

2. VALUATION & BALANCE SHEET

Workstream overview

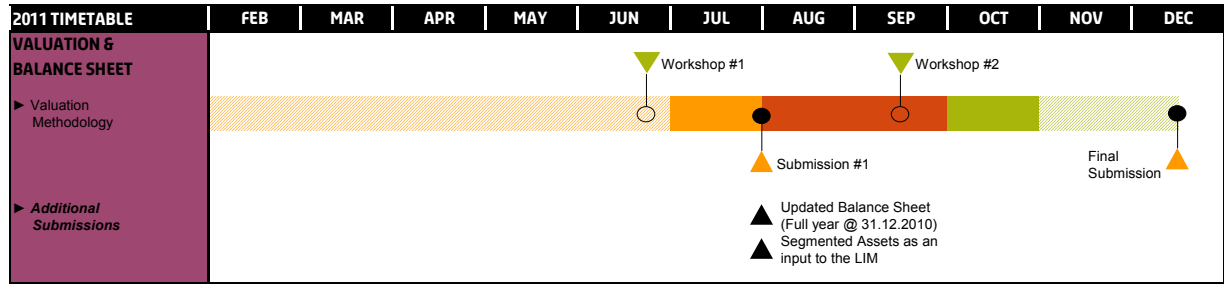
The Valuation & Balance Sheet workstream will focus primarily on the valuation of assets and liabilities, excluding technical provisions, which are addressed separately. The workstream will also consider valuation of own funds, to the extent that this is applicable in the Lloyd's context.

The key workstream deliverable for agents will be the Solvency II Balance Sheet due 31 July 2011, in line with the Standard Formula calculation. Agents will also be asked to produce segmented asset information for the purpose of investment analysis within the LIM.

Primary Audience: Finance Function, Investment Managers

Objectives	2010 Dry Run:	Directive Article(s):
<ul style="list-style-type: none"> Demonstrate that agents meet the requirements in Articles 74; 87-92 regarding the valuation of assets and liabilities, excluding technical provisions. 	SREP, QIS5	74; 87-92
<ul style="list-style-type: none"> Demonstrate that agents have systems that will produce the required detail within the prescribed timetables. 		
<ul style="list-style-type: none"> Demonstrate that agents have a reasonable method for valuing assets and liabilities to calculate the standard formula. 		
<ul style="list-style-type: none"> Demonstrate that agents have systems that can produce the segmented information required for analysing investments as categorised to populate the Lloyd's Internal Model. 		
Core modules & indicative topics		Review techniques:
<p>Valuation Methodology</p> <ul style="list-style-type: none"> Valuation of assets Valuation of liabilities (excluding technical provisions) Valuation of own funds 	<ul style="list-style-type: none"> Desk top review of documents including balance sheet On site system reviews and walkthroughs Interviews Review of QIS6 or QIS5 re-run as at Dec 2010 	

Workstream timetable



Workshops	Dates:
Workshop #1	22 & 23 June 2011
Workshop #2	14 & 15 September 2011
Evidence template submissions	Dates:
Submission #1	29 July 2011
Final Submission	16 December 2011

Additional submissions	Description:	Dates:
Balance Sheet as at 31 December 2010	In line with Standard Formula calculation.	29 July 2011
Segmented Assets as an input to the LIM	For investment analysis within the Lloyd's Internal Model as at 31 December 2010 (categories to be advised).	29 July 2011