

To: Solvency II Working Group
 From: Prudential Team
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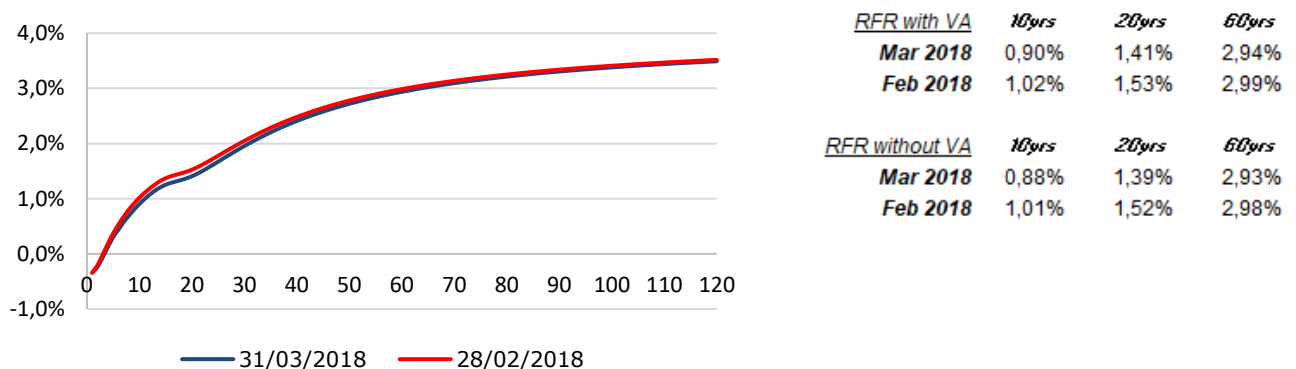
Subject: RFR monthly monitoring March 2018

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).

In addition, the secretariat advises members that EIOPA has recently published its calculations for 2019 UFRs; the 2019 euro UFR will be 3.90%. Further information can be found [here](#).

1. RFR curves with VA (euro) as at end of March 2018 vs previous curve



2. Change in Volatility Adjustment and Credit Risk Adjustment

	February	March
Volatility Adjustment (VA) (bps)	1	2
Credit Risk Margin (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 March 2018 RFR with VA	914	756	176
Present Value change from February 2018	1.1%	2.4%	2.9%

4. Symmetric Adjustment of the Equity Capital Charge

Mar 2018	Feb 2018	Jan 2018	Dec 2017	Nov 2017	Oct 2017	Sep 2017	Aug 2017
-0.88%	0.52%	3.10%	1.90%	2.03%	3.39%	2.40%	0.87%