

City of Milwaukee

Employes' Retirement System (ERS)

*Standard Insurance Company
Management Request Report*

JUNE 2010
JEFFERSON WELLS
WISCONSIN OFFICE

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EXECUTIVE SUMMARY

Standard Insurance Company requested the City of Milwaukee ERS to confirm compliance with the State of Wisconsin's regulatory directives related to the delivery to covered members of electronic and hard copy insurance certificates for group life. Jefferson Wells performed a compliance review to determine whether the following directives are being met:

- The insurance certificate is posted electronically on the ERS website.
- Instructions are provided to certificate holders as to how to access the certificate either online or how to request a hard copy. These instructions need to be distributed via a "house organ" such as a member handbook.
- As Standard provides updates to the certificate, the covered members are notified of the change.
- Upon request, hard copies of the certificate are provided to covered members.

Conclusion

Based on the results of this review, compliance with the regulatory directives is dependent upon both ERS and the City of Milwaukee Department of Employee Relations (DER). ERS and DER are compliant with the regulatory directives related to electronic posting of the certificate on the ERS website. Because there have been no updates to the certificate provided by Standard to date, ERS's and DER's timely notification to covered members of such changes could not be tested.

In regards to exceptions noted, this review determined that ERS and DER do not provide instructions via a "house organ" such as a member handbook as to the means to access the certificate of insurance electronically or via hard copy. Because instructions for requesting a hard copy of the certificate have not been communicated, there have been no known member requests for such documentation, and therefore the directive concerning the provision of hard copy certificates could not be tested. As a result of this audit, DER currently is in the process of updating member documentation regarding group life insurance and how to access the insurance certificates.

PROCEDURES PERFORMED

The following procedures were performed during the compliance review. All items reviewed occurred in May 2010.

- Confirmed the auditor's understanding of compliance requirements with Standard Life Insurance.
- Reviewed the ERS web site to ensure group life insurance information was posted online (see http://www.cmers.com/cmers/Docs/Forms/Final_Certificate.pdf).
- Reviewed member benefits handbooks and employee orientation handbooks to determine if member instructions are provided for accessing a copy of the insurance certificate either online or via request for a hard copy. Confirmed during discussions with ERS and DER that instructions for obtaining a copy of the insurance certificate were not being provided in a "house organ" such as a member handbook.
- Determined if life insurance coverage changes are being communicated to covered members (Note: To date, there have been no updates to the certificate over the past 18 months that Standard has provided life coverage to the City).

ISSUES, RECOMMENDATIONS & MANAGEMENT'S RESPONSE

1. Lack of Instructions for Accessing the Insurance Certificate

Instructions for accessing the insurance certificate are not being provided to all covered members via a "house organ" such as a member handbook, as required by the State of Wisconsin's regulatory directive.

Recommendation:

DER and ERS should determine the means by which the instructions to access the insurance certificate online or via request for a hard copy will be made available to all covered members on a timely basis.

Management Response:

The ERS currently provides access to the insurance certificate on its website, www.cmers.com. DER also provides access to the insurance certificate via a link on its website, www.milwaukee.gov.

Going forward, as part of the open enrollment process, DER will include a message to employees on how to access the insurance certificate in its open enrollment books, which are distributed to all active employees, annually in October.

The ERS will notify retirees in its monthly newsletter.

Implementation Date: October 2010