

**Rating Action: Moody's affirms PartnerRe's ratings (IFS at A1); outlook stable**

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New York, December 11, 2017 -- Moody's Investors Service, ("Moody's") has affirmed the A1 insurance financial strength (IFS) ratings of Partner Reinsurance Company Ltd. and Partner Reinsurance Company of the US and the debt and preferred stock ratings of PartnerRe Ltd. (PartnerRe -- senior debt (P)A3) and its debt issuing subsidiaries. The outlook for the ratings is stable.

**RATINGS RATIONALE**

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, strong loss reserving track record 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 from traditional reinsurers and alternative capital.

During Q3 2017, PartnerRe reported \$472 million of pre-tax net catastrophe losses (6.9% of Q2 2017 shareholder's equity) arising from Hurricanes Harvey, Irma and Maria and the Mexico earthquakes. The impact of such losses on equity capital was partially offset by \$187 million of favorable loss reserve development during the quarter. Despite the large catastrophe losses, PartnerRe reported \$145 million of net income available to common shareholder for the nine months ended September 30, 2017. In a year with multiple severe storms, PartnerRe's losses were within expectations for the ratings. Going forward, PartnerRe remains well-positioned to benefit from expected property reinsurance pricing increases of 5% to 10% during the upcoming January 1 renewals.

Moody's expects PartnerRe's equity capital base to grow organically over the next few years since the firm's parent, investment holding company EXOR N.V. (unrated), has committed to limiting any capital distributions from PartnerRe to less than 67% of GAAP net income through the end of 2020.

**RATING DRIVERS**

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 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 a downgrade of PartnerRe's ratings: 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.

**RATING LIST**

The following ratings have been affirmed:

Partner Reinsurance Company Ltd. -- insurance financial strength at A1;

Partner Reinsurance Company of the US -- insurance financial strength at A1;

PartnerRe Ltd. -- senior unsecured shelf at (P)A3, subordinated shelf at (P)Baa1, preferred stock at Baa2(hyb);

PartnerRe Ltd. - preferred stock shelf at (P)Baa2;

PartnerRe Finance A LLC - guaranteed senior unsecured shelf at (P)A3, guaranteed subordinated shelf at (P)Baa1, guaranteed junior subordinated shelf at (P)Baa1;

PartnerRe Finance B LLC - guaranteed senior notes at A3, guaranteed senior unsecured shelf at (P)A3, guaranteed subordinated shelf at (P)Baa1, guaranteed junior subordinated shelf at (P)Baa1;

PartnerRe Finance C LLC - guaranteed senior unsecured shelf at (P)A3, guaranteed subordinated shelf at (P)Baa1, guaranteed junior subordinated shelf at (P)Baa1;

PartnerRe Finance II Inc. - guaranteed senior unsecured shelf at (P)A3, , guaranteed subordinated shelf at (P)Baa1, guaranteed junior subordinated capital securities at Baa1(hyb), guaranteed junior subordinated shelf at (P)Baa1;

PartnerRe Ireland Finance DAC -- guaranteed senior notes at A3;

PartnerRe Capital Trust II - guaranteed preferred shelf shelf at (P)Baa1; and

PartnerRe Capital Trust III - guaranteed preferred stock shelf at (P)Baa1.

The outlook for the ratings is stable.

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 N.V. For the nine months ended September 30, 2017, PartnerRe Ltd. reported GAAP net income available to common shareholder of approximately \$145 million and a non-life combined ratio of 98.8%. As of September 30, 2017, total shareholder's equity was approximately \$6.8 billion.

The principal methodology used in these ratings was Global Reinsurers published in September 2017. Please see the Rating Methodologies page on [www.moody's.com](http://www.moody's.com) for a copy of this methodology.

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