Annex A

Report on Actuarial Valuation of HMO Agreement Liabilities
Name of Company: ________________________________
For the period ended dd/mm/yyyy

Section A: Scope of Review

1. Purpose of report

2. Name of Actuary (whether the Actuary is an employee of the HMO or an external consultant), professional qualifications, and the capacity in which he/she is carrying out the valuation of HMO Agreement Reserves, Projected Fund Withdrawals, UAFR, Aggregate Reserves for Long-Term Contracts, Insurance Premium Reserve, and Expense Reserve

3. Confirmation from the Actuary of compliance with requirements with this Valuation Standards, and reasons, if any, for not complying fully with any requirements

Section B: Data Requirements

1. The basis on which the analysis has been carried out

2. The source of the data and how it was extracted
   a. Description of the company's current underwriting policies: specific market segments targeted, risk selection process, any major recent changes in membership fees and agreement conditions, any recent changes in levels of underwriting authorities, any recent changes in key personnel and delegation of authority, and any changes in level of deductibles or agreement limits
   b. Description of the company's claims management policies: guidelines for case reserving, policies on opening and closing of claims, operational changes in claims function, large loss concerns and uncertainties

3. Documentation of any adjustments made to the data to allow for abnormal items such as large losses, etc. including the nature, amount and rationale for the adjustment
a. Description of significant events during the year affecting the claim experience and how these were taken into account in the valuation of the liabilities

b. Description of other effects considered including economic, technological, medical, legislative environment, social trends, competition, court decisions, consumerism, etc.

4. Documentation of quantitative information which may have an impact on valuation, if applicable

Section C: Valuation Methodologies and Assumptions

1. Detailed discussion on the valuation methods, assumptions, and professional judgment used in the estimation of the following:
   a. Membership Fee Reserves (Unearned Membership Fee Reserves and Unexpired Risk Reserves)
   b. Claim Reserves (Due and Unpaid Claims, In Course of Settlement, Resisted Claims, and Incurred But Not Reported)
   c. Claims Handling Expense Reserve and other related expenses
   d. Margin for adverse deviation
   e. Unearned Administrative Fee Reserves, if applicable
   f. Projected Fund Withdrawals, if applicable
   g. Aggregate Reserves for Long-Term Contracts, if applicable
   h. Insurance Premium Reserves, if applicable
   i. Expense Reserves, if applicable
   j. Discounting, if applicable

2. When more than one method is used, the basis for choice of results

3. Justification for key differences in assumptions between valuations of membership fee and claim reserves

4. Any material deviations from this Valuation Standards in terms of valuation methodologies and assumptions, and basis for these deviations
Section D: Analysis of Experience

1. For year-end valuation, detailed analysis of the company's actual experience of both URR and claim reserves versus expected experience in previous year-end valuations, including justifications for any material change observed. The experience analysis should cover claims payments and incurred cost movement.

2. Detailed analysis of the company's actual versus projected fund withdrawals in previous valuations, including justifications for any material change observed.

3. Comparative analysis between current and previous valuation such as discussion of reserve movements.

Section E: Valuation Results and Discussion

This shall include a summary of the valuation results. Companies shall provide a short narrative discussing their valuation results for each class of business.

Section F: Certification by the Actuary

The Actuary shall provide a certification as set out below:

I have undertaken the actuarial valuation of (Name of HMO) as of (date of valuation).

I have conducted tests necessary to verify the reasonableness and integrity of the data submitted by (Name and Position of CEO or Responsible Person).

I hereby certify that:

1. The actuarial assumptions and formulations used in this actuarial valuation are in accordance with generally accepted actuarial principles and practices;

2. The reserves for all benefits are valued in accordance with the assumptions,

3. [The insurance benefits included in the HMO Agreement are covered under a separate insurance contract – to be included if applicable];

4. The information contained in this Report are accurate to the best of my knowledge and that I have calculated the (HMO Agreement Reserves, Projected Fund Withdrawals from ASO Fund, UAIF, Aggregate Reserves for Long-Term Contracts, Insurance Premium Reserve, and Expense Reserve) in
accordance with the Valuation Standards prescribed by the Insurance Commission.

Name & Signature of HMO Actuary
Date: ____________________
IC Accreditation No: _____________
PTR No.: ____________________

Section G: Certification by the Chief Finance Officer (CFO)

The CFO shall provide a certification as set out below:

"I hereby certify that the ASO Fund Liabilities as reflected in the Financial Statements are accurate to the best of my knowledge and are in accordance with the Valuation Standards prescribed by the Insurance Commission. I further certify that a negative ASO Fund Liability of an ASO Account was not used to reduce the Aggregate ASO Fund Liabilities but was transferred to Due from ASO Account."

__________________________
Signature over Printed Name of CFO
Date: ________________
PTR No.: ________________

Section H: Certification by the CEO or Responsible Officer

The CEO/Responsible Officer shall provide the following certification:

"I hereby certify that the database is properly maintained and I have satisfied myself that the data provided to the certifying Actuary are accurate and complete."

__________________________
Signature over Printed Name of
Chief Executive Officer/Responsible Officer

Date: ________________