Research Update:

Milli Reinsurans Outlook Revised To Positive From Stable; 'B' Rating Affirmed; National Scale Rating Raised To 'trA'

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Overview

- Over the past 12 months, Milli Reasurans T.A.S. (Milli Re) has significantly improved its shareholder's equity while maintaining its market position and improved operating performance.
- We consider Milli Re to be a moderately strategically important subsidiary of its parent, IsBank (not rated), and we think the parent has capacity to provide financial support to Milli Re, if needed.
- We therefore revised our outlook on Milli Re to positive from stable and affirmed our 'B' issuer credit and financial strength ratings. We also raised our Turkiye national scale rating on Milli Re to 'trA' from 'trBBB+'.
- The positive outlook reflects our expectation that Milli Re will continue to improve its competitive position and capital adequacy over the next two years.

Rating Action

On Sept. 26, 2025, S&P Global Ratings revised its outlook on Milli Reinsurans T.A.S. (Milli Re) to positive from stable.

At the same time, we affirmed our 'B' long-term issuer credit and insurer financial strength ratings on Milli Re. We also raised our Turkiye national scale rating on Milli Re to 'trA' from 'trBBB+'.

Rationale

Over the past 12 months, Milli Re has significantly improved its shareholders' equity on an absolute basis to Turkish lira (TRY) 26.3 billion at year-end 2024, from TRY15.2 billion at year-end 2023. By June 30, 2025, this had climbed further to TRY31.7 billion (approximately $792 million). This increase has also resulted in improvement in Milli Re's capital adequacy, measured according to our models. We also believe the company has adequate retrocession protection, backed by highly rated international reinsurers to cover its high natural catastrophe exposure. We therefore expect that, over 2025-2027, Milli Re's capital adequacy will remain above the 99.50% level, according to our risk-based capital model.

Milli Re's net combined (loss and expense) ratio (on a consolidated level) has also improved significantly to 115% in 2024 from 135% in 2023. Historically, high inflation and the weakening Turkish lira have kept Milli Re's underwriting performance highly volatile, such that net combined ratios often exceed 100%. (Lower combined ratios indicate better profitability. A combined ratio of greater than 100% signifies an underwriting loss.) The underwriting loss is offset by the company's high investment income, supported by high interest rates and the revaluation of invested assets and affiliates. Therefore, on a net income basis, Milli Re has consistently reported positive net income over the past five years, and we expect this to continue for the next two years.

Milli Re's concentration of investments in Turkiye heightens its risk exposure. The company holds most of its investments in local financial institutions, the credit quality of which is predominantly speculative grade. As a result, the average asset quality of its portfolio is low. In addition, while Milli Re's management aims to manage foreign-exchange-volatility risk by holding some long positions in foreign-currency-denominated assets that match its liabilities, the rampant depreciation of the lira in recent years continues to affect underwriting performance.

We consider Milli Re to be moderately strategically important to its parent IsBank, one of the largest commercial banks in Turkiye, which owns an 87.6% stake in Milli Re. We think IsBank has capacity to provide financial support to Milli Re, if needed. That said, our ratings on Milli Re are based on its stand-alone credit profile of 'b'.

Outlook

The positive outlook reflects our expectation that Milli Re will continue to improve its competitive position and capital adequacy over the next two years.

Downside scenario

We could revise the outlook to stable in the next 12 months if:

- There is a significant deterioration in Milli Re's capital and earnings or competitive position, or
- Our view of IsBank's creditworthiness weakens or Milli Re's strategic importance to the parent diminishes.

Upside scenario

We could raise our ratings over the next 12 months if:

- There is an improvement in Milli Re's capital adequacy (as per our models) or competitive position, or
- We observe an improvement in IsBank's creditworthiness and its continued ability to support Milli Re, when required.

Rating Component Scores	
Business Risk Profile	**Weak**
Competitive position	Satisfactory
IICRA	High Risk
Financial Risk Profile	**Weak**
Capital and earnings	Fair
Risk exposure	High
Funding structure	Neutral
Anchor	**b**
Modifiers	
Governance	Neutral
Liquidity	Less than adequate
Comparable rating analysis	0
Current Credit Rating	
Local currency financial strength rating	B/Positive/--
Foreign currency financial strength rating	--
Local currency issuer credit rating	B/Positive/--
Foreign currency issuer credit rating	--

Related Criteria

- 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

- Turkiye-Based Milli Re Assigned 'B' Rating; Outlook Stable, Nov. 5, 2024
- Milli Re Turkiye National Scale Rating Raised To 'trBBB+' From 'trBBB-', Sept. 2, 2024

Ratings List

Ratings List		
Ratings Affirmed; Outlook Action		
	To	**From**
Milli Reasurans T.A.S.		
Issuer Credit Rating		
Local Currency	B/Positive/--	B/Stable/--

Ratings List		
Financial Strength Rating		
Local Currency	B/Positive/--	B/Stable/--
Upgraded		
	To	**From**
Milli Reasurans T.A.S.		
Issuer Credit Rating		
Turkey National Scale	trA/--/--	trBBB+/--/--