



06/06/2012

**PRESS  
RELEASE**

## AM Best affirms A rating for Generali

Trieste – AM Best, the rating agency, removed from under review and affirmed the A rating of Generali. The outlook is negative.

**Please find below the AM Best original release.**

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### **A.M. Best Removes From Under Review and Affirms Ratings of Generali and Its Main Subsidiaries; Assigns Negative Outlook**

**LONDON, 6 June 2012—A.M. Best Europe – Rating Services Limited** has removed from under review and affirmed the financial strength rating (FSR) of A (Excellent) and issuer credit rating (ICR) of “a” and all debt ratings of **Assicurazioni Generali S.p.A.** (Generali) (Italy) and its main subsidiaries. The outlook assigned to all ratings is negative. (See below for a complete listing of companies and ratings.)

In December 2011, A.M. Best took a number of rating actions on a selection of European (re)insurers, including placing these companies under review with negative implications. The actions reflected the continued negative developments regarding the eurozone sovereign debt crisis. A.M. Best has closely monitored the situation since then and has re-examined these European (re)insurers.

Generali continues to maintain sizeable exposures to peripheral eurozone debt (Italian exposure mainly related to the market leading position of the group) as well as eurozone financial institutions (including covered bonds). This is offset by Generali’s strong insurance fundamentals, demonstrating robust earnings after tax of EUR 1.15 billion in 2011, supported by a strong franchise in key European markets. The life operating result remained robust in 2011 at EUR 2.5 billion, declining 16% from 2010, largely driven by impairments of Greek government bonds. However, this has been counterbalanced by a substantial improvement in the non-life operating result of 38% to EUR 1.5 billion, producing a combined ratio of 96.5%. A.M. Best expects that the Board’s recent decision to change the senior management in the currently stressed environment will not impact the group’s strong fundamentals, and will monitor any subsequent change in strategy. Generali’s core markets are expected to remain in Europe, with Italy, Germany and France contributing over 70% of gross written premiums.

A.M. Best’s rating actions on Generali and other European (re)insurers reflect the outcome of stress tests A.M. Best has performed. The result of these tests suggested that these companies are still within the bounds of their respective ratings; however, the overall negative outlook on the sector, and in particular Italy, reflects the continued volatility of the economic and political situation within the eurozone. Difficult economic conditions continue throughout the eurozone as GDP growth for the monetary union is expected to contract in 2012. The impact of austerity measures within the peripheral eurozone countries also remains a risk, due not only to the negative impact such measures appear to be having on economic growth, but also due to the political fallout. The Long Term Refinancing Operation implemented by the European Central Bank in December 2011 and February 2012 provided a temporary respite to the European banking sector; however, the solvency of European banks still remains a significant risk to the European insurance sector, which has substantial holdings of banks’ senior and subordinated debt. In addition, the possibility of a significant worsening of the situation persists. For example, the prospect of a Greek exit from the eurozone represents a sizeable downside risk, as potential contagion to other peripheral eurozone countries could have a large impact on balance sheets of the European insurance sector. Without a viable policy response on the immediate horizon, these issues will continue to weigh heavily on Generali group and the sector, and it is likely that further rating actions could take place in the coming months as A.M. Best continues to monitor the situation.

Upward rating movement is unlikely at this point.

Negative rating actions could occur if there were a worsening of risk-adjusted capitalisation tied to investment losses or a deterioration of the operating environment in key territories.

The FSR of A (Excellent) and issuer credit rating of “a” has been removed from under review and affirmed with a negative outlook for **Assicurazioni Generali S.p.A.** and its following subsidiaries:

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- **Generali Deutschland Holding AG**
- **AachenMünchener Lebensversicherung AG**
- **AachenMünchener Versicherung AG**
- **Generali Lebensversicherung AG**
- **Generali Versicherung AG**
- **COSMOS Lebensversicherungs-AG**
- **COSMOS Versicherung Aktiengesellschaft**
- **Central Krankenversicherung Aktiengesellschaft**
- **Generali Vie**
- **Generali IARD**

The issuer credit rating of “bbb” of **Generali France S.A.** has been removed from under review and affirmed with a negative outlook.

The following debt ratings have been removed from under review and affirmed with a negative outlook.

**Assicurazioni Generali S.p.A.—**

- “a-” on EUR 1,750 million 5.125% senior unsecured notes, due 2024
- “a-” on EUR 750 million 4.875% senior unsecured notes, due 2014
- “bbb+” on EUR 750 million 6.9% fixed/floating rate subordinated callable debentures, due 2022 (callable in 2012)
- “bbb+” on GBP 495 million 6.416% fixed/floating subordinated rate perpetual debentures, callable in 2022
- “bbb+” on GBP 350 million 6.269% fixed/floating subordinated rate perpetual debentures, callable in 2026

**Generali Finance B.V. (guaranteed by Assicurazioni Generali S.p.A.) —**

- “a-” on EUR 1,500 million 4.75% senior unsecured debentures, due 2014
- “a-” on EUR 500 million 3.875% senior unsecured notes, due 2015
- “bbb+” on EUR 1,250 million 5.479% fixed/floating subordinated rate perpetual debentures, callable in 2017
- “bbb+” on EUR 1,275 million 5.317% fixed/floating subordinated rate perpetual debentures, callable in 2016
- “bbb+” on GBP 700 million 6.214% fixed/floating subordinated rate perpetual debentures, callable in 2016

The following indicative ratings on securities available under the EUR 7 billion medium-term note programme have been removed from under review and affirmed with a negative outlook:

**Assicurazioni Generali S.p.A. and Generali Finance B.V.—**

- “a-” on all senior notes to be issued under the programme
- “bbb+” on all subordinated and hybrid notes to be issued under the programme

The methodology used in determining these ratings is Best’s Credit Rating Methodology, which provides a comprehensive explanation of A.M. Best’s rating process and contains the different rating criteria employed in

the rating process. Key criteria utilised include: “Risk Management and the Rating Process for Insurance Companies”; “Understanding Universal BCAR”; “Understanding BCAR for Property/Casualty Insurers”; “Rating Members of Insurance Groups”; “Natural Catastrophe Stress Test Methodology”; “Assessing Country Risk”; and “Insurance Holding Company and Debt Ratings”. Best’s Credit Rating Methodology can be found at [www.ambest.com/ratings/methodology](http://www.ambest.com/ratings/methodology).

**In accordance with Regulation (EC) No. 1060/2009, the following is a link to required disclosures: A.M. Best Europe - Rating Services Limited Supplementary Disclosure.**

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## THE GENERALI GROUP

The Generali Group is one of Europe’s largest insurance providers and the biggest European life insurer, with 2011 total premium income of almost € 70 billion. It is also one of the world’s top asset managers and a unique real estate operator. With 82,000 employees worldwide and 65 million clients in more than 60 countries, the Group occupies a leadership position on Western European markets and an increasingly important place in Central and Eastern Europe and Asia.