



05.05.2020  
PRESS RELEASE

## Generali confirms its solid capital position

Milan – Regarding the recent press release issued by Fitch Ratings, that is a direct result of the recent downgrading of Italy's sovereign debt, Generali confirms its solid capital position. It should also be emphasised that the Agency – which changed the Generali rating from A, outlook negative, to A-, outlook stable – has implemented a stress test linked to the present Covid-19 pandemic, whose results would have led to the confirmation of Generali rating.

It is important to note that the Group's 2019 financial statements reflected a very positive performance, with a record operating result of € 5,192 million, a net profit of € 2,670 million, up 15.7% compared to the previous year, and technical excellence in all business segments.

Although the effects of the Covid-19 pandemic are still uncertain at the moment, the Solvency II Ratio remains solid and has always stayed within the desired range.

With regard to the exposure to Italian sovereign debt, the Group confirms the stability of the portfolio, which is almost entirely backing Italian technical reserves.

In the current context, the Group continues with the on-going execution in a rigorous and disciplined way of its "Generali 2021" Strategy. The Company has also already reached its objective of reducing the amount of debt and even exceeded the goal of lowering its cost.





**The press release issued by Fitch Ratings is attached.**

### THE GENERALI GROUP

Generali is one of the largest global insurance and asset management providers. Established in 1831, it is present in 50 countries in the world with a total premium income of more than €69.7 billion in 2019. With nearly 72,000 employees serving 61 million customers, the Group has a leading position in Europe and an increasingly significant presence in Asia and Latin America. The ambition of Generali is to be a Life-Time Partner to its customers, offering innovative and customised solutions thanks to an unrivalled distribution network.

Media Relations  
T +39.0243535014  
[media@generali.com](mailto:media@generali.com)

Investor Relations  
T +39.040.671402  
[ir@generali.com](mailto:ir@generali.com)

 user: Generali  
 user: @GENERALI  
 user: generaligroup  
 user: GruppoGenerali



## RATING ACTION COMMENTARY

# Fitch Downgrades Generali's IFS to 'A-' on Sovereign Downgrade; Outlook Stable

Tue 05 May, 2020 - 12:45 PM ET

Fitch Ratings - Frankfurt am Main - 05 May 2020: Fitch Ratings has downgraded Assicurazioni Generali S.p.A.'s (Generali) and core subsidiaries' Insurer Financial Strength (IFS) Ratings to 'A-' (Strong) from 'A' (Strong). The agency has also downgraded Generali's Long-Term Issuer Default Rating (IDR) to 'BBB+' from 'A-'. The Outlooks are Stable. A full list of rating actions is at the end of this commentary.

## KEY RATING DRIVERS

The downgrades follow the downgrade of Italy's sovereign rating by Fitch to 'BBB-' from 'BBB' (see "Fitch Downgrades Italy to 'BBB-'; Outlook Stable", dated 28 April 2020, at [www.fitchratings.com](http://www.fitchratings.com)). Generali's credit quality is highly linked to Italy's sovereign rating given the group's exposure to Italian sovereign debt, in particular on its Italian books.

The ratings also reflect Fitch's current assessment of the impact of the coronavirus pandemic, including its economic impact, under a set of ratings assumptions described below. These assumptions were used by Fitch to develop pro-forma financial metrics for Generali that Fitch compared with both ratings

guidelines defined in its criteria and relative to previously established Rating Sensitivities for Generali. Our pro-forma analysis would have resulted in an affirmation of Generali's ratings.

The Stable Outlook reflects that on Italy's sovereign rating, as well as Fitch's view that Generali's ratings at their current level can withstand additional pressures from the coronavirus pandemic as per the agency's current assumptions.

Generali's exposure to Italian sovereign debt is high at 1.9x consolidated shareholders' equity at end-2019. Generali's risky assets ratio (RAR), which measures the ratio of risky assets to capital, increased to 1.7x consolidated shareholders' equity at end-2019 from 1.6x at end-2018. The 2019 ratio on a pro-forma basis is 2.0x. Fitch considers a portion of an insurer's exposure to 'BBB' category sovereign investments as risky assets. As a result of Italy's downgrade, this portion has increased to 50% from 30%, as per Fitch's insurance criteria. The increase in Generali's consolidated shareholders' equity in 2019 only partially offsets the higher weight attributed to the sovereign investments due to Italy's downgrade.

The sovereign downgrade is also captured in Fitch's assessment of Generali's investment risk via its Sovereign Investment Concentration Risk factor.

Under its insurance rating criteria, Fitch has lowered Generali's score for "Industry Profile and Operating Environment" (IPOE), which is different from Italy's IPOE and bespoke to Generali given its global footprint, and "Business Profile" following Italy's downgrade. The lowering of Generali's IPOE score reflects Italy's relatively higher economic and country risks. The "Business Profile" scoring is tethered to the IPOE score to reflect our assessment over country risk.

Generali's ratings reflect the group's very strong business profile, in particular due to its strong market positions in Italy, Germany and France, strong capitalisation and leverage and financial performance.

Our pro-forma analysis indicates that Generali has strong and resilient capitalisation relative to our coronavirus assumptions. Fitch considers Generali's "Capitalisation and Leverage" strong as measured by Fitch's Prism Factor-Based Capital Model (Prism FBM). Prism FBM remained stable at 'Very Strong' based on both end-2019 figures as well as per Fitch's pro-forma assumptions. Generali's pro-forma Prism FBM score did not breach the prior downgrade sensitivity for this metric.

The financial leverage ratio (FLR) improved to 27% as at end-2019 (2018 32%) following the reimbursement of EUR1.3 billion in January. It was 29% under the pro-forma assumptions; this level did not breach the prior downgrade sensitivity for this metric.

#### Assumptions for Coronavirus Impact (Rating Case):

Fitch used the following key assumptions, which are designed to identify areas of vulnerability, in support of the pro-forma ratings analysis discussed above:

--Decline in key stock market indices by 35% relative to 1 January 2020.

--Increase in two-year cumulative high yield bond default rate to 13%, applied to current non-investment grade assets, as well as 12% of 'BBB' assets.

--Both upward and downward pressure on interest rates, with spreads widening (including high yield by 400bp) coupled with notable declines in government rates.

--Capital markets access is limited for issuers at senior debt levels of 'BBB' and below.

--A COVID-19 infection rate of 5% and a mortality rate (as a percentage of infected) of 1%.

--For the non-life and reinsurance sectors, a negative impact on the industry-level accident year loss ratio from COVID-19-related claims at 3.5pp, partially offset by a favorable impact from the auto line averaging 1.5pp.

#### **RATING SENSITIVITIES**

The ratings remain sensitive to any material change in Fitch's Rating Case assumptions with respect the Coronavirus pandemic. Periodic updates to our assumptions are possible given the rapid pace of changes in government actions in response to the pandemic, and the pace with which new information is available on the medical aspects of the outbreak. An indication of how ratings would be expected to be impacted under a set of Stress Case assumptions is included at the end of this section to help frame sensitivities to a severe downside scenario.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

--A material adverse change in Fitch's Ratings Assumptions with respect to the coronavirus impact.

--A one-notch downgrade of Italy's Long-Term Local-Currency IDR, which would likely lead to a one-notch downgrade of Generali's ratings.

--A decrease of Generali's Prism FBM score below 'Very Strong' for a sustained period or the FLR deteriorating to more than 35%.

Factors that could, individually or collectively, lead to positive rating action/upgrade:

--A material positive change in Fitch's Ratings Assumptions with respect to the coronavirus impact.

--Positive rating action would be prefaced by Fitch's ability to reliably forecast the impact of the coronavirus pandemic on the financial profile of both the Italian insurance industry and Generali.

--An upgrade of Italy's Long-Term Local-Currency IDR or sovereign investment concentration ratio below 150%.

### Stress Case Sensitivity Analysis

--Fitch's Stress Case assumes a 60% stock market decline, two-year cumulative high yield bond default rate of 22%, high yield bond spreads widening by 600bp and more prolonged declines in government rates, heightened pressure on capital markets access, a COVID-19 infection rate of 15% and mortality rate of 0.75%, an adverse non-life industry-level loss ratio impact of 7pp for COVID-19 claims partially offset by a favorable 2pp for motor and a one notch lower Italian sovereign rating.

--The implied rating impact under the Stress Case would be an additional downgrade of one to two notches.

### **BEST/WORST CASE RATING SCENARIO**

International scale credit ratings of Financial Institutions issuers have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of three notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of four notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings, visit <https://www.fitchratings.com/site/re/10111579>.

## REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

## ESG CONSIDERATIONS

The highest level of ESG credit relevance, if present, is a score of 3. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity(ies), either due to their nature or to the way in which they are being managed by the entity(ies). For more information on Fitch's ESG Relevance Scores, visit [www.fitchratings.com/esg](http://www.fitchratings.com/esg).

## RATING ACTIONS

ENTITY/DEBT	RATING		
Generali Espana, S.A. de Seguros Y Reaseguros	Ins Fin Str	A-	Downgrade
Generali Versicherung AG, Wien	Ins Fin Str	A-	Downgrade
Dialog Versicherung AG	Ins Fin Str	A-	Downgrade

ENTITY/DEBT	RATING		
Assicurazioni Generali	LT	BBB+	Downgrade
<a href="#">VIEW ADDITIONAL RATING DETAILS</a>			

## FITCH RATINGS ANALYSTS

### Alberto Messina

Director

Primary Rating Analyst

+49 69 768076 234

Fitch Deutschland GmbH Neue Mainzer Strasse 46 - 50 Frankfurt am Main D-60311

### Federico Faccio

Senior Director

Secondary Rating Analyst

+44 20 3530 1394

### Keith Buckley, CFA

Managing Director

Committee Chairperson

+1 312 368 3211

## MEDIA CONTACTS

### Athos Larkou

London

+44 20 3530 1549

athos.larkou@thefitchgroup.com

Additional information is available on [www.fitchratings.com](http://www.fitchratings.com)

## APPLICABLE CRITERIA

[Insurance Rating Criteria \(pub. 02 Mar 2020\) \(including rating assumption sensitivity\)](#)

## APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

## Prism Factor-Based Capital Model, v1.7.1 (1)

### ADDITIONAL DISCLOSURES

[Dodd-Frank Rating Information Disclosure Form](#)

[Solicitation Status](#)

[Endorsement Policy](#)

### ENDORSEMENT STATUS

AachenMuenchener Lebensversicherung AG	EU Issued
Advocard Rechtsschutzversicherung AG	EU Issued
Assicurazioni Generali S.p.A.	EU Issued
Central Krankenversicherung AG	EU Issued
Cosmos Lebensversicherungs-AG	EU Issued
Cosmos Versicherung AG	EU Issued
Dialog Lebensversicherungs-AG	EU Issued
Dialog Versicherung AG	EU Issued
Envivas Krankenversicherung AG	EU Issued
Generali Deutschland AG	EU Issued
Generali Deutschland Pensionskasse AG	EU Issued
Generali Deutschland Versicherung AG	EU Issued
Generali Espana, S.A. de Seguros Y Reaseguros	EU Issued
Generali Finance B.V.	EU Issued
Generali IARD	EU Issued
Generali Versicherung AG, Wien	EU Issued
Generali Vie	EU Issued

### DISCLAIMER

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK:

[HTTPS://WWW.FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS](https://www.fitchratings.com/understandingcreditratings). IN ADDITION, THE FOLLOWING [HTTPS://WWW.FITCHRATINGS.COM/RATING-DEFINITIONS-DOCUMENT](https://www.fitchratings.com/rating-definitions-document) DETAILS FITCH'S RATING DEFINITIONS FOR EACH RATING SCALE AND RATING CATEGORIES, INCLUDING DEFINITIONS RELATING TO DEFAULT. PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE, AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE OF CONDUCT SECTION OF THIS SITE. DIRECTORS AND SHAREHOLDERS RELEVANT INTERESTS ARE AVAILABLE AT



[HTTPS://WWW.FITCHRATINGS.COM/SITE/REGULATORY](https://www.fitchratings.com/site/regulatory). FITCH MAY HAVE PROVIDED ANOTHER PERMISSIBLE SERVICE TO THE RATED ENTITY OR ITS RELATED THIRD PARTIES. DETAILS OF THIS SERVICE FOR RATINGS FOR WHICH THE LEAD ANALYST IS BASED IN AN EU-REGISTERED ENTITY CAN BE FOUND ON THE ENTITY SUMMARY PAGE FOR THIS ISSUER ON THE FITCH WEBSITE.

[READ LESS](#)

## **COPYRIGHT**

Copyright © 2020 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Fax: (212) 480-4435. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved. In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their

nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed. The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers. For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are

retail clients within the meaning of the Corporations Act 2001

Fitch Ratings, Inc. is registered with the U.S. Securities and Exchange Commission as a Nationally Recognized Statistical Rating Organization (the "NRSRO"). While certain of the NRSRO's credit rating subsidiaries are listed on Item 3 of Form NRSRO and as such are authorized to issue credit ratings on behalf of the NRSRO (see <https://www.fitchratings.com/site/regulatory>), other credit rating subsidiaries are not listed on Form NRSRO (the "non-NRSROs") and therefore credit ratings issued by those subsidiaries are not issued on behalf of the NRSRO. However, non-NRSRO personnel may participate in determining credit ratings issued by or on behalf of the NRSRO.

[READ LESS](#)

## SOLICITATION STATUS

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.

## ENDORSEMENT POLICY

Fitch's approach to ratings endorsement so that ratings produced outside the EU may be used by regulated entities within the EU for regulatory purposes, pursuant to the terms of the EU Regulation with respect to credit rating agencies, can be found on the [EU Regulatory Disclosures](#) page. The endorsement status of all International ratings is provided within the entity summary page for each rated entity and in the transaction detail pages for all structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.

---

[Insurance](#) [Europe](#) [Italy](#) [Germany](#) [France](#) [Austria](#) [Netherlands](#) [Spain](#)

---

