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## Fitch Affirms Patria's Ratings; Outlook Stable

Fitch Ratings - Mexico City - 16 May 2025: Fitch Ratings has affirmed Reaseguradora Patria S.A.'s (Patria) international and national Insurer Financial Strength (IFS) ratings at 'BBB+' and at 'AAA(mex)', respectively. The Rating Outlooks for both ratings are Stable.

The affirmation reflects Patria's 'Very Strong' capitalization, 'Strong' investment and liquidity risk, 'Less Favorable' company profile within the global reinsurance sector and 'Very Strong' financial performance.

### Key Rating Drivers

**Transfer and Convertibility Risk:** Reaseguradora Patria, S.A. (Patria) has transfer and convertibility (T&C) risk, with more than 25% of its policy obligations in a foreign currency. Under Fitch's criteria, this means Patria's IFS rating must be treated as a foreign-currency rating and it is therefore constrained by Mexico's Country Ceiling.

Patria's international foreign currency IFS rating of 'BBB+' reflects a one-notch downward adjustment for T&C risks relative to an implied 'A-' IFS rating excluding such risks. The pre-T&C indication reflects only local currency risks.

**Less Favorable Company Profile:** Patria's company profile is 'Less Favorable' result of a 'Less Favorable' business profile and 'Neutral' corporate governance. Patria's business profile is relative to all other global reinsurance companies, thus operating scale is small compared to global reinsurance, but large compared to other Latin American peers. At YE 2024, Patria's net written premium (NWP) were USD611.7 million and capital (considering catastrophe reserves as surplus to equity) USD639.9 million

**Very Strong Capitalization:** Patria has 'Very Strong' capitalization supported by 'Extremely Strong' Prism Global model score offset by 'Very Strong' parametric leverage ratios. Patria's risk-adjusted capitalization as 'Extremely Strong', as measured by Fitch's Prism model based on reported YE 2024 numbers. NWP-to-capital three-year-average (2022-2024) was 1.0x at 'Very Strong'.

**Sovereign Investments Concentration:** Investment and asset risk is capped by the sovereign investment concentration risk and remained at 'bbb-', per Fitch criteria, as sovereign investments/capital was above 100% in 2024.

**Very Strong Financial Performance:** Patria's financial performance is 'Very Strong'. It is supported by a stable and combined ratio through the cycles. At YE 2024 gross premiums grew nearly 30% annually while net premiums 25%, boosted by USD appreciation and portfolio growth. Patria's net income was MXN1.004 billion in 2024, historically the highest, supported by its diversification in underwritten risks,

retrocession strategy and strong investment income.

**Catastrophe Risks:** Fitch views the company's exposure to catastrophe risk as strongly managed with a high credit quality retrocession pool. The company's net annual aggregate catastrophe losses/capital ratio was 14.7% in 2024.

## **RATING SENSITIVITIES**

### **Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade**

--The ratings would be sensitive to a downgrade of Mexico's sovereign rating to below investment grade due to investment concentrations and/or a decline in Mexico's Country Ceiling to less than 'BBB+';

--A deterioration of Patria's Prism model score to 'Strong';

--The national scale rating would be negatively affected by a multi-notch downgrade of Patria's international rating.

### **Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade**

--The ratings would be sensitive to an upgrade of Mexico's sovereign rating and Country Ceiling;

--An upgrade in the national scale rating is not possible since the rating is already positioned in the highest level of national scale ratings.

## **REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING**

The principal sources of information used in the analysis are described in the Applicable Criteria.

## **ESG Considerations**

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

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**Rating Actions**

ENTITY/DEBT	RATING		RECOVERY	PRIOR
Reaseguradora Patria, S.A.	LT IFS	BBB+ 	Affirmed	BBB+ 
	Natl LT IFS	AAA(mex) 	Affirmed	AAA(mex) 

**RATINGS KEY   OUTLOOK   WATCH**

POSITIVE		
NEGATIVE		
EVOLVING		
STABLE		

**Applicable Criteria**

[Insurance Rating Criteria \(pub.04 Mar 2024\) \(including rating assumption sensitivity\)](#)

[Metodología de Calificaciones en Escala Nacional \(pub.22 Dec 2020\)](#)

[Metodología de Calificación de Seguros \(pub.03 Apr 2024\)](#)

## Applicable Models

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Prism Global (ex-U.S.) Model, v1.8.1 [\(1\)](#)

## Additional Disclosures

### [Solicitation Status](#)

## Endorsement Status

Reaseguradora Patria, S.A. EU Endorsed, UK Endorsed

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