

Research Update:

Munich Reinsurance Co. 'AA' Ratings Affirmed On Stronger Financial Risk Profile; Outlook Stable

July 10, 2026

Overview

- Munich Re continues to demonstrate a track record of capital adequacy above the 99.99% confidence level according to the S&P Global Ratings' capital model.
- We believe Munich Re is well placed to maintain this robust buffer at the 99.99% confidence level, leveraging very strong and diversified earnings through the soft cycle in property/casualty (P/C) reinsurance.
- We therefore affirmed our 'AA' ratings on Munich Re.
- The stable outlook indicates that we expect the group to preserve its excellent competitive position and conservative capital management over the next two years, supported by its strong and diversified earnings profile.

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Rating Action

On July 10, 2026, S&P Global Ratings affirmed its 'AA' long-term issuer credit and insurer financial strength ratings on the core entities within the Munich Re group. The outlook is stable.

Rationale

In our view, Munich Re has demonstrated a strong track record of conservative capital management. The group's capital adequacy has been securely above the 99.99% confidence level according to S&P Global Ratings' capital model in the past three years. Under our base-case assumptions for 2026-2028, we believe the group will remain securely above that level, backed by management commitment. We therefore revised our assessment of capital and earnings to excellent from very strong and our assessment of the financial risk profile to very strong from strong. We believe the group's very strong earnings, excellent diversification, and conservative reserving will support payouts to shareholders, selective growth (in particular in ERGO, GSI, and life reinsurance), as well as potential moderate increases in asset risk in line with the group's 2030 ambition. This is further supported via the group's Solvency II ratio of almost 300% after the

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first quarter of 2026, comparing well with peers. We understand that the group targets to maintain a Solvency II ratio of above 200% under its ambition 2030 strategy.

Munich Re's competitive advantages continue to stem from its excellent franchise and market-leading positions in the global P/C and life reinsurance markets, coupled with excellent diversification from its primary insurance operations, life reinsurance, and global specialty insurance. Its recognized brand, presence, and expertise in the global market are also key differentiating factors that are difficult to replicate. In our view, Munich Re is well-placed to achieve its 2026 net income target of €6.3 billion, based on its excellent diversification, conservative balance-sheet management, and prudent reserving. Under our base-case assumptions, we believe the group will achieve net income of about €6.0 billion-€6.5 billion in 2026-2028 with a return on equity (ROE) of 17%-20%. We also believe that, in the softening global reinsurance sector cycle, Munich Re can strongly leverage its earnings diversification with potentially increasing shares from life reinsurance, global specialty insurance, and retail primary insurance. In 2025, Munich Re earned 46% of its income outside P/C reinsurance. Compared with most reinsurance peers, the Munich Re group therefore benefits from higher diversification and lower dependence on cyclical businesses such as short-tail P/C reinsurance. We therefore choose an anchor of 'aa' in our overall assessment to reflect the group's significant diversification by lines of business.

Munich Re continues to be exposed to large tail risks such as natural catastrophes, which could lead to some capital and earnings volatility. These risks are partially offset by the group's extremely diversified portfolio, strong risk controls, and cautious reserving practices, in our view. In our base-case assumptions we incorporate about 18% of manmade and natural catastrophe losses in the combined ratio assumptions for P/C reinsurance. For the group, we assume a consolidated combined ratio including all lines of business of about 90% in 2026-2028.

Outlook

The stable outlook indicates that, in our view, the group is likely to preserve its excellent competitive position and conservative capital management over the next two years, supported by its strong and diversified earnings profile.

Downside scenario

We could lower the ratings within the next 12-24 months if the group appears likely to perform below our expectations or below 'AA' rated peers for a prolonged period, if its diversification profile weakens, or if its risk-based capital adequacy declines and is forecast to remain below the 99.95% confidence level for a similar period. This could occur if Munich Re incurs materially higher investment charges or suffers significant and unexpected losses from large-scale natural catastrophes.

Upside scenario

An upgrade is very unlikely over the next 24 months, given the potential for Munich Re's earnings profile to be more volatile than those of higher-rated peers.

Rating component scores

	To	From
Financial strength rating	AA/Stable/--	AA/Stable/--
Anchor	aa	aa-

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Business risk profile	Very strong	Very strong
Competitive position	Excellent	Excellent
IICRA	Intermediate risk	Intermediate risk
Financial risk profile	Very strong	Strong
Capital and earnings	Excellent	Very strong
Risk exposure	Moderately high	Moderately high
Funding structure	Neutral	Neutral
Modifiers		
Governance	Neutral	Neutral
Liquidity	Exceptional	Exceptional
Comparable ratings analysis	0	1
IICRA--Insurance Industry And Country Risk Assessment.		

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
- [Criteria | Insurance | General: Insurers Rating Methodology](#), July 1, 2019
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [General Criteria: Guarantee Criteria](#), Oct. 21, 2016
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

- [Tear sheet: Munich Reinsurance Co.](#), April 7, 2026
- [How Will The Middle East War Affect The Insurance Sector?](#), April 2, 2026

Ratings List

Ratings List

Ratings Affirmed

[American Alternative Insurance Corp.](#)

[ERGO Versicherung AG](#)

[Great Lakes Insurance SE \(Australia Branch\)](#)

[Great Lakes Insurance UK Ltd.](#)

[Munich American Reassurance Co.](#)

[Munich Reins America Inc.](#)

[Munich Reinsurance Co. of Australasia Ltd.](#)

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Ratings List

Munich Reinsurance Co. of Canada		
Princeton Excess & Surplus Lines Insurance Co.		
Issuer Credit Rating		
Local Currency		AA/Stable/--
ERGO Group AG		
Issuer Credit Rating		
Local Currency		A+/Stable/--
Munich Re America Corp.		
Issuer Credit Rating		
Local Currency		A/Stable/--
Munich Re Trading LLC		
Temple Insurance Co.		
Issuer Credit Rating		
Local Currency		AA-/Stable/--
Munich Reinsurance Co.		
American Alternative Insurance Corp.		
ERGO Versicherung AG		
Great Lakes Insurance SE		
Great Lakes Insurance SE (Australia Branch)		
Great Lakes Insurance UK Ltd.		
Munich American Reassurance Co.		
Munich Re of Bermuda, Ltd.		
Munich Re of Malta PLC		
Munich Reins America Inc.		
Munich Reinsurance Co. of Australasia Ltd.		
Munich Reinsurance Co. of Canada		
New Reinsurance Co. Ltd		
Princeton Excess & Surplus Lines Insurance Co.		
Financial Strength Rating		
Local Currency		AA/Stable/--
Munich Reinsurance Co.		
Great Lakes Insurance SE		
Munich Re of Malta PLC		
New Reinsurance Co. Ltd		
Issuer Credit Rating		
Foreign Currency		AA/Stable/--
Temple Insurance Co.		
Financial Strength Rating		
Local Currency		AA-/Stable/--
Munich Reinsurance Co.		
Junior Subordinated		
		A+

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