



PRESS RELEASE

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A.M. Best Revises Outlooks to Positive for PartnerRe Ltd and Its Main Operating Subsidiaries

OLDWICK, N.J., June 15, 2018—A.M. Best has revised the outlooks to positive from stable and affirmed the Financial Strength Rating (FSR) of A (Excellent) and the Long-Term Issuer Credit Ratings (Long-Term ICR) of “a+” for most of the operating subsidiaries of **PartnerRe Ltd** (collectively referred to as PartnerRe). Concurrently, A.M. Best has upgraded the Long-Term ICR to “a+” from “a” and affirmed the FSR of A (Excellent) of **PartnerRe Life Reinsurance Company of Canada** (Toronto, Canada) and **PartnerRe Life Reinsurance Company of America** (Little Rock, AR). The outlook of the FSR has been revised to positive from stable, while the outlook of the Long-Term ICR remains positive. A.M. Best also has revised the outlooks to positive from stable and affirmed the Long-Term ICR of “bbb+” of PartnerRe and its existing Long-Term Issue Credit Ratings (Long-Term IR). PartnerRe Ltd is domiciled in Hamilton, Bermuda. (See below for a detailed list of the companies and Credit Ratings (ratings.)

The ratings reflect PartnerRe’s balance sheet strength, which A.M. Best categorizes as strongest, as well as its adequate operating performance, very favorable business profile and marginal enterprise risk management (ERM).

While PartnerRe’s ERM is categorized currently as marginal, A.M. Best’s improving view of the group’s ERM function is the primary driver behind the group’s positive outlook. This is due to, in part, PartnerRe’s strong non-life underwriting performance during 2017, where the industry experienced a significant level of catastrophic

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activity. Despite the catastrophic activity, PartnerRe was able to produce a small non-life underwriting profit, while the vast majority of peers had underwriting losses of varying degrees. A.M. Best attributes this to prudent risk selection and retrocession usage, which has kept PartnerRe's net probable maximum loss at manageable levels but still allowing the group to provide meaningful market capacity.

PartnerRe's balance sheet strength and risk-adjusted capitalization are considered to be at the strongest level. The group's quality of capital is considered in line with peers but has a superior history of favorable prior year reserve development. Under **EXOR N.V.** ownership, A.M. Best believes that PartnerRe's financial flexibility remains more than sufficient, as it still has access to the capital markets on a stand-alone basis, as well as potentially through EXOR N.V., which is a publicly traded company in Italy.

The group maintains a highly diversified book of reinsurance business across non-life and life lines of business, as well as a balanced geographic spread of risk. A.M. Best believes that PartnerRe's current focus to build out life and health operations could provide additional diversification to help navigate challenging market conditions while enhancing earnings stability over the medium to long term.

PartnerRe's overall earnings in recent years have been impacted by several non-operating activities and has seen net investment income trend lower over the current five-year period. However, PartnerRe's overall underwriting results have proven to be consistently stable and profitable.

Factors that could lead to a rating upgrade are continued consistently favorable operating profitability and maintaining excellent risk-adjusted capital levels through various market conditions. Factors that could lead to a negative outlook or a rating downgrade include unfavorable operating results, outsized insurance or investment losses, or a significant decline in risk-adjusted capital to a level that no longer supports the current ratings.

A.M. Best has revised the outlooks to positive from stable and affirmed the FSR of A (Excellent) and the Long-Term ICRs of "a+" of the operating subsidiaries of **PartnerRe Ltd.**:

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- **Partner Reinsurance Company Ltd.**
- **Partner Reinsurance Company of the U.S.**
- **PartnerRe Ireland Insurance Designated Activity Company**
- **Partner Reinsurance Europe SE**
- **PartnerRe America Insurance Company**

The following Long-Term IRs have been affirmed. The outlooks have been revised to positive from stable:

PartnerRe Ltd—

-- “bbb-” on \$250 million 5.875% preferred shares, Series F

PartnerRe Finance B LLC—

-- “bbb+” on \$500 million 5.5% senior unsecured notes, due 2020

PartnerRe Financial II, Inc.—

-- “bbb-” on \$250 million 6.44% junior subordinated capital efficient notes, due 2066

This press release relates to Credit Ratings that have been published on A.M. Best’s website. For all rating information relating to the release and pertinent disclosures, including details of the office responsible for issuing each of the individual ratings referenced in this release, please see A.M. Best’s [Recent Rating Activity](#) web page. For additional information regarding the use and limitations of Credit Rating opinions, please view [Understanding Best’s Credit Ratings](#). For information on the proper media use of Best’s Credit Ratings and A.M. Best press releases, please view [Guide for Media - Proper Use of Best’s Credit Ratings and A.M. Best Rating Action Press Releases](#).

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