Draft: 9/9/20

Long-Term Care Actuarial (B) Working Group

Conference Call

August 25, 2020

The Long-Term Care Actuarial (B) Working Group of the Health Actuarial (B) Task Force met via conference call Aug. 25, 2020. The following Working Group members participated: Perry Kupferman, Chair (CA); Paul Lombardo (CT); Benjamin Ben (FL); Weston Trexler (ID); Nicole Boyd (KS); Marti Hooper (ME); Fred Andersen (MN); Rhonda Ahrens (NE); Anna Krylova (NM); Bill Carmello (NY); Laura Miller (OH); Andrew Schallhorn (OK); Tracie Gray (PA); Andrew Dvorine (SC); and Mike Boerner (TX).

1. Heard an Update from the Academy on LTC Work Group Activities

Warren Jones (PricewaterhouseCoopers LLP), chair of the American Academy of Actuaries (Academy) Long Term Care Valuation Work Group; Bob Yee (PricewaterhouseCoopers LLP), leader of the Lapse Subgroup; and Bruce A. Stahl (Reinsurance Group of America—RGA), leader of the Mortality Subgroup, gave an update (Attachment \_\_) on the Academy Work Group’s development of mortality and lapse valuation tables. Mr. Jones said today’s presentation is a continuation of the Academy’s presentation during the Working Group’s Aug. 4 meeting, and presentation slides that are new or revised have a yellow banner in the upper right-hand corner.

Mr. Stahl gave an overview of mortality table development work.

Mr. Yee gave an overview of lapse table development. He said he was asked if lapse rates for the under age 55 issue age group for the individual lapse table can be more finely subdivided. He said the credibility of narrower issue age groups below age 55 would not be sufficient.

Mr. Stahl and Mr. Yee gave an overview of mortality improvement suggestions. They asked state insurance regulators to comment on the appropriateness of using the 2012 Individual Annuity Mortality (IAM) G2 scale for mortality improvements. Ms. Ahrens asked if the Academy Work Group has conducted an analysis of the impact of the G2 scale to share with state insurance regulators. Mr. Yee said the Academy Work Group will provide an analysis for the Working Group to review.

Mr. Jones and Mr. Yee gave an overview of the development of recommended margins to be applied to transform the basic mortality and lapse tables into valuation tables. Ray Nelson (America’s Health Insurance Plans—AHIP) said due to the lack of credible data at later durations, the proposed lapse tables ignore the increase in lapses shown in the data and substitute a flat curve there. He asked if adding margin at these later durations is further enhancing the difference between observed and modeled. Mr. Yee said the Academy Work Group examined total terminations—deaths and lapses—and found that the combination of the lapses with margin and deaths closely approximates the observed total terminations.

Mr. Kupferman asked call participants to send any questions or suggestions for the Academy Work Group to NAIC staff, and these will be discussed on an upcoming Working Group conference call.

Having no further business, the Long-Term Care Actuarial (B) Working Group adjourned.

W:\National Meetings\2020\Fall\TF\HA\Conference Calls\8-25 LTCAWG\08-25-20 LTCAWG min.docx