

Research Update:

Barents Re Reinsurance Company Inc. And Subsidiaries Assigned 'A-' Ratings; Outlook Stable

June 13, 2025

Overview

- Barents Re Reinsurance Company Inc. and subsidiaries (collectively, Barents Re) are a global specialty reinsurance company with a track record of profitable consolidated underwriting earnings and robust capitalization.
- S&P Global Ratings assigned its 'A-' long-term issuer credit and financial strength ratings to Barents Re Reinsurance Company Inc.
- At the same time, we assigned our 'A-' long-term financial strength ratings to the two operating subsidiaries, [Barents Insurance EAD](#) and [Barents Reinsurance S.A.](#), based on unconditional and irrevocable guarantees from Barents Re Reinsurance Company Inc.
- The outlook on all entities is stable, reflecting our expectation that the company will continue to execute its strategy of delivering specialty reinsurance solutions globally, while producing strong earnings and maintaining an excellent capitalization.

Primary contact

Michael Zimmerman
Englewood
1-303-721-4575
michael.zimmerman
@spglobal.com

Secondary contact

Taoufik Gharib
New York
1-212-438-7253
taoufik.gharib
@spglobal.com

Rating Action

On June 13, 2025, S&P Global Ratings assigned its 'A-' long-term issuer credit and financial strength ratings to Barents Re Reinsurance Company Inc. (The Caymen Islands). The outlook is stable. At the same time, we assigned our 'A-' long-term financial strength ratings to the two operating subsidiaries, Barents Insurance EAD (Bulgaria) and Barents Reinsurance S.A. (Luxembourg) based on irrevocable and unconditional guarantees from Barents Re Reinsurance Company Inc.

Rationale

Our ratings on Barents Re reflects its robust balance sheet strength with capital that is well redundant at the '99.99%' confidence level through 2026, strong underwriting results that have historically outperformed those of similarly rated peers, and prudent risk management that has moderated volatility on a consolidated basis. Established in 1996, Barents Re has

grown beyond its initial coverage of Latin American businesses and has expanded to countries across Europe, Africa, the Middle East, and Asia. We assess Barents Re's competitive position as satisfactory, reflecting its strong underwriting track record with an average combined ratio of 88.8% for the past five years (2020-2024). The company is focused on niche underwriting and avoids standardized and commercialized products, and its strategy is aimed for long term and consistent underwriting profitability. We expect the company's top line to grow in the mid-teens in 2025-2026, benefiting from still favorable reinsurance pricing and new business.

The company is well diversified both geographically and in terms of its numerous underwriting segments. Barents Re's underwriting exposures are spread across Europe, the Middle East, North Africa, and Latin America. The company operates in various business lines like energy, bonds, property, specialty, and life. The company is strategic in its underwriting segments and will enter/exit lines to enhance and preserve its long-term profitability.

While the company's consolidated results are strong and have remained largely stable historically, individual segments can experience meaningful volatility. Barents Re's active approach to entering/exiting lines can also result in swings in premiums, which was the case in 2024, as a sharp contraction of the specialty line business resulted in a high combined ratio for that segment and affected the overall expense ratio, given the reduction in net premiums earned.

We view the company's insurance industry and country risk assessment (IICRA) as moderately high, reflecting Barents Re's exposure to developing markets with less matured re/insurance industries and weaker legal systems. However, Barents Re is focusing on European expansion and is targeting to grow in countries such as Spain and Italy.

The company currently holds a very conservative investment portfolio and does not manage its investments to any absolute return metric and focuses on hedging interest-rate risk in connection with its liabilities. The investment portfolio is predominately made up of U.S. Treasury bills and cash with minimal exposure to equities and non-sovereign debt. In addition, the company's assets and liabilities are primarily denominated in U.S. dollars.

We view the company's funding structure as neutral to our rating. Barents Re has no debt or borrowings beyond lease liabilities. We do not expect the company to issue any debt obligations, as it's well capitalized with no need for additional capital raises. Our view of Barents Re's governance practices is neutral to the rating, owing to management's long tenure and experience in the re/insurance industry. We view management's focus on risk management and conservative capital philosophy, conservative investment profile, and prudent retro protection positively for managing severity risks.

We regard Barents Re's liquidity as exceptional because of the strength of its available liquid resources. The liquidity position is supported by a large portfolio of short duration U.S. Treasury bills, which are matched to support underwriting liabilities.

We equalized the ratings on Barents Insurance EAD and Barents Reinsurance S.A. with those on the guarantor because the entities benefit from an unconditional and irrevocable guarantee by the operating company Barents Re Reinsurance Company Inc.

Our base-case forecast assumes the company will continue to produce strong combined ratios in the low-90 area in 2025 and 2026 with minimal impact from natural catastrophe losses. We expect the leverage will remain near zero, as we do not anticipate the company will raise any debt leverage. We also expect the company's capital will continue to be redundant at the '99.99%' confidence level over the next two years.

Outlook

The stable outlook reflects our expectation that Barents Re will maintain capital at the '99.99%' confidence level per our risk-based capital model and continue to produce profitable underwriting results. We expect management will continue to focus on long-term profitability and on niche reinsurance segments.

Downside scenario

We could lower our ratings in the next 12-24 months if:

- Capital adequacy deteriorates and remains below the '99.99%' confidence level on a sustained basis due to rapid expansion or prolonged underwriting weakness, leading to material capital erosion.
- Underwriting and overall operating performance are weaker than our expectations or that of similarly rated peers, such as earnings exhibit higher-than-anticipated volatility.

Upside scenario

An upgrade in the next 24 months is unlikely, but it would depend on several factors, including:

- Barents Re continues to enhance its platform as a specialty and niche reinsurance provider while delivering strong underwriting performance in line with, or that outperforms, its 'A' rated peers;
- The company adheres to underwriting discipline and demonstrates less volatility in its underwriting segments, avoiding unexpected losses and significant volatility in its underwriting metrics such as from actively entering/exiting lines of business.
- The company increases exposure to more developed and mature re/insurance markets, with more stable economies, effective institutions and governance, and strong rule of law.

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Rating Component Scores

Business Risk Profile	Fair
Competitive position	Satisfactory
IICRA	Moderately high
Financial Risk Profile	Very strong
Capital and earnings	Excellent
Risk exposure	Moderately high
Funding structure	Neutral
Anchor*	a-
Modifiers	0
Governance	Neutral
Liquidity	Exceptional
Comparable rating analysis	0
Support	0
Group support	0
Government support	0

*The combination of fair business risk profile and very strong financial risk profile results in an anchor of 'a-' or 'bbb+'. We selected the higher anchor choice due to the company's strong historical underwriting performance as reflected in the combined ratio.

Related Criteria

- [Criteria | Insurance | General: Insurer Risk-Based Capital Adequacy--Methodology And Assumptions](#), Nov. 15, 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: Guarantee Criteria](#), Oct. 21, 2016
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Ratings List

Ratings list

New Rating

[Barents Re Reinsurance Co. Inc.](#)

Issuer Credit Rating

Local Currency A-/Stable/--

[Barents Re Reinsurance Co. Inc.](#)

[Barents Insurance EAD](#)

[Barents Reinsurance S.A.](#)

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Ratings list

Financial Strength Rating		
Local Currency		A-/Stable/--

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