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### **AM Best Upgrades Issuer Credit Rating of Assicurazioni Generali S.p.A.; Assigns Credit Ratings to Generali España, Sociedad Anonima de Seguros y Reaseguros**

**LONDON, 10 January 2019**—AM Best has upgraded the Long-Term Issuer Credit Rating (Long-Term ICR) to “a+” from “a” and affirmed the Financial Strength Rating (FSR) of A (Excellent) of Assicurazioni Generali S.p.A. (Generali) (Italy) and its main rated subsidiaries. The outlook of the Long-Term ICR has been revised to stable from positive while the outlook of the FSR remains stable. AM Best also has upgraded the Long-Term Issue Credit Ratings (Long-Term IRs) of debt instruments issued or guaranteed by Generali. The outlook of these Long-Term IRs has been revised to stable from positive. Concurrently, AM Best has assigned the FSR of A (Excellent) and a Long-Term ICR of “a+” to Generali España, Sociedad Anonima de Seguros y Reaseguros (Generali España) (Spain). The outlook assigned to these Credit Ratings (ratings) is stable. (See below for a detailed list of companies and debt instruments.)

The ratings reflect Generali’s balance sheet strength, which AM Best categorises as strong, as well as its strong operating performance, very favourable business profile and appropriate enterprise risk management.

The upgrade of the Long-Term ICR reflects Generali’s record of consistently strong profitability in challenging market conditions, reflective of the successful execution of the group’s strategic plan, focusing on technical discipline and adapting to a persistent low interest rate environment. Generali’s balance sheet strength is underpinned by risk-adjusted capitalisation, as measured by Best’s Capital Adequacy Ratio (BCAR), at the

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strongest level, which has benefitted from ongoing solid organic capital generation over recent years. The group had a regulatory solvency ratio of 200% as at 30 September 2018. An offsetting rating factor remains Generali's significant exposure to Italian sovereign bonds, amounting to EUR 60.0 billion as at 30 June 2018 (254% of shareholders' equity). Whilst AM Best notes that Generali holds the majority of these sovereign bonds for asset and liability management purposes, this, together with significant investment exposure to financial institutions, leaves the group's risk-adjusted capitalisation sensitive to shocks in the financial markets. The balance sheet strength assessment also factors in Generali's financial leverage, which is higher than most peers.

Generali demonstrates strong operating performance, resilient to the challenging market conditions prevailing in its core European markets, with the group reporting an operating result of EUR 3.6 billion for the first nine months of 2018. Profitability is driven by solid technical metrics. At year-end 2017, the five-year weighted average non-life combined ratio stood at 93.7% (as per AM Best's calculation). The life segment produced an improved new business margin (standing at 4.01% at year-end 2017 – calculated on present value of new business premiums), driven by the management actions taken to reduce the average embedded guarantee within the life book and develop capital efficient products to augment profitability. The disposal of Generali Lebensversicherung AG in Germany has reinforced this plan, whilst reducing the group's exposure to interest rate risk.

Generali remains one of the largest insurers in Europe, with gross written premium in excess of EUR 66 billion in 2017. The group's very favourable business profile is supported by leading and defensible positions in each of its core markets, namely Italy, Germany, France and Central and Eastern Europe, and is underpinned by a solid franchise. Generali benefits from excellent access to market as a result of its multi-channel distribution strategy, with a strong proprietary network.

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The Long-Term ICR has been upgraded to “a+” from “a”, with the associated outlook revised to stable from positive, and the FSR of A (Excellent) has been affirmed with a stable outlook for Assicurazioni Generali S.p.A. and its following subsidiaries:

- Generali Italia S.p.A.
- Generali Deutschland AG
- AachenMünchener Lebensversicherung AG
- AachenMünchener Versicherung AG
- Generali Versicherung AG
- COSMOS Lebensversicherungs AG
- COSMOS Versicherung AG
- Central Krankenversicherung AG
- Generali Vie S.A.
- Generali IARD S.A.
- Česká pojišťovna a.s.

The FSR of A (Excellent) and the Long-Term ICR of “a+” have been assigned, each with a stable outlook, to Generali España, Sociedad Anonima de Seguros y Reaseguros.

The Long-Term ICR has been upgraded to “bbb+” from “bbb” with the associated outlook revised to stable from positive for Generali France S.A.

The following Long-Term IRs have been upgraded to “a” from “a-”, with the associated outlook revised to stable from positive:

Assicurazioni Generali S.p.A.—  
—EUR 1,250 million 2.875% senior unsecured notes, due 2020  
—EUR 1,750 million 5.125% senior unsecured notes, due 2024

The following Long-Term IRs have been upgraded to “a-” from “bbb+”, with the associated outlook revised to stable from positive:

Assicurazioni Generali S.p.A.—  
—EUR 1,250 million 5.5% fixed/floating rate senior dated subordinated notes, due 2047 (callable in 2027)  
—EUR 850 million 5% fixed/floating rate senior dated subordinated notes, due 2048 (callable in 2028)  
—EUR 1,000 million 4.125% fixed rate senior dated subordinated notes, due 2026

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- EUR 1,250 million 7.75% fixed/floating rate senior subordinated notes, due 2042 (callable in 2022)
- EUR 750 million 10.125% fixed/floating rate senior subordinated notes, due 2042 (callable in 2022)

The following Long-Term IRs have been upgraded to “bbb+” from “bbb”, with the associated outlook revised to stable from positive:

- Assicurazioni Generali S.p.A.—
- GBP 495 million 6.416% fixed/floating rate junior subordinated perpetual debentures, callable in 2022
- GBP 350 million 6.269% fixed/floating rate junior subordinated perpetual debentures, callable in 2026
- EUR 1,500 million 4.596% fixed/floating rate more deeply subordinated perpetual notes (originally issued by Generali Finance B.V.)

The following indicative Long-Term IRs on securities available under the EUR 15 billion medium-term note programme have been upgraded as indicated, with the outlook revised to stable from positive:

- Assicurazioni Generali S.p.A.—
- to “a” from “a-” on all senior unsecured notes to be issued under the programme
- to “a-” from “bbb+” on all senior subordinated notes to be issued under the programme
- to “bbb+” from “bbb” on all junior subordinated notes to be issued under the programme

**This press release relates to Credit Ratings that have been published on AM Best’s website. For all rating information relating to the release and pertinent disclosures, including details of the office responsible for issuing each of the individual ratings referenced in this release, please see AM Best’s [Recent Rating Activity](#) web page. For additional information regarding the use and limitations of Credit Rating opinions, please view [Understanding Best’s Credit Ratings](#). For information on the proper media use of Best’s Credit Ratings and AM Best press releases, please view [Guide for Media - Proper Use of Best’s Credit Ratings and AM Best Rating Action Press Releases](#).**

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