

# Mutuelle d'Epargne de Retraite et de Prevoyance Carac

January 23, 2026

This report does not constitute a rating action.

Business risk: **Satisfactory**



Competitive position: Satisfactory

IICRA: Low risk

Financial risk: **Excellent**



Capital and earnings: Excellent

Risk exposure: Moderately low

Funding structure: Neutral

Anchor **a**      SACP **a**      FSR **A**



Modifiers      Group/Gov't

Financial strength rating

**A/Stable/--**

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FSR--Financial strength rating. ICR--Issuer credit rating. IICRA--Insurance industry and country risk assessment. SACP--Stand-alone credit profile.

## Credit Highlights

### Overview

#### Key strengths

Robust capital buffer at the 99.99% confidence level according to our model, coupled with prudent strategic asset allocation.

Improving position in the French life and retirement insurance markets.

Leading niche position in supplementary pension plans for French veterans.

#### Key risks

Limited business diversification with a focus on life savings and pensions.

Relatively high discretionary crediting rates to life savings policyholders.

Gradual attrition of the veterans' supplementary pension reserves.

### **S&P Global Ratings expects Mutuelle d'Epargne de Retraite et de Prevoyance Carac (Carac) will demonstrate robust growth.**

In 2024, the group's gross premium written (GPW) jumped to €1.4 billion, an increase of 81% over the GPW reported in 2023. Of the 2024 GWP, 49% was contributed by Carac itself and 51% by Selencia, which Carac acquired in 2023. The group showed strong commercial momentum--its credited rate was above the average for the broader French market--resulting in net inflows of €430 million. This underscores the strength of its business model.

**We anticipate the group will maintain its effective management of technical and financial margins, a strength that should serve it well in navigating the evolving economic environment.**

Carac demonstrated solid financial performance in 2024, achieving consolidated net income of €77.5 million (6.9% above the €72.5 million in the prior year). As a result, the group's return on equity, which was calculated using average shareholders' equity, rose slightly to about 5.2% in 2024, from 5.1% in 2023. We consider that this further illustrates the group's operational efficiency and profitability.

**Carac will continue to exhibit a robust capital position that demonstrates its financial strength and resilience.**

We expect capital will remain a key strength, and we forecast it at the 99.99% confidence level under our risk-based model over 2025-2027. Looking ahead, we expect the financial impact of the Astoria acquisition to be contained within existing capital buffers. This will be supported by Carac's high level of policyholders' capital and a Solvency II ratio of 261% at year-end 2024. As a mutual organization, Carac does not distribute dividends.

## Outlook

The stable outlook reflects our view that the group will maintain its improved market position in the French life insurance market and preserve excellent capital and earnings over the next two years.

### Downside scenario

We could lower the ratings over the next two years if:

- The group's profitability experiences a sustained and significant decline; or
- Carac's capital adequacy drops below our 99.99% confidence level for a prolonged period; for example, given its exposure to real estate and equity, this could occur if severe financial market volatility materially impaired asset valuations in the investment portfolio.

### Upside scenario

We could consider an upgrade if the group expands its market share in the French life market while consistently maintaining profitability and capital adequacy above the 99.99% confidence level.

## Assumptions

- France's GDP growth remained stable over the past two years at 1%. We expect GDP growth of 1.0%-1.2% in 2026 and 2027.
- Inflation in France of 1.5% for 2026 and 1.8% for 2027.
- Unemployment rate of approximately 7.7% in France over the next two years.
- Annual average 10-year government bond yields in France of 3.35% in 2026, based on our economic estimates.

**Mutuelle d'Epargne de Retraite et de Prevoyance Carac  
(Carac)--Key Metrics**

	2026f	2025f	2024	2023
S&P Global Ratings capital adequacy	99.99	99.99	99.99	N/A

## Mutuelle d'Epargne de Retraite et de Prevoyance Carac

Gross premium written (mil. €)	>1,700	>1,500	1,388	767
Net premiums earned	>1,700	>1,500	1,388	767
Net income (mil. €)	>90	>90	76	72
Return on shareholders' equity (%)	>5.5	>5.5	5.2	5
Return on assets (excluding investment gains/losses) (%)	>0.5	>0.5	0.4	0.4
Net investment yield (%)*	>3	>3	3.6	3.5

f--S&P Global Ratings forecast. N/A--Not applicable.

\*As reported by the company.

## Business Risk Profile

Carac is a century-old independent group with a strong mutualist identity, originating from the defense community (1924) and opened to all since 1988.

The group operates as a mutual organization, prioritizing member interests and aligning with a mission-driven approach.

Its primary focus is on life savings and retirement insurance products, coupled with comprehensive wealth management advice. Carac is the leader in France in French veterans' supplementary pension plans, called the "Retraite mutualiste du Combattant" (RMC). The RMC is an annuity pension plan that can start to pay out at 50 years old and has a number of fiscal advantages for its policyholders. Nevertheless, as the number of war veterans in France has been steadily declining in recent decades, the amount of RMC reserves on Carac's balance sheet is in gradual attrition.

As such, the strategic focus of CARAC since in 1988 has been to expand its client focus beyond soldiers and the defense community. Carac significantly accelerated its growth phase in 2023, after interest rates began to rise in 2022, with the acquisition of Selencia from Ageas, and providing policy holders discretionary life savings crediting rates that are higher than the French market average. Carac offers discretionary crediting rates on life savings policies exceeding 3.5% while the market average stands at about 2.6%-2.7%. This has led to strong growth of the number of insurance contracts, as well as net inflows, which outperform the market. We expect Carac will sustain its improved position in the French market, given its competitive product offering and the actions it implemented following the acquisition of Selencia in 2023.

CARAC has entered exclusive talks with Naxicap Partners to acquire a majority stake (70%) in Astoria, a player in French wealth management. This acquisition aims to strengthen its position in long-term savings and patrimonial consulting in a highly competitive market. The deal is set to generate synergies and growth opportunities, including increased market share, enhanced expertise in financial estate management, and a more comprehensive product offering.

With Astoria's acquisition, CARAC aims to achieve its growth objectives and reinforce its position in the French wealth management market.

We anticipate that Carac will be able to absorb the financing of its planned acquisition of Astoria from its capitalization buffer and this is a key consideration in our assessment.

## Financial Risk Profile

## Mutuelle d'Epargne de Retraite et de Prevoyance Carac

We expect Carac will maintain the highest level risk-based capital adequacy in our criteria, which is line with our extreme stress scenario (99.99% confidence level) under our methodology. This very high capital adequacy is also evidenced by a solvency ratio based on standard formula of 261% at year-end 2024.

We forecast the group will post net annual income above €90 million in 2025 and 2026, which will increase its capital base. As a mutual, Carac does not distribute any dividends.

In addition to a strong capital base, Carac also has a high level of unrealized gains on financial assets, as well as a high level of policyholder surplus reserves called "provision pour participation aux excédents" (PPE). Total unrealized gains on financial assets represented about 10% of life insurance reserves and PPE another 5% of life insurance reserves. This gives Carac ample financial flexibility to continue to provide higher-than-market-average crediting rates to policyholders without putting pressure on its capital adequacy.

We expect the financial impact of the Astoria acquisition to be contained within existing capital buffers, and that the Solvency II ratio will be maintained above 200% in the coming years.

We consider Carac's asset allocation to be prudent and not riskier than the average of the French life insurance market. Carac is predominantly focused on investment-grade bonds, which totaled over 70% of investments at year-end 2024. Carac's exposure to equities and real estate represent each about 10% of allocated assets, while private debt funds represent less than 5% of asset allocation. Carac has a robust long-term equity hedging program to protect the market value of its equity investments.

## Other Credit Considerations

### Governance

Carac has a culture of risk awareness and risk management and has adequate risk controls across its operations relative to the key risks. Management has demonstrated the depth and breadth of its expertise in governance, as well as its ability to make strategic plans and execute them.

### Liquidity

Carac has exceptional liquidity, given its highly marketable investment assets (notably investment-grade bonds), which could provide liquidity should any cash needs arise.

### Environmental, social, and governance

ESG factors have no material influence on our credit rating analysis of Carac.

### Accounting considerations

Carac reports its financial statements under French generally accepted accounting principles, which do not incorporate unrealized gains on investments on the balance sheet. We consider them in our analysis via our risk-based capital model.

**Rating Component Scores**

<b>Business Risk Profile</b>	<b>Satisfactory</b>
Competitive position	Satisfactory
IICRA	Low risk
<b>Financial Risk Profile</b>	<b>Excellent</b>
Capital and earnings	Excellent
Risk exposure	Moderately low
Funding structure	Neutral
<b>Anchor</b>	<b>a</b>
<b>Modifiers</b>	
Governance	Neutral
Liquidity	Exceptional
Comparable rating analysis	0
<b>Current Credit Rating</b>	
Local currency financial strength rating	A/Stable/--
Foreign currency financial strength rating	--
Local currency issuer credit rating	A/Stable/--
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 Detail (as of January 23, 2026)\***

**Operating Company Covered By This Report**

**Mutuelle d'Epargne, de Retraite et de Prevoyance Carac**

Financial Strength Rating	
Local Currency	A/Stable/--
Issuer Credit Rating	
Local Currency	A/Stable/--
<b>Domicile</b>	France

\*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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