

**TRANSACTIONS OF SOCIETY OF ACTUARIES
1963 REPORTS**

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

**I. EXPERIENCE UNDER INDIVIDUAL LOSS-OF-TIME
POLICIES 1960-61**

THIS report presents an analysis of morbidity experience under individual loss-of-time policies during calendar years 1960-61 and a comparison of this experience with results for the period 1955-59. The study is limited to experience during the full first year of the benefit period. Policies with benefit periods of less than one year are excluded from the study. The reporting system used for the 1960-61 experience is generally the same as that used for the earlier experience. This system is described in detail in the 1959 Reports (pp. 126-28).

The presentation of data follows the format used in the report covering 1955-59 experience. Accident and sickness disability experience are presented in separate tables (Tables 3 and 4). Total disability experience is also shown in a separate table (Table 5), together with comparable rates derived from the Conference Table.¹ Tables showing experience after a synthetic elimination period have been omitted because it was felt that relative values for 1960-61 would follow the pattern shown in the last report.

Each table contains the experience for males in Occupation Groups I and II and for females in Occupation Group I; for convenience, these three groups are referred to hereafter in the report as "Male I," "Male II," and "Female I." The amount of data on females in Occupation Group II was not large enough to warrant a study of this group.

Occupation Group I covers occupations that generally involve little exposure to an accident hazard. Occupation Group II consists of those occupations that involve a greater degree of exposure to accident hazards or duties where sickness or injury generally results in a longer period of disability than for Group I occupations. Many of these occupations are performed outdoors and involve a longer average period of disability because of the difficulty of returning to work in inclement weather. Persons whose work requires perfect, or near-perfect, physical condition would also be in Group II, since such persons may be disabled by a relatively minor injury. In the Bureau of A & H Underwriters classification system, Occu-

¹ Conference Modification of Class III Disability Table.

pation Group I consists of Classes A-D* and Occupation Group II consists of Classes D-H. (See 1959 Reports, pp. 130-31 for a complete description.)

Tables 3-9 include (1) annual claim rates, (2) average claim duration in months, and (3) annual claim costs. The total disability annual claim rates and annual claim costs are simply a sum of the separate accident and sickness claim rates and claim costs and consequently may be based on experience from two different types of policies. Annual claim rates (or

TABLE 1
CONTRIBUTING COMPANIES AND NUMBER OF CLAIMS

COMPANY	YEAR OF EXPERIENCE		1960-61 COMBINED
	1960	1961	
Metropolitan.....	26,844	24,130	50,974
Prudential.....	10,460	10,382	20,842
Pacific Mutual.....	6,559	6,155	12,714
Loyal Protective.....	5,325	5,474	10,799
Business Men's Assurance.....	5,086	5,117	10,203
Travelers.....	6,944	.....	6,944
New York Life.....	2,100	2,123	4,223
Mutual, New York.....	1,520	2,298	3,818
John Hancock.....	923	1,205	2,128
Union Mutual.....	1,305	.....	1,305
Guardian.....	604	632	1,236
Connecticut General.....	536	628	1,164
Continental Assurance.....	479	503	982
Beneficial Standard.....	397	475	872
Wisconsin National.....	408	.....	408
Provident Mutual.....	194	207	401
Standard of Oregon.....	24	171	195
Total.....	69,708	59,500	129,208

frequencies) have been calculated as the ratio of the amount of monthly indemnity on approved claims to the corresponding exposure. Annual claim costs (or amounts) have been calculated as the ratio of the aggregate benefits incurred on claims to the corresponding exposure. Durations of claims in months have been calculated by dividing the annual claim cost by the annual claim rate.

VOLUME OF DATA

For the calendar year period 1960-61, the Committee has compiled an aggregate exposure of 2,200,000 policy years under which 129,000 claims were incurred. The companies that contributed to the study are shown in Table 1, together with the volume of each company's data for each of

the calendar years studied, measured by the number of claims reported on the exposure summary cards.

Table 2 shows the distribution of the number of claims reported on the exposure summary cards by type of coverage, sex, and occupation group. Number of claims has been used as the basis for measuring the volume of data, since it is a good measure of the reliability of the statistical results. This study has been confined to those coverages where there is a significant amount of data. These coverages are indicated by an asterisk in Table 2. It should be noted that in certain of the cells studied virtually

TABLE 2
NUMBER OF CLAIMS BY TYPE OF COVERAGE, SEX, AND OCCUPATION GROUP
1960-61 EXPERIENCE COMBINED

ELIM. PERIOD (DAYS)	ACCIDENT				SICKNESS			
	Male		Female		Male		Female	
	Occup'n Group I	Occup'n Group II	Occup'n Group I	Occup'n Group II	Occup'n Group I	Occup'n Group II	Occup'n Group I	Occup'n Group II
0.....	26,695*	17,120*	1,708*	111	20,818*	1,823*	1,690*	150
3.....	338*	721*	332*	44	2,107*	3,540*	1,962*	183
7.....	3,167*	3,962*	659*	31	13,401*	19,377*	3,719*	228
14.....	378*	134*	17	2	1,836*	415*	228	10
21.....	0	0	0	0	22	0	0	0
30.....	189	77	15	0	1,163*	319*	194	2
60.....	15	4	1	0	97	9	21	0
90.....	28	8	2	0	99	29	8	0
Total..	30,810	22,026	2,734	188	39,543	25,512	7,822	573

* Subsequent tables and discussion are based only on data indicated.

all the experience has been contributed by only one or a few companies. The coverages for which there is a reasonable cross-section of experience by company are the 0-day accident and 7-, 14-, and 30-day sickness coverages. In comparing the results for different elimination periods, this characteristic of the study should be kept in mind.

DISABILITY EXPERIENCE

Tables 3, 4, and 5, respectively, give a summary of the accident, sickness, and total disability experience compiled in this report. Each table shows the three elements of disability—annual claim rate, duration of claim in months, and annual claim cost—by the four variables studied—sex, occupation group, elimination period, and attained age.

TABLE 3
ACCIDENT DISABILITY LOSS-OF-TIME EXPERIENCE 1960-61
LIMITED TO ONE-YEAR MAXIMUM BENEFIT PERIOD

ATTAINED AGE	MALE OCC. GROUP I			MALE OCC. GROUP II			FEMALE OCC. GROUP I			RATIOS TO MALE OCC. GROUP I					
										Male Occ. Group II			Female Occ. Group I		
	Annual Claim Rate	Claim Duration (Months)	Annual Claim Cost*	Annual Claim Rate	Claim Duration (Months)	Annual Claim Cost*	Annual Claim Rate	Claim Duration (Months)	Annual Claim Cost*	Annual Claim Rate	Claim Duration (Months)	Annual Claim Cost*	Annual Claim Rate	Claim Duration (Months)	Annual Claim Cost*
0-Day Elimination Period															
20-29.....	.048	.81	.039	.101	.93	.094	.037	.73	.027	210%	115%	241%	77%	90%	69%
30-39.....	.044	.84	.037	.087	.99	.086	.034	.82	.028	198	118	232	77	98	76
40-49.....	.045	.93	.042	.085	1.09	.093	.044	.93	.041	189	117	221	98	100	98
50-59.....	.041	1.00	.041	.075	1.28	.096	.053	1.42	.075	183	128	234	129	142	183
60-69.....	.041	1.24	.051	.075	1.61	.121	.051	1.31	.067	183	130	237	124	106	131
3-Day Elimination Period															
20-29.....	†	†	†	.064	1.09	.070	†	†	†	148%	79%	117%	60%	65%	39%
30-39.....	.042	1.10	.046	.062	.87	.054	(.025)‡	(.72)‡	(.018)‡	148%	79%	117%	60%	65%	39%
40-49.....	.036	1.03	.037	.064	.92	.059	.031	1.68	.052	178	89	159	86	163	141
50-59.....	.030	1.20	.036	.074	1.38	.102	.042	1.64	.069	247	115	283	140	137	192
60-69.....	.037	1.49	.055	.071	1.49	.106	.019	1.53	.075	192	100	193	132	103	136
7-Day Elimination Period															
20-29.....	.021	1.19	.025	.040	1.08	.043	(.008)‡	(.63)‡	(.005)‡	190%	91%	172%	38%	53%	20%
30-39.....	.034	1.12	.038	.044	1.39	.061	.019	1.68	.032	129	124	161	56	150	84
40-49.....	.035	1.20	.042	.044	1.36	.060	.030	1.43	.043	126	113	143	86	119	102
50-59.....	.035	1.34	.047	.050	1.44	.072	.039	1.33	.052	143	107	153	111	99	111
60-69.....	.026	1.27	.033	.055	1.62	.089				212	128	270			
14-Day Elimination Period															
20-29.....	(.009)‡	(1.78)‡	(.016)‡	(.021)‡	(1.57)‡	(.033)‡				233%	88%	206%			
30-39.....	.010	2.20	.022	.022	1.55	.034				220	70	155			
40-49.....	.012	1.33	.016	.025	2.36	.059				208	177	369			
50-59.....	.021	1.14	.024	(.031)‡	(1.13)‡	(.035)‡				148	99	146			
60-69.....	(.018)‡	(1.61)‡	(.029)‡	†	†	†									

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* Per \$1 of monthly income benefit. † Less than 10 claims. ‡ Rates in parentheses based on 10 to 24 claims, inclusive.

TABLE 4—SICKNESS DISABILITY LOSS-OF-TIME EXPERIENCE 1960-61 LIMITED TO ONE-YEAR MAXIMUM BENEFIT PERIOD

ATTAINED AGE	MALE OCC. GROUP I			MALE OCC. GROUP II			FEMALE OCC. GROUP I			RATIOS TO MALE OCC. GROUP I					
										Male Occ. Group II			Female Occ. Group I		
	Annual Claim Rate	Claim Duration (Months)	Annual Claim Cost*	Annual Claim Rate	Claim Duration (Months)	Annual Claim Cost*	Annual Claim Rate	Claim Duration (Months)	Annual Claim Cost*	Annual Claim Rate	Claim Duration (Months)	Annual Claim Cost*	Annual Claim Rate	Claim Duration (Months)	Annual Claim Cost*
0-Day Elimination Period															
20-29	.152	.62	.094	.203	.54	.110	.228	.53	.120	134%	87%	117%	150%	85%	128%
30-39	.160	.71	.114	.229	.64	.146	.234	.79	.186	143	90	128	146	111	163
40-49	.177	.98	.173	.242	.87	.211	.245	1.00	.245	137	89	122	138	102	142
50-59	.195	1.41	.275	.257	1.21	.312	.217	1.20	.260	132	86	113	111	85	94
60-69	.152	1.80	.274	.270	1.99	.538	.244	1.56	.381	178	111	196	161	87	139
3-Day Elimination Period															
20-29	.123	.74	.091	.093	.77	.072	.168	.72	.121	76%	104%	79%	137%	97%	133%
30-39	.132	.89	.118	.109	1.08	.118	.236	.98	.232	83	121	100	179	110	197
40-49	.137	1.12	.154	.132	1.14	.150	.225	1.16	.261	96	102	97	164	104	169
50-59	.176	1.57	.276	.154	1.77	.273	.220	1.30	.287	88	113	99	125	83	104
60-69	.200	1.86	.372	.165	1.75	.289	.207	1.74	.360	83	94	78	104	94	97
7-Day Elimination Period															
20-29	.048	1.00	.048	.047	1.26	.059	.070	1.23	.086	98%	126%	123%	146%	123%	179%
30-39	.063	1.10	.069	.067	1.28	.086	.107	1.31	.140	106	116	125	170	119	203
40-49	.083	1.45	.120	.089	1.61	.143	.130	1.52	.197	107	111	119	157	105	164
50-59	.113	1.93	.218	.127	2.09	.266	.149	1.56	.232	112	108	122	132	81	106
60-69	.127	2.45	.311	.157	2.73	.429	†	†	†	124	111	138			
14-Day Elimination Period															
20-29	.020	1.25	.025	.032	1.34	.043				160%	107%	172%			
30-39	.030	1.40	.042	.032	1.03	.033				107	74	79			
40-49	.044	1.70	.075	.049	2.00	.098				111	118	131			
50-59	.075	1.92	.144	.066	2.33	.154				88	121	107			
60-69	.096	2.17	.208	(.098)†	(3.23)†	(.317)†				102	149	152			
30-Day Elimination Period															
20-29	.004	2.25	.009	(.010)†	(1.20)†	(.012)†				250%	53%	133%			
30-39	.009	1.78	.016	.016	1.63	.026				178	92	163			
40-49	.015	2.67	.040	.025	2.16	.054				167	81	135			
50-59	.032	2.50	.080	.039	3.05	.119				122	122	149			
60-69	.064	3.28	.210	(.094)†	(2.19)†	(.206)†				147	67	98			

* Per \$1 of monthly income benefit.

† Less than 10 claims.

‡ Rates in parentheses based on 10 to 24 claims, inclusive.

TABLE 5
TOTAL DISABILITY LOSS-OF-TIME EXPERIENCE 1960-61
LIMITED TO ONE-YEAR MAXIMUM BENEFIT PERIOD

ATTAINED AGE	MALE OCC. GROUP I			MALE OCC. GROUP II			FEMALE OCC. GROUP I			CONFERENCE TABLE (SEE NOTE)		
	Annual Claim Rate	Claim Duration (In Months)	Annual Claim Cost*	Annual Claim Rate	Claim Duration (In Months)	Annual Claim Cost*	Annual Claim Rate	Claim Duration (In Months)	Annual Claim Cost*	Annual Claim Rate	Claim Duration (In Months)	Annual Claim Cost*
0-Day Elimination Period												
20-29.....	.200	.67	.133	.304	.67	.204	.25	.55	.147	.335	.67	.223
30-39.....	.204	.74	.151	.316	.73	.232	.268	.80	.214	.329	.70	.229
40-49.....	.222	.97	.215	.327	.93	.304	.289	.99	.286	.328	.81	.266
50-59.....	.236	1.34	.316	.332	1.23	.408	.310	1.24	.335	.331	1.05	.346
60-69.....	.193	1.68	.325	.345	1.91	.659	.265	1.52	.448	.342	1.60	.547
3-Day Elimination Period												
20-29.....	.152	.77	.117	.157	.90	.142	.179	.80	.144	.277	.69	.192
30-39.....	.174	.94	.164	.171	1.01	.172	.241	.96	.250	.275	.72	.199
40-49.....	.173	1.10	.191	.196	1.07	.209	.256	1.22	.313	.278	.85	.235
50-59.....	.206	1.51	.312	.228	1.64	.375	.242	1.36	.356	.286	1.10	.315
60-69.....	.237	1.80	.427	.236	1.67	.395	.256	1.70	.435	.306	1.68	.515
7-Day Elimination Period												
20-29.....	.069	1.06	.073	.087	1.17	.102	.078	1.17	.091	.201	.80	.160
30-39.....	.097	1.10	.107	.111	1.32	.147	1.6	1.37	.172	.200	.84	.167
40-49.....	.118	1.37	.162	.133	1.53	.203	1.60	1.50	.240	.204	1.00	.203
50-59.....	.148	1.79	.265	.177	1.91	.338	.188	1.51	.284	.218	1.29	.281
60-69.....	.153	2.25	.344	.212	2.44	.518	†	†	†	.250	1.92	.479
14-Day Elimination Period												
20-29.....	.029	1.41	.041	.053	1.43	.076	.....	.....	.....	.131	.92	.121
30-39.....	.040	1.60	.064	.054	1.24	.067	.....	.....	.....	.129	1.00	.129
40-49.....	.056	1.63	.091	.074	2.12	.157	.....	.....	.....	.132	1.24	.164
50-59.....	.096	1.75	.168	.097	1.95	.189	.....	.....	.....	.146	1.64	.240
60-69.....	.114	2.08	.237	(.134)†	(2.76)‡	(.370)‡	.....	.....	.....	.187	2.30	.431

* Per \$1 of monthly income benefit.

† Less than 10 claims.

‡ Rates in parentheses based on 10 to 24 claims, inclusive.

NOTE—Conference Table values are those for central ages (25, 35, 45, 55, 65).

It should be kept in mind that any comparison in these tables of claim rates, durations, or claim costs between different elimination periods may not be valid as the data may have come from different companies and accordingly may not be homogeneous.

Accident Disability (Table 3)

Table 3 shows accident disability data for four elimination periods. Comments, however, are restricted to data for a 0-day elimination period because other data are rather limited or largely contributed by one company.

The significant points of interest brought out by this table are as follows:

MALE I.—Annual claim rates show a slight decrease with age, and claim durations show an increase. The combined effect of decreasing rate and increasing duration produces costs which fluctuate but have a tendency to rise. The extent of this increase from the youngest to the oldest ages studied is about 30 per cent.

MALE II.—Annual claim rates tend to decrease with age, while claim durations increase with age. Annual claim costs decrease from ages 20–29 to 30–39 and then slowly increase as the age increases.

The ratios of Male II to Male I rates and costs are similar to those developed from the 1955–59 data. At ages under 40, Male II annual claim rates are approximately twice as high as those for Male I. At higher ages, the ratio decreases slightly. Male II annual claim costs are from 221 per cent to 241 per cent of those for Male I.

FEMALE I.—Annual claim rates tend to increase with age. Claim durations increase more rapidly with age than Male I durations. The combined effect of increasing rates and durations produces claim costs with a steep slope by age.

As noted in the 1955–59 Report, Female I claim rates are less than those for Male I at ages under 50 but greater at ages 50 and over. However, ratios of female to male claim durations have decreased significantly at ages under 50, from about 120 per cent of Male I in 1955–59 to 95 per cent in 1960–61. Female experience data are not very extensive, however.

Sickness Disability (Table 4)

The amount of sickness disability data for the 14-day and 30-day elimination periods is not very extensive, while the amount of data for the 0-day and 3-day elimination periods is concentrated among just a few contributors. Therefore comments are based primarily on the data for the 7-day elimination period, although differing characteristics of the experience of other elimination periods are also noted.

For sickness benefits with a 7-day elimination period, all annual claim

rates, average durations, and annual claim costs increase with age. The combination of increasing rates and increasing average durations produces a very steep pattern of annual claim costs.

MALE I.—The previous report noted the effect of elimination period on Male I claim rates and average durations. For the shorter elimination periods, claim rates are fairly level or increase slowly with age. For longer elimination periods, the increase is more rapid. On the other hand, claim durations generally behave in the opposite manner, increasing more rapidly for shorter elimination periods.

MALE II.—For the 7-day elimination period, Male II annual claim rates are about 7 per cent higher than those for Male I. Unlike previous experience which showed a fairly constant relationship between rates, the ratios of Male II to Male I claim rates increase with age. Claim cost ratios, however, are similar to earlier experience—fairly level and averaging 20 per cent to 25 per cent higher than Male I.

Male II experience for other elimination periods is rather scanty. For the largest of these groups, 3-day sickness, Male II experience is more extensive and more favorable than for Male I.

FEMALE I.—For 0-day, 3-day, and 7-day elimination periods, annual claim rates are generally more than 50 per cent higher than for Male I at ages under 50, but this ratio drops significantly at ages 50 and over. Claim durations are also higher than for Male I at ages under 50 but drop below Male I at higher ages. Consequently, costs are much higher than for Male I at ages under 50 but comparable to Male I at ages 50 and over.

Total Disability (Table 5)

Total disability annual claim rates and annual claim costs as derived in this study are the sum of the annual claim rates and annual claim costs for accident disability and sickness disability. Since sickness disability annual claim rates are generally much higher than accident disability annual claim rates, total disability claim rates tend to follow the pattern of claim rates for sickness disability. Because claim durations for accident disability and sickness disability are comparable, annual claim costs for total disability tend to follow the pattern of annual claim costs for sickness disability.

For convenience, total disability annual claim rates, claim durations, and annual claim costs derived from the Conference Modification of the Class 3 Table which is currently the accepted valuation standard for the disability benefit in noncancellable policies are also shown in Table 5. The Conference Table annual claim rates are significantly higher than 1960-61 experience in most areas. However, 1960-61 claim durations are generally longer than Conference Table durations. In certain cells, the combination of a longer duration with a lower claim rate produces annual

claim costs in this experience which are greater than those in the Conference Table. This occurs in some of the Female I and Male II cells at ages 40 and over. A graphic comparison of Male I, Male II, Female I, and Conference Table total disability annual claim costs is shown in Charts 1 and 2.

Ratios of Accident Disability to Total Disability (Table 6)

TABLE 6
RATIOS OF ACCIDENT TO TOTAL DISABILITY LOSS-OF-TIME EXPERIENCE
1960-61

ATTAINED AGE	0-DAY ELIMINATION PERIOD			7-DAY ELIMINATION PERIOD		
	Annual Claim Rate	Claim Duration (In Months)	Annual Claim Cost	Annual Claim Rate	Claim Duration (In Months)	Annual Claim Cost
MALE I						
20-29.....	24.0%	121%	29.3%	30.4%	112%	34.2%
30-39.....	21.6	114	24.5	35.1	102	35.5
40-49.....	20.3	96	19.5	29.7	88	25.9
50-59.....	17.4	75	13.0	23.6	75	17.7
60-69.....	21.2	74	15.7	17.0	56	9.6
MALE II						
20-29.....	33.2%	139%	46.1%	46.0%	92%	42.2%
30-39.....	27.5	136	37.1	39.6	105	41.5
40-49.....	26.0	117	30.6	33.1	89	29.6
50-59.....	22.6	104	23.5	28.2	75	21.3
60-69.....	21.7	84	18.4	25.9	66	17.2
FEMALE I						
20-29.....	14.0%	133%	18.4%	10.3%	54%	5.5%
30-39.....	12.7	103	13.1	15.1	123	18.6
40-49.....	15.2	94	14.3	18.8	95	17.9
50-59.....	19.6	115	22.4	20.7	88	18.3
60-69.....	17.3	86	15.0	.....	.....	.....

Total disability rates in this report are the sum of separate accident and sickness components. Since the two components are based on data contributed by different groups of companies, ratios of accident to total disability are limited in their validity. Table 6 is shown, however, so that

CHART I
 TOTAL DISABILITY LOSS-OF-TIME EXPERIENCE 1960-1961
 ANNUAL CLAIM COSTS PER \$1 OF MONTHLY INCOME BENEFIT

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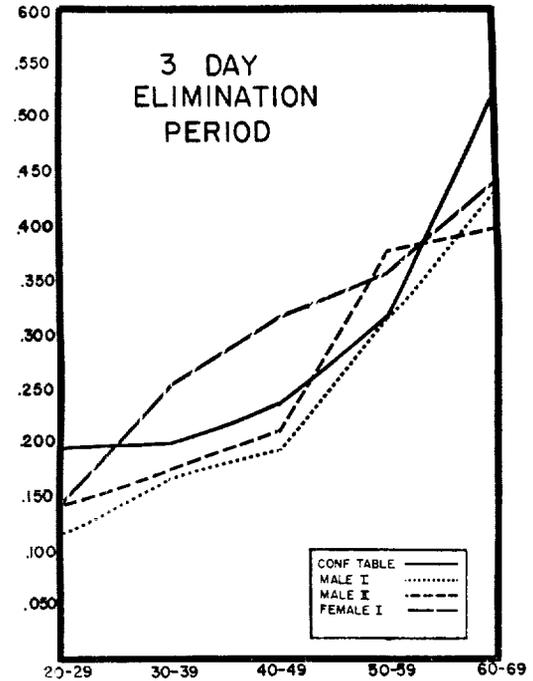
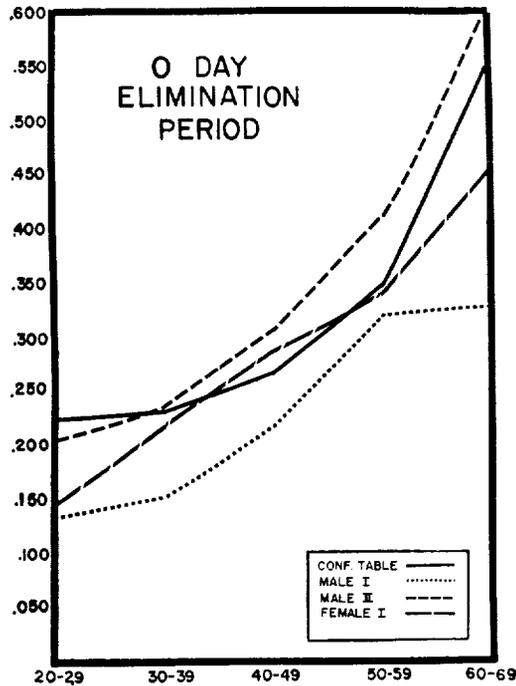
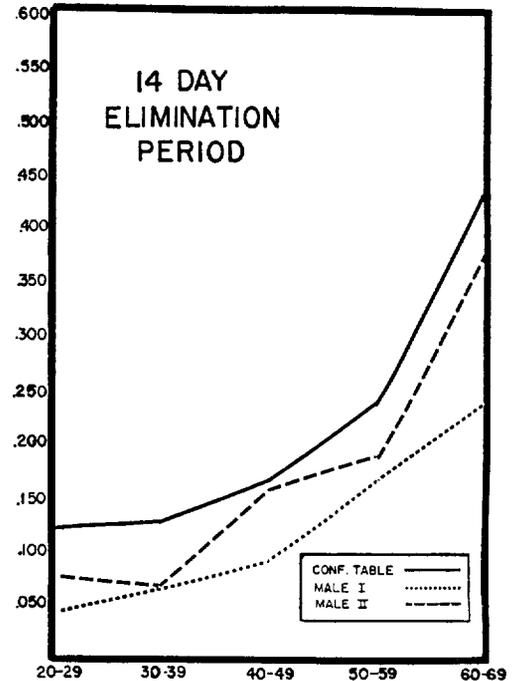
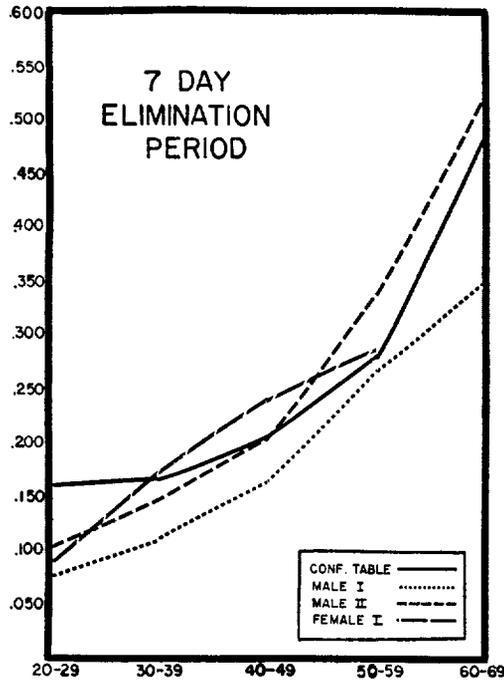


CHART 2

TOTAL DISABILITY LOSS-OF-TIME EXPERIENCE 1960-1961

ANNUAL CLAIM COSTS PER \$1 OF MONTHLY INCOME BENEFIT



some idea may be obtained as to the relationship of accident to total disability rates. Only 0- and 7-day elimination periods are shown because of the even greater limitations of data for the other elimination periods.

The items of interest brought out by this table are as follows:

MALE I.—For the 0-day elimination period, ratios of accident to total disability claim durations are close to the 1955–59 results, but accident annual claim rates have increased from 15 per cent of the total disability rate in 1955–59 to 20 per cent in 1960–61. For both the 0-day and the 7-day elimination periods, ratios of accident to total disability experience decrease by age.

MALE II.—As would be expected, ratios of Male II accident to total disability experience generally exceed corresponding Male I ratios. Like the Male I experience, Male II ratios of accident to total disability experience decrease by age.

FEMALE I.—Ratios of accident to total disability annual claim rates and costs show no consistent variation by age. Annual claim cost ratios average about 15 per cent to 20 per cent for both the 0-day and the 7-day elimination periods.

COMPARISONS WITH 1955–59 EXPERIENCE

Tables 7, 8, and 9, respectively, compare 1960–61 accident, sickness, and total disability experience with experience during the period 1955–59. Table 10 compares experience during the three periods 1955–57, 1958–59, and 1960–61 for 0-day accident and 7-day sickness benefits.

Accident Disability (Table 7)

TABLE 7
ACCIDENT DISABILITY LOSS-OF-TIME EXPERIENCE
RATIOS OF 1960-61 EXPERIENCE TO 1955-59 EXPERIENCE
LIMITED TO ONE-YEAR MAXIMUM BENEFIT PERIOD

ATTAINED AGE	MALE OCC. GROUP I			MALE OCC. GROUP II			FEMALE OCC. GROUP I		
	Annual Claim Rate	Claim Duration (In Months)	Annual Claim Cost	Annual Claim Rate	Claim Duration (In Months)	Annual Claim Cost	Annual Claim Rate	Claim Duration (In Months)	Annual Claim Cost
0-Day Elimination Period									
20-29.....	100%	111%	111%	95%	113%	108%	103%	88%	90%
30-39.....	96	117	112	91	106	97	94	82	78
40-49.....	94	115	108	99	108	107	105	85	89
50-59.....	93	110	103	94	112	105	96	130	125
60-69.....	105	110	116	103	118	121	91	105	96
3-Day Elimination Period									
20-29.....	*	*	*	79%	120%	95%	*	*	*
30-39.....	114%	113%	128%	89	93	82	(89%)†	(91%)†	(82%)†
40-49.....	92	134	123	102	90	92	86	144	124
50-59.....	83	88	73	128	129	165	108	125	135
60-69.....	103	159	162	109	138	151	88	99	87
7-Day Elimination Period									
20-29.....	75%	119%	89%	83%	94%	78%	(47%)†	(37%)†	(17%)†
30-39.....	106	106	112	88	114	100	90	135	123
40-49.....	92	120	111	81	106	87	103	118	123
50-59.....	100	118	118	91	95	87	98	100	98
60-69.....	70	87	61	110	88	97	*	*	*
14-Day Elimination Period									
20-29.....	(64%)†	(124%)†	(80%)†	(57%)†	(157%)†	(89%)†	.....	.....	.....
30-39.....	77	220	169	67	117	77	.....	.....	.....
40-49.....	71	119	84	89	153	137	.....	.....	.....
50-59.....	105	88	92	100	107	106	.....	.....	.....
60-69.....	*	*	*	*	*	*	.....	.....	.....

* Less than 10 claims.

† Rates in parentheses based on 10 to 24 claims, inclusive.

In general, annual claim rates for accident disability have decreased since 1955-59, and claim durations have increased. An exception occurs at female ages below 50, 0-day elimination period, where claim durations show a substantial decrease.

Male costs for the 0-day elimination periods have risen since 1955-59, the greater relative increase occurring in Occupation Group I. For other elimination periods, the pattern is mixed with generally higher annual claim costs in 1960-61.

Sickness Disability (Table 8)

TABLE 8
SICKNESS DISABILITY LOSS-OF-TIME EXPERIENCE
RATIOS OF 1960-61 EXPERIENCE TO 1955-59 EXPERIENCE
LIMITED TO ONE-YEAR MAXIMUM BENEFIT PERIOD

ATTAINED AGE	MALE OCC. GROUP I			MALE OCC. GROUP II			FEMALE OCC. GROUP I		
	Annual Claim Rate	Claim Duration (In Months)	Annual Claim Cost	Annual Claim Rate	Claim Duration (In Months)	Annual Claim Cost	Annual Claim Rate	Claim Duration (In Months)	Annual Claim Cost
0-Day Elimination Period									
20-29.....	66%	115%	75%	72%	113%	82%	66%	85%	56%
30-39.....	61	113	69	97	105	101	70	101	72
40-49.....	73	117	85	105	102	108	81	109	88
50-59.....	80	114	91	122	91	112	75	121	91
60-69.....	73	113	83	116	93	103	70	99	70
3-Day Elimination Period									
20-29.....	98%	123%	120%	88%	101%	86%	80%	97%	77%
30-39.....	106	116	123	92	111	103	97	102	99
40-49.....	94	109	103	108	90	97	102	104	105
50-59.....	107	116	124	106	109	116	108	107	116
60-69.....	98	99	96	85	85	73	98	119	117
7-Day Elimination Period									
20-29.....	81%	109%	89%	72%	124%	89%	75%	108%	81%
30-39.....	88	110	96	84	112	95	89	104	93
40-49.....	91	111	101	89	111	99	90	114	103
50-59.....	93	111	103	95	110	105	95	108	103
60-69.....	100	113	114	89	116	103	192	37	72
14-Day Elimination Period									
20-29.....	105%	88%	93%	128%	160%	205%			
30-39.....	94	121	114	94	100	94			
40-49.....	92	102	94	136	127	172			
50-59.....	112	93	104	102	93	94			
60-69.....	100	95	95	(87) †	(132) †	(115) †			
30-Day Elimination Period									
20-29.....	100%	113%	113%	(250%) †	(120%) †	(300%) †			
30-39.....	113	89	100	114	76	87			
40-49.....	100	121	121	122	82	89			
50-59.....	110	97	107	118	116	137			
60-69.....	133	129	172	*	*	*			

* Less than 10 claims.

† Rates in parentheses based on 10 to 24 claims, inclusive.

Like the accident experience, annual claim rates for sickness have decreased and claim durations have increased since 1955-59.

For the 7-day elimination period, annual claim costs have decreased

about 8 per cent at the younger ages and increased at ages over 40. The 0-day elimination period shows a substantial decrease in Male I and Female I costs. In other areas, costs show a general increase.

Total Disability (Table 9)

TABLE 9
TOTAL DISABILITY LOSS-OF-TIME EXPERIENCE
RATIOS OF 1960-61 EXPERIENCE TO 1955-59 EXPERIENCE
LIMITED TO ONE-YEAR MAXIMUM BENEFIT PERIOD

ATTAINED AGE	MALE OCC. GROUP I			MALE OCC. GROUP II			FEMALE OCC. GROUP I		
	Annual Claim Rate	Claim Duration (In Months)	Annual Claim Cost	Annual Claim Rate	Claim Duration (In Months)	Annual Claim Cost	Annual Claim Rate	Claim Duration (In Months)	Annual Claim Cost
0-Day Elimination Period									
20-29.....	71%	118%	83%	78%	118%	92%	69%	86%	60%
30-39.....	66	116	76	95	104	100	72	100	73
40-49.....	77	115	89	103	104	108	84	105	89
50-59.....	82	113	92	114	96	110	78	123	97
60-69.....	78	111	87	113	97	110	73	100	73
3-Day Elimination Period									
20-29.....	103%	122%	126%	82%	108%	90%	79%	105%	83%
30-39.....	108	115	124	91	105	95	96	102	98
40-49.....	94	113	106	106	91	96	100	108	108
50-59.....	103	111	115	112	112	126	108	111	119
60-69.....	98	103	102	91	92	84	96	116	110
7-Day Elimination Period									
20-29.....	79%	113%	89%	77%	109%	84%	71%	95%	67%
30-39.....	93	108	101	85	113	97	89	109	97
40-49.....	91	112	103	86	170	95	92	115	106
50-59.....	95	111	106	94	107	100	95	106	102
60-69.....	93	113	105	93	109	102	*	*	*
14-Day Elimination Period									
20-29.....	88%	99%	87%	85%	152%	131%	.....	.....	.....
30-39.....	89	144	128	81	105	85	.....	.....	.....
40-49.....	86	107	92	116	136	157	.....	.....	.....
50-59.....	110	93	102	101	96	96	.....	.....	.....
60-69.....	102	101	103	(103)†	(126)†	(130)†	.....	.....	.....

* Less than 10 claims.

† Rates in parentheses based on 10 to 24 claims, inclusive.

Total disability experience follows the pattern set by its separate accident and sickness components. In general, claim rates have decreased and claim durations have increased since 1955-59.

Trends in Experience (Table 10)

TABLE 10
MALE 0-DAY ACCIDENT AND 7-DAY SICKNESS EXPERIENCE
RATIOS OF 1958-59 AND 1960-61 EXPERIENCE
TO 1955-57 EXPERIENCE

ATTAINED AGE	MALE OCC. GROUP I				MALE OCC. GROUP II			
	Annual Claim Rate		Annual Claim Cost		Annual Claim Rate		Annual Claim Cost	
	1958-59	1960-61	1958-59	1960-61	1958-59	1960-61	1958-59	1960-61
	0-Day Accident							
20-29	100%	100%	115%	118%	96%	94%	111%	112%
30-39	96	94	106	116	90	87	97	96
40-49	92	90	93	105	90	94	98	107
50-59	93	89	95	100	96	93	100	105
60-69	97	105	96	113	128	115	115	129
	7-Day Sickness							
20-29	80%	75%	81%	83%	83%	68%	87%	86%
30-39	92	85	106	97	89	81	100	95
40-49	91	87	103	102	91	86	99	98
50-59	94	91	92	100	95	93	105	107
60-69	106	103	94	110	93	84	137	127

Table 10 shows ratios of 1958-59 and 1960-61 experience to experience in calendar years 1955-57 for males with 0-day accident and 7-day sickness benefits.

Except at ages 60 and over, the trend of annual claim rates has been uniformly downward. For annual claim costs, there is no definite pattern. At ages over 50, Male I claim costs dipped in 1958-59 and then rose in 1960-61, whereas Male II costs increased in each period.

Ratios of 1960-61 experience to the experience in 1955-57 indicate that claim rates have generally decreased and that the decrease is greater for 7-day sickness benefits than for 0-day accident benefits. Over the same

period claim costs have generally increased, except at ages under 40, for 7-day sickness benefits.

CONCLUSION

In interpreting the data presented in this report, one should keep in mind that the 1960-61 period studied was one of relative prosperity. The high level of employment and the high average annual income in relation to the maximum monthly income benefits in force were undoubtedly important factors in the favorable disability experience.

As mentioned above, in several cells virtually all the experience was contributed by one or a few companies. Even in the cells for which a reasonable cross-section of experience was available, variations in agency operations, marketing operations, and underwriting practices of the contributing companies may significantly affect the disability experience.