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Reinsurance industry results analysis

The reinsurance industry continues to deliver strong financial results. The strategic underwriting actions implemented since 2023, including stricter underwriting discipline, pricing improvements and enhanced risk selections, continued to support favourable results in the latest reporting period. These outcomes were further supported by a benign natural catastrophe and weather-related claims environment, alongside favourable investment market performance. While the 2024 financial results reflected an improved claims experience, the 2025 results indicate a further enhancement. This improvement can largely be attributed to the continued clean-up of claims reserves and the release of older reserves as underlying risk exposures moderated or reduced over time.

(Re)insurers are having to navigate an increasingly complex and rapidly evolving risk landscape, ranging from AI adoption and AI-related exposures to financial reporting changes, data governance, privacy, fraud, geopolitical uncertainty, cyber risk management and cyber insurance offerings. In response, many are reassessing their purpose and redefining the role they play in supporting policyholders, businesses and society.

At the same time, the definition of business success has evolved. Success is no longer measured solely by financial performance or the bottom line. Instead, organisations that embed a clear sense of purpose into their strategy, operations and decision-making are better positioned to create sustainable value, build resilience and respond effectively to a changing environment. Purpose has become the foundation upon which long-term success is built.

The latest insurance sector data published by the South African Reserve Bank indicates that there are nine professional reinsurers in South Africa as at December 2025¹ (2024: nine professional reinsurers). In this year's survey, we analyse the results of four registered reinsurers, representing approximately 74% of the South African market on a revenue basis. These results include two composite reinsurers and two composite reinsurance branches.

We noted in last year's survey that SCOR SE (Incorporated in France) - Africa Branch (SCOR Africa Branch) discontinued writing new life and health reinsurance business from September 2024. The impact of this strategic decision is reflected in its 2025 financial results, which are analysed further in this article.

We also noted the conversion of Munich Reinsurance Company of Africa Limited from a subsidiary to a branch during 2025. Effective 1 January 2025, Munich Re (Incorporated in Germany) - Africa Branch (Munich Re Africa Branch) commenced operations in South Africa, following the transfer of business from Munich Reinsurance Company of Africa Limited to Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München at that date. Consequently, the 2025 financial information presented in this survey reflect the financial results of Munich Re Africa Branch, while the comparative 2024 results relate to the former South Africa subsidiary, Munich Reinsurance Company of Africa Limited.

Apart from these developments, no other significant changes occurred in the South African reinsurance market during the year under review.

The financial results of South Africa's life and non-life insurers provide important context for understanding the performance of the reinsurance industry. As such, it is useful to reflect on the reinsurance sector's results against the backdrop of the financial results of the primary insurance industry during 2025.

Insurance revenue for the life insurance industry grew by 8%, from R227 billion in 2024 to R245 billion in 2025. However, profit for the year was largely stable at R39 billion, reflecting a 2% decline from the R40 billion generated in 2024. These results are particularly commendable given the complex economic and operating environment, underscoring the industry's financial resilience, ability to capture growth opportunities and success in advancing diversification and integration strategies.

¹ https://www.resbank.co.za/content/dam/sarb/publications/prudential-authority/pa-selected-south-african-insurance-sector-data/2025/Selected%20South%20African%20insurance%20sector_Dec%202025.pdf

The non-life insurance industry delivered an equally compelling, and arguably stronger, set of results, with insurance revenue increasing from R160.3 billion in 2024 to R173.9 billion in 2025, and profits increasing from R17.8 billion in 2024 to R23.7 billion in 2025. These results are impressive, having been achieved against a backdrop of heightened geopolitical tensions, economic uncertainty and escalating climate-related risks, while also benefitting from a relatively benign claims environment for large and attritional weather and motor claims, together with stronger investment market performance.

South Africa's economy remains in a low-growth environment, with real GDP growth increasing modestly to 1.1% in 2025 (2024: 0.6%)², representing the highest annual growth rate since 2022 when GDP increased by 2.1%³. The World Bank attributes this improvement to the positive impact of structural reforms that are beginning to gain traction⁴. The World Bank further goes on to say that "Growth is expected to strengthen gradually, supported by more reliable electricity supply, easing inflation, and continued reforms. Faster structural reforms could further boost growth by improving service delivery, crowding in private investment, raising productivity, and creating jobs."⁴

Stats SA notes that the average inflation rate for 2025 was 3.2% (2024: 4.4%)⁵, the lowest rate in 21 years since 2004 when it was 1.4%⁶. Over the last ten years, inflation ranged from between 3.2% and 7.04%⁷, reflecting the volatile impact of local and global market economics. Coupled with high levels of unemployment at 32.39% (2024: 32.28%)⁸, consumer spend continues to remain under pressure.

Elevated lapse rates and ongoing challenges in extending insurance coverage to underserved markets continue to challenge both insurers and reinsurers. In an environment where insurance is often perceived as a discretionary or "grudge" purchase, particularly during periods of economic strain, the industry is under increasing pressure to balance customer affordability with sustainable growth. Success will depend on (re)insurers' abilities to develop innovative products, unlock new market opportunities, retain existing policyholders and deliver profitable outcomes in an increasingly competitive landscape.

² <https://www.statssa.gov.za/publications/P0441/P04414thQuarter2024.pdf>

³ <https://www.statssa.gov.za/?p=19291>

⁴ <https://www.worldbank.org/ext/en/country/southafrica#tab-economy>

⁵ <https://www.statssa.gov.za/?p=17968>

⁶ <https://www.statssa.gov.za/?p=19114>

⁷ <https://www.macrotrends.net/global-metrics/countries/zaf/south-africa/inflation-rate-cpi>

⁸ <https://www.statista.com/statistics/370516/unemployment-rate-in-south-africa/?srsltid=AU7gw4W-JJu1Y7N-PdFn-5RCJAeh8mHUimLFL6BACkzGkYhbod-t1sOP>

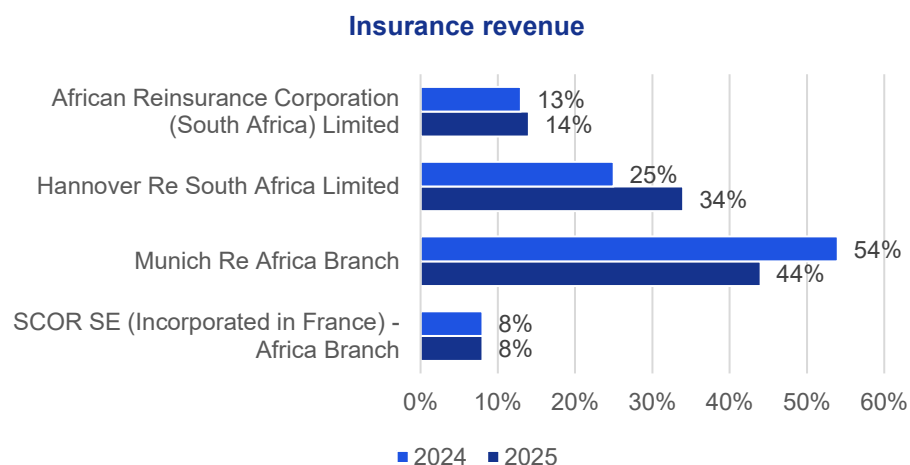


Financial indicators

Insurance revenue

Total insurance revenue decreased by 9% across participating reinsurers, with mixed results reported by individual reinsurers. Hannover Re South Africa Limited (Hannover Re) reported the highest revenue growth at 21%, while African Reinsurance Corporation (South Africa) Limited (Africa Re) reported 3% growth. Munich Re Africa Branch and SCOR Africa Branch both reported decreases in revenue of 26% and 14%, respectively.

Illustrated below is the share of the reinsurance market by insurance revenue based on the reinsurers that participated in this year's survey, as reported in their audited financial statements.



Consistent with prior years, Munich Re Africa Branch and Hannover Re continue to lead the reinsurance market with a combined market share of 78% (2024: 79%) measured by insurance revenue. Interestingly, the 2025 financial year saw a material movement in market share distribution after many years, where Munich Re Africa Branch's market share decreased from 54% in 2024 to 44% in 2025, and Hannover Re's market share increased from 25% in 2024 to 34% in 2025. This analysis is relative to the four reinsurers participating in this year's survey.

We discuss the detailed movements per reinsurer further on in our analysis.

Other key performance indicators collectively across the four reinsurers surveyed are as follows:

Performance indicator	2025	2024
Reinsurance ratio ⁹	79%	62%
Insurance service expenses ratio ¹⁰	73%	86%
Insurance service result ratio ¹¹	54%	52%
Insurance service result	R1 155 million profit	R1 179 million profit

The 2025 financial results continue to reflect an upward trajectory for many performance indicators, similar to that observed over the last two financial years. The strategic initiatives implemented by reinsurers over the last few years to moderate risk exposures, together with a benign catastrophe claims environment, continue to reap the benefits that reinsurers set out to achieve.

The overall reinsurance ratio increased from 62% in 2024 to 79% in 2025, indicating that less insurance business was retained by reinsurers surveyed with more insurance business passed on to retrocessionaires. Despite the larger increase in the reinsurance ratio, the insurance service result and overall profit for the year decreased marginally by 2% from 2024. This may reflect the effective structuring of retrocession arrangements, enabling an appropriate balance in the sharing of profitable and loss-making business between reinsurers and retrocessionaires. However, mixed results were reported by individual reinsurers surveyed, which we explore further in this article.

The insurance service expenses ratio improved from 86% in 2024 to 73% in 2025, largely attributable to the benign catastrophe claims landscape and overall muted claims experience. The same experience is reflected in the individual results of all reinsurers surveyed.

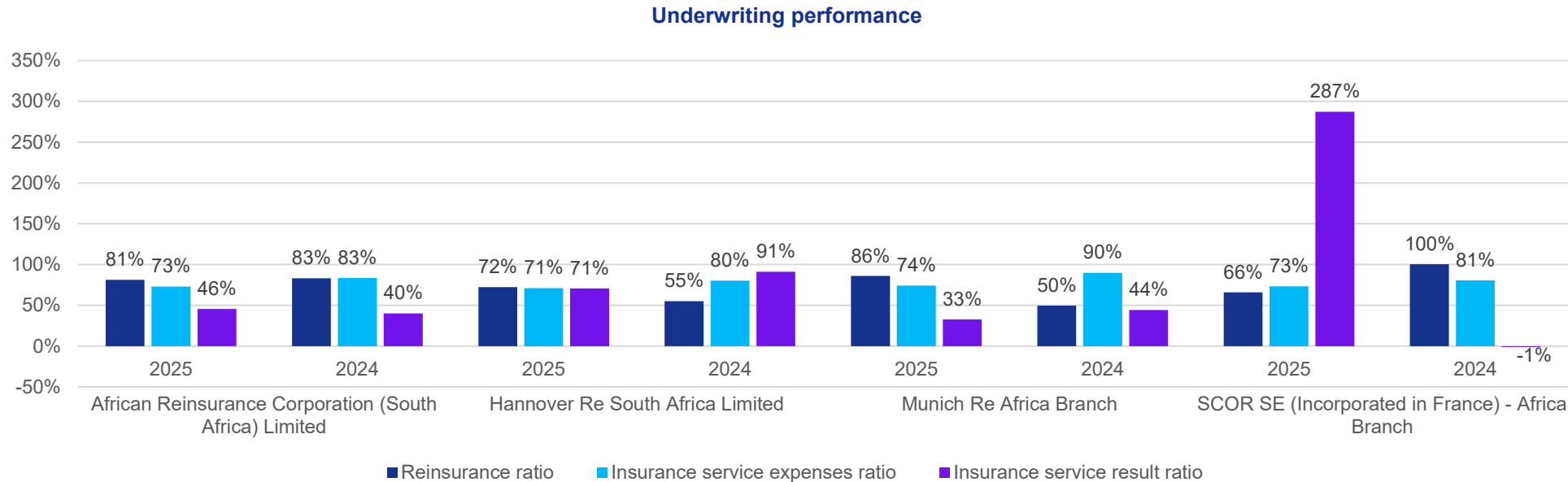
The insurance service result ratio is a measure of the contribution of the insurance service result to the overall profit or loss for the year. A marginal uptick of 2% was observed, from 52% in 2024 to 54% in 2025, reflecting the increased contribution of the insurance service result to overall profit for the year compared to prior years.

⁹ Reinsurance ratio: net expenses/(income) from reinsurance contracts held/insurance contracts result (insurance revenue less insurance service expenses from insurance contracts issued)

¹⁰ Insurance service expenses ratio: insurance service expenses/insurance revenue

¹¹ Insurance service result ratio: insurance service result/profit/(loss) before tax

Underwriting performance per reinsurer



Varied performance results are reflected across all reinsurers surveyed, reflecting the complexity and nuances of market dynamics on each reinsurer’s business operations. The next section of our report provides deeper analysis into the results of each reinsurer.

Africa Re

With it now in its third year of writing life reinsurance risks, Africa Re experienced growth of 156% in its life insurance revenue. Consequently, the life insurance operations contributed 13% (2024: 5%) to insurance revenue for 2025 with the non-life operations contributing 87% (2024: 95%). While non-life insurance revenue decreased by 6% from 2024, overall insurance revenue increased by 3% from R2 792 million in 2024 to R2 865 million in 2025.

The decrease in the reinsurance ratio and insurance service expenses ratio and the increase in the insurance service result ratio all positively contributed to the increase in the profit after tax for the year, from R146 million in 2024 to R240 million in 2025.

Non-life insurance services expenses decreased by 21% compared to 2024, largely due to muted claims activity during the period. However, life insurance service expenses increased by 193% as expected, given the growth in the portfolio. Both life and non-life movements contributed to overall insurance service expenses decreasing by 10% from 2024.

The key contributing factors to these results can be attributed to the underwriting, claims and expense management strategies, favourable investment environment and relatively benign natural catastrophe claims experience, despite the softening of reinsurance rates and rising claims inflation.

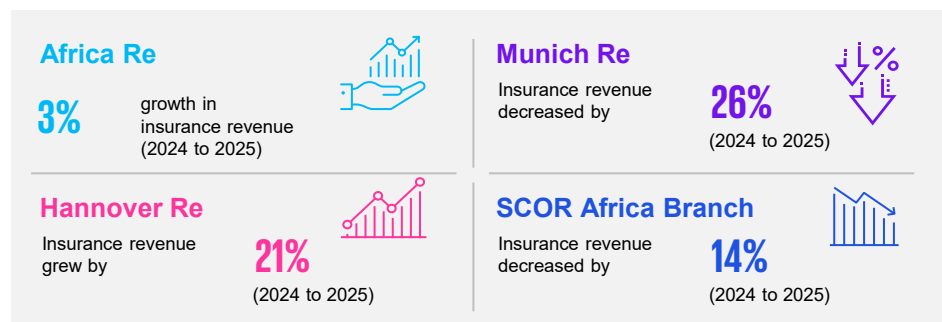
Hannover Re

Insurance revenue grew by 21% from R5 593 million in 2024 to R6 770 million in 2025, the highest growth rate observed across all reinsurers surveyed. Both the life and non-life books of business contributed relatively equally to this increase. Life insurance revenue increased by R577 million, reflecting growth of 15% from 2024, with non-life insurance revenue increasing by an amount marginally higher at R598 million, reflecting growth of 33% from 2024. The contribution to total insurance revenue remained largely consistent with the prior year where the life business contributed 65% to total revenue (2024: 68%) and the non-life business contributed 35% (2024: 32%).

While the insurance service result ratio decreased from 91% in 2024 to 71% in 2025, Hannover Re was the only participating reinsurer whose insurance service expenses increased, from R4 490 million in 2024 to R4 807 million in 2025.

Life insurance service expenses increased by 6%, with non-life insurance service expenses increasing by 12%. The contribution to total insurance service expenses remained largely consistent with the prior year where the life business contributed 75% to total insurance service expenses (2024: 76%) and the non-life business contributing 25% (2024: 24%). Considering the low catastrophe claims incidence environment, it is reasonable to infer that the increase in insurance service expenses is in line with the growth of the underlying business.

While Hannover Re's reinsurance ratio increased from 55% in 2024 to 72% in 2025, the insurance service expenses ratio improved from 80% in 2024 to 71% in 2025, and net investment income increased from R355 million in 2024 to R524 million in 2025. These factors contributed favourably to the increase in profit after tax for the year, from R453 million in 2024 to R610 million in 2025.



Munich Re

Insurance revenue decreased by 26% from R11 993 million in 2024 to R8 901 million in 2025. The improvement in the insurance service expenses ratio is consistent with the other participating reinsurers.

Similar to Hannover Re, Munich Re's insurance service result ratio declined from 44% in 2024 to 33% in 2025, with its reinsurance ratio increasing from 50% to 86%.

Net investment income also decreased from R521 million in 2024 to R325 million in 2025, while administration, management and other expenses (outside of the insurance service result) increased from R76 million in 2024 to R312 million in 2025. These factors contributed to the overall profit after tax of R728 million. Although lower than the R971 million reported in 2024, Munich Re reported the highest profits of all the participating reinsurers for 2025.

SCOR Africa Branch

Insurance revenue decreased by 14%, from R1 765 million in 2024 to R1 515 million in 2025. Non-life insurance revenue remained relatively stable, declining by 2% (R17 million), while life insurance revenue decreased by 23% (R232 million). The reduction in life insurance revenue was expected, reflecting the strategic decision from prior years to cease writing new life business, with the existing portfolio continuing to run off. As a result, the life portfolio's contribution to total insurance revenue declined from 58% in 2024 to 52% in 2025, while the non-life portfolio's share increased from 42% in 2024 to 48% in 2025.

The 22% decrease in insurance service expenses was driven by two key factors. On the non-life side, favourable weather-related claims experience contributed to a 20% (R82 million) reduction in expenses. Insurance service expenses relating to the life portfolio decreased by 23% (R232 million), reflecting the continued run-off of the business following the decision to cease writing new life policies.

While the reinsurance ratio, insurance service expenses ratio and insurance service result ratio all increased compared to 2024, profit after tax declined from R136 million in 2024 to R36 million in 2025. This reduction primarily reflects the continued run-off of the life portfolio, with other contributing factors including the decrease in net investment income and increase in administration, management and other expenses.

Investment performance

Even though investments and cash and cash equivalents of the reinsurers surveyed decreased by 7% from 2024, reinsurers achieved an average return on investments (including cash and cash equivalents) of 9.3% (2024: 8.7%). This is marginally lower than the average prime rate of 10.7%¹² (2024: 11.6%)¹² and the average 10-year government bond yield of 9.7%¹³ (2024: 9.8%)¹³. The investment performance of reinsurers surveyed relative to market returns continues to reflect the conservative investment strategies employed relative to the industry's exposure to uncertain market forces and continues to be consistent with the approach applied by global peers.

Hannover Re was the top performer in terms of investment returns in 2025 at 10.7% (2024: 8.0%). Munich Re Africa Branch followed closely at 10.1% (2024: 9.4%), despite investments and cash and cash equivalents decreasing by 42% from 2025. Africa Re's return remained stable at 8.2% (2024: 8.2%) and SCOR Africa Branch achieved an investment return of 7.2% (2024: 9.2%).

What the future holds for reinsurance operations

In last year's survey, we noted that many rating agencies expected the reinsurance market to enter a period of softening rates. That expectation has largely materialised, as reflected in the 2025 financial results analysed in this article, with many participating reinsurers reporting lower insurance revenue. Where revenue growth was achieved, it was generally driven by expansion into new markets or gains in market share.

Despite a softening reinsurance pricing environment, reinsurers continued to demonstrate strong balance sheet resilience. Across the reinsurers surveyed, return on equity improved from 22% in 2024 to 24% in 2025, a trend that was also evident at the individual reinsurer level. This performance reflects the sector's strong capital position and the underwriting discipline that has largely been maintained throughout the cycle.

Looking further ahead, Moody's was the first major rating agency to release its outlook for the reinsurance market on 1 September 2026. Having revised its outlook from positive to stable in 2025, Moody's has maintained a stable outlook for the global reinsurance sector heading into 2027 and beyond. The agency attributes this assessment to "strong balance sheets, improved reserve adequacy, robust profitability and continued underwriting discipline, even as pricing conditions soften across the market"¹⁴.

It further noted that "reinsurers are entering the next phase of the market cycle from a position of strength"¹⁴.

A day later, on 2 September 2026, S&P released its market outlook, maintaining its stable outlook for the global reinsurance market.

"Abundant capacity and lower-than-expected catastrophe losses in recent years suggest that reinsurance pricing will remain under pressure through 2027. As a result, reinsurers are likely to face increasing pressure to loosen terms and conditions, while property and casualty (P&C) reinsurers' underwriting margins and overall profitability will gradually compress over 2026-2027.

That said, we believe underwriting margins and overall profitability will remain sufficient to cover the sector's cost of capital. This reflects still healthy P&C reinsurance combined ratios, solid net investment income, and strong life reinsurance earnings, provided annual natural catastrophe and large man-made losses remain within the annual budgets.

Natural catastrophes, geopolitical conflicts, and social inflation--which will continue to require robust risk and portfolio management--as well as softening prices may curb near-term growth. However, the sizable protection gap in areas such as cyber risk, renewable energy, and data centers presents growth opportunities.

The sector's primary risks remain insurance-related rather than asset-related. Natural catastrophe exposure and loss reserve volatility continue to be the key sources of risk, while investment risk remains significantly lower than in the primary insurance sector."¹⁵

Lastly, on 3 September 2026, Fitch released its global reinsurance sector outlook, maintaining its deteriorating outlook for 2027. The agency notes that this outlook is reflective of "operating conditions weakening gradually from still-sound levels."¹⁶

Fitch went on to further note, "Our expectations of further price declines – although less pronounced than in 2026 – amid abundant capacity drive the outlook. This, alongside rising claims costs, will lead to margin and revenue erosion, although not enough to materially affect the sector's very strong capital position.

¹² https://www.fnb.co.za/rates/LendingRates.html?srsId=AU7gw4VOsoDzTF20vzK9pm0v4UCiZ_PWt3pntwRiRJuPkxcC-FDWruqd

¹³ <https://www.investing.com/rates-bonds/south-africa-10-year-bond-yield-historical-data>

¹⁴ <https://www.reinsurancene.ws/moodys-maintains-stable-global-reinsurance-outlook-despite-price-softening/>

¹⁵ <https://www.spglobal.com/ratings/en/regulatory/article/global-reinsurance-sector-view-2026-reinsurers-face-balancing-act-s101699180>

¹⁶ <https://www.fitchratings.com/research/insurance/global-reinsurance-sector-outlook-remains-deteriorating-for-2027-03-09-2026>

Capital supply continues to outpace demand, leading to buyer-friendly market conditions and intense competition between reinsurers. We expect the soft property market to extend into 2027 absent a very large loss event, with selective loosening in terms and conditions beginning to add to pricing declines.

Claims pressures continue to build from economic, social and medical inflation, climate change, and emerging liabilities related to geopolitics and AI. At the same time, reinsurers are likely to absorb a higher share of losses as primary retention normalises from hard-market highs. These pressures, while generating earnings volatility, should help limit the scale of softening compared to that in previous cycles.

We expect lower pricing since mid-2024 to feed through more fully into 2027 earnings, while renewed inflation pressure and climate change lifts claims costs. This is likely to result in moderate deterioration in combined ratios and return on equity.”¹⁶

The following key themes are expected to be observed or materialise as we move into the next renewal period:



Reinsurance rates

Softening of reinsurance rates are expected to continue into 2027, largely due to excess market capacity and increased competition, with pricing power continuing to be in favour of reinsurance buyers.



Underwriting discipline

Although reinsurance rates are expected to soften further, reinsurers are unlikely to compromise on underwriting standards. Reinsurers have benefited from several years of disciplined underwriting and a more selective risk appetite, resulting in improved profitability and strong capital positions. These foundations are likely to support continued underwriting rigor, even as competitive pressures increase.



Bench strength

The outlook from the major rating agencies reflects broad confidence in the resilience of the reinsurance sector. The sector's stability remains underpinned by strong balance sheets, significant capital strength, sound underwriting returns and consistent investment income generation. As a result, the sector remains well positioned to absorb catastrophe losses and other unexpected events. While profitability is expected to come under pressure as softer pricing, rising claims costs and margin compression take effect, returns are expected to remain within sustainable levels and supported by the industry's strong capital base.



Claims uncertainty

Persistent uncertainty arising from natural catastrophes, climate change, claims inflation, geopolitical tensions, social inflation, reserve volatility and emerging risks continues to place pressure on reinsurers. This has reinforced the need for strong capital positions, enabling the sector to absorb unexpected losses without compromising long-term financial resilience.



New opportunities

As the risk landscape continues to evolve, reinsurers are presented with opportunities to expand into emerging markets such as cyber, renewable energy, data centres and AI-related risks. Although softening rates are expected to temper growth in traditional reinsurance lines, these evolving risk classes offer attractive avenues for expansion. While reinsurers are likely to approach these emerging risks cautiously given the uncertainty, limited loss history and complexity involved in pricing them, the sector is well positioned to navigate these challenges. By leveraging underwriting expertise, risk management capabilities and the disciplined approach that have underpinned recent success, reinsurers are well placed to capitalise on these new sources of growth.



What is perhaps most striking is that many of these challenges are not new to the (re)insurance industry. What has changed is the speed at which risks are emerging, the evolving nature and interconnectedness of those risks, the technologies available to manage them and the rising expectations of policyholders, stakeholders and society.

Reflecting on both recent financial performance and the outlook for the years ahead, one theme remains clear: the reinsurance industry continues to serve as a critical backbone, not only for primary insurers but for society as a whole. The sector's ability to absorb shocks, provide capacity and support resilience is fundamental to the functioning of insurance markets. Given this pivotal role and the reliance placed on reinsurance strength, remaining anchored in a clear and consistent purpose has never been more important.

Purpose provides the foundation upon which strategy is built, enabling (re)insurers to respond to emerging risks and changing market conditions with agility, while remaining focused on the value they create for policyholders and society.