

MARKET BULLETIN

REF: Y4194

Title	Valuation of Liabilities Rules for 31 December 2008 Solvency Test
Purpose	To inform managing agents of the release of guidance relating to the setting of technical provisions for solvency as at year-end 2008
Type	Annual Release
From	Henry Johnson, Head of MRC & Lloyd's Actuary Contact: 0207 327 5235 Henry.Johnson@lloyds.com
Date	07 October 2008
Deadline	For immediate attention
Related links	http://www.lloyds.com/Lloyds_Market/Tools_and_reference/Lloyds_Valuation_of_Liabilities.htm

Introduction

The Valuation of Liabilities rules provide guidance relating to the calculation of technical provisions for solvency. The version provided for 31 December 2008 is based upon those for 31 December 2007. Once again sample certificate wordings for the Statement of Actuarial Opinion (SAO) and data accuracy statement are included.

The basis for valuation is substantially the same as for the rules issued in November 2007 (MB Y4079).

Sample SAO Certificate

Actuarial guidance is set out in the Actuarial Profession's professional guidance notes GN20 and GN33 and covers how actuaries must go about their work when providing certificates. Sample wordings are indications and actuaries should use the form of words that they are comfortable with and have agreed with their client. However if an actuary does make material changes to the wording in the sample, they should contact the Lloyd's Actuary to confirm that the revised wording remains acceptable to Lloyd's.

Contact Details

Where agents and actuaries require clarification they should approach either:
Henry Johnson, Lloyd's Actuary (0207 327 5235, henry.johnson@lloyds.com)

Jerome Kirk, Senior Manager, Market Reserving (0207 327 5812, jerome.kirk@lloyds.com)

US Opinions

Appendix 3 is included for completeness and shows the sample wording for US Trust Fund SAOs. The basis for calculating these has not been changed to an annual accounted basis and remains the same as in the past.

Sample Reconciliation to QMA223

Provided with the Valuation of Liabilities rules is a sample spreadsheet giving further guidance on the reconciliation of QMA223 to the amounts signed for in the SAOs.

FAQs

A set of FAQs accompany the Valuation of Liabilities rules to add further clarity on common issues for managing agents and signing actuaries.

Deadlines for year-end 2008

The deadlines for the submission of worldwide syndicate SAOs and SAO reports are shown below.

	Deadline
US Trust Fund SAOs	13 February 2009
Worldwide SAOs	26 February 2009
SAO Reports	17 April 2009 or earlier

The deadlines for the SAOs and the accompanying reports are consistent with the corresponding dates for year-end 2007. However, please note that the deadline for the reports may be brought forward again in the future. Once again earlier submissions will be welcomed.

SAO Reports

Please submit two copies of the report, one of which must be a hard copy, and the other of which can be an electronic copy or a hard copy. Electronic copies are encouraged. Please send reports to Jerome Kirk, Market Reserving & Capital, G5, Lloyd's, One Lime Street, EC3M 7HA. Jerome.Kirk@lloyds.com

Signing Actuary

If you are intending to change to a different signing actuary this year-end or have not previously had an SAO, please inform Lloyd's (the Lloyd's Actuary or Jerome Kirk) so that we can maintain an up to date list of signing actuaries.

Lloyd's intends to hold a signing actuaries forum in December to further expand on and discuss year-end issues.

Henry Johnson

Head of MRC & Lloyd's Actuary
Finance, Risk Management and Operations