FitchRatings

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Fitch Affirms Signal Iduna at IFS 'A' Rating; Outlook Stable

Fitch Ratings - Frankfurt am Main - 30 Jul 2025: Fitch Ratings has affirmed SIGNAL IDUNA Allgemeine Versicherung Aktiengesellschaft's (SIAV) and SIGNAL IDUNA Rueckversicherungs AG's (SI Re) Insurer Financial Strength (IFS) Ratings at 'A' (Strong). The Outlooks are Stable.

The ratings reflect the strong company profile of SIGNAL IDUNA insurance group (Signal Iduna) and the strong capitalisation and financial performance of SIGNAL IDUNA Lebensversicherung a. G. (SIL), which is the ultimate parent of SIAV and SI Re.

Key Rating Drivers

Core to the Group: SIAV, a German non-life insurer, and SI Re, a Swiss reinsurer, are core members of the German group Signal Iduna. Fitch views them as core to SIL, as the latter is one of the three mutual insurers heading Signal Iduna.

Strong Company Profile: Signal Iduna's strong company profile primarily reflects a well-established, diversified business franchise and a moderate operating scale in the German insurance market. The group ranks 12th in the German primary insurance market by gross written premiums (GWP), reporting GWP of EUR7 billion and total assets of EUR66 billion for 2024. Its competitive position benefits from its large network of tied agents and exclusive partners, and from its strong links to the official bodies of crafts and commerce and the public service.

Strong Capitalisation: Fitch's assessment of SIL's capitalisation reflects both Signal Iduna's group Solvency II (S2) ratio of 156% at end-2024 (end-2023: 141%), excluding transitional measures, and SIL's unchanged Prism Global score of 'Extremely Strong' at end-2024, based on consolidated accounts. SIL does not report S2 ratios. SIAV reported a strong S2 ratio of 187% (178%) and SI Re reported a very strong Swiss Solvency Test (SST) ratio of 303% (250%). We expect SIL's Prism score to remain at least within the 'Very Strong' category over the medium term, supported by large, available capital buffers.

Pressured Profitability: SIL's strong financial performance deteriorated in 2024, as its return on equity fell to 3.7% at end-2024 from 7.2% at end-2023, as weaker non-life earnings were partially offset by stable life results. The Fitch-calculated net combined ratio deteriorated to 102.4% in 2024 (2023: 100.4%, 2022: 96.5%). The five-year average of this ratio is 98.8%.

To improve non-life profitability, SIAV has implemented a range of measures in 2024 and 2025, including double-digit premium increases and the cancellation of unprofitable contracts. We believe SIAV's measures will enhance profitability in 2025 and beyond, with an improved Fitch-calculated net combined ratio of 98% for 2025.

Strong ALM: Fitch views SIL's asset and liability management (ALM) as strong. The group has maintained the duration gap between its liabilities and assets at close to zero, after a reduction in recent years. We expect SIL to closely monitor its duration gap and to keep it at low levels.

Very Strong Reserving: Fitch regards SIL's non-life reserving practices as very strong. This view is supported by an average release of 9.1% of the prior-year reserve for 2020-2024, far stronger than the German non-life market.

RATING SENSITIVITIES

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

-- Decline of Signal Iduna's S2 ratio to below 130% on a sustained basis

-- A fall of the Prism FBM score to the lower end of the 'Strong' category

-- A net combined ratio of more than 104% on a sustained basis

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

-- A sustained improvement of Signal Iduna's S2 ratio to above 170%, while maintaining the Prism score at least 'Very Strong' and demonstrating an improved net combined ratio of 97%

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

Fitch Ratings Analysts

Finn Dirks
Associate Director
Primary Rating Analyst
+49 69 768076 103
Fitch Ratings – a branch of Fitch Ratings Ireland Limited Neue Mainzer Strasse 46 - 50 Frankfurt am Main D-60311

Robert Mazzuoli, CFA
Director
Secondary Rating Analyst
+49 69 768076 167

Manuel Arrive, CFA
Director
Committee Chairperson
+33 1 44 29 91 77

Media Contacts

Athos Larkou
London
+44 20 3530 1549
athos.larkou@thefitchgroup.com

Rating Actions

ENTITY/DEBT	RATING			RECOVERY	PRIOR
SIGNAL IDUNA Allgemeine Versicherung Aktiengesellschaft	LT IFS	A	Affirmed		A
SIGNAL IDUNA Rueckversicherungs AG	LT IFS	A	Affirmed		A

RATINGS KEY	OUTLOOK	WATCH
POSITIVE		
NEGATIVE		
EVOLVING		
STABLE		

Applicable Criteria

Insurance Rating Criteria (pub.04 Mar 2024) (including rating assumption sensitivity)

Applicable Models

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Prism Global (ex-U.S.) Model, v1.8.1 (1)

Additional Disclosures

Solicitation Status

Endorsement Status

SIGNAL IDUNA Allgemeine Versicherung Aktiengesellschaft	EU Issued, UK Endorsed
SIGNAL IDUNA Rueckversicherungs AG	EU Issued, UK Endorsed

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