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**WRITTEN NOTICE**  
**Internal model approval**

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To: **Aviva Life & Pensions UK Limited (FRN 185896)**  
**Aviva Annuity UK Limited (FRN 202991)**  
**Aviva Insurance limited (FRN 202153)**  
**The Ocean Marine Insurance Company Limited (FRN 202787)**  
**Aviva International Insurance Limited (FRN 202082)**

**(the “firm”)**

Of: St Helens  
1 Undershaft  
London  
EC3P 3DQ

Reference Number: 2243186, 2243951, 2243953, 2243957, 2243963

Date: 5 December 2015

**DECISION:**

- (1) In accordance with Regulation 48 and 49 of the Solvency 2 Regulations 2015, the Prudential Regulation Authority (the “PRA”) has decided to grant the firm approval to use an internal model for the calculation of its Solvency Capital Requirement (SCR) for the legal entities and risk categories set out in Annex 1.
- (2) The PRA has also decided to grant the firm approval of its policy for changing an approved internal model.
- (3) This approval is granted on the basis of the information set out in the firm’s application dated 23 June 2015 and addenda to the application dated 11 November 2015 and 2 December 2015.
- (4) The integration technique to be used to integrate the partial internal model into the SCR standard formula is the alternative integration technique approved by the PRA in accordance with Article 239(3) of the Commission Delegated Regulation (EU) 2015/35 and set out in the firm’s application dated 23 June 2015 and addendum dated 2 December 2015.

**Effective date**

- (5) This permission takes effect on 1 January 2016.



BANK OF ENGLAND  
PRUDENTIAL REGULATION  
AUTHORITY

### **Decision maker**

- (6) The decision which gave rise to the obligation to give this Notice was made by the Supervision, Risk and Policy Committee (SRPC) of the PRA.

### **Publication**

- (7) Details of this approval will be published on the Financial Services Register on 1 January 2016.

### **PRA contacts**

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

Supervisory, Risk and Policy Committee

For and on behalf of the PRA



## ANNEX 1

### The approved Internal Model

#### Definition

1. The approved partial internal model is as set out in the internal model application documents submitted to the PRA, provided as part of and as listed in that application on 23 June 2015 and addenda to the application dated 11 November 2015 and 2 December 2105 (“the Application”).
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 1 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 the alternative integration technique 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 1.
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**

| 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 <sup>1</sup>          | 185895 | Yes                                                                                                   | Yes      |
| Aviva Annuity UK Limited                           | 202991 | Yes                                                                                                   | Yes      |
| Aviva Insurance Limited <sup>2</sup>               | 202153 | Yes                                                                                                   | Yes      |
| The Ocean Marine Insurance Co Ltd                  | 202787 | Yes                                                                                                   | Yes      |
| Aviva International Insurance Limited <sup>3</sup> | 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                                                                                                   |          |
| S&Y Insurance Company                              |        | Yes                                                                                                   |          |
| Scottish & York Insurance Co. Limited              |        | Yes                                                                                                   |          |

<sup>1</sup> Excludes Irish Life (the Irish Life insurance business).

<sup>2</sup> Excludes UK Health.

<sup>3</sup> 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 |
|--------------------------------------|-----|-------------------------------------------------------------------------------------------------------|----------|
| 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                                                                                                   |          |

### Reasons for the Decision

6. 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:
- 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;
  - 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;
  - the systems of the undertaking for identifying, measuring, monitoring, managing and reporting risk are adequate;
  - the model complies with the requirements of Title 2 Chapter II Section 2 of the Commission Delegated Regulation (EU) 2015/35; and
  - 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.