

To: Solvency II WG  
From: Prudential Team  
Date: 13-12-2024  
Reference: ECO-SLV-24-385

Subject: EIOPA updated representative portfolios for calculation of the volatility adjustments

## Background

On 10 December, EIOPA [published](#) updated representative portfolios that will be used for calculation of the volatility adjustments (**VA**) to the relevant risk-free interest rate term structures for Solvency II.

EIOPA will start using these updated representative portfolios for the calculation of the VA **end of March 2025**, which will be published at the beginning of April 2025.

The secretariat analysed the updated portfolios and compared them to latest [monthly publication](#) from EIOPA, for the **30 November 2024** valuation date.

## Summary of Changes

The updated portfolios are based on the **end-of-2023 annual reporting** templates as reported by European (re)insurance companies to their national supervisory authorities. EIOPA is revising the representative portfolios on a **yearly basis** with the next update being scheduled for the end of 2025.

Compared to latest publication, for the **30 November 2024** valuation date, there are some minor changes for the EUR currency and some more material changes for other currencies.

For the EUR currency:

- Total portfolio weights are broadly similar:
  - +0.6% increase for corporate bonds.
  - +0.3% increase for government bonds
- Within the corporate bonds portfolio:
  - Proportions across credit quality step (CQS) are broadly unchanged.
  - The weighted average duration decreases slightly from approximately 5.8 to 5.5 years.
- Within the government bonds portfolio:
  - 2% decrease in FR exposure.
  - The smallest exposure of 1% was removed for PL, and introduced for LU and SK
  - The weighted average duration increases slightly from approximately 8.5 to 9.0 years.

For other currencies:

- The most notable change in total portfolio weights is for GBP:
  - Corporate bonds increase by +24.7%
  - Government bonds increase by +5.7%
- Within portfolios:
  - For corporate bonds: BGN and ISK currencies see largest changes (above 20%) between CQS.
  - For government bonds: NOK currency has the largest change with +7% increase in their own NO exposure.