Chapter 6

Conclusion

6.1 Introduction

The analysis of quadratic pricing in the previous chapter explains the presence of asymmetry information in Malaysia Insurance market. The result is contrary to bulk discount; the larger the quantity purchased consumers have to pay higher price. The characteristic provides evidence of under provision and lack of trade in this industry. Although asymmetry information can be resolved by quadratic pricing, the low risk types are still constrained to buy larger quantity, risks, which are not familiar are rejected, consumers are paying more than the risk level they face. To overcome these problems and in order to achieve more efficient outcome, alternatives should be considered even with government intervention.

6.2 Summary Of The Findings

We showed the presence of asymmetry information in Malaysian Insurance market. Under the theory of asymmetry information, the low risk individuals are quantity-constrained in order to make their contracts undesirable to those of high risk type. Since the high risk type only buy larger quantities, an insurer can break even in a competitive market if marginal prices increase with quantity. Consequently, the price is convex in the quantity of coverage.

We regressed unit price against award squared and found that the coefficient is significant. The unit price will drop initially and rise after a threshold, which is determined by the insurers. The drop in unit price is to encourage more purchase from the same risk type of consumers (bulk discount), and the rise after the level ensures break even by insurance companies. This is because insurers will bear increasing marginal cost after the threshold level, thus higher unit price. This is equivalent to separating equilibrium where the insureds will sort themselves at the point of purchase.

We then investigated the relationship between risk level and probability of holding larger policy by using a logit model. The dummy variable; marital status, explained that the probability of holding larger policy increases when married, and drops when the individual is single. This is so because his households need better assurance in terms of their future consumption stream

In the competitive insurance market, if the risk and quantity is positively related, then the unit price must rise with quantity purchased (as shown in the non-linearity of unit prices),. If the high risk individuals could obtain larger quantity at lower prices, insurers could not break even. One potential explanation for the positive relationship between risk and quantity purchased is that the insurers cannot distinguish risks through underwriting and therefore cannot limit coverage to the high risk individuals.

6.3 Contributions Of The Research

The research has important contribution to the body of literature on information asymmetry in Malaysia. Using direct evidence from the pricing strategy adopted by

insurers, this paper derived presence of asymmetry information and evaluated the empirical result to support the theory of asymmetry information.

One of the most potential explanations for the result is that insurers cannot distinguish risk through underwriting and therefore cannot observe systematic patterns in claims overtime. This leads to the conclusion that insurers cannot limit coverage to high risk.

These results have an important explanation of Malaysian Insurance Industry; namely the presence of asymmetry information, lack of trade and under provision. Insurers will walk away from a profitable risk when it is not familiar or the characteristics are unknown. Secondly the insureds may be discouraged to purchase larger quantity even he is from good risk category. And individuals from the same class of risk are charged with a standard premium rate regardless of his behavior towards risk. This final conclusion explains low risk types are paying higher than his utility level, or he is subsidizing the high risk types. The findings may support other alternatives besides quadratic pricing for more optimal production.

6.4 Implications and Suggestions

Informational advantage of consumers have caused inefficiency of trade and underprovision in insurance as insurers will offer a menu of contracts which does not commensurate with risk level, no marker for low risk types, rejection of certain risk types and lack of trade. The problems are resolved by one party, the insurers, by offering a menu

of contracts designed to induce the other party, the policyholder, to reveal his or her identity through contract selection. This can be done either through quadratic pricing schedule or offering a different policy for different class of risk type.

Quadratic pricing schedule (as shown in previous section) assumes high risk individuals will choose larger than usual policy, and low risk types will choose smaller policy. And therefore higher risk individuals are charged higher than average unit price; contrary to bulk discount. This strategic pricing schedule ensures level of coverage commensurate with level of risk or marginal cost equals to the price paid by insureds. This quadratic pricing schedule has constrained insureds from buying larger than usual policy as they will overpay premium according to their risk type. Low risk types will be subsidizing high risk types if they purchase same level of risk as high risk types. The classic model is by Rothschild and Stiglitz (1976), who show that restricting insurance under the contract designed to appeal to low risk individuals can result in a separating equilibrium.

The pricing strategy adopted cannot solve the informational problems completely. This is because consumers who purchase larger quantity do not necessarily belong to high risk category. They may be professional, director of a company who need larger coverage. Another problem is standard unit price charged for all the insureds within the threshold, this means regardless of consumers behavior towards risk, they are charged at the same price. These lead to the conclusion that insurers will forego profit when the risk is not familiar or beyond the perceived threshold level. This is due to underwriting experience and size of portfolio.

Another method of overcoming the problem of adverse selection is offering a different policies for different class of risk type. This is based on observable consumption level of correlative products. In contrast with categorical discrimination base on some immutable characteristics such as sex, age or race, insurers may resolve the problem of adverse selection inherent in insurance market by categorizing the consumption type such as cigarette, automobile, type of occupation which may affect consumers insurance purchase either favorable or adversely. Insurers may make inference from these correlative products consumption about insured's behavior towards risk. The actuarial relationship between consumption and underlying risk maybe a consequences of a direct physical effect as in the case of evidence establishing casual link between smoking and heart disease or statistical relationship as in the case in which ownership of high performance automobile reflects individual's penchant for living dangerously. The presence of policy which specially catered to a particular profession or customized policy, e.g. executive plan, manager plan, policy for professional, are evidence to this "endogenous categorization" (Bon and Crocker ;1991).

The assignment of insurance premium base on the potentially hazardous occupation or avocation such as coal mining, or parachuting shows the risk classification schemes adopted by insurers in practice, as different group of occupation are charged different unit price. Another method of risk classification is through loading, extra flat rate for hazardous occupation as explained in previous section.

Another way to solve the problem of asymmetry information in order for endogenous categorization to be implementable is through proposal before the contract is begun. For example the correlative nature of consumption which has both causal and

statistical relationship is cigarette smoking (which is verifiable through the presence of nicotine discovered in the course of urine analysis). Smoking will have direct deleterious effect on health, it may also serve to signal causal attitude towards other, less observable, health concern. The stereotype of the individual who smokes, drink excessively, eats a poor diet and never exercise. The ownership of high performance automobile, modified vehicles, are related to the individuals underlying proclivity for living on the edge.

Thus in this endogenous categorization, the insurance premium maybe made to depend on his consumption of the correlative products. This level of price schedule chosen will reflect the marginal social cost (or benefit) of the correlative goods serve to mitigate inefficient over-consumption (or under-consumption). This is because endogenous categorization provides information regarding an individual's privately known loss potential and therefore may serve as a tool to sort heterogeneous consumers more effectively in insurance market with adverse selection.

The absence of perfect information causes un-optimality can also be resolved through some form of public intervention. Compulsory insurance might at least produce a result that is as good as the market outcome. (Arrow ;1970). The ability of public provision to reveal truthful information lies in its ability to generate a particular kind of information crucial for underwriting. If this information were to be made available to firms, an optimal market outcome may occur.

Compulsory provision could be implemented with processes; (1) identical amount of purchases and (2) the quantity to be chosen by low risk types. In the first process individual can buy a specified amount of insurance and no more, and he is free to

supplement his compulsory with voluntary purchases. The premium level is set according to low risk types, P_E per unit, and compulsory equilibrium quantity therefore is X^G (G=good risk type). Quantity purchased by both low risk and high risk types therefore will be X^G, and $X^G<X^B$ (B=Bad risk types). This quantity might make both of them better of if the utility losses to risk-averse type B individuals from buying less insurance is, at equal consumption, more than offset by the reduction in premium paid. Utility for good risk type is also increased as premium per unit paid is lower than under pooling equilibrium, and they are fully covered (Loss=total face value).

The compulsory insurance level signals to insurance companies that individuals who buy additional insurance beyond compulsory amount are from bad risk category. Since type G person would not supplement the compulsory coverage, the premium got the supplementary coverage would represent the experience only of type B individuals and so premium per unit after compulsory amount will be higher than P_E. The compulsory amount performs a useful signal to the insurers. Because of the existence of the law, each seller knows that every prospective buyer has at least a minimum amount of insurance, so that any purchase of insurance from him provides evidence that the buyer is really a high insurance purchaser and therefore a bad risk.

6.5 Problems In The Research

The secondary data obtained directly from the insurance companies contain limited information about the demographic characteristics of the insureds. Analysis carried out in chapter 5 to analyze the covariance between risk level of insureds and quantity purchased can be improved upon if more characteristics are included, such as smoking behavior,

correlative consumption behavior, and etc. These characteristics will enable us to test the correlation between risk and quantity purchased more accurately. The limited demographic characteristics also made us difficult to conduct test on covariance between risk and quantity purchased in female category. Based on occupational class alone does not provide accurate result as it is impossible to separate the class of occupation distinctively. The logit model for female category is not provided.

6.6 Conclusion

Although with limited demographic characteristics, we are able to show the presence of asymmetry information in Malaysia Insurance Market. The quadratic pricing strategy both in male and female categories reveals that this strategy is necessary for insurers to overcome the problems of informational disadvantage. This is because the high risk individuals are more likely to purchase larger than usual coverage than average consumers. This again is empirically shown in logit model that probability for high-risk individuals when purchasing larger policies is higher compare to low risk individuals. The reasons behind this are the advantages of information on the demand side, underwriting experience and low reinsurance of risks.

Appendix A Types Of Policies For Male Category

SCHEDULE OF BENEFITS		
BENEFITS		**BASIC Insured**
A.	**Hospital Services**	
1)	Daily Room and Board - per day	150
2)	Intensive Care Unit - per day	300
3)	Hospital Miscellaneous Services	As Charged
B.	**Professional Services**	
1)	Surgical Fee	As Charged
2)	Anaesthetist Fees	As Charged
3)	Specialist's Consultation Fees (30days Pre & 60days Post Hospitalisation)	As Charged
4)	In-Hospital Physician's Visit (for non-surgical)	As Charged
5)	Diagnostic X-ray and Laboratory Tests (30 days prior to hospitalisation)	As Charged
C.	**Emergency / Out-patient Services**	
1)	Emergency Outpatient Accident Treatment	As Charged
2)	Outpatient Physiotheraphy Treatment (within 60days from discharge)	As Charged
3)	Ambulance Fee	200
4)	Government Hospital Daily Cash Allowance (Max. 60 days) - per day	100
5)	Reimbursement of Medical Report Fees (Hospitalisation only)	75
D.	**OVERALL ANNUAL LIMIT PER DISABILITY**	20,000
E.	**PERSONAL ACCIDENT**	
a)	Accidental Death	50,000
b)	Permanent Disablement	50,000
c)	Compassionate Grant (Death due to accident only)	2,000
ANNUAL PREMIUM		
Age:	18 - 40 years	98
	41 - 50 years	103
	51 - 65 years	109

SCHEDULE OF BENEFITS				
BENEFITS		BASIC FAMILY (2 PARENTS)		
		Insured	Spouse	Children
A.	**Hospital Services**			
1)	Daily Room and Board - per day	150	150	150
2)	Intensive Care Unit - per day	300	300	300
3)	Hospital Miscellaneous Services	As Charged	As Charged	As Charged
B.	**Professional Services**			
1)	Surgical Fee	As Charged	As Charged	As Charged
2)	Anaesthetist Fees	As Charged	As Charged	As Charged
3)	Specialist's Consultation Fees (30days Pre & 60days Post Hospitalisation)	As Charged	As Charged	As Charged
4)	In-Hospital Physician's Visit (for non-surgical)	As Charged	As Charged	As Charged
5)	Diagnostic X-ray and Laboratory Tests (30 days prior to hospitalisation)	As Charged	As Charged	As Charged
6)	Lodger Fees (children aged below 15 and max. 60 days)	Nil	Nil	As Charged
C.	**Emergency / Out-patient Services**			
1)	Emergency Outpatient Accident Treatment	As Charged	As Charged	As Charged
2)	Outpatient Physiotheraphy Treatment (within 60days from discharge)	As Charged	As Charged	As Charged
3)	Ambulance Fee	200	200	200
4)	Government Hospital Daily Cash Allowance (Max. 60 days) - per day	100	100	50
5)	Reimbursement of Medical Report Fees (Hospitalisation only)	75	75	75
D.	**OVERALL ANNUAL LIMIT PER DISABILITY**	20,000	20,000	5,000
E.	**PERSONAL ACCIDENT**			
a)	Accidental Death	50,000	50,000	5,000
b)	Permanent Disablement	50,000	50,000	5,000
c)	Compassionate Grant (Death due to accident only)	2,000	2,000	2,000
ANNUAL PREMIUM				
Age:	18 - 40 years	177		
	41 - 50 years	187		
	51 - 65 years	198		

SCHEDULE OF BENEFITS			
BENEFITS		**BASIC**	
		FAMILY (SINGLE PARENT)	
		Insured	**Children**
A.	**Hospital Services**		
1)	Daily Room and Board - per day	150	150
2)	Intensive Care Unit - per day	300	300
3)	Hospital Miscellaneous Services	As Charged	As Charged
B.	**Professional Services**		
1)	Surgical Fee	As Charged	As Charged
2)	Anaesthetist Fees	As Charged	As Charged
3)	Specialist's Consultation Fees (30days Pre & 60days Post Hospitalisation)	As Charged	As Charged
4)	In-Hospital Physician's Visit (for non-surgical)	As Charged	As Charged
5)	Diagnostic X-ray and Laboratory Tests (30 days prior to hospitalisation)	As Charged	As Charged
6)	Lodger Fees (children aged below 15 and max. 60 days)	Nil	As Charged
C.	**Emergency / Out-patient Services**		
1)	Emergency Outpatient Accident Treatment	As Charged	As Charged
2)	Outpatient Physiotheraphy Treatment (within 60days from discharge)	As Charged	As Charged
3)	Ambulance Fee	200	200
4)	Government Hospital Daily Cash Allowance (Max. 60 days) - per day	100	50
5)	Reimbursement of Medical Report Fees (Hospitalisation only)	75	75
D.	**OVERALL ANNUAL LIMIT PER DISABILITY**	20,000	5,000
E.	**PERSONAL ACCIDENT**		
a)	Accidental Death	50,000	5,000
b)	Permanent Disablement	50,000	5,000
c)	Compassionate Grant (Death due to accident only)	2,000	2,000
ANNUAL PREMIUM			
Age: 18 - 40 years		145	
41 - 50 years		153	
51 - 65 years		162	

SCHEDULE OF BENEFITS		
BENEFITS		**PREMIER Insured**
A.	**Hospital Services**	
1)	Daily Room and Board - per day	250
2)	Intensive Care Unit - per day	500
3)	Hospital Miscellaneous Services	As Charged
B.	**Professional Services**	
1)	Surgical Fee	As Charged
2)	Anaesthetist Fees	As Charged
3)	Specialist's Consultation Fees (30days Pre & 60days Past Hospitalisation)	As Charged
4)	In-Hospital Physician's Visit (for non-surgical)	As Charged
5)	Diagnostic X-ray and Laboratory Tests (30 days prior to hospitalisation)	As Charged
6)	Home Nursing Care (Max. 60 days)	200 Per Visit
C.	**Emergency / Out-patient Services**	
1)	Emergency Outpatient Accident Treatment	As Charged
2)	Outpatient Physiotheraphy Treatment (within 60days from discharge)	As Charged
3)	Outpatient Kidney Dialysis & Cancer Treatment (per month)	3,500
4)	Ambulance Fee	200
5)	Government Hospital Cash Allowance (Max. 60 days)	200
6)	Reimbursement of Medical Report Fees (Hospitalisation only)	75
D.	**OVERALL ANNUAL LIMIT PER DISABILITY**	75,000
E.	**ORGAN TRANSPLANTATION**	50,000
F.	**PERSONAL ACCIDENT**	
a)	Accidental Death	120,000
b)	Permanent Disablement	120,000
c)	Compassionate Grant (Death due to accident only)	2,500
ANNUAL PREMIUM		
Age:	18 - 40 years	164
	41 - 50 years	173
	51 - 65 years	184

SCHEDULE OF BENEFITS			
BENEFITS	**PREMIER FAMILY (2 PARENTS)**		
	Insured	**Spouse**	**Children**
A. Hospital Services			
1) Daily Room and Board - per day	250	250	250
2) Intensive Care Unit - per day	500	500	500
3) Hospital Miscellaneous Services	As Charged	As Charged	As Charged
B. Professional Services			
1) Surgical Fee	As Charged	As Charged	As Charged
2) Anaesthetist Fees	As Charged	As Charged	As Charged
3) Specialist's Consultation Fees (30days Pre & 60days Past Hospitalisation)	As Charged	As Charged	As Charged
4) In-Hospital Physician's Visit (for non-surgical)	As Charged	As Charged	As Charged
5) Diagnostic X-ray and Laboratory Tests (30 days prior to hospitalisation)	As Charged	As Charged	As Charged
6) Lodger Fees (children aged below 15 and max. 60 days)	Nil	Nil	As Charged
7) Home Nursing Care (Max. 60 days)	200 Per Visit	200 Per Visit	200 Per Visit
C. Emergency / Out-patient Services			
1) Emergency Outpatient Accident Treatment	As Charged	As Charged	As Charged
2) Outpatient Physiotheraphy Treatment (within 60days from discharge)	As Charged	As Charged	As Charged
3) Outpatient Kidney Dialysis & Cancer Treatment (per month)	3,500	3,500	1,000
4) Ambulance Fee	200	200	200
5) Government Hospital Cash Allowance (Max. 60 days)	200	200	200
7) Reimbursement of Medical Report Fees (Hospitalisation only)	75	75	75
D. OVERALL ANNUAL LIMIT PER DISABILITY	75,000	75,000	10,000
E. ORGAN TRANSPLANTATION	50,000	50,000	10,000
F. PERSONAL ACCIDENT			
a) Accidental Death	120,000	120,000	12,000
b) Permanent Disablement	120,000	120,000	12,000
c) Compassionate Grant (Death due to accident only)	2,500	2,500	2,500
ANNUAL PREMIUM			
Age: 18 - 40 years		309	
41 - 50 years		327	
51 - 65 years		346	

SCHEDULE OF BENEFITS			
BENEFITS		**PREMIER**	
		FAMILY (SINGLE PARENT)	
		Insured	**Children**
A.	**Hospital Services**		
1)	Daily Room and Board - per day	250	250
2)	Intensive Care Unit - per day	500	500
3)	Hospital Miscellaneous Services	As Charged	As Charged
B.	**Professional Services**		
1)	Surgical Fee	As Charged	As Charged
2)	Anaesthetist Fees	As Charged	As Charged
3)	Specialist's Consultation Fees (30days Pre & 60days Past Hospitalisation)	As Charged	As Charged
4)	In-Hospital Physician's Visit (for non-surgical)	As Charged	As Charged
5)	Diagnostic X-ray and Laboratory Tests (30 days prior to hospitalisation)	As Charged	As Charged
6)	Lodger Fees (children aged below 15 and max. 60 days)	Nil	As Charged
7)	Home Nursing Care (Max. 60 days)	200 Per Visit	200 Per Visit
C.	**Emergency / Out-patient Services**		
1)	Emergency Outpatient Accident Treatment	As Charged	As Charged
2)	Outpatient Physiotheraphy Treatment (within 60days from discharge)	As Charged	As Charged
3)	Outpatient Kidney Dialysis & Cancer Treatment (per month)	3,500	1,000
4)	Ambulance Fee	200	200
5)	Government Hospital Cash Allowance (Max. 60 days)	200	200
6)	Reimbursement of Medical Report Fees (Hospitalisation only)	75	75
D.	**OVERALL ANNUAL LIMIT PER DISABILITY**	75,000	10,000
E.	**ORGAN TRANSPLANTATION**	50,000	10,000
F.	**PERSONAL ACCIDENT**		
a)	Accidental Death	120,000	12,000
b)	Permanent Disablement	120,000	12,000
c)	Compassionate Grant (Death due to accident only)	2,500	2,500
ANNUAL PREMIUM			
Age:	18 - 40 years	252	
	41 - 50 years	266	
	51 - 65 years	281	

SCHEDULE OF BENEFITS		
BENEFITS		**PLATINUM** **Insured**
A.	**Hospital Services**	
1)	Daily Room and Board	400
2)	Intensive Care Unit	600
3)	Hospital Miscellaneous Services	As Charged
B.	**Professional Services**	
1)	Surgical Fee	As Charged
2)	Anaesthetist Fees	As Charged
3)	Specialist's Consultation Fees (30days Pre & 60days Past Hospitalisation)	As Charged
4)	In-Hospital Physician's Visit (for non-surgical)	As Charged
5)	Diagnostic X-ray and Laboratory Tests (30 days prior to hospitalisation)	As Charged
6)	Home Nursing Care (Max. 60 days)	200 Per Visit
C.	**Emergency / Out-patient Services**	
1)	Outpatient Accident Treatment	As Charged
2)	Outpatient Physiotheraphy Treatment (within 60days from discharge)	As Charged
3)	Outpatient Kidney Dialysis & Cancer Treatment (per month)	3,500
4)	Ambulance Fee	300
5)	Reimbursement of Medical Report Fees (Hospitalisation only)	75
6)	Government Hospital Cash Allowance (Max. 60 days)	200
D.	**OVERALL ANNUAL LIMIT PER DISABILITY**	150,000
E.	**ORGAN TRANSPLANTATION**	60,000
	Overseas Hospitalisation due to Accident (Overall Maximum Limit per disability)	300,000
F.	**MATERNITY BENEFIT (Applicable upon renewal only)**	
1)	1st year Renewal } Limit to one-time only	1,000
2)	2nd year or Subsequent Renewal }	2,000
G.	**PERSONAL ACCIDENT**	
1)	Accidental Death	200,000
2)	Permanent Disablement	200,000
3)	Compassionate Grant (Death due to accident only)	3,500
	ANNUAL PREMIUM	240

SCHEDULE OF BENEFITS

BENEFITS	PLATINUM FAMILY (2 PARENTS)		
	Insured	Spouse	Children
A. Hospital Services			
1) Daily Room and Board	400	400	400
2) Intensive Care Unit	600	600	600
3) Hospital Miscellaneous Services	As Charged	As Charged	As Charged
B. Professional Services			
1) Surgical Fee	As Charged	As Charged	As Charged
2) Anaesthetist Fees	As Charged	As Charged	As Charged
3) Specialist's Consultation Fees (30days Pre & 60days Past Hospitalisation)	As Charged	As Charged	As Charged
4) In-Hospital Physician's Visit (for non-surgical)	As Charged	As Charged	As Charged
5) Diagnostic X-ray and Laboratory Tests (30 days prior to hospitalisation)	As Charged	As Charged	As Charged
6) Lodger Fee (Max. 60 days for children aged below 15 & below)	Nil	Nil	As Charged
7) Home Nursing Care (Max. 60 days)	200 Per Visit	200 Per Visit	200 Per Visit
C. Emergency / Out-patient Services			
1) Outpatient Accident Treatment	As Charged	As Charged	As Charged
2) Outpatient Physiotheraphy Treatment (within 60days from discharge)	As Charged	As Charged	As Charged
3) Outpatient Kidney Dialysis & Cancer Treatment (per month)	3,500	3,500	1,500
4) Ambulance Fee	300	300	300
5) Reimbursement of Medical Report Fees (Hospitalisation only)	75	75	75
6) Government Hospital Daily Cash Allowance (Max. 60 days)	200	200	200
D. OVERALL ANNUAL LIMIT PER DISABILITY	150,000	150,000	10,000
E. ORGAN TRANSPLANTATION	60,000	60,000	15,000
Overseas Hospitalisation due to Accident (Overall Maximum Limit per Disability)	300,000	300,000	20,000
F. MATERNITY BENEFIT (Applicable upon renewal only)			
1) 1st year Renewal } Limit to one-time only	1,000	1,000	Nil
2) 2nd year or Subsequent Renewal }	2,000	2,000	Nil
G. PERSONAL ACCIDENT			
1) Accidental Death	200,000	200,000	20,000
2) Permanent Disablement	200,000	200,000	20,000
3) Compassionate Grant (Death due to accident only)	3,500	3,500	3,000
ANNUAL PREMIUM	482		

SCHEDULE OF BENEFITS			
BENEFITS		**PLATINUM FAMILY (SINGLE PARENT)**	
		Insured	**Children**
A.	**Hospital Services**		
1)	Daily Room and Board	400	400
2)	Intensive Care Unit	600	600
3)	Hospital Miscellaneous Services	As Charged	As Charged
B.	**Professional Services**		
1)	Surgical Fee	As Charged	As Charged
2)	Anaesthetist Fees	As Charged	As Charged
3)	Specialist's Consultation Fees (30days Pre & 60days Past Hospitalisation)	As Charged	As Charged
4)	In-Hospital Physician's Visit (for non-surgical)	As Charged	As Charged
5)	Diagnostic X-ray and Laboratory Tests (30 days prior to hospitalisation)	As Charged	As Charged
6)	Lodger Fee (Max. 60 days for children aged below 15 & below)	Nil	As Charged
7)	Home Nursing Care (Max. 60 days)	200 Per Visit	200 Per Visit
C.	**Emergency / Out-patient Services**		
1)	Outpatient Accident Treatment	As Charged	As Charged
2)	Outpatient Physiotheraphy Treatment (within 60days from discharge)	As Charged	As Charged
3)	Outpatient Kidney Dialysis & Cancer Treatment (per month)	3,500	1,500
4)	Ambulance Fee	300	300
5)	Reimbursement of Medical Report Fees (Hospitalisation only)	75	75
6)	Government Hospital Daily Cash Allowance (Max. 60 days)	200	200
D.	**OVERALL ANNUAL LIMIT PER DISABILITY**	150,000	10,000
E.	**ORGAN TRANSPLANTATION**	60,000	15,000
	Overseas Hospitalisation due to Accident (Overall Maximum Limit per Disability)	300,000	20,000
F.	**MATERNITY BENEFIT (Applicable upon renewal only)**		
1)	1st year Renewal } Limit to one-time only	1,000	Nil
2)	2nd year or Subsequent Renewal }	2,000	Nil
G.	**PERSONAL ACCIDENT**		
1)	Accidental Death	200,000	20,000
2)	Permanent Disablement	200,000	20,000
3)	Compassionate Grant (Death due to accident only)	3,500	3,000
	ANNUAL PREMIUM	362	

Appendix B Types Of Policies For Female Category

SCHEDULE OF BENEFITS		
BENEFITS		**EV1A** **Insured**
A.	**Hospital Services**	
1)	Daily Room and Board - per day	150
2)	Intensive Care Unit - per day	300
3)	Hospital Miscellaneous Services	As Charged
B.	**Professional Services**	
1)	Surgical Fee	As Charged
2)	Anaesthetist Fees	As Charged
3)	Specialist's Consultation Fees (30days Pre & 60days Post Hospitalisation)	As Charged
4)	In-Hospital Physician's Visit (for non-surgical)	As Charged
5)	Diagnostic X-ray and Laboratory Tests (30 days prior to hospitalisation)	As Charged
6)	Home Nursing Care (Max. 60 days), per day	100
C.	**Emergency / Out-patient Services**	
1)	Emergency Outpatient Accident Treatment , per disability - within 24 hours & 30 days follow-up treatment	100
2)	Outpatient Physiotheraphy Treatment (within 60days from discharge)	As Charged
3)	Monthly Outpatient Kidney Dialysis & Cancer Treatment	1000
4)	Ambulance Fee	200
5)	Government Hospital Daily Cash Allowance (Max. 60 days) - per day	100
6)	Reimbursement of Medical Report Fees (Hospitalisation only)	75
7)	Inpatient Treatment for mental illness or nervous disorder - per annum	500
D.	**OVERALL ANNUAL LIMIT PER DISABILITY**	20,000
E.	**ORGAN TRANSPLANTATION**	20,000
F.	**PERSONAL ACCIDENT**	
a)	Accidental Death	50,000
b)	Permanent Disablement	50,000
c)	Compassionate Grant (Death due to accident only)	2,000
ANNUAL PREMIUMS		
Age:	18 - 35 years	140
	36 - 45 years	149
	46 - 55 years	177
	56 - 60 years	260
	61 - 65 years (renewal only)	326
	66 - 70 years (renewal only)	372

SCHEDULE OF BENEFITS

BENEFITS		EV1B FAMILY (2 PARENTS)		
		Insured	Spouse	Children
A.	**Hospital Services**			
1)	Daily Room and Board - per day	150	150	150
2)	Intensive Care Unit - per day	300	300	300
3)	Hospital Miscellaneous Services	As Charged	As Charged	As Charged
B.	**Professional Services**			
1)	Surgical Fee	As Charged	As Charged	As Charged
2)	Anaesthetist Fees	As Charged	As Charged	As Charged
3)	Specialist's Consultation Fees (30days Pre & 60days Post Hospitalisation)	As Charged	As Charged	As Charged
4)	In-Hospital Physician's Visit (for non-surgical)	As Charged	As Charged	As Charged
5)	Diagnostic X-ray and Laboratory Tests (30 days prior to hospitalisation)	As Charged	As Charged	As Charged
6)	Lodger Fees (children aged below 15 and max. 60 days)	Nil	Nil	As Charged
7)	Home Nursing Care (Max. 60 days), per day	100	100	100
C.	**Emergency / Out-patient Services**			
1)	Emergency Outpatient Accident Treatment , per disability - within 24 hours & 30 days follow-up treatment	100	100	100
2)	Outpatient Physiotheraphy Treatment (within 60days from discharge)	As Charged	As Charged	As Charged
3)	Monthly Outpatient Kidney Dialysis & Cancer Treatment	1,000	1,000	500
4)	Ambulance Fee	200	200	200
5)	Government Hospital Daily Cash Allowance (Max. 60 days) - per day	100	100	100
6)	Reimbursement of Medical Report Fees (Hospitalisation only)	75	75	75
7)	Inpatient Treatment for mental illness or nervous disorder - per annum	500	500	Nil
D.	**OVERALL ANNUAL LIMIT PER DISABILITY**	20,000	20,000	5,000
E.	**ORGAN TRANSPLANTATION**	20,000	20,000	5,000
E.	**PERSONAL ACCIDENT**			
a)	Accidental Death	50,000	50,000	5,000
b)	Permanent Disablement	50,000	50,000	5,000
c)	Compassionate Grant (Death due to accident only)	2,000	2,000	2,000
ANNUAL PREMIUMS				
Age:	18 - 35 years		350	
	36 - 45 years		372	
	46 - 55 years		420	
	56 - 60 years		605	
	61 - 65 years (renewal only)		697	
	66 - 70 years (renewal only)		767	

SCHEDULE OF BENEFITS			
BENEFITS		**EV1C FAMILY (SINGLE PARENT)**	
		Insured	**Children**
		RM	
A.	**Hospital Services**		
1)	Daily Room and Board - per day	150	150
2)	Intensive Care Unit - per day	300	300
3)	Hospital Miscellaneous Services	As Charged	As Charged
B.	**Professional Services**		
1)	Surgical Fee	As Charged	As Charged
2)	Anaesthetist Fees	As Charged	As Charged
3)	Specialist's Consultation Fees (30days Pre & 60days Post Hospitalisation)	As Charged	As Charged
4)	In-Hospital Physician's Visit (for non-surgical)	As Charged	As Charged
5)	Diagnostic X-ray and Laboratory Tests (30 days prior to hospitalisation)	As Charged	As Charged
6)	Lodger Fees (children aged below 15 and max. 60 days)	Nil	As Charged
7)	Home Nursing Care (Max. 60 days), per day	100	100
C.	**Emergency / Out-patient Services**		
1)	Emergency Outpatient Accident Treatment , per disability - within 24 hours & 30 days follow-up treatment	100	100
2)	Outpatient Physiotheraphy Treatment (within 60days from discharge)	As Charged	As Charged
3)	Monthly Outpatient Kidney Dialysis & Cancer Treatment	1,000	500
4)	Ambulance Fee	200	200
5)	Government Hospital Daily Cash Allowance (Max. 60 days) - per day	100	100
6)	Reimbursement of Medical Report Fees (Hospitalisation only)	75	75
7)	Inpatient Treatment for mental illness or nervous disorder - per annum	500	Nil
D.	**OVERALL ANNUAL LIMIT PER DISABILITY**	20,000	5,000
E.	**ORGAN TRANSPLANTATION**	20,000	5,000
F.	**PERSONAL ACCIDENT**		
a)	Accidental Death	50,000	5,000
b)	Permanent Disablement	50,000	5,000
c)	Compassionate Grant (Death due to accident only)	2,000	2,000
ANNUAL PREMIUMS			
Age:	18 - 35 years	248	
	36 - 45 years	262	
	46 - 55 years	276	
	56 - 60 years	400	
	61 - 65 years (renewal only)	450	
	66 - 70 years (renewal only)	490	

SCHEDULE OF BENEFITS		
BENEFITS		**EV2A Insured**
A.	**Hospital Services**	
1)	Daily Room and Board - per day	250
2)	Intensive Care Unit - per day	500
3)	Hospital Miscellaneous Services	As Charged
B.	**Professional Services**	
1)	Surgical Fee	As Charged
2)	Anaesthetist Fees	As Charged
3)	Specialist's Consultation Fees (30days Pre & 60days Past Hospitalisation)	As Charged
4)	In-Hospital Physician's Visit (for non-surgical)	As Charged
5)	Diagnostic X-ray and Laboratory Tests (30 days prior to hospitalisation)	As Charged
6)	Home Nursing Care (Max. 60 days), per day	200
C.	**Emergency / Out-patient Services**	
1)	Emergency Outpatient Accident Treatment , per disability - within 24 hours & 30 days follow-up treatment	200
2)	Outpatient Physiotheraphy Treatment (within 60days from discharge)	As Charged
3)	Monthly Outpatient Kidney Dialysis & Cancer Treatment	3,500
4)	Ambulance Fee	200
5)	Government Hospital Daily Cash Allowance (Max. 60 days) - per day	200
6)	Reimbursement of Medical Report Fees (Hospitalisation only)	75
7)	Inpatient Treatment for mental illness or nervous disorder - per annum	750
D.	**OVERALL ANNUAL LIMIT PER DISABILITY**	75,000
E.	**ORGAN TRANSPLANTATION**	50,000
F.	**MATERNITY BENEFIT (Applicable upon renewal only)**	
1)	1st year Renewal, OR (Limit to one-time only)	750
2)	2nd year or Subsequent Renewal	1,000
G.	**PERSONAL ACCIDENT**	
a)	Accidental Death	120,000
b)	Permanent Disablement	120,000
c)	Compassionate Grant (Death due to accident only)	2,500
ANNUAL PREMIUM		
Age:	18 - 35 years	218
	36 - 45 years	242
	46 - 55 years	296
	56 - 60 years	437
	61 - 65 years (renewal only)	499
	66 - 70 years (renewal only)	546

SCHEDULE OF BENEFITS				
BENEFITS		**EV2B**		
		FAMILY (2 PARENTS)		
		Insured	Spouse	Children
A.	**Hospital Services**			
1)	Daily Room and Board - per day	250	250	250
2)	Intensive Care Unit - per day	500	500	500
3)	Hospital Miscellaneous Services	As Charged	As Charged	As Charged
B.	**Professional Services**			
1)	Surgical Fee	As Charged	As Charged	As Charged
2)	Anaesthetist Fees	As Charged	As Charged	As Charged
3)	Specialist's Consultation Fees (30days Pre & 60days Past Hospitalisation)	As Charged	As Charged	As Charged
4)	In-Hospital Physician's Visit (for non-surgical)	As Charged	As Charged	As Charged
5)	Diagnostic X-ray and Laboratory Tests (30 days prior to hospitalisation)	As Charged	As Charged	As Charged
6)	Lodger Fees (children aged below 15 and max. 60 days)	Nil	Nil	As Charged
7)	Home Nursing Care (Max. 60 days), per day	200	200	200
C.	**Emergency / Out-patient Services**			
1)	Emergency Outpatient Accident Treatment , per disability - within 24 hours & 30 days follow-up treatment	200	200	200
2)	Outpatient Physiotheraphy Treatment (within 60days from discharge)	As Charged	As Charged	As Charged
3)	Monthly Outpatient Kidney Dialysis & Cancer Treatment	3,500	3,500	1,000
4)	Ambulance Fee	200	200	200
5)	Government Hospital Daily Cash Allowance (Max. 60 days) - per day	200	200	200
6)	Reimbursement of Medical Report Fees (Hospitalisation only)	75	75	75
7)	Inpatient Treatment for mental illness or nervous disorder - per annum	750	750	Nil
D.	**OVERALL ANNUAL LIMIT PER DISABILITY**	75,000	75,000	10,000
E.	**ORGAN TRANSPLANTATION**	50,000	50,000	10,000
F.	**MATERNITY BENEFIT (Applicable upon renewal only)**			
1)	1st year Renewal, OR (Limit to one-time only)		750	
2)	2nd year or Subsequent Renewal		1,000	
G.	**PERSONAL ACCIDENT**			
a)	Accidental Death	120,000	120,000	12,000
b)	Permanent Disablement	120,000	120,000	12,000
c)	Compassionate Grant (Death due to accident only)	2,500	2,500	2,500
ANNUAL PREMIUMS				
Age:	18 - 35 years		545	
	36 - 45 years		605	
	46 - 55 years		681	
	56 - 60 years		874	
	61 - 65 years (renewal only)		1173	
	66 - 70 years (renewal only)		1310	

Appendix C Regression Results For Covariance Between Price And Quantity

Table C.1: Linear regression between price and coverage for class 1 occupation

Dependent Variable: PRICE
Method: Least Squares
Date: 01/28/04 Time: 13:39
Sample(adjusted): 1 46
Included observations: 46 after adjusting endpoints

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.496495	0.250129	9.980842	0.0000
COV	-3.87E-06	6.61E-07	-5.858492	0.0000
R-squared	0.438216	Mean dependent var		1.141262
Adjusted R-squared	0.425448	S.D. dependent var		0.851295
S.E. of regression	0.645274	Akaike info criterion		2.004223
Sum squared resid	18.32068	Schwarz criterion		2.083729
Log likelihood	-44.09712	F-statistic		34.32193
Durbin-Watson stat	1.371818	Prob(F-statistic)		0.000001

Table C.2:Quadratic regression between price and coverage for class 1 occupation

Dependent Variable: PRICE
Method: Least Squares
Date: 01/28/04 Time: 13:41
Sample(adjusted): 1 46
Included observations: 46 after adjusting endpoints

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	4.458301	0.183798	24.25647	0.0000
COV	-2.62E-05	1.69E-06	-15.49107	0.0000
COV2	4.09E-11	3.05E-12	13.40449	0.0000
R-squared	0.891518	Mean dependent var		1.141262
Adjusted R-squared	0.886473	S.D. dependent var		0.851295
S.E. of regression	0.286833	Akaike info criterion		0.403164
Sum squared resid	3.537758	Schwarz criterion		0.522423
Log likelihood	-6.272764	F-statistic		176.6904
Durbin-Watson stat	2.646914	Prob(F-statistic)		0.000000

Table C.3 : Log linear regression between price and coverage for class 1 occupation

Dependent Variable: LOGPRICE
Method: Least Squares
Date: 01/28/04 Time: 13:42
Sample(adjusted): 1 46
Included observations: 46 after adjusting endpoints

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.704644	0.106616	6.609183	0.0000
COV	-1.97E-06	2.82E-07	-7.004927	0.0000
R-squared	0.527232	Mean dependent var		0.013943
Adjusted R-squared	0.516488	S.D. dependent var		0.395548
S.E. of regression	0.275044	Akaike info criterion		0.298736
Sum squared resid	3.328575	Schwarz criterion		0.378243
Log likelihood	-4.870939	F-statistic		49.06900
Durbin-Watson stat	1.252707	Prob(F-statistic)		0.00000

Table C.4 : Linear regression between price and coverage for class 2 occupation

Dependent Variable: PRICE
Method: Least Squares
Date: 01/28/04 Time: 13:52
Sample: 1 93
Included observations: 93

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.372252	0.165021	14.37543	0.0000
COV	-4.34E-06	5.97E-07	-7.279375	0.0000
R-squared	0.368009	Mean dependent var		1.334044
Adjusted R-squared	0.361064	S.D. dependent var		1.001481
S.E. of regression	0.800519	Akaike info criterion		2.414157
Sum squared resid	58.31555	Schwarz criterion		2.468622
Log likelihood	-110.2583	F-statistic		52.98930
Durbin-Watson stat	1.696872	Prob(F-statistic)		0.000000

Table C.5 Quadratic regression between price and coverage for class 2 occupation

Dependent Variable: PRICE
Method: Least Squares
Date: 01/28/04 Time: 13:53
Sample: 1 93
Included observations: 93

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	4.030715	0.144556	27.88336	0.0000
COV	-2.28E-05	1.30E-06	-17.53953	0.0000
COV2	3.61E-11	2.46E-12	14.67139	0.0000
R-squared	0.813663	Mean dependent var		1.334044
Adjusted R-squared	0.809522	S.D. dependent var		1.001481
S.E. of regression	0.437084	Akaike info criterion		1.214342
Sum squared resid	17.19380	Schwarz criterion		1.296039
Log likelihood	-53.46692	F-statistic		196.4982
Durbin-Watson stat	1.311853	Prob(F-statistic)		0.000000

Table C.6 Log linear regression between price and coverage for class 2 occupation

Dependent Variable: LOGPRICE
Method: Least Squares
Date: 01/28/04 Time: 13:54
Sample: 1 93
Included observations: 93

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.667635	0.072245	9.241295	0.0000
COV	-2.21E-06	2.61E-07	-8.472796	0.0000
R-squared	0.440992	Mean dependent var		0.138601
Adjusted R-squared	0.434849	S.D. dependent var		0.466182
S.E. of regression	0.350459	Akaike info criterion		0.762127
Sum squared resid	11.17679	Schwarz criterion		0.816592
Log likelihood	-33.43892	F-statistic		71.78827
Durbin-Watson stat	1.728864	Prob(F-statistic)		0.000000

Table C.7 Linear regression between price and coverage for class 3 occupation

Dependent Variable: PRICE
Method: Least Squares
Date: 01/28/04 Time: 13:59
Sample: 1 29
Included observations: 29

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3.716858	0.287443	12.93078	0.0000
COV	-8.03E-06	1.20E-06	-6.675186	0.0000
R-squared	0.622684	Mean dependent var		2.301914
Adjusted R-squared	0.608710	S.D. dependent var		1.671369
S.E. of regression	1.045495	Akaike info criterion		2.993330
Sum squared resid	29.51262	Schwarz criterion		3.087627
Log likelihood	-41.40329	F-statistic		44.55810
Durbin-Watson stat	2.078135	Prob(F-statistic)		0.000000

Table C.8 Quadratic regression between price and coverage for class 3 occupation

Dependent Variable: PRICE
Method: Least Squares
Date: 01/28/04 Time: 13:59
Sample: 1 29
Included observations: 29

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	4.818835	0.181675	26.52452	0.0000
COV	-2.97E-05	2.36E-06	-12.54644	0.0000
COV2	4.74E-11	5.02E-12	9.440115	0.0000
R-squared	0.914780	Mean dependent var		2.301914
Adjusted R-squared	0.908224	S.D. dependent var		1.671369
S.E. of regression	0.506333	Akaike info criterion		1.574454
Sum squared resid	6.665708	Schwarz criterion		1.715898
Log likelihood	-19.82958	F-statistic		139.5457
Durbin-Watson stat	1.105410	Prob(F-statistic)		0.000000

Table C.9 Log linear regression between price and coverage for class 3 occupation

Dependent Variable: LOGPRICE
Method: Least Squares
Date: 01/28/04 Time: 14:00
Sample: 1 29
Included observations: 29

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.222909	0.118474	10.32214	0.0000
COV	-3.74E-06	4.96E-07	-7.545885	0.0000
R-squared	0.678343	Mean dependent var		0.563645
Adjusted R-squared	0.666430	S.D. dependent var		0.746108
S.E. of regression	0.430918	Akaike info criterion		1.220676
Sum squared resid	5.013647	Schwarz criterion		1.314972
Log likelihood	-15.69980	F-statistic		56.94038
Durbin-Watson stat	2.045526	Prob(F-statistic)		0.000000

Regression results to analyze covariance between price and quantity for female category.

Table C.10 Linear regression between price and coverage for age 18-35

Dependent Variable: PRICE
Method: Least Squares
Date: 01/28/04 Time: 14:05
Sample: 1 58
Included observations: 58

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.002893	0.000142	20.36056	0.0000
COV	-4.91E-09	8.17E-10	-6.008103	0.0000
R-squared	0.391947	Mean dependent var		0.002223
Adjusted R-squared	0.381089	S.D. dependent var		0.000852
S.E. of regression	0.000670	Akaike info criterion		-11.74356
Sum squared resid	2.52E-05	Schwarz criterion		-11.67252
Log likelihood	342.5634	F-statistic		36.09730
Durbin-Watson stat	1.807590	Prob(F-statistic)		0.000000

Table C.11 Quadratic regression between price and coverage for age 18-35

Dependent Variable: PRICE
Method: Least Squares
Date: 01/28/04 Time: 14:06
Sample: 1 58
Included observations: 58

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.003569	0.000163	21.85981	0.0000
COV	-1.50E-08	1.87E-09	-8.008509	0.0000
COV2	2.32E-14	4.04E-15	5.747957	0.0000
R-squared	0.620136	Mean dependent var		0.002223
Adjusted R-squared	0.606322	S.D. dependent var		0.000852
S.E. of regression	0.000535	Akaike info criterion		-12.17953
Sum squared resid	1.57E-05	Schwarz criterion		-12.07295
Log likelihood	356.2063	F-statistic		44.89424
Durbin-Watson stat	1.826509	Prob(F-statistic)		0.000000

Table C.12 Log Linear regression between price and coverage for age 18-35

Dependent Variable: LOGPRICE
Method: Least Squares
Date: 01/28/04 Time: 14:08
Sample: 1 58
Included observations: 58

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-5.889044	0.063078	-93.36097	0.0000
COV	-2.12E-06	3.62E-07	-5.853930	0.0000
R-squared	0.379629	Mean dependent var		-6.178928
Adjusted R-squared	0.368550	S.D. dependent var		0.374471
S.E. of regression	0.297569	Akaike info criterion		0.447530
Sum squared resid	4.958635	Schwarz criterion		0.518580
Log likelihood	-10.97837	F-statistic		34.26850
Durbin-Watson stat	1.748571	Prob(F-statistic)		0.000000

Table C.13 Linear regression between price and coverage for age 36-45

Dependent Variable: PRICE
Method: Least Squares
Date: 01/28/04 Time: 14:09
Sample: 1 35
Included observations: 35

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.002650	0.000178	14.86608	0.0000
COV	-3.00E-09	7.54E-10	-3.973367	0.0004
R-squared	0.323599	Mean dependent var		0.002054
Adjusted R-squared	0.303102	S.D. dependent var		0.000683
S.E. of regression	0.000570	Akaike info criterion		-12.04654
Sum squared resid	1.07E-05	Schwarz criterion		-11.95766
Log likelihood	212.8144	F-statistic		15.78765
Durbin-Watson stat	1.702421	Prob(F-statistic)		0.000363

Table C.14 Quadratic regression between price and coverage for age 36-45

Dependent Variable: PRICE
Method: Least Squares
Date: 01/28/04 Time: 14:09
Sample: 1 35
Included observations: 35

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.003371	0.000207	16.24651	0.0000
COV	-1.12E-08	1.85E-09	-6.065794	0.0000
COV2	1.63E-14	3.48E-15	4.689037	0.0000
R-squared	0.599074	Mean dependent var		0.002054
Adjusted R-squared	0.574016	S.D. dependent var		0.000683
S.E. of regression	0.000446	Akaike info criterion		-12.51240
Sum squared resid	6.35E-06	Schwarz criterion		-12.37909
Log likelihood	221.9670	F-statistic		23.90761
Durbin-Watson stat	1.986625	Prob(F-statistic)		0.000000

Table C.15 Log linear regression between price and coverage for age 36-45

Dependent Variable: LOGPRICE
Method: Least Squares
Date: 01/28/04 Time: 14:10
Sample: 1 35
Included observations: 35

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-5.992529	0.078828	-76.02063	0.0000
COV	-1.21E-06	3.33E-07	-3.630796	0.0009
R-squared	0.285446	Mean dependent var		-6.233346
Adjusted R-squared	0.263793	S.D. dependent var		0.293719
S.E. of regression	0.252018	Akaike info criterion		0.136811
Sum squared resid	2.095928	Schwarz criterion		0.225688
Log likelihood	-0.394195	F-statistic		13.18268
Durbin-Watson stat	1.729033	Prob(F-statistic)		0.000947

Table C.16 Linear regression between price and coverage for age 46-55

Dependent Variable: PRICE
Method: Least Squares
Date: 01/28/04 Time: 14:12
Sample: 1 51
Included observations: 51

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.003406	0.000183	18.62078	0.0000
COV	-5.30E-09	9.34E-10	-5.677894	0.0000
R-squared	0.396838	Mean dependent var		0.002541
Adjusted R-squared	0.384528	S.D. dependent var		0.000922
S.E. of regression	0.000724	Akaike info criterion		-11.58602
Sum squared resid	2.57E-05	Schwarz criterion		-11.51026
Log likelihood	297.4435	F-statistic		32.23848
Durbin-Watson stat	1.575087	Prob(F-statistic)		0.000001

Table C.17 Quadratic regression between price and coverage for age 46-55

Dependent Variable: PRICE
Method: Least Squares
Date: 01/28/04 Time: 14:13
Sample: 1 51
Included observations: 51

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.004317	0.000201	21.49357	0.0000
COV	-1.71E-08	2.02E-09	-8.458681	0.0000
COV2	2.64E-14	4.24E-15	6.222936	0.0000
R-squared	0.666165	Mean dependent var		0.002541
Adjusted R-squared	0.652255	S.D. dependent var		0.000922
S.E. of regression	0.000544	Akaike info criterion		-12.13835
Sum squared resid	1.42E-05	Schwarz criterion		-12.02471
Log likelihood	312.5278	F-statistic		47.89185
Durbin-Watson stat	1.459047	Prob(F-statistic)		0.000000

Table C.18 Log linear regression between price and coverage for age 46-55

Dependent Variable: LOGPRICE
Method: Least Squares
Date: 01/28/04 Time: 14:14
Sample: 1 51
Included observations: 51

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-5.726439	0.065607	-87.28404	0.0000
COV	-1.87E-06	3.35E-07	-5.590820	0.0000
R-squared	0.389463	Mean dependent var		-6.031795
Adjusted R-squared	0.377003	S.D. dependent var		0.328872
S.E. of regression	0.259579	Akaike info criterion		0.178913
Sum squared resid	3.301676	Schwarz criterion		0.254671
Log likelihood	-2.562283	F-statistic		31.25727
Durbin-Watson stat	1.554815	Prob(F-statistic)		0.000001

Table C.19 Linear regression between price and coverage for age 56-65

Dependent Variable: PRICE
Method: Least Squares
Date: 01/28/04 Time: 14:15
Sample: 1 14
Included observations: 14

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.006676	0.000489	13.65354	0.0000
COV	-1.82E-08	3.61E-09	-5.031927	0.0003
R-squared	0.678459	Mean dependent var		0.004580
Adjusted R-squared	0.651664	S.D. dependent var		0.001623
S.E. of regression	0.000958	Akaike info criterion		-10.93242
Sum squared resid	1.10E-05	Schwarz criterion		-10.84112
Log likelihood	78.52692	F-statistic		25.32029
Durbin-Watson stat	2.420072	Prob(F-statistic)		0.000293

Table C.20 Quadratic regression between price and coverage for age 56-65

Dependent Variable: PRICE
Method: Least Squares
Date: 01/28/04 Time: 14:15
Sample: 1 14
Included observations: 14

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.007862	0.000817	9.618880	0.0000
COV	-4.35E-08	1.49E-08	-2.916390	0.0140
COV2	9.45E-14	5.43E-14	1.741871	0.1094
R-squared	0.747975	Mean dependent var		0.004580
Adjusted R-squared	0.702152	S.D. dependent var		0.001623
S.E. of regression	0.000886	Akaike info criterion		-11.03316
Sum squared resid	8.63E-06	Schwarz criterion		-10.89621
Log likelihood	80.23209	F-statistic		16.32322
Durbin-Watson stat	2.118451	Prob(F-statistic)		0.000510

Table C.21 Log Linear regression between price and coverage for age 56-65

Dependent Variable: LOGPRICE
Method: Least Squares
Date: 01/28/04 Time: 14:16
Sample: 1 14
Included observations: 14

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-4.966296	0.096294	-51.57444	0.0000
COV	-4.14E-06	7.11E-07	-5.830341	0.0001
R-squared	0.739090	Mean dependent var		-5.444643
Adjusted R-squared	0.717348	S.D. dependent var		0.354777
S.E. of regression	0.188618	Akaike info criterion		-0.366626
Sum squared resid	0.426919	Schwarz criterion		-0.275332
Log likelihood	4.566381	F-statistic		33.99287
Durbin-Watson stat	2.482525	Prob(F-statistic)		0.000081