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Informazione Regolamentata n. 0479-36-2021	Data/Ora Ricezione 07 Marzo 2021 17:58:56	MTA
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Societa' : CATTOLICA ASSICURAZIONI  
Identificativo : 143195  
Informazione  
Regolamentata  
Nome utilizzatore : CATTOLICAN03 - Pantarrotas  
Tipologia : REGEM; 2.2  
Data/Ora Ricezione : 07 Marzo 2021 17:58:56  
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Diffusione presunta  
Oggetto : The Board approves the IVASS remedy  
plan in time

*Testo del comunicato*

Vedi allegato.

## PRESS RELEASE

### THE BOARD APPROVES THE IVASS REMEDY PLAN IN TIME

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*Verona, 5 March 2021.* The Board of Directors of Società Cattolica di Assicurazione, which met today under the chairmanship of Paolo Bedoni, having acquired the opinions of the internal board committees as far as they are concerned, as well as the assessments of the Management Control Committee, approved the response, including also the Remedy Plan, to the IVASS note of 8 January 2021.

As already disclosed to the market, with the note, IVASS, after recalling the main points of the supervisory action carried out on the Company in the most recent times as well as the results of the inspections conducted at the Company itself from 18 December 2019 to 24 July 2020, formulated requests and gave indications to the Company regarding the adoption of certain measures and of a remedy plan to overcome the critical elements found in the context of the aforementioned inspections.

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The contents of the response are divided into the following areas of intervention:

- Replacement of the members of the Board of Directors
- Review of the remuneration policy
- Contributions of liquidity to non-insurance subsidiaries and to the "H-Campus Fund"
- Sale of own shares
- Completion of the capital strengthening
- Strengthening of corporate governance and other measures envisaged by the Plan.

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- Replacement of the members of the board of Directors

As already disclosed to the market, the Board of Directors, on February 4, 2021, assigned an appointment to Spencer Stuart, an independent advisor of primary standing, in order to support the Appointments Committee and the Board of Directors in updating the evaluations on to the qualitative and

quantitative composition of the Board and in the preparation of the list of candidates for the renewal of the Board itself, including the selection of a list of possible candidates to be submitted to the Board of Directors for the purpose of preparing the aforementioned list.

The Board of Directors, functional to the drafting of the qualitative-quantitative guidelines and, consequently, to the selection of candidates, has also started the process of self-assessment and renewal of the "fit & proper" policy of the Company and of the Group.

In relation to the transformation into a joint-stock company and the calling of the Shareholders' Meeting for budgetary compliance, the Board of Directors will resign to enable the full renewal of the body.

- Review of the remuneration policy

Pursuant to art. 29 of the Articles of Association, a proposal to determine the overall remuneration for the members of the Company's corporate bodies will be submitted for approval by the Company's Shareholders' Meeting at the next meeting, which provides for a reduction compared to the current remuneration. The proposal was drawn up taking into account, among other things, the need to adjust the amount of the remuneration to be paid to the directors to a market benchmark, defined with the support of an independent and specialized consultancy firm, by means of a comparison with a peer group of insurance-financial joint stock companies similar to the Company.

Furthermore, the 2021 Remuneration Policy, in addition to the provision of percentage limits relating to the short and long-term incentive system, already present, will further detail the chapter dedicated to the other variable components of remuneration, specifying the criteria used for the assignment of the extraordinary variable components to employees with evidence of the necessary solvency requirements according to the type and amount of the variable component itself.

The short-term variable remuneration system will be integrated through the inclusion of additional specific indicators that increase attention to the risk level of the corporate functions.

- Contributions of liquidity to non-insurance subsidiaries and to the "H-Campus Fund"

With regard to the contributions of liquidity to non-insurance subsidiaries and to the "H-Campus Fund", the Company informs that it has not initiated liquidity contributions, in any form, to the non-insurance subsidiaries of the Group, nor has made or intends to make further contributions to the "H-Campus Fund", without the prior favourable opinion of the Corporate Governance and Sustainability Committee.

- Sale of own shares

The Company confirms that it will sell, within the maximum term imposed by IVASS, the own shares purchased to reimburse its shareholders that exercised the right of withdrawal, in accordance with the applicable legal and regulatory provisions. In particular, the Company will arrange for the sale of the aforementioned shares on the market.

- Completion of the capital strengthening

As already disclosed to the market, the Company has decided to postpone the execution of the second tranche of the share capital increase approved on 4 August 2020 by a few months- for the amount of Euro 200 million - in order to have the time to provide more information to the market.

- Strengthening of corporate governance – The Plan

The strengthening measures contained in the Plan have been divided, on the basis of the remarks made by IVASS, into three macro-areas of intervention: (a) Corporate governance and control system, (b) Management of real estate investments and (c) Management of the agency network and of the agreements with Coldiretti.

### **(a) Corporate governance and control system**

#### Board of Directors and Committees

The Board of Directors approved, during today's meeting, some amendments to the regulations of the Board itself and of the Board Committees, aimed, among other things, at guaranteeing a more effective internal dialogue between the various bodies as well as implementing the recommendations of the new Corporate Governance Code for listed companies, as approved by the Corporate Governance Committee in January 2020.

#### Strengthening the strategic planning process

In relation to the strategic planning process, the Plan provides for its strengthening in order to ensure the necessary reactivity to the evolution of the scenarios hypothesized in the industrial plan and to allow a more effective risk assessment process, also prospectively, for the purposes of adequate definition of the overall solvency requirement.

#### Verification of the efficiency of the Board and of internal board committees

The Management Control Committee has defined a plan of verification on the efficiency of the Board of Directors and of the internal Board Committees which will be carried out, with the support of the corporate Compliance and Internal Audit functions, during the year 2021.

The Management Control Committee also approved some changes to its regulations.

#### Strengthening of the internal audit and risk management functions

The Board of Directors has adopted measures aimed at the qualitative and quantitative strengthening of the Company's internal audit and risk management functions.

In this context, the Company also reserved the right to integrate the audit plan for 2021 taking into account the broader measures envisaged by the Plan, with a view to the progressive advancement of the internal control system.

#### Strengthening of the ORSA process

The ORSA process will be strengthened in order to allow the Board to fully assess the risk profile of the group and of the various subsidiaries and to define the overall solvency needs.

#### Strategic plan on information and communication technology (ICT)

A strategic plan on information and communication technology (ICT) will be adopted by the first half of 2021, which will include corporate cyber security measures, in order to ensure the existence and maintenance of an overall integrated and safe systems architecture from an infrastructural and application point of view, adequate to the needs of the Company, in line with the applicable laws.

#### **(b) Management of real estate investments**

The Plan also provides for actions aimed at strengthening (i) the controls on investments in the real estate and agricultural sector and (ii) the evaluation process of real estate investments to be allocated to segregated funds.

#### **(c) Management of the agency network and of the agreements with Coldiretti**

The Plan defines the interventions on the management of the agency network and of the agreements with Coldiretti based on the following guidelines: (i) the remuneration and incentive system of the agency network, (ii) initiatives aimed at restoring loss-making agency portfolios, (iii and iv) control processes on the agency network and on the agreements with Coldiretti.

SOCIETÀ 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 more than 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 1,368 agencies throughout Italy, covering both large cities and smaller towns, and a network of 1,862 agents. For further information: [www.cattolica.it/profilo-societario](http://www.cattolica.it/profilo-societario).*

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Fine Comunicato n.0479-36

Numero di Pagine: 7