

**BestWire - 07/24/2007 02:05 pm**

## **A.M. Best Affirms and Downgrades Ratings of MAPFRE RE, Compania de Reaseguros S.A.; Removes From Under Review**

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OLDWICK, N.J. July 24 (BestWire) — A.M. Best Co. has affirmed the financial strength rating (FSR) of A+ (Superior) and downgraded the issuer credit rating (ICR) to “aa-” from “aa” of MAPFRE RE, Compania de Reaseguros S.A. (Mapfre Re) (Spain). Concurrently, A.M. Best has removed the ratings from under review and assigned a stable outlook, which is in line with the ratings of its parent company, Mapfre S.A. (See today’s related press release.)

These ratings factor the downgrading of Mapfre S.A.’s ICR , although A.M. Best’s views Mapfre Re as an integral part of the Mapfre group. Other factors include Mapfre Re’s maintenance of its strong stand-alone risk-adjusted capitalisation, excellent operating performance and its leading position in the Spanish-speaking markets.

Despite higher capital requirements from anticipated substantial growth, A.M. Best expects Mapfre Re to maintain its strong risk-adjusted capitalisation from retained earnings and lower dividend payments to its parent company. Mapfre S.A. has supported Mapfre Re in the past to finance its strong growth and expects this continue, if necessary.

A.M. Best expects that despite prices in non-life reinsurance, overall earnings are likely to remain excellent with an after-tax profit in the region of EUR 75-80 million (USD 103-110 million), supported by higher investment returns and a profitable life reinsurance portfolio. Non-life underwriting performance is likely to deteriorate as a result of strong competition, but also based on A.M. Best’s expectation that the benign catastrophe season experienced during 2006 is unlikely to be repeated in 2007. Consequently, A.M. Best anticipates a combined ratio of approximately 95% (89% in 2006).

In A.M. Best’s view, Mapfre Re has an excellent business profile in Spain and Spanish-speaking markets (which comprises approximately 60% of the total gross premiums written). It is an integral component of the Mapfre group as the company acts as the main reinsurer for various Mapfre companies, which account for approximately 36% of Mapfre Re’s total premiums. A.M. Best expects Mapfre Re’s gross premiums written to increase by approximately 11% to EUR 1.6 billion (USD 2 billion) at year-end 2007, reflecting strong anticipated growth in Latin America (around 10%) and in the Middle East, but also higher cessions from Mapfre group companies (approximately 10%).

BN-NJ-07-24-2007 1405 ET #

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