

Research Update:

# Kuwait Reinsurance Co. K.S.C. Outlook Revised To Positive On Continued Profitable Growth; 'A-', 'gcAAA' Ratings Affirmed

June 23, 2026

## Overview

- Kuwait Reinsurance Co. has managed to combine strong growth and sound underwriting over the last few years, leading to a net income that grew 2.4x in 2022-2025 and growing capital buffers.
- Although the consequences of the geopolitical tensions in the Middle East remain uncertain, we believe that the reinsurer's diversification and prudent underwriting practices make it resilient to the situation.
- We therefore revised the outlook on our global scale rating to positive to reflect that we could raise the rating over the next two years if the company continues to profitably scale up, while maintaining sound diversification and very robust capital adequacy buffers.
- We also affirmed our 'A-' global scale and 'gcAAA' Gulf Cooperation Council regional scale financial strength ratings on Kuwait Re.

## Rating Action

On June 23, 2026, S&P Global Ratings revised its outlook on the global scale ratings on Kuwait Reinsurance Co. K.S.C.P. (Kuwait Re) to positive from stable. At the same time, we affirmed the 'A-' global scale and 'gcAAA' Gulf Cooperation Council regional scale financial strength ratings.

## Rationale

**Kuwait Re has strengthened its business model over the past few years.** The entity has maintained strong growth over the years, supported both by insurance result expansion and investment income, while preserving prudent underwriting practices and investment profile. Net income reached Kuwaiti dinar (KWD) 19.9 million (US\$65 million) in December 2025, up by 41% versus December 2024 and more than twice its size compared with December 2022. While Kuwait

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Re remains smaller than peers, we see its geographical spread across 126 countries, its wide product offering, and its better-than-peers efficiency as key strengths.

**In our view, Kuwait Re will remain resilient to the consequences of the Middle East war.** A framework for a memorandum of understanding between Iran and the U.S. announced on June 14 aligns with S&P Global Ratings' base-case assumption that disruptions in the Strait of Hormuz will begin easing in the second half of 2026. While the extent of the conflict's consequences is still difficult to assess, we currently do not anticipate any significant underwriting losses that would erode Kuwait Re's underwriting performance, given most of its policies exclude war, and the few war-related exposures left are fully reinsured. The conflict may have long-lasting impacts on growth opportunities and inflate claims, but we see Kuwait Re's high diversification and strong efficiency as a mitigant. Furthermore, the entity's strong capital buffers shield it, in our view, from any unexpected large loss.

**We forecast growth to moderate over the next two years, but operating performance should remain stronger than that of peers.** We expect net income to remain close to 2025 levels in 2026, as the conflict has likely tempered growth on the underwriting side while investment income growth will be penalized by the rates reduction that took place between September 2024 and December 2025. We anticipate it will then resume to 2%-3% annual growth over 2027-2028, and reach KWD20.4 million (about US\$66 million) in 2028. Kuwait Re's net combined ratio has been improving throughout the years, standing at 86.9% in 2025 compared with 93.8% in 2022. We expect it will maintain underwriting discipline and continue to report net combined ratios at 87%-90% over the next two years. We expect Kuwait Re to maintain its capital adequacy buffers above the 99.99% confidence level, as per our capital model. Kuwait Re's capitalization exceeds our 99.99% confidence level benchmark, which is a key rating strength. The reinsurer maintains high buffers above our calculated risk-based capital requirements for this level, and we expect them to further grow over the next two years. That said, total adjusted capital for Kuwait Re remains small in absolute terms, and non-life reserve adjustments--which we see as of lower quality than shareholders equity--account for about 40% of it. As a result, we consider capital and earnings as very strong.

**We now see Kuwait Re as highly strategic to the Al-Ahleia group, versus strategically important previously.** Kuwait Re is owned 85.2% by Al-Ahleia and its contribution of the group's total gross written premium in 2025 increased to about 66%, while providing income and geographical diversification to Al-Ahleia. Hence, we see it as a key strength in Al-Ahleia's creditworthiness. Our ratings on Kuwait Re are based on its stand-alone credit profile, which is at the same level as our 'A-' rating on Al-Ahleia.

## Outlook

The positive outlook reflects our view that we could raise our ratings over the next two years if the company continues to profitably scale up and build up capital buffers, while maintaining sound diversification and risk management practices.

### Downside scenario

We could revise our outlook to stable over the next two years if:

- Kuwait Re's net income growth proves weaker than expected for a long period, either due to a deteriorated underwriting performance or weaker investment income, or if sustained expansion leads to a deterioration in efficiency or higher risk-taking;

- Capital buffers above the 99.99% confidence level shrink, due to underwriting or investment losses, aggressive premium increases, unexpected reserve strengthening, or higher-than-expected dividend payouts; or
- We revise our outlook on Kuwait Re's operating holding company, Al-Ahleia Insurance Co. S.A.K., to stable from positive.

## Upside scenario

We could raise the ratings over the next two years if Kuwait Re:

- Continues to expand and diversify its premium base while its operating results outperform its peers and exceed our expectations, so that its scale of operations compares favorably with higher rated peers', while maintaining significant capital adequacy buffers above the 99.99% confidence level, measured by our model, and relatively low exposure to catastrophes and other large underwriting risks;
- If capital buffers above the 99.99% confidence level keep growing significantly, up to a point where, in our view, it would compensate for Kuwait Re's absolute small size of capital and risk exposure; or
- In a scenario where we would upgrade Al-Ahleia, we could also raise our rating on Kuwait Re should we consider that its importance to its parent has improved to core status.

### Rating Component Scores

<b>Business Risk Profile</b>	<b>Satisfactory</b>
Competitive position	Satisfactory
IICRA	Intermediate risk
<b>Financial Risk Profile</b>	<b>Strong</b>
Capital and earnings	Very strong
Risk exposure	Moderately high
Funding structure	Neutral
<b>Anchor</b>	<b>a-</b>
<b>Modifiers</b>	
Governance	Neutral
Liquidity	Exceptional
Comparable rating analysis	0
<b>Current Credit Rating</b>	
Local currency financial strength rating	--
Foreign currency financial strength rating	A-/Positive/--
Local currency issuer credit rating	--
Foreign currency issuer credit rating	--

## Related Criteria

- [Criteria | Insurance | General: Insurer Risk-Based Capital Adequacy--Methodology And Assumptions](#), Nov. 15, 2023
- [General Criteria: National And Regional Scale Credit Ratings Methodology](#), June 8, 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

- [Credit Conditions Brief: Strait Of Hormuz Reopening Framework Is An Important, If Fragile, First Step To Normalization](#), June 15, 2026
- [GCC Insurers' Credit Conditions Remain Stable Amid Middle East War](#), March 17, 2026
- [Robust Capital And Earnings Shield Global Reinsurers From Middle East Conflict Risks](#), March 2, 2026
- [Kuwait Reinsurance Co. K.S.C.P.](#), Dec. 8, 2025
- [Al-Ahleia Insurance Co. S.A.K.](#), Dec. 8, 2025

## Ratings List

### Ratings List

#### Ratings Affirmed; Outlook Action

	To	From
<b><a href="#">Kuwait Reinsurance Co. K.S.C.</a></b>		
Financial Strength Rating		
Foreign Currency	A-/Positive/--	A-/Stable/--

#### Ratings Affirmed

#### **[Kuwait Reinsurance Co. K.S.C.](#)**

Financial Strength Rating	
Local Currency	gcAAA/--/--

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