Mr. G. W. Fitzhugh,
Supervisor

Re: 5444-G - The Ruberoid Co.

The above policy was issued in 1927 and revised in 1929. The coverage was issued at the "T" rate, but for a number of years the experience was unfavorable, and at the renewal date in 1931 (December 31st), we increased the rate to T.+$2.00. At the time of the increase, the claim rate was 121%, and our loss amounted to slightly more than $22,000. There was a loss the year following the increase, but the experience has been favorable every other year since 1931. We have recovered our early losses and are now paying dividends on the coverage, but this is due partly to redistribution of premiums of almost $14,000.

Two years ago, we reduced the rate from T.+$2.00 to T.+$1.00, and the experience has continued to be favorable at this latter rate. However, last year the claim rate was 83%, and our profit was only $610. In the current year the claim rate is 57%, and to October 31st we have a profit of about $7,500.

If the "T" rate had been charged continuously from issue to date, our claim rate to date would be 91%. Based on the experience from December 30, 1931 (the date the rate was increased from "T" to T.+$2.00), the claim rate to date, using the "T" table, would be 81%. (See attached sheet). Using the experience of the last two years only, that is, the period we had been charging a rate of T.+$1.00, the claim rate at the "T" rate would be 79%.

There is also Accident & Health coverage, and the experience has been favorable. Last year we reduced the rate for this coverage from 70¢ to 60¢. As indicated above, we have transferred approximately $14,000 from this coverage to the Life coverage.

The Life average cost increases five cents on recomputation, from $1.10 monthly to $1.15. In view of the indicated experience at the "T" rate, and taking into consideration the fact that this policy still contains an Installment Total & Permanent Disability Provision, I suggest that we continue the present rate of T.+$1.00 for at least one more year. If the rate is reduced, the employee contributions must be reduced.

November 30, 1938
DCB/EM

Actuarial Division
Group Life & Health Section

5444 12-5-38