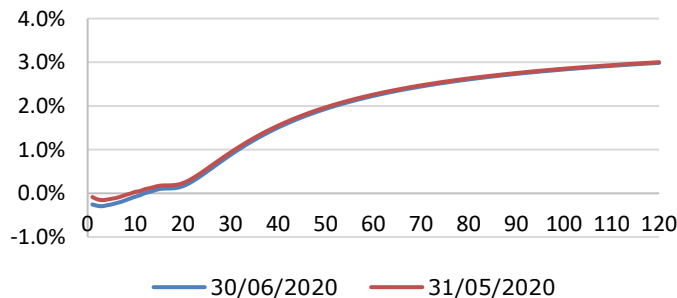


To: Solvency II Working Group  
 From: Prudential Team  
 Date: 06-07-2020  
 Reference: ECO-SLV-20-144  
 Subject: RFR monthly monitoring – June 2020

## 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 June 2020 vs previous curve



<u>RFR with VA</u>	<b>10yrs</b>	<b>20yrs</b>	<b>60yrs</b>
<b>Jun 2020</b>	-0.08%	0.16%	2.23%
<b>May 2020</b>	0.03%	0.23%	2.26%
<u>RFR without VA</u>	<b>10yrs</b>	<b>20yrs</b>	<b>60yrs</b>
<b>Jun 2020</b>	-0.27%	-0.03%	2.15%
<b>May 2020</b>	-0.22%	-0.02%	2.16%

### 2. Change in Volatility Adjustment and Credit Risk Adjustment

	<b>May</b>	<b>June</b>
<b>Volatility Adjustment (VA) (bps)</b>	25	19
<b>Credit Risk Adjustment (bps)</b>	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:

	<b>10yrs</b>	<b>20yrs</b>	<b>60yrs</b>
<b>Present Value using June 2020 RFR with VA</b>	1008	968	266
<b>Present Value change from May 2020</b>	1.1%	1.4%	1.8%

### 4. Symmetric Adjustment of the Equity Capital Charge

<b>June 2020</b>	<b>May 2020</b>	<b>April 2020</b>	<b>March 2020</b>	<b>February 2020</b>	<b>January 2019</b>	<b>December 2019</b>	<b>November 2019</b>
-6.72%	-8.45%	-10.00%	-10.00%	-5.94%	-1.33%	-0.08%	-0.69%