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## **PRESS RELEASE**

### **Actuarial Association of Europe response to the announcement on changes to the Solvency II UFR methodology**

Brussels, 14 April 2017: The European Insurance and Occupational Pensions Authority (EIOPA) has announced plans to make changes to the Solvency II ultimate forward rate (UFR) from 1 January 2018. On the basis of the methodology determined by EIOPA, the revised UFR is calculated as 3.65%. As the maximum change to UFR has been limited to 15 bps, the UFR which will apply from 1 January 2018 will be reduced from 4.2% to 4.05%.

Esko Kivisaari, chairperson of the AAE Insurance Committee, commented:

“The AAE welcomes the fact that EIOPA has now decided on a methodology to derive the UFR. In taking this decision EIOPA is fulfilling its mandate according to article 47 of the Delegated Regulation on Solvency II. A lot of work has been invested to achieve the now published result.

The AAE has made their contributions during the consultation periods and most recently EIOPA has investigated the effect of a change in the UFR by means of an impact assessment.

Acknowledging these facts we would like to note that:

- 1) The UFR is only one parameter that is used in the calculation of the Solvency Capital Requirement (SCR);
- 2) The Delegated Regulation required the review of specific items that concerned methods, assumptions and standard parameters used when calculating the SCR with the standard formula. This process has been started quite recently. It can be expected that this review will lead to changes in the Delegated Regulation with regard to the parameters;
- 3) EIOPA’s impact analysis shows that the impact of the proposed change to the UFR to apply from 1 January 2018 is small and hence the continued use of the current UFR would not pose a material risk to policyholders and financial stability.

Based on these facts we cannot see a compelling necessity to apply the new methodology before considering the results of the ongoing SCR review.”

- End of press release -

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#### *Notes for editors*

1. For further information please contact Ad Kok, Chief Executive (tel. +32 2 201 60 21), [aamkok@actuary.eu](mailto:aamkok@actuary.eu)
2. Copies of all AAE press releases are available on the AAE website ([www.actuary.eu](http://www.actuary.eu))
3. The Actuarial Association of Europe (AAE) was established in 1978 under the name Groupe Consultatif to represent actuarial associations in Europe. Its purpose is to provide advice and opinions to the various organisations of the European Union - the Commission, the Council of Ministers, the European Parliament, the European Supervisors and their committees – on actuarial issues in European legislation. The AAE currently has 36 member associations in 35 European countries, representing over 22,000 actuaries. Advice and comments provided by the AAE on behalf of the European actuarial profession are totally independent of industry interests. The Actuarial Association of Europe is registered in the EU Transparency Register under number 550855911144-54