

Lloyd's

Current Issues in General Insurance

Institute of Actuaries seminar

17 May 2005

Henry Johnson, Lloyd's Actuary

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Contents

- Actuarial issues
 - Capital
 - Reserving
- Business processes - Kinnect and Contract Certainty (separate slides)
- Franchise Performance Directorate (separate presentation by Rob Humphreys of FPD)

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Capital 2005

- 2005 Funds at Lloyd's based on RBC
- 2005 "Soft Test" ICAs
 - Reviewed
 - Guidance
 - Individual feedback
- Overall Lloyd's ICA/ECA using 2005 ICAs as an input

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2006

- 2006 Transitional year
 - 2006 ICAs: 23 June 2005
 - Reviewed with business plans...
 - ...leading to 2006 FAL allocated on ICA basis

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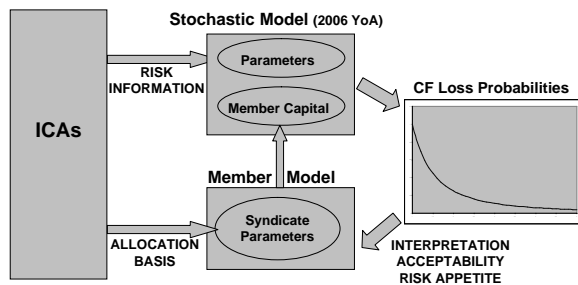
2007 and on

- Review of ICA process moves from "bullet" to ongoing
 - Greater depth, greater accuracy, greater consistency
- Review of ICA quantum moves from "bullet" to bi-annual
- Increased focus on syndicate reserving
- Development of syndicate specific tail risk in mapping from ICA to ECA
- Possible introduction of overt use of capital (at the margin) to influence behaviour
- Re-write of software to create more flexibility in mapping from syndicate to member

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Overview of ECA Control Cycle



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Reserving

- Increasing activity in MRRU on reserve analysis
- Integrate with ICA work
- Liability classes still the most uncertain
- MRRU size to increase

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