



WRITTEN NOTICE

Major Change to an Approved Internal Model

To: **Prudential Assurance Company Limited (FRN 139793)**
Prudential Pensions Limited (FRN 110434)
(the "firm")

Of: 10 Fenchurch Avenue, London, EC3M 5AG

Reference 00003754, 00003755
Number:

Date: 21 December 2021

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 a major model change to the firm's internal model approved in the original Written Notice – Internal model approval dated 5 December 2015 (reference 2237973, 2237974 (the "Original Notice")).
- (2) This approval is granted on the basis of the information set out in the firms' application dated 28 June 2021 and its addendum submitted on 28 June 2021.
- (3) The details of the approved internal model following this approval are set out in Annex 1.

Effective date

- (4) This permission takes effect on 27 December 2021.

Decision maker

(5) The decision which gave rise to the obligation to give this Notice was made by Charlotte Gerken, Executive Director, 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 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; and
- d) The model complies with the requirements of Title 2 Chapter II Section 2 of the Commission Delegated Regulation (EU) 2015/35.
- 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 firm should contact their usual supervisory contact.

Charlotte Gerken
Executive Director
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 on 28 June 2021.
2. The internal model is approved to calculate the Group SCR at the level of M&G 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. The model covers the risks set out in table 2.
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. The model covers the risks set out in table 2.

Table 1

Legal Entity	FRN	Group SCR (or contribution to Group SCR if solo entity)	Solo SCR
M&G plc	827036	Yes	No
Prudential Assurance Company Limited	139793	Yes	Yes
Prudential Pension Limited	110434	Yes	Yes

Table 2 Risk categories the approval applies to by entity

Risk Categories	M&G plc	PAC	PPL
Underwriting risk	No	No	No
Market risk	No	No	No
Credit risk	Yes	Yes	Yes
Operational risk	No	No	No