

**HOSPITAL AND SURGICAL EXPENSE INSURANCE
UNDER GROUP CONVERSIONS**

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ABSTRACT

This paper records the results of a study, made under the sponsorship of the Society's Committee on Experience under Group Health Insurance, of the morbidity experience of individual policies arising from conversions of group accident and health insurance. The study was based on nonmaternity experience from several companies for calendar years 1963 and 1964 on policies with 31- and 70-day hospital daily room and board benefits, hospital ancillary services benefits, and surgical benefits. For each type of benefit, a series of three tables shows experience subdivided by sex or family status, by calendar duration, and by attained age group. The tables derive annual claim costs, incidence rates, and average claim amounts. The annual claim costs and incidence rates for each duration are compared to those for duration 3 and over, and the final table for each benefit compares incidence rates and annual claim costs for duration 3 and over with values for that benefit derived from the 1956 Intercompany Hospital or Surgical Tables.

THIS paper records the results of a study, made under the sponsorship of the Society's Committee on Experience under Group Health Insurance, of the morbidity experience of individual policies arising from conversions of group accident and health insurance. The study was based on nonmaternity experience from several companies for calendar years 1963 and 1964 on policies with 31- and 70-day hospital daily room and board benefits, hospital ancillary services benefits, and surgical benefits. Because of the many other experience studies to which companies are asked to contribute, it is not planned to conduct an annual study of group conversion experience, and the Committee has graciously allowed the author to present the results of the first compilation in the form of this paper rather than as one of the annual reports. It is emphasized that the information presented here should be interpreted cautiously with respect to the level of future costs, primarily because of the time that has passed since the period of the study and the limited amounts of data in some subdivisions of the experience.

The results of the study represent a composite of the experience resulting from variations in policy forms and underlying administration and claim procedures. The following companies contributed experience for the study: Aetna Life Insurance Company, Connecticut General Life Insurance Company, Equitable Life Assurance Society (1963 only), John Hancock Mutual Life Insurance Company (1964 only), Metropolitan Life Insurance Company, New York Life Insurance Company, and Prudential Insurance Company of America. A copy of the instructions used to prepare contributions for the study may be obtained by writing the author.

The tables in this report show data subdivided by duration as measured in number of calendar years since the year of conversion. Not all the companies, however, contributed experience for duration 0, the calendar year of issue of the converted policy.

ANALYSIS OF EXPERIENCE

For each type of benefit, a series of three tables has been prepared. The first table shows experience subdivided by sex, calendar duration, and attained age group, and the second table is subdivided by family status (defined according to whether the conversion policy has been applied for individually or as a member of a family), sex, and calendar duration. Each of these tables derives annual claim costs, incidence rates, and average claim amounts. Individual experience and family experience were combined in the various tables by sex, calendar duration, and age, but separate results are shown by sex and calendar duration which give the relationship of the experience on persons insured under individual as opposed to family policies. Where ratios to duration 3 and over experience are shown in the second table for each benefit, the comparisons are made with the values by sex and age for duration 3 and over shown in the preceding table. Claim costs, incidence rates, average claims, and average hospital durations or average maximum benefits exposed are included for information in the total lines. Comparisons between these figures could be misleading, however, because the totals contain different distributions of experience by age and duration.

The final table for each benefit compares incidence rates and annual claim costs for duration 3 and over with values for that benefit derived from the 1956 Intercompany Hospital or Surgical Tables (*TSA*, IX, 334 ff.).

HOSPITAL ROOM AND BOARD BENEFIT

For hospital room and board benefits, Tables 1, 2, and 3 show experience for 31-day plans and Tables 4, 5, and 6 for 70-day plans. The claim cost per \$1 of daily benefit is usually defined as equal to the product of

TABLE 1
1963-64 INTERCOMPANY HOSPITAL AND SURGICAL EXPENSE
GROUP CONVERSION EXPERIENCE
ROOM AND BOARD—31-DAY PLANS
BY SEX, CALENDAR DURATION, AND ATTAINED AGE

Attained Age	Daily Benefits Exposed	Benefits Incurred	Claim Cost per \$1 Daily Benefit	Ratio to Duration 3 and Over	Lives Exposed	No. Claims	Incidence Rate	Ratio to Duration 3 and Over	Ave. Claim	Ave. Hospital Duration
Duration 0—Male Lives										
18-29	9,949	9,211	0.93	1.515	702	84	0.1197	1.488	109.65	7.85
30-39	10,168	9,110	0.90	1.338	710	69	.0972	1.092	132.03	9.58
40-49	11,166	11,284	1.01	1.015	783	98	1.252	1.067	115.14	8.51
50-59	9,795	18,555	1.89	1.207	705	140	1.986	1.335	132.54	9.60
60-64	4,837	11,658	2.41	1.157	352	72	.2045	1.140	161.92	11.87
65-69	6,358	16,648	2.62	1.251	504	100	1.984	1.152	166.48	12.75
70-74	1,318	2,134	1.62	0.722	100	15	1.500	0.911	142.27	10.80
75 and over	554	1,656	2.99	1.276	43	10	0.2326	1.380	165.60	14.30
Total	54,145	80,256	1.48	1.198	3,899	588	0.1508	1.200	136.49	10.09
Duration 1—Male Lives										
18-29	32,410	20,396	0.63	1.030	2,274	185	0.0814	1.012	110.25	7.83
30-39	25,124	15,551	0.62	0.924	1,796	133	.0741	0.832	116.92	8.26
40-49	27,505	24,695	0.90	0.902	1,988	208	.1046	0.892	118.73	8.66
50-59	30,324	58,376	1.93	1.227	2,189	388	1.727	1.192	150.45	11.29
60-64	19,429	37,390	1.92	0.924	1,429	239	1.672	0.932	156.44	11.31
65-69	28,745	48,613	1.69	0.808	2,142	324	1.513	0.878	150.04	11.40
70-74	8,913	16,224	1.82	0.811	657	118	1.796	1.091	137.49	10.29
75 and over	3,150	7,297	2.32	0.989	235	53	0.2255	1.339	137.68	10.58
Total	175,600	228,542	1.30	0.954	12,710	1,648	0.1297	0.984	138.68	10.25
Duration 2—Male Lives										
18-29	21,940	13,845	0.63	1.033	1,579	122	0.0773	0.961	113.48	8.23
30-39	16,335	9,453	0.58	0.864	1,190	91	.0765	0.860	103.88	7.78
40-49	20,283	20,583	1.01	1.020	1,509	181	.1199	1.022	113.72	8.61
50-59	24,051	39,642	1.65	1.051	1,784	289	.1620	1.089	137.17	10.46
60-64	16,786	35,850	2.14	1.026	1,238	220	1.777	0.990	162.95	12.15
65-69	31,776	56,063	1.76	0.843	2,347	361	1.538	0.893	155.30	11.46
70-74	19,859	36,225	1.82	0.813	1,451	214	1.475	0.896	169.28	12.45
75 and over	8,209	16,534	2.01	0.860	606	102	0.1683	0.999	162.10	12.20
Total	159,239	228,195	1.43	0.922	11,704	1,580	0.1350	0.962	144.43	10.77
Duration 3 and Over—Male Lives										
18-29	19,692	12,034	0.61	1.000	1,492	120	0.0804	1.000	100.28	7.93
30-39	22,128	14,818	0.67	1.000	1,630	145	.0890	1.000	102.19	8.35
40-49	28,833	28,693	1.00	1.000	2,293	269	.1173	1.000	106.67	8.62
50-59	30,573	47,969	1.57	1.000	2,427	361	1.487	1.000	132.88	10.83
60-64	24,664	51,357	2.08	1.000	1,917	344	1.794	1.000	149.29	11.50
65-69	53,044	111,028	2.09	1.000	4,070	701	1.722	1.000	158.39	12.26
70-74	81,768	183,447	2.24	1.000	6,455	1,063	1.647	1.000	172.57	13.37
75 and over	57,502	134,738	2.34	1.000	4,659	785	0.1685	1.000	171.64	13.42
Total	318,204	584,084	1.84	1.000	24,943	3,788	0.1519	1.000	154.19	12.06

TABLE 1—Continued

Attained Age	Daily Benefits Exposed	Benefits Incurred	Claim Cost per \$1 Daily Benefit	Ratio to Duration 3 and Over	Lives Exposed	No. Claims	Incidence Rate	Ratio to Duration 3 and Over	Ave. Claim	Ave. Hospital Duration
Duration 0—Female Lives										
18-29	13,603	15,095	1.11	1.365	964	160	0.1660	1.456	94.34	6.92
30-39	13,105	17,613	1.34	1.204	927	154	.1661	1.215	114.37	8.47
40-49	14,719	27,824	1.89	1.298	1,056	222	.2102	1.255	125.33	9.07
50-59	13,868	25,130	1.81	1.171	1,004	183	.1823	1.214	137.32	9.89
60-64	7,293	15,570	2.13	1.187	543	106	.1952	1.232	146.89	10.91
65-69	5,948	14,278	2.40	1.291	499	92	.1844	1.208	155.20	13.46
70-74	1,120	2,120	1.89	0.948	88	15	.1705	1.113	141.33	9.93
75 and over	606	1,946	3.21	1.416	47	11	0.2340	1.411	176.91	13.82
Total	70,262	119,576	1.70	1.241	5,128	943	0.1839	1.261	126.80	9.47
Duration 1—Female Lives										
18-29	36,767	26,320	0.72	0.880	2,592	264	0.1019	0.894	99.70	7.34
30-39	32,064	42,635	1.33	1.191	2,311	380	.1644	1.203	112.20	8.26
40-49	42,737	65,403	1.53	1.051	3,066	533	.1738	1.038	122.71	8.82
50-59	50,326	95,205	1.89	1.222	3,648	677	.1856	1.236	140.63	10.36
60-64	31,060	57,080	1.84	1.021	2,286	388	.1697	1.071	147.11	10.87
65-69	23,001	43,423	1.89	1.015	1,713	294	.1716	1.125	147.70	11.20
70-74	8,155	15,548	1.91	0.954	600	106	.1767	1.154	146.68	10.71
75 and over	3,316	9,594	2.89	1.276	244	51	0.2090	1.261	188.12	13.49
Total	227,426	355,208	1.56	1.082	16,460	2,693	0.1636	1.109	131.90	9.70
Duration 2—Female Lives										
18-29	22,475	16,630	0.74	0.910	1,616	150	0.0928	0.815	110.87	8.11
30-39	20,887	22,882	1.10	0.981	1,542	209	.1355	0.991	109.48	8.22
40-49	32,277	48,587	1.51	1.034	2,416	401	.1660	0.991	121.16	9.14
50-59	44,945	75,636	1.68	1.087	3,324	560	.1685	1.122	135.06	10.14
60-64	33,079	59,060	1.79	0.992	2,422	385	.1590	1.003	153.40	11.33
65-69	31,794	57,706	1.81	0.976	2,334	359	.1538	1.008	160.74	11.72
70-74	16,927	31,924	1.89	0.944	1,247	207	.1660	1.084	154.22	11.27
75 and over	7,734	17,471	2.26	0.996	572	103	0.1801	1.086	169.62	12.31
Total	210,118	329,896	1.57	1.005	15,473	2,374	0.1534	1.021	138.96	10.30
Duration 3 and Over—Female Lives										
18-29	18,847	15,325	0.81	1.000	1,404	160	0.1140	1.000	95.78	7.68
30-39	29,350	32,763	1.12	1.000	2,333	319	.1367	1.000	102.71	8.16
40-49	46,108	67,157	1.46	1.000	3,647	611	.1675	1.000	109.91	8.80
50-59	68,634	106,226	1.55	1.000	5,380	808	.1502	1.000	131.47	10.28
60-64	64,327	115,745	1.80	1.000	4,948	784	.1584	1.000	147.63	11.32
65-69	89,691	166,801	1.86	1.000	6,986	1,066	.1526	1.000	156.47	12.30
70-74	79,836	159,477	2.00	1.000	6,441	986	.1531	1.000	161.74	12.89
75 and over	50,673	114,890	2.27	1.000	4,125	684	0.1658	1.000	167.97	13.49
Total	447,466	778,384	1.74	1.000	35,264	5,418	0.1536	1.000	143.67	11.34

TABLE 2
1963-64 INTERCOMPANY HOSPITAL AND SURGICAL EXPENSE
GROUP CONVERSION EXPERIENCE
ROOM AND BOARD—31-DAY PLANS
BY FAMILY STATUS, SEX, AND CALENDAR DURATION

Duration	Daily Benefits Exposed	Benefits Incurred	Claim Cost per \$1 Daily Benefit	Ratio to Duration 3 and Over	Lives Exposed	No. Claims	Incidence Rate	Ratio to Duration 3 and Over	Ave. Claim	Ave. Hospital Duration
Individual—Male Lives										
0	9,581	20,145	2.10	1.674	743	139	0.1871	1.493	144.93	11.36
1	48,984	73,673	1.50	1.232	3,487	526	.1508	1.244	140.06	10.43
2	49,714	72,386	1.46	1.086	3,578	502	.1403	1.110	144.20	10.49
3 and over	81,796	157,557	1.93	1.128	6,262	960	0.1533	1.069	164.12	12.61
Total	190,075	323,761	1.70	1.164	14,070	2,127	0.1512	1.140	152.21	11.49
Family—Male Lives										
0	44,564	60,111	1.35	1.094	3,156	449	0.1423	1.131	133.88	9.70
1	126,616	154,869	1.22	0.862	9,223	1,122	.1217	0.896	138.03	10.17
2	109,325	155,809	1.42	0.861	8,126	1,078	.1327	0.906	144.54	10.90
3 and over	236,408	426,527	1.80	0.960	18,681	2,828	0.1514	0.979	150.82	11.87
Total	517,113	797,316	1.54	0.927	39,186	5,477	0.1398	0.956	145.58	11.15
Total—Male Lives										
0	54,145	80,256	1.48	1.198	3,899	588	0.1508	1.200	136.49	10.09
1	175,600	228,542	1.30	0.954	12,710	1,648	.1297	0.984	138.68	10.25
2	159,239	228,195	1.43	0.922	11,704	1,580	.1350	0.962	144.43	10.77
3 and over	318,204	584,084	1.84	1.000	24,943	3,788	0.1519	1.000	154.19	12.06
Total	707,188	1,121,077	1.59	0.985	53,256	7,604	0.1428	1.001	147.43	11.25
Individual—Female Lives										
0	21,656	52,204	2.41	1.668	1,668	381	0.2284	1.569	137.02	10.42
1	86,249	173,724	2.01	1.374	6,223	1,203	.1933	1.326	144.41	10.62
2	86,677	159,855	1.84	1.178	6,330	1,042	.1646	1.112	153.41	11.36
3 and over	170,086	334,626	1.97	1.105	13,197	2,179	0.1651	1.079	153.57	12.05
Total	364,668	720,489	1.98	1.208	27,418	4,805	0.1752	1.170	149.93	11.41
Family—Female Lives										
0	48,606	67,372	1.39	1.035	3,460	562	0.1624	1.113	119.88	8.83
1	141,177	181,484	1.29	0.899	10,237	1,490	.1456	0.979	121.80	8.96
2	123,441	170,041	1.38	0.885	9,143	1,332	.1457	0.960	127.66	9.46
3 and over	277,380	443,758	1.60	0.933	22,067	3,239	0.1468	0.953	137.00	10.86
Total	590,604	862,655	1.46	0.923	44,907	6,623	0.1475	0.972	130.25	9.98
Total—Female Lives										
0	70,262	119,576	1.70	1.241	5,128	943	0.1839	1.261	126.80	9.47
1	227,426	355,208	1.56	1.082	16,460	2,693	.1636	1.109	131.90	9.70
2	210,118	329,896	1.57	1.005	15,473	2,374	.1534	1.021	138.96	10.30
3 and over	447,466	778,384	1.74	1.000	35,264	5,418	0.1536	1.000	143.67	11.34
Total	955,272	1,583,064	1.66	1.034	72,325	11,428	0.1580	1.047	138.53	10.58

TABLE 2—Continued

Duration	Daily Benefits Exposed	Benefits Incurred	Claim Cost per \$1 Daily Benefit	Ratio to Duration 3 and Over	Lives Exposed	No. Claims	Incidence Rate	Ratio to Duration 3 and Over	Ave. Claim	Ave. Hospital Duration
Total Male—Female Lives										
0.....	124,407	199,832	1.61	1.223	9,027	1,531	0.1696	1.237	130.52	9.71
1.....	403,026	583,750	1.45	1.028	29,170	4,341	.1488	1.058	134.47	9.91
2.....	369,357	558,091	1.51	0.969	27,177	3,954	.1455	0.997	141.15	10.49
3 and over.....	765,670	1,362,468	1.78	1.000	60,207	9,206	0.1529	1.000	148.00	11.64
Total....	1,662,460	2,704,141	1.63	1.013	125,581	19,032	0.1516	1.028	142.08	10.85
Children—Total Lives										
0.....	69,885	23,716	0.34	1.551	4,997	370	0.0740	1.596	64.10	4.55
1.....	133,166	37,947	.28	1.303	9,846	614	.0624	1.344	61.80	4.59
2.....	84,799	22,851	.27	1.232	6,359	392	.0616	1.329	58.29	4.32
3 and over.....	170,331	37,257	0.22	1.000	13,473	625	0.0464	1.000	59.61	4.85
Total....	458,181	121,771	0.27	1.215	34,675	2,001	0.0577	1.244	60.86	4.61

TABLE 3

1963-64 INTERCOMPANY HOSPITAL AND SURGICAL EXPENSE
GROUP CONVERSION EXPERIENCE
ROOM AND BOARD—31-DAY PLANS
DURATION 3 AND OVER DATA COMPARED WITH
1956 INTERCOMPANY HOSPITAL TABLE
(Average Claim and Claim Cost per \$1 of Daily Hospital Benefit)

ATTAINED AGE	1963-64 INTERCOMPANY EXPERIENCE			1956 INTERCOMPANY HOSPITAL TABLE			RATIO OF 1963-64 EXPERIENCE TO 1956 TABLE		
	Incidence Rate	Ave. Claim	Claim Cost	Incidence Rate	Ave. Claim*	Claim Cost	Incidence Rate	Ave. Claim	Claim Cost
Male									
18-29.....	0.0804	7.60	0.61	0.0770	6.60	0.51	1.045	1.151	1.203
30-39.....	.0890	7.53	0.67	.0770	7.45	0.57	1.155	1.010	1.167
40-49.....	.1173	8.48	1.00	.0954	9.42	0.90	1.230	0.901	1.107
50-59.....	.1487	10.55	1.57	.1255	10.98	1.38	1.185	0.961	1.139
60-64.....	.1794	11.60	2.08	.1536	11.31	1.74	1.168	1.026	1.199
65-69.....	.1722	12.15	2.09	.1665	12.09	2.01	1.034	1.005	1.040
70-74.....	.1647	13.62	2.24	.1728	15.14	2.62	0.953	0.900	0.858
75 and over.....	0.1685	13.91	2.34	0.1751	20.45	3.58	0.962	0.680	0.654
Female									
18-29.....	0.1140	7.14	0.81	0.1071	6.89	0.74	1.064	1.036	1.102
30-39.....	.1367	8.16	1.12	.1271	7.81	0.99	1.076	1.045	1.125
40-49.....	.1675	8.69	1.46	.1428	8.87	1.27	1.173	0.980	1.150
50-59.....	.1502	10.31	1.55	.1554	10.11	1.57	0.966	1.019	0.985
60-64.....	.1584	11.36	1.80	.1630	11.30	1.84	0.972	1.005	0.977
65-69.....	.1526	12.19	1.86	.1682	12.47	2.10	0.907	0.977	0.887
70-74.....	.1531	13.05	2.00	.1728	15.74	2.72	0.886	0.829	0.734
75 and over.....	0.1658	13.67	2.27	0.1751	21.29	3.73	0.947	0.642	0.608
Children									
All ages.....	0.0464	4.72	0.22	Not applicable					

* Adjusted to a 31-day period by factors in TSA, IX, 339.

TABLE 4
1963-64 INTERCOMPANY HOSPITAL AND SURGICAL EXPENSE
GROUP CONVERSION EXPERIENCE
ROOM AND BOARD--70-DAY PLANS
BY SEX, CALENDAR DURATION, AND ATTAINED AGE

Attained Age	Daily Benefits Exposed	Benefits Incurred	Claim Cost Per \$1 Daily Benefit	Ratio to Duration 3 and Over	Lives Exposed	No. Claims	Incidence Rate	Ratio to Duration 3 and Over	Ave. Claim	Ave. Hospital Duration
Duration 0—Male Lives										
18-29	19,413	27,258	1.40	3.086	1,248	197	0.1579	3.380	138.37	8.26
30-39	15,918	19,399	1.22	1.314	1,039	145	.1396	1.706	133.79	8.77
40-49	14,811	29,013	1.96	1.779	962	167	.1736	1.673	173.73	10.91
50-59	12,534	49,426	3.94	1.891	830	225	.2711	1.625	219.67	14.08
60-64	7,059	21,618	3.06	0.881	477	121	.2537	1.258	178.66	12.70
65-69	9,076	28,905	3.18	1.132	631	137	.2171	1.110	210.99	15.77
70-74	2,004	6,259	3.12	1.252	141	36	.2553	1.308	173.86	12.97
75 and over	953	5,102	5.35	0.660	70	23	0.3286	1.260	221.83	15.13
Total	81,768	186,980	2.29	1.451	5,398	1,051	0.1947	1.625	177.91	11.80
Duration 1—Male Lives										
18-29	34,560	26,520	0.77	1.687	2,307	192	0.0832	1.782	138.12	9.86
30-39	23,782	15,125	0.64	0.685	1,615	106	.0656	0.802	142.69	9.97
40-49	26,991	27,981	1.04	0.941	1,836	174	.0948	0.913	160.81	11.02
50-59	26,487	47,188	1.78	0.854	1,826	288	.1577	0.946	163.85	11.56
60-64	15,465	39,179	2.53	0.728	1,065	215	.2019	1.001	182.23	12.81
65-69	22,951	57,364	2.50	0.888	1,573	287	.1823	0.933	199.87	13.31
70-74	6,983	17,940	2.57	1.030	494	93	.1883	0.964	192.90	12.95
75 and over	2,390	6,042	2.53	0.311	171	43	0.2515	0.964	140.51	9.93
Over	159,609	237,339	1.49	0.854	10,887	1,398	0.1284	1.000	169.77	11.73
Duration 2—Male Lives										
18-29	13,696	12,513	0.91	2.008	938	71	0.0757	1.621	176.24	11.90
30-39	10,108	9,267	0.92	0.988	689	70	.1016	1.242	132.39	9.89
40-49	10,579	12,227	1.16	1.049	733	83	.1132	1.091	147.31	10.43
50-59	11,276	22,063	1.96	0.938	791	111	.1403	0.841	198.77	13.98
60-64	6,666	19,235	2.89	0.830	469	95	.2026	1.005	202.47	13.91
65-69	10,858	24,621	2.27	0.806	729	116	.1591	0.814	212.25	13.54
70-74	4,313	10,737	2.49	0.998	305	62	.2033	1.041	173.18	12.32
75 and over	1,578	7,691	4.87	0.601	106	25	0.2358	0.904	307.64	18.76
Total	69,074	118,354	1.71	0.924	4,760	633	0.1330	1.001	186.97	12.76
Duration 3 and Over—Male Lives										
18-29	10,748	4,890	0.45	1.000	835	39	0.0467	1.000	125.38	9.90
30-39	16,164	14,997	0.93	1.000	1,259	103	.0818	1.000	145.60	11.47
40-49	18,354	20,215	1.10	1.000	1,455	151	.1038	1.000	133.87	10.64
50-59	19,851	41,391	2.09	1.000	1,607	268	.1668	1.000	154.44	12.34
60-64	9,136	31,774	3.48	1.000	744	150	.2016	1.000	211.83	16.78
65-69	5,877	16,538	2.81	1.000	450	88	.1956	1.000	187.93	13.68
70-74	2,769	6,905	2.49	1.000	210	41	.1952	1.000	168.41	12.85
75 and over	638	5,178	8.12	1.000	46	12	0.2609	1.000	431.50	29.92
Total	83,537	141,888	1.70	1.000	6,606	852	0.1290	1.000	166.54	13.01

TABLE 4—Continued

Attained Age	Daily Benefits Exposed	Benefits Incurred	Claim Cost per \$1 Daily Benefit	Ratio to Duration 3 and Over	Lives Exposed	No. Claims	Incidence Rate	Ratio to Duration 3 and Over	Ave. Claim	Ave. Hospital Duration
Duration 0—Female Lives										
18-29.....	23,344	36,432	1.56	1.387	1,527	264	0.1729	1.620	138.00	9.00
30-39.....	19,688	44,183	2.24	2.082	1,295	291	.2247	1.898	151.83	10.04
40-49.....	21,411	58,930	2.75	1.457	1,397	350	.2505	1.516	168.37	11.32
50-59.....	20,695	55,277	2.67	1.319	1,372	305	.2223	1.288	181.24	11.97
60-64.....	11,543	34,560	2.99	1.190	784	174	.2219	1.245	198.62	13.04
65-69.....	7,428	23,355	3.14	1.114	498	115	.2309	1.256	203.09	13.53
70-74.....	2,401	8,607	3.58	1.498	161	34	.2112	1.380	253.15	16.32
75 and over.....	1,166	4,287	3.68	1.245	82	20	0.2439	1.355	214.35	15.55
Total.....	107,676	265,631	2.47	1.405	7,116	1,553	0.2182	1.472	171.04	11.33
Duration 1—Female Lives										
18-29.....	35,861	29,905	0.83	0.741	2,452	242	0.0987	0.925	123.57	8.31
30-39.....	29,744	39,435	1.33	1.230	2,047	293	.1431	1.209	134.59	9.93
40-49.....	41,146	64,350	1.56	0.828	2,797	476	.1702	1.030	135.19	9.53
50-59.....	49,354	89,720	1.82	0.898	3,371	529	.1569	0.909	169.60	11.71
60-64.....	30,814	83,192	2.70	1.073	2,091	408	.1951	1.094	203.90	13.75
65-69.....	23,199	57,192	2.47	0.874	1,578	290	.1838	1.000	197.21	13.00
70-74.....	9,360	25,133	2.69	1.122	648	130	.2006	1.311	193.33	13.35
75 and over.....	4,975	19,605	3.94	1.334	348	75	0.2155	1.197	261.40	18.71
Total.....	224,453	408,532	1.82	0.950	15,332	2,443	0.1593	1.030	167.23	11.53
Duration 2—Female Lives										
18-29.....	12,096	7,582	0.63	0.557	841	89	0.1058	0.991	85.19	5.74
30-39.....	11,202	13,318	1.19	1.103	778	99	.1272	1.075	134.53	9.59
40-49.....	17,545	33,148	1.89	1.000	1,210	194	.1603	0.970	170.87	12.15
50-59.....	23,143	48,511	2.10	1.035	1,612	279	.1731	1.003	173.87	12.52
60-64.....	15,786	47,346	3.00	1.192	1,091	206	.1888	1.059	229.83	15.49
65-69.....	13,357	33,624	2.52	0.892	915	154	.1683	0.916	218.34	14.56
70-74.....	5,738	17,907	3.12	1.304	403	79	.1960	1.281	226.67	15.86
75 and over.....	2,918	10,257	3.52	1.190	202	44	0.2178	1.210	233.11	17.18
Total.....	101,785	211,693	2.08	1.030	7,052	1,144	0.1622	1.021	185.05	12.90
Duration 3 and Over—Female Lives										
18-29.....	8,861	9,971	1.13	1.000	712	76	0.1067	1.000	131.20	9.95
30-39.....	17,490	18,855	1.08	1.000	1,385	164	.1184	1.000	114.97	8.91
40-49.....	24,790	46,822	1.89	1.000	1,961	324	.1652	1.000	144.51	11.48
50-59.....	32,689	66,195	2.02	1.000	2,578	445	.1726	1.000	148.75	11.62
60-64.....	16,803	42,275	2.52	1.000	1,329	237	.1783	1.000	178.38	13.82
65-69.....	10,400	29,349	2.82	1.000	816	150	.1838	1.000	195.66	14.81
70-74.....	2,524	6,042	2.39	1.000	196	30	.1531	1.000	201.40	15.67
75 and over.....	674	1,991	2.95	1.000	50	9	0.1800	1.000	221.22	14.67
Total.....	114,231	221,500	1.94	1.000	9,027	1,435	0.1590	1.000	154.36	11.99

TABLE 5
1963-64 INTERCOMPANY HOSPITAL AND SURGICAL EXPENSE
GROUP CONVERSION EXPERIENCE
ROOM AND BOARD—70-DAY PLANS
BY FAMILY STATUS, SEX, AND CALENDAR DURATION

Duration	Daily Benefits Exposed	Benefits Incurred	Claim Cost per \$1 Daily Benefit	Ratio to Duration 3 and Over	Lives Exposed	No. Claims	Incidence Rate	Ratio to Duration 3 and Over	Ave. Claim	Ave. Hospital Duration
Individual—Male Lives										
0	18,970	74,599	3.93	2.504	1,217	376	0.3090	2.648	198.40	12.91
1	47,445	80,942	1.71	1.073	3,158	469	.1485	1.288	172.58	11.90
2	21,518	41,782	1.94	1.142	1,460	187	.1281	1.084	223.43	14.74
3 and over	17,393	36,391	2.09	1.531	1,326	160	0.1207	1.170	227.44	17.18
Total	105,326	233,714	2.22	1.411	7,161	1,192	0.1665	1.462	196.07	13.37
Family—Male Lives										
0	62,798	112,381	1.79	1.134	4,181	675	0.1614	1.337	166.49	11.18
1	112,164	156,397	1.39	0.772	7,729	929	.1202	0.898	168.35	11.65
2	47,556	76,572	1.61	0.837	3,300	446	.1352	0.970	171.69	11.93
3 and over	66,144	105,497	1.59	0.893	5,280	692	0.1311	0.967	152.45	12.05
Total	288,662	450,847	1.56	0.882	20,490	2,742	0.1338	1.010	164.42	11.68
Total—Male Lives										
0	81,768	186,980	2.29	1.451	5,398	1,051	0.1947	1.625	177.91	11.80
1	159,609	237,339	1.49	0.854	10,887	1,398	.1284	1.000	169.77	11.73
2	69,074	118,354	1.71	0.924	4,760	633	.1330	1.001	186.97	12.76
3 and over	83,537	141,888	1.70	1.000	6,606	852	0.1290	1.000	166.54	13.01
Total	393,988	684,561	1.74	1.012	27,651	3,934	0.1423	1.115	174.01	12.19
Individual—Female Lives										
0	29,595	105,291	3.56	1.861	1,898	554	0.2919	1.908	190.06	12.50
1	89,066	218,801	2.46	1.180	5,977	1,178	.1971	1.241	185.74	12.55
2	43,087	109,701	2.55	1.173	2,940	511	.1738	1.075	214.68	14.58
3 and over	34,692	83,398	2.40	1.142	2,632	451	0.1714	1.040	184.92	14.06
Total	196,440	517,191	2.63	1.266	13,447	2,694	0.2003	1.254	191.98	13.18
Family—Female Lives										
0	78,081	160,340	2.05	1.211	5,218	999	0.1915	1.307	160.50	10.69
1	135,387	189,731	1.40	0.775	9,355	1,265	.1352	0.889	149.98	10.59
2	58,698	101,992	1.74	0.911	4,112	633	.1539	0.981	161.12	11.54
3 and over	79,539	138,102	1.74	0.930	6,395	984	0.1539	0.983	140.35	11.04
Total	351,705	590,165	1.68	0.926	25,080	3,881	0.1547	1.012	152.07	10.88
Total—Female Lives										
0	107,676	265,631	2.47	1.405	7,116	1,553	0.2182	1.472	171.04	11.33
1	224,453	408,532	1.82	0.950	15,332	2,443	.1593	1.030	167.23	11.53
2	101,785	211,693	2.08	1.030	7,052	1,144	.1622	1.021	185.05	12.90
3 and over	114,231	221,500	1.94	1.000	9,027	1,435	0.1590	1.000	154.36	11.99
Total	548,145	1,107,356	2.02	1.058	38,527	6,575	0.1707	1.099	168.42	11.82

TABLE 5—Continued

Duration	Daily Benefits Exposed	Benefits Incurred	Claim Cost per \$1 Daily Benefit	Ratio to Duration 3 and Over	Lives Exposed	No. Claims	Incidence Rate	Ratio to Duration 3 and Over	Ave. Claim	Ave. Hospital Duration
Total—Male and Female Lives										
0	189,444	452,611	2.39	1.424	12,514	2,604	0.2081	1.530	173.81	11.52
1	384,062	645,871	1.68	0.912	26,219	3,841	.1465	1.018	168.15	11.60
2	170,859	330,047	1.93	0.990	11,812	1,777	.1504	1.013	185.73	12.85
3 and over.....	197,768	363,388	1.84	1.000	15,633	2,287	0.1463	1.000	158.89	12.37
Total.....	942,133	1,791,917	1.90	1.040	66,178	10,509	0.1588	1.105	170.51	11.96
Children—Total Lives										
0	78,799	46,435	0.59	2.311	5,175	584	0.1129	2.173	79.51	5.43
1	95,899	29,954	0.31	1.225	6,723	407	.0605	1.166	73.60	5.29
2	35,956	9,145	0.25	0.998	2,470	145	.0587	1.130	63.07	4.32
3 and over.....	91,327	23,283	0.25	1.000	7,337	381	0.0519	1.000	61.11	5.06
Total.....	301,981	108,817	0.36	1.413	21,705	1,517	0.0699	1.346	71.73	5.19

frequency and average duration, both derived in relation to the amount of daily benefit in force on exposures and claims. However, in these tables neither the incidence rate (the quotient of number of claims divided by number of lives exposed) nor the average hospital duration (the quotient of the total number of days of hospital confinement for claims divided by the number of claims) has been weighted by the amount of daily benefit in force on exposures and claims. Therefore, the product of these two items, although close to the claim cost, does not equal the claim cost. The claim cost (the quotient of benefits incurred divided by daily benefits exposed) does take into account the weighted amounts of daily hospital benefit.

Ratios to duration 3 and over which have been normalized by sex and age in Tables 2 and 5 show that costs are higher in duration 0 relative to the other durations and higher for persons insured under individual as opposed to family policies. Among ages, Tables 4 and 6 show male claim costs for age groups closely preceding age 65 which are sharply higher than claim costs for the earlier attained ages. This may result from a relatively large number of employees who retire early because of poor health and who elect to convert.

TABLE 6

1963-64 INTERCOMPANY HOSPITAL AND SURGICAL EXPENSE
 GROUP CONVERSION EXPERIENCE
 ROOM AND BOARD—70-DAY PLANS
 DURATION 3 AND OVER DATA COMPARED WITH
 1956 INTERCOMPANY HOSPITAL TABLE
 (Average Claim and Claim Cost per \$1 of Daily Hospital Benefit)

ATTAINED AGE	1963-64 INTERCOMPANY EXPERIENCE			1956 INTERCOMPANY HOSPITAL TABLE			RATIO OF 1963-64 EXPERIENCE TO 1956 TABLE		
	Incidence Rate	Ave. Claim	Claim Cost	Incidence Rate	Ave. Claim*	Claim Cost	Incidence Rate	Ave. Claim	Claim Cost
Male									
18-29.....	0.0467	9.74	0.45	0.0770	7.35	0.57	0.607	1.325	0.804
30-39.....	.0818	11.34	0.93	.0770	8.29	0.64	1.062	1.368	1.453
40-49.....	.1038	10.61	1.10	.0954	10.49	1.00	1.088	1.012	1.101
50-59.....	.1668	12.50	2.09	.1255	12.23	1.53	1.329	1.022	1.358
60-64.....	.2016	17.25	3.48	.1536	12.60	1.94	1.313	1.369	1.797
65-69.....	.1956	14.39	2.81	.1665	13.46	2.24	1.175	1.069	1.256
70-74.....	.1952	12.77	2.49	.1728	16.86	2.91	1.130	0.758	0.856
75 and over.....	0.2609	31.11	8.12	0.1751	22.80	3.99	1.490	1.365	2.033
Female									
18-29.....	0.1067	10.54	1.13	0.1071	7.42	0.79	0.997	1.421	1.416
30-39.....	.1184	9.10	1.08	.1271	8.41	1.07	0.932	1.083	1.009
40-49.....	.1652	11.43	1.89	.1428	9.55	1.36	1.157	1.197	1.385
50-59.....	.1726	11.73	2.02	.1554	10.89	1.69	1.111	1.077	1.197
60-64.....	.1783	14.11	2.52	.1630	12.17	1.98	1.094	1.159	1.268
65-69.....	.1838	15.35	2.82	.1682	13.42	2.26	1.093	1.144	1.250
70-74.....	.1531	15.64	2.39	.1728	16.95	2.93	0.886	0.923	0.817
75 and over.....	0.1800	16.41	2.95	0.1751	22.94	4.02	1.028	0.715	0.735
Children									
All ages.....	0.0519	4.91	0.25	Not applicable					

Adjusted to a 70-day period by factors in *TSA*, IX, 339.

HOSPITAL ANCILLARY SERVICES BENEFIT

Tables 7, 8, and 9 present experience on hospital ancillary services benefits, including outpatient as well as inpatient claims. For convenience, claim costs are expressed per \$100 unit of whatever average maximum ancillary services benefit is exposed on each line.

The average maximum benefit exposed per life varies widely within the experience contributed, grading from about \$200 per life at the youngest ages in the most recently issued experience to less than \$80 per life at the oldest ages for duration 3 and over. Other studies show that the ratio of the average claim to the maximum benefit exposed decreases as the maximum benefit increases. To allow for this, the ratios shown in the fifth column of Tables 7 and 8 are based on claim costs in duration 3 and over which have been adjusted to reflect differences in the average maximum benefit exposed, among the various subdivisions of the experience. These adjusted claim costs in duration 3 and over for each sex and age group were obtained by multiplying the unadjusted claim cost by the quotient of two average claims derived from 1956 Intercompany Hospital Table and expressed per \$100 unit of maximum benefit. These average claims from the 1956 Table correspond to the average maximum benefit exposed in the duration being compared with duration 3 and over and to the average maximum benefit exposed in duration 3 and over.

After these adjustments have been made, Table 8 shows high costs in duration 0 relative to the other durations and for persons insured under individual as opposed to family policies. Table 9 indicates that high incidence rates seem to contribute to the poor experience, relative to the 1956 basis, to a greater extent in the case of ancillary benefits than for either room and board or surgical benefits. It should be kept in mind, however, that Table 9 compares experience which includes outpatient claims (about four-fifths of the exposure in this study provides outpatient benefits) with the 1956 Intercompany Hospital Table, which was based on inpatient benefits only.

SURGICAL BENEFIT

Tables 10, 11, and 12 show surgical experience in terms of the "Standard Schedule" (defined in *TSA, 1952 Reports*, 47-50) and the 1956 Intercompany Surgical Table. A small amount of surgical experience on

TABLE 7
1963-64 INTERCOMPANY HOSPITAL AND SURGICAL EXPENSE
GROUP CONVERSION EXPERIENCE
HOSPITAL ANCILLARY SERVICES
BY SEX, CALENDAR DURATION, AND ATTAINED AGE

Attained Age	Benefits Exposed	Benefits Incurred	Claim Cost per \$100 Max. Benefit	Ratio to Duration 3 and Over*	Lives Exposed	No. Claims	Incidence Rate	Ratio to Duration 3 and Over	Ave. Claim	Ave. Max. Benefit Exposed
Duration 0—Male Lives										
18-29	419,012	39,306	9.38	2.200	2,095	342	0.1632	1.679	114.93	200.01
30-39	361,559	31,043	8.59	1.495	1,850	244	.1319	1.179	127.23	195.44
40-49	348,860	37,400	10.72	1.374	1,834	297	.1619	1.243	125.93	190.22
50-59	289,227	56,736	19.62	1.708	1,622	398	.2454	1.459	142.55	178.32
60-64	153,970	27,875	18.10	1.238	875	214	.2446	1.252	130.26	175.97
65-69	211,989	34,157	16.11	1.192	1,291	273	.2115	1.112	125.12	164.21
70-74	45,689	7,834	17.15	1.313	277	60	.2166	1.219	130.57	164.94
75 and over	23,554	5,443	23.11	1.647	139	46	0.3309	1.838	118.33	169.45
Total	1,853,860	239,794	12.93	1.503	9,983	1,874	0.1877	1.326	127.96	185.70
Duration 1—Male Lives										
18-29	812,640	46,061	5.67	1.226	4,657	498	0.1069	1.100	92.49	174.50
30-39	583,668	31,736	5.44	0.870	3,473	307	.0884	0.790	103.44	168.06
40-49	637,460	51,517	8.08	0.957	3,872	454	.1173	0.900	113.47	164.63
50-59	646,234	87,146	13.49	1.104	4,082	740	.1813	1.078	117.76	158.31
60-64	398,879	61,182	15.34	0.984	2,574	495	.1923	0.984	123.60	154.96
65-69	641,345	93,207	14.53	1.032	4,258	765	.1797	0.945	121.84	150.62
70-74	197,331	34,028	17.24	1.268	1,303	277	.2126	1.197	122.84	151.44
75 and over	71,580	14,343	20.04	1.346	480	123	0.2562	1.423	116.61	149.12
Total	3,989,137	419,240	10.51	1.057	24,699	3,659	0.1481	0.999	114.58	161.51
Duration 2—Male Lives										
18-29	411,634	24,894	6.05	1.251	2,544	264	0.1038	1.067	94.30	161.81
30-39	297,686	19,844	6.67	1.025	1,899	186	.0979	0.875	106.69	156.76
40-49	342,285	32,390	9.46	1.072	2,266	305	.1346	1.033	106.20	151.05
50-59	381,210	49,631	12.82	1.017	2,610	448	.1716	1.021	110.78	148.36
60-64	257,804	39,841	15.45	0.966	1,756	337	.1919	0.982	118.22	146.81
65-69	492,985	63,428	12.87	0.892	3,452	584	.1692	0.890	108.61	142.81
70-74	272,787	37,170	13.63	0.975	1,919	333	.1735	0.977	111.62	142.15
75 and over	110,525	17,894	16.19	1.062	783	154	0.1967	1.092	110.19	141.16
Total	2,572,916	285,092	11.08	0.998	17,229	2,611	0.1515	0.976	109.19	149.34
Duration 3 and Over—Male Lives										
18-29	328,998	17,195	5.23	1.000	2,335	227	0.0972	1.000	75.75	140.90
30-39	409,361	28,153	6.88	1.000	2,905	325	.1119	1.000	86.62	140.92
40-49	510,849	47,566	9.31	1.000	3,770	491	.1302	1.000	96.88	135.50
50-59	565,777	73,506	12.99	1.000	4,068	684	.1681	1.000	107.46	139.08
60-64	352,091	59,029	16.77	1.000	2,674	322	.1954	1.000	113.08	131.77
65-69	522,292	84,235	16.13	1.000	4,953	942	.1902	1.000	89.42	105.45
70-74	604,575	98,343	16.27	1.000	6,952	1,235	.1776	1.000	79.63	86.96
75 and over	369,232	63,704	17.25	1.000	4,848	873	0.1801	1.000	72.97	76.16
Total	3,663,175	471,731	12.88	1.000	32,503	5,299	0.1630	1.000	89.02	112.70

* Adjusted for differences in average maximum benefit exposed, as explained in the text.

TABLE 7—Continued

Attained Age	Benefits Exposed	Benefits Incurred	Claim Cost per \$100 Max. Benefit	Ratio to Duration 3 and Over*	Lives Exposed	No. Claims	Incidence Rate	Ratio to Duration 3 and Over	Ave. Claim	Ave. Max. Benefit Exposed
Duration 0—Female Lives										
18-29	516,766	57,918	11.21	1.463	2,600	484	0.1862	1.414	119.67	198.76
30-39	449,149	66,055	14.71	1.572	2,341	485	.2072	1.380	136.20	191.86
40-49	480,514	81,562	16.97	1.427	2,565	610	.2378	1.333	133.71	187.33
50-59	459,694	71,582	15.57	1.358	2,490	531	.2133	1.223	134.81	184.62
60-64	248,957	38,638	15.52	1.332	1,401	319	.2277	1.283	121.12	177.70
65-69	184,614	33,281	18.03	1.525	1,125	240	.2133	1.238	138.67	164.10
70-74	55,022	10,653	19.36	1.704	302	66	.2185	1.307	161.41	182.19
75 and over	29,966	5,233	17.46	1.398	158	41	0.2595	1.432	127.63	189.66
Total	2,424,682	364,922	15.05	1.446	12,982	2,776	0.2138	1.318	131.46	186.77
Duration 1—Female Lives										
18-29	878,254	58,258	6.63	0.793	5,124	600	0.1171	0.890	97.10	171.40
30-39	725,577	83,132	11.46	1.126	4,383	741	.1691	1.126	112.19	165.54
40-49	966,089	132,831	13.75	1.074	5,905	1,128	.1910	1.071	117.76	163.61
50-59	1,145,207	164,231	14.34	1.163	7,129	1,355	.1901	1.090	121.20	160.64
60-64	719,480	112,687	15.66	1.271	4,519	899	.1989	1.121	125.35	159.21
65-69	567,007	85,490	15.08	1.235	3,695	733	.1984	1.152	116.63	153.45
70-74	226,929	34,625	15.26	1.250	1,441	299	.2075	1.241	115.80	157.48
75 and over	108,686	20,937	19.26	1.416	681	164	0.2408	1.329	127.66	159.60
Total	5,337,229	692,191	12.97	1.130	32,877	5,919	0.1800	1.090	116.94	162.34
Duration 2—Female Lives										
18-29	387,335	26,955	6.96	0.797	2,433	284	0.1167	0.887	94.91	159.20
30-39	341,545	38,413	11.25	1.061	2,225	349	.1569	1.045	110.07	152.50
40-49	530,704	74,429	14.02	1.052	3,510	660	.1880	1.054	112.77	151.20
50-59	733,402	102,959	14.04	1.102	4,876	906	.1858	1.065	113.64	150.41
60-64	521,535	79,452	15.23	1.202	3,475	652	.1876	1.058	121.86	150.08
65-69	507,361	69,128	13.63	1.091	3,475	616	.1773	1.029	112.22	146.00
70-74	250,370	37,407	14.94	1.174	1,742	336	.1929	1.153	111.33	143.73
75 and over	121,613	20,448	16.81	1.187	833	178	0.2137	1.179	114.88	145.99
Total	3,393,865	449,191	13.24	1.088	22,569	3,981	0.1764	1.051	112.83	150.38
Duration 3 and Over—Female Lives										
18-29	308,135	28,737	9.33	1.000	2,173	286	0.1316	1.000	100.48	141.80
30-39	513,784	58,496	11.39	1.000	3,843	577	.1501	1.000	101.38	133.69
40-49	771,740	109,115	14.14	1.000	5,757	1,027	.1784	1.000	106.25	134.05
50-59	1,095,542	146,690	13.39	1.000	8,108	1,414	.1744	1.000	103.74	135.12
60-64	832,950	113,395	13.61	1.000	6,544	1,161	.1774	1.000	97.67	127.28
65-69	864,531	122,755	14.20	1.000	8,394	1,446	.1723	1.000	84.89	102.99
70-74	595,101	88,792	14.92	1.000	6,965	1,165	.1673	1.000	76.22	85.44
75 and over	338,336	55,011	16.26	1.000	4,299	779	0.1812	1.000	70.62	78.70
Total	5,320,119	722,991	13.59	1.000	46,083	7,855	0.1705	1.000	92.04	115.45

* Adjusted for differences in average maximum benefit exposed, as explained in the text.

TABLE 8
1963-64 INTERCOMPANY HOSPITAL AND SURGICAL EXPENSE
GROUP CONVERSION EXPERIENCE
HOSPITAL ANCILLARY SERVICES
BY FAMILY STATUS, SEX, AND CALENDAR DURATION

Duration	Benefits Exposed	Benefits Incurred	Claim Cost per \$100 Max. Benefit	Ratio to Duration 3 and Over*	Lives Exposed	No. Claims	Incidence Rate	Ratio to Duration 3 and Over	Ave. Claim	Ave. Max. Benefit Exposed
Individual—Male Lives										
0	357,682	83,872	23.45	2.805	2,154	612	0.2841	2.045	137.05	166.05
1	1,090,619	132,781	12.17	1.365	6,826	1,207	.1768	1.276	110.01	159.77
2	762,881	90,833	11.91	1.220	5,171	814	.1574	1.105	111.59	147.53
3 and over...	866,539	116,629	13.46	1.140	7,843	1,273	0.1623	1.051	91.62	110.49
Total...	3,077,721	424,115	13.78	1.395	21,994	3,906	0.1776	1.223	108.58	139.93
Family—Male Lives										
0	1,496,178	155,922	10.42	1.203	7,829	1,262	0.1612	1.133	123.55	191.11
1	2,898,518	286,459	9.88	0.956	17,873	2,452	.1372	0.903	116.83	162.17
2	1,810,035	194,259	10.73	0.920	12,058	1,797	.1490	0.927	108.10	150.11
3 and over...	2,796,636	355,102	12.70	0.961	24,660	4,026	0.1633	0.985	88.20	113.41
Total...	9,001,367	991,742	11.02	0.982	62,420	9,537	0.1528	0.968	103.99	144.21
Total—Male Lives										
0	1,853,860	239,794	12.93	1.503	9,983	1,874	0.1877	1.326	127.96	185.70
1	3,989,137	419,240	10.51	1.057	24,699	3,659	.1481	0.999	114.58	161.51
2	2,572,916	285,092	11.08	0.998	17,229	2,611	.1515	0.976	109.19	149.34
3 and over...	3,663,175	471,731	12.88	1.000	32,503	5,299	0.1630	1.000	89.02	112.70
Total...	12,079,088	1,415,857	11.72	1.078	84,414	13,443	0.1593	1.030	105.32	143.09
Individual—Female Lives										
0	597,043	140,361	23.51	2.227	3,702	1,054	0.2847	1.744	133.17	161.28
1	1,946,874	321,839	16.53	1.439	12,526	2,730	.2179	1.321	117.89	155.43
2	1,386,416	210,918	15.21	1.259	9,553	1,779	.1862	1.117	118.56	145.13
3 and over...	1,776,971	277,721	15.63	1.141	16,249	2,981	0.1835	1.076	93.16	109.36
Total...	5,707,304	950,839	16.66	1.363	42,030	8,544	0.2033	1.215	111.29	135.79
Family—Female Lives										
0	1,827,639	224,561	12.29	1.186	9,280	1,722	0.1856	1.146	130.41	196.94
1	3,390,355	370,352	10.92	0.952	20,351	3,189	.1567	0.948	116.13	166.59
2	2,007,449	238,273	11.87	0.971	13,016	2,202	.1692	1.003	108.21	154.23
3 and over...	3,543,148	445,270	12.57	0.929	29,834	4,874	0.1634	0.959	91.36	118.76
Total...	10,768,591	1,278,456	11.87	0.981	72,481	11,937	0.1654	0.987	106.65	148.57
Total—Female Lives										
0	2,424,682	364,922	15.05	1.446	12,982	2,776	0.2138	1.318	131.46	186.77
1	5,337,229	692,191	12.97	1.130	32,877	5,919	.1800	1.090	116.94	162.34
2	3,393,865	449,191	13.24	1.088	22,569	3,981	.1764	1.051	112.83	150.38
3 and over...	5,320,119	722,991	13.59	1.000	46,083	7,855	0.1705	1.000	92.04	115.45
Total...	16,475,895	2,229,295	13.53	1.114	114,511	20,531	0.1793	1.070	108.58	143.88

* Adjusted for differences in average maximum benefit exposed, as explained by the text.

TABLE 8—Continued

Duration	Benefits Exposed	Benefits Incurred	Claim Cost per \$100 Max. Benefit	Ratio to Duration 3 and Over*	Lives Exposed	No. Claims	Incidence Rate	Ratio to Duration 3 and Over	Ave. Claim	Ave. Max. Benefit Exposed
Total—Male and Female Lives										
0.....	4,278,542	604,716	14.13	1.468	22,965	4,650	0.2025	1.321	130.05	186.31
1.....	9,326,366	1,111,431	11.92	1.101	57,576	9,578	.1664	1.053	116.04	161.98
2.....	5,966,781	734,283	12.31	1.051	39,798	6,592	.1656	1.020	111.39	149.93
3 and over.....	8,983,294	1,194,722	13.30	1.000	78,586	13,154	0.1674	1.000	90.83	114.31
Total.....	28,554,983	3,645,152	12.77	1.100	198,925	33,974	0.1708	1.054	107.29	143.55
Children—Total Lives										
0.....	2,002,673	103,420	5.16	1.576	10,822	1,182	0.1092	1.541	87.50	185.06
1.....	2,766,100	102,366	3.70	1.130	17,063	1,373	.0805	1.136	74.56	162.11
2.....	1,378,129	54,487	3.95	1.207	9,166	779	.0850	1.199	69.94	150.35
3 and over.....	3,368,987	110,367	3.28	1.000	25,586	1,813	0.0709	1.000	60.88	131.67
Total.....	9,515,889	370,640	3.89	1.189	62,637	5,147	0.0822	1.160	72.01	151.92

* Adjusted for differences in average benefit exposed, as explained by the text.

TABLE 9
1963-64 INTERCOMPANY HOSPITAL AND SURGICAL EXPENSE
GROUP CONVERSION EXPERIENCE
HOSPITAL ANCILLARY SERVICES
DURATION 3 AND OVER DATA COMPARED WITH
1956 INTERCOMPANY HOSPITAL TABLE

ATTAINED AGE	1963-64 INTERCOMPANY EXPERIENCE				1956 INTERCOMPANY HOSPITAL TABLE			RATIO OF 1963-64 EXPERIENCE TO 1956 TABLE		
	Incidence Rate	Ave. Claim	Ave. Max. Benefit Exposed	Claim Cost per \$100 Max. Benefit	Incidence Rate	Ave. Claim*	Claim Cost per \$100 Max. Benefit	Incidence Rate	Ave. Claim	Claim Cost
Male										
18-29.....	0.0972	75.75	140.90	5.23	0.0770	78.53	4.29	1.263	0.965	1.218
30-39.....	.1119	86.62	140.92	6.88	.0770	87.40	4.78	1.453	0.991	1.440
40-49.....	.1302	96.88	135.50	9.31	.0954	94.29	6.64	1.365	1.027	1.403
50-59.....	.1681	107.46	139.08	12.99	.1255	104.36	9.42	1.340	1.030	1.380
60-64.....	.1954	113.08	131.77	16.77	.1536	107.13	12.49	1.272	1.056	1.343
65-69.....	.1902	89.42	105.45	16.13	.1665	96.29	15.20	1.142	0.929	1.061
70-74.....	.1776	79.63	86.96	16.27	.1728	85.97	17.08	1.028	0.926	0.952
75 and over.....	0.1801	72.97	76.16	17.25	0.1751	76.16	17.51	1.028	0.958	0.985
Female										
18-29.....	0.1316	100.48	141.80	9.33	0.1071	78.76	5.95	1.229	1.276	1.568
30-39.....	.1501	101.38	133.69	11.39	.1271	85.13	8.09	1.181	1.191	1.407
40-49.....	.1784	106.25	134.05	14.14	.1428	93.75	9.99	1.249	1.133	1.416
50-59.....	.1744	103.74	135.12	13.39	.1554	102.71	11.81	1.122	1.010	1.134
60-64.....	.1774	97.67	127.28	13.61	.1630	104.94	13.44	1.088	0.931	1.013
65-69.....	.1723	84.89	102.99	14.20	.1682	94.68	15.46	1.024	0.897	0.918
70-74.....	.1673	76.22	85.44	14.92	.1728	84.73	17.14	0.968	0.900	0.871
75 and over.....	0.1812	70.62	78.70	16.26	0.1751	78.70	17.51	1.035	0.897	0.929
Children										
All ages.....	0.0709	60.88	131.67	3.28	Not applicable					

* Derived by interpolating within 1956 Table according to the average maximum benefit exposed.

TABLE 10
 1963-64 INTERCOMPANY HOSPITAL AND SURGICAL EXPENSE
 GROUP CONVERSION EXPERIENCE
 SURGICAL EXPENSE
 BY SEX, CALENDAR DURATION, AND ATTAINED AGE

Attained Age	Benefits Exposed	Benefits Incurred	Claim Cost per \$100 Max. Surg.	Ratio to Duration 3 and Over	Lives Exposed	No. Claims	Incidence Rate	Ratio to Duration 3 and Over	Ave. Claim	Ave. Max. Surg. Exposed
Duration 0—Male Lives										
18-29	431,171	14,328	3.32	1.465	1,872	184	0.0983	1.220	77.87	230.33
30-39	401,087	10,267	2.56	1.097	1,570	114	.0726	0.860	90.06	255.47
40-49	391,850	12,310	3.14	1.153	1,534	144	.0939	1.095	85.49	255.44
50-59	316,048	13,602	4.30	1.166	1,259	151	.1199	1.263	90.08	251.03
60-64	171,182	6,950	4.06	0.799	676	77	.1139	1.040	90.26	253.23
65-69	256,167	10,846	4.23	0.786	998	117	.1172	1.069	92.70	256.68
70-74	53,511	3,403	6.36	1.220	208	28	.1346	1.251	121.54	257.26
75 and over ..	26,254	1,638	6.24	1.194	103	16	0.1553	1.574	102.37	254.89
Total....	2,047,270	73,344	3.58	1.076	8,220	831	0.1011	1.107	88.26	249.06
Duration 1—Male Lives										
18-29	1,265,239	21,762	1.72	0.758	4,731	374	0.0791	0.981	58.19	267.44
30-39	964,921	13,587	1.41	0.604	3,613	210	.0581	0.688	64.70	267.07
40-49	1,035,836	24,496	2.36	0.868	3,888	297	.0764	0.891	82.48	266.42
50-59	1,046,854	32,590	3.11	0.844	3,912	350	.0895	0.942	93.11	267.60
60-64	574,409	22,093	3.85	0.757	2,232	229	.1026	0.936	96.48	257.35
65-69	1,021,468	41,397	4.05	0.752	3,916	390	.0996	0.909	106.15	260.84
70-74	289,330	13,214	4.57	0.876	1,090	119	.1092	1.015	111.04	265.44
75 and over ..	112,201	7,034	6.27	1.200	430	59	0.1372	1.391	119.22	260.93
Total....	6,310,258	176,173	2.79	0.789	23,812	2,028	0.0852	0.912	86.87	265.00
Duration 2—Male Lives										
18-29	572,820	11,307	1.97	0.870	2,320	181	0.0780	0.969	62.47	246.91
30-39	461,885	10,361	2.24	0.962	1,871	151	.0807	0.956	68.62	246.87
40-49	530,488	15,063	2.84	1.042	2,190	208	.0950	1.108	72.42	242.23
50-59	598,758	20,708	3.46	0.937	2,420	221	.0913	0.962	93.70	247.42
60-64	334,581	15,776	4.72	0.928	1,352	135	.0999	0.911	116.86	247.47
65-69	721,963	30,846	4.27	0.793	3,026	304	.1005	0.916	101.47	238.59
70-74	340,704	16,421	4.82	0.925	1,446	153	.1058	0.983	107.33	235.62
75 and over ..	146,009	7,213	4.94	0.945	633	71	0.1122	1.137	101.59	230.66
Total....	3,707,208	127,695	3.44	0.902	15,258	1,424	0.0933	0.975	89.67	242.97
Duration 3 and Over—Male Lives										
18-29	621,154	14,089	2.27	1.000	2,868	231	0.0805	1.000	60.99	216.58
30-39	894,652	20,870	2.33	1.000	4,051	342	.0844	1.000	61.02	220.85
40-49	1,097,586	29,913	2.73	1.000	5,029	431	.0857	1.000	69.40	218.25
50-59	1,070,649	39,513	3.69	1.000	4,845	460	.0949	1.000	85.90	220.98
60-64	541,824	27,527	5.08	1.000	2,455	269	.1096	1.000	102.33	220.70
65-69	1,049,757	56,568	5.39	1.000	4,771	523	.1096	1.000	108.16	220.03
70-74	1,404,708	73,195	5.21	1.000	6,626	713	.1076	1.000	102.66	212.00
75 and over ..	982,020	51,310	5.22	1.000	4,976	491	0.0987	1.000	104.50	197.35
Total....	7,662,350	312,985	4.08	1.000	35,621	3,460	0.0971	1.000	90.46	215.11

TABLE 10—Continued

Attained Age	Benefits Exposed	Benefits Incurred	Claim Cost per \$100 Max. Surg.	Ratio to Duration 3 and Over	Lives Exposed	No. Claims	Incidence Rate	Ratio to Duration 3 and Over	Ave. Claim	Ave. Max. Surg. Exposed
Duration 0—Female Lives										
18-29	530,277	20,864	3.93	1.024	2,159	279	0.1292	1.101	74.78	245.61
30-39	479,787	26,386	5.50	1.251	1,964	248	.1263	1.056	106.40	244.29
40-49	507,527	30,467	6.00	1.135	2,087	314	.1505	1.177	97.03	243.18
50-59	475,381	21,067	4.43	0.978	1,974	248	.1256	1.120	84.95	240.82
60-64	269,342	13,003	4.83	1.139	1,095	138	.1260	1.208	94.22	245.97
65-69	219,363	10,389	4.74	1.054	902	102	.1131	1.128	101.85	243.20
70-74	50,468	1,542	3.06	0.699	210	16	.0762	0.805	96.37	240.32
75 and over	28,384	1,700	5.99	1.408	116	13	0.1121	1.209	130.77	244.69
Total	2,560,529	125,418	4.90	1.095	10,507	1,358	0.1292	1.121	92.35	243.70
Duration 1—Female Lives										
18-29	1,363,676	34,321	2.52	0.655	5,124	493	0.0962	0.820	69.62	266.14
30-39	1,202,291	47,644	3.96	.902	4,511	512	.1135	0.949	93.05	266.52
40-49	1,655,256	75,635	4.57	.864	6,127	762	.1244	0.973	99.26	270.16
50-59	1,969,909	73,701	3.74	.826	7,269	771	.1061	0.945	95.59	271.00
60-64	1,071,717	39,876	3.72	.878	4,017	411	.1023	0.980	97.02	266.80
65-69	869,883	31,992	3.68	.818	3,256	312	.0958	0.956	102.54	267.16
70-74	316,617	11,882	3.75	.858	1,171	124	.1059	1.119	95.82	270.38
75 and over	144,619	5,041	3.49	0.819	527	50	0.0949	1.023	100.82	274.42
Total	8,593,968	320,092	3.72	0.828	32,002	3,435	0.1073	0.942	93.19	268.54
Duration 2—Female Lives										
18-29	540,284	13,154	2.43	0.633	2,199	216	0.0982	0.837	60.90	245.70
30-39	543,441	24,585	4.52	1.029	2,241	278	.1241	1.037	88.44	242.50
40-49	885,795	45,089	5.09	0.962	3,615	464	.1284	1.004	97.17	245.03
50-59	1,219,280	51,269	4.20	0.928	4,918	548	.1114	0.993	93.56	247.92
60-64	731,000	33,965	4.65	1.096	2,947	339	.1150	1.102	100.19	248.05
65-69	703,845	30,085	4.27	0.951	2,912	317	.1089	1.086	94.91	241.71
70-74	317,308	12,947	4.08	0.933	1,315	127	.0966	1.020	101.94	241.30
75 and over	140,882	6,506	4.62	1.085	588	58	0.0986	1.064	112.17	239.60
Total	5,081,835	217,600	4.28	0.949	20,735	2,347	0.1132	1.012	92.71	245.08
Duration 3 and Over—Female Lives										
18-29	538,609	20,702	3.84	1.000	2,386	280	0.1174	1.000	73.94	225.74
30-39	1,090,055	47,916	4.40	1.000	4,882	584	.1196	1.000	82.05	223.28
40-49	1,584,804	83,851	5.29	1.000	7,133	912	.1279	1.000	91.94	222.18
50-59	2,136,538	96,765	4.53	1.000	9,589	1,076	.1122	1.000	89.93	222.81
60-64	1,401,860	59,411	4.24	1.000	6,324	660	.1044	1.000	90.02	221.67
65-69	1,757,345	78,965	4.49	1.000	8,022	804	.1002	1.000	98.22	219.07
70-74	1,403,815	61,396	4.37	1.000	6,603	625	.0947	1.000	98.23	212.60
75 and over	820,539	34,910	4.25	1.000	4,045	375	0.0927	1.000	93.09	202.85
Total	10,733,565	483,916	4.51	1.000	48,984	5,316	0.1085	1.000	91.03	219.12

TABLE 11
1963-64 INTERCOMPANY HOSPITAL AND SURGICAL EXPENSE
GROUP CONVERSION EXPERIENCE
SURGICAL EXPENSE
BY FAMILY STATUS, SEX, AND CALENDAR DURATION

Duration	Benefits Exposed	Benefits Incurred	Claim Cost per \$100 Max. Surg.	Ratio to Duration 3 and Over	Lives Exposed	No. Claims	Incidence Rate	Ratio to Duration 3 and Over	Ave. Claim	Ave. Max. Surg. Exposed
Individual—Male Lives										
0	335,147	19,824	5.92	1.706	1,504	196	0.1303	1.436	101.14	222.84
1	1,589,798	47,393	2.98	0.901	5,887	554	.0941	1.036	85.55	270.05
2	975,819	33,685	3.45	0.992	3,960	363	.0917	0.995	92.80	246.42
3 and over	1,716,857	69,580	4.05	1.035	8,067	756	0.0937	0.987	92.04	212.82
Total	4,617,621	170,482	3.69	1.031	19,418	1,869	0.0963	1.037	91.22	237.80
Family—Male Lives										
0	1,712,123	53,520	3.13	0.947	6,716	635	0.0946	1.035	84.28	254.93
1	4,720,460	128,780	2.73	.755	17,925	1,474	.0822	0.873	87.37	263.35
2	2,731,389	94,010	3.44	.873	11,298	1,061	.0939	0.969	88.61	241.76
3 and over	5,945,493	243,405	4.09	0.990	27,554	2,704	0.0981	1.004	90.02	215.78
Total	15,109,465	519,715	3.44	0.895	63,493	5,874	0.0925	0.964	88.48	237.97
Total—Male Lives										
0	2,047,270	73,344	3.58	1.076	8,220	831	0.1011	1.107	88.26	249.06
1	6,310,258	176,173	2.79	0.789	23,812	2,028	.0852	0.912	86.87	265.00
2	3,707,208	127,695	3.44	0.902	15,258	1,424	.0933	0.975	89.67	242.97
3 and over	7,662,350	312,985	4.08	1.000	35,621	3,460	0.0971	1.000	90.46	215.11
Total	19,727,086	690,197	3.50	0.925	82,911	7,743	0.0934	0.981	89.14	237.93
Individual—Female Lives										
0	572,236	31,706	5.54	1.254	2,466	355	0.1440	1.286	89.30	232.05
1	2,965,846	119,615	4.03	0.913	10,926	1,238	.1133	1.021	96.62	271.45
2	1,832,802	79,838	4.36	0.985	7,347	820	.1116	1.020	97.36	249.46
3 and over	3,525,114	155,706	4.42	0.999	16,061	1,699	0.1058	1.005	91.65	219.48
Total	8,895,998	386,859	4.35	0.984	36,800	4,112	0.1117	1.032	94.08	241.74
Family—Female Lives										
0	1,988,293	93,718	4.71	1.050	8,041	1,003	0.1247	1.072	93.44	247.27
1	5,628,122	200,477	3.56	0.784	21,076	2,197	.1042	0.903	91.25	267.04
2	3,249,033	137,762	4.24	0.930	13,388	1,527	.1141	1.008	90.22	242.68
3 and over	7,208,451	328,210	4.55	1.001	32,923	3,617	0.1099	0.998	90.74	218.95
Total	18,073,899	760,167	4.21	0.926	75,428	8,344	0.1106	0.981	91.10	239.62
Total—Female Lives										
0	2,560,529	125,418	4.90	1.095	10,507	1,358	0.1292	1.121	92.35	243.70
1	8,593,968	320,092	3.72	0.828	32,002	3,435	0.1073	0.942	93.19	268.54
2	5,081,835	217,600	4.28	0.949	20,735	2,347	0.1132	1.012	92.71	245.08
3 and over	10,733,565	483,916	4.51	1.000	48,984	5,316	0.1085	1.000	91.03	219.12
Total	26,969,897	1,147,026	4.25	0.945	112,228	12,456	0.1110	0.997	92.09	240.31

TABLE 11—Continued

Duration	Benefits Exposed	Benefits Incurred	Claim Cost per \$100 Max. Surg.	Ratio to Duration 3 and Over	Lives Exposed	No. Claims	Incidence Rate	Ratio to Duration 3 and Over	Ave. Claim	Ave. Max. Surg. Exposed
Total—Male and Female Lives										
0.....	4,607,799	198,762	4.31	1.088	18,727	2,189	0.1169	1.116	90.80	246.05
1.....	14,904,226	496,265	3.33	0.814	55,814	5,463	.0979	0.931	90.84	267.03
2.....	8,789,043	345,295	3.93	0.931	35,993	3,771	.1048	0.998	91.57	244.19
3 and over..	18,395,915	796,901	4.33	1.000	84,605	8,776	0.1037	1.000	90.80	217.43
Total...	46,696,983	1,837,223	3.93	0.937	195,139	20,199	0.1035	0.991	90.96	239.30
Children—Total Lives										
0.....	2,457,696	48,633	1.98	1.107	9,902	824	0.0832	1.200	59.02	248.20
1.....	5,852,435	80,366	1.37	0.768	22,835	1,420	.0622	0.897	56.60	256.29
2.....	2,943,706	47,035	1.60	0.894	12,527	831	.0663	0.957	56.60	234.99
3 and over..	6,319,034	112,987	1.79	1.000	29,920	2,075	0.0694	1.000	54.45	211.20
Total...	17,572,871	289,021	1.64	0.920	75,184	5,150	0.0685	0.988	56.12	233.73

TABLE 12
 1963-64 INTERCOMPANY HOSPITAL AND SURGICAL EXPENSE
 GROUP CONVERSION EXPERIENCE
 SURGICAL EXPENSE
 DURATION 3 AND OVER DATA COMPARED WITH
 1956 INTERCOMPANY SURGICAL TABLE
 (Average Claim and Claim Cost per \$100 of Maximum
 Surgical Schedule—Standard Schedule)

ATTAINED AGE	1963-64 INTERCOMPANY EXPERIENCE			1956 INTERCOMPANY SURGICAL TABLE			RATIO OF 1963-64 EXPERIENCE TO 1956 TABLE		
	Incidence Rate	Ave. Claim	Claim Cost	Incidence Rate	Ave. Claim	Claim Cost	Incidence Rate	Ave. Claim	Claim Cost
Male									
18-29.....	0.0805	28.16	2.27	0.0754	22.81	1.72	1.068	1.235	1.319
30-39.....	.0844	27.63	2.33	.0737	23.88	1.76	1.146	1.157	1.325
40-49.....	.0857	31.80	2.73	.0763	27.13	2.07	1.123	1.172	1.317
50-59.....	.0949	38.87	3.69	.0866	32.56	2.82	1.096	1.194	1.309
60-64.....	.1096	46.37	5.08	.0971	33.47	3.25	1.128	1.385	1.563
65-69.....	.1096	49.16	5.39	.0983	33.88	3.33	1.115	1.451	1.618
70-74.....	.1076	48.42	5.21	.0983	33.88	3.33	1.095	1.429	1.565
75 and over.....	0.0987	52.95	5.22	0.0983	33.88	3.33	1.004	1.563	1.569
Female									
18-29.....	0.1174	32.75	3.84	0.1025	27.80	2.85	1.145	1.178	1.349
30-39.....	.1196	36.75	4.40	.1110	33.51	3.72	1.078	1.097	1.182
40-49.....	.1279	41.38	5.29	.1113	36.84	4.10	1.149	1.123	1.290
50-59.....	.1122	40.36	4.53	.1027	34.06	3.56	1.093	1.165	1.272
60-64.....	.1044	40.61	4.24	.0992	34.17	3.39	1.052	1.188	1.250
65-69.....	.1002	44.83	4.49	.0983	33.88	3.33	1.020	1.323	1.349
70-74.....	.0947	46.21	4.37	.0983	33.88	3.33	0.963	1.364	1.313
75 and over.....	0.0927	45.89	4.25	0.0983	33.88	3.33	0.943	1.355	1.277
Children									
All ages.....	0.0694	25.78	1.79	Not applicable					

other schedules was expressed in terms of the Standard Schedule and was included in these tables. Table 11 shows selection by duration and family status, and Tables 10 and 12 show a distinct rise in male claim costs starting with ages 60-64.