

The A&H Working Group held a conference call today to discuss changes to the Med Supp refund formula. They established a “long-term” subcommittee to look at changes to the federal law. Likely topics will be: increased flexibility in policy groupings, whether contract reserves can be considered, and whether there should continue to be a federally mandated refund.

There was also a “short-term” proposal to accomplish two things that can be done without changes in federal law. First was to eliminate the minimum third year loss ratio. Second was to approve new claim cost curves as proposed by FL. There would be two curves, one for issue age policies and one for policies which are other than issue age.

The Working Group decided to defer on the short-term proposal while waiting to see how quickly the long-term proposal would take to develop and if anything in the long-term proposal would have an impact on the short-term proposal.

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