

## RATING ACTION COMMENTARY

# Fitch Revises MAPFRE's Outlook to Positive; Affirms IFS Rating at 'A+'

Thu 06 Mar, 2025 - 6:25 AM ET

Fitch Ratings - Madrid - 06 Mar 2025: Fitch Ratings has revised the Outlook on Spanish insurer MAPFRE, S.A. and its core operating subsidiary MAPFRE Asistencia Compañía Internacional de Seguros y Reaseguros, S.A. to Positive from Stable. It has affirmed MAPFRE's Issuer Default Rating (IDR) at 'A-' and the subsidiaries' Insurer Financial Strength (IFS) Ratings at 'A+' (Strong). A full list of rating actions is below.

The Positive Outlook reflects MAPFRE's improved financial performance and earnings. The ratings also reflect MAPFRE's very strong company profile as well as capitalisation and leverage. These factors are partly offset by MAPFRE's moderate investment risk.

## KEY RATING DRIVERS

**Improved Financial Performance:** MAPFRE reported improved earnings in 2024 with net income, excluding minorities, of EUR968 million (2023: EUR677 million), equivalent to a net income return on equity (RoE) of 11% (2023: 8%), under IFRS17. This was driven by improved underwriting performance and investment income. MAPFRE reported an improved combined ratio of 93% in 2024, versus 96.5% in 2023, due to better underwriting results across all business units as a result of higher tariffs, underwriting measures, and the absence of large catastrophic events in 2024.

Fitch believes MAPFRE will be able to deliver strong earnings in 2025 following the remedial action it has taken across its main lines of business and geographies. We expect underwriting profitability to remain strong and believe MAPFRE should be able to achieve its targeted combined ratio of around 95%-96% in 2025, in the absence of large catastrophe events.

**Very Strong Company Profile:** Fitch views MAPFRE's company profile as very strong and scores it at 'aa'. With EUR28 billion of gross written premiums in 2024, MAPFRE has very strong market positions in Spain, where it is a leader in the non-life segment, and Latin America, particularly Brazil. Its market share in Spain was 13.7% in non-life and

7.8% in life in 2024. MAPFRE was the sixth-largest European and the third-largest insurance group in Latin America in 2023. MAPFRE's strong diversification by geography and business line is positive for the stability of its earnings.

**Very Strong Capitalisation:** We view MAPFRE as well-capitalised, based on the group's regulatory Solvency II (S2) ratio of 202.4% at end-September 2024 (end-2023: 199.6%), which we assess as 'Very Strong'. Own funds backing the S2 ratio largely consist of unrestricted Tier 1 capital. MAPFRE also has a 'Very Strong' score under Fitch's Prism Global capital model at end-2023, which we estimate to have remained 'Very Strong' at end-2024. The Prism score and the S2 ratio exclude MAPFRE's goodwill of EUR1.4 billion at end-2024 from available capital.

**Moderate Leverage:** MAPFRE's financial leverage ratio (FLR) was broadly stable at 18.5% at end-2024 (end-2023: 19.3%) on an IFRS 17 basis, a level that is commensurate with its ratings. Its leverage compares favourably with similarly rated peers'.

**Moderate Investment Risk:** Fitch assesses MAPFRE's investment risk as moderate. The risky-assets/capital ratio was 90% at end-2024. Its investment portfolio is well-balanced and prudent, with 83% of total investments in fixed income allocated to investment-grade instruments at end-2024. However, 22% of the fixed-income portfolio was allocated to 'BBB' rated instruments and 14% to 'BB' or less, led by Brazilian government bonds (BB/Stable).

Our assessment of MAPFRE's asset risk also takes into account the group's substantial, albeit reduced, exposure to Spanish sovereign debt at 81% at end-2024 (2023: 84%) of total capital.

## RATING SENSITIVITIES

### Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- Material deterioration to the group's S2 ratio to below 150%
- A significant increase in investment risk
- A failure to maintain the RoE above 10% or the combined ratio below 96% will lead to a revision of the Outlook to Stable

### Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- Material improvement in the group's financial performance, as measured by a net income return on shareholders' equity of 10% or more, and a combined ratio of 96% or

less on a sustained basis. The following conditions would also have to be maintained on a sustained basis:

- Solvency 2 ratio above 180%
- FLR below 25%
- Stable asset risk

**REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING**

The principal sources of information used in the analysis are described in the Applicable Criteria.

**ESG CONSIDERATIONS**

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

**RATING ACTIONS**

| ENTITY / DEBT ↕   | RATING ↕ |      |          | PRIOR ↕ |
|---|----------|------|----------|---------|
|   |          |      |          |         |
| MAPFRE Asistencia<br>Compania Internacional<br>de Seguros Y<br>Reaseguros, S.A. | LT IFS   | A+   | Affirmed | A+      |
| MAPFRE, S.A.  | LT IDR   | A-   | Affirmed | A-      |
| subordinated  | LT       | BBB- | Affirmed | BBB-    |

|                  |    |      |          |      |
|------------------|----|------|----------|------|
| senior unsecured | LT | BBB+ | Affirmed | BBB+ |
|------------------|----|------|----------|------|

|              |    |     |          |     |
|--------------|----|-----|----------|-----|
| subordinated | LT | BBB | Affirmed | BBB |
|--------------|----|-----|----------|-----|

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**VIEW ADDITIONAL RATING DETAILS**

Additional information is available on [www.fitchratings.com](http://www.fitchratings.com)

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**APPLICABLE CRITERIA**

[Insurance Rating Criteria \(pub. 04 Mar 2024\) \(including rating assumption sensitivity\)](#)

**ADDITIONAL DISCLOSURES**

[Dodd-Frank Rating Information Disclosure Form](#)

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**ENDORSEMENT STATUS**

MAPFRE Asistencia Compania Internacional de Seguros Y Reaseguros, S.A.

EU Issued, UK Enc

MAPFRE, S.A.

EU Issued, UK Enc

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