28/04/2014
PRESS RELEASE

Lion I Re: the first bond closed by Generali to protect from catastrophes

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- Generali becomes the first Italian sponsor to enter the Insurance Linked Securities (ILS) market to optimize its protection against catastrophes
- First ever 144A indemnity catastrophe bond placement on European windstorm

Trieste - Assicurazioni Generali has entered into a reinsurance agreement with Lion I Re, an Irish special purpose reinsurance company, providing per occurrence cover in respect of losses of Generali Group from Europe windstorms over a three year period. Generali has successfully optimized its protection against catastrophes by transferring part of the related risk to the bond investors.

Lion I Re has issued a single tranche of notes in an amount of €190 million in order to fund its obligations under the reinsurance agreement. The notes have been placed with capital markets investors in a Rule 144A offering. The transaction is the first ever Rule 144A capital markets placement providing protection in respect of European windstorm risk on an indemnity basis in the market.

"Leveraging the consolidation of the Group's reinsurance implemented since 2013, this catastrophe bond allows us to further optimize the purchase of reinsurance protection while maintaining a good degree of flexibility and diversifying the panel of capacity providers in order to mitigate counterparty risk", says **Sergio Balbinot**, the **Group CInsO** of Generali.

"The success of this initiative further demonstrates that the capital markets appreciate the actions our Group is undertaking to optimize its capital allocation in line with the strategic targets announced last year. For us it is a new step of utmost importance aimed at an efficient implementation of alternative risk transfer mechanisms where appropriate", says **Alberto Minali**, the **Group CFO** of Generali.

The innovative transaction provides Generali with a cover that is fully collateralized by highly rated assets through the whole risk period and allows Generali to rely on multi-year committed capacity at convenient pricing levels even in comparison with the current soft reinsurance environment, while maintaining the possibility to adjust cover and premium on an annual basis within a specified limited range.

The demand from capital market investors has allowed the protection provided to Generali to be upsized by 27% from the initial €150 million. Generali will pay a premium of 2.25% per annum on the €190 million of cover under the reinsurance agreement, which Lion I Re Limited will in turn pay to investors as interest on the notes in addition to the yield on the collateral.

According to the terms of the offering, if a windstorm generates losses to Generali Group at a level higher than €400 million (up to €800 million) in a pre-defined region comprising 16 European countries, all or a portion of the interest amount and the principal payable in respect of the notes will be reduced by an amount correlated to the relevant losses of Generali Group.

The catastrophe bond market has continued to grow during the last few years, with new investors seeking de-correlated returns, providing fresh capital at competitive pricing levels. Generali will continue to closely monitor this market, and expects it to continue to play a relevant role in the capital management and risk transfer strategies of the insurance industry.

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 bonds transactions provide sponsoring insurers and reinsurers protection against catastrophe risks through the release to the sponsor of a portion or the whole principal amount in order to pay claims 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.

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NO DUTY TO UPDATE

Generali assumes no obligation to update any information contained herein.

THE GENERALI GROUP

The Generali Group is one of the largest global insurance providers with 2013 total premium income of €66 billion. With 77,000 employees worldwide serving 65 million clients in more than 60 countries, the Group occupies a leadership position on West European markets and an increasingly important place on markets in Central Eastern Europe and Asia.