

SOLVENCY II SCORING - DOCUMENTATION AND FINAL APPLICATION: DOCUMENTATION PROCESS (DOC)

LLOYD'S

Timing		Q2 2010	Q4 2010	Q2 2011	By Q1 2012
Score	1	2-4 (design/evidence)	5-7 (evidence/build)	8-9 (testing/sign off)	10 (fully in use/BAU)
Progress	<ul style="list-style-type: none"> Agent demonstrates little understanding of requirements Little or no progress made in design Evidence available is insufficient to address any of key areas 	<ul style="list-style-type: none"> Agent demonstrates a reasonable understanding of requirements. At least some of key areas addressed and evidenced. <p>3 key areas identified:</p> <ol style="list-style-type: none"> Clear documentation framework designed and storage plan in place at least detailing high level governance plans on version control, security, ownership etc Clear plan developed on how to tailor documentation to different audiences - suggested three levels are: <ul style="list-style-type: none"> Exec level Working level Technical Specialist <p>Increasing detail being developed as you work through each level. (This does not mean three versions of each document - more along the lines of identifying which documents are relevant to each audience)</p> <ol style="list-style-type: none"> Draft index identifying documents that will be needed to address all requirements. 	<ul style="list-style-type: none"> Agent demonstrates clear and detailed understanding of requirements. Comprehensive and structured index is in place (not just a list of documents). Mapping completed to show all Solvency II articles and standards are addressed in index. Well progressed draft documents available for a number of elements. 	<ul style="list-style-type: none"> Agent is close to finalising requirements – subject to testing/sign off approvals Documentation system implemented and undergoing testing. Documentation system and governance framework fully approved. System being widely used (even if not 100% usage). Index finalised and mostly populated. Tiering and structure approved and in place. Evidence that documents are being updated. 	<ul style="list-style-type: none"> Nothing further required to be done except follow process established for regular reviews (unless requirements change). Documentation system fully operational and in use as part of business as usual. Index complete and all documentation addressing articles 120-124 & 126 available. Overall approach is fully validated as part of the assurance process.

Difference between scores in each band should reflect the number of key areas addressed and quality

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SOLVENCY II SCORING - DOCUMENTATION AND FINAL APPLICATION: DESIGN & OPERATIONAL DETAILS (DOC)

LLOYD'S

Timing		Q2 2010	Q2 2011	Q4 2011	By Q1 2012
Score	1	2-4 (design/evidence)	5-7 (evidence/build)	8-9 (testing/sign off)	10 (fully in use/BAU)
Progress	<ul style="list-style-type: none"> Agent demonstrates little understanding of requirements Little or no progress made in design Evidence available is insufficient to address any of key areas 	<ul style="list-style-type: none"> Agent demonstrates a reasonable understanding of requirements At least some of key areas addressed and evidenced <p>3 key areas identified:</p> <ol style="list-style-type: none"> Identified and documented responsibilities and accountabilities for key areas of design and operational detail of the internal model. Decisions made on model software and design have been documented. Process designed for documenting historical development of the model – to include recording of model version control and key steps/changes to design or operational details of the model. 	<ul style="list-style-type: none"> Agent demonstrates clear and detailed understanding of requirements. Policies and procedures drafted for operational management of the model with detailed roles and responsibilities documented. Model design documented including : <ol style="list-style-type: none"> overview of structure and how model is aligned to business model and risk management framework. technology / software being used including internal versus external solutions. Data flow chart and draft data management policy developed. 	<ul style="list-style-type: none"> Agent is close to finalising requirements – subject to testing/sign off approvals Testing of design and operation of model is documented. Policies and procedures fully approved. Full record of model history / development including version control available. Full data management policy documented. 	<ul style="list-style-type: none"> Nothing further required to be done except follow process established for regular reviews (unless requirements change). Meets Article 125 - operation and design of model fully documented to level appropriate for an independent knowledgeable third party to understand the key development steps. Overall approach is fully validated as part of the assurance process.

Difference between scores in each band should reflect the number of key areas addressed and quality

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SOLVENCY II SCORING - DOCUMENTATION AND FINAL APPLICATION: THEORY, ASSUMPTIONS, MATHEMATICAL AND EMPIRICAL BASIS (DOC)

LLOYD'S

Timing		Q2 2010	Q2 2011	Q4 2011	By Q1 2012
Score	1	2-4 (design/evidence)	5-7 (evidence/build)	8-9 (testing/sign off)	10 (fully in use/BAU)
Progress	<ul style="list-style-type: none"> Agent demonstrates little understanding of requirements Little or no progress made in design Evidence available is insufficient to address any of key areas 	<ul style="list-style-type: none"> Agent demonstrates a reasonable understanding of requirements At least some of key areas addressed and evidenced <p>3 key areas identified:</p> <ol style="list-style-type: none"> Process designed for recording the theory, methodology, assumptions, mathematical and empirical basis of the internal model. Process designed for recording the rationale behind all decisions on methodologies, assumptions, data and parameters used. Process designed for recording all aspects of the use of expert judgement (who, why, what processes, extent of application, peer review, historical development) 	<ul style="list-style-type: none"> Agent demonstrates clear and detailed understanding of requirements. Document / diagram setting out calculations performed within model (map of mathematical methods). Documented rationale for methods selected including key assumptions and any known drawbacks / weaknesses. Details of algorithms related to mathematical models documented including rationale and any known drawbacks/weaknesses. 	<ul style="list-style-type: none"> Agent is close to finalising requirements – subject to testing/sign off approvals Testing of theory, assumptions, mathematical and empirical basis is documented. Use of expert judgement fully documented and rationale explained where used. 	<ul style="list-style-type: none"> Nothing further required to be done except follow process established for regular reviews (unless requirements change) Meets Article 125 – theory, assumptions, mathematical and empirical basis documented to level appropriate for an independent knowledgeable third party to understand and reproduce the model outputs. Overall approach is fully validated as part of the assurance process

Difference between scores in each band should reflect the number of key areas addressed and quality

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SOLVENCY II SCORING - DOCUMENTATION AND FINAL APPLICATION: CIRCUMSTANCES WHERE THE MODEL DOES NOT WORK EFFECTIVELY (DOC)

LLOYD'S

Timing		Q2 2010	Q2 2011	Q4 2011	By Q1 2012
Score	1	2-4 (design/evidence)	5-7 (evidence/build)	8-9 (testing/sign off)	10 (fully in use/BAU)
Progress	<ul style="list-style-type: none"> Agent demonstrates little understanding of requirements. Little or no progress made in design. Evidence available is insufficient to address any of key areas. 	<ul style="list-style-type: none"> Agent demonstrates a reasonable understanding of requirements. At least some of key areas addressed and evidenced. <p>3 key areas identified:</p> <ol style="list-style-type: none"> Process designed for documenting any limitations in risk modelling and risk coverage throughout development/ model build process. Process designed for documenting any limitations in the coverage of risks captured. Process designed for capturing any non-compliance with Articles 120-124 and 126. 	<ul style="list-style-type: none"> Agent demonstrates clear and detailed understanding of requirements. Any potential limitations of model or features which would materially increase uncertainty of results documented and explanation/rationale given for each. Any deviation between model risk coverage and syndicate risk profile documented explaining how risks will be captured. Mapping completed against Solvency II articles 120-124 and 126 with any gaps identified and implications noted. Any potential input data deficiencies identified and documented. 	<ul style="list-style-type: none"> Agent is close to finalising requirements – subject to testing/sign off approvals The results of testing of IT systems, governance controls surrounding internal model documented. The results of testing against Solvency II articles 120- 124 and 126 documented. Sensitivity of key assumptions tested and validation documented. 	<ul style="list-style-type: none"> Nothing further required to be done except follow process established for regular reviews (unless requirements change). Meets Article 125 – any model limitations or circumstances where it does not work effectively clearly documented and addressed. Overall approach is fully validated as part of the assurance process

Difference between scores in each band should reflect the number of key areas addressed and quality

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SOLVENCY II SCORING - DOCUMENTATION AND FINAL APPLICATION: MODEL CHANGE DOCUMENTATION (DOC)

LLOYD'S

Timing		Q2 2010	Q2 2011	Q4 2011	By Q1 2012
Score	1	2-4 (design/evidence)	5-7 (evidence/build)	8-9 (testing/sign off)	10 (fully in use/BAU)
Progress	<ul style="list-style-type: none"> Agent demonstrates little understanding of requirements. Little or no progress made in design. Evidence available is insufficient to address any of key areas. 	<ul style="list-style-type: none"> Agent demonstrates a reasonable understanding of requirements. At least some of key areas addressed and evidenced. <p>3 key areas identified:</p> <ol style="list-style-type: none"> Process designed for documenting impact of model change. Process designed to ensure continued compliance with Articles 120-126 post model change. Process designed to ensure implications of changes are considered and reflected in design and operational details of model. 	<ul style="list-style-type: none"> Agent demonstrates clear and detailed understanding of requirements. Policy/procedure fully drafted for documenting impact of model change to reflect: <ol style="list-style-type: none"> Differences between previous version of model and revised version. Quantifying impact of change. Policy/procedure fully drafted to ensure continued compliance with Articles 120-126. Policy/procedure fully drafted to ensure link with design and operation detail in change process. 	<ul style="list-style-type: none"> Agent is close to finalising requirements – subject to testing/sign off approvals Documented policy and procedures being tested and approved. Evidence of model change policy in operation. 	<ul style="list-style-type: none"> Nothing further required to be done except follow process established for regular reviews (unless requirements change) Change process documentation meets Article 125. Overall approach is fully validated as part of the assurance process

Difference between scores in each band should reflect the number of key areas addressed and quality

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SOLVENCY II SCORING - DOCUMENTATION AND FINAL APPLICATION: FINAL APPLICATION PACK (DOC)

LLOYD'S

Timing		Q1 2011	Q2 2011	Q4 2011	Q1 2012
Score	1	2-4 (design/evidence)	5-7 (evidence/build)	8-9 (testing/sign off)	10 (fully in use/BAU)
Progress	<ul style="list-style-type: none"> Agent demonstrates little understanding of requirements Little or no progress made in design Evidence available is insufficient to address any of key areas 	<ul style="list-style-type: none"> Agent demonstrates a reasonable understanding of requirements Roles and Responsibilities for evidence template and final application have been established Governance, Risk Management and Use evidence template has been updated and submitted to Lloyd's for review 	<ul style="list-style-type: none"> Agent demonstrates clear and detailed understanding of requirements First iteration of all evidence templates have been updated and submitted to Lloyd's for review All evidence templates under continuous review and update as part of final application pack Agent has begun to pull together information required for application summary report Agent has begun to pull together information required for board sign off of formal application pack 	<ul style="list-style-type: none"> All evidence templates completed with full index and mapping of supporting evidence Summary report completed Board sign off achieved for formal application pack Final application pack submitted to Lloyd's for review 	<ul style="list-style-type: none"> Final application pack updated as appropriate to reflect progress against any gaps and Lloyd's review feedback Application pack has been accepted by Lloyd's

Difference between scores in each band should reflect the number of key areas addressed and quality