

Risk Management

Risk Management System Policy

The Risk Report aims at providing adequate disclosure of the risks the Group is exposed to and, more generally, Generali Group has developed an Internal Control and Risk Management system, approved by the Board of Directors. The Risk Management processes affect the Group as a whole in the countries where it operates, and also individually. In this context, in order to better capture its risk profile, Generali Group makes use of an internal approach to disclosure. This development was directed to the refinement of the methodology concerning the assessment of available financial resources. The following paragraphs detail aspects related to the implementation of the Risk Management System, with particular reference to the Risk Management System.

The Generali Group is exposed to the risks to which any enterprise is exposed to and in particular to the typical risks of the insurance business. The Board of Directors has approved the ?Internal Control and Risk Management System? and the ?Risk Management Policy?, documents which define the risk management framework. The most significant risks are those whose consequences could undermine the solvency at Group and at Company level. In order to guarantee an aligned approach to the risk management, the adoption of these documents is required. The ?Internal Control and Risk Management System? defines the roles and the responsibilities of the governing bodies. The ?Risk Management Policy? defines the principles, the strategies and the processes in place to identify, evaluate and manage risks. The risk management relies on the following building blocks:

- risks governance: to establish an effective organizational structure based on clear definition of risk roles and responsibilities;
- risk management process, to allow the ongoing management of all risks through the following phases:
 - identification and evaluation;
 - assessment;
 - mitigation;
 - reporting.
- business support: to increase the effectiveness of the risk management system, guaranteeing at the same time the continuity of the business.

1.1 - Roles and responsibilities

The Risk Management is part of the organizational structure, with a clear reporting line to the Board of Directors. The Board of Directors approves the risk management policies and strategies, as well as the risk tolerance level. The Board is moreover committed to the creation of an organizational culture, which ensures a high level of prudence. The Board of Directors is informed by the Group CEO, the Group CRO and, if necessary, also by the other independent members. The Parent Company Top Management (the Group CEO, general managers and all officers with strategic responsibilities) is responsible for the implementation of the risk management policies. The Group CEO may propose to the Board of Directors changes to the risk management policies or dedicated strategies. To this purposes the Top Management is supported by the Group Risk Committee, which involves the responsible members of the Group. The functions involved in the risk management process operate according to the Three Line of Defense approach. The operational structures (Risk Owner) are the first line of defence. The Risk Owners are the ultimate responsible for the identification, evaluation and management of risks. The Group Risk Management and the Group Compliance are the second Line of Defence. The Group Internal Audit is the Third Line of Defence. It is in charge of performing the independent evaluation of the risk management process.

The Group CRO guarantees the implementation of the proper risk-management system according to the regulatory requirements. The Parent Company risk governance structure has been adopted, at least concerning its essential points, in all Group Companies. Each Company has its own Risk Committee, composed of the CEO (or the General Manager), the responsible members of the Group and independent members. The Committee supports the CEO in the periodical update of the Company risk profile, in relation to the different risk categories.

The Risk Management Policy

The ?Risk Management Policy? is the main reference point for all policies and guidelines related to risks. It is integrated by a set of policies, submitted as well to the Board of Directors? approval, that guide the management of risks. In this context particular attention has to be paid to the ?Life Underwriting Policy?, the ?Non-Life Underwriting Policy? and the ?Risk Management Policy? for the Group Insurance Companies. These documents have been produced by the Technical structures at Corporate Centre level with the coordination of the Group Risk Management. These policies have been sent to all the Group Insurance Companies and, keeping into account the local specificities, they have been adapted. In order to strengthen the risk taking procedure and the definition of the operational limits, the Parent Company has developed the ?Operational Limits Guidelines?. These Guidelines require each Group Company to prepare and update on ongoing basis an Operational Limits document.

2.1 - The Risk Management process

The Risk Management process allows the ongoing identification, evaluation and management of all risks, taking into account the Group risk profile. This process is structured into the following phases:

- Risk identification and evaluation methodology definition: to define suitable principles and quantitative limits for the identification and evaluation of risks.
- Risk Strategy: to define the Company risk attitude and assign, on consistent and integrated basis risk categories to the different business units.
- Risks taking: to take risks that the Company is willing to accept according to all the Policies and Guidelines.
- Risks assessment: to assess and adequately measure both the risks the Company is exposed to and the risk profile.
- Risk monitoring: to monitor and control the risk exposures, the risk profile, and the implementation of the risk mitigation initiatives.
- Risk mitigation: to identify and implement adequate mitigation initiatives in order to take back the risk profile to the acceptable level.
- Risk Reporting: to develop effective reporting on the Company risk profile and risk exposures, both for internal and external purposes.

Board of Directors is meant to be the Board of Directors of Assicurazioni Generali S.p.A. (Parent Company)

Board is meant to be the administrative, supervisory or management body according to the local governance

