

## RATING ACTION COMMENTARY

# Fitch Revises Generali's Outlook to Positive, Affirms IFS Rating at 'A+'

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Fitch Ratings - Frankfurt am Main - 29 Oct 2024: Fitch Ratings has revised Assicurazioni Generali S.p.A.'s (Generali) and its core subsidiaries' Outlook to Positive from Stable and affirmed their Insurer Financial Strength (IFS) Ratings and Long-Term Issuer Default Ratings (IDR) at 'A+' (Strong) and 'A', respectively.

The Positive Outlook follows Fitch's revision of Italy's sovereign Outlook to Positive (see 'Fitch Revises Italy's Outlook to Positive; Affirms at 'BBB', dated 18 October 2024 at [www.fitchratings.com](http://www.fitchratings.com)) and also reflects the company's reduced exposure to Italian sovereign bonds.

The affirmation continues to reflect Generali's 'Very Strong' company profile, capitalisation and leverage.

## KEY RATING DRIVERS

**Credit-Linked to Sovereign:** Generali's credit quality is linked to Italy's sovereign rating, given the group's exposure to Italian sovereign debt. This is captured in Fitch's assessment of Generali's investment risk via its sovereign investment concentration risk factor. Generali's exposure to Italian sovereign bonds was at EUR36.2 billion at end-1H24, down from EUR42.6 billion at end-2022 and EUR38.5 billion at end-2023, corresponding to 0.6x shareholders' capital reported under IFRS17 (consolidated shareholders' equity including the post-tax contractual service margin or (CSM)).

**Risky Assets Ratio May Improve:** Generali's risky assets were 68% of capital based on end-2023 results reported under IFRS17 (end-2022: 72%). The group's investment and asset risk may improve in the event of Italy's upgrade as the portion of the insurer's exposure to 'BBB' category sovereign investments Fitch deems as risky assets would decrease to 15% from 30%, under Fitch's Insurance Rating Criteria.

## RATING SENSITIVITIES

## Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

-Increase in Generali's sovereign investment concentration risk to above 1.0x capital on a sustained basis

-A deterioration of Generali's capitalisation or a significant increase in the financial leverage ratio (FLR), both on a sustained basis

-A revision of Italy's Outlook to Stable

## Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

-An upgrade of the Italian sovereign, while Generali's sovereign investment concentration risk remains below 1.0x capital

## REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

## ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

## RATING ACTIONS

ENTITY / DEBT ⇅	RATING ⇅	PRIOR ⇅
Generali Deutschland Lebensversicherung AG	LT IFS    A+ Rating Outlook Positive  Affirmed	A+ Rating Outlook Stable

Generali Espana, S.A. de Seguros Y Reaseguros	LT IFS	A+ Rating Outlook Positive		A+ Rating Outlook Stable
		Affirmed		
Generali Versicherung AG	LT IFS	A+ Rating Outlook Positive		A+ Rating Outlook Stable
		Affirmed		
Assicurazioni Generali S.p.A.	LT IDR	A Rating Outlook Positive		A Rating Outlook Stable
		Affirmed		
	LT IFS	A+ Rating Outlook Positive		A+ Rating Outlook Stable
		Affirmed		
subordinated	LT	BBB+	Affirmed	BBB+
senior unsecured	LT	A	Affirmed	A
subordinated	LT	A-	Affirmed	A-
Generali IARD S.A.	LT IFS	A+ Rating Outlook Positive		A+ Rating Outlook Stable
		Affirmed		
Generali Deutschland AG	LT IFS	A+ Rating Outlook Positive		A+ Rating Outlook Stable
		Affirmed		

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## **APPLICABLE CRITERIA**

[Insurance Rating Criteria \(pub. 04 Mar 2024\) \(including rating assumption sensitivity\)](#)

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