

MARKET BULLETIN

REF: Y4316

Title	Valuation of Liabilities Rules for 31 December 2009 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 2009
Type	Annual Release
From	Jerome Kirk, Senior Manager, Market Reserving & Capital Contact: 0207 327 5812 Jerome.Kirk@lloyds.com
Date	30 September 2009
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 2009 is based upon that for 31 December 2008. There are, however, some necessary additions this year in preparation for the actuarial guidance notes GN20 and GN33 being withdrawn, which is expected to occur during 2010. The additional contents are not new requirements but rather elements of GN20/33 that were not previously contained in the Valuation of Liabilities rules. There are also changes relating to the winding up of the LATF.

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 October 2008 (MB Y4194).

Sample SAO Certificate

Actuarial guidance is set out in the professional guidance notes GN20 and GN33 as adopted by the Board for Actuarial Standards and covers how actuaries must go about their work when providing opinions. 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 Managing Agents and Syndicate 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 & Capital (0207 327 5812, jerome.kirk@lloyds.com)

US Opinions

Appendix 2 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 previous years.

Sample Reconciliation to QMA223

The Valuation of Liabilities rules section on lloyds.com also includes 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 Syndicate Actuaries.

Life Syndicates

There are different reporting deadlines for life syndicate opinions. The deadline for submission of the reports on the actuarial valuation of life syndicates is 25 February 2010, and further details are given in the Q3 2009 QMR bulletin published 1 October 2009.

Deadlines for year-end 2009

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

	Deadline
US Trust Fund SAOs	12 February 2010
Worldwide SAOs	25 February 2010

SAO Reports	16 April 2010 or earlier
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The deadlines for the SAOs and the accompanying reports are consistent with the corresponding dates for year-end 2008. 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, and submit electronic copies via email to SAOReports@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 (Henry Johnson or Jerome Kirk) so that we can maintain an up to date list of signing actuaries.

Lloyd's intends to hold another signing actuaries forum in December to further expand on and discuss year-end issues. Following feedback from CALM, the invitation will be extended to actuaries from Managing Agents, although places will be limited by agent. Dates for the forum will be circulated by email in October.

Jerome Kirk

Senior Manager, Market Reserving & Capital
Finance, Risk Management and Operations