Reserving for critical illness (CI) business (accelerated and stand alone)

SurveyMonkey

1. Please could you give us your name and contact details so that we can ensure that we get a wide spread of responses to this survey. These details will only be used for administrative purposes.
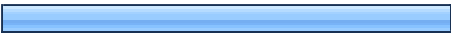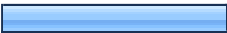
		Response Percent	Response Count
Name:		100.0%	12
Company:		100.0%	12
Email address:		100.0%	12
		answered question	12
		skipped question	0

2. Is critical illness considered to be a significant business line for your company?

		Response Percent	Response Count
Yes		66.7%	8
No		33.3%	4
		answered question	12
		skipped question	0

3. Do you value each policy individually?

		Response Percent	Response Count
Yes		**100.0%**	**12**
No - grouped model points are used		0.0%	0
Combination		0.0%	0
		answered question	12
		skipped question	0

4. Which actuarial valuation models do you currently use for the valuation of your critical illness business?

		Response Percent	Response Count
Prophet		**83.3%**	**10**
MoSes		16.7%	2
VIP/VIPitech		8.3%	1
Mo.net		0.0%	0
Internal model		0.0%	0
		answered question	12
		skipped question	0

5. Which actuarial valuation models do you intend to use for your critical illness business for Solvency II?

		Response Percent	Response Count
Prophet		**72.7%**	**8**
MoSes		9.1%	1
VIP/VIPitech		0.0%	0
Mo.net		0.0%	0
Internal model		36.4%	4
		answered question	11
		skipped question	1
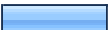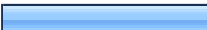
6. Do you carry out separate investigations for mortality and morbidity experience for your accelerated critical illness products, or do you just investigate a combined claim rate?

		Response Percent	Response Count
Separate investigations		0.0%	0
Combined claim rate		**100.0%**	**11**
		answered question	11
		skipped question	1
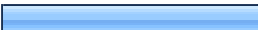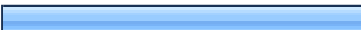
7. How often are experience investigations performed?

		Response Percent	Response Count
More frequently than yearly		33.3%	4
Each year		**50.0%**	**6**
Every two years		0.0%	0
Not regularly		16.7%	2
		answered question	12
		skipped question	0

8. In determining best estimate claim rate assumptions, over what period do you average the experience?

		Response Percent	Response Count
1 or 2 years		0.0%	0
3 or 4 years		**81.8%**	**9**
5 or more years		18.2%	2
	answered question		11
	skipped question		1

9. What data do you use for your most recent experience investigations into claim rates?

		Response Percent	Response Count
The latest data but adjusted for delays in reporting		**81.8%**	**9**
Up to the date where no reporting delay adjustment will be needed		18.2%	2
	answered question		11
	skipped question		1
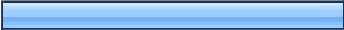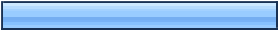
10. Please specify the broad weighting that you apply to each of the following sources when setting your best estimate claim rate assumptions.

	0%	1%-25%	26%-50%	51%-75%	76%-100%	Response Count
Own experience	0.0% (0)	18.2% (2)	0.0% (0)	27.3% (3)	**54.5% (6)**	11
Industry experience	0.0% (0)	**85.7% (6)**	14.3% (1)	0.0% (0)	0.0% (0)	7
Advice from reinsurer	25.0% (2)	**62.5% (5)**	0.0% (0)	12.5% (1)	0.0% (0)	8
Advice from consultants	**100.0% (6)**	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	6
				answered question		11
				skipped question		1

11. What base table do you start with when setting your claim rates?

		Response Percent	Response Count
Own table		16.7%	2
Reinsurer's rates		**41.7%**	**5**
IC94		0.0%	0
CIIT00		0.0%	0
CIBT93		33.3%	4
CIBT02		8.3%	1
The rates contained in CMI Working Paper 43		0.0%	0
Other		0.0%	0
		answered question	12
		skipped question	0

12. Do you allow for the effect of temporary initial selection in your best estimate assumptions?

		Response Percent	Response Count
Yes		41.7%	5
No		**58.3%**	**7**
		answered question	12
		skipped question	0

13. Do you apply adjustment factors to the standard tables to reflect your own experience, or to allow for differentiating features of your experience?

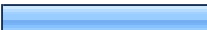|	Yes	No	Response Count
Age	36.4% (4)	**63.6% (7)**	11
Gender	**75.0% (9)**	25.0% (3)	12
Smoker status	**83.3% (10)**	16.7% (2)	12
Duration in force	36.4% (4)	**63.6% (7)**	11
Location/Postcode	0.0% (0)	**100.0% (11)**	11
Sales channel	**50.0% (6)**	**50.0% (6)**	12
Product	**91.7% (11)**	8.3% (1)	12
		answered question	12
		skipped question	0

14. Please specify your approach in allowing for future claims changes.

	Guaranteed rate business	Reviewable rate business	Response Count
Fixed factor per annum applies to all future years (e.g. 1% p.a. for all future years)	**87.5% (7)**	62.5% (5)	8
Fixed factor per annum up to a fixed number of future years (e.g. 2% p.a. for the next 10 years, then nothing thereafter)	0.0% (0)	**100.0% (3)**	3
Other pattern of future changes	**100.0% (1)**	0.0% (0)	1
No allowance for future changes	25.0% (1)	**100.0% (4)**	4
Not applicable	**100.0% (1)**	0.0% (0)	1
		answered question	12
		skipped question	0

15. Please specify the range of claim rate deterioration factors that you use for your best estimate assumptions.

		Response Percent	Response Count
0%-1.4%		**55.6%**	5
1.5%-2.4%		44.4%	4
2.5%+		0.0%	0
		answered question	9
		skipped question	3

16. What margin (%) between your best estimate claim rate assumptions and your valuation assumption do you use in your statutory valuation?

	0%-12%	13%-17%	18%-22%	23%-27%	28% or above	Not applicable	Response Count
Guaranteed rate business	9.1% (1)	18.2% (2)	18.2% (2)	18.2% (2)	**27.3% (3)**	9.1% (1)	11
Reviewable rate business	8.3% (1)	**33.3% (4)**	16.7% (2)	16.7% (2)	25.0% (3)	0.0% (0)	12
If you chose 'Not applicable', please explain why.							1
						answered question	12
						skipped question	0

17. Do you intend to develop stochastic claims models?

	Yes	No	Already have a stochastic model	Response Count
Best estimate	0.0% (0)	**100.0% (12)**	0.0% (0)	12
ICA/ORSA	8.3% (1)	**83.3% (10)**	8.3% (1)	12
			answered question	12
			skipped question	0

18. How often are lapse rate experience investigations performed?

		Response Percent	Response Count
More frequently than yearly		33.3%	4
Each year		**58.3%**	**7**
Every two years		0.0%	0
Not regularly		8.3%	1
	answered question		12
	skipped question		0

19. In determining best estimate lapse assumptions, over what period do you average the experience?

		Response Percent	Response Count
1 or 2 years		16.7%	2
3 or 4 years		**66.7%**	**8**
5 or more years		16.7%	2
	answered question		12
	skipped question		0

20. In setting your best estimate lapse assumptions, do you adjust past experience for:

	Yes	No	Response Count
Special factors occurring in that period	**50.0% (6)**	**50.0% (6)**	12
Management's view of factors that will influence lapses in the future	**58.3% (7)**	41.7% (5)	12
	answered question		12
	skipped question		0

21. What margin (%), above or below depending on what is prudent, between your best estimate lapse assumptions and your valuation assumption do you use in your statutory valuation?

		Response Percent	Response Count
0%-12%		0.0%	0
13%-17%		0.0%	0
18%-22%		33.3%	4
23%-27%		16.7%	2
28% or above		**50.0%**	**6**
Not applicable		0.0%	0
	If you chose 'Not applicable', please explain why.		0
		answered question	12
		skipped question	0

22. For options with an explicit policyholder charge do you calculate the reserve held:

		Response Percent	Response Count
Prospectively		27.3%	3
Retrospectively		9.1%	1
Not applicable		**63.6%**	**7**
		answered question	11
		skipped question	1

23. Do you set up explicit additional reserves for:

	Yes	No	Response Count
IBNR	**75.0% (9)**	25.0% (3)	12
Notified claims awaiting authorisation	**66.7% (8)**	33.3% (4)	12
Data quality	41.7% (5)	**58.3% (7)**	12
Substandard extra risk	25.0% (3)	**75.0% (9)**	12
Other contingencies	33.3% (4)	**66.7% (8)**	12
		answered question	12
		skipped question	0

24. Which of these scenarios do you use in your ICA calculations for critical illness business?

	Yes	No	Response Count
Future trends	**60.0% (6)**	40.0% (4)	10
One-off mortality shocks	**80.0% (8)**	20.0% (2)	10
One-off morbidity shocks	40.0% (4)	**60.0% (6)**	10
Best estimate mis-estimation	**70.0% (7)**	30.0% (3)	10
Immediate step change	**70.0% (7)**	30.0% (3)	10
		answered question	10
		skipped question	2

25. What critical illness claim rate margins (representing a 99.5% confidence level over 1 year) over best estimate do you assume in your ICA calculation?

	0%-22%	23%-27%	28%-32%	33% or more	Not applicable	Response Count
Guaranteed rate business	20.0% (2)	0.0% (0)	20.0% (2)	**40.0% (4)**	20.0% (2)	10
Reviewable rate business	30.0% (3)	0.0% (0)	20.0% (2)	**40.0% (4)**	10.0% (1)	10
If you chose 'Not applicable', please explain why.						2
					answered question	11
					skipped question	1

26. Is your company planning to obtain approval for internal models for critical illness business under Solvency II?

		Response Percent	Response Count
Yes		**70.0%**	7
No		30.0%	3
		answered question	10
		skipped question	2

27. If you answered 'Yes' to question 24, what are the purposes for using an internal model for critical illness business?

	Yes	No	Response Count
Full internal model being used for whole business	**87.5% (7)**	12.5% (1)	8
Better risk management and understanding	**100.0% (7)**	0.0% (0)	7
Expect lower capital requirement	**66.7% (4)**	33.3% (2)	6
Regulator requires it	0.0% (0)	**100.0% (5)**	5
		answered question	8
		skipped question	4

28. If you answered 'No' to question 24, is this due to:

	Yes	No	Response Count
Grounds of materiality	**50.0% (2)**	**50.0% (2)**	4
Insufficient data	25.0% (1)	**75.0% (3)**	4
		answered question	**4**
		skipped question	**8**

29. We welcome any feedback about this survey. Please provide any comments or suggestions you may have - particularly if there are any ambiguities in the questions that could be material to the interpretation and the corresponding response. We would also welcome your suggestions should there be any additional information that you would be interested in seeing in a future survey.

	Response Count
	1
answered question	**1**
skipped question	**11**