August 21, 2025

The European "Big Four" Reinsurers Maintain Their Risk Appetites

Concerns regarding adverse development in US casualty books persist for the Big Four European reinsurers.

Principal Takeaways

- Europe's four largest reinsurers—Swiss Re, Munich Re, Hannover Re and SCOR—reported strong results in 2024, benefitting from good rate adequacy and continued underwriting discipline on policy terms and attachment points.
- The European "Big Four" are maintaining their ambitious profit targets for 2025, despite the material impact of the California wildfires in Q1 and signs of rate softening.
- The cohort reported an average return on equity for 2024 in line with that of the US & Bermuda market players, despite SCOR's breakeven result, which was driven by one off factors.

Europe's four largest reinsurers—Swiss Re, Munich Re, Hannover Re and SCOR—collectively known as the European "Big Four", benefit from their global reach, strong brands and diversified portfolios.

Each one is a composite reinsurer, writing both life and non-life reinsurance business. Munich Re, SCOR and Swiss Re are also active in the primary insurance space, writing commercial and specialty insurance business. Munich Re also writes retail primary business via ERGO. Hannover Re writes reinsurance business exclusively, however, it is part of the HDI Group.

All four reinsurers continued to benefit from business written through the hard reinsurance market, with strong pricing, terms and conditions, which allowed them to maintain robust performance metrics for their property and casualty (P/C) reinsurance segments.

The performance of life portfolios in 2024 was strong for three of the "Big Four", thanks to reduced impact from pandemic-related deaths, although excess mortality in the US, in particular, continued. The exception was SCOR, which reported a large loss for its life segment in 2024 (see section below).

Swiss Re transitioned to reporting under IFRS in 2024. This enhances comparability, as all four companies are now reporting under the same standard.

Reporting Differences Make Comparisons Difficult

Comparison among groups reporting under IFRS 17 and with those reporting under US GAAP is made difficult by the differences in reporting standards. Discounted combined ratios under IFRS 17 are, for example, not directly comparable with the undiscounted combined ratios reported under US GAAP or IFRS 4.

In addition, comparisons between IFRS 17 reporters are also complicated by differences in disclosures, measurement models and other variabilities allowed by the standard.

Analytical Contacts:
Mathilde Jakobsen, Amsterdam
+31 20 808 3118
mathilde.jakobsen@ambest.com

Ghislain Le Cam, London
+44 20 7397 0268
ghislain.lecam@ambest.com

Angela Yeo, Amsterdam
+31 20 808 1712
angela.yeo@ambest.com

Editorial Managers:
Richard Banks, London
+44 20 7397 0322
richard.banks@ambest.com

Richard Hayes, London
+44 20 7397 0326
richard.hayes@ambest.com

2025-105.7

Nonetheless, with those caveats in mind, AM Best can make some general comparative observations. The "Big Four" reinsurers have on average reported returns on equity (ROEs) for 2024 in line with the average for the US & Bermuda market composite (see **Exhibit 1**). However, Lloyd's ROE of 21.2% is materially higher than that of the European average.

For 2023, the "Big Four" reinsurers reported lower ROEs than the average for the US & Bermuda, and Lloyd's.

The ROEs of the "Big Four" also tend to be more stable over time. Notwithstanding SCOR's experience in 2024, the cohort's life books have generally had a stabilising effect, and the groups are very diversified. In addition, unrealised gains and losses on fixed-income investments are typically reported through other comprehensive income (OCI) for the "Big Four" reinsurers, but through profit and loss for the US & Bermuda players, and Lloyd's. This also leads to less variation on both the up and down sides in the ROEs of the European players.

The average combined ratio for the "Big Four" (86.4%) was also broadly in line with the average for US and Bermudian players (89.5%), and with Lloyd's (86.9%). However, this is not a comparison of equals as the combined ratios for the "Big Four" are discounted, while the combined ratios for the US & Bermuda, and Lloyd's are not. The effect of discounting is around eight percentage points for 2024. Note that this impact will vary by company and year depending on the length of the tail of business written.

The discounting impact is partly offset by the risk adjustment which is a requirement under IFRS 17.

Casualty Reserve Strengthening Continues

Concerns regarding adverse development in US casualty books persist for the "Big Four" reinsurers. This is no longer limited to particular underwriting years (2014-2019).

Exhibit 1

Global Reinsurance – European "Big Four" Market – Trend Summary

(%)

IFRS 4	2020	2021	2022	IFRS 17	2022*	2023**	2024
Net Written Premium (P&C only)	12.1	1.9	6.0	Insurance Revenue[1]	N/A	12.1	0.6
Net Earned Premium (P&C only)	12.9	6.0	12.3				2.2
Total Revenue	5.6	2.9	1.1	Total Revenue[1]	N/A	13.4	N/A
Shareholders' Equity (End of Period)	3.2	-6.8	-37.8	Shareholders' Equity (End of Period)[1]	N/A	13.6	7.4
Loss Ratio	73.8	68.3	70.7				
Expense Ratio	30.2	29.8	29.0				
Combined Ratio	103.9	98.1	99.7	Combined Ratio	90.8	87.6	86.4
Net Investment Ratio[2]	12.5	14.2	9.6	Net Investment Ratio[3]	8.2	14.1	17.2
Operating Ratio	91.5	83.8	90.1				
Return on Equity	2.4	8.1	8.3	Return on Equity	10.3	17.4	16.2
Return on Revenue	1.2	3.9	3.1	Return on Revenue	4.8	6.8	6.9
Net Written Premium (P/C only) to Equity[4]	97	110	198	Insurance Revenue to Equity[4]	131	121	118
Net Reserves to Equity[4]	474	508	793	Net Reserves to Equity[4]	640	540	508
Gross Reserves to Equity[4]	494	535	837	Gross Reserves to Equity[4]	667	556	524

1 2022 calculations not available due to changeover to IFRS 17.
2 Net investment ratio based on P/C net earned premium.
3 Net investment ratio based on non-life insurance revenue.
4 End of Period
* Does not include Swiss Re in any metrics
** Does not include Swiss Re in revenue and equity growth measurements
Results based on reported currencies converted to USD.

Source: AM Best data and research

Swiss Re

Swiss Re transitioned to the IFRS 17 reporting standard in 2024 – figures disclosed going forward are based on IFRS 17.

Swiss Re's net income remained largely flat at USD 3.2 billion in 2024 from USD 3.1 billion in 2023, equivalent to an ROE of 15.0%. The result was supported by good underwriting margins across the group's three main business segments: Property & Casualty Reinsurance (P/C Re), Life & Health Reinsurance (L&H Re) and Corporate Solutions (CorSo). Moreover, good conditions in financial markets drove a further increase in investment income.

P/C Re reported a combined ratio of 89.9% for 2024, which compares negatively with 2023 (85.0%) and with the company's target of below 87.0%. The group's new CEO, Andreas Berger, took the decision to strengthen US Casualty reserves in the third quarter of 2024 following a comprehensive review. The strengthening on US casualty was partially offset by releases on other lines of business. These actions positioned overall reserves at the higher end of the best-estimate range and added 10.2 percentage points to the combined ratio.

L&H Re reported net income of USD 1.5 billion for 2024 (up from USD 1.4 billion in 2023), benefitting from recognition of in-force margins and strong investment income, which was partially offset by adverse experience and assumption reviews. Furthermore, the assumptions review conducted in the fourth quarter of 2024 contributed to a reduction in L&H Re's contractual service margin (CSM) of USD 1.3 billion, with the total L&H Re CSM reducing to USD 17.4 billion in 2024, from USD 19.5 billion in 2023.

CorSo reported a combined ratio of 89.7% for 2024, which outperformed the prior year's combined ratio of 91.0% and a target of below 93% for 2024. The continued improvement in performance reflects stringent portfolio steering and disciplined underwriting implemented by management (helped by lower-than-expected man-made losses and strong investment results).

Overall, the group reported growth in insurance revenue of 3.9%, to reach USD 45.6 billion in 2024, with growth reported across all three main business segments. The main drivers of growth in 2024 included the favourable rate environment, coupled with targeted new business growth.

Since 2023, all four have taken the opportunity, given the strong operating performance trends, to further strengthen non-life loss reserves. Overall, reserve strengthening charges have been comfortably absorbed by profit margins in other non-life lines of business.

Life Business Remains Profitable Despite Adverse Experience in Some Portfolios

Life business remains a stabilizing factor for the "Big Four" reinsurers, notwithstanding the one-off impacts seen in 2024, resulting from adverse experience in specific blocks of business.

In 2024, both SCOR and Swiss Re undertook assumptions reviews in their life portfolios, leading to reductions in their CSM. For SCOR, this reduction was material relative to the size of its CSM, while Swiss Re's reduction was more modest.

Despite these headwinds, 2024 was overall a profitable year for the life reinsurance operations of the "Big Four" reinsurers. Most portfolios remained profitable and both SCOR and Swiss Re emphasised that the

CSM impacts were largely isolated, with updated assumptions positioning their life business for a stronger and more stable future performance. With a healthy interest rate environment, improved underwriting discipline and increased demand for longevity and biometric (such as mortality) risk protection, it is expected that life business will continue to be a source of profitability and diversification for the "Big Four".

Taking a First Look at 2025

The "Big Four" reinsurers have continued to report strong results for their non-life reinsurance segments in 2025, despite being heavily impacted by the California wildfires during the first quarter of the year. With this exception, the overall large loss environment has remained relatively benign year-to-date. This, combined with disciplined underwriting, rate adequacy and robust investment income, has allowed the groups to maintain full-year profit targets for 2025.

Munich Re

In 2024, Munich Re reported a net profit of EUR 5.7 billion, with an ROE of 18.2% (as calculated by the company). The P/C reinsurance segment, which includes global specialty insurance (GSI) business in 2024, generated strong net profits of EUR 3.2 billion, with a net/net combined ratio of 82.4%, with major loss expenditures in line with budget. The majority of P/C reinsurance lines of business reported strong combined ratios, while only liability and accident reported combined ratios above 100%, partly driven by prudent reserve strengthening. Life performance improved over 2024, with a net result of EUR 1.7 billion, compared to EUR 1.4 billion in 2023, with positive performance in core markets.

During 2024, insurance revenue from insurance contracts grew by 5.1%, amounting to EUR 60.8 billion. Insurance revenue for the P/C segment stood at EUR 28.3 billion (+4.5%), of which approximately EUR 8.8 billion was attributed to GSI business. Insurance revenue for life and health reinsurance contracts declined to EUR 11.8 billion (9.7%), driven by large transactions in US and UK business and the ongoing expansion of longevity business. Starting in 2025 the group is reporting GSI as a separate segment.

Total equity increased by 10% to 32.7 billion at year-end 2024, as a result of strong capital generation.

Risk Appetite and Diversification Strategies

While market conditions are starting to show signs of softening in 2025, the "Big Four" reinsurers still have appetite for property catastrophe. This follows a period of right-sizing of portfolios, increases in attachment points, and a move away from aggregate covers and working layers. Although prices have softened in the 2025 renewals, discipline on attachment points and terms seem to be holding for now. Although there is no material sign yet of this discipline disappearing, the focus seems to have shifted to taking advantage of good pricing while it lasts.

At the same time, the "Big Four" reinsurers are also aiming for growth in specialty segments such as cyber, marine, engineering, and other lines in both insurance and reinsurance. The growth in these lines is aimed at achieving increased levels of diversification and more stable earnings.

Hannover Re

Hannover Re's insurance service revenue grew by 7.9% in 2024 over 2023 to EUR 26.4 billion, mainly driven by growth in the P&C segment (principally in structured reinsurance/ILS products, EMEA and Americas). The group benefitted from good technical performance in 2024, with a non-life net/net combined ratio of 86.6% in 2024, in spite of the company continuing to increase its reserve resiliency during the year (2023: 94.0%, with the company also taking advantage from strong technical results to bolster its resiliency reserves). Technical performance in the P&C segment was boosted by lower-than-budgeted net large losses impact during the year (net: EUR 1.6 billion).

Life technical results improved in 2024, driven by better mortality experience, and increased contributions from longevity products as well as financial solutions. Technical results were supported by investment income.

Overall, net income amounted to EUR 2.3 billion in 2024 (2023: EUR 1.8 billion), with an ROE of 21.2%.

Capital generation was good, with an increase in capital tied mostly to retained earnings.

SCOR

SCOR's insurance service revenue was relatively stable in 2024 compared with 2023 with a 1.3% growth over the year.

The group's overall technical performance deteriorated drastically in 2024, impacted by one off adjustments to the L&H results and reserves tied with L&H reserves assumptions review. The reserve review led to a material reduction in CSM and also had a negative P&L impact, which pushed the insurance service result for the L&H reinsurance segment to a loss for the year.

The P&C segment benefitted from strong technical results, with a net/net combined ratio of 86.3% in 2024 (2023: 85.0%, 2022: 114.9%). Over 2024, SCOR increased its reserving resiliency, booking additional reserves in order to be at the 75/80 percentile confidence level (against 70/75 percentile previously). The group benefitted from lower attritional losses during the year in the P&C segment, helped by a benign experience in terms of catastrophic events. The group also benefitted from the recalibration of its exposure to natural perils (particularly in the US), which had been conducted over the last few years in order to reduce the volatility of earnings.

Net income was significantly lower than in 2023 and amounted to EUR 4 million in 2024 (2023: EUR 810 million). As a result, the group's ROE stood at 0.1%.

Capital generation was negative over the year, owing mainly to the distribution of dividends which outstripped net income.

Published by AM Best

BEST'S MARKET SEGMENT REPORT

A.M. Best Company, Inc.
Oldwick, NJ
CHAIRMAN, PRESIDENT & CEO **Arthur Snyder III**
SENIOR VICE PRESIDENT & TREASURER **Cynthia Young**
SENIOR VICE PRESIDENT **Lee McDonald**

A.M. Best Rating Services, Inc.
Oldwick, NJ
PRESIDENT **James Gillard**
EXECUTIVE VICE PRESIDENT & COO **Stefan W. Holzberger**
EXECUTIVE VICE PRESIDENT & CSO **Andrea Keenan**
EXECUTIVE VICE PRESIDENT & CIO **James F. Snee**
SENIOR MANAGING DIRECTOR & CHIEF RATING OFFICER **Kenneth Johnson**
SENIOR MANAGING DIRECTOR **Edward H. Easop**

AMERICAS
WORLD HEADQUARTERS
A.M. Best Company, Inc.
A.M. Best Rating Services, Inc.
1 Ambest Road, Oldwick, NJ 08858
Phone: +1 908 439 2200

MEXICO CITY
A.M. Best América Latina, S.A. de C.V.
Av. Paseo de la Reforma 412, Piso 23,
Col. Juárez, Alcadía Cuauhtémoc, C.P. 06600, México, D.F.
Phone: +52 55 1102 2720

EUROPE, MIDDLE EAST & AFRICA (EMEA)
LONDON
A.M. Best Europe - Information Services Ltd.
A.M. Best Europe - Rating Services Ltd.
12 Arthur Street, 8th Floor, London, UK EC4R 9AB
Phone: +44 20 7626 6264

AMSTERDAM
A.M. Best (EU) Rating Services B.V.
NoMA House, Gustav Mahlerlaan 1212, 1081 LA Amsterdam, Netherlands
Phone: +31 20 308 5420

DUBAI*
A.M. Best Europe - Rating Services Ltd. - DIFC Branch*
Office 102, Tower 2, Currency House, DIFC
P.O. Box 506617, Dubai, UAE
Phone: +971 4375 2780
*Regulated by the DFSA as a Credit Rating Agency

ASIA-PACIFIC
HONG KONG
A.M. Best Asia-Pacific Ltd
Unit 4004 Central Plaza, 18 Harbour Road, Wanchai, Hong Kong
Phone: +852 2827 3400

SINGAPORE
A.M. Best Asia-Pacific (Singapore) Pte. Ltd
6 Battery Road, #39-04, Singapore
Phone: +65 6303 5000

Best's Financial Strength Rating (FSR): an independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations. An FSR is not assigned to specific insurance policies or contracts.

Best's Issuer Credit Rating (ICR): an independent opinion of an entity's ability to meet its ongoing financial obligations and can be issued on either a long- or short-term basis.

Best's Issue Credit Rating (IR): an independent opinion of credit quality assigned to issues that gauges the ability to meet the terms of the obligation and can be issued on a long- or short-term basis (obligations with original maturities generally less than one year).

Best's National Scale Rating (NSR): a relative measure of creditworthiness in a specific local jurisdiction that is issued on a long-term basis and derived exclusively by mapping the NSR from a corresponding global ICR using a transition chart.

Rating Disclosure: Use and Limitations

A Best's Credit Rating (BCR) is a forward-looking independent and objective opinion regarding an insurer's, issuer's or financial obligation's relative creditworthiness. The opinion represents a comprehensive analysis consisting of a quantitative and qualitative evaluation of balance sheet strength, operating performance, business profile, and enterprise risk management or, where appropriate, the specific nature and details of a security. Because a BCR is a forward-looking opinion as of the date it is released, it cannot be considered as a fact or guarantee of future credit quality and therefore cannot be described as accurate or inaccurate. A BCR is a relative measure of risk that implies credit quality and is assigned using a scale with a defined population of categories and notches. Entities or obligations assigned the same BCR symbol developed using the same scale, should not be viewed as completely identical in terms of credit quality. Alternatively, they are alike in category (or notches within a category), but given there is a prescribed progression of categories (and notches) used in assigning the ratings of a much larger population of entities or obligations, the categories (notches) cannot mirror the precise subtleties of risk that are inherent within similarly rated entities or obligations. While a BCR reflects the opinion of A.M. Best Rating Services, Inc. (AM Best) of relative creditworthiness, it is not an indicator or predictor of defined impairment or default probability with respect to any specific insurer, issuer or financial obligation. A BCR is not investment advice, nor should it be construed as a consulting or advisory service, as such; it is not intended to be utilized as a recommendation to purchase, hold or terminate any insurance policy, contract, security or any other financial obligation, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser. Users of a BCR should not rely on it in making any investment decision; however, if used, the BCR must be considered as only one factor. Users must make their own evaluation of each investment decision. A BCR opinion is provided on an "as is" basis without any expressed or implied warranty. In addition, a BCR may be changed, suspended or withdrawn at any time for any reason at the sole discretion of AM Best.

Version 011624