

Rating Action: Moody's Ratings changes outlook on Unipol Assicurazioni S.p.A. to positive from stable

27 May 2025

Paris, May 27, 2025 – Moody's Ratings (Moody's) has today announced that it has affirmed Unipol Assicurazioni S.p.A. (Unipol)'s Baa2 insurance financial strength rating (IFSR) and changed the outlook to positive from stable.

At the same time, we affirmed the Baa3 long-term issuer and senior unsecured debt ratings, the (P)Baa3 senior unsecured MTN program rating, the Ba1(hyb) subordinated debt ratings and the Ba2(hyb) pref stock rating of Unipol, as well as the (P)Baa3 senior unsecured MTN and (P)Ba1 subordinate MTN program ratings of UnipolSai Assicurazioni S.p.A.. The outlook on this entity was also changed to positive from stable.

RATINGS RATIONALE

The change in outlook to positive from stable follows our change in outlook on the Government of Italy (Baa3) to positive from stable. For further information on the sovereign rating action, please refer to our press release dated 23 May 2025 (<https://ratings.moody's.com/ratings-news/443689>).

Unipol's credit profile is partially constrained by the Italian sovereign rating because of the group's concentration of assets and liabilities in Italy, which impacts the group's asset quality, capitalization and financial flexibility. An improvement in the Italian sovereign credit quality therefore has a positive impact on Unipol's credit quality.

Unipol's exposure to Italian government bonds slightly reduced in 2024, representing 30% of its investments and 181% of its shareholders' equity as of YE2024.

We currently rate Unipol's insurance financial strength one notch above the Italian sovereign rating, to reflect the group's strong business profile, characterized by its leading position in the Italian non-life market, strong control of its distribution thanks to its tied agent network, and a relatively low product risk thanks to a focus on retail business and a low average guaranteed rate in the life segment. Other strengths of the group include a good profitability (RoC of 7.7% in 2024) and a very good capitalisation, as evidenced by a consolidated Solvency II ratio of 212% at the end of December 2024.

In addition, following the merger of the group's top holding company and its main operating company, Unipol announced its intention not to replace outstanding senior bonds. €1 billion of senior debt matured in March 2025 and another €1.5 billion will mature between 2027 and 2030. This will further reduce the group's financial leverage which stood at 27% as of year-end 2024, and that we estimate at around 21% following the March redemption on a proforma basis.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

The ratings of Unipol could be upgraded (1) in case of improvement in Italy's credit quality, as evidenced by an upgrade of the sovereign rating, or (2) if Unipol continued to strengthen its resilience to Italian assets, for example through consistently higher Solvency II ratios.

Conversely, the ratings could be downgraded in case of a deterioration in the credit quality of Italy, as evidenced by a downgrade of Italy's sovereign rating. Downward pressure could also result from (1) a significant weakening of the group's market position, (2) a materially and sustained lower earnings, in particular if this should be driven by lower property and casualty underwriting performance and (3) lower capital adequacy.

PRINCIPAL METHODOLOGY

The methodologies used in these ratings were Life Insurers published in April 2024 and available at <https://ratings.moodys.com/rmc-documents/418351>, and Property and Casualty Insurers published in April 2024 and available at <https://ratings.moodys.com/rmc-documents/418354>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of these methodologies.

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