

# Harel Insurance Company Ltd.

# Harel Insurance Financing & Issuances Ltd.

## Rating Update

## Rating upgraded to ilAAA from ilAA+, outlook stable

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Harel Insurance Company Ltd.  
Harel Insurance Finance and Issuances Ltd.  
**Summary**

- Harel Insurance Company Ltd. (Harel Insurance or the company) is one of the leading companies in the Israeli insurance market and enjoys a wide range of income across several business lines.
- The group's profitability has strengthened significantly in recent years with the consistent implementation of its business plan, and at the same time there has been an improvement in loss absorption capacity as reflected in the solvency ratio.
- As a result, we are raising the rating of Harel Insurance to ilAAA from ilAA+.
- The stable rating outlook reflects our expectation that the company's profitability and capital will remain stable at the high level they have reached, and that the company will maintain its leading position in the Israeli insurance market.

**Rating Action**

On November 30, 2025, S&P Maalot raised the issuer rating of Harel Insurance Company Ltd. to ilAAA from ilAA+. The outlook is stable. At the same time, S&P Maalot raised the ratings of the Tier 2 capital notes of the subsidiary Harel Insurance Finance and Issuances Ltd. to ilAA from ilAA-, and the Tier 1 capital notes to ilAA- from ilA+.

**Main Considerations**

The rating upgrade reflects the improvement in the company's profitability alongside increased loss absorption capacity as reflected in the strengthening of the solvency ratio. The rating continues to be supported by Harel Insurance's leading business position as the largest insurance company in Israel, with diverse insurance and asset management operations. The group's activities are balanced between life insurance and long-term savings, management of pension and provident funds, and various types of general insurance and health insurance.

**Harel Insurance showed strong and improved profits since the beginning of 2025. In the first nine months of 2025,** pre-tax profit from the insurance sector totaled NIS 2.8 billion, compared to NIS 1.6 billion in the corresponding period last year. All insurance segments showed underwriting improvement, in addition to an increase in investment and financing income.

In the life insurance sector, Harel Insurance recorded a profit of approximately NIS 792 million in the first nine months of 2025, compared to approximately NIS 299 million in the corresponding period last year, based on an improvement in underwriting profit and investment and financing income.

In the general insurance sector, a profit of NIS 859 million was recorded compared to NIS 381 million, respectively, and the combined ratio stood at 87% in the first nine months of 2025 compared to 93% a year earlier. The improvement in the general insurance sector resulted from better underwriting in auto property and other property and liability branches, as well as increased investment and financing income.

In the health insurance sector, the profit in the nine months ended September 30, 2025 was NIS 1.1 billion compared to NIS 944 million in the corresponding period last year, thanks to improved underwriting profit mainly in medical expense products, together with increased investment and financing income.

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**Harel Insurance, Financing and Offerings Ltd.**

There was an improvement in the group's return on equity, which stood at 27% in the first nine months of 2025, compared to 19% in the same period last year. As of September 30, 2025, the group's managed assets amounted to approximately NIS 571 billion, an increase of around 16% compared to the previous year.

The broad profit base in 2024 and since the beginning of 2025 gives us confidence that the improvement in profitability will be maintained. In particular, there has been an increase in the balance of the Contractual Service Margin (CSM), which stood at NIS 17.1 billion as of September 30, 2025, up by NIS 1.2 billion from the transition date to accounting standard IFRS 17. In the first nine months of 2025, Harel Insurance released a balance of about NIS 923 million from the CSM from the sale of risk products in life insurance, medical expenses, and critical illnesses (the products for which new CSM is produced), and created a new CSM stock of NIS 1.2 billion. This increase supports our assessment that the risk product segment will continue to yield stable profits.

As of September 30, 2025, Harel Insurance's solvency ratio stood at 183% (taking into account the transitional provisions), reflecting a long-term improvement from a rate of around 159% at the end of 2020. This improvement results from changes in the risk-free yield curve and from the increase in the activity of risk products in health and life insurance.

We estimate that there has been some improvement in the political and security situation in Israel in recent months, and therefore, the probability of a negative impact on the company's rating has decreased. In November 2025, S&P Global Ratings

changed its outlook for the State of Israel's rating to stable from negative.

**Rating Outlook**

The stable rating outlook reflects our expectation that the company's profitability will remain stable at the high level it has reached, and that the company will maintain its leading position in the Israeli insurance market and adequate loss absorption capacity.

**Negative Scenario**

We may take a negative rating action in the event of a weakening in the group's profitability or in our assessment of its capital position.

A negative rating action is also possible if the rating of the State of Israel is downgraded.

**Methodology and Related Articles**

- Methodology – General: Principles of S&P Ratings, February 16, 201
- Methodology: Methodology for Rating Insurance Companies, July 1, 2019
- Methodology – General: Rating Companies within a Group, July 1, 2019
- Methodology – General: Credit Risks Arising from Environmental, Social, and Corporate Governance Factors, October 10, 2021
- Methodology – General: Credit Rating on Local Scales, June 8, 2023
- Methodology: Methodology for Assessing Risk-Adjusted Capital Adequacy of Insurance Companies, November 15, 2023
- Rating Scales and Definitions: Definitions of S&P Global Ratings' Rating Scales, December 2, 2024

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Rating Scales and Definitions: The connection between the global rating scale and the local rating scale, March 27, 2025 •

Rating List

Harel Insurance Company Ltd. Issuer Rating	Rating	First time rated	Last date on which
Long term	ilAAA\Stable	01/08/1995	02/12/2024
Issuer rating history			
Long term			
November 30, 2025	ilAAA\Stable		
November 28, 2019	ilAA+\Stable		
January 14, 2018	ilAA+\Positive		
November 19, 2012	ilAA+\Stable		
July 18, 2012	ilAA+\Watch Neg		
August 25, 2010	ilAA+\Stable		
May 10, 2010	ilAA+\Negative		
June 17, 2009	ilAA\Negative		
November 20, 2006	ilAA\Stable		
July 14, 1996	ilAA		
August 01, 1995	ilAA+\Stable		

Issuer rating history			
Long term			
November 30, 2025	ilAAA\Stable		
November 28, 2019	ilAA+\Stable		
January 14, 2018	ilAA+\Positive		
November 19, 2012	ilAA+\Stable		
July 18, 2012	ilAA+\Watch Neg		
August 25, 2010	ilAA+\Stable		
May 10, 2010	ilAA+\Negative		
June 17, 2009	ilAA\Negative		
November 20, 2006	ilAA\Stable		
July 14, 1996	ilAA		

August 01, 1995		ilAA+\Stable			
Harel Insurance, Financing and Issuances Ltd. Issuer Rating		Rating	First time rated	Last date on which	
Long term		ilAAA\Stable	01/08/1995	02/12/2024	
Issuance Rating					
Subordinated Complex Capital Series 11		ilAA	18/01/2015	02/12/2024	
Series 15, Yad		ilAA	14/01/2018	02/12/2024	
Series 10		ilAA	08/04/2011	02/12/2024	
Series 12, Yag		ilAA	27/12/2015	02/12/2024	
Series 20		ilAA	16/06/2024	02/12/2024	
Series 9		ilAA	08/04/2011	02/12/2024	
Series 16		ilAA	02/04/2019	02/12/2024	
Series 18		ilAA	30/11/2021	02/12/2024	
Series 19		ilAA	08/01/2023	02/12/2024	
Series 17		ilAA	13/11/2019	02/12/2024	
Series 21		ilAA-	25/03/2025	25/03/2025	
Series 22		ilAA	25/08/2025	25/08/2025	
Issuance Rating					
Subordinated Complex Capital Series 11		ilAA	18/01/2015	02/12/2024	
Series 15, Yad		ilAA	14/01/2018	02/12/2024	
Series 10		ilAA	08/04/2011	02/12/2024	
Series 12, Yag		ilAA	27/12/2015	02/12/2024	
Series 20		ilAA	16/06/2024	02/12/2024	
Series 9		ilAA	08/04/2011	02/12/2024	
Series 16		ilAA	02/04/2019	02/12/2024	
Series 18		ilAA	30/11/2021	02/12/2024	
Series 19		ilAA	08/01/2023	02/12/2024	
Series 17		ilAA	13/11/2019	02/12/2024	
Series 21		ilAA-	25/03/2025	25/03/2025	
Series 22		ilAA	25/08/2025	25/08/2025	
Series 23		ilAA	25/08/2025	25/08/2025	
More details			Data		

Time the event occurred	13:08 30/11/2025
Time the event was first known	13:08 30/11/2025

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