

Credit Network & Finance Rankings Affirmed As Non-Life Insurance Credits And Consumer Loans Servicer In Italy

July 29, 2019

Overview

- We have affirmed our STRONG ranking on CNF as a special servicer of non-life insurance credits. At the same time, we affirmed our ABOVE AVERAGE ranking on CNF as a special servicer of consumer loans.
- CNF is a debt collector of non-life insurance related debt and consumer credits.
- Our outlook on both rankings is stable.

LONDON (S&P Global Ratings) July 29, 2019--S&P Global Ratings today affirmed its STRONG ranking on Credit Network & Finance S.p.A. (CNF) as a special servicer of non-life insurance credits and its ABOVE AVERAGE ranking as a special servicer of consumer loans in Italy. The outlook is stable for each ranking.

Our rankings reflect CNF's:

- Experienced and tenured servicing management team.
- Market leadership position in the niche market of non-life insurance related debt with a long track record of positive results over more than 10 years working on behalf of major Italian insurers.
- Demonstrated ability over the last three years in managing a €2.5 billion portfolio of consumer loans.
- Effective call-center service to contact borrowers in early arrears on behalf of several banks. At the same time, CNF manages nonperforming consumer loans (NPLs) mainly on behalf of special purpose entities (SPEs) linked to Italo SICAV--a Maltese investment company. While it recently added a new NPLs client, the servicer reports a concentration in the NPLs source of business higher than peers do.
- Solid information technology system supporting a well-automated workflow embedded in the loan management platform.
- Sound reporting ability for internal and external purposes, which allows good control over the servicer's ongoing activity.

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Since our previous review (see "Rankings Raised On CNF As A Special Servicer Of Consumer And Insurance Related Debt In Italy," published on April 12, 2017), the following changes and/or developments have occurred:

- In December 2017, CNF hired a new co-CEO responsible for advisory activity relating to the acquisition of NPL portfolios on Italo SICAV's behalf. This was in anticipation of the former co-CEO's retirement in January 2019.
- In March 2018, CNF strengthened its special servicing management team by creating a new general manager role and promoting the former head of operations to it. The company hired an experienced external manager to replace her as head of operations.
- Subsequently, the servicer adopted a more specialized approach by reorganizing its special servicing unit into smaller pods, working on cases with similar features.
- In October 2018, the former human resources (HR) manager resigned. The general manager (supported by the senior HR specialist) is filling this position while the replacement is recruited.
- In November 2018, following a change in the Italian legal framework, a newly established legal partnership--of which CNF controls 33% as a non-legal partner--absorbed the law firm, which provides legal services to CNF as its sole client.

The outlook is stable on both CNF rankings. We believe CNF will be able to maintain its market leadership position within the non-life insurance special servicing industry. Similarly, CNF will continue to consolidate its position as a special servicer of consumer loans.

The financial position is SUFFICIENT.

Related Research

- Select Servicer List, June 25, 2019
- EMEA Servicer Evaluation Industry Report 2018, Jan. 30, 2019
- Analytical Approach: Global Servicer Evaluations Rankings, Jan. 7, 2019
- Rankings Raised On CNF As A Special Servicer Of Consumer And Insurance Related Debt In Italy, April 12, 2017

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