

DISABILITY BENEFITS.**Present Knowledge Regarding Causes and Duration of Disability Is Imperfect.**

At the Montreal meeting of the Actuarial Society of America a paper entitled "An Analysis of Claims for Total and Permanent Disability Benefits" was presented by Arthur Hunter. He said that at the present time it is difficult, if not impossible, to make comparisons of the disability losses with the exposed to risk. No company has published its experience by this scientific method, and it is doubtful whether any company had sufficient experience over a long enough period of time to justify confidence in the results. "We must, therefore," he remarked, "be content for the present to analyze the information in a less satisfactory way, recognizing that our present knowledge with regard to the causes and duration of disability, and the proportion of persons who recover, is imperfect."

TUBERCULOSIS. 6

Analyzing tuberculosis claims, Mr. Hunter stated that while the largest number of claims result from tuberculosis, it may not have such a serious financial influence as other diseases, such as insanity, because the duration of disability under the former may be short. "With a view to determine this matter," he continued, "the tuberculosis claims which had been in existence a sufficient time to give reliable results were analyzed, and it was found that the duration of disability was about 2 years. Fully 20 per cent. of the insured died in the calendar year in which the disability claim was approved, and 15 per cent. in the succeeding calendar year. A small percentage recovered in the calendar year in which the disability claim proved, but 20 per cent. recovered before the end of the second calendar year. Within 2½ years after the claim was approved three-fourths of the insured had either died or recovered from tuberculosis. This experience must be considered as that of an individual company, and not necessarily typical."

SELECTION OF RISKS.

Mr. Hunter's paper concluded with a discussion of the selection of risks:

"In the early stages of an innovation like the granting of disability benefits it is somewhat rash to draw

deductions from the limited data available. This is especially true when it is considered that most of the foregoing experience is based on 'waiver of premium' on disability; while many companies are now paying disability annuities of 10 per cent. annually, or 1 per cent monthly, of the face of the insurance, and in addition are paying the face of the policy at death or at the maturity of the endowment period.

"The outstanding feature of the tables of causes of disability is the high proportion of disability from tuberculosis. This must be expected at the young ages. In general it may be said that the companies are declining to grant disability benefits of the present liberal type to young men who are underweight and have a family record of tuberculosis; or, in some instances, to young men who are very light weight even though they do not have a family record of tuberculosis.

"With regard to the insanity, the companies are generally following the practice of not granting disability benefits to applicants who have shown any mental weakness in the past, or to those with a strong family taint of insanity. On account of the much longer period over which disability annuities are payable in the case of insanity than of tuberculosis, the former is the more serious condition.

"It is evident from an analysis of the causes of disability that such effects of syphilis as locomotor ataxia and paresis have caused a distinctly larger percentage of claims in some companies than in others. The lesson seems to be that there is a distinct increase in the hazard and in the cost of disability benefits when applicants with a history of syphilis are granted such benefits.

"Unfortunately, the causes of disability do not enable us to answer some questions which are brought up at the present time. For example, is there a distinct increase in the risk on account of one of the applicant's eyes having been lost, or seriously impaired? Is there a marked increase in the accident rate as the result of loss of one leg, so that disability benefits cannot be granted at normal rates to applicants so maimed? These questions cannot probably be answered until one or more companies have taken sufficient of such risks to find by experience the additional cost, if any, of the disability benefits."

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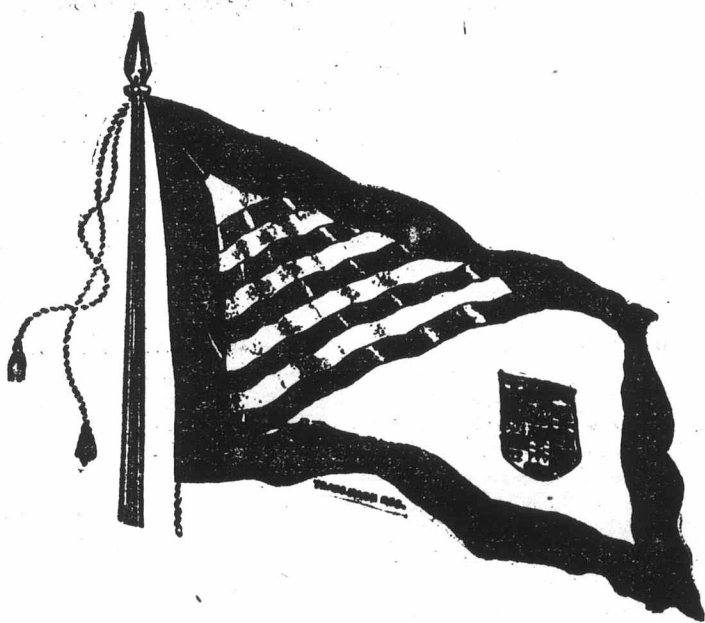
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