
**The Wisconsin Public Employer
Group Life Insurance Program**

**Request for Proposal
#ETC0011**



**Issued By:
State of Wisconsin
Department of Employee Trust Funds
February 24, 2003**



STATE OF WISCONSIN

Department of Employee Trust Funds

Eric O. Stanchfield

Secretary

801 West Badger Road

P.O. Box 7931

Madison, WI 53707-7931

February 24, 2003

To Whom It May Concern:

The State of Wisconsin Group Insurance Board is requesting proposals for administration of The Wisconsin Public Employer Group Life Insurance Program which covers State of Wisconsin employees and employees of participating Wisconsin local public employers. The program has over \$12.8 billion of insurance coverage in force. The plan insures approximately 54,000 State employees and 82,000 local government employees. An additional 30,000 retirees are insured as well as 59,500 employees who have elected spouse and dependent coverage.

The Group Life Insurance Program is administered through the Department of Employee Trust Funds and is governed by Chapter 40 of the Wisconsin Statutes and Wisconsin Administrative Code Section ETF 10.01. The Insurer must adhere to the requirements of the Statutes and Administrative Code.

The proposed contract period is for five years beginning January 1, 2004. The Group Insurance Board retains the option of renewing the contract on a year-to-year basis for a total of two additional years.

The large size and unusual nature of this plan requires that each proposing company demonstrate, to the satisfaction of the Group Insurance Board, that it is capable of assuming responsibility for group term life insurance plans that generate substantial assets. All proposals must duplicate the existing benefits as outlined in the attached specifications.

The RFP and related documents are available on the internet at <http://etfextranet.it.state.wi.us>.

The deadline for submitting a proposal in response to this request is 4:00 p.m., April 7, 2003. The consulting firm of Deloitte & Touche will be assisting the Group Insurance Board in analyzing proposals. Any questions regarding this RFP should be provided in writing and directed to:

Jill Korsh
Deloitte & Touche
400 One Financial Plaza
120 South Sixth Street
Minneapolis, MN 55402-1844
jkorsh@deloitte.com
FAX (612) 692-4336

Table of Contents

	Page
1.0 General Information	
1.1 Introduction	1
1.2 Scope	1
1.3 Procuring and Contracting Agency	1
1.4 Definitions	1
1.5 Minimum Requirements of Proposing Insurers	2
1.6 Clarification of the Specifications and requirements	2
1.7 Calendar of Events.....	3
1.8 Contract Term and Funding	3
2.0 Preparing and Submitting a Proposal	
2.1 General Instructions	4
2.2 Incurring Cost.....	4
2.3 Submitting the Proposal	4
2.4 Proposal Organization and Format	5
3.0 Proposal Selection and Award Process	
3.1 Proposal Review	6
3.2 Evaluation of Proposals	6
3.3 Award	6
3.4 Right to Reject Bids and Negotiate Contract Terms	6
3.5 Notice of Award	6
3.6 Appeals Process	7
4.0 Proposal Questionnaire	
4.1 General Questions	8
4.2 Technical Questions.....	10
5.0 Terms and Conditions	
5.1 Legal Relations	16
5.2 Ownership of Materials	16
5.3 Examination of Records	16
5.4 Annual Report	17
5.5 Compliance Audits	17
5.6 Actuarial Consultant Fees	17
5.7 Business Recovery	17
5.8 Accounting	17
5.9 Key Personnel.....	18
5.10 Administrative Expenses	18
5.11 Standard Terms and Conditions DOA-3054 (01/01) Attachment 3	18
5.12 Supplement to Standard Terms and Conditions DOA-3681 (01/01) Attachment 3	18
6.0 Cost Proposal	
6.1 Summary	19
6.2 State Plan Employee Insurance	21
6.3 Local Government Plan Employee Insurance	37
6.4 State Plan Spouse and Dependent Insurance	54
6.5 Local government Spouse and Dependent Insurance	57
6.6 Cost Proposal Questions	60

Table of Contents

Attachments	
Attachment 1 – Proposal Checklist.....	..... 64
Attachment 2 – Designation of Confidential and Proprietary Information.....	..... 66
Attachment 3 – Vendor Information and Reference Sheets .....	..... 68
Attachment 4 – Standard Terms and Conditions DOA-3054 (R01/01) and Supplement to Standards and Conditions DOA-3681 (R01/10) .....	..... 71
Attachment 5 – Confidentiality Form (ET-8932) .....	..... 76
Appendices	
Appendix A – Background Information .....	..... 1
Appendix B – Schedule of Benefits .....	..... 4
Appendix C – Administrative Requirements .....	..... 12
Appendix D – Funding Arrangement .....	..... 20
Appendix E – Statistical Information .....	..... 38
Appendix F – Additional Information.....	..... 88

1.1 Introduction

The purpose of this Request for Proposals (RFP) is to solicit proposals from qualified group life insurance providers that possess the resources and expertise to insure and administer the Wisconsin Public Employers (WPE) Group Life Insurance Program.

1.2 Scope

The WPE Group Life Insurance Program offers group life insurance to current and retired employees of state government and participating local public employers. All public employers in the state are eligible to participate.

The WPE life insurance plan for State of Wisconsin employees began in 1958; the group life insurance plan for local government employees began in 1960. The State, with 43 separate agencies, and 630 local employers currently participate. The plan insures approximately 54,000 State employees and 82,000 local government employees. The plan also insures approximately 30,000 retirees and there are about 59,500 employees who have elected spouse and dependent coverage.

The plan is currently insured through a policy issued by Minnesota Life Insurance Company to the State of Wisconsin Group Insurance Board (GIB). Administration of the plan is jointly shared between the Department of Employee Trust Funds (Department) and the Insurer.

1.3 Procuring and Contracting Agency

This RFP is issued by the Department of Employee Trust Funds (Department) on behalf of the GIB. The Department has retained the actuarial and benefits consulting services of Deloitte & Touche to assist with this RFP Process. Deloitte & Touche is the sole contact for the State during the selection process. Your contact person for this proposal is:

Jill Korsh
Deloitte & Touche
400 One Financial Plaza
120 South Sixth Street
Minneapolis, MN 55402-1844
Phone – (612) 397-4336
Fax – (612) 692-4336
Email – jkorsh@deloitte.com

1.4 Definitions

The following definitions are used throughout the RFP.

Department/ETF means the Wisconsin Department of Employee Trust Funds.

Proposer/Bidder/Vendor/Insurer means a firm submitting a bid in response to this RFP.

GIB means the State of Wisconsin Group Insurance Board.

State means the State of Wisconsin.

WPE means Wisconsin Public Employers Group Life Insurance Program.

WRS means the Wisconsin Retirement System.

1.5 Minimum Requirements of Proposing Insurers

To be considered as a qualified provider of insurance services, vendors must meet certain minimum requirements:

- a. Respondents must meet or exceed at least two of ratings assigned by the following rating companies:

Company	Minimum Rating
A. M. Best	A-
Standard & Poor's	AA-
Moody's	Aa3
Fitch	AA-

- b. Respondents must receive a financial size category rating from A. M. Best of X or greater.
- c. Respondents must have group life insurance premium of \$250,000,000 or more during 2002.
- d. Insurers domiciled outside the United States will not be included for consideration in this procurement process. Only companies with a home office in the United States will be considered.
- e. Insurers must be licensed in the State of Wisconsin.

1.6 Clarification of the Specifications and Requirements

Any questions concerning this RFP must be submitted **via email** by **4:00 CDT, March 17, 2003** to the RFP contact, Jill Korsh of Deloitte & Touche, as identified in Section 1.3.

Vendors are expected to raise any questions they have concerning the RFP at this point in the RFP process. If a vendor discovers any significant ambiguity, error, conflict, discrepancy, omission, or other deficiency in this RFP, the vendor should immediately notify the above named individual of such error and request modification or clarification of this RFP document.

1.7 Calendar of Events

Listed below are important dates and times by which actions related to this RFP must be completed. In the event that the Department finds it necessary to change any of these dates and times, it will do so by issuing a supplement to this RFP.

DATE	EVENT
02/24/2003	RFP Issued
03/17/2003	Vendor's Questions Due
Week of 03/24/2003	Vendor's Conference (if needed)
Week of 03/24/2003	Responses to Questions
04/07/2003	Proposals Due, 4:00 p.m. CDT
Week of 06/02/2003	Interviews (if needed)
Week of 06/02/2003	Notice of Award
06/2003 – 12/2003	Implementation
01/01/04	Contract Begins

1.8 Contract Term

The contract will be for a five-year term with a beginning date of January 1, 2004. The GIB retains the option of renewing the contract on a year-to-year basis for a maximum of two additional years, without rebidding, after the contract term.

2.0 Preparing and Submitting a Proposal

2.1 General Instructions

The evaluation and selection of a vendor will be based on the information submitted in the proposal, references, and written clarifications. Failure to respond to each requirement in this RFP may be the basis for rejecting a response.

2.2 Incurring Costs

The Department or the State of Wisconsin is not liable for any cost incurred by bidders in replying to this RFP.

2.3 Submitting the Proposal

Two printed copies of the entire proposal (including Section 6.0, Cost Proposal) as well as the electronic version of the cost proposal must be submitted to:

Ms. Jill Korsh
Deloitte & Touche
400 One Financial Plaza
120 South Sixth Street
Minneapolis, MN 55402-1844
Email – jkorsh@deloitte.com

The original and eight (8) printed copies of all parts of the proposal except Section 6.0, Cost Proposal, are to be sent to:

Department of Employee Trust Funds
801 West Badger Road
Madison, WI 53702-0001

The proposal will be considered only if all sections of the proposal are received by Deloitte & Touche on or before the proposal deadline stated in Section 1.6. Proposals received after the deadline will be returned unopened. The Department will not open any proposal packages prior to notification of official receipt by Deloitte & Touche. Proposal packages will be received by the Department after the deadline, but will be rejected if not received by Deloitte & Touche on or before the stated deadline.

All proposals must be packaged, sealed, and show the following information on the outside of the package:

- Vendor's Name and Address
- Wisconsin Public Employers Group Life Insurance Program Proposal
- Request for Proposal: #ETC0011
- Proposal Due Date: April 7, 2003

2.0 Preparing and Submitting a Proposal

2.4 Proposal Organization and Format

Proposal should be typed and submitted on 8.5 by 11-inch paper and bound securely. Bidders should display each question immediately preceding the response for Tab 3 and complete the Cost Proposal tables in the format provided. Electronic copies of these sections are provided to facilitate your proposal response.

Vendors responding to this RFP must comply with the following format requirements:

- (a) **PROPOSAL CHECKLISTS:** Complete the proposal checklists provided as Attachment 1 to this RFP and include with your proposals sent to the Department and Deloitte & Touche.
- (b) **Tab 1 - COVER LETTER:** Include a cover letter with the proposal and those certifications required for submittal of a proposal. Proposals submitted in response to this RFP must be signed by the person in the vendor's organization who is responsible for the decision as to the prices being offered in the proposal or by a person who has been authorized in writing to act as agent for the person responsible for the decision on prices. Each proposal shall stipulate that it is predicated upon the terms and conditions of this RFP and any subsequent supplements or revisions.

By submitting a signed proposal, the vendor's signatories certify that in connection with this procurement: (a) the vendor's organization or an agent of the vendor's organization has arrived at the prices in its proposal without consultation, communication or agreement with any other respondent or with any competitor for the purpose of restricting competition, (b) the prices quoted in the proposal have not been knowingly disclosed by the vendor's organization or by any agent of the vendor's organization and will not be knowingly disclosed by same, directly or indirectly, to any other respondent or to any competitor, and (c) no attempt has been made or will be made by the vendor's organization or by any agent of the vendor's organization to induce any other person or firm to submit or not to submit a proposal for the purpose of restricting competition.

- (c) **Tab 2 - SIGNED STATE AGREEMENTS:** Include here the signed copy of Attachment 2 - Designation of Confidential and Proprietary Information, Attachment 3 - Vendor Information and Reference Sheets; Attachment 5 – Confidentiality Form
- (d) **Tab 3 - RESPONSE TO SECTION 4.0 PROPOSAL QUESTIONS:** Provide a point-by-point response to each and every proposal question specified in this RFP. Responses to questions must restate the question and be in the same sequence and numbered as they appear in this RFP. Provide a succinct explanation of how each requirement is addressed.
- (e) **Separate Sealed Envelope - COST PROPOSAL:** Provide cost information as requested in the Cost Proposal Section 6.0. Please complete the electronic version of the tables and provide as your Cost Proposal response. Provide a point-by-point response to each and every Cost Proposal question specified in this section. Responses to questions must restate the question and be in the same sequence and numbered as they appear in this RFP.

3.0 Proposal Selection and Award Process

3.1 Proposal Review

The proposals will first be reviewed to determine if minimum requirements identified in Section 1.5 of this RFP are met. Failure to meet minimum requirements may result in the proposal being rejected.

3.2 Evaluation of Proposals

All proposals submitted in accordance with the terms of the RFP will be evaluated for fulfillment of the specifications and requirements for this RFP. Evaluation and selection of the Insurer, as well as subsequent negotiations, will be based on information submitted in the proposals, references, and any required oral presentations.

The contract will be awarded to the Insurer who best meets the needs of the GIB. The successful proposal will not necessarily be that with the lowest cost. A uniform selection process will be used by an evaluation committee to evaluate all proposals. The evaluation outcome, the results of reference checks and any Committee recommendations will be brought to the GIB for their consideration. The GIB will make the final decision on the selection of the Insurer.

Proposals will be evaluated by an evaluation committee designated by the Department. Proposals will be evaluated based upon the following criteria and weight:

Criteria	Section	Points
Quality of Services Proposed	4.2	400
Capabilities of Proposer	4.1	150
Cost	6.0	250
Interest Credits and Charges	6.0	200
Total		1,000

3.3 Award

The contract will be awarded to the Insurer who best meets the needs of the GIB. The successful proposal will not necessarily be that with the lowest cost.

3.4 Right to Reject Proposals and Negotiate Contract Terms

The Department reserves the right to reject any and all proposals and to negotiate the terms of the contract, including the award amount, with the Insurer prior to entering into a contract.

3.5 Notice of Award

Any vendors who respond to this RFP will be notified in writing of the Department's Notice of Award.

3.0 Proposal Selection and Award Process

3.6 Appeals Process

Notices of intent to protest and protests must be made in writing. Protestors should make their protests as specific as possible and should identify statutes and Wisconsin Administrative Code provisions that are alleged to have been violated.

The written notice of intent to protest the Notice of Award of a contract must be filed with:

State of Wisconsin Group Insurance Board
C/o Department of Employee Trust Funds
801 W. Badger Rd
P.O. Box 7931
Madison, WI 53707-7931

Notice must be received in this office no later than five (5) working days after the Notice of Award is issued. Fax documents will not be accepted. The written protest must be received within ten (10) working days after the Notice of Award is issued.

Vendors must respond to the proposal questions in this section in accordance with the instructions given in Section 2.0, Preparing and Submitting a Proposal.

4.1 General Questions

4.1.1 Organization Capabilities

Describe your organization's ability to implement and administer the Wisconsin Public Employer's Group Life Insurance Program.

- a. What was your group life insurance premium income during 2002 and group life insurance in force on December 31, 2002?
- b. What was your group life insurance premium income in Wisconsin in 2002?
- c. Indicate the ratings given to your company by the following:
 - 1) AM Best
 - 2) Standard & Poor's
 - 3) Moody's
 - 4) Fitch

Has there been any change in your ratings in the last 2 years? If yes, please explain.

- d. What is the financial size category assigned to your company by AM Best?
- e. Provide details of your experience and capabilities in providing services similar to those specified in this RFP. Response should identify plans of similar size, preferable governmental programs with multiple employers and a wide variety of payroll systems.
- f. Has the Examiner Team for the National Association of Insurance Commissioners (NAIC) designated your company as a first or second priority company in any of the last three (3) calendar years?
- g. Describe any pending agreements to merge or sell your firm.
- h. Within the last five years, has your firm ever defaulted on a contract to provide a group life insurance plan? Has your firm been involved in litigation regarding such contract? Have any such contracts ever been canceled or failed to be renewed for alleged fault on the part of your firm? If any of the above is yes, provide specifics.
- i. Provide a description of any current litigation involving other contracts in which the respondent has been or is involved.

- j. Within the last five years, has your firm ever been removed or replaced as life insurance provider of a state or other public group life insurance plan with 10,000 or more employees? If yes, explain the circumstances.

4.1.2 Vendor References

Selected organizations may be contacted to determine the quality of work performed and personnel assigned to the plan. The results of the reference check will be provided to reviewers and used in scoring the written proposal.

Use the Reference Sheet in Attachment 3 to provide at least three (3) references. Each reference must identify the company/agency for which you have provided and administered life insurance plans. Detail should include the services provided including the number of eligible employees and the number of actual participants and contracts. At least one reference should be a public sector employer plan with 50,000 or more participants.

4.1.3 Staff Qualifications

Provide information regarding the staffing levels you propose to provide for the Wisconsin program.

- a. Identify key staff members who would have day-to-day contacts with the Department. Identify their respective duties and scope of authority for each of the key staff assigned to the plan.
- b. Include references and resumes of key staff describing their education and work experience with respect to group life insurance programs.
- c. Include detailed information about staff that would be responsible in each of the following areas: actuarial evaluation, customer service including service to participating employers, enrollments, claims processing, information technology and data processing, investments, marketing, accounts, and legal services.
- d. Provide an organizational chart or charts that indicate current or proposed positions assigned to the Wisconsin plan, at the local and home office level.

Your response to this item will establish the standard for all staff assigned to this RFP.

4.1.4 Financial Stability Documentation

Vendors responding to this RFP must be able to substantiate their financial stability. Furnish a copy of your most recent audited financial statements. Include, at a minimum, a Balance Sheet and a Profit and Loss Statement, together with the name and address of the bank(s) with which you conduct business and the public accounting firm(s) that audit your financial statements. The Department reserves the right to request additional information to verify the vendor's financial status.

4.2 Technical Questions

Appendix C includes, but is not limited to, the functions and services that the Insurer of the State of Wisconsin Public Employers Group Life Insurance Program must provide. Appendices A & B provide a program history and outline of current benefits. The vendor must provide a written response that reflects the vendor's understanding of the stated requirements, procedures used to ensure the requirements will be met and the vendor's current operating environment and experience in providing the required services. Proposals may include alternatives to current procedures, reports, etc. as is deemed appropriate to ensure the effective and efficient administration of the contract.

Scoring will be based on the quality of the approach and the ability of the respondent to meet the needs of the Program.

4.2.1 Program Administration

The vendor must have the ability to administer the life program, respond to and maintain compliance with applicable laws, regulations, rules and policies and provide efficient and effective liaison with the Department. The Insurer must provide services to about 630 participating local employers and 43 state agencies. Employers may require periodic assistance and training in life insurance policies and procedures.

- a. Provide details of your experience servicing programs with multiple employers with a wide variety of payroll systems. Include a list of similar programs with multiple employers and multiple payroll systems that are currently being serviced by your company.
- b. Describe your experience with plans providing post-retirement life insurance benefits. Provide specific examples, clients served, and details regarding these programs.
- c. In each of the areas listed below, describe your company's:
 - Current administrative procedures,
 - Past experience,
 - Current volume of transactions, and
 - System changes that will be necessary in order to administer the Wisconsin program
 1. Enrollment processing
 - New enrollments
 - Continuing enrollment when employee changes employer or retires
 - Underwriting late enrollments
 - Conversion policies
 2. Claims Processing
 - Death benefits
 - Accidental Death and Dismemberment
 - Waiver of premium in periods of disability

3. Maintenance of plan records
 - Individuals' enrollment, coverage, premium payment and claims history
 - Premium remittance by employer
 - Claims experience by employer
 - Administrative expenses
 - Investment credits
 - Reserves balances
 - Tax records

4. Benefits Payable Before Death

- i. A Living Benefit provision. (Include information about how the benefit payment is determined. Are these benefits discounted?)
- ii. A Life to Health or Long-Term Care insurance benefit. (Converting value of life insurance to pay health and/or long-term care insurance premiums.)

- d. Business Recovery

Provide a high-level overview of a business resumption plan in the event of an emergency, such as natural disaster, temporary staffing, (e.g. strike), etc. Include contingency plans for continuation of all business functions during an emergency, including a summary of the provisions for backup and recovery of all electronic information systems.

- e. Turnover Plan

Provide a high-level summary of the steps that would be taken to insure a smooth transition to a successor Insurer at the end of a contract period or in the event of contract default. Include the activities necessary for an orderly and controlled transition, the time-frame required for such a transition, the key business areas that would be involved, and considerations required for the turnover of plan records to the successor Insurer.

4.2.2 Customer Service

- a. Describe your firm's procedures regarding routing of telephone, e-mail, FAX, and written inquiries and complaints from employers and participants.
- b. What staff are assigned to respond to these inquiries? Where are they located?
- c. How do you propose to train staff on the specifics of the WPE Program? Provide sample materials.
- d. What is their authority to resolve problems?
- e. What is the normal turn-around time for each type of inquiry?
- f. Describe any special arrangements you would make to provide customer service for the WPE Program.

- g. Would your firm establish a local Madison area office? If not, where would program administration tasks be carried out? If you have or will establish a local office, which tasks will be performed there?
- h. Do you have a internet site? What information will be made available to employees, employers, and the Department on the site? What other electronic capabilities may be made used for communication to employees, employers, and the Department?

4.2.3 Membership Information/Billing

A membership information/billing system must contain, at a minimum

- The full name, social security number, and address of each insured or formerly insured employee and retiree;
- their employer(s);
- the types of coverage they elected;
- the amount of coverage for each type;
- the current status of the insurance;
- the date through which premiums have been paid; and
- the dates of any changes to coverage or other updates.

For each employer, the system must

- contain address;
- contain participation information;
- be capable of retrieving a list of current insured employees of that employer; and
- the total coverage in force and premium collected for each coverage level.

- a. Describe the membership/billing system that your firm currently uses to administer a large (over 50,000 participants) multi-employer group insurance plan.
- b. How many transactions per year (enrollments, cancellations, changes) does this system handle?
- c. Does the billing system also function as a membership information system? If not, how is the membership data base coordinated with the billing system?
- d. What changes, if any, do you propose to make to your membership information/billing system in order to meet the needs of the Wisconsin Public Employers Program?
- e. How would Department staff have access to the membership information system?
- f. How would employer's gain on-line access to their employees' membership and on-line billing information?
- g. Who would be responsible for resolving access problems (password and authorization problems, slow response time, system down-time, etc.)?

- h. How would you provide for direct billings to group members who cannot pay premiums through an employer or the Wisconsin Retirement System (WRS) annuity system?

4.2.4 Computer and Data Processing Facilities

- a. Describe the computer and data processing facilities that your firm currently owns and would make available for administering the WPE Program. Include a description of any mainframe and network structures that would be available to Department staff.
- b. What additional computer/data processing resources would your firm acquire in order to fulfill the terms of your proposal?
- c. Describe the internal controls you will institute to protect the security and privacy of program data, records, forms, and data processing operations. Describe your policy, procedures and plans for these areas.

4.2.5 Program Information and Communication

This section must address the services to be provided to participating employers and the marketing of the program to eligible, non-participating employers. The marketing philosophy and approach used by the Insurer to market the plan must be approved by the Department. The Insurer may be asked to develop informational bulletins, brochures, or newsletters directed to employers and/or employees containing information pertinent to the Program. The Department retains publishing rights and approval of all material prior to distribution to employers or employees.

- a. Describe the approach that your firm will use to ensure all eligible employers are aware of and offered participation in all coverage types in the program.
- b. Describe your plan for providing continuing service (e.g., training, problem-solving, customized computerized billing) to participating employers in all geographical areas of the State. If available, describe your capabilities for video conferencing or on-line interactive training options.
- c. Detail your experience developing and producing informational materials for employers and employees. Provide sample materials.

4.2.6 Services Provided to the Department

- a. The Department works directly with the Insurer on all administrative matters. The current division of administrative tasks is described in Appendix C.I. A. and B. The Insurer must provide technical and legal expertise to advise the department on issues relating to the program.
 - 1. List any administrative tasks described in Appendix C.I.A. which are not included in your cost proposal.
 - 2. Describe how you will monitor the development of and provide advice concerning state or federal regulations or legislation impacting on the life program.
 - 3. Provide information about the legal and technical staff that will be available to the Department for advice and consultation as needed for program administration.

4.2.7 Reporting

The Department is responsible for monitoring the administration of the program. Reports must be provided to the Department to ensure effective monitoring of all aspects of the program. The reports provided to the Department may include, but will not be limited to those listed in Appendix C.I. A. 26.

- a. Provide samples of the report formats you propose to use.
- b. Provide a description and example of reports other than those specified in Appendix C that you recommend be made available to the Department.

4.2.8 Performance Standards and Penalties

The Insurer will be required to meet performance standards and penalties that may include, but not be limited to, those stated in Appendix C.

- a. Describe the reports currently used internally to measure fulfillment of performance standards such as those described in Appendix C of this RFP. Include a sample of these reports.
- b. Do you have any contracts with other clients which incorporate a penalty for not meeting performance standards? If yes, indicate the types of performance guarantees you have entered into previously and your ability to provide these arrangements to the Department.

4.2.9 Transition and Implementation

- a. Describe in detail, the steps that would be taken to insure a smooth transition when assuming administration of the WPE program from the predecessor Insurer. Provide a work plan and schedule identifying the tasks and time frames required to complete this transition.
- b. Provide a detailed description and history of similar program conversions performed and references for whom these services were provided.
- c. Provide names, resumes, and references for the personnel that would be primarily responsible for this process.

The vendor will comply with the following terms and conditions:

5.1 Legal Relations

- (1) The vendor shall at all times comply with and observe all federal and state laws, local laws, ordinances, and regulations which are in effect during the period of this contract and which in any manner affect the work or its conduct.
- (2) In carrying out any provisions of this RFP or in exercising any power or authority granted to the vendor thereby, there shall be no liability upon the GIB or the Department, it being understood that in such matters the GIB and the Department act as agents and representatives of the State.
- (3) The vendor accepts full liability and agrees to hold harmless the GIB and its members, the Department, its employees, agents and venders, the Employee Trust Funds Board and their members, and the Public Employee Trust Fund (Chapter 40—Wis. Stats.) for any act or omission of the vendor, or any of its employees, in connection with this contract.
- (4) No employee of the vendor may represent himself or herself as an employee of the GIB or the Department.

5.2 Ownership of Material

- (1) Except for medical records as defined by Wis. Admin. Code § ETF 10.01 (3m), all information, data, reports and other materials as are existing and available from the Department and which the Department determines to be necessary to carry out the scope of services under this contract shall be furnished to the vendor and shall be returned to the Department upon completion of the contract. The vendor shall not use it for any purpose other than carrying out the work described in the contract. The Department shall not disclose medical records.
- (2) It is agreed that the Department will be furnished without additional charge all data, models, information, reports and other materials associated with and generated under this contract by the vendor.

5.3 Examination of Records

- (1) The vendor agrees that the Department shall have access to and the right to examine, audit, excerpt and transcribe any directly pertinent books, documents, papers and records of the vendor, involving transactions relating to this RFP. Such material shall be retained for three years by the vendor following completion of the RFP.
- (2) Throughout the term of this RFP and for three (3) years thereafter, the vendor shall notify the Department of the name, address and telephone number of the vendor's employee who shall serve as custodian of the records produced and collected under this RFP who shall make any public records, as determined by the Department, available for inspection and/or copying as requested by the Department in connection with Wis. Stats. § 19.36 (3).

5.4 Annual Report

The Insurer shall furnish the Department with an annual report, audited by an independent certified public accountant, of the financial status of the Program, disclosing value of Program assets, liabilities, analysis of cash receipt and disbursements, and other relevant information as may be reasonably requested by the Department.

5.5 Compliance Audits

The State may schedule and arrange with independent contract auditors to conduct compliance audits of the Insurer's program administration, claims processing system and accounting system as they apply to the WPE program and accounts. (Such independent contract auditors include ETF Internal Auditors.) Any auditor costs, as contracted for, provided by and/or approved by the State, of compliance audits shall be charged to the Insurer, who shall pay those charges and bill them to the program. Such actual compliance audit expenses will be reimbursed to the Insurer as an add-on expense in addition to the contracted amount for other program services of the Department.

5.6 Actuarial Consultant Fees

The Insurer shall agree that the WPE Program shall pay a share, as determined by the Department, of the fee for the actuarial consultant retained by the GIB. Such fees shall be billed annually to the Insurer, who shall pay these charges and bill them to the program. Such actuarial consulting fees will be reimbursed to the Insurer as an add-on expense in addition to the contracted amount for other program services.

5.7 Business Recovery

The Insurer shall furnish the Department with a detailed contingency plan for business recovery of the Insurer's electronic data processing equipment that assures the system will be back in operation within 48 hours of a disaster or business interruption. In addition, the plan must specify the method used for providing critical business functions in the event of an emergency such as natural disaster, temporary staffing (e.g. strike). Insurer further agrees to file a written contingency plan with the Department within 180 days of the signing of the contract. Said plan is subject to Department approval.

5.8 Accounting

The Insurer shall maintain an accounting system in accordance with Generally Accepted Accounting Principles (GAAP) for the purpose of audit and examination of any books, documents, papers, and records maintained in support of this contract. All funds under this contract shall be fully accounted for separately and independently of any other funds of the Insurer. The Insurer shall establish and maintain separate ledgers and checking accounts for the revenues from this contract, wherein funds shall be clearly identifiable. The Insurer shall not commingle Wisconsin funds with any other funds in the Insurer's administration or control.

5.9 Key Personnel

The Insurer shall notify the Department within three (3) working days of any permanent or temporary (greater than ten (10) consecutive working days) changes to or deletions from the Insurer's named key personnel as specified in Section 4.1.3. The Insurer shall, upon request, provide the Department with a resume of any member of its staff assigned to or proposed to be assigned to any aspect of the performance of the contract. Replacement of any personnel, including those who have terminated employment, shall be with personnel of equal or greater ability and qualifications as those previously approved by the Department.

5.10 Administrative Expenses

In accordance with Wis. Stat. 40.04(2), the Department will be reimbursed annually for administrative expenses incurred by the Department for the operation of the WPE Life Insurance Program. This amount will be billed directly to the WPE Life Insurance Program.

5.10 Standard Terms and Conditions. DOA – 3054 (01/01) Attachment 4

5.11 Supplement to Standard Terms and Conditions. DOA – 3681 (01/01) Attachment 4

All proposers must complete the requested Cost Proposal tables in the spreadsheet provided. This spreadsheet has been designed to calculate many of the requirements automatically. Answers to the Cost Proposal questions are also considered part of your response to this Cost Proposal. Please restate the question as part of your response. An electronic copy of the cost proposal questions has been provided to facilitate your response.

6.1 Summary

The following Sections 6.2 through 6.5 of this Cost Proposal require you to show in detail your proposed premiums, expense charges, interest crediting, etc., for each part of the Program. By completing this section, you agree to administer the Program at the premium and expense levels you use in this Cost Proposal. The State and local government plans are separate programs for financial experience and administration; however, each proposal must include cost projections for both plans.

- a. In this cost proposal, reported claims will be defined to include the following:
 - i. All claims incurred and reported during the policy year.
 - ii. All claims incurred during the policy year and reported during the 60 day period following the end of the policy year.
 - iii. All claims incurred in a prior policy year and not previously reported.
 - iv. Policy years are defined to run from January 1 through December 31.

6.1.1 Employee Plans. In Section 6.2, you will provide your cost proposal for employee insurance under the State plan. Section 6.3 will be your cost proposal for the employee insurance under the local government plan. For both Sections 6.2 and 6.3, you are required to compute projected annual premiums, claims, expenses, and interest credits using:

- a. Current employee premium contribution rates and the current employer contribution percentages.
- b. Your proposed employee premium contribution rates and the current employer contribution percentages. *The employee premiums plus a portion of the employer premium must suffice to cover all pre-retirement claims and expenses.*
- c. Your proposed employee premium contribution rates and your proposed employer contribution percentages. *The employer premium, less any portion used in (b) above, must suffice to cover all post-retirement claims and expenses.*

For this section you must also provide the assumptions you used in determining the employer contributions; a calculation of current post-retirement insurance liability; a calculation of the excess of present value of future benefits over the

present value of future premiums, and plan costs for the post-retirement insurance; and a calculation of the annual stop-loss limits.

6.1.2 Spouse and Dependent Plans. Section 6.4, the cost proposal for spouse and dependent insurance under the State plan and Section 6.5, the cost proposal for spouse and dependent insurance under the local government plan require you to provide your:

- a. Proposed premium rate
- b. Projection of policy costs

6.1.3 Cost Proposal Questions. Section 6.6, the Cost Proposal Questions, cover miscellaneous related topics, including your company's policies regarding:

- a. Claims charges
- b. Expense charge
- c. Interest credits
- d. Premium rate guarantees
- e. Stop-loss premium guarantees
- f. Contract termination provisions

6.0 Cost Proposal – State Plan Employee Insurance

6.2 State Plan Employee Insurance

6.2.1 Projection using current employee premium contribution rates and current State contribution percentages.

- a. Assumptions for 2004, 2005, and 2006 policy years:
- i. Insurance in force is exactly as specified in Appendix E, Subsection I.
 - ii. Premium contributions are exactly as specified in Appendix D, Subsection III, Item A, of these specifications. Premium contributions by the State are deposited immediately in the post-retirement insurance fund when received.
 - iii. Reported death, Accidental Death & Dismemberment (AD&D) and living benefit claims through February of the next policy year include all unpooled claims. The liability for unpaid claims reaches a level of \$1,600,000 as of December 31, 2004.

2004	Reported	Paid
Jan. - Dec. 2004	\$12,800,000	\$12,300,000
Jan. - Feb. 2005	1,100,000	1,100,000
Mar. - Dec. 2005	--	500,000
TOTALS	\$13,900,000	\$13,900,000
2005	Reported	Paid
Jan. - Dec. 2005	\$12,800,000	\$12,300,000
Jan. - Feb. 2006	1,100,000	1,100,000
Mar. - Dec. 2006	--	500,000
TOTALS	\$13,900,000	\$13,900,000
2006	Reported	Paid
Jan. - Dec. 2006	\$12,800,000	\$12,300,000
Jan. - Feb. 2007	1,100,000	1,100,000
Mar. - Dec. 2007	--	500,000
TOTALS	\$13,900,000	\$13,900,000

- iv. Reported disability claims result in charges of \$1,000,000. On the average, disability claims are reported August 1. The disability charges result from using an acceptable actuarial reserving method. The disability claim charge for a policy year is equal to the total reserves held for all open claims at the end of the year minus the total reserves held for all open claims at the beginning of the year. The disability reserve at the end of each policy year is as follows:

Date	Disability Reserve
December 31, 2003	\$ 0
December 31, 2004	1,000,000
December 31, 2005	2,000,000
December 31, 2006	3,000,000

6.0 Cost Proposal – State Plan Employee Insurance

v. Annual conversions are as follows:

Insurance Age	Converted
Under 30	\$ 55,000
30-39	35,000
40-49	35,000
50-59	90,000
60-69	35,000

vi. The Department has chargeable administrative expenses for the State Plan of \$108,000 annually.

vii. The basic, supplemental and additional plans are combined for financial experience.

b. Complete the following table using the assumptions in 6.2.1 a.

		2004	2005	2006
i.	Employee Premiums	\$14,594,909	\$14,594,909	\$14,594,909
ii.	Claim Charges: Reported Death, AD&D and Living Benefit Claims	\$13,900,000	\$13,900,000	\$13,900,000
	Reported Disability Claims	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
	Unreported Claim Reserves			
	Conversion Charge			
	Pooling Charge			
	TOTAL			
iii.	Expense and Risk Charges: State Premium Taxes			
	Federal Income Tax			
	Other Expense Charges			
	Risk Charges			
	- Stop-loss			
	- Other			
	TOTAL			
iv.	Interest Credits: On Excess of Premium Over Charges			
	On Disability Reserve			
	On Unpaid Claims			
	Other (please specify in "vii")			
	TOTAL			
v.	State Administrative Expenses	\$ 108,000	\$ 108,000	\$ 108,000
vi.	Contribution to Contingent Liability Reserve [(i.) - (ii.) - (iii.) + (iv.) - (v.)]			
vii.	Indicate here any assumptions in addition to those in 6.2.1.a. that you have made in completing this table.			

6.0 Cost Proposal – State Plan Employee Insurance

6.2.2 Projection using your proposed employee premium contribution rates and current State contribution percentages

- a. Assumptions
 - i. State contributions continue as specified in Appendix D, Subsection V, of these specifications.
 - ii. The portion of State contributions for the basic plan in excess of the amount needed for pre-retirement insurance is assumed in this section to be sufficient to cover the cost of post-retirement insurance for an entire generation of employees.
 - iii. State Statute limits employee contributions for basic and supplemental insurance to a maximum of \$0.60 per \$1,000 of insurance per month.
 - iv. Stability in premium rates is important. Premium rates are to remain constant indefinitely.
 - v. Age groupings are the same as under the current program.

- b. **Proposal.** Indicate the premium you would charge under the assumptions in 6.2.2 a. above. All employee contributions plus a portion of the State contributions for basic insurance plus the State contributions for supplemental insurance in the long-run cover the pre-retirement claims and expenses associated with the basic, supplemental and additional insurance plans. The post-retirement insurance actuarial assumptions data in Appendix E, Subsection III, may be helpful.
 - i. Employee premium contribution rates (rounded to the nearest cent).

Attained Age	Monthly Employee Premium per \$1,000 of Insurance		
	Basic Plan	Supplemental Plan	Additional Plan
Under 30	\$	\$	\$
30 - 34			
35 - 39			
40 - 44			
45 - 49			
50 - 54			
55 - 59			
60 - 64			
65 - 69			

6.0 Cost Proposal – State Plan Employee Insurance

- ii. Monthly employee premium contributions (rounded to the nearest dollar)

Indicate your proposed monthly employee premium contributions using the rates in 6.2.2 b. ii. above and the insurance summary for active employees and annuitants in Appendix E, Subsection I.

Attained Age	Monthly Employee Premium Contributions		
	Basic Plan	Supplemental Plan	Additional Plan
Under 30	\$	\$	\$
30 -34			
35 - 39			
40 - 44			
45 - 49			
50 - 54			
55 - 59			
60 - 64			
65 - 69			
TOTAL			

- iii. Annual employee premium contributions

Total annual employee premium contributions equal 12 times total monthly employee premium contributions.

Total Monthly Employee Premium Contributions: (from 6.2.2 b. ii. above)

Basic Plan	\$
Supplemental Plan	\$
Additional Plan	\$
Total	\$
	X 12
Total Annual Employee Premium Contributions (insert in 6.2.2 c. i. below)	\$

6.0 Cost Proposal – State Plan Employee Insurance

- iv. State contribution rates (rounded to the nearest million).

Indicate your proposed monthly State contributions using the percentages in the premium rate tables accompanying Appendix D, Subsection V.

Attained Age	Monthly State Premium per \$1,000 of Insurance	
	Basic Plan	Supplemental Plan
Under 30	\$	\$
30 -34		
35 - 39		
40 - 44		
45 - 49		
50 - 54		
55 - 59		
60 - 64		
65 - 69		

- v. Total rates (sum of "i" and "iv")

Attained Age	Total Monthly Premium per \$1,000 of Insurance		
	Basic Plan	Supplemental Plan	Additional Plan
Under 30	\$	\$	\$
30 -34			
35 – 39			
40 – 44			
45 – 49			
50 – 54			
55 – 59			
60 – 64			
65 – 69			

6.0 Cost Proposal – State Plan Employee Insurance

- vi. Total Monthly Premium Contributions (rounded to the nearest dollar)

Indicate your proposed monthly premium using the rates in 6.2.2 b. vi. above and the insurance summary for active employees and annuitants in Appendix E, Subsection I. Remember that only the employee share of premiums is collected for coverage on annuitants. The State does not pay a premium contribution for annuitants.

Attained Age	Total Monthly Premium Contributions		
	Basic Plan	Supplemental Plan	Additional Plan
Under 30	\$	\$	\$
30 - 34			
35 - 39			
40 - 44			
45 - 49			
50 - 54			
55 - 59			
60 - 64			
65 - 69			
TOTAL			

- vii. Total Annual Premium

Total Annual Premium equals 12 times total monthly premium.

Total Monthly Premium (from 6.2.2 b. vi. above):

Basic Plan	\$
Supplemental Plan	\$
Additional Plan	\$
Total	\$
	X 12
Total Annual Premium	\$

6.0 Cost Proposal – State Plan Employee Insurance

- c. Complete the following table using the assumptions in 6.2.2 a. and the premium in 6.2.2 b.

		2004	2005	2006
i.	Employee Premiums (from "b.iii")			
ii.	Claim Charges:			
	Reported Death, AD&D and Living Benefit Claims	\$13,900,000	\$13,900,000	\$13,900,000
	Reported Disability Claims	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
	Unreported Claim Reserves			
	Conversion Charge			
	Pooling Charge			
	TOTAL			
iii.	Expense and Risk Charges:			
	State Premium Taxes			
	Federal Income Tax			
	Other Expense Charges			
	Risk Charges			
	- Stop-loss			
	- Other			
	TOTAL			
iv.	Interest Credits:			
	On Excess of Premium Over Charges			
	On Disability Reserve			
	On Unpaid Claims			
	Other (please specify in "vii")			
	TOTAL			
v.	State Administrative Expenses	\$ 108,000	\$ 108,000	\$ 108,000
vi.	Contribution to Contingent Liability Reserve [(i.) - (ii.) - (iii.) + (iv.) - (v.)]			
vii.	Indicate here any assumptions in addition to those in B.1 a. that you have made in completing this table.			

6.0 Cost Proposal – State Plan Employee Insurance

6.2.3 Projection using your proposed employee premium contribution rates and your proposed State contribution percentages.

- a. Assumptions
- i. Employee contributions are as specified in your Proposal in 6.2.2.
 - b. ii. These employee contributions, plus a portion of the State contributions for basic insurance plus the State contributions for supplemental insurance are assumed in this section to be sufficient to cover the cost of pre-retirement term insurance for an entire generation of employees.
 - iii. The overall relationship between total employee premiums and total State premiums should not change.
 - iv. The GIB sets the State contribution to the plan. Stability in State contributions is important. State contributions are to remain constant indefinitely.
 - v. The contingent liability reserve currently equals the present value of post-retirement insurance for retired lives.
 - vi. The State will not contribute to the cost of the additional plan.
- b. **Proposal.** Indicate what State contributions would be sufficient under the assumptions in 6.2.3 a. above so that the State contributions for basic insurance in excess of the amount needed for pre-retirement insurance in the long-run cover the post-retirement claims and expenses associated with the basic term insurance plan.

- i. State contributions (rounded to the nearest whole percent)

**State Premium as a Percent
of Employee Premium**

Basic Plan	%
Supplemental Plan	%
Additional Plan	0 %

6.0 Cost Proposal – State Plan Employee Insurance

- ii. Indicate here your entire proposal using the employee premium rates in 6.2.2 b. i. and the State contributions in 6.3.3 b. i. above.
- (a) Employee premium contribution rates (6.2.2 b. ii.)

Attained Age	Monthly Employee Premium per \$1,000 of Insurance (State)		
	Basic Plan	Supplemental Plan	Additional Plan
Under 30	\$	\$	\$
30 -34			
35 – 39			
40 – 44			
45 – 49			
50 – 54			
55 – 59			
60 – 64			
65 – 69			

- (b) State contribution rates (rounded to the nearest million)

Multiply the percentages in 6.2.3 b. i. above by the appropriate employee premium rates in 6.2.3 b. ii.(a) above.

Attained Age	Monthly State Premium per \$1,000 of Insurance	
	Basic Plan	Supplemental Plan
Under 30	\$	\$
30 -34		
35 - 39		
40 - 44		
45 - 49		
50 - 54		
55 - 59		
60 - 64		
65 - 69		

- (c) Total contribution rates [sum of (a) and (b)]

Attained Age	Total Monthly Premium per \$1,000 of Insurance		
	Basic Plan	Supplemental Plan	Additional Plan
Under 30	\$	\$	\$
30 -34			
35 - 39			
40 - 44			
45 - 49			
50 - 54			
55 - 59			
60 - 64			
65 - 69			

6.0 Cost Proposal – State Plan Employee Insurance

iii. Total Monthly Premium (rounded to the nearest dollar)

Indicate your proposed monthly premium using the rates in 6.2.3 b. ii.(c) and the insurance summary for active employees and annuitants in Appendix E, Subsection I. Remember that only the employee share of premiums is collected for coverage on annuitants. The State does not pay a premium contribution for annuitants.

Total Monthly Premium Contributions			
Attained Age	Basic Plan	Supplemental Plan	Additional Plan
Under 30	\$	\$	\$
30 - 34			
35 - 39			
40 - 44			
45 - 49			
50 - 54			
55 - 59			
60 - 64			
65 - 69			
TOTAL			

iv. Total Annual Premium

Total annual premium equals 12 times total monthly premium.

Total Monthly Premium (from 6.2.3 b. iii. above):

Basic Plan	\$
Supplemental Plan	\$
Additional Plan	\$
Total	\$
	X 12
Total Annual Premium	\$

6.0 Cost Proposal – State Plan Employee Insurance

- c. The post-retirement insurance fund is annually evaluated relative to both current retired life liabilities and the projected future liability for the entire generation of currently active employees. Assume that the post-retirement insurance fund is to be developed in the manner specified in Appendix D, Subsection II., Item A. Assume further that premiums are as specified in 6.2.3 b. above.
- i. Indicate here the assumptions you used in determining the State contributions.
- (a) Projected salary increases
 - (b) Projected employee withdrawal rates
 - (c) Projected interest rates
 - (d) Projected mortality rates for both active and retired employees
 - (e) Projected Insurer expenses, State premium taxes, and federal income taxes
- ii. Using the data in Appendix E, Subsection I, B1, and the assumptions in 6.2.3 c. i. above calculate the current post-retirement insurance liability as of December 31, 2002 for retired employees. Indicate your results in the following table:

Attained Age	Present Value of Future Benefits	Attained Age	Present Value of Future Benefits
65	\$	88	\$
66		89	
67		90	
68		91	
69		92	
70		93	
71		94	
72		95	
73		96	
74		97	
75		98	
76		99	
77		100	
78		101	
79		102	
80		103	
81		104	
82		105	
83		106	
84		107	
85		108	
86		109	
87		110	
TOTAL			

6.0 Cost Proposal – State Plan Employee Insurance

- iii. Using the data in Appendix E, Subsection I, the assumptions in 6.2.3 c. i. and the premium rates in 6.2.3 b. above, calculate the excess of the present value of future benefits over the present value of future premiums as of December 31, 2002 for currently active employees and for annuitants. Indicate your results in the following table:

Attained Age	Excess of Future Benefits over Future Premiums	Attained Age	Excess of Future Benefits over Future Premiums
20	\$	45	\$
21		46	
22		47	
23		48	
24		49	
25		50	
26		51	
27		52	
28		53	
29		54	
30		55	
31		56	
32		57	
33		58	
34		59	
35		60	
36		61	
37		62	
38		63	
39		64	
40		65	
41		66	
42		67	
43		68	
44		69	
TOTAL			

6.0 Cost Proposal – State Plan Employee Insurance

6.2.4 Projection of post-retirement insurance fund

- a. Assumptions for 2004, 2005 , and 2006 policy years.
- i. Premium contributions by the State are deposited immediately in the post-retirement insurance fund when received. These contributions total \$4,000,000 annually and are received around June 15.
 - ii. Contributions at the beginning of the year to the post- retirement insurance fund from the initial deposit on January 1, 2004 and from the dividend at the end of the 2004 and 2005 policy years on the pre-retirement insurance are as follows:

Deposit Date	Contributions
January 1, 2004	\$10,000,000
January 1, 2005	100,000
January 1, 2006	100,000

- iii. Prior to the initial deposit on January 1, 2004, there is a zero balance in the contingent liability reserve.
- iv. Reported death claims are as follows:

Policy Year	Reported Death Claims
2004	\$5,900,000
2005	6,200,000
2006	6,500,000

Claims are reported around August 15.

6.0 Cost Proposal – State Plan Employee Insurance

b. Complete the following table using the assumptions in 6.2.4 a.

		2004	2005	2006
i.	Contributions	\$14,000,000	\$4,100,000	\$4,100,000
ii.	Claim Charges: Reported Claims Unreported Claim Reserves TOTAL	\$5,900,000	\$6,200,000	\$6,500,000
iii.	Expense and Risk Charges: State Premium Taxes Federal Income Tax Other Expense Charges Risk Charges, if any TOTAL			
iv.	Interest Credits: On Contributions On Reported Claims On Fund Balances Other (please specify in "vii") TOTAL			
v.	Addition to Contingent Liability Reserve at End of Policy Year [(i.) - (ii.) - (iii.) + (iv.)]			
vi.	Contingent Liability Reserve at End of Policy Year [prior (vi.) + (v.)]			
vii.	Indicate here any assumptions in addition to those in 6.2.4 a. that you have made in completing this table.			

6.0 Cost Proposal – State Plan Employee Insurance

6.2.5 Projection of Stop-loss Provision

- a. The plan includes the stop-loss provision described in Appendix D, Subsection I.
- b. The stop-loss provision provides for the Insurer to bear losses which together with taxes and expense and risk charges exceed the limit calculated using the stop-loss rate table in the policy.
- c. Project the portion of the risk charge attributable to stop-loss for the following stop-loss rate table.

**Schedule of Monthly Stop-Loss Rates per \$1,000 of Insurance (Current Table)
(Rates for Insurance of a Greater or Lesser Amount will be Proportionate)**

Attained Age	Rate	Attained Age	Rate	Attained Age	Rate
17	\$.07	45	\$.18	73	\$ 2.57
18	.07	46	.19	74	2.87
19	.07	47	.21	75	3.11
20	.07	48	.23	76	3.50
21	.07	49	.25	77	3.79
22	.07	50	.28	78	4.26
23	.07	51	.31	79	4.70
24	.07	52	.34	80	5.23
25	.07	53	.37	81	5.71
26	.07	54	.39	82	6.24
27	.07	55	.42	83	6.94
28	.07	56	.44	84	7.77
29	.07	57	.46	85	8.45
30	.07	58	.48	86	9.16
31	.07	59	.51	87	9.99
32	.08	60	.54	88	10.50
33	.09	61	.57	89	11.23
34	.09	62	.61	90	12.01
35	.09	63	.65	91	12.79
36	.10	64	.71	92	13.57
37	.11	65	.80	93	14.35
38	.11	66	.94	94	15.14
39	.12	67	1.09	95	15.97
40	.13	68	1.26	96	17.55
41	.14	69	1.54	97	19.32
42	.15	70	1.79	98	45.70
43	.16	71	2.04	99	72.85
44	.17	72	2.29	100	83.33

- d. Indicate the stop-loss rates you would place in the policy for calculating the stop-loss limit, as well as the risk charge.

6.0 Cost Proposal – State Plan Employee Insurance

- e. Calculate the annual stop-loss limit using the rate table in 6.2.5 d. and the insurance in force in the following table. (This insurance in force is the sum of all amounts of insurance in Appendix E, Subsection I.)

Amount of Insurance			Amount of Insurance			Amount of Insurance		
Attained Age	(000s Omitted)	Monthly Limit	Attained Age	(000s Omitted)	Monthly Limit	Attained Age	(000s Omitted)	Monthly Limit
17	0		45	194,423		73	13,131	
18	0		46	189,919		74	10,694	
19	381		47	206,813		75	11,187	
20	3,445		48	226,009		76	10,258	
21	5,818		49	218,741		77	8,761	
22	9,821		50	236,470		78	8,716	
23	15,592		51	250,102		79	6,287	
24	23,293		52	233,558		80	6,290	
25	33,013		53	236,579		81	5,661	
26	41,111		54	244,233		82	5,502	
27	47,470		55	247,674		83	3,812	
28	54,471		56	213,980		84	3,632	
29	60,408		57	162,692		85	2,717	
30	62,600		58	160,345		86	2,448	
31	85,551		59	155,876		87	1,614	
32	96,346		60	142,446		88	1,663	
33	98,536		61	123,708		89	1,026	
34	102,333		62	107,439		90	1,045	
35	105,373		63	94,695		91	685	
36	112,568		64	91,630		92	490	
37	118,050		65	46,148		93	271	
38	124,371		66	28,870		94	293	
39	142,994		67	26,962		95	150	
40	144,083		68	22,826		96	155	
41	156,252		69	19,331		97	62	
42	178,516		70	14,698		98	40	
43	183,599		71	14,663		99	30	
44	185,134		72	14,079		100	46	
TOTAL								\$6,222,695

- f. Annual Stop-Loss Limit

The annual stop-loss limit equals 12 times the monthly limit in 6.2.5 e. above.

Total Monthly Limit: (from 6.2.5 e. above)	\$
	X 12
Annual Stop-Loss Limit	\$

6.0 Cost Proposal – Local Government Plan Employee Insurance

6.3 Local Government Plan Employee Insurance

6.3.1 Projection using current employee premium contribution rates and current employer contribution percentages.

- a. Assumptions for 2004, 2005, and 2006 policy years.
 - i. Insurance in force is exactly as specified in Appendix E, Subsection II.
 - ii. Premium contributions are exactly as specified in Appendix D, Subsection V, Item B, of these specifications. Premium contributions by employers are deposited immediately in the post-retirement insurance fund when received.
 - iii. Reported death, accidental death and dismemberment and living benefit claims through February of the next policy year include all unpooled claims. The liability for unpaid claims reaches a level of \$1,000,000 as of December 31, 2004.

2004	Reported	Paid
Jan. - Dec. 2004	\$10,000,000	\$9,800,000
Jan. - Feb. 2005	800,000	800,000
Mar. - Dec. 2005	--	<u>200,000</u>
TOTALS	<u>\$10,800,000</u>	<u>\$10,800,000</u>
2005	Reported	Paid
Jan. - Dec. 2005	\$10,000,000	\$9,800,000
Jan. - Feb. 2006	800,000	800,000
Mar. - Dec. 2006	--	<u>200,000</u>
TOTALS	<u>\$10,800,000</u>	<u>\$10,800,000</u>
2006	Reported	Paid
Jan. - Dec. 2006	\$10,000,000	\$9,800,000
Jan. - Feb. 2007	800,000	800,000
Mar. - Dec. 2007	--	<u>200,000</u>
TOTALS	<u>\$10,800,000</u>	<u>\$10,800,000</u>

- iv. Reported disability claims result in charges of \$1,200,000. On the average, disability claims are reported August 1. The disability charges result from using an acceptable actuarial reserving method. The disability claim charge for a policy year is equal to the total reserves held for all open claims at the end of the year minus the total reserves held for all open claims at the beginning of the year. The disability reserve at the end of each policy year is as follows:

Date	Disability Reserve
December 31, 2003	\$ 0
December 31, 2004	1,200,000
December 31, 2005	2,400,000
December 31, 2006	3,600,000

6.0 Cost Proposal – Local Government Plan Employee Insurance

v. Annual conversions are as follows:

Insurance Age	Converted
Under 30	\$ 5,000
30-39	45,000
40-49	5,000
50-59	20,000
60-69	30,000

vi. The Department of Employee Trust Funds has chargeable administrative expenses of \$165,000 annually.

vii. For the Local Plan the basic, supplemental and additional plans are combined for financial experience.

b. Complete the following table using the assumptions in 6.3.1 a.

		2004	2005	2006
i.	Employee Premiums	\$14,481,774	\$14,481,774	\$14,481,774
ii.	Claim Charges: Reported Death, AD&D and Living Benefit Claims Reported Disability Claims Unreported Claim Reserves Conversion Charge Pooling Charge TOTAL	\$10,800,000 \$1,200,000	\$10,800,000 \$1,200,000	\$10,800,000 \$1,200,000
iii.	Expense and Risk Charges: State Premium Taxes Federal Income Tax Other Expense Charges Risk Charges - Stop-loss - Other TOTAL			
iv.	Interest Credits: On Excess of Premium Over Charges On Disability Reserve On Unpaid Claims Other (please specify in "vii") TOTAL			
v.	State Administrative Expenses	\$108,000	\$108,000	\$108,000
vi.	Contribution to Contingent Liability Reserve [(i.) - (ii.) - (iii.) + (iv.) - (v.)]			
vii.	Indicate here any assumptions in addition to those in 6.3.1 a. that you have made in completing this table.			

6.0 Cost Proposal – Local Government Plan Employee Insurance

6.3.2 Projection using your proposed employee premium contribution rates and current local employer contribution percentages.

- a. Assumptions
 - i. Employer contributions continue as specified in Appendix D, Subsection V, Item B, of these specifications.
 - ii. The employer contributions for the basic plan are assumed in this section to be sufficient to cover the cost of post-retirement insurance for an entire generation of employees.
 - iii. State Statute limits employee contributions for basic and supplemental insurance to a maximum of \$.60 per \$1,000 of insurance per month.
 - iv. Stability in premium rates is important. Premium rates are to remain constant indefinitely.
 - v. Age groupings are the same as under the current program.

- b. **Proposal.** Indicate the premium you would charge under the assumptions in 6.3.2 a. above. All employee contributions in the long-run must cover the pre-retirement claims and expenses associated with the basic, supplemental and additional insurance plans. The post-retirement insurance actuarial assumptions data in Appendix E, Subsection III, may be helpful.
 - i. Employee premium contribution rates (rounded to the nearest cent).

Attained Age	Monthly Employee Premium per \$1,000 of Insurance		
	Basic Plan	Supplemental Plan	Additional Plan
Under 30	\$	\$	\$
30 -34			
35 - 39			
40 - 44			
45 - 49			
50 - 54			
55 - 59			
60 - 64			
65 - 69			

6.0 Cost Proposal – Local Government Plan Employee Insurance

- ii. Monthly employee premium contributions (rounded to the nearest dollar)

Indicate your proposed monthly employee premium contributions using the rates in 6.3.2 b. i. above and the insurance summary for active employees and annuitants in Appendix E, Subsection II.

Attained Age	Monthly Employee Premium Contributions		
	Basic Plan	Supplemental Plan	Additional Plan
Under 30	\$	\$	\$
30 - 34			
35 - 39			
40 - 44			
45 - 49			
50 - 54			
55 - 59			
60 - 64			
65 - 69			
TOTAL			

- iii. Annual employee premium contributions

Total annual employee premium contributions equal 12 times total monthly employee premium contributions.

Total Monthly Employee Premium Contributions (from 6.3.2 b. ii. above):

Basic Plan	\$	
Supplemental Plan	\$	
Additional Plan	\$	
Total	\$	
		X 12
Total Annual Employee Premium Contributions (insert in 6.3.2 c. i. below)	\$	

6.0 Cost Proposal – Local Government Plan Employee Insurance

- iv. Monthly employer contribution rates (rounded to the nearest million)

Indicate your proposed monthly employer contributions using the employer contribution percentages in the premium rate tables accompanying Appendix D, Subsection V, Item B.

Attained Age	Monthly Employer Premium per \$1,000 of Insurance	
	Basic Plan	
	A ⁽¹⁾	B ⁽²⁾
Under 30	\$	\$
30 - 34		
35 - 39		
40 - 44		
45 - 49		
50 - 54		
55 - 59		
60 - 64		
65 - 69		

- v. Total contribution rates (sum of 6.3.2 b. i. and 6.3.2 b. iv.)

Attained Age	Total Monthly Premium per \$1,000 of Insurance			
	Basic Plan		Supplemental Plan	Additional Plan
	A ⁽¹⁾	B ⁽²⁾		
Under 30	\$	\$	\$	\$
30 - 34				
35 - 39				
40 - 44				
45 - 49				
50 - 54				
55 - 59				
60 - 64				
65 - 69				

(1) Column A = 25% post-retirement insurance plan

(2) Column B = 50% post-retirement insurance plan

6.0 Cost Proposal – Local Government Plan Employee Insurance

- vi. Total Monthly Premium Contributions (rounded to the nearest dollar)

Indicate your proposed monthly premium using the rates in 6.3.2 b. v. and the insurance summary for active employees and annuitants in Appendix E, Subsection II. Remember that only the employee share of premiums is collected for coverage on annuitants. Employers do not pay a premium contribution for annuitants.

Attained Age	Total Monthly Premium Contributions		
	Basic Plan	Supplemental Plan	Additional Plan
Under 30	\$	\$	\$
30 -34			
35 - 39			
40 - 44			
45 - 49			
50 - 54			
55 - 59			
60 - 64			
65 - 69			
TOTAL			

- vii. Total Annual Premium

Total Annual Premium equals 12 times total monthly premium.

Total monthly Premium (from 6.3.2 b.vi.):

Basic Plan	\$
Supplemental Plan	\$
Additional Plan	\$
Total	\$
	X 12
Total Annual Premium	\$

6.0 Cost Proposal – Local Government Plan Employee Insurance

- c. Complete the following table using the assumptions in 6.3.2 a. and the premium in 6.3.2 b.

		2004	2005	2006
i.	Employee Premiums			
ii.	Claim Charges:			
	Reported Death, AD&D and Living Benefit Claims	\$10,800,000	\$10,800,000	\$10,800,000
	Reported Disability Claims	\$1,200,000	\$1,200,000	\$1,200,000
	Unreported Claim Reserves			
	Conversion Charge			
	Pooling Charge			
	TOTAL			
iii.	Expense and Risk Charges:			
	State Premium Taxes			
	Federal Income Tax			
	Other Expense Charges			
	Risk Charges			
	- Stop-loss			
	- Other			
	TOTAL			
iv.	Interest Credits:			
	On Excess of Premium Over Charges			
	On Disability Reserve			
	On Unpaid Claims			
	Other (please specify in "vii")			
	TOTAL			
v.	State Administrative Expenses	\$108,000	\$108,000	\$108,000
vi.	Contribution to Contingent Liability Reserve [(i.) - (ii.) - (iii.) + (iv.) - (v.)]			
vii.	Indicate here any assumptions in addition to those in 6.3.2 a. that you have made in completing this table.			

6.0 Cost Proposal – Local Government Plan Employee Insurance

6.3.3 Projections using your proposed employee premium rates and your proposed local employer contribution percentages.

- a. Assumptions
- i. Employee contributions are as specified in your Proposal in 6.3.2 b. i.
 - ii. These employee contributions are assumed in this section to be sufficient to cover the cost of pre-retirement term insurance for an entire generation of employees.
 - iii. The Group Insurance Board sets the minimum employer contribution to the basic plan.
 - iv. Stability in employer contributions is important. Employer contributions are to remain constant indefinitely.
 - v. The contingent liability reserve currently equals the present value of post-retirement insurance for retired lives.
 - vi. Employers are not required to contribute to the cost of the supplemental or additional plans.
- b. **Proposal.** Indicate what employer contribution would be sufficient under the assumptions in 6.3.3 a. above so that the local employer contributions in the long-run cover the post-retirement claims and expenses associated with the basic term insurance plan.
- i. Employer contributions (rounded to the nearest whole percent)

Employer Premium as a Percent of Employee Premium

Basic Plan	
▪ 25% post-retirement plan	%
▪ 50% post-retirement plan	%
Supplemental Plan	0%
Additional Plan	0%

6.0 Cost Proposal – Local Government Plan Employee Insurance

- ii. Indicate here your entire proposal using the employee premium rates in 6.3.2 b. i. and the employer contributions in 6.3.3 b. i. above.
- (a) Employee premium contribution rates (Item 6.3.2 b. i.)

Attained Age	Monthly Employee Premium per \$1,000 of Insurance		
	Basic Plan	Supplemental Plan	Additional Plan
Under 30	\$	\$	\$
30 -34			
35 – 39			
40 – 44			
45 – 49			
50 – 54			
55 – 59			
60 – 64			
65 – 69			

- (b) Local employer contribution rates (rounded to the nearest million)

Multiply the percentages in 6.3.3 b. i. by the appropriate employee premium rates in 6.3.3 b. ii.(a.).

Attained Age	Monthly Employer Premium per \$1,000 of Insurance	
	Basic Plan	
	A ⁽¹⁾	B ⁽²⁾
Under 30	\$	\$
30 -34		
35 - 39		
40 - 44		
45 - 49		
50 - 54		
55 - 59		
60 - 64		
65 - 69		
TOTAL		

- (1) Column A = 25% post-retirement insurance plan
 (2) Column B = 50% post-retirement insurance plan

6.0 Cost Proposal – Local Government Plan Employee Insurance

(c) Total contribution rates [sum of (a) and (b)]

Total Monthly Premium per \$1,000 of Insurance				
Attained Age	Basic Plan		Supplemental Plan	Additional Plan
	A ⁽¹⁾	B ⁽²⁾		
Under 30	\$	\$	\$	\$
30 -34				
35 – 39				
40 – 44				
45 – 49				
50 – 54				
55 – 59				
60 – 64				
65 – 69				

- (1) Column A = 25% post-retirement insurance plan
 (2) Column B = 50% post-retirement insurance plan

iii. Total Monthly Premium (rounded to the nearest dollar)

Indicate your proposed monthly premium using the rates in 6.3.3 b. ii.(c) and the insurance summary for active employees and annuitants in Appendix E, Subsection II. Remember that only the employee share of premiums is collected for coverage on annuitants. Employers do not pay a premium contribution for annuitants.

Total Monthly Premium Contributions				
Attained Age	Basic Plan		Supplemental Plan	Additional Plan
	A ⁽¹⁾	B ⁽²⁾		
Under 30	\$	\$	\$	\$
30 -34				
35 – 39				
40 – 44				
45 – 49				
50 – 54				
55 – 59				
60 – 64				
65 – 69				

- (1) Column A = 25% post-retirement insurance plan
 (2) Column B = 50% post-retirement insurance plan

6.0 Cost Proposal – Local Government Plan Employee Insurance

iv. Total Annual Premium

Total annual premium equals 12 times total monthly premium.

Total Monthly Premium (from 6.3.3 b. iii.):

Basic Plan A	\$
Basic Plan B	\$
Supplemental Plan	\$
Additional Plan	\$
Total	\$
	X 12
Total Annual Premium	\$

6.0 Cost Proposal – Local Government Plan Employee Insurance

- c. The post-retirement insurance fund is annually evaluated relative to both current retired life liabilities and the projected future liability for the entire generation of currently active employees. Assume that the post-retirement insurance fund is to be developed in the manner specified in Appendix D, Subsection II., Item B. Assume further that premiums are as specified in 6.3.3 b.
- i. Indicate here the assumptions you used in determining the employer contributions.
- (a) Projected salary increases.
 - (b) Projected employee withdrawal rates.
 - (c) Projected interest rates.
 - (d) Projected mortality rates for both active and retired employees.
 - (e) Projected Insurer expenses, state premium taxes and federal income taxes.
- ii. Using the data in Appendix E, Subsection II, B1, and the assumptions in 6.3.3 c. i., calculate the current post-retirement insurance liability as of December 31, 2002 for retired employees. Indicate your results in the following table:

Attained Age	Present Value of Future Benefits	Attained Age	Present Value of Future Benefits
65	\$	88	\$
66		89	
67		90	
68		91	
69		92	
70		93	
71		94	
72		95	
73		96	
74		97	
75		98	
76		99	
77		100	
78		101	
79		102	
80		103	
81		104	
82		105	
83		106	
84		107	
85		108	
86		109	
87		110	
TOTAL			

6.0 Cost Proposal – Local Government Plan Employee Insurance

- iii. Using the data in Appendix E, Subsection II, the assumptions in 6.3.3 c. i. above, and the premium rates in 6.3.3 b. above, calculate the excess of the present value of future benefits over the present value of future premium as of December 31, 2002 for currently active employees and for annuitants. Indicate your results in the following table:

Attained Age	Excess of Future Benefits over Future Premiums	Attained Age	Excess of Future Benefits over Future Premiums
20	\$	45	\$
21		46	
22		47	
23		48	
24		49	
25		50	
26		51	
27		52	
28		53	
29		54	
30		55	
31		56	
32		57	
33		58	
34		59	
35		60	
36		61	
37		62	
38		63	
39		64	
40		65	
41		66	
42		67	
43		68	
44		69	
TOTAL			

6.0 Cost Proposal – Local Government Plan Employee Insurance

6.3.4 Projection of post-retirement insurance fund.

- a. Assumptions for 2004, 2005, and 2006 policy years.
- i. Premium contributions by employers are deposited immediately in the post-retirement insurance fund when received. These contributions total \$1,500,000 annually and are received around June 15.
 - ii. Contributions at the beginning of the year to the post- retirement insurance fund from the initial deposit on January 1, 2004 and from the dividend at the end of the 2004 and 2005 policy years on the pre-retirement insurance are as follows:

Deposit Date	Contributions
January 1, 2004	\$8,000,000
January 1, 2005	500,000
January 1, 2006	500,000

- iii. Prior to the initial deposit on January 1, 2004, there is a zero balance in the contingent liability reserve.
- iv. Reported death claims are as follows:

Policy Year	Reported Death Claims
2004	\$3,800,000
2005	3,900,000
2006	4,100,000

Claims are reported around August 15.

6.0 Cost Proposal – Local Government Plan Employee Insurance

b. Complete the following table using the assumptions in 6.3.4 a.

		2004	2005	2006
i.	Contributions	\$9,500,000	\$2,000,000	\$2,000,000
ii.	Claim Charges: Reported Claims Unreported Claim Reserves TOTAL	\$3,800,000	\$3,900,000	\$4,100,000
iii.	Expense and Risk Charges: State Premium Taxes Federal Income Tax Other Expense Charges Risk Charges, if any TOTAL			
iv.	Interest Credits: On Contributions On Reported Claims On Fund Balances Other (please specify in "vii") TOTAL			
v.	Addition to Contingent Liability Reserve at End of Policy Year [(i.) - (ii.) - (iii.) + (iv.)]			
vi.	Contingent Liability Reserve at End of Policy Year [prior (vi.) + (v.)]			
vii.	Indicate here any assumptions in addition to those in 6.3.4 a. that you have made in completing this table.			

6.0 Cost Proposal – Local Government Plan Employee Insurance

6.3.5 Projection of Stop-Loss Provision

- a. The plan includes the stop-loss provision described in Appendix D, Subsection I.
- b. The stop-loss provision provides for the Insurer to bear losses which together with taxes and expense and risk charges exceed the limit calculated using the stop-loss rate table in the policy.
- c. Project the portion of the risk charge attributable to stop-loss for the following monthly stop-loss rate table.

**Schedule of Monthly Stop-Loss Rates per \$1,000 of Insurance (Current Table)
(Rates for Insurance of a Greater or Lesser Amount will be Proportionate)**

Attained Age	Rate	Attained Age	Rate	Attained Age	Rate
17	\$.06	45	\$.14	73	\$ 2.68
18	.06	46	.15	74	3.11
19	.06	47	.17	75	3.55
20	.06	48	.20	76	4.00
21	.06	49	.23	77	4.46
22	.06	50	.27	78	4.94
23	.06	51	.31	79	5.45
24	.06	52	.36	80	5.98
25	.06	53	.40	81	6.52
26	.06	54	.44	82	7.06
27	.06	55	.47	83	7.66
28	.06	56	.50	84	8.33
29	.06	57	.52	85	9.08
30	.06	58	.55	86	9.91
31	.06	59	.58	87	10.75
32	.07	60	.61	88	11.65
33	.07	61	.65	89	12.70
34	.08	62	.70	90	13.82
35	.08	63	.75	91	15.02
36	.09	64	.82	92	16.25
37	.10	65	.94	93	17.50
38	.10	66	1.09	94	18.80
39	.11	67	1.26	95	20.15
40	.11	68	1.46	96	21.55
41	.12	69	1.67	97	23.00
42	.13	70	1.84	98	45.70
43	.13	71	2.05	99	72.85
44	.14	72	2.30	100	83.33

6.0 Cost Proposal – Local Government Plan Employee Insurance

- d. Indicate the stop-loss rates you would place in the policy for calculating the stop-loss limit, as well as the risk charge.
- e. Calculate the annual stop-loss limit using the rate table in 6.3.5 d. and the insurance in force in the following table. (This insurance in force is the sum of all amounts of insurance in Appendix E, Subsection II.)

Amount of Insurance			Amount of Insurance			Amount of Insurance		
Attained Age	(000s Omitted)	Monthly Limit	Attained Age	(000s Omitted)	Monthly Limit	Attained Age	(000s Omitted)	Monthly Limit
17	20		45	208,338		73	6,144	
18	173		46	207,530		74	5,678	
19	587		47	200,959		75	4,979	
20	2,255		48	207,333		76	4,263	
21	4,995		49	209,893		77	3,636	
22	9,603		50	217,961		78	3,348	
23	17,584		51	225,449		79	2,915	
24	33,915		52	207,771		80	2,904	
25	56,255		53	203,025		81	2,509	
26	64,666		54	194,325		82	2,081	
27	69,419		55	185,726		83	1,557	
28	86,340		56	155,255		84	1,492	
29	88,029		57	117,732		85	1,222	
30	104,057		58	116,307		86	1,254	
31	115,662		59	110,244		87	1,001	
32	140,098		60	96,120		88	754	
33	130,438		61	82,921		89	688	
34	132,093		62	69,925		90	638	
35	143,508		63	59,559		91	420	
36	153,709		64	60,375		92	391	
37	167,601		65	33,784		93	221	
38	166,574		66	24,581		94	179	
39	167,335		67	13,463		95	192	
40	175,547		68	11,701		96	137	
41	187,019		69	9,117		97	73	
42	188,384		70	7,729		98	47	
43	197,911		71	7,479		99	36	
44	203,780		72	6,066		100	50	
TOTAL								\$6,107,028

- f. Annual Stop-Loss Limit

The annual stop-loss limit equals 12 times the monthly limit in 6.3.5 e.

Total Monthly Limit: (from 6.3.5 e. above)	\$	
		X 12
Annual Stop-Loss Limit	\$	

6.0 Cost Proposal – Spouse and Dependent Insurance

6.4 State Plan Spouse and Dependent Insurance

6.4.1 Proposed Benefit Schedule

- a. Assumptions
 - i. Employees continue to receive the same benefit of \$10,000 spouse and \$5,000 child.
 - ii. The spouse and dependent plan must be totally self-supporting and financially independent of the employee insurance plans.
 - iii. The annual stop-loss limit equals 12 times the number of family units times the stop-loss rate of \$3.125.
 - iv. The spouse and dependent plan must support a share of the State administrative expenses reimbursed to the Board by the Insurer.
 - v. Stability in premiums and benefits is important. Premiums and benefits are to remain constant indefinitely.

b. **Proposal**

Indicate the premium rate you would charge under the assumptions in 6.4.1 a. above.

	Premium Rate
Spouse/Dependent	\$

6.0 Cost Proposal – Spouse and Dependent Insurance

6.4.2 Illustration of policy year results

- a. Assumptions for 2004, 2005 and 2006 policy years.
 - i. The number of insured family units is as specified in Appendix E, Subsection I, Part C, of these specifications.
 - ii. Reported death and living benefit claims through February of the next policy year include all of the claims. The liability for unpaid death claims reaches a level of \$105,000 as of December 31, 2004.

2004	Reported	Paid
Jan. - Dec. 2004	\$1,060,000	\$1,010,000
Jan. - Feb. 2005	55,000	75,000
Mar. - Dec. 2005	<u>—</u>	<u>30,000</u>
TOTALS	\$1,115,000	\$1,115,000
2005	Reported	Paid
Jan. - Dec. 2005	\$1,060,000	\$1,010,000
Jan. - Feb. 2006	55,000	75,000
Mar. - Dec. 2006	<u>—</u>	<u>30,000</u>
TOTALS	\$1,115,000	\$1,115,000
2006	Reported	Paid
Jan. - Dec. 2006	\$1,060,000	\$1,010,000
Jan. - Feb. 2007	55,000	75,000
Mar. - Dec. 2007	<u>—</u>	<u>30,000</u>
TOTALS	\$1,115,000	\$1,115,000

- iii. Annual conversions are as follows:

Insurance Age	Converted
Under 30	\$ 60,000
30-39	40,000
40-49	40,000
50-59	40,000
60-69	20,000

- iv. The Department of Employee Trust Funds has chargeable administration expenses for the State Spouse and Dependent Plan of \$22,000 annually.

6.0 Cost Proposal – Spouse and Dependent Insurance

b. Complete the following table using the assumptions in 6.4.2 a.

		2004	2005	2006
i.	Employee Premiums			
ii.	Claim Charges: Reported Death Claims Unreported Claim Reserves Conversion Charge TOTAL			
iii.	Expense Charges: State Premium Taxes Federal Income Tax Other Expense Charges Risk Charges, if any TOTAL			
iv.	Interest Credits: On Excess of Premium Over Charges On Unpaid Claims Other (please specify in 6.4.2 b. vii.) TOTAL			
v.	State Administrative Expenses	\$ 22,000	\$ 22,000	\$ 22,000
vi.	Contribution to Contingent Liability Reserve [(i.) - (ii.) - (iii.) + (iv.) - (v.)]			
vii.	Indicate here any assumptions in addition to those in 6.4.2 a. that you have made in completing this table.			

6.0 Cost Proposal – Spouse and Dependent Insurance

6.5 Local Government Spouse and Dependent Insurance

6.5.1 Proposed Benefit Schedule

a. Assumptions

- i. Employees continue to receive the same benefit of \$10,000 spouse and \$5,000 child.
- ii. The spouse and dependent plan must be totally self-supporting and financially independent of the employee insurance plans.
- iii. The annual stop-loss limit equals 12 times the number of family units times the stop-loss rate of \$2.90.
- iv. The spouse and dependent plan must support a share of the State administrative expenses reimbursed to the Board by the Insurer.
- v. Stability in premiums and benefits is important. Premiums and benefits are to remain constant indefinitely.

b. **Proposal**

Indicate the premium rate you would charge under the assumptions in 6.5.1a.

	Premium Rate
Spouse/Dependent	\$

6.0 Cost Proposal – Spouse and Dependent Insurance

6.5.2 Illustration of policy year results.

- a. Assumptions for 2004, 2005 and 2006 policy years.
 - i. The number of insured family units is as specified in Appendix E, Subsection II, Part C, of these specifications.
 - ii. Reported death and living benefit claims through February of the next policy year include all of the claims. The liability for unpaid death claims reaches a level of \$200,000 as of December 31, 2004.

2004	Reported	Paid
Jan. - Dec. 2004	\$1,400,000	\$1,300,000
Jan. - Feb. 2005	100,000	150,000
Mar. - Dec. 2005	<u>—</u>	<u>50,000</u>
TOTALS	\$1,500,000	\$1,500,000
2005	Reported	Paid
Jan. - Dec. 2005	\$1,400,000	\$1,300,000
Jan. - Feb. 2006	100,000	150,000
Mar. - Dec. 2006	<u>—</u>	<u>50,000</u>
TOTALS	\$1,500,000	\$1,500,000
2006	Reported	Paid
Jan. - Dec. 2006	\$1,400,000	\$1,300,000
Jan. - Feb. 2007	100,000	150,000
Mar. - Dec. 2007	<u>—</u>	<u>50,000</u>
TOTALS	\$1,500,000	\$1,500,000

- iii. Annual conversions are as follows:

Insurance Age	Converted
Under 30	\$ 50,000
30-39	40,000
40-49	40,000
50-59	40,000
60-69	30,000

- iv. The Department of Employee Trust Funds has chargeable administration expenses for the Local Spouse and Dependent Plan of \$22,000 annually.

6.0 Cost Proposal – Spouse and Dependent Insurance

b. Complete the following table using the assumptions in 6.5.2 a.

		2004	2005	2006
i.	Employee Premiums			
ii.	Claim Charges: Reported Death Claims Unreported Claim Reserves Conversion Charge TOTAL			
iii.	Expense Charges: State Premium Taxes Federal Income Tax Other Expense Charges Risk Charges, if any TOTAL			
iv.	Interest Credits: On Excess of Premium Over Charges On Unpaid Claims Other (please specify in 6.5.2 b. vii.) TOTAL			
v.	State Administrative Expenses	\$ 22,000	\$ 22,000	\$ 22,000
vi.	Contribution to Contingent Liability Reserve [(i.) - (ii.) - (iii.) + (iv.) - (v.)]			
vii.	Indicate here any assumptions in addition to those in 6.5.2 a. that you have made in completing this table.			

6.6 Cost Proposal Questions

6.6.1 Claim Charges

- a. Indicate your method of reserving for the following claims:
 - i. Unreported claims.
 - ii. Pending claims.
 - iii. Claims in litigation.
- b. Describe your method of reserving for waiver of premium disability claims. In particular, indicate whether you use a tabular basis for reserving, taking into account reductions in insurance at age 65 and over, or some other basis.
- c. How is your disability reserve adjusted on:
 - i. Death?
 - ii. Recovery?
 - iii. Reduction in amount of term insurance on attainment of age 65 and age 66?
- d. What is your charge to the plan for conversion on termination of employment? What plans of insurance are available through conversions?

6.6.2 Expense Charges

All of the Insurer duties stated or implied in the specifications must be covered by your retention formula. Please be very specific about any costs which will be charged on an actual basis. For example, "3% of policy year earned premium plus actual costs of printing employee booklets and marketing materials plus actual cost of annual independent audit."

- a. What commission scale will you apply to this contract?
- b. State your retention formula (excluding state premium taxes) for the State employees Plan for:
 - i. Pre-retirement insurance.
 - ii. Post-retirement insurance.
- c. State your retention formula (excluding state premium taxes) for the Local government employees Plan for:
 - i. Pre-retirement insurance.
 - ii. Post-retirement insurance.
- d. State your retention formula (excluding state premium taxes) for the State spouse and dependents plan.
- e. State your retention formula (excluding state premium taxes) for the Local government spouse and dependents plan.

6.0 Cost Proposal - Questions

- f. Changes that cause the retention formula to vary:
 - i. Describe how your retention formulas would vary with a 10% increase or decrease in claim charges.
 - ii. How do your retention formulas vary with changes in the number of employees and average amounts of insurance?
 - iii. What other changes in the plan would affect your retention formulas?
- g. State premium tax charges
 - i. What are your state premium tax charges?
 - ii. Describe the impact of the Wisconsin premium tax provision regarding dividend accumulation funds on your premium tax charges.
- h. Are your expense charges guaranteed? If so, for how long?
 - i. If you are willing to provide the 2.4% reinsurance of the employee coverage, including the stop loss provision for the contract, please indicate the charge for doing so, if it will be charged to the Plan, and how.

6.6.3 Interest Credits

- a. State the future interest rate guarantees and/or the methods that will be used to arrive at future crediting rates for reserves.
- b. Indicate your method of crediting interest on policy reserves.
- c. If you use the investment year method, provide a written description of the method. If you do not use the investment year method, describe the method used and provide a 10 year historical summary of actual returns.
- d. If you use the investment year method, please complete the grid of old and new money rates for the past 10 years. Complete the following table:

RATE AND YEAR OF CREDIT

Year of Deposit	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
2002		X	X	X	X	X	X	X	X	X
2001			X	X	X	X	X	X	X	X
2000				X	X	X	X	X	X	X
1999					X	X	X	X	X	X
1998						X	X	X	X	X
1997							X	X	X	X
1996								X	X	X
1995									X	X
1994										X
1993										

6.0 Cost Proposal - Questions

- e. Using the above investment year method of crediting interest rates, based on your actual experience, assume that you received \$1,000 of net cash flow on January 1 of each of the above ten years. Project the account balance based on the ten \$1,000 deposits as of December 31, 2002. Assume your normal investment year rates net of whatever expenses are withdrawn from those rates. Assume there are no other expenses or withdrawals from the fund.
 - f. Explain and illustrate your method of crediting interest in a year in which the reserves experience negative cash flow.
 - g. Explain how many years are maintained on the investment year grid, what happens to funds held longer than the period, and how old funds are rolled to new years.
 - h. Describe all expense factors associated with the invested assets. Classify them into two groups:
 - i. Those investment expenses which are netted out of the credited interest rate before the rate is determined.
 - ii. Those investment charges which are charged directly against the fund.
 - i. Is your interest crediting basis consistent with your interest crediting basis for similar funds held under other group life insurance policies? If not, explain.
- 6.6.4** Describe your discontinuance provisions in the event of contract termination using the following two scenarios:
- i. Assume the State will transfer the assets in 84 approximately equal payments over a seven year period. Assume the first payment will be made at termination and the remaining payments will be made in monthly-intervals. Be certain to describe the method of crediting interest during any pay out period. (See Administrative Agreement article 4.9 and Appendix D Section VI.)
 - ii. Assume the State wishes to transfer all assets in a lump sum on the date of discontinuance.
- 6.6.5** Describe in detail your method for determining dividends in the final policy year on contract termination. What parts of the calculation differ from a dividend calculation for a continuing plan?
- 6.6.6** Are your premium rates guaranteed? If so, for how long?
- 6.6.7** Are the stop-loss premium rates you would place in the policy guaranteed? If so, for how long?

6.0 Cost Proposal - Questions

- 6.6.8** Are there any additional administration fees that have not been addressed elsewhere in the RFP? If so, please explain.
- 6.6.9** Are there any implementation costs that have not been addressed elsewhere in the RFP? Do proposed costs include all current and future functions necessary for assuming administration of the WPE life insurance program as outlined in Section 4.2 and Appendix C? If not, please explain.

PROPOSER'S CHECKLIST

DEPARTMENT OF EMPLOYEE TRUST FUNDS

Please include this checklist with an original and eight (8) printed copies of all parts of the proposal except Section 6.0, Cost Proposal to the Department of Employee Trust Funds.

() 1. COVER LETTER

() 2. SIGNED STATE AGREEMENTS

Attachment 2 – Designation of Confidential and Proprietary Information
Attachment 3 – Vendor Information and Reference Sheets
Attachment 5 – Confidentiality Form

() 3. RESPONSE TO SECTION 4.0, PROPOSAL QUESTIONS

VENDOR NAME:

DATE:

AUTHORIZED REPRESENTATIVE:

PROPOSER'S CHECKLIST

DELOITTE & TOUCHE

Please include this checklist with two (2) printed copies of the entire proposal (including Section 6.0, Cost Proposal) to Deloitte & Touche.

- () 1. COVER LETTER

- () 2. SIGNED STATE AGREEMENTS
Attachment 2 – Designation of Confidential and Proprietary Information
Attachment 3 – Vendor Information and Reference Sheets
Attachment 5 – Confidentiality Form

- () 3. RESPONSE TO SECTION 4.0, PROPOSAL QUESTIONS

- () 4. RESPONSE TO SECTION 6.0, COST PROPOSAL
Required Cost Proposal Table Exhibits
Response to Cost Proposal Questionnaire
Electronic Copy of Cost Proposal Table Exhibits in Microsoft Excel

VENDOR NAME:

DATE:

AUTHORIZED REPRESENTATIVE:

**Attachment 2 – Designation of Confidential and Proprietary Information
ETC0011**

STATE OF WISCONSIN
DOA-3027 N(R09/96)

DESIGNATION OF CONFIDENTIAL AND PROPRIETARY INFORMATION

The attached material submitted in response to Bid/Proposal #ETC0005 includes proprietary and confidential information which qualifies as a trade secret, as provided in s. 19.36(5), Wis. Stats., or is otherwise material that can be kept confidential under the Wisconsin Open Records Law. As such, we ask that certain pages, as indicated below, of this bid/proposal response be treated as confidential material and not be released without our written approval.

Prices always become public information when bids/proposals are opened, and therefore cannot be kept confidential.

Other information cannot be kept confidential unless it is a trade secret. Trade secret is defined in s. 134.90(1)(c), Wis. Stats. as follows: "Trade secret" means information, including a formula, pattern, compilation, program, device, method, technique or process to which all of the following apply:

1. The information derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use.
2. The information is the subject of efforts to maintain its secrecy that are reasonable under the circumstances.

We request that the following pages not be released

Section	Page #	Topic

IN THE EVENT THE DESIGNATION OF CONFIDENTIALITY OF THIS INFORMATION IS CHALLENGED, THE UNDERSIGNED HEREBY AGREES TO PROVIDE LEGAL COUNSEL OR OTHER NECESSARY ASSISTANCE TO DEFEND THE DESIGNATION OF CONFIDENTIALITY.

**Attachment 2
Page 2
ETC0011**

Failure to include this form in the bid/proposal response may mean that all information provided as part of the bid/proposal response will be open to examination and copying. The state considers other markings of confidential in the bid/proposal document to be insufficient. The undersigned agrees to hold the state harmless for any damages arising out of the release of any materials unless they are specifically identified above.

Company Name _____

Authorized Representative _____
Signature

Authorized Representative _____
Type or Print

Date _____

This document can be made available in accessible formats to qualified individuals with disabilities.

**Attachment 3 – Vendor Information and Reference Sheets
ETC0011**

**STATE OF WISCONSIN
DOA-3477 (R05/98)**

VENDOR INFORMATION

1. BIDDING / PROPOSING COMPANY NAME _____

FEIN _____

Phone () _____ Toll Free Phone () _____

FAX () _____ Email Address _____

Address _____

City _____ State _____ Zip + 4 _____

2. Name the person to contact for questions concerning this bid / proposal.

Name _____ Title _____

Phone () _____ Toll Free Phone () _____

FAX () _____ Email Address _____

Address _____

City _____ State _____ Zip + 4 _____

3. Any vendor awarded over \$25,000 on this contract must submit affirmative action information to the department. Please name the Personnel / Human Resource and Development or other person responsible for affirmative action in the company to contact about this plan.

Name _____ Title _____

Phone () _____ Toll Free Phone () _____

FAX () _____ Email Address _____

Address _____

City _____ State _____ Zip + 4 _____

**Attachment 3
Page 2
ETC0011**

4. Mailing address to which state purchase orders are mailed and person the department may contact concerning orders and billings.

Name _____ Title _____
Phone () _____ Toll Free Phone () _____
FAX () _____ Email Address _____
Address _____
City _____ State _____ Zip + 4 _____

5. CEO / President Name _____

This document can be made available in accessible formats to qualified individuals with disabilities.

**Attachment 3
Page 3
ETC0011**

STATE OF WISCONSIN
DOA-3478 (R12/96)
FOR VENDOR:

VENDOR REFERENCE

Company Name _____

Address (include Zip + 4) _____

Contact Person _____ Phone No. _____

Product(s) and/or Service(s) Used _____

Company Name _____

Address (include Zip + 4) _____

Contact Person _____ Phone No. _____

Product(s) and/or Service(s) Used _____

Company Name _____

Address (include Zip + 4) _____

Contact Person _____ Phone No. _____

Product(s) and/or Service(s) Used _____

Company Name _____

Address (include Zip + 4) _____

Contact Person _____ Phone No. _____

Product(s) and/or Service(s) Used _____

This document can be made available in accessible formats to qualified individuals with disabilities.

**Attachment 4 - DOA-3054 (01/01) and DOA-3681 (01/01)
ETC0011**

Standard Terms and Conditions (RFP/RFP) – DOA-3054 (01/01)

- 1.0 SPECIFICATIONS:** The specifications in this request are the minimum acceptable. When specific manufacturer and model numbers are used, they are to establish a design, type of construction, quality, functional capability and/or performance level desired. When alternates are bid/proposed, they must be identified by manufacturer, stock number, and such other information necessary to establish equivalency. The State of Wisconsin shall be the sole judge of equivalency. Bidders/proposers are cautioned to avoid bidding alternates to the specifications, which may result in rejection of their bid/proposal.
- 2.0 DEVIATIONS AND EXCEPTIONS:** Deviations and exceptions from original text, terms, conditions, or specifications shall be described fully, on the bidder's/proposer's letterhead, signed, and attached to the request. In the absence of such statement, the bid/proposal shall be accepted as in strict compliance with all terms, conditions, and specifications and the bidders/proposers shall be held liable.
- 3.0 QUALITY:** Unless otherwise indicated in the request, all material shall be first quality. Items, which are used, demonstrators, obsolete, seconds, or which have been discontinued are unacceptable without prior written approval by the State of Wisconsin.
- 4.0 QUANTITIES:** The quantities shown on this request are based on estimated needs. The state reserves the right to increase or decrease quantities to meet actual needs.
- 5.0 DELIVERY:** Deliveries shall be F.O.B. destination freight prepaid and included unless otherwise specified.
- 6.0 PRICING AND DISCOUNT:** The State of Wisconsin qualifies for governmental discounts and its educational institutions also qualify for educational discounts. Unit prices shall reflect these discounts.
 - 6.1** Unit prices shown on the bid/proposal or contract shall be the price per unit of sale (e.g., gal., cs., doz., ea.) as stated on the request or contract. For any given item, the quantity multiplied by the unit price shall establish the extended price, the unit price shall govern in the bid/proposal evaluation and contract administration.
 - 6.2** Prices established in continuing agreements and term contracts may be lowered due to general market conditions, but prices shall not be subject to increase for ninety (90) calendar days from the date of award. Any increase proposed shall be submitted to the contracting agency thirty (30) calendar days before the proposed effective date of the price increase, and shall be limited to fully documented cost increases to the contractor which are demonstrated to be industry-wide. The conditions under which price increases may be granted shall be expressed in bid/proposal documents and contracts or agreements.
 - 6.3** In determination of award, discounts for early payment will only be considered when all other conditions are equal and when payment terms allow at least fifteen (15) days, providing the discount terms are deemed favorable. All payment terms must allow the option of net thirty (30).
- 7.0 UNFAIR SALES ACT:** Prices quoted to the State of Wisconsin are not governed by the Unfair Sales Act.
- 8.0 ACCEPTANCE-REJECTION:** The State of Wisconsin reserves the right to accept or reject any or all bids/proposals, to waive any technicality in any bid/proposal submitted, and to accept any part of a bid/proposal as deemed to be in the best interests of the State of Wisconsin.

Bids/proposals MUST be date and time stamped by the soliciting purchasing office on or before the date and time that the bid/proposal is due. Bids/proposals date and time stamped in another office will be rejected. Receipt of a bid/proposal by the mail system does not constitute receipt of a bid/proposal by the purchasing office.
- 9.0 METHOD OF AWARD:** Award shall be made to the lowest responsible, responsive bidder unless otherwise specified.
- 10.0 ORDERING:** Purchase orders or releases via purchasing cards shall be placed directly to the contractor by an authorized agency. No other purchase orders are authorized.
- 11.0 PAYMENT TERMS AND INVOICING:** The State of Wisconsin normally will pay properly submitted vendor invoices within thirty (30) days of receipt providing goods and/or services have been delivered, installed (if required), and accepted as specified.

Attachment 4
Page 2
ETC0011

Invoices presented for payment must be submitted in accordance with instructions contained on the purchase order including reference to purchase order number and submittal to the correct address for processing.

A good faith dispute creates an exception to prompt payment.

- 12.0 TAXES:** The State of Wisconsin and its agencies are exempt from payment of all federal tax and Wisconsin state and local taxes on its purchases except Wisconsin excise taxes as described below.

The State of Wisconsin, including all its agencies, is required to pay the Wisconsin excise or occupation tax on its purchase of beer, liquor, wine, cigarettes, tobacco products, motor vehicle fuel and general aviation fuel. However, it is exempt from payment of Wisconsin sales or use tax on its purchases. The State of Wisconsin may be subject to other states' taxes on its purchases in that state depending on the laws of that state. Contractors performing construction activities are required to pay state use tax on the cost of materials.

- 13.0 GUARANTEED DELIVERY:** Failure of the contractor to adhere to delivery schedules as specified or to promptly replace rejected materials shall render the contractor liable for all costs in excess of the contract price when alternate procurement is necessary. Excess costs shall include the administrative costs.

- 14.0 ENTIRE AGREEMENT:** These Standard Terms and Conditions shall apply to any contract or order awarded as a result of this request except where special requirements are stated elsewhere in the request; in such cases, the special requirements shall apply. Further, the written contract and/or order with referenced parts and attachments shall constitute the entire agreement and no other terms and conditions in any document, acceptance, or acknowledgment shall be effective or binding unless expressly agreed to in writing by the contracting authority.

- 15.0 APPLICABLE LAW:** This contract shall be governed under the laws of the State of Wisconsin. The contractor shall at all times comply with and observe all federal and state laws, local laws, ordinances, and regulations which are in effect during the period of this contract and which in any manner affect the work or its conduct. The State of Wisconsin reserves the right to cancel any contract with a federally debarred contractor or a contractor which is presently identified on the list of parties excluded from federal procurement and non-procurement contracts.

- 16.0 ANTITRUST ASSIGNMENT:** The contractor and the State of Wisconsin recognize that in actual economic practice, overcharges resulting from antitrust violations are in fact usually borne by the State of Wisconsin (purchaser). Therefore, the contractor hereby assigns to the State of Wisconsin any and all claims for such overcharges as to goods, materials or services purchased in connection with this contract.

- 17.0 ASSIGNMENT:** No right or duty in whole or in part of the contractor under this contract may be assigned or delegated without the prior written consent of the State of Wisconsin.

- 18.0 WORK CENTER CRITERIA:** A work center must be certified under s. 16.752, Wis. Stats., and must ensure that when engaged in the production of materials, supplies or equipment or the performance of contractual services, not less than seventy-five percent (75%) of the total hours of direct labor are performed by severely handicapped individuals.

- 19.0 NONDISCRIMINATION / AFFIRMATIVE ACTION:** In connection with the performance of work under this contract, the contractor agrees not to discriminate against any employee or applicant for employment because of age, race, religion, color, handicap, sex, physical condition, developmental disability as defined in s. 51.01(5), Wis. Stats., sexual orientation as defined in s. 111.32(13m), Wis. Stats., or national origin. This provision shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Except with respect to sexual orientation, the contractor further agrees to take affirmative action to ensure equal employment opportunities.

- 19.1** Contracts estimated to be over twenty-five thousand dollars (\$25,000) require the submission of a written affirmative action plan by the contractor. An exemption occurs from this requirement if the contractor has a workforce of less than twenty-five (25) employees. Within fifteen (15) working days after the contract is awarded, the contractor must submit the plan to the contracting state agency for approval. Instructions on preparing the plan and technical assistance regarding this clause are available from the contracting state agency.

Attachment 4
Page 3
ETC0011

- 19.2 The contractor agrees to post in conspicuous places, available for employees and applicants for employment, a notice to be provided by the contracting state agency that sets forth the provisions of the State of Wisconsin's nondiscrimination law.
- 19.3 Failure to comply with the conditions of this clause may result in the contractor's becoming declared an "ineligible" contractor, termination of the contract, or withholding of payment.

20.0 PATENT INFRINGEMENT: The contractor selling to the State of Wisconsin the articles described herein guarantees the articles were manufactured or produced in accordance with applicable federal labor laws. Further, that the sale or use of the articles described herein will not infringe any United States patent. The contractor covenants that it will at its own expense defend every suit which shall be brought against the State of Wisconsin (provided that such contractor is promptly notified of such suit, and all papers therein are delivered to it) for any alleged infringement of any patent by reason of the sale or use of such articles, and agrees that it will pay all costs, damages, and profits recoverable in any such suit.

21.0 SAFETY REQUIREMENTS: All materials, equipment, and supplies provided to the State of Wisconsin must comply fully with all safety requirements as set forth by the Wisconsin Administrative Code, the Rules of the Industrial Commission on Safety, and all applicable OSHA Standards.

22.0 WARRANTY: Unless otherwise specifically stated by the bidder/proposer, equipment purchased as a result of this request shall be warranted against defects by the bidder/proposer for one (1) year from date of receipt. The equipment manufacturer's standard warranty shall apply as a minimum and must be honored by the contractor.

23.0 INSURANCE RESPONSIBILITY: The contractor performing services for the State of Wisconsin shall:

23.1 Maintain worker's compensation insurance as required by Wisconsin Statutes, for all employees engaged in the work.

23.2 Maintain commercial liability, bodily injury and property damage insurance against any claim(s), which might occur in carrying out this agreement/contract. Minimum coverage shall be one million dollars (\$1,000,000) liability for bodily injury and property damage including products liability and completed operations. Provide motor vehicle insurance for all owned, non-owned and hired vehicles that are used in carrying out this contract. Minimum coverage shall be one million dollars (\$1,000,000) per occurrence combined single limit for automobile liability and property damage.

23.3 The state reserves the right to require higher or lower limits where warranted.

24.0 CANCELLATION: The State of Wisconsin reserves the right to cancel any contract in whole or in part without penalty due to nonappropriation of funds or for failure of the contractor to comply with terms, conditions, and specifications of this contract.

25.0 VENDOR TAX DELINQUENCY: Vendors who have a delinquent Wisconsin tax liability may have their payments offset by the State of Wisconsin.

26.0 PUBLIC RECORDS ACCESS: It is the intention of the state to maintain an open and public process in the solicitation, submission, review, and approval of procurement activities.

Bid/proposal openings are public unless otherwise specified. Records may not be available for public inspection prior to issuance of the notice of intent to award or the award of the contract.

27.0 PROPRIETARY INFORMATION: Any restrictions on the use of data contained within a request, must be clearly stated in the bid/proposal itself. Proprietary information submitted in response to a request will be handled in accordance with applicable State of Wisconsin procurement regulations and the Wisconsin public records law. Proprietary restrictions normally are not accepted. However, when accepted, it is the vendor's responsibility to defend the determination in the event of an appeal or litigation.

27.1 Data contained in a bid/proposal, all documentation provided therein, and innovations developed as a result of the contracted commodities or services cannot be copyrighted or patented. All data, documentation, and innovations become the property of the State of Wisconsin.

Attachment 4
Page 4
ETC0011

27.2 Any material submitted by the vendor in response to this request that the vendor considers confidential and proprietary information and which qualifies as a trade secret, as provided in s. 19.36(5), Wis. Stats., or material which can be kept confidential under the Wisconsin public records law, must be identified on a Designation of Confidential and Proprietary Information form (DOA-3027). Bidders/proposers may request the form if it is not part of the Request for Bid/Request for Proposal package. Bid/proposal prices cannot be held confidential.

28.0 DISCLOSURE: If a state public official (s. 19.42, Wis. Stats.), a member of a state public official's immediate family, or any organization in which a state public official or a member of the official's immediate family owns or controls a ten percent (10%) interest, is a party to this agreement, and if this agreement involves payment of more than three thousand dollars (\$3,000) within a twelve (12) month period, this contract is voidable by the state unless appropriate disclosure is made according to s. 19.45(6), Wis. Stats., before signing the contract. Disclosure must be made to the State of Wisconsin Ethics Board, 44 East Mifflin Street, Suite 601, Madison, Wisconsin 53703 (Telephone 608-266-8123).

State classified and former employees and certain University of Wisconsin faculty/staff are subject to separate disclosure requirements, s. 16.417, Wis. Stats.

29.0 RECYCLED MATERIALS: The State of Wisconsin is required to purchase products incorporating recycled materials whenever technically and economically feasible. Bidders are encouraged to bid products with recycled content which meet specifications.

30.0 MATERIAL SAFETY DATA SHEET: If any item(s) on an order(s) resulting from this award(s) is a hazardous chemical, as defined under 29CFR 1910.1200, provide one (1) copy of a Material Safety Data Sheet for each item with the shipped container(s) and one (1) copy with the invoice(s).

31.0 PROMOTIONAL ADVERTISING / NEWS RELEASES: Reference to or use of the State of Wisconsin, any of its departments, agencies or other subunits, or any state official or employee for commercial promotion is prohibited. News releases pertaining to this procurement shall not be made without prior approval of the State of Wisconsin. Release of broadcast Emails pertaining to this procurement shall not be made without prior written authorization of the contracting agency.

32.0 HOLD HARMLESS: The contractor will indemnify and save harmless the State of Wisconsin and all of its officers, agents and employees from all suits, actions, or claims of any character brought for or on account of any injuries or damages received by any persons or property resulting from the operations of the contractor, or of any of its contractors, in prosecuting work under this agreement.

33.0 FOREIGN CORPORATION: A foreign corporation (any corporation other than a Wisconsin corporation) which becomes a party to this Agreement is required to conform to all the requirements of Chapter 180, Wis. Stats., relating to a foreign corporation and must possess a certificate of authority from the Wisconsin Department of Financial Institutions, unless the corporation is transacting business in interstate commerce or is otherwise exempt from the requirement of obtaining a certificate of authority. Any foreign corporation which desires to apply for a certificate of authority should contact the Department of Financial Institutions, Division of Corporation, P. O. Box 7846, Madison, WI 53707-7846; telephone (608) 266-3590.

Supplemental Standard Terms and Conditions – DOA-3681 (01/01)

1.0 ACCEPTANCE OF BID/PROPOSAL CONTENT: The contents of the bid/proposal of the successful contractor will become contractual obligations if procurement action ensues.

2.0 CERTIFICATION OF INDEPENDENT PRICE DETERMINATION: By signing this bid/proposal, the bidder/proposer certifies, and in the case of a joint bid/proposal, each party thereto certifies as to its own organization, that in connection with this procurement:

2.1 The prices in this bid/proposal have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition, as to any matter relating to such prices with any other bidder/proposer or with any competitor;

Attachment 4
Page 5
ETC0011

- 2.2 Unless otherwise required by law, the prices which have been quoted in this bid/proposal have not been knowingly disclosed by the bidder/proposer and will not knowingly be disclosed by the bidder/proposer prior to opening in the case of an advertised procurement or prior to award in the case of a negotiated procurement, directly or indirectly to any other bidder/proposer or to any competitor; and
- 2.3 No attempt has been made or will be made by the bidder/proposer to induce any other person or firm to submit or not to submit a bid/proposal for the purpose of restricting competition.
- 2.4 Each person signing this bid/proposal certifies that: He/she is the person in the bidder's/proposer's organization responsible within that organization for the decision as to the prices being offered herein and that he/she has not participated, and will not participate, in any action contrary to 2.1 through 2.3 above; (or)

He/she is not the person in the bidder's/proposer's organization responsible within that organization for the decision as to the prices being offered herein, but that he/she has been authorized in writing to act as agent for the persons responsible for such decisions in certifying that such persons have not participated, and will not participate in any action contrary to 2.1 through 2.3 above, and as their agent does hereby so certify; and he/she has not participated, and will not participate, in any action contrary to 2.1 through 2.3 above.

3.0 DISCLOSURE OF INDEPENDENCE AND RELATIONSHIP:

- 3.1 Prior to award of any contract, a potential contractor shall certify in writing to the procuring agency that no relationship exists between the potential contractor and the procuring or contracting agency that interferes with fair competition or is a conflict of interest, and no relationship exists between the contractor and another person or organization that constitutes a conflict of interest with respect to a state contract. The Department of Administration may waive this provision, in writing, if those activities of the potential contractor will not be adverse to the interests of the state.
- 3.2 Contractors shall agree as part of the contract for services that during performance of the contract, the contractor will neither provide contractual services nor enter into any agreement to provide services to a person or organization that is regulated or funded by the contracting agency or has interests that are adverse to the contracting agency. The Department of Administration may waive this provision, in writing, if those activities of the contractor will not be adverse to the interests of the state.

4.0 DUAL EMPLOYMENT: Section 16.417, Wis. Stats., prohibits an individual who is a State of Wisconsin employee or who is retained as a contractor full-time by a State of Wisconsin agency from being retained as a contractor by the same or another State of Wisconsin agency where the individual receives more than \$12,000 as compensation for the individual's services during the same year. This prohibition does not apply to individuals who have full-time appointments for less than twelve (12) months during any period of time that is not included in the appointment. It does not include corporations or partnerships.

5.0 EMPLOYMENT: The contractor will not engage the services of any person or persons now employed by the State of Wisconsin, including any department, commission or board thereof, to provide services relating to this agreement without the written consent of the employing agency of such person or persons and of the contracting agency.

6.0 CONFLICT OF INTEREST: Private and non-profit corporations are bound by ss. 180.0831, 180.1911(1), and 181.0831 Wis. Stats., regarding conflicts of interests by directors in the conduct of state contracts.

7.0 RECORDKEEPING AND RECORD RETENTION: The contractor shall establish and maintain adequate records of all expenditures incurred under the contract. All records must be kept in accordance with generally accepted accounting procedures. All procedures must be in accordance with federal, state and local ordinances.

The contracting agency shall have the right to audit, review, examine, copy, and transcribe any pertinent records or documents relating to any contract resulting from this bid/proposal held by the contractor. The contractor will retain all documents applicable to the contract for a period of not less than three (3) years after final payment is made.

8.0 INDEPENDENT CAPACITY OF CONTRACTOR: The parties hereto agree that the contractor, its officers, agents, and employees, in the performance of this agreement shall act in the capacity of an independent contractor and not as an officer, employee, or agent of the state. The contractor agrees to take such steps as may be necessary to ensure that each subcontractor of the contractor will be deemed to be an independent contractor and will not be considered or permitted to be an agent, servant, joint venturer, or partner of the state.

Attachment 5

Department of Employee Trust Funds
P. O. Box 7931
Madison, WI 53707-7931
ET-8932

AGREEMENT TO KEEP INFORMATION CONFIDENTIAL

I certify that I have been advised that Section 40.07 of the Wisconsin Statutes provides that individual personal information in the records of the Department of Employee Trust Funds is not a public record and may not be disclosed, except when authorized employees of the State of Wisconsin Department of Employee Trust Funds determine that disclosure is permitted under circumstances specified by the statute.

I understand that I am not an employee of the State of Wisconsin Department of Employee Trust Funds (hereinafter "Department of Employee Trust Funds" or "DETF") and have no authority to make any disclosure to anyone of any information concerning any person which is contained in Department of Employee Trust Funds records.

I hereby represent to the DETF and certify that it is necessary for me to have access to records on individuals kept by the Department of Employee Trust Funds in order to perform the duties of my employment with VENDOR NAME (hereinafter "VENDOR ABBRIVATION") which strictly relate to VENDOR NAME performance of its present contract with Department of Employee Trust Funds to perform on-site historical document conversion and daily document conversion to an electronic format. (hereinafter "the contract between VENDOR NAME and DETF")

I understand that the highly confidential information to which I may have access includes, but is not limited to:

- 1) Names, addresses, dates of birth and Social Security numbers of participants.
- 2) Amount of employer and employee contributions in any account
- 3) Medical information contained in participant files
- 4) Beneficiary designations made by participants
- 5) Any identifying information concerning contested cases or appeals which are pending or which are resolved.
- 6) Any other information that is reasonably expected to be private and confidential which is contained in DETF records.

I agree not to seek or obtain or retain any such information from the records of the Department of Employee Trust Funds except as it is strictly necessary to the performance of my duties in connection with the contract between VENDOR NAME and DETF. I agree not to keep personal copies of any such information and with respect to any notes or records I may create in the performance of my duties that contain personal information on an individual from DETF records, I agree to personally destroy such notes and records or turn them over directly to DETF staff or to my VENDOR NAME supervisor for delivery to DETF staff immediately upon my completion of the duties for which they were necessary.

I pledge that I will forever keep secret and confidential any information from DETF files on any individual. I pledge not to disclose any such information now or in the future to anyone other than DETF employees and VENDOR NAME employees and then only if it is strictly necessary to the performance of the contract between VENDOR NAME and DETF.

I agree to personally hold harmless and indemnify the State of Wisconsin, Department of Employee Trust Funds, its employees, agents and members of its attached boards, the Employee Trust Funds Board and its members for damages or costs (including actual costs of litigation and attorney fees) arising out of my failure to keep secret and confidential any information on individuals contained in DETF files.

I understand that nothing in this agreement limits my liability to any individual about whom I disclose information in violation of this agreement.

I also understand that disclosure of individual personal information from the records of the DETF may be punishable by the State of Wisconsin under § 939.61 (1) Stats. and other applicable statutes.

I agree that if any person requests me to disclose any information from DETF files concerning any individual, I will refer such request to DETF staff.

I agree that I will notify DETF, in writing, within 24 hours after I receive any notice that anyone is attempting to obtain a court order for disclosure of DETF records.

I have read this agreement carefully and agree to its terms.

Date (MM/DD/CCYY)	Signature	
Print Name		
Vendor Name Title		
Home Address		
Telephone Number – Work		Telephone Number - Home

I. Overview

The Wisconsin Public Employers Group Life Insurance program offers group life insurance to current and retired employees of state government and participating local public employers. Under Chapter 40, the statutory authority to contract for group insurance benefits for State and local government employees resides in the Group Insurance Board (GIB). The GIB has administered a comprehensive group life insurance program for State employees since January 1, 1958 and for Wisconsin public employers who elect to participate since January 1, 1960. The GIB selects a life insurance company to underwrite the life insurance benefits for employees. Minnesota Life Insurance Company (MLIC) has been the Insurer for these plans since their inception.

While the State and local government plans have historically been very similar in both benefits and premiums, the two plans have always been financially independent of each other. Additionally, while the State acts as one employer under the plan for State employees, the local government plan currently includes over 630 separate and independent participating employers, each with its own circumstances and needs.

II. Historical Development and Statutory Authority

A. Basic Insurance

Basic insurance coverage, authorized by s. 40.72(1), Stats., is equal to an employee's annual earnings for the prior calendar year (as reported to WRS) rounded to the next highest thousand dollars. Section 40.05(6)(a) of the Wisconsin Statutes limits the premium rate for an employee to no more than \$.60 monthly for each \$1,000 of insurance. Employees and employers share the premium cost of basic insurance. Basic coverage also includes a post-retirement benefit in a reduced amount.

B. Accidental Death and Dismemberment (AD&D)

AD&D coverage was added to the basic insurance in 1969. AD&D coverage is equal to an employee's insurance under the basic, supplemental, and additional coverages.

C. Supplemental Insurance

Supplemental insurance, authorized by s. 40.72(10), Stats, was added to the State plan in 1974 and the local plan in 1984. State employees and the State share the premium cost of the pre-retirement insurance. Prior to July 1, 1995, local employers were required to pay an amount equal to at least 20% of the total premium for supplemental coverage. Effective July 1, 1995, local employers are not required to contribute toward the premiums for supplemental insurance.

D. Additional Insurance

Additional insurance was added by insurance policy rider to the State and local plans in 1984. There are no statutory limits on premium rates for this insurance and employees must pay the entire premium cost. There is no post-retirement benefit; however, an employee who continues in active employment beyond age 70 may continue this coverage by continuing to pay premiums.

In 1998, two more units of Additional coverage were made available to State and local employees whose employer files a resolution to offer the coverage. Employees may elect one, two, or three levels of Additional coverage.

E. Spouse and Dependent Coverage

Spouse and dependent coverage, available to active employees under age 70, was first offered to State employees in 1981 and local employers in 1983. The amount of coverage at that time was \$5,000 for an insured spouse and \$2,500 for each dependent child. In 1988, a second optional unit of coverage was introduced, allowing an employee to double the amounts of insurance by paying an additional monthly premium.

The spouse and dependent plan benefits and premiums for the State and local plans were identical for several years. Through the early 90's, the financial experience of the State and local plans fluctuated causing differences in benefit levels and premium. Effective July 1, 1996, the coverage for both the State and local plan became the same--\$10,000 per unit for spouses and \$5,000 per unit for each dependent.

III. Innovative Benefits

A. Living Benefit

In 1992, a living benefit rider was added to the plan. The living benefit provision allows an insured employee, retiree, spouse or dependent to receive the proceeds of his or her life insurance coverage while still living if certain medical criteria are met.

B. Life to Health or Long-Term Care Option

This option, authorized by Section 40.72(4r), Stats, enables persons insured at the post-retirement amount under the plan to convert the present value of that coverage to pay premiums for health or long-term care insurance plans offered under subchapter IV of Chapter 40, Stats. Administrative Rule ETF 60.60, effective in 1995, establishes procedures to implement this statute.

IV. Premiums

A. Premium Structure Until 1995

Premiums are established annually by the GIB, based on the recommendations of the Insurer. Historically, employee premium rates were designed to pay the cost of current coverage for active employees (i.e. preretirement insurance). Employer premium contributions were designed to fund the cost of post-retirement insurance, calculated as a percentage of active employee premiums. As premium rates fell in the basic and supplemental plans, the effect of the employer subsidy of the premium rates became more evident. Premium rates in the supplemental plan were substantially below the basic plan rates, even though all insured employees must enroll in the basic plan in order to be eligible for supplemental plan coverage. The rate disparity was due to the employer subsidy structure put in place when the plan was instituted in 1974.

B. Current Premium Structure

In 1995, changes in the premium structure were implemented in both the State and local plans. These changes were intended to simplify the plan for both the employer and the employees and to recognize differences in environmental circumstances and claims experience of the local government and State plans. In both plans, the changes simplify the plan for both employers and employees and increased its attractiveness to employees. The following is a summary of the changes.

B.1 Separate experience rating for State and local plans.

The local plan and the State plan are now experience-rated separately. In the past, portions of the plans have been rated together. Because the populations and the experiences in the two plans are often quite different, this approach has produced some distortions in premium rates on both sides. The plans were deemed large and stable enough to be rated independently.

B.2 State employer subsidy shifted back to basic plan.

A new premium rate structure was implemented in the State plan to shift the employer subsidy back to the basic life insurance plan and to equalize the premium rates in the basic and supplemental plans for each age category. The State reduced its premium contribution toward supplemental insurance to 35% of employee premium and increased its contributions toward basic insurance to 63% of employee premium. At the same time, employee premiums for basic insurance were decreased while employee premiums for supplemental insurance were increased. Effectively, the State began paying a portion of the cost of preretirement basic insurance coverage, which previously was covered totally by employee premiums.

B.3 Simplification of premium schedule for local plan.

The premium schedule was simplified in the local plan by setting employee premiums for supplemental and additional coverages equal to the basic premium. Employee premiums for supplemental increased at all ages, while premiums for additional decreased for employees age 45 and above.

B.4 Local plan employers not required to contribute to supplemental coverage.

Prior to 1995, local government employers were required to contribute toward the cost of supplemental coverage. Very few local employers elected the supplemental plan, presumably because the required employer contribution precludes collective bargaining on this benefit. Employers now have the option of offering both levels of coverage over and above the Basic plan without increasing their fringe benefit costs.

I. Overview of State and Local Government Plan Coverages

A. Basic Coverage

- A.1 Basic insurance, (40.72(1), Stats.) is equal to an employee's annual earnings for the prior calendar year rounded to the next highest thousand dollars.
- A.2 Basic coverage is offered to all State employees and to local government employees whose employers have elected to participate in the plan.
- A.3 An employee must elect basic coverage to be eligible for any other coverage.
- A.4 Section 40.05(6)(a) of the Wisconsin Statutes limits the premium rate for an employee to no more than \$.60 monthly for each \$1,000 of insurance. (See Appendix D for premium rates.)
- A.5 Active employees who reach age 70 will have premiums discontinued and the amount of basic insurance adjusted as shown in Section II.A. of this Appendix B.

B. Supplemental Insurance

- B.1 Supplemental insurance, (s. 40.72(10), Stats) is equal to an employee's annual earnings for the prior calendar year rounded to the next highest thousand dollars.
- B.2 Supplemental coverage is offered to all State employees and to local employees whose employers choose to offer it.
- B.3 Section 40.05(6)(a) of the Wisconsin Statutes limits the premium rate for an employee to no more than \$.60 monthly for each \$1,000 of insurance.
 - a. State employees and the State share the premium cost of the pre-retirement insurance.
 - b. Local employers are not required to contribute toward the premiums for supplemental insurance.
- B.4 There is no post-retirement benefits under this coverage.
- B.5 This coverage may not be continued beyond the employee's 70th birthday.

C. Additional Insurance

- C.1 Up to three levels of Additional insurance is available to State employees and to local employers who file a resolution to offer three levels. Each level is equal to an employee's annual earnings for the prior calendar year rounded to the next highest thousand dollars.
- C.2 Additional coverage is offered to all state employees and to local employees whose employers choose to offer it.
- C.3 There are no statutory limits on premium rates for this insurance and employees must pay the entire premium cost.
- C.4 There is no post-retirement benefit.
- C.5 An employee who continues in active employment beyond age 70 may continue this coverage by continuing to pay premiums. See Section E. below, Age 70 and Over Additional Plan.

D. Spouse and Dependent Coverage

- D.1 This plan is offered to all eligible State employees. Any local government employer offering the basic insurance plan may also elect to offer the spouse and dependent insurance plan.
- D.2 The employee must be covered under the basic insurance plan and may elect either one or two units of coverage. Each unit provides benefits according to the following schedule:

Spouse	\$10,000
Dependent	\$5,000

- D.3 Waiver of premium disability benefit is available while the insured employee is under age 65 and qualifies for waiver of premium on his or her insurance.
- D.4 A dependent is eligible from 14 days of age until the end of the calendar year in which the age of 19 is attained, or until age 25 if a full-time student. A physically or mentally disabled dependent may qualify for continued coverage past age 25.
- D.5 The conversion privilege is available to any spouse or dependent who loses coverage and was insured continuously for the entire six months preceding termination.
- D.6 There is no post-retirement benefit.
- D.7 There are no statutory limits on premiums for this coverage. Employer contributions are not required.

E. Age 70 and Over Additional Plan

- E.1 Provides up to three levels of additional coverage. Each level is equal to 100% of the previous year's earnings, rounded to the next higher \$1,000.
- E.2 Plan is available to State employees and to employees of local government employers who choose to participate.
- E.3 Coverage terminates when the employee retires or terminates employment.
- E.4 The plan does not include Waiver of Premium or Accidental Death and Dismemberment benefits.
- E.5 Employees can obtain Age 70 and Over Additional coverage under the following conditions:
 - a. Active employees who have Additional coverage when they turn age 70 may enroll without evidence of insurability by filing an application within 30 days before their 70th birthday.
 - b. All other active employees who are over age 70 may apply for coverage under evidence of insurability.
 - c. Basic coverage is not a prerequisite.

II. Special Benefits of the State and Local Government Plans

A. Post-retirement Insurance Coverage

Post-retirement insurance coverage, calculated as a percentage of the employees' pre-retirement basic insurance amount, commences at the insurance reduction age according to the following schedule.

Attained Age	Post-Retirement Insurance as a Percent of Pre-Retirement Basic Insurance
While age 65	75%
While age 66	50%
While age 67 and after	25%*

*Applies only to employees of local government employers. Local government employers may elect a continuation of 50% of the Basic coverage if they agree to make the increased employer contributions. State employee coverage continues at the 50% rate from age 66 and after.

B. AD&D Coverage

AD&D coverage is equal to the total amount of life insurance in effect before the insurance reduction age. This AD&D insurance terminates upon attainment of the insurance reduction age.

Coverage A -- Loss of Life, Limb or Sight

<u>Loss</u>	<u>Benefit Payment</u>
Life	Principal Sum
Two or more members	Principal Sum
One member	One-half of principal sum
Thumb and index finger on same hand	One-fourth of principal sum

Coverage B -- Permanent and Total Loss of Use

<u>Loss</u>	<u>Benefit Payment</u>
Each hand or foot from wrist or ankle	One-fourth of principal sum
Each arm or leg from shoulder or hip	One-fourth of principal sum

C. Waiver of Premium for Disabled Employees

- C.1 A waiver of premium disability benefit is available to all employees under age 70.
- C.2 An employee deemed to be disabled under an Employee Trust Funds disability annuity plan (s. 40.63 Wis. Stats.) automatically qualifies as a disabled employee under the group life plan.
- C.3 Employees on waiver at age 65 or later are assumed to be retired, and they continue their insurance at the amounts shown in Section II.A. above.

D. Living Benefit

- D.1 Insured employees, annuitants, spouses and dependents may receive all or part of the value of their life insurance coverage while living if they:
 - a. Are diagnosed with a terminal condition caused by illness or injury and have life expectancy of 12 months or less;
 - b. Are enrolled in a certified hospice care program; or

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.

D.2 The minimum benefit is \$5,000 or the whole value of the insurance, if less.

D.3 Any remaining value at death will be paid to the beneficiary (ies).

E. Converting Life Insurance to Pay Health or Long-Term Care Insurance Premiums

E.1 The present value of life insurance may be used to pay premiums for health or long-term care insurance offered through the Department.

E.2 The employee must be at their final insurance reduction age and the life insurance must be reduced to its final amount.

E.3 State employees must exhaust their accumulated sick leave before paying for health insurance premiums through the conversion program.

E.4 The election is permanent; it cannot be withdrawn.

F. Conversion Privilege

F.1 Subsection 40.70(9), Wis. Stats, provides that the life insurance shall terminate as provided in the contract.

F.2 The contract should provide an option for the employee to convert life insurance coverage upon termination of employment if the employee was covered by such insurance during the entire six months preceding termination.

F.3 A local government employee may secure an earlier right to conversion if insured under the local government plan from the effective date of the plan to the date of employee termination and, if employed for at least six months with the local government employer.

F.4 The premium for the converted policy must be on a uni-sex rate basis.

F.5 The waiver of premium benefit and the AD&D insurance are not convertible.

F.6 No conversion privilege is offered to employees whose insurance decreases because they have reached age 65 (if retired) or age 70 (if actively employed).

G. Continuation of Coverage

Employees who meet the following requirements may continue coverage:

- G.1 WRS coverage began before January 1, 1990 or coverage has been in force in five calendar years beginning January 1, 1990; and
- G.2 One of the following situations applies:
 - a. The employee is receiving an immediate WRS annuity or meets all of the requirements for receiving an immediate WRS annuity except the filing of the application; or
 - b. The sum of the years of creditable serve in the WRS on January 1, 1990 plus the years of group life insurance coverage after 1989 equals 20 years; or
 - c. Have 20 years of service on payroll with the last employer.
- G.3 Until a retired employee reaches age 65, the amount of insurance is the same as prior to termination or retirement. Premiums will cease at the beginning of the month in which the employee reaches age 65.

III. Eligibility and Enrollment Procedures

A. Eligibility

- A.1 An eligible employee for life insurance purposes is defined by Wis. Stat. §40.02(25) as any participating employee who has been participating under the Wisconsin retirement system for a period of at least 6 months prior to attainment of age 70, not including any period of leave of absence without pay.
- A.2 The following State employee groups covered under the WRS are immediately eligible for coverage if application is received within 30 days of taking office or starting employment:
- A State elected official;
 - An employee of a Legislative Service Agency under Wis.Stat. §13.80-13.96;
 - A State constitutional officer;
 - A justice of the Supreme Court;
 - A court of appeals judge;
 - A circuit judge
 - A district attorney;
 - An employee of the Senate or Assembly;
 - Or the Chief Clerk or Sergeant-at-Arms of the Senate or Assembly.
- A.3 Any visually impaired employee of the nonprofit corporation which is under contract with the Department of Health and Family Services under Wis. Stat. §47.03(1m)(a), 1989, is eligible for coverage after six months WRS participation or on the first day of the month following completion of 1,000 hours of service, whichever is first.
- A.4 Local government employees may also qualify if they are covered by a retirement plan established pursuant to:
- a. s. 61.65 stats. pertaining to pension funds for police and fire employees, or
 - b. s. 66.80 stats. pertaining to pension systems created, administered and maintained for employees of first class cities (City of Milwaukee only), or
 - c. In first class cities and counties having a population of 500,000 or more, any person included under a retirement system for such city or county whose current employment or official status has continued for six months.

- A.5 The definition of employee, for purposes of insurance under the plan, shall not exclude any individual who, while insured for the group life insurance plan, is retired on an immediate annuity, or is retired on a disability annuity.
- a. Except in the case of a disability annuity, such retired employee shall have been an employee of the State or participating local employer for at least 20 years or have at least 20 years of creditable service or have reached the normal retirement date, as determined for annuity computation purposes.
 - b. The 20 years of creditable service requirement must be satisfied while participating in the Wisconsin Retirement System. However, for teachers retiring prior to age 70 an aggregate of 20 years of creditable service as defined in ETF 10.03 Wisconsin Administrative Code shall satisfy this requirement.

A.6 Exclusions

- a. Employees who are hired at age 70 or over, or who attain age 70 before completing six months under the retirement system are not eligible for coverage. However, employees who are over age 70 when their employer first participates in the program are eligible for Basic coverage at the reduced level. They may also apply for Age 70 and Over Additional coverage through evidence of insurability.
- b. The program is not available to employees who are not members of the Wisconsin Retirement System, except for those listed in item A.4 above. This includes employees identified in Section 40.22(4) Wis. Stats. as not eligible to participate.

B. Enrollment Procedures

- B.1 It is the responsibility of each State agency and local government employer to determine whether or not an employee is eligible for coverage and when such coverage is effective. The plan uses a positive enrollment concept, based on the employee meeting the eligibility requirements and signing an application. Normally, an employee is eligible after six months participation under the retirement system.
- B.2 Any employee who declines to enroll in the group life insurance plan when initially eligible shall not thereafter become insured unless, prior to attainment of age 55, the employee furnishes evidence of insurability satisfactory to the Insurer. Such evidence must be furnished at the applicant's own expense.

- B.3 An insured employee may enroll for spouse and dependent coverage by filing an application provided by the Department which must be received by the employer within 30 days after:
- a. The date the employee first qualifies with that employer as an eligible employee under subsection 40.02(25) of the Wisconsin Statutes.
 - b. The date the employee returns to active employment after a leave or layoff without earnings if, during that absence, coverage was discontinued.
 - c. The date the employee is hired if the employee is eligible immediately upon hire.
 - d. The date the insured employee first has a spouse or dependent to insure. If the insured employee is on leave at the time of such occurrence, then upon return to active employment.
 - e. The date an employee obtains insurance coverage under the provisions of Subsection 40.70(l)(b) of the Wisconsin Statutes.
- B.4 An eligible insured employee under age 70 who does not enroll for Spouse and Dependent coverage within the time period specified in the preceding paragraph may obtain coverage by providing evidence of insurability satisfactory to the Company for all of the individuals who are eligible for coverage.

Appendix C – Administrative Requirements

I. Administrative Requirements

Administrative responsibilities are currently divided among the Department of Employee Trust Funds, the Insurer, and participating employers. Individual local employers and state agencies are responsible for initial eligibility determinations, enrollments, collection and remittance of premiums, annual update of premium/coverage amounts, and submission of requests for premium waivers.

A. General Administrative Requirements - Insurer

1. Processes new enrollments, including verification of eligibility and coverage amount, requests corrections if necessary, and notifies employer and the Department of effective date and amount of coverage.
2. Underwrites late enrollments, including requests to add coverage. Communicates results to the employer, the employee, and the Department.
3. Determines fact of coverage and certifies amount of coverage and other required information as delegated by the Department when an insured individual retires. Works closely with Department staff and employers to manage and coordinate premium collection and coverage issues related to the transition from active to retiree status.
4. Administers and pays claims for life, living benefits and AD&D insurance. As delegated by the Department, the Insurer receives notice of claim and is responsible for verifying enrollment, coverage, amount of insurance and beneficiary using the Department's records. The Insurer provides all service pertaining to the investigation, approval, or disapproval of claims, makes claims payment to the beneficiary(ies), and notifies the Department as to the disposition of each claim.
5. Identifies unpaid claims for which no beneficiary is found and makes every reasonable effort to locate beneficiaries including the use of locating services. Provides a list of unclaimed life insurance policies to the Department to be posted to the Department's internet site with periodic updates as claims are paid or additional unclaimed policies are identified.
6. Approves or disapproves medical evidence when an insured applies for a Living Benefit; pays approved benefit and maintains record of remaining death benefit, if any.
7. Administers the Life to Health/Long Term Care Program. This program permits retirees to use the present value of their life insurance to pay premiums for Department- sponsored health or long-term care insurance plans. The Insurer determines the present value, remits monthly health insurance premiums to the Department and works with the Department staff to assure that health insurance coverage is properly continued. For long-term care, the Insurer is responsible for remitting monthly long-term care premiums to the long-term care provider, working with the long-term care provider(s) to assure that the proper amount of premium is remitted, tracking the balance of the subscribers account, notifying the subscriber of the

Appendix C – Administrative Requirements

- remaining balance annually, and assisting in the transition to another premium source when the account is depleted.
8. Approves or disapproves employee's medical evidence when an employee requests a waiver of premiums due to disability. Follows up annually on medical condition of persons whose premiums have been waived due to disability. (Those approved for a Department-administered permanent disability benefit are exempt from follow-up).
 9. Maintains a billing and membership system for local government employers. The current system contains complete life insurance information, billing and payment information for approximately 82,775 insured employees of 630 local government units. Employers are billed monthly for premiums, either via paper bill or electronically, as requested by the employer. Administers back-charges, refunds, and late payment penalties, as necessary.
 10. Maintains a premium remittance and reporting system for State agencies, in lieu of direct billing. The payroll processing centers send the Insurer a monthly file with premium deduction information by agency and sub-agency. The Insurer reconciles premium reports for each state agency, researches discrepancies, and sends discrepancy reports to agencies, as required. As many as 92 separate remittance/discrepancy reports (includes about 43 agencies and subagencies) may be processed each month. The Insurer maintains membership information for about 28,000 State employees on the Central payroll system, UW Hospital and Clinics payroll system and the Wisconsin Housing and Economic Development Authority (WHEDA) payroll system. Two large payroll systems, the University of Wisconsin and the Legislature, do not currently report premiums to the Insurer.
 11. Maintains membership and billing information for over 29,000 insured WRS retirees (both state and local).
 12. Conducts an annual renewal census for State and local employers to update coverage and premium information for each insured employee.
 13. Provides the Department with updated premium amounts for annuitants (under age 65) who have life insurance premiums deducted from their annuities. The Department currently updates the annuity deductions manually, so to assure that the premium deduction amounts are accurate, the Insurer performs an annual comparison of the Insurer's premium and coverage records with the Department's records. The Insurer works with the Department to correct any errors.
 14. On an annual or semi-annual basis, direct-bills certain retirees and other former employees who cannot pay group insurance premiums by deduction from WRS annuity.
 15. Provides individual policies for persons eligible to convert group coverage upon termination of employment; prints and maintains a supply of conversion brochures for distribution to eligible employees; processes conversion applications; bills for premiums.

Appendix C – Administrative Requirements

16. Provides counsel and defense on contested claims. In addition, the Insurer works with the Department Counsel on all legal matters associated with the Plan.
17. Comments on proposed legislation, administrative code changes, contract changes, and Department or GIB recommendations.
18. Works with the Department and other state agencies to communicate benefits through bulletins, brochures, benefits fairs and other appropriate channels.
19. Prints and delivers enrollment applications (approximately 35,000 per year), evidence of insurability applications (approximately 15,000 per year) and brochures (approximately 30,000 per year) and other selected forms for the program.
20. Provides local employers with on-line access to their employee's insurance information. Provides authorized Department staff with on-line access to all employee coverage records.
21. Maintains a Madison claims and service office. (Note: The GIB has historically preferred a local Madison claims and service office. However, the Insurer is not required to establish such an office in order to submit a proposal.)
22. Provides hardware and software necessary for its staff to access WEBS (Wisconsin Employee Benefits System) records, imaging system, etc. and ensures that staff are trained to use this system to obtain employment, salary, and related information on insured employees. (See Section I.B.1&2 of this Appendix C.)
23. Makes service calls to participating local governments to keep them informed on plan procedures and to review current questions.
24. In consultation with the Department, develops and implements a plan for offering the plan to non-participating local government employers, including visits, mailings, and customized reports to inform the employers of plan features and changes, requirements, and estimated costs.
25. Confers frequently in person or by telephone with the Department to review current questions on program operations, claims, and unusual problems.
26. Insurer provides the following reports to the Department:
 - a. A monthly report for Life to Health or Long Term Care conversions.
 - b. An annual Policy Year Report to the GIB. A draft of this report is due to the Department no later than 180 days after the close of the contract year. A sample of this report is provided in Appendix F.
 - c. Annual recommendations on the next year's premium rates to the Department for its concurrence and then to the GIB for its approval.

Appendix C – Administrative Requirements

- d. A quarterly report on performance standards.
- e. Actuarial and administrative studies on the feasibility and/or cost of proposed legislative or procedural changes, as requested. Such reports are requested several times per year.

B. General Administrative Responsibilities - Department of Employee Trust Funds

The Department:

1. Maintains all participant and employer records of the Wisconsin Retirement System. These records are accessible as necessary to the Insurer through the following systems:
 - a. WEBS (Wisconsin Employee Benefits System) is an on-line data system which is maintained by the Department. The operating system, maintained by the Wisconsin Department of Electronic Government (DEG), is IBM's OS/390 V.2.Rel.6. The Relational Database Management System used is IBM's DB2 Version 7.1 for OS/390. WEBS contains extensive information on employment and salary history of WRS participating employees and inactives, address information for WRS monthly annuitants, and summary information on WRS participating employers. It does not include individual insurance coverage information.
 - b. Step2000/Workflow--The Department maintains imaged records for approximately 500,660 current employees, inactives, and annuitants and for over 1,302 current and former participating WRS employers. The participant files contain original insurance applications, beneficiary designations, and other items pertaining to participants' insurance coverage. These files are used by the Department and the Insurer's staff when a claim arises or the employee retires, changes employers, etc. Final determination of a participant's insurance status often depends on the Department record. The basic workflow system called Step 2000 is used by the Department staff and made available to the Insurer to complete their job duties on-line, respond to member inquiries, and analyze the flow of work in order to improve the service provided to its participants.
 - c. EOS—The Enterprise Output Solution (EOS) is the on-line annuitant ledger that contains the history of monthly WRS payments.
 - d. WiSMART—The Wisconsin Management Reporting Tool (WiSMART) is a multi-purpose accounting program maintained by the State Department of Administration and used by the Department for a variety of reasons, including to track and management overpayments.
2. Makes available to the Insurer on-line electronic access to the Department's WEBS (Wisconsin Employee Benefit System), Step 2000/Visual Info (imaging system), WiSMART (Wisconsin Accounts Receivable). This access will be through the Wisconsin Department of Administration (DOA) mainframe located in Madison, Wisconsin. The operation of this access is subject to the standards of DOA. A Trusted Partnership Computer Agreement may be necessary. Access will be

Appendix C – Administrative Requirements

through, at a minimum, a T-1 connection to the Internet. Connection will be made via Citrix Metaframe using Department/DOA resources.

- a. Computers will require the following minimums to be able to access and use these systems:

Pentium processor - minimum 350 Mhz

124 KB RAM (minimum)

Monitor/Video - 21" monitor must support 1600 x 1200 resolution

Printer - sufficient memory to print graphics

Windows 95 or above

T-1 or better connection to the Internet

- b. The cost for this is approximately \$800 per computer and is to be included in the administrative charge.
3. Accepts, validates, and maintains all beneficiary designations and provides proper beneficiary information to the Insurer at time of claim.
 4. Deducts premiums from annuities of insured retirees under age 65 and remits to Insurer.
 5. In consultation with the Insurer, revises all forms, employer manuals, and brochures as needed. Prints and distributes employer manuals and selected forms.
 6. Counsels employees and retirees on their benefits under the group life insurance program.
 7. Counsels employers interested in participating in the plan; approves new employers; responds to routine and unusual employer questions about plan provisions and requirements.
 8. Acts as staff to the GIB, making recommendations on plan changes, contract amendments, administrative rules, extraordinary plan expenditures, and similar matters.
 9. Publishes official notice of premium rates, statutory or contract changes, policy and procedures pertaining to the program via the *Employer Bulletin* a newsletter that is sent to all participating employers. Publishes information for plan participants in its *Trust Fund News*, a newsletter that is sent to all WRS participants.
 10. Determines application of statute, administrative code, and contract regarding the fact of coverage, whether an employee is entitled to enroll or to continue coverage after termination of employment, and similar matters.
 11. Reviews and grants or denies requests from employers for enrollment of employees based on employer error.
 12. Administers the appeal process by which interested parties may contest the Department's determinations related to the program. These appeals are ultimately decided by the GIB.

Appendix C – Administrative Requirements

13. Handles collection of premium from approximately 43 State agencies and remits premium via wire transfer to the Insurer.
14. Provides the Insurer with an annual report in electronic format of State employees' insurance coverage. This report is provided to the Insurer for actuarial and statistical purposes.
15. Provides the Insurer with prior-year salary information in electronic format for each employee of participating local government units. This report is prepared annually in March and will permit the Insurer to perform most updates to local government unit billing and coverage records electronically. Prior year salary information for State employees on the Insurer's premium remittance and reporting system are provided to the Insurer by the payroll processing centers (Central Payroll, University Hospital and Clinics, payroll and WHEDA payroll.)

C. Performance Standards and Penalties

The Insurer will meet or exceed the performance standards detailed below.

1. Performance Standards

The Insurer shall:

- a. Pay 95% of all death and dismemberment claims within 14 calendar days after receipt of all necessary proof.
- b. Mail 99% of all initial requests for death certificates, verification of beneficiary forms, medical evidence of dismemberment or loss of use forms, and any other required documentation within 14 calendar days of receipt of Notice of Death (ET-6301) and other documentation from the Department.
- c. Approve or reject 99% of all applications for open enrollment (other than deferred applications) within 14 calendar days after receipt of the completed application.
- d. Approve or request additional information deemed necessary for making an underwriting decision on 99% of all applications requiring evidence of insurability within 14 calendar days after receipt of the completed application.
- e. Make a final disposition of 99% of all evidence of insurability applications (with notification mailed to the applicant) within 14 calendar days after receipt of all necessary information.
- f. Requests additional information for 99% of new waiver of premium due to disability claims within 14 days of receipt of claim.

Appendix C – Administrative Requirements

- g. Make final disposition of 75% of new waiver of premium disability claims other than those included in item F above within 30 calendar days after receipt of all necessary information.
 - h. Make final disposition of 85% of continuing waiver of premium disability claims within 30 calendar days after receipt of all necessary information.
 - i. Include 95% of 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.
2. Penalties
- a. The Insurer will meet or exceed the above-mentioned performance standards. For each standard not achieved during the policy year, the Insurer will be assessed a penalty of 1% of expense charge components A through F as set forth in Exhibit D of the Administrative Agreement found in Appendix F., up to a maximum of 5% of the total of such expense charge components.
 - b. Penalties identified for noncompliance of performance standards shall be assessed at the close of the policy year based on the annual performance results.
 - c. The Department, at its discretion, may waive any penalty.
 - d. Penalty amounts assessed shall be accompanied by documentation from the Department identifying the specific area of noncompliance.

II. Future Enhancements

The changes listed below are seen at this time as necessary or desirable for the efficient operation of the Program and the integration of the Program into the Department's changing information environment. This list of future developments is not exhaustive, nor will every change listed actually occur in the form now envisaged. This list represents the Department's current expectations about the near future.

- A. An electronic billing and membership information system for University of Wisconsin and Legislative employees is urgently needed. Such systems may not be identical to the systems in place for local employees and State payroll processing centers, but must accommodate both the needs of state agency payroll personnel and program requirements for accurate and complete membership and premium payment information. This project is dependent upon payroll systems upgrades which will allow them to report premium and coverage amounts as required by the Department.
- B. Provide on-line access for participants to view their coverage and premium information, as well as on-line enrollment for coverage. This may be through the Insurer's system, or in concert with a comprehensive employee benefit system implemented by the Department.
- C. Assist the Department with implementation of new initiatives introduced through new legislation or contract amendment. Initiatives may include, but not be limited to, optional post-retirement coverage for annuitants over the age of 65; allowing employees to enroll for coverage immediately upon hire rather than after six month WRS employment; allowing changes in amount of insurance if employee has an eligible change in status; revising employer participation requirements for employers that have multiple union contracts.

Appendix D – Funding Arrangements

The information in this appendix provides a description of the funding arrangement currently used for the State and Local Government Plans. It is expected that potential proposers will propose on the funding arrangement. Other funding may be accepted by the GIB, but the current funding arrangement will be the basis of the GIB's evaluation.

I. Stop-Loss Provision

A.1 General Description

- a. The stop-loss provision limits the liability of the plan for claims and expense charges in any one policy year.
- b. Stop-loss factors as described below are determined annually based on recent plan experience. Through 1994, the premium rates for State and local government plans were determined on a combined basis. Similarly, the stop-loss factors were determined on a combined basis. Beginning in 1995, the premium rates and stop-loss factors are determined independently for the State and local government plans.
- c. The stop-loss provisions of the State and local government plans are separate for financial experience.

A.2 State Plan

- a. Stop-loss provision applies to:
 - i. Pre-retirement and post-retirement insurance for employees on a combined basis.
 - ii. Spouse and dependent insurance on an independent basis.
- b. The financial agreement includes a table of age by age stop-loss factors for employee insurance. These factors are multiplied by the insurance in force at each age to determine the stop-loss limit. The stop-loss factors are intended to generate a stop-loss limit equal to approximately 125% of expected claims.
- c. The stop-loss limit for the spouse and dependent insurance plan equals 125% of policy year premium.
- d. A loss in a policy year occurs when death claims plus accidental death claims plus pooled claim charges plus living benefit claims plus increase in waiver of premium disability claim reserves during the year plus conversion charges plus company expense and risk charges (excludes State administrative expense) and state premium taxes exceed the stop-loss limit(s).
- e. Such losses are deemed catastrophic and are charged against the Insurer rather than the plan.

Appendix D – Funding Arrangements

A.3 Local Government Plan

- a. Stop-loss provision applies to:
 - i. Pre-retirement and post-retirement insurance for employees on a combined basis.
 - ii. Spouse and dependent insurance on an independent basis.
- b. The financial agreement includes a table of age by age stop-loss factors for employee insurance. These factors are multiplied by the insurance in force at each age to determine the stop-loss limit. The stop-loss factors are intended to generate a stop-loss limit equal to approximately 125% of expected claims.
- c. Effective January 1, 2003, the stop-loss limit for the spouse and dependent insurance plan equals 145% of policy year premium.
- d. A loss in a policy year occurs when death claims plus accidental death claims plus pooled claim charges plus living benefit claims plus increase in waiver of premium disability claim reserves during the year plus conversion charges plus company expense and risk charges (excludes State administrative expense) and state premium taxes exceed the stop-loss limit(s).
- e. Such losses are deemed catastrophic and are charged against the Insurer rather than the plan.

B. Reinsurance Arrangements

- B.1 Currently, 2.4% of employee insurance under both the State and local government plans is reinsured through a carrier domiciled in Wisconsin per request of the GIB.
- B.2 Both active and retired employee coverage is reinsured including the pooling of large insurance amounts and the stop-loss arrangement.

Appendix D – Funding Arrangements

- B.3 The cost of reinsurance is passed on to the plan. The cost has consisted of two elements: a reinsurance expense charge and an extra risk charge. The extra risk charge was to enable the reinsurer, whose participation in the plans began in 1990, to accumulate an appropriate risk reserve. The 2001 charges were as follows:

	<u>State</u>	<u>Local</u>
Reinsurance Expense Charge	\$5,323	\$4,517
Extra Risk Charge	<u>5,322</u>	<u>4,503</u>
Total Reinsurance Cost	\$10,645	\$9,020

Since January 1, 2003, Sentry Life Insurance Company has been the only company participating in the reinsurance:

Beginning with the 2003 policy year, the cost of reinsurance will consist only of the reinsurance expense charge.

- B.4 Proposing Insurers should indicate the cost of reinsuring 2.4% of the employee coverage including the stop-loss provision for the contract commencing on January 1, 2004.
- B.5 The decision of whether or not to require reinsurance will be made by the GIB independent of this rebidding process.
- B.6 There is no reinsurance on the spouse and dependent plans.

Appendix D – Funding Arrangements

C.1 State Plan Stop-Loss Experience

Policy Year	Employees Stop-Loss		Spouses and Dependents Stop-Loss	
	Limit	Charges	Limit	Charges
1992	\$15,089,348	\$12,590,057	\$1,015,073	\$1,047,147 ¹
1993	15,398,710	13,838,406	1,043,181	704,769
1994	16,278,787	14,602,158	1,071,754	883,437
1995	17,439,514	15,338,327	1,095,485	1,132,969 ²
1996	18,390,402	15,429,209	1,099,007	794,398
1997	20,758,647	12,337,032	1,102,447	907,061
1998	23,020,860	19,240,183	1,122,769	1,154,164 ³
1999	23,269,341	20,072,884	1,137,393	1,210,411 ⁴
2000	25,208,914	17,704,574	1,201,825	949,575
2001	27,449,699	19,820,850	1,483,490	1,054,609

¹ 1992 charges plus additional 1992 claims reported in 1993, 1995, and 1998 resulted in total catastrophic loss credits to the plan of \$76,496.

² 1995 charges plus additional 1995 claims reported in 1996 resulted in total catastrophic loss credits to the plan of \$37,881.

³ 1998 charges plus additional 1998 claims reported in 2000 resulted in total catastrophic loss credits to the plan of \$84,067.

⁴ 1999 charges plus additional 1999 claims reported in 2000 resulted in total catastrophic loss credits to the plan of \$114,902.

C.2 Local Government Plan Stop-Loss Experience

Policy Year	Employees Stop-Loss		Spouses and Dependents Stop-Loss	
	Limit	Charges	Limit	Charges
1992	\$8,928,977	\$7,039,148	\$1,366,115	\$1,156,303
1993	9,297,964	8,092,702	1,421,997	1,081,148
1994	9,965,937	9,163,558	1,467,769	1,226,696
1995	10,954,688	9,922,512	1,512,685	1,195,655
1996	12,036,442	9,297,740	1,973,118	1,259,755
1997	13,415,818	10,010,479	2,395,066	1,286,209
1998	14,774,061	13,838,004	2,416,590	1,289,565
1999	15,365,123	13,426,374	2,405,074	1,541,551
2000	16,917,151	14,296,290	2,104,658	1,720,446
2001	18,457,598	16,890,781	1,734,168	1,591,457

II. Post-Retirement Insurance

A. State Plan

- A.1 No premiums are collected from the employee after the insurance reduction age. Deposits accumulated under the plan from total premium contributions for employees under the insurance reduction age are the source of funds for continuing insurance on a term basis after the insurance reduction age.
- A.2 The post-retirement fund is accumulated under the following funding goals:
 - a. The funding of the post-retirement insurance should be on a current basis for each generation of employees. Past service liabilities which arose from initiating the plan and from a change in the post-retirement insurance should be amortized over a reasonable period of time by margins in future contributions.
 - b. The present value of post-retirement insurance for retired lives should be funded as soon as possible and should be maintained at a fully funded level (this goal has already been met).
- A.3 The determination of the employee and employer premium contributions for pre-retirement insurance is based on separate calculations for the State and local government plans that take into account the funding goals.
- A.4 These calculations involve assumptions of growth of the employee groups, salary increases, employee turnover and assumed interest such that the level of employee and employer contributions, subject to the assumptions, will remain constant for many years. Minor corrections may be made on the basis of actual experience.
- A.5 The post-retirement funds are held by the Insurer, but the funds are fully vested with the State and all interest credits on the funds accrue to the State.
- A.6 The sufficiency of the funds to maintain the post-retirement insurance is the responsibility of the GIB. The Insurer does not guarantee the sufficiency of the funds nor their rate of accumulation.

B. Local Government Plan

Separate post-retirement funds for the local government plan are established in the same manner as the State post-retirement funds.

III. Experience Rating Basis

A. General Description

- A.1 Premium rates are established annually by the GIB. The Insurer makes recommendations based on recent claims experience of the plan.
- A.2 Through 1994, premium rates were established for the State and local government plans together. Rates for basic and supplemental coverages were determined based on their combined experience, while rates for the additional coverage were determined separately.
- A.3 Beginning in 1995, the premium rates are established independently for the State and local government plans.
- A.4 Under the State plan, the State contributes toward the cost of current year term insurance on the basic and supplemental coverages. The employee premium rates for these two coverages are equal. Premium rates for additional insurance are established separately based on experience of that coverage. Employees pay the entire premiums.
- A.5 Under the local government 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.

B. State Plan

- B.1 The basic, supplemental and additional plans are combined for experience rating.
- B.2 Currently, the annual experience accounting is performed separately for the pre-retirement insurance and for the post-retirement insurance. All employee premium contributions and a portion of the employer premium contributions are intended to cover the cost of pre-retirement insurance. The remainder of the employer premium contributions is intended to fund the future cost of post-retirement insurance.
 - a. For the pre-retirement insurance, employee premium contributions are cleared immediately as premium. Employer contributions are deposited immediately in the funds held for post-retirement insurance to be withdrawn if needed for the pre-retirement insurance. Employee premium contributions are reduced by death, disability, living benefit and accidental death claims, pooled claim charges, conversion charges, company expense and risk charges, State administrative expense, and charges for state premium taxes and federal income taxes. The net amount is increased by current year interest credits. The balance remaining is the dividend and is added to the contingent liability reserve.

Appendix D – Funding Arrangements

- b. Employer contributions which are intended to fund the cost of post-retirement insurance are deposited immediately in the funds held for post-retirement insurance.
- c. For the post-retirement insurance, the premium charged against the contingent liability reserve is the amount necessary to support the cost of the insurance on a term basis. This cost of insurance includes the amount of the post-retirement death claims, pooled claims charges, company expense charges, and state premium taxes. The contingent liability reserve is decreased by this premium and is increased by the interest credited to the fund and the dividends from the experience of the pre-retirement plan.

B.3 Beginning in 2003, the claim liability of the plan is limited by pooling insurance amounts in excess of the specified pooling level. The pooling level for life insurance is \$500,000. The pooling level for accidental death and dismemberment insurance is \$500,000. There are currently no post retirement insurance amounts at this level, therefore, the pooling has not been applied to those coverages. Appendix F includes the pooled volume as of December 31, 2002.

Current estimated annual pooling charges based on December 21, 2001 census data:

	State	Local
Expected Pooled Claims	\$101,800	\$11,100
Risk Charge	9,100	1,000
Total Pool Charge	\$110,900	\$12,100

- B.4 The stop-loss provision described in Appendix D Section I, Part A.2 places an aggregate limit on claim charges.
- B.5 The spouse and dependent plan is separate for experience rating.
 - a. Premiums are reduced by death and living benefit claims, conversion charges, expense and risk charges, state administrative expenses, and charges for state premium taxes and federal income taxes. The total is increased by current year interest credits. The balance remaining is added to a stabilization reserve.
 - b. The stop-loss provision described in Appendix D, Section I, Part A.2 places an aggregate limit on claim charges.

Appendix D – Funding Arrangements

C. Local Government Plan

- C.1. The local government plan is completely separate from the State plan for financial experience.
- C.2. The basic, supplemental and additional plans are combined for experience rating.
- C.3. Currently, the annual experience accounting is performed separately for the pre-retirement insurance and for the post-retirement insurance. All employee premium contributions are intended to cover the cost of pre-retirement insurance. Employer premium contributions are intended to fund the future cost of post-retirement insurance. (Some local government Employers may pay all or a portion of the employee premium contributions. These payments are handled the same as employee contributions.)
 - a. For the pre-retirement insurance, employee premium contributions are cleared immediately as premium. Employer contributions are deposited immediately in the funds held for post-retirement insurance to be withdrawn if needed for the pre-retirement insurance.

Employee premium contributions are reduced by death, disability, living benefit and accidental death claims, pooled claim charges, conversion charges, company expense and risk charges, state administrative expenses, and charges for state premium taxes and federal income taxes. The net amount is increased by current year interest credits. The balance remaining is the dividend and is added to the contingent liability reserve.

- b. Employer contributions which are intended to fund the cost of post-retirement insurance are deposited immediately in the funds held for post-retirement insurance.
- c. For the post-retirement insurance, the premium charged against the contingent liability reserve is the amount necessary to support the cost of the insurance on a term basis. This cost of insurance includes the amount of the post-retirement death claims, pooled claim charges, company expense charges, and state premium taxes. The contingent liability reserve is decreased by this premium and is increased by the interest credited to the fund and the dividends from the experience of the pre-retirement plan.
- d. This plan is subject to potential anti-selection and volatility as new Employers enter the plan and provide initial guaranteed enrollment to employees.

Appendix D – Funding Arrangements

- C.4 Beginning in 2003, the claim liability of the plan is limited by pooling insurance amounts in excess of the specified pooling level. The pooling level for life insurance is \$500,000. The pooling level for accidental death and dismemberment insurance is \$500,000. There are currently no post retirement insurance amounts at this level, therefore, the pooling has not been applied to those coverages. Appendix F includes the pooled volume as of December 31, 2002.

Current estimated annual pooling charges based on December 21, 2001 census data:

	State	Local
Expected Pooled Claims	\$101,800	\$11,100
Risk Charge	9,100	1,000
Total Pool Charge	\$110,900	\$12,100

- C.5 The stop-loss provision described in Appendix D, Section I, Part A.3 places an aggregate limit on claim charges.
- C.6 The spouse and dependent plan is separate for experience rating.
- Premiums are reduced by death and living benefit claims, conversion charges, expense and risk charges, state administrative expenses, and charges for state premium taxes and federal income taxes. The total is increased by current year interest credits. The balance remaining is added to a stabilization reserve.
 - The stop-loss provision described in Appendix D, Section I, Part A.3 places an aggregate limit on claim charges.
 - This plan is subject to potential anti-selection and volatility as new Employers enter the plan and provide initial guaranteed enrollment to employees.

Appendix D – Funding Arrangements

IV. Disability Claim Reserves

A. Purpose

- A.1 Premiums are waived for disabled employees satisfying the policy's definition of total disability. (See Section 6 of policy.)

The full amount of insurance is maintained for a continuously disabled employee until the insurance reduction age, which is the later of the 65th birthday or termination of employment but in no event beyond the 70th birthday.

- A.2 The Insurer is liable for payment of death benefits for disabled employees. If a local government employer leaves the plan, the disabled employees of that employer remain with the plan.
- A.3 The Insurer establishes and holds disability claims reserves.

B. Reserve Determination

- B.1 The Reserve is calculated annually based upon a table of reserve factors as specified in agreement with the Insurer.
- B.2 If a disabled employee recovers, the claim reserve for that employee is released and credited to the plan.
- B.3 If a disabled employee dies, the reserve is released and credited to the plan, and the amount of the death claim is charged to the plan.
- B.4 Reserves are released and credited to the plan for all disabled employees who reach the insurance reduction age. At that time, the employees are assumed to retire, the normal insurance reduction schedule is implemented, and the responsibility for future claim liability is shifted to the contingent liability reserve and premium deposit fund.

- C. The total disability claim reserves held at the ends of recent years have been:

<u>Policy Year</u>	<u>State Plan</u>	<u>Local Government Plan</u>
1999	\$11,761,031	\$9,357,113
2000	12,475,222	10,443,382
2001	13,787,341	12,313,190

V. Premium Contributions

A. State Plan

- A.1 Historically, employee premium rates have been intended to pay the full cost of current year insurance under the basic and additional coverages, and to pay a portion of the cost of current year insurance under the supplemental coverage. The State premium contributions have been intended to accumulate the funds for future post-retirement insurance under the basic coverage and to pay the remaining portion of current year supplemental coverage.
- A.2 Effective March 1, 1995, the State's premium contributions were reallocated so that the State now pays a portion of the current year costs for both basic and supplemental coverages, as well as continuing to accumulate the funds for future post-retirement basic coverage. As part of this change, employee premium rates for basic and supplemental insurance coverages were made equal at all ages under 60. At ages 60-69, a five-year transition equalized the rates for the two coverages.
- A.3 Premium rates for basic, supplemental and additional insurance coverages are shown in the following tables. In the tables for basic and supplemental coverages, there are two columns of rates:

Employee - These are the premium rates paid by employees.

Total - These rates are the total of the employee and employer premium contributions.

The tables also show the employer premium contribution rates expressed as percentages of the employee premium rates. You will observe that the "Total" rates are equal to the "employee" rates increased by the percentages shown.

Appendix D – Funding Arrangements

		STATE PLAN											
		MONTHLY PREMIUMS PER \$1,000 OF INSURANCE											
		Jan. 99 - Feb. 99		Mar. 99 - Feb. 00		Mar. 00 - Feb. 01		Mar. 01 - Feb. 02		Mar. 02 - Feb. 03		Proposed March 2003	
	<u>Attained Age</u>	<u>Employee</u>	<u>Total</u>	<u>Employee</u>	<u>Total</u>	<u>Employee</u>	<u>Total</u>	<u>Employee</u>	<u>Total</u>	<u>Employee</u>	<u>Total</u>	<u>Current</u>	<u>Proposed</u>
	Under 30	\$.05	\$.0815	\$.05	\$.0815	\$.05	\$.0815	\$.05	\$.0815	\$.05	\$.0815	\$.05	\$.05
	30 - 34	.05	.0815	.05	.0815	.05	.0815	.05	.0815	.05	.0815	.05	.05
	35 - 39	.05	.0815	.05	.0815	.05	.0815	.05	.0815	.05	.0815	.05	.05
BASIC	40 - 44	.10	.1630	.09	.1467	.09	.1467	.09	.1467	.09	.1467	.09	.08
	45 - 49	.14	.2282	.13	.2119	.13	.2119	.13	.2119	.13	.2119	.13	.12
	50 - 54	.22	.3586	.20	.3260	.20	.3260	.20	.3260	.20	.3260	.20	.20
	55 - 59	.39	.6357	.36	.5868	.36	.5868	.36	.5868	.36	.5868	.36	.32
	60 - 64	.52	.8476	.44	.7172	.44	.7172	.44	.7172	.44	.7172	.44	.40
	65 - 69	.59	.9617	.59	.9617	.59	.9617	.59	.9617	.59	.9617	.59	.55
Employer Premium as Percent of Employee Premium			63%		63%		63%		63%		63%		
	Under 30	\$.05	\$.0675	\$.05	\$.0675	\$.05	\$.0675	\$.05	\$.0675	\$.05	\$.0675	\$.06	\$.06
	30 - 34	.05	.0675	.05	.0675	.05	.0675	.05	.0675	.05	.0675	.07	.07
	35 - 39	.05	.0675	.05	.0675	.05	.0675	.05	.0675	.05	.0675	.07	.07
SUPPLEMENTAL	40 - 44	.10	.1350	.09	.1215	.09	.1215	.09	.1215	.09	.1215	.12	.11
	45 - 49	.14	.1890	.13	.1755	.13	.1755	.13	.1755	.13	.1755	.18	.16
	50 - 54	.22	.2970	.20	.2700	.20	.2700	.20	.2700	.20	.2700	.27	.27
	55 - 59	.39	.5265	.36	.4860	.36	.4860	.36	.4860	.36	.4860	.48	.43
	60 - 64	.52	.7020	.44	.5940	.44	.5940	.44	.5940	.44	.5940	.59	.54
	65 - 69	.55	.7425	.59	.7965	.59	.7965	.59	.7965	.59	.7965	.80	.74
Employer Premium as Percent of Employee Premium			35%		35%		35%		35%		35%		

NOTE: Only the employee share of premiums is collected from annuitants. The employer does not pay a premium contribution for annuitants.

Appendix D – Funding Arrangements

STATE PLAN MONTHLY PREMIUMS PER \$1,000 OF INSURANCE

	Attained Age	Jan. 99 - Feb. 99	Mar. 99 - Feb. 00	Mar. 00 - Feb. 01	Mar. 01 - Feb. 02	Mar. 02 - Feb. 03	Proposed March 2003
		<u>Employee</u>	<u>Employee</u>	<u>Employee</u>	<u>Employee</u>	<u>Employee</u>	<u>Employee</u>
ADDITIONAL ⁽¹⁾	Under 30	\$.07	\$.06	\$.06	\$.06	\$.06	\$0.06
	30 - 34	.08	.07	.07	.07	.07	.07
	35 - 39	.08	.07	.07	.07	.07	.07
	40 - 44	.13	.12	.12	.12	.12	.11
	45 - 49	.20	.18	.18	.18	.18	.16
	50 - 54	.31	.27	.27	.27	.27	.27
	55 - 59	.53	.48	.48	.48	.48	.43
	60 - 64	.80	.59	.59	.59	.59	.54
	65 - 69	1.10	.80	.80	.80	.80	.74

Rates at Ages 70 and Over							
	Jan. 1999 – Feb. 1999	Mar. 1999 – Feb. 2003	Proposed March 2003		Jan. 1999 – Feb. 1999	Mar. 1999 – Feb. 2003	Proposed March 2003
Attained Age	Employee	Employee	Employee	Attained Age	Employee	Employee	Employee
70	\$1.60	\$1.25	\$1.05	80	\$4.40	\$4.15	\$3.25
71	1.80	1.50	1.20	81	4.85	4.60	3.55
72	2.00	1.75	1.35	82	5.35	5.10	3.85
73	2.20	2.00	1.55	83	5.85	5.60	4.30
74	2.45	2.25	1.75	84	6.40	6.15	4.75
75	2.70	2.50	1.95	85	6.95	6.75	5.20
76	2.95	2.75	2.15	86	7.55	7.40	5.65
77	3.25	3.05	2.35	87	8.15	8.10	6.10
78	3.60	3.40	2.65	88	8.85	8.80	6.75
79	4.00	3.75	2.95	89	9.65	9.60	7.40

(1) Employees pay the entire premium for additional insurance.

Appendix D – Funding Arrangements

B. Local Government Plan

- B.1 Historically, employee premium rates have been intended to pay the full cost of current year insurance under the basic and additional coverages, and to pay a portion of the cost of current year insurance under the supplemental coverage. Employer premium contributions have been intended to accumulate the funds for future post-retirement insurance under the basic coverage and to pay the remaining portion of current year supplemental coverage.
- B.2 Prior to July 1, 1995, a local government employer which offered supplemental insurance to its employees was required to pay at least 20% of the premium for this coverage. Employee premiums could not exceed 80% of the total premiums. Effective July 1, 1995, this requirement was eliminated. An employer is no longer required to contribute toward the cost of supplemental insurance.
- B.3 Effective April 1, 1995, the employee premium rates for all three coverages—basic, supplemental and additional—were made equal.
- B.4 Premium rates for basic, supplemental and additional insurance coverages are shown in the tables at the end of the section in the same format used for the State plan rate tables.

Appendix D – Funding Arrangements

LOCAL GOVERNMENT PLAN MONTHLY PREMIUMS PER \$1,000 OF INSURANCE

	Jan. 99 - Jun. 99			Jul. 99 – Feb. 00			Mar. 00 – Feb. 01			Mar. 01 – Feb. 02			Mar. 02 – Feb. 03		
	Employee	Total ⁽¹⁾		Employee	Total ⁽¹⁾		Employee	Total ⁽¹⁾		Employee	Total ⁽¹⁾		Employee	Total ⁽¹⁾	
Attained Age															
BASIC ⁽¹⁾															
Under 30	\$.06	\$.072	\$.090	\$.05	\$.060	\$.075	\$.05	\$.060	\$.075	\$.05	\$.060	\$.075	\$.05	\$.060	\$.075
30 - 34	.06	.072	.090	.06	.072	.090	.06	.072	.090	.06	.072	.090	.06	.072	.090
35 - 39	.07	.084	.105	.07	.084	.105	.07	.084	.105	.07	.084	.105	.07	.084	.105
40 - 44	.10	.120	.150	.10	.120	.150	.10	.120	.150	.10	.120	.150	.10	.120	.150
45 - 49	.17	.204	.255	.16	.192	.240	.16	.192	.240	.16	.192	.240	.16	.192	.240
50 - 54	.31	.372	.465	.30	.360	.450	.30	.360	.450	.30	.360	.450	.30	.360	.450
55 - 59	.53	.636	.795	.48	.576	.720	.48	.576	.720	.48	.576	.720	.48	.576	.720
60 - 64	.60	.720	.900	.53	.636	.795	.53	.636	.795	.53	.636	.795	.53	.636	.795
65 - 69	.60	.720	.900	.60	.720	.900	.60	.720	.900	.60	.720	.900	.60	.720	.900
Employer Premium as Percent of Employee Premium		20%	50%		20%	50%		20%	50%		20%	50%		20%	50%
SUPPLEMENTAL															
Under 30	\$.06	\$.06		\$.05	\$.05		\$.05	\$.05		\$.05	\$.05		\$.05	\$.05	
30 - 34	.06	.06		.06	.06		.06	.06		.06	.06		.06	.06	
35 - 39	.07	.07		.07	.07		.07	.07		.07	.07		.07	.07	
40 - 44	.10	.10		.10	.10		.10	.10		.10	.10		.10	.10	
45 - 49	.17	.17		.16	.16		.16	.16		.16	.16		.16	.16	
50 - 54	.31	.31		.30	.30		.30	.30		.30	.30		.30	.30	
55 - 59	.53	.53		.48	.48		.48	.48		.48	.48		.48	.48	
60 - 64	.60	.60		.53	.53		.53	.53		.53	.53		.53	.53	
65 - 69	.60	.60		.60	.60		.60	.60		.60	.60		.60	.60	
Employer Premium as Percent of Employee Premium		0%			0%			0%			0%			0%	

⁽¹⁾ The two “Total” columns for basic insurance represent the rates for the 25% post-retirement benefit and for the 50% post-retirement benefit, respectively.

NOTE: Only the employee share of premiums is collected from annuitants. The employer does not pay a premium contribution for annuitants.

LOCAL GOVERNMENT PLAN
MONTHLY PREMIUMS PER \$1,000 OF INSURANCE

	Attained Age	Jan. 99 - Jun. 99	Jul. 99 – Feb. 00	Mar. 00 – Feb. 01	Mar 01 – Feb. 02	Mar. 02 – Feb. 03
		<u>Employee</u>	<u>Employee</u>	<u>Employee</u>	<u>Employee</u>	<u>Employee</u>
ADDITIONAL ⁽¹⁾	Under 30	\$.06	\$.05	\$.05	\$.05	\$.05
	30 – 34	.06	.06	.06	.06	.06
	35 - 39	.07	.07	.07	.07	.07
	40 - 44	.10	.10	.10	.10	.10
	45 - 49	.17	.16	.16	.16	.16
	50 - 54	.31	.30	.30	.30	.30
	55 - 59	.53	.48	.48	.48	.48
	60 - 64	.60	.53	.53	.53	.53
	65 - 69	.60	.60	.60	.60	.60

Rates at Ages 70 and Over							
	Jan. 99 – Jun. 99	Jul. 99 – Jun. 03	July 2003		Jan. 99 – Jun. 99	Jul. 99 – Jun. 03	July 2003
Attained Age	Employee			Attained Age	Employee		
70	1.60	1.25	1.05	80	4.40	4.15	3.25
71	1.80	1.50	1.20	81	4.85	4.60	3.55
72	2.00	1.75	1.35	82	5.35	5.10	3.85
73	2.20	2.00	1.55	83	5.85	5.60	4.30
74	2.45	2.25	1.75	84	6.40	6.15	4.75
75	2.70	2.50	1.95	85	6.95	6.75	5.20
76	2.95	2.75	2.15	86	7.55	7.40	5.65
77	3.25	3.05	2.35	87	8.15	8.10	6.10
78	3.60	3.40	2.65	88	8.85	8.80	6.75
79	4.00	3.75	2.95	89	9.65	9.60	7.40

(1) Employees pay the entire premium for additional insurance.

VI. Termination Provisions

- A. Liabilities Retained by Insurer
 - A.1 The Insurer retains liability for life insurance for all retired employees beyond the retirement benefit age on date of termination.
 - A.2 The Insurer retains liability for life insurance for all disabled employees under retirement benefit age on date of termination. This liability includes the post-retirement benefit on basic insurance coverage.
- B. Allocation of Plan Reserves
 - B.1 Post-retirement reserves for employee insurance and stabilization reserves for spouse and dependent insurance are combined.
 - B.2 The Insurer retains sufficient reserves to fund retained liabilities described in item A above.
 - B.3 Remaining unallocated reserve is repaid to the GIB in installments as described in item D below.
- C. Experience Accounting for Retained Reserves
 - C.1 The GIB and the Insurer will agree upon one of the following bases for determining the actuarial assumptions for retained reserves:
 - a. Assumptions agreed upon by the GIB, the GIB's independent actuary and the Insurer.
 - b. Assumptions determined by the Insurer.
 - C.2 Experience among retired and disabled employees will be analyzed annually, including claims, expense charges, interest credits and charges, and changes in required reserves.
 - C.3 If credits exceed charges, the excess will be paid to the GIB as a dividend.
 - C.4 If charges exceed credits:
 - a. If actuarial assumptions were agreed upon by the GIB, the GIB's independent actuary and the Insurer, then the GIB will pay the excess to the Insurer as a premium.
 - b. If the Insurer determined the actuarial assumptions, then the excess will be carried forward with interest as a deficit to be recovered in future years.

Appendix D – Funding Arrangements

D. Distribution of Unallocated Reserve

- D.1 Unallocated reserve will be paid to the GIB in 84 monthly payments plus a final payment.
- D.2 Each monthly payment will reflect investment cash flow including principal and interest payments.

Appendix E – Statistical Information

I. State Plan for Active and Retired Employees, Spouses and Dependents

A.1 Basic Insurance on active employees as of December 31, 2002:

Attained Age	Amount of Insurance (000's omitted)		Attained Age	Amount of Insurance (000's omitted)	
	Males	Females		Males	Females
17	0	0	44	35,501	31,334
18	0	0	45	37,300	35,760
19	48	90	46	35,632	35,200
20	743	589	47	41,480	37,118
21	1,177	1,245	48	46,233	40,202
22	1,800	1,899	49	44,982	38,515
23	2,732	3,847	50	49,797	39,970
24	4,115	5,838	51	51,457	44,495
25	5,819	7,745	52	52,243	39,662
26	7,127	9,098	53	51,931	41,203
27	8,490	10,883	54	54,912	40,587
28	10,273	10,805	55	58,726	36,315
29	10,612	13,149	56	47,720	28,201
30	11,177	13,487	57	35,092	23,243
31	15,432	16,178	58	31,752	17,838
32	17,614	17,545	59	29,911	15,798
33	19,522	17,882	60	27,149	14,093
34	19,710	18,640	61	20,024	10,642
35	19,829	19,576	62	17,492	9,109
36	21,259	19,558	63	12,701	5,157
37	20,746	21,906	64	11,374	4,256
38	22,195	23,028	65	7,702	3,095
39	26,625	25,198	66	5,260	1,267
40	27,469	24,466	67	4,737	1,496
41	29,002	27,485	68	2,813	1,036
42	31,310	33,518	69	2,156	946
43	33,9112	32,957			
TOTALS				\$1,184,815	\$973,150

Appendix E – Statistical Information

A.2 Supplemental Insurance on active employees as of December 31, 2002:

Attained Age	Amount of Insurance (000's omitted)		Attained Age	Amount of Insurance (000's omitted)	
	Males	Females		Males	Females
17	0	0	44	28,456	22,099
18	0	0	45	30,469	26,030
19	48	33	46	29,729	25,105
20	384	352	47	33,645	27,019
21	662	562	48	38,573	30,117
22	1,018	1,287	49	38,221	28,392
23	1,700	1,829	50	41,026	30,281
24	2,512	2,972	51	42,032	34,043
25	3,184	4,298	52	43,652	29,764
26	4,457	5,341	53	43,334	29,803
27	5,042	6,340	54	46,133	29,904
28	6,159	6,663	55	50,060	25,868
29	6,744	8,211	56	39,412	19,375
30	6,947	8,007	57	29,749	14,664
31	10,507	10,413	58	25,767	11,869
32	12,812	11,007	59	24,477	10,523
33	13,315	11,264	60	22,193	9,247
34	13,808	11,262	61	17,119	6,502
35	13,615	12,431	62	14,090	5,443
36	15,187	12,725	63	10,195	3,067
37	15,239	14,234	64	9,633	2,536
38	16,806	15,038	65	6,110	1,943
39	20,029	16,749	66	3,886	949
40	21,206	16,954	67	4,028	804
41	22,375	18,997	68	2,431	633
42	24,562	23,195	69	1,758	529
43	26,604	23,806			
TOTALS				\$941,100	\$670,479

Appendix E – Statistical Information

A.3

a. Additional Insurance on active employees as of December 31, 2002:

Attained Age	Amount of Insurance (000's omitted)		Attained Age	Amount of Insurance (000's omitted)	
	Males	Females		Males	Females
17	0	0	44	36,458	29,799
18	0	0	45	35,651	27,891
19	96	66	46	37,481	25,336
20	685	692	47	36,976	28,176
21	1,262	910	48	40,506	27,751
22	1,606	2,211	49	38,556	26,671
23	2,631	2,853	50	44,679	26,651
24	3,811	4,045	51	45,236	27,166
25	5,140	6,827	52	38,588	23,399
26	6,699	8,389	53	40,079	21,746
27	7,314	9,401	54	42,897	20,712
28	10,403	10,168	55	37,206	17,725
29	9,972	11,630	56	32,948	14,305
30	10,221	12,761	57	17,820	9,177
31	16,785	16,236	58	18,380	6,157
32	20,824	16,329	59	12,195	5,094
33	19,723	16,830	60	9,907	3,222
34	21,302	17,611	61	9,123	3,223
35	21,787	18,135	62	6,436	2,131
36	24,600	19,037	63	5,342	1,281
37	25,247	20,520	64	2,448	1,446
38	25,696	21,268	65	1,503	536
39	31,560	22,671	66	1,567	296
40	31,267	22,529	67	445	68
41	34,246	23,218	68	1,137	146
42	36,380	28,680	69	222	31
43	36,551	28,401			
TOTALS				\$999,594	\$691,554

b. Additional Insurance on Lives ages 70 and Over (State Plan Only)

Attained Age	VOLUME OF INSURANCE			ANNUAL PREMIUM
	Male	Female	Total	
70	0	0	0	0
71	163,000	6,000	169,000	3,042
72	118,000	0	118,000	2,478
73	0	0	0	0
74	0	0	0	0
75	40,000	0	40,000	1,200
76	87,000	0	87,000	2,871
77	0	0	0	0
78	107,000	0	107,000	4366
79	0	0	0	0
80	24,000	0	24,000	1,195
TOTAL	\$539,000	\$6,000	\$545,000	\$15,152

Appendix E – Statistical Information

A.4 Insurance and Premium Summary on active employees as of December 31, 2002:

a. Basic Insurance

Attained Age	AMOUNT of INSURANCE (000's omitted)		
	Males	Females	Total
Under 30	52,936	65,188	118,124
30 - 34	83,445	83,732	167,187
35 - 39	110,654	109,266	219,920
40 - 44	157,194	149,760	306,954
45 - 49	205,627	186,785	392,422
50 - 54	260,340	205,917	466,257
55 - 59	203,201	121,395	324,596
60 - 64	88,740	43,257	131,997
65 - 69	22,668	7,840	30,508
TOTAL	\$1,184,815	\$973,150	\$2,157,965

Attained Age	ANNUAL Premium		
	Employees	State	Total
Under 30	70,874	44,651	115,525
30 - 34	100,312	63,197	163,509
35 - 39	131,952	83,130	215,082
40 - 44	331,510	208,852	540,362
45 - 49	612,178	385,672	997,851
50 - 54	1,119,017	704,981	1,823,997
55 - 59	1,402,255	883,420	2,285,675
60 - 64	696,944	439,075	1,136,019
65 - 69	215,997	136,078	352,075
TOTAL	\$4,681,039	\$2,949,055	\$7,630,094

Appendix E – Statistical Information

b. Supplemental Insurance

Attained Age	AMOUNT of INSURANCE (000's omitted)		
	Males	Females	Total
Under 30	31,910	37,888	69,798
30 - 34	57,389	51,953	109,342
35 - 39	80,876	71,177	152,053
40 - 44	123,203	105,051	228,254
45 - 49	170,637	136,663	307,300
50 - 54	216,177	153,795	369,972
55 - 59	169,465	82,299	251,764
60 - 64	73,230	26,795	100,025
65 - 69	18,213	4,858	23,071
TOTAL	\$941,100	\$670,479	\$1,611,579

Attained Age	ANNUAL Premium		
	Employees	State	Total
Under 30	41,879	14,658	56,536
30 - 34	65,605	22,962	88,567
35 - 39	91,232	31,931	123,163
40 - 44	246,514	86,280	332,794
45 - 49	479,388	167,786	647,174
50 - 54	887,933	310,776	1,198,709
55 - 59	1,087,620	380,667	1,468,288
60 - 64	528,132	184,846	712,978
65 - 69	163,343	57,170	220,513
TOTAL	\$3,591,646	\$1,257,076	\$4,848,722

Appendix E – Statistical Information

c. Additional Insurance

Attained Age	AMOUNT of INSURANCE (000's omitted)		
	Males	Females	Total
Under 30	49,619	57,192	106,811
30 - 34	88,855	79,767	168,622
35 - 39	128,890	101,631	230,521
40 - 44	174,902	132,627	307,529
45 - 49	189,170	135,825	324,995
50 - 54	211,479	119,674	331,153
55 - 59	118,549	52,458	171,007
60 - 64	33,256	11,303	44,559
65 - 69	4,874	1,077	5,951
TOTAL	\$999,594	\$691,554	\$1,691,148

Attained Age	ANNUAL Premium		
	Employees	State	Total
Under 30	76,904	0	76,904
30 - 34	141,642	0	141,642
35 - 39	193,638	0	193,638
40 - 44	442,842	0	442,842
45 - 49	701,989	0	701,989
50 - 54	1,072,936	0	1,072,936
55 - 59	985,000	0	985,000
60 - 64	315,478	0	315,478
65 - 69	57,130	0	57,130
TOTAL	\$3,987,558	\$0	\$3,987,558

Appendix E – Statistical Information

d. Total Employee Plan

Attained Age	AMOUNT of INSURANCE (000's omitted)		
	Males	Females	Total
Under 30	134,465	160,268	294,733
30 - 34	229,699	215,452	445,151
35 - 39	320,420	282,074	602,494
40 - 44	455,299	387,438	842,737
45 - 49	565,434	459,283	1,024,717
50 - 54	687,996	479,386	1,167,382
55 - 59	491,215	256,152	747,367
60 - 64	195,226	81,355	276,581
65 - 69	45,755	13,775	59,530
TOTAL	\$3,125,509	\$2,335,183	\$5,460,692

Attained Age	ANNUAL Premium		
	Employees	State	Total
Under 30	189,657	59,308	248,965
30 - 34	307,560	86,159	393,718
35 - 39	416,821	115,061	531,882
40 - 44	1,020,866	295,132	1,315,998
45 - 49	1,793,556	553,458	2,347,014
50 - 54	3,079,885	1,015,757	4,095,642
55 - 59	3,474,876	1,264,088	4,738,963
60 - 64	1,540,554	623,921	2,164,475
65 - 69	436,469	193,248	629,717
TOTAL	\$12,260,244	\$4,206,131	\$16,466,375

Appendix E – Statistical Information

A.5 Basic Insurance on annuitants as of December 31, 2002 (breakdown by sex is unavailable):

Attained Age	Amount of Insurance (000's omitted)	Attained Age	Amount of Insurance (000's omitted)
17	0	44	41
18	0	45	108
19	0	46	95
20	0	47	261
21	0	48	384
22	0	49	248
23	0	50	720
24	0	51	1,153
25	0	52	1,042
26	0	53	1,980
27	0	54	2,414
28	0	55	8,088
29	0	56	13,570
30	0	57	14,659
31	0	58	22,291
32	0	59	27,437
33	0	60	27,701
34	0	61	27,515
35	0	62	25,918
36	0	63	29,301
37	0	64	31,184
38	0	65	0
39	0	66	0
40	0	67	0
41	0	68	0
42	0	69	0
43	25		
TOTALS			\$236,135

Appendix E – Statistical Information

A.6 Supplemental Insurance on annuitants as of December 31, 2002:

Attained Age	Amount of Insurance (000's omitted)	Attained Age	Amount of Insurance (000's omitted)
17	0	44	41
18	0	45	108
19	0	46	47
20	0	47	234
21	0	48	384
22	0	49	219
23	0	50	473
24	0	51	793
25	0	52	886
26	0	53	1,433
27	0	54	2,184
28	0	55	6,314
29	0	56	9,702
30	0	57	10,146
31	0	58	15,662
32	0	59	18,345
33	0	60	19,062
34	0	61	19,768
35	0	62	17,839
36	0	63	20,147
37	0	64	21,658
38	0	65	0
39	0	66	0
40	0	67	0
41	0	68	0
42	0	69	0
43	25		
TOTALS			\$165,470

Appendix E – Statistical Information

A.7 Additional Insurance on annuitants as of December 31, 2002:

Attained Age	Amount of Insurance (000's omitted)	Attained Age	Amount of Insurance (000's omitted)
17	0	44	0
18	0	45	130
19	0	46	141
20	0	47	342
21	0	48	212
22	0	49	114
23	0	50	508
24	0	51	506
25	0	52	1,002
26	0	53	1,220
27	0	54	1,410
28	0	55	3,947
29	0	56	5,404
30	0	57	5,349
31	0	58	7,277
32	0	59	7,824
33	0	60	6,407
34	0	61	7,131
35	0	62	5,734
36	0	63	5,242
37	0	64	5,387
38	0	65	0
39	0	66	0
40	0	67	0
41	0	68	0
42	0	69	0
43	75		
TOTALS			\$65,362

Appendix E – Statistical Information

A.8 Annuitant Insurance and Premium Summary

Attained Age	AMOUNT of INSURANCE (000's omitted)			
	Basic	Supplemental	Additional	Total
Under 30	0	0	0	0
30 - 34	0	0	0	0
35 - 39	0	0	0	0
40 - 44	66	66	75	207
45 - 49	1,096	992	939	3,027
50 - 54	7,309	5,769	4,646	17,724
55 - 59	86,045	60,169	29,801	176,015
60 - 64	141,619	98,474	29,901	269,994
65 - 69	0	0	0	0
TOTAL	\$236,135	\$165,470	\$65,362	\$466,967

Attained Age	ANNUAL PREMIUM (1)			
	Basic	Supplemental	Additional	Total
Under 30	0	0	0	0
30 - 34	0	0	0	0
35 - 39	0	0	0	0
40 - 44	71	71	108	251
45 - 49	1,710	1,548	2,028	5,286
50 - 54	17,542	13,846	15,053	46,440
55 - 59	371,714	259,930	171,654	803,298
60 - 64	747,748	519,943	211,699	1,479,390
65 - 69	0	0	0	0
TOTAL	\$1,138,785	\$795,337	\$400,542	\$2,334,665

(1) These are employee premiums only. The State does not make premium contributions for annuitants.

Appendix E – Statistical Information

A.9 Basic Insurance on disabled lives as of December 31, 2002 (breakdown by sex is unavailable):

Attained Age	Amount of Insurance (000's omitted)	Attained Age	Amount of Insurance (000's omitted)
17	0	44	531
18	0	45	425
19	0	46	546
20	0	47	659
21	0	48	703
22	0	49	1,059
23	0	50	1,066
24	0	51	1,393
25	0	52	1,220
26	0	53	1,606
27	0	54	1,354
28	0	55	1,403
29	30	56	1,444
30	0	57	1,238
31	0	58	1,567
32	127	59	1,758
33	0	60	1,591
34	0	61	1,198
35	0	62	1,637
36	113	63	1,149
37	46	64	892
38	138	65	0
39	81	66	0
40	68	67	0
41	243	68	0
42	342	69	0
43	529		
TOTALS			\$26,156

Appendix E – Statistical Information

A.10 Supplemental Insurance on Disabled Lives as of December 31, 2002

Attained Age	Amount of Insurance (000's omitted)	Attained Age	Amount of Insurance (000's omitted)
17	0	44	441
18	0	45	293
19	0	46	339
20	0	47	463
21	0	48	569
22	0	49	927
23	0	50	726
24	0	51	1,034
25	0	52	1,041
26	0	53	1,262
27	0	54	1,036
28	0	55	1,054
29	30	56	1,111
30	0	57	1,057
31	0	58	1,193
32	57	59	1,462
33	0	60	1,162
34	0	61	1,036
35	0	62	1,196
36	63	63	729
37	46	64	563
38	138	65	0
39	58	66	0
40	41	67	0
41	243	68	0
42	266	69	0
43	349		
TOTALS			\$19,985

Appendix E – Statistical Information

A.11 Additional Insurance on Disabled Lives as of December 31, 2002

Attained Age	Amount of Insurance (000's omitted)	Attained Age	Amount of Insurance (000's omitted)
17	0	44	433
18	0	45	258
19	0	46	268
20	0	47	440
21	0	48	375
22	0	49	837
23	0	50	573
24	0	51	794
25	0	52	1,059
26	0	53	982
27	0	54	690
28	0	55	968
29	30	56	788
30	0	57	498
31	0	58	592
32	31	59	1,052
33	0	60	712
34	0	61	427
35	0	62	414
36	26	63	384
37	66	64	253
38	64	65	0
39	23	66	0
40	83	67	0
41	443	68	0
42	263	69	0
43	365		
TOTALS			\$14,191

Appendix E – Statistical Information

A.12 Disabled Lives Insurance Summary

Attained Age	AMOUNT of INSURANCE (000's omitted)			
	Basic	Supplemental	Additional	Total
Under 30	30	30	30	90
30 - 34	127	57	31	215
35 - 39	378	305	179	862
40 - 44	1,713	1,340	1,587	4,640
45 - 49	3,392	2,591	2,178	8,161
50 - 54	6,639	5,099	4,098	15,836
55 - 59	7,410	5,877	3,898	17,185
60 - 64	6,467	4,686	2,190	13,343
65 - 69	0	0	0	0
TOTAL	\$26,156	\$19,985	\$14,191	\$60,332

Appendix E – Statistical Information

A.13 Basic Insurance Premium summary for active and annuitant lives:

Attained Age	ANNUAL PREMIUM		
	Employees	State	Total
Under 30	70,874	44,651	115,525
30 - 34	100,312	63,197	163,509
35 - 39	131,952	83,130	215,082
40 - 44	331,582	208,852	540,433
45 - 49	613,888	385,672	999,560
50 - 54	1,136,558	704,981	1,841,539
55 - 59	1,773,969	883,420	2,657,390
60 - 64	1,444,692	439,075	1,883,767
65 - 69	215,997	136,078	352,075
TOTAL	\$5,819,825	\$2,949,055	\$8,768,880

A.14 Supplemental Insurance Premium summary for active and annuitant lives:

Attained Age	ANNUAL PREMIUM		
	Employees	State	Total
Under 30	41,879	14,658	56,536
30 - 34	65,605	22,962	88,567
35 - 39	91,232	31,931	123,163
40 - 44	246,586	86,280	332,866
45 - 49	480,936	167,786	648,721
50 - 54	901,778	310,776	1,212,555
55 - 59	1,347,551	380,667	1,728,218
60 - 64	1,048,075	184,846	1,232,921
65 - 69	163,343	57,170	220,513
TOTAL	\$4,386,983	\$1,257,076	\$5,644,059

Appendix E – Statistical Information

A.15 Additional Insurance Premium summary for active and annuitant lives:

Attained Age	ANNUAL PREMIUM		
	Employees	State	Total
Under 30	76,904	0	76,904
30 - 34	141,642	0	141,642
35 - 39	193,638	0	193,638
40 - 44	442,950	0	442,950
45 - 49	704,017	0	704,017
50 - 54	1,087,989	0	1,087,989
55 - 59	1,156,654	0	1,156,654
60 - 64	527,177	0	527,177
65 - 69	57,130	0	57,130
TOTAL	\$4,388,100	\$0	\$4,388,100

A.16 Total Employee Plan Premium summary for active and annuitant lives:

Attained Age	ANNUAL PREMIUM		
	Employees	State	Total
Under 30	189,657	59,308	248,965
30 - 34	307,560	86,159	393,718
35 - 39	416,821	115,061	531,882
40 - 44	1,021,117	295,132	1,316,248
45 - 49	1,798,841	553,458	2,352,299
50 - 54	3,126,326	1,015,757	4,142,083
55 - 59	4,278,174	1,264,088	5,542,261
60 - 64	3,019,944	623,921	3,643,865
65 - 69	436,469	193,248	629,717
TOTAL	\$14,594,909	\$4,206,131	\$18,801,040

Appendix E – Statistical Information

B.1 Insurance on retired employees as of December 31, 2002:

Attained Age	Amount of Insurance	Attained Age	Amount of Insurance
65	25,259,250	85	2,716,500
66	15,645,000	86	2,447,500
67	15,384,000	87	1,613,500
68	14,630,000	88	1,663,000
69	13,688,500	89	1,025,500
70	14,698,000	90	1,044,500
71	14,494,000	91	685,000
72	13,960,500	92	490,000
73	13,131,000	93	271,000
74	10,693,500	94	292,500
75	11,146,500	95	150,000
76	10,170,500	96	154,500
77	8,760,500	97	61,500
78	8,608,500	98	40,000
79	6,286,500	99	30,000
80	6,266,000	100	32,000
81	5,661,000	101	6,000
82	5,502,000	102	5,500
83	3,811,500	103	2,500
84	3,631,500	104	0
		105	0
TOTAL			\$234,159,250

C.1 Insurance on spouse and dependent plan as of December 31, 2002

7,373 Employee family units with one unit of coverage
 17,621 Employee family units with two units of coverage

Appendix E – Statistical Information

D.1 Pre-Retirement Insurance: Prior Experience

	1997	1998	1999	2000	2001
<u>Premiums:</u>					
Employee	\$8,946,462	\$10,102,741	\$10,249,171	\$10,944,386	\$12,057,622
State	3,060,888	3,206,029	3,159,912	3,259,517	3,503,137
TOTAL	\$12,007,350	\$13,308,770	\$13,409,083	\$14,203,903	\$15,560,759
<u>Claims:</u>					
<u>Death:</u>					
Basic	\$3,828,800	\$4,331,889	\$5,219,004	\$3,932,544	\$4,720,111
Supplemental	2,616,528	3,559,815	3,961,645	3,072,507	3,692,300
Additional	972,600	2,558,095	2,238,767	2,298,650	2,430,032
<u>AD&D:</u>					
Basic	156,301	430,188	434,375	338,582	253,679
Supplemental	123,265	385,050	406,385	218,465	115,134
Additional	37,410	401,112	326,210	181,874	100,402
<u>Living Benefits:</u>					
Basic	70,000	43,000	30,000	34,000	142,000
Supplemental	45,000	43,000	25,000	34,000	143,000
Additional	0	34,000	0	89,000	54,000
<u>Disability: (1)</u>					
Basic	355,000	2,230,000	1,201,000	1,127,000	1,722,000
Supplemental	356,500	1,789,000	224,000	1,079,000	1,285,500
Additional	625,000	2,243,000	1,497,000	1,530,000	2,722,000
TOTAL	\$9,186,404	\$18,048,149	\$15,563,386	\$13,935,622	\$17,380,158
Insurance Converted	\$240,000	\$350,000	\$247,000	\$90,000	\$30,000
State Internal Admin. Expense	\$133,276	\$137,490	\$0	\$38,008	\$107,850

D.2 Post-Retirement insurance: Prior Experience

	1997	1998	1999	2000	2001
Death Claims	\$4,527,978	\$5,146,711	\$5,990,105	\$6,183,157	\$6,156,890
Living Benefits	1,750	21,000	22,250	9,000	22,500

Appendix E – Statistical Information

D.3 Spouse and Dependent Insurance: Prior Experience

	1997	1998	1999	2000	2001
Premiums	\$1,148,383	\$1,169,551	\$1,184,785	\$1,201,825	\$1,227,716
Death Claims	\$882,263	\$1,098,067	\$1,212,835	\$959,803	\$1,017,237
Living Benefits	\$0	\$0	\$0	\$0	\$0
Insurance Converted	\$302,000	\$302,000	\$211,000	\$187,000	\$0
State Internal Admin. Expense	\$5,185	\$32,981	\$0	\$0	\$22,050

- (1) *Net increase in the face amount of insurance continued under the waiver of premium benefit. The net increase includes the newly approved disability face amounts reduced by face amounts on recovered employees, on death claims paid for disabled employees, and on attainment of age 65. The charge against premium income in determining dividends for the policy year is based on the reserve for the waiver of premium disability benefit which is, of course, less than the face amount of insurance.*
- (2) *Premium and claim amounts reflect the current premium of \$2.50 monthly and the current benefit levels of \$10,000 for spouse and \$5,000 for dependent children, all per unit of coverage.*

Appendix E – Statistical Information

II. Local Government Plan for Active and Retired Employees, Spouses and Dependents (statistics by sex are not available)

A.1 Basic Insurance on active employees as of December 31, 2002

a. 25% Post-Retirement Insurance Plan

Attained Age	Amount of Insurance (000's omitted)	Attained Age	Amount of Insurance (000's omitted)
17	13	44	89,819
18	88	45	93,802
19	423	46	95,893
20	1,281	47	96,611
21	2,611	48	99,440
22	4,700	49	101,118
23	8,177	50	108,273
24	16,026	51	112,546
25	27,095	52	106,474
26	30,417	53	103,400
27	32,836	54	101,178
28	39,544	55	89,728
29	40,992	56	69,420
30	44,557	57	48,364
31	51,799	58	42,674
32	60,847	59	38,362
33	56,354	60	29,872
34	57,992	61	23,462
35	58,916	62	16,191
36	65,702	63	12,242
37	71,371	64	10,442
38	69,530	65	4,999
39	72,357	66	3,314
40	76,752	67	2,308
41	79,883	68	2,140
42	83,035	69	1,033
43	86,847		
TOTALS			\$2,643,250

Appendix E – Statistical Information

b. 50% Post-Retirement Insurance Plan

Attained Age	Amount of Insurance (000's omitted)	Attained Age	Amount of Insurance (000's omitted)
17	0	44	6,819
18	13	45	7,259
19	0	46	6,263
20	55	47	6,940
21	126	48	7,009
22	384	49	6,973
23	718	50	9,056
24	962	51	8,907
25	960	52	8,620
26	1,125	53	8,221
27	1,671	54	8,266
28	2,195	55	8,743
29	2,087	56	7,679
30	2,396	57	4,807
31	3,356	58	4,249
32	3,450	59	3,792
33	3,072	60	2,864
34	3,225	61	2,683
35	4,780	62	1,993
36	4,040	63	1,026
37	4,055	64	1,420
38	4,462	65	287
39	4,806	66	511
40	5,601	67	433
41	5,325	68	85
42	5,286	69	109
43	6,534		
TOTALS			\$195,698

Appendix E – Statistical Information

A.2 Supplemental Insurance on active employees as of December 31, 2002

Attained Age	Amount of Insurance (000's omitted)	Attained Age	Amount of Insurance (000's omitted)
17	0	44	24,144
18	15	45	24,176
19	29	46	24,264
20	230	47	22,131
21	561	48	24,172
22	1,238	49	23,661
23	2,105	50	23,992
24	3,963	51	24,815
25	6,723	52	22,416
26	7,239	53	20,517
27	7,489	54	18,152
28	10,490	55	15,902
29	10,850	56	11,596
30	12,575	57	8,304
31	13,843	58	7,189
32	16,867	59	4,858
33	15,285	60	4,025
34	15,989	61	3,121
35	17,881	62	2,121
36	18,136	63	1,199
37	20,799	64	1,406
38	19,991	65	601
39	20,043	66	382
40	20,026	67	140
41	22,226	68	273
42	23,100	69	163
43	23,759		
TOTALS			\$625,172

Appendix E – Statistical Information

A.3 Additional Insurance on active employees as of December 31, 2002

Attained Age	Amount of Insurance (000's omitted)	Attained Age	Amount of Insurance (000's omitted)
17	7	44	81,589
18	57	45	81,981
19	135	46	80,039
20	689	47	73,802
21	1,697	48	75,013
22	3,281	49	75,513
23	6,584	50	73,360
24	12,964	51	75,395
25	21,477	52	64,469
26	25,885	53	59,260
27	27,423	54	52,570
28	34,106	55	41,190
29	33,743	56	32,991
30	44,489	57	22,157
31	46,664	58	18,568
32	58,934	59	14,347
33	55,701	60	10,662
34	54,817	61	9,488
35	61,314	62	5,837
36	65,749	63	4,297
37	71,046	64	3,280
38	72,478	65	1,489
39	69,440	66	1,127
40	72,707	67	879
41	79,234	68	728
42	76,424	69	401
43	80,064		
TOTALS			\$2,037,541

Appendix E – Statistical Information

A.4 Insurance and Premium Summary

a. Basic Insurance

i. 25% Post-Retirement Insurance Plan

Attained Age	Amount of Insurance (000's omitted)	Annual Premium		
		Employees	Employer	Total
Under 30	204,203	122,522	24,504	147,026
30 - 34	271,549	195,515	39,103	234,618
35 - 39	337,876	283,816	56,763	340,579
40 - 44	416,336	499,603	99,921	599,524
45 - 49	486,864	934,779	186,956	1,121,735
50 - 54	531,871	1,914,736	382,947	2,297,683
55 - 59	288,548	1,662,036	332,407	1,994,444
60 - 64	92,209	586,449	117,290	703,739
65 - 69	13,794	99,317	19,863	119,180
Total	\$2,643,250	\$6,298,773	\$1,259,755	\$7,558,528

ii. 50% Post-Retirement Insurance Plan

Attained Age	Amount of Insurance (000's omitted)	Annual Premium		
		Employees	Employer	Total
Under 30	10,296	6,178	3,089	9,266
30 - 34	15,499	11,159	5,580	16,739
35 - 39	22,143	18,600	9,300	27,900
40 - 44	29,565	35,478	17,739	53,217
45 - 49	34,444	66,132	33,066	99,199
50 - 54	43,070	155,052	77,526	232,578
55 - 59	29,270	168,595	84,298	252,893
60 - 64	9,986	63,511	31,755	95,266
65 - 69	1,425	10,260	5,130	15,390
Total	\$195,698	\$534,966	\$267,483	\$802,448

Appendix E – Statistical Information

iii. Total Basic Insurance

Attained Age	Amount of Insurance (000's omitted)	Annual Premium		
		Employees	Employer	Total
Under 30	214,499	128,699	27,593	156,293
30 – 34	287,048	206,675	44,683	251,357
35 - 39	360,019	302,416	66,063	368,479
40 - 44	445,901	535,081	117,660	652,741
45 - 49	521,308	1,000,911	220,022	1,220,933
50 - 54	574,941	2,069,788	460,473	2,530,261
55 - 59	317,818	1,830,632	416,705	2,247,337
60 - 64	102,195	649,960	149,045	799,006
65 - 69	15,219	109,577	24,993	134,570
Total	\$2,838,948	\$6,833,739	\$1,527,237	\$8,360,976

b. Supplemental Insurance

Attained Age	Amount of Insurance (000's omitted)	Annual Premium		
		Employees	Employer	Total
Under 30	50,932	30,559	0	30,559
30 – 34	74,559	53,682	0	53,682
35 – 39	96,850	81,354	0	81,354
40 – 44	113,255	135,906	0	135,906
45 - 49	118,404	227,336	0	227,336
50 - 54	109,892	395,611	0	395,611
55 - 59	47,849	275,610	0	275,610
60 - 64	11,872	75,506	0	75,506
65 - 69	1,559	11,255	0	11,255
Total	\$625,172	\$1,286,790	\$0	\$1,286,790

Appendix E – Statistical Information

c. Additional Insurance

Attained Age	Amount of Insurance (000's omitted)	Annual Premium		
		Employees	Employer	Total
Under 30	168,048	100,829	0	100,829
30 - 34	260,605	187,636	0	187,636
35 - 39	340,027	285,623	0	285,623
40 - 44	390,018	468,022	0	468,022
45 - 49	386,348	741,788	0	741,788
50 - 54	325,054	1,170,194	0	1,170,194
55 - 59	129,253	744,497	0	744,497
60 - 64	33,564	213,467	0	213,467
65 - 69	4,624	33,293	0	33,293
Total	\$2,037,541	\$3,945,348	\$0	\$3,945,348

d Total Employee Plan

Attained Age	Amount of Insurance (000's omitted)	Annual Premium		
		Employees	Employer	Total
Under 30	433,479	260,087	27,593	287,681
30 - 34	622,212	447,993	44,683	492,675
35 - 39	796,896	669,393	66,063	735,456
40 - 44	949,174	1,139,009	117,660	1,256,668
45 - 49	1,026,060	1,970,035	220,022	2,190,057
50 - 54	1,009,887	3,635,593	460,473	4,096,066
55 - 59	494,920	2,850,739	416,705	3,267,444
60 - 64	147,631	938,933	149,045	1,087,978
65 - 69	21,402	154,094	24,993	179,088
Total	\$5,501,661	\$12,065,877	\$1,527,237	\$13,593,114

Appendix E – Statistical Information

A.5 Basic Insurance on annuitants as of December 31, 2002 (breakdown by sex is unavailable):

a. 25% Post-Retirement Plan

Attained Age	Amount of Insurance (000's omitted)	Attained Age	Amount of Insurance (000's omitted)
17	0	44	93
18	0	45	50
19	0	46	53
20	0	47	106
21	0	48	197
22	0	49	227
23	0	50	915
24	0	51	1,181
25	0	52	1,758
26	0	53	4,196
27	0	54	5,591
28	0	55	15,880
29	0	56	19,201
30	0	57	19,829
31	0	58	26,790
32	0	59	30,246
33	0	60	32,006
34	0	61	29,469
35	0	62	29,579
36	0	63	28,988
37	0	64	31,449
38	0	65	0
39	0	66	0
40	0	67	0
41	24	68	0
42	0	69	0
43	73		
TOTALS			\$277,901

Appendix E – Statistical Information

b. 50% Post-Retirement Plan

Attained Age	Amount of Insurance (000's omitted)	Attained Age	Amount of Insurance (000's omitted)
17	0	44	0
18	0	45	45
19	0	46	0
20	0	47	0
21	0	48	0
22	0	49	81
23	0	50	80
24	0	51	0
25	0	52	158
26	0	53	488
27	0	54	399
28	0	55	447
29	0	56	1,098
30	0	57	1,640
31	0	58	2,335
32	0	59	2,852
33	0	60	3,153
34	0	61	2,848
35	0	62	2,792
36	0	63	2,873
37	0	64	2,578
38	0	65	0
39	0	66	0
40	0	67	0
41	0	68	0
42	0	69	0
43	0		
TOTALS			\$23,867

Appendix E – Statistical Information

A.6 Supplemental Insurance on annuitants as of December 31, 2002

Attained Age	Amount of Insurance (000's omitted)	Attained Age	Amount of Insurance (000's omitted)
17	0	44	58
18	0	45	50
19	0	46	0
20	0	47	83
21	0	48	72
22	0	49	41
23	0	50	260
24	0	51	42
25	0	52	515
26	0	53	1,106
27	0	54	1,032
28	0	55	2,756
29	0	56	2,735
30	0	57	2,369
31	0	58	2,581
32	0	59	2,844
33	0	60	2,549
34	0	61	2,199
35	0	62	2,025
36	0	63	2,257
37	0	64	1,701
38	0	65	0
39	0	66	0
40	0	67	0
41	0	68	0
42	0	69	0
43	0		
TOTALS			\$27,275

Appendix E – Statistical Information

A.7 Additional Insurance on annuitants as of December 31, 2002

Attained Age	Amount of Insurance (000's omitted)	Attained Age	Amount of Insurance (000's omitted)
17	0	44	116
18	0	45	100
19	0	46	106
20	0	47	181
21	0	48	277
22	0	49	375
23	0	50	602
24	0	51	1,110
25	0	52	1,117
26	0	53	2,562
27	0	54	2,970
28	0	55	7,268
29	0	56	6,496
30	0	57	6,969
31	0	58	8,689
32	0	59	9,105
33	0	60	8,351
34	0	61	6,642
35	0	62	6,437
36	0	63	4,701
37	0	64	5,894
38	0	65	0
39	0	66	0
40	0	67	0
41	0	68	0
42	0	69	0
43	141		
TOTALS			\$80,209

Appendix E – Statistical Information

A.8 Annuitant Insurance and Premium Summary

Attained Age	AMOUNT of INSURANCE (000's omitted)				
	25% Basic	50% Basic	Supplemental	Additional	Total
Under 30	0	0	0	0	0
30 - 34	0	0	0	0	0
35 - 39	0	0	0	0	0
40 - 44	190	0	58	257	505
45 - 49	633	126	246	1,039	2,044
50 - 54	13,641	1,125	2,955	8,361	26,082
55 - 59	111,946	8,372	13,285	38,527	172,130
60 - 64	151,491	14,244	10,731	32,025	208,491
65 - 69	0	0	0	0	0
TOTAL	\$277,901	\$23,867	\$27,275	\$80,209	\$409,252

Attained Age	ANNUAL PREMIUM (1)				
	25% Basic	50% Basic	Supplemental	Additional	Total
Under 30	0	0	0	0	0
30 - 34	0	0	0	0	0
35 - 39	0	0	0	0	0
40 - 44	228	0	70	308	606
45 - 49	1,215	242	472	1,995	3,924
50 - 54	49,108	4,050	10,638	30,100	93,895
55 - 59	644,809	48,223	76,522	221,916	991,469
60 - 64	963,483	90,592	68,249	203,679	1,326,003
65 - 69	0	0	0	0	0
TOTAL	\$1,658,843	\$143,106	\$155,951	\$457,997	\$2,415,897

(1) These are employee premiums only. Employers do not make premium contributions for annuitants.

Appendix E – Statistical Information

A.9 Basic Insurance on disabled lives as of December 31, 2002 (breakdown by sex is unavailable):

a. 25% Post-Retirement Plan

Attained Age	Amount of Insurance (000's omitted)	Attained Age	Amount of Insurance (000's omitted)
17	0	44	446
18	0	45	492
19	0	46	436
20	0	47	479
21	0	48	635
22	0	49	1,007
23	0	50	941
24	0	51	707
25	0	52	1,143
26	0	53	1,552
27	0	54	1,806
28	0	55	2,254
29	61	56	2,281
30	20	57	2,175
31	0	58	2,224
32	0	59	2,535
33	26	60	1,623
34	70	61	2,432
35	133	62	2,054
36	82	63	1,469
37	235	64	1,640
38	88	65	0
39	253	66	0
40	202	67	0
41	196	68	0
42	172	69	0
43	240		
TOTALS			\$32,109

Appendix E – Statistical Information

b. 50% Post-Retirement Plan

Attained Age	Amount of Insurance (000's omitted)	Attained Age	Amount of Insurance (000's omitted)
17	0	44	0
18	0	45	0
19	0	46	0
20	0	47	69
21	0	48	33
22	0	49	57
23	0	50	0
24	0	51	51
25	0	52	38
26	0	53	0
27	0	54	208
28	5	55	302
29	32	56	233
30	0	57	97
31	0	58	107
32	0	59	36
33	0	60	102
34	0	61	76
35	0	62	178
36	0	63	139
37	0	64	139
38	0	65	0
39	0	66	0
40	0	67	0
41	0	68	0
42	31	69	0
43	0		
TOTALS			\$1,933

Appendix E – Statistical Information

A.10 Supplemental Insurance on disabled lives as of December 31, 2002

Attained Age	Amount of Insurance (000's omitted)	Attained Age	Amount of Insurance (000's omitted)
17	0	44	183
18	0	45	109
19	0	46	146
20	0	47	177
21	0	48	84
22	0	49	193
23	0	50	97
24	0	51	208
25	0	52	189
26	0	53	532
27	0	54	549
28	0	55	291
29	66	56	398
30	20	57	296
31	0	58	193
32	0	59	322
33	0	60	209
34	0	61	75
35	85	62	248
36	0	63	155
37	67	64	193
38	0	65	0
39	108	66	0
40	86	67	0
41	74	68	0
42	55	69	0
43	8		
TOTALS			\$5,416

Appendix E – Statistical Information

A.11 Additional Insurance on disabled lives as of December 31, 2002

Attained Age	Amount of Insurance (000's omitted)	Attained Age	Amount of Insurance (000's omitted)
17	0	44	513
18	0	45	274
19	0	46	330
20	0	47	380
21	0	48	401
22	0	49	647
23	0	50	385
24	0	51	487
25	0	52	874
26	0	53	1,191
27	0	54	1,604
28	0	55	965
29	198	56	1,127
30	0	57	725
31	0	58	708
32	0	59	945
33	0	60	704
34	0	61	426
35	399	62	470
36	0	63	213
37	28	64	233
38	25	65	0
39	328	66	0
40	173	67	0
41	57	68	0
42	281	69	0
43	245		
TOTALS			\$15,336

Appendix E – Statistical Information

A.12 Disabled Lives Insurance Summary on disabled lives as of December 31, 2002

Attained Age	AMOUNT of INSURANCE (000's omitted)				
	25% Basic	50% Basic	Supplemental	Additional	Total
Under 30	61	37	66	198	362
30 - 34	116	0	20	0	136
35 - 39	791	0	260	780	1,831
40 - 44	1,256	31	406	1,269	2,962
45 - 49	3,049	159	709	2,032	5,949
50 - 54	6,149	297	1,575	4,541	12,562
55 - 59	11,469	775	1,500	4,470	18,214
60 - 64	9,218	634	880	2,046	12,778
65 - 69	0	0	0	0	0
TOTAL	\$32,109	\$1,933	\$5,416	\$15,336	\$54,794

Appendix E – Statistical Information

A.13 Basic Insurance Premium summary for active and annuitant lives:

a. 25% Post-Retirement Plan

Attained Age	ANNUAL PREMIUM		
	Employees	Employer	Total
Under 30	122,522	24,504	147,026
30 - 34	195,515	39,103	234,618
35 - 39	283,816	56,763	340,579
40 - 44	499,831	99,921	599,752
45 - 49	935,994	186,956	1,122,950
50 - 54	1,963,843	382,947	2,346,790
55 - 59	2,306,845	332,407	2,639,253
60 - 64	1,549,932	117,290	1,667,222
65 - 69	99,317	19,863	119,180
TOTAL	\$7,957,616	\$1,259,755	\$9,217,370

b. 50% Post-Retirement Plan

Attained Age	ANNUAL PREMIUM		
	Employees	Employer	Total
Under 30	6,178	3,089	9,266
30 - 34	11,159	5,580	16,739
35 - 39	18,600	9,300	27,900
40 - 44	35,478	17,739	53,217
45 - 49	66,374	33,066	99,441
50 - 54	159,102	77,526	236,628
55 - 59	216,818	84,298	301,116
60 - 64	154,103	31,755	185,858
65 - 69	10,260	5,130	15,390
TOTAL	\$678,072	\$267,483	\$945,555

Appendix E – Statistical Information

c. Total Basic Insurance

Attained Age	ANNUAL PREMIUM		
	Employees	Employer	Total
Under 30	128,699	27,593	156,293
30 - 34	206,675	44,683	251,357
35 - 39	302,416	66,063	368,479
40 - 44	535,309	117,660	652,969
45 - 49	1,002,369	220,022	1,222,391
50 - 54	2,122,945	460,473	2,583,418
55 - 59	2,523,663	416,705	2,940,368
60 - 64	1,704,035	149,045	1,853,080
65 - 69	109,577	24,993	134,570
TOTAL	\$8,635,688	\$1,527,237	\$10,162,925

A.14 Supplemental Insurance Premium summary for active and annuitant lives:

Attained Age	ANNUAL PREMIUM		
	Employees	Employer	Total
Under 30	30,559	0	30,559
30 - 34	53,682	0	53,682
35 - 39	81,354	0	81,354
40 - 44	135,976	0	135,976
45 - 49	227,808	0	227,808
50 - 54	406,249	0	406,249
55 - 59	352,132	0	352,132
60 - 64	143,755	0	143,755
65 - 69	11,225	0	11,225
TOTAL	\$1,442,740	\$0	\$1,442,740

Appendix E – Statistical Information

A.15 Additional Insurance Premium summary for active and annuitant lives:

Attained Age	ANNUAL PREMIUM		
	Employees	Employer	Total
Under 30	100,829	0	100,829
30 - 34	187,636	0	187,636
35 - 39	285,623	0	285,623
40 - 44	468,330	0	468,330
45 - 49	743,783	0	743,783
50 - 54	1,200,294	0	1,200,294
55 - 59	966,413	0	966,413
60 - 64	417,146	0	417,146
65 - 69	33,293	0	33,293
TOTAL	\$4,403,346	\$0	\$4,403,346

A.16 Total Employee Plan Premium summary for active and annuitant lives:

Attained Age	ANNUAL PREMIUM		
	Employees	Employer	Total
Under 30	260,087	27,593	287,681
30 - 34	447,993	44,683	492,675
35 - 39	669,393	66,063	735,456
40 - 44	1,139,615	117,660	1,257,274
45 - 49	1,973,960	220,022	2,193,982
50 - 54	3,729,488	460,473	4,189,962
55 - 59	3,842,208	416,705	4,258,913
60 - 64	2,264,936	149,045	2,413,981
65 - 69	154,094	24,993	179,088
TOTAL	\$14,481,774	\$1,527,237	\$16,009,011

Appendix E – Statistical Information

D.1 Pre-Retirement Insurance: Prior Experience

	1997	1998	1999	2000	2001
<u>Premiums:</u>					
Employee	\$8,226,625	\$9,456,422	\$9,981,770	\$10,654,073	\$11,892,088
Employer	1,217,745	1,305,749	1,329,891	1,378,975	1,274,766
TOTAL	\$9,444,370	\$11,338,698	\$11,311,661	\$12,033,048	\$13,785,581
<u>Claims:</u>					
<u>*Death:</u>					
Basic	4,422,208	5,838,067	4,640,182	5,281,280	5,511,365
Supplemental	462,801	442,470	835,609	602,770	1,078,190
Additional	903,552	1,548,422	2,137,036	2,087,660	2,775,737
<u>AD&D:</u>					
Basic	184,275	328,546	377,640	571,823	334,850
Supplemental	0	88,385	112,704	32,179	125,535
Additional	39,648	170,695	230,512	165,458	168,454
<u>Living Benefits:</u>					
Basic	(19,000)	49,000	127,250	(5,250)	52,000
Supplemental	0	0	35,000	0	0
Additional	0	128,000	105,000	0	69,000
<u>Disability: (1)</u>					
Basic	2,781,000	1,630,000	1,166,000	1,345,000	2,618,000
Supplemental	1,164,000	817,000	62,000	646,000	1,112,000
Additional	1,402,000	1,523,000	1,380,000	2,246,000	4,014,000
TOTAL	\$11,340,484	\$12,563,585	\$11,208,933	\$12,972,920	\$17,859,131
Insurance Converted	\$32,000	\$25,000	\$79,000	\$149,000	\$273,000
State Internal Admin. Expense	\$133,276	\$137,490	\$0	\$38,007	\$107,850

D.2 Post-Retirement Insurance: Prior Experience

	1997	1998	1999	2000	2001
Death Claims	\$2,796,384	\$3,261,026	\$3,340,578	\$3,348,041	\$3,562,572
Living Benefits	0	0	16,500	29,000	2,000

Appendix E – Statistical Information

D.3 Spouse and Dependent Insurance: Prior Experience

	1997	1998	1999	2000	2001
Premiums (3)	\$1,330,592	\$1,342,550	\$1,336,152	\$1,346,981	\$1,387,334
Death Claims (3)	1,220,563	1,203,916	1,392,740	1,708,753	1,585,553
Living Benefits	0	0	40,000	0	20,000
Insurance Converted	143,000	164,000	226,000	217,000	56,000
State Internal Admin. Expense	5,185	32,981	0	0	22,050

- (1) *Some local government employers pay part or all of the employee share of premiums. In this exhibit, such payments are included in the employee premium numbers.*
- (2) *Net increase in the face amount of insurance continued under the waiver of premium benefit. The net increase includes the newly approved disability face amounts reduced by face amounts on recovered employees, on death claims paid for disabled employees, and on attainment of age 65. The charge against premium income in determining dividends for the policy year is based on the reserve for the waiver of premium disability benefit which is, of course, less than the face amount of insurance.*
- (3) *Premiums and claim amounts reflect the current premium of \$2.00 and the current benefit levels of \$10,000 for spouse and \$5,000 for dependent children, all per unit of coverage.*

III. Post-Retirement Insurance Actuarial Assumptions for State and Local Government Plans

The following actuarial assumptions were used in the December 31, 2001 calculation of the post-retirement insurance funding status:

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

<u>Age</u>	<u>Percentage Increase</u>
20	12.3%
25	11.0
30	8.8
35	7.6
40	6.7
45	6.0
50	5.5
55	5.0
60	4.8
65	4.8

2. Annual employee withdrawal rates are as follows:

<u>Age</u>	Withdrawals	
	Per 1,000	
	<u>State</u>	<u>Local</u>
20	75	53
25	75	53
30	66	38
35	43	25
40	30	20
45	23	17
50	19	16
55	15	12
60	11	9

3. Annual interest rates are 7% for active employees and 5% for retired employees.
4. Expected mortality and morbidity are based on the actual experience of the plan during the years 1998 through 2000.

Appendix E – Statistical Information

IV. Life Insurance Statistics For State and Local Plans (1992-2001)

A.1 Group Life Insurance Premiums Collected (amounts in thousands)

Year	State		Local (1)		Totals
	Employee	Employer	Employee	Employer	
1992	\$8,158	\$2,995	\$5,747	\$907	\$17,807
1993	8,141	2,949	5,941	919	17,950
1994	8,462	3,039	6,303	958	18,762
1995	8,687	3,109	6,807	453	19,056
1996	9,164	3,234	7,546	1,130	21,074
1997	8,946	3,061	8,227	1,218	21,452
1998	10,103	3,206	9,457	1,306	24,072
1999	10,249	3,160	9,982	1,330	24,721
2000	10,944	3,260	10,654	1,379	26,237
2001	12,058	3,503	11,892	1,275	28,728

(1) Some local government Employers pay part or all of the employee share of premiums.

In this exhibit, such payments are included in the employee premium numbers.

Appendix E – Statistical Information

B.1 State Employees: Group Life insurance in Force (amounts in thousands)

Year	State Employees			Post-Retirement
	Pre-Retirement			
	Basic	Supplemental	Additional	
1992	\$1,419,159	\$1,136,635	\$430,942	\$114,713
1993	1,482,740	1,161,586	465,020	124,314
1994	1,557,536	1,224,469	506,871	141,706
1995	1,630,464	1,270,007	546,954	150,885
1996	1,695,807	1,307,610	581,407	164,237
1997	1,739,440	1,329,689	612,822	176,425
1998	1,839,501	1,394,086	1,018,682	184,580
1999	1,944,008	1,468,193	1,181,027	195,619
2000	2,058,557	1,550,124	1,356,399	207,849
2001	2,277,758	1,709,216	1,614,778	219,828

B.2 Local Government Employees: Group Life insurance in Force (amounts in thousands)

Year	Local Government Employees			Post-Retirement
	Pre-Retirement			
	Basic	Supplemental	Additional	
1992	\$1,691,283	\$65,852	\$359,978	\$70,577
1993	1,860,278	74,857	427,528	75,210
1994	1,984,318	87,792	478,110	80,734
1995	2,137,960	166,556	548,174	85,953
1996	2,284,997	262,894	615,662	94,017
1997	2,418,107	297,612	673,228	101,841
1998	2,556,498	393,516	779,843	106,349
1999	2,662,094	451,206	1,446,069	115,356
2000	2,817,790	511,401	1,635,022	125,537
2001	3,012,639	589,955	1,903,271	134,879

Appendix E – Statistical Information

C.1 State Employees: Group Life Insurance Contracts in Force

Year	State Employees			Post-Retirement
	Pre-Retirement			
	Basic	Supplemental	Additional	
1992	\$44,390	\$35,422	\$13,678	\$9,579
1993	45,405	35,339	14,462	9,841
1994	46,150	36,067	15,273	10,433
1995	47,072	36,410	16,068	10,651
1996	47,248	36,204	16,472	11,089
1997	47,755	36,207	17,109	11,492
1998	48,461	36,537	17,906	11,669
1999	50,799	37,856	19,506	11,961
2000	51,604	38,287	20,441	12,246
2001	53,735	39,752	21,949	12,489

C.2 Local Government Employees: Contracts in Force

Year	Local Government Employees			Post-Retirement
	Pre-Retirement			
	Basic	Supplemental	Additional	
1992	\$62,723	\$2,338	\$12,537	\$12,975
1993	65,626	2,512	14,181	13,355
1994	67,515	2,875	15,320	13,690
1995	70,207	5,339	16,909	14,060
1996	72,502	8,058	18,431	14,499
1997	74,367	8,828	19,515	14,895
1998	76,159	11,271	22,100	15,115
1999	76,432	12,374	23,384	15,560
2000	78,674	13,754	25,126	16,097
2001	81,773	15,478	27,380	16,560

Appendix E – Statistical Information

D.1 Group Life Insurance Monthly Employee Premium Rates (Per \$1,000 Coverage)

Age Group	Effective February 1, 1993			Effective February 1, 1994		
	Basic Coverage	Supplemental Coverage	Additional Coverage	Basic Coverage	Supplemental Coverage	Additional Coverage
Under 35						
35 - 39						
40 - 44						
45 - 49						
50 - 54						
55 - 59						
60 - 64						
65 - 69						

- NOTES:
1. Employee or employer premium payment is no longer due if the employee is 70 years old and still working or if the employee is at least 65 years old and is retired.
 2. Supplemental and additional insurance is available to state employees. Employees may elect supplemental coverage at either 50% or 100% of the basic coverage amount. Additional coverage is available only at 100% of the basic coverage amount.

Appendix E – Statistical Information

E.1 Group Life Insurance Claims Paid (Death, AD&D, Living Benefits) (Amounts in Thousands)

Year	State Employees		Local Employees		Totals
	Pre-Retirement	Post-Retirement	Pre-Retirement	Post-Retirement	
1992	\$8,754	\$3,144	\$4,159	\$2,177	\$18,234
1993	8,600	3,971	4,831	2,248	19,650
1994	9,503	3,895	5,285	2,314	20,997
1995	8,539	4,577	5,749	2,724	21,589
1996	9,493	4,442	5,235	2,616	21,786
1997	7,850	4,530	5,993	2,796	21,169
1998	11,786	5,158	8,593	3,261	28,808
1999	12,642	6,012	8,601	3,357	30,612
2000	10,200	6,192	8,736	3,377	28,505
2001	11,651	6,179	10,115	3,565	31,510

F.1 State Employees: Spouse and Dependent Life Insurance

Year	Contracts in Force	Insurance in Force	Premiums Collected	Claims Paid
1992	22,534	\$444,447,000	\$1,057,368	\$1,093,531
1993	22,929	502,475,000	1,086,646	647,198
1994	23,226	518,765,000	1,116,410	853,090
1995	23,388	526,045,000	1,141,130	1,136,877
1996	23,344	527,605,000	1,144,799	729,915
1997	23,351	531,800,000	1,148,383	882,263
1998	23,358	535,540,000	1,169,551	1,098,067
1999	23,738	547,785,000	1,184,785	1,212,835
2000	23,973	555,905,000	1,201,825	959,803
2001	24,513	572,335,000	1,227,716	1,017,237

- (1) *Premium and claim amounts reflect the current premium of \$2.50 monthly and the current benefit levels of \$10,000 for spouse and \$5,000 for dependent children, all per unit of coverage.*

Appendix E – Statistical Information

F.2 Local Government Employees: Spouse and Dependent Life Insurance

Year	Contracts in Force	Insurance in Force	Premiums Collected	Claims Paid
1992	28,759	\$495,236,250	\$1,138,429	\$1,476,487
1993	30,271	515,346,000	1,184,997	1,346,473
1994	30,416	631,232,500	1,223,141	1,586,955
1995	31,533	554,096,250	1,260,571	1,497,339
1996	32,430	759,600,000	1,315,412	1,324,923
1997	32,830	769,810,000	1,330,592	1,220,563
1998	33,232	779,930,000	1,342,550	1,203,916
1999	32,808	771,135,000	1,336,152	1,432,740
2000	33,468	794,480,000	1,346,981	1,708,753
2001	34,885	829,425,000	1,387,334	1,605,553

- (3) *Premiums and claim amounts reflect the current premium of \$2.00 and the current benefit levels of \$10,000 for spouse and \$5,000 for dependent children, all per unit of coverage.*

Appendix F –Additional Information

The following information is provided to assist in preparing your proposal. Due to document size and format, most of the information is provided as either a web address or separate document.

- A. 2001 Policy Year Report

2001 policy year report.doc

- B. Group Life Insurance Policy No 2832-G with Amendments

Policyll.pdf

- C. Wisconsin Statutes Chapter 40 – Available on the ETF website under the Related Sites option

<http://etf.wi.gov>

- D. Wisconsin Administrative Code, ETF – Available on the ETF website under the Related Sites option

<http://etf.wi.gov>

- E. Wisconsin Public Employers Group Life Insurance Program Administrative Agreement with Amendments

Agreement.pdf

- F. Program Booklets – Available on the ETF website in the Publications option under Insurance Forms and Brochures

<http://etf.wi.gov>

- G. Pooling Volume – The following table includes pooled insurance amounts as of December 31, 2002.

Appendix F –Additional Information

Pooled Amounts as of 12/31/2002
Volume in excess of \$500,000, by age

<u>Age</u>	<u>Local</u>	<u>State</u>	<u>Total</u>
17	0	0	0
18	0	0	0
19	0	0	0
20	0	0	0
21	0	0	0
22	0	0	0
23	0	0	0
24	0	0	0
25	0	0	0
26	0	0	0
27	0	0	0
28	0	0	0
29	0	0	0
30	0	0	0
31	0	0	0
32	0	0	0
33	0	0	0
34	0	0	0
33	0	300,000	300,000
34	0	35,000	35,000
35	0	0	0
36	0	0	0
37	0	348,000	348,000
38	280,000	5,000	285,000
39	0	715,000	715,000
40	0	1,339,000	1,339,000
41	0	1,190,000	1,190,000
42	0	1,087,000	1,087,000
43	70,000	1,090,000	1,160,000
44	0	950,000	950,000
45	0	1,580,000	1,580,000
46	0	490,000	490,000
47	0	412,000	412,000
48	740,000	790,000	1,530,000
49	40,000	634,000	674,000
50	0	1,822,000	1,822,000
51	135,000	746,000	881,000
52	282,000	741,000	1,023,000
53	150,000	2,660,000	2,810,000
54	223,000	2,037,000	2,260,000
55	24,000	1,781,000	1,805,000
56	0	3,189,000	3,189,000
57	130,000	193,000	323,000
58	0	755,000	755,000
59	0	818,000	818,000
60	0	947,000	947,000
61	530,000	353,000	883,000
62	140,000	480,000	620,000
63	0	833,000	833,000
64	0	159,000	159,000
65	0	0	0
66	0	0	0
67	0	0	0
68	0	175,000	175,000
69	0	0	0
Total	2,744,000	28,654,000	31,398,000