

SOLVENCY II VALUATION & BALANCE SHEET AND REPORTING & DISCLOSURE WORKSHOPS

22 & 23 June 2011

Agenda

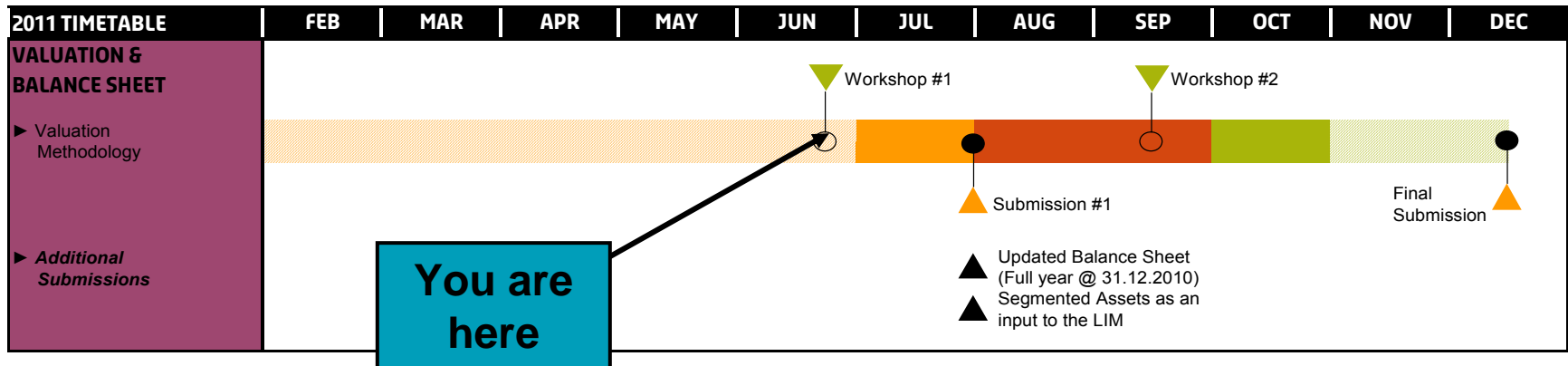
- Introduction and overview of workstreams
- Valuation & Balance Sheet
- Reporting & Disclosure

Table discussions and play back/Q&A

- Next Steps and feedback

INTRODUCTION & OVERVIEW OF WORKSTREAMS

Valuation & Balance Sheet - workflow overview

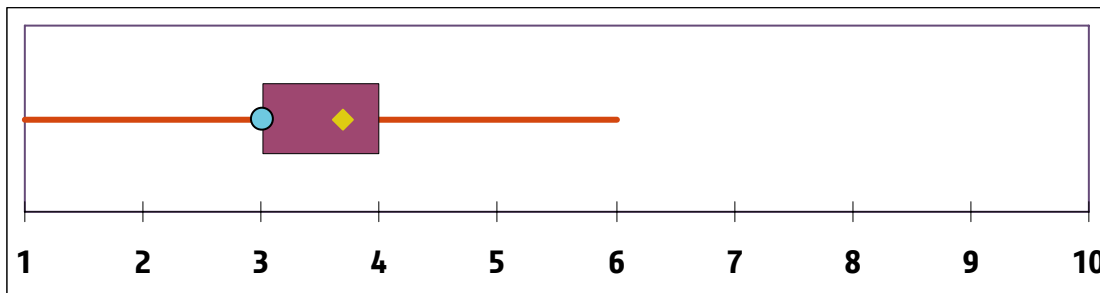


What and when?

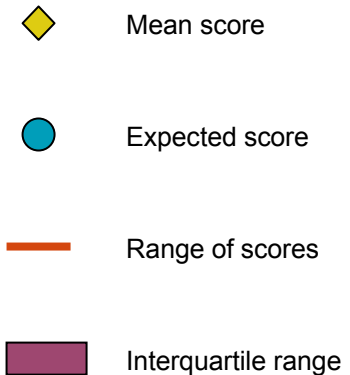
- Documentation of the methodologies and assumptions used in the valuation of assets and liabilities (excluding TPs)
- Evidence template by 29 July 2011
- Updated Balance Sheet as at 31 December 2010 by 29 July 2011
 - Excluding FAL/FIS
- Segmented Assets (Investments) for the LIM by 29 July 2011

First self assessed scores submitted as at Q1 2011

Agent self assessment - Valuation & Balance Sheet

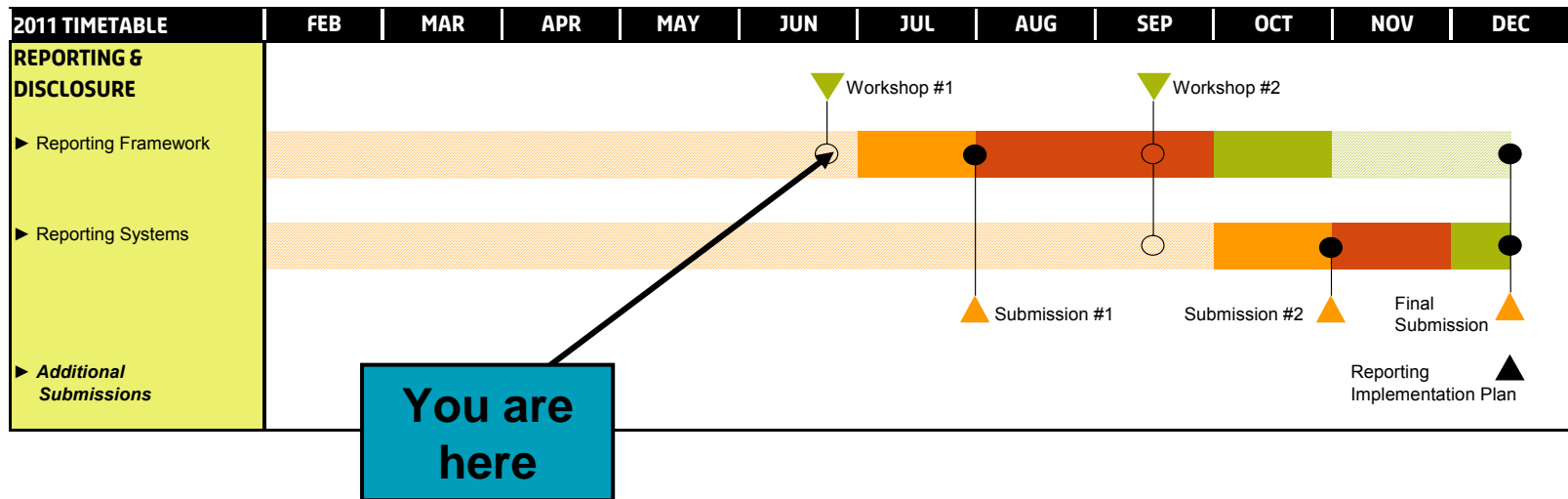


Key



- No significant movement expected as at Q2
- 5-7 scoring band requires completion of QIS5 as at 31.12.10, documentation of process and submission of LIM asset return
- Evidence template due 29 July should support scores and reflect evidence available

Reporting & Disclosure - workflow overview

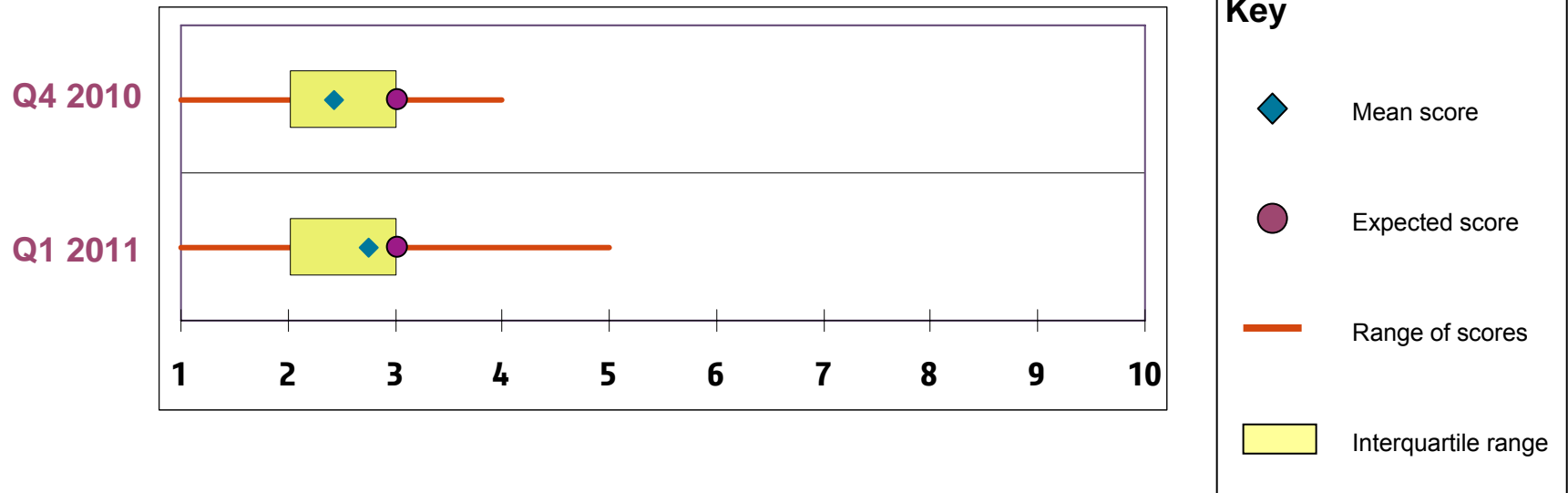


What and when?

- Covers reporting framework, process, systems and data requirements for regulatory reporting
- Evidence template submission 29 July
 - update 31 October
- Reporting Implementation Plan by 16 December 2011

Q1 2011 scores close to Q4 2010

Agent self assessment – Reporting & Disclosure



- No significant movement expected as at Q2
- 5-7 scoring band requires framework and process to be approved and a documented gap analysis

VALUATION AND BALANCE SHEET

Agenda

- **Valuation rules for assets and other liabilities**
- QIS5 rerun – balance sheet
- LIM asset data collection

Valuation of assets and other liabilities is consistent with IFRS

- Current UK GAAP valuation basis is similar to IFRS
 - IFRS9: not all financial investments shown at fair value
 - Long term debtors/creditors would need to be discounted
 - Individual items valued separately
- Premium debtors re-allocated to TPs where future instalments
 - Only *overdue* premiums booked as debtors
- Valuation is based on market consistent approach
 - Mark to market e.g. quoted prices
 - Mark to model - document characteristics of models used and nature of input (should mainly be observable market input)

Other valuation requirements simply build on current procedures

- Adequate systems and controls for valuation
- Documented valuation policies and procedures
- Internal review process
- Skilled and knowledgeable personnel
- 'Four eye' review

Agenda

- Valuation rules for *Assets and Other Liabilities*
- **QIS5 rerun – balance sheet**
- LIM asset data collection

Balance sheet is QIS5 re-run but excluding FAL and FIS

- Required to demonstrate calculation of Solvency II balance sheet
- No qualitative submission requirements
- Complete as at 31.12.2010, for every syndicate in the dry run
- Aggregate amounts *expected* to be the same as in QMA
 - different classifications
- **FAL and FIS must be excluded**
 - Lloyd's will centrally calculate capital charge on FAL/FIS
- Spreadsheet template on lloyds.com: please do not change the format!

Investments - Mapping of QIS5 to QMA

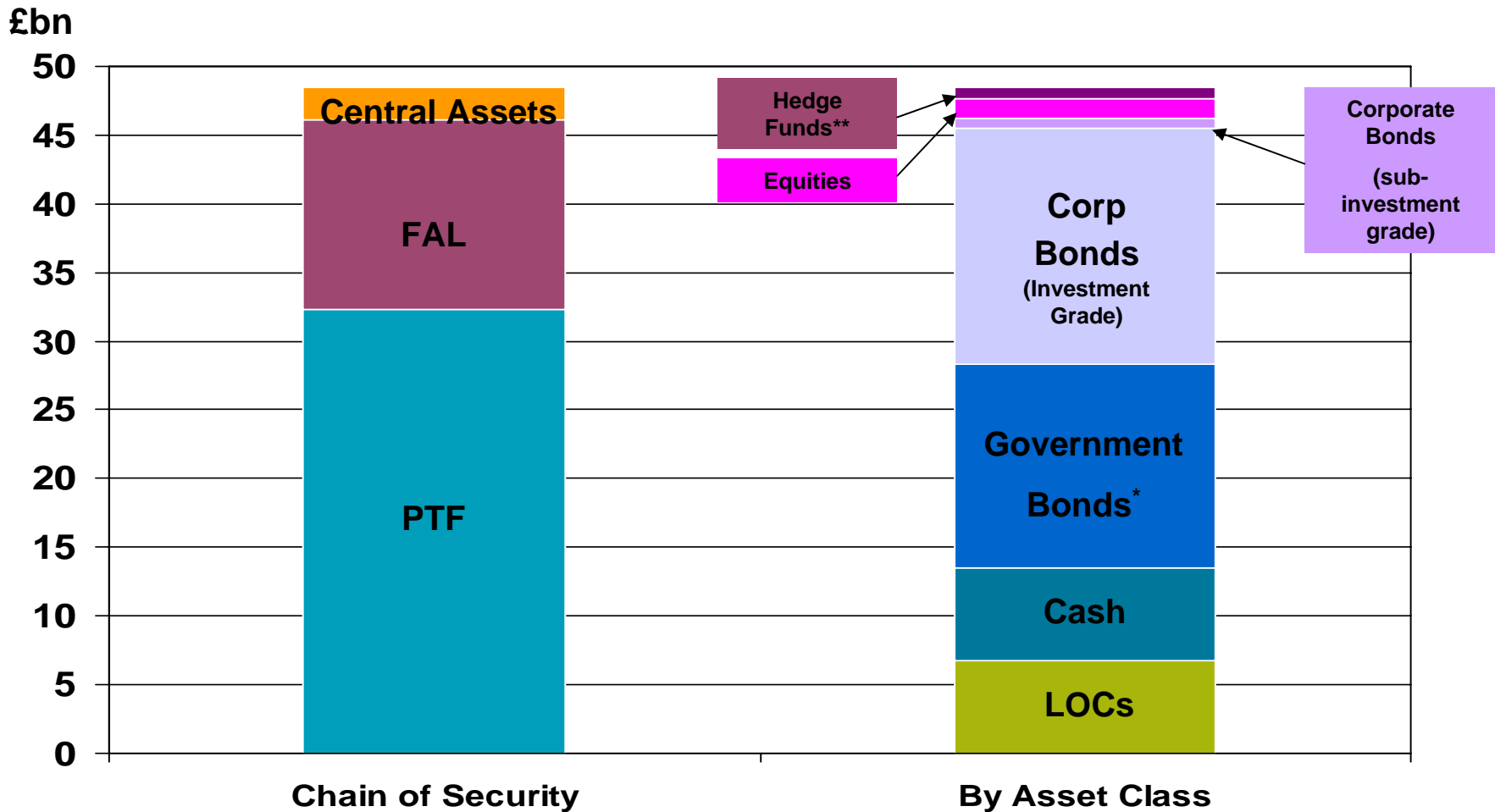
QIS5	QMA2 column C line:
Equities/other shares (other than participations) - listed	1
Equities/other shares (other than participations) - unlisted	1
Bonds - Government and multilateral banks	2, 6 & 24
Bonds – Corporate (asset backed securities)	2, 4, 6 & 24
Bonds – Corporate (other)	2, 6 & 24
Structured notes	7
Investment funds	1 & 3
Derivatives	7
Long term bank deposits	5
Other investments	4 & 7
Cash and cash equivalents	1, 3, 5, 6, 23 & 24
Short term bank deposits	5

See Appendix for reverse mapping

Agenda

- Valuation rules for *Assets and Other Liabilities*
- QIS5 rerun – balance sheet
- **LIM asset data collection**

Syndicate asset dispositions are key to assessing overall market risk



•Includes government agencies and supranationals

** Includes hedge funds, alternative and other assets

Source: Lloyd's Treasury & Investment Management, as at 31 December 2010

The return provides syndicate asset dispositions for use by the LIM

- Attribution purposes
- Syndicate SCR benchmarking purposes
- Existing QMR data is not sufficient for these purposes
- We require dispositions as at 31 December 2010...
- *...unless you expect them to change materially by 31 December 2012*
- Participations in overseas trust funds are pre-populated

We will use 'bucketed' data in the LIM, but you can input by security if you prefer

EITHER PROVIDE SECURITY LEVEL DATA WHICH CAN BE BUCKETED BY LLOYD'S...

FINANCIAL INVESTMENTS - ACTUALS AS AT 31 DEC 2010

Syndicate/Member No	Security ID	Issuer Name	Asset Class	Credit Rating	Currency	Duration Bucket	Market Value (GBP)	No of Counterparties
999	CA24422ZCQ33	Deere & Co	Corporate	A	CAD	1-2	44,070	
999	CA39191ZAE93	Greater Toronto Airports	Corporate	A	CAD	1-2	50,030	
999	CA748148BG75	Province of Quebec	Corporate	A	CAD	1-2	175,622	

Syndicate/Member No	Security ID	Issuer Name	Asset Class	Credit Rating	Currency	Duration Bucket	Market Value (GBP)	No of Counterparties
999			Corporate	A	CAD	1-2	269,721	3

... OR AGGREGATED DATA USING THE BUCKETS PROVIDED

Note: use Modified Duration

Note: bond with duration of 1.0 should be entered in 1-2

Total assets must reconcile to 2010YE QMA returns, except for...

Instructions

Syndicate No (same format as per QMRs) or Member No (for Funds in Syndicate only)

999

Reconciliation

Investment information provided on actuals as at 31 December 2010 is required to be validated and should reconcile with the year end accounts

31/12/2010

Syndicate Investments

Financial Investments (as per line 19 + line 54 from QMA 201)

169,383,902.88

Cash (as per line 52 + 53 from QMA 201)

100,000.00

Syndicate Total

169,483,902.88

Do you have Funds in Syndicate (FIS)?

No

Are FIS investments commingled with syndicate investments?

No

If yes, investments do not need to be pro-rated between member and syndicate

If no, please submit a separate return for the Member on FIS investments

FIS Investments

Financial Investments (as per line 19 from QMA 202)

Cash (as per line 52 from QMA 202)

FIS Total

-

Validation Check (should be zero)

VALIDATION CHECK WILL
EQUAL ACCRUED
INTEREST ON OVERSEAS
TRUST FUNDS (OR ZERO)

- 741,440.11

...accrued interest on overseas trust funds, which can be found here

Microsoft Excel - LIM_Investments_-_Syndicate_999.xls

File Edit View Insert Format Tools Data Window Lloyd's Help Bloomberg Adobe PDF

Type a question for help

85% Arial 10 B I U

AC1 Accrued Interest Value (GBP)

	A	B	C	AB	AC	AD
	Date	Trust Fund	Security Description	Capital Value (GBP)	Accrued Interest Value (GBP)	Total Market Value (GBP)
2	31/12/2010	Australian JATF(1)	ACGB 6.25 06/15/14 GOVT	2808550.097	7495.617918	2816045.715
3	31/12/2010	Australian JATF(1)	ACTB 0 02/25/11 GOVT	3147344.801	0	3147344.801
4	31/12/2010	Australian JATF(1)	ACTB 0 03/25/11 GOVT	313641.9455	0	313641.9455
5	31/12/2010	Australian JATF(2)	ACTB 0 02/25/11 GOVT	386834.9381	0	386834.9381
6	31/12/2010	Australian JATF(2)	ACTB 0 03/25/11 GOVT	1556416.379	0	1556416.379
7	31/12/2010	Australian JATF(2)	ANZ 6.5 11/08/11 CORP	147177.5426	1389.886028	148567.4287
8	31/12/2010	Australian JATF(2)	BAC 6.75 09/09/13 Corp	82794.21066	1775.774505	84569.98516
9	31/12/2010	Australian JATF(2)	BACR 0 08/13/12 CORP	93522.79227		
10	31/12/2010	Australian JATF(2)	BACR 0 08/17/15 Corp	105570.816		
11	31/12/2010	Australian JATF(2)	CBA 0 07/14/14 CORP	161936.5874		
12	31/12/2010	Australian JATF(2)	EDC 5.25 08/10/15 Corp	168908.7737		
13	31/12/2010	Australian JATF(2)	GE 7 10/08/15 Corp	99592.2276		
14	31/12/2010	Australian JATF(2)	GS 6.1 04/12/11 CORP	146001.4478		
15	31/12/2010	Australian JATF(2)	HBS 0 07/16/14 CORP	53607.23517		
16	31/12/2010	Australian JATF(2)	INTNED 0 06/24/14 CORP	100525.5111		
17	31/12/2010	Australian JATF(2)	INTNED 5.75 08/28/13 CORP	139824.3169		
18	31/12/2010	Australian JATF(2)	INVE 6.25 12/03/14 CORP	53259.66412	255.3610311	53515.02511
19	31/12/2010	Australian JATF(2)	JPM 0 12/07/12 CORP	143594.7902	519.7472962	144114.5375
20	31/12/2010	Australian JATF(2)	KFW 5.75 05/13/15 Corp	91789.77813	707.9499688	92497.7281
21				154946.4269	3950.132541	158896.5594
22				99814.94117	1230.351746	10104.2929
23				59612.33385	440.179241	60052.51309
24				66341.4421	152.6326329	66494.07473
25				213466.3902	4198.326474	217664.7167
26				211423.6307	3155.513781	214579.1445
27				33325.12887	54.74866182	33379.87753
28				222292.3828	2698.014054	224990.3969
29				113437.1608	1278.198758	114715.3595
30				109285.3169	712.8408493	109998.1578
31				100684.0891	758.5178237	101442.6069
32				159745.9263	428.4331645	160178.2594
33	31/12/2010	Australian JATF(2)	TASCOR 5.5 06/23/14 CORP	262844.0113	321.1924123	263165.204
34	31/12/2010	Australian JATF(2)	WATC 7 04/15/11 CORP	173515.5152	2555.335724	176070.851

Actuals 311210 Forecast 311212 Derivatives & Comments Bank Counterparties OTF Valuation 311210 OTF Security Data 311210

Sum = 741440.106 NUM

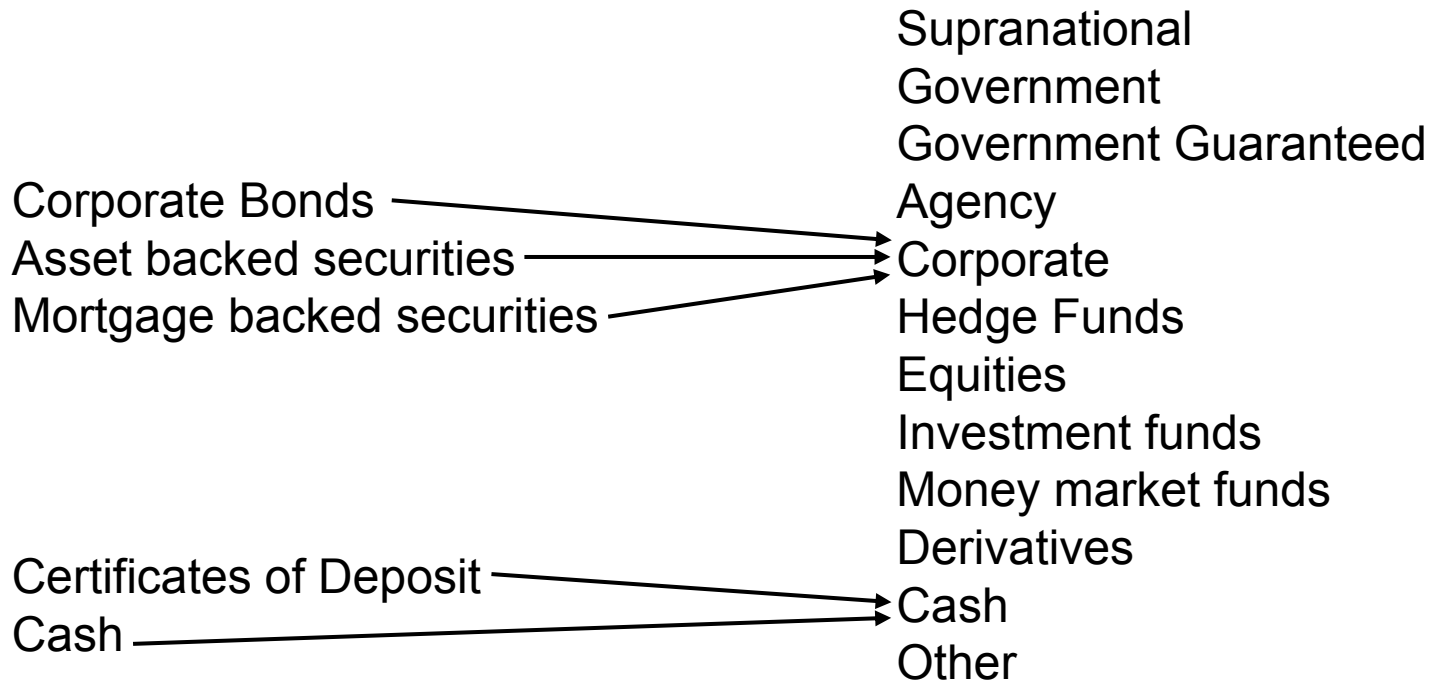
USING THE HIDDEN TAB
"OTF SECURITY DATA
311210"

TOTAL ACCRUED
INTEREST ON OVERSEAS
TRUST FUNDS (SUM OF
COLUMN AC)

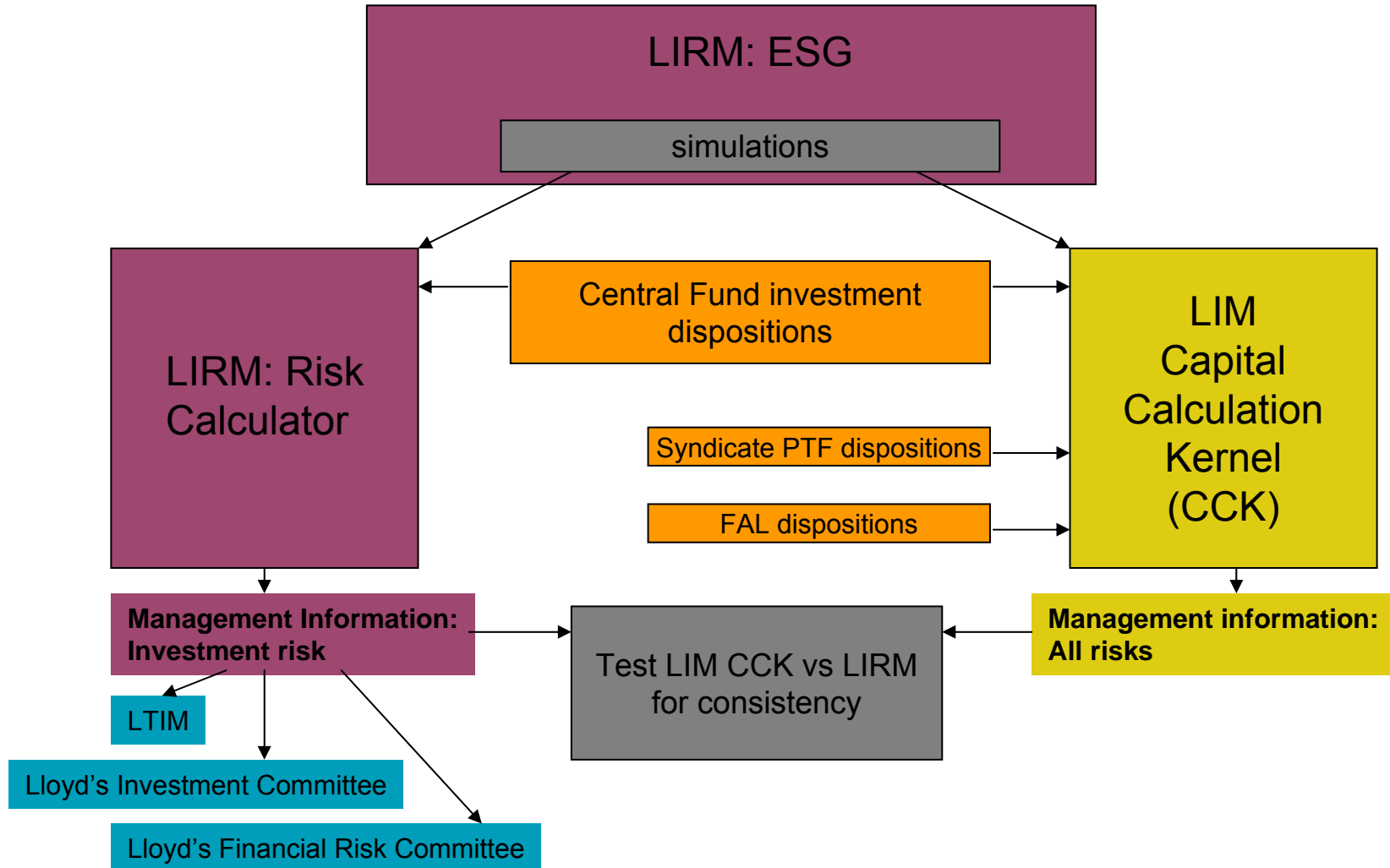
All asset types must be mapped to a limited number of asset classes in the spreadsheet

Syndicate investments

Asset Classes in spreadsheet



The LIM will combine asset (and liability) disposition data with ESG modelling to calculate market risk



We have received a number of queries from agents...

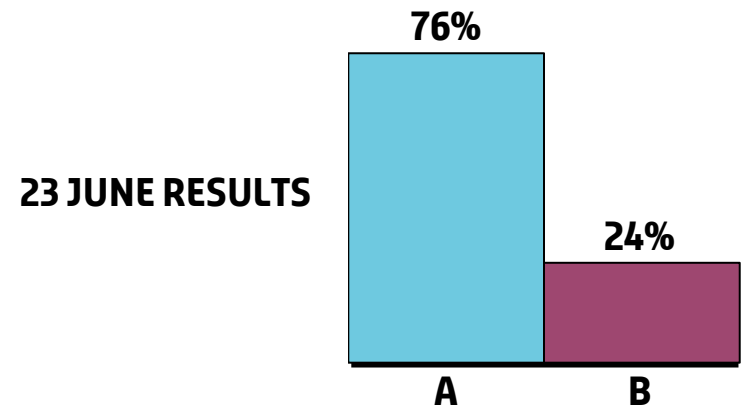
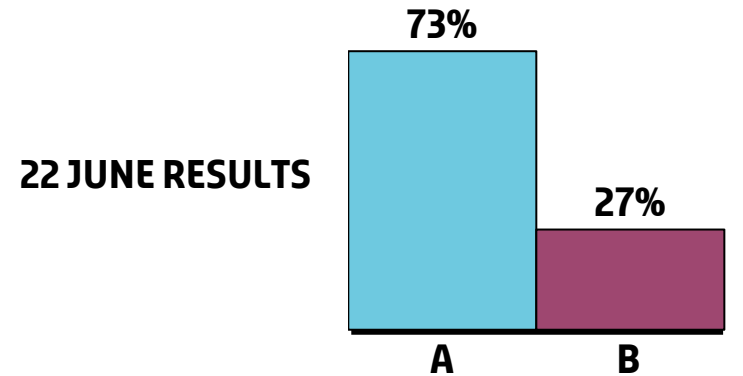
- Should I complete the 2012 forecast information?
- Does the data being collected in this exercise reflect the asset granularity required for internal models generally?
- For further information please contact Debbie Sallas at treasuryanalysis@lloyds.com

...and we have a question for you

- We will need to collect similar data periodically in future. How should we design this process?
- Is it easier for you to provide:

A. security level data ?

B. bucketed data ?



REPORTING AND DISCLOSURE

Agenda

- **Pillar 3 at Lloyd's – logistics and technical issues**
- Reporting framework, process and gap analysis
- Syndicate 999 – worked example
- Next steps

How will Pillar 3 work at Lloyd's?

- Lloyd's submits aggregate **quantitative** returns to FSA:
 - Solvency and Financial Condition Report (SFCR)
 - Regular Supervisory Return (RSR)
 - Quantitative Reporting Templates (QRT)
- Based on an aggregation of syndicate QMAs and Lloyd's central data
 - No syndicate submissions to FSA
 - FSA may request sight of syndicate level information
- A separate Solvency II QMA return
 - XBRL reporting requirements will affect Lloyd's, not syndicates

Some extra qualitative information at syndicate level (other than ORSA)

- Syndicates will need to meet Article 35
 - System of governance
 - Description of the business carried out
 - Valuation principles applied for Solvency purposes
 - Risks faced and risk management systems
- Likely to be collected through standardised template as part of 31 December Solvency II QMA

Reporting on commencement of Solvency II

- As at 1 January 2013:
 - Opening financial statement of assets and liabilities - in accordance with Solvency II valuation principles
 - For each material class of assets and liabilities – qualitative explanation of the major differences between the opening financial statements and Solvency I (as per QMA)
 - Expected to be generic and Lloyd's will issue guidance
 - SCR
- This must be submitted no later than 8 weeks after 31 December 2012

Much tighter deadlines for agents and Lloyd's...

Annual

- Agents: 12 weeks for 2013 reducing to 8 for 2016+*
- Lloyd's: 20 weeks for 2013 reducing to 14 by 2016+
- First report as at 31 December 2013

Quarterly (inc Q4)

- Agents: 5 weeks for 2013 reducing to 3 for 2016+*
- Lloyd's: 8 weeks for 2013 reducing to 5 by 2016+
- First report as at 31 March 2013

* *Provisional timings*

..with transitional timings

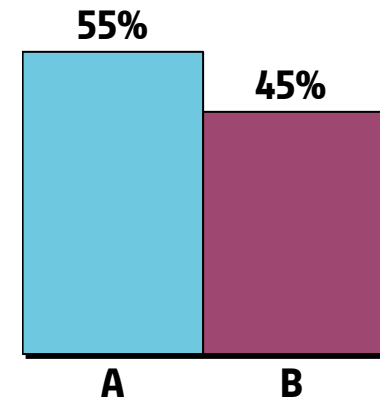
How will reporting by currency work?

- Solvency II requires reporting by material currency
- Currency materiality will be set at Lloyd's level for consistent reporting:
 - 95% of assets and liabilities in aggregate
 - asset/liability mismatch of more than 2% of total
 - 90% of technical provisions in aggregate
- We think that collection in GBP, USD, EUR, CAN, AUD and OTHER will suffice – but need to test this
- Material currencies at syndicate level – additional reporting requirements
- 'One off' summarised balance sheet by currency – due in 29 July 2011 with QIS5 rerun

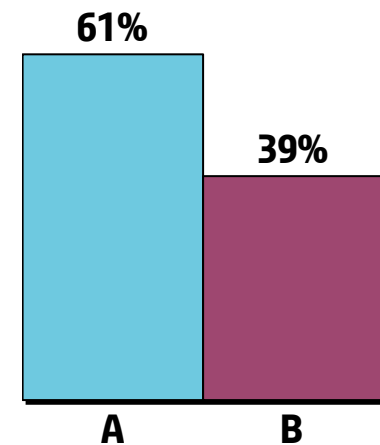
Which basis of currency reporting would you prefer?

- A. All returns at lowest level of granularity (6 + 1?)
- B. Returns aggregated where possible

22 JUNE RESULTS



23 JUNE RESULTS



Completion of the summarised balance sheet

SUMMARISED BALANCE SHEET BY CURRENCY

(All amounts converted to GBP and in currency units)

	USD	GBP	EUR	CAD	AUD	OTHER	TOTAL
Assets							0
Balance due (to)/from Members							0
Gross Technical Provisions							0
Other Liabilities							0

- Figures to be reported 'pure' by currency
- Figures as at 31.12.2010 and agree to QMA
- Include RITC accepted from another syndicate so we get complete market data

Underwriting year v accident year

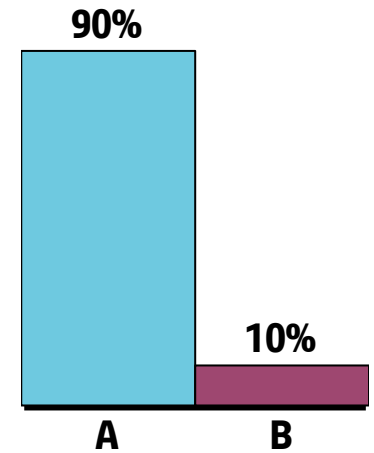
- EIOPA options are to:
 - Mandate a basis for all insurers
 - Allow the national supervisor to mandate for all undertakings
 - Allow the insurer a choice
- Will be clarified in Level 3
- Latest draft indicates all three approaches are on the table
- Lloyd's supports the 'undertaking choice' option but would then propose to mandate 'underwriting year' for all syndicates

But is that the right approach?

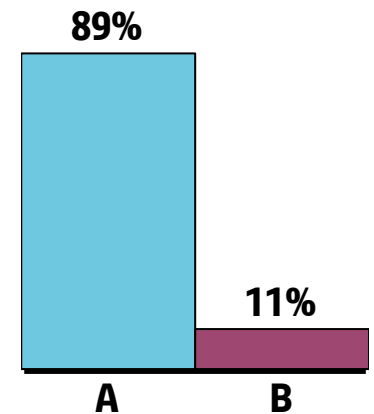
What basis of reporting would you prefer?

- A. Underwriting Year
- B. Accident Year

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UK GAAP will be replaced by IFRS...

- ASB Exposure Draft 'Future of Financial Reporting'
- 'Publicly accountable entities' to use IFRS:
 - Lloyd's
 - Syndicates
- When?
 - ASB propose financial periods starting 1 July 2013 (ie 2014 interims and year end)
 - We say for insurers, wait until IFRS Phase II is implemented...

...and our preference is to adopt when IFRS Phase II is ready

... but when will that be?

- IASB issued ED late 2010
- Lots of contention and still much work to be done
 - We support flexibility in application of modified approach
- IASB now aiming to issue final standard late 2011
- So...
- Unlikely to be before 2015

IFRS Phase II has some similarities to Solvency II...

- Best estimates – probability weighted estimate of future cash flows
- Discounting
- Risk margin



International
Accounting Standards
Board®



... and some differences

- Scope
- Risk margin – method
- Residual margin
- Diversification – portfolio level v entity level
- Expenses
- Unbundling
- Short-duration contracts

Financial and solvency accounting are not the same – just like now!

When will we know more?

- The story so far:
 - Level 2: CP58 issued July 2009, final advice Nov 2009, latest level 2 text issued early 2011
 - Level 3: EIOPA informal pre consultation during 2010 and 2011
 - Lloyd's distributed draft reporting templates and high level guidance Oct 2010
- Road to finalisation:
 - EIOPA public consultation on templates late 2011
 - Lloyd's issues updated draft QMA forms and detailed instructions Dec 2011
 - Omnibus II finalised early 2012
 - Level 2 (confirmation of deadlines) finalised Spring 2012
 - Level 3 (templates, content, audit requirements) finalised Summer 2012

Agenda

- Pillar 3 at Lloyd's – logistics and technical issues
- **Reporting framework, process and gap analysis**
- Syndicate 999 – worked example
- Next steps

Reporting Framework covers Policy, Controls...

- Reporting policy
 - Governance procedures
 - Responsibilities
 - Timeframes
 - Materiality principles
- Controls process
 - Documentation of controls in place eg segregation of duties
 - Who reviews these controls?
 - Remediation process for controls weaknesses

...and Review

- Review process
 - Documentation of the review process
 - Details of people responsible for the review
 - Escalation process in case of issues

Addressing the reporting process

- Reporting process
 - Documentation of the “as is” process and new process
 - How does the new process meet SII reporting requirements?
- Meeting accelerated reporting timelines
 - Early cut-off
 - Estimation
 - Controls in place to ensure appropriate reporting

Gap analysis must cover quantitative, qualitative, data sources and remediation

- Use current EIOPA templates (quantitative) and current RSR (qualitative)
- Source of data and method of sourcing
- Remediation plan

Example of a gap analysis format

Template	Template title	Source of data and method of sourcing	Link to detailed gap analysis where required
BS-C1	Balance Sheet	<p>Source of data will mainly be:</p> <ul style="list-style-type: none">•Finance team for the non-technical balances•Actuarial team for the technical balances <p>In the case of non-technical balances, the general ledger has been coded to ensure that the accounts matrix can provide Solvency II balances.</p> <ul style="list-style-type: none">•Provide details of how technical balances will be met	

Agenda

- Pillar 3 at Lloyd's – logistics and technical issues
- Reporting framework, process and gap analysis
- **Syndicate 999 – worked example**
- Next steps

Syndicate 999 – reminder of characteristics

- Gross premium income = £350m
- ICA = £200m
- Net claims reserves = £500m
- Four main classes of business
- Managing agency of Syndicate 999 has an overseas parent and a mix of corporate and private capital providers
- Board consisting of 4 Execs, 2 INEDs, 1 Group NED
- Dry run RAG status = Amber (on track)

Active preparations by Syndicate 999 on governance...

- Established Pillar 3 'Reporting and disclosure' workstream within its Solvency II programme
- Workstream leader, as for other workstreams, reports to Solvency II programme director
- Pillar 3 working group established; participation from Finance, Actuarial, Underwriting, Claims and Internal Audit teams
- Workstream output subject to independent review by Internal Audit

...and activities...

- Reviewed draft QMA templates issued by Lloyd's Oct 2010 in detail compared with current requirements and have performed gap analysis
- Reporting policy document drafted and reviewed by Internal Audit
- Finance team job profiles and Board reporting timetables updated
- Solvency II data & reporting requirements discussed with outsourced IT provider
- Regular meetings held with investment managers to discuss asset reporting
- Outline reporting timetable to Lloyd's and holding company under Solvency II prepared

...even though final framework is uncertain

Year end timetable...*

30 Nov	Cut off and early close. Completion of full Q3 reserving exercise
14 Jan (2 wks)	Adjustments made for significant developments in December from early close at 30 Nov. Review of claims and premium movements rolled forward from September estimates Management accounts provided to overseas holding company
28 Jan (4 wks)	Results drafted and presented to Board and holding company
1 Feb	Audit starts
11 Feb (6 wks)	Final adjustments to returns made
25 Feb (8 wks)	QMA (non Solvency II part) signed off by Board and submitted to Lloyd's
25 Feb (8 wks)#	QMA signed off by Board and submitted to Lloyd's
18 Mar (11 wks)	Submit syndicate annual report to Lloyd's

* *Extract*

Will be later for 2013 to 2015 year ends

...and quarter end (31 Mar)*

28 Feb	Cut off and early close.
31 March	Quarter end. Adjustments made for significant developments during March, in first week of April
7 April (1 wk)	High level review of paid and incurred actual development in Q1 against expected based on y/e reserves. High level review of premium estimates rolled forward from Feb close Results drafted and presented to Board and overseas holding company
21 April (3 wks) #	Final adjustments to QMA (Solvency II) made. Return signed off by Board and submitted to Lloyd's
25 May (8 wks)	Final adjustments to QMA (remainder) made. Return signed off by Board and submitted to Lloyd's

* *Extract*

Will be later for 2013 to 2015 quarter ends

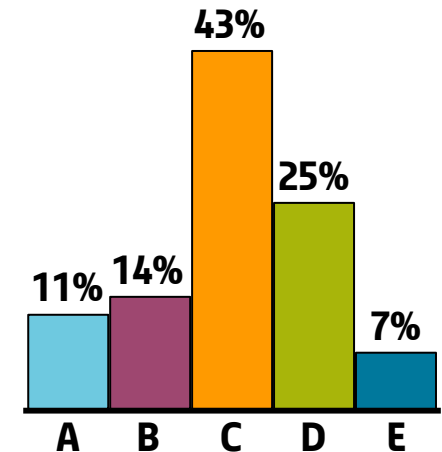
Syndicate 999 – Evidence Template extract

CEIOPS' Advice Requirement	Explain how the final requirement has been met / progress to date	Evidence available & Type
<p>Agents should have a reporting policy. The written policy, which shall be approved by the administrative, management or supervisory body, shall ensure that the disclosure requirements are completed within the timeframes established hence the written policy shall set out deadlines for completion of the various drafting components of the process and allow sufficient time for review and approval by the administrative, management or supervisory body before publication.</p>	<p>All requirements for reporting have been considered in our reporting policy document. This was reviewed by our Internal Audit department in May. This has been provided to the Board in draft format and the Board will sign off once the final reporting and disclosure requirements have been advised, with any amendments required to the policy having been reviewed by Internal Audit first.</p>	<p>Document: Reporting Policy V3 dated 20 May 2011</p> <p>System: ITA - Advanced syndicate accounting system 3.2</p> <p>People: FD - XX Syndicate Accountant - XX</p>
<p>The written policy shall ensure that the agents have appropriate governance procedures and practices in place so that the information reported to Lloyd's is complete, consistent and accurate.</p>	<p>The Risk Management function is responsible for the governance process for reporting. We have defined, "complete", "consistent" and "accurate" for these purposes. The Board signed off the governance document at its meeting on 1 June 2011.</p>	<p>Document: Reporting Governance Framework Document dated 25 May 2011 and approved by the Board on 1 June 2011. This will be inserted into the Reporting Policy document as Chapter 3 (currently pages 28 to 33) once the Reporting Policy is finalised and approved by the board in 2012.</p> <p>People: Head of Risk Management XX</p>
<p>The written policy shall also ensure that the reporting requirements are completed within the time frames established by Lloyd's.</p>	<p>Role profiles of both the FD and Syndicate Accountant have been updated to include responsibility for meeting the SII reporting timelines. The TORs of the Board to be updated to include the sign off of the submissions within the new timeline. The secretary for the Board is currently scheduling the appropriate Board meeting for 2013 to meet these requirements.</p>	<p>People: FD - XX Syndicate Accountant - XX</p> <p>Process: Secretary to the Board arranging 2013 Board meeting within Solvency II timeframe. Confirmation of meeting times and dates can be provided once established (completion expected end August).</p> <p>Document: Extract of FD and Syndicate accountant role profile Board TORs</p>
<p>Regarding the quantitative reporting templates, agents are expected to develop within their reporting policy a stable internal system through which they are able to accurately complete the quantitative reporting templates requested.</p>	<p>We are using the iTA - advanced syndicate accounting system which is a used by a number of agents across the Market. We have discussed with the provider a number of data issues that Solvency II creates and an update of the system was rolled out in April 2011. We are reviewing the output to automate as many of the feeds into the expected data returns to Lloyd's. Internal Audit are providing an overview assurance process.</p>	<p>System: ITA - Advanced syndicate accounting system 3.2</p> <p>Documentation: Data flow diagrams and output mapping to expected Lloyd's returns</p> <p>People: Head of Business Intelligence - XX</p>

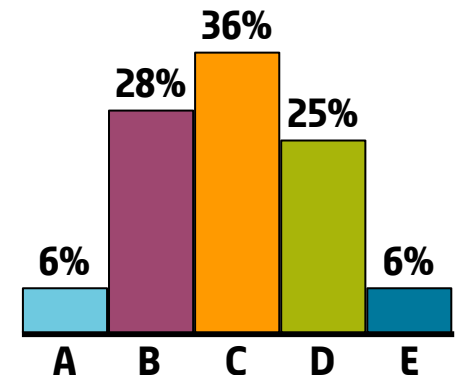
On the basis of the evidence provided and progress made, where would you score Syndicate 999 on reporting and disclosure?

- A. 3 or less
- B. 4
- C. 5
- D. 6
- E. 7 or more?

22 JUNE RESULTS



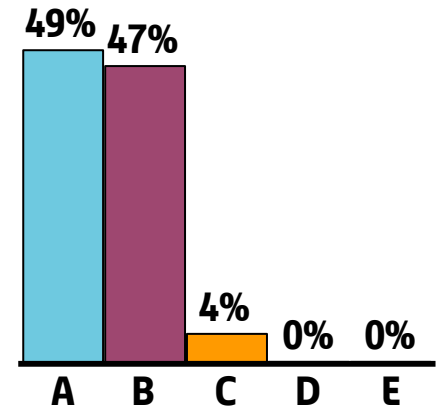
23 JUNE RESULTS



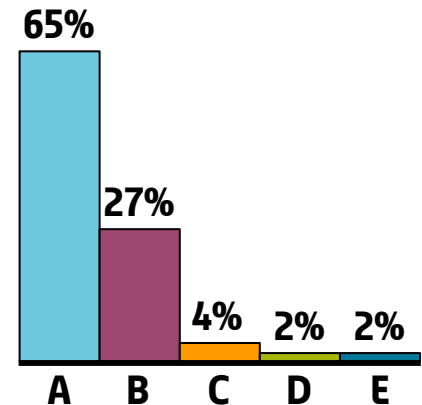
What is YOUR biggest concern about Pillar 3?

- A. Uncertainty over final requirements
- B. Deadlines
- C. Lloyd's specific requirements
- D. Asset reporting
- E. Anything else

22 JUNE RESULTS



23 JUNE RESULTS



Agenda

- Pillar 3 at Lloyd's – logistics and technical issues
- Reporting framework, process and gap analysis
- Syndicate 999 – worked example
- **Next steps**

Next steps

- 29 July Currency return
- 29 July Evidence template (current status)
- 26 August Lloyd's issues reporting implementation plan guidance
- 14/15 Sept Workshops: Reporting systems and data requirements
- 31 Oct Evidence templates (current status)
- 16 Dec Evidence templates (final) and reporting plan
- 16 Dec Lloyd's issues updated pro forma syndicate return and full instructions

DISCUSSION TIME

Suggested topics for discussion:

Valuation & Balance Sheet

- Segmented investment analysis report
- Valuation processes and procedures

Reporting & Disclosure

- Dealing with the accelerated reporting timetables
- Early closing and use of estimates
- Investment analysis – position level data
- Currency reporting
- Underwriting year v accident year

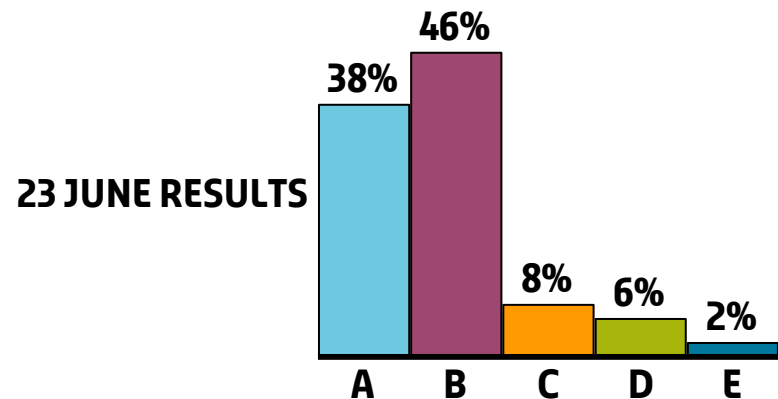
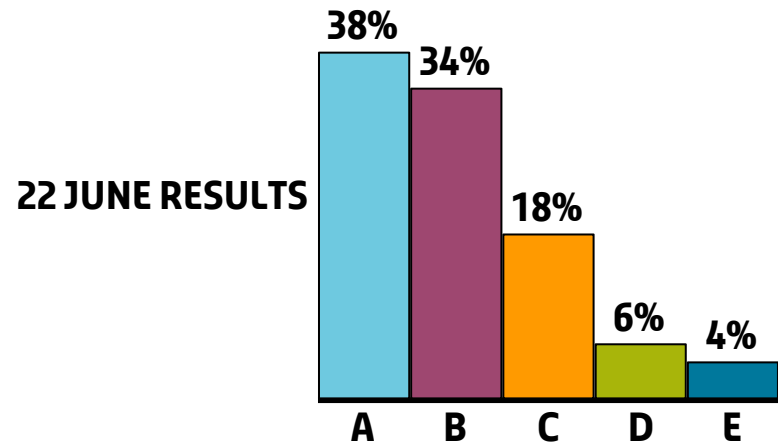
ROUND UP AND QUESTIONS

What happens next?

- Slides will be made available on lloyds.com after both workshops
- Evidence templates available for both workstreams via website
- LIM asset return submission template issued by email
 - Queries to treasuryanalysis@lloyds.com or solvency2@lloyds.com
- Next workshops on these topics 14 & 15 September
- Other upcoming sessions
 - Model Validation 4/5 July
 - Documentation and Final Application 19/20 July
- A plea to pass on – please mark changes in resubmissions of evidence templates due 30 June
- Before you go, a request for feedback ...

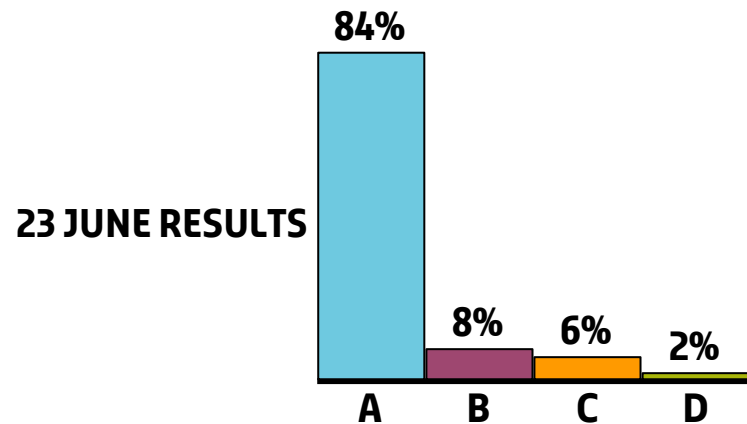
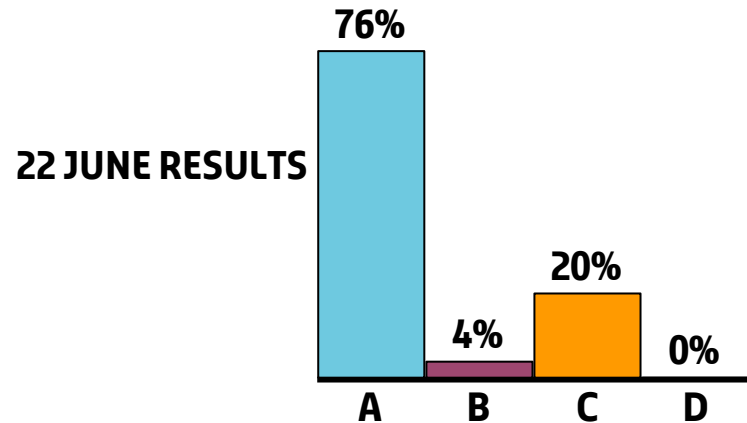
How useful have you found today's session?

- A. Very useful and provided helpful practical guidance and clarification
- B. More detailed guidance and worked examples would have been helpful
- C. We have clear views on Lloyd's expectations for these workstreams
- D. Greater detail needed on format and timing of Lloyd's reviews
- E. Not very useful



How have you found format of today's workshop?

- A. It was a good balance between presentation and discussion
- B. Would prefer less presentation and more discussion
- C. Would prefer less discussion and more presentation
- D. Other



APPENDIX

(INVESTMENTS – MAPPING OF QMA TO QIS5)

Investments - Mapping of QMA to QIS5 (1)

QMA2 column C	QIS5
Shares and other variable yield securities	<ul style="list-style-type: none"> •Equities/Other shares - listed •Equities/Other shares – unlisted •Investment funds •Cash and cash equivalents
Debt securities and other fixed income securities	<ul style="list-style-type: none"> •Bonds – Government and multilateral banks •Bonds – Corporate (asset backed securities) •Bonds – Corporate (other)
Participation in investment pools	<ul style="list-style-type: none"> •Investment funds •Cash and cash equivalents
Loans with credit institutions	<ul style="list-style-type: none"> •Bonds – Corporate (asset backed securities) •Other investments

Investments - Mapping of QMA to QIS5 (2)

QMA2 column C	QIS5
Deposits with credit institutions	<ul style="list-style-type: none"> • Long term bank deposits • cash and cash equivalents • short term deposits
Overseas deposits as investments	<ul style="list-style-type: none"> • Bonds – Government and multilateral banks • Bonds – Corporate (asset backed securities) • Bonds – Corporate (other) • Cash and cash equivalents
Other investments	<ul style="list-style-type: none"> • Structured notes • Derivatives • Other investments
Cash at bank and in hand	<ul style="list-style-type: none"> • Cash and cash equivalents

Investments - Mapping of QMA to QIS5 (3)

QMA2 column C	QIS5
Overseas deposits as other assets	<ul style="list-style-type: none">•Bonds – Government and multilateral banks•Bonds – Corporate (asset backed securities)•Bonds – Corporate (other)•Cash and cash equivalents

