



**2019 HEALTH**  
MEETING

JUNE 24-26 | PHOENIX, AZ



## **Session 47, Preparing Actuarial Memoranda in Support of the Health Annual Statement of Actuarial Opinion**

[SOA Antitrust Disclaimer](#)

[SOA Presentation Disclaimer](#)

# 2019 Health Meeting

**DEANA BELL, FSA, MAAA**

**ANNETTE JAMES, FSA, FCA, MAAA**

**JACQUELINE LEE, FSA, MAAA**

**Session 047: Preparing Actuarial Memoranda in Support of the  
Health Annual Statement of Actuarial Opinion**

June 24, 2019 3:30pm - 4:45pm



# SOCIETY OF ACTUARIES

## Antitrust Compliance Guidelines

Active participation in the Society of Actuaries is an important aspect of membership. While the positive contributions of professional societies and associations are well-recognized and encouraged, association activities are vulnerable to close antitrust scrutiny. By their very nature, associations bring together industry competitors and other market participants.

The United States antitrust laws aim to protect consumers by preserving the free economy and prohibiting anti-competitive business practices; they promote competition. There are both state and federal antitrust laws, although state antitrust laws closely follow federal law. The Sherman Act, is the primary U.S. antitrust law pertaining to association activities. The Sherman Act prohibits every contract, combination or conspiracy that places an unreasonable restraint on trade. There are, however, some activities that are illegal under all circumstances, such as price fixing, market allocation and collusive bidding.

There is no safe harbor under the antitrust law for professional association activities. Therefore, association meeting participants should refrain from discussing any activity that could potentially be construed as having an anti-competitive effect. Discussions relating to product or service pricing, market allocations, membership restrictions, product standardization or other conditions on trade could arguably be perceived as a restraint on trade and may expose the SOA and its members to antitrust enforcement procedures.

While participating in all SOA in person meetings, webinars, teleconferences or side discussions, you should avoid discussing competitively sensitive information with competitors and follow these guidelines:

- **Do not** discuss prices for services or products or anything else that might affect prices
- **Do not** discuss what you or other entities plan to do in a particular geographic or product markets or with particular customers.
- **Do not** speak on behalf of the SOA or any of its committees unless specifically authorized to do so.
- **Do** leave a meeting where any anticompetitive pricing or market allocation discussion occurs.
- **Do** alert SOA staff and/or legal counsel to any concerning discussions
- **Do** consult with legal counsel before raising any matter or making a statement that may involve competitively sensitive information.

Adherence to these guidelines involves not only avoidance of antitrust violations, but avoidance of behavior which might be so construed. These guidelines only provide an overview of prohibited activities. SOA legal counsel reviews meeting agenda and materials as deemed appropriate and any discussion that departs from the formal agenda should be scrutinized carefully. Antitrust compliance is everyone's responsibility; however, please seek legal counsel if you have any questions or concerns.

# Presentation Disclaimer

*Presentations are intended for educational purposes only and do not replace independent professional judgment. Statements of fact and opinions expressed are those of the participants individually and, unless expressly stated to the contrary, are not the opinion or position of the Society of Actuaries, its cosponsors or its committees. The Society of Actuaries does not endorse or approve, and assumes no responsibility for, the content, accuracy or completeness of the information presented. Attendees should note that the sessions are audio-recorded and may be published in various media, including print, audio and video formats without further notice.*

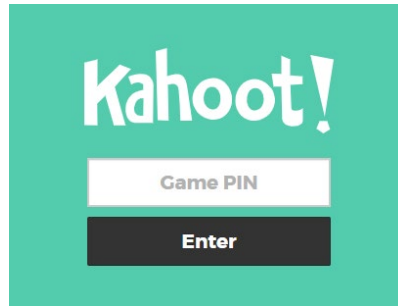
## Presentation Format

Welcome to an interactive session where we show a live dramatization of a meeting between a regulator and an appointed actuary preparing an Actuarial Memorandum in support of the Health Annual Statement.

In the session we will go over parts of the Actuarial Memorandum and identify how the example conforms to guidance and how to improve.

# Using Kahoot

We will be using Kahoot to poll the audience on the action on stage. We will use <https://kahoot.it/> to access Kahoot.



## Topics Covered

- Best practices in preparing Actuarial Memorandums
- Applicable ASOPs
- Margin
- Reliance statement

\* Please note, we are not able to discuss the practice note on Actuarial Memos because as of this presentation this note was not released by the AAA.

# Resources





# Resources - ASOPs

- [ASOP 1: Introductory Actuarial Standard of Practice](#)
- [ASOP 5: Incurred Health and Disability Claims](#)
- [ASOP 7: Analysis of Life, Health, or P&C Insurer Cash Flows](#)
- [ASOP 8: Regulatory Filings for Health Benefits, Accident and Health Insurance, and Entities Providing Health Benefits](#)
- [ASOP 11: Treatment of Reinsurance Transactions](#)
- [ASOP 22: Statements of Opinion Based on Asset Adequacy Analysis by Actuaries for Life or Health Insurers](#)
- [ASOP 23: Data Quality](#)
- [ASOP 28: Statements of Actuarial Opinion Regarding Health Insurance Liabilities and Assets](#)
- [ASOP 41: Actuarial Communications](#)
- [ASOP 42: Determining Health and Disability Liabilities Other than Liabilities for Incurred Claims](#)
- [ASOP 45: The Use of Health Status Based Risk Adjustment Methodologies](#)

# Resources – SSAPs\*

- [SSAP 54 – Individual and Group Accident Health Contracts](#)
- [SSAP 55 – Unpaid Claims, Losses, and Loss Adjustment Expenses](#)
- [SSAP 84 – Health Care and Government Insured Plan Receivables](#)
- [SSAP 61 – Life, Deposit-type and Accident Health Reinsurance](#)

\* Statement of Statutory Accounting Principles

# Other Resources

- [Practice Note – Revised Actuarial Statement of Opinion Instructions for the NAIC Health Annual Statement Effective December 31, 2010](#)
- [NAIC Health Annual Statement Instructions](#)
- [NAIC Health Reserves Guidance Manual – February 2007](#)
- [Premium Deficiency Reserve Discussion Paper – AAA March 2007](#)
- [Practice Note – Large Group Medical Insurance Reserves, Liabilities, and Actuarial Assets](#)
- [Practice Note – Small Group Medical Insurance Reserves and Liabilities](#)
- [Practice Note – Practices for Preparing Health Contract Reserves](#)

Deana Bell [deana.bell@milliman.com](mailto:deana.bell@milliman.com)  
Annette James [ajames@doi.nv.gov](mailto:ajames@doi.nv.gov)  
Jacqueline Lee [jlee@lewisellis.com](mailto:jlee@lewisellis.com)

# Questions?





**SOCIETY OF  
ACTUARIES®**