Mapfre's Safety Acquisition to Strengthen US Franchise

Credit Comment

MAPFRE S.A. (Mapfre) has announced the acquisition of Safety Insurance, which we expect to strengthen its competitive position in US Northeast personal and commercial lines. This accompanied strong 1H26 results under IFRS, with attributable net income up 8.4% and the non-life combined ratio improving to 90.4% (1H25: 91.1%). We consider both developments consistent with Mapfre's 'AA-' Insurer Financial Strength (IFS) Rating and with our expectations for the group over the next 12–24 months, as reflected in the Stable Outlook.

Safety Acquisition Strengthens US Position with Manageable Risk

The US is a strategically important market for Mapfre, representing 8% of group premiums at 1H26, and one where profitability has improved materially in recent years following portfolio repositioning. The acquisition, expected to close in 1Q27, consolidates Mapfre's leadership in Massachusetts and expands its Northeast footprint in personal and small commercial lines, building on the wholly owned Mapfre USA. We view integration risk as manageable, given Mapfre's long-standing US presence and its positive track record in the country following the acquisition of Commerce Group in 2008. Management expects the deal to be cash-generating from year one and to lift group net income by over 5% once fully integrated, supported by identified cost synergies of over USD30 million run-rate per year.

Higher Leverage Remains Consistent with the Rating

The acquisition will be funded with EUR700 million of Tier 2 debt, EUR500 million of senior debt and the remainder in bank debt, with a bridge facility providing financing until bond issuance. We expect the Fitch-calculated financial leverage ratio to rise to approximately 24%, which remains supportive of the current rating, and to reduce gradually thereafter given Mapfre's consistent internal capital generation. We do not expect a material impact on the group's financial risk profile. The deal is expected to reduce the Solvency II (S2) ratio by around 10pp; even so, this leaves capitalisation comfortably within Mapfre's 175%–225% target range, with the S2 ratio at 206.8% (March 2026).

Improved Underwriting and Diversification Drive Earnings

The 1H26 result was driven by disciplined underwriting and the absence of large catastrophe losses, alongside a resilient financial result. The non-life combined ratio improved on a lower loss ratio of 62.7% (1H25: 64.0%), partly offset by a higher expense ratio of 27.8% (1H25: 27.1%). Group ROE was stable at 12.4%, and insurance revenue grew 3.5%. Underwriting was strong across the main markets: Iberia's combined ratio improved 3.0pp to 91.5% on recovering motor profitability, Brazil remained highly profitable at 72.4%, and North America improved to 92.1%. We expect this momentum to be sustained, and view Mapfre as on track to deliver full-year 2026 earnings and profitability comfortably in line with our assessment of very strong group profitability, absent a major catastrophe or market shock.

Ratings

MAPFRE, S.A.

Long-Term IDR	A
Outlook	Stable

Related Research

Fitch Upgrades MAPFRE IFS to 'AA-'; Outlook Stable (November 2025)

EMEA Insurance Outlook 2026 (December 2025)

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