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## WRITTEN NOTICE

### Internal model approval

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To: Phoenix Life Limited (FRN 110418)  
Phoenix Life Assurance Limited (FRN 117667)  
PA (GI) Limited (FRN 117668)

Of: 1 Wythall Green Way, Wythall, Birmingham, B47 6WG

Reference Number: 00001533, 00001534, 00001535

And to: Standard Life Assurance Limited (FRN 439567)  
Standard Life Pension Funds Limited (FRN 110466)

Of: Standard Life House, 30 Lothian Road, Edinburgh, EH1 2DH

Reference Number: 00001536, 00001537

And to: ReAssure Limited (FRN 110495)  
ReAssure Life Limited (FRN 110462)

Reference Number: 00001538, 00001539

Of: Windsor House, Ironmasters Way, Telford, Shropshire, TF2 4NB

Date: 5 August 2020

### Decision

- 1) In accordance with Regulation 48 and 49 of the Solvency II Regulations 2015, the PRA has decided to grant the firm's approval to make changes to the scope of an approved internal model.

### Reasons for the Decision

- 2) On 29 May 2020, the firm applied for a major model change to its partial internal model. The PRA's assessment is that after applying the major model changes set out in the application, as amended, the Phoenix Group Model met the tests and standards as 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 V 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) The approval at paragraph 1) takes effect on 5 August 2020.

**Decision maker**

- 4) The decision which gave rise to the obligation to give this Notice was made by Mark Cornelius, Head of Major Life Groups Division.

**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.

Mark Cornelius

Head of Major Life Groups Division

Prudential Regulation Authority



## ANNEX 1

| Approval                                                                           | Date             | Description                                                                                                                                                                                                                                                                                                                                                                                                                                      | Written Notices                          |
|------------------------------------------------------------------------------------|------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|
| Approval of a partial internal model                                               | 5 December 2015  | In accordance with Regulation 48 and 49 of the Solvency 2 Regulations 2015, the Prudential Regulation Authority (the 'PRA') decided to grant Phoenix Life Limited, Phoenix Life Assurance Limited, National Provident Life Limited and PA(GI) Limited approval to use a partial internal model for the calculation of the group and solo Solvency Capital Requirements ('SCR').                                                                  | 2268756<br>2268757<br>2268759<br>2268762 |
| Variation of the partial internal model approval to a full internal model approval | 18 December 2015 | In accordance with Regulation 48(5)(a) of the Solvency 2 Regulations 2015, the PRA decided to grant Phoenix Life Limited, Phoenix Life Assurance Limited, National Provident Life Limited and PA (GI) Limited a variation of the approval given on 5 December 2015 to reflect the change in scope of the Phoenix Group Model from a partial internal model to a full internal model following the sale of Scottish Mutual International Limited. | 2320418<br>2320419<br>2320420<br>2320421 |
| Variation of the full internal model approval to a partial internal model approval | 8 November 2016  | In accordance with Regulation 48(5)(a) of the Solvency 2 Regulations 2015, the PRA on 1 November 2016 decided to grant Phoenix Life Limited, Phoenix Life Assurance Limited, and PA (GI) Limited a variation of the approval given on 18 December 2015 to reflect the change in scope of the Phoenix Group Model from a full internal model to a partial internal model following the acquisition of AXA Wealth Limited.                         | 3464280<br>3464285<br>3464283            |
| Approval to use a partial internal model                                           | 1 November 2016  | In accordance with Regulations 48 and 49 of the Regulations the, the PRA on 1 November 2016 decided to grant approval to AXA Wealth Limited, a subsidiary undertaking of Phoenix Life Holdings Limited, approval to use the Phoenix Group Model for the purposes of the calculation of part of its group SCR.                                                                                                                                    | 3470905                                  |
| Approval to use a partial internal model                                           | 30 December 2016 | In accordance with Regulations 48 and 49 of the Regulations the PRA has decided to grant approval to Abbey Life Assurance Company Limited, a subsidiary undertaking of Phoenix Life Holdings Limited, approval to use the                                                                                                                                                                                                                        | 3871265<br>3906170<br>3906171            |



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|                                                              |               | Phoenix Group Model for the purposes of the calculation of part of its group SCR.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 3906172<br>3906173                                  |
| Extension to scope                                           | 17 March 2017 | In accordance with Regulation 48(1)(b) of the Solvency 2 Regulations 2015, the PRA decided to approve a major change to the Phoenix Group Model to extend the scope of the Phoenix Group Model to include AXA Wealth Limited ('AWL') for the purposes of calculating the group SCR and AWL's solo SCR.                                                                                                                                                                                                                                                                                                    | 3835210<br>3835212<br>3835214<br>3835217<br>4231537 |
| Change to the policy for changing an approved internal model | 17 March 2017 | In accordance with Regulation 48(1)(c) of the Solvency 2 Regulations 2015 (2015/575), the PRA has decided to grant the firm approval to make changes to the policy for changing an approved internal model.                                                                                                                                                                                                                                                                                                                                                                                               | 3853227<br>4234889<br>4234893                       |
| Major change to an approved internal model                   | 9 June 2017   | In accordance with Regulations 48 and 49 of the Regulations the PRA has decided to approve a major model change to the Phoenix Group Model to extend the scope of the Phoenix Group Model to include and calculate a group SCR at the level of Phoenix Group Holdings for the purposes of enabling Phoenix Life Limited, Phoenix Life Assurance Limited, PA (GI) Limited, AXA Wealth Limited and Abbey Life Assurance Company Limited to calculate their group SCRs at the level of both PGH and Phoenix Life Holdings Limited.                                                                           | 3852845<br>4640696<br>4640697<br>4640698<br>4640699 |
| Major changes and variations to an approved internal model   | 1 March 2018  | In accordance with the Regulation 48(1)(b) of the Solvency 2 Regulations 2015, the PRA has decided to approve major changes to the Phoenix Group Model to:<br><br>a. extend the scope of the Phoenix Group Model to include Abbey Life Assurance Company Limited' solo SCR and<br><br>b. change the methodology and calibrations in respect of Persistency Risk to specifically include Late Retirement Risk.<br><br>In accordance with Regulation 48(5)(a) of the Solvency 2 Regulations 2015, the PRA has also decided to vary the firms' Internal Model Approval to reflect the change in scope of the | 4792364<br>4792448<br>4792449<br>4792500            |



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|                                                                                    |                  | <p>Phoenix Group Model from a partial internal model to a full internal model.</p> <p>In accordance with Regulation 45(5)(a) of the Solvency 2 Regulations 2015, the PRA has also decided to vary the firms' Internal Model Approval to reflect that the firms are no longer required to calculate a group SCR at the level of Phoenix Life Holdings Limited.</p> <p>In accordance with Regulation 48(5)(a) of the Solvency 2 Regulations, the PRA has also decided to vary the firms' Internal Model Approval to reflect the deauthorisation of Phoenix AW Limited on 9 March 2018, such that Phoenix AW Limited is no longer required to calculate a solo SCR.</p>                                            |                                                                                           |
| Variation of the full internal model approval to a partial internal model approval | 31 August 2018   | <p>In accordance with Regulation 48(5)(a) of the Solvency 2 Regulations 2015 the PRA has decided to grant Phoenix Life Limited, Phoenix Life Assurance Limited, Abbey Life Assurance Company Limited and PA (GI) Limited a variation of the Internal Model Approval to reflect the change in scope of the Phoenix Group Model from a full internal model to a partial internal model for its calculation of its group SCR following the acquisition of the Standard Life undertakings.</p> <p>In accordance with Regulations 48 and 49 of the Regulations the PRA has decided to grant SLAL and SLPF approval to use the Phoenix Group Model for the purpose of the calculation of part of their group SCR.</p> | <p>4978533</p> <p>5006531</p> <p>5006535</p> <p>5006556</p> <p>5006557</p> <p>5006558</p> |
| Extension of scope to internal model                                               | 13 December 2018 | <p>In accordance with Regulation 48(5)(a) of the Regulations, the PRA has decided to approve a major model change to the Phoenix Group Model to extend the scope of the Phoenix Group Model to include and calculate a group SCR at the level of Phoenix Group Holdings plc ('New Phoenix').</p> <p>In accordance with Regulations 48(5)(a) of the Regulations, the PRA has also decided to vary the firms' Internal Model Approval to reflect that the firms are no longer required to calculate a group SCR at level of</p>                                                                                                                                                                                   | <p>5071140</p> <p>5071500</p> <p>5071501</p> <p>5071502</p> <p>5071503</p> <p>5071504</p> |



|                                      |               |                                                                                                                                                                                                                                                                                                                                                  |  |
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|                                      |               | Phoenix Group Holdings ('Old Phoenix'). This reflects the establishment of the ultimate parent, New Phoenix, as the ultimate EEA insurance holding company for the group on 12 December 2018.                                                                                                                                                    |  |
| Extension to scope of internal model | 5 August 2020 | In accordance with Regulation 48(1)(b) of the Solvency 2 Regulations 2015, the PRA decided to approve a major change to the Phoenix Group Model to extend the scope of the Phoenix Group Model to include ReAssure Limited ('RAL') and ReAssure Life Limited ('RLL') for the purposes of calculating the group SCR and solo SCRs of RAL and RLL. |  |

## ANNEX 2

### The approved Internal Model

- 1) The approved internal model is as set out in the internal model application documents submitted to the PRA on 30 June 2015 and the further documents listed in Table 1.

**Table 1**

| Phoenix Group Model Reference | Description                                                                                                                                        | Date                                    |
|-------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|
| IM0153                        | The sale of Scottish Mutual International Limited (regulated by the Central Bank of Ireland and registered in Ireland with Company Number 242244). | 2 and 11 December 2015                  |
| IM0193x                       | The acquisition of ACA Wealth Limited (FRN: 119201, regulated by the PRA).                                                                         | 24, 27 October 2016 and 1 November 2016 |
| IM0222                        | The acquisition of Abbey Life Assurance Company Limited (FRN: 117645, regulated by the PRA).                                                       | 5, 14 and 30 December 2016              |
| IMO193x                       | Major model change application to extend the scope of the internal model to AXA Wealth Limited (FRN: 119201, regulated by the PRA)                 | 30 November 2016                        |
| IMO171x                       | Major model change application to extend the scope of the internal model to Phoenix Group Holdings                                                 | 6 December 2016 and 26 May 2017         |
| IMO247x and IMO277x           | Major change application to extend the scope of the Internal Model to                                                                              | 22 December 2017                        |



|                                           |                                                                                                                                                                                                                                                                                                                                                                                  |                                       |
|-------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|
|                                           | Abbey Life Assurance Company Limited (FRN: 117645, regulated by the PRA) and to change the methodology and calibrations in respect of Persistency Risk to specifically include Late Retirement Risk.                                                                                                                                                                             |                                       |
| IM0318                                    | The acquisition of Standard Life Assurance Limited (FRN 439567) ('SLAL'), Standard Life Pension Funds Limited (FRN 110466) ('SLPF'), insurance undertakings regulated by the PRA, and Standard Life International Designated Activity Company (registered in Ireland under company number 408507) ('SLIDAC'), an insurance undertaking regulated by the Central Bank of Ireland. | 3 and 6 July 2018                     |
| IMO291                                    | Major model change application to extend the scope of the internal model to Phoenix Group Holdings plc.                                                                                                                                                                                                                                                                          | 23 July 2018                          |
| IMA.214.05                                | Major model change application to change the model governance policy.                                                                                                                                                                                                                                                                                                            | 10 December 2018 and 15 February 2019 |
| <i>Request from Phoenix upon approval</i> | Major model change application to extend the scope of the internal model to ReAssure Limited (FRN: 110495) and ReAssure Life Limited (FRN: 110462) regulated by the PRA.                                                                                                                                                                                                         | 5 August 2020                         |

- 2) The partial internal model has been approved to calculate part of the group Solvency Capital Requirement (the 'Group SCR') at the level of Phoenix Group Holdings plc. The entities with a "Yes" in the Group SCR column in table 2 are those which are included in the model in order to calculate the Group SCR.
- 3) The partial internal model is approved for those entities with a "Yes" in the Solo SCR column in table 2 to calculate their individual Solvency Capital Requirement.
- 4) The model includes the use of Standard Formula to integrate ReAssure Limited (FRN: 110495) and ReAssure Life Limited (FRN: 110462) under Alternative Integration Technique 1. Changes to the 'Standard Life' internal model are subject to a separate written notice (Ref 5130586, 5130597).
- 5) Subject to 2) and 4) above, the model is approved to calculate part of the Group SCR at the level of Phoenix Group Holdings plc and the individual SCR for each entity indicated in respect of all material quantifiable risks as at the date of this notice.



**Table 2**

| Legal Entity                          | FRN    | Group SCR ('the undertakings included in the scope of the internal model for the calculation of the group SCR') | Solo SCR |
|---------------------------------------|--------|-----------------------------------------------------------------------------------------------------------------|----------|
| Phoenix Group Holdings plc            | N/A    | Yes                                                                                                             | N/A      |
| Phoenix Life Limited (PLL)            | 110418 | Yes                                                                                                             | Yes      |
| Phoenix Life Assurance Limited (PLAL) | 117667 | Yes                                                                                                             | Yes      |
| PA (GI) Limited (PAGI)                | 117668 | Yes                                                                                                             | Yes      |