

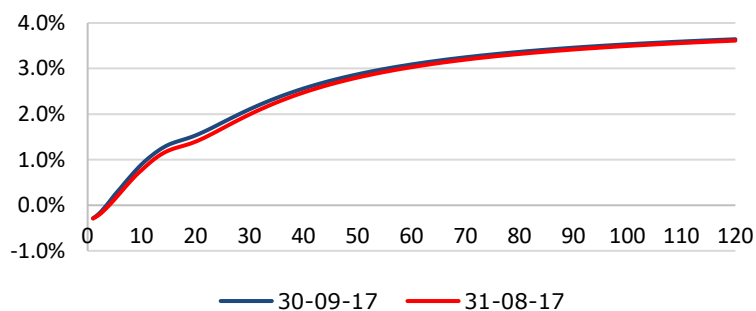
To: Solvency II Working Group
 From: Prudential Team
 Date: 9 October 2017
 Reference: ECO-SLV-17-214

Subject: RFR monthly monitoring September 2017

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 providing their methodology for calculation can be found [here](#). The secretariat monitors EIOPA's RFR curves published for the euro as well as the symmetric adjustment on a monthly basis and provides below the summary information for members (Source: EIOPA, Insurance Europe).

1. RFR curves with VA (euro) as at end of September 2017 vs previous curve



<i>RFR with VA</i>	<i>10yrs</i>	<i>20yrs</i>	<i>60yrs</i>
<i>Sep 2017</i>	0.90%	1.53%	3.09%
<i>Aug 2017</i>	0.77%	1.40%	3.03%
<i>RFR without VA</i>	<i>10yrs</i>	<i>20yrs</i>	<i>60yrs</i>
<i>Sep 2017</i>	0.83%	1.46%	3.06%
<i>Aug 2017</i>	0.70%	1.33%	3.00%

2. Change in Volatility Adjustment and Credit Risk Adjustment

	August	September
Volatility Adjustment (VA) (bps)	7	7
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 September 2017 RFR with VA	914	738	161
Present Value change from August 2017	-1.3%	-2.7%	-3.6%

4. Symmetric Adjustment of the Equity Capital Charge

Sep 2017	Aug 2017	Jul 2017	Jun 2017	May 2017	Apr 2017	Mar 2017	Feb 2017
2.40%	0.87%	1.17%	0.90%	2.26%	2.10%	1.36%	-0.23%