PROJECT HISTORY - 2016

HEALTH INSURANCE RESERVES MODEL REGULATION (#10)
(Referencing 2016 Cancer Claim Cost Valuation Tables)

1. Description of the Project, Issues Addressed, etc.

The 2016 Cancer Claim Cost Valuation Tables (2016 CCCVT) were proposed by the American Academy of Actuaries (Academy)/Society of Actuaries (SOA) Cancer Claim Cost Tables Work Group as the basis for a new minimum valuation standard for cancer insurance contracts issued on or after Jan. 1, 2019, to replace the current 1985 NAIC Cancer Claim Cost Tables. To do so, Model #10 had to be amended to make reference to the new tables.

2. Name of Group Responsible for Drafting the Model and States Participating

The Cancer Claims Cost Table (B) Subgroup—comprising regulator representatives from California, Georgia, Nebraska, New York and Utah—oversaw the drafting of the proposed amendments to Model #10.

3. Project Authorized by What Charge and Date First Given to the Group

In May 2004, the Accident and Health Working Group of the Life and Health Actuarial Task Force (predecessor of the Life Actuarial (A) Task Force and the Health Actuarial (B) Task Force) charged the Academy and the SOA with developing tables to replace the 1985 NAIC Cancer Claim Cost Tables for active life reserves associated with contracts issued past a date to be specified later. As the Academy neared

PROJECT HISTORY - 2016

HEALTH INSURANCE RESERVES MODEL REGULATION (#10)
(Referencing 2013 IDI Valuation Table)

1. Description of the Project, Issues Addressed, etc.

The 2013 Individual Disability Income (IDI) Valuation Table was proposed by the American Academy of Actuaries (Academy)/Society of Actuaries (SOA) Individual Disability Tables Work Group as the basis for a new minimum reserve valuation standard for IDI claims incurred and contracts issued on or after Jan. 1, 2020, to replace the current standard and its 1985 Commissioners Individual Disability A (CIDA) and 1985 Commissioners Individual Disability C (CIDC) Tables. Model #10 needs to be amended to make reference to the new table and the actuarial guideline that gives detailed instructions for its application.

2. Name of Group Responsible for Drafting the Model and States Participating

The Individual Disability Valuation Table Implementation (B) Subgroup, comprising regulator representatives from Alabama, California, Florida, Kansas, Nebraska, New York and Texas oversaw the drafting of the proposed amendments to the model and the associated actuarial guideline. The Subgroup was directed by the Health Actuarial (B) Task Force to coordinate and oversee the drafting of both of these.

3. Project Authorized by What Charge and Date First Given to the Group

5. A General Description of the Due Process (e.g., exposure periods, public hearings or any other means by which widespread input from industry, consumers and legislators was solicited)

The Task Force voted at the 2013 Fall National Meeting to expose the 2013 IDI Valuation Table, proposed amendments to the model and the actuarial guideline to implement the table for a public comment period ending June 30, 2014. Several comments from regulators and industry concerning the complexity of the table relative to the 1985 CIDA and CIDC tables, the need for sub-tables for more than one medical occupation class, and the need for separate claim incidence modifiers for each of voluntary and mandatory employer-sponsored policies were received. Regulators, industry and the Academy participated in revising the table implementation methodology, and the final version of the proposed amendments to the model and the guideline were adopted by the Subgroup, the Health Actuarial (B) Task Force, and the Health Insurance and Managed Care (B) Committee. (Please see 4. for dates of adoption by each group.)

6. A Discussion of the Significant Issues (items of some controversy raised during the due process and the group's response)

Please see 5.

7. Any Other Important Information (e.g., amending an accreditation standard)

None.

PROJECT HISTORY - 2012

HEALTH INSURANCE RESERVES MODEL REGULATION (#10)

(Referencing 2012 GLTD Valuation Table

4. **A General Description of the Drafting Process (e.g., drafted by a subgroup, interested parties, the full group, etc). Include any parties outside the members that participated.**

The initial draft of the amendments to the model and the draft actuarial guideline were provided to the Subgroup by America's Health Insurance Plans and the American Council of Life Insurers. The draft was discussed and modified with input from interested regulators, industry and AAA participants on open conference calls of the Subgroup held June 5, July 10, Nov. 15 and Dec. 4, 2013. The final version of the proposed amendments to the model and the final actuarial guideline were adopted by the Subgroup during its Dec. 4 call. The Health Actuarial (B) Task Force and the Health Insurance and Managed Care (B) Committee both adopted the proposed amendments and the actuarial guideline during the 2013 NAIC Fall National Meeting.

5. **A General Description of the Due Process by 4.7 (a**

PROJECT HISTORY - 2003

HEALTH INSURANCE RESERVES MODEL REGULATION (#10)
(Long-Term Care Insurance Contract Reserve Requirements)

Description of Project and Issues Intended to be Addressed

Regulators have expressed concern that current minimum contract reserve standards for long-term care insurance may be inadequate given the recent incidence of rate increases and the new rate stability standards of the NAIC Long-Term Care Insurance Model Regulation requiring provision for moderately adverse deviation. Conversely, industry has expressed concern that contract reserve requirements for long-term care insurance generate excessive reserves and thus adversely affect insurance carrier returns, premium rates charged to consumers and future product availability. In response, the Accident and Health Working Group of the Life and Health Actuarial Task Force formed a subgroup in June 2002 to study the issue of minimum standards for long-term care insurance contract reserves. Long-term and short-term issues were identified. Noting a desire to quickly act on those issues that are immediately identifiable, a decision was made to address contract reserve valuation assumptions contained in the model regulation, while deferring overall contract reserve methodology review to a later date. The subgroup quickly narrowed the focus of the valuation assumption review to three major issues:

1. Prohibiting the use of assumed improve

During the course of the drafting process, three separate drafts of proposed changes to the Health Insurance Reserves Model Regulation were prepared by the subgroup and released by the Accident and Health Working Group for comment, the latest following the October 23, 2003 interim conference call. These drafts were posted on the NAIC website and included in mailings of the *Life and Health Actuarial Subscription.* At the 2003 Winter National Meeting the working group recommended the proposed language be forwarded to the Life and Health Actuarial Task Force. At this same meeting the task force voted to recommend that the Health Insurance and Managed Care (B) Committee adopt the amendments, which it did.

Significant Issues Raised During the Due Process and Group's Response

An issue of concern to some regulators was the uncertainty of the financial impact of the proposed changes on carriers. In response to this concern the support of the American Academy of Actuaries Long-Term Care Reserving Work Group was enlisted to prepare for regulators an impact study on contract reserves of various changes being considered.

Regulators and interested parties also expressed other concerns, and the American Academy of Actuaries work
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PROJECT HISTORY - 2003

HEALTH INSURANCE RESERVES MODEL REGULATION (#10)
(Single Premium Credit Disability Minimum Reserve Requirements)

Description of Project and Issues Intended to be Addressed

The Health Insurance Reserves Model Regulation was amended in June 2001 implementing inclusion of single premium credit disability insurance. Specific valuation morbidity tables were added as minimum standards for determining contract reserves for individual and group single premium credit disability insurance.

Most states currently require entities to hold the gross unearned

Significant Issues Raised During the Due Process and Group's Response

No comments were received on the proposed language during the three-month comment period. At the 2003 Fall National Meeting the working group recommended adoption of the draft language released for exposure, but with a slight change in wording and the addition of a drafting note to further clarify the intent. The Life and Health Actuarial Task Force agreed with the working group recommendation to adopt the amendment.

Implications of this Project for Accreditation and Codification

This change has no impact on accreditation.

PROJECT HISTORY - 2003

HEALTH INSURANCE RESERVES MODEL REGULATION (#10)
(Disability Income Insurance Claim Reserve Requirements)

Description of Project and Issues Intended to be Addressed

The issue concerns interpretation of the proper length of the period for use of a company's own claim experience in determining morbidity assumptions used in setting disability income insurance claim reserves.

The Health Insurance Reserves Model Regulation provides, "For claims with a duration from date of disablement of less than two years, reserves may be based on the insurer's experience, if such experience is considered credible, or upon other assumptions designed to place a sound value on the liabilities." Furthermore, "For group disability income claims with a duration from date of disablement of more than two (2) years but less than five (5) years, reserves may, with the approval of the commissioner, be based on the insurer's experience for sis2.3 (e)i-1.9 (lah

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