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Long-Term Care (LTC) Principle Based Reserves (PBR) Work
Group
Update to NAIC LTC Actuarial Working Group

March 27, 2015

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Chairperson, State LTC Task Force



Objectives of LTC PBR Work Group

- Based on the initial request from the NAIC, the objective of the work group is to develop a prototype stochastic model to be used to help set the direction of PBR for LTC
 - The work group agreed to produce a report that would include considerations of stochastic modeling and suggested next steps
 - The model is intended to be illustrative and not inclusive of all policy features that may be offered by an insurer or inclusive of detailed modeling considerations



Work Completed

- Recently completed work
 - Finalized sensitivity runs
 - Summarized and analyzed results
 - Rough draft of report completed



Report Outline – Table of Contents

■ Introduction

- Overview
- Background

■ Model Objectives

- Principle-based approach
- Risk categories and policy changes
- Prototype model

■ Model Description

- Functionalities
- Model alternatives
- Structure
- Process
- Future refinements

■ Modeling Results

- Calibration
- Discussion of results

■ Appendices



Next Steps

- Next steps
 - Finalize report
 - Expose to entire Academy work group
 - Peer review
 - Academy policy and legal review
- Target presentation of report at August NAIC meeting



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