

Press Release - JULY 22, 2011

A.M. Best Affirms Ratings of MAPFRE RE, Compañía de Reaseguros, S.A.

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FOR IMMEDIATE RELEASE

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A.M. Best Europe – Rating Services Limited has affirmed the financial strength rating of A+ (Superior) and issuer credit rating of "aa-" of **MAPFRE RE, Compañía de Reaseguros, S.A.** (MAPFRE RE) (Spain). The outlook for both ratings remains negative.

The ratings reflect MAPFRE RE's integral role within **MAPFRE S.A.** (the group), its strong although declining stand-alone risk-adjusted capitalisation, resilient underwriting performance and its strong competitive position in the Spanish and Portuguese speaking markets. The outlook remains negative due to both MAPFRE S.A. and MAPFRE RE's exposures to investments in several peripheral euro-zone economies, in particular Spain and Portugal.

MAPFRE RE's risk-adjusted capitalisation remains above the minimum required for its stand-alone ratings, despite historical high dividend payout ratios and recent unrealized investment losses on sovereign debt instruments. Required capital for premium and reserve risk also has increased materially due to the company's continuing expansion and sharp increments in retrocession recoverables following two years of catastrophe losses (specifically the Chile, New Zealand and Japan earthquakes). MAPFRE S.A.'s support remains an important rating factor, reinforcing MAPFRE RE's ability to absorb high growth in reinsurance business written for companies outside the MAPFRE group. Although the potential for support from MAPFRE S.A. remains strong, A.M. Best believes the consolidated risk-adjusted capitalisation of the group would be significantly affected by stress scenarios in the European credit markets.

A.M. Best anticipates that MAPFRE RE will maintain its excellent underwriting record reflecting the profitable performance of its reinsurance business written for group companies and the effective mitigation of its catastrophe exposure through retrocession protection. In 2011, the company is likely to remain marginally profitable in its net underwriting account, subject to catastrophe experience for the balance of the year. Further ahead, MAPFRE RE is likely to gradually reduce potential volatility in performance due to catastrophe exposure through the expansion of other lines of business, such as its life, health and accident books.

MAPFRE RE continues to benefit from its strong business profile in Spain, Portugal and Latin America, which combined are expected to form approximately 51% of the gross written premiums in 2011. MAPFRE RE is an integral part of MAPFRE S.A., as it operates as the internal reinsurance unit for the group. However, most of MAPFRE RE's account will continue to be derived from third party sources (approximately 60%-65% anticipated in 2011).

The principal methodology used in determining these ratings is [Best's Credit Rating Methodology - Global Life and Non-Life Insurance Edition](#), which provides a comprehensive explanation of A.M. Best's rating process and highlights the different rating criteria employed. Additional key criteria utilised include: "Understanding Universal BCAR"; "Natural Catastrophe Stress Methodology";

"Rating Members of Insurance Groups"; and "Risk Management and the Rating Process for Insurance Companies". Methodologies can be found at www.ambest.com/ratings/methodology.

In accordance with Regulation (EC) No. 1060/2009, the following is a link to required disclosures: [A.M. Best Europe - Rating Services Limited Supplementary Disclosure](#).

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