



WRITTEN NOTICE
Internal model approval

To: **Aviva Life & Pensions UK Limited (FRN 185896) (“UKLAP”)**
Aviva Insurance Limited (FRN 202153) (“AIL”)
The Ocean Marine Insurance Company Limited (FRN 202787)
Aviva International Insurance Limited (FRN 202082) (“AII”)
Aviva Vie SA (“Aviva Vie”)
Aviva Épargne Retraite SA (“AER”)
(together the “firm”)

Of: St Helens
1 Undershaft
London
EC3P 3DQ

Reference Number: 5276051, 5276050, 5276052, 5276048.

Date: 25 October 2019

DECISION:

(1) In accordance with Regulation 48 and 49 of the Solvency 2 Regulations 2015, the Prudential Regulation Authority (the “PRA”) has decided to approve the following extensions and major changes to the Aviva Group’s partial internal model approved in the Written Notice – Internal model approval dated 5 December 2015 (reference 2243186, 2243953, 2243957, 2243963, 2243951¹.) and as amended by a major model change and extension approved in the Written Notice dated 1 March 2016 (reference 2429705, 2429715, 2429728, 2429745, 2429709²), major model changes and extension approved in Written Notice dated 23 March 2017 (reference 4105641, 4105643, 4105644, 3605395, 4239664³, 4239666⁴, 4105642⁵.) and major model changes, extensions and minor changes accumulation which triggered pre-set major model change thresholds approved in Written Notice dated 21 December 2017 (reference 4800491, 4800493, 4800494, 4800495, 4800496⁶, 4800497⁷, 4800492⁸), major model change and extensions approved in Written Notice dated 10 December 2018 (reference 4973445, 5090844, 5090845 & 5090869) - collectively, the “Aviva Group Model”:

¹ Aviva Annuity UK Limited (FRN 202991) is no longer authorised.

² Aviva Annuity UK Limited (FRN 202991) is no longer authorised.

³ Friends Life Limited (FRN 196142) is no longer authorised.

⁴ Friends Life and Pensions Limited (FRN 110414) is no longer authorised.

⁵ Aviva Annuity UK Limited (FRN 202991) is no longer authorised.

⁶ Friends Life Limited (FRN 196142) is no longer authorised.

⁷ Friends Life and Pensions Limited (FRN 110414) is no longer authorised.

⁸ Aviva Annuity UK Limited (FRN 202991) is no longer authorised.



- a. A major change to update the Interest Rate Calibration excluding Aviva Towarzystwo Ubezpieczen na Zycie S.A..
 - b. A major change to update the Interest Rate Calibration affecting Aviva Towarzystwo Ubezpieczen na Zycie S.A. only.
 - c. A major model change for a revised methodology to model Matching Adjustment in Stress for UKLAP.
 - d. A major change to update the Aviva Group Solvency II Model Governance Business Standard.
 - e. A major to change to update the Internal Model Change Policy for Aviva Vie and AER.
- (2) This approval is granted on the basis of the information set out in the firm's application dated 28 June 2019, including addendum dated 5 September 2019 and 21 October 2019.
- (3) The detail of the approved internal model following these decisions is set out in Annex 1.

Effective Date

- (4) This permission takes effect on 25 October 2019.

Reasons for the Decision

- (5) The PRA's assessment is that after making the changes listed above, 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 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; and
 - e. 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.

Decision-Maker

- (6) The decision which gave rise to the obligation to give this Notice was a joint decision according to Article 231(5) of Directive 2009/138/EC made by the PRA and the Autorité de Contrôle Prudentiel et de Résolution "ACPR".

Publication

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



BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY

PRA contacts

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

A handwritten signature in black ink, appearing to read 'Anna Sweeney'.

Anna Sweeney

Executive Director, Insurance Supervision

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 and listed in Table 1.
2. The internal model is approved to partially calculate the consolidated Group SCR at the level of Aviva Plc. 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. Entities not included in Table 2 that are included in the calculation of the Group SCR using Method 1 (Consolidation) on the basis of the standard formula are integrated with the partial internal model by using technique two of method two approved by the PRA in accordance with Article 239(2) of the Commission Delegated Regulation (EU) 2015/35 as set out in the Application.
4. The internal model is approved to calculate the individual SCR for those entities with a “Yes” in the Solo SCR column in table 2.
5. Subject to 2. to 4. above, the model is approved to calculate the consolidated Group SCR at the level of Aviva Plc and the individual SCR for each entity indicated in respect of all material quantifiable risks as at the date of this notice.

Table 1

Type of Application	PRA Application Approval Date	Document Reference Number(s)	Internal Model documents
Partial Internal Model Application	5 December 2015	2243186, 2243951, 2243953, 2243957, 2243963.	Application received by the PRA on 23 June 2015 including supplementary information provided on 11 November 2015 and 2 December 2015.
Major Model Change and Extension	1 March 2016	2429705, 2429709, 2429715, 2429728, 2429745.	Application received by the PRA on 5 December 2015 relating to the changes approved by the PRA including supplementary information provided on 19 January 2016 and 8 February 2016.
Major Model Change and Extension	17 February 2017	3605395, 4105641, 4105642, 4105643, 4105644, 4239664,	Application received by the PRA on 4 November 2016 relating to the changes approved by the PRA, including the supplementary information provided on 22 November 2016 and 5, 11, 12 and 18 January 2017.



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Major Model Change and Extension	21 December 2017	4800491, 4800492, 4800493, 4800494, 4800495, 4800496, 4800497.	Application received by the PRA on 2 October 2017 relating to the changes approved by the PRA, including the supplementary information provided on 13 October 2017 and 10 November 2017.
Major Model Change and Extension	10 December 2018	5090845, 5090844, 5090869, 4973445.	Application received by the PRA on 29 June 2018 relating to the changes approved by the PRA, including the supplementary information provided on 10, 27 July, 21 August, 7, 11, 19 and 28 September, 10, 26 October 2018.
Major Model Change	25 October 2019	5276051, 5276050, 5276052, 5276048.	Application received by the PRA on 28 June 2019 relating to the changes approved by the PRA, including the addendum dated 5/9/2019 and 21/10/19.

Table 2 Risk categories the approval applies to by entity

Legal Entity	FRN	Group SCR (‘the undertakings included in the scope of the model for the calculation of the group SCR’)	Solo SCR
Aviva Life & Pensions UK Ltd	185895	Yes	Yes
Aviva Insurance Limited ⁹	202153	Yes	Yes
The Ocean Marine Insurance Co Ltd	202787	Yes	Yes
Aviva International Insurance Limited ¹⁰	202682	Yes	Yes
Aviva plc		Yes	
Aviva Group Holdings Limited		Yes	
Aviva Canada Inc.		Yes	
Aviva Insurance Company of Canada		Yes	
Elite Insurance Company		Yes	
Pilot Insurance Company		Yes	

⁹ Excludes UK Health.

¹⁰ Excludes the business reinsured from Aviva Assurances SA.



Legal Entity	FRN	Group SCR (‘the undertakings included in the scope of the model for the calculation of the group SCR’)	Solo SCR
S&Y Insurance Company		Yes	
Scottish & York Insurance Co. Limited		Yes	
Services D’Assurance Youville Inc.		Yes	
Traders General Insurance Company		Yes	
Victoria Reinsurance Company Ltd		Yes	
Aviva International Holdings Limited		Yes	
Aviva Life Holdings UK Limited		Yes	
Aviva Life Services UK Limited		Yes	
Aviva France		Yes	
Aviva Vie SA		Yes	Yes
Aviva Épargne Retraite SA		Yes	Yes
Aviva Towarzystwo Ubezpieczeń na Życie S.A.		Yes	