FitchRatings

RATING ACTION COMMENTARY

Fitch Revises Milanese's Outlook to Positive; Affirms IFS Rating

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Fitch Ratings - Frankfurt am Main - 18 Jun 2026: Fitch Ratings has revised Assicuratrice Milanese S.p.A's (Milanese) Outlooks to Positive from Stable, while affirming its 'BBB' Insurer Financial Strength (IFS) Rating and 'BBB-' Issuer Default Rating (IDR).

The Positive Outlook reflects our expectation that the company profile would improve over the next years, supported by continued premium growth, albeit from a small base, and gradually increasing business diversification. The ratings continue to reflect Milanese's very strong capitalisation and strong earnings, partly offset by its small operating scale.

KEY RATING DRIVERS

Small Niche Italian Insurer: Milanese is a small non-life insurer that targets niche businesses, such as medical malpractice. Its credit profile is constrained by its small scale. The company reported EUR64 million in equity at end-2025 (2024: EUR61 million) and EUR84 million in gross written premiums (GWP) in 2025 (2024: EUR74 million). Three business lines - general liability, property and motor third-party liability (MTPL) - contributed about 75% of business volumes. The IFS Rating is below the implied IFS Rating of 'a-', due to Milanese's company profile, which has a stronger impact on the assigned IFS Rating than the weighting would suggest.

Very Strong Capital: Our assessment of Milanese's capitalisation is underscored in its very strong Solvency II ratio, calculated according to the standard formula, of 292% at end-2025 (end-2024: 270%). Its Prism Global score was unchanged at 'Extremely Strong' at end-2025. The company has no debt, which Fitch views as positive for its credit profile.

Strong Earnings: Milanese has a very strong earnings profile. The company's very strong financial performance and earnings in 2025 were supported by healthy underwriting results. The Fitch-calculated combined ratio was very strong at 66% at end-2025 (2023-

2025 average: 78%), including an exceptional 94% in 2024 due to one-off claims reserve strengthening. Milanese's three-year average return on equity (ROE) at end-2025 was 11.4% (versus 4.8% in 2024), which supports its ratings.

Low Investment Risk: We view Milanese's investment risk as low. The company's exposure to Italian sovereign debt, a feature of the asset composition of the Italian market, increased to EUR63 million at end-2025 (end-2024: EUR51 million). Milanese's Fitch-calculated risky assets were 45% of capital at end-2025, lower than 59% at end-2024, also due to a lower share of sovereign exposure being included in the risky assets ratio calculation (end-2025: 15% versus end 2024: 30%), following the upgrade of Italy in September 2025 to 'BBB+', under Fitch's criteria. The company also holds a highly liquid portfolio, with about 23.5% invested in cash or term deposits.

Extensive Reinsurance Coverage: Fitch assesses Milanese's reinsurance coverage as supportive of its ratings. In 2025, the company reduced coverage of established and profitable lines of business and renewed existing treaties on more favourable terms. Its reinsurance usage ratio was at 48% in 2025 (2024: 57%). We believe Milanese's use of reinsurance is commensurate with the risks it assumes while expanding into new lines of business and geographies.

Sound Reserve Adequacy: Milanese has a strong record of adequate reserving levels in most lines of business. In addition, Milanese prudently applied a EUR20 million one-off claims reserves strengthening for medical malpractice insurance in 2024, following the implementation of regulations of the Gelli-Bianco Law. At end-2025, Milanese released about EUR3.9 million due to a positive claims reserves run-off. Fitch expects the insurer to maintain adequate reserve levels across the whole portfolio.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

-- The Outlook could be revised to Stable in case of limited improvement in business profile, as measured by limited premium growth and progress in business diversification
-- Sustained deterioration in Milanese's financial performance and earnings or capitalisation, for example with the combined ratio above 100%, or a deterioration in Milanese's Prism score to below 'Extremely Strong' for a sustained period

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

-- A continued improvement of Milanese's business profile through profitable growth and greater diversification, while maintaining very strong capital and earnings profile

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

RATING ACTIONS

ENTITY / DEBT	RATING TYPE	RATING	RATING ACTION	PRIOR
Assicuratrice Milanese S.p.A.	LT IDR	BBB- Rating Outlook Positive	Affirmed	BBB- Rating Outlook Stable
	LT IFS	BBB Rating Outlook Positive	Affirmed	BBB Rating Outlook Stable

VIEW ADDITIONAL RATING DETAILS

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APPLICABLE CRITERIA

Insurance Rating Criteria (pub. 29 May 2026) (including rating assumption sensitivity)

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Prism Global (ex-U.S.) Model, v1.8.2 (1)

ADDITIONAL DISCLOSURES

Dodd-Frank Rating Information Disclosure Form

Solicitation Status

Endorsement Policy

ENDORSEMENT STATUS

Assicuratrice Milanese S.p.A.	EU Issued, UK Endorsed

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