

DEVELOPMENT OF A CCRC MODEL

An actuarial model of continuing care retirement communities (CCRC's) was developed. The model uses a set of multiple-decrement, multi-life, multi-status functions to describe the population of a CCRC. The actuarial model has been programmed into a PC-based computer model which: (1) projects the CCRC population on both a closed and open group basis, (2) determines prospective reserves and the resulting actuarial-based balance sheets, and (3) does a cash flow projection. These calculations can be performed on both a deterministic basis and stochastic basis. The stochastic model is based on a Monte Carlo simulation.

The model was developed by Bill Bluhm, Bob Cumming, and Stan Roberts and was funded by a grant from the Society of Actuaries Research Management Committee. The PC-based model is available from the Society of Actuaries for research and educational activities. The model can be run on an IBM-compatible PC with two megabytes of memory using LOTUS 1-2-3 (version 2.2). To obtain further information regarding the model, please contact the Section and Research Coordinator for the Society of Actuaries.

