

PRESS RELEASE

S&P reaffirms Cattolica's rating at BBB- outlook stable Stand-alone credit profile unchanged at bbb+

Verona, August 3rd, 2017. Today Standard & Poor's has affirmed Cattolica's rating at BBB- with a stable outlook.

Cattolica's stand-alone credit profile (SACP) is affirmed at bbb+, two notches higher than its financial strength rating at BBB-, which is still constrained by that of Italy, as set out under S&P's criteria.

The outlook is affirmed stable and it reflects the Italian market trends.

The agency affirmed Cattolica's financial risk profile which remains at an "upper adequate" level, also thanks to a strong Solvency II capital adequacy, and a business risk profile "satisfactory", due to a strong competitive position within the Italian market and the well-diversified distribution networks.

SOCIETA' CATTOLICA DI ASSICURAZIONE

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Summary:

Societa Cattolica di Assicurazione

Local Currency

Credit**Rating:** BBB-/Stable/--

Rationale

Business Risk Profile

- Strong competitive position in the Italian insurance sector, sustained by over a 6% market share in the property/casualty (P/C) market, and well-diversified distribution networks and business.
- Concentration in the Italian insurance sector, which displays higher country risk than most Western European insurance sectors.

Financial Risk Profile

- Capital adequacy above the 'BBB' level, according to S&P Global Ratings' capital model, and a solid Solvency II ratio of 192% at year-end 2016.
- Investment profile concentrated in Italian assets, mostly government bonds.
- Adequate financial flexibility, supported by strong coverage and conservative leverage ratios, and a proven ability to access debt and capital markets.

Other Factors

- The rating on Societa Cattolica di Assicurazione (Cattolica) is limited by the long-term sovereign rating on Italy because of the insurer's material investment exposure to Italian assets.
- The insurer's enterprise-risk management (ERM) and management and governance are neutral rating factors.
- Cattolica's liquidity is exceptional, owing to its highly liquid investment portfolio.

Outlook

The stable outlook on Cattolica mirrors that on Italy, reflecting Cattolica's very large domestic asset exposure relative to its capital. Any rating action on the sovereign could lead to a similar action on Cattolica.

Downside scenario

We could lower the ratings on Cattolica if we downgraded Italy, which would indicate our view of higher sovereign risk.

Upside scenario

We could raise the ratings on Cattolica if we upgraded Italy, which would indicate our view of lower sovereign risk.

Related Criteria

- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Criteria - Insurance - General: Enterprise Risk Management, May 7, 2013
- Criteria - Insurance - General: Insurers: Rating Methodology, May 7, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- General Criteria: Criteria Clarification On Hybrid Capital Step-Ups, Call Options, And Replacement Provisions, Oct. 22, 2012
- Criteria - Insurance - General: Refined Methodology And Assumptions For Analyzing Insurer Capital Adequacy Using The Risk-Based Insurance Capital Model, June 7, 2010
- Criteria - Financial Institutions - General: Methodology: Hybrid Capital Issue Features: Update On Dividend Stoppers, Look-Backs, And Pushers, Feb. 10, 2010
- Criteria - Financial Institutions - Banks: Assumptions: Clarification Of The Equity Content Categories Used For Bank And Insurance Hybrid Instruments With Restricted Ability To Defer Payments, Feb. 9, 2010
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Criteria - Insurance - General: Hybrid Capital Handbook: September 2008 Edition, Sept. 15, 2008

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