

# MARKET BULLETIN

REF: Y4079

<b>Title</b>	<b>Valuation of Liabilities Rules for 31 December 2007 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 2007
<b>Type</b>	Annual Release
<b>From</b>	Henry Johnson, Head of MRC & Lloyd's Actuary Contact: 0207 327 5235 <a href="mailto:Henry.Johnson@lloyds.com">Henry.Johnson@lloyds.com</a>
<b>Date</b>	22 November 2007
<b>Deadline</b>	For immediate attention
<b>Related links</b>	<a href="http://www.lloyds.com/Lloyds_Market/Tools_and_reference/Lloyds_Valuation_of_Liabilites.htm">http://www.lloyds.com/Lloyds_Market/Tools_and_reference/Lloyds_Valuation_of_Liabilites.htm</a>

## Introduction

The Valuation of Liability rules provide guidance relating to the calculation of technical provisions for solvency. The version provided for 31 December 2007 is based upon those for 31 December 2006. 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 those in issued in December 2006 (MB Y3920).

## Sample SAO Certificate

Actuarial guidance is set out in the Actuarial Profession's professional guidance notes GN20 and GN33 and covers how actuaries must go about their work when providing certificates. 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, he should contact the Lloyd's Actuary to confirm that the revised wording remains acceptable to Lloyd's.

## Contact Details

Where agents and actuaries require clarification they should approach either:

Henry Johnson, Lloyd's Actuary (0207 327 5235, [henry.johnson@lloyds.com](mailto:henry.johnson@lloyds.com))

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Lloyd's will present to the London Market Actuaries Group (LMAG) at the January meeting to address year-end issues and any general queries that have arisen.

US Opinions

Appendix 3 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 the past.

Sample Reconciliation to AR223

Provided with the Valuation of Liabilities rules is a sample spreadsheet giving further guidance on the reconciliation of AR223 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 signing actuaries.

Deadlines for year-end 2007

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

	<b>Deadline</b>
<b>Worldwide SAOs</b>	28 February 2008
<b>SAO Reports</b>	18 April 2008 or earlier

The deadline for the SAOs is consistent with the corresponding dates for year-end 2006. The deadline of the accompanying SAO reports has been brought forward compared to year-end 2006. This is consistent with market bulletin Y3926 issued in December 2006 strongly encouraging agents to submit reports 2 weeks earlier as it was expected that this deadline would be brought forward in the future. Once again earlier submissions will be welcomed.

This bulletin has been sent to managing agents, members' agents, syndicate accountants and trade bodies for information.

Henry Johnson  
 Head of MRC & Lloyd's Actuary  
 Finance, Risk Management and Operations