

COMUNICATO STAMPA

S&P affirms Cattolica's rating at BBB and revises the outlook following similar action on Italy. Stand-alone credit profile unchanged at bbb+

Verona, 30 October, 2018. Today Standard & Poor's has affirmed Cattolica's rating at BBB while aligning the outlook, according to the Agency's policy, to that of the sovereign debt of Italy, revised on 26 October 2018 from stable to negative.

Cattolica's stand-alone credit profile (SACP) is affirmed at bbb+, one notch higher than its financial strength rating at BBB.

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Research Update:

Italian Insurer Cattolica Outlook Revised To Negative Following Similar Action On Sovereign; Affirmed At 'BBB'

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Overview

- On Oct. 26, 2018, we revised our outlook on Italy to negative from stable, and affirmed our 'BBB' unsolicited long-term sovereign credit rating on the country.
- While our assessment of Italian insurer Societa Cattolica di Assicurazione's creditworthiness before taking into account sovereign risk remains unchanged at 'bbb+', we cap our final ratings at the level of our sovereign credit rating on Italy, due to Cattolica's material exposure to Italian investments.
- As a result, we are revising the outlook on Cattolica to negative from stable, and affirming our 'BBB' ratings on the insurer.
- The negative outlook reflects that on Italy.

Rating Action

On Oct. 30, 2018, S&P Global Ratings revised to negative from stable its outlook on Italian insurer Societa Cattolica di Assicurazione (Cattolica). We affirmed our 'BBB' long-term issuer credit and insurer financial strength ratings on Cattolica.

We also affirmed our 'BB+' issue rating on Cattolica's subordinated debt.

Rationale

The rating action follows a similar action on Italy on Oct. 26, 2018 (see "Outlook On Italy Revised To Negative On Risks To Economic Growth Following Budget Plan; Ratings Affirmed At 'BBB/A-2'," published on RatingsDirect).

We estimate that Italian assets account for almost 80% of Cattolica's invested assets, and approximately 6.0x the group's shareholders' equity. Because of the insurer's material investment exposure to Italian assets, we cap our ratings on Cattolica at the level of the unsolicited long-term sovereign rating on Italy.

Our assessment of Cattolica's creditworthiness before taking into account sovereign risk is unchanged at 'bbb+', one notch higher than the final

ratings.

Outlook

The negative outlook mirrors that on Italy.

Downside scenario

We could lower the ratings on Cattolica, if we lower our ratings on Italy.

Upside scenario

We could revise our outlook to stable, if we revise the outlook on Italy to stable.

Ratings Score Snapshot

	To	From
Financial Strength Rating	BBB/Negative/--	BBB/Stable/--
Indicative SACP	bbb+	bbb+
Anchor	bbb+	bbb+
Business Risk Profile	Strong	Strong
IICRA	Intermediate risk	Intermediate risk
Competitive Position	Strong	Strong
Financial Risk Profile	Lower adequate	Lower adequate
Capital & Earnings	Lower adequate	Lower adequate
Risk Position	Intermediate risk	Intermediate risk
Financial Flexibility	Adequate	Adequate
Modifiers	0	0
ERM and Management	0	0
Enterprise Risk Management	Adequate	Adequate
Management & Governance	Satisfactory	Satisfactory
Holistic Analysis	0	0
Liquidity	Exceptional	Exceptional
Sovereign risk	-1	-1
Support	0	0
Group Support	0	0
Government Support	0	0

SACP--Stand-alone credit profile. IICRA--Insurance Industry And Country Risk Assessment.

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
- Criteria - Insurance - General: Refined Methodology And Assumptions For Analyzing Insurer Capital Adequacy Using The Risk-Based Insurance Capital Model, June 7, 2010
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Criteria - Insurance - General: Hybrid Capital Handbook: September 2008 Edition, Sept. 15, 2008

Related Research

- Outlook On Italy Revised To Negative On Risks To Economic Growth Following Budget Plan; Ratings Affirmed At 'BBB/A-2', Oct. 26, 2018

Ratings List

Outlook Action; Ratings Affirmed

	To	From
Societa Cattolica di Assicurazione		
Issuer Credit Rating		
Local Currency	BBB/Negative/--	BBB/Stable/--
Financial Strength Rating		
Local Currency	BBB/Negative/--	BBB/Stable/--

Rating Affirmed

Societa Cattolica di Assicurazione	
Subordinated	BB+

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