

# MOODY'S

## INVESTORS SERVICE

### ISSUER COMMENT

21 May 2020

 Rate this Research

#### RATINGS

##### PartnerRe Ltd.

Outlook	Stable
Senior shelf	(P)A3
Preferred stock	Baa2(hyb)

##### Partner Reinsurance Company Ltd.

Outlook	Stable
Insurance financial strength	A1

Source: Moody's Investors Service

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## PartnerRe Ltd.

Exor retains PartnerRe as sale to Covéa is scuttled amid economic uncertainty

On 12 May, Exor N.V. announced that it had acknowledged a notice from French mutual insurer Covéa (IFS rating Aa3 stable) that Covéa would not honor its commitment to acquire PartnerRe Ltd. (operating subsidiary IFS rating A1 stable) in accordance with the terms of the Memorandum of Understanding announced on 3 March 2020. The transaction collapsed after the parties could not agree on potential changes to the original deal terms. This development has no rating implications for PartnerRe as the reinsurer will continue to be owned by Exor with no material changes to the firm's business profile, management team or strategic objectives.

For PartnerRe and other reinsurers, the coronavirus-related economic downturn is increasing claims in certain business lines and adding volatility to investment performance and capital levels. PartnerRe reported a net loss attributable to common shareholder of \$433 million for the first quarter of 2020 compared to net income of \$497 million in the prior year period, largely driven by \$610 million in unrealized losses in its investment portfolio from widening credit spreads and declines in equity markets. In addition, the company reported \$18 million of net pretax losses arising from event cancellation claims associated with the coronavirus during the quarter. Losses from this ongoing event are likely to rise over the next several quarters as the company is exposed to pandemic-related claims in both its non-life and life & health segments. The combined ratio deteriorated to 103.8% in the quarter from 97.7% in the prior year. We expect that PartnerRe will maintain strong capital adequacy and liquidity to protect its credit profile through the downturn.

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