

**TRANSACTIONS OF SOCIETY OF ACTUARIES
1972 REPORTS**

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

**EXPERIENCE UNDER INDIVIDUAL
MEDICAL EXPENSE POLICIES, 1968-70**

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SUMMARY OF EXPERIENCE UNDER INDIVIDUAL
MEDICAL EXPENSE POLICIES, 1968-70

This report presents an analysis of morbidity experience under individual medical expense policies in force during the 1968, 1969, and 1970 calendar years. Results of data submitted by eighteen 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

For the hospital room and board benefit, frequencies of hospitalization, average claims, and claim costs are shown by age and sex for maximum benefit periods of 31, 90, and 365 days. A comparison of the current experience with the previous 1966-67 experience shows the claim costs for the room and board benefit to be sharply higher above age 65, as a result

of an increase in both frequency and average claim. At younger ages the claim costs are about the same. For children both claim frequencies and average claims are lower, so that claim costs are only 93 per cent of the 1966-67 level. The average claim for the miscellaneous hospital expense benefit for a given maximum benefit in the current study continues to show an increase over the previous studies, the increase becoming greater as the maximum benefit increases.

Frequencies, average claims, and claim costs per \$100 of maximum surgical benefit for a standard schedule are shown. A comparison of the current experience with the previous 1966-67 experience indicates that the claim costs for adults have increased by ratios that tend to increase with age, with the increases again sharply higher above attained age 65. Those for children are about 4 per cent smaller.

A rather extensive analysis of the major medical experience is shown, subdivided by type and amount of deductible, maximum amounts, co-insurance, hospital room and board limit, and duration. A comparison of the current experience with the previous 1966-67 experience for all ages combined shows that the claim costs are about 69 per cent higher for the current three-year study period.

THIS report presents an analysis of morbidity experience under individual medical expense policies during the three calendar years 1968, 1969, and 1970. The four previous studies appear in the *1969 Reports*, *1967 Reports*, *1965 Reports*, and *1963 Reports*.

All of the previous studies covered two calendar years only. This report covers three years, because of the change made last year to a basis of publishing the individual policy disability and medical expense studies in alternate years. In the use of data from this present report, the fact that it spans three calendar years should be kept carefully in mind, especially in reference to rates of trend.

Studies were made of 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 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 eighteen companies contributed data to one or more sections of this report:

Aetna Life Insurance Company
Connecticut General Life Insurance Company
Continental Assurance Company
Equitable Life Assurance Society of the United States
General American Life Insurance Company

Great-West Life Assurance Company
 John Hancock Mutual Life Insurance Company
 Life Insurance Company of Virginia
 Lincoln National Life Insurance Company
 Metropolitan Life Insurance Company
 Mutual Life Insurance Company of New York
 Mutual of Omaha Insurance Company
 New York Life Insurance Company
 Pacific Mutual Life Insurance Company
 Provident Mutual Life Insurance Company of Philadelphia
 Prudential Insurance Company of America
 Western and Southern Life Insurance Company
 Woodmen Accident and Life Company

HOSPITAL ROOM AND BOARD BENEFIT

Eleven companies contributed experience that was used in this section of the study. A distribution of claims by maximum benefit period is shown in the tabulation below.

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 daily hospital benefit exposed.

MAXIMUM DURATION OF DHB	DAILY HOSPITAL BENEFIT IN FORCE ON HOSPITALIZATION CLAIMS		
	No Deductible	\$25 Deductible	\$50 Deductible
26	\$ 140,450	\$ 0	\$ 0
28	14,801	0	0
30	3,391,476	0	0
31	7,436	657	0
35	656,357	0	54,592
40	1,918	661	0
45	69,887	5,328	20,565
50	1,035	13,602	0
52	27,400	0	0
60	700	42,081	133
90	3,871,222	41,955	31,820
100	435,685	7,720	3,424
120	2,055,847	123,812	459,142
150	63,257	0	0
180	15,401	41,413	128,815
365	1,340,817	330,540	321,104
500	2,999,050	0	0
Total	\$15,092,739	\$607,769	\$1,019,595

The average claim per \$1 of daily hospital benefit was obtained by dividing the amount paid for hospital room and board by the amount of daily hospital benefit in force on hospitalization claims. In order to include in Table 1 all data and to show the effect of limiting the length of the benefit period, data for maximum benefit periods of 26-45 days were adjusted to a 31-day period, those for 50-180-day periods 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 amounts 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. Lack of homogeneous data results in values that are not smooth. In general, the claim costs increase as the adjusted maximum benefit period increases, and the claim costs for each adjusted maximum benefit period increase as the age increases. For ages 20-54 the claim costs for males are lower than those for females, while above age 54 the relation is reversed.

Table 2 shows, for policies with no deductible and those with \$25 or \$50 deductible, data for an adjusted maximum benefit period of 90 days. If the data in Table 2 were completely homogeneous, the frequency of hospitalization would be expected to be smaller, the average claim larger, and the claim cost smaller on policies with a \$50 deductible than on policies with no deductible, and the experience on policies with a \$25 deductible would be expected to lie between the other two. This appears to hold true between the no-deductible and the \$50 deductible policies. However, 95 per cent of the experience on the \$25 deductible is based on the contributions of two companies, and the results do not seem to fit this pattern—particularly the female results. As an indication of the relation shown by homogeneous data, reference should be made to the experience of one large company, which appears in the *1963 Reports* (p. 141, Table 3). Larger average amounts of coverage in the current study, however, would be expected to diminish the relationships between fixed-dollar deductibles.

Table 3 compares the experience shown in Table 2 for policies with no deductible with the 1966-67 intercompany experience and with the 1956 Intercompany Hospital Table.

TABLE 1
 1968-70 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 . . .	.0947	\$ 3.93	\$ 7.03	\$ 7.06	\$0.372	\$0.666	\$0.669
20-24 . . .	.0698	4.99	6.27	6.59	0.348	0.438	0.460
25-29 . . .	.0661	5.14	6.14	6.67	0.340	0.406	0.441
30-34 . . .	.0722	5.73	6.56	6.98	0.414	0.474	0.504
35-39 . . .	.0824	5.99	7.22	7.47	0.494	0.595	0.616
40-44 . . .	.0933	6.99	7.94	8.28	0.652	0.741	0.773
45-49 . . .	.1059	7.53	8.62	8.79	0.797	0.913	0.931
50-54 . . .	.1208	8.53	9.52	9.72	1.030	1.150	1.174
55-59 . . .	.1413	9.38	10.18	10.39	1.325	1.438	1.468
60-64 . . .	.1625	10.05	11.26	11.28	1.633	1.830	1.833
65-69 . . .	.2216	11.35	12.16	12.07	2.515	2.695	2.675
70-74 . . .	.2346	12.21	13.73	13.25	2.864	3.221	3.108
75-79 . . .	.3014	13.52	15.12	15.05	4.075	4.557	4.536
Female							
15-19 . . .	.1144	\$ 4.14	\$ 5.28	\$ 5.21	\$0.474	\$0.604	\$0.596
20-24 . . .	.0926	4.96	5.69	5.62	0.459	0.527	0.520
25-29 . . .	.0998	5.66	6.14	6.31	0.565	0.613	0.630
30-34 . . .	.1143	6.34	6.84	7.00	0.725	0.782	0.800
35-39 . . .	.1325	6.59	7.44	7.70	0.873	0.986	1.020
40-44 . . .	.1454	7.34	7.95	8.22	1.067	1.156	1.195
45-49 . . .	.1472	7.74	8.39	8.70	1.139	1.235	1.281
50-54 . . .	.1419	8.19	9.15	9.28	1.162	1.298	1.317
55-59 . . .	.1368	9.26	10.00	9.94	1.267	1.368	1.360
60-64 . . .	.1400	9.85	10.81	10.61	1.379	1.513	1.485
65-69 . . .	.1763	11.55	12.42	12.77	2.036	2.190	2.251
70-74 . . .	.2023	12.57	14.15	14.25	2.543	2.863	2.883
75-79 . . .	.2392	13.84	15.43	15.46	3.311	3.691	3.698
Child							
All ages . . .	.0754	\$ 4.27	\$ 4.46	\$ 4.53	\$0.322	\$0.336	\$0.342

TABLE 2
 1968-70 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	.0947	\$ 6.45	\$0.611	.0434	\$ 4.44	\$0.193	.0651	\$ 5.74	\$0.374
20-24	.0698	6.08	0.424	.0659	5.92	0.390	.0512	6.22	0.318
25-29	.0661	6.06	0.401	.0630	6.83	0.430	.0509	6.18	0.315
30-34	.0722	6.49	0.469	.0668	7.18	0.480	.0578	6.41	0.370
35-39	.0824	7.00	0.577	.0727	6.94	0.505	.0621	7.34	0.456
40-44	.0933	7.84	0.731	.0840	7.35	0.617	.0712	7.86	0.560
45-49	.1059	8.43	0.893	.1034	8.47	0.876	.0782	8.40	0.657
50-54	.1208	9.38	1.133	.1199	9.40	1.127	.0971	9.72	0.944
55-59	.1413	10.11	1.429	.1311	11.12	1.458	.1110	10.15	1.127
60-64	.1625	11.06	1.797	.1572	12.38	1.946	.1394	11.90	1.659
65-69	.2216	12.40	2.748	.1866	12.51	2.334	.1558	11.95	1.862
70-74	.2346	13.58	3.186	.2481	14.56	3.612	.1848	14.44	2.669
75-79	.3014	15.04	4.533	.2548	16.76	4.270	.2170	15.46	3.355
Female									
15-19	.1144	\$ 4.99	\$0.571	.1168	\$ 5.04	\$0.589	.0799	\$ 4.45	\$0.356
20-24	.0926	5.50	0.509	.0963	5.06	0.487	.0816	5.37	0.438
25-29	.0998	6.07	0.606	.1015	5.69	0.578	.0829	6.15	0.510
30-34	.1143	6.77	0.774	.1216	7.29	0.886	.1038	6.51	0.676
35-39	.1325	7.32	0.970	.1358	7.67	1.042	.1163	7.46	0.868
40-44	.1454	7.89	1.147	.1542	7.73	1.192	.1248	7.70	0.961
45-49	.1472	8.34	1.228	.1543	8.93	1.378	.1264	8.56	1.082
50-54	.1419	8.96	1.271	.1453	8.97	1.303	.1179	8.63	1.017
55-59	.1368	9.83	1.345	.1371	10.10	1.385	.1091	10.62	1.159
60-64	.1400	10.56	1.478	.1465	11.82	1.732	.1172	11.16	1.308
65-69	.1763	12.51	2.206	.1587	12.06	1.914	.1353	12.42	1.680
70-74	.2023	13.87	2.806	.1910	13.65	2.607	.1586	14.32	2.271
75-79	.2392	15.16	3.626	.2191	15.07	3.302	.1690	16.00	2.704
Child									
All ages	.0754	\$ 4.42	\$0.333	.0693	\$ 4.28	\$0.297	.0491	\$ 4.65	\$0.228

TABLE 3
1968-70 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
COMPARISON WITH 1966-67 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	1968-70 INTERCOMPANY EXPERIENCE			RATIO OF 1968-70 EXPERIENCE TO 1966-67 EXPERIENCE			RATIO OF 1968-70 EXPERIENCE TO 1956 TABLE		
	Fre- quency	Average Claim	Claim Cost	Fre- quency	Average Claim	Claim Cost	Fre- quency	Average Claim	Claim Cost
Male									
15-19 . . . . .	.0947	\$ 6.45	\$0.611	.80	1.07	.86	1.21	.87	1.048
20-24 . . . . .	.0698	6.08	0.424	1.02	.97	.98	.90	.82	.730
25-29 . . . . .	.0661	6.06	0.401	1.02	.97	.99	.87	.80	.699
30-34 . . . . .	.0722	6.49	0.469	1.01	.99	.99	.97	.81	.783
35-39 . . . . .	.0824	7.00	0.577	1.02	.98	1.00	1.03	.79	.820
40-44 . . . . .	.0933	7.84	0.731	.98	1.01	.99	1.05	.79	.825
45-49 . . . . .	.1059	8.43	0.893	1.01	1.01	1.02	1.06	.75	.792
50-54 . . . . .	.1208	9.38	1.133	.98	1.02	1.00	1.05	.77	.808
55-59 . . . . .	.1413	10.11	1.429	1.01	1.04	1.05	1.06	.80	.849
60-64 . . . . .	.1625	11.06	1.797	1.03	1.05	1.07	1.06	.86	.907
65-69 . . . . .	.2216	12.40	2.748	1.12	1.09	1.23	1.33	.90	1.197
70-74 . . . . .	.2346	13.58	3.186	1.09	1.08	1.17	1.36	.79	1.068
75-79 . . . . .	.3014	15.04	4.533	1.13	1.11	1.25	1.72	.64	1.109
Female									
15-19 . . . . .	.1144	\$ 4.99	\$0.571	.90	.99	.89	1.22	.69	.841
20-24 . . . . .	.0926	5.50	0.509	1.00	1.00	1.00	.93	.75	.696
25-29 . . . . .	.0998	6.07	0.606	.99	.99	.97	.89	.79	.702
30-34 . . . . .	.1143	6.77	0.774	.96	.99	.95	.94	.82	.773
35-39 . . . . .	.1325	7.32	0.970	.99	.99	.98	1.02	.83	.846
40-44 . . . . .	.1454	7.89	1.147	1.01	.98	.98	1.05	.84	.884
45-49 . . . . .	.1472	8.34	1.228	1.00	.99	.99	1.01	.84	.846
50-54 . . . . .	.1419	8.96	1.271	.98	1.02	1.00	.93	.84	.787
55-59 . . . . .	.1368	9.83	1.345	1.00	1.02	1.02	.87	.86	.748
60-64 . . . . .	.1400	10.56	1.478	.99	1.00	.99	.86	.85	.732
65-69 . . . . .	.1763	12.51	2.206	1.07	1.07	1.15	1.05	.92	.960
70-74 . . . . .	.2023	13.87	2.806	1.11	1.06	1.18	1.17	.80	.941
75-79 . . . . .	.2392	15.16	3.626	1.09	1.03	1.12	1.37	.65	.887
Child									
All ages . . . . .	.0754	\$ 4.42	\$0.333	.95	.98	.93	Not applicable		

The relation of the 1968-70 experience to the 1966-67 experience is as follows: Frequencies, average claims, and claim costs are distinctly higher at ages 65 and over for both males and females. This report, in fact, for the first time shows experience room and board claim costs for males over age 65 which are in excess of 100 per cent of the 1956 Intercompany Hospital Table values. It appears likely that the sharp upward trends indicated above age 65 in several sections of this report may be due indirectly to Medicare. One possible explanation would be antiselect lapsation among policyholders over age 65. For ages under 65, frequencies are slightly higher for males and slightly lower for females. The average claim pattern for males is lower at the younger ages and tends to be higher at the older ages. The female average claim pattern is at nearly the same level (slightly lower), with some tendency to be higher in the 50's. Claim costs for males are lower at the younger ages and higher at ages 45 and over. Female claim costs are generally lower except for ages in the 50's. Ratios of the 1968-70 experience to the 1966-67 experience for all ages combined (based on the 1968-70 distribution of exposures by age) are shown in the following tabulation.

	Frequency	Average Claim	Claim Cost
Male.....	102%	101%	103%
Female.....	102	101	103
Child.....	95	98	93

An analysis by duration was made of the 1968-70 experience on policies with no deductible. Ratios of experience by duration to that for duration 3 and later (where each duration is based on the same distribution of exposures by age) are shown in the following tabulation.

DURATION	MALES			FEMALES			CHILDREN		
	Fre- quency	Aver- age Claim	Claim Cost	Fre- quency	Aver- age Claim	Claim Cost	Fre- quency	Aver- age Claim	Claim Cost
1.....	84%	90%	76%	87%	92%	80%	118%	98%	116%
2.....	91	92	84	94	93	89	119	100	119
3 and later.....	100	100	100	100	100	100	100	100	100
All.....	98%	96%	94%	100%	98%	96%	107%	100%	107%

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

Sixteen companies contributed to this section of the study. Many of the data lacked sufficient homogeneity to be incorporated into tables which would be meaningful and useful. The total number of claims actually employed in constructing one or more tables of this section of the study, however, was 615,311. It was deemed necessary to build the basic study around the \$200 maximum benefit as was done with the 1966-67 study.

Table 5 shows the average claim for a \$200 maximum benefit on policies with no deductible. Graduated average claims are also shown and are used as a basis of comparison in subsequent tables and analyses. The last column in this table shows the ratio of actual average claims to the corresponding averages for the 1966-67 study.

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

Table 7 shows a comparison of the actual 1968-70 experience for a \$200 maximum benefit on policies with no deductible with the 1956 Intercompany Hospital Table. The 1956 table does not show average claim amounts for a \$200 maximum benefit, and therefore it was necessary to use the arithmetic mean of the values for a \$150 and a \$250 maximum benefit. The frequencies of hospitalization for the 1968-70 experience are the same as those shown in Table 3.

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

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

TABLE 4
 1968-70 EXPERIENCE UNDER INDIVIDUALLY
 UNDERWRITTEN POLICIES
 GRADUATED FREQUENCY OF HOSPITALIZATION,
 GRADUATED 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 . . . . .	.0900	\$ 6.31	\$0.568
20-24 . . . . .	.0739	6.14	0.454
25-29 . . . . .	.0678	6.15	0.417
30-34 . . . . .	.0718	6.48	0.465
35-39 . . . . .	.0813	7.03	0.572
40-44 . . . . .	.0927	7.76	0.719
45-49 . . . . .	.1054	8.49	0.895
50-54 . . . . .	.1207	9.30	1.123
55-59 . . . . .	.1410	10.14	1.430
60-64 . . . . .	.1694	11.13	1.885
65-69 . . . . .	.2097	12.34	2.588
70-74 . . . . .	.2459	13.62	3.349
75-79 . . . . .	.2965	15.01	4.450
Female			
15-19 . . . . .	.1086	\$ 4.93	\$0.535
20-24 . . . . .	.0987	5.52	0.545
25-29 . . . . .	.1015	6.11	0.620
30-34 . . . . .	.1147	7.74	0.888
35-39 . . . . .	.1312	7.32	0.960
40-44 . . . . .	.1429	7.85	1.122
45-49 . . . . .	.1454	8.36	1.216
50-54 . . . . .	.1411	8.97	1.266
55-59 . . . . .	.1381	9.77	1.349
60-64 . . . . .	.1465	10.82	1.585
65-69 . . . . .	.1724	12.35	2.129
70-74 . . . . .	.2032	13.82	2.808
75-79 . . . . .	.2379	15.19	3.614
Child			
All ages . . . . .	.0754	\$ 4.42	\$0.333

TABLE 5
 1968-70 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 1966-67 (ACTUAL CLAIMS)
		Actual	Graduated	
Male				
15-19.....	195	\$114.30	\$115.31	1.148
20-24.....	3,277	127.45	124.69	1.162
25-29.....	4,453	132.75	132.46	1.162
30-34.....	2,950	135.66	138.88	1.133
35-39.....	2,012	142.23	144.05	1.115
40-44.....	2,016	148.86	148.51	1.160
45-49.....	2,336	150.29	151.42	1.140
50-54.....	3,355	153.76	153.57	1.123
55-59.....	4,848	154.90	155.43	1.122
60-64.....	5,423	157.87	156.38	1.122
65-69.....	2,543	155.94	156.73	1.111
70-74.....	1,568	158.18	156.38	1.142
75-79.....	1,153	154.00	155.68	1.127
Total.....	36,129			
Female				
15-19.....	653	\$113.53	\$112.53	1.127
20-24.....	6,476	129.29	128.57	1.157
25-29.....	5,673	138.23	139.44	1.141
30-34.....	3,482	144.79	146.40	1.111
35-39.....	3,143	151.89	151.52	1.140
40-44.....	4,131	154.90	153.51	1.126
45-49.....	5,680	156.21	154.67	1.131
50-54.....	7,792	153.65	154.67	1.141
55-59.....	9,582	153.38	154.17	1.125
60-64.....	10,218	154.62	153.66	1.123
65-69.....	4,910	152.52	152.84	1.107
70-74.....	3,538	152.66	152.29	1.134
75-79.....	2,496	150.89	151.93	1.139
Total.....	67,774			
Child				
All ages.....	21,794	\$106.74	\$106.74	1.210

TABLE 6
 1968-70 EXPERIENCE UNDER INDIVIDUALLY
 UNDERWRITTEN POLICIES
 GRADUATED FREQUENCY OF HOSPITALIZATION,
 GRADUATED AVERAGE CLAIM, AND CLAIM COST:
 \$200 MAXIMUM MISCELLANEOUS
 HOSPITAL EXPENSE BENEFIT
 INPATIENT ONLY—NO DEDUCTIBLE

Attained Age	Frequency	Average Claim	Claim Cost
Male			
15-19 .....	.0900	\$115.31	\$10.38
20-24 .....	.0739	124.69	9.22
25-29 .....	.0678	132.46	8.91
30-34 .....	.0718	138.88	9.97
35-39 .....	.0813	144.05	11.71
40-44 .....	.0927	148.51	13.77
45-49 .....	.1054	151.42	15.96
50-54 .....	.1207	153.57	18.54
55-59 .....	.1410	155.43	21.92
60-64 .....	.1694	156.38	26.49
65-69 .....	.2097	156.73	32.87
70-74 .....	.2459	156.38	38.45
75-79 .....	.2965	155.68	46.16
Female			
15-19 .....	.1086	\$112.53	\$12.22
20-24 .....	.0987	128.57	12.69
25-29 .....	.1015	139.44	14.15
30-34 .....	.1147	146.40	16.79
35-39 .....	.1312	151.52	19.88
40-44 .....	.1429	153.51	21.94
45-49 .....	.1454	154.67	22.49
50-54 .....	.1411	154.67	21.82
55-59 .....	.1381	154.17	21.29
60-64 .....	.1465	153.66	22.51
65-69 .....	.1724	152.84	26.35
70-74 .....	.2032	152.29	30.95
75-79 .....	.2379	151.93	36.14
Child			
All ages .....	.0754	\$106.74	\$ 8.05

TABLE 7
 1968-70 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
 COMPARISON WITH 1956 INTERCOMPANY HOSPITAL TABLE
 \$200 MAXIMUM MISCELLANEOUS HOSPITAL EXPENSE BENEFIT
 INPATIENT ONLY—NO DEDUCTIBLE

ATTAINED AGE	1968-70 INTERCOMPANY EXPERIENCE			1956 INTERCOMPANY TABLE			RATIO OF 1968-70 EXPERIENCE TO 1956 TABLE		
	Fre- quency	Average Claim	Claim Cost	Fre- quency	Average Claim	Claim Cost	Fre- quency	Aver- age Claim	Claim Cost
Male									
15-19...	.0947	\$114.30	\$10.82	.0783	\$ 85.55	\$ 6.70	1.21	1.34	1.61
20-24...	.0698	127.45	8.90	.0779	87.77	6.84	.90	1.45	1.30
25-29...	.0661	132.75	8.77	.0758	93.32	7.07	.87	1.42	1.24
30-34...	.0722	135.66	9.79	.0747	98.87	7.39	.97	1.37	1.32
35-39...	.0824	142.23	11.72	.0797	104.42	8.32	1.03	1.36	1.41
40-44...	.0933	148.86	13.89	.0889	109.97	9.78	1.05	1.35	1.42
45-49...	.1059	150.29	15.92	.1003	115.52	11.59	1.06	1.30	1.37
50-54...	.1208	153.76	18.57	.1150	121.07	13.92	1.05	1.27	1.33
55-59...	.1413	154.90	21.89	.1339	126.62	16.95	1.06	1.22	1.29
60-64...	.1625	157.87	25.65	.1536	132.17	20.30	1.06	1.19	1.26
65-69...	.2216	155.94	34.56	.1665	137.72	22.93	1.33	1.13	1.51
70-74...	.2346	158.18	37.11	.1728	143.27	24.76	1.36	1.10	1.50
75-79...	.3014	154.00	46.42	.1751	148.82	26.06	1.72	1.03	1.78
Female									
15-19...	.1144	\$113.53	\$12.99	.0935	\$ 85.55	\$ 8.00	1.22	1.33	1.62
20-24...	.0926	129.29	11.97	.0993	87.77	8.72	.93	1.47	1.37
25-29...	.0998	138.23	13.80	.1116	93.32	10.41	.89	1.48	1.33
30-34...	.1143	144.79	16.55	.1215	98.87	12.01	.94	1.46	1.38
35-39...	.1325	151.89	20.13	.1306	104.42	13.64	1.01	1.45	1.48
40-44...	.1454	154.90	22.52	.1385	109.97	15.23	1.05	1.41	1.48
45-49...	.1472	156.21	22.99	.1455	115.52	16.81	1.01	1.35	1.37
50-54...	.1419	153.65	21.80	.1519	121.07	18.39	.93	1.27	1.19
55-59...	.1368	153.38	20.98	.1577	126.62	19.97	.87	1.21	1.05
60-64...	.1400	154.62	21.65	.1630	132.17	21.54	.86	1.17	1.01
65-69...	.1763	152.52	26.89	.1682	137.72	23.16	1.05	1.11	1.16
70-74...	.2023	152.66	30.88	.1728	143.27	24.76	1.17	1.07	1.25
75-79...	.2392	150.89	36.09	.1751	148.82	26.06	1.37	1.01	1.38

TABLE 8
 1968-70 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
 MISCELLANEOUS HOSPITAL EXPENSE BENEFIT
 INPATIENT ONLY
 VARIATION IN AVERAGE CLAIM BY MAXIMUM BENEFIT AMOUNT
 NO DEDUCTIBLE

MAXIMUM BENEFIT AMOUNT	NUMBER OF CLAIMS			PROPORTION BY NUMBER OF CLAIMS OF EXPERIENCE FROM LARGEST SINGLE CONTRIBUTOR (PER CENT)	NUMBER OF CONTRIBUTORS WITH CLAIMS	RATIO OF ACTUAL TO TABULAR*		
	Male	Female	Child			Male	Female	Child
\$ 50	12,193	18,882	1,966	80.9	7	267	282	421
60	3,241	7,643	2,044	83.2	6	384	389	542
75	6,142	10,187	1,149	62.3	3	445	450	524
80	5,208	349	2,417	78.9	10	511	497	692
90	5,866	14,327	1,432	98.3	7	562	571	754
100	41,088	72,260	19,853	69.5	14	609	609	722
120	5,460	13,516	2,320	86.1	9	738	743	938
125	2,142	3,247	589	57.6	2	717	711	860
150	35,412	64,777	20,075	77.0	10	816	822	874
160	1,566	2,977	1,102	92.5	8	696	911	1,121
180	566	1,067	690	50.4	6	622	919	1,076
200	36,539	68,698	21,794	72.9	14	1,000	1,000	1,000
225	474	93	144	64.8	4	1,145	1,115	1,269
240	5,274	9,145	3,768	90.3	7	1,182	1,180	1,279
250	29,135	53,649	17,301	92.3	8	1,101	1,095	1,005
300	42,802	81,687	29,298	60.2	11	1,224	1,224	1,130
320	4,194	6,017	1,917	100.0	1	1,456	1,425	1,463
400	4,335	6,925	2,652	81.5	8	1,554	1,556	1,428
500	1,804	2,817	1,111	41.5	6	1,667	1,675	1,412
600	5,206	7,818	2,597	73.8	3	1,879	1,897	1,607
1,225	27,102	49,609	15,914	100.0	1	1,574	1,448	1,177
9,280	305	635	290	100.0	1	1,670	1,627	1,563

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

TABLE 9
 1968-70 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	541	887	0	1.166	1.124	
B	4,384	10,017	2,554	1.120	1.115	1.273
C	152	259	186	.951	1.026	.939
D	1,603	3,514	1,511	1.051	1.062	1.206
E	224	521	254	1.040	1.076	1.227
F	4	4	2	1.029	.982	1.678
G	219	339	242	.906	.984	.719
I	197	323	123	1.028	.975	1.018
K	132	214	55	1.062	1.062	1.193
L	47	52	11	1.003	1.038	.978
M	15	26	6	.868	1.124	1.256
N	5	28	7	1.008	1.351	1.142
O	1,914	2,905	929	1.008	.993	1.037
P	27,102	49,609	15,914	.974	.968	.935
Total	36,539	68,698	21,794	1.000	1.000	1.000

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

Table 10 shows the variation in average claims by maximum benefit and age. The average claim increases more rapidly by age as the maximum amount increases. The ratios in the table were derived from data obtained by truncating the claims of a single company at \$100, \$150, \$200, \$250, and \$300. The maximum benefit amount was \$1,225.

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

Table 12 compares the combined inpatient and outpatient experience of several companies which include an outpatient benefit with their corresponding experience limited to the inpatient benefit only. Comparisons are shown for \$100, \$200, and \$300 maximum benefit amounts. When outpatient claims are included, the average-size claims for children, under the combined experience, are considerably smaller because of the high proportion of outpatient claims. The reduction in average-size claim is the least for adult females.

Table 13 shows the ratios of average claim on all claims to average claim on inpatient-only claims for one company with an outpatient benefit. The ratios increase with age for plans with no deductible. This occurs because the proportion of inpatient-only claims to all claims increases by age and, therefore, the weighted effect of inpatient-only claims to all claims increases by age. The \$50 deductible shows no such trend. The proportion of outpatient claims on deductible policies is quite small, since the deductible eliminates many of the outpatient claims. Therefore, the ratios of the average claim on all claims to the average claim on inpatient-only claims are very close to 100 per cent.

Table 14 shows for all companies combined the annual rates of increase in average claims by maximum amount during the 1966-67 and 1968-70 study periods. The relatively small increases for the \$100 maximum benefit reflect the fact that the average claim for such benefits is very near the maximum.

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

TABLE 10

1968-70 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
MISCELLANEOUS HOSPITAL EXPENSE BENEFIT

INPATIENT ONLY

VARIATION IN AVERAGE CLAIM BY MAXIMUM BENEFIT AMOUNT AND AGE
NO DEDUCTIBLE

(Based on One Company's Claims, under a \$1,225 Maximum Benefit,
Truncated at \$100, \$150, \$200, \$250, and \$300)

ATTAINED AGE	NUMBER OF CLAIMS	RATIO OF ACTUAL TO TABULAR* FOR MAXIMUM BENEFIT AMOUNT					
		\$100	\$150	\$200	\$250	\$300	\$1,225 Maximum
Male							
15-19	115	.683	.850	.949	1.012	1.055	1.280
20-24	2,439	.675	.867	.983	1.054	1.104	1.322
25-29	3,575	.652	.851	.971	1.047	1.099	1.308
30-34	2,262	.628	.822	.946	1.026	1.082	1.293
35-39	1,383	.620	.824	.958	1.052	1.117	1.356
40-44	1,352	.604	.818	.970	1.080	1.163	1.516
45-49	1,593	.601	.808	.955	1.058	1.134	1.490
50-54	2,366	.597	.812	.968	1.082	1.167	1.607
55-59	3,660	.590	.805	.967	1.088	1.183	1.673
60-64	4,268	.594	.819	.992	1.126	1.231	1.784
65-69	1,800	.592	.819	.996	1.135	1.246	1.849
70-74	1,106	.589	.812	.984	1.117	1.220	1.763
75-79	846	.581	.797	.969	1.108	1.218	1.836
All ages	26,765	.611	.823	.973	1.082	1.165	1.570
Female							
15-19	551	.704	.878	.977	1.035	1.072	1.159
20-24	4,983	.664	.854	.966	1.031	1.073	1.193
25-29	4,226	.631	.827	.949	1.031	1.086	1.265
30-34	2,371	.609	.811	.949	1.042	1.105	1.331
35-39	2,065	.607	.821	.969	1.073	1.150	1.412
40-44	2,584	.600	.814	.970	1.083	1.164	1.459
45-49	3,707	.596	.811	.965	1.077	1.159	1.457
50-54	5,385	.594	.805	.956	1.066	1.149	1.485
55-59	7,316	.595	.812	.970	1.086	1.173	1.555
60-64	7,900	.598	.819	.983	1.106	1.201	1.624
65-69	3,302	.600	.818	.982	1.105	1.198	1.643
70-74	2,506	.598	.815	.979	1.101	1.196	1.662
75-79	1,942	.598	.809	.964	1.082	1.174	1.622
All ages	48,838	.608	.819	.968	1.076	1.155	1.484
Child							
All ages	15,914	.714	.860	.935	.978	1.006	1.117

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

TABLE 11
1968-70 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
MISCELLANEOUS HOSPITAL EXPENSE BENEFIT
INPATIENT ONLY
VARIATION IN AVERAGE CLAIM BY MAXIMUM
BENEFIT AMOUNT, POLICY DEDUCTIBLE, AND AGE
(Experience of One Company)

ATTAINED AGE	RATIOS OF ACTUAL TO TABULAR*							
	Maximum Benefit Amount							
	\$150		\$200		\$240		\$320	
	Deductible		Deductible		Deductible		Deductible	
	\$0	\$50	\$0	\$50	\$0	\$50	\$0	\$50
	Male							
15-19								
20-24	970		1.193				(1.253)	
25-29	916	(.952)†	1.157	(1.197)	1.160	1.314	1.410	(1.575)
30-34	886	(.977)	1.105	(1.186)	1.198	1.300	1.389	1.441
35-39	886		1.043	(1.220)	1.201	1.257	1.448	1.556
40-44	886	946	1.075	1.097	1.176	1.269	1.425	1.426
45-49	871	901	1.102	1.174	1.187	1.272	1.449	1.465
50-54	864	877	1.095	1.122	1.220	1.295	1.422	1.523
55-59	873	874	1.137	1.168	1.179	1.216	1.480	1.569
60-64	841	826	1.104	1.157	1.243	1.355	1.550	1.621
65-69	866	923	1.126	1.136	1.161	(1.051)	1.299	(1.544)
70-74	876	910	1.157	1.189				
75-79	876	886	1.187	1.140				
All ages	872	889	1.120	1.154	1.196	1.278	1.436	1.522
	Female							
15-19								
20-24	959		1.172	(1.338)	(1.121)		(1.551)	
25-29	897	(.920)	1.115	1.182	1.167	1.367	1.349	1.705
30-34	863	904	1.089	1.200	1.188	1.233	1.357	1.556
35-39	869	881	1.090	1.133	1.181	1.254	1.414	1.577
40-44	851	877	1.066	1.064	1.193	1.181	1.458	1.553
45-49	871	860	1.105	1.185	1.185	1.249	1.452	1.533
50-54	875	885	1.103	1.163	1.165	1.211	1.432	1.617
55-59	878	880	1.103	1.153	1.214	1.250	1.454	1.497
60-64	874	890	1.106	1.157	1.216	1.231	1.459	1.567
65-69	886	924	1.141	1.098	1.187	1.075	1.328	1.263
70-74	898	911	1.159	1.146	(1.096)			
75-79	909	929	1.174	(1.127)				
All ages	881	890	1.115	1.148	1.188	1.228	1.425	1.558
	Child							
All ages	1.057	1.136	1.273	1.359	1.305	1.469	1.463	1.581

NOTE.—For policies with a deductible, average claim reflects eligible medical expenses before application of the deductible.

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

† Parentheses indicate that the number of claims is 10-25.

TABLE 12
 1968-70 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
 MISCELLANEOUS HOSPITAL EXPENSE BENEFIT
 VARIATION IN AVERAGE CLAIM
 INCLUDING AND EXCLUDING 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.....	6,378	10,058	749	16.0	12.8	45.7	.900	.920	.660
B.....	2,222	4,801	1,479	18.0	17.2	56.6	.877	.886	.581
C.....	271	399	265	15.9	9.3	35.8	.894	.930	.737
D.....	273	639	452	24.2	21.8	52.4	.830	.852	.596
F.....	4	11	123	25.0	9.1	0	.823	.962	1.000
Total.....	9,148	15,908	3,068	16.7	14.4	49.3	.892	.907	.636
\$200 Maximum Benefit									
A.....	751	1,134	.....	28.0	21.8	.....	.783	.823	.....
B.....	6,108	12,664	5,773	28.2	20.9	55.8	.767	.831	.542
C.....	210	305	309	27.6	15.1	39.8	.770	.876	.686
D.....	2,473	4,535	3,088	35.2	22.5	51.1	.712	.821	.580
F.....	5	5	2	20.0	20.0	0	.852	.831	1.000
I.....	229	356	180	14.0	9.3	31.7	.905	.927	.752
Total.....	9,776	18,999	9,352	29.6	21.0	53.2	.757	.831	.564
\$300 Maximum Benefit									
A.....	2,276	3,234	.....	35.9	22.1	.....	.706	.816	.....
B.....	24,017	39,488	28,883	49.3	35.2	59.5	.561	.684	.484
C.....	272	378	350	24.6	12.4	39.7	.794	.898	.690
D.....	2,221	3,541	2,361	46.0	28.6	54.9	.603	.755	.534
F.....	143	251	170	32.9	19.5	47.1	.712	.836	.615
I.....	292	467	303	20.9	10.7	30.7	.839	.901	.766
Total.....	29,221	47,359	32,067	47.4	33.3	58.6	.581	.703	.493

TABLE 13
 1968-70 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
 MISCELLANEOUS HOSPITAL EXPENSE BENEFIT
 VARIATION IN AVERAGE CLAIM
 INCLUDING AND EXCLUDING OUTPATIENT BENEFIT
 BY MAXIMUM BENEFIT AMOUNT, DEDUCTIBLE, AND AGE
 (Experience of One Company)

ATTAINED AGE	RATIOS 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								
15-19	.635	.596		(.630)*				
20-24	.648	.617	.651	.665	(.957)	(1.000)	.911	(1.000)
25-29	.657	.636	.704	.661	(.927)	(1.000)	.953	.912
30-34	.667	.704	.740	.709	.912	(.908)	.968	.952
35-39	.762	.715	.775	.754	.926	.953	.928	.949
40-44	.826	.740	.829	.814	.962	.952	.954	.945
45-49	.817	.827	.836	.848	.947	.966	.969	.952
50-54	.846	.840	.857	.885	.969	.946	.958	.966
55-59	.876	.879	.892	.887	.966	.952	.956	.948
60-64	.910	.876	.860	.933	.979	.994	(1.000)	(.879)
65-69	.921	.911			.989	.972		
70-74	.943	.938			1.000	(1.000)		
75-79								
Female								
15-19								
20-24	.776	.768	(.704)	(.796)		(.951)		
25-29	.761	.777	.812	.792	(.987)	.981	1.000	.995
30-34	.804	.805	.834	.795	.951	.968	.991	.969
35-39	.857	.820	.857	.826	.986	.966	.956	.963
40-44	.847	.818	.866	.830	.987	.973	.980	.973
45-49	.842	.825	.883	.844	.961	.982	.980	.954
50-54	.838	.821	.875	.841	.960	.919	.977	.948
55-59	.843	.825	.873	.837	.935	.947	.965	.925
60-64	.878	.828	.873	.878	.945	.946	.955	.948
65-69	.912	.892	.894	.896	.983	.957	.980	(.931)
70-74	.902	.902	.884		.977	.970		
75-79	.925	.905			.969	(.940)		
Child								
All ages	.566	.542	.566	.553	.902	.900	.906	.920

NOTE.—For policies with a deductible, average claim reflects eligible medical expenses before application of the deductible.

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

SURGICAL EXPENSE BENEFIT

Fourteen companies submitted experience covering in excess of \$63 million in paid claims to this section of the study. A description of the data used, methods of calculation, and techniques used in standardizing heterogeneous surgical schedules was presented with the 1960-61 study (*1963 Reports*, pp. 150-60).

Table 15 shows ungraduated frequencies, average claims, and claim

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

	STUDY PERIOD	
	1966-67	1968-70
	\$100 Maximum Benefit	
Male.....	3.4%	2.2%
Female.....	3.0	2.3
Child.....	4.1	4.8
Total.....	3.3%	2.5%
	\$200 Maximum Benefit	
Male.....	5.6%	5.1%
Female.....	5.0	5.0
Child.....	7.1	7.9
Total.....	5.5%	5.4%
	\$300 Maximum Benefit	
Male.....	6.9%	8.0%
Female.....	6.6	8.2
Child.....	8.6	12.0
Total.....	6.7%	8.7%

TABLE 15

1968-70 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
 COMPARISON WITH 1966-67 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	1968-70 INTERCOMPANY EXPERIENCE			RATIO OF 1968-70 EXPERIENCE TO 1966-67 EXPERIENCE			RATIO OF 1968-70 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.....	.1530	\$12.23	\$1.87	.96	1.03	.98	1.89	.72	1.36
20-24.....	.0762	13.99	1.07	.87	1.08	.95	.97	.81	.79
25-29.....	.0758	14.34	1.09	.94	1.06	1.00	1.02	.81	.83
30-34.....	.0783	15.82	1.24	.96	1.11	1.06	1.06	.88	.93
35-39.....	.0829	16.72	1.39	.96	1.10	1.06	1.12	.90	1.01
40-44.....	.0852	18.07	1.54	.95	1.04	.99	1.14	.94	1.07
45-49.....	.0909	20.76	1.89	1.00	1.07	1.07	1.17	.98	1.15
50-54.....	.0943	23.61	2.23	.97	1.06	1.02	1.14	.98	1.12
55-59.....	.1040	26.74	2.78	1.00	1.06	1.07	1.15	1.05	1.21
60-64.....	.1139	31.85	3.63	1.04	1.05	1.09	1.17	1.09	1.28
65-69.....	.1348	37.18	5.01	1.08	1.07	1.15	1.37	1.26	1.73
70-74.....	.1359	40.99	5.57	1.08	1.10	1.19	1.38	1.39	1.92
75-79.....	.1494	41.47	6.20	1.13	1.07	1.21	1.53	1.41	2.14
Female									
15-19.....	.1198	\$14.01	\$1.68	.99	.99	.97	1.43	.68	.97
20-24.....	.0875	15.97	1.40	.92	1.08	1.00	.94	.76	.72
25-29.....	.0969	18.54	1.80	.95	1.08	1.03	.91	.82	.74
30-34.....	.1078	22.58	2.43	.94	1.07	1.00	.97	.90	.87
35-39.....	.1171	24.84	2.91	.96	1.06	1.02	1.05	.91	.95
40-44.....	.1263	26.90	3.40	.98	1.05	1.03	1.12	.92	1.04
45-49.....	.1257	26.85	3.38	.99	1.04	1.03	1.14	.93	1.06
50-54.....	.1179	26.24	3.09	1.00	1.03	1.02	1.12	.92	1.04
55-59.....	.1079	26.72	2.88	1.02	1.07	1.09	1.06	.96	1.02
60-64.....	.1053	28.93	3.05	1.01	1.06	1.07	1.06	1.02	1.09
65-69.....	.1123	31.94	3.59	1.05	1.08	1.13	1.14	1.14	1.31
70-74.....	.1175	33.43	3.93	1.09	1.07	1.17	1.20	1.19	1.43
75-79.....	.1196	36.73	4.39	1.11	1.11	1.23	1.22	1.31	1.60
Child									
All ages.....	.0913	\$12.84	\$1.17	.88	1.09	.96	Not applicable		

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

costs per \$100 of maximum surgical benefit for "no-deductible" forms. Also indicated is a comparison with similar data previously published for the 1966-67 experience and the 1956 Intercompany Surgical Table adjusted to a standardized basis as shown on page 155 of the *1963 Reports*.

Frequencies for both males and females at ages less than 60 are generally lower than in the 1966-67 experience. At ages 65 and over, frequencies increased an average of about 8 per cent.

For adults a fairly consistent increase in average claim will be noted: the 1968-70 experience exceeds the 1966-67 experience by an average of about 7 per cent. For children the increase in average claim is 9 per cent.

Although the study does not examine surgical claims by type of procedure, the decrease noted for children's frequencies (and the increase in average claim) may be partially attributable to current changes in medical practice, for example, the decrease in relatively low-cost operations such as tonsillectomies.

A graduation of the crude 1968-70 data is shown in Table 16. In Table 17 ungraduated data are shown for policies with a deductible provision (\$25 and \$50) as compared with data for "no-deductible" policies. Although the volume of paid claims for all policies with a deductible is less than 20 per cent of the total, and there are apparent statistical irregularities for certain data cells, the over-all pattern conforms rather closely to that exhibited for the 1966-67 experience. This fact is underlined by the data presented in Table 18, in which experience for the 1966-67 and 1968-70 periods is combined. As anticipated, the general pattern is one of decreasing frequency and increasing average claim as the deductible increases, although this relationship is much less definite in the female data than in the male data.

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 following tabulation.

Duration	Males	Females	All Adults	Children	Total
1.....	85%	89%	87%	93%	88%
2.....	91	97	95	107	96
3 and later...	100	100	100	100	100
All.....	98%	99%	98%	99%	98%

TABLE 16
 1968-70 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 .....	.1309	\$12.68	\$1.66
20-24 .....	.0852	13.19	1.12
25-29 .....	.0788	14.08	1.11
30-34 .....	.0769	15.35	1.18
35-39 .....	.0800	17.00	1.36
40-44 .....	.0846	19.04	1.61
45-49 .....	.0895	21.46	1.92
50-54 .....	.0956	24.26	2.32
55-59 .....	.1053	27.44	2.89
60-64 .....	.1174	31.01	3.64
65-69 .....	.1299	34.96	4.54
70-74 .....	.1369	39.29	5.38
75-79 .....	.1495	41.47	6.20
Female			
15-19 .....	.1111	\$13.85	\$1.54
20-24 .....	.0968	16.22	1.57
25-29 .....	.0983	19.02	1.87
30-34 .....	.1063	22.12	2.35
35-39 .....	.1162	24.62	2.86
40-44 .....	.1230	26.15	3.22
45-49 .....	.1230	26.55	3.27
50-54 .....	.1173	26.55	3.11
55-59 .....	.1106	27.21	3.01
60-64 .....	.1087	28.93	3.14
65-69 .....	.1111	31.30	3.48
70-74 .....	.1156	33.75	3.90
75-79 .....	.1197	36.46	4.36
Child			
All ages .....	.0913	\$12.84	\$1.17

TABLE 17
1968-70 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
FREQUENCY OF SURGERY, AVERAGE CLAIM, AND CLAIM COST
PER \$100 OF MAXIMUM SURGICAL BENEFIT
STANDARD SCHEDULE

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	.1530	\$12.23	\$1.87	.0408	\$19.96	\$0.81	.0395	\$20.14	\$0.80
20-24	.0762	13.99	1.07	.0465	17.89	0.83	.0366	21.87	0.80
25-29	.0758	14.34	1.09	.0454	19.96	0.91	.0383	21.34	0.82
30-34	.0783	15.82	1.24	.0481	20.82	1.00	.0421	22.38	0.94
35-39	.0829	16.72	1.39	.0498	22.66	1.13	.0445	23.75	1.06
40-44	.0852	18.07	1.54	.0471	23.35	1.10	.0523	24.13	1.26
45-49	.0909	20.76	1.89	.0545	27.40	1.49	.0542	27.38	1.48
50-54	.0943	23.61	2.23	.0625	29.76	1.86	.0593	31.06	1.84
55-59	.1040	26.74	2.78	.0684	30.96	2.12	.0710	33.54	2.38
60-64	.1139	31.85	3.63	.0751	37.97	2.85	.0822	40.24	3.31
65-69	.1348	37.18	5.01	.0954	38.95	3.72	.0921	45.66	4.21
70-74	.1359	40.99	5.57	.1227	42.46	5.21	.1114	48.03	5.35
75-79	.1494	41.47	6.20	.1202	45.84	5.51	.1056	47.68	5.04
Female									
15-19	.1198	\$14.01	\$1.68	.0738	\$19.56	\$1.44	.0433	\$21.51	\$0.93
20-24	.0875	15.97	1.40	.0637	20.97	1.34	.0527	22.16	1.17
25-29	.0969	18.54	1.80	.0661	23.19	1.53	.0606	23.84	1.44
30-34	.1078	22.58	2.43	.0807	29.06	2.35	.0787	27.71	2.18
35-39	.1171	24.84	2.91	.0907	30.81	2.79	.0843	31.50	2.66
40-44	.1263	26.90	3.40	.0999	32.14	3.21	.0864	33.39	2.88
45-49	.1257	26.85	3.38	.0973	31.75	3.09	.0922	33.94	3.13
50-54	.1179	26.24	3.09	.0821	31.98	2.63	.0817	31.63	2.58
55-59	.1079	26.72	2.88	.0713	33.10	2.36	.0751	34.13	2.56
60-64	.1053	28.93	3.05	.0757	35.99	2.72	.0743	35.04	2.60
65-69	.1123	31.94	3.59	.0814	38.41	3.13	.0775	37.47	2.90
70-74	.1175	33.43	3.93	.0810	42.70	3.46	.0890	40.19	3.58
75-79	.1196	36.73	4.39	.0910	43.15	3.93	.0833	43.03	3.58
Child									
All ages	.0913	\$12.84	\$1.17	.0540	\$18.25	\$0.99	.0416	\$19.81	\$0.82

NOTE.—For policies with a deductible, average claim and claim cost reflect eligible expenses before application of the deductible; frequency involves only claims where the total eligible medical expenses exceed the policy deductible.

TABLE 18
 1966-70 (FIVE-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	No Deductible	\$25 Deductible	\$50 Deductible
Male						
15-19.....	100%	30%	30%	100%	167%	181%
20-24.....	100	57	47	100	136	162
25-29.....	100	58	48	100	142	154
30-34.....	100	59	52	100	137	147
35-39.....	100	57	51	100	139	147
40-44.....	100	58	58	100	134	138
45-49.....	100	61	58	100	134	135
50-54.....	100	65	61	100	131	134
55-59.....	100	70	66	100	120	128
60-64.....	100	71	71	100	125	126
65-69.....	100	73	69	100	111	125
70-74.....	100	91	76	100	110	122
75-79.....	100	83	74	100	116	122
Female						
15-19.....	100%	51%	43%	100%	139%	139%
20-24.....	100	69	57	100	135	141
25-29.....	100	66	61	100	130	134
30-34.....	100	74	71	100	129	127
35-39.....	100	75	69	100	125	129
40-44.....	100	77	68	100	120	125
45-49.....	100	78	72	100	117	127
50-54.....	100	71	68	100	124	122
55-59.....	100	69	69	100	129	131
60-64.....	100	74	70	100	128	125
65-69.....	100	79	71	100	122	122
70-74.....	100	77	74	100	133	125
75-79.....	100	79	75	100	124	124
Child						
All ages.....	100%	57%	44%	100%	146%	157%

NOTE.—For policies with a deductible, average claim reflects eligible expenses *before* the application of the deductible; frequency involves only claims where the total eligible medical expenses exceed the policy deductible.

DEDUCTIBLE AMOUNTS

Ten 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.

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. The single exception to this relation between corresponding frequencies in Table 19 and Table 2 (female, ages 70-74, \$25 deductible) is probably due to statistical fluctuation and heterogeneous data and also may be due to the fact that Table 2 is based on amounts of benefit while Table 19 is based on number of claims and lives exposed.

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

Nine companies contributed data on 61,260 claims to this section of the study, which covers experience under basic hospital-surgical policies that provide benefits for childbirth or miscarriage. The policies included in the experience covered pregnancy which commenced after thirty days from date of issue or maternities which occurred after ten months from date of issue. Maternity benefits provided by the policies varied considerably, as shown by the table at the top of page 193.

TABLE 19

1968-70 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
CLAIM FREQUENCY OF HOSPITAL AND SURGICAL EXPENSE POLICIES
WITH A DEDUCTIBLE

ATTAINED AGE	\$25 DEDUCTIBLE		\$50 DEDUCTIBLE		\$100 DEDUCTIBLE	
	Number of Claims	Claim Frequency	Number of Claims	Claim Frequency	Number of Claims	Claim Frequency
Male						
15-19.....	39	.056	95	.075	3	.027
20-24.....	944	.084	1,230	.060	64	.041
25-29.....	1,460	.077	1,824	.060	126	.045
30-34.....	1,216	.081	1,516	.065	85	.042
35-39.....	960	.087	1,291	.069	107	.058
40-44.....	1,033	.099	1,462	.080	114	.065
45-49.....	1,152	.114	1,538	.086	152	.083
50-54.....	1,386	.134	1,733	.104	188	.107
55-59.....	1,523	.149	1,795	.117	192	.114
60-64.....	1,347	.165	1,616	.142	142	.123
65-69.....	937	.192	840	.160	62	.133
70-74.....	855	.249	596	.190	45	.168
75-79.....	955	.277	555	.226	39	.277
Total....	13,807	.....	16,091	.....	1,319	.....
Female						
15-19.....	138	.128	137	.081	11	.083
20-24.....	1,652	.109	2,442	.087	145	.066
25-29.....	2,015	.111	2,769	.088	190	.070
30-34.....	1,727	.131	2,368	.109	171	.099
35-39.....	1,594	.147	2,339	.120	188	.111
40-44.....	1,898	.164	2,718	.131	213	.107
45-49.....	2,376	.168	3,229	.134	241	.108
50-54.....	2,571	.157	3,258	.126	343	.134
55-59.....	2,538	.149	2,930	.118	283	.101
60-64.....	2,368	.161	2,430	.126	176	.103
65-69.....	1,557	.171	1,255	.143	121	.142
70-74.....	1,327	.188	946	.163	81	.154
75-79.....	1,601	.239	997	.181	62	.187
Total....	23,362	.....	27,818	.....	2,225	.....
Child						
All ages....	9,827	.083	13,456	.055	872	.050

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

TABLE 20
 1968-70 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 AND LATER		ALL DURATIONS		1956 INTERCOMPANY HOSPITAL TABLE FREQUENCY
	Number of Claims	Frequency	Number of Claims	Frequency	Number of Claims	Frequency	Number of Claims	Frequency	Number of Claims	Frequency	Number of Claims	Frequency	
20-24.....	8,686	.282	6,494	.312	4,044	.293	2,490	.275	2,123	.257	23,837	.288	.285
25-29.....	5,291	.211	4,990	.249	3,842	.229	3,202	.225	6,566	.164	23,891	.206	.196
30-34.....	1,343	.108	1,277	.125	1,154	.124	1,023	.116	4,297	.084	9,094	.099	.117
35-39.....	449	.051	406	.056	343	.053	323	.053	1,837	.037	3,358	.043	.060
40-44.....	106	.013	118	.017	108	.017	77	.013	504	.009	913	.011	.016
45-49.....	24	.003	21	.003	14	.002	17	.003	91	.001	167	.002	.....
Total.....	15,899	.....	13,306	.....	9,505	.....	7,132	.....	15,418	.....	61,260	.....	.....

ANALYSIS OF DATA BY TYPE OF MATERNITY BENEFIT

Maternity Benefit Provided in Policy	No. Claims in Study (All Durations)
10 times daily hospital benefit.....	27,325
5 times combined daily hospital benefit of husband and wife..	24,856
8 times daily hospital benefit.....	3,407
Full hospital and surgical benefits.....	435
12 times daily hospital benefit after second policy year.....	2,133
6 times daily hospital benefit.....	1,242
Flat \$50.....	224
15 times daily hospital benefit after second policy year.....	1,389
10 times daily hospital benefit but not more than \$100.....	249
Total.....	61,260

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. The frequencies for all durations combined are close to those of the 1956 table. Frequencies of 1968-70 are slightly higher in the earlier ages than those reported for the 1966-67 experience.

As expected, claim frequencies on the maternity benefit are highest in the second policy year, after which they consistently decrease by duration. The lower claim frequencies for duration 1 as compared with duration 2 can be attributed to the initial waiting period of ten months following date of issue. On the assumption that issues are spread uniformly throughout the year, the effect of the ten-month waiting period on the frequencies for calendar-year duration 1 can be approximately offset by multiplying the frequencies shown by 1.53.

MAJOR MEDICAL EXPENSE BENEFITS

Twelve companies contributed data on 66,280 claims to this section of the study. The volume of claims is almost twice as large as that in the 1966-67 experience. Data were submitted in a format slightly different from that of the previous studies. 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, and 5 and later) for each combination of the following variables:

1. Calendar year of experience
2. Renewal provision (guaranteed renewable or cancellable)
3. Type (family or individual)
4. Coinsurance percentage
5. Deductible amount

6. Deductible type (fixed or variable)
7. Maximum benefit
8. Surgical schedule maximum
9. Hospital room and board limit
10. Intensive-care room and board limit
11. Period to satisfy deductible
12. Benefit period

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

Amounts paid on policies with coinsurance percentages other than 75 per cent were adjusted to the amount which would have been paid had the coinsurance percentage been 75 per cent 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 per cent coinsurance policies. This represents a change from the method used in previous studies to adjust amounts paid to a 75 per cent coinsurance basis. However, because of the characteristics of the policies included in the experience tables constructed, the effect of this change on the amounts paid as adjusted would be insignificant.

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.

The three years of experience provided a sufficient quantity of data so that useful experience tables could be constructed for seven categories:

1. \$500 fixed deductible, no room and board limit, and no surgical schedule maximum.
2. \$500 variable deductible, no room and board limit, and no surgical schedule maximum.
3. \$500 fixed deductible and \$25 room and board limit.
4. \$750 fixed deductible, no room and board limit, and no surgical schedule maximum.
5. \$750 variable deductible, no room and board limit, and no surgical schedule maximum.
6. \$1,000 fixed deductible, no room and board limit, and no surgical schedule maximum.
7. \$1,000 variable deductible, no room and board limit, and no surgical schedule maximum.

The data in categories 4-7 were very sparse, and this severely limits their value. The committee nevertheless decided that publication of this information was useful.

All data in these tables are 75 per cent coinsurance or were adjusted to a 75 per cent coinsurance basis. An analysis showed that experience on cancellable 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. Cancellable experience was a small percentage of the total experience, as noted in the table descriptions below.

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

This table was constructed on the same basis as the corresponding table in the 1966-67 experience study. The data included in the 1966-67 table were on a fixed deductible basis. 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 for information only and does not imply that any data have been excluded from this category.

About 94 per cent of the claims in this experience are on guaranteed renewable policies. Approximately 76 per cent of the claims in the data are on policies with a \$10,000 maximum benefit, while about 20 per cent are on policies with a \$7,500 maximum benefit, and the other 4 per cent are on policies with a \$5,000 maximum benefit.

The 1968-70 experience is compared with the 1966-67 experience (*1969 Reports*, pp. 114-15) and with the 1964-65 experience (*1967 Reports*, pp. 104-5). Claim costs have increased, on the average, about 69 per cent for males, 37 per cent for females, and 55 per cent for children since the previous (1966-67) study. Claim frequencies have shown larger increases than average claim sizes for all ages combined and are 36 per cent higher for males, 23 per cent higher for females, and 44 per cent higher for children, levels which are one-half to three-quarters of the increases shown for claim costs.

At ages under 50 male claim costs are generally less than female claim costs, with an exception to this rule in the age range 35-44. For ages above 49, male claim costs average 40 per cent higher than female claim costs.

A graduation of the crude claim costs shown in Table 21 is presented in Table 22.

TABLE 21
 1968-70 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
 MAJOR MEDICAL EXPENSE BENEFIT \$500 FIXED DEDUCTIBLE
 NO HOSPITAL ROOM AND BOARD LIMIT, 75 PER CENT 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 1966-67			RATIO TO 1964-65		
							Claim Frequency	Average Claim	Claim Cost	Claim Frequency	Average Claim	Claim Cost
Male												
15-19.....	19	0	\$ 0	.00000	\$ 0.00	\$ 0.00						
20-24.....	1,069	41	30,069	.03835	733.39	28.13	2.00	1.14	2.28	2.22	1.60	3.53
25-29.....	2,749	75	55,753	.02728	743.37	20.28	1.95	1.04	2.02	1.58	1.38	2.18
30-34.....	4,086	135	101,284	.03304	750.25	24.79	1.57	.98	1.54	1.90	1.54	2.91
35-39.....	5,842	245	237,832	.04194	970.74	40.71	1.61	1.36	2.18	1.93	1.29	2.49
40-44.....	8,377	409	524,154	.04882	1,281.55	62.57	1.37	1.62	2.23	1.57	1.80	2.83
45-49.....	9,536	557	567,090	.05841	1,018.11	59.47	1.34	1.19	1.59	1.57	1.06	1.67
50-54.....	10,090	725	911,329	.07185	1,257.01	90.32	1.19	1.24	1.47	1.41	1.37	1.93
55-59.....	11,039	1,191	1,598,044	.10789	1,341.77	144.76	1.43	1.26	1.79	1.68	1.24	2.08
60-64.....	11,541	1,395	2,056,163	.12087	1,473.95	178.16	1.19	1.28	1.53	1.41	1.34	1.90
65-69.....	6,911	1,074	1,479,684	.15540	1,377.73	214.11	1.28	1.18	1.51	1.47	1.21	1.77
70-74.....	5,310	966	1,384,012	.18192	1,432.72	260.64	1.24	1.11	1.37	1.39	1.17	1.62
75 and over.....	5,127	1,183	1,785,321	.23074	1,509.15	348.22	1.31	1.05	1.37	1.53	1.18	1.79
All ages.....	81,696	7,996	\$10,730,735	.09788	\$1,342.01	\$131.35	1.36	1.24	1.69	1.54	1.33	2.08

* 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 \times 0.75 \div Other factor).

NOTE 1. Average claim and claim cost reflect eligible expenses after application of the deductible, coinsurance factor, and the maximum benefit provision.

claim frequency involves only claims where the total eligible expenses exceed the deductible.

NOTE 2. Ratios for all ages are weighted averages of ratios for each age range; weight is number of lives exposed.

TABLE 21--Continued

ATTAINED AGE	NUMBER OF LIVES EXPOSED	NUMBER OF CLAIMS	AMOUNT PAID	CLAIM FREQUENCY	AVERAGE CLAIM	CLAIM COST	RATIO TO 1966-67			RATIO TO 1964-65		
							Claim Frequency	Average Claim	Claim Cost	Claim Frequency	Average Claim	Claim Cost
Female												
15-19.....	38	0	\$ 0	.00000	\$ 0.00	\$ 0.00						
20-24.....	1,025	34	29,851	.03317	877.97	29.12	1.40	1.27	1.77	1.73	1.35	2.34
25-29.....	3,099	126	102,206	.04066	811.16	32.98	1.65	.96	1.59	1.45	1.01	1.47
30-34.....	4,796	200	156,085	.04170	780.43	32.54	1.34	.90	1.20	1.32	1.20	1.59
35-39.....	6,768	300	251,623	.04433	838.74	37.18	1.17	.82	.96	1.22	1.18	1.43
40-44.....	9,345	524	491,753	.05607	938.46	52.62	1.08	1.14	1.22	1.34	1.23	1.65
45-49.....	10,954	778	842,252	.07102	1,082.59	76.89	1.19	1.28	1.52	1.39	1.33	1.84
50-54.....	12,693	992	1,062,187	.07815	1,070.75	83.68	1.28	1.17	1.50	1.26	1.25	1.57
55-59.....	16,296	1,495	1,876,730	.09174	1,255.34	115.17	1.20	1.21	1.45	1.48	1.30	1.93
60-64.....	19,321	1,887	2,365,139	.09767	1,253.39	122.41	1.28	1.19	1.52	1.59	1.39	2.21
65-69.....	13,776	1,508	1,826,659	.10947	1,211.31	132.60	1.20	1.08	1.29	1.32	1.26	1.66
70-74.....	10,790	1,507	2,075,000	.13967	1,376.91	192.31	1.25	1.14	1.42	1.56	1.37	2.14
75 and over.....	12,087	2,115	2,665,239	.17498	1,260.16	220.50	1.19	.97	1.16	1.29	.95	1.22
All ages.....	120,988	11,466	\$13,744,724	.09477	\$1,198.74	\$113.60	1.23	1.12	1.37	1.41	1.26	1.77
Child												
All ages.....	64,407	1,030	\$ 756,983	.01599	\$ 734.93	\$ 11.75	1.44	1.08	1.55	1.74	1.07	1.85

Table 23 compares the experience of durations 1 and 2 with that for durations 3 and later.

The variation in experience for each company which contributed data for Table 21 is indicated in Table 24. It should be noted that the contribution of Company E accounted for 100 per cent of the data for the \$10,000 maximum benefit. Also, the average adult attained age for durations 3 and later in the data contributed by Company E was 59.0, while for the other companies the average ranged from 44.1 to 48.8.

TABLE 22
1968-70 EXPERIENCE UNDER INDIVIDUALLY
UNDERWRITTEN POLICIES
MAJOR MEDICAL EXPENSE BENEFIT
\$500 FIXED DEDUCTIBLE
75 PER CENT COINSURANCE (ADJUSTED)*
NO HOSPITAL ROOM AND BOARD LIMIT
NO SURGICAL SCHEDULE MAXIMUM
GRADUATED CLAIM COSTS FOR
DURATIONS 3 AND LATER

Attained Age	Male	Claim Cost
20-24		\$ 20.94
25-29		21.82
30-34		27.83
35-39		41.27
40-44		56.17
45-49		64.41
50-54		93.61
55-59		139.97
60-64		177.56
65-69		215.73
70-74		268.40
75 and over		342.08
	Female	
20-24		\$ 29.61
25-29		32.36
30-34		32.59
35-39		37.46
40-44		53.00
45-49		75.88
50-54		84.88
55-59		114.34
60-64		122.26
65-69		134.21
70-74		190.53
75 and over		220.93
	Child	
All ages		\$ 11.75

* See footnotes to Table 21.

Table 25 shows the combined experience of durations 3 and later for plans with a \$500 "variable" deductible, no hospital room and board limit, and no surgical schedule maximum. "Variable" deductible means that the actual deductible for any claim is the greater of the stated deductible (\$500 in this case) or the actual benefits paid under other medical

TABLE 23
1968-70 EXPERIENCE UNDER INDIVIDUALLY
UNDERWRITTEN POLICIES
MAJOR MEDICAL EXPENSE BENEFIT
\$500 FIXED DEDUCTIBLE
75 PER CENT COINSURANCE (ADJUSTED)*
NO HOSPITAL ROOM AND BOARD LIMIT
NO SURGICAL SCHEDULE MAXIMUM
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	677	.58	.54	.31
	{2	518	.68	.68	.46
Female.....	{1	823	.58	.61	.35
	{2	751	.75	.73	.55
All adults....	{1	1,500	.58	.58	.33
	{2	1,269	.72	.71	.51
Children.....	{1	223	1.11	.70	.78
	{2	150	1.32	.84	1.10

* See footnotes to Table 21.

† Expected based on experience for durations 3 and later.

expense insurance covering the total loss. The table represents the experience of one company, about 66 per cent on policies with a \$10,000 maximum benefit, 26 per cent on policies with a \$15,000 maximum, and the rest on policies with a \$20,000 maximum. All of the data are guaranteed renewable.

In comparison to the fixed deductible experience in Table 21, the average claim sizes for all ages combined are comparable, but the claim frequencies and claim costs for males and females are less than half those for the fixed deductible benefit.

Table 26 compares the experience of durations 1 and 2 with that for durations 3 and later for the \$500 variable deductible.

Table 27 shows the combined experience of durations 3 and later for plans with \$500 fixed deductible, a \$25 room and board limit, and 75 per cent coinsurance (including adjusted data for plans with other coinsurance percentages). Some of these policies also incorporate surgical schedule limits.

About 45 per cent of the claims in this experience were on policies with a \$10,000 maximum benefit, while about 39 per cent represented a \$7,500

TABLE 24
1968-70 EXPERIENCE UNDER INDIVIDUALLY
UNDERWRITTEN POLICIES
MAJOR MEDICAL EXPENSE BENEFIT
\$500 FIXED DEDUCTIBLE
NO HOSPITAL ROOM AND BOARD LIMIT
NO SURGICAL SCHEDULE MAXIMUM
75 PER CENT COINSURANCE (ADJUSTED)*
DURATIONS 3 AND LATER
RATIOS OF ACTUAL TO EXPECTED EXPERIENCE
BY CONTRIBUTING COMPANY

SEX	COMPANY	ACTUAL NUMBER OF CLAIMS	RATIO OF ACTUAL TO EXPECTED†		
			Claim Frequency	Average Claim	Claim Cost
Male.....	(A)	710	.81	1.14	.93
	(B)	366	.74	.95	.70
	(C)	161	.72	1.13	.81
	(D)	414	.77	1.13	.87
	(E)	6,345	1.08	.97	1.05
Female.....	(A)	793	.90	1.12	1.01
	(B)	391	.76	1.00	.76
	(C)	184	.81	1.19	.96
	(D)	501	.89	1.15	1.02
	(E)	9,597	1.03	.98	1.01
All adults.....	(A)	1,503	.86	1.13	.97
	(B)	757	.75	.97	.73
	(C)	345	.77	1.15	.88
	(D)	915	.83	1.13	.94
	(E)	15,942	1.05	.98	1.03
Children.....	(A)	248	.97	1.10	1.07
	(B)	96	.65	.96	.63
	(C)	61	.79	.91	.73
	(D)	162	.96	1.01	.97
	(E)	463	1.21	.99	1.19

* See footnotes to Table 21.

† Expected based on experience of all companies combined.

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

TABLE 25

1968-70 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
 MAJOR MEDICAL EXPENSE BENEFIT--\$500 VARIABLE DEDUCTIBLE
 NO HOSPITAL ROOM AND BOARD LIMIT, 75 PER CENT COINSURANCE
 NO SURGICAL SCHEDULE MAXIMUM
 DURATIONS 3 AND LATER
 (Experience of One Company)

Attained Age	Number of Lives Exposed	Number of Claims	Amount Paid	Claim Frequency	Average Claim	Claim Cost
Male						
15-19.....	4	0	\$ 0	.00000	\$ 0.00	\$ 0.00
20-24.....	419	9	3,551	.02148	394.56	8.47
25-29.....	1,276	19	22,670	.01489	1,193.16	17.77
30-34.....	1,791	20	13,282	.01117	664.10	7.42
35-39.....	2,427	53	50,009	.02184	943.57	20.61
40-44.....	3,294	75	75,650	.02277	1,008.67	22.97
45-49.....	3,225	108	114,229	.03349	1,057.68	35.42
50-54.....	2,776	117	152,161	.04215	1,300.52	54.81
55-59.....	2,836	176	270,900	.06206	1,539.20	95.52
60-64.....	2,713	233	329,892	.08588	1,415.85	121.60
65-69.....	2,151	166	142,554	.07717	858.76	66.27
70-74.....	750	47	66,758	.06267	1,420.38	89.01
75 and over.....	0	0	0	.00000	0.00	0.00
All ages.....	23,662	1,023	\$1,241,655	.04323	\$1,213.74	\$ 52.47
Female						
15-19.....	3	0	\$ 0	.00000	\$ 0.00	\$ 0.00
20-24.....	609	14	10,150	.02299	725.00	16.67
25-29.....	1,795	45	32,686	.02507	726.36	18.21
30-34.....	2,394	69	52,595	.02882	762.25	21.97
35-39.....	2,864	89	66,121	.03108	742.93	23.09
40-44.....	3,503	152	153,838	.04339	1,012.09	43.92
45-49.....	3,577	165	170,948	.04613	1,036.05	47.79
50-54.....	3,418	178	192,266	.05208	1,080.15	56.25
55-59.....	3,829	227	436,106	.05928	1,921.17	113.90
60-64.....	3,865	254	329,670	.06572	1,297.91	85.30
65-69.....	2,709	145	144,358	.05353	995.57	53.29
70-74.....	763	32	52,118	.04194	1,628.69	68.31
75 and over.....	0	0	0	.00000	0.00	0.00
All ages.....	29,329	1,370	\$1,640,856	.04671	\$1,197.71	\$ 55.95
Child						
All ages.....	36,950	382	\$ 352,820	.01034	\$ 923.61	\$ 9.55

maximum benefit and 16 per cent corresponded to a \$12,500 maximum benefit. Guaranteed renewable policies account for 85 per cent of the claims. The 1968-70 experience is compared with the 1966-67 experience (*1969 Reports*, p. 119) and with the 1964-65 experience (*1967 Reports*, p. 109). The 1966-67 study did not include experience on cancellable policies, while the other two studies did. For both males and females,

TABLE 26
1968-70 EXPERIENCE UNDER INDIVIDUALLY
UNDERWRITTEN POLICIES
MAJOR MEDICAL EXPENSE BENEFIT
\$500 VARIABLE DEDUCTIBLE
75 PER CENT COINSURANCE
NO HOSPITAL ROOM AND BOARD LIMIT
NO SURGICAL SCHEDULE MAXIMUM
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	171	.59	.79	.46
	{2	138	.67	.88	.59
Female	{1	305	.86	.87	.74
	{2	263	1.02	.86	.88
All adults	{1	476	.74	.82	.60
	{2	401	.86	.86	.75
Children	{1	93	.83	.79	.66
	{2	64	.78	1.36	1.06

* Expected based on experience for durations 3 and later.

average claim sizes are down 3-6 per cent from those in the previous study. Both claim frequencies and claim costs have increased, for males 16-18 per cent and for females 4-10 per cent.

A graduation of crude claim costs shown in Table 27 is presented in Table 28. Table 29 compares the experience of durations 1 and 2 with that for durations 3 and later.

Variations in experience for each company which contributed data for Table 27 are shown in Table 30. The average adult age in this experience for each company ranged from 41.6 to 47.6.

Enough experience was submitted for policies with \$750 and \$1,000

TABLE 27
 1968-70 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
 MAJOR MEDICAL EXPENSE BENEFIT
 \$500 FIXED DEDUCTIBLE, \$25 HOSPITAL ROOM AND BOARD LIMIT, 75 PER CENT 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 1966-67†			RATIO TO 1964-65‡		
							Claim Frequency	Average Claim	Claim Cost	Claim Frequency	Average Claim	Claim Cost
Male												
15-19.....	21	1	\$ 720	.04762	\$ 720.00	\$ 34.29	.....	.....	.....	.....	.....	.....
20-24.....	1,423	41	21,228	.02881	517.76	14.92	1.35	1.04	1.41	5.05	3.95	19.89
25-29.....	4,650	93	55,915	.02000	601.24	12.02	.93	.57	.53	3.08	.91	2.80
30-34.....	7,203	150	94,368	.02082	629.12	13.10	1.33	1.29	1.72	.98	1.40	1.37
35-39.....	9,655	247	192,344	.02558	778.72	19.92	1.16	.87	1.00	.88	1.17	1.04
40-44.....	12,160	427	319,288	.03512	747.75	26.26	1.10	1.11	1.22	1.37	.84	1.15
45-49.....	11,917	499	358,946	.04187	719.33	30.12	1.21	.90	1.09	.93	.86	.81
50-54.....	10,304	560	533,137	.05435	952.03	51.74	1.08	.87	.94	1.28	.84	1.08
55-59.....	9,647	653	620,852	.06769	950.77	64.36	1.27	.88	1.11	1.03	.81	.84
60-64.....	6,613	608	686,580	.09194	1,129.24	103.82	1.18	.93	1.10	1.09	.90	.98
65-69.....	1,334	80	108,571	.05997	1,357.14	81.39	2.01	2.50	5.02	.57	.69	.39
70-74.....	59	5	10,584	.08475	2,116.80	179.39	.....	.....	.....	.....	.....	.....
75 and over....	2	0	0	.00000	0.00	0.00	.....	.....	.....	.....	.....	.....
All ages.....	74,988	3,364	\$3,002,533	.04486	\$ 892.55	\$ 40.04	1.16	.97	1.18	1.15	1.00	1.48

* See footnotes to Table 21.

† 1966-67 data contained experience on guaranteed renewable policies only.

‡ 1964-65 data contained experience on cancellable policies and on guaranteed renewable policies.

TABLE 27—Continued

ATTAINED AGE	NUMBER OF LIVES EXPOSED	NUMBER OF CLAIMS	AMOUNT PAID	CLAIM FREQUENCY	AVERAGE CLAIM	CLAIM COST	RATIO TO 1966-67†			RATIO TO 1964-65‡		
							Claim Frequency	Average Claim	Claim Cost	Claim Frequency	Average Claim	Claim Cost
Female												
15-19.....	27	0	\$ 0	.00000	\$ 0.00	\$ 0.00						
20-24.....	1,656	38	17,250	.02295	453.95	10.42	.61	1.11	.67	.80	.36	.29
25-29.....	5,836	179	103,180	.03067	576.42	17.68	1.22	1.58	1.94	1.08	1.31	1.42
30-34.....	8,297	288	188,579	.03471	654.79	22.73	1.22	.67	.82	1.06	1.32	1.39
35-39.....	10,665	426	283,962	.03994	666.58	26.63	.99	.85	.84	.96	.94	.90
40-44.....	12,628	607	445,320	.04807	733.64	35.26	1.15	.83	.96	.96	1.17	1.12
45-49.....	12,484	730	532,655	.05847	729.66	42.67	1.03	.88	.91	1.16	.99	1.15
50-54.....	11,431	712	656,425	.06229	921.95	57.42	1.06	1.14	1.21	1.09	1.03	1.12
55-59.....	10,575	720	749,595	.06809	1,041.10	70.88	1.09	.93	1.01	1.31	1.13	1.48
60-64.....	6,900	461	463,157	.06681	1,004.68	67.12	1.20	.78	.94	1.23	1.12	1.37
65-69.....	1,272	65	82,656	.05110	1,271.63	64.98	1.25	1.49	1.87	1.26	.64	.81
70-74.....	53	1	443	.01887	443.00	8.36						
75 and over.....	1	0	0	.00000	0.00	0.00						
All ages.....	81,825	4,227	\$3,523,222	.05166	\$ 883.50	\$ 43.06	1.10	.94	1.04	1.10	1.08	1.19
Child												
All ages.....	140,080	1,394	\$ 874,537	.00995	\$ 627.36	\$ 6.24	1.01	1.09	1.10	.99	1.08	1.06

† 1966-67 data contained experience on guaranteed renewable policies only.

‡ 1964-65 data contained experience on cancellable policies and on guaranteed renewable policies.

TABLE 28

1968-70 EXPERIENCE UNDER INDIVIDUALLY
 UNDERWRITTEN POLICIES
 MAJOR MEDICAL EXPENSE BENEFIT
 \$500 FIXED DEDUCTIBLE
 75 PER CENT COINSURANCE (ADJUSTED)*
 \$25 HOSPITAL ROOM AND BOARD LIMIT
 GRADUATED CLAIM COSTS FOR
 DURATIONS 3 AND LATER

Attained Age		Claim Cost
	Male	
20-24	.....	\$ 12.20
25-29	.....	12.26
30-34	.....	14.16
35-39	.....	19.21
40-44	.....	25.10
45-49	.....	32.72
50-54	.....	49.75
55-59	.....	69.07
60-64	.....	93.32
65-69	.....	103.52
	Female	
20-24	.....	\$ 11.43
25-29	.....	17.01
30-34	.....	22.11
35-39	.....	27.39
40-44	.....	34.93
45-49	.....	44.56
50-54	.....	57.22
55-59	.....	67.18
60-64	.....	69.33
65-69	.....	69.74
	Child	
All ages	.....	\$ 6.24

* See footnotes to Table 21.

fixed deductibles and \$750 and \$1,000 variable deductibles, no hospital room and board limit, and no surgical schedule maximum, so that Tables 31, 33, 35, and 37 could be constructed. Each of Tables 31, 33, and 37 represents the experience of one company. Table 35 represents the experience of two companies. All policies included in these tables have a 75 per cent coinsurance percentage, or amounts paid have been adjusted to a 75 per cent coinsurance basis. As in Tables 21, 25, and 27, the experi-

TABLE 29
1968-70 EXPERIENCE UNDER INDIVIDUALLY
UNDERWRITTEN POLICIES
MAJOR MEDICAL EXPENSE BENEFIT
\$500 FIXED DEDUCTIBLE
75 PER CENT COINSURANCE (ADJUSTED)*
\$25 HOSPITAL ROOM AND BOARD LIMIT
RATIOS OF ACTUAL TO EXPECTED EXPERIENCE
FOR DURATIONS 1 AND 2

SEX	DURATION	ACTUAL CLAIMS	RATIO OF ACTUAL TO EXPECTED†		
			Claim Frequency	Average Claim	Claim Cost
Male.....	1	342	.93	1.03	.95
	2	370	.91	.90	.82
Female.....	1	551	1.05	.81	.85
	2	641	1.08	.83	.90
All adults.....	1	893	1.00	.89	.89
	2	1,011	1.01	.85	.86
Children.....	1	252	1.07	.44	.47
	2	251	.94	.54	.51

* See footnotes to Table 21.

† Expected based on experience for durations 3 and later.

ence for durations 3 and later has been combined. All experience is on policies which are guaranteed renewable.

Table 32, 34, 36, and 38 compare for the \$750 and \$1,000 fixed and variable deductibles, respectively, the experience of durations 1 and 2 with that for durations 3 and later.

The scantiness of the data underlying these \$750 and \$1,000 deductible tables will severely limit their value. It must also be recognized that only one or two companies contributed to each table. The tables should, however, prove useful in comparison with each other or in demonstrating

TABLE 30
 1968-70 EXPERIENCE UNDER INDIVIDUALLY
 UNDERWRITTEN POLICIES
 MAJOR MEDICAL EXPENSE BENEFIT
 \$500 FIXED DEDUCTIBLE
 \$25 HOSPITAL ROOM AND BOARD LIMIT,
 75 PER CENT COINSURANCE (ADJUSTED)*
 DURATIONS 3 AND LATER
 RATIOS OF ACTUAL TO EXPECTED EXPERIENCE
 BY CONTRIBUTING COMPANY

SEX	COMPANY	ACTUAL NUMBER OF CLAIMS	RATIO OF ACTUAL TO EXPECTED†		
			Claim Frequency	Average Claim	Claim Cost
Male.....	{ A	1,071	1.03	1.01	1.04
	{ B	389	.92	1.16	1.07
	{ C	353	1.21	.98	1.19
	{ D	575	1.08	1.06	1.15
	{ E	48	.83	.89	.74
	{ F	524	.93	1.04	.97
	{ G	404	.89	.66	.59
Female.....	{ A	1,373	1.07	.96	1.02
	{ B	515	.92	1.19	1.10
	{ C	398	1.03	1.00	1.02
	{ D	591	.99	1.16	1.15
	{ E	70	1.08	1.11	1.20
	{ F	658	.91	1.09	.99
	{ G	622	1.02	.66	.67
All adults.....	{ A	2,444	1.05	.98	1.03
	{ B	904	.92	1.18	1.09
	{ C	751	1.11	.99	1.09
	{ D	1,166	1.03	1.11	1.15
	{ E	118	.96	1.01	.97
	{ F	1,182	.92	1.07	.98
	{ G	1,026	.97	.66	.64
Children.....	{ A	401	1.22	1.06	1.29
	{ B	174	1.19	.89	1.06
	{ C	159	1.47	.96	1.41
	{ D	172	1.24	1.06	1.31
	{ E	20	1.43	.76	1.09
	{ F	300	.59	1.19	.71
	{ G	168	1.12	.54	.60

* See footnotes to Table 21.

† Expected based on experience of all companies combined.

NOTE.—Company codes in this table do not correspond to those used in Table 24.

TABLE 31

1968-70 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
 MAJOR MEDICAL EXPENSE BENEFIT—\$750 FIXED DEDUCTIBLE
 NO HOSPITAL ROOM AND BOARD LIMIT, 75 PER CENT COINSURANCE
 NO SURGICAL SCHEDULE MAXIMUM
 DURATIONS 3 AND LATER
 (Experience of One Company)

Attained Age	Number of Lives Exposed	Number of Claims	Amount Paid	Claim Frequency	Average Claim	Claim Cost
Male						
15-19	1	0	\$ 0	.00000	\$ 0.00	\$ 0.00
20-24	51	0	0	.00000	0.00	0.00
25-29	149	10	6,695	.06711	669.50	44.93
30-34	112	1	75	.00893	75.00	0.67
35-39	162	7	5,782	.04321	826.00	25.69
40-44	205	7	3,592	.03415	513.14	17.52
45-49	263	8	11,660	.03042	1,457.50	44.32
50-54	265	16	17,866	.06038	1,116.63	67.42
55-59	440	36	59,932	.08182	1,664.78	136.21
60-64	638	51	60,097	.07994	1,178.37	94.20
65-69	536	52	79,308	.09701	1,525.15	147.96
70-74	415	46	76,605	.11084	1,665.33	184.59
75 and over	363	56	82,880	.15427	1,480.00	228.32
All ages	3,600	290	\$404,492	.08056	\$1,394.80	\$112.36
Female						
15-19	0	0	\$ 0	.00000	\$ 0.00	\$ 0.00
20-24	80	3	6,250	.03750	2,083.33	78.13
25-29	116	5	1,278	.04310	255.60	11.02
30-34	140	2	1,005	.01429	502.50	7.18
35-39	162	3	1,154	.01852	384.67	7.12
40-44	214	13	6,381	.06075	490.85	29.82
45-49	335	13	8,046	.03881	618.92	24.02
50-54	421	28	24,271	.06651	866.82	57.65
55-59	722	30	26,011	.04155	867.03	36.03
60-64	1,134	80	133,517	.07055	1,668.96	117.74
65-69	774	54	56,439	.06977	1,045.17	72.92
70-74	566	65	87,190	.11484	1,341.38	154.05
75 and over	723	102	149,508	.14108	1,465.76	206.79
All ages	5,387	398	\$501,050	.07388	\$1,258.92	\$ 93.01
Child						
All ages	1,652	22	\$ 11,807	.01332	\$ 536.68	\$ 7.15

TABLE 32
 1968-70 EXPERIENCE UNDER INDIVIDUALLY
 UNDERWRITTEN POLICIES
 MAJOR MEDICAL EXPENSE BENEFIT
 \$750 FIXED DEDUCTIBLE
 75 PER CENT COINSURANCE
 NO HOSPITAL ROOM AND BOARD LIMIT
 NO SURGICAL SCHEDULE MAXIMUM
 RATIOS OF ACTUAL TO EXPECTED EXPERIENCE
 FOR DURATIONS 1 AND 2
 (Experience of One Company)

SEX	DURATION	ACTUAL NUMBER OF CLAIMS	RATIO OF ACTUAL TO EXPECTED*		
			Claim Frequency	Average Claim	Claim Cost
Male.....	{1	30	.35	.33	.12
	{2	33	.64	.82	.52
Female.....	{1	41	.44	.53	.23
	{2	45	.76	.39	.29
All adults.....	{1	71	.40	.44	.17
	{2	78	.71	.58	.41
Children.....	{1	4	.36	1.95	.71
	{2	7	.99	3.75	3.72

* Expected based on experience for durations 3 and later.

TABLE 33

1968-70 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
 MAJOR MEDICAL EXPENSE BENEFIT—\$750 VARIABLE DEDUCTIBLE
 NO HOSPITAL ROOM AND BOARD LIMIT, 75 PER CENT COINSURANCE
 NO SURGICAL SCHEDULE MAXIMUM
 DURATIONS 3 AND LATER
 (Experience of One Company)

Attained Age	Number of Lives Exposed	Number of Claims	Amount Paid	Claim Frequency	Average Claim	Claim Cost
Male						
15-19	5	0	\$ 0	.00000	\$ 0.00	\$ 0.00
20-24	296	6	9,507	.02027	1,584.50	32.12
25-29	934	10	16,141	.01071	1,614.10	17.28
30-34	1,334	15	9,382	.01124	625.47	7.03
35-39	1,935	34	14,997	.01757	441.09	7.75
40-44	2,801	58	51,791	.02071	892.95	18.49
45-49	3,183	78	70,297	.02451	901.24	22.09
50-54	3,152	115	159,536	.03648	1,387.27	50.61
55-59	3,207	164	203,035	.05114	1,238.02	63.31
60-64	3,310	234	330,423	.07069	1,412.06	99.83
65-69	2,562	153	207,148	.05972	1,353.91	80.85
70-74	760	29	45,980	.03816	1,585.52	60.50
75 and over	0	0	0	.00000	0.00	0.00
All ages	23,479	896	\$1,118,237	.03816	\$1,248.03	\$ 47.63
Female						
15-19	8	1	\$ 1,773	.12500	\$1,773.00	\$221.63
20-24	399	6	2,456	.01504	409.33	6.16
25-29	1,373	19	11,867	.01384	624.58	8.64
30-34	1,856	35	30,957	.01886	884.49	16.68
35-39	2,418	48	44,726	.01985	931.79	18.50
40-44	3,326	107	84,244	.03217	787.33	25.33
45-49	3,633	138	185,036	.03799	1,340.84	50.93
50-54	3,700	151	156,720	.04081	1,037.88	42.36
55-59	4,082	186	321,261	.04557	1,727.21	78.70
60-64	4,087	205	282,783	.05016	1,379.43	69.19
65-69	2,530	110	87,966	.04348	799.69	34.77
70-74	599	19	25,680	.03172	1,351.58	42.87
75 and over	0	0	0	.00000	0.00	0.00
All ages	28,011	1,025	\$1,235,469	.03659	\$1,205.34	\$ 44.11
Child						
All ages	35,712	251	\$ 288,273	.00703	\$1,148.50	\$ 8.07

TABLE 34
 1968-70 EXPERIENCE UNDER INDIVIDUALLY
 UNDERWRITTEN POLICIES
 MAJOR MEDICAL EXPENSE BENEFIT
 \$750 VARIABLE DEDUCTIBLE
 75 PER CENT COINSURANCE
 NO HOSPITAL ROOM AND BOARD LIMIT
 NO SURGICAL SCHEDULE MAXIMUM
 RATIOS OF ACTUAL TO EXPECTED EXPERIENCE
 FOR DURATIONS 1 AND 2
 (Experience of One Company)

SEX	DURATION	ACTUAL NUMBER OF CLAIMS	RATIO OF ACTUAL TO EXPECTED*		
			Claim Frequency	Average Claim	Claim Cost
Male.....	{1	127	.62	.80	.50
	{2	125	.76	1.06	.81
Female.....	{1	198	.89	.69	.61
	{2	158	.88	.65	.58
All adults.....	{1	325	.76	.73	.56
	{2	283	.82	.84	.69
Children.....	{1	46	.79	.81	.63
	{2	46	.93	.59	.55

* Expected based on experience for durations 3 and later.

TABLE 35
 1968-70 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
 MAJOR MEDICAL EXPENSE BENEFIT—\$1,000 FIXED DEDUCTIBLE
 NO HOSPITAL ROOM AND BOARD LIMIT, 75 PER CENT COINSURANCE
 NO SURGICAL SCHEDULE MAXIMUM
 DURATIONS 3 AND LATER
 (Experience of Two Companies)

Attained Age	Number of Lives Exposed	Number of Claims	Amount Paid	Claim Frequency	Average Claim	Claim Cost
Male						
15-19	3	0	\$ 0	.00000	\$ 0.00	\$ 0.00
20-24	69	2	849	.02899	424.50	12.30
25-29	290	4	4,501	.01379	1,125.25	15.52
30-34	284	5	3,217	.01761	643.40	11.33
35-39	324	9	8,443	.02778	938.11	26.06
40-44	508	11	21,635	.02165	1,966.82	42.59
45-49	641	16	18,654	.02496	1,165.88	29.10
50-54	655	16	18,965	.02443	1,185.31	28.95
55-59	855	43	58,033	.05029	1,349.60	67.87
60-64	1,037	60	107,981	.05786	1,799.68	104.13
65-69	773	83	141,510	.10737	1,704.94	183.07
70-74	606	61	101,530	.10066	1,664.43	167.54
75 and over	598	84	135,261	.14047	1,610.25	226.19
All ages	6,643	394	\$620,579	.05931	\$1,575.07	\$ 93.42
Female						
15-19	4	0	\$ 0	.00000	\$ 0.00	\$ 0.00
20-24	148	2	282	.01351	141.00	1.91
25-29	296	5	1,776	.01689	355.20	6.00
30-34	304	8	6,304	.02632	788.00	20.74
35-39	371	11	15,951	.02965	1,450.09	42.99
40-44	574	17	13,967	.02962	821.59	24.33
45-49	725	22	26,126	.03034	1,187.55	36.04
50-54	865	27	49,130	.03121	1,819.63	56.80
55-59	1,189	64	89,346	.05383	1,396.03	75.14
60-64	1,576	94	124,708	.05964	1,326.68	79.13
65-69	1,060	65	80,625	.06132	1,240.38	76.06
70-74	811	52	68,192	.06412	1,311.38	84.08
75 and over	990	121	159,933	.12222	1,321.76	161.55
All ages	8,913	488	\$636,340	.05475	\$1,303.98	\$ 71.39
Child						
All ages	4,525	28	\$ 27,234	.00619	\$ 972.64	\$ 6.02

TABLE 36
 1968-70 EXPERIENCE UNDER INDIVIDUALLY
 UNDERWRITTEN POLICIES
 MAJOR MEDICAL EXPENSE BENEFIT
 \$1,000 FIXED DEDUCTIBLE
 75 PER CENT COINSURANCE
 NO HOSPITAL ROOM AND BOARD LIMIT
 NO SURGICAL SCHEDULE MAXIMUM
 RATIOS OF ACTUAL TO EXPECTED EXPERIENCE
 FOR DURATIONS 1 AND 2
 (Experience of Two Companies)

SEX	DURATION	ACTUAL NUMBER OF CLAIMS	RATIO OF ACTUAL TO EXPECTED*		
			Claim Frequency	Average Claim	Claim Cost
Male.....	{1	55	.36	.52	.19
	{2	35	.45	.56	.25
Female.....	{1	78	.48	.48	.23
	{2	58	.66	.78	.51
All adults.....	{1	133	.43	.50	.21
	{2	93	.56	.68	.38
Children.....	{1	16	1.37	1.05	1.43
	{2	11	1.66	.45	.74

* Expected based on experience for durations 3 and later.

TABLE 37

1968-70 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
 MAJOR MEDICAL EXPENSE BENEFIT- \$1,000 VARIABLE DEDUCTIBLE
 NO HOSPITAL ROOM AND BOARD LIMIT, 75 PER CENT COINSURANCE
 NO SURGICAL SCHEDULE MAXIMUM
 DURATIONS 3 AND LATER
 (Experience of One Company)

Attained Age	Number of Lives Exposed	Number of Claims	Amount Paid	Claim Frequency	Average Claim	Claim Cost
Male						
15-19	0	0	\$ 0	.00000	\$ 0.00	\$ 0.00
20-24	16	0	0	.00000	0.00	0.00
25-29	57	0	0	.00000	0.00	0.00
30-34	180	3	2,198	.01667	732.67	12.21
35-39	392	2	3,456	.00510	1,728.00	8.82
40-44	806	13	12,321	.01613	947.77	15.29
45-49	1,088	24	22,797	.02206	949.88	20.95
50-54	1,109	29	28,685	.02615	989.14	25.87
55-59	1,119	27	42,234	.02413	1,564.22	37.74
60-64	1,215	71	150,735	.05844	2,123.03	124.06
65-69	966	52	71,995	.05383	1,384.52	74.53
70-74	268	15	20,104	.05597	1,340.27	75.01
75 and over	0	0	0	.00000	0.00	0.00
All ages	7,216	236	\$354,525	.03271	\$1,502.22	\$ 49.13
Female						
15-19	1	0	\$ 0	.00000	\$ 0.00	\$ 0.00
20-24	21	0	0	.00000	0.00	0.00
25-29	142	2	2,592	.01408	1,296.00	18.25
30-34	328	7	4,672	.02134	667.43	14.24
35-39	654	14	10,468	.02141	747.71	16.01
40-44	1,041	25	25,487	.02402	1,019.48	24.48
45-49	1,147	37	60,546	.03226	1,636.38	52.79
50-54	1,153	28	59,894	.02428	2,139.07	51.95
55-59	1,115	35	77,825	.03139	2,223.57	69.80
60-64	1,021	46	175,811	.04505	3,821.98	172.19
65-69	513	11	40,628	.02144	3,693.45	79.20
70-74	111	3	6,236	.02703	2,078.67	56.18
75 and over	0	0	0	.00000	0.00	0.00
All ages	7,247	208	\$464,159	.02870	\$2,231.53	\$ 64.05
Child						
All ages	10,786	46	\$113,067	.00426	\$2,457.98	\$ 10.48

general variations in experience when they are compared with the \$500 deductible tables.

In addition to the experience tables, analyses in the form of actual-to-expected ratios were made for each of the following variables: fixed deductible (Table 39); variable deductible (Table 40); hospital room and board limit (Table 41); maximum benefit, fixed deductible (Table 42); maximum benefit, variable deductible (Table 43); and calendar year of experience (Table 44).

TABLE 38
1968-70 EXPERIENCE UNDER INDIVIDUALLY
UNDERWRITTEN POLICIES
MAJOR MEDICAL EXPENSE BENEFIT
\$750 VARIABLE DEDUCTIBLE
75 PER CENT COINSURANCE
NO HOSPITAL ROOM AND BOARD LIMIT
NO SURGICAL SCHEDULE MAXIMUM
RATIOS OF ACTUAL TO EXPECTED EXPERIENCE
FOR DURATIONS 1 AND 2
(Experience of One Company)

SEX	DURATION	ACTUAL NUMBER OF CLAIMS	RATIO OF ACTUAL TO EXPECTED*		
			Claim Frequency	Average Claim	Claim Cost
Male.....	{1	44	.77	.68	.53
	{2	34	.76	.76	.58
Female.....	{1	45	.88	.41	.36
	{2	33	.84	.72	.60
All adults.....	{1	89	.82	.53	.43
	{2	67	.80	.74	.59
Children.....	{1	12	.97	.29	.28
	{2	10	1.03	1.22	1.26

* Expected based on experience for durations 3 and later.

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 have probably also affected the relationships shown in Tables 39-44. Categories were chosen for these tables which would organize the data into meaningful homogeneous cells but which would not so divide the data as to introduce a large amount of statistical fluctuation. However, in interpreting these tables, the effects of statistical fluctuation must be considered.

TABLE 39
 1968-70 EXPERIENCE UNDER INDIVIDUALLY
 UNDERWRITTEN POLICIES
 MAJOR MEDICAL EXPENSE BENEFIT
 75 PER CENT COINSURANCE (ADJUSTED)*
 NO HOSPITAL ROOM AND BOARD LIMIT
 NO SURGICAL SCHEDULE MAXIMUM
 RATIOS OF ACTUAL TO EXPECTED EXPERIENCE
 ON POLICIES WITH FIXED DEDUCTIBLES OF
 \$300, \$750, AND \$1,000

SEX	DEDUCTIBLE	ACTUAL NUMBER OF CLAIMS	RATIO OF ACTUAL TO EXPECTED †		
			Claim Frequency	Average Claim	Claim Cost
Male.....	{ \$ 300	133	.99	.98	.97
	{ 750	353	.67	.03	.69
	{ 1,000	484	.51	1.18	.61
Female.....	{ 300	169	1.15	.89	1.02
	{ 750	484	.72	1.00	.72
	{ 1,000	624	.56	1.09	.61
All adults.....	{ 300	302	1.07	.93	1.00
	{ 750	837	.69	1.01	.70
	{ 1,000	1,108	.54	1.13	.61
Children.....	{ 300	68	1.84	.97	1.79
	{ 750	33	.61	1.50	.92
	{ 1,000	55	.42	1.37	.58

* See footnotes to Table 21.

† Expected based on experience on policies with \$500 fixed deductible.

TABLE 40
 1968-70 EXPERIENCE UNDER INDIVIDUALLY
 UNDERWRITTEN POLICIES
 MAJOR MEDICAL EXPENSE BENEFIT
 75 PER CENT COINSURANCE
 NO HOSPITAL ROOM AND BOARD LIMIT
 NO SURGICAL SCHEDULE MAXIMUM
 RATIOS OF ACTUAL TO EXPECTED EXPERIENCE
 ON POLICIES WITH VARIABLE DEDUCTIBLES OF
 \$250, \$750, AND \$1,000
 (Experience of One Company)

SEX	DEDUCTIBLE	ACTUAL NUMBER OF CLAIMS	RATIO OF ACTUAL TO EXPECTED*		
			Claim Frequency	Average Claim	Claim Cost
Male.....	{ \$ 250	939	1.66	1.16	1.93
	{ 750	1,148	.82	1.04	.85
	{ 1,000	314	.65	1.16	.76
Female.....	{ 250	1,671	1.58	1.01	1.59
	{ 750	1,380	.75	.94	.70
	{ 1,000	286	.56	1.64	.92
All adults.....	{ 250	2,610	1.61	1.06	1.71
	{ 750	2,528	.78	.98	.77
	{ 1,000	600	.61	.93	.56
Children.....	{ 250	962	2.72	.67	1.81
	{ 750	343	.69	1.13	.78
	{ 1,000	68	.44	2.39	1.05

* Expected based on experience on policies with \$500 variable deductible.

TABLE 41

1968-70 EXPERIENCE UNDER INDIVIDUALLY
 UNDERWRITTEN POLICIES
 MAJOR MEDICAL EXPENSE BENEFIT
 75 PER CENT COINSURANCE (ADJUSTED)*
 \$500 FIXED DEDUCTIBLE
 RATIOS OF ACTUAL TO EXPECTED EXPERIENCE
 ON POLICIES WITH HOSPITAL ROOM
 AND BOARD LIMITS OF \$25 AND \$30

SEX	HOSPITAL ROOM AND BOARD LIMIT	ACTUAL NUMBER OF CLAIMS	RATIO OF ACTUAL TO EXPECTED†		
			Claim Frequency	Average Claim	Claim Cost
Male.....	{ \$25	3,364	.67	.75	.50
	{ 30	1,275	.61	.90	.55
Female.....	{ 25	4,227	.76	.79	.60
	{ 30	2,014	.75	.84	.63
All adults.....	{ 25	7,591	.72	.77	.55
	{ 30	3,289	.69	.86	.59
Children.....	{ 25	1,394	.59	.93	.55
	{ 30	506	.53	.97	.51

* See footnotes to Table 21.

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

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

TABLE 42

1968-70 EXPERIENCE UNDER INDIVIDUALLY
 UNDERWRITTEN POLICIES
 MAJOR MEDICAL EXPENSE BENEFIT
 \$500 FIXED DEDUCTIBLE
 NO HOSPITAL ROOM AND BOARD LIMIT
 75 PER CENT COINSURANCE (ADJUSTED)*
 RATIOS OF ACTUAL TO EXPECTED EXPERIENCE
 ON POLICIES WITH MAXIMUM BENEFITS OF
 \$5,000, \$7,500, AND \$10,000

SEX	MAXIMUM BENEFIT	ACTUAL NUMBER OF CLAIMS	RATIO OF ACTUAL TO EXPECTED†		
			Claim Frequency	Average Claim	Claim Cost
Male.....	{ \$ 5,000	367	.97	.86	.83
	{ 7,500	1,615	.78	1.10	.86
	{ 10,000	7,209	1.07	.99	1.05
Female.....	{ 5,000	549	1.02	.86	.88
	{ 7,500	1,880	.88	1.11	.97
	{ 10,000	10,611	1.02	.99	1.01
All adults.....	{ 5,000	916	1.00	.86	.86
	{ 7,500	3,495	.83	1.10	.91
	{ 10,000	17,820	1.04	.99	1.03
Children.....	{ 5,000	73	1.07	.77	.83
	{ 7,500	546	.87	1.06	.92
	{ 10,000	784	1.11	1.00	1.11

* See footnotes to Table 21.

† Expected based on experience of all maximum benefits combined.

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

TABLE 43
1968-70 EXPERIENCE UNDER INDIVIDUALLY
UNDERWRITTEN POLICIES
MAJOR MEDICAL EXPENSE BENEFIT
\$500 VARIABLE DEDUCTIBLE
NO HOSPITAL ROOM AND BOARD LIMIT
75 PER CENT COINSURANCE
RATIOS OF ACTUAL TO EXPECTED EXPERIENCE
ON POLICIES WITH MAXIMUM BENEFITS OF
\$10,000, \$15,000, AND \$20,000
(Experience of One Company)

SEX	MAXIMUM BENEFIT	ACTUAL NUMBER OF CLAIMS	RATIO OF ACTUAL TO EXPECTED*		
			Claim Frequency	Average Claim	Claim Cost
Male.....	\$10,000	797	.96	.96	.92
	15,000	420	1.09	1.09	1.19
	20,000	115	.97	1.03	1.00
Female.....	10,000	1,281	.98	.97	.95
	15,000	494	1.00	.95	.95
	20,000	163	1.15	1.40	.61
All adults.....	10,000	2,078	.97	.96	.94
	15,000	914	1.04	1.02	1.06
	20,000	278	1.07	1.24	1.33
Children.....	10,000	322	.96	.88	.85
	15,000	170	1.06	1.27	1.35
	20,000	47	1.09	.84	.92

* Expected based on experience of all maximum benefits combined.

In Table 39 the experience for various fixed deductible amounts is compared. In general, claim costs decrease with increasing deductibles. For the \$750 and \$1,000 fixed deductible experience 93 per cent of the policies, and for the \$500 fixed deductible expected basis 76 per cent of the policies, had maximum benefits of \$10,000 or greater. The \$300 fixed deductible experience was all on policies of one company with a \$5,000 maximum benefit, and the policies were cancellable.

Table 40 makes the same comparisons as does Table 35 for the variable deductibles. All of this experience is contributed by one company (including the experience for the expected basis), and all of it is on policies having a maximum benefit of \$10,000 or greater. The average age for the \$250 variable deductible experience was 38.2. This corresponds to an average age of 48.1 for the \$750 and 50.1 for the \$1,000 variable deductibles.

TABLE 44
1969-70 EXPERIENCE UNDER INDIVIDUALLY
UNDERWRITTEN POLICIES
MAJOR MEDICAL EXPENSE BENEFIT
\$500 FIXED DEDUCTIBLE
75 PER CENT COINSURANCE (ADJUSTED)*
NO HOSPITAL ROOM AND BOARD LIMIT
NO SURGICAL SCHEDULE MAXIMUM
RATIOS OF ACTUAL TO EXPECTED EXPERIENCE
FOR YEARS OF EXPERIENCE 1969 AND 1970

SEX	YEAR OF EXPERIENCE	ACTUAL NUMBER OF CLAIMS	RATIO OF ACTUAL TO EXPECTED†		
			Claim Frequency	Average Claim	Claim Cost
Male.....	{1969	3,317	1.10	1.02	1.12
	{1970	2,662	1.87	.99	1.84
Female.....	{1969	4,620	1.04	1.06	1.11
	{1970	3,564	1.76	1.05	1.84
All adults..	{1969	7,937	1.07	1.04	1.11
	{1970	6,226	1.80	1.02	1.84
Children...	{1969	497	1.18	1.03	1.22
	{1970	484	2.05	.98	2.00

* See footnotes to Table 21.

† Expected based on experience in calendar year 1968.

Table 41 compares experience on policies with different hospital room and board limits. Increasing the limit from \$25 to \$30 has a small downward effect on the claim frequencies of about 1-10 per cent, while average claim size increases 6-20 per cent for adults. As in the previous study, claim frequencies appear to be considerably lower on policies containing hospital room and board limits than on policies with no such limit. Average claim sizes on policies with an inside limit for hospital room and board also appear to be significantly lower than on policies with no limit, in contrast to the results of the previous study. These effects are expected,

since it is more difficult to reach the deductible with the limit present, and the limit tends to reduce the average claim size, since not all the hospital charges would be eligible expenses.

Table 42 compares experience on policies with different maximum benefits and a \$500 fixed deductible. Average claims for the \$7,500 maximum benefit are considerably higher than those for the \$5,000 maximum benefit. The results for the \$10,000 maximum do not appear to be consistent with the other maximums; this was also the case in the previous study. It should be noted that all the data for the \$10,000 maximum were contributed by one company, and that company's policy forms specify a two-year benefit period which cannot be renewed by repeated satisfaction of the deductible unless a six-month period elapses in which the covered person incurs no expenses in connection with the disability that caused the original claim. One would not normally expect claim frequency to be affected by the maximum benefit. The results shown in Table 42 with respect to claim frequency probably result from variations in company experience or statistical fluctuation. The average adult age for policies with a \$10,000 maximum was 55.1, as compared with 47.1 for the \$7,500 maximum and 50.9 for the \$5,000 maximum benefit, and this would also be expected to influence the relative claim frequency.

In Table 43 maximum benefits are compared for policies with a \$500 variable deductible. This is, again, the experience of one company.

Experience during calendar years 1969 and 1970 on policies with a \$500 fixed deductible, no hospital room and board limit, and no surgical schedule maximum is compared in Table 44 with experience on the same policies during 1968. Adult claim costs in 1970 average 84 per cent higher than 1968 levels. Claim costs increased slightly in 1969. This large increase in claim costs results from a dramatic increase in claim frequency during 1970 to about 180 per cent of the 1968 level for adults. Again, the claim frequency ratios for 1969 show a slight increase over those for 1968. For children, claim frequency and claim cost have both doubled in 1970 over 1968 levels, while average claim size has remained relatively stable.