



Fitch Assigns Generali España IFS 'AA-'; Outlook Stable

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Fitch Ratings-Paris/London-15 June 2011: Fitch Ratings has assigned Spanish insurer Generali Espana an Insurer Financial Strength (IFS) rating of 'AA-', with Stable Outlook.

Fitch considers Generali Espana as core to its ultimate parent company Assicurazioni Generali SpA (Generali; IFS rating 'AA-') and the agency has therefore aligned Generali Espana's IFS rating with that of other core operating entities within the Generali Group. This action follows the application of Fitch's insurance group rating methodology.

To a lesser extent, the rating also reflects Generali Espana's strong underwriting performance, prudent investment profile and healthy regulatory capitalisation.

Fitch's view that Generali Espana is core to Generali is based on a number of factors. Generali Espana was created in June 2010, through the merger between La Estrella and Banco Vitalicio, the two former main operating entities of Generali in Spain. The aim of the merger was to generate additional cost savings and trade business under one single platform and the same brand (Generali) of the group in the Spanish insurance market.

In addition, Spain is the fourth-largest country (fifth-largest considering Central and Eastern Europe as one single territory) for the Generali Group in terms of gross written premiums (GWP), although the scale of business trails Italy, Germany and France, the main markets for Generali, by a significant margin.

With non-life GWP of EUR1.4bn or 6% of group total, the contribution of Generali Espana is particularly important in the property and casualty (P&C) business, while the market presence in life (EUR900m) is more limited. The reported combined ratio for the Spanish region was 98.1% in 2010, marginally better than the consolidated figure for the Generali group (98.8%), but deteriorating from 94.6% in 2009.

On a standalone basis, Generali Espana displayed a strong regulatory solvency ratio at 221% in 2010 and Fitch's own analysis of the company capital adequacy ratio indicates that the capital position of the company weakened only as a result of the higher dividend payout to its parent company, Generali.

Generali Espana's rating would most likely be downgraded if the rating of its parent company Generali is downgraded and could be downgraded if Generali Espana is no longer viewed as a core entity within the Generali Group. A material deterioration of the company's standalone position, leading to a depleted capital position, weaker underwriting profit and a reduced contribution to Generali's earnings and premiums, could also trigger a downgrade.

Conversely, the rating could be upgraded if the rating of Generali is upgraded and Generali Espana retains its core status.

With GWP of EUR1.4bn, Generali Espana is the sixth largest non-life insurer in Spain. It also holds a market presence in life, where Generali Espana represents the tenth-largest insurer (GWP EUR900m). Total assets of the newly created company were EUR11.8bn at end-2010.

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Additional information is available on www.fitchratings.com.

Applicable criteria "Fitch's Approach to Rating Insurance Groups", dated 24 March 2010, "Insurance Rating Methodology", dated 31 March 2011, "Non-Life Insurance Rating Methodology", dated 31 March 2011, and "Life Insurance Rating Methodology" dated 31 March 2011, are available at www.fitchratings.com.

Applicable Criteria and Related Research:

[Fitch's Approach to Rating Insurance Groups](#)

[Insurance Rating Methodology](#)

[Non-Life Insurance Rating Methodology](#)

[Life Insurance Rating Methodology](#)

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