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COMUNICATO STAMPA

## Generali: Moody's conferma il rating IFS a Baa1; outlook stabile

Milano – Moody's ha comunicato oggi di aver confermato il rating IFS di Generali a Baa1. Contestualmente, Moody's ha confermato tutti i rating degli strumenti di debito emessi o garantiti dal Gruppo: Baa2 senior unsecured debt; Baa3 (hyb) senior subordinated debt; Ba1(hyb) junior subordinated debt, Ba1(hyb) preferred stock. L'outlook rimane stabile.





I rating riflettono la forte posizione competitiva di Generali nei suoi principali mercati e il profilo finanziario resiliente nonostante le turbolenze derivanti dal coronavirus, insieme a un'ottima diversificazione geografica e operativa e a un basso profilo di rischio di business.

La solida posizione di capitale di Generali trova conferma nel Solvency II Ratio a 203% ai nove mesi del 2020.

**In allegato il comunicato stampa emesso da Moody's.**

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### IL GRUPPO GENERALI

Generali è uno dei maggiori player globali del settore assicurativo e dell'asset management. Nato nel 1831, è presente in 50 Paesi con una raccolta premi complessiva superiore a € 69,7 miliardi nel 2019. Con quasi 72 mila dipendenti nel mondo e 61 milioni di clienti, il Gruppo vanta una posizione di leadership in Europa ed una presenza sempre più significativa in Asia e America Latina. L'ambizione di Generali è quella di essere Partner di Vita per i clienti, offrendo soluzioni innovative e personalizzate grazie a una rete distributiva senza uguali.

**Rating Action: Moody's affirms Assicurazioni Generali S.p.A's Baa2 senior debt rating; outlook stable**

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26 November 2020

London, November 26, 2020 – Moody's Investors Service (Moody's) has today affirmed all the ratings of Assicurazioni Generali S.p.A (Generali): Baa1 insurance financial strength rating (IFSR); Baa2 senior unsecured debt; Baa3(hyb) senior subordinated debt; Ba1(hyb) junior subordinated debt, Ba1(hyb) preferred stock. Assicurazioni Generali S.p.A acts both as the holding company for the Generali group and internal reinsurer. Moody's also affirmed the ratings of Generali's main subsidiaries. The outlooks for all entities remain stable.

A list of affected ratings can be found at the end of this press release.

**RATINGS RATIONALE**

**RATINGS RATIONALE - ASSICURAZIONI GENERALI S.P.A**

The affirmation of Assicurazioni Generali S.p.A's Baa1 IFSR reflects the Group's strong competitive position in its main markets and resilient financial profile despite the headwinds arising from the coronavirus.

The Group has a very good geographic and business diversification and a low business risk profile thanks to a predominance of retail business. This profile, with relatively limited large corporate exposure, has played well during the pandemic. Notwithstanding higher claims directly linked to the pandemic and lower current income, the Group's property and casualty (P&C) business at 9m 2020 was positively impacted by an estimated €94 million as a result of a lower loss ratio from the lockdown measures.

The credit profile of Generali, which is the third largest European insurer, benefits from its very strong European franchise with the leading position in Italy and significant operations in Germany, France and Central and Eastern Europe. Furthermore, the Group has a low business risk profile due its very good business and geographic diversification, the focus on retail/SME business, and a relatively low average guaranteed rate of 1.31% at YE19 in the life segment with a high ability to pass on declining returns to policyholders by reducing credited rates, notably in France and Italy.

Geographic diversification has remained largely unchanged in recent years with the Group's three largest European markets (Italy, 35% of the Group's gross written premiums at YE19; Germany 20%; France, 19%) contributing for more than 70% of the Group's premiums.

Furthermore, Generali's profitability, which has improved over the last five years, has proved resilient in 2020 despite the negative impact of the coronavirus. Following a strong performance in 2019, Generali's operating result increased by 2.3% for the first nine months of 2020 to around €4 billion, with a relatively small overall negative impact from the coronavirus of €125 million. The Group's combined ratio further improved to an excellent 89.7% (9m 19: 92.5%) benefiting from fewer claims as result of the lockdown in the main countries where the Group operates. However net profit fell significantly to €1,297 million (9m 19: €2,163 million) with negative impacts including €310 million of net impairments on investments, losses of €183 million related to disposals of discontinued operations, a €100 million expense relating to the establishment of a Covid fund, and a higher tax

rate. We expect Generali's future profitability to remain broadly stable with the negative impact of low interest rates offset by Group initiatives including further expense savings.

More negatively, Generali's Baa1 IFSR remains constrained by its significant exposure to Italian sovereign risk, notably through its Italian subsidiary Generali Italia S.p.A. (Generali Italia, Baa1 IFSR, stable). Generali is dependent on Italy for funding and Italy remains the largest contributor to the Group's revenue, earnings, investments. As at H1 20, Italian government bonds at market value represented around 15% (YE19: 16%) of the Group's total investment portfolio (excluding unit-linked assets and third party investments) and 215% (YE19: 210%) of total reported IFRS equity. In addition, the Group sources around 35% of its gross written premiums and its insurance operating result in Italy.

Nevertheless, Moody's maintains a two notch upward differential between Generali's IFSR and the Italian sovereign rating, reflecting the Group's diversification outside Italy. At H1 2020, Generali's non-Italian business accounted for around 65% of the group's premiums and operating profits, providing significant geographic diversification outside Italy for the group. Generali's non-Italian operations, notably the German and the French operations which accounted for 22% and 16% of the Group's premiums respectively at H1 2020, have limited direct exposure to Italy and, therefore, their stand-alone credit profiles are not directly affected by a downgrade of the Italian sovereign.

In addition, Generali has been improving its resilience to an hypothetical stress scenario on Italian assets in recent years, thanks to (1) a decrease in the exposure to Italian government bonds, both on an absolute nominal value basis and as a proportion of its investments which Moody's expects to continue, (2) a change in the business mix in life insurance with an increased weight of unit-linked policies and (3) an improvement in capitalisation with the Group's relatively high Solvency II ratios of 203% and 224% at 9m 20 and YE19 respectively being comfortably within the Group's target range of 180-240%.

## STABLE OUTLOOK

The stable outlook of the Group is in line with the sovereign rating of Italy (Baa3, stable) to which the credit quality of Generali remains somewhat linked, and reflects Moody's expectation that Generali will maintain very good geographic diversification and its resilience to an hypothetical stress scenario on Italian assets.

## RATINGS RATIONALE – SUBSIDIARIES

### GENERALI ITALIA S.P.A.

The affirmation of the Baa1 IFSR with stable outlook on Generali Italia, the main insurance operating entity of the Generali Group in its domestic market, reflects its strong stand alone credit profile, which is constrained by the exposure to Italian sovereign bonds, as well as the two notches uplift reflecting the support from being part of the larger Generali Group. The domestic market is Generali Group's single largest market by far and has consistently been the Group's largest profit contributor (35% of Group's operating profit at YE2019).

In terms of its standalone credit profile, Generali Italia benefits from (1) its market leading position in the Italian insurance market, (2) very strong distribution, both in terms of diversity of channels and control, (3) moderate product risk overall, and (4) strong and resilient profitability. Partially offsetting these strengths are (1) concentration of Generali Italia's assets and liabilities in Italy and (2) overall elevated asset risk driven by equity and credit risk exposures.

The stable outlook reflects the stable outlook on its parent company, Assicurazioni Generali S.p.A.

## GENERALI FRANCE

The credit profile of Generali France (whose main operating entities, Generali Vie and Generali IARD, are rated Baa1 for IFSR) is supported by (i) the franchise of Generali in France and a diversified business model, (ii) good capitalisation and Solvency II coverage, (iii) the good market position in life insurance, (iv) the diversified distribution strategy calling upon all the traditional channels in use in France as well as bank partnerships and direct insurance, and (v) the generally low business risk. These strengths are partly offset by a relatively small market position in the P&C retail business, intense competition in non-life, and the volatility of net flows in the life operation. The credit profile also reflects the contagion risk from the Italian parent company Assicurazioni Generali S.p.A.

## GENERALI DEUTSCHLAND AG

The affirmation of the A3 IFSR with stable outlook on Generali Germany's operating entities reflects Generali Germany's strong stand-alone credit profile, partially constrained by the rating of its parent, Assicurazioni Generali S.p.A. In terms of its standalone credit profile, Generali Germany benefits from (1) a market leading position in the German market, (2) strong distribution capacity and below peers' product risk, given the high weight of unit-linked and protection products in its life book, and (3) strong capitalisation and profitability. Partially offsetting this are (1) Generali Germany's elevated high-risk asset exposure and (2) its still high exposure to interest rate risk despite the recent reduction in exposure via the sale of Generali Lebensversicherung AG, and (3) increasing its reliance on its very successful distribution channel via Deutsche Vermögensberatung AG.

The stable outlook mirrors the stable outlook on its parent company, Assicurazioni Generali S.p.A.

## FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

### ASSICURAZIONI GENERALI S.P.A

Upwards pressure could develop on Generali's ratings in case of (i) an improvement in the credit quality of Italy, as evidenced by an upgrade of Italy's sovereign rating; (ii) a continued decrease in Italian government bond exposure; (iii) maintenance of its very good geographic and business diversification with a reduction in the proportion of Italian assets in relation to the Group's total investments; (iv) maintenance of strong capital generation to sustain a Solvency II ratio comfortably within the Group's target range of 180-240%.

Conversely, downwards pressure could develop in case of (i) a further deterioration in the credit quality of Italy, as evidenced by a downgrade of Italy's sovereign rating; (ii) a material deterioration of solvency or a significantly higher exposure to Italian assets; (iii) a deterioration in operating performance also resulting in a deterioration in the group's financial flexibility, or (iv) a deterioration in the cash flows at the holding, for example with a significant reduction in the cash flow coverage (available cash flows over holding interests and expenses) below 2x.

A deterioration in the stand-alone credit quality of Generali's French or German operations would also place downwards pressure on Assicurazioni Generali S.p.A and Generali Italia S.p.A.'s ratings.

### GENERALI ITALIA S.P.A

Positive rating pressure could arise from a combination of (i) an improvement in the credit quality of Italy, as evidenced by an upgrade of Italy's sovereign rating and/or (ii) improvements in the credit quality of the entire Generali group, as evidenced by an upgrade of Assicurazioni Generali S.p.A's IFSR.

Conversely, negative rating pressure could arise from (i) deterioration in the credit quality of Italy, as evidenced by a downgrade of Italy's sovereign rating and/or (ii) significant deterioration of the group's market position, and/or (iii) material deterioration in earnings, in particular if this should be driven by lower P&C underwriting performance and/or (iv) significant weakening of capital adequacy and/or (v) a deterioration in the credit quality of the entire Generali group, which would reduce the support expected to be available for Generali Italia in stress scenarios.

#### GENERALI FRANCE

Positive rating pressure could arise from an upgrade of the financial strength rating of the parent company, Assicurazioni Generali S.p.A.

Conversely, negative rating pressure could arise from: (i) a downgrade of Assicurazioni Generali S.p.A.'s IFSR and/or (ii) a weakening of the stand-alone business profile as evidenced by a substantial erosion of Generali's market position in France, a higher business risk profile, a material deterioration in operating performance or a weaker solvency position of Generali France for a sustained period of time.

#### GENERALI DEUTSCHLAND AG

Positive rating pressure could arise from an improvement in the credit profile of Generali Germany's parent company, Assicurazioni Generali S.p.A, as evidenced by an upgrade of its insurance financial strength rating.

Conversely, negative rating pressure could arise from (i) a further deterioration in the credit profile of Italy, as evidenced by a downgrade of Italy's sovereign rating and/or (ii) a significant deterioration of solvency and operating performance of the operating companies in Germany.

#### LIST OF AFFECTED RATINGS

Issuer: Assicurazioni Generali S.p.A

..Affirmations:

....Insurance Financial Strength Rating, affirmed Baa1

....Senior Unsecured Regular Bond/Debenture, affirmed Baa2

....Senior Unsecured Medium-Term Note Program, affirmed (P)Baa2

....Senior Subordinated Regular Bond/Debenture, affirmed Baa3(hyb)/Baa3

....Senior Subordinate Medium-Term Note Program, affirmed (P)Baa3

....Junior Subordinated Regular Bond/Debenture, affirmed Ba1(hyb)

....Preferred Stock, affirmed Ba1(hyb)

..Outlook Action:

....Outlook remains Stable

Issuer: Generali Deutschland AG

..Affirmation:

....Insurance Financial Strength Rating, affirmed A3

..Outlook Actions:

....Outlook remains Stable

Issuer: Generali Deutschland Lebensversicherung AG

..Affirmation:

....Insurance Financial Strength Rating, affirmed A3

..Outlook Action:

....Outlook remains Stable

Issuer: Generali Deutschland Versicherung AG

..Affirmation:

....Insurance Financial Strength Rating, affirmed A3

..Outlook Action:

....Outlook remains Stable

Issuer: Advocard Rechtsschutzversicherung AG

..Affirmation:

....Insurance Financial Strength Rating, affirmed A3

..Outlook Action:

....Outlook remains Stable

Issuer: Generali Deutschland Krankenversicherung AG

..Affirmation:

....Insurance Financial Strength Rating, affirmed A3

..Outlook Action:

....Outlook remains Stable

Issuer: Cosmos Lebensversicherungs-AG

..Affirmation:

....Insurance Financial Strength Rating, affirmed A3

..Outlook Action:

....Outlook remains Stable

Issuer: Cosmos Versicherung AG

..Affirmation:

....Insurance Financial Strength Rating, affirmed A3

..Outlook Action:

....Outlook remains Stable

Issuer: Dialog Lebensversicherungs-AG

..Affirmation:

....Insurance Financial Strength Rating, affirmed A3

..Outlook Action:

....Outlook remains Stable

Issuer: Dialog Versicherung AG

..Affirmation:

....Insurance Financial Strength Rating, affirmed A3

..Outlook Action:

....Outlook remains Stable

Issuer: Envivas Krankenversicherung AG

..Affirmation:

....Insurance Financial Strength Rating, affirmed A3

..Outlook Action:

....Outlook remains Stable

Issuer: Generali Deutschland Pensionskasse AG

..Affirmation:

....Insurance Financial Strength Rating, affirmed A3

..Outlook Action:

....Outlook remains Stable

Issuer: Generali IARD

..Affirmation:

....Insurance Financial Strength Rating, affirmed Baa1

..Outlook Action:

....Outlook remains Stable

Issuer: Generali Vie

..Affirmation:

....Insurance Financial Strength Rating, affirmed Baa1

..Outlook Action:

....Outlook remains Stable



Issuer: Generali Italia S.p.A.

..Affirmation:

....Insurance Financial Strength Rating, affirmed Baa1

..Outlook Actions:

....Outlook remains Stable

#### PRINCIPAL METHODOLOGY

The principal methodologies used in rating Assicurazioni Generali S.p.A, Generali Deutschland AG and Generali Italia S.p.A. were Property and Casualty Insurers Methodology published in November 2019 and available at [https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC\\_1187352](https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1187352), and Life Insurers Methodology published in November 2019 and available at [https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC\\_1187348](https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1187348). The principal methodology used in rating Cosmos Lebensversicherungs-AG, Dialog Lebensversicherungs-AG, Envivas Krankenversicherung AG, Generali Deutschland Krankenversicherung AG, Generali Deutschland Lebensversicherung AG, Generali Deutschland Pensionskasse AG and Generali Vie was Life Insurers Methodology published in November 2019 and available at [https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC\\_1187348](https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1187348). The principal methodology used in rating Advocard Rechtsschutzversicherung AG, Cosmos Versicherung AG, Dialog Versicherung AG, Generali Deutschland Versicherung AG and Generali IARD was Property and Casualty Insurers Methodology published in November 2019 and available at [https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC\\_1187352](https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1187352). Alternatively, please see the Rating Methodologies page on [www.moodys.com](http://www.moodys.com) for a copy of these methodologies.

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