

**TRANSACTIONS OF SOCIETY OF ACTUARIES
1974 REPORTS**

II. GROUP LONG-TERM DISABILITY INSURANCE

ATENTION is directed to the following changes and additions that have been made in this year's report: Tables 9, 10, and I have been added to the "Analysis of Rates of Disablement" section. Table D-1D, which shows disabled life annuity values separately for males and females, has been added to the "Analysis of Rates of Termination" section.

The experience included in this report is predominantly that of employer-employee groups located in the United States and is largely for plans which appear not to have been the result of bargaining. Groups which a contributing company considers atypical or classifies as sub-standard because of industry hazards are excluded. Plans selected for the study provide occupational as well as nonoccupational coverage, but with benefits integrated with workmen's compensation. Virtually all the cases contributed also provide that gross monthly benefits be integrated with some or all of any social security benefits and frequently with other benefits payable as a result of the disability. Benefits are payable only on claims incurred prior to age 65 and generally cease at age 65.

The Committee recommends that care be used in the interpretation of the results and in their application on other than a broad basis, since a considerable volume of exposure could not be coded with respect to certain characteristics which may influence the level of rate of disablement or termination. The experience may not be representative of any particular group or plan.

The early experience years of the studies cover a period relatively free from severe economic disturbances. Experience of at least two of the more recent years (1970 and 1971), however, overlaps a period of economic recession.

CONTRIBUTING COMPANIES

Twelve companies have contributed experience for the investigation covered in this report. The results are the composite experience of variations in company practices and administration and claim procedures, as well as of variations in experience among groups.

Aetna Life and Casualty Company
Bankers Life Company
Connecticut General Life Insurance Company

Continental Assurance Company
 Continental Casualty Company
 Equitable Life Assurance Society
 John Hancock Mutual Life Insurance Company
 Metropolitan Life Insurance Company
 New York Life Insurance Company
 Provident Life & Accident Insurance Company
 Prudential Insurance Company of America
 Sun Life Assurance Company of Canada

ANALYSIS OF RATES OF DISABLEMENT

Many of the tables appearing in this section, specifically Tables 1B, 1C, 4-10, and I, include a column which shows the "number of experience units." A unit of experience represents the experience of a single group for one calendar year. For an experience cell which covers more than one calendar year of experience, a group would be included in the count of the number of experience units for the total number of separate calendar years for which experience was submitted. Furthermore, where the number of experience units in a cell is relatively small and no distinction is made by size, the experience for that cell could be influenced by the experience of but a few groups and, as such, may not be representative of all units in that cell.

Table 1 is based on the experience of all size groups for plans with a six-month elimination period. Crude rates of disablement based on number of lives are shown by sex and age group for the period 1968-72. Table 1A shows the experience of nonjumbo size units only, defined as groups with less than 5,000 lives insured. Experience of the calendar year of issue is excluded from both tables. About 35 per cent of the exposure contributed could not be separated by sex. The first part of each of these two tables summarizes the experience for male, female, and sex-unknown exposure combined. The experience for which exposure was sex-coded is presented in the bottom two sections of each table.

Tables 2 and 3 are similar to Table 1 but are based on the experience of plans with a three-month and a twelve-month elimination period, respectively.

Attention is called to the small number of claims underlying the disablement rate for some of the sex-age cells, especially for the three- and twelve-month plans.

The experience is based largely on a "his own occupation" definition of disability generally during the first two or three years following dis-

TABLE 1
 GROUP LONG-TERM DISABILITY INSURANCE
 CRUDE RATES OF DISABLEMENT
 PER 1,000 LIVES EXPOSED
 (Six-Month Elimination Period; Calendar
 Year of Issue Excluded)
 Calendar Years of Experience 1968-72
 ALL EXPERIENCE UNITS COMBINED

Attained Age	Life Years Exposed	Number of Claims	Rate of Disablement per 1,000 Lives
All Experience: Males, Females, and Sex Unknown			
Under 40.....	1,430,962	1,272	0.89
40-44.....	410,599	926	2.26
45-49.....	389,383	1,363	3.50
50-54.....	317,558	1,972	6.21
55-59.....	242,731	2,677	11.03
60-64.....	152,152	2,494	16.39
All ages.....	2,943,385	10,704	3.64
Male Experience Only			
Under 40.....	674,934	528	0.78
40-44.....	198,668	428	2.15
45-49.....	184,587	614	3.33
50-54.....	150,927	959	6.35
55-59.....	118,241	1,288	10.89
60-64.....	74,768	1,239	16.57
All ages.....	1,402,125	5,056	3.61
Female Experience Only			
Under 40.....	250,254	256	1.02
40-44.....	56,220	207	3.68
45-49.....	59,932	274	4.57
50-54.....	50,587	328	6.48
55-59.....	38,466	325	8.45
60-64.....	23,466	289	12.32
All ages.....	478,925	1,679	3.51

TABLE 1A
 GROUP LONG-TERM DISABILITY INSURANCE
 CRUDE RATES OF DISABLEMENT
 PER 1,000 LIVES EXPOSED
 (Six-Month Elimination Period; Calendar
 Year of Issue Excluded)
 Calendar Years of Experience 1968-72
 NONJUMBO EXPERIENCE UNITS ONLY

Attained Age	Life Years Exposed	Number of Claims	Rate of Disablement per 1,000 Lives
All Experience: Males, Females, and Sex Unknown			
Under 40	918,302	743	0.81
40-44	252,948	546	2.16
45-49	239,541	755	3.15
50-54	200,035	1,052	5.26
55-59	156,358	1,484	9.17
60-64	101,024	1,407	13.93
All ages	1,868,208	5,937	3.18
Male Experience Only			
Under 40	444,296	330	0.74
40-44	124,395	265	2.13
45-49	117,375	346	2.95
50-54	98,596	522	5.29
55-59	77,722	760	9.78
60-64	51,196	772	15.08
All ages	913,580	2,995	3.28
Female Experience Only			
Under 40	166,475	150	0.90
40-44	36,339	124	3.41
45-49	39,781	156	3.92
50-54	35,480	198	5.58
55-59	27,404	205	7.48
60-64	18,040	190	10.53
All ages	323,519	1,023	3.16

ablement. For plans with either a three- or a six-month elimination period, however, about 2 per cent of the experience is based on an "any occupation" definition for the full period of disability. For twelve-month plans, approximately 12 per cent of the experience uses the "any occupation" definition.

Claims were reported and included in rates of disablement, even though, because of the existence of social security or other disability income under plans with an offset provision, no benefit may have been payable.

For the six-month plans, accidents accounted for approximately 9 per cent of the claims coded for a known cause of disablement. The corresponding figures for the three-month and twelve-month plans were 16 per cent and 7 per cent, respectively.

Table 1B analyzes by underlying calendar year of experience the crude rates of disablement from Tables 1 and 1A, respectively, for all ages and for males, females, and sex-unknown exposures combined. If past reporting lag is any indication of the extent of claim underreporting, at least for the most recent calendar year's incurrals, then the claims reported as incurred in 1972 may be understated by as much as 5 per cent. Some portion of the variation in the overall disablement rate from year to year is the result of changes in the distributions of exposed to risk by age groups.

Table 1B also shows ratios of actual claims to tabular claims. Tabular claims for each year were derived by applying to the actual exposures for each age group the corresponding age-disablement rates based on the experience of nonjumbo size groups for males, females, and sex-unknown combined from Table 1A. The tabulars adjust for age only. No adjustment is made for the different proportions of males and females, if any, or for any other factors which might influence disablement rates.

Table 1C subdivides the Table 1 experience for all ages and for males, females, and sex-unknown exposures combined, by size of experience unit. Note that experience units of less than 100 lives accounted for over 55 per cent of the total number of units. This explains the large number of units (over 70 per cent of the total) which experienced no claims. This table also includes a dispersion-type analysis of ratios of actual claims to tabular claims. As in Table 1B, the tabulars adjust only for age. Because the experience is not adjusted for sex or for other characteristics which might have a measurable impact on the rate of disablement, such as differences among contributing companies in underwriting and claim administration practices, the extent to which employers use the long-term disability (LTD) plan as an early retirement vehicle, the

proportions of salaried and hourly, the extent of employer financial participation, the type of industry, the relationship to take-home pay of the amount of benefit payable under the plan, and so on, the results should be interpreted with some caution.

Table 4 shows exposures, claims, and rates of disablement by size of group for plans with either a three- or a twelve-month elimination period.

TABLE 1B
GROUP LONG-TERM DISABILITY INSURANCE
ANALYSIS OF RATES OF DISABLEMENT
BY CALENDAR YEAR OF INCURRAL

(Six-Month Elimination Period; Calendar Year of Issue Excluded; All Ages;
Males, Females, and Sex Unknown Combined)
Calendar Years of Experience 1962-72

CALENDAR YEAR OF INCURRAL	NUMBER OF EX- PERIENCE UNITS	LIFE YEARS EXPOSED	NUMBER OF CLAIMS			RATE OF DISABLE- MENT PER 1,000 LIVES	RATIO OF ACTUAL CLAIMS TO TABU- LAR CLAIMS*
			Acci- dent	Sick- ness	Total (Incl. Unknown)		
All Experience Units Combined							
1962-67.....	1,958	1,024,191	228	2,370	3,095	3.02	105%
1968.....	1,027	501,813	122	1,249	1,617	3.22	105%
1969.....	1,242	608,222	158	1,538	2,033	3.34	107
1970.....	1,442	625,712	219	1,977	2,498	3.99	128
1971.....	1,506	561,395	223	2,132	2,403	4.28	132
1972.....	1,954	646,243	200	1,918	2,153	3.33	104
1968-72.....	7,171	2,943,385	922	8,814	10,704	3.64	115%
Nonjumbo Experience Units Only							
1962-67.....	1,918	520,917	107	953	1,310	2.51	84%
1968.....	1,009	285,989	75	629	831	2.91	94%
1969.....	1,216	346,114	65	688	968	2.80	89
1970.....	1,416	383,615	114	933	1,272	3.32	105
1971.....	1,488	414,385	167	1,384	1,585	3.82	118
1972.....	1,931	438,105	137	1,125	1,281	2.92	90
1968-72.....	7,060	1,868,208	558	4,759	5,937	3.18	100%

* Tabular claims were calculated by applying to the actual age-group exposures the crude rates of disablement shown in Table 1A for males, females, and sex unknown combined.

TABLE 1C

GROUP LONG-TERM DISABILITY INSURANCE
 RATES OF DISABLEMENT AND RATIOS OF ACTUAL CLAIMS TO TABULAR CLAIMS, BY SIZE OF EXPERIENCE UNIT EXPOSED
 (Six-Month Elimination Period; Calendar Year of Issue Excluded; All Ages; Males, Females, and Sex Unknown Combined)
 Calendar Years of Experience 1968-72
 ALL EXPERIENCE UNITS COMBINED

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SIZE OF UNIT	NUMBER OF EXPERIENCE UNITS	LIFE YEARS EXPOSED	NUMBER OF CLAIMS	RATE OF DISABLEMENT PER 1,000 LIVES	AVERAGE A/T RATIO*	NUMBER OF EXPERIENCE UNITS BY RATIO OF ACTUAL TO TABULAR CLAIMS*							
						0%	1-50%	50-75%	75-100%	100-150%	150-200%	200-500%	500% or More
Under 25 lives.....	912	11,635	35	3.01	91%	885	0	0	0	0	0	0	27
25-49.....	1,341	49,202	151	3.07	86	1,208	0	0	0	0	0	18	115
50-99.....	1,750	122,958	353	2.87	84	1,462	0	0	0	0	2	160	126
100-249.....	1,579	244,526	716	2.93	91	1,110	0	0	6	64	106	230	63
250-499.....	650	228,127	709	3.11	92	288	8	47	70	77	51	93	16
500-999.....	398	284,981	916	3.21	101	113	45	59	38	52	29	50	12
1,000-2,499.....	310	506,288	1,623	3.21	106	39	44	39	34	63	43	43	5
2,500-4,999.....	120	420,491	1,434	3.41	109	1	23	23	13	28	17	14	1
Under 5,000.....	7,060	1,868,208	5,937	3.18	100%	5,106	120	168	161	284	248	608	365
5,000 or more.....	111	1,075,177	4,767	4.43	142%	1	8	8	13	27	29	22	3
Total.....	7,171	2,943,385	10,704	3.64	115%	5,107	128	176	174	311	277	630	368

* Tabular claims were calculated by applying to actual age-group exposures the crude rates of disablement shown in Table 1A for males, females, and sex unknown combined.

TABLE 2
GROUP LONG-TERM DISABILITY INSURANCE
CRUDE RATES OF DISABLEMENT
PER 1,000 LIVES EXPOSED
 (Three-Month Elimination Period; Calendar
 Year of Issue Excluded)
 Calendar Years of Experience 1968-72
ALL EXPERIENCE UNITS COMBINED

Attained Age	Life Years Exposed	Number of Claims	Rate of Disablement per 1,000 Lives
All Experience: Males, Females, and Sex Unknown			
Under 40	461,989	756	1.64
40-44	125,006	410	3.28
45-49	117,992	592	5.02
50-54	98,872	711	7.19
55-59	76,133	903	11.86
60-64	48,936	780	15.94
All ages	928,928	4,152	4.47
Male Experience Only			
Under 40	222,484	360	1.62
40-44	61,522	216	3.51
45-49	57,349	263	4.59
50-54	47,397	367	7.74
55-59	37,226	447	12.01
60-64	24,099	395	16.39
All ages	450,077	2,048	4.55
Female Experience Only			
Under 40	78,741	164	2.08
40-44	17,800	79	4.44
45-49	18,750	120	6.40
50-54	16,407	112	6.83
55-59	12,341	130	10.53
60-64	7,671	102	13.30
All ages	151,710	707	4.66

TABLE 3
 GROUP LONG-TERM DISABILITY INSURANCE
 CRUDE RATES OF DISABLEMENT
 PER 1,000 LIVES EXPOSED
 (Twelve-Month Elimination Period; Calendar
 Year of Issue Excluded)
 Calendar Years of Experience 1968-72
 ALL EXPERIENCE UNITS COMBINED

Attained Age	Life Years Exposed	Number of Claims	Rate of Disablement per 1,000 Lives
All Experience: Males, Females, and Sex Unknown			
Under 40.....	104,587	49	0.47
40-44.....	31,686	42	1.33
45-49.....	30,767	84	2.73
50-54.....	25,832	116	4.49
55-59.....	20,284	173	8.53
60-64.....	12,060	128	10.61
All ages.....	225,216	592	2.63
Male Experience Only			
Under 40.....	59,880	11	0.18
40-44.....	14,839	11	0.74
45-49.....	14,283	33	2.31
50-54.....	11,251	36	3.20
55-59.....	9,186	69	7.51
60-64.....	5,806	71	12.23
All ages.....	115,245	231	2.00
Female Experience Only			
Under 40.....	12,859	11	0.86
40-44.....	2,985	6	2.01
45-49.....	4,012	13	3.24
50-54.....	4,252	21	4.94
55-59.....	3,878	29	7.48
60-64.....	2,183	17	7.79
All ages.....	30,169	97	3.22

Tabulars used in this table are based on the combined experience of all size groups.

Table 1B gives some indication of the impact of the 1970 recession on disablement rates. The ratios of actual to tabular for the years 1970 and 1971 are significantly higher than the levels for years immediately prior thereto. Table 1B also indicates that the effect of the recession was limited and that disablement rates in 1972 appear to have retreated to pre-recession levels. On the basis of a separate, unpublished in-depth study, it was determined that the recessionary influences extended into all segments of the experience—all plan elimination periods, all size groups, and both sexes.

The respective experiences underlying Tables 1 and 1A have been analyzed by employee class, industry, contributory status, and plan provisions with respect to pre-existing conditions, rehabilitation, and indirect integration (whereby the LTD benefit may be reduced when the total income from all specified sources, including the LTD benefit, exceeds a specified percentage of salary). The respective results are displayed in Tables 5-10.

The portion of the Table 5 experience under units with at least a 75 per cent salaried employees composition, the majority of whom were not executives, was further analyzed to investigate the effect which such variables as (a) the relationship between the LTD benefit (before integration with other income sources) and salary at time of disablement, (b) the plan's integration provision, and (c) the extent to which a disability income is provided under employer-sponsored plans prior to qualification for LTD benefits appear to exert on disablement rates. The several classifications are somewhat broad. The various parameters may not be mutually exclusive. The respective subanalyses are shown in Table 5A, separately for nonjumbo and for all experience units. It should be noted that the tabulars and the actual-to-tabular ratios are consistent with those in Table 5 for Employee Code 2.

Table I is a first attempt to examine the interrelationships among various parameters whose effect on disablement rates may not be mutually exclusive. The analysis was based on the experience of those non-jumbo units, all employee classes combined, which have plans that provide for the direct integration of the LTD benefit with either the total primary and family benefits payable under social security or with social security benefits plus income from other sources. The parameters selected for study were (a) the disability income provided by employer-sponsored short-term plans during the elimination period, (b) the proportion of salary represented by the LTD benefit (before integration), and

TABLE 4
 GROUP LONG-TERM DISABILITY INSURANCE
 ANALYSIS OF RATES OF DISABEMENT BY SIZE OF EXPERIENCE UNIT EXPOSED
 (Calendar Year of Issue Excluded; All Ages; Males, Females, and Sex Unknown Combined)
 Calendar Years of Experience 1968-72
 ALL EXPERIENCE UNITS COMBINED

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SIZE OF UNIT	THREE-MONTH ELIMINATION PERIOD PLANS					TWELVE-MONTH ELIMINATION PERIOD PLANS				
	Number of Experience Units	Life Years Exposed	Number of Claims	Rate of Disablement per 1,000 Lives	Ratio of Actual Claims to Tabular Claims*	Number of Experience Units	Life Years Exposed	Number of Claims	Rate of Disablement per 1,000 Lives	Ratio of Actual Claims to Tabular Claims†
Under 25 lives...	939	10,029	58	5.78	130%	20	246	3	12.20	340%
25-49.....	1,451	52,750	271	5.14	111	67	2,495	6	2.40	88
50-99.....	1,607	112,501	526	4.68	102	74	5,030	18	3.58	126
100-249.....	1,077	160,946	655	4.07	94	82	13,637	42	3.08	119
250-499.....	399	139,387	618	4.43	102	53	18,049	51	2.83	114
500-999.....	215	154,435	644	4.17	98	38	28,761	98	3.41	117
1,000-2,499.....	103	153,009	903	5.90	129	39	55,166	150	2.72	90
2,500-4,999.....	27	97,440	422	4.33	93	16	55,030	100	1.82	73
Under 5,000..	5,818	880,497	4,097	4.65	104%	389	178,414	468	2.62	95%
5,000 or more...	6	48,431	55	1.14	24%	7	46,802	124	2.65	122%
Total.....	5,824	928,928	4,152	4.47	100%	396	225,216	592	2.63	100%

* Tabular claims were calculated by applying to the actual age-group exposures the crude rates of disablement shown in Table 2 for males, females, and sex unknown combined.

† Tabular claims were calculated by applying to the actual age-group exposures the crude rates of disablement shown in Table 3 for males, females, and sex unknown combined.

TABLE 5
 GROUP LONG-TERM DISABILITY INSURANCE
 ANALYSIS OF TABLES 1 AND 1A EXPERIENCE BY EMPLOYEE CLASS
 (Six-Month Elimination Period; Calendar Year of Issue Excluded; All Ages; Males, Females, and Sex Unknown Combined)
 Calendar Years of Experience 1968-72

EMPLOYEE CODE	EMPLOYEE CLASS	TABLE 1A EXPERIENCE—NONJUMBO UNITS ONLY				TABLE 1 EXPERIENCE—ALL UNITS		
		Number of Experience Units	Life Years Exposed	Number of Claims	Ratio of Actual Claims to Tabular Claims*	Number of Experience Units	Life Years Exposed	Ratio of Actual Claims to Tabular Claims*
1.....	At least 75% salaried, majority executive	348	122,358	351	101%	357	170,742	105%
2.....	At least 75% salaried, majority nonexecutive	3,626	825,727	2,241	83	3,679	1,309,310	96
3.....	50-75% salaried	94	24,260	105	126	99	77,838	143
7.....	At least 50% salaried (exact % unknown)	218	141,297	509	108	234	308,290	135
6.....	At least 50% hourly (exact % unknown)	1,689	437,420	1,398	104	1,708	678,669	119
4.....	50-75% hourly	219	54,313	244	135	219	54,313	135
5.....	At least 75% hourly	176	62,885	408	213	180	89,547	223
9.....	Indeterminate	690	199,948	681	108	695	254,676	131
	Total.....	7,060	1,868,208	5,937	100%	7,171	2,943,385	115%

* Tabular claims were calculated by applying to actual age-group exposures the crude rates of disablement shown in Table 1A for males, females, and sex unknown combined.

TABLE 5A
 GROUP LONG-TERM DISABILITY INSURANCE
 SUPPLEMENTAL ANALYSIS OF TABLE 5 EXPERIENCE
 FOR EMPLOYEE CLASS CODE 2

(Six-Month Elimination Period; Calendar Year of Issue Excluded;
 All Ages; Males, Females, and Sex Unknown Combined)
 Calendar Years of Experience 1968-72

	NONJUMBO EXPERIENCE UNITS ONLY				ALL EXPERIENCE UNITS	
	Number of Experience Units	Life Years Exposed	Number of Claims	Ratio of A/T Claims*	Life Years Exposed	Ratio of A/T Claims*

I. Relationship between Long-Term Disability Benefit and Salary

<i>Ratio of gross benefit (before reduction for integration) to salary:</i>						
Always less than 50%...	116	13,514	29	56%	13,514	56%
Generally less than 50%	66	17,002	52	83	56,996	116
Subtotal (less than 50%)	182	30,516	81	71%	70,510	102%
50% (exactly or approximately)	1,108	362,701	851	71%	551,600	85%
Always more than 50%, exact % unknown	93	40,430	228	141%	79,446	134%
Generally more than 50%, exact % unknown	136	10,333	23	73	25,230	122
More than 50% but less than or equal to 60%	1,594	313,989	868	88	437,694	96
More than 60% but less than or equal to 70%	220	37,714	113	108	57,946	102
More than 70%	6	3,291	13	137	16,170	247
Subtotal (greater than 50%)	2,049	405,757	1,245	96%	616,486	107%
Other, including not determinable	287	26,753	64	73%	70,714	73%
Total salaried, nonexecutive	3,626	825,727	2,241	83%	1,309,310	96%

* Tabular claims were calculated by applying to the actual age-group exposures the crude rates of disablement shown in Table 1A for males, females, and sex unknown combined.

TABLE 5A—Continued

	NONJUMBO EXPERIENCE UNITS ONLY				ALL EXPERIENCE UNITS	
	Number of Experience Units	Life Years Exposed	Number of Claims	Ratio of A/T Claims*	Life Years Exposed	Ratio of A/T Claims*

II. Analysis by Plan Integration Provision

<i>Other income sources included in plan integration provision:</i>						
Nonintegrated	830	169,715	486	92%	326,394	106%
Social security primary benefit only or in combination with income from other sources	340	162,785	483	85	257,515	96
Social security primary and family benefit only or in combination with income from other sources ..	2,322	475,197	1,218	80	707,371	91
Other integration bases ..	134	18,030	54	82	18,030	82
Total salaried, nonexecutive	3,626	825,727	2,241	83%	1,309,310	96%

III. Extent to Which a Disability Income Is Provided during Elimination Period

<i>Disability income benefit provided during the elimination period:</i>						
Full salary	77	33,068	87	85%	58,054	116%
Less than full salary but generally more than 50%	343	102,375	374	99	271,180	114
Generally less than 50% of salary	155	22,116	75	83	55,696	103
None	310	55,628	140	73	55,628	91
Noncodable or unknown ..	2,741	612,540	1,565	80	868,752	88
Total salaried, nonexecutive	3,626	825,727	2,241	83%	1,309,310	96%

* Tabular claims were calculated by applying to the actual age-group exposures the crude rates of disablement shown in Table 1A for males, females, and sex unknown combined.

TABLE 6

GROUP LONG-TERM DISABILITY INSURANCE
ANALYSIS OF TABLES 1 AND 1A EXPERIENCE BY INDUSTRY

(Six-Month Elimination Period; Calendar Year of Issue Excluded; All Ages; Males, Females, and Sex Unknown Combined)
Calendar Years of Experience 1968-72

INDUSTRY CODE(S)	INDUSTRY	TABLE 1A EXPERIENCE—NONJUMBO UNITS ONLY				TABLE 1 EXPERIENCE—ALL UNITS		
		Number of Experience Units	Life Years Exposed	Number of Claims	Ratio of Actual Claims to Tabular Claims*	Number of Experience Units	Life Years Exposed	Ratio of Actual Claims to Tabular Claims*
01-09.....	Agriculture, forestry, and fisheries	43	7,955	11	60%	46	31,247	294%
10-14.....	Mining	138	49,644	232	169	138	49,644	169
15-17.....	Contract construction	227	54,371	192	109	227	54,371	109
19-39.....	Manufacturing	2,877	896,079	3,223	113	2,950	1,599,373	129
40-49.....	Transportation, communication electric, gas, and sanitary services	435	128,679	487	121	446	215,792	125
50-59.....	Wholesale and retail trade	1,087	124,872	377	94	1,091	152,248	96
60-67.....	Finance, insurance, and real estate	898	250,425	503	67	911	373,070	70
70-89.....	Services	1,219	330,923	831	76	1,224	398,893	83
91-94.....	Government	101	17,221	59	87	103	60,708	109
	All other classifiable	12	2,436	2	31	12	2,436	31
99.....	Nonclassifiable	23	5,603	20	117	23	5,603	117
	Total.....	7,060	1,868,208	5,937	100%	7,171	2,943,385	115%

* Tabular claims were calculated by applying to the actual age-group exposures the crude rates of disablement shown in Table 1A for males, females, and sex unknown combined.

TABLE 7
 GROUP LONG-TERM DISABILITY INSURANCE
 ANALYSIS OF TABLES 1 AND 1A EXPERIENCE BY CONTRIBUTORY STATUS
 (Six-Month Elimination Period; Calendar Year of Issue Excluded; All Ages; Males, Females, and Sex Unknown Combined)
 Calendar Years of Experience 1968-72

CONTRIBUTORY STATUS	TABLE 1A EXPERIENCE -NONJUMBO UNITS ONLY				TABLE 1 EXPERIENCE--ALL UNITS		
	Number of Experience Units	Life Years Exposed	Number of Claims	Ratio of Actual Claims to Tabular Claims*	Number of Experience Units	Life Years Exposed	Ratio of Actual Claims to Tabular Claims*
Employee-pay-all.....	397	146,225	522	106%	420	343,677	109%
Employer-pay-all.....	3,160	597,360	1,885	101	3,180	854,668	112
Contributory, employer and employee share cost.....	2,294	731,498	2,310	99	2,353	1,267,955	124
Unknown.....	1,209	393,125	1,220	97	1,218	477,085	102
Total.....	7,060	1,868,208	5,937	100%	7,171	2,943,385	115%

* Tabular claims were calculated by applying to the actual age-group exposures the crude rates of disablement shown in Table 1A for males, females, and sex unknown combined.

TABLE 8
GROUP LONG-TERM DISABILITY INSURANCE
ANALYSIS OF TABLES 1 AND 1A EXPERIENCE BY PRE-EXISTING CONDITION PROVISION
(Six-Month Elimination Period; Calendar Year of Issue Excluded; All Ages; Males, Females, and Sex Unknown Combined)
Calendar Years of Experience 1968-72

	TABLE 1A EXPERIENCE—NONJUMBO UNITS ONLY				TABLE 1 EXPERIENCE—ALL UNITS		
	Number of Experience Units	Life Years Exposed	Number of Claims	Ratio of Actual Claims to Tabular Claims*	Number of Experience Units	Life Years Exposed	Ratio of Actual Claims to Tabular Claims*
Pre-existing condition provision included	3,799	532,531	1,578	90%	3,824	828,022	101%
Pre-existing condition provision not included.....	3,261	1,335,677	4,359	104	3,347	2,115,363	121
Total.....	7,060	1,868,208	5,937	100%	7,171	2,943,385	115%

* Tabular claims were calculated by applying to the actual age-group exposures the crude rates of disablement shown in Table 1A for males, females, and sex unknown combined.

TABLE 9
 GROUP LONG-TERM DISABILITY INSURANCE
 ANALYSIS OF TABLES 1 AND 1A EXPERIENCE BY PLAN INDIRECT INTEGRATION PROVISION
 (Six-Month Elimination Period; Calendar Year of Issue Excluded; All Ages; Males, Females, and Sex Unknown Combined)
 Calendar Years of Experience 1968-72

	TABLE 1A EXPERIENCE—NONJUMBO UNITS ONLY				TABLE 1 EXPERIENCE—ALL UNITS		
	Number of Experience Units	Life Years Exposed	Number of Claims	Ratio of Actual Claims to Tabular Claims*	Number of Experience Units	Life Years Exposed	Ratio of Actual Claims to Tabular Claims*
No indirect integration.....	4,112	1,032,937	3,029	93%	4,159	1,505,319	106%
Indirect integration--nonduplication level:							
Less than 50%.....	54	40,448	93	68	54	40,448	68
50-59%.....	252	97,235	278	91	267	214,040	117
60-69%.....	1,151	434,532	1,494	111	1,184	805,601	124
70-79%.....	1,307	202,975	846	121	1,321	306,000	142
80-89%.....	155	41,319	141	108	157	53,215	116
Greater than 89%.....	8	5,248	19	114	8	5,248	114
Integrated but noncodable.....	21	13,514	37	112	21	13,514	112
Total.....	7,060	1,868,208	5,937	100%	7,171	2,943,385	115%

* Tabular claims were calculated by applying to the actual age-group exposures the crude rates of disablement shown in Table 1A for males, females, and sex unknown combined.

TABLE 10
 GROUP LONG-TERM DISABILITY INSURANCE
 ANALYSIS OF TABLE 1 AND 1A EXPERIENCE BY PLAN REHABILITATION PROVISION
 (Six-Month Elimination Period; Calendar Year of Issue Excluded; All Ages; Males, Females, and Sex Unknown Combined)
 Calendar Years of Experience 1968-72

	TABLE 1A EXPERIENCE—NONJUMBO UNITS ONLY				TABLE 1 EXPERIENCE—ALL UNITS		
	Number of Experience Units	Life Years Exposed	Number of Claims	Ratio of Actual Claims to Tabular Claims*	Number of Experience Units	Life Years Exposed	Ratio of Actual Claims to Tabular Claims*
Rehabilitation provision included	4,822	1,187,037	3,546	92%	4,884	1,753,232	99%
Rehabilitation provision not included	2,238	681,171	2,391	114	2,287	1,190,153	139
Total	7,060	1,868,208	5,937	100%	7,171	2,943,385	115%

* Tabular claims were calculated by applying to the actual age-group exposures the crude rates of disablement shown in Table 1A for males, females, and sex unknown combined.

TABLE I

EXPERIENCE UNDER PLANS WHERE LTD BENEFIT IS DIRECTLY INTEGRATED WITH SOCIAL SECURITY
 PRIMARY AND FAMILY BENEFITS ONLY OR IN COMBINATION WITH OTHER INCOME SOURCES
 (Six-Month Elimination Period; Calendar Year of Issue Excluded; All Ages; Males, Females, and Sex Unknown Combined)
 Calendar Years of Experience 1968-72
 NONJUMBO - ALL EMPLOYEE CLASSES

Indirect Integration Classification	Relationship between LTD Benefit and Salary	Relationship between Disability Income Provided during Elimination Period and Salary	Number of Experience Units	Life Years Exposed	Number of Claims	Ratio of Actual Claims to Tabular Claims*
None or a nonduplication level less than 60%	50% or less	50% or less	944	265,201	617	73%
		Greater than 50%	112	35,819	97	99
		Subtotal	1,056	301,020	714	75%
	Greater than 50%	50% or less	2,394	511,411	1,484	90%
		Greater than 50%	305	67,811	220	112
		Subtotal	2,699	579,222	1,704	93%
	Subtotal		3,755	880,242	2,418	87%
Nonduplication level greater than or equal to 60%	50% or less	50% or less	200	92,053	388	124%
		Greater than 50%	71	31,483	161	190
		Subtotal	271	123,536	549	138%
	Greater than 50%	50% or less	668	127,456	367	97%
		Greater than 50%	216	63,994	237	130
		Subtotal	884	191,450	604	108%
	Subtotal		1,155	314,986	1,153	121%
Total			4,910	1,195,228	3,571	95%

* Tabular claims were calculated by applying to the actual age-group exposures the crude rates of disablement shown in Table 1A for males, females, and sex unknown combined.

(c) the point at which the LTD benefit is reduced, if at all, when total income from all sources exceeds a certain percentage of salary, or otherwise.

The respective Table 1A, Table 2, and Table 3 experiences, each of which is a composite of all companies, was examined by contributing company to determine the variances among companies. The findings are displayed in Exhibit I in the form of actual-to-tabular ratios. Relative exposures are also shown. In comparing the differences between companies, one should be reminded of the several caveats noted in the introduction to this report and the fact that the tabular adjusts only for age.

ANALYSIS OF RATES OF TERMINATION

Table D-1 shows, for plans with a six-month elimination period, crude rates of termination from death or recovery based on number of lives, by sex and age groups, for the period 1962-72. Annual rates of termination were not calculated for any experience cell for which there were fewer than ten terminations. Because of the small number of terminations at the later durations, the experience has been truncated at the end of six years of disablement. It should be noted that the termination rates for the first year of disablement relate to the six-month period following the end of the elimination period. There were 28,005 claims exposed to termination, 10,704 of which originated from the 1968-72 and 3,095 from the 1962-67 active lives experience (all experience units combined), with the balance from experience units that were not included in the study of rates of disablement. For plans with a six-month elimination period, the Committee did a subanalysis of the termination rates of only the claims that were included in the rates of disablement study. Termination rates for these claims were found to be generally from 10 to 15 per cent higher than those shown in Table D-1.

The actual number of claims which terminated by death or recovery is shown in Table D-1A. Ratios of the actual terminations to the number of terminations that would have been produced by application of termination rates from the 1964 Commissioners Disability Table to the Table D-1 exposures are presented in Table D-1B. Table D-1C compares the values of a monthly benefit of \$1 payable for a maximum period of sixty months with the values of a similar benefit payable to age 65. The illustrations are done on two alternate bases, using a 3 per cent interest discount. One basis was Table D-1 crude termination rates for the first four years, regardless of the actual number of terminations in each duration-age cell, and the 1964 Commissioners Disability Table rates there-

EXHIBIT I
ANALYSIS OF THE EXPERIENCE OF TABLE 1A, TABLE 2, AND TABLE 3 BY CONTRIBUTING COMPANY

COMPANY	TABLE 1A*		TABLE 2*		TABLE 3*	
	% of Total Exposure	Ratio A/T	% of Total Exposure	Ratio A/T	% of Total Exposure	Ratio A/T
I.....	1% (1%)	54% (80%)	1% (1%)	105% (140%)	9% (8%)	80% (108%)
II.....	24 (25)	108 (110)	22 (20)	116 (109)	24 (18)	123 (120)
III.....	30 (34)	86 (84)	33 (40)	63 (71)	26 (49)	107 (89)
IV.....	4 (3)	130 (135)	6 (5)	133 (133)	<0.5 (<0.5)	83 (155)
V.....	6 (5)	96 (111)	9 (8)	116 (136)	14 (7)	54 (96)
VI.....	3 (3)	81 (92)	5 (6)	137 (133)	5 (3)	37 (52)
VII.....	2 (2)	89 (78)	6 (5)	126 (125)	1 (1)	93 (54)
VIII.....	10 (10)	117 (123)	4 (4)	66 (69)	10 (5)	102 (117)
IX.....	1 (1)	68 (57)	7 (6)	131 (127)	2 (2)	30 (39)
X.....	4 (3)	127 (128)	3 (2)	132 (128)	7 (5)	101 (136)
XI.....	15 (13)	99 (97)	4 (3)	118 (133)	2 (2)	177 (171)
All.....	100% (100%)	100% (100%)	100% (100%)	100% (100%)	100% (100%)	100% (100%)

* The percentage corresponding to similar tables published in last year's report are shown in parentheses.

TABLE D-1
 GROUP LONG-TERM DISABILITY INSURANCE
 CRUDE TERMINATION RATES PER 1,000 CLAIMS EXPOSED
 TO DEATH OR RECOVERY
 (Six-Month Elimination Period; Calendar Years of Experience 1962-72)

DURATION OF DISABLEMENT	AGE AT DISABLEMENT					
	Under 30	30-39	Under 40	40-49	50-59	60-64
Male and Female Combined						
7th month.....	64.6	46.8	52.8	35.1	23.8	19.3
8th month.....	73.6	58.6	63.5	43.4	27.2	19.0
9th month.....	69.4	57.3	61.3	40.9	23.9	18.3
10th month.....	58.2	46.8	50.5	37.4	21.8	14.5
11th month.....	48.3	42.9	44.7	34.4	21.0	13.0
12th month.....	58.2	47.9	51.2	33.7	18.2	13.3
1st year (last 6 months).....	319.3	265.2	283.3	204.9	128.4	93.7
13th month.....	56.6	45.2	48.8	31.0	16.9	11.1
14th month.....	53.9	34.1	40.3	26.5	16.3	10.0
15th month.....	52.4	28.2	35.7	23.4	14.4	10.9
16th month.....	24.6	28.3	27.2	20.0	12.9	11.7
17th month.....	24.3	30.3	28.5	19.2	12.3	11.0
18th month.....	33.7	25.5	28.0	18.9	14.2	9.0
19th month.....	30.8	23.0	25.4	16.0	13.4	9.4
20th month.....	30.0	16.6	20.5	13.5	10.2	10.6
21st month.....	23.3	14.4	17.0	13.4	10.5	9.1
22d month.....	20.2	21.1	20.8	13.5	9.5	6.8
23d month.....	26.3	22.6	23.7	13.4	8.1	7.0
24th month.....	29.4	24.6	25.9	15.1	9.0	8.0
2d year.....	338.8	272.7	293.4	202.4	138.0	109.0
3d year.....	301.8	195.8	225.7	145.3	101.2	97.5
4th year.....	115.1	99.2	103.1	94.7	77.3	59.8
5th year.....	69.2*	81.7	79.2	47.6	69.0	101.8
6th year.....	22.6*	53.9†	47.4†	63.4	71.3	60.9†
Male Only						
1st year (last 6 months)...	337.2	286.4	303.7	196.3	124.2	93.5
2d year.....	340.7	282.3	301.0	187.0	132.8	109.3
3d year.....	318.0	190.0	226.3	142.9	93.2	94.7
4th year.....	122.6†	84.3	93.0	95.2	78.1	65.8
5th year.....	83.5*	57.0†	62.6	44.4	71.6	108.2
6th year.....	0.0*	51.7*	40.2*	62.3	80.7	54.2†
Female Only						
1st year (last 6 months)...	284.8	227.2	245.8	221.4	142.9	94.8
2d year.....	335.1	256.5	280.8	233.3	156.6	107.1
3d year.....	273.4	203.4	223.6	150.5	131.1	112.3
4th year.....	103.5*	122.4	118.4	93.6	74.2	25.3*
5th year.....	49.4*	121.0	105.2	54.9	59.6	60.5*
6th year.....	61.5*	58.0*	59.7*	66.1†	37.4†	114.2*

* Involves fewer than five terminations.

† Involves fewer than ten terminations.

TABLE D-1A
GROUP LONG-TERM DISABILITY INSURANCE
NUMBER OF CLAIMS TERMINATED BY DEATH OR RECOVERY
(Six-Month Elimination Period; Calendar Years of Experience 1962-72)

DURATION OF DISABLEMENT	AGE AT DISABLEMENT					
	Under 30	30-39	Under 40	40-49	50-59	60-64
	Male and Female Combined					
1st year (last 6 months) . . .	330	543	873	1,094	1,401	502
2d year	161	290	451	630	996	363
3d year	69	111	180	262	464	176
4th year	11	32	43	110	218	48
5th year	4	18	22	33	125	31
6th year	1	7	8	30	78	7
	Male Only					
1st year (last 6 months) . . .	226	375	601	692	1,052	420
2d year	106	186	292	384	751	306
3d year	44	65	109	178	338	145
4th year	7	17	24	74	173	45
5th year	3	8	11	23	103	28
6th year	0	4	4	21	69	6
	Female Only					
1st year (last 6 months) . . .	104	168	272	402	349	82
2d year	55	104	159	246	245	57
3d year	25	46	71	84	126	31
4th year	4	15	19	36	45	3
5th year	1	10	11	10	22	3
6th year	1	3	4	9	9	1

TABLE D-1B
 GROUP LONG-TERM DISABILITY INSURANCE
 RATIOS OF ACTUAL CLAIMS TERMINATED BY DEATH OR
 RECOVERY TO NUMBER OF TERMINATIONS EXPECTED FROM THE
 1964 COMMISSIONERS DISABILITY TABLE*
 (Six-Month Elimination Period; Calendar Years of Experience 1962-72)

DURATION OF DISABLEMENT	ALL AGES OF DIS- ABLE- MENT COM- BINED	AGE AT DISABLEMENT					
		Under 30	30-39	Under 40	40-49	50-59	60-64
Male and Female Combined							
1st year (last 6 months)	38%	59%	51%	54%	44%	34%	27%
2d year	85	109	99	102	86	79	79
3d year	84	131	100	110	88	76	81
4th year	72	66	70	69	80	72	56
5th year	73	51†	77	70	53	76	103
6th year	82	21†	63†	52†	85	88	65†
Male Only							
1st year (last 6 months)	37%	62%	55%	58%	42%	33%	27%
2d year	82	110	102	105	80	76	80
3d year	80	138	97	110	87	70	79
4th year	72	71†	59	62	80	73	62
5th year	74	62†	54†	56	49	79	109
6th year	87	0†	61†	44†	83	100	58†
Female Only							
1st year (last 6 months)	42%	53%	44%	47%	48%	38%	28%
2d year	94	108	93	98	100	90	78
3d year	98	119	103	109	91	98	93
4th year	70	60†	86	79	79	69	24†
5th year	69	37†	114	93	61	66	61†
6th year	64	56†	68†	66†	88†	46†	122†

* As published by the Health Insurance Association of America, Table B1, Vol. III.

† Involves fewer than ten terminations.

after. The other basis uses termination rates from the 1964 Commissioners Disability Table throughout. Table D-1D shows male and female disabled life annuity values for a benefit payable to age 65, based on the male and female claims, respectively, included in Table D-1C. There were 20,931 male claims in this analysis, of which 10,407 came from the active life study, with the balance from units not included in the active life study. Female claims numbered 7,074, of which 3,392 were included in the active life study. As was done in Table D-1C, illustrative values are shown on two alternate bases. In making any sex comparisons, one is reminded that the 1964 Commissioners Disability Table is a unisex table.

TABLE D-1C
GROUP LONG-TERM DISABILITY INSURANCE
ILLUSTRATIVE VALUES OF A MONTHLY BENEFIT OF \$1 PAYABLE FOR
VARIOUS BENEFIT PERIODS, DISCOUNTED AT 3 PER CENT INTEREST
 (Six-Month Elimination Period; Males and Females Combined)

AGE AT DISABLEMENT	VALUE AS OF END OF ELIMINATION PERIOD			VALUE AS OF END OF TWELFTH MONTH OF DISABLEMENT		
	Based on Table D-1 Rates of Termination*	Based on 1964 CDT	Ratio to 1964 CDT	Based on Table D-1 Rates of Termination*	Based on 1964 CDT	Ratio to 1964 CDT
Benefit Payable for a Maximum of 60 Months but Not beyond Age 65 with First Payment Due at the End of the Elimination Period						
25.5.....	\$22.77	\$16.59	137%	\$26.64	\$28.46	94%
35.5.....	27.92	18.44	151	31.50	30.86	102
45.5.....	33.08	21.71	152	35.44	33.50	106
55.5.....	39.35	26.85	147	39.36	36.68	107
62.5.....	20.08	14.91	135	16.15	15.77	102
Benefit Payable to Age 65 with First Payment Due at the End of the Elimination Period						
25.5.....	\$44.92	\$32.62	138%	\$59.66	\$63.86	93%
35.5.....	60.56	38.72	156	76.59	73.54	104
45.5.....	67.43	42.87	157	79.29	73.57	108
55.5.....	57.53	38.40	150	60.53	55.60	109
62.5.....	20.08	14.91	135	16.15	15.77	102

* Annuity values are based on the crude, ungraduated combined male and female termination rates from Table D-1 for the first four years and on the 1964 Commissioners Disability Table rates thereafter.

Tables D-2, D-2A, D-2B, and D-2C analyze the experience of terminations from plans with a three-month elimination period and are similar in form and content to the corresponding tables of the D-1 series, except that experience has been truncated at four years. The number of claims exposed to termination was 11,064, of which 4,152 and 860 emanated from the 1968-72 and 1962-67 portions, respectively, of the active life study, and the balance from experience units that were not included in the study of rates of disablement. Termination rates for the first year of disablement cover the nine months immediately following the elimination period.

TABLE D-1D
GROUP LONG-TERM DISABILITY INSURANCE
ILLUSTRATIVE VALUES, UNDER PLANS WITH A SIX-MONTH
ELIMINATION PERIOD, OF A MONTHLY BENEFIT OF \$1,
DISCOUNTED AT 3 PER CENT INTEREST, PAYABLE TO AGE 65,
WITH FIRST PAYMENT DUE AT END OF
ELIMINATION PERIOD

AGE AT DISABLEMENT	VALUE AS OF END OF ELIMINATION PERIOD			VALUE AS OF END OF TWELFTH MONTH OF DISABLEMENT		
	Based on Table D-1 Rates of Termination*	Based on 1964 CDT	Ratio to 1964 CDT	Based on Table D-1 Rates of Termination*	Based on 1964 CDT	Ratio to 1964 CDT
Male Only						
25.5	\$42.77	\$32.62	131%	\$51.13	\$63.86	80%
35.5	59.27	38.72	153	77.12	73.54	105
45.5	69.38	42.87	162	80.86	73.57	110
55.5	58.41	38.40	152	61.26	55.60	110
62.5	20.07	14.91	135	16.14	15.77	102
Female Only						
25.5	\$49.02	\$32.62	150%	\$62.36	\$63.86	98%
35.5	63.06	38.72	163	75.95	73.54	103
45.5	63.65	42.87	148	76.12	73.57	103
55.5	54.44	38.40	142	57.94	55.60	104
62.5	20.09	14.91	135	16.19	15.77	103

* Annuity values are based on the crude, ungraduated male or female termination rates from Table D-1 for the first four years and on the 1964 Commissioners Disability Table rates thereafter.

TABLE D-2
 GROUP LONG-TERM DISABILITY INSURANCE
 CRUDE TERMINATION RATES PER 1,000 CLAIMS EXPOSED
 TO DEATH OR RECOVERY

(Three-Month Elimination Period; Calendar Years of Experience 1962-72)

DURATION OF DISABLEMENT	AGE AT DISABLEMENT					
	Under 30	30-39	Under 40	40-49	50-59	60-64
Male and Female Combined						
4th month.....	88.4	84.6	86.0	74.5	51.4	37.7
5th month.....	120.0	109.6	113.2	88.2	58.1	48.5
6th month.....	114.9	114.0	114.4	79.4	58.3	44.3
7th month.....	87.7	99.2	95.4	71.7	50.8	39.3
8th month.....	76.5	72.4	73.8	66.2	38.7	31.5
9th month.....	82.9	51.0	61.6	58.9	29.9	18.3
10th month.....	85.1	50.5	61.9	48.9	26.6	19.4
11th month.....	78.5	60.9	66.5	45.2	23.8	18.4
12th month.....	64.0	54.5	57.5	41.8	23.4	9.9
1st year (last 9 months)	567.2	517.2	534.2	448.5	308.8	238.3
13th month.....	61.5	50.5	54.0	36.1	24.3	13.7
14th month.....	49.0*	45.5	46.6	32.9	18.4	16.4
15th month.....	31.3	41.8	38.7	26.4	15.7	14.5
16th month.....	33.1*	41.2	38.8	22.2	16.0	14.9
17th month.....	39.9	36.7	37.7	22.9	14.2	14.2
18th month.....	38.1*	28.8	31.6	18.6	11.2	10.8
19th month.....	20.5*	20.9	20.8	17.2	11.1	7.8
20th month.....	21.7*	23.7	23.1	17.7	11.8	10.7
21st month.....	36.3	17.1*	22.8	11.5	10.6	9.8
22d month.....	52.6	14.1*	25.5	8.6	10.4	10.5
23d month.....	34.7*	21.3	25.4	9.7	8.8	15.3
24th month.....	34.4	33.7	33.9	16.6	11.2	13.8
2d year.....	370.6	317.6	333.8	216.0	152.0	142.1
3d year.....	268.1	195.5	216.2	176.1	109.5	122.8
4th year.....	72.6*	160.8	140.1	86.1	87.7	121.9
Male Only						
1st year (last 9 months)...	601.9	521.9	550.2	448.2	299.0	251.4
2d year.....	348.4	355.4	353.6	216.2	144.8	151.7
3d year.....	278.4	208.3	228.3	165.8	108.7	134.7
4th year.....	44.9*	170.0†	139.5†	101.3	92.5	116.6
Female Only						
1st year (last 9 months)...	502.9	508.2	506.4	448.3	336.5	190.5
2d year.....	400.3	258.5	302.2	215.0	174.3	109.0
3d year.....	246.8†	180.2	199.2	196.3	111.9	83.5
4th year.....	137.8*	149.0†	133.9†	56.4†	71.7	135.8†

* Involves fewer than five terminations.

† Involves fewer than ten terminations.

TABLE D-2A
GROUP LONG-TERM DISABILITY INSURANCE
NUMBER OF CLAIMS TERMINATED BY DEATH OR RECOVERY
(Three-Month Elimination Period; Calendar Years of Experience 1962-72)

DURATION OF DISABLEMENT	AGE AT DISABLEMENT					
	Under 30	30-39	Under 40	40-49	50-59	60-64
Male and Female Combined						
1st year (last 9 months) . . .	320	569	889	1,081	1,208	435
2d year	60	119	179	212	295	134
3d year	18	34	52	100	133	58
4th year	2	15	17	27	70	25
Male Only						
1st year (last 9 months) . . .	216	352	568	717	860	359
2d year	35	81	116	142	214	111
3d year	12	19	31	62	103	48
4th year	1	8	9	21	57	18
Female Only						
1st year (last 9 months) . . .	104	217	321	364	348	76
2d year	25	38	63	70	81	23
3d year	6	15	21	38	30	10
4th year	1	7	8	6	13	7

TABLE D-2B

GROUP LONG-TERM DISABILITY INSURANCE
RATIOS OF ACTUAL CLAIMS TERMINATED BY DEATH OR
RECOVERY TO NUMBERS OF TERMINATIONS EXPECTED FROM THE
1964 COMMISSIONERS DISABILITY TABLE*
(Three-Month Elimination Period; Calendar Years of Experience 1962-72)

DURATION OF DISABLEMENT	ALL AGES OF DIS- ABLE- MENT COM- BINED	AGE AT DISABLEMENT					
		Under 30	30-39	Under 40	40-49	50-59	60-64
Male and Female Combined							
1st year (last 9 months).....	47% _c	64% _c	59% _c	60% _c	53% _c	41% _c	36% _c
2d year.....	96	119	115	116	92	87	103
3d year.....	95	116	99	105	107	82	102
4th year.....	86	121	113	94	73	82	114
Male Only							
1st year (last 9 months).....	46% _c	68% _c	59% _c	62% _c	53% _c	40% _c	38% _c
2d year.....	96	112	129	123	92	83	110
3d year.....	95	121	106	111	101	81	112
4th year.....	90	26†	120†	93†	86	87	109
Female Only							
1st year (last 9 months).....	48% _c	57% _c	58% _c	57% _c	53% _c	45% _c	29% _c
2d year.....	97	129	94	106	92	100	79
3d year.....	96	107†	92	97	119	84	69
4th year.....	75	79†	105†	94†	48†	67	127†

* As published by the Health Insurance Association of America, Table B1, Vol. III.

† Involves fewer than ten terminations.

For both the six- and the three-month elimination period plans, the low first-year ratios in Tables D-1B and D-2B, respectively, would appear to be due to the shorter elimination periods of the individual health insurance experience underlying the first-year termination rates of the 1964 Commissioners Disability Table.

Overall termination rates shown in this report, which includes one additional experience year, for both six- and three-month elimination

TABLE D-2C
 GROUP LONG-TERM DISABILITY INSURANCE
 ILLUSTRATIVE VALUES OF A MONTHLY BENEFIT OF \$1 PAYABLE FOR
 VARIOUS BENEFIT PERIODS, DISCOUNTED AT 3 PER CENT INTEREST
 (Three-Month Elimination Period; Males and Females Combined)

AGE AT DISABLEMENT	VALUE AS OF END OF ELIMINATION PERIOD			VALUE AS OF END OF TWELFTH MONTH OF DISABLEMENT		
	Based on Table D-2 Rates of Termination*	Based on 1964 CDT	Ratio to 1964 CDT	Based on Table D-2 Rates of Termination*	Based on 1964 CDT	Ratio to 1964 CDT
Benefit Payable for a Maximum of 60 Months but Not beyond Age 65 with First Payment Due at the End of the Elimination Period						
25.5	\$16.79	\$ 5.43	309%	\$25.84	\$27.50	94%
35.5	19.25	5.95	324	28.03	29.72	94
45.5	24.19	7.82	309	32.86	32.18	102
55.5	32.08	12.25	262	36.80	35.19	105
62.5	19.29	9.67	199	15.74	15.77	100
Benefit Payable to Age 65 with First Payment Due at the End of the Elimination Period						
25.5	\$31.81	\$ 9.41	338%	\$61.31	\$63.86	96%
35.5	38.37	11.09	346	68.51	73.54	93
45.5	47.55	14.23	334	76.18	73.57	104
55.5	46.95	17.24	272	58.81	55.60	106
62.5	19.29	9.67	199	15.74	15.77	100

* Annuity values are based on the crude, ungraduated combined male and female termination rates from Table D-2 for the first four years and on the 1964 Commissioners Disability Table rates thereafter.

period plans, male and female combined, are generally from 5 to 15 per cent lower (varies by plan, age, duration, and sex) than those shown in last year's report. Some, if not most, of this deterioration may be due to the delayed impact of 1970 recessionary influences on the termination rates of both new and continuing claims. The magnitude of the variation from one report to the next underscores the need to exercise caution and judgment when using the disabled life values shown in Tables D-1C and D-2C for actuarial purposes, such as reserving.

