



Generali open to opportunities

Interview
Giovanni Perissinotto
Co-chief executive, Generali

Insurance assets are expected on the market sooner than later, writes Vincent Boland

Generali could take advantage of the expected shake-out of Europe's insurance sector as a result of the global financial crisis to make an acquisition, according to the Italian insurance group's co-chief executive.

Giovanni Perissinotto, who heads Generali's domestic business and is one of two chief executives at the Trieste-based group, said insurance assets could start coming on to the market "sooner rather than later". One reason for this, he said, was that Europe's bancassurance model was becoming a casualty of the crisis. Some prime exam-

ples of the model, such as ING and RBS, are being forced to shed their insurance units as the price of state aid.

He warned that the price of such assets would have to take account of what he termed "the new normal" – the changed operating environment caused by the crisis, including stricter regulatory requirements, the need to hold more capital, and a difficult business climate. "The new normal will be different from the old one – it will be a tougher environment," he said.

In an interview with the Financial Times, Mr Perissinotto said: "I think there will be some opportunities in the market but for the time being we haven't seen prices adjusting to the tougher environment. But sooner rather than later we will see assets coming on to the market." Highly leveraged companies would be among those being forced to sell assets to reduce leverage, he said.

Asked if Generali would be a buyer of such assets

at that time, he said: "We will be willing to look at opportunities to take advantage of the financial weaknesses of other companies."

Generali is the biggest insurance and life assurance provider in Italy and a significant provider in central and eastern Europe. Earlier this year it agreed terms to take full control of Alleanza, a smaller Italian rival. In 2007 it made a significant



Giovanni Perissinotto thinks openings will come up

move back into central Europe in a joint venture with PPF, a Czech financial group.

But Generali is sometimes said to be under pressure from investors for a bolder acquisition. Analysts and bankers in Milan said yesterday that the group would be in a position to take advantage of consolidation in the insurance sector after the financial crisis, though it may have to tap shareholders to fund acquisitions. The group is generally ranked with Axa of France and Germany's Allianz as one of continental Europe's top three insurers.

Mr Perissinotto was speaking as Generali announced a sharp rise in third-quarter net profit, up to €390m (\$579m) from €210m in the same period last year. Total premium income rose 8.9 per cent to €15.7bn. The group's combined ratio – a key measure of an insurer's financial health – rose to 97.9 per cent from 95.1 per cent. Shares in Generali closed 1 per cent higher yesterday.