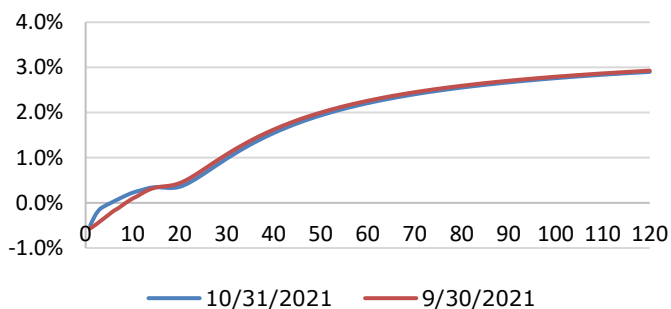


To: Solvency II Working Group  
 From: Prudential Team  
 Date: 09-11-2021  
 Reference:  
 Subject: RFR monthly monitoring – October 2021

## 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 September 2021 vs previous curve



<i>RFR with VA</i>	<i>10yrs</i>	<i>20yrs</i>	<i>60yrs</i>
<b>Oct 2021</b>	0.23%	0.36%	2.21%
<b>Sep 2021</b>	0.10%	0.44%	2.26%
<i>RFR without VA</i>	<i>10yrs</i>	<i>20yrs</i>	<i>60yrs</i>
<b>Oct 2021</b>	0.19%	0.32%	2.19%
<b>Sep 2021</b>	0.07%	0.41%	2.25%

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

	September	October
<b>Volatility Adjustment (VA) (bps)</b>	3	4
<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:

	10yrs	20yrs	60yrs
<b>Present Value using October 2021 RFR with VA</b>	978	931	270
<b>Present Value change from September 2021</b>	-1.3%	1.6%	3.2%

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

October 2021	September 2021	August 2021	July 2021	June 2021	May 2021	April 2021	March 2021
7.17%	5.31%	7.19%	6.22%	5.66%	5.52%	4.55%	3.60%