

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

## Update

### Key Rating Drivers

**Very Strong Business Profile:** Fitch Ratings ranks MAPFRE Group's business profile as most favourable compared with other Spanish insurance groups and scores its business profile at 'aa'. MAPFRE has very strong market positions in Spain, where it is a leader in the non-life segment, and in Latin America, particularly Brazil. MAPFRE's market share in Spain was 14% in non-life and 7% in life in 2022. MAPFRE was the ninth-largest European and the third-largest Latin American insurer in 2022.

**Very Strong Capitalisation and Leverage:** Fitch considers MAPFRE well-capitalised, based on a 'Strong' score from Fitch's Prism Factor-Based Capital Model (FBM). The group's regulatory Solvency II (S2) ratio was very strong at 198% at end-3Q23 (end-2022: 201%). Own funds backing the S2 ratio largely consist of unrestricted Tier 1 capital. The Prism FBM score and the S2 ratio exclude MAPFRE's goodwill of EUR1.4 billion at end-2022 from available capital.

MAPFRE's reported financial leverage was broadly stable at 24.8% at end-3Q23, a level commensurate with its ratings. We view MAPFRE's leverage as 'Strong', comparing well with similarly rated peers.

**Strong, Resilient Profitability:** The group's overall profitability remained strong in 9M23 despite inflationary pressures in various markets, as a result of improvement in underwriting performance and strong investment income. This was reflected in the net result, excluding minorities, of EUR471 million, which equals a return on equity of 8.2% (9M22: 8.2%).

MAPFRE's underwriting performance remained resilient in 9M23, slightly improving from prior relevant periods. MAPFRE's combined ratio slightly reduced in 9M23 to 96.8% (9M22: 98.4%), mainly due to improvement in underwriting performance of general property and casualty (P&C) line as well as reinsurance.

**High Exposure to Sovereign Risk:** Our assessment of MAPFRE's asset risk takes into account the group's significant, albeit reducing, exposure to Spanish sovereign debt at 101% of total equity at end-3Q23 (end-2022: 106.5%). MAPFRE is also substantially exposed to the Spanish economy, as about 60% of its attributable result originates from Spain (A-/Stable). However, Fitch believes MAPFRE's capital is resilient against potential stress from substantial exposure to Spanish sovereign debt.

### Ratings

MAPFRE, S.A.  
Long-Term IDR A-

MAPFRE Asistencia Compania Internacional de Seguros Y Reaseguros S.A.  
Insurer Financial Strength A+

Outlooks  
Long-Term IDR Stable  
Insurer Financial Strength Stable

Debt Ratings  
Subordinated Long-Term Rating BBB-  
Senior Unsecured Long-Term Rating BBB+

### Financial Data

| MAPFRE, S.A.                 |          |          |
|------------------------------|----------|----------|
| (EURm)                       | End-2022 | End-2021 |
| Total assets                 | 53,410   | 57,770   |
| Total equity and reserves    | 8,360    | 9,667    |
| Total gross written premiums | 24,541   | 22,155   |
| Net income                   | 642      | 765      |
| Solvency II (%)              | 201      | 206      |

Note: Reported on a yearly basis.  
Source: Fitch Ratings, MAPFRE, S.A.

### Applicable Criteria

[Insurance Rating Criteria \(July 2023\)](#)

### Related Research

[Spain \(November 2023\)](#)  
[Spanish Insurance Outlook 2024 \(November 2023\)](#)

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## Rating Sensitivities

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

- Material improvement to 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, providing that S2 ratio remains above 180% and financial leverage below 25%.
- An improvement in Fitch's assessment of asset risk as measured by a risky-assets ratio below 70% (2022: 83%) and a reduction in sovereign risk, as measured by, for example, a sovereign investments/capital ratio below 100% on a sustained basis.

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

- Deterioration to the group's capital position, as measured by the Prism FBM score falling below 'Strong'.

## Latest Developments

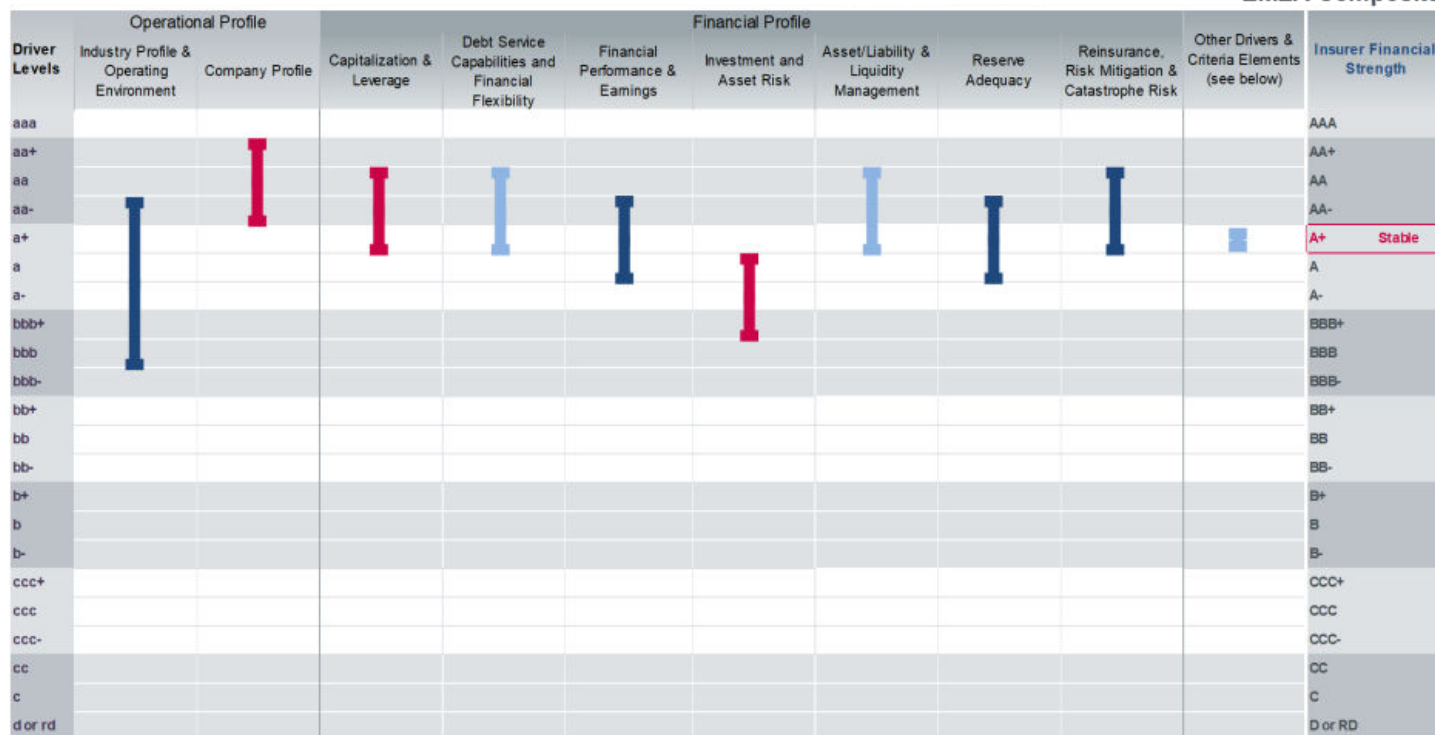
- The operating environment in motor insurance is stabilising but remains challenging across MAPFRE's main geographies, driven by inflationary pressures. MAPFRE's combined ratio for the motor segment was 105.9% in 9M23. MAPFRE increased tariffs to counteract increases in claims costs but these actions take time to flow through to the results. General P&C combined ratio of 87.1% in 9M23 compensated for poor performance in motor.
- MAPFRE reported growth in premiums of 10.9% in 9M23, with strong premium growth across most of the lines, in particular life savings in Spain, general P&C, accident and health, and reinsurance, which is benefitting from favourable pricing conditions.
- In 3Q23, MAPFRE reported a favourable outcome of arbitration regarding the end of the alliance with Bankia, which resulted with a positive net impact of EUR46.5 million. However, it group recorded a EUR75 million provisional impact for a goodwill write-down for its insurance operations in the US due to the higher interest rates and the adverse environment for motor line due to inflation.

## Key Rating Drivers – Scoring Summary

### MAPFRE, S.A.



### Insurance Navigator EMEA Composite



| Other Factors & Criteria Elements             |          |         |          |                    |
|---|----------|---------|----------|--------------------|
| Provisional Insurer Financial Strength Rating |          |         |          | A+                 |
| Non-Insurance Attributes                      | Positive | Neutral | Negative | +0                 |
| Ownership / Group Support                     | Positive | Neutral | Negative | +0                 |
| Transfer & Convertibility / Country Ceiling   | Yes      | No      | AA+      | +0                 |
| <b>Insurer Financial Strength Rating</b>      |          |         |          | Final: <b>A+</b>   |
| IFS Recovery Assumption                       | Good     |         |          | -1                 |
| <b>Issuer Default Rating (IDR)</b>            |          |         |          | Final: <b>n.a.</b> |

| Bar Chart Legend:           |                       |
|-----------------------------|-----------------------|
| Vertical Bars               | = Range of Driver     |
| Bar Colors                  | = Relative Importance |
| ■                           | Higher Influence      |
| ■                           | Moderate Influence    |
| ■                           | Lower Influence       |
| Bar Arrows = Driver Outlook |                       |
| ↑                           | Positive              |
| ↓                           | Negative              |
| ↕                           | Evolving              |
| □                           | Stable                |

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