

Research Update:

Sava Re Group's Core Entities Upgraded To 'A+' On Improved Economic Resilience; Outlook Stable

June 11, 2025

Overview

- On June 6, 2025, we upgraded Slovenia to 'AA' to reflect the strength and resilience of its small and open economy, prudent fiscal management, and comfortable external buffers.
- Because of Sava's strong link with, and important role for, the government of Slovenia, we assume the insurer will benefit from the sovereign's improved creditworthiness.
- We also consider the group's favorable operating performance in 2024 and in the first-quarter 2025, a firm balance sheet strength with robust capital levels, and that Sava could see profitable growth on the back of positive dynamics in Slovenia and internationally in 2025-2027.
- We consequently raised to 'A+' from 'A' our issuer credit and financial strength ratings on Sava Re and Zavarovalnica Sava. We also raised to 'A-' from 'BBB+' our ratings on Sava Re's two junior subordinated instruments.
- The stable outlook reflects our view that Sava will uphold comparably strong operating results, while the group will continue to profitably expand domestically and abroad and maintain robust capitalization over the next two years.

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Rating Action

On June 11, 2025, S&P Global Ratings raised its long-term issuer credit and financial strength ratings on Slovenia-based Sava Re (Sava or the group) and its core entity Zavarovalnica Sava d.d. to 'A+' from 'A'. The outlook is stable. We also raised to 'A-' from 'BBB+' our ratings on two of Sava's junior subordinated bonds outstanding.

Rationale

The upgrades of Sava Re and Zavarovalnica Sava follow a similar action on Slovenia on June 6, 2025. (See "[Slovenia Long-Term Ratings Raised To 'AA' On Strong Public Finances And Sustained Growth; Outlook Stable](#)," published on RatingsDirect.) We regard Sava Re as a government-related entity (GRE), with a strong link with, and an important role for, the Slovenian government,

and that the group maintains a moderately high likelihood of receiving government support if needed. We continue to assess at 'a' Sava Re's stand-alone credit profile, but now we factor into our group credit profile of Sava Re a one-notch uplift to reflect the benefits from the sovereign's improved creditworthiness.

We think the expected strength and resilience of Slovenia's economy supports further development of the Sava Re group. We note that comparably favorable economic growth in Slovenia in 2021-2024 allowed Sava to capitalize on domestic opportunities and materially scale operations. In our view, the group's Slovenian operations--under Zavarovalnica Sava, which is the second-largest insurance company in Slovenia with market share exceeding 31%--are well placed to see similar benefits over the coming few years, with continued solid top- and bottom-line development while solidifying the group's already very conservative risk profile.

Sava maintains very solid stand-alone business and financial strengths. Over 2024 and first-quarter 2025, the group sustained very strong underwriting and operating performance. This pointed to Sava's demonstrated ability over the past few years to reprice decisively and in timely manner, hereby safeguarding very strong underwriting performance in primary insurance as well as on international reinsurance market. The combined (loss and expense) ratio at end-2024 was 91.3%, then further improved in first-quarter 2025 to 83.7%. Sava also retains very solid new business margins in life insurance, sizable contractual service margins, and healthy fee contribution from its asset and pension management business. The group's return on equity (ROE) in 2024 was at 14.2%, and it improved further in first-quarter 2025 to a reported ROE of 17.2%, which is comparably favorable among EMEA insurers. For 2025-2027, we expect an ROE of 11%-14%, which would correspond to Sava's management targets of net income exceeding of €84 million in 2025.

Despite a high degree uncertainty about the global economy, Sava should continue to see moderate growth in existing markets. The group continues to target moderate growth through gradual business development domestically and internationally. Last year the group sustained very strong growth, with gross written premiums (GWP) exceeding €1 billion, representing a 13.5% increase. This strong growth stemmed from both domestic and international operations, driven by non-life, life, reinsurance, and asset management operations. A large part of the growth resulted from price increases on the group's existing business and only partially from the new business expansion and continued inflows into its asset management. Since the start of 2025, growth has moderated, with business volume (gross premiums written and non-insurance revenue) increasing by 6.8% in the first quarter. This reflects that Sava already did significant price increases over the past years in its insurance and reinsurance operations. We expect that, on the back of favorable economic conditions in Slovenia, Sava will likely continue to grow modestly this year and beyond, giving way to a greater earnings capacity.

Sava's capital positions remain robust. The group reported continued very strong regulatory solvency levels of 211%-217% (based on standard formula, without any transitional measures) at the end of first-quarter 2025. We expect the group will remain well above the 99.99% confidence level in our insurance capital model. However, we expect that, since last year, Sava's capital buffers became even firmer because of ongoing very strong performance and only moderate dividend payment. In addition, in the second half of 2024, the group issued a Solvency II capital qualifying hybrid capital of €50 million. Sava's strong balance sheet, robust capital position, and increasing capital levels remain group strengths that underpin our assumptions of continued gradual business development in the medium term.

Outlook

The stable outlook reflects our view that, over the next two years, Sava's important role for the Slovenian government will remain unchanged. We also factor in that the group will continue to be the second-largest insurer in Slovenia and maintain its niche position in international reinsurance market, which would allow it to source strong earnings while sustaining an effective risk management with a robust capital adequacy buffer above our 99.95% benchmark.

Downside scenario

We view a downgrade as a remote possibility in the next 12-24 months. Ratings downside might stem from:

- A downgrade of Slovenia to below 'AA' while Sava's stand-alone credit profile stayed at 'a', for example due to a significant and sustained performance volatility of the group;
- Sava capital levels materially and protractedly declining below 99.95%; or
- A material disruption to the group's business model occurred for example due to abrupt change in its strategy or change of ownership.

Upside scenario

We view an upgrade as unlikely over the next 12-24 months given Sava's materially more limited geographic diversification than that of higher-rated peers.

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
Stand-alone credit profile	a
Support	+1
Group support	0
Government support	+1
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](#), Feb. 10, 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: Rating Government-Related Entities: Methodology And Assumptions](#), March 25, 2015
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

- [Research Update: Slovenia Long-Term Ratings Raised To 'AA' On Strong Public Finances And Sustained Growth; Outlook Stable](#), June 6, 2025
- [Research Update: Sava Re Outlook Revised To Positive On Strong Performance And Improving Economic Conditions; Ratings Affirmed At 'A'](#), Dec. 11, 2024
- [Slovenia Based Insurer Sava Re Tier 3 Subordinated Notes Rated 'BBB+', Sep. 27, 2024](#)

Ratings List

Ratings list

Upgraded; Outlook Action		
	To	From
Sava Re		
Issuer Credit Rating		
Local Currency	A+/Stable/--	A/Positive/--
Sava Re		
Zavarovalnica Sava d.d.		
Financial Strength Rating		
Local Currency	A+/Stable/--	A/Positive/--
Upgraded		
	To	From
Sava Re		
Junior Subordinated	A-	BBB+

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