

Research Update:

# Phoenix Insurance Ratings Affirmed At 'A-' On Strong Performance And Healthy Capital Position; Outlook Stable

July 9, 2025

## Overview

- Israel-based The Phoenix Insurance Co. maintains strong performance across business lines, which is further reflected in its healthy capital position.
- We do not expect the Israel-Iran conflict and the Israel-Hamas war to materially impact Phoenix's credit profile.
- Consequently, we affirmed our 'A-' ratings on Phoenix Insurance.
- The stable outlook reflects Phoenix's healthy capital buffers, which help shield it from political and economic instability

## Rating Action

On July 9, 2025, S&P Global Ratings affirmed its 'A-' long-term issuer credit and financial strength ratings on Israel-based The Phoenix Insurance Co. We also affirmed our 'A-' long-term issuer credit rating on core group subsidiary [The Phoenix Capital Raising 2009](#). The outlook on both entities remains stable.

## Rationale

In our view, Phoenix has maintained its lead position in the market with a balanced portfolio encompassing life insurance, long-term savings, property and casualty, and health insurance. Phoenix has shown a strong and consistent track record of surpassing industry profitability over the past five years, which we believe distinguishes it from its peers.

Phoenix announced its net income for 2024 (based on IFRS 4) reached Israeli new shekel (ILS) 1.573 billion (ILS645 million in 2023), reflecting a return on equity (ROE) of about 29%. This increase is chiefly attributed to strategic initiatives aimed at enhancing insurance income. Furthermore, asset management, credit, and distribution segments were significant contributors to the overall growth of the Phoenix group. Phoenix continues to outperform the

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industry average in property/casualty insurance in Israel, achieving a combined (loss and expense) ratio of about 76% in 2024 (85.3% in 2023). This metric has remained stable within the 85%-95% range over the past five years, averaging about 88%.

According to the updated policy, 40%-60% from annual income should be paid as dividend.

In the first quarter of 2025, growth continued throughout the group. Net income in accordance with International Financial Reporting Standard (IFRS) 17 amounted to ILS368 million (ILS375 million in the first quarter of 2024, restated on a like-for-like IFRS17 basis), translating to a ROE at about 23%.

Phoenix's capitalization remained healthy over 2024, according to our risk-based capital model. We assess that the group's capitalization will remain adequate to support the credit rating, notwithstanding its planned growth trajectory and potential volatility arising from market fluctuations or geopolitical developments in Israel and the wider region. In addition, Phoenix enjoyed a strong solvency ratio of 183% at year-end 2024, including transitional measures. The ratio without transitional measures stood at 155%, within the long-term target range of 150%-170%.

We currently do not expect the ongoing conflicts in the region to damage Phoenix. The Israeli government has a scheme that will cover property insurance losses directly related to the war, as well as military life insurance claims; insurers themselves will not cover these risks. A prolonged conflict could impact insurers' investment portfolios; however, these have been holding up well so far. More broadly, there could be protracted effects from changed macroeconomic prospects and credit conditions, particularly if the conflict spreads more widely. We view as positive the fact that over the past year, Israel's economy has proven its resilience. Key macroeconomic indicators and private consumption have been relatively stable, and growth in the capital market outpaced major global indices.

## Outlook

The stable outlook on Phoenix reflects our view that it will maintain its leading business position in the next 18-24 months. At the same time, we believe its capital adequacy will strengthen and remain adequate in relation to balance sheet risks.

### Downside scenario

We may consider a negative rating action in the next 18-24 months:

- In case of material deterioration in the company's operating performance that erodes its loss-absorbing capacity and thus materially weakens its capital adequacy.
- In case of a decline in premiums and deposits to a level that we believe weakens Phoenix's business position in the local market.
- If there is a prolonged and further widening of the scope of the conflict beyond Iran and Gaza.

Additionally, a downgrade of the sovereign credit rating, particularly if accompanied by a continued negative outlook, would have a negative impact.

### Upside scenario

A positive rating action in the next 18-24 months would require a more stable political and economic situation in Israel and capitalization to remain robust.

## Rating Component Scores

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

\*We chose the higher of the two anchor choices (a-/bbb+) to reflect the group's profitability and significant diversification outside insurance. IICRA--Insurance Industry And Country Risk Assessment.

## 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: 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

- [Financial Services Brief: Insurers And Banks In The Middle East Sit Tight As Israel-Iran Conflict Escalates](#), June 18, 2025
- [Israel Ratings Affirmed At 'A/A-1'; Outlook Remains Negative](#), May 9, 2025

## Ratings List

Ratings list

Ratings Affirmed

Phoenix Capital Raising 2009 (The)

Phoenix Insurance Co. (The)

Issuer Credit Rating

Local Currency	A-/Stable/--
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Phoenix Insurance Co. (The)

Financial Strength Rating

Local Currency	A-/Stable/--
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