

**Comment #5 – 3/25/16 – 6:18 p.m.**

To the ASB, regarding the exposure draft of ASOP #5: Incurred Health and Disability Claims:

Note: These comments are on behalf of a group of actuaries at Cigna and are being submitted on our own behalf, and do not represent the views of Cigna in general.

We discussed this exposure draft today over a lunch and used it as an opportunity for continuing educations. Here are some of our thoughts:

1. Is it appropriate to change the language in the first sentence of section 3.2 from “should consider” to “should include”? We think a good direction would be to include both terms with a qualifier, since the sentence does still say inclusion is within the actuary’s judgment. One option: “The actuary should consider, and also include factors when in the actuary’s judgment they are applicable, material...”

2. Is the guidance in section 3.3.6 on “provider contractual arrangements” too detailed? We think the level of detail is appropriate, that the section covers a wide variety of arrangements, and that it is broad enough to cover future arrangements that are in the process of being created.

4. Which common methods, if any, are appropriate to include in section 3.4? We think the most common methods have been included in the draft.

5. Are the methods included in section 3.4 described in appropriate detail?

- We think in section 3.4.1 that it is odd to point out a single metric (the ratio) to evaluate for appropriateness when it should rather give guidance on how the key results of the method should be evaluated for reasonability.
- We think in section 3.4.3, the second sentence should start with “These methods” instead of “This method” since the section is both titled with a plural and is discussing multiple types of projection methods.

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