1,245,097	\$10,000,904
2015	10,735,324	928,547	11,663,871	1,155,000	610,935	13,429,806
2014	9,319,278	841,742	10,161,020	908,000	1,484,178	12,553,198
2013	10,259,826	1,040,611	11,300,437	0	6,079	11,306,516
2012	8,753,139	674,179	9,427,318	642,000	1,174,943	11,244,261
2011	8,835,570	674,431	9,510,001	68,000	1,215,476	10,793,477
2010	10,419,788	1,148,439	11,568,227	1,332,000	942,703	13,842,930
2009	8,830,683	237,777	9,068,460	185,000	1,069,766	10,323,226
2008	<u>11,322,166</u>	<u>1,112,829</u>	<u>12,434,995</u>	<u>268,000</u>	<u>578,356</u>	<u>13,281,351</u>
Totals	\$86,216,820	\$7,204,316	\$93,421,136	\$5,027,000	\$8,327,533	\$106,775,669

<u>Year</u>	<u>Total Claims</u>	<u>Conversion Charge</u>	<u>Pooled Claims</u>	<u>Pool Charge</u>	<u>Total Claim Charges</u>
2016	\$10,000,904	\$10,920	\$171	\$146,140	\$10,158,135
2015	13,429,806	26,100	(54,822)	122,637	13,523,721
2014	12,553,198	0	387	84,519	12,638,104
2013	11,306,516	600	(2,331)	73,447	11,378,232
2012	11,244,261	6,900	0	71,793	11,322,954
2011	10,793,477	17,040	(80,178)	55,483	10,785,822
2010	13,842,930	11,040	0	42,860	13,896,830
2009	10,323,226	25,380	0	25,007	10,373,613
2008	<u>13,281,351</u>	<u>2,100</u>	<u>0</u>	<u>23,944</u>	<u>13,307,395</u>
	\$106,775,669	\$100,080	(\$136,773)	\$645,830	\$107,384,806

WISCONSIN LOCAL GOVERNMENTS

B. Historical Statistics - Active Employee Insurance - 2008 and Later (cont'd)

Year	Overhead Costs						State Internal Administration Expense	Audit/ Consultant Service Charge	Interest Credits/ Charges
	Insurance Company Expense	Reinsurance Expense	Risk Charge	State Premium Tax	Federal Income Tax	Total			
2016	\$1,475,571	\$3,272	\$3,382	\$367,240	\$11,411	\$1,860,876	\$419,785	\$0	\$55,218
2015	1,423,482	3,156	0	354,276	8,548	1,789,462	198,529	0	38,566
2014	1,380,953	3,061	0	343,692	7,381	1,735,087	515,107	0	44,679
2013	1,321,269	2,890	0	336,798	8,552	1,669,509	0	0	47,584
2012	1,310,049	2,822	0	342,497	17,592	1,672,960	225,516	0	51,340
2011	1,388,398	2,991	0	362,980	36,880	1,791,249	263,769	5,239	87,014
2010	1,329,765	3,078	24,714	365,334	47,967	1,770,858	190,230	5,955	98,413
2009	1,255,064	2,849	31,721	351,411	50,468	1,691,513	180,736	2,250	147,950
2008	<u>1,171,458</u>	<u>2,687</u>	<u>24,371</u>	<u>333,540</u>	<u>52,002</u>	<u>1,584,058</u>	<u>126,424</u>	<u>0</u>	<u>130,121</u>
Totals	\$12,056,009	\$26,806	\$84,188	\$3,157,768	\$240,801	\$15,565,572	\$2,120,096	\$13,444	\$700,885

Year	Reserves			
	Disability Reserve	Stabilization Reserve	Premium Deposit Fund	Total
2016	\$25,478,681	\$47,954,165	\$11,825,627	\$85,258,474
2015	24,233,584	39,938,189	11,446,930	75,618,703
2014	23,622,649	35,701,886	11,053,067	70,377,602
2013	22,138,471	31,467,384	10,651,475	64,257,330
2012	22,132,392	25,834,701	10,238,389	58,205,482
2011	20,957,449	20,189,994	9,813,308	50,960,751
2010	19,741,973	13,292,179	9,371,161	42,405,313
2009	18,799,270	9,368,979	8,910,328	37,078,577
2008	17,729,504	2,772,172	8,447,660	28,949,336

Year	Interest Credits on Reserves			
	Disability Reserve	Stabilization Reserve	Premium Deposit Fund	Total
2016	\$804,797	\$1,232,753	\$378,697	\$2,416,247
2015	845,921	1,149,709	393,863	2,389,493
2014	842,622	1,050,910	401,592	2,295,124
2013	887,019	905,946	413,086	2,206,051
2012	904,315	785,652	425,081	2,115,048
2011	935,213	572,680	442,147	1,950,040
2010	984,110	437,826	460,833	1,882,769
2009	985,322	141,104	462,668	1,589,094
2008	<u>982,931</u>	<u>0</u>	<u>452,411</u>	<u>1,435,342</u>
Totals	\$8,172,250	\$6,276,580	\$3,830,378	\$18,279,208

WISCONSIN LOCAL GOVERNMENTS

C. Cumulative Financial Experience on Spouse and Dependent Insurance - 1983 through 2016

Employee Contribution		\$	41,703,913
Death Claims	\$ 38,696,303		
Living Benefit Claims	235,000		
Conversion Charge	<u>327,345</u>		
Total Claim Charges		\$	39,258,648
Stabilization Reserve on 12-31-2016		\$	1,359,483
Payments to State			
State Premium Tax	\$ 834,080		
State Internal Administration Expense	1,301,016		
Audit/Consultant Service Charge	<u>16,000</u>		
Total		\$	2,151,096
Payment from Stabilization Reserve for Premiums		\$	41,392
Excess of Disbursement and Reserves over Premium		\$	1,106,706
Minnesota Life Expenses	\$ 1,780,032		
Risk Charge	77,683		
Federal Income Tax Charge	<u>67,258</u>		
Total	\$ 1,924,973		
Interest Credited to Plan	<u>3,031,679</u>		
Interest Credited to Plan Less Cost		\$	1,106,706

WISCONSIN LOCAL GOVERNMENTS

D. Historical Statistics - Spouse and Dependent Insurance

<u>Year</u>	<u>Employee Contributions</u>	<u>Death Losses</u>	<u>Living Benefits</u>	<u>Conversion Costs</u>	<u>Total Claim Charges</u>
2016	\$1,191,484	\$1,202,132	\$20,000	\$4,200	\$1,226,332
2015	1,196,318	1,051,479	10,000	4,500	1,065,979
2014	1,208,721	1,245,796	20,000	2,700	1,268,496
2013	1,216,332	1,330,896	20,000	2,160	1,353,056
2012	1,248,127	1,180,227	0	14,400	1,194,627
2011	1,297,655	1,631,968	0	22,200	1,654,168
2010	1,329,441	1,448,386	10,000	9,300	1,467,686
2009	1,341,736	1,539,639	20,000	8,820	1,568,459
2008	1,337,106	1,617,363	0	9,690	1,627,053
2007	1,428,404	1,690,331	20,000	14,700	1,725,031
1983- 2006	<u>28,908,589</u>	<u>24,758,086</u>	<u>115,000</u>	<u>234,675</u>	<u>25,107,761</u>
Total	\$41,703,913	\$38,696,303	\$235,000	\$327,345	\$39,258,648

<u>Year</u>	<u>Overhead Cost</u>					<u>State Internal Administration Expense</u>	<u>Audit/ Consultant Charge</u>
	<u>Insurance Company Expense</u>	<u>Risk Charge</u>	<u>State Premium Tax</u>	<u>Federal Income Tax</u>	<u>Total</u>		
2016	\$63,149	\$2,383	\$23,830	(\$1,140)	\$88,222	\$91,392	\$0
2015	63,405	2,393	23,926	(1,408)	88,316	38,028	0
2014	64,062	2,417	24,174	(1,569)	89,084	113,603	0
2013	64,466	2,433	24,327	(1,756)	89,470	0	0
2012	66,151	2,496	24,963	(1,637)	91,973	52,095	0
2011	68,776	2,595	25,953	(1,246)	96,078	69,352	294
2010	70,593	2,659	26,589	(1,138)	98,703	36,037	612
2009	71,246	2,683	26,835	(1,564)	99,200	43,980	0
2008	71,000	2,674	26,742	(2,358)	98,058	24,797	0
2007	70,813	2,857	28,568	(2,033)	100,205	50,720	0
1983- 2006	<u>1,106,371</u>	<u>52,093</u>	<u>578,173</u>	<u>83,107</u>	<u>1,819,744</u>	<u>781,012</u>	<u>15,094</u>
Total	\$1,780,032	\$77,683	\$834,080	\$67,258	\$2,759,053	\$1,301,016	\$16,000

<u>Year</u>	<u>Insurance In Force At End of Year</u>	<u>Stabilization Reserve</u>	<u>Interest Credits</u>	
			<u>On Stabilization Reserve</u>	<u>Current Premium Less Charges</u>
2016	\$803,760,000	\$1,359,483	\$49,746	\$346
2015	807,400,000	1,523,853	55,221	1,827
2014	805,950,000	1,462,810	65,312	185
2013	810,265,000	1,659,775	76,939	1,253
2012	819,980,000	1,807,777	83,235	1,510
2011	852,035,000	1,813,600	107,302	(1,396)
2010	882,590,000	2,229,931	125,084	1,942
2009	897,225,000	2,376,502	144,205	(2,608)
2008	895,485,000	2,604,808	163,295	4,027
2007	893,160,000	2,850,288	180,878	5,548
1983- 2006	<u>877,340,000</u>	<u>3,111,414</u>	<u>1,720,921</u>	<u>246,907</u>
Total			\$2,772,138	\$259,541

THIS PAGE INTENTIONALLY  
LEFT BLANK

WISCONSIN LOCAL GOVERNMENTS

E. Cumulative Financial Experience on Retiree Insurance - 2008 through 2016

Retiree Contributions		\$ 44,534,674
Employer Contributions		<u>16,565,575</u>
Total Premium		\$ 61,100,249
Reserve Brought Forward on January 1, 2008		\$ 208,679,884
Death Claims	\$ 105,021,752	
AD&D Claims	2,754,675	
Living Benefit Claims	216,250	
Pooled Claims	0	
Pool Charge	84,370	
Conversion Charge	0	
Catastrophic Loss Credit	<u>0</u>	
Total Claim Charges		\$ 108,077,047
Contingent Liability Reserve on 12-31-2016	\$ 38,097,058	
Premium Deposit Fund on 12-31-2016	<u>205,048,477</u>	
Total		\$ 243,145,535
Payments to State		
State Premium Tax	\$ 2,370,782	
State Internal Administration Expense	549,706	
Actuarial Service Charge	115,870	
Audit/Consultant Service Charge	0	
Research Survey Cost	<u>0</u>	
Total		\$ 3,036,358
Withdrawals of Postretirement Life Insurance Values to Pay Health Insurance Premiums		\$ 24,311
Excess of Disbursement and Reserves Over Premium and Reserve Brought Forward on January 1, 2008		\$ 84,503,118
Minnesota Life Expenses	\$ 6,825,222	
Reinsurance Expense	10,401	
Risk Charge	145,779	
Catastrophic Loss	0	
Federal Income Tax Charge	<u>161,445</u>	
Total	\$ 7,142,847	
Interest Credited to Plan	<u>91,645,965</u>	
Interest Credited to Plan Less Cost		\$ 84,503,118



WISCONSIN LOCAL GOVERNMENTS

F. Historical Statistics - Retiree Insurance - 2008 and Later

Year	Insurance In Force at End of Year		Pre-Age 65 Retiree Contributions	PDF Contributions	Total Premium
	Pre-Age 65	Post-Age 65			
2016	1,141,194,000	472,046,250	\$5,718,247	\$1,874,958	\$7,593,205
2015	1,112,234,000	433,244,500	5,509,597	1,818,885	7,328,482
2014	1,090,809,000	401,638,500	5,459,554	1,776,490	7,236,044
2013	1,090,977,000	369,512,250	5,505,225	1,743,698	7,248,923
2012	1,020,957,000	339,426,250	5,400,091	1,814,635	7,214,726
2011	917,858,000	296,558,250	4,655,484	1,895,348	6,550,832
2010	800,016,000	263,634,750	4,332,956	1,928,846	6,261,802
2009	744,181,000	247,986,000	4,061,882	1,906,415	5,968,297
2008	714,345,000	230,296,250	<u>3,891,638</u>	<u>1,806,300</u>	<u>5,697,938</u>
Totals			\$44,534,674	\$16,565,575	\$61,100,249

Claims

Death Losses							
Year	Pre-Age 65 Life	Pre-Age 65 AD&D	Post -Age 65 Life	Total	Pre-Age 65 Living Benefits	Post-Age 65 Living Benefits	Total Claims
2016	\$5,475,274	\$196,502	\$8,954,073	\$14,625,849	\$0	\$14,750	\$14,640,599
2015	5,446,127	295,595	8,624,236	14,365,958	0	80,750	14,446,708
2014	3,875,731	626,749	7,337,281	11,839,761	0	0	11,839,761
2013	4,196,353	264,010	7,415,466	11,875,829	0	17,250	11,893,079
2012	4,950,514	113,582	6,588,265	11,652,361	0	13,000	11,665,361
2011	5,810,820	513,478	6,141,237	12,465,535	0	12,500	12,478,035
2010	6,091,729	364,772	5,939,071	12,395,572	0	15,250	12,410,822
2009	3,577,600	206,391	5,551,594	9,335,585	0	35,000	9,370,585
2008	<u>4,607,218</u>	<u>173,596</u>	<u>4,439,163</u>	<u>9,219,977</u>	<u>0</u>	<u>27,750</u>	<u>9,247,727</u>
Totals	\$44,031,366	\$2,754,675	\$60,990,386	\$107,776,427	\$0	\$216,250	\$107,992,677

Year	Total Claims	Conversion Charge	Pooled Claims	Pool Charge	Total Claim Charges
2016	\$14,640,599	\$0	\$0	\$21,229	\$14,661,828
2015	14,446,708	0	0	16,096	14,462,804
2014	11,839,761	0	0	13,199	11,852,960
2013	11,893,079	0	0	7,732	11,900,811
2012	11,665,361	0	0	8,896	11,674,257
2011	12,478,035	0	0	6,052	12,484,087
2010	12,410,822	0	0	3,851	12,414,673
2009	9,370,585	0	0	3,678	9,374,263
2008	<u>9,247,727</u>	<u>0</u>	<u>0</u>	<u>3,637</u>	<u>9,251,364</u>
Totals	\$107,992,677	\$0	\$0	\$84,370	\$108,077,047

WISCONSIN LOCAL GOVERNMENTS

F. Historical Statistics - Retiree Insurance - 2008 and Later (cont'd)

Year	Overhead Cost						State Internal Administration Expense	Actuarial Service Charge	Interest Credits/Charges
	Insurance Company Expense	Reinsurance Expense	Risk Charge	State Premium Tax	Federal Income Tax	Total			
2016	\$931,180	\$1,353	\$13,552	\$321,065	\$13,350	\$1,280,500	\$115,745	\$0	\$4,841
2015	892,989	1,306	10,572	314,850	13,478	1,233,195	54,740	0	8,231
2014	848,726	1,289	6,425	264,516	15,675	1,136,631	142,028	36,000	11,667
2013	828,185	1,244	20,021	267,149	19,318	1,135,917	0	12,000	11,576
2012	785,780	1,189	29,194	256,922	22,779	1,095,864	62,181	22,000	5,425
2011	713,181	1,079	30,153	271,532	19,193	1,035,138	72,728	0	12,776
2010	654,086	1,055	14,297	268,565	19,479	957,482	52,451	18,565	12,474
2009	612,443	968	9,505	205,157	19,697	847,770	49,833	0	11,698
2008	<u>558,652</u>	<u>918</u>	<u>12,060</u>	<u>201,026</u>	<u>18,476</u>	<u>791,132</u>	<u>0</u>	<u>27,305</u>	<u>16,703</u>
Totals	\$6,825,222	\$10,401	\$145,779	\$2,370,782	\$161,445	\$9,513,629	\$549,706	\$115,870	\$95,391

Year	Reserves		
	Contingent Liability Reserve	Premium Deposit Fund	Total
2016	\$38,097,058	\$205,048,477	\$243,145,535
2015	45,987,286	197,480,756	243,468,042
2014	53,223,215	189,909,860	243,133,075
2013	58,638,249	181,280,272	239,918,521
2012	63,563,611	172,545,902	236,109,513
2011	67,625,600	164,069,046	231,694,646
2010	70,833,865	157,167,232	228,001,097
2009	73,364,357	150,285,432	223,649,789
2008	75,189,487	140,921,026	216,110,513

Year	Interest Credits on Reserves			Withdrawals to Pay Health and LTC Premiums
	Contingent Liability Reserve	Premium Deposit Fund	Total	
2016	\$1,597,091	\$6,550,796	\$8,147,887	\$10,368
2015	1,963,438	6,785,555	8,748,993	0
2014	2,281,364	6,863,358	9,144,722	10,260
2013	2,606,565	6,990,672	9,597,237	0
2012	2,921,314	7,127,704	10,049,018	0
2011	3,294,095	7,427,799	10,721,894	0
2010	3,750,711	7,773,175	11,523,886	3,683
2009	4,068,966	7,762,181	11,831,147	0
2008	<u>4,229,674</u>	<u>7,556,115</u>	<u>11,785,789</u>	<u>0</u>
Totals	\$26,713,218	\$64,837,355	\$91,550,573	\$24,311

THIS PAGE INTENTIONALLY  
LEFT BLANK

WISCONSIN LOCAL GOVERNMENTS

G. Cumulative Financial Experience on Employee Insurance (Active Employees and Retirees) - 1960 through 2007

Employee Contributions		\$ 247,240,031
Employer Contributions		
Premium Credited to Plan	\$ 34,214,362	
Premium Deposit Fund	<u>35,774,042</u>	
		<u>69,988,404</u>
Total Premium		\$ 317,228,435
Death Claims	\$ 273,752,066	
AD&D Claims	16,867,867	
Living Benefit Claims	3,510,750	
Increase in Disability Claim Reserve	17,151,148	
Pooled Claims	0	
Pool Charge	99,732	
Conversion Charge	338,490	
Catastrophic Loss Credit	<u>(178,106)</u>	
Total Claim Charges		\$ 311,541,947
Contingent Liability Reserve on 12-31-2007	\$ 75,683,793	
Premium Deposit Fund on 12-31-2007	<u>140,991,340</u>	
Total		\$ 216,675,133
Payments to State		
State Premium Tax	\$ 6,679,342	
State Internal Administration Expense	3,892,703	
Actuarial Service Charge	38,388	
Audit/Consultant Service Charge	51,735	
Research Survey Cost	<u>10,520</u>	
Total		\$ 10,672,688
Payment from Contingent Liability Reserve for Premiums		\$ 1,883,923
Withdrawals of Postretirement Life Insurance Values to Pay Health Insurance Premiums		\$ 56,310
Excess of Disbursement and Reserves Over Premium		\$ 223,601,566
Minnesota Life Expenses	\$ 18,448,064	
Reinsurance Expense	131,816	
Risk Charge	1,357,265	
Catastrophic Loss	178,106	
Federal Income Tax Charge	<u>952,651</u>	
Total	\$ 21,067,902	
Interest Credited to Plan	<u>244,669,468</u>	
Interest Credited to Plan Less Cost		\$ 223,601,566

WISCONSIN LOCAL GOVERNMENTS

H. Historical Statistics - Active Employee and Retiree Insurance - through 2007

Year	Insurance In Force at End of Year		Year	Premium			Total Premium
	Pre-Retirement	Post-Retirement		Employee Contributions	Employer Contributions	Employer PDF Contributions	
2007	\$8,106,420,000	\$209,309,500	2007	\$18,514,622	\$1,104,737	\$1,732,601	\$21,351,960
2006	7,605,139,000	190,202,187	2006	16,955,065	950,272	1,610,684	19,516,021
2005	7,197,947,000	173,746,187	2005	15,776,326	880,599	1,523,359	18,180,284
2004	6,704,793,000	161,093,937	2004	14,659,344	833,183	1,488,778	16,981,305
2003	6,344,520,000	152,082,937	2003	13,898,798	804,687	1,461,837	16,165,322
2002	5,965,707,000	141,320,687	2002	12,512,375	741,180	1,374,756	14,628,311
2001	5,505,865,000	134,879,000	2001	11,320,435	571,653	1,274,766	13,166,854
2000	4,964,213,000	125,537,000	2000	10,116,720	537,353	1,378,975	12,033,048
1999	4,559,369,000	115,355,750	1999	9,455,950	525,820	1,329,891	11,311,661
1998	3,729,857,000	106,349,250	1998	8,935,636	520,786	1,305,749	10,762,171
1996	3,388,947,000	101,841,000	1960 -1997	<u>115,094,760</u>	<u>26,744,092</u>	<u>21,292,646</u>	<u>163,131,498</u>
			Total	\$247,240,031	\$34,214,362	\$35,774,042	\$317,228,435

Claims

Year	Death Losses			Total	Living Benefits	Disability Losses	Total Claims
	Pre-Retirement Life	Pre-Retirement AD&D	Post-Retirement Life				
2007	\$13,661,977	\$1,192,492	\$5,305,187	\$20,159,656	\$511,000	\$1,327,477	\$21,998,133
2006	12,342,722	1,580,258	4,521,061	18,444,041	901,000	1,430,034	20,775,075
2005	10,388,980	879,966	4,145,891	15,414,837	124,500	804,850	16,344,187
2004	12,627,796	1,015,277	4,283,601	17,926,674	200,000	(605,989)	17,520,685
2003	12,350,259	1,669,819	3,986,298	18,006,376	487,000	549,221	19,042,597
2002	9,734,737	1,236,492	3,852,234	14,823,463	458,750	1,332,365	16,614,578
2001	9,365,292	628,839	3,562,572	13,556,703	123,000	1,869,808	15,549,511
2000	7,971,710	769,460	3,348,041	12,089,211	23,750	1,086,269	13,199,230
1999	7,612,827	720,856	3,340,578	11,674,261	283,750	332,907	12,290,918
1998	7,828,959	587,626	3,261,026	11,677,611	177,000	901,549	12,756,160
1960- 1997	<u>93,984,509</u>	<u>6,586,782</u>	<u>36,275,809</u>	<u>136,847,100</u>	<u>221,000</u>	<u>8,122,657</u>	<u>145,190,757</u>
Total	\$197,869,768	\$16,867,867	\$75,882,298	\$290,619,933	\$3,510,750	\$17,151,148	\$311,281,831

Year	Total Claims	Conversion Charge	Pooled Claims	Pool Charge	Total Claim Charges
2007	\$21,998,133	\$11,160	\$0	\$23,273	\$22,032,566
2006	20,775,075	57,600	0	25,208	20,857,883
2005	16,344,187	26,640	0	19,746	16,390,573
2004	17,520,685	26,640	0	17,119	17,564,444
2003	19,042,597	16,860	0	14,386	19,073,843
2002	16,614,578	22,500	0	0	16,637,078
2001	15,549,511	16,380	0	0	15,565,891
2000	13,199,230	8,940	0	0	13,208,170
1999	12,290,918	4,740	0	0	12,295,658
1998	12,756,160	1,500	0	0	12,757,660
1960- 1997	<u>145,190,757</u>	<u>145,530</u>	<u>0</u>	<u>0</u>	<u>145,336,287</u>
Total	\$311,281,831	\$338,490	\$0	\$99,732	\$311,720,053

WISCONSIN LOCAL GOVERNMENTS

H. Historical Statistics - Active Employee and Retiree Insurance - through 2007 (cont'd)

Year	Overhead Cost						State Internal Administration Expense	Actuarial Service Charge	Audit/Consultant Charge	Research Survey Cost	Interest Credits/Charges
	Insurance Company Expense	Reinsurance Expense	Risk Charge*	State Premium Tax	Federal Income Tax	Total					
2007	\$1,642,242	\$3,416	\$65,405	\$468,673	\$72,165	\$2,251,901	\$249,586	\$23,936	\$0	\$0	\$191,898
2006	1,494,687	3,123	47,586	444,260	64,454	2,054,110	223,343	0	8,699	0	110,645
2005	1,389,672	2,909	42,714	349,646	61,415	1,846,356	208,373	0	0	0	143,998
2004	1,285,912	2,675	29,069	371,621	59,267	1,748,544	181,758	905	0	0	89,217
2003	1,221,501	2,639	54,756	401,966	60,462	1,741,324	253,424	1,700	18,633	0	121,600
2002	1,117,501	4,175	46,950	348,868	52,727	1,570,221	150,150	1,745	0	0	87,189
2001	1,003,151	4,517	47,021	325,213	44,602	1,424,504	107,850	1,650	0	0	92,006
2000	919,839	11,163	46,654	276,155	41,480	1,295,291	38,007	1,402	8,727	0	74,225
1999	842,497	11,704	39,389	256,390	45,544	1,195,524	0	1,391	0	0	61,178
1998	781,429	10,963	67,869	269,165	51,662	1,181,088	137,490	1,153	0	0	66,448
1960- 1997	<u>6,749,633</u>	<u>74,532</u>	<u>869,852</u>	<u>3,167,385</u>	<u>398,873</u>	<u>11,260,275</u>	<u>2,342,722</u>	<u>4,506</u>	<u>15,676</u>	<u>10,520</u>	<u>1,711,724</u>
Total	\$18,448,064	\$131,816	\$1,357,265	\$6,679,342	\$952,651	\$27,569,138	\$3,892,703	\$38,388	\$51,735	\$10,520	\$2,750,128

\*Risk charge reflects reduction for 1987 catastrophic loss credit of \$178,106.

Year	Reserves			Total
	Disability Reserve	Contingent Liability Reserve	Premium Deposit Fund	
2007	\$17,151,148	\$75,683,793	\$140,991,340	\$233,826,281
2006	15,823,671	75,175,650	131,607,871	222,607,192
2005	14,393,637	75,305,226	123,117,809	212,816,672
2004	13,588,787	72,017,608	114,855,712	200,462,107
2003	14,194,776	70,683,368	107,040,743	191,918,887
2002	13,645,555	70,171,487	100,249,667	184,066,709
2001	12,313,190	69,463,315	92,628,705	174,405,210
2000	10,443,382	68,348,884	85,827,691	164,619,957
1999	9,357,113	66,759,288	78,788,609	154,905,010
1998	9,024,206	65,206,883	72,488,388	146,719,477
1997	8,122,657	64,306,104	67,178,644	139,607,405

Year	Interest Credits on Reserves			Withdrawals to Pay Health Premiums
	Disability Reserve	Contingent Liability Reserve	Premium Deposit Fund	
2007	\$929,813	\$4,325,062	\$7,670,212	\$12,925,087
2006	818,117	4,180,360	6,879,378	11,877,855
2005	816,982	4,115,015	6,738,738	11,670,735
2004	823,287	4,424,860	6,337,309	11,585,456
2003	867,360	4,707,408	6,542,089	12,116,857
2002	827,016	4,782,466	6,363,346	11,972,828
2001	745,750	4,865,755	6,146,276	11,757,781
2000	667,981	4,744,914	5,660,107	11,073,002
1999	610,273	4,391,757	4,970,330	9,972,360
1998	551,337	4,327,436	4,580,522	9,459,295
1960- 1997	<u>7,916,027</u>	<u>72,558,458</u>	<u>47,033,599</u>	<u>127,508,084</u>
Total	\$15,573,943	\$117,423,491	\$108,921,906	\$241,919,340

THIS PAGE INTENTIONALLY  
LEFT BLANK

STATE OF WISCONSIN  
AND LOCAL GOVERNMENTS

VIII. Funding Assumptions

A. Salaries increase annually in accordance with the following schedule:

	Percentage Increase	
<u>Age</u>	<u>State</u>	<u>Local</u>
20	6.5	7.3
25	6.5	7.3
30	6.5	7.3
35	5.3	5.6
40	5.3	4.7
45	4.4	4.2
50	4.0	3.6
55	3.8	3.6
60	3.6	3.5
65	3.6	3.5

B. Annual employee withdrawal rates are as follows:

	Withdrawals Per 1,000	
<u>Age</u>	<u>State</u>	<u>Local</u>
20	174	180
25	174	180
30	88	74
35	57	45
40	27	21
45	22	18
50	18	15
55	17	15
60	17	15

C. Annual interest rates are projected portfolio rates, assuming new money rates grade to 5.75% in 0.50% per year increments, beginning with the 2016 new money rate of 2.39%.

D. Expected mortality and morbidity are based on studies of the actual experience of the plan during the years 2011 through 2015. Mortality and morbidity rates are expected to improve 2% per year in the future. The Local plan valuation assumes mortality improvement beyond 2022 will be reflected in reduced premium rates. The State plan valuation assumes premium contribution rates remain at their current levels in the future.

E. Annual accidental death rates of .12 deaths per thousand for State employees and .14 deaths per thousand for employees of participating public employers are assumed at all ages under 65. These rates are based on plan experience during 2011 through 2015.

F. No explicit allowance is made for insurance company expenses or State premium taxes.



THIS PAGE INTENTIONALLY  
LEFT BLANK

STATE OF WISCONSIN  
AND WISCONSIN LOCAL GOVERNMENTS

IX. Conversion of Postretirement Life Insurance Values to Pay Health or Long-Term Care Insurance Premiums

Report on operations for 2016, the twenty-second year of the benefit

	<u>State Retirees</u>	<u>Local Retirees</u>
A. Number of Retirees Utilizing Benefit		
1. Utilization on December 31, 2015	158	2
2. Conversions Effective in 2016	75	1
3. Terminations During 2016		
a. Exhaustion of Conversion Account Balance	49	1
b. Death	2	0
c. Revocation of Conversion	0	0
d. Reversion to Life Insurance Plan Reserve	<u>2</u>	<u>0</u>
e. Total Terminations (a+b+c+d)	53	1
4. Adjustments	4	0
5. Utilization on December 31, 2016 (1+2-3e+4)	184	2
B. Conversion Account Activity		
1. Conversion Account Balances on December 31, 2015	\$ 999,374.24	\$ 2,651.70
2. Conversion Account Balances Established in 2016	\$ 1,049,258.50	\$ 10,368.00
3. Payments From Conversion Accounts During 2016		
a. Health Insurance Premiums	\$ 854,678.32	\$ 9,243.00
b. Long-term Care Insurance Premiums	85,585.21	0.00
c. Death Benefits	4,478.20	0.00
d. Revocation of Conversion	0.00	0.00
e. Reversion to Life Insurance Plan Reserve	19.09	0.00
f. Adjustments	112.80	0.00
g. Total Payments (a+b+c+d+e+f)	<u>\$ 944,873.62</u>	<u>\$ 9,243.00</u>
4. Conversion Account Balances on December 31, 2016 (1+2-3g)	\$ 1,103,759.12	\$ 3,776.70

STATE OF WISCONSIN  
AND WISCONSIN LOCAL GOVERNMENTS

	<u>State Retirees</u>	<u>Local Retirees</u>
C. Cumulative Number of Retirees Utilizing Benefit - 1995 through 2016		
1. Conversions	884	11
2. Terminations		
a. Exhaustion of Conversion Account Balance	654	10
b. Death	40	0
c. Revocation of Conversion	3	1
d. Reversion to Life Insurance Plan Reserve	<u>11</u>	<u>0</u>
e. Total Terminations (a+b+c+d)	708	11
3. Adjustments	8	2
4. Utilization on December 31, 2016 (1-2e+3)	184	2
D. Cumulative Conversion Account Activity - 1995 through 2016		
1. Conversion Account Balances Established	\$ 10,411,040.50	\$ 80,620.50
2. Payments From Conversion Accounts		
a. Health Insurance Premiums	\$ 7,950,367.07	\$ 76,837.30
b. Long-term Care Insurance Premiums	1,103,219.29	0.00
c. Death Benefits	172,157.57	0.00
d. Revocation of Conversion	26,678.90	0.00
e. Reversion to Life Insurance Plan Reserve	55,228.21	0.00
f. Adjustments	<u>(369.66)</u>	<u>6.50</u>
g. Total Payments (a+b+c+d+e+f)	\$ 9,307,281.38	\$ 76,843.80
3. Conversion Account Balances on December 31, 2016 (1-2g)	\$ 1,103,759.12	\$ 3,776.70

GROUP LIFE INSURANCE PLAN COVERAGES  
FOR STATE EMPLOYEES AND  
THEIR SPOUSES AND DEPENDENTS

REPORT TO THE GROUP INSURANCE BOARD  
OF THE STATE OF WISCONSIN

Submitted by

Minnesota Life Insurance Company

August 30, 2017

## TABLE OF CONTENTS

	<u>Page</u>
Premium Rates for the State Employee Group Life Insurance Plan	1
Stop-Loss Limits for the State Employee Group Life Insurance Plan	2
Benefits and Premiums for Insured Spouses and Dependents of State Employees	3

## PREMIUM RATES FOR THE STATE EMPLOYEE GROUP LIFE INSURANCE PLAN

### Review of Recent Plan Experience

- Premiums

The premium rate structure for the plan is described in the Appendix at the end of this report. The fundamental principles of this structure were adopted by the Board on August 30, 1994.

The most recent change in premium rates occurred on May 1, 2012, when employee premium rates were decreased for basic, supplemental, and additional insurance. Because employer contributions are based on a percentage of employee premium rates, employer premium contributions were also reduced at that time.

- Claims

Historically, claim rates have shown a steady pattern of improvements over many years. These improvements have allowed the Board to reduce premium rates frequently.

Claims during 2016 were higher than the targeted level, while the experience in the most recent three-year period was better than the targeted level. Due to the continued low interest rate environment, and the pressure that places on funding of post-retirement life insurance benefits, we believe it is prudent to hold premium rates at their current levels for a period of time. This strategy will enable the premiums to cover anticipated claims and will allow for strengthening the reserves used to fund post-retirement life insurance benefits.

### Recommendation

**Based on our analysis of recent experience, Minnesota Life recommends that employee and employer premium contribution rates be continued at their current levels in 2018.**

## STOP-LOSS LIMITS FOR THE STATE EMPLOYEE GROUP LIFE INSURANCE PLAN

### Summary of Stop-Loss Provision

- Limits the liability of plan reserves for high claims in a policy year. Excess claims and expenses above the stop-loss limit are covered by risk reserves of Minnesota Life and the reinsurer.
- State and local government plans are separate for purposes of the stop-loss provision.
- The annual stop-loss limit for each plan is calculated by applying a table of stop-loss rates to the amounts of insurance in force.
- Stop-loss rates are determined based on recent claims experience and are set so that claims and expenses are expected to exceed the stop-loss limit in three years out of every one hundred years.

### Recent Experience

The current stop-loss rates were implemented on January 1, 2012. As discussed in the first section of this report, overall claims in recent years were lower than the experience on which the current rates are based.

### Recommendation

**Consistent with the recommended employee premium contribution rates for 2018, Minnesota Life recommends that stop-loss rates be maintained at their current level for 2018.**

BENEFITS AND PREMIUMS FOR INSURED SPOUSES AND  
DEPENDENTS OF STATE EMPLOYEES

Recent Claims Experience

Based on the decreasing size of the stabilization reserve balance, premium rates were increased to \$2.50 from \$2.00 effective March 1, 2010, with the goals of covering anticipated claim costs and strengthening the stabilization reserve.

Since that time, the reserve has grown to the target level and has remained near the target for several years.

2016 claim results were better than the targeted level. Overall, the most recent three-year result was better than target.

Recommendation

**Based on our analysis of recent experience, we recommend that spouse and dependent insurance benefits and premiums be continued at their current levels in 2018.**

Submitted for Minnesota Life Insurance Company by:



Paul E. Rudeen, FSA  
Vice President and Actuary  
Group Insurance Division

August 30, 2017



## APPENDIX

### SUMMARY OF BENEFIT AND PREMIUM STRUCTURE

#### Employee Insurance

##### Basic Coverage:

- Controlled by ss. 40.05 (6) (a) and 40.72 (1), Stats.
- Coverage can be continued, and the employee is liable for premium, up to age 70 (age 65 if retired). Thereafter, eligible employees receive premium-free postretirement coverage at 50% of the active coverage amount.
- Maximum employee premium, by statute, is \$0.60 per \$1,000 in coverage.
- The State pays the difference between employee premium and total premium. State premiums, which are expressed as a percentage of employee premiums, are intended to pay a portion of the cost of current coverage and to also cover the cost of future postretirement coverage. The State pays an amount equal to 63% of the employee premium.
- Premiums are established annually by the Group Insurance Board. Minnesota Life makes recommendations based on experience in the three most recent plan years.

##### Supplemental Coverage:

- Controlled by ss. 40.05 (6) (a) and 40.72 (10), Stats.
- Coverage can continue, and employee is liable for premium, up to age 70 (age 65 if retired). There is no postretirement benefit.
- Maximum employee premium, by statute, is \$0.60 per \$1,000 in coverage.
- The State pays the difference between employee premium and total premium. The State pays an amount equal to 35% of the employee premium.
- Premiums are established annually by the Group Insurance Board. Employee premium rates are equal to those for the basic plan.

##### Additional Coverage:

- Controlled by s. 40.03 (6) (b), Stats. and the life insurance contract.

- An employee may purchase one, two or three units of coverage.
- The employee pays the entire premium. There is no maximum premium. Coverage can be continued for as long as the employee remains employed (or until age 65 if retired). There is no postretirement benefit.
- Premium rates are set by the Group Insurance Board. Minnesota Life's recommendation is based on experience in the three most recent plan years.

#### Spouse and Dependent Insurance

- An insured employee's legal spouse and unmarried children, including stepchildren, adopted children, children in adoptive placement and legal wards, are eligible for coverage.
- A dependent child is eligible until age 19 or until age 25 if a full-time student. A physically or mentally disabled dependent may qualify beyond age 25.
- An employee may purchase either one or two units of coverage.
- Amounts of insurance per unit of coverage:

Spouse	\$10,000
Dependent Child	5,000

- Monthly premium is \$2.50 per unit of coverage. By statute, the State is not required to contribute toward premiums.
- Benefits and premiums are established by the Group Insurance Board. Minnesota Life makes recommendations based on experience in the three most recent plan years.

#### Employer Aviation AD&D Insurance

- A loss under the standard definition of accidental death or dismemberment (AD&D) suffered by a State employee who is a pilot, crew member or passenger on an aircraft owned, operated or leased by a State employer and being used for business of the State employer is exempt from the non-commercial aviation limit to AD&D claims.
- Premium for this benefit is paid by the State in an amount equal to 2.25% of the active employee paid premium for Basic and Supplemental coverages.
- A financial experience calculation for this benefit is performed separately from the active employee life insurance benefit.

GROUP LIFE INSURANCE PLAN COVERAGES  
FOR LOCAL GOVERNMENT EMPLOYEES AND  
THEIR SPOUSES AND DEPENDENTS

REPORT TO THE GROUP INSURANCE BOARD  
OF THE STATE OF WISCONSIN

Submitted by

Minnesota Life Insurance Company

August 30, 2017

## TABLE OF CONTENTS

	<u>Page</u>
Premium Rates for the Local Government Employee Group Life Insurance Plan	1
Stop-Loss Limits for the Local Government Employee Group Life Insurance Plan	2
Benefits and Premiums for Insured Spouses and Dependents of Local Government Employees	3

## PREMIUM RATES FOR THE LOCAL GOVERNMENT EMPLOYEE GROUP LIFE INSURANCE PLAN

### Review of Recent Plan Experience

- Premiums

The premium rate structure for the plan is described in the Appendix at the end of this report. The fundamental principles of this structure were adopted by the Board on November 29, 1994.

The most recent change in premium rates occurred on July 1, 2013, when employee premium rates were reduced for basic, supplemental and additional insurance. Because employer contributions are based on a percentage of employee premium rates, employer premium contributions were also reduced at that time.

- Claims

Historically, claim rates have shown a steady pattern of improvements over many years. These improvements have allowed the Board to reduce premium rates frequently.

Claims during 2016 and the most recent three-year period were better than the targeted level. However, due to the continued low interest rate environment, and the pressure that places on funding of post-retirement life insurance benefits, we believe it is prudent to hold premium rates at their current levels for a period of time. This strategy will enable the premiums to cover anticipated claims and will allow for strengthening the reserves used to fund post-retirement life insurance benefits.

### Recommendation

**Based on our analysis of recent experience, Minnesota Life recommends that employee and employer premium contribution rates be continued at their current levels in 2018.**

## STOP-LOSS LIMITS FOR THE LOCAL GOVERNMENT EMPLOYEE GROUP LIFE INSURANCE PLAN

### Summary of Stop-Loss Provision

- Limits the liability of plan reserves for high claims in a policy year. Excess claims and expenses above the stop-loss limit are covered by risk reserves of Minnesota Life and the reinsurers.
- State and local government plans are separate for purposes of the stop-loss provision.
- The annual stop-loss limit for each plan is calculated by applying a table of stop-loss rates to the amounts of insurance in force.
- Stop-loss rates are determined based on recent claims experience and are set so that claims and expenses are expected to exceed the stop-loss limit in three years out of every one hundred years.

### Recent Experience

The current stop-loss rates were implemented on January 1, 2013. As discussed in the first section of this report, overall claims in recent years were lower than the experience on which the current rates are based.

### Recommendation

**Consistent with the recommended employee premium contribution rates for 2018, Minnesota Life recommends that stop-loss rates be maintained at their current level for 2018.**

BENEFITS AND PREMIUMS FOR INSURED SPOUSES AND  
DEPENDENTS OF LOCAL GOVERNMENT EMPLOYEES

Recent Claims Experience

This plan maintains a stabilization reserve to provide financial stability as claims fluctuate from year to year. Because of good experience and interest earnings, the plan's stabilization reserve had grown to be in excess of the targeted reserve level. Based on the recent experience and the size of the stabilization reserve balance, premiums were reduced from \$2.00 to \$1.75 monthly for each unit of insurance effective July 1, 2007. It was anticipated that claims and expenses would exceed premiums at the reduced rate and the excess would be drawn from the stabilization reserve, the balance of which was large enough to provide this support for at least several years.

Claims during 2016 and the most recent three-year period were higher than the targeted level. This is consistent with the pricing strategy of drawing down the stabilization reserve.

Recommendation

**Based on our analysis of recent experience and because of the large stabilization reserve balance, we recommend that spouse and dependent insurance benefits and premiums be continued at their current levels in 2018.**

Submitted for Minnesota Life Insurance Company by:



Paul E. Rudeen, FSA  
Vice President and Actuary  
Group Insurance Division

August 30, 2017

## APPENDIX

### SUMMARY OF BENEFIT AND PREMIUM STRUCTURE

#### Employee Insurance

##### Basic Coverage:

- Controlled by ss. 40.05 (6) (a) and 40.72 (1), Stats.
- Coverage can be continued, and the employee is liable for premium, up to age 70 (age 65 if retired). Thereafter, eligible employees receive premium-free postretirement coverage at 25% or 50% of the active coverage amount.
- Maximum employee premium, by statute, is \$0.60 per \$1,000 in coverage.
- Employer pays the difference between employee premium and total premium. Employer premiums, which are expressed as a percentage of employee premiums, are intended to cover the cost of postretirement coverage. Employers that elect the 50% postretirement benefit pay an amount equal to 40% of the employee premium. Most local employers pay an amount equal to 20% of the employee premium to provide a 25% postretirement benefit.
- Premiums are established annually by the Group Insurance Board. Minnesota Life makes recommendations based on the combined experience of the basic, supplemental and additional plans in the three most recent plan years.

##### Supplemental Coverage:

- Controlled by ss. 40.05 (6) (a) and 40.72 (10), Stats.
- Coverage can continue, and employee is liable for premium, up to age 70 (age 65 if retired). There is no postretirement benefit.
- Maximum employee premium, by statute, is \$0.60 per \$1,000 in coverage.
- Employer pays the difference, if any, between employee premium and total premium. Prior to July 1, 1995, local employers were required to pay an amount equal to at least 20% of the total premium. Based on Board action in November 1994, effective July 1, 1995, employers are not required to contribute toward the premiums for supplemental insurance; employees pay the total premium.
- Premiums are established annually by the Group Insurance Board. The total supplemental premium is set equal to the employee premium for the basic plan.

##### Additional Coverage:

- Controlled by s. 40.03 (6) (b), Stats. and the life insurance contract.



- An employee may purchase one, two or three units of coverage.
- The employee pays the entire premium. There is no maximum premium. Coverage can be continued for as long as the employee remains employed (or until age 65 if retired). There is no postretirement benefit.
- Premium rates are set by the Group Insurance Board. The premium rates for additional insurance are set equal to the employee premium rates for the basic plan.

Spouse and Dependent Insurance

- An insured employee's legal spouse and unmarried children, including stepchildren, adopted children, children in adoptive placement and legal wards, are eligible for coverage.
- A dependent child is eligible until age 19 or until age 25 if a full-time student. A physically or mentally disabled dependent may qualify beyond age 25.
- An employee may purchase either one or two units of coverage.
- Amounts of insurance per unit of coverage:

Spouse	\$10,000
Dependent	5,000

- Monthly premium is \$1.75 per unit of coverage. By statute, local government employers are not required to contribute toward premiums.
- Benefits and premiums are established by the Group Insurance Board. Minnesota Life makes recommendations based on experience in the three most recent plan years.

### **Local Government Plan Experience**

The number of insured lives in the Local government plan increased by more than 2,400 active employees and 1,400 retirees in 2016. The total life insurance in force increased by 4% to \$12.2 billion. In 2016, the plan had excellent results, driven by low death and disability claims.

The overall average interest earnings rate on all reserve funds held for the plan was 3.31%. The Local government plan finished 2016 with funding of future benefits within an acceptable range. Securian recommends rates for the local government plan to continue at current levels in the 2018 plan year.

### **Potential Future Changes**

Considering upcoming Governmental Accounting Standards Board (GASB) changes, ETF is aware that the changes will cause life insurance valuations on reserve funds to differ from valuations provided by Securian. Staff is working with actuaries from Milliman and Securian to determine if any plan changes will be recommended for 2019.

### **Securian Performance Standards for Customer Service**

The contract with Securian includes nine performance standards for timely provision of customer service, as outlined in the table below. Securian achieved results of 100% in six of the nine performance standards. The other three performance standards also met expectations and are listed below:

- Death and dismemberment claims paid within ten days of necessary proof received; goal of 95% and Securian achieved a result of 99.16%
- Make final disposition of new waiver of premium disability claims within ten days; goal 95% and Securian achieved a result of 99.50%
- Notification of final disposition of evidence of insurability applications mailed to applicant within seven days of receipt of necessary information; goal of 99% and Securian achieved a result of 99.71%

Performance Standard	Goal %	% Achieved
1. Mail initial requests for information for death and dismemberment claims within 7 calendar days of receipt of notice.	99.00%	100.00%
2. Pay all death and dismemberment claims within 10 calendar days after receipt of all necessary proof.	95.00%	99.16%

3. Respond to new waiver of premium disability claims, request additional information for claims within 7 calendar days after receipt of claim.	99.00%	100.00%
4. Make final disposition of new waiver of premium disability claims within 10 days after receipt of necessary information.	95.00%	99.50%
5. Make final disposition of continuing waiver of premium disability claims within 10 days after receipt of necessary information.	95.00%	100.00%
6. Approve or reject all applications eligible for processing within 7 calendar days after receipt of completed form.	99.00%	100.00%
7. Approve or request additional information necessary for making an underwriting decision on all applications requiring evidence of insurability within 7 calendar days after receipt of completed application.	99.00%	100.00%
8. Make final disposition of all evidence of insurability applications (with notification mailed to the applicant) within 7 calendar days after receipt of necessary information	99.00%	99.71%
9. All Life to Health applications, amendments and cancellations received by the fifth day of a month in the remittance due on the twentieth day of the same month	95.00%	100.00%

Securian managed 32,729 transactions subject to the nine performance standards in 2016, and achieved a total of 99.88% within the standard for those transactions.

Securian performs a biennial client satisfaction survey of participating employers with the goal of 90% satisfaction with overall service, processing of enrollments and evidence of insurability, processing of claims, and support and training. In 2016, Securian achieved an overall satisfaction rating of 100%.

Staff will be at the Board meeting to answer any questions.

Attachment A: Minnesota Life Financial Experience Report (January 1, 2016 through December 31, 2016)  
 Attachment B: Minnesota Life State Recommendations  
 Attachment C: Minnesota Life Local Recommendations