

A.M. Best Assigns Ratings to Partner Reinsurance Europe Limited

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A.M. Best Co. has assigned a financial strength rating (FSR) of A+ (Superior) and an issuer credit rating (ICR) of "aa-" to **Partner Reinsurance Europe Limited (PREEL)** (Republic of Ireland). The outlook for both ratings is stable.

The ratings of PREEL are based on its initial strong risk-adjusted capitalisation, excellent business position, well diversified portfolio and its prominent role within the Bermudian-based PartnerRe Group, together with the support of Partner Reinsurance Ltd (Bermuda) through a quota share retrocession agreement. The rating also factors excellent pro forma net income in 2006 and 2007.

PREEL will be fully operational from 1 January 2008 and will underwrite the existing portfolio of PartnerRe SA (France, and the Zurich branch of PartnerRe Ltd, with the exception of the Canadian life business, which will be directly managed by Partner Reinsurance Company Limited.

A.M. Best expects PREEL's risk-adjusted capitalisation to reach a strong level in 2008, benefiting from approximately EUR 950 million (USD 1.38 billion) initial capital and a 50% non capped quota share retrocession treaty with Partner Reinsurance Ltd on all business lines except Canada non life. The existing stop loss for the Canadian non-life portfolio remains unchanged.

In A.M. Best's view, PartnerRe S.A. and PartnerRe's Zurich branch achieved excellent underwriting results in 2006 with a pro forma combined ratio of 87.7%, benefiting from a very mild windstorm and hurricane season, while the first half of 2007 was very strong with a pro forma combined ratio at 91.5%, despite losses from Kyrill and the June UK floods. A.M. Best expects a similar result for the second half of 2007. PREEL's business plan for 2008-2009 is factoring a potential further softening of the specialty and property markets. A.M. Best expects the life segment to deliver a fair and sustainable technical result.

In A.M. Best's view, the setting up of PREEL will enhance the business profile in the European market. The company will operate in all EU member states under a single regulatory framework, and other benefits will be to both simplify the capital structure and better manage the use and capital allocation within the PartnerRe group. PREEL will have branches in Zurich, Paris, Toronto, and an operational office in Dublin. The company will benefit from a highly diversified portfolio, with a strong emphasis on specialties (42%), the remaining being split between property (23%), life (24%), motor (6%) and casualty (5%). In the life business, the company is mainly focused on mortality protection (80% of the premium) with a smaller share in annuity business. PREEL is expecting to write approximately 60% of PartnerRe Group's gross premiums written (GPW), amounting to EUR 1.6 billion (USD 2.3 billion) of GPW in 2008, remaining stable compared to the 2007 pro forma.

Founded in 1899, A.M. Best Company is a global full-service credit rating organization dedicated to serving the financial and health care service industries, including insurance companies, banks, hospitals and health care system providers.

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