

TRANSACTIONS OF SOCIETY OF ACTUARIES 1976 REPORTS

II. GROUP LONG-TERM DISABILITY INSURANCE

ATTENTION is directed to the following changes and additions that have been made in this year's report: The format of Tables 5-10 in the "Analysis of Rates of Disablement" section has been revised. A "Number of Claims" column has been added to the "Table 1 Experience—All Units" portion of each table. Tables D-1E and D-2E, which show ratios of actual to expected claim terminations for all ages combined by year of disability on plans having a six-month and a three-month elimination period, respectively, have been added to the "Analysis of Rates of Termination" section.

The experience included in this report is predominantly that of employer-employee groups located in the United States and is largely for plans that appear not to have been the result of bargaining. Groups which a contributing company considers atypical or classifies as sub-standard because of industry hazards are excluded. Plans selected for the study provide occupational as well as nonoccupational coverage, but with benefits integrated with workmen's compensation. Virtually all the cases contributed also provide that gross monthly benefits be integrated with some or all of any social security benefits and frequently with other benefits payable as a result of the disability. Benefits are payable only on claims incurred prior to age 65 and generally cease at age 65.

The Committee recommends that care be used in the interpretation of the results and in their application on other than a broad basis, since a considerable volume of exposure shown in the tables could not be coded with respect to certain characteristics that may influence the level of rate of disablement or termination. The experience may not be representative of any particular group or plan.

The early experience years of the studies cover a period relatively free from severe economic disturbances. Experience of at least two of the more recent years (1970 and 1971), however, overlaps a period of economic recession.

CONTRIBUTING COMPANIES

Thirteen companies have contributed experience for the investigation covered in this report. The results are the composite experience of variations in company practices and administration and claim procedures, as well as variations in experience among groups.

Aetna Life and Casualty Company
Bankers Life Company

Connecticut General Life Insurance Company
 Continental Assurance Company
 Continental Casualty Company
 Equitable Life Assurance Society
 John Hancock Mutual Life Insurance Company
 Metropolitan Life Insurance Company
 New England Mutual Life Insurance Company
 New York Life Insurance Company
 Provident Life & Accident Insurance Company
 Prudential Insurance Company of America
 Sun Life Assurance Company of Canada

ANALYSIS OF RATES OF DISABLEMENT

Many of the tables appearing in this section, specifically Tables 1B, 1C, 4-10, and I, include a column that shows the "number of experience units." A unit of experience represents the experience of a single group for one calendar year. For an experience cell that covers more than one calendar year of experience, a group would be included in the count of the number of experience units for the total number of separate calendar years for which experience was submitted. Furthermore, where the number of experience units in a cell is relatively small and no distinction is made by size, the experience for that cell could be influenced by the experience of but a few groups and, as such, may not be representative of all units in that cell.

Table 1 is based on the experience of all size groups for plans with a six-month elimination period. Crude rates of disablement based on number of lives are shown by sex and age group for the period 1970-74. Table 1A shows the experience of nonjumbo size units only, defined as groups with less than 5,000 lives insured. Experience of the calendar year of issue is excluded from both tables. About 22 percent of the exposure contributed could not be separated by sex. The first part of each of these two tables summarizes the experience for male, female, and sex-unknown exposure combined. The experience for which exposure was sex-coded is presented in the bottom two sections of each table.

It should be noted that the exposure and claim data shown in Table 1, and therefore in Tables 1B, 1C, 5-10, and I, relative to plans having a six-month elimination period have decreased. This reduction was caused mainly by a temporary reduction in the submission of one of the contributing companies. It is anticipated, however, that future submissions will be at a level comparable to prior years.

Tables 2 and 3 are similar to Table 1 but are based on the experience

TABLE 1
 GROUP LONG-TERM DISABILITY INSURANCE
 CRUDE RATES OF DISABLEMENT
 PER 1,000 LIVES EXPOSED
 (Six-Month Elimination Period; Calendar
 Year of Issue Excluded)
 Calendar Years of Experience 1970-74
 ALL EXPERIENCE UNITS COMBINED

Attained Age	Life Years Exposed	Number of Claims	Rate of Disablement per 1,000 Lives
All Experience: Males, Females and Sex Unknown			
Under 40	1,578,150	1,466	0.93
40-44	399,669	824	2.06
45-49	397,614	1,381	3.47
50-54	338,300	2,044	6.04
55-59	259,989	2,753	10.59
60-64	170,005	2,394	14.08
All ages	3,143,727	10,862	3.46
Male Experience Only			
Under 40	841,639	734	0.87
40-44	233,940	398	1.70
45-49	229,443	741	3.23
50-54	195,846	1,201	6.13
55-59	153,581	1,738	11.32
60-64	101,408	1,587	15.65
All ages	1,755,857	6,399	3.64
Female Experience Only			
Under 40	381,404	405	1.06
40-44	72,080	249	3.45
45-49	80,734	337	4.17
50-54	73,072	445	6.09
55-59	54,307	485	8.93
60-64	36,508	351	9.61
All ages	698,105	2,272	3.25

TABLE 1A
 GROUP LONG-TERM DISABILITY INSURANCE
 CRUDE RATES OF DISABLEMENT
 PER 1,000 LIVES EXPOSED
 (Six-Month Elimination Period; Calendar
 Year of Issue Excluded)
 Calendar Years of Experience 1970-74
 NONJUMBO EXPERIENCE UNITS ONLY

Attained Age	Life Years Exposed	Number of Claims	Rate of Disablement per 1,000 Lives
All Experience: Males, Females, and Sex Unknown			
Under 40	1,150,105	1,056	0.92
40-44	286,420	604	2.11
45-49	286,957	963	3.36
50-54	246,889	1,407	5.70
55-59	190,550	1,898	9.96
60-64	122,494	1,694	13.83
All ages	2,283,415	7,622	3.34
Male Experience Only			
Under 40	600,078	523	0.87
40-44	159,167	287	1.80
45-49	157,416	488	3.10
50-54	135,563	778	5.74
55-59	105,598	1,138	10.78
60-64	69,546	1,053	15.14
All ages	1,227,368	4,267	3.48
Female Experience Only			
Under 40	254,240	258	1.01
40-44	50,605	169	3.34
45-49	57,885	220	3.80
50-54	53,945	295	5.47
55-59	40,533	330	8.14
60-64	24,783	262	10.57
All ages	481,991	1,534	3.18

of plans with a three-month and a twelve-month elimination period, respectively.

Attention is called to the small number of claims underlying the disablement rate for some of the sex-age cells, especially for the three- and twelve-month plans.

The experience is based largely on a "his own occupation" definition of disability generally during the first two years following disablement. For plans with either a three- or a six-month elimination period, however, about 3 percent of the experience is based on an "any occupation" definition for the full period of disability. For twelve-month plans, approximately 11 percent of the experience uses the "any occupation" definition.

Claims were reported and included in rates of disablement, even though, because of the existence of social security or other disability income under plans with an offset provision, no benefit may have been payable.

For the six-month plans, accidents accounted for approximately 9 percent of the claims coded for a known cause of disablement. The corresponding figures for the three-month and twelve-month plans were 16 percent and 8 percent, respectively.

Table 1B analyzes by underlying calendar year of experience the crude rates of disablement from Tables 1 and 1A, respectively, for all ages and for males, females, and sex-unknown exposures combined. Some portion of the variation in the overall disablement rate from year to year is the result of changes in the distributions of exposed to risk by age groups.

If past reporting lag is any indication of the extent of claim under-reporting, then the figures in Table 1B of claims reported as incurred for the most recent calendar year, 1974, may be understated. In particular, when the underlying data are adjusted for the addition of a new company's experience in last year's report and the decrease in the contribution of another company in the current report, the number of claims reported as incurred in 1973 included in the current report increased approximately 5 percent from that shown in last year's report.

Table 1B also shows ratios of actual claims to tabular claims. Tabular claims for each year were derived by applying to the actual exposures for each age group the corresponding age-disablement rates based on the experience of nonjumbo size groups for males, females, and sex unknown combined from Table 1A. The tabulars adjust only for age. No adjustment is made for the different proportions of males and females, if any, or for any other factors which might influence disablement rates.

Table 1B also gives some indication of the adverse impact of the 1970-71 recession on disablement rates. The ratios of actual to tabular for the years 1970 and 1971 are significantly higher than the levels for

years prior thereto. Table 1B also indicates that the effect of the recession was limited and that disablement rates in 1972, 1973, and 1974 appear to have retreated to prerecession levels.

Table 1C subdivides the Table 1 experience for all ages and for males, females, and sex-unknown exposures combined, by size of experience

TABLE 1B
GROUP LONG-TERM DISABILITY INSURANCE
ANALYSIS OF RATES OF DISABLEMENT
BY CALENDAR YEAR OF INCURRAL

(Six-Month Elimination Period; Calendar Year of Issue Excluded; All Ages;
Males, Females, and Sex Unknown Combined)
Calendar Years of Experience 1962-74

CALENDAR YEAR OF INCURRAL	NUMBER OF EXPERIENCE UNITS	LIFE YEARS EXPOSED	NUMBER OF CLAIMS			RATE OF DISAEMENT PER 1,000 LIVES	RATIO OF ACTUAL CLAIMS TO TABULAR CLAIMS*
			Accident	Sickness	Total (Incl. Unknown)		
All Experience Units Combined							
1962-64	261	181,374	22	339	500	2.76	92%
1965-69	3,815	1,581,281	344	3,291	4,361	2.76	88%
1970	1,477	526,114	181	1,578	2,003	3.81	116%
1971	1,690	530,492	209	1,923	2,150	4.05	121
1972	2,255	629,042	209	1,966	2,183	3.47	103
1973	2,193	728,398	231	2,185	2,417	3.32	99
1974	2,122	729,681	161	1,939	2,109	2.89	87
1970-74	9,737	3,143,727	991	9,591	10,862	3.46	103%
Nonjumbo Experience Units Only							
1962-64	253	67,666	4	105	132	1.95	64%
1965-69	3,758	984,054	221	1,941	2,708	2.75	83%
1970	1,458	366,912	111	913	1,229	3.35	100%
1971	1,677	420,338	180	1,415	1,604	3.82	114
1972	2,237	457,861	158	1,340	1,505	3.29	97
1973	2,169	502,490	166	1,520	1,687	3.36	101
1974	2,102	535,814	120	1,468	1,597	2.98	90
1970-74	9,643	2,283,415	735	6,656	7,622	3.34	100%

* Tabular claims were calculated by applying to the actual age-group exposures the crude rates of disablement shown in Table 1A for males, females, and sex unknown combined.

TABLE 1C
GROUP LONG-TERM DISABILITY INSURANCE
RATES OF DISABLEMENT AND RATIOS OF ACTUAL CLAIMS TO TABULAR CLAIMS, BY SIZE OF EXPERIENCE UNIT EXPOSED
(Six-Month Elimination Period; Calendar Year of Issue Excluded; All Ages; Males, Females, and Sex Unknown Combined)
Calendar Years of Experience 1970-74
ALL EXPERIENCE UNITS COMBINED

SIZE OF UNIT	NUMBER OF EXPERIENCE UNITS	LIFE YEARS EXPOSED	NUMBER OF CLAIMS	RATE OF DISABLEMENT PER 1,000 LIVES	AVERAGE A/T RATIO*	NUMBER OF EXPERIENCE UNITS BY RATIO OF ACTUAL TO TABULAR CLAIMS*							
						0%	1-50%	50-75%	75-100%	100-150%	150-200%	200-500%	500% or More
Under 25 lives	1,579	20,457	54	2.64	78%	1,534	0	0	0	0	0	0	45
25-49	1,896	69,811	224	3.21	87	1,710	0	0	0	0	0	39	147
50-99	2,262	159,363	519	3.26	93	1,853	0	0	0	0	3	262	144
100-249	2,053	317,782	1,104	3.47	102	1,360	0	1	11	116	127	369	69
250-499	829	289,110	911	3.15	92	372	11	73	81	99	70	108	15
500-999	505	349,018	1,099	3.15	96	140	61	67	52	67	52	60	6
1,000-2,499	388	624,544	2,118	3.39	106	55	62	64	45	65	43	52	2
2,500-4,999	131	453,330	1,593	3.51	105	7	26	17	19	33	16	13	0
Under 5,000	9,643	2,283,415	7,622	3.34	100%	7,031	160	222	208	380	311	903	428
5,000 or more..	94	860,312	3,240	3.77	113%	3	18	7	14	28	16	8	0
Total	9,737	3,143,727	10,862	3.46	103%	7,034	178	229	222	408	327	911	428

* Tabular claims were calculated by applying to actual age-group exposures the crude rates of disablement shown in Table 1A for males, females, and sex unknown combined.

unit. Note that experience units of less than 100 lives accounted for over 59 percent of the total number of units. This explains the large number of units (over 72 percent of the total) that experienced no claims. This table also includes a dispersion-type analysis of ratios of actual claims to tabular claims. As in Table 1B, the tabulars adjust only for age. Because the experience is not adjusted for sex or for other characteristics that might have a measurable impact on the rate of disablement, such as differences among contributing companies in underwriting and claim administration practices, the extent to which employers use the long-term disability plan as an early retirement vehicle, the proportions of salaried and hourly, the extent of employer financial participation, the type of industry, the relationship to take-home pay of the amount of benefit payable under the plan, and so on, caution should be used in interpreting the results.

Table 4 shows exposures, claims, and rates of disablement by size of group for plans with either a three- or a twelve-month elimination period. Tabulars used for each elimination period in this table are based on the combined experience of all size groups.

The respective experiences underlying Tables 1 and 1A have been analyzed by employee class, industry, contributory status, and plan provisions with respect to preexisting conditions, rehabilitation, and indirect integration (whereby the long-term disability benefit may be reduced when the total income from all specified sources, including the long-term disability benefit, exceeds a specified percentage of salary). The respective results are displayed in Tables 5–10.

In examining Tables 5–10, it should be noted that many of the variables analyzed may be interrelated. This is especially true in Table 6, where the results shown in the various cells may be heavily influenced by the level of hourly versus salaried employees.

The portion of the Table 5 experience under units with at least a 75 percent salaried employees composition, the majority of whom were not executives (i.e., Code 2), was further analyzed to investigate the effect that such variables as (a) the relationship between the long-term disability benefit (before integration with other income sources) and salary at time of disablement, (b) the plan's integration provision, and (c) the extent to which a disability income is provided under employer-sponsored plans prior to qualification for long-term disability benefits appear to exert on disablement rates. The several classifications are somewhat broad. The various parameters may not be mutually exclusive. The respective sub-analyses are shown in Table 5A, separately for nonjumbo and for all experience units. It should be noted that the tabulars and the actual-to-

TABLE 2
 GROUP LONG-TERM DISABILITY INSURANCE
 CRUDE RATES OF DISABLEMENT
 PER 1,000 LIVES EXPOSED
 (Three-Month Elimination Period; Calendar
 Year of Issue Excluded)
 Calendar Years of Experience 1970-74
 ALL EXPERIENCE UNITS COMBINED

Attained Age	Life Years Exposed	Number of Claims	Rate of Disablement per 1,000 Lives
All Experience: Males, Females and Sex Unknown			
Under 40	428,159	856	2.00
40-44	97,792	381	3.90
45-49	92,713	587	6.33
50-54	77,496	733	9.46
55-59	58,637	857	14.62
60-64	36,913	748	20.26
All ages	791,710	4,162	5.26
Male Experience Only			
Under 40	203,401	393	1.93
40-44	50,043	187	3.74
45-49	45,665	257	5.63
50-54	38,335	371	9.68
55-59	30,007	492	16.40
60-64	19,327	435	22.51
All ages	386,778	2,135	5.52
Female Experience Only			
Under 40	82,827	190	2.29
40-44	14,980	94	6.28
45-49	15,728	130	8.27
50-54	14,239	130	9.13
55-59	10,274	120	11.68
60-64	6,606	94	14.23
All ages	144,654	758	5.24

TABLE 3
 GROUP LONG-TERM DISABILITY INSURANCE
 CRUDE RATES OF DISABLEMENT
 PER 1,000 LIVES EXPOSED
 (Twelve-Month Elimination Period; Calendar
 Year of Issue Excluded)
 Calendar Years of Experience 1970-74
 ALL EXPERIENCE UNITS COMBINED

Attained Age	Life Years Exposed	Number of Claims	Rate of Disablement per 1,000 Lives
All Experience: Males, Females, and Sex Unknown			
Under 40	133,104	64	0.48
40-44	30,091	50	1.66
45-49	32,287	91	2.82
50-54	28,906	150	5.19
55-59	23,207	200	8.62
60-64	12,844	100	7.79
All ages	260,439	655	2.51
Male Experience Only			
Under 40	72,475	29	0.40
40-44	17,197	21	1.22
45-49	18,477	43	2.33
50-54	16,319	64	3.92
55-59	13,488	99	7.34
60-64	8,125	65	8.00
All ages	146,081	321	2.20
Female Experience Only			
Under 40	20,604	16	0.78
40-44	4,632	7	1.51
45-49	5,821	15	2.58
50-54	6,151	39	6.34
55-59	5,412	39	7.21
60-64	2,305	5	2.17
All ages	44,925	121	2.69

TABLE 4
GROUP LONG-TERM DISABILITY INSURANCE
ANALYSIS OF RATES OF DISABLEMENT BY SIZE OF EXPERIENCE UNIT EXPOSED
 (Calendar Year of Issue Excluded; All Ages; Males, Females, and Sex Unknown Combined)
 Calendar Years of Experience 1970-74
ALL EXPERIENCE UNITS COMBINED

SIZE OF UNIT	THREE-MONTH ELIMINATION PERIOD PLANS					TWELVE-MONTH ELIMINATION PERIOD PLANS				
	Number of Experience Units	Life Years Exposed	Number of Claims	Rate of Disablement per 1,000 Lives	Ratio of Actual Claims to Tabular Claims*	Number of Experience Units	Life Years Exposed	Number of Claims	Rate of Disablement per 1,000 Lives	Ratio of Actual Claims to Tabular Claims†
Under 25 lives . . .	1,810	22,460	123	5.48	102%	19	209	2	9.57	305%
25-49	1,941	70,073	345	4.92	89	82	3,073	7	2.28	88
50-99	1,610	110,949	586	5.28	96	97	6,831	12	1.76	63
100-249	937	138,990	697	5.01	97	96	15,830	51	3.22	119
250-499	327	114,147	601	5.27	100	61	22,126	56	2.53	98
500-999	221	154,925	822	5.31	104	56	40,797	123	3.01	98
1,000-2,499	74	107,626	654	6.08	121	35	49,994	125	2.50	86
2,500-4,999	17	62,086	287	4.62	85	19	66,532	163	2.45	106
Under 5,000	6,937	781,256	4,115	5.27	100%	465	205,392	539	2.62	98%
5,000 or more	2	10,454	47	4.50	78%	8	55,047	116	2.11	112%
Total	6,939	791,710	4,162	5.26	100%	473	260,439	655	2.51	100%

* Tabular claims were calculated by applying to the actual age-group exposures the crude rates of disablement shown in Table 2 for males, females, and sex unknown combined.

† Tabular claims were calculated by applying to the actual age-group exposures the crude rates of disablement shown in Table 3 for males, females, and sex unknown combined.

TABLE 5

GROUP LONG-TERM DISABILITY INSURANCE
ANALYSIS OF TABLES 1 AND 1A EXPERIENCE BY EMPLOYEE CLASS

(Six-Month Elimination Period; Calendar Year of Issue Excluded; All Ages; Males, Females, and Sex Unknown Combined)
Calendar Year of Experience 1970-74

EMPLOYEE CODE	EMPLOYEE CLASS	TABLE 1A EXPERIENCE—NONJUMBO UNITS ONLY				TABLE 1 EXPERIENCE—ALL UNITS			
		Number of Experience Units	Life Years Exposed	Number of Claims	Ratio of Actual Claims to Tabular Claims*	Number of Experience Units	Life Years Exposed	Number of Claims	Ratio of Actual Claims to Tabular Claims*
1	At least 75% salaried, majority executive . . .	528	147,054	649	137%	536	203,960	910	140%
2	At least 75% salaried, majority nonexecutive	4,777	1,150,975	3,361	88	4,839	1,693,219	5,204	94
3	50-75% salaried	169	40,512	164	121	175	124,673	394	95
7	At least 50% salaried (exact percentage unknown)	59	10,890	27	60	59	10,890	27	60
6	At least 50% hourly (exact percentage unknown)	1,324	303,236	1,069	103	1,330	377,800	1,146	91
4	50-75% hourly	351	104,377	492	129	351	104,377	492	129
5	At least 75% hourly	266	92,605	544	167	273	140,315	1,027	159
9	Indeterminate	2,169	433,766	1,316	95	2,174	488,493	1,662	108
	Total	9,643	2,283,415	7,622	100%	9,737	3,143,727	10,862	103%

* Tabular claims were calculated by applying to the actual age-group exposures the crude rates of disablement shown in Table 1A for males, females, and sex unknown combined.

TABLE 5A
GROUP LONG-TERM DISABILITY INSURANCE
SUPPLEMENTAL ANALYSIS OF TABLE 5 EXPERIENCE
FOR EMPLOYEE CLASS CODE 2
(Six-Month Elimination Period; Calendar Year of Issue Excluded;
All Ages; Males, Females, and Sex Unknown Combined)
Calendar Years of Experience 1970-74

	NONJUMBO EXPERIENCE UNITS ONLY				ALL EXPERIENCE UNITS	
	Number of Experience Units	Life Years Exposed	Number of Claims	Ratio of A/T Claims*	Life Years Exposed	Ratio of A/T Claims*

I. Relationship between Long-Term Disability Benefit and Salary

<i>Ratio of gross benefit (before reduction for integration) to salary:</i>						
Always less than 50%...	108	17,235	29	43%	17,235	43%
Generally less than 50%	86	3,399	10	85	3,399	85
Subtotal (less than 50%).....	194	20,634	39	49%	20,634	49%
50% (exactly or approximately).....	1,302	451,136	1,189	78%	646,645	87%
Always more than 50%, exact % unknown..	104	50,952	261	129%	94,696	138%
Generally more than 50%, exact % unknown..	294	21,888	41	59	49,432	127
More than 50%, but less than or equal to 60%	2,211	480,900	1,489	93	690,577	94
More than 60%, but less than or equal to 70%	326	87,319	256	113	125,972	109
More than 70%.....	7	4,480	15	110	4,480	110
Subtotal (greater than 50%).....	2,942	645,539	2,062	98%	965,157	103%
Other, including not determinable.....	339	33,666	71	60%	60,783	45%
Total salaried, nonexecutive	4,777	1,150,975	3,361	88%	1,693,219	94%

* Tabular claims were calculated by applying to the actual age-group exposures the crude rates of disablement shown in Table 1A for males, females, and sex unknown combined.

TABLE 5A—Continued

	NONJUMBO EXPERIENCE UNITS ONLY				ALL EXPERIENCE UNITS	
	Number of Experience Units	Life Years Exposed	Number of Claims	Ratio of A/T Claims*	Life Years Exposed	Ratio of A/T Claims*
II. Analysis by Plan Integration Provision						
<i>Other income sources included in plan integration provision:</i>						
Nonintegrated	1,214	247,553	761	97%	539,322	107%
Social security primary benefit only or in combination with income from other sources	507	225,755	748	91	288,665	91
Social security primary and family benefit only or in combination with income from other sources	2,922	656,875	1,792	83	844,440	86
Other integration bases	134	20,792	60	78	20,792	78
Total salaried, nonexecutive	4,777	1,150,975	3,361	88%	1,693,219	94%
III. Extent to Which a Disability Income Is Provided during Elimination Period						
<i>Disability income benefit provided during the elimination period:</i>						
Full salary	102	37,993	145	117%	131,929	126%
Less than full salary but generally more than 50%	863	250,194	841	97	416,354	108
Generally less than 50% of salary	201	11,859	28	56	11,859	56
None	418	67,805	161	83	67,805	83
Noncodable or unknown	3,193	783,124	2,186	84	1,065,272	86
Total salaried, nonexecutive	4,777	1,150,975	3,361	88%	1,693,219	94%

* Tabular claims were calculated by applying to the actual age-group exposures the crude rates of disablement shown in Table 1A for males, females, and sex unknown combined.

TABLE 6
GROUP LONG-TERM DISABILITY INSURANCE
ANALYSIS OF TABLES 1 AND 1A EXPERIENCE BY INDUSTRY
 (Six-Month Elimination Period; Calendar Year of Issue Excluded; All Ages; Males, Females, and Sex Unknown Combined)
 Calendar Years of Experience 1970-74

INDUSTRY CODE(S)	INDUSTRY	TABLE 1A EXPERIENCE—NONJUMBO UNITS ONLY				TABLE 1 EXPERIENCE—ALL UNITS			
		Number of Experience Units	Life Years Exposed	Number of Claims	Ratio of Actual Claims to Tabular Claims*	Number of Experience Units	Life Years Exposed	Number of Claims	Ratio of Actual Claims to Tabular Claims*
01-09.....	Agriculture, forestry, and fisheries	45	8,343	27	90%	48	31,634	323	268%
10-14.....	Mining	175	52,463	286	164	175	52,463	286	164
15-17.....	Contract Construction	275	73,797	310	119	275	73,797	310	119
19-39.....	Manufacturing	3,744	971,743	3,640	107	3,801	1,435,937	5,775	116
40-49.....	Transportation, communication, electric, gas, and sanitary services	529	154,294	567	112	531	174,801	593	104
50-59.....	Wholesale and retail trade	1,478	192,468	659	103	1,484	264,769	765	89
60-67.....	Finance, insurance, and real estate	1,255	360,166	842	77	1,269	531,735	1,160	76
70-89.....	Services	1,826	385,209	983	77	1,836	475,381	1,313	77
91-94.....	Government	128	29,329	125	115	128	29,329	125	115
	All other classifiable	99	46,546	157	127	101	64,824	186	102
99.....	Nonclassifiable	89	9,057	26	101	89	9,057	26	101
	Total.....	9,643	2,283,415	7,622	100%	9,737	3,143,727	10,862	103%

* Tabular claims were calculated by applying to the actual age-group exposures the crude rates of disablement shown in Table 1A for males, females, and sex unknown combined.

TABLE 7
 GROUP LONG-TERM DISABILITY INSURANCE
 ANALYSIS OF TABLES 1 AND 1A EXPERIENCE BY CONTRIBUTORY STATUS
 (Six-Month Elimination Period; Calendar Year of Issue Excluded; All Ages; Males, Females, and Sex Unknown Combined)
 Calendar Years of Experience 1970-74

CONTRIBUTORY STATUS	TABLE 1A EXPERIENCE—NONJUMBO UNITS ONLY				TABLE 1 EXPERIENCE—ALL UNITS			
	Number of Experience Units	Life Years Exposed	Number of Claims	Ratio of Actual Claims to Tabular Claims*	Number of Experience Units	Life Years Exposed	Number of Claims	Ratio of Actual Claims to Tabular Claims*
Employee-pay all.....	813	291,006	1,021	104%	838	513,776	1,615	101%
Employer-pay-all.....	4,840	842,412	2,699	98	4,858	1,030,637	3,250	96
Contributory, employer and employee share cost.....	2,722	713,406	2,626	108	2,763	1,070,144	4,333	119
Unknown.....	1,268	436,591	1,276	88	1,278	529,170	1,664	89
Total.....	9,643	2,283,415	7,622	100%	9,737	3,143,727	10,862	103%

* Tabular claims were calculated by applying to the actual age-group exposures the crude rates of disablement shown in Table 1A for males, females, and sex unknown combined.

TABLE 8
 GROUP LONG-TERM DISABILITY INSURANCE
 ANALYSIS OF TABLES 1 AND 1A EXPERIENCE BY PREEXISTING CONDITION PROVISION
 (Six-Month Elimination Period; Calendar Year of Issue Excluded; All Ages; Males, Females, and Sex Unknown Combined)
 Calendar Years of Experience 1970-74

	TABLE 1A EXPERIENCE--NONJUMBO UNITS ONLY				TABLE 1 EXPERIENCE--ALL UNITS			
	Number of Experience Units	Life Years Exposed	Number of Claims	Ratio of Actual Claims to Tabular Claims*	Number of Experience Units	Life Years Exposed	Number of Claims	Ratio of Actual Claims to Tabular Claims*
Preexisting conditions are not covered.....	5,713	729,813	2,275	92%	5,744	1,056,758	3,343	91%
Preexisting conditions are covered.....	3,930	1,553,602	5,347	104	3,993	2,086,969	7,519	110
Total.....	9,643	2,283,415	7,622	100%	9,737	3,143,727	10,862	103%

* Tabular claims were calculated by applying to the actual age-group exposures the crude rates of disablement shown in Table 1A for males, females, and sex unknown combined.

TABLE 9
GROUP LONG-TERM DISABILITY INSURANCE
ANALYSIS OF TABLES 1 AND 1A EXPERIENCE BY PLAN INDIRECT INTEGRATION PROVISION
 (Six-Month Elimination Period; Calendar Year of Issue Excluded; All Ages; Males, Females, and Sex Unknown Combined)
 Calendar Years of Experience 1970-74

	TABLE 1A EXPERIENCE—NONJUMBO UNITS ONLY				TABLE 1 EXPERIENCE—ALL UNITS			
	Number of Experience Units	Life Years Exposed	Number of Claims	Ratio of Actual Claims to Tabular Claims*	Number of Experience Units	Life Years Exposed	Number of Claims	Ratio of Actual Claims to Tabular Claims*
No indirect integration.....	6,058	1,386,243	4,394	94%	6,103	1,789,357	5,584	93%
Indirect integration—nonduplication level:								
Less than 50%.....	21	10,343	22	61	21	10,343	22	61
50-59%.....	269	122,759	384	93	276	194,456	602	102
60-69%.....	1,097	306,333	1,145	113	1,125	570,783	2,166	113
70-79%.....	2,010	392,735	1,453	108	2,023	502,278	2,121	121
80-89%.....	149	45,928	85	67	149	45,928	85	67
Greater than 89%.....	8	1,351	5	149	8	1,351	5	149
Integrated but noncodable.....	31	17,723	134	332	32	29,231	277	369
Total.....	9,643	2,283,415	7,622	100%	9,737	3,143,727	10,862	103%

* Tabular claims were calculated by applying to the actual age-group exposures the crude rates of disablement shown in Table 1A for males, females, and sex unknown combined.

TABLE 10
 GROUP LONG-TERM DISABILITY INSURANCE
 ANALYSIS OF TABLES 1 AND 1A EXPERIENCE BY PLAN REHABILITATION PROVISION
 (Six-Month Elimination Period; Calendar Year of Issue Excluded; All Ages; Males, Females, and Sex Unknown Combined)
 Calendar Years of Experience 1970-74

	TABLE 1A EXPERIENCE—NONJUMBO UNITS ONLY				TABLE 1 EXPERIENCE—ALL UNITS			
	Number of Experience Units	Life Years Exposed	Number of Claims	Ratio of Actual Claims to Tabular Claims*	Number of Experience Units	Life Years Exposed	Number of Claims	Ratio of Actual Claims to Tabular Claims*
Rehabilitation provision included.....	7,241	1,564,056	5,178	99%	7,298	2,095,839	6,497	96%
Rehabilitation provision not included.....	2,402	719,359	2,444	102	2,439	1,047,888	4,365	117
Total.....	9,643	2,283,415	7,622	100%	9,737	3,143,727	10,862	103%

* Tabular claims were calculated by applying to the actual age-group exposures the crude rates of disablement shown in Table 1A for males, females, and sex unknown combined.

TABLE I
 EXPERIENCE UNDER PLANS WHERE LTD BENEFIT IS DIRECTLY INTEGRATED WITH SOCIAL SECURITY
 PRIMARY AND FAMILY BENEFITS ONLY OR IN COMBINATION WITH OTHER INCOME SOURCES
 (Six-Month Elimination Period; Calendar Year of Issue Excluded; All Ages; Males, Females, and Sex Unknown Combined)
 Calendar Years of Experience 1970-74
 NONJUMBO--ALL EMPLOYEE CLASSES

Indirect Integration Classification	Relationship between LTD Benefit and Salary	Relationship between Disability Income Provided during Elimination Period and Salary	Number of Experience Units	Life Years Exposed	Number of Claims	Ratio of Actual Claims to Tabular Claims*
None or a nonduplication level less than 60%	50% or less	50% or less	1,037	307,309	795	77%
		Greater than 50%	148	50,647	133	81
	Greater than 50%	Subtotal	1,185	357,956	928	77%
		50% or less	3,942	744,563	2,449	98%
		Greater than 50%	407	102,630	383	115
	Subtotal	4,349	847,193	2,832	100%	
Subtotal	5,534	1,205,149	3,760	93%		
Nonduplication level greater than or equal to 60%	50% or less	50% or less	134	38,450	132	101%
		Greater than 50%	52	25,033	210	247
	Greater than 50%	Subtotal	186	63,483	342	158%
		50% or less	468	40,720	155	110%
		Greater than 50%	530	126,119	404	103
Subtotal	998	166,839	559	105%		
Subtotal	1,184	230,322	901	120%		
Total			6,718	1,435,471	4,661	98%

* Tabular claims were calculated by applying to the actual age-group exposures the crude rates of disablement shown in Table 1A for males, females, and sex unknown combined.

tabular ratios are consistent with those in Table 5 for Employee Code 2.

Table I is an attempt to examine the interrelationships among various parameters whose effect on disablement rates may not be mutually exclusive. The analysis was based on the experience of those nonjumbo units, all employee classes combined, that have plans that provide for the direct integration of the long-term disability benefit with either the total primary and family benefits payable under social security or with such social security benefits plus income from other sources. The parameters selected for study were (a) the disability income provided by

EXHIBIT I

ANALYSIS OF THE EXPERIENCE OF TABLE 1A, TABLE 2, AND
TABLE 3 BY CONTRIBUTING COMPANY

COMPANY	TABLE 1A		TABLE 2		TABLE 3	
	% of Total Exposure	Ratio A/T	% of Total Exposure	Ratio A/T	% of Total Exposure	Ratio A/T
I.....	10%	103%	4%	54%	12%	111%
II.....	3	80	6	97	6	33
III.....	7	125	15	109	24	128
IV.....	2	92	9	116	1	109
V.....	13	110	16	97	3	137
VI.....	1	75	6	110	1	31
VII.....	5	120	10	110	1	81
VIII.....	17	94	8	82	2	116
IX.....	30	92	0	0	36	104
X.....	1	85	1	77	6	22
XI.....	8	89	22	92	0	0
XII.....	3	131	3	143	8	107
All.....	100%	100%	100%	100%	100%	100%

employer-sponsored, short-term plans during the elimination period, (b) the proportion of salary represented by the long-term disability benefit (before integration), and (c) the point at which the long-term disability benefit is reduced, if at all, when total income from all sources exceeds a certain percentage of salary, or otherwise.

The respective Table 1A, Table 2, and Table 3 experiences, each of which is a composite of all companies, were examined by contributing company to determine the variances among companies. The findings are displayed in Exhibit I in the form of actual-to-tabular ratios. Relative exposures are also shown. In comparing the differences between companies, one should be reminded of the several caveats noted in the

introduction to this report and the fact that the tabular adjusts only for age.

ANALYSIS OF RATES OF TERMINATION

Table D-1 shows, for plans with a six-month elimination period, crude rates of termination from death or recovery based on number of lives, by sex and age groups, for the period 1962-74. Because of the small number of terminations at the later durations, the experience has been truncated at the end of seven years of disablement. It should be noted that the termination rates for the first year of disablement relate to the six-month period following the end of the elimination period. There were 33,479 claims exposed to termination, 10,862 of which originated from the 1970-74 and 4,861 from the 1962-69 active lives experience (all experience units combined), with the balance from experience units that were not included in the study of rates of disablement. For plans with a six-month elimination period, the Committee did a subanalysis of the termination rates of only the claims that were included in the rates of disablement study. Termination rates for these claims were found to be generally from 10 to 15 percent higher than those shown in Table D-1.

The actual number of claims that terminated by death or recovery is shown in Table D-1A. Ratios of the actual terminations to the number of terminations that would have been produced by application of termination rates from the 1964 Commissioners Disability Table to the Table D-1 exposures are presented in Table D-1B. Table D-1C compares the values of a monthly benefit of \$1 payable for a maximum period of sixty months with the values of a similar benefit payable to age 65. The illustrations are done on two alternate bases, each using a 3 percent interest discount. One basis was Table D-1 crude termination rates for the first four years, regardless of the actual number of terminations in each duration-age cell, and the 1964 Commissioners Disability Table rates thereafter. The other basis uses termination rates from the 1964 Commissioners Disability Table throughout. Table D-1D shows male and female disabled life annuity values for a benefit payable to age 65, based on the male and female claims, respectively, included in Table D-1C. There was 24,291 male and 9,188 female claims in this analysis. As was done in Table D-1C, illustrative values are shown on two alternate bases. In making any sex comparisons, one is reminded that the 1964 Commissioners Disability Table is a unisex table.

The claim termination experience is further analyzed by examining, by underlying calendar year of claim incurral, the ratio of the actual number of terminations to the expected number of terminations for all ages combined using termination rates from the 1964 Commissioners Disability

TABLE D-1

GROUP LONG-TERM DISABILITY INSURANCE
CRUDE TERMINATION RATES PER 1,000 CLAIMS EXPOSED
TO DEATH OR RECOVERY

(Six-Month Elimination Period; Calendar Years of Experience 1962-74)

DURATION OF DISABLEMENT	AGE AT DISABLEMENT					
	Under 30	30-39	Under 40	40-49	50-59	60-64
Male and Female Combined						
7th month.....	62.4	44.5	50.6	36.1	24.1	18.2
8th month.....	74.0	57.3	63.0	42.6	27.1	18.1
9th month.....	73.5	54.4	60.8	40.2	24.9	17.9
10th month.....	67.5	45.7	52.9	35.3	22.8	14.1
11th month.....	57.5	44.7	48.9	31.4	20.9	12.2
12th month.....	54.5	49.6	51.1	30.9	18.4	14.4
1st year (last 6 months).....	331.6	262.0	285.8	197.9	130.4	91.4
13th month.....	49.5	47.9	48.4	29.6	17.3	12.7
14th month.....	54.9	37.2	42.8	26.7	15.6	10.2
15th month.....	55.6	31.4	39.0	23.7	14.0	10.8
16th month.....	32.4	33.6	33.3	20.0	12.8	11.6
17th month.....	30.4	33.8	32.8	19.7	11.6	11.1
18th month.....	36.4	25.9	29.1	20.1	13.6	10.1
19th month.....	35.8	23.1	26.9	16.6	13.2	9.9
20th month.....	34.6	16.7	22.0	12.1	10.2	9.6
21st month.....	30.0	14.8	19.2	11.7	10.8	8.6
22d month.....	25.6*	23.2	23.9	12.8	10.1	6.4
23d month.....	27.2	24.0	24.9	13.0	8.3	6.3
24th month.....	33.7	22.6	25.7	16.4	9.4	8.1
2d year.....	365.7	288.0	312.3	201.3	137.4	109.7
3d year.....	282.5	188.7	215.4	139.7	97.5	86.1
4th year.....	112.0	97.8	101.4	78.3	71.9	67.1
5th year.....	100.0	76.4	81.9	51.3	64.2	55.4
6th year.....	65.4†	55.8	57.9	60.2	67.0	88.6
7th year.....	115.4†	68.7*	77.9	53.7	55.3	31.6†
Male Only						
1st year (last 6 months).....	357.1	280.0	306.3	190.4	126.3	90.6
2d year.....	370.6	293.9	318.0	180.6	133.1	111.9
3d year.....	302.0	187.8	220.1	130.8	92.7	86.3
4th year.....	119.5	102.3	106.3	77.6	73.4	74.4
5th year.....	92.5*	70.8	76.1	51.1	69.4	62.4
6th year.....	41.7†	35.5†	37.0*	60.6	74.1	73.5*
7th year.....	107.9†	84.1*	88.1*	67.2	54.6	28.7†
Female Only						
1st year (last 6 months).....	289.5	231.0	251.5	211.9	143.3	94.3
2d year.....	355.0	278.3	302.8	241.8	151.7	99.6
3d year.....	250.9	189.7	207.6	158.7	114.5	85.0
4th year.....	103.0*	91.2	94.2	79.8	66.4	30.7*
5th year.....	111.9†	85.0	90.7	51.7	44.8	20.2†
6th year.....	89.5†	85.6*	87.2*	59.1	41.7	194.7†
7th year.....	116.7†	44.1†	61.4†	22.3†	57.5	50.0†

* Involves fewer than ten terminations.

† Involves fewer than five terminations.

Table and the Table D-1 exposures associated with the claims incurred during the period 1962-64 and the years 1965-74. The results are presented in Table D-1E.

Tables D-2, D-2A, D-2B, D-2C, D-2D, and D-2E analyze the experience of terminations from plans with a three-month elimination period and are similar in form and content to the corresponding tables of the D-1 series, except that experience has been truncated at six years. The number of claims exposed to termination was 16,180, of which 4,162 and 1,295 emanated from the 1970-74 and 1962-69 portions, respectively, of the active lives experience, and the balance from experience units that were not included in the study of rates of disablement. Termination rates for the first year of disablement cover the nine months immediately following the elimination period.

For both the six- and the three-month elimination period plans, the low first-year ratios in Tables D-1B and D-2B, respectively, would appear to be due to the shorter elimination periods of the individual health insurance experience underlying the first-year termination rates of the 1964 Commissioners Disability Table.

The overall termination rates shown in this report, which includes one additional year of experience, for both six- and three-month elimination period plans, male and female combined, are slightly lower (varies by plan, age, duration, and sex) than those shown in last year's report. The financial consequences of this change are apparent from a comparison of Table D-1C and Table D-2C values between last year's and this year's report. The variation from one report to the next underscores the need to exercise caution and judgment when using the disabled life values shown in Table D-1C and D-2C for actuarial purposes, such as reserving.

TABLE D-1A
 GROUP LONG-TERM DISABILITY INSURANCE
 NUMBER OF CLAIMS TERMINATED BY DEATH OR RECOVERY
 (Six-Month Elimination Period; Calendar Years of Experience 1962-74)

DURATION OF DISABLEMENT	AGE AT DISABLEMENT					
	Under 30	30-39	Under 40	40-49	50-59	60-64
Male and Female Combined						
1st year (last 6 months) . . .	438	673	1,111	1,311	1,753	604
2d year	236	401	637	823	1,275	462
3d year	90	150	240	349	616	206
4th year	18	49	67	135	315	73
5th year	10	24	34	58	188	22
6th year	3	11	14	46	126	11
7th year	4	9	13	26	54	2
Male Only						
1st year (last 6 months) . . .	289	452	741	817	1,283	489
2d year	151	250	401	487	943	385
3d year	56	91	147	225	454	170
4th year	12	32	44	92	255	67
5th year	6	13	19	41	161	20
6th year	1	4	5	31	108	8
7th year	2	7	9	23	41	2
Female Only						
1st year (last 6 months) . . .	149	221	370	494	470	115
2d year	85	151	236	336	332	77
3d year	34	59	93	124	162	36
4th year	6	17	23	43	60	6
5th year	4	11	15	17	27	2
6th year	2	7	9	15	18	3
7th year	2	2	4	3	13	0

TABLE D-1B
GROUP LONG-TERM DISABILITY INSURANCE
RATIOS OF ACTUAL CLAIMS TERMINATED BY DEATH OR
RECOVERY TO NUMBER OF TERMINATIONS EXPECTED FROM THE
1964 COMMISSIONERS DISABILITY TABLE*
(Six-Month Elimination Period; Calendar Years of Experience 1962-74)

DURATION OF DISABLEMENT	ALL AGES OF DIS- ABLE- MENT COM- BINED	AGE AT DISABLEMENT					
		Under 30	30-39	Under 40	40-49	50-59	60-64
Male and Female Combined							
1st year (last 6 months)	38.2%	61.4%	50.6%	54.4%	42.6%	34.3%	26.8%
2d year	85.8	117.6	104.3	108.9	85.9	78.6	79.8
3d year	79.8	122.4	95.9	104.5	84.9	72.8	71.5
4th year	66.5	64.5	68.8	67.6	66.1	67.3	62.7
5th year	66.9	74.3	71.7	72.3	56.9	71.1	56.0
6th year	81.1	60.0†	65.5	64.1	80.5	82.6	94.9
7th year	74.1	124.0†	93.5†	101.0	78.0	71.0	34.8†
Male Only							
1st year (last 6 months)	37.1%	66.1%	54.1%	58.3%	41.0%	33.2%	26.5%
2d year	82.2	119.2	106.4	110.9	77.1	76.1	81.4
3d year	76.1	130.8	95.4	106.9	79.5	69.2	71.6
4th year	68.4	68.8	72.0	71.1	65.5	68.6	69.5
5th year	70.8	68.8†	66.4	67.2	56.7	76.9	63.0
6th year	84.6	38.2†	41.7†	41.2†	81.0	91.3	78.7†
7th year	78.4	115.9†	114.5†	114.3†	97.7	70.1	31.6†
Female Only							
1st year (last 6 months)	41.0%	53.6%	44.6%	47.9%	45.6%	37.7%	27.6%
2d year	95.0	114.2	100.8	105.6	103.2	86.8	72.5
3d year	90.5	108.7	96.4	100.7	96.4	85.5	70.5
4th year	60.8	59.3†	64.2	62.5	67.4	62.1	28.7†
5th year	55.5	83.2†	79.8	80.1	57.4	49.6	20.4†
6th year	70.7	82.1†	100.5†	96.1†	79.1	51.5	208.5†
7th year	61.4	125.4†	60.1†	79.3†	32.5†	73.8	55.0†

* As published by the Health Insurance Association of America, Table B1, Volume III.

† Involves fewer than ten terminations.

TABLE D-1C
 GROUP LONG-TERM DISABILITY INSURANCE
 ILLUSTRATIVE VALUES OF A MONTHLY BENEFIT OF \$1 PAYABLE FOR
 VARIOUS BENEFIT PERIODS, DISCOUNTED AT 3 PERCENT INTEREST
 (Six-Month Elimination Period; Males and Females Combined)

AGE AT DISABLEMENT	VALUE AS OF END OF ELIMINATION PERIOD			VALUE AS OF END OF TWELFTH MONTH OF DISABILITY		
	Based on Table D-1 Rates of Termination*	Based on 1964 CDT	Ratio to 1964 CDT	Based on Table D-1 Rates of Termination*	Based on 1964 CDT	Ratio to 1964 CDT
Benefit Payable for a Maximum of 60 Months but Not beyond Age 65 with First Payment Due at End of Elimination Period						
25.5.....	\$22.12	\$16.59	133%	\$26.20	\$28.46	92%
35.5.....	27.73	18.44	150	31.08	30.86	101
45.5.....	33.66	21.71	155	35.86	33.50	107
55.5.....	39.45	26.85	147	39.58	36.68	108
62.5.....	20.12	14.91	135	16.15	15.77	102
Benefit Payable to Age 65 with First Payment Due at End of Elimination Period						
25.5.....	\$43.63	\$32.62	134%	\$58.86	\$63.86	92%
35.5.....	60.17	38.72	155	75.69	73.54	103
45.5.....	69.22	42.87	161	80.86	73.57	110
55.5.....	57.78	38.40	150	60.98	55.60	110
62.5.....	20.12	14.91	135	16.15	15.77	102

* Annuity values are based on the crude, ungraduated, combined male and female termination rates from Table D-1 for the first four years and on the 1964 Commissioners Disability Table rates thereafter.

TABLE D-1D
GROUP LONG-TERM DISABILITY INSURANCE
ILLUSTRATIVE VALUES, UNDER PLANS WITH A SIX-MONTH
ELIMINATION PERIOD, OF A MONTHLY BENEFIT OF \$1
DISCOUNTED AT 3 PERCENT INTEREST, PAYABLE TO AGE 65,
WITH FIRST PAYMENT DUE AT END OF
ELIMINATION PERIOD

AGE AT DISABLEMENT	VALUE AS OF END OF ELIMINATION PERIOD			VALUE AS OF END OF TWELFTH MONTH OF DISABLEMENT		
	Based on Table D-1 Rates of Termination*	Based on 1964 CDT	Ratio to 1964 CDT	Based on Table D-1 Rates of Termination*	Based on 1964 CDT	Ratio to 1964 CDT
Male Only						
25.5	\$40.83	\$32.62	125%	\$56.91	\$63.86	89%
35.5	58.24	38.72	150	74.95	73.54	102
45.5	71.98	42.87	168	83.53	73.57	114
55.5	58.46	38.40	152	61.47	55.60	111
62.5	20.10	14.91	135	16.11	15.77	102
Female Only						
25.5	\$48.53	\$32.62	149%	\$62.17	\$63.86	97%
35.5	63.49	38.72	164	76.86	73.54	105
45.5	63.96	42.87	149	75.58	73.57	103
55.5	55.64	38.40	145	59.38	55.60	107
62.5	20.18	14.91	135	16.30	15.77	103

* Annuity values are based on the crude, ungraduated, male or female termination rates from Table D-1 for the first four years and on the 1964 Commissioners Disability Table rates thereafter.

TABLE D-1E—GROUP LONG-TERM DISABILITY INSURANCE RATIOS OF ACTUAL CLAIMS TERMINATED BY DEATH OR RECOVERY TO NUMBER OF TERMINATIONS EXPECTED FROM THE 1964 COMMISSIONERS DISABILITY TABLE*

(Six-Month Elimination Period; Calendar Years of Experience 1962-74)

ALL AGES OF DISABLEMENT COMBINED

DURATION OF DISABLEMENT	YEAR OF DISABLEMENT											
	1962-1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	All Years
	Male and Female Combined											
1st year (last 6 months) . . .	50.5%	34.8%	42.3%	47.6%	41.5%	37.9%	38.3%	34.6%	35.8%	36.6%	32.4%	38.2%
2d year	106.2	78.1	98.1	101.9	88.1	87.1	76.0	85.0	84.4	77.4	.....	85.8
3d year	66.8	103.5	90.7	85.6	84.7	73.0	75.8	75.3	84.1	.....	.....	79.8
4th year	83.5	71.2	83.3	74.7	58.6	68.2	58.2	47.2	.....	.....	.....	66.5
5th year	87.1	71.9	80.0	46.1	73.1	70.2	47.2	.....	.....	.....	.....	66.9
6th year	87.7	155.5	39.9	72.7	79.6	61.2	.....	.....	.....	.....	.....	81.1
7th year	73.4	76.6	70.1	70.3	88.8	.....	.....	.....	.....	.....	.....	74.1
	Male Only											
1st year (last 6 months) . . .	44.3%	33.5%	42.3%	46.6%	41.6%	35.9%	37.4%	32.6%	37.1%	34.5%	30.3%	37.1%
2d year	102.7	84.8	102.8	96.7	83.6	83.8	68.4	79.8	81.5	76.3	.....	82.2
3d year	69.6	96.7	81.8	74.9	80.1	72.9	71.8	73.9	78.6	.....	.....	76.1
4th year	66.1	70.2	89.9	79.3	56.1	77.4	59.2	50.6	.....	.....	.....	68.4
5th year	90.7	78.3	86.1	48.4	83.2	67.3	53.5	.....	.....	.....	.....	70.8
6th year	88.4	172.7	54.0	75.8	78.2	50.1	.....	.....	.....	.....	.....	84.6
7th year	63.8	91.3	80.6	83.2	76.5	.....	.....	.....	.....	.....	.....	78.4
	Female Only											
1st year (last 6 months) . . .	65.0%	37.9%	42.1%	49.9%	41.2%	42.8%	41.2%	39.8%	32.7%	41.7%	36.4%	41.0%
2d year	115.1	62.1	85.6	114.4	100.1	95.4	97.7	99.3	91.4	79.6	.....	95.0
3d year	58.2	119.3	114.5	114.9	97.2	73.1	88.5	79.4	98.4	.....	.....	90.5
4th year	136.1	73.8	63.7	61.2	65.9	42.9	54.8	36.8†	.....	.....	.....	60.8
5th year	73.2†	54.4†	62.4†	39.7†	43.3†	78.7	24.7	55.5
6th year	85.2†	109.4†	0.0†	64.6†	83.9	94.8†	70.7
7th year	109.4†	38.1†	40.2†	35.1†	116.8†	61.4

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* As published by the Health Insurance Association of America, Table B1, Volume III.

† Involves fewer than ten terminations.

TABLE D-2
 GROUP LONG-TERM DISABILITY INSURANCE
 CRUDE TERMINATION RATES PER 1,000 CLAIMS EXPOSED
 TO DEATH OR RECOVERY

(Three-Month Elimination Period; Calendar Years of Experience 1962-74)

DURATION OF DISABLEMENT	AGE AT DISABLEMENT					
	Under 30	30-39	Under 40	40-49	50-59	60-64
Male and Female Combined						
4th month	118.3	108.1	112.1	89.7	64.1	42.7
5th month	150.1	129.7	137.7	104.5	71.9	53.0
6th month	137.7	123.8	129.2	93.8	67.0	49.2
7th month	114.6	99.0	104.9	78.6	56.4	42.7
8th month	91.3	74.6	80.9	70.9	44.4	35.2
9th month	89.4	55.4	68.0	60.0	36.1	21.1
10th month	84.3	48.5	61.6	48.8	30.4	18.9
11th month	81.4	56.1	65.0	44.7	26.5	20.2
12th month	86.6	53.5	64.8	38.5	24.8	14.9
1st year (last 9 months)	636.2	544.7	580.5	480.6	315.6	262.0
13th month	77.3	50.5	59.3	32.3	22.4	13.4
14th month	60.6	43.2	48.7	29.8	18.7	12.3
15th month	49.1	37.2	40.9	25.5	17.1	12.6
16th month	45.3*	37.0	39.5	24.2	17.6	12.6
17th month	44.1	30.4	34.6	22.1	17.2	10.9
18th month	35.4†	27.5	29.9	19.8	14.0	7.6*
19th month	17.9†	21.8*	20.6	17.5	10.6	6.3*
20th month	25.2*	16.3*	19.0	12.6	10.1	11.5
21st month	39.7*	21.9	27.3	12.7	10.6	11.0*
22d month	46.2*	22.7*	29.8	16.9	9.7	6.4*
23d month	35.1†	22.7*	26.4	14.3*	8.8	7.8*
24th month	30.4†	30.5*	30.5	16.9	8.7	8.8*
2d year	404.6	307.7	339.3	219.3	153.5	114.7
3d year	248.7	219.8	228.7	163.0	98.7	100.8
4th year	54.9†	96.4	86.5	88.2	83.0	97.8
5th year	35.7†	52.7†	47.0*	32.7*	65.1	88.0*
6th year	35.7†	40.8†	40.8†	42.3*	80.1	30.1†
Male Only						
1st year (last 9 months)	666.1	562.5	603.2	471.3	335.6	270.5
2d year	388.3	307.9	334.5	224.4	152.3	116.3
3d year	213.3	236.0	231.4	151.4	100.2	115.3
4th year	46.9†	118.7*	98.0*	98.6	82.7	91.6
5th year	0.0†	97.4†	73.5†	31.2*	70.8	90.0*
6th year	0.0†	74.6†	61.3†	37.3†	83.4	0.0†
Female Only						
1st year (last 9 months)	593.1	518.3	547.5	496.0	392.1	233.3
2d year	425.7	306.5	345.1	209.8	156.9	109.3
3d year	296.8	197.8	224.6	187.3	94.4	51.1*
4th year	75.4†	70.7†	71.6*	67.0*	83.8	114.4*
5th year	71.4†	0.0†	14.7†	35.3†	47.8*	81.9†
6th year	71.4†	0.0†	14.7†	50.9†	70.7*	97.5†

* Involves fewer than ten terminations.

† Involves fewer than five terminations.

TABLE D-2A
 GROUP LONG-TERM DISABILITY INSURANCE
 NUMBER OF CLAIMS TERMINATED BY DEATH OR RECOVERY
 (Three-Month Elimination Period; Calendar Years of Experience 1962-74)

DURATION OF DISABLEMENT	AGE AT DISABLEMENT					
	Under 30	30-39	Under 40	40-49	50-59	60-64
Male and Female Combined						
1st year (last 9 months) . . .	651	866	1,517	1,655	2,046	666
2d year	91	150	241	277	405	138
3d year	22	50	72	110	154	61
4th year	2	11	13	32	82	24
5th year	1	4	5	7	39	9
6th year	0	2	2	7	28	1
Male Only						
1st year (last 9 months) . . .	400	527	927	1,020	1,397	531
2d year	52	87	139	187	302	107
3d year	12	30	42	70	117	54
4th year	1	7	8	23	62	17
5th year	0	4	4	5	32	7
6th year	0	2	2	4	22	0
Female Only						
1st year (last 9 months) . . .	251	339	590	635	649	135
2d year	39	63	102	90	103	31
3d year	10	20	30	40	37	7
4th year	1	4	5	9	20	7
5th year	1	0	1	2	7	2
6th year	0	0	0	3	6	1

TABLE D-2B
GROUP LONG-TERM DISABILITY INSURANCE
RATIOS OF ACTUAL CLAIMS TERMINATED BY DEATH OR
RECOVERY TO NUMBER OF TERMINATIONS EXPECTED FROM THE
1964 COMMISSIONERS DISABILITY TABLE*
(Three-Month Elimination Period; Calendar Years of Experience 1962-74)

DURATION OF DISABLEMENT	ALL AGES OF DIS- ABLE- MENT COM- BINED	AGE AT DISABLEMENT					
		Under 30	30-39	Under 40	40-49	50-59	60-64
Male and Female Combined							
1st year (last 9 months)	51.8%	71.7%	61.9%	65.7%	57.1%	46.9%	39.5%
2d year	94.5	130.1	111.4	118.2	93.6	87.8	83.4
3d year	86.8	107.7	111.7	111.0	99.1	73.7	83.7
4th year	76.3	31.6†	67.8	57.6	74.5	77.7	91.4
5th year	62.6	26.6†	49.4†	41.5†	36.2†	72.1	88.9†
6th year	79.7	32.8†	47.9†	45.7†	56.5†	98.8	32.2†
Male Only							
1st year (last 9 months)	50.5%	75.0%	63.9%	68.3%	56.0%	44.7%	40.8%
2d year	93.6	124.9	111.5	116.5	95.8	87.1	84.6
3d year	86.7	92.4	119.9	111.9	92.0	74.8	95.7
4th year	78.7	27.0†	83.6†	64.7†	83.2	77.4	85.6
5th year	70.4	0.0†	91.4†	64.5†	34.6†	78.4	90.9†
6th year	82.7	0.0†	87.6†	68.5†	49.8†	102.9	0.0†
Female Only							
1st year (last 9 months)	54.5%	66.8%	58.9%	62.0%	58.9%	52.3%	35.2%
2d year	96.6	136.9	111.0	120.4	89.6	89.7	79.5
3d year	87.1	128.6	100.5	109.4	113.8	70.5	42.4†
4th year	70.5	43.5†	49.8†	48.3†	56.6†	78.4	106.9†
5th year	44.3	53.1†	0.0†	13.1†	39.1†	52.9†	82.7†
6th year	72.6	65.5†	0.0†	16.5†	68.1†	87.1†	104.4†

* As published by the Health Insurance Association of America, Table B1, Volume III.

† Involves fewer than ten terminations.

TABLE D-2C
 GROUP LONG-TERM DISABILITY INSURANCE
 ILLUSTRATIVE VALUES OF A MONTHLY BENEFIT OF \$1 PAYABLE FOR
 VARIOUS BENEFIT PERIODS, DISCOUNTED AT 3 PERCENT INTEREST
 (Three-Month Elimination Period; Males and Females Combined)

AGE AT DISABLEMENT	VALUE AS OF END OF ELIMINATION PERIOD			VALUE AS OF END OF TWELFTH MONTH OF DISABLEMENT		
	Based on Table D-2 Rates of Termination*	Based on 1964 CDT	Ratio to 1964 CDT	Based on Table D-2 Rates of Termination*	Based on 1964 CDT	Ratio to 1964 CDT
Benefit Payable for a Maximum of 60 Months but Not beyond Age 65 with First Payment Due at End of Elimination Period						
25.5.....	\$14.19	\$ 5.43	261%	\$24.95	\$27.50	91%
35.5.....	18.47	5.95	310	28.60	29.72	96
45.5.....	22.98	7.82	294	33.08	32.18	103
55.5.....	30.41	12.25	248	37.04	35.19	105
62.5.....	19.02	9.67	197	16.06	15.77	102
Benefit Payable to Age 65 with First Payment Due at End of Elimination Period						
25.5.....	\$26.66	\$ 9.41	283%	\$60.03	\$63.86	94%
35.5.....	37.56	11.09	339	71.47	73.54	97
45.5.....	45.19	14.23	318	76.81	73.57	104
55.5.....	44.58	17.24	259	59.39	55.60	107
62.5.....	19.02	9.67	197	16.06	15.77	102

* Annuity values are based on the crude, ungraduated, combined male and female termination rates from Table D-2 for the first four years and on the 1964 Commissioners Disability Table rates thereafter.

TABLE D-2D
GROUP LONG-TERM DISABILITY INSURANCE
ILLUSTRATIVE VALUES, UNDER PLANS WITH A THREE-MONTH
ELIMINATION PERIOD, OF A MONTHLY BENEFIT OF \$1,
DISCOUNTED AT 3 PERCENT INTEREST, PAYABLE TO AGE 65,
WITH FIRST PAYMENT DUE AT END OF
ELIMINATION PERIOD

AGE AT DISABLEMENT	VALUE AS OF END OF ELIMINATION PERIOD			VALUE AS OF END OF TWELFTH MONTH OF DISABLEMENT		
	Based on Table D-2 Rates of Termination*	Based on 1964 CDT	Ratio to 1964 CDT	Based on Table D-2 Rates of Termination*	Based on 1974 CDT	Ratio to 1964 CDT
Male Only						
25.5	\$26.09	\$ 9.41	277%	\$64.36	\$63.86	101%
35.5	35.18	11.09	317	69.07	73.54	94
45.5	45.79	14.23	322	76.52	73.57	104
55.5	45.62	17.24	265	59.43	55.60	107
62.5	18.80	9.67	194	16.01	15.77	102
Female Only						
25.5	\$27.19	\$ 9.41	288%	\$54.16	\$63.86	85%
35.5	41.04	11.09	370	74.66	73.54	102
45.5	44.13	14.23	310	77.15	73.57	105
55.5	41.96	17.24	243	59.30	55.60	107
62.5	19.79	9.67	205	16.23	15.77	103

* Annuity values are based on the crude, ungraduated, male or female termination rates from Table D-2 for the first four years and on the 1964 Commissioners Disability Table rates thereafter.

TABLE D-2E—GROUP LONG-TERM DISABILITY INSURANCE RATIOS OF ACTUAL CLAIMS TERMINATED BY DEATH OR RECOVERY TO NUMBER OF TERMINATIONS EXPECTED FROM THE 1964 COMMISSIONERS DISABILITY TABLE*

(Three-Month Elimination Period; Calendar Years of Experience 1962-74)

ALL AGES OF DISABLEMENT COMBINED

DURATION OF DISABLEMENT	YEAR OF DISABLEMENT											
	1962-1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	All Years
	Male and Female Combined											
1st year (last 9 months) . . .	54.1%	53.9%	62.3%	56.1%	59.3%	54.9%	50.5%	53.5%	51.2%	48.6%	43.3%	51.8%
2d year	106.8	120.3	119.4	102.4	102.7	84.2	96.5	99.5	89.3	80.5		94.5
3d year	89.2	108.4	90.0	96.7	92.9	103.1	88.4	82.9	59.5			86.8
4th year	97.8	51.5†	101.8	93.5	83.2	78.4	65.9	57.3				76.3
5th year	53.8†	34.8†	21.2†	112.3	63.3	49.2	73.4					62.6
6th year	24.4†	111.5†	93.7†	79.8†	83.2	49.1†						79.7
	Male Only											
1st year (last 9 months) . . .	53.3%	52.5%	63.3%	56.3%	59.1%	52.7%	48.2%	52.5%	49.5%	46.3%	42.8%	50.5%
2d year	119.7	140.1	128.1	90.6	104.2	90.8	91.1	92.9	88.9	76.7		93.6
3d year	94.0	90.5	98.2	104.3	100.9	97.5	86.7	85.3	56.1			86.7
4th year	77.1†	62.4†	93.4†	104.6	102.7	85.8	60.2	36.8				78.7
5th year	55.3†	50.9†	23.4†	137.5	73.8†	59.3†	65.5†					70.4
6th year	22.1†	86.9†	110.0†	71.4†	98.3†	68.2†						82.7
	Female Only											
1st year (last 9 months) . . .	55.7%	57.0%	60.3%	55.6%	59.7%	60.2%	56.1%	55.9%	54.3%	53.1%	44.3%	54.5%
2d year	77.2†	71.6†	102.9	126.6	98.5	66.4	109.9	115.9	90.3	88.6		96.6
3d year	78.7†	142.4†	74.1†	78.0†	71.9†	116.7	92.9	76.2	67.6			87.1
4th year	147.2†	25.7†	117.2†	66.7†	33.7†	59.8†	81.0	107.1†				70.5
5th year	48.0†	0.0†	15.7†	48.8†	39.0†	24.1†	95.8†					44.3
6th year	31.2†	160.8†	56.9†	98.9†	46.7†	0.0†						72.6

* As published by the Health Insurance Association of America, Table B1, Volume III.

† Involves fewer than ten terminations.

