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Dear [*Firm Contact*]

**General Insurance Stress Test 2017 (GIST 2017)**

The PRA is asking the largest regulated general insurers to provide information about the impact of a range of stress tests on their projected Own Funds, as well as providing additional information on their sectoral exposures to the UK economy.

The General Insurance Stress Test exercise in 2015 provided the PRA with valuable market and firm specific information, with the findings covered in a letter to firms on 25 April 2016.<sup>1</sup> For 2017, the exercise focuses on fewer stress tests, but requires more detail on the consequential impacts. The GIST 2017 exercise is split into two broad areas of interest:

- **Section 1:** a set of five severe but conceivable scenarios (four natural catastrophe scenarios and one economic downturn scenario consistent with the Banking Stress Test).<sup>2</sup>
- **Section 2:** a capture of exposures that will allow the PRA to better understand the impact of potential losses by various sectors of the economy.

At a macro level, the exercise will allow the PRA to assess market resilience, to be better prepared in the event similar scenarios were to occur, and to identify the key reinsurer counterparties and jurisdictions to which the UK general insurance sector would be exposed to in those events.

At a firm-specific level, GIST 2017 will inform the internal model review process and the PRA's view of a firm's risk management systems; although it will not be used to set capital requirements. Section 2 will provide an insight into how well firms manage their potential exposures to various liability shocks.

The [attached pdf](#) contains detailed specification for GIST 2017 and the [attached spreadsheet](#) should be used to record the stress test results and the main assumptions made. Please return the completed spreadsheet to [GIST2017@bankofengland.co.uk](mailto:GIST2017@bankofengland.co.uk) with your firm's name and FRN in the file name of the spreadsheet and subject of the email by 17:00 on Friday 14 July 2017.

This email address can also be used for any queries relating to the technical content and coverage of the stress test. Please note that the PRA may ask firms to resubmit the spreadsheet where results are unclear or if insufficient information has been provided to allow the PRA to make an assessment.

Yours sincerely

<sup>1</sup> [www.bankofengland.co.uk/pr/Documents/dirletter25042016.pdf](http://www.bankofengland.co.uk/pr/Documents/dirletter25042016.pdf).

<sup>2</sup> [www.bankofengland.co.uk/financialstability/Pages/fpc/stresstest.aspx](http://www.bankofengland.co.uk/financialstability/Pages/fpc/stresstest.aspx).