



UNIPOL GRUPPO: FITCH AGGIORNA IL RATING DI UNIPOLSAI A “BBB”

Bologna, 7 maggio 2020

L'agenzia di rating Fitch Ratings, a seguito dell'abbassamento del rating sovrano dell'Italia, ha automaticamente rivisto l'*Insurer Financial Strength Rating* (IFSR) di UnipolSai Assicurazioni S.p.A. a “BBB” da “BBB+”. Conseguentemente anche il *Long-Term Issuer Default Rating* (IDR) assegnato a Unipol Gruppo S.p.A. è passato a “BBB-” da “BBB”, insieme ai *rating* delle emissioni di debito del Gruppo Unipol, tutti aggiornati di 1 notch:

- i prestiti senior di Unipol Gruppo S.p.A. sono passati a “BB+”;
- i prestiti subordinati con scadenza 2021 e 2023 di UnipolSai Assicurazioni S.p.A. sono passati a “BB+”;
- il prestito subordinato con scadenza 2028 di UnipolSai Assicurazioni S.p.A. è passato a “BB”;
- il prestito subordinato perpetuo di UnipolSai Assicurazioni S.p.A. è passato a “BB”.

L'agenzia di rating ha, nel contempo, migliorato l'outlook dei suddetti *rating* passandoli da “negative” a “stabile”.

Si allega il testo integrale del comunicato stampa emesso dall'agenzia Fitch.

Unipol Gruppo S.p.A.

Unipol è uno dei principali gruppi assicurativi in Europa e leader in Italia nel Ramo Danni (in particolare nei settori Auto e Salute), con una raccolta complessiva pari a circa 14,0 miliardi di euro, di cui 8,2 miliardi nei Rami Danni e 5,8 miliardi nei Rami Vita (dati 2019). Unipol adotta una strategia di offerta integrata e copre l'intera gamma dei prodotti assicurativi e finanziari, operando principalmente attraverso la controllata UnipolSai Assicurazioni S.p.A.. Il Gruppo è attivo inoltre nell'assicurazione auto diretta (Linear Assicurazioni), nell'assicurazione trasporti ed aviazione (Siat), nella tutela della salute (UniSalute), nella previdenza integrativa e presidia il canale della bancassicurazione (Arca Vita, Arca Assicurazioni e Incontra). Gestisce inoltre significative attività diversificate nei settori del recupero crediti (UnipolRec), immobiliare, alberghiero (Gruppo UNA), medico-sanitario e agricolo (Tenute del Cerro). Unipol Gruppo S.p.A. è quotata alla Borsa Italiana.

UnipolSai Assicurazioni S.p.A.

UnipolSai Assicurazioni S.p.A. è la compagnia assicurativa del Gruppo Unipol, leader in Italia nei rami Danni, in particolare nei Auto e Salute. Attiva anche nei rami Vita, UnipolSai conta un portafoglio di oltre 10 milioni di clienti e occupa una posizione di preminenza nella graduatoria nazionale dei gruppi assicurativi per raccolta diretta pari a circa 14,0 miliardi di euro, di cui 8,2 nei Danni e 5,8 nel Vita (dati 2019). La compagnia opera attraverso la più grande rete agenziale d'Italia, forte di circa 2.500 agenzie assicurative distribuite sul territorio nazionale. UnipolSai è attiva inoltre nell'assicurazione auto diretta (Linear Assicurazioni), nell'assicurazione trasporti ed aviazione (Siat), nella tutela della salute (UniSalute), nella previdenza integrativa e presidia il canale della bancassicurazione (Arca Vita, Arca Assicurazioni e Incontra). Gestisce inoltre significative attività diversificate nei settori immobiliare, alberghiero (Gruppo UNA), medico-sanitario e agricolo (Tenute del Cerro). UnipolSai Assicurazioni è controllata da Unipol Gruppo S.p.A. e, al pari di quest'ultima, è quotata alla Borsa Italiana.

Unipol Gruppo

Media Relations
Fernando Vacarini
T. +39 051 5077705
pressoffice@unipol.it

Investor Relations
Adriano Donati
T. +39 051 5077933
investor.relations@unipol.it

Barabino & Partners

Massimiliano Parboni
T. +39 335 8304078
m.parboni@barabino.it

Giovanni Vantaggi
T. +39 328 8317379
g.vantaggi@barabino.it





RATING ACTION COMMENTARY

Fitch Downgrades UnipolSai's IFS to 'BBB' on Sovereign Downgrade; Outlook Stable

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Fitch Ratings - Frankfurt am Main - 07 May 2020: Fitch Ratings has downgraded Unipol Gruppo SpA's and UnipolSai Assicurazioni SpA's (Unipol's primary insurance subsidiary, together Unipol) Long-Term Issuer Default Ratings (IDR) to 'BBB-' from 'BBB'. Fitch has also downgraded UnipolSai's Insurer Financial Strength (IFS) Rating to 'BBB' (Good) from 'BBB+' (Good). The Outlooks are Stable. A full list of rating actions is at the end of this commentary.

KEY RATING DRIVERS

The rating actions follow the downgrade of Italy's sovereign rating to 'BBB-' from 'BBB' (see "Fitch Downgrades Italy to 'BBB-'; Outlook Stable", dated 28 April 2020, at www.fitchratings.com). Unipol's credit quality is highly linked to Italy's sovereign rating given the group's exposure to Italian sovereign debt. The Stable Outlook reflects that on Italy's sovereign rating.

Fitch views Unipol's exposure to Italian sovereign debt as high at 2.8x consolidated shareholders' equity at 1Q20. However, this was down from 4.0x at end-2018. Unipol's risky assets ratio (RAR), which measures the ratio of risky assets to capital, weakened to 2.3x consolidated shareholders' equity at end-2019 from 2.0x. Fitch considers a portion of an insurer's exposure to sovereign investments as risky assets. As a result of Italy's downgrade, this portion has increased to 50% from 30%, as per Fitch's insurance criteria.

Fitch has lowered Italy's score for "Industry Profile and Operating Environment" (IPOE) and, as a result, Unipol's assessment for "Business Profile", both defined under the agency's insurance criteria. This follows Italy's downgrade. The lowering of Italy's IPOE score reflects Italy's relatively higher economic and country risks. The "Business Profile" scoring is tethered to the IPOE score to reflect our assessment of country risk.

The ratings also reflect Fitch's current assessment of the impact of the coronavirus pandemic, including its economic impact, under a set of ratings assumptions described below. These assumptions were used by Fitch to develop pro-forma financial metrics for Unipol that Fitch compared with both ratings guidelines defined in its criteria, and relative to previously established Rating Sensitivities for Unipol.

Our pro-forma analysis did not result in a change in our overall assessment of Unipol's creditworthiness. This reflects Unipol's solid underlying insurance financial performance and strong and resilient capitalisation. Fitch considers Unipol's "Capitalisation and Leverage" strong as measured by Fitch's Prism Factor-Based Capital Model (Prism FBM). Prism FBM improved to 'Strong' based both on end-2019 figures as well as per Fitch's pro-forma assumptions compared with end-2018 ('Adequate'). Unipol's pro-forma Prism FBM score did not breach the prior downgrade sensitivity for this metric.

The company's financial leverage ratio (FLR) improved both based on reported numbers as of end-2019 (35%) as well as the pro-forma result (37%) compared with 2018 (39%).

Assumptions for Coronavirus Impact (Rating Case):

Fitch used the following key assumptions, which are designed to identify areas of vulnerability, in support of the pro-forma ratings analysis discussed above:

--Decline in key stock market indices by 35% relative to 1 January 2020.

--Increase in two-year cumulative high yield bond default rate to 13%, applied to current non-investment grade assets, as well as 12% of 'BBB' assets.

--Both upward and downward pressure on interest rates, with spreads widening (including high yield by 400bp) coupled with notable declines in government rates.

--Capital markets access is limited for issuers at senior debt levels of 'BBB' and below.

--A COVID-19 infection rate of 5% and a mortality rate (as a percentage of infected) of 1%.

--For the non-life and reinsurance sectors, a negative impact on the industry-level accident year loss ratio from COVID-19-related claims at 3.5pp, partially offset by a favorable impact from the auto line averaging 2.0pp.

RATING SENSITIVITIES

The ratings remain sensitive to any material change in Fitch's Rating Case assumptions with respect to the coronavirus pandemic. Periodic updates to our assumptions are possible given the rapid pace of changes in government actions in response to the pandemic, and the pace with which new information is available on the medical aspects of the outbreak. An indication of how ratings would be expected to be impacted under a set of Stress Case assumptions is included at the end of this section to help frame sensitivities to a severe downside scenario.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

--A material adverse change in Fitch's Ratings Assumptions with respect to the coronavirus impact.

--A one-notch downgrade of Italy's Long-Term Local-Currency IDR, which is likely to lead to a downgrade of Unipol's ratings by one to two notches.

--A decrease in Unipol's Prism FBM score below 'Strong' and the FLR weakening to above 40%.

Factors that could, individually or collectively, lead to positive rating action/upgrade:

--A material positive change in Fitch's Ratings Assumptions with respect to the coronavirus impact.

--Positive rating action would be prefaced by Fitch's ability to reliably forecast the impact of the coronavirus pandemic on the financial profile of both the Italian the insurance industry and Unipol.

--A substantial reduction in Unipol's exposure to Italian sovereign debt, which is likely to lead to an upgrade of Unipol's ratings.

--A one-notch upgrade of Italy's Long-Term Local-Currency IDR, which is likely to lead to a one-notch upgrade of Unipol's ratings.

Stress Case Sensitivity Analysis

--Fitch's Stress Case assumes a 60% stock market decline, two-year cumulative high yield bond default rate of 22%, high yield bond spreads widening by 600bp and more prolonged declines in government rates, heightened pressure on capital markets access, a COVID-19 infection rate of 15% and mortality rate of 0.75%, an adverse non-life industry-level loss ratio impact of 7pp for COVID-19 claims partially offset by a favorable 3pp for motor and a one notch lower sovereign rating.

--The implied rating impact under the Stress Case would be an additional downgrade of at least two notches.

BEST/WORST CASE RATING SCENARIO

International scale credit ratings of Financial Institutions issuers have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of three notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of four notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and

worst-case scenario credit ratings, visit <https://www.fitchratings.com/site/re/10111579>.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

ESG CONSIDERATIONS

The highest level of ESG credit relevance, if present, is a score of 3. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity(ies), either due to their nature or to the way in which they are being managed by the entity(ies). For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

RATING ACTIONS

ENTITY/DEBT	RATING		
UnipolSai Assicurazioni S.p.A.	LT IDR	BBB-	Downgrade
	Ins Fin Str	BBB	Downgrade
● subordinated	LT	BB	Downgrade
● senior unsecured	LT	BBB-	Downgrade
● subordinated	LT	BB+	Downgrade
Unipol Gruppo	LT	BBB-	Downgrade

[VIEW ADDITIONAL RATING DETAILS](#)

FITCH RATINGS ANALYSTS

Alberto Messina
Director

Primary Rating Analyst

+49 69 768076 234

Fitch Deutschland GmbH Neue Mainzer Strasse 46 - 50 Frankfurt am Main D-60311

Robert Mazzuoli, CFA

Director

Secondary Rating Analyst

+49 69 768076 167

Willem Loots, FIA

Senior Director

Committee Chairperson

+44 20 3530 1808

MEDIA CONTACTS

Athos Larkou

London

+44 20 3530 1549

athos.larkou@thefitchgroup.com

Additional information is available on www.fitchratings.com

APPLICABLE CRITERIA

[Insurance Rating Criteria \(pub. 02 Mar 2020\) \(including rating assumption sensitivity\)](#)

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Prism Factor-Based Capital Model, v1.7.1 ([1](#))

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Insurance Europe Italy

