Informazione Regolamentata n. 0479-114-2020	Data/Ora Ricezione 01 Giugno 2020 07:32:23	MTA

Societa'	:	CATTOLICA ASSICURAZIONI
Identificativo Informazione Regolamentata	:	133297
Nome utilizzatore	:	CATTOLICAN03 - Pantarrotas
Tipologia	:	3.1
Data/Ora Ricezione	:	01 Giugno 2020 07:32:23
Data/Ora Inizio Diffusione presunta	:	01 Giugno 2020 07:32:24
Oggetto	:	Press release

Testo del comunicato

Vedi allegato.

PRESS RELEASE

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Verona, 1 June 2020. Cattolica Assicurazioni informs that on 27 May 2020 a letter was sent by the Insurance Supervisory Authority (hereinafter "IVASS") addressed to the Chairman of the Board of Directors and to the Chairman of the Company's Management Control Committee, with regard to the trend of the Cattolica Group's solvency situation.

The letter examines the weekly monitoring of the Solvency Ratio in relation to the Cattolica Group and to the individual Group's companies, which IVASS began to request starting from mid-March 2020; in particular, the results of 8 and 15 May are mentioned. These figures represent a pro-forma estimate of the Solvency Ratio obtained starting from the last quarterly final data through the use of updated financial market data.

The letter highlights the weakened solvency position of the Group, of the Parent Company and of some subsidiaries as a consequence of the deterioration of the financial markets following the spread of the COVID-19 pandemic which caused, as is known, the widening of the spreads (in particular on Italian securities), the further drop in risk-free rates and a marked drop in the equity markets. In particular, the letter highlights that two Life subsidiaries, BCC Vita and Vera Vita, presented an estimate of Solvency Ratio lower than the regulatory minimum, the first of which below the minimum level of the MCR ("Minimum Capital Requirement"). In addition, it is reported that the Solvency Ratios of the Group, of the Parent Company and of two other Non-Life subsidiaries, while still remaining above the regulatory minimums, reported values below the internal thresholds of the Risk Appetite Framework. In this regard, IVASS believes that these thresholds should be calibrated using severe stress tests to take into account the high volatility of some financial variables as well as other risk factors. The document also draws attention to the asset allocation of the Group and of some subsidiaries, highlighting the exposure to lower quality bonds (securities with BBB- or lower ratings or unrated).

Following these considerations, the Supervisory Authority points out the need for capital measures that are expected to be pursued through the full use of the proxy proposed in approval at the next Extraordinary General Meeting on June 26 and 27, equal to a capital increase of €500 million to be carried out by early autumn.

A Group-level plan is also requested by the end of July to describe the actions taken with reference also to the subsidiaries, in particular regarding the monitoring of the solvency and liquidity position, with particular emphasis on the premium income trend and the settlement of redemptions and claims, as well as an analysis of the choice of the Risk Appetite Framework limits. Additions and extensions will also have to be introduced in the analysis and in the measures of the so-called "reinforced emergency plan". Finally, IVASS asks the Board of Directors of Cattolica to suspend the payment of the variable component of the remuneration in favour of the Company's representatives.

The note sent by IVASS was promptly submitted to the examination of the Board of Directors, which met yesterday, 31 May 2020, under the chairmanship of Paolo Bedoni. The Board - which had already in several previous meetings examined the impacts of market volatility and financial indices following the global crisis caused by the COVID-19 pandemic - duly took note of the indications. Therefore, the Board instructed the management to prepare a plan within the required time, in order to strengthen the Group's solvency position.

The Board of Directors of Cattolica Assicurazioni has always pursued, and will always pursue, capital strength for the protection and for the benefit of policyholders both of the Company itself and of its subsidiaries. Even under such circumstances, the Company intends to highlight the following facts:

- The issues concerning the capital position had already been discussed in the Parent Company's Board of Directors. During the Board meeting of May 22, some measures were illustrated aimed at strengthening the Group's capital position. In particular, the possibility of making a capital increase of €200m while concurrently issuing a similar amount of Tier 1 subordinated debt (with a simultaneous recall of part of a Tier 2 security) was described; these actions, combined with some minor ones (including the increase in catastrophic reinsurance coverage), would have led to the achievement of adequate capitalisation, allowing to finalise the M&A activities planned by the end of 2021. The Board of Directors had requested the management to analyse the feasibility and timing of these measures.
- Capital strengthening measures had already been taken for BCC Vita, which had the most critical solvency position. On 22 May, an extraordinary Board approved a capital strengthening plan to bring the Solvency Ratio of the company back to the 160% area, also through an adequate recapitalisation. The Parent Company approved this measure and committed to implement it swiftly.
- An extraordinary Board of Directors of Vera Vita was convened and it instructed the management to identify the necessary measures by the end of next June.
- In order to protect the interests of the policyholders of all the relevant companies, the Cattolica Group has pursued over the years a diversification policy in its asset allocation with a progressive reduction of exposure to Italian Government bonds, the weight of which has gone from 73% of 2016 to the current 55%. The exposure to corporate securities remains contained (18%, well below the sector average), as is the marginal exposure to equities (0.5%).
- As per previous press releases, the Parent Company's Board of Directors had approved the proposal not to distribute the 2019 result. This choice had also been approved by the Board of Directors of the analysed subsidiaries.

It should be remembered that the Cattolica Group's Solvency Ratio, calculated according to the Standard Formula using the Undertaking Specific Parameters (USPs), was constantly at least 160% until the end of 2019, falling below this level only during this phase of high volatility of the financial markets following the spread of the pandemic. In this regard, it should be noted that in the last monitoring (22 May), the Cattolica Group's Solvency Ratio was 122% (vs. 147% on 31 March), while that of the Parent Company was 130%.

This press release is published, in accordance with applicable legislation and practice, also in relation to rumours circulated by the press on 30 and 31 May.

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The Board of Directors also acknowledged that, on the evening of May 29, Mr. Alberto Minali resigned from the Company's Board of Directors and immediately afterwards, through his lawyers, served a writ of summons against the Company to obtain the recognition of his economic claims following his revocation, on the alleged lack of a just cause; such claims should in any case be considered unfounded and will be the subject of an adequate response; these claims, for a total of approximately €9,600,000 and never presented until now, do not affect the legitimacy of the resolution taken on 31.10.2019 to revoke his operating powers, which hasn't so far been the subject of an appeal, like other Board's resolutions on the same matter, that have never been challenged by Mr. Minali.

SOCIETÁ CATTOLICA DI ASSICURAZIONE

__Cattolica Assicurazioni__ is one of the main players on the Italian insurance market and the only cooperative company in its industry to be listed on the Milan Stock Exchange, where it has been present since November 2000. With nearly 3.5 million customers who rely on the insurance solutions and products it distributes, the Group has total premiums of nearly €7 billion (2019). At the Group level, Cattolica has 1,395 agencies spread throughout Italy, covering both large cities and smaller towns, and a network of 1,887 agents. For further information: www.cattolica.it/profilo-societario

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