

# MOODY'S

## RATINGS

### Rating Action: **Moody's Ratings affirms Assicurazioni Generali's ratings, stable outlook**

17 October 2024

Frankfurt am Main, October 17, 2024 – Moody's Ratings (Moody's) has today affirmed the A3 insurance financial strength rating (IFSR) of Assicurazioni Generali S.p.A (Generali, the Group). All of Generali's debt ratings were also affirmed. We also affirmed the IFSRs of Generali's major operating entities in Italy, France, and Germany at A3. The outlooks on all entities remain stable.

Please click on this link [https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC\\_1000010446](https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1000010446) for the List of Affected Credit Ratings. This list is an integral part of this Press Release and identifies each affected issuer.

#### RATINGS RATIONALE

##### ASSICURAZIONI GENERALI S.P.A

The affirmation of Generali's A3 IFSR, three notches above the Italian sovereign rating, reflects the Group's very strong business profile, which benefits from leading positions in its chosen markets in Europe, diversification by business lines and relatively low product risk. The rating also reflects Generali's good financial profile, which is constrained by the exposure to Italian sovereign risk, which affects our assessment of the Group's asset quality, capital adequacy and financial flexibility.

Generali is the third largest insurance group by premiums in Europe and benefits from significant degree of diversification beyond its home market, Italy, notably via its operations in France and Germany. In 2023, Generali's French and German operations combined accounted for about one-third of the Group's premium volumes and earnings, on par with its domestic operations. The Group also benefits from strong product diversification, and a low risk product profile geared towards retail short/medium tailed lines in Property and Casualty (P&C), and unit-linked and hybrid savings as well as protection products in life.

Over the past two years Generali has continued to decrease its exposure to Italian sovereign bonds, which accounted for about 8% of general account invested assets, 1.3x of reported shareholders' equity and 0.8x of Solvency II Own Funds at year-end 2023. Nonetheless, Generali's rating reflects our view that an Italian sovereign stress scenario would partially negatively influence Generali's credit profile.

In terms of profitability, despite some headwinds, including high claims inflation and rising claims frequencies in P&C insurance and increasing lapses in parts of Life insurance, Generali has further strengthened its earnings levels over recent years, as reflected in a return on capital (Moody's definition) of 7.2% in 2023, and we expect the Group will be able to further strengthen its earnings track record going forward. In P&C, the focus on retail business, strict underwriting and higher pricing strategies should bolster underwriting profitability. Life insurance is also seeing a gradual easing of net flow pressures. Although interest rates have started to decrease, they will still benefit Generali's investment income in both segments for a while given the duration of its assets.

Generali's capitalization has remained stable over recent years, with its Solvency II ratio at around 220%, benefitting also from strong capital generation. Equally important, Generali has reduced its sensitivity to negative financial market movements, including movements in credit spreads on Italian sovereign bonds.

Generali's adjusted financial leverage stood at 21% at year-end 2023, considerably lower compared to prior years and in line with higher-rated peers. The improvement is a result of proactive balance sheet management and the inclusion of parts of the IFRS 17 based contractual service margin as capital in our calculation, in line with our Life Insurers and Property and Casualty Insurers methodologies. Earnings coverage also has strengthened significantly, to 10x in 2023, mainly reflecting higher earnings, but also lower interest expenses.

#### ASSICURAZIONI GENERALI S.P.A – STABLE OUTLOOK

The stable outlook of the Group is in line with the sovereign rating of the Government of Italy (Baa3, stable), which continues to influence the credit quality of Generali, and reflects our expectation that Generali will maintain the strength of its business and financial profile.

#### SUBSIDIARIES – RATINGS AFFIRMED, OUTLOOK STABLE

We continue to align the IFSRs of the rated subsidiaries in Italy, France, and Germany with the IFSR of the Group, reflecting our view that these entities' business and financial profiles combined drive and benefit from the larger Group's financial strength. The stable outlook reflects the stable outlook on the parent company.

#### FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

##### ASSICURAZIONI GENERALI S.P.A

Upwards pressure on Generali's rating could result from (1) improvement in Italy's credit quality, as evidenced by an upgrade of its sovereign rating; (2) continuation of its strong earnings track record; (3) maintenance of its Solvency II ratio firmly in excess of 200%, with continuously low sensitivities to negative financial market movements.

Downward pressure on the ratings could result from: (1) weakening of Italy's sovereign rating to non-investment grade, or a very significant weakening of the credit quality of the French or German sovereign; (2) prolonged deterioration in the Group's operating performance and capitalization; (3) reduced cohesion of the Group, as evidenced by a weakening of the support mechanisms within the Group and a reduced ability for the Italian operations to benefit from the strengths of other group operations.

##### SUBSIDIARIES

As the financial strength of Generali's rated subsidiaries is closely intertwined with that of the larger Generali Group, any change in the Group's rating or outlook will likely result in an equivalent change in the subsidiaries' ratings or outlook. Further, downwards pressure on their ratings could result from reduced cohesion in the Group or if it becomes apparent that support mechanisms within the Group weaken.

#### PRINCIPAL METHODOLOGIES

The principal methodologies used in rating Assicurazioni Generali S.p.A, Generali Italia S.p.A. and Generali Deutschland AG were Life Insurers published in April 2024 and available at <https://ratings.moodys.com/rmc-documents/418351>, and Property and Casualty Insurers published in

April 2024 and available at <https://ratings.moodys.com/rmc-documents/418354>. The principal methodology used in rating Generali Deutschland Lebensversicherung AG and Generali Vie was Life Insurers published in April 2024 and available at <https://ratings.moodys.com/rmc-documents/418351>. The principal methodology used in rating Generali Deutschland Versicherung AG and Generali IARD was Property and Casualty Insurers published in April 2024 and available at <https://ratings.moodys.com/rmc-documents/418354>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of these methodologies.

## REGULATORY DISCLOSURES

The List of Affected Credit Ratings announced here are all solicited credit ratings. For additional information, please refer to Moody's Policy for Designating and Assigning Unsolicited Credit Ratings available on its website <https://ratings.moodys.com>. Additionally, the List of Affected Credit Ratings includes additional disclosures that vary with regard to some of the ratings. Please click on this link [https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC\\_1000010446](https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1000010446) for the List of Affected Credit Ratings. This list is an integral part of this Press Release and provides, for each of the credit ratings covered, Moody's disclosures on the following items:

- EU Endorsement Status
- UK Endorsement Status
- Rating Solicitation
- Issuer Participation
- Participation: Access to Management
- Participation: Access to Internal Documents
- Lead Analyst
- Releasing Office

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

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For provisional ratings, the Credit Rating Announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating.

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Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

The below contact information is provided for information purposes only. For disclosures on the lead rating analyst and the Moody's legal entity that issued the rating, please see the issuer/deal page on <https://ratings.moodys.com> for each of the ratings covered.

The person who approved Assicurazioni Generali S.p.A, Generali IARD, Generali Vie, Generali Deutschland AG, Generali Deutschland Lebensversicherung AG and Generali Deutschland Versicherung AG credit ratings is Simon Ainsworth, Associate Managing Director, Financial Institutions Group, JOURNALISTS: 44 20 7772 5456, Client Service: 44 20 7772 5454. The person who approved Generali Italia S.p.A. credit ratings is Benjamin Serra, Senior Vice President, Financial Institutions Group, JOURNALISTS : 44 20 7772 5456, Client Service : 44 20 7772 5454.

The relevant office for each credit rating is identified in "Debt/deal box" on the Ratings tab in the Debt/Deal List section of each issuer/entity page of the website.

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