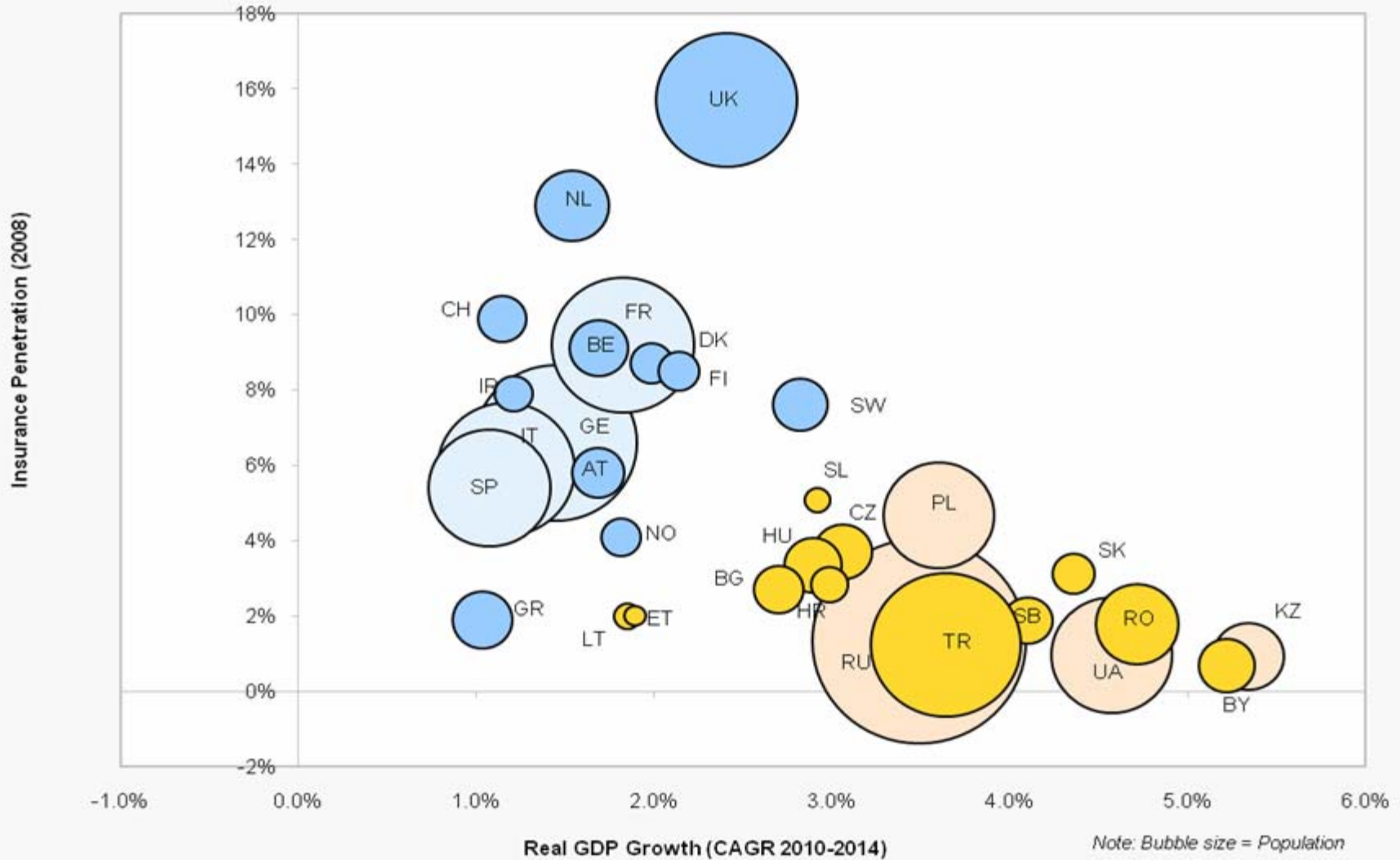


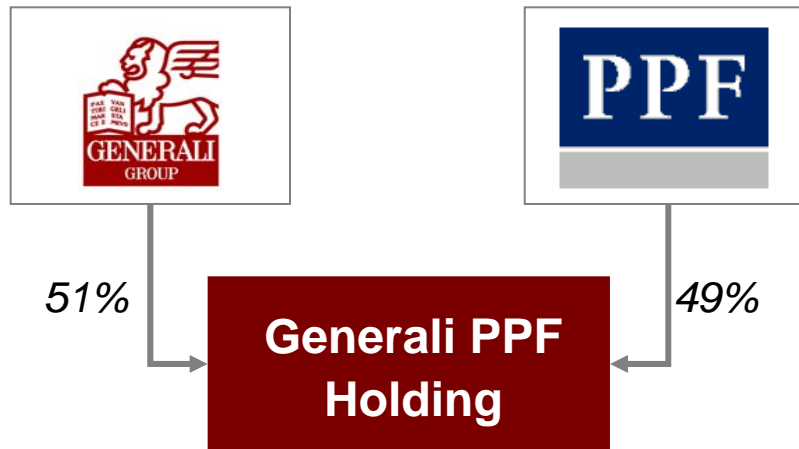
**Generali Group:
Observations on the CEE insurance
markets and EU harmonization**



23.April 2010

Market opportunities on a heterogeneous territory



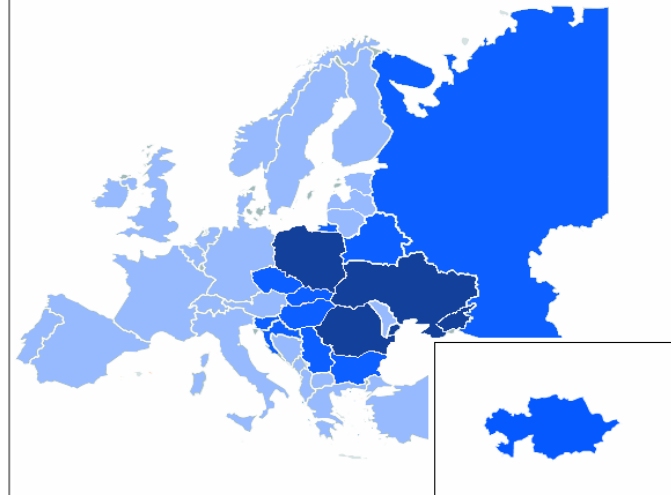


Profitable growth

- Best-in-class technical and commercial capabilities; scale effect & cost synergies; Generali Group core competencies
- Acceleration of expansion in high-potential markets
- Enhanced managerial pool to accelerate our joint developments
- Leverage on diversification of sales channels
- Centrally organized strategic functions: reinsurance, asset management, risk management
- Competence centers for know-how sharing

Present in 14 countries

- 1st in Czech Republic with GWP 2,132 m EUR
- 2^o in Hungary with GWP 470 m EUR
- 3^o in Slovakia with GWP 315 m EUR and
- 3^o in Serbia with GWP 105 m EUR
- 4^o in Romania with GWP 120 m EUR



	2009	2008	growth*
GWP	3.876	4.131	1,40%
NL	2.204	2.385	-1,00%
L	1.672	1.746	4,70%
NCoR	84,60%	87,90%	+3,3 % pts.
NBV	62	57	+7,5%
Operating result	633	575	+10,1%
NL	336	450	-25,3%
L	297	125	+137,6%

Generali aims for 2010-2012

- to become the #1 in the CEE region by building a large and diversified footprint in the region with a focus on selected key markets and with good performance
- to build businesses with a broad range of products and services
- to invest in growth and market share while maintaining an overall solid financial performance

* Like for like

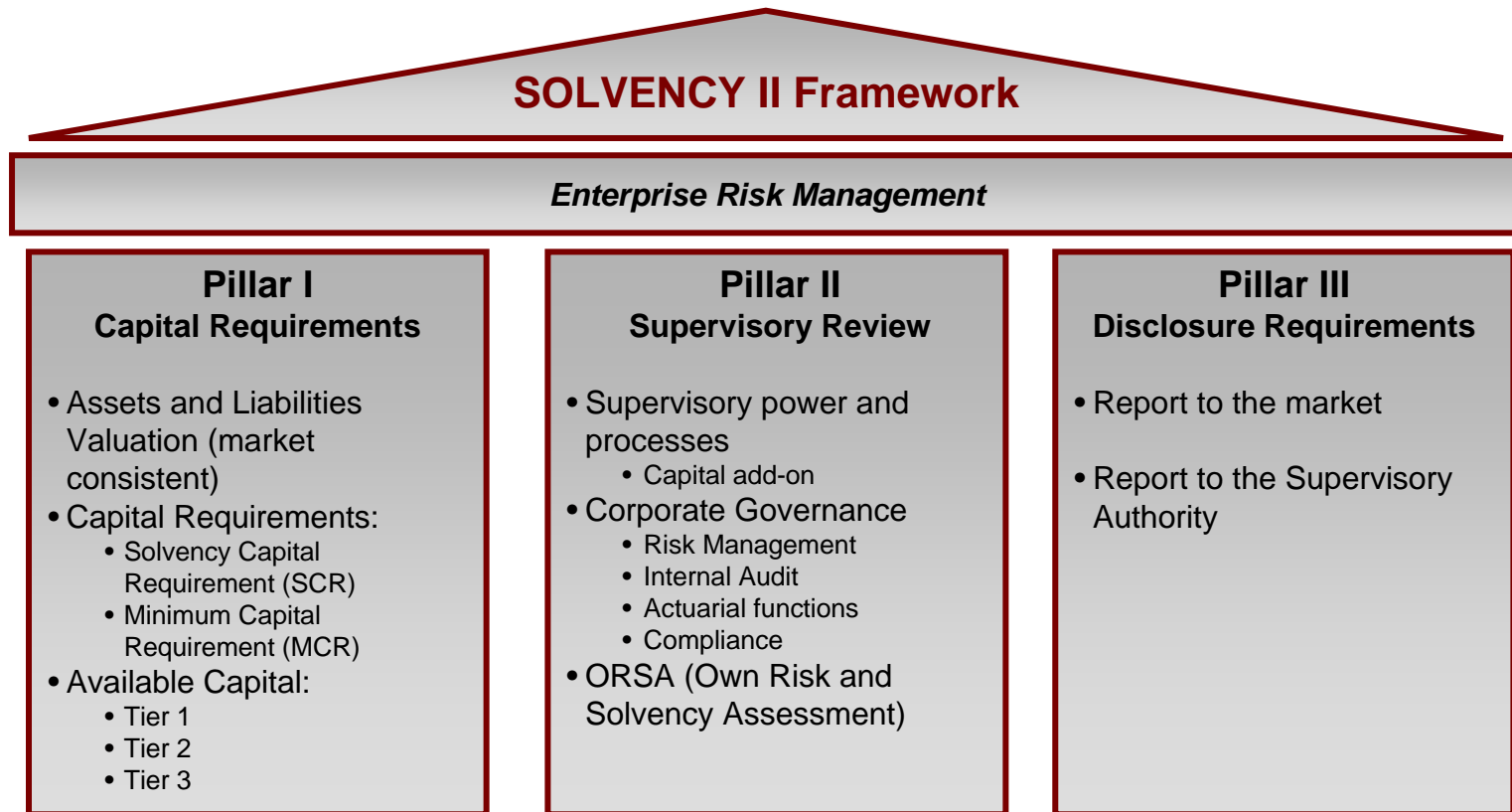
CEE insurance market is still quite decentralized with strong local regulator's role.

EU works towards the unification of insurance market in light of freedom of services.

The European Parliament and the European Council have in the past issued several "insurance" EU directives - life, non-life, MTPL and other insurance topics such as insurance accounting. Since the legal frame is evolving, the EP and EC have at the end of 2009 adopted Solvency II, which is soon going to influence the whole insurance market in the EU.

Solvency II framework represent a structural challenge for the insurance industry but also for supervisory bodies.

An economic, risk-based approach to solvency



The financial crisis has led CEIOPS to an overreaction in the submission of its Advice to the Commission in terms of Second Level Implementing Measures. In particular, the industry has criticized CEIOPS position as very much penalising the sector. The European Commission is now looking for a compromise between QIS 4, CEIOPS's proposals and the industry's counterproposals.

Solvency II. – Complex framework with significant challenges

- Require insurers to understand the nature of their risk exposure and hold sufficient capital – might result in significantly higher requirements compared to internal models
- Focuses on companies' internal control and risk management processes – might imply organizational changes,
- Deals with market transparency and discipline in the insurance industry. Designated to harmonize reporting to supervisors and goes beyond the notion of financial reporting rules – possible IT architecture change, more frequent and disclosures

Besides Solvency II other relevant reporting frameworks (IFRS 4 and MCEV) concentrates on market valuation and risk-based approach affecting the reporting of insurance companies within the EU.

Transition from project mode to operational mode can be costly and time consuming. Taking steps to anticipate a smooth transition is key success factor



EU legislation usually does not substitute the national legislation, but encourages the national legislators to adopt appropriate measures on a national level.

Only as a subsidiary measure, in case the transposition on national level is not done on time or at all, a direct effect of the EU Directive will apply.

Also outside the EU there is constant progress in the Region's regulatory and supervisory framework

- Enabling regulation and supervision is a pre-condition for well-functioning insurance markets, thus attracting investment by significant international players
- Over-regulated systems however might become an obstacle to the development of the insurance industry: “good rules (and supervision) not too many rules!”
- Recent positive regulatory changes in the CEE region include:
 - ✓ reasonable minimum capital requirements
 - ✓ establishment of a registry of certified actuaries
 - ✓ compliance of the insurance legislation with the EU Insurance Directives
 - ✓ alignment of financial reporting with international standards

Premise: Insurance development fosters growth and makes economies more resilient by mobilizing long term capital, investing it prudently, and helping individuals and firms protect against future, uncertain events, old age, income needs

What can Institutions and Government do to help:

- Promote an enabling local framework (regulatory, legal, fiscal, ...) allowing asset gathering through insurance companies to the benefit of economic development
- Promote Life insurance and private pension products, still underdeveloped, through tax incentives to individuals and firms: the assets collected can represent a source for investments in areas of public interest, large companies, infrastructures
- Promote transparency, financial education, information gathering and distribution
- Promote Pension reforms as a key factor: population ageing forces countries to take decisions on pension systems. Insurance companies can play a significant role but for this clear rules of the game are necessary as well as the issuance of long term benchmark securities and inflation-indexed instruments to allow hedging

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