

Comment #2 – 2/5/16 – 4:20 p.m.

Section	Paragraph	Recommended change or question	Comment
1.2	Second	Identify “principal” as coming from ASOP 41 as well as “actuarial finding”	“Principal” is also defined in the Code of Professional Conduct
2.8	First	Add words to “... for which incurred claims include payments on all claims within the valuation period plus...”	Need to distinguish from “payments on all claims” as found in first definition.
2.9	First	Did you want it to be “Incurred Date”?	Not listed alphabetically
2.11	First	Add words: “...including but not limited to doctors,...”	Some may think list is comprehensive.
2.13	First	Change definition to “The seriatim application of factors to a volume measure based on prior experience...”	Not sure what the existing definition means.
2.16	First	Add “(4) projection of future benefits to be paid on the claim”	Alternatively, perhaps “processed” needs to be defined . Does the definition address payments for future survival or services on disability or long term care claims?
3.2	Second	Should the term “management” be “principal” as defined in ASOP 41?	Occurs three times
3.2.1	First	Benefit periods or Lifetime maximums could be included in list of examples	Not necessary, but wonder why they were not in the list.
3.2.4	First	Change “increased electronic submission of claims” to “method of of claims submission”	Attempt to be more generic
3.3	Intro	Change “3.3.1–3.3.7” to “3.3.1-3.3.6”	There is no 3.3.7
3.3.1	“a”	Why would the estimate be different based upon the use of the finding?	I thought perhaps interest rates or for different definitions of incurred claims, but these seem to be covered by b and e.
3.3.6	Second to last	“material effect” should be defined? Add “... should disclose this risk to the principal.”	What is “material”? Otherwise where to disclose?

Section	Paragraph	Recommended change or question	Comment
3.4.2	First	Benefit periods or Lifetime maximums could be included in list of examples	Not necessary, but wonder why they were not in the list.
	Third	Add "For long-term disability or long-term care,..."	Long-term care is similar to long-term disability
	Fourth	Add "The tabular method is not appropriate by itself for estimating..."	I think a completion factor (lag) method can be appropriate for estimating unknown claim counts, which can then be multiplied by an average claim amount derived by using a tabular method on average new claim characteristics and time 0 on a continuance table. In other words a tabular calculation can be the source for an average claim size for unknown claims.
3.4.3	First	Add "...to supplement the development and tabular methods for the most..." Why so specific as to include "pharmacy claims"?	Is there a reason to exclude the tabular method?
3.5	First	Change "The actuary should, to the extent practicable, acquire the data..."	As long as practical, testing the reserve methodology is a reasonable step in setting claim reserves. Why did the proposed language take this out as a requirement?
4.2	First	"material impact" should be defined?	What is "material"?