

MARKET BULLETIN

REF: Y5032

Title	Valuation of Liabilities Rules for 31 December 2016 Statements of Actuarial Opinion
Purpose	To inform managing agents of the release of guidance relating to the setting of provisions for Statements of Actuarial Opinion as at year-end 2016
Type	Annual Release
From	Catherine Scullion, Manager , Market Reserving & Capital Contact: +44 (0)20 7327 5567, Catherine.Scullion@lloyds.com
Date	26 October 2016
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 basis of provisions for Statements of Actuarial Opinion (SAOs). The 31 December 2016 basis is in line with that prescribed for 31 December 2015, though attention is drawn to the following points:

- Following the implementation of Solvency II, the basis underlying the SAOs is no longer that used for solvency assessment. The text of the guidance, sample opinions and QMA has been updated to reflect this and Signing Actuaries should ensure this is reflected in the 2016 year-end opinions.
- Signing actuaries are required to submit a template of information by 17th February 2017. The template is provided on the Valuation of Liabilities section of [Lloyds.com](http://lloyds.com) with instructions for submission included in the Valuation of Liabilities Rules. If any Signing Actuary has concerns with providing the specified information they should inform Lloyd's as early as possible.
- Lloyd's does not require rotation of Signing Actuaries, however, from the **2017 year-end** Lloyd's will expect documented rationale on the appointment of the same Signing Actuary for more than four consecutive years to be available from the Managing Agent on request.

Deadlines for year-end 2016

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

	Deadline
US Trust Fund SAOs	14 February 2017
Worldwide SAOs	16 February 2017
SAO Template	17 February 2017
SAO Reports	30 March 2017

Please provide the Worldwide SAOs and SAO reports to Catherine Scullion of Market Reserving & Capital. The US Trust Fund SAOs should continue to be sent to Market Finance.

Sample Wordings

Sample certificate wordings for the SAO and data accuracy statement are included. Given the change to the solvency basis noted above signing actuaries are advised to ensure they update opinion wordings for 31 December 2016 valuations.

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.

Sample Reconciliation to QMA223

The Valuation of Liabilities section on lloyds.com also includes a sample spreadsheet giving further guidance on the reconciliation of QMA223 to the amounts in the SAOs. Other than references to 'technical provisions for solvency' being updated there are no changes to this reconciliation since the previous year-end.

Life Syndicates

There are different reporting requirements for life syndicate opinions. The deadline for submission of the reports on the actuarial valuation of life syndicates is 16 February 2017. As for the non-life syndicate SAOs the valuation basis and requirements for these reports is the same as that for the 2015 year-end.

SAO Reports

As with previous years, Lloyd's expects the Signing 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 Signing 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 Catherine Scullion, Market Reserving & Capital, G5, Lloyd's, One Lime Street, EC3M 7HA, and submit electronic copies via email to SAOReports@lloyds.com

Signing Actuary Appointment

If you are intending to change to a different Signing Actuary this year-end or have not previously had an SAO, please inform Catherine Scullion (Catherine.Scullion@lloyds.com) of the change/appointment 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.

As outlined in the Valuation of Liabilities Rules Lloyd's does not require rotation of Signing Actuary. However, if the same individual provides a syndicate opinion for more than four consecutive years at the 2017 year-end, Lloyd's expects documented consideration of this appointment by the Managing Agent to be available on request.

Signing Actuaries' Forum

Lloyd's will hold a signing actuaries forum on 17th November 2016 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 have been circulated by email to invitees.

Actuarial Guidance

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

Additional Information

An additional information document has previously accompanied the Valuation of Liabilities rules. This year the information in this document has been combined with the main guidance. The additional information is still included as a download for reference.

Contact Details

Where Managing Agents and Signing Actuaries require clarification they should approach either:

Richard Rodriguez, Lloyd's Actuary
(0207 327 5235, Richard.Rodriguez@lloyds.com); or

Catherine Scullion, Manager, Market Reserving & Capital
(0207 327 5567, Catherine.Scullion@lloyds.com)