



NEWS RELEASE

A.M. BEST EUROPE – RATING SERVICES LIMITED, LONDON

FOR IMMEDIATE RELEASE

CONTACTS: Deniese Imoukhuede
Senior Financial Analyst
+(44) 207 397 0277
deniese.imoukhuede@ambest.com

Carlos Wong-Fupuy
Senior Director
+(44) 20 7397 0287
carlos.wong-fupuy@ambest.com

Rachelle Morrow
Senior Manager, Public Relations
+(1) 908 439 2200, ext. 5378
rachelle.morrow@ambest.com

Jim Peavy
Assistant Vice President, Public Relations
+(1) 908 439 2200, ext. 5644
james.peavy@ambest.com

A.M. Best Comments on Ratings of MAPFRE RE, Compania de Reaseguros, S.A.

LONDON, 26 June 2012—A.M. Best Europe – Rating Services Limited has commented that the financial strength rating (FSR) of A (Excellent) and issuer credit rating (ICR) of “a” of **MAPFRE RE, Compania de Reaseguros, S.A.** (MAPFRE RE) are unchanged following the recent market volatility surrounding Spain’s economic conditions, derived from the uncertainty that underpins the country’s banking sector. MAPFRE RE, is a key subsidiary of **MAPFRE S.A.** (both domiciled in Spain), the ultimate holding company of the Mapfre Group.

A.M. Best’s comment follows the announcement that Spain will borrow up to EUR 100 billion from the European Financial Stability Facility or the European Stability Mechanism, to recapitalise its banks. In A.M. Best’s opinion, the perceived reduction in financial flexibility of the Spanish sovereign does not have an immediate and direct impact on the rating fundamentals of MAPFRE RE. This view is supported by stress tests undertaken on the company’s risk-adjusted capitalisation, with the results remaining within A.M. Best’s tolerance level. However, the high level of investments in Spanish sovereign and financial institutions debt remains a concern, together representing 153% of MAPFRE S.A.’s shareholders’ funds as at the first quarter of 2012. A.M. Best acknowledges that there are outstanding uncertainties relating to the terms of the EUR 100 billion loan and the external audits of Spain’s banking sector; and as such, A.M. Best may take negative actions on the ratings of MAPFRE RE in the event of further erosion to Spain’s sovereign creditworthiness.

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On 6 June 2012, A.M. Best Europe – Rating Services Limited downgraded the ICR to “a” from “a+” and affirmed the FSR of A (Excellent) of MAPFRE RE. At that time, both ratings were removed from under review with negative implications and assigned a negative outlook.

The methodology used in determining these ratings is Best’s Credit Rating Methodology, which provides a comprehensive explanation of A.M. Best’s rating process and contains the different rating criteria employed in the rating process. Key criteria utilised include: “Understanding BCAR for Property/Casualty Insurers”; “Catastrophe Analysis in A.M. Best Ratings”; “Evaluating Country Risk”; “Risk Management and the Rating Process for Insurance Companies”; “Rating Members of Insurance Groups”; and “Equity Credit for Hybrid Securities”. Best’s Credit Rating Methodology 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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