

**TRANSACTIONS OF SOCIETY OF ACTUARIES  
1982 REPORTS**

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

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#### SUMMARY OF EXPERIENCE UNDER INDIVIDUAL MEDICAL EXPENSE POLICIES, 1979-80

This report presents an analysis of morbidity experience under individual medical expense policies in force during the 1979 and 1980 calendar years. Results of data submitted by eight companies are presented for the following:

1. Hospital room and board benefit
2. Miscellaneous hospital expense benefit
3. Surgical expense benefit

4. Deductible amount
5. Maternity expense benefit
6. Major medical expense benefit

The mix of contributions to this experience study continues to change. This change has taken place in the number of contributing companies, the volume of the individual contributions, and the distribution of the business included in each contribution, e.g., by average duration or by size of benefits, to mention a few specific items. In addition, the volume of data contributed to these studies over the past several years has generally decreased. The current results should be viewed with caution, since data in several areas are sparse.

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This report presents an analysis of morbidity experience under individual medical expense policies during the two calendar years 1979 and 1980. The seven previous studies appear in the *1981, 1979, 1977, 1974, 1972, 1969, and 1967 Reports*. This report covers two years of experience, as did the previous reports.

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 that 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).

Care must be used in the analysis of experience over the age of 65 for all medical expense coverages, since the impact of the existence of medicare may cause discontinuities in experience trends by age.

#### CONTRIBUTING COMPANIES

The following eight companies contributed data to one or more sections of this report:

Continental Assurance Company  
John Hancock Mutual Life Insurance Company  
Metropolitan Life Insurance Company  
Mutual Life Insurance Company of New York  
New York Life Insurance Company  
Provident Mutual Life Insurance Company of Philadelphia  
Prudential Insurance Company of America  
Woodmen Accident and Life Company

#### HOSPITAL ROOM AND BOARD BENEFIT

Five companies contributed experience that was used in this section of the study. A distribution of claims by maximum benefit period is shown in the following table.

MAXIMUM DURATION OF DAILY HOSPITAL BENEFIT (DAYS)	DAILY HOSPITAL BENEFIT IN FORCE ON HOSPITALIZATION CLAIMS			
	No Deductible	\$25 Deductible	\$50 Deductible	\$100 Deductible
28.....	\$ 1,978	\$ 0	\$ 0	\$ 0
31.....	110,766	0	0	0
35.....	315,131	0	32,920	0
42.....	81,812	0	0	0
45.....	18,977	1,350	4,415	140
60.....	1,454	12,044	188	0
90.....	0	0	0	0
100.....	30,978	0	0	0
120.....	1,180,039	42,182	235,159	29,375
150.....	14,608	0	0	0
180.....	1,365	0	0	0
240.....	1,300	0	0	0
365.....	330,517	173,170	511,567	284,485
Total.....	\$2,088,925	\$228,746	\$784,249	\$314,000

The frequency of hospitalization is based on the combined experience for all maximum benefit periods and is defined as the amount of daily hospital benefit in force on hospitalization claims divided by the amount of daily hospital benefit exposed.

The average claim per \$1 of daily hospital benefit is defined as the amount paid for hospital room and board divided by the amount of daily hospital benefit in force on hospitalization claims. In order to include all data in Table 1 and to show the effect of limiting the length of the benefit period, data for maximum benefit periods of 28–45 days were adjusted to a 31-day period, those for 60–180 days to a 90-day period, and those for periods over 180 days to a 365-day period. Table 2 was derived by adjusting all maximum benefit periods to a 90-day period. The adjustments were made on the basis of the conversion tables shown on page 137 of *TSA, 1963 Reports*. Annual claim costs were obtained by multiplying the frequencies of hospitalization by the corresponding average amount of claims.

Table 1 shows, for policies with no deductible, the frequency of hospitalization, the average claim, and the average claim cost per \$1 of daily hospital benefit for adjusted maximum benefit periods of 31, 90, and 365 days. Contrary to what would be expected if the data were homogeneous, the claim costs for several age groups decrease as the adjusted maximum benefit period increases. In general, the claim costs for each adjusted maximum benefit period increase as the age increases. Claim costs for females

TABLE I  
 1979-80 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	.0124	\$10.83	\$11.44	\$ 9.71	\$ .134	\$ .142	\$ .400
20-24	.0412	5.75	7.34	7.90	.237	.302	.397
25-29	.0503	8.84	6.41	7.16	.445	.322	.365
30-34	.0510	5.63	7.44	8.90	.287	.379	.603
35-39	.0677	8.63	6.46	9.35	.584	.437	.724
40-44	.0774	7.96	7.30	8.69	.616	.565	.786
45-49	.0905	6.56	8.42	9.05	.594	.762	1.053
50-54	.1164	8.30	8.72	9.82	.966	1.015	1.359
55-59	.1384	9.14	8.93	10.55	1.265	1.236	1.407
60-64	.1334	9.80	9.61	11.45	1.307	1.282	2.486
65-69	.2171	11.33	11.44	11.58	2.460	2.484	4.543
70-74	.3923	11.04	12.38	3.00	4.331	4.857	1.163
75-79	.3876	12.00	12.79		4.651	4.957	
Female							
15-19	.0468		\$ 4.31	\$ 4.50		\$ .202	\$ .211
20-24	.0658	\$ 7.92	4.75	9.07	\$ .521	.313	.597
25-29	.1243	7.52	6.20	7.13	.935	.771	.886
30-34	.1519	6.51	6.59	7.88	.989	1.001	1.197
35-39	.1944	7.90	6.22	7.05	1.536	1.209	1.371
40-44	.1988	7.79	6.74	7.73	1.549	1.340	1.537
45-49	.2248	7.49	8.15	7.83	1.684	1.832	1.760
50-54	.2212	8.76	8.01	7.85	1.938	1.772	1.736
55-59	.2027	8.74	8.76	9.48	1.772	1.776	1.922
60-64	.1612	9.47	9.38	10.54	1.527	1.512	1.699
65-69	.2055	11.23	11.92	11.25	2.308	2.450	2.312
70-74	.3324	10.56	11.38	12.74	3.510	3.783	4.235
75-79	.3292	12.06	13.15	12.11	3.970	4.329	3.987
Child							
All ages	.1729	\$ 4.85	\$ 4.80	\$ 6.15	\$ .839	\$ .830	\$1.063

are lower than those for males above age 65. This crossover age is higher than shown in prior studies. Female claim costs are higher throughout for lower ages.

Table 2 shows data for an adjusted maximum benefit period of 90 days on policies with no deductible, a \$25 deductible, a \$50 deductible, and a \$100 deductible. If the data in Table 2 were completely homogeneous, the frequency of hospitalization would be expected to become smaller, the average claim larger, and the claim cost smaller as the amount of the deductible increases. These relationships are generally, but not always, true between the experience included under the \$25 deductible and \$50 deductible where

TABLE 2

1979-80 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			\$100 DEDUCTIBLE		
	Fre- quency	Average Claim	Claim Cost	Fre- quency	Average Claim	Claim Cost	Fre- quency	Average Claim	Claim Cost	Fre- quency	Average Claim	Claim Cost
Male												
15-19	.0124	\$11.82	\$ .147	.0000	.....	\$ .000	.0675	\$ 4.56	\$ .308	.0745	\$ 7.16	\$ .533
20-24	.0412	7.34	.302	.0718	\$ 8.48	.609	.0592	6.27	.371	.0580	5.40	.313
25-29	.0503	6.53	.328	.0717	6.59	.473	.0579	5.56	.322	.0476	6.54	.311
30-34	.0510	7.24	.369	.0718	6.10	.438	.0631	5.93	.374	.0552	6.54	.361
35-39	.0677	7.38	.500	.0797	5.71	.455	.0780	7.05	.550	.0660	7.25	.479
40-44	.0774	7.99	.618	.0985	6.78	.668	.0888	6.94	.616	.0916	10.17	.932
45-49	.0905	8.17	.739	.0978	8.20	.818	.0968	7.62	.738	.0978	7.59	.742
50-54	.1164	8.66	1.008	.1361	6.64	.904	.1228	8.09	.993	.1074	7.33	.787
55-59	.1384	9.11	1.261	.1574	8.70	1.369	.1420	7.98	1.133	.1216	6.92	.841
60-64	.1334	9.84	1.313	.2011	8.61	1.731	.1644	9.50	1.562	.1223	9.33	1.141
65-69	.2171	12.50	2.714	.2088	9.72	2.030	.2351	10.18	2.393	.1726	9.99	1.724
70-74	.3923	12.41	4.868	.2705	10.22	2.765	.3569	11.84	4.226	.2233	9.13	2.039
75-79	.3876	13.33	5.167	.3200	11.57	3.702	.3747	13.17	4.935	.1946	8.96	1.744
Female												
15-19	.0468	\$ 4.29	\$ .201	.0000	.....	\$ .000	.1682	\$ 3.26	\$ .548	.1142	\$ 2.47	\$ .282
20-24	.0658	4.77	.314	.1134	\$ 4.54	.515	.1081	4.23	.457	.1070	4.22	.452
25-29	.1243	6.28	.781	.1308	4.90	.641	.1139	4.93	.562	.1064	4.02	.428
30-34	.1519	6.70	1.018	.1387	5.24	.727	.1205	5.49	.662	.1041	4.31	.449
35-39	.1944	6.46	1.256	.1413	5.81	.821	.1303	5.90	.769	.1164	5.71	.665
40-44	.1988	7.02	1.396	.1536	6.04	.928	.1551	6.57	1.019	.1277	6.78	.866
45-49	.2248	7.98	1.794	.1602	7.19	1.152	.1616	7.13	1.152	.1565	6.15	.962
50-54	.2212	8.03	1.776	.1790	7.38	1.321	.1548	7.36	1.139	.1367	6.44	.880
55-59	.2027	8.86	1.796	.1641	8.03	1.318	.1443	8.60	1.241	.1230	7.97	.983
60-64	.1612	9.59	1.546	.1666	8.97	1.494	.1571	9.57	1.503	.1390	8.68	1.207
65-69	.2055	12.13	2.493	.1800	9.94	1.789	.2080	10.09	2.099	.1994	8.70	1.735
70-74	.3324	11.51	3.826	.2079	11.36	2.362	.3231	11.99	3.874	.1554	10.58	1.644
75-79	.3292	13.21	4.349	.2909	12.69	3.692	.3123	13.43	4.194	.2673	16.28	4.352
Child												
All ages	.1729	\$ 4.93	\$ .852	.0601	\$ 4.34	\$ .261	.0626	\$ 4.63	\$ .290	.0588	\$ 4.57	\$ .269



99 and 87 percent of the experience, respectively, were contributed by the same two companies. Results are mixed for male, female, and child experience. This probably reflects variation in individual company experience, since 98 percent of the no-deductible experience was contributed by two companies that had no experience in the \$25 deductible plans and little experience in the \$50 deductible plans.

TABLE 3

1979-80 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES  
COMPARISON WITH 1977-78 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	1979-80 INTERCOMPANY EXPERIENCE			RATIO OF 1979-80 EXPERIENCE TO 1977-78 EXPERIENCE			RATIO OF 1979-80 EXPERIENCE TO 1956 INTERCOMPANY TABLE		
	Fre-quency	Average Claim	Claim Cost	Fre-quency	Average Claim	Claim Cost	Fre-quency	Average Claim	Claim Cost
Male									
15-19	.0124	\$11.82	\$ .147	.06	\$1.53	\$ .09	.12	\$1.59	\$ .18
20-24	.0412	7.34	.302	.79	1.17	.93	.53	.97	.51
25-29	.0503	6.53	.328	.64	1.01	.64	.67	.87	.57
30-34	.0510	7.24	.369	.53	1.08	.58	.68	.91	.63
35-39	.0677	7.38	.500	.61	1.08	.66	.85	.83	.71
40-44	.0774	7.99	.618	.63	1.06	.67	.87	.81	.70
45-49	.0905	8.17	.739	.55	1.07	.58	.91	.73	.66
50-54	.1164	8.66	1.008	.59	1.04	.62	1.00	.71	.72
55-59	.1384	9.11	1.261	.62	1.03	.64	1.03	.73	.76
60-64	.1334	9.84	1.313	.59	1.03	.61	.86	.76	.66
65-69	.2171	12.50	2.714	1.06	.94	1.00	1.30	.90	1.18
70-74	.3923	12.41	4.868	1.10	1.03	1.13	2.27	.72	1.63
75-79	.3876	13.33	5.167	1.07	.96	1.04	2.20	.57	1.27
Female									
15-19	.0468	\$ 4.29	\$ .201	.28	\$ .67	\$ .19	.49	\$ .60	\$ .30
20-24	.0658	4.77	.314	1.12	.91	1.02	.66	.79	.43
25-29	.1243	6.28	.781	1.57	1.05	1.65	1.11	.81	.91
30-34	.1519	6.70	1.018	1.32	1.07	1.41	1.25	.81	1.02
35-39	.1944	6.46	1.256	1.38	1.01	1.39	1.49	.74	1.10
40-44	.1988	7.02	1.396	1.38	.93	1.29	1.44	.75	1.08
45-49	.2248	7.98	1.794	1.43	.89	1.27	1.54	.80	1.23
50-54	.2212	8.03	1.776	1.46	.97	1.41	1.45	.76	1.09
55-59	.2027	8.86	1.796	1.36	.93	1.26	1.28	.77	.98
60-64	.1612	9.59	1.546	.99	.92	.91	.99	.77	.76
65-69	.2055	12.13	2.493	1.11	.97	1.08	1.22	.88	1.08
70-74	.3324	11.51	3.826	1.07	.99	1.05	1.93	.67	1.28
75-79	.3292	13.21	4.349	1.08	.99	1.06	1.89	.56	1.06
Child									
All ages	.1729	\$ 4.93	\$ .852	1.34	\$1.02	\$1.37	Not applicable		

Table 3 compares the experience shown in Table 2 for policies with no deductible with the 1977-78 intercompany experience and with the 1956 Intercompany Hospital Table (this table was originally published in the 1957 *Proceedings of the National Association of Insurance Commissioners*, all values used in this study are also included in *TSA*, IX, 334). Average claim size increased for males and was about the same for females, although different trends did occur by age. Frequency decreased significantly for most ages for males, while it increased for females. The relative results for frequency by sex for 1977-78 appear to be inconsistent with the results for this study and for earlier studies. The primary cause of this apparent anomaly appears to be a significantly different percentage mix of contributions (relating to their distribution by age) by companies between study periods, magnified by a significantly different level of frequency experience between contributors. The difference in relative contributions by company exaggerates the increase in costs results below and above age 65 that are experienced by each individual company.

Ratios of the 1979-80 experience to the 1977-78 experience for all ages combined (based on the 1979-80 distribution of no-deductible exposures by age) are shown in the following tabulation.

	Frequency	Average Claim	Claim Cost
Male .....	67%	105%	70%
Female .....	122	97	118
Child .....	134	102	137

An analysis by duration was made of the 1979-80 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 no-deductible exposures by age) are shown in the following tabulation.

DURATION	MALES			FEMALES			CHILDREN		
	Frequency	Average Claim	Claim Cost	Frequency	Average Claim	Claim Cost	Frequency	Average Claim	Claim Cost
1 .....	52%	83%	43%	57%	62%	36%	76%	89%	67%
2 .....	53	72	38	53	74	39	77	107	83
3 and later .....	100	100	100	100	100	100	100	100	100
All .....	87%	94%	81%	91%	90%	82%	92%	98%	90%

Table 4 contains a graduation of the crude frequencies and average claims for policies with no deductible given in Table 3. Claim costs in Table 4 are derived as a product of these functions.

TABLE 4  
1979-80 EXPERIENCE UNDER INDIVIDUALLY  
UNDERWRITTEN POLICIES  
GRADUATED FREQUENCY OF HOSPITALIZATION,  
AVERAGE CLAIM, AND CLAIM COST PER \$1 OF  
DAILY HOSPITAL BENEFIT  
NO DEDUCTIBLE  
MAXIMUM BENEFIT PERIOD OF 90 DAYS

Attained Age	Frequency	Average Claim	Claim Cost
	Male		
15-19 .....	.0222	\$ 9.29	\$ .206
20-24 .....	.0408	7.41	.302
25-29 .....	.0497	6.64	.330
30-34 .....	.0526	7.10	.373
35-39 .....	.0666	7.43	.495
40-44 .....	.0774	7.93	.614
45-49 .....	.0919	8.20	.754
50-54 .....	.1158	8.63	.999
55-59 .....	.1334	9.09	1.213
60-64 .....	.1397	9.98	1.394
65-69 .....	.2223	12.27	2.728
70-74 .....	.3408	12.70	4.328
75-79 .....	.4011	13.32	5.343
	Female		
15-19 .....	.0288	\$ 4.28	\$ .123
20-24 .....	.0728	5.11	.372
25-29 .....	.1181	5.94	.702
30-34 .....	.1562	6.47	1.011
35-39 .....	.1878	6.76	1.270
40-44 .....	.2076	7.17	1.488
45-49 .....	.2189	7.69	1.683
50-54 .....	.2138	8.14	1.740
55-59 .....	.1943	8.86	1.721
60-64 .....	.1792	9.89	1.772
65-69 .....	.2118	11.32	2.398
70-74 .....	.2718	12.24	3.327
75-79 .....	.3306	13.19	4.361
	Child		
All ages .....	.1729	\$ 4.93	\$ .852

#### MISCELLANEOUS HOSPITAL EXPENSE BENEFIT

Six companies contributed to this study.

Table 5 shows the average amount of claim for a \$200 maximum benefit on policies with no deductible. Graduated average claims are also shown and are used as a basis of comparison in subsequent tables and analyses. Since most of the miscellaneous hospital expense during this period exceeds

TABLE 5  
 1979-80 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 1977-78
		Actual	Graduated	
Male				
20-24	4	\$158.25	\$163.92	0.977
25-29	13	199.08	186.09	1.070
30-34	54	190.72	196.30	1.044
35-39	112	197.28	199.05	1.091
40-44	106	195.98	197.94	1.027
45-49	122	192.43	195.65	0.988
50-54	159	196.83	193.93	1.036
55-59	372	197.59	193.61	0.997
60-64	421	196.83	194.59	1.011
65-69	334	192.31	195.87	0.975
70-74	343	192.89	195.51	0.975
75-79	454	192.90	190.64	0.973
All ages	2,395			
Female				
20-24	1	\$200.00	\$200.00	1.390
25-29	20	200.00	197.62	1.043
30-34	79	198.44	196.40	1.030
35-39	185	196.02	196.68	0.968
40-44	134	193.10	197.41	1.032
45-49	197	198.04	197.85	1.019
50-54	289	196.40	197.54	1.002
55-59	514	199.34	196.32	1.008
60-64	836	199.19	194.32	1.026
65-69	851	189.29	191.98	0.976
70-74	874	185.23	189.99	0.939
75-79	1,563	192.07	189.36	0.984
All ages	5,333			
Child				
All ages	231	\$185.16	\$185.16	1.097

\$200, the average claim is very close to \$200. The last column in this table shows the ratio of actual average claims to the corresponding averages for 1977-78. Table 5A shows the average amount of claim for both a \$300 and a \$600 maximum benefit on policies with no deductible. Graduated average claims are also shown.

TABLE 5A  
 1979-80 EXPERIENCE UNDER INDIVIDUALLY  
 UNDERWRITTEN POLICIES  
 GRADUATED FREQUENCY OF HOSPITALIZATION,  
 GRADUATED AVERAGE CLAIM, AND CLAIM COST  
 \$300 AND \$600 MAXIMUM MISCELLANEOUS  
 HOSPITAL EXPENSE BENEFIT  
 INPATIENT ONLY—NO DEDUCTIBLE

ATTAINED AGE	\$300 MAXIMUM BENEFIT			\$600 MAXIMUM BENEFIT		
	Number of Claims	Average Claim		Number of Claims	Average Claim	
		Actual	Graduated		Actual	Graduated
Male						
20-24 .....	8	\$269.50	\$264.50	68	\$419.96	\$413.13
25-29 .....	136	245.01	253.41	330	419.53	423.73
30-34 .....	247	271.56	266.81	287	438.24	433.53
35-39 .....	337	278.59	272.16	233	441.85	441.59
40-44 .....	254	262.85	271.75	205	450.46	447.89
45-49 .....	288	266.22	270.08	202	438.60	452.50
50-54 .....	414	271.85	269.48	320	456.09	454.53
55-59 .....	568	273.31	270.24	339	458.69	450.15
60-64 .....	662	268.37	272.95	346	431.50	436.14
65-69 .....	166	287.72	278.89	10	358.10	.....
70-74 .....	66	291.62	286.92	6	75.33	.....
75-79 .....	24	284.25	294.45	0	.....	.....
All ages .....	3,170	.....	.....	2,346	.....	.....
Female						
20-24 .....	13	\$287.31	\$275.27	70	\$431.80	\$427.35
25-29 .....	228	263.45	264.83	505	455.60	460.03
30-34 .....	584	275.84	275.38	547	481.94	479.24
35-39 .....	708	280.78	280.85	581	488.25	484.34
40-44 .....	585	285.02	281.86	523	482.33	477.94
45-49 .....	768	274.44	279.77	700	453.25	466.78
50-54 .....	1,206	278.39	276.81	1,034	465.85	458.09
55-59 .....	1,681	274.87	272.66	1,349	448.47	451.34
60-64 .....	2,202	266.78	269.03	1,764	449.61	448.93
65-69 .....	277	277.65	270.60	18	322.72	.....
70-74 .....	102	271.71	278.46	9	159.78	.....
75-79 .....	62	300.00	290.41	1	5.00	.....
All ages .....	8,416	.....	.....	7,101	.....	.....
Children						
All ages .....	1,287	\$260.78	\$260.78	2,898	\$420.84	\$420.84

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. Female claim costs are higher than those for males up to age group 60-64, with the reverse true for higher age groups.

TABLE 6  
 1979-80 EXPERIENCE UNDER INDIVIDUALLY  
 UNDERWRITTEN POLICIES  
 GRADUATED FREQUENCY OF HOSPITALIZATION,  
 GRADUATED AVERAGE CLAIM, AND CLAIM COST  
 \$200 MAXIMUM MISCELLANEOUS  
 HOSPITAL EXPENSE BENEFIT  
 INPATIENT ONLY—NO DEDUCTIBLE

ATTAINED AGE	Frequency*	Average Claim	Claim Cost
Male			
20-24	.0408	\$163.92	\$ 6.69
25-29	.0497	186.09	9.25
30-34	.0526	196.30	10.33
35-39	.0666	199.05	13.26
40-44	.0774	197.94	15.32
45-49	.0919	195.65	17.98
50-54	.1158	193.93	22.42
55-59	.1334	193.61	25.83
60-64	.1397	194.59	27.18
65-69	.2223	195.87	43.54
70-74	.3408	195.51	66.63
75-79	.4011	190.64	76.47
Female			
20-24	.0728	\$200.00	\$14.56
25-29	.1181	197.62	23.34
30-34	.1562	196.40	30.68
35-39	.1878	196.68	36.94
40-44	.2076	197.41	40.98
45-49	.2189	197.85	43.31
50-54	.2138	197.54	42.23
55-59	.1943	196.32	38.14
60-64	.1792	194.32	34.82
65-69	.2118	191.98	40.66
70-74	.2718	189.99	51.64
75-79	.3306	189.36	62.60
Child			
All ages	1729	\$185.16	\$32.01

\*Frequency is the same as in Table 4.

Table 6A shows the graduated frequencies of hospitalization, the graduated average claims, and the claim costs for both a \$300 maximum benefit and \$600 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 5A. The claim cost is the product of the frequencies and the average claim. Female claim costs are higher than those for males up to age group 60-64, with the reverse true for higher age groups.

TABLE 6A  
 1979-80 EXPERIENCE UNDER INDIVIDUALLY  
 UNDERWRITTEN POLICIES  
 GRADUATED FREQUENCY OF HOSPITALIZATION,  
 GRADUATED AVERAGE CLAIM, AND CLAIM COST  
 \$300 AND \$600 MAXIMUM MISCELLANEOUS  
 AVERAGE AMOUNT OF CLAIM  
 INPATIENT ONLY—NO DEDUCTIBLE

ATTAINED AGE	FREQUENCY*	\$300 BENEFIT		\$600 BENEFIT	
		Average Claim	Claim Cost	Average Claim	Claim Cost
Male					
20-24	.0408	\$264.50	\$ 10.79	\$413.13	\$ 16.86
25-29	.0497	253.41	12.59	423.73	21.06
30-34	.0526	266.81	14.03	433.53	22.80
35-39	.0666	272.16	18.13	441.59	29.41
40-44	.0774	271.75	21.03	447.89	34.67
45-49	.0919	270.08	24.82	452.50	41.58
50-54	.1158	269.48	31.21	454.53	52.63
55-59	.1334	270.24	36.05	450.15	60.05
60-64	.1397	272.95	38.13	436.14	60.93
65-69	.2223	278.89	62.00		
70-74	.3408	286.92	97.78		
75-79	.4011	294.45	118.10		
Female					
20-24	.0728	\$275.27	\$ 20.04	\$427.35	\$ 31.11
25-29	.1181	264.83	31.28	460.03	54.33
30-34	.1562	275.38	43.01	479.24	74.86
35-39	.1878	280.85	52.74	484.34	90.96
40-44	.2076	281.86	58.51	477.94	99.22
45-49	.2189	279.77	61.24	466.78	102.18
50-54	.2138	276.81	59.18	458.09	97.94
55-59	.1943	272.66	52.98	451.34	87.70
60-64	.1792	269.03	48.21	448.93	80.45
65-69	.2118	270.60	57.31		
70-74	.2718	278.46	75.69		
75-79	.3306	290.41	96.01		
Child					
All ages	.1729	\$260.78	\$ 45.09	\$420.84	\$ 72.76

\* Frequency is the same as in Table 4.

Table 7 shows a comparison of the actual 1979-80 experience for a \$200 maximum benefit, on policies with no deductible, with the 1956 Intercompany Hospital Table. The frequencies of hospitalization for the 1979-80 experience are the same as those shown in Table 3. The 1956 table does not show average claim amounts for a \$200 maximum benefit; as a result, the arithmetic mean of the values for a \$150 and a \$250 maximum benefit was used. Claim costs, as one would expect, are significantly higher than those for the 1956 table.

TABLE 7  
 1979-80 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES  
 COMPARISON WITH 1956 INTERCOMPANY HOSPITAL TABLE  
 \$200 MAXIMUM MISCELLANEOUS HOSPITAL EXPENSE BENEFIT  
 INPATIENT ONLY—NO DEDUCTIBLE

ATTAINED AGE	1979-80 INTERCOMPANY EXPERIENCE			1956 INTERCOMPANY TABLE			RATIO OF 1979-80 EXPERIENCE TO 1956 TABLE		
	Fre- quency*	Average Claim	Claim Cost	Fre- quency	Average Claim	Claim Cost	Fre- quency	Average Claim	Claim Cost
Male									
20-24	.0412	\$158.25	\$ 6.52	.0779	\$ 87.77	\$ 6.84	.53	1.80	.95
25-29	.0503	199.08	10.01	.0758	93.32	7.07	.67	2.13	1.43
30-34	.0510	190.72	9.73	.0747	98.87	7.39	.68	1.93	1.32
35-39	.0677	197.28	13.36	.0797	104.42	8.32	.85	1.89	1.61
40-44	.0774	195.98	15.15	.0889	109.97	9.78	.87	1.78	1.55
45-49	.0905	192.43	17.41	.1003	115.52	11.59	.91	1.67	1.52
50-54	.1164	196.83	22.91	.1150	121.07	13.92	1.00	1.63	1.63
55-59	.1384	197.59	27.35	.1339	126.62	16.95	1.03	1.56	1.61
60-64	.1334	196.83	26.26	.1536	132.17	20.30	.86	1.49	1.28
65-69	.2171	192.31	42.14	.1665	137.72	22.93	1.30	1.40	1.82
70-74	.3923	192.89	75.67	.1728	143.27	24.76	2.27	1.35	3.06
75-79	.3876	192.90	74.77	.1751	148.82	26.06	2.20	1.30	2.86
Female									
20-24	.0658	\$200.00	\$13.66	.0993	\$ 87.77	\$ 8.72	.66	2.28	1.57
25-29	.1243	200.00	24.86	.1116	93.32	10.41	1.11	2.14	2.39
30-34	.1519	198.44	30.14	.1215	98.87	12.01	1.25	2.01	2.51
35-39	.1944	196.02	38.11	.1306	104.42	13.64	1.49	1.88	2.79
40-44	.1988	193.10	38.39	.1385	109.97	15.23	1.44	1.76	2.52
45-49	.2248	198.04	44.52	.1455	115.52	16.81	1.54	1.71	2.63
50-54	.2212	196.40	43.44	.1519	121.07	18.39	1.45	1.62	2.35
55-59	.2027	199.34	40.41	.1577	126.62	19.97	1.28	1.57	2.01
60-64	.1612	199.19	32.11	.1630	132.17	21.54	.99	1.51	1.49
65-69	.2055	189.29	38.90	.1682	137.72	23.16	1.22	1.37	1.68
70-74	.3324	185.23	61.57	.1728	143.27	24.76	1.93	1.29	2.49
75-79	.3292	192.07	63.23	.1751	148.82	26.06	1.89	1.29	2.44

\* Frequency is the same as in Table 3.



TABLE 7A

1979-80 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES  
 COMPARISON WITH 1956 INTERCOMPANY HOSPITAL TABLE  
 \$300 MAXIMUM MISCELLANEOUS HOSPITAL EXPENSE BENEFIT  
 INPATIENT ONLY—NO DEDUCTIBLE

ATTAINED AGE	1979-80 INTERCOMPANY EXPERIENCE			1956 INTERCOMPANY TABLE			RATIO OF 1979-80 EXPERIENCE TO 1956 TABLE		
	Fre-quency*	Average Claim	Claim Cost	Fre-quency	Average Claim	Claim Cost	Fre-quency	Average Claim	Claim Cost
Male									
20-24	.0412	\$269.50	\$ 11.10	.0779	\$105.44	\$ 8.21	.53	2.56	1.35
25-29	.0503	245.01	12.32	.0758	112.10	8.50	.67	2.19	1.47
30-34	.0510	271.56	13.85	.0747	118.77	8.87	.68	2.29	1.56
35-39	.0677	278.59	18.86	.0797	125.44	10.00	.85	2.22	1.89
40-44	.0774	262.85	20.34	.0889	132.10	11.74	.87	1.99	1.73
45-49	.0905	266.22	24.09	.1003	138.77	13.99	.91	1.92	1.74
50-54	.1164	271.85	31.64	.1150	145.44	16.73	1.00	1.87	1.87
55-59	.1384	273.31	37.83	.1339	152.11	20.37	1.03	1.80	1.86
60-64	.1334	268.37	35.80	.1536	158.77	24.39	.86	1.69	1.45
65-69	.2171	287.72	62.46	.1665	165.44	27.55	1.30	1.74	2.26
70-74	.3923	291.62	114.40	.1728	172.11	29.74	2.27	1.69	3.85
75-79	.3876	284.25	110.18	.1751	178.77	31.30	2.20	1.59	3.50
Female									
20-24	.0658	\$287.31	\$ 18.90	.0993	\$105.44	\$10.47	.66	2.72	1.79
25-29	.1243	263.45	32.75	.1116	112.10	12.51	1.11	2.35	2.62
30-34	.1519	275.84	41.90	.1215	118.77	14.43	1.25	2.32	2.90
35-39	.1944	280.78	54.58	.1306	125.44	16.38	1.49	2.34	3.33
40-44	.1988	285.02	56.66	.1385	132.10	18.30	1.44	2.16	3.10
45-49	.2248	274.44	61.69	.1455	138.77	20.19	1.54	1.98	3.05
50-54	.2212	278.39	61.58	.1519	145.44	22.09	1.45	1.91	2.77
55-59	.2027	274.87	55.72	.1577	152.11	23.99	1.28	1.81	2.32
60-64	.1612	266.78	43.00	.1630	158.77	25.88	.99	1.68	1.66
65-69	.2055	277.65	57.06	.1682	165.44	27.83	1.22	1.68	2.05
70-74	.3324	271.71	90.32	.1728	172.11	29.74	1.93	1.58	3.04
75-79	.3292	300.00	98.76	.1751	178.77	31.30	1.89	1.68	2.85

\* Frequency is the same as in Table 3.

TABLE 7B

1979-80 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES  
 COMPARISON WITH 1956 INTERCOMPANY HOSPITAL TABLE  
 \$600 MAXIMUM MISCELLANEOUS HOSPITAL EXPENSE BENEFIT  
 INPATIENT ONLY—NO DEDUCTIBLE

ATTAINED AGE	1979-80 INTERCOMPANY EXPERIENCE			1956 INTERCOMPANY TABLE			RATIO OF 1979-80 EXPERIENCE TO 1956 TABLE		
	Fre- quency*	Average Claim	Claim Cost	Fre- quency	Average Claim	Claim Cost	Fre- quency*	Average Claim	Claim Cost
Male									
20-24 .....	.0412	\$419.96	\$ 17.30	.0779	\$128.00	\$ 9.97	.53	3.28	1.74
25-29 .....	.0503	419.53	21.10	.0758	136.09	10.32	.67	3.08	2.06
30-34 .....	.0510	438.24	22.35	.0747	144.19	10.77	.68	3.04	2.08
35-39 .....	.0677	441.85	29.91	.0797	152.28	12.14	.85	2.90	2.46
40-44 .....	.0774	450.46	34.87	.0889	160.37	14.26	.87	2.81	2.45
45-49 .....	.0905	438.60	39.69	.1003	168.47	16.90	.91	2.60	2.35
50-54 .....	.1164	456.09	53.09	.1150	176.56	20.30	1.00	2.58	2.58
55-59 .....	.1384	458.69	63.48	.1339	184.65	24.72	1.03	2.48	2.57
60-64 .....	.1334	431.50	57.56	.1536	192.75	29.61	.86	2.24	1.93
Female									
20-24 .....	.0658	\$431.80	\$ 28.28	.0993	\$128.00	\$12.71	.66	3.37	2.22
25-29 .....	.1243	455.60	56.63	.1116	136.09	15.19	1.11	3.35	3.73
30-34 .....	.1519	481.94	73.21	.1215	144.19	17.52	1.25	3.34	4.18
35-39 .....	.1944	488.25	94.92	.1306	152.28	19.89	1.49	3.21	4.77
40-44 .....	.1988	482.33	95.89	.1385	160.37	22.21	1.44	3.01	4.32
45-49 .....	.2248	453.25	101.89	.1455	168.47	24.51	1.54	2.69	4.14
50-54 .....	.2212	465.85	103.05	.1519	176.56	26.82	1.45	2.64	3.83
55-59 .....	.2027	448.47	90.90	.1577	184.65	29.12	1.28	2.43	3.11
60-64 .....	.1612	449.61	72.48	.1630	192.75	31.42	.99	2.33	2.31

\* Frequency is the same as in Table 3.

Tables 7A and 7B are similar to Table 7, except for policies with a \$300 and a \$600 maximum benefit, respectively. Values for the 1956 Intercompany Hospital Table were also developed by interpolation from the benefit amounts available.

Table 8 shows the relationship of average claims for other maximum benefit amounts (for which there were one thousand or more claims) to those for the \$200 maximum benefit amount. It also indicates the number of companies contributing to each cell.

TABLE 8  
1979-80 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			PERCENT FROM LARGEST CONTRIBUTOR	NUMBER OF CONTRIBUTORS WITH CLAIMS	RATIO OF ACTUAL TO TABULAR*		
	Male	Female	Child			Male	Female	Child
\$ 50 ...	1,704	3,348	0	98.9%	3	.256	.261	.....
60 ...	1,266	3,523	102	97.6	3	.337	.329	.335
75 ...	1,449	2,392	0	99.8	2	.384	.386	.....
90 ...	2,893	7,218	58	100.0	1	.497	.490	.468
100 ...	2,850	4,942	126	52.7	6	.515	.516	.527
120 ...	2,235	5,903	129	95.5	5	.648	.648	.612
150 ...	2,230	4,860	202	71.6	5	.768	.772	.663
160 ...	457	738	58	98.7	4	.819	.817	.875
200 ...	2,395	5,333	231	70.5	6	1.001	1.003	1.000
240 ...	1,647	2,289	315	95.8	5	1.196	1.202	1.231
250 ...	493	1,091	93	76.6	4	1.268	1.278	1.166
300 ...	3,170	8,416	1,287	78.8	5	1.390	1.400	1.408
320 ...	1,227	1,416	118	100.0	1	1.583	1.562	1.609
400 ...	1,086	1,679	211	77.6	4	1.906	1.900	1.745
500 ...	402	620	102	44.4	5	2.223	2.271	2.200
600 ...	2,346	7,101	2,898	91.3	4	2.274	2.341	2.273
1,000 ...	302	643	184	59.4	3	3.563	3.554	2.966
1,200 ...	500	828	275	67.1	3	4.136	3.959	3.073
2,000 ...	350	528	172	51.4	3	5.035	4.596	3.190

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

Table 9 indicates the range in the level of average claim experience (for the \$200 maximum benefit amount) among the contributing companies. Tables 9A and 9B similarly show the range in average claim experience for the \$300 and \$600 maximum benefit amounts, respectively, among the contributors.

**TABLE 9**  
**1979-80 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 .....	146	295	0	1.004	.998	.....
B .....	1,580	3,929	101	1.032	1.046	1.083
C .....	57	75	25	.829	.971	.624
D .....	217	553	56	.820	.704	1.031
E .....	5	12	1	1.022	1.039	1.080
F .....	390	469	48	1.000	1.006	.980
Total .....	2,395	5,333	231	1.001	1.003	1.000

NOTE.—Company codes in this table do not correspond to those used in other tables.

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

**TABLE 9A**  
**1979-80 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES**  
**MISCELLANEOUS HOSPITAL EXPENSE BENEFIT**  
**INPATIENT ONLY**  
**VARIATION IN AVERAGE CLAIM BY CONTRIBUTING COMPANY**  
**NO DEDUCTIBLE—\$300 MAXIMUM BENEFIT**

COMPANY	NUMBER OF CLAIMS			RATIO OF ACTUAL TO TABULAR*		
	Male	Female	Child	Male	Female	Child
A .....	651	1,189	0	1.069	1.050	.....
B .....	2,217	6,745	1,181	.979	.993	1.003
C .....	70	67	15	.872	.799	.543
D .....	205	392	87	1.047	1.055	1.041
E .....	27	23	4	1.103	1.039	.981
Total .....	3,170	8,416	1,287	1.000	1.000	1.000

NOTE. Company codes in this table do not correspond to those used in other tables.

\* Tabular based on graduated average amount of claim for \$300 maximum benefit shown in Table 5A.

**TABLE 9B**  
**1979-80 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES**  
**MISCELLANEOUS HOSPITAL EXPENSE BENEFIT**  
**INPATIENT ONLY**  
**VARIATION IN AVERAGE CLAIM BY CONTRIBUTING COMPANY**  
**NO DEDUCTIBLE—\$600 MAXIMUM BENEFIT**

COMPANY	NUMBER OF CLAIMS			RATIO OF ACTUAL TO TABULAR*		
	Male	Female	Child	Male	Female	Child
A .....	34	57	13	1.105	1.079	1.039
B .....	2,000	6,507	2,759	.975	.987	.997
C .....	308	535	125	1.187	1.178	1.054
D .....	4	2	1	.895	1.139	1.255
Total .....	2,346	7,101	2,898	1.000	1.000	1.000

NOTE.—Company codes in this table do not correspond to those used in other tables.

\* Tabular based on graduated average amount of claim for \$600 maximum benefit shown in Table 5A.

Table 10 displays the relationship of average claims for other maximum benefit amounts to those for the \$200 maximum benefit amount for one company for reference purposes; this experience is included in Table 8.

TABLE 10  
1979-80 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES  
MISCELLANEOUS HOSPITAL EXPENSE BENEFIT  
INPATIENT ONLY  
VARIATION IN AVERAGE CLAIM BY MAXIMUM BENEFIT AMOUNT  
NO DEDUCTIBLE  
(Experience of One Company)

MAXIMUM BENEFIT AMOUNT	NUMBER OF CLAIMS			GRADUATED RATIO OF ACTUAL TO TABULAR*		
	Male	Female	Child	Male	Female	Child
\$ 60 .....	1,248	3,503	22	.338	.330	.348
90 .....	2,893	7,218	58	.497	.490	.468
100 .....	796	1,843	31	.532	.533	.541
120 .....	2,134	5,721	39	.653	.651	.631
150 .....	1,501	3,649	72	.793	.793	.804
160 .....	456	736	45	.820	.817	.900
180 .....	5	18	0	1.530	1.022	.....
200 .....	1,580	3,929	101	1.032	1.046	1.083
240 .....	1,621	2,248	203	1.196	1.205	1.258
250 .....	391	879	15	1.304	1.294	1.293
300 .....	2,217	6,745	1,181	1.363	1.391	1.412
320 .....	1,227	1,416	118	1.583	1.562	1.609
400 .....	890	1,302	117	1.933	1.931	1.884
480 .....	41	39	6	2.297	2.249	2.338
500 .....	182	252	17	2.332	2.353	2.488
600 .....	2,000	6,507	2,759	2.218	2.311	2.667

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

Table 11 presents the experience of one company and shows the variation in average claim by maximum benefit and deductible amount.

TABLE 11  
 1979-80 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES  
 MISCELLANEOUS HOSPITAL EXPENSE BENEFIT  
 INPATIENT ONLY  
 VARIATION IN AVERAGE CLAIM BY MAXIMUM  
 BENEFIT AMOUNT, DEDUCTIBLE, AND AGE  
 (Experience of One Company)

ATTAINED AGE	RATIO OF ACTUAL TO TABULAR*													
	Maximum Benefit Amount													
	\$90		\$120		\$150		\$200		\$240		\$300	\$320		\$600
	Deductible		Deductible		Deductible		Deductible		Deductible		Deductible	Deductible		Deductible
	\$0	\$50	\$0	\$50	\$0	\$50	\$0	\$50	\$0	\$50	\$0	\$0	\$50	\$0
20-24														2.349
25-29											1.138			2.190
30-34					.764		.933				1.352			2.178
35-39	.504		.589		.736		.974		1.176		1.392	1.594		2.149
40-44	.463		.661		.777		1.009		1.150	1.150	1.290	1.541	1.617	2.186
45-49	.480		.656		.798		1.024		1.172	1.224	1.325	1.627	1.637	2.165
50-54	.475	.512	.622		.773	.773	1.039	1.006	1.222	1.173	1.363	1.564	1.650	2.285
55-59	.464	.520	.642	.620	.795	.776	1.049	1.033	1.211	1.240	1.381	1.599	1.621	2.317
60-64	.493	.522	.635	.661	.790	.760	1.018	1.005	1.219	1.242	1.334	1.586	1.519	2.187
65-69	.561	.559	.743	.790	.815	.764	1.028	1.051			1.505			
70-74	.467	.477	.632	.629	.782	.778	1.023	1.156			1.530			
75-79	.486	.482	.636	.640	.796	.805	1.059	1.049			1.491			
All ages	.497	.502	.654	.677	.794	.782	1.032	1.055	1.196	1.223	1.362	1.583	1.608	2.217

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

TABLE 11 — (Continued)

ATTAINED AGE	RATIO OF ACTUAL TO TABULAR*													
	Maximum Benefit Amount													
	\$90		\$120		\$150		\$200		\$240		\$300	\$320		\$600
	Deductible		Deductible		Deductible		Deductible		Deductible		Deductible	Deductible		Deductible
	\$0	\$50	\$0	\$50	\$0	\$50	\$0	\$50	\$0	\$50	\$0	\$0	\$50	\$0
	Female													
20-24 .....														2.039
25-29 .....											1.319			2.304
30-34 .....					.836		1.030				1.392			2.413
35-39 .....	.458		.632		.763		.992		1.183	1.103	1.421	1.556	1.464	2.476
40-44 .....	.456		.607		.747	.760	1.016		1.200	1.216	1.449	1.594	1.602	2.401
45-49 .....	.463		.608		.777	.758	1.017		1.193	1.161	1.366	1.523	1.617	2.239
50-54 .....	.457	.453	.611		.759	.759	1.003	1.012	1.204	1.179	1.399	1.549	1.539	2.324
55-59 .....	.467	.497	.641	.655	.770	.773	1.028	1.019	1.201	1.215	1.383	1.559	1.583	2.260
60-64 .....	.472	.463	.634	.692	.774	.810	1.043	1.039	1.223	1.222	1.350	1.576	1.580	2.272
65-69 .....	.541	.615	.727	.802	.822	.803	1.055	1.039			1.522			
70-74 .....	.489	.480	.631	.632	.791	.813	1.054	1.050			1.512			
75-79 .....	.483	.479	.644	.640	.799	.786	1.057	1.035			1.587			
All ages....	.490	.500	.651	.678	.793	.788	1.046	1.036	1.206	1.200	1.390	1.562	1.574	2.311
	Child													
All ages....	.468		.631		.804	.841	1.083		1.258	1.246	1.412	1.609	1.549	2.267

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

Table 12 compares the combined inpatient and outpatient experience of several companies that include an outpatient benefit with their corresponding experience limited to the inpatient benefits only. Comparisons are shown for \$100, \$200, \$300, and \$600 maximum benefit amounts.

Table 13 shows the ratios of the average claim on all claims to the average claim on inpatient-only claims for one company with an outpatient benefit.

TABLE 12  
1979-80 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES  
MISCELLANEOUS HOSPITAL EXPENSE BENEFIT  
VARIATION IN AVERAGE CLAIM  
WITH AND WITHOUT OUTPATIENT BENEFIT  
NO DEDUCTIBLE

COMPANY	NUMBER OF CLAIMS INPATIENT AND OUTPATIENT			PERCENTAGE OF CLAIMS THAT 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	1,819	2,831	88	10.6%	11.6%	52.3%	.970	.967	.774
B	872	2,055	54	8.7	10.5	42.6	.984	.977	.854
C	63	99	26	0.0	0.0	0.0	1.000	1.000	1.000
D	43	79	22	37.2	17.7	36.4	.916	.963	.920
E	7	10	0	14.3	10.0	.....	1.000	1.000	.....
F	334	429	13	.9	.7	0.0	.997	1.000	1.000
Total	3,138	5,503	213	9.2%	10.2%	37.9%	.970	.980	.856
\$200 Maximum Benefit									
A	181	355	0	19.3%	16.9%	.....	.885	.915	.....
B	1,824	4,438	240	13.4	11.5	57.9%	.933	.947	.650
C	57	75	25	0.0	0.0	0.0	1.000	1.000	1.000
D	259	652	133	16.2	15.2	57.9	.942	.955	.651
E	5	12	2	0.0	0.0	50.0	1.000	1.000	.587
F	401	478	48	2.7	1.9	0.0	.991	.993	1.000
Total	2,727	6,010	448	12.2%	11.3%	48.4%	.938	.948	.719
\$300 Maximum Benefit									
A	868	1,479	0	25.0%	19.6%	.....	.824	.873	.....
B	3,198	9,710	3,264	30.7	30.5	63.8%	.765	.760	.520
C	70	67	15	0.0	0.0	0.0	1.000	1.000	1.000
D	266	513	215	22.9	23.6	59.5	.847	.857	.590
E	30	24	10	10.0	4.2	60.0	.913	.972	.569
Total	4,432	11,793	3,504	28.5%	28.6%	63.3%	.786	.781	.527
\$600 Maximum Benefit									
A	63	108	34	46.0%	47.2%	61.8%	.628	.598	.519
B	3,734	11,166	8,893	46.4	41.7	69.0	.601	.646	3.643
C	486	738	334	36.6	27.5	62.6	.708	.796	.510
D	5	2	4	20.0	.0	75.0	.826	1.000	.321
Total	4,288	12,014	9,265	45.3%	40.9%	68.7%	.613	.656	3.514

NOTE—Company codes in this table do not correspond to those used in other tables.



TABLE 13  
 1979-80 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES  
 MISCELLANEOUS HOSPITAL EXPENSE BENEFIT  
 VARIATION IN AVERAGE CLAIM  
 WITH AND WITHOUT OUTPATIENT BENEFIT  
 BY MAXIMUM BENEFIT AMOUNT, DEDUCTIBLE, AND AGE  
 (Experience of One Company)

ATTAINED AGE	RATIO OF AVERAGE CLAIM ON ALL CLAIMS TO AVERAGE CLAIM ON INPATIENT-ONLY CLAIMS													
	\$0 Deductible Maximum Benefit Amount							\$50 Deductible Maximum Benefit Amount						
	\$90	\$120	\$150	\$200	\$240	\$300	\$320	\$600	\$90	\$120	\$150	\$200	\$240	\$320
	Male													
20-24								.463						
25-29						.605		.517						
30-34			.841	.828		.604		.546						
35-39	.958	.913	.812	.821	.894	.702	.860	.564						
40-44	.967	.926	.919	.796	.855	.704	.846	.577					.898	.988
45-49	.921	.931	.956	.959	.881	.768	.878	.636					.977	.842
50-54	.982	.951	.882	.838	.894	.785	.887	.671	.994		1.009	1.000	.966	.974
55-59	.963	.976	.953	.913	.925	.828	.918	.696	.989	.937	.998	.970	.959	.992
60-64	.967	.962	.943	.938	.947	.817	.929	.686	.996	.972	.986	.968	.967	.935
65-69	.973	.985	.961	.952		.955			.975	.974	.986	.963		
70-74	.990	.989	.966	.971		.918			.996	.994	.987	.954		
75-79	.989	.996	.971	.970		.967			.995	.989	.989	.986		

TABLE 13 — (Continued)

ATTAINED AGE	RATIO OF AVERAGE CLAIM ON ALL CLAIMS TO AVERAGE CLAIM ON INPATIENT ONLY CLAIMS													
	\$0 Deductible Maximum Benefit Amount							\$50 Deductible Maximum Benefit Amount						
	\$90	\$120	\$150	\$200	\$240	\$300	\$320	\$600	\$90	\$120	\$150	\$200	\$240	\$320
	Female													
20-24 .....						.732		.539						
25-29 .....							.616							
30-34 .....			.908	.865		.747		.599						
35-39 .....	.988	.941	.932	.901	.877	.768	.895	.619					.947	1.000
40-44 .....	.994	.931	.938	.857	.909	.754	.887	.651			.997		1.000	.924
45-49 .....	.970	.935	.928	.894	.911	.771	.901	.642			.976		.959	.997
50-54 .....	.986	.948	.946	.909	.918	.748	.883	.655	1.001		.954	1.000	.997	.916
55-59 .....	.978	.959	.944	.939	.907	.751	.896	.646	1.000	.980	.970	.980	.962	.986
60-64 .....	.978	.951	.956	.940	.930	.746	.909	.681	.989	.991	.968	.888	.987	.983
65-69 .....	.982	.968	.966	.942		.940			.995	.991	.973	.979		
70-74 .....	.988	.979	.964	.957		.939			1.009	.993	.950	.969		
75-79 .....	.987	.981	.970	.970		.968			.990	1.006	.971	.990		
	Child													
All ages .....	.891	.860	.723	.650	.679	.520	.622	3.643			.905		.903	.829

## SURGICAL EXPENSE BENEFIT

Five companies contributed experience to this section of the study. The distribution of claims by amount of deductible was as follows:

Deductible	Amount Paid (000,000)	Percentage Distribution
None .....	\$12.4	59%
\$ 25 .....	1.5	7
50 .....	5.1	24
100 .....	2.2	10
Total .....	\$21.2	100%

A description of the data used, methods of calculation, and techniques used in standardizing the heterogeneous surgical schedules was presented with the 1960-61 study (*TSA, 1963 Reports*, pp. 150-60).

Table 15 shows ungraduated frequencies, average claims, and claim costs per \$100 of maximum surgical benefits for no-deductible policies. Also shown in that table is a comparison with similar data previously published for the 1977-78 experience and the 1956 Intercompany Surgical Table adjusted to a standardized basis.

For no-deductible policies, the claim costs for adults of all ages showed an increase of 5 percent for the 1979-80 experience over the 1977-78 experience. The 1977-78 period had shown a 9 percent increase over the 1975-76 experience period. Claims costs for males decreased significantly for ages between age 25 and age 65, while those for females increased. For children, the 1979-80 experience showed an increase of 35 percent in claim costs as compared to the 1977-78 experience. The 1977-78 period had shown a 13 percent decrease over the 1975-76 experience period.

The apparent anomaly in the results for the experience in this study compared with those for the 1977-78 experience appears, as in the hospital study, to be caused by shifts in the mix of contributions between companies and differences in levels of experience between studies. The 1979-80 study appears more consistent with prior studies. The significant decrease in costs below age 65 and the increase above age 65 for males also appear to be caused by differences in contributions by company between these age groups. Examining the experience of individual companies does not show the differences to be as significant.

A graduation of the crude 1979-80 experience is presented in Table 16. In Table 17 ungraduated data are shown for policies with a deductible. One company accounted for about 60, 59, and 89 percent of the paid claims for the \$25, \$50, and \$100 deductible experience, respectively. A comparison

TABLE 15  
 1979-80 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES  
 COMPARISON WITH 1977-78 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	1979-80 INTERCOMPANY EXPERIENCE			RATIO OF 1979-80 EXPERIENCE TO 1977-78 EXPERIENCE			RATIO OF 1979-80 EXPERIENCE TO 1956 TABLE *		
	Fre- quency	Average Claim	Claim Cost	Fre- quency	Average Claim	Claim Cost	Fre- quency	Average Claim	Claim Cost
Male									
20-24	.0681	\$15.88	\$ 1.08	.93	1.09	1.01	.87	.92	.80
25-29	.0638	18.19	1.16	.68	.96	.65	.86	1.03	.88
30-34	.0567	18.69	1.06	.53	.92	.50	.76	1.03	.81
35-39	.0669	21.85	1.46	.65	.96	.62	.91	1.17	1.06
40-44	.0694	23.65	1.64	.64	1.02	.65	.93	1.22	1.13
45-49	.0780	26.08	2.03	.55	1.06	.58	1.00	1.24	1.23
50-54	.0918	31.45	2.89	.59	1.18	.70	1.10	1.30	1.44
55-59	.1082	34.74	3.76	.62	1.19	.74	1.20	1.36	1.62
60-64	.0912	38.36	3.50	.60	1.13	.67	.94	1.32	1.23
65-69	.1423	44.53	6.34	1.12	1.04	1.17	2.24	1.51	3.93
70-74	.2195	45.91	10.08	1.11	1.15	1.28	2.22	1.55	3.46
75-79	.1967	43.71	8.60	1.09	.98	1.07	2.01	1.48	2.97
Female									
20-24	.0766	\$19.62	\$ 1.50	1.08	1.17	1.26	.77	.92	.76
25-29	.1210	22.84	2.76	1.34	1.06	1.42	1.13	.90	1.14
30-34	.1360	26.33	3.58	1.15	.92	1.06	1.23	1.05	1.29
35-39	.1498	28.37	4.25	1.26	.97	1.22	1.35	1.04	1.39
40-44	.1326	29.42	3.90	1.18	.97	1.14	1.19	1.02	1.21
45-49	.1544	28.94	4.47	1.23	.93	1.15	1.40	.99	1.39
50-54	.1518	28.65	4.35	1.31	.98	1.28	1.44	1.01	1.45
55-59	.1386	31.02	4.30	1.29	.99	1.27	1.37	1.12	1.52
60-64	.1038	32.93	3.42	.94	.96	.90	1.06	1.16	1.40
65-69	.1118	39.86	4.46	1.25	1.05	1.31	1.14	1.44	1.64
70-74	.1406	39.64	5.57	1.03	1.05	1.08	1.45	1.41	2.04
75-79	.1404	42.52	5.97	1.04	1.01	1.05	1.42	1.06	2.16
All Adults									
All ages	.1123	\$32.15	\$ 3.61	.96	1.09	1.05	.....	.....	.....
Child									
All ages	.0905	\$15.43	\$ 1.40	1.29	1.04	1.35	.....	.....	.....

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

TABLE 16  
 1979-80 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES  
 GRADUATED FOR  
 FREQUENCY OF SURGERY, AVERAGE CLAIM, AND CLAIM COST  
 PER \$100 OF MAXIMUM SURGICAL BENEFIT  
 STANDARD SCHEDULE—NO DEDUCTIBLE

Attained Age	Frequency	Average Claim	Claim Cost
Male			
20-24 .....	.0668	\$16.26	\$ 1.09
25-29 .....	.0631	17.50	1.10
30-34 .....	.0627	19.12	1.20
35-39 .....	.0656	21.22	1.39
40-44 .....	.0705	23.87	1.68
45-49 .....	.0768	27.15	2.09
50-54 .....	.0841	30.99	2.61
55-59 .....	.0942	35.07	3.30
60-64 .....	.1109	38.96	4.32
65-69 .....	.1389	42.11	5.85
70-74 .....	.1793	43.99	7.89
75-79 .....	.2318	44.36	10.28
Female			
20-24 .....	.0833	\$19.93	\$ 1.66
25-29 .....	.1140	23.52	2.68
30-34 .....	.1350	26.08	3.52
35-39 .....	.1473	27.64	4.07
40-44 .....	.1519	28.40	4.31
45-49 .....	.1498	28.82	4.32
50-54 .....	.1410	29.56	4.17
55-59 .....	.1276	31.16	3.98
60-64 .....	.1153	33.75	3.89
65-69 .....	.1124	37.04	4.16
70-74 .....	.1213	40.39	4.90
75-79 .....	.1418	43.63	6.19
Child			
All ages.....	.0905	\$15.43	\$ 1.40

TABLE 17  
 1979-80 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES  
 FREQUENCY OF SURGERY, AVERAGE CLAIM, AND CLAIM COST  
 PER \$100 OF MAXIMUM SURGICAL BENEFIT  
 STANDARD SCHEDULE  
 POLICIES WITH A DEDUCTIBLE

ATTAINED AGE	\$25 DEDUCTIBLE			\$50 DEDUCTIBLE			\$100 DEDUCTIBLE		
	Fre- quency	Average Claim	Claim Cost	Fre- quency	Average Claim	Claim Cost	Fre- quency	Average Claim	Claim- Cost
Male									
15-19				.0633	\$26.78	\$1.70	.0466	\$11.81	\$ .55
20-24	.0471	\$29.66	\$1.40	.0511	21.87	1.12	.0472	26.04	1.23
25-29	.0531	21.77	1.16	.0462	26.09	1.21	.0425	21.09	.90
30-34	.0503	22.95	1.15	.0500	25.80	1.29	.0419	26.25	1.10
35-39	.0547	26.88	1.47	.0544	27.70	1.51	.0511	31.00	1.58
40-44	.0597	31.92	1.91	.0617	28.44	1.75	.0724	39.43	2.85
45-49	.0595	32.42	1.93	.0632	32.97	2.08	.0638	28.53	1.82
50-54	.0834	30.54	2.55	.0803	36.66	2.94	.0671	38.33	2.57
55-59	.0917	42.32	3.88	.0901	44.18	3.98	.0681	38.18	2.60
60-64	.1229	44.32	5.45	.0999	45.21	4.52	.0831	41.08	3.41
65-69	.1380	47.05	6.49	.1303	47.66	6.21	.1348	57.65	7.77
70-74	.1522	53.10	8.08	.1791	53.07	9.50	.1551	57.64	8.94
75-79	.1529	51.46	7.87	.1704	52.69	8.98	.0935	59.76	5.59
Female									
15-19				.0739	\$24.08	\$1.78	.0895	\$17.13	\$1.53
20-24	.0841	\$28.16	\$2.37	.0775	24.53	1.90	.0780	26.54	2.07
25-29	.0904	29.24	2.64	.0935	27.85	2.60	.0980	26.62	2.61
30-34	.1133	31.99	3.62	.0989	31.38	3.10	.0972	29.92	2.91
35-39	.1063	32.44	3.45	.1113	32.06	3.57	.0981	30.34	2.98
40-44	.1033	37.47	3.87	.1080	33.16	3.58	.1035	37.94	3.93
45-49	.0965	37.88	3.66	.1109	35.25	3.91	.1243	34.67	4.31
50-54	.1182	36.66	4.33	.0952	33.15	3.16	.1092	33.35	3.64
55-59	.0998	37.76	3.77	.0929	37.82	3.51	.0916	35.50	3.25
60-64	.1044	38.98	4.07	.0957	39.35	3.77	.0956	38.72	3.70
65-69	.1041	47.80	4.98	.0966	46.81	4.52	.1033	46.32	4.78
70-74	.1047	51.00	5.34	.1157	47.42	5.49	.0930	53.82	5.01
75-79	.1196	58.99	7.06	.1119	47.51	5.32	.1375	63.37	8.71
All Adults									
All ages	.0912	\$37.25	\$3.40	.0811	\$33.39	\$2.71	.0734	\$30.81	\$2.26
Child									
All ages	.0480	\$21.33	\$1.02	.0467	\$21.40	\$1.00	.0428	\$22.63	\$ .97

NOTE.—Average claim and claim cost reflect eligible expense before application of the deductible; frequency involves only claims where the total eligible medical expenses exceed the policy deductible.

of the percentage changes in frequency and average claim from the 1977-78 experience to the 1979-80 experience for adults and children for the \$25 deductible, \$50 deductible, and \$100 deductible plans is shown as follows.

	\$25 DEDUCTIBLE			\$50 DEDUCTIBLE			\$100 DEDUCTIBLE		
	Fre- quency	Average Claim	Claim Cost	Fre- quency	Average Claim	Claim Cost	Fre- quency	Average Claim	Claim Cost
Adults . . . . .	- 1%	10%	11%	6%	5%	12%	4%	- 11%	- 9%
Children . . . . .	- 17	14	- 6	- 6	6	1	35	- 2	32

In Table 18, data for "deductible" policies are compared with no-deductible forms. This table has been expanded to a four-year observation period, 1977-80, to make the data more meaningful. Results for all ages combined were averaged over the individual age groupings, weighted by the distribution of exposures for no-deductible policies. Overall, the general pattern—decreasing frequency and increasing average claims as the deductible increases—conforms to expected results.

However, a considerable amount of variation exists for individual age groups and for average claims in general, as a result of having companies contribute in varying degrees to the experience for different deductibles and as a result of statistical fluctuation. Male experience is impacted more by various deductibles than is female experience.

An analysis by duration was made of no-deductible policies. The effect of selection on early claim costs compared with claim costs for durations 3 and later is seen in the tabulation that follows:

Duration	Males	Females	All Adults	Children	Total
1 . . . . .	65%	44%	51%	61%	52%
2 . . . . .	59	36	43	69	45
3 and later . . . . .	100	100	100	100	100
All . . . . .	98%	89%	92%	95%	92%

#### DEDUCTIBLE AMOUNTS

Six companies contributed data to this section of the study, which covers experience under individually underwritten hospital and surgical expense policies with first-dollar 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.

TABLE 18  
 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES  
 COMPARISON OF FREQUENCY OF SURGERY AND AVERAGE CLAIM  
 1977-80 PER \$100 OF MAXIMUM SURGICAL BENEFIT  
 STANDARD SCHEDULE  
 DEDUCTIBLE POLICIES AS A PERCENTAGE OF NO-DEDUCTIBLE POLICIES

ATTAINED AGE	FREQUENCY				AVERAGE CLAIM			
	No Deductible	\$25 Deductible	\$50 Deductible	\$100 Deductible	No Deductible	\$25 Deductible	\$50 Deductible	\$100 Deductible
Male								
20-24	100%	73%	70%	64%	100%	155%	149%	172%
25-29	100	70	57	53	100	110	130	119
30-34	100	67	59	49	100	107	127	129
35-39	100	74	64	59	100	120	123	135
40-44	100	66	66	73	100	124	120	162
45-49	100	62	58	55	100	119	128	116
50-54	100	70	59	53	100	116	130	128
55-59	100	64	62	47	100	126	126	123
60-64	100	96	81	71	100	124	123	118
65-69	100	91	97	98	100	117	111	126
70-74	100	74	82	69	100	128	115	116
75-79	100	84	83	48	100	118	120	125
Female								
20-24	100%	103%	96%	104%	100%	139%	135%	147%
25-29	100	89	79	84	100	129	124	122
30-34	100	82	76	73	100	118	115	113
35-39	100	82	79	75	100	113	116	111
40-44	100	94	90	84	100	115	116	134
45-49	100	85	76	83	100	119	117	122
50-54	100	85	73	76	100	127	117	123
55-59	100	83	74	70	100	120	121	116
60-64	100	95	88	81	100	116	117	107
65-69	100	99	94	88	100	95	91	113
70-74	100	74	83	78	100	129	119	127
75-79	100	87	80	83	100	134	102	135
Child								
All ages	100%	68%	60%	50%	100%	130%	137%	150%



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, would exceed the corresponding frequencies of hospitalization that do not include nonhospitalized surgical benefits and outpatient nonsurgical benefits.

To obtain the claim cost for a particular combination of benefits involving a deductible, it is necessary to reflect the savings resulting from the deductible amount. The technique used to obtain the claim cost is shown on page 101 of the *1967 Reports*.

#### MATERNITY EXPENSE BENEFIT

Six companies contributed data on 3,103 claims to this section of the study, which covers experience under basic hospital-surgical policies that provide benefits for childbirth or miscarriage. The policies included in the experience covered pregnancy that commenced after 30 days from date of issue or maternities that occurred after 10 months from date of issue. Maternity benefits provided by the policies varied considerably. All claims included in this study were on policies that required evidence of insurability and were on guaranteed renewable or noncancellable forms.

Frequencies of maternity for the 1979-80 and 1977-78 studies by attained age and for the third, fourth, and fifth and later durations are shown in Table 20. The maternity claim frequencies of the 1956 Intercompany Hospital Table are shown for comparative purposes. Frequencies of 1979-80 are lower for almost all ages than those reported for the 1977-78 experience.

One company contributed 87 percent of the paid claims and 62 percent of the exposure for this study. Other companies' frequencies were significantly lower. Because of this, as well as because of the small amount of data submitted, these results should be viewed with caution. Variations from the previous study may be due to fluctuations because of the small amount of data submitted.

TABLE 19  
1979-80 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	0		15	.088	10	.070
20-24	122	.141	657	.095	287	.073
25-29	325	.119	1,163	.090	305	.061
30-34	434	.121	1,109	.091	239	.065
35-39	391	.107	946	.104	205	.078
40-44	386	.121	798	.113	186	.108
45-49	360	.128	706	.113	165	.105
50-54	501	.157	998	.137	183	.119
55-59	635	.182	1,217	.157	185	.136
60-64	804	.216	1,365	.178	116	.119
65-69	494	.230	616	.254	35	.163
70-74	422	.285	516	.358	19	.235
75-79	393	.344	806	.402	8	.186
All ages	5,267		10,914		1,941	
Female						
15-19	0		34	.166	25	.130
20-24	130	.156	716	.134	373	.121
25-29	449	.170	1,461	.143	449	.128
30-34	642	.179	1,570	.147	391	.132
35-39	593	.174	1,386	.157	325	.135
40-44	504	.166	1,217	.167	260	.143
45-49	542	.175	1,356	.170	305	.157
50-54	827	.200	1,700	.165	322	.153
55-59	1,000	.189	2,050	.159	302	.138
60-64	1,205	.190	2,319	.164	266	.153
65-69	791	.209	799	.194	61	.197
70-74	728	.231	894	.314	26	.190
75-79	832	.307	1,396	.284	36	.293
All ages	8,243		16,898		3,141	
Child						
All ages	2,592	.096	5,875	.088	1,202	.069

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

TABLE 20  
 1979-80 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES  
 MATERNITY CLAIM FREQUENCY  
 EXPERIENCE BY CALENDER-YEAR DURATION

ATTAINED AGE	DURATION 3			DURATION 4			DURATIONS 5 AND LATER			1956 INTERCOMPANY HOSPITAL TABLE FREQUENCY
	1979-80		1977-78	1979-80		1977-78	1979-80		1977-78	
	Number of Claims	Frequency	Frequency	Number of Claims	Frequency	Frequency	Number of Claims	Frequency	Frequency	
20-24 .....	155	.174	.199	117	.210	.234	590	.156	.212	.285
25-29 .....	232	.148	.217	189	.150	.194	721	.163	.168	.196
30-34 .....	123	.077	.099	99	.077	.090	546	.071	.086	.117
35-39 .....	20	.017	.036	32	.032	.038	202	.020	.031	.060
40-44 .....	5	.006	.017	7	.010	.018	42	.004	.005	.016
45-49 .....	1	.001	.000	0	.000	.000	6	.000	.000	.000

## MAJOR MEDICAL EXPENSE BENEFITS

Seven companies contributed data on 19,149 claims incurred in 1979 and 1980 to this section of the study. The volume of claims is about the same as that in the 1977-78 experience.

Data for this section of the study were submitted in five-year attained-age groups by sex (male, female, and child) and duration (1, 2, 3, 4, 5, and later) for each combination of the following variables:

1. Calendar year of experience
2. Renewal provision (guaranteed renewable or cancelable)
3. Type (family or individual)
4. Coinsurance percentage
5. Deductible amount
6. Deductible type (fixed or variable)
7. Maximum benefit
8. Surgical schedule maximum
9. Hospital room and board limit
10. Intensive-care room and board limit
11. Period to satisfy deductible
12. Benefit period

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

Amounts paid on policies with coinsurance percentages other than 75 percent were adjusted to the amount that would have been paid if the coinsurance percentage had been 75 percent, by multiplying amounts paid subject to coinsurance on the "other percentage" policies by the ratio of 75 to the specified other percentage and adding this adjusted amount to the amount paid not subject to coinsurance. Data for these policies were then combined with data for the 75 percent coinsurance policies.

In all tables in this section of the report, average claims and claim costs reflect eligible expenses after application of the deductible, coinsurance factor, and maximum benefit. Claim frequencies involve only claims where the total eligible expenses exceed the deductible.

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

The two years of experience provided a sufficient amount of data so that meaningful experience tables could be constructed for five categories. The

total number of claims that were studied in each category are listed in parentheses.

1. \$500 fixed deductible amount, no room and board limit, and no surgical schedule maximum. (1,021)
2. \$500 fixed deductible amount and \$25 room and board limit. (3,059)
3. \$500 fixed deductible amount and \$30 room and board limit. (5,057)
4. \$750 fixed deductible amount and \$35 room and board limit. (1,585)
5. \$1,000 fixed deductible amount and \$40 room and board limit. (1,626)

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

An analysis showed that experience on cancelable policies was sufficiently similar to experience on guaranteed renewable policies to allow the combination of both sets of data to be used in constructing all the tables. Cancelable experience was at the most 1.5 percent of the total experience.

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

#### *\$500 Fixed Deductible, No Hospital Room and Board Limit*

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

This table was constructed on the same basis as the corresponding table in the 1977-78 experience study. All data submitted on policies with a \$500 fixed deductible and no room and board limit were also on policies with no surgical schedule maximum. "No surgical schedule maximum" is indicated on the table for information only and does not imply that any data have been excluded from this category.

All the claims in this section are on guaranteed renewable policies. Approximately 96 percent of the claims in the data are on policies with a \$7,500 maximum benefit, and the other 4 percent are on policies with a \$5,000 maximum benefit.

The 1979-80 experience is compared with the 1977-78 experience (*1981 Reports*, p. 193) and with the 1975-76 experience (*1979 Reports*, pp. 265, 266). In aggregate, claim costs have increased from the 1977-78 experience about 17 percent for males, 32 percent for females, and 28 percent for children. There were 5 percent and 19 percent increases in average claim for males and females, respectively, and a 24 percent increase in average

TABLE 21  
 1979-80 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES  
 MAJOR MEDICAL EXPENSE BENEFIT - \$500 FIXED DEDUCTIBLE  
 NO HOSPITAL ROOM AND BOARD LIMIT, 75 PERCENT COINSURANCE (ADJUSTED)\*  
 NO SURGICAL SCHEDULE MAXIMUM  
 DURATIONS 3 AND LATER

ATTAINED AGE	NUMBER OF LIVES EXPOSED	NUMBER OF CLAIMS	AMOUNT PAID	CLAIM FREQUENCY	AVERAGE CLAIM	CLAIM COST	RATIO TO 1977-78			RATIO TO 1975-76		
							Claim Frequency	Average Claim	Claim Cost	Claim Frequency	Average Claim	Claim Cost
Male												
30-34	9	0	\$ 0	.00000	\$ .00	\$ .00	.00	.00	.00	.00	.00	.00
35-39	106	2	3,643	.01887	1,821.50	34.37	.78	1.66	1.30	.54	.60	.32
40-44	313	8	20,435	.02556	2,554.38	65.29	.51	1.41	.72	.59	1.22	.72
45-49	563	44	91,803	.07815	2,086.43	163.06	1.11	.95	1.05	1.44	1.05	1.51
50-54	1,017	105	273,123	.10324	2,601.17	268.56	1.28	1.01	1.29	1.37	1.17	1.60
55-59	1,206	144	398,461	.11940	2,767.09	330.40	1.48	1.02	1.51	1.27	1.18	1.50
60-64	1,073	139	434,817	.12954	3,128.18	405.23	1.15	1.11	1.05	1.05	1.36	1.43
65-69	144	22	58,120	.15278	2,641.82	403.61	1.28	.85	1.09	1.55	1.11	1.72
All ages	4,431	464	\$1,280,402	.10467	\$2,759.49	\$288.83	1.13	1.05	1.19	1.34	1.22	1.63
Female												
30-34	9	2	\$ 2,337	.22222	\$1,168.50	\$259.67	.67	.66	4.38	9.20	.71	6.53
35-39	150	8	13,739	.05333	1,717.38	91.59	.93	.85	.79	.89	1.48	1.32
40-44	458	33	61,438	.07205	1,861.76	134.14	1.22	1.01	1.23	1.02	1.26	1.29
45-49	754	66	168,449	.08753	2,552.26	223.41	1.09	1.11	1.21	1.03	1.27	1.31
50-54	1,138	89	207,164	.07821	2,327.69	182.04	1.02	1.07	1.09	.92	1.27	1.17
55-59	1,291	134	389,217	.10380	2,904.60	301.48	1.13	1.09	1.23	1.19	1.40	1.67
60-64	1,050	115	379,092	.10952	3,296.45	361.04	.96	1.34	1.29	1.03	1.42	1.46
65-69	157	28	103,125	.17834	3,683.04	656.85	1.47	1.75	2.57	1.07	1.57	1.68
All ages	5,007	475	\$1,324,561	.09499	\$2,791.58	\$265.18	1.11	1.19	1.32	1.11	1.43	1.59
Child												
All ages	2,250	80	\$ 151,978	.03541	\$1,899.73	\$ 67.28	1.03	1.24	1.28	1.17	1.39	1.63

NOTE 1.—Average claim and claim cost reflect eligible expense after application of the deductible, coinsurance factor, and maximum benefit provision; claim frequency involves only claims where the total eligible expenses exceed the deductible.

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

\* Includes policies with other coinsurance factors for which the following adjustment has been made: Amount paid (adjusted) = (Amount paid not subject to coinsurance) + (Amount paid subject to coinsurance × 0.75 × Other factor).

claim for children. Claim frequency increased 13 percent and 11 percent for males and females, respectively, and 3 percent for children.

A graduation of the crude claim costs shown in Table 21 is presented in Table 22. This graduation is completed for ages 35–69. Graduated claim costs for females are greater than graduated claim costs for males in the age range below age 50 and above age 65. The opposite is true between ages 50 and 64. Graduated claim costs were also calculated for each of the other three categories and appear in Tables 25, 28, and 32. Because the companies that contributed the experience underlying these tables may not be the same for each category, comparison of these graduated claim costs may be affected by the differences in the experience of these companies.

There was little data available for durations 1 and 2 to compare with that for durations 3 and later. Because of the fact that this business is almost a closed block, average ages have risen, which in turn has contributed to the increase in claim costs, since claim costs increase with increasing age.

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

#### *\$500 Fixed Deductible, \$25 Hospital Room and Board Benefit*

Table 24 shows the combined experience of durations 3 and later for plans with a \$500 fixed deductible and a \$25 room and board limit. All policies included in this study have a 75 percent coinsurance percentage, or amounts paid have been adjusted to a 75 percent coinsurance basis. About 23 percent of the claims in this table are on policies with a \$7,500 maximum benefit, 44 percent on policies with a \$10,000 maximum benefit, 29 percent on policies with a \$12,500 maximum benefit, and 4 percent on policies with a \$15,000 maximum benefit. Only 1 percent of the claims are on cancelable policies.

The 1979–80 experience is compared with that of 1977–78 and 1975–76. Claim costs have increased 14, 13, and 18 percent for males, females, and children, respectively, over the 1977–78 study, and have increased 67, 50 and 82 percent, respectively, over the 1975–76 study. In comparison with the 1977–78 study, claim frequency has increased by 3 and 6 percent for males and children, respectively, and has decreased by 8 percent for adult females. In comparison with the 1975–76 study, claim frequency has increased 22, 1, and 39 percent, respectively, for males, females, and children. Increases in average claims were 11, 23, and 11 percent, respectively, over 1977–78 and 37, 49, and 31 percent, respectively, over 1975–76.

A graduation of crude claim costs for ages 25–74 appears in Table 25. Graduated claim costs for females exceed those of males for all age groups up to age 49 in this table.

TABLE 22  
 1979-80 EXPERIENCE UNDER INDIVIDUALLY  
 UNDERWRITTEN POLICIES  
 MAJOR MEDICAL EXPENSE BENEFIT  
 \$500 FIXED DEDUCTIBLE  
 75 PERCENT COINSURANCE (ADJUSTED)\*  
 NO HOSPITAL ROOM AND BOARD LIMIT  
 NO SURGICAL SCHEDULE MAXIMUM  
 GRADUATED CLAIM COSTS FOR  
 DURATIONS 3 AND LATER

Attained Age		Claim Cost
	Male	
35-39.....		\$ 52.00
40-44.....		82.21
45-49.....		172.58
50-54.....		259.86
55-59.....		336.22
60-64.....		396.66
65-69.....		436.45
	Female	
35-39.....		\$124.73
40-44.....		148.05
45-49.....		175.73
50-54.....		212.72
55-59.....		280.32
60-64.....		381.52
65-69.....		541.32

\* See footnotes to Table 21.



TABLE 23  
 1979-80 EXPERIENCE UNDER INDIVIDUALLY  
 UNDERWRITTEN POLICIES  
 MAJOR MEDICAL EXPENSE BENEFIT  
 \$500 FIXED DEDUCTIBLE  
 NO HOSPITAL ROOM AND BOARD LIMIT  
 NO SURGICAL SCHEDULE MAXIMUM  
 75 PERCENT COINSURANCE (ADJUSTED)\*  
 DURATIONS 3 AND LATER  
 RATIOS OF EXPERIENCE BY CONTRIBUTING COMPANY  
 TO EXPERIENCE OF TOTAL STUDY

	COMPANY	NUMBER OF CLAIMS	AVERAGE AGE	RATIO OF EACH COMPANY TO TOTAL		
				Claim Frequency	Average Claim	Claim Cost
Male .....	{ A	292	55.4	1.12	.99	1.11
	{ B	107	53.6	.94	1.01	.96
	{ C	65	53.4	.72	1.03	.74
Female .....	{ A	285	54.4	1.01	1.07	1.08
	{ B	119	53.4	1.07	.99	1.06
	{ C	72	51.8	.86	.75	.65
All adults .....	{ A	577	54.9	1.07	1.03	1.10
	{ B	226	53.5	1.01	1.00	1.01
	{ C	137	52.6	.79	.88	.69
Child .....	{ A	43	.....	1.05	.99	1.04
	{ B	21	.....	.92	.89	.82
	{ C	16	.....	.97	1.17	1.14

\* See footnotes to Table 21.

NOTE.—Company codes in this table do not correspond to those used in other tables.

TABLE 24  
1979-80 EXPERIENCE UNDER INDIVIDUAL UNDERWRITTEN POLICIES  
MAJOR MEDICAL EXPENSE BENEFIT—\$500 FIXED DEDUCTIBLE  
\$25 HOSPITAL ROOM AND BOARD LIMIT, 75 PERCENT COINSURANCE (ADJUSTED)\*  
DURATIONS 3 AND LATER

ATTAINED AGE	NUMBER OF LIVES EXPOSED	NUMBER OF CLAIMS	AMOUNT PAID	CLAIM FREQUENCY	AVERAGE CLAIM	CLAIM COST	RATIO TO 1977-78			RATIO TO 1975-76		
							Claim Frequency	Average Claim	Claim Cost	Claim Frequency	Average Claim	Claim Cost
Male												
25-29 .....	120	2	\$ 1,585	.01667	\$ 792.50	\$ 13.21	.46	.61	.28	.69	.51	.35
30-34 .....	470	26	31,031	.05532	1,193.50	66.02	1.99	1.41	2.81	1.72	1.15	1.98
35-39 .....	843	40	47,024	.04745	1,175.60	55.78	1.31	.80	1.05	1.60	.86	1.38
40-44 .....	1,413	80	131,585	.05662	1,644.81	93.12	1.14	1.45	1.65	1.47	1.31	1.93
45-49 .....	1,965	113	232,702	.05751	2,059.31	118.42	.89	1.11	.99	1.04	1.47	1.53
50-54 .....	2,879	207	477,156	.07190	2,305.10	165.74	.93	1.03	.91	1.05	1.42	1.49
55-59 .....	3,356	315	679,536	.09386	2,157.26	202.48	.98	1.04	1.02	1.11	1.16	1.29
60-64 .....	3,152	373	1,024,802	.11834	2,747.46	325.13	.94	1.24	1.17	1.05	1.55	1.63
65-69 .....	779	80	168,874	.10270	2,110.93	216.78	1.30	1.03	1.34	1.01	1.42	1.43
70-74 .....	217	16	31,018	.07373	1,938.63	142.94	.79	1.02	.81	.92	1.16	1.07
75 and over .....	134	13	23,941	.09701	1,841.62	178.66	1.28	.58	.74	.....	.....	.....
All ages.....	15,329	1,265	\$2,849,254	.08251	\$2,252.37	\$185.85	1.03	1.11	1.14	1.22	1.37	1.67
Female												
25-29 .....	109	1	\$ 634	.00917	\$ 634.00	\$ 5.82	.16	.53	.08	.15	.52	.08
30-34 .....	453	29	35,658	.06402	1,229.59	78.72	1.07	1.33	1.32	1.28	1.15	1.47
35-39 .....	1,032	62	102,262	.06008	1,649.39	99.09	.87	1.44	1.25	.94	1.55	1.46
40-44 .....	1,635	108	186,699	.06606	1,728.69	114.19	1.00	1.36	1.36	.93	1.58	1.47
45-49 .....	2,372	180	346,111	.07589	1,922.84	145.92	.88	1.30	1.14	.97	1.71	1.66
50-54 .....	3,293	236	439,862	.07167	1,863.82	133.57	.83	1.14	.95	.86	1.31	1.13
55-59 .....	3,955	351	746,208	.08875	2,125.95	188.67	.96	1.21	1.16	1.03	1.41	1.45
60-64 .....	3,860	369	862,484	.09560	2,337.36	223.44	.84	1.18	.99	.93	1.54	1.43
65-69 .....	925	71	118,416	.07676	1,667.83	128.02	1.22	1.11	1.35	1.29	.80	1.03
70-74 .....	397	27	44,088	.06801	1,632.89	111.05	1.38	1.26	1.74	2.29	.79	1.81
75 and over .....	202	16	38,330	.07921	2,395.63	189.75	.71	2.34	1.66	4.04	.64	2.59
All ages.....	18,233	1,450	\$2,920,752	.07950	\$2,014.31	\$160.13	.92	1.23	1.13	1.01	1.49	1.50
Child												
All ages.....	10,642	339	\$ 413,265	.03185	\$1,219.07	\$ 38.83	1.06	1.11	1.18	1.39	1.31	1.82

\* See footnotes to Table 21.

TABLE 25  
 1979-80 EXPERIENCE UNDER INDIVIDUALLY  
 UNDERWRITTEN POLICIES  
 MAJOR MEDICAL EXPENSE BENEFIT  
 \$500 FIXED DEDUCTIBLE  
 75 PERCENT COINSURANCE (ADJUSTED)\*  
 \$25 HOSPITAL ROOM AND BOARD LIMIT  
 GRADUATED CLAIM COSTS FOR  
 DURATIONS 3 AND LATER

Attained Age	Male	Female	Claim Cost
30-34			\$ 63.21
35-39			67.48
40-44			83.48
45-49			113.97
50-54			164.34
55-59			230.76
60-64			304.13
65-69			267.25
70-74			201.09
75 and over			154.00
30-34			\$ 80.25
35-39			101.09
40-44			114.09
45-49			129.11
50-54			154.67
55-59			189.59
60-64			212.62
65-69			164.50
70-74			128.01
75 and over			134.30

\* See footnotes to Table 21.

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

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

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

Table 27 shows the combined experience of durations 3 and later for plans with a \$500 fixed deductible and a \$30 room and board limit. All policies included in this table have a 75 percent coinsurance percentage, or amounts paid have been adjusted to a 75 percent coinsurance basis. About 42 percent of the claims in this table are on policies with a \$10,000 maximum benefit, 7 percent on policies with a \$12,500 maximum benefit, 2 percent on policies with a \$15,000 maximum benefit, and 49 percent on policies with a \$20,000 maximum benefit. Guaranteed renewable policies account for 100 percent of the claims.

The 1979-80 experience is compared with that of 1977-78 and 1975-76. Claim costs have increased substantially (28, 33, and 49 percent for males, females, and children, respectively) over the 1977-78 study. In comparison with the 1975-76 study, claim costs have increased 67, 63, and 83 percent, respectively, for males, females, and children. Claim frequency has increased 11, 16, and 21 percent, respectively, over the 1977-78 study and has increased 24, 28, and 68 percent, respectively, over the 1975-76 study for males, females, and children. Increases in average claims were 15 percent for both male and female adults and 23 percent for children over 1977-78 and 35, 27, and 9 percent for males, females, and children, respectively, over 1975-76.

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

Table 29 compares the experience of durations 1 and 2 with that of durations 3 and later. Claim costs are higher in the first two durations for both adults and children. This is due primarily to higher early frequency relative to later durations.

Variations in experience for durations 3 and later for each company that contributed data for Table 27 are shown in Table 30.

*\$750 Fixed Deductible, \$35 Hospital Room and Board Limit*

Table 31 shows the combined experience of durations 3 and later for plans with a \$750 fixed deductible and a \$35 room and board limit. As in the

TABLE 26  
 1979-80 EXPERIENCE UNDER INDIVIDUALLY  
 UNDERWRITTEN POLICIES  
 MAJOR MEDICAL EXPENSE BENEFIT  
 \$500 FIXED DEDUCTIBLE  
 \$25 HOSPITAL ROOM AND BOARD LIMIT  
 75 PERCENT COINSURANCE (ADJUSTED)\*  
 DURATIONS 3 AND LATER  
 RATIOS OF EXPERIENCE BY CONTRIBUTING COMPANY  
 TO EXPERIENCE OF TOTAL STUDY

	COMPANY	NUMBER OF CLAIMS	AVERAGE AGE	RATIO OF EACH COMPANY TO TOTAL		
				Claim Frequency	Average Claim	Claim Cost
Male . . . . .	{ A	521	54.1	1.17	.99	1.15
	{ B	265	50.5	.89	.96	.85
	{ C	30	51.1	.68	.41	.28
	{ D	235	53.2	.89	.97	.86
	{ E	165	55.9	.94	1.34	1.26
	{ F	49	52.2	1.33	.74	.98
Female . . . . .	{ A	629	54.1	1.17	.95	1.08
	{ B	291	51.8	.91	.92	.83
	{ C	55	52.8	.91	.47	.43
	{ D	235	54.1	.77	.89	.69
	{ E	176	54.9	.92	1.23	1.13
	{ F	64	54.2	1.76	.95	1.67
All adults . . . . .	{ A	1,150	54.1	1.17	.97	1.11
	{ B	556	51.2	.90	.94	.84
	{ C	85	52.8	.83	.45	.38
	{ D	470	53.6	.83	.93	.77
	{ E	341	55.4	.93	1.28	1.19
	{ F	113	53.3	1.57	.86	1.35
Children . . . . .	{ A	102	.....	.88	.98	.86
	{ B	90	.....	1.56	.85	1.33
	{ C	13	.....	.68	.31	.21
	{ D	85	.....	.88	1.21	1.06
	{ E	35	.....	.93	1.30	1.20
	{ F	14	.....	1.30	.76	.98

\* See footnotes to Table 21.

NOTE.—Company codes in this table do not correspond to those used in other tables.

TABLE 27  
 1979-80 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES  
 MAJOR MEDICAL EXPENSE BENEFIT—\$500 FIXED DEDUCTIBLE  
 \$30 HOSPITAL ROOM AND BOARD LIMIT, 75 PERCENT COINSURANCE (ADJUSTED)\*  
 DURATIONS 3 AND LATER

ATTAINED AGE	NUMBER OF LIVES EXPOSED	NUMBER OF CLAIMS	AMOUNT PAID	CLAIM FREQUENCY	AVERAGE CLAIM	CLAIM COST	RATIO TO 1977-78			RATIO TO 1975-76		
							Claim Frequency	Average Claim	Claim Cost	Claim Frequency	Average Claim	Claim Cost
Male												
20-24	554	36	\$ 48,743	.06498	\$1,353.97	\$ 87.98	1.26	1.62	2.04	2.25	1.25	2.81
25-29	1,979	95	188,814	.04800	1,987.52	95.41	.80	2.11	1.69	1.49	2.32	3.46
30-34	2,246	130	159,768	.05788	1,228.98	71.13	1.40	.96	1.34	1.66	1.26	2.09
35-39	2,121	108	187,717	.05092	1,738.12	88.50	1.10	1.66	1.83	1.32	1.69	2.23
40-44	2,020	126	233,149	.06238	1,850.39	115.42	1.30	1.24	1.61	1.35	1.61	2.17
45-49	2,118	115	229,703	.05430	1,997.42	108.45	.96	1.31	1.26	.88	1.60	1.41
50-54	2,291	169	275,070	.07377	1,627.63	120.07	.98	.79	.77	1.23	1.29	1.59
55-59	1,979	199	400,413	.10056	2,012.13	202.33	1.17	1.40	1.64	1.20	1.13	1.36
60-64	1,613	195	437,675	.12089	2,244.49	271.34	1.22	1.02	1.24	1.16	1.27	1.47
65-69	723	88	162,968	.12172	1,851.91	225.41	1.11	1.32	1.47	1.09	1.36	1.48
70-74	504	88	129,271	.17460	1,468.99	256.49	1.14	.87	.99	1.05	1.30	1.37
75 and over	325	64	99,883	.19692	1,560.67	307.33	1.53	1.16	1.77	1.22	1.53	1.87
All ages	18,473	1,413	\$2,553,174	.07649	\$1,806.92	\$138.20	1.11	1.15	1.28	1.24	1.35	1.67
Female												
20-24	552	51	\$ 66,054	.11686	\$1,028.85	\$126.54	2.16	2.08	4.49	1.85	1.49	2.76
25-29	1,682	185	213,399	.10999	1,153.51	126.87	1.30	1.12	1.46	1.60	1.46	2.34
30-34	2,141	259	346,969	.12097	1,339.65	162.06	1.51	1.42	2.14	2.04	1.76	3.54
35-39	2,114	200	253,965	.09461	1,269.83	120.13	1.24	1.20	1.49	1.53	1.41	2.16
40-44	2,287	232	282,261	.10144	1,216.64	123.42	1.27	.84	1.07	1.56	1.06	1.65
45-49	2,420	205	337,025	.08471	1,644.02	139.27	1.14	1.27	1.45	1.00	1.36	1.36
50-54	2,648	260	459,938	.09819	1,768.99	173.69	1.22	1.40	1.71	1.27	1.58	2.01
55-59	2,673	230	394,307	.08605	1,714.38	147.51	1.08	1.15	1.24	1.04	1.01	1.05
60-64	2,608	278	623,361	.10660	2,242.31	239.02	1.06	1.31	1.39	1.04	1.35	1.40
65-69	1,306	116	192,262	.08882	1,657.43	147.21	.79	1.03	.84	.91	1.36	1.24
70-74	1,103	133	190,600	.12058	1,433.08	172.80	.94	1.02	.96	1.09	1.26	1.37
75 and over	961	128	188,979	.13319	1,476.40	196.65	.99	1.29	1.28	.92	1.34	1.23
All ages	22,465	2,287	\$3,549,120	.10180	\$1,551.87	\$157.98	1.16	1.15	1.33	1.28	1.27	1.63
Child												
All ages	17,091	649	\$ 679,139	.03797	\$1,046.44	\$ 39.74	1.21	1.23	1.49	1.68	1.09	1.83

\* See footnotes to Table 21.

**TABLE 28**  
**1979-80 EXPERIENCE UNDER INDIVIDUALLY**  
**UNDERWRITTEN POLICIES**  
**MAJOR MEDICAL EXPENSE BENEFIT**  
**\$500 FIXED DEDUCTIBLE**  
**75 PERCENT COINSURANCE (ADJUSTED)\***  
**\$30 HOSPITAL ROOM AND BOARD LIMIT**  
**GRADUATED CLAIM COSTS FOR**  
**DURATIONS 3 AND LATER**

Attained Age		Claim Cost
	Male	
20-24 .....		\$ 91.67
25-29 .....		85.99
30-34 .....		85.12
35-39 .....		87.26
40-44 .....		95.41
45-49 .....		111.66
50-54 .....		145.02
55-59 .....		204.01
60-64 .....		259.21
65-69 .....		255.39
70-74 .....		276.69
75 and over .....		284.61
	Female	
20-24 .....		\$125.10
25-29 .....		127.53
30-34 .....		130.20
35-39 .....		132.08
40-44 .....		136.22
45-49 .....		138.67
50-54 .....		161.49
55-59 .....		182.13
60-64 .....		209.31
65-69 .....		166.89
70-74 .....		177.85
75 and over .....		190.86

\* See footnotes to Table 21.

TABLE 29

1979-80 EXPERIENCE UNDER INDIVIDUALLY  
 UNDERWRITTEN POLICIES  
 MAJOR MEDICAL EXPENSE BENEFIT  
 \$500 FIXED DEDUCTIBLE  
 75 PERCENT COINSURANCE (ADJUSTED)\*  
 \$30 HOSPITAL ROOM AND BOARD LIMIT  
 RATIOS OF EXPERIENCE FOR DURATIONS 1 AND 2  
 TO EXPERIENCE FOR DURATIONS 3 AND LATER

	DURATION	NUMBER OF CLAIMS	RATIOS OF SELECT TO ULTIMATE		
			Claim Frequency	Average Claim	Claim Cost
Male .....	1	23	1.23	1.46	1.80
	2	170	1.22	1.07	1.31
Female .....	1	52	1.65	.66	1.10
	2	311	1.18	.90	1.07
All adults .....	1	75	1.52	.91	1.38
	2	481	1.19	.96	1.14
Child .....	1	33	4.41	1.12	4.93
	2	119	1.67	.89	1.48

\* See footnotes to Table 21.

TABLE 30

1979-80 EXPERIENCE UNDER INDIVIDUALLY  
 UNDERWRITTEN POLICIES  
 MAJOR MEDICAL EXPENSE BENEFIT  
 \$500 FIXED DEDUCTIBLE  
 \$30 HOSPITAL ROOM AND BOARD LIMIT  
 75 PERCENT COINSURANCE (ADJUSTED)\*  
 DURATIONS 3 AND LATER  
 RATIOS OF EXPERIENCE BY CONTRIBUTING COMPANY  
 TO EXPERIENCE OF TOTAL STUDY

	COMPANY	NUMBER OF CLAIMS	AVERAGE AGE	RATIO OF EACH COMPANY TO TOTAL		
				Claim Frequency	Average Claim	Claim Cost
Male .....	A	974	43.3	1.09	.92	.99
	B	208	48.9	.93	1.06	.99
	C	20	49.4	.75	1.09	.78
	D	211	50.2	.80	1.32	1.05
Female .....	A	1,657	48.0	1.14	.93	1.05
	B	262	50.3	.78	1.09	.85
	C	27	50.9	.64	1.35	.87
	D	341	52.3	.75	1.24	.94
All adults .....	A	2,631	46.3	1.12	.93	1.03
	B	470	49.7	.85	1.08	.92
	C	47	50.3	.69	1.24	.86
	D	552	51.5	.77	1.27	.98
Child .....	A	490	.....	1.21	.97	1.17
	B	80	.....	1.34	.75	1.00
	C	8	.....	.57	.83	.48
	D	71	.....	.58	1.45	.84

\* See footnotes to Table 21.

NOTE.—Company codes in this table do not correspond to those used in other tables.



TABLE 31  
 1979-80 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES  
 MAJOR MEDICAL EXPENSE BENEFIT—\$750 FIXED DEDUCTIBLE  
 \$35 HOSPITAL ROOM AND BOARD LIMIT, 75 PERCENT COINSURANCE (ADJUSTED)\*  
 DURATIONS 3 AND LATER

ATTAINED AGE	NUMBER OF LIVES EXPOSED	NUMBER OF CLAIMS	AMOUNT PAID	CLAIM FREQUENCY	AVERAGE CLAIM	CLAIM COST	RATIO TO 1977-78			RATIO TO 1975-76		
							Claim Frequency	Average Claim	Claim Cost	Claim Frequency	Average Claim	Claim Cost
Male												
25-29	65	0	\$ 0	.00000	\$ .00	\$ .00	.00	.00	.00	.00	.00	.00
30-34	332	12	29,100	.03614	2,425.00	87.65	1.00	2.52	2.52	1.68	2.58	4.33
35-39	416	11	13,235	.02644	1,203.18	31.81	.98	1.72	1.69	.85	.75	.64
40-44	563	17	30,397	.03020	1,788.06	53.99	1.07	1.22	1.31	.98	1.25	1.23
45-49	805	34	115,559	.04224	3,398.79	143.55	.93	1.25	1.16	.95	1.68	1.60
50-54	1,096	56	128,298	.05109	2,291.04	117.06	.97	1.18	1.14	.94	1.13	1.06
55-59	1,228	104	286,714	.08469	2,756.87	233.48	1.08	1.09	1.18	1.36	1.24	1.69
60-64	1,301	134	347,543	.10300	2,593.60	267.14	1.01	1.01	1.02	1.17	1.07	1.25
65-69	918	105	163,413	.11438	1,556.31	178.01	.96	.95	.91	1.05	.94	.99
70-74	834	112	213,851	.13429	1,909.38	256.42	.95	.94	.89	.87	1.22	1.06
75 and over	699	136	314,766	.19456	2,314.46	450.31	1.42	1.20	1.70	1.07	1.12	1.20
All ages	8,257	721	\$1,642,876	.08732	\$2,278.61	\$198.97	1.13	1.08	1.22	1.28	1.19	1.52
Female												
25-29	55	1	\$ 1,461	.01818	\$1,461.00	\$ 26.56	.42	1.55	.65	.41	2.04	.84
30-34	373	14	27,690	.03753	1,977.86	74.24	1.13	2.16	2.44	.99	1.74	1.72
35-39	552	38	77,625	.06884	2,042.76	140.63	1.76	1.69	2.97	1.48	1.77	2.62
40-44	715	43	62,225	.06014	1,447.09	87.03	1.23	1.15	1.41	1.10	1.31	1.44
45-49	983	44	82,845	.04476	1,882.84	84.28	.90	1.11	1.00	.91	1.35	1.23
50-54	1,259	70	147,645	.05560	2,109.21	117.27	.95	1.06	1.01	1.05	1.12	1.18
55-59	1,554	102	196,482	.06564	1,926.29	126.44	1.05	1.33	1.40	1.03	1.07	1.10
60-64	1,631	130	345,041	.07971	2,654.16	211.55	1.05	1.30	1.37	.99	1.16	1.15
65-69	1,259	103	159,500	.08181	1,548.54	126.69	.88	1.39	1.22	1.11	1.11	1.23
70-74	1,122	108	271,189	.09626	2,511.01	241.70	.97	1.17	1.13	1.04	1.53	1.59
75 and over	988	116	236,734	.11623	2,040.81	237.21	.82	.92	.75	1.07	1.18	1.26
All ages	10,501	769	\$1,608,437	.07332	\$2,089.56	\$153.20	1.05	1.15	1.21	1.16	1.26	1.46
Child												
All ages	5,601	94	\$ 152,196	.01678	\$1,619.11	\$ 27.17	1.13	1.34	1.51	1.30	1.35	1.75

\* See footnotes to Table 21.

previous tables, all policies in this table have a 75 percent coinsurance percentage or are adjusted to a 75 percent coinsurance basis. About 96 percent of the claims in this table are on policies with a \$15,000 maximum benefit, and the other 4 percent are on policies with a \$20,000 maximum benefit. All policies are guaranteed renewable.

The 1979-80 experience is compared with that of 1977-78 and 1975-76. Claim costs have increased 22, 21, and 51 percent for males, females, and children, respectively, over the 1977-78 study and 52, 46, and 75 percent, respectively, over the 1975-76 study. Increases in average claims are 8, 15, and 34 percent, respectively, over the 1977-78 study and 19, 36, and 35 percent, respectively, over the 1975-76 study. Claim frequencies have increased 13, 5, and 13 percent, respectively, over the 1977-78 study and 28, 16, and 30 percent, respectively, over the 1975-76 study for males, females, and children.

A graduation of crude claim costs for ages 30 and above appears in Table 32. Graduated claim costs for females exceed those for males for all ages up to 44. Graduated claim costs for males exceed those for females for ages 45-74.

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

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

#### *\$1,000 Fixed Deductible, \$40 Hospital Room and Board Limit*

Table 34 shows the combined experience of durations 3 and later for plans with a \$1,000 fixed deductible and a \$40 room and board limit. As in the previous tables, all policies have a 75 percent coinsurance percentage or are adjusted to a 75 percent coinsurance basis. About 1 percent are on policies with a \$7,500 maximum benefit, 5 percent with \$10,000, 3 percent with \$15,000, 3 percent with \$20,000, 10 percent with \$25,000, 48 percent with \$35,000, and 30 percent with other maximum benefits. Guaranteed renewable policies account for 100 percent of the claims.

The 1979-80 experience is compared with that of 1977-78, which was not previously published because there were relatively few claims. As a result, the comparison should be viewed with caution. The experience submitted is concentrated in the early policy durations, with relatively few claims in durations 3 and later. Claim costs increased by 7, 123, and 109 percent for males, females and children, respectively, with significant increases in claim frequency.

A graduation of crude claim costs for ages 25 and above is presented in Table 35. Graduated claim costs for females exceed those for males at all ages.

Table 36 compares the experiences of durations 1 and 2 with that of durations 3 and later. Claim costs are generally higher for these early durations, with higher frequency more than offsetting lower average claims.

**TABLE 32**  
**1979-80 EXPERIENCE UNDER INDIVIDUALLY**  
**UNDERWRITTEN POLICIES**  
**MAJOR MEDICAL EXPENSE BENEFIT**  
**\$750 FIXED DEDUCTIBLE**  
**75 PERCENT COINSURANCE (ADJUSTED)\***  
**\$35 HOSPITAL ROOM AND BOARD LIMIT**  
**GRADUATED CLAIM COSTS FOR**  
**DURATIONS 3 AND LATER**

Attained Age		Claim Cost
	Male	
30-34	.....	\$ 62.93
35-39	.....	53.75
40-44	.....	73.85
45-49	.....	115.04
50-54	.....	161.80
55-59	.....	208.40
60-64	.....	243.03
65-69	.....	225.98
70-74	.....	280.85
75 and over	.....	403.43
	Female	
30-34	.....	\$ 87.38
35-39	.....	91.17
40-44	.....	95.25
45-49	.....	98.37
50-54	.....	114.91
55-59	.....	140.58
60-64	.....	187.07
65-69	.....	185.61
70-74	.....	212.62
75 and over	.....	248.68

\* See footnotes to Table 21.

**TABLE 33**  
**1979-80 EXPERIENCE UNDER INDIVIDUALLY**  
**UNDERWRITTEN POLICIES**  
**MAJOR MEDICAL EXPENSE BENEFIT**  
**\$750 FIXED DEDUCTIBLE**  
**\$35 HOSPITAL ROOM AND BOARD LIMIT**  
**75 PERCENT COINSURANCE (ADJUSTED)\***  
**DURATIONS 3 AND LATER**  
**RATIOS OF EXPERIENCE BY CONTRIBUTING COMPANY**  
**TO EXPERIENCE OF TOTAL STUDY**

	COMPANY	NUMBER OF CLAIMS	AVERAGE AGE	RATIO OF EACH COMPANY TO TOTAL		
				Claim Frequency	Average Claim	Claim Cost
Male .....	{ A	546	59.1	1.15	.93	1.08
	{ B	9	41.2	.54	.50	.27
	{ C	6	50.7	.48	1.05	.51
	{ D	160	54.7	.73	1.25	.92
Female .....	{ A	563	59.7	1.10	.95	1.04
	{ B	15	44.4	.95	.89	.84
	{ C	11	50.8	.81	.81	.65
	{ D	181	54.9	.80	1.18	.94
All adults .....	{ A	1,109	59.4	1.12	.94	1.06
	{ B	24	43.2	.80	.74	.63
	{ C	17	50.8	.69	.89	.61
	{ D	341	54.8	.77	1.21	.93
Child .....	{ A	49	.....	.87	1.01	.88
	{ B	12	.....	6.01	1.09	6.55
	{ C	4	.....	1.39	1.32	1.82
	{ D	29	.....	.88	.90	.79

\* See footnotes to Table 21.

NOTE.—Company codes in this table do not correspond to those used in other tables.

TABLE 34  
 1979—80 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES  
 MAJOR MEDICAL EXPENSE BENEFITS—\$1,000 FIXED DEDUCTIBLE  
 \$40 HOSPITAL ROOM AND BOARD LIMIT, 75 PERCENT COINSURANCE (ADJUSTED)\*  
 DURATIONS 3 AND LATER

ATTAINED AGE	NUMBER OF LIVES EXPOSED	NUMBER OF CLAIMS	AMOUNT PAID	CLAIM FREQUENCY	AVERAGE CLAIM	CLAIM COST	RATIO TO 1977-78		
							Frequency	Average Claim	Claim Cost
Male									
20-24 .....	113	2	\$ 2,271	.01770	\$1,135.50	\$ 20.10	.58	10.97	6.40
25-29 .....	594	10	19,195	.01684	1,919.50	32.31	2.03	2.05	4.14
30-34 .....	680	23	45,717	.03382	1,987.70	67.23	1.57	1.05	1.65
35-39 .....	566	16	41,416	.02827	2,588.50	73.17	1.31	1.74	3.07
40-44 .....	467	15	21,686	.03212	1,445.73	46.44	1.01	.81	.82
45-49 .....	398	21	57,571	.05276	2,741.48	144.65	1.27	.63	.80
50-54 .....	323	22	45,840	.06811	2,083.64	141.92	1.44	.60	.86
55-59 .....	271	18	30,636	.06642	1,702.00	113.05	1.94	.74	1.43
60-64 .....	228	18	54,724	.07895	3,040.22	240.02	1.51	.65	.98
65-69 .....	27	3	4,445	.11111	1,481.67	164.63	.78	1.18	.92
70-74 .....	9	1	1,101	.11111	1,101.00	122.23	.78	1.32	1.03
All ages.....	3,676	149	\$324,602	.04051	\$2,178.54	\$ 88.26	1.35	.79	1.07
Female									
20-24 .....	101	7	\$ 2,223	.06931	\$ 317.57	\$ 22.01	1.62	.27	.44
25-29 .....	528	37	47,774	.07008	1,291.19	90.48	5.08	1.11	5.63
30-34 .....	538	31	56,844	.05762	1,833.68	105.66	2.14	1.29	2.75
35-39 .....	506	23	23,598	.04545	1,026.00	46.64	1.84	1.00	1.84
40-44 .....	489	39	56,929	.07975	1,459.72	116.42	3.07	2.52	7.73
45-49 .....	451	39	59,296	.08647	1,520.41	131.48	4.01	.95	3.83
50-54 .....	341	32	62,310	.09384	1,947.19	182.73	1.74	1.12	1.96
55-59 .....	414	35	100,778	.08454	2,879.37	243.43	1.46	1.26	1.83
60-64 .....	311	30	62,777	.09646	2,092.51	201.86	1.78	1.16	2.07
65-69 .....	32	1	5,834	.03125	5,834.00	182.31	.84	.57	.48
70-74 .....	15	0	0	.00000		.00			
All ages.....	3,725	274	\$478,363	.07354	\$1,745.85	\$128.39	2.16	1.03	2.23
Child									
All ages.....	3,888	78	\$145,949	.02006	\$1,871.14	\$ 37.54	1.51	1.38	2.09

\* See footnotes to Table 21.

**TABLE 35**  
**1979-80 EXPERIENCE UNDER INDIVIDUALLY**  
**UNDERWRITTEN POLICIES**  
**MAJOR MEDICAL EXPENSE BENEFIT**  
**\$1,000 FIXED DEDUCTIBLE**  
**75 PERCENT COINSURANCE (ADJUSTED)\***  
**\$40 HOSPITAL ROOM AND BOARD LIMIT**  
**GRADUATED CLAIM COSTS FOR**  
**DURATIONS 3 AND LATER**

Attained Age		Claim Cost
	Male	
25-29	.....	\$ 40.22
30-34	.....	55.56
35-39	.....	69.22
40-44	.....	82.30
45-49	.....	108.17
50-54	.....	130.41
55-59	.....	164.41
60-64	.....	213.26
	Female	
25-29	.....	84.93
30-34	.....	79.72
35-39	.....	82.33
40-44	.....	105.13
45-49	.....	141.21
50-54	.....	180.85
55-59	.....	212.49
60-64	.....	228.00

\* See footnotes to Table 21.

TABLE 36  
 1979-80 EXPERIENCE UNDER INDIVIDUALLY  
 UNDERWRITTEN POLICIES  
 MAJOR MEDICAL EXPENSE BENEFIT  
 \$1,000 FIXED DEDUCTIBLE  
 75 PERCENT COINSURANCE (ADJUSTED)\*  
 \$40 HOSPITAL ROOM AND BOARD LIMIT  
 RATIOS OF EXPERIENCE FOR DURATIONS 1 AND 2  
 TO EXPERIENCE FOR DURATION 3 AND LATER

	DURATION	NUMBER OF CLAIMS	RATIO OF SELECT TO ULTIMATE		
			Claim Frequency	Average Claim	Claim Cost
Male . . . . .	{ 1	248	1.21	.90	1.09
	{ 2	108	1.26	.99	1.25
Female . . . . .	{ 1	438	1.39	.72	1.00
	{ 2	184	1.35	.97	1.31
All adults . . . . .	{ 1	686	1.32	.79	1.04
	{ 2	292	1.32	.98	1.29
Children . . . . .	{ 1	109	1.32	.92	1.22
	{ 2	38	.96	.93	.89

\* See footnotes to Table 21.

Variations in experience for durations 3 and later for each company that contributed data for Table 34 are shown in Table 37.

#### OTHER ANALYSES

In addition to the experience tables, analyses in the form of actual-to-expected ratios were made for each of the following variables: hospital room and board limit (Table 38), maximum benefit (Tables 39 and 40), and calendar year of experience (Tables 41–45).

It should be noted that, unless otherwise specified in the table heading, the analysis of each variable ignored the effects of the other variables. Variations in experience among companies probably also have affected the relationships shown in Tables 38–45. Categories are chosen for these tables that would organize the data into meaningful homogeneous cells but would not so divide the data as to introduce a large amount of statistical fluctuation. However, in interpreting these tables, the effects of statistical fluctuation must be considered.

The basis of comparison of the impact of these variables is shown with each table. 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 38 compares the experience on policies with a \$500 fixed deductible but different hospital room and board limits. Increasing the limit from \$25 to \$30 has a downward effect on claim frequencies in this study for males but not for females and children. Average claim size decreases with an increase in room and board limit from \$25 to \$30 by 21, 22, and 14 percent for males, females, and children, respectively. Claim frequencies on policies containing hospital room and board limits are lower than those on policies with no such limits for adult males and children. Some of these different relationships appear to be caused by the fact that different companies contributed in different degrees to these various types of policies. Substantial decreases for all three categories were shown in prior studies, except for the 1973–74 study, which showed only slight decreases, and on the 1977–78 study, where female frequency increased slightly for limited benefits. Average claim sizes on policies with an inside limit for hospital room and board are significantly lower than on policies with no limit, similar to the results of previous studies. These effects are generally expected, since (1) it is more difficult to reach the deductible with the limit present and (2) the limit tends to reduce the average claim size because not all of the hospital expenses would be eligible benefits.



**TABLE 37**  
 1979-80 EXPERIMENT UNDER INDIVIDUALLY  
 UNDERWRITTEN POLICIES  
 MAJOR MEDICAL EXPENSE BENEFIT  
 \$1,000 FIXED DEDUCTIBLE  
 \$40 HOSPITAL ROOM AND BOARD LIMIT  
 75 PERCENT COINSURANCE (ADJUSTED)\*  
 DURATIONS 3 AND LATER  
 RATIOS OF EXPERIENCE BY CONTRIBUTING COMPANY  
 TO EXPERIENCE OF TOTAL STUDY

	COMPANY	NUMBER OF CLAIMS	AVERAGE AGE	RATIO OF EACH COMPANY TO TOTAL		
				Claim Frequency	Average Claim	Claim Cost
Male .....	{ A	111	38.1	.99	.94	.93
	{ B	24	47.6	1.12	1.39	1.56
	{ C	14	47.6	1.03	.78	.80
	{ D	0	41.5	.00	.....	.00
Female .....	{ A	221	40.1	1.11	1.00	1.11
	{ B	34	49.4	.87	1.33	1.15
	{ C	19	48.0	.59	.42	.25
	{ D	0	44.3	.00	.....	.00
All adults .....	{ A	332	39.4	1.07	.98	1.05
	{ B	58	48.7	.97	1.35	1.31
	{ C	33	47.8	.78	.57	.45
	{ D	0 <sup>†</sup>	42.9	.00	.....	.00
Child .....	{ A	63	.....	1.13	.98	1.12
	{ B	3	.....	.53	1.24	.66
	{ C	12	.....	1.39	.19	.26
	{ D	0	.....	.00	.....	.00

\* See footnotes to Table 21.

† 95 policies exposed.

TABLE 38  
 1979-80 EXPERIENCE UNDER INDIVIDUALLY  
 UNDERWRITTEN POLICIES  
 MAJOR MEDICAL EXPENSE BENEFIT  
 75 PERCENT COINSURANCE (ADJUSTED)\*  
 \$500 FIXED DEDUCTIBLE  
 RATIOS OF EXPERIENCE ON POLICIES  
 WITH HOSPITAL ROOM AND BOARD LIMITS  
 OF \$25 AND \$30 TO EXPERIENCE WITH NO  
 ROOM AND BOARD LIMITS  
 DURATIONS 3 AND LATER

	HOSPITAL ROOM AND BOARD LIMIT	NUMBER OF CLAIMS	RATIO OF LIMITED BENEFIT TO UNLIMITED BENEFIT		
			Claim Frequency	Average Claim	Claim Cost
Male . . .	\$25	1,265	.79	.82	.64
	30	1,413	.73	.65	.48
Female . . . . .	25	1,450	.84	.72	.60
	30	2,287	1.07	.56	.60
All adults . . . . .	25	2,715	.82	.76	.62
	30	3,700	.94	.59	.55
Child . . . . .	25	337	.90	.64	.58
	30	649	1.07	.55	.59

\* See footnotes to Table 21.

TABLE 39  
 1979-80 EXPERIENCE UNDER INDIVIDUALLY  
 UNDERWRITTEN POLICIES  
 MAJOR MEDICAL EXPENSE BENEFIT  
 \$500 FIXED DEDUCTIBLE  
 \$25 HOSPITAL ROOM AND BOARD LIMIT  
 75 PERCENT COINSURANCE (ADJUSTED)\*  
 RATIOS OF EXPERIENCE ON POLICIES WITH  
 MAXIMUM BENEFITS OF \$7,500, \$10,000, \$12,500,  
 AND \$15,000 TO EXPERIENCE OF ALL BENEFITS COMBINED  
 DURATIONS 3 AND LATER

	MAXIMUM BENEFIT	NUMBER OF CLAIMS	RATIO OF SPECIFIC BENEFIT EXPERIENCE TO TOTAL EXPERIENCE		
			Claim Frequency	Average Claim	Claim Cost
Male .....	\$ 7,500	298	1.16	.91	1.06
	10,000	584	.94	1.11	1.04
	12,500	347	1.04	.96	1.00
	15,000	34	.74	.78	.58
Female .....	7,500	339	1.04	.83	.86
	10,000	601	.87	1.04	.90
	12,500	449	1.20	1.12	1.34
	15,000	59	1.10	.64	.70
All adults .....	7,500	637	1.10	.87	.96
	10,000	1,185	.90	1.07	.96
	12,500	796	1.13	1.04	1.18
	15,000	93	.96	.68	.65
Child .....	7,500	55	.96	.77	.74
	10,000	163	.97	1.25	1.21
	12,500	93	.91	.87	.79
	15,000	28	2.41	.44	1.06

\* See footnotes to Table 21.

**TABLE 40**  
**1979-80 EXPERIENCE UNDER INDIVIDUALLY**  
**UNDERWRITTEN POLICIES**  
**MAJOR MEDICAL EXPENSE BENEFITS**  
**\$500 FIXED DEDUCTIBLE**  
**\$30 HOSPITAL ROOM AND BOARD LIMIT**  
**75 PERCENT COINSURANCE (ADJUSTED)\***  
**RATIOS OF EXPERIENCE ON POLICIES WITH**  
**MAXIMUM BENEFITS OF \$10,000, \$12,500, \$15,000,**  
**AND \$20,000 TO EXPERIENCE OF ALL BENEFITS COMBINED**  
**DURATIONS 3 AND LATER**

	MAXIMUM BENEFIT	NUMBER OF CLAIMS	RATIO OF SPECIFIC BENEFIT EXPERIENCE TO TOTAL EXPERIENCE		
			Claim Frequency	Average Claim	Claim Cost
Male .....	\$10,000	773	1.03	1.06	1.09
	12,500	131	.94	1.00	.94
	15,000	35	.96	1.19	1.13
	20,000	474	.97	.89	.87
Female .....	10,000	1,156	.86	1.06	.91
	12,500	169	.81	1.16	.94
	15,000	45	.78	.69	.54
	20,000	917	1.35	.91	1.23
All adults .....	10,000	1,929	.91	1.06	.97
	12,500	300	.84	1.09	.92
	15,000	80	.83	.94	.78
	20,000	1,391	1.26	.90	1.13
Child .....	10,000	195	.60	1.21	.73
	12,500	50	1.31	.69	.90
	15,000	19	1.62	.45	.73
	20,000	385	1.41	.96	1.35

\* See footnotes to Table 21.

**TABLE 41**  
**1979-80 EXPERIENCE UNDER INDIVIDUALLY**  
**UNDERWRITTEN POLICIES**  
**MAJOR MEDICAL EXPENSE BENEFIT**  
**\$500 FIXED DEDUCTIBLE**  
**75 PERCENT COINSURANCE (ADJUSTED)\***  
**NO HOSPITAL ROOM AND BOARD LIMIT**  
**NO SURGICAL SCHEDULE MAXIMUM**  
**RATIOS OF EXPERIENCE FOR 1980**  
**TO EXPERIENCE FOR 1979**  
**DURATIONS 3 AND LATER**

	YEAR OF EXPERIENCE	NUMBER OF CLAIMS	RATIO OF 1980 TO 1979		
			Claim Frequency	Average Claim	Claim Cost
Male .....	1980	220	1.07	1.14	1.22
Female .....	1980	224	1.05	1.20	1.26
All adults .....	1980	444	1.04	1.25	1.31
Child .....	1980	38	1.29	1.24	1.59

\* See footnotes to Table 21.

**TABLE 42**  
 1979-80 EXPERIENCE UNDER INDIVIDUALLY  
 UNDERWRITTEN POLICIES  
 MAJOR MEDICAL EXPENSE BENEFIT  
 \$500 FIXED DEDUCTIBLE  
 75 PERCENT COINSURANCE (ADJUSTED)\*  
 \$25 HOSPITAL ROOM AND BOARD LIMIT  
 RATIOS OF EXPERIENCE FOR 1980  
 TO EXPERIENCE FOR 1979  
 DURATIONS 3 AND LATER

	YEAR OF EXPERIENCE	NUMBER OF CLAIMS	RATIO OF 1980 TO 1979		
			Claim Frequency	Average Claim	Claim Cost
Male .....	1980	620	1.11	.98	1.09
Female .....	1980	673	.99	1.07	1.06
All adults .....	1980	1,293	1.05	1.03	1.08
Child .....	1980	169	1.25	1.07	1.33

\* See footnotes to Table 21.

**TABLE 43**  
 1979-80 EXPERIENCE UNDER INDIVIDUALLY  
 UNDERWRITTEN POLICIES  
 MAJOR MEDICAL EXPENSE BENEFIT  
 \$500 FIXED DEDUCTIBLE  
 75 PERCENT COINSURANCE (ADJUSTED)\*  
 \$30 HOSPITAL ROOM AND BOARD LIMIT  
 RATIOS OF EXPERIENCE FOR 1980  
 TO EXPERIENCE FOR 1979  
 DURATIONS 3 AND LATER

	YEAR OF EXPERIENCE	NUMBER OF CLAIMS	RATIO OF 1980 TO 1979		
			Claim Frequency	Average Claim	Claim Cost
Male .....	1980	742	1.12	1.04	1.16
Female .....	1980	1,205	1.14	1.04	1.19
All adults .....	1980	1,947	1.13	1.04	1.18
Child .....	1980	188	1.18	1.56	1.83

\* See footnotes to Table 21.

**TABLE 44**  
 1979-80 EXPERIENCE UNDER INDIVIDUALLY  
 UNDERWRITTEN POLICIES  
 MAJOR MEDICAL EXPENSE BENEFIT  
 \$750 FIXED DEDUCTIBLE  
 75 PERCENT COINSURANCE (ADJUSTED)\*  
 \$35 HOSPITAL ROOM AND BOARD LIMIT  
 RATIOS OF EXPERIENCE FOR 1980  
 TO EXPERIENCE FOR 1979  
 DURATIONS 3 AND LATER

	YEAR OF EXPERIENCE	NUMBER OF CLAIMS	RATIO OF 1980 TO 1979		
			Claim Frequency	Average Claim	Claim Cost
Male	1980	351	1.05	1.16	1.22
Female	1980	400	1.18	1.11	1.31
All adults	1980	751	1.12	1.13	1.27
Child	1980	30	.57	1.14	.67

\* See footnotes to Table 21.

**TABLE 45**  
 1979-80 EXPERIENCE UNDER INDIVIDUALLY  
 UNDERWRITTEN POLICIES  
 MAJOR MEDICAL EXPENSE BENEFIT  
 \$1,000 FIXED DEDUCTIBLE  
 75 PERCENT COINSURANCE (ADJUSTED)\*  
 \$40 HOSPITAL ROOM AND BOARD LIMIT  
 RATIOS OF EXPERIENCE FOR 1980  
 TO EXPERIENCE FOR 1979  
 DURATIONS 3 AND LATER

	YEAR OF EXPERIENCE	NUMBER OF CLAIMS	RATIO OF 1980 TO 1979		
			Claim Frequency	Average Claim	Claim Cost
Male	1980	90	1.41	1.66	2.35
Female	1980	157	1.25	.96	1.20
All adults	1980	247	1.31	1.22	1.60
Child	1980	46	1.21	1.18	1.43

\* See footnotes to Table 21.

Tables 39 and 40 compare the experience on policies with different maximum benefits for policies with a \$500 fixed deductible and a \$25 and \$30 hospital room and board limit, respectively. Relative results tend to fluctuate without a clear pattern for the 1979-80 period. Prior studies have shown conflicting results: no particular trend was evident for the 1977-78 period.

and a decreasing trend in average claims and frequencies as maximum benefits increase was shown in the 1975-76 period, while the opposite was true in previous studies. These results most likely result from variations among the various companies that offer different maximum benefits.

Table 41 compares experience during calendar year 1980 on policies with a \$500 fixed deductible, no hospital room and board limit, and no surgical schedule maximum with experience on similar policies during 1979. Adult claim costs were up in 1978 an average of 31 percent from 1979 levels, while claim frequencies increased 4 percent and average claim size increased 25 percent. For children, claim costs increased dramatically by 59 percent, with average frequency and claim size increasing by 29 and 24 percent, respectively.

Table 42 compares experience during calendar year 1980 on policies with a \$500 fixed deductible and a \$25 hospital room and board limit with experience on similar policies during 1979. Adult claim costs, claim frequencies, and average claim size are up 8, 5, and 3 percent, respectively. Claim frequencies for children increased by 25 percent and average claims increased by 7 percent, resulting in a net increase of 33 percent for claim costs.

Table 43 compares experience during calendar year 1980 on policies with a \$500 fixed deductible and a \$30 hospital room and board limit with experience on similar policies during 1979. Adult claim costs are up in 1980 an average of 18 percent over 1979 levels, with claim frequencies increasing by 13 percent and average claim size by 4 percent. For children, average claims, claim frequency, and claim costs have increased 18, 56, and 83 percent, respectively.

Table 44 compares experience during calendar year 1980 on policies with a \$750 fixed deductible and a \$35 hospital room and board limit with experience on similar policies during 1979. For adults, claim frequency, average claim size, and costs have decreased by 5, 3, and 8 percent, respectively. For children, claim frequency, average claim size, and costs have increased by 25, 7, and 33 percent, respectively.

Table 45 shows that for experience during 1980 on policies with a \$1,000 fixed deductible and a \$40 hospital room and board limit compared with similar experience during 1979, there have been significant increases in claim costs for adults and children of 60 and 43 percent, respectively.

