

SIAT - Societa Italiana Assicurazioni e Riassicurazioni - per Azioni

Key Rating Drivers

Very Important Subsidiary: Fitch Ratings views SIAT – Societa Italiana Assicurazioni e Riassicurazioni – per Azioni’s strategic importance to its owner, UnipolSai Assicurazioni S.p.A. (Insurer Financial Strength (IFS): A-/Positive), as ‘Very Important’ under its group rating methodology. This reflects SIAT’s high synergies with Unipol group, financial results that are generally in line with the group’s expectations and our view that a divestiture over the rating horizon is highly unlikely.

UnipolSai provides control functions, asset management and procurement services to SIAT. In turn, SIAT provides UnipolSai with technical and operational services in the marine business, given its role as the hub of competence for marine insurance within UnipolSai group.

Small Marine Insurer: Fitch views SIAT’s business profile as ‘Less Favourable’ than that of other Italian insurers. SIAT is a small insurer with gross written premiums (GWP) of EUR193 million in 2023 and shareholders’ equity of EUR69 million. Combined with its niche strategy, this makes SIAT susceptible to external shocks. It operates as the second-largest marine insurer in Italy in a highly competitive environment.

Very Strong Capitalisation, No Leverage: The insurer has a very strong capital base, as reflected in an unchanged score of ‘Extremely Strong’ on Fitch’s Prism Global model at end-2023. SIAT’s regulatory Solvency II (S2) ratio, calculated according to the standard formula, was also very strong at 168% at end-2023, little changed from end-2022. SIAT has no financial debt, which Fitch views as credit positive. We expect SIAT to maintain very strong capitalisation.

Extensive Reinsurance Coverage: SIAT’s reinsurance utilisation ratio is high. Net written premiums/GWPs were 28% in 2023, little changed from 30% in 2022. Fitch believes SIAT’s high usage of reinsurance is commensurate with the risks the company assumes and stabilises financial results. Counterparty credit risk is mitigated by all SIAT’s reinsurers being rated in the ‘A’ category or above. SIAT’s reinsurance programme, to which Fitch does not expect material changes in 2024, supports the company’s rating.

Strong Underwriting Performance: Fitch views SIAT’s underlying financial performance as strong, with a five-year (2019-2023) average return on equity of 5.6% (2023: 8.9%) and a five-year average combined ratio of 91.5% (2023: 86.6%). However, SIAT’s net profit can be volatile, given the nature of the marine business. The company reported a net profit of EUR6.3 million in 2023, supported by strong underwriting and wide reinsurance cover.

Low Investment Risk: We consider SIAT’s investment policy to be prudent. Commensurate with its short-tail business, SIAT holds a highly liquid investment portfolio that mainly consists of fixed-income securities. Investment risk, as measured by the risky-assets/equity ratio, is low.

However, SIAT’s exposure to Italian asset risk affects the quality of its investment portfolio. SIAT held EUR77 million of Italian sovereign bonds at end-2023 (end-2022: EUR64 million), corresponding to 1.1x (0.9x) shareholders’ equity. This caps SIAT’s score in Investment and Liquidity Risk under Fitch’s *Insurance Rating Criteria* at ‘bbb’.

Ratings

SIAT - Societa Italiana Assicurazioni e Riassicurazioni - per Azioni	
Insurer Financial Strength	A-

Outlook

Insurer Financial Strength	Stable
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Financial Data

SIAT – Societa Italiana Assicurazioni e Riassicurazioni – per Azioni		
(EURm)	End-2023	End-2022
Total assets	483.7	428.7
Total equity and reserves	69.3	66.8
Total gross written premiums	192.5	173.0
Net income	6.3	4.9
Solvency II (%)	168	169

Note: Reported under Italian GAAPs.
Source: Fitch Ratings, SIAT

Applicable Criteria

[Insurance Rating Criteria \(March 2024\)](#)

Related Research

[Italian Insurance Dashboard: 1H24 Results \(October 2024\)](#)

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Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- Downward revision of SIAT's standalone credit quality due, for example, to a weakening in its business profile.
- A downgrade of UnipolSai's IFS Rating.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- Upgrade of UnipolSai's IFS Rating and an upward revision of SIAT's standalone credit quality.

Insurance Navigator
EMEA Non-Life[illegible]

Other Drivers & Criteria Elements				
Provisional Insurer Financial Strength Rating				BBB
Non-Insurance Attributes	Positive	Neutral	Negative	+0
Ownership / Group Support	Positive	Neutral	Negative	+2
Transfer & Convertibility / Country Ceiling	Yes	No	AA	+0
Insurer Financial Strength Rating				Final: A-
IFS Recovery Assumption	Good			-1
Issuer Default Rating (IDR)				Final: n.a.

Bar Chart Legend:

Vertical Bars = Range of Factor

Bar Colors = Relative Importance

- High Influence
- Moderate Influence
- Lower Influence

Bar Arrows = Factor Outlook

- Positive
- Negative
- Evolving
- Stable

Company Profile

Niche Focus and Small Size Limit Rating

Fitch considers SIAT's business profile as 'Less Favourable'. SIAT reported GWP of EUR193 million and shareholders' equity of EUR69 million in 2023. Its small size and limited product diversification leave the company susceptible to external shocks. SIAT is the second-largest marine insurer in Italy in a competitive business environment. SIAT's main clients are Italian and international, industrial and commercial groups dealing with raw materials, semi-processed or finished products transported by sea, air, truck and rail.

SIAT is a specialised insurance company for hull (representing 64% of premiums in 2023) and cargo insurance (about 35%), commanding a leading market position second only to Swiss Reinsurance Company Ltd (IFS: A+/Positive) in hull and Assicurazioni Generali S.p.A. (IFS: A+/Stable) in cargo. SIAT maintains a separate brand due to its strong franchise in hull and cargo insurance, which is also mirrored by its membership in the International Union of Marine Insurers. Within the UnipolSai group, SIAT is the clear centre of competence for marine insurance.

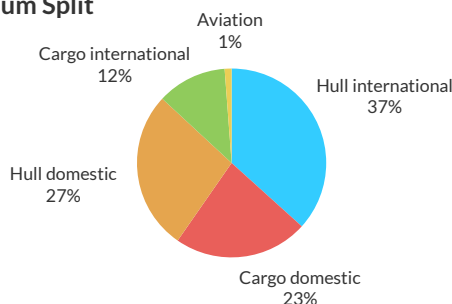
The company expanded into aviation insurance in 2017 to diversify its business mix and to support its core business thanks to cross-selling. In 2023, the contribution to total written premiums remained small at EUR2.3 million. Fitch views these diversification efforts as moderately credit positive.

Company Profile Scoring

Business profile assessment	Neutral
Business profile sub-factor score	bb
Corporate governance assessment	Neutral
Corporate governance impact (notches)	0
Company profile factor score	bb

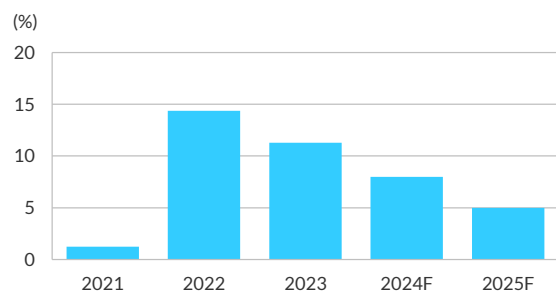
Source: Fitch Ratings

Premium Split 2023



Source: Fitch Ratings, company data

Change in Gross Written Premiums

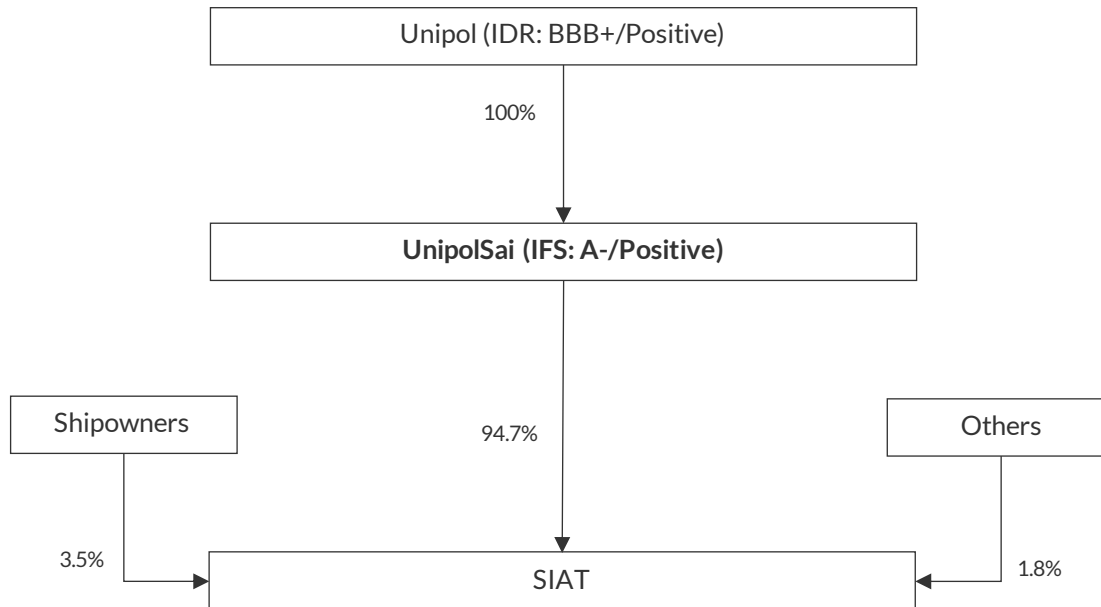


Source: Fitch Ratings, SIAT

Ownership

SIAT was acquired by Unipol in 2012 as part of Fondiaria-Sai S.p.A. It is 94.7% owned by UnipolSai, the main insurance operating entity of Unipol Group. UnipolSai provides control functions, asset management and procurement services to SIAT. SIAT provides UnipolSai with technical and operational services in the marine business. UnipolSai cedes premiums to SIAT. The treaty is proportional and renewed on an annual basis. Fitch considers SIAT to be strategically 'Very Important' to UnipolSai under its group rating methodology.

Ownership Structure Diagram



Source: Fitch Ratings, Unipol

Capitalisation and Leverage

Very Strong Capitalisation, No Financial Leverage

SIAT's capitalisation level was 'Extremely Strong' as measured by Fitch's Prism model at end-2023 (unchanged). Its non-life marine, aviation and transport insurance risks are the biggest drivers of risk capital under the model. This is influenced by the concentrated exposure to marine business, which accounts for about 99% of total non-life written premiums. SIAT's quality of capital is high and compares favourably with most of SIAT's Italian and other European peers.

Fitch considers SIAT's regulatory S2 ratio, calculated according to the standard formula, to be very strong at 168% at end-2023 (end-2022: 169%). SIAT meets its funding needs exclusively through its parent UnipolSai. As a non-listed company, the company's access to capital markets is limited. Fitch believes UnipolSai would be willing to support SIAT, if needed. The company holds no debt and there are no plans to change that position, so it does not need to cover any interest expenses. Fitch views this as credit positive.

Financial Highlights

(x)	End-2023	End-2022
Net leverage	2.1	2,1
Gross leverage	7.0	6.6
Regulatory capital ratio (%)	168	169

Note: Reported on a yearly basis.

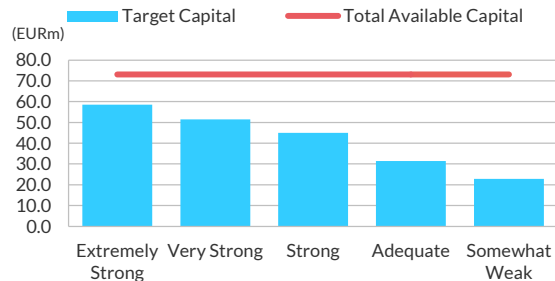
Source: Fitch Ratings, SIAT

Fitch's Expectations

- SIAT to maintain very strong capitalisation, as measured by both Prism and S2.

Capitalisation Adequacy

PRISM Global



Source: Fitch Ratings

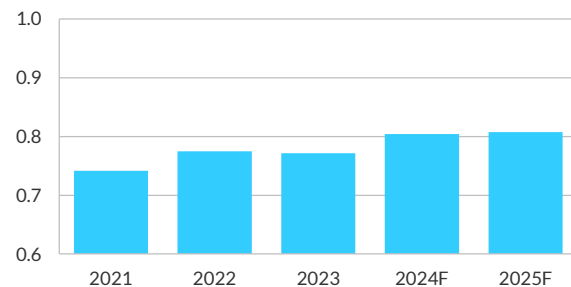
Financial Highlights

	2023	2022
Prism score	Extremely Strong	Extremely Strong
Prism total AC (EURm)	73.0	70.3
Prism AC/TC at Prism score (%)	125	128
Prism AC/TC at higher Prism score (%)	n.a.	n.a.

AC – Available capital. TC – Target capital

Source: Fitch Ratings

Net Written Premium to Capital



Source: Fitch Ratings, SIAT

Financial Performance and Earnings

Strong Profitability, but Volatile Net Income

Fitch views SIAT's underlying financial performance as strong, with a five-year average return on equity of 5.6% (2023: 8.9%) and a combined ratio of 91.5% (2023: 86.6%). SIAT reported a profit of EUR6.3 million in 2023 as a result of sound underwriting and portfolio pruning in hull, in particular, performed in 2020-2022. However, the company's net profit can be volatile given the nature of the business, as seen in the most recent soft market phase in 2018 and 2019. The volatility is mitigated by SIAT's comprehensive reinsurance programme.

Investment income is less relevant for SIAT given the short-term nature of its business and a duration of the company's investment portfolio of two years at end-2023. In 2023, the net financial result dropped to EUR2.7 million (2022: EUR2.9 million) due to higher interest expenses for reinsurance deposits.

Financial Highlights

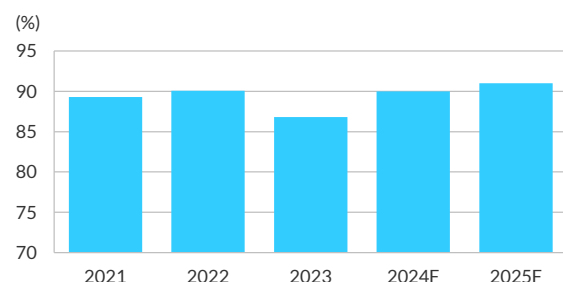
(%)	End-2023	End-2022
Net income return on equity	8.9	7.2
Pre-tax operating profit return on equity	14.0	14.3
Net combined ratio	86.6	90.5
Operating ratio	80.1	81.5

Source: Fitch Ratings

Fitch's Expectations

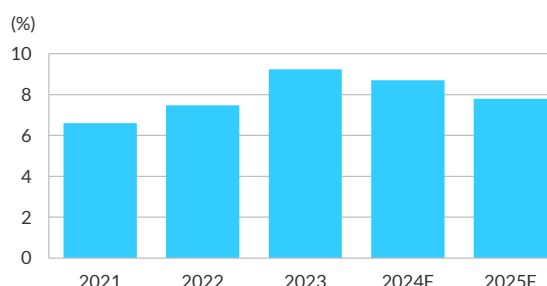
- SIAT's profitability to remain strong.

Combined Ratio



Source: Fitch Ratings, SIAT

Return on Equity



Source: Fitch Ratings, SIAT

Investment and Asset Risk

Low Asset Risk

SIAT holds a very liquid investment portfolio with hardly any exposure to risky assets, such as equities or non-investment-grade bonds. Fitch considers SIAT's investment policy as prudent. Commensurate with its short-tail business, SIAT holds a highly liquid investment portfolio mainly consisting of fixed-income securities. Investment risk, as measured by the risky-assets/equity ratio, is very low. SIAT's headquarters in Genoa is the main element of the real estate portfolio.

However, the quality of SIAT's asset allocation is affected by its exposure to sovereign debt issued by Italy, which was EUR77 million at end-2023 (1.1x total shareholders' equity), up from EUR64 million at end-2022 (0.9x). The increase was due to SIAT's intention to opportunistically benefit from higher coupons on Italian government bonds compared to those issued by other major EU countries.

SIAT is exposed to foreign-exchange risk as about 22% of its investment portfolio is denominated in US dollars. It hedges its balance-sheet, FX risk by adequately matching its assets with liabilities denominated in the respective currencies.

Financial Highlights

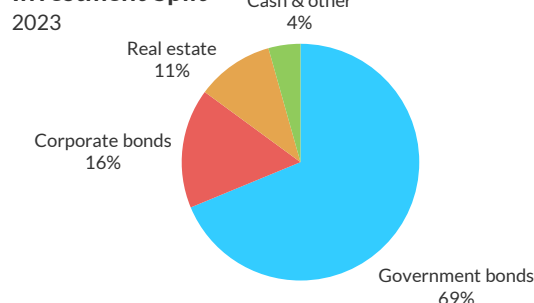
(%)	End-2023	End-2022
Risky-assets/capital (total)	34	29
Non-investment-grade bonds/capital (total)	1	1
Sovereign investments/capital	107	92
Total liquid assets/non-life loss reserves	170	162

Source: Fitch Ratings, SIAT

Fitch's Expectations

- SIAT to maintain a conservative investment policy and a very liquid asset portfolio to meet its short-term obligations.

Investment Split



Source: Fitch Ratings, SIAT

Reserve Adequacy

Adequate Reserving Practice

Fitch views SIAT's reserves adequacy as strong. The ratio of consolidated technical reserves/premiums was 189% at end-2023, a level that we view as prudent given SIAT's business mix.

SIAT's loss triangles have been positive for the past five years and Fitch expects this to continue in 2024. Provision for unexpired risks is set up using a percentage of gross and ceded premiums, based on the current year's loss ratio, and is set aside by SIAT every year as claims reserved in addition to the unearned premium reserve. This calculation is applied in accordance with Italian regulatory requirements.

Financial Highlights

(%)	End-2023	End-2022
Reserve development/prior-year capital	-2.8	-0.4
Reserve development/prior-year loss reserve	-3.0	-0.4
Net technical reserves/net written premiums	189	178
Net loss reserves/incurred losses (x)	2.0	1.7

Source: Fitch Ratings, SIAT

Reinsurance, Risk Mitigation and Catastrophe Risk

Extensive Reinsurance Coverage

SIAT's reinsurance utilisation ratio is high (72% in 2023). Fitch considers the company's extensive use of reinsurance to be credit positive as it mitigates earnings volatility. SIAT is exposed to natural catastrophe and man-made losses that can affect both severity and frequency of claims. The company cedes its premiums to high-quality reinsurers, 98% of which are rated in the 'A' category or higher.

The insurer makes constant use of proportional reinsurance, which is complemented with an excess-of-loss programme designed to protect earnings and capital against peak losses or accumulation of different losses. SIAT cedes part of its aviation premiums to UnipolSai through an internal proportional quota-share arrangement.

Financial Highlights

(%)	End-2023	End-2022
Reinsurance recoverables/capital	296	282
Net written premiums/gross written premiums	28	30

Source: Fitch Ratings, SIAT

Appendix A: Peer Analysis

Peer Comparison

Click [here](#) for a report that shows a comparative peer analysis of key credit factor scoring.

Appendix B: Industry Profile and Operating Environment

Industry Profile and Operating Environment

Click [here](#) for a link to a report that summarises the main factors driving the above IPOE score.

Appendix C: Other Rating Considerations

Below is a summary of additional ratings considerations that are part of Fitch’s *Insurance Ratings Criteria*.

Group Insurance Financial Strength (IFS) Rating Approach

SIAT is the 94.69%-owned marine insurer of the UnipolSai group. Fitch deems this subsidiary as ‘Very Important’ to UnipolSai.

Notching

For notching purposes, Fitch assesses the Italian regulatory environment as being ‘Effective’ and classified it following a group solvency approach.

Notching Summary

IFS ratings
A baseline recovery assumption of ‘Good’ applies to the IFS rating, and standard notching was used from the IFS anchor rating to the implied operating company IDR.
Operating company debt
Not applicable.
Holding company IDR
Not applicable.
Holding company debt
Not applicable.
Hybrids
Not applicable.
IFS – Insurer Financial Strength. IDR – Issuer Default Rating Source: Fitch Ratings

Short-Term Ratings

Not applicable.

Hybrid - Equity/Debt Treatment

Not applicable.

Recovery Analysis and Recovery Ratings

Not applicable.

Recovery Ratings

Not applicable.

Transfer and Convertibility Risk (Country Ceiling)

None.

Criteria Variations

None.

About Fitch Forecasts

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Appendix D: Environmental, Social and Governance Considerations

FitchRatings

SIAT

Insurance Ratings Navigator
EMEA Non-Life

Credit-Relevant ESG Derivation

SIAT has 7 ESG potential rating drivers

- SIAT has exposure to underwriting/reserving exposed to environmental and natural catastrophe risks; impact of catastrophes on own operations or asset quality; credit concentrations but this has very low impact on the rating.
- SIAT has exposure to compliance risk; treating customers fairly; pricing transparency; privacy/data security; legal/regulatory fines; exposure to insured and own cyber risk but this has very low impact on the rating.
- SIAT has exposure to social responsibility and its effect on brand strength; increased vulnerability due to credit concentrations but this has very low impact on the rating.
- Governance is minimally relevant to the rating and is not currently a driver.

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Overall ESG Scale			
key driver	0	issues	5
driver	0	issues	4
potential driver	7	issues	3
not a rating driver	2	issues	2
	5	issues	1

Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference	E Scale
GHG Emissions & Air Quality	1	n.a.	n.a.	5
Energy Management	1	n.a.	n.a.	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	2	Underwriting/reserving exposed to asbestos/hazardous materials risks	Capitalization & Leverage; Financial Performance & Earnings; Reserve Adequacy; Reinsurance, Risk Mitigation & Catastrophe Risk	2
Exposure to Environmental Impacts	3	Underwriting/reserving exposed to environmental and natural catastrophe risks; impact of catastrophes on own operations or asset quality; credit concentrations	Capitalization & Leverage; Financial Performance & Earnings; Reserve Adequacy; Reinsurance, Risk Mitigation & Catastrophe Risk; Investment & Asset Risk	1

How to Read This Page

ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

The **Environmental (E), Social (S) and Governance (G)** tables break out the individual components of the scale. The right-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The **Credit-Relevant ESG Derivation** table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies some of the main ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI) and the Sustainability Accounting Standards Board (SASB).

Sector references in the scale definitions below refer to Sector as displayed in the Sector Details box on page 1 of the navigator.

Social (S)

General Issues	S Score	Sector-Specific Issues	Reference	S Scale
Human Rights, Community Relations, Access & Affordability	1	n.a.	n.a.	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risk; treating customers fairly; pricing transparency; privacy/data security; legal/regulatory fines; exposure to insured and own cyber risk	Industry Profile & Operating Environment; Company Profile; Reserve Adequacy	4
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Company Profile	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	3	Social responsibility and its effect on brand strength; increased vulnerability due to credit concentrations	Company Profile; Investment & Asset Risk; Financial Performance & Earnings; Reinsurance, Risk Mitigation & Catastrophe Risk	1

Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference	G Scale
Management Strategy	3	Operational implementation of strategy	Company Profile	5
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal/compliance risks; business continuity; key person risk; related party transactions	Company Profile	4
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Company Profile; Ownership	3
Financial Transparency	3	Quality and timing of financial reporting and auditing processes	Company Profile	2
				1

CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

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