

Rating Action: [Moody's Ratings affirms The Phoenix Insurance Company's Baa1 IFSR; outlook stable](#)

10 July 2025

London, July 10, 2025 – Moody's Ratings (Moody's) has today affirmed the Baa1 insurance financial strength ratings (IFSRs) of The Phoenix Insurance Company Ltd. (Phoenix Insurance). The outlook remains stable. Phoenix Insurance is the principal insurance operating subsidiary of Phoenix Financial LTD (Phoenix, or Group), a diversified financial services group based in Israel.

RATINGS RATIONALE

The affirmation of Phoenix Insurance's IFSRs reflects its A2 standalone credit profile which has been constrained at Baa1 due to its linkage to the Israeli sovereign and operating environment.

The affirmation, and stable outlook, further reflects our view that Phoenix Insurance's substantial capital and liquidity buffers, along with its very strong market position in Israel, position it to continue demonstrating strong performance despite the difficult operating environment. Furthermore, the Group's significant non-insurance activities provide a source of additional cashflows that could be used to support the insurer's solvency in times of stress.

Phoenix's operating performance has remained resilient and continued to strengthen over the past year, with the group reporting comprehensive net income of NIS 2,369 million for 2024, and NIS 568 million for Q1 2025, up from NIS 510 million for Q1 2024. Capital adequacy remains strong, with a Solvency II coverage ratio of 183% at year-end 2024 for Phoenix Insurance, which does not reflect significant additional available resources and liquidity within the broader group.

Phoenix's performance is anticipated to further strengthen, driven by its strategic investments in data and technology that enhance property and casualty (P&C) growth and underwriting capabilities. Additionally, the asset management, wealth, and retirement divisions are expected to benefit from robust new business inflows, supported by increasing savings levels across Israel.

The Government of Israel's ratings, including its Baa1 long-term issuer rating and negative outlook, continues to capture both the credit risks and strengths of Israel's sovereign credit profile, in the context of the 12-day military conflict with Iran that started on 13 June and current ceasefire. See this link for our most recent rating update on Israel, published on 7 July 2025: ["Moody's Ratings affirms Israel's Baa1 ratings, maintains negative outlook"](#).

The stable outlook for Phoenix Insurance reflects our view that Phoenix Insurance is well positioned to absorb potential further stress in the operating environment, including potentially, a one-notch downgrade of the sovereign debt rating.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

The ratings could be upgraded once we believe that downside risk to the sovereign and operating environment has receded sufficiently and the outlook for the sovereign is changed to stable.

Phoenix Insurance's ratings could be downgraded in the event of a multi-notch downgrade on the sovereign rating.

PRINCIPAL METHODOLOGIES

The methodologies used in these ratings were Life Insurers published in April 2024 and available at <https://ratings.moodys.com/rmc-documents/418351>, and Property and Casualty Insurers published in April 2024 and available at <https://ratings.moodys.com/rmc-documents/418354>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of these methodologies.

The net effect of any adjustments applied to rating factor scores or scorecard outputs under the primary methodology(ies), if any, was not material to the ratings addressed in this announcement.

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