GENERALI

25/03/2014
COMUNICATO STAMPA

S&P conferma il rating A- di Generali dopo una revisione dei criteri di giudizio

- Generali supera lo stress test di S&P dimostrando una solvency positiva anche in uno scenario di estrema tensione

Media Relations
T +39.040.671085
press@generali.com

Investor Relations
T +39.040.671202
+39.040.671347
ir@generali.com

www.generali.com

Trieste – L'agenzia di rating Standard & Poor's ha confermato oggi il rating A- di Generali, risolvendo così il CreditWatch avviato in seguito alla revisione dei criteri globali di valutazione introdotta lo scorso anno. L'outlook è negativo.

S&P ha implementato una revisione dei criteri globali di valutazione che causerebbe un declassamento automatico ove un'entità finanziaria non fosse in grado di superare un oneroso stress test, basato su un complesso di gravi crisi finanziarie storiche che hanno colpito il Messico, la Tailandia, la Russia e la Grecia. Generali ha superato lo stress test estremo di S&P's dimostrando chiaramente la sua capacità di mantenere una solvency positiva anche in uno scenario di estrema tensione.

Il **CEO del Gruppo Generali, Mario Greco**, ha dichiarato: "*È un risultato importante per Generali, il segnale più chiaro della solidità intrinseca del Gruppo. La nostra capacità di superare uno scenario di stress di tale entità è una dimostrazione delle significative riserve di bilancio e della flessibilità finanziaria di cui oggi disponiamo. Peraltro, abbiamo sempre ritenuto del tutto improbabile lo scenario di un eventuale default dell'Italia. La conferma di S&P è un riconoscimento importante e indipendente della diversificazione globale del Gruppo, in cui circa il 70% del nostro business e dei nostri asset è originato all'esterno del mercato domestico. Ma è anche un segnale positivo per l'attrattività dell'Italia come destinazione di investimenti. Si tratta infine di una conferma dell'eccellente progresso compiuto da Generali nella sua strategia di ricostituzione della solvency, riduzione della leva finanziaria e miglioramento della redditività".*

In seguito a questa conferma, Generali conserva la classe A nei rating sulla solidità finanziaria assicurativa assegnati da S&P e dalle altre agenzie di rating, tra cui A.M. Best.

In allegato il comunicato originale di S&P.

IL GRUPPO GENERALI

Il Gruppo Generali è uno tra i maggiori assicuratori globali con una raccolta premi complessiva di €66 miliardi nel 2013. Con 77.000 collaboratori nel mondo al servizio di 65 milioni di clienti in oltre 60 Paesi, il Gruppo occupa una posizione di leadership nei Paesi dell'Europa Occidentale ed una presenza sempre più significativa nei mercati dell'Europa Centro-orientale ed in quelli asiatici.

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Research Update:

Italy-Based Generali Ratings Affirmed On Implementation Of Criteria For Rating Above The Sovereign; Outlook Negative

Analytical Group Contact:
Financial Institutions Ratings Europe; FIG_Europe@standardandpoors.com

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S&P Affirms Italy-Based Generali Ratings; Outlook Negative

Overview

- After implementing its proposed new risk mitigation plan, insurance group Generali passes the hypothetical sovereign default stress test under our revised criteria, indicating that Generali would likely not exhaust its regulatory solvency capital even under a scenario involving an Italian sovereign payment default.
- The rating is two notches above the sovereign foreign currency rating on Italy and is one notch below Generali's indicative group credit profile, reflecting our view of Generali's high sensitivity to Italy country risk.
- Consequently, we are affirming our ratings on Generali at 'A-' and removing them from CreditWatch, where they were placed on Nov. 26, 2013.
- The negative outlook reflects that on our long-term sovereign credit rating on Italy and our expectation that Generali's exposure to Italian assets will not increase in the next two years relative to its capital base.

Rating Action

Standard & Poor's Ratings Services affirmed its long-term counterparty credit and insurer financial strength ratings on Italy-based global multiline insurer Assicurazioni Generali SpA and its core subsidiaries (Generali) at 'A-'. At the same time, we removed the ratings from CreditWatch with negative implications, where they were placed on Nov. 26, 2013. We affirmed the senior, subordinated, and junior subordinated debt ratings by one notch and removed them from CreditWatch. The outlook on Generali is negative.

At the same time, we affirmed the 'A-' counterparty credit and insurer financial strength ratings on Generali's Czech subsidiary Ceska pojistovna a.s. (Ceska). The outlook on Ceska is negative.

We also affirmed the 'BBB+' counterparty credit and insurer financial strength ratings on Generali Pan Europe (GPE). The outlook on GPE is negative.

Finally, we affirmed the 'BBB+/A-2' counterparty credit ratings on Generali-owned German savings bank Deutsche Bausparkasse Badenia AG (Badenia). The outlook on Badenia is negative.

Rationale

The affirmation follows the implementation of our revised criteria on rating companies above the sovereign level (see "Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions," published Nov. 19, 2013). The criteria for rating above the sovereign are global and apply to corporates, financial institutions, insurance companies, and local and regional governments that, in our view, have material exposure in a particular country and which are currently, or likely to be, rated above the sovereign rating on the country. For an insurer, we define country exposure as the sum of investments in assets domiciled in a country (excluding unit-linked investments), regardless of the insurer's domicile.

Under our revised criteria, we assess the potential impact of a hypothetical Italian sovereign default on Generali's assets, based on a stress scenario. We consider that Generali's regulatory solvency capital would remain positive in such a scenario, based on the timely implementation of what we view as a robust and wide-ranging risk mitigation plan. The plan, which Generali has said it is putting into place, was shared with us after we placed Generali on CreditWatch on Nov. 26, 2013. We also anticipate that Generali would mitigate potential pressure on its regulatory capital in a timely matter if Italy's creditworthiness were to deteriorate, in line with its overall risk management framework.

Consequently, we rate Generali two notches higher than our sovereign credit rating on Italy, reflecting our view that the risk mitigation plan, combined with Generali's strategy to strengthen capital and reduce Italian government bond exposure, should reinforce its balance-sheet resilience. Generali's capital fungibility is also a significant factor in our opinion. We consider that Generali's large life insurance business is highly sensitive to Italian country risk. Therefore, we would not assign long-term ratings to Generali more than two notches above the long-term rating on Italy.

We understand that the plan is subject to approval by Generali's board of directors and that the plan is part of a wider risk mitigation and recovery framework that Generali is putting in place as a globally systemic international insurer (G-SII). Aspects of the plan include securing capital against the value of future profits via reinsurance agreements, reducing policyholder's share of profits in line with contractual obligations, and using prudence margins in the balance sheet, such as reserves excess and unrealized gains. These prudence margins are not currently part of Generali's regulatory capital.

We consider Generali to have material exposure to its investments in Italy, which represented about €95 billion on Dec. 31, 2013 (28% of its total investments, excluding unit-linked and third-party investments). The exposure represented about 3.5x Generali's regulatory capital of €26 billion on Dec. 31, 2013 (before dividends). We anticipate that Generali's Italian government bond investments will gradually decline over time and its exposure to assets in Italy will remain at or lower than the level at year-end 2013, as a percentage of Generali's regulatory capital.

As described in our criteria, our hypothetical sovereign default stress test includes "haircuts" on all Italy-based investments, including sovereign bonds, local bank and corporate bonds, real estate loans, deposits, and equities. From the euro amount of hypothetical losses, we deducted our estimate of the potential benefits of the mitigation plan, including Generali's regulatory solvency capital (capital stress). We then added one year of pretax stressed earnings. Finally, we applied a liquidity stress assuming the asset haircuts above. The liquidity ratio remains higher than 100%, according to our liquidity criteria.

We continue to assess Generali's indicative group credit profile (GCP) at 'a', reflecting our view of its very strong competitive position and moderately strong capital and earnings. Given the actions it has undertaken over the past 18 months, we expect Generali's management team to take further action to secure stronger capital buffers and increase profitability, aiming to generate at least €1.7 billion of net income per year in 2014 and 2015. We could lower our indicative GCP assessment if we revised downward our view of Generali's ability to maintain moderately strong capital and earnings.

Outlook

The negative outlook on Generali reflects that on Italy, as we limit the long-term rating to a maximum of two notches above the sovereign rating.

We could lower the rating on Generali if:

- We lowered the sovereign rating on Italy;
- We believed that Generali would be at risk of not passing the sovereign default test due to increased exposure to Italy-based investments; or
- Contrary to our expectations, the board of directors did not approve Generali's risk mitigation plan.

We would consider revising the outlook to stable if the outlook on the rating on Italy was revised to stable, all else being equal.

Related Criteria And Research

Related Criteria

- Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Criteria - Insurance - General: Enterprise Risk Management, May 7, 2013
- Criteria - Insurance - General: Insurers: Rating Methodology, May 7, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012

- Criteria - Insurance - General: Refined Methodology And Assumptions For Analyzing Insurer Capital Adequacy Using The Risk-Based Insurance Capital Model, June 7, 2010
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Criteria - Insurance - General: Hybrid Capital Handbook: September 2008 Edition, Sept. 15, 2008

Related Research

- Standard & Poor's Explains How It Applies Its Ratings Above The Sovereign Criteria To Insurers, Dec. 20, 2013
- Why Our Updated Criteria On Ratings Above The Sovereign Led To CreditWatch Placements On Some EMEA Insurers, Dec 3, 2013
- Rating Actions On Nine European And African Insurance Groups After Revision Of Criteria On Rating Above The Sovereign, Nov 26, 2013
- Ratings On Italy-Based Insurance Group Generali Kept On CreditWatch Negative, Feb 21, 2014

Ratings List