



11/10/2011

**PRESS  
RELEASE**

## Generali: Fitch affirms AA- rating; Negative outlook (from Stable)

Trieste – Fitch affirmed today AA- rating for Assicurazioni Generali, underlining “the group’s strong and internationally diversified franchise, its good earnings record and generally conservative management”. The agency changed the outlook to Negative from Stable, following the downgrade of the Italian sovereign rating.

**Please find below the original press release by Fitch.**

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### **FITCH REVISES GENERALI'S OUTLOOK TO NEGATIVE; AFFIRMS IFS AT 'AA-'**

Fitch Ratings-London-11 October 2011: Fitch Ratings has today changed the Italian insurance company Assicurazioni Generali SpA's (Generali) Outlook to Negative from Stable. Its Issuer Default Rating (IDR) and Insurer Financial Strength (IFS) are affirmed at 'A+' and 'AA-' (AA minus) respectively. Related rating actions have also been taken on Generali's subsidiaries and debt issues as listed below.

The rating action follows the downgrade of the Italian sovereign rating on 7 October 2011 (see 'Fitch Downgrades Italy to 'A+'; Outlook Negative' at [www.fitchratings.com](http://www.fitchratings.com)).

Generali's ratings are influenced by the creditworthiness of the Italian state as the company holds around EUR51bn of Italian government bonds, and also by the broader Italian economic environment. The company holds a material volume of securities issued by Italian financial and other institutions which, in view of the prospects for weaker economic growth in Italy, could reduce earnings and cause it to be exposed to adverse investment market fluctuations. In 2010 Generali derived 29% of premiums and 39% of life operating profit from Italy.

Under Fitch's criteria 'Insurance Rating Methodology', in some circumstances, insurance organizations can be rated up to two notches above the Local Currency Sovereign rating. Generali's internationally diversified sources of earnings means that its ratings are not automatically correlated with the sovereign rating of Italy, but also are not insulated from an economy where government austerity measures are likely to dampen private consumption and investment.

The Negative Outlook reflects Fitch's expectations that Generali's growth and profitability in Italy will remain subdued in the next 12-24 months, which could affect the group's operating performance. Increasing financial market volatility could also strain Generali's capitalisation which for the current ratings level is considered by Fitch to be no stronger than adequate.

Positive elements considered in the rating include the group's ability to share losses with policyholders, for instance, in the case of unit-linked or participating (with-profit) life insurance contracts, as the vast majority of holdings of Italian sovereign debt back Italian life liabilities. Fitch assumes, however, that the greater the level of financial distress of securities backing participating contracts, the less the scope for insurers to share losses with policyholders, as underlying guarantees would start to erode the company's capital.

Other positive elements include the group's strong and internationally diversified franchise, its good earnings record and generally conservative management.

Generali's ratings are likely to be downgraded if the Italian sovereign rating were further downgraded. The ratings could also be downgraded if the operating environment in the group's core markets deteriorate to the extent that its ability to improve efficiency, consolidated solvency margin and operating performance are impaired.

Conversely, Generali's Outlook could be revised to Stable if the Outlook on the Italian sovereign

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rating is revised to Stable.

Generali is the parent company and main operating entity of one of Europe's largest insurance groups. Total group-wide life sales in 2010 were EUR51bn. It holds a dominant position in Italy through its ownership of INA Assitalia and Alleanza Toro. Generali is also well established in Germany (through Generali Deutschland), France (Generali Iard and Generali Vie), Spain (Generali Espana), Switzerland (BSI and Generali Switzerland) and central and eastern Europe through its joint venture, Generali PPF Holding.

The ratings actions are as follows:

Assicurazioni Generali SpA:

Affirmed at IDR 'A+'; IFS 'AA-'; Outlook Negative

Generali (Schweiz) Holding AG:

Affirmed at IDR 'A-'; Outlook Negative

Generali Iard:

Affirmed at IFS 'AA-'; Outlook Negative

Generali Vie:

Affirmed at IFS 'AA-'; Outlook Negative

Generali Deutschland:

Affirmed at IFS 'AA-'; Outlook Negative

Generali Deutschland Pensionskasse AG:

Affirmed at IFS 'AA-'; Outlook Negative

Cosmos Versicherung AG:

Affirmed at IFS 'AA-' Outlook Negative

Cosmos Lebensversicherungs-AG:

Affirmed at IFS 'AA-'; Outlook Negative

AachenMuenchener Lebensversicherung AG:

Affirmed at IFS 'AA-'; Outlook Negative

Generali Lebensversicherung AG:

Affirmed at IFS 'AA-'; Outlook Negative

AachenMuenchener Versicherung AG:

Affirmed at IFS 'AA-'; Outlook Negative

Generali Versicherung AG:

Affirmed at IFS 'AA-' Outlook Negative

Central Krankenversicherung AG:

Affirmed at IFS 'AA-'; Outlook Negative

Generali Espana, SA

Affirmed at IFS 'AA-'; Outlook Negative

Generali Versicherung AG (Austria)

Affirmed at IFS 'AA-'; Outlook Negative

Generali's debt ratings are as follows:

Senior unsecured:

EUR1,500m 4.75% guaranteed notes due 12 May 2014: affirmed at 'A+'

EUR500m 3.875% notes due 6 May 2015: affirmed at 'A+'

EUR750m 4.875% notes due 11 November 2014: affirmed at 'A+'

EUR1,750m 5.125% notes due 16 September 2024: affirmed at 'A+'

Hybrid capital instruments/notes:

EUR1,250m perpetual notes 5.479% until February 2017, thereafter Euribor plus 214bp: affirmed at 'A-'

GBP495m perpetual notes 6.416% until February 2022, thereafter Libor plus 220bp: affirmed at 'A-'

EUR1,275m perpetual notes 5.317% until June 2016, thereafter Euribor plus 210bp: affirmed at 'A-'

GBP700m perpetual notes 6.214% until June 2016, thereafter Euribor plus 208bp: affirmed at 'A-'

GBP350m perpetual notes 6.269% until June 2026, thereafter Euribor plus 235bp: affirmed at 'A-'

Subordinated notes:

EUR750m fixed-/floating-rate subordinated callable notes due on 20 Jul 2022: affirmed at 'A-'

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Additional information is available at [www.fitchratings.com](http://www.fitchratings.com). The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

Applicable criteria "Insurance Rating Methodology", dated 22 September 2011, are available at [www.fitchratings.com](http://www.fitchratings.com).

Applicable Criteria and Related Research:  
Insurance Rating Methodology  
[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=651018](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=651018)

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**The Generali Group is one of Europe's largest insurance providers and the biggest European Life insurer, with 2010 total premium income of more than € 73 billion. It is also one of the world's top asset managers with assets of over € 400 billion, and a unique real estate operator with a property portfolio of more than € 24 billion.**

**With 85,000 employees worldwide and 70 million clients in more than 60 countries, the Group occupies a leadership position on Western European markets and an increasingly important place in Eastern Europe and Asia.**

**The parent company Assicurazioni Generali is listed on the Milan Stock Exchange (GASI.MI, G.IM) and has an AA- Standard & Poor's rating, an Aa3 Moody's rating, an AA- Fitch's rating and an A+ A.M. Best's rating.**