



Actuarial & Insurance Solutions

Loss Reserve Specialist (LRS) Offering for Captive Insurers

The Loss Reserve Specialist can bring a range of benefits to Captive Insurers

Why is the LRS role important?

The Bermuda Monetary Authority (BMA) defines the role of the LRS to primarily opine on the adequacy of the loss and loss expense provisions that are reflected in the insurer’s statutory financial statements and financial returns. Whilst this is the core responsibility of the LRS, the impact that the LRS can have on the insurer’s business goes beyond an opinion that assists the BMA in monitoring the adequacy of loss provisions.

BMA Requirements for LRS Opinions

In order to appoint someone as the LRS for an insurer they are needed to be a sufficiently qualified member with an actuarial body. Deloitte’s Actuarial & Insurance Solutions (AIS) team has the capabilities and professional qualifications to serve as the LRS and assist clients in fulfilling the BMA’s regulatory requirements. Notwithstanding any conditions imposed by the BMA on the insurer, the BMA specifies the following schedule for the provision of the LRSO:

Captive Insurer Class	Frequency of LRS Opinion
Class 1	Required under certain conditions
Class 2	Every Third Year
Class 3, Collateralised, IIGB	Annually

Deloitte’s LRS Offering: An Actuarial role making a difference

Through our services to other Bermuda and Caribbean based (re)insurers, as well as with the support of our vast global network, we have developed a deep P&C reserving knowledge base. Furthermore, our Bermuda-based team has developed a strong knowledge of the BMA regulations and guidelines and has specific experience in providing LRS opinions for captive insurers.

Our LRS Services

Deloitte is recognized as a market leader in Bermuda’s insurance, reinsurance, and captive industries and have supported several clients with P&C reserving support and secondment placements.

In addition to the LRS opinion that provides both the insurer and the BMA confidence that the reserves set for the company’s insurance liabilities are adequate, the findings in the actuarial report can be used to make more informed business decisions.

In addition to the core services provided by the LRS, our AIS team can provide a range of related services that are beneficial to our clients.



Core LRS Services For Audit Clients

- Perform calculations across all reserve segments as an extension to audit procedures to opine on whether the reserves are adequate in the Loss Reserve Specialist Opinion



Core LRS Services For Non-Audit Clients

- We detail our findings to the client in an Actuarial Report to support the Loss Reserve Specialist Opinion



Additional LRS Services to Support Clients

- Detailed treaty/portfolio reviews to identify key issues, and risk transfer considerations
- Determine relevant industry benchmark loss ratios, loss development factors and catastrophe loss estimates
- Transaction financial, actuarial, and tax due diligence and/or purchase accounting for various transactions
- Assistance with Bermuda P&C insurance licensing submission contents, including business plans and pro-forma financials

Differentiating Loss Reserve Specialist Services

Deloitte understands the varying needs of captives and other insurers

Bermuda-based Team

Deloitte's actuarial services are tailored for Bermuda's captive market by providing team members that are based in Bermuda and have local experience. Not only does this facilitate valuable in person collaboration but Bermuda's Economic Substance Act of 2018 requires Entities to comply with certain requirements that ensure an adequate level of management, expenditure and activity within Bermuda. These requirements can be supported by having appropriate service providers in Bermuda.

With a team of qualified actuaries, our AIS practice is well placed to assist with operational needs and regulatory obligations for captive insurers.

Our Competitive Offer

Once we have gained an understanding of your business needs we can provide a quote for our services that will be competitive with the market. We will ensure that the scope and deliverables address the business and regulatory requirements.

Captive Experience (audit and non-audit)

Your captive stands to benefit from a team with wide-ranging technical and commercial experience that can deliver market insights that you need. Our other service offerings that captives can benefit from include Assurance & Advisory, Risk Advisory, Financial Advisory, and Tax Services.

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Alistair Lynch leads the P&C service offering for Deloitte's Actuarial and Insurance Solutions practice in Bermuda and across the Caribbean region. He is supported by a Bermuda-based team including several qualified and part qualified P&C (non-life) actuaries.

He is a Fellow of the Institute and Faculty of Actuaries (FIA) and has been approved as Loss Reserve Specialist for a range of insurers in Bermuda. He has a degree in Actuarial Science from the London School of Economics and Political Science.

Alistair is a Senior Manager with extensive experience in actuarial reserving reviews for reinsurers and insurers in both the commercial and the captive space. His clients cover a wide variety of classes of business, and he is experienced in reserving techniques for short and long tail classes.

Prior to joining Deloitte, Alistair was an actuarial consultant in the London Market and his experience included a long-term secondment in the reserving function at a large Lloyd's syndicate.