S&P Global Ratings

RatingsDirect®

Korean Reinsurance Co.

August 12, 2026

This report does not constitute a rating action.

Business risk: **Very strong**

Excellent — Vulnerable

Competitive position: Very strong
IICRA: Intermediate risk

Financial risk: **Strong**

Excellent — Vulnerable

Capital and earnings: Very strong
Risk exposure: Moderately high
Funding structure: Neutral

Anchor	SACP	FSR
a+	a+	A+

Modifiers	Group/Gov't
0	--

Financial strength rating
A+/Stable/--

FSR--Financial strength rating. IICRA--Insurance industry and country risk assessment. SACP--Stand-alone credit profile.

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Credit Highlights

Overview

Key strengths	Key risks
Market leader in Korea, with a growing international presence	Potential volatility in capital and earnings because of exposure to alternative investments or loans, and exposure to natural catastrophes
Strong capitalization to support business growth	Higher reliance on retrocession than peers'
Sound and stable underwriting performance that compares well with regional peers'.	

Korean Reinsurance Co. (Korean Re) will likely maintain a sound underwriting performance over the next two years. The reinsurer's pricing discipline, tightened underwriting standards, and ongoing reduction of underperforming reinsurance accounts underpin our view. We estimate Korean Re's net combined ratio will remain broadly stable at 93%-96% over the next two years, under Korean International Financial Reporting Standard (K-IFRS) 17, compared with about 93.9% in 2025. The reinsurer's underwriting performance has been more stable in the past several years, comparing well with regional peers, despite some catastrophe events such as typhoons and COVID-19.

Korean Re's moderate business growth and steady earnings will support its very strong capitalization. We expect the reinsurer to continue prioritizing profitability over rapid business expansion. Its commission arrangement associated with loss experience with local cedants and retrocession programs will also underpin its earnings stability. In our view, Korean Re will prioritize stable management of its equity-like reserves such as contractual service margin (CSM) under K-IFRS 17.

We expect Korean Re to maintain its dominant position in the domestic reinsurance market over the next few years. The reinsurer's market position benefits from its distinctive competitive advantages as the only domestic reinsurer with a strong business franchise and longstanding relationship with local primary insurers. It has a diversified business portfolio across commercial, motor, long-term health, life, and coinsurance lines. At the same time, Korean Re will continue to gradually expand its international presence, particularly in developed markets, such as the U.S. and Europe.

Outlook

The stable outlook on our ratings on Korean Re and its core subsidiary Korean Reinsurance Switzerland AG (KRSA) reflects our view that Korean Re will maintain its very strong competitive position. This is underpinned by Korean Re's dominant position in the domestic reinsurance market and diversification strategy. We also believe the reinsurer will maintain very strong capital adequacy with stable and sound operating performance over the next two years.

Downside scenario

We may lower the ratings on Korean Re and KRSA if Korean Re's prospective capital adequacy weakens below the 99.95% confidence level. This could happen if the reinsurer pursues rapid growth, especially in domestic coinsurance or overseas markets, or faces large insurance losses or investment volatility.

We may also lower the ratings if we determine that Korean Re's competitive position has weakened because of heightened volatility in underwriting profitability or operating performance consistently below our base-case assumptions.

Upside scenario

We view an upgrade as highly unlikely over the next two years. We may raise the ratings if the reinsurer:

- Sustainably delivers improved profitability with a prudent investment strategy that significantly improves its prospective capital adequacy; and
- Achieves a stronger competitive position, for example, by growing its overseas presence with sustainable profitability comparable with 'AA-' rated peers.

Assumptions

- Korea's annual real GDP to grow by 2.9% in 2026 and 2.2% in 2027, up from 1.1% in 2025.
- Policy rate in Korea to stay broadly stable in 2027 after the Bank of Korea raised it to 2.75% in July 2026 from 2.50% as of end-2025.
- Unemployment rate to stay stable at about 2.8% in 2026 and 2027, similarly with that in 2025.

Korean Reinsurance Co.--Key Metrics

(Bil. KRW)	2023a	2024a	2025a	2026f	2027f	2028f
Insurance revenue	5,168	5,137	4,976	4,900-5,400	5,100-5,600	5,300-5,800
EBITDA§	362	405	467	470-520	450-500	440-490
Net income (attributable to shareholders)	284	317	322	360-390	350-380	340-370
S&P Global Ratings capital adequacy	99.95%	99.95%	99.95%	99.95%	99.95%	99.95%
Capital Adequacy: Redundancy/Deficiency at defined confidence level*	>10%	>10%	>10%	>10%	>10%	>10%
Return on shareholder's equity (%)	9.5	9.4	9.0	9.5-10.5	8.6-9.6	8.3-9.3
EBITDA fixed-charge coverage§ (x)	7.0	7.6	7.7	7.5-8.5	7.2-8.2	7.1-8.1
Financial leverage including pension deficit as debt (%)	25.4	24.1	22.6	20.0-23.0	19.0-22.0	18.0-21.0
Net combined ratio† (%)	94.3	94.7	93.9	91.5-94.5	92.5-95.5	93.0-96.0
Return on revenue (%)	6.8	2.1	7.0	8.2-8.7	7.6-8.1	7.2-7.7

Data and forecasts are based on Korean International Financial Reporting Standards (K-IFRS) 17 consolidated financials. *Shows total adjusted capital (TAC) compared to risk-based capital (RBC) at the relevant capital adequacy confidence level at the end of the projection period. §Based on EBITDA including net (un)realized investment gains/(losses). †Net combined ratio under IFRS17 is 'insurance service expenses net of reinsurance revenues' divided by 'insurance revenues net of reinsurance expenses'. KRW--Korean won. a--Actual. f--Forecast.

Business Risk Profile

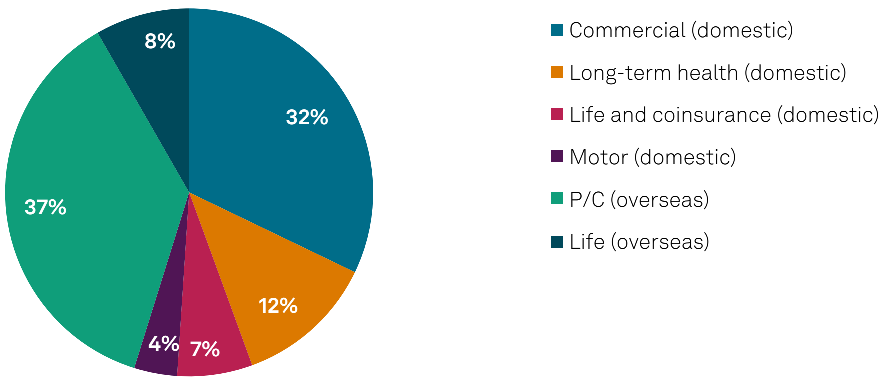
Korean Re's dominant market position in South Korea with a long operating history and strong ties with local primary insurers will continue to underpin its competitive position. As the only domestic reinsurer in Korea, the company is a leading reinsurer for domestic primary insurers in the property and casualty (P/C) segment. Its business portfolio is diversified across commercial, motor, long-term health, life, and coinsurance.

Continuing growth in Korean Re's overseas reinsurance portfolio would also provide some diversification benefits. As one of the major reinsurers in Asia, Korean Re has operations in Hong Kong, Singapore, Japan, China, and the United Arab Emirates. The reinsurer also established KRSA, a subsidiary in Switzerland, in 2019, and set up operations in Colombia and the U.S. in recent years to gradually expand its global footprint. Korean Re's overseas business portfolio accounted for about 36% of total gross premium written in 2025.

We anticipate Korean Re's overseas business will grow at a modestly higher rate than its mature domestic business. The expansion will not materially affect the reinsurer's overall intermediate industry and country risk profile over the next two years. In the domestic market, the reinsurer will steadily expand its financial reinsurance business by providing coinsurance and mass lapse reinsurance solutions to domestic life insurers and non-life insurers that underwrite long-term business.

Korean Re benefits from a diversified business portfolio

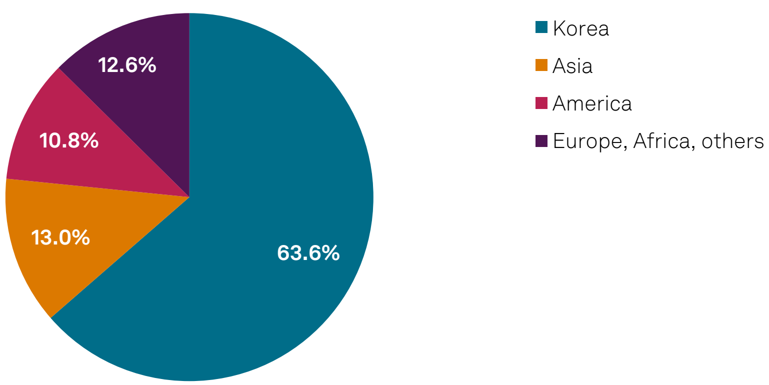
Breakdown of 2025 insurance revenue by business line



P/C--Property/casualty. Source: S&P Global Ratings based on data disclosed by company.

Korean Re will gradually expand its overseas business

Breakdown of 2025 gross premiums written by geography



Source: S&P Global Ratings based on data disclosed by company.

Korean Re's pricing discipline and tightened underwriting standards will support its sound underwriting performance. Sliding-scale commission arrangements with local cedants will also help reduce fluctuations in the reinsurer's underwriting results.

Korean Re has been steadily reducing underperforming reinsurance accounts in its domestic motor, personal accident, and overseas life portfolios over the past few years. In our view, the restructuring of the domestic portfolio was largely finalized in 2025, while the restructuring of its overseas portfolio may continue over the next few years.

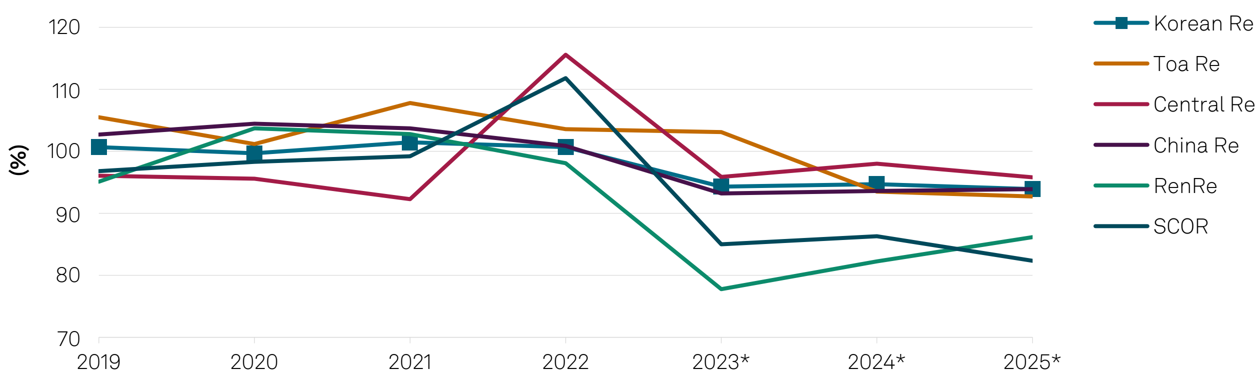
We forecast Korean Re's net combined ratio will stay broadly stable at 93%-96% over the next two years under K-IFRS 17. The reinsurer has had a more stable underwriting performance than regional and global peers over the past several years. The net combined ratio fell slightly to about 93.9% in 2025 from 94.7% in 2024, mainly due to improvements in property, long-term and life business lines, which more than offset a deterioration in motor and casualty lines. We measure net combined ratio under K-IFRS 17 as net insurance expense divided by net insurance revenue.

We estimate the combined ratio under K-IFRS 4 is modestly higher than that under K-IFRS 17 and attribute the gap to the discount on reserves and exclusion of savings premiums and reserves and indirect expenses from insurance service results under K-IFRS 17.

Korean Re's reinsurance utilization supports its earnings stability, in our view. The ratio was about 20% in 2025, based on K-IFRS 4 premiums. The ratio was higher than that of most regional and global peers. This reflects the retrocession cover for Korean Re's domestic commercial and overseas businesses, and supports its earnings stability. However, we believe the reinsurer's capacity to manage risks could be tested if retrocession costs substantially increase or reinsurance utilization significantly declines.

Korean Re's underwriting profitability will likely be less volatile than peers'

Net combined ratio trends of regional and global reinsurance peers



*Korean Re, China Re, SCOR's data from 2023 are based on IFRS 17. RenRe--RenaissanceRe. Source: S&P Global Ratings based on company data.

Financial Risk Profile

We believe Korean Re will maintain capital adequacy above the 99.95% confidence level over the next two years, thanks to moderate business growth and sound operating performances. This follows an improvement in the reinsurer's capital adequacy based on our risk-based capital model, reflecting enhanced visibility on its future profits under K-IFRS 17.

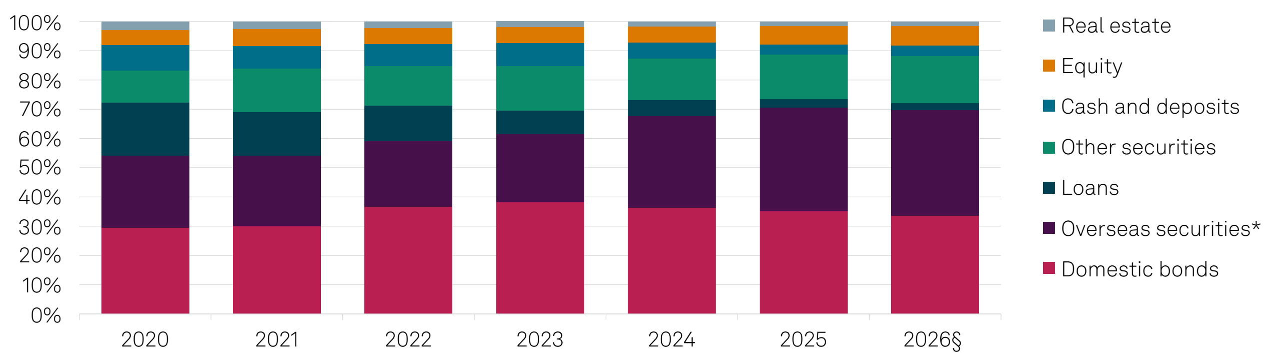
We project Korean Re's insurance revenue will increase by 3%-4% annually over the coming years, following a 3% contraction in 2025. The reinsurer will continue to focus on improving its portfolio mix, in our opinion. It will likely expand its domestic long-term health and coinsurance business and focus on non-catastrophe risks in overseas markets, such as casualty and motor reinsurance.

Korean Re will also likely maintain a stable dividend payout policy, at about 30% of net profits over the next two years. The reinsurer's regulatory solvency ratio, based on the new regulatory capital framework, Korean Insurance Capital Standard (K-ICS), increased to about 207% as of end-March 2026, from about 196% a year ago. This was well above the minimum regulatory requirement of 100%.

Korean Re will continue to enhance management of its asset and liabilities duration, in our view. This considers ongoing expansion of the reinsurer's coinsurance business with domestic insurers, where it undertakes insurance risk and interest rate risk stemming from life or long-term insurance policies. We believe the reinsurer will also focus on managing its equity-like reserves such as CSM. This is because negative operating variances or CSM adjustments due to changes in actuarial assumptions could burden its capitalization.

Korean Re's investment portfolio is diversified but reflects a higher appetite for credit and market risks than global peers. This is mainly because the reinsurer has higher allocations to loans and securities with alternative investment features, which accounted for about 18% of its total invested assets as of end-March 2026.

Korean Re's investment portfolio is well diversified



*Majority of overseas securities comprise bonds. *2026 data is as of end-March. Source: S&P Global Ratings based on data from Financial Statistics Information System.

Korean Re is also exposed to natural catastrophe risk. However it has lower exposure than global reinsurance peers' thanks to its sound reinsurance protection. Korean Re's exposure to natural catastrophe events could gradually increase owing to a growing international presence.

We expect Korean Re to maintain sufficient earnings capacity to cover interest payments on its outstanding hybrid capital instruments. The reinsurer had about KRW808 billion of outstanding hybrid capital instruments, or about 22% of shareholders' equity, as of end 2025. We view these instruments as having intermediate equity content.

Korean Re - Capital structure and equity content

Issuer	Issue description	Currency	Amount (bil. Korean won)	Coupon	Issue year	Maturity year	Equity content
Korean Re	Hybrid capital securities	Korean won	230	4.90%	2022	2052	Intermediate
Korean Re	Hybrid capital securities	Korean won	100	6.70%	2022	2052	Intermediate
Korean Re	Hybrid capital securities	Korean won	250	5.50%	2023	2053	Intermediate
Korean Re	Hybrid capital securities	Korean won	230	4.27%	2024	2054	Intermediate

Source: Company data, S&P Global Ratings.

Korean Re has an established risk management framework and control system. The reinsurer manages its key risks using both qualitative and quantitative approaches. The risk appetite is determined based on the solvency ratio, risk-adjusted return, growth exposure, and liquidity. Korean Re manages its catastrophe risk exposure with its capital buffer and enforces that each department abides by the concentration limit.

Other Credit Considerations

Governance

Korean Re has been able to adjust and control the execution of its strategies. In past business cycles, the reinsurer set strategic targets that considered market conditions and were consistent with its capabilities. The management team and board of directors have professional and independent members who effectively oversee business operations. They emphasize the role of risk management in the strategy, evolving the risk management culture across the company.

Liquidity

In our view, Korean Re has adequate liquid assets to meet immediate payment requirements arising from larger claims than its expectations. We expect the reinsurer to conduct regular stress tests to manage its liquidity. However, its investments in loans and securities with alternative investment features assets would be less liquid than highly-rated bonds.

Group support

We view KRSA as a core subsidiary of Korean Re, given its integral strategic role in expanding the group's business in Europe. In our view, KRSA is fully integrated with the group in terms of reinsurance arrangement, operational processes, underwriting standards and risk management.

Environmental, social, and governance

Given the nature of the reinsurance business, Korean Re is exposed to some natural catastrophes. However, the reinsurer's effective use of retrocession mitigates such risks. The reinsurer set up its environmental, social, and governance (ESG) committee in 2022 under its board of directors to drive its ESG initiatives and ensure sustainable growth. We believe social and governance risk factors are largely in line with the overall insurance industry in Korea.

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, Oct. 12, 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
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Insurance | General: Insurers Rating Methodology, July 1, 2019
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Korean Insurers Are Turning Cautious On Overseas Alternative Investments, June 24, 2026
- Economic Outlook Asia-Pacific Q3 2026: AI-Exposed Markets To Outperform, June 23, 2026
- Korea 'AA/A-1+' Ratings Affirmed; Outlook Stable, April 29, 2026

- Insurance Industry And Country Risk Assessment: Korea Property/Casualty, Feb. 12, 2026
- Korea Insurance Brief: New Capital Rules To Put Uneven Pressure On Insurers, Jan. 21, 2026

Ratings Detail (as of August 12, 2026)*	
Operating Companies Covered By This Report	
Korean Reinsurance Co.	
Financial Strength Rating	
Local Currency	A+/Stable/--
Issuer Credit Rating	A+/Stable/--
Korean Reinsurance Switzerland AG	
Financial Strength Rating	
Local Currency	A+/Stable/--
Issuer Credit Rating	
Local Currency	A+/Stable/--
Domicile	Korea, Republic of

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.