

**TRANSACTIONS OF SOCIETY OF ACTUARIES
1966 REPORTS**

**REPORTS OF THE COMMITTEE ON EXPERIENCE
UNDER GROUP HEALTH INSURANCE**

**I. GROUP WEEKLY INDEMNITY INSURANCE
AND GROUP HOSPITAL AND SURGICAL
EXPENSE INSURANCE**

THIS is the nineteenth annual report on the continuing study of the morbidity experience of Group Weekly Indemnity insurance and Group Employee and Dependent Hospital and Surgical Expense insurance.

In compiling these reports the Committee includes the available experience of employer-employee groups and excludes the experience of trusteeship and association cases insuring employees of the member employers and of union cases, whether or not insurance depends on continued employment. Experience of insured groups outside the United States is excluded, except for experience of groups insured for Group Weekly Indemnity insurance in Canada, which is reported separately and published for the first time in this report. The data for Group Weekly Indemnity insurance exclude the experience of plans written under State Cash Sickness laws.

The tables in this report show combined nonmaternity and maternity experience unless otherwise designated. Plans which contain maternity benefits other than those normally studied are designated as plans with "other" maternity benefits, and only the nonmaternity experience of these plans is shown. The 1964 policy year experience from one contributing company which was omitted from the 1965 report has been included in this report. Tables 2, 5, and 9 now include three years of experience. Ratios of actual to tabular claims for separate years of experience are shown in Tables 3, 6, and 10, which have been expanded to reflect the same benefit detail as Tables 2, 5, and 9, respectively. Exposures and Actual Claims are shown to the nearest thousand in this report.

Data in the report for Weekly Indemnity and Employee Hospital Expense insurance are based on the experience of groups in those industrial classifications which the contributing companies individually rate standard for premium purposes; tables covering these plans are headed "Nonrated Industries." Data for Surgical Expense insurance, Employee

or Dependent, and for Dependent Hospital Expense insurance are based on the experience of groups regardless of industrial classifications; tables covering these plans are headed "All Industries." Detailed experience by industry classification which is studied periodically was last published in the *1965 Reports*.

The tables in this report show the experience either for all exposure size groups combined or, to minimize the effect that jumbo groups might have upon the ratio of actual to tabular claims, for all except the largest exposure size groups. In the latter instance, experience is derived from groups with exposures limited as shown below:

Weekly Indemnity—less than \$40,000 of weekly indemnity.

Hospital—less than \$10,000 of daily benefit.

Surgical—less than 2,000 exposure units of the \$150, \$200, or \$300 maximum benefit schedules.

Ratios of Actual to Tabular Claims

The results of the study are presented in the form of ratios of actual to tabular claims. The tabular factors as described and published in the *1961* and *1962 Reports* have been expanded where necessary to reflect more liberal benefits, additional plans, and separate maternity benefits.

Current experience confirms the Committee's earlier views regarding certain characteristics of the tabulars, namely, that the relationship between male and female tabulars is satisfactory for weekly indemnity and hospital, but the male surgical tabular is relatively low and the female surgical tabular is relatively high; that the hospital tabulars yield consistent results when the actual to tabular ratios are examined by the amounts of daily benefit provided; and that for a given surgical schedule there is a tendency for the ratios of actual to tabular claims to increase as the maximum benefit for that schedule increases.

The Committee wishes to point out that many factors affecting experience are not reflected by the tabulars. For example, the tabulars are not adjusted for variations in experience caused by the age distribution and the geographic location of employees. Also, the use of combined maternity and nonmaternity experience conceals the low ratio of actual to tabular for maternity benefits and the generally higher ratios of actual to tabular for nonmaternity benefits. These limitations, as well as other factors which may influence the results of an analysis according to a particular characteristic of the experience, would indicate that caution should be used when interpreting the data contained in these reports.

Contributing Companies

The number of companies which have contributed to the investigation covered in this report has increased to eleven. This has been made possible through the generosity of two Canadian companies whose contributions have been included in the Canadian Weekly Indemnity study. The Committee is particularly grateful for this additional experience and would like to encourage contributions from other companies who might be able to contribute to any portion of the investigation. The results are the composite experience of variations in company practice, in underlying administration and claim procedures, as well as variations in experience among groups. It should be recognized that many groups may have significantly different claim costs from those indicated in this report.

This report contains experience for years labeled 1960, 1961, 1962, 1963, 1964, and 1965. The majority of the companies contribute exposure and claims based upon policy years ending in the calendar year designated; others have contributed using different periods. The central point of the exposure for each policy year is approximately January 1 of that year. The assumption was made that each company's contribution was distributed uniformly over the period of exposure, which may be improper because of a concentration of policy renewals in January and July.

The following companies contributed experience for the investigation covered in this report:

Aetna Life Insurance Company
Connecticut General Life Insurance Company
Continental Assurance Company
Equitable Life Assurance Society
John Hancock Mutual Life Insurance Company
Metropolitan Life Insurance Company
The Mutual Life Assurance Company of Canada
Occidental Life Insurance Company of California
Prudential Insurance Company of America
Sun Life Assurance Company of Canada
The Travelers Insurance Company

*Analysis of Experience***WEEKLY INDEMNITY**

Experience under Canadian groups insured for Weekly Indemnity insurance is being published for the first time in this report. United States and Canadian data are separately identified in Tables 1, 2, and 3.

TABLE 1
 GROUP WEEKLY INDEMNITY INSURANCE
 WITH SIX WEEKS' MATERNITY BENEFIT
 ALL SIZE GROUPS, NONRATED INDUSTRIES
 COMBINED 1963-65 POLICY YEARS' EXPERIENCE, BY PLAN

| Plan | Number of Experience Units | Weekly Indemnity Exposed (000) | Actual Claims (000) | Ratio of Actual to 1947-49 Weekly Indemnity Tabular |
|--------------------------|----------------------------|--------------------------------|---------------------|---|
| United States Experience | | | | |
| 1-4-13 | 1,724 | 8,809 | 6,055 | 97% |
| 4-4-13 | 370 | 1,798 | 851 | 74 |
| 1-8-13 | 6,905 | 37,353 | 23,922 | 101 |
| 8-8-13 | 950 | 9,653 | 5,805 | 94 |
| Total, 13-week plans.. | 9,949 | 57,613 | 36,633 | 99% |
| 1-4-26 | 485 | 10,581 | 9,454 | 110% |
| 4-4-26 | 77 | 1,262 | 1,264 | 125 |
| 1-8-26 | 2,828 | 49,557 | 41,106 | 114 |
| 8-8-26 | 378 | 14,642 | 10,223 | 98 |
| Total, 26-week plans.. | 3,768 | 76,042 | 62,047 | 111% |
| Total, all plans..... | 13,717 | 133,655 | 98,680 | 106% |
| Canadian Experience | | | | |
| 1-4-13 | 212 | 1,352 | 990 | 113% |
| 4-4-13 | 40 | 223 | 157 | 103 |
| 1-8-13 | 1,474 | 2,345 | 1,283 | 93 |
| 8-8-13 | 62 | 288 | 188 | 116 |
| Total, 13-week plans.. | 1,788 | 4,208 | 2,618 | 102% |
| 1-4-26 | 94 | 734 | 753 | 128% |
| 4-4-26 | 19 | 245 | 212 | 105 |
| 1-8-26 | 276 | 2,450 | 2,298 | 131 |
| 8-8-26 | 29 | 420 | 185 | 62 |
| Total, 26-week plans.. | 418 | 3,849 | 3,448 | 121% |
| Total, all plans..... | 2,206 | 8,057 | 6,066 | 112% |

TABLE 2
 GROUP WEEKLY INDEMNITY INSURANCE
 GROUPS WITH LESS THAN \$40,000 WEEKLY INDEMNITY EXPOSED, NONRATED INDUSTRIES
 1963-65 POLICY YEARS' EXPERIENCE, BY PLAN
 UNITED STATES EXPERIENCE

| PLAN | NONMATERNITY AND MATERNITY COMBINED EXPERIENCE* | | | | NONMATERNITY AND MATERNITY SEPARATE EXPERIENCE* | | | | | | |
|---------------------------------------|--|---|---------------------------|--|--|---|----------------------------|--------------------|--|-----------|----------|
| | Number of Experience Units | Weekly Indemnity Exposed (000) | Actual Claims (000) | Ratio of Actual to 1947-49 Weekly Indemnity Tabular | Number of Experience Units | Weekly Indemnity Exposed (000) | Actual Claims | | Ratio of Actual to 1947-49 Weekly Indemnity Tabular | | |
| | | | | | | | Non- maternity (000) | Maternity (000) | Non- maternity | Maternity | Combined |
| Plans with 6 Weeks' Maternity Benefit | | | | | | | | | | | |
| 13-week: | | | | | | | | | | | |
| 4th-day sickness..... | 2,065 | 7,793 | 4,692 | 90% | 1,628 | 5,872 | 3,476 | 189 | 94% | 68% | 92% |
| 8th-day sickness..... | 7,718 | 31,668 | 19,299 | 95 | 4,880 | 20,072 | 11,603 | 994 | 102 | 63 | 97 |
| Total..... | 9,783 | 39,461 | 23,991 | 94% | 6,508 | 25,944 | 15,079 | 1,183 | 100% | 63% | 96% |
| 26-week: | | | | | | | | | | | |
| 4th-day sickness..... | 495 | 4,167 | 3,208 | 95% | 360 | 2,807 | 2,155 | 74 | 99% | 63% | 97% |
| 8th-day sickness..... | 2,975 | 20,641 | 15,275 | 100 | 1,801 | 12,362 | 8,926 | 402 | 104 | 61 | 101 |
| Total..... | 3,470 | 24,808 | 18,483 | 99% | 2,161 | 15,169 | 11,081 | 476 | 103% | 61% | 100% |
| Plans with No Maternity Benefits | | | | | | | | | | | |
| 13-week: | | | | | | | | | | | |
| 4th-day sickness..... | | | | | 553 | 2,556 | 1,603 | | 96% | | |
| 8th-day sickness..... | | | | | 6,642 | 21,367 | 11,615 | | 94 | | |
| Total..... | | | | | 7,195 | 23,923 | 13,218 | | 94% | | |
| 26-week: | | | | | | | | | | | |
| 4th-day sickness..... | | | | | 311 | 1,414 | 1,088 | | 98% | | |
| 8th-day sickness..... | | | | | 3,290 | 12,873 | 8,175 | | 91 | | |
| Total..... | | | | | 3,601 | 14,287 | 9,263 | | 92% | | |

* The separate experience exposure is less than the combined experience exposure because separate experience is not available for all groups.

TABLE 2—Continued
CANADIAN EXPERIENCE

| PLAN | NONMATERNITY AND MATERNITY COMBINED EXPERIENCE* | | | | NONMATERNITY AND MATERNITY SEPARATE EXPERIENCE* | | | | | | |
|---------------------------------------|--|---|---------------------------|--|--|---|----------------------------|--------------------|--|-----------|----------|
| | Number of Experience Units | Weekly Indemnity Exposed (000) | Actual Claims (000) | Ratio of Actual to 1947-49 Weekly Indemnity Tabular | Number of Experience Units | Weekly Indemnity Exposed (000) | Actual Claims | | Ratio of Actual to 1947-49 Weekly Indemnity Tabular | | |
| | | | | | | | Non- maternity (000) | Maternity (000) | Non- maternity | Maternity | Combined |
| Plans with 6 Weeks' Maternity Benefit | | | | | | | | | | | |
| 13-week: | | | | | | | | | | | |
| 4th-day sickness..... | 244 | 822 | 581 | 106% | 208 | 587 | 390 | 15† | 107% | 61%† | 104% |
| 8th-day sickness..... | 1,535 | 2,593 | 1,439 | 95 | 1,357 | 2,034 | 1,035 | 55 | 95 | 59 | 92 |
| Total..... | 1,779 | 3,415 | 2,020 | 98% | 1,565 | 2,621 | 1,425 | 70 | 98% | 59% | 95% |
| 26-week: | | | | | | | | | | | |
| 4th-day sickness..... | 106 | 523 | 520 | 125% | 80 | 346 | 340 | 6† | 127% | 50%† | 124% |
| 8th-day sickness..... | 297 | 1,497 | 1,078 | 97 | 234 | 967 | 593 | 47† | 88 | 90† | 89 |
| Total..... | 403 | 2,020 | 1,598 | 105% | 314 | 1,313 | 933 | 53 | 100% | 82% | 98% |
| Plans with No Maternity Benefits | | | | | | | | | | | |
| 13-week: | | | | | | | | | | | |
| 4th-day sickness..... | | | | | 93 | 329 | 240 | | 110% | | |
| 8th-day sickness..... | | | | | 571 | 1,500 | 891 | | 106 | | |
| Total..... | | | | | 664 | 1,829 | 1,131 | | 107% | | |
| 26-week: | | | | | | | | | | | |
| 4th-day sickness..... | | | | | 48 | 229 | 184 | | 105% | | |
| 8th-day sickness..... | | | | | 206 | 733 | 495 | | 95 | | |
| Total..... | | | | | 254 | 962 | 679 | | 97% | | |

* The separate experience exposure is less than the combined experience exposure because separate experience is not available for all groups.

† Less than \$50,000 of actual claims.

TABLE 3
GROUP WEEKLY INDEMNITY EXPERIENCE
GROUPS WITH LESS THAN \$40,000 WEEKLY INDEMNITY EXPOSED
NONRATED INDUSTRIES
RATIOS OF ACTUAL CLAIMS TO 1947-49 WEEKLY INDEMNITY TABULAR
UNITED STATES

| Plan | 1960 | 1961 | 1962 | 1963 | 1964 | 1965 |
|---|------|------|------|------|------|------|
| Plans with 6 Weeks' Maternity Benefit | | | | | | |
| <i>Nonmaternity and maternity combined experience:</i> | | | | | | |
| 13-week: | | | | | | |
| 4th-day sickness..... | 96% | 92% | 91% | 92% | 90% | 87% |
| 8th-day sickness..... | 92 | 93 | 91 | 96 | 95 | 95 |
| Total..... | 93% | 93% | 91% | 95% | 94% | 93% |
| 26-week: | | | | | | |
| 4th-day sickness..... | 95% | 95% | 94% | 99% | 90% | 95% |
| 8th-day sickness..... | 98 | 95 | 98 | 97 | 101 | 102 |
| Total..... | 97% | 95% | 97% | 97% | 99% | 101% |
| <i>Nonmaternity and maternity separate experience:*</i> | | | | | | |
| Nonmaternity: | | | | | | |
| 13-week: | | | | | | |
| 4th-day sickness..... | | | | 96% | 93% | 92% |
| 8th-day sickness..... | | | | 103 | 101 | 103 |
| Total..... | | | | 101% | 99% | 100% |
| 26-week: | | | | | | |
| 4th-day sickness..... | | | | 102% | 94% | 100% |
| 8th-day sickness..... | | | | 102 | 105 | 107 |
| Total..... | | | | 102% | 103% | 105% |
| Maternity (all plans)..... | | | | 65% | 66% | 56% |
| Combined: | | | | | | |
| 13-week: | | | | | | |
| 4th-day sickness..... | | | | 94% | 92% | 90% |
| 8th-day sickness..... | | | | 98 | 96 | 97 |
| Total..... | | | | 97% | 95% | 96% |
| 26-week: | | | | | | |
| 4th-day sickness..... | | | | 100% | 92% | 98% |
| 8th-day sickness..... | | | | 99 | 102 | 103 |
| Total..... | | | | 99% | 100% | 102% |
| Plans with No Maternity | | | | | | |
| 13-week: | | | | | | |
| 4th-day sickness..... | | | | 91% | 98% | 97% |
| 8th-day sickness..... | | | | 95 | 93 | 95 |
| Total..... | | | | 94% | 94% | 96% |
| 26-week: | | | | | | |
| 4th-day sickness..... | | | | 109% | 93% | 95% |
| 8th-day sickness..... | | | | 94 | 88 | 90 |
| Total..... | | | | 95% | 89% | 91% |

* The nonmaternity and maternity separate experience is also included in the nonmaternity and maternity combined experience.

TABLE 3—Continued
CANADA

| Plan | 1960 | 1961 | 1962 | 1963 | 1964 | 1965 |
|---|------|------|------|------|------|------|
| Plans with 6 Weeks' Maternity Benefit | | | | | | |
| <i>Nonmaternity and maternity combined experience:</i> | | | | | | |
| 13-week: | | | | | | |
| 4th-day sickness..... | | | | 114% | 108% | 94% |
| 8th-day sickness..... | | | | 94 | 96 | 94 |
| Total..... | | | | 99% | 99% | 94% |
| 26-week: | | | | | | |
| 4th-day sickness..... | | | | 134% | 127% | 118% |
| 8th-day sickness..... | | | | 98 | 100 | 93 |
| Total..... | | | | 108% | 107% | 100% |
| <i>Nonmaternity and maternity separate experience:*</i> | | | | | | |
| Nonmaternity: | | | | | | |
| 13-week: | | | | | | |
| 4th-day sickness..... | | | | 112% | 112% | 97% |
| 8th-day sickness..... | | | | 95 | 94 | 96 |
| Total..... | | | | 99% | 98% | 96% |
| 26-week: | | | | | | |
| 4th-day sickness..... | | | | 140% | 114% | 131% |
| 8th-day sickness..... | | | | 94 | 87 | 85 |
| Total..... | | | | 106% | 95% | 99% |
| Maternity (all plans)..... | | | | 69%† | 67%† | 65%† |
| Combined: | | | | | | |
| 13-week: | | | | | | |
| 4th-day sickness..... | | | | 110% | 109% | 93% |
| 8th-day sickness..... | | | | 92 | 91 | 93 |
| Total..... | | | | 96% | 95% | 93% |
| 26-week: | | | | | | |
| 4th-day sickness..... | | | | 136% | 112% | 128% |
| 8th-day sickness..... | | | | 93 | 88 | 85 |
| Total..... | | | | 104% | 95% | 97% |
| Plans with No Maternity | | | | | | |
| 13-week: | | | | | | |
| 4th-day sickness..... | | | | 117% | 108% | 104% |
| 8th-day sickness..... | | | | 107 | 112 | 100 |
| Total..... | | | | 110% | 111% | 100% |
| 26-week: | | | | | | |
| 4th-day sickness..... | | | | 109% | 85% | 138% |
| 8th-day sickness..... | | | | 99 | 102 | 84 |
| Total..... | | | | 102% | 97% | 95% |

* The nonmaternity and maternity separate experience is also included in the nonmaternity and maternity combined experience.

† Less than \$50,000 of actual claims.

The basic results of the study of Weekly Indemnity insurance are presented in Table 1, which includes all size groups for the three latest policy years combined. The exposure unit is one dollar of weekly benefit. Ratios of actual to tabular claims for Canadian experience appear to be slightly higher than for United States experience, based upon all size groups. However, the nonjumbo experience in Tables 2 and 3 indicates more nearly comparable experience in the two countries.

Experience for the three latest policy years on groups with less than \$40,000 of weekly indemnity exposed is presented in Table 2. The experience of plans with six weeks' maternity benefits is shown on a combined basis and separately for nonmaternity and maternity components of a portion of this experience. The experience of plans with no maternity benefits is shown separately. The United States nonmaternity experience of plans with no maternity benefits appears more favorable than the nonmaternity experience of plans with six weeks' maternity benefits. The opposite is indicated with respect to most Canadian experience. This difference may be due to the difference in the age of the group or other factors not measured by the Tabular. The maternity portion of the 1947-49 Weekly Indemnity Tabular published in the *1962 Reports* does not include any adjustment for the decline in the birth rate since 1957, as indicated by statistics published by the Department of Health, Education, and Welfare. As might be expected, the maternity tabulars are too high when compared with the 1965 policy year maternity experience.

Ratios of actual to tabular claims for each of the six latest policy years are summarized in Table 3 with respect to United States experience and three years for Canadian experience. These ratios indicate that United States experience has remained fairly constant over the period. Canadian experience indicates lower ratios for most plans during 1965.

The Committee wishes to point out that the 1947-49 Weekly Indemnity Tabular is based on rather old continuation data and may, therefore, be unsuitable for purposes other than the measurement of trends based on the plans studied by the Committee.

HOSPITAL

The basic results of the study of Hospital Expense insurance are presented in Table 4 for plans grouped according to nonmaternity room-and-board duration and miscellaneous-fee benefit. The experience shown is for all size groups for the three latest policy years.

Experience for the three latest policy years on groups with less than \$10,000 of daily benefit exposed is presented in Table 5. Experience of

plans with maternity benefits is shown on a combined basis and separately for the nonmaternity and maternity components of a portion of this experience. For the employee coverage, the combined experience is a mixture of $10\times$ and $14 + n\times$ maternity, while the separate experience is essentially all $10\times$ maternity. The nonmaternity experience of plans with no maternity or "other" maternity benefits is shown separately. The maternity portion of the 1957 Hospital Tabular has not been adjusted to reflect the declining birth rate, and the maternity tabulars are too high when compared with the 1965 policy year maternity experience, as indicated in the discussion of weekly indemnity experience. This is

TABLE 4
EMPLOYEE AND DEPENDENT GROUP HOSPITAL EXPENSE INSURANCE
ALL SIZE GROUPS, EMPLOYEE-RATED INDUSTRIES EXCLUDED
COMBINED 1963-65 POLICY YEARS' EXPERIENCE, BY PLAN

| Plan | Number of Experience Units | Daily Benefit Exposed (000) | Actual Claims (000) | Ratio of Actual to 1957 Hospital Tabular |
|------------------------------|----------------------------|-----------------------------|---------------------|--|
| <i>Employee:</i> | | | | |
| With maternity benefits:* | | | | |
| $10\times$: | | | | |
| 31-day | 1,960 | 4,117 | 8,177 | 118% |
| 70-day | 482 | 1,037 | 2,093 | 119 |
| 120-day | 22 | 53 | 106 | 121 |
| Total | 2,464 | 5,207 | 10,376 | 118% |
| $15\times$: | | | | |
| 31-day | 799 | 1,637 | 3,500 | 124% |
| 70-day | 411 | 1,238 | 2,596 | 127 |
| 120-day | 63 | 334 | 514 | 98 |
| Total | 1,273 | 3,209 | 6,610 | 123% |
| $20\times$: | | | | |
| 31-day | 2,191 | 4,221 | 9,027 | 122% |
| 70-day | 2,713 | 4,775 | 10,466 | 123 |
| 120-day | 345 | 931 | 1,983 | 125 |
| Total | 5,249 | 9,927 | 21,476 | 123% |
| $20\times + 75\%$ of excess: | | | | |
| 31-day | 616 | 995 | 2,455 | 131% |
| 70-day | 963 | 1,727 | 4,427 | 136 |
| 120-day | 129 | 308 | 763 | 137 |
| Total | 1,708 | 3,030 | 7,645 | 134% |

* $10\times$ or $14 + n\times$. Plans with "other" maternity benefits are excluded.

TABLE 4—Continued

| Plan | Number of Experience Units | Daily Benefit Exposed (000) | Actual Claims (000) | Ratio of Actual to 1957 Hospital Tabular |
|-----------------------------|----------------------------|-----------------------------|---------------------|--|
| <i>Dependent:</i> | | | | |
| With maternity benefits:† | | | | |
| 10X: | | | | |
| 31-day | 1,870 | 2,681 | 10,624 | 116% |
| 70-day | 398 | 625 | 2,381 | 112 |
| 120-day | 28 | 70 | 228 | 98 |
| Total | 2,296 | 3,376 | 13,233 | 115% |
| 15X: | | | | |
| 31-day | 895 | 1,245 | 5,421 | 124% |
| 70-day | 428 | 650 | 3,004 | 132 |
| 120-day | 74 | 203 | 923 | 134 |
| Total | 1,397 | 2,098 | 9,348 | 128% |
| 20X: | | | | |
| 31-day | 2,990 | 3,628 | 16,602 | 130% |
| 70-day | 4,007 | 4,296 | 20,124 | 133 |
| 120-day | 569 | 996 | 4,657 | 136 |
| Total | 7,566 | 8,920 | 41,383 | 132% |
| 20X + 75% of excess: | | | | |
| 31-day | 746 | 848 | 4,328 | 136% |
| 70-day | 1,378 | 1,841 | 9,633 | 140 |
| 120-day | 211 | 289 | 1,539 | 147 |
| Total | 2,335 | 2,978 | 15,500 | 139% |
| With no maternity benefits: | | | | |
| 10X: | | | | |
| 31-day | 208 | 256 | 938 | 136% |
| 70-day | 48 | 80 | 290 | 137 |
| Total | 256 | 336 | 1,228 | 137% |

† 10X, subject to a nine-month waiting period. Plans with "other" maternity benefits are excluded.

confirmed by the declines since last year's report in the ratios of actual to tabular claims for separate maternity experience.

Ratios of actual to tabular claims for each of the six latest years for groups with maternity benefits are summarized in Table 6. Although there are a few irregularities in the increasing claim costs by year of experience, the trend of annual increases is clearly evident. Because of the age of the data and the substantial increases in claim costs which have occurred in the past, caution should be used when projecting the data contained in these reports to estimate current or future claim costs.

EMPLOYEE AND DEPENDENT HOSPITAL EXPENSE INSURANCE
GROUPS WITH LESS THAN \$10,000 DAILY BENEFIT EXPOSED, EMPLOYEE-RATED INDUSTRIES EXCLUDED
1963-65 POLICY YEARS' EXPERIENCE, BY PLAN

| PLAN | NONMATERNITY AND MATERNITY COMBINED EXPERIENCE* | | | | NONMATERNITY AND MATERNITY SEPARATE EXPERIENCE* | | | | | | |
|---|--|--------------------------------------|---------------------------|--|--|--------------------------------------|----------------------------|--------------------|---|-----------|----------|
| | Number of Experience Units | Daily Benefit Exposed (000) | Actual Claims (000) | Ratio of Actual to 1957 Hospital Tabular | Number of Experience Units | Daily Benefit Exposed (000) | Actual Claims | | Ratio of Actual to 1957 Hospital Tabular | | |
| | | | | | | | Non- maternity (000) | Maternity (000) | Non- maternity | Maternity | Combined |
| Employee Plans with 10X and 14+X Maternity Benefits | | | | | | | | | | | |
| 10X: | | | | | | | | | | | |
| 31-day | 1,877 | 2,539 | 4,869 | 113% | 1,038 | 1,376 | 2,389 | 154 | 116% | 68% | 112% |
| 70-day | 457 | 630 | 1,190 | 112 | 146 | 223 | 372 | 31† | 91† | 109 | † |
| 120-day | 22 | 53 | 106 | 121 | † | † | † | † | † | † | † |
| Total | 2,356 | 3,222 | 6,165 | 113% | 1,187 | 1,610 | 2,778 | 186 | 116% | 71% | 111% |
| 15X: | | | | | | | | | | | |
| 31-day | 779 | 1,162 | 2,373 | 118% | 564 | 802 | 1,523 | 53 | 120% | 54% | 115% |
| 70-day | 390 | 628 | 1,290 | 119 | 194 | 312 | 584 | 25† | 121 | 89 | 120 |
| 120-day | 54 | 105 | 186 | 109 | † | † | † | † | † | † | † |
| Total | 1,223 | 1,895 | 3,849 | 118% | 766 | 1,127 | 2,135 | 80 | 121% | 62% | 117% |
| 20X: | | | | | | | | | | | |
| 31-day | 2,131 | 3,147 | 6,636 | 120% | 1,602 | 2,383 | 4,731 | 233 | 124% | 73% | 120% |
| 70-day | 2,656 | 3,672 | 8,138 | 125 | 1,736 | 2,285 | 4,780 | 227 | 129 | 75 | 125 |
| 120-day | 332 | 594 | 1,206 | 119 | 169 | 295 | 566 | 27† | 123 | 70† | 119 |
| Total | 5,119 | 7,413 | 15,980 | 123% | 3,507 | 4,963 | 10,077 | 487 | 126% | 74% | 122% |
| 20X +75% of excess: | | | | | | | | | | | |
| 31-day | 608 | 861 | 2,186 | 133% | 483 | 695 | 1,689 | 80 | 138% | 75% | 133% |
| 70-day | 940 | 1,366 | 3,469 | 133 | 598 | 906 | 2,219 | 90 | 138 | 83 | 135 |
| 120-day | 122 | 221 | 556 | 139 | 63 | 135 | 324 | 11† | 140 | 97† | 138 |
| Total | 1,670 | 2,448 | 6,211 | 134% | 1,144 | 1,736 | 4,232 | 181 | 138% | 80% | 134% |
| Employee Plans with "Other" Maternity Benefits‡ | | | | | | | | | | | |
| Total | | | | | 690 | 992 | 1,893 | | 121% | | |

* The separate experience exposure is less than the combined experience exposure because separate experience is not available for all groups.

† Less than \$50,000 of actual claims.

‡ Less than \$50,000 of actual claims and less than ten experience units.

§ Nonmaternity experience only submitted for these plans.

TABLE 5 Continued

| PLAN | NONMATERNITY AND MATERNITY COMBINED EXPERIENCE* | | | | NONMATERNITY AND MATERNITY SEPARATE EXPERIENCE* | | | | | | |
|--|--|--------------------------------------|---------------------------|--|--|--------------------------------------|----------------------------|--------------------|---|-----------|----------|
| | Number of Experience Units | Daily Benefit Exposed (000) | Actual Claims (000) | Ratio of Actual to 1957 Hospital Tabular | Number of Experience Units | Daily Benefit Exposed (000) | Actual Claims | | Ratio of Actual to 1957 Hospital Tabular | | |
| | | | | | | | Non- maternity (000) | Maternity (000) | Non- maternity | Maternity | Combined |
| Dependent Plans with 10X Maternity Benefits | | | | | | | | | | | |
| 10X: | | | | | | | | | | | |
| 31-day | 1,830 | 1,925 | 7,469 | 113% | 1,174 | 1,159 | 3,842 | 731 | 126% | 77% | 115% |
| 70-day | 390 | 512 | 1,994 | 115 | 195 | 293 | 972 | 170 | 128 | 72 | 115 |
| 120-day | 27 | 59 | 195 | 101 | ‡ | ‡ | 7 | ‡ | ‡ | ‡ | ‡ |
| Total | 2,247 | 2,496 | 9,658 | 113% | 1,373 | 1,463 | 4,848 | 908 | 127% | 76% | 115% |
| 15X: | | | | | | | | | | | |
| 31-day | 879 | 915 | 4,011 | 124% | 626 | 658 | 2,389 | 468 | 133% | 87% | 123% |
| 70-day | 423 | 526 | 2,365 | 129 | 264 | 335 | 1,300 | 261 | 147 | 97 | 136 |
| 120-day | 71 | 150 | 677 | 133 | 11 | 26 | 85 | 15† | 130 | 72† | 116 |
| Total | 1,373 | 1,591 | 7,053 | 126% | 901 | 1,019 | 3,774 | 744 | 138% | 90% | 127% |
| 20X: | | | | | | | | | | | |
| 31-day | 2,956 | 3,106 | 14,244 | 129% | 2,082 | 2,246 | 8,622 | 1,641 | 142% | 90% | 130% |
| 70-day | 3,965 | 3,530 | 16,379 | 133 | 2,541 | 2,238 | 8,755 | 1,615 | 145 | 90 | 132 |
| 120-day | 556 | 645 | 3,041 | 137 | 289 | 291 | 1,156 | 214 | 152 | 93 | 139 |
| Total | 7,477 | 7,281 | 33,864 | 132% | 4,912 | 4,775 | 18,533 | 3,470 | 144% | 90% | 131% |
| 20X + 75% of excess: | | | | | | | | | | | |
| 31-day | 743 | 773 | 3,943 | 134% | 548 | 581 | 2,552 | 406 | 148% | 86% | 135% |
| 70-day | 1,359 | 1,431 | 7,581 | 140 | 723 | 813 | 3,743 | 634 | 156 | 96 | 143 |
| 120-day | 210 | 277 | 1,499 | 149 | 94 | 110 | 848 | 138 | 174 | 101 | 158 |
| Total | 2,312 | 2,481 | 13,023 | 139% | 1,365 | 1,564 | 7,143 | 1,178 | 155% | 93% | 141% |
| Dependent Plans with "Other" Maternity Benefits§ | | | | | | | | | | | |
| Total | | | | | 1,017 | 943 | 3,275 | | 131% | | |
| Dependent Plans with No Maternity Benefits | | | | | | | | | | | |
| Total | | | | | 252 | 265 | 931 | | 130% | | |

* The separate experience exposure is less than the combined experience exposure because separate experience is not available for all groups.

† Less than \$50,000 of actual claims.

‡ Less than \$50,000 of actual claims and less than ten experience units.

TABLE 6

EMPLOYEE AND DEPENDENT GROUP HOSPITAL EXPENSE EXPERIENCE
 GROUPS WITH LESS THAN \$10,000 DAILY BENEFIT EXPOSED
 EMPLOYEE-RATED INDUSTRIES EXCLUDED
 RATIOS OF ACTUAL CLAIMS TO 1957 HOSPITAL TABULAR
 LATEST SIX POLICY YEARS, BY PLAN

| Plan | 1960 | 1961 | 1962 | 1963 | 1964 | 1965 |
|---|-----------|------|------|------|------|------|
| | Employee | | | | | |
| <i>Plans with 10X and 14+nX maternity benefits:</i> | | | | | | |
| Nonmaternity and maternity combined experience: | | | | | | |
| 10X..... | 104% | 106% | 107% | 111% | 114% | 115% |
| 15X..... | 107 | 106 | 109 | 117 | 118 | 120 |
| 20X..... | 111 | 112 | 115 | 118 | 125 | 125 |
| 20X + 75% of excess..... | 116 | 119 | 124 | 128 | 133 | 142 |
| Nonmaternity and maternity separate experience:* | | | | | | |
| Nonmaternity: | | | | | | |
| 10X..... | | | | 114 | 115 | 118 |
| 15X..... | | | | 119 | 121 | 123 |
| 20X..... | | | | 119 | 131 | 129 |
| 20X + 75% of excess..... | | | | 130 | 140 | 149 |
| Maternity (all plans)..... | | | | 78 | 74 | 66 |
| Combined: | | | | | | |
| 10X..... | | | | 110 | 111 | 113 |
| 15X..... | | | | 115 | 117 | 118 |
| 20X..... | | | | 117 | 126 | 124 |
| 20X + 75% of excess..... | | | | 126 | 135 | 144 |
| <i>Plans with "other" maternity benefits:</i> | | | | | | |
| Nonmaternity..... | | | | 112 | 128 | 122 |
| | Dependent | | | | | |
| <i>Plans with 10X maternity benefits:</i> | | | | | | |
| Nonmaternity and maternity combined experience: | | | | | | |
| 10X..... | 106% | 109% | 111% | 109% | 115% | 116% |
| 15X..... | 113 | 116 | 122 | 120 | 132 | 127 |
| 20X..... | 116 | 121 | 127 | 129 | 133 | 133 |
| 20X + 75% of excess..... | 122 | 129 | 129 | 135 | 142 | 142 |
| Nonmaternity and maternity separate experience:* | | | | | | |
| Nonmaternity: | | | | | | |
| 10X..... | | | | 119 | 131 | 131 |
| 15X..... | | | | 131 | 141 | 141 |
| 20X..... | | | | 136 | 147 | 148 |
| 20X + 75% of excess..... | | | | 149 | 156 | 162 |
| Maternity (all plans)..... | | | | 93 | 89 | 83 |
| Combined: | | | | | | |
| 10X..... | | | | 110 | 117 | 117 |
| 15X..... | | | | 122 | 130 | 128 |
| 20X..... | | | | 127 | 134 | 133 |
| 20X + 75% of excess..... | | | | 138 | 143 | 144 |
| <i>Plans with "other" maternity benefits:</i> | | | | | | |
| Nonmaternity..... | | | | 123 | 138 | 132 |
| <i>Plans with no maternity benefits:</i> | | | | | | |
| 10X..... | 104 | 102 | 123 | 125 | 129 | 140 |

* The nonmaternity and maternity separate experience is also included in the nonmaternity and maternity combined experience.

The ratios in Table 6 also indicate that the use of the 1957 Hospital Tabular results in a higher ratio of actual to tabular claims as the size of the miscellaneous benefit increases. The 1957 Hospital Tabular is based upon an annual frequency of claim which does not vary by plan and an average miscellaneous benefit which does vary by plan. This average benefit is based upon an actual distribution of miscellaneous benefit charges. No direct evidence is available to indicate whether the variations in actual to tabular by miscellaneous benefit are the result of inflation, the average miscellaneous benefit assumed by the tabular, an increased frequency of claim under plans with larger miscellaneous benefits, or other factors.

Table 7 shows the results of an analysis by state of employee plus dependent experience for all plans included in Table 4 for the three latest policy years combined. The experience is presented for all exposure size groups combined and for groups with exposures of less than \$10,000 of daily benefit. The groups included in the experience for any state are those groups with 75 per cent or more of the insured employees in that state. Where it was not possible to assign a group to a particular state, it was assigned to a region if 75 per cent or more of the insured employees were in that region.

When interpreting the variations in experience by area, it should be borne in mind that the hospital tabulars do not include an adjustment for the expected variation in costs by area. On the other hand, the tabulars do recognize that for any given dollar maximum miscellaneous-fee benefit the average benefit payable will increase as the dollar amount of daily benefit increases. For the 1957 Hospital Tabular to produce reasonably accurate miscellaneous-fee claim costs, it is necessary that the amount of daily benefit provided be reasonably related to the level of hospital room-and-board charges. The area variations in experience shown in Table 7 may be due to variations in the relationship of miscellaneous charges to room-and-board charges in an area, variations in frequency or average duration of hospital confinement, or a combination of these factors. However, since the daily room-and-board benefit provided is limited to a dollar amount and the miscellaneous-fee benefits provided have aggregate dollar maximums, it is possible that a substantial part of the variations in experience for area shown in Table 7 is due to the frequency of hospital confinement.

The volume of hospital experience shown for California is relatively small and may be atypical because of the exclusion of Employee Hospital plans which are integrated with California UCD Hospital benefits.

TABLE 7
EMPLOYEE AND DEPENDENT GROUP HOSPITAL EXPENSE INSURANCE
EMPLOYEE-RATED INDUSTRIES EXCLUDED
COMBINED 1963-65 POLICY YEARS' EXPERIENCE, BY STATE

| LOCA- TION CODE | STATE OR REGION | GROUPS WITH LESS THAN \$10,000 DAILY BENEFIT EXPOSED | | | | ALL SIZE GROUPS, RATIO A/T* |
|-----------------------|-----------------------|---|-------------------------------------|---------------------------|---------------|--------------------------------------|
| | | Number of Experience Units | Daily Bene- fit Exposed (000) | Actual Claims (000) | Ratio A/T* | |
| | Total, all locations | 24,029 | 29,092 | 96,734 | 127% | 127% |
| 20.... | Region | 151 | 221 | 621 | 125% | 125% |
| 21.... | Connecticut | 473 | 615 | 1,762 | 115 | 121 |
| 22.... | Maine | 148 | 237 | 779 | 127 | 123 |
| 23.... | Massachusetts | 921 | 1,222 | 3,455 | 118 | 118 |
| 24.... | New Hampshire | 157 | 277 | 721 | 105 | 106 |
| 25.... | Rhode Island | 19 | 22 | 35† | 75† | 75† |
| 26.... | Vermont | 74 | 81 | 241 | 128 | 130 |
| | Total | 1,943 | 2,675 | 7,614 | 117% | 119% |
| 30.... | Region | 95 | 134 | 410 | 125% | 125% |
| 31.... | Delaware | 21 | 27 | 74 | 118 | 118 |
| 32.... | Dist. of Columbia | 60 | 90 | 281 | 128 | 128 |
| 33.... | New Jersey | 575 | 523 | 1,436 | 108 | 108 |
| 34.... | New York | 1,657 | 1,814 | 4,865 | 110 | 109 |
| 35.... | Pennsylvania | 2,123 | 2,541 | 7,634 | 119 | 119 |
| | Total | 4,531 | 5,129 | 14,700 | 115% | 114% |
| 40.... | Region | 395 | 501 | 1,673 | 132% | 137% |
| 41.... | Illinois | 1,899 | 2,252 | 7,866 | 131 | 132 |
| 42.... | Indiana | 992 | 1,391 | 4,218 | 115 | 117 |
| 43.... | Kentucky | 193 | 213 | 684 | 120 | 126 |
| 44.... | Michigan | 1,256 | 1,724 | 5,719 | 135 | 134 |
| 45.... | Ohio | 1,388 | 1,901 | 6,247 | 128 | 131 |
| 46.... | Wisconsin | 584 | 940 | 3,344 | 133 | 134 |
| 47.... | West Virginia | 330 | 303 | 1,215 | 141 | 141 |
| | Total | 7,037 | 9,225 | 30,966 | 129% | 131% |
| 50.... | Region | 78 | 147 | 465 | 121% | 121% |
| 51.... | Iowa | 440 | 399 | 1,494 | 131 | 131 |
| 52.... | Kansas | 348 | 325 | 1,257 | 140 | 147 |
| 53.... | Minnesota | 279 | 263 | 1,049 | 143 | 143 |
| 54.... | Missouri | 616 | 517 | 1,953 | 131 | 133 |
| 55.... | Nebraska | 268 | 296 | 1,011 | 127 | 127 |
| 56.... | North Dakota | 44 | 35 | 115 | 125 | 125 |
| 57.... | South Dakota | 51 | 35 | 162 | 158 | 158 |
| | Total | 2,124 | 2,017 | 7,506 | 133% | 135% |

* Ratio of Actual to 1957 Hospital Tabular. Note that these ratios are not expressed as a percentage of the national average. For the distribution of experience in this table, the national average is shown in "Total, all locations."

† Less than \$50,000 of actual claims.

TABLE 7—Continued

| LOCATION CODE | STATE OR REGION | GROUPS WITH LESS THAN \$10,000 DAILY BENEFIT EXPOSED | | | | ALL SIZE GROUPS, RATIO A/T* |
|---------------|---------------------------|--|-----------------------------|---------------------|------------|-----------------------------|
| | | Number of Experience Units | Daily Benefit Exposed (000) | Actual Claims (000) | Ratio A/T* | |
| 60..... | Region | 12 | 40 | 105 | 97% | 110% |
| 61..... | Colorado | 83 | 76 | 303 | 149 | 154 |
| 62..... | Idaho | 27 | 20 | 52 | 97 | 97 |
| 63..... | Montana | 16 | 43 | 144 | 104 | 103 |
| 64..... | Nevada | 14 | 14 | 68 | 171 | 152 |
| 65..... | Utah | 62 | 79 | 213 | 113 | 128 |
| 66..... | Wyoming | † | † | † | † | † |
| | Total | 220 | 277 | 906 | 122% | 133% |
| 70..... | Region | 6 | 14 | 62 | 140% | 132% |
| 71..... | California§ | 233 | 310 | 1,012 | 124 | 126 |
| 72..... | Oregon | 27 | 19 | 65 | 116 | 116 |
| 73..... | Washington | 46 | 60 | 168 | 96 | 97 |
| | Total | 312 | 403 | 1,307 | 120% | 121% |
| 80..... | Region | 64 | 61 | 246 | 151% | 151% |
| 81..... | Arizona | 95 | 123 | 501 | 153 | 153 |
| 82..... | Arkansas | 291 | 306 | 1,111 | 126 | 124 |
| 83..... | Louisiana | 516 | 374 | 1,702 | 166 | 164 |
| 84..... | New Mexico | 72 | 66 | 275 | 138 | 138 |
| 85..... | Oklahoma | 294 | 196 | 782 | 135 | 135 |
| 86..... | Texas | 1,047 | 912 | 3,785 | 147 | 153 |
| | Total | 2,379 | 2,038 | 8,402 | 146% | 149% |
| 90..... | Region | 259 | 535 | 1,719 | 120% | 119% |
| 91..... | Alabama | 204 | 186 | 759 | 150 | 150 |
| 92..... | Florida | 528 | 653 | 2,516 | 140 | 144 |
| 93..... | Georgia | 656 | 646 | 2,277 | 130 | 129 |
| 94..... | Maryland | 321 | 386 | 1,127 | 113 | 113 |
| 95..... | Mississippi | 162 | 122 | 534 | 151 | 151 |
| 96..... | North Carolina | 814 | 748 | 2,395 | 117 | 117 |
| 97..... | South Carolina | 182 | 237 | 911 | 143 | 143 |
| 98..... | Tennessee | 363 | 367 | 1,360 | 137 | 140 |
| 99..... | Virginia | 767 | 773 | 2,578 | 125 | 122 |
| | Total | 4,256 | 4,653 | 16,176 | 129% | 129% |
| 01..... | Hawaii | 10 | 23 | 105 | 118% | 113% |
| 02..... | Alaska | † | † | † | † | † |
| | Total, states and regions | 22,819 | 26,444 | 87,702 | 127% | 127% |
| | All other# | 1,210 | 2,648 | 9,032 | 126% | 128% |

* Ratio of Actual to 1957 Hospital Tabular. Note that these ratios are not expressed as a percentage of the national average. For the distribution of experience in this table, the national average is shown in "Total, all locations."

† Less than \$50,000 of actual claims and less than ten experience units.

§ The California experience above excludes plans integrated with UCD benefits. The corresponding California experience including plans integrated with UCD is as follows: 395 units, 573 exposed, 1,495 claims, 135 per cent A/T, and 137 per cent A/T.

Less than 75 per cent of employees in one state or region.

The experience of these plans is included in a footnote to Table 7. To reflect the UCD Hospital benefit of \$12 for the first 20 days of confinement, the 1957 Hospital Tabulars were reduced by \$8.28 per male employee and by \$9.24 per female employee.

The results of the area analysis can be presented only as a composite experience of groups having various industry classification, distributions of exposure by age, and different types of claim administration. Moreover, it should be understood that the experience of any particular area is affected by various social and economic factors and that variations in experience may be chance fluctuations resulting from an insufficient volume of experience. The analysis indicates a higher claim level in the Plains States and the Southwestern States. A lower claim level is indicated in the Middle Atlantic States and the New England States. The experience of some states within a given region varies considerably from the region average. There may also be marked variations within a given state.

SURGICAL

The basic results of the study of Surgical Expense insurance are presented in Table 8 for all size groups for the latest policy years combined.

Experience for the three latest policy years on groups with less than 2,000 surgical units exposed is presented in Table 9. Separate obstetrical and nonobstetrical experience is shown as in Tables 2 and 5 for weekly indemnity and hospital. As was noted with respect to the weekly indemnity and hospital maternity experience, the obstetrical portion of the 1957 Surgical Tabular is too high when compared with the 1965 policy year obstetrical experience.

Ratios of actual to tabular claims for each of the six latest years are summarized in Table 10.

Table 11 contains an analysis by state of employee plus dependent surgical experience for all plans included in Table 8 for the three latest policy years corresponding to Table 7 for hospital experience. The experience is presented for all exposure size groups and for groups with less than 2,000 surgical units exposed. Some of the warnings given with respect to the interpretation of hospital experience by area also apply to the surgical experience. The Committee would like to point out that the tabulars do not include a factor for variations in claim costs by area or by amount of schedule maximum.

The surgical analysis by area indicates a higher claim level in the Mountain States, the Pacific States, and the Southwestern States. A lower claim level is indicated in the Middle Atlantic States and the New

England States. The experience of some states within a given region varies considerably from the region average. There may also be marked variations within a given state.

The surgical variations in ratios of actual to tabular claims by area are probably due primarily to the variations in claim frequencies, since nearly all claim payments are for the maximum amount allowed by the procedure performed. If frequencies are the same, minor variations in the ratios by area may still occur because of differing frequency distributions of procedures performed, provided such distributions result in different average benefits.

TABLE 8
EMPLOYEE AND DEPENDENT GROUP SURGICAL EXPENSE INSURANCE
ALL SIZE GROUPS, ALL INDUSTRIES
COMBINED 1963-65 POLICY YEARS' EXPERIENCE, BY PLAN

| Plan | Number of Experience Units | Maximum Indemnity Exposed per \$150, \$200, or \$300 Basic Units (000) | Actual Claims (000) | Ratio of Actual to 1957 Surgical Tabular |
|-----------------------------|----------------------------|--|---------------------|--|
| <i>Employee:</i> | | | | |
| With obstetrical benefits:* | | | | |
| \$150 schedule | 3,046 | 876 | 4,063 | 115% |
| \$200 schedule | 14,686 | 4,338 | 27,268 | 116 |
| \$300 schedule | 3,094 | 688 | 5,697 | 112 |
| Total | 20,826 | 5,902 | 37,028 | 115% |
| <i>Dependent:</i> | | | | |
| With obstetrical benefits:* | | | | |
| \$150 schedule | 1,992 | 495 | 6,513 | 106% |
| \$200 schedule | 17,382 | 3,224 | 52,605 | 109 |
| \$300 schedule | 5,014 | 590 | 13,554 | 113 |
| Total | 24,388 | 4,309 | 72,672 | 109% |
| No obstetrical benefits: | | | | |
| \$150 schedule | 222 | 58 | 524 | 119% |
| \$200 schedule | 2,477 | 352 | 4,759 | 132 |
| \$300 schedule | 1,019 | 71 | 1,356 | 144 |
| Total | 3,718 | 481 | 6,639 | 133% |

* Plans with "other" obstetrical benefits are excluded. Dependent obstetrical benefits are subject to a nine-month waiting period.

TABLE 9

EMPLOYEE AND DEPENDENT SURGICAL EXPENSE INSURANCE
 GROUPS WITH LESS THAN 2,000 SURGICAL UNITS EXPOSED, ALL INDUSTRIES
 1963-65 POLICY YEARS' EXPERIENCE, BY PLAN

| PLAN | NONOBSTETRICAL AND OBSTETRICAL COMBINED EXPERIENCE* | | | | NONOBSTETRICAL AND OBSTETRICAL SEPARATE EXPERIENCE* | | | | | | |
|--|--|--|---------------------------|--|--|--|------------------------------|----------------------|---|-------------|----------|
| | Number of Experience Units | Maximum Surgical Indemnity Exposed (000) | Actual Claims (000) | Ratio of Actual to 1957 Surgical Tabular | Number of Experience Units | Maximum Surgical Indemnity Exposed (000) | Actual Claims | | Ratio of Actual to 1957 Surgical Tabular | | |
| | | | | | | | Nonob- stetrical (000) | Obstetrical (000) | Nonob- stetrical | Obstetrical | Combined |
| Employee Plans with Standard Obstetrical Benefits | | | | | | | | | | | |
| \$150..... | 2,980 | 621 | 2,889 | 112% | 1,671 | 293 | 1,206 | 150 | 121% | 63% | 110% |
| \$200..... | 14,372 | 2,860 | 17,697 | 113 | 8,673 | 1,674 | 9,458 | 807 | 118 | 74 | 113 |
| \$300..... | 3,059 | 515 | 4,137 | 111 | 2,114 | 404 | 2,929 | 301 | 115 | 76 | 110 |
| Total..... | 20,411 | 3,996 | 24,723 | 113% | 12,458 | 2,371 | 13,593 | 1,258 | 118% | 73% | 112% |
| Employee Plans with "Other" Obstetrical Benefits† | | | | | | | | | | | |
| Total..... | | | | | 528 | 127 | 711 | | 113% | | |
| Dependent Plans with Standard Obstetrical Benefits | | | | | | | | | | | |
| \$150..... | 1,959 | 360 | 4,532 | 101% | 1,113 | 171 | 1,591 | 541 | 121% | 66% | 100% |
| \$200..... | 17,195 | 2,417 | 39,089 | 108 | 10,298 | 1,385 | 17,258 | 5,141 | 121 | 78 | 108 |
| \$300..... | 4,993 | 501 | 11,360 | 112 | 2,728 | 358 | 5,828 | 2,162 | 124 | 85 | 110 |
| Total..... | 24,147 | 3,278 | 54,981 | 108% | 14,139 | 1,914 | 24,677 | 7,844 | 122% | 79% | 108% |
| Dependent Plans with "Other" Obstetrical Benefits† | | | | | | | | | | | |
| Total..... | | | | | 744 | 115 | 1,359 | | 115% | | |
| Dependent Plans with No Obstetrical Benefits | | | | | | | | | | | |
| \$150..... | | | | | 215 | 39 | 365 | | 122% | | |
| \$200..... | | | | | 2,456 | 265 | 3,486 | | 128 | | |
| \$300..... | | | | | 1,018 | 61 | 1,167 | | 145 | | |
| Total..... | | | | | 3,689 | 365 | 5,018 | | 131% | | |

* The separate experience exposure is less than the combined experience exposure because separate experience is not available for all groups.

† Nonmaternity experience only submitted for these plans.

TABLE 10

EMPLOYEE AND DEPENDENT SURGICAL EXPENSE INSURANCE
GROUPS WITH LESS THAN 2,000 SURGICAL UNITS EXPOSED, ALL INDUSTRIES
RATIOS OF ACTUAL CLAIMS TO 1957 SURGICAL TABULAR
LATEST SIX POLICY YEARS, BY PLAN

| Plan | 1960 | 1961 | 1962 | 1963 | 1964 | 1965 |
|--|------|------|------|------|------|------|
| Employee | | | | | | |
| <i>Plans with standard obstetrical benefits:*</i> | | | | | | |
| Nonobstetrical and obstetrical combined experience: | | | | | | |
| \$150 schedule | 109% | 106% | 105% | 110% | 114% | 112% |
| \$200 schedule | 106 | 107 | 108 | 111 | 116 | 112 |
| \$300 schedule | | | 125 | 107 | 114 | 111 |
| Nonobstetrical and obstetrical separate experience:† | | | | | | |
| Nonobstetrical: | | | | | | |
| \$150 schedule | | | | 119 | 121 | 125 |
| \$200 schedule | | | | 115 | 122 | 118 |
| \$300 schedule | | | | 108 | 120 | 116 |
| Obstetrical (all plans) | | | | 79 | 74 | 67 |
| Combined: | | | | | | |
| \$150 schedule | | | | 110 | 110 | 111 |
| \$200 schedule | | | | 111 | 116 | 111 |
| \$300 schedule | | | | 104 | 114 | 110 |
| <i>Plans with "other" obstetrical benefits:</i> | | | | | | |
| Nonobstetrical | | | | 103 | 126 | 115 |
| Dependent | | | | | | |
| <i>Plans with standard obstetrical benefits:*</i> | | | | | | |
| Nonobstetrical and obstetrical combined experience: | | | | | | |
| \$150 schedule | 100% | 101% | 100% | 102% | 102% | 99% |
| \$200 schedule | 104 | 107 | 107 | 108 | 108 | 106 |
| \$300 schedule | | | 113 | 114 | 114 | 108 |
| Nonobstetrical and obstetrical separate experience:† | | | | | | |
| Nonobstetrical: | | | | | | |
| \$150 schedule | | | | 120 | 122 | 122 |
| \$200 schedule | | | | 119 | 121 | 124 |
| \$300 schedule | | | | 125 | 127 | 120 |
| Obstetrical (all plans) | | | | 84 | 79 | 73 |
| Combined: | | | | | | |
| \$150 schedule | | | | 101 | 101 | 99 |
| \$200 schedule | | | | 108 | 108 | 107 |
| \$300 schedule | | | | 113 | 112 | 107 |
| <i>Plans with "other" obstetrical benefits:</i> | | | | | | |
| Nonobstetrical | | | | 106 | 127 | 116 |
| <i>Plans with no obstetrical benefits:</i> | | | | | | |
| \$150 schedule | 123 | 122 | 124 | 123 | 113 | 126 |
| \$200 schedule | 116 | 123 | 129 | 124 | 126 | 138 |
| \$300 schedule | | | 135 | 133 | 143 | 155 |

* Standard obstetrical benefits: benefit for normal delivery is \$50 under the \$150 and \$200 schedules; benefit is \$75 under the \$300 schedule.

† The nonobstetrical and obstetrical separate experience is also included in the nonobstetrical and obstetrical combined experience.

TABLE 11
EMPLOYEE AND DEPENDENT GROUP SURGICAL EXPENSE INSURANCE
ALL INDUSTRIES
COMBINED 1963-65 POLICY YEARS' EXPERIENCE, BY STATE

| LOCATION CODE | STATE OR REGION | GROUPS WITH LESS THAN 2,000 SURGICAL UNITS EXPOSED | | | | ALL SIZE GROUPS, RATIO A/T* |
|---------------|----------------------|--|--|---------------------|------------|-----------------------------|
| | | Number of Experience Units | Maximum Surgical Indemnity Exposed (000) | Actual Claims (000) | Ratio A/T* | |
| | Total, all locations | 48,247 | 7,636 | 84,722 | 110% | 112% |
| 20.... | Region | 315 | 53 | 535 | 98% | 98% |
| 21.... | Connecticut | 1,001 | 198 | 2,118 | 101 | 104 |
| 22.... | Maine | 216 | 33 | 368 | 103 | 103 |
| 23.... | Massachusetts | 1,669 | 267 | 2,827 | 108 | 108 |
| 24.... | New Hampshire | 222 | 48 | 504 | 99 | 99 |
| 25.... | Rhode Island | 74 | 9 | 68 | 109 | 109 |
| 26.... | Vermont | 144 | 20 | 188 | 104 | 107 |
| | Total | 3,641 | 628 | 6,608 | 104% | 105% |
| 30.... | Region | 191 | 38 | 384 | 104% | 104% |
| 31.... | Delaware | 30 | 5 | 63 | 121 | 121 |
| 32.... | Dist. of Columbia | 152 | 25 | 238 | 98 | 98 |
| 33.... | New Jersey | 1,004 | 128 | 1,269 | 97 | 102 |
| 34.... | New York | 3,180 | 438 | 4,345 | 98 | 100 |
| 35.... | Pennsylvania | 3,630 | 576 | 5,772 | 104 | 105 |
| | Total | 8,187 | 1,210 | 12,071 | 101% | 103% |
| 40.... | Region | 883 | 166 | 1,898 | 111% | 111% |
| 41.... | Illinois | 3,970 | 620 | 5,947 | 98 | 96 |
| 42.... | Indiana | 1,660 | 283 | 3,103 | 113 | 116 |
| 43.... | Kentucky | 320 | 38 | 396 | 107 | 114 |
| 44.... | Michigan | 2,761 | 401 | 5,123 | 121 | 122 |
| 45.... | Ohio | 2,803 | 542 | 5,913 | 110 | 112 |
| 46.... | Wisconsin | 1,084 | 247 | 3,167 | 118 | 118 |
| 47.... | West Virginia | 555 | 59 | 657 | 108 | 108 |
| | Total | 14,036 | 2,356 | 26,204 | 110% | 111% |
| 50.... | Region | 141 | 40 | 485 | 118% | 117% |
| 51.... | Iowa | 799 | 114 | 1,356 | 116 | 116 |
| 52.... | Kansas | 669 | 82 | 933 | 112 | 112 |
| 53.... | Minnesota | 738 | 119 | 1,723 | 119 | 121 |
| 54.... | Missouri | 1,032 | 146 | 1,508 | 104 | 105 |
| 55.... | Nebraska | 379 | 39 | 453 | 109 | 109 |
| 56.... | North Dakota | 117 | 10 | 111 | 109 | 109 |
| 57.... | South Dakota | 127 | 11 | 137 | 118 | 118 |
| | Total | 4,002 | 561 | 6,706 | 113% | 113% |

* Ratio of Actual to 1957 Surgical Tabular. Note that these ratios are not expressed as a percentage of the national average. For the distribution of experience in this table, the national average is shown in "Total, all locations."

TABLE 11—Continued

| LOCATION CODE | STATE OR REGION | GROUPS WITH LESS THAN 2,000 SURGICAL UNITS EXPOSED | | | | ALL SIZE GROUPS, RATIO A/T* |
|---------------|---------------------------|--|--|---------------------|------------|-----------------------------|
| | | Number of Experience Units | Maximum Surgical Indemnity Exposed (000) | Actual Claims (000) | Ratio A/T* | |
| 60.... | Region | 26 | 11 | 156 | 143% | 144% |
| 61.... | Colorado | 202 | 20 | 289 | 137 | 140 |
| 62.... | Idaho | 63 | 5 | 55 | 112 | 112 |
| 63.... | Montana | 41 | 12 | 190 | 155 | 155 |
| 64.... | Nevada | 51 | 13 | 204 | 135 | 138 |
| 65.... | Utah | 174 | 24 | 360 | 134 | 142 |
| 66.... | Wyoming | 23 | 3 | 44† | 112† | 112† |
| | Total | 580 | 88 | 1,298 | 137% | 140% |
| 70.... | Region | 39 | 13 | 183 | 125% | 130% |
| 71.... | California | 2,585 | 334 | 4,060 | 131 | 130 |
| 72.... | Oregon | 131 | 17 | 204 | 118 | 116 |
| 73.... | Washington | 179 | 26 | 352 | 114 | 106 |
| | Total | 2,934 | 390 | 4,799 | 129% | 127% |
| 80.... | Region | 97 | 17 | 195 | 132% | 137% |
| 81.... | Arizona | 278 | 49 | 749 | 136 | 135 |
| 82.... | Arkansas | 493 | 71 | 655 | 103 | 103 |
| 83.... | Louisiana | 1,001 | 99 | 1,206 | 123 | 127 |
| 84.... | New Mexico | 144 | 23 | 282 | 121 | 119 |
| 85.... | Oklahoma | 471 | 45 | 538 | 122 | 122 |
| 86.... | Texas | 2,447 | 313 | 3,535 | 122 | 124 |
| | Total | 4,931 | 617 | 7,160 | 122% | 124% |
| 90.... | Region | 345 | 78 | 768 | 102% | 100% |
| 91.... | Alabama | 401 | 60 | 632 | 114 | 114 |
| 92.... | Florida | 1,108 | 141 | 1,752 | 119 | 120 |
| 93.... | Georgia | 938 | 103 | 1,210 | 107 | 111 |
| 94.... | Maryland | 599 | 79 | 857 | 103 | 111 |
| 95.... | Mississippi | 392 | 46 | 536 | 114 | 114 |
| 96.... | North Carolina | 1,156 | 146 | 1,461 | 103 | 101 |
| 97.... | South Carolina | 341 | 54 | 577 | 111 | 118 |
| 98.... | Tennessee | 315 | 46 | 535 | 114 | 119 |
| 99.... | Virginia | 1,254 | 127 | 1,336 | 105 | 109 |
| | Total | 6,849 | 880 | 9,664 | 109% | 111% |
| 01.... | Hawaii | 32 | 9 | 107 | 115% | 115% |
| 02.... | Alaska | 44 | 4 | 46† | 119† | 119† |
| | Total, states and regions | 45,236 | 6,743 | 74,663 | 110% | 111% |
| | All others‡ | 3,011 | 893 | 10,059 | 111% | 116% |

* Ratio of Actual to 1957 Surgical Tabular. Note that these ratios are not expressed as a percentage of the national average. For the distribution of experience in this table, the national average is shown in "Total, all locations."

† Less than \$50,000 of actual claims.

‡ Less than 75 per cent of employees in one state or region.