

**TRANSACTIONS OF SOCIETY OF ACTUARIES
1963 REPORTS**

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

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

THIS is the sixteenth 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. The experience of insured groups outside the United States, and of trusteeship and association cases insuring employees of the member employers, and of union cases, whether or not insurance depends on continued employment, is excluded. The data for Group Weekly Indemnity insurance exclude the experience of plans written under State Cash Sickness laws.

Data in the report for Weekly Indemnity and Employee Hospital 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 classification; tables covering these plans are headed "All Industries."

The tables in this report show the experience for all exposure size groups combined or for exposure size groups 0-7 only. The data are shown for size groups 0-7 in order to minimize the effect that jumbo groups might have upon the ratio of actual to tabular claims in any of the groupings shown. The following exposure constitutes exposure size groups 0-7:

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 or \$200 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 basis of the hospital and surgical tabular claim

factors is outlined in the 1961 report of this Committee; the weekly indemnity factors are described in the 1962 report. For purposes of measuring 1962 and later hospital experience, the 1957 Hospital Tabular claim factors have been extended to include daily benefit amounts of \$21 through \$25. These additional factors will not be published, but they may be obtained by writing the chairman of the Committee on Experience under Group Health Insurance.

Tables showing ratios of actual to tabular claims by female per cent, amount of hospital daily benefit, and amount of surgical maximum benefit have not been included in this report, since such tables would merely reconfirm what last year's tables showed, 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 there is a tendency for the ratio of actual to tabular to increase as the surgical maximum benefit increases.

The committee wishes to point out that the presentation of Group Accident and Health experience in the form of ratios of actual to tabular claims is still in the experimental state, with many factors affecting experience not reflected by the tabulars. For example, the tabulars do not contemplate a variation in experience caused by the age distribution or the geographic location of the employees. 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

Nine companies have contributed to the investigation covered in this report. 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 1957, 1958, 1959, 1960, 1961, and 1962. This year's report contains some additional experience for the year 1961, which was not available for last year's report. 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. When the various contributions are

weighted according to the period covered, the central point of the exposure submitted for each year is as shown below. Since each of the coverages centered near the same period, only one central period is shown for each year.

Year	Central Month of Period of Exposure
1957.....	September, 1956
1958.....	September, 1957
1959.....	December, 1958
1960.....	December, 1959
1961.....	December, 1960
1962.....	December, 1961

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
 Occidental Life Insurance Company of California
 Prudential Insurance Company of America
 The Travelers Insurance Company

"Instructions to Contributing Companies," used to prepare contributions for these studies, may be obtained by writing the chairman of the Committee on Experience under Group Health Insurance.

WEEKLY INDEMNITY

The basic results of the study of Weekly Indemnity insurance are presented in Table 1, which included all size groups for the three latest policy years combined. The exposure unit is one dollar of weekly benefit.

Experience is indicated in Table 2 for each of the two latest policy years for nonjumbo groups. Table 2A summarizes the ratios of actual to tabular for years 1957 through 1962 and indicates the trend of experience. The ratios shown indicate that experience has remained fairly constant over the period for all plans.

TABLE 1
 COMBINED 1960-62 POLICY YEARS' EXPERIENCE
 GROUP WEEKLY INDEMNITY INSURANCE
 WITH SIX WEEKS MATERNITY BENEFIT
 ALL SIZE GROUPS, NONRATED INDUSTRIES

Plan	Number of Experience Units	Weekly Indemnity Exposed	Actual Claims	Ratio of Actual to 1947-49 Weekly Indemnity Tabular
1-4-13.....	2,585	15,709,070	10,969,951	101%
4-4-13.....	281	1,423,350	872,377	90
1-8-13.....	9,609	46,474,020	27,369,071	94
8-8-13.....	1,271	11,746,930	7,169,810	98
Total, 13-week plans:				
All size groups.....	13,746	75,353,370	46,381,209	96%
Size groups 0-7.....	13,486	49,400,880	29,231,286	92
1-4-26.....	536	8,943,390	7,203,314	99%
4-4-26.....	87	3,410,160	3,017,132	108
1-8-26.....	3,276	45,755,780	34,826,913	103
8-8-26.....	449	22,282,700	16,947,129	107
Total, 26-week plans:				
All size groups.....	4,348	80,392,030	61,994,488	104%
Size groups 0-7.....	4,025	26,332,920	19,112,477	97
Total, all plans:				
All size groups.....	18,094	155,745,400	108,375,697	100%
Size groups 0-7.....	17,511	75,733,800	48,343,763	94

TABLE 2A
 GROUP WEEKLY INDEMNITY INSURANCE, WITH 6 WEEKS MATERNITY BENEFIT
 RATIO OF ACTUAL CLAIMS TO 1947-49 WEEKLY
 INDEMNITY TABULAR BY YEAR AND PLAN
 SIZE GROUPS 0-7 ONLY, NONRATED INDUSTRIES

Plan	1957	1958	1959	1960	1961	1962
13-week plans:						
4th day sickness.....	93%	96%	94%	96%	92%	91%
8th day sickness.....	91	90	90	92	93	91
Total.....	91%	91%	91%	93%	93%	91%
26-week plans:						
4th day sickness.....	95%	99%	99%	95%	95%	94%
8th day sickness.....	96	95	97	98	95	98
Total.....	95%	96%	97%	97%	95%	97%

TABLE 2
 GROUP WEEKLY INDEMNITY INSURANCE, WITH SIX WEEKS MATERNITY BENEFIT
 RATIO OF ACTUAL CLAIMS TO 1947-49 WEEKLY INDEMNITY TABULAR BY YEAR AND PLAN
 SIZE GROUPS 0-7 ONLY, NONRATED INDUSTRIES

Year and Plan	Number of Experience Units	Weekly Indemnity Exposed	Actual Claims	Ratio of Actual to 1947-49 Weekly Indemnity Tabular	Number of Experience Units	Weekly Indemnity Exposed	Actual Claims	Ratio of Actual to 1947-49 Weekly Indemnity Tabular
	13-Week Plans				26-Week Plans			
1961:								
4th day sickness.....	907	3,023,750	1,881,936	92%	185	1,329,110	1,014,151	95%
8th day sickness.....	3,496	13,106,420	7,710,501	93	1,158	7,527,180	5,320,915	95
Total.....	4,403	16,130,170	9,592,437	93%	1,343	8,856,290	6,335,066	95%
1962:								
4th day sickness.....	855	2,972,030	1,823,879	91%	184	1,239,550	960,255	94%
8th day sickness.....	3,212	12,139,130	7,040,956	91	1,094	7,012,460	5,124,011	98
Total.....	4,067	15,111,160	8,864,835	91%	1,278	8,252,010	6,084,266	97%

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 Tables 3 and 4 for plans grouped according to nonmaternity

TABLE 3
COMBINED 1960-62 POLICY YEARS' EXPERIENCE
EMPLOYEE GROUP HOSPITAL EXPENSE INSURANCE
ALL SIZE GROUPS, NONRATED INDUSTRIES

Plan Identification	Number of Experience Units	Daily Benefit Exposed	Actual Claims	Ratio of Actual to 1957 Hospital Tabular
31 day:				
10×.....	3,509	5,755,690	10,501,647	105%
15×.....	1,186	2,311,010	4,261,929	104
20×.....	2,750	4,550,675	9,049,451	110
20×+75% of excess.....	1,000	1,450,101	3,263,784	116
70 day:				
10×.....	583	1,034,225	2,030,528	113
15×.....	405	829,757	1,704,954	114
20×.....	2,499	4,550,613	9,486,176	115
20×+75% of excess.....	1,486	2,216,769	5,163,456	120
120 day:				
10×.....	20	47,503	90,405	115
15×.....	23	30,512	83,836	150
20×.....	192	561,305	1,141,510	115
20×+75% of excess.....	163	418,108	1,030,079	129
Total.....	13,816	23,756,268	47,807,755	111%

room-and-board duration and miscellaneous-fee benefit. The experience shown includes all size groups for the three latest policy years.

The employee and dependent experience is indicated in Table 5 for each of the two latest policy years. The 1957, 1958, and 1959 experience for Table 5 is shown in the 1961 report, and the 1960 experience is shown in the 1962 report. Table 5A summarizes the ratios of actual to tabular for years 1957 through 1962 and indicates the trend of experience. Both employee and dependent experience continue to show a substantial increase in claim cost by year of experience. Because of the age of the data and the substantial increases in claim cost 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.

The experience in Table 5A also indicates that the use of the 1957 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

TABLE 4
COMBINED 1960-62 POLICY YEARS' EXPERIENCE
DEPENDENT GROUP HOSPITAL EXPENSE INSURANCE
ALL SIZE GROUPS, ALL INDUSTRIES

Plan Identification	Number of Experience Units	Daily Benefit Exposed	Actual Claims	Ratio of Actual to 1957 Hospital Tabular
<i>With maternity benefits</i>				
31 day:				
10×.....	2,891	3,202,587	12,372,227	109%
15×.....	1,195	1,188,911	5,169,843	117
20×.....	3,224	3,254,976	14,314,427	118
20×+75% of excess.....	1,169	1,149,873	5,504,378	122
70 day:				
10×.....	479	640,324	2,374,370	105
15×.....	356	489,980	2,201,268	123
20×.....	2,867	3,250,082	14,603,496	122
20×+75% of excess.....	1,687	1,938,032	9,446,136	125
120 day:				
10×.....	20	25,519	90,963	105
15×.....	31	60,990	230,321	106
20×.....	224	284,583	1,306,034	127
20×+75% of excess.....	194	349,492	1,960,930	145
Total.....	14,337	15,835,349	69,574,393	119%
<i>No maternity benefits</i>				
31 day:				
10×.....	283	490,355	1,547,173	116%
70 day:				
10×.....	63	325,759	1,097,684	126
Total.....	346	816,114	2,644,857	120%

NOTE: Dependent maternity benefits are subject to a 9 months' waiting period.

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 results of inflation, the average miscellaneous benefit assumed by the tabular, an increased

TABLE 5
EMPLOYEE AND DEPENDENT HOSPITAL EXPERIENCE
RATIO OF ACTUAL CLAIMS TO 1957 HOSPITAL TABULAR BY YEAR AND PLAN
SIZE GROUPS 0-7 ONLY, EMPLOYEE-RATED INDUSTRIES EXCLUDED

Policy Year and Duration	Number of Experience Units	Daily Benefit Exposed	Actual Claims	Ratio of Actual to 1957 Hospital Tabular	Number of Experience Units	Daily Benefit Exposed	Actual Claims	Ratio of Actual to 1957 Hospital Tabular
	All 10× Plans				All 20× Plans			
<i>Employee</i>								
1961:								
31 day.....	1,131	1,288,628	2,329,731	105%	894	1,136,313	2,297,201	112%
70 day.....	183	238,312	470,765	114	836	970,641	2,002,052	113
120 day.....	7	16,024	29,385	112	63	114,456	223,881	111
Total.....	1,321	1,542,964	2,829,881	106%	1,793	2,221,410	4,523,134	112%
1962:								
31 day.....	972	1,185,719	2,165,533	106%	869	1,180,807	2,381,220	113%
70 day.....	166	177,613	332,904	112	845	1,035,976	2,201,373	117
120 day.....	6	15,781	30,298	117	60	100,799	194,350	110
Total.....	1,144	1,379,113	2,528,735	107%	1,774	2,317,582	4,776,943	115%
	All 15× Plans				All 20×+75% of Excess Plans			
1961:								
31 day.....	394	494,913	927,969	106%	348	435,411	1,002,294	120%
70 day.....	125	190,671	344,850	101	516	677,560	1,524,285	115
120 day.....	7	8,658	27,610	170	52	102,533	267,782	140
Total.....	526	694,242	1,300,429	106%	916	1,215,504	2,794,361	119%
1962:								
31 day.....	337	430,989	853,549	112%	301	428,809	1,020,652	123%
70 day.....	122	184,166	330,805	102	485	630,925	1,507,369	125
120 day.....	8	10,110	23,969	129	53	101,479	235,241	122
Total.....	467	625,265	1,208,323	109%	839	1,161,213	2,763,262	124%

TABLE 5—Continued

Policy Year and Duration	Number of Experience Units	Daily Benefit Exposed	Actual Claims	Ratio of Actual to 1957 Hospital Tabular	Number of Experience Units	Daily Benefit Exposed	Actual Claims	Ratio of Actual to 1957 Hospital Tabular
	All 10× Plans				All 20× Plans			
<i>Dependent</i>								
1961:								
31 day.....	1,025	879,357	3,391,774	109%	1,034	916,009	4,058,801	119%
70 day.....	177	194,637	715,496	106	932	811,634	3,684,607	124
120 day.....	7	8,428	32,434	113	66	61,948	284,835	126
Total.....	1,209	1,082,422	4,139,704	109%	2,032	1,789,591	8,028,243	121%
1962:								
31 day.....	883	824,612	3,219,473	113%	1,061	1,002,922	4,585,526	125%
70 day.....	165	158,413	565,436	105	1,063	887,237	4,156,579	129
120 day.....	7	12,121	45,668	113	99	87,191	384,854	124
Total.....	1,055	995,146	3,830,577	112%	2,223	1,977,350	9,126,959	127%
	All 15× Plans				All 20×+75% of Excess Plans			
1961:								
31 day.....	401	357,777	1,533,385	115%	428	377,389	1,823,791	123%
70 day.....	110	134,892	599,561	121	581	536,695	2,742,237	130
120 day.....	10	19,162	65,167	94	61	100,767	560,605	142
Total.....	521	511,831	2,198,113	116%	1,070	1,014,851	5,126,633	129%
1962:								
31 day.....	350	322,265	1,427,882	121%	368	361,493	1,723,403	123%
70 day.....	125	136,877	599,691	122	602	515,154	2,608,252	132
120 day.....	8	6,771	36,232	152	77	94,184	486,603	135
Total.....	483	465,913	2,063,805	122%	1,047	970,831	4,818,258	129%

frequency of claim under plans with larger miscellaneous benefits, or to other factors.

The annual increases in the ratio of actual to tabular indicated by Table 5A are based on the experience (except for a small amount of dependent experience) of plans that contain maternity benefits. No breakdown between maternity and nonmaternity experience is directly available from the annual study.

TABLE 5A
EMPLOYEE AND DEPENDENT HOSPITAL EXPERIENCE
RATIO OF ACTUAL CLAIMS TO 1957 HOSPITAL
TABULAR BY YEAR AND PLAN
SIZE GROUPS 0-7 ONLY, EMPLOYEE-RATED INDUSTRIES EXCLUDED

Policy Year	All 10× Plans	All 15× Plans	All 20× Plans	All 20×+75% of Excess Plans
<i>Employee</i>				
1957.....	90%	.....	94%	.....
1958.....	95	.....	99	.....
1959.....	102	.....	108	.....
1960.....	104	107%	111	116%
1961.....	106	106	112	119
1962.....	107	109	115	124
<i>Dependent</i>				
1957.....	94	.....	102	.....
1958.....	94	.....	107	.....
1959.....	104	.....	116	.....
1960.....	106	113	116	122
1961.....	109	116	121	129
1962.....	112	122	127	129

Table 6 shows the results of an analysis of combined employee and dependent experience by state for the three latest policy years combined. The experience is presented for all exposure size groups combined and for exposure size groups 0-7 only. 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 Tabulars to produce reasonably accurate miscellaneous-fee claims costs, it is necessary that the amount of

TABLE 6
EMPLOYEE AND DEPENDENT 1960-62 POLICY YEARS' EXPERIENCE
ANALYSIS OF HOSPITAL EXPERIENCE BY STATE
EMPLOYEE-RATED INDUSTRIES EXCLUDED

LOCATION CODE	STATE OR REGION	SIZE GROUPS 0-7			RATIO OF ACTUAL TO 1957 HOSPITAL TABULAR	
		Number of Experience Units	Daily Benefit Exposed	Actual Claims	Size Groups 0-7	All Size Groups
20.....	Region	39	53,033	121,146	97%	97%
21.....	Connecticut	640	953,896	2,687,013	112	112
22.....	Maine	171	232,244	716,590	119	94
23.....	Massachusetts	1,366	1,669,931	4,439,484	109	109
24.....	New Hampshire	182	305,856	706,343	97	96
25.....	Rhode Island	31	50,359	163,370	115	115
26.....	Vermont	136	184,152	446,439	105	105
	Total	2,565	3,449,471	9,280,385	109%	107%
30.....	Region	33	39,044	114,499	110%	110%
31.....	Delaware	14	31,250	106,161	136	136
32.....	Dist. Columbia	84	108,121	288,998	117	117
33.....	New Jersey	718	647,701	1,523,594	96	96
34.....	New York	2,053	2,095,553	5,222,859	103	107
35.....	Pennsylvania	2,563	2,762,498	7,732,170	110	112
	Total	5,465	5,684,167	14,988,281	106%	108%
40.....	Region	172	227,685	738,830	119%	117%
41.....	Illinois	2,337	2,500,866	7,615,711	112	110
42.....	Indiana	1,376	1,621,697	4,723,762	110	109
43.....	Kentucky	212	171,944	498,759	116	124
44.....	Michigan	1,496	1,729,108	5,764,989	131	129
45.....	Ohio	1,726	2,407,660	7,448,841	118	117
46.....	Wisconsin	667	806,887	2,785,066	127	123
47.....	West Virginia	364	323,510	1,093,604	119	119
	Total	8,350	9,789,357	30,669,562	118%	117%
50.....	Region	38	43,016	166,856	135%	135%
51.....	Iowa	484	385,365	1,462,041	129	129
52.....	Kansas	375	305,220	1,089,609	129	138
53.....	Minnesota	291	216,390	818,385	129	123
54.....	Missouri	734	632,555	2,173,488	119	123
55.....	Nebraska	277	251,084	810,659	120	120
56.....	North Dakota	34	25,547	104,216	152	152
57.....	South Dakota	49	17,751	74,857	138	138
	Total	2,282	1,876,928	6,700,111	125%	127%
60.....	Region	11	7,850	22,861	130%*	130%*
61.....	Colorado	106	93,476	298,959	129	126
62.....	Idaho	69	67,688	218,696	110	109
63.....	Montana	18	19,507	71,853	139	139
64.....	Nevada	16	21,783	72,684	132	132
65.....	Utah	69	84,672	193,266	96	95
66.....	Wyoming	15	9,003	31,519	121*	121*
	Total	304	303,979	909,838	116%	114%

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

TABLE 6—Continued

LOCATION CODE	STATE OR REGION	SIZE GROUPS 0-7			RATIO OF ACTUAL TO 1957 HOSPITAL TABULAR	
		Number of Expe- rience Units	Daily Benefit Exposed	Actual Claims	Size Groups 0-7	All Size Groups
70.....	Region	11	19,829	62,164	111%	111%
71.....	California	426	456,110	1,436,923	115	117
72.....	Oregon	86	47,266	116,824	99	99
73.....	Washington	96	106,945	303,764	99	96
	Total	619	630,150	1,919,675	111%	113%
80.....	Region	73	63,314	254,835	143%	143%
81.....	Arizona	143	144,017	545,613	139	127
82.....	Arkansas	374	304,150	1,033,635	120	120
83.....	Louisiana	497	315,301	1,282,720	143	143
84.....	New Mexico	65	47,476	177,926	122	122
85.....	Oklahoma	286	194,354	745,205	127	126
86.....	Texas	1,397	1,286,602	4,725,615	130	132
	Total	2,835	2,355,214	8,765,549	131%	131%
90.....	Region	129	221,887	695,235	108%	108%
91.....	Alabama	203	162,141	615,976	141	141
92.....	Florida	619	622,043	2,006,117	119	122
93.....	Georgia	832	836,216	2,651,050	119	119
94.....	Maryland	471	506,092	1,400,330	105	104
95.....	Mississippi	195	117,870	444,263	131	131
96.....	North Carolina	965	826,100	2,632,237	117	122
97.....	South Carolina	239	208,930	653,530	119	119
98.....	Tennessee	442	416,174	1,416,611	126	128
99.....	Virginia	836	706,929	2,087,880	116	112
	Total	4,931	4,624,382	14,603,229	118%	118%
01.....	Hawaii	16	31,495	110,233	93%	96%
02.....	Alaska	19	29,519	54,483	90	90
	Total, all loca- tions above	27,386	28,774,662	88,001,346	116%	116%
	All other†	656	1,419,038	4,626,488	115%	116%
	Total, all loca- tions	28,042	30,193,700	92,627,834	116%	116%

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

daily benefit provided be reasonably related to the level of hospital room-and-board charges. The area variations in experience shown in Table 6 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 6 is due to the frequency of hospital confinement.

TABLE 7
COMBINED 1960-62 POLICY YEARS' EXPERIENCE
EMPLOYEE AND DEPENDENT GROUP SURGICAL EXPENSE INSURANCE
ALL SIZE GROUPS, ALL INDUSTRIES

Plan Identification	Number of Experience Units	Maximum Indemnity Exposed per \$150 or \$200 Basic Unit	Actual Claims	Ratio of Actual to 1957 Surgical Tabular
<i>Employee</i>				
With obstetrical benefits				
\$150 schedule	5,240	1,475,888	6,559,925	111%
\$200 schedule	19,241	5,234,496	30,821,735	110
Total	24,481	6,710,384	37,381,660	110%
<i>Dependent</i>				
With obstetrical benefits				
\$150 schedule	3,089	695,560	8,975,430	104%
\$200 schedule	18,666	3,114,123	49,792,675	106
Total	21,755	3,809,683	58,768,105	106%
No obstetrical benefits				
\$150 schedule	386	99,134	964,151	127%
\$200 schedule	3,364	499,423	6,545,959	128
Total	3,750	598,557	7,510,110	128%

NOTE: Dependent obstetrical benefits are subject to a 9 months' waiting period.

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.

The results of the area analysis can be presented only as a composite experience of groups having various industry classifications, 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.

TABLE 8

EMPLOYEE AND DEPENDENT SURGICAL EXPERIENCE
RATIO OF ACTUAL CLAIMS TO 1957 SURGICAL TABULAR BY PLAN AND YEAR
SIZE GROUPS 0-7 ONLY, ALL INDUSTRIES

POLICY YEAR	\$150 SCHEDULE				\$200 SCHEDULE			
	Number of Ex- perience Units	Maximum Indemnity Exposed per \$150 Basic Unit	Actual Claims	Ratio of Actual to 1957 Sur- gical Tabular	Number of Ex- perience Units	Maximum Indemnity Exposed per \$200 Basic Unit	Actual Claims	Ratio of Actual to 1957 Sur- gical Tabular
Employee, with Obstetrical Benefits								
1957...	3,466	634,950	2,657,390	101%	7,832	1,372,404	7,395,977	100%
1958...	2,358	422,219	1,786,986	103	6,127	1,006,267	5,620,354	103
1959...	2,137	389,772	1,732,522	109	6,621	1,147,791	6,667,432	107
1960...	2,090	402,255	1,781,763	109	7,125	1,305,363	7,459,059	106
1961...	1,691	326,005	1,402,202	106	6,361	1,153,320	6,643,355	107
1962...	1,343	245,771	1,085,844	105	5,394	984,546	5,751,835	108
Dependent, with Obstetrical Benefits								
1957...	1,937	264,337	3,282,214	100%	6,880	898,244	13,413,743	99%
1958...	1,335	191,401	2,350,427	99	5,188	609,919	9,301,983	102
1959...	1,207	179,727	2,316,635	104	5,833	716,638	11,205,245	104
1960...	1,248	203,616	2,535,782	100	6,863	871,639	13,575,316	104
1961...	1,010	164,906	2,074,437	101	6,160	95,890	12,782,800	107
1962...	791	117,641	1,469,161	100	5,484	689,386	11,032,387	107
Dependent, No Obstetrical Benefits								
1957...	270	40,630	335,249	108%	1,037	127,180	1,534,456	118%
1958...	151	20,865	171,911	107	722	69,196	843,423	119
1959...	134	24,675	196,981	104	803	86,135	1,093,695	124
1960...	141	25,015	236,412	123	1,166	118,881	1,420,012	116
1961...	130	25,666	239,373	122	1,151	127,841	1,618,242	123
1962...	107	20,060	190,580	124	1,016	111,191	1,471,915	129

TABLE 9
 EMPLOYEE AND DEPENDENT 1960-62 POLICY YEARS' EXPERIENCE
 ANALYSIS OF SURGICAL EXPERIENCE BY STATE
 ALL INDUSTRIES

LOCATION CODE	STATE OR REGION	SIZE GROUPS 0-7			RATIO OF ACTUAL TO 1957 SURGICAL TABULAR	
		Number of Experience Units	Maximum Surgical Indemnity Exposed	Actual Claims	Size Groups 0-7	All Size Groups
20.....	Region	70	13,564	99,783	93%	93%
21.....	Connecticut	1,081	246,497	2,236,481	99	100
22.....	Maine	232	38,942	339,203	106	106
23.....	Massachusetts	1,977	329,866	2,890,775	101	104
24.....	New Hampshire	231	61,668	488,250	95	95
25.....	Rhode Island	99	16,920	115,560	96	96
26.....	Vermont	210	53,562	278,542	104	104
	Total	3,900	741,019	6,448,594	100%	102%
30.....	Region	55	16,579	146,930	92%	94%
31.....	Delaware	20	2,629	23,324	106*	106*
32.....	Dist. Columbia	170	25,613	206,960	100	99
33.....	New Jersey	1,042	120,573	955,986	92	97
34.....	New York	3,424	498,018	4,039,735	96	101
35.....	Pennsylvania	4,053	636,490	5,682,860	103	104
	Total	8,764	1,299,902	11,055,795	99%	102%
40.....	Region	312	67,372	745,818	114%	114%
41.....	Illinois	4,532	734,798	6,044,826	94	98
42.....	Indiana	2,050	320,425	3,092,040	109	108
43.....	Kentucky	348	37,463	335,093	107	107
44.....	Michigan	2,603	404,010	4,297,916	117	118
45.....	Ohio	3,220	642,383	6,079,605	105	108
46.....	Wisconsin	1,004	181,558	2,001,981	113	116
47.....	West Virginia	565	61,928	528,134	103	103
	Total	14,634	2,449,937	23,125,413	105%	107%
50.....	Region	61	20,190	218,789	117%	117%
51.....	Iowa	897	112,066	1,158,928	115	115
52.....	Kansas	626	86,373	898,109	110	115
53.....	Minnesota	665	95,149	1,279,120	125	125
54.....	Missouri	1,128	173,654	1,607,184	99	101
55.....	Nebraska	407	45,406	453,740	110	110
56.....	North Dakota	110	9,858	85,869	101	101
57.....	South Dakota	127	11,135	117,187	103	103
	Total	4,021	553,831	5,818,926	110%	111%

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

TABLE 9—Continued

LOCATION CODE	STATE OR REGION	SIZE GROUPS 0-7			RATIO OF ACTUAL TO 1957 SURGICAL TABULAR	
		Number of Experience Units	Maximum Surgical Indemnity Exposed	Actual Claims	Size Groups 0-7	All Size Groups
60.....	Region	10	724	8,379	144%*	144%*
61.....	Colorado	197	30,816	333,711	117	119
62.....	Idaho	114	18,953	184,835	110	110
63.....	Montana	67	11,979	129,988	117	117
64.....	Nevada	82	15,075	145,819	105	105
65.....	Utah	189	30,146	349,440	125	125
66.....	Wyoming	27	2,275	25,207	111*	111*
	Total	686	109,968	1,177,379	116%	117%
70.....	Region	29	6,314	66,102	115%	115%
71.....	California	3,490	459,672	4,893,808	122	125
72.....	Oregon	216	28,860	318,035	119	120
73.....	Washington	219	34,522	360,064	115	112
	Total	3,954	529,368	5,638,009	121%	124%
80.....	Region	84	10,016	97,131	107%	107%
81.....	Arizona	271	36,863	413,560	126	142
82.....	Arkansas	510	63,993	625,663	112	110
83.....	Louisiana	864	91,989	972,022	121	122
84.....	New Mexico	139	19,920	229,428	115	109
85.....	Oklahoma	594	66,907	763,003	126	126
86.....	Texas	2,870	391,306	3,941,627	118	119
	Total	5,332	680,994	7,042,434	119%	120%
90.....	Region	123	26,923	233,630	91%	101%
91.....	Alabama	309	56,915	525,784	109	110
92.....	Florida	1,088	137,307	1,376,438	113	114
93.....	Georgia	968	126,492	1,129,151	106	107
94.....	Maryland	745	117,313	1,000,591	100	101
95.....	Mississippi	380	37,203	371,937	107	107
96.....	North Carolina	1,211	134,895	1,246,638	104	105
97.....	South Carolina	360	50,124	452,604	113	113
98.....	Tennessee	317	52,574	486,570	115	115
99.....	Virginia	1,219	125,863	1,038,645	99	106
	Total	6,720	865,609	7,861,988	106%	107%
01.....	Hawaii	28	5,936	80,681	107%	123%
02.....	Alaska	41	3,520	31,761	111*	111*
	Total, all locations above	48,080	7,240,084	68,280,980	107%	108%
	All other†	1,190	448,861	4,489,083	106%	112%
	Total, all locations	49,270	7,688,945	72,770,063	107%	109%

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

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

SURGICAL

The basic results of the study of Surgical Expense insurance are presented in Table 7 for the three latest policy years combined. The results appear to indicate that dependent plans with no obstetrical benefits have a nonmaternity claim level considerably higher than plans that provide obstetrical benefits. This difference may be due to the age of the group or other factors not measured by the tabular.

The trend of experience for employee and dependent experience is indicated in Table 8 for each of the six latest policy years. Employee and dependent experience is virtually unchanged since 1961, except for an indicated increase in the claim cost of dependent plans with no obstetrical benefits.

Table 9 contains an analysis of surgical experience by state corresponding to Table 6 for hospital experience. Some of the warnings given with respect to the interpretation of the 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 cost 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 variation in claim frequencies, since nearly all claim payments are for the maximum amount allowed for 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.