

AM Best Affirms Credit Ratings of Most of MAPFRE S.A.'s Rated Operating Subsidiaries; Upgrades Others

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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
090154	MAPFRE España Cía de Seg y Reas SA
011116	MAPFRE PRAICO Insurance Company
004290	MAPFRE Pan American Insurance Company
086277	MAPFRE RE, Compañía de Reaseguros, S.A.
085419	MAPFRE S.A.

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FOR IMMEDIATE RELEASE

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AM Best has affirmed the Financial Strength Rating (FSR) of A (Excellent) and the Long-Term Issuer Credit Ratings (Long-Term ICR) of "a+" of most of MAPFRE S.A.'s (MAPFRE) rated operating subsidiaries. Concurrently, AM Best has upgraded the Long-Term ICR to "a+" from "a" of other rated operating subsidiaries, while affirming the FSR of A (Excellent). The outlook of these Credit Ratings (ratings) is stable. See below for a detailed listing of companies and ratings.

The ratings reflect MAPFRE's balance sheet strength, which AM Best categorises as very strong, as well as its strong operating performance, favourable business profile and appropriate enterprise risk management.

MAPFRE'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 (BCAR). AM Best expects risk-adjusted capitalisation to be maintained at the strongest level prospectively, supported by MAPFRE's strong internal capital generation and conservative investment portfolio. A partially offsetting factor is MAPFRE's moderate dependence on retrocession; however, the risk associated with this dependence is partly mitigated by the credit

quality of the retrocession panel, which remains excellent, with the majority of reinsurance recoverables held with highly rated counterparties.

MAPFRE's operating performance is strong, demonstrated by a 10-year (2010-2019) weighted average return-on-equity and operating ratios of 11% and 91%, respectively, (as calculated by AM Best). In 2019, MAPFRE delivered a net profit of EUR 955 million (2018: EUR 878 million), driven primarily by the insurance segment. For the first half of 2020, the group reported a net profit of EUR 406 million (half-year 2019: EUR 542 million) – the decline is mainly driven by COVID-19 pandemic-related losses in the reinsurance segment, natural catastrophe events and a reduction in premiums stemming from the economic downturn caused by the pandemic. Operating profitability continues to be supported by healthy investment income.

MAPFRE is a multinational insurer and reinsurer, with excellent product and geographical diversification. Through its subsidiaries, MAPFRE provides insurance, reinsurance, assistance and global risks products worldwide. The group's strong franchise and long-standing client relationships allow MAPFRE to maintain its position in key target markets. Through its reinsurance subsidiary, MAPFRE is well-positioned to benefit from improving property/casualty reinsurance market conditions and positive pricing momentum.

The Long-Term ICR has been upgraded to "a+" from "a" and the FSR of A (Excellent) has been affirmed, both with a stable outlook, for the following operating subsidiaries:

- MAPFRE PRAICO Insurance Company
- MAPFRE Pan American Insurance Company

The FSR of A (Excellent) and Long-Term ICRs of "a+" have been affirmed, with a stable outlook, for the following operating subsidiaries:

- MAPFRE RE, Compañía de Reaseguros, S.A.
- MAPFRE España, Compañía de Seguros y Reaseguros S.A.
- MAPFRE Panamá S.A.

The FSR of A (Excellent), the Long-Term ICRs of "a+" and Mexico National Scale Rating of "aaa.MX" have been affirmed, with a stable outlook, for the following operating subsidiaries:

- MAPFRE Fianzas, S.A.
- MAPFRE México, S.A.

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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