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PRESS RELEASE

S&P revises Generali rating to A from A+, due to market conditions. Outlook stable, thanks to strong business fundamentals

Trieste – The rating agency Standard & Poor's revised Generali's rating to A from A+. The outlook is stable and reflects Generali's "strong business fundamentals".

According to Standard& Poor's "the group still boasts a very strong earnings generation potential based on solid business fundamentals". The agency "continues to see Generali's liquidity as 'very strong' on the back of large and positive net inflows from a widely diversified base of assets and operations".

"The ratings on Generali – explains S&P - continue to reflect its "very strong" competitive position and operating performance as well as its "strong" enterprise risk management".

The rating revision reflects the negative impact on Generali's capital adequacy, with respect to S&P's model, of low interest rates, increased credit spreads, and volatile equity markets.

The agency also underlines that Generali's rating exceeds Italy's by two notches.

To follow is the original release from S&P.

Assicurazioni Generali, Core Entities Downgraded To 'A' After Adverse Market Conditions Weaken Capital; Outlook Stable

-- Financial market developments, particularly in the third quarter of 2011, and our view of increased credit risk in the eurozone have weakened Italy-based insurer Assicurazioni Generali's risk-adjusted capital adequacy and dampened its prospects for recovery in the next two years.

-- We are lowering the long-term ratings on Generali and its related core entities to 'A' from 'A+'.

-- The outlook is stable, reflecting our belief that Generali's strong business fundamentals and revenue and earnings generation are likely to offset the insurer's weakened capitalization and constrained financial flexibility.

NEW YORK (Standard & Poor's) Jan. 27, 2012--Standard & Poor's Ratings Services said today that it has lowered its long-term counterparty credit and insurer financial strength ratings on Italy-based Assicurazioni Generali SpA (Generali) and its related core entities to 'A' from 'A+'.

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We also lowered those ratings on the strategically important subsidiary Ceska pojistovna a.s. to 'A-' from 'A', and on Generali Holding Vienna AG and Generali Rueckversicherung AG to 'BBB+' from 'A-'. (See the Ratings List below for all ratings related to this rating action.)

We removed all ratings from CreditWatch, where we placed them with negative implications on Dec. 9, 2011. The outlooks on all of the ratings are stable.

The downgrade reflects Generali's weakened capital adequacy, which we currently view as only "good" and that we believe will likely remain so over the coming two years. In addition, we believe current market conditions are constraining Generali's financial flexibility.

Generali's capitalization has weakened to a "good" from a "strong" level in the second half of 2011 because of low interest rates, increased credit spreads, and volatile equity markets. We believe that our recent downgrade of some eurozone sovereign issuers and related rating actions further increase risk capital requirements for the group.

In our opinion, the group still boasts "very strong" earnings generation potential based on solid business fundamentals. We believe, however, that volatile investment markets are hampering Generali's ability to rebuild its capital, through earnings, to a strong level in the next two years. In particular, Generali's materially high exposure (relative to its balance sheet and to peers) to Eurozone sovereign issuers and their economies may further weaken its business and financial profile, if economic prospects remain dampened or if credit risk on these exposures increases.

In addition, we believe that current market conditions have constrained Generali's financial flexibility. Generali's strong name recognition allowed it to refinance successfully all of its EUR3.5 billion debt that matured over the past three years. However, the group still has a significant amount (EUR2.25 billion) of senior debt to refinance by 2014. Meanwhile, financial market conditions have reduced the availability and increased the cost of financing sources. Because of lower earnings and the decline in capital, we expect the group's hybrid debt (based on total adjusted capital) to increase somewhat to just below 25% (versus 20% at year-end 2010) and the fixed-charge cover to remain around 4x in 2011 (5x in 2010).

We continue to see Generali's liquidity as "very strong" on the back of large and positive net inflows from a widely diversified base of assets and operations, and a healthy net cash position accounting for 5.5% of own assets under management. However, net inflows declined in 2011 due to lower life premiums and slightly higher surrenders. Although we do not expect net inflows to further decrease in 2012, we believe that due to its very strong liquidity profile, Generali is well positioned to respond to a large and unexpected cash requirement.

The ratings on Generali continue to reflect its "very strong" competitive position and operating performance as well as its "strong" enterprise risk management.

The ratings on Generali exceed those on the sovereign, the Republic of Italy (BBB+/Negative/A-2). According to our criteria, we assess Generali's exposure to Italian country risk as moderate (see "Nonsovereign Ratings That Exceed EMU Sovereign Ratings: Methodology And Assumptions," published on June 14, 2011) and thus qualifying for up to three notches of differential from the 'BBB+' long-term rating on Italy.

The stable outlook reflects our expectation that Generali's strong business fundamentals and revenue and earnings generation are likely to offset the insurer's weakened capitalization and constrained financial flexibility.

We expect operating earnings for 2011 to have declined compared with 2010. After the sharp increase in the last two years, we expect life operating earnings to have declined in 2011 as a result of lower returns from investments on the back of low interest rates as well as declining equity prices and higher impairments. We expect new business margin on present value of future premiums to decline as well, despite increasing volumes of profitable annual premium business on the back of widening spreads on bonds. In property/casualty, we expect the net combined ratio to improve to better than 98% in 2011 thanks to strict underwriting discipline and risk-adjusted pricing. In addition, we believe the upturn of the motor insurance cycle in most European countries will help Generali further improve the combined ratio to 96% in 2012.

Overall, we expect operating earnings to moderately improve in 2012 as a result of Generali's focus on enhancing value creation with strategic initiatives such as improvements to its business mix and product profitability, coupled with strict underwriting discipline and enhancements to its multichannel distribution approach. We acknowledge that capital market conditions and economic weakness in the eurozone will continue to challenge these targets.

We could raise the ratings if the group succeeds in rebuilding risk-adjusted capital adequacy to what we consider a "strong" level.

We could lower the ratings if capital adequacy deteriorates further or if operating and investment conditions further dampen Generali's prospects for long-term earnings.

RELATED CRITERIA AND RESEARCH

-- Group Rating Methodology And Assumptions, Nov. 9, 2011

-- Nonsovereign Ratings That Exceed EMU Sovereign Ratings: Methodology

And Assumptions, June 14, 2011

-- Principles Of Credit Ratings, Feb. 16, 2011

-- Rating Government-Related Entities: Methodology And Assumptions, Dec. 9, 2010

-- Use Of CreditWatch And Outlooks, Sept. 14, 2009

-- Holding Company Analysis, June 11, 2009

-- Refined Methodology And Assumptions For Analyzing Insurer Capital Adequacy Using The Risk-Based Insurance Capital Model, June 7, 2010

-- Interactive Ratings Methodology, April 22, 2009

-- Hybrid Capital Handbook: September 2008 Edition, Sept. 15, 2008

-- Criteria Update: Factoring Country Risk Into Insurer Financial Strength Ratings, Feb. 11, 2003

Complete ratings information is available to subscribers of RatingsDirect on the Global Credit Portal at www.globalcreditportal.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column. Alternatively, call one of the following Standard & Poor's numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow 7 (495) 783-4009.

Rating list

Downgraded; CreditWatch/Outlook Action	To	From
Assicurazioni Generali SpA		
INA ASSITALIA SpA		
Generali Vie		
Generali Versicherung AG		
Generali Versicherung AG		
Generali Lebensversicherung AG		
Generali IARD		
Generali Deutschland Pensionskasse AG		
Envivas Krankenversicherung AG		
Cosmos Versicherung AG		
Cosmos Lebensversicherungs AG		
Central Krankenversicherung AG		
Alleanza Toro S.p.A		
Advocard Rechtsschutzversicherung AG		
AachenMuenchener Versicherung AG		
AachenMuenchener Lebensversicherung AG		
Counterparty Credit Rating		
Local Currency	A/Stable/--	A+/Watch Neg/--
Financial Strength Rating		
Local Currency	A/Stable/--	A+/Watch Neg/--

Generali (U.S. branch)

Financial Strength Rating		
Local Currency	A/Stable/--	A+/Watch Neg/--
Ceska pojistovna a.s.		
Counterparty Credit Rating		
Local Currency	A-/Stable/--	A/Watch Neg/--
Financial Strength Rating		
Local Currency	A-/Stable/--	A/Watch Neg/--
Generali Holding Vienna AG		
Generali Rueckversicherung AG		
Counterparty Credit Rating		
Local Currency	BBB+/Stable/--	A-/Watch Neg/--
Financial Strength Rating		
Local Currency	BBB+/Stable/--	A-/Watch Neg/--
Assicurazioni Generali SpA		
Senior Unsecured	A-	A/Watch Neg
Subordinated	BBB+	A-/Watch Neg
Junior Subordinated	BBB	BBB+/Watch Neg
Ceska pojistovna a.s.		
Senior Unsecured	BBB+	A-/Watch Neg
Generali Finance B.V.		
Senior Unsecured*	A-	A/Watch Neg
Junior Subordinated*	BBB	BBB+/Watch Neg

*Guaranteed by Assicurazioni Generali SpA.

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 € 470 billion in 2010, and a unique real estate operator with a property portfolio of € 25 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.