



Version 2.1 - 5 February 2015

## **FAQs about the publication of the technical information relating to risk-free interest rate term structures under Solvency II**

### **1. What is being published?**

EIOPA publishes the technical information which contains:

- risk-free interest rates term structures for 32 currencies;
- values of the volatility adjustment to the relevant risk-free interest rate term structures;
- values of the fundamental spread to be applied for the calculation of the matching adjustment.

EIOPA also provides a technical documentation specifying the methodology and the data used in the calculation of the technical information.

Furthermore, on 22 December 2015 EIOPA published the source code that is applied to carry out the calculations. This source code was updated on 5 February 2016.

### **2. When will the technical information be published?**

EIOPA intends to publish the technical information on every fifth EIOPA working day of the month. A provisional calendar of release is available on EIOPA's website.

The reference date of the technical information is the last day of the previous month.

### **3. Why is EIOPA publishing the technical information?**

Insurance and reinsurance undertakings have to set up technical provisions for their insurance and reinsurance obligations. Under Solvency II those technical provisions will be discounted with risk-free interest rates. The Solvency II Directive requires EIOPA to publish risk-free interest rate term structures for that purpose. The technical information is published for information purposes only, with the objective to help insurance and reinsurance undertakings to calculate their technical provisions. The technical information paves the way for the common, uniform and consistent calculation of technical provisions of insurance and reinsurance undertakings across the European Union and the European Economic Area.

### **4. For whom is the technical information relevant?**

The technical information is relevant for insurance and reinsurance undertaking falling under Solvency II and for their respective supervisory authorities.

### **5. Is the use of EIOPA's technical information binding?**

EIOPA's technical information is intended to be used solely as a reference for information. However, the European Commission has adopted implementing acts, which make use of EIOPA's technical information. In that case insurance and reinsurance undertakings shall use the contents of the implementing acts that technical information with regard to the period specified in those implementing acts.

Where the technical information set out in the implementing acts deviates from EIOPA's technical information, insurance and reinsurance undertakings shall use the technical information set out in the implementing acts.

### **6. Why is EIOPA publishing the technical documentation and the source code for the calculation of the technical information?**

The technical documentation specifies the methodology and data that EIOPA applies in the calculation of the technical information. By publishing the technical documentation and the source code EIOPA ensures transparency about the calculation of the technical information. In particular, by means of the technical documentation stakeholders can understand how the technical information is affected by the market inputs of the calculation.

## **7. What will be the impact of calculating technical provisions with the published technical information?**

The technical information changes over time, depending on market and other parameters, in particular the level of market interest rates. The amount of technical provisions usually increases when market interest rates decrease and vice versa. This allows insurance and reinsurance undertakings and supervisory authorities to better assess the risks that variations in market interest rates generate to insurance and reinsurance undertakings. Better risk management is ultimately in the benefit of policyholders.