Appendix - Survey Results

Question 2
Overall how would you rate the current overall level of integration of pricing with capital modelling within your organisation? 1: Not at all integrated; 5: Fully integrated (67 responses)

Figure 1. All responses to Question 2

![Graph showing distribution of responses to Question 2]

Figure 2. Responses to Question 2 by size of firm and line of business

![Graph showing average score by firm and line of business]

Question 3a
How would you rate the influence of your capital modelling results on your pricing assumptions for individual contracts and/or classes of business? 1: Not at all influential; 5: Very influential (63 responses)
Figure 3. All responses to Question 3a

Figure 4. Responses to Question 3a by size of firm and line of business

**Question 3b**
How would you rate the influence of your capital modelling results on decisions to underwrite/grow/withdraw products and/or classes of business?
1: Not at all influential; 5: Very influential (63 responses)

Figure 5. All responses to Question 3b
Question 4a
How would you rate the influence of the following underwriting/pricing assumptions on your capital modelling results? Pricing results for individual contracts and/or classes of business
1: Not at all influential; 5: Very influential (Results by size of firm and line of business)
Question 4b
How would you rate the influence of the following underwriting/pricing assumptions on your capital modelling results? Underwriters’ views on individual and/or portfolio risks
1: Not at all influential; 5: Very influential (63 responses)

Figure 9. All responses to Question 4b

Figure 10. Responses to Question 4b by size of firm and line of business

Question 5
How would you rate the consistency of the following assumptions between capital modelling and pricing? 1: Inconsistent; 5: Consistent (55 responses)
Figure 11. Responses to first part of Question 5

- Catastrophe and latent claim loads
- Return on capital targets
- Total loss distributions
- Increased limit factors
- Large loss loads
- Attritional loss ratio
- Rate changes
- Claims inflation
- Claim frequency and size distributions

Average Score

Figure 12. Responses to second part of Question 5

- Capital allocation
- Tail correlations
- Standard correlations
- Outwards reinsurance protection
- Average settlement period used for discounting
- Investment return
- Expenses and expense ratio distributions
- Contingency loadings
- Catastrophe modelling basis (near/long term)

Average Score

Figure 13. Responses to first part of Question 5 by line of business

- Catastrophe and latent claim loads
- Return on capital targets
- Total loss distributions
- Increased limit factors
- Large loss loads
- Attritional loss ratio
- Rate changes
- Claims inflation
- Claim frequency and size distributions

Legend:
- Reinsurance
- London Market
- Commercial
- Personal Lines
- All Firms
Figure 14. Responses to first part of Question 5 by size of firm

Figure 15. Responses to first part of Question 5 by line of business

Figure 16. Responses to first part of Question 5 by size of firm
Figure 17. Mean score for all 18 assumptions on Question 5, by size of firm and line of business

**Question 6**
How frequently does your organisation update its pricing models & assumptions?
(55 responses)

Figure 18. All responses to Question 6
**Question 7**
How frequent is capital modelling in your organisation? (55 responses)

Figure 18. All responses to Question 7

**Question 8**
How would you rate the consistency in timing of pricing and capital modelling reviews (thus minimising the potential for out of date assumptions being used)?
1: Inconsistent; 5: Consistent (55 responses)

Figure 18. All responses to Question 8
Figure 19. Responses to Question 8 by size of firm and line of business

Question 9
To what extent do you agree that the following challenges to integrating pricing and capital modelling exist within your organisation?
1: Strongly disagree; 5: Strongly agree (54 responses)

Figure 20. All responses to Question 9
Figure 21. Responses to Question 9 of less integrated respondents

- Resistance from capital modelling team
- Resistance from underwriting/pricing teams
- Lack of communication between pricing and capital modelling teams
- Inadequacy of pricing approach for overall company-level analyses
- Complexity of capital modelling
- Cost constraints
- Time constraints
- Lack of expertise

Average Score: 1.5 2 2.5 3 3.5 4 4.5

Figure 22. Responses to Question 9 by line of business

- Reinsurance
- London Market
- Commercial
- Personal Lines
- All Firms

Figure 23. Responses to Question 9 by size of firm

- Large
- Medium
- Small
- All Firms
Figure 24. Mean score for all challenges on Question 9, by size of firm and line of business

Question 11
To what extent do you agree that the following are potential benefits of integrating pricing and capital modelling for your organisation?
1: Strongly disagree; 5: Strongly agree (53 responses)

Figure 25. All responses to Question 11
Figure 26. Responses to Question 11 by line of business

Figure 27. Responses to Question 11 by size of firm

Figure 28. Mean score for all benefits on Question 11, by size of firm and line of business
**Question 13a**
Do you agree/disagree with the following statement? Better integrating pricing and capital modelling would strengthen the regulatory framework in the UK.
1: Strongly disagree; 5: Strongly agree (54 responses)

Figure 29. All responses to Question 13a

Figure 30. Responses of less integrated respondents to Question 13a
Figure 31. Mean score for Question 13a, by size of firm and line of business

Question 13b
Do you agree/disagree with the following statement? The benefits to an organisation of integrating pricing and capital modelling outweigh the challenges in doing so.
1: Strongly disagree; 5: Strongly agree (54 responses)

Figure 32. All responses to Question 13b
Figure 33. Responses of less integrated respondents to Question 13b

Figure 34. Mean score for Question 13b, by size of firm and line of business

Question 14
Do you work in a consultancy? (Percentage of the 64 responses)
Question 15
How many actuaries/statisticians does your area of your organisation employ?
(Percentage of the 48 responses)

Question 17
What is the 2007 Gross Written Premium Income of your area of your organisation?
(Percentage of the 49 responses)
Question 18
Do the following lines of business represent a significant proportion of the business written by your area of your organisation? (49 responses)

Figure 37. All responses to Question 18