

SIGNAL IDUNA Rueckversicherungs AG

Update

Key Rating Drivers

'Very Important' Subsidiary: Fitch Ratings views SIGNAL IDUNA Rueckversicherungs AG (SI Re) as 'Very Important' to SIGNAL IDUNA Lebensversicherung a. G. (SIL) under its insurance group rating methodology. SI Re is wholly owned by SIL's non-life insurance subsidiary, SIGNAL IDUNA Allgemeine Versicherung Aktiengesellschaft (SIAV; Insurer Financial Strength (IFS): A/Stable).

The various benefits of SIL's ownership include risk-management expertise, strong relationships with European mutual insurers, and capital support. SI Re adds diversification in business lines and geography to SIL. This is underlined by the one-notch uplift of SI Re's standalone credit quality due to group support.

Very Strong Capitalisation: Fitch's assessment of capitalisation is based on SI Re's 'Extremely Strong' score in the Prism Global model at end-2022 and its very strong Swiss Solvency Test (SST) ratio of 250% on 1 January 2024 (1 January 2023: 238%). The company has received several capital injections from its parent over the years, including EUR25 million in 2022, to support its growth and we expect the parent to continue supporting SI Re if needed.

Good Company Profile: We view SI Re's company profile as good, reflecting its strong position in its chosen market segment and moderate risk profile. However, we believe SI Re's small size, with gross written premiums of EUR207 million in 2023 (2022: EUR194 million), constrains its competitive positioning.

Good Financial Performance: SI Re's Fitch-calculated net combined ratio was stable at 102% in 2023 (2022: 101%), in line with its average of 101% in 2019-2023. SI Re maintained its strong underwriting profitability, despite high natural catastrophe activity in Europe since 2021, mainly due to disciplined underwriting and good retrocession coverage. Fitch expects SI Re to maintain its good financial performance in 2024 with a net combined ratio of about 100%.

Strong Reserve Adequacy: The company follows a prudent reserving approach, demonstrated by strong loss-reserve development. Reserve development earnings as a proportion of the prior year's loss reserve was 6% for 2018-2022. Reserve redundancies averaging 10% of the claims reserve in the same period are also positive for the rating.

Rating

SIGNAL IDUNA Rueckversicherungs AG

Insurer Financial Strength A-

Outlook

Insurer Financial Strength Stable

Financial Data

SIGNAL IDUNA Rueckversicherungs AG

(EURm)	End-2023	End-2022
Total assets	933	896
Total equity and reserves	207	205
Total gross written premiums	207	194
SST coverage (%)	250	238

Note: Reported on a single entity basis.
Source: Fitch Ratings, SI Re

Applicable Criteria

[Insurance Rating Criteria \(March 2024\)](#)

Related Research

[European Reinsurers: Record 2023 Results \(March 2024\)](#)

[Global Reinsurance Outlook 2024 \(September 2023\)](#)

Analysts

Christoph Schmitt
+49 69 768076 121
christoph.schmitt@fitchratings.com

Finn Dirks
+49 69 768076 103
finn.dirks@fitchratings.com

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- SI Re becoming 'Core' to SIL, with a significant increase in its absolute size while maintaining profitability.
- An upgrade of SIAV's rating.

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- Diminishing strategic importance of SI Re to SIL as shown, for example, by an SST ratio below 180% on sustained basis, or a significant deterioration in the standalone credit quality of SI Re.
- A downgrade of SIAV's rating.

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