



Stefan Claus
Technical Head of Insurance
Prudential Regulation Authority

20 January 2022

This letter has been adapted for publication on the website.

Dear [Firm Contact]

Insurance Stress Test 2022: Second request for technical input

Our recent Dear CEO letter¹ highlighted that the Insurance Stress Test (IST) exercise is one of our key priorities in 2022.

This letter opens the second and final request for technical input, providing an opportunity for insurers to feedback on our proposed scenarios and instructions, ahead of the formal launch of IST in May 2022.

We will be asking our largest life and general insurers to take part in this exercise. We expect those firms invited to participate to engage fully and provide comprehensive responses to our requests. As discussed with relevant life insurers, the first IST in which they participated did not deliver sufficiently consistent results to enable us to publish aggregate results. In 2022, we need to publish aggregate results that will enable us and other stakeholders to assess the resilience of the sector to systemic shocks.

In September 2021, we shared the first request for technical input for IST 2022 with firms, which set out the overall scenarios and structure of the exercise. We would like to thank all those who responded to that request, and we have included an additional annex in the 'Scenario Specifications, Guidelines and Instructions' documents setting out how this has been considered in developing the scenario design.

This request for technical input includes updated scenarios together with the scenario calibration, specifications and guidance; quantitative data templates; as well as a 'Results and Basis of Preparation' (RBP) report. The RBP report sets out additional information required to supplement the quantitative results.

We welcome feedback on any aspects of the stress test, and specifically on:

1. Plausibility of scenario calibration.
2. Clarity of the instructions and completeness of the scenario assumptions to be provided by the PRA. Please provide feedback on any areas of the scenario that require further explanation, clarification, or additional assumptions that will ensure comparability and consistency across participants.
3. The governance and quality assurance requirements for the stress test submissions as set out in RBP report.
4. For General Insurers, we are asking the firms to set out which scenarios are material.

This request for technical input will close on **Thursday 17 March 2022**. Please provide any comments to IST.2022@bankofengland.co.uk, with your firm's name and FRN in the subject of the email.

¹ January 2022: [Letter from Anna Sweeney and Charlotte Gerken 'Insurance Supervision: 2022 priorities'](#).

If you would like to discuss any of the issues directly with the team please contact us via the email address provided above, setting out which areas you wish to cover.

In addition, we will be hosting two industry roundtables to discuss any questions or comments regarding this exercise:

General Insurers: Wednesday 2 February 10:00 – 11:00

Life Insurers: Thursday 3 February 13:30 – 14:30

If you would like to participate in these roundtables please notify us via the email address provided above, including any preferred issues/areas for discussion. We believe these roundtables will be beneficial for senior members of your Stress Testing team that will be responsible for coordinating the response and ensuring Board level engagement.

Yours sincerely,



Stefan Claus

Technical Head of Insurance
Prudential Regulation Authority

Attachments:

1. Life Insurance Stress Test 2022 – Scenario Specification, Guidelines and Instructions
2. Life Insurance Stress Test 2022 – Quantitative Template
3. General Insurance Stress Test 2022 – Scenario Specification, Guidelines and Instructions
4. General Insurance Stress 2022 – Quantitative Template
5. Results and Basis of Preparation Report