

**Rating Action: Moody's rates PartnerRe's Euro-denominated guaranteed notes
A3**

Global Credit Research - 08 Sep 2016

New York, September 08, 2016 -- Moody's Investors Service, ("Moody's") has assigned an A3 rating to €750 million of 1.25% guaranteed notes due 2026 to be issued by PartnerRe Ireland Finance DAC, an indirect wholly owned subsidiary of PartnerRe Ltd. ("PartnerRe" -- senior shelf at (P)A3). The notes mature in 10 years and are unconditionally and irrevocably guaranteed by PartnerRe. Net proceeds from the offering will be used for general corporate purposes, including the repurchase of certain of the group's senior notes and partial redemption of PartnerRe's preferred shares. Moody's currently rates PartnerRe's principal operating subsidiaries A1 for insurance financial strength. The outlook for the ratings is stable.

RATINGS RATIONALE

PartnerRe Ireland Finance DAC is a special purpose financing subsidiary established to issue the notes. The A3 rating on the new notes is based on an unconditional and irrevocable guarantee provided by PartnerRe. As a result of the guarantee, the notes will rank pari passu with all other outstanding unsecured and unsubordinated obligations of PartnerRe.

According to Moody's, PartnerRe's ratings reflect the group's leadership position in specialty reinsurance lines, as well as its well-diversified book of proportional and non-proportional reinsurance business. In addition, the ratings are based on the group's strong capitalization, good core profitability and high quality investment portfolio. Tempering these strengths are the group's potential for earnings volatility arising from meaningful property catastrophe reinsurance exposures and the highly competitive operating environment in reinsurance marked by an oversupply of capital and increased interest from pension funds and other institutional investors.

Moody's notes that PartnerRe's adjusted financial leverage will increase from approximately 17.2% at 2Q2016 to approximately 22.0% pro forma for the issuance of new notes and redemptions of certain outstanding senior notes and preferred stock. Despite the increase in debt, PartnerRe's annual interest and preferred dividend expense is expected to decline by approximately \$16 million, which will incrementally improve the firm's earnings coverage and profitability metrics. Moody's expects PartnerRe's financial leverage to gradually moderate over time since the firm's parent, investment holding company EXOR S.p.A. (unrated), has committed to limiting any capital distributions from PartnerRe to less than 67% of GAAP net income through the end of 2020.

Going forward, Moody's noted that positive rating pressure on PartnerRe's ratings over the next 12-18 months is unlikely. However, the following factors could positively influence the firm's credit profile: 1) a sustained reduction in the company's overall risk profile and volatility; 2) sustained better-than peer performance through the cycle; 3) a sustained reduction in adjusted financial leverage (e.g. below 15%), together with a strong capital position and an enhanced competitive position in the global reinsurance sector.

Conversely, the following factors could result in negative rating pressure: 1) adjusted financial leverage above 25%; 2) a decline in shareholders' equity (including dividends) by more than 10% over a rolling twelve month period; and 3) gross underwriting leverage above 3.0x (2.2x at YE2015).

The following rating has been assigned:

PartnerRe Ireland Finance DAC -- guaranteed notes at A3

Outlook actions:

PartnerRe Ireland Finance DAC -- assigned stable outlook

PartnerRe Ltd., based in Bermuda, is engaged through its subsidiaries in underwriting multi-line reinsurance on a worldwide basis. PartnerRe is an indirect wholly-owned subsidiary of EXOR S.p.A. For the six months ended June 30, 2016, PartnerRe Ltd. reported GAAP net income available to common shareholders of approximately \$338 million and a non-life combined ratio of 101.7%. As of June 30, 2016, shareholder's equity

was approximately \$7.0 billion.

The principal methodology used in this rating was Global Reinsurers published in April 2016. Please see the Ratings Methodologies page on www.moody.com for a copy of this methodology.

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