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PRESS RELEASE

Lion II Re: new catastrophe bond issued by Generali

- Generali returns to the ILS market with a €200 million cat bond on floods and windstorms in Europe and earthquakes in Italy
- The transaction is the first ever European multi-peril indemnity triggered Rule 144A catastrophe bond

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Trieste - Assicurazioni Generali S.p.A has entered into a reinsurance agreement with Lion II Re DAC, an Irish special purpose company, providing per occurrence cover in respect of the Generali Group losses from Italian earthquakes, European windstorms and floods over a four year period. The Lion II Re transaction transfers part of these risk to the bond investors allowing for a more optimized protection for the Group against catastrophes.

Lion II Re DAC has issued a single tranche of notes in an amount of €200 million in order to fund its obligations under the reinsurance agreement. The transaction is the first indemnity trigger Rule 144A catastrophe bond to cover multiple European perils and the first to provide protection for European flood risk. The notes have been placed with capital markets investors in a Rule 144A offering.

The **Group Chief Insurance Officer** of Generali, **Valter Trevisani** stated: *"This new product confirms the Group's strategy started in 2014 with Lion I Re aimed at transferring part of the risk to the capital market through innovative bonds. This latest product has proved to be equally attractive to potential investors as our previous issues. It allows us to further optimize the purchase of reinsurance protection maintaining a good degree of flexibility and mitigating the counterparty risks by expanding the providers' panel".*

The **Group Chief Financial Officer** of Generali, **Luigi Lubelli** stated: *"For Generali, this is the third ILS bond over the last 3 years, and the success achieved so far confirms it reached a well-established presence in the ILS market. This tool, and more generally the alternative techniques to transfer risks, represents the innovative and flexible approach with which the Group intends to implement its capital strategy".*

The demand from capital market investors has allowed the protection provided to Generali a premium of 3% per annum on the €200 million cover under the reinsurance agreement, which Lion II Re DAC will in turn pay to investors as interest on the notes. According to the terms of the offering all of a portion of the interest amount and the principal payable in respect of the notes will be reduced in case of losses at the charge of Generali Group due to Italian earthquakes, European windstorms or European floods which will exceed a predefined threshold for each peril.

The Lion II transaction follows the issuance in 2014 of Generali's first catastrophe bond, Lion I, providing cover in respect of Europe windstorms only and the issuance in 2016 of the Horse Capital I bond providing Generali with cover in respect of increases in the loss ratio of its motor third party liability business. The cover provided to Generali under Lion II is fully collateralized by highly rated assets through the whole risk period. The Group will continue to monitor closely this market, and intend to play a major role in this market availing itself of ILS tools in its capital management strategy and risk transfer.

NOTES TO EDITORS

Rule 144A offerings are offerings of securities conducted on a private placement basis for the purposes of the U.S. Securities Act of 1933 and that limit initial distribution and secondary sales of the securities to entities that are Qualified Institutional Buyers as defined in Rule 144A under the U.S. Securities Act of 1933. The offering of securities in a Rule 144A offering does not require registration of the issuer or the securities with the U.S. Securities Exchange Commission.

Catastrophe bond transactions provide sponsoring insurers and reinsurers protection against catastrophe risks through the release to the sponsor of a portion or the whole principal amount upon the occurrence of pre-defined events (namely triggers). Triggers can be determined in different ways: an indemnity trigger provides for payment once the sponsor's losses generated by a specific natural event (typically) are higher than a certain specified amount provided for in the terms of the transaction.

NO OFFER

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