

04 JUL 2025

Fitch Places Athora on Rating Watch Positive on Proposed Pension Insurance Corporation Acquisition

Fitch Ratings - Frankfurt am Main - 04 Jul 2025: Fitch Ratings has placed Athora Life Re Ltd.'s and SRLEV N.V.'s 'A' (Strong) Insurer Financial Strength (IFS) Ratings and Athora Holding Ltd.'s and Athora Netherlands N.V.'s (together, Athora) 'A-' Issuer Default Ratings (IDR) on Rating Watch Positive (RWP).

The rating actions follow Athora's announcement that it will acquire Pension Insurance Corporation Group Limited (PIC, IFS: A+/Stable), a UK bulk annuity market insurer.

Fitch expects to resolve the RWP once the transaction is approved by the regulatory authorities and finalised, which is expected in early 2026. The RWP reflects our expectation that the potential acquisition will reduce Athora's investment risk and strengthen its financial performance, given PIC's low investment risk and record of strong underwriting profitability. It also reflects our view that Athora's credit profile will benefit from larger, more diversified operations. We estimate Athora's financial leverage ratio (FLR) will temporarily spike at 30% and reduce to a level commensurate with a 'A+' IFS rating in the 24 months following completion of the acquisition.

Key Rating Drivers

Lower Investment Risk: We expect the risky assets ratio to be about 75% after the acquisition closes in 2026, improving from about 100% as PIC's investment allocation is less risky than Athora's, with over 70% of its debt securities rated 'A' or above, including privately placed investments. As a result, the post-acquisition share of unrated private credit investments to capital would decline significantly.

Stronger Financial Performance: We believe the group's financial performance will improve after the acquisition as PIC's underlying profits are strong, supported by a steady release of earnings from its in-force book, selective writing of profitable businesses and a strong return on investments. We expect the Fitch-calculated operating return on equity (net of tax) to be about 9%, commensurate with the high end of the 'a' category.

Larger, More Diversified Operations: Athora's operating scale will benefit from the acquisition, more than doubling its IFRS total assets to about EUR190 billion from about EUR90 billion based on end-2024 accounts. We believe Athora's geographical diversification will improve, benefiting from PIC's strong presence in the UK pension risk transfer (PRT) business. Athora is largely exposed to the Netherlands and has smaller operations in Belgium, Italy and Germany. Following closure of the acquisition, Athora will strengthen its market leading position within European life consolidators.

Higher Leverage, Very Strong Capital: We expect the FLR to spike at about 30% after the acquisition. We consider the increase temporary and expect the FLR to improve to a level commensurate with a 'A+' IFS rating in the short to medium term, benefiting from PIC's strong dividend payment capabilities. We expect the Prism Global score to be unaffected at 'Extremely Strong' after the transaction. We also expect Athora's Bermuda Monetary Authority group solvency ratio to remain stable after the transaction, as the acquisition will be funded primarily by equity and long-term bank-debt.

Low Execution Risk: We regard execution risk as low as we expect that Athora and PIC will continue to be run as separate businesses. PIC is active in the UK PRT market while Athora has currently no engagement in the UK.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

The RWP would be resolved and the rating affirmed upon:

- Failure to complete the transaction, for example, due to not receiving regulatory approval
- An FLR higher than 30% on a sustained basis
- Risky assets ratio of more than 100% on a sustained basis

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

The RWP would be resolved and the rating upgraded upon:

- Regulatory approval of the acquisition and closure of the transaction

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

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Rating Actions

ENTITY/DEBT	RATING		RECOVERY	PRIOR
SRLEV N.V.	LT IDR	A- 	Rating Watch On	A- 
	LT IFS	A 	Rating Watch On	A 
Athora Holding Ltd.	LT IDR	A- 	Rating Watch On	A- 
• senior unsecured	LT	BBB+ 	Rating Watch On	BBB+
• subordinated		BBB- 	Rating Watch On	BBB-

ENTITY/DEBT	RATING		RECOVERY	PRIOR
Athora Life Re Ltd.	LT IFS	A	Rating Watch On	A
Athora Netherlands N.V.	LT IDR	A-	Rating Watch On	A-
• subordinated	LT	BBB-	Rating Watch On	BBB-
• junior subordinated	LT	BBB-	Rating Watch On	BBB-

RATINGS KEY OUTLOOK WATCH

POSITIVE		
NEGATIVE		
EVOLVING		
STABLE		

Applicable Criteria

[Insurance Rating Criteria \(pub.04 Mar 2024\) \(including rating assumption sensitivity\)](#)

Applicable Models

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Prism Global (ex-U.S.) Model, v1.8.1 [\(1\)](#)

Additional Disclosures

[Solicitation Status](#)

Endorsement Status

Athora Holding Ltd. EU Issued, UK Endorsed

Athora Life Re Ltd. EU Issued, UK Endorsed

Athora Netherlands N.V. EU Issued, UK Endorsed

SRLEV N.V. EU Issued, UK Endorsed

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