



## Fitch Places PartnerRe on Rating Watch Positive Following Expected Acquisition by Covea

Fitch Ratings - Chicago - 04 March 2020:

Fitch Ratings has placed PartnerRe Ltd.'s (PRE) ratings on Rating Watch Positive, including its 'A-' Issuer Default Rating (IDR) and the 'A+' (Strong) Insurer Financial Strength (IFS) rating of Partner Reinsurance Company Ltd., the company's principal reinsurance operating subsidiary.

### Key Rating Drivers

Fitch's rating action follows the announcement that Covea, a French mutual insurer, entered into a memorandum of understanding to acquire PRE from EXOR N.V. for total cash consideration of \$9.0 billion plus a cash dividend of \$50 million to be paid before closing. The transaction is expected to close by the end of 2020, subject to customary closing conditions, antitrust, regulatory and other approvals. EXOR purchased PRE for \$6.9 billion in March 2016.

The Rating Watch Positive reflects the potential for ownership by Covea, a larger property/casualty (P/C), health and life insurance organization, to benefit PRE's ratings under a group credit approach. Fitch does not currently rate Covea. Fitch views EXOR's ownership as neutral to PRE's ratings.

Fitch expects PRE would continue to operate independently, as it has under EXOR ownership. The PRE acquisition provides Covea diversification outside of France, as Covea maintains a leading market position in French P/C, but has minimal global reinsurance business. PRE writes a diverse international mix of property, casualty, specialty, and life and health reinsurance products.

Resolution of the Rating Watch Positive on PRE will consider Fitch's view on the consolidated credit strength of Covea and the strategic importance of PRE to Covea. The ratings analysis will weigh implications of the transaction for PRE in several key areas including underwriting and operating strategy, business growth, capital management and risk asset allocation.

### RATING SENSITIVITIES

The ratings would likely be upgraded upon closing should Fitch view Covea's consolidated credit quality to be superior to PRE's current ratings and decide to apply uplift to PRE's ratings based on its strategic importance to Covea. The ratings may be removed from Rating Watch Positive and affirmed at the current level, potentially even prior to closing, if Covea's group credit profile is deemed in line with PRE's current ratings or if Fitch decides that PRE's strategic importance to Covea is not sufficient to provide any ratings uplift. ESG CONSIDERATIONS ESG issues are

credit neutral or have only a minimal credit impact on the entity(ies), either due to their nature or the way in which they are being managed by the entity(ies). For more information on Fitch's ESG Relevance Scores, visit [www.fitchratings.com/esg](http://www.fitchratings.com/esg).

#### RATING ACTIONS

ENTITY/DEBT	RATING	PRIOR
PartnerRe Finance B LLC		
senior unsecured	LT BBB+ Rating Watch On	BBB+
Partner Reinsurance Company Ltd.	Ins Fin Str A+ Rating Watch On	A+
PartnerRe Ltd.	LT IDR A- Rating Watch On	A-
preferred	LT BBB Rating Watch On	BBB
junior subordinated	LT BBB Rating Watch On	BBB
PartnerRe Ireland Finance DAC		
senior unsecured	LT BBB+ Rating Watch On	BBB+

Additional information is available on [www.fitchratings.com](http://www.fitchratings.com)

#### FITCH RATINGS ANALYSTS

Primary Rating Analyst  
 Brian Schneider, CPA, CPCU, ARe  
 Senior Director  
 +1 312 606 2321  
 Fitch Ratings, Inc.  
 One North Wacker Drive  
 Chicago 60606

Secondary Rating Analyst  
 Christopher Grimes, CFA  
 Director  
 +1 312 368 3263

Committee Chairperson  
 Julie Burke, CFA, CPA  
 Managing Director  
 +1 312 368 3158

## **MEDIA CONTACTS**

Hannah James  
New York  
+1 646 582 4947  
hannah.james@thefitchgroup.com

The following issuer(s) did not participate in the rating process, or provide additional information, beyond the issuer's available public disclosure: PartnerRe Ltd., Partner Reinsurance Company Ltd., PartnerRe Ireland Finance DAC, PartnerRe Finance B LLC

## **Applicable Criteria**

Insurance Rating Criteria (pub. 02 Mar 2020)

## **Additional Disclosures**

Solicitation Status  
Endorsement Policy

## **DISCLAIMER**

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: [HTTPS://WWW.FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS](https://www.fitchratings.com/understandingcreditratings). IN ADDITION, THE FOLLOWING <https://www.fitchratings.com/site/dam/jcr:6b03c4cd-611d-47ec-b8f1-183c01b51b08/Rating%20Definitions%20-%203%20May%202019%20v3%206-11-19.pdf> DETAILS FITCH'S RATING DEFINITIONS FOR EACH RATING SCALE AND RATING CATEGORIES, INCLUDING DEFINITIONS RELATING TO DEFAULT. PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE, AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE OF CONDUCT SECTION OF THIS SITE. DIRECTORS AND SHAREHOLDERS RELEVANT INTERESTS ARE AVAILABLE AT [HTTPS://WWW.FITCHRATINGS.COM/SITE/REGULATORY](https://www.fitchratings.com/site/regulatory). FITCH MAY HAVE PROVIDED ANOTHER PERMISSIBLE SERVICE TO THE RATED ENTITY OR ITS RELATED THIRD PARTIES. DETAILS OF THIS SERVICE FOR RATINGS FOR WHICH THE LEAD ANALYST IS BASED IN AN EU-REGISTERED ENTITY CAN BE FOUND ON THE ENTITY SUMMARY PAGE FOR THIS ISSUER ON THE FITCH WEBSITE.

## **COPYRIGHT**

Copyright © 2020 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Fax: (212) 480-4435.

Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved. In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed.

The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the

United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001

Fitch Ratings, Inc. is registered with the U.S. Securities and Exchange Commission as a Nationally Recognized Statistical Rating Organization (the "NRSRO"). While certain of the NRSRO's credit rating subsidiaries are listed on Item 3 of Form NRSRO and as such are authorized to issue credit ratings on behalf of the NRSRO (see <https://www.fitchratings.com/site/regulatory>), other credit rating subsidiaries are not listed on Form NRSRO (the "non-NRSROs") and therefore credit ratings issued by those subsidiaries are not issued on behalf of the NRSRO. However, non-NRSRO personnel may participate in determining credit ratings issued by or on behalf of the NRSRO.

## SOLICITATION STATUS

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.

### UNSOLICITED ISSUERS

Entity/Security	ISIN/CUSIP/COUPON RATE	Rating Type	Solicitation Status
Partner Reinsurance Company Ltd.	-	Long Term Issuer Default Rating	Unsolicited
Partner Reinsurance Company Ltd.	-	LT Financial Strength Rating	Unsolicited
PartnerRe Ltd.	-	Long Term Issuer Default Rating	Unsolicited
PartnerRe Ireland Finance DAC EUR notes	XS1489391109	Long Term Rating	Unsolicited
PartnerRe Ltd. junior subordinated bond/note	US70212JAA34	Long Term Rating	Unsolicited
PartnerRe Ltd. perpetual preferred shares ser G	BMG686031367	Long Term Rating	Unsolicited
PartnerRe Ltd. perpetual preferred shares ser I	BMG686031516	Long Term Rating	Unsolicited
PartnerRe Ltd. perpetual preferred shares ser H	BMG686031441	Long Term Rating	Unsolicited
PartnerRe Ltd. preferred stock/security ser F	BMG686031284	Long Term Rating	Unsolicited
SHOW MORE			

## Endorsement Policy

Fitch's approach to ratings endorsement so that ratings produced outside the EU may be used by regulated entities within the EU for regulatory purposes, pursuant to the terms of the EU Regulation with respect to credit rating agencies, can be found on the EU Regulatory Disclosures page. The endorsement status of all International ratings is provided within the entity summary page for each rated entity and in the transaction detail pages for all structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.

### **Fitch Updates Terms of Use & Privacy Policy**

We have updated our Terms of Use and Privacy Policies which cover all of Fitch Group's websites. [Learn more.](#)