



WRITTEN NOTICE

Major changes to an approved internal model

To: **British Gas Insurance Limited (FRN 490565)**

(the “firm”)

Of: **Swan House, The Causeway, Staines, Middlesex TW18 3BF**

Reference Number: 4916986

Date: 3 December 2018

DECISIONS

- (1) In accordance with Regulation 48(1)(b) of the Solvency II Regulations 2015, the Prudential Regulation Authority (“the PRA”) has decided to approve major changes to the firm’s partial internal model approved in the Written Notice – Internal model approval dated 5 December 2015 (reference 2249914) (the “Original Notice”).
- (2) This approval (the “Amended Notice”) is granted on the basis of the information set out in the firm’s major model change application received on 16 April 2018.
- (3) In accordance with Regulation 48(1)(c) of the Solvency II Regulations 2015, the PRA has also decided to grant the firm approval to make changes to the policy for changing an approved internal model (“the Policy”). The Policy was also approved in the Original Notice and amended in the Amended Notice.
- (4) This approval is granted on the basis of the information set out in the firm’s application regarding the Policy which was received on 16 April 2018 and supplementary information received on 15 October 2018 and 26 November 2018.
- (5) This Notice, as set out in Annex 1, replaces the Original Notice so that the partial internal model approval applies with major changes and the Policy also applies with changes.

Effective date

- (6) The approval at paragraph 1 takes effect on 3 December 2018.

Decision maker

- (7) The decisions which gave rise to the obligation to give this Notice were made by Daniel Kriss, Senior Manager at the PRA.

Publication

- (8) Details of this approval will be published on the Financial Services Register on 4 December 2018.

PRA contacts

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

Daniel Kriss

Senior Manager

For and on behalf of the PRA

ANNEX 1

The approved Partial Internal Model

Definition

1. The approved partial internal model is as set out in the internal model application documents submitted to the PRA on 29 July 2015, as amended pursuant to the major model change documents submitted to the PRA on 16 April 2018.
2. The internal model is approved to calculate part of the SCR for the firm. The model covers non-life underwriting risk, operational risk, and counterparty default risk.

The approved Model Change Policy

Definition

3. The approved model change policy is as set out in the amended model change policy submitted to the PRA on 16 April 2018 and supplementary information provided on 15 October 2018 and 26 November 2018.

Reasons for the Decision

4. The PRA's assessment is that the partial 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, following the major model change:
 - a. the internal model complies with the rules contained in Chapters 2 to 4 and 10 to 15 of the Solvency Capital Requirement - Internal Models Part of the PRA Rulebook;
 - b. the internal model complies with the requirements set out in Title 1 Chapter VI, sections 1-9 inclusive of the Commission Delegated Regulation (EU) 2015/35;
 - c. the systems of the undertaking for identifying, measuring, monitoring, managing and reporting risk are adequate; and
 - d. the policy for changing the approved internal model complies with rules contained in Chapter 6 of the Solvency Capital Requirement- Internal Models Part of the PRA Rulebook.