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Ranking Raised To ABOVE AVERAGE On Credit Network & Finance As A Special Servicer Of Insurance Credits In Italy

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OVERVIEW

- We have raised our overall ranking to ABOVE AVERAGE on Credit Network & Finance as a special servicer of insurance contracts-related debt in Italy.
- At the same time, we have revised our outlook to stable from positive.
- The company is now a market leader in the collection of debt related to insurance policies, working with the major Italian insurance companies.
- Credit Network & Finance was established in 2007 and, as of June 2013, it had 87 staff. The company's operations mainly focus on credit servicing and phone collections of small-ticket debts.

LONDON (Standard & Poor's) Dec. 13, 2013--Standard & Poor's Ratings Services today raised its overall ranking on Credit Network & Finance S.r.l. (CNF) to ABOVE AVERAGE as a special servicer of defaulted debt linked to insurance contracts in Italy. At the same time, we have revised our outlook to stable from positive.

Our ABOVE AVERAGE ranking reflects our assessment of the company's operations based on the major ranking factors in our criteria (see "Related Criteria").

MAJOR RANKING FACTORS

Strengths:

- CNF has become a market leader as a special servicer of insurance

-related debt in Italy in under five years.

- CNF bases its development on IT innovation, investing in IT infrastructure. As a result, in 2011, it established a new company through a spin-off of its IT department, and this company now provides IT support to CNF as an external provider.
- CNF has continuously reported growth in its portfolio of insurance contracts-related debt and its staff numbers since it was established.
- The company has a good track record of positive collection results.

Weaknesses:

- CNF is the parent company of an expanding group, and is also expanding its own operations into BPO (business process outsourcing) and to service the banking sector. In our view, the company's balanced diversification strategy can lead to growth and stability. However, this strategy could also jeopardize CNF's core business if it does not carefully plan and monitor it.
- CNF's management team comprises qualified professionals with many years of experience in their fields. As a result, "key man" dependency risk has decreased, but is still slightly higher than other servicers.

OUTLOOK

We have revised our outlook to stable from positive. The company provides a robust service, in our opinion.

MANAGEMENT AND ORGANIZATION

Our subranking on CNF for management and organization is ABOVE AVERAGE as a special servicer of insurance-related debt in Italy.

LOAN ADMINISTRATION

Our subranking on CNF for loan administration is ABOVE AVERAGE as a special servicer of insurance-related debt in Italy.

FINANCIAL POSITION

We consider CNF's financial position to be Sufficient, on the basis of the company's latest financial statements.

RELATED CRITERIA AND RESEARCH

Related Criteria

- Revised Criteria For Including RMBS, CMBS, And ABS Servicers On Standard & Poor's Select Servicer List, April 16, 2009
- Servicer Evaluation Ranking Criteria: U.S., Sept. 21, 2004

Related Research

- Select Servicer List, published monthly

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