

Rating Action: Net Insurance SpA

Moody's Upgrades Net Insurance Spa's IFSR to Baa3, Stable Outlook

New York, December 17, 2007 -- Moody's Investors Service today upgraded Net Insurance S.p.A.'s Insurance Financial Strength Rating (IFSR) to Baa3 from Ba1. The decision follows continuing improvement in Net's results, capitalisation and market position in recent years which, combined with the strengthening of Net's risk management, corporate governance and shareholder's base, indicates an improved credit profile. The outlook is stable

Commenting on the rating action, Moody's said that the upgrade reflects Net's improved risk profile given the material strengthening of the company's capitalisation in the last few years (at year-end 2006 equity increased to €23 million from €11 million recorded in 2005, and it is expected to reach over €30 million at year-end 2007), as well as its sustained and robust financial performance in 2006 and 2007. Moody's noted that, with a reported net combined ratio of 76.7% and an after tax R.O.E of 23.2% in 2006, Net Insurance's operating performance has been consistently strong in the last few years; despite a relatively short track-record (the company only began operations in 2001).

Moreover, Moody's notes the recent strengthening of Net's shareholders' base and corporate governance with the participation of Swiss Reinsurance Company (Aa2 IFSR, stable), FinecoBank (part of UniCredito Italiano SpA, Aa2 LT bank deposits rating, stable) and Unione di Banche Italiane (A1 LT bank deposits rating, positive) as strategic shareholders, with 10.4%, 13.0% and 4.0% of shares respectively. Furthermore, in the last few years the company has made significant progress in its underwriting and risk management, as well as on its distribution capabilities, through strong partnership with some of the major banking groups in Italy.

Commenting on what could result in further upward pressure on Net's IFSR, Moody's mentioned an improved quality and sustainability of the company's underlying earnings associated with further integration and optimisation of Net's operational structure, as well as diversification of its business profile, sustained and conservative risk management and capital management policy, and an overall enhanced franchise and competitive position due to successful implementation of the company's long-term objectives.

Conversely, negative rating pressure could develop in the event of any material regulatory change in the Italian Law governing the CDQ and DP products, as well as any very aggressive market entry by a major Italian financial institution in the money-loss sector that could erode Net's current market position, as well as a slowdown in capital building either due to lower operating earnings or a higher dividend payout ratio, consistent with a solvency margin coverage below 2.0x and Gross Premiums/ Equity of less than 4.0x.

Headquartered in Rome, Net Insurance S.p.A. wrote gross premiums of Euro 83.4m and net premiums of Euro 40.9m in 2006. Its reported total assets were Euro 201.3m.

Moody's last rating action on Net Insurance was on the 11th of June 2007, when a Net's IFSR was placed on review for possible upgrade.

The following rating was upgraded with stable outlook:

- Net Insurance S.p.A. Insurance Financial Strength Rating to Baa3 from Ba1

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