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# Signing Actuaries' Forum 2020

4 November 2020

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# 2020 YE SAOs

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# 2020 YE SAOs

## Key Dates

| Submission              | Deadline         |
|-------------------------|------------------|
| Signing Actuary Details | 30 November 2020 |
| US Trustfund SAOs       | 12 February 2021 |
| Worldwide SAOs          | 12 February 2021 |
| SAO Template            | 17 February 2021 |
| SAO Reports             | 31 March 2021    |

- US Trust fund SAOs to be sent to Market Finance as per their instructions
- Worldwide SAOs, the SAO template and SAO reports to be submitted via the MDC

### Please note the following:

- Signing actuaries should have a valid Practising Certificate for the duration of a year-end reserving exercise. This would be expected to cover from November until the end of March.
- Please inform Lloyd's ([SAOReports@lloyds.com](mailto:SAOReports@lloyds.com)) of the intended Signing Actuary.

# 2020 YE SAOs

## Uncertainties - Large loss wordings

| Event                | 2019 Year-End |           | 2018 Year-End |           |
|----------------------|---------------|-----------|---------------|-----------|
|                      | Wording 3     | Wording 4 | Wording 3     | Wording 4 |
| Typhoon Faxai        | 2             | 0         | 0             | 0         |
| Hurricane Irma       | 1             | 0         | 1             | 0         |
| Hurricane Harvey     | 0             | 0         | 0             | 0         |
| Hurricane Maria      | 0             | 0         | 0             | 0         |
| HIM Combined         | 2             | 0         | 7             | 0         |
| Hurricane Michael    | 1             | 0         | 4             | 0         |
| Hurricane Florence   | 0             | 0         | 2             | 0         |
| Camp Wildfire        | 0             | 0         | 0             | 0         |
| California Wildfires | 1             | 0         | 4             | 0         |
| Typhoon Jebi         | 0             | 0         | 2             | 0         |
| Hurricane Dorian     | 1             | 0         | 0             | 0         |
| Typhoon Hagibis      | 3             | 0         | 0             | 0         |
| Jebi Trami Combined  | 0             | 0         | 1             | 0         |
| Ogden                | 0             | 0         | 1             | 0         |
| Other                | 6             | 1         | 2             | 0         |
| <b>Total</b>         | <b>17</b>     | <b>1</b>  | <b>24</b>     | <b>0</b>  |

- **2019YE Summary**
  - The number of category 3 and 4 wordings has reduced at the 2019YE versus 2018YE, but there is one category 4 wording in 2019YE
- **2020YE**
  - Please consider and comment on:
    - COVID-19 (further details on this later)
    - Opioids

# 2020 YE SAOs

Requirements of signing actuaries : Best Estimate vs Margin

**If uncertainty requires reserves these do not represent margin**

Real world example 1: Silverstein (WTC) - If a reserve is held for a particular large loss which is uncertain this is not necessarily margin – a 90% chance of a loss of 0 and a 10% chance of a loss of 500m has an expected value of 50m

Real world example 2: The Ogden discount rate review presented a strong likelihood of changing the rate, which should have been incorporated in best estimates

Real world example 3: The reserve for COVID should include allowance for both direct and indirect impacts.

Real world example 4: The reserve for COVID should consider a likelihood for future scenarios – e.g. a 5% chance of normality for Contingency returning in Q2 2021, 90% chance in Q3 2021 and 5% chance in Q4 2021.

**Any use of margin to cover ongoing uncertainty in reserves is a change in basis and should be clearly communicated to the Board and auditors and SAO report where appropriate.**

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# 2020 YE SAOs

## Requirements of signing actuaries : SAO Reports

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### The SAO report should contain:

- A comparison of the SAO estimate with the Syndicate best estimate by class of business and YOA
- Commentary on the key surplus and deficits
- Include a summary of the discussion with the Managing Agent regarding any material differences
- Include commentary on any emerging trends or any other material issues impacting specific classes and consider if this should be included in the executive summary

Where 'method & assumptions review' methodology has been used, highlight areas of disagreement and course of action e.g. offsetting, additional analysis

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# 2020 YE SAOs

## Requirements of signing actuaries : SAO Templates

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This year the accompanying template will be available via the Market Data Collection (“MDC”) system.

- This will be covered further at the end of these slides.
- There are no changes to the SAO template this year.



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# COVID - 19

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# COVID - 19

## Drivers of claims

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Contingency is the most material source of direct claims to date:

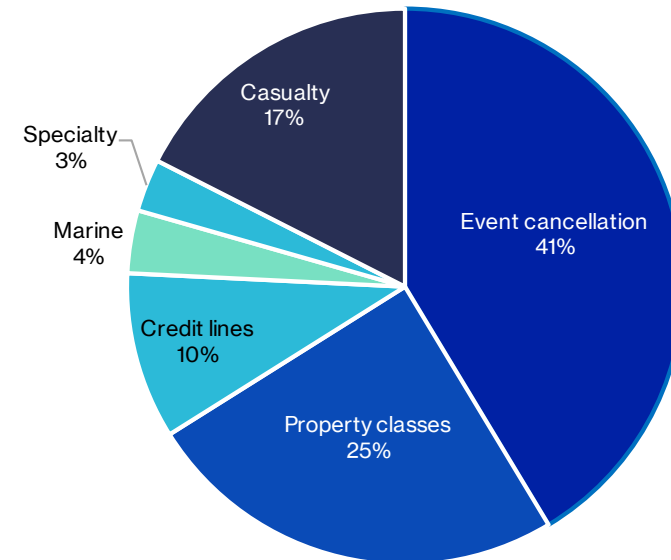
- **Business interruption, event cancellation**
  - US Binders for Trade Show and Exhibitions represent a significant proportion of ongoing exposure. Some binders have up to a 36 months tail.
  - Several events are currently being postponed and rescheduled rather than cancelled. This is mitigating some losses, but there is uncertainty as to how long events can be delayed and some challenge on the ability of venues to facilitate rescheduling. Mitigating factors also include virtual events, early cancellations before significant expenses have been incurred and a rise in “behind closed doors” events.
- **Length of economic disruption**
  - Variability in the assumed timescale for the impact of the pandemic, ranging from Q42020 to Q32021, which is driving significant reserve variances.
- **Virus and pandemic exclusions & additional legal expenses**
  - Covid-19 exclusions have been applied on vast majority of new and renewal business since March 2020 which will help manage the run off tail of losses.
- **Reinsurance exhaustion**

# COVID - 19

## Direct and secondary impacts

- **Direct Impacts:**
  - Accident & Health (Contingency)
  - Property
  - Political Risks, Credit & Financial Guarantee
  - Casualty
- **Secondary impacts:**
  - Trade credit
  - US Casualty
  - D&O, E&O (uncertainty around pre-, post- COVID)
  - Construction
  - Cyber

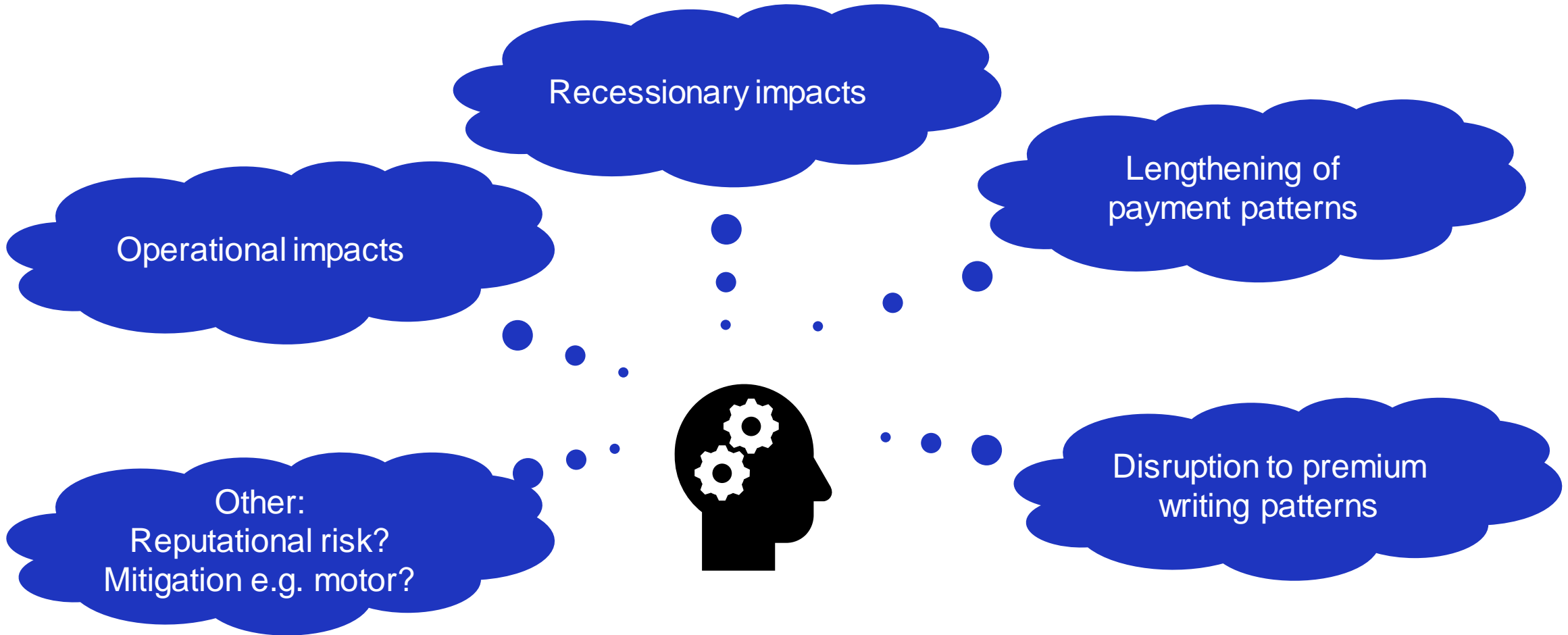
**Distribution of COVID-19 Losses Classes**



|   |                      |
|---|----------------------|
| <b>Estimated losses as at May 2020</b>        | <b>£2.5bn-£3.5bn</b> |
| <b>Incurred losses as at 30 June 2020</b>     | <b>£2.36bn</b>       |
| <b>Net ultimate losses as at 30 June 2020</b> | <b>£2.96bn</b>       |

# COVID - 19

## Indirect impacts



# COVID - 19

## Indirect impacts

### Recessionary impacts – will this be the same as recessions of the past?

- More litigious environment
  - Slips and trips
  - Fraudulent claims
- Less money to spend on general maintenance
- Use of buildings due to homeworking
  - Impact on commercial buildings unoccupied
  - E.g. arson, theft, escape of water, etc.
  - Increase in household accidents offsetting reduction in theft
- General increase in class actions

### 'COVID angst'

- Civil disobedience

# COVID - 19

## Comments from Underwriting, Claims and Actuarial

### Underwriting

- Impact on 2021 business plan:
  - An explicit COVID load in ULR?
  - General recessionary loading?
  - Also seeing changes to coverage:
    - Increase in attachment points
    - Reduced limits
    - T&C's
  - Impact on rates
- Direct and secondary impacts already seeing claims.
- Indirect/ recessionary claims just starting to come through.
- Looking ahead:
  - US Elections
  - FCA Test Case impacts
  - Australia Biosecurity Act

### Claims

- Need to consider the timeframe used as the basis for reserving.
  - e.g. some insureds assuming events will be cancelled throughout 2021
- Consideration of claims handling costs for **all** possible claims.
  - Assuming an increase in disputed claims – are syndicates adequately covering the costs of defending claims?
- FCA Test Case
  - Are Managing Agents assuming the judgment will be appealed?
  - In the case of appeal – what assumptions are they making?

### Actuarial

- Appropriateness of the selections
  - Allowance within 2020 loss ratios?
  - Are premium estimates achievable?
  - Consideration of further lockdowns
- Communications to the Board
  - Does the Board have the necessary information to make informed decision?
- FCA Test case – impact of ruling?
- What stress / scenario analysis has been performed?
  - E.g. impact of lockdown into 2021?
  - Impact of UK recession extending by x years?

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# Market-level Reserving Observations

What we are seeing

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# Concerns on Casualty continue

At high class of business level evidence of potential market-level deficiencies

Lloyd's central reserve review exercise identifies potential areas of deficit in net written best estimate reserves.

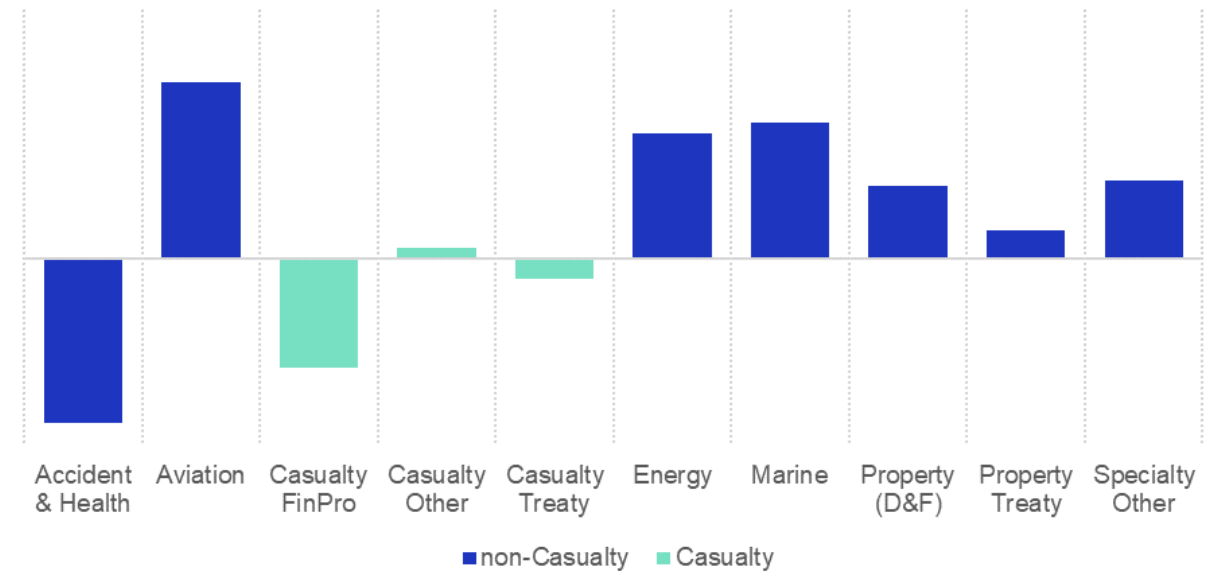
- Accident & Health
- Casualty FinPro
- Casualty Treaty

This is the view based on our best estimate, but a wide range of reasonable alternative views could give rise to different conclusions.

Lower level classes of business Lloyd's have reserving concerns about include:

- Accident & Health: A&H direct and Pecuniary
- Casualty FinPro: PI (US and non-US) and FI (non-US)
- Casualty Treaty: NM Casualty Treaty (US and non-US)

Lloyd's view of net surplus in market best estimate  
(% of reserves)



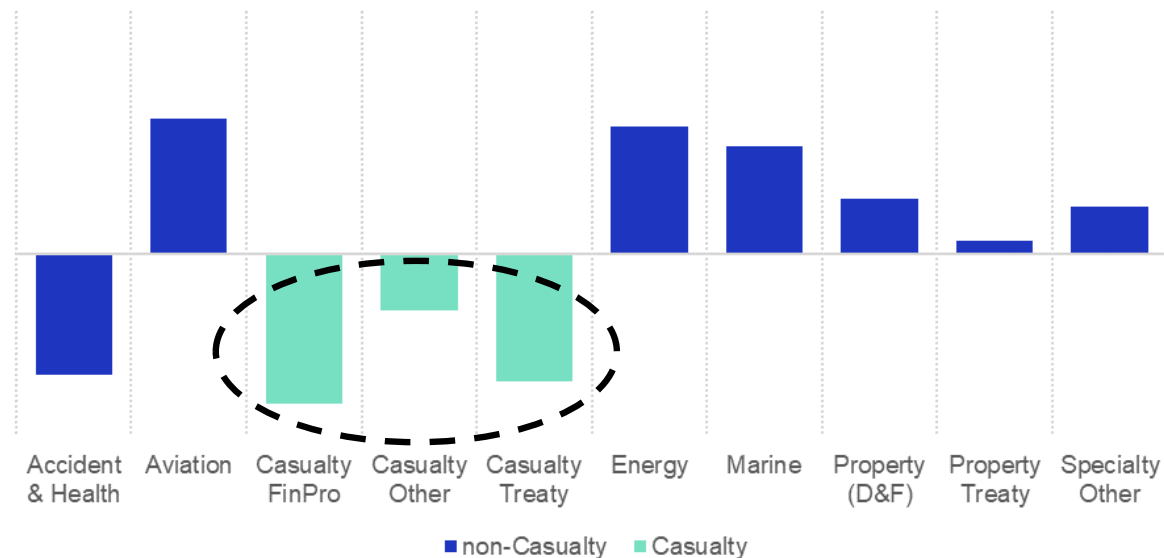


# Themes across classes

Question over adequacy of loss ratios for recent years of account

2017-2019 years of account

Lloyd's view of net surplus in market best estimate  
(% of reserves)



For the Casualty classes in particular there are differences in views on the most recent years of account

The differences in view on the more recent years will be largely driven by IELR assumptions.

Lloyd's IELR projections are based on historical loss ratios trended forwards with rate and inflation assumptions.

Lloyd's view has the advantages of:

- + large volume of data
- + sight of market-level trends

Actual experience for the more recent years may diverge from these projected trends but it is important to understand and quantify the drivers of this.

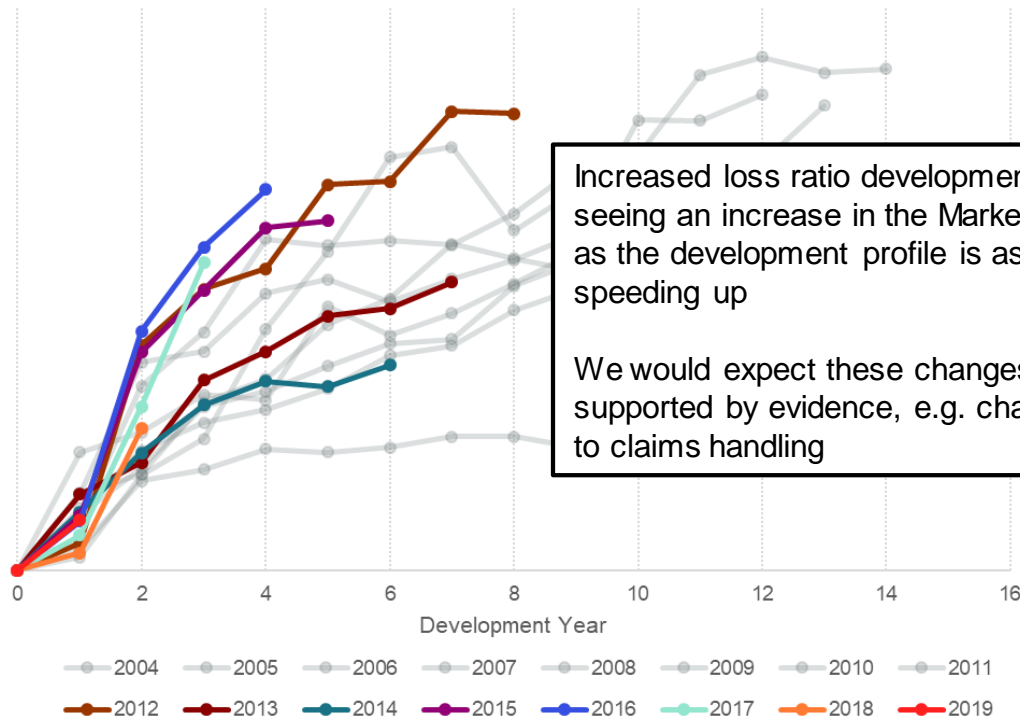
# Increasing incurred loss ratio

... is being offset by a speeding up in the development profile assumption

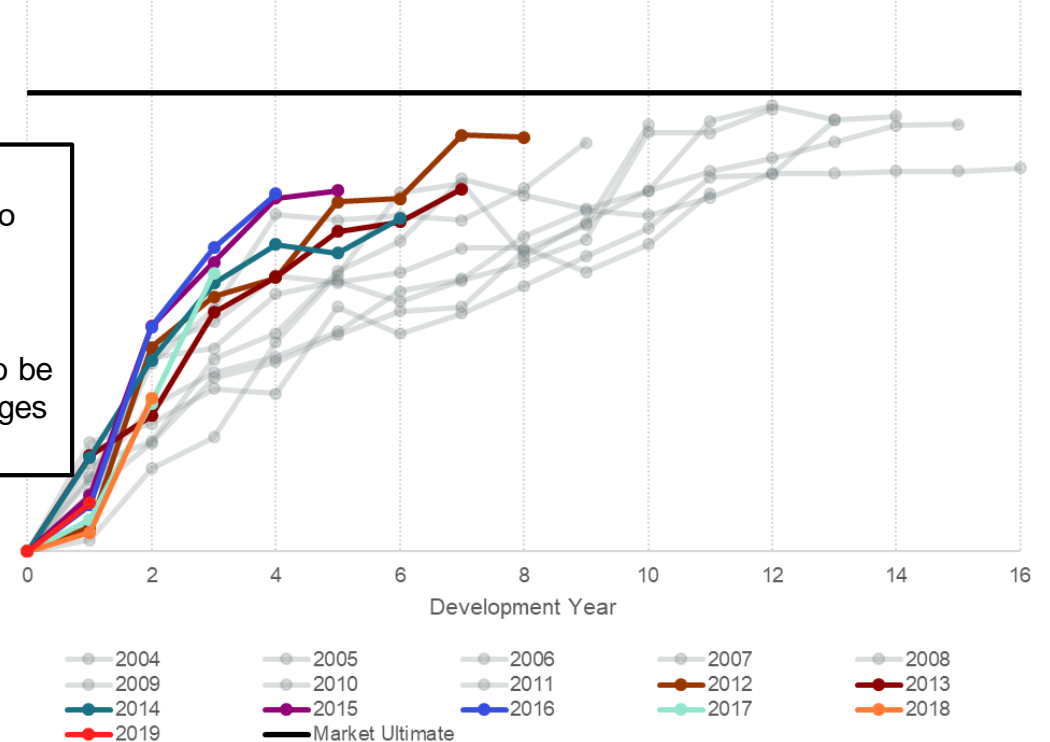
Change in development profile

## Pecuniary

Incurred Loss Ratio Development - ex cat as at 2019 year-end



Incurred as % of Market Written Ultimate - ex cat as at 2019 year-end

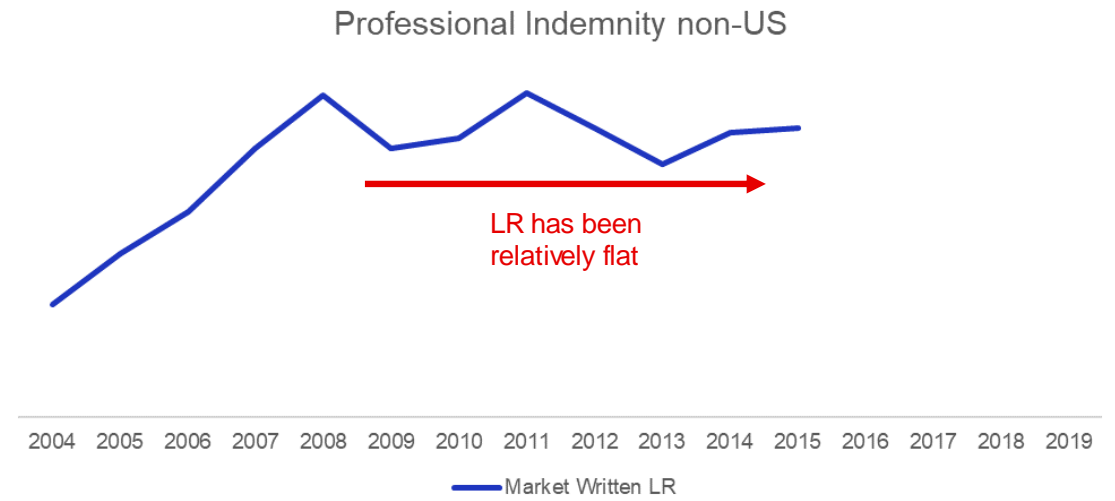
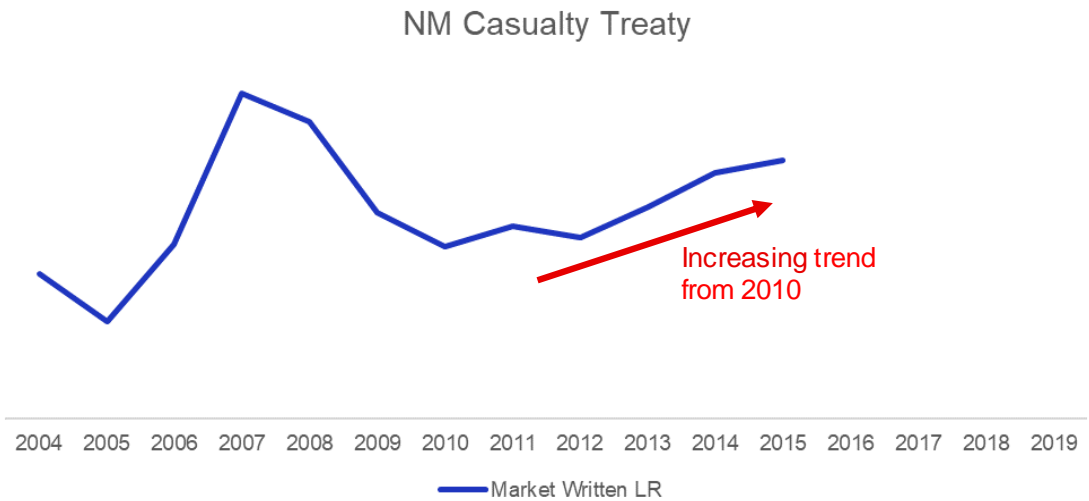


# Adequacy of loss ratios for recent years of account

Appropriateness of IELR setting

## NM Casualty Treaty & Professional Indemnity non-US

NM Casualty Treaty (US and non-US combined) and PI non-US demonstrate the differences between projecting historical trends forwards and the market written loss ratios provided in the TPD

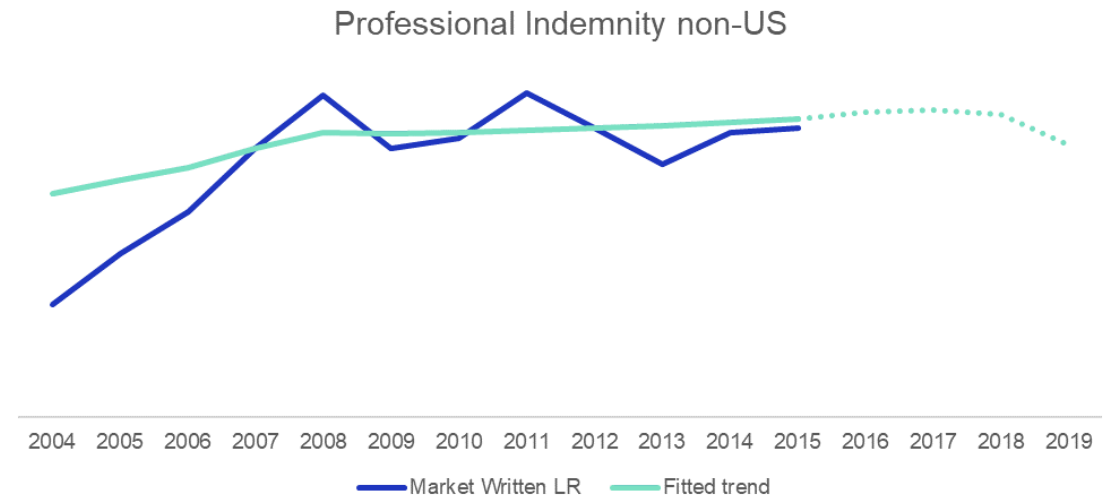
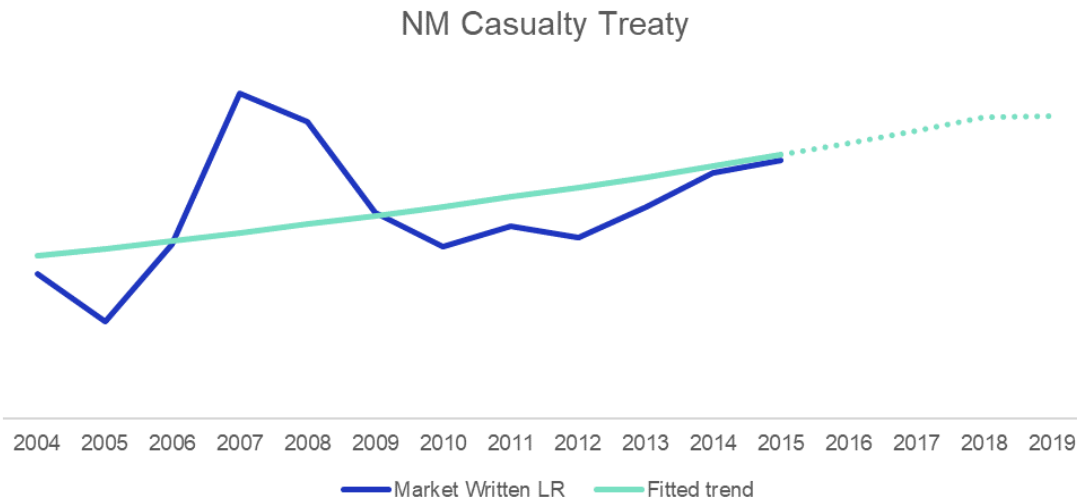


# Adequacy of loss ratios for recent years of account

Appropriateness of IELR setting

## NM Casualty Treaty & Professional Indemnity non-US

NM Casualty Treaty (US and non-US combined) and PI non-US demonstrate the differences between projecting historical trends forwards and the market written loss ratios provided in the TPD



Projecting historical trends forwards with allowance for rate changes gives the fitted trends on the graphs above

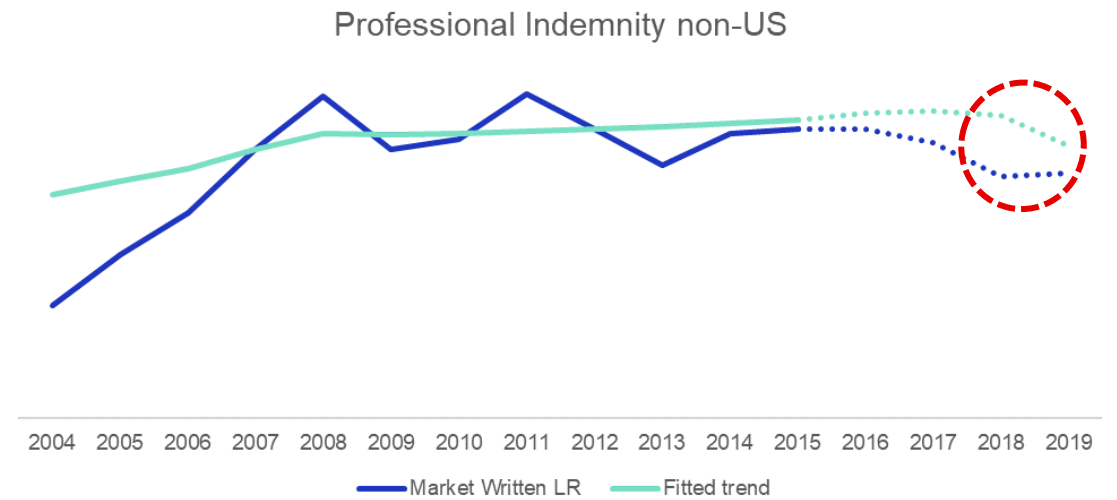
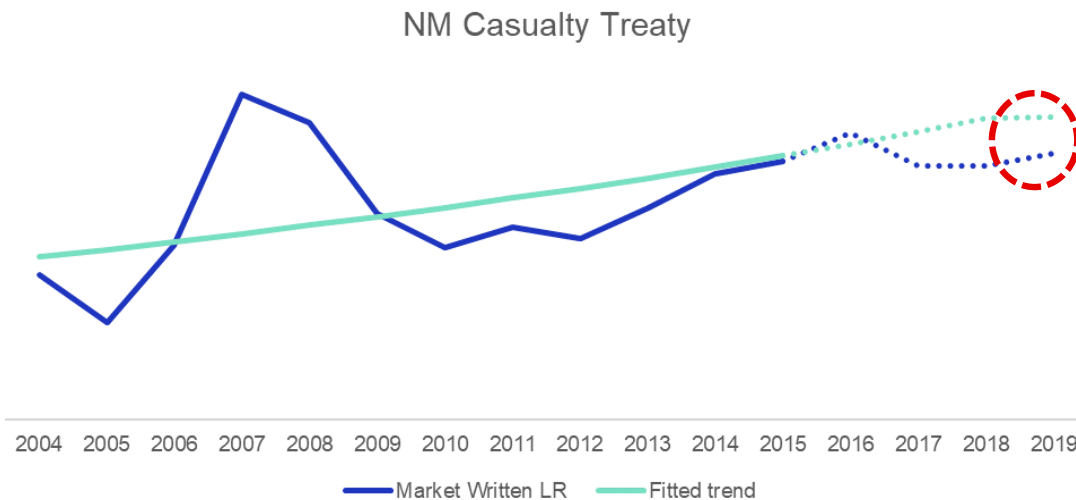
The 2019YoA flattening for NM Casualty Treaty and drop on PI non-US is driven by rate increases

# Adequacy of loss ratios for recent years of account

Appropriateness of IELR setting

## NM Casualty Treaty & Professional Indemnity non-US

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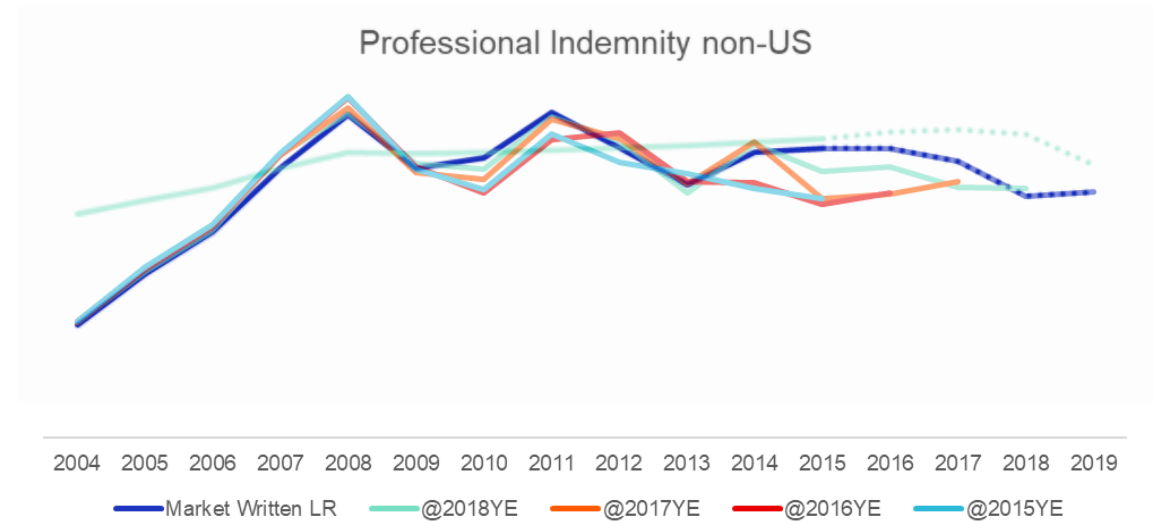
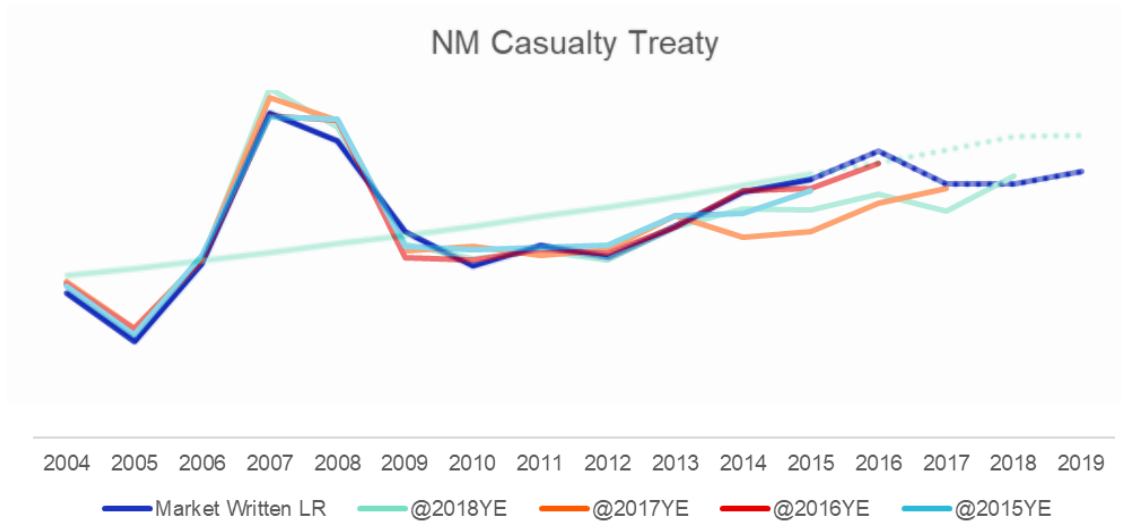
The Market written LR diverges from this fitted trend – it is important to be able to support this gap based on experience for the most recent years

# Adequacy of loss ratios for recent years of account

## NM Casualty Treaty & Professional Indemnity non-US

Appropriateness of IELR setting

NM Casualty Treaty (US and non-US combined) and PI non-US demonstrate the differences between projecting historical trends forwards and the market written loss ratios provided in the TPD



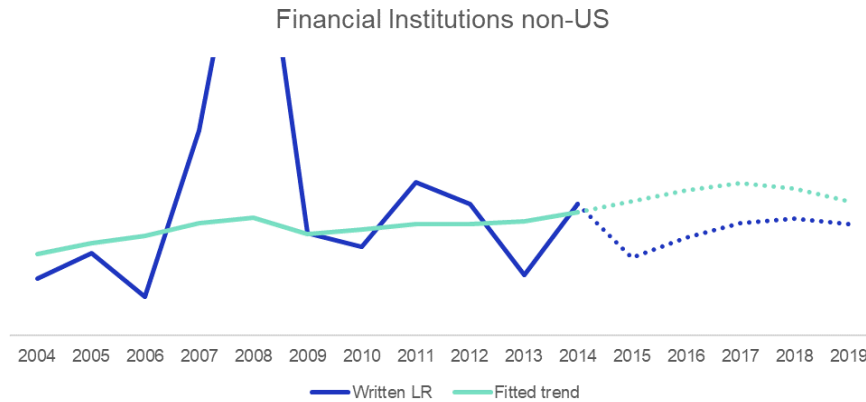
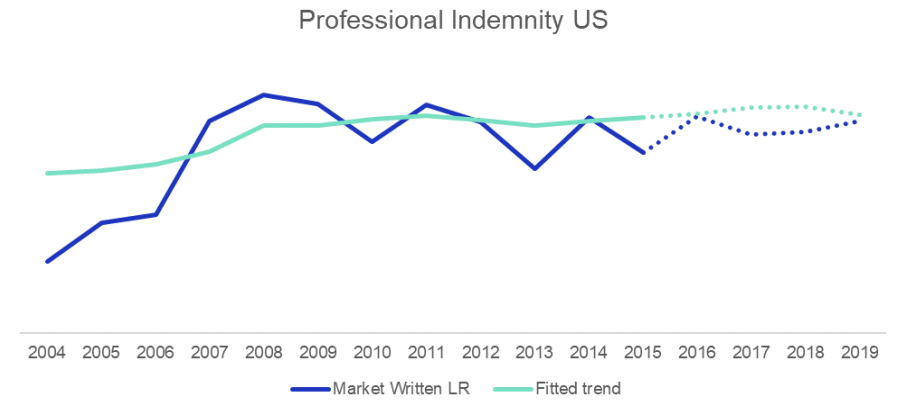
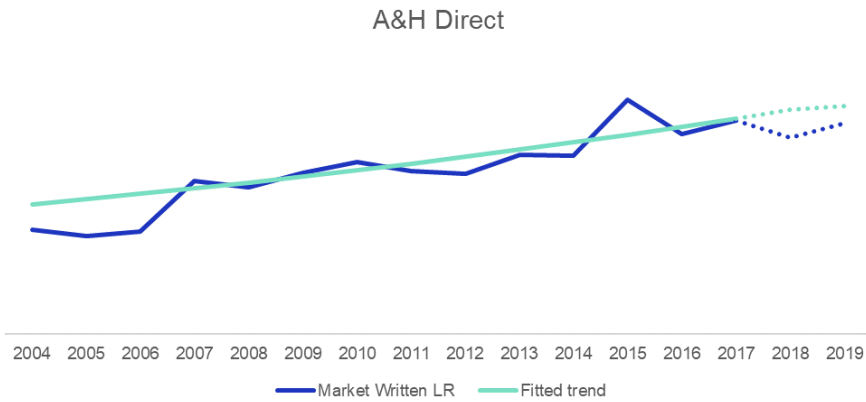
Both of these classes have seen reserve deteriorations over several year-ends on the most years of account

This adds to the uncertainty of expected improvements from the historical trends on the more recent years

# Adequacy of loss ratios for recent years of account

A&H Direct, PI US and FI non-US

Appropriateness of IELR setting



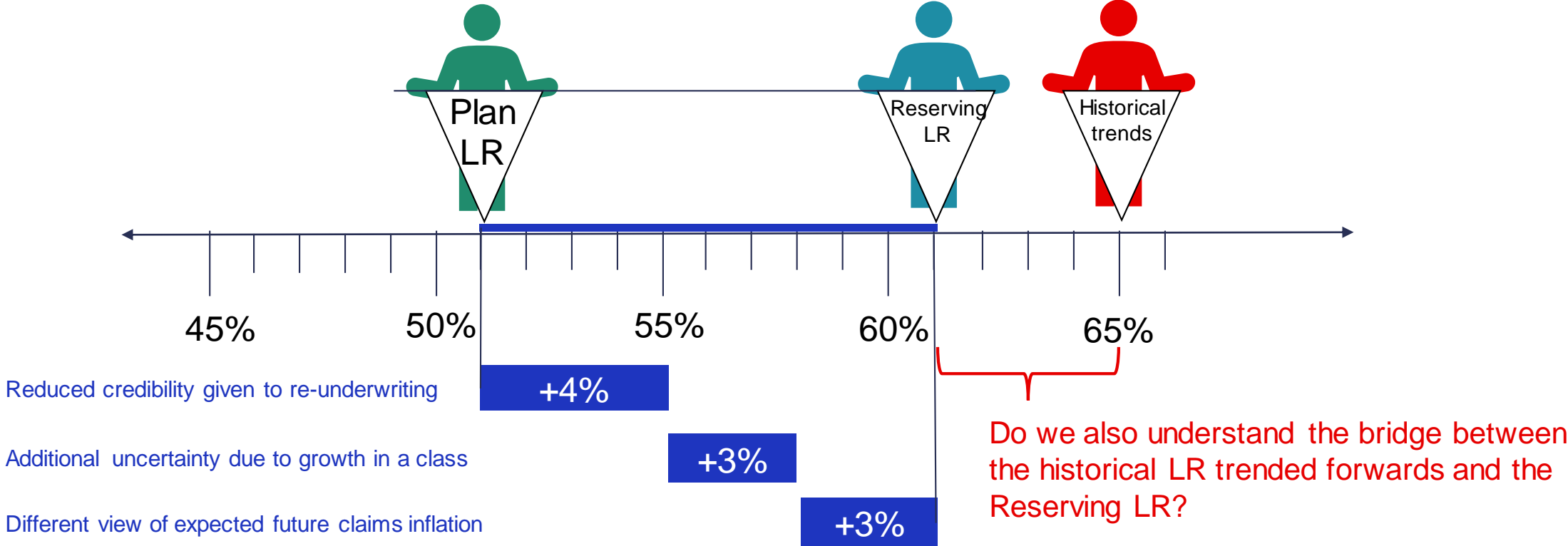
Similar divergences from the historical trend on the most recent years of account are seen across the focus classes. It is important to be able to support this gap based on experience for the most recent years.

# Appropriate IELR setting

Appropriateness of IELR setting

Means that plan and reserving loss ratio assumptions may differ...

...but should be consistent:



To achieve this teams need to work together with strong collaboration and communication. Justification of the bridging between the loss ratio views should be understood by the Board and challenged.



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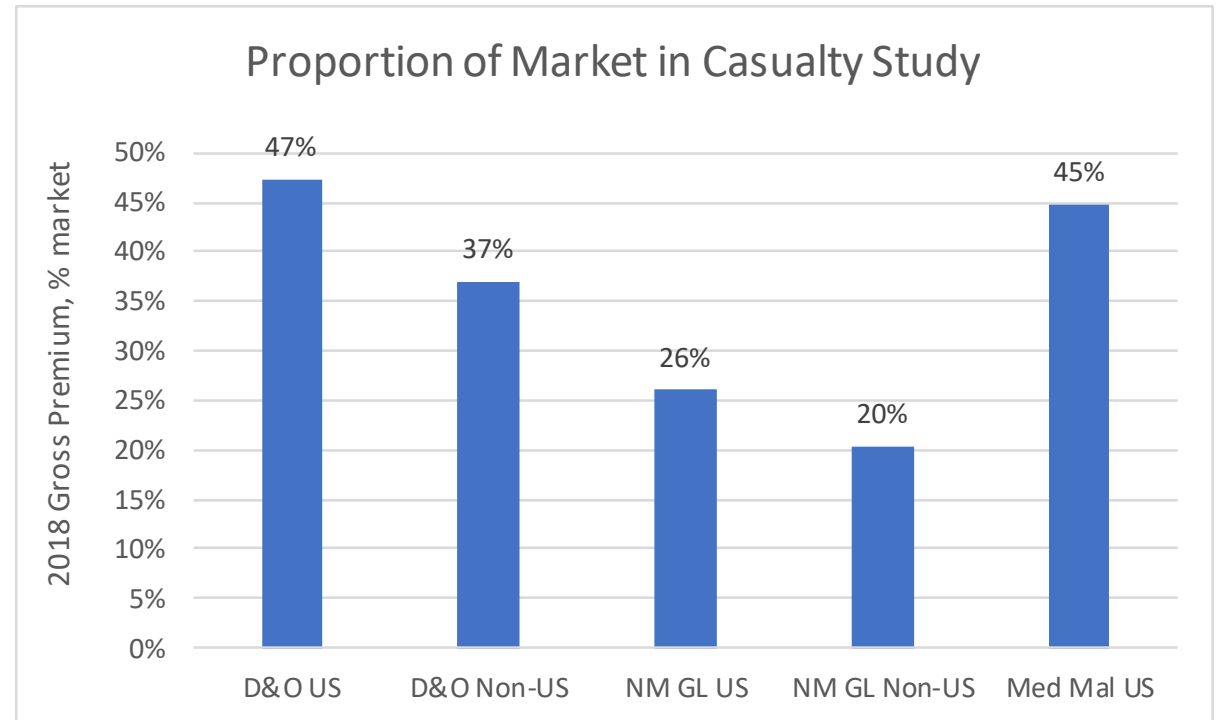
# Casualty Market Study

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# High Level Scope

## Classes of focus and syndicates involved

- Joint study between Underwriting, Claims and Reserving
- Conducted in 2020 Q1
- Involving 14 managing agents; 15 syndicates
- Focusing on
  - NM General Liability (US and non-US)
  - D&O (US and non-US)
  - Medical Malpractice



# Key Findings at Market Level

## General Themes and Class specific

- Increasing sophistication and organisation of plaintiff counsels, particularly in the US, and no corresponding market effort to counteract the change in the plaintiff counsel's tactics
  - This makes it more difficult to defend against claims
- General consensus that the claims environment has changed in recent years and some participants suggested the market is unclear how long the increasing severity of claims would continue
  - This makes it harder to forecast claim severity

In response, most participants are carefully managing line sizes and attachment points, but the effectiveness of this action is uncertain.

Some Managing Agents are adapting their processes in light of additional uncertainty, such as using third party data/insights.

Rates are hardening across all classes, but uncertainty remains around whether this is just keeping up with increasing claims costs and on pricing adequacy. This is an area that requires further oversight.

### Findings – Themes by Class of Business

| D&O (US and Non-US)   | NM General Liability (US and Non-US)                                  | Medical Malpractice  |
|---|---|--|
| Number of class actions increasing across US and Non-US (particularly in Australia) | US business claims severity generally increasing                      | Large amount of consolidation of healthcare providers              |
| Change in manner in which claims are brought  | Particularly for insureds that interact with consumers                | Generally resulted in better risk management                       |
| Line sizes and attachment points are being managed                                  | Impacted by social media, populism and general anti-corporate feeling | Generally agents can manage claim frequency through risk profiling |
| Proportion of US exposed business are being monitored                               | Impact on non-US business not as clear                                | But claim severity is difficult to manage                          |
| Limiting Side C exposure  | Line sizes and attachment points are being managed                    | Line sizes are being managed                                       |

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# Underwriting feedback

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## Appetite and Segmentation

### Best\* Practice

1. Evidence that **underwriting has responded to trends** (reacting to feedback loops with claims and reserving). For instance, increase in attachment points as a result of analysis of claims and other external trends;
2. Change in **appetite is clearly set out for all underwriters** within the team. Best examples showed regularly updated Underwriting Guidelines with commentary around risk appetite and how to respond to different types of risks; and
3. **Real time dashboards** used by management to track business written against appetite and segmentation targets.

### General Findings

Some syndicates interviewed were less able to fully articulate how they were responding to specific trends and did not have any formally documented articulation of their appetite.

*\* "Best" practice on these slides refers to the best practice seen within the sample of Syndicates within the Study*

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# Underwriting feedback

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## Measuring Underwriting Performance

### Best Practice

1. Use of multiple tools (such as AVE) to show **impact of any actions to remediate** or change make up of their portfolio;
2. Regular **comparisons of historical loss ratios and planned loss ratios**;
3. Regular **formal reviews** at Underwriting Committees or similar;
4. Consideration **of performance against Reserving Philosophy** both at case and portfolio level, for direct and delegated claims;
5. Developing the use of available **quantitative claims data to oversee performance** against expectations for reserve timeliness and accuracy in line with an articulated appetite for the same; and
6. Evidence to suggest consideration of case reserving practices where operating in **both a lead and follow capacity**. For example, some syndicates record and track instances where they recommend manual case reserves.

### General Findings

A number of syndicates were unable to articulate how they measured success of underwriting actions and were limited by lack of appropriate data.

The way in which syndicates measured underwriting performance against underwriting actions was mixed. Lloyd's expectation would be that they establish a methodology through regular feedback with Reserving and Claims to account for estimating this impact in their Best Estimate figures.

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# Claims and Reserving feedback

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## Feedback Loops

### Best Practice

1. **Key meetings** for each function (Underwriting, Claims and Reserving) are **attended by representatives from the others**, so that they are all kept up to date with trends and topics;
2. There is **open dialogue** when required between the three functions to discuss material claims and trends **outside of formal meetings**;
3. When presentations from or discussions with external subject matter experts take place, representatives from all three areas of the business **(Underwriting, Claims and Actuarial) are invited** and attend;
4. **All teams feedback** to the rest of the business at different stages of the reserving process;
5. **Formalised meetings** are scheduled regularly between the teams;
6. In addition to formal meetings, syndicates provided anecdotal evidence of **ad-hoc meetings** taking place between underwriting, claims and reserving as different issues arise
7. Use **of robust qualitative oversight tools** such as peer review, second set of eyes and audit (both internal and external), and ensuring any **learnings are fed back** into the business; and
8. Comprehensive **Case Reserve reporting packs for the Board**.

### General Findings

The poorer examples based on our sample lacked a sufficient number of formal meetings between the different business areas, with heavy reliance on informal discussions and reliance on individuals to initiate these on an ad-hoc basis.

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# Claims and Reserving feedback

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## Emerging Trends

### Best Practice

1. All three teams (Underwriting, Claims and Actuarial) contribute to work on emerging trends;
2. Formal presentations are given to the Board on a regular basis to highlight emerging trends along with their potential impact to the syndicate;
3. Clear evidence is available on how emerging trends are incorporated within the reserves
4. Identification and tracking of emerging risks clearly drives underwriting strategy, feeds into underwriting guidelines and pricing models as required;
5. There is clear ownership of the process to identify emerging trends;
6. Prompt response is taken to emerging trends, with a clear plan for actions;
7. Extensive use of external subject matter experts / information aids the identification of emerging trends;
8. Claims watchlists include details such as specific IBNR on multiple reserving bases or claims being ranked as high / medium / low risk and include movements over time to test the utility of the watchlist; and
9. There is controlled use of monitoring counsel intelligence for trends and commissioning of specific studies, emerging risk and horizon landscaping, with evidence of consumption and relevant application.

### General Findings

There were some syndicates based on our sample that could only demonstrate the use of claims watchlists as the main way of monitoring emerging trends. There was also cases where communication to follow insurers could be improved.

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# Claims and Reserving feedback

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## Reserve Robustness

### Best Practice

1. A history of generally stable or improving ultimate loss ratios over time or had taken effective significant action to address increasing loss ratios by performing deep dives and changing assumptions;
2. Quarterly processes to validate robustness of previously selected ultimate claims, such as an actual versus expected analysis at an appropriate level of granularity and identification of emerging trends which get reflected in reserving assumptions in a timely manner;
3. Either had a best estimate surplus at class level versus the external signing actuary's estimate or used the signing actuary's estimate to help identify if any material issues had not been considered by the syndicate. Material differences between the two estimates were discussed and understood by the Board;
4. Held formal meetings during the reserving process that allowed reserve selections to be appropriately challenged by senior management as well as other areas of the business; and
5. Consistent application of a clear timeliness and accuracy Case Reserving Philosophy at all levels and by all service providers (including third party claims administrators).

### General Findings

There were syndicates based on our sample that had a general trend of increasing loss ratios, with very little evidence to suggest work was being done to understand and / or address this. In addition some syndicates had not appropriately considered material deficiency in the focus classes against the external actuarial view. Finally delegated authority reserving oversight has potential for improvement, as well as use of peer review as a tool for qualitative assessment.



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# Claims and Reserving feedback

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## Claims Inflation

### Best Practice

1. **Explicit** consideration / allowances for claims inflation in reserves;
2. Assumptions on claims inflation are **regularly reviewed and validated** between claims, actuarial and underwriting;
3. Data and knowledge within the managing agent is supplemented by **external data sources**, including intelligence on developing or decided litigation outcomes which may set precedents;
4. **Sensitivity testing** of assumptions used to derive inflation rates is performed to identify the material assumptions that influence the estimated reserves; and
5. There is clear **feedback** between pricing and reserving leading to updates **to pricing models**.

### General Findings

There were some syndicates based on our sample that did not consider claims inflation as part of the reserving process. This was either due to syndicates not believing they have the required data or due to syndicates assuming that inflation would be captured by rates charged for risks. Some others make implicit allowance for claims inflation which does not allow for appropriate challenge to the assumption.

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# Casualty Market study

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As discussed earlier this study included the following classes of focus:

- NM General Liability (US and non-US)
- D&O (US and non-US)
- Medical Malpractice

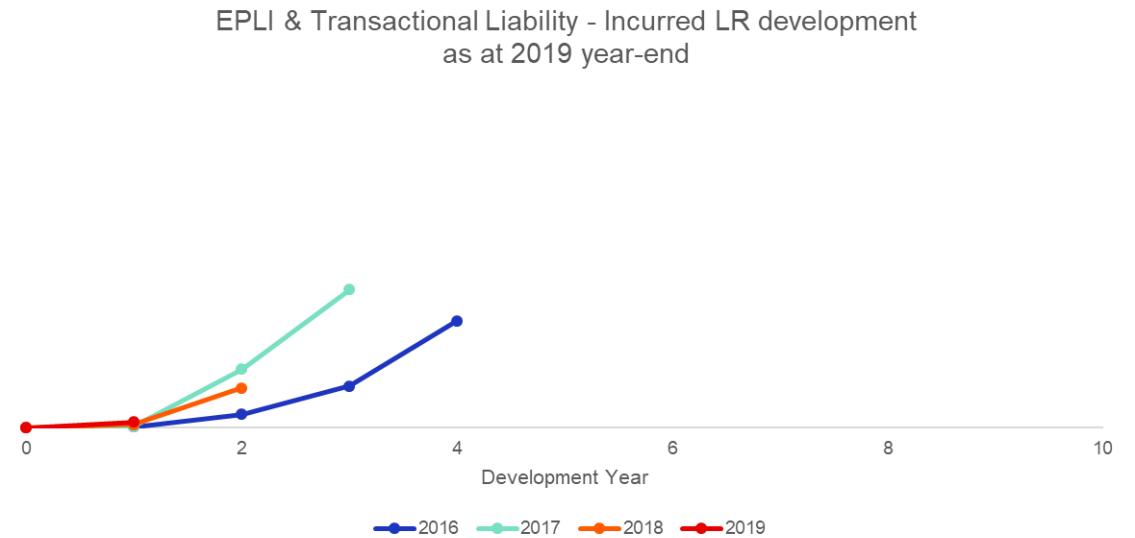
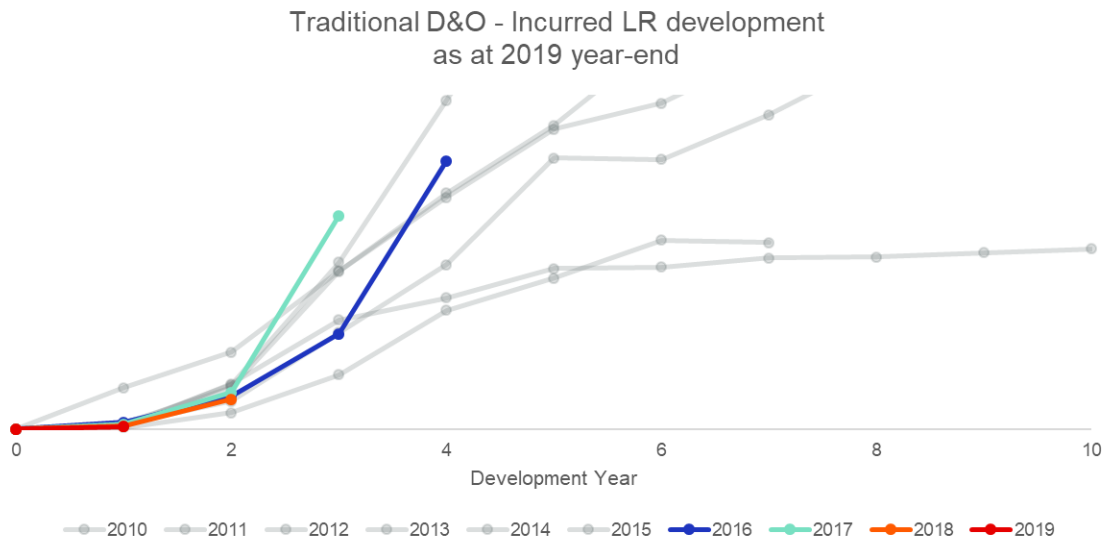
We updated the analysis using the 2019 YE data and our findings are summarised in the following slides.

**Important:** The NM General Liability non-US class no longer remains a class of focus as the Lloyd's view is now aligned with the market following correction to the historical TPD from managing agents. **Please check the TPD data.**

# D&O update

D&O was highlighted as an area of focus from last year's review

Last year we highlighted a divergence between Lloyd's and the market's views on the recent years of account on D&O



Following feedback from the Casualty Market Study we have projected the traditional D&O risks separately from the EPLI and Transactional Liability risks which constitute c.50% of the premium on the D&O class.

Although it is too early to conclude from this data whether these newer risk codes develop and/or perform differently it has explained some of the gap between the market and Lloyd's views. These new risk codes will continue to be monitored going forwards.

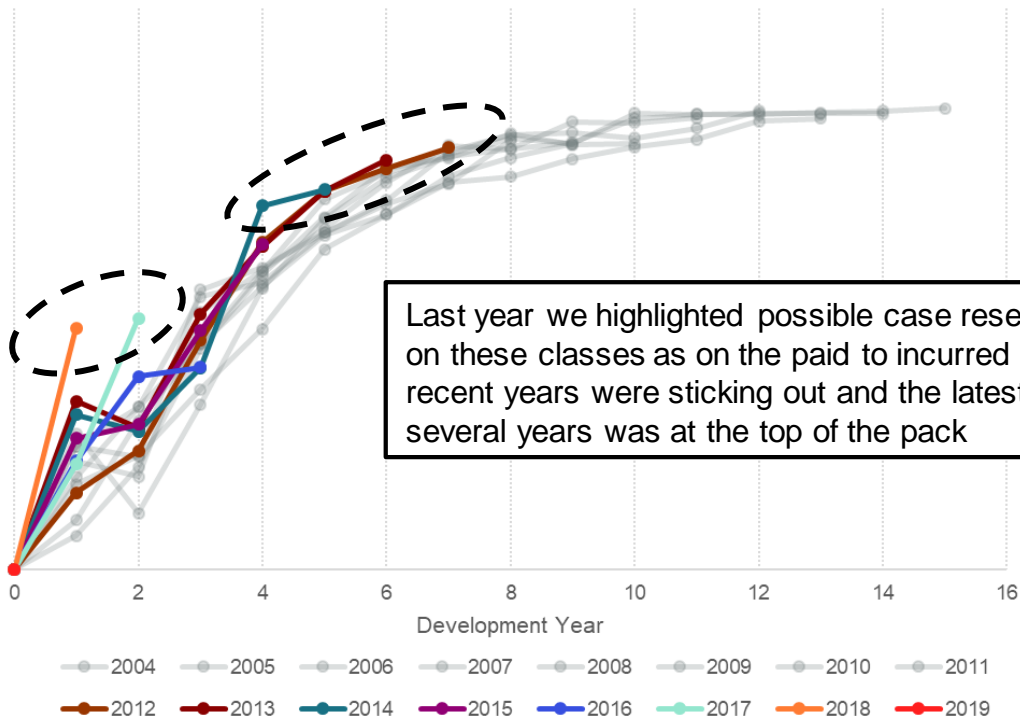
# Case Reserve Adequacy - update

Potential evidence of case reserve adequacy weakening

Evidence of possible case reserve weakening

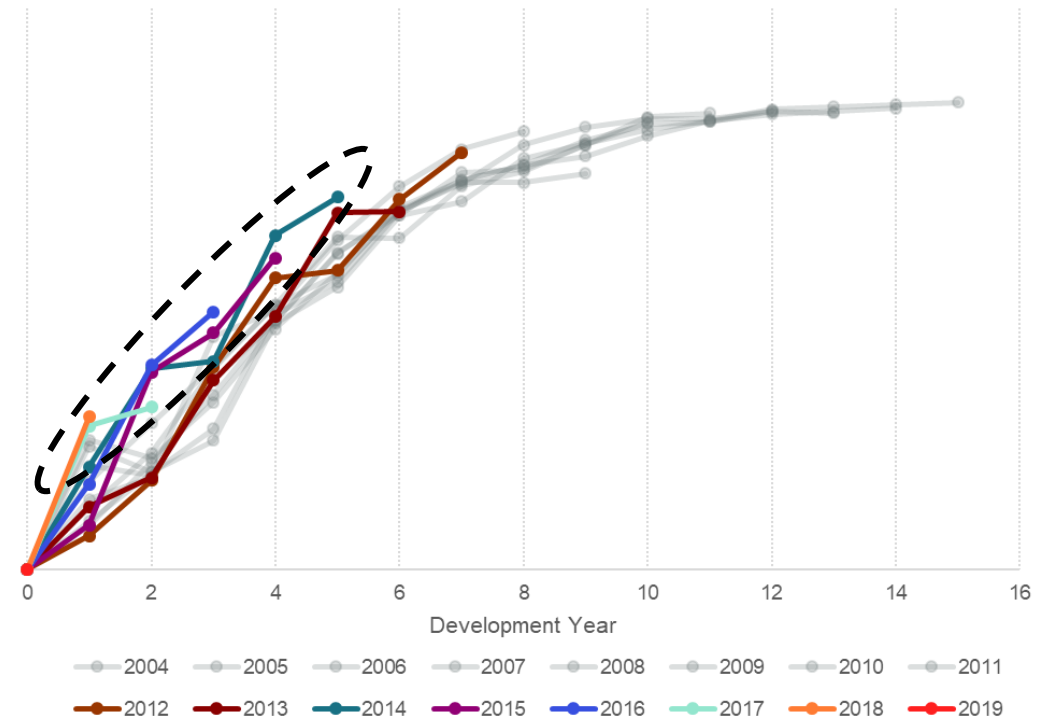
## NM GL (US Direct)

Paid to Incurred Development - ex cat as at 2018 year-end



## US Medmal

Paid to Incurred Development - ex cat as at 2018 year-end



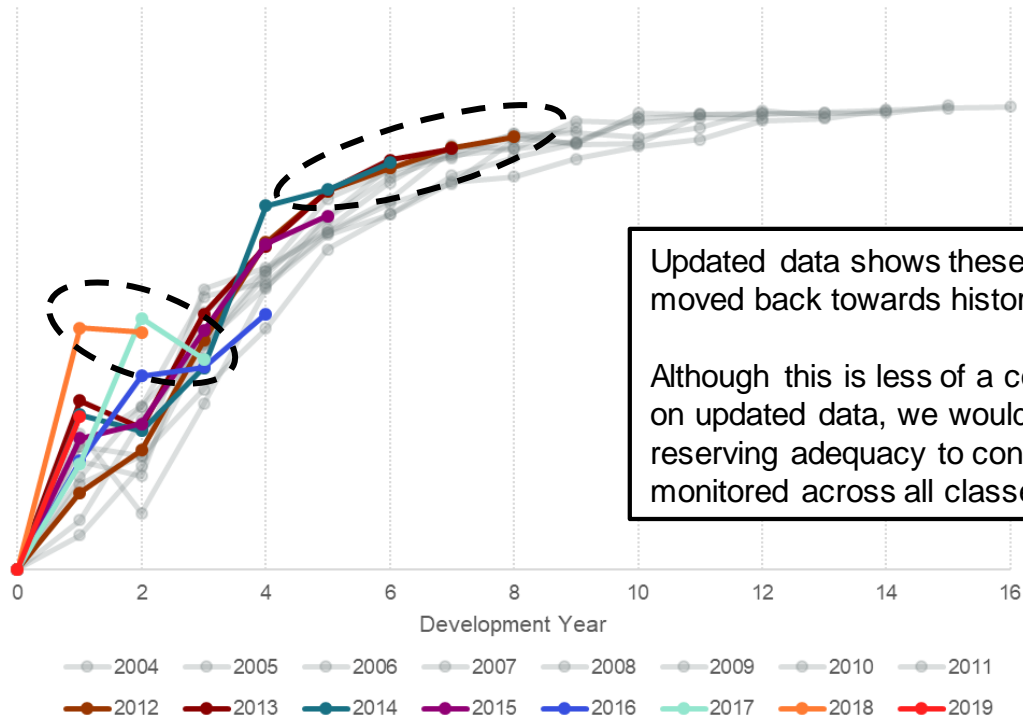
# Case Reserve Adequacy - update

Potential evidence of case reserve adequacy weakening

Evidence of possible case reserve weakening

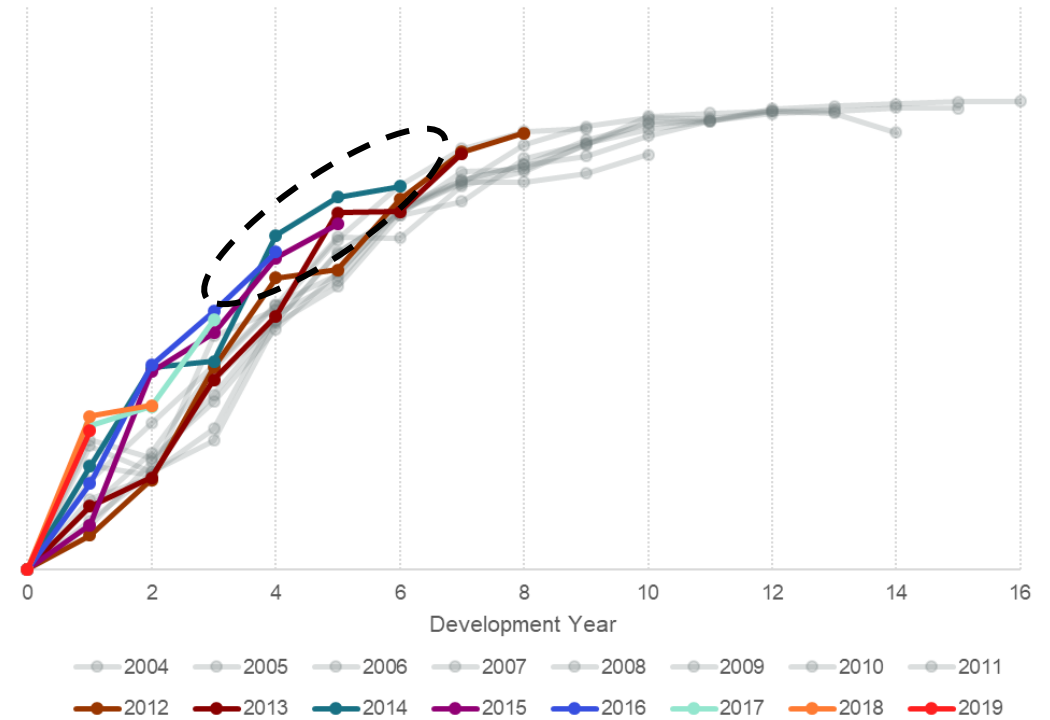
## NM GL (US Direct)

Paid to Incurred Development - ex cat as at 2019 year-end



## US Medmal

Paid to Incurred Development - ex cat as at 2019 year-end



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# SAO Return Migration to the Market Data Collections (MDC) Platform

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- 2) Migration of the SAO return to the Market Data Collections (MDC) platform
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# MDC Overview and Update

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The MDC Product Delivery team are continuing to migrate returns from existing systems such as SecureStore and Core Market Returns (CMR) to the MDC platform.

## Returns migrated to MDC to date:

- GQD
- LCR
- Non-XIS (Quarterly)
- PMD
- PMDA
- QMA
- QMB
- SBF

## Key benefits of switching to MDC for you:

- **Validations are performed at point of data entry and return submission-** reducing the amount of post-submission queries and introducing more efficiency to the process
- **Standardised platform** used across market returns
- **Increased traceability and accountability** for data submissions



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# Migration of SAO return to MDC platform

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## What progress has been made for SAO?

- System build completed ✓
- Market testing completed ✓
- MDC will be live for SAO submissions for the next SAO submissions (Year End 2020 Returns due in Q1 2021)

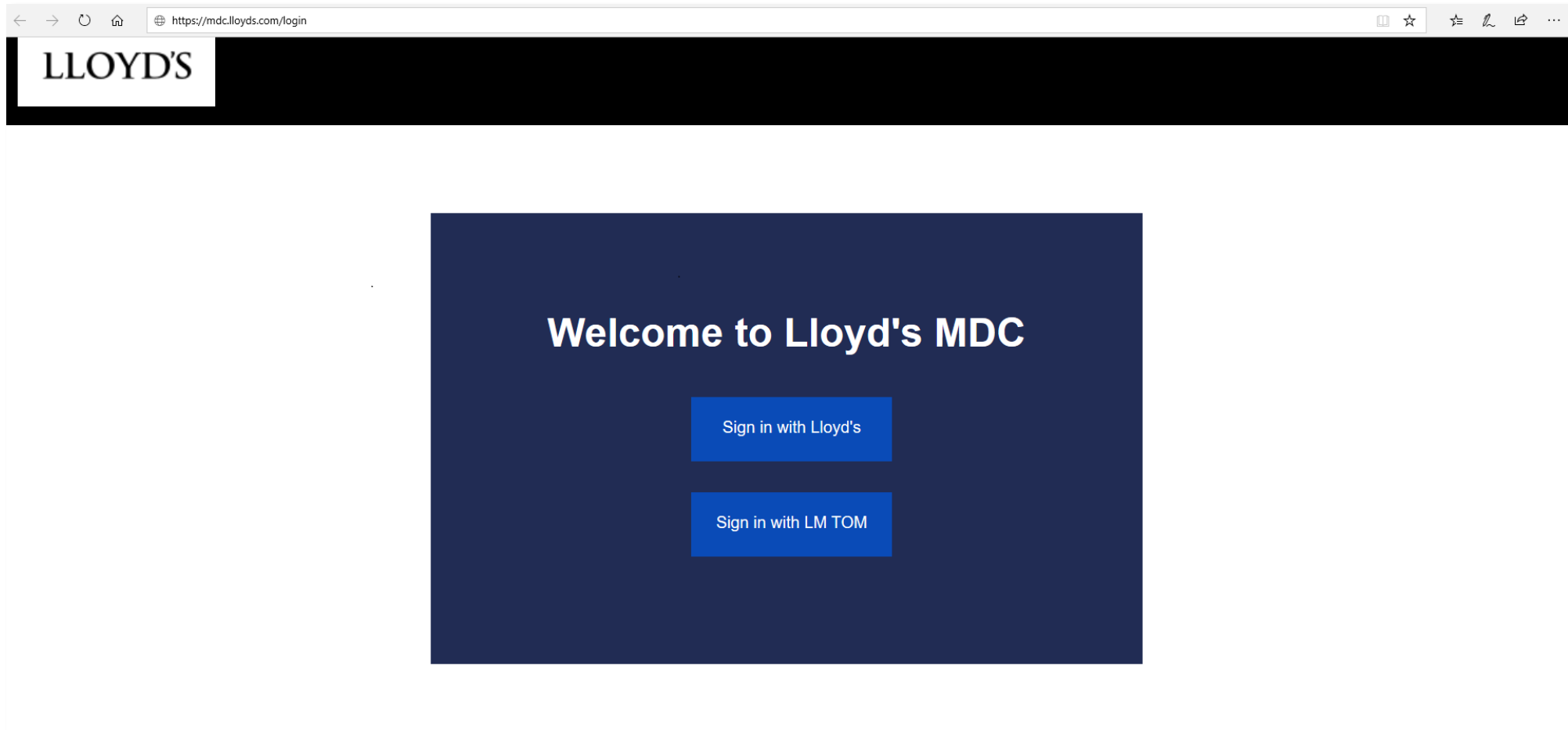
## What the new platform will involve:

- Several methods to choose from to upload returns: CSV upload, online in the MDC User Interface, or by copying a previous return version from the same period
- Instant validation to assist data checking prior to submitting to Lloyd's
- Introduction of an SAO Business Calendar
- Notifications on the status of workflow
- Enhanced security and governance

## What it isn't:

- An onerous process
- A change to the workload

# Login Screen



# Form 010 (Control form)

Navigation: Home | Tasks | Notifications | Returns | Documents | More

User: Test azure User | Last Login: 28/10/2020 4:48 PM

Form Title: SAO\_WW\_AND\_USTF

Submission Period: 2020 | Version Number: 36 | Version Name: 36

Actions: Validation | Edit Log | Query

FORMS: 010, 010a, 020, 030, 040, 050, 060, 070, 080

### 010 Submission Details

Syndicate:

|                        |                |
|------------------------|----------------|
| Syndicate              |                |
| Managing Agent         | Managing Agent |
| Signing Actuary Firm   | Actuary 1      |
| Version Number         | 36             |
| Reporting Year         | 2020           |
| Signing Actuary's Name | as             |

#### Format & Type of Review

This is required to inform Lloyd's of the type of review that is undertaken i.e. whether the opinion is based on an independent estimation of the reserves or assumptions.

What type of review is the opinion based on?

Note: If the work involves independent estimation of at least 60% of reserves it should be considered as an independent estimate.

Signing Actuary Internal or External?

# Validation screen

← SAO\_WW\_AND\_USTF

Reporting Period: 2020 | Version Number: 61 | Version Name: ol

Validation | Edit Log | Query

FORMS 34 28

010 8

010a

020

030 5 6

040 1 2

050 1 2

060 12

070 7

**LLOYD'S**

**030 Surplus Lines Trust Fund**

Syndicate: Managing agent: Managing Agent

Please complete this form if a Surplus Lines Trust Fund opinion is required.

**Technical Provisions**

This information is required for all open years of account to which the syndicate has SLTF exposure. Please leave blank where it is not relevant or you have not provided an opinion for this.

**The figures below should reconcile with the amounts submitted in the hard-copy opinion.**

Please select "Yes" for each open year of account. "No" indicates that this year of account does not exist for this Syndicate.

| US Surplus Lines Trust Fund                    | US \$000s       |          |      |
|--|-----------------|----------|------|
|  | Year of account |          |      |
|  | 2019            | 2018     | 2017 |
| Reporting Year?                                |                 | Yes      |      |
| Reported Outstanding Claims                    | -               | -        | -    |
| IBNR Claims and Unexpired Risks                | -               | -        | -    |
| <b>Sub-Total</b>                               | -               | -        | -    |
| Less deferred premiums, Fund withheld and LOCs | -               | (123.00) | -    |
| <b>Total</b>                                   | -               | 123.00   | -    |

BUSINESS VALIDATIONS

All

Error 34 | Warning 28 | Passed 463 | Total 526

| Form | Section Code | Validation Code | Validation Name | Status | Occurrence | Comments |
|------|--------------|-----------------|-----------------|--------|------------|----------|
|------|--------------|-----------------|-----------------|--------|------------|----------|

# Edit log

LLOYD'S
Test azure User  
Last Login: 28/10/2020 4:48 PM

← SAO\_WW\_AND\_USTF VALIDATE ACTION - HELP

Submission Period: 2020 | Version Number: 36 | Version Name: 36 | Validation Edit Log Query -

FORMS

- 010
- 010a
- 020
- 030

| 1  | A | B | C | D | E |
|----|---|---|---|---|---|
| 2  |   |   |   |   |   |
| 3  |   |   |   |   |   |
| 4  |   |   |   |   |   |
| 5  |   |   |   |   |   |
| 6  |   |   |   |   |   |
| 7  |   |   |   |   |   |
| 8  |   |   |   |   |   |
| 9  |   |   |   |   |   |
| 10 |   |   |   |   |   |
| 11 |   |   |   |   |   |
| 12 |   |   |   |   |   |
| 13 |   |   |   |   |   |
| 14 |   |   |   |   |   |

**EDIT LOG** FILTER(1) X

GRID ADJUSTMENTS

| Form | Section                    | Occurrence | Elements                        | Action       | Element Description                  | New Value  | Old Value  | Changed By | Changed On          | Reason |
|------|----------------------------|------------|---------------------------------|--------------|--------------------------------------|--|--|------------|---------------------|--------|
| 030  | SLTF - Large Loss Wordings |            | Comment_SurplusLinesTrustFund_2 | Cell Changed | Comment - Surplus Lines Trust Fund 2 | and entering the East; the most western of splendid bridges over the Danube, which is here of noble width and depth, width and | entering the East; the most western of splendid bridges over the Danube, which is here of noble width and depth, | Test User  | 25-09-2020 18:48:29 |        |

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# Changes to the SAO return process

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## Key inputs required from the Signing Actuaries/Managing Agents

- Managing Agent's notification of Signing Actuary appointed for 2021 submissions
- Notification of Classes of Business used by the Signing Actuary
- Signing Actuary Class of Business reference data for the reporting period is a prerequisite for return submission. This should be entered within the MDC Platform ahead of return submissions
- Adding new users to MDC – Your MDC administrator should contact [MDCSupport@lloyds.com](mailto:MDCSupport@lloyds.com) to register new users. The MDC Support team will then email the new user further info detailing how to set up their account.

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# Support

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## Where to get support when using MDC for SAO Return submissions:

- For any queries relating to the preparation and methodology of SAO Return submissions, please contact the Lloyd's Syndicate Reserving team at [SAOReports@lloyds.com](mailto:SAOReports@lloyds.com)
- For any technical MDC Platform queries (including access queries), please contact [MDCsupport@Lloyds.com](mailto:MDCsupport@Lloyds.com)
- Additional support and training materials will be available within the 'Help' section of the 'SAO Return' area in MDC

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# 2019 Engagement & Looking Ahead

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# 2019 Engagement & Looking Ahead

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- **Last year**
  - Underpinned analysis for Casualty Market Study
  - Assisted in formulating oversight activity
  - Insight into areas of focus and areas of concern
- **This year**
  - Further engagement with Signing Actuaries before year end
  - Looking to understand the trends you are seeing and key areas of concern
  - Assessment of COVID losses
  - Any information on our focus classes
- **Important**
  - Underpins the control framework of reserving oversight for Lloyd's to rating agents, UK and International Regulators

# Key takeaways

## 1. Appropriateness of assumptions

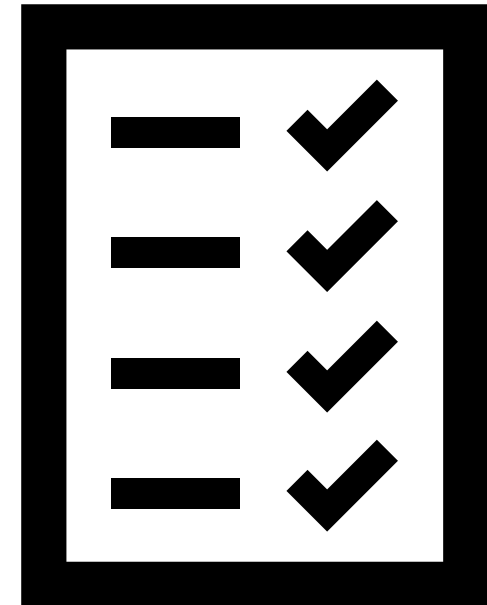
- Are they documented?
- Can they be justified?
- Have they been communicated to stakeholders?
- How have uncertainties been included in the best estimate?

## 2. Emerging trends

- Can these be identified from your work?
- Can you communicate these with us?
- Does the Syndicate write the Lloyd's classes of concern?

## 3. Engagement

- Conversations on differences with managing agents should be documented in the report.
- We want to engage with you more. Please give us your feedback.



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# Questions?

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