



AMERICAN ACADEMY *of* ACTUARIES

November 4, 2013

Perry Kupferman
Chair, Long-Term Care Valuation Subgroup
National Association of Insurance Commissioners
2301 McGee Street, Suite 800
Kansas City, MO 64108-2662

Re: Academy LTC Terminations Work Group and Mortality Table

Dear Perry,

On behalf of the American Academy of Actuaries¹ State Long-Term Care State Task Force, I appreciate the opportunity to provide comments regarding the subgroup's proposals replacing current mortality standards for new LTC policies in the current National Association of Insurance Commissioners (NAIC) Health Insurance Reserves Model Regulation (HIRMR).

One of the proposed changes includes a potential update to the currently prescribed mortality table. The State Long-Term Care State Task Force has formed the Terminations Work Group as requested by the Long-Term Care Valuation (B) Subgroup regarding voluntary lapse and mortality. The work group is collaborating with the Society of Actuaries' Experience Committee and the Medical Information Bureau (MIB) to get summarized data from the 1984-2007 Intercompany Study data. This project is on-going.

The work group plans to validate mortality to a published table (or tables). In the validation, we will exclude mortality data contributed by companies with low actual-to-expected deaths compared to the aggregate, indicating more miscoded deaths relative to other submitted data. Voluntary terminations will be calculated as the total terminations (with no exclusions) less expected deaths calculated from the exposures and the published table(s).

Historically, long-term care has used group annuity mortality tables for statutory valuation—both 1983 Group Annuity Mortality (GAM) and 1994 GAM. The work group anticipates considering both 2012 Individual Annuity Mortality (IAM) and 2012 Individual Annuity Reserving (IAR) as contemporary tables for validation of the experience data. A generational table, such as the 2012

¹ The American Academy of Actuaries is a 17,500-member professional association whose mission is to serve the public and the U.S. actuarial profession. The Academy assists 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.

IAR, should not be problematic for practicing actuaries. The 2012 IAR is documented in a report from the joint Academy/SOA Payout Annuity Table Team from September 2011².

The work group welcomes the opportunity to speak with you about any of the items discussed in this letter. If you have any questions, please contact myself or Tim Mahony, the Academy's state health policy analyst (202-223-8196, Mahony@actuary.org).

Sincerely,

Warren Jones, MAAA, FSA, FCA
Chairperson, State Long-Term Care Task Force
American Academy of Actuaries

² Joint American Academy of Actuaries/Society of Actuaries' Payout Annuity Table Team *2012 Individual Annuity Reserving Table*, September 2011: http://www.actuary.org/files/publications/Payout_Annuity_Report_09-28-11.pdf