S&P Global Ratings

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KBC Insurance N.V.

December 3, 2025

This report does not constitute a rating action.

Business risk: **Strong**

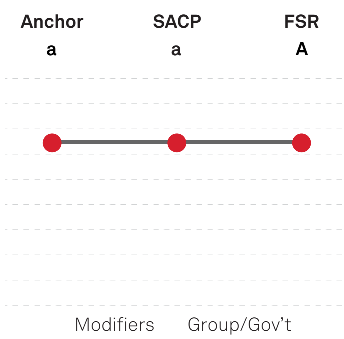
Excellent — Vulnerable

Competitive position: Strong
IICRA: Intermediate risk

Financial risk: **Very strong**

Excellent — Vulnerable

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



Financial strength rating
A/Positive/--

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

Primary Contact

Marc-Philippe Juilliard
Paris
33-14-075-2510
m-philippe.juilliard@spglobal.com

Secondary Contact

Maria Sannikov
Paris
33-6-2769-3741
maria.sannikov@spglobal.com

Credit Highlights

Overview

Key strengths	Key risks
Market leader in the unit-linked savings segment and one of the largest composite insurers in Belgium.	Limited geographical diversification despite growing presence in selected Central and Eastern Europe (CEE) countries.
Profitable bancassurance business model fostered by significant commercial and operational integration with KBC Bank N.V.	Increasing natural catastrophe risks could potentially weigh on the profitability of the non-life segment
Robust capital adequacy despite high dividend policy.	

S&P Global Ratings expects KBC Insurance N.V. to maintain its prominent business position in Belgium. KBC Insurance is the market leader in the unit-linked segment and one of the largest composite insurers in Belgium with a 11.5% market share as of year-end 2024. The depth and breadth of its product range and distribution capabilities in the Belgian market support our ratings on KBC Insurance. We base the 'a' anchor on our view of the insurer's very strong capital position.

We expect KBC Insurance's capitalization to remain at the 99.95% confidence level at least based on our risk-based capital model through 2027. This reflects further change in the product mix to less capital-intensive products and the company's conservatism of its non-life provisions. KBC Insurance is likely to pursue its usual dividend strategy, upstreaming 100% of its net profit as dividend to the parent. KBC Insurance's dividend policy shows that its strategy is to foster the efficiency of the KBC group's overall capital structure.

Despite the increasing frequency and severity of natural catastrophe events, the combined ratio remains solid at 87%. KBC Insurance reported a net income of €515 million with a combined (loss and expense) ratio of 87% for year-end 2024 as calculated by S&P Global Ratings. We expect KBC Insurance will maintain an average combined ratio of less than 90% in the foreseeable future, in line with historical performance.

Outlook

Our positive rating outlook on KBC Insurance and KBC Group Re S.A. mirrors that on their ultimate parent, KBC Group N.V., given their core strategic importance to the group.

Downside scenario

We could revise the outlook on KBC Insurance and KBC Group Re to stable over the next 18-24 months if we take a similar action on KBC Group. Although unlikely, we could also revise the outlook to stable if we no longer view KBC Insurance or KBC Group Re as core entities of KBC Group.

Upside scenario

We could raise the ratings over the next 18-24 months if we were to revise up our assessment of KBC Group's stand-alone credit profile (SACP). In our view, KBC Insurance's SACP is unlikely to strengthen over the next two years. This would require a more diverse business model or increased capital adequacy, notably due to a less demanding dividend policy.

Assumptions

- Belgian long-term interest rates gradually stabilizing just below the 3% mark in 2024-2027;
- Belgian GDP slowed to 1% in 2024 (real, year on year) and will likely remain between 1.0%-1.3% in 2025-2027.
- We estimate inflation in Belgium has decreased to 2.9% in 2024 and is forecast to remain at about 2.0% in the forecast period.
- The unemployment rate for Belgium in 2024 was 5.8% and this will remain stable in 2025-2027.

KBC Insurance N.V.--Key metrics

	IFRS 17	IFRS 17	IFRS 17	IFRS 17	IFRS 4
	2026f	2025f	2024	2023	2022
Insurance Revenue	>3,000	>3,000	2,955	2,690	N.A.
EBIT (adjusted)	>550	>550	592	610	697
Net income (attributable to shareholders)	>500	>500	515	530	560
S&P Global Ratings capital adequacy	99.95%	99.95%	99.99%	99.99%	Strong
Return on shareholder's equity (%)	>12.0	>12.0	15.5	16.4	18.2
EBITDA fixed-charge coverage (x)	>15.0	>15.0	20.5	23.8	31.1

KBC Insurance N.V.--Key metrics

	IFRS 17	IFRS 17	IFRS 17	IFRS 17	IFRS 4
	2026f	2025f	2024	2023	2022
Financial leverage including pension deficit as debt (%)	<20.0	<20.0	13.1	13.2	18.8
P/C: Net combined ratio (%)	<90.0	<90.0	87.4	84.9	89.6
Return on revenue (%)	>15.0	>15.0	15.5	17.7	N.A.
Return on assets (%)	>1.0	>1.0	1.6	1.8	1.9
Financial obligations/EBITDA (x)	<1.0	<1.0	0.8	0.8	0.8

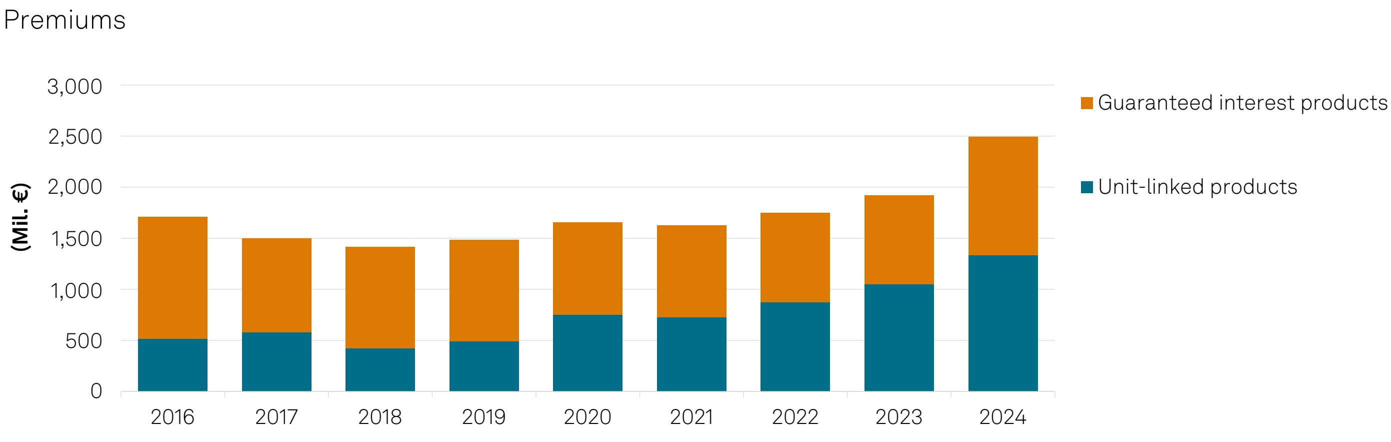
P/C--Property/casualty. N.A.--Not available. f--S&P Global Ratings forecast

Business Risk Profile

With its leading position in Belgium, KBC insurance derives about 70% of its gross written premiums from its home country. The company benefits from a strong distribution network of bank branches and tied agents. KBC Insurance is accelerating the development of a solution with the group's proprietary AI-enhanced digital assistant called "Kate", allowing the company to improve internal processes, cost efficiency, and customer experience and sales productivity.

KBC Insurance is now the third largest insurer in Belgium, after AG Insurance and AXA Belgium, KBC Insurance is also the market leader in the unit-linked savings segment, where it builds on the group's expertise in asset management. Its share of the property/casualty (P/C) market is limited to 9% because it focuses on the group's tied agents and parent bank branch network, but has a limited presence within the large, broker-led share of Belgian P/C activity. In life, KBC further improved its market position and is now the second largest insurer in Belgium. Overall market share in Belgium has increased to 11.5% in 2024 compared to 8.8% in 2008.

KBC Insurance is a leader in unit-linked business in Belgium

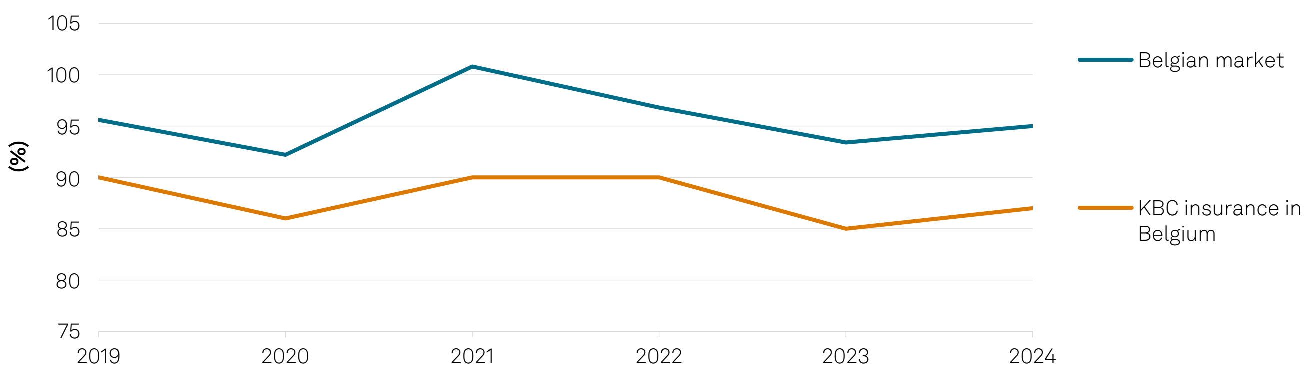


Source: S&P Global Ratings.

For its Belgian activities, the company's combined ratio has been stronger than that of its peers on average over the past six years. We expect KBC Insurance will continue to outperform the Belgian P/C market, owing to its good knowledge of customers and strict underwriting rules. Once again in 2024, the group published a very strong combined ratio of 87% (the lower the combined ratio, the more profitable the insurer, a ratio of more than 100% signifies an underwriting loss).

KBC Insurance posted a very strong combined ratio

P/C net combined ratio



P/C--Property/casualty. Source: S&P Global Ratings.

Through local subsidiaries, KBC Insurance also writes business in CEE: In the Czech Republic through CSOB Pojistovna a.s.; in Slovakia through CSOB Poistovna a.s.; in Hungary via K&H Biztositó; and in Bulgaria through DZI Insurance. KBC insurance has strategy to further expand in these countries to pursue the same level of bank-insurance integration similar to Belgium operations.

Financial Risk Profile

In 2024, KBC Insurance's forecast capital adequacy continued to remain at the 99.95% confidence level, as measured using our capital model. We expect KBC Insurance's capital adequacy to remain at this level over the rating horizon, because we assume that it will pay out 100% of profits as dividends between 2025-2027. We also expect it to see moderate balance sheet growth and stable investment risk on the asset side.

In the context of higher long-term interest rates, KBC Insurance increased the guaranteed rates on saving and investment products starting in the second half of 2022. Given the medium-tailed nature of the guaranteed savings business in Belgium (the guarantee expires after eight years) and the high share of unit-linked business (see chart 2), we do not view this as a long-term threat to the company's balance sheet. In fact, the share of unit-linked products has been steadily increasing over recent years--accounting for about 54% of total life sales in Belgium at end-2024 similar to previous year, showcasing the higher volume trend in these products

KBC Insurance's financial leverage remains at low levels (13.0% at end-2024). Financial leverage includes intragroup subordinated debt of €500 million and a limited pension deficit. We do not see the funding structure as a particular risk as we expect financial leverage to remain below 15% in the foreseeable future.

Other Credit Considerations

Governance

KBC Insurance's governance reflects the company's ability to set and execute long-term strategic goals that are in line with KBC Group's long-term objectives and within reach.

Liquidity

The company's liquidity level is not a concern, owing to the strength of available liquidity sources and the company's liquid asset portfolio.

Group support

We view KBC Insurance and KBC Group Re as core to KBC Group N.V. Over more than 10 years, KBC Group Re has become instrumental in managing the group's exposure to insurance risks, allowing an improved mutualization and set-up of a more efficient architecture for the group's reinsurance protections.

We understand from the Belgian banking resolution framework that insurance operations would be outside the scope of a potential bail-in process. We therefore equalize our ratings on KBC Insurance with KBC Group's 'a' group SACP, which does not include any notches of support from additional loss-absorption capacity. Such support can only apply to the group's banking operating companies.

Environmental, social, and governance

Environmental, social, and governance factors do not have a material influence on our credit rating analysis of KBC Insurance and KBC Group Re.

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/Positive/--
Foreign currency financial strength rating	--
Local currency issuer credit rating	A/Positive/--
Foreign currency issuer credit rating	--

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, Oct. 13, 2025
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, April 30, 2024
- Criteria | Insurance | General: Insurer Risk-Based Capital Adequacy--Methodology And Assumptions, Nov. 15, 2023
- 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 | Insurance | General: Insurers Rating Methodology, July 1, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Guarantee Criteria, Oct. 21, 2016
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Outlook On KBC Group And Core Entities Revised To Positive On Resilient Performance; Ratings Affirmed, Nov. 29, 2024

Ratings Detail (as of December 3, 2025)*	
Operating Companies Covered By This Report	
KBC Insurance N.V.	
Financial Strength Rating	
Local Currency	A/Positive/--
Issuer Credit Rating	
Local Currency	A/Positive/--
KBC Group Re S.A.	
Financial Strength Rating	
Local Currency	A/Positive/--
Issuer Credit Rating	
Local Currency	A/Positive/--
Domicile	Belgium

*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.