

# TRANSACTIONS OF SOCIETY OF ACTUARIES 1965 REPORTS

## REPORTS OF THE COMMITTEE ON EXPERIENCE UNDER GROUP HEALTH INSURANCE

### I. GROUP WEEKLY INDEMNITY INSURANCE AND GROUP HOSPITAL AND SURGICAL EXPENSE INSURANCE

**T**HIS is the eighteenth annual report on the continuing study of the morbidity experience of Group Weekly Indemnity insurance and Group Employee and Dependent Hospital and Surgical Expense insurance.

In compiling these reports the Committee includes the available experience of employer-employee groups and excludes the experience of insured groups outside the United States, of trusteeship and association cases insuring employees of the member employers and of union cases, whether or not insurance depends on continued employment. The data for Group Weekly Indemnity insurance exclude the experience of plans written under State Cash Sickness laws.

The tables in this report show combined nonmaternity and maternity experience unless otherwise designated. Plans which contain maternity benefits other than those normally studied are designated as plans with "other" maternity benefits, and only the nonmaternity experience of these plans is shown. The 1963 policy year experience from one contributing company which was omitted from the 1964 report has been included in this report.

Data in the report for Weekly Indemnity and Employee Hospital Expense insurance are based on the experience of groups in those industrial classifications which the contributing companies individually rate standard for premium purposes; tables covering these plans are headed "Non-rated Industries." Data for Surgical Expense insurance, Employee or Dependent, and for Dependent Hospital Expense insurance are based on the experience of groups regardless of industrial classifications; tables covering these plans are headed "All Industries." This report also includes an analysis by industry classification of experience under Weekly Indemnity, Employee Hospital and Employee Surgical Expense insurance. The latest prior industry study is included in the *1960 Reports*.

The tables in this report show the experience either for all exposure size groups combined, or, to minimize the effect that jumbo groups might have upon the ratio of actual to tabular claims, for all except the largest

exposure size groups. In the latter instance, experience is derived from groups with exposures limited as shown below:

Weekly Indemnity—less than \$40,000 of weekly indemnity.

Hospital—less than \$10,000 of daily benefit.

Surgical—less than 2,000 exposure units of the \$150, \$200, or \$300 maximum benefit schedules.

### *Ratios of Actual to Tabular Claims*

The results of the study are presented in the form of ratios of actual to tabular claims. The tabular factors as described and published in the *1961* and *1962 Reports* have been expanded where necessary to reflect more liberal benefits, additional plans, and separate maternity benefits.

Current experience confirms the Committee's earlier views regarding certain characteristics of the tabulars, namely, that the relationship between male and female tabulars is satisfactory for weekly indemnity and hospital, but the male surgical tabular is relatively low and the female surgical tabular is relatively high; that the hospital tabulars yield consistent results when the actual to tabular ratios are examined by the amounts of daily benefit provided; and that there is a tendency for the ratio of actual to tabular to increase as the surgical maximum benefit increases.

The Committee wishes to point out that many factors affecting experience are not reflected by the tabulars. For example, the tabulars are not adjusted for variations in experience caused by the age distribution and the geographic location of employees. Also, the use of combined maternity and nonmaternity experience conceals the low ratio of actual to tabular for maternity benefits and the generally higher ratios of actual to tabular for nonmaternity benefits. These limitations, as well as other factors which may influence the results of an analysis according to a particular characteristic of the experience, would indicate that caution should be used when interpreting the data contained in these reports.

### *Contributing Companies*

Nine companies have contributed to the investigation covered in this report. The results are the composite experience of variations in company practice, in underlying administration and claim procedures, as well as variations in experience among groups. It should be recognized that many groups may have significantly different claim costs from those indicated in this report.

This report contains experience for years labeled 1959, 1960, 1961, 1962, 1963, and 1964. The majority of the companies contribute exposure

and claims based upon policy years ending in the calendar year designated; others have contributed using different periods. The central point of the exposure for each policy year is approximately January 1 of that year. The assumption was made that each company's contribution was distributed uniformly over the period of exposure, which may be improper because of a concentration of policy renewals in January and July.

The following companies contributed experience for the investigation covered in this report:

Aetna Life Insurance Company  
Connecticut General Life Insurance Company  
Continental Assurance Company  
Equitable Life Assurance Society  
John Hancock Mutual Life Insurance Company  
Metropolitan Life Insurance Company  
Occidental Life Insurance Company of California  
Prudential Insurance Company of America  
The Travelers Insurance Company

#### WEEKLY INDEMNITY

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

Experience for the 1964 policy year on groups with less than \$40,000 of weekly indemnity exposed is presented in Table 2. The experience of plans with six weeks' maternity benefits is shown on a combined basis and separately for nonmaternity and maternity components of a portion of this experience. The experience of plans with no maternity benefits is shown separately. The nonmaternity experience of plans with no maternity benefits continues to appear more favorable than the nonmaternity experience of plans with six weeks' maternity benefits. This difference may be due to the difference in the age of the group or other factors not measured by the tabular. The maternity portion of the 1947-49 Weekly Indemnity Tabular published in the *1962 Reports* does not include any adjustment for the decline in the birth rate since 1957, as indicated by statistics published by the Department of Health, Education, and Welfare. As might be expected, the maternity tabulars appear to be too high when compared to the 1964 policy year maternity experience.

Ratios of actual to tabular claims for the six latest policy years are summarized in Table 3. These ratios indicate that combined maternity and nonmaternity experience (excluding experience on groups with no

maternity) has remained fairly constant over the period for all plans, except for the 1964 fluctuations in twenty-six-week plans.

The Committee wishes to point out that the 1947-49 Weekly Indemnity Tabular is based on rather old continuation data and may, therefore, be unsuitable for purposes other than the measurement of trends based on the plans studied by the Committee.

TABLE 1  
GROUP WEEKLY INDEMNITY INSURANCE  
WITH SIX WEEKS' MATERNITY BENEFIT  
ALL SIZE GROUPS, NONRATED INDUSTRIES  
COMBINED 1962-64 POLICY YEARS' EXPERIENCE, BY PLAN

Plan	Number of Experience Units	Weekly Indemnity Exposed	Actual Claims	Ratio of Actual to 1947-49 Weekly Indemnity Tabular
1-4-13.....	2,015	10,383,770	7,188,353	99%
4-4-13.....	359	1,712,680	823,631	75
1-8-13.....	7,735	39,775,270	24,903,705	99
8-8-13.....	1,057	10,690,340	6,373,606	95
Total, 13-week plans:				
All size groups.....	11,166	62,562,060	39,289,295	97%
<\$40,000 W.I.*.....	10,972	42,450,260	25,512,472	93
1-4-26.....	516	9,793,500	8,338,346	105%
4-4-26.....	81	2,635,870	2,446,257	114
1-8-26.....	2,989	50,350,010	41,277,306	113
8-8-26.....	388	17,632,590	13,303,686	105
Total, 26-week plans:				
All size groups.....	3,974	80,411,970	65,365,595	110%
<\$40,000 W.I.*.....	3,665	25,203,150	18,638,945	98
Total, all plans:				
All size groups.....	15,140	142,974,030	104,654,890	105%
<\$40,00 W.I.*.....	14,637	67,653,410	44,151,417	95

\* Groups with less than \$40,000 of Weekly Indemnity.

#### HOSPITAL

The basic results of the study of Hospital Expense insurance are presented in Table 4 for plans grouped according to nonmaternity room-and-board duration and miscellaneous-fee benefit. The experience shown is for all size groups for the three latest policy years.

Experience for the 1964 policy year on groups with less than \$10,000 of daily benefit exposed is presented in Table 5. Experience of plans with maternity benefits is shown on a combined basis and separately for the nonmaternity and maternity components of a portion of this experience.

**TABLE 2**  
**GROUP WEEKLY INDEMNITY INSURANCE**  
**GROUPS WITH LESS THAN \$40,000 WEEKLY INDEMNITY EXPOSED, NONRATED INDUSTRIES**  
**1964 POLICY YEAR EXPERIENCE, BY PLAN**

PLAN	NONMATERNITY AND MATERNITY COMBINED EXPERIENCE*				NONMATERNITY AND MATERNITY SEPARATE EXPERIENCE*					
	Number of Experience Units	Weekly Indemnity Exposed	Actual Claims	Ratio of Actual to 1947-49 Weekly Indemnity Tabular	Number of Experience Units	Weekly Indemnity Exposed	Nonmaternity		Maternity	
							Actual Claims	Ratio A/T	Actual Claims	Ratio A/T
Plans with 6 Weeks' Maternity Benefit										
13-week:										
4th-day sickness.....	677	2,454,320	1,458,113	89%	538	1,867,900	1,087,355	92%	65,568	75%
8th-day sickness.....	2,498	10,021,830	6,087,513	95	1,659	6,608,840	3,749,584	100	342,495	66
Total.....	3,175	12,476,150	7,545,626	94%	2,197	8,476,740	4,836,939	99%	408,063	67%
26-week:										
4th-day sickness.....	158	1,286,360	935,717	89%	118	915,830	662,437	93%	24,440	62%
8th-day sickness.....	958	6,823,430	5,129,456	101	594	3,981,170	2,897,756	104	151,776	67
Total.....	1,116	8,109,790	6,065,173	99%	712	4,897,000	3,560,193	102%	176,216	66%
Plans with No Maternity Benefits										
13-week:										
4th-day sickness.....					193	913,020	589,374	98%		
8th-day sickness.....					2,152	7,110,940	3,807,000	93		
Total.....					2,345	8,023,960	4,396,374	94%		
26 week:										
4th-day sickness.....					99	467,800	336,411	92%		
8th-day sickness.....					1,044	4,179,850	2,588,808	89		
Total.....					1,143	4,647,650	2,925,219	89%		

\* The separate experience exposure is less than the combined experience exposure because separate experience is not available for all groups.

For the employee coverage, the combined experience is a mixture of  $10\times$  and  $14 + n\times$  maternity, while the separate experience is essentially all  $10\times$  maternity. The nonmaternity experience of plans with no maternity or "other" maternity benefits is shown separately. The maternity portion of the 1957 Hospital Tabular has not been adjusted to reflect the declining birth rate, and the maternity tabulars appear to be too high when compared to the 1964 policy year maternity experience, as indicated in the discussion of weekly indemnity experience. This appears to be confirmed by the declines since last year's report in the ratios of actual to tabular claims for separate maternity experience.

TABLE 3

GROUP WEEKLY INDEMNITY INSURANCE  
WITH SIX WEEKS' MATERNITY BENEFIT  
GROUPS WITH LESS THAN \$40,000 WEEKLY INDEMNITY EXPOSED  
NONRATED INDUSTRIES  
RATIOS OF ACTUAL CLAIMS TO 1947-49 WEEKLY INDEMNITY TABULAR  
LATEST SIX POLICY YEARS, BY PLAN

Plan	1959	1960	1961	1962	1963	1964
13-week plans:						
4th-day sickness.....	94%	96%	92%	91%	92%	89%
8th-day sickness.....	90	92	93	91	96	95
Total.....	91%	93%	93%	91%	95%	94%
26-week plans:						
4th-week sickness.....	99%	95%	95%	94%	99%	89%
8th-day sickness.....	97	98	95	98	97	101
Total.....	97%	97%	95%	97%	97%	99%

Ratios of actual to tabular claims for the six latest years for groups with maternity benefits (except for a small amount of dependent experience with no maternity benefits) are summarized in Table 6. Although there are a few irregularities in the increasing claim costs by year of experience, the trend of annual increases is clearly evident. Because of the age of the data and the substantial increases in claim costs which have occurred in the past, caution should be used when projecting the data contained in these reports to estimate current or future claim costs.

The ratios in Table 6 also indicate that the use of the 1957 Hospital Tabular results in a higher ratio of actual to tabular claims as the size of the miscellaneous benefit increases. The 1957 Hospital Tabular is based upon an annual frequency of claim which does not vary by plan and an average miscellaneous benefit which does vary by plan. This average benefit is

**TABLE 4**  
**EMPLOYEE AND DEPENDENT GROUP HOSPITAL EXPENSE INSURANCE**  
**ALL SIZE GROUPS, EMPLOYEE-RATED INDUSTRIES EXCLUDED**  
**COMBINED 1962-64 POLICY YEARS' EXPERIENCE, BY PLAN**

Plan	Number of Experience Units	Daily Benefit Exposed	Actual Claims	Ratio of Actual to 1957 Hospi- talar Tabular
<i>Employee:</i>				
With maternity benefits:*				
31-day:				
10X.....	2,484	4,440,825	8,503,450	111%
15X.....	934	1,752,004	3,660,429	119
20X.....	2,474	4,327,904	9,097,939	119
20X + 75% of excess.....	777	1,188,501	2,868,759	126
70-day:				
10X.....	533	1,051,525	2,104,216	118
15X.....	418	1,273,860	2,686,124	125
20X.....	2,821	4,950,285	10,662,529	120
20X + 75% of excess.....	1,238	2,000,530	4,981,113	131
120-day:				
10X.....	24	57,111	114,861	123
15X.....	59	324,789	497,925	98
20X.....	304	858,569	1,785,335	122
20X + 75% of excess.....	147	356,660	851,347	128
Total.....	12,213	22,582,563	47,814,027	120%
<i>Dependent:</i>				
With maternity benefits:†				
31-day:				
10X.....	2,253	2,936,780	11,494,015	114%
15X.....	1,025	1,250,517	5,520,824	124
20X.....	3,237	3,701,709	17,041,279	128
20X + 75% of excess.....	937	980,717	4,885,620	129
70-day:				
10X.....	456	734,514	2,686,201	106
15X.....	426	672,064	3,143,440	132
20X.....	3,944	4,181,492	19,725,072	132
20X + 75% of excess.....	1,695	2,040,269	10,635,760	137
120-day:				
10X.....	26	61,422	201,875	99
15X.....	64	145,878	696,872	141
20X.....	480	784,627	3,641,529	134
20X + 75% of excess.....	225	298,055	1,635,886	147
Total.....	14,768	17,788,044	81,308,373	127%
With no maternity benefits:				
31-day:				
10X.....	254	274,414	962,583	130%
70-day:				
10X.....	57	253,602	884,606	134
Total.....	311	528,016	1,847,189	132%

\* 10X or 14 + nX. Plans with "other" maternity benefits are excluded.

† 10X, subject to a nine-month waiting period. Plans with "other" maternity benefits are excluded.

TABLE 5

EMPLOYEE AND DEPENDENT HOSPITAL EXPENSE INSURANCE  
 GROUP WITH LESS THAN \$10,000 DAILY BENEFIT EXPOSED, EMPLOYEE-RATED INDUSTRIES EXCLUDED  
 1964 POLICY YEAR EXPERIENCE, BY PLAN

PLAN	NONMATERNITY AND MATERNITY COMBINED EXPERIENCE*				NONMATERNITY AND MATERNITY SEPARATE EXPERIENCE*					
	Number of Experi- ence Units	Daily Benefit Exposed	Actual Claims	Ratio of Actual to 1957 Hospital Tabular	Number of Experi- ence Units	Daily Benefit Exposed	Nonmaternity		Maternity	
							Actual Claims	Ratio A/T	Actual Claims	Ratio A/T
Employee Plans with 10X and 14+nX Maternity Benefits										
10X:										
31-day .....	669	884,062	1,696,854	115%	392	479,262	831,555	116%	53,259	70%
70-day .....	165	221,578	420,628	115	51	79,591	127,548	107	10,633	96
120-day .....	11	23,632	45,406	116	2	6,870	13,577	143	700	79
Total .....	845	1,129,272	2,162,888	115%	445	565,723	972,680	115%	64,592	73%
15X:										
31-day .....	276	408,775	839,021	119%	203	279,799	527,753	119%	20,389	59%
70-day .....	140	228,746	465,695	120	68	113,663	208,268	120	9,075	83
120-day .....	35	77,482	127,242	105	4	8,780	17,959	137	484	98
Total .....	451	715,003	1,431,958	118%	275	402,242	753,980	120%	29,948	66%
20X:										
31-day .....	738	1,099,169	2,297,923	120%	584	879,681	1,741,587	123%	86,546	75%
70-day .....	912	1,332,246	3,087,989	130	597	822,920	1,837,121	138	85,055	78
120-day .....	137	258,610	537,134	123	69	116,673	243,247	134	10,395	70
Total .....	1,787	2,690,025	5,923,046	125%	1,250	1,819,274	3,821,955	131%	181,996	76%
20X +75% of excess:										
31-day .....	220	311,479	799,093	135%	177	240,656	588,279	140%	25,650	73%
70-day .....	348	477,294	1,192,009	130	222	329,810	809,472	138	29,680	76
120-day .....	42	74,815	197,414	146	24	47,779	121,622	147	2,165	69
Total .....	610	863,588	2,188,516	133%	423	618,245	1,519,373	140%	57,495	74%
Employee Plans with "Other" Maternity Benefits f										
Total .....					128	233,608	423,999	120%		

\* The separate experience exposure is less than the combined experience exposure because separate experience is not available for all groups.

f Nonmaternity experience only submitted for these plans.



TABLE 5—Continued

PLAN	NONMATERNITY AND MATERNITY COMBINED EXPERIENCE*				NONMATERNITY AND MATERNITY SEPARATE EXPERIENCE*					
	Number of Experience Units	Daily Benefit Exposed	Actual Claims	Ratio of Actual to 1957 Hospital Tabular	Number of Experience Units	Daily Benefit Exposed	Nonmaternity		Maternity	
							Actual Claims	Ratio A/T	Actual Claims	Ratio A/T
Dependent Plans with 10X Maternity Benefits										
10X:										
31-day	646	659,756	2,653,091	117%	447	411,937	1,442,876	134%	252,273	75%
70-day	125	174,906	664,153	113	66	104,471	330,130	123	55,265	66
120-day	11	23,916	72,314	91	1	3,020	8,851	123	2,370	100
Total	782	858,578	3,389,558	115%	514	519,428	1,781,857	131%	309,908	73%
15X:										
31-day	309	320,641	1,430,561	126%	231	237,465	859,572	133%	184,578	95%
70-day	147	190,487	913,871	138	95	123,131	508,823	159	98,668	101
120-day	41	79,750	382,085	142	3	6,198	20,432	133	2,811	58
Total	497	590,878	2,726,517	132%	329	366,794	1,388,827	141%	286,057	96%
20X:										
31-day	1,011	1,128,057	5,192,252	130%	751	852,609	3,311,257	143%	608,541	88%
70-day	1,311	1,250,136	5,966,358	135	862	804,187	3,228,345	148	578,708	90
120-day	208	257,107	1,216,471	139	111	110,260	455,461	159	77,780	89
Total	2,530	2,635,300	12,375,081	133%	1,724	1,767,056	6,995,063	146%	1,265,029	89%
20X + 75% of excess:										
31-day	259	273,695	1,409,284	136%	196	201,245	882,245	148%	145,210	88%
70-day	522	529,451	2,862,545	145	268	302,653	1,397,944	157	243,210	99
120-day	69	94,496	552,495	160	35	60,123	316,358	180	49,681	102
Total	850	897,642	4,824,324	142%	499	564,021	2,596,547	156%	438,101	96%
Dependent Plans with "Other" Maternity Benefits†										
Total					206	211,700	740,823	133%		
Dependent Plans with No Maternity Benefit										
Total					71	64,600	222,269	129%		

\* The separate experience exposure is less than the combined experience exposure because separate experience is not available for all groups.

† Nonmaternity experience only submitted for these plans.

based upon an actual distribution of miscellaneous benefit charges. No direct evidence is available to indicate whether the variations in actual to tabular by miscellaneous benefit are the result of inflation, the average miscellaneous benefit assumed by the tabular, an increased frequency of claim under plans with larger miscellaneous benefits, or of other factors.

Table 7 shows the results of an analysis of employee plus dependent experience for all plans included in Table 4 by state for the three latest policy years combined. The experience is presented for all exposure size groups combined and for groups with exposures of less than \$10,000 of

TABLE 6  
EMPLOYEE AND DEPENDENT GROUP HOSPITAL EXPENSE EXPERIENCE  
GROUPS WITH LESS THAN \$10,000 DAILY BENEFIT EXPOSED  
EMPLOYEE-RATED INDUSTRIES EXCLUDED  
RATIOS OF ACTUAL CLAIMS TO 1957 HOSPITAL TABULAR  
LATEST SIX POLICY YEARS, BY PLAN

Plan	1959	1960	1961	1962	1963	1964
Employee:*						
10×.....	102%	104%	106%	107%	111%	115%
15×.....		107	106	109	117	118
20×.....	108	111	112	115	118	125
20×+75% of excess.....		116	119	124	128	133
Dependent:*						
10×.....	104	106	109	112	110	116
15×.....		113	116	122	120	132
20×.....	116	116	121	127	129	133
20×+75% of excess.....		122	129	129	135	142

\* Employee with 10× or 14 + n× maternity; dependent with 10× maternity or no maternity. Plans with "other" maternity benefits are excluded.

daily benefit. The groups included in the experience for any state are those groups with 75 per cent or more of the insured employees in that state. Where it was not possible to assign a group to a particular state, it was assigned to a region if 75 per cent or more of the insured employees were in that region.

When interpreting the variations in experience by area, it should be borne in mind that the hospital tabulars do not include an adjustment for the expected variation in costs by area. On the other hand, the tabulars do recognize that for any given dollar maximum miscellaneous-fee benefit the average benefit payable will increase as the dollar amount of daily benefit increases. For the 1957 Hospital Tabular to produce reasonably accurate miscellaneous-fee claim costs, it is necessary that the amount of daily

TABLE 7  
EMPLOYEE AND DEPENDENT GROUP HOSPITAL EXPENSE INSURANCE  
EMPLOYEE-RATED INDUSTRIES EXCLUDED  
COMBINED 1962-64 POLICY YEARS' EXPERIENCE, BY STATE

LOCATION CODE	STATE OR REGION	GROUPS WITH LESS THAN \$10,000 DAILY BENEFIT EXPOSED				ALL SIZE GROUPS, RATIO A/T*
		Number of Ex- perience Units	Daily Benefit Exposed	Actual Claims	Ratio A/T*	
	Total, all locations	26,798	31,031,716	101,360,640	124%	125%
20	Region	117	182,503	476,822	116%	118%
21	Connecticut	554	751,825	2,116,060	113	118
22	Maine	174	274,643	885,188	127	127
23	Massachusetts	1,127	1,431,959	4,042,407	117	117
24	New Hampshire	182	322,739	814,447	104	104
25	Rhode Island	21	18,561	38,542	89†	89†
26	Vermont	104	135,848	354,690	113	116
	Total	2,279	3,118,078	8,728,156	115%	116%
30	Region	75	107,496	317,041	119%	119%
31	Delaware	22	37,231	102,488	119	119
32	Dist. of Columbia	63	95,487	284,832	126	126
33	New Jersey	651	581,611	1,536,442	105	104
34	New York	1,885	1,976,005	5,274,834	110	111
35	Pennsylvania	2,363	2,703,550	7,996,220	116	115
	Total	5,059	5,501,380	15,511,857	113%	112%
40	Region	376	483,951	1,656,201	131%	134%
41	Illinois	2,118	2,419,892	8,195,440	126	125
42	Indiana	1,150	1,543,196	4,687,947	116	117
43	Kentucky	202	201,609	626,683	119	130
44	Michigan	1,372	1,764,358	5,906,723	136	134
45	Ohio	1,556	2,122,968	6,857,100	125	126
46	Wisconsin	621	883,928	3,050,631	128	129
47	West Virginia	386	329,043	1,239,094	135	135
	Total	7,781	9,748,945	32,219,819	126%	127%
50	Region	69	113,812	371,085	122%	122%
51	Iowa	519	450,725	1,738,240	132	132
52	Kansas	403	367,748	1,412,518	137	150
53	Minnesota	313	284,242	1,133,017	139	139
54	Missouri	709	578,532	2,082,456	126	131
55	Nebraska	290	290,682	989,888	126	126
56	North Dakota	43	33,405	126,313	141	141
57	South Dakota	54	26,873	128,926	156	156
	Total	2,400	2,146,019	7,982,443	131%	135%

\* Ratio of Actual to 1957 Hospital Tabular. Note that these ratios are not expressed as a percentage of the national average. For the distribution of experience in this table, the national average is shown in "Total, all locations."

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

TABLE 7—Continued

LOCATION CODE	STATE OR REGION	GROUPS WITH LESS THAN \$10,000 DAILY BENEFIT EXPOSED				ALL SIZE GROUPS, RATIO A/T*
		Number of Ex- perience Units	Daily Benefit Exposed	Actual Claims	Ratio A/T*	
60.....	Region	8	22,956	59,738	101%	118%
61.....	Colorado	95	77,354	306,366	147	152
62.....	Idaho	43	38,507	108,236	101	106
63.....	Montana	18	44,060	132,532	105	103
64.....	Nevada	17	12,047	46,691	138†	160
65.....	Utah	69	87,801	236,751	113	127
66.....	Wyoming	6	4,309	16,120	129†	129†
	Total	256	287,034	906,434	120%	131%
70.....	Region	8	13,918	60,323	134%†	129%
71.....	California‡	295	365,716	1,158,861	120	123
72.....	Oregon	47	25,682	76,434	110	110
73.....	Washington	71	85,318	233,986	96	95
	Total	421	490,634	1,529,604	115%	118%
80.....	Region	74	73,087	298,095	153%	153%
81.....	Arizona	104	132,178	516,343	146	141
82.....	Arkansas	340	334,815	1,176,492	123	122
83.....	Louisiana	539	386,688	1,706,205	158	157
84.....	New Mexico	75	65,623	267,967	137	137
85.....	Oklahoma	326	216,037	841,371	131	131
86.....	Texas	1,246	1,083,456	4,365,090	142	145
	Total	2,704	2,291,884	9,171,563	141%	142%
90.....	Region	231	440,639	1,452,012	120%	120%
91.....	Alabama	218	189,794	757,120	147	147
92.....	Florida	594	687,773	2,598,044	137	143
93.....	Georgia	751	764,023	2,629,243	127	127
94.....	Maryland	400	488,935	1,410,687	111	111
95.....	Mississippi	191	129,723	570,639	152	152
96.....	North Carolina	907	786,125	2,492,526	117	116
97.....	South Carolina	202	226,511	812,782	136	136
98.....	Tennessee	401	420,314	1,554,034	136	139
99.....	Virginia	836	775,419	2,533,313	124	120
	Total	4,731	4,909,256	16,810,400	127%	127%
01.....	Hawaii	11	32,686	118,593	94%	97%
02.....	Alaska	11	5,559	19,031	109†	109†
	Total, states and regions	25,653	28,531,475	92,997,900	124%	125%
	All other§	1,145	2,500,241	8,362,740	122%	124%

‡ The California experience above excludes plans integrated with UCD benefits. The corresponding California experience including plans integrated with UCD is as follows: 463 units, \$614,725 exposed, \$1,598,942 claims, 132 per cent A/T, and 134 per cent A/T.

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

benefit provided be reasonably related to the level of hospital room-and-board charges. The area variations in experience shown in Table 7 may be due to variations in the relationship of miscellaneous charges to room-and-board charges in an area, variations in frequency, or average duration of hospital confinement, or a combination of these factors. However, since the daily room-and-board benefit provided is limited to a dollar amount and the miscellaneous-fee benefits provided have aggregate dollar maximums, it is possible that a substantial part of the variations in experience for areas shown in Table 7 is due to the frequency of hospital confinement.

The volume of hospital experience shown for California is relatively small and may be atypical because of the exclusion of Employee Hospital plans which are integrated with California UCD Hospital benefits. The experience of these plans is included in a footnote to Table 7. To reflect the UCD Hospital benefit of \$12 for the first 20 days of confinement, the 1957 Hospital Tabulars were reduced by \$8.28 per male employee and \$9.24 per female employee.

The results of the area analysis can be presented only as a composite experience of groups having various industry classification, distributions of exposure by age, and different types of claim administration. Moreover, it should be understood that the experience of any particular area is affected by various social and economic factors and that variations in experience may be chance fluctuations resulting from an insufficient volume of experience. The analysis indicates a higher claim level in the Plains States and the Southwestern States. A lower claim level is indicated in the Middle Atlantic States and the New England States. The experience of some states within a given region varies considerably from the region average. There may also be marked variations within a given state.

#### SURGICAL

The basic results of the study of Surgical Expense insurance are presented in Table 8 for all size groups for the latest policy years combined. This is the first report for which three years' experience under the \$300 schedule has been available.

Experience for the 1964 policy year on groups with less than 2,000 surgical units exposed is presented in Table 9. Separate obstetrical and nonobstetrical experience is shown as in Tables 2 and 5 for weekly indemnity and hospital. As was noted with respect to the weekly indemnity and hospital maternity experience, the obstetrical portion of the 1957 Surgical Tabular appears to be too high when compared to the 1964 policy year obstetrical experience.

Ratios of actual to tabular claims for the six latest years are summarized in Table 10.

Table 11 contains an analysis of employee plus dependent surgical experience for all plans included in Table 8 by state for the three latest policy years corresponding to Table 7 for hospital experience. The experience is presented for all exposure size groups and for groups with less than 2,000 surgical units exposed. Some of the warnings given with respect to the interpretation of hospital experience by area also apply to the

TABLE 8  
EMPLOYEE AND DEPENDENT GROUP SURGICAL EXPENSE INSURANCE  
ALL SIZE GROUPS, ALL INDUSTRIES  
COMBINED 1962-64 POLICY YEARS' EXPERIENCE, BY PLAN

Plan	Number of Experience Units	Maximum Indemnity Exposed per \$150, \$200, or \$300 Basic Units	Actual Claims	Ratio of Actual to 1957 Surgical Tabular
<i>Employee:</i>				
With obstetrical benefits:*				
\$150 schedule.....	3,590	991,834	4,559,013	113%
\$200 schedule.....	16,140	4,611,730	28,288,008	114
\$300 schedule.....	2,427	515,413	4,181,790	114
Total.....	22,157	6,118,977	37,028,811	114%
<i>Dependent:</i>				
With obstetrical benefits:*				
\$150 schedule.....	2,270	531,382	6,981,038	106%
\$200 schedule.....	17,994	3,256,853	53,116,426	109
\$300 schedule.....	3,691	431,392	10,082,561	115
Total.....	23,955	4,219,627	70,180,025	109%
No obstetrical benefits:				
\$150 schedule.....	275	63,304	573,909	118%
\$200 schedule.....	2,939	395,409	5,243,905	129
\$300 schedule.....	770	48,131	868,756	137
Total.....	3,984	506,844	6,686,570	129%

\* Plans with "other" obstetrical benefits are excluded. Dependent obstetrical benefits are subject to a nine-month waiting period.

surgical experience. The Committee would like to point out that the tabulars do not include a factor for variations in claim costs by area or by amount of schedule maximum.

The surgical analysis by area indicates a higher claim level in the Mountain States, the Pacific States, and the Southwestern States. A lower claim level is indicated in the Middle Atlantic States and the New England States. The experience of some states within a given region varies considerably from the region average. There may also be marked variations within a given state.

TABLE 9  
 EMPLOYEE AND DEPENDENT SURGICAL EXPENSE INSURANCE  
 GROUPS WITH LESS THAN 2,000 SURGICAL UNITS EXPOSED, ALL INDUSTRIES  
 1964 POLICY YEAR EXPERIENCE, BY PLAN

PLAN	NONOBSTETRICAL AND OBSTETRICAL COMBINED EXPERIENCE*				NONOBSTETRICAL AND OBSTETRICAL SEPARATE EXPERIENCE*					
	Number of Experience Units	Maximum Surgical Indemnity Exposed	Actual Claims	Ratio of Actual to 1957 Surgical Tabular	Number of Experience Units	Maximum Surgical Indemnity Exposed	Nonobstetrical		Obstetrical	
							Actual Claims	Ratio A/T	Actual Claims	Ratio A/T
Employee Plans with Standard Obstetrical Benefits										
\$150 .....	930	192,274	914,465	115%	539	91,632	374,895	122%	46,029	65%
\$200 .....	4,763	942,133	5,942,477	115	2,812	544,436	3,169,578	122	260,271	74
\$300 .....	1,076	185,781	1,537,217	114	713	138,617	1,046,152	120	106,364	79
Total .....	6,769	1,320,188	8,394,159	115%	4,064	774,685	4,590,625	121%	412,664	74%
Employee Plans with "Other" Obstetrical Benefits†										
Total .....					120	19,287	117,868	127%		
Dependent Plans with Standard Obstetrical Benefits										
\$150 .....	598	108,223	1,370,876	102%	355	52,119	483,618	121%	167,030	67%
\$200 .....	5,572	791,421	12,893,591	108	3,284	454,694	5,650,159	121	1,711,228	79
\$300 .....	1,705	175,507	4,069,926	114	890	123,483	2,056,136	127	745,532	85
Total .....	7,875	1,075,151	18,334,393	109%	4,529	630,296	8,189,913	122%	2,623,790	80%
Dependent Plans with "Other" Obstetrical Benefits†										
Total .....					188	24,094	292,297	121%		
Dependent Plans with No Obstetrical Benefit										
\$150 .....					59	7,960	68,781	113%		
\$200 .....					789	76,132	986,518	126		
\$300 .....					335	18,136	341,121	143		
Total .....					1,183	102,228	1,396,420	129%		

\* The separate experience exposure is less than the combined experience exposure because separate experience is not available for all groups.  
 † Nonmaternity experience only submitted for these plans.

The surgical variations in ratios of actual to tabular claims by area are probably due primarily to the variations in claim frequencies, since nearly all claim payments are for the maximum amount allowed by the procedure performed. If frequencies are the same, minor variations in the ratios by area may still occur because of differing frequency distributions of procedures performed, provided such distributions result in different average benefits.

TABLE 10  
EMPLOYEE AND DEPENDENT SURGICAL EXPENSE INSURANCE  
GROUPS WITH LESS THAN 2,000 SURGICAL UNITS EXPOSED, ALL INDUSTRIES  
RATIOS OF ACTUAL CLAIMS TO 1957 SURGICAL TABULAR  
LATEST SIX POLICY YEARS, BY PLAN

Plan	1959	1960	1961	1962	1963	1964
<i>Employee:</i>						
With obstetrical benefits:*						
\$150 schedule.....	109%	109%	106%	105%	110%	115%
\$200 schedule.....	107	106	107	108	111	115
\$300 schedule.....				125	107	114
<i>Dependent:</i>						
With obstetrical benefits:*						
\$150 schedule.....	104	100	101	100	102	102
\$200 schedule.....	104	104	107	107	108	108
\$300 schedule.....				113	114	114
With no obstetrical benefits:						
\$150 schedule.....	104	123	122	124	123	113
\$200 schedule.....	124	116	123	129	124	126
\$300 schedule.....				135	133	143

\* Plans with "other" obstetrical benefits are excluded.

#### EXPERIENCE BY INDUSTRY CLASSIFICATION

Table 12 shows the results of an analysis by industry classification of experience under Weekly Indemnity, Employee Hospital, and Employee Surgical Expense insurance for the 1960-64 policy years under plans including maternity or obstetrical benefits. The latest prior study is included in the *1960 Reports*. The current study is the first to be based upon actual to tabular claims and to include surgical experience.

The complete industry classification list, of which the industries in Table 12 are a part, is included in the report of experience under Group Life insurance. As the volume of experience contained in some of the industrial classifications is extremely small, only those industries containing at least 100 experience units or 0.5 per cent of the total exposure for any benefit were included.



**TABLE 11**  
**EMPLOYEE AND DEPENDENT GROUP SURGICAL EXPENSE INSURANCE**  
**ALL INDUSTRIES**  
**COMBINED 1962-64 POLICY YEARS' EXPERIENCE, BY STATE**

LOCATION CODE	STATE OR REGION	GROUPS WITH LESS THAN 2,000 SURGICAL UNITS EXPOSED				ALL SIZE GROUPS RATIO A/T*
		Number of Experience Units	Maximum Surgical Indemnity Exposed	Actual Claims	Ratio A/T*	
	Total, all locations	49,407	7,763,205	83,503,916	110%	112%
20.....	Region	260	44,686	422,387	96%	97%
21.....	Connecticut	1,076	215,891	2,193,088	102	103
22.....	Maine	235	34,851	382,365	106	106
23.....	Massachusetts	1,834	292,886	2,976,330	106	107
24.....	New Hampshire	232	49,930	450,722	93	94
25.....	Rhode Island	80	9,797	68,660	106	106
26.....	Vermont	165	23,678	219,266	104	104
	Total	3,882	671,719	6,712,818	103%	104%
30.....	Region	174	39,985	401,127	99%	100%
31.....	Delaware	26	4,034	48,304	128†	128†
32.....	Dist. of Columbia	144	22,953	209,610	96	96
33.....	New Jersey	993	123,241	1,196,773	97	103
34.....	New York	3,264	458,687	4,309,056	98	102
35.....	Pennsylvania	3,804	588,759	5,820,867	105	105
	Total	8,405	1,237,659	11,985,737	101%	103%
40.....	Region	732	150,121	1,720,281	112%	113%
41.....	Illinois	3,902	615,333	5,575,717	96	94
42.....	Indiana	1,798	297,236	3,180,886	113	116
43.....	Kentucky	320	34,391	338,309	108	115
44.....	Michigan	2,755	407,174	4,972,392	119	121
45.....	Ohio	2,955	573,842	6,104,945	110	111
46.....	Wisconsin	1,047	227,471	2,913,669	119	118
47.....	West Virginia	593	64,626	689,492	107	107
	Total	14,102	2,370,194	25,495,691	110%	110%
50.....	Region	128	36,873	447,395	120%	119%
51.....	Iowa	855	116,329	1,340,690	117	117
52.....	Kansas	658	85,273	951,007	112	114
53.....	Minnesota	746	118,558	1,779,338	123	125
54.....	Missouri	1,116	163,766	1,625,765	103	104
55.....	Nebraska	412	41,743	474,104	112	112
56.....	North Dakota	113	9,772	106,392	113	113
57.....	South Dakota	115	8,811	112,330	121	121
	Total	4,143	581,125	6,837,021	114%	114%

\* Ratio of Actual to 1957 Surgical Tabular. Note that these ratios are not expressed as a percentage of the national average. For the distribution of experience in this table, the national average is shown in "Total, all locations."

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

TABLE 11—Continued

LOCATION CODE	STATE OR REGION	GROUPS WITH LESS THAN 2,000 SURGICAL UNITS EXPOSED				ALL SIZE GROUPS RATIO A/T*
		Number of Experience Units	Maximum Surgical Indemnity Exposed	Actual Claims	Ratio A/T*	
60.....	Region	24	10,542	157,131	150%	146%
61.....	Colorado	203	20,830	288,858	132	139
62.....	Idaho	77	9,030	86,981	111	114
63.....	Montana	54	11,940	166,390	133	133
64.....	Nevada	61	15,084	201,618	134	134
65.....	Utah	181	25,346	361,558	133	141
66.....	Wyoming	21	2,211	25,533	94†	94†
	Total	621	94,983	1,288,089	132%	137%
70.....	Region	43	14,228	205,849	130%	132%
71.....	California	2,985	382,729	4,486,063	129	130
72.....	Oregon	169	22,888	271,074	118	116
73.....	Washington	212	29,257	369,403	117	109
	Total	3,409	449,102	5,332,389	127%	127%
80.....	Region	101	17,038	199,875	128%	128%
81.....	Arizona	283	48,025	692,035	133	139
82.....	Arkansas	504	75,342	687,728	106	105
83.....	Louisiana	965	97,842	1,116,056	118	122
84.....	New Mexico	151	25,644	307,449	122	118
85.....	Oklahoma	512	49,761	586,650	123	124
86.....	Texas	2,616	328,668	3,682,198	123	124
	Total	5,132	642,320	7,271,991	121%	123%
90.....	Region	284	62,501	617,140	104%	103%
91.....	Alabama	400	65,145	665,669	114	114
92.....	Florida	1,101	147,644	1,744,902	117	118
93.....	Georgia	959	115,921	1,250,698	107	110
94.....	Maryland	646	85,547	869,917	102	110
95.....	Mississippi	418	46,314	527,591	113	113
96.....	North Carolina	1,227	147,412	1,457,399	104	102
97.....	South Carolina	332	47,184	489,413	111	117
98.....	Tennessee	307	46,824	541,663	118	121
99.....	Virginia	1,256	121,553	1,222,327	105	108
	Total	6,930	886,045	9,386,719	109%	110%
01.....	Hawaii	30	9,783	119,142	110%	116%
02.....	Alaska	49	4,592	44,328	111†	111†
	Total, states and regions	46,703	6,947,522	74,473,925	110%	111%
	All other‡	2,704	815,683	9,029,991	111%	114%

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

TABLE 12  
COMBINED 1960, 1961, 1962, 1963, AND 1964 POLICY YEARS' EXPERIENCE  
INDUSTRY ANALYSIS

IN- DUSTRY CODE	INDUSTRY DESCRIPTION	GROUP WEEKLY INDEMNITY INSURANCE					
		Experience Units of All Exposure Size Groupings					Experience Units with Less than \$10,000 of Actual W.I. Exposed
		Number of Experience Units	Actual Weekly Indemnity Exposed for Industry	Ratio of Exposure for Ind. to Total Exposure	Ratio of Actual to Tabular Claims	Ratio of Ind. A/T to Aggregate* A/T	Ratio of Ind. A/T to Aggregate* A/T
Total	All industries	29,103	268,443,790	100.0%	104%	101%	100%
	<i>Agriculture:</i>						
001	Florists and nurserymen	142	398,430	.1%	83%	81%	87%
004	General farming and all other agriculture	83	136,660	.1	70	68	71
	<i>Mining:</i>						
022	Minerals (clay, shale, feldspar, phosphate, talc, etc.)	81	1,052,230	.4	73	71	82
023	Quarries (slate, stone, and marble)	107	809,720	.3	93	90	98
030	<i>Oil:</i> Mineral oil production, refining, and distribution	324	1,211,140	.5	67	65	71
	<i>Construction:</i>						
041	Wood, brick, and stone construction	238	677,870	.4	84	82	74
042	Shipbuilding (iron and steel)	29	3,957,920	1.5	135	131	139
044	Roads (incl. sewers, bridges, etc.)—construction	164	733,960	.3	92	89	97
	<i>Iron and steel and other metal industries (except lead):</i>						
060	Steel works (with or without rolling mills)	138	10,684,670	4.0	139	135	124
061	Steel and iron foundries	650	4,180,560	1.5	126	122	116
062	Steel rolling	61	1,604,010	.6	110	107	104
063	Tube, rod, and pipe mills	165	1,823,810	7	111	108	105
065	Wire drawing and wire products	154	1,653,690	.6	99	96	97
068	Nonferrous metal products	199	1,961,410	.7	115	112	123
	<i>Metal products:</i>						
079	Airplane manufacturing	67	2,547,730	.9	78	76	71
080	Automobiles and agriculture implements	270	12,750,190	4.7	115	112	101
081	Car and railroad shops	40	1,263,590	.5	119	116	119
082	Sheet metal products (stamping and pressing)	605	3,353,070	1.2	98	95	108
083	Steel fabrication (excluding erecting)	341	3,417,800	1.3	123	119	109
084	Drop forging	109	1,066,170	.4	117	111	108
085	Heavy machinery and other metal products	1,288	16,936,210	6.3	100	97	103
086	Light metal prod. and mach. (tools, hardware, instruments of precision, etc.)	4,453	41,663,590	15.6	102	99	103
088	Boiler-making (heavy tanks, etc.)	106	1,167,170	.4	119	116	102
089	Mfg. radio, television, electronic equipment	192	3,253,290	1.2	103	100	103
	<i>Chemical and allied industries:</i>						
111	Paint and varnish factories	144	636,380	.2	84	82	89
113	Explosives	28	7,409,800	2.8	77	75	78
117	General chemical manufacturing	345	9,738,920	3.6	103	100	99
	<i>Clay, glass, and stone:</i>						
130	Brick, tile, terra cotta and pottery (other than glazed)	293	2,548,050	.9	95	92	91
131	Glass factories (excl. polished plate glass)	185	5,052,410	1.9	125	121	118
133	Lime, cement, and gypsum	189	1,620,690	.6	94	91	92
	<i>Clothing industries:</i>						
162	All other clothing, mattresses, bedding, wool, cotton, silk products	427	1,620,650	.6	99	96	105
	<i>Food and kindred industries:</i>						
180	Dairy products	449	4,082,780	1.5	82	80	75
181	Flour and grain mills and elevators	192	437,670	.2	78	76	82
184	Slaughter and packing houses and stock yards	267	2,383,560	.9	112	109	106
186	Mfg. and bottling bev.	184	917,360	.3	64	62	67
187	Cereals, prepared food, and all other foods	719	4,938,540	1.8	100	97	85
191	Beer and other malt bev. and bottling	151	1,310,070	.5	105	102	119
194	Wholesale dealers in alcoholic beverages—food and kindred inds.	80	137,840	.1	71	69	75
	<i>Leather industries (excl. artificial leather):</i>						
201	Shoes and other light leather goods	214	1,810,850	.7	108	105	113

\* The aggregate A/T is based upon all nonrated industries; for the smaller size groups the aggregate A/T values are 95 per cent for Weekly Indemnity, 115 per cent for Hospital, 110 per cent for Surgical

TABLE 12—Continued

IN- DUSTRY CODE	INDUSTRY DESCRIPTION	GROUP WEEKLY INDEMNITY INSURANCE					
		Experience Units of All Exposure Size Groupings					Experience Units with Less than \$40,000 of Actual W.I. Exposed
		Number of Experi- ence Units	Actual Weekly Indemnity Exposed for Industry	Ratio of Exposure for Ind. to Total Exposure	Ratio of Actual to Tabular Claims	Ratio of Ind. A/T to Aggre- gate* A/T	
	<i>Lumber and furniture:</i>						
221	Lumber yds. and saw and planing mills	646	3,525,740	1.3%	94%	91%	87%
222	Furniture and woodworking (carriages and musical instruments)	866	3,989,090	1.5	91	88	97
	<i>Paper and pulp manufacturing:</i>						
240	Paper and ground wood pulp mills	253	9,894,890	3.7	134	130	100
242	Paper boxes—manufacturing	317	2,691,210	1.0	112	109	103
243	All other paper mfg.—paper and pulp mfg.	431	5,614,890	2.1	101	98	113
	<i>Printing:</i>						
260	Printing, bookbinding, and publishing	1,005	5,822,580	2.2	90	87	94
	<i>Textile industries:</i>						
270	Bleaching, dyeing, printing, and finishing	63	252,510	.1	99	96	104
271	Hemp, jute, rope, and cordage	71	556,350	.2	85	83	104
272	All other textiles (wool, silk, etc.)	902	5,966,430	2.2	114	111	116
	<i>Miscellaneous industries:</i>						
280	Plastic products	252	1,241,210	.5	100	97	104
291	Cigars and tobacco	19	1,448,340	.5	101	98	95
292	Electric cables and supplies (not falling under Industry Code No. 100)	202	1,597,380	.6	110	107	112
293	Rubber	297	9,444,670	3.5	109	106	109
297	Drugs (sundries, incl. perfumes, chewing gum, etc.)	61	1,188,400	.4	87	84	74
300	Miscellaneous mfg. and processing	719	6,303,230	2.3	90	87	100
	<i>Transportation and public service:</i>						
310	City employees (incl. more than one class)	331	1,477,730	.6	101	98	103
320	Electric and street railroads—population of city 500,000 or more	12	1,791,630	.7	204	198	205
325	Auto sales and service stations	1,346	2,822,900	1.1	77	75	81
326	Taxis and buses—transportation and public service	271	3,025,020	1.1	115	112	133
327	Truck, transfer, etc.—transportation	501	1,848,670	.7	79	77	89
337	Telephone	22	63,680	.....	71	69	75
341	Gas works	64	1,050,510	.4	94	91	115
342	Electric light and power—public utilities	156	1,562,680	.6	97	94	91
350	Miscellaneous transportation and public service not otherwise classified	151	1,005,710	.4	61	59	60
	<i>Clerical and professional:</i>						
360	Clerical (banks, insurance, and other office forces)	518	1,892,100	.7	80	78	86
361	Medical, nurses, sanitarium, hospitals, etc.	98	352,860	.1	92	89	97
362	Theatrical—radio and TV broadcasting, electrical transcription, etc.	123	554,010	.2	91	88	96
363	Conferences of Methodist Ministers and similar organizations	62	131,940	.....	97	94	102
	<i>Trades and service:</i>						
370	Wholesale merchants and dealers—trades and service	1,170	3,286,860	1.2	75	73	80
371	Retail merchants and dealers—trades and service	1,525	7,206,560	2.7	78	76	81
372	Warehouses and cold storage plants—trades and service	141	297,150	.1	77	75	81
373	Hotels and restaurants—trades and service	289	1,223,770	.5	94	91	100
374	Laundries (incl. dry cleaning)	242	613,780	.2	98	95	109
375	Delivery of coal, fuel oil, wood, or bottled gas	122	1,057,700	.4	80	78	93
376	Operation and maintenance of office and apartment buildings	65	211,770	.1	90	87	103
380	Miscellaneous trade and service	568	2,637,970	1.0	95	92	87
390	Miscellaneous not otherwise classified	189	1,314,300	.5	85	83	86
Total	All industries listed above	27,743	258,196,580	96.2%	104%	101%	100%
	All other industries	1,380	10,247,210	3.8%	101%	98%	109%

TABLE 12—Continued

IN- DUSTRY CODE	INDUSTRY DESCRIPTION	EMPLOYEE GROUP HOSPITAL EXPENSE INSURANCE					
		Experience Units of All Exposure Size Groupings					Experience Units with Less than \$10,000 of Actual D.B. Exposed
		Number of Experience Units	Actual Daily Benefit Exposed for Industry	Ratio of Exposure for Ind. to Total Exposure	Ratio of Actual to Tabular Claims	Ratio of Ind. A/T to Aggregate* A/T	Ratio of Ind. A/T to Aggregate* A/T
Total	All industries	22,308	40,641,221	100.0%	116%	101%	100%
	<i>Agriculture:</i>						
001	Florists and nurserymen	83	135,975	3%	108%	94%	103%
004	General farming and all other agriculture	87	194,204	5	108	94	101
	<i>Mining:</i>						
022	Minerals (clay, shale, feldspar, phosphate, talc, etc.)	83	136,982	3	115	100	100
023	Quarries (slate, stone, and marble)	71	157,819	4	95	83	83
	<i>Oil:</i>						
030	Mineral oil production, refining, and distribution	392	755,035	1.9	132	116	117
	<i>Construction:</i>						
041	Wood, brick, and stone construction	207	328,147	8	105	91	87
042	Shipbuilding (iron and steel)	6	10,921		150	130	130
044	Roads (incl. sewers, bridges, etc.)—construction	176	390,839	1.0	139	121	103
	<i>Iron and steel and other metal industries (except lead):</i>						
060	Steel works (with or without rolling mills)	91	443,180	1.1	151	131	97
061	Steel and iron foundries	291	581,736	1.4	103	95	99
062	Steel rolling	21	33,931	1	99	86	86
063	Tube, rod, and pipe mills	96	177,908	4	124	108	110
065	Wire drawing and wire products	66	227,175	6	109	95	92
068	Nonferrous metal foundries	86	140,820	3	113	98	98
	<i>Metal products:</i>						
079	Airplane manufacturing	53	227,724	6	161	140	87
080	Automobiles and agriculture implements	159	540,521	1.3	133	116	102
081	Car and railroad shops	8	5,703		106	92	92
082	Sheet metal products (stamping and pressing)	292	416,860	1.0	111	97	97
083	Steel fabrication (excluding erecting)	204	247,055	6	119	103	103
084	Drop forging	31	58,335	1	128	111	111
085	Heavy machinery and other metal products	494	1,365,089	3.4	127	110	105
086	Light metal prod. and mach. (tools, hardware, instruments of precision, etc.)	2,481	5,746,308	14.3	115	100	101
088	Boiler-making (heavy tanks, etc.)	45	60,065	1	117	102	102
089	Mfg. radio, television, electronic equipment	163	589,812	1.5	115	100	103
	<i>Chemical and allied industries:</i>						
111	Paint and varnish factories	98	143,078	4	113	98	93
113	Explosives	1	2,201		170	148	148
117	General chemical manufacturing	188	525,521	1.3	131	114	100
	<i>Clay, glass, and stone:</i>						
120	Brick, tile, terra cotta and pottery (other than glazed)	220	583,130	1.4	96	83	85
131	Glass factories (excl. polished plate glass)	111	497,169	1.2	120	104	102
133	Lime, cement, and gypsum	117	355,022	9	122	106	88
	<i>Clothing industries:</i>						
162	All other clothing, mattresses, bedding, wool, cotton, silk products	379	574,872	1.4	125	109	102
	<i>Food and kindred industries:</i>						
180	Dairy products	288	288,705	.7	110	98	96
181	Flour and grain mills and elevators	155	178,811	4	103	90	94
184	Slaughter and packing houses and stockyards	233	261,848	6	120	104	104
186	Mfg. and bottling bev.	145	176,391	4	100	87	89
187	Cereals, prepared food, and all other foods	439	837,206	2.1	109	95	94
191	Beer and other malt bev. and bottling	57	215,617	5	143	124	114
194	Wholesale dealers in alcoholic beverages—food and kindred inds.	75	56,505	1	132	115	115
	<i>Leather industries (excl. artificial leather):</i>						
201	Shoes and other light leather goods	157	499,386	1.2	121	105	100

\*The aggregate A/T is based upon all nonrated industries; for the smaller size groups the aggregate A/T values are 95 per cent for Weekly Indemnity, 115 per cent for Hospital, 110 per cent for Surgical.

TABLE 12—Continued

IN- DUSTRY CODE	INDUSTRY DESCRIPTION	EMPLOYEE GROUP HOSPITAL EXPENSE INSURANCE					
		Experience Units of All Exposure Size Groupings					Experience Units with Less than \$10,000 of Actual D.B. Exposed
		Number of Experi- ence Units	Actual Daily Benefit Exposed for Industry	Ratio of Exposure for Ind. to Total Exposure	Ratio of Actual to Tabular Claims	Ratio of Ind. A/T to Aggre- gate* A/T	Ratio of Ind. A/T to Aggre- gate* A/T
	<i>Lumber and furniture:</i>						
221.....	Lumber yds. and saw and planing mills	473	500,415	1.2%	108%	94%	95%
222.....	Furniture and woodworking (carriages and musical instruments)	863	1,252,001	3.1	106	92	92
	<i>Paper and pulp manufacturing:</i>						
240.....	Paper and ground wood pulp mills	103	311,566	.8	118	103	103
242.....	Paper boxes—manufacturing	199	368,505	.9	113	98	97
243.....	All other paper mfg.—paper and pulp mfg.	268	997,292	2.5	100	87	106
	<i>Printing:</i>						
260.....	Printing, bookbinding, and publishing	827	1,937,337	4.8	117	102	101
	<i>Textile industries:</i>						
270.....	Bleaching, dyeing, printing, and finishing	77	162,686	.4	106	92	90
271.....	Hemp, jute, rope, and cordage	91	65,577	.2	105	91	91
272.....	All other textiles (wool, silk, etc.)	577	1,420,019	3.5	110	96	96
	<i>Miscellaneous industries:</i>						
289.....	Plastic products	138	208,340	.5	115	100	100
291.....	Cigars and tobacco	43	146,209	.4	129	112	126
292.....	Electric cables and supplies (not falling under Industry Code No. 100)	157	549,833	1.4	119	103	98
293.....	Rubber	86	168,035	.4	121	105	105
297.....	Drugs (sundries, incl. perfumes, chewing gum, etc.)	73	77,998	.2	123	107	107
300.....	Miscellaneous mfg. and processing	552	990,497	2.4	107	93	95
	<i>Transportation and public service:</i>						
310.....	City employees (incl. more than one class)	283	417,530	1.0	131	114	116
320.....	Electric and street railroads—population of city 500,000 or more						
325.....	Auto sales and service stations	1,008	801,415	2.0	116	101	97
326.....	Taxis and busses—transportation and public service	119	142,890	.4	165	143	116
327.....	Truck, transfer, etc.—transportation	429	617,959	1.5	115	100	103
337.....	Telephone	85	345,928	.9	99	86	90
341.....	Gas works	61	151,503	.4	119	103	101
342.....	Electric light and power—public utilities	98	184,366	.5	129	112	108
350.....	Miscellaneous transportation and public service not otherwise classified	173	329,888	.8	119	103	104
	<i>Clerical and professional:</i>						
360.....	Clerical (banks, insurance, and other office forces)	1,414	2,864,560	7.0	111	97	103
361.....	Medical, nurses, sanitarium, hospitals, etc.	47	85,996	.2	122	106	103
362.....	Theatrical—radio and TV broadcasting, electrical transcription, etc.	171	201,897	.5	127	110	102
363.....	Conferences of Methodist Ministers and similar organizations	125	139,732	.3	120	104	104
	<i>Trades and service:</i>						
370.....	Wholesale merchants and dealers—trades and service	1,152	1,191,558	2.9	112	97	98
371.....	Retail merchants and dealers—trades and service	1,473	2,195,770	5.4	112	97	101
372.....	Warehouses and cold storage plants—trades and service	114	92,718	.2	117	102	102
373.....	Hotels and restaurants—trades and service	381	547,571	1.3	115	100	108
374.....	Laundries (incl. dry cleaning)	195	222,942	.5	103	90	91
375.....	Delivery of coal, fuel oil, wood, or bottled gas	91	76,285	.2	125	109	109
376.....	Operation and maintenance of office and apartment buildings	47	78,844	.2	97	84	86
380.....	Miscellaneous trade and service	654	627,578	1.5	120	104	105
390.....	Miscellaneous not otherwise classified	376	431,934	1.1	125	109	103
Total.	All industries listed above	21,372	39,072,780	96.1%	116%	101%	100%
	All other industries	936	1,568,441	3.9%	116%	101%	103%

TABLE 12—Continued

INDUSTRY CODE	INDUSTRY DESCRIPTION	EMPLOYEE GROUP SURGICAL EXPENSE INSURANCE					Experience Units with Less than 2,000 Actual Surgical Units Exposed
		Experience Units of All Exposure Size Groupings					
		Number of Experience Units	Actual Surgical Indemnity Exposed for Industry	Ratio of Exposure to Total Exposure	Ratio of Actual to Tabular Claims	Ratio of Ind. A/T to Aggregate* A/T	
Total	All industries	39,767	10,980,870	100.0%	112%	100%	100%
	<i>Agriculture:</i>						
001	Florists and nurseriesmen	128	18,523	2%	100%	89%	91%
004	General farming and all other agriculture	134	35,850	.3	106	95	91
	<i>Mining:</i>						
022	Minerals (clay, shale, feldspar, phosphate, talc, etc.)	127	36,310	.3	100	89	96
023	Quarries (slate, stone, and marble)	100	19,912	.2	90	80	82
	<i>Oil:</i>						
030	Mineral oil production, refining, and distribution	867	244,497	2.2	132	118	119
	<i>Construction:</i>						
041	Wood, brick, and stone construction	320	57,293	.5	113	98	98
042	Shipbuilding (iron and steel)	38	159,644	1.5	119	106	121
944	Roads (incl. sewers, bridges, etc.)—construction	264	55,054	.5	112	100	98
	<i>Iron and steel and other metal industries (except lead):</i>						
060	Steel works (with or without rolling mills)	208	166,653	1.5	109	97	95
061	Steel and iron foundries	487	150,100	1.4	108	96	97
062	Steel rolling	54	13,010	.1	117	104	106
063	Tube, rod, and pipe mills	193	62,680	.6	108	96	97
065	Wire drawing and wire products	158	66,815	.6	105	94	95
068	Nonferrous metal foundries	214	81,416	.7	109	97	103
	<i>Metal products:</i>						
079	Airplane manufacturing	125	361,418	3.3	120	107	118
080	Automobiles and agriculture implements	417	332,841	3.0	123	110	107
081	Car and railroad shops	27	2,918	.0	127	113	115
082	Sheet metal products (stamping and pressing)	594	143,911	1.3	112	100	98
083	Steel fabrication (excluding erecting)	391	83,496	.8	111	104	107
084	Drop forging	105	22,864	.2	111	99	101
085	Heavy machinery and other metal products	1,149	559,895	5.1	123	110	102
086	Light metal prod. and mach. (tools, hardware, instruments of precision, etc.)	4,786	1,544,925	14.3	116	104	105
088	Boiler-making (heavy tanks, etc.)	83	14,113	.1	122	109	111
089	Mfg. radio, television, electronic equipment	308	189,388	1.7	109	97	104
	<i>Chemical and allied industries:</i>						
111	Paint and varnish factories	177	24,439	.2	106	95	96
113	Explosives	22	12,938	.1	160	143	177
117	General chemical manufacturing	355	148,436	1.4	113	101	105
	<i>Clay, glass, and stone:</i>						
130	Brick, tile, terra cotta and pottery (other than glazed)	320	54,819	.5	93	83	88
131	Glass factories (excl. polished plate glass)	178	105,182	1.0	125	112	105
133	Lime, cement, and gypsum	325	116,424	1.1	101	90	95
	<i>Clothing industries:</i>						
162	All other clothing, mattresses, bedding, wool, cotton, silk products	637	133,603	1.2	110	98	95
	<i>Food and kindred industries:</i>						
180	Dairy products	551	80,254	.7	107	96	96
181	Flour and grain mills and elevators	249	51,958	.5	103	92	94
184	Slaughter and packing houses and stockyards	360	58,194	.5	103	92	94
186	Mfg. and bottling bev.	226	38,862	.4	91	81	83
187	Cereals, prepared food, and all other foods	835	206,327	1.9	104	93	95
191	Beer and other malt bev. and bottling	182	90,568	.8	116	104	111
194	Wholesale dealers in alcoholic beverages—food and kindred inds.	104	7,370	.1	109	97	99
	<i>Leather industries (excl. artificial leather):</i>						
201	Shoes and other light leather goods	296	139,536	1.3	103	92	88

\* The aggregate A/T is based upon all nonrated industries; for the smaller size groups the aggregate A/T values are 95 per cent for Weekly Indemnity, 115 per cent for Hospital, 110 per cent for Surgical.

TABLE 12—Continued

IN- DUSTRY CODE	INDUSTRY DESCRIPTION	EMPLOYEE GROUP SURGICAL EXPENSE INSURANCE					
		Experience Units of All Exposure Size Groupings					Experience Units with Less than 2,000 Actual Surgical Units Exposed
		Number of Experience Units	Actual Surgical Indemnity Exposed for Industry	Ratio of Exposure for Ind. to Total Exposure	Ratio of Actual to Tabular Claims	Ratio of Ind. A/T to Aggregate* A/T	Ratio of Ind. A/T to Aggregate* A/T
	<i>Lumber and furniture:</i>						
221	Lumber yds. and saw and planing mills	768	117,292	1.1%	106%	95%	96%
222	Furniture and woodworking (carriages and musical instruments)	1,240	223,866	2.0	101	90	91
	<i>Paper and pulp manufacturing:</i>						
240	Paper and ground wood pulp mills	263	136,063	1.2	116	104	104
242	Paper boxes—manufacturing	367	80,882	1.7	97	87	90
243	All other paper mfg.—paper and pulp mfg.	430	160,128	1.5	114	102	102
	<i>Printing:</i>						
260	Printing, bookbinding, and publishing	1,356	327,242	3.0	112	100	102
	<i>Textile industries:</i>						
270	Bleaching, dyeing, printing, and finishing	135	27,735	3	104	93	95
271	Hemp, jute, rope, and cordage	135	25,040	2	117	104	104
272	All other textiles (wool, silk, etc.)	1,058	448,265	4.1	111	99	94
	<i>Miscellaneous industries:</i>						
289	Plastic products	275	44,226	4	113	101	103
291	Cigars and tobacco	58	22,967	2	104	93	96
292	Electric cables and supplies (not falling under Industry Code No. 100)	307	120,996	1.1	110	98	98
293	Rubber	204	71,531	7	98	88	90
297	Drugs (sundries, incl. perfumes, chewing gum, etc.)	141	120,951	1.1	115	103	98
300	Miscellaneous mfg. and processing	1,097	269,200	2.5	109	97	97
	<i>Transportation and public service:</i>						
310	City employees (incl. more than one class)	506	117,007	1.1	125	112	111
320	Electric and street railroads—population of city 500,000 or more	6	421	.....	78	70	71
325	Auto sales and service stations	1,667	142,725	1.3	111	99	100
326	Taxicabs and busses—transportation and public service	232	31,734	3	123	110	112
327	Truck, transfer, etc.—transportation	696	121,944	1.1	108	96	98
337	Telephone	113	37,500	3	114	102	104
341	Gas works	101	59,770	5	125	112	109
342	Electric light and power—public utilities	229	173,208	1.6	122	109	109
350	Miscellaneous transportation and public service not otherwise classified	303	93,647	9	119	106	109
	<i>Clerical and professional:</i>						
360	Clerical (banks, insurance, and other office forces)	2,351	585,525	5.3	109	97	100
361	Medical, nurses, sanitarium, hospitals, etc.	102	11,849	1	107	96	97
362	Theatrical—radio and TV broadcasting, electrical transcription, etc.	346	44,972	4	125	112	114
363	Conferences of Methodist Ministers and similar organizations	164	25,952	2	106	95	96
	<i>Trades and service:</i>						
370	Wholesale merchants and dealers—trades and service	1,887	224,505	2.0	111	99	99
371	Retail merchants and dealers—trades and service	2,280	440,720	4.0	103	92	94
372	Warehouses and cold storage plants—trades and service	221	25,278	2	108	96	98
373	Hotels and restaurants—trades and service	664	125,248	1.1	96	86	86
374	Laundries (incl. dry cleaning)	278	31,863	3	104	93	84
375	Delivery of coal, fuel oil, wood, or bottled gas	156	44,838	4	105	94	95
376	Operation and maintenance of office and apartment buildings	110	29,705	3	96	86	88
380	Miscellaneous trade and service	1,048	131,631	1.2	112	100	101
390	Miscellaneous not otherwise classified	576	82,079	7	111	99	93
Total	All industries listed above	37,973	10,470,941	95.5%	112%	100%	100%
	All other industries	1,794	489,929	4.5%	100%	98%	99%



This analysis includes the accumulated experience of rated and non-rated industries for all exposure size groupings and shows the number of experience units, the exposure, the proportion to total exposure, the ratio of actual to tabular claims, and the ratio of actual to tabular claims for each industry to actual to tabular claims for the aggregate experience of all nonrated industries.

In addition to the analysis for all exposure size groupings as described in the above paragraph, Table 12 also contains the ratio of actual to tabular claims for each industry to actual to tabular claims for the aggregate experience of nonrated industries for the smaller size groups defined in the introduction to this report. These ratios are shown to illustrate the wide dispersion in claim costs which can arise from lack of homogeneity within an industry classification between large and small experience units and which should not be overlooked in the use of this industry analysis.

The results of the industry analysis are arranged in order of industry code for convenience in summarizing the data. When examining the data given, it should be understood that the experience of any particular industry depends to a great extent on factors other than those directly related to working conditions. For example, there is a wide variation in the age distribution of workers engaged in different industries. In addition, various social, economic, or geographical factors may underlie variations in the experience by industry, or these variations may be chance fluctuations resulting from an insufficient volume of experience. The effect of underwriting selection should also be kept in mind in reviewing the results of the industry analysis. If other standards of selection were applied in accepting individual risks, substantially different results might be obtained for some industries. Since the ratios of actual to tabular claims do vary by plan of benefits and since some industries tend to concentrate on certain plans of benefits, there may be a distortion in the ratios of actual to tabular shown in the industry table. The experience shown in Table 12 for any given industry, therefore, reflects the combined effect of all the above factors applicable to that industry.

This analysis is not entirely comparable to the industry table contained in the Group Life Insurance report. A larger proportion of Group Health plans is necessarily excluded from this investigation, because they do not provide one of the plans of benefits being studied, than is true in the case of the Group Life Insurance investigation. For example, experience under compulsory State Cash Sickness plans is excluded from the weekly indemnity data. This may have a marked effect on the experience exhibited by some of the industrial classifications included in this analysis.

Finally, the industrial classification itself is subject to some limitations. Up-to-date information is not always available for the assignment of each experience unit to its proper classification. Some experience units involve more than one industrial classification. Hence, it was necessary to assign such units to the classification which contained the largest number of insured employees, even though that classification might not contain a majority of such employees. This limitation probably affects the experience of relatively more of the units in the larger exposure size groupings than of the units in the smaller exposure size groupings.