



## COMUNICATO STAMPA

### **Rating Standard & Poor's: l'outlook passa da stabile a positivo**

Firenze, 20 settembre 2006 – In data odierna Standard & Poor's, riaffermando il rating BBB già assegnato al Gruppo FONDIARIA-SAI, ha migliorato il relativo "outlook", passato da stabile a positivo.

La revisione dell'"outlook", secondo quanto riportato da Standard & Poor's, riflette una strategia di investimento più prudentiale e una migliorata capitalizzazione, nonché la forte posizione competitiva sul mercato e la forte performance operativa del Gruppo.

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## Italy's FondiariA-SAI Outlook Revised To Positive On Better Financials; 'BBB' Rating Affirmed

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### Rationale

On Sept. 20, 2006, Standard & Poor's Ratings Services revised its outlook to positive from stable on Italian composite insurance group FondiariA-SAI SpA and its core entity Milano Assicurazioni SpA, reflecting more conservative financial management and improved capitalization. In addition, the 'BBB' counterparty credit and insurer financial strength ratings on the two companies were affirmed.

The ratings are also supported by the group's strong competitive position and operating performance. These positive rating factors are partially offset by the concentration of premiums and earnings in the motor insurance business and still relatively high concentration of the equity portfolio in a few strategic lines.

FondiariA-SAI, which had gross premiums written of about €9.5 billion at Dec. 31, 2005, is No. 2 in the Italian property/casualty (P/C) sector, deriving mainly from undisputed leadership in the motor insurance segment.

Major rating factors:

- More conservative financial management. FondiariA-SAI's management continues to pursue a more prudent investment strategy than in the past, is gradually moving toward a more value-based management style, and is taking a more cautious approach to M&A—to be confirmed with future acquisitions, however.
- Improved capitalization. The group's strong earnings, coupled with reduced concentration of strategic equity holdings, have solidified the capital base. Quality of capital has also improved, with hard capital gradually replacing soft elements over the past year to now constitute a greater share of capital components.
- Strong competitive position. FondiariA-SAI's No. 2 position in P/C in Italy derives mainly from leadership in the motor segment, where critical mass provides the group with a sharp competitive edge in cost efficiency. In-depth knowledge of the motor market, well-recognized brands, and large customer base—9 million—also represent big competitive advantages.
- Strong operating performance. FondiariA-SAI's earnings are strong overall, underpinned by resiliently very strong P/C underwriting results, with a combined ratio of 92.2% in 2005 (versus 92.5% in 2004). The group is very cost efficient, with an expense ratio of 21.3%. The contribution from life insurance remains marginal, due to an aggressive growth policy. Quality of earnings is slightly weakened by the concentration risk in the motor business, which accounted for 64% of the group's underwriting results in 2005.

## Outlook

The positive outlook reflects the possibility of an upgrade if FondiariA-SAI continues its more cautious strategy regarding financial investment and M&A, and maintains capitalization in line with the rating. The outlook could be revised back to stable, however, if the group more than slightly reduces its capitalization.

## Ratings List

	To	From
FondiariA-SAI SpA		
Milano Assicurazioni SpA		
Counterparty credit rating	BBB/Positive/—	BBB/Stable/—
Insurer financial strength rating		
	BBB/Positive	BBB/Stable
SAInternational S.A.		
Senior unsecured debt rating*	BBB-	BBB-

\*Guaranteed by FondiariA-SAI SpA

Complete ratings information is available to subscribers of RatingsDirect, Standard & Poor's Web-based credit analysis system, at [www.ratingsdirect.com](http://www.ratingsdirect.com). All ratings affected by this rating action can be found on Standard & Poor's public Web site at [www.standardandpoors.com](http://www.standardandpoors.com); under Credit Ratings in the left navigation area, select Find a Rating, then Credit Ratings Search.

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