



WRITTEN NOTICE

Major changes to an approved internal model

To: **American International Group UK Limited (FRN: 781109)**
AIG Life Limited (FRN: 473752)

(together the “**firms**”)

Of: The AIG Building
58 Fenchurch Street
London
EC3M 4AB

Reference Number: 00001998, 00002046

Date: 23 December 2020

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 major changes to the firms’ partial group internal model approved in the Written Notice dated 18 July 2017 (reference 4227752; 4717203) (the “Original Notice”), as amended by Written Notices dated 1 February 2018 (reference 4874809; 4874819; 4874831) and 27 September 2018 (reference 4917065; 5002729).
- (2) This approval is granted on the basis of the information set out in the firms’ application dated 16 April 2020 and the supplementary submissions received subsequently until the PRA deemed the application complete on 9 July 2020.
- (3) The details of the approved internal model following this approval are set out in Annex 1.

Effective date

- (4) This permission takes effect at 00:00 on 24 December 2020.

Decision maker

- (5) The decision which gave rise to the obligation to give this Notice was made by Lisa Leaman, Head of Division, London Market Insurance Supervision.

Publication

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



Reasons for the Decision

- (7) The PRA's assessment is that the partial internal model, following the major model change, 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 2,3 and 10-15 of the Solvency Capital Requirement – Internal Models part of the PRA Rulebook;
 - b. the internal model complies with the applicable 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 model additionally fulfils the requirements of Chapter 4 of the Solvency Capital Requirement – Internal Models 4 of the PRA Rulebook.

PRA contacts

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

Lisa Leaman

Head of Division, London Market Insurance Supervision

For and on behalf of the PRA



ANNEX 1

The approved partial internal model

Definition

1. The approved internal model is as set out in the internal model application documents submitted to the PRA on 16 April 2020 (and subsequent addendums submitted during the application review period until the PRA deemed the application complete on 9 July 2020).
2. The internal model is approved to calculate the Group SCR at the level of AIG Holdings Europe Limited. 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 internal model is approved to calculate the individual SCR for those entities with a “Yes” in the Solo SCR column in Table 1.
4. This approval applies to all risks and major business units
5. The integration technique to be used to integrate the partial internal model into the SCR standard formula is integration technique 1 as set out in Annex XVIII of the Commission Delegated Regulation (EU) 2015/35.

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
AIG Holdings Europe Limited	N/A	Yes	N/A
American International Group UK Limited	781109	Yes	Yes
AIG Life Limited	473752	No	No
AIG Israel Insurance Company Limited	N/A	No	N/A
AIG Europe Services Limited	N/A	Yes	N/A
AIG Medical Management Services Limited	N/A	Yes	N/A
AIG Receivables Management Limited	N/A	Yes	N/A
AIG Trade Finance Limited	N/A	Yes	N/A
Privilege Holdings Sarl	N/A	Yes	N/A
Privilege Sheffield Sarl	N/A	Yes	N/A
Privilege Southampton Holdings Sarl	N/A	Yes	N/A
Privilege Southampton Sarl	N/A	Yes	N/A
Privilege Cardiff Holdings Sarl	N/A	Yes	N/A



Legal Entity	FRN	Group SCR ('the undertakings included in the scope of the model for the calculation of the group SCR')	Solo SCR
Privilege Cardiff Sarl	N/A	Yes	N/A
Privilege Bournemouth Holdings Sarl	N/A	Yes	N/A
Privilege Bournemouth Sarl	N/A	Yes	N/A
Privilege Leeds Sarl	N/A	Yes	N/A
Habitus Holdings Sarl	N/A	Yes	N/A
Habitus Leeds Sarl	N/A	Yes	N/A
Habitus Lancastrian Holdings Sarl	N/A	Yes	N/A
Habitus Lancastrian Sarl	N/A	Yes	N/A
Trivium UK Logistics Limited	N/A	Yes	N/A
Valor Industrial Partners 2 GP Limited	N/A	Yes	N/A