

Research Update:

Deutsche Rueck 'A+' Rating Affirmed On Sound Underwriting And Robust Capital; Outlook Stable

December 15, 2025

Overview

- Deutsche Rueck (DR) maintains its strong competitive position as the leading reinsurer within the German public law insurance (PLI) sector, with increasing international diversification in defined target regions.
- Thanks to disciplined underwriting and lower natural catastrophe losses, the group is well on track to post sound underwriting and bottom-line results in 2025.
- DR's financial risk profile is supported by its robust capital adequacy, which we think remains a key ratings strength.
- We therefore affirmed our 'A+' ratings on the group's core operating entities.
- 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 the PLI sector and other business.

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Rating Action

On Dec. 15, 2025, S&P Global Ratings affirmed its 'A+' long-term issuer credit and insurer financial strength ratings on the core subsidiaries of the Germany-domiciled reinsurance group Deutsche Rueckversicherung (DR). The outlook is stable.

Rationale

The affirmation reflects our view that DR will maintain its strong competitive position as the leading reinsurer within the German PLI sector. Building upon its strengths, the updated strategic cycle aims to further expand the group's role as a provider of risk management solutions for the public law insurance (PLI) sector. Simultaneously, the group will continue to cautiously increase its international diversification within defined target markets, using its operating entities, Deutsche Rueckversicherung AG (DR AG) and Deutsche Rueckversicherung Schweiz (DR Swiss), to support growth.

The group continues to expand into the Middle East, Latin America, and Asia, albeit from a small base. This additional diversification should enable the group to have a more balanced portfolio, reducing potential business and earnings concentration. For 2024, DR reported gross written premiums of €2.1 billion, up 18.3% compared from 2023 levels. For 2025, we expect gross premiums to increase to about €2.2 billion, leading to net premiums of €1.5 billion. We expect about 50% of these net premiums to come from Germany, with the remaining stemming from international markets, mainly North, West, South, and Central and Eastern Europe. We think the group is on a cautious expansionary path, although we view its competitive strength in its international markets as less prominent than in its domestic market.

DR reported net income of €14.5 million and a combined ratio of 93.7% for 2024, compared with €12.0 million and 101.1%, respectively, in 2023. This improvement came primarily from fewer large losses, disciplined underwriting, and favorable pricing conditions. In our base-case scenario for 2025, we forecast the group is well-positioned to post a combined (loss and expense) ratio at the lower end of the 93%-95% range, with net income of €12 million-€15 million. We expect the company to support this strong performance with a continued favorable large loss experience. Furthermore, we do not anticipate DR's performance will materially deviate from that of its peers operating in similar geographies and business lines.

The group's financial risk profile is supported by its robust capital adequacy, which we view as a key ratings strength. We think DR's relatively conservative asset allocation, solid reserving strategy, and prudent underwriting practices will continue to support the group's capital.

In our base-case scenario, we think DR's capital adequacy will stay comfortably above the highest confidence level of 99.99% in 2025-2026. This is supported by a sound group Solvency II ratio of 229% based on 2024 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, the group 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 a meaningful exposure to less liquid assets such as real estate and private equity amounting about to 30% of investments.

DR's liquidity ratio has somewhat declined in the past two years and we therefore revised our liquidity assessment to adequate from exceptional. Still, we think the group's liquidity profile remains sufficient to cover liquidity needs based on the group's liquid asset portfolio and recurring cash flows from its operations.

The group has demonstrated its access to the financial markets by issuing a €112 million hybrid in 2025 that replaced a €62 million hybrid issued in 2016. It also issued another €60 million hybrid through its subsidiary DR Swiss at the end of 2020. The hybrid issued by DR AG, which has a reported fixed interest rate period until Oct. 31, 2035, has been privately placed within the PLI sector, and we classify the notes as having intermediate equity content under our hybrid capital criteria. We include securities of this nature, up to a maximum of 30%, in our calculation of total-adjusted capital, which forms the basis of our consolidated risk-based capital analysis of insurance companies.

Outlook

Deutsche Rueck 'A+' Rating Affirmed On Sound Underwriting And Robust Capital; Outlook Stable

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.

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

Ratings List

Ratings List

Ratings Affirmed		
Deutsche Rueckversicherung AG		
Deutsche Rueckversicherung Schweiz AG		
Issuer Credit Rating		
Local Currency		A+/Stable/--
Financial Strength Rating		
Local Currency		A+/Stable/--

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