

Italian Insurer Looks at VTB as Partner in Expansion Plan

By [The Moscow Times](#)

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Assicurazioni Generali chief executive Giovanni Perissinotto said Europe's third-largest insurer aims to find a financial partner in Russia and is considering a venture with VTB Group.

"One of the options is to sign a partnership with VTB," Perissinotto said in an interview in Milan. There are discussions about creating a venture to distribute Generali's products in Russia, he said on a conference call with analysts Friday.

Generali, which gets about 13 percent of its operating income in Central and Eastern Europe, bought about 1 percent of Moscow-based VTB for \$300 million in February. Herbert Moos, deputy chairman of VTB, said in February that Generali took the holding to become a "strategic partner" of the bank.

Perissinotto said Generali would continue operating in Eastern Europe through a joint venture with PPF Group, adding that eventual changes will be discussed in 2014, when PPF may

exercise an option to exit. Generali and Amsterdam-based PPF formed the joint venture in 2007, combining their insurance assets in Eastern Europe to create a company with 9 million customers in 12 countries.

"We want to focus on organic growth, further improving our already good profitability and cutting costs," Perissinotto said in the interview. "We are focusing on our three core stable markets: Italy, France and Germany, and on growing Asian and Eastern Europe markets."

Perissinotto said he expects that 2011 operating income would reach the upper part of the target range between 4 billion euros (\$5.7 billion) and 4.7 billion euros the company outlined on March 16. The insurer expects to report a "significant" improvement in net income this year, he said.

Generali's first-quarter profit rose 17 percent on growth of its non-life business and lower write-downs. Net income rose to 616 million euros from 527 million euros a year earlier, the company said Friday.

The company's combined ratio, a measure of profitability, improved to 96.1 percent in the first quarter from 98 percent a year earlier. "The ratio benefited from stricter underwriting criteria, a cleaning of our portfolio, and a good claims trend," Perissinotto said. "We expect the 2011 combined ratio will improve compared with a year earlier."

Operating income at Generali's asset management segment will grow at a 25 percent annual rate in the coming two years, Perissinotto said. He raised the goal for assets under management in Asia through its BSI private banking unit to "at least" \$16.5 billion by 2013 from a previous target of \$15 billion.

Generali aims to boost assets under management in China and Eastern Europe to enhance support for its local business. Generali, in a joint venture with Guotai AMC, is opening an office in Hong Kong, Perissinotto said.

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