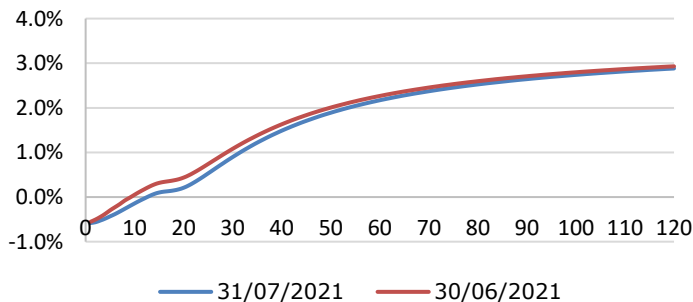


To: Solvency II Working Group
 From: Prudential Team
 Date: 09-08-2021
 Reference:
 Subject: RFR monthly monitoring – July 2021

Background

EIOPA publishes the technical information related to [risk-free interest rate](#) (RFR) term structures for a wide range of currencies and the [symmetric adjustment](#) of the equity capital charge monthly. The latest technical documentation for the RFR which provides EIOPA's methodology for calculation can be found [here](#). The secretariat monitors EIOPA's RFR curves published for the euro as well as the symmetric adjustment and provides below summary information for members (Source: EIOPA, Insurance Europe).

1. RFR curves with VA (euro) as at the end of July 2021 vs previous curve



<i>RFR with VA</i>	<i>10yrs</i>	<i>20yrs</i>	<i>60yrs</i>
<i>Jul 2021</i>	-0.14%	0.21%	2.17%
<i>Jun 2021</i>	0.05%	0.44%	2.27%
<i>RFR without VA</i>	<i>10yrs</i>	<i>20yrs</i>	<i>60yrs</i>
<i>Jul 2021</i>	-0.17%	0.18%	2.16%
<i>Jun 2021</i>	0.00%	0.39%	2.25%

2. Change in Volatility Adjustment and Credit Risk Adjustment

	June	July
Volatility Adjustment (VA) (bps)	5	3
Credit Risk Adjustment (bps)	10	10

3. Impact on discounting

The value after discounting a 1,000 euro cashflow at different years in the future is shown below along with the impact of changes in RFR (with VA) on these valuations:

	10yrs	20yrs	60yrs
Present Value using July 2021 RFR with VA	1014	959	276
Present Value change from June 2021	2.0%	4.7%	5.8%

4. Symmetric Adjustment of the Equity Capital Charge

July 2021	June 2021	May 2021	April 2021	March 2021	February 2021	January 2021	December 2020
6.22%	5.66%	5.52%	4.55%	3.60%	0.55%	-0.95%	-0.48%