Q3 2021 Earnings Call

Company Participants

- Cristiano Borean, Group Chief Financial Officer
- Giulia Raffo, Head of Investor and Rating Agency Relations

Other Participants

- Andrew Ritchie
- Andrew Sinclair
- David Barma
- Michael Huttner
- Peter Eliot
- Steven Haywood
- Sudarshan Bhutra
- William Hawkins

Presentation

Operator

Good afternoon. This is the Chorus Call conference operator. Welcome, and thank you for joining the Generali Group Nine Months 2021 Results Conference Call. As a reminder, all participants are in listen-only mode. After the presentation, there will be an opportunity to ask questions. (Operator Instructions)

At this time, I would like to turn the conference over to Ms.Giulia Raffo, Head of Investor and Rating Agency Relations. Please go ahead, madam.

Giulia Raffo {BIO 21037091 <GO>}

Thank you, and welcome all to Generali nine months 2021 conference call. Here with me, we have our Group CFO, Cristiano Borean. We are ready to take your questions. Thank you very much.

Questions And Answers

Operator

(Question And Answer)

Operator. Excuse me. This is the Chorus Call conference operator. We will now begin the question-and-answer session. (Operator Instructions) The first question is from Peter Eliot with Kepler Cheuvreux. Please go ahead.

Q - Peter Eliot {BIO 7556214 <GO>}

Thank you. Thank you very much. I have three questions, please. I'm afraid they're all numbers-based. The first one, I guess it would really help a lot with our modeling if there was -- if you had disclosure on the private equity exposure results and dividend by division. I don't know how much of that you're able to tell us on this call or afterwards, but anything you can say would be very helpful.

The second question is on the non-Life. I was just wondering if you could give us the split of the operating result in terms of technical investment and other. And I guess within the technical, the reserve releases were 6% in Q3 in isolation. I was just wondering if there's anything particular worth commenting on that?

And then finally, third question, on the asset manager, it looked like the revenue margin dipped a little bit and the cost income ratio went up to 43% in Q3 from 37% in Q2, maybe that's just normal quarterly volatility. But I was just wondering if there was anything worth commenting on, yes, or if that -- it's just normal volatility? Thanks a lot.

A - Cristiano Borean {BIO 15246531 <GO>}

Hello, Peter. So regarding the first question on the private equity exposure, first of all, in the result, the private equity contribution, operating result for the group in the first nine months is EUR540 million. Regarding the split of the asset by division, we will give you full detail in the year-end number, don't forget, but we started in the past with a higher weight of P&C and then in the last years we are increasing also the exposure in Life, as a guidance.

Second question, operating result split, the third quarter reserve release, and in general, the third quarter per se number, I kindly suggest all of you to look at broadly nine months result more than the single Q3, which is special, particular also because of the high level of natural catastrophe we observed, and in general, you should look more on a run rate, and to give you guidance more on what you've seen in the nine months, but in the single piece of the quarter.

Regarding the third question on the cost income ratio went up, it is not volatility, it is something which we announced in the half year results. As you remember, there is some investment also to develop the franchise and the capacity to build our asset strategy from the point of view of investment capabilities and the infrastructure. And this is something that it is going to be discussed already and it is more on the IT and distribution part, so it is absolutely in line with the strategy.

Q - Peter Eliot {BIO 7556214 <GO>}

Okay, perfect. Thank you very much. Can I move quickly (inaudible) very quickly, on the first one, thank you very much for the group contribution. Are you also able to give us the dividend figure by any chance? And on asset management, I'm just wondering if you're able to give us the performance fees?

A - Cristiano Borean {BIO 15246531 <GO>}

Yes. Okay. On the asset -- I give you -- I start from the second one, which is in my hands. In the first nine months, performance fees are accounting for slightly more of a EUR19 million on asset management. Then the dividend pay by the private equity in the first nine months is EUR164 million.

Q - Peter Eliot {BIO 7556214 <GO>}

All right. Thank you very much, indeed.

A - Cristiano Borean {BIO 15246531 <GO>}

Welcome.

A - Giulia Raffo {BIO 21037091 <GO>}

Next question, please.

Operator

The next question is from Andrew Sinclair with Bank of America. Please go ahead.

Q - Andrew Sinclair {BIO 17749036 <GO>}

Thanks, everyone. Three for me as well, if that's okay. First one, sorry, just to continue on the private equity gains. So just looking at EUR540 million year-to-date, just really wondered if you can give us any guidance for kind of the near and even medium-term on where do you expect that to be on Q4 and longer-term?

Secondly, given this is the first time we've spoken since the Cattolica transaction completed, really just wondered if you can remind us of your options from here, and what options do you potentially have for squeezing out the minorities in Cattolica?

And thirdly, just on motor experience and kind of COVID experience today, what (inaudible) frequency benefits? Are they just neutralizing or actually are you getting any reversal in the short-term as the world gets back to work? Just an update there would be great. Thanks.

A - Cristiano Borean {BIO 15246531 <GO>}

Yes. Hello, Andrew. So on private equity gains, the guidance on the fourth quarter, we had for sure some specific exit on some investment which was higher than a specific quarter in the first three ones, flattening out in the first nine months. So the fourth quarter for sure will be positive, maybe not as positive of the average of the first three quarter, but still on the positive stance. So you should expect again another contribution in the fourth quarter.

Forward guidance around private equity, I would like to say that, due to the fact that the private equity amount of money invested were piling up due to also the growth in Life, you should expect before sharing with the policyholder -- as a pure investment before sharing an increase of this contribution. But when you start seeing overall the net effect after also the component of Life which is growing, you should expect broadly a result in the next years which is in line with what we are observing this year on the so-called after policyholder -- some of the P&C, plus the effect on the Life.

What are the remaining option for us here in Cattolica? So for me -- for your -- for information, the tender offer has been successfully executed. Now, we are shareholder of Cattolica at 84.475%, slightly less than 84.5% ownership. Now we intend to achieve the objective to the least Cattolica shares through a merger. So the merger project will be presented to the Board of Directors of Generali and Cattolica for the approval, and in general, as well to the authorization of the Italian insurance supervisory authority. After that merger process, the company will be completely fully integrated. And this is consistent what we put in the information memorandum for the initial public offering, the bid to Cattolica.

The frequency benefits, the third question on the motor, we have, I should say, kind of three areas of focus I would like to give you. The first one is, are we -- the first big question is, are we back to the pre-COVID 2019 level? The answer is, no, not still. Are we back above 2020 level in the countries? The answer is, in some, but not in all. We are observing in, especially in Germany, still a frequency which is below the 2020 level. We are observing in some countries of Central and Eastern Europe still a positive development. They are clearly under now a fourth wave [ph] potentially. And the frequency benefits are not fully neutralizing. We are seeing a little bit of less, even if I sum up the amount of frequency claims, we observe also when you are in a more catching back country, for example, like it is Italy or France, but still, we are not returned to the pre-COVID level of 2019. Hope I was insightful on this point.

Q - Andrew Sinclair {BIO 17749036 <GO>}

Very helpful. Thank you very much, Cristiano.

A - Giulia Raffo {BIO 21037091 <GO>}

Next question, please.

Operator

The next question is from Andrew Ritchie with Autonomous. Please go ahead.

Q - Andrew Ritchie {BIO 18731996 <GO>}

Hi, there. Just following up on -- you commented there, Cristiano, on frequency trends. Could you just give us an update on severity trends that you may be seeing in the key markets? I guess in the context of broader -- some small pickup in broader economic inflation, just if you're seeing any major changes in severity?

Second question, just to clarify, I think on the press conference this morning, you talked about having EUR1 billion left for M&A. I'm assuming you're framing that in the context of the 2018 to 2021 plan and budget (inaudible) that might reset at the end of the year? Just checking if that's the case. Thanks.

A - Cristiano Borean {BIO 15246531 <GO>}

Hi, Andrew. Thanks for the question. So first point, what are the frequency trend, has already been discussed. Regarding the severity, let me tell you something which is in my opinion quite interesting and which I always share with our technical colleagues. First point is, if we look at the evolution of the average cost, there is a decrease trend compared to the quarter view at the beginning of the year, so first quarter 2021, and so we are lower than that level of increase. And this is consistent both in Italy, in Germany. In France, stripping out from, let's say, larger claims on that, you are exactly on a slightly decreasing trend on average cost.

And this has a meaning. What we observed is that the claims inflation, especially on the spare parts, which is the one affecting the attritional the most, we're starting already in the last -- previous more than 12 months. So in the middle of the COVID, the speed of adjustment from the spare part providers was already starting, and we were observing already. But -- so now when you are rolling out the 12-month windows, you are seeing a lower effect of average cost increase because you are exiting that rolling window. So we are more on a stabilizing and more natural inflation growth compared to the speed we observed so far. I hope I gave you the dynamic behind it.

Q - Andrew Ritchie {BIO 18731996 <GO>}

That's great. Sorry, just on -- that's on motor damage, but on property?

A - Cristiano Borean {BIO 15246531 <GO>}

On property, what we see is a slight increase of the average cost. But we are speaking about really the tenths of point of percentage increase, so 0.2%, 0.3% increase in the average cost, which is really immaterial. And anyhow, as this a little bit of consistency in the part of, let's say, property side maybe of scarcity offer due to the huge demand, but it is absolutely still limited in what we are observing. Let me say that clearly inflation is one of the beast, which is more difficult to predict, but I would like to let you know that in any case all our proactive approach towards this already started years ago and we are always striving to improve the speed of claim settlement on one side because of the new world we are in after the drop of rates, which is clearly benefiting this. And the second way also because it is better serving our clients. So we really kill two birds with one stone with this speed -- acceleration, which we -- where we are focus on. Don't forget that on the property, there is also the natural catastrophe effect embedding which could a little bit change the average.

Regarding the M&A, I clarify that the EUR1 billion stands for a very simple mathematical calculation. We were saying that we were having around in EUR800 million, excluding already the money put aside for the completion of the settlement of the Malaysian operation. So EUR800 million plus. The minorities which were not bought by cash and will be acquired through the merger on Cattolica brings us to EUR1 billion. So this is the actual budget. For sure, clearly, at the Investor Day, we will update you on the full numbers, but this is the so far budget.

Q - Andrew Ritchie {BIO 18731996 <GO>}

Okay. Thank you very much.

Operator

The next question is from Michael Huttner with Berenberg. Please go ahead.

Q - Michael Huttner {BIO 21454754 <GO>}

Thank you very much. And well done for the lovely results. On the -- so on the private equity and just two figures, if I try to think about the contribution, excluding policyholders, I wonder if you could give us a figure or give me the figure, I don't know what it could be. And just on the total exposure, I'm looking at your half year slides and I see alternative funds at EUR10 billion. I'm just wondering if that's the exposure to private equity at the moment, which I suppose quite big.

The second question is on Cattolica. So you recently gave guidance of synergies of EUR80 million on top of the operating profit, which I think all the profits and they had Bloomberg to use as a consensus on 130-odd-million. I'm just wondering if you can give a feel for how much you've already booked year-to-date from Cattolica from your 24% stake, et cetera? And in other words, what would be the delta now that you're at 84% full consolidation?

And then the final question is, is really stupid question. You gave the answer to Andrew, but I didn't quite understand, and this is me, I'm really sorry. So EUR1 billion left for M&A. And am I right in thinking, and this is a question, I don't know that this has to be or should be spent by the year end, otherwise, it goes to shareholders, or is there some kind of more flexibility then? Thank you.

A - Cristiano Borean {BIO 15246531 <GO>}

So. Hi, Michael. Point number one, excluding the contribution of policyholder and the contribution of alternative, there is a slightly higher contribution in the component of the P&C as of today because of the earlier stage of adoption, as we always said, so you should expect that this is going to level out. Now, the contribution is clearly higher because still there is an operating contributor in the Life. I think you've seen from the adjusted result we are publishing and I think you can extrapolate a little bit out of it, the Life contribution because that is already shown without policyholder -- with policyholder participation.

Regarding the question on Cattolica, in the nine months result using the equity method accounting since the first time we booked Cattolica in our balance sheet, we book all the result of Cattolica in the P&C. It has contributed for EUR70 million, 7-0-million-euro, in the first nine months result. Clearly, this is the combination of both the lines of Cattolica, but has a specific effect. Don't forget that in our purchase price allocation, our booking was embedding really a prudent approach without -- not at all considering any form of intangible. So clearly, if you try to compare and multiply by four, what you are observing, you will not end up with the number of Cattolica because all the non-economic, let's say, only the impairment side in the other form are not accounted for us because we already booked in the opening balance. Okay?

And regarding the fourth quarter contribution, I think you know that we will be accounting as a consolidation for the piece of the period from since November 5. What is the delta versus the 85%? Anyhow, it has to be considered regarding also this effect. So I think in the year end, we can give a better guidance on the split. Don't forget -- last point on Cattolica, but due to the fact that we do not know the result of Cattolica, because they are published after us, we embed only this with a shift of three months. So clearly, please take into account that when we book the full year, we need to adjust also on the catching up of this effect according to the accounting rules. What are the amount of assets we have under Cattolica? It's EUR7.8 billion on the asset under management. Don't forget that they gave us under the strategic agreement, and clearly, they will not be any more accounted as a third-party money as they are in the inflows so far as of the nine months.

What -- regarding the third question on the EUR1 billion left for M&A, again, Michael, I tell you that, for us, M&A is a mean to obtain a diversification of our earnings, by diversification there is also the dispersion not only on the geographical but also on the business line. In the case of Cattolica, we already commented was to get the number one position in the -- one of the most profitable P&C market of the world, which is Italy. On the use of M&A is also an accelerator towards our strategic goal, but M&A is per se not a mean for us. So we always evaluate the usage and the capital deployment against our strategic objectives. Then we will give you a final also overview around what is left and what is the approach on the December 15.

Q - Michael Huttner {BIO 21454754 <GO>}

Thank you so much. And can I just ask one follow-up on Cattolica? The EUR70 million, the 7-0, in P&C, I take it that's pre-tax operating?

A - Cristiano Borean {BIO 15246531 <GO>}

No, it is a full net of tax because of the equity accounting method. So you book the full net result of Cattolica in this and it is also booked as operating by definition.

Q - Michael Huttner {BIO 21454754 <GO>}

Excellent. Thank you very, very much. Thank you.

Operator

Thank you. The next question is from David Barma with Exane BNP Paribas. Please go ahead.

FINAL

Bloomberg Transcript

Q - David Barma {BIO 19957338 <GO>}

Good morning. Three questions, if I may. First one on the Life new business margin, which was strong again in the quarter. Can you give some color on the drivers there? And the product mix versus market effect, please?

Secondly, on Life and Asset Management. Can you give us an update on where you stand on your objective to internalize unit-linked, for instance, in your Asset Management division?

And lastly, on solvency, and apologies, if I may have missed out in the release. Could you give us the organic capital generation for Q3, please? Thank you.

A - Giulia Raffo {BIO 21037091 <GO>}

David, sorry, your second and third question didn't come out too clearly. Would you mind to repeat them, please? Sorry.

Q - David Barma {BIO 19957338 <GO>}

Yeah. Can you hear me well now?

A - Giulia Raffo {BIO 21037091 <GO>}

Yes. Thank you.

Q - David Barma {BIO 19957338 <GO>}

Yes. So the second question was on the internalization of unit-linked assets. Can you give us an update on how much of your unit-linked assets are run in-house? And the last one was on solvency. Could you give us the organic capital generation number for 3Q, please?

A - Cristiano Borean {BIO 15246531 <GO>}

Yes, David, thank you. Good morning. So Life new business margins, I would say, let's start, what are the driver from the nine months '20 to nine months '21. The largest driver is stemming from better product features and profitable products, and as well the larger production. I'm speaking about the protection, especially the unit-linked side, where you absorb better the fixed cost which is driving you to more profitable effect. The economic variance played more on the negative side because of the full discount rate, but you need to use not only the risk-free, but you need also to take into account that there is a lower volatility adjustment in the discounting compared to the nine months '20, which is bringing actually down the effect.

What is very important, it is the product mix which is stemming out, because if you look at our present value of new business premium, the growth of the protection and the unit-linked is more than three time -- it is basically three times higher than the present value of new business premium of the savings. So we are clearly growing in the most profitable segment. And I recall you, but our net inflow, which is not related to new business value, but don't forget, even the net inflow is completely more than driven by protection and unit-linked. This is allowing us also to improve the marginal profitability on protection and unit-linked as well, because of higher amount on small profitable product and as well in some cases also -- and I'm joining to the second answer, because we have higher funds of Generali in our offer. And this is visible also when you look our so-called look-through profit in a new business value, because just for your reference we are telling you that, in these nine months of the EUR1.67 billion of new business value, EUR225 million are given from the look-through profit of the funds, which are sold through Generali.

So you should go also, and I started to communicate this number in the future because this will be a good driver to see the improvement also of our capacity to internalize within Generali those number. And this number are growing at a fast pace, also because of the larger amount of unit-linked sold, not only because of the higher internalization. So I think this is quite in line with the strategy and this will be farther accelerated, but around this I think we will communicate a little bit more on the 15 of December. Regarding the organic capital generation in the third quarter, I think we have three percentage points of solvency capital generation. Please take into account the fact that in Q3, we had also a higher booking of natural catastrophes, which clearly is not giving the normal rate of the best estimate current year of the P&C.

Q - David Barma {BIO 19957338 <GO>}

Right. Thank you very much.

A - Cristiano Borean {BIO 15246531 <GO>}

Just to clarify, 3% is before deducting the dividend. This is the full capital generation, and then we deduct always out of the 3% we will take of a pro rata dividend. But this is the pure capital generation.

Q - David Barma {BIO 19957338 <GO>}

Yeah. Thank you.

A - Giulia Raffo {BIO 21037091 <GO>}

Next question, please

Operator

The next question is from William Hawkins with KBW. Please go ahead, sir.

Q - William Hawkins {BIO 17918548 <GO>}

Hi, Cristiano, thanks for taking my questions. You've already talked helpfully about claims trends. So I'm sorry to come back to it. But I just want to ask the question a different way. If I take your attritional loss ratio, which is your loss ratio, excluding the impact of nat cat reserve development. The third quarter figure was 69%, if you recognize that number. That's a lot higher than the 63% in the first half of this year. Obviously, because of all the trends that you've been talking about. But what I'm trying to -- what I'm finding it harder to do is to get a feeling for how indicative that is for future experience. You obviously said reserve developments we may be able to take the nine months ago, but we obviously can't do that. 69% is sort of similar to where we were back in 2019, but your business has evolved quite a lot. So the question is, if I just take your 3Q loss ratio, excluding nat cat, some reserve development. Is that a good baseline for the future? Or do I need to adjust it in either direction?

Second question, please, do you mind just telling us the numerator and denominator for your solvency II ratio, (inaudible) ratios without knowing the numbers that go into it?

And then thirdly, can you just remind us for the historical plan, why is the ceiling for your solvency ratio as high as 240%? I mean, it's quite an outlier. I've never seen companies that have ceilings go much above 220%. And I know that again, it may just be that you've historically been worried about Italian sovereign credit risk, if that is the case. How are you feeling about that at the moment? So I guess, the question is, the 240% seems like quite a high number these days, but how are you feeling about your ceiling?

A - Cristiano Borean {BIO 15246531 <GO>}

Yes, William. Hello. So first question, regarding the third quarter, as I told you already before, I think it is not indicative of the future run rate, take into account a couple of reason. That's why I prefer you to stick as a guidance, also to look more on the nine months, ex COVID and ex natural catastrophe, which is driving you more in the center of the 90% to the 92% range, which the corridor we always said. I think that you have to take into account, but in this quarter, we have already booked all the re-installment premium to be paid and some of them could be stripped out in the fourth quarter because of the -- reaching of our EUR500 million maximum loss, and this will be, let's say, stripped out and booked with a positive effect in the fourth quarter. And there is another effect, which I would like to highlight that in this quarter apart from the normal quarterly fluctuation, there is also a higher IBNR prudency in the booking. That's why, again, I go back to tell you, don't take this number and go more in the nine months as a good guidance to look forward.

Second question is related to the numerator and denominator of solvency ratio. We have EUR48.3 billion own funds. And we have EUR20.7 billion solvency capital requirement.

Third question, what is the -- why the ceiling on the 240% on our risk appetite framework? Well, I think that the risk appetite framework is built on a company. It's not built on a comparison against the peers. For sure, we have, comparing to our peers, a higher one, but I think this has to be built on the structure of Generali. Part of our own funds are built, thanks to the value in force of our Life business, which is growing and growing profitably. And these are non-tangible component of the solvency part, which we are using in case of increase of value, for example, as we did in these nine months. Two, for example, transform a little bit the risk appetite in our investment portfolio, slightly increasing, for example, the equity or adjusting for some private debt, speed as well on corporate in order to clearly extract more also running result on the IFRS part and not only on the value part.

The combination of these coupled for sure with a higher sensitivity to government bonds compared to other cases will bring us to stay within this range, which is allowing us to operate at the best within the interest of maximizing the creation of value for the shareholders, notwithstanding our approach towards the capital deployment. So clearly, it is a tailor-made suit against the Generali structure. Once the capital structure could change, in case this is changing, then we could adjust. But with this structure, I think this is also the good way to operate and navigate. I just take the case, don't forget, that we need to be resilient and our corridor allowed us to stay well within even during the COVID crisis, which is again a proof point of the need to manage this in this way.

Q - William Hawkins {BIO 17918548 <GO>}

Fantastic. Thank you, Cristiano.

A - Giulia Raffo {BIO 21037091 <GO>}

Next question, please.

Operator

The next question is from Sudarshan Bhutra with Societe Generale. Please go ahead.

Q - Sudarshan Bhutra {BIO 18843602 <GO>}

Hi, good afternoon. Just one question from my side. Could you provide some color on 6.2% non-Life premium growth that you've reported? Basically, some color on the pricing environment in your key markets, like, Italy, and what is driving the 5% premium growth in motor line and 6% in the non-motor line. Thank you.

A - Cristiano Borean {BIO 15246531 <GO>}

Yes, hello, Sudarshan. So I think that I give you some driver on the growth of the different premium by the countries. So we -- you observe a good growth of premium in Italy, France, Austria, Central and Eastern Europe and Russia as well in the international area. It is also slightly positive in Germany all over the board. The best growing factor is in Italy. Don't forget that there is a growth of both the component global corporate commercial, which is playing as a hub for the group. And this is a very profitable 15% premium increase business observed so far on that line, plus the growth of the non-motor. The other good growth which we are observing in France is pricing-driven in the non-motor environment, plus some growth of the health lines and as well a good development in the motor segment, thanks also to the contribution of partnership and the fleets and as well still a good pricing momentum.

In Germany, we have as well a growth slightly lower because the country is a little bit less on an increasing price environment, but still observing, as I said before, a better frequency even than in motor in 2020. Also, Central and Eastern Europe and Russia are growing well, both in the motor and in the non-motor, and this is driving a good -- a very good growth in what is our most profitable region. Then there are developments in the international which are also driven by the inflation, for example in Argentina, which we have the number one operator on the motor market, which is clearly affected also by this kind of effect. Here is a kind of anatomy of the plus 6% for the group. Hope I gave you some trend.

Q - Sudarshan Bhutra {BIO 18843602 <GO>}

Just --

A - Cristiano Borean {BIO 15246531 <GO>}

Okay. And maybe --

Q - Sudarshan Bhutra {BIO 18843602 <GO>}

Just a follow up -

A - Cristiano Borean {BIO 15246531 <GO>}

Please.

Q - Sudarshan Bhutra {BIO 18843602 <GO>}

Sorry. So basically, could you just provide some more color on the personal lines in Italy? Basically, I mean, what was the pricing trend and the outlook for profitability in the personal lines motor business, in particular, in Italy?

A - Giulia Raffo {BIO 21037091 <GO>}

Sorry, just to be clear, you're asking for detail in particular with regard to motor in Italy, pricing and profitability. Is that correct?

Q - Sudarshan Bhutra {BIO 18843602 <GO>}

Yes, correct, correct

A - Giulia Raffo {BIO 21037091 <GO>}

Thank you very much.

Q - Sudarshan Bhutra {BIO 18843602 <GO>}

Personal lines, motor, Italy, yes.

A - Cristiano Borean {BIO 15246531 <GO>}

Yes. So what we are observing, as a pricing trend in Italy, is that the average premium is getting close to a tipping point from the point of view of we are not observing anymore a decrease of the average premium quarter-over-quarter. So we could reach the so-called tipping point. This is also coherent with what we are observing exogenously as a market, which could turn less of a soft when it is -- now in the future. Regarding profitability, I still recall you, but we have a lower than 2019 frequency environment with a controlled claim environment on the claim severity, and let's say, the average claim cost, so which is still bringing a good level of profitability. What I would like to highlight in the motor business in Italy, we are, as Generali, especially growing also thanks to the so-called motor, other damages. So the non-TPL part of the motor, which is extremely positive from the point of view of profitability as a segment, clearly with a higher acquisition cost ratio, but it is worth the case to pay to get there. And this is also thanks to big agreement we have with Chrysler automobile.

Q - Sudarshan Bhutra {BIO 18843602 <GO>}

All right. Thank you very much.

A - Giulia Raffo {BIO 21037091 <GO>}

Next question, please.

Operator

The next question is from Steven Haywood with HSBC. Please go ahead.

Q - Steven Haywood {BIO 15743259 <GO>}

Thank you. Just one question from me. It's on the Italian competition regulator, the AGCM. Has there been any update from them with regard to investigation looking between like insurers and price comparison websites? Do you have any knowledge about any potential implications? Or is there a timeline when this regulator will come out with some conclusions? And can you remind me which subsidiaries of Generali and Cattolica are included within this investigation? Thank you.

A - Cristiano Borean {BIO 15246531 <GO>}

Yes. First of all, to my knowledge, there are no specific conclusion out of that and from the antitrust authority, so nothing to highlight the specific. And the company, which was in that analysis was our direct company, which is called Genertel.

Q - Steven Haywood {BIO 15743259 <GO>}

Thanks. So is there anything from Cattolica?

A - Cristiano Borean {BIO 15246531 <GO>}

I'm not sure and not to my knowledge so far.

Q - Steven Haywood {BIO 15743259 <GO>}

Okay. Thank you.

A - Giulia Raffo {BIO 21037091 <GO>}

Next question, please.

Operator

The next question is a follow-up from Michael Huttner with Berenberg. Please go ahead.

Q - Michael Huttner {BIO 21454754 <GO>}

Thank you very much. And just one question on private equity. Can you give us the amount invested in private equity, just the total amount? I was looking at your slides and I see a figure of EUR10 billion for alternative equity, but I'm not sure if that's all private equity. Thank you.

A - Cristiano Borean {BIO 15246531 <GO>}

Yes, I think that on the full private equity amount, we should expect something, which is, when I gave you the number, I was including the hedge fund, the full alternative equity. So the private equity, you should expect something more in the order of EUR8 billion, as full asset class private equity, as of year-end '21, according to the actual market valuation.

Q - Michael Huttner {BIO 21454754 <GO>}

That's (inaudible). And may I ask a really cheap follow-up? Do you have a figure for cash at the holding? Or any kind of indication of how the cash upstreaming is going? Thank you.

A - Cristiano Borean {BIO 15246531 <GO>}

Thank you for the cheap, Michael. So I would like to recall -- I think you should focus on two things. The first one is the EUR1 billion number, which I gave you, which is the cash available for capital deployment. Don't forget that we pay the -- on the 20 of October, the second tranche of the famous 2019 dividend. So this is a closed story for us as well. Having said that, there is money put aside for the Malaysia deal, which is in the order of the EUR300 million. And at the same time, don't forget that we are operating with a liquidity buffer, which we wanted to take in an uncertain environment. And this buffer, always we said, would have been between EUR500 million and EUR1 billion, and we are operating at the higher end of this now. On top of that, there is the usual treasury cash, which is not cash available for redeployment, it is more for internal optimization, and so you should focus on these for sources, for your estimation.

Q - Michael Huttner {BIO 21454754 <GO>}

Thank you.

A - Giulia Raffo {BIO 21037091 <GO>}

Next question, please.

Operator

The next question is a follow-up from Sudarshan Bhutra with Societe Generale. Please go ahead, sir.

Q - Sudarshan Bhutra {BIO 18843602 <GO>}

Hi, thank you for taking my question again. Just a very brief one. Can you just provide some comments on the potential Life back-book deals? I mean, what are the -- are there any deals in the pipeline? And what are you looking at? So just some color on that would be great. Thank you very much.

A - Cristiano Borean {BIO 15246531 <GO>}

Yes. I owe [ph] a completion of the previous question for a reference for Michael, but all the analysts and investors connected, we completed the remittance plan for 2021. So all subsidiaries upstreamed, so there is the full competition also of the 2021 plan. Just going on the -- on your question. Clearly, we are and we were among the first starting with very large transaction, I recall you, but we did the Generali label [ph] in Germany, which is basically unleashed the potential to grow in Germany in a much more profitable way and putting the company on a much safer trajectory. This is always the way we are looking and analyzing our business. We already commented with the market, our group CEO many times explained as well, but we did a thorough analysis on all books. We have many set of options list around this and the levers could be multiple. And clearly, we are always looking in a proactive way around this. So I think we'll also give more information around our strategy in December 15 Investor Day.

Q - Sudarshan Bhutra {BIO 18843602 <GO>}

All right. Thank you.

A - Giulia Raffo {BIO 21037091 <GO>}

Operator, I believe there are no more question in the queue. Can you please confirm that?

Operator

I confirm, there are no more questions at this time.

A - Giulia Raffo {BIO 21037091 <GO>}

So if that is the case, I thanks everyone on the call and I look forward to hear from everyone as the Investor Day will be virtual still and not physical. So we will look forward to hear from you on December 15. Thank you very much.

Operator

Ladies and gentlemen, thank you for joining. The conference is now over. You may disconnect your telephones.