# Solvency II

## Supplementary information for application for internal model permission, internal model changes and/or model change policy update

Firm name Click or tap here to enter text.

Firm reference number Click or tap here to enter text.

Date of application Click or tap to enter a date.

The information below should be submitted by firms to allow the Prudential Regulation Authority (PRA) to consider an application to apply for permission to use an internal model (IM), make major changes to an IM, or make changes to a model change policy. Firms should submit this information with the [section 138BA permission application form](https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/authorisations/solvency-ii-approvals/s138ba-rule-permission-application-form.doc) and other documentary evidence to [pra-waivers@bankofengland.co.uk](mailto:S2submissions@bankofengland.co.uk) and the firm’s usual supervisory contact.

When preparing an application for permission or a variation of permission to use an IM firms should refer to:

* the Solvency Capital Requirement – Internal Models Part; the Solvency Capital Requirement - General Provisions Part; and the Group Supervision Part of the [PRA Rulebook](https://www.prarulebook.co.uk/);
* Statement of Policy - [Solvency II internal models: Permissions and ongoing monitoring](https://www.bankofengland.co.uk/prudential-regulation/publication/2024/february/solvency-ii-internal-models-permissions-and-ongoing-monitoring-sop);
* Statement of policy – [Solvency II: Capital add-ons](https://www.bankofengland.co.uk/prudential-regulation/publication/2024/february/solvency-ii-capital-add-ons-sop);
* Statement of policy – [The PRA’s approach to insurance group supervision](https://www.bankofengland.co.uk/prudential-regulation/publication/2024/february/the-pra-approach-to-insurance-group-supervision-sop);
* [SS1/24](https://www.bankofengland.co.uk/prudential-regulation/publication/2024/february/expectations-for-meeting-the-pra-internal-model-requirements-ss) - Expectations for meeting the PRA’s internal model requirements for insurers under Solvency II; and
* The [Internal Models](https://www.bankofengland.co.uk/prudential-regulation/prudential-and-resolution-policy-index/insurance/internal-models) page of the Prudential and Resolution Policy Index which contains references to other relevant Supervisory Statements.

For initial IM applications firms should complete and submit the Internal Model Application Template (IMAT)[[1]](#footnote-2) to support demonstrating how the application meets the Internal Model requirements.

For major model changes firms are expected to update the self-assessment template part of the IMAT.

For model change policy updates should provide the updated policy and any other relevant documentation.

### Section 1 - Application overview

Firms should provide details of the application below:

|  |  |  |
| --- | --- | --- |
| 1.1 | Application type | Choose an item. |
| 1.2 | Type of IM | Choose an item. |

|  |  |
| --- | --- |
| 1.3 | Application details |
| Please provide a high level summary of the application. This information should allow the PRA to understand the proposed content and scope of the application and does not need to repeat large sections of the documentary evidence. Suggested high level information may include:   * rationale for model application/change (eg methodology change, new risk module, change in risk profile); * a summary of changes made to address any previous PRA feedback on the internal model, model change or model change policy; * area(s) impacted by change(s); * proposed use of safeguards, or removal of safeguards (also refer to Section 2) | |

### Section 2 – Safeguards

In this section, firms should indicate where the relevant evidence can be found within the submitted documentation.

|  | Application evidence | Application document reference |
| --- | --- | --- |
| 2.1 | Describe any safeguard(s) proposed.  This should include the type (requirement safeguard, residual model limitation Capital Add On (CAO), or other CAO), rationale for, and effect of, the safeguard(s). |  |
| 2.2 | Where the application includes removal of, or amendment to, an existing safeguard, explain the rationale and supporting evidence. |  |

### Section 3 – Other relevant applications

Please provide information on any other relevant applications.

|  | Other applications | Application details |
| --- | --- | --- |
| 3.1 | Has the firm submitted any other IM applications that the PRA is yet to provide a decision on?  If yes, please list the application(s) and the date(s) when they were submitted. | Choose an item.  Click or tap here to enter text. |
| 3.2 | Has the firm submitted, or does the firm currently anticipate submitting, to the PRA any other applications that may be relevant to the regulatory balance sheet or capital requirements of the firm or group? Please also indicate if there is a dependency between applications.  If yes, please provide a list of these applications with (expected) submission dates. | Choose an item.  Click or tap here to enter text. |

### Section 4 - Application checklist

For each of these relevant areas, firms should include the information within its documentary evidence and signpost below where these are included.

For initial IM applications, please complete 4.1 to 4.4:

|  | Application confirmations | Confirmation | Document reference |
| --- | --- | --- | --- |
| 4.1 | Application contains written confirmation that it contains all information that the firm considers necessary for the PRA to reach a decision. | Choose an item. |  |
| 4.2 | An assessment of compliance with all relevant IM requirements and calibration standards | Choose an item. |  |
| 4.3 | Has an IMAT has been completed? | Choose an item. |  |
| 4.4 | Where applicable, application contains details of any safeguards applied. | Choose an item. |  |

For major model change applications please complete 4.5 to 4.8:

|  | Application confirmations | Confirmation | Document reference |
| --- | --- | --- | --- |
| 4.5 | Application contains written confirmation that it contains all information that the firm considers necessary for the PRA to reach a decision and that no other changes have been made.  For ease of identification the PRA would prefer to receive documentation showing tracked changes. | Choose an item. |  |
| 4.6 | An assessment of compliance with all relevant IM requirements and calibration standards | Choose an item. |  |
| 4.7 | For major model changes, has an IMAT been completed? | Choose an item. |  |
| 4.8 | Where applicable, application contains details of any safeguards applied. | Choose an item. |  |

For model change policy applications please complete 4.9:

|  | Application confirmations | Confirmation | Document reference |
| --- | --- | --- | --- |
| 4.9 | Application contains written confirmation that it contains all information that the firm considers necessary for the PRA to reach a decision and that no other changes have been made.  For ease of identification the PRA would prefer to receive documentation showing tracked changes. | Choose an item. |  |

### Section 5 – Additional information

Firms may be able to demonstrate compliance with the IM requirements by including alternative evidence or additional evidence not covered within sections 1 to 3 above. Where this is the case, firms should signpost to the relevant evidence in the IMAT.

1. The IMAT is a revision of the formerly used Common Application Package (CAP). [↑](#footnote-ref-2)