



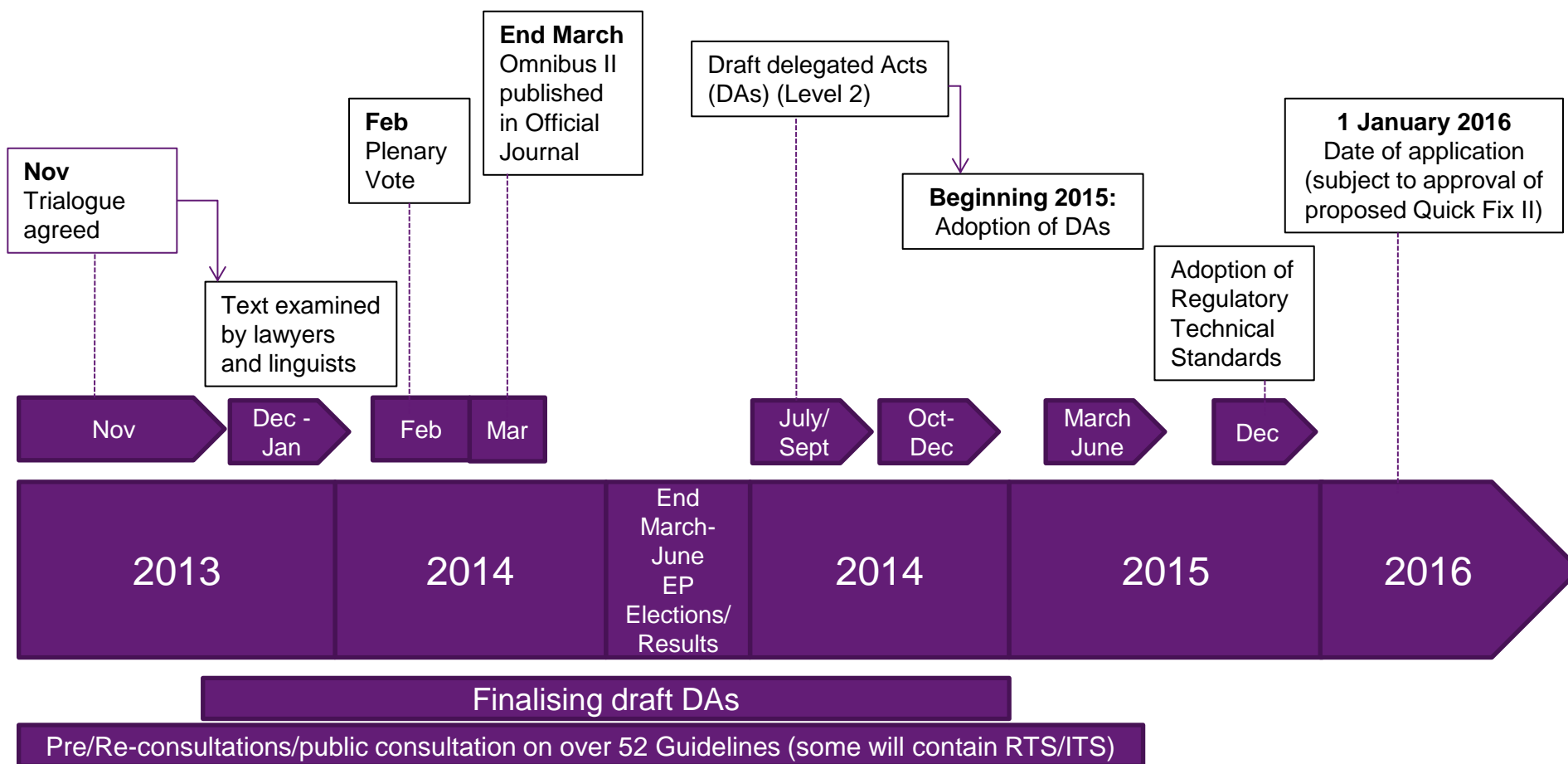
# **RISK ASSURANCE & 2014 PLANNING WORKSHOPS 11 & 12 DECEMBER 2013**

# AGENDA

- ▶ **Introduction**
- ▶ **Solvency II update**
  - Lloyd's approach
  - Review of October Board attestations
  - Lloyd's approach in 2014 and beyond
- ▶ **Minimum Standards update**
- ▶ **Standards Assessments**
- ▶ **2014 Guidance & timetable**
- ▶ **Next steps**

# SOLVENCY II TIMETABLE BECOMES MORE CERTAIN...

- ▶ EU to formally postpone implementation date to 1 January 2016
- ▶ Political agreement reached on Omnibus II
- ▶ Level 2 measures will follow Omnibus II



# LLOYD'S STILL ON TRACK FOR SUCCESSFUL IMPLEMENTATION OF SOLVENCY II

- ▶ Lloyd's planning has assumed 1 January 2016 start date since 2012
- ▶ 2014 will be third year of capital setting using Solvency II models (for 2015 yoa)
- ▶ Improved risk governance structure well established now
- ▶ Pillar 3 requirements being introduced progressively
- ▶ Market 'soft landing' in line with EIOPA and PRA approach

# ...AND INTERIM STEPS BECOME CLEARER...

- ▶ EIOPA Guidelines (Interim Measures) finalised September 2013
  - Phased introduction of Pillar 2 measures consistent with Lloyd's current approach
  - Pillar 3 requirements to apply from 31 December 2014
  
- ▶ PRA has issued draft Supervisory Statement to UK firms with respect to compliance with the Guidelines
  - Expectations for UK firms
  - Lloyd's represented on PRA Industry Pillar 3 implementation group
  
- ▶ PRA ICAS+ regime consistent with Lloyd's approach

**...WITH NO MATERIAL CHANGE FOR LLOYD'S DUE TO  
"SOFT LANDING"**

# RISK ASSURANCE HIGH LEVEL UPDATE

- ▶ Significant progress towards refreshing the current minimum standards has been made, however the 1 January 2014 launch date was aspirational
- ▶ The standards timetable has now been adjusted:
  - Full consultation on all standards will complete by the end of Q1 2014
  - Q2 2014 used for Executive Team and Franchise Board sign off and consistency review
  - Standards will be launched 1 July 2014
- ▶ Work on-going to revise the web based presentation of the standards
  - Improved structure and clarity over current standards section
- ▶ Continued progress on Lloyd's Standards Framework update
- ▶ Senior Nominated Person (SNP) role extended to include responsibility for compliance with Lloyd's standards
  - Workshops will be run in Q1 2014 to explain the new approach

# AGENDA

- ▶ Introduction
- ▶ Solvency II update
  - Lloyd's approach
  - Review of October Board attestations
  - Lloyd's approach in 2014 and beyond
- ▶ Minimum Standards update
- ▶ Standards Assessments
- ▶ 2014 Guidance & timetable
- ▶ Next steps

# “SOFT LANDING” APPROACH APPLIED FROM 2013

- ▶ Quantitative requirements applied immediately to support use of Solvency II models. Hard Test submissions treated as BAU and should comply with all relevant requirements.
- ▶ Qualitative requirements phased in over 2013 to 2015. Soft Test submissions should be made on a best efforts basis.

Quantitative – hard test	Qualitative – soft test
SCR	ORSA
TPD Return*	Actuarial Function Report
GQD Return**	Model Change Report
Solvency II Balance Sheet (QMC)	Validation Report
LIM Asset Return (QAD)	

\* Technical Provisions Data: by risk code and year of account

\*\* Gross Quarterly Data: by risk code and year of account



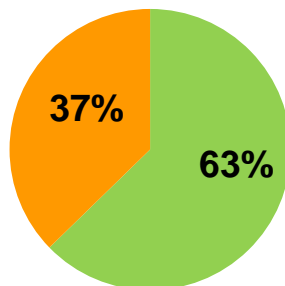
# GOOD PROGRESS ON MEETING THE PRINCIPLES DURING 2013

## COMMON ISSUES DRIVING “FAILS” ON PRINCIPLES OF SOLVENCY II

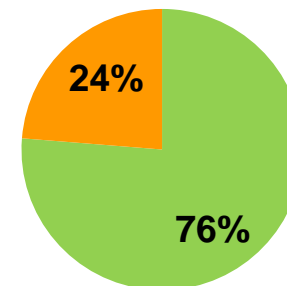
January 2013		October 2013
ORSA		ORSA
Validation		Validation
Use Test		Use Test
Documentation		

Whilst the themes are broadly similar, we have seen improvements over the year in the number of agents having issues in these areas

**RAG ratings by Agent  
Jan 2013**



**RAG ratings by Agent  
Nov 2013**



# AGENT ASSESSMENTS INFORMED BY BOARD CONFIRMATION OF SOLVENCY II STATUS

- ▶ Agent submissions made 25 October
- ▶ Lloyd's expectations of Board members:
  - Understanding of where gaps are and what is required to close them
  - Understanding of where Lloyd's view and agents view differs
- ▶ Lloyd's (SAG) is reviewing each agent's rating by end 2013 based on these submissions
- ▶ Verbal feedback during Nov/ Dec with formal letter to follow in 2014:
  - Confirmation of agent ratings against Principles and also Lloyd's view on progress against full tests and standards

WORKSTREAM/ELEMENT	MEETS THE PRINCIPLES OF THE TESTS & STANDARDS		MEETS THE FULL TESTS & STANDARDS		COLUMN 5 - COMMENTS  PLEASE PROVIDE RATIONALE FOR ANY CHANGES MADE TO AGENT STATUS IN COLUMN 2 AND/OR COLUMN 4
	COLUMN 1 LLOYD'S	COLUMN 2 AGENT	COLUMN 3 LLOYD'S	COLUMN 4 AGENT	
INTERNAL MODEL SCR					
IMSCR002 Insurance risks	Yes	Yes	Yes	Yes	No changes
IMSCR003 Other risks	Yes	Yes	Yes	Yes	No changes
IMSCR004 Aggregate SCR	Yes	Yes	Pending	Pending	No changes
VALUATION AND BALANCE SHEET					
VBS002 Valuation of assets & liabilities (excluding technical provisions)	Yes	Yes	Yes	Yes	No changes
TECHNICAL PROVISIONS AND STANDARD FORMULA					
TPSF002 Standard formula SCR	Yes	Yes	Yes	Yes	No changes
TPSF003 Valuation process	Yes	Yes	Yes	Yes	No changes
TPSF004 Valuation methodology	Yes	Yes	Pending	Pending	No changes
TPSF005 Data	Yes	Yes	Yes	Yes	No changes
TPSF006 TP Assumptions	Yes	Yes	Yes	Yes	No changes
TPSF007 Validation	Yes	Yes	Pending	Pending	No changes
MODEL VALIDATION					
MVALD02 Probability distribution forecast and risk ranking	Yes	Yes	Pending	Pending	No changes
MVALD03 Methodological adequacy	Yes	Yes	Yes	Yes	No changes
MVALD04 Methodological consistency and credibility	Yes	Yes	Yes	Yes	No changes
MVALD05 Assumptions	Yes	Yes	Yes	Yes	No changes
MVALD06 Data directory and data policy	Yes	Yes	Yes	Yes	No changes
MVALD07 Dependencies	Yes	Yes	Pending	Pending	No changes
MVALD08 Risk mitigation techniques	Yes	Yes	Yes	Yes	No changes
MVALD09 Final gtees and options, future mgmt actions and non cont pynts	Yes	Yes	Yes	Yes	No changes
MVALD10 Calibration	Yes	Yes	Pending	Pending	No changes
MVALD11 Validation	Yes	Yes	Pending	Pending	No changes
MVALD12 Profit and loss attribution and backtesting	Yes	Yes	Pending	Pending	No changes
MVALD13 Model robustness and stress and scenario testing	Yes	Yes	Yes	Yes	No changes
MVALD14 External models and data	Yes	Yes	Yes	Yes	No changes
GOVERNANCE, RISK MANAGEMENT AND USE					
GRMU002 General governance requirements	Yes	Yes	Pending	Pending	No changes
GRMU003 Fit and proper	Yes	Yes	Yes	Yes	No changes
GRMU004 Risk management	Yes	Yes	Yes	Yes	No changes
GRMU005 Internal control	Yes	Yes	Yes	Yes	No changes
GRMU006 Internal audit	Yes	Yes	Pending	Pending	No changes
GRMU007 Actuarial function	Yes	Yes	Pending	Pending	No changes
GRMU008 Outsourcing	Yes	Yes	Yes	Yes	No changes
GRMU009 Risk Coverage	Yes	Yes	Yes	Yes	No changes
GRMU010 Use test	Yes	Yes	Pending	Pending	No changes
GRMU011 Model governance	Yes	Yes	Yes	Yes	No changes
GRMU012 Model change policy	Yes	Yes	Pending	Pending	No changes
GRMU013 ORSA process	Yes	Yes	Pending	Pending	No changes
GRMU014 ORSA documentation	Yes	Yes	Pending	Pending	No changes
GRMU015 ORSA outcomes	Yes	Yes	Pending	Pending	No changes
REPORTING AND DISCLOSURE					
SREP002 Supervisory reporting and disclosure	Yes	Yes	No	No	No changes
DOCUMENTATION AND FINAL APPLICATION					
DFAD02 Documentation process	Yes	Yes	Pending	Pending	No changes
DFAD03 Design and operational details	Yes	Yes	Yes	Yes	No changes
DFAD04 Theory assumptions, mathematical and empirical basis	Yes	Yes	Yes	Yes	No changes
DFAD05 Circumstances where the model does not work effectively	Yes	Yes	Yes	Yes	No changes
DFAD06 Model change documentation	Yes	Yes	Pending	Pending	No changes
DFAD07 Final application pack	Yes	Yes	Yes	Yes	No changes
GENERAL COMMENTS					
DECLARATION					
We confirm that:					
• The status above properly reflects the current status of progress on all workstreams and all feedback received to date					
• Sufficient evidence to substantiate completion is available for Lloyd's review if required					

# MEASUREMENT AGAINST PRINCIPLES WILL NO LONGER BE USED IN 2014

- ▶ Principles of Solvency II tests and standards introduced in 2013 to allow for delay to the SII timetable
- ▶ Final Guidelines (interim measures) published September 2013
- ▶ Increased certainty that Full Solvency II tests and standards will apply from January 2016
- ▶ But measurement against Principles is no longer appropriate and will not be used in 2014.
- ▶ Focus on Guidelines and Full Solvency II tests and standards in 2014 and 2015

# GUIDELINES - IMPACT ON AGENTS

- ▶ Mapping of Guidelines to Lloyd's SII programme being done in December 2013
  - No additional requirements on managing agents
  - Lloyd's needs to ensure that we are able to demonstrate to the PRA that managing agents are meeting the Guidelines
  - Lloyd's will expect more explicit evidence in some areas, including
    - Technical risk management areas (guidelines 15 – 24 of Systems of Governance),
    - Capital management policy (guideline 31 of Systems of Governance)
    - Medium Term Capital Management Plan (guideline 32 of Systems of Governance)
- ▶ Account managers will discuss with agents on a case by case basis in early 2014 to agree what further evidence and/ or review will be required

**WHERE IS THE MARKET IN TERMS OF PROGRESS AGAINST  
THE FULL SOLVENCY II TESTS & STANDARDS....?**

# FULL SII TESTS & STANDARDS - IMPACT ON AGENTS

- ▶ Renewed focus on Full Solvency II Tests and Standards during 2014 and beyond
  - Increased interaction with Lloyd's and the PRA
  - Lloyd's IMAP submission expected to be made in 2015
  - Managing agents will be expected to be demonstrably meeting full tests and standards by **end 2014**
  - Agents and Lloyd's should be clear on what remains to be resolved before full tests and standards can be met
  - Regular monthly meetings with Account Managers will recommence, and Account Managers will be in touch early in the New Year to discuss individually with agents

**ALL AGENT RATINGS WILL BE REVISITED IN Q1 2014 TO ASSESS  
PROGRESS AGAINST THE FULL TESTS AND STANDARDS**

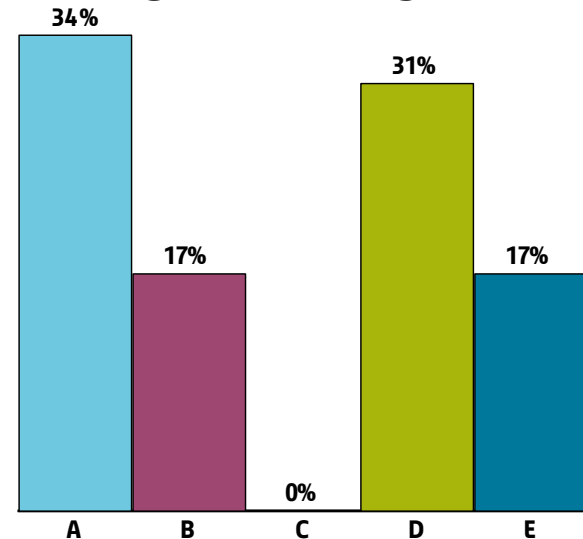
# TABLE DISCUSSION

- ▶ What are the key areas of SII work for your agent in 2014?
- ▶ What kind of resource challenges will you be facing, and how will you resolve these?
  - SII project office?
  - Recruitment?
  - Contractors?
  - Existing staff?
- ▶ What do you see as the key challenges for 2014?

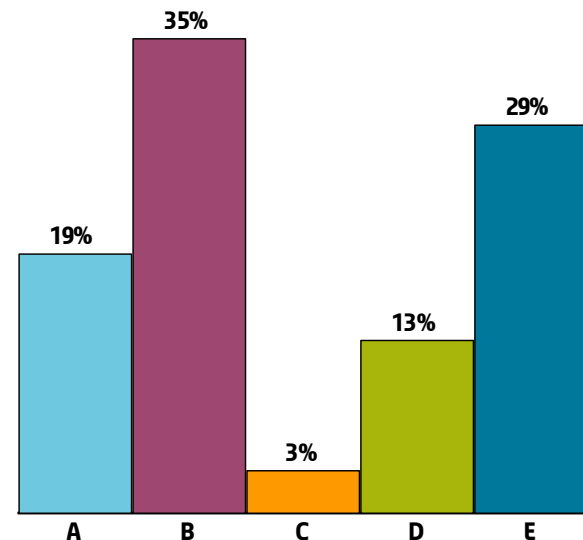
# WHERE ARE THE KEY AREAS OF SOLVENCY II WORK FOR YOUR AGENT IN 2014?

- A. ORSA
- B. Model Change
- C. Calculation Kernel
- D. Validation
- E. Use Test

## WEDNESDAY 11 DECEMBER



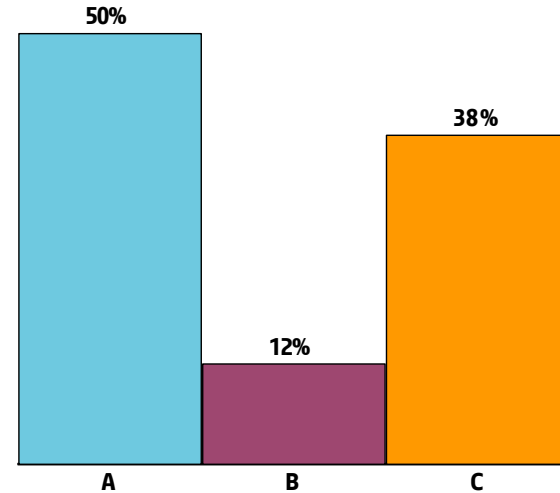
## THURSDAY 12 DECEMBER



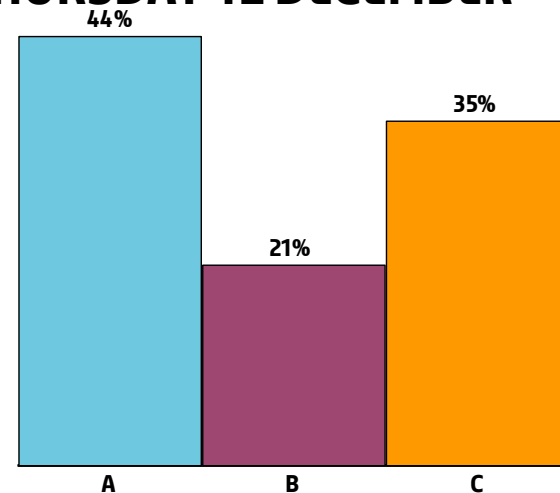
# DO YOU HAVE THE RIGHT LEVEL OF SOLVENCY II RESOURCES FOR 2014?

- A. Yes, we are adequately resourced
- B. No, we will need to make some changes
- C. Not sure yet

## WEDNESDAY 11 DECEMBER



## THURSDAY 12 DECEMBER





# AGENDA

- ▶ Introduction
- ▶ Solvency II update
  - Lloyd's approach
  - Review of October Board attestations
  - Lloyd's approach in 2014 and beyond
- ▶ **Minimum Standards update**
- ▶ Standards Assessments
- ▶ 2014 Guidance & timetable
- ▶ Next steps

# WHY ARE WE REFRESHING THE STANDARDS?

- ▶ One set of standards covering all requirements for Managing Agents
  - A clear framework within which all Managing Agents are expected to operate
  - Consistency in interpretation, presentation and publication
  - Alignment to new Solvency II and PRA requirements

## CURRENT STANDARDS

Claims Management  
Risk Management  
Underwriting Management  
Effective operational processes  
Governance  
Management of investment risk  
Reputation & Brand



## REVISED STANDARDS

Governance  
Internal Model  
Underwriting  
Reinsurance  
Delegated Authorities  
Exposure Management  
Risk Management  
Investment Management  
Claims Management  
Ethics & Compliance



**SOLVENCY II**

# GOVERNANCE STANDARD EXAMPLE



## GROUPING HIGH LEVEL SUBJECT AREA

System of Governance

## SUBJECT BRIEF DESCRIPTION OF THE SUBJECT OF THE REQUIREMENT

Effective System of Governance

## STANDARD

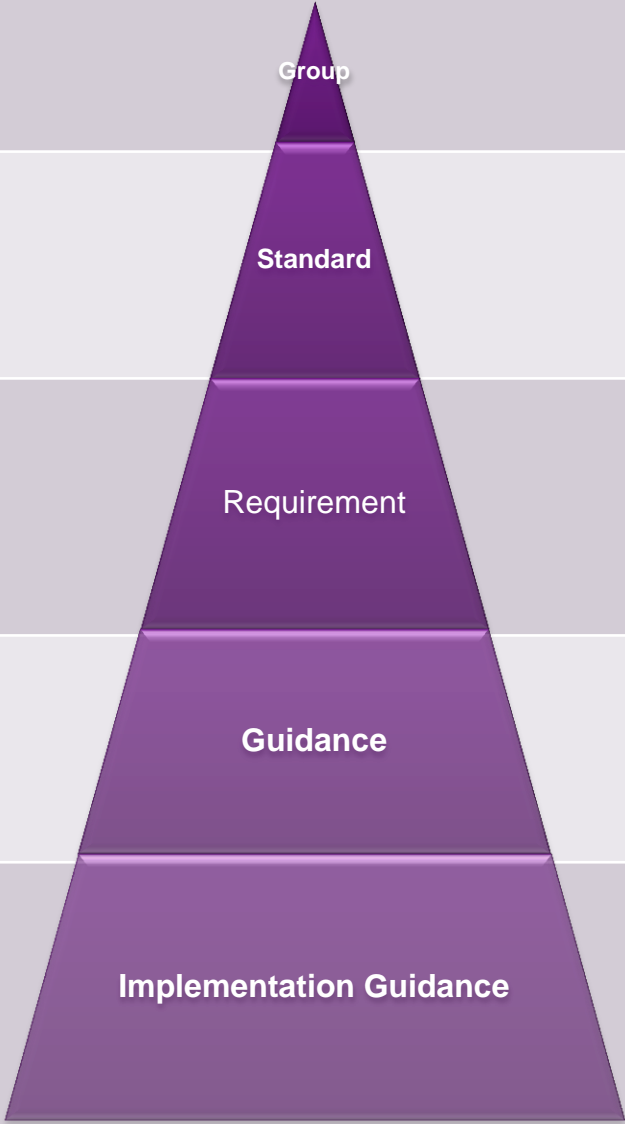
Managing Agents shall have in place an effective system of governance which provides for sound and prudent management of the business.

## REQUIREMENT

### **The system of governance shall:**

- be proportionate to the nature, scale and complexity of the operations of the business
- provide for effective cooperation, internal reporting and communication of information at all relevant levels of the business
- include compliance with the requirements laid down in the SII Framework directive, Articles 42 to 49

# STRUCTURE OF NEW STANDARDS

LEVEL	PURPOSE	EXAMPLE
 <p>Group</p>	<ul style="list-style-type: none"> <li>Groups of standards, generally aligned to Lloyd's technical review teams</li> </ul>	Governance
<p>Standard</p>	<ul style="list-style-type: none"> <li>A brief statement of capability or level of conduct required.</li> <li>It is envisaged that these standards will not change significantly over time.</li> </ul>	"Managing agents shall have an effective risk management function"
<p>Requirement</p>	<ul style="list-style-type: none"> <li>A sub-set of requirements that specifies key areas that must be addressed in meeting the standard.</li> <li>Lloyds will seek positive assurance that each requirements has been met.</li> <li>Envisaged that requirements will evolve over time without the over-riding standard changing.</li> </ul>	"The tasks of the risk management function shall include: monitoring the risk management system"
<p>Guidance</p>	<ul style="list-style-type: none"> <li>Explanation of how Lloyds will assess whether standards have been met.</li> <li>Aimed primarily at compliance &amp; project managers.</li> <li>It is envisaged that this document may change over time in line with changes in requirements.</li> </ul>	Governance Standards Guidance
<p>Implementation Guidance</p>	<ul style="list-style-type: none"> <li>Practical advice and examples showing how agents can address selected problems.</li> <li>Not primarily aimed at helping to meet Lloyd's standards, but it is consistent with them.</li> <li>Aimed at the relevant subject matter expert.</li> <li>It is expected that this guidance will continue to develop as practises &amp; tools evolve.</li> </ul>	Model Change Report Guidance (March 2013)

# UPDATE – STANDARDS PROGRESS

Standard	Standard ready for consultation	Guidance ready for consultation	Sub-Group agreed	Sub-Group review complete	RAC review completed	Issued to market	Market review complete	Consistency review complete	Governance review complete	Published on Lloyds.com
Governance										
Internal Model (Actuarial)										
Internal Model (Non Actuarial)										
Underwriting										
Reinsurance										
Delegated Authority										
Exposure Management										
Risk Management										
Investment Management										
Claims Management										
Brand & Reputation										

# NEXT STEPS

- ▶ All work completed by end Q1 2014
- ▶ Alignment of the Q1 Market consultation
- ▶ Factored in additional approval requirements within Lloyd's prior to release to the sub-groups
- ▶ Limited contingency in a number of plans to hit the Q1 deadline

# AGENDA

- ▶ Introduction
- ▶ Solvency II update
  - Lloyd's approach
  - Review of October Board attestations
  - Lloyd's approach in 2014 and beyond
- ▶ Minimum Standards update
- ▶ **Standards Assessments**
- ▶ 2014 Guidance & timetable
- ▶ Next steps

# STANDARDS ASSESSMENT

- ▶ Existing standards will continue to be owned by their functional teams
- ▶ New standards groups are being created to address SII requirements e.g. qualitative and quantitative internal model
- ▶ Project initiated to map each individual standard to BAU assessment activities
- ▶ Early discussions suggest that BAU review activity falls into 3 main categories:
  - Agent Self-Assessment returns
  - Review of BAU qualitative and quantitative returns e.g. SCR reviews
  - Reviews undertaken where the primary purpose is to assess whether an Agent meets the standards (Effectiveness Reviews)



# MARKET FEEDBACK THEMES – EXPERIENCE OF EXTERNAL REVIEWS

## BENEFITS

- ✓ Focuses Management/Board attention (9 of the 12 tables)
- ✓ Benchmarking against peers (8)
- ✓ Sharing best practice (8)
- ✓ Independent review /Board Assurance (7)
- ✓ Fresh pair of eyes (6)
- ✓ Raises priority of documentation (2)

## VALUE DETRACTORS

### The Reviewer

- ✗ Lack of knowledge about Agent (5)
- ✗ Lack of experience of reviewer (7)
- ✗ Reviewer style (2)

### The Review Process

- ✗ More notice of schedule (4)
- ✗ Cost v benefit, consider how to use minimal resources (4)

### Feedback

- ✗ Timeliness (2)
- ✗ Lack of constructive feedback or clarity on what is required (4)

# NEW GUIDELINES CREATED TO EXPLAIN LLOYD'S CRITERIA FOR A ROBUST STANDARDS REVIEW

- ▶ 2 new sets of guidelines created by Working Group
  - Self-Assessment
  - Effectiveness Reviews
- ▶ Brings together best practice from across Lloyd's
- ▶ Prescriptive in certain aspects to
  - ensure reviewers are clear about what Lloyd's considers robust
  - provide management information for oversight groups
  - promote a consistent approach, look and feel for Agents
- ▶ Allows teams flexibility to tailor approach to their needs and individual Agents where possible

# LLOYD'S VIEWS SELF-ASSESSMENTS AS THE STARTING POINT FOR STANDARDS ASSESSMENT

- ▶ A self-assessment will be completed for each standards group over the next 2 -3 years
- ▶ The main features of the new consistent approach are:
  - Standalone document with no supplementary documentation attached
  - Explains exactly how the Agent meets each standard, lists controls and evidence
  - Satisfactory action plan in place to address all gaps or failings
  - Lloyd's provides a written response to every Agent
- ▶ Further benefits will include:
  - Clear message to every Agent that their Board is responsible for ensuring compliance with the Standards.
  - A consistent, robust approach to this assurance activity for all groups of standards
  - Provide a baseline against which Lloyd's technical teams can test when carrying out further assurance activities
- ▶ Not designed to test the effectiveness of agent processes or controls

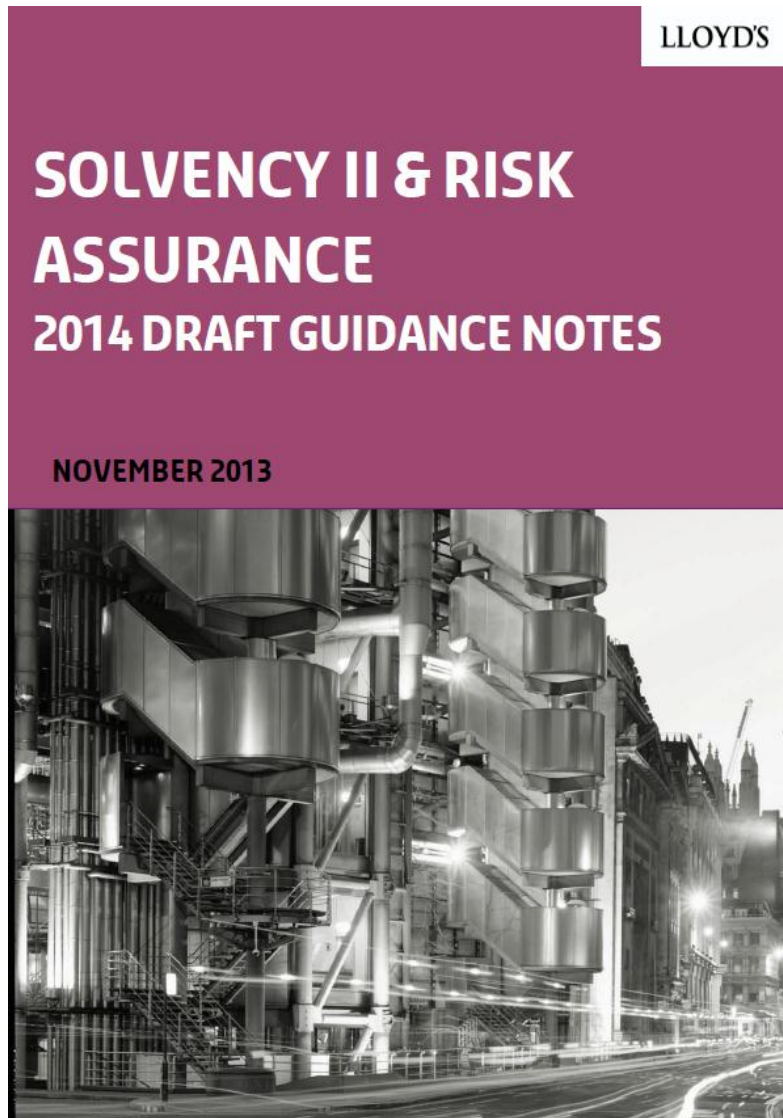
# THE PRIMARY PURPOSE IS TO ASSESS WHETHER AN AGENT MEETS ONE OR MORE OF THE STANDARDS

- ▶ Can be triggered as part of Lloyd's BAU standards review schedule or to investigate syndicate specific concerns or market-wide thematic issues
- ▶ Establish whether an Agent's self-assessment process is robust
- ▶ Identify gaps/ failings and consider consequences for oversight of the Agent
- ▶ The features will include:
  - Minimum 2 person review team including a subject matter expert
  - Scope including assessment plan issued to Agents
  - Assessment phase (design, operation, people and effectiveness)
  - Verbal feedback followed by written draft report, issued to SNP and responsible Director
  - Conclusions supported by rationale and evidence
  - Final report includes action plans to address gaps or failings with agreed timescales to be monitored as BAU

# AGENDA

- ▶ Introduction
- ▶ Solvency II update
  - Lloyd's approach
  - Review of October Board attestations
  - Lloyd's approach in 2014 and beyond
- ▶ Minimum Standards update
- ▶ Standards Assessments
- ▶ **2014 Guidance & timetable**
- ▶ Next steps

# 2014 GUIDANCE NOTES



- ▶ Published 26 November
- ▶ Feedback by Monday 16 December
- ▶ Feedback through your Account Manager or via [solvency2@lloyds.com](mailto:solvency2@lloyds.com)

# 2014 DRAFT TIMETABLE

## KEY DATES FOR 2014

## APPENDIX 2

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
<b>SOLVENCY II QUANTITATIVE SUBMISSIONS</b>	14 January Q4 2013 GQD return		6 March SII Balance Sheet @31/12/13  20 March 2014 SCR Re- assessment  20 March LIM Asset Data @31/12/13	3 April TPD @ 31/12/13  10 April Q1 2014 GQD Return	30 May Standard Formula SCR		(provisional) 3 July Draft SCR via LCR  10 July Q2 2014 GQD Return	21 August SII Balance Sheet @30/6/14	(provisional) 12/19 Sept (aligned/ non- aligned) Final SCR via LCR  25 Sept SREP Annual reporting	9 October Q3 2014 GQD return  (provisional) 30 October LIM Asset Data @30/09/14		
<b>SOLVENCY II QUALITATIVE SUBMISSIONS</b>			27 March ORSA Submission	1 April to 30 May Actuarial Function Report			(provisional) 3 July Voluntary Interim Validation  (provisional) 3 July Model Change Policy & Report		Date TBC Validation Report  (provisional) 19 Sept Model Change Report	30 October Board confirmation of SII status		
<b>SOLVENCY II THEMATIC REVIEW</b>		P&L Attribution & Backtesting								Use test review		
<b>RISK ASSURANCE/ MINIMUM STANDARDS</b>										PMD Underwriting Standards Self Assessment		
<b>WORKSHOPS/ BRIEFINGS</b>	(provisional) 21 & 22 Jan Capital briefing  7 & 8 January	11 & 12 Feb UW stds self assessment + new stds update  25 & 26 February	11 & 12 March Claims Self Assessment feedback  25 & 26 March	1 & 2 April Director Briefing  22 & 23 April	6 & 7 May Validation/ Capital  13 & 14 May	3 & 4 June VBAL/ SREP  24 & 25 June GRMU workshop	1 & 2 July Standards Launch		9 & 10 Sept GRMU min stds & model change feedback	13 & 14 October Director Briefing	24 & 25 Nov VBAL/ SREP  11 & 12 Nov	9 & 10 Dec 2015 Planning

# WHAT'S NEW FOR 2014

- ▶ 2014 plan covers both Solvency II and Risk Assurance
- ▶ In early 2013, Lloyd's introduced a "phasing of Solvency II workstreams"
- ▶ All elements of the Lloyd's programme were categorised as either:
  - A full Solvency II hard requirement: expected to meet SII standards (e.g. SCR)
  - Solvency II soft requirement: should be operational and Lloyd's will review submissions and provide feedback as appropriate (e.g. Validation)
  - Required to current level: expected to meet ICAS, Solvency I, and/ or Lloyd's minimum standards (e.g. Risk Management)
  - Solvency II "slow down": remains "in project (e.g. Pillar 3 reporting)
- ▶ Approach remains appropriate for 2014, but some items move "up" a level:
  - Standard Formula SCR moves from "slow down" to "soft requirement"
  - Data Directory and Data Policy moves from "required to current level" to "SII soft requirement".
  - Profit & Loss Attribution and Backtesting moves from "slow down" to "soft requirement"
- ▶ Pillar 3 Dry run to take place Q3 2014



# PILLAR 3 DRY RUN CONFIRMED FOR Q3 2014

- ▶ Dry run intended to help Lloyd's and agents prepare for Guidelines
- ▶ Quantitative requirements based on Guidelines for annual reporting using December 2013 data
- ▶ No qualitative dry run
- ▶ Agent senior person review for reasonableness expected but no formal Board sign-off
- ▶ Specific dry run support will be provided:
  - Instructions in Spring 2014
  - Agent workshops in June 2014
  - Follow up workshops giving feedback in November 2014
  - Individual feedback to agents Q4 2014

# WHAT'S NEW FOR 2014

- ▶ Minimum Standards Self Assessments
  - The beginning of a cycle of self assessment of all minimum standards spanning 2-3 years
  - Underwriting Standards Self Assessment in October 2014
  - Self assessments will ultimately replace the need for evidence templates
- ▶ **In addition to timetabled submissions as set out in 2014 plan, agents will need to provide evidence as to how/ whether full tests and standards are being met**

# WORKSHOPS IN 2014

- ▶ Solvency II themed workshops as before
- ▶ 2 Directors' Briefings
- ▶ In 2014 we are also including Risk Assurance, including Minimum Standards, workshops into our timetable:

Feb 2014	New Min Standards update
March 2014	Claims Self Assessment Feedback
July 2014	Minimum Standards Launch
September 2014 (provisional)	Underwriting Standards Self Assessments

# TABLE DISCUSSION

- ▶ Any thoughts/ comments on the overall Risk Assurance Framework and Minimum Standards refresh?
- ▶ Lloyd's will need some form of evidence during 2014 of agents' compliance with full Solvency II tests and standards. One way of doing this would be to re-issue the Evidence Templates. Do you have any other ideas about how this evidence could be presented?
- ▶ Feedback/ thoughts on the 2014 Draft Guidance Notes and Timetable

# AGENDA

- ▶ Introduction
- ▶ Solvency II update
  - Lloyd's approach
  - Review of October Board attestations
  - Lloyd's approach in 2014 and beyond
- ▶ Minimum Standards update
- ▶ Standards Assessments
- ▶ 2014 Guidance & timetable
- ▶ **Next steps**

# COMING UP IN Q1 2014...

**JANUARY**

**FEBRUARY**

**MARCH**

Mapping to Guidelines

Rating against **full SII tests and standards**

Capital  
Briefing

Model Change feedback

Review of P&L Attribution & backtesting

ORSA  
submission

Use Test interviews

Market wide consultation on Minimum standards

Claims Self-  
assessment  
feedback

**INCREASED INTERACTION WITH LLOYD'S & PRA**

# WHAT HAPPENS NEXT ?

- ▶ Slides will be made available on [lloyds.com](http://lloyds.com) after both sessions
- ▶ Next scheduled workshop/briefings:
  - Capital briefing January
- ▶ 2014 Timetable and Guidance to be published as final
- ▶ Formal feedback letters from reviews of October attestations
- ▶ Account Managers will be in touch early in the New Year

