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Report to the Chairman, Subcommittee on Commerce, Consumer Protection, and Competitiveness, Committee on Energy and Commerce, House of Representatives

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HEALTH INSURANCE

Hospital Indemnity and Specified Disease Policies Are of Limited Value

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The Honorable James J. Florio
Chairman, Subcommittee on Commerce,
Consumer Protection, and Competitiveness
Committee on Energy and Commerce
House of Representatives

Dear Mr. Chairman:

This report discusses state regulation of policies and practices for hospital indemnity and specified disease insurance and presents information on the types of coverage provided under those policies and the percentage of premiums returned to policyholders as benefits.

As requested by your office, we did not obtain comments on this report. Unless you publicly announce its contents earlier, we plan no further distribution of this report for 30 days. At that time, we will send copies to interested parties and make copies available to others on request.

Sincerely yours,

Lawrence H. Thompson

Lawrence H. Thompson
Assistant Comptroller General

than the model; for example, two states allowed hospital indemnity policies to pay one-third and one-half of NAIC's minimum suggested daily indemnity amount.

Many Loss Ratios Were Below the NAIC Benchmark

GAO obtained loss ratio data for 185 hospital indemnity policies sold by 69 insurers and 217 specified disease polices sold by 50 insurers; each policy had earned premiums of $100,000 or more in either 1985 or 1986. NAIC's recommended benchmarks for anticipated loss ratios and the anticipated loss ratios established by the states GAO visited ranged from 45 to 65 percent. For the 5-year period, 1982-86, 52 percent of the hospital indemnity policies and 36 percent of the specified disease policies had 5-year average loss ratios below 45 percent. (See pp. 27-32.)

Hospital Indemnity and Specified Disease Policies Are of Limited Value

Hospital indemnity and specified disease policies provide narrow protection. These policies are a poor substitute for more comprehensive protection because they provide limited, fixed benefits without provisions for inflation, and benefits are paid only if the insured is confined to a hospital or contracts the covered disease. Assuming limited funds for health insurance, a consumer's best course of action would be to purchase coverage for the broadest set of possible contingencies.

Hospital indemnity policies generally pay benefits only if the insured is confined to a hospital or for conditions directly associated with a hospital confinement. The average cost of a day in a hospital exceeds $500, and a hospital indemnity policy (which may pay only $30 per day) makes a relatively minor contribution toward meeting those costs. Medicare and other comprehensive medical plans will pay substantial portions of an insured's hospital expenses and also provide coverage for outpatient treatment.

Specified disease policies cover only the named disease or diseases, but Medicare and comprehensive medical plans cover a wide spectrum of diseases and conditions requiring medical treatment.

Policy Provisions and Limitations Exhibit Many Differences

Hospital indemnity and specified disease policy provisions and limitations vary widely, and the more expensive policies do not necessarily offer the most favorable provisions. Individuals considering purchasing these types of policies would be wise to shop for provisions that meet their needs.

restrict the sale of specified disease policies. State officials told us that, between 1976 and 1980, two of the other states GAO visited had banned the sale of specified disease insurance, but as a result of subsequent court actions, the states removed the bans. Two states GAO visited advise consumers against buying specified disease insurance. (See pp. 13-14 and 42-43.)

Five-year average loss ratios were 53 percent for 185 hospital indemnity policies and 58 percent for 217 specified disease policies. Those ratios mean that, on average, less than 60 cents of each premium dollar was returned to the policyholders in benefit payments or used to increase reserves against future claims. The portion of earned premiums that is not returned to policyholders is available for marketing, administration, and profit. (See pp. 29-32.)

All 12 states GAO visited had educational programs to help consumers choose health insurance, and several states placed special emphasis on educational programs and publications for senior citizens. Seven of the states had procedures for reviewing insurance advertising material, and all 12 had personnel who try to resolve consumer complaints about insurance. (See pp. 39-43.)

A consumer intending to purchase a hospital indemnity or specified disease policy would do well to shop around because available policies offer substantially different benefits at widely varying costs. (See pp. 32-36.)

GAO's Analysis

State Regulations Vary Considerably

The 12 states GAO visited varied substantially in the requirements they placed on insurers offering hospital indemnity and specified disease policies. NAIC developed model laws and regulations covering these types of insurance, and 5 of the 12 states had adopted rules similar to the NAIC model. The other 7 states' rules varied substantially from those suggested by NAIC. Some of the variations from the NAIC model were more restrictive than the model; for example, two states banned specified disease policies, and three states required higher anticipated loss ratios for hospital indemnity policies sold to persons age 65 years or older than the NAIC-suggested benchmark. Other variations were less restrictive

Contents

GAO reviewed 98 hospital indemnity policies offered by 40 companies and 64 specified disease policies offered by 23 companies. GAO analyzed key features affecting policy value, such as waiting periods, coverage of preexisting conditions, and age-related restrictions, and found that:

- While 11 hospital indemnity policies had waiting periods—the time after policy purchase during which no benefits will be paid—of up to 30 days, the other 87 did not. For specified disease policies, 53 had waiting periods, ranging from 30 to 120 days, and the other 11 did not. (See pp. 19-20.)
- Fifty-five specified disease policies excluded coverage for any condition that was manifested before policy purchase, but nine would cover such conditions after periods ranging from 6 to 24 months. Sixty-nine hospital indemnity policies did not exclude coverage for preexisting conditions but would cover such conditions only after periods of up to 24 months after purchase. (See pp. 20-22.)
- Forty-four hospital indemnity and 8 specified disease policies reduced benefits, increased premiums, or terminated coverage when the policyholder became a senior citizen (generally at age 60 or 65); 11 hospital indemnity and 3 specified disease policies were marketed only to people age 59 years or older. (See pp. 23-24.)

After GAO began work, the House Committee on Energy and Commerce asked the Federal Trade Commission to conduct a comprehensive study of certain health insurance advertising materials. To avoid overlapping with that study, GAO concentrated on state consumer protection and education efforts. All of the states GAO visited had some consumer protection and education activities related to health insurance. (See pp. 41-43.)

Recommendations

GAO is making no recommendations.

Agency Comments

GAO sought the views of responsible federal, state, and industry officials during its work, and their views are incorporated in the report where appropriate.

Introduction

On March 31, 1987, the Chairman of the Subcommittee on Commerce, Consumer Protection, and Competitiveness, House Committee on Energy and Commerce, requested that we review hospital indemnity and dread disease (also called specified disease) insurance policies to see if they provide consumers a minimum level of protection at a reasonable price. The Chairman was particularly interested in the percentage of premiums returned as benefits to policyholders and the effectiveness of state regulation in protecting consumers—especially the elderly—from deceptive marketing materials and inadequate policies.

Hospital Indemnity and Specified Disease Insurance

Hospital indemnity insurance pays a fixed amount—such as $30—for each day the insured is in a hospital, up to a designated number of days. These benefits are not based on actual expenses and should be considered as supplements to broader forms of coverage. Benefits are typically payable directly to the policyholder and may be used for any purpose.

Specified disease insurance provides coverage for the treatment of a specified disease or diseases, most commonly cancer. These policies generally pay a fixed amount—such as $100—for each day of hospitalization or outpatient treatment. Some policies may provide one or more of the following benefits:

- Reimbursement on a fee schedule or reimbursement based on a percentage of usual and customary charges in the area for such services as chemotherapy, surgery, and anesthesia, which may be limited by a policy maximum.
- Payment of a first occurrence benefit upon diagnosis of a covered disease, such as $1,000 when the policyholder is diagnosed as having cancer.

Hospital indemnity and specified disease policies are not Medicare supplemental, or Medigap, policies. Medigap policies cover some of the "gaps" in Medicare, such as deductibles and coinsurance, and such policies sold to persons eligible for Medicare by reason of age are subject to certain minimum standards under section 1882 of the Social Security Act. Hospital indemnity and specified disease policies are not subject to federal standards and are regulated by the states.

State Regulation of Insurance

Regulating the insurance industry has traditionally been a state function, accomplished through the state offices of commissioners, directors, or superintendents of insurance. The McCarran-Ferguson Act (Public

Tables

Figures

Abbreviations

FTC	Federal Trade Commission
GAO	General Accounting Office
HCFA	Health Care Financing Administration
HIAA	Health Insurance Association of America
NAIC	National Association of Insurance Commissioners

and specified disease insurance and related marketing materials and compare and contrast state requirements and policies with the NAIC model. In addition, we agreed to obtain and analyze the premiums earned and benefits paid on these types of policies for the last 5 years, where such data were available.

We did our work at the insurance departments in Arizona, Connecticut, Delaware, the District of Columbia, Louisiana, Maryland, Massachusetts, Missouri, New Jersey, Pennsylvania, Rhode Island, and Texas. We selected these states judgmentally to

- include those with a substantial portion of elderly persons (the states selected had about 27 percent of the population over 65 years of age and about 27 percent of all Medicare beneficiaries),
- include states that have banned or restricted the sale of specified disease insurance, and
- provide geographic diversity.

In these states, we collected annual accident and health policy experience exhibits covering 1982 through 1986, which contain nationwide data on earned premiums and paid claims. These exhibits are prepared by insurance companies and submitted to state insurance departments.

We obtained exhibits for 69 hospital indemnity insurers and 50 specified disease insurers. The insurers were identified as the major providers of these types of policies by the Health Insurance Association of America (HIAA), by the insurance departments we visited, and from information obtained from the Argus Chart of Health Insurance, a publication that identifies insurers' lines of business and contains some financial data on the insurers. HIAA's 1985 membership survey results indicated that its member companies collected about $680,000,000 in premiums on hospital indemnity insurance. No comparable estimate of specified disease insurance premiums exists. From the company exhibits available through the insurance departments, we extracted national premium, claim, and loss ratio data for all policies with earned premiums of $100,000 or more in either 1985 or 1986—a total of 185 individual hospital indemnity and 217 individual specified disease policies.

We also obtained copies of 98 of the 185 hospital indemnity policies offered by 40 companies and 64 of the 217 specified disease policies offered by 23 companies along with premium rate information. We compared these individual policies to NAIC's Individual Accident and Sickness Insurance Minimum Standards Act and implementing regulations.

Law 79-15), enacted in 1945, expressed the desire of the Congress that the states continue to have primary responsibility for regulating the insurance industry. Each state regulates health and accident insurance, of which hospital indemnity and specified disease policies are a part, in accordance with its laws and procedures. State regulatory processes generally include

- prior approval of policies after a review for policy readability, use of standardized policy terms, and compliance with minimum standards;
- premium rate monitoring or control; and
- monitoring of unfair or deceptive advertising or trade practices.

The Role of NAIC

The National Association of Insurance Commissioners (NAIC) is an organization of the chief insurance regulatory officials of the 50 states, the District of Columbia, and the U.S. territories[1] that provides a forum for the exchange of ideas and the formulation of uniform regulatory policies. NAIC's objective is to assist the states in improving state regulatory activities. It also provides a framework for discussing common problems, standardizing the annual reporting of financial information by insurance companies, and developing model legislative acts for adoption by the individual states. Each state is free to adopt or reject the NAIC models or to tailor the models to meet its own needs.

NAIC has developed an Individual Accident and Sickness Insurance Minimum Standards Act and implementing regulations. These model standards and regulations apply to a class of insurance that includes both hospital indemnity and specified disease insurance. Additionally, NAIC has standardized the format for all insurance company annual reports, including the annual Accident and Health Policy Experience Exhibit, on which companies report data on premiums, paid claims, and loss ratios for individual hospital indemnity and specified disease insurance policies. NAIC has also developed rules governing advertisements for insurance.

Objectives, Scope, and Methodology

The Chairman requested us to review the states' effectiveness in regulating hospital indemnity and specified disease policies and to determine whether marketing materials used to sell these policies are deceptive. In later meetings with the Subcommittee's office, we agreed to describe variations among states in regulating practices for hospital indemnity

[1]We will refer to these different jurisdictions as states in this report.

We contacted relevant interest and advocacy groups, such as NAIC, HIAA, and the American Association of Retired Persons, to obtain the views of the industry, regulators, and consumers about the value of hospital indemnity and specified disease insurance. In addition, we contacted relevant federal agencies, including the Health Care Financing Administration (HCFA), FTC, the Federal Communications Commission, and the Postal Service, to determine the extent of their jurisdiction in this area. We found that none of these agencies was directly involved in the regulation of either type of insurance.

None of the state insurance departments, interest groups, or federal agencies could give us detailed information on policyholders' demographic characteristics, such as age, income, race, sex, or geographic area. We were also unable to locate data on whether policyholders of hospital indemnity or specified disease insurance have other types of health insurance coverage.

Our fieldwork was performed from May 1987 through February 1988 in accordance with generally accepted government auditing standards. As requested by the Subcommittee, we did not obtain written comments from the federal and state agencies involved; however, we did seek the views of responsible officials during our work and incorporated their views in the report where appropriate.

We reviewed these policies to determine the type of benefits provided and the policies' general provisions, such as length of waiting period, preexisting conditions clauses, and type of renewability. As reported in the next chapter, several policies we reviewed did not meet the NAIC model standards; however, many state requirements also did not meet the NAIC model. The policies we reviewed were approved by the states from which we obtained them and, thus, were required only to meet the standards of those states.

Our analysis was limited to reviewing policies issued to individuals and did not include group policies. Individual policies are generally identified by policy form number on the companies' annual policy experience exhibits. Group policies issued by an insurance company generally are reported in the aggregate and not itemized by policy. Therefore, financial information is generally not available for particular group policies. Although we reviewed individual policies only, available information indicates that they account for the majority of hospital indemnity and specified disease premiums. HIAA's 1985 membership survey results indicated that 68 percent of total premiums for hospital indemnity insurance were paid by holders of individual policies. This survey did not cover specified disease policies, but HIAA officials said they believe that most specified disease premiums are also from individual policies. An NAIC representative concurred with this assessment.

During our work at the 12 insurance departments, we obtained information on various laws, regulations, and procedures governing the approval and marketing of hospital indemnity and specified disease policies. We also reviewed their regulatory activities, including enforcement procedures for minimum standards laws, monitoring of loss ratios, performance of market conduct studies, management of policyholder complaints, and efforts to educate consumers. In the states that have banned or restricted the sale of specified disease insurance, we also discussed with state officials the states' reasons for doing so.

After we began our work, the House Committee on Energy and Commerce asked the Federal Trade Commission (FTC) to conduct a comprehensive study of advertising materials for Medicare supplemental and specified disease insurance. To avoid overlapping that study and because the states we visited generally did not retain advertising materials, we concentrated on describing state efforts to protect consumers from deceptive advertising materials, assist consumers who have complaints, and educate consumers about health insurance matters.

State officials told us that, between 1976 and 1980, Missouri and Pennsylvania had banned the sale of specified disease insurance, but as a result of subsequent court actions, the states removed the bans.

Comparisons of Policy Provisions and Benefits

State minimum requirements for hospital indemnity and specified disease insurance policies vary considerably, and the policies approved by the states we visited exhibit a wide variety of policy provisions. Where possible, we compared the model provisions with the requirements of the 12 states we visited. We also compared the provisions of 98 hospital indemnity and 64 specified disease insurance policies.

The 98 hospital indemnity policies were marketed by 40 companies. Eighty-five of the policies provided benefits for hospital stays due to sickness or accident; the other 13 covered hospital stays only for sickness (5 policies) or accidents (8 policies). Total nationwide premiums for the 98 policies were more than $291 million for calendar year 1986.

The 64 specified disease policies were marketed by 23 companies. Fifty-three covered cancer only, and nine covered cancer and other diseases, such as poliomyelitis, muscular dystrophy, and spinal meningitis. Two of the policies covered heart attack and stroke only. Total nationwide premiums for the 64 policies were more than $149 million for calendar year 1986.

In the following sections, we discuss a number of the policy provisions, and related state requirements, that are important in assessing the policies' value.

Basic Hospital Indemnity Benefits and Benefit Periods

The basic daily payment for hospital indemnity and most specified disease policies is the amount of money the insured receives for each day of confinement as a hospital inpatient. A benefit period is the maximum number of days for which the insured would receive payment for any one hospital confinement. The longer the benefit period, the greater the amount of benefit payments the policyholder could potentially receive from a policy, if hospitalized for a long period of time.

The NAIC model's provision pertaining to hospital indemnity policies says the minimum benefit should be at least $30 per day for at least 31 days during any one period of confinement. Requirements in four states were at least as stringent as the model. For cancer policies, the model says the

Analysis of State Requirements and Selected Insurance Policy Provisions

Requirements applicable to hospital indemnity and specified disease policies vary considerably from state to state. Also, policies approved by the states contain a wide variety of policy provisions and offer different coverages. We analyzed state requirements in four areas (waiting periods, preexisting condition exclusions, coverage for confinements in government hospitals, and renewability provisions) selected because they were covered by NAIC's generic suggested standards for all forms of accident and sickness insurance. We also selected three areas for which NAIC had developed suggested standards specifically for hospital indemnity and/or specified disease insurance (daily indemnity amount for both insurance types and coverage of related conditions and method of diagnosis for specified disease).

State Requirements

NAIC developed an Individual Accident and Sickness Insurance Minimum Standards Act and implementing regulations (which we refer to as the NAIC model) for the states to use in designing their regulatory programs. The NAIC model was developed to cover all types of accident and health insurance, not specifically for hospital indemnity and specified disease insurance. However, the model does include a few provisions directed at these types of insurance, and the states may apply other provisions of the model to such insurance.

Five of the 12 states we visited—Connecticut, Delaware, Massachusetts, New Jersey, and Rhode Island—have laws regulating health insurance based largely on the NAIC model. The other seven states—Arizona, the District of Columbia, Louisiana, Maryland, Missouri, Pennsylvania, and Texas—have laws that vary substantially from the model. NAIC's suggestions and the various state requirements are discussed in the next section.

Several states have banned or restricted the sale of specified disease policies. These state actions were based on beliefs that this insurance provides little protection or is of little value to the consumer. Connecticut and New Jersey will not approve the sale of specified disease insurance policies. Massachusetts permits the sale of specified disease insurance provided the following restrictions are met:

- Policies must provide coverage for at least 12 illnesses.
- Policies can be sold only as a supplement to basic hospital insurance.
- Specified disease insurance cannot be sold to persons over age 65.

1 year, and 10 had benefit periods of 6 months. Benefit periods of the other 10 policies ranged from 400 days to 5 years.

Sixty-two of the 64 specified disease policies reviewed covered cancer, and 53 of them had a daily indemnity benefit (the other 9 policies paid benefits on an expense-incurred rather than an indemnity basis). Of the 53 with an indemnity benefit, only 16 met the basic requirement of the NAIC model with indemnity benefits of at least $100 per day for 365 inpatient days. Fifteen of them would pay $100 or more, but the time period was limited to 90 days or less. The other 22 would pay daily benefits of $14 to $90, and 17 of those policies also limited the benefit period to 90 days or less.

Benefits in Addition to Basic Daily Indemnity Payments

Most hospital indemnity and specified disease policies offered benefits in addition to the basic daily indemnity amount. We identified 29 additional benefits that were offered in one or more policies. Table 2.1 shows, for each additional benefit, the number of policies containing the benefit.

Table 2.1: Benefits in Addition to Basic Benefit Payments in Hospital Indemnity and Specified Disease Policies

	Number of policies offering the benefit		Examples of additional coverage in specified disease policies
	Hospital indemnity	Specified disease	
Total number of policies reviewed	98	64	
Coverage not excluded for:			
Mental illness	51		
Maternity	22		
Other specified diseases	2		
Higher payments for:			
Confinement in intensive care unit	25		
Confinement due to cancer	13		
Dismemberment	13		
Confinement due to heart attack	12		
Accidental death	6		
Emergencies (accidents)	2		
Increased benefit for simultaneous confinement of insured and spouse	20		
Waiver of premium after long periods of confinement	20		
Increased benefits for long-term policyholders or long-term confinements	15		

(continued)

minimum daily benefit for hospital confinement should be $100 for at least 365 days, and two states had similar requirements.

Connecticut and Delaware had minimum benefit requirements for hospital indemnity insurance the same as those in the NAIC model. Four states specified the 31-day benefit period but required minimum daily indemnity amounts different from NAIC: Texas required a $15 daily minimum; New Jersey, $40; Rhode Island, $50; and Pennsylvania, $10. Maryland and Massachusetts required the $30 daily minimum recommended by NAIC but did not specify a minimum benefit period. The remaining states did not require minimum daily indemnity amounts.

Concerning specified disease insurance, Delaware and Pennsylvania had requirements similar to the NAIC model. Massachusetts required specified disease policies that provide hospitalization benefits to pay a daily indemnity of $150 or actual charges, whichever is lower, for 60 days. Maryland required specified disease policies paying on an indemnity basis to pay at least $30 per day, and Texas required a minimum benefit of $50 per day for such policies. The remaining states either did not require minimum daily indemnity benefits (five states) or had banned the sale of specified disease insurance (Connecticut and New Jersey).

The hospital indemnity policies we reviewed generally were marketed with different daily benefit amounts. For 87 policies, the purchaser generally could select varying amounts of daily benefits provided under the policies, with the premiums increasing as the benefit amounts increased. Most often, this choice was expressed in increments of $10 per day, but other increments ranged from $1 to $25 per day. For nine policies, the policy document or an accompanying rate schedule expressed choices in monthly or weekly increments, and the benefits were prorated on a daily basis. Three other policies offered a fixed daily benefit, but accompanying rate information indicated that the purchaser could buy additional weekly or monthly indemnity amounts that may or may not be prorated on a daily basis. Eight policies offered a benefit in a fixed amount, ranging from $15 to $60 per day.

Of the 98 hospital indemnity policies we reviewed, the benefit periods of 96 exceeded the minimum 31 days recommended by NAIC. The other two policies refer to a maximum benefit period stated in a separate document that was not attached to the policy we reviewed. Of the 96 policies, 47 would make payments to the insured for as long as any hospital confinement continued. Twenty-nine of the policies had benefit periods of

Eighty-five of the 98 hospital indemnity policies offered at least one additional benefit. Sixty-two of the 64 specified disease policies offered at least one additional benefit. Table 2.2 shows the number of additional benefits per policy, by type of policy.

Table 2.2: Number of Benefits in Addition to the Basic Benefit Payments Per Policy

	Number of policies	
Number of additional benefits offered	**Hospital indemnity**	**Specified disease**
1	18	4
2	21	1
3	10	2
4	18	1
5	13	2
6	2	
7	2	3
8	1	14
9		4
10		16
11		7
12		3
13		5
Total	**85**	**62**

Related Conditions or Diseases

A related condition or disease is one that is caused or aggravated by the specified disease or results from side effects or complications from treatment of that disease. For example, the use of radiotherapy or chemotherapy to treat cancer might cause side effects or complications requiring additional care.

The NAIC model says that specified disease policies should provide benefits not only for the specified disease but also for any other condition or disease directly caused or aggravated by the specified disease or the treatment of that disease. Of the 10 states we reviewed that did not ban the sale of specified disease insurance, only Delaware had provisions for related conditions or diseases similar to NAIC's.

Of the 64 specified disease insurance policies reviewed, 14 provided benefits for conditions or diseases that are caused or aggravated by the specified disease or its treatment. The other 50 policies did not cover related conditions or diseases.

	Number of policies offering the benefit		Examples of additional coverage in specified disease policies
	Hospital indemnity	Specified disease	
Additional services or supplies covered:			
Radiation or chemotherapy		58	28 pay actual and 17 pay usual and customary charges; 25 impose a lifetime maximum of $500 to $3,000.
Blood or plasma		52	31 pay actual and 17 pay usual and customary charges; 24 impose a lifetime maximum of $150 to $1,500.
Ambulance or other transportation	8	52	30 pay actual charges up to a policy limit; 22 impose a lifetime maximum of $250 to $2,000 and 2 pay for 1 trip.
Private duty nurse in hospital	1	52	40 pay actual charges up to a policy limit; 17 impose a lifetime maximum of $250 to $4,500.
Surgery	2	51	43 pay actual charges based on a fee schedule; 4 impose a lifetime maximum of $1,500 to $5,000.
Anesthesia		51	34 pay actual charges up to a policy limit and 10 pay actual charges based on a fee schedule; 5 impose a lifetime maximum of $130 to $700.
Medicines or drugs		40	27 pay actual charges, up to a policy limit; 4 impose a lifetime maximum of $250.
Prosthesis		21	10 pay usual and customary charges. 2 impose a lifetime limit of $1,000.
Nurse-at-home	13		
Convalescent home or skilled nursing care	8	14	7 pay actual charges up to a policy limit and 7 pay an indemnity benefit; there are no lifetime limits.
Home health agency	1	14	12 pay an indemnity benefit; there are no lifetime limits.
Hospice		13	7 pay an indemnity benefit and 6 pay actual charges up to a policy limit; 7 impose a lifetime maximum of $1,500 to $6,000.
Outpatient physician services		12	4 pay usual and customary charges. 4 pay actual charges up to a policy limit, and 4 pay an indemnity benefit; 2 impose a lifetime maximum of $350 or $500.
Inpatient physician services	2		
Lump-sum payments	12	11	All are an indemnity benefit; 10 contained a progressive benefit, which increased the benefit by $15 to $40 for each month the policy was in force, until a diagnosis was made or the policyholder reached a specified age.
Disability income payments	12		
Policy builds cash value	1		

Of the 64 specified disease policies we reviewed, none had elimination periods, but 53 had waiting periods. Forty-one policies had a 30-day waiting period, and the other 12 had 60-, 90-, or 120-day waiting periods. Of the 53 policies, 32 would exclude forever coverage for a specified disease diagnosed during the waiting period, 20 would cover the specified disease after 2 years, and the other would cover the disease after 6 months. Thirteen of the 53 policies would permit the policyholder to cancel the policy and get a refund of premiums paid if the policyholder was diagnosed as having the specified disease during the waiting period.

Preexisting Conditions

A preexisting condition is a health condition that the policyholder had before the policy became effective. Many health insurance policies include provisions limiting payments for preexisting conditions. The more restrictive such provisions are, the less in benefits a policyholder is likely to receive under the policy. Generally, the definitions of preexisting conditions include conditions that were manifest during a set number of months before the effective date of the policy for which (1) a prudent person would be expected to seek medical advice or treatment or (2) the policyholder actually sought medical advice or treatment. The preexisting condition provision precludes payment for such conditions for a number of months after the policy becomes effective.

Specific conditions may also be excluded from coverage. Many specified disease policies exclude payment for any covered disease that was diagnosed or treated before purchase of the policy. In effect, this means that persons who purchase a specified disease policy after contracting the covered disease will receive no benefit.

For hospital indemnity and specified disease insurance, the NAIC model suggests that states prohibit policies that define preexisting conditions more restrictively than a condition that was manifest or treated more than 60 months (5 years) before the effective date of the policy. Seven states had requirements at least as stringent as the model. In cases where the application for insurance asks for disclosure, the policy may exclude coverage for preexisting conditions for any amount of time. Also, policies may exclude coverage for particular conditions. If the policy does not exclude coverage for preexisting conditions or if the application does not ask for disclosure of prior conditions or treatments, the model suggests a maximum waiting period of 12 months after the effective date of the policy for coverage of preexisting conditions.

Connecticut, Delaware, New Jersey, Pennsylvania, and Texas had provisions in their requirements at least as stringent as the NAIC model. Massachusetts and Rhode Island defined a preexisting condition as one that was manifest or treated 12 and 36 months, respectively, before the effective date of the policy. The other states did not address preexisting conditions in their regulations.

Sixty-nine of the hospital indemnity policies we reviewed had preexisting condition clauses; the other 29 did not. For eight policies, the clause did not say what period of time before the effective date would qualify as a preexisting condition, suggesting that any health condition one had before the effective date of the policy would invoke the clause. None of the remaining (61) policies had time periods that exceeded the 60 months suggested in the NAIC model. Seventeen of the 69 policies that had preexisting condition clauses would preclude payment for 24 months after the effective date of the policy, which is longer than the period suggested by the model. The time periods of the policies with preexisting condition clauses are shown in table 2.3.

Fifty-five specified policies would never cover losses from a specified disease if the disease was manifest or treated before the effective date of the policy. The time periods for coverage of a preexisting condition and the time to establish such a condition for the other nine policies are also shown in table 2.3.

Table 2.3. Time Periods to Establish a Preexisting Condition and for Benefit Coverage of Preexisting Conditions

Time before the policy's effective date to establish a preexisting condition	Number of policies	
	Hospital indemnity	Specified disease[a]
60 months	18	3
24 months	6	3
12 months	27	1
6 months	7	
None stated	8	
Any time before effective date		2
Others[b]	3	
Total	**69**	**9**

Time after the policy's effective date that preexisting conditions are covered	Number of policies	
	Hospital indemnity	Specified disease[a]
24 months	17	8
12 months	37	1
6 months	8	
Others[c]	7	
Total	**69**	**9**

[a]Fifty-five policies would never pay benefits for any covered disease that was manifest before the policy's effective date.

[b]Preexisting conditions clause contained multiple time periods, ranging from 12 to 24 months.

[c]Coverage depended on disclosure of preexisting conditions on the application, or preexisting conditions clauses contained multiple time periods, ranging from 0 to 24 months.

Method of Diagnosis

The NAIC model regulation suggests that any specified disease policy that makes payment conditional on a pathological diagnosis shall also provide that if a pathological diagnosis is medically inappropriate, a clinical diagnosis will be acceptable. A pathological diagnosis is based on the microscopic examination of tissue or blood and in some circumstances can be performed only after death. A clinical diagnosis may be based on a physician's examination, X-ray studies, and laboratory tests. Of the 10 states that have not banned the sale of specified disease insurance, Delaware, Maryland, and Massachusetts have incorporated this NAIC provision in their requirements. The other seven made no reference to this provision in their requirements.

Thirteen of the 98 hospital indemnity policies provided additional payments if the policyholder contracted cancer. Ten of those policies required a pathological diagnosis of cancer as grounds for payment of a claim. The NAIC model provision concerning pathological diagnosis is not applicable to hospital indemnity policies.

Thirty-nine of the 64 specified disease policies required pathological diagnosis, even if the diagnosis must be performed after death. If a covered disease is diagnosed through an autopsy, these policies would pay benefits to the deceased policyholder's estate.

Confinement in a U.S. Government Facility

The NAIC model suggests that policies providing indemnity coverage for hospitalization cover treatment obtained in hospitals operated by the federal government. Connecticut, Delaware, Massachusetts, Missouri, New Jersey, Rhode Island, and Texas have provisions similar to NAIC's.

The other states made no reference to this provision in their requirements. In 25 hospital indemnity policies, coverage in a U.S. government facility was neither specifically excluded nor included, but in those policies the words "hospital" or "hospitalized" were defined to include a requirement that a charge for services be made, which is permissible under the NAIC model. This would seem to preclude coverage for treatment at government hospitals, where care is normally provided free of charge. Ten of the hospital indemnity policies and 22 specified disease policies excluded coverage for confinements in U.S. government facilities.

Age-Related Characteristics

The NAIC model does not contain requirements relating benefits or premiums for hospital indemnity and specified disease insurance to the policyholder's age. We noted several policy provisions related to age, which are summarized in table 2.4.

Table 2.4: Age-Related Restrictions of Hospital Indemnity and Specified Disease Insurance Policies

	Number of policies	
	Hospital indemnity	Specified disease
Policies marketed only to ages 59 or older	11	3
Age-related change in coverage:[a]		
Reduced benefits or increased premiums	31	8
Policy terminates	12	
Other[b]	1	
Policies with no age-related changes	43	53
Total	**98**	**64**

[a]Generally, these changes were effective when the policyholder reached age 60 or 65.

[b]One policy reduced benefits at age 65 and terminated at age 80.

The 32 hospital indemnity policies that reduced benefits to older policyholders generally applied the reduction at age 65. For 29 of the policies, the reduction was 50 percent. (The documentation available to us for the other three did not say what the reduction would be.) Nineteen of the 32 policies would restore full benefits if the policyholder was hospitalized for long periods, ranging from 60 to 90 days. Twelve of the other 13 policies would not restore benefits, and the remaining policy was not clear about whether or when benefits could be restored. Of the eight specified disease policies that reduced benefits or increased premiums, six would reduce benefits by 50 percent when the policyholder reached age 65; one would double premiums for the same benefit at age 65; and one would establish a fixed premium that may be higher or lower than

the premium previously paid, depending on the policyholder's age when he or she first bought the policy.

Renewability

Renewability refers to the insurer's right to cancel an individual contract for reasons other than nonpayment of premiums. The four types of renewability provisions, in order of increasing protection for consumers and risk for insurers, are as follows:

- Optionally renewable. Renewal is at the sole option of the insurer.
- Conditionally renewable. Renewal can be declined at the option of the insurer by class, by geographic area, or for stated reasons other than deterioration of health.
- Guaranteed renewable. Renewal cannot be declined by the insurer for any reason, but the insurer can revise premiums on a class basis.
- Noncancelable. Renewal cannot be declined nor can premiums be increased by the insurer.

The NAIC model suggests that a guaranteed renewable policy should be guaranteed renewable up to age 65 or eligibility for Medicare. The model does not suggest a minimum renewability provision for hospital indemnity policies, but it does suggest that policies containing specified disease coverage be at least guaranteed renewable.

As with the NAIC model, none of the 12 states had a minimum renewability requirement for hospital indemnity insurance policies, although Louisiana requires insurers to offer an option making policies guaranteed renewable up to age 65 at additional cost. Delaware, Massachusetts, and Texas required that specified disease policies be at least guaranteed renewable, either without an upper age limit or up to age 65 or eligibility for Medicare, as does NAIC's provision, and Louisiana required the option mentioned above. Connecticut and New Jersey will not approve the sale of specified disease insurance policies, and the remaining six states did not have requirements containing minimum renewability provisions for specified disease policies.

Of the 98 hospital indemnity policies we reviewed, 4 were optionally renewable, 29 were conditionally renewable, 58 were guaranteed renewable, and 7 were noncancelable.

Sixty-one of the 64 specified disease policies had a guaranteed renewable provision and, thus, met the NAIC guideline; 2 policies were conditionally renewable and the other was optionally renewable.

Summary

The states have placed widely varying requirements on hospital indemnity and specified disease policies for minimum benefit levels and permissible restrictions on coverage of hospitalizations. The individual policies we reviewed also exhibited wide variation in benefit levels and conditions for coverage of inpatient stays. Because variation exists, people considering purchase of either type of policy should be careful to gain an understanding of what various policies cover and their restrictions on coverage before obtaining a particular policy. Another important consideration is the cost of a policy in relation to the risks covered, which is the focus of the next chapter.

Analysis of Loss Ratios and Other Considerations of Value

NAIC has established "benchmarks" for minimum loss ratios to guide the individual states in determining whether benefits are reasonable in relation to the premiums charged. NAIC's benchmarks range from 45 to 60 percent, depending on the type of policy and the type of renewal provision contained in the policy. Five of the 12 states we visited had not established minimum loss ratio requirements for hospital indemnity and specified disease insurance. The other seven states prescribed anticipated loss ratios varying between 45 and 65 percent, depending in some cases on the type of policy and the type of renewal provision contained in the policy.

The 5-year average loss ratio[1] for 185 hospital indemnity policies for which we obtained data (total nationwide earned premiums of $1.9 billion) was 53 percent, which means that about 53 cents of each premium dollar was returned to the policyholders in benefits or used to increase reserves against future claims. The similar loss ratio for 217 specified disease policies (total nationwide earned premiums of $2.2 billion) was 58 percent, or 58 cents in benefits and increases to reserves for each premium dollar. The seven largest hospital indemnity insurers (representing 77 percent of the total earned premiums of the 185 policies) had loss ratios ranging from 19 to 65 percent, and the seven largest specified disease insurers (representing 76 percent of the total earned premiums of the 217 policies) had loss ratios ranging from 32 to 67 percent.

While the charges for a hospitalization are often substantial (over $500 per day in 1987), hospital indemnity insurance would cover only a small portion of those costs—as little as $30 per day. In our opinion, a wise health insurance consumer's first concern should be to obtain coverage for the largest portion of his or her potential hospital expenses. For the elderly, Medicare fills that need, and for most other people, more comprehensive hospitalization coverage is available either through an employer-sponsored group health plan or the purchase of an individual policy. A large portion of the low-income population has comprehensive hospitalization coverage through the Medicaid program.

The case for purchasing specified disease insurance is even less compelling than that for hospital indemnity insurance because specified disease insurance typically not only pays just a small portion of hospital costs, but also pays benefits only if the insured contracts the named disease or

[1] As used in this chapter, average loss ratios represent the sum of incurred claims for all hospital indemnity or all specified disease policies divided by the sum of earned premiums for those same policies.

diseases. Comprehensive health or hospitalization insurance and Medicare provide benefits for virtually the entire spectrum of diseases.

Explanation of Loss Ratios

The loss ratio for a policy represents the percentage of premiums collected that are returned to policyholders; it is computed by dividing the amount of incurred claims by the amount of earned premiums for a reporting period. Incurred claims include not only paid claims but also reserves for claims for services that policyholders received during the period that have not yet been settled by or reported to the insurer. Each June 30, insurance companies report loss ratio information to the insurance departments of the states in which they do business. These ratios, which are used in the insurance industry as a method of summarizing the amount of benefits returned to policyholders, are sometimes considered a way of measuring a policy's value. The portion of earned premium that is not returned to policyholders is available for the company to use for marketing, administration, and profit.

NAIC and State Loss Ratio Requirements

NAIC has not adopted minimum loss ratios for hospital indemnity or specified disease insurance policies. Some states we visited have adopted regulations that specify minimum loss ratios, while others have not. Generally, the 12 states we visited do not review or monitor insurance company loss ratios to determine if they are within the states' prescribed minimum loss ratios.

NAIC has established "benchmarks" for minimum anticipated[2] loss ratios to guide the individual states in determining whether benefits are reasonable in relation to the premium charged. The most recent benchmarks, suggested by NAIC in 1983, for all types of accident and health insurance were based, in part, on a policy's renewability provision, as shown in table 3.1.

[2]An anticipated loss ratio represents the percentage of earned premiums the insurance company expects to pay in benefits or to place into reserve against future claims. When an insurance company requests approval for a policy form or approval for a rate change, the state may require the company to submit an actuarial memorandum that contains an anticipated loss ratio and describes the assumptions used to compute that ratio.

Table 3.1: NAIC-Suggested Anticipated Minimum Loss Ratios

Figures in percents

	Type of coverage	
	Medical expense[a]	Loss of income and other[b]
Optionally renewable	60	60
Conditionally renewable	55	55
Guaranteed renewable	55	50
Noncancelable	50	45

[a]Includes specified disease policies not paying on an indemnity basis.

[b]"Loss of income" includes disability insurance. "Other" includes all hospital indemnity policies and specified disease policies paying on an indemnity basis.

Generally, the insurance departments of the 12 states we visited review and approve individual insurance policies before issuance. The District of Columbia, Louisiana, Missouri, Rhode Island, and Texas do not have regulations that prescribe minimum loss ratios for hospital indemnity and specified disease policies; however, Rhode Island officials told us that they apply the NAIC benchmarks when approving policy premiums. The regulations for loss ratio requirements of the other seven states are summarized in table 3.2.

Table 3.2: State Anticipated Minimum Loss Ratio Requirements

State	Requirement
Arizona	Same as NAIC
Connecticut	65 percent for hospital indemnity policies sold to persons 65 or older; specified disease policies are banned
Delaware	Same as NAIC for hospital indemnity; all specified disease insurance must meet NAIC's benchmark medical expense rate
Maryland	None for hospital indemnity insurance; 60 percent for specified disease insurance
Massachusetts	Same as NAIC, except 65 percent for policies held by persons aged 65 or older
New Jersey	Same as NAIC for hospital indemnity, except 65 percent for policies held by persons 65 or older; specified disease policies are banned
Pennsylvania	50 percent for new policies; 60 percent for policies for which the company increases premiums.

As shown in tables 3.1 and 3.2, requirements for anticipated minimum loss ratios range from 45 to 65 percent. None of the 12 states we visited routinely monitored loss ratios to see if actual performance met the state's requirements. Officials of Arizona, Connecticut, Maryland, Massachusetts, and Rhode Island told us they will review an insurer's loss

ratio data if the company requested a rate increase or the insurance department receives a complaint or becomes aware of a problem with a company's rates. We obtained actual loss ratio data as reported to the states by insurance companies, which are summarized in the following sections.

Hospital Indemnity Policy Loss Ratios (1982-86)

Using the accident and health policy experience exhibits available at the 12 insurance departments (which contain nationwide earned premium and incurred claims data), we identified 185 hospital indemnity policies, issued by 69 companies, with nationwide earned premiums of $100,000 or more in either calendar year 1986 or 1985. The national average loss ratio for all 185 policies over the 5-year period 1982-86 was 53 percent; individual loss ratios ranged from 6 to 313 percent, and 96 policies had a cumulative loss ratio below 45 percent (the lowest NAIC benchmark). The distribution of cumulative loss ratios for the 185 policies is shown in figure 3.1. The 185 policies had cumulative earned premiums of about $1.9 billion and cumulative incurred claims of about $1 billion. Table 3.3 shows the yearly premiums, claims, and loss ratios for the 185 hospital indemnity policies.

Figure 3.1: Loss Ratios of 185 Hospital Indemnity Policies (1982-86)

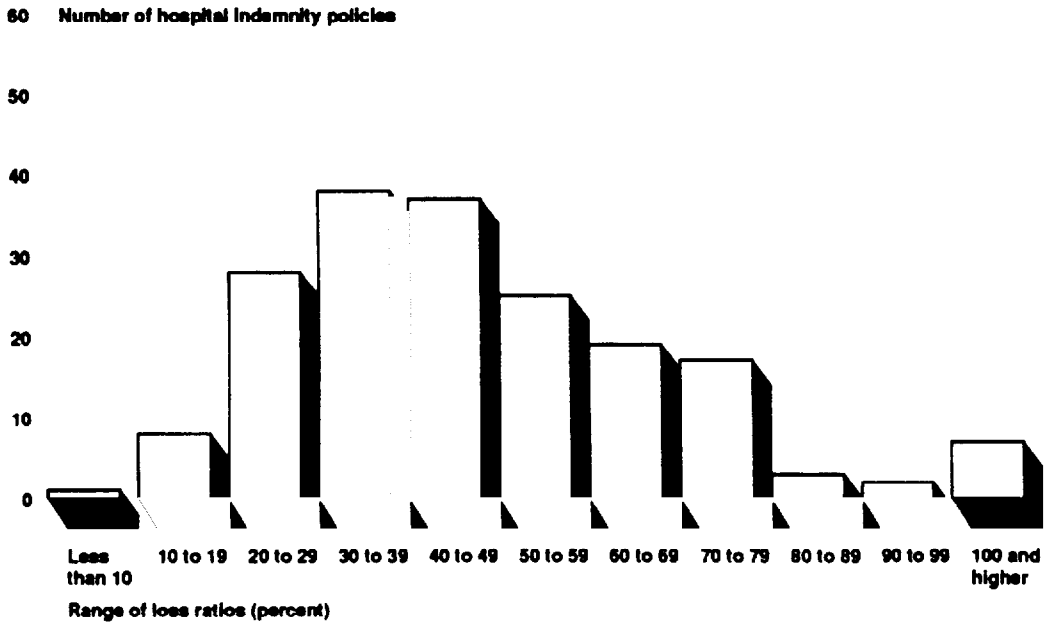

Table 3.3: Yearly Nationwide Premium, Claim, and Loss Ratio Data for 185 Hospital Indemnity Policies (1982-86)

Calendar year	Earned premiums	Incurred claims	Loss ratio (percent)
1986	$415,741,820	$212,549,933	51
1985	425,086,645	215,726,710	51
1984	399,185,133	217,382,328	54
1983	358,759,057	215,973,241	60
1982	304,407,941	153,273,644	50
Total	**$1,903,180,596**	**$1,014,905,856**	**53**

We obtained complete information for all 5 years for 96 of the 185 policies.[3] These 96 policies represented 66 percent of the total cumulative earned premiums shown in table 3.3, and they had an average cumulative loss ratio of 56 percent. Cumulative loss ratios ranged from 6 to 172 percent for these policies. Earned premium and loss ratio data by year for the 96 policies are shown in appendix I.

A small number of insurance companies accounted for a large segment of the individual hospital indemnity insurance premiums shown in table 3.3. Earned premiums of 7 of the 69 insurance companies accounted for about 77 percent of the total hospital indemnity earned premiums for 1982-86. Table 3.4 presents the cumulative data for these seven companies.

Table 3.4: Five-Year Nationwide Cumulative Loss Ratios for the Largest Hospital Indemnity Insurance Companies (1982-86)

Company	Number of policies	Earned premiums	Incurred claims	Cumulative loss ratio (percent)
Physicians Mutual	10	$675,134,486	$441,255,557	65
National Home Life Assurance	14	244,606,524	146,721,319	60
Pennsylvania Life	4	126,202,362	24,235,771	19
State Farm Mutual Auto[a]	1	106,844,765	42,271,794	40
Colonial Life and Accident	4	106,815,217	48,162,406	45
Bankers Life and Casualty	5	103,943,417	52,100,227	50
Mutual of Omaha	14	96,675,472	45,507,372	47
Total	**52**	**$1,460,222,243**	**$800,254,446**	**55**

[a]Data not available for calendar year 1982.

[3]Some of the other policies had not been on the market for 5 years, and for others, we could not find information for all 5 years.

Specified Disease Policy Loss Ratios (1982-86)

We identified 217 policies, issued by 50 companies, with nationwide earned premiums of $100,000 or more in either calendar year 1985 or 1986. For these policies the national average loss ratio was about 58 percent; individual loss ratios ranged from less than 1 to 122 percent, and 78 policies had a cumulative loss ratio below 45 percent (the lowest NAIC benchmark). The distribution of cumulative loss ratios for the 217 policies is shown in figure 3.2. For the period 1982-86, the 217 policies had cumulative earned premiums of about $2.2 billion and cumulative incurred claims of about $1.3 billion. Table 3.5 shows the yearly premiums, claims, and loss ratios for the 217 specified disease policies.

Figure 3.2: Loss Ratios of 217 Specified Disease Policies (1982-86)

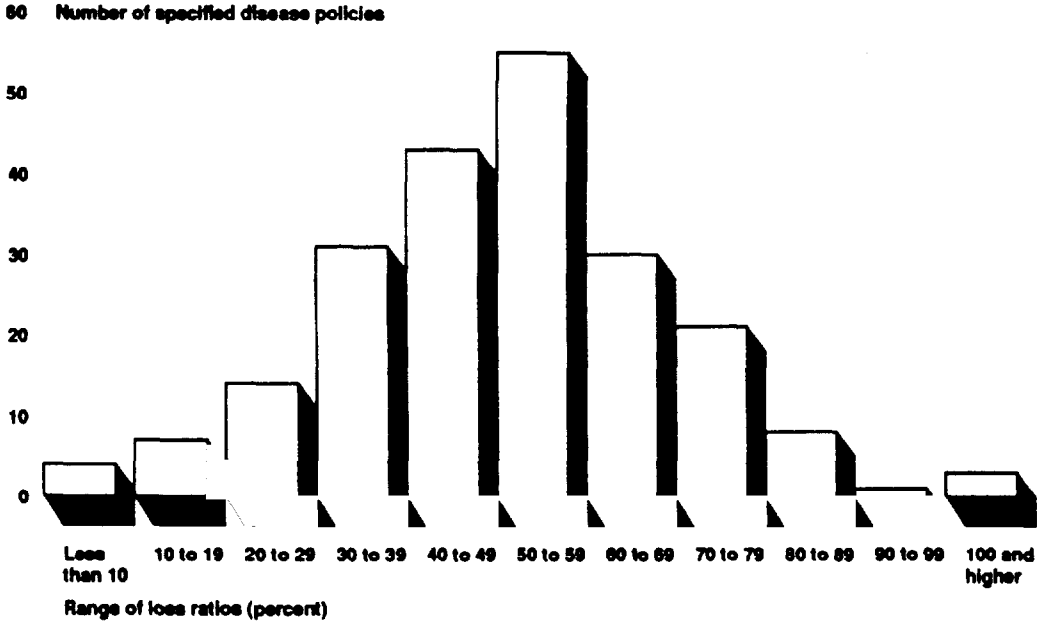

Table 3.5: Yearly Nationwide Premium, Claim, and Loss Ratio Data for 217 Specified Disease Policies (1982-86)

Calendar year	Earned premiums	Incurred claims	Loss ratio (percent)
1986	$540,239,458	$326,122,455	60
1985	516,172,156	278,757,663	54
1984	430,889,617	240,612,363	56
1983	370,442,799	220,758,562	60
1982	330,255,928	201,043,023	61
Total	**$2,187,999,958**	**$1,267,294,066**	**58**

We obtained 5 years of data for 109 of the 217 policies,[4] representing 73 percent of the total cumulative earned premium shown in table 3.5. Their average cumulative loss ratio for the 5-year period was 59 percent, and cumulative loss ratios ranged from 12 to 104 percent. Earned premium and loss ratio data for these 109 policies by year are in appendix II.

During this 5-year period, seven companies accounted for about 76 percent of the total earned premiums shown in table 3.5 for specified disease insurance policies. Earned premiums for the American Family Life Assurance Company of Columbia accounted for about 49 percent of the cumulative earned premiums for 1982-86 for specified disease insurance. Table 3.6 presents cumulative data for these seven companies.

Table 3.6: Five-Year Nationwide Cumulative Loss Ratios for the Largest Specified Disease Insurance Companies (1982-86)

Company	Number of policies	Earned premiums	Incurred claims	Cumulative loss ratio (percent)
American Family Life Assurance	24	$1,069,762,925	$633,998,866	59
Liberty National Life	9	195,729,773	131,518,504	67
Transport Life	9	118,490,134	58,777,351	50
Equity National Life	8	87,295,539	47,793,360	55
Capitol American Life[a]	15	78,530,460	24,791,597	32
Union Fidelity Life	2	62,098,627	36,192,131	58
Colonial Life and Accident	9	55,120,390	35,108,211	64
Total	**76**	**$1,667,027,848**	**$968,180,020**	**58**

[a]Data not available for calendar years 1982 and 1983.

Other Considerations of Value

Hospital indemnity and specified disease insurance provide narrow coverage. Neither is a good substitute for more comprehensive health plans that cover the largest portion of hospitalization costs and a range of other health service costs. The elderly have such broad coverage through the Medicare program, and for most other people, broad coverage is available through an employer-sponsored group health plan or the purchase of an individual policy.

In our opinion, the most efficient use of insurance premium dollars is for protection against a wide range of risks. Assuming that a consumer has limited funds available for purchasing health insurance, the best course

[4]See footnote 3.

of action would be to purchase coverage for the broadest set of possible contingencies. That is where hospital indemnity and specified disease insurance fall short.

Hospital indemnity policies generally pay benefits only if the insured is confined to a hospital or for conditions directly associated with a hospital confinement. The cost of hospitalization is about $500 per day in 1988. A hospital indemnity policy (which may pay only $30 per day) will make a relatively minor contribution toward meeting those costs, and these policies generally do not change benefits to keep up with inflation. For the elderly, Medicare will cover nearly all of a beneficiary's hospital bill, after the beneficiary pays the deductible ($540 in 1988). Other comprehensive medical plans will pay substantial portions of an insured's expenses. Medicare and comprehensive medical plans also provide coverage for diseases and conditions that may be treated outside the hospital, regardless of whether a hospitalization occurred first.

Specified disease policies cover only the named disease or diseases. Medicare and comprehensive medical plans cover a wide spectrum of diseases and conditions that require medical treatment.

Other data may provide a useful perspective when considering the value of hospital indemnity and specified disease insurance.

A study published by HCFA[5] shows that the length of inpatient stays and number of hospital admissions for people under 65 years of age began to decline in mid-1981. Similarly, beginning about mid-1983, the length of inpatient stays and number of hospital admissions for people 65 years of age or over also began to decline. Another HCFA study[6] states that in 1985 the average lengths of stay of 5.5 days for patients under 65 years of age and 8.8 days for those 65 years of age or over were the lowest ever recorded. From a benefit standpoint, hospital indemnity or specified disease policies that pay on a daily basis will provide lower payments on average now than in prior years because hospital stays are fewer and shorter.

[5]Office of the Actuary, Health Care Financing Administration: "National Health Expenditures, 1986-2000," Health Care Financing Review. Vol. 8, No. 4. Summer 1987.

[6]H. Lazenby, K. Levit, and D. Waldo: "National Health Expenditures, 1985," Health Care Financing Notes. No. 6. HCFA Pub. No. 03232. Office of Research and Demonstrations, Health Care Financing Administration. September 1986.

Data from the American Hospital Association show that in 1985, hospitals recorded a total of 33,501,000 admissions, from a total U.S. population of 238,740,000. This same survey reported an overall average length of stay of 7.1 days. A later association survey shows that in 1986 hospitals recorded total admissions of 32,410,000 from a total U.S. population of 240,941,000. The average length of stay in 1986 was also 7.1 days. Thus, about 1 in every 7 persons were hospitalized during each of those years.

For the elderly population, HCFA's data show that in fiscal year 1983, 7 million of 30.4 million (or about 1 of every 4.3) Medicare hospital insurance beneficiaries had at least one period of hospitalization. For fiscal year 1984, 6.7 million of 30.8 million (or about 1 of every 4.6) Medicare hospital insurance beneficiaries were hospitalized at least once.

The American Cancer Society[7] estimates that in 1987 about 965,000 people will have been diagnosed as having cancer (excluding skin cancer). The Society also estimated that about 74 million (or 30 percent) of Americans now living will eventually have cancer.

To illustrate various coverage provisions, we compared the premiums and benefits of four hospital indemnity policies and three specified disease policies. Each policy had total earned premiums of at least $1 million in 1985 or 1986, the premium rates were available for the same period and were from the same or adjoining states, and at least 2 years' of loss ratio data were available.

Annual premiums for the four hospital indemnity policies ranged from $297 to $490 for persons age 65. These policies offered a basic benefit of $50 per day with no elimination period. Three of the four policies offered additional benefits, such as a waiver of premium after long hospitalizations; mental illness coverage; and increased benefits for cancer, heart attack, accidental death, and simultaneous confinement of insured and spouse. The policy with the lowest premium offered the largest number of additional benefits, while the policy with the highest premium offered no additional benefits.

Coverage of preexisting conditions also varied widely among the four policies. One policy defined a preexisting condition as one that occurred or was treated within 12 months before the policy was effective and

[7] American Cancer Society: Cancer Facts and Figures—1987.

would not cover losses for preexisting conditions for 12 months. The policy with the least restrictive preexisting condition coverage used 6 months to establish a preexisting condition and covered losses after 6 months. The other two policies said a preexisting condition was one that occurred or was treated in the 5 years before the policy became effective. One of these policies would not cover such conditions for 24 months, and the other would not cover them for 12 months.

The key features and variations of these four policies are summarized in table 3.7.

Table 3.7: Comparison of Four Hospital Indemnity Policies Providing a Basic Benefit of $50 Per Day

	1985 and 1986 annual premium at age 65		Preexisting conditions (in months)			
Policy	No elimination	3-day elimination	Time to establish	Loss covered after	Additional benefits	Loss ratio
A	$489	$418	12	12	None	84.9[a]
B	$434	$373	6	6	Waiver of premium	84.9[a]
C	$346	N/A	60	24	Maternity and mental illness not excluded	28.8[b]
D	$297	N/A	60	12	Mental illness not excluded; increased benefits for cancer, heart attack, accidental death; and simultaneous hospital confinement of both spouses	50.3[c]

[a]Based on 3 years' data (1984-86).

[b]Based on 2 years' data (1985-86).

[c]Based on 4 years' data (1983-86).

We noted similar variety in the benefits offered and premiums charged among the three specified disease policies. Annual premiums for these three policies ranged from $60 to $345 for persons 65 years of age. The key features and variations among these policies are summarized in table 3.8.

Table 3.8: Comparison of Three Specified Disease Policies' Premiums and Other Characteristics

Policy	1986 annual premium at age 65	Policy lifetime maximum	Hospital confinement benefit	Pathological diagnosis required?	Related complications covered?	Waiting period	Loss ratio
E	$60[a]	None	$60/day for first 10 days, $45/day thereafter	Yes	No	30 days	74.9[c]
F	$231	None	$100/day for first 60 days, $150/day for next 60 days, $200/day thereafter	No	No	30 days	53.3
	$345		$200/day for first 60 days, $300/day for next 60 days, $400/day thereafter				
G	$149 179 199	$10,000 25,000 50,000	Benefits paid based on expenses incurred; does not pay for expenses covered by Medicare	No	Yes	None	47.7

[a]1985 rate.

[b]Based on 4 years' data (1982 data were not available).

[c]Based on 5 years' data (1982-86).

Summary

In our view, hospital indemnity or specified disease insurance policies are of limited value. They provide narrow coverage, pay fixed dollar benefit levels without protection against inflation, are conditioned on confinement in a hospital or contracting the specified disease, and return on average less than 60 cents of a premium dollar as benefits. In addition, 52 percent of the 185 hospital indemnity policies and 36 percent of the 217 specified disease policies had 5-year nationwide average loss ratios below 45 percent—the lowest recommended NAIC or state minimum.

Annual premiums for a hospital indemnity policy paying $50 per day for a 65-year-old could cost from about $300 to $500 per year. In 1984, about 1 in 4.6 Medicare beneficiaries were hospitalized. In 1985, the average length of stay for this group was about 9 days. Thus, a policy paying $50 per day would pay the average Medicare hospital patient about $450, but a beneficiary had only about a 22-percent chance of being hospitalized. The rate of hospitalization is even lower among the general population—about 1 in 7 were hospitalized in 1986, for an average of about 7 days. With declining numbers of admissions and declining lengths of stay that have occurred in recent years, policies that pay benefits based on the number of days one is hospitalized return fewer benefits to policyholders today than they did a few years ago.

The value of specified disease insurance depends not only on such factors as whether the person is hospitalized, but also on the chances of contracting the covered disease.

Our comparison of a few hospital indemnity and specified disease policies shows that they offer substantially different benefits at considerable difference in costs. The most expensive policy does not necessarily provide the most comprehensive benefits. Thus, a consumer intending to purchase a hospital indemnity or specified disease policy would do well to shop around.

State Efforts to Regulate Advertising and Assist Consumers

State efforts to protect consumers from deceptive advertising for hospital indemnity and specified disease insurance consist of adopting NAIC's Rules Governing Advertisements of Accident and Sickness Insurance and reviewing company advertising materials for compliance with those rules. Additionally, all of the states we visited, through presentations to groups, answers to inquiries, or published consumer guides, have attempted to educate consumers on how to make informed choices about insurance products. Maryland and New Jersey have published guides that strongly caution consumers not to buy specified disease insurance.

NAIC Rules Governing Advertisements for Accident and Sickness Insurance

In 1956, NAIC adopted model advertising rules and interpretive guidelines covering advertising materials for insurance products. As of January 1987, 49 of 54 jurisdictions in the United States (the states, the District of Columbia, Puerto Rico, the Virgin Islands, and Guam), including the 12 we visited, had adopted the NAIC model or similar legislation.[1]

The purpose of the rules is to "assure truthful and adequate disclosure of all material and relevant information in the advertising of accident and sickness insurance." The following are examples of model disclosure provisions:

- No advertisements shall omit information or use words if the omission or use has the capacity, tendency, or effect of misleading or deceiving purchasers or prospective purchasers.
- An advertisement shall not describe policy limitations, exceptions, or reductions in a positive manner or imply that they are a benefit, such as describing a waiting period as a "benefit builder," or saying "even preexisting conditions are covered after 2 years."
- A benefit that is conditional upon being confined to a hospital shall not be described as "tax free," "extra cash," "extra income," "extra pay," or in substantially similar words.
- No advertisement shall advertise that the amount of benefit is payable on a monthly or weekly basis when the benefit is paid on a daily prorata basis.
- Advertisements for policies providing benefits for specified illnesses only or for specified accidents only shall clearly and conspicuously state the limited nature of the policy.
- Testimonials must be genuine, represent the author's current opinion, be applicable to the policy advertised, and be accurately reproduced.

[1] According to NAIC, the jurisdictions that have not adopted the model rules and guidelines are Alaska, Hawaii, Guam, Montana, and the Virgin Islands.

- The source of any statistics used shall be identified in the advertisement.
- An advertisement shall not state or imply that an insurer or a policy has been approved or endorsed by any individual, group, or organization, unless such is fact, and unless any proprietary relationship between an organization and the insurer is disclosed.
- An advertisement shall not create the impression that the insurer, its financial condition, or the merits, desirability, or advisability of its products are approved, endorsed, or accredited by any division or agency of the state or federal government.

NAIC has taken no position on whether direct response advertising (that is, advertising used in mail or mass media solicitation) should be reviewed and approved by the state insurance commissioner before its use. The rules say that, if the state decides that direct response advertising should be approved before its use, the insurer should submit such material to the commissioner 30 days before the insurer wishes to use it in the state.

State Requirements, Procedures, and Market Conduct Activities

All 12 states that we visited had adopted legislation or regulations incorporating the NAIC model rules on advertising or similar rules. Some states were more restrictive or more specific than the NAIC model. For example:

- Arizona restricted the use of the words "full," "complete," and "all" in advertisements.
- Connecticut prohibited the use of illustrations that might frighten people, such as photographs of hospitalized persons, ambulances, medical instruments, and injured persons.
- Maryland banned the use of the word "dread" when describing diseases.

Five of the 12 states we visited had requirements concerning state reviews of advertising materials. Officials from Arizona, New Jersey, and Pennsylvania said their state insurance department requested that certain advertising materials be submitted for review. In Arizona and New Jersey, reviews did not have to be made before the materials were used. Arizona wanted to see advertising materials related to 15 types of insurance products, including hospital indemnity, cancer, and other specified disease policies, and could request materials for any other specific products. New Jersey requested insurance companies to submit for review all new mass-marketing advertising material. A Pennsylvania official told us that advertising material intended to be mailed to homes

must be submitted at least 1 day before its intended use. Rhode Island and Connecticut officials said their state regulations allow the commissioner to request companies to submit advertising material for review before its use. Officials in the other seven states said they did not require insurance companies to submit their advertising material for review and approval before its use.

Several states that did not request insurance companies to submit their advertising for review had other means of reviewing such material, if they chose to do so. For example, Maryland and Missouri officials told us their states had staffs who would review advertising materials when conducting a market conduct examination of an insurance company. A market conduct examination is an evaluation of insurers' compliance with state requirements and their dealings with policyholders and claimants in the state. In addition to requiring some materials to be submitted, New Jersey and Pennsylvania officials said their market conduct staffs also reviewed advertising material when performing their examinations. Maryland and Pennsylvania officials told us of two instances where market conduct examinations found deceptive advertising that led to legal action and monetary penalties. Texas officials told us that although they did not request companies to submit advertising materials for review and did not routinely review materials during market conduct studies, they became aware of an advertisement that they believed was misleading. In that case, the state board of insurance ordered the company to revise its materials, and the company did so after being fined for violating the state's rules.

To aid the states in their review of advertising material at the company offices, the NAIC model rules state that each insurer shall maintain at its home or principal office a complete file containing every printed, published, or prepared advertisement for its individual policies and typical advertisements for its blanket, franchise, and group policies. This file shall contain notations attached to each advertisement, stating the manner and extent of distribution and the form number of any policy advertised. These files shall be available for periodic inspection by the state insurance department, and the insurer shall retain these files for 4 years or until the next regular report on the examination of the insurer, whichever is longer.

State Efforts to Assist Consumers

In addition to adopting rules to protect consumers from deceptive advertising, the states we visited have various consumer education programs. State officials told us about their educational programs and the publications they issued to help consumers make informed choices about health insurance.

Also, the 12 states' insurance departments have procedures for reviewing and resolving consumer complaints. Generally, officials believed they received few complaints about hospital indemnity and specified disease policies.

Complaint Procedures

Policyholder complaints are one source of information for insurance departments to identify problems with particular policy provisions or companies. Complaints to insurance departments generally may be made by mail or telephone, although some states require the policyholder to file a written complaint with the department. State insurance departments may receive complaints directly from consumers, and local better business bureaus or the state offices of the attorney general may receive complaints about insurance and refer them to the insurance departments.

Upon receiving a complaint, all insurance departments we visited said they would review the policyholder's allegation. The insurance department may contact the company to obtain additional information and an explanation of the company's actions. The departments generally then would attempt to resolve the matter. After resolution, Delaware, Maryland, Missouri, New Jersey, Pennsylvania, and Texas categorized complaints as justified or unjustified, depending on whether the matter was resolved in favor of the complainant or the company.

Of the 12 states, Missouri, New Jersey, and Pennsylvania were able to provide statistics on the number of complaints involving hospital indemnity and specified disease insurance. Officials of these states believed that the number of complaints concerning those insurance products was insignificant compared to the total number of complaints received. The insurance departments did not identify any general problems or concerns with these types of policies. Insurance department officials in several other states said that although they did not have statistics on complaints, they believed that they do not receive many complaints concerning hospital indemnity or specified disease insurance.

Educational Programs and Publications

In several states, special emphasis was given to providing information to senior citizens on their health insurance options, often through meetings with groups of senior citizens at which a representative of the insurance department would make a presentation on insurance and answer questions. For example, an official from Missouri told us that his department advises senior citizens to buy Medicare supplemental insurance before buying hospital indemnity or specified disease insurance. Also, Missouri's insurance department, while not discouraging people from buying hospital indemnity insurance, advises them to only consider policies that will cover 50 to 150 percent of their anticipated expenses that will not be paid by other insurance. These officials warn consumers that specified disease insurance policies offer limited benefits, and they caution consumers about buying such coverage. State shoppers' guides on insurance also contain advice to consumers who are thinking of buying hospital indemnity or specified disease insurance. For example:

1. Maryland's insurance division and office on aging jointly publish a guide for senior citizens. Concerning hospital indemnity insurance, the guide says:

". . . hospital indemnity (or income) policies . . . usually pay fixed amounts only when you are hospitalized or in some cases confined to a nursing home . . . Payment is made even if you have other policies or Medicare. One major disadvantage of this type of policy is that it may fail to keep pace with inflation . . . Hospital income policies will not usually adequately fill Medicare gaps, and are not generally good substitutes for Medicare supplemental or Medigap policies."

Concerning specified disease policies, the guide says:

"These individual policies provide very narrow protection. Ordinarily, in planning for long term care you have no way of knowing in advance which disease may strike, so it is usually unwise to waste valuable premium dollars on so limited a protection. Such dollars may be better spent on broader coverage."

2. Maryland's attorney general also recently issued a consumer guide containing tips on how to save money in obtaining health care. Concerning hospital indemnity insurance, the guide says:

"An 'indemnity policy' generally pays you a fixed amount of money each day of your hospital stay. The trouble is, the amount is usually $20 or $30, hardly enough to help pay your bills. If you are already covered by Medicare and a Medicare supplemental policy, an 'indemnity policy' can be a waste of money."

Concerning specified disease policies, the guide says:

"It's not a good idea to buy disease-specific policies such as 'cancer insurance.' Most are a waste of money. Services for cancer care, for example, are already covered by Medicare and most 'medigap' supplemental insurance policies."

3. New Jersey's insurance department issued a buyer's guide on insurance, covering auto, home, life, and health insurance. Concerning specified disease insurance, the guide says:

"Specified disease policies should be avoided . . . They are such a bad buy that they are banned in New Jersey."

In Delaware, consumers can obtain personalized help from insurance department employees on specific questions by telephone or mail. Pennsylvania department employees try to provide objective information in response to questions, but a department official stated that it was not the state's role, as regulator, to suggest that consumers buy any particular policy.

Summary

Nearly all states, and all of the states we visited, have adopted the NAIC model rules, or have similar requirements for advertising. Seven of the states we visited have some system for reviewing insurance company advertising material, either through requirements that companies submit advertising material or through on-site reviews of advertising files during periodic market conduct examinations.

All of the states we visited told us of efforts underway to educate consumers about health insurance. Several states place special emphasis on educational programs and publications for senior citizens. Maryland and New Jersey have guides that strongly advise consumers against buying specified disease insurance.

Five-Year Cumulative Loss Ratios for Hospital Indemnity Policies in Cumulative Loss Ratio Order

Company	Policy number	1982-86 cumulative earned premiums	1982-86 cumulative loss ratio
National Old Line	5217	$697,323	171.8
Allstate Life	LGU-713/729	1,035,160	112.9
Old American	ID3072	1,644,870	107.9
Allstate Life	3-2804	1,037,751	103.8
Intercontinental Life	FMH-600	1,304,150	99.3
Intercontinental Life	QMS-EZM-3210	5,520,314	90.7
Physicians Mutual	340	4,549,491	79.3
Standard Life & Accident	1209	5,888,695	78.6
Standard Life & Accident	1204	1,626,060	78.3
Springfield Life	CI-101-I024	2,677,372	77.5
Intercontinental Life	SC-28	3,352,268	76.4
Veterans Life	NIL38-777	1,479,437	73.9
Physicians Mutual	370	314,741,703	73.8
Montgomery Ward Life	110-053/055/062	9,224,431	73.1
Lincoln Income Life	H-403-6-74	3,211,118	70.0
Commercial Life	4767-4769	3,718,888	69.9
National Home Life Assurance	NH49480	7,274,140	69.6
Physicians Mutual	350	140,476,398	67.3
National Home Life Assurance	NH251072	77,403,298	65.8
Physicians Mutual	158	1,131,512	65.3
Monarch Life	H-70-S	1,211,463	65.2
Commercial Travelers Mutual	HIP8	1,416,079	65.1
Bankers Life & Casualty	GR-795	22,008,848	64.9
Union Fidelity Life	2990	6,605,197	63.9
Veterans Life	VL61-781	3,747,420	63.3
Intercontinental Life	WWP-42	748,553	62.2
Physicians Mutual	380	18,624,780	61.8
Monarch Life	H-73-S	752,115	60.8
Physicians Mutual	186	1,710,042	59.6
Commercial Travelers Mutual	HC-5	1,695,211	58.8
Aid Assoc. for Lutherans	ACA ET AL	5,357,720	58.5
Physicians Mutual	187	2,761,973	58.0
Life Ins. Co. of N. Amer.	LG-8715	1,802,944	57.5
Gulf Life	54996	4,715,098	56.7
National Casualty Co.	8206	1,872,832	56.7

1986 earned premiums	1986 loss ratio	1985 earned premiums	1985 loss ratio	1984 earned premiums	1984 loss ratio	1983 earned premiums	1983 loss ratio	1982 earned premiums	1982 loss ratio
$88,074	60.1	$109,046	125.3	$156,830	129.8	$156,802	169.2	$186,571	289.2
162,841	193.5	176,838	138.8	199,773	141.0	281,279	108.0	214,429	10.5
165,428	73.4	240,704	106.7	358,767	96.8	435,740	114.5	444,231	123.7
149,867	30.3	166,122	83.2	204,455	125.7	242,150	126.7	275,157	119.8
195,881	73.6	266,310	119.1	263,980	82.9	307,015	118.2	270,964	93.2
473,230	166.7	654,261	140.4	1,074,601	105.1	1,404,316	109.4	1,913,906	33.0
705,529	58.9	805,946	59.1	906,842	72.0	1,009,566	96.9	1,121,608	96.7
976,129	68.8	1,230,029	78.9	1,406,278	77.5	1,423,016	86.6	853,243	78.2
167,094	54.0	227,766	39.5	309,695	74.6	396,825	77.4	524,680	105.6
613,206	84.3	664,655	75.1	694,638	71.4	476,657	82.6	228,216	74.9
363,978	60.3	527,104	71.6	732,916	55.0	850,523	85.2	877,747	95.2
203,676	50.4	225,208	62.8	275,881	65.5	342,718	82.8	431,954	89.0
55,956,982	75.7	65,623,795	80.2	79,388,557	73.9	74,625,780	74.8	39,146,589	58.3
1,188,670	62.5	1,406,900	68.2	1,952,399	75.2	2,338,903	74.0	2,337,559	78.7
664,046	84.5	841,748	65.3	778,306	82.3	577,782	53.1	349,236	53.9
503,077	65.5	593,327	60.7	699,057	51.9	957,218	84.6	966,209	76.2
1,120,688	77.9	1,260,206	73.3	1,423,613	72.5	1,606,181	81.9	1,863,452	49.2
19,127,767	62.1	22,883,035	59.5	27,140,759	64.3	32,487,243	73.2	38,837,594	71.6
11,242,825	49.5	13,573,858	53.9	16,307,672	63.5	17,171,828	76.9	19,107,115	75.6
168,037	62.5	190,300	52.2	216,384	59.0	255,878	69.1	300,913	76.6
204,277	61.5	218,549	67.5	243,027	60.8	265,544	65.7	280,066	69.3
229,271	66.2	250,945	82.2	296,928	79.6	348,465	65.9	290,470	33.6
3,240,434	98.4	3,961,823	62.6	4,422,696	61.3	4,934,432	63.9	5,449,463	50.4
547,798	49.6	744,291	70.7	1,246,108	70.6	1,797,000	67.8	2,270,000	58.3
577,412	60.7	674,671	70.6	845,767	70.4	1,018,016	69.5	631,554	38.0
101,042	52.0	126,277	59.8	155,416	42.8	165,405	73.4	200,413	74.6
2,844,697	65.4	3,400,049	61.4	4,033,961	70.2	4,682,546	64.2	3,663,527	47.0
131,209	66.2	142,693	59.3	153,482	53.5	160,338	64.3	164,393	61.4
348,170	56.9	337,517	46.0	330,789	58.5	334,724	66.8	358,842	69.3
353,729	51.5	396,450	49.4	440,696	62.4	244,029	62.7	260,307	73.4
1,116,987	38.0	1,118,629	42.0	1,080,449	57.5	1,038,590	63.5	1,003,065	95.5
425,019	41.7	505,522	39.7	533,997	57.3	597,631	61.7	699,804	78.3
285,020	43.4	298,311	63.4	353,428	79.8	385,624	42.0	480,561	58.0
358,149	22.1	869,186	51.1	998,037	58.3	1,155,884	60.7	1,333,842	64.9
309,810	56.8	373,158	72.1	398,695	52.8	405,127	44.6	386,042	58.2

(continued)

Company	Policy number	1982-86 cumulative earned premiums	1982-86 cumulative loss ratio
Continental Casualty	52873	9,084,554	55.9
Professional Ins. Corp.	HIC 80	1,520,163	55.6
Prudential Ins. Co. of Amer.	SA 1HL-79A	7,883,596	53.9
Physicians Mutual	360	17,227,110	53.4
Commercial Travelers Mutual	HIP65	894,686	53.2
Colonial Life & Accident	HCI	10,960,696	52.3
Mutual of Omaha	105H0	536,627	51.7
Standard Life & Accident	715	771,306	50.7
Mutual of Omaha	90H0	25,358,639	50.1
Bankers Life & Casualty	GR-74K	17,749,031	49.7
Standard Life & Accident	CHICAGO	1,141,487	49.3
Mutual of Omaha	80H0	42,532,024	48.7
Bankers Life & Casualty	GR-74J	37,268,836	48.6
Mutual of Omaha	104H0	3,184,337	47.6
Amer. Fidelity Assurance	013-300	2,606,817	47.4
Provident Life & Accident	RH-500	573,084	46.8
Continental Casualty	OR	2,644,144	46.3
Mutual of Omaha	95H0	9,662,755	46.0
Life & Casualty Co. of Tenn.	LC716	25,874,142	46.0
Reserve Life	IND10	2,797,907	45.2
Amer. Income Life	HLM	1,957,893	43.4
Prudential Ins. Co. of Amer.	SA 1H-79A	9,867,500	43.1
Mutual Protective	390	4,486,529	43.0
Colonial Life & Accident	F78	94,341,485	42.6
Mutual of Omaha	96H0	1,616,036	42.4
Amer. Integrity	M80	19,029,522	41.7
Amer. Income Life	HLT	12,980,731	41.5
Bankers Life & Casualty	GR-753	25,005,289	41.4
Washington National	CG 2464	599,707	40.3
Mutual of Omaha	H01	444,385	40.0
Lone Star Life	GR3-480	6,415,754	39.6
Mutual of Omaha	93H0	6,114,031	39.6
Teachers Protective Mutual	890 HI/895 HIVA	1,366,502	37.9
Washington National	CG 2449	1,149,617	37.1
Lincoln Income Life	730/731/732/733	2,007,983	35.9
National Home Life Assurance	NH50680	20,714,556	35.2
Lincoln Income Life	H-404-8-80	817,397	34.8

1986 earned premiums	1986 loss ratio	1985 earned premiums	1985 loss ratio	1984 earned premiums	1984 loss ratio	1983 earned premiums	1983 loss ratio	1982 earned premiums	1982 loss ratio
1,573,324	73.0	1,823,274	30.4	1,945,647	73.6	1,866,873	52.8	1,875,436	51.4
707,686	62.2	453,776	57.9	240,848	29.9	78,204	53.9	39,649	71.1
1,372,334	48.4	1,495,590	48.0	1,604,564	36.7	1,681,006	62.5	1,730,102	70.9
2,332,539	50.5	2,794,919	44.3	3,319,348	46.9	3,977,875	56.9	4,802,429	61.8
258,196	40.4	258,003	59.1	217,025	37.8	157,202	85.0	4,260	74.9
2,318,795	35.2	3,352,714	46.6	2,915,964	52.1	1,874,343	71.2	498,880	101.2
194,755	59.6	174,284	41.6	112,798	63.5	51,674	33.2	3,116	4.3
120,956	44.0	136,275	37.3	152,447	59.3	170,473	60.6	191,155	48.9
3,426,862	42.5	4,202,356	41.3	5,017,927	49.3	5,855,859	56.8	6,855,635	54.3
2,635,509	40.9	3,641,180	37.5	4,219,087	47.4	3,972,466	60.6	3,280,789	60.1
180,179	36.5	201,623	35.5	227,223	47.3	251,955	49.0	280,507	69.4
6,472,554	39.0	7,697,151	47.4	8,709,921	48.2	9,471,944	53.4	10,180,454	51.9
5,401,835	33.0	6,170,176	38.4	7,437,389	44.8	8,637,173	57.4	9,622,263	58.8
1,077,207	44.1	910,179	52.6	748,845	52.3	407,536	40.8	40,570	9.0
582,733	28.3	610,573	26.9	581,956	46.0	448,991	78.1	382,564	75.1
101,747	54.0	114,714	48.4	132,063	40.3	128,715	41.0	95,845	54.0
383,976	27.9	448,184	47.7	528,008	59.6	712,071	54.1	571,905	35.5
1,728,167	32.6	2,229,057	54.4	2,336,343	42.8	1,922,027	50.6	1,447,161	48.3
4,029,334	32.2	4,903,121	38.0	5,334,592	45.9	5,511,062	53.2	6,096,033	55.3
411,211	40.3	486,871	37.5	560,826	43.1	614,465	52.5	724,534	48.6
290,779	78.7	334,291	36.1	426,977	33.4	437,057	38.9	468,789	40.0
2,217,162	39.7	2,127,926	40.9	1,923,319	31.0	1,768,469	47.0	1,830,624	58.8
1,278,015	46.1	1,306,938	44.7	1,127,409	37.4	682,821	43.3	91,346	39.0
15,328,326	36.3	19,793,118	39.3	21,016,474	43.0	19,453,951	45.4	18,749,616	47.8
306,107	31.9	368,817	43.4	366,947	47.5	313,458	49.2	260,707	37.6
7,285,255	50.6	5,244,895	42.6	3,618,938	32.7	2,179,395	25.8	701,039	37.5
1,989,106	35.1	2,372,572	37.6	2,802,472	43.3	2,759,454	43.7	3,057,127	45.1
3,083,281	23.7	3,944,868	38.1	4,844,431	38.1	6,018,732	45.0	7,113,977	50.2
96,743	36.0	114,672	37.5	122,326	49.9	131,428	40.0	134,538	37.5
142,876	38.7	117,482	50.0	110,040	40.4	64,106	29.0	9,881	5.4
911,860	50.1	1,273,771	30.2	1,432,580	42.5	1,732,579	41.2	1,064,964	35.5
1,292,303	41.8	1,558,380	32.2	1,338,944	40.1	1,074,819	40.2	849,585	48.4
293,039	37.1	281,960	10.4	271,297	46.4	256,942	50.0	263,264	47.8
188,246	30.5	208,080	30.7	233,495	36.9	254,168	46.9	265,628	37.5
274,367	24.8	325,443	25.4	354,784	26.3	481,676	43.7	571,713	46.7
5,900,207	39.4	6,720,503	36.8	4,802,288	32.8	2,315,233	29.0	976,325	25.9
233,234	36.7	221,141	44.3	216,556	37.4	123,496	15.6	22,970	3.2

(continued)

Company	Policy number	1982-86 cumulative earned premiums	1982-86 cumulative loss ratio
Metropolitan Life	FAH43M-71	2,021,938	34.7
Mutual of Omaha	94H0	1,051,292	34.5
United American	HMXC	13,317,737	34.4
Amer. Income Life	H30000	1,230,942	34.3
Professional Ins. Corp.	109/115	428,238	33.3
Amer. Heritage Life	HI (68)	3,012,229	33.1
Metropolitan Life	FAH43-71	1,051,313	33.0
Benefit Trust Life	HDB	2,046,315	32.9
Pennsylvania Life	350	45,824,062	31.9
United American	LHXC	962,616	31.8
Metropolitan Life	FAH43-71 W/ FAH43S-71	896,461	30.5
Gulf Life	44798	2,199,210	30.0
Kentucky Central Life	MDH-72004	1,164,506	27.6
Federal Home Life	NAC-9830	589,409	27.4
United American	HIXC	3,023,293	26.0
Amer. Income Life	HLC	1,235,209	25.3
Pennsylvania Life	SDP21	6,536,404	24.4
Federal Home Life	NAC-9890	1,415,365	24.0
Federal Home Life	NAC-9652	478,593	21.8
Amer. Integrity	1000E	1,609,627	18.5
Amer. Integrity	GTSA	10,130,636	17.6
Southern Life	750	592,835	17.3
United Equitable Life	370	869,341	15.0
Pennsylvania Life	351	61,858,414	5.9
Totals		**$1,255,757,497**	
Averages			55.5

1986 earned premiums	1986 loss ratio	1985 earned premiums	1985 loss ratio	1984 earned premiums	1984 loss ratio	1983 earned premiums	1983 loss ratio	1982 earned premiums	1982 loss ratio
288,655	26.5	343,113	27.6	402,305	29.2	470,721	40.8	517,144	42.9
178,815	27.5	211,469	33.0	230,118	27.9	227,964	40.9	202,926	42.7
3,767,095	43.7	3,686,368	31.8	2,780,099	20.0	1,916,341	38.7	1,167,834	39.8
615,773	28.4	346,468	44.7	186,378	42.4	81,379	16.0	944	8.2
84,011	40.4	102,022	41.4	86,091	31.4	75,559	23.4	80,555	27.1
512,164	32.8	561,299	31.0	656,792	26.7	673,930	30.4	608,044	45.0
153,466	31.6	182,298	34.0	212,350	30.2	239,269	32.3	263,930	36.0
364,948	18.2	425,088	44.8	464,434	35.9	461,150	36.4	330,695	24.9
7,754,840	29.6	9,840,898	34.7	10,336,866	31.0	9,396,160	29.8	8,495,298	34.0
120,570	16.9	153,826	31.2	191,512	39.3	232,877	35.1	263,831	30.6
133,072	32.6	162,297	22.4	177,138	26.3	201,772	27.4	222,182	41.6
289,485	27.0	348,714	31.0	400,077	27.2	481,251	31.0	679,683	31.8
160,867	25.4	191,113	31.5	228,070	24.1	273,020	22.7	311,436	33.1
108,862	21.2	134,647	24.0	136,424	31.2	117,109	26.1	92,367	35.8
790,486	29.3	766,593	27.2	642,073	24.2	468,125	22.2	356,016	24.8
161,426	26.5	194,049	24.3	263,823	19.0	283,134	24.5	332,777	30.9
1,664,712	34.1	1,642,932	23.7	1,335,024	18.2	1,143,970	21.6	749,766	19.4
308,035	28.4	315,291	22.6	306,446	26.2	260,733	12.8	224,860	30.1
112,995	23.0	112,632	22.6	103,671	25.4	84,205	10.3	65,090	27.4
265,948	22.5	302,312	18.1	338,517	22.2	330,135	9.8	372,715	20.6
2,553,529	17.8	2,745,545	21.6	2,132,453	10.4	1,610,857	20.9	1,088,252	16.8
150,615	14.2	112,700	10.9	115,125	9.5	109,030	23.7	105,365	30.3
500,186	4.9	117,485	13.5	172,168	25.2	74,980	61.9	4,522	0.0
3,897,444	17.4	4,969,995	18.6	4,887,832	11.3	4,787,399	15.6	43,315,744	1.8
$206,668,853		**$241,473,260**		**$268,162,763**		**$266,721,543**		**$272,731,078**	
	53.6		55.0		56.7		62.2		49.8

Five-Year Cumulative Loss Ratios for Specified Disease Policies in Cumulative Loss Ratio Order

Company	Policy number	1982-86 Cumulative earned premiums	1982-86 Cumulative loss ratio
Mutual of Omaha	85CL/F	$609,887	104.4
Federal Home Life	NAC-9254	2,415,268	90.0
Colonial Life & Accident	0592	23,554,119	86.7
Liberty National Life	7011,600,579	73,931,647	82.4
National Casualty Co.	8205	691,509	82.1
Amer. Income Life	CAN	28,162,076	80.0
Loyal American Life	1210	11,059,437	79.4
Standard Life & Accident	1200	4,045,472	77.3
Federal Home Life	NAC-9257	5,127,335	77.2
Liberty National Life	7010,601,580	35,656,872	75.5
National Old Line	5047	5,381,026	75.2
Mutual of Omaha	78CL/F	627,730	74.8
Amer. Fidelity Assurance	C-875	4,118,245	74.6
Amer. Heritage Life	CP-1	13,400,402	73.7
Loyal American Life	1119	1,841,163	73.2
Mutual of Omaha	84CL/F	782,835	72.3
Continental Casualty	51882	910,227	71.4
Transport Life	10046/10054/10212	11,673,079	71.4
Federal Home Life	NAC-9335	4,623,916	70.0
Amer. Family Life Assurance	A-6925	288,215,973	69.9
Federal Home Life	NAC-9245	1,912,416	69.3
Amer. General Life-Del	718PA	1,209,708	68.9
Mutual of Omaha	80CL/F	7,132,473	66.6
Life & Casualty Co. of Tenn.	LC718A	28,979,263	66.6
Mutual of Omaha	33CL/F-T	1,377,564	66.4
Amer. Fidelity Assurance	C-876	2,718,690	66.1
Loyal American Life	1079	4,271,939	65.8
Amer. General Life-Del	718	2,155,435	63.9
Mutual of Omaha	92CLO/F	367,903	63.3
Federal Home Life	NAC-9244	2,656,810	62.7
Federal Home Life	NAC-9535	1,211,736	62.2
Vulcan Life	385-5 CY-8	7,148,927	61.9
Vulcan Life	485-5 CY-7	3,961,604	61.9
Physicians Mutual	175	3,360,564	61.8
Western & Southern	439	11,413,254	60.9
Equity National	EN 4212	49,926,548	60.8
Mutual of Omaha	32CL/F-T	1,255,244	59.9

1986 earned premiums	1986 loss ratio	1985 earned premiums	1985 loss ratio	1984 earned premiums	1984 loss ratio	1983 earned premiums	1983 loss ratio	1982 earned premiums	1982 loss ratio
$118,351	84.8	$120,575	109.7	$120,556	128.4	$123,041	81.6	$127,364	116.8
413,215	117.4	451,784	64.8	492,864	49.2	519,497	146.7	537,908	72.5
5,870,318	82.6	6,328,354	69.1	5,194,877	99.3	3,726,862	103.3	2,433,708	89.9
13,591,895	86.0	14,522,542	85.6	14,564,438	83.2	14,911,332	84.1	16,341,440	74.5
121,459	43.7	129,111	77.8	131,868	94.7	149,490	99.7	159,581	88.0
4,849,032	66.8	5,207,664	60.7	5,597,266	71.2	6,018,777	128.1	6,489,337	68.4
2,264,174	84.1	2,162,265	87.7	2,508,124	71.8	1,953,840	88.1	2,171,034	66.8
693,449	80.1	805,876	53.5	896,870	76.2	888,216	85.5	761,061	91.6
870,544	123.4	967,043	63.4	1,038,484	69.9	1,111,844	61.1	1,139,420	76.0
6,691,025	90.9	6,972,161	76.0	6,987,012	75.2	7,157,555	74.2	7,849,119	63.3
886,729	69.3	954,136	68.9	1,022,097	88.4	1,036,894	83.4	1,481,170	67.9
143,887	68.0	143,224	125.9	129,945	63.7	110,612	20.3	100,062	86.3
691,206	90.1	764,108	87.4	826,877	68.6	891,940	58.6	944,114	73.1
1,759,295	89.8	2,078,990	90.6	2,380,286	81.4	3,240,536	79.8	3,941,295	48.0
388,592	91.5	374,760	71.9	345,908	72.9	339,901	66.8	392,002	62.3
214,729	80.2	158,058	81.4	145,524	73.6	137,812	22.7	126,712	99.8
131,571	97.6	153,404	73.0	109,046	44.0	157,213	54.2	358,993	76.9
2,560,306	70.5	2,441,051	63.2	2,327,477	67.6	2,209,243	83.3	2,135,002	73.6
799,240	99.1	877,370	85.0	932,320	59.0	986,039	50.0	1,028,947	63.5
48,758,153	73.2	52,030,593	64.9	57,149,487	65.4	60,274,577	76.1	70,003,163	69.7
318,653	131.2	348,547	53.9	395,037	61.2	408,657	67.2	441,522	46.0
312,843	49.0	245,886	78.1	228,028	92.5	211,578	75.4	211,373	55.5
1,855,883	55.4	1,434,185	82.5	1,321,041	62.4	1,281,694	69.3	1,239,670	66.7
6,345,240	74.2	6,427,602	74.7	5,891,240	60.4	5,422,945	62.9	4,892,236	57.5
437,861	74.7	341,691	49.4	279,953	60.6	200,172	95.9	117,887	49.0
580,400	53.8	679,642	91.1	595,628	49.9	526,682	69.2	336,338	60.3
741,441	82.8	808,381	57.1	824,372	66.0	872,020	72.4	1,025,725	54.7
360,410	84.4	384,312	74.9	423,398	37.2	471,699	78.4	515,616	50.1
142,617	84.4	80,491	30.7	61,359	77.3	47,437	61.3	35,999	31.7
464,754	109.3	493,561	46.4	548,600	68.1	561,710	41.9	588,185	54.5
183,955	113.2	212,113	52.8	241,551	71.9	277,872	32.7	296,245	57.0
1,753,041	74.6	2,221,345	33.3	2,560,081	71.8	295,787	97.9	318,673	79.1
1,118,965	44.9	1,042,665	83.2	1,080,103	68.9	456,925	49.6	262,946	42.0
675,154	22.1	662,584	83.1	624,072	71.1	660,819	67.2	737,935	66.2
2,714,247	74.1	2,437,184	68.2	2,172,523	66.3	2,071,941	51.0	2,017,359	38.9
9,481,151	57.6	9,708,480	50.9	10,566,259	51.3	10,264,763	72.3	9,905,895	71.6
328,320	17.3	317,838	105.3	291,981	38.1	198,605	79.9	118,500	76.0

(continued)

Company	Policy number	1982-86 Cumulative earned premiums	1982-86 Cumulative loss ratio
Western & Southern	437	9,451,520	59.7
Union Fidelity Life	2920	7,975,485	59.7
Amer. Heritage Life	CPIF-HL	962,911	59.7
Loyal American Life	1272B	529,724	59.4
Federal Home Life	NAC-9384	1,867,249	59.1
United American	XGXC	3,450,260	58.9
Loyal American Life	742	23,190,377	58.4
Mutual of Omaha	32CL/F	585,436	58.4
Union Fidelity Life	2140	54,123,142	58.1
Federal Home Life	NAC-9256	2,879,898	58.0
Omaha Indemnity	M16 CLI	3,784,106	57.8
Colonial Life & Accident	F78	2,989,326	57.8
Loyal American Life	999	1,600,587	57.0
Amer. Family Life Assurance	A-9056	260,851,144	56.8
Liberty National Life	7019,631	7,089,822	56.6
Liberty National Life	7018,632	7,131,173	56.6
Liberty National Life	633	20,103,515	55.0
Mutual Protective	199	12,532,517	54.0
Amer. Heritage Life	CP-2	19,455,910	53.9
United American	CAXC	6,716,089	53.3
Colonial Life & Accident	0610	7,643,580	53.3
Mutual of Omaha	86CLO/F	375,784	52.4
Standard Life & Accident	909	941,328	51.2
Lincoln Income Life	811/812	1,434,417	51.0
United American	XG	739,929	50.7
Pennsylvania Life	310	1,557,065	50.6
Liberty National Life	634	9,366,868	50.5
Lincoln Income Life	H-801-9-75	6,052,756	50.4
Equity National	EN 4418	21,190,366	50.1
Teachers Protective Mutual	820/840/860CA	801,147	50.0
Mutual of Omaha	74CL/F	589,695	50.0
Liberty National Life	7022,7024	14,644,101	49.6
Federal Home Life	NAC-9385	2,185,769	49.1
Mutual of Omaha	33CL/F	706,408	49.1
Mutual of Omaha	33CLO/F-T	525,469	48.9
Kentucky Central Life	74001-8	1,989,686	48.3
Amer. Family Life Assurance	A-9520	278,073,945	48.0

1986 earned premiums	1986 loss ratio	1985 earned premiums	1985 loss ratio	1984 earned premiums	1984 loss ratio	1983 earned premiums	1983 loss ratio	1982 earned premiums	1982 loss ratio
2,290,482	74.4	2,040,635	62.9	1,807,841	60.8	1,694,115	55.3	1,618,447	38.4
1,826,617	54.9	1,840,885	61.3	1,470,983	63.9	1,422,000	62.9	1,415,000	56.2
131,440	64.4	155,052	55.4	175,544	58.4	226,152	78.5	274,723	45.1
91,916	83.1	118,382	64.9	108,392	44.4	102,515	46.6	108,519	60.6
318,312	95.1	386,180	46.3	404,998	61.1	395,345	40.8	362,414	59.0
620,690	56.7	719,668	55.1	679,575	62.8	717,323	68.3	713,004	51.5
4,163,108	63.1	4,422,007	58.6	4,297,440	59.4	4,833,225	61.6	5,474,597	51.3
174,545	79.4	160,642	36.3	133,019	48.1	80,691	81.5	36,539	41.2
11,039,655	42.9	11,363,819	50.2	10,542,668	58.6	11,438,000	66.2	9,739,000	74.3
500,070	74.6	542,324	57.1	578,809	42.1	626,031	64.2	632,664	54.1
673,736	17.1	912,143	69.5	819,251	72.3	716,895	38.0	662,081	86.5
479,994	51.2	541,766	54.3	599,914	29.7	661,591	93.1	706,061	55.5
262,145	51.3	284,914	51.2	323,960	44.7	338,913	55.7	390,655	76.2
41,807,996	57.7	47,656,642	54.2	55,394,800	61.3	58,841,645	54.5	57,150,061	56.1
887,779	61.9	1,084,366	80.7	1,298,814	54.9	1,578,211	56.0	2,240,652	44.4
1,015,184	59.2	1,174,863	74.7	1,350,083	52.4	1,552,563	62.8	2,038,480	42.9
3,371,032	42.3	3,763,131	53.0	4,103,427	55.9	4,298,818	61.4	4,567,107	59.1
2,220,666	49.3	2,317,395	40.1	2,669,859	50.4	2,626,215	59.2	2,698,382	68.1
6,394,091	55.9	5,089,142	57.7	4,564,842	60.4	2,491,478	41.4	916,357	20.1
2,789,262	68.0	2,037,620	54.7	1,135,331	32.7	523,875	26.0	230,001	27.3
1,225,971	19.6	1,375,300	35.2	1,522,678	66.3	1,663,778	105.3	1,855,853	31.7
130,383	63.7	69,854	44.4	55,955	−44.2	59,650	149.7	59,942	30.7
157,190	44.9	171,704	47.0	186,387	46.3	202,776	43.8	223,271	69.4
247,650	67.4	268,268	40.5	283,617	60.5	301,453	25.6	333,429	62.3
117,863	51.2	134,069	58.5	145,459	56.1	164,423	52.9	178,115	38.2
252,689	63.9	306,239	73.4	322,343	36.2	336,075	40.2	339,719	44.1
1,565,794	48.1	1,742,559	51.9	1,910,314	49.7	2,007,407	45.2	2,140,794	57.0
1,084,344	44.5	1,149,172	54.6	1,206,263	53.6	1,276,721	48.0	1,336,256	50.8
6,260,646	68.1	5,717,295	53.0	4,530,400	39.7	3,024,446	32.0	1,657,579	33.7
173,290	41.4	170,046	38.1	167,707	62.9	147,579	55.0	142,525	54.3
120,412	2.9	119,949	120.3	122,754	45.6	115,872	17.7	110,708	63.5
4,662,578	63.8	4,066,807	51.7	3,390,784	38.9	2,111,627	35.6	412,305	28.0
338,611	72.1	406,483	58.7	455,789	50.1	486,359	18.0	498,527	55.3
228,648	59.1	187,307	51.8	142,151	35.0	93,234	73.9	55,068	−6.7
189,490	49.3	129,773	32.6	92,220	−32.4	70,570	133.8	43,416	131.1
388,893	38.6	384,845	47.2	399,588	48.7	406,940	54.5	409,420	51.9
53,447,866	58.5	65,512,418	48.6	76,478,292	47.7	55,973,743	38.2	26,661,626	47.6

(continued)

Company	Policy number	1982-86 Cumulative earned premiums	1982-86 Cumulative loss ratio
Western & Southern	438	2,267,259	47.8
United Insurance Co. of Amer.	CA SERIES	1,460,583	47.6
Gulf Life	45701	2,314,038	45.5
Liberty National Life	7023,7025	25,754,217	45.4
Amer. Income Life	CMN	14,566,930	44.5
Professional Ins. Corp.	60-6	657,688	44.2
Federal Home Life	NAC-9741	429,213	43.6
Loyal American Life	1295	1,201,125	43.5
Mutual of Omaha	32CLO/F-T	2,583,494	43.4
Colonial Life & Accident	0124	5,727,243	42.1
Colonial Life & Accident	0797	7,728,842	41.5
Mutual of Omaha	70CL/F	787,325	40.9
Liberty Life	T401H,T402H	17,288,685	40.7
Life & Casualty Co. of Tenn.	LC718	4,144,567	40.5
Mutual of Omaha	80CLO/F	9,581,279	40.3
Vulcan Life	183 CY-11	2,209,474	39.8
National Casualty Co.	6415	2,747,941	39.2
Mutual of Omaha	84CLO/F	2,615,413	38.9
Professional Ins. Corp.	61-6	3,103,789	38.5
Federal Home Life	NAC-9656	1,009,248	38.3
Mutual of Omaha	60CL/F	1,323,972	38.1
Federal Home Life	NAC-9740	480,260	37.5
Equity National	EN 4480	3,168,275	36.0
Gulf Life	45747	1,105,348	34.1
Life Ins. Co. of Va.	6991/9052	2,053,012	33.8
Mutual of Omaha	32CLO/F	904,223	33.6
Gulf Life	45702	3,822,418	33.3
Southern Life	717	979,280	31.5
Gulf Life	45707	613,930	28.5
United American	CIXC	1,374,450	26.8
Gulf Life	55901	626,609	25.5
Transport Life	10357	22,511,877	22.7
Equity National	EN 4498	2,410,954	18.9
Gulf Life	55902	753,336	12.8
Lone Star Life	GR3-717	645,201	12.4
Totals		**$1,594,928,298**	
Averages			59.4

1986 earned premiums	1986 loss ratio	1985 earned premiums	1985 loss ratio	1984 earned premiums	1984 loss ratio	1983 earned premiums	1983 loss ratio	1982 earned premiums	1982 loss ratio
509,613	62.9	475,251	50.7	431,449	55.0	421,450	38.5	429,496	28.7
737,468	55.3	450,648	48.5	181,972	27.7	60,341	18.3	30,154	26.5
383,210	55.1	422,798	36.3	448,989	54.9	486,655	53.2	572,386	31.8
8,670,000	57.9	7,311,157	49.7	5,876,551	33.4	3,275,102	27.9	621,407	28.5
2,987,775	40.2	2,767,991	42.9	2,835,367	43.6	2,957,543	62.2	3,018,254	33.5
100,654	35.8	108,985	53.7	136,970	53.1	156,409	33.9	154,670	45.7
105,203	67.0	106,662	4.9	103,640	74.1	75,412	12.4	38,296	66.3
341,153	42.3	278,477	29.3	232,967	44.6	184,463	54.0	164,065	57.0
743,276	34.4	658,461	53.6	559,513	37.3	398,373	56.7	223,871	34.7
1,036,130	13.9	1,130,672	47.1	1,143,693	38.8	1,182,227	44.4	1,234,521	62.0
1,160,828	15.7	1,329,524	79.1	1,512,082	62.5	1,723,271	11.5	2,003,137	41.4
134,984	36.9	141,644	47.3	154,644	16.7	170,491	33.6	185,562	65.7
3,096,938	53.2	3,355,601	39.0	3,342,046	42.3	4,293,578	31.7	3,200,522	40.8
605,846	87.6	698,807	45.3	789,536	39.2	933,131	27.7	1,117,247	23.4
2,370,806	37.4	1,825,860	52.3	1,746,629	23.4	1,777,386	47.6	1,860,598	41.3
429,632	7.9	494,357	40.8	437,696	55.8	407,650	49.3	440,139	45.0
415,845	33.5	470,161	26.7	538,659	35.3	628,786	30.2	694,490	62.2
585,528	24.6	506,731	56.4	525,050	9.8	512,950	66.0	485,154	40.7
733,135	43.9	678,673	38.9	642,989	43.2	549,888	26.2	499,104	37.5
276,791	63.9	275,885	16.9	207,060	54.6	141,162	9.0	108,350	34.0
224,695	39.7	241,869	52.4	262,880	38.9	284,197	53.2	310,331	11.4
114,234	56.9	116,785	12.6	120,724	20.3	83,320	58.8	45,197	59.7
1,029,549	44.8	830,049	45.5	660,002	21.3	459,928	31.4	188,747	8.4
22,306	52.1	233,445	20.7	252,095	36.0	276,920	44.8	320,582	31.7
309,281	51.8	358,566	36.0	415,303	45.5	462,670	4.3	507,192	38.5
261,058	39.3	229,535	31.3	192,505	44.0	142,583	7.1	78,542	44.2
598,570	44.7	666,258	40.2	725,255	39.3	813,882	38.0	1,018,453	14.0
159,688	23.0	175,990	61.7	194,707	22.1	218,268	32.1	230,627	21.9
19,008	43.1	121,245	13.8	135,028	37.0	152,586	32.3	186,063	27.3
558,973	26.2	420,113	30.2	243,879	18.4	103,143	34.0	48,342	30.4
99,067	55.2	110,395	12.1	122,374	31.5	135,123	15.6	159,650	20.0
6,256,726	22.8	5,345,246	16.7	4,457,733	21.5	3,780,561	20.8	2,671,611	39.2
738,846	18.6	744,107	30.0	497,794	4.3	279,418	22.7	150,789	6.9
111,855	4.1	126,086	43.1	142,321	29.1	162,799	32.1	210,275	−26.8
303,189	14.5	196,340	8.3	108,248	17.7	35,486	1.9	1,938	0.0
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