

## A.M. Best Affirms Ratings of MAPFRE RE

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### FOR IMMEDIATE RELEASE

OLDWICK, N.J., AUGUST 21, 2008

**A.M. Best Co.** has affirmed the financial strength rating of A+ (Superior) and the issuer credit rating (ICR) of "aa-" of **MAPFRE RE, Compania de Reaseguros, S.A.** (MAPFRE RE) (Spain). The outlook for both ratings remains stable.

The ratings reflect MAPFRE RE's integral role within the MAPFRE group (Spain), its strong risk-adjusted capitalisation and robust underwriting results. An offsetting factor is MAPFRE RE's high organic growth rate in respect of third-party business.

In A.M. Best's view, MAPFRE RE has a strong level of risk-adjusted capitalization as retained earnings compensate for high growth. Prospectively, A.M. Best expects MAPFRE RE to maintain the current level of risk-adjusted capitalisation to support further growth, despite the dividend requirements by the parent company.

A.M. Best expects overall underwriting performance to remain robust in 2008, despite further pressure on prices in non life insurance, which is likely to lead to a deterioration in the combined ratio to approximately 93%-95% (compared to 90% in 2007) due to a higher claims ratio. Overall after tax profit is likely to increase by approximately 5%-10% to EUR 90-95 million (USD 131-139 million), mainly triggered by premium growth, which will translate into a return on equity of approximately 12%-14%.

The company benefits from the strong MAPFRE brand in the group's "traditional markets" such as Spain and Latin America (55% of MAPFRE RE's gross written premium), while business from Europe outside of Spain (30% of gross written premium) has been expanding rapidly following the opening of a new branch in Munich early 2007, benefiting from a diversification trend from the primary insurers. In A.M. Best's view, MAPFRE RE is an integral part of the MAPFRE group as it is acting as an internal reinsurer for the group, although a majority of its business (65%) is still third-party business. A.M. Best estimates that MAPFRE RE's gross written premium will grow in 2008 to approximately EUR 1.75-1.85 billion (USD 2.54-2.68 billion) from EUR 1.6 billion (USD 2.3 billion) in 2007 as the company is pursuing its expansion outside of Spain in Europe and Latin America. In addition, MAPFRE RE has started accepting internal reinsurance from Genel Sigorta and Commerce—the companies recently acquired by MAPFRE.

For Best's Ratings, an overview of the rating process and rating methodologies, please visit [Best's Rating Center](#).

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