



April 11, 2023

Fred Andersen, Co-Chair  
Paul Lombardo, Co-Chair  
Long-Term Care Actuarial (B) Working Group (LTCAWG)  
Health Actuarial (B) Task Force  
National Association of Insurance Commissioners (NAIC)

Re: Definition of “past losses” in the context of recouping past losses for long-term care (LTC)

Dear Co-Chairs Andersen and Lombardo,

On behalf of the Long-Term Care (LTC) Reform Subcommittee (“the subcommittee”) of the Health Practice Council of the American Academy of Actuaries (Academy),<sup>1</sup> we are reaching out to you to follow up on a concern you raised during the NAIC LTC Actuarial (B) Working Group Meeting on February 17, 2023, about the lack of a consistent definition of “past losses” in the context of recouping past losses for LTC.

We refer the LTCAWG to a specific Academy issue brief, [\*Long-Term Care Insurance: Considerations for Treatment of Past Losses in Rate Increase Requests\*](#) (October 2018), on considerations for treatment of past losses in rate increase requests for LTC insurance. That issue brief notes that there are many possible sources of past losses, including past persistency in excess of expected, past claims in excess of expected, delays in the request or approval of necessary premium rate increases, companies pricing different from industry standards, investment returns being lower than expected, and shortfalls in past premiums. As regulators review requested rate increases and consider how to and how much to adjust for past losses, there are a variety of approaches one might reasonably take depending on the source.

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<sup>1</sup> The American Academy of Actuaries is a 19,500-member professional association whose mission is to serve the public and the U.S. actuarial profession. For more than 50 years, the Academy has assisted public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.

We would welcome the opportunity to speak with you to provide more detail regarding past losses or on other issues. For example, the committee has offered comments to the Long-Term Care Insurance Multi-State Rate Review Framework.<sup>2</sup>

If you have any questions or would like to discuss further, please contact Matthew Williams, the Academy's senior health policy analyst, at [williams@actuary.org](mailto:williams@actuary.org).

Sincerely,

Jamala M. Arland, MAAA, FSA  
Chairperson, LTC Reform Subcommittee  
American Academy of Actuaries

Andrew H. Dalton, MAAA, FSA  
Vice Chairperson, LTC Reform Subcommittee  
American Academy of Actuaries

CC: Eric King, NAIC Support Staff

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<sup>2</sup> [https://www.actuary.org/sites/default/files/2021-10/Academy Comment Letter NAIC LTCL MSA Framework 10.2021.pdf](https://www.actuary.org/sites/default/files/2021-10/Academy%20Comment%20Letter%20NAIC%20LTCL%20MSA%20Framework%2010.2021.pdf)