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AM Best Upgrades Credit Ratings of PartnerRe Ltd. and Its Operating Subsidiaries

OLDWICK, N.J., August 1, 2019—AM Best has upgraded the Financial Strength Rating (FSR) to A+ (Superior) from A (Excellent) and the Long-Term Issuer Credit Ratings (Long-Term ICR) to “aa-” from “a+” of the operating subsidiaries of PartnerRe Ltd. (collectively referred to as PartnerRe). AM Best also has upgraded the Long-Term ICR to “a-” from “bbb+” of PartnerRe and its existing Long-Term Issue Credit Ratings (Long-Term IR). The outlook of the Credit Ratings (ratings) has been revised to stable from positive. PartnerRe is domiciled in Hamilton, Bermuda. (See below for a detailed list of the companies and ratings.)

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

The rating upgrades reflect PartnerRe’s successful demonstration of its ERM functions and framework over the past several years. In particular, PartnerRe’s underwriting performance in 2017 and 2018 was well within expectations during a period when the industry experienced a significant level of catastrophe loss activity. AM Best attributes this to prudent risk selection and retrocession usage, which has kept PartnerRe’s net probable maximum losses at manageable levels but still allowing the group to provide meaningful market capacity. Additionally, PartnerRe has built its life book of business in a selective and measured manner that is reflective of the group’s risk culture.

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AM Best considers PartnerRe’s balance sheet strength and risk-adjusted capitalization 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, AM 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 investment 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. AM Best believes that PartnerRe’s current focus to build out of life and health operations could provide additional diversification to help navigate challenging market conditions while enhancing earning stability over the medium to long term.

PartnerRe’s operating performance is unpinned by stable and profitable underwriting results and complimented by net investment income. Net investment income has generally trended lower over the past five years, although it did experience a slight uptick in 2018. Overall earnings in 2018 were impacted adversely by realized and unrealized losses. The unrealized portion was offset largely by unrealized gains in the first quarter of 2019.

While positive ratings actions are unlikely in the short term, rating factors that could lead to a rating upgrade would be continued consistently strong operating profitability and maintaining favorable risk-adjusted capital levels through various market conditions. Rating factors that could lead to a negative outlook or a 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.

AM Best has upgraded the FSR to A+ (Superior) from A (Excellent) and the Long-Term ICRs to “aa-” from “a+” and revised the outlooks to stable from positive of the operating subsidiaries of PartnerRe Ltd.:

- Partner Reinsurance Company Ltd.
- Partner Reinsurance Company of the U.S.

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- PartnerRe Ireland Insurance Designated Activity Company
- Partner Reinsurance Europe SE
- PartnerRe America Insurance Company
- PartnerRe Life Reinsurance Company of Canada
- PartnerRe Life Reinsurance Company of America

The following Long-Term IRs have been upgraded with the outlooks revised to stable from positive:

PartnerRe Ltd.—

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

PartnerRe Financial II, Inc.—

-- to “bbb” from “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 AM 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 AM 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 AM Best press releases, please view [Guide for Media - Proper Use of Best’s Credit Ratings and AM Best Rating Action Press Releases](#).

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