

VALDIS DOMBROVSKIS

Vice-President of the European Commission

Brussels, **22 MAI 2017**

Sergio Balbinot
President
Insurance Europa aisbl
Rue Montoyer 51
B-1000 Brussels
Balbinot@insuranceeurope.eu

Dear Mr Balbinot,

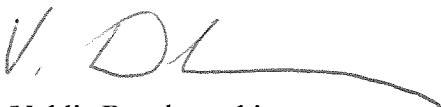
Thank you for your letter of 26 April regarding your concerns over EIOPA's UFR changes and proposals to set up a Solvency II expert group.

EIOPA has, on its own initiative, conducted a review of the method to calculate the UFR. As it is within the discretion of the Commission to adopt changes to the UFR in implementing acts, my services have, in response to concerns raised by stakeholders, emphasised to EIOPA the importance of fully assessing the impacts of its proposed method. The analysis which EIOPA has conducted in response to this request indicates a limited impact. After introducing changes further alleviating its effects, EIOPA's Board of Supervisors has unanimously adopted the revision to the UFR method.

I am aware of your concern that the modification of a parameter underlying the long-term guarantees compromise in isolation, and not in the context of a comprehensive review of the Solvency II framework, may jeopardize the balance achieved in this compromise. Therefore, my services will closely monitor the effect of the revised methodology for the ultimate forward rate, with a view to making best use of these observations in the context of a future review of Solvency II.

As to the review of Solvency II, the co-legislators anticipated a process that bases this review on an EIOPA opinion on the long-term guarantees measures and measures on equity risk which will be received by 2020. Before this opinion is received, the Commission is looking carefully at the annual reports which EIOPA prepares on these items, and will involve the Member States Expert Group on Banking, Payments and Insurance (EGBPI) in due time. In the meantime, my services are preparing the 2018 review of the Solvency II Delegated Acts, which features regularly on the agenda of the EGBPI.

Yours sincerely,



Valdis Dombrovskis

Cc: Mr Gabriel Bernardino, EIOPA chairman