



17/09/2012

**PRESS
RELEASE**

Trieste – Standard & Poor's did not modify the current 'A' rating of Generali, prolonging the CreditWatch with negative implications, pending the development of the Italian financial and economic situation and the presentation of the Group's new strategic plan.

Please find below the original Standard & Poor's release.

Ratings On Generali And Subs Kept On CreditWatch Negative On Tough Italian Market Conditions And Strategic Uncertainties

Overview

- In our view, Italy-based global multiline insurer Generali's upcoming new strategic plan, following its recent appointment of a new CEO, and its announced restructuring of its core market create uncertainties for Generali and its "core" subsidiaries (Generali group).
- In addition, we view the Generali group as bearing higher-than-peers' exposure to the weak Italian economy and domestic investment markets.
- We are therefore maintaining the ratings on the Generali group on CreditWatch negative.
- The CreditWatch reflects our view that there is material uncertainty regarding the outcome of Generali's new strategy and the resilience of its balance sheet to risk and volatility in the domestic operating, economic and financial environments

Rating Action

On Sept. 17, 2012, Standard & Poor's Ratings Services maintained its CreditWatch with negative implications on the 'A' long-term counterparty credit and insurer financial strength ratings on Italy-based insurer Assicurazioni Generali SpA (Generali) and its related "core" subsidiaries (Generali group). We also maintained on CreditWatch negative our 'A-' counterparty credit rating on subsidiary Deutsche Bausparkasse Badenia AG, our 'A' counterparty credit rating on Generali USA Life Reassurance Co., the 'BBB+' counterparty credit ratings on Austria-based holding companies Generali Holding Vienna AG and Generali Rueckversicherung AG, and related issue ratings. The ratings were initially placed on CreditWatch negative on June 7, 2012.

Rationale

The CreditWatch reflects our view that there is material uncertainty regarding Generali's strategy, following the appointment of its new CEO, Mario Greco, and its recent announcement of new management and potential reorganization in Italy. The CreditWatch also reflects our concerns about the higher-than-peers' exposure of the Generali group to the Italian economy, and domestic sovereign and financial investments. As of end-June 2012, Italian assets made up 23% of Generali's investments, or about three times its consolidated regulatory solvency capital.

We understand the new CEO has undertaken a full strategic and financial review of Generali. Given Generali's complex and wide reaching international structure, the strategic orientation of the new management could affect the Generali group's financial profile and business position. In particular, we will monitor the impact on the Generali group's future capitalization and its financial flexibility, which we view as the main rating weaknesses.

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The ratings on Generali are higher than those on the Republic of Italy (BBB+/Negative/A-2 unsolicited ratings). According to our criteria, Generali's exposure to country risk in Italy remains below our threshold of 40% of assets or policyholder liabilities in its home market. Consequently, our criteria enables us to rate Generali up to three notches above the long-term rating on Italy (see "General Criteria: Nonsovereign Ratings That Exceed EMU Sovereign Ratings: Methodology And Assumptions," published on June 14, 2011). Italian policyholder liabilities represented 27% of total policyholder liabilities on June 30, 2012.

The ratings on the Generali group reflect our view of their very strong competitive position, solid operating performance, and sound liquidity. We view the Generali group's capitalization as a weakness for its credit quality and believe that current market conditions and reduced net profits compared with 2010 levels constrain the Generali group's financial flexibility.

CreditWatch

The CreditWatch indicates our view that there is a one-in-two chance that we could lower the ratings on the Generali group, most likely by one notch. We expect to resolve or update the CreditWatch placement within the next three months, following our assessments of the impact of the new strategy, once announced, on the Generali group, and of its sensitivity to domestic country risk.

We could lower the ratings if we believe the new strategy is unlikely to lead to improvement in Generali's capitalization over the next year. We could also lower the ratings on some subsidiaries if our view of their strategic importance changes under the Generali group's new strategy. We could also lower the ratings if we believe that the Generali group's balance sheet appears less resilient to risk and volatility in the domestic operating, economic, and financial environments, given Generali's higher Italian country exposure than other global multiline insurers.

We could affirm the ratings on the Generali group if we believe that the new strategy is likely to strengthen Generali's future capitalization to a level in line with capital adequacy in the 'A' rating category according to our capital model, and the Generali group's balance sheet weathers the persistently high volatility and risks in Italy without a durable negative impact on its financial and business profiles.

Related Criteria And Research

- Group Methodology, April 22, 2009
- Holding Company Analysis, June 11, 2009
- Interactive Ratings Methodology, April 22, 2009
- Hybrid Capital Handbook: September 2008 Edition, Sept. 15, 2008
- Counterparty Credit Ratings And The Credit Framework, April 14, 2004
- Refined Methodology And Assumptions For Analyzing Insurer Capital Adequacy Using The Risk-Based Insurance Capital Model, June 7, 2010
- Criteria Update: Factoring Country Risk Into Insurer Financial Strength Ratings, Feb. 11, 2003
- General Criteria: Nonsovereign Ratings That Exceed EMU Sovereign Ratings: Methodology And Assumptions, June 14, 2011
- Use Of CreditWatch And Outlooks, Sept. 14, 2009

Ratings List

Ratings Remaining On CreditWatch

Assicurazioni Generali SpA
INA ASSITALIA SpA
Generali Vie
Generali Versicherung AG
Generali Versicherung AG
Generali USA Life Reassurance Co.
Generali Lebensversicherung AG
Generali IARD
Generali Deutschland Pensionskasse AG
Envivas Krankenversicherung AG
Cosmos Versicherung AG
Cosmos Lebensversicherungs AG
Central Krankenversicherung AG
Alleanza Toro S.p.A
Advocard Rechtsschutzversicherung AG
AachenMuenchener Versicherung AG
AachenMuenchener Lebensversicherung AG
Counterparty Credit Rating
Local Currency A/Watch Neg/--

Assicurazioni Generali SpA
INA ASSITALIA SpA
Generali Vie
Generali Versicherung AG
Generali Versicherung AG
Generali USA Life Reassurance Co.
Generali Lebensversicherung AG
Generali IARD
Generali Deutschland Pensionskasse AG
Generali (U.S. branch)
Envivas Krankenversicherung AG
Cosmos Versicherung AG
Cosmos Lebensversicherungs AG
Central Krankenversicherung AG
Alleanza Toro S.p.A
Advocard Rechtsschutzversicherung AG
AachenMuenchener Versicherung AG
AachenMuenchener Lebensversicherung AG
Financial Strength Rating
Local Currency A/Watch Neg/--

Deutsche Bausparkasse Badenia AG
Counterparty Credit Rating A-/Watch Neg/A-2
Certificate Of Deposit A-/Watch Neg/A-2

Generali Holding Vienna AG	
Generali Rueckversicherung AG	
Counterparty Credit Rating	
Local Currency	BBB+/Watch Neg/--
Financial Strength Rating	
Local Currency	BBB+/Watch Neg/--
Assicurazioni Generali SpA	
Senior Unsecured	A-/Watch Neg
Subordinated	BBB+/Watch Neg
Junior Subordinated	BBB/Watch Neg
Generali Finance B.V.	
Senior Unsecured*	A-/Watch Neg
Junior Subordinated*	BBB/Watch Neg

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Complete ratings information is available to subscribers of RatingsDirect on the Global Credit Portal at www.globalcreditportal.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column. Alternatively, call one of the following Standard & Poor's numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow 7 (495) 783-4009.

THE GENERALI GROUP

The Generali Group is one of Europe's largest insurance providers and the biggest European life insurer, with 2011 total premium income of almost € 70 billion. It is also one of the world's top asset managers and a unique real estate operator. With 82,000 employees worldwide and 65 million clients in more than 60 countries, the Group occupies a leadership position on Western European markets and an increasingly important place in Central and Eastern Europe and Asia.