

Market Bulletin

Ref: Y5208

Title	Valuation of Liabilities Rules for 31 December 2018 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 2018
Type	Annual Release
From	Ajay Shah, Manager , Market Reserving & Capital Contact: 0207 327 5682, Ajay.Shah@lloyds.com
Date	14 September 2018
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). These have been published on Lloyds.com along with worked examples of the items described and a template to be returned based on the SAO work.

For 31 December 2018 attention is drawn to the following points:

- The SAOs provided will be in line with the basis for 2018 year-end
- Additional guidance on the level of profit within unearned premium which can be claimed as part of the QSR submission has been provided to adjust for the future LOD premium.

- The test on “reserve margins” and profit in unearned premium will be collected and undertaken on a Reporting Year basis.
- Additional historical information is required to be provided within the SAO template accompanying the SAO.

Deadlines for year-end 2018

The deadlines for the submission of SAOs, associated template and SAO reports are shown below.

	Deadline
US Trust Fund SAOs	14 February 2019
Worldwide SAOs	14 February 2019
SAO Template	15 February 2019
SAO Reports	29 March 2019

Please send hard copy Worldwide SAOs and SAO reports to Ajay Shah, Market Reserving & Capital, G5, Lloyd’s, One Lime Street, EC3M 7HA. The US Trust Fund SAOs should continue to be sent to Market Finance.

Two copies of the report should be submitted, one hard copy and one electronic copy. Electronic copies should be submitted via email to SAOReports@lloyds.com.

The SAO template should be submitted to SAOReports@lloyds.com, adhering to the naming convention outlined in the Valuation of Liabilities Rules.

Sample Wordings

Sample certificate wordings for the SAO and data accuracy statement are included in the Valuation of Liabilities Rules.

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. If a Signing Actuary does make material changes to the wording in the sample, they should contact Ajay Shah (Ajay.Shah@lloyds.com) to confirm that the revised wording remains acceptable to Lloyd’s.

Sample Reconciliation to QMA223 and links to QSR210

The Valuation of Liabilities section on lloyds.com includes a sample spreadsheet on the reconciliation of QMA223 to the amounts in the SAOs. An example of the assessment made against the unearned profit in the QSR210 is also provided.

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 Ajay Shah (Ajay.Shah@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 has provided a syndicate opinion for more than four consecutive years at the 2018 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 15th November 2018 to further expand on and discuss year-end issues. The invitation will continue to include Signing Actuaries and Chief Actuaries. Details of the forum will be circulated by email to invitees.

Actuarial Guidance

Signing Actuaries should adhere to all applicable guidance issued by the Financial Reporting Council and the Actuarial Profession.

Contact Details

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

Ajay Shah, Manager, Market Reserving & Capital
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