

**TRANSACTIONS OF SOCIETY OF ACTUARIES
1967 REPORTS**

**III. GROUP SUPPLEMENTARY MAJOR MEDICAL
EXPENSE BENEFITS INSURANCE**

THIS is the first annual report on the study of the morbidity experience of Group Supplementary Major Medical Expense insurance. The report adds another year of experience to the data contained in the Pettengill-Mahder paper "Expected Claim Costs for Supplementary Major Medical Expense Benefits" (*TSA*, Vol. XX).

Rules similar to those applicable to the group hospital, surgical, and comprehensive medical studies were used to select the groups whose experience would be included in the report. Plans supplementary to Blue Cross and/or Blue Shield or any other plan of basic benefits not underwritten by the company contributing to the Group Supplementary Major Medical Expense Benefits study are excluded, as are groups whose characteristics might distort the results, such as those groups which the contributing companies individually classify as substandard and those with eligibility limited to only high-salaried employees.

The tables in this report show the experience for all exposure size groups combined or for nonjumbo groups only. Nonjumbo groups are those with less than 5,000 insured employees. These size groups are shown in order to minimize the effect that jumbo groups might have upon the ratios of actual to tabular claims in any of the groupings shown. This report contains experience for policy years ending in 1962, 1963, 1964, 1965, and 1966. The central period of exposure for each policy year is approximately January 1 of that year. Actual claims are shown to the nearest \$1,000.

Ratios of Actual to Tabular Claims

The results are presented in the form of ratios of actual to tabular claims. The basis for the tabular claims is the 1965 Supplementary Major Medical Tabular set forth in the Pettengill-Mahder paper. The 1965 Supplementary Tabular makes adjustments for many factors which influence the cost of Supplementary Major Medical Expense Benefits, but no adjustment was made for the income distribution of the employee group. This report contains experience tabulated for cases grouped according to major claim cost elements, such as age, area, sex, amount of base plan, and so forth. No tables were included in this report for some of the other factors for which the 1965 Supplementary Tabular provided adjustments, since experience grouped according to these factors did not

vary significantly from that presented in the Pettengill-Mahder paper. Also, tables showing distributions of employees by age and income and dependent distributions are not shown in this report since the results are essentially the same as those shown in the paper.

The Committee wishes to point out that the tabular claim basis was developed using only a limited amount of data under Group Supplementary Major Medical Expense plans and that the tabulars are still experimental in nature. Because of the large number of variables affecting the claim level under these plans, actual claims often differ considerably from the tabular claims calculated for a group, particularly for groups of small or modest size. In light of the foregoing, caution should be used when interpreting the data contained in this report and in any comparison between Supplementary Major Medical and Comprehensive Medical experience because the respective tabulars generally contain different adjustments for the same cost factor. Also, the tabulars are different in nature; the supplementary tabular is with respect to costs after basic benefits and a deductible while the comprehensive tabular relates to first dollar costs or to costs after an initial deductible, without payment of basic benefits.

Contributing Companies

The same companies that contributed to the Comprehensive study in Section II also contributed to the Supplementary Major Medical study. The results are the composite experience of variations in company practices and in underlying administrative and claim procedures, as well as variations in experience among groups.

Analysis of Experience

Table 1 shows combined 1964-66 experience for "all cause" and "each illness" plans for all size groups combined; Table 2 contains ratios of actual to tabular by year of experience for nonjumbo groups only. The remaining tables are based upon the 1964-66 combined experience of "all cause" and "each illness" plans covering only nonjumbo groups.

The employee and dependent experience in Table 1 seems to indicate that the tabular adjustments produce fairly consistent results between "all cause" and "each illness" plans.

Table 2 summarizes the changes in the ratio of actual to tabular claims from year to year. The results in Table 2 are extremely sensitive to the annual rate of change in medical charge levels and the rate at which base plan benefits are changed to reflect these increasing charges. The actual to tabular ratios in Table 2 are indicative of the annual increase in claim

cost which applies with respect to the particular mix of supplementary major medical expense benefits contributed to this study. The tabular has been designed to minimize any changes in ratios of actual to tabular if the level of base plan benefits is regularly increased to reflect increased charge levels. For plans with no changes in base plan benefits during the period of years in the study, the ratios of actual to tabular should increase substantially because of increased charges for medical services. The ratios in Table 2 are a composite of plans with and without a change in the level of base plan benefits but do not include the experience of plans for which a significant change in the level of base plan benefits occurred during the policy year concerned, since such experience is not contributed to the study.

The ratios of actual to tabular generally increase from year to year, but the "each illness" total disability not required experience appears to

TABLE 1
SUPPLEMENTARY MAJOR MEDICAL
ALL SIZE GROUPS
EXPERIENCE BY PLAN
COMBINED 1964-66 POLICY YEARS' EXPERIENCE

Plan	No. Experience Units	Employee Years of Exposure*	Actual Claims (000)	Ratio of Actual to 1965 Tabular†
Employee				
All-Cause plans	4,680	835,419	13,028	100%
Each-Illness plans:				
Total disability not required ..	2,471	300,338	4,118	96
Total disability required.....	1,967	147,010	1,938	100
Total, all plans.....	9,118	1,282,767	19,084	99%
Dependent				
All-Cause plans	4,573	578,632	14,161	100%
Each-Illness plans:				
Total disability not required ..	2,414	213,004	4,358	97
Total disability required.....	1,934	98,313	1,736	95
Total, all plans.....	8,921	889,949	20,256	98%

* For dependents, exposure of employees insured with respect to their dependents.

† Tabular adjustment in Step IV.

per cent female of all employees, since the per cent female of only those employees with dependent coverage is unknown.

Table 5 summarizes the experience by average salary factor for that portion of the experience for which a salary distribution was provided. As noted in the Pettengill-Mahder paper, the 1965 Supplementary Tabu-

TABLE 3
SUPPLEMENTARY MAJOR MEDICAL
NONJUMBO GROUPS
EXPERIENCE BY AVERAGE AGE FACTOR
COMBINED 1964-66 POLICY YEARS' EXPERIENCE

Average Age Factor	No. Experience Units	Employee Years of Exposure*	Actual Claims (000)	Ratio of Actual to 1965 Tabular†
Employee				
30-69%	651	64,934	634	114%
70-79	687	84,020	988	104
80-89	955	126,714	1,662	101
90-99	1,159	164,646	2,408	109
100-109	1,173	203,220	2,836	94
110-119	1,092	173,189	2,530	99
120-129	949	141,544	2,282	99
130-139	821	103,050	1,766	95
140-149	580	62,418	1,216	101
150-159	344	33,544	631	93
160 or more	694	48,714	1,080	92
All ages	9,105	1,205,993	18,033	99%
Dependent				
30-69%	635	42,997	837	111%
70-79	676	57,905	1,220	103
80-89	944	86,893	1,935	102
90-99	1,137	114,361	2,668	107
100-109	1,151	140,455	3,073	95
110-119	1,071	120,632	2,665	99
120-129	928	102,064	2,308	95
130-139	799	73,513	1,859	100
140-149	560	41,138	962	91
150-159	332	24,019	550	84
160 or more	675	30,778	772	85
All ages	8,908	834,755	18,849	98%

* For dependents, exposure of employees insured with respect to their dependents.

† Tabular age adjustment in Step V.

indicate a decreasing ratio of actual to tabular. The cause of this apparent inconsistency is not known.

Table 3 shows the experience by average age factor. The ratios of actual to tabular claims by age factor generally exhibit reasonably consistent results, but the actual to tabular ratios for the young age groups are somewhat higher than those for the older age groups.

Table 4 shows experience by female per cent only. The ratios of actual to tabular claims show reasonably consistent results for female percent groupings with significant experience, although the ratios tend to decrease somewhat as the female per cent increases. There is a notable tendency for employee ratios to increase and decrease in succeeding female per cent groupings, and there would appear to be no logical reason for this tendency.

The spouse portion of the dependent tabular varies according to the

TABLE 2
SUPPLEMENTARY MAJOR MEDICAL
NONJUMBO GROUPS
EXPERIENCE BY PLAN AND BY YEAR
1962-66 POLICY YEARS' EXPERIENCE

PLAN	RATIO OF ACTUAL TO 1965 TABULAR FOR POLICY YEAR ENDING IN:*				
	1962	1963	1964	1965	1966
	Employee				
All-Cause plans.....	81%	89%	91%	99%	109%
Each-Illness plans:					
Total disability not required.....	73	87	100	98	96
Total disability required.....	79	97	92	97	112
Total, all plans.....	79%	89%	93%	98%	107%
	Dependent				
All-Cause plans.....	79%	86%	91%	96%	112%
Each-Illness plans:					
Total disability not required.....	71	84	99	98	93
Total disability required.....	70	85	75	98	114
Total, all plans.....	76%	86%	91%	97%	108%

* Tabular adjustment in Step IV.

TABLE 4
 SUPPLEMENTARY MAJOR MEDICAL
 NONJUMBO GROUPS
 EXPERIENCE BY FEMALE PER CENT
 COMBINED 1964-66 POLICY YEARS' EXPERIENCE

Female Per Cent	No. Experience Units	Employee Years of Exposure*	Actual Claims (000)	Ratio of Actual to 1965 Tabular†
Employee				
<11%.....	3,648	460,872	6,563	100%
11-21.....	1,981	256,426	3,590	97
21-31.....	1,198	180,283	2,909	105
31-41.....	758	92,710	1,467	99
41-51.....	529	80,172	1,409	107
51-61.....	426	64,819	1,021	93
61-71.....	310	37,556	617	98
71-81.....	160	21,794	311	76
81-91.....	68	7,125	107	84
91-100.....	27	4,236	39	78‡
<31% female	6,827	897,581	13,062	100%
≥31% female	2,278	308,412	4,971	98
Total.....	9,105	1,205,993	18,033	99%
Dependent				
<11%.....	3,569	355,202	7,890	98%
11-21.....	1,945	191,546	4,311	100
21-31.....	1,163	123,950	2,950	101
31-41.....	743	57,807	1,327	97
41-51.....	521	43,834	1,031	98
51-61.....	417	30,686	754	104
61-71.....	304	17,577	333	84
71-81.....	153	9,629	192	85
81-91.....	67	2,623	44	81
91-100.....	26	1,901	17	65‡
<31% female	6,677	670,698	15,151	99%
≥31% female	2,231	164,057	3,698	96
Total.....	8,908	834,755	18,849	98%

* For dependents, exposure of employees insured with respect to their dependents.

† Tabular adjustment in Steps V and X.

‡ Less than \$50,000 of tabular claims.

lar does not provide for a salary adjustment, although an average salary factor was determined for each group with a salary distribution. The increasing ratios of actual to tabular as the average earnings of the employees increase may be indicative of the effect of income on claim costs.

TABLE 5
SUPPLEMENTARY MAJOR MEDICAL
NONJUMBO GROUPS
EXPERIENCE BY AVERAGE SALARY FACTOR
COMBINED 1964-66 POLICY YEARS' EXPERIENCE

Average Salary Factor	No. Experience Units	Employee Years of Exposure*	Actual Claims (000)	Ratio of Actual to 1965 Tabular†
Employee				
90-99%	3,172	435,113	5,663	86%
100-109	3,035	471,963	7,143	100
110-119	936	99,621	1,884	128
120-129	315	34,796	703	128
130 or more	153	12,059	296	165
Unknown	1,494	152,441	2,344	104
Total	9,105	1,205,993	18,033	99%
Dependent				
90-99%	3,069	276,260	5,393	87%
100-109	2,996	343,388	7,852	98
110-119	920	73,526	2,068	122
120-129	311	26,869	775	121
130 or more	149	8,332	329	174
Unknown	1,463	106,380	2,432	99
Total	8,908	834,755	18,849	98%

* For dependents, exposure of employees insured with respect to their dependents.

† No tabular adjustment.

Table 6 contains the combined employee and dependent experience by metropolitan area, state, and region. The 1965 Supplementary Tabular area factors are also shown in the table to facilitate comparisons with actual experience. In assigning metropolitan area codes to the data submitted, contributing companies used state and region codes in those instances where it was not known whether 75 per cent of the covered employees were in a given metropolitan area. Hence, the experience shown

TABLE 6
 SUPPLEMENTARY MAJOR MEDICAL
 NONJUMBO GROUPS
 EXPERIENCE BY REGION, STATE, AND METROPOLITAN AREA
 EMPLOYEE AND DEPENDENT COMBINED 1964-66 POLICY YEARS' EXPERIENCE

Region,* State,† or Metropolitan Area	No. Experience Units‡	Years of Exposure‡	Actual Claims (000)	Ratio of Actual to 1965 Tabular	1965 Tabular Area Factor
<i>Total, all locations</i>	9,105	1,205,993	36,883	99%	.....
New England States:					
Connecticut.....	46	14,880	438	93%	104%
Bridgeport-Stamford-Norwalk.....	30	5,029	199	112	112
Hartford-New Britain-Bristol.....	55	8,463	290	106	104
New Haven-Waterbury.....	32	3,837	141	99	116
Total.....	163	32,209	1,068	100%	.....
Maine.....	36	4,946	90	53%	92%
Massachusetts.....	91	13,567	383	95%	104%
Boston.....	134	12,874	456	97	116
Springfield-Holyoke.....	47	6,887	158	86	104
Total.....	272	33,328	997	94%	.....
New Hampshire.....	32	5,069	94	82%	92%
Rhode Island.....				§	108%
Providence.....				§	108
Vermont.....	35	4,346	96	99%	92%
Region.....	15	2,036	46	60%	104%
<i>Region total</i>	556	81,998	2,398	93%	.....
Middle Atlantic States:					
Delaware.....				§	96%
District of Columbia.....	72	7,970	226	109%	108%
New Jersey.....	78	8,127	269	100%	108%
New York.....	198	16,190	516	103%	100%
Albany-Schenectady-Troy....	27	1,545	39	110||	108
Buffalo.....	44	6,352	153	93	100
New York-Northeastern New Jersey.....	350	46,260	1,771	97	116
Rochester.....	17	1,130	19	51||	108
Syracuse.....	39	2,944	114	106	108
Total.....	675	74,421	2,612	98%	.....

* Excludes groups coded for a specific state or metropolitan area.

† Excludes groups coded for a specific metropolitan area.

‡ Employee only.

§ Less than \$50,000 of tabular claims and less than ten experience units.

|| Less than \$50,000 of tabular claims.

TABLE 6—Continued**

Region,* State,† or Metropolitan Area	No. Experience Units‡	Years of Exposure‡	Actual Claims (000)	Ratio of Actual to 1965 Tabular	1965 Tabular Area Factor
Pennsylvania.....	317	41,750	1,118	106%	88%
Allentown-Bethlehem-East-on.....				§	92
Philadelphia.....	112	9,118	309	127	96
Pittsburgh.....	82	12,453	313	78	100
Wilkes-Barre-Hazleton.....				§	92
Total.....	521	64,000	1,754	100%	.....
Region.....	16	2,290	102	156%	104%
<i>Region total</i>	<i>1,367</i>	<i>156,978</i>	<i>4,966</i>	<i>100%</i>	.....
North Central States:					
Illinois.....	313	38,621	894	93%	92%
Chicago.....	485	44,265	1,599	106	112
Total.....	798	82,886	2,493	101%	.....
Indiana.....	177	36,928	895	98%	84%
Indianapolis.....	80	15,941	465	103	100
Total.....	257	52,869	1,360	100%	.....
Kentucky.....	30	2,868	62	95%	84%
Louisville.....	13	830	15	54||	92
Total.....	43	3,698	77	83%	.....
Michigan.....	271	31,141	612	89%	92%
Detroit.....	151	18,225	560	108	112
Total.....	422	49,366	1,172	97%	.....
Ohio.....	189	32,886	686	94%	88%
Akron.....	18	1,615	37	86||	100
Cincinnati.....	31	2,759	79	102	100
Cleveland.....	27	3,014	55	61	112
Columbus.....	11	1,746	30	81||	92
Dayton.....	20	8,329	113	67	88
Toledo.....	32	3,806	122	117	100
Youngstown.....	19	2,492	55	89	92
Total.....	347	56,647	1,177	90%	.....
West Virginia.....	86	9,796	218	100%	80%
Wheeling (W.Va.)-Steubenville (Ohio).....				§	84
Total.....	94	10,307	236	103%	.....
Wisconsin.....	169	25,136	589	103%	88%
Milwaukee.....	131	21,150	447	87	100
Total.....	300	46,286	1,036	96%	.....
Region.....	46	18,396	663	101%	104%
<i>Region total</i>	<i>2,307</i>	<i>320,455</i>	<i>8,214</i>	<i>98%</i>	.....

** See notes to Table 6 on p. 211.

TABLE 6—Continued

Region,* State,† or Metropolitan Area	No. Experience Units‡	Years of Exposure‡	Actual Claims (000)	Ratio of Actual to 1965 Tabular	1965 Tabular Area Factor
Plains States:					
Iowa.....	112	9,525	180	86%	84%
Kansas.....	131	15,676	538	106%	96%
Minnesota.....	82	12,810	292	86%	92%
Minneapolis-St. Paul.....	92	8,589	257	94	104
Total.....	174	21,399	549	90%	.....
Missouri.....	48	4,283	77	58%	88%
Kansas City.....	60	8,897	316	106	100
St. Louis.....	76	3,985	146	109	100
Total.....	184	17,165	539	96%	.....
Nebraska.....	30	2,728	64	97%	80%
Omaha.....	45	2,937	100	119	96
Total.....	75	5,665	164	109%	.....
North Dakota.....	19	1,398	50	157%||	88%
South Dakota.....	34	2,240	48	89%	84%
Region.....	14	10,294	356	94%	92%
<i>Region total.....</i>	<i>743</i>	<i>83,362</i>	<i>2,424</i>	<i>97%</i>	<i>.....</i>
Mountain States:					
Colorado.....	24	1,516	37	105%	88%
Denver.....	25	1,800	40	95	100
Total.....	49	3,316	77	100%	.....
Idaho.....	29	1,389	46	95%	96%
Montana.....	38	2,808	109	105%	96%
Nevada.....	40	1,998	53	65%	112%
Utah.....	63	4,600	109	91%	92%
Wyoming.....	17	1,788	46	95%	88%
Region.....	.....	.....	.....	§	96%
<i>Region total.....</i>	<i>238</i>	<i>15,998</i>	<i>442</i>	<i>92%</i>	<i>.....</i>
Pacific States:					
California.....	349	33,782	1,563	109%	128%
Los Angeles.....	513	47,378	2,190	102	140
San Diego.....	54	3,505	184	107	136
San Francisco-Oakland.....	79	7,769	292	81	140
Total.....	995	92,434	4,229	103%	.....
Oregon.....	25	2,611	53	87%	100%
Portland.....	11	533	20	114	108
Total.....	36	3,144	73	93%	.....

TABLE 6—Continued**

Region,* State,† or Metropolitan Area	No. Experience Units‡	Years of Exposure‡	Actual Claims (000)	Ratio of Actual to 1965 Tabular	1965 Tabular Area Factor
Washington	31	2,278	77	101%	112%
Seattle.....	20	2,763	61	68	120
Total.....	51	5,041	138	83%	.....
Region	20	11,476	354	84%	120%
<i>Region total</i>	<i>1,102</i>	<i>112,095</i>	<i>4,794</i>	<i>100%</i>	.....
Gulf States:					
Arizona.....	95	12,544	499	118%	116%
Arkansas	69	5,809	142	93%	84%
Louisiana	187	14,526	492	96%	92%
New Orleans.....	59	3,100	96	89	100
Total.....	246	17,626	588	95%	.....
New Mexico	43	2,599	104	118%	100%
Oklahoma.....	134	10,745	427	117%	96%
Texas.....	206	30,493	1,073	95%	96%
Dallas.....	76	9,113	330	104	108
Fort Worth.....	37	4,250	164	97	100
Houston.....	126	12,587	467	106	100
San Antonio.....	20	1,459	75	136	100
Total.....	465	57,902	2,109	100%	.....
Region.....	23	3,194	131	107%	100%
<i>Region total</i>	<i>1,075</i>	<i>110,419</i>	<i>4,000</i>	<i>103%</i>	.....
Southeastern States:					
Alabama.....	48	6,743	151	94%	84%
Birmingham.....	13	1,011	28	116||	92
Total.....	61	7,754	179	97%	.....
Florida.....	204	24,013	757	97%	100%
Miami.....	121	9,458	464	112	120
Tampa.....	37	2,661	72	83	104
Total.....	362	36,132	1,293	101%	.....
Georgia.....	86	10,928	215	92%	80%
Atlanta.....	72	7,424	238	113	92
Total.....	158	18,352	453	102%	.....
Maryland.....	40	4,021	99	90%	96%
Baltimore.....	88	10,300	297	100	104
Total.....	128	14,321	396	97%	.....
Mississippi.....	92	8,657	207	97%	84%

** See notes to Table 6 on p. 211.

TABLE 6—Continued

Region,* State,† or Metropolitan Area	No. Experience Units‡	Years of Exposure ‡	Actual Claims (000)	Ratio of Actual to 1965 Tabular	1965 Tabular Area Factor
North Carolina.....	140	20,631	411	94%	72%
South Carolina.....	42	4,795	116	76%	72%
Tennessee.....	74	15,201	607	142%	92%
Knoxville.....	10	1,510	63	105	96
Memphis.....	23	1,734	74	123	100
Total.....	107	18,445	744	136%	.....
Virginia.....	164	26,949	661	99%	84%
Norfolk-Portsmouth.....	57	3,050	95	123	92
Total.....	221	29,999	756	102%	.....
Region.....	46	13,801	430	96%	84%
<i>Region total</i>	<i>1,357</i>	<i>172,887</i>	<i>4,985</i>	<i>102%</i>	<i>.....</i>
Hawaii.....	10	2,872	76	102%	104%
Alaska.....	.....	.....	.....	§	136%
<i>Total, states and regions</i>	<i>8,763</i>	<i>1,057,894</i>	<i>32,335</i>	<i>99%</i>	<i>.....</i>
<i>All other#</i>	<i>342</i>	<i>148,099</i>	<i>4,548</i>	<i>96%</i>	<i>100%</i>

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

for states and regions may include a few cases where a substantial portion of the employees is actually located in one of the metropolitan areas shown in the table. The actual to tabular ratios indicated in this table are influenced by such things as the tabular area assigned, variations in the type and level of basic benefits provided, and variations in utilization of benefits. A 1 per cent change in the tabular area factor will produce approximately a 2 per cent change in the A/T ratio.

The ratios of actual to tabular claims indicate that the tabular area factors appear to be satisfactory for most areas with a substantial volume of experience. Caution should be used in interpreting the results by area since experience under this coverage can fluctuate widely from year to year and from case to case regardless of the size of the case.

Table 7 shows experience for plans classified according to the type of restriction applicable to treatment of mental and nervous disorders. The actual to tabular claims ratios are reasonably consistent for the various

benefit provisions with substantial experience, although the code 1 ratio is above average while the dependent code 4 shows an above-average actual to tabular ratio.

Table 8 presents experience by amount of maximum benefit provided by the plan, including plans with an automatic yearly restoration feature. The 1965 Supplementary Tabular uses a \$5,000 lifetime maximum benefit as a base, and all adjustments are related to this base. The tabular includes a substantial adjustment for plans with \$10,000 lifetime maximum benefits, and it would appear that the higher claim experience for lifetime maximums of \$10,000 is caused by factors other than the difference in the maximum benefit. The 1965 Supplementary Tabular also adjusts for

TABLE 7
SUPPLEMENTARY MAJOR MEDICAL
NONJUMBO GROUPS
EXPERIENCE BY MENTAL AND NERVOUS RESTRICTION
COMBINED 1964-66 POLICY YEARS' EXPERIENCE

Code*	No. Experience Units	Employee Years of Exposure†	Actual Claims (000)	Ratio of Actual to 1965 Tabular‡
Employee				
1	2,049	297,039	4,686	102%
2	5,688	805,418	11,713	99
3	522	29,932	481	96
4	846	73,604	1,153	96
Total	9,105	1,205,993	18,033	99%
Dependent				
1	1,994	208,951	4,920	100%
2	5,608	562,796	12,268	97
3	520	21,055	548	95
4	786	41,953	1,113	107
Total	8,908	834,755	18,849	98%

* Mental and Nervous Restriction Code:

1. Covered for full plan benefits whether or not confined in a hospital.
2. Covered for full plan benefits while confined in a hospital and reduced or limited benefits while not confined in a hospital.
3. Covered for full plan benefits while confined in a hospital and no benefits while not confined in a hospital.
4. Covered for reduced or limited benefits whether or not confined in a hospital.

† For dependents, exposure of employees insured with respect to their dependents.

‡ Tabular adjustment in Step XIV.

TABLE 8
 SUPPLEMENTARY MAJOR MEDICAL
 NONJUMBO GROUPS
 EXPERIENCE BY MAXIMUM BENEFIT
 COMBINED 1964-66 POLICY YEARS' EXPERIENCE

Maximum Benefit	No. Experience Units	Employee Years of Exposure*	Actual Claims (000)	Ratio of Actual to 1965 Tabular †
Employee				
Lifetime maximum:				
\$2,500-\$4,999.....	114	11,005	187	119%
\$5,000.....	1,938	297,900	4,280	96
\$5,001-\$9,999.....	116	34,110	487	97
\$10,000.....	2,660	467,566	7,474	103
\$10,001-\$19,999.....	121	40,095	697	89
\$20,000 or more.....	12	15,901	230	90
Total.....	4,961	866,577	13,355	99%
No lifetime maximum, Each- Illness maximum:				
\$5,000.....	1,560	91,684	1,259	96%
\$10,000.....	2,422	215,094	2,929	100
All other.....	162	32,638	490	105
Total.....	4,144	339,416	4,678	100%
Total.....	9,105	1,205,993	18,033	99%
Dependent				
Lifetime maximum:				
\$2,500-\$4,999.....	112	7,412	228	140%
\$5,000.....	1,873	204,045	4,401	92
\$5,001-\$9,999.....	110	24,387	500	92
\$10,000.....	2,623	328,225	8,110	102
\$10,001-\$19,999.....	120	24,747	664	97
\$20,000 or more.....	12	14,037	301	90
Total.....	4,850	602,853	14,204	98%
No lifetime maximum, Each- Illness maximum:				
\$5,000.....	1,511	62,620	1,117	87%
\$10,000.....	2,389	146,029	2,968	103
All other.....	158	23,253	560	112
Total.....	4,058	231,902	4,645	100%
Total.....	8,908	834,755	18,849	98%

* For dependents, exposure of employees insured with respect to their dependents.

† Tabular adjustment in Step XI.

plans which have an automatic yearly restoration provision. These plans have a small volume of experience, but an examination of the raw data indicates results which appear to be consistent with plans that do not contain such a provision.

Table 9 summarizes experience by the level of underlying base plan benefits. This level is measured by the per cent total reduction, which is obtained by dividing total base plan credits by the tabular cost before reduction for base plan benefits.

TABLE 9
SUPPLEMENTARY MAJOR MEDICAL
NONJUMBO GROUPS
EXPERIENCE BY LEVEL OF BASE PLAN BENEFITS
COMBINED 1964-66 POLICY YEARS' EXPERIENCE

Base Plan Per Cent Total Reduction	No. Experience Units	Employee Years of Exposure*	Actual Claims (000)	Ratio of Actual to 1965 Tabular†
Employee				
<40%.....	63	20,780	480	84%
40-49.....	549	93,052	1,795	92
50-59.....	1,404	181,492	3,263	94
60-69.....	2,474	310,025	4,872	100
70-79.....	2,625	330,686	4,446	100
80-89.....	1,818	247,950	2,899	109
90 or more.....	172	22,008	278	153
Total.....	9,105	1,205,993	18,033	99%
Dependent				
<40%.....	82	10,822	418	89%
40-49.....	563	68,401	1,999	89
50-59.....	1,377	124,457	3,529	96
60-69.....	2,473	220,988	5,121	97
70-79.....	2,544	238,972	4,877	102
80-89.....	1,724	158,889	2,745	108
90 or more.....	145	12,226	160	111
Total.....	8,908	834,755	18,849	98%

* For dependents, exposure of employees insured with respect to their dependents.

† Tabular adjustment in Step III.