

07 AUG 2024

Fitch Upgrades SI Re to IFS 'A'; Outlook Stable

Fitch Ratings - Frankfurt am Main - 07 Aug 2024: Fitch Ratings has upgraded Swiss reinsurer SIGNAL IDUNA Rueckversicherungs AG's (SI Re) Insurer Financial Strength (IFS) Rating to 'A' from 'A-'. The Outlook is Stable.

The upgrade reflects our revision of SI Re's strategic importance within the SIGNAL IDUNA Lebensversicherung a. G. insurance group (SIL) to 'Core' from 'Very Important'. On a standalone basis, Fitch continues to view SI Re as having very strong capitalisation, a good company profile and strong reserve adequacy.

Key Rating Drivers

'Core' Subsidiary: Fitch now views SI Re as 'Core' to SIL under its insurance group rating methodology. The 'Core' status reflects SI Re's consistent contribution to group earnings and diversification, its strong increase in operating scale in recent years as well as shared group branding. SI Re is wholly owned by SIL's main non-life insurance subsidiary, SIGNAL IDUNA Allgemeine Versicherung Aktiengesellschaft (SIAV; IFS: A/Stable) which has consistently provided capital to SI Re to finance growth and maintain high capitalisation. The rating is now aligned with that of SIAV.

Very Strong Capitalisation: Fitch's assessment of capitalisation is based on its very strong Swiss Solvency Test (SST) ratio of 250% on 1 January 2024 (1 January 2023: 238%) and its unchanged 'Extremely Strong' score in Fitch's Prism Global capital model at end-2023.

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

Strong Reserve Adequacy: SI Re follows a prudent reserving approach, as demonstrated by strong loss-reserve development and reserve redundancies. Reserve development earnings as a proportion of the prior year's loss reserve was 6% for 2019-2023 and reserve redundancies averaged 10% of the claims reserve over the same period.

RATING SENSITIVITIES

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

-- An upgrade of SIAV's rating

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

-- A downgrade of SIAV's rating

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>.

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Rating Actions

ENTITY/DEBT	RATING	RECOVERY	PRIOR
SIGNAL IDUNA Rueckversicherungs AG	LT IFS A 	Upgrade	A- 

RATINGS KEY OUTLOOK WATCH

POSITIVE		
NEGATIVE		
EVOLVING		
STABLE		

Applicable Criteria

[Insurance Rating Criteria \(pub.04 Mar 2024\) \(including rating assumption sensitivity\)](#)

Additional Disclosures

[Solicitation Status](#)

Endorsement Status

SIGNAL IDUNA Rueckversicherungs AG EU Issued, UK Endorsed

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