



SOCIETY OF  
ACTUARIES®

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2025 SOA VALUATION  
ACTUARY MEETING

# Session 4B

## Hybrid Life and LTC Rider Reserving Considerations Including PBR and LDTI

August 20, 2025

### A Conversation With:

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# SOA Antitrust Compliance Guidelines

Active participation in the Society of Actuaries is an important aspect of membership. While the positive contributions of professional societies and associations are well-recognized and encouraged, association activities are vulnerable to close antitrust scrutiny. By their very nature, associations bring together industry competitors and other market participants. The United States antitrust laws aim to protect consumers by preserving the free economy and prohibiting anti-competitive business practices; they promote competition. There are both state and federal antitrust laws, although state antitrust laws closely follow federal law. The Sherman Act, is the primary U.S. antitrust law pertaining to association activities. The Sherman Act prohibits every contract, combination or conspiracy that places an unreasonable restraint on trade. There are, however, some activities that are illegal under all circumstances, such as price fixing, market allocation and collusive bidding.

There is no safe harbor under the antitrust law for professional association activities. Therefore, association meeting participants should refrain from discussing any activity that could potentially be construed as having an anti-competitive effect. Discussions relating to product or service pricing, market allocations, membership restrictions, product standardization or other conditions on trade could arguably be perceived as a restraint on trade and may expose the SOA and its members to antitrust enforcement procedures.

While participating in all SOA in person meetings, webinars, teleconferences or side discussions, you should avoid discussing competitively sensitive information with competitors and follow these guidelines:

- **Do not** discuss prices for services or products or anything else that might affect prices
- **Do not** discuss what you or other entities plan to do in a particular geographic or product markets or with particular customers.
- **Do not** speak on behalf of the SOA or any of its committees unless specifically authorized to do so.
- **Do** leave a meeting where any anticompetitive pricing or market allocation discussion occurs.
- **Do** alert SOA staff and/or legal counsel to any concerning discussions
- **Do** consult with legal counsel before raising any matter or making a statement that may involve competitively sensitive information.

Adherence to these guidelines involves not only avoidance of antitrust violations, but avoidance of behavior which might be so construed. These guidelines only provide an overview of prohibited activities. SOA legal counsel reviews meeting agenda and materials as deemed appropriate and any discussion that departs from the formal agenda should be scrutinized carefully. Antitrust compliance is everyone's responsibility; however, please seek legal counsel if you have any questions or concerns.

# Presentation Disclaimer

*Presentations are intended for educational purposes only and do not replace independent professional judgment. Statements of fact and opinions expressed are those of the participants individually and, unless expressly stated to the contrary, are not the opinion or position of the Society of Actuaries, its cosponsors or its committees. The Society of Actuaries does not endorse or approve, and assumes no responsibility for, the content, accuracy or completeness of the information presented. Attendees should note that the sessions are audio-recorded and may be published in various media, including print, audio and video formats without further notice.*

## About the Academy



### **Mission:**

To serve the public and the U.S. actuarial profession



### **Community:**

Serving over 20K MAAs & public stakeholders for 60 years



### **Standards:**

Setting qualification, practice, and professionalism standards



### **Impact:**

Delivering over 300 insight-driven publications & resources annually

# Discussing with you today:



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# Agenda

- Overview of LTC Riders
- Base Policies
- Assumptions
- General Reserve Considerations
- Statutory Reserves/PBR
- LDTI

# Overview of LTC Riders

## Acceleration of Benefits

- Cash Indemnity vs. Reimbursement
- Qualifying events
  - Failing 2+ ADLs (Activities of Daily Living)
  - Severe cognitive impairment
- Monthly Benefit Limit (MBL)
  - % of Face Amount/Account Value
  - Number of months
  - Fixed amount
- Rider provisions
  - Inflation Protection
  - Waiver of Premium

## Extension/Continuation of Benefits

- Extension period
  - Multiplier of base (2x, 3x, etc.)
  - Fixed years
  - Lifetime
- Monthly Benefit Limit (MBL)
  - Typically tied to Acceleration limit
- Rider provisions
  - Inflation Protection
  - Waiver of Premium
- Worksite policies: restoration of benefits
- Non-forfeiture



# Base Policies

## Life Insurance

- Whole Life, UL, IUL, VUL
- MBL based on Face Amount

## Annuities

- Fixed Annuity, Indexed Annuity, VA
- MBL based on Account Value
  - LTC Second Tier funds common
    - Premium Bonus
    - Favorable credited rate



# Assumptions

## Primary Assumptions

- Incidence
- Claim Termination
  - Death
  - Recovery
  - Conservation of Mortality
- Benefit Utilization

## Base Policy Changes

- Lapse

## Assumption Considerations

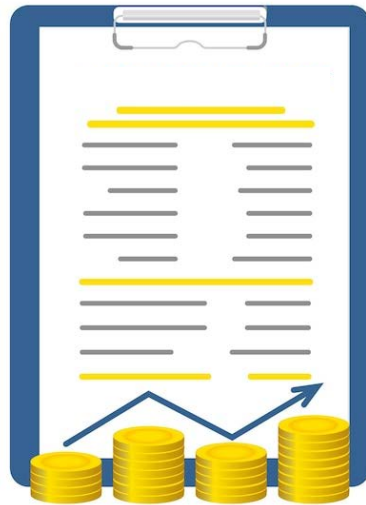
- Single vs. Joint
- Acceleration/Extension Period
- Inflation vs. No Inflation
- Site of Care
- Underwriting level
- Benefit Size
- Indemnity vs. Reimbursement
- Short term vs. Long term
- Claim Duration

# General Reserve Considerations

- Model Reg #620—Accelerated Death Benefits
  - Explicit Premium
  - Reduction in benefit based on APV
  - Policy Liens
- Extension/Continuation of Benefits
  - LTC Model Reg
  - Health Insurance Reserves Model Reg
- Profits followed by losses
- Model Complexity



# Statutory Reserves/PBR



- Assumption setting/Industry Tables
- Modeling
- Integrating cashflows
- Margin determination
- Claim reserves
- Reinsurance

# LDTI

- Base product considerations
- Assumption Setting
- Cohorting
- Modeling
- Reinsurance

**LONG DURATION**



# Q and A

# Questions?

For more information, please contact the  
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# Upcoming Events

## **COQ, ASB, ABCD: The Professionalism Trifecta**

Sept. 5 | Webinar

## **Actuarial Perspectives and Solutions for Strengthening the U.S. Retirement System**

Sept. 18 | Washington, D.C.

## **Life and Health Qualifications Seminar**

Nov. 17-20 | Arlington, Va.

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