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AM Best Affirms Credit Ratings of Reaseguradora Patria, S.A.

MEXICO CITY, November 1, 2024—AM Best has affirmed the Financial Strength Rating of A (Excellent), the Long-Term Issuer Credit Rating (Long-Term ICR) of “a” (Excellent) and the Mexico National Scale Rating of “aaa.MX” (Exceptional) of Reaseguradora Patria, S.A. (Patria Re) (Mexico). AM Best also has affirmed the Long-Term ICR of “bbb” (Good) of Patria Re’s ultimate parent, Peña Verde, S.A.B. (Peña Verde) (Mexico). The outlook of these Credit Ratings (ratings) is stable. Per AM Best’s criteria procedure on insurance holding companies, Peña Verde’s rating reflects a standard notching from Patria Re’s Long-Term ICR.

The ratings reflect Patria Re’s balance sheet strength, which AM Best assesses as strongest, as well as its adequate operating performance, neutral business profile and appropriate enterprise risk management.

The stable outlooks reflect Patria Re’s ability to maintain stable profitability metrics along with a strongest level of risk-adjusted capitalization, as measured by Best’s Capital Adequacy Ratio (BCAR), while implementing its business expansion strategy.

Patria Re’s balance sheet assessment of strongest is supported by that same assessment on the company’s level of risk-adjusted capitalization, low underwriting leverage, a robust reinsurance program and strong liquidity metrics. The ratings also reflect its comprehensive ERM infrastructure and expansive knowledge of its core markets in Latin America, which reflects the company’s smooth implementation of its expansion strategy with a stable overseas operation outside its niche market.

Patria Re has established a solid niche position in Mexico and in other Latin America markets, which

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allows it to accept profitable business selectively while maintaining a diversified product portfolio tailored to specific markets. This strategy has resulted in consistently favorable underwriting results over the years and has contributed to Patria Re's enhanced level of risk-adjusted capitalization. A well-balanced reinsurance program placed among counterparties with a strong security level also reinforces the company's risk-adjusted capitalization.

Despite limitations posted by catastrophe reserve development, Patria Re reported positive bottom-line results in 2023, mainly driven by favorable underwriting results. The company's strong underwriting practices allowed Patria Re to absorb the impact of Hurricane Otis without significant increases in its loss ratio and maintain good levels of premium sufficiency during 2023. Their efforts to maintain stable claims and management expenses have resulted in a profitable first six months for 2024; however, it remains limited by catastrophe reserve development.

Factors that could lead to positive rating actions for the company include a consistent improvement in profitability metrics, while maintaining its strongest level of risk-adjusted capitalization, as well as the continued and successful operation of its overseas expansion. Factors that may lead to negative rating actions include a sustained decline in profitability, as well as a significant deterioration in risk-adjusted capitalization, driven either by unfavorable results or a significant cash withdrawal.

The methodology used in determining these ratings is [Best's Credit Rating Methodology](#) (Version Aug. 29, 2024), which provides a comprehensive explanation of AM Best's rating process and contains the different rating criteria employed in the rating process. Best's Credit Rating Methodology can be found at www.ambest.com/ratings/methodology.

Key insurance criteria reports utilized:

- Evaluating Country Risk (Version June 6, 2024)
- Understanding Global BCAR (Version Aug. 1, 2024)

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- Catastrophe Analysis in AM Best Ratings (Version Feb. 8, 2024)
- Available Capital and Insurance Holding Company Analysis (Version Aug. 15, 2024)
- Scoring and Assessing Innovation (Version Feb. 27, 2023)
- Best's National Scale Ratings (Version May 16, 2024)

View a general description of the [policies and procedures](#) used to determine credit ratings. For information on the meaning of ratings, structure, voting and the committee process for determining the ratings and monitoring activities, relevant sources of information and the frequency for updating ratings, please refer to [Guide to Best's Credit Ratings](#).

- Previous Rating Date: Oct. 27, 2023
- Initial Rating Date: Sept. 20, 2000
- Date Range of Financial Data Used: Dec. 31, 2018-June 30, 2024

Ratings are communicated to rated entities prior to publication. Unless stated otherwise, the ratings were not amended subsequent to that communication.

This press release relates to rating(s) that have been published on AM Best's website. For additional 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.

If the ratings referred in this press release do not indicate a specific country suffix, it is understood that they are granted globally and not on a national scale.

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independently verify the accuracy and reliability of the information; therefore, AM Best cannot attest as to the accuracy of the information provided.

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