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PRESS RELEASE

Generali accelerates the implementation of its strategic plan for excellence and long-term value creation in Germany

- “One Company” approach: operations to be streamlined to maximize operating effectiveness and efficiency;
- Strengthening the Generali brand in traditional channels. Further investment in digital business CosmosDirekt, leader in the German market;
- Distribution joint venture with Germany’s leading sales network DVAG to be extended to integrate the Generali tied-agents channel (EVG) under a new exclusive distribution agreement for Generali branded products;
- Generali Leben put into run-off as of Q1 2018. This will increase Generali Group Economic Solvency by 1.7 p.p. thus freeing up resources to support growth in the German market.

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Trieste/Munich – Generali Deutschland, Germany’s second-largest primary insurance group, today launches the next phase of its industrial transformation to strengthen its operating performance and increase long-term value creation, Generali Group’s two key strategic objectives. The actions announced today reflect the six core initiatives that underpin the Group’s commitment to achieve excellence, including:

- rationalizing the operating machine, through a wide-ranging simplification of the German product and services’ factories infrastructure;
- strengthening the Generali brand, by rationalizing Germany’s portfolio;
- focus on innovation for customers and distributor, with a simplified and improved distribution strategy;
- rebalancing the portfolio, with a long-term solution for the Life insurance back-book in Generali Leben.

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Generali Group CEO Philippe Donnet commented: *“Today’s announcement is in line with Generali Group’s key strategic objectives: to improve operating performance and to create long-term value. It accelerates Generali’s transformation in Germany, one of the Group’s core markets. These actions will simplify processes, consolidate our distribution network, increase our product range and strengthen the Generali brand. Further, the run-off of Generali Leben will free up resources that will allow us to capture new growth opportunities in the German market.”*

The **CEO of Generali Deutschland, Giovanni Liverani**, stated: *“This is the next step towards excellence for Generali Deutschland. This next phase will accelerate our growth story, increase profitability, reduce capital absorption and strengthen our competitive position. The adoption of the “One Company” approach will reduce complexity, improve go-to market capability and reinforce our leading role in product innovation and smart insurance. Leveraging on our long-term partnership with the outstanding DVAG sales network and enhancing CosmosDirekt’s leadership in digital sales we will reinforce further our strong competitive advantage in distribution.”*

“ONE COMPANY” MODEL AND A SIMPLIFIED “PRODUCT ENGINE” FOR ALL DISTRIBUTION CHANNELS

With the “One Company” approach, Generali will concentrate ten product factories into one single powerful and innovative product development engine across all entities for all brands. The new platform will consolidate all technical and product capabilities for each of the three segments:



P&C, Health and Life. This will deliver a simpler and innovative product offering that can be tailored to the various distribution channel and brands.

MAJOR STRENGTHENING OF GENERALI'S BRAND AND DISTRIBUTION CAPABILITIES IN GERMANY

Generali Deutschland has entered into an agreement with DVAG, the most successful financial advisors and insurance agents network in Germany, as well as one of the biggest in Europe, with approximately six million customers and approximately 30,000 advisors. As a result of the agreement, Generali will strengthen its core brand benefitting from exclusive distribution through DVAG. AachenMünchener and Central will be merged into a unified Generali brand.

Generali is also a key shareholder of DVAG and holds 40% of the joint venture, which - subject to regulatory approvals – will absorb, commencing on mid 2018, the agents' network of Generali Versicherungen (EVG). The EVG network currently consists of about 2,800 agents. Today, DVAG generates around 50% of Generali's new business in Germany, contributing significantly to its leading market position in profitable products such as Unit Linked in Life, as well as to its outstanding underwriting performance in P&C business.

EXPANDING LEADERSHIP IN DIGITAL WITH COSMOSDIREKT

Generali will invest to develop digital and direct insurer CosmosDirekt, the German market leader with over 1.8 million customers. CosmosDirekt, which is already the market leader in the Protection business will increase its offer in P&C, Health and Legal protection. It will become the first direct insurer to offer such a wide product portfolio, specifically targeted for new "millennials", investing also in new full mobile access for customers.

Finally, in terms of the retail broker business, Generali will pursue a strategy based on profitable growth and a further progressive digitalization of the channel. Within this strategic framework, a pruning of low performing retail P&C business will be implemented.

LONG-TERM RUN-OFF SOLUTION FOR GENERALI LEBEN

Generali will put into run-off Generali Leben¹. This step will grant high security for all existing life contracts and substantially mitigate Generali's exposure to interest rate risk. Moreover, it will improve the return on risk capital and contribute to a 1.7 p.p. increase in the Group's Economic Solvency and 26 p.p. to the Solvency of Generali Deutschland.

Generali Deutschland aims to start the run-off during the first quarter 2018. This reorganization does not exclude a potential future disposal of the Generali Leben portfolio.

¹ Generali Leben reserves amounted in 2016 to approximately € 40 billion. Generali Deutschland had at year end 2016 €21 billion of reserves in unit linked and protection (excluding Health). In 2016 Unit linked and protection business represented 69% of new Life business in term of APE, with a growing trend in the last 3 years thanks to the so called "New Normal" Life strategic repositioning in the market.



THE GENERALI GROUP

Generali is an independent, Italian Group, with a strong international presence. Established in 1831, it is among the world's leading insurers and it is present in over 60 countries with total premium income exceeding € 70 billion in 2016. With over 74,000 employees in the world, and 55 million clients, the Group has a leading position in Western Europe and an increasingly significant presence in the markets of Central and Eastern Europe and in Asia. In 2017 Generali Group was included among the most sustainable companies in the world by the Corporate Knights ranking.