


Press Release - AUGUST 10, 2010

A.M. Best Affirms Ratings and Maintains Negative Outlook of MAPFRE RE, Compania de Reaseguros, S.A.

 Print this article

CONTACTS:

Analysts	Public Relations
Giorgio Brida	Rachelle Morrow
+(44) 20 7626 6264	+(908) 439-2200, ext. 5378
giorgio.brida@ambest.com	rachelle.morrow@ambest.com

Carlos Wong-Fupuy	Jim Peavy
+(44) 20 7626 6264	+(908) 439-2200, ext. 5644
carlos.wong-fupuy@ambest.com	james.peavy@ambest.com

FOR IMMEDIATE RELEASE

LONDON, AUGUST 10, 2010

A.M. Best Co. has affirmed the financial strength rating of A+ (Superior) and issuer credit rating of "aa-" of **MAPFRE RE, Compania 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) (Spain), its stable stand-alone risk-adjusted capitalisation, solid underwriting performance and strong competitive position in Spanish and Portuguese speaking markets. The affirmation of the ratings also takes into account the significant progress MAPFRE SA has made reducing the group's financial leverage. The outlook remains negative due to MAPFRE S.A.'s exposure to the Spanish economy, particularly exposure to Spanish government bonds and commercial property in Spain through its investment portfolio.

MAPFRE RE's risk-adjusted capitalisation remains strong despite limited earnings retention (58% dividend paid in 2009) and the increase in required capital for premium and reserve risk due to the company's continuing expansion. 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, particularly sovereign risk relating to the group's portfolio of Spanish government bonds.

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 effective mitigation of its catastrophe exposure through reinsurance. In 2010 the company is likely to continue its consistent record of underwriting profitability, subject to catastrophe experience for the balance of the year, reflecting manageable exposure to earthquake losses in Chile. Further ahead, MAPFRE RE is likely to gradually reduce potential volatility in performance due to catastrophe exposure in Latin America through writing more business in other territories and increasing its life underwriting. MAPFRE RE's performance through the financial crisis and economic downturn has been supported by stable investment returns.

MAPFRE RE continues to benefit from its strong business profile in Spain, Portugal and Latin America, which combined are expected to form approximately 55% of the gross written premium in 2010. 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 2010). A.M. Best believes that MAPFRE RE is likely to develop more third party reinsurance, particularly life business and business written from Asia, Australia and from the rest of Europe outside Spain.

For Best's Credit Ratings, an overview of the rating process and rating methodologies, please visit Best's Ratings & Analysis.

The principal methodology used in determining these ratings is Best's Credit Rating Methodology - Global Life & Non-Life Insurance Edition. Additional methodologies that may apply can be found at Best's Credit Rating Methodology.

Founded in 1899, A.M. Best Company is a global full-service credit rating organization dedicated to serving the financial and health care service industries, including insurance companies, banks, hospitals and health care system providers.

View a list of companies related to this press release. The list will include Best's Ratings along with links to additional company specific information including related news and reports.

A.M. Best's credit ratings are independent and objective opinions, not statements of fact. A.M. Best is not an Investment Advisor, does not offer investment advice of any kind, nor does the company or its Ratings Analysts offer any form of structuring or financial advice. A.M. Best's credit opinions are not recommendations to buy, sell or hold securities, or to make any other investment decisions.

A.M. Best receives compensation for interactive rating services provided to organizations that it rates. A.M. Best may also receive compensation from rated entities for non-rating related services or products offered by A.M. Best. A.M. Best does not offer consulting or advisory services. For more information regarding A.M. Best's rating process, including handling of confidential (non-public) information, independence, and avoidance of conflicts of interest, please read the A.M. Best Code of Conduct.

Copyright © 2010 by A.M. Best Company, Inc. ALL RIGHTS RESERVED

No part of this report may be distributed in any electronic form or by any means, or stored in a database or retrieval system, without the prior written permission of the A.M. Best Company. Refer to our terms of use for additional details.