

VALDIS DOMBROVSKIS

*Vice-President of the European Commission*

Brussels

22 JAN. 2018

Mr Sergio Balbinot  
President  
Insurance Europe aisbl  
Rue Montoyer 51  
B-1000 Brussels

Dear Mr. Balbinot,

Thank you for your letter of 18 December 2017 concerning the Ultimate Forward Rate (UFR) in Solvency II.

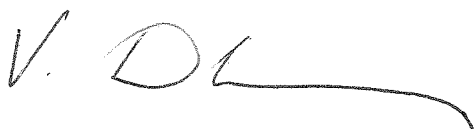
As mentioned in the previous correspondence of 6 September 2017, I reiterate my commitment to closely monitor the effect of a revised methodology for the ultimate forward rate, and to keep an open mind as to what action might be appropriate. I also take note of your concerns and regarding EIOPA's initiative on the review of the interest rate SCR.

Regarding the analysis conducted by your Dutch and German member associations, I encourage you to share with EIOPA and my services any data that have not yet been evaluated by EIOPA. My services will carefully assess any evidence of an unintended impact on long-term investment, the availability of long-term products and financial stability, and remain available for further dialogue on the matter.

I am not aware of current EIOPA initiatives to lower the risk-free curves through the implementation of changes in the extrapolation calibrations in advance of the long-term guarantees review in 2020. In preparation of this review and within the mandate given to it by the legislators, EIOPA is reporting annually to the European Parliament, the Council and the Commission about the impact of the long-term guarantees package. The analysis presented in such reports should not be understood to be indicative of EIOPA's intention to implement changes to its current production of the risk-free interest rate data.

I thank you for your continued engagement in the development of Solvency II, and am looking forward to Insurance Europe's participation at the public hearing on the 2018 review of Solvency II on 27 March 2018.

Yours sincerely,



Valdis Dombrovskis