Statement of board Responsibilities

***All managing agents will be required to provide an annual declaration in relation to compliance with the requirements of Solvency II. At a minimum, the board should consider each of the following:***

1. The Board is responsible for confirming the status of Solvency II for Internal Model Authorisation in accordance with the requirements of the Solvency II Directive and the current EIOPA level 2 and level 3 guidance (including all updates at the point of the declaration). This includes, but is not limited to, the following high-level requirements from the Solvency II Directive:
   * Article 101 – the model must be able to calculate a Solvency Capital Requirement (SCR)
   * Article 112(5) – there are adequate systems in place for identifying, measuring, managing and reporting risk
   * Articles 120-126 – the model meets the tests and standards on use, statistical quality, profit & loss attribution, calibration, validation, documentation and external models & data
2. The Board is responsible for submitting this declaration to Lloyd’s and thereby requesting on-going authorisation for the use of its internal model for the purpose of assessing regulatory and member level capital.
3. The Board is required to confirm that any material contained within the declaration properly represents the current status of its Solvency II compliance and all material facts or details relevant to the declaration have been disclosed.
4. The Board is required to prepare an SCR for each financial year which fairly presents the financial position of the syndicate at the required 99.5% Value at Risk confidence level over both a twelve month time horizon (in line with the Solvency II Calibration Standards) and for one year of new business to ultimate (in line with Lloyd’s requirements). In preparing the SCR, the Board is required to:
   * Select appropriate assumptions and mathematical and empirical bases underlying the internal model
   * Operate a robust system of governance and control over the internal model to ensure quality and reliability of the model (including, but not limited to validation policies and independent assurance)
   * Provide additional disclosures when compliance with the Directive and EIOPA guidance is insufficient to enable users to understand the limitations of the internal model
   * Attest that the agency has complied with the Solvency II Directive and EOIPA guidance requirements, subject to any material departures being disclosed and advised to Lloyd’s
   * Maintain comprehensive evidence of this compliance (both at the time of declaration and subsequently) in a manner that is relevant, reliable, comparable and understandable
5. The Board is responsible for implementing and maintaining an appropriate assurance process over its internal model and associated risk management processes to assist it in discharging the responsibilities listed here. The Board is further responsible for ensuring that evidence of this process is available for review if requested.
6. The Board is responsible for keeping appropriate documentation and records to disclose with reasonable accuracy at any time the status of compliance with the requirements
7. The Board is also responsible for ensuring that this compliance is demonstrably maintained on an on-going basis following the application, and for notifying Lloyd’s as soon as possible if any of the conditions for compliance cease to be met. This would include, but is not limited to:
   * That the calculated SCR and one-year to ultimate numbers remain appropriate in light of changes to the agent’s business and risk profile
   * That the agent’s policies, systems, processes, procedures, and documentation continue to represent compliance in an appropriate manner
   * In particular, the Board is required to notify Lloyd’s as soon as reasonably possible if such circumstances arise that would have had a material impact on the application.
8. The Board confirms that the declaration has been subject to full Board approval and is signed on its behalf by the CEO, Finance Director or Senior Nominated Person (provided they are a board member)