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American Academy of Actuaries
Long-Term Care (LTC) Credibility Monograph Work Group

Update to LTC Actuarial Working Group

August 15, 2013

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Chairperson, LTC Credibility Monograph Work Group



Agenda

- Review of work group objectives
- Progress since last in-person update
- Updated outline of the monograph
- Revised target timeline
- Questions



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



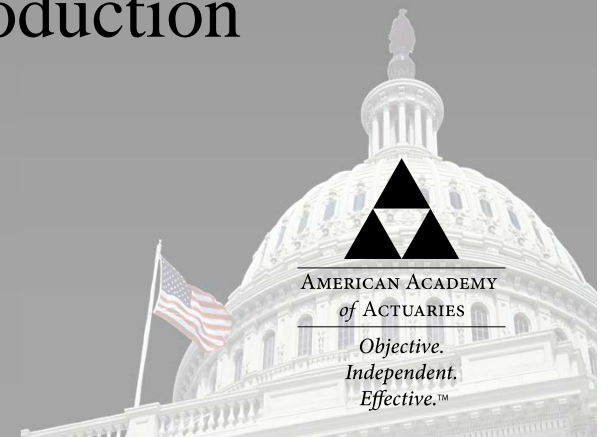
Progress Since Last Update

- Worked with various subgroups to further discuss and revise the monograph outline, especially relating to Section III (i.e., current status of industry practice and documentation), Section V (i.e., credibility theory – background/introduction) and former Section VII (i.e., evaluating and selecting the optimal credibility procedure)
- Worked with various subgroups individually and collectively to draft resulting outline of Sections II, IV and V
- Developed and distributed to the work group an updated project timeline on July 2



Updated Outline of the Monograph

- I. Executive summary
- II. Introduction – need(s) for practice advancement
- III. Current status of industry actuarial practice and documentation
- IV. Understanding LTC insurance – mis-estimation and volatility risks
- V. Credibility theory – background/introduction



Updated Outline of the Monograph (cont.)

- VI. Considerations in the selection of credibility procedures for LTC
- VII. Impact of credibility procedures used and resulting attributed credibility on the presentation of results
- VIII. Next Steps



Revised Target Timeline

- Developed a revised target timeline on July 2
- August 22: Finalize draft of outline for Sections VI, VII and VIII and develop draft of outline for Section I
- Week of August 25-29: conference call
- September 5: Finalize draft of outline Section I and distribute complete draft for review
- Week of September 8-12: conference call
- September 19: Finalize complete draft and submit for Academy peer and policy review



Questions?



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