

PBR Health Subgroup

The subgroup used the entire session to discuss an amendment to VM-25 proposed by Bill Weller who was representing AHIP.

At the outset of this project, the subgroup agreed that the language in the health requirements in the new valuation manual shouldn't effectively change the minimum reserve standards required in the existing manual.

The AHIP amendment pertains to language in section H.1.A., which deals with the different reserve components – claim reserves, premium reserves and contract reserves. In the current VM, the language is clear that reserves must be deemed appropriate in the aggregate. AHIP felt that the new language could be construed to require a test of appropriateness for each reserve component individually, which could effectively raise the required minimum standard. As an alternative to the language suggested by AHIP, Steve Ostlund, chair of the A&H Working Group, proposed a simpler modification. Weller indicated that, in his opinion, the simpler amendment addressed the stated concern and would refer it back to AHIP. The subgroup, not in the mood to drag the process out any further, voted to refer the amended document back to LHATF for review by the full committee.

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