
WRITTEN NOTICE

Major change to the approved internal model

To: QBE Insurance (Europe) Limited (FRN 202842)
QRE Re (Europe) Limited (FRN 202015)
(the “firms”)

Of: 30 Fenchurch Street
London
EC3M 3DB

Reference Number: 4956083; 5101429

Date: 26 November 2018

Action

- (1) In accordance with Regulation 48 and 49 of The Solvency 2 Regulations 2015 (SI 2015/575), the Prudential Regulation Authority (“the PRA”) has decided to approve a major change to the firms’ approved internal model as approved in the Written Notice – Internal model approval dated 5 December 2015 (reference 2221724; 22217260) (the “**Original Notice**”), as amended by the Written Notice – Variation of internal model approvals (the “**Variation Notices**”) dated:
 - 15 December 2016 (reference 2880190; 3899411) (change to the policy for approving the approved internal model);
 - 3 March 2017 (reference 2869536; 4184019) (major changes to the approved internal model); and
 - 31 January 2018 (reference 4841374, 4873287) (major change to the approved internal model).
- (2) This approval is granted on the basis of the information set out in the firms’ major model change application received on 1 June 2018 and further information submitted during the application review period.
- (3) This Written Notice amends the Original Notice and the Variation Notices.
- (4) The details of the approved internal model following these decisions are set out in Annex A.

Effective Date

- (5) This approval takes effect on 26 November 2018.

Reasons for the decision

- (6) The PRA’s assessment is that the approved internal model, following the major model change, met the tests and standards at the time the decision was made. Specifically, the PRA is satisfied that:
 - a. the approved internal model complies with the rules contained in Chapters 2-4 and 10-15 of the Solvency Capital Requirement – Internal Models part of the PRA Rulebook;

- b. the approved internal model complies with the requirements set out in Title 1 Chapter VI Solvency capital requirements sections 1,2,3,4,6,7,8 and 9 of the Commission Delegated Regulation (EU) 2015/35;
- c. the systems of the undertaking for identifying, measuring, monitoring, managing and reporting risk are adequate;
- d. the approved internal model complies with the requirements of Title 2 Chapter II Section 2 of the Commission Delegated Regulation (EU) 2015/35; and
- e. the approved internal model additionally fulfils the requirements of Chapter 4 of the Solvency Capital Requirement – Internal Models 4 of the PRA Rulebook and Title 1 Chapter VI Section 5 of the Commission Delegated Regulation (EU) 2015/35.

Decision-Maker

- (7) The decision which gave rise to the obligation to give this Notice was made by Gareth Truran as Head of Division, London Market, PRA Insurance Directorate at the PRA.

Publication

- (8) Details of this permission will be published on the Financial Services Register.

PRA contacts

- (9) For more information concerning this matter generally, the firm should contact their usual supervisory contact.

Gareth Truran
Head of Division
London Market, PRA Insurance Directorate
Prudential Regulation Authority

ANNEX A: The approved internal model

Definition

- The approved internal model is as set out in the internal model application documents submitted to the PRA on 2 June 2015 (and further information submitted during that application review period) (“**Original Application**”), as amended pursuant to the major model change applications (and further information submitted during these application review periods) (“**Model Change Applications**”) submitted to the PRA on:
 - 5 September 2016 (change to the policy for changing the approved internal model);
 - 5 September 2016 (major change to the approved internal model);
 - 4 August 2017 (major changes to the approved internal model); and
 - 1 June 2018 (major change to the approved internal model).
- The approved internal model is approved to calculate the group SCR at the level of QBE European Operations plc. The entities with a “Yes” in the Group SCR column in Table 1 are those which are included in the model in order to calculate the group SCR.
- The approved internal model is also approved to calculate the individual SCRs for those entities with a “Yes” in the Solo SCR column in Table 1.
- This approval applies to all risks and major business units.

Table 1

Legal Entity	FRN	Group SCR (“the undertakings included in the scope of the model for the calculation of the group SCR”)	Solo SCR
QBE Insurance (Europe) Limited	202842	x	x
QBE Re (Europe) Limited	202015	x	x
QBE European Operations plc	203785	x	
QBE Europe SA/NV	811604	x	