

HealthVAL

The HealthVAL module provides the calculation of Statutory, Tax, and FAS 60 GAAP reserves for any health product using claim costs or continuance/termination rate tables for valuation. HealthVAL handles the calculation of both active life and disabled life reserves for both Statutory and Tax purposes. The Unearned Premium Reserve calculation is also available.

Statutory Reserves • Tax Reserves • FAS 60 GAAP Reserves

■ Reserve Calculations

Available for these product types

- LTC
- DI
- ADD

Available Methods

- On-the-fly based on claim costs from standard tables
- Input by the user
- Derived from basic principles using claim incidence and claim termination rates.
- This allows reserves to reflect the Statutory or Tax reserve interest rate throughout the calculation.

- FAS 60 GAAP reserves are computed from basic principles using continuance/termination rate tables allowing the flexibility to reflect company experience. Factor approach is also available.

- Calculation of active life policy reserves following the principles prescribed in "Section 4 – Contract Reserves" of the NAIC Minimum Reserve Standards For Individual and Group Health Insurance Contracts regulation.

- Separate Benefit Adjustment Factors, Reserve Adjustment Factors, and Claim Cost Adjustment Factors can be utilized, each varying by policy year and issue age. The table of adjustment factors can vary by gender, risk class, occupation class, elimination period, benefit period, and cause. In addition to multiplicative factors, constant factors may also be used to adjust Claim Costs.

- Several standard tables are included with the system:

- 1985 Cancer Table
- 1985 CIDA Table
- 1974 Hospital Surgical Table
- 1964 CDT Table
- SOA Long Term Care Table (at any interest rate specified)

- Multiple rating categories are allowed in a single plan. Plans can have an almost unlimited number of instances in each of three different categories that affect claim costs. For example, for disability income business, many occupation classes, elimination periods, and benefit periods can be accommodated in one plan code. This allows for the use of a single plan definition for what might otherwise occupy dozens of plan codes on an administrative system.

- Benefits that vary by duration, such as COLA, can be included using a rider approach, eliminating the need to code each variation as an independent plan code.

- Un-level premiums and benefits can be reflected at the individual policy level along with policy level reserve adjustment factors.

- Support for lapse rates as prescribed by Section 4 of the Health Insurance Reserve Model Regulation.

Handles multiple occupation classes, elimination and benefit periods in a single plan code.

