



## AM Best Affirms Credit Ratings of Munich Reinsurance Company and Its Subsidiaries

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### Related Companies

For information about each company, including the Best's Credit Reports, group members (where applicable) and news stories, click on the company name. An additional purchase may be required.

AMB#	Company Name
011574	American Alternative Insurance Corp
004084	American Family Home Insurance Company
003031	American Modern Home Insurance Company
013020	American Modern Ins Co of Florida, Inc.
001709	American Modern Lloyds Insurance Company

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### FOR IMMEDIATE RELEASE

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**AM Best** has affirmed the Financial Strength Rating of A+ (Superior) and the Long-Term Issuer Credit Ratings (Long-Term ICR) of “aa” of Munich Reinsurance Company (Munich Re) (Germany) and its subsidiaries. AM Best also has affirmed the Long-Term ICR of “a” of Munich Re America Corporation (Munich Re America) (Princeton, NJ) and the Long-Term Issue Credit Ratings (Long-Term IR) of Munich Re and Munich Re America. The outlook of these Credit Ratings (ratings) is stable. See below for a detailed listing of all companies and ratings.

The ratings reflect Munich Re’s balance sheet strength, which AM Best categorises as strongest, as well as its strong operating performance, very favourable business profile and very strong enterprise risk management.

Munich Re’s balance sheet strength is underpinned by risk-adjusted capitalisation that exceeds the level required to support the strongest assessment, as measured by Best’s Capital Adequacy Ratio. AM Best expects risk-adjusted capitalisation to remain at the strongest level, despite the group’s exposure to potentially large losses and its record of substantial dividend payments and share buy-backs. In addition, the group’s financial leverage is relatively low and it benefits from excellent financial flexibility.

The group’s operating performance is strong, demonstrated by a 10-year weighted average return on equity of 8.6% (2010-2019). In 2019, Munich Re reported a net profit of EUR 2.7 billion (2018: EUR

2.2 billion). The group's property/casualty (P/C) reinsurance division reported a net profit of EUR 1.56 billion despite exposure to significant natural catastrophe and man-made losses. Life & health (L&H) reinsurance and ERGO reported good net profits of EUR 706 million and EUR 440 million, respectively, demonstrating the benefits of the group's good earnings diversification.

Munich Re is a leading global reinsurer and its business profile benefits from excellent diversification, with the performance of its various life, health and P/C operations largely uncorrelated. Given its global market presence and excellent brand, the group is well-positioned to benefit from improving P/C reinsurance market conditions and positive pricing momentum.

The FSR of A+ (Superior) and the Long-Term ICRs of "aa" have been affirmed with stable outlooks for Munich Reinsurance Company and its following subsidiaries:

- Great Lakes Insurance SE
- New Reinsurance Company Ltd.
- Munich Reinsurance America, Inc.
- The Princeton Excess and Surplus Lines Insurance Company
- American Alternative Insurance Corporation
- Bridgeway Insurance Co
- Munich American Reassurance Company
- Munich Reinsurance Company of Canada
- Temple Insurance Company
- American Family Home Insurance Company
- American Modern Home Insurance Company
- American Modern Insurance Company of Florida, Inc.
- American Modern Lloyds Insurance Company
- American Modern Select Insurance Company
- American Southern Home Insurance Company
- American Western Home Insurance Company
- American Modern Property and Casualty Insurance Company
- Munich Re of Bermuda, Ltd.

- Digital Edge Insurance Company
- Digital Affect Insurance Company
- Digital Advantage Insurance Company

The following Long-Term IRs have been affirmed with stable outlooks:

Munich Reinsurance Company—

— “a+” on EUR 1.0 billion 6.0% subordinated fixed to floating rate bonds, due 2041

— “a+” on EUR 900 million 6.25% subordinated fixed to floating rate bonds, due 2042

— “a+” on GBP 450 million 6.625% subordinated fixed to floating rate bonds, due 2042

Munich Re America Corporation—

— “a” on USD 500 million 7.45% senior unsecured notes, due 2026

American Alternative Insurance Corporation—

— “a+” on USD 92.5 million 5.0% surplus notes

The Princeton Excess and Surplus Lines Insurance Company—

— “a+” on USD 20.1 million 5.0% surplus notes

**This press release relates to Credit Ratings that have been published on AM Best’s website. For all 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. For additional information regarding the use and limitations of Credit Rating opinions, please view Guide to Best’s Credit Ratings. For information on the proper media use of Best’s Credit Ratings and AM Best press releases, please view Guide for Media - Proper Use of Best’s Credit Ratings and AM Best Rating Action Press Releases.**

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