

**TRANSACTIONS OF SOCIETY OF ACTUARIES
1977 REPORTS**

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

**I. EXPERIENCE UNDER INDIVIDUAL MEDICAL
EXPENSE POLICIES, 1973-74**

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SUMMARY OF EXPERIENCE UNDER INDIVIDUAL
MEDICAL EXPENSE POLICIES, 1973-74

This report presents an analysis of morbidity experience under individual medical expense policies in force during the 1973 and 1974 calendar years. Results of data submitted by twelve companies are presented for the following:

1. Hospital room and board benefit
2. Miscellaneous hospital expense benefit
3. Surgical expense benefit
4. Deductible amount
5. Maternity expense benefit
6. Major medical expense benefit

It is most important to note that the amount of contributed data for 1973-74 in almost every study is about two-thirds that of 1971-72. This reduction is due to a combination of fewer contributors and lower industry sales of individual hospital and major medical insurance.

These published results of 1973-74 experience are affected in several ways. First, a number of studies were discontinued due to a paucity of data. Second, composite duration claim levels are close to ultimate duration claim levels because of the smaller proportion of early-duration data. This produces artificially increased claim relationships when compared with previous years' studies. The extent of the distortion in the level of increase can be assessed by review of supplementary duration information in each section of this report.

For the hospital room and board benefit, frequencies of hospitalization, average claims, and claim costs are shown by age and sex for maximum benefit periods of 31, 90, and 365 days. A comparison of the current experience with the previous 1971-72 experience shows the claim costs for the room and board benefit to be sharply higher. The average claim

for the miscellaneous hospital expense benefit for a given maximum benefit in the current study continues to show an increase over the previous studies, the increase becoming greater as the maximum benefit increases.

Frequencies, average claims, and claim costs per \$100 of maximum surgical benefit for a standard schedule are shown. A comparison of the current experience with the previous 1971-72 experience indicates that the claim costs for adults have increased by ratios that tend to be higher at the younger ages.

A rather extensive analysis of the major medical experience is shown, subdivided by type and amount of deductible, maximum amounts, coinsurance, hospital room and board limit, and duration. A comparison of the current experience with prior experience for all ages combined shows that the claim costs continue to increase at a significant rate.

THIS report presents an analysis of morbidity experience under individual medical expense policies during the two calendar years 1973 and 1974. The five previous studies appear in the *1974 Reports*, *1972 Reports*, *1969 Reports*, *1967 Reports* and *1965 Reports*.

This report covers two years of experience, as did the previous report.

The experience on lives covered under family and individual policies was combined. No differentiation was made by type of renewal provision. Payments made to the end of the calendar year following the year in which a claim was incurred are included; estimates of future payments on claims pending at the end of this period are included on major medical claims only.

Where data for deductible policies are shown, experience was tabulated by amount of deductible. Data on policies with a deductible were submitted only if the deductible applied to all benefits under the policy except the maternity benefit. Only data on claims which were in excess of the deductible are included; claim data reflect amounts of eligible medical expenses before the application of the deductible, except in the study of major medical benefits.

Excluded from the investigation were the following:

1. Franchise and wholesale insurance.
2. Conversions from group insurance.
3. Policies issued with an extra premium unless such policies constituted a very small proportion of the contributing company's total business. (Policies issued with a medical impairment rider, but without an extra premium, were included in the study.)

4. Policies issued at senior ages on a mass-enrollment basis, without evidence of insurability.

In the sections on frequency of hospitalization and average amount of hospital claim, only inpatient claims are included. The section on miscellaneous hospital expense benefit includes data on both inpatient and outpatient hospital claims. The section on surgery combines data on surgery performed both in and out of the hospital, and the section on major medical insurance includes data on services performed both in and out of the hospital.

Maternity claims were excluded except in the section dealing specifically with maternity expense benefits.

Unless otherwise indicated, data shown are for all durations combined. The duration is a calendar-year duration rather than a policy-year duration and is determined by subtracting the calendar year of issue from the calendar year of experience. Companies were requested not to submit data for duration 0 (the calendar year in which a policy was issued).

CONTRIBUTING COMPANIES

The following twelve companies contributed data to one or more sections of this report:

Continental Assurance Company
General American Life Insurance Company
John Hancock Mutual Life Insurance Company
Life Insurance Company of Virginia
Metropolitan Life Insurance Company
Mutual Life Insurance Company of New York
Mutual of Omaha Insurance Company
New York Life Insurance Company
Pacific Mutual Life Insurance Company
Provident Mutual Life Insurance Company of Philadelphia
Prudential Insurance Company of America
Woodmen Accident and Life Company

HOSPITAL ROOM AND BOARD BENEFIT

Ten companies contributed experience that was used in this section of the study. The experience of one large contributor to previous studies was not available. This reduced significantly the amount of exposure in this study and should be kept in mind when comparisons with previous studies are made. A distribution of claims by maximum benefit period is shown in the following tabulation.

MAXIMUM DURATION OF DHB	DAILY HOSPITAL BENEFIT IN FORCE ON HOSPITALIZATION CLAIMS		
	No Deductible	\$25 Deductible	\$50 Deductible
28.....	\$ 9,332	\$ 0	\$ 0
31.....	125,884	738	0
35.....	397,890	0	35,067
40.....	843	0	0
42.....	174,030	85	0
45.....	36,300	1,442	4,777
60.....	930	20,492	205
90.....	190,444	9,857	5,360
100.....	324,870	4,018	20,401
120.....	2,801,633	82,599	425,253
150.....	28,814	0	0
180.....	6,495	224	20,739
240.....	5,175	0	0
365.....	1,064,174	313,984	481,603
Total.....	\$5,166,814	\$433,439	\$993,405

The frequency of hospitalization is based on the combined experience for all maximum benefit periods and was obtained by dividing the amount of daily hospital benefit in force on hospitalization claims by the amount of hospital benefit exposed.

The average claim per \$1 of daily hospital benefit was obtained by dividing the amount paid for hospital room and board by the amount of daily hospital benefit in force on hospitalization claims. In order to include in Table 1 all data and to show the effect of limiting the length of the benefit period, data for maximum benefit periods of 28-45 days were adjusted to a 31-day period, those for 60-180 days to a 90-day period, and those for periods over 180 days to a 365-day period. Table 2 was derived by adjusting all maximum benefit periods to a 90-day period. The adjustments were made on the basis of the conversion tables shown on page 137 of *TSA, 1963 Reports*.

Annual claim costs were obtained by multiplying the frequencies of hospitalization by the corresponding average amount of claims.

Table 1 shows, for policies with no deductible, the frequency of hospitalization, the average claim, and the average claim cost per \$1 of daily hospital benefit for adjusted maximum benefit periods of 31, 90, and 365 days. Contrary to what would be expected if the data were homogeneous, the claim costs for many age groups decreased as the adjusted maximum benefit period increased. As an indication of the lack of

homogeneity, a large portion of the experience in each group (35, 75, and 40 percent, respectively) was contributed by a different company. In general, the claim costs for each adjusted maximum benefit period increase as the age increases. For ages 20-54, the claim costs for males are lower than those for females, while for ages 55 and over the relationship is reversed.

Table 2 shows data for an adjusted maximum benefit period of 90 days on policies with no deductible, a \$25 deductible, and a \$50 deductible. If the data in Table 2 were completely homogeneous, the frequency of hospitalization would be expected to become smaller, the average claim larger, and the claim cost smaller as the amount of the deductible increases. These relationships are generally true as between the \$25 deductible and \$50 deductible experiences, where 90 percent and 70 percent of the experience, respectively, were contributed by one company. They do not hold, however, between the no-deductible experience and that for the deductible plans. This probably reflects variation in individual company experience, as 70 percent of the no-deductible experience was contributed by a company which had no experience in the \$25 deductible plans and about 10 percent of the \$50 deductible experience.

Table 3 compares the experience shown in Table 2 for policies with no deductible with the 1971-72 Intercompany experience and with the 1956 Intercompany Hospital Table.

TABLE 1
 1973-74 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
 FREQUENCY OF HOSPITALIZATION, AVERAGE CLAIM, AND CLAIM COST
 PER \$1 OF DAILY HOSPITAL BENEFIT FOR
 ADJUSTED MAXIMUM BENEFIT PERIODS OF 31, 90, AND 365 DAYS
 NO DEDUCTIBLE

ATTAINED AGE	FREQUENCY OF HOSPITALIZATION	AVERAGE CLAIM FOR ADJUSTED MAXIMUM BENEFIT PERIOD OF:			CLAIM COST FOR ADJUSTED MAXIMUM BENEFIT PERIOD OF:		
		31 Days	90 Days	365 Days	31 Days	90 Days	365 Days
Male							
15-19	.1418	\$13.00	\$ 5.27	\$ 5.12	\$1.843	\$.747	\$.726
20-24	.0691	7.02	6.44	6.56	.485	.445	.453
25-29	.0654	7.41	6.39	7.11	.485	.418	.465
30-34	.0803	6.60	7.03	7.51	.530	.565	.603
35-39	.0915	6.95	7.54	7.50	.636	.690	.686
40-44	.1086	7.92	7.28	8.28	.860	.791	.899
45-49	.1287	9.00	8.20	8.75	1.158	1.055	1.126
50-54	.1444	8.69	8.89	9.48	1.255	1.284	1.369
55-59	.1696	9.83	10.05	10.23	1.667	1.704	1.735
60-64	.1799	10.19	10.90	11.42	1.833	1.961	2.054
65-69	.2232	11.88	10.60	10.78	2.652	2.366	2.406
70-74	.2914	12.15	13.59	14.15	3.541	3.960	4.123
75-79	.3272	13.07	14.53	9.27	4.277	4.754	3.033
Female							
15-19	.1657	\$18.74	\$ 4.83	\$ 4.51	\$3.105	\$.800	\$.747
20-24	.1118	6.25	5.20	5.28	.699	.581	.590
25-29	.1323	6.51	5.88	6.47	.861	.778	.856
30-34	.1568	6.59	6.21	6.80	1.033	.974	1.066
35-39	.1767	7.34	7.06	7.11	1.297	1.248	1.256
40-44	.1851	7.58	7.63	7.90	1.403	1.412	1.462
45-49	.1879	8.25	8.15	8.37	1.550	1.531	1.573
50-54	.1766	9.03	8.71	9.07	1.595	1.538	1.602
55-59	.1576	9.65	9.73	10.03	1.521	1.533	1.581
60-64	.1490	10.46	10.50	11.14	1.559	1.565	1.660
65-69	.1918	11.83	10.88	8.79	2.269	2.087	1.686
70-74	.2311	12.43	13.52	10.07	2.873	3.124	2.327
75-79	.2610	13.49	14.44	7.83	3.521	3.769	2.044
Child							
All ages	.0736	\$ 4.87	\$ 4.54	\$ 4.88	\$.358	\$.334	\$.359

TABLE 2
 1973-74 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
 FREQUENCY OF HOSPITALIZATION, AVERAGE CLAIM, AND CLAIM COST
 PER \$1 OF DAILY HOSPITAL BENEFIT FOR
 ADJUSTED MAXIMUM BENEFIT PERIOD OF 90 DAYS

ATTAINED AGE	NO DEDUCTIBLE			\$25 DEDUCTIBLE			\$50 DEDUCTIBLE		
	Fre- quency	Average Claim	Claim Cost	Fre- quency	Average Claim	Claim Cost	Fre- quency	Average Claim	Claim Cost
Male									
15-19...	.1418	\$ 5.19	\$.736	.1276	\$ 3.67	\$.468	.0783	\$ 5.16	\$.404
20-24...	.0691	6.38	.441	.0617	5.31	.328	.0580	5.91	.343
25-29...	.0654	6.47	.423	.0672	4.66	.313	.0565	5.35	.302
30-34...	.0803	7.01	.563	.0749	4.96	.372	.0627	6.84	.429
35-39...	.0915	7.35	.673	.0836	5.96	.498	.0715	6.30	.450
40-44...	.1086	7.49	.813	.0937	6.20	.581	.0805	7.57	.609
45-49...	.1287	8.32	1.071	.1154	7.66	.884	.0949	7.77	.737
50-54...	.1444	8.93	1.289	.1309	8.52	1.115	.1042	9.16	.954
55-59...	.1696	9.99	1.694	.1708	9.37	1.600	.1274	9.82	1.251
60-64...	.1799	10.89	1.959	.1872	10.34	1.936	.1457	10.18	1.483
65-69...	.2232	12.33	2.752	.2010	12.52	2.517	.2217	12.05	2.671
70-74...	.2914	13.73	4.001	.2382	12.30	2.930	.2412	14.21	3.427
75-79...	.3274	14.74	4.823	.2844	13.61	3.871	.2544	14.05	3.574
Female									
15-19...	.1657	\$ 4.90	\$.812	.1121	\$ 3.79	\$.425	.0919	\$ 3.68	\$.338
20-24...	.1118	5.21	.582	.1183	4.27	.505	.0877	5.20	.456
25-29...	.1323	5.95	.787	.1285	5.51	.708	.1020	5.51	.562
30-34...	.1568	6.30	.988	.1426	6.14	.876	.1136	6.10	.693
35-39...	.1767	7.02	1.240	.1585	6.49	1.029	.1374	6.81	.936
40-44...	.1851	7.62	1.410	.1800	6.82	1.228	.1481	6.86	1.016
45-49...	.1879	8.15	1.531	.1974	7.83	1.546	.1440	8.29	1.194
50-54...	.1766	8.77	1.549	.1746	8.06	1.407	.1368	8.09	1.107
55-59...	.1576	9.74	1.535	.1698	9.12	1.549	.1233	9.22	1.137
60-64...	.1490	10.62	1.582	.1629	9.32	1.518	.1258	10.47	1.317
65-69...	.1918	12.16	2.332	.1872	10.74	2.011	.1633	10.63	1.736
70-74...	.2311	13.55	3.131	.2168	11.94	2.589	.1790	13.24	2.370
75-79...	.2610	14.70	3.837	.2442	13.64	3.331	.1987	15.16	3.012
Child									
All ages	.0736	\$ 4.60	\$.339	.0760	\$ 4.21	\$.320	.0620	\$ 4.19	\$.260

TABLE 3
1973-74 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
COMPARISON WITH 1971-72 INTERCOMPANY EXPERIENCE AND
1956 INTERCOMPANY HOSPITAL TABLE
FREQUENCY OF HOSPITALIZATION, AVERAGE CLAIM, AND CLAIM COST
PER \$1 OF DAILY HOSPITAL BENEFIT
ADJUSTED MAXIMUM BENEFIT PERIOD OF 90 DAYS
NO DEDUCTIBLE

ATTAINED AGE	1973-74 INTERCOMPANY EXPERIENCE			RATIO OF 1973-74 EXPERIENCE TO 1971-72 EXPERIENCE			RATIO OF 1973-74 EXPERIENCE TO 1956 INTERCOMPANY TABLE		
	Fre- quency	Average Claim	Claim Cost	Fre- quency	Average Claim	Claim Cost	Fre- quency	Average Claim	Claim Cost
Male									
15-19	.1418	\$5 19	\$ 736	1.14	.85	.97	1.81	.70	1.26
20-24	.0691	6.38	.441	1.10	1.03	1.13	.89	.86	.76
25-29	.0654	6.47	.423	1.05	1.00	1.06	.86	.85	.74
30-34	.0803	7.01	.563	1.14	1.02	1.16	1.07	.87	.94
35-39	.0915	7.35	.673	1.09	1.03	1.12	1.15	.83	.95
40-44	.1086	7.49	.813	1.19	.94	1.12	1.22	.75	.92
45-49	.1287	8.32	1.071	1.21	.98	1.18	1.28	.74	.95
50-54	.1444	8.93	1.289	1.19	.97	1.15	1.26	.73	.92
55-59	.1696	9.99	1.694	1.19	1.01	1.19	1.27	.79	1.01
60-64	.1799	10.89	1.959	1.12	1.01	1.12	1.17	.84	.99
65-69	.2232	12.33	2.752	1.04	.98	1.02	1.34	.89	1.20
70-74	.2914	13.73	4.001	1.16	1.02	1.18	1.69	.80	1.34
75-79	.3272	14.74	4.823	1.09	1.01	1.11	1.87	.63	1.18
Female									
15-19	.1657	\$4.90	\$.812	1.32	.98	1.29	1.77	.67	1.20
20-24	.1118	5.21	.582	1.20	.96	1.15	1.13	.71	.80
25-29	.1323	5.95	.787	1.28	.99	1.27	1.19	.77	.91
30-34	.1568	6.30	.988	1.31	.94	1.24	1.29	.76	.99
35-39	.1767	7.02	1.240	1.33	.97	1.29	1.35	.80	1.08
40-44	.1851	7.62	1.410	1.25	.99	1.23	1.34	.81	1.09
45-49	.1879	8.15	1.531	1.26	1.01	1.27	1.29	.82	1.05
50-54	.1766	8.77	1.549	1.26	.99	1.25	1.16	.82	.96
55-59	.1576	9.74	1.535	1.16	1.02	1.18	1.00	.85	.85
60-64	.1490	10.62	1.582	1.08	1.01	1.10	.91	.86	.78
65-69	.1918	12.16	2.332	1.07	.99	1.06	1.14	.89	1.01
70-74	.2311	13.55	3.131	1.11	1.01	1.13	1.34	.79	1.05
75-79	.2610	14.70	3.837	1.05	.98	1.03	1.49	.63	.94
Child									
All ages	.0736	\$4.60	\$.339	1.03	1.01	1.04	Not applicable		

Ratios of the 1973-74 experience to the 1971-72 experience for all ages combined (based on the 1973-74 distribution of no-deductible exposures by age) are shown in the following tabulation. A significant increase in adult claim frequencies and claim costs is apparent over the two-year period.

	Frequency	Average Claim	Claim Cost
Male.....	113%	100%	113%
Female.....	120	98	117
Child.....	103	101	104

An analysis by duration was made of the 1973-74 experience on policies with no deductible. Ratios of experience by duration to that for duration 3 and later (where each duration is based on the same distribution of no-deductible exposures by age) are shown in the following tabulation.

DURATION	MALES			FEMALES			CHILDREN		
	Frequency	Average Claim	Claim Cost	Frequency	Average Claim	Claim Cost	Frequency	Average Claim	Claim Cost
1.....	66%	82%	54%	75%	78%	59%	104%	83%	86%
2.....	76	87	66	81	83	67	105	92	97
3 and later.....	100	100	100	100	100	100	100	100	100
All.....	91	99	90	96	97	93	102	94	96

For durations 1 and 2, the ratios for frequencies were generally lower for ages over 45, while the ratios for average claims showed little variation by age.

Table 4 contains a graduation of the crude frequencies and average claims of Table 2 for policies with no deductible. Claim costs in Table 4 are derived as a product of these functions.

MISCELLANEOUS HOSPITAL EXPENSE BENEFIT

Eleven companies contributed to this section of the study. Much of the data lacked sufficient homogeneity to be incorporated into tables which would be meaningful and useful. The total number of claims actually employed in constructing one or more tables of this section of the study,

TABLE 4
GRADUATED 1973-74 EXPERIENCE UNDER INDIVIDUALLY
UNDERWRITTEN POLICIES
FREQUENCY OF HOSPITALIZATION, AVERAGE CLAIM,
AND CLAIM COST PER \$1 OF
DAILY HOSPITAL BENEFIT
NO DEDUCTIBLE
MAXIMUM BENEFIT PERIOD OF 90 DAYS

Attained Age	Frequency	Average Claim	Claim Cost
Male			
15-19 .....	.1212	\$ 5.43	\$.658
20-24 .....	.0708	6.32	.447
25-29 .....	.0653	6.54	.427
30-34 .....	.0792	6.99	.554
35-39 .....	.0919	7.31	.674
40-44 .....	.1088	7.57	.824
45-49 .....	.1280	8.27	1.059
50-54 .....	.1454	8.96	1.303
55-59 .....	.1669	9.96	1.662
60-64 .....	.1828	10.93	1.998
65-69 .....	.2243	12.31	2.761
70-74 .....	.2794	13.65	3.814
75-79 .....	.3293	14.77	4.864
Female			
15-19 .....	.1406	\$ 4.79	\$.673
20-24 .....	.1152	5.25	.605
25-29 .....	.1313	5.90	.775
30-34 .....	.1562	6.35	.992
35-39 .....	.1761	7.00	1.233
40-44 .....	.1857	7.61	1.413
45-49 .....	.1873	8.15	1.526
50-54 .....	.1760	8.79	1.547
55-59 .....	.1572	9.71	1.526
60-64 .....	.1515	10.66	1.615
65-69 .....	.1888	12.12	2.288
70-74 .....	.2282	13.51	3.083
75-79 .....	.2619	14.72	3.855
Child			
All ages .....	.0736	\$4.60	\$.339

however, was 284,372. The basic study was built around the \$200 maximum benefit, as was done with the 1971-72 study.

Table 5 shows the average claim for a \$200 maximum benefit on policies with no deductible. Graduated average claims are also shown and are used as a basis of comparison in subsequent tables and analyses. The last column in this table shows the ratio of actual average claims to the corresponding averages for the 1971-72 study.

Table 6 shows the graduated frequencies of hospitalization, the graduated average claims, and the claim costs for a \$200 maximum benefit. The frequencies of hospitalization are the same as those shown in Table 4, and the average claims are the same as those shown in Table 5. The claim cost is the product of the frequency and the average claim.

Table 7 shows a comparison of the actual 1973-74 experience for a \$200 maximum benefit on policies with no deductible with the 1956 Intercompany Hospital Table. The 1956 table does not show average claim amounts for a \$200 maximum benefit, and therefore it was necessary to use the arithmetic mean of the values for a \$150 and a \$250 maximum benefit. The frequencies of hospitalization for the 1973-74 experience are the same as those shown in Table 3.

Table 8 shows the relationship of average claims for other maximum benefit amounts for which there were one thousand or more claims to those for the \$200 maximum benefit amount. It also indicates to what extent each experience cell consists of the experience of a single company and the number of companies contributing to each cell. The truncated claims from one contributor used to construct Table 10 are also included in Table 8 for each of the truncation levels. Thus there is duplication in the numbers of claims appearing in Table 8, since the claim counts shown opposite the \$1,225 maximum amount are also counted opposite the \$100, \$150, \$200, \$250, and \$300 maximums. Corresponding figures with the duplication eliminated are shown in parentheses.

Table 8A displays the experience of one company for reference purposes; this experience is included in Table 8.

Table 9 indicates the range in the level of average claim experience for the \$200 maximum benefit amount among the contributing companies. The level of the ratios of actual to tabular varies considerably from one company to another.

Table 10 shows the variation in average claims by maximum benefit and age. The average claim increases by age at the higher maximum benefit amounts. The ratios in the table were derived from data obtained by truncating the claims of a single company at \$100, \$150, \$200, \$250,

TABLE 5
 1973-74 EXPERIENCE UNDER INDIVIDUALLY
 UNDERWRITTEN POLICIES
 MISCELLANEOUS HOSPITAL EXPENSE BENEFIT
 INPATIENT ONLY
 AVERAGE AMOUNT OF CLAIM
 NO DEDUCTIBLE—\$200 MAXIMUM BENEFIT

ATTAINED AGE	NUMBER OF CLAIMS	AVERAGE CLAIM		RATIO TO 1971-72 (ACTUAL CLAIMS)
		Actual	Graduated	
Male				
15-19	29	\$168.24	\$156.04	1.126
20-24	313	161.82	160.06	1.110
25-29	650	166.14	164.51	1.092
30-34	716	165.23	168.74	1.093
35-39	500	171.83	172.11	1.100
40-44	500	176.31	175.26	1.068
45-49	585	173.31	177.65	1.039
50-54	755	180.11	179.49	1.051
55-59	1,179	183.51	181.23	1.080
60-64	1,614	182.32	182.42	1.061
65-69	887	183.59	182.97	1.081
70-74	469	181.57	182.53	1.054
75-79	479	183.13	181.66	1.070
Total	8,676			
Female				
15-19	46	\$150.78	\$151.29	1.018
20-24	528	165.22	163.62	1.096
25-29	1,015	171.54	170.13	1.081
30-34	1,020	175.88	174.46	1.074
35-39	750	177.02	177.89	1.064
40-44	855	180.85	180.29	1.069
45-49	1,270	180.83	181.66	1.063
50-54	1,756	181.94	182.34	1.070
55-59	2,493	180.80	182.23	1.068
60-64	3,246	181.29	181.43	1.071
65-69	1,741	177.11	180.06	1.065
70-74	1,268	178.85	178.12	1.075
75-79	1,206	179.17	173.78	1.069
	17,194			
Child				
All ages	4,212	\$147.69	\$147.69	1.130

TABLE 6
 1973-74 EXPERIENCE UNDER INDIVIDUALLY
 UNDERWRITTEN POLICIES
 GRADUATED FREQUENCY OF HOSPITALIZATION,
 GRADUATED AVERAGE CLAIM, AND CLAIM COST
 \$200 MAXIMUM MISCELLANEOUS
 HOSPITAL EXPENSE BENEFIT
 INPATIENT ONLY—NO DEDUCTIBLE

Attained Age	Frequency	Average Claim	Claim Cost
Male			
15-19.....	.1212	\$156.04	\$18.91
20-24.....	.0708	160.06	11.33
25-29.....	.0653	164.51	10.74
30-34.....	.0792	168.74	13.36
35-39.....	.0919	172.11	15.82
40-44.....	.1088	175.26	19.07
45-49.....	.1280	177.65	22.74
50-54.....	.1454	179.49	26.10
55-59.....	.1669	181.23	30.25
60-64.....	.1828	182.42	33.35
65-69.....	.2243	182.97	41.04
70-74.....	.2794	182.53	51.00
75-79.....	.3293	181.66	59.82
Female			
15-19.....	.1406	\$151.29	\$21.27
20-24.....	.1152	163.62	18.85
25-29.....	.1313	170.13	22.34
30-34.....	.1562	174.46	27.25
35-39.....	.1761	177.89	31.33
40-44.....	.1857	180.29	33.48
45-49.....	.1873	181.66	34.02
50-54.....	.1760	182.34	32.09
55-59.....	.1572	182.23	28.65
60-64.....	.1515	181.43	27.49
65-69.....	.1888	180.06	34.00
70-74.....	.2282	178.12	40.65
75-79.....	.2619	173.78	45.51
Child			
All ages.....	.0736	\$147.69	\$10.87

TABLE 7
1973-74 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
COMPARISON WITH 1956 INTERCOMPANY HOSPITAL TABLE
\$200 MAXIMUM MISCELLANEOUS HOSPITAL EXPENSE BENEFIT
INPATIENT ONLY—NO DEDUCTIBLE

ATTAINED AGE	1973-74 INTERCOMPANY EXPERIENCE			1956 INTERCOMPANY TABLE			RATIO OF 1973-74 EXPERIENCE TO 1956 TABLE		
	Fre-quency	Average Claim	Claim Cost	Fre-quency	Average Claim	Claim Cost	Fre-quency	Average Claim	Claim Cost
Male									
15-19	1418	\$168.24	\$23.86	0783	\$ 85.55	\$ 6.70	1.81	1.97	3.56
20-24	0691	161.82	11.18	0779	87.77	6.84	.89	1.84	1.63
25-29	0654	166.14	10.87	0758	93.32	7.07	.86	1.78	1.54
30-34	0803	165.23	13.27	0747	98.87	7.39	1.07	1.67	1.80
35-39	0915	171.83	15.72	0797	104.42	8.32	1.15	1.65	1.89
40-44	1086	176.31	19.15	0889	109.97	9.78	1.22	1.60	1.96
45-49	1287	173.31	22.30	1003	115.52	11.59	1.28	1.50	1.92
50-54	1444	180.11	26.01	1150	121.07	13.92	1.26	1.49	1.87
55-59	1696	183.51	31.12	1339	126.62	16.95	1.27	1.45	1.84
60-64	1799	182.32	32.80	1536	132.17	20.30	1.17	1.38	1.62
65-69	2232	183.59	40.98	1665	137.72	22.93	1.34	1.33	1.79
70-74	2914	181.57	52.91	1728	143.27	24.76	1.69	1.27	2.14
75-79	3272	183.13	59.92	1751	148.82	26.06	1.87	1.23	2.30
Female									
15-19	1657	\$150.78	\$24.98	0935	\$ 85.55	\$ 8.00	1.77	1.76	3.12
20-24	1118	165.22	18.47	0993	87.77	8.72	1.13	1.88	2.12
25-29	1323	171.54	22.69	1116	93.32	10.41	1.19	1.84	2.18
30-34	1568	175.88	27.58	1215	98.87	12.01	1.29	1.78	2.30
35-39	1767	177.02	31.28	1306	104.42	13.64	1.35	1.70	2.29
40-44	1851	180.85	33.48	1385	109.97	15.23	1.34	1.64	2.20
45-49	1879	180.83	33.98	1455	115.52	16.81	1.29	1.57	2.02
50-54	1766	181.94	32.13	1519	121.07	18.39	1.16	1.50	1.75
55-59	1576	180.80	28.49	1577	126.62	19.97	1.00	1.43	1.43
60-64	1490	181.29	27.01	1630	132.17	21.54	.91	1.37	1.25
65-69	1918	177.11	33.97	1682	137.72	23.16	1.14	1.29	1.47
70-74	2311	178.85	41.33	1728	143.27	24.76	1.34	1.25	1.67
75-79	2610	179.17	46.76	1751	148.82	26.06	1.49	1.20	1.79

TABLE 8
 1973-74 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
 MISCELLANEOUS HOSPITAL EXPENSE BENEFIT
 INPATIENT ONLY
 VARIATION IN AVERAGE CLAIM BY MAXIMUM BENEFIT AMOUNT
 NO DEDUCTIBLE

MAXIMUM BENEFIT AMOUNT	NUMBER OF CLAIMS			PROPORTION BY NUMBER OF CLAIMS OF EXPERIENCE FROM LARGEST SINGLE CONTRIBUTOR (PERCENT)	NUMBER OF CONTRIBUTORS WITH CLAIMS	RATIO OF ACTUAL TO TABULAR*		
	Male	Female	Child			Male	Female	Child
\$ 50	7,527	11,278	359	71.4	5	226	238	306
60	1,846	4,661	679	90.0	3	337	344	408
75	4,066	6,326	262	72.5	3	382	390	413
80	61	113	947	82.5	5	430	420	522
90	3,757	9,394	418	98.0	2	501	512	589
100	11,648	20,821	3,821	45.9	10	539	536	606
(100)	(7,085)	(11,664)	(880)	(48.1)	(9)	(535)	(533)	(589)
120	3,286	8,108	672	89.1	6	658	664	705
125	1,199	1,835	175	52.0	2	622	609	657
150	9,055	17,256	4,228	54.6	8	751	768	788
(150)	(4,492)	(8,099)	(1,287)	(48.2)	(7)	(719)	(755)	(680)
160	832	1,459	380	95.0	4	849	848	969
180	337	525	214	72.1	5	739	742	921
200	8,813	17,648	4,212	54.3	9	1,000	1,000	1,000
(200)	(4,250)	(8,491)	(1,271)	(55.2)	(8)	(1,015)	(1,020)	(1,008)
225	334	655	25	82.6	4	1,081	1,078	1,250
240	2,826	4,570	1,852	83.3	6	1,165	1,164	1,182
250	5,553	11,039	3,413	83.3	6	1,167	1,164	1,104
(250)	(990)	(1,882)	(472)	(61.1)	(5)	(1,221)	(1,237)	(1,082)
300	14,999	30,870	9,329	52.9	9	1,300	1,310	1,236
(300)	(10,436)	(21,713)	(6,388)	(75.8)	(8)	(1,302)	(1,320)	(1,259)
320	2,030	2,692	555	100.0	1	1,483	1,498	1,481
400	2,024	3,348	949	69.1	6	1,628	1,630	1,429
500	1,535	2,677	1,019	55.6	7	1,538	1,670	1,152
600	11,040	19,949	6,466	95.8	4	1,880	1,926	1,590
1,000	337	510	192	79.3	3	2,282	2,193	1,645
1,225	4,563	9,157	2,941	100.0	1	2,171	2,073	1,547

NOTE.—Figures in parentheses exclude truncated claims.

* Tabular based on graduated average amount of claim for \$200 maximum benefit shown in Table 5.

and \$300. The maximum benefit amount was \$1,225. Only 1974 experience was available.

Table 11 presents the experience of one company and shows the variation in average claim by maximum benefit and deductible amount. Except for females, the average claim is generally larger on policies with a deductible, and the difference becomes greater as the maximum benefit amount increases.

Table 12 compares the combined inpatient and outpatient experience of several companies that include an outpatient benefit with their corresponding experience limited to the inpatient benefit only. Experience from 1974 was not included for Company D. Comparisons are shown for \$100, \$200, and \$300 maximum benefit amounts. When outpatient claims are included, the average claims for children, under the

TABLE 8A

1973-74 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
 MISCELLANEOUS HOSPITAL EXPENSE BENEFIT
 INPATIENT ONLY
 VARIATION IN AVERAGE CLAIM BY MAXIMUM BENEFIT AMOUNT
 NO DEDUCTIBLE
 (Experience of One Company)

MAXIMUM BENEFIT AMOUNT	NUMBER OF CLAIMS			GRADUATED RATIO OF ACTUAL TO TABULAR*		
	Male	Female	Child	Male	Female	Child
\$ 60.....	1,783	4,556	126	.339	.336	.422
90.....	3,671	9,244	387	.509	.505	.595
100.....	1,050	2,366	129	.554	.555	.659
120.....	2,956	7,534	260	.659	.659	.768
150.....	1,875	4,427	391	.799	.808	.912
160.....	825	1,447	265	.839	.858	.956
200.....	2,221	5,023	491	1.015	1.032	1.095
240.....	2,601	4,275	825	1.165	1.181	1.199
250.....	663	1,275	105	1.200	1.221	1.224
300.....	7,457	16,241	5,513	1.365	1.385	1.323
320.....	2,030	2,692	555	1.430	1.450	1.362
400.....	1,539	2,345	482	1.630	1.669	1.481
480.....	86	76	15	1.765	1.803	1.560
500.....	314	461	75	1.790	1.828	1.570
600.....	10,594	19,109	6,172	1.881	1.912	1.590

* Tabular based on graduated average amount of claim for \$200 maximum benefit shown in Table 5.

TABLE 9

1973-74 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
 MISCELLANEOUS HOSPITAL EXPENSE BENEFIT
 INPATIENT ONLY
 VARIATION IN AVERAGE CLAIM BY CONTRIBUTING COMPANY
 NO DEDUCTIBLE—\$200 MAXIMUM BENEFIT

COMPANY	NUMBER OF CLAIMS			RATIO OF ACTUAL TO TABULAR*		
	Male	Female	Child	Male	Female	Child
A.....	366	635	0	1.054	1.037	.....
B.....	2,221	5,023	491	1.045	1.051	1.150
C.....	159	223	148	.844	.929	.773
D.....	310	732	237	.933	.929	1.123
F.....	4	10	1	.858	1.103	1.351
G.....	113	184	104	.975	.965	.568
I.....	203	394	58	1.007	.957	.974
O.....	874	1,290	232	.989	.981	.945
P.....	4,563	9,157	2,941	.986	.982	.997
Total...	8,813	17,648	4,212	1.000	1.000	1.000

* Tabular based on graduated average amount of claim for \$200 maximum benefit shown in Table 5.

TABLE 10

1973-74 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
 MISCELLANEOUS HOSPITAL EXPENSE BENEFIT
 INPATIENT ONLY
 VARIATION IN AVERAGE CLAIM BY MAXIMUM BENEFIT AMOUNT AND AGE
 NO DEDUCTIBLE

(Based on One Company's Claims, under a \$1,225 Maximum Benefit, Truncated at \$100, \$200, \$250, and \$300)

ATTAINED AGE	NUMBER OF CLAIMS	RATIO OF ACTUAL TO TABULAR* FOR MAXIMUM BENEFIT AMOUNTS					
		\$100	\$150	\$200	\$250	\$300	\$1,225
Male							
15-19.....	16	.630	.906	1.123	1.276	1.387	1.506
20-24.....	219	.581	.810	1.000	1.141	1.240	1.870
25-29.....	413	.571	.809	1.001	1.145	1.256	1.658
30-34.....	460	.559	.794	.982	1.126	1.236	1.818
35-39.....	276	.555	.794	.994	1.156	1.283	1.971
40-44.....	254	.549	.790	.992	1.157	1.288	1.932
45-49.....	285	.542	.777	.972	1.137	1.274	2.032
50-54.....	376	.540	.781	.988	1.165	1.313	2.278
55-59.....	591	.536	.777	.988	1.170	1.325	2.343
60-64.....	959	.532	.772	.983	1.166	1.324	2.417
65-69.....	373	.532	.773	.988	1.174	1.338	2.496
70-74.....	112	.534	.769	.974	1.145	1.298	2.488
75-79.....	130	.538	.769	.968	1.140	1.281	2.288
All ages	4,464	.545	.783	.986	1.156	1.296	2.171
Female							
15-19.....	34	.607	.823	.973	1.068	1.131	1.302
20-24.....	410	.582	.825	1.018	1.161	1.269	1.720
25-29.....	655	.565	.805	1.001	1.155	1.274	1.774
30-34.....	587	.541	.777	.975	1.133	1.256	1.859
35-39.....	391	.543	.779	.973	1.131	1.260	1.907
40-44.....	386	.525	.763	.968	1.135	1.275	2.048
45-49.....	656	.532	.774	.983	1.153	1.290	1.988
50-54.....	885	.535	.773	.980	1.157	1.309	2.203
55-59.....	1,326	.535	.773	.976	1.146	1.286	2.116
60-64.....	1,975	.536	.776	.986	1.164	1.313	2.241
65-69.....	742	.527	.759	.960	1.127	1.265	2.054
70-74.....	379	.529	.758	.957	1.117	1.250	2.060
75-79.....	372	.554	.792	.992	1.164	1.306	2.278
All ages	8,798	.541	.779	.982	1.149	1.287	2.073
Child							
All ages.....	2,941	.612	.835	.997	1.107	1.187	1.547

* Tabular based on graduated average amount of claim for \$200 maximum benefit shown in Table 5.

TABLE 11
 1973-74 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
 MISCELLANEOUS HOSPITAL EXPENSE BENEFIT
 INPATIENT ONLY
 VARIATION IN AVERAGE CLAIM BY MAXIMUM
 BENEFIT AMOUNT, DEDUCTIBLE, AND AGE
 (Experience of One Company)

ATTAINED AGE	RATIO OF ACTUAL TO TABULAR*							
	Maximum Benefit Amount							
	\$150		\$200		\$240		\$320	
	Deductible		Deductible		Deductible		Deductible	
	\$0	\$50	\$0	\$50	\$0	\$50	\$0	\$50
	Male							
25-29	879		1 090				1 460	
30-34	800		1 026		1 225	1 317	1 442	
35-39	812		1 050		1 180	1 229	1 459	1 415
40-44	832	846	1 043	1 013	1 164	1 259	1 534	1 502
45-49	822	779	1 010	1 075	1 213	1 161	1 498	1 400
50-54	808	799	1 039	1 081	1 171	1 203	1 460	1 530
55-59	820	812	1 043	1 090	1 178	1 286	1 515	1 524
60-64	794	784	1 050	1 080	1 189	1 209	1 490	1 609
65-69	816	810	1 045	1 001				
70-74	796	803	1 062	1 033				
75-79	799	811	1 041	1 026				
All ages	808	804	1 045	1 047	1 187	1 228	1 483	1 511
	Female							
25-29	837		1 079				1 182	
30-34	846		1 088	1 114	1 211	1 195	1 490	1 521
35-39	803	808	1 049	1 037	1 215	1 237	1 500	1 340
40-44	819	800	1 044	1 096	1 188	1 191	1 517	1 555
45-49	779	826	1 049	1 024	1 187	1 233	1 508	1 445
50-54	810	811	1 042	1 060	1 162	1 185	1 480	1 410
55-59	783	802	1 022	1 057	1 175	1 166	1 490	1 432
60-64	794	792	1 046	1 024	1 180	1 170	1 516	1 480
65-69	813	777	1 049	1 080				
70-74	809	818	1 058	1 068				
75-79	829	807	1 075	1 105				
All ages	809	804	1 051	1 061	1 184	1 192	1 498	1 451
	Child							
All ages	.908	.903	1 150	1 222	1 273	1 365	1 481	1 570

* Tabular based on graduated average amount of claim for \$200 maximum benefit shown in Table 5.

TABLE 12
 1973-74 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
 MISCELLANEOUS HOSPITAL EXPENSE BENEFIT
 VARIATION IN AVERAGE CLAIM
 WITH AND WITHOUT OUTPATIENT BENEFIT
 NO DEDUCTIBLE

COMPANY	NUMBER OF CLAIMS INPATIENT AND OUTPATIENT			PERCENTAGE OF CLAIMS WHICH ARE OUTPATIENT			RATIO OF AVERAGE CLAIM ON ALL CLAIMS TO AVERAGE CLAIM ON INPATIENT-ONLY CLAIMS		
	Male	Female	Child	Male	Female	Child	Male	Female	Child
\$100 Maximum Benefit									
A.....	4,098	6,497	280	14.1	11.2	48.6	.914	.934	.674
B.....	1,205	2,710	304	12.9	12.7	57.6	.944	.934	.637
D.....	46	106	85	26.1	14.2	50.6	.803	.926	.687
O.....	1,144	1,438	85	.3	.1	1.2	.999	.999	.998
Total.....	6,493	10,751	754	11.5	10.1	47.1	.934	.942	.699
\$200 Maximum Benefit									
A.....	480	768	.....	23.8	17.3	.....	.813	.868	.....
B.....	2,726	5,957	1,126	18.5	15.7	56.4	.864	.889	.567
D.....	432	901	492	28.2	18.8	51.8	.790	.861	.576
L.....	243	457	120	16.5	13.8	51.7	.881	.901	.621
O.....	886	1,297	235	1.4	.5	1.3	.989	.998	.996
Total.....	4,767	9,380	1,973	16.6	13.9	48.4	.877	.901	.628
\$300 Maximum Benefit									
A.....	3,247	4,758	.....	38.9	23.3	.....	.672	.806	.....
B.....	13,355	24,168	14,567	44.2	32.8	62.2	.612	.713	.471
D.....	541	877	697	39.0	24.4	54.4	.667	.798	.543
F.....	45	82	58	37.8	17.1	46.6	.674	.853	.601
I.....	410	792	613	36.6	26.9	58.1	.703	.790	.545
Total.....	17,598	30,677	15,935	42.8	30.9	61.6	.627	.732	.477

combined experience, are considerably smaller because of the high proportion of outpatient claims. The reduction in average claims is the least for adult females.

Table 13 shows the ratios of average claim on all claims to average claim on inpatient-only claims for one company with an outpatient benefit. The ratios increase with age for plans with no deductible. This occurs because the proportion of inpatient-only claims increases by age and, therefore, the weighted effect of inpatient-only claims to all claims

TABLE 13
 1973-74 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
 MISCELLANEOUS HOSPITAL EXPENSE BENEFIT
 VARIATION IN AVERAGE CLAIM
 WITH AND WITHOUT OUTPATIENT BENEFIT
 BY MAXIMUM BENEFIT AMOUNT, DEDUCTIBLE, AND AGE
 (Experience of One Company)

ATTAINED AGE	RATIO OF AVERAGE CLAIM ON ALL CLAIMS TO AVERAGE CLAIM ON INPATIENT-ONLY CLAIMS							
	\$0 Deductible				\$50 Deductible			
	Maximum Benefit Amount				Maximum Benefit Amount			
	\$150	\$200	\$240	\$320	\$150	\$200	\$240	\$320
Male								
25-29	.676	.754		(.780)*				
30-34	.759	.718	.762	.741			(1.000)	
35-39	.694	.744	.785	.713				.861
40-44	.709	.754	.799	.786	(1.000)	(1.001)	.926	.871
45-49	.824	.840	.853	.856	(.948)	(1.003)	.951	.906
50-54	.854	.857	.836	.854	(.938)	.935	.981	.923
55-59	.883	.869	.887	.882	.985	.954	.965	.964
60-64	.904	.891	.907	.895	.952	.944	.972	.958
65-69	.957	.911			1.000	.984		
70-74	.943	.961			.991	.980		
75-79	.960	.956			.979	.974		
Female								
25-29	.899	.812		(.886)				
30-34	.867	.829	.850	.842		(1.000)	.920	.934
35-39	.895	.831	.883	.845	(1.000)	(.999)	.979	.954
40-44	.884	.874	.906	.850	.916	(.916)	.962	.976
45-49	.897	.831	.891	.863	.984	1.000	.974	.970
50-54	.878	.884	.881	.866	.958	.939	.985	.951
55-59	.892	.881	.895	.887	.934	.978	.940	.919
60-64	.886	.871	.904	.874	.947	.974	.964	.961
65-69	.913	.918			.964	.952		
70-74	.939	.928			.963	.915		
75-79	.948	.935			.964	.969		
Child								
All ages	.618	.568	.581	.558	.889	.852	.891	.909

* Parentheses indicate that the number of inpatient-only claims is 10-25.

increases by age. The \$50 deductible shows no such trend. The proportion of outpatient claims on deductible policies is quite small, since the deductible eliminates many of the outpatient claims. Therefore, the ratios of the average claim on all claims to the average claim on inpatient-only claims are very close to 100 percent.

Table 14 shows for all companies combined the annual rates of increase in average claims by maximum amount during the 1971-72 and 1973-74 study periods. The relatively small increases for the \$100 maximum benefit reflect the fact that the average claim for such benefits is very near the maximum.

TABLE 14
EXPERIENCE UNDER INDIVIDUALLY
UNDERWRITTEN POLICIES
MISCELLANEOUS HOSPITAL EXPENSE BENEFIT
INPATIENT ONLY—NO DEDUCTIBLE
ANNUAL INCREASE IN AVERAGE CLAIM
WITHIN PERIOD STUDIED

	STUDY PERIOD	
	1973-74	1971-72
\$100 Maximum Benefit		
Male.....	1.0%	1.2%
Female.....	0.7	1.2
Child.....	2.7	4.0
Total.....	.9%	1.4%
\$200 Maximum Benefit		
Male.....	3.6%	4.2%
Female.....	3.5	4.3
Child.....	6.3	8.5
Total.....	3.8%	4.8%
\$300 Maximum Benefit		
Male.....	4.6%	6.3%
Female.....	4.6	6.4
Child.....	8.9	10.2
Total.....	5.2%	7.0%

A comparison of the average claim for a given maximum amount of miscellaneous hospital expense benefit in the current study with the previous studies indicates that there has been a steady increase, the increase being much greater for larger maximums than for smaller maximums. This increase reflects the ever increasing cost of medical care that has occurred in the past and that will probably occur in the future. Thus the results for the current study do not adequately represent the experience as of the date this study is published, and, in order to estimate future costs of the benefit, appropriate projections must be made.

SURGICAL EXPENSE BENEFIT

Ten companies contributed experience to this section of the study. The distribution of claims by amount of deductible was as follows:

Deductible	Amount Paid (Millions)	Percentage Distribution
None	\$30.3	77%
\$ 25	2.5	6
50	6.0	15
100 .....	.7	2
Total	\$39.5	100%

A description of the data used, methods of calculation, and techniques used in standardizing the heterogeneous surgical schedules was presented with the 1960-61 study (*1963 Reports*, pp. 150-60).

Table 15 shows ungraduated frequencies, average claims, and claim costs per \$100 of maximum surgical benefit for no-deductible policies. Also shown in that table is a comparison with similar data previously published for the 1971-72 experience and the 1956 Intercompany Surgical Table adjusted to a standardized basis.

Similar to the 1971-72 experience, and contrary to the experience during the 1964-1970 period, where frequencies tended to decrease below age 60, the 1973-74 experience showed an increase for most age groups. The increase for all ages in the 1973-74 experience for both adults (6 percent) and children (1 percent) was the same as in the 1971-72 experience.

The increase in average claim of only 1 percent for adults and 2 percent for children was less than in the previous study.

A graduation of the crude 1973-74 experience is presented in Table 16. In Table 17 ungraduated data are shown for policies with a deductible.

TABLE 15

1973-74 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
 COMPARISON WITH 1971-72 INTERCOMPANY EXPERIENCE
 AND 1956 INTERCOMPANY SURGICAL TABLE
 FREQUENCY OF SURGERY, AVERAGE CLAIM, AND CLAIM COST
 PER \$100 OF MAXIMUM SURGICAL BENEFIT
 STANDARD SCHEDULE—NO DEDUCTIBLE

ATTAINED AGE	1973-74 INTERCOMPANY EXPERIENCE			RATIO OF 1973-74 EXPERIENCE TO 1971-72 EXPERIENCE			RATIO OF 1973-74 EXPERIENCE TO 1956 TABLE*		
	Fre- quency	Aver- age Claim	Claim Cost	Fre- quency	Aver- age Claim	Claim Cost	Fre- quency	Aver- age Claim	Claim Cost
Male									
15-19.....	.1811	\$13.09	\$2.37	1.12	.96	1.08	2.24	.77	1.72
20-24.....	.0888	14.13	1.25	1.04	1.02	1.07	1.14	.82	.93
25-29.....	.0774	15.06	1.17	.95	1.01	.96	1.04	.85	.89
30-34.....	.0872	16.28	1.42	1.03	.98	1.01	1.18	.90	1.07
35-39.....	.0897	17.83	1.60	.99	.99	.98	1.22	.96	1.17
40-44.....	.0921	19.71	1.82	1.03	.98	1.02	1.23	1.02	1.26
45-49.....	.0980	22.21	2.18	1.05	1.05	1.10	1.26	1.04	1.32
50-54.....	.1080	25.38	2.74	1.11	1.04	1.16	1.30	1.05	1.37
55-59.....	.1159	28.95	3.36	1.07	1.01	1.08	1.29	1.13	1.46
60-64.....	.1239	34.87	4.32	1.06	1.03	1.09	1.28	1.20	1.53
65-69.....	.1484	39.90	5.92	1.15	1.05	1.21	1.51	1.35	2.04
70-74.....	.1566	42.02	6.58	1.05	1.03	1.09	1.59	1.43	2.27
75-79.....	.1534	41.02	6.29	.99	.98	.98	1.56	1.39	2.17
Female									
15-19.....	.1411	\$13.69	\$1.93	1.10	.85	.93	1.68	.66	1.12
20-24.....	.1047	15.69	1.64	1.10	.94	1.03	1.13	.75	.85
25-29.....	.1176	20.63	2.43	1.09	1.02	1.10	1.10	.91	1.00
30-34.....	.1331	25.44	3.39	1.14	1.06	1.20	1.20	1.02	1.22
35-39.....	.1339	26.85	3.76	1.08	1.06	1.19	1.20	.98	1.23
40-44.....	.1482	28.69	4.25	1.11	1.04	1.15	1.32	.99	1.30
45-49.....	.1473	27.94	4.12	1.11	.99	1.10	1.34	.96	1.30
50-54.....	.1324	28.07	3.72	1.10	1.04	1.15	1.26	.99	1.25
55-59.....	.1202	28.66	3.44	1.07	1.00	1.07	1.18	1.03	1.22
60-64.....	.1146	30.14	3.45	1.06	1.01	1.06	1.16	1.07	1.23
65-69.....	.1220	34.85	4.25	1.09	1.04	1.13	1.24	1.24	1.55
70-74.....	.1259	36.14	4.44	1.05	1.04	1.07	1.28	1.29	1.61
75-79.....	.1085	38.76	4.88	.86	1.01	1.01	1.10	1.38	1.77
All Adults									
All ages.....	.1139	\$25.31	\$2.88	1.06	1.01	1.07	Not applicable		
Child									
All ages.....	.0931	\$13.68	\$1.27	1.01	1.02	1.03	Not applicable		

* Average claim and claim costs of the 1956 Intercompany Surgical Table adjusted to a standardized basis as shown in the 1963 Reports (p. 155, Table 15).

TABLE 16
 1973-74 EXPERIENCE UNDER INDIVIDUALLY
 UNDERWRITTEN POLICIES
 GRADUATED FREQUENCY OF SURGERY,
 GRADUATED AVERAGE CLAIM, AND CLAIM COST PER \$100 OF
 MAXIMUM SURGICAL BENEFIT—STANDARD SCHEDULE
 NO DEDUCTIBLE

Attained Age	Frequency	Average Claim	Claim Cost
Male			
15-19.....	.1685	\$14.28	\$2.41
20-24.....	.1117	13.59	1.52
25-29.....	.0833	13.99	1.17
30-34.....	.0747	15.32	1.14
35-39.....	.0786	17.43	1.37
40-44.....	.0890	20.16	1.79
45-49.....	.1017	23.34	2.37
50-54.....	.1137	26.82	3.05
55-59.....	.1235	30.43	3.76
60-64.....	.1310	34.03	4.46
65-69.....	.1376	37.45	5.15
70-74.....	.1462	40.52	5.92
75-79.....	.1610	43.10	6.94
Female			
15-19.....	.1327	\$12.44	\$1.65
20-24.....	.1193	17.68	2.11
25-29.....	.1200	21.54	2.58
30-34.....	.1274	24.28	3.09
35-39.....	.1361	26.14	3.56
40-44.....	.1422	27.38	3.89
45-49.....	.1433	28.24	4.05
50-54.....	.1390	28.97	4.03
55-59.....	.1303	29.83	3.89
60-64.....	.1200	31.06	3.73
65-69.....	.1127	32.91	3.71
70-74.....	.1143	35.63	4.07
75-79.....	.1327	39.47	5.24
Child			
All ages.....	.0931	\$13.68	\$1.27

TABLE 17

1973-74 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
 FREQUENCY OF SURGERY, AVERAGE CLAIM, AND CLAIM COST
 PER \$100 OF MAXIMUM SURGICAL BENEFIT
 STANDARD SCHEDULE
 POLICIES WITH A DEDUCTIBLE

ATTAINED AGE	\$25 DEDUCTIBLE			\$50 DEDUCTIBLE			\$100 DEDUCTIBLE		
	Fre- quency	Average Claim	Claim Cost	Fre- quency	Average Claim	Claim Cost	Fre- quency	Average Claim	Claim Cost
Male									
15-19.....	.0902	\$24.49	\$2.21	.0694	\$18.30	\$1.27	.0000	\$ 0.00	\$0.00
20-24.....	.0521	17.32	0.90	.0479	20.84	1.00	.0332	19.82	0.66
25-29.....	.0539	18.75	1.01	.0442	21.57	0.95	.0324	27.49	0.89
30-34.....	.0618	19.35	1.20	.0511	24.29	1.24	.0357	28.02	1.00
35-39.....	.0612	21.60	1.32	.0521	24.66	1.28	.0360	31.61	1.14
40-44.....	.0610	26.00	1.59	.0538	26.10	1.40	.0425	28.83	1.23
45-49.....	.0654	24.44	1.60	.0585	30.11	1.76	.0396	34.38	1.36
50-54.....	.0729	31.50	2.30	.0657	33.75	2.22	.0588	28.75	1.69
55-59.....	.1028	35.23	3.62	.0814	37.71	3.07	.0781	42.87	3.35
60-64.....	.1084	42.42	4.60	.0892	42.22	3.77	.0741	44.68	3.31
65-69.....	.1005	44.13	4.44	.1272	48.00	6.11	.1195	46.54	5.56
70-74.....	.1387	46.15	6.40	.1306	46.36	6.05	.1065	32.27	3.44
75-79.....	.1285	45.04	5.79	.1313	49.51	6.50	.1755	67.41	11.83
Female									
15-19.....	.0591	\$18.20	\$1.08	.0626	\$18.01	\$1.13	.0389	\$32.92	\$1.28
20-24.....	.0756	20.94	1.58	.0626	23.50	1.47	.0459	22.82	1.05
25-29.....	.0937	25.84	2.42	.0778	27.03	2.10	.0679	31.19	2.12
30-34.....	.1060	31.41	3.33	.0940	32.20	3.03	.0782	31.92	2.50
35-39.....	.1154	33.22	3.83	.1066	32.95	3.51	.0845	36.11	3.05
40-44.....	.1259	32.30	4.07	.1080	36.20	3.91	.0972	36.78	3.58
45-49.....	.1317	33.67	4.43	.1041	34.54	3.60	.0909	34.92	3.17
50-54.....	.1153	30.53	3.52	.0980	34.18	3.35	.0944	38.79	3.66
55-59.....	.0974	34.91	3.40	.0845	35.38	2.99	.0926	38.65	3.58
60-64.....	.0973	35.08	3.41	.0818	38.14	3.12	.0628	30.70	1.93
65-69.....	.0968	41.01	3.97	.0828	39.60	3.28	.1167	38.35	4.48
70-74.....	.1012	43.47	4.40	.1014	44.28	4.49	.1089	42.79	4.66
75-79.....	.1019	48.81	4.97	.0921	45.52	4.19	.1384	42.14	5.83
All Adults									
All ages.....	.0875	\$30.14	\$2.64	.0734	\$31.32	\$2.30	.0621	\$33.66	\$2.09
Child									
All ages.....	.0635	\$17.76	\$1.13	.0509	\$20.71	\$1.05	.0389	\$21.81	\$0.85

NOTE.—Average claim and claim cost reflect eligible expense before application of the deductible; frequency involves only claims where the total eligible medical expenses exceed the policy deductible.

It is noted that one company accounted for about 85, 70, and 90 percent of the paid claims for the \$25, \$50, and \$100 deductibles, respectively. A comparison of the percentage changes in frequency and average claim from the 1971-72 experience to the 1973-74 experience for adults and children for the \$25 deductible, \$50 deductible, and \$100 deductible plans is shown below.

	\$25 Deductible		\$50 Deductible		\$100 Deductible	
	Fre- quency	Average Claim	Fre- quency	Average Claim	Fre- quency	Average Claim
Adults.....	7%	0%	10%	-1%	11%	1%
Children.....	-2	3	27	3	1	6

In Table 18, data for "deductible" policies are compared with no-deductible forms. This table has been expanded to a four-year period of observation, namely, 1971-74, in order that the data might be more meaningful. Overall, the general pattern—decreasing frequency and increasing average claim as the deductible increases—conforms to expected results.

An analysis by duration was made of no-deductible policies. The effect of selection on early claim costs compared with claim costs for durations 3 and later is seen in the tabulation that follows.

Duration	Males	Females	All Adults	Children	Total
1.....	68%	69%	69%	80%	70%
2.....	73	91	85	92	86
3 and later...	100	100	100	100	100
All.....	95%	96%	96%	94%	96%

DEDUCTIBLE AMOUNTS

Nine companies contributed data to this section of the study, which covers experience under individually underwritten policies with deductible amounts of \$25, \$50, and \$100.

In hospital and surgical expense policies, any deductible amount is generally subtracted from the sum of all benefits (except maternity) otherwise payable at the time of a claim. This eliminates those claims for total amounts less than the deductible and reduces the other claims to the extent of the deductible amount.

Number of claims and annual claim frequencies by attained age are

TABLE 18
1971-74 (FOUR-YEAR PERIOD) EXPERIENCE UNDER
INDIVIDUALLY UNDERWRITTEN POLICIES
COMPARISON OF FREQUENCY OF SURGERY AND AVERAGE CLAIM
PER \$100 OF MAXIMUM SURGICAL BENEFIT
STANDARD SCHEDULE
DEDUCTIBLE POLICIES AS A PERCENTAGE OF NO-DEDUCTIBLE POLICIES

ATTAINED AGE	FREQUENCY				AVERAGE CLAIM			
	No Deductible	\$25 Deductible*	\$50 Deductible*	\$100 Deductible*	No Deductible	\$25 Deductible*	\$50 Deductible*	\$100 Deductible*
Male								
15-19	100%	55%	34%	18%	100%	144%	166%	301%
20-24	100	61	52	37	100	145	192	170
25-29	100	67	54	42	100	126	144	183
30-34	100	70	57	42	100	128	141	145
35-39	100	67	56	36	100	121	143	160
40-44	100	69	58	52	100	131	130	145
45-49	100	73	62	41	100	122	138	155
50-54	100	77	61	56	100	126	135	136
55-59	100	83	68	60	100	122	132	155
60-64	100	83	71	64	100	117	125	139
65-69	100	76	82	75	100	110	115	129
70-74	100	89	81	49	100	108	113	82
75-79	100	87	83	94	100	114	118	133
Female								
15-19	100%	44%	43%	32%	100%	125%	125%	149%
20-24	100	72	60	44	100	133	145	143
25-29	100	80	65	55	100	127	126	134
30-34	100	85	71	62	100	126	127	125
35-39	100	85	75	68	100	124	126	143
40-44	100	84	72	65	100	118	127	137
45-49	100	85	72	63	100	117	124	127
50-54	100	84	74	67	100	113	124	141
55-59	100	80	69	72	100	118	125	138
60-64	100	83	71	61	100	120	124	117
65-69	100	83	72	97	100	120	120	111
70-74	100	86	77	84	100	127	122	137
75-79	100	80	76	93	100	123	117	100
All Adults								
All ages	100%	77%	64%	54%	100%	120%	124%	134%
Child								
All ages	100%	69%	49%	42%	100%	129%	152%	157%

* Average claim reflects eligible expenses before application of the deductible; frequency involves only claims where the total eligible medical expenses exceed the policy deductible.

TABLE 19
1973-74 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
CLAIM FREQUENCY OF HOSPITAL AND SURGICAL EXPENSE POLICIES
WITH A DEDUCTIBLE

ATTAINED AGE	\$25 DEDUCTIBLE		\$50 DEDUCTIBLE		\$100 DEDUCTIBLE	
	Number of Claims	Claim Frequency	Number of Claims	Claim Frequency	Number of Claims	Claim Frequency
Male						
15-19.....	36	.153	64	.099	1	.019
20-24.....	584	.099	1,322	.077	82	.058
25-29.....	908	.099	1,827	.072	109	.043
30-34.....	826	.101	1,376	.080	114	.056
35-39.....	667	.107	1,037	.086	84	.061
40-44.....	572	.111	938	.091	84	.073
45-49.....	683	.126	1,134	.101	95	.085
50-54.....	768	.141	1,350	.115	111	.104
55-59.....	1,030	.179	1,665	.143	106	.115
60-64.....	1,050	.193	1,652	.156	90	.142
65-69.....	585	.205	737	.226	21	.148
70-74.....	465	.248	481	.246	6	.100
75-79.....	401	.283	535	.273	11	.262
Total	8,575	.....	14,118	.....	914	.....
Female						
15-19.....	49	.120	116	.104	4	.053
20-24.....	986	.140	1,912	.103	106	.066
25-29.....	1,374	.151	2,687	.118	222	.092
30-34.....	1,204	.159	2,051	.130	174	.100
35-39.....	941	.165	1,632	.141	141	.108
40-44.....	1,062	.192	1,849	.155	158	.137
45-49.....	1,398	.211	2,294	.156	161	.120
50-54.....	1,552	.190	2,651	.146	182	.127
55-59.....	1,719	.179	2,722	.135	195	.139
60-64.....	1,650	.176	2,524	.140	115	.110
65-69.....	1,047	.194	993	.174	37	.143
70-74.....	874	.220	722	.194	28	.181
75-79.....	806	.240	975	.213	22	.229
Total	14,662	.....	23,128	.....	1,545	.....
Child						
All ages...	5,891	.098	9,069	.074	745	.060

NOTE.—These frequencies involve only claims where the total eligible medical expenses exceed the policy deductible.

shown in Table 19. Claim frequencies were obtained by dividing the number of claims in excess of the deductible by the number of lives exposed. For homogeneous data we would expect the claim frequencies to decrease as the deductible amount increases.

Since it is easier to satisfy a given deductible under a policy providing large rather than small benefits, claim frequencies for a given deductible tend to vary with the amount of the benefit provided. We might expect that for homogeneous data the claim frequencies in Table 19, which are for all benefits combined, will exceed the corresponding frequencies of hospitalization, which do not include nonhospitalized surgical benefits and outpatient nonsurgical benefits.

To obtain the claim cost for a particular combination of benefits involving a deductible, it is necessary to reflect the savings resulting from the deductible amount. The technique used to obtain the claim cost is shown on page 101 of the *1967 Reports*.

MATERNITY EXPENSE BENEFIT

Six companies contributed data on 12,694 claims to this section of the study, which covers experience under basic hospital-surgical policies that provide benefits for childbirth or miscarriage. The policies included in the experience covered pregnancy which commenced after thirty days from date of issue or maternities which occurred after ten months from date of issue. Maternity benefits provided by the policies varied considerably, as shown by the following table.

ANALYSIS OF DATA BY TYPE OF MATERNITY BENEFIT

Maternity Benefit Provided in Policy	No. Claims in Study (All Durations)
10 times daily hospital benefit.....	11,241
8 times daily hospital benefit.....	80
12 times daily hospital benefit after second policy year.....	855
6 times daily hospital benefit.....	70
Flat amount (\$50-\$250).....	165
15 times daily hospital benefit after second policy year.....	283
Total.....	12,694

Frequencies of maternity by attained age and duration are shown in Table 20. The maternity claim frequencies of the 1956 Intercompany Hospital Table are shown for comparative purposes. Frequencies of 1973-74 are slightly lower for most ages than those reported for the 1971-72 experience. Variations from the previous study may be due to fluctuations because of the small amount of data submitted.

Claim frequencies on the maternity benefit are highest in the first

TABLE 20
 1973-74 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
 MATERNITY CLAIM FREQUENCY
 EXPERIENCE BY CALENDAR-YEAR DURATION

ATTAINED AGE	DURATION 1		DURATION 2		DURATION 3		DURATION 4		DURATION 5		ALL DURATIONS		1956 INTERCOMPANY HOSPITAL TABLE FREQUENCY
	Number of Claims	Frequency	Number of Claims	Frequency	Number of Claims	Frequency	Number of Claims	Frequency	Number of Claims	Frequency	Number of Claims	Frequency	
20-24	1,956	.266	1,344	.249	792	.257	371	.218	387	.295	4,850	.257	.285
25-29	1,228	.230	1,116	.227	871	.211	646	.182	1,487	.147	5,348	.190	.196
30-34	245	.096	288	.123	232	.113	203	.104	919	.071	1,887	.086	.117
35-39	58	.043	58	.050	54	.052	38	.035	258	.025	466	.031	.060
40-44	8	.007	16	.016	8	.010	8	.010	75	.008	115	.008	.016
45-49	1	.001	1	.001	5	.006	3	.003	18	.002	28	.002	.....
Total	3,496	.....	2,823	.....	1,962	.....	1,269	.....	3,144	.....	12,694	.....	.....

policy year for ages under 30 and in the second policy year for ages 30 and over. At subsequent durations the frequencies decrease. On the assumption that issues are spread uniformly throughout the year, the effect of the ten-month waiting period on the frequencies for calendar-year duration 1 can be approximately offset by multiplying the frequencies shown by 1.53.

MAJOR MEDICAL EXPENSE BENEFITS

Eight companies contributed data on 21,224 claims to this section of the study. The volume of claims is about two-thirds of that in the 1971-72 experience.

Data for this section of the study were submitted in five-year attained-age groups by sex (male, female, and child) and duration (1, 2, 3, 4, 5, and later) for each combination of the following variables:

1. Calendar year of experience
2. Renewal provision (guaranteed renewable or cancelable)
3. Type (family or individual)
4. Coinsurance percentage
5. Deductible amount
6. Deductible type (fixed or variable)
7. Maximum benefit
8. Surgical schedule maximum
9. Hospital room and board limit
10. Intensive-care room and board limit
11. Period to satisfy deductible
12. Benefit period

The data submitted were number of lives exposed, number of claims incurred, and amount paid on claims incurred. The amount paid was reported in two categories: eligible expenses which are subject to coinsurance and eligible expenses which are not subject to coinsurance.

Amounts paid on policies with coinsurance percentages other than 75 percent were adjusted to the amount which would have been paid had the coinsurance percentage been 75 percent, by multiplying amounts paid subject to coinsurance on the "other percentage" policies by the ratio of 75 to the specified other percentage and adding this adjusted amount to the amount paid not subject to coinsurance. Data for these policies were then combined with data for the 75 percent coinsurance policies.

In all tables in this section of the report, average claims and claim costs reflect eligible expenses *after* application of the deductible, coinsurance factor, and maximum benefit. Claim frequencies involve only claims where the total eligible expenses exceed the deductible.

TABLE 21
 1973-74 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
 MAJOR MEDICAL EXPENSE BENEFIT—\$500 FIXED DEDUCTIBLE
 NO HOSPITAL ROOM AND BOARD LIMIT, 75 PERCENT COINSURANCE (ADJUSTED)*
 NO SURGICAL SCHEDULE MAXIMUM
 DURATIONS 3 AND LATER

ATTAINED AGE	NUMBER OF LIVES EXPOSED	NUMBER OF CLAIMS	AMOUNT PAID	CLAIM FREQUENCY	AVERAGE CLAIM	CLAIM COST	RATIO TO 1971-72			RATIO TO 1968-70		
							Claim Frequency	Average Claim	Claim Cost	Claim Frequency	Average Claim	Claim Cost
Male												
15-19.....	4	0	\$ 0	.00000	\$.00	\$.00						
20-24.....	52	3	1,484	.05769	494.67	28.54	1.33	.58	.77	1.50	.67	1.01
25-29.....	281	9	6,423	.03203	713.67	22.86	1.19	1.00	1.19	1.17	.96	1.13
30-34.....	504	19	52,348	.03770	2,755.16	103.87	1.00	3.93	3.93	1.14	3.67	4.19
35-39.....	803	30	51,246	.03736	1,708.20	63.82	.81	1.54	1.25	.89	1.76	1.57
40-44.....	1,243	64	102,189	.05149	1,596.70	82.21	1.21	1.35	1.64	1.05	1.25	1.31
45-49.....	1,984	106	152,982	.05343	1,443.23	77.11	1.10	1.15	1.27	.91	1.42	1.30
50-54.....	2,164	162	302,348	.07486	1,866.35	139.72	1.10	1.39	1.53	1.04	1.48	1.55
55-59.....	2,021	180	309,463	.08906	1,719.24	153.12	.91	1.01	.92	.83	1.28	1.06
60-64.....	1,975	240	488,771	.12152	2,036.55	247.48	1.07	1.21	1.30	1.01	1.38	1.39
65-69.....	438	81	95,823	.18493	1,183.00	218.77	1.70	.90	1.53	1.19	.86	1.02
70-74.....	401	72	51,795	.17955	719.38	129.15	1.22	.96	1.17	.99	.50	.50
75 and over...	571	114	75,070	.19965	658.51	131.47	1.12	.73	.82	.87	.44	.38
All ages...	12,441	1,080	\$ 1,689,942	.08681	\$1,564.76	\$135.84	1.08	1.30	1.39	.98	1.39	1.37

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NOTE 1.—Average claim and claim cost reflect eligible expenses after application of the deductible, coinsurance factor, and the maximum benefit provision; claim frequency involves only claims where the total eligible expenses exceed the deductible.

NOTE 2.—Ratios for all ages are weighted averages of ratios for each age range;

weight is number of lives exposed.

* Includes policies with other coinsurance factors for which the following adjustment has been made: Amount paid (adjusted) = (Amount paid not subject to coinsurance) + (Amount paid subject to coinsurance × .75 ÷ Other factor).

TABLE 21—Continued

ATTAINED AGE	NUMBER OF LIVES EXPOSED	NUMBER OF CLAIMS	AMOUNT PAID	CLAIM FREQUENCY	AVERAGE CLAIM	CLAIM COST	RATIO TO 1971-72			RATIO TO 1968-70		
							Claim Frequency	Average Claim	Claim Cost	Claim Frequency	Average Claim	Claim Cost
Female												
15-19.....	5	0	\$ 0	.00000	\$.00	\$.00						
20-24.....	46	1	2,645	.02174	2,645.00	57.50	.58	4.37	2.53	.66	3.01	1.97
25-29.....	221	14	12,374	.06335	883.86	55.99	1.42	1.15	1.64	1.56	1.09	1.70
30-34.....	623	28	28,697	.04494	1,024.89	46.06	.95	1.04	.99	1.08	1.31	1.42
35-39.....	1,069	44	41,125	.04116	934.66	38.47	.77	.84	.65	.93	1.11	1.03
40-44.....	1,585	100	151,765	.06309	1,510.65	95.31	.93	1.26	1.17	1.13	1.61	1.81
45-49.....	2,144	139	173,649	.06483	1,249.27	80.99	.93	1.02	.94	.91	1.15	1.05
50-54.....	2,386	189	298,916	.07921	1,581.57	125.28	.98	1.19	1.17	1.01	1.48	1.50
55-59.....	2,390	205	416,766	.08577	2,033.00	174.38	.90	1.53	1.38	.94	1.62	1.51
60-64.....	2,789	313	487,172	.11223	1,556.46	174.68	1.10	1.09	1.19	1.15	1.24	1.43
65-69.....	921	91	94,319	.09881	1,036.47	102.41	1.01	1.21	1.22	.90	.86	.77
70-74.....	960	117	86,020	.12188	735.21	89.60	1.10	1.20	1.32	.87	.53	.47
75 and over.....	1,538	225	150,907	.14629	670.70	98.12	1.01	1.16	1.18	.84	.53	.44
All ages.....	16,677	1,466	\$ 1,943,655	.08791	\$1,325.82	\$116.55	.98	1.19	1.16	1.00	1.22	1.23
Child												
All ages.....	10,746	278	\$ 281,349	.02587	\$1,012.05	\$ 26.18	1.40	1.01	1.42	1.61	1.37	2.23

The two years of experience provided a sufficient amount of data so that meaningful experience tables could be constructed for four categories:

1. \$500 fixed deductible amount, no room and board limit, and no surgical schedule maximum.
2. \$500 fixed deductible amount and \$25 room and board limit.
3. \$500 fixed deductible amount and \$30 room and board limit.
4. \$750 fixed deductible amount and \$35 room and board limit.

An analysis showed that experience on cancelable policies was sufficiently similar to experience on guaranteed renewable policies to allow the combination of both sets of data to be used in constructing all the tables. Cancelable experience was a very small percentage of the total experience as noted in the table descriptions below.

No experience was submitted for this report on a variable deductible basis.

\$500 Fixed Deductible, No Hospital Room and Board Limit

Table 21 shows the combined experience of durations 3 and later for plans with a \$500 fixed deductible, no hospital room and board limit, no surgical schedule maximum, and 75 percent coinsurance (including adjusted data for plans with other coinsurance percentages).

This table was constructed on the same basis as the corresponding table in the 1971-72 experience study. All data submitted on policies with a \$500 fixed deductible and no room and board limit were also on policies with no surgical schedule maximum. "No surgical schedule maximum" is indicated on the table for information only and does not imply that any data have been excluded from this category.

All of the claims in this experience are on guaranteed renewable policies. Approximately 50 percent of the claims in the data are on policies with a \$7,500 maximum benefit, while about 48 percent are on policies with a \$10,000 maximum benefit and the other 2 percent are on policies with a \$5,000 maximum benefit.

The 1973-74 experience is compared with the 1971-72 experience (1974 Reports, pp. 99-100) and with the 1968-70 experience (1972 Reports, pp. 196-97). Claim costs have increased from the 1971-72 experience about 39 percent for males, 16 percent for females, and 42 percent for children. The primary reason for the increase in claim costs for adults was a 30 percent and 19 percent increase in average claim for males and females, respectively. Claim frequencies increased only by 8 percent for males and decreased by 2 percent for females. On the other hand, children's claim costs increased solely due to a large increase in claim frequency (40 percent). Above age 65 claim costs generally increased.

A graduation of the crude claim costs shown in Table 21 is presented in Table 22. This graduation, and the graduation of Table 24, are completed only to age 64. It should be noted that graduated claim costs for females are less than graduated claim costs for males for all age ranges except 20-24, and 45-49. Graduated claim costs for females decrease in the 20-34 age range, possibly because of a sparsity of data for those ages.

There was insufficient data to compare the experience of durations 1 and 2 with that of durations 3 and later.

The variations in experience for each company that contributed data for Table 21 are indicated in Table 23. It should be noted that the contribution of Company D accounted for 100 percent of the data for the \$10,000

TABLE 22
1973-74 EXPERIENCE UNDER INDIVIDUALLY
UNDERWRITTEN POLICIES
MAJOR MEDICAL EXPENSE BENEFIT
\$500 FIXED DEDUCTIBLE
75 PERCENT COINSURANCE (ADJUSTED)*
NO HOSPITAL ROOM AND BOARD LIMIT
NO SURGICAL SCHEDULE MAXIMUM
GRADUATED CLAIM COSTS FOR
DURATIONS 3 AND LATER

Attained Age	Male	Claim Cost
20-24.....		\$ 37.26
25-29.....		51.38
30-34.....		65.06
35-39.....		69.81
40-44.....		76.74
45-49.....		92.11
50-54.....		129.00
55-59.....		170.72
60-64.....		223.80
	Female	
20-24.....		\$ 61.62
25-29.....		47.52
30-34.....		44.72
35-39.....		53.42
40-44.....		72.31
45-49.....		96.07
50-54.....		128.84
55-59.....		161.22
60-64.....		179.56
	Child	
All ages.....		\$ 26.18

* See footnotes to Table 21.

maximum benefit. The average age for durations 3 and later in the data contributed by Company D was 59.7, while for the other companies the average ranged from 48.3 to 50.8.

\$500 Fixed Deductible, \$25 Hospital Room and Board Limit

Table 24 shows the combined experience of durations 3 and later for plans with a \$500 fixed deductible and a \$25 room and board limit. All policies included in this table have a 75 percent coinsurance percentage, or amounts paid have been adjusted to a 75 percent coinsurance basis. About 37 percent of the claims in this table are on policies with a \$12,500

TABLE 23
1973-74 EXPERIENCE UNDER INDIVIDUALLY
UNDERWRITTEN POLICIES
MAJOR MEDICAL EXPENSE BENEFIT
\$500 FIXED DEDUCTIBLE
NO HOSPITAL ROOM AND BOARD LIMIT
NO SURGICAL SCHEDULE MAXIMUM
75 PERCENT COINSURANCE (ADJUSTED)*
DURATIONS 3 AND LATER
RATIOS OF ACTUAL TO EXPECTED EXPERIENCE
BY CONTRIBUTING COMPANY

SEX	COMPANY	ACTUAL NUMBER OF CLAIMS	RATIO OF ACTUAL TO EXPECTED†		
			Claim Frequency	Average Claim	Claim Cost
Male.....	A	401	.96	1.14	1.09
	B	104	.88	.73	.64
	C	93	.87	.98	.85
	D	482	1.11	.96	1.07
Female.....	A	423	.93	1.13	1.05
	B	94	.72	1.13	.81
	C	87	.80	.76	.61
	D	862	1.12	.96	1.07
All adults.....	A	824	.94	1.14	1.07
	B	198	.80	.92	.72
	C	180	.83	.89	.74
	D	1,344	1.11	.96	1.07
Children.....	A	139	1.00	1.13	1.13
	B	38	.83	.71	.59
	C	30	.68	1.26	.86
	D	71	1.42	.82	1.16

NOTE.—Company codes in this table do not correspond to those used in Table 27, 30, or 33.

* See footnotes to Table 21.

† Expected based on experience of all companies combined.

TABLE 24
 1973-74 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
 MAJOR MEDICAL EXPENSE BENEFIT—\$500 FIXED DEDUCTIBLE
 \$25 HOSPITAL ROOM AND BOARD LIMIT, 75 PERCENT COINSURANCE (ADJUSTED)*
 DURATIONS 3 AND LATER

ATTAINED AGE	NUMBER OF LIVES EXPOSED	NUMBER OF CLAIMS	AMOUNT PAID	CLAIM FREQUENCY	AVERAGE CLAIM	CLAIM COST	RATIO TO 1971-72			RATIO TO 1968-70		
							Claim Frequency	Average Claim	Claim Cost	Claim Frequency	Average Claim	Claim Cost
Male												
15-19.....	7	0	\$ 0	.00000	\$.00	\$.00						
20-24.....	227	8	10,866	.03524	1,358.25	47.87	1.26	2.51	3.18	1.22	2.62	3.21
25-29.....	1,134	33	17,528	.02910	531.15	15.46	1.45	.84	1.21	1.46	.88	1.29
30-34.....	2,142	51	48,820	.02381	957.25	22.79	.92	1.76	1.61	1.14	1.52	1.74
35-39.....	3,259	93	77,025	.02854	828.23	23.63	.97	.97	.94	1.12	1.06	1.19
40-44.....	4,368	213	216,918	.04876	1,018.39	49.66	1.38	1.03	1.43	1.39	1.36	1.89
45-49.....	5,600	306	375,881	.05464	1,228.37	67.12	1.34	1.29	1.73	1.30	1.71	2.23
50-54.....	5,756	417	530,918	.07245	1,273.18	92.24	1.31	1.27	1.67	1.33	1.34	1.78
55-59.....	5,277	476	697,136	.09020	1,464.57	132.11	1.25	1.14	1.42	1.33	1.54	2.05
60-64.....	4,759	558	854,368	.11725	1,531.13	179.53	1.26	1.12	1.41	1.28	1.36	1.73
65-69.....	820	54	78,637	.06585	1,456.24	95.90	1.18	.88	1.04	1.10	1.07	1.18
70-74.....	164	10	11,116	.06098	1,111.60	67.78	.76	.79	.60	.72	.53	.38
75 and over...	8	0	0	.00000	.00	.00						
All ages..	33,521	2,219	\$ 2,919,213	.06620	\$1,315.55	\$ 87.09	1.25	1.18	1.47	1.29	1.40	1.82

* See footnotes to Table 21.

TABLE 24—Continued

ATTAINED AGE	NUMBER OF LIVES EXPOSED	NUMBER OF CLAIMS	AMOUNT PAID	CLAIM FREQUENCY	AVERAGE CLAIM	CLAIM COST	RATIO TO 1971-72			RATIO TO 1968-70		
							Claim Frequency	Average Claim	Claim Cost	Claim Frequency	Average Claim	Claim Cost
Female												
15-19.....	8	0	\$ 0	.00000	\$.00	\$.00	.....	.....	.....	.....	.....	.....
20-24.....	295	19	15,080	.06441	793.68	51.12	1.97	1.76	3.47	2.81	1.75	4.91
25-29.....	1,367	78	63,081	.05706	808.73	46.15	1.73	.97	1.67	1.86	1.40	2.61
30-34.....	2,937	175	135,742	.05958	775.67	46.22	1.63	1.34	2.18	1.72	1.18	2.03
35-39.....	3,873	244	184,992	.06300	758.16	47.76	1.48	1.10	1.62	1.58	1.14	1.79
40-44.....	5,152	352	338,366	.06832	961.27	65.68	1.29	1.01	1.30	1.42	1.31	1.86
45-49.....	6,084	499	571,281	.08202	1,144.85	93.90	1.41	1.26	1.77	1.40	1.57	2.20
50-54.....	6,119	545	662,358	.08907	1,215.34	108.25	1.44	1.25	1.80	1.43	1.32	1.89
55-59.....	6,042	527	680,422	.08722	1,291.12	112.62	1.27	1.13	1.44	1.28	1.24	1.59
60-64.....	5,005	492	677,299	.09830	1,376.62	135.32	1.41	1.20	1.69	1.47	1.37	2.02
65-69.....	856	45	49,872	.05257	1,108.27	58.26	1.31	.71	.93	1.03	.87	.90
70-74.....	217	12	14,391	.05530	1,199.25	66.32	2.40	5.41	12.95	2.93	2.71	7.93
75 and over.....	8	0	0	.00000	.00	.00	.....	.....	.....	.....	.....	.....
All ages.....	37,963	2,988	\$ 3,392,884	.07871	\$1,135.50	\$ 89.37	1.42	1.19	1.72	1.47	1.33	1.96
Chile												
All ages.....	45,735	790	\$ 644,199	.01727	\$ 815.44	\$ 14.09	1.40	1.18	1.67	1.74	1.30	2.26

maximum benefit, 31 percent on policies with a \$7,500 maximum benefit, 28 percent on policies with a \$10,000 maximum benefit, and 4 percent on policies with a \$15,000 maximum benefit. Guaranteed renewable policies account for 95 percent of the claims. The 1973-74 experience is compared with that of 1971-72 and 1968-70. Claims costs have increased substantially (47, 72, and 67 percent, for males, females, and children, respectively) over the previous study. Increases in claim frequencies were 25, 42, and 40 percent, respectively, and increases in average claims were 18, 19, and 18 percent, respectively.

A graduation of crude claim costs for ages 20-64 appears in Table 25. Graduated claim costs for females exceed those for males for all ages up to age 54 in this table.

TABLE 25
 1973-74 EXPERIENCE UNDER INDIVIDUALLY
 UNDERWRITTEN POLICIES
 MAJOR MEDICAL EXPENSE BENEFIT
 \$500 FIXED DEDUCTIBLE
 75 PERCENT COINSURANCE (ADJUSTED)*
 \$25 HOSPITAL ROOM AND BOARD LIMIT
 GRADUATED CLAIM COSTS FOR
 DURATIONS 3 AND LATER

Attained Age	Male	Claim Cost
20-24		\$ 23.93
25-29		19.62
30-34		20.75
35-39		28.02
40-44		46.52
45-49		67.00
50-54		93.95
55-59		132.54
60-64		178.07
	Female	
20-24		\$ 45.85
25-29		44.75
30-34		45.21
35-39		50.68
40-44		67.59
45-49		91.08
50-54		106.44
55-59		116.16
60-64		133.75
	Child	
All ages		\$ 14.25

* See footnotes to Table 21.

Table 26 compares the experience of durations 1 and 2 with that of durations 3 and later.

Variations in experience for each company that contributed data for Table 24 are shown in Table 27. The average adult age for each company in this experience ranged from 45.0 to 51.3.

\$500 Fixed Deductible, \$30 Hospital Room and Board Limit

Table 28 shows the combined experience of durations 3 and later for plans with a \$500 fixed deductible and a \$30 room and board limit. All policies included in this table have a 75 percent coinsurance percentage, or amounts paid have been adjusted to a 75 percent coinsurance basis. About 77 percent of the claims in this table are on policies with a \$10,000 maximum benefit, 18 percent on policies with a \$12,500 maximum benefit, and 5 percent on policies with a \$15,000 maximum benefit. All experience is on guaranteed renewable policies.

The 1973-74 experience is compared with that of 1971-72. Claim costs have increased substantially (45, 38, and 54 percent for males,

TABLE 26
1973-74 EXPERIENCE UNDER INDIVIDUALLY
UNDERWRITTEN POLICIES
MAJOR MEDICAL EXPENSE BENEFIT
\$500 FIXED DEDUCTIBLE
75 PERCENT COINSURANCE (ADJUSTED)*
\$25 HOSPITAL ROOM AND BOARD LIMIT
RATIOS OF ACTUAL TO EXPECTED EXPERIENCE
FOR DURATIONS 1 AND 2

SEX	DURATIONS	ACTUAL NUMBER OF CLAIMS	RATIO OF ACTUAL TO EXPECTED†		
			Claim Frequency	Average Claim	Claim Cost
Male.....	{ 1	13	.49	.81	.40
	{ 2	18	.46	.66	.30
Female.....	{ 1	22	.59	1.12	.66
	{ 2	46	.79	.45	.36
All adults....	{ 1	35	.55	.98	.54
	{ 2	64	.66	.50	.33
Children.....	{ 1	6	.62	.70	.44
	{ 2	18	1.22	.60	.73

* See footnotes to Table 21.

† Expected based on experience for durations 3 and later.

TABLE 27
 1973-74 EXPERIENCE UNDER INDIVIDUALLY
 UNDERWRITTEN POLICIES
 MAJOR MEDICAL EXPENSE BENEFIT
 \$500 FIXED DEDUCTIBLE
 \$25 HOSPITAL ROOM AND BOARD LIMIT
 75 PERCENT COINSURANCE (ADJUSTED)*
 DURATIONS 3 AND LATER
 RATIOS OF ACTUAL TO EXPECTED EXPERIENCE
 BY CONTRIBUTING COMPANY

SEX	COMPANY	ACTUAL NUMBER OF CLAIMS	RATIO OF ACTUAL TO EXPECTED †		
			Claim Frequency	Average Claim	Claim Cost
Male	B	35	.81	.62	.50
	C	222	.70	.87	.61
	E	387	.95	1.00	.95
	F	1,177	1.12	1.02	1.14
	G	64	1.23	.81	1.00
	H	334	.96	1.06	1.02
Female	B	84	1.02	.47	.48
	C	356	.78	1.10	.86
	E	565	.94	.93	.87
	F	1,509	1.09	1.02	1.11
	G	67	1.00	.60	.60
	H	407	1.02	1.09	1.11
All adults	B	119	.95	.52	.49
	C	578	.74	1.01	.75
	E	952	.95	.96	.91
	F	2,686	1.10	1.02	1.12
	G	131	1.11	.72	.79
	H	741	.99	1.07	1.06
Children	B	25	1.14	.29	.33
	C	114	.96	1.07	1.03
	E	182	.97	.87	.84
	F	353	1.07	1.07	1.15
	G	16	1.00	.83	.83
	H	76	.82	1.12	.92

NOTE.—Company codes in this table do not correspond to those used in Table 23, 30, or 33.

* See footnotes to Table 21.

† Expected based on experience of all companies combined.

TABLE 28
1973-74 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
MAJOR MEDICAL EXPENSE BENEFIT—\$500 FIXED DEDUCTIBLE
\$30 HOSPITAL ROOM AND BOARD LIMIT,
75 PERCENT COINSURANCE (ADJUSTED)*
DURATIONS 3 AND LATER

ATTAINED AGE	NUMBER OF LIVES EXPOSED	NUMBER OF CLAIMS	AMOUNT PAID	CLAIM FREQUENCY	AVERAGE CLAIM	CLAIM COST	RATIO TO 1971-72		
							Claim Frequency	Average Claim	Claim Cost
Male									
15-19	1	0	\$ 0	.00000	\$.00	\$.00			
20-24	496	10	10,088	.02016	1,008.80	20.34	.92	2.15	1.99
25-29	2,246	65	79,816	.02894	1,227.94	35.53	1.09	2.22	2.43
30-34	3,045	98	70,944	.03218	723.92	23.30	1.26	1.94	1.41
35-39	3,268	114	104,668	.03488	918.14	32.03	1.26	1.11	1.40
40-44	3,488	139	108,009	.03985	777.04	49.97	1.15	.77	.89
45-49	3,426	197	186,768	.05730	948.06	54.51	1.54	1.92	1.57
50-54	2,947	209	273,238	.07092	1,307.36	92.72	1.36	1.13	1.53
55-59	2,324	166	201,688	.07143	1,214.99	86.78	1.03	1.00	1.03
60-64	1,898	183	289,407	.09642	1,581.46	152.48	.97	1.21	1.18
65-69	880	116	132,095	.13182	1,138.75	150.11	1.29	1.55	2.00
70-74	352	42	42,580	.11932	1,013.81	120.97	1.08	1.55	1.68
75 and over	69	12	12,444	.17391	1,037.00	180.35	1.04	3.63	3.78
All ages	24,440	1,351	\$1,511,745	.05528	\$1,118.98	\$ 61.86	1.26	1.18	1.45
Female									
15-19	3	0	\$ 0	.00000	\$.00	\$.00			
20-24	591	23	17,791	.03892	773.52	30.10	1.16	1.05	1.21
25-29	2,537	128	113,837	.05045	889.35	44.87	1.54	1.14	1.76
30-34	3,420	145	92,310	.04240	636.62	26.99	.91	.99	.90
35-39	3,615	213	185,510	.05892	870.94	51.32	1.34	1.04	1.39
40-44	3,492	222	211,994	.06357	954.93	60.71	1.35	1.28	1.72
45-49	3,619	238	202,047	.06576	848.94	55.83	1.00	.97	.96
50-54	3,322	264	326,503	.07947	1,236.75	98.29	1.21	1.19	1.44
55-59	3,195	270	368,940	.08451	1,366.44	115.47	1.15	1.12	1.29
60-64	3,239	275	319,199	.08490	1,160.72	98.55	1.07	1.02	1.09
65-69	1,735	160	183,714	.09222	1,148.21	105.89	.99	1.84	1.83
70-74	894	93	72,522	.10403	779.81	81.12	1.17	1.41	1.64
75 and over	143	19	20,131	.13287	1,059.53	140.78	2.26	4.11	9.27
All ages	29,805	2,050	\$2,114,498	.06878	\$1,031.46	\$ 70.94	1.18	1.16	1.38
Child									
All ages	39,213	635	\$ 489,219	.01619	\$ 770.42	\$ 12.48	1.39	1.11	1.54

* See footnotes to Table 21.

females, and children, respectively) over the previous study. Increases appeared in both claim frequencies and average claims.

Table 29 compares the experience of durations 1 and 2 with that of durations 3 and later.

Variations in experience for each company that contributed data for Table 28 are shown in Table 30. The average adult age for each company in this experience ranged from 42.5 to 47.0.

TABLE 29
1973-74 EXPERIENCE UNDER INDIVIDUALLY
UNDERWRITTEN POLICIES
MAJOR MEDICAL EXPENSE BENEFIT
\$500 FIXED DEDUCTIBLE
75 PERCENT COINSURANCE (ADJUSTED)*
\$30 HOSPITAL ROOM AND BOARD LIMIT
RATIOS OF ACTUAL TO EXPECTED EXPERIENCE
FOR DURATIONS 1 AND 2

SEX	DURATIONS	ACTUAL NUMBER OF CLAIMS	RATIO OF ACTUAL TO EXPECTED†		
			Claim Frequency	Average Claim	Claim Cost
Male.....	{ 1	75	.61	.92	.56
	{ 2	73	.64	.95	.61
Female.....	{ 1	148	.98	.67	.66
	{ 2	123	.83	.69	.57
All adults.....	{ 1	223	.80	.76	.61
	{ 2	196	.74	.80	.59
Children.....	{ 1	38	.94	.63	.59
	{ 2	39	.92	.77	.70

* See footnotes to Table 21.

† Expected based on experience for durations 3 and later.

\$750 Fixed Deductible, \$35 Hospital Room and Board Limit

Table 31 shows the combined experience of durations 3 and later for plans with a \$750 fixed deductible and a \$35 room and board limit. As in the previous tables, all policies in this table have a 75 percent coinsurance percentage or are adjusted to a 75 percent coinsurance basis. About 98 percent of the claims in this table are on policies with a \$15,000 maximum benefit, while 2 percent are on policies with a \$20,000 maximum benefit. All policies are guaranteed renewable.

The 1973-74 experience is compared with that of 1971-72. Claim costs have increased 31, 42, and 23 percent for males, females, and children, respectively.

Table 32 compares the experience of durations 1 and 2 with that of durations 3 and later.

Variations in experience of each company contributing to this table are shown in Table 33. The average adult ages for the two companies contributing the majority (98 percent) of the data to this table were 52.6 and 48.8, while the average adult ages for the other two companies were 41.0 and 46.0.

TABLE 30
1973-74 EXPERIENCE UNDER INDIVIDUALLY
UNDERWRITTEN POLICIES
MAJOR MEDICAL EXPENSE BENEFIT
\$500 FIXED DEDUCTIBLE
\$30 HOSPITAL ROOM AND BOARD LIMIT
75 PERCENT COINSURANCE (ADJUSTED)*
DURATIONS 3 AND LATER
RATIOS OF ACTUAL TO EXPECTED EXPERIENCE
BY CONTRIBUTING COMPANY

SEX	COMPANY	ACTUAL NUMBER OF CLAIMS	RATIO OF ACTUAL TO EXPECTED†		
			Claim Frequency	Average Claim	Claim Cost
Male	{ A	608	.94	.80	.75
	{ C	28	.76	2.07	1.58
	{ E	365	1.10	1.05	1.15
	{ H	350	1.04	1.23	1.28
Female	{ A	980	.95	.88	.84
	{ C	42	.86	1.03	.89
	{ E	496	1.06	.95	1.01
	{ H	532	1.06	1.25	1.32
All adults	{ A	1,588	.95	.84	.80
	{ C	70	.81	1.48	1.17
	{ E	861	1.08	.99	1.07
	{ H	882	1.05	1.24	1.30
Children	{ A	214	.89	.89	.79
	{ C	18	1.29	1.49	1.92
	{ E	191	1.11	1.07	1.19
	{ H	135	1.02	1.02	1.04

NOTE.—Company codes in this table do not correspond to those used in Table 23, 27, or 33.

* See footnotes to Table 21.

† Expected based on experience of all companies combined.

TABLE 31

1973-74 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
 MAJOR MEDICAL EXPENSE BENEFIT—\$750 FIXED DEDUCTIBLE
 \$35 HOSPITAL ROOM AND BOARD LIMIT,
 75 PERCENT COINSURANCE (ADJUSTED)*
 DURATIONS 3 AND LATER

ATTAINED AGE	NUMBER OF LIVES EXPOSED	NUMBER OF CLAIMS	AMOUNT PAID	CLAIM FREQUENCY	AVERAGE CLAIM	CLAIM COST	RATIO TO 1971-72		
							Claim Frequency	Average Claim	Claim Cost
Male									
15-19	0	0	\$ 0	.00000	\$.00	\$.00			
20-24	125	1	446	.00800	446.00	3.57	.35	1.18	.41
25-29	690	12	29,627	.01739	2,468.92	42.94	1.10	3.01	3.31
30-34	937	21	20,260	.02241	964.76	21.62	1.21	.72	.87
35-39	1,159	27	36,490	.02330	1,351.48	31.48	1.19	1.23	1.46
40-44	1,606	39	56,038	.02428	1,436.87	34.89	1.03	1.09	1.13
45-49	1,945	68	103,634	.03496	1,524.03	53.28	1.16	1.04	1.20
50-54	2,057	85	121,117	.04132	1,424.91	58.88	.81	1.33	1.08
55-59	1,888	124	224,322	.06568	1,809.05	118.81	1.10	1.00	1.10
60-64	1,896	147	252,278	.07753	1,716.18	133.06	.93	.89	.82
65-69	1,363	147	295,147	.10785	2,007.80	216.54	1.22	1.69	2.07
70-74	779	87	77,727	.11168	893.41	99.78	.84	.87	.73
75 and over	194	24	53,659	.12371	2,235.59	276.59	1.16	4.10	4.77
All ages	14,639	782	\$1,270,745	.05342	\$1,624.99	\$ 86.81	1.04	1.24	1.31
Female									
15-19	0	0	\$ 0	.00000	\$.00	\$.00			
20-24	102	2	390	.01961	195.00	3.82	.75	.45	.34
25-29	824	25	21,706	.03034	868.24	26.34	1.53	.62	.94
30-34	1,178	43	60,422	.03650	1,405.16	51.29	1.21	2.06	2.48
35-39	1,406	64	76,699	.04552	1,198.42	54.55	1.13	1.39	1.57
40-44	1,784	65	51,535	.03643	792.85	28.89	.88	.81	.71
45-49	2,047	113	122,680	.05520	1,085.66	59.93	1.27	1.05	1.33
50-54	2,331	115	185,741	.04934	1,615.14	79.68	1.02	.96	.97
55-59	2,235	150	262,556	.06711	1,750.37	117.47	1.10	1.17	1.30
60-64	2,428	196	314,958	.08072	1,606.93	129.72	1.17	.97	1.14
65-69	1,740	142	210,520	.08161	1,482.54	120.99	1.51	1.24	1.87
70-74	881	83	146,576	.09421	1,765.98	166.37	1.49	1.98	2.95
75 and over	174	16	34,005	.09195	2,125.31	195.43	3.13	1.16	3.63
All ages	17,130	1,014	\$1,487,788	.05919	\$1,467.25	\$ 86.85	1.21	1.16	1.42
Child									
All ages	17,395	159	\$ 178,560	.00914	\$1,123.02	\$ 10.27	1.05	1.17	1.23

* See footnotes to Table 21.

Other Analyses

In addition to the experience tables, analyses in the form of actual-to-expected ratios were made for each of the following variables: hospital room and board limit (Table 34); maximum benefit (Table 35); and calendar year of experience (Table 36).

It should be noted that, unless otherwise specified in the table heading, the analysis of each variable ignored the effects of the other variables. Variations in experience between companies probably have also affected the relationships shown in Tables 34-36. Categories were chosen for these tables which would organize the data into meaningful homogeneous cells but which would not so divide the data as to introduce a large amount of statistical fluctuation. However, in interpreting these tables, the effects of statistical fluctuation must be considered.

The basis of expected experience is shown with each table. Expected results were calculated using separate factors for each combination of duration, five-year attained-age group, and sex. This method will adjust

TABLE 32
1973-74 EXPERIENCE UNDER INDIVIDUALLY
UNDERWRITTEN POLICIES
MAJOR MEDICAL EXPENSE BENEFIT
\$750 FIXED DEDUCTIBLE
75 PERCENT COINSURANCE (ADJUSTED)*
\$35 HOSPITAL ROOM AND BOARD LIMIT
RATIOS OF ACTUAL TO EXPECTED EXPERIENCE
FOR DURATIONS 1 AND 2

SEX	DURATIONS	ACTUAL NUMBER OF CLAIMS	RATIO OF ACTUAL TO EXPECTED†		
			Claim Frequency	Average Claim	Claim Cost
Male	{1	9	.72	.76	.54
	{2	12	.72	.78	.56
Female	{1	14	1.01	.43	.43
	{2	15	.74	1.12	.83
All adults	{1	23	.87	.56	.49
	{2	27	.73	.96	.70
Children	{1	‡	‡	‡	‡
	{2	‡	‡	‡	‡

* See footnotes to Table 21.

† Expected based on experience for durations 3 and later.

‡ Fewer than five claims.

for variations in distribution of experience by duration, age, and sex between the actual and the expected basis.

Table 34 compares the experience on policies with different hospital room and board limits. Increasing the limit from \$25 to \$30 has a downward effect on claim frequencies for males, females, and children. Average claim size actually decreases with an increase in room and board limit for males, although it increases 2 and 9 percent for females and children, respectively; claim costs are affected in a manner similar to claim frequency. Claim frequencies on policies containing hospital room and board limits appear to be slightly lower than or about the same

TABLE 33
1973-74 EXPERIENCE UNDER INDIVIDUALLY
UNDERWRITTEN POLICIES
MAJOR MEDICAL EXPENSE BENEFIT
\$750 FIXED DEDUCTIBLE
\$35 HOSPITAL ROOM AND BOARD LIMIT
75 PERCENT COINSURANCE (ADJUSTED)*
DURATIONS 3 AND LATER
RATIOS OF ACTUAL TO EXPECTED EXPERIENCE
BY CONTRIBUTING COMPANY

SEX	COMPANY	ACTUAL NUMBER OF CLAIMS	RATIO OF ACTUAL TO EXPECTED†		
			Claim Frequency	Average Claim	Claim Cost
Male.....	A	521	.98	.88	.86
	C	10	3.33	5.67	18.89
	E	2	.67	.64	.43
	H	249	1.06	1.24	1.31
Female.....	A	639	.95	.95	.90
	C	14			
	E	2	.40	1.08	.43
	H	359	1.12	1.12	1.25
All adults.....	A	1,160	.96	.92	.88
	C	24	8.00	3.48	27.82
	E	4	.50	.86	.43
	H	608	1.09	1.17	1.28
Children.....	A	89	1.00	1.02	1.02
	C	3			2.36
	E	1	.33	1.09	.36
	H	60	1.00	1.02	1.02

NOTE.—Company codes in this table do not correspond to those used in Table 23, 27, or 30.

* See footnotes to Table 21.

† Expected based on experience of all companies combined.

as on policies with no such limit, although previous studies showed a substantial decrease. Average claim sizes on policies with an inside limit for hospital room and board appear to be significantly lower than on policies with no limit, similar to the results of the previous study. These effects are expected, since (a) it is more difficult to satisfy the deductible with the limit present and (b) the limit tends to reduce the average claim size because not all of the hospital charges represent eligible expenses.

Table 35 compares experience on policies with different maximum benefits and a \$500 fixed deductible. Average claims for the \$7,500 maximum benefit are considerably higher than those for the \$5,000 maximum benefit. The results for the \$10,000 maximum do not appear to be consistent with the other maximums, as was the case in previous studies. It should be noted that all the data for the \$10,000 maximum were contributed by one company, and that company's policy forms specify a two-year benefit period which cannot be renewed by repeated satisfaction of the deductible unless a six-month period elapses in which

TABLE 34
1973-74 EXPERIENCE UNDER INDIVIDUALLY
UNDERWRITTEN POLICIES
MAJOR MEDICAL EXPENSE BENEFIT
75 PERCENT COINSURANCE (ADJUSTED)*
\$500 FIXED DEDUCTIBLE
RATIOS OF ACTUAL TO EXPECTED EXPERIENCE
ON POLICIES WITH HOSPITAL ROOM
AND BOARD LIMITS OF \$25 AND \$30

SEX	HOSPITAL ROOM AND BOARD LIMIT	ACTUAL NUMBER OF CLAIMS	RATIO OF ACTUAL TO EXPECTED†		
			Claim Frequency	Average Claim	Claim Cost
Male	{ \$25	2,205	.92	.76	.70
	{ 30	1,277	.86	.71	.61
Female	{ \$25	2,964	1.08	.76	.82
	{ 30	1,990	.98	.78	.76
All adults	{ \$25	5,169	1.00	.76	.76
	{ 30	3,267	.93	.74	.69
Children	{ \$25	766	.62	.85	.53
	{ 30	558	.49	.94	.46

NOTE.—This table is derived from experience in durations 3 and later only.

* See footnotes to Table 21.

† Expected based on experience on policies with no hospital room and board limit.

TABLE 35
1973-74 EXPERIENCE UNDER INDIVIDUALLY
UNDERWRITTEN POLICIES
MAJOR MEDICAL EXPENSE BENEFIT
\$500 FIXED DEDUCTIBLE
NO HOSPITAL ROOM AND BOARD LIMIT
75 PERCENT COINSURANCE (ADJUSTED)*
RATIOS OF ACTUAL TO EXPECTED EXPERIENCE
ON POLICIES WITH MAXIMUM BENEFITS OF
\$5,000, \$7,500, AND \$10,000

SEX	MAXIMUM BENEFIT	ACTUAL NUMBER OF CLAIMS	RATIO OF ACTUAL TO EXPECTED†		
			Claim Frequency	Average Claim	Claim Cost
Male.....	\$ 5,000	33	1.43	.71	1.02
	7,500	588	.92	1.05	.97
	10,000	459	1.09	.97	1.06
Female.....	5,000	31	.79	.78	.62
	7,500	601	.87	1.09	.95
	10,000	834	1.13	.96	1.08
All adults....	5,000	64	1.03	.76	.78
	7,500	1,189	.90	1.07	.96
	10,000	1,293	1.12	.96	1.07
Children.....	5,000	‡	‡	‡	‡
	7,500	208	.92	1.08	.99
	10,000	67	1.43	.84	1.20

* See footnotes to Table 21.

† Expected based on experience of all maximum benefits combined.

‡ Fewer than 5 claims.

TABLE 36
1973-74 EXPERIENCE UNDER INDIVIDUALLY
UNDERWRITTEN POLICIES
MAJOR MEDICAL EXPENSE BENEFIT
\$500 FIXED DEDUCTIBLE
75 PERCENT COINSURANCE (ADJUSTED)*
NO HOSPITAL ROOM AND BOARD LIMIT
NO SURGICAL SCHEDULE MAXIMUM
RATIOS OF ACTUAL TO EXPECTED EXPERIENCE
FOR YEAR OF EXPERIENCE 1974
DURATIONS 3 AND LATER

SEX	YEAR OF EXPERIENCE	ACTUAL NUMBER OF CLAIMS	RATIO OF ACTUAL TO EXPECTED†		
			Claim Frequency	Average Claim	Claim Cost
Male.....	1974	527	1.20	1.08	1.29
Female.....	1974	791	1.57	.80	1.26
All adult.....	1974	1,318	1.40	.91	1.27
Children.....	1974	144	1.19	.96	1.14

* See footnotes to Table 21.

† Expected based on experience of year 1973.

the covered person incurs no expenses in connection with the disability which caused the original claim. One would not normally expect claim frequency to be affected by the maximum benefit. The results shown in Table 35 with respect to claim frequency probably result from variations in company experience or statistical fluctuation.

Table 36 compares experience during calendar year 1974 on policies with a \$500 fixed deductible, no hospital room and board limit, and no surgical schedule maximum with experience on the same policies during 1973. Adult claim costs are up in 1974 an average of 27 percent above 1973 levels, while claim frequencies increased 40 percent and average claim size surprisingly decreased approximately 9 percent, possibly due to a decrease in female experience and to the fact that one company contributed only 1974 experience while another company contributed only 1973 experience.