

MARKET BULLETIN

REF: Y4927

Title	Valuation of Liabilities Rules for 31 December 2015 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 2015
Type	Annual Release
From	Ben Thomas, Manager , Actuarial Services, Market Reserving & Capital Contact: +44 (0)20 7327 5528, Ben.Thomas@lloyds.com
Date	30 September 2015
Deadline	For immediate attention
Related links	http://www.lloyds.com/The-Market/Operating-at-Lloyds/Resources/Lloyds_Valuation_of_Liabilities

The Valuation of Liabilities rules provide guidance relating to the calculation of technical provisions for solvency. The 31 December 2015 issue is largely based upon 31 December 2014. The basis for valuation is substantially the same as for the rules issued in September 2014 (MB Y4823).

Once again sample certificate wordings for the Statement of Actuarial Opinion (SAO) and data accuracy statement are included.

Sample SAO Certificate

Formal actuarial guidance 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
(+44 (0)20 7327 5235, Henry.Johnson@lloyds.com); or

Ben Thomas, Manager, Actuarial Services, Market Reserving & Capital
(+44 (0)20 7327 5528, Ben.Thomas@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.

Please note that the NYID is now called the New York Department of Financial Services, please make sure the addressee and other references on the US trust fund opinions reflects this. There is no change to the name of the International Insurers Department.

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.

Additional Information

An additional information document accompanies the Valuation of Liabilities rules to add further clarity on common issues for Managing Agents and Syndicate Actuaries. It is highly recommended all interested parties should read the additional information. The new items cover questions related to the best estimate basis and bad debt.

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 18 February 2016, and further details will be given in the Q3 2015 QMR bulletin to be published in early October.

Actuarial Guidance

Syndicate actuaries should adhere to all applicable guidance issued by the Board for Actuarial Standards and the Actuarial Profession.

Deadlines for year-end 2015

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

	Deadline
US Trust Fund SAOs	12 February 2016
Worldwide SAOs	18 February 2016
SAO Reports	31 March 2016 or earlier

The deadlines for the SAOs and supporting reports are consistent with the corresponding dates for year-end 2014.

Lloyd's uses the SAO reports to enable the provision of statements made in the Lloyd's Actuary certificate as part of the annual Lloyd's PRA return.

In a change to previous practice please provide the Worldwide SAOs to Ben Thomas of Market Reserving & Capital rather than Market Finance. The US Trust Fund SAOs should continue to be sent to Market Finance.

SAO Reports

As with previous years, Lloyd's expects the Syndicate Actuary's report to be a stand alone document that explains the work that underlies the opinion. It is envisaged the reports will be broadly similar in size and content to those provided previously. The content will however remain the responsibility of the Syndicate Actuary.

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 strongly encouraged. Please send reports to Ben Thomas, 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 Ben Thomas) so that Lloyd's can maintain an up to date list of signing actuaries.

Lloyd's expects all signing actuaries to have a valid practising certificate for the duration of a year-end reserving exercise. Whilst there can be many interpretations of when exercises start or finish, for practical reasons this means that no renewals are expected to be received by the profession during the period November - February inclusive.

Signing Actuaries Forum

Lloyd's intends to hold another signing actuaries forum on 4th December 2015 to further expand on and discuss year-end issues. The invitation will continue to include actuaries from Managing Agents, although places will be limited by agent. Details of the forum will be circulated by email by the end of October.

Ben Thomas Manager, Actuarial Services, Market Reserving & Capital Finance