



WRITTEN NOTICE
Internal model approval

To: **Rothsay Life Limited (FRN 466067)**
(the ‘firm’)

Of: Level 25 The Leadenhall Building
122 Leadenhall Street
London
EC3V 4AB

Reference Number: 4973403

Date: 3 December 2018

DECISION:

In accordance with Regulation 48 [and 49] of the Solvency II Regulations 2015, the Prudential Regulation Authority (the “PRA”) has decided to grant the firm approval to use a partial internal model for the calculation of its group and solo Solvency Capital Requirements (SCR) as set out in Annex 1 and on the terms and conditions set out in Annex 2.

- (1) The PRA has also decided to grant the firm approval of its policy for changing an approved internal model.
- (2) This approval is granted on the basis of the information set out in the firm’s application dated 30 June 2018 and the addendum to the application dated 30 November 2018.
- (3) The integration technique to be used to integrate the partial internal model into the SCR standard formula is Integration Technique 3, as set out in your application.

Effective Date

- (4) This permission takes effect on 31 December 2018.

Decision-Maker

- (5) The decision which gave rise to the obligation to give this Notice was made by the Supervision, Risk and Policy Committee, for and on behalf of the PRA according to Article 231(6) of Directive 2009/138/EC.

Publication

- (6) Details of this approval will be published on the Financial Services Register.

PRA contacts

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

Supervision, Risk and Policy Committee

For and on behalf of the PRA

ANNEX 1

The approved Internal Model

Definition

1. The approved internal model is as set out in the internal model application documents submitted to the PRA on 30 June 2018 and the addendum to the application dated 30 November 2018.
2. The internal model is approved to calculate the Group SCR at the level of Rothesay HoldCo UK Ltd. 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 model covers the risks set out in table 2.
3. The internal model is approved to calculate the individual SCR for entities with a “Yes” in the Solo SCR column in table. The model covers the risks set out in table 2.

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
Rothesay HoldCo UK Ltd	N/A	Yes	N/A
Rothesay Life Limited	466067	Yes	Yes

Table 2 Risk categories the approval applies to by entity

Risk Categories	Rothesay HoldCo UK Ltd	Rothesay Life Limited
Credit risk	Yes	Yes
Counterparty default risk	Yes	Yes

Reasons for the Decision

4. The PRA’s assessment is that the internal model met the tests and standards at the time the decision was made. Specifically, the PRA is satisfied that:
 - 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 Solvency capital requirement – full and partial internal models 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. If the application is made under Directive Article 231 include: The model complies with the requirements of Title 2 Chapter II Section 2 of the Commission Delegated Regulation (EU) 2015/35.
 - e. If approval is for a partial internal model, the 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.
 - f. The policy for changing the approved partial internal model complies with the rules contained in Chapter 6 of the Solvency Capital Requirement – Internal Models Part of the PRA Rulebook.