

# Claim Reserves – Actuarial Due Diligence

To meet the full letter and spirit of the claim reserves actuarial standards, a checklist similar to the following should be provided as an adjunct to the reserve certification.

## CLAIM RESERVE CHECKLIST

HEALTH CARE PLAN OF \_\_\_\_\_

COMPUTATION DATE \_\_\_\_\_

1. Benefits included in this statement

\_\_\_\_ Medical      \_\_\_\_ Vision      \_\_\_\_ Rx  
\_\_\_\_ Dental      \_\_\_\_ Disability      \_\_\_\_ Other \_\_\_\_\_

2. Methodology used

\_\_\_\_ Tabular      \_\_\_\_ Lag Study      \_\_\_\_ Other \_\_\_\_\_

3. Reserves provide for these claims categories

\_\_\_\_ Due and unpaid      \_\_\_\_ Incurred but not reported  
\_\_\_\_ In course of settlement      \_\_\_\_ Other \_\_\_\_\_

4. Significance of Plan Provisions and related

\_\_\_\_ Not material  
\_\_\_\_ Material and considered  
\_\_\_\_ Other \_\_\_\_\_

5. Determinations of Incurred Date

\_\_\_\_\_ Single episode (physician visit) is date of such episode  
\_\_\_\_\_ Institutional Care (hospitalization, e.g.)  
\_\_\_\_\_ Beginning of such care (admission date)  
\_\_\_\_\_ Ending of such care (discharge date)  
\_\_\_\_\_ Maternity  
\_\_\_\_\_ Date of conception  
\_\_\_\_\_ Date of birth



- Months Included in Lag Study  
\_\_\_\_\_

- If Less Than All Months Included, Reason for Exclusion  
\_\_\_\_\_

14. Claim Settlement Expenses

\_\_\_\_\_ Included \_\_\_\_\_  
\_\_\_\_\_ Ignored \_\_\_\_\_

15. Reasonableness Test

\_\_\_\_\_ Reasonable  
\_\_\_\_\_ No reasonable; action is \_\_\_\_\_  
\_\_\_\_\_

16. Purpose of Computation

\_\_\_\_\_ MEWA  
\_\_\_\_\_ State government entity  
\_\_\_\_\_ Tax  
\_\_\_\_\_ GAAP accounting  
\_\_\_\_\_ Other \_\_\_\_\_

17. Margins

\_\_\_\_\_ Best estimate  
\_\_\_\_\_ Margins added because of \_\_\_\_\_  
\_\_\_\_\_

18. Information Provided

\_\_\_\_\_ Lag study  
\_\_\_\_\_ Census  
\_\_\_\_\_ By month  
\_\_\_\_\_ Other \_\_\_\_\_

19. General Review of Submitted Data

\_\_\_\_\_ Satisfactory  
\_\_\_\_\_ Other \_\_\_\_\_

20. Definition of Paid Date

\_\_\_\_\_ Processed off computer or by examiner

Date the check prepared  
 Date the check released in mail stream  
 Date the check cleared  
 Other \_\_\_\_\_

21. Paid Claims

Stop-Loss  
 Only claims below specific considered  
 Claims both above and below specific considered  
 Other \_\_\_\_\_  
 Adjustments  
 COB \_\_\_\_\_  
 Subrogation \_\_\_\_\_  
 Correction of errors \_\_\_\_\_

22. Claims Currency of Processor

Such currency when measured against lag period  
 Faster  
 Slower  
 About the same

23. Relevant Accounting Data

- Paid Claim Reconciliation to Reported  
 Reconciliable  
 Not reconciliable
- Checks Prepared and Not Cleared  
 Accounted for and reconciled  
 No accounted for or reconciled
- Any Hidden Liability Due to Accounting Error  
 Yes \_\_\_\_\_  
 No \_\_\_\_\_

24. Potential But Not Easily Measured Backlog

PPO repricing or similar delags  
 Change in claims processors

25. Is A Special Analysis of Claims per Participant Appropriate

Yes \_\_\_\_\_  
 No \_\_\_\_\_

26. Pending Claims Problems

\_\_\_\_\_ Yes \_\_\_\_\_  
\_\_\_\_\_ No \_\_\_\_\_

27. Test of Reasonable

• Percentage of paid claims  
\_\_\_\_\_ Yes \_\_\_\_\_ No

• Prior Year-end  
\_\_\_\_\_ Yes \_\_\_\_\_ No

28. Confidence Limits

\_\_\_\_\_ Sampling and confidence limits considered  
\_\_\_\_\_ Sampling and confidence limits not considered

29. Plan Termination with Run-out Liability

\_\_\_\_\_ Not considered  
\_\_\_\_\_ Considered \_\_\_\_\_

30. Ongoing Or Pending Lawsuits

\_\_\_\_\_ Not considered  
\_\_\_\_\_ Considered \_\_\_\_\_

By \_\_\_\_\_  
*Signature of the Actuary*

**ADDENDUM TO CHECKLIST**

Source of Information \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_