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Long-Term Care (LTC) Credibility Monograph Work Group

Update to NAIC LTC Actuarial Working Group

August 14, 2015

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Chairperson, LTC Credibility Monograph Work Group



Agenda

- Review of work group objectives
- Final outline of the monograph
- Progress since last update



Review of Work Group Objectives

- Establish the applicability of ASOP 25: *Credibility Procedures Applicable to Accident and Health, Group Term Life, and Property/Casualty Coverages* to LTC insurance
- Establish the importance of incorporating credibility procedures into LTC-related actuarial work
- Develop a framework for advancing actuarial practice in this regard
- Define next steps



Updated Outline of the Draft Monograph

- I. Executive Summary
- II. Introduction – The Need for this Monograph
- III. Current Status of Actuarial Practice and Documentation
- IV. Understanding LTC Insurance (LTCI) Misestimation and Volatility Risks
- V. Credibility Theory – Background/Introduction



Updated Outline of the Draft Monograph (cont.)

- VI. Considerations in the Selection of Credibility Procedures for LTCI
- VII. Impact of Credibility Procedures Used and Resulting Attributed Credibility on the Presentation of Results
- VIII. Next steps



Progress Since Last Update and Timeline

- To date, all sections of the draft monograph have been:
 - Drafted/re-drafted by various subgroups within the work group;
 - Reviewed and revised on multiple occasions by the collective work group;
 - Subjected to an initial peer review by one of the formal peer reviewers and revised accordingly; and,
 - Subjected to a formal peer review and revised accordingly.
- The resulting draft is undergoing internal Academy review.
- The final document should be released soon!



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