
WRITTEN NOTICE

Internal model approval

To: Scottish Equitable plc (FRN 165548) ("the firm")

Of: Edinburgh Park
1 Lochside Crescent
Edinburgh
Midlothian
EH12 9SE

Ref: 00006041

Date: 16 March 2023

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 partial internal model approved in the original Written Notice – Internal model approval dated 14 December 2015 (reference



by De Nederlandsche Bank N.V. (DNB) 816062 (the "Original Notice")), as varied under the decision history set out in Annex 1.

(2) This approval is granted on the basis of the information set out in the firms' application dated 28 September 2022.

(3) The details of the approved internal model following this approval are set out in Annex 1.

(4) The integration technique to be used to integrate the partial internal model into the SCR standard formula is integration technique 3 as set out in Annex XVIII of the Commission Delegated Regulation (EU) 2015/35.

Effective date

(5) This permission takes effect on 16 March 2023.

Decision maker

(6) The decision which gave rise to the obligation to give this Notice was made by Tony Culligan, Senior Manager.

Publication

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

Reasons for the Decision

(8) The PRA's assessment is that the 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 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; and
- d. the model additionally fulfils the requirements of Chapter 4 of the Solvency Capital Requirement – Internal Models 4 of the PRA Rulebook and Title 1 Chapter VI Section 5 of the Commission Delegated Regulation (EU) 2015/35.

PRA contacts

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

Tony Culligan

Senior Manager

For and on behalf of The Prudential Regulation Authority

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 group supervisor DNB and copied to the PRA as set out in the table below:

Description:	Date
Original application	30 June 2015
Major change application	23 December 2016 and any subsequent information provided in support of the application

For the applications above, there were the following approvals:

Approval	Date	Description
Approval of a partial internal model	14 December 2015	In accordance with Schedule 5 of the Solvency 2 Regulations 2015, the PRA contributed to the joint decision to grant the firm approval to use a partial internal model for the calculation of the group and solo SCR.
Major change to an approved internal model	13 July 2017	In accordance with Schedule 5 of the Solvency 2 Regulations 2015, the PRA contributed to the joint decision to grant the firm approval to use a partial internal model for the calculation of the group and solo SCR.

2. On 6 January 2021, the PRA issued the written notice 00002394 confirming the internal model approvals previously decided upon by the college of supervisors in a joint decision-making process, as set out in Schedule 5 of The Solvency 2 Regulations 2015 to which the Prudential Regulation Authority (PRA) contributed and included on the table above.

3. The internal model is approved to calculate the Group SCR at the level of Aegon UK plc (AUK). 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. AUK's partial internal model covers counterparty, market, underwriting and operational risk only, with the exception of the following sub-risks, which are not covered: property, counterparty default, concentration, mortality, disability and life catastrophe.
4. The internal model is approved to calculate part of the individual SCR for the firm. The firms' partial internal model covers counterparty, market, underwriting and operational risk only, with the exception of the following sub-risks, which are not covered: property, counterparty default, concentration, mortality, disability and life catastrophe.

Table 1

Legal Entity	FRN	Group SCR (or contribution to Group SCR if solo entity)	Solo SCR
Aegon UK plc	N/A	Yes	No
Scottish Equitable plc	165548	Yes	Yes
Cofunds Ltd	194734	Yes	No
Aegon Investment Solutions Ltd	543123	Yes	No
Aegon Investments Limited	788212	Yes	No
Origen Financial Services Limited	192666	Yes	No
AUK Investment Holdings Ltd	N/A	Yes	No
Scottish Equitable Holdings Limited	N/A	Yes	No