S&P Global
Ratings

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DEVK Insurance Group

August 5, 2025

This report does not constitute a rating action.

Business risk: **Strong**

Excellent — Vulnerable

Competitive position: Strong
IICRA: Low risk

Financial risk: **Excellent**

Excellent — Vulnerable

Capital and earnings: Excellent
Risk exposure: Moderately low
Funding structure: Neutral

Anchor	SACP	FSR
a+	a+	A+

Modifiers — Group/Gov't

Financial strength rating

A+/Stable/--

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

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Credit Highlights

Overview

Key strengths	Key risks
A long-established brand in the German insurance market, especially in the railway sector.	Some concentration in the German motor business line, which continues to experience margin pressure, due to claims inflation.
Strong distribution capabilities, supported by an exclusive bancassurance contract with Sparda-Bank.	Somewhat lower geographical and product diversification compared to higher-rated peers.
Very robust capitalization as per our risk-based capital model, coupled with robust regulatory solvency levels and good reinsurance protection.	

DEVK Insurance Group (DEVK)'s is a well-known mutual insurer in the German insurance sector. The group has a long-standing and well-established relationship with the German railway segment and a reputation as one of the leading low-cost providers in private lines, in particular motor lines, in Germany. Compared with higher-rated peers, DEVK's operations have lower geographical and product diversity.

One of DEVK's key rating strengths is its excellent capital adequacy. According to our risk-based model, the group's capital adequacy materially exceeded the 99.99% confidence level at year-end 2024. We forecast that the group's capital position will remain at this level for the next two years, supported by its conservative capital and financial management, including strong reserving practices.

Outlook

The stable outlook reflects our view that, over the next two years, DEVK will successfully defend its strong competitive position in the German market and that its earnings will gradually recover--despite current weaker results in the motor market in Germany--while maintaining an excellent capital position.

Downside scenario

A negative rating action on DEVK over the next 12-24 months is unlikely. Rating pressure might stem from:

- Consistently less-than-anticipated earnings that were also weaker than peers' in the German market;
- DEVK's capital reducing below the 99.99% confidence level of our risk-based capital model, which could happen if growth turned aggressive or if the group incurred very large losses, for example due to severe financial market stress; or
- Greater capital and earnings volatility, for instance if the group materially increased its international catastrophe exposure through its third-party reinsurance business.

Upside scenario

A positive rating action is unlikely at this time. An upgrade would require an improvement in the competitive position, which could occur if the group significantly diversified its earnings by business line or region. We do not forecast this over the next 12-24 months.

Assumptions

- The German economy to recover after having gone through a mild recession in 2023 and 2024, with real GDP growth improving to 0.1% in 2025, 1.1% in 2026, and 1.6% in 2027.
- Inflation in Germany to remain stable at about 2% over 2025-2027.
- Unemployment will remain low at about 3.4% in 2025-2027.
- Long-term interest rates in Germany to increase to about 2.65% in 2026 and 2027.

DEVK Insurance Group --Key Metrics

	2026f	2025f	2024	2023	2022
S&P Global Ratings capital adequacy	99.99%	99.99%	99.99%	99.99%	Excellent
Gross premium written (mil. €)	~5,800	~5,450	5,061.3	4,463.2	3,971.1
Net income (mil. €)	60-120	60-120	49,5	79,0	35,4
Return on shareholders' equity (%)	3-5	3-5	1,9	3,1	1,5
P/C: Net combined ratio (%)	97-100	97-100	99,1	100,7	99,9
P/C: Return on revenue (%)	5-9	5-9	6,0	6,3	9,1
Net investment yield (%)	2,5-3,0	2,5-3,0	2,8	2,6	2,8

P/C--property/casualty. f--S&P Global Ratings forecast.

Business Risk Profile

DEVK is a well-known mutual insurer in the German insurance sector. The group has a long-standing and well-established relationship with the German railway segment and a reputation as one of the leading low-cost providers in private lines, in particular motor lines, in Germany. Compared with higher-rated peers, DEVK's operations have lower geographical and product diversity. We think that DEVK differentiates itself from other players by offering high service standards and a superior claims management process. The group follows a multi-distribution channel approach, with most premiums sourced via a network of tied agents, own agents, and a bancassurance partnership with Sparda-Bank.

Strong growth in 2025 will stem from the international reinsurance business and price adjustments in non-life lines of business. We expect premiums growth will remain strong in 2025-2027 at 7%-9%, supporting underwriting results. DEVK shows high growth in reinsurance premiums at DEVK Rueckversicherungs- und Beteiligung-AG (DEVK Re; A+/Stable/--) and Echo Rueckversicherungs-AG (A/Stable/--), which are benefiting from favorable market conditions. We also anticipate that the group will further expand into some new risk areas, increasing its specialty segment within its reinsurance operations. We understand that DEVK actively adjusts prices in its German non-life business, particularly in motor, to reflect inflation. We expect pronounced price will increase in the next few years given the persistent inflation in claim costs, which should further support overall premium volumes throughout 2027. Overall, we expect DEVK to protect its established position in the German retail and railway sector.

We expect the German motor business to reach breakeven by 2027. The performance of DEVK's motor business remained subdued in 2024 with a net combined ratio of 111.5% (117.8% in 2023) because of persistent claims cost inflation on the market, which kept loss cost trends above DEVK's expectations. Thanks to measures implemented in the past years to limit the claims costs, including reducing discounts offered, price increases, and less coverage offered, the technical results of the motor business has improved in 2024, though it still sees underwriting losses. We expect the group to maintain these underwriting measures, which will support the turnaround of the motor business with break-even at the latest in 2026. We note that the group's generally conservative reserving policy further limits the risks associated with high inflation and provides considerable flexibility for the repositioning of the motor line in the mid-term future.

The strong reinsurance and property business will offset the weak performance of German motor business. DEVK benefits from its strategic expansion into the international reinsurance business and the German property business, both of which the group developed in the last decade. The hardening of the international reinsurance and the German property markets and DEVK's prompt reaction to claim cost trends in the past few years mean that the performance of those two lines is solid. In our view, challenges in the German motor business will not derail the overall group performance in 2025-2027. We expect that persistent inflation will remain a tailwind for the group's non-motor lines, as it reacts to evolving claim cost trends in a timely manner. Under our base-case scenario, we think that the group will deliver solid earnings and a stabilized group underwriting performance toward the mid to lower end of our forecast combined ratio of 97%-100% by 2027. In addition, we expect near-term investment results to be supported by elevated reinvestment rates due to persistent high interest rates in Germany and the eurozone.

Overall, we expect the group's operating performance will gradually recover, with a net income of €60 million–€120 million. This would correspond to a return on equity of 3%-5% in 2025-2027.

DEVK focuses on biometric business and capital-light savings business. The group has more life insurance business with guarantees than some of its direct domestic peers. Increases in

German interest rates in 2023 and 2024 have reduced pressure on DEVK's traditional life insurance back book. Considering the duration of the asset portfolio, however, it will take time for the life segment to benefit from rising investment yields. We expect the group will continue to focus on the biometric business and the capital-light savings business in 2025-2027.

Financial Risk Profile

DEVK's financial profile is supported by an excellent capital position, based on our capital model, and a high Solvency II ratio. We consider that the funding structure remains neutral for the group's financial risk profile.

Capitalization remains one of DEVK's key rating strengths. The group's capital adequacy at end-2024 materially exceeded the 99.99% confidence level. Our view is supported by DEVK's very solid solvency ratio of 230.0% (based on the standard formula, including volatility and transitional adjustment) at the end of 2024. We note that the group's capital position mainly stems from sizable shareholder equity, strong reserve buffers, and policyholder capital. As a result, we consider DEVK's consolidated capital to be of good quality. With material capital buffers above our 99.99% confidence level, we assume that persistent challenges in the German motor market will not materially impair the group's capital position. We expect the group's underwriting performance to further improve backed on strong results of its reinsurance and non-motor operations. Together with gradually improving investment performance, this should enable continued capital generation, which, in turn, further help the group to withstand current macroeconomic uncertainties and potential capital market volatility.

DEVK's risk profile has remained relatively stable and supports its excellent financial profile. In our view, the group follows a balanced investment strategy with slightly higher allocation to more risky assets, which is offset with a fixed income portfolio with low credit risk. Exposure to less liquid assets, such as property, private debt, and private equity, is mainly concentrated on real estate, which represents about 17% of the group's total invested assets. We expect that the risk of a repricing in real estate markets will remain modest for the group. Most of the real estate investments are in the group's life business, where policyholders have 90% participation in the performance of the assets. DEVK's real estate investments are mainly concentrated in prime residential and commercial areas in Germany. The portfolio remained relatively stable and resilient in 2024. We note that the equity share in DEVK's investments has historically been higher than that of peers. We assess the risk of capital market volatility as relatively elevated in 2025-2027. If material declines in asset prices occurred, DEVK's investment income could come under pressure. Since bonds make up most investments and the investment portfolio is stable, we assume market risk and credit risk will be manageable.

DEVK managed to source stable and solid reinsurance protection for 2025. We think that DEVK's protection remains in line with its past protection and expect that the group will safeguard its balance sheet from material capital and earnings volatility with an effective and cost-competitive reinsurance protection. In addition, DEVK has substantial balance sheet buffers in the form of an equalization reserve and over-reserving, which it could use to offset large catastrophes.

DEVK's funding structure is neutral to the current rating. The group has a debt-free balance sheet and has demonstrated its internal funding capacity through robust capitalization and earnings generation. We think that the group's very robust capital position, good liquidity, and conservative capital structure safeguards its funding capacity in case of need.

Other Credit Considerations

Governance

DEVK's management team has historically demonstrated that it has a clear strategy for specific client and product segments and that it focuses on efficient and prudent operational management. In our view, DEVK's risk management culture, controls, and strategic and emerging risk management practices are appropriate for the group's overall risk profile and appetite.

Liquidity

DEVK's liquidity position remains exceptional. The group's expanding operations also provide constant cash inflows, while some of its life insurance businesses are protected against surrendering. Moreover, larger risks are heavily reinsured, meaning the negative effect of larger claims on the group's cash position is limited.

Factors specific to the holding company

DEVK Re is the intermediate holding company for the group's subsidiaries, operating in reinsurance internally and with external clients. We regard DEVK Re as a regulated operating holding company and equalize our ratings on DEVK Re with those on the group's core operating subsidiaries. This reflects our view of DEVK Re's highly diverse sources of earnings and liquidity and its status as a pool for most of the group's excess capital.

Environmental, social, and governance

Environmental, social, and governance factors have no material influence on our credit rating analysis of DEVK.

Accounting considerations

DEVK prepares its consolidated financial statements and the accounts for the legal entity under local generally accepted accounting principles. Furthermore, we consider nonpublic information, such as:

- The composition of the gross surplus in the life business;
- Additional investment-related information for the whole group; and
- Information on reserving in property/casualty.

Rating Component Scores

Business Risk Profile	**Strong**
Competitive position	Strong
IICRA	Low risk
Financial Risk Profile	**Excellent**
Capital and earnings	Excellent
Risk exposure	Moderately low
Funding structure	Neutral
Anchor	**a+**
Modifiers	
Governance	Neutral
Liquidity	Exceptional
Comparable rating analysis	0
Current Credit Rating	
Local currency financial strength rating	A+/Stable/--
Foreign currency financial strength rating	--
Local currency issuer credit rating	A+/Stable/--
Foreign currency issuer credit rating	--

Related Criteria

- 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

- Echo Rueckversicherungs AG, July 10, 2025

Ratings Detail (as of August 05, 2025)*

Operating Companies Covered By This Report	
DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn	
Financial Strength Rating	
Local Currency	A+/Stable/--
Issuer Credit Rating	
Local Currency	A+/Stable/--
DEVK Allgemeine Lebensversicherungs-AG	
Financial Strength Rating	

Ratings Detail (as of August 05, 2025)*	
Local Currency	A+/Stable/--
Issuer Credit Rating	
Local Currency	A+/Stable/--
DEVK Allgemeine Versicherungs-AG	
Financial Strength Rating	
Local Currency	A+/Stable/--
Issuer Credit Rating	
Local Currency	A+/Stable/--
DEVK Rueckversicherungs- und Beteiligungs-AG - DEVK RE	
Financial Strength Rating	
Local Currency	A+/Stable/--
Issuer Credit Rating	
Local Currency	A+/Stable/--
Echo Rueckversicherungs AG	
Financial Strength Rating	
Local Currency	A/Stable/--
Issuer Credit Rating	
Local Currency	A/Stable/--
Domicile	Germany

*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.