

## TRANSACTIONS OF SOCIETY OF ACTUARIES 1972 REPORTS

### I. GROUP WEEKLY INDEMNITY INSURANCE

**T**HIS is the twenty-fifth annual report on the continuing study of the morbidity experience of Group Weekly Indemnity insurance. In compiling this report, the Committee has included the available experience of employer/employee groups and has excluded the experience of trusteeship and association cases insuring employees of the member employers and the experience of union cases, whether or not insurance depends upon continued employment. The experience of plans written under State Cash Sickness Laws and the experience of insured groups outside the United States and Canada have been excluded. The United States experience and the Canadian experience have been reported separately.

#### RATIO OF ACTUAL TO TABULAR CLAIMS

Throughout this report experience is presented in the form of ratios of actual to tabular claims, based on the 1947-49 weekly indemnity tabulars, as reported in the *1962 Reports*. Caution must be used in interpreting the data contained in this report because, among other reasons, the 1947-49 tabulars may not accurately reflect current claim patterns. The maternity tabulars do not reflect the substantial decline in birth rates in recent years, with the result that the actual-to-tabular ratios for maternity benefits are generally somewhere near 50 per cent, while the actual-to-tabular ratios for nonmaternity benefits are generally near 100 per cent or even higher; this wide difference is concealed and may create distortions when the experience for maternity and that for nonmaternity are combined. The tabulars also do not reflect certain factors, such as age distribution, industry classification, or size of case, which may have a relevant effect on the experience results.

#### CONTRIBUTING COMPANIES

The Committee wishes to express its gratitude to the companies that generously contributed data to this study. Data for the three most recent policy years were contributed by ten companies, and data for earlier policy years were available for one additional company. The results reflect the composite effect of variations in company practice in administration and claim procedures, as well as variations in experience among groups.

This report contains experience for years labeled 1967, 1968, 1969, 1970, and 1971. The majority of the companies contribute exposures and

claims based upon policy years ending in the calendar year designated. If the renewal dates for all cases included in the study were distributed uniformly over the year, then the central point of the exposure for each policy year would be approximately January 1 of that year. However, this assumption may not be very precise because of a concentration of policy renewals in January and July.

The following companies contributed experience for this study:

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  
 The Mutual Life Assurance Company of Canada  
 Occidental Life Insurance Company of California  
 Prudential Insurance Company of America  
 Sun Life Assurance Company of Canada  
 The Travelers Insurance Company

#### ANALYSIS OF EXPERIENCE

Table 1 shows the experience for the latest three policy years combined, including all size groups, for plans that include a six-week maternity benefit. Table 2 shows separate experience for maternity and non-maternity benefits, for the three latest policy years combined, for non-jumbo groups (groups containing 1,000 or more insured employees are excluded). Table 3 displays the ratios of actual to tabular claims on nonjumbo groups for each of the last five years. Table 4 shows the experience by size of case.

It is difficult to conclude from these data that there is any significant difference between the levels of experience in the United States and the levels of experience in Canada. The ratios of actual to tabular for Canadian experience are generally higher than the United States experience ratios for plans written with no maternity benefits, and lower for plans written with maternity benefits.

Perhaps the most interesting trend indicated by the current study is the increasing difference between ratios of actual to tabular for thirteen-week plans as compared to twenty-six-week plans. Table 3 shows that in both the United States and Canada the 1971 ratios for thirteen-week plans are generally lower than the corresponding ratios for 1969 and 1970, while the 1971 ratios for twenty-six-week plans are generally higher than

TABLE 1  
 GROUP WEEKLY INDEMNITY EXPERIENCE  
 PLANS WITH SIX WEEKS' MATERNITY BENEFIT  
 ALL SIZE GROUPS  
 COMBINED 1969-71 POLICY YEARS' EXPERIENCE, BY PLAN

Plan	No. Experience Units	Weekly Indemnity Exposed (000)	Actual Claims Including Maternity (000)	Ratio of Actual to 1947-49 Weekly Indemnity Tabular
United States Experience				
1-4-13.....	875	4,593	3,168	97%
4-4-13.....	276	1,450	782	83
1-8-13.....	3,187	18,855	13,904	112
8-8-13.....	619	5,030	3,492	103
Total, 13-week plans....	4,957	29,928	21,346	107%
1-4-26.....	370	5,615	6,264	137%
4-4-26.....	55	794	764	117
1-8-26.....	2,164	30,730	31,405	135
8-8-26.....	307	8,693	5,672	90
Total, 26-week plans....	2,896	45,832	44,105	127%
Total, all plans.....	7,853	75,760	65,451	119%
Canadian Experience				
1-4-13.....	122	383	299	114%
4-4-13.....	18	47	32	98*
1-8-13.....	1,027	1,423	842	98
8-8-13.....	21	36	22	102*
Total, 13-week plans....	1,188	1,889	1,195	101%
1-4-26.....	152	859	925	131%
4-4-26.....	7	82	56	90
1-8-26.....	383	2,051	2,007	137
8-8-26.....	28	124	65	72
Total, 26-week plans....	570	3,116	3,053	131%
Total, all plans.....	1,758	5,005	4,248	121%

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

TABLE 2

GROUP WEEKLY INDEMNITY EXPERIENCE  
GROUPS WITH LESS THAN 1,000 EMPLOYEES EXPOSED  
1969-71 POLICY YEARS' EXPERIENCE, BY PLAN  
UNITED STATES EXPERIENCE

PLAN	NONMATERNITY AND MATERNITY COMBINED EXPERIENCE*				NONMATERNITY AND MATERNITY SEPARATE EXPERIENCE*							
	No. Experience Units	Weekly Indemnity Exposed (000)	Actual Claims (000)	Ratio of Actual to 1947-49 Weekly Indemnity Tabular	No. Experience Units	Weekly Indemnity Exposed (000)	Actual Claims		Ratio of Actual to 1947-49 Weekly Indemnity Tabular			
							Non- maternity (000)	Maternity (000)	Non- maternity	Maternity	Combined	
Plans with 6 Weeks' Maternity Benefit												
13-week:												
4th-day sickness	1,138	4,883	3,181	94%	858	3,686	2,494	95	105%	45%	100%	
8th-day sickness	3,724	19,792	14,181	109	2,378	13,086	8,860	595	118	51	109	
Total	4,862	24,675	17,362	106%	3,236	16,772	11,354	690	115%	50%	107%	
26-week:												
4th-day sickness	404	4,414	4,346	118%	288	2,838	2,762	61	124%	42%	119%	
8th-day sickness	2,363	21,679	19,807	120	1,428	14,095	12,898	457	130	49	123	
Total	2,767	26,093	24,153	120%	1,716	16,933	15,660	518	129%	48%	122%	
Plans with No Maternity Benefits												
13-week:												
4th-day sickness					476	3,073	2,086		103%			
8th-day sickness					6,703	29,153	17,747		104			
Total					7,179	32,226	19,833		104%			
26-week:												
4th-day sickness					380	3,645	2,898		97%			
8th-day sickness					6,609	32,599	22,847		99			
Total					6,989	36,244	25,745		99%			

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

TABLE 2—Continued  
CANADIAN EXPERIENCE

PLAN	NONMATERNITY AND MATERNITY COMBINED EXPERIENCE*				NONMATERNITY AND MATERNITY SEPARATE EXPERIENCE*						
	No. Experience Units	Weekly Indemnity Exposed (000)	Actual Claims (000)	Ratio of Actual to 1947-49 Weekly Indemnity Tabular	No. Experience Units	Weekly Indemnity Exposed (000)	Actual Claims		Ratio of Actual to 1947-49 Weekly Indemnity Tabular		
							Non- maternity (000)	Maternity (000)	Non- maternity	Maternity	Combined
Plans with 6 Weeks' Maternity Benefit											
13-week:											
4th-day sickness .....	140	430	331	113%	132	380	287	6	118%	31% <sup>†</sup>	111%
8th-day sickness .....	1,048	1,459	864	98	963	1,276	719	26	103	36 <sup>†</sup>	97
Total .....	1,188	1,889	1,195	101%	1,095	1,656	1,006	32	107%	35% <sup>†</sup>	101%
26-week:											
4th-day sickness .....	158	871	950	133%	137	726	750	19	132%	55% <sup>†</sup>	127%
8th-day sickness .....	405	1,634	1,439	122	328	989	779	23	114	43 <sup>†</sup>	108
Total .....	563	2,505	2,389	126%	465	1,715	1,529	42	122%	47% <sup>†</sup>	117%
Plans with No Maternity Benefits											
13-week:											
4th-day sickness .....					103	327	244		115%		
8th-day sickness .....					946	1,903	1,236		115		
Total .....					1,049	2,230	1,480		115%		
26-week:											
4th-day sickness .....					148	507	524		130%		
8th-day sickness .....					860	2,273	1,632		102		
Total .....					1,008	2,780	2,156		108%		

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

<sup>†</sup> Less than \$50,000 of actual claims.

TABLE 3—GROUP WEEKLY INDEMNITY EXPERIENCE  
 GROUPS WITH LESS THAN 1,000 EMPLOYEES EXPOSED  
 1967-71 POLICY YEARS' EXPERIENCE, BY PLAN  
 UNITED STATES

PLAN	RATIOS OF ACTUAL TO 1947-49 TABULAR FOR POLICY YEAR ENDING IN:				
	1967	1968	1969	1970	1971
Plans with 6 Weeks' Maternity Benefit					
Nonmaternity and maternity combined experience:					
13-week:					
4th-day sickness.....	84%	92%	97%	94%	92%
8th-day sickness.....	96	102	109	112	108
Total.....	93%	100%	106%	108%	105%
26-week:					
4th-day sickness.....	100%	112%	113%	118%	124%
8th-day sickness.....	107	110	121	118	122
Total.....	106%	111%	119%	118%	122%
Nonmaternity and maternity separate experience:*					
Nonmaternity:					
13-week:					
4th-day sickness.....	91%	102%	109%	106%	99%
8th-day sickness.....	104	110	120	121	113
Total.....	101%	108%	118%	117%	110%
26-week:					
4th-day sickness.....	106%	118%	118%	120%	134%
8th-day sickness.....	115	123	130	127	133
Total.....	113%	122%	127%	125%	133%
Maternity (all plans).....	48%	51%	46%	51%	51%
Combined:					
13-week:					
4th-day sickness.....	87%	97%	104%	100%	96%
8th-day sickness.....	97	102	110	112	106
Total.....	94%	101%	109%	109%	103%
26-week:					
4th-day sickness.....	103%	115%	114%	115%	128%
8th-day sickness.....	110	117	123	120	126
Total.....	108%	117%	121%	119%	126%
Plans with No Maternity Benefits					
13-week:					
4th-day sickness.....	90%	99%	99%	107%	102%
8th-day sickness.....	98	102	105	105	102
Total.....	97%	102%	105%	106%	102%
26-week:					
4th-day sickness.....	84%	80%	103%	91%	94%
8th-day sickness.....	89	91	97	94	105
Total.....	88%	90%	98%	94%	103%

\* The nonmaternity and maternity separate experience is also included in the nonmaternity and maternity combined experience.

TABLE 3—Continued

## CANADA

PLAN	RATIO OF ACTUAL TO 1947-49 TABULAR FOR POLICY YEAR ENDING IN:				
	1967	1968	1969	1970	1971
Plans with 6 Weeks' Maternity Benefit					
Nonmaternity and maternity combined experience:					
13-week:					
4th-day sickness . . . . .	120%	99%	103%	128%	113%
8th-day sickness . . . . .	101	106	100	95	98
Total . . . . .	106%	104%	101%	103%	101%
26-week:					
4th-day sickness . . . . .	107%	111%	128%	140%	130%
8th-day sickness . . . . .	116	91	103	126	142
Total . . . . .	112%	100%	111%	131%	137%
Nonmaternity and maternity separate experience:*					
Nonmaternity:					
13-week:					
4th-day sickness . . . . .	124%	105%	112%	132%	114%
8th-day sickness . . . . .	100	111	109	102	97
Total . . . . .	106%	109%	110%	109%	100%
26-week:					
4th-day sickness . . . . .	108%	111%	132%	135%	128%
8th-day sickness . . . . .	101	79	103	111	130
Total . . . . .	104%	95%	115%	122%	129%
Maternity (all plans) . . . . .	42%†	35%†	34%†	52%†	40%†
Combined:					
13-week:					
4th-day sickness . . . . .	118%	99%	104%	125%	111%
8th-day sickness . . . . .	94	104	102	97	90
Total . . . . .	101%	102%	102%	104%	95%
26-week:					
4th-day sickness . . . . .	107%	108%	127%	130%	125%
8th-day sickness . . . . .	98	75	99	108	122
Total . . . . .	102%	91%	109%	118%	124%
Plans with No Maternity Benefits					
13-week:					
4th-day sickness . . . . .	113%	100%	122%	118%	104%
8th-day sickness . . . . .	99	96	109	123	113
Total . . . . .	101%	97%	111%	122%	112%
26-week:					
4th-day sickness . . . . .	109%	101%	100%	124%	145%
8th-day sickness . . . . .	85	84	105	105	98
Total . . . . .	89%	87%	104%	108%	110%

\* The nonmaternity and maternity separate experience is also included in the nonmaternity and maternity combined experience.

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

TABLE 4—GROUP WEEKLY INDEMNITY EXPERIENCE  
ALL SIZE GROUPS  
COMBINED 1969-71 POLICY YEARS' EXPERIENCE, BY SIZE OF EXPERIENCE UNIT

SIZE	PLANS WITH 6 WEEKS' MATERNITY BENEFIT				PLANS WITH NO MATERNITY BENEFIT			
	No. Experience Units	Weekly Indemnity Exposed (000)	Actual Claims Including Maternity (000)	Ratio of Actual to 1947-49 Weekly Indemnity Tabular	No. Experience Units	Weekly Indemnity Exposed (000)	Actual Claims (000)	Ratio of Actual to 1947-49 Weekly Indemnity Tabular
United States Experience								
< 50 lives.....	2,385	2,908	1,811	91%	6,542	9,839	5,623	89%
50-99.....	2,030	6,466	4,070	91	3,588	12,194	7,381	94
100-249.....	1,946	14,659	11,528	110	2,752	20,134	13,893	106
250-499.....	854	13,532	11,520	117	907	14,439	10,028	104
500-999.....	414	13,204	12,586	129	380	11,865	8,653	107
Total <1,000.....	7,629	50,769	41,515	114%	14,169	68,471	45,578	101%
1,000 or more.....	224	24,990	23,935	131%	200	21,727	17,648	113%
Grand total.....	7,853	75,759	65,450	119%	14,369	90,198	63,226	104%
Canadian Experience								
< 50 lives.....	1,281	1,092	566	80%	1,566	1,524	890	90%
50-99.....	240	733	554	110	274	918	600	100
100-249.....	159	1,232	1,026	116	147	920	758	124
250-499.....	57	842	876	142	51	1,021	749	112
500-999.....	14	494	561	153	19	627	638	155
Total <1,000.....	1,751	4,393	3,583	116%	2,057	5,010	3,635	111%
1,000 or more.....	7	611	664	157%	22	20,326	20,601	129%
Grand total.....	1,758	5,004	4,247	121%	2,079	25,336	24,236	126%



at any time in the past. This divergence is more extreme for plans with six weeks of maternity benefits than for plans with no maternity benefits.

It is interesting to note that the ratios of actual to tabular claims for plans with no maternity benefits seem to be generally lower than the corresponding ratios for nonmaternity benefits that are written along with maternity benefits. Table 3 shows that this phenomenon has existed for several years and continues to exist for each category except for thirteen-week plans in the Canadian experience. This difference may be due to differences in age, industry, size of group, or other characteristics that are not reflected in the tabular claims.

Table 4 shows an unmistakable pattern of increasing ratios with increase in size of group, for both United States and Canadian experience.