

Press Release - DECEMBER 14, 2011

A.M. Best Downgrades Ratings of MAPFRE RE, Compania de Reaseguros, S.A.; Places Under Review with Negative Implications

 [Print this article](#)**CONTACTS:**

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

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

Stefan Holzberger
Managing Director - Analytics
+(44) 20 7397 0288
stefan.holzberger@ambest.com

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

FOR IMMEDIATE RELEASE

LONDON, DECEMBER 14, 2011

As a result of the continued negative developments regarding the eurozone sovereign debt crisis, **A.M. Best Europe – Rating Services Limited** is taking rating actions on a number of European (re) insurers. Amongst them, A.M. Best has downgraded the financial strength rating to A (Excellent) from A+ (Superior) and issuer credit rating to "a+" from "aa-" of **MAPFRE RE, Compania de Reaseguros, S.A.** (MAPFRE RE) (Spain), a key subsidiary of **MAPFRE S.A.** (Spain). Both ratings have been placed under review with negative implications.

These rating actions were driven by both MAPFRE S.A. and MAPFRE RE's exposure to investments in several peripheral eurozone economies, in particular Spain and Portugal. This also reflects MAPFRE S.A.'s exposure to commercial property in Spain through its investment holdings.

A.M. Best's rating actions on MAPFRE RE and other European (re)insurers reflect their exposure to the continued deterioration of the sovereign creditworthiness of several eurozone countries and the negative economic outlook for the region. A.M. Best has been actively monitoring this crisis and released reports on related (re)insurers' exposure in September and November of this year. The rationale for taking rating action at this point is largely attributable to the current heightened level of credit and liquidity risk for insurers operating within the eurozone countries—most notably Italy and Spain. The perceived strain on the economies of these countries and companies operating within their borders is growing rapidly with very little evidence of a solution being formulated to address near-term concerns.

The ratings for Mapfre Re will remain under review with negative implications while A.M. Best examines these companies' exposure to a prolonged adverse economic environment within the eurozone. Of particular concern to A.M. Best is the exposure to Italy and Spain's sovereign bonds and the potential for contagion into other asset classes, particularly holdings of European bank securities. In addition, A.M. Best will assess the likely impact of a prolonged financial crisis and recessionary environment on these carriers' market position and ongoing business operations.

Upward rating pressures are unlikely at this point.

Negative rating actions could occur if there were a worsening of risk-adjusted capitalisation tied to investment losses or a deterioration of the operating environment in key territories.

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: "Risk Management and the Rating Process for Insurance Companies"; "Understanding Universal BCAR"; "Understanding BCAR for Property/Casualty Insurers"; "Rating

Members of Insurance Groups"; "Natural Catastrophe Stress Test Methodology"; and "A.M. Best's Ratings & the Treatment of Debt". 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](#).

A.M. Best Europe – Rating Services Limited is a subsidiary of A.M. Best Company. Founded in 1899, A.M. Best Company is the world's oldest and most authoritative insurance rating and information source.

[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](#).

A.M. Best Company and its subsidiaries are not registered as External Credit Assessment Institutions (ECAI) in the European Union (EU). Credit ratings issued by A.M. Best Company and its subsidiaries can not be used for regulatory purposes in the EU as per Directive 2006/48/EC. View our [entire notice](#) for complete details.

Copyright © 2011 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.