
WRITTEN NOTICE

Major changes to an approved internal model

To: **Ecclesiastical Insurance Office plc (FRN 113848) (the “firm”)**
Of: Beaufort House, Brunswick Road, Gloucester, GL1 1JZ
Reference Number: 5236934
Date: 18 October 2019

Decision

- 1) In accordance with Regulation 48 and 49 of the Solvency II Regulations 2015, the Prudential Regulation Authority (the “PRA”) has decided to approve the following major change to the firm’s internal model:
 - a) to modify its internal model to incorporate a different approach for calculating the loss absorbing capacity of deferred tax (LACDT).

Reasons for the Decision

- 2) The PRA’s assessment is that after applying the major model change set out in the application the firm’s 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 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.
 - d. The model complies with the requirements of Title 2 Chapter II Section 2 of the Commission Delegated Regulation (EU) 2015/35.
 - e. The policy for changing the approved internal model complies with the rules contained in Chapter 6 of the Solvency Capital Requirement – Internal Models Part of the PRA Rulebook.

Effective date

- 3) This permission takes effect on 18 October 2019.

Decision maker

- 4) The decision which gave rise to the obligation to give this Notice was made by Senior Manager, Non-Life and International Composites, Insurance Division of the PRA.

Publication

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

PRA contacts

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

Daniel Kriss

Senior Manager, Non-Life and International Composites

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 and listed at Table 1.
2. The partial internal model is approved to partially calculate the Group SCR at the level of Ecclesiastical Insurance Group. 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 entity not included in the Group SCR partial internal model is calculated on the basis of the standard formula and is integrated with the partial internal model by using the technique as set out in the application addenda dated 16 January 2018.
4. The internal model is approved to calculate the solo SCR for those entities with a “Yes” in the Solo SCR column in Table 1.

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
Ecclesiastical Insurance Group	204038	Yes	No
Ecclesiastical Insurance Office plc	113848	Yes	Yes