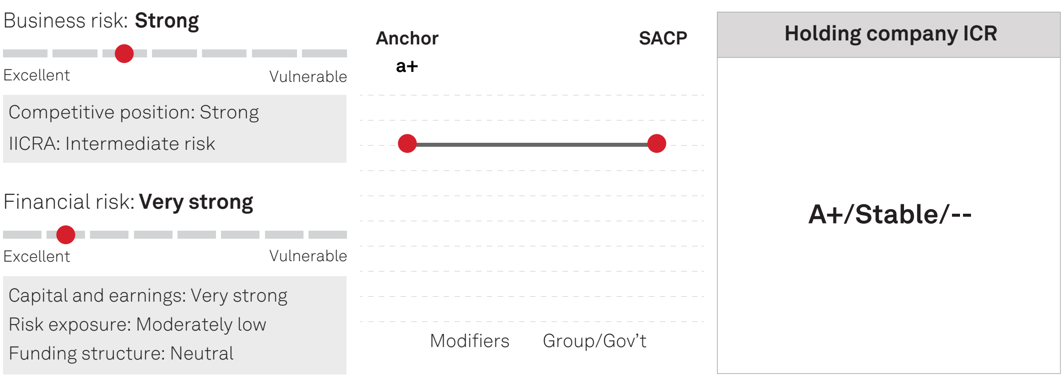
BarmeniaGothaer Insurance Group

June 22, 2026

This report does not constitute a rating action.



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
Diversified product portfolio and strong distribution network underpin competitive position.	Geographic footprint is smaller than that of higher-rated European peers.
Very strong capital and earnings, with capital adequacy above the 99.95% confidence level.	
Prudent asset-liability management and a broad mix of earnings sources.	

BarmeniaGothaer Insurance Group (BarmeniaGothaer) will continue to strengthen its market position and benefit from its diversification. The merger between Gothaer and Barmenia has overall improved the group's competitiveness by widening its scale and diversification via Barmenia's large product range--spanning health, life, and property and casualty (P/C) insurance. Following the merger, we observe material growth in the group's health insurance portfolio, which now represents the largest share of its business mix.

We expect capitalization will remain sound, supported by retained earnings and a conservative investment strategy. In 2025, the group's capital adequacy stayed resilient, exceeding the

99.95% confidence level under S&P Global Ratings' capital model. Our base case assumes the combined group will sustain a very strong financial risk profile, supported by its significant exposure to German health insurance and limited asset-liability mismatch risk given its ability to adjust premiums.

BarmeniaGothaer will maintain its robust performance due to a well-diversified business, in our view. The group's net income, attributable to all shareholders, surged to €109.2 million in 2025 from €19 million a year earlier. The combined ratio improved to 96.1% from 98.7% (local generally accepted accounting principles), supporting its already strong performance. For 2025, the group achieved a return on equity (ROE) of 5.4%, including minority interests, which compares well to that of other local mutual insurers.

Outlook

The stable outlook reflects our view of BarmeniaGothaer Group's improved competitiveness in the German market after the merger and that its capital position will remain at least above the 99.95% confidence level in our capital model.

Downside scenario

We could lower the ratings, if over the next two years, the group's capital adequacy falls below our 99.95% confidence level because of lower-than-expected earnings over a prolonged period or a shift toward more aggressive risk appetite for growth and investments.

Upside scenario

We see an upgrade as remote over the next two years. However, we could raise the ratings if BarmeniaGothaer materially enhanced its business diversity so that its earnings contribution is comparable with that of higher rated peers, while maintaining its risk profile and stable capital and earnings.

Assumptions

- Modest GDP growth of 0.8% in 2026 and 1.4% in 2027 and 2028 in Germany.
- Inflation easing to 2.1% over 2026-2028 in Germany from 2.3% in 2025.
- 10-year government bond yield at 2.6% in 2026-2028 in Germany, down from 2.8% in 2025.

BarmeniaGothaer Insurance Group--Key Metrics

	2028f	2027f	2026f	2025	2024	2023
S&P Global Ratings capital adequacy	99.95%	99.95%	99.95%	99.95%	99.95%	99.95%
Redundancy/Deficiency at 99.95% confidence level*(ranges)	0%-10%	0%-10%	0%-10%	0%-10%	N/A	N/A
Gross premiums written (mil. €)	>10,000	>9,750	>9,500	9,246	6,300	4,897
EBITDA (mil. €)	>200	>200	>200	266	136	169
Net income (mil. €)	>150	>150	>150	109.2	19.0	78.3
Return on shareholders' equity (%)	~5-8	~5-8	~5-8	5.4	1.1	5.1
Financial leverage including pension deficit as debt (%)	<20	<20	<20	14.1	12.7	15.6
Net combined ratio (%)	~96-99	~96-99	~96-99	96.1	98.7	99.6
Net loss ratio (%)	~70	~70	~70	67.1	70.5	69.3

BarmeniaGothaer Insurance Group--Key Metrics

	2028f	2027f	2026f	2025	2024	2023
Net expense ratio (%)	~28	~28	~28	28.9	28.3	30.1
Return on revenue (%)	>2	>2	>2	2.4	1.7	2.5
Health: Medical loss ratio (%)	>80	>80	>80	83	84	79
Financial obligations/EBITDA (x)	<3	<3	<3	1.3	2.1	1.7
EBITDA fixed-charge coverage (x)	>6	>6	>6	9.0	5.3	9.2

The data for 2023 is based solely on the Gothaer Insurance Group. The data for 2024 includes three months of premium input from the Barmenia entities.* 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. f--S&P Global Ratings forecast. N/A--Not applicable.

Business Risk Profile

Following the full consolidation of Gothaer and Barmenia, BarmeniaGothaer has established itself as the tenth-largest insurer in Germany, with premiums totaling approximately €9.3 billion. The merger strengthens the group’s market position, leveraging Gothaer’s expertise in P/C insurance and Barmenia’s specialization in health insurance.

The combined group now offers a comprehensive product suite across health, life, and P/C insurance. Barmenia’s substantial health portfolio now dominates the group’s business mix, resulting in greater diversification across major insurance lines. We believe this diversification reduces its vulnerability to adverse developments in any single segment.

BarmeniaGothaer’s broadened income streams support its earnings potential. In 2025, the group experienced claims inflation in P/C and motor lines, resulting in a combined ratio of 96.1% and net income of €109 million. Earnings were temporarily affected by merger-related costs. We forecast that the group will maintain its focus on underwriting profitability, and expect the combined ratio will remain between 96% and 99% over 2026-2028 while net income gradually increases to over €150 million.

We consider BarmeniaGothaer well positioned to further enhance its competitiveness, provided it effectively manages execution risks, including realization of synergies, integration of distribution channels, and alignment of management and company culture.

Financial Risk Profile

We expect capitalization will remain robust, supported by retained earnings and a prudent, increasingly derisked investment strategy. In 2025, the group’s capital adequacy was solid, exceeding the 99.95% confidence level under S&P Global Ratings’ capital model. The group benefits from sound earnings to finance organic growth and maintains a conservative investment approach overall. Although equity and real estate investments increased following the consolidation with Barmenia, we anticipate these exposures will be aligned. The group’s weighted average credit quality improved in recent years, reaching the upper 'A' level in 2025. Gothaer’s investment portfolio remains well-diversified, with no material concentration in any segment or a single obligor.

Under our base case, we believe the combined group will sustain its very strong financial risk profile, supported by sound Solvency II ratios for the single entities. At year-end 2025, the consolidated group’s Solvency II ratio stood at 226%.

The group's leverage and fixed-charge coverage ratios remain well within our expectations and we do not anticipate any material deviations. In 2025, the group issued subordinated debt to refinance a maturing hybrid instrument during the year.

Other Credit Considerations

Governance

BarmeniaGothaer's management and governance assessment is supported by its progress in executing its strategic plans, which, in our opinion, it announces transparently. The group also has a highly experienced management that complements its operational needs. BarmeniaGothaer has an established risk-management framework, with pre-defined risk tolerances at all entity levels. Overall, we do not see any governance deficiencies in our assessment.

Liquidity

We do not foresee any liquidity or refinancing concerns owing to the strength of available liquidity sources, and expect that the group will withstand severe liquidity pressure in a stress scenario.

Group support

We consider Gothaer Lebensversicherung AG, Gothaer Allgemeine Versicherung AG, and Gothaer Krankenversicherung AG to be core operating entities of the BarmeniaGothaer Group.

Environmental, social, and governance

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

Rating Component Scores	
Business Risk Profile	**Strong**
Competitive position	Strong
IICRA	Intermediate risk
Financial Risk Profile	**Very Strong**
Capital and earnings	Very strong
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

- General Criteria: Hybrid Capital: Methodology And Assumptions, Oct. 13, 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
- Criteria | Insurance | General: Insurers Rating Methodology, July 1, 2019
- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

BarmeniaGothaer Insurance Group's Core Operating Entities Upgraded To 'A+' From 'A'; Outlook Stable, June 12, 2026

Ratings Detail (as of June 22, 2026)*	
Operating Companies Covered By This Report	
Gothaer Allgemeine Versicherung AG	
Financial Strength Rating	
Local Currency	A+/Stable/--
Issuer Credit Rating	
Local Currency	A+/Stable/--
Junior Subordinated	A-
Gothaer Krankenversicherung AG	
Financial Strength Rating	
Local Currency	A+/Stable/--
Issuer Credit Rating	
Local Currency	A+/Stable/--
Gothaer Lebensversicherung 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.