S&P Global
Ratings

RatingsDirect®

Research Update:

Warba Insurance and Reinsurance Co. K.S.C.P. 'BBB+' Ratings Affirmed; Outlook Positive

December 16, 2025

Primary Contact

Emir Mujkic
Dubai
971-43727179
emir.mujkic
@spglobal.com

Secondary Contact

Mario Chakar
Dubai
971-4-372-7195
mario.chakar
@spglobal.com

Overview

- Warba Insurance and Reinsurance Co. K.S.C.P. (Warba) reported profitable underwriting and investment results in the first nine months of 2025.
- At the same time, the equity of the company's shareholders increased by about 22% as of third-quarter 2025 from year-end 2024, as the company derisked its investment portfolio and profitably disposed some equity investments.
- Therefore, we affirmed our 'BBB+' long-term issuer credit and insurer financial strength ratings on Warba.
- The positive outlook indicates that we could raise the ratings over the next two years if Warba continues to profitably expand its business in line with our base case, while maintaining capital adequacy with a comfortable buffer above the 99.99% confidence level.

Rating Action

On Dec. 16, 2025, S&P Global Ratings affirmed its 'BBB+' long-term issuer credit and insurer financial strength ratings on Kuwait-based Warba. The outlook is positive.

Rationale

In the first nine months of 2025, Warba recorded a 1.7% increase in insurance revenue to Kuwaiti dinar (KWD) 32.5 million from KWD31.9 million during the same period in 2024. At the same time, Warba's net profit declined to about KWD3.7 million from KWD4.7 million as of the third quarter of 2024. The slower-than-anticipated revenue growth and decline in underwriting performance was mainly driven by its medical portfolio. Warba reported a combined ratio of 85% for the first nine months of 2025 as compared with 76% for the same period of 2023. We anticipate that Warba's insurance revenue will increase at about 3%-5% annually in 2025 and 2026.

In the first nine months of 2025, the shareholders' equity increased materially to KWD52.7 million from KWD43.3 million as of end-2024. The increase was driven by realized gains from a disposal of some equity investments. We expect capital adequacy will remain above our 99.99%

benchmark over the next two years, supported by net income of KWD4.5 million-KWD6 million annually of which a majority will be retained. In our base-case scenario, we assume a dividend payout ratio of 10%-15% of Warba's share capital.

We note that Warba's risk exposure to high-risk assets has consistently declined in recent years, and we anticipate the company to maintain the current risk level with any new investment being mainly placed in cash deposits and highly rated fixed income instruments. The derisking has also led to an improvement in the company's liquidity position, which we now assess as exceptional and expect to remain at the same level over the next two years. We also note that the company borrows cash and invests in higher-yielding bonds to increase its investment yield. We treat these borrowings as operational leverage.

Outlook

The positive outlook indicates that we could raise the ratings over the next two years if Warba continues to profitably expand its business in line with our base case, while maintaining capital adequacy with a comfortable buffer above the 99.99% confidence level.

Downside scenario

We could revise the outlook to stable over the next two years if:

- Against our expectations, capital adequacy falls permanently below our 99.99% benchmark; and
- Underwriting or investment performance significantly weakens compared with our base-case scenario.

Upside scenario

We could raise the ratings over the next two years if Warba:

- Profitably expand its business in line with our base case and 'A-' rated peers; and
- Maintains capital adequacy comfortably above the 99.99% benchmark while not increasing its exposure to high-risk assets (namely equities, real estate, and speculative bonds) from the current level.

Rating Component Scores

	To	From
Business Risk Profile	**S**atisfactory	Satisfactory
Competitive position	Satisfactory	Satisfactory
IICRA	Intermediate risk	Intermediate risk
Financial Risk Profile	**Strong**	Strong
Capital and earnings	Very strong	Very strong
Risk exposure	Moderately high	Moderately high
Funding structure	Neutral	Neutral
Anchor	**bbb+**	bbb+
Modifiers		
Governance	Neutral	Neutral
Liquidity	Excellent	Adequate
Comparable rating analysis	0	0
Current Credit Rating		
Local currency financial strength rating	BBB+/Positive/--	BBB+/Positive/--
Foreign currency financial strength rating	--	--
Local currency issuer credit rating	BBB+/Positive/--	BBB+/Positive/--
Foreign currency issuer credit rating	--	--

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: Principles Of Credit Ratings, Feb. 16, 2011

Ratings List

Ratings List	
Ratings Affirmed	
Warba Insurance and Reinsurance Co. K.S.C.P.	
Issuer Credit Rating	
Local Currency	BBB+/Positive/--
Financial Strength Rating	
Local Currency	BBB+/Positive/--