

**TRANSACTIONS OF SOCIETY OF ACTUARIES
1949 VOL. 1 NO. 1**

**REPORT OF THE COMMITTEE ON GROUP MORTALITY
AND MORBIDITY**

The Committee's investigations for the year 1949 covered the following matters:

- I. Group Life Insurance
- II. Disability Claims under the Group Life Waiver of Premium Clause
- III. Group Accident and Health Insurance, including Group Hospital and Surgical Expense Insurance
- IV. Group Annuity Mortality.

The details of these investigations are to be published separately from the *Transactions* and will be available for general distribution through the office of the Society of Actuaries. A brief description of the studies is set forth below.

SECTION I

GROUP LIFE INSURANCE

The experience under Group Life insurance policies contributed by eight companies is analyzed in a form corresponding to that contained in the previous report in *TASA XLIX*, 477. The experience for the calendar year 1948, amounting to 9,300,000 lives exposed and 67,600 claims, is added to the experience of preceding years.

The experience is shown separately with respect to the three principal disability provisions contained in Group Life insurance policies, namely, the "Waiver of Premium" Disability Clause, the Extended Death Benefit and the "Old" Total and Permanent Installment (or Lump Sum) Disability Clause. The experience for the three calendar years 1946-1948 is analyzed extensively by industry classification and in broad industry groups by age for each type of disability clause.

SECTION II

**DISABILITY CLAIMS UNDER THE GROUP LIFE WAIVER OF
PREMIUM CLAUSE**

Several companies began to include a "Waiver of Premium" Disability Clause in Group Life insurance policies in 1938. Under this provision, the premium with respect to an individual insured is waived upon receipt of proof of permanent total disability where disability occurs before age 60 in general. Total disability is presumed to be permanent after it has continued for nine months. Proof of continued total disability is required annually.

The number of approved Waiver of Premium disability claims has been increasing gradually as the volume of insurance containing these benefits has grown and as the business has become more mature. However, the experience available is still none too large. This investigation is based on the data of eight contributing companies with respect to the Waiver of Premium disability claims approved up to January 1, 1949. It covers a total of 5,461 approved disability claims for \$10,085,761 of insurance.

The study derives rates of death and recovery for the first ten years of disability by amounts and lives and the value at approval and at the end of each of the succeeding ten years.

SECTION III

GROUP ACCIDENT AND HEALTH INSURANCE, INCLUDING GROUP HOSPITAL AND SURGICAL EXPENSE INSURANCE

The Group Accident and Health Insurance experience of seven companies was analyzed in the same manner as that indicated in *TASA XLIX*, 527.

The experience is shown separately for each of the five coverages, Group Accident and Sickness Insurance, Employee Group Hospital Expense Insurance, Employee Group Surgical Expense Insurance, Dependent Group Hospital Expense Insurance, and Dependent Group Surgical Expense Insurance. Comparison with the experience contained in the previous report showed that the claim costs for Accident and Sickness Insurance decreased while those for Employee Hospital Expense Insurance changed very little. Also the Employee Surgical Expense Insurance claim cost increased somewhat. The claim costs under the Dependent coverages tended to be higher than previously.

SECTION IV

GROUP ANNUITY MORTALITY

The previous investigation of the mortality experience of Group Annuities which was set forth in *TASA XLIX*, 203, covered the active life experience of the year 1946 and the retired life experience of the years 1941 through 1945. The current report was prepared on the same basis and brings the experience forward to the end of 1947. While the active life experience of 1947 shows no significant change as compared with the 1946 experience, the ratios of actual to expected mortality on lives retired on or after the normal retirement date for the years 1946 and 1947 show a relatively substantial decline from the experience of the prior years.