METROPOLITAN LIFE INSURANCE COMPANY

Premium Rates for Transferred Business
in the United States

When Health insurance coverages not presently in force with Metropolitan on any unit or class of the policyholder are transferred to Metropolitan from another carrier, the premium rates otherwise applicable for such coverage in accordance with the appropriate sections of this Rate Manual will be adjusted for the experience incurred with the prior carrier to the extent that such carrier's experience data is reliable (the completeness, format and consistency of all available information will be considered in determining the reliability of the prior carrier's experience). Such premium rates will be developed in accordance with the following procedure:

1.0 Determine E, for each experience period, as the ratio of Incurred Claims to Earned Premium.

2.0 Determine F, for each experience period, as the ratio of the premium rate(s) charged during the period to the present premium rate(s).

3.0 Determine G, for each experience period, as the ratio of the premium rate(s) for the present plan as required in accordance with the appropriate section(s) of this Rate Manual but prior to the application of the "Percentage Reduction" shown in Table 4, page 23.0, to the premium rate(s) likewise determined for the plan in effect during the experience period.

4.0 Determine H, for each experience period, as 1.00 plus the product of A and B, where A and B are as follows:

Coverage	A	B
Service Hospital	.0125	the number of months from the mid-point of the experience period to the proposed issue date plus 6.
Service Surgical	.0067	
Service Dental	.0067	
Major Medical - Extended Coverage	.0083	
Major Medical - Single Plan	.0100	
All Others	.0000	0

PLAINTIFF'S EXHIBIT

MET-500

If any portion of the experience period under consideration occurred prior to 5/1/74, a composite factor H will be determined using 62.5% of the above Factor A for periods prior to 5/1/74.

For plans involving more than one form of coverage, the Factor H will be set equal to the weighted average of the values determined separately for each coverage where the weights are determined as the percentage of the total plan premium attributable to each coverage.

5.0 Determine I as follows:

5.1	Non-retrospective groups:	.70
5.2	Retrospective groups:	.70 times the maximum recoup under the retrospective agreement but not more than .77. For example, if the retrospective agreement provides for a maximum recoup of 5% of billing premium, then I = .735 (i.e., .70 x 1.05).

6.0 Determine J, for each experience period, from the following formula:

$$J = \frac{E \times F \times G \times H}{I}$$

7.0 Determine K as the average J for the experience periods considered.

8.0 Determine L as follows:

Number of Life Years' Exposure Included in Paragraph 7.0	L
250	.25
500	.50
750	.75
1,000	1.00

Life years of exposure is defined as the number of employees covered multiplied by the number of years covered. Values of L for exposures of less than 1,000 life years which are not shown above can be obtained by linear interpolation or extrapolation. L equals 1.00 for exposures of more than 1,000 lives.

9.0 Determine M as the ratio of the present premium rate(s) to the premium rate(s) for benefits under the present plan as determined in accordance with the appropriate section(s) of this Premium Rate Filing Manual, but prior to the application of the "Percentage Reduction" shown in Table 4, page 23.0.

10.0 Determine N from the following formula:

$$N = \begin{cases} K \times M & \text{if } K \times M \geq 1.00 \\ (K \times M \times L) + (1 - L) & \text{if } K \times M \leq 1.00 \end{cases}$$

11.0 The premium rate otherwise determined in accordance with this manual, but prior to the application of the "Percentage Reduction" shown in Table 4, page 23.0, shall be multiplied by N. The premium rate so determined is then reduced by the "Percentage Reduction" shown in Table 4, page 23.0

In certain situations the application of sections 1 to 11 may produce rates which, in the opinion of the Metropolitan Life Insurance Company, do not properly reflect the anticipated risk. These could include such things as: the claim experience, to the extent readily available, on other Group Insurance of the same coverage in the same or comparable industry or geographical location; the general level, trend and variability of Metropolitan Group Insurance Claims for the coverage in question; changes in plan characteristics (such as contributory vs. non-contributory, participation, etc.); changes in the financial condition of the prospective policyholder; the historical record of the policyholder in shifting from one carrier to another, and the economic climate in which the prospective policyholder is operating. In such situations an appropriate adjustment in the final rates will be made in a manner that does not unfairly discriminate.

Suitable approximations will be made in steps 1.0 to 8.0 where appropriate.

These procedures do not apply to Accidental Death and Dismemberment and Long Term Disability Benefits.

Index

Rates - General Information

Subject	Page
Age Adjustment	2
Book Rates, definition of	1
Conversion of rates, monthly to other modes	5.1
Dependents, rate basis	4.2
Extensions	
Quotation Authority of Regional Supervisor	6
Rate Basis	7
Rate Procedure	8.1
Guarantees, rates	5.1
Industry	
Classification of	8.2
Loadings	
For exclusion of Coordination of Benefits Provision	3
For females	3
For Geographical areas	4
For industry	3
For Small Groups	4.1
Manual rates, definition of	1
New Coverages, addition of	
Quotation Authority of Regional Supervisor	6
Rate Basis	7
Rate Procedure	8.1
Rates other than monthly	5.1
Revisions	
Quotation Authority of Regional Supervisor	6
Rate Basis	7
Rate Procedure	8.1
Tabular rates, definition of	1
Volume Discounts	4.1

RATES - GENERAL INFORMATION

This section contains general information about the factors which affect rates and the procedures to be followed in making rate quotations.

The Rate Tables in this Manual apply to brand new Groups issued on other than the Small Group Product basis at time of original issue. Quotation procedures on Revisions, Extensions, or addition of New Coverage(s) to existing Groups are outlined later in this section.

Please refer to "Underwriting General" regarding rates and special considerations involved in quotations on airlines, breweries, distilleries, mines, quarries, clergy, public employees, hospitals, educational systems and institutions, and transferred business.

DEFINITION OF "MANUAL," "TABULAR" AND "BOOK" RATES

In correspondence, instructions, etc., the terms "Manual rate," "Tabular rate" and "Book rate" are frequently used. These terms have the following meanings:

"Manual Rate"

Life - the rate indicated in the minimum premium tables including volume credit but excluding any required loadings*.

Health - the rate indicated in the schedules of minimum monthly premiums, excluding volume adjustment and any required loadings*, but including the age adjustment for Accident and Sickness, all Personal X-Maternity Medical Care coverages, and Personal and Dependent Maternity benefits.

"Tabular Rate" - the rate at which coverage would be written as brand new business.

Life - "Manual Rate" plus any required loadings*.

Health - "Manual Rate" plus any required loadings* reduced by Volume Discount or increased because the volume of combined premium is less than $2,000 monthly.

"Book Rate" - The rate indicated in the schedules of minimum monthly premiums excluding age and volume adjustments, experience loading, and any other required loadings*.

*Loadings for industry or for conditions peculiar to the individual group, such as (1) working or living conditions and type of employees, (2) geographical area in the case of Medical Care insurance, and (3) exclusion of the Coordination of Benefits provision in the case of all Medical Care coverages except EME and Major Medical insurance.

AGE ADJUSTMENTS

All Personal X-Maternity Medical Care, Personal and Dependent Maternity Medical Care, and Weekly Accident and Sickness X-Maternity and Maternity rates are subject to an age adjustment. Dependent X-Maternity Medical Care rates are not subject to an age adjustment.

When completing column (H) of the rate section on Form G.109, show the sum of the X-Maternity and Maternity rates for any Medical Care and A&S coverage which includes Maternity benefits. The G.109 should be accompanied by the age data and age adjustment calculation.

1. Personal Age Adjustment Factors

Ages	X-Maternity	Maternity
Less than 35	.65	1.8
35 but less than 40	.75	1.0
40 but less than 45	.90	.5
45 but less than 50	1.10	.2
50 but less than 55	1.35	.1
55 but less than 60	1.65	.0
60 but less than 65	2.10	.0
65 but less than 70*	2.75*	.0*
70 and over*	3.50*	.0*

*NOTE:

Only include employees age 65 and over when calculating the Accident and Sickness X-Maternity and Maternity age adjustments. Do not include employees age 65 and over when calculating the Medical Care X-Maternity and Maternity age adjustments.

A. Calculation of Personal Age Adjustments

Multiply the number of employees in each age group by the applicable age factor and then divide the sum of the products by the total number of employees.

This should be done separately for (1) A&S X-Maternity, (2) A&S Maternity, (3) Personal X-Maternity Medical Care, and (4) Personal Maternity Medical Care. The result of each calculation is the applicable Personal age adjustment factor for that coverage.

The result of each calculation should be carried to the third decimal place and then rounded to two places. Round down if the third decimal is less than 5, up if 5 or more.

If the result of any calculation is 1.00, an age adjustment is not required for that coverage. If any result is higher or lower than 1.00, the rate(s) for that coverage should be multiplied by such Personal age adjustment factor.

B. Example of Personal X-Maternity Age Adjustment Calculation

Step 1

For Accident and Sickness coverage only include the number of lives eligible for such coverage.

For Personal Medical Care use the greatest number of lives eligible for any Personal Medical Care coverage. If there is a substantial difference in the number of lives eligible for Base and EME coverages, it may be appropriate to do a separate age calculation for EME lives.

Ages	(1) A&S # of Ees	(2) Factor	(3) (1) x (2) Product	(4) Medical Care # of Ees	(5) (4) x (2) Product
Less than 35	0	.65	0.00	80	52.00
35 but less than 40	15	.75	11.25	50	37.50
40 but less than 45	40	.90	36.00	40	36.00
45 but less than 50	30	1.10	33.00	30	33.00
50 but less than 55	15	1.35	20.25	15	20.25
55 but less than 60	2	1.65	3.30	2	3.30
60 but less than 65	1	2.10	2.10	1	2.10
65 but less than 70	1	2.75	2.75	xxx	xxxxxx
70 and over	1	3.50	3.50	xxx	xxxxxx
Totals	105	xxxx	112.15	218	184.15

Step 2

A&S X-Maternity Age Adjustment Factor

Total Column (3) / Total Column (1) = 112.15 / 105 = 1.068 rounded to 1.07

Personal X-Maternity Medical Care Age Adjustment Factor

Total Column (5) / Total Column (4) = 184.15 / 218 = .844 rounded to .84

C. Example of Personal Maternity Age Adjustment Calculation

Step 1

Ages	(1) A&S # of Ees	(2) Factor	(3) (1) x (2) Product	(4) Medical Care # of Ees	(5) (4) x (2) Product
Less than 35	0	1.8	0.0	80	144.0
35 but less than 40	15	1.0	15.0	50	50.0
40 but less than 45	40	.5	20.0	40	20.0
45 but less than 50	30	.2	6.0	30	6.0
50 but less than 55	15	.1	1.5	15	1.5
55 and over	5	.0	0.0	3	0.0
Totals	105	xxx	42.5	218	221.5

Step 2

A&S Maternity Age Adjustment Factor

Total Column (3) / Total Column (1) = 42.5 / 105 = .404 rounded to .40

Personal Maternity Medical Care Age Adjustment Factor

Total Column (5) / Total Column (4) = 221.5 / 218 = 1.016 rounded to 1.02

2. Dependent Maternity Medical Care Age Adjustment

For all cases with Dependent Maternity Medical Care benefits it is necessary to first calculate a Personal Maternity Medical Care age adjustment factor.

The Dependent Maternity Medical Care age adjustment factor is determined from the Personal Maternity Medical Care age adjustment factor. This is accomplished by determining the percent of increase or decrease represented by the Personal Maternity Medical Care age adjustment factor and applying the applicable Dependent Maternity Medical Care factor from the following table.

Table of Dependent Maternity Medical Care Age Adjustment Factors

% of Female Employees	Switch Maternity*	Other Than Switch Maternity
Less than 31%	1.00**	1.00**
31% but less than 51%	.80	.75
51% but less than 61%	.80	.50
61% but less than 71%	.80	.25
71% and over	.80	.00***

*Do not use in states where Switch Maternity arrangement is illegal.

**If the percentage of female employees is less than 31%, the Dependent Maternity Medical Care age adjustment factor is the same as the Personal Maternity Medical Care age adjustment Factor.

***If the percentage of female employees is 71% or more, a Dependent Maternity Medical Care age adjustment is not required unless Switch Maternity is involved.

A. Calculation of Dependent Maternity Medical Care Age Adjustment

Determine the percent of increase or decrease represented by the Personal Maternity age adjustment factor by obtaining the difference between such factor and 1.00. If the Personal Maternity Medical Care age adjustment factor is more than 1.00, this represents an increase, if lower than 1.00, this represents a decrease. For example, if the Personal Maternity Medical Care age adjustment factor is 1.13, this would represent an increase of + .13 or 13%. (1.13-1.00=.13). If the factor is .97, this would represent a decrease of -.03 or 3% (1.00-97=.03).

Multiply such difference by the applicable Dependent Maternity Medical Care age adjustment factor from the preceding table.

The result should be carried to the third decimal place and then rounded to two places. Round down if the third decimal is less than 5, up if 5 or more.

The result is then added to or subtracted from 1.00 (depending upon whether the Personal Maternity Medical Care age adjustment factor represented an increase or decrease) to arrive at the Dependent Maternity Medical Care age adjustment factor.

Each of the Dependent Maternity Medical Care rates should then be multiplied by the Dependent Maternity Medical Care age adjustment factor.

B. Examples of Dependent Maternity Medical Care Age Adjustment Calculation

Example 1

Assume that the Personal Maternity Medical Care age adjustment factor is 1.13, the Personal female bracket is 61% but less than 71%, and the Dependent Maternity benefits are on an "Other Than Switch Maternity" basis.

Step 1

1.13-1.00=+.13 (This represents an increase of 13%)

Step 2

Personal Maternity Medical Care Age Adjustment difference	+.13
Dependent Maternity Medical Care Age Adjustment factor	x.25
Result	+.0325
Result rounded to	+.03

Step 3

1.00 + .03=1.03 Dependent Maternity Medical Care Age Adjustment Factor

Example 2

Assume that the Personal Maternity Medical Care age adjustment factor is .39, the Personal female bracket is 71% and over, and the Dependent Maternity benefits are on a "Switch Maternity" basis.

Step 1

1.00-.39=-.61 (This represents a decrease of 61%)

Step 2

Personal Maternity Medical Care Age Adjustment difference	-.61
Dependent Maternity Medical Care Age Adjustment factor	x.80
Result	.488
Rounded to	-.49

Step 3

1.00-.49=.51 Dependent Maternity Medical Care Age Adjustment Factor

LOADINGS APPLICABLE TO LIFE AND HEALTH COVERAGES

Loading For Industry

Rates for industries denoted as "H.O." in the Classification of Industries in this section are furnished by the Administering Unit on a case basis.

If a plan is to include both occupational and non-occupational Health benefits, (other than AD&D) refer to Administering Unit for rate information.

Any industry extra premium for Health insurance is expressed as a percentage to be applied to the rate for the appropriate percentage of female benefits.

The minimum extra premiums for industry are applicable if all the employees of the employer are to be eligible. Where only certain occupational classes are to be eligible, an occupational distribution of all employees, including those who are not to be eligible, should be submitted to the Administering Unit for the proper rating of the classes to be covered.

If a risk involves two or more industries, on one or more of which an extra premium is required, a tentative composite rate will be established by the Administering Unit based on an occupational analysis. The final composite rate will depend upon the occupational distribution of the employees insured on the date of issue.

The fact that some industries are not listed in the Classification of Industries should not be construed as indicating that no extra premium charge is necessary. If there is any question as to the correct premium to be charged for any industry, be sure to communicate with the Administering Unit before any quotation is made.

NOTE: In all cases (whether the industry is in the Classification of Industries or not) the prospect should be informed that all rate quotations are subject to final Administering Unit acceptance. The Administering Unit may, under certain circumstances, require rates higher than tabular on specific cases.

OTHER LOADINGS APPLICABLE TO HEALTH COVERAGES

Loadings For Females

On all Health coverages except Insurance for Death or Dismemberment by Accidental Means, Medical Expense, Diagnostic X-ray Expense (accident only), Poliomyelitis, Additional Accident Expense Insurance and Medical Expense Insurance-Extended Coverage, employee rates are increased if the benefits on females represents 11% or more of the total benefits. The method of determining the female bracket is illustrated by the following example:

(a)	Total Accident & Sickness benefit on females	$2,000
(b)	Total benefit on all employees	$5,000
(c)	$2,000 ÷ $5,000 = 40% (use 31% but less than 41% female bracket)	

NOTE: If all employees are eligible for the same amount of insurance, the percentage ratio of female lives to total number of lives may be used.

Loading For Exclusion Of Coordination Of Benefits

If the Coordination of Benefits provision is not included in the plan, the premium rates determined for all Medical Care coverages except EME and Major Medical coverages are to be increased by 4%.

Loading For Geographical Areas

The following area loadings apply to all X-Maternity Medical Care rates. The area loadings indicated below may be waived if the number of employees located in these areas is less than 10% of the total number of employees eligible for Medical Care coverage.

Area	Loading
California:	
Los Angeles (Metropolitan area)	20%
San Francisco, Oakland, and Bay areas	10%
Louisiana:	
All areas except the City of New Orleans	15%
Texas:	
All areas except the Metropolitan areas of Dallas, Fort Worth, and San Antonio	15%

When employees are located in more than one of the areas to be loaded as shown above, the Personal and Dependent X-Maternity manual rates should be increased by the percentage determined as follows:

Step 1

Location	(Col. 1) Number of Employees		(Col. 2) Area Loading		(Col. 3) Col. 1 x Col. 2 Product
Los Angeles (Metropolitan area)	_____	x	20%	=	_____
San Francisco, Oakland, and Bay areas	_____	x	10%	=	_____
Louisiana (except the City of New Orleans) and Texas (except the Metropolitan areas of Dallas, Fort Worth, and San Antonio)	_____	x	15%	=	_____
All other areas	_____	x	None	=	None
TOTALS	_____*				_____*

Step 2

Total Col. 3 / Total Col. 1 = % of area loading**

*Add the products determined in Col. 3 and divide the total of Col. 3 by the total number of eligible employees (Col. 1) to obtain the composite area loading percentage.

**Round to nearest percent. Round down if third decimal is less than 5, up if 5 or more.

Loading For Small Groups

If the combined monthly premium for all Health coverages is less than $2,000, the rates for all Health coverages are to be increased in accordance with the Schedule of Loading for Small Groups.

SCHEDULE OF LOADINGS FOR SMALL GROUPS

Gross Monthly Health Premium	% of Increase
$1900 but less than $2000	1
1800 but less than 1900	2
1700 but less than 1800	3
1600 but less than 1700	4
1500 but less than 1600	5
1400 but less than 1500	6
1300 but less than 1400	7
1200 but less than 1300	8
1100 but less than 1200	9
Less than 1100	10

VOLUME DISCOUNTS FOR GROUP HEALTH INSURANCE COVERAGES

If the combined gross monthly premium for all Health coverages is $2,500 or more, the rates for all Health coverages (combined for dividend consideration) are to be reduced in accordance with the Schedule of Volume Discounts for Group Health Coverages.

No volume reduction is allowed if the employer contributes less than 10% of the combined Health coverages premium or if a loading for Small Groups is applicable.

SCHEDULE OF VOLUME DISCOUNTS FOR GROUP HEALTH INSURANCE COVERAGES

Total Gross Monthly Health Premium At Issue	Percentage Reduction
Less than $ 2,500	0
$ 2,500 but less than 3,000	1
3,000 " " " 3,500	2
3,500 " " " 4,000	3
4,000 " " " 4,500	4
4,500 " " " 5,000	5
5,000 " " " 7,500	6
7,500 " " " 10,000	7
10,000 " " " 15,000	8
15,000 " " " 20,000	9
20,000 " " " 25,000	10
25,000 " " " 30,000	11
30,000 " " " 35,000	12
35,000 " " " 40,000	13
40,000 " " " 50,000	14
50,000 and over	15

Method of Determining Volume Discount

1. Determine gross monthly premium based on Manual Rates for each form of Health coverage including 1/12 of any Extra Single Premium for Immediate Maternity and Obstetrical Benefits for dependents, and any additional premium resulting because of unfavorable experience, industry, area, and exclusion of Coordination of Benefits provision loadings.

2. Compute the sum of the monthly premiums determined in accordance with (1) for those coverages which are to be combined for dividend consideration.

   If the Health coverages in the Plan are not combined for dividend consideration, a separate calculation must be made for each separate coverage (or combination) not so combined, based upon the percentage adjustment applicable to the premium for each separate coverage (or combination).

3. Locate in the Schedule of Volume Discounts for Group Health Insurance Coverages, the monthly premium bracket corresponding to the total monthly premium determined in 2. Select from the appropriate column the percentage applicable to the combined premium for the coverages for which premium is included in 2 and multiply the rate for each coverage by the indicated percentage. In determining the appropriate percentage for AD&D insurance, the sum determined in accordance with 2 shall be increased by the monthly premium for Group Life insurance with which the AD&D is combined for experience. As an example, assume a combined monthly Health premium of $9,000 and a Life premium of $5,000. Using the $7,500 to $10,000 bracket, the reduction in each Health insurance rate, except the rate for AD&D, would be 7%. Using the $10,000 to $15,000 bracket, the reduction for AD&D would be 8%.
4. In applying the percentage adjustment, except for AD&D insurance, carry the adjustments to the third decimal place and round off to the nearest penny in the final rates. Round down if the third decimal is less than 5, up if 5 or more.

   In applying the percentage adjustment for AD&D insurance, mills will be retained in the final rate. Carry the adjustment to the fourth decimal place. If the fourth decimal place is less than 5, it will be dropped; if 5 or more, the third decimal place will be raised to the next higher mill.

DEPENDENT COVERAGE RATES

Flat rate, which eliminates the necessity of a census at issue, may be used when:

(1) Plan excludes maternity and/or obstetrical benefits and no contribution exceeds the flat ex-maternity rate, and,

(2) Plan includes maternity and/or obstetrical benefits and the contributions of employees with child(ren) only do not exceed the flat ex-maternity rate nor do the contributions of those employees with wife only or wife and child(ren) exceed the flat ex-maternity rate plus the full value* of the maternity and/or obstetrical benefits. Occasionally when the plan is to include maternity and/or obstetrical benefits, an employer will request that all employees make the same contribution regardless of dependent status. The Regional Supervisor may approve such requests provided (1) The employer is aware of the inequities of such an arrangement, (2) The employer is contributing 25% of the cost of the Health coverages inforce with the Metropolitan and (3) The contribution does not exceed the flat rate including maternity.

*The "maternity" portion of the Flat "maternity included" rates for Dependent Hospital and Surgical are discounted to reflect that some employees have child(ren) only, and "full value" is the difference between the wife "Maternity included" and "Maternity excluded" split rates.

Split rate, which requires a census at issue, may be used on any case but the composite rate based on the distribution of employees by family status at issue will be used regardless of whether such composite is higher than the flat rate.

Ratio Group - when there is no employee contribution for Dependent coverage, a ratio of total Dependent benefits to total Personal benefits is established at initial issue. Dependent insurance premiums are based on the application of this ratio to Personal insurance in force.

"One Dependent - Two or More Dependents" Rates - Such rates should not be proposed unless specifically requested by the employer. Generally, rates on this basis result in inequitable contributions because they do not fully reflect the family status of individual employees. The inequities are even more pronounced when maternity benefits are included in the plan.

Except in the circumstance outlined in the next paragraph, the Regional Supervisor may approve "one - two or more" rates provided the employer contributes at least 25% of the premium for all Health coverages and the employer understands (1) the inequities involved and (2) that the rates charged will be based on the actual distribution of dependents covered at issue and hence the preliminary quotation is only an estimate.

This procedure should not be used if, because of a generous employer contribution, the contributions of employees with two or more dependents are less than or just equal the standard children only rate (or husband only rate if there is a spouse definition). The standard split rates produce the same composite premium without the necessity of an involved census and, in a case of this kind, either split rates or the flat rate should be used.

Rates will be determined at issue on the basis of actual distribution of employees by family status and application of standard split rates as follows:

1. Total aggregate premiums in each of (a) and (b).

Dependent status	Split Rate applied
(a) One Dependent Rate	
Wife Only	Wife Only
One Child Only	Child(ren) Only
Husband Only	Personal Ex-Maternity rate for less than 11% female*
(b) Two or More Dependents	
Wife and Child(ren)	Wife and Child(ren)
Children Only (2 or more)	Child(ren) Only
Husband and Child(ren)	Husband rate *as in (a) plus child(ren) only

* See Page 5.1

* If switch maternity is involved add to the husband rate the difference between the wife "Maternity included" and "Maternity excluded" rates.

(2) Divide the total premium in each category by the number of employees therein.

As in other groups involving split rates a composite of the two rates will be used as the billing rate. However, if the policyholder insists, we will consider billing on the two rate basis.

PREMIUM RATES OTHER THAN MONTHLY

If premiums for Group Health coverages are other than monthly (Group Life Manual rates are shown on all four bases), the manual premium rate is converted as follows:

1. To Quarterly, multiply monthly rate by 2.985.

2. To Semi-Annual, multiply monthly rate by 5.956.

3. To Annual, multiply monthly rate by 11.823.

Carry all rates to the number of places in the manual rate, e.g. Accident and Sickness 2 places (raise if third place 1/2 cent or more) Physicians' Attendance 3 places, (raise if fourth place 1/2 mill or more) and then adjust for volume of premium.

RATE GUARANTEES

The Metropolitan does not guarantee group rates beyond one year because we do not consider a longer guarantee to be in the best interest of our policyholders.

1. A rate guarantee under a Group Life policy does not involve a guarantee of the average premium.

2. If a rate were guaranteed for more than one year, the insurance company may be depended upon to substantially increase the rate at the end of the period if experience has been unfavorable.

3. When the right is reserved by the insurance company to adjust rates at one year intervals, our policyholders are collectively safeguarded against having to share any unfavorable experience that might result from the guaranteeing of rates on certain policies beyond one year.

4. The total attendance in 1949 is indicated by channels and by percentage as follows:

Channel	Total Attendance	Percentage
Schools	2,164,789	43%
Theatres	2,200,957	44%
Others	663,418	13%
Total	5,029,164	100%

"Others" include health departments, service clubs, churches, parent-teacher associations, etc.

5. Our sound slide films had a total of 5,652 showings, the attendance per film being as follows:

YOUR FRIEND, THE PUBLIC HEALTH NURSE.....	19,346
TEACHER OBSERVATIONS OF SCHOOL CHILDREN.....	167,831
JIMMY BEATS RHEUMATIC FEVER.....	84,625
Total	271,802

This total slightly exceeds the figure for 1948 - 271,257.

6. Our silent film strips are increasingly popular, showings amounting to 15,036, compared with 10,728 in 1948. The total showings recorded since these film strips were made available are as follows:

Film Strip	1932 through 1949
How to Live Long	7,551
Pasteur	21,171
Trudeau	19,349
Reed	19,589
Nightingale	20,230
Koch	20,315
Jenner	15,945
Curie	16,220
Total	140,370

7. Three of our films continue to be used occasionally on television - BE YOUR AGE, ONCE UPON A TIME, and PROOF OF THE PUDDING.

8. As mentioned elsewhere, consideration continues as regards a new film subject, and the 1950 budget includes an item for this purpose.

97

XVI. Accounting Service

1. Through this office are channeled most of the Division's contacts with the Controller's Office, the Law Division, Payroll Unit, Tax Unit, Expense Bureau, and Purchasing Division. Certain principal activities during 1949 included:

   a. The completion of Division financial reports in conformance with Company accounting requirements.

   b. The assembling and preparation of the 1950 budget.

   c. The preparation of salary data and new nursing salary scales in cooperation with the Nursing Bureau and the Executive Salary Committee.

   d. The handling of Service Award payments to 142 nurses.

   e. The processing of numerous routine tax requirements.

2. On nursing matters, this Bureau analyzed 533 visiting nurse association cost statements, worked with the National Organization for Public Health Nursing on the special cost study, processed 5,984 nursing service bills, purchased 82 automobiles for nurses who now have 329 cars in operation, negotiated 26 initial automobile purchase allowances and 17 replacement allowances, completed a field study of automobile mileage and claim payments, the purchase of 419 nursing uniforms, nursing supplies, etc.

3. Also related to nursing, this Bureau looked after rental matters for 94 separate nursing offices and 60 additional locations with desk space, arranged with the Purchasing Division for the refurnishing of nursing offices with standard new office equipment, and completed the regular annual study of policies in force as a basis for nursing staff and salary adjustments.

XVII. Office Management and Personnel

1. This office has compiled the following data indicating the number and percentages of changes in staff in the Home and Head Offices, central and Field, nursing and welfare, in 1949 as compared with 1948.

Office Staffs	1948	1949	% Change
Nursing Bureaus	67	73½	+10
Welfare Bureaus (including Officers)	97	100	+ 3
Library and Archives	21	19	-10 — Why?
Total	185	192½	+ 4
Field Staffs			
U.S. and Canadian Field Nurses	373	373	—
U.S. and Canadian Field Clerks	16	15	- 6
Total	389	388	- .3
Total - Health & Welfare Division Employees - all Offices	574	580½	+ 1

It will be noted that this indicates a slight increase of 1%, reflecting the filling of vacancies.

2. This office is responsible for Division relationships with the Personnel Division, including salary changes, merit rating, training and education, job evaluation, etc.; with the Standardization and Coordination Division, concerning cost analysis studies of Division procedures, space for storage of exhibits, cost involved in the purchase of microfilm editions of the New York Times for the Library, etc.; office layout, such as changes in the Industrial Hygiene Laboratory and Library, the moving of the Company's Library, etc.

This office also has to do with central filing and mail services, the handling of suggestions, employee relations, and the supervision of the Reception Room, which handled a total of 4,020 visitors during 1949.

XVIII. Pacific Coast

1. The work of the Division at the Pacific Coast Head Office under Dr. Shepard has continued on its customary level in 1949.

2. An increased budget for literature and printing at the Coast Office in 1949 made it possible to rehabilitate the war-time depleted literature program at that Office, with a total literature distribution 13% above 1948.

3. Conspicuous at the Coast were X-ray campaigns for tuberculosis case-finding in which our Field staffs took an active part, in Tacoma, Seattle, Spokane, Salt Lake City, and San Diego, with plans under way for similar activities in San Francisco and Los Angeles.

4. In nursing, total visits showed a decline of 6%, in spite of an enormous increase in population. This decline probably reflects the drop in acute illness, with perhaps an increase in chronic illness towards which the Company extends only limited service.

5. Dr. Shepard continued his many non-Company activities, including membership on the Medical Advisory Committee of the National Security Resources Board, member of the American Board of Preventive Medicine and Public Health, member of the Board of the National Health Council, chairman of the Committee on Professional Education of the American Public Health Association, member of the Public Health Study Section of the Research Grants Division of the U. S. Public Health Service, chairman of the Committee on Constitution and By-Laws of the National Tuberculosis Association, etc. Outstanding was Dr. Shepard's election as President of the American Public Health Association.

XIX. Canada

1. The Health and Welfare Division at the Canadian Office operated under the continued skillful direction of Dr. Burnette, with the assistance of Miss Girard, Superintendent of Nursing, and with the advice of Dr. Troup and Dr. Benson of the Medical Division.

2. A long drawn-out strike in the printing trade delayed printing of publications in Canada, but rather extensive use of Company publications by health departments and voluntary agencies, together with Field use, resulted in a volume of distribution 3% over 1948.

3. In campaigns, home safety was stressed, as was diabetes. The latter program resulted in the organization of a strong, Province-wide voluntary society in Ontario.

4. The Office was interested in two items of research to be listed under that chapter, including the subjects of school absenteeism due to illness, and post-partal gynecological conditions.

5. In anticipation of Dr. Burnette's retirement in 1950, a rather comprehensive review of Health and Welfare activities, with special reference to Canada, was prepared for Mr. Spahn and for study also by Dr. Troup and Dr. Burnette. This review was supplemented by suggestions as to a future program.

6. Dr. Burnette has continued his important outside activities, including membership on the Board of the Victorian Order of Nurses, and on the Standing Committee on Public Health of the Canadian Life Insurance Officers Association. He also serves on boards and committees for the Canadian Red Cross, the Health League of Canada, the Canadian Arthritis and Rheumatism Society, and the recently organized Ontario Diabetes Association.

XX. Research, Studies, and Demonstrations

1. The Company's principal research investment is the $100,000 contribution to the Life Insurance Medical Research Fund for work in heart disease.

2. A contribution of $7,476 was made to the Public Health Committee of the Canadian Life Insurance Officers Association, largely for research in health and medical problems.

3. The study of home accidents in the home experience of our salaried nurses was completed and published in the Journal of the American Public Health Association.

4. Cooperation continued with the National Organization for Public Health Nursing in its cost analysis study, which is progressing satisfactorily, and toward which we contributed several years ago.

5. The study of health and medical factors in public school absenteeism, initiated by our Advisory Educational Group, was completed, and summarized in the report ABSENT FROM SCHOOL TODAY. Cooperation was continued with a similar study in Canada under the auspices of the Canadian Life Insurance Officers Association and the Canadian Education Association.

6. In Canada, our nursing staff in Quebec City participated in a survey of post-partal gynecological conditions in cooperation with Provincial health authorities.

7. The Industrial Hygiene Bureau engaged in a number of studies, as follows:

   a. The study in the Home Office of the use of triethylene glycol for the prevention of colds was completed, with findings largely negative, and published in the May issue of Industrial Medicine.

   b. Research resulted in the development of a method for determining the fluorine content of vegetation, in problems of air contamination from industrial wastes.

   c. After a three-year trial, a method has been developed for determining dust-fall over a long period of time.

   d. A study is being made of X-ray methods for determining free silica in contaminated air.

   e. Studies are under way for the specto-graphic qualitative and quantitative analyses of mineral compounds, dusts, and vapors.

f. As mentioned under "Industrial Hygiene," air contamination studies in which Company staff are participating are being undertaken by municipal officials and representatives of large industries in Rochester, New York, and Cleveland, Ohio.

8. Physicians on the staff have been greatly interested in following the study in the Medical Division of the relationship of anti-histamines to the common cold, preliminary results of which are being reported negative to date.

9. At the request of the Mayor of New Orleans, Dr. Wheatley undertook a brief survey of school health services in that city. The report will be published shortly by the state and city authorities.

   Dr. Wheatley also completed the report on the study of child health services in New York State, carried out under the auspices of the American Academy of Pediatrics.

10. The Company continued certain contributions to national agencies, part of which goes to research, including:

American Public Health Association	American Cancer Society
American Social Hygiene Association	American Heart Association
National Safety Council	New York Academy of Medicine
National Arthritis and Rheumatism Foundation	National Organization for Public Health Nursing

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XXI. Home Office Health Education

1. This activity has continued over the past several years, under the auspices of a committee representing the Personnel Division, the Medical Division, Publication Division, Policyholders Service Bureau, and the Health and Welfare Division, under the chairmanship of Dr. Wheatley.

2. During the last three years 40 pamphlets and 25 posters have been used in this staff educational program, together with 27 exhibits in various places in the Home Office buildings, in addition to announcements in Home Office magazines and bulletins. The employees have taken on their own initiative 132,341 pamphlets. Those in which most interest was shown in 1949 were: Colds, Hay Fever, Allergy, Overweight and Underweight, Cancer, First Aid, and the Cook Book.

3. At the request of the Canadian Head Office, an analysis of this procedure was prepared for Dr. Troup and Dr. Burnette, and a similar program is being initiated at that office.

4. In the Health and Welfare Division this program has been supplemented during the last year with a limited in-service training program for staff members, including periodic meetings of correspondents to hear a presentation of a pertinent public health subject by a Division Officer or Bureau Head.

XXII. Library and Archives

Library

1. Miss Bonnell, the new Librarian, has continued to give excellent direction to the Library and Archives. The Library operates through several sections - insurance, research and general reference, cataloguing, health and medicine, and fiction.

2. Together with library experience in general, the Company Libraries showed a marked growth in activity in 1949. Books loaned and circulated increased from 83,892 to 104,593, or 25%. Magazines circulated at the Home Office increased from 68,564 to 78,789, or 15%. Research and reference requests totaled 5,342, as compared with 5,438 last year. These requests were featured by an accelerated demand for information on pensions and employee benefit plans, a marked growth in the use of the Archives materials, and medical inquiries for bibliographies on technical subjects.

3. In 1949 the Library purchased a Recordak reading machine, which was increasingly used by those having occasion to consult the files of the New York Times. In 1949 all the bound files of the Times back to 1927 were placed on microfilm, greatly facilitating use, and saving space extensively.

4. It has been decided that the Library and Archives will be moved to excellent space in the new unit under construction. 1950 marks the Library's fortieth anniversary.

5. The sections of the Company making the most use of the Library included:

Accounting and Auditing	Field Management
Actuarial	Filing and Tracing
Audit	Group
Business Research	Group - Policyholders Service Bureau
Building	Health and Welfare
Cashiers	Industrial
City Mortgages	Law
Claim	Medical
Commissary	Ordinary
Controllers	Personnel
Coordination	Publication
Executive	Statistical
Farm Mortgages	Transcription
	Treasurer's

Archives

1. The total attendance recorded in the Archives Room was 5,031, as compared with 6,861 in 1948. This attendance in 1949 included 1,097 Field-Men and their families, who were guided through the Archives when they visited the Home Office. The space in the new building should facilitate an increased attendance.

2. Special exhibits in the Archives during 1949 included six exhibit cases prepared under the direction of Vice-President Smith, and covering "70 Years of Industrial Insurance," first displayed at the convention meetings in the spring. Another special exhibit featured recent honors bestowed upon the Chairman of the Board and the Company.

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XXIII. Staff Changes and Vacancies

Dr. Henry Almond, for about a year on the Industrial Hygiene Bureau staff, decided that he preferred medical underwriting, and was taken on by Dr. Bonnett in 1949. As yet no replacement has been discovered.

Miss Grace Hallock retired as Director of the Editorial Bureau, being succeeded by Mrs. Dorothy Whyte, who had been in training for approximately two years. An assistant has been added - Miss Lydia Schweiger, with excellent writing experience at Science Service in Washington and at American Medical Association headquarters in Chicago.

Miss Elizabeth Guilford retired as Director of the Home Economics Bureau, being succeeded by Miss A. June Bricker, who had been in training for about a year. An assistant vacancy is still to be filled.

No one has been secured as yet to replace Dr. Allen, who had served in part as an assistant to Dr. Wheatley.

It has been impossible thus far to secure an assistant to Miss Craig, to fill a vacancy created when Miss Craig succeeded Miss Williamson as Director of the School Health Bureau.

In December the Industrial Hygiene Bureau lost a chemical laboratory technician to the staff of General Electric, and a replacement is under consideration.

* * *

Dr. Wheatley's activities at the Home Office and in the Field, and his outside public health relationships continue to grow in variety and significance. Notable among his outside contacts are - the chairmanship of the Rheumatic Fever Committee of the American Heart Association, membership on the Committee for The Improvement of Child Health of the American Academy of Pediatrics, the Governing Council of the American Public Health Association, the Advisory Editorial Board of the New York County Medical Society, the Pediatric Advisory Committee of the New York City Health Department, the Rheumatic Fever Committee of the State Medical Society, the Industrial Hygiene Committee of the County Medical Society, etc.

XXIV. 1950

1. In the educational field it is contemplated that the principal campaign interest during 1950 will be diabetes, in cooperation with the American Diabetes Association, the U. S. Public Health Service, medical societies, and other agencies acquiring an interest in this field, including a number of tuberculosis associations.

2. It is expected that literature volume will continue on about the present level. Fewer new titles are scheduled for 1950, but usage of existing publications may increase, in view of the popularity of the BABY'S BOOK, the growth in Group distribution, the Field Management program, together with radio and magazine advertising. As a measure of economy, one important consolidation is contemplated, namely, THREE MEALS A DAY and THE FAMILY FOOD SUPPLY.

3. New exhibit material is being prepared for the Managers' meeting, which will be used in other connections.

4. It is anticipated that film showings and attendance will continue to decline until a new picture is prepared and released. A new film not only adds to our volume but always stimulates the use of older Company pictures. New subjects under consideration include child and home safety, overweight and personal health, older age problems of hygiene, and the story of medical progress.

5. In nursing, it is expected that the volume may continue to decline, though perhaps not as much as in 1949. The cost per visit will probably still increase, though less than in 1949. Continued effort will be made to curb salaried services and to encourage transfer to affiliations. The whole picture might be markedly modified with the development of health insurance, compulsory or voluntary, including home nursing benefits.

Should be Thoroughly discussed -

Respectfully submitted,

D. B. Armstrong, M. D.
Second Vice-President,
Health and Welfare

XXV. Welfare Service Officers and Bureau Heads

Aiding the Officers concerned with Health and Welfare services (Cole, Burnette, McConnell, Wheatley, Shepard, Dublin, and Armstrong) are the following Bureau Heads in the Health and Welfare Division, it being remembered that the Industrial Health and Safety Bureaus are supervised respectively by Dr. McConnell and Mr. Cole.

Mr. Jerome Apfel, Welfare and Nursing Accounting Bureau

Miss M. R. Bonnell, Library and Archives

Miss A. June Bricker, Home Economics Bureau

Miss Marjorie L. Craig, School Health Bureau

Miss Helen M. Crosby, Social Agency, Exhibits, Motion Pictures Bureau

Miss Ruth Doloboff, Management and Personnel

Miss Alma C. Haupt, Nursing Bureau

Mr. Arthur Kneerim, Field Service Bureau

Mrs. Dorothy Whyte, Editorial Bureau