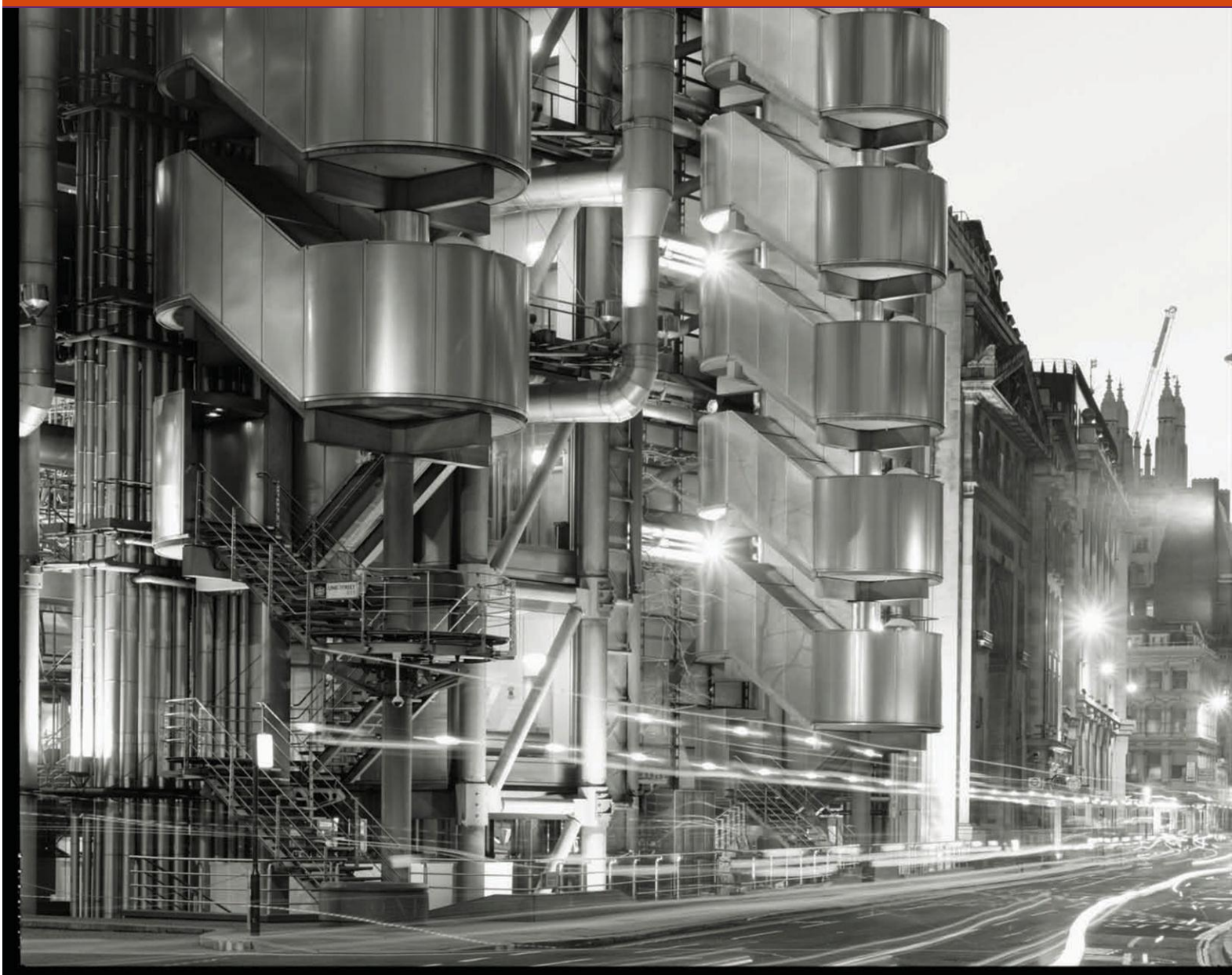


# **SOLVENCY II**

## **APPLICATION LETTER AND SIGN OFF STATEMENTS**

**5 OCTOBER SUBMISSION**  
**AUGUST 2012**





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## INTRODUCTION

As previously advised, all syndicates are required to have an internal model which meets Solvency II tests and standards. Syndicate internal models form a key part of the Lloyd's Internal Model (LIM) and Lloyd's review of syndicate models will need to demonstrate that the three core requirements for internal models are being met by each agent:

- 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.

All agents are required to confirm to Lloyd's that they have met the Solvency II tests and standards and submit a formal request to Lloyd's for authorisation of their internal model for use in calculating both the regulatory SCR and the one year to ultimate SCR. Agents will also need to demonstrate that they have an operating model in place for business as usual which provides on-going assurance that they meet the tests and standards on a continuous basis.

Agents should note that authorisation of the internal model requires that ALL tests and standards are met and that this is a condition precedent for using the internal model as the basis for determining regulatory and member level capital requirements.

In turn, Lloyd's are required to confirm to the FSA whether or not they consider that each individual syndicate model has met the tests and standards for internal model approval.

On 27 July 2012, Lloyd's Solvency II internal model approval (IMAP) submission was made to the FSA. As part of this submission, a report on the status of each agent and syndicate as at the end of May 2012 was included based on the outcome of the Final Application Pack (FAP) reviews conducted in Q1 2012. Lloyd's has agreed with the FSA that a formal attestation providing "positive assurance" as at 31 December 2012 will be provided in January 2013 for each individual syndicate model. This will be a binary confirmation which states that either:

- YES – Lloyd's has sufficient evidence that the model meets the tests and standards at that date
- Or
- NO – Lloyd's has evidence that the model does not fully meet the tests and standards at that date

This confirmation will be based on the review and follow up work conducted to date together with the affirmation provided by each agent as at 5 October. Additional agent submissions will be considered by exception. The FSA have advised that they expect any feedback provided to agents to be addressed by 31 December 2012 which ties in with the timetable above. The FSA will then take a view in Q1 2013 as to whether they consider that each syndicate model reviewed meets the tests and standards and this will be assessed against Lloyd's own view as at 31 December 2012.

Where an agent has gaps remaining on the internal model tests and standards beyond 31 December 2012, Lloyd's will be unable to provide a positive attestation to the FSA and will be unable to authorise the internal model at that point. Where Lloyd's is unable to authorise an internal model this will have capital implications for the individual syndicate(s) concerned and Lloyd's may also apply wider prudential measures on a case by case basis. Clearly, if there are a significant number of syndicates in this position, there will be wider implications for Lloyd's own internal model approval and capital levels across the market.

## Background

Lloyd's Dry run process has been on-going since 2009 with the aim of supporting the market in achieving Solvency II compliance. Throughout 2011 and 2012, agents have been required to self assess progress against the Solvency II tests and standards and submit regular updates to Lloyd's via self scoring submissions, Evidence Templates and Agent Status Reports (ASRs). Lloyd's has continually reviewed and assessed agents' progress via these submissions combined with supporting reviews of underlying evidence conducted on a sample basis. Lloyd's has provided feedback to all agents on review work conducted and identified feedback and actions to be addressed.

In December 2011, all agents were required to submit a Final Application Pack (FAP) as part of the Dry Run and detailed feedback was provided to all agents by 31 March 2012. During 2012 Lloyd's has worked with agents to ensure that feedback arising from the review of the FAP submission has been addressed. This has been achieved through on-going discussion and submission of ASRs, resubmission and review of documents and on site walkthroughs, review and follow up work.

## Ratings

As part of the assessment of agents' progress throughout 2011, Lloyd's has used a RAG rating system to denote the status of each agent. The definition of each RAG rating was revised as part of the FAP review process in Q1 2012 and these have subsequently been updated to reflect the 30 June deadline for gap closures arising from FAP reviews. The principles of each rating however remain the same as below:

**GREEN** – on track and no concerns

**AMBER** – some concerns but material remediation not required

**RED** – material concerns remaining / substantial remediation and (re)work required

	FAP RATING (TO 30 JUNE 2012)	UPDATED DESCRIPTION (JULY TO DECEMBER 2012)
	<ul style="list-style-type: none"> <li>Confident that agent is on track to close gaps identified in FAP by 30 June provided work plan for gap closures is adhered to</li> </ul>	<ul style="list-style-type: none"> <li>No evidence that agent does not meet tests and standards based on work completed to date</li> <li>Timetabled review work on-going but no reason to conclude this will uncover gaps against Tests &amp; Standards beyond development points</li> <li>Agent has reported no gaps or only immaterial size/number of gaps remaining beyond 30 June</li> </ul>
	<ul style="list-style-type: none"> <li>Not confident that agent can complete work required to close all gaps identified in FAP by end June</li> </ul>	<ul style="list-style-type: none"> <li>No evidence of material gaps against tests and standards but some further Lloyd's review and follow up work needed to provide assurance</li> <li>Timetabled review work on-going may raise additional gaps against Test &amp; Standards</li> <li>Agent has reported a number of gaps remaining beyond 30 June <b>OR</b> Agent has reported gaps complete but Lloyd's review findings do not agree</li> </ul>
	<ul style="list-style-type: none"> <li>Agent has critical/material gaps which will not be closed by end June</li> </ul>	<ul style="list-style-type: none"> <li>Evidence that agent does not currently meet tests and standards based on work completed to date</li> <li>Significant risk that further work areas will find additional gaps</li> <li>Agent has reported significant work outstanding</li> </ul>

Agents should note that these ratings reflect a “negative assurance” view – i.e. based on review work conducted to date, Lloyd's have no reason to believe that an agent does not meet the tests and standards. As set out above, however, Lloyd's will need to provide a “positive affirmation” statement to the FSA as at 31 December 2012 and state that either “yes, an agent does meet all of the required tests and standards” or “no, an agent does not meet all of the required tests and standards”.

Agents should note that a Green rating as set out above does not on its own mean that the tests and standards have been met and Lloyd's will authorise the model. Any gaps remaining against the tests and standards must be closed in order to achieve a “yes” as at 31 December. Any agent rated Amber or Red on the criteria above at 31 December would be a “no”.

Lloyd's has formed a view on each agent as set out in the ratings section above and will continue to monitor this through the remainder of 2012 to reach a clear assessment of each agent by the end of the year. This will include following up on feedback provided by both Lloyd's and the FSA together with the outcome of any continuing review work (e.g. Use Test, SCR reviews).

### **Scope of this guidance**

This guidance document sets out the requirements for the application letter and appendices and also the operating model document which must be submitted to Lloyd's on 5 October 2012 by all agents, covering all syndicates with underwriting or reserve exposures as at 30 June 2012. An individual letter is required for each managed syndicate together with the relevant confirmation statements and declarations. However, the operating model document can be submitted at managing agent level provided that any difference in approach between individual syndicates is explicitly covered.

Agents should note that this document provides an overview of Lloyd's requirements for the submission due on 5 October and does not seek to set out any detailed guidance on wider Solvency II requirements. Lloyd's “Detailed Guidance Notes for Dry Run Process” issued in March 2010 continues to be valid and agents should continue to refer to this together with any subsequent guidance issued on specific workstreams and the latest Level 2 text when assessing compliance against Solvency II requirements.

Agents should note that this document has not yet been subject to a full and detailed review by the FSA. This guidance and any further material issued is subject to on-going discussion and change as the European Commission (EC), European Insurance and Occupational Pensions Authority (EIOPA) and FSA requirements evolve over time.





## APPLICATION LETTER AND SIGN OFF STATEMENTS

As per the published 2012 timetable, all agents are required to submit a formal request for model authorisation and a sign off on Solvency II status on 5 October 2012.

### Purpose of sign off

As set out above, Lloyd's will be providing an attestation as at 31 December 2012 for each individual syndicate as to whether we consider the model meets the Solvency II tests and standards and can be authorised for use. The 5 October sign off submission is critical to this assessment and aligns with the submission of the Validation Report due on the same date.

Both Lloyd's and each individual managing agent should be fully aware of the current status of that agent's Solvency II compliance based on regular discussions and updates via the ASR and the 5 October submission should therefore be affirming the known position.

However, in line with Article 203(2)(a) of the latest draft Level 2 text and Article 112 of Directive 2009/138/EC, each agent is required to make a formal application to Lloyd's for model authorisation confirming that the tests and standards have been met and that sufficient relevant evidence is available to support this.

The relevant level 2 text states:

*(2) In the application for using an internal model to calculate the Solvency Capital Requirement, insurance and reinsurance undertakings shall submit as a minimum, documentary evidence that the internal model fulfils the requirements set out in Articles 101, 112 and 120 to 126 of Directive 2009/138/EC, including*

*(a) a cover letter requesting the use of an internal model to calculate the Solvency Capital Requirement. The cover letter shall be signed by the administrative, management or supervisory body of the insurance or reinsurance undertaking and include:*

*(i) a request for approval to use an internal model to calculate the Solvency Capital Requirement starting from a specified date and a general explanation of the internal model including a brief description of the structure and the scope of the model;*

*(ii) a confirmation of the period prior to the application for which the internal model has been used in their risk management system and decision making processes in accordance with the requirements set out in Article 120 of Directive 2009/138/EC;*

*(iii) a confirmation that the application is complete and includes an accurate description of the internal model and that no relevant facts have been omitted;*

The declarations and assessments within the application should be based on the current dry run workstreams and structure including the evidence templates, self scoring sheet and ASR. There is no requirement for agents to map to new Level 2 text at this time. Lloyd's has completed this exercise centrally to demonstrate to the FSA that all requirements are covered.

### Contents of sign off

The FAP submissions received from all agents in December 2011 included a significant level of documentation over and above the declaration on the status of compliance. All evidence templates were required together with a sample of core documents as supporting evidence of compliance with the tests and standards.

Following the detailed FAP reviews and subsequent follow up work with agents during 2012, Lloyd's does not consider that the same volume of information is required for the submission on 5 October. Agents will not be required to submit all available evidence to Lloyd's for review but will be expected to explain why the evidence is appropriate and sufficient. This explanation should be captured through the evidence templates which agents must be able to provide upon request together with relevant supporting evidence as appropriate.

The submission must accurately reflect the status of an agent's compliance with the required standards and will require full managing agent board approval. It is important that agents ensure the board is comfortable and that a robust independent assurance process has been implemented. There should be demonstrable independent challenge and review of status as well as sufficient evidence available to support the status declared.

In many cases, the FAP reviews in Q1 2012 highlighted a significant number of additional gaps which were not included in agents' original declarations. Agents must recognise that the timing of the 5 October submission and the attestation required at 31 December 2012 leaves little time to remediate if additional gaps are highlighted and therefore could result in Lloyd's being unable to support the agent's view that the tests and standards have been met.

The documents required are listed below and further detail on each element is provided in the following pages:

- Application Letter
- Statement of Board Responsibilities
- Confirmation of Status and Exceptions
- Self assessment scores update
- Agent Status Report
- Validation Report
- Model Change Policy
- Operating Model document

Agents should note that no "as at" date is mandated for the assessment but should ensure that the position is as up to date as possible and reflects all feedback received up to that point. The position should be based on actual scores and work completed by the date of submission and not projected progress at a later date than 5 October. The date used should be clearly set out within the templates submitted and should be consistent across all assessments.

The declarations and assessments within the application should be based on the dry run workstreams and elements as per the self scoring sheet and ASR.

### **Basis of sign off and exceptions**

Lloyd's set a deadline of 30 June for closure of all gaps identified as part of the FAP review process and agents have been working to this timetable. Lloyd's recognises that subsequent reviews by both Lloyd's and the FSA may have identified additional gaps or areas requiring further work and on-going review work may yet identify further areas to be addressed (e.g. SCR and Use Test reviews).

There is also currently a central collaborative exercise running on the validation of external catastrophe models which has set key dates of 31 October and 15 December for the submission of documentation. Lloyd's considers that this is a limited exercise and the preponderance of validation work regarding

catastrophe risk sits at individual agent level and should be covered in the Validation Report. Agents must include any outstanding work on validation of external catastrophe models as an exception at 5 October. However, provided the remaining work is completed within the timescales published, there will be no impact on model authorisation.

Lloyd's would expect that agents are materially complete by 5 October and only a small number of exceptions are reported. Lloyd's has a drop dead date of 31 December for assessment and this timing will not allow a material amount of remediation and follow up work to be conducted for individual agents. Agents should note that any work not completed by this date will result in an overall "no" decision in relation to meeting the Solvency II tests and standards.

The Supervisory Reporting and Disclosure workstream has further work scheduled into 2013 including a dry run on new reporting templates and is therefore not expected to be completed at this stage. No confirmation on the status of this workstream is required as part of the submission on 5 October.

An exception is defined as any element which is not at a self assessed score of 10 at the point of submission. Agents should also identify and report in the ASR any evidence template which has not yet been rated green by Lloyd's.

The application must make clear the further work required to close any exceptions identified and the proposed timescales to address these and this detail should be contained in the ASR.

## **Application Letter**

The letter is a formal application request to Lloyd's to authorise use of the model for calculation of regulatory and member level capital requirements. The letter includes high level confirmation that the tests and standards are met (subject to any exceptions recorded in the appendices) and should also set out the length of time that the model has been in use.

Lloyd's has set out a template which should be used by all agents at **Appendix 1**. Agents should note that the template is mandatory and no statements should be changed. This will ensure that all submissions contain the same level of affirmation and detail and will allow greater consistency in Lloyd's assessment process. As set out previously an application letter should be produced and submitted for each individual syndicate managed and the application requires full board sign off.

## **Statement of Board Responsibilities**

The application letter and appendices will require full managing agent board approval that:

- the internal model is adequate for the purpose of calculating the SCR under Solvency II on both the regulatory one year basis and the Ultimate SCR basis prescribed by Lloyd's.
- the internal model meets the tests and standards for model approval
- the agency has in place adequate systems for identifying, measuring, managing and reporting risks in line with Solvency II standards
- the board is comfortable that a robust independent assurance process has been implemented
- the board is aware of the circumstances under which it considers that the internal model will not work effectively and its limitations
- the board is aware of the further work required to close gaps within the internal model and has a clear timeline and adequate resource to address this

**Appendix 2** contains a statement of board responsibilities and makes clear the areas where Lloyd's is asking for board sign off. These are in line with the statements used for the FAP submission in

December 2011 and these should be signed and included with the application letter. A word version of this document can be downloaded from Lloyd's.com via the link in the section on submission instructions.

## **Confirmation Status and Exceptions**

All agents should complete and submit the template provided at **Appendix 3** for each individual syndicate. The template contains two sections which must be completed in full. The first covers the current status of evidence templates and the second should note any exceptions where an element or workstream is not yet complete.

Agents must ensure that this template is consistent with the self scoring sheet and ASR submitted and that all portray the same status and exceptions. The status should reflect current self assessed progress together with any feedback on status provided by Lloyd's or by the FSA.

Where any exceptions are noted in either section, the relevant ASR reference should be quoted and full details of the work remaining set out clearly in the ASR.

A word version of this document can be downloaded from Lloyd's.com via the link in the section on submission instructions.

## **Section 1 – Evidence templates**

As part of the Lloyd's Internal Model (LIM) application for approval, Lloyd's is required to demonstrate to the FSA that each agent has in place adequate evidence of compliance with Solvency II standards. The evidence templates enable Lloyd's to do this without the need for agents to submit all Solvency II documentation. Evidence Templates are not required to be submitted with the application letter.

Evidence Templates are a crucial element of Lloyd's overall process and agents should note that a full set of green rated Evidence Templates is required to achieve or maintain a green agent rating overall. If all Evidence Templates are not rated green this will impact Lloyd's being able to state that sufficient evidence is available that the tests and standards have been met and will impact the overall assessment for an agent.

Section 1 should be completed to show the current agent assessment of all evidence templates together with the current Lloyd's rating. Any evidence template not yet rated green by Lloyd's should be reflected as a gap in the ASR until Lloyd's review has been completed.

Agents should note that Lloyd's is not currently planning to revisit green rated Evidence Templates in their current format. However, agents must ensure that they are kept up to date to reflect any changes in approach or evidence as the processes settle into business as usual. In many cases, a green rated Evidence Template still has minor feedback to be addressed and incorporated in order to be 100% complete. A fully updated Evidence Template should be available on request as should any supporting evidence cited.

As covered at recent workshop sessions, Lloyd's expects to require Evidence Templates or something similar in a business as usual environment as part of demonstrating on-going compliance. It is expected that the structure and format of these will change and Lloyd's will consult with the market on this via the LMA in due course. An update to the content will also be required when final Level 2 and 3 text is agreed but this should not affect the status being declared by agents for this application.

## Section 2 - Exceptions and definition of a 10 score

When assessing whether individual elements should be scored at 10 agents are asked to consider the guidelines set out here. A score of 10 should be used where an agent considers that an element is complete, does not need to be revisited (subject to feedback) and it can be demonstrated that:

- the process is fully designed, documented, signed off and ready to use when business as usual requires it
- all feedback to date has been addressed and is reflected in supporting documentation
- there is sufficient documentary evidence to validate that the relevant Solvency II tests and standards have been met

Agents should note that as for FAP, the credibility of an agent's self assessment and assurance process impacts the overall rating and could result in a negative conclusion if the declarations given cannot be supported.

If an agent has completed work and considers that it meets the tests and standards, there is no need to wait for feedback from Lloyd's or the FSA before scoring a 10. However, where feedback has been received but not yet fully addressed, a 10 score should not be used. In some instances, this may mean reducing the previous submitted score. Similarly, if an agent wishes to show the status of a particular area as pending (e.g. feedback not yet received but expected that more work will be required), it should not be scored a 10.

Agents should focus on material or critical issues when determining gaps and exceptions as these reflect areas of non-compliance with the tests and standards. Lloyd's can confirm that "observational" and "developmental" feedback reflects areas for improvement but not gaps against the tests and standards. Such feedback should not therefore be listed as a gap or exception.

A 10 score does not require that a full cycle of use can be demonstrated at this time. For example, if an agent's model change policy is finalised with all feedback addressed, triggers back-tested and it has been signed off by the board, it should be scored as a 10. Provided that it meets the Solvency II tests and standards, addresses all feedback and is ready for a model change to go through the process, a change does not necessarily have to have been made at this time.

Lloyd's is also aware that some agents are recording developmental work in the ASR. Agents should note that whilst commentary can be included in the ASR, there is no need to declare this as a gap if what is in place currently already meets the tests and standards. Developments and enhancements are expected once Solvency II is fully operational.

Where any workstream has one or more elements which are not scored a 10, Section 2 should show the workstream as incomplete and provide the source of the gap and the ASR reference for further detail on the work and timescales for completion.

### Self Assessment Scores

Agents are required to provide an up to date set of self assessment scores which accurately represent the progress made at the point of application. There is no as at date mandated by Lloyd's but agents should ensure that the date used is set out on the scoring sheet and is consistent with the position being confirmed within the status and exceptions template and the ASR.

Agents are required to provide projected scores as at 31 December 2012 in addition to the actual current scores and should note that a further update on actual scores will be required from all agents by 21 December 2012.

The scoring assessment should be completed at syndicate level as for the regular quarterly updates provided to Lloyd's during 2011 and 2012 and agents should use the template format as set out in **Appendix 4**. For submission, an excel version should be completed and is available via the link in the section on submission instructions.

### **Agent Status Report (ASR)**

All agents have been required to submit ASRs on a regular basis post FAP reviews. The ASR should reflect all outstanding work needed to confirm tests and standards have been met and should reflect both Lloyd's and FSA feedback where appropriate.

All agents are required to submit an updated ASR on 5 October which aligns with the self scoring assessment submitted on the same date. Any exceptions noted in the confirmation statements must be covered in the ASR and agents should ensure that sufficient detail on the nature and extent of the gap outstanding and the timeline for closure is included. ASRs will continue to be required on a monthly basis from agents whilst work remains to be completed.

Where agents have multiple syndicates Lloyd's will expect a separate ASR for each individual syndicate. However, in instances where the status across all managed syndicates is the same and there is no difference in the scores and exceptions being reported, one ASR at agent level will be acceptable.

### **Validation Report**

As per the published 2012 timetable, a Validation Report is required from all agents on 5 October. This is considered a crucial element of the application to demonstrate that the internal model tests and standards are being met. It provides an independent review and opinion and should be assessed by the board when preparing the application letter and supporting appendices.

The Validation Report requires affirmation that tests and standards are met and agents should ensure that any validation gaps or failures in the report which could impact the internal model's overall compliance are consistent with and reflected in the status and exceptions appendix submitted. The Report should cover the final SCR submission provided in the Lloyd's Capital Return submitted in September.

Agents should refer to the "Solvency II Validation Report Guidance" (issued June 2011), the supporting "Model Validation Report Illustration for Reserving Risk" (issued November 2011) and "Model Validation Guidance" (issued June 2012) for further details of the requirements as well as any feedback received from Lloyd's on previous versions. The Validation Report may be submitted at managing agent level but any differences between individual syndicates must be clearly highlighted and explained.

[link to Validation Report Guidance](#)

### **Model Change Policy**

Under the FSA's IMAP process, a submission for internal model approval must also seek approval of the firm's internal model change policy and Lloyd's own submission to the FSA included a request for approval of Lloyd's model change policy.

In order to ensure consistency and maintain the link between the Lloyd's internal model and syndicate models, a request to authorise the model change policy has been included in the application letter. Agents are also required to submit the final version of their model change policy with the letter.

## Operating Model

As set out at the Documentation & Final Application workshops held in April and July this year, agents are required to set out their Operating Model for ensuring on-going compliance with the Solvency II tests & standards.

Further details on the requirements for this document are set out in the Operating Model section of this document overleaf.

## Submission instructions and checklist

The 5 October submission contains numerous separate documents which will vary in format and will require input and completion across the business. Lloyd's does not require agents to consolidate these into one single document for submission but would ask agents to supply one zip file which contains the following individual documents:

Document(s)	Format	Sign off
<b>Application letter &amp; Appendices</b> <i>(format as per Appendices 1-3, see link below)</i>	PDF or Word (signatures must be scanned)	Full Board sign off required
<b>Self Assessment Scores</b> <i>(format as per Appendix 4, see link below)</i>	Excel	Board Awareness
<b>Agent Status Report (ASR)</b> <i>(already in use - update latest version)</i>	Excel	Board Awareness
<b>Validation Report</b> <i>(one file)</i>	PDF or Word (signatures must be scanned)	Board Awareness
<b>Model Change Policy</b> <i>(one file)</i>	PDF or Word	Full Board sign off required
<b>Operating Model Document</b> <i>(one file)</i>	PDF or Word	Board Awareness

The application letter and appendices are available for download via the link below

[link to templates](#)

The submission should be sent by email to [solvency2@Lloyd's.com](mailto:solvency2@Lloyd's.com).





# OPERATING MODEL

## Background

Lloyd's expects all agents to have given consideration to how they will operate in a business as usual environment once Solvency II is fully implemented. Whilst it is important that both syndicate models and the LIM achieve Solvency II compliance, it is equally important that this can be sustained as part of business as usual to ensure on-going model authorisation.

This is a key area of focus for the FSA as part of the IMAP process and Lloyd's needs to ensure that agents will be able to maintain and demonstrate on-going compliance when authorising syndicate internal models. As such, all managing agents are required to submit a document setting out their proposed operating model for business as usual and how on-going compliance will be achieved and demonstrated.

When designing their operating model agents should consider sustainability and below are some key questions which should be considered by agents when approaching this:

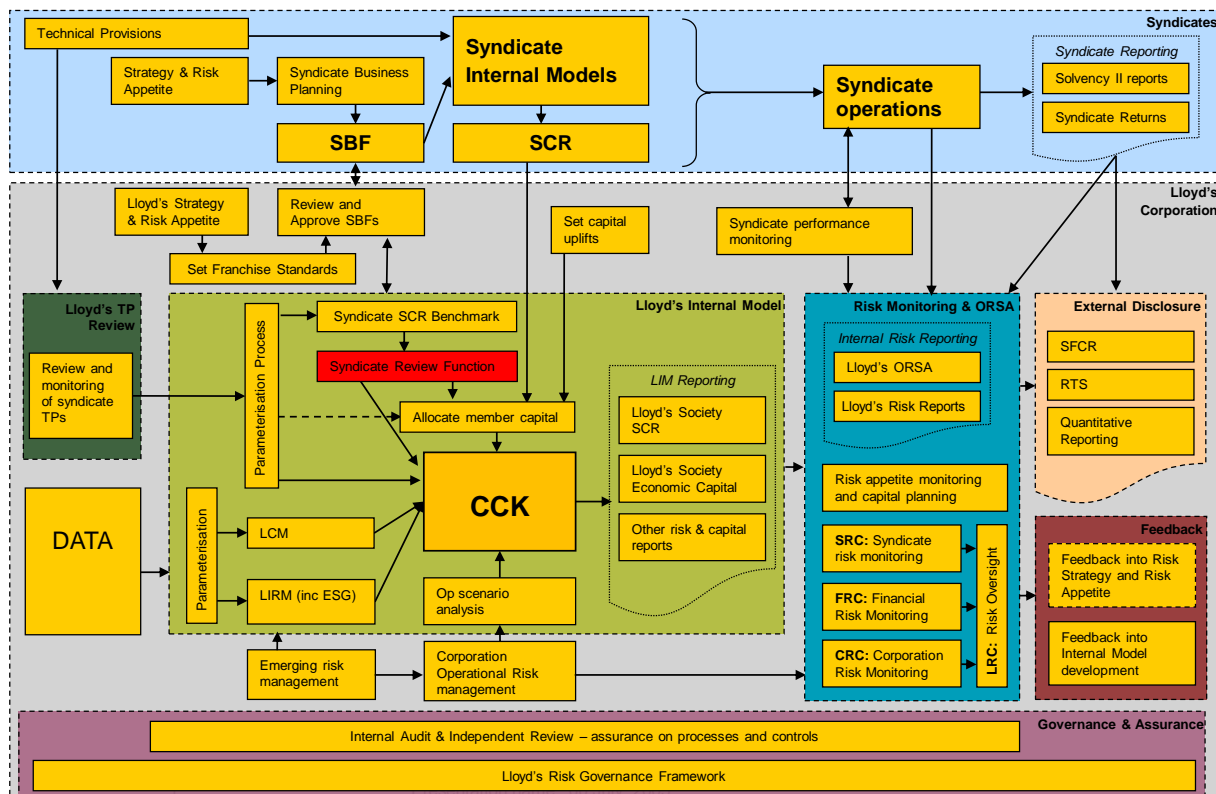
- Does your operation hang together? Lloyd's needs to see that all your Solvency II deliverables work together in an overall process and timetable to meet your key external products such as the SCR and ORSA
- Can you keep operating to the same quality you have achieved in the dry run? Think about what might erode your ability to do so, e.g. staff turn-over and how you will ensure you can maintain appropriate skills levels
- Can you demonstrate that there is enough control to alert the right people if something material should go wrong or standards erode?
- Can you demonstrate that you are not reliant upon project support/resource?
- Can you demonstrate that the same level of independent assurance and Board engagement/sign-off will continue?

## Lloyd's Operating Model

As set out above, Lloyd's own operating model is a key area of focus and discussion with the FSA as part of the LIM approval process. Lloyd's has previously shared the following diagram which reflects the high level process with agents at briefings and workshops.

A key component of Lloyd's operating model under Solvency II is ensuring the market's on-going compliance. This is represented by the Syndicate Review Function in the operating model diagram overleaf and further information is provided in the relevant section of this document.

## LLOYD'S OVERALL CAPITAL AND SOLVENCY II OPERATING MODEL



### Syndicate Review Function

As part of the model set out above, Lloyd's proposes to implement a Syndicate Review Function with effect from 1 January 2013 and details of how this will operate in practice are subject to further discussion and review with the FSA as part of our IMAP submission. High level principles are set out below and Lloyd's will provide further detail to the market over the coming months as discussions with the FSA progress and requirements become clearer.

The scope of review and oversight needed under Solvency II will clearly be wider than under the current ICAS regime but Lloyd's does not expect to maintain the level of review involved in the dry run process. Review work will rely on existing processes (e.g. SBF reviews, capital assessments, TP reviews, SAOs, Minimum Standards reviews) supplemented by Solvency II specific additions (e.g. model change and qualitative assessment against the tests and standards).

It is expected that the Account Manager role will be maintained as a focal point for the assessment of on-going compliance. The current Dry Run Oversight Panel (DROP) and the Capital Steering Group will be combined into one Solvency II Steering Group (SSG) with effect from January 2013. It is proposed that this group will consider both qualitative and quantitative aspects with separate chairs for each.

As set out at recent workshop discussions, Lloyd's has a duty to set capital equitably for all members and will retain a quantum review for authorised models under Solvency II. The approach taken will be "qualitative" then "quantitative" and meeting the Solvency II tests and standards is a condition precedent to consideration of the modelled SCR. Lloyd's expects that while the monitoring of agents will be on-

going throughout the year, a more formal re-affirmation of our view will be required bi-annually. The draft timetable is attached at **Appendix 5** for information.

Lloyd's will require Evidence Templates or something similar to be maintained in a business as usual environment. These will help demonstrate on-going compliance with the qualitative tests and standards.

Lloyd's will also require an attestation on Solvency II compliance as part of the quarterly submission of the financial return (QMA) together with any supporting comments. This quarterly affirmation should also cover agents' adherence to the model change policy together with quarterly reporting of all model changes and will require director level sign off.

This process will be introduced for Q1 2013 and Lloyd's will provide further detail and clarity to agents as soon as possible.

### **Requirements for agent submissions**

Agents will be required to demonstrate a clear understanding of how the syndicate will operate in business as usual and a document setting this out must be submitted by all agents on 5 October. Ensuring that sufficient resources and processes are in place to achieve this will be key to Lloyd's view on authorisation of any syndicate's internal model.

Lloyd's recognises that all details underlying this may not yet be finalised and will continue to develop as both Lloyd's and wider regulatory requirements become known. However we would expect agents to be able to set out at this stage a summary level definition of how they will operate in business as usual and ensure that the tests and standards continue to be met and can be demonstrated to be met on an on-going basis.

It is therefore acceptable to submit a summary level document at this stage with further detail to be provided during 2013 as processes develop and become clearer. The summary document should cover each of the four areas set out below and Lloyd's would anticipate at least 2-3 pages on each of these as part of the 5 October submission. Lloyd's is aware that some agents have existing documentation in place which is greater in volume than this which is fine.

There is no mandated format for this document but Lloyd's would expect as a minimum the following areas to be addressed and covered within the submission and agents are requested to highlight where they have addressed each of these within their document if not clear:

- Organisational Structure (including roles and responsibilities)
- Processes and procedures (including key controls and KPIs)
- Board Responsibilities (including independent assurance)
- Demonstration of Compliance

Further detail is provided on each of these areas below and agents should ensure that sufficient detail is provided on these to allow Lloyd's to understand the approach being taken. Agents need not necessarily repeat detailed information here which is covered elsewhere but should clearly reference other supporting material and be prepared to provide this if required to do so by Lloyd's.

This document does not require full board approval or sign off at this stage. For agents with multiple syndicates, this document can be prepared and submitted at managing agent level provided that any syndicate specific differences are clearly identified.

## **Organisational Structure**

The document should set out the agent's proposed organisational structure and highlight key roles and responsibilities assigned. Diagrams and flow charts may help represent the structure more clearly but are not mandatory.

### **Roles and responsibilities**

In some cases there may be no change to the current structure but agents may need to identify suitable individuals to accept new responsibilities as part-time or full-time roles within the business (e.g. model operations manager, documentation librarian, data quality manager).

Agents will be required to demonstrate that there are sufficient resources in place to ensure on-going compliance and that Solvency II skill levels can be maintained, even as staff members change. Roles and responsibilities should be clearly defined and include ownership of processes and tasks. In many cases new roles and functions may have been created and it is important to ensure that responsibilities and accountabilities for these are clear.

Lloyd's also recognises that committee structures may have changed under Solvency II. Agents should be able to articulate clearly the committees which exist and the responsibilities of each as well as how they link together as part of the overall Operating Model. Identification and clarity regarding the separation of responsibilities between the "three lines of defence" model for risk management would be an appropriate basis for describing the Operating Model.

### **Reporting lines**

Solvency II may have impacted reporting lines, particularly in areas where independence must be demonstrated (e.g. model validation being independent from model build). Agents should set out how they have considered this and any resultant changes made.

## **Processes and Procedures**

Sufficient processes and procedures should be established to ensure on-going compliance. Agents may find it useful to set this out in process flow diagrams.

### **Transition from project phase to business as usual**

Lloyd's recognises that the project phase may not have wound down completely at this stage for all agents and there are still project based deliverables running into 2013 (e.g. Reporting dry run templates). However, in most areas project work should now be transitioning to a business as usual phase.

Agents should have a clear plan in place for transition to business as usual and be able to set out clearly how each area or workstream is being transferred to a day to day operating basis. In order to demonstrate embedding of project workstreams into business as usual agents should consider the following for each area:

- People
- Process
- Systems
- Documentation
- Risks and issues
- Controls

- **MI and Reporting**

Agents should also highlight any project processes or workstreams remaining and ensure that a mechanism exists to identify and monitor on-going developmental work as processes are embedded in the business.

In many cases, external and/or temporary resource will have been used during the Solvency II project phase and agents should demonstrate clearly that there will be sufficient resources in a business as usual environment. Agents should also ensure that temporary consultants or contract project staff who have completed their assignments, fully and effectively hand-over appropriate knowledge and skills to BAU staff before leaving the organisation. Training is a key element of business as usual and agents should have clear plans in place to ensure that knowledge and skills remain adequate even as staff members change. This will be vital to ensuring that agents can demonstrate embedding and meet the use test on an on-going basis.

The key inputs and outputs of all processes should be identified and the timetable for production of the key deliverables should be understood and published for all functions to review and agree.

In particular, managing agents will need to consider and co-ordinate:

- the operating cycle for the production for the ORSA
- business planning and capital setting timetable
- consistency and reconciliation of reporting under UK GAAP and Solvency II and of the internal model technical provisions and future underwriting exposures with actual technical provisions and business plans
- model runs to produce the appropriate MI in support of risk governance activity
- model development timetable to minimise impact to business operations
- regulatory reporting timetable
- Lloyd's and FSA compliance timetable

Once the Operating Model is understood and documented, agents will need to consider how current standards and controls will be maintained and ensure they can demonstrate the following:

- the model is being managed in line with the agreed policies i.e. Governance, Validation and Change
- detailed model change control procedures are in place and can be shown to be operating effectively
- data quality is being managed in line with agreed policy and procedures
- documentation completeness and quality is being maintained in line with agreed policy and procedures

## **Sustainability**

Agents should ensure when designing processes and procedures that as well as achieving Solvency II compliance and meeting the relevant tests and standards, they fit the business model and are sustainable.

Whilst policies and procedures may meet the Solvency II tests and standards at the point of application, it is essential that they are workable and reflect available resource levels within the business in order to demonstrate on-going use and embedding.

## **Deadlines and reporting**

Lloyd's has published a schedule of submission requirements throughout the dry run process and will continue to do so. The ability of agents to deliver submissions to timetable and in response to risk based follow up requests and of the required quality will form key evidence of on-going compliance.

The schedule of deliverables for 2013 and beyond is under discussion and will be finalised ahead of the 1 January 2013 planned start date for BAU. At present, the qualitative submissions required for all agents will include a minimum of the ORSA at least annually, Actuarial Function Report and an annual statement confirming compliance. Agents are also required to maintain Evidence Templates and these may be requested by Lloyd's together with supporting evidence on a sample basis to support individual agent reviews or thematic review work.

On the quantitative side, balance sheets, technical provisions and SCRs will be minimum key components. Note that for SCRs, we expect the current Q3 submission requirements to continue supplemented by a formal re-assessment in March (see MB Y4604 issued on 4 July).

## **Controls and KPIs**

Agents should ensure that sufficient controls and KPIs are in place around the processes and procedures established. Lloyd's would expect to see regular reports and MI produced and submitted to Board and oversight committees.

Clear triggers for escalation should be established with evidence of follow up on issues and risks raised.

## **Board Responsibilities**

The responsibility for ensuring that a managing agent meets the Solvency II tests and standards lies with the Board of the managing agent. Board and senior management will therefore need to gain assurance that the syndicate operations will be co-ordinated effectively between functions to demonstrate continued compliance and ensure that quality levels achieved for IMAP are maintained going forward.

The Board must ensure that appropriate documentation and records are maintained to disclose with reasonable accuracy at any time the status of compliance with the requirements. The Board is also responsible for notifying Lloyd's as soon as possible if any of the conditions for compliance cease to be met.

## **Demonstration of on-going compliance with tests and standards**

As for the dry run process, Lloyd's will rely on agents' self assessment of on-going compliance, supported by the review of underlying evidence on a sample basis. Agents are required to maintain a chain of evidence and have readily available all supporting documents for Lloyd's or FSA review as required.

## **Formal Sign off**

A formal declaration of compliance will be required on an annual basis to support the latest SCR submission and the Validation Report. This is similar to the 5 October submission requirements regarding status against the tests and standards. The sign-off document should also include details of issues reported under the internal control framework and management responses and confirmation that the Operating Model is sustainable and that model use is being enhanced through experience. Lloyd's would expect that the annual declaration of compliance is supported by a robust independent assurance process.

Lloyd's will also require a quarterly affirmation on continuing compliance as part of the submission of the financial return (QMA) signed by the Board confirming continued compliance together with any supporting comments.

### **Independent assurance**

The requirement for all managing agents to institute an appropriate independent assurance process over their status reporting in respect of Solvency II compliance has been effective during the Dry Run. This has emphasised the importance of independence in the process and that the onus is on agents to demonstrate their compliance with sufficient evidence, including documentation of their status and of the oversight applied.

Independent assurance will continue to be required under business as usual and agents should ensure that provision is made for at least an annual cycle of independent model validation, and a check to ensure that governance arrangements remain adequate and effective. This will provide the requisite assurance that managing agent Boards' have effective controls in place to ensure on-going compliance together with provision of evidence of those processes to Lloyd's.

This assurance process may be conducted by internal or external resources provided that it can be demonstrated to be independent. In the majority of cases, agents' Internal Audit functions have fulfilled this role during the dry run process. Agents will need to demonstrate that their Internal Audit or alternative function have the right skills to do the audit, or co-source to supplement existing resources.

Confirmation of on-going compliance must relate to the wider definition of the internal model and not just the calculation kernel. It will therefore need to include governance around the model and supporting processes.

Independent validation of the model is a specific requirement under Solvency II and a Validation Report will be required as an annual submission to Lloyd's. As set out in Lloyd's guidance, the Validation Report must cover the following areas of the internal model as a minimum:

- Data
- Methods
- Assumptions
- Expert judgment
- Documentation
- Systems/IT
- Governance
- Use test.

In addition, Lloyd's current Governance standards require that an annual board effectiveness review is conducted. As part of the 2011 Risk review work, agents were advised that Lloyd's would expect to see this extended to provide a more holistic view of the wider governance framework and not just the board.

Lloyd's would expect an "independent assurance report" to be available if required, setting out what work has been conducted to arrive at the statements which have been made in respect of continued compliance with the Solvency II Test and Standards. It should refer to any other reports it has relied upon to reach this view (e.g. the Validation Report or Governance Review report as mentioned above).

Lloyd's would expect that the report produced should be presented and discussed by the agent audit committee with summary conclusions presented to the Board. The report should be submitted to

Lloyd's, as required on a risk based assessment, to support self-declarations of compliance by the Board.



# APPENDICES



## APPLICATION LETTER

## APPENDIX 1

*(to be addressed to Luke Savage, Finance Director, Lloyd's)*

### **Authorisation of Internal Model in respect of [Agent name – Syndicate no]**

In accordance with Lloyd's requirements under the Dry Run process and with Article 112 of Directive 2009/138/EC, I hereby request Lloyd's authorisation of the internal model in respect of [syndicate number], in order that the model may be used to calculate the Solvency Capital Requirement (SCR) with effect from 1 January 2014. I also seek approval of [Agent]'s internal model change policy.

In connection with this, please find enclosed:

- Statement of Board Responsibilities
- Confirmation status and exceptions report
- Self assessment scores update
- Agent Status Report
- Validation Report
- Internal Model Change Policy
- [Agent]'s operating model document

I confirm that the Internal Model for [syndicate number] has been validated as meeting all the model tests and standards required by Lloyd's (other than any exceptions noted within the confirmation statements enclosed) and that the validation report is included in full in the submission.

I confirm that the Internal Model has been used by [Syndicate no] since [date], as part of [Agent]'s risk management system and decision making processes in accordance with the requirements of Article 120 of Directive 2009/138/EC.

I can confirm that the information contained in this application is accurate and complete to the best of my knowledge and I have taken all reasonable steps to ensure that this is the case. All material facts or details relevant to the application have been disclosed.

I can confirm that this application has been subject to full board approval and that we have discharged our responsibilities in line with the statement of board responsibilities.

I am aware that firms are required to deal with the FSA and Lloyd's in an open and cooperative way, including with respect to the provision of information. I will notify Lloyd's immediately if there is a significant change to the information given to support the submission. I understand that failure to do so may result in a delay in the processing of this submission or Lloyd's ability to make a determination.

I would advise that the main contact for this approval request is [insert contact name]

Yours sincerely

[Signature]

[Name – **CEO/FD/SNP**]

[Managing Agent]



## STATEMENT OF BOARD RESPONSIBILITIES

## APPENDIX 2

***All managing agents will be required to include a statement of Board Responsibilities with their application letter. At a minimum, this should include a statement in respect of each of the following:***

1. The Board is responsible for preparing the Solvency II Application 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 submitting the application). 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 application to Lloyd's and thereby requesting authorisation for the use of its internal model for the purpose of assuring regulatory and member level capital with effect from 1 January 2014.
3. The Board is required to confirm that the material contained within the application properly represents the current status its Solvency II compliance and all material facts or details relevant to the application 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 EIOPA guidance requirements, subject to any exceptions disclosed and explained in the application
  - Maintain comprehensive evidence of this compliance (both at the time of application 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 hereby confirms that this application has been subject to full Board approval and is signed on its behalf by the CEO and Finance Director or Senior Nominated Person (provided they are a board member).

# CONFIRMATION OF STATUS AND EXCEPTIONS

# APPENDIX 3

## SECTION 1 – EVIDENCE TEMPLATES

We confirm that:

- the table below properly reflects the current status of our Evidence Templates
- all Evidence Templates reflect the approach currently being taken to meeting the relevant Solvency II tests and standards
- all evidence listed in the templates is in place and immediately available for Lloyd’s review if required

WORKSTREAM	EVIDENCE TEMPLATE COMPLETE <sup>(1)</sup>	LLOYD’S AGREED GREEN RATING <sup>(2)</sup>	AGENT STATUS REPORT REFERENCE FOR WORK OUTSTANDING: <sup>(3)</sup>
Internal Model SCR	Enter yes or no	Enter yes or no	(enter IMSCR001 or n/a)
Valuation & Balance Sheet	Enter yes or no	Enter yes or no	(enter VBS001 or n/a)
Technical Provisions & Standard Formula	Enter yes or no	Enter yes or no	(enter TPSF001 or n/a)
Model Validation	Enter yes or no	Enter yes or no	(enter MVAL001 or n/a)
Governance Risk Management & Use	Enter yes or no	Enter yes or no	(enter GRMU001 or n/a)
Supervisory Reporting & Disclosure	Enter yes or no	Enter yes or no	(enter SREP001 or n/a)
Documentation & Final Application	Enter yes or no	Enter yes or no	(enter DFA001 or n/a)

### Notes:

**(1)** Agents should enter yes only if all Lloyd’s feedback has been addressed. This column can be no even for a green rated evidence template.

**(2)** Agents should enter yes only if Lloyd’s has confirmed that the Evidence Template has achieved a green rating.

**(3)** Any Evidence Template not yet rated green should be recorded in the ASR as a gap and the relevant reference provided here. If the template is green this column can show “n/a”.





## SECTION 2 – WORKSTREAM STATUS

We confirm that:

- the table below properly reflects the current status of progress on all workstreams and all feedback received to date and is consistent with the Agent Status Report (ASR) and Self Assessment scores submitted
- we have maintained evidence of compliance with the tests and standards in our Evidence Templates and the associated underlying evidence
- the ASR contains full details of the work remaining and associated timescales for any exceptions noted below

WORKSTREAM	WORKSTREAM COMPLETE <sup>(1)</sup>	NUMBER OF EXCEPTIONS <sup>(2)</sup>	SOURCE OF EXCEPTIONS <sup>(3)</sup>	AGENT STATUS REPORT REFERENCE FOR WORK OUTSTANDING <sup>(4)</sup>
Internal Model SCR	Enter yes or no	Enter figure or “n/a”	E.g. – self assessed, Lloyd’s feedback, FSA feedback	Include ASR reference for any exceptions noted in (2) e.g. IMSCR002
Valuation & Balance Sheet	Enter yes or no	Enter figure or “n/a”	E.g. – self assessed, Lloyd’s feedback, FSA feedback	Include ASR reference for any exceptions noted in (2) e.g. VBS002
Technical Provisions & Standard Formula	Enter yes or no	Enter figure or “n/a”	E.g. – self assessed, Lloyd’s feedback, FSA feedback	Include ASR reference for any exceptions noted in (2) e.g. TPSF002
Model Validation	Enter yes or no	Enter figure or “n/a”	E.g. – self assessed, Lloyd’s feedback, FSA feedback	Include ASR reference for any exceptions noted in (2) e.g. MVAL002
Governance Risk Management & Use	Enter yes or no	Enter figure or “n/a”	E.g. – self assessed, Lloyd’s feedback, FSA feedback	Include ASR reference for any exceptions noted in (2) e.g. GRMU002
Supervisory Reporting & Disclosure	NOT APPLICABLE – REPORTING DRY RUN DUE TO TAKE PLACE IN Q2 2013			
Documentation & Final Application	Enter yes or no	Enter figure or “n/a”	E.g. – self assessed, Lloyd’s feedback, FSA feedback	Include ASR reference for any exceptions noted in (2) e.g. DFA002

### Notes:

(1) Agents should enter yes only if all scoring elements within the workstream are scored at a 10 with sufficient evidence in place to support this and all feedback received to date has been addressed.

(2) Agents should enter the number of scoring elements within the workstream which are not scored at a 10 or enter “n/a” if complete as per (1) above.

(3) Please indicate the source of any exceptions noted in (2) above – e.g. work identified by self assessment, Lloyd’s feedback, FSA feedback

(4) Please provide the ASR reference for any scoring element with exception and ensure that sufficient detail on the work outstanding and timings to address is provided in the ASR.



# SOLVENCY II - SELF ASSESSMENT SCORING TEMPLATE

# APPENDIX 4

AGENT

SYNDICATE

Dry Run Reference		(1)	(2)	(3)	(4)	Current Status
		Syndicate Self-Assessment Score 5 October 2012	Projected score at 31 December 2012	Syndicate Self-Assessment Score Dec 2012	Lloyd's Agent Status Report Reference	
INTERNAL MODEL SCR						
IMSCR	Insurance risks				IMSCR002	
IMSCR	Other risks				IMSCR003	
IMSCR	Aggregate SCR				IMSCR004	
VALUATION AND BALANCE SHEET						
VBS	Valuation of assets & liabilities (excluding TPs)				VBS002	
TECHNICAL PROVISIONS AND STANDARD FORMULA						
SFSCR	Standard formula SCR				TPSF002	
TP	Valuation process				TPSF003	
TP	Valuation methodology				TPSF004	
TP	Data				TPSF005	
TP	TP Assumptions				TPSF006	
TP	Validation				TPSF007	
MODEL VALIDATION						
SQS	Probability distribution forecast and risk ranking				MVAL002	
SQS	Methodological adequacy				MVAL003	
SQS	Methodological consistency and credibility				MVAL004	
SQS	Assumptions				MVAL005	
SQS	Data directory and data policy				MVAL006	
SQS	Dependencies				MVAL007	
SQS	Risk mitigation techniques				MVAL008	
SQS	Fincl gtees and opts, future mgmt actions and non cont pymts				MVAL009	
CVP	Calibration				MVAL010	
CVP	Validation				MVAL011	
CVP	Profit and loss attribution and backtesting				MVAL012	
CVP	Model robustness and stress and scenario testing				MVAL013	
EMD	External models and data				MVAL014	
GOVERNANCE, RISK MANAGEMENT AND USE						
SOG	General governance requirements				GRMU002	
SOG	Fit and proper				GRMU003	
SOG	Risk management				GRMU004	
SOG	Internal control				GRMU005	
SOG	Internal audit				GRMU006	
SOG	Actuarial function				GRMU007	
SOG	Outsourcing				GRMU008	
MSG	Risk coverage				GRMU009	
MSG	Use test				GRMU010	
MSG	Model governance				GRMU011	
MSG	Model change policy				GRMU012	
ORSA	ORSA process				GRMU013	
ORSA	ORSA documentation				GRMU014	
ORSA	ORSA outcomes				GRMU015	
REPORTING AND DISCLOSURE						
SREP	Supervisory reporting and disclosure				SREP002	n/a
DOCUMENTATION AND FINAL APPLICATION						
DOC	Documentation process				DFA002	
DOC	Design and operational details				DFA003	
DOC	Theory, assumptions, mathematical and empirical basis				DFA004	
DOC	Circumstances where the model does not work effectively				DFA005	
DOC	Model change documentation				DFA006	
APP	Final application pack				DFA007	

## NOTES:

- (1) Agents should enter the current score for each scoring element as at the date provided by the Agent below as part of the **5 October** submission.
- (2) Agents should enter the projected 31 December score for each scoring element as part of the **5 October** submission.
- (3) Agents should **not** enter any score in column 3 for the 5 October submission - an update will be requested closer to 31 December assessment date.
- (4) Agents should ensure that supporting explanations provided in the ASR and Appendix 3 quote the relevant references as indicated in column 4.

As at date of scoring assessment:

## DECLARATION

We confirm that:

- the scores above properly reflect the current status of progress on all workstreams and all feedback received to date and are consistent with the Agent Status Report (ASR) and exceptions noted in Appendix 3
- the ASR contains full details of the work remaining and associated timescales for any element not scored at 10
- sufficient evidence to substantiate these scores is available for Lloyd's review if required

Name

Position

Date



# PROPOSED BUSINESS AS USUAL PROCESS TIMETABLE

# APPENDIX 5

