


Press Release - DECEMBER 14, 2011

A.M. Best Downgrades Ratings of Generali USA Life Reassurance Company

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FOR IMMEDIATE RELEASE

OLDWICK, N.J., DECEMBER 14, 2011

A.M. Best Co. has downgraded the financial strength rating (FSR) to A- (Excellent) from A (Excellent) and issuer credit rating (ICR) to "a-" from "a" of **Generali USA Life Reassurance Company** (Generali USA) (Kansas City, MO). Both ratings have been removed from under review with negative implications and assigned a stable outlook.

These rating actions follow **A.M. Best Europe – Rating Services Limited's** downgrading of the FSR to A (Excellent) from A+ (Superior) and ICR to "a" from "aa-" of Generali USA's ultimate parent, **Assicurazioni Generali S.p.A.** (Generali) (Italy), on December 14, 2011, placing both ratings under review with negative implications. (See press release titled "A.M. Best Downgrades Ratings of Generali and Its Main Subsidiaries; Maintains Under Review with Negative Implications" for further information.)

The rating actions on Generali were driven by its exposure to investments in several peripheral eurozone economies, Italy in particular. A.M. Best's rating actions on Generali and other European (re)insurers reflect their exposure to the continued deterioration in the sovereign creditworthiness of several eurozone countries and the negative economic outlook for the region.

Consequently, Generali USA's ratings were downgraded due to the parent's ratings being downgraded, reflecting A.M. Best's view of the company when applying its "Rating Members of Insurance Groups" methodology. Generali USA receives significant retrocession support from Generali to sustain premium growth and materially alleviate redundant reserve strains.

The ratings continue to recognize Generali USA's excellent risk-adjusted capitalization, favorable premium and earnings trends primarily derived from its core ordinary life business line and a well managed and conservative investment portfolio with a modest exposure to foreign securities relative to capital and surplus.

Upward rating pressures may occur if the outlook for the eurozone economies improves and parental ratings are upgraded. Conversely, downward rating pressure may occur if there were further downgrades to the parent company's ratings or a significant weakening in Generali USA's financial trends.

The principal methodology used in determining these ratings is [Best's Credit Rating Methodology -- Global Life and Non-Life Insurance Edition](#), which provides a comprehensive explanation of A.M. Best's rating process and highlights the different rating criteria employed. Additional key criteria utilized include: "Risk Management and the Rating Process for Insurance Companies"; "Understanding BCAR for Life/Health Insurers"; "Rating Members of Insurance Groups" and "Assessing Country Risk."

Methodologies can be found at www.ambest.com/ratings/methodology.

Founded in 1899, A.M. Best Company is the world's oldest and most authoritative insurance rating and information source.

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