Munich Reinsurance Company

Key Rating Drivers

Very Strong Company Profile: Munich Reinsurance Company's (Munich Re) company profile within the global reinsurance sector is underpinned by a leading, highly diversified franchise. It is the world's largest reinsurer by revenue. The group also has significant primary insurance operations through ERGO Group AG (AA-/Stable) and through its growing global specialty business.

Very Strong Capitalisation: Munich Re's Solvency II (S2) ratio was 285% at end-1Q25 (end-2024: 287%), well above its 175%–220% target and one of the strongest in the reinsurance sector. Munich Re's Prism Global model score was unchanged at 'Very Strong' at end-2024.

Fitch Ratings expect Munich Re to maintain its capital strength in the medium term, despite a reduction in capital buffers in the next 12 months due mainly to distributions to shareholders or to fund growth. Management's intention to bring the S2 ratio closer to around 220% over the long term will not affect Fitch's view of the group's capital strength.

Very Low Financial Leverage: Munich Re's financial leverage ratio (FLR) increased to 10.7% at 2024 from 10% at end-2023 and was stable at end-1Q25. The FLR remains very low in absolute terms and compared with peers', which is supportive of the ratings. We expect a modest increase in the FLR in the next 12–24 months, which will still be well within our 'aa' guidelines.

Very Strong Financial Performance: Munich Re has consistently been profitable through reinsurance cycles. We expect the group to sustain very strong financial performance through the reinsurance cycle, above peers'. Reserves buffer management and earnings diversification in its primary insurance operations contribute to earnings stability. This resilience led to strong 1Q25 results, despite larger losses than budgeted and adverse market and currency movements. Fitch believes the group is on track to achieve similar profitability in 2025 to 2024.

Fitch-calculated net income return on equity (ROE) reached 18.3% in 2024 (2023: 16.2%), driven by sustained underwriting and investment returns, and prolonged favourable market conditions. All business lines contributed strongly. Property and casualty (P&C) reinsurance benefitted in 2024 from supportive pricing conditions at renewals and below-budget major losses. Life and health technical results were above the reinsurer's anticipated run-rates for 2025. ERGO Group's operating results were robust, strongly contributing to group earnings.

Very Strong Reserve Adequacy: We view Munich Re's reserving practice as prudent and supportive of its ratings. This is reflected in positive reserve experience (between 4pp and 7pp of the combined ratio) for over 10 years. Reserves releases remained stable in 2024, representing 5% of net insurance revenue. In 2024, it took advantage of strong underwriting results to add EUR500 million of reserves prudency (mainly for US liability).

Subsidiary on Positive Outlook: The Positive Outlook on ERGO Forsikring A/S (formerly Europaeiske Rejseforsikring A/S) (A+/Positive), a fully owned subsidiary of ERGO International AG in Denmark, reflects our expectation that the strategic importance of the subsidiary to Munich Re could be reassessed to 'Core' from 'Very Important' in the next 12–24 months. The group intends to develop its health, travel and P&C insurance business in the Nordics. Europaeiske Rejseforsikring A/S merged with Norway-based ERGO Forsikring AS in June 2025 to achieve this goal. The merged companies was renamed ERGO Forsikring A/S and is headquartered in Denmark.

Rating Sensitivities

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

Munich Re

- 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%

ERGO Forsikring A/S (Previously Europaeiske Rejseforsikring A/S)

- An unfavourable change in Fitch's assessment of ERGO Forsikring A/S's strategic importance to Munich Re

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

Munich Re

- 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 11%

ERGO Forsikring A/S (Previously Europaeiske Rejseforsikring A/S)

An improvement in Fitch's assessment of ERGO Forsikring A/S's strategic importance to Munich Re to 'Core', which could result from the company increasing its market share or developing as an operational hub in the Nordic region

Latest Developments

Net income fell to EUR1.1 billion in 1Q25 from EUR2.14 billion in 1Q24, mainly driven by lower underwriting results in P&C reinsurance and the newly created Global Specialty Insurance business unit. This was partly offset by life and health reinsurance (L&H Re) and ERGO earnings that were in line with or above expectations for the quarter. The annualised ROE for 1Q25 was 13.3% (1Q24: 27.2%).

The P&C reinsurance combined ratio worsened to 83.9% in 1Q25 from 69.7% in 1Q24 (2024 target: below 79%). Global Specialty Insurance's combined ratio also weakened. This was driven by large losses that significantly exceeded quarterly budgets, mainly due to the cost of wildfires in Los Angeles (EUR1.1 billion).

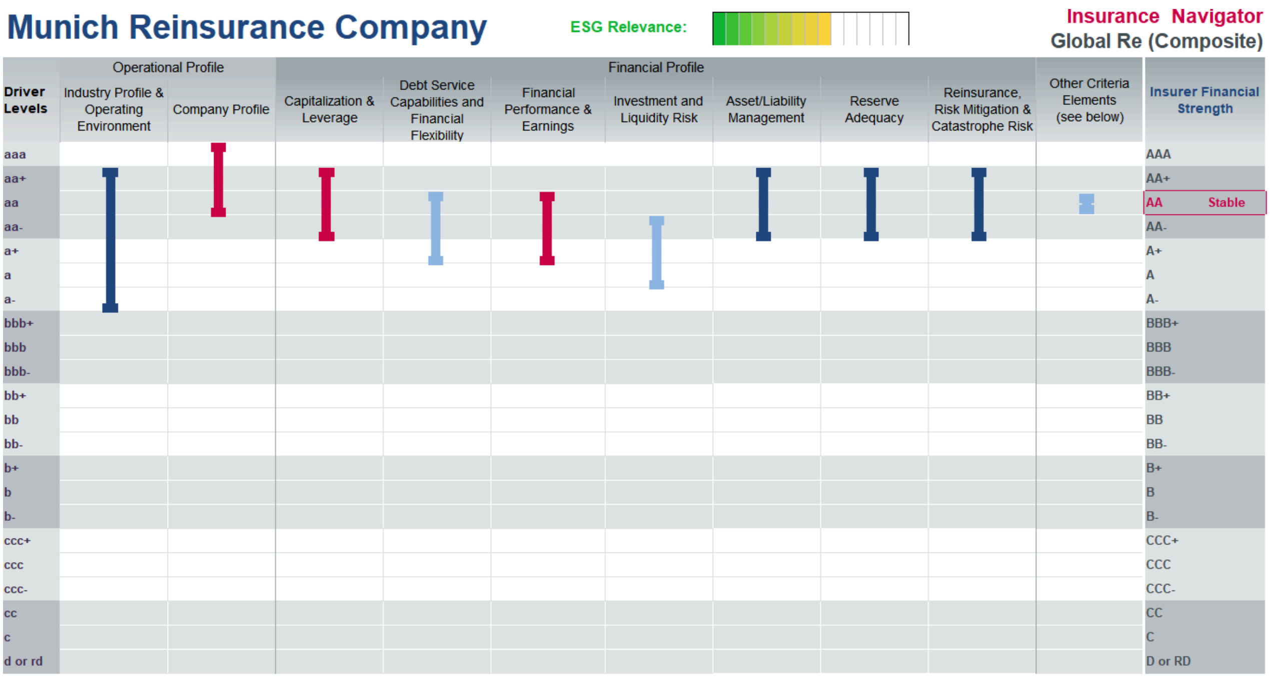
The L&H technical result of EUR608 million was significantly above the pro rata annual target, supported by the US portfolio. The contractual service margin increased, despite adverse currency movements.

Return on investments of 2.2% in 1Q25 (1Q24: 3.8%) was burdened mainly by negative fair value changes of fixed-income instruments, partly offset by sustained recurring yield.

Munich Re estimates that a 10% US dollar depreciation leads to a reduction in net income of around 5%.

Munich Re grew its non-life book, which was up for renewal in April, by 6.1% (2024: 6.1%). The risk-adjusted price decreased by 2.5% (2024: -0.7%). The price decline on the whole portfolio, combining January and April renewals 2025 is less than 1%.

Key Rating Drivers - Scoring Summary



Other Drivers & Criteria Elements				
Provisional Insurer Financial Strength Rating				**AA**
Non-Insurance Attributes	Positive	**Neutral**	Negative	+0
Ownership / Group Support	Positive	**Neutral**	Negative	+0
Transfer & Convertibility / Country Ceiling	Yes	**No**	AAA	+0
Insurer Financial Strength Rating			Final:	**AA**
IFS Recovery Assumption	**Good**			-1
Issuer Default Rating (IDR)			Final:	**AA-**

Bar Chart Legend:
Vertical Bars = Range of Driver
Bar Colors = Relative Importance
Higher Influence
Moderate Influence
Lower Influence
Bar Arrows = Driver Outlook
⇧ Positive
⇩ Negative
⇳ Evolving
▭ Stable

Company Profile

Very Strong Company Profile

Fitch ranks Munich Re's business profile as 'Most Favourable' compared to that of all other global reinsurance companies due to its 'Most Favourable' competitive position, 'Most Favourable' diversification and 'Favourable' business risk profile. Given this ranking and a 'Neutral' corporate governance, Fitch scores Munich Re's company profile at 'aa+' ('Very Strong') under its credit factor scoring guidelines.

Munich Re is the world's largest reinsurer, with EUR40 billion in reinsurance revenue in 2024. It attracts high-quality business due to its scale and financial strength, accelerating P&C revenue growth in favourable markets and reducing its book in less supportive cycles. At the January 2025 renewals, Munich Re continued to prioritise portfolio quality over growth, achieving slower premium growth and a 2.4% reduction in January 2025 for better margins. Its L&H portfolio is diversified, with significant exposure in North America and traditional mortality risk.

Munich Re uses its underwriting capacity effectively across multiple classes, especially with large primary insurers, influencing pricing and terms as a leader. It holds a secure position on reinsurance panels, sourcing business directly from insurers or through brokers, with strong partnerships and alternative risk-transfer initiatives.

Fitch views Munich Re's extensive business and geographical diversification as positive for the ratings. It continues to strategically grow less cyclical and less volatile business segments.

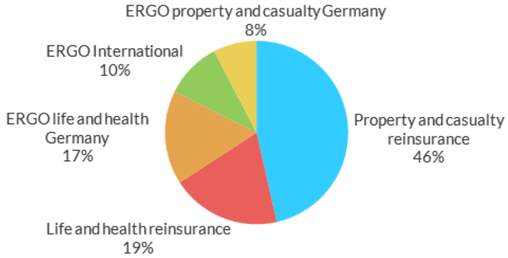
Through ERGO, it is active in primary insurance servicing both retail and commercial clients in Germany, where it holds a number four position based on gross written premium, and more than 20 other countries. In addition to a vast network of self-employed sales agents, ERGO has forged partnerships with a variety of brokers and engages in direct and digital business. Munich Re is also a leading specialty insurer in selected business lines and created a dedicated segment in 2025 (Global Specialty Insurance) to accelerate growth.

Company Profile Scoring

Business profile assessment	Most Favourable
Business profile sub-factor score	aa+
Corporate governance assessment	Neutral
Corporate governance impact (notches)	0
Company profile factor score	aa+

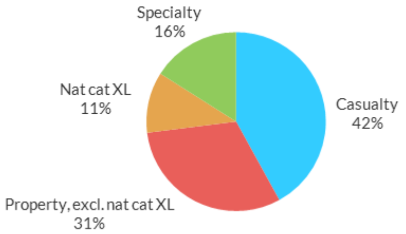
Source: Fitch Ratings

Revenue Split - Munich Re Group
2024



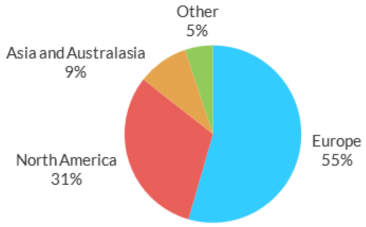
Source: Fitch Ratings, Munich Re

Premium Split - Property and Casualty Re
2024



Source: Fitch Ratings, Munich Re

Revenue Split: Geographies
2024



Source: Fitch Ratings, Munich Re

Ownership

Neutral Ownership

Munich Re is a listed group with its shares held by institutional investors (76% at end-2024) and private investors (24%).

Its shareholders are mainly European, with 45% of share capital held in Germany, 15% in the UK and 20% in the rest of Europe, with 20% held in North America.

Capitalisation and Leverage

Very Strong Capitalisation and Leverage

Munich Re's S2 ratio increased to 287% at end-2024 from 267% at end-2023. This is well above the 175%–220% target range and compares strongly with peers. The sensitivity of the ratio to interest rate risk diminished significantly over the past few years. The Prism Global score was unchanged at 'Very Strong' at end-2024.

Strong operating capital generation and Tier 2 subordinated debt issuance in 2024 led to S2 own funds growing by more than capital requirements. This was driven by a strong US dollar and modestly rising investment risk exposure, offset by reduced natural catastrophe (nat cat) and credit exposures. Insurance risk, mainly P&C underwriting risk, represents 60% of capital requirements. Shareholder equity and net contractual service margin (CSM) represent a substantial 46% and 30% of Prism available capital, respectively.

Munich Re has historically deployed capital for organic growth. More recently, it used excess capital in M&A transactions through ERGO in the Nordics in 2024 and in the US (acquisition of NEXT Insurance in 2025). Munich Re has consistently rising dividends per share and share buyback for the past 10 years (except 2021). Dividend per share increased by over 30% to EUR20. A share buyback of EUR2 billion for 2025 (2024: EUR1.5 billion) is in progress. The group intends to return excess capital to shareholders, returning the S2 ratio closer to the 220% upper limit of the target range over the long term.

The FLR is also supportive of the rating category. The ratio increased to 10.7% at 2024 from 10% at end-2023, following the EUR1.5 million Tier 2 debt issuance in May 2024. This is low both in absolute terms and compared with peers. Munich Re intends to increase debt levels to support capital distribution. Munich Re's total financing commitments (TFC) ratio was unchanged at 0.4x at end-2024 and is neutral to the ratings.

Financial Highlights

(x)	2024	2023
TFC/total equity	0.4	0.4
Net leverage	4.5	4.7
Gross leverage	4.8	4.8
Asset leverage	4.2	4.6
Net financial leverage (goodwill supported) (%)	10.7	10.0
Solvency II ratio (%)	287	267

Source: Fitch Ratings, Munich Re

Fitch's Expectations

- Munich Re to maintain its capital strength over the next 12–24 months due to prudent risk management and sustained net capital generation.
- Reduced solvency buffers in 2025 due to management actions, higher large losses or adverse capital markets.
- An S2 ratio falling to 220%, consistent with management's intention, would not affect our view of capitalisation.
- The FLR to increase gradually in the next 12–24 months to a level that would still compare favourably to our 'aa' guidelines and similarly rated peers.

Capitalisation Adequacy
Prism Global

Source: Fitch Ratings

Financial Highlights

	2024	2023
Prism score	Very Strong	Very Strong
Prism total AC (EURm)	70,794	65,037
Prism AC/TC at Prism score (%)	115	111
Prism AC/TC at higher Prism score (%)	98	94

AC – available capital, TC – target capital
Source: Fitch Ratings, Munich Re

Debt Service Capabilities and Financial Flexibility

Very Strong Coverage and Financial Flexibility

Munich Re has very stable market access and a long history of funding from diverse sources, including debt and equity markets, as well as through the use of alternative capital-management tools, such as catastrophe bonds and other risk-transfer products. We view Munich Re's capital return policy as sustainable and supportive of our assessment of financial flexibility.

The five-year average fixed-charge coverage ratio, including realised and unrealised gains and losses, of over 30x is extremely strong, driven by high operating earnings and low interest expenses. We expect potential net new issues to increase financial charges in the next 12–24 months, but this will not affect our view of the company's debt service capabilities.

Financial Highlights

(x)	2024	2023
Fixed-charge coverage ratio (including gains and losses)	37.7	35.7
Fixed-charge coverage ratio (excluding gains and losses)	40.2	38.5

Source: Fitch Ratings, Munich Re

Financial Performance and Earnings

Very Strong Financial Performance

Munich Re's very strong financial performance is supported by diversified sources of income supporting stable earnings. The group is able to manage the P&C insurance cycle, building and releasing reserves in an effective and timely manner, while benefitting from the less cyclical earning streams of its primary insurance unit ERGO.

Munich Re reported strong and stable results for 2024 under IFRS 17, exceeding profit targets, thanks to a sustained operating performance across all segments and rising investment results. The Fitch-calculated ROE rose to 18.3% (2023: 16.2%), which is consistent with the 'aaa' rating guidelines for the credit factor but also reflective of favourable reinsurance and capital market conditions.

The reported combined ratio in P&C reinsurance was a low 82.4% in 2024 (2023: 85.2%), meeting the 83% and below target for the year. The segment benefitted from strong pricing at recent renewals, favourable terms and conditions and few benign large loss experience. The ratio includes an 8pp discounting of claims being booked with a high locked-in rate under IFRS 17. Major losses burdened the combined ratio by 14.3pp (slightly above the 14pp budget) due to larger-than-expected man-made losses. However, the nat cat ratio remained just below the 10% budget.

Munich Re took advantage of strong underwriting results to add EUR500 million of reserves prudency in 2024, mainly for US liability, partly driven by overall exposure growth. Despite this, the group reported significant reserves releases of 5pp of the combined ratio in 2024, the same as in 2023.

The L&H technical result increased significantly to EUR2.1 billion in 2024 (2023: EUR1.4 billion). This was driven by healthy profitability of the mortality and morbidity core portfolio, "financially motivated reinsurance" (e.g., capital relief), as well as no excess mortality related to the pandemic. A steady release of CSM, broadly consistent with long-term expectations, remains the main contributor to L&H earnings. Munich Re reported a positive "experience variance" in CSM development and its reinsurance service result.

L&H CSM stock increased in 2024 by 18%, driven by a significant rise in new business CSM, far exceeding CSM release, which indicates a likely growth in profitability of the L&H reinsurance book. New business included large transactions in North America (e.g., mortality risk reinsurance of in-force portfolio of traditional life insurers) and in the UK and Netherlands (longevity risk).

Munich Re's primary insurance unit ERGO is performing strongly, exceeding earnings targets. ERGO's net income increased by nearly 10% in 2024, making a strong contribution to group earnings. In L&H Germany, the company's general strategy is to offset the declining profitability of the life run-off portfolio in times of lower interest rates by expanding capital-light life new business and developing short-term health business. ERGO Germany's P&C combined ratio was stable at 89.2% for 2024 (2023: 88.9%), despite higher major losses in 2024 than in 2023. International business was affected by nat cat losses, mainly flooding in Europe.

The group's return on investments rose to 3.1% (2023: 2.5%), driven by rising running yields and supported by positive fair value changes. It realised some fixed-income losses to support running yields.

Financial Highlights

	2024	2023
Net income return on equity (%) Fitch cal.	18.3	16.2
Pre-tax operating profit return-on-equity (%)	26.7	22.8
Combined ratio (CR) reinsurance (%)	82.4	85.2
CR ERGO Germany	89.2	88.9
CR ERGO Intl.	91.9	90.1

Source: Fitch Ratings; Munich Reinsurance Company

Fitch's Expectations

- Similar level of profitability in 2025 as in 2024. The group is still on track to deliver net income of EUR6 billion and a P&C reinsurance combined ratio below 79%.
- Slightly lower risk-adjusted prices in 2025 will limit P&C underwriting margin expansion. Comfortable reserves buffers and positive run-off results should compensate for lower prices and higher loss costs.
- Investment income to remain broadly supportive of earnings.

Investment and Asset Risk

Relatively Low Investment Risk

Fitch views Munich Re's investment and asset risk as relatively low, due to its prudent investment strategy and strong liquidity. The risky assets ratio improved marginally to 74% in 2024 (2023: 79%), which is within Fitch's guidelines for the 'a' category.

Munich Re's investment portfolio consists largely of fixed-income assets and loans, which made up 80% of total investments as of end-2024. Its allocation to equity investments (including participations) was almost unchanged at 6% of total investments. The unaffiliated equities/shareholders' funds ratio is supportive of the ratings.

The company's exposure to credit risk remained largely unchanged in 2024 and its overall credit quality was strong. Munich Re is mainly exposed to credit risk in its corporate bond portfolio (16% of the fixed-income portfolio). Of the overall fixed-income portfolio, 15% was not rated or rated below investment grade at end-2024, while 41% was rated in the 'BBB' category.

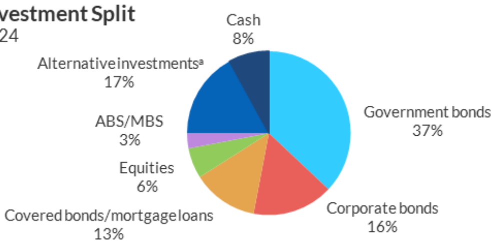
Alternative investments represent a sizeable 17% of the investment portfolio, consisting of real estate (7%), illiquid equities (mainly private equity and infrastructure; 7%) and illiquid debt (mainly infrastructure; 3%). We believe Munich Re has sufficiently strong capitalisation and liquidity to be able to withstand a hypothetical adverse scenario where the underlying performance of the alternative investments deteriorates.

Financial Highlights

	2024	2023
Risky assets/capital (total) (%)	74	79
Unaffiliated shares/capital (total) (%)	46	47
Non investment-grade bonds/capital (total) (%)	19	20

Source: Fitch Ratings, Munich Re

Investment Split
2024



[a] Real estate (40%), illiquid equities (40%), illiquid debt (20%)
Source: Fitch Ratings, Munich Re

Asset/Liability and Liquidity Management

Very Strong Asset Liability and Liquidity Management

Fitch views Munich Re's asset and liability management risk as low, due to its very strong liquidity and sophisticated asset and liability matching.

We regard liquidity in Munich Re's investment portfolio as very strong. At end-2024, of the group's EUR246 billion portfolio, Fitch considers that over 70% consists of highly liquid fixed-income securities.

ERGO's positive duration gap has been stable at around 0.7 years since 2022, with duration of both assets and liabilities broadly stable over the period. ERGO has derivatives to protect capital and earnings against interest rate risk. Interest rate swaptions are the main instruments employed.

Financial Highlights

	2024	2023
Total liquid assets/non-life loss reserves (%)	235	259
Duration gap (group; years)	0.1	0.3

Source: Fitch Ratings, Munich Re

Reserve Adequacy

Very Strong Reserve Adequacy

Fitch considers Munich Re's non-life reserving to be very prudent and supportive of the rating category. Munich Re's reserving approach, which has been undertaken consistently and has led to a positive reserve experience for over 10 years, is credit positive.

The company reserves new business at the higher end of best estimates and waits a few years before releasing. Reserves releases have ranged between around 4% and 7% of the combined ratio over the past 10 years. In 2024, Munich Re released reserves equal to EUR1.46 billion on a discounted basis or 5% of P&C reinsurance revenue, the same as in 2023. Most lines of business had favourable reserve developments, with short-tail P&C lines being the largest contributors. There was nevertheless a negative change in reserves run-off for accident year 2022, due to a prudent reserving approach and anticipated inflation.

Munich Re, like its peers, took advantage of strong underwriting results to build up prudence in reserves, indicating a cautious reaction to loss trends. The company added EUR500 million of reserves prudency in 2024 (mainly for US liability); the amount of reserve buffers in excess of best estimates is undisclosed.

Financial Highlights

	2024	2023
Reserve development/non-life prior year capital (%)	-6.9	-6
Reserve development/prior year loss reserve (%)	-2.2	-2.6
Net non-life technical reserves/net non-life revenue (%)	2.6	2
Net loss reserves/incurred losses (x)	3.5	3.2

Source: Fitch Ratings, Munich Re

Fitch's Expectations

- Reserves adequacy to remain very strong due to a prudent approach, particularly on inflation and portfolios with higher reserves uncertainties, such as US liabilities.
- Limited additions to extra reserve prudency in 2025.

Reinsurance, Risk Mitigation and Catastrophe Risk

Material, but Manageable, Exposure to Large Losses

Fitch views Munich Re's reinsurance, risk management and catastrophe risk exposure management as very strong and supportive of the rating category.

For risk mitigation purposes, Munich Re uses limited retrocession coverage or alternative capital instruments compared to peers, which means that net losses remain closer to gross losses and have a bigger impact on earnings than for some peers. Nevertheless, Munich Re's tail risk is unlikely to substantially weaken capital due to its highly geographically diversified catastrophe portfolio, excess reserves and strong capital position.

Munich Re's retrocession is stable over time, with adjustments made from one year to another. In January 2024 and 2025 renewals, the company bought additional protection at favourable terms and prices thanks to sufficient availability of retrocession capacity. This resulted in a lower exposure to the company's third largest risk, Californian earthquakes (after Atlantic hurricanes and European storms). However, exposure to Atlantic hurricanes increased due to US dollar appreciation and model updates.

In addition to traditional retrocession, Munich Re uses sidecar programs (Quota Share cessions on certain business lines and catastrophe bonds for single perils where it is close to its exposure risk limits).

Financial Highlights

	2024	2023
Reinsurance recoverables/capital (%)	12	13
Net non-life revenue/gross non-life revenue (%)	96	96

Source: Fitch Ratings, Munich Re

Appendix A: Peer Analysis

Peer Comparison

Click here for a report that shows a comparative peer analysis of key rating driver scoring.

Appendix B: Industry Profile and Operating Environment

Industry Profile and Operating Environment (IPOE)

Click here for a link to a report that summarises the main factors driving the above IPOE score.

Appendix C: Other Rating Considerations

Below is a summary of additional ratings considerations that are part of Fitch's *Insurance Rating Criteria*.

Group Insurance Financial Strength (IFS) Rating Approach

The entities listed in the table below are considered 'Core' entities under Fitch's group rating methodology. Those operating entities share the same IFS ratings based on Fitch's evaluation of the strength of the group as a whole. The US-based entities listed below unite most of the primary and reinsurance business in the US, which is the most important market for Munich Re outside Germany. ERGO Group AG and its key subsidiaries represent more than a third of the group's insurance revenue, provide strong diversification benefits, and have been an integral part of the group's strategy for decades.

The 'A+'/ Positive IFS rating of ERGO Forsikring A/S (formerly Europaeiske Rejseforsikring A/S) reflects its ultimate 100% ownership by Munich Re and is classified as 'Very Important' to Munich Re under Fitch's insurance group rating methodology. The company has been part of Munich Re for decades and its rating has a three-notch uplift from its standalone credit quality. The latter reflects its 'Very Strong' capitalisation but is constrained by the small size of the company.

Core Entity	Type	Rating	Outlook
Munich Re America Corporation	Long-Term IDR	AA-	Stable
Munich Reinsurance America, Inc.	IFS	AA	Stable
Hartford Steam Boiler Inspection and Insurance Company	IFS	AA	Stable
ERGO Group AG	Long-Term IDR	AA-	Stable
DKV Deutsche Krankenversicherung AG	IFS	AA	Stable
ERGO Vorsorge Lebensversicherung AG	IFS	AA	Stable
Sopockie Towarzystwo Ubezpieczen ERGO Hestia S.A.	IFS	AA	Stable

Source: Fitch Ratings, Munich Re

Notching

For notching purposes, Fitch assesses the German regulatory environment as being 'Effective' and classified as following a group solvency approach.

Notching Summary

IFS ratings

A baseline recovery assumption of 'Good' applies to the IFS rating, and standard notching was used from the IFS anchor rating to the operating company Issuer Default Rating (IDR).

Operating company debt

Outstanding senior unsecured debt issued by Munich Re America Corporation (MRAC) has been rated using a baseline recovery assumption of 'Average'. The rating is therefore aligned with the IDR of MRAC.

Holding company IDR

Not applicable.

Holding company debt

Not applicable.

Hybrids

For all outstanding subordinated note issues, a baseline recovery assumption of 'Below Average' and a non-performance risk assessment of 'Moderate' were used. Notching of -2 was applied relative to the IDR, which was based on -1 for recovery and -1 for non-performance risk.

IFS – Insurer Financial Strength
IDR – Issuer Default Rating
Source: Fitch Ratings

Debt Maturities

As of end-1Q25	(m)
2026	USD287
2027	USD67
2041	EUR1,250
2042	EUR1,000
2042	USD1,250
2044	EUR1,500
2049	EUR1,250

Source: Fitch Ratings, Munich Re

Short-Term Ratings

Not applicable.

Hybrid - Equity/Debt Treatment

Fitch regards the subordinated debt in the table below as 100% capital within its capital adequacy ratio and as 100% debt within its financial leverage ratio calculation.

Hybrids Treatment

Hybrid	Amount	CAR Fitch (%)	CAR reg. override (%)	FLR debt (%)
Munich Re				
XS1843448314, call 2029, 2049	EUR1,250m	0	100	100
XS2221845683, call 2031, 2041	EUR1,250m	0	100	100
XS2381261424, call 2032, 2042	EUR1,000m	0	100	100
US62582PAA84, call 2031, 2042	USD1,250m	0	100	100
XS2817890077, call 2034, 2044	EUR1,500m	0	100	100

CAR ̄ Capitalisation ratio
For CAR, % shows portion of hybrid value included as available capital, both before (Fitch %) and the regulatory override. For FLR, % shows portion of hybrid value included as debt in numerator of leverage ratio.
Source: Fitch Ratings

Recovery Analysis and Recovery Ratings

Not applicable.

Transfer and Convertibility Risk (Country Ceiling)

None.

Criteria Variations

None.

Appendix D: Environmental, Social and Governance Considerations

FitchRatings **Munich Reinsurance Company**

Insurance Navigator
Global Re (Composite)

Credit-Relevant ESG Derivation

Munich Reinsurance Company has 8 ESG potential rating drivers

- Munich Reinsurance Company has exposure to underwriting/reserving exposed to asbestos/hazardous materials risks but this has very low impact on the rating.
- Munich Reinsurance Company has exposure to underwriting/reserving exposed to environmental and natural catastrophe risks; impact of catastrophes on own operations or asset quality; credit concentrations but this has very low impact on the rating.
- Munich Reinsurance Company has exposure to compliance risk; treating customers fairly; pricing transparency; privacy/data security; legal/regulatory fines; exposure to insured and own cyber risk but this has very low impact on the rating.
- Munich Reinsurance Company has exposure to social responsibility and its effect on brand strength; increased vulnerability due to credit concentrations but this has very low impact on the rating.
- Governance is minimally relevant to the rating and is not currently a driver.

			ESG Relevance to Credit Rating
key driver	0	issues	5
driver	0	issues	4
potential driver	8	issues	3
not a rating driver	1	issues	2
	5	issues	1

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference	E Relevance
GHG Emissions & Air Quality	1	n.a.	n.a.	5
Energy Management	1	n.a.	n.a.	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	3	Underwriting/reserving exposed to asbestos/hazardous materials risks	Capitalization & Leverage; Financial Performance & Earnings; Reserve Adequacy; Reinsurance, Risk Mitigation & Catastrophe Risk	2
Exposure to Environmental Impacts	3	Underwriting/reserving exposed to environmental and natural catastrophe risks; impact of catastrophes on own operations or asset quality; credit concentrations	Capitalization & Leverage; Financial Performance & Earnings; Reserve Adequacy; Reinsurance, Risk Mitigation & Catastrophe Risk; Investment & Asset Risk	1

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
Human Rights, Community Relations, Access & Affordability	1	n.a.	n.a.	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risk; treating customers fairly; pricing transparency; privacy/data security; legal/regulatory fines; exposure to insured and own cyber risk	Industry Profile & Operating Environment; Company Profile; Reserve Adequacy	4
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Company Profile	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	3	Social responsibility and its effect on brand strength; increased vulnerability due to credit concentrations	Company Profile; Investment & Asset Risk; Financial Performance & Earnings; Reinsurance, Risk Mitigation & Catastrophe Risk	1

Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference	G Relevance
Management Strategy	3	Operational implementation of strategy	Company Profile	5
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Company Profile	4
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Company Profile; Ownership	3
Financial Transparency	3	Quality and timing of financial reporting and auditing processes	Company Profile	2
				1

How to Read This Page
ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.

The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to result in a negative impact unless indicated with a '+' sign for positive impact.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

ESG Considerations

The highest level of ESG credit relevance, if present, is a score of '3'. This means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or to 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 http://www.fitchratings.com/esg.

Ratings

Munich Reinsurance Company	
Insurer Financial Strength	AA
Long-Term IDR	AA-

Core Subsidiaries	
Insurer Financial Strength	AA

Note: See Appendix C for additional ratings.

Outlooks	
Insurer Financial Strength	Stable
Long-Term IDR	Stable

Debt Ratings	
Subordinated Long-Term Rating	A

Financial Data

Munich Reinsurance Company

(EURm)	End-2024	End-2023
Total assets	286,515	273,793
Equity	32,746	29,772
Insurance revenue	60,830	57,884
Net income	5,671	4,597
Solvency II (%)	287	267

Note: Reported under IFRS 17.
Source: Fitch Ratings, Munich Re

Applicable Criteria

Insurance Rating Criteria (March 2024)

Related Research

European Reinsurers' 1Q25 Results Resilient to Large Losses (May 2025)
European Reinsurance Monitor: 2024 Results (March 2025)

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SOLICITATION & PARTICIPATION STATUS

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