

3. TECHNICAL PROVISIONS & STANDARD FORMULA

Workstream overview

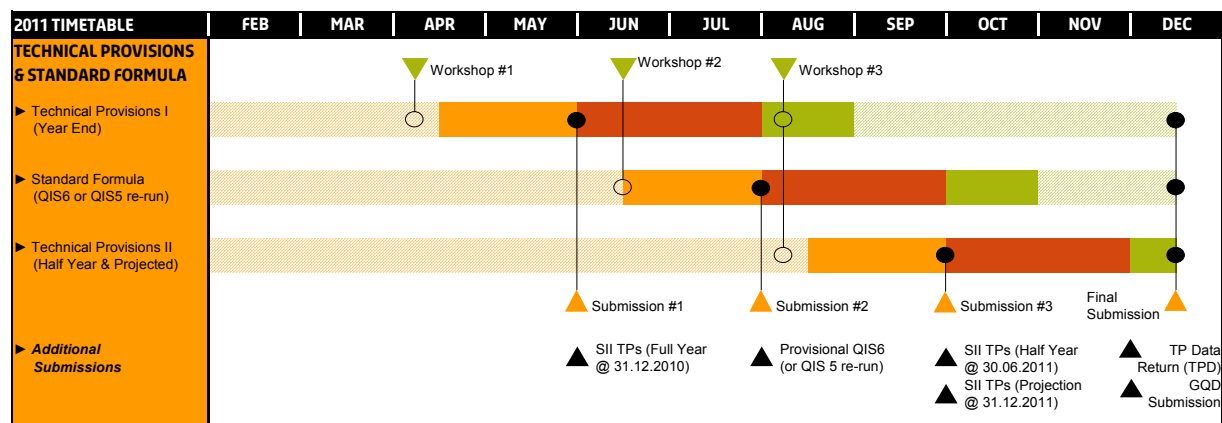
The Technical Provisions & Standard Formula workstream is a continuation of the Technical Provisions element covered in the 2010 Dry Run. Although the 2010 process focused predominantly on the valuation process and methodology, the work activity this year will be more quantitative in nature as we focus on the calculation of Technical Provisions (TPs) and the Standard Formula SCR.

There are a number of specific Solvency II deliverables for agents including year end, half year and projected Technical Provisions on a Solvency II basis as well as Standard Formula SCR on a provisional QIS6 or QIS5 re-run basis.

Primary Audience: Actuarial Function, Finance Function

Objectives	2010 Dry Run:	Directive Article(s):
<ul style="list-style-type: none"> Show that agents can calculate Standard Formula to an acceptable regulatory standard. 	QIS5	103-105
<ul style="list-style-type: none"> Show that agents can calculate Technical Provisions on a Solvency II basis at year-end and mid-year. 	TPs	76-84
<ul style="list-style-type: none"> Show that agents can calculate projected Technical Provisions to year-end that underlie SCR for the Lloyd's Internal Model and capital setting. 		
<ul style="list-style-type: none"> Show that agents can produce and collate data according to specified data standards (e.g. using automated validations). 	SOG (Actuarial Function), SREP	48
<ul style="list-style-type: none"> Demonstrate consistency between syndicate Solvency II Technical Provisions and internal model SCR input. 	SOG (Actuarial Function), SQS	121
<ul style="list-style-type: none"> Establish the ongoing process of Technical Provision returns on a Solvency II basis. 	SOG (Actuarial Function), SREP	48
Core modules & indicative topics		
Technical Provisions I <ul style="list-style-type: none"> Full year @ 31.12.2010 	Review techniques: Review of quantitative submissions (calculations) and tests Benchmark and feedback.	
Standard Formula <ul style="list-style-type: none"> Provisional QIS6 or QIS5 re-run 		
Technical Provisions II <ul style="list-style-type: none"> Half year @ 30.06.2011 Projection @ 31.12.2011 Technical provision data return (TPD) 		

Provisional workstream timetable



Workshops	Dates:
Workshop #1	4 & 6 April 2011
Workshop #2	13 & 17 June 2011
Workshop #3	8 & 9 August 2011
Evidence template submissions	Dates:
Submission #1	27 May 2011
Submission #2	29 July 2011
Submission #3	30 September 2011
Final Submission	16 December 2011

Additional submissions	Description:	Dates:
SII Technical Provisions	Full year technical provisions @ 31.12.2010 on a Solvency II basis.	27 May 2011
Standard Formula SCR	Standard Formula SCR on a provisional QIS6 or QIS5 re-run basis (timing may move if QIS6 deadline is different)	29 July 2011
SII Technical Provisions	Half-year technical provisions @ 30.06.2011 on a Solvency II basis.	30 September 2011
SII Technical Provisions	Projected technical provisions @ 31.12.2011 on a Solvency II basis.	30 September 2011
Technical Provision Data Return (TPD)	Full submission of new TPD return (the Solvency II equivalent of the SRD).	30 November 2011
Gross Quarterly Data Return (GQD)	Full submission of new GQD return	30 November 2011