

TRANSACTIONS OF SOCIETY OF ACTUARIES 1973 REPORTS

I. GROUP WEEKLY INDEMNITY INSURANCE

THIS is the twenty-sixth 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 has been excluded. Beginning with this report, the Committee is no longer accumulating Canadian experience because of the impact of the Canadian Unemployment Insurance Act.

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. This report contains experience for the years 1968, 1969, 1970, 1971, and 1972. Eight companies contributed data for all five years, and one additional company contributed data for 1968. While the results generally reflect the composite effect of variations in company practice in administration and claim procedures, as well as variations in experience among groups, it should be noted that the contribution of one company represents a major portion of the total experience.

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

ANALYSIS OF EXPERIENCE

Table 1 shows experience for the latest three policy years combined for all size groups with a six-week maternity benefit. Table 2 shows separate experience for the same period for maternity and nonmaternity benefits, with jumbo groups (those containing 1,000 or more insured employees) excluded. Table 2 also shows the experience for plans with no maternity benefits. 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.

Table 1 shows ratios on twenty-six-week plans, which continue to run higher than those on thirteen-week plans. While the ratios in Tables 2 and 3 confirm this result for plans with maternity benefits, the plans with no maternity benefits generally show opposite results. There is no apparent explanation for this difference, which may be caused by differences in age, industry, size of group, or other characteristics not reflected in the tabulars.

Tables 2 and 3 show that the ratios for plans with no maternity benefits are generally lower than the corresponding ratios for plans with maternity benefits. Table 3 shows that this result, which may also be caused by plan characteristics not reflected in the tabulars, has existed for several years.

Table 3 ratios for 1972 experience are lower than the 1971 ratios, with very few exceptions.

Table 4 shows that the ratios tend to increase as the size of the group increases.

Two years ago we published an analysis of experience by female percentage. Table 5 shows that for nonjumbo groups with no maternity benefits, with all benefit periods combined, and with more than 10 per cent female, there is a tendency for the ratios to increase as the female percentage increases. The table also shows a relatively higher ratio for groups with less than 11 per cent female. Both of these results are consistent with those published in the *1971 Reports*.

TABLE 1
GROUP WEEKLY INDEMNITY EXPERIENCE
PLANS WITH SIX WEEKS' MATERNITY BENEFIT
ALL SIZE GROUPS
COMBINED 1970-72 POLICY YEARS' EXPERIENCE, BY PLAN

Plan	No. of Experience Units	Weekly Indemnity Exposed (000)	Actual Claims Including Maternity (000)	Ratio of Actual to 1947-49 Weekly Indemnity Tabular
1-4-13	750	4,397	3,030	97%
4-4-13	248	1,245	659	82
1-8-13	2,848	17,770	12,858	109
8-8-13	528	4,060	2,866	104
Total, 13-week plans.....	4,374	27,472	19,413	105%
1-4-26.....	337	4,460	4,852	133%
4-4-26.....	52	670	506	86
1-8-26.....	2,061	28,117	28,196	133
8-8-26.....	261	7,997	5,147	88
Total, 26-week plans.....	2,771	41,244	38,701	124%
Total, all plans.....	7,085	68,716	58,114	117%

TABLE 2 GROUP WEEKLY INDEMNITY EXPERIENCE
 GROUPS WITH LESS THAN 1,000 EMPLOYEES EXPOSED
 1970-72 POLICY YEARS' EXPERIENCE, BY PLAN

PLAN	NONMATERNITY AND MATERNITY COMBINED EXPERIENCE*				NONMATERNITY AND MATERNITY SEPARATE EXPERIENCE*							
	No. of Experience Units	Weekly Indemnity Exposed (000)	Actual Claims (000)	Ratio of Actual to 1947-49 Indemnity Tabular	No. of Experience Units	Weekly Indemnity Exposed (000)	Actual Claims		Ratio of Actual to 1947-49 Weekly Indemnity Tabular			
							Nonmaternity (000)	Maternity (000)	Non-maternity	Maternity	Combined	
Plans with 6 Weeks' Maternity Benefit												
13-week:												
4th-day sickness	988	4,513	2,909	93%	726	3,420	2,273	88	103%	43%	98%	
8th-day sickness	3,311	18,311	13,049	108	2,114	12,439	8,307	558	116	49	106	
Total	4,299	22,824	15,958	105%	2,840	15,859	10,580	646	113%	48%	105%	
26-week:												
4th-day sickness	375	3,996	3,948	118%	281	2,714	2,662	53	124%	38%	119%	
8th-day sickness	2,240	21,585	19,748	120	1,389	14,332	13,282	468	131	47	124	
Total	2,615	25,581	23,696	119%	1,670	17,046	15,944	521	130%	46%	123%	
Plans with No Maternity Benefits												
13-week:												
4th-day sickness					455	2,796	1,900		103%			
8th-day sickness					6,677	30,013	17,913		102			
Total					7,132	32,809	19,813		102%			
26-week:												
4th-day sickness					402	3,875	2,887		91%			
8th-day sickness					7,022	36,487	26,179		98			
Total					7,424	40,362	29,066		97%			

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

TABLE 3—GROUP WEEKLY INDEMNITY EXPERIENCE
GROUPS WITH LESS THAN 1,000 EMPLOYEES EXPOSED
1968-72 POLICY YEARS' EXPERIENCE, BY PLAN

PLAN	RATIOS OF ACTUAL TO 1947-49 TABULAR FOR POLICY YEAR ENDING IN:				
	1968	1969	1970	1971	1972
Plans with 6 Weeks' Maternity Benefit					
Nonmaternity and maternity combined experience:					
13-week:					
4th-day sickness	92%	97%	94%	92%	93%
8th-day sickness	102	109	112	108	103
Total	100%	106%	108%	105%	101%
26-week:					
4th-day sickness	112%	113%	118%	124%	110%
8th-day sickness	110	121	118	122	120
Total	111%	119%	118%	122%	118%
Nonmaternity and maternity separate experience*:					
Nonmaternity:					
13-week:					
4th-day sickness	102%	109%	106%	99%	103%
8th-day sickness	110	120	121	113	113
Total	108%	118%	117%	110%	111%
26-week:					
4th-day sickness	118%	118%	120%	134%	120%
8th-day sickness	123	130	127	133	133
Total	122%	127%	125%	133%	131%
Maternity (all plans)	51%	46%	51%	51%	40%
Combined:					
13-week:					
4th-day sickness	97%	104%	100%	96%	97%
8th-day sickness	102	110	112	106	102
Total	101%	109%	109%	103%	101%
26-week:					
4th-day sickness	115%	114%	115%	128%	114%
8th-day sickness	117	123	120	126	125
Total	117%	121%	119%	126%	123%
Plans with No Maternity Benefits					
13-week:					
4th-day sickness	99%	99%	107%	102%	97%
8th-day sickness	102	105	105	102	99
Total	102%	105%	106%	102%	99%
26-week:					
4th-day sickness	80%	103%	91%	94%	87%
8th-day sickness	91	97	94	105	104
Total	90%	98%	94%	103%	102%

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

TABLE 4
GROUP WEEKLY INDEMNITY EXPERIENCE
ALL SIZE GROUPS*
COMBINED 1970-72 POLICY YEARS' EXPERIENCE,
BY SIZE OF EXPERIENCE UNIT

Size	No. of Experience Units	Weekly Indemnity Exposed (000)	Actual Claims Including Maternity (000)	Ratio of Actual to 1947-49 Weekly Indemnity Tabular
Plans with Six Weeks' Maternity Benefit				
<50 lives	2,172	2,822	1,772	91%
50-99	1,814	6,044	3,916	93
100-249	1,763	13,775	10,948	111
250-499	792	13,292	11,344	117
500-999	373	12,471	11,675	126
Total <1,000	6,914	48,404	39,655	113%
1,000 or more	171	20,312	18,459	126%
Grand total	7,085	68,716	58,114	117%
Plans with No Maternity Benefit				
<50 lives	6,764	10,662	6,101	89%
50-99	3,659	13,164	7,884	84
100-249	2,866	21,980	15,263	106
250-499	901	14,929	10,519	106
500-999	366	12,437	9,113	106
Total <1,000	14,556	73,172	48,880	99%
1,000 or more	193	24,705	18,568	102%
Grand total	14,749	97,877	67,448	100%

TABLE 5
 GROUP WEEKLY INDEMNITY EXPERIENCE
 GROUPS WITH LESS THAN 1,000 EMPLOYEES EXPOSED
 1970-72 POLICY YEARS' EXPERIENCE, BY FEMALE PER CENT
 PLANS WITH NO MATERNITY BENEFIT, ALL BENEFIT PERIODS COMBINED

Female Per Cent	No. of Experience Units	Weekly Indemnity Exposed (000)	Actual Claims (000)	Ratio of Actual to 1947-49 Weekly Indemnity Tabular
<11%	6,347	29,196	18,954	101%
11-21%	2,455	12,158	6,616	86
21-31%	1,526	8,456	5,231	93
31-41%	1,157	6,542	4,471	101
41-51%	879	4,871	3,585	102
51-61%	610	3,507	2,746	107
61-71%	507	2,854	2,348	109
71-81%	478	2,402	2,122	112
81-91%	420	2,493	2,214	108
91-100%	177	692	592	107
Total	14,556	73,172	48,880	99%

