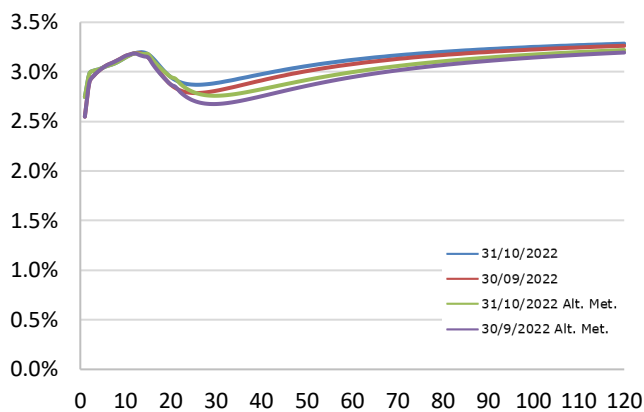


To: Solvency II Working Group  
 From: Prudential Team  
 Date: 18-11-2022  
 Reference: ECO-SLV-22-379  
 Subject: RFR monthly monitoring – October 2022

## 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). Additional information on alternative extrapolation method proposed by the EC as part of the Solvency II review is included for reference only.

### 1. RFR curves with VA (euro) as at the end of October 2022 vs previous curve



<i>RFR with VA</i>	<b>10yrs</b>	<b>20yrs</b>	<b>60yrs</b>
<b>Oct 2022</b>	3.15%	2.95%	3.12%
<b>Sep 2022</b>	3.16%	2.87%	3.08%
<i>RFR without VA</i>	<b>10yrs</b>	<b>20yrs</b>	<b>60yrs</b>
<b>Oct 2022</b>	2.94%	2.74%	3.03%
<b>Sep 2022</b>	2.99%	2.70%	3.01%

<i>Alternative extrapolation Method*</i>			
<i>RFR with VA</i>	<b>10yrs</b>	<b>20yrs</b>	<b>60yrs</b>
<b>Oct 2022</b>	3.15%	2.95%	3.00%
<b>Sep 2022</b>	3.16%	2.87%	2.95%
<i>RFR without VA</i>	<b>10yrs</b>	<b>20yrs</b>	<b>60yrs</b>
<b>Oct 2022</b>	2.94%	2.74%	2.91%
<b>Sep 2022</b>	2.99%	2.70%	2.88%

\*secretariat calculations based on convergence parameter of 10%

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

	<b>October</b>	<b>September</b>
<b>Volatility Adjustment (VA) (bps)</b>	21	17
<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 October 2022 RFR with VA</b>	734	560	158
<b>Present Value change from September 2022</b>	0.2%	-1.5%	-2.5%

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

<b>October 2022</b>	<b>September 2022</b>	<b>August 2022</b>	<b>July 2022</b>	<b>June 2022</b>	<b>May 2022</b>	<b>April 2022</b>	<b>March 2022</b>
-4.76%	-8.10%	-4.95%	-2.24%	-5.34%	-0.65%	-0.48%	1.40%