

RATING ACTION COMMENTARY

Fitch Affirms Munich Re's IFS Rating at 'AA', Outlook Stable

Thu 01 Oct, 2026 - 10:23 ET

Fitch Ratings - Paris - 01 Oct 2026: Fitch Ratings has affirmed Munich Reinsurance Company's (Munich Re) and its core subsidiaries' Insurer Financial Strength (IFS) Ratings at 'AA'. The Outlooks are Stable.

The affirmation reflects Munich Re's very strong company profile, capitalisation and financial performance.

Fitch has also upgraded the IFS rating of ERGO Forsikring A/S, Munich Re's Scandinavian subsidiary to 'AA' from 'A+'. The Outlook is Stable. A full list of rating actions is below.

KEY RATING DRIVERS

Very Strong Company Profile: Munich Re's company profile within the global reinsurance sector is underpinned by a leading, highly diversified franchise. The group is one of the largest reinsurers in the world. It also has large primary insurance operations through ERGO Group and its growing global specialty business.

Very Strong Capitalisation: Munich Re's Solvency II (S2) ratio of 304% at end-1H26 (end-2025: 298%), was well above the new 200% floor from its Ambition 2030 plan and one of the strongest in the reinsurance sector. Munich Re's Fitch Prism Global model score was unchanged at 'Very Strong' at end-2025.

We expect Munich Re to maintain its capital strength in the medium term, despite a possible reduction in capital buffers in the next 12 months, primarily resulting from the intended use of capital to reward shareholders or fund selective growth opportunities. A gradual reduction in the S2 ratio to around 220% would not affect our view of the group's capital strength.

Very Low Financial Leverage: Munich Re's financial leverage ratio increased marginally to 11.3% at end-2025 from 10.6% at end-2024, following the issuance of EUR1.25 billion of Tier 2 debt in August 2025. Leverage was broadly unchanged at end-June 2026 and remained very low in absolute terms and relative to peers, supporting the ratings. Management's plan to increase financial leverage to around 15% by 2030 would remain commensurate with the current rating and compare favourably with similarly rated peers.

Very Strong Financial Performance: Munich Re has remained profitable through reinsurance cycles. We expect the group to sustain very strong financial performance in the softer property and casualty (P&C) reinsurance market and deliver 2026 profitability broadly in line with 2025. Disciplined underwriting, greater business diversification and sizeable reserve buffers should support earnings resilience.

Munich Re's very strong results in 1H26 and 2025 were driven by sustained underwriting earnings in all business lines and stronger investment returns, although these were partly offset by lower revenue. The Fitch-calculated net income return on equity (ROE) reached 18.6% in 2025 (2024: 18.3%). The record-low average P&C reinsurance combined ratio of 67.9% 1H26 and 73.5% in 2025 (target: 79%) reflects healthy attritional performance and below-budget large losses.

Very Strong Reserve Adequacy: We view Munich Re as the strongest reserved among leading European reinsurers. Its prudent reserving supports the ratings and is evidenced by favourable prior-year reserve development of 4pp-7pp of the combined ratio over more than 10 years. Reserve releases remained stable at 6% of net insurance revenue in 1H26 and 5% in 2025, broadly in line with management's 6pp guidance. Munich Re also used strong 2025 underwriting performance to strengthen P&C reserve prudence, mainly for US liability and ERGO.

Scandinavian Subsidiary Upgraded: The upgrade of ERGO Forsikring A/S reflects our revised view of its strategic importance to ERGO Group AG and the wider Munich Re group to 'core' from 'very important'. Despite its small size, the company has become ERGO's growth platform for health, travel and property/casualty insurance in the Nordics, one of ERGO's key markets outside Germany.

RATING SENSITIVITIES

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

-- A deterioration in capital position, with the S2 ratio falling below 180% or Prism score falling below 'Very Strong' for a prolonged period

-- A sustained decline in profitability with ROE below 8%

-- FLR above 23%

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

-- A sustained strengthening of financial performance above that of 'AA' rated peers. The following would have to be met on a sustained basis:

-- S2 ratio above 230%

-- ROE above 15%

-- FLR below 10%

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>.

RATING ACTIONS

ENTITY / DEBT ⚡	RATING TYPE ⚡	RATING ⚡	RATING ACTION ⚡	PRIOR ⚡
Munich Re America Corporation	LT IDR	AA- Rating Outlook Stable	Affirmed	AA- Rating Outlook Stable

Munich Reinsurance Company	LT IDR	AA- Rating Outlook Stable	Affirmed	AA- Rating Outlook Stable
	LT IFS	AA Rating Outlook Stable	Affirmed	AA Rating Outlook Stable
subordinated	LT	A	Affirmed	A
ERGO Forsikring A/S	LT IFS	AA Rating Outlook Stable	Upgrade	A+ Rating Outlook Positive
Great Lakes Insurance SE	LT IFS	AA Rating Outlook Stable	Affirmed	AA Rating Outlook Stable
Sopockie Towarzystwo Ubezpieczen Ergo Hestia SA	LT IDR	AA- Rating Outlook Stable	Affirmed	AA- Rating Outlook Stable
	LT IFS	AA Rating Outlook Stable	Affirmed	AA Rating Outlook Stable
ERGO Group AG	LT IDR	AA- Rating Outlook Stable	Affirmed	AA- Rating Outlook Stable
ERGO Vorsorge Lebensversicherung AG	LT IFS	AA Rating Outlook Stable	Affirmed	AA Rating Outlook Stable
Munich Reinsurance America, Inc.	LT IFS	AA Rating Outlook Stable	Affirmed	AA Rating Outlook Stable
DKV Deutsche Krankenversicherung AG	LT IFS	AA Rating Outlook Stable	Affirmed	AA Rating Outlook Stable

Hartford Steam Boiler Inspection And Insurance Company	LT IFS	AA Rating Outlook Stable	Affirmed	AA Rating Outlook Stable
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[VIEW ADDITIONAL RATING DETAILS](#)

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APPLICABLE CRITERIA

[Insurance Rating Criteria \(pub. 29 May 2026\) \(including rating assumption sensitivity\)](#)

APPLICABLE MODELS

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

Prism Global (ex-U.S.) Model, v1.8.2 ([1](#))

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ENDORSEMENT STATUS

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ERGO Forsikring A/S	EU Issued, UK Endorsed
ERGO Group AG	EU Issued, UK Endorsed
ERGO Vorsorge Lebensversicherung AG	EU Issued, UK Endorsed
Great Lakes Insurance SE	EU Issued, UK Endorsed
Hartford Steam Boiler Inspection And Insurance Company	EU Issued, UK Endorsed
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Munich Reinsurance America, Inc.	EU Issued, UK Endorsed
Munich Reinsurance Company	EU Issued, UK Endorsed
Sopockie Towarzystwo Ubezpieczen Ergo Hestia SA	EU Issued, UK Endorsed

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