

# R+V Versicherung AG

June 5, 2025

This report does not constitute a rating action.

## Credit Highlights

### Overview

#### Key strengths

Successful bancassurance business model integrated into Germany's large cooperative banking sector.

One of the largest insurance groups in Germany and has a diversified stream of revenue/earnings across property/casualty (P/C), life, and health, as well as global reinsurance.

Robust market credentials stemming from its business in the German retail and small to midsize enterprise (SME) sectors, combined with increasing international diversification through its global reinsurance portfolio.

#### Key risks

Competition within the cooperative bank distribution channel for single-premium business.

Potential capital and earnings volatility stemming from above-average share of equity investments and some natural catastrophe exposure, mainly through its reinsurance operations.

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**S&P Global Ratings equalizes its ratings on R+V Versicherung AG (RVV), the operating holding and reinsurance company of the R+V group, with those of the core entities of its majority shareholder, DZ Bank.** DZ Bank (A+/Stable/A-1) is the central bank for Germany's large cooperative banking sector. The R+V group, as the main provider of insurance for the German cooperative sector, is key to its strategy. Specifically, the insurance group complements the cooperative sector's full financial services offering by distributing P/C, life, and health insurance products to their customers. Its core group status is supported by its capacity to generate commission, its cost-sharing function, and its comprehensive integration within the group's risk management function. RVV's rated subsidiary Kravag-Logistic Versicherungs AG (KLog), which serves the German road haulage segment, is also considered core to DZ Bank.

**The R+V group has an established position in the German insurance market, backed by its successful bancassurance business model and its integration into Germany's large cooperative banking sector.** The group reported a gross premium income for 2024 of €20.9 billion, based on German generally accepted accounting principles (GAAP). This represents an increase of 5.4% from the €19.8 billion reported in the previous year. Based on International Financial Reporting Standards (IFRS) 17, it also implies insurance revenue of €12.2 billion for 2024, up from €11.6 billion in the previous year.

**Gross premium growth was largely supported by the group's domestic and international P/C operations, including its reinsurance business.** Its German P/C business increased by 5.2% to €7.5 billion in 2024, although its domestic life premium remained almost flat at €7.6 billion. Over the same period, RVV increased the reinsurance premium it wrote by 9.1% to €3.4 billion, and the group's Italian subsidiary, Assimoco, saw an increase of 30.6% to €1.4 billion.

**The R+V group's strong market position is underscored by its extensive distribution network, sophisticated multichannel distribution strategy in German primary insurance and global reinsurance, and strong competitive presence in all segments.** Therefore, we expect premium to increase by 3%-5% a year in 2025-2026, despite our forecast that the macroeconomic environment will be difficult.

**We anticipate that the R+V group will maintain its capitalization over 2025-2026.** Our view is based on:

- The group's robust solvency ratio of 168% (excluding transitional provisions) at Dec. 31, 2024-- unchanged compared with the previous year;
- Its record of strong earnings generation; and
- Its access to parental support, if needed.

## Outlook

The stable outlook on RVV and subsidiary KLog mirrors that on DZ Bank and the Cooperative Banking Sector Germany. We expect both entities to remain integral to DZ Bank, given their role and contributions to the cooperative sector's business strategy. Our ratings on RVV and KLog consequently move in tandem with those on the core subsidiaries of the cooperative banking sector.

Our stable outlook on the Cooperative Banking Sector Germany, including all core group members, reflects our expectation that the sector will maintain its strong capitalization and solid operating profitability, providing a strong buffer to absorb valuation and credit losses.

### Downside scenario

We could lower our ratings on the sector's core members if a sudden repricing of deposits depresses structural profitability or if credit costs rise substantially above our current expectations.

We could also lower the ratings if the sector's market position deteriorates materially, leading to financial difficulties for several cooperative banks and weakening the Bundesverband der Deutschen Volksbanken und Raiffeisenbanken e.V.'s capacity to support them.

### Upside scenario

We currently consider a positive rating action to be remote. An upgrade would depend on the anchor for German domestic banks being revised up to 'a-', indicating a more supportive economic environment and that structural challenges in German retail and SME banking have eased.

## Assumptions

- GDP growth in Germany of about 0.1% in 2025 and 1.2% in 2026;

- Inflation in Germany of about 2.2% for both 2025 and 2026;
- German 10-year government bond yields of about 2.54% in 2025 and 2.65% for 2026 (2.37% at year-end 2024);
- The global reinsurance industry will continue to earn its cost of capital in 2025, as it did in 2023 and 2024; and
- The reinsurance industry will continue to post strong results, bolstered by favorable conditions overall, and despite signs of moderation in property pricing.

## Business Risk Profile

In our view, the R+V group's business risk profile benefits from its position as one of the top three multiline insurers in Germany and its very successful bancassurance business model. It is integrated into Germany's large cooperative banking sector and offers a broad portfolio of life, health, P/C, and reinsurance products, both on the open market and to customers of cooperative banks.

The group's main competitive advantages are still based on its ties to the cooperative banking industry and its business in the German retail and SME markets, in our opinion. These advantages are bolstered by the distribution agreements between Assimoco and two cooperative banking groups in Italy (Iccrea Banca SpA and Cassa Centrale Banca).

Overall, the R+V group wrote gross premium of €20.9 billion in 2024 (€19.8 billion in 2023), of which €16 billion was underwritten by its main risk carriers (R+V Lebensversicherung AG and R+V Allgemeine Versicherung AG). The reinsurance business contributed €3.5 billion and Assimoco contributed €1.4 billion. Based on IFRS 17, the group's insurance revenue was €12.2 billion.

Gross premium growth was largely supported by the group's domestic and international P/C business, including reinsurance. Claims inflation in the domestic market remains elevated, enabling the R+V group to increase pricing. This helped it boost its German P/C business by 5.2% to €7.5 billion in 2024. At the same time, favorable reinsurance pricing bolstered premium in this line of business by 9.1%. Assimoco saw an even larger increase, as its bancassurance distribution agreements enabled it to increase gross premiums by 30.6%.

By contrast, domestic life premium was almost flat at €7.6 billion. Single-premium business increased by just 0.1%, while recurring premium business rose by 0.5%, fueled by a positive development in unit-linked contracts. We expect the group to harness the business strength in its P/C operations for further growth, offsetting the effect on growth in its life business of muted GDP growth in Germany and economic uncertainty. For 2025-2026, we forecast consolidated annual premium growth of 3%-5%.

The group has improved its business diversification by pushing for further expansion in the reinsurance segment, which contributed about 16.3% of total gross premium written in 2024. It has organically established itself among the top 20 global reinsurers and its reinsurance portfolio is well spread across Europe, North America, Asia-Pacific, the Middle East, Latin America, and Southern Africa. It also benefits from a lower cost base, compared with peers.

The R+V group plans to strengthen its exclusive partnership with the cooperative banking sector by investing in digitalization and developing a platform that meets customers' increasing digital needs. In pursuit of these plans, it launched a new corporate strategy (NextLevel) in 2025 that will set its course for the next five years. The strategy chiefly emphasizes digitalization,

customer centricity, and process optimization and the group anticipates that it will boost gross premium written (based on German GAAP) to more than €25 billion by 2030. The R+V group has also set itself the goal of generating consolidated profit, based on IFRS 17, consistently above €1.5 billion by 2030.

To meet these targets and help it align with its strategic goals, the group has also established two new departments, headed by members of the executive board:

- Operations and IT will integrate all operations units and the IT department to streamline processes and enhance customer service through automation and artificial intelligence. This is expected to reduce costs and create space for future investments.
- Finance and risk management will centralize management functions to optimize the use of capital and resources across the R+V Group.

## Financial Risk Profile

We anticipate that the R+V group's capital position will remain robust, supported by its ability to build capitalization, well-balanced investment strategy, and overall favorable risk-capital management. The group's robust solvency ratio of 168% (excluding transitional provisions) as of Dec. 31, 2024, was unchanged from the previous year. Net income on an IFRS 17 basis increased by 51% to €888 million (from €587 million in 2023), largely supported by improved investment results and better underwriting.

The group's primary insurance business model builds up retained earnings to enable it to expand its risk capital. Over the next two years, we forecast that it will match most of the increase in its capital requirements by building up its internal capital buffers, based on strong profitability and a balanced profit transfer and capital reinjection strategy with parent DZ Bank. For 2025-2026, we expect a return on equity of 5%-8%. The R+V group's sustainable approach to business development supports our capital and earnings forecast.

Under IFRS 17, the R+V group reported a consolidated combined ratio of 92.9% in 2024, stronger than the 95.1% reported in 2023. (Lower combined ratios indicate better profitability. A combined ratio of greater than 100% signifies an underwriting loss.) The group achieved this through a consistent focus on improved profitability and strong results in the reinsurance business. The combined ratio for the motor segment improved to 103.0% in 2024 from 106.7% in 2023.

The group has expanded its reinsurance business in recent years, which has improved its global diversification. That said, the reinsurance business is an additional source of capital and earnings volatility. Any extraordinary, accelerated expansion in this business could change our view of the group's financial risk profile.

In the life insurance segment, the R+V group has performed well and scale effects have enabled it to be more cost-effective than peers in the German market. Its overall risk profile is lower than that of local peers, mainly because strong business growth in recent years has lowered its average guarantee commitments.

The group follows a well-balanced investment strategy and its fixed-income investments have retained an average credit quality of 'AA'. However, its equity exposure is higher than the market average and its moderate increases in property and infrastructure investments could increase overall asset risk. Nevertheless, we anticipate that the R+V group's robust capital will help it absorb elevated financial market risk.

## Other Credit Considerations

### Governance

The R+V group makes use of a comprehensive strategic planning framework and its highly experienced management team complements its operational needs. The group has demonstrated its ability to maintain focus on its key areas and has implemented strategic initiatives to protect its market-leading position in the German insurance market and to generate sustainable business growth in the reinsurance segment.

### Liquidity

We assess the group's liquidity as exceptional. Given the small amount of hybrid debt issued by R+V Allgemeine Versicherung AG and DZ Bank, we do not consider the group to be exposed to refinancing risk. We anticipate that liquidity coverage would remain comfortable, even under stress scenarios.

### Group support

We consider the R+V group as core to DZ Bank and the German cooperative banking sector, based on the integral role it plays in the sector's strategy. R+V operates under its bancassurance business model and generates sizable commission and fee income for the cooperative banks, which strengthens and diversifies its overall earnings.

RVV has an intrinsic role as the operating, holding, and reinsurance company of the R+V group. We equalize our rating on RVV with those on the core operating subsidiaries of DZ Bank because of RVV's capacity to generate earnings from its reinsurance activities and its debt-free balance sheet.

KLog's status as a core entity within the group is supported by the role it plays and its full integration within the group. KLog is the insurance group's dedicated carrier for its business relations with the German road haulage segment, which is dominated by cooperatives. The staff that work at KLog are employed at the RVV level and RVV handles all its operational functions.

## Related Criteria

- [General Criteria: Hybrid Capital: Methodology And Assumptions](#), March 2, 2022
- [Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions](#), Dec. 9, 2021
- [Criteria | Financial Institutions | General: Financial Institutions Rating Methodology](#), Dec. 9, 2021
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology](#), July 20, 2017
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

## Related Research

- [Cooperative Banking Sector Germany](#), Jan. 31, 2025

### Ratings Detail (as of June 05, 2025)\*

#### Operating Companies Covered By This Report

##### **R+V Versicherung AG**

#### Financial Strength Rating

<i>Local Currency</i>	A+/Stable/--
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#### Issuer Credit Rating

<i>Local Currency</i>	A+/Stable/--
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##### **KRAVAG-LOGISTIC Versicherungs AG**

#### Financial Strength Rating

<i>Local Currency</i>	A+/Stable/--
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#### Issuer Credit Rating

<i>Local Currency</i>	A+/Stable/--
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Germany
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