Variation of calculation and recalculation of Transitional Measure on Technical Provisions

To: Aviva Life & Pensions UK Limited - FRN 185896
   (the "firm")

Of: 2 Rougier Street
    York
    YO90 1UU

Reference Number: 2783534

Date: 20 July 2016

Decisions

(1) In accordance with Regulation 54(1)(a), 54(2) and 54(7) of the The Solvency 2 Regulations 2015 (SI 215/575) (the 'Regulations'), the Prudential Regulation Authority (the 'PRA') has decided to vary the firm's permission to calculate its transitional deduction to its technical provisions. The PRA gave approval (Written Notice 2134029 dated 22 December 2015) to the firm to apply a transitional deduction to its technical provisions (the 'TMTP Approval'). The PRA has decided to vary the TMTP Approval so that the firm has approval to apply a transitional deduction to its technical provisions that are contained within certain homogenous risk groups as set out in the additional information received from the firm on 8 July 2016.

(2) In accordance with Regulation 54(1)(b) of the Regulations, the PRA has decided to grant the firm permission to recalculate its transitional deduction to its technical provisions as at 30 June 2016.

(3) For the avoidance of doubt, the limit set out in paragraph 4 of Written Notice 2134029 dated 22 December 2015 continues to apply.

Reasons

(4) These decisions have been made on the basis of the information set out in the firm's applications dated 22 June 2016 and 27 June 2016 and the additional information received on 6, 7 and 8 July 2016.

(5) In respect of paragraph (1), the PRA has concluded that varying the existing approval so that the firm applies a transitional deduction to technical provisions contained in certain homogenous risk groups would not cause conditions 1 and 2 set out in Regulation 54 of the Regulations to cease to be met and condition 3 would still be satisfied if the amount of the approved deduction were limited.

(6) In respect of paragraph (2) in accordance with Regulation 54(3) of the Regulations, the PRA has concluded that condition 4 is met. The PRA has concluded that the change in risk-free rates since 1 January 2016 has materially changed the risk profile of the firm.

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Effect

(7) The firm must recalculate on 30 June 2016 the amount of the transitional deduction to technical provisions that the firm is allowed to apply in accordance with permission number 2134029. That recalculation must be in accordance with the TMTP Approval as varied pursuant to paragraph (1) of this Notice.

(8) The variation under (1) and approval under (2) take effect on 20 July 2016.

Decision-maker

(9) The decision which gave rise to the obligation to give this Notice was made by David Rule, Executive Director, Insurance Supervision.

Publication

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

PRA contacts

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

David Rule
Executive Director, Insurance Division
For and on behalf of the PRA