



11/10/2014
PRESS RELEASE

AM Best upgrades Generali's outlook to stable and affirms rating at A

Trieste – The rating agency AM Best has announced that it has upgraded Generali's outlook to stable from negative and has affirmed Generali's rating at A (Excellent).

Please find attached AM Best's original press release.

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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.



NEWS RELEASE

A.M. BEST EUROPE – RATING SERVICES LIMITED, LONDON

FOR IMMEDIATE RELEASE

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A.M. Best Revises Outlook to Stable and Affirms Ratings of Assicurazioni Generali S.p.A. and Its Main Subsidiaries

LONDON, 10 October 2014—A.M. Best has revised the outlook to stable from negative and affirmed the financial strength rating of A (Excellent) and the issuer credit ratings (ICR) of “a” of **Assicurazioni Generali S.p.A.** (Generali) (Italy) and its main subsidiaries. At the same time, A.M. Best has affirmed the ratings of debt instruments issued or guaranteed by Generali. (See below for a detailed listing of the companies and ratings.)

The ratings reflect the group’s very strong business position, solid operating performance and improving risk-adjusted capitalisation. Offsetting rating factors include the sensitivity of the group’s risk-adjusted capitalisation to financial market volatility and profitability pressures arising from the challenging macro-economic environment in its key markets. The revised outlook reflects the stabilisation of the macro-economic and financial environment of Italy, which remains Generali’s core market, and the ongoing successful execution of Generali’s strategic plan following a senior management change in 2012.

As one of the largest insurers in Europe, Generali has a very strong franchise in both life and non-life insurance within its core markets, namely Italy, Germany and France, which contributed over 70% of gross written premium (GWP) in 2013. Generali increased its stake in Generali PPF Holding (GPH) to 76% in 2013, in line with the company’s strategy of having full control over its core activities, and since then has confirmed its intention to exercise the option to acquire the remaining 24% stake by year-end 2014. Earlier this year, Generali took full control of its German operations by concluding the squeeze out of the minority interest of **Generali**

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Deutschland Holding AG, with that entity being later delisted. The successful streamlining of Generali's core operations and processes is viewed as a positive rating factor. In 2013, the group reported GWP of EUR 66.1 billion. With challenging market conditions likely to prevail in Generali's core European markets, premium revenue is expected to remain flat, as Generali focuses on improving technical profitability.

Generali's operating performance has proven to be resilient. Generali reported a net result of EUR 1.9 billion in 2013, the highest since the 2008 financial crisis. The life operating result increased to EUR 2.6 billion despite the low interest rate environment, whilst the reshaping of the portfolio has enabled the group to report a higher new business margin of 21% (19% in 2012). An improved combined ratio of 95.6%, chiefly driven by the Italian market, translated into a non-life operating result of EUR 1.6 billion, up 3.5% compared with 2012. Generali's performance remained robust for the first six months of 2014, producing an operating result of EUR 2.5 billion, compared to EUR 2.3 billion for the first six months of 2013.

Generali's risk-adjusted capitalisation continued to recover in 2013, mainly benefiting from increased Value of In Force (VIF), which A.M. Best gives partial credit for in its Best's Capital Adequacy Ratio (BCAR) model. Replenishing the group's solvency has been a strategic priority for the past two years. As of 30 June 2014, Generali reported a Solvency I ratio of 162%, above the 160% initially targeted for year-end 2015. Besides, concluding the disposal of its non-core assets announced in 2012, Generali agreed in July 2014 to sell its entire holding in BSI to Banco BTG Pactual. The benefit of this transaction is expected to absorb the planned acquisition of the remaining stake of GPH and ultimately further improve the group's solvency position. Generali continues to maintain sizeable exposures to peripheral eurozone sovereign debt, mainly Italian, and eurozone financial institutions that make its risk-adjusted capitalisation sensitive to shocks in the financial markets.

Upward rating pressure is likely to be driven by lasting improvements to the macroeconomic conditions in Southern Europe, and the continuous improvement in Generali's rating fundamentals.

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Negative rating pressure could arise if Generali’s risk-adjusted capitalisation were to deteriorate materially, which could result from either investment losses or a deterioration of the operating environment in Generali’s key territories.

The FSR of A (Excellent) and ICRs of “a” have been affirmed, while the associated outlooks have been revised from negative to stable for **Assicurazioni Generali S.p.A.** and its following subsidiaries:

- **Generali Deutschland Holding AG**
- **AachenMünchener Lebensversicherung AG**
- **AachenMünchener Versicherung AG**
- **Generali Lebensversicherung AG**
- **Generali Versicherung AG**
- **COSMOS Lebensversicherungs AG**
- **COSMOS Versicherung AG**
- **Central Krankenversicherung AG**
- **Generali Vie S.A.**
- **Generali IARD S.A.**

The ICR of “bbb” has been affirmed for **Generali France S.A.** and the associated outlook has been revised from negative to stable.

The following debt ratings have been affirmed:

Assicurazioni Generali S.p.A.—

- “a-” on EUR 1,250 million 2.875% senior unsecured notes, due 2020
- “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 1,000 million 4.125% fixed rate senior dated subordinated notes, due 2026
- “bbb+” on EUR 1,250 million 7.75% fixed/floating rate senior subordinated callable notes, due 2042 (callable in 2022)
- “bbb+” on EUR 750 million 10.125% fixed/floating rate senior subordinated callable notes, due 2042 (callable in 2022)
- “bbb” on GBP 495 million 6.416% fixed/floating junior subordinated rate perpetual debentures, callable in 2022
- “bbb” on GBP 350 million 6.269% fixed/floating junior subordinated rate perpetual debentures, callable in 2026

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

- “a-” on EUR 500 million 3.875% senior unsecured notes, due 2015

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- “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 junior subordinated rate perpetual debentures, callable in 2016
- “bbb” on GBP 700 million 6.214% fixed/floating junior subordinated rate perpetual debentures, callable in 2016

The following indicative ratings on securities available under the EUR 10 billion medium-term note programme that was renewed in April of this year have been affirmed:

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

- “a-” on all senior unsecured notes to be issued under the programme
- “bbb+” on all senior subordinated notes to be issued under the programme
- “bbb” on all junior subordinated 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. Best’s Credit Rating Methodology can be found at www.ambest.com/ratings/methodology.

Key insurance criteria reports utilised:

- Catastrophe Analysis in A.M. Best Ratings
- Equity Credit for Hybrid Securities
- Evaluating Country Risk
- Insurance Holding Company and Debt Ratings
- Rating Members of Insurance Groups
- Risk Management and the Rating Process for Insurance Companies
- Understanding Universal BCAR

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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