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UNIQA Versicherungen AG

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Major Rating Factors

Strengths

- Strong operating performance
- Revenues derived from internal reinsurance activities
- Strong group liquidity profile
- Excess group capital predominantly held on its books

Weaknesses

- Improving, but still limited, scale and geographic earnings diversity through foreign operations
- Growing debt and hybrid levels

Counterparty Credit Rating

Local Currency

A-/Stable/--

Rationale

The counterparty credit and insurer financial strength ratings on UNIQA Versicherungen AG (UV) reflect UV's role as holding company of the Austria-based UNIQA insurance group (UNIQA), and its function as internal reinsurer for its Austrian insurance subsidiaries. The ratings are primarily derived from the strength of UV's primary insurance subsidiaries, which are the main contributors to the group's strong operating performance and liquidity profile. UV's improving, but still limited, earnings diversity and growing debt funding partly offset these strengths.

Standard & Poor's Ratings Services maintains a one-notch ratings differential between UV and the group's overall financial strength. This reflects the structural subordination of UV to the policyholders of the group's primary insurance companies, and UV's reliance on dividend payments from its subsidiaries. However, UV's flexibility in meeting its obligations through the excess capital it holds, and its ability to generate direct revenues from its reinsurance activities and related investments mitigate these factors.

UV's operating performance remained strong in 2007, and is expected to have resulted in an underlying 13% group return on equity (ROE). As a result, the group's fixed-charge coverage remained ahead of rating thresholds, expected to have been 11x for 2007, indicating sound debt-servicing capabilities. Its earnings streams are diversified by line of business, but--although improving--remain geographically concentrated, with the majority of earnings stemming from the domestic market.

The company benefits from strong capitalization at the group level, with excess capital largely held at the holding company. Despite the recent private placement of €250 million in hybrid capital, the group's financial leverage, at 20%, is expected to have remained in line with rating thresholds in 2007. We expect the group to continue to selectively expand its presence in Central and Eastern Europe (CEE), although it will need to balance these ambitions against available capital resources.

Liquidity

Although UV functions as a holding and reinsurance company, it relies to a large extent on its regulated operating units to meet its obligations, including the payment of interest and principal on debt, other expenses, and dividends. Despite these rather illiquid affiliated holdings, UV has a strong liquidity profile, supported by a groupwide liquidity

management framework and non-participation-related assets, which accounts for 31% of its investments.

Outlook

The stable outlook reflects Standard & Poor's expectation that UV will continue to benefit from the strong operating performance at group level. Its liquidity is expected to further benefit from strong dividends from its subsidiaries. Specifically, we expect UNIQA to achieve an ROE in excess of 13% in 2008.

A significant weakening of the group's fixed-charge coverage and financial leverage ratios as a result of lower group profits, weakening capitalization, or an increasing debt burden could result in a wider ratings differential if we apply the general European standard of two notches between UV and the group's financial strength.

Financial Profile

UV is the holding company of the UNIQA insurance group. The group is predominantly active in Austrian private life, health, and non-life lines where it enjoys leading positions, with additional geographic diversification from its Western European and CEE operations. UV also writes internal group reinsurance business. The Austrian operating companies are the main contributors to the strong group capitalization, earnings, and liquidity profile.

UNIQA Versicherungen AG And UNIQA Group--Financial Statistics					
--Year-ended Dec. 31--					
	2006	2005	2004	2003	2002
UNIQA Versicherungen AG					
Financial leverage (%)	32.6	22.9	28.1	9.4	0
Fixed charge coverage (x)	7.7	14.4	10.9	22	15.2
UNIQA Group					
Group financial leverage (%)	18.7	19.8	22.1	20.7	11.8
Group fixed charge coverage (x)	10.4	8.2	6.1	5.2	60.5

Ratings Detail (As Of February 29, 2008)*		
UNIQA Versicherungen AG		
Financial Strength Rating		A-/Stable/--
Local Currency		
Counterparty Credit Rating		A-/Stable/--
Local Currency		
Senior Unsecured		A-
Local Currency		
Counterparty Credit Ratings History		
02-Jun-2005	Local Currency	A-/Stable/--
10-Jan-2001		A/Negative/--
04-Nov-1999		NR/--/--

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard

Ratings Detail (As Of February 29, 2008)* **(cont.)**

& Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

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