

Treatment of Past Losses for LTC Blocks

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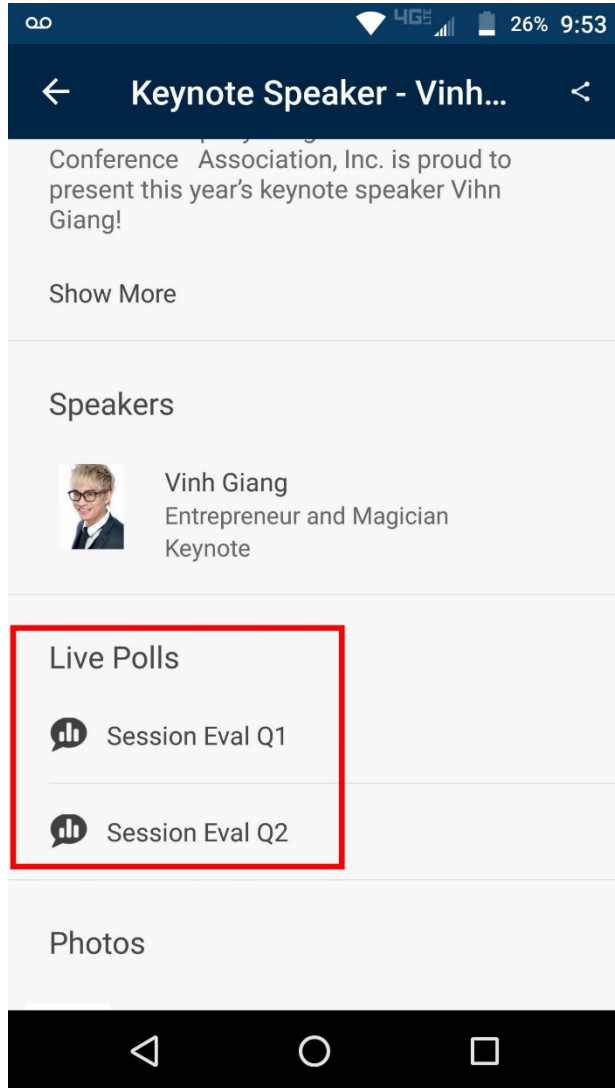
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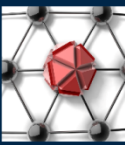
Session Survey Instructions



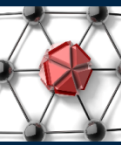
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This year the session survey questions can be found in this section and will take just a couple seconds to complete.



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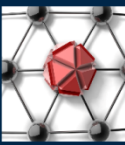


- Introduction
- Blocks with little historical experience
- Past deficient premiums
- Claims experience worse than expected
- Company and regulator delays in rate action
- Company assumptions outside industry standards
- Resources
- Q&A



“Past losses”: an origin story

- Health products
- Participating and Non-par products



Should companies and regulators wait until each block has credible experience?

Should companies and regulators use other data sources?

- Older similar company blocks

 - Underwriting differences

- Industry studies (SOA survey or consultants)



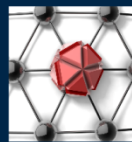
Company would have charged more if they knew then what they know now

Implications of treating this as a non-recoverable past loss



Past claims experience worse than expected

Future claims experience projected to be worse than expected



Company delays

Company should have filed and knew

Company didn't realize they had a problem

Regulator delays

Delays in approvals

Capping increases

Denying increases



Lack of industry standards

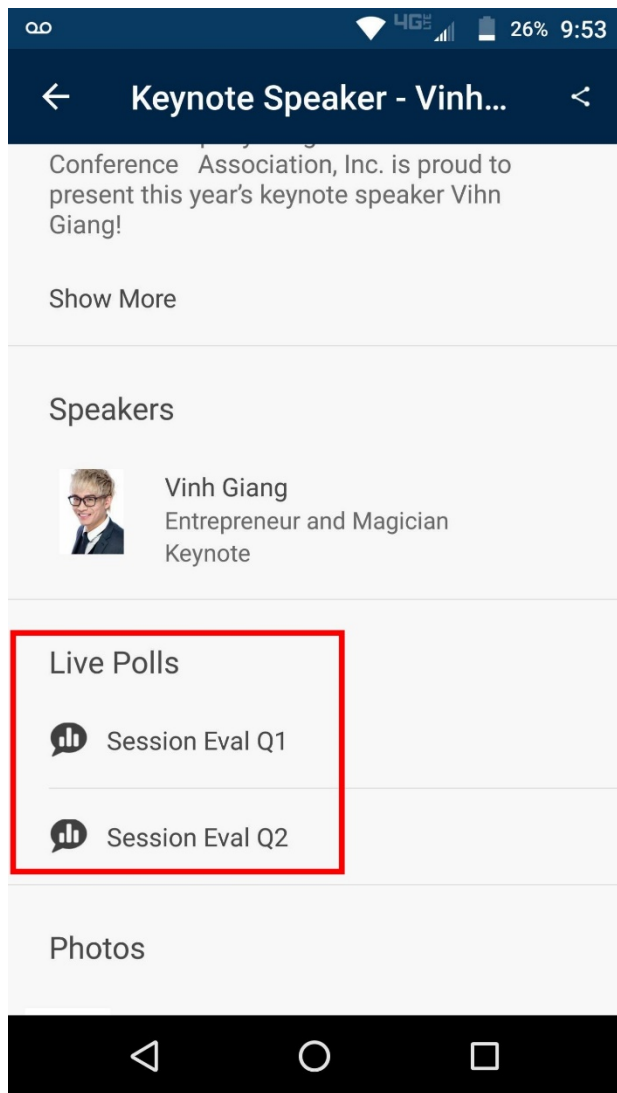
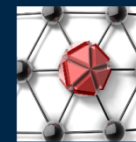
Assumptions may be appropriate even if outside industry standards

Company may be able to provide actuarial support of assumptions



Past Losses Resource	Location
2014 NAIC LTC Model Reg	http://www.naic.org/store/free/MDL-641.pdf
SOA LTC Newsletter, April '17 'Recouping Past Losses'	https://www.soa.org/Library/Newsletters/Long-Term-Care/2017/april/ltc-2017-iss44.pdf
AAA Past Losses Issue Brief (2018)	<i>To be published in 2018</i>

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Questions?