Deutsche Rueckversicherung AG

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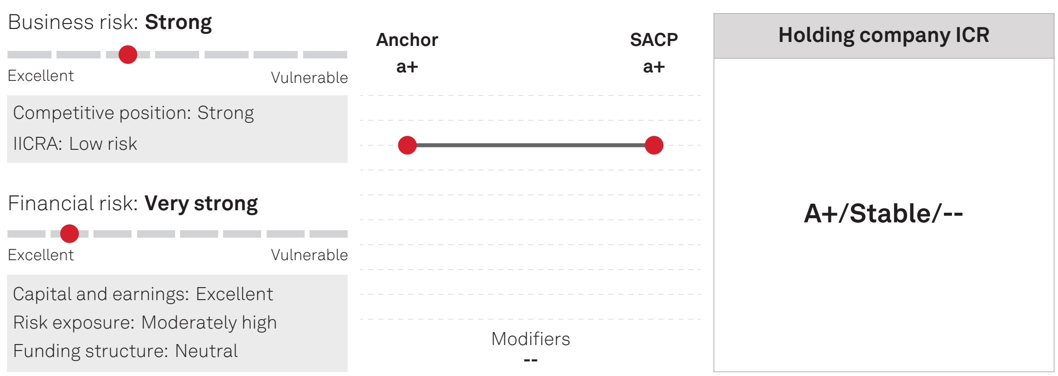

ICR--Issuer credit rating. IICRA--Insurance industry and country risk assessment. SACP--Stand-alone credit profile.

Credit Highlights

Overview

Key strengths	Key risks
The group's competitive standing, driven by its recognized position as a preferred provider of property reinsurance services to the German public law insurance (PLI) sector.	Natural catastrophes pose a risk, potentially causing volatility in the company's capital and earnings performance.
Resilient capital buffers at the 99.99% confidence level in our risk-based capital adequacy model, coupled with sound solvency.	Limited geographic and product diversification compared with higher-rated peers within the reinsurance sector.
A diverse portfolio across the property/casualty (P/C) reinsurance business and an ongoing expansion strategy outside Germany and Europe.	

S&P Global Ratings believes Deutsche Rueckversicherung AG (DR) will maintain its unique competitive position as the main P/C reinsurer for the German PLI sector. The group is aiming to further enhance its role as a risk management provider for PLI companies by increasingly offering risk management solutions on top of its existing function as a risk pooling and diversification enabler. As another step in its evolution, DR is aiming to further expand its business diversification outside the PLI sector, mainly in international markets. This additional diversification should enable the group to have a more balanced portfolio over time, reducing potential business and earnings concentration, although we believe that its competitive strength in its international target markets is less prominent than in Germany.

Capitalization will remain a key strength, supported by DR's underwriting discipline and conservative reserving strategy. DR's financial risk profile is supported by its robust capital adequacy, which we believe is a key rating strength. We think DR's solid reserving strategy, prudent underwriting practices and stable risk appetite for investments will continue to support its capital adequacy comfortably above the highest confidence level of 99.99% in 2026-2028.

We choose the higher anchor of 'a+'. This reflects that DR plays a significant strategic role as a provider of diversification and risk-management know-how to public law insurers in Germany.

DR's strategic position in the PLI sector is a key advantage in terms of business generation, network effects, and capital support in a potential stress scenario.

Outlook

The stable outlook reflects our view that DR will maintain its excellent capital and earnings over the next two years, benefiting from prudent reserving and sound profits from its PLI and other business.

Downside scenario

We could lower the ratings on the core subsidiaries if:

- The group discloses weaker underlying profitability than we forecast in our base-case scenario over a sustained period; or
- We think DR's capital and earnings volatility could increase, for example because of rising net exposure to natural catastrophes.

Upside scenario

We see a positive rating action as remote at this stage, given the group's more limited diversification outside the German reinsurance market than that of higher-rated peers.

Assumptions

- We expect real GDP growth for the eurozone to decline to 0.5% in 2026 as compared with 1.5% in 2025. For 2027 and 2028, we expect growth of around 1.0% and 1.3%. Similarly, inflation is expected to be around 3.1% for 2026, which is expected to decline to 2.2% in 2027 and 1.8% in 2028.
- Real GDP growth for Germany is expected to be around 0.4% for 2026 followed by a further improvement to 1.1% for 2027 and 1.4% for 2028. Inflation for Germany is expected to be around 3.1%, 2.4%, and 1.8% for 2026, 2027, and 2028.
- Average 10-year bond yield of 3.4% in 2026, followed by a gradual decline to 3.2% over 2027-2028 for the eurozone. For Germany, 10-year bond yield is expected to be around 3.0% for 2026, followed by 2.8% for both 2027 and 2028.

Deutsche Rueck--Key metrics

	2028f	2027f	2026f	2025	2024
Gross premiums written	>2,300	>2,200	>2,200	2.213	2.085
EBIT	>25	>25	>25	31,5	25,7
EBIT adjusted*	>50	>50	>50	110,5	108,7
Net income (attributable to all shareholders)	~15 - 20	~15 - 20	~15	21,1	14,5
Return on revenue (%)	>5	>5	>5	6,7	7,3
Return on assets (excluding investment gains/losses) (%)	>2	>2	>2	2,9	3,1
P/C: net combined ratio (%)	95 - 98	95 - 98	95 - 98	91,8	93,7
P/C: net loss ratio (%)	NA	NA	NA	64,0	66,2
P/C: net expense ratio (%)	NA	NA	NA	27,7	27,5
Return on shareholders' equity (%)	4 - 6	4 - 6	4 - 6	6,1	4,3
EBIT fixed-charge coverage (x)	>10	>10	>10	25,7	32,1
Financial leverage including pension deficit as debt (%)	<35	<35	<35	32,6	26,3
Financial obligations / EBIT (x)	>2	>3	>3	5,5	4,7
S&P Global Ratings capital adequacy	99,99%	99,99%	99,99%	99,99%	99,99%
Capital adequacy: Redundancy/Deficiency at defined confidence level^	>10%	>10%	>10%	>10%	-

f--S&P Global Ratings forecast. *EBIT adjusted is including equalization reserve (post tax). N/A--Not applicable. ^Shows total adjusted capital (TAC) compared to risk-based capital (RBC) at the relevant capital adequacy confidence level at the end of the projection period.

Business Risk Profile

We expect DR will maintain its strong competitive position as the leading reinsurer within the German PLI sector. Building upon its current strengths, the updated strategic cycle aims to further expand the group's role as a provider of risk management solutions for the PLI sector. Simultaneously, the group will continue to cautiously expand its international diversification within defined target markets, utilizing its operating entities, DR and Deutsche Rückversicherung Schweiz (DR Swiss), to support growth.

The group continues to successfully expand into the Middle East, Latin America, and Asia. In 2025 about 44% of the group's net premiums were generated outside of Germany. This additional diversification should enable the group to have a more balanced portfolio over time, reducing potential business and earnings concentration. For 2025, DR reported gross written premiums of €2.2 billion, up 6.1% compared with 2024. For 2026-2028, we expect further moderate growth also reflecting a softening rate environment with the potential for further increase in regional diversification. We believe that DR's competitive strength in its international markets will remain less prominent than in its domestic market in that period.

Regarding profitability, DR reported a net income of €21.1 million and a strong combined (loss and expense) ratio of 91.8% for 2025, compared with €14.5million and a combined ratio of 93.7% in 2024. This sound performance reflects fewer large losses, disciplined underwriting, and still favorable pricing conditions. In our base-case scenario for 2026-2028, we believe the group is well-positioned to post a combined ratio of 95%-98%, with net income of €15 million-€20 million. Furthermore, we do not anticipate DR's performance will deviate markedly from that of its peers operating in similar geographies and business lines.

Financial Risk Profile

DR's financial risk profile is supported by its robust capital adequacy, which we believe is a key ratings strength. We believe DR's solid reserving strategy, prudent underwriting practices and stable investment risk appetite will continue to support the group's capital.

In our base-case scenario, we believe the group's capital adequacy will stay comfortably above the highest confidence level of 99.99% in 2026-2028 with a buffer above 10%. This is supported by a sound group Solvency II ratio of 232% based on 2025 figures. DR's risk appetite and exposures are lower than those of most of its global reinsurance peers, despite its exposure to potential capital and earnings volatility via natural catastrophe risks. In our opinion, DR also benefits from its ability to share risks with the PLI sector and raise funds in the form of equity and hybrid capital from its PLI shareholders, if needed.

DR has a diverse investment portfolio, with more than 50% of investments being in highly rated bonds. However, the group has built, over time, a meaningful exposure to less liquid assets, such as real estate and private equity, amounting about 30% of investments.

The group has demonstrated its access to the financial markets by issuing hybrid capital via DR and through its subsidiary DR Swiss. We understand that the hybrid issued by DR has been privately placed within the PLI sector, and we do not have any refinancing concerns. We believe that the primary source for potential funding will remain the group's PLI shareholders.

Other Credit Considerations

Governance

Our assessment of DR's management and governance practices are based on our positive opinion of the group's strategic positioning, financial management, and organizational effectiveness. The group has demonstrated executing its consistent strategy including an early succession plan illustrating the group's stability and consistent strategy.

Liquidity

The group's liquidity profile is sound, thanks to its various liquid sources such as premium income, its favorable liability profile, and liquid asset portfolio. The group can generate recurring cash flows from its operations.

Environmental, social, and governance

Environmental factors are a moderately negative consideration in our credit rating analysis of DR. DR's property reinsurance exposure can generate losses in cases of extreme weather and natural catastrophes, which can lead to capital and earnings volatility. Climate change can increase the number of extreme weather events, elevating claims. However, the group's option to reprice its catastrophe contracts annually should mitigate the potential increase in claims from natural catastrophes, in part due to climate change.

Rating Component Scores	
Business Risk Profile	**Strong**
Competitive position	Strong
IICRA	Low risk
Financial Risk Profile	**Very Strong**
Capital and earnings	Excellent
Risk exposure	Moderately high
Funding structure	Neutral
Anchor	**a+**
Modifiers	
Governance	Neutral
Liquidity	Adequate
Comparable rating analysis	0
Current Credit Rating	
Local currency financial strength rating	A+/Stable/--
Foreign currency financial strength rating	--
Local currency issuer credit rating	A+/Stable/--
Foreign currency issuer credit rating	--

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, Oct. 13, 2025
- Criteria | Insurance | General: Insurer Risk-Based Capital Adequacy--Methodology And Assumptions, Nov. 15, 2023
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Insurance | General: Insurers Rating Methodology, July 1, 2019
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

Deutsche Rueck 'A+' Rating Affirmed On Sound Underwriting And Robust Capital; Outlook Stable, Dec. 15, 2025

Ratings Detail (as of August 14, 2026)*	
Operating Companies Covered By This Report	
Deutsche Rueckversicherung AG	
Financial Strength Rating	
Local Currency	A+/Stable/--
Issuer Credit Rating	
Local Currency	A+/Stable/--
Deutsche Rueckversicherung Schweiz AG	
Financial Strength Rating	

Ratings Detail (as of August 14, 2026)*	
Local Currency	A+/Stable/--
Issuer Credit Rating	
Local Currency	A+/Stable/--
Domicile	Germany

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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