

Research Update:

# Mapfre Group Outlook Revised To Positive On Improving Capital And Earnings; Ratings Affirmed

July 18, 2025

## Overview

- We project Mapfre's capital adequacy will continue to strengthen, and potentially consolidate above our 99.95% confidence level over the next 18-24 months.
- We also expect Mapfre will continue to improve profitability through underwriting discipline, inflation-adjusted pricing, and benefits from the broad diversification of its activities.
- We therefore revised our outlook on the group's core operating entities and holding company to positive from stable, and affirmed our ratings.
- The positive outlook reflects our view that we could upgrade the entities if the group sustains its improved earning generation, leading to stronger capital adequacy and profitability in line with 'AA-' rated peers.

### PRIMARY CREDIT ANALYST

**Simon Virmaux, CFA**  
Paris  
+ (33) 1-4075-2519  
simon.virmaux  
@spglobal.com

### SECONDARY CONTACT

**Jean Paul Huby Klein**  
Frankfurt  
+ 49 693 399 9198  
jeanpaul.hubyklein  
@spglobal.com

## Rating Action

On July 18, 2025, S&P Global Ratings revised to positive from stable its outlook on the core entities of Spain-based insurer Mapfre Group, including Mapfre Re, Compania de Reaseguros, S.A., and on the group's holding company, Mapfre S.A. (see Ratings List below).

At the same time, we affirmed our 'A+' long-term issuer credit and financial strength ratings on Mapfre Re, Compania de Reaseguros, S.A. and our 'A-' long-term issuer credit rating on Mapfre S.A.

We also affirmed our 'A-' issue rating on Mapfre's senior unsecured debt and our 'BBB' issue rating on the group's subordinated debt.

## Rationale

The outlook revision reflects improving capital and earnings generation, and our expectation of a structural consolidation of the group's capital adequacy above the 99.95% confidence level according to our model. We also expect the level of profitability to be sustained over time, with relatively low volatility.

This is due to various measures initiated by the group to improve its underwriting standards across all segments including Spain, the U.S., Brazil, and various Latin American countries, as well as Mapfre's global operations, namely its reinsurance and global risk units. The group leverages its broad diversification across countries and lines of business, posting very strong results, particularly in 2024 and the first quarter of 2025. It has coped with the challenging inflationary environment of recent years by adjusting pricing selectively and maintaining underwriting discipline. Both earnings and capital adequacy benefit from these efforts, while diversification has lowered the volatility of performance by mitigating risks posed by the challenging environment.

In 2024, the group reported strong net earnings of €1.6 billion, compared with €1.3 billion (under International Financial Reporting Standard [IFRS] 17) in 2023, and a return on equity (ROE) of 16.2%, including minority interests. Underwriting results continue to improve based on growing diversification by lines of business and regions, with Mapfre reporting a combined ratio of 93%, down from 96.5% in 2023 (under IFRS 17). The results for the first quarter of 2025 continued to improve in comparison with the previous year.

We anticipate the group's operating performance will continue to be sound, with comparably low volatility compared with peers, with ROE for the group at least above 13% and a combined ratio below 94% over the next years.

## **Outlook Positive**

The positive outlook reflects our expectation that our projection of group capital adequacy could consolidate and be sustainably above the 99.95% confidence-level, according to our capital model. It also reflects the group's improved earnings generation thanks to strong underwriting and investment results in all geographies and business lines, coupled with a stable and relatively modest dividend payout.

## **Downside scenario**

We could revert to a stable outlook over the next 18-24 months if:

- Capital adequacy declines on a prolonged basis below our 99.95% confidence level based on our capital model;
- Performance consistently deteriorates below our expectations, eroding the group's competitive strength; or
- We no longer expect Mapfre Group to pass our sovereign default test, which could result from an unexpected drop in regulatory capital or from an increase in Spanish assets relative to regulatory capital.

## **Upside scenario**

We could raise our ratings over the next 18-24 months if:

- Our projection of capital adequacy remains above the 99.95% confidence level; and
- Operating performance and diversified earnings generation continue to compare well with 'AA-' rated peers.

## Ratings Score Snapshot

|                             | To             | From           |
|-----------------------------|----------------|----------------|
| Financial strength rating   | A+             | A+             |
| Anchor*                     | a+             | a+             |
| Business risk               | Very strong    | Very strong    |
| IICRA                       | Intermediate   | Intermediate   |
| Competitive position        | Very strong    | Very strong    |
| Financial risk              | Strong         | Strong         |
| Capital and earnings        | Strong         | Strong         |
| Risk exposure               | Moderately low | Moderately low |
| Funding structure           | Neutral        | Neutral        |
| Modifiers                   |                |                |
| Governance                  | Neutral        | Neutral        |
| Liquidity                   | Exceptional    | Exceptional    |
| Comparable ratings analysis | 0              | 0              |
| Support                     |                |                |
| Group support               | 0              | 0              |
| Government support          | 0              | 0              |

IICRA--Insurance Industry And Country Risk Assessment.

\*We allocated the lower anchor because Mapfre group's premiums and earnings are less diversified than other global multiline insurers rated 'AA-'.

## Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, Feb. 10, 2025
- Criteria | Insurance | General: Insurer Risk-Based Capital Adequacy--Methodology And Assumptions, Nov. 15, 2023
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Insurance | General: Insurers Rating Methodology, July 1, 2019
- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

Mapfre S.A., May 8, 2025

Ratings List

| Ratings Affirmed                             |                |              |
|--|----------------|--------------|
| Mapfre S.A.                                  |                |              |
| Senior Unsecured                             | A-             |              |
| Subordinated                                 | BBB            |              |
| Ratings Affirmed; CreditWatch/Outlook Action |                |              |
|  | To             | From         |
| Mapfre Re, Compania de Reaseguros, S.A.      |                |              |
| Issuer Credit Rating                         |                |              |
| Local Currency                               | A+/Positive/-- | A+/Stable/-- |
| Financial Strength Rating                    |                |              |
| Local Currency                               | A+/Positive/-- | A+/Stable/-- |
| Mapfre S.A.                                  |                |              |
| Issuer Credit Rating                         |                |              |
| Local Currency                               | A-/Positive/-- | A-/Stable/-- |

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