

**TRANSACTIONS OF SOCIETY OF ACTUARIES
1979 REPORTS**

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

**I. EXPERIENCE UNDER INDIVIDUAL MEDICAL
EXPENSE POLICIES, 1975-76**

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SUMMARY OF EXPERIENCE UNDER INDIVIDUAL
MEDICAL EXPENSE POLICIES, 1975-76

This report presents an analysis of morbidity experience under individual medical expense policies in force during the 1975 and 1976 calendar years. Results of data submitted by ten 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

The mix of contributions to this experience study continues to change. This change has taken place in the number of contributing companies, the volume of the individual contributions, and the distribution of the business included in each contribution, e.g., by duration, to mention a few specific items.

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 *1977 Reports*, *1974 Reports*, *1972 Reports*, *1969 Reports*, and *1967 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 ten 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
 New York 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

Eight companies contributed experience that was used in this section of the study. The experience of one large contributor to previous studies was not available. 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.....	\$ 7,570	\$ 0	\$ 0
31.....	123,090	920	0
35.....	375,210	0	35,890
40.....	0	0	0
42.....	124,450	110	0
45.....	660	40	540
60.....	1,230	17,389	60
90.....	109,360	0	0
100.....	164,880	2,790	590
120.....	1,961,420	72,464	372,907
150.....	22,680	0	0
180.....	2,550	0	0
240.....	2,950	0	0
365.....	719,710	288,141	564,267
Total.....	\$3,615,760	\$381,854	\$974,254

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

TABLE 1
 1975-76 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	.0539	\$20.33	\$ 5.98	\$ 4.41	\$1.096	\$.322	\$.238
20-24	.0605	8.19	6.53	6.35	.495	.395	.384
25-29	.0704	6.52	6.17	6.57	.459	.434	.463
30-34	.0802	7.56	7.18	7.94	.606	.576	.637
35-39	.0947	7.86	7.54	8.01	.744	.714	.759
40-44	.1065	7.69	8.26	8.59	.819	.880	.915
45-49	.1251	8.54	8.63	8.50	1.068	1.080	1.063
50-54	.1519	9.06	8.83	9.35	1.376	1.341	1.420
55-59	.1717	9.75	9.99	10.08	1.674	1.715	1.731
60-64	.1907	10.47	10.36	11.00	1.997	1.976	2.098
65-69	.2543	11.93	10.35	10.13	3.034	2.632	2.576
70-74	.3129	11.82	13.01	8.17	3.698	4.071	2.556
75-79	.3662	12.31	14.17	11.63	4.508	5.189	4.259
Female							
15-19	.0766	\$12.55	\$ 5.57	\$ 4.86	\$.961	\$.427	\$.372
20-24	.1037	6.22	5.45	4.87	.645	.565	.505
25-29	.1250	6.58	6.22	5.53	.823	.778	.691
30-34	.1597	6.54	6.33	6.39	1.044	1.011	1.020
35-39	.1565	7.49	7.11	7.33	1.172	1.113	1.147
40-44	.1826	7.92	7.66	7.79	1.446	1.399	1.422
45-49	.1771	8.14	7.89	8.08	1.442	1.397	1.431
50-54	.1677	8.30	8.62	8.44	1.392	1.446	1.415
55-59	.1661	9.95	9.22	9.92	1.653	1.531	1.648
60-64	.1456	10.39	10.07	10.61	1.513	1.466	1.545
65-69	.2095	11.57	10.75	10.31	2.424	2.252	2.160
70-74	.2640	11.76	12.93	13.24	3.105	3.414	3.495
75-79	.2758	12.88	13.64	12.39	3.552	3.762	3.417
Child							
All ages	.0705	\$ 5.17	\$ 4.49	\$ 4.81	\$.364	\$.317	\$.339

TABLE 2
 1975-76 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...	.0539	\$ 4.97	\$.268	.1052	\$ 4.77	\$.502	.0816	\$ 3.81	\$.311
20-24...	.0605	6.45	.390	.0659	13.20	.870	.0558	6.53	.364
25-29...	.0704	6.17	.434	.0645	5.88	.379	.0560	6.59	.369
30-34...	.0802	7.28	.584	.0855	5.40	.462	.0625	6.27	.392
35-39...	.0947	7.54	.714	.0793	6.34	.503	.0766	7.60	.582
40-44...	.1065	8.15	.868	.0918	7.01	.644	.0900	7.47	.672
45-49...	.1251	8.45	1.057	.1176	5.91	.695	.1035	7.80	.807
50-54...	.1519	8.87	1.347	.1351	8.06	1.089	.1216	8.53	1.037
55-59...	.1717	9.89	1.698	.1475	8.52	1.257	.1313	9.46	1.242
60-64...	.1907	10.47	1.997	.2062	8.91	1.837	.1651	10.03	1.656
65-69...	.2543	12.29	3.125	.2161	10.44	2.256	.2460	11.59	2.851
70-74...	.3129	13.18	4.124	.3088	11.64	3.594	.2935	12.01	3.525
75-79...	.3662	14.06	5.149	.2699	12.75	3.441	.2715	14.30	3.882
Female									
15-19...	.0766	\$ 5.58	\$.427	.1043	\$ 4.12	\$.430	.0973	\$ 4.14	\$.403
20-24...	.1037	5.36	.556	.1077	4.76	.513	.0886	4.53	.401
25-29...	.1250	6.09	.761	.1324	4.58	.606	.1040	5.50	.572
30-34...	.1597	6.27	1.001	.1502	5.20	.781	.1261	6.18	.779
35-39...	.1565	7.12	1.114	.1468	5.31	.780	.1461	6.51	.951
40-44...	.1826	7.63	1.393	.1900	7.28	1.383	.1551	7.28	1.129
45-49...	.1771	7.89	1.397	.2025	6.85	1.387	.1602	7.70	1.234
50-54...	.1677	8.49	1.424	.1873	7.79	1.459	.1396	7.79	1.087
55-59...	.1661	9.39	1.560	.1782	8.29	1.477	.1428	8.99	1.284
60-64...	.1456	10.21	1.487	.1846	8.95	1.652	.1343	10.37	1.393
65-69...	.2095	11.94	2.501	.1827	10.57	1.931	.1928	11.78	2.271
70-74...	.2640	12.91	3.408	.2403	11.66	2.802	.2132	12.20	2.601
75-79...	.2758	13.98	3.856	.2336	13.85	3.235	.2258	13.75	3.105
Child									
All ages	.0705	\$ 4.55	\$.321	.0750	\$ 3.98	\$.299	.0641	\$ 4.56	\$.292

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. In general, the claim costs for each adjusted maximum benefit period increase as the age increases. Except for the 50-54 age cell under the adjusted maximum benefit period of 365 days, a relationship that was found in the 1973-74 study appears again. That is, the claim costs for males are lower than those for females for ages 20-54, while for ages 55 and over this trend 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 97 and 76 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, since 67 percent of the no-deductible experience and about 11 percent of the \$50 deductible experience was contributed by a company that had no experience in the \$25 deductible plans.

Table 3 compares the experience shown in Table 2 for policies with no deductible with the 1973-74 intercompany experience and with the 1956 Intercompany Hospital Table.

Ratios of the 1975-76 experience to the 1973-74 experience for all ages combined (based on the 1975-76 distribution of no-deductible exposures by age) are shown in the tabulation at the top of page 243.

An analysis by duration was made of the 1975-76 experience on policies with no deductible. Ratios of experience by duration to that for

	Frequency	Average Claim	Claim Cost
Male.....	114%	108%	123%
Female.....	101	103	105
Child.....	96	99	95

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%	80%	53%	56%	78%	43%	108%	87%	95%
2.....	72	91	65	76	94	71	98	84	80
3 and later.....	100	100	100	100	100	100	100	100	100
All.....	97%	99%	96%	96%	99%	96%	101%	96%	97%

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

Eight companies contributed to this study. Since this is less than the number that contributed to the 1973-74 study, some of the tables published for the last study are not published for this study. It should also be noted that data for ages 15-19 are not shown for this study.

Table 5 shows the average amount of 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 1973-74.

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 3

1975-76 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
 COMPARISON WITH 1973-74 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	1975-1976 INTERCOMPANY EXPERIENCE			RATIO OF 1975-76 EXPERIENCE TO 1973-74 EXPERIENCE			RATIO OF 1975-76 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.	.0539	\$ 4.97	\$ 268	.38	.96	.36	.69	.67	.46
20-24.	.0605	6.45	.390	.88	1.01	.88	.78	.86	.67
25-29.	.0704	6.17	.434	1.08	.95	1.03	.93	.82	.76
30-34.	.0802	7.28	.584	1.00	1.04	1.04	1.07	.91	.98
35-39.	.0947	7.54	.714	1.04	1.03	1.06	1.19	.85	1.01
40-44.	.1065	8.15	.868	.98	1.09	1.07	1.20	.82	.98
45-49.	.1251	8.45	1.057	.97	1.02	.99	1.25	.75	.94
50-54.	.1519	8.87	1.347	1.05	.99	1.05	1.32	.73	.96
55-59.	.1717	9.89	1.698	1.01	.99	1.00	1.28	.79	1.01
60-64.	.1907	10.47	1.997	1.06	.96	1.02	1.24	.81	1.01
65-69.	.2543	12.29	3.125	1.14	1.00	1.14	1.53	.89	1.36
70-74.	.3129	13.18	4.124	1.07	.96	1.03	1.81	.76	1.38
75-79.	.3662	14.06	5.149	1.12	.95	1.07	2.09	.60	1.26
Female									
15-19.	.0766	\$ 5.58	\$ 427	.46	1.14	.53	.82	.77	.63
20-24.	.1037	5.36	.556	.93	1.03	.96	1.04	.73	.76
25-29.	.1250	6.09	.761	.94	1.02	.97	1.12	.79	.88
30-34.	.1597	6.27	1.001	1.02	1.00	1.01	1.31	.76	1.00
35-39.	.1565	7.12	1.114	.89	1.01	.90	1.20	.81	.97
40-44.	.1826	7.63	1.393	.99	1.00	.99	1.32	.82	1.07
45-49.	.1771	7.89	1.397	.94	.97	.91	1.22	.79	.96
50-54.	.1677	8.49	1.424	.95	.97	.92	1.10	.80	.88
55-59.	.1661	9.39	1.560	1.05	.96	1.02	1.05	.82	.87
60-64.	.1456	10.21	1.487	.98	.96	.94	.89	.82	.74
65-69.	.2095	11.94	2.501	1.09	.98	1.07	1.25	.87	1.09
70-74.	.2640	12.91	3.408	1.14	.95	1.09	1.53	.75	1.14
75-79.	.2758	13.98	3.856	1.06	.95	1.01	1.58	.60	.94
Child									
All ages	.0705	\$ 4.55	\$.321	.96	.99	.95	Not applicable		

TABLE 4
 1975-76 EXPERIENCE UNDER INDIVIDUALLY
 UNDERWRITTEN POLICIES
 GRADUATED 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 .....	.0509	\$ 5.89	\$.300
20-24 .....	.0604	6.24	.377
25-29 .....	.0702	6.55	.460
30-34 .....	.0809	7.07	.572
35-39 .....	.0935	7.56	.707
40-44 .....	.1079	8.03	.866
45-49 .....	.1260	8.45	1.065
50-54 .....	.1472	8.99	1.323
55-59 .....	.1700	9.77	1.661
60-64 .....	.2006	10.72	2.150
65-69 .....	.2488	12.02	2.991
70-74 .....	.3039	13.13	3.990
75-79 .....	.3612	14.14	5.107
Female			
15-19 .....	.0800	\$ 4.95	\$.396
20-24 .....	.1045	5.44	.568
25-29 .....	.1287	5.96	.767
30-34 .....	.1513	6.45	.976
35-39 .....	.1652	7.00	1.156
40-44 .....	.1751	7.50	1.313
45-49 .....	.1747	7.95	1.389
50-54 .....	.1673	8.54	1.429
55-59 .....	.1599	9.35	1.495
60-64 .....	.1607	10.37	1.666
65-69 .....	.1960	11.68	2.289
70-74 .....	.2387	12.88	3.074
75-79 .....	.2787	14.02	3.907
Child			
All ages .....	.0705	\$ 4.55	\$.321

TABLE 5
 1975-76 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 1973-74 (ACTUAL CLAIMS)
		Actual	Graduated	
Male				
20-24	31	\$173.97	\$174.29	1.075
25-29	57	180.77	180.01	1.088
30-34	153	184.88	184.49	1.119
35-39	145	185.85	187.88	1.082
40-44	136	191.01	190.35	1.083
45-49	187	193.45	192.05	1.116
50-54	280	192.89	193.15	1.071
55-59	407	191.43	193.80	1.043
60-64	582	196.76	194.17	1.079
65-69	386	194.52	194.41	1.060
70-74	359	193.06	194.69	1.063
75-79	394	195.86	195.16	1.070
Total	3,117			
Female				
20-24	32	\$176.41	\$179.53	1.068
25-29	107	195.60	189.25	1.140
30-34	269	194.84	193.70	1.108
35-39	236	187.86	194.95	1.061
40-44	238	194.94	194.61	1.078
45-49	349	195.01	193.88	1.078
50-54	496	194.03	193.47	1.066
55-59	776	196.47	193.70	1.087
60-64	1,029	193.98	194.43	1.070
65-69	891	192.79	195.07	1.089
70-74	775	194.68	194.60	1.089
75-79	1,099	192.14	191.56	1.072
Total	6,297			
Child				
All ages	601	\$170.84	\$170.84	1.157

TABLE 6
 1975-76 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			
20-24.....	.0509	\$174.29	\$ 8.87
25-29.....	.0604	180.01	10.87
30-34.....	.0702	184.49	12.95
35-39.....	.0809	187.88	15.20
40-44.....	.0935	190.35	17.80
45-49.....	.1079	192.05	20.72
50-54.....	.1260	193.15	24.34
55-59.....	.1472	193.80	28.53
60-64.....	.1700	194.17	33.01
65-69.....	.2006	194.41	39.00
70-74.....	.2488	194.69	48.44
75-79.....	.3039	195.16	59.31
Female			
20-24.....	.3612	\$179.53	\$64.85
25-29.....	.0800	189.25	15.14
30-34.....	.1045	193.70	20.24
35-39.....	.1287	194.95	25.09
40-44.....	.1513	194.61	29.45
45-49.....	.1652	193.88	32.03
50-54.....	.1751	193.47	33.88
55-59.....	.1747	193.70	33.84
60-64.....	.1673	194.43	32.53
65-69.....	.1599	195.07	31.19
70-74.....	.1607	194.60	31.27
75-79.....	.1960	191.56	37.55
Child			
All ages.....	.2387	\$170.84	\$40.78

Table 7 shows a comparison of the actual 1975-76 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 the arithmetic mean of the values for a \$150 and a \$250 maximum benefit was used.

TABLE 7

1975-76 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
COMPARISON WITH 1956 INTERCOMPANY HOSPITAL TABLE
\$200 MAXIMUM MISCELLANEOUS HOSPITAL EXPENSE BENEFIT
INPATIENT ONLY—NO DEDUCTIBLE

ATTAINED AGE	1975-76 INTERCOMPANY EXPERIENCE			1956 INTERCOMPANY TABLE			RATIO OF 1975-76 EXPERIENCE TO 1956 TABLE		
	Fre- quency	Average Claim	Claim Cost	Fre- quency	Average Claim	Claim Cost	Fre- quency	Average Claim	Claim Cost
Male									
20-24	.0539	\$173.97	\$ 9.38	.0779	\$ 87.77	\$ 6.84	.69	\$1.98	\$1.37
25-29	.0605	180.77	10.94	.0758	93.32	7.07	.80	1.94	1.55
30-34	.0704	184.88	13.02	.0747	98.87	7.39	.94	1.87	1.76
35-39	.0802	185.85	14.91	.0797	104.42	8.32	1.01	1.78	1.79
40-44	.0947	191.01	18.09	.0889	109.97	9.78	1.07	1.74	1.85
45-49	.1065	193.45	20.60	.1003	115.52	11.59	1.06	1.67	1.78
50-54	.1251	192.89	24.13	.1150	121.07	13.92	1.09	1.59	1.73
55-59	.1519	191.43	29.08	.1339	126.62	16.95	1.13	1.51	1.72
60-64	.1717	196.76	33.78	.1536	132.17	20.30	1.12	1.49	1.66
65-69	.1907	194.52	37.09	.1665	137.72	22.93	1.15	1.41	1.62
70-74	.2543	193.06	49.10	.1728	143.27	24.76	1.47	1.35	1.98
75-79	.3129	195.86	61.28	.1751	148.82	26.06	1.79	1.32	2.35
Female									
20-24	.3662	\$176.41	\$64.60	.0993	\$ 87.77	\$ 8.72	3.69	\$2.01	\$7.41
25-29	.0766	195.60	14.98	.1116	93.32	10.41	.69	2.10	1.44
30-34	.1037	194.84	20.20	.1215	98.87	12.01	.85	1.97	1.68
35-39	.1250	187.86	23.48	.1306	104.42	13.64	.96	1.80	1.72
40-44	.1597	194.94	31.13	.1385	109.97	15.23	1.15	1.77	2.04
45-49	.1565	195.01	30.52	.1455	115.52	16.81	1.08	1.69	1.82
50-54	.1826	194.03	35.43	.1519	121.07	18.39	1.20	1.60	1.93
55-59	.1771	196.47	34.79	.1577	126.62	19.97	1.12	1.55	1.74
60-64	.1677	193.98	32.53	.1630	132.17	21.54	1.03	1.47	1.51
65-69	.1661	192.79	32.02	.1682	137.72	23.16	.99	1.40	1.38
70-74	.1456	194.68	28.35	.1728	143.27	24.76	.84	1.36	1.14
75-79	.2095	192.14	40.25	.1751	148.82	26.06	1.20	1.29	1.54

The frequencies of hospitalization for the 1975-76 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 the number of companies contributing to each cell.

Table 9 displays the experience of one company for reference purposes; this experience is included in Table 8. Table 10 indicates the range in the level of average claim experience (for the \$200 maximum benefit amount) among the contributing companies. Table 11 presents the experience of one company and shows the variation in average claim by maximum benefit and deductible amount.

TABLE 8
1975-76 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 EXPERI- ENCE FROM LARGEST SINGLE CON- TRIBUTOR (PERCENT)	NUMBER OF CON- TRIBU- TORS WITH CLAIMS	RATIO OF ACTUAL TO TABULAR*		
	Male	Female	Child			Male	Female	Child
\$ 50.....	6,910	10,620	294	70.6	4	.209	.221	.259
60.....	1,731	4,381	385	93.3	3	.322	.322	.351
75.....	3,120	5,037	236	71.9	2	.357	.359	.366
90.....	3,521	8,858	265	98.6	3	.484	.478	.523
100.....	5,453	9,016	617	47.4	7	.498	.499	.530
120.....	2,882	7,426	434	91.0	5	.630	.628	.619
125.....	848	1,328	106	57.1	2	.575	.587	.588
150.....	3,823	6,623	712	56.8	5	.697	.722	.592
160.....	737	1,241	233	98.1	3	.816	.807	.861
200.....	3,117	6,297	601	69.7	6	1.000	1.000	1.000
240.....	2,495	3,954	1,095	89.2	4	1.151	1.152	1.170
250.....	664	1,246	153	85.6	3	1.249	1.241	.959
300.....	4,727	14,482	3,203	80.1	5	1.359	1.344	1.313
320.....	1,714	2,328	388	100.0	1	1.498	1.488	1.570
400.....	1,424	2,073	364	95.0	3	1.737	1.752	1.681
500.....	920	1,464	554	68.6	4	1.764	1.666	1.341
600.....	3,300	13,616	3,726	99.0	3	2.133	2.087	1.793
1,000.....	376	666	208	99.1	2	2.430	2.434	1.571

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

TABLE 9
1975-76 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	813	2,228	33	.305	.373	.346
90	1,737	4,436	135	.444	.435	.508
100	484	1,095	45	.566	.515	.630
120	1,324	3,552	73	.675	.612	.728
150	922	2,124	111	.776	.723	.818
160	372	620	91	.875	.846	.912
200	1,003	2,331	164	.976	.979	1.015
240	1,193	2,018	328	1.085	1.121	1.132
250	282	590	29	1.206	1.268	1.262
300	582	6,276	1,735	1.345	1.418	1.401
320	878	1,205	207	1.506	1.570	1.540
400	730	1,025	179	1.695	1.722	1.667
480	43	34	3	1.917	1.870	1.767
500	150	190	38	2.176	2.014	1.821
600	32	7,315	2,060	2.478	2.151	1.804

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

TABLE 10
1975-76 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	246	481	0	.993	.996	
B	2,023	4,642	315	1.006	1.007	1.086
C	104	156	88	1.160	1.084	.816
G	4	17	0	.898	1.013	
I	97	120	39	.923	.913	.887
O	643	881	159	.972	.966	.959
Total	3,117	6,297	601	1.000	1.000	1.000

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

TABLE 11
 1975-76 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			1.033					
30-34	.804		1.005		1.177		1.356	
35-39	.751		.961		1.138		1.457	1.225
40-44	.770		1.000		1.187	1.207	1.504	1.555
45-49	.708	.855	.957		1.132	1.184	1.519	1.562
50-54	.794	.776	1.019	1.019	1.196	1.199	1.520	1.595
55-59	.773	.811	1.022	1.068	1.147	1.127	1.440	1.524
60-64	.749	.751	1.017	.989	1.149	1.148	1.496	1.552
65-69	.793	.760	1.028	.952				
70-74	.789	.731	1.013	1.008				
75-79	.757	.734	.989	1.044				
All ages	.771	.767	1.007	1.013	1.158	1.165	1.471	1.526
	Female							
25-29	.793		1.036					
30-34	.744		1.003		1.145		1.512	
35-39	.730		.979		1.130		1.499	
40-44	.784		.983		1.192		1.494	
45-49	.776		.985		1.157		1.443	
50-54	.762		1.010		1.160		1.470	
55-59	.763		1.025		1.152		1.452	
60-64	.754		.989		1.160		1.466	
65-69	.769		1.001					
70-74	.749		1.009					
75-79	.763		1.003					
All ages	.761		1.003		1.157		1.470	
	Child							
All ages	.828		1.076		1.204		1.530	

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

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 benefits only. Comparisons are shown for \$100, \$200, and \$300 maximum benefit amounts.

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 proportion of outpatient claims on deductible policies is quite small, since the deductible eliminates many of the outpatient claims.

SURGICAL EXPENSE BENEFIT

Eight 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	\$19.2	69%
\$ 25	2.3	8
50	5.8	21
100	7	2
Total	\$28.0	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 1973-74 experience and the 1956 Intercompany Surgical Table adjusted to a standardized basis.

The claim cost for adults of all ages showed an increase of 9 percent for the 1975-76 experience over the 1973-74 experience. The latter period had shown a 7 percent increase over the 1971-72 experience period. For children the 1975-76 experience showed a decrease of 6 percent in claim cost as compared to the 1973-74 experience. The latter period had shown a 3 percent increase over the 1971-72 experience period.

A graduation of the crude 1975-76 experience is presented in Table 16. In Table 17 ungraduated data are shown for policies with a deductible. It is noted that one company accounted for about 97, 79, and 99 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 1973-74 experience to the 1975-76 experience for adults and

TABLE 12
 1975-76 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.....	3,051	4,902	205	11.8	10.8	56.6	.941	.947	.659
B.....	1,081	2,439	206	9.2	12.3	55.8	.962	.950	.685
C.....	116	205	69	.0	.0	.0			
G.....	11	14	0	.0	14.3			.896	
I.....	41	66	34	17.1	28.8	52.9	.922	.855	.702
L.....	920	1,388	303	.0	.0	.7			.995
O.....	698	856	53	.0	.6	3.8		.999	1.001
Total.....	5,918	9,870	870	7.9	8.7	29.1	.958	.958	.833
\$200 Maximum Benefit									
A.....	307	567	0	19.9	15.2		.870	.895	
B.....	2,416	5,415	788	16.3	14.3	60.0	.894	.911	.565
C.....	104	157	88	.0	.6	.0		.995	
G.....	4	17	0	.0	.0				
I.....	112	142	86	13.4	15.5	54.7	.900	.901	.643
O.....	651	884	159	1.2	0.3	.0	.992	.998	
Total.....	3,594	7,182	1,121	13.3	12.3	46.4	.917	.922	.676
\$300 Maximum Benefit									
A.....	1,906	2,929	0	32.0	21.1		.741	.832	
B.....	4,990	17,129	8,452	37.5	31.2	63.8	.687	.736	.467
G.....	39	48	41	23.1	12.5	73.2	.825	.913	.423
I.....	239	256	251	37.2	27.3	59.8	.712	.796	.533
L.....	133	156	35	.0	.0	.0			
Total.....	7,307	20,518	8,779	35.3	29.4	63.5	.708	.753	.469

TABLE 13
1975-76 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			.728					
30-34	(.738)		.845		.791		.802	
35-39	(.798)		.790		.816		.758	(.942)
40-44	.875		.794		.738	.923	.814	(1.000)
45-49	.873	.983	.876		(.842)	.970	.811	(.977)
50-54	.889	.943	.847	1.000	(.862)	(1.000)	.887	(.897)
55-59	.910	1.000	.893	.910	(.898)	(.956)	.873	.939
60-64	.897	.935	.913	.967	(.918)	(.938)	.853	.961
65-69	.951	.969	.915	1.000				
70-74	.943	1.000	.915	.955				
75-79	.959	1.000	.960	.973				
Female								
25-29	(.700)		.939					
30-34	.786		.867		.815		.847	
35-39	.818		.871		.891		.829	
40-44	.886		.895		.913		.795	
45-49	.950		.861		.924		.855	
50-54	.881		.860		.918		.871	
55-59	.923		.868		.870		.894	
60-64	.899		.894		.905		.896	
65-69	.944		.933					
70-74	.939		.932					
75-79	.949		.957					
Child								
All ages	.598		.542		.592		.574	

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

TABLE 15

1975-76 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
 COMPARISON WITH 1973-74 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	1975-76 INTERCOMPANY EXPERIENCE			RATIO OF 1975-76 EXPERIENCE TO 1973-74 EXPERIENCE			RATIO OF 1975-76 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.....	.0677	\$10.41	\$.70	.37	.80	.30	.84	.61	.51
20-24.....	.0725	13.84	1.00	.82	.98	.80	.93	.80	.74
25-29.....	.0742	15.59	1.16	.96	1.04	.99	1.00	.88	.89
30-34.....	.0797	18.20	1.45	.91	1.12	1.02	1.08	1.01	1.09
35-39.....	.0794	20.47	1.63	.89	1.15	1.02	1.08	1.10	1.19
40-44.....	.0833	21.67	1.81	.90	1.10	.99	1.11	1.12	1.26
45-49.....	.0909	24.77	2.25	.93	1.12	1.03	1.17	1.17	1.36
50-54.....	.0989	26.93	2.66	.92	1.06	.97	1.19	1.11	1.33
55-59.....	.1151	30.51	3.51	.99	1.05	1.04	1.28	1.19	1.53
60-64.....	.1147	35.48	4.07	.93	1.02	.94	1.18	1.22	1.44
65-69.....	.1403	40.38	5.67	.95	1.01	.96	1.43	1.37	1.96
70-74.....	.1763	39.82	7.02	1.13	.95	1.07	1.79	1.35	2.42
75-79.....	.1789	41.52	7.43	1.17	1.01	1.18	1.82	1.41	2.56
Female									
15-19.....	.0771	\$14.27	\$1.10	.55	1.04	.57	.92	.69	.64
20-24.....	.0984	17.05	1.68	.94	1.09	1.02	1.06	.81	.87
25-29.....	.1166	21.26	2.48	.99	1.03	1.02	1.09	.94	1.02
30-34.....	.1368	26.49	3.62	1.03	1.04	1.07	1.23	1.06	1.30
35-39.....	.1335	27.14	3.62	1.00	1.01	.96	1.20	.99	1.19
40-44.....	.1467	28.32	4.15	.99	.99	.98	1.31	.97	1.27
45-49.....	.1442	27.65	3.99	.98	.99	.97	1.31	.95	1.25
50-54.....	.1348	26.39	3.56	1.02	.94	.96	1.28	.93	1.19
55-59.....	.1210	29.08	3.52	1.01	1.01	1.02	1.19	1.05	1.25
60-64.....	.0969	30.55	2.96	.85	1.01	.86	.98	1.08	1.06
65-69.....	.1177	35.72	4.20	.96	1.02	.99	1.20	1.28	1.53
70-74.....	.1342	37.24	5.00	1.07	1.03	1.13	1.37	1.33	1.82
75-79.....	.1276	39.02	4.98	1.18	1.01	1.02	1.30	1.39	1.81
All Adults									
All ages.....	.1126	\$27.97	\$3.15	.99	1.11	1.09	Not applicable		
Child									
All ages.....	.0870	\$13.82	\$1.20	.93	1.01	.94	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
 1975-76 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.....	.0692	\$11.53	\$.80
20-24.....	.0716	13.06	.94
25-29.....	.0739	15.00	1.11
30-34.....	.0767	17.27	1.32
35-39.....	.0802	19.82	1.59
40-44.....	.0849	22.59	1.92
45-49.....	.0913	25.51	2.33
50-54.....	.0997	28.51	2.84
55-59.....	.1106	31.54	3.49
60-64.....	.1243	34.53	4.29
65-69.....	.1412	37.42	5.28
70-74.....	.1618	40.15	6.50
75-79.....	.1865	42.65	7.95
Female			
15-19.....	.0775	\$13.59	\$1.05
20-24.....	.0966	18.53	1.79
25-29.....	.1180	22.12	2.61
30-34.....	.1346	24.62	3.31
35-39.....	.1433	26.28	3.77
40-44.....	.1438	27.37	3.94
45-49.....	.1379	28.14	3.88
50-54.....	.1287	28.85	3.71
55-59.....	.1198	29.75	3.56
60-64.....	.1146	31.10	3.56
65-69.....	.1153	33.17	3.82
70-74.....	.1222	36.20	4.42
75-79.....	.1331	40.46	5.39
Child			
All ages.....	.0870	\$13.82	\$1.20

TABLE 17
 1975-76 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.....	.0569	\$13.14	\$.75	.0605	\$18.06	\$1.09	.0000	\$ 0.00	\$.00
20-24.....	.0590	19.36	1.14	.0455	24.09	1.10	.0392	32.33	1.27
25-29.....	.0579	18.19	1.05	.0453	24.00	1.09	.0308	25.21	.78
30-34.....	.0628	21.81	1.37	.0488	24.21	1.18	.0358	24.28	.87
35-39.....	.0627	24.44	1.53	.0561	25.45	1.43	.0356	23.48	.84
40-44.....	.0538	30.01	1.61	.0610	28.52	1.74	.0481	37.47	1.80
45-49.....	.0746	24.29	1.81	.0678	31.31	2.12	.0571	29.07	1.66
50-54.....	.0781	35.24	2.75	.0799	35.66	2.85	.0704	41.81	2.94
55-59.....	.0884	31.46	2.78	.0842	38.40	3.23	.0893	44.80	4.00
60-64.....	.1190	40.78	4.85	.1078	42.53	4.58	.0829	39.78	3.30
65-69.....	.1359	48.37	6.57	.1394	49.38	6.88	.1567	53.88	8.44
70-74.....	.1569	50.15	7.87	.1584	43.22	6.85	.0758	48.51	3.68
75-79.....	.1481	49.81	7.38	.1319	47.15	6.22	.0934	58.26	5.44
Female									
15-19.....	.0688	\$17.86	\$1.23	.0448	\$24.52	\$1.10	.0697	\$33.70	\$2.35
20-24.....	.0714	21.20	1.51	.0654	24.17	1.58	.0412	22.42	.92
25-29.....	.1038	26.95	2.80	.0805	27.09	2.18	.0678	30.62	2.08
30-34.....	.1167	33.13	3.87	.1019	31.41	3.20	.0912	35.10	3.20
35-39.....	.1168	32.51	3.80	.1147	33.49	3.84	.0858	38.46	3.30
40-44.....	.1309	33.58	4.40	.1115	35.98	4.01	.1053	39.44	4.15
45-49.....	.1350	35.72	4.82	.1104	36.40	4.02	.0770	39.12	3.01
50-54.....	.1137	31.49	3.58	.1003	32.77	3.29	.0965	37.78	3.65
55-59.....	.1101	33.80	3.72	.0944	36.43	3.44	.0895	40.28	3.61
60-64.....	.1088	39.63	4.31	.0892	36.49	3.30	.0942	38.51	3.63
65-69.....	.1066	44.07	4.70	.1128	43.74	4.93	.0727	45.14	3.28
70-74.....	.1205	45.68	5.50	.1151	40.76	4.69	.0725	31.22	2.26
75-79.....	.1184	50.36	5.96	.1072	43.68	4.68	.1652	56.22	9.29
All Adults									
All ages.....	.0926	\$31.81	\$2.95	.0781	\$32.16	\$2.51	.0681	\$36.27	\$2.47
Child									
All ages.....	.0617	\$18.62	\$1.15	.0504	\$20.33	\$1.02	.0384	\$24.24	\$.93

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.

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.....	6%	5%	6%	3%	9%	7%
Children.....	-3	5	-1	-2	-1	10

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, 1973-76, 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.....	51%	54%	53%	68%	54%
2.....	67	78	74	78	75
3 and later...	100	100	100	100	100
All.....	97%	96%	96%	94%	95%

DEDUCTIBLE AMOUNTS

Seven 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 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.

TABLE 18
1973-76 (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%	54%	35%	27%	100%	113%	170%	300%
20-24.....	100	69	54	42	100	154	211	217
25-29.....	100	69	54	41	100	124	152	176
30-34.....	100	72	57	44	100	132	136	128
35-39.....	100	71	61	37	100	122	139	126
40-44.....	100	68	64	57	100	134	132	162
45-49.....	100	80	68	52	100	119	137	136
50-54.....	100	84	70	65	100	130	137	164
55-59.....	100	77	70	67	100	114	131	156
60-64.....	100	90	81	71	100	113	125	128
65-69.....	100	90	88	95	100	114	116	139
70-74.....	100	90	83	34	100	114	111	108
75-79.....	100	87	78	58	100	119	114	104
Female								
15-19.....	100%	51%	42%	42%	100%	117%	134%	140%
20-24.....	100	73	63	43	100	130	142	138
25-29.....	100	85	67	55	100	129	125	129
30-34.....	100	90	75	69	100	128	124	132
35-39.....	100	88	80	71	100	122	127	148
40-44.....	100	87	73	70	100	122	128	143
45-49.....	100	87	75	59	100	121	128	136
50-54.....	100	83	75	69	100	118	126	142
55-59.....	100	84	73	71	100	115	126	140
60-64.....	100	94	80	83	100	127	121	129
65-69.....	100	89	85	78	100	122	125	119
70-74.....	100	90	80	66	100	128	115	123
75-79.....	100	85	82	103	100	124	114	124
All Adults								
All ages.....	100%	80%	66%	57%	100%	118%	122%	134%
Child								
All ages.....	100%	70%	50%	43%	100%	132%	151%	166%

* 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
 1975-76 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 Claim	Claim Frequency
Male						
15-19	21	.138	54	.116		
20-24	539	.115	1,176	.083	64	.062
25-29	775	.103	1,774	.078	86	.043
30-34	707	.114	1,308	.083	115	.061
35-39	480	.106	1,003	.095	84	.057
40-44	378	.104	884	.106	85	.079
45-49	497	.131	1,001	.118	99	.094
50-54	588	.153	1,208	.132	112	.109
55-59	682	.169	1,418	.151	132	.141
60-64	866	.216	1,622	.180	108	.156
65-69	445	.229	679	.266	32	.178
70-74	435	.319	507	.316	7	.103
75-79	319	.284	607	.293	6	.136
Total	6,732		13,241		930	
Female						
15-19	45	.151	79	.111	5	.132
20-24	743	.142	1,576	.109	84	.075
25-29	1,246	.164	2,469	.126	165	.089
30-34	1,050	.178	2,067	.147	204	.117
35-39	718	.162	1,541	.157	147	.114
40-44	792	.200	1,516	.165	160	.135
45-49	1,025	.221	1,859	.169	150	.119
50-54	1,145	.203	2,166	.156	209	.148
55-59	1,273	.191	2,433	.152	175	.126
60-64	1,347	.200	2,350	.149	169	.147
65-69	726	.195	962	.216	33	.121
70-74	695	.251	771	.238	31	.194
75-79	654	.251	1,165	.243	20	.225
Total	11,459		20,954		1,552	
Child						
All ages	4,773	.102	8,238	.083	685	.060

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

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

Five companies contributed data on 9,083 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 that commenced after 30 days from date of issue or maternities that occurred after 10 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 BENEFITS

Maternity Benefit Provided in Policy	Number of Claims in Study (All Durations)
10 times daily hospital benefit.....	447
8 times daily hospital benefit.....	33
12 times daily hospital benefit after second policy year.....	189
7.5 times daily hospital benefit.....	3,894
Flat amount (\$50).....	6
8.5 times daily hospital benefit.....	4,514
Total.....	9,083

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 1975-76 are slightly lower for most ages than those reported for the 1973-74 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 third or fourth policy year for ages under 35. 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.

TABLE 20
 1975-76 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 INTERCOM- PANY HOSPITAL TABLE FREQUENCY
	Number of Claims	Fre- quency	Number of Claims	Fre- quency	Number of Claims	Fre- quency	Number of Claims	Fre- quency	Number of Claims	Fre- quency	Number of Claims	Fre- quency	
20-24	1,180	.241	859	.238	592	.242	380	.239	229	.187	3,240	.235	.285
25-29	777	.194	617	.191	640	.206	646	.206	1,170	.154	3,850	.183	.196
30-34	213	.099	185	.106	154	.096	201	.115	783	.076	1,536	.087	.117
35-39	57	.048	43	.047	38	.043	33	.037	206	.024	377	.030	.060
40-44	9	.010	8	.011	4	.006	5	.008	46	.006	72	.007	.016
45-49	1	.001	0	.....	1	.001	0	.....	6	.001	8	.001	.....
Total	2,237	.....	1,712	.....	1,429	.....	1,265	.....	2,440	.....	9,083	.....	.....

MAJOR MEDICAL EXPENSE BENEFITS

Eight companies contributed data on 20,552 claims incurred in 1975 and 1976 to this section of the study. The volume of claims is about the same as that in the 1973-74 experience.

It should be noted that one company that contributed data to the previous study did not contribute any data to this study. This may affect comparisons between the two studies. This particularly affects the first analysis on the \$500 fixed deductible, no room and board limit plan, since this company contributed 100 percent of the data on the \$10,000 maximum benefit in the 1973-74 study.

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 that are subject to coinsurance and eligible expenses that are not subject to coinsurance.

Amounts paid on policies with coinsurance percentages other than 75 percent were adjusted to the amount that would have been paid if the coinsurance percentage had 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.

In most of the following analyses, only the ultimate experience of durations 3 and later was studied. Where sufficient data existed, comparisons were also made of this ultimate experience to the select experience of durations 1 and 2.

The two years of experience provided a sufficient amount of data that meaningful experience tables could be constructed for four categories. The total number of claims that were studied in each category are listed in parenthesis.

1. \$500 fixed deductible amount, no room and board limit, and no surgical schedule maximum. (1,677)
2. \$500 fixed deductible amount and \$25 room and board limit. (5,064)
3. \$500 fixed deductible amount and \$30 room and board limit. (3,950)
4. \$750 fixed deductible amount and \$35 room and board limit. (1,952)

In the current study, there was ample exposure on policies with a \$1,000 fixed deductible and a \$50 room and board limit, but there was an insufficient number of claims to provide any meaningful analyses. Therefore no analyses were done on this category in this study.

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.

Some variable deductible data were submitted, but not enough for a separate study. Therefore, these data were eliminated from all studies.

\$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 1973-74 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 96 percent of the claims in the data are on policies with a \$7,500 maximum benefit, and the other 4 percent are on policies with a \$5,000 maximum benefit. This differs greatly from the 1973-74 study which had 50 percent of the claims on policies with a \$7,500 maxi-

TABLE 21
 1975-76 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 1973-74			RATIO TO 1971-72		
							Claim Frequency	Average Claim	Claim Cost	Claim Frequency	Average Claim	Claim Cost
Male												
15-19.....	2	0	\$ 0	.00000	\$.00	\$.00	.....	.....	.....	.....	.....	.....
20-24.....	0	0	0	.00000	.00	.00	.....	.....	.....	.....	.....	.....
25-29.....	2	0	0	.00000	.00	.00	.....	.....	.....	.....	.....	.....
30-34.....	160	1	354	.00625	354.00	2.21	.17	.13	.02	.17	.10	.08
35-39.....	432	15	45,257	.03472	3,017.13	104.76	.93	1.77	1.64	.75	2.73	2.06
40-44.....	875	38	79,699	.04343	2,097.34	91.08	.84	1.31	1.11	1.02	1.77	1.82
45-49.....	1,533	83	164,686	.05414	1,984.17	107.43	1.01	1.37	1.39	1.12	1.58	1.77
50-54.....	1,933	146	323,304	.07553	2,214.41	167.26	1.01	1.19	1.20	1.11	1.65	1.83
55-59.....	1,802	169	396,267	.09378	2,344.78	219.90	1.05	1.36	1.44	.96	1.38	1.33
60-64.....	1,549	191	438,897	.12331	2,297.89	283.34	1.01	1.13	1.14	1.09	1.37	1.49
65-69.....	142	14	33,435	.09859	2,388.21	235.46	.53	2.02	1.08	.91	1.82	1.65
70-74.....	0	0	0	.00000	.00	.00	.....	.....	.....	.....	.....	.....
75 and over...	0	0	0	.00000	.00	.00	.....	.....	.....	.....	.....	.....
All ages...	8,430	657	\$ 1,481,899	.07794	\$2,255.55	\$175.79	.97	1.28	1.26	1.03	1.58	1.62

NOTE 1.—Average claim and claim cost reflect eligible expense 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 1973-74			RATIO TO 1971-72		
							Claim Frequency	Average Claim	Claim Cost	Claim Frequency	Average Claim	Claim Cost
Female												
15-19.....	0	0	\$ 0	.00000	\$.00	\$.00	.....	.....	.....	.....	.....	.....
20-24.....	1	1	515	1.00000	515.00	515.00	46.00	.19	8.96	26.56	.85	22.60
25-29.....	6	1	879	.16667	879.00	146.50	2.63	.99	2.62	3.73	1.15	4.28
30-34.....	207	5	8,245	.02415	1,649.00	39.83	54	1.61	.86	.51	1.67	.86
35-39.....	704	42	48,735	.05966	1,160.36	69.23	1.45	1.24	1.80	1.12	1.05	1.17
40-44.....	1,133	80	118,069	.07061	1,475.86	104.21	1.12	.98	1.09	1.04	1.23	1.28
45-49.....	1,795	153	307,362	.08524	2,008.90	171.23	1.31	1.61	2.11	1.22	1.63	1.99
50-54.....	2,028	172	316,455	.08481	1,839.85	156.04	1.07	1.16	1.25	1.05	1.39	1.45
55-59.....	1,703	149	309,141	.08749	2,074.77	181.53	1.02	1.02	1.04	.92	1.56	1.44
60-64.....	1,605	171	397,032	.10654	2,321.82	247.37	.95	1.49	1.42	1.04	1.62	1.69
65-69.....	144	24	56,393	.16667	2,349.71	391.62	.17	2.27	3.82	1.70	2.74	4.66
70-74.....	3	0	0	.00000	.00	.00	.....	.....	.....	.....	.....	.....
75 and over...	0	0	0	.00000	.00	.00	.....	.....	.....	.....	.....	.....
All ages...	9,329	798	\$ 1,562,826	.08554	\$1,958.43	\$167.52	1.10	1.29	1.46	1.06	1.49	1.59
Child												
All ages.....	7,312	222	\$ 304,139	.03036	\$1,370.00	\$ 41.59	1.17	1.35	1.59	1.65	1.37	2.26

mum benefit, 48 percent on policies with a \$10,000 maximum benefit, and 2 percent on policies with a \$5,000 maximum benefit. This is due mainly to the fact that the one company that provided all the data for policies with a \$500 fixed deductible and a \$10,000 maximum benefit in the 1973-74 study provided no data to the current study.

The 1975-76 experience is compared with the 1973-74 experience (*1977 Reports*, pp. 130, 131) and with the 1971-72 experience (*1974 Reports*, pp. 99, 100). Claim costs have increased from the 1973-74 experience about 26 percent for males, 46 percent for females, and 59 percent for children. The primary reason for the increase in claim costs for adults was a 28 percent and 29 percent increase in average claim for males and females, respectively, and a 10 percent increase in claim frequency for females. Claim frequency decreased 3 percent for males. Children's

TABLE 22
1975-76 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
35-39.....		\$ 86.82
40-44.....		94.09
45-49.....		116.86
50-54.....		165.37
55-59.....		220.94
60-64.....		272.18
65-69.....		303.96
	Female	
35-39.....		\$ 71.59
40-44.....		113.54
45-49.....		152.16
50-54.....		163.00
55-59.....		190.05
60-64.....		249.06
65-69.....		326.74
	Child	
All ages.....		\$ 27.42

* See footnotes to Table 21.

claim costs increased because of a large increase in average claims (35 percent) and a 17 percent increase in claim frequency. 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 is completed for ages 35-69. Graduated claim costs for females are less than graduated claim costs for males in the age ranges 35-39 and 50-64. The opposite is true in the age ranges 40-49 and 65-69. Graduated claim costs were also calculated for each of the other three categories and appear in Tables 25, 28, and 32. Because the companies that contributed the experience behind these tables may not be the same for each category, comparisons of these graduated claim costs may be affected by the differences in the experience of these companies.

There were no data available for durations 1 and 2 to compare with those for durations 3 and later.

The variations in experience for each company that contributed data for Table 21 are indicated in Table 23.

\$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 study have a 75 percent coinsurance percentage, or amounts paid have been adjusted to a 75 percent coinsurance basis. About 28 percent of the claims in this table are on policies with a \$7,500 maximum benefit, 37 percent on policies with a \$10,000 maximum benefit, 32 percent on policies with a \$12,500 maximum benefit, and 3 percent on policies with a \$15,000 maximum benefit. Guaranteed renewable policies account for 99 percent of the claims. The 1975-76 experience is compared with that of 1973-74 and 1971-72. Claim costs have increased 25, 17, and 52 percent for males, females, and children, respectively, over the 1973-74 study, and have increased 81, 99, and 153 percent, respectively, over the 1971-72 study. In comparison with the 1973-74 study, claim frequency has decreased by 2 percent for both males and females and has increased by 32 percent for children. In comparison with the 1971-72 study, claim frequency has increased 21, 38, and 86 percent, respectively, for males, females, and children. Increases in average claims were 29, 19, and 15 percent, respectively, over 1973-74 and 50, 44, and 36 percent, respectively, over 1971-72.

A graduation of crude claim costs for ages 20-74 appears in Table 25. In this table, graduated claim costs for females exceed those for males for all age groups up to age 54.

There were insufficient data for durations 1 and 2 to compare with those for durations 3 and later.

Variations in experience for each company that contributed data for table 24 are shown in table 26.

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

Table 27 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 70 percent of the claims in this table are on policies with a \$10,000

TABLE 23
1975-76 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	AVERAGE AGE	RATIO OF ACTUAL TO EXPECTED †		
				Claim Frequency	Average Claim	Claim Cost
Male	{ A	90	53.0	.90	.84	.76
	{ B	148	51.1	.76	1.01	.77
	{ C	419	50.7	1.15	1.03	1.19
Female	{ A	81	51.7	.72	1.16	.84
	{ B	214	50.9	.92	.89	.81
	{ C	503	49.1	1.11	1.02	1.14
All adults	{ A	171	52.3	.81	.99	.80
	{ B	362	51.0	.82	.94	.79
	{ C	922	49.9	1.13	1.03	1.16
Children	{ A	25	.....	.71	.54	.38
	{ B	66	.....	.95	1.23	1.16
	{ C	131	.....	1.12	.97	1.09

NOTE.—Company codes in this table do not correspond to those used in Table 26, 30, or 33.

* See footnotes to Table 21.

† Expected based on experience of all companies combined.

TABLE 24
 1975-76 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 1973-74			RATIO TO 1971-72		
							Claim Frequency	Average Claim	Claim Cost	Claim Frequency	Average Claim	Claim Cost
Male												
15-19	2	0	\$ 0	.00000	\$.00	\$.00						
20-24	101	2	6,719	.01980	3,359.50	66.52	.56	2.47	1.39	.71	6.21	4.41
25-29	742	18	27,933	.02426	1,551.83	37.65	.83	2.92	2.44	1.21	2.44	2.95
30-34	1,336	43	44,521	.03219	1,035.37	33.32	1.35	1.08	1.46	1.24	1.90	2.36
35-39	2,227	66	90,631	.02964	1,373.20	40.70	1.04	1.66	1.72	1.00	1.61	1.62
40-44	3,095	119	149,629	.03845	1,257.39	48.35	.79	1.23	.97	1.09	1.28	1.39
45-49	4,374	242	339,803	.05533	1,404.14	77.69	1.01	1.14	1.16	1.36	1.47	2.00
50-54	5,034	345	561,256	.06853	1,626.83	111.49	.95	1.28	1.21	1.24	1.62	2.01
55-59	4,741	400	746,896	.08437	1,867.24	157.54	.94	1.27	1.19	1.17	1.45	1.69
60-64	4,695	527	936,787	.11225	1,777.58	199.53	.96	1.16	1.11	1.20	1.31	1.57
65-69	741	75	111,616	.10121	1,488.21	150.63	1.54	1.02	1.57	1.81	.90	1.63
70-74	224	18	30,133	.08036	1,674.06	134.52	1.32	1.51	1.98	1.00	1.19	1.19
75 and over	34	0	0	.00000	.00	.00						
All ages	27,346	1,855	\$ 3,045,924	.06783	\$1,642.01	\$111.38	.98	1.29	1.25	1.21	1.50	1.81

* 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 1973-74			RATIO TO 1971-72		
							Claim Frequency	Average Claim	Claim Cost	Claim Frequency	Average Claim	Claim Cost
Female												
15-19	3	0	\$ 0	.00000	\$.00	\$.00	.....	.....	.....	.....	.....	.....
20-24	167	6	5,663	.03593	943.83	33.91	.56	1.19	.66	1.10	2.09	2.30
25-29	775	49	59,614	.06323	1,216.62	76.92	1.11	1.50	1.67	1.92	1.45	2.78
30-34	1,875	94	100,085	.05013	1,064.73	53.38	.84	1.37	1.15	1.37	1.83	2.52
35-39	2,767	176	187,529	.06361	1,065.51	67.77	1.01	1.41	1.42	1.49	1.54	2.31
40-44	3,724	264	288,847	.07089	1,094.12	77.56	1.04	1.14	1.18	1.34	1.15	1.54
45-49	4,967	389	436,450	.07832	1,121.98	87.87	.95	.98	.94	1.35	1.23	1.66
50-54	5,599	467	663,593	.08341	1,420.97	118.52	.94	1.17	1.09	1.35	1.46	1.97
55-59	5,508	475	714,303	.08624	1,503.80	129.68	.99	1.16	1.15	1.26	1.32	1.66
60-64	5,183	530	806,459	.10226	1,521.62	155.60	1.04	1.11	1.15	1.47	1.32	1.95
65-69	921	55	114,030	.05972	2,073.27	123.81	1.14	1.87	2.13	1.49	1.34	1.99
70-74	303	9	18,589	.02970	2,065.44	61.35	.54	1.72	.93	1.29	9.32	11.98
75 and over	51	1	3,737	.01961	3,737.00	73.27	.....	.....	.....	.....	.....	.....
All ages	31,843	2,515	\$ 3,398,899	.07898	\$ 1,351.45	\$ 106.74	.98	1.19	1.17	1.38	1.44	1.99
Child												
All ages	30,326	694	\$ 648,095	.02288	\$ 933.85	\$ 21.37	1.32	1.15	1.52	1.86	1.36	2.53

TABLE 25
1975-76 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.....		\$ 45.78
25-29.....		38.15
30-34.....		34.71
35-39.....		38.90
40-44.....		50.47
45-49.....		77.17
50-54.....		113.61
55-59.....		159.00
60-64.....		191.22
65-69.....		174.27
70-74.....		150.27
	Female	
20-24.....		\$ 53.10
25-29.....		55.46
30-34.....		59.42
35-39.....		66.52
40-44.....		76.64
45-49.....		90.62
50-54.....		116.17
55-59.....		133.68
60-64.....		149.82
65-69.....		127.18
70-74.....		88.24
	Child	
All ages.....		\$ 21.37

* See footnotes to Table 21.

TABLE 26
 1975-76 EXPERIENCE UNDER INDIVIDUALLY
 UNDERWRITTEN POLICIES
 MAJOR MEDICAL EXPENSE BENEFIT
 \$500 FIXED DEDUCTIBLE
 75 PERCENT COINSURANCE (ADJUSTED)*
 \$25 HOSPITAL ROOM AND BOARD LIMIT
 DURATIONS 3 AND LATER
 RATIOS OF ACTUAL TO EXPECTED EXPERIENCE
 BY CONTRIBUTING COMPANY

SEX	COMPANY	ACTUAL NUMBER OF CLAIMS	AVERAGE AGE	RATIO OF ACTUAL TO EXPECTED†		
				Claim Frequency	Average Claim	Claim Cost
Male.....	(A	55	47.5	.83	.38	.32
	B	311	46.9	.81	.76	.61
	C	228	49.1	.75	1.01	.75
	D	59	50.3	1.35	.88	1.18
	E	249	53.3	1.04	1.23	1.28
	F	953	51.6	1.17	1.06	1.24
Female.....	(A	115	48.9	1.07	.40	.43
	B	484	46.2	.96	.90	.87
	C	310	49.9	.74	1.10	.82
	D	53	50.4	1.02	.76	.78
	E	324	52.2	1.04	1.22	1.27
	F	1,229	51.2	1.02	1.09	1.12
All adults.....	(A	170	48.3	.98	.39	.38
	B	795	46.5	.89	.83	.74
	C	538	49.5	.75	1.06	.79
	D	112	50.4	1.16	.85	.98
	E	573	52.7	1.04	1.23	1.28
	F	2,182	51.4	1.13	1.04	1.17
Children.....	(A	29	.....	.91	.28	.25
	B	156	.....	.91	1.02	.92
	C	107	.....	.85	.96	.81
	D	18	.....	1.16	.61	.71
	E	58	.....	1.13	1.20	1.35
	F	326	.....	1.10	1.05	1.16

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 27

1975-76 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 1973-74			RATIO TO 1971-72		
							Claim Frequency	Average Claim	Claim Cost	Claim Frequency	Average Claim	Claim Cost
Male												
15-19.....	2	1	\$ 0	.50000	\$.00	\$.00	1.43	1.07	1.54	1.32	2.31	3.06
20-24.....	312	9	9,746	.02885	1,082.89	31.24	1.11	.70	.78	1.22	1.55	1.89
25-29.....	1,955	63	53,982	.03223	856.86	27.61	1.08	1.35	1.46	1.62	1.27	2.05
30-34.....	2,357	82	79,923	.03479	974.67	33.91	1.10	1.12	1.24	1.39	1.25	1.74
35-39.....	2,548	90	100,936	.03846	1,029.96	39.61	1.16	1.48	1.72	1.33	1.15	1.53
40-44.....	2,744	127	146,394	.04628	1,152.71	53.35	1.08	1.31	1.41	1.66	1.33	2.21
45-49.....	3,052	189	235,383	.06193	1,245.41	77.12	1.08	.84	.96	1.15	1.09	1.25
50-54.....	2,639	158	199,249	.05987	1,261.07	75.50	1.17	1.47	1.72	1.21	1.48	1.78
55-59.....	2,223	186	332,304	.08367	1,786.58	149.48	1.08	1.11	1.20	1.05	1.35	1.42
60-64.....	1,813	189	332,896	.10425	1,761.35	183.62	1.08	1.19	1.01	1.09	1.85	2.02
65-69.....	861	96	130,554	.11150	1,359.94	151.63	1.40	1.11	1.56	1.51	1.72	2.61
70-74.....	449	75	84,517	.16704	1,126.89	188.23	.93	.99	.91	.97	3.57	3.45
75 and over...	149	24	24,525	.16107	1,021.88	164.60						
All ages...	21,104	1,297	\$ 1,730,409	.06146	\$1,334.16	\$ 81.99	1.08	1.20	1.30	1.34	1.36	1.81

* See footnotes to Table 21.

TABLE 27—Continued

ATTAINED AGE	NUMBER OF LIVES EXPOSED	NUMBER OF CLAIMS	AMOUNT PAID	CLAIM FREQUENCY	AVERAGE CLAIM	CLAIM COST	RATIO TO 1973-74			RATIO TO 1971-72		
							Claim Frequency	Average Claim	Claim Cost	Claim Frequency	Average Claim	Claim Cost
Female												
15-19.....	0	0	\$ 0	.00000	\$.00	.00						
20-24.....	379	24	17,430	.06330	726.25	45.99	1.63	.94	1.53	1.88	.98	1.85
25-29.....	1,881	129	101,772	.06858	788.93	54.11	1.36	.89	1.21	2.10	1.01	2.12
30-34.....	2,642	157	119,701	.05942	762.43	45.31	1.40	1.20	1.68	1.27	1.19	1.51
35-39.....	2,898	179	161,515	.06177	902.32	55.73	1.05	1.04	1.09	1.40	1.07	1.51
40-44.....	2,931	190	217,220	.06482	1,143.26	74.11	1.02	1.20	1.22	1.38	1.53	2.11
45-49.....	3,216	272	328,297	.08458	1,206.97	102.08	1.29	1.42	1.83	1.28	1.38	1.76
50-54.....	3,104	240	269,022	.07732	1,120.93	86.67	.97	.91	.88	1.18	1.09	1.27
55-59.....	2,939	244	415,801	.08302	1,704.10	141.48	.98	1.25	1.23	1.13	1.40	1.58
60-64.....	2,928	299	498,019	.10212	1,665.62	170.09	1.20	1.43	1.73	1.29	1.47	1.89
65-69.....	1,690	165	200,738	.09763	1,216.59	118.78	1.06	1.06	1.12	1.05	1.95	2.50
70-74.....	1,091	121	137,860	.11091	1,139.34	126.36	1.07	1.46	1.56	1.24	2.06	2.55
75 and over...	366	53	58,302	.14481	1,100.04	159.30	1.09	1.04	1.13	2.46	4.26	10.49
All ages..	26,065	2,073	\$ 2,525,677	.07953	\$1,218.37	\$ 96.90	1.15	1.18	1.36	1.34	1.39	1.88
Child												
All ages.....	25,687	580	\$ 557,752	.02258	\$ 961.64	\$ 21.71	1.39	1.25	1.74	1.94	1.38	2.68

maximum benefit, 12 percent on policies with a \$12,500 maximum benefit, 4 percent on policies with a \$15,000 maximum benefit, and 14 percent on policies with a \$20,000 maximum benefit. Guaranteed renewable policies account for 100 percent of the claims.

The 1975-76 experience is compared with that of 1973-74 and 1971-72. Claim costs have increased substantially (30, 36, and 74 percent for

TABLE 28
1975-76 EXPERIENCE UNDER INDIVIDUALLY
UNDERWRITTEN POLICIES
MAJOR MEDICAL EXPENSE BENEFIT
\$500 FIXED DEDUCTIBLE
75 PERCENT COINSURANCE (ADJUSTED)*
\$30 HOSPITAL ROOM AND BOARD LIMIT
GRADUATED CLAIM COSTS FOR
DURATIONS 3 AND LATER

Attained Age	Male	Claim Cost
20-24.....		\$ 26.59
25-29.....		28.42
30-34.....		33.15
35-39.....		40.50
40-44.....		53.76
45-49.....		71.64
50-54.....		90.63
55-59.....		140.68
60-64.....		171.90
65-69.....		173.54
70-74.....		177.35
75 and over.....		177.36
	Female	
20-24.....		\$ 44.79
25-29.....		46.94
30-34.....		50.09
35-39.....		56.89
40-44.....		74.86
45-49.....		93.71
50-54.....		100.83
55-59.....		137.38
60-64.....		156.67
65-69.....		136.05
70-74.....		131.51
75 and over.....		104.64
	Child	
All ages.....		\$ 21.74

* See footnotes to Table 21.

males, females, and children, respectively) over the 1973-74 study. In comparison with the 1971-72 study, claim costs have increased 81, 88, and 168 percent, respectively. Claim frequency has increased 8, 15, and 39 percent, respectively, over the 1973-74 study and has increased 34, 34, and 94 percent, respectively, over the 1971-72 study. Similarly, increases in average claims were 20, 18, and 25 percent, respectively, over 1973-74 and 36, 39, and 38 percent, respectively, over 1971-72.

A graduation of crude claim costs for ages 20 and above is presented in Table 28. Graduated claim costs for females exceed those for males for all ages up to age 54 in this table. The reverse is true for all ages above age 54.

Table 29 compares the experience of durations 1 and 2 with that of durations 3 and later. For adults there is an increase in the average claim and a decrease in claim frequency between the first and second duration. It is seen that the decrease in claim frequency is more than enough to offset the increase in average claim. The result is observed to be a decrease in claim cost as duration increases from 1 year to 2 years. For children, claim frequency, average claim, and claim cost all decrease as duration

TABLE 29
1975-76 EXPERIENCE UNDER INDIVIDUALLY
UNDERWRITTEN POLICIES
MAJOR MEDICAL EXPENSE BENEFIT
\$500 FIXED DEDUCTIBLE
75 PERCENT COINSURANCE (ADJUSTED)*
\$30 HOSPITAL ROOM AND BOARD LIMIT
DURATIONS 3 AND LATER
RATIOS OF ACTUAL TO EXPECTED EXPERIENCE
FOR DURATIONS 1 AND 2

SEX	DURATION	ACTUAL NUMBER OF CLAIMS	RATIO OF ACTUAL TO EXPECTED†		
			Claim Frequency	Average Claim	Claim Cost
Male.....	{1	134	1.00	.79	.79
	{2	69	.83	.95	.79
Female.....	{1	252	1.44	.70	1.01
	{2	131	1.24	.75	.93
All adults.....	{1	386	1.23	.73	.90
	{2	200	1.04	.82	.85
Children.....	{1	75	1.61	.88	1.42
	{2	44	1.51	.62	.93

* See footnotes to Table 21.

† Expected based on experience for durations 3 and later.

increases from 1 year to 2 years. In all categories, except for males, claim frequency for durations 1 and 2 is greater than for durations 3 and later. For males, the opposite is true. Average claims for durations 1 and 2 are less than those for duration 3 and later in all categories.

Variations in experience for each company that contributed data for Table 27 are shown in Table 30.

\$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

TABLE 30
1975-76 EXPERIENCE UNDER INDIVIDUALLY
UNDERWRITTEN POLICIES
MAJOR MEDICAL EXPENSE BENEFIT
\$500 FIXED DEDUCTIBLE
75 PERCENT COINSURANCE (ADJUSTED)*
\$30 HOSPITAL ROOM AND BOARD LIMIT
DURATIONS 3 AND LATER
RATIOS OF ACTUAL TO EXPECTED EXPERIENCE
BY CONTRIBUTING COMPANY

SEX	COMPANY	ACTUAL NUMBER OF CLAIMS	AVERAGE AGE	RATIO OF ACTUAL TO EXPECTED †		
				Claim Frequency	Average Claim	Claim Cost
Male.....	{ A	692	45.8	1.07	.85	.92
	{ B	301	47.0	.96	1.24	1.18
	{ C	26	45.2	.76	1.42	1.08
	{ D	278	44.5	.92	1.07	.98
Female.....	{ A	1,180	49.7	1.10	.91	1.00
	{ B	438	48.9	.87	1.25	1.08
	{ C	27	46.2	.55	1.34	.74
	{ D	428	44.1	.97	.97	.94
All adults.....	{ A	1,872	48.0	1.09	.89	.97
	{ B	739	48.0	.09	1.24	1.12
	{ C	53	45.7	.63	1.40	.88
	{ D	706	44.3	.94	1.01	.95
Children.....	{ A	276	.....	.98	.94	.92
	{ B	107	.....	.86	.88	.76
	{ C	12	.....	.82	.57	.47
	{ D	185	.....	1.16	1.19	1.38

NOTE.—Company codes in this table do not correspond to those used in Table 23, 26, or 33.

* See footnotes to Table 21.

† Expected based on experience of all companies combined.

TABLE 31
 1975-76 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 1973-74			RATIO TO 1971-72		
							Claim Frequency	Average Claim	Claim Cost	Claim Frequency	Average Claim	Claim Cost
Male												
15-19	0	0	\$ 0	.00000	\$.00	\$.00	2.27	.21	.48	.79	.25	.20
20-24	55	1	94	.01818	94.00	1.71	1.22	.20	.25	1.34	.61	.82
25-29	424	9	4,525	.02123	502.78	10.67	.96	.97	.94	1.16	.70	.81
30-34	696	15	14,076	.02155	938.40	20.22	1.34	1.18	1.58	1.59	1.45	2.30
35-39	834	26	41,459	.03118	1,594.58	49.71	1.26	1.00	1.26	1.30	1.09	1.42
40-44	1,140	35	50,098	.03070	1,431.37	43.95	1.28	1.33	1.69	1.48	1.38	2.04
45-49	1,612	72	145,429	.04467	2,019.85	90.22	1.32	1.42	1.87	1.06	1.89	2.01
50-54	1,693	92	186,522	.05434	2,027.41	110.17	.95	1.23	1.17	1.04	1.23	1.29
55-59	1,754	109	243,161	.06214	2,230.83	138.63	1.13	1.41	1.60	1.05	1.25	1.31
60-64	1,764	155	375,196	.08787	2,420.62	212.70	1.01	.83	.83	1.23	1.40	1.72
65-69	1,214	132	219,255	.10873	1,661.02	180.61	1.39	1.75	2.43	1.16	1.52	1.77
70-74	879	136	213,194	.15472	1,567.60	242.54	1.47	.92	1.35	1.71	3.78	6.46
75 and over ..	380	69	142,233	.18158	2,061.35	374.30						
All ages ..	12,445	851	\$ 1,635,242	.06838	\$1,921.55	\$131.40	1.19	1.22	1.44	1.23	1.40	1.75

* See footnotes to Table 21.

TABLE 31 - Continued

ATTAINED AGE	NUMBER OF LIVES EXPOSED	NUMBER OF CLAIMS	AMOUNT PAID	CLAIM FREQUENCY	AVERAGE CLAIM	CLAIM COST	RATIO TO 1973-74			RATIO TO 1971-72		
							Claim Frequency	Average Claim	Claim Cost	Claim Frequency	Average Claim	Claim Cost
Female												
15-19.....	0	0	\$ 0	.00000	\$.00	\$.00						
20-24.....	47	1	778	.02128	778.00	16.55	1.09	3.99	4.33	.81	1.81	1.47
25-29.....	473	21	15,034	.04440	715.90	31.78	1.46	.82	1.21	2.25	.51	1.14
30-34.....	919	35	39,814	.03808	1,137.54	43.32	1.04	.81	.84	1.26	1.67	2.10
35-39.....	987	46	53,038	.04661	1,153.00	53.74	1.02	.96	.99	1.16	1.34	1.55
40-44.....	1,371	75	82,947	.05470	1,105.96	60.50	1.50	1.39	2.09	1.31	1.14	1.49
45-49.....	1,741	86	119,739	.04940	1,392.31	68.78	.89	1.28	1.15	1.14	1.35	1.53
50-54.....	2,030	108	203,138	.05320	1,880.91	100.07	1.08	1.16	1.26	1.10	1.11	1.22
55-59.....	2,070	132	236,895	.06377	1,794.66	114.44	.95	1.03	.97	1.05	1.20	1.26
60-64.....	2,270	182	418,190	.08018	2,297.75	184.22	.99	1.43	1.42	1.16	1.39	1.61
65-69.....	1,515	112	155,881	.07393	1,391.79	102.89	.91	.94	.85	1.37	1.16	1.59
70-74.....	1,097	102	167,667	.09298	1,643.79	152.84	.99	.93	.92	1.47	1.84	2.71
75 and over.....	422	46	79,459	.10900	1,727.37	188.29	1.19	.81	.96	3.71	.94	3.50
All ages..	14,942	946	\$ 1,572,580	.06331	\$1,662.35	\$105.25	1.05	1.13	1.20	1.30	1.28	1.63
Child												
All ages.....	12,045	155	\$ 185,353	.01287	\$1,195.83	\$ 15.39	1.41	1.06	1.50	1.48	1.24	1.84

percentage or are adjusted to a 75 percent coinsurance basis. About 97 percent of the claims in this table are on policies with a \$15,000 maximum benefit, and the other 3 percent are on policies with a \$20,000 maximum benefit. All policies are guaranteed renewable.

The 1975-76 experience is compared to that of 1973-74 and 1971-72. Claim costs have increased 44, 20, and 50 percent for males, females, and children, respectively, over the 1973-74 study and 75, 63, and 84 percent, respectively, over the 1971-72 study. Increases in average claims are

TABLE 32

1975-76 EXPERIENCE UNDER INDIVIDUALLY
UNDERWRITTEN POLICIES
MAJOR MEDICAL EXPENSE BENEFIT
\$750 FIXED DEDUCTIBLE
75 PERCENT COINSURANCE (ADJUSTED)*
\$35 HOSPITAL ROOM AND BOARD LIMIT
GRADUATED CLAIM COSTS FOR
DURATIONS 3 AND LATER

Attained Age	Male	Claim Cost
25-29	\$	8.59
30-34		23.39
35-39		39.95
40-44		55.13
45-49		84.07
50-54		112.27
55-59		147.06
60-64		188.16
65-69		205.75
70-74		256.54
75 and over		336.25
	Female	
25-29	\$	32.74
30-34		42.52
35-39		51.39
40-44		59.91
45-49		73.26
50-54		98.27
55-59		126.15
60-64		155.44
65-69		136.19
70-74		149.12
75 and over		174.06
	Child	
All ages	\$	15.39

* See footnotes to Table 21.

22, 13, and 6 percent, respectively, over the 1973-74 study and 40, 28, and 24 percent, respectively, over the 1971-72 study. Claim frequencies have increased 19, 5, and 41 percent, respectively, over the 1973-74 study and 23, 30, and 48 percent, respectively, over the 1971-72 study.

A graduation of crude claim costs for ages 25 and above appears in Table 32. Graduated claim costs for females exceed those for males for all ages up to 44. Graduated claim costs for males exceed those for females for ages 45 and above. There were insufficient data for durations 1 and 2 to compare with those for durations 3 and later.

Variations of experience of each company contributing to this table are shown in Table 33.

TABLE 33
1975-76 EXPERIENCE UNDER INDIVIDUALLY
UNDERWRITTEN POLICIES
MAJOR MEDICAL EXPENSE BENEFIT
\$750 FIXED DEDUCTIBLE
75 PERCENT COINSURANCE (ADJUSTED)*
\$35 HOSPITAL ROOM AND BOARD LIMIT
DURATIONS 3 AND LATER
RATIOS OF ACTUAL TO EXPECTED EXPERIENCE
BY CONTRIBUTING COMPANY

SEX	COMPANY	ACTUAL NUMBER OF CLAIMS	AVERAGE AGE	RATIO OF ACTUAL TO EXPECTED†		
				Claim Frequency	Average Claim	Claim Cost
Male.....	{ A	216	50.5	.81	1.29	1.04
	{ B	13	47.3	.85	.87	.74
	{ C	10	37.8	.61	.42	.26
	{ D	612	55.1	1.11	.91	1.01
Female.....	{ A	264	50.8	.89	1.32	1.17
	{ B	8	46.2	.49	.37	.18
	{ C	15	38.8	.92	.77	.71
	{ D	659	55.2	1.07	.88	.95
All adults.....	{ A	480	50.7	.85	1.30	1.11
	{ B	21	46.7	.66	.71	.47
	{ C	25	38.3	.77	.61	.47
	{ D	1,271	55.1	1.09	.90	.98
Children.....	{ A	56	.....	1.13	.88	1.00
	{ B	5	.....	1.41	.91	1.28
	{ C	5	.....	1.08	.99	1.07
	{ D	89	.....	.91	1.08	.99

NOTE.—Company codes in this table do not correspond to those used in Table 23, 26, or 30.

* See footnotes to Table 21.

† Expected based on experience of all companies combined.

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 (Tables 35 and 36), and calendar year of experience (Tables 37-40).

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 among companies probably have also affected the relationships shown in Tables 34-40. Categories are chosen for these tables that would organize the data into meaningful homogeneous cells but 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 34
1975-76 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
DURATIONS 3 AND LATER

SEX	HOSPITAL ROOM AND BOARD LIMIT	ACTUAL NUMBER OF CLAIMS	RATIO OF ACTUAL TO EXPECTED†		
			Claim Frequency	Average Claim	Claim Cost
Male.....	{ \$25	1,855	.87	.73	.63
	{ \$30	1,297	.79	.59	.47
Female.....	{ \$25	2,515	.92	.69	.64
	{ \$30	2,073	.93	.62	.58
All adults.....	{ \$25	4,370	.90 ^a	.70	.64
	{ \$30	3,370	.87	.60	.53
Children.....	{ \$25	694	.75	.68	.51
	{ \$30	580	.74	.70	.52

* See footnotes to Table 21.

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

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 a \$500 fixed deductible but different hospital room and board limits. Increasing the limit from \$25 to \$30 has a downward effect on claim frequencies for males and children but not for females. Average claim size decreases with an increase in room and board limit by 14 and 7 percent for males and females, respectively, and increases 12 percent for children. Claim frequencies on policies containing hospital room and board limits are substantially lower than those on policies with no such limits. Similar sub-

TABLE 35
1975-76 EXPERIENCE UNDER INDIVIDUALLY
UNDERWRITTEN POLICIES
MAJOR MEDICAL EXPENSE BENEFIT
\$500 FIXED DEDUCTIBLE
\$25 HOSPITAL ROOM AND BOARD LIMIT
75 PERCENT COINSURANCE (ADJUSTED)*
RATIOS OF ACTUAL TO EXPECTED EXPERIENCE
ON POLICIES WITH MAXIMUM BENEFITS
OF \$7,500, \$10,000, \$12,500, AND \$15,000
DURATIONS 3 AND LATER

SEX	MAXIMUM BENEFIT	ACTUAL NUMBER OF CLAIMS	RATIO OF ACTUAL TO EXPECTED†		
			Claim Frequency	Average Claim	Claim Cost
Male.....	{ \$ 7,500	569	1.35	1.07	1.44
	{ 10,000	690	.88	1.03	.91
	{ 12,500	554	.94	.93	.88
	{ 15,000	40	.68	.55	.37
Female.....	{ 7,500	708	1.13	.94	1.07
	{ 10,000	915	.89	1.12	1.00
	{ 12,500	813	1.05	.96	1.00
	{ 15,000	74	.87	.56	.49
All adults.....	{ 7,500	1,277	1.23	1.01	1.23
	{ 10,000	1,605	.89	1.08	.96
	{ 12,500	1,367	1.00	.94	.94
	{ 15,000	114	.79	.55	.44
Children.....	{ 7,500	157	1.18	.84	.99
	{ 10,000	251	.94	1.01	.94
	{ 12,500	252	.96	1.15	1.10
	{ 15,000	34	1.06	.62	.65

* See footnotes to Table 21.

† Expected based on experience of all maximum benefits combined.

stantial decreases were shown in prior studies except for the 1973-74 study, which showed only slight decreases. Average claim sizes on policies with an inside limit for hospital room and board are also significantly lower than on policies with no limit. This is similar to the results of previous studies. These effects are expected, since (1) it is more difficult to reach the deductible with the limit present and (2) the limit tends to reduce the average claim size because not all the hospital charges would be eligible expenses.

Table 35 compares the experience on policies with different maximum benefits and a \$500 fixed deductible and a \$25 hospital room and board

TABLE 36
1975-76 EXPERIENCE UNDER INDIVIDUALLY
UNDERWRITTEN POLICIES
MAJOR MEDICAL EXPENSE BENEFIT
\$500 FIXED DEDUCTIBLE
\$30 HOSPITAL ROOM AND BOARD LIMIT
75 PERCENT COINSURANCE (ADJUSTED)*
RATIOS OF ACTUAL TO EXPECTED EXPERIENCE
ON POLICIES WITH MAXIMUM BENEFITS OF
\$10,000, \$12,500, \$15,000, AND \$20,000
DURATIONS 3 AND LATER

SEX	MAXIMUM BENEFIT	ACTUAL NUMBER OF CLAIMS	RATIO OF ACTUAL TO EXPECTED†		
			Claim Frequency	Average Claim	Claim Cost
Male	{ \$10,000	1,028	1.05	1.01	1.06
	{ 12,500	178	.94	.98	.93
	{ 15,000	31	.58	1.08	.62
	{ 20,000	60	.78	.81	.62
Female	{ 10,000	1,591	.99	1.03	1.02
	{ 12,500	273	.98	.96	.94
	{ 15,000	86	1.07	.61	.65
	{ 20,000	123	1.18	.99	1.17
All adults	{ 10,000	2,619	1.01	1.02	1.04
	{ 12,500	451	.96	.97	.93
	{ 15,000	117	.87	.73	.64
	{ 20,000	183	1.00	.92	.92
Children	{ 10,000	383	.92	.91	.84
	{ 12,500	119	1.17	1.38	1.63
	{ 15,000	40	1.20	.84	1.01
	{ 20,000	38	1.22	.86	1.05

* See footnotes to Table 21.

† Expected based on experience of all maximum benefits combined.

limit. Average claims tend to decrease as the maximum benefit increases. In previous studies, just the opposite result was observed. Claim frequencies also tend to decrease as the maximum benefit increases. Normally, one would not expect claim frequency to be affected by the maximum benefit.

Table 36 compares the experience on policies with different maximum benefits and a \$500 fixed deductible and a \$30 hospital room and board limit. Again, the average claims tend to decrease as the maximum benefit increases. The results shown in Tables 35 and 36 with respect to claim frequency and average claim probably result from variations in company experience or statistical fluctuation.

Table 37 compares experience during calendar year 1976 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 1975. Adult claim costs are up in 1976 an average of 23 percent above 1975 levels, while claim frequencies increased 5 percent and average claim size increased 17 percent. For children, claim frequencies have remained constant, while average claim size and claim costs both decreased by 23 percent.

Table 38 compares experience during calendar year 1976 on policies

TABLE 37
1975-76 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 1976
DURATIONS 3 AND LATER

SEX	YEAR OF EXPERIENCE	ACTUAL NUMBER OF CLAIMS	RATIO OF ACTUAL TO EXPECTED†		
			Claim Frequency	Average Claim	Claim Cost
Male.....	1976	331	1.12	1.23	1.37
Female.....	1976	381	1.00	1.11	1.12
All adults.....	1976	712	1.05	1.17	1.23
Children.....	1976	100	1.00	.77	.77

* See footnotes to Table 21.

† Expected based on experience of year 1975.

TABLE 38
 1975-76 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 YEAR OF EXPERIENCE 1976
 DURATIONS 3 AND LATER

SEX	YEAR OF EXPERIENCE	ACTUAL NUMBER OF CLAIMS	RATIO OF ACTUAL TO EXPECTED †		
			Claim Frequency	Average Claim	Claim Cost
Male.....	1976	922	1.15	1.06	1.22
Female.....	1976	1,184	1.02	1.04	1.07
All adults.....	1976	2,106	1.07	1.06	1.14
Children.....	1976	319	1.02	1.07	1.09

* See footnotes to Table 21.

† Expected based on experience of year 1975.

with a \$500 fixed deductible and a \$25 hospital room and board limit with experience on the same policies during 1975. Adult claim costs, claim frequencies, and average claim size are up 6, 7, and 14 percent, respectively. The increase in these averages for children are slightly lower than those for adults, ranging from a 2 percent increase in claim frequency to a 9 percent increase in claim costs.

Table 39 compares experience during calendar year 1976 on policies with a \$500 fixed deductible and a \$30 hospital room and board limit with experience on the same policies during 1975. Adult claim costs are up in 1976 an average of 18 percent over 1975 levels, while claim frequencies and average claim size increased 3 and 15 percent, respectively. For children, claim frequencies in 1976 have increased 3 percent above 1975 levels, while average claims and claim costs have decreased 24 and 22 percent, respectively.

Table 40 compares experience during calendar year 1976 on policies with a \$750 fixed deductible and a \$35 hospital room and board limit with experience on the same policies during 1975. Adult claim costs, claim frequencies, and average claim size are up in 1976 an average of 19, 1, and 21 percent, respectively, over 1975 levels. For children, claim frequencies have increased 11 percent, while average claim size and claim costs have decreased 27 and 19 percent, respectively.

TABLE 39
 1975-76 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 YEAR OF EXPERIENCE 1976
 DURATIONS 3 AND LATER

SEX	YEAR OF EXPERIENCE	ACTUAL NUMBER OF CLAIMS	RATIO OF ACTUAL TO EXPECTED †		
			Claim Frequency	Average Claim	Claim Cost
Male	1976	618	1.04	1.01	1.05
Female	1976	987	1.02	1.26	1.29
All adults	1976	1,605	1.03	1.15	1.18
Children	1976	270	1.03	.76	.78

* See footnotes to Table 21.

† Expected based on experience of year 1975.

TABLE 40
 1975-76 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 YEAR OF EXPERIENCE 1976
 DURATIONS 3 AND LATER

SEX	YEAR OF EXPERIENCE	ACTUAL NUMBER OF CLAIMS	RATIO OF ACTUAL TO EXPECTED †		
			Claim Frequency	Average Claim	Claim Cost
Male	1976	422	1.08	1.13	1.22
Female	1976	445	.96	1.25	1.20
All adults	1976	867	1.01	1.19	1.21
Children	1976	77	1.11	.73	.81

* See footnotes to Table 21.

† Expected based on experience of year 1975.