



28/10/2016
PRESS RELEASE

Generali, AM Best affirms rating A and outlook stable

Trieste – AM Best announced today that it has affirmed Generali's FSR rating at A (Excellent). Concurrently the rating agency has affirmed the ratings of debt instruments issued or guaranteed by Generali. The outlook remains Stable.

AM Best said that “the ratings reflect the group’s very strong business position in continental Europe, resilient operating performance, and improving risk-adjusted capitalisation”. In AM Best view, “as one of the largest insurers in Europe, Generali has a very strong franchise in both life and non-life insurance within its core markets, namely Italy, Germany and France, which contributed over 70% of gross written premium (GWP) in 2015. Generali also has a prominent market position in Central and Eastern Europe (CEE) where the group operates via its wholly owned subsidiary, Generali CEE Holding B.V.”.

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Please find attached AM Best original press release

THE GENERALI GROUP

The General Group is among the world’s leading insurers, with total premium income exceeding €74 billion in 2015. With above 76,000 workers in the world, present in over 60 Countries, the Group has a leading position in Western European Countries and an ever more significant presence in the markets of Central and Eastern Europe and in Asia. In 2015, Generali was the sole insurance company included among the 50 smartest companies in the world by the MIT Technology Review.



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FOR IMMEDIATE RELEASE

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A.M. Best Affirms Credit Ratings of Assicurazioni Generali S.p.A. and Its Main Subsidiaries

LONDON, 28 October 2016—A.M. Best has affirmed the Financial Strength Rating (FSR) of A (Excellent) and the Long-Term Issuer Credit Rating (Long-Term ICR) of “a” of **Assicurazioni Generali S.p.A.** (Generali) (Italy) and its main rated subsidiaries. Concurrently, A.M. Best has affirmed the Long-Term Issue Credit Ratings (Long-Term IRs) of debt instruments issued or guaranteed by Generali. (See below for a detailed list of companies and debt instruments.) The outlook of these Credit Ratings (ratings) remains stable.

The ratings reflect the group’s very strong business position in continental Europe, resilient operating performance, and improving risk-adjusted capitalisation. Offsetting rating factors include the sensitivity of the group’s risk-adjusted capitalisation to financial market volatility and profitability pressures arising from the challenging macro-economic environment in its core markets.

As one of the largest insurers in Europe, Generali has a very strong franchise in both life and non-life insurance within its core markets, namely Italy, Germany and France, which contributed over 70% of gross written premium (GWP) in 2015. Generali also has a prominent market position in Central and Eastern Europe (CEE) where the group operates via its wholly owned subsidiary, **Generali CEE Holding B.V.**

In 2015, Generali reported GWP of EUR 74.2 billion, up from EUR 70.4 billion in 2014, benefiting from the solid revenue growth of the life segment, up 6.2% to EUR 53.3 billion, notably stemming from initiatives aimed at shifting the business mix toward products with low capital absorption features. Premium revenue is

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expected to continue to be driven by the life operations, as Generali's key markets for the non-life segment remain very competitive.

Generali's operating performance has proven to be resilient. The group reported a net result of EUR 2.0 billion for 2015, the highest in the past eight years, supported by a strong operating result of EUR 4.8 billion. Despite increased production, the life segment recorded a stable operating result of EUR 3.0 billion, as the stronger technical margin was offset by higher acquisition and administrative expenses. The low interest rate environment and financial market volatility weighted on the group's new business margin on annual premium equivalent in 2015, which, although remaining at a good level, decreased to 21.0% (2014: 24.0%). For non-life business, the combined ratio confirmed its downward trend, improving to a very strong 93.1%. This was driven by a reduction in the loss ratio to 65.9% (66.7% in 2014), despite higher catastrophe claims, which translated into a non-life operating result of EUR 2.0 billion, up 8.5% compared with 2014. Generali's non-life technical earnings are supported by the excellent underwriting performance recorded in Italy, the group's primary market (28.9% of direct non-life premium derived from Italy in 2015), which reported the lowest combined ratio for the group at 89.1% in 2015. For the first six months of 2016, Generali reported a reduced, though robust operating result of EUR 2.5 billion (-10.5% compared with the same period in 2015), chiefly driven by lower investment results, which continue to suffer from difficult market conditions.

Generali's risk-adjusted capitalisation strengthened in 2015, benefiting from a higher value in-force (VIF), which A.M. Best gives partial credit for in its Best's Capital Adequacy Ratio (BCAR) model. As of 30 June 2016, Generali reported a lower, albeit still solid solvency position compared with year-end 2015, with a regulatory solvency ratio of 161% (171% at year-end 2015), and a solvency ratio as per internal model of 188% (202% at year-end 2015), chiefly impacted by adverse conditions in the financial markets. Generali continues to have significant exposure to peripheral eurozone sovereign debt, principally relating to Italy. As at 30 June 2016,

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Italian sovereign debt amounted to EUR 70.3 billion on the group's balance sheet, or 289% of the shareholders' equity. Whilst A.M. Best notes that Generali holds the majority of these sovereign bonds for asset and liability management purposes, this, together with significant exposure to eurozone financial institutions, makes the group's risk-adjusted capitalisation sensitive to shocks in the financial markets.

The FSR of A (Excellent) and the Long-Term ICR of "a", each with a stable outlook, have been affirmed for **Assicurazioni Generali S.p.A.** and its following subsidiaries:

- **Generali Italia S.p.A.**
- **Generali Deutschland AG**
- **AachenMünchener Lebensversicherung AG**
- **AachenMünchener Versicherung AG**
- **Generali Lebensversicherung AG**
- **Generali Versicherung AG**
- **COSMOS Lebensversicherungs AG**
- **COSMOS Versicherung AG**
- **Central Krankenversicherung AG**
- **Generali Vie S.A.**
- **Generali IARD S.A.**
- **Česká pojišťovna a.s.**

The Long-Term ICR of "bbb" has been affirmed with a stable outlook for **Generali France S.A.**

The following Long-Term IRs have been affirmed:

Assicurazioni Generali S.p.A.—

- "a-" on EUR 1,250 million 2.875% senior unsecured notes, due 2020
- "a-" on EUR 1,750 million 5.125% senior unsecured notes, due 2024
- "bbb+" on EUR 1,250 million 5.5% fixed/floating rate senior dated subordinated notes, due 2047 (callable in 2027)
- "bbb+" on EUR 850 million 5% fixed/floating rate senior dated subordinated notes, due 2048 (callable in 2028)
- "bbb+" on EUR 1,000 million 4.125% fixed rate senior dated subordinated notes, due 2026
- "bbb+" on EUR 1,250 million 7.75% fixed/floating rate senior subordinated notes, due 2042 (callable in 2022)
- "bbb+" on EUR 750 million 10.125% fixed/floating rate senior subordinated notes, due 2042 (callable in 2022)
- "bbb" on GBP 495 million 6.416% fixed/floating rate junior subordinated perpetual debentures, callable in 2022
- "bbb" on GBP 350 million 6.269% fixed/floating rate junior subordinated perpetual debentures, callable in 2026

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Generali Finance B.V. (guaranteed by Assicurazioni Generali S.p.A.)—

- “bbb” on EUR 1,500 million 4.596% fixed/floating rate more deeply subordinated perpetual notes
- “bbb” on EUR 1,250 million 5.479% fixed/floating rate junior subordinated perpetual debentures, callable in 2017

The following indicative Long-Term IRs on securities available under the EUR 15 billion medium-term note programme that was renewed in May of this year have been affirmed:

Assicurazioni Generali S.p.A. and Generali Finance B.V.—

- “a-” on all senior unsecured notes to be issued under the programme
- “bbb+” on all senior subordinated notes to be issued under the programme
- “bbb” on all junior subordinated notes to be issued under the programme

This press release relates to Credit Ratings that have been published on A.M. Best’s website. For all rating information relating to the release and pertinent disclosures, including details of the office responsible for issuing each of the individual ratings referenced in this release, please see A.M. Best’s [Recent Rating Activity](#) web page. For additional information regarding the use and limitations of Credit Rating opinions, please view [Understanding Best’s Credit Ratings](#).

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