

Comment #6 – 4/11/16 – 12:36 p.m.

With respect to the exposed re-draft of ASOP #5:

I am concerned that it does not address the recent very specific manner in which incurred claims are to be determined for GLTD (and in the near future for IDI as well) for Statutory reporting. The new approach involves using a tabular method with adjustments for company experience (credibility rules, margin adjustments to claim termination rates and periods to update company experience are all specified). The NAIC Model for Health Reserves and AP&P Manual Appendix A-010 already includes some of the new language for some GLTD claims but also refer to an Actuarial Guideline with most of the specifics. Proposed language and another Actuarial Guideline for Individual DI are close to adoption by the NAIC. Since NAIC Model frequently must be adopted by individual states, the actual dates when these requirements will become effective is very unclear.

Paragraph 3.2.8 is inadequate in alerting the actuary to these requirements and 3.2.10 is insufficient in describing them. It might be possible to note in 3.2.8 that "There are developing regulatory provisions dealing with the merging of company experience with industry tables for certain long-term products. As these are developing, a background note is attached with the known examples of these regulatory provisions."

If the ASB needs assistance in the development of such a background note, The AAA Working Groups that assisted the NAIC in the development of the Statutory requirements could be called on.

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