

Research Update:

# Belgium-Based Ageas SA/NV 'A+' Ratings Affirmed On Agreement To Acquire esure; Outlook Stable

April 17, 2025

## Overview

- Ageas SA/NV has entered into an agreement to acquire U.K.-based personal line insurer esure for a total consideration of €1.5 billion.
- The acquisition is in line with Ageas' strategy to expand its footprint in the U.K. personal non-life insurance market.
- We believe that Ageas' funding of the acquisition with surplus cash, additional debt, and new shares will allow it to retain surplus capital above the 99.95% confidence level in our model.
- We therefore affirmed our 'A+' long-term issuer credit and insurer financial strength ratings on Ageas and its core subsidiaries.
- The stable outlook reflects our view that Ageas will maintain resilient earnings and very strong capital adequacy.

## Rating Action

On April 17, 2025, S&P Global Ratings affirmed its 'A+' long-term issuer credit and insurer financial strength ratings on Belgium-based insurer Ageas SA/NV and its core subsidiaries AG Insurance and Ageas Insurance Ltd. We also affirmed the ratings on Ageas' and AG Insurance's hybrid debt. The outlook is stable.

## Rationale

We do not expect Ageas' acquisition of U.K.-based personal line insurer esure to materially alter our view of Ageas' creditworthiness. The acquisition of esure would enhance Ageas' business and geographical diversification and strengthen its distribution through a key price comparison website in the U.K. market, aligning with Ageas' U.K. expansion strategy.

The consolidation of Ageas UK and esure could make Ageas one of the top three players in the U.K. personal property/casualty market. The nearly €1.2 billion of additional inflows from the U.K. personal insurance line will boost the contribution from Ageas' non-life insurance business, which

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reported €6.8 billion of inflows in 2024. We expect planned synergies to materialize by 2028 and we do not anticipate significant execution risk considering Ageas' successful track record in the U.K. market.

We believe that Ageas will fund the acquisition by using surplus cash, issuing new equity, and raising additional debt. This will allow Ageas to maintain excess capital at the 99.95% confidence level throughout 2026. We also anticipate that Ageas will strategically balance its capital management and earnings growth to maintain its capital adequacy and a sufficient capital buffer above our 99.95% confidence level.

Although the acquisition has a meaningful impact on the Solvency II ratio, Ageas aims to largely offset this by raising new equity and issuing a hybrid debt instrument. This could limit the negative impact on the Solvency II ratio to 10 percentage points.

Ageas has already raised €550 million in equity through an accelerated book-building transaction. There remains some uncertainty regarding Ageas' capacity to issue a new hybrid debt instrument if the markets remain volatile. At year-end 2024, Ageas reported a robust Pillar II Solvency II ratio of 218%, and we believe that a temporary dip will not have any adverse effects.

## **Outlook**

The stable outlook reflects our view that Ageas will maintain resilient earnings. We also expect Ageas to maintain very strong capitalization, including capital adequacy above our 99.95% confidence level.

## **Downside scenario**

We regard a downgrade as unlikely over the next 12-24 months, but this could happen if:

- The group's capital adequacy falls below the very strong level in our capital model for a prolonged period, as a result of either more aggressive capital management than we anticipate, or substantial additional risk-taking; or
- Contrary to our base-case assumptions, Ageas' operating performance weakens to materially below that of domestic or international peers, reflected in a sharp deterioration in return on equity or the non-life combined ratio.

## **Upside scenario**

We view an upgrade as unlikely over the next 12-24 months in light of Ageas' less diversified business position than higher-rated peers, as well as the structural constraints on its business prospects from minority equity positions in its Asian joint ventures.

## **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: 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: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

## Ratings List

### Ratings Affirmed

#### Ageas SA/NV

Issuer Credit Rating	A+/Stable/A-1+
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#### Ageas SA/NV

#### Ageas Insurance Ltd.

#### AG Insurance

Financial Strength Rating	
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Local Currency	A+/Stable/--
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#### AG Insurance

Issuer Credit Rating	A+/Stable/--
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#### Ageas Insurance Ltd.

Issuer Credit Rating	
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Local Currency	A+/Stable/--
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#### Ageas SA/NV

Subordinated	A-
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Junior Subordinated	A-
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Junior Subordinated	BBB+
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#### AG Insurance

Junior Subordinated	A-
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#### Ageasfinlux S.A.

Junior Subordinated	A-
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