

# MARKET BULLETIN

REF: Y4426

<b>Title</b>	<b>Valuation of Liabilities Rules for 31 December 2010 Solvency Test</b>
<b>Purpose</b>	To inform managing agents of the release of guidance relating to the setting of technical provisions for solvency as at year-end 2010
<b>Type</b>	Annual Release
<b>From</b>	Jerome Kirk, Senior Manager, Market Reserving & Capital Contact: 0207 327 5812, <a href="mailto:Jerome.Kirk@lloyds.com">Jerome.Kirk@lloyds.com</a>
<b>Date</b>	22 October 2010
<b>Deadline</b>	For immediate attention
<b>Related links</b>	<a href="http://www.lloyds.com/The-Market/Operating-at-Lloyds/Resources/Lloyds_Valuation_of_Liabilities">http://www.lloyds.com/The-Market/Operating-at-Lloyds/Resources/Lloyds_Valuation_of_Liabilities</a>

The Valuation of Liabilities rules provide guidance relating to the calculation of technical provisions for solvency. The version provided for 31 December 2010 is based upon that for 31 December 2009.

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

The basis for valuation is substantially the same as for the rules issued in September 2009 (MB Y4316).

### 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 (0207 327 5235, [Henry.Johnson@lloyds.com](mailto:Henry.Johnson@lloyds.com)) or  
Jerome Kirk, Senior Manager, Market Reserving & Capital (0207 327 5812, [Jerome.Kirk@lloyds.com](mailto:Jerome.Kirk@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.

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.

FAQs

A set of FAQs accompany the Valuation of Liabilities rules to add further clarity on common issues for Managing Agents and Syndicate Actuaries.

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 24 February 2011, and further details are given in the Q3 2010 QMR bulletin (ref Y4421) published on 1 October 2010.

Actuarial Guidance

Syndicate actuaries should adhere to all applicable guidance issued by the Board for Actuarial Standards and the Actuarial Profession. Portions of the actuarial guidance that apply to SAOs are in transition and may therefore change between now and year-end.

More clarity on these developments should be available by Lloyd's singing actuaries forum to be held in December (see below).

Deadlines for year-end 2010

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

	<b>Deadline</b>
<b>US Trust Fund SAOs</b>	14 February 2011
<b>Worldwide SAOs</b>	24 February 2011
<b>SAO Reports</b>	31 March 2011 or earlier

The deadlines for the SAOs are consistent with the corresponding dates for year-end 2009. Please note that the deadline for the supporting reports has been brought forward as advised last year end. Once again earlier submissions will be welcomed.

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 FSA return.

### 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 encouraged. Please send reports to Jerome Kirk, Market Reserving & Capital, G5, Lloyd's, One Lime Street, EC3M 7HA, and submit electronic copies via email to [SAOReports@lloyds.com](mailto: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 Jerome Kirk) so that Lloyd's can maintain an up to date list of signing actuaries.

### Signing Actuaries Forum

Lloyd's intends to hold another signing actuaries forum on December 6 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. Dates for the forum will be circulated by email by the end of October.

### **Jerome Kirk**

Senior Manager, Market Reserving & Capital  
Finance, Risk Management and Operations