

Table 3
Comparison of Single Claim Costs per \$100 Initial Indebtedness
Based on Two Composite Tables — 14 & 30 Day Separately, 1968 Basic Table and
Crude Results

Duration in Months	Two Composite Tables (a)	1968 Basic Table (b)	Crude Results (by Amount) (c)	(a)-(b) (d)	(a)/(b) (e)	(a)-(c) (f)	(a)/(c) (g)
7-Day Retroactive							
6	\$.918	\$.866	\$.858	\$.052	106%	\$.060	107%
12	1.309	1.200	1.248	.109	109	.061	105
18	1.566	1.416	1.528	.150	111	.038	102
24	1.766	1.583	1.761	.183	112	.005	100
30	1.938	1.724	1.967	.244	112	-.029	99
36	2.090	1.849	2.154	.241	113	-.064	97
42	2.229	1.963	2.327	.266	114	-.098	96
48	2.358	2.069	2.489	.239	114	-.131	95
54	2.478	2.167	2.642	.311	114	-.164	94
60	2.592	2.260	2.786	.332	115	-.194	93
14-Day Retroactive							
6	\$.912	\$.857	\$.935	\$.055	106%	\$ -.023	98%
12	1.307	1.195	1.328	.112	109	-.021	98
18	1.565	1.412	1.582	.153	111	-.017	99
24	1.766	1.579	1.779	.187	112	-.013	99
30	1.937	1.721	1.946	.216	113	-.009	100
36	2.090	1.847	2.095	.243	113	-.005	100
42	2.229	1.961	2.231	.268	114	-.002	100
48	2.358	2.066	2.355	.292	114	.003	100
54	2.479	2.165	2.473	.314	115	.006	100
60	2.593	2.258	2.583	.335	115	.010	100
30-Day Retroactive							
6	\$.593	\$.768	\$.750	\$ -.175	77%	\$ -.157	79%
12	.862	1.117	1.081	-.255	77	-.219	80
18	1.029	1.338	1.287	-.309	77	-.258	80
24	1.153	1.508	1.444	-.355	76	-.291	80
30	1.257	1.651	1.574	-.394	76	-.317	80
36	1.343	1.777	1.688	-.429	76	-.340	80
42	1.430	1.892	1.791	-.462	76	-.361	80
48	1.506	1.998	1.885	-.492	75	-.379	80
54	1.576	2.097	1.973	-.521	75	-.397	80
60	1.642	2.190	2.055	-.548	75	-.413	80
14-Day Non-Retroactive							
6	\$.697	\$.619	\$.723	\$.078	113%	\$ -.026	96%
12	1.083	.947	1.168	.136	114	-.085	93
18	1.338	1.160	1.480	.178	115	-.142	90
24	1.538	1.326	1.731	.212	116	-.193	89
30	1.708	1.487	1.950	.241	116	-.242	88
36	1.861	1.592	2.148	.269	117	-.287	87
42	1.999	1.706	2.328	.293	117	-.329	86
48	2.128	1.811	2.497	.317	118	-.369	85
54	2.248	1.909	2.653	.339	118	-.405	85
60	2.362	2.002	2.804	.360	118	-.442	84
30-Day Non-Retroactive							
6	\$.347	\$.423	\$.332	\$ -.076	82%	\$.015	105%
12	.591	.738	.566	-.147	80	.025	104
18	.750	.947	.717	-.197	79	.033	105
24	.871	1.111	.833	-.240	78	.038	105
30	.972	1.251	.930	-.279	78	.042	105
36	1.061	1.375	1.014	-.314	77	.047	105
42	1.142	1.488	1.092	-.346	77	.050	105
48	1.217	1.592	1.163	-.375	76	.054	105
54	1.286	1.690	1.229	-.404	76	.057	105
60	1.352	1.783	1.292	-.431	76	.060	105

EXTENSION OF RESULTS OF NAIC STUDY OF CREDIT A&H EXPERIENCE
TO 120 MONTHS

Day of Disability t	End of Month	TABLE 1			TABLE 2		
		Composite of 14-Day Plans			Composite of 30-Day Plans		
		d C t	d M t	d R t	d C t	d M t	d R t
1800	60	.00333	12.86990	15984.57817	.00189	7.16071	8758.67026
1980	66	320	13.45754	18354.69213	182	7.49566	10078.11128
2160	72	306	14.02087	20828.40868	174	7.81676	11456.60491
2340	78	296	14.56262	23401.46365	169	8.12556	12891.72178
2520	84	286	15.08637	26070.40462	163	8.42410	14381.49412
2700	90	277	15.59303	28832.04649	158	8.71290	15924.10642
2880	96	267	16.08258	31683.36616	152	8.99194	17517.83575
3060	102	259	16.55594	34621.28563	148	9.26176	19160.92634
3240	108	251	17.01490	37643.10670	143	9.52337	20851.84171
3420	114	243	17.45946	40746.23737	139	9.77677	22589.10405
3600	120	235	17.88962	43928.08564	134	10.02196	24371.23557

SINGLE CLAIM COST, PER \$100 INITIAL INDEBTEDNESS

Plan of Benefit

Original Duration in Months	14-Day		30-Day	
	Retroactive	Non-retroactive	Retroactive	Non-retroactive
60	2.593	2.362	1.642	1.352
66	2.718	2.470	1.714	1.414
72	2.821	2.573	1.774	1.473
78	2.921	2.673	1.832	1.530
84	3.017	2.769	1.887	1.585
90	3.109	2.861	1.940	1.638
96	3.199	2.951	1.992	1.690
102	3.286	3.038	2.042	1.739
108	3.370	3.122	2.090	1.788
114	3.453	3.204	2.137	1.835
120	3.533	3.284	2.183	1.880

Friday, Nov. 28, 1969

MEMO TO J. KITTREDGE

CHAIRMAN: E2a

INDUSTRY ADVISORY COMMITTEE RE 120 MONTH

EXTENSION OF NAIC CREDIT A&H STUDY

This extension is subject to the same critical approach as was the original 60 month study. Basically the underlying data base was not very credible beyond relatively short durations and the extension to 60 months represented the best types of actuarial techniques which could be applied in an area where there were no historical reference points of meaningful credibility.

In utilizing the extension beyond 60 months to 120 months for rate making purposes, the user should be very conscious of the fact that the types of credit insurance business requiring long durations (over 36 months) of coverage are atypical and not well represented in the data base for the NAIC Credit A&H Study. Typically, ages will be higher at issue (mobile homes, etc.) and actual experience may well exceed materially the published results of the extension. Furthermore initial amounts of coverage will be larger giving rise to possibilities of anti-selection by the insured and claims which would not arise on smaller loans at shorter durations. Possibly rate making distinctions should be made as between individually underwritten and non-underwritten business. Also, such protections as one may have in contracts with