

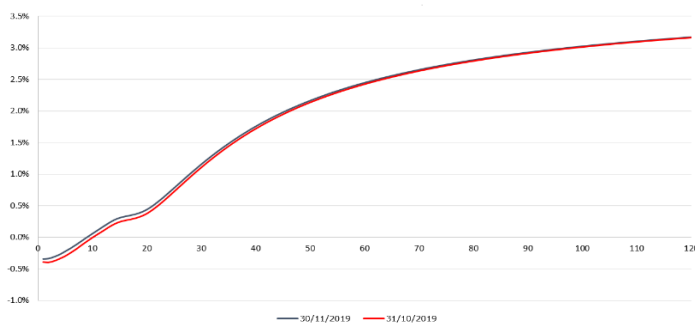
To: Solvency II Working Group
From: Prudential Team
Date: 12 November 2019
Reference: ECO-SLV-19-261

Subject: RFR monthly monitoring November 2019

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 end of November 2019 vs previous curve



<u>RFR with VA</u>	<i>10yrs</i>	<i>20yrs</i>	<i>60yrs</i>
Nov 2019	0.06%	0.44%	2.45%
Oct 2019	-0.01%	0.37%	2.42%

<u>RFR without VA</u>	<i>10yrs</i>	<i>20yrs</i>	<i>60yrs</i>
Nov 2019	-0.05%	0.34%	2.41%
Oct 2019	-0.08%	0.30%	2.39%

2. Change in Volatility Adjustment and Credit Risk Adjustment

	October	November
Volatility Adjustment (VA) (bps)	7	10
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 November 2019 RFR with VA	995	916	234
Present Value change from October 2019	-0.6%	-1.2%	-1.5%

4. Symmetric Adjustment of the Equity Capital Charge

November 2019	October 2019	September 2019	August 2019	July 2019	June 2019	May 2019	April 2019
-0.69%	-1.47%	-1.97%	-3.43%	-2.03%	-1.72%	-3.96%	-0.34%