

The Generali Group's strategy

Generali Group Strategy

During the second half of 2012 Generali undertook a comprehensive strategic, operational and financial review. Generali Group's strategy in the next three years is based on some key strengths:

- High in-stay and abroad;
- Total market exposure and competitive positioning in both mature and emerging markets;
- Total market exposure in Life and Non-life segments worldwide;
- Consistent and strong performance in non-life segment;
- Strong and simple operating model and sound risk management.

The strategy has been developed considering the current market's environment, characterized by limited housing market, the business profitability, and the insurance business, on which the Group is focusing, is even more important. The aim is to lead the Group with a clear orientation towards value creation, with a strong attention to capital, to be fundamental of the strategy.

Strengthening Group Governance

Since the restructuring of the Generali Group, the Group CEO led an extensive

In this context, the functions and roles of the Group's first-line managers have been redefined and rationalized. The reorganizational process will continue within the single Group's functions and operating companies over the next three years.

Optimization of capital strength

Strengthening of capital strength is a strategic priority for the Group. To achieve this goal, the following initiatives will be put in place in following three years:

- Disposal of non-core and non-strategic assets, with a stronger focus on insurance business;
- Further harmonization of duration and risk profile between assets and insurance liabilities, through an optimization of the debt structure and a comprehensive evaluation of the capital structure;
- Strong attention on some main financial functions within the Group, also thanks to a greater centralization of the Group's financial functions;
- Increase of results: through the implementation of the cost savings program (target to deliver € 600 million).

To ensure the Group's ability to at least 13% actions in order to improve our solvency ratio, while keeping our profitability target.

Optimization of geographical footprint

The rationalization of the Group's presence within the global market means optimizing the presence and operations in the strategic plan 2013-2015 Generali will concentrate on the profitable growth and the strategy will aim to target the most profitable markets.

As part of this positioning review, the Group's strategy has been stated for every single country: a relevant example is the following:

- Business model simplification:
 - Consolidation of businesses and brands with similar characteristics and target customers, promoting synergies;
 - Concentration of technical skills to maximize the performance in both Life and Non-life segments;
 - Economies of scale arising from the merger of Operations, IT structures and other support functions.
- Organizational and company simplification:
 - Governance and defined responsibilities, with the clear separation of business units and Corporate functions;
 - Strong reduction of number of companies;
 - Business unit with direct responsibilities and operational instruments for the achieving of target.

Strengthening of Operating Model

The Group's objective is to optimize the operating model, pursuing a strong and continuous efficiency and greater profitability. The Group identified significant opportunities to pursue savings opportunities in the area of procurements, ICT and other support functions.

Last but not least, Generali will put continuously greater emphasis on talents and their competences, through a strong focus on recruitment and training.

Improvement of Life business performance

The profitability of Life business, which remains crucial for Generali Group, should be further increased, optimizing the operating model and the operating model. With reference to the Life business, a "through the cycle" approach has been adopted, because in spite of the economic cycle, the Life business remains a long-term business.

In order to guarantee transparency and measurability of value creation in the Life business, appropriate evaluation indicators will be defined and implemented.

Increase of the Property & Casualty activity

The increase will be achieved through a strong monitor of technical profitability levers (including the total central ratio). The aim is to progressively and continuously increase the Property & Casualty business, in order to assure to the Group a strong and continuous growth.

Customer led business approach

That means:

- Put the customer always at the center of every initiative in order to catch new market opportunities, ensuring a strong and continuous growth;
- Generali Group has around 65 million customers globally, mainly in the Retail segment;
- Generali aim to maximize the value creation for current customer base, improving their retention and increasing their loyalty;
- The Group will focus on the Affluent segment, considering it is a growing customer segment and for which Generali has a strong competitive advantage.

Excellence in sales channels management

It refers to the pursue of excellence in the management of sales channels, strengthening both traditional (agency and direct) and digital channels. The strategy on distribution channels:

- To work with Group's agents, implementing and disseminating internal and external best practices, in order to improve their performance;
- A range of insurance solutions will be adopted for the customers' specific needs to deploy with an "multi-channel" approach.

For a definition of this indicator see as described in the methodological note.
