



BANK OF ENGLAND

News release

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Prudential Regulation Authority grants Solvency II internal model approvals

The PRA has today published a list of 19 insurers whose full or partial internal models have been approved for use under Solvency II from 1 January 2016.

Today's announcement marks a significant step forward for the UK insurance industry in preparing for arrival of the Solvency II regime on 1 January 2016.

Andrew Bailey, Deputy Governor, Prudential Regulation, Bank of England and CEO of the PRA said: "Today marks a major milestone in the implementation of Solvency II in the UK. The PRA has approved 19 insurers' internal models for use from day one of the new regime. Going forward we will monitor insurers' models carefully in order to ensure they continue to deliver an appropriate level of capital."

A link to the list of insurers who have received approval to use an internal model from 1 January 2016 can be found [here](#).

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Notes to Editors

From 2016, insurers in the United Kingdom will operate under a new regulatory regime – Solvency II. Solvency II is an EU Directive which will introduce a new, harmonised insurance regulatory regime aimed at promoting policyholder protection and creating a safer, more resilient sector.

Under Solvency II, an insurer can apply for use of an internal model in order to calculate the amount of capital it needs to hold, in recognition of the risks it faces. Insurers that do not use an internal model will have their capital requirements set using the standard formula, which is appropriate for the majority of insurers.

Consistent with previous communications, the PRA has not disclosed where an insurer's application to use an internal model has been either rejected or withdrawn. A number of insurers are planning to apply for model approval later than 1 January 2016. These insurers are continuing to develop internal models to the standards required by the Directive, and are expected to apply for approval in due course.

The PRA has cooperated with colleges of supervisors and reached joint decisions where applicable. Communication of joint decisions rests with the group supervisor, and therefore decisions for firms where the PRA is not the group supervisor are not included here. The PRA notes that other national supervisory authorities have already communicated some of these decisions.

PRA Solvency II website - <http://www.bankofengland.co.uk/pr/Pages/solvency2/default.aspx>

PRA Solvency News page - <http://www.bankofengland.co.uk/pr/Pages/solvency2/updates.aspx>

PRA Solvency II website, Internal Models - <http://www.bankofengland.co.uk/pr/Pages/solvency2/internalmodel.aspx>

Quarterly Bulletin on Solvency II -

http://www.bankofengland.co.uk/publications/Pages/quarterlybulletin/2015/q2prerelease_2.aspx