

## RESEARCH

## Bulletin:

**Fondiaria-SAI Group 'BBB' Ratings, Positive Outlook Remain Unchanged On News Of BPV Vita Deal**

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MILAN (Standard & Poor's) June 1, 2007--Standard & Poor's Ratings Services said today that its long-term counterparty credit and insurer financial strength ratings and outlook on Italy-based insurer Fondiaria-SAI Group's core operating companies (BBB/Positive/--) remain unchanged following its announced agreement with Banco Popolare di Verona e Novara (BPVN; A/Stable/A-1) and merger partner Banca Popolare Italiana (BPI; A/Stable/A-1) to acquire 50% of BPVN's life insurance company, Italy-based BPV Vita (not rated). Following the agreement, the banking group signed a distribution pact for Fondiaria-SAI's life products, which is exclusive but makes an exception for existing agreements with Aviva PLC and Aurora Assicurazioni SpA for 2008 and 2009. Although the level of intangibles on Fondiaria-SAI's balance sheet will increase significantly, we expect the deal not to negatively affect capitalization and financial flexibility, also taking into account the coming issue of €750 million of subordinated debt. The increase in life business resulting from the joint venture with BPVN and BPI stands to reduce Fondiaria-SAI group's concentration in property/casualty insurance, boosting business diversification.

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