

**Speech by the Chairman**  
**Gabriele Galateri di Genola**

Ladies and Gentlemen,

Welcome to Assicurazioni Generali's General Meeting. Thank you for coming today. As usual, the Mayor of Trieste, Roberto Dipiazza, asks me to pass on his best wishes to you.

May I welcome four key executives from our company, who joined the Group Management Committee a few months ago and are here today at the General Meeting: Jean-Laurent Granier, Managing Director of Generali France, Monica Possa, Group Chief Human Resources and Organisation Officer, Isabelle Conner, Group Chief Marketing, Customer and Distribution Officer, and Jaime Anchustegui, Group Chief Operations and Insurance Officer who, with their skills, backgrounds and genders, provide a concrete example of Generali's diversity policy. Their membership of the Management Committee represents an acknowledgement of the importance of the business they manage and their continual commitment to Generali.

Finally, may I welcome everyone who is watching the meeting via live streaming, which we are providing for the first time this year.

I will now open the proceedings with a few comments, as usual, on the macroeconomic context in which we operate, the insurance industry and its development, how Generali aims to be at the forefront of this development, and finally, our social responsibility and sustainability and the various projects that put them into practice.

**Macroeconomic context**

The macroeconomic context is favourable on the whole, mainly due to a combination of two factors: sustained growth in all geographical regions, and inflation which is increasing, but still limited. The global Gross Domestic Product increased by 3.6% in 2017, driven by all the developed economies.

Greater support for economic expansion in the advanced economies was generated by internal demand, demonstrating that employment, wages and consumer optimism are recovering well. Businesses have clearly benefited from this situation: in 2017, worldwide share prices increased by an average of over 20%.

As mentioned, inflation has remained well under control. In the eurozone, for example, it stands at 1.5%, well below the European Central Bank's 2% target.

Looking more specifically at Europe, we cannot fail to see that a significant contribution to the favourable market context was made by the elections in France and Germany, which strengthened confidence in the European Union project.

This enthusiasm was partly dampened in early 2018; we are still in excellent condition, but less sure of remaining so for long. The indicators of consumer optimism and expectations of orders by companies have slowed, and stock market volatility has increased. An upturn in interest rates is likely, due to increasingly restrictive monetary policies and rising inflation, driven by raw material prices and wages.

Finally, we should not forget some risks which are receiving attention from investors and governments. Firstly, the Italian election result has not yet led to the formation of a government. Although we have confidence in the soundness of our democratic institutions and the wisdom of President Mattarella, we obviously hope that the current talks will come to a rapid conclusion, to ensure that the reform agenda is not slowed down.

Secondly, there are the geopolitical risks, the most dramatically urgent of which are protectionist moves in many of the world's economies, the conflicts in Syria and the Brexit negotiations, which have now moved into their most delicate stage, the conclusion of which is expected in the first few months of next year.

### **The insurance market**

We now come on to the insurance industry. It is estimated that the total premium income of the global insurance market increased by 3% in 2017, an acceleration compared with the preceding year.

However, the sound performance of premium income was not reflected by equally satisfactory results in terms of profitability. The higher incidence of Acts of God affected profit margins in the global Non-life segment, while the context of extremely low yields affected those of the Life sector.

In the case of Italy, the generally favourable prospects for the current year's trend and the gradual increase in interest rates suggest that the growth of insurance volumes will be confirmed in 2018, with a simultaneous improvement in profitability.

The most important of the external factors worrying European insurance companies is the regulatory situation, which remains extremely rigid and onerous. I do not wish to underestimate some favourable, necessary effects of the regulations under discussion or

already in force; however, the entire European insurance industry objects to some excessively conservative approaches, which benefit neither insurers nor the insureds.

For example, the combined terms of Solvency 2 and the information documents Directive which came into force on 1 January this year require consumers to compare products on the basis of “161 items of information” drawn up by the insurer, which must be provided in hard-copy format.

Finally, this analysis of the global insurance market would not be complete without mentioning the emergence of new types of risk associated with the current digital transformation. I refer in particular to cybercrime, a phenomenon which is increasing to a worrying extent; it is estimated that a billion people worldwide have already been affected, and that total losses amount to some 500 Mrd USD. Although the financial impact is tangible and significant, cybercrime is still an underestimated risk. It consequently represents an excellent example of how insurance companies nowadays must acquire the skills and tools needed to assess new types of risk and offer their customers effective cover. Generali, for example, is not only introducing more secure internal systems (already at a very advanced stage of implementation) to protect itself against cyberattacks, but has also devised sophisticated solutions to protect its customers in various European countries, including Italy, France and Germany.

Moreover, our methods of operation, and consumers’ habits and needs, are being revolutionised.

This is known as the “fourth industrial revolution”.

The characteristic features of this revolution are digitisation and connectivity.

The amount of information stored in digital format is increasing at a surprising rate. Experts forecast that in the decade 2010-2020, the amount of data produced worldwide will multiply 50-fold.

This huge amount of data is crucial to the insurance industry. The insurance business has used data collection as a basis for estimating risks since its creation. Today, insurance companies have the unique opportunity of accessing far larger data sets than in the past, and therefore of making their forecasts more sophisticated. This also benefits customers, as solutions can be more customised. However, in order for this to take place, it is important for insurance companies to introduce tools and skills designed not only for collecting information, but above all for interpreting it. For example, some years ago Generali introduced a programme involving training for internal resources and hiring of external talent to enhance its digital skills.

As I said earlier, the other distinctive aspect of the fourth industrial revolution is connectivity. Worldwide, nearly 3 billion people access social media on their mobile phones, and this number grew by 360 million last year alone.

Equally, an increasing number of objects (estimated at over 8 billion worldwide) can be connected and exchange data remotely; this is known as the “Internet of Things”.

Once again, this is an invaluable opportunity that insurance companies must not let slip.

I can say with pride that Generali was one of the first insurance companies in the world to take the opportunity and work seriously in this direction. Today, the Group manages a platform of nearly 1½ million connected vehicles that supply our control centres with precise data regarding the driving style of the insured.

The same logic underlies Generali Vitality, the health and well-being programme launched by the Group in the last two years on some European markets (Germany and France) which, with the aid of the biometric data that the insured agree to share, allow them to be guided towards healthier lifestyles, and therefore a lower risk of illness and healthcare costs.

Other “connected” solutions are at the trial stage, for example in the home automation segment, regarding home protection and safety.

In this way, new technologies, digitisation and connectivity enable insurance companies to work towards improving the insured’s quality of life. In my opinion, this is the future of insurance.

### **Generali leads developments in the insurance industry**

In this context, Generali is set to complete the implementation of its Strategic Plan this year. I will leave it to our Group Chief Executive Officer, Philippe Donnet, and our Chief Financial Officer, Luigi Lubelli, to give you all the details of the progress of this Plan in just a few minutes. However, I can tell you right away that its implementation is proceeding on schedule, and in some cases ahead of schedule, and our thanks and congratulations go to both of them and the entire management team for this success. I must also emphasise that Generali’s current strategy takes full account of the context I described earlier, and proposes to anticipate its further development.

This November, Philippe and the management team will present the new three-year Strategic Plan for 2019-2021 to the financial markets. The Group’s aim is to further strengthen its commitment to transformation in order to anticipate the future. We are

convinced that this is the only way that the Company can develop, increase its profitability, and help to improve the quality of life.

### **Social responsibility and sustainability**

The last subject I'd like to talk about relates to a field that is particularly close to my heart: social responsibility and sustainability. These concepts, which are innate in the insurance business because it is a mutualistic, supportive business, represent the company's awareness of its crucial role in the world, and of how its decisions can have a direct or indirect impact on a large number of individuals. I would remind you that Assicurazioni Generali is one of the top 60 companies in the world in terms of turnover, employs a workforce of 70,000, serves about 55 million customers, and manages € 500 bln worth of assets.

As regards environmental matters, the Group's climate change management strategy was approved in February. This strategy establishes concrete actions in the field of investments and underwriting activities which are designed to tackle the climate risk and proactively protect the environment. They include a substantial, progressive divestment of investments in the coal industry, and development of sustainable activities, by 2020.

As regards our initiatives for society, I will just mention that the Human Safety Net is giving rise to various projects in an increasing number of countries which focus on three fundamental subjects: support for families living in poverty, the campaign against neonatal asphyxia, and help for refugees wishing to start up a business. The aim of the Human Safety Net is to inspire people to help others to develop their full potential. We are convinced that many of our employees, on all the markets where we operate, will be committed to this programme.

Finally, I must mention the Group's corporate governance.

In particular, the Board of Directors that I have the honour to chair has worked with diligence and dedication. In fact, our Board of Directors is used as a model due to criteria such as size, gender diversity (38% of Board members are women), and the independence (68%) of its members. I must emphasise once again this year that the Board is a group of personalities with great skills and professionalism and diversified experiences, which enhance their dialogue by ensuring a multiplicity of points of view. So I would like to thank all the Directors with whom I have the pleasure of working, and wish them all the very best for the next twelve months, which represents the last year of our term of office.

## **Conclusion**

The thought with which I will end my speech is aimed at young people. Of the 71,000 people who work for Generali, around 19,000 are aged under 34. Every year, the Group hires some 5,000 young people. For these young people, we undertake to provide excellent training and a stimulating, inclusive workplace for ambitious, motivating career paths and, of course, suitable remuneration. They mainly choose our company for the values it represents, and the vision of the future it pursues. I believe it is very important to keep these promises and not disappoint their expectations, to cultivate their passions and their thirst for knowledge, and to make them proud to work for the winged lion. To many of these young people, Generali must offer a dream for the future.

And we, together with you shareholders and all our stakeholders, continue to believe firmly in this future. Thank you all for your confidence in us.

I will now hand over to the Managing Director.