



AMERICAN ACADEMY *of* ACTUARIES

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# Long-Term Care (LTC) Credibility Monograph Work Group

## Update to NAIC LTC Actuarial Working Group

April 2, 2016

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# Agenda

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



# Review of Work Group Objectives

- Identify issues related to LTC Insurance (LTCI) credibility
- Establish the importance of incorporating credibility procedures into LTC-related actuarial work
- Develop a framework for potential research and suggested areas for development of more substantial professional guidance.
- Define next steps



# Summary of the Monograph

- I. Executive Summary
- II. Introduction – Background on Credibility in LTCI
- III. Understanding LTCI Misestimation and Volatility Risks
- IV. Credibility Theory



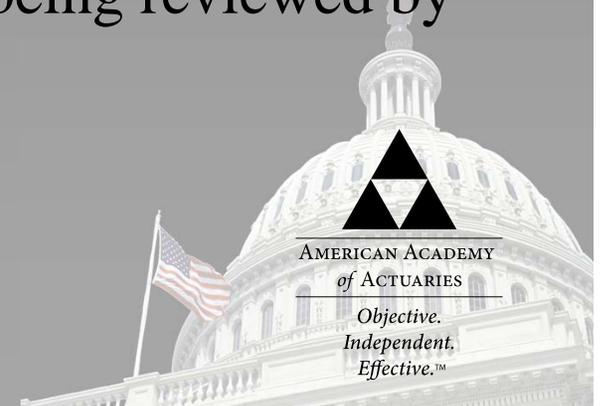
# Summary of the Monograph (cont.)

- V. Considerations in the Selection of Credibility Procedures for LTCI
- VI. Effect of Credibility Procedures Used and Resulting Attributed Credibility on the Presentation of Results
- VII. 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;
  - Subjected to a formal peer review and revised accordingly; and,
  - Subjected to internal Academy review.
  
- Questions/comments and proposed edits have been received from the Academy and are in the process of being reviewed by the chairperson.



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