



13/12/2011

**PRESS
RELEASE**

Fitch revises Generali rating to A- from AA-, negative outlook, due to ongoing pressure on Italian sovereign debt

Trieste – The rating agency Fitch performed an industry rating revision for Italian and Spanish insurers on the basis of the “ongoing pressure” from the respective State’s sovereign debt.

Accordingly, Fitch changed Generali rating from AA- to A-, negative outlook.

However, Fitch notes that “if the outlook for sovereign debt improves and stabilizes, it is likely that insurer ratings could be upgraded should their actual and pro-forma capital ratios also improve”.

Please find below the original press release by Fitch.

FITCH TAKES RATING ACTIONS ON ITALIAN AND SPANISH INSURERS

Fitch Ratings-London-13 December 2011: Fitch Ratings has downgraded Assicurazioni Generali's Insurer Financial Strength (IFS) rating to 'A-' from 'AA-', Fondiaria-SAI's IFS rating to 'BB-' from 'BB+', Societa Reale Mutua di Assicurazioni's IFS to 'BBB+' from 'A-' and ITAS Mutua's IFS rating to 'BBB' from 'BBB+'. At the same time, Fitch has affirmed Mapfre SA's Issuer Default Rating (IDR) at 'A-'. These ratings actions also apply to the entities' core subsidiaries. The Outlooks are Negative. A full rating breakdown is at the end of this comment.

The rating actions follow Fitch's assessment of the insurers' pro-forma capital adequacy amid challenging investment conditions, particularly in Italy and Spain, including ongoing pressure from heightened government bond yields. Fitch has undertaken a series of stress tests in Italy and Spain, and has concluded that some insurers' large investment concentrations in sovereign debt justify/require distinction relative to similarly rated peers. The potential for these concentrations to result in poor capital performance under extreme scenarios is a key driver of the rating actions.

Current market price declines and recent pricing volatility of sovereign debt have already moderately weakened insurers' capital positions as assessed by the regulatory solvency margin and Fitch's own assessment of capital adequacy, albeit to varying degrees. Given significant market and fundamental uncertainties with regards to sovereign debt, the possibility of further deterioration in the capital market performance of sovereign debt could ultimately more materially impair the insurers' capital positions. The rating actions consequently reflect the degree of sensitivity of the insurers' capital adequacy to stress test assumptions over the credit quality of their holdings of Italian and Spanish government and bank debt.

As part of its analysis, Fitch evaluated each insurers' fundamental attributes, including various degrees of leveraging of domestic government debt relative to capital. Fitch also evaluated the existing strength of capital, and its ability to absorb future losses.

If the outlook for sovereign debt improves and stabilises, it is likely that insurer ratings could be upgraded should their actual and pro-forma capital ratios also improve.

As the agency has previously indicated, Italian insurers may not be able to pass on most of the losses incurred from an unlikely default of Italian government debt (see "Fitch: Italian Insurers Cannot Pass On All Sovereign Losses", dated 9 November 2011 at www.fitchratings.com). In an

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extreme scenario of a sovereign default, the ability of insurers to pass losses on to policyholders would be significantly impaired, as the return on customer portfolios may be below the minimum guaranteed to policyholders. Insurers would be liable for any additional losses.

The rating actions also reflect Fitch's view that the environment in Italy and Spain is highly challenging and rapidly changing, which means that operating profitability is likely to remain pressurised in the medium term. The agency has sharply revised down its near and medium-term growth forecasts for Italy as the economy has not recovered in line with expectations and the eurozone crisis could push Italy into recession. Fitch now expects the Italian economy to contract by 0.5% in 2012 followed by 0% growth in 2013. This could exert negative pressure on sales of insurance products in 2011 and 2012.

However, underwriting profitability in the non-life segment continues to recover as pricing and claims experience improve. In addition, life insurers' credit profiles remain solid, with technical profitability and margins expected to hold up due to a better business mix.

The rating actions are as follows:

Assicurazioni Generali SpA:
IFS Downgraded to 'A-' from 'AA-'; IDR Downgraded to 'BBB+' from 'A+'; Outlook Negative

Generali (Schweiz) Holding AG:
IDR Downgraded to 'BBB-' from 'A-'; Outlook Negative

Generali Iard:
IFS Downgraded to 'A-' from 'AA-'; Outlook Negative

Generali Vie:
IFS Downgraded to 'A-' from 'AA-'; Outlook Negative

Generali Deutschland:
IFS Downgraded to 'A-' from 'AA-'; Outlook Negative

Generali Deutschland Pensionskasse AG:
IFS Downgraded to 'A-' from 'AA-'; Outlook Negative

Cosmos Versicherung AG:
IFS Downgraded to 'A-' from 'AA-'; Outlook Negative

Cosmos Lebensversicherungs-AG:
IFS Downgraded to 'A-' from 'AA-'; Outlook Negative

AachenMuenchener Lebensversicherung AG:
IFS Downgraded to 'A-' from 'AA-'; Outlook Negative

Generali Lebensversicherung AG:
IFS Downgraded to 'A-' from 'AA-'; Outlook Negative

AachenMuenchener Versicherung AG:
IFS Downgraded to 'A-' from 'AA-'; Outlook Negative

Generali Versicherung AG:
IFS Downgraded to 'A-' from 'AA-'; Outlook Negative

Central Krankenversicherung AG:
IFS Downgraded to 'A-' from 'AA-'; Outlook Negative

Generali Espana, SA
IFS Downgraded to 'A-' from 'AA-'; Outlook Negative

Generali Versicherung AG (Austria)
IFS Downgraded to 'A-' from 'AA-'; Outlook Negative

Generali's debt ratings are as follows:

Senior unsecured:

EUR1,500m 4.75% guaranteed notes due 12 May 2014: downgraded to 'BBB+' from 'A+'

EUR500m 3.875% notes due 6 May 2015: downgraded to 'BBB+' from 'A+'

EUR750m 4.875% notes due 11 November 2014: downgraded to 'BBB+' from 'A+'

EUR1,750m 5.125% notes due 16 September 2024: downgraded to 'BBB+' from 'A+'

Hybrid capital instruments/notes:

EUR1,250m perpetual notes 5.479% until February 2017, thereafter Euribor plus 214bp: downgraded to 'BBB-' from 'A-'

GBP495m perpetual notes 6.416% until February 2022, thereafter Libor plus 220bp: downgraded to 'BBB-' from 'A-'

EUR1,275m perpetual notes 5.317% until June 2016, thereafter Euribor plus 210bp: downgraded to 'BBB-' from 'A-'

GBP700m perpetual notes 6.214% until June 2016, thereafter Euribor plus 208bp: downgraded to 'BBB-' from 'A-'

GBP350m perpetual notes 6.269% until June 2026, thereafter Euribor plus 235bp: downgraded to 'BBB-' from 'A-'

Subordinated notes:

EUR750m fixed/floating-rate subordinated callable notes due on 20 Jul 2022: downgraded to 'BBB-' from 'A-'

Mapfre Familiar

IFS affirmed at 'A+', Outlook revised to Negative from Stable

Mapfre Global Risks Cia De Seguros Y Reaseguos

IFS affirmed at 'A+', Outlook revised to Negative from Stable

Mapfre Vida SA De Seguros Y Reaseguos

IFS affirmed at 'A+', Outlook revised to Negative from Stable

Mapfre Re Compania De Reaseguos S.A

IFS affirmed at 'A', Outlook revised to Negative from Stable

Mapfre SA

Long-term IDR affirmed at 'A-', Outlook revised to Negative from Stable

EUR700m 5.91% subordinated debt due 2037 with step-up in 2017 affirmed at 'BBB-'

MAPFRE U.S.A. Corp.:

Long-term IDR affirmed at 'A-', Outlook revised to Negative from Stable

USD300m 5.95% senior notes due February 26, 2013 affirmed at 'BBB+'

Commerce Insurance Company

IFS affirmed at 'A+', Outlook revised to Negative from Stable

Citation Insurance Company

IFS affirmed at 'A+', Outlook revised to Negative from Stable

Commerce West Insurance Company

IFS affirmed at 'A+', Outlook revised to Negative from Stable

American Commerce Insurance Company

IFS affirmed at 'A+', Outlook revised to Negative from Stable

Societa Reale Mutua di Assicurazioni

IFS downgraded to 'BBB+' from 'A-', Outlook revised to Negative from Stable

Reale Seguros Generales

IFS downgraded to 'BBB+' from 'A-', Outlook revised to Negative from Stable

ITAS Mutua

IFS downgraded to 'BBB' from 'BBB+', Outlook revised to Negative from Stable

Fondiaria-SAI S.p.A.
IFS downgraded to 'BB-' from 'BB+', Outlook Negative

Milano Assicurazioni S.p.A.
IFS downgraded to 'BB-' from 'BB+', Outlook Negative

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Additional information is available on www.fitchratings.com. The ratings of Assicurazioni Generali and its entities, and Societa Reale Mutua di Assicurazioni and ITAS Mutua were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings. The ratings of Fondiaria-SAI and Mapfre SA and their related entities were unsolicited and have been provided by Fitch as a service to investors.

Applicable criteria "Insurance Rating Methodology" dated 22 September 2011 are available at www.fitchratings.com.

Applicable Criteria and Related Research:
Insurance Rating Methodology
http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=651018

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The Generali Group is one of Europe's largest insurance providers and the biggest European Life insurer, with 2010 total premium income of more than €73 billion. It is also one of the world's top asset managers with assets of over € 470 billion in 2010, and a unique real estate operator with a property portfolio of € 25 billion.

With 85,000 employees worldwide and 70 million clients in more than 60 countries, the Group occupies a leadership position on Western European markets and an increasingly important place in Eastern Europe and Asia.