



WRITTEN NOTICE
Internal model approval

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

(the “firm”)

Of: Swan House
The Causeway
Staines
Middlesex
TW18 3BF

Reference Number: 2249914

Date: 5 December 2015

DECISION:

- (1) In accordance with Regulation 48 of the Solvency 2 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 certain solo Solvency Capital Requirements (SCR) as set out in Annex 1.
- (2) The PRA has also decided to grant the firm approval of its policy for changing an approved internal model.
- (3) This approval is granted on the basis of the information set out in the firm’s application dated 29 July 2015 as supplemented by its letter to the PRA dated 23 October 2015.
- (4) The integration technique to be used to integrate the partial internal model into the SCR standard formula is the default integration technique (the correlation matrices and formulas of the Standard Formula set out in Annex IV of the Solvency II Directive and Title 1, Chapter IV of Commission Delegated Regulation (EU) 2015/35).

Effective date

- (5) This permission takes effect on 1 January 2016.

Decision maker

- (6) The decision which gave rise to the obligation to give this Notice was made by the Supervision, Risk and Policy Committee of the PRA.



**BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY**

Publication

- (7) Details of this approval will be published on the Financial Services Register on 1 January 2016.

PRA contacts

- (8) 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 partial internal model is as set out in the internal model application documents submitted to the PRA on 29 July 2015 as supplemented by the letter to the PRA dated 23 October 2015.
2. The internal model is approved to calculate part of the SCR for the firm. The model covers non-life underwriting risk.

Reasons for the Decision

3. The PRA's assessment is that the partial 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, 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.