STATE OF WISCONSIN
Legislative Audit Bureau
NONPARTISAN • INDEPENDENT • ACCURATE

Report 25-27
October 2025

# State Life Insurance Fund

## Calendar Years 2024, 2023, and 2022

*Office of the Commissioner of Insurance*

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Calendar Years 2024, 2023, and 2022

*Office of the Commissioner of Insurance*

STATE OF WISCONSIN

Legislative Audit Bureau

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October 31, 2025

Senator Eric Wimberger and
Representative Robert Wittke, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Dear Senator Wimberger and Representative Wittke:

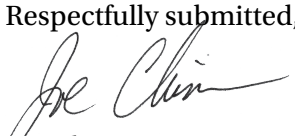
As required by s. 13.94 (1) (de), Wis. Stats., we have completed a financial audit of the Wisconsin State Life Insurance Fund (SLIF), which is administered by the Office of the Commissioner of Insurance (OCI). SLIF prepares its financial statements on a regulatory basis in accordance with financial reporting requirements prescribed by the Wisconsin Commissioner of Insurance, but not in accordance with generally accepted accounting principles. The Commissioner of Insurance prescribes that SLIF follow the accounting practices established by the National Association of Insurance Commissioners. We have provided unmodified opinions on SLIF's financial statements prepared on a regulatory basis as of and for the years ended December 31, 2024, December 31, 2023, and December 31, 2022. We also provided adverse opinions on SLIF's financial statements based on generally accepted accounting principles.

SLIF provides low-cost life insurance policies to Wisconsin residents and is self-funded through premiums and investment earnings. As of December 31, 2024, SLIF had 20,786 life insurance policies in effect and $163.6 million of life insurance in force. SLIF operates under specific statutory restrictions, including a prohibition on employing commissioned agents and a limitation on coverage of $10,000 for any insured individual.

As required by s. 607.15, Wis. Stats., SLIF's net profits are distributed annually as policy dividends and the ratio of SLIF's surplus to its assets is to be between 7.0 percent and 10.0 percent, to the extent practicable. The surplus-to-assets ratio has been within the statutorily specified range since 2014 and was 9.8 percent as of December 31, 2024. The dividend scale was adjusted as of January 1, 2024, in an effort to maintain the surplus-to-assets ratio within the statutorily specified range.

We appreciate the courtesy and cooperation extended to us by OCI staff in completing our audit.

Respectfully submitted,



Joe Chrisman
State Auditor

JC/LK/ss

# Introduction

***The State Life Insurance Fund offers low-cost individual life insurance to Wisconsin residents.***

The State Life Insurance Fund (SLIF), which was created in 1911 to provide low-cost individual life insurance to Wisconsin residents, is administered by the Office of the Commissioner of Insurance (OCI). SLIF is subject to the same regulatory requirements as any life insurance company licensed to operate in Wisconsin. Wisconsin is the only state that offers life insurance to its citizens. SLIF receives no subsidies from the State of Wisconsin.

SLIF offers a maximum of $10,000 in coverage for an individual through two types of life insurance policies: term life and whole life. Term life insurance provides coverage for a specific period of time, and death benefits are paid only if the insured individual dies within that time period. In contrast, whole life insurance offers lifetime insurance for the policyholder and accumulates a cash value that is returned if the policy is surrendered before the death of the insured individual. In addition, the whole life policyholder may borrow against the policy's cash value.

SLIF offers four different whole life insurance policy plans. Ordinary whole life insurance is the most popular and requires premiums to be paid each year during the insured individual's life. Other whole life policies require premiums to be paid up to the age of 65, for the first 20 years of the policy, or in a single payment at the start of coverage.

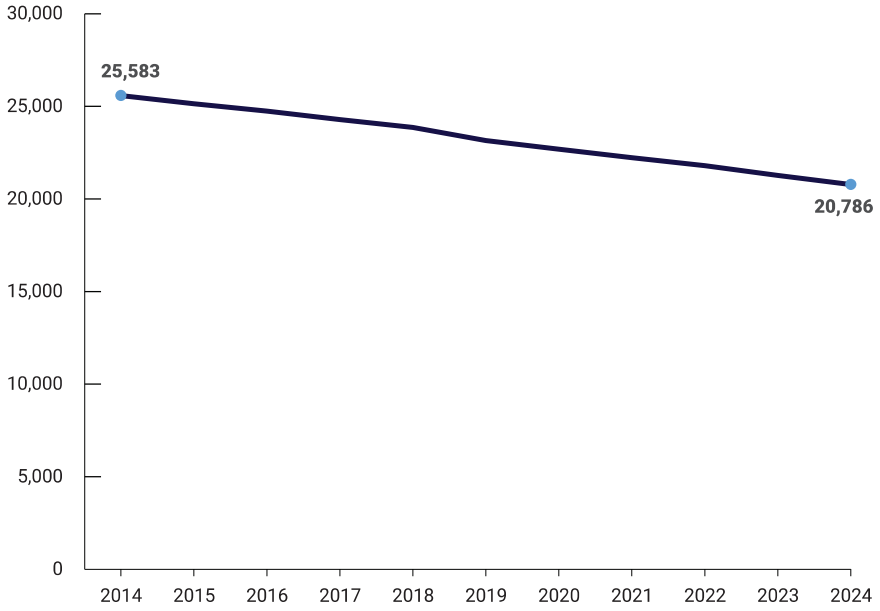
SLIF pays dividends on both term life insurance and whole life insurance policies. Policyholders may elect to accumulate dividends in their accounts, use the dividends to offset premium amounts they owe, apply the dividends to their loan principal or interest, or have the dividends paid to them in cash.

***The number of policies continued to decline and was 20,786 as of December 31, 2024.***

By statute, OCI is not allowed to advertise life insurance offered by SLIF, and SLIF is not permitted to use commissioned agents. As shown in Figure 1 and as reported in previous reports, the number of policies continued to decline. From December 31, 2014, to December 31, 2024, the number of policies declined from 25,583 policies to 20,786 policies, or by 18.8 percent. The amount of insurance in force has also declined and was $163.6 million as of December 31, 2024. The number of new policies issued each year has been less than the total number of death claims and the number of policies surrendered for other reasons, such as failure to pay the annual premium. The continued decline is likely due to a combination of OCI's inability to advertise, the $10,000 limitation on coverage, and private sector competition.

Figure 1

**State Life Insurance Fund**
**Number of Policies as of December 31**




## Surplus-to-Assets Ratio

The surplus balance of SLIF represents the difference between its assets, which are primarily investment holdings, and its liabilities, which are primarily actuarially determined reserves to pay future insurance benefits. The surplus balance increases when SLIF's revenues, including insurance premiums and investment earnings, are greater than its expenses, including benefit expenses and dividends paid to policyholders. It is important that SLIF has an adequate surplus balance in the event the actuarially determined reserves are not sufficient to pay benefits as they come due.

***Statutes specify that, to the extent practicable, the ratio of SLIF's surplus to its assets is to be between 7.0 percent and 10.0 percent.***

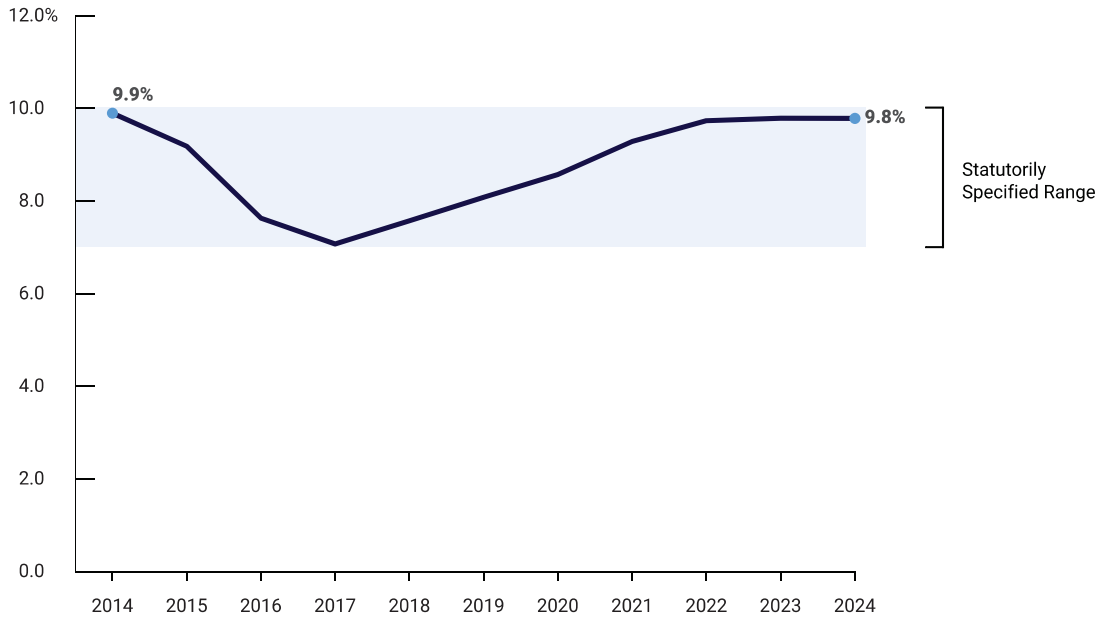
Section 607.15, Wis. Stats., provides that SLIF's net profits be distributed annually to policyholders in the form of dividends. However, statutes also specify that, to the extent practicable, the ratio of SLIF's surplus to its assets is to be between 7.0 percent and 10.0 percent. Certain factors affecting the surplus-to-assets ratio, such as actuarially determined reserve balances, are not controllable by OCI staff. However, OCI can adjust the level of dividends paid to policyholders. Periodically, OCI staff will assess whether the dividend scale, which determines the dividends to pay to the various types of policyholders, needs to be adjusted to maintain a surplus-to-assets ratio within the statutorily specified range. If a dividend adjustment is necessary, OCI staff work with SLIF's actuary to review and adjust certain assumptions, such as anticipated investment earnings and mortality rates, which are used in the calculation of the dividend scale.

***The surplus-to-assets ratio was 9.8 percent as of December 31, 2024.***

As shown in Figure 2, the surplus-to-assets ratio has been within the statutorily specified range since December 31, 2014, and was 9.8 percent as of December 31, 2024. As described in report 22-20, the dividend scale was adjusted as of January 1, 2019. The dividend scale was also adjusted as of January 1, 2024, in an effort to maintain the surplus-to-assets ratio within the statutorily specified range.

Figure 2

**State Life Insurance Fund**
**Surplus-to-Assets Ratio as of December 31**[1]




[1] Calculated based on amounts included in the audited financial statements.

## Audit Results

***We provided unmodified opinions on SLIF's financial statements prepared on a regulatory basis as of and for the years ended December 31, 2024, December 31, 2023, and December 31, 2022.***

As required by s. 13.94 (1) (de), Wis. Stats., we have completed an audit of SLIF's financial statements and related notes as prepared on a regulatory basis of accounting as of and for the years ended December 31, 2024, December 31, 2023, and December 31, 2022. SLIF's financial statements were prepared by OCI in accordance with the financial reporting requirements established by the National Association of Insurance Commissioners as prescribed by the Commissioner of Insurance pursuant to s. 623.02, Wis. Stats. We provided unmodified opinions on SLIF's financial statements prepared on a regulatory basis as of and for the years ended December 31, 2024, December 31, 2023, and December 31, 2022. We also provided adverse opinions on SLIF's financial statements based on generally accepted accounting principles.

To complete our audit of the SLIF financial statements, we reviewed OCI's internal controls over financial reporting, tested financial transactions, and reviewed the financial statements, note disclosures, and other information that was prepared by OCI management. We have also issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters, which is required by *Government Auditing Standards*, and begins on page 37.

■■■■

# Audit Opinion

STATE OF WISCONSIN
Legislative Audit Bureau

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State Auditor

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# Independent Auditor's Report on the Financial Statements and Other Reporting Required by *Government Auditing Standards*

Senator Eric Wimberger and
Representative Robert Wittke, Co-chairpersons
Joint Legislative Audit Committee

Mr. Nathan Houdek, Commissioner
Office of the Commissioner of Insurance

## Report on the Audit of the Financial Statements

### Opinions

We have audited the financial statements and the related notes for the State Life Insurance Fund of the State of Wisconsin, administered by the Office of the Commissioner of Insurance (OCI), as of and for the years ended December 31, 2024, December 31, 2023, and December 31, 2022, as listed in the table of contents.

*Unmodified Opinions on Regulatory Basis of Accounting*

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of the State Life Insurance Fund, as of December 31, 2024, December 31, 2023, and December 31, 2022, and the respective regulatory basis changes in financial position, and regulatory basis cash flows thereof for the years then ended in accordance with the financial reporting requirements established by the National Association of Insurance Commissioners as prescribed by the Commissioner of Insurance pursuant to s. 623.02, Wis. Stats., as described in Note 2A.

*Adverse Opinions on U.S. Generally Accepted Accounting Principles*

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinions on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the State Life Insurance Fund as of December 31, 2024, December 31, 2023, and December 31, 2022, or the changes in financial position and cash flows thereof for the years then ended.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* which is issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of OCI and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

*Basis for Adverse Opinions on U.S. Generally Accepted Accounting Principles*

As described in Note 2A to the financial statements, the financial statements are prepared for the State Life Insurance Fund in accordance with the financial reporting requirements established by the National Association of Insurance Commissioners as prescribed by the Commissioner of Insurance pursuant to s. 623.02, Wis. Stats. This is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2A and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

**Emphases of Matter**

As discussed in Note 2A to the financial statements, the financial statements referred to in the first paragraph present only the State Life Insurance Fund, and do not purport to, and do not, present fairly the financial position of the State of Wisconsin as of December 31, 2024, December 31, 2023, and December 31, 2022, the changes in its financial position or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

As discussed in Notes 2B and 7 to the financial statements, the State Life Insurance Fund's aggregate reserve liabilities are determined in accordance with specified valuation methods, which are estimates based on selected mortality tables, interest rates, and recommendations of a consulting actuary. Because these estimates are based upon information available at the time they are prepared, actual results may differ from the reported estimated liabilities.

Our opinions are not modified with respect to these matters.

**Responsibilities of Management for the Financial Statements**

Management of OCI is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting requirements established by the National Association of Insurance Commissioners as prescribed by the Commissioner of Insurance pursuant to s. 623.02, Wis. Stats., and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance. Therefore, reasonable assurance is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we exercised professional judgment and maintained professional skepticism throughout the audit. We also identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, and designed and performed

audit procedures responsive to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

In addition, we obtained an understanding of internal control relevant to the audit in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of OCI's internal control. Accordingly, no such opinion is expressed. We also evaluated the appropriateness of accounting policies used and the reasonableness of significant accounting estimates and related disclosures made by management, and evaluated the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Other Information**

Management is responsible for the other information included in the report. The other information comprises the Management's Discussion and Analysis, found on pages 13 through 19, but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or provide any other form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2025, on our consideration of OCI's internal control over financial reporting; our testing of its compliance with certain provisions of laws, regulations, contracts; and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of OCI's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be used in considering OCI's internal control over financial reporting and compliance.

LEGISLATIVE AUDIT BUREAU

Legislative Audit Bureau

October 27, 2025

# Management's Discussion and Analysis

***Prepared by the Wisconsin State Life Insurance Fund's Management***

This section presents the Management's Discussion and Analysis of the financial performance of the Wisconsin State Life Insurance Fund during the calendar years ended December 31, 2024, December 31, 2023, and December 31, 2022. This discussion should be read in conjunction with the accompanying financial statements and notes. The financial statements, notes, and this discussion are the responsibility of the Office of the Commissioner of Insurance, which manages the Fund.

## Overview of the Fund

The Fund was established in 1911 in response to a national scandal over the improper practices of some life insurance companies. The Fund is a state-sponsored life insurance program for the benefit of the residents of Wisconsin but receives no subsidies from the State of Wisconsin. It is not permitted to use commissioned agents, does not advertise, and is exempt from federal income tax. As a result, overhead expenses are minimal. Chapter 607, Wis. Stats., provides that the Fund is to provide low-cost life insurance for residents of Wisconsin. The maximum amount of coverage per individual is $10,000. The Fund offers five different policy plans, which all pay dividends.

The Fund operates on a calendar year basis. Administrative costs and operating costs, including claim payments, are funded through premiums collected from policyholders, policy loan interest, and investment earnings.

During the current audit period, the Fund's surplus-to-assets ratio was in compliance with s. 607.15, Wis. Stats., which requires, to the extent practicable, that the ratio of surplus to assets be between 7.0 percent and 10.0 percent.

# Financial Statements

The Fund's financial statements have been prepared on a statutory basis of accounting, which is a type of regulatory basis of accounting, in accordance with accounting practices prescribed by the State of Wisconsin Commissioner of Insurance, which include practices recommended by the National Association of Insurance Commissioners (NAIC).

The Fund's financial statements comprise two components: 1) the financial statements, and 2) notes to the financial statements that explain in more detail some of the information in the financial statements.

Following this section are the financial statements and notes as they relate to the Fund. The financial statements include:

- the Balance Sheet—Statutory Basis, which provides information on the assets and the liabilities of the Fund, with the difference reported as fund surplus;

- the Statement of Operations and Changes in Fund Surplus—Statutory Basis, which presents the revenues earned and the expenses incurred during the year on an accrual basis, as well as the changes in fund surplus; and

- the Statement of Cash Flows—Statutory Basis, which presents information related to cash inflows and outflows summarized by operating, investing, and financing activities and helps measure the Fund's ability to meet financial obligations as they mature.

In this discussion and analysis, the reasons for the changes in financial activity for calendar years 2024, 2023, and 2022 are reviewed.

## Assets

As shown in Table A, the largest portion of the Fund's assets (92.8 percent as of December 31, 2024) is in the form of bonds invested through the State of Wisconsin Investment Board (SWIB). Fund investments are managed by SWIB pursuant to statutory requirements and in accordance with established investment guidelines. All bonds are carried at amortized cost using the scientific method to amortize any premiums and discounts.

Table A

**Fund Assets**
As of December 31

| | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|
| Total Assets | $112,496,289 | $112,692,178 | $112,901,037 | $112,861,007 |
| Bonds | $104,354,361 | $103,582,467 | $102,601,272 | $102,967,789 |
| Percentage of Total Assets | 92.8% | 91.9% | 90.9% | 91.2% |

Generally, the turnover in the portfolio is very low due to the long duration of the investments in the portfolio, which is the result of an effort to match the future maturities of investments with expected future payouts of benefits.

As recommended by NAIC accounting standards, the Fund's Statement of Operations and Changes in Fund Surplus reported $0 in net realized capital losses or gains on any bond sale. These realized gains and losses are accounted for in the interest maintenance reserve (IMR) and amortized into net investment income over the life of the bonds sold.

The Fund's remaining assets consisted of contract loans; other invested assets; receivables; and cash, cash equivalents, and short-term investments.

## Liabilities

The largest area of the Fund's liabilities is the aggregate reserves for life insurance contracts, as shown in Table B.

Table B

**Fund Liabilities**
As of December 31

| | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|
| Total Liabilities | $101,490,258 | $101,644,667 | $101,913,632 | $102,384,324 |
| Aggregate Reserves for Life Insurance Contracts | $65,522,555 | $65,644,410 | $65,838,168 | $65,883,901 |
| Percentage of Total Liabilities | 64.6% | 64.6% | 64.6% | 64.3% |

The aggregate reserves for life insurance contracts are the amounts required by NAIC to be reported on the balance sheet to show the ability to pay all future claims on the Fund's insurance policies. The decrease in reserves is primarily due to claim and surrender payments.

In addition to the policy reserves, liabilities consist of deposit accounts, also referred to as "deposit-type contracts," held by the Fund for the benefit of the policyholders. The liability for deposit-type contracts includes proceeds held on deposit, consisting of the value of matured policies and proceeds from death claims left in the Fund, and dividends left in the Fund to accumulate. As shown in Table C, the liability for deposit-type contracts increased in calendar years 2021 through 2024. The increase in 2024 is attributed to the increase in dividends paid based off the new dividend structure implemented in January 2024.

Table C

**Deposit-Type Contracts**
As of December 31

| | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|
| Liability for Deposit-Type Contracts | $28,955,839 | $28,209,824 | $27,903,650 | $27,458,288 |
| Percentage Change from Prior Year | 2.6% | 1.1% | 1.6% | 2.2% |

Annually, the Fund pays interest on the deposit-type contracts. As shown in Table D, interest credited to deposit-type contracts increased in calendar years 2022, 2023 and 2024. The interest on deposit type contracts is contractually set at 5 percent on

supplementary contracts and 3 percent on dividend accumulations and accrued deposits which can vary from year to year.

Table D

**Interest Expense on Deposit-Type Contracts**
Calendar Year Ended December 31

| | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|
| Interest Expense on Deposit-Type Contracts | $877,115 | $876,186 | $868,315 | $848,594 |
| Percentage Change from Prior Year | 0.1% | 0.9% | 2.3% | 1.7% |

## Revenues

Revenue earned in the Fund is from investment income, premium income, and interest income on policy loans. There were 20,786 life insurance policies in effect as of December 31, 2024, a decrease of 1,439 policies, or 6.5 percent, from the policy count of 22,225 as of December 31, 2021.

As shown in Table E, the decrease in Fund revenue is due to the decline in insurance premium revenues resulting from fewer policies in effect.

Table E

**Fund Revenue**
Calendar Year Ended December 31

| | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|
| Revenue | $6,050,446 | $6,256,120 | $6,111,317 | $6,230,012 |
| Percentage Change from Prior Year | (3.3%) | 2.4% | (1.9%) | (1.2%) |

## Expenses

The Fund pays benefits to policyholders in the event of death, at maturity of the policy, upon surrender of the policy, or in the event the covered individual becomes disabled. The policy benefit claims experience of the Fund has been increasing due to

the number of older policies maturing and the number of claims rising due to the aging of those insured by the Fund. Total policy benefits for each year are shown in Table F.

Table F

**Policy Benefits**
Calendar Year Ended December 31

| | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|
| Policy Benefits | $2,308,742 | $2,458,540 | $2,240,589 | $2,270,792 |
| Percentage Change from Prior Year | (6.1%) | 9.7% | (1.3%) | (10.6%) |

General expenses include costs to support the administration of the Fund, such as actuarial services, and can fluctuate from year to year due to the timing of activity as shown in Table G. The increase in 2022 is due to the audit expense incurred in calendar year 2022 that did not occur in the other years.

Table G

**General Expenses**
Calendar Year Ended December 31

| | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|
| General Expenses | $525,533 | $544,263 | $581,950 | $502,636 |
| Percentage Change from Prior Year | (3.4%) | (6.5%) | 15.8 % | (1.0%) |

## Dividends and Surplus

Annually, the Fund pays dividends on all active policies. According to s. 607.15, Wis. Stats., "The net profits of the life fund shall be distributed annually among the policyholders, except that so far as is practicably possible, the ratio of surplus to assets shall be kept between 7 percent and 10 percent." In January 2024, the dividend structure was adjusted to help the Fund keep the surplus-to-assets ratio within the statutory requirement. Dividends paid for each year are reflected in Table H.

Table H

**Dividends**
Calendar Year Ended December 31

| | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|
| Dividends | $2,594,878 | $2,530,344 | $2,045,153 | $2,066,091 |
| Percentage Change from Prior Year | 2.6% | 23.7% | (1.0%) | (1.8%) |

As shown in Table I, the Fund's surplus-to-assets ratio has been within the statutorily specified range of 7.0 percent to 10.0 percent over that last four years.

Table I

**Surplus-to-Assets Ratio**
Calendar Year Ended December 31

| | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|
| Surplus | $11,006,031 | $11,027,511 | $10,987,405 | $10,476,683 |
| Total Assets | $112,496,289 | $112,692,178 | $112,901,037 | $112,861,007 |
| Surplus-to-Assets Ratio | 9.8% | 9.8% | 9.7% | 9.3% |

## Contacting the Fund's Financial Management

The financial report is designed to provide the Legislature, the executive branch of government, policyholders, the public, and other interested parties with an overview of the financial results of the Fund's activities and to show the Fund's financial position. If you have questions about this report, or need additional information, contact the Wisconsin State Life Insurance Fund manager at:

Office of the Commissioner of Insurance
101 East Wilson Street, Post Office Box 7873
Madison, Wisconsin 53707-7873.

General information relating to the Fund can be found at the Fund's website, *https://oci.wi.gov/Pages/Funds/SLIFOverview.aspx.*

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# Financial Statements

# Balance Sheet—Statutory Basis
# December 31, 2024, December 31, 2023, and December 31, 2022

| | December 31, 2024 | December 31, 2023 | December 31, 2022 |
|---|---|---|---|
| **Assets** | | | |
| Bonds (Note 3) | $ 104,354,361 | $ 103,582,467 | $ 102,601,272 |
| Cash, Cash Equivalents, and Short-Term Investments (Note 3) | 2,089,875 | 3,023,469 | 3,953,444 |
| Contract Loans | 2,393,484 | 2,468,853 | 2,615,184 |
| Other Invested Assets (Note 3) | 2,439,655 | 2,439,379 | 2,439,133 |
| Investment Income Receivable | 1,181,590 | 1,138,658 | 1,247,900 |
| Deferred Premiums and Uncollected Premiums (Note 9) | 37,324 | 39,352 | 44,104 |
| **Total Assets** | **$ 112,496,289** | **$ 112,692,178** | **$ 112,901,037** |
| **Liabilities and Fund Surplus** | | | |
| Aggregate Reserves for Life Insurance Contracts (Note 7) | $ 65,522,555 | $ 65,644,410 | $ 65,838,168 |
| Liability for Deposit-Type Contracts (Note 8) | 28,955,839 | 28,209,824 | 27,903,650 |
| Contract Claims (Note 2) | 343,000 | 346,000 | 327,000 |
| Dividends Due and Unpaid, Plus Those Payable in the Following Year (Note 5) | 2,665,042 | 2,590,176 | 2,113,029 |
| Premiums Received in Advance | 16,823 | 14,986 | 22,234 |
| Interest Maintenance Reserve (Note 2) | 3,040,886 | 3,929,736 | 4,933,661 |
| General Expenses Payable | 63,804 | 69,254 | 77,045 |
| Asset Valuation Reserve (Note 2) | 685,760 | 632,424 | 548,625 |
| Other Liabilities | 196,549 | 227,857 | 150,220 |
| Total Liabilities | 101,490,258 | 101,664,667 | 101,913,632 |
| Fund Surplus (Note 5) | 11,006,031 | 11,027,511 | 10,987,405 |
| **Total Liabilities and Fund Surplus** | **$ 112,496,289** | **$ 112,692,178** | **$ 112,901,037** |

*The accompanying notes are an integral part of this statement.*

# Statement of Operations and Changes in Fund Surplus—Statutory Basis for the Years Ended December 31, 2024, December 31, 2023, and December 31, 2022

| | Year Ended December 31, 2024 | Year Ended December 31, 2023 | Year Ended December 31, 2022 |
|---|---|---|---|
| **Revenues** | | | |
| Premiums (Note 2) | $ 852,643 | $ 899,660 | $ 936,211 |
| Net Investment Income (Note 4) | 4,411,130 | 4,476,325 | 4,208,969 |
| Amortization of Interest Maintenance Reserve | 772,359 | 869,430 | 953,759 |
| Miscellaneous Income | 14,314 | 10,705 | 12,378 |
| **Total Revenues** | **6,050,446** | **6,256,120** | **6,111,317** |
| **Operating Expenses** | | | |
| Benefits: | | | |
| Death Benefits | 1,498,000 | 1,573,293 | 1,503,737 |
| Matured Endowments | 180,000 | 150,000 | 182,000 |
| Surrender Benefits | 625,720 | 730,225 | 549,715 |
| Disability Benefits | 5,022 | 5,022 | 5,137 |
| Interest and Adjustments on Contract or Deposit-Type Contract Funds | 877,115 | 876,186 | 868,315 |
| Increase (Decrease) in Aggregate Reserves for Life Insurance Contracts | (121,855) | (193,758) | (45,733) |
| Total Benefits | 3,064,002 | 3,140,968 | 3,063,171 |
| General Expenses | 525,533 | 544,263 | 581,950 |
| **Total Operating Expenses** | **3,589,535** | **3,685,231** | **3,645,121** |
| **Net Income from Operations before Dividends and Net Realized Capital Gain (Loss)** | **2,460,911** | **2,570,889** | **2,466,196** |
| Dividends to Policyholders (Note 5) | (2,594,878) | (2,530,344) | (2,045,153) |
| Net Realized Capital Gain (Loss) | 0 | 0 | 0 |
| **Net Income (Loss)** | **$ (133,967)** | **$ 40,545** | **$ 421,043** |
| **Changes in Fund Surplus** | | | |
| Fund Surplus at Beginning of Period | $ 11,027,511 | $ 10,987,405 | $ 10,476,683 |
| Net Income (Loss) | (133,967) | 40,545 | 421,043 |
| Change in Asset Valuation Reserve | (53,336) | (83,798) | (104,996) |
| Change in Net Unrealized Capital Gain (Loss) | 165,823 | 83,359 | 194,675 |
| **Net Change in Fund Surplus** | **(21,480)** | **40,106** | **510,722** |
| Fund Surplus at End of Period | $ 11,006,031 | $ 11,027,511 | $ 10,987,405 |

*The accompanying notes are an integral part of this statement.*

## Statement of Cash Flows—Statutory Basis for the Years Ended December 31, 2024, December 31, 2023, and December 31, 2022

| | Year Ended December 31, 2024 | Year Ended December 31, 2023 | Year Ended December 31, 2022 |
|---|---|---|---|
| **Cash from Operating Activities** | | | |
| Premiums Collected Net of Reinsurance | $ 857,117 | $ 897,659 | $ 963,743 |
| Net Investment Income | 4,385,154 | 4,626,265 | 4,268,089 |
| Miscellaneous Income | 14,314 | 10,705 | 12,378 |
| Total Receipts | 5,256,585 | 5,534,629 | 5,244,210 |
| Benefit and Loss Related Payments | 3,188,857 | 3,315,726 | 3,119,904 |
| Expenses Paid and Aggregate Write-Ins for Deductions | 531,746 | 552,462 | 590,475 |
| Dividends Paid to Policyholders | 2,520,012 | 2,053,197 | 2,064,202 |
| Total Benefits and Expenses | 6,240,615 | 5,921,385 | 5,774,581 |
| **Net Cash Provided by Operating Activities** | **(984,030)** | **(386,756)** | **(530,371)** |
| **Cash from Investing Activities** | | | |
| Cash Received from Sale of Bonds | 1,938,922 | 14,324,920 | 1,600,000 |
| Miscellaneous Proceeds (Applications) | 95,223 | (2,749) | 4,711 |
| Cash Paid for Purchase of Bonds | (2,773,663) | (15,395,447) | (1,100,303) |
| Other Invested Assets | (275) | | (500,124) |
| Decrease (Increase) in Contract Loans | 75,369 | 146,331 | 88,215 |
| **Net Cash Used in Investing Activities** | **(664,424)** | **(926,945)** | **92,499** |
| **Cash from Financing and Miscellaneous Sources** | | | |
| Net Deposits on Deposit-Type Contract and Other Insurance Liabilities | 746,015 | 306,174 | 445,362 |
| Other Cash Provided (Applied) | (31,155) | 77,552 | 1,143 |
| **Net Cash Provided by Financing and Miscellaneous Sources** | **714,860** | **383,726** | **446,505** |
| **Net Change in Cash, Cash Equivalents, and Short-Term Investments** | **(933,594)** | **(929,975)** | **8,633** |
| Cash, Cash Equivalents, and Short-Term Investments at January 1 | 3,023,469 | 3,953,444 | 3,944,811 |
| Cash, Cash Equivalents, and Short-Term Investments at December 31 | $ 2,089,875 | $ 3,023,469 | $ 3,953,444 |

*The accompanying notes are an integral part of this statement.*

# Notes to the Financial Statements

## 1. DESCRIPTION OF THE FUND

The Wisconsin State Life Insurance Fund, which is part of the State of Wisconsin financial reporting entity and is reported as an enterprise fund in the State's basic financial statements, was created in 1911 to provide life insurance policies to Wisconsin residents at the lowest possible cost. The Fund is administered by the Office of the Commissioner of Insurance.

The Fund's operation is similar to that of a mutual life insurance company, and the Fund is subject to the same regulatory requirements as any life insurance company licensed to operate in Wisconsin. The Fund is also subject to unique statutory restrictions, such as a prohibition on employing agents and a maximum coverage of $10,000, which are designed to limit the competitive advantage the Fund may have over private insurance companies. The Fund offers two basic policies: whole life insurance and term life insurance. As of December 31, 2024, the Fund had 20,786 life insurance policies in effect, including 20,062 whole life insurance policies and 724 term life insurance policies. The total amount of insurance in force as of December 31, 2024, was $163,594,238.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Accounting Practices

The financial statements present the financial position and results of operations of only the activity of the State Life Insurance Fund and are not intended to present the financial activity for the State of Wisconsin as a whole. The Fund's financial statements are presented on a statutory basis of accounting, which is a type of regulatory basis of accounting,

in accordance with accounting practices prescribed by the State of Wisconsin Commissioner of Insurance. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* (commonly referred to as the Codification) has been adopted by the State of Wisconsin Commissioner of Insurance as the prescribed practices for the Fund, as permitted by s. 623.02, Wis. Stats. The accounting practices and procedures prescribed by the State of Wisconsin Commissioner of Insurance vary in some respects from accounting principles generally accepted in the United States. The most significant differences between the statutory accounting standards and generally accepted accounting principles are as follows:

| Financial Statement Area | Statutory Accounting Standards | Generally Accepted Accounting Principles |
|---|---|---|
| Bond Valuation | NAIC category 1 to 5 at amortized cost; NAIC category 6 at lower of amortized cost or fair value. A permanent impairment should be reported as a realized loss, with the cost basis written down to fair value. | Fair value. |
| Other Invested Assets | Actual cost after any encumbrances have been subtracted. | Fair value. |
| Asset Valuation Reserve (AVR) | Formula-driven reserve balance. Established to mitigate potential credit-related investment losses. Year-to-year changes are charged or credited directly to surplus. | Not applicable. |
| Interest Maintenance Reserve (IMR) | Captures interest-related realized gains and losses on sale of investments and amortizes these to income over the remaining life of the investment sold. | Not applicable. |
| Realized Investment Gains (Losses) | Only non-IMR gains and losses are reported in income. | Reported as income. |
| Unrealized Investment Gains (Losses) | Recorded directly to surplus for assets recorded at fair value. | Reported as income. |
| Due and Deferred Premiums | Due premiums recorded as assets, except that certain balances over 90 days due would be non-admitted; deferred premiums recorded as assets. | Due premiums reported as assets; and deferred premiums offset against liabilities for future policy benefits. |
| Dividends | Provision made for dividends expected to be paid over the year subsequent to the date of the financial statements, whether or not declared or apportioned. | Provision made for accumulated earnings expected to be paid to policyholders, including pro rata portion of dividends incurred to valuation date; and future dividends are accrued over the premium-paying period of the contract. |

**B. Use of Estimates**

The preparation of the financial statements in conformity with statutory accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

**C. Accounting Policies**

*Premiums*—Premiums are reported as earned on the policy anniversary date.

*Dividends*—The amount of dividends to be paid to policyholders is determined annually by the contracted actuary and the Fund's management. The aggregate amount of policyholders' dividends is determined based on interest earnings, mortality, and expense experience for the Fund and judgment as to the appropriate level of statutory surplus to be retained by the Fund in order to be in accordance with s. 607.15, Wis. Stats., which requires that the ratio of surplus to assets is to be between 7.0 percent and 10.0 percent, insofar as is practicably possible.

*Contract Loans*—Policyholders may borrow from the Fund amounts up to the cash surrender value of their insurance policies. Such contract loans are reported at outstanding indebtedness to the Fund. Interest on contract loans is charged in arrears.

*Bonds*—In accordance with statutory accounting standards, the Fund reports bonds at amortized cost using the scientific method to amortize bond premiums and discounts, which recognizes the time-value of money and amortizes principal receipts on a pro rata basis, using the securities' current information as opposed to the initial amortized value. NAIC category 6 bonds are reported at the lower of amortized cost or fair value.

*Interest Maintenance Reserve*—The IMR accumulates interest-related realized gains and losses and amortizes them into income over the remaining life of the investments sold. The Fund uses the IMR method that amortizes groups of assets based on the average maturity dates using standard amortization tables developed by NAIC.

*Contract Claims*—The liability for unpaid claims includes reported claims that were not paid at year-end and estimates of claims that were incurred but not reported, based on claims reported in the following January.

## 3. CASH AND INVESTMENTS

All cash is deposited with the State of Wisconsin and is invested in the State Investment Fund, which is a short-term pool of state and local funds managed by the State of Wisconsin Investment Board (SWIB) with oversight by its Board of Trustees. The State Investment Fund is not registered with the Securities and Exchange Commission. Shares in the State Investment Fund are reported as cash equivalents and are carried at the cost of the participating shares, which is also the realizable value as of December 31. Interest income, gains, and losses of the State Investment Fund are allocated monthly.

The types of securities in which the State Investment Fund may invest are enumerated in ss. 25.17 (3) (b), (ba), (bd), and (dg), Wis. Stats., and include direct obligations of the United States or its agencies, corporations wholly owned by the United States or chartered by an act of Congress, securities guaranteed by the United States, unsecured notes of financial and industrial issuers, direct obligations of or guaranteed by the government of Canada, certificates of deposit issued by banks in the United States and solvent financial institutions in Wisconsin, and bankers acceptances. SWIB's trustees may specifically approve other prudent legal investments.

The Fund's investments, both long-term and short-term, are managed by SWIB with an investment objective to maintain a diversified portfolio of high-quality publicly issued fixed-income obligations that will preserve principal, maximize income while minimizing costs to policyholders, and approximate the expected life of the Fund's insurance contracts. The Fund's investments include public bonds that consist of U.S. government obligations and public utility, railroad, industrial, and miscellaneous corporate obligations. In addition, the Fund's Other Invested Assets consist of a Long-Term Credit Bond Index Fund with BlackRock Institutional Trust Company.

The book and fair values of the Fund's investments as of December 31, 2024, are as follows:

| | Book Value | Fair Value |
|---|---|---|
| Government Issuer Obligations | $ 48,187,315 | $ 37,124,716 |
| Industrials and Miscellaneous | 56,167,046 | 53,831,094 |
| Other Invested Assets | 2,439,655 | 2,072,792 |
| Total | $106,794,016 | $93,028,602 |

The book and fair values of the Fund's investments as of December 31, 2023, are as follows:

| | Book Value | Fair Value |
|---|---|---|
| Government Issuer Obligations | $ 47,985,742 | $ 40,768,895 |
| Industrials and Miscellaneous | 55,596,725 | 55,595,401 |
| Other Invested Assets | 2,439,379 | 2,110,192 |
| Total | $106,021,846 | $98,474,488 |

The book and fair values of the Fund's investments as of December 31, 2022, are as follows:

| | Book Value | Fair Value |
|---|---|---|
| Government Issuer Obligations | $ 48,091,617 | $ 40,865,397 |
| Industrials and Miscellaneous | 54,509,655 | 52,560,881 |
| Other Invested Assets | 2,439,133 | 1,902,730 |
| Total | $105,040,405 | $95,329,008 |

Book values represent the bonds' amortized costs using the method of amortization discussed in Note 2. Fair values were obtained from information provided by NAIC's Securities and Valuation Office and SWIB.

Actual maturities may differ from contractual maturities because certain borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. The book and fair values of bonds, by contractual maturity, as of December 31, 2024, are as follows.

| | Book Value | Fair Value |
|---|---|---|
| Due in One Year or Less | $ 1,504,549 | $ 1,522,853 |
| Due after One Year through Five Years | 15,020,037 | 14,494,159 |
| Due after Five Years through Ten Years | 10,944,640 | 11,185,932 |
| Due after Ten Years | 76,885,135 | 63,752,867 |
| Total | $104,354,361 | $90,955,810 |

Proceeds from the sales of securities were $2.0 million in 2024, $14.3 million in 2023, and $1.6 million in 2022. The sales resulted in net realized losses of $116,491 in 2024, $134,494 in 2023, and $13 in 2022. Realized investment gains and losses are determined by specific identification. Generally, realized gains and losses are credited or charged to the IMR and amortized into income over the remaining life of the investments sold. However, realized gains and losses related to bonds that had certain changes in their credit ratings are reported in the financial statements in the year that the bonds are sold.

Excluding investments in U.S. Treasury securities and other obligations of the federal government, the Fund is not exposed to any significant concentration of credit risk in its investments.

Further information about the investments in the State Investment Fund can be obtained from the separately issued State Investment Fund annual financial reports. These reports can be found at *https://www.swib.state.wi.us/publications.*

## 4. NET INVESTMENT INCOME

Net investment income for calendar years 2024, 2023, and 2022 was generated from the following sources:

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| Bonds and Private Placements | $4,205,759 | $4,222,642 | $4,087,671 |
| Contract Loans | 174,706 | 178,728 | 189,526 |
| State Investment Fund | 134,942 | 179,791 | 49,069 |
| Subtotal | 4,515,407 | 4,581,161 | 4,326,266 |
| Less Investment Expenses | 104,277 | 104,836 | 117,297 |
| Net Investment Income | $4,411,130 | $4,476,325 | $4,208,969 |

Net investment income does not include reported net realized capital gains (losses), which are reported separately on the Statement of Operations and Changes in Fund Surplus.

## 5. SURPLUS AND POLICYHOLDERS' DIVIDEND RESTRICTIONS

The Fund pays dividends on all active policies. The estimated dividends payable in the following year are charged to current operations. Of the amounts reported on the balance sheet, the amounts paid out between January 1 and March 31 of the following year were $676,192 for 2024; $653,725 for 2023; and $544,423 for 2022.

Section 607.15, Wis. Stats., requires that the surplus be maintained at a level between 7.0 percent and 10.0 percent of assets, insofar as is practicably possible. The Fund's surplus-to-assets ratio was 9.8 percent as of December 31, 2024; 9.8 percent as of December 31, 2023; and 9.7 percent as of December 31, 2022.

## 6. REINSURANCE

The Fund currently has a contract with Optimum Reinsurance Company for insuring those applicants considered high risk by the Fund. This company is not affiliated, owned in excess of 10.0 percent, or controlled, either directly or indirectly, by the Fund or any representative of the Fund. In addition, no policies issued by the Fund have been reinsured with a company chartered

in a country other than the United States (excluding U.S. branches of such companies) that is owned in excess of 10.0 percent or controlled directly or indirectly by an insured, a beneficiary, a creditor of an insured, or any other person not primarily engaged in the insurance business.

Under its reinsurance agreement, the Fund retains the reserves and related assets; pays the reinsurer premiums for the ceded business; and is reimbursed for benefits, unusual expenses, and adjustments to required reserves. The reinsurer has no obligation for the reimbursement of dividends related to the ceded business. The Fund does not have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits. Neither does the Fund have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies.

The following table contains the total life insurance in force and the amount of reinsurance ceded as of the end of each calendar year:

| As of: | Total Life Insurance in Force | Reinsurance Ceded |
|---|---|---|
| December 31, 2024 | $163,594,238 | $1,699,000 |
| December 31, 2023 | 167,205,238 | 1,711,000 |
| December 31, 2022 | 170,855,738 | 1,767,000 |

The Fund is contingently liable with respect to ceded insurance should the reinsurer be unable to meet its assumed obligations. Commencing in 2007, the Fund started applying a reserve credit based on the reinsurance ceded life insurance to its aggregate reserve calculation. The reinsurance credit was $19,418 for 2024; $18,890 for 2023; and $19,227 for 2022.

Payments to the reinsurer are treated as a reduction of premium income; claim payments received from the reinsurer are treated as a reduction of benefit expense. Reinsurance transactions reported in the Fund's operations are as follows:

| | Premiums | Claims |
|---|---|---|
| 2024 | $33,988 | $ 0 |
| 2023 | 31,639 | 8,103 |
| 2022 | 33,070 | 25,367 |

## 7. RESERVES FOR LIFE INSURANCE CONTRACTS

The aggregate reserve for life insurance contracts for policies issued prior to April 1977 is determined in accordance with the net level premium method,

using the American Experience or 1958 Commissioners Standard Ordinary (CSO) mortality tables and an interest rate of 3.0 percent. Aggregate reserves for policies issued from April 1977 through March 1986 are based on the Commissioners Reserve Valuation Method, using the 1958 CSO mortality tables and an interest rate of 4.0 percent. Reserves for policies issued from April 1986 through December 1994 are based on a modified version of the Commissioners Reserve Valuation Method, using the 1980 CSO mortality tables and an interest rate of 5.0 percent. Reserves for policies issued from January 1, 1995, through December 31, 2008, are based on the Commissioners Reserve Valuation Method, using the 1980 CSO mortality tables and an interest rate of 4.0 percent. Reserves for policies issued from January 1, 2009, through December 31, 2012, are based on the Commissioners Reserve Valuation Method, using the 2001 CSO mortality tables and an interest rate of 4.0 percent. Reserves for policies issued January 1, 2013, through December 31, 2018, are based on the Commissioners Reserve Valuation Method, using the 2001 CSO tables and an interest rate of 3.5 percent. Reserves for policies issued since January 1, 2019, through December 31, 2020, are based on the Commissioners Reserve Valuation Method, using the 2017 CSO tables and an interest rate of 3.5 percent. Reserves for policies issued January 1, 2021, through December 31, 2024, are based on the Commissioners Reserve Valuation Method, using the 2017 CSO tables and an interest rate of 3.0 percent. Reserves for policies issued since January 1, 2025, are based on the Commissioners Reserve Valuation Method, using the 2017 CSO tables and an interest rate of 3.5 percent.

The Fund waives deduction of deferred fractional premiums upon the death of the insured and returns any portion of the final premium beyond the date of death. Surrender values are not promised in excess of the legally computed reserves.

In addition to the gross premium for a rated age, extra premiums are charged for policies for individuals with high-risk factors issued after April 1, 1977. The Fund cedes 100.0 percent of the risk on substandard policies to its reinsurer. The Fund holds the standard reserve in its financial statements and did apply reserve credits related to reinsurance for this reporting period. Therefore, the actual reserve held by the Fund for substandard policies exceeds the minimum reserve that is required for such policies.

The Fund had the following amounts of insurance in force for which gross premiums were less than net premiums determined according to the standard valuation set by the State of Wisconsin, and the following amounts of reserves to cover this deficiency as of December 31, 2024, December 31, 2023, and December 31, 2022:

| | Dec. 31, 2024 | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|---|
| Insurance in Force for Which Gross Premiums Were Less than Net Premiums | $10,592,469 | $11,092,630 | $12,298,105 |
| Portion of Aggregate Reserves to Cover Deficiency | 38,470 | 40,814 | 46,358 |

Insurance-specific tabular interest, tabular less actual reserve released, and tabular cost have been determined by NAIC formulas. Tabular interest on funds not involving life contingencies is also determined by a separate NAIC formula.

## 8. LIABILITY FOR DEPOSIT-TYPE CONTRACTS

All of the deposit-type contracts of the Fund are subject to discretionary withdrawal without adjustment. They are reported at book value and are not affected by reinsurance. The liability accounts reported as of December 31, 2024, December 31, 2023, and December 31, 2022, include:

| | Dec. 31, 2024 | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|---|
| Supplementary Contracts without Life Contingencies | $ 2,523,122 | $ 2,660,333 | $ 2,780,579 |
| Dividends Left to Accumulate | 24,876,068 | 24,002,800 | 23,584,707 |
| Accrued Deposits | 1,556,649 | 1,546,691 | 1,538,364 |
| Total Liability for Deposit-Type Contracts | $28,955,839 | $28,209,824 | $27,903,650 |

## 9. DEFERRED PREMIUMS AND UNCOLLECTED PREMIUMS

As of December 31, deferred life insurance premiums and uncollected life insurance premiums, all of which were for ordinary life insurance, were:

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| Gross Premium: | | | |
| Ordinary New Business | $ 0 | $ 0 | $ 0 |
| Ordinary Renewal | 46,302 | 48,938 | 54,186 |
| Total | $46,302 | $48,938 | $54,186 |
| Net Premium: | | | |
| Ordinary New Business | $ 0 | $ 0 | $ 0 |
| Ordinary Renewal | 37,324 | 39,353 | 41,104 |
| Total | $37,324 | $39,353 | $41,104 |

Gross premium is the premium charged to the policyholder. Net premium is the amount of premium used in the calculation of the statutory reserves and represents the amount needed to provide contract benefits based on statutory interest and mortality reserve assumptions. The difference between the gross and net premium represents the amount available for expenses.

## 10. EMPLOYEE RETIREMENT PLAN

Permanent employees of the Fund are participants in the Wisconsin Retirement System (WRS), which is administered by the Department of Employee Trust Funds (ETF) under the direction of the ETF Board. The WRS is a cost-sharing multiple-employer defined-benefit pension plan administered through a trust. WRS benefits, required contributions, and other plan provisions are established by ch. 40, Wis. Stats. Eligible state and local government public employees are entitled to a retirement benefit based on the higher calculation of a formula benefit or a money purchase benefit. The formula benefit is calculated based on a formula factor, the employee's final average earnings, and creditable service. The money purchase benefit is based on the employee's contributions plus matching employer's contributions, with interest. The WRS recognized employer contributions from the Fund of $26,006 for 2024, $26,844 for 2023, and $24,196 for 2022.

Additional information about the WRS is included in the State of Wisconsin Annual Comprehensive Financial Report (ACFR). That report is publicly available at *https://doa.wi.gov/Pages/StateFinances/ACFR.aspx.*

ETF also issues a standalone ACFR, which can be found at *https://etf.wi.gov /about-etf/reports-and-studies/financial-reports-and-statements.*

## 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Other postemployment benefits (OPEB) are benefits other than pensions that state and local governments provide to their retired employees. Under ch. 40, Wis. Stats., ETF and the Group Insurance Board (GIB) have statutory authority for program administration and oversight of postemployment benefits. ETF administers postemployment benefit plans other than pension plans for retired State employees, which includes the State Retiree Life Insurance program, the State Retiree Health Insurance program, and the Supplemental Health Insurance Conversion Credit (SHICC) program. Employees of the Fund are employees of the State. The Fund is required to report OPEB expenses. However, the Fund's financial statements do not include these expenses because they are immaterial to the Fund as a whole.

Additional Information about other postemployment benefits provided to State employees is included in the State of Wisconsin ACFR. That report is publicly available at *https://doa.wi.gov/Pages/StateFinances/ACFR.aspx.*

ETF also issues a standalone ACFR, which can be found at *https://etf.wi.gov /about-etf /reports-and-studies/financial-reports-and-statements.*

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# Auditor's Report

STATE OF WISCONSIN
Legislative Audit Bureau

Report 25-27

Joe Chrisman
State Auditor

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# Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters

Senator Eric Wimberger and
Representative Robert Wittke, Co-chairpersons
Joint Legislative Audit Committee

Mr. Nathan Houdek, Commissioner
Office of the Commissioner of Insurance

We have audited the financial statements and the related notes of the State Life Insurance Fund of the State of Wisconsin, administered by the Office of the Commissioner of Insurance (OCI), as of and for the years ended December 31, 2024, December 31, 2023, and December 31, 2022. We have issued our report thereon dated October 27, 2025. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* which is issued by the Comptroller General of the United States. We provided adverse opinions on the State Life Insurance Fund's financial statements based on U.S. Generally Accepted Accounting Principles. We provided unmodified opinions on the State Life Insurance Fund's financial statements prepared on a regulatory basis in accordance with financial reporting requirements established by the National Association of Insurance Commissioners as prescribed by the Commissioner of Insurance pursuant to s. 623.02, Wis. Stats.

## Report on Internal Control over Financial Reporting

Management of OCI is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit of the financial statements, we considered OCI's internal control as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of OCI's internal control. Accordingly, we do not express an opinion on the effectiveness of OCI's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent misstatements, or to detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the State Life Insurance Fund's financial statements will not be prevented, or that a material misstatement will not be detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material

weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the State Life Insurance Fund are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of This Report

This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be used when considering OCI's internal control and compliance. The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of OCI's internal control or on compliance. Accordingly, this report is not suitable for any other purpose.

LEGISLATIVE AUDIT BUREAU

Legislative Audit Bureau

October 27, 2025