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| ETF_logo_large | STATE OF WISCONSIN **Department of Employee Trust Funds**  **Robert J. Conlin**  SECRETARY | 4822 Madison Yards Way  Madison, WI 53705-9100  P. O. Box 7931  Madison, WI 53707-7931  http://etf.wi.gov |

Date: April 23, 2020

To: All Potential Proposers to RFP ETI0047

RE: **ADDENDUM No. 1**

**Request for Proposals (RFP) ETI0047**

**Third Party Administration of the Wisconsin Public Employers Group Life Insurance Program**

This Addendum is available on ETF’s web site at <https://etf.wi.gov/node/14916>

**Acknowledgement of receipt of this Addendum No. 1:**

**Proposers must acknowledge receipt of this Addendum No. 1 by providing the required information in the box below and including this Page 1 in Tab 1 of their proposal.**

|  |  |
| --- | --- |
| Company Name: |  |
| Authorized Person (Printed/Typed Name and Title): |  |
| Date: |  |

**Please note the following updates to RFP ETI0047:**

1. **Electronic Proposals Only.** Due to the COVID-19 pandemic, **ALL PROPOSALS MUST BE SUBMITTED ELECTRONICALLY.** All references in the RFP and on ETF’s web site regarding submission of paper proposals no longer apply to RFP ETI0047. The last page of this Addendum is the form you must use to request access to ETF’s SFTP server for proposal submission. By May 1, 2020, please **complete and submit the SFTP Access Request Form on the last page of this document** to receive a logon ID and temporary password to be able to submit your Proposal electronically. Email the completed form to [beth.bucaida@etf.wi.gov](mailto:beth.bucaida@etf.wi.gov). The due date and time for proposals remains as stated in the RFP.
2. **RFP Appendix 9.** Tabs 2 and 3 of Appendix 9 – Historical Claims Experience have been updated. The revised Appendix 9 is available on ETF’s web site at <https://etf.wi.gov/node/14916>. Also, see Q73 in the Vendor Q&A document below.
3. **Clarifications:**
4. **RFP Section 1.2 Program Overview – Background Information, p. 4:**

The following sentence in the second to the last paragraph of RFP Section 1.2: *“The current Program insurer guarantees that funds in the Active Stabilization Reserve fund will be sufficient to fund claims.”* requires some clarification:

The current Program insurer guarantees that payment of the policy year premium of each policy year shall be sufficient to provide for Pre-Retirement Insurance coverage and Spouse and Dependent Plan coverage. The RFP definition of Stabilization Reserve implies that the Stabilization Reserve is guaranteed to be sufficient to fund claims indefinitely without regard to premium payments, which is not accurate.

**B) RFP Appendix 3 Background Information, Sec IV.B.5. State Plan Premium Increases, p.5:**

The scheduled premium rate increase for the State Plan is mentioned, but not the premium rate strategy for the Local Plan. The Local Plan also has a premium rate strategy, which is to hold premium rates through 2032, even if mortality experience improves.

**4. REVISE** RFP Appendix 5 Schedule of Benefits as follows:

1. **Appendix 5 Schedule of Benefits Section I.C**

I.C has been corrected as follows:

**I. C. Additional Insurance**

1. Up to three levels of Additional Insurance are available to State Employees and to Local Government Employees whose Employers file a governing body authorizing resolution and choose to offer it. Each level is equal to an Employee's annual earnings for the prior calendar year rounded to the next highest thousand dollars ($1,000). If earnings decrease, insurance coverage will not decrease unless a written request is made by the Employee.

1. ~~Additional coverage is offered to all State Employees and to Local Government Employees whose Employers choose to offer it.~~

~~3~~2. There are no statutory limits on premium rates for this insurance and Employees must pay the entire premium.

~~4~~3. There is no Post-Retirement Additional Insurance benefit.

~~5~~4. Current Employees who reach age seventy (70) ~~can obtain Additional Insurance coverage under the following conditions~~ may maintain their existing coverage until the Employee i. terminates employment, ii. cancels coverage, or iii. stops paying premiums, whichever is earlier.

* 1. Current Employees cannot purchase additional levels of Additional Insurance coverage once they reach age seventy (70).

5. New Employees who are age seventy (70) or older at the time they are hired are not eligible for Basic Insurance but may purchase Additional Insurance coverage with evidence of insurability.

~~a. Active Employees who have Additional Insurance coverage when they turn age seventy (70) may add levels of Additional Insurance without evidence of insurability by filing an application within thirty (30) Calendar Days before their 70th birthday.~~

~~b. All other active Employees who are over age seventy (70) may apply for coverage must provide evidence of insurability.~~

~~c. Basic Plan coverage is a prerequisite.~~

6. Waiver of premium for disability benefits for Additional Insurance is available while the insured Employee is under age seventy (70).

1. **Appendix 5 Schedule of Benefits Section II.D**

II.D.1.b. and II.D.1.c. do not apply under the current Program and II.D.2 has been corrected as follows:

**II. D. Living Benefit**

1. Insured Employees, Annuitants, Spouses and Dependents may receive all or part of the value of their life insurance benefit (Living Benefit) while living if they:

a. Are diagnosed with a terminal condition caused by illness or injury and have life expectancy of twelve (12) months or less; and

~~b. Are enrolled in a certified hospice care program;~~

~~c. Have been confined for medical reasons to a skilled, intermediate or custodial care facility for six continuous months and are expected to be confined until death.~~

2. The ~~minimum~~ maximum benefit is ~~$5,000 or the whole value of the insurance, if less.~~ the amount of coverage, up to the whole value of the insurance, but if less than the total value of the insurance is selected for a Living Benefit it must be at least one full unit or multiple units of coverage.

**5.** **ADD** to the RFP the following questions regarding RFP ETI0047 from Proposers and answers from the Department:

**Request for Proposals (RFP) ETI0047**

**Vendor Q&A**

| Q # | RFP Section | RFP Page | Vendor Question/Rationale | Department Answer |
| --- | --- | --- | --- | --- |
| Q1 | Appendix 8 | N/A | Please provide a current retiree life census with the following information: Date of Birth, Employee ID (Name, SSN or numeric identifier), Gender and Current Benefit Amount. | See add’l information below this table for the current number of insured lives by age band. Historical information and other census data is not available. Also see RFP Appendix 8, Enrollment Tables. |
| Q2 | General | N/A | We would like to request a pre-bid meeting with the State of Wisconsin and their actuarial consultants. | Pre-bid conferences are not required, and the Department doesn’t normally hold them. The Department believes the vendor question submission procedure eliminates the need for vendor pre-bid conferences. |
| Q3 | RFP – Section 6 - General Questionnaire | Page 23 | Regarding item 6.1.6 on page 23 of the RFP, is the request for results of exams conducted by the State of Wisconsin? Also, can you please clarify what is meant by “results?” For example, would a summary suffice? | The Department is requesting results of financial and market conduct exams from the state that your organization is domiciled in. The preference would be to receive the full report and not a summary of the exams. |
| Q4 | RFP - 1.2 | 3 | Are any of the retirees members of a labor union? Are retiree benefits collectively bargained? | Local Plan Retirees may be members of a labor union. It doesn’t matter if a Participant is a member of a labor union as the plan benefits do not change for union membership. Life insurance benefits provided under the State of Wisconsin Group Life Insurance Program cannot be changed as part of a collective bargaining process. |
| Q5 | RFP - 1.2 | 4 | Explain the process in which current retirees would be funded if the current program insurer keeps the funds? | If Wisconsin terminates its agreement with the current insurer, the insurer would keep the funds that it determines are necessary for paying future benefits for then-current Retirees as of the termination date. Assuming the Program is transferred to a different insurer, the new insurer would be responsible for paying future pre- and post-retirement claims on all Employees who were active at the time of the transfer. |
| Q6 | RFP - 1.2 | 4 | In the event the policy is cancelled with the current provider and they retain assets associated to the post retirement benefits, will the current carrier do a life insurance buy-out? Would paid up paid up policies issued? | The Department has not made that determination. |
| Q7 | RFP - 1.2  (also see Appendix 7, section I page 1) | 4 | Specifically itemize which liabilities would be maintained by the current carrier and which would transfer to the new carrier? | If Wisconsin terminates its agreement with the current insurer, the insurer would maintain the liability for paying future benefits for then-current Retirees as of the termination date. It would also be liable for any pending, open, and IBNR death claims, AD&D claims, and any waiver of premium claims as of the termination date. |
| Q8 | RFP - 1.2 | 4 | Specifically itemize which assets would be retained by the current carrier and which would transfer to the new carrier? | Benefits for pre-65 and post-65 Retirees are paid first from the contingent liability reserve (CLR), and secondly from the premium deposit fund (PDF). For the State Plan, the CLR is zero and benefits are therefore paid from the PDF. For the Local Plan, the CLR remains positive and benefits are paid from there rather than from the Retiree PDF. The Local CLR is expected to be depleted in the relatively near future, after which Retiree benefits will be paid from the Local PDF. Both the CLR funds and the PDF funds are dedicated exclusively to paying Retiree life benefits and these funds are not available to support other group life benefits.  If the Department were to terminate its agreement with the current insurer, then the current insurer would keep the funds that it determines are necessary for paying future benefits for then-current Retirees as of the termination date, including some or all of the funds in the Active Employee Stabilization Reserve if necessary. Assuming the Program is transferred to a different insurer after terminating with the current insurer, any remaining funds in the PDF and the Active Employee Stabilization Reserve would be transferred to the new insurer. The new provider would be responsible for paying future pre- and post-retirement claims on all Employees who were active at the time of the transfer. |
| Q9 | RFP - 1.2 | 4 | Is the state restricted from holding post retirement funds in a non-general account or investment specific option? | The State is not restricted from holding post retirement funds in a non-general account or investment-specific option. |
| Q10 | Appendix 3, Section II A | 1 | For the Local Plan, is the full premium for post retirement coverage paid by the Employer? Has plan ever required employees to pay for post retirement coverage? | There are no premiums for post-65 Retirees.  Basic coverage will continue in a reduced amount for life, without cost to a post-65 retiree or the employer.  The plan has never required Retirees age 65 or older to pay premiums for their continued coverage.  See Section 14 of the Wisconsin Public Employers Group Life Insurance booklet at <https://etf.wi.gov/publications/et2101/direct> starting on page 20 |
| Q11 | Appendix 3, Section III A | 2 | Does the Living Benefit assume 100% of the benefit amount? | Yes, see page 13 of the Wisconsin Public Employers Group Life Insurance booklet at <https://etf.wi.gov/publications/et2101/direct>  Also see ETE 2325 at <https://etf.wi.gov/publications/et2325/direct> |
| Q12 | Appendix 3, Section III B | 2 | Does the Heath/LTC conversion Benefit assume 100% of the determined Present Value benefit amount? Are partial conversions permitted? | Yes, see page 13 of the Wisconsin Public Employers Group Life Insurance booklet at <https://etf.wi.gov/publications/et2101/direct>  Partial conversions are not allowed. Conversion is limited to $50,000 in face value per IRS rules. See ETE 2325 at <https://etf.wi.gov/publications/et2325/direct> |
| Q13 | Appendix 3, Section III B | 2 | How is present value currently calculated for determining the benefit conversion? | Face value of life insurance coverage after the final reduction multiplied by a conversion factor based on age. See ETE 2325 at <https://etf.wi.gov/publications/et2325/direct> |
| Q14 | Appendix 5, Section II E | 4 | Is the option to convert to Health/LTC premiums a one time option at age 66 or can retirees opt to convert at any point at or after age 66? | Retirees can convert at any time upon reaching age 66. See ETE 2325 at <https://etf.wi.gov/publications/et2325/direct> |
| Q15 | Appendix 6, Section 1 H-1 b. | 5 | Are beneficiary records maintained by the state for all retirees on an ongoing basis? | If beneficiary records are submitted (not required) the Department and the insurer maintain those records. |
| Q16 | Appendix 6, Section 1 H-1 b. | 5 | Is there a current process in place to perform electronic death match on participants? Describe process? | The Department uses The Berwyn Death Audit Software (BDAS) to compile a list of all members being paid and named survivors of members being paid, run them through Berwyn’s database and produce a list of members who are (likely) deceased. The Department verifies the death dates by finding obituaries or contacting a family member. Once the death is verified, the Department will create death notice workflows in its system. On the monthly payroll calendar, the Department will generate the DHS/HFS Death List at the beginning of every month. This report matches the Department’s annuity accounts against death records from Wisconsin Department of Health Services (DHS) vital records. Depending on how the data matches to the Department’s system, the Department may create a death notice workflow right away or may have to verify per obit/family member before creating a death notice. |
| Q17 | Appendix 6, Section II A | 7 | Can Funds held in the local plan be co-mingled in the same reserves as the state plan? Can surplus assets in the local plan be applied to the state plan PDF? | No, funds must be kept separate.  Reserve assets cannot be applied to the State Plan PDF. |
| Q18 | Appendix 6, Section II A | 7 | Please describe what assets would be available for transfer, if negotiated, based on the current carrier retention as outlined in RFP Section 1.2 (page 4) | If Wisconsin were to terminate its agreement with the current insurer, then the current insurer would keep the funds that it determines are necessary for paying future benefits for then-current retirees as of the termination date, including some or all of the funds in the Active Employee Stabilization Reserve if necessary. Assuming the Program is transferred to a different insurance provider after terminating with the current agreement, any remaining funds in the PDF and the Active Employee Stabilization Reserve would be transferred to the new insurer. The new insurer would be responsible for paying future pre- and post-retirement claims on all Employees who were active at the time of the transfer. |
| Q19 | Appendix 6, Section F | 9 | Paragraph states that benefits are paid from the reserve, not premium. Is this correct? | Yes, the statement is correct. Premiums, once received, are transferred to the reserve. |
| Q20 | Appendix 6, Section F | 9 | Is the retiree subject to imputed income taxation on the value of the benefit? How is the imputed income amount calculated? Who does the calculations? | Imputed income is not applicable for Retirees. Life insurance premiums are paid until age 65. If a member retirees prior to age 65, the member is responsible for paying both the Employee and Employer share of the life insurance premium. |
| Q21 | Appendix 6, Section G | 10 | Can the most recent copy of the GASB valuation be provided, including all mortality, discount rate and assumptions? | Information on the Local Government GASB 75 valuation for Retiree life insurance can be accessed here: <https://etfonline.wi.gov/ETFGASBPublicWeb/gasb75Local.do>  Information on the State GASB 75 valuation for retiree life insurance can be accessed here:  <https://etfonline.wi.gov/ETFGASBPublicWeb/gasb75State.do> |
| Q22 | Appendix 6, Section H | 10 | Can you provide 2019 crediting rate? | This is calculated and provided by Securian and is not yet available for CY 2019. |
| Q23 | Appendix 6, Section H | 10 | Can you provide methodology for determining the crediting rate? | Page 91 of the [CY 2018 ETF CAFR](https://etf.wi.gov/publications/cafr-2018/direct) explains:  Interest is calculated and credited to the Retiree life insurance plans based on the rate of return for a segment of the insurer’s general fund, specifically, 10-year A- Bonds (as a proxy and not tied to any specific investments). The funds invested during the year earn interest based on that year’s rate of return for 10-year A- Bonds. The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value.  See the current Administrative Agreement, starting on page 45, Exhibit G-Investment Year Interest Crediting Method for Reserves at <https://etfonline.wi.gov/etf/internet/RFP/GroupLifeIns/menu.htm>.  Note: current contract documents can be found at: <https://etfonline.wi.gov/etf/internet/RFP/GroupLifeIns/menu.htm> |
| Q24 | Appendix 6, Section H | 10 | Can you provide 5 year history of the crediting rate? | See add’l information below this table for rates. |
| Q25 | Appendix 6, Section III B | 10 | Does this assume contractor will retain funds equal to 100% of the funds (liabilities)? What is the process if the funding level is insufficient at the time of cancellation? | Section III.B of RFP Appendix 6 assumes that if the policy is cancelled, then the Contractor will retain funds that it determines are necessary for paying future benefits for then-current Retirees as of the termination date.  Retiree life benefits are supported by premium contributions from Employers and pre-65 Retirees. These premiums are paid through age 65 and are intended to pre-fund the cost of post-65 Retiree life benefits. Contribution rates are determined annually by the Board, based on input from the Department and the insurance provider. Any changes to the contribution rates are intended to address potential funding issues. For example, the Board recently approved a series of annual rate increases to address potential funding issues with the State plan.  The insurance provider does not guarantee that the existing Retiree life assets will be sufficient to cover the full cost of future retiree life benefits. Therefore, the Department bears the funding risk for Retiree life benefits if existing assets and the premium rate schedule prove to be inadequate. |
| Q26 | Appendix 6, Section III E | 11 | 1. Is the expectation money will be transferred in a lump sum at the end of the 3 year period? Will a term period longer than 3 years be considered if the funds are paid out via installment (e.g. to match the duration of underlying assets that need to be sold)?  2. Is a Market Value Adjustment or Commuted Value calculation permitted? | 1. The maximum period is three years.  2. To be determined. Note your assumptions in your proposal. |
| Q27 | Appendix 7 Section III A | 6 | Can assumptions referenced in paragraph 4 be provided? | As stated in paragraph 3 of Appendix 7, Section IIIA, assumptions include growth of the Employee groups, salary increases, Employee turnover and investment income. We expect the selected insurer to propose a recommended set of assumptions to calculate premium contributions which are adequate to meet funding goals.  Assumptions are stated on page 61 of the 2018 Financial Experience Report available at  <https://share.etf.wisconsin.gov/sites/teams/RFPs/LI-ETI0047/td/2018%20State%20of%20WI%20Financial%20Experience%20Report.pdf> |
| Q28 | General |  | Can an overview of the investment mix, or specific details on the composition of Securian’s general account be provided? | The current insurer invests the Program’s funds in a segment of their general fund. The asset allocation of this ‘segment’ is disclosed in the Department’s Comprehensive Annual Financial Report (CAFR), note 9. See add’l information below this table for the asset allocation targets. |
| Q29 | Form I – Cost Proposal Workbook | Tab – 7. Question #11 | We would like clarification on what is being asked for in this question. Is it a separate item from the retiree retention information asked for earlier in that tab, or is it for providing more detail explaining the assumptions earlier in that tab? | The retention charges and target loss ratios requested earlier in Tab 7 are for Basic Plan, Supplemental Plan, Additional Insurance Plan, and Dependent life insurance for Active Employees. Question 11 is asking Proposer’s to specify expenses and risk charges specifically related to administering Retiree life benefits, if any. | |
| Q30 | Form I – Cost Proposal Workbook | Tab – 7. Questions | What is considered “Reserves” vs “Surplus”? | Please specify interest credits for claim reserves (e.g., waiver of premium reserves, IBNR reserves, etc.) in the “Reserves” column, and specify interest credits for other reserves (e.g., premium deficiency fund, contingent liability reserve, etc.) in the “Surplus” column. | |
| Q31 | Appendix 7, Section II | Page 2 | The description of the Stop Loss does not make clear at what level the stop loss is measured. Are there separate stop loss calculations for each coverage that has an experience calculation (Active, retiree, and spouse & dependent), or are they combined in some way? | For Active Employees, monthly stop loss limits are determined by applying the schedule of monthly rates (provided in Tab 4 of From I – Cost Proposal Workbook) to the amounts of pre-retirement life insurance inforce. According to the current insurer, the stop-loss limit for Active Employees is approximately 140% of expected claims.  For Retired Employees, monthly stop-loss limits are determined by applying the schedule of monthly rates (also provided in Tab 4 of Form I – Cost Proposal Workbook) to the amounts of preretirement and postretirement life insurance for Retired Employees inforce under the policy. According to the current insurer, the stop-loss limit for Retired Employees is approximately 120% of expected claims.  The stop-loss limit for the Spouse and Dependent Plan for State Employees is equal to 130% of premium. The stop-loss limit for the Spouse and Dependent Plan for Local Government Employees is equal to 145% of premium. | |
| Q32 | Appendix 7,  Section IV.B.1 | Page 7 | In section IV.A.3, it mentions the premium rates for the additional coverage are established separately based on experience of that coverage, while section IV.B.1 says basic, supplemental, and additional are combined for performing experience rating. This seems contradictory. Please clarify. | IV.A.3: Under the State Plan, State Employers and Employees contribute toward the cost of current year term insurance on the Basic Plan and Supplemental Plan coverages. The Employee premium rates for these two coverages are equal, but State Employer contributions are different. Premium rates for Additional Insurance Plan coverage are established separately based on experience of that coverage. Employees pay the entire premium for Additional Insurance Plan coverage.  IV.B.1: The Basic Plan, Supplemental Plan and Additional Insurance Plan are combined for performing annual accounting and experience rating.  The premium rates for Additional Insurance Plan coverage are determined separately from Basic Plan and Supplemental Plan rates, based on historical experience from the Additional Insurance Plan.  Annual accounting for the State and Local plans (which is often referred to as “experience rating” or “experience accounting”) is performed at the State and Local plan levels.  In other words, the additional life premium rates are determined from experience on that plan, and the annual accounting is performed at the State and Local plan levels. | |
| Q33 | Appendix 2, Section 7 | Page 3 | Would the Department accept a summary of results regarding criminal background checks rather than actual results containing employee confidential information? | The Department will not accept a summary of the results of background checks conducted by the Contractor. However, the Department is willing to revise Appendix 2, Department Terms and Conditions, Section 7.0 Criminal Background Verification and Section 27.0 Identification of Key Personnel Changes to accept an attestation from Contractor that background checks were conducted, completed and passed, as opposed to requiring Contractor to provide copies of the criminal background checks Contractor conducted. | |
| Q34 | Appendix 2, Section 12 | Page 4 | Can the Department provide more information on when and how they would negotiate the liquidated damages? Is the intent that these negotiations would take place upon award or upon a scenario where damages may be at issue? | The Department will negotiate liquidated damages when appropriate. The intent is that these negotiations would take place upon a scenario where damages may be at issue. | |
| Q35 | Appendix 2, Section 21 | Page 6 | The Department requires Contractor to transfer or destruction of records after 120 days, but Appendix 6 Section VIII requires Contractor to maintain records for 7-10 years. Can the Department provide guidance on what the expectation would be regarding this contradiction? | The additional requirements for record retention specified in Appendix 6 override the requirement specified in Appendix 2, Section 21. | |
| Q36 | Appendix 8 – Enrollment Tables | All Tabs | Please provide the number of lives associated with each attained age band and gender. | See add’l information below this table for the current number of insured lives by age band. |
| Q37 | Appendix 8 – Enrollment Tables | All Tabs | In lieu of lives by attained age band and gender, please provide an individual census for all eligible members by State Plan or Local Government Plan, Gender, Date of Birth and enrolled Amounts of Insurance broken out by Active, Retired, Disabled Life, Spouses and Dependents and by Basic, Supplemental, Additional, Spouse and Dependent for both Life and AD&D. | See the answer provided for Q36. |
| Q38 | 1.2 Program Overview | Page 4 | Will the Board authorized annual 5% premium increase through 2029 for the State Plan remain in place with a change in carrier? | Yes. At the August 21, 2019 Group Insurance Board meeting, the Board authorized an annual premium increase of 5% for the next nine years for the Wisconsin State Plan, effective April 1, 2020. The Board has the authority to revisit that action and modify the decision as they see appropriate regardless if the current Program insurer remains or the insurer changes.  Note that the Cost Proposal, Tab 7, Question 9, asks each vendor to confirm their pricing for the State Plan takes into consideration the annual 5% rate increase beginning in 2022 and ending in 2029, as approved by the Board and specified in Appendix 3, Section IV.B.5. The Board has the authority to eliminate, increase or decrease the premium rate; should the Board authorize a change in the premium rate after the Contract is signed, the insurer will be informed and asked to provide revised pricing. |
| Q39 | 1.2 Program Overview | Page 4 | What is the current balance in the Active Employee Stabilization Reserve account? | The estimated balance in the State Active Employee Stabilization Reserve is $56,900,000. The estimated balance in the Local Active Stabilization Reserve is $73,900,000. |
| Q40 | 1.2 Program Overview | Page 4 | What is the current balance in the Retiree Premium Deposit Fund (PDF) account? | The estimated Retiree Premium Deposit Fund balance was $348,088,574 (State) and $243,398,446 (Local) as of December 31, 2019. |
| Q41 | Appendix 7 – Funding Arrangements | Page 1 | What is the current balance in the Local Plan Retiree PDF account? | The estimated Local Retiree Premium Deposit Fund balance was $243,398,446 as of December 31, 2019. |
| Q42 | Appendix 7 – Funding Arrangements | Page 1 | What is the current balance in the Contingent Liability Reserve (CLR) account? | As per authorization of the Board at the August 2019 GIB meeting, the State Plan Contingent Liability Reserve was closed. The estimated balance of the Local Contingent Liability Reserve is $13,100,851 as of December 31, 2019. |
| Q43 | Appendix 7 – Funding Arrangements | Page 1 | What is the current balance in the Local Plan Retiree PDF account? | See the answer provided for Q41. |
| Q44 | 1.3 Additional Background Information | Page 4 | Who administers the ‘Conversion To Pay Health or Long-Term Care Insurance Premiums’ as found in the Wisconsin Public Employers Group Life Insurance Program booklet, Section 8, page 14? | The current insurer. We expect the awarded insurer to administer this as well. |
| Q45 | Appendix 6 – Program Requirements | Page 14 | What are the specific premium tax requirements for each covered Employer and agency participating in the WRS? Do any participants have premium tax exemptions? If so, please identify. | We are not aware of the requirements for each employer in the WRS related to premium taxes. There are no premium tax exemptions for any covered Employer or agency participating in the  life plan.  The current Administrative Agreement states: Contractor shall pay all State premium taxes related to premiums under the Contractor’s policy/policies for the Program as required by [Wis. Stat. § 76.65](https://urldefense.proofpoint.com/v2/url?u=https-3A__docs.legis.wisconsin.gov_statutes_statutes_76_III_65&d=DwMFAw&c=3OfU9rcgQiAohND-1k-GbQ&r=I6SRx56y04yrERXr9Ju_EoPPee2pArFK4VvWdmPjr8Y&m=3I9e0svIrgVxsjlf3yaTC5EIcUE_0iS0bAXGkkva1QA&s=oIuFRrlCH5lfsFUkpilSV2FyPSV-nUe3BRLCXqxm5no&e=), and its successors. |
| Q46 | General | General | What is the current rate of return on your participating contracts and what rates are guaranteed? | The overall average interest earnings rate on all reserve funds held for the plan was 3.06% in 2018.  Refer to the answers provided for Q22-Q24.  There is no guaranteed interest rate. |
| Q47 | Appendix 6 | 1 | Please describe the enrollment process. Do employees enroll on paper, online, telephonically? Who captures the enrollment? | State Employees enroll electronically in their Employer’s enrollment portal. These enrollments are transmitted through the Department to the insurer. Some State enrollments are done by paper however.  Local Employees enroll by paper and their Employer mails or faxes the enrollment to the Department. The application is then scanned and sent to the insurer. |
| Q48 | Appendix 6 | 1 | How does the carrier receive enrollment and cancellation information? | For cancellations, the Department will receive the appropriate form, a workflow is created, it is reviewed by the insurer who places an effective date of cancelation on the form. The insurer will notify or send the workflow to the Department. The Department will review the cancelation, adjust the record in its system accordingly, including retro/refund payments, and generate documentation to send to the member, the file, and the insurer. |
| Q49 | Appendix 6 | 1 | Please confirm who determines when evidence of insurability is required and how it is communicated to the employee. | The insurer determines when evidence of insurability is required. See Section 3.E, Enrollment Under Evidence Of Insurability, paragraph 3 on page 3 of the Wisconsin Public Employers Group Life Insurance booklet at <https://etf.wi.gov/publications/et2101/direct> |
| Q50 | Appendix 6 | 1 | Can employees submit evidence of insurability online? | Currently, no, evidence of insurability forms are required to be mailed. The Department is open to other solutions for the return of evidence of insurability forms. |
| Q51 | General | General | What files are being sent to the carrier today? | One payroll file for State Employees and one payroll file for Local Government Employees. |
| Q52 | General | General | Are there separate files sent from each employer? | No. |
| Q53 | General | General | If an eligibility file is in place today, please provide us with the layout. | ETF sends an annual payroll file to the insurer that includes all WRS participants, not only those who have elected life insurance. The insurer uses this file to verify the current salary of the participant and update the coverage level as necessary. |
| Q54 | General | General | Who provides confirmation of coverage to employees? | Employers are instructed to provide a copy of the enrollment application and the certificate of coverage (ET-2101) for each enrolled Employee.  If an Employee applies directly to the insurer through Evidence of insurability (EOI) , the insurer must send a notification statement to the Employer and the Employee to notify them of the EOI decision. |
| Q55 | Appendix 6 | 3 | Who manages beneficiary designation records? | If beneficiary records are submitted (not required) the Department and the insurer maintain those records. |
| Q56 | Appendix 6 | 3 | Please describe the claim submission process. How is the carrier notified of a claim? Do beneficiaries report claims directly to the carrier? | Beneficiaries can report claims to the Employer or directly to the insurer.  The Employer must report an insured Employee’s death as soon as possible to the insurer by completing the Notice of Death (ET-6301) form.  The Employer must report the death of an insured Employee’s Spouse or Dependent as soon as possible to the insurer by completing the Notice of Death for Spouse or Dependent Child (ET-6303) form.  For annuitants, Retirees, or inactive Employees, the Department is usually notified of the death by a beneficiary or family member. Beneficiaries or family members may report a death by contacting the Department or the insurer to begin the claim process. Notifications provided to the Department are shared with the insurer, and notifications provided to the insurer are shared with the Department. The insurer must contact the beneficiary(ies) of the life insurance to obtain the documentation necessary to process the claim. |
| Q57 | Appendix 6 | 15 | Regarding performance standards c, d and e – please clarify if the intent is to approve, deny or request additional information within 7 days from receipt of an application, also to make a final decision within 7 days of receipt of all necessary information. | Yes, that is correct. |
| Q58 | Appendix 6 | 1 | Regarding the Life to Health/Long Term Care administration, where do the actual dollars sit? Are there individual accounts per employee or commingled dollars with individual employee tracking? | The dollars sit in the reserve fund. Premiums for the State and Local Plans are kept in separate reserve funds. |
| Q59 | General | General | Please confirm that the method of calculating an enrollee's age for the purposes of premium billing is as follows: For State enrollees, age as of April 1st of each year. For Local enrollees, age as of July 1st of each year. | That is correct. |
| Q60 | Appendix 8 | Various | In addition to the historical volume and premium provided, could you also provide historical lives information by age band by product for both State and Local program? | See add’l information below this table for the current number of insured lives by age band. Historical information and other census data is not available. |
| Q61 | General | General | Are you able to provide a census in detail or summary format that reflects the 2020 enrolled populations for both State and Local plans? For example, enrolled lives and volumes by age band and by gender for each product in both the State and Local programs separated by Actives, Pre-65 Retirees and Post-65 Retirees. | See add’l information below this table for the current number of insured lives by age band. Historical information and other census data is not available. |
| Q62 | General | General | Are you able to provide census detail for those enrollees who have amounts of insurance $500,000 or more (currently subject to pooling)? For example, date of birth or age, gender, benefit amounts for each coverage and status (Active, Pre-65 Retiree, Post-65 Retiree) for both State and Local programs? | Very few State and Local Employees have salaries high enough to be able to obtain life insurance under the State of Wisconsin Group Life Insurance Program in the amount of $500,000 or more. All enrollees are subject to pooling. |
| Q63 | Appendix 7, 4. B. 2a | 7 | Please explain what the Catastrophic Loss Credit represents. Most of the exhibits shows this as zero. Is this something that would only be included if the Stop Loss limit were exceeded? | Yes, a non-zero Catastrophic Loss Credit would only appear if the stop-loss limit were exceeded. According to the stop-loss provision. See the current Administrative Agreement, Exhibit F-Stop-Loss Provision, starting on page 38, at <https://etfonline.wi.gov/etf/internet/RFP/GroupLifeIns/menu.htm>. If claim charges in a given policy year exceed the policy year stop-loss limit less State premium taxes, the risk charge, and the expense charge, such excess shall be defined as a "catastrophic loss."  Note: the 2018 Financial Experience Report is available at <https://share.etf.wisconsin.gov/sites/teams/RFPs/LI-ETI0047/td/2018%20State%20of%20WI%20Financial%20Experience%20Report.pdf> and includes examples of the stop-loss limit calculation and the Catastrophic Loss Credit calculation. |
| Q64 | Appendix 5, II.C. | 4 | Is there a specific period of time an employee must be totally disabled to qualify for Waiver of Premium (i.e. 6 months or 9 months of continuous total disability)? | Disability is determined under Wis. Stat. 40.63. See page 35 of the Wisconsin Public Employers Group Life Insurance Program Administration Manual, publication ET-1117 at <https://etf.wi.gov/publications/et1117/direct> |
| Q65 | Appendix 5, II.C. | All | Are the Securian policy, certificates and any applicable amendments available for distribution? | See the current Administrative Agreement and applicable amendments at <https://etfonline.wi.gov/etf/internet/RFP/GroupLifeIns/menu.htm> |
| Q66 | Appendix 7, I. and Cost Proposal | 1 | In Appendix 7, Section I., it states the following: “The current vendor insures the Retiree life benefits but does not guarantee that existing Retiree life Assets will be enough to cover the full cost of future Retiree life benefits. Employers bear the funding risk for Retiree life benefits if the current premium rate schedule is inadequate.” Appendix 7, III. A. 6 also states “The funding policy and funding decisions for Post Retirement Insurance are the responsibility of the Board. The Contractor does not guarantee the sufficiency of the funds nor their rate of accumulation.” However, in the Questions section of the Cost Proposal, it asks bidding carriers “Please confirm that your pricing for the State Plan, in conjunction with the 5% annual rate increases, is expected to return the plan to a 100% funding ratio by 12/31/2029." Please clarify if the intent is for bidding carriers to confirm the adequacy of existing and/or future assets in covering current and/or future liabilities. | Proposers should confirm that the proposed premium rates, coupled with the scheduled rate increases approved by the Board, and under reasonable morbidity and economic assumptions, are expected to return the State Plan to a 100% funding ratio by December 31, 2029. Proposers are not being asked to confirm the adequacy of existing and/or future assets in covering current and/or future liabilities. |
| Q67 | Appendix 7, V. | 9 | How is the Disability Waiver of Premium Reserve funded on an on-going basis? Are there contributions / deposits to the fund when someone is approved for Waiver? If so, where do those dollars come from? | Changes in waiver of premium reserves are charged/credited as a claim charge within the annual experience calculation, which are funded through premium contributions. |
| Q68 | Appendix 7, I. E. | 3 | How often have the Stop Loss rates been adjusted over the last five years for State and Local plans? | The stop loss rates have not been adjusted in the last five years. |
| Q69 | Appendix 7, II B and C | 2 | Is the liability over the Stop Loss limits the only liability potentially charged against the Contractor / insurer rather than the Program in the State and Local programs? | There are two other scenarios in addition to the liability over the stop loss limit, where liability can be charged against the insurer: in addition to the liability over the stop loss limit, where liability can be charged against the insurer:  1. There is a pooling provision where experience for amounts in excess of the pooling level of $500,000 of total coverage for an individual insured is the responsibility of the insurer.  2. For the Active Employee and Spouse and Dependent Plans, if the premium stabilization reserve is exhausted, resulting in the plan being in a deficit, the insurer absorbs the change in deficit for the plan year. The deficit is recoverable to the insurer through future positive plan experience. |
| Q70 | Appendix 7, II B and C | 2 | If there is a liability over the Stop Loss limit charged against the Contractor in a particular year, do those losses get excluded from any subsequent experience calculations? | The liability over the stop loss limit charged against the insurer is recoverable in future years, subject to annual limits and an overall aggregate limit. |
| Q71 | Appendix 7, IV. B | 7 | How are risk charges determined for both the State and Local program? Risk charges seem to vary by coverage and by program where some coverages do not have a risk charge applied while other coverages do include a risk charge. | Current risk charges for the State and Local Plans are determined by the current insurance provider. Different insurers tend to have different methods for applying risk charges in the pricing of group life insurance. Insurers bidding on the Wisconsin Group Life Insurance Program should specify their own risk charges in question 1 of Tab 7 in Form I – Cost Proposal Worksheet. The Department does not expect these charges will necessarily be the same for all insurers. |
| Q72 | Appendix 7, IV. B. 2 b | 7 | Regarding this statement in Appendix 7: “For Post-Retirement Insurance, premium contributions, for those Annuitants receiving an annuity benefit payment, are deducted from monthly annuity payments by the Department and transferred to the Contractor.” Are the Annuitants the group of Pre-65 Retirees who are still required to pay premium or does this refer to a different group of people? Our understanding of the program description was that no premiums are due for Post-Retirement Insurance once the retiree turns age 70. Please clarify. | Annuitants can be pre and post 65 Retirees. At pre-65 they continue to pay premium, post-65 they don’t pay premium.  Retiree/Retired Employee/Annuitant means a State or local WRS Participant who is retired and receives an annuity or lump sum benefit from the Wisconsin Retirement System. See [Wis. Stat. § 40.02 (49)](https://docs.legis.wisconsin.gov/statutes/statutes/40/I/02/49). See Section 14.A, Continuation Of Group Coverage, on page 20, in The Wisconsin Public Employers Group Life Insurance Program booklet at <https://etf.wi.gov/publications/et2101/direct> |
| Q73 | Appendix 9 | Death and AD&D Claims tabs | For both the State and Local programs, there are claims labeled as "Additional AD&D" claims. Based on the number of those claims (claim incidence), it appears that those claims may be Additional Life claims or a combination of Additional Life and Additional AD&D claims. Please clarify the nature / description of those claims. | The Death and AD&D Claims – State and Death and AD&D Claims - Local tables included in Tabs 2 and 3 of RFP Appendix 9 Historical Claims Experience included claims that were mislabeled. Additional Life claims were mislabeled as Additional AD&D. Revised Appendix 9, available at <https://etf.wi.gov/node/14916>, now reflects correct information (only Tabs 2 and 3 of Appendix 9 were modified). |
| Q74 | Appendix 7, IV. A.4 & Cost Proposal | 7 | 1. In Appendix 7, it states the following: “Under the Local Plan, Employers are not required to contribute toward the cost of current year term insurance on any coverage. Employee premium rates for all three coverages are equal at all ages under 70.”  2. In the Cost Proposal, it states “Employer contributions for the Basic Plan with a 50% ultimate benefit at ages 66 and later are 40% of Employee contributions. Employer contributions for the plan with a benefit reduction to 25% at age 67 and later are 20% of employee contributions.” Please clarify the nature of Employer contributions to coverages in the Local program as the two statements above appear contradictory. | 1. This statement was attempting to convey the fact that Local Government Employers are not required to pay a portion of the Employee premium. Local Government Employees are required to pay an Employer contribution, which is calculated as a percentage of Employer premium and is paid separately/above and beyond the premiums for coverage.  2. This statement is accurate. |
| Q75 | General | General | Is there a State department or team that is responsible for confirming the death of a participant? Who is responsible for updating the system of record demographic information stating the participant is moved to the status of death? | Yes, the Department is responsible for confirming the death of a member. See the answer provided for Q16 for a more detailed response. |
| Q76 | Appendix 6, C | 2 | What historical data is required in the Contractor’s Membership Information/Billing System for formerly insured members? How many years? | See RFP Appendix 6 Program Requirements, Section VIII. |
| Q77 | Appendix 6, H, 1 | 5 | Please provide the support structure required utilizing the existing State systems (e.g. MyETF, Citrix, WEBS, BPS, etc.). Will any of these systems fall out of scope depending on the technology provider's preferred systems? | The Department’s systems hold the data of record and are pertinent to the Services provided by the Contractor under the Contract.  Some systems may not have data pertinent to the Services and therefore wouldn’t be within the scope of work.  The level of interaction with said systems is implementation-dependent and not necessarily specified in the RFP. Options for implementation include direct data input and automated secure data exchange. Process specification is needed to determine the appropriate approach.  The Department will endeavor to facilitate efficient, safe, and effective data sharing with the Contractor for delivery/completion of the Services.  Proposers should assume that the systems listed in the RFP must be utilized for certain Services. |
| Q78 | General | General | May we independently reach out to your 3rd party actuary (Milliman) do review assumptions made under the GASB valuation (see Q16)? | No. See the answer provided for Q21. |
| Q79 | General | General | I am requesting a copy of the eligible employee census. This document can be an Excel file or simply an ASCII text file or equivalent. The reason for this request is for our Underwriters to review ahead of the question deadline, and for the purposes of creating the most competitive proposal possible. | See the answer provided for Q1. |

**For answers 1, 36, 60, 61:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Census Data - Age Bands** | | | | |
| **Age Band** | **Local - Female** | **Local - Male** | **State - Female** | **State - Male** |
| UNDER 30 | 4920 | 3841 | 3399 | 2119 |
| 30 - 34 | 4827 | 3628 | 3644 | 2499 |
| 34 - 39 | 5345 | 4134 | 3898 | 2952 |
| 40 - 44 | 5990 | 4167 | 3877 | 2925 |
| 45 - 49 | 6291 | 4696 | 3853 | 3061 |
| 50 - 54 | 7033 | 4962 | 3967 | 3230 |
| 55 - 59 | 7345 | 5284 | 3796 | 2778 |
| 60 - 64 | 7354 | 5513 | 2399 | 2052 |
| 65 - 69 | 7231 | 5425 | 1386 | 1374 |
| 70 | 1343 | 1045 | 201 | 223 |
| 71 | 1293 | 989 | 187 | 160 |
| 72 | 1225 | 1040 | 137 | 189 |
| 73 | 1194 | 942 | 131 | 170 |
| 74 | 874 | 718 | 127 | 102 |
| 75 | 797 | 720 | 84 | 110 |
| 76 | 805 | 664 | 56 | 93 |
| 77 AND OVER | 5325 | 4031 | 237 | 312 |
|  |  |  |  |  |

**For answer 24:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Summary of Interest Rate on Reserves** | | | | |
|  | State Active | State Retiree | Local Active | Local Retiree |
| CY 2018 | 3.07 | 3.14 | 2.98 | 3.11 |
| CY 2017 | 3.13 | 3.21 | 2.97 | 3.16 |
| CY 2016 | 3.28 | 3.45 | 3.14 | 3.39 |
| CY 2015 | 3.51 | 3.7 | 3.3 | 3.64 |
| CY 2014 | 3.71 | 3.89 | 3.45 | 3.84 |

**For answer 28:**

|  |  |  |
| --- | --- | --- |
| Wisconsin  State and Local Retiree Life Insurance  Asset Allocation Targets  As of December 31, 2018 | | |
| **Asset Class** | **Index** | **Target Allocation** |
| US Government Bonds | Barclays Government | 1% |
| US Credit Bonds | Barclays Credit | 40% |
| US Long Credit Bonds | Barclays Long Credit | 4% |
| US Mortgages | Barclays MBS | 54% |
| US Municipal  Bonds | Bloomberg Barclays Muni | 1% |

**END of Q&A**

**SFTP Access Request Form on next page.**

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**SFTP Access Request Form**

**RFP ETI0047**

**Third Party Administration of the Wisconsin Public Employers Group Life Insurance Program**

Vendors planning to submit proposals for the above named RFP must complete and submit this Form via email to [beth.bucaida@etf.wi.gov](mailto:beth.bucaida@etf.wi.gov).

|  |
| --- |
| Request Type |
| To ensure you have capabilities to perform Secure File Transfer Protocol (SFTP) transmissions, you should discuss the system requirements with your information technology department. Please make sure you will be able to upload files/send data even if you have a firewall on your system.  This Form is being used to add SFTP Server Access for:  ⌧ Vendor requesting access for proposal submission |

|  |
| --- |
| Vendor (Requestor) Information |
| Vendor Name and Address: |
| Contact Name: |
| Contact Email: |
| Contact Phone Number: |

For ETF Use Only:

|  |
| --- |
| The ETF Security Officer will issue vendor’s designated contact a Logon ID and temporary password to gain access to ETF’s SFTP system. |
| ETF BCAP Requester: Beth Bucaida, beth.bucaida@etf.wi.gov |

|  |
| --- |
| ETF Security Administrator Use Only |
| Logon ID |
| Temporary Password |
| ETF Security Administrator Name/Issue Date |