Other information

Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, w
Fair value of financial asset is determined as follows.
In the case of financial assets quoted in active markets, the fair value is their bid price at the end of the trading
If the market of a financial instrument is not active, the fair value should be determined using valuation techniqu
A non active market is usually characterized by either none or significantly reduced transactions, high price vola
The valuation techniques should mainly use, if available, prices in recent transactions carried out in a normal m
In case no recent transactions and instruments with similar characteristics are observable, discounted cash flow
Furthermore IFRS 7 requires to classify the categories of financial instruments measured at fair value - availabl

- Level 1 - quoted prices (unadjusted) in active markets for identical financial instruments;
- Level 2 - inputs other than those included within level 1, but observable for assets or liabilities, both dir
- Level 3 ? inputs concerning assets or liabilities which are not derived from observable market data.

This additional information required by IFRS 7 are given in the other information of the notes.

Derivatives? accounting
Derivatives are financial instruments or other contracts with the following characteristics:

- their value changes in response to the change in interest rate, security price, commodity price, foreign
- they require no initial net investment or, if necessary, an initial net investment that is smaller than one
- they are settled at a future date.

Derivatives, not accounted for as hedging instruments, are classified as at fair value through profit or loss.
In relation to the issue of some subordinated liabilities, the Group hedged the interest expense rates and GBP/
According to this accounting model the portion of the gain or loss on the hedging instrument that is determined
When the hedging instrument expires or is sold, or the hedge no longer meets the criteria for hedge accounting
Further the Group set cash flow hedges on forecast refinancing operations of subordinated liabilties that are ac
Hedges of a net investment in a foreign operation are accounted for similarly to cash flow hedges: the effective

Impairment losses on financial assets
As for financial assets, except investments at fair value through profit or loss, IAS 39 is applied whether there is
Evidence of impairment includes, for example, significant financial difficulties of the issuer, its default or delinqu
The recogniton of an impairment follows a complex analysis in order to conclude whether there are conditions
In fourth quarter 2012 the Group improved the definition of impairment losses. The threshold of significance wa
In particular, the thresholds redefinition was made to consider the changed economic and financial contest. In t
The normalization of market conditions led to a general reduction in the volatility of the reference financial mark
The total effect of the improvement of methodology described above compared to what would happened
The definition of ?prolonged? decline in fair value did not change (continuous loss for 36 months).
If an investment has been impaired in previous periods, further impairments are automatically considered prolo
If there is objective evidence of impairment the loss is measured as follows:

- on financial assets at amortized cost, as the difference between the asset?s carrying amount and the p
- on available for sale financial assets, as the difference between the cost and the fair value at the meas

Any next, reversal of impairment to the value before recording losses are recognized respectively: in the profit o

Use of estimates

The preparation of financial statements compliant to IFRS requires the Group to make estimates and assumptio

- insurance provisions for life and non-life segment;
- financial instruments measured at fair value;
- the analyzes in order to identify durable impairments on intangible assets (e.g. goodwill) booked in bal
- deferred acquisition costs and value of business acquired;
- deferred and anticipated taxes;
- defined benefit plan obligation;
- share-base payments.

Estimates are periodically reviewed and are based on key management?s best knowledge of current facts and
Further information on process used to determine assumptions affecting the above mentioned items and the ma

Share based payments
The stock option plans granted by the Board are share based payments to compensate officers and employees
The cost is charged to the profit and loss account and, as a counter-entry, to equity during the vesting period, b
The charge or or credit to the profit or loss for a period represents the change in cumulative expense recognise
No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which
When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had

When an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any exper
The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted e

Segment reporting

According to IFRS 8, the disclosure about operating segments of the Group is consistent with the evidence revi
The Generali Group identifies three main business segments worldwide:

- non-life segment, which includes non-life insurance activities;
- life segment, which includes life insurance activities;
- financial segment, which includes banking and asset management activities.

Following the revisitation of the segment reporting in order to improve the understanding of the operating perfor
Assets, liabilities, income and expenses of each segment are presented in the appendix to the notes, prepared
Segment data come from a separate consolidation of the figures of subsidiaries and associated companies in e
In this context, the Generali Group adopts a management approach on segment reporting, characterized by the
In detail, this approach presents the following main changes:

- for non-life and financial segment companies it involves elimination of participations in and loans to co
- for non-life and financial segment companies it involves elimination of realized gains and losses on int
- for life segment companies it involves elimination of participations in and loans to companies of other s
- for life segment companies it involves elimination of realized gains and losses on inter-segment transa

Furthermore, inter-segment loans and related interest expenses are eliminated directly in each segment.
The abovementioned approach reduces consolidation adjustments, that are mainly composed by participations

Information on financial and insurance risks

In accordance with IFRS 7 and IFRS 4, the information which enables the users to evaluate the significance of
In this section the Group provides with qualitative and quantitative information about exposure to credit, liquidity

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