



WRITTEN NOTICE

Major changes to an approved internal model

To: **AIG Europe Limited (FRN 202628)**
American International Group UK Limited (FRN 781109)

(together the “firms”)

Of: 58 Fenchurch Street
London
EC3M 4AB

Reference Number: 4917065, 5002729

Date: 27 September 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 major changes to the firms’ partial internal model as approved in the Written Notice – Internal model approval dated 18 July 2017 (reference 4227752; 4717203) (the “Original Notice”) and as amended by the Written Notice – Variation of internal model approval dated 1 February 2018 (reference 4874809; 4874819; 4874831) (the “Variation Notice”).
- (2) This approval is granted on the basis of the information set out in the firms’ major model change application received on 29 March 2018 and the supplementary submission received on 17 August 2018.
- (3) This Notice amends the Original Notice (as amended by the Variation Notice) so that the partial internal model approval applies with major changes. These changes are set out in Annex A.

Reasons for the decisions

- (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:
 - a. the 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 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;



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- c. the systems of the undertaking for identifying, measuring, monitoring, managing and reporting risk are adequate;
- d. the model complies with the requirements of Title 2 Chapter II Section 2 of the Commission Delegated Regulation (EU) 2015/35;
- e. 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.

Decision-Maker

- (5) The decision which gave rise to the obligation to give this Notice was made by Anna Sweeney as Director of Insurance Supervision at the PRA.

Publication

- (6) Details of this permission 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.

Effect

- (8) This permission takes effect at 00:00 on 1 December 2018.

Anna Sweeney
Director
Insurance Supervision
Prudential Regulation Authority



ANNEX A: 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 27 January 2017 (and subsequent addendums submitted during the application review period), as amended pursuant to the major model changes documents submitted to the PRA on 29 March 2018 and 17 August 2018 (and addendums submitted during the application review period).
2. The internal model is approved to calculate the Group SCR at the level of AIG Holdings Europe Limited. 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.
3. The internal model is approved to calculate the individual SCR for those entities with a “Yes” in the Solo SCR column in Table 1.
4. This approval applies to all risks and major business units.
5. The integration technique to be used to integrate the partial internal model into the SCR standard formula is integration technique 1 as set out in Annex XVIII of the Commission Delegated Regulation (EU) 2015/35.

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
AIG Holdings Europe Limited	N/A	Yes	N/A
American International Group UK Limited	781109	Yes	Yes
AIG Life Limited	473752	No	No
AIG Israel Insurance Company Limited	N/A	No	N/A
AIG Europe Services Limited	N/A	Yes	N/A
AIG Medical Management Services Limited	N/A	Yes	N/A
AIG Receivables Management Limited	N/A	Yes	N/A
AIG Trade Finance Limited	N/A	Yes	N/A
Privilege Holdings Sarl	N/A	Yes	N/A
Privilege Sheffield Sarl	N/A	Yes	N/A
Privilege Southampton Holdings Sarl	N/A	Yes	N/A
Privilege Southampton Sarl	N/A	Yes	N/A
Privilege Cardiff Holdings Sarl	N/A	Yes	N/A
Privilege Cardiff Sarl	N/A	Yes	N/A
Privilege Bournemouth Holdings Sarl	N/A	Yes	N/A
Privilege Bournemouth Sarl	N/A	Yes	N/A



Legal Entity	FRN	Group SCR ('the undertakings included in the scope of the model for the calculation of the group SCR')	Solo SCR
Privilege Leeds Sarl	N/A	Yes	N/A
Habitus Holdings Sarl	N/A	Yes	N/A
Habitus Leeds Sarl	N/A	Yes	N/A
Habitus Lancastrian Holdings Sarl	N/A	Yes	N/A
Habitus Lancastrian Sarl	N/A	Yes	N/A
Trivium UK Logistics Limited	N/A	Yes	N/A
Valor Industrial Partners 2 GP Limited	N/A	Yes	N/A