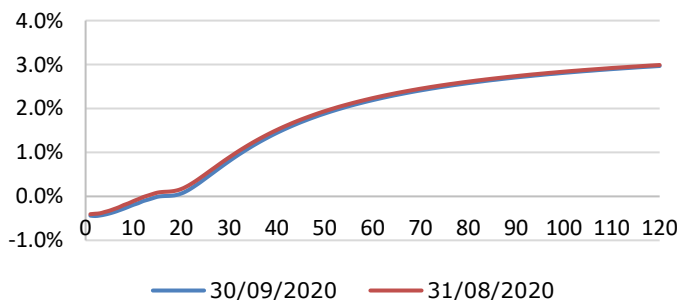


To: Solvency II Working Group
 From: Prudential Team
 Date: 06-10-2020
 Reference: ECO-SLV-20-215
 Subject: RFR monthly monitoring – September 2020

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 September 2020 vs previous curve



<u>RFR with VA</u>	<i>10yrs</i>	<i>20yrs</i>	<i>60yrs</i>
Sep 2020	-0.19%	0.07%	2.19%
Aug 2020	-0.11%	0.17%	2.24%
<u>RFR without VA</u>	<i>10yrs</i>	<i>20yrs</i>	<i>60yrs</i>
Sep 2020	-0.33%	-0.08%	2.13%
Aug 2020	-0.24%	0.04%	2.18%

2. Change in Volatility Adjustment and Credit Risk Adjustment

	August	September
Volatility Adjustment (VA) (bps)	13	14
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 September 2020 RFR with VA	1019	987	273
Present Value change from August 2020	0.8%	2.1%	2.7%

4. Symmetric Adjustment of the Equity Capital Charge

September 2020	August 2020	July 2020	June 2020	May 2020	April 2020	March 2020	February 2020
-6.43%	-5.58%	-7.13%	-6.72%	-8.45%	-10.00%	-10.00%	-5.94%