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Research

UNIQA Versicherungen AG

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RATING A (STRONG)

An insurer rated 'A' has STRONG financial security characteristics, but is somewhat more likely to be affected by adverse business conditions than are insurers with higher ratings.

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Local currency

Api

UNIQA Towarzystwo Ubezpieczen SA

Financial Strength Rating

Local currency

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■ Major Rating Factors

Strengths:

- Improved operating performance; and
- Strong business position in the Austrian market, with leading positions in the health and life insurance market.

Weaknesses:

- Concentration on the mature and competitive Austrian insurance market; and
- Strong acquisition appetite, involving execution risks.

■ Rationale

The insurer financial strength and counterparty credit ratings on Austria-based UNIQA Versicherungen AG (UV) reflect the financial strength of the consolidated UNIQA group, of which UV forms a core part. Factors supporting the rating are the progress made in UNIQA's groupwide result-improvement program, and its strong business position in the Austrian insurance market. These strengths are partially offset by UNIQA's dependence on its domestic market and management's proactive acquisition strategy, which is likely to put further pressure on the group's capitalization.

UV forms a core part of the UNIQA group, reflecting its function as the group's holding company and internal reinsurer for the group's Austrian primary insurance companies.

UNIQA's operating performance is expected to have improved in 2003 following a prolonged period of lackluster earnings, with pretax ROE likely to be about 12%. This is mainly attributable to strong improvements in underwriting results of the Austrian property/casualty business, and a successful decrease of overall expense levels, but also reflects improved capital markets. Despite the recovery in 2003, Standard & Poor's believes that UNIQA has yet to demonstrate a sustained underlying improvement in its operating performance.

UNIQA benefits from a dominant market position domestically, strong diversification by line of business, and excellent distribution capabilities. In 2003, the group wrote gross premiums of €3.0 billion.

The group's financial strength continues to be driven by its concentration on the Austrian insurance market, which remains mature and highly competitive.

UNIQA pursues a proactive acquisition strategy to counterbalance the limited organic growth opportunities in its domestic market. Expansion efforts focus on Central Eastern European countries (CEE), where the group is likely to benefit from the withdrawal of larger insurance groups from subscale operations. Although UNIQA's diversification efforts appear sound, meaningful earnings accretion will, in Standard & Poor's view, only materialize in the medium to long term.

■ Outlook

The negative outlook reflects Standard & Poor's concerns about UNIQA's rapid expansion strategy and its concentration on the mature and competitive Austrian insurance market. Further improvements in the profitability of UNIQA's Austrian operations will be key to the current rating in view of the group's growth activities, which involve execution risks and are expected to put further strain on capital. Standard & Poor's expects UNIQA to achieve a combined ratio of less than 100% and an operating return of at least 8% in 2004. In addition, capitalization is expected to be maintained at a strong level. Failure to maintain earnings momentum in Austria, or any acquisition overstretching the group's balance sheet is likely to result in the ratings being lowered.

Table 1 UNIQA Versicherungen AG Group Figures/Selected Statistics				
	--Year-ended Dec. 31--			
(Mil. €)	2002	2001	2000	1999
Total revenue	2,901.3	3,103.2	2,989.0	2,760.0
Property/casualty (%)	28.9	23.5	27.8	28.6
Life (%)	43.9	52.6	49.0	48.0
Health (%)	27.2	24.0	23.2	23.4
Property/casualty net combined ratio (%)	111.8	111.6	116.7	118.2
Property/casualty ROR (%)	(4.2)	(4.7)	(2.7)	(5.2)
Life/health ROA (%)	0.5	0.6	0.5	N.A.
Total assets	12,520.5	11,926.4	11,141.8	10,497.0
Total adjusted equity	733.6	686.0	722.3	725.4

■ Business Position

Table 2 UNIQA Versicherungen AG Group Figures/Business Statistics				
	--Year-ended Dec. 31--			
(Mil. €)	2002	2001	2000	1999
Gross premiums written	2,668.4	2,644.6	2,505.2	2,289.6
Property/casualty	1,016.9	871.2	803.1	759.1
Life	958.0	1,107.1	1,057.5	901.0
Health	693.5	666.3	644.9	629.5
Annual change (%)	0.9	5.6	9.4	N.A.
Net premiums written	2,425.4	2,443.2	2,325.3	2,114.8
Annual change (%)	(1.6)	11.1	23.4	N.A.
Property/casualty gross premiums written by line of business (%)				
Accident and health	12.6	13.6	13.8	13.7
Motor liability	28.3	26.7	25.1	23.4
Motor damage	15.5	14.9	14.2	14.5
Marine, aviation, and transport	2.5	1.9	1.5	1.5
Property	13.9	14.6	14.9	15.1
Liability	9.8	9.9	10.0	9.7
Reinsurance	3.8	4.4	7.0	8.3
Other	13.6	14.0	13.5	13.8
Total	100.0	100.0	100.0	100.0
N.A.--Not available.				

Standard & Poor's regards UNIQA's business position as strong, reflecting a leading position in the relatively small Austrian market, complemented by an increasing stake in CEE. The latter is expected to provide very strong growth opportunities going forward. Competitive advantages arise through UNIQA's dominant market position, especially in the Austrian health market, its very strong distribution capabilities, and its good expertise in the CEE countries. Furthermore, the group benefits from a well-diversified portfolio by line of business, which has added stability to overall results.

Historical.

UNIQA enjoys leading positions in all segments of the Austrian insurance market, with a market share of about 50% in health, 20% in life, and 16% in non-life.

UNIQA pursues a well-diversified, multichannel distribution strategy. As banks have become the most prominent distribution channel in the Austrian life market, UNIQA--contrary to many of its main competitors--significantly benefits from its exclusive access to the extensive network of the Raiffeisen savings cooperatives via its subsidiary Raiffeisen Versicherung AG (RaiffV). Standard & Poor's believes that this distribution channel is not at risk as the Austrian Raiffeisen cooperatives--represented by the Raiffeisen Zentralbank Österreich (RZB; --/--/A-1)--are collectively the major shareholder (39%) in UV, UNIQA's holding company.

Based on gross premiums written (GPW) in 2003, UNIQA's business was split as follows: banks accounted for the largest share at 42.7%; followed by tied agents with 34.6%; brokers 21.3%; and a small direct business with 1.4%. The distribution mix is expected to remain fairly stable.

Business remains concentrated on Austria, but increasingly benefits from its growing franchise in CEE. Growth potential in Austria remains limited, with the exception of life insurance, where the growing need for private retirement age provisions offers new opportunities. UNIQA is expected to be well positioned to leverage the life markets growth dynamics based on its excellent brand, and strong distribution and product capabilities. The focus in non-life and health insurance will remain on improving the quality of business rather than on top-line growth.

Life.

The group's business mix in life insurance, which is currently still concentrated on endowments (about 73% of gross premiums written in 2002), is likely to shift increasingly toward pensions. The government's decision to introduce a state-supported pension scheme called 'Zukunftsvorsorge' is likely to provide further growth impetus. Product features are relatively simple and similar to those of unit-linked policies. In 2003, UNIQA had already gained the top third position in this product segment, capturing about 25% of new contracts.

UNIQA's business position is further complemented through its strong foothold in the unit-linked market, representing a market share of 14% or ranked third at July 31, 2003. Despite weak capital markets, unit-linked business has enjoyed strong growth rates over the past two to three years in Austria, and Standard & Poor's expects this trend to continue as equity markets continue to improve.

In 2002, UNIQA took a conscious decision to cut back single premium business in light of unsatisfactory margins. At year-end 2002, regular premiums accounted for 85% of gross premiums written, while single premiums represented only 15%, compared with an average 33% for the Austrian life insurance market as a whole.

Underlying premiums in life insurance are expected to have declined at year-end 2003, despite the strong growth stemming from state supported pension products, due to lower single premium business. Reported life premiums, however, should grow modestly by about 2% to €1.1 billion, owing to the integration of AXA Versicherung AG (Austria) (Axa A), which UNIQA acquired in December 2002.

Non-life.

Standard & Poor's regards UNIQA's competitive position in non-life as average because performance has lagged its position as one of the top two providers. Following strong rate increases and the pruning of unprofitable business especially in motor insurance, Standard & Poor's expects that the group's non-life business combined with stricter underwriting guidelines will reposition UNIQA for profitable growth. A sustainable track record with the focus on small and midsize enterprises (SMEs) and private property/casualty business, however, has yet to be established.

Health.

Standard & Poor's believes that UNIQA derives significant competitive advantage from its dominant franchise in this sector, where it benefits from excellent brand recognition, very strong market expertise, and additional policyholder benefits like health care. Although UNIQA's health sector has provided stable income streams in the past, margins remained unsatisfactory relative to its dominant market position. Without sacrificing its very strong position, UNIQA was able to successfully address this issue during 2002 and 2003 by introducing rate increases in the group health business and by streamlining processes. As a result, Standard & Poor's believes that UNIQA will have posted strong underlying improvements in the health segment in 2003-

Foreign business.

UNIQA's main growth opportunities are expected to arise in the CEE states. Although still small relative to its peers, UNIQA is actively developing its foreign franchise through a combination of organic growth and focused acquisitions. At Sept. 30, 2003, foreign business had already contributed 12.5%, or €278 million, to UNIQA's total premium income. Standard & Poor's believes that UNIQA devises achievable business plans in the countries in which it operates, which include, where appropriate, the application of UNIQA's Austrian business model and significant transfers of knowledge.

Prospective.

UNIQA is well positioned to maintain its strong market position in the Austrian insurance market. Further improvements in the group's local business position are likely to come from improved cross-selling, assisted by a new client relationship management system, which is a key focus of the group's strategy. Non-life premium growth is expected to grow primarily due to rate increases. Given the growing franchise in the CEE countries, foreign premium income is expected to account for 20% of total premiums by 2005.

■ Management and Corporate Strategy

Standard & Poor's views UNIQA's strategy as sound and operational management as strong. Management has made good progress in improving the quality of its operations, including the development of its non-domestic franchise. Partially offsetting this is the group's strong acquisition appetite, which involves significant upfront investments and is likely to dilute short-term earnings and capitalization.

Group strategy.

Management's main focus is on diversifying UNIQA's geographic profile, while maintaining strong earnings momentum in its domestic market. The group has followed a very active acquisition strategy in recent years, mainly focusing on the CEE region, where the group also closely cooperates with the European Bank for Reconstruction and Development (EBRD). In addition, management is able to leverage its close links with the Raiffeisen cooperative sector in these countries. Standard & Poor's regards the CEE region as UNIQA's strongest business opportunity, but remains concerned about the integration and upfront investment risks UNIQA might face in these markets. Moreover, Standard & Poor's believes that continued acquisitions are likely to further deplete the group's balance sheet, as volume growth is likely to outpace earnings growth.

In December 2003, UNIQA announced its plans to take over the majority of Mannheimer Versicherung AG (MV; BBpi), a sister company of Mannheimer Lebensversicherung AG, which collapsed in summer 2003. While the transaction is not in line with the group's strategic focus, it allowed management to recoup some of the value in its initial minority stake in the Mannheimer group. Standard & Poor's expects, however, that additional value will be added only in the longer term. This could potentially be achieved through the enlargement of MV as the UNIQA group's center of competence for art insurance, an area in which MV already operates successfully in Germany.

Operational management.

Standard & Poor's considers UNIQA's operational management as sound. Efficient operational controls are key, particularly in view of the execution risk related to the group's engagement in various CEE countries.

UNIQA has finalized its 'post-merger' phase in Austria, and management is beginning to demonstrate a positive track record in turning around underperforming businesses. As part of the restructuring, management has identified the main areas of improvement needs and is actively addressing these. In 2003, UNIQA successfully completed its three-year restructuring and result-improving program, exceeding its original target of €130 million by saving a total amount of €138 million. However, integration and restructuring costs of recently acquired companies—about €25 million—are partially offsetting the improvements within its Austrian operations. Following the completion of its first improvement program, UNIQA set up new targets for the period 2004 to 2006 in order to maintain earnings momentum. The group aims to save at least €50 million in costs while at the same time improving efficiency by about €20 million, in particular at its foreign operations. Given the group's position as mass-market player in Austria, Standard & Poor's believes that further cost improvements will be key to maintain sound operating profitability.

The CEE operations are currently in the developing phase and are expected to break even at year-end 2004. To develop stand-alone pretax ROEs approaching the overall group target of 15%, Standard & Poor's expects further efficiency improvement needs at UNIQA's foreign subsidiaries.

Financial management.

UNIQA's financial management is sound and improving, with the group developing increasingly refined and transparent performance targets. UNIQA's groupwide financial targets include the achievement of a 15% pretax ROE within the next two years. To increase the attractiveness of its shares, UNIQA has strengthened its public presence and since 2002 has been listed in the top-level segment of the Vienna stock exchange.

With regard to foreign acquisitions, UNIQA's strategy is to determine the viability of individual operations in the fourth year of their planning cycles and to consider an exit if the desired profitability has not been achieved.

At the operating company level, UNIQA maintains capital close to the required minimum margin. Additional capital is, however, retained at the holding level and available if necessary. On a group level, UNIQA aims to cover group solvency requirements at least 1.25x. The dividend policy remains unchanged at between 2.2% and 2.5% of the average traded share price for the following two years.

■ Operating Performance

Table 3 UNIQA Versicherungen AG Group Figures/Operating Statistics				
	--Year-ended Dec. 31--			
(Mil. €)	2002	2001	2000	1999
Total revenue (property/casualty, and life and health)	2,901.3	3,103.2	2,989.0	2,760.0
Total operating result (property/casualty, and life and health)	43.6	51.2	42.3	45.5
Total net income (property/casualty, and life and health)	26.8	32.1	30.1	26.1
Property/casualty ROR (%)	(4.2)	(4.7)	(2.7)	(5.2)
Life and health ROA (%)	0.5	0.6	0.5	N.A.
Total ROE (%) (property/casualty, and life and health)	3.8	4.6	4.2	3.6
Property/casualty loss ratio (%)	75.8	72.5	78.6	76.9
Property/casualty expense ratio (%)	35.8	38.8	37.9	41.0
Property/casualty premium refund ratio (%)	0.2	0.3	0.2	0.2
Property/casualty combined ratio (%)	111.8	111.6	116.7	118.2
Property/casualty operating ratio (%)	105.7	105.4	103.7	106.1
Life and health (expenses and commissions)/net premium written (%)	13.2	14.1	14.5	16.0
Life and health (expenses and commissions)/total assets (%)	3.0	2.9	2.8	3.0
Portfolio performance				
Net investment income	475.9	660.0	664.7	644.9
Total yield (incl. unrealized gains) (%)	4.1	6.0	6.5	6.8
Portfolio composition (%)				
Real estate	6.7	7.0	7.6	7.8
Shares	11.7	12.2	11.0	10.3
Affiliates	1.2	1.2	0.9	0.9
Unit-linked investments	2.3	0.0	0.0	0.0
Bearer bonds and other fixed-interest securities	62.2	54.9	48.2	47.7
Loans	6.6	7.9	22.1	25.0
Mortgages	0.1	0.1	0.2	0.2
Cash and bank deposits	1.3	9.2	1.7	1.8
Deposits with cedents	0.5	0.4	0.4	0.5
Other invested assets	7.5	7.0	7.9	5.8
Total	100.0	100.0	100.0	100.0

UNIQA's operating performance is expected to have improved in 2003, following a prolonged period of lackluster earnings. Further improvements, however, will be necessary to bring performance fully in line with the rating and to demonstrate a sustained recovery in underlying profitability. Earnings continue to be driven by the Austrian operations as meaningful earnings contribution from CEE countries is only expected in the medium to long term.

Historical.

UNIQA's historical performance has been lackluster with an average ROE of 4.1% between 1999 and 2002, due mainly to poor underwriting in property/casualty insurance, high expense ratios, and weak capital markets since 2001. Pretax income before consolidation effects amounted to €67 million in 2003 after €35.3 million in 2002, split into 40% health, 32% life, and 28% property/casualty. Overall performance has benefited from the group's strong diversification by line of business in Austria, which to some extent reduced the volatility in the group's overall results.

Life.

Earnings were satisfactory, with an expected ROA (result from ordinary operation before tax) of about 0.3% in 2003. Due to the integration of AXA A and FinanceLife Versicherung AG (FinLife; formerly MLP Lebensversicherung AG), the life segment's expense ratio increased to 19.4% at Sept. 30, 2003, from 17.5% at Sept. 30, 2002. Standard & Poor's believes that cost reduction and a disciplined bonus policy will be key factors to maintain profitability in a low interest environment.

Non-life.

The strict underwriting policy implemented in the groupwide restructuring program has been successful. Similar action was also undertaken by UNIQA's competitors, thereby reducing the intense--although still strong competition--in the Austrian non-life market.

UNIQA's non-life underlying operating performance has swung to strong levels from being disappointing in the past. The net non-life combined ratio on an Austrian GAAP basis for Austrian business improved to 101% at year-end 2003, after 103.9% the previous year. However, some relief in 2003 stemmed from a benign claims development in Austria. The foreign operations are expected to post an overall small loss of about €0.5 million in 2003, having recovered from flood claims in the previous year. This is reflected in the strong improvement of the foreign combined ratio to 96% in 2003, after 110.4% in 2002.

Health.

Operating performance within the health segment has been strong. UNIQA has successfully increased its profit margins over the past two years. The respective annual margin growth averaged about 10.4% in the period 2001-2003, whereas net earned premium growth averaged 3.9% over the same period. This relates to a bundle of activities: rates increases, particularly in group health business, cost savings, and stricter claims management.

Prospective.

Following the group's substantial business expansion in the past few years, it has started to transform this strong position into an adequate earnings performance. Further improvements in the group's operating performance, which should also help to strengthen UNIQA's capital base, are a key factor for maintaining the current rating. Standard & Poor's expects UNIQA to achieve an underlying combined ratio of less than 100% in 2004 and an operating ROE of at least 8% for 2004 and 2005.

■ Investments

UNIQA's investment strategy and asset-liability practices are appropriate for the group's insurance activities. This is based on a high quality portfolio, a good level of diversity, and a conservative management approach.

Market risk.

Most market risk relates to equity investments within the Austrian subsidiaries. Standard & Poor's considers the market risk to be limited, given that equity holdings are a small 7% based on market value at year-end 2003. However, some concentration risk could potentially arise, as the recently introduced and booming state pension products require that 40% of premiums is invested in the relatively small Austrian equity market.

Credit risk.

Credit risk is low, with few bonds rated below 'A' and no significant concentration risk. In addition, on a groupwide level, equities are to a large extent invested in EuroStoxx equities. UNIQA uses derivatives to protect its bond and equity portfolio. UV, the holding company, manages the group's investments and defines the respective strategies for its subsidiaries. This includes benchmarks regarding the quality of invested bonds.

Prospective.

Standard & Poor's expects no material change in the group's asset allocation at year-end in 2004, maintaining a fairly low equity proportion and a high quality investment book.

Asset-liability management.

In 2003, UNIQA introduced its new asset-liability-management tool and is currently in the process of implementing this groupwide. Standard & Poor's believes that UNIQA's asset-liability management is appropriate to manage the required liquidity while at the same time reducing the risks inherent the investment business. The guaranteed interest of UNIQA's life subsidiaries currently averages 3.3%, compared with an average yield of about 6.3% on the group life insurer's fixed-income portfolio. Despite the existing mismatch of long-term liabilities with corresponding assets, Standard & Poor's believes that UNIQA is able to cover the current guaranteed yield. Going forward, UNIQA is expected to focus on products, which provide a 2.25% guaranteed interest. The impact on overall guarantee levels, however, will only be in the longer term.

Pay-out philosophy.

Standard & Poor's considers UNIQA's bonus rates to be reasonable based on the three-year average (2000-2003) interest ratio (including unrealized and realized gains) of between 6% and 8% for UNIQA's main life insurers. UNIQA's bonus rates for 2003 were about 4.3% compared with 5% to 5.25% for 2002. Standard & Poor's expects that this will have been in line with the market.

■ Liquidity

Standard & Poor's views liquidity as strong based on the strength of available sources of liquidity and a high liquid-asset profile. This is further supported by a strong cash flow position. Standard & Poor's expects that UNIQA's liquidity has remained at strong levels.

Cash flows.

Operating cash flows have been strong and consistently positive. UNIQA's net operating cash flow stood at €261.4 million at year-end 2002. This reflects a relatively stable investment income, while at the same time demonstrates strong overall premium growth, with expenses increasing only modestly. Total cash stood at €104.9 million at year-end 2002, reflecting a decrease of €40 million year-on-year.

Balance sheet.

Liquidity is supported by €11.4 billion (or 88% of invested assets excluding unit-linked investments) of high quality liquid assets at Sept. 30, 2003. In addition, the main part (about 70%) of UNIQA's liabilities represents long-time life and health reserves.

■ Capitalization

UNIQA's capitalization is currently rated as good and likely to remain under pressure in the short term due to continued strong business growth. Standard & Poor's expects that capitalization will return to strong levels in the medium term through improved earnings and, if necessary, by raising additional capital.

Capital adequacy.

Its risk-based capitalization has fallen below the current rating level, reflecting the group's rapid expansion and the adverse effect of weaker capital markets. On a consolidated basis, UNIQA demonstrated good capitalization in 2003, with capital adequacy ratio (CAR) in the 'BBB' range, based on Standard & Poor's risk-based capital model.

Quality of capital.

The quality of capital is strong, benefiting from a very strong shareholder funds proportion of the group's total adjusted capital. Exposure to debt is also very limited with a financial leverage of 17.5% (debt leverage). This is partially offset by the fact that capitalization relies to a large extent on unrealized gains within the group's property portfolio, which is less liquid.

Reserves.

UNIQA follows conservative reserving practices within its non-life operations. Reserve ratios have remained stable for the past three years. Given the composition of UNIQA's portfolio, the major part of its claims development is fairly short term, and the claims reserves are therefore not generally subject to any major deterioration. At the same time, Standard & Poor's expects that UNIQA will reduce its reserves (equalization and claims reserves) to more economic levels as loss reserves are subject to taxation.

Reinsurance.

UNIQA employs a conservative reinsurance policy both at the holding and the operating level, with a reinsurance utilization ratio of 35% in 2003, reducing to 25% in 2004 due to the exclusion of industrial business from the overall reinsurance bouquet. In general, the reinsurance program will remain unchanged from 2003 to 2004, with conservative retention levels for the operating companies.

Retroactively to Jan. 31, 2003, UNIQA restructured its internal reinsurance business due to the unfavorable tax treatment of loss reserves in Austria. As a result, foreign subsidiaries no longer cede their business to UV, but instead cede this to a newly founded Switzerland-based subsidiary of UV. UV's premium income from internal reinsurance therefore decreased by €133 million or about 25% at year-end 2003. UV also assumes reinsurance from third parties. Management, however, expects to cut this activity further.

Retrocession continues to be bundled with UV's remaining portfolio and placed with at least 'A' rated reinsurers.

For peak risks, such as industrial fire, the maximum treaty capacity is €36.3 million probable maximum loss (PML) for USV. Higher capacity would be purchased facultatively in the markets. The quota share treaties are further protected by excess of loss cover (excess €22 million over €4 million). At UV levels, these treaties are protected at a slightly higher level by excess of loss cover (excess €44 million over €6 million).

■ Financial Flexibility

Table 4 UNIQA Versicherungen AG Group Figures/Financial Statistics				
	--Year-ended Dec. 31--			
(Mil. €)	2002	2001	2000	1999
Total assets	12,520.5	11,926.4	11,141.8	10,497.0
Total adjusted equity	733.6	686.0	722.3	725.4
Change in adj. equity (%)	6.9	(5.0)	(0.4)	N.A.
Liquid assets/technical reserves (%)	85.0	83.6	66.9	67.1
Investment leverage (%)	296.1	318.1	270.2	248.4
Affiliated investment leverage (%)	315.0	337.2	283.8	27,614.9
Debt/capital (%)	0.0	0.2	0.0	0.0
(Debt and preferred stock)/capital (%)	0.0	0.2	0.0	0.0
Property/casualty				
Technical reserves/net premiums written (%)	106.5	122.9	126.2	124.3
Technical reserves/adj. equity (%)	114.9	122.9	111.3	104.2
Reinsurance utilization ratio (%)	22.1	21.3	20.7	19.9
Underwriting cash flow ratio (%)	96.0	91.6	88.9	89.6
Operating cash flow ratio (%)	103.1	98.6	100.8	101.1
N.A.--Not available.				

UNIQA's financial flexibility--defined as the balance between need for and access to additional capital--is strong, but likely to reduce as business expansion is expected to outpace earnings growth. Potential further acquisitions are likely to put significant pressure on the group's balance sheet, particularly as UNIQA has already fully exhausted Standard & Poor's tolerance limit for hybrid capital.

Needs.

Capital requirements will depend on further growth abroad and in Austria, particularly in the life market, and UNIQA's expansion plans.

Sources.

A total of 75% of UNIQA's equity is concentrated with a few shareholders, the main shareholders being BL Syndikat Beteiligungs Gesellschaft m.b.H., UQ Beteiligung GmbH (both subsidiaries of RZB. Owing to this shareholder structure, UNIQA's share price has been comparatively less affected by the volatile stock market conditions. In addition, the Raiffeisen cooperative sector has demonstrated its commitment to UNIQA, having provided €325 million in hybrid capital.

UNIQA has been listed on the Prime Market, the Vienna stock exchange's top-level segment the since 2002.

Furthermore, UNIQA can draw on a financial support up to €70 million from the European Bank for Reconstruction and Development (EBRD) for its CEE investments. EBRD is already involved UNIQA's Czech and Croatian subsidiaries, holding a minority share totaling €3.6 million.

Standard & Poor's expects that UNIQA will likely issue a corporate bond to take advantage of the current low investment yield environment and to enhance liquidity for potential new acquisitions. In addition, UNIQA is expected to use some of its own shares for the same purpose.

Interest and fixed charge coverage are in line with the current rating level, at 7x in 2003.

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