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Summary of Comments on Consultation Paper EIOPA-CP-15/005 on the methodology to calculate the relevant risk-free interest rate term structures			
Name	**Reference**	**Comment**	**Resolution**
AMICE	Question 3	Q3: Overall method: Should the UFR include an adjustment for convexity and if yes, how should it be derived? N/A	The proposal is in line with your comment.
AMICE	Question 4	Q4: Overall method: Should there be only one UFR for all currencies, one UFR each bucket of currencies or as many UFRs as currencies? We would favour an approach based on one UFR for each bucket of currencies or as many UFRs as currencies. We do not think that resorting to one UFR for all currencies will work as long as term monetary policy differs between the US, Eurozone etc.	The proposal is in line with your comment.
AMICE	Question 5	Q5: Long-term real interest rate: Should current market data or historical data be used to derive expectations of the long-term real interest rate? AMICE favours the use of historical data to derive long-term real interest rates. Long-term interest rates should not be driven by short-term expectations. To avoid the sensitivity to the time period we believe the length of the historical data should be sufficiently long to ensure an appropriate assessment of the long-term real interest rates.	The proposal is in line with your comment.
AMICE	Question 6	Q6: Long-term real interest rate: Where expectations of real interest rates are derived from past real interest rates, what should be the length of the historical period for averaging the data? Should a simple average or a weighted average providing more weight on more recent data be used?	The proposal is in line with your comment.

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		As stated in the previous answer the length of the historical data should be sufficiently long to ensure an appropriate assessment. More weight could also be put on more recent historical data.	
AMICE	Question 7	Q7: Long-term inflation rate: Should historical inflation rates, inflation targets or a mix of the two be used to derive expected inflation? Under the assumption that central banks and policymakers would always try to adjust the inflation towards the target, inflation targets from central banks should be used as a proxy for long-term inflation. We agree, however, that inflation targets are only set for five to ten years and the UFR might need to be adjusted accordingly. The choice of method should be guided by the aim to achieve stable discounted cash flows.	The proposal is in line with your comment. No adjustments to the inflation targets are made, in particular to avoid the use of judgement in the methodology.
AMICE	Question 8	Q8: Supervisory judgement: What should be the role of supervisory judgement in the derivation of the UFR? The supervisory review process is part of Pillar II not Pillar I. Supervisors should not be allowed to amend the UFR independently. Any local supervisory intervention on the value of the UFR will jeopardise the correct functioning of the European Internal Market.	Agreed. The UFR should be derived according to a clearly specified methodology and supervisors should not be able to change it.
AMICE	Question 9	Q9: Update of the UFR: Should the UFR be kept constant over several years (so that when it changes it can change significantly) or should it change regularly (and then slowly)? In the latter case should the update be monthly, quarterly or annual? AMICE members consider the UFR as a key input value which has a high impact on market values and the firm´s solvency position. As a general rule, AMICE believes that the UFR should be kept stable and not respond to short term or random developments. There may be a long term trend in interest rates which suggests gradual adjustments to the UFR. We see the need for insurance	The expected real rate will be based on published data

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		companies to anticipate such adjustments and include them in their corporate planning and the ORSA. Therefore, early warning indicators of the underlying trend of the UFR should be regularly produced in order for the industry to be aware of possible changes and prepare itself. Early warning indicators could be made available through the regular publication of the values underlying the composition of the UFR such as an updated value of the real interest rate and the inflation components should the real interest rate be based on an average of historical data and inflation on expectations. A useful approach could be to regularly publish the outcome of the UFR formula and to decide whether an update of the UFR value is needed each time the computed amounts exceed the values of a "tunnel" (corridor) with an upper and lower threshold. Assessing the trend and the sustainability of such a trend is key (e.g. if inflation is too high and above expectations, the firm will know that the UFR will have to be corrected). If the trend continues this would lead to an adjustment over a long period of time (e.g. 17 years such as with the transitionals). The correction could be made by the amount exceeding the corridor.	and the calculation will be transparent. The proposed methodology includes a corridor of ±5 bps for triggering changes.

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