Research Update:

Mapfre Group Upgraded To 'AA-' On Stronger Capital And Improved Earnings; Outlook Stable

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Overview

- Mapfre group has reported higher earnings generation. We believe its improved profitability across its diversified operations, comprehensive reinsurance protection, and conservative allocation of its investment portfolio will continue to support its very strong capital and earnings profile.
- The group has improved its underwriting results in recent years. Management has demonstrated strong underwriting discipline, despite inflationary pressures, thanks to selective price adjustments and sound reserving policy.
- We consequently revised our assessment of the group's financial risk profile to very strong from strong.
- We therefore raised our long-term issuer credit and financial strength ratings on Mapfre Re, Compania de Reaseguros, S.A. to 'AA-' from 'A+', and on the group's non-operating holding company Mapfre S.A. to 'A' from 'A-'. We also raised our long-term issue ratings on the senior unsecured instruments to 'A' from 'A-' and on subordinated debt to 'BBB+' from 'BBB'.
- The stable outlook reflects our expectation that Mapfre will achieve robust and stable results, with combined ratios (under IFRS17) and a return on equity (ROE) similar to other 'AA-' rated peers. We also expect it will maintain the resilience of its balance sheet, with an excess of capital at our 99.95% confidence level, a comprehensive reinsurance program, and a conservative strategic asset allocation.

Rating Action

On July 24, 2026, S&P Global Ratings raised its long-term issuer credit and financial strength ratings on core operating entity Mapfre Re, Compania de Reaseguros, S.A. to 'AA-' from 'A+', and on the group's non-operating holding company Mapfre S.A. to 'A' from 'A-'. The outlook is stable.

We also raised our long-term issue ratings on the senior unsecured instruments to 'A' from 'A-' and on subordinated debt to 'BBB+' from 'BBB'.

Rationale

Mapfre's capital position has continued to strengthen as measured by our risk-based capital model, supported by sustained strong underwriting profitability and robust investment returns. We consequently revised the group's financial risk profile to very strong from strong. We expect the group's capital position to remain above our 99.95% confidence-level throughout 2026-2028, providing a solid buffer against adverse events. We anticipate that catastrophe losses will remain in line with the group's articulated risk appetite, and we do not identify any unexpected losses stemming from strategic asset allocation. The potential adverse impact of foreign exchange currency risk is mitigated by the group's global footprint. Regulatory capital adequacy will remain stable; Mapfre reported a Solvency II ratio under the standard formula of 206.8% as of the first quarter of 2026.

In 2025, net income attributable to shareholders rose by 13.2% to a record €1.8 billion, highlighting the effectiveness of management's focus on underwriting discipline and cost control. The combined ratio improved to 90.5% from 93.2% under IFRS 17, underscoring the group's ability to manage claims and expenses efficiently. Additionally, ROE, including minority interests, reached 17.5% in 2025, reflecting the group's robust profitability and capital generation. Results for the first quarter of 2026 show further improvement on the prior year, reinforcing our view of Mapfre's resilient earnings capacity. This is due to strong and sustainable earnings generation overall, and across all major geographies and lines of business.

We expect Mapfre's investment strategy will remain cautious. In 2025, bonds, loans and cash together represented 79% of general account investments. Government bonds and cash together represented 55% of fixed-income investments. Real estate and equities made up 15% of investments. Exposure to private equity or debt is limited. We do not expect this allocation to materially change over the next two years.

Mapfre benefits from a comprehensive reinsurance program to reduce its exposure to natural catastrophes, which increases the stability of the group's profitability.

We have selected the 'aa-' anchor, as Mapfre's profitability metrics and balance sheet resilience are similar to those of peers--notably other global multiline insurers--that we rate at 'AA-'.

We believe the Mapfre group would be resilient to a potential negative impact if Spain were to default on its debt. The group's exposure to Spanish assets is about 38% of its general account investments. Under our sovereign stress test on Spain, we believe the group would not deplete its regulatory capital base of €10.6 billion as of year-end 2025, which means it would not itself default. Given Mapfre's broad diversification of activities by lines of business, the core operating entities of the group can be rated up to three notches above the long-term unsolicited rating on Spain (A+/Stable/A-1).

On July 23, 2026, Mapfre made a binding offer to acquire 100% of Massachusetts-based Safety Insurance Group at 105$ per share, for a total amount to $1.54 billion. The acquisition is subject to regulatory approvals and Safety Insurance Group shareholders' approval. We consider this potential bolt-on acquisition will have a limited impact on the financial risk profile of Mapfre, while strengthening the group's competitive property and casualty position in personal and commercial auto, as well as homeowners' business in Massachusetts in the U.S. We expect Mapfre will be able to leverage on its existing position to benefit from synergies while integrating Safety Insurance Group.

Our rating action is not dependent on the execution of the acquisition.

Outlook

The stable outlook reflects our expectation that the group will continue to display robust profitability, in line with 'AA-' rated peers, thanks to the broad diversification of its activities. It also reflects our view that the group will maintain an excess of capital at our 99.95% confidence level, comprehensive reinsurance protection, and a prudent strategic asset allocation.

Downside scenario

We could lower the ratings over the next two years if, contrary to our expectations:

- Projected capital adequacy declines below the 99.95% confidence level in our capital model for a protracted period; or
- Profitability substantially declines, eroding our view of the group's competitive advantage; or
- The announced acquisition were to unexpectedly and markedly have a negative impact on the group's performance; or
- The group were no longer able to pass our sovereign stress test on Spain.

Upside scenario

While unlikely over the next two years, a positive rating action would hinge on Mapfre's profitability metrics, diversification, and balance sheet resilience becoming comparable to those of 'AA' rated peers.

Rating Component Scores	To	From
Business Risk Profile	**Very Strong**	**Very Strong**
Competitive position	Very strong	Very strong
IICRA	Intermediate risk	Intermediate risk
Financial Risk Profile	**Very Strong**	**Strong**
Capital and earnings	Very Strong	Strong
Risk exposure	Moderately low	Moderately low
Funding structure	Neutral	Neutral
Anchor	**aa-**	**a+**
Modifiers		
Governance	Neutral	Neutral
Liquidity	Exceptional	Exceptional
Comparable rating analysis	0	0
Current Credit Rating		
Local currency financial strength rating	AA-/Stable/--	A+/Positive/--
Foreign currency financial strength rating	--	--
Local currency issuer credit rating	AA-/Stable/--	A+/Positive/--
Foreign currency issuer credit rating	--	--

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, Oct. 13, 2025

- Criteria | Insurance | General: Insurer Risk-Based Capital Adequacy--Methodology And Assumptions, Nov. 15, 2023
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Insurance | General: Insurers Rating Methodology, July 1, 2019
- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Spain-Based Mapfre S.A.'s Proposed Subordinated Tier 2 Notes Rated 'BBB', June 1, 2026
- Global Multiline Insurers' Earnings Are Almost As Good As It Gets, May 13, 2026
- Mapfre S.A., March 30, 2026
- Mapfre S.A.'s Proposed Senior Unsecured Notes Rated 'A-', Jan. 12, 2026
- Mapfre S.A., Nov. 27, 2025
- Mapfre Group Outlook Revised To Positive On Improving Capital And Earnings; Ratings Affirmed, July 18, 2025
- Solid Earnings Momentum For Global Multiline Insurers Continues, May 23, 2025

Ratings List

Ratings List		
Upgraded; Outlook Action		
	To	**From**
Mapfre S.A.		
Issuer Credit Rating		
Local Currency	A/Stable/--	A-/Positive/--
Mapfre Re, Compania de Reaseguros, S.A.		
Issuer Credit Rating		
Local Currency	AA-/Stable/--	A+/Positive/--
Financial Strength Rating		
Local Currency	AA-/Stable/--	A+/Positive/--
Upgraded		
	To	**From**
Mapfre S.A.		
Senior Unsecured	A	A-
Subordinated	BBB+	BBB

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.