Long-Term Care (LTC) Principle Based Reserves (PBR) Work Group
Update to NAIC LTC Actuarial Working Group

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Chairperson, State LTC Task Force
Objectives of LTC PBR Work Group

- Based on the initial request from the NAIC, the objective of the work group is to develop a prototype stochastic model to be used to help set the direction of PBR for LTC.
  - The work group agreed to produce a report that would include considerations of stochastic modeling and suggested next steps.
  - The model is intended to be illustrative and not inclusive of all policy features that may be offered by an insurer or inclusive of detailed modeling considerations.
Work Completed

- Recently completed work
  - Finalized sensitivity runs
  - Summarized and analyzed results
  - Rough draft of report completed
Report Outline – Table of Contents

- Introduction
  - Overview
  - Background

- Model Objectives
  - Principle-based approach
  - Risk categories and policy changes
  - Prototype model

- Model Description
  - Functionalities
  - Model alternatives
  - Structure
  - Process
  - Future refinements

- Modeling Results
  - Calibration
  - Discussion of results

- Appendices
Next Steps

- Next steps
  - Finalize report
  - Expose to entire Academy work group
  - Peer review
  - Academy policy and legal review
- Target presentation of report at August NAIC meeting
Staff Contact Information

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