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Mapfre S.A.

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Mapfre S.A.

*(**Editor's Note:** This article, originally published on May 8, 2025, was updated on May 16, 2025, to correct the notional and equity content of the senior unsecured bond in table 1.)*

Anchor	a+
Business Risk	**Very Strong**
Competitive position	Very strong
IICRA	Intermediate
Financial Risk	**Strong**
Capital and earnings	Strong
Risk exposure	Moderately low
Funding structure	Neutral

+

Modifiers	0
Governance	Neutral
Liquidity	Exceptional
Comparable ratings analysis	0

=

SACP	a+

+

Support	0
Group support	0
Government support	0

=

Financial strength rating	Holding company ICR
A+/Stable/--	A-/Stable/--

IICRA--Insurance Industry And Country Risk Assessment.
SACP--Stand-alone credit profile.

Credit Highlights

Overview

Key strengths	Key risks
A widely recognized international insurance brand with leading positions in Spain and Latin America.	Competitive pressure on technical performance in the motor line of business, notably in Spain and EMEA.
Strong earnings stemming from broad geographic and business diversification.	Premiums and earnings sensitivity to currency fluctuations stemming from operations in emerging markets.
Capital projected to remain at least strong under our risk-based capital model.	

S&P Global Ratings expects Mapfre Group to demonstrate very strong performance thanks to the diversification of its business. The group leverages its broad diversification across countries and lines of business, posting very strong results recently, particularly in 2024 and the first quarter of 2025. It has coped with the challenging inflationary environment of recent years by adjusting pricing selectively and maintaining underwriting discipline. Some challenges are still present in the motor line of business, notably in Spain and other European countries. However, the group managed to improve technical profitability substantially, with the combined ratio dropping to 99.3% for that line of business during the first quarter of 2025 from 105.3% for the same period last year.

The group reported record-high net income attributable to all shareholders of €1.6 billion in 2024, up 25% on 2023. The improvement in the combined ratio to 93% from 96.5% (under IFRS 17) supported the group's strong performance. The results for the first quarter of 2025 were also in line with the strong full-year 2024 results, demonstrating the group's ability to face the challenges of the inflationary environment of recent years by adjusting pricing and maintaining underwriting discipline.

We think the group will maintain leading positions in Spain and Latin America. Mapfre continues to leverage its strong brand, its multichannel distribution strategy, and diversification by business line and region to reinforce its presence as a global multiline insurance group. Nevertheless, we still choose the lower anchor of 'a+' because Mapfre group's revenues and earnings are less diversified than other global multiline insurers that we rate 'AA-', especially in the life sector. It is also more exposed to emerging markets.

We think Mapfre Group will sustain a strong financial risk profile. We project that the group will maintain a capital adequacy of at least above our 99.80% confidence level under our capital model. We also expect the group's catastrophe losses to remain within its risk appetite. We see no additional risks arising from the strategic asset allocation or concentration.

We anticipate the group will continue to pass our sovereign stress test in the event of a default by Spain. The insurer's international investment diversification allows us to rate its core operating entities up to three notches above the long-term rating on Spain (unsolicited A/Stable/A-1).

Outlook: Stable

The stable outlook reflects our expectation that the group will continue to navigate the current macroeconomic and capital market uncertainties, profiting from strong geographic and business line diversification. We also expect the group will keep its capital position comfortably at least at the 99.80% level, according to our capital model, backed by sound earnings that support Mapfre's growth and dividend targets.

Downside scenario

While unlikely at this time, we could consider downgrading the group over the next 24 months if:

- Capitalization declined on a prolonged basis below our 99.80% confidence level threshold, based on our capital model. This could result from severe global and domestic financial market stress;
- Performance consistently deteriorated below our expectations with combined ratios higher than 100%, eroding the group's competitive strength; or
- We no longer expected Mapfre Group to pass our sovereign default test, which could result from an unexpected drop in regulatory capital or from an increase in Spanish assets relative to regulatory capital.

Upside scenario

We could take a positive rating action over the next 24 months if Mapfre's:

- Capital adequacy remained at the 99.95% confidence level for a protracted period; and
- Operating performance and diversified earnings generation improved, reaching a level in line with 'AA-' rated peers.

Key Assumptions

- Real GDP in Spain to grow by about 2.6% in 2025, down from 3.2% in 2024. We believe annual growth will then fall to about 2% until 2028.
- Flat long-term interest rates, with Spanish 10-year government bonds expected to reach 3.2% in 2025 and 3.3% in the following years.
- Inflation in Spain to fall to 2.5% in 2025 from 2.9% in 2024 before falling further to 2.0% in 2026 and 2027.
- GDP growth for Brazil is estimated at 1.9% for 2025, compared with 2.9% in 2024.
- Long-term rates in Brazil to reach 14.75% at year-end 2025 and 12.5% by 2026.
- In Brazil, we project the consumer price index will increase to 5.2% in 2025 before decreasing to 4.7% in 2026 and to 3.8% in 2027.

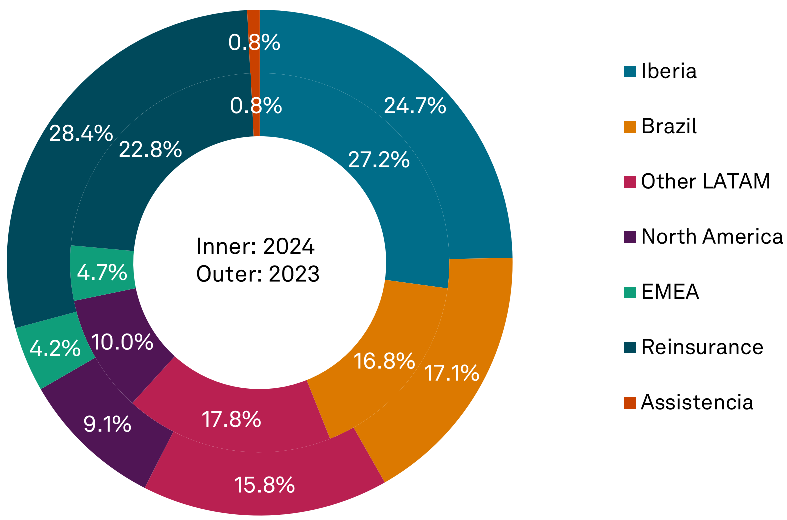
Mapfre Group: Key metrics

	2026f	2025f	2024a	2023a	2022a
Insurance revenue | Gross premiums written*	>26500	>26000	25,513	24,781	24,540
Net income (attributable to all shareholders)	>1200	>1200	1,587	1,267	1,084
Net income (attributable to the controlling company)	>600	>600	968	677	642
S&P Global Ratings capital adequacy	99.80%	99.95%	99.95%	99.95%	Strong
Return on shareholder's equity (%)	>13	>13	16.16	13.67	12
EBITDA fixed-charge coverage (x)	>8	>8	16.1	8.8	14.7
Financial leverage including pension deficit as debt (%)	~22	~22	21.1	22.1	26
P/C: Net combined ratio (%)	<96	<96	93.2	96.6	98
Net investment yield (%)	>3	>3	3.6	3.7	3.1
Return on revenue (%)	>4	>4	5.9	3.6	7.1
Return on assets (excluding investment gains/losses) (%)	>2,5	>2,5	3.4	2.1	2.7

*Data prior to 2023 is based on IFRS 4. f--Forecast. a--Actual. P/C--Property/Casualty. Source: S&P Global Ratings.

Chart 1

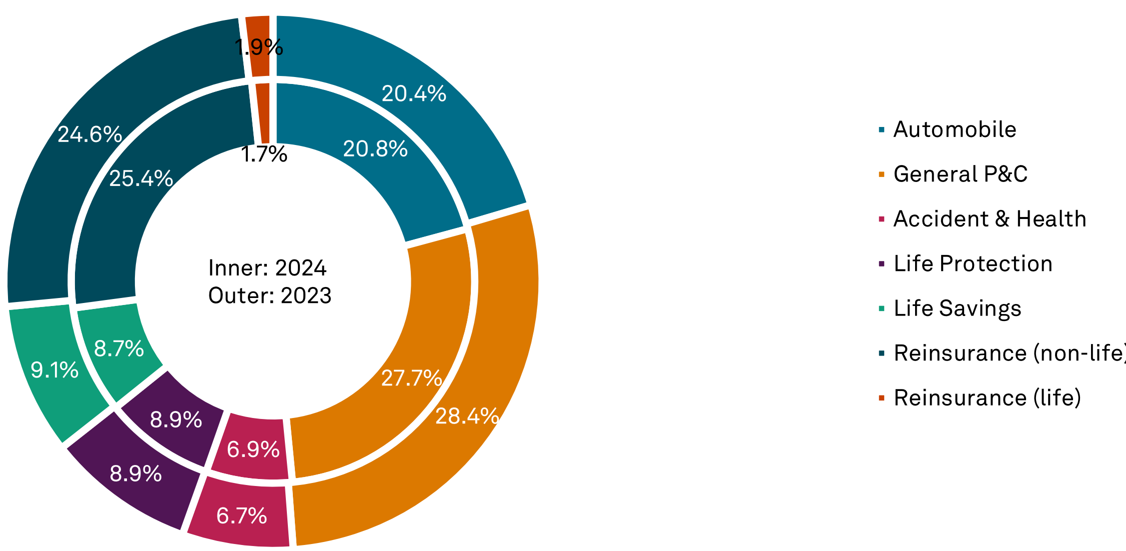
Broad international footprint of Mapfre Group's operations (insurance revenue)



Source: S&P Global Ratings based on data disclosed by Mapfre.

Chart 2

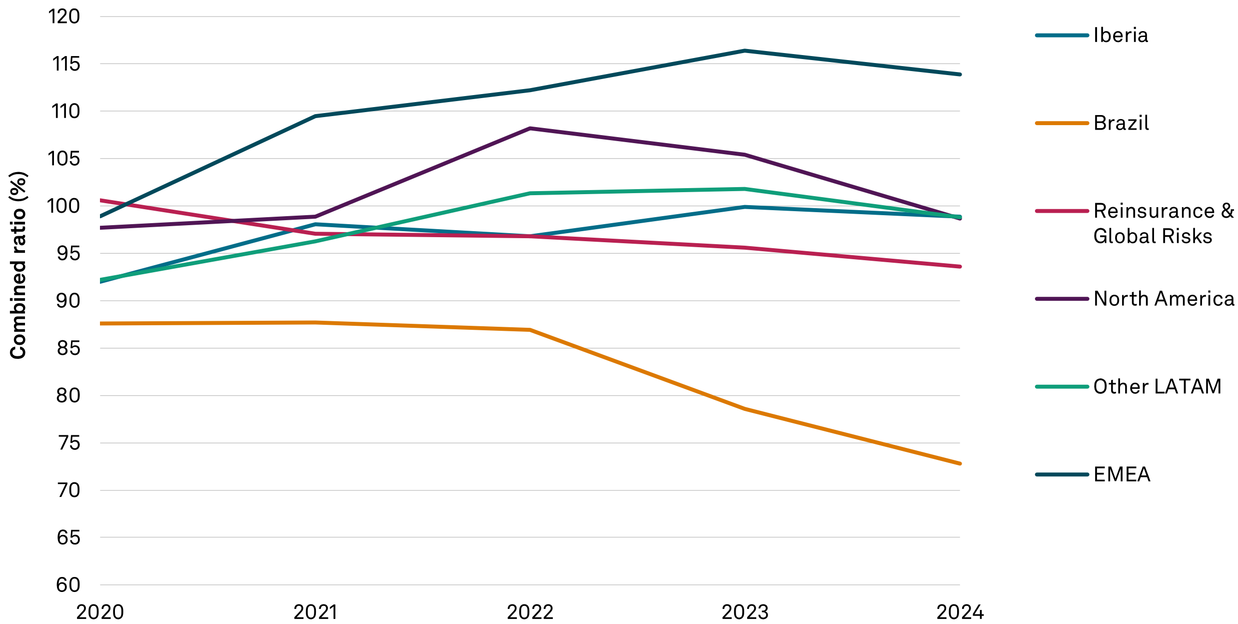
Strong diversification of Mapfre Group's insurance revenue across non-life and life



Source: S&P Global Ratings based on data disclosed by Mapfre.

Chart 3

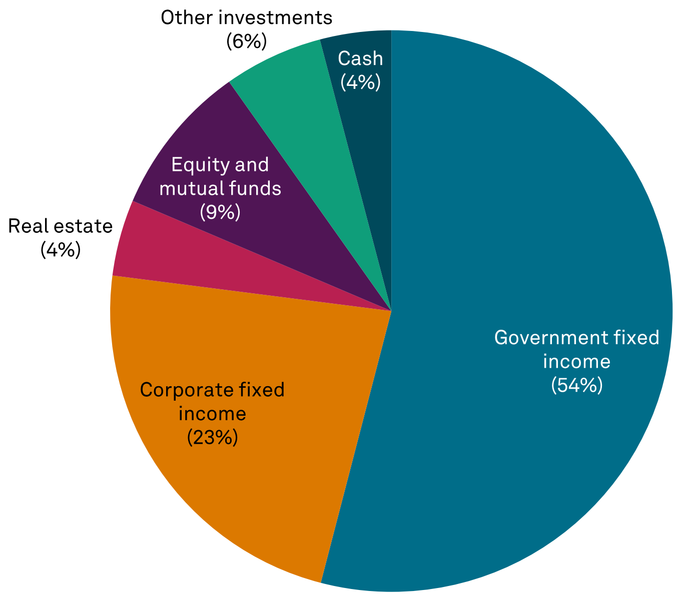
Positive trend of combined ratios across regions



Source: Homogenized local accounting published by Mapfre.

Chart 4

Fixed-income instruments comprise the bulk of Mapfre's strategic asset allocation
Dec. 31, 2024



Source: S&P Global Ratings based on data disclosed by Mapfre.

Business Risk Profile: Very Strong

Mapfre Group is a prominent insurer in Spain, its home market, ranking second in the country in terms of gross written premiums across both property and casualty (P/C) and life with a 13.7% and 7.8% market share, respectively, in 2024. Furthermore, the company has established a global presence, primarily through its reinsurance activities, extending its operations mainly to Latin America--including Brazil--as well as regions in the U.S., Europe, and Asia. The group has established a strong brand reputation within its primary markets, enhancing its competitive advantage.

Mapfre posted strong business growth in 2024, with gross premiums increasing by 4.5% to €28.2 billion. This was supported by significant business generated mainly in Brazil and Spain, and the reinsurance business lines taking advantage of the increasing premium rates. For 2024, the group achieved a consolidated result of €1.6 billion, compared with €1.3 billion (under IFRS 17) in 2023, and a return on equity (ROE) of 16.2%, including minority interests. We anticipate the group will maintain a similar level of profitability, with ROE at least above 13% and a combined ratio below 97%, over the next few years. The results of the first quarter of 2025 were in line with our expectations.

In 2024, the group continued to improve its technical profitability in most of its business lines across regions. Additionally, it also returned the motor business to technical profitability in the first quarter of 2025, with its combined ratio dropping to 99.3% for that line of business from 105.3% for the same period last year.

Overall, technical performance in P/C remained favorable in 2024 and the first quarter of 2025, with a net combined ratio of 94.4% and 94.1% respectively (under local accounting standards), reflecting the success of its diversification strategies both within the segment and across different regions, alongside the company's initiatives to adjust prices.

The absence of significant natural catastrophe events outside Spain on Mapfre Re's exposures in 2024 also had a positive impact on overall results. The flash floods that occurred in late October in Spain's Valencia region as a result of record rainfall had a limited impact on the Mapfre Group, at €27 million net of reinsurance. This is because the state-owned entity, Consorcio de Compensacion de Seguros, expects to cover most of the insured market losses, estimated at €4.5 billion. During the first quarter of 2025, claims relating to the wildfires in California amounted to €85 million net for the Mapfre Group through its reinsurance unit Mapfre Re. Although a significant event, we consider it as falling within the group risk appetite.

Financial Risk Profile: Strong

Mapfre Group's capital adequacy was above the 99.95% confidence level at year-end 2023 according to our model. We expect it will remain at least above the 99.80% confidence level over our two-year forecast period. Net income for 2024 increased to €1.6 billion, compared with €1.3 billion in 2023. We anticipate the group will post strong earnings in 2025 and 2026, with net income, including minority interests, of at least €1.3 billion. Retained earnings will continue to support the group's capital adequacy, although they only partly match the organic--and potentially inorganic--growth of capital requirements. We estimate that risk charges will continue growing substantially. The company's insurance revenues for 2024 were €25.5 billion. We project they will reach at least €26 billion in 2025 and €26.5 billion in 2026. Our projections also include a dividend payment policy in line with previous years.

The group's Solvency II ratio (excluding transitional measures) was 207.4% (provisional as communicated by the group) at Dec. 31, 2024, versus 199.6% at year-end 2023, which is within the company's 175%-225% targeted range.

Mapfre Group's strategic asset allocation presents moderately low risk, as it is mostly geared toward government and corporate bonds (about 72% of the invested assets at the end of 2024). Fixed-income investments rated 'BB' or lower account for about 13.5% of the fixed-income securities and are mainly concentrated in Brazilian government bonds. The strategic asset allocation diversifies away from bond exposure through equity investments and mutuals funds (about 9%), and real estate (about 4%).

Table 1

Capital structure and equity content

Issuer	ISIN	Issue description	Issue date	Callable	Maturity date	Notional (mil. €)	Coupon (%)	Fixed/ Floating	Equity content
Senior									
Mapfre S.A.	ES0224244071	Senior unsecured	May 19, 2016	No	May 19, 2026	857.3	1.625	Fixed	No equity content
Subordinated									
Mapfre S.A.	ES0224244089	Subordinated unsecured (Tier 2)	March 31, 2017	31/03/2027 or any interest payment date thereafter	March 31, 2047	600	4.375% per annum (annual) until first call date, thereafter 3m Euribor + 454.3 bps (floating, quarterly)	Fixed to float	Intermediate
Mapfre S.A.	ES0224244097	Subordinated unsecured (Tier 2)	Sept. 7, 2018	07/09/2028 or any interest payment date thereafter	Sept. 7, 2048	500	4.125% per annum (annual) until first call date, thereafter 3m Euribor + 430 bps (floating, quarterly)	Fixed to float	Intermediate
Mapfre S.A.	ES0224244105	Subordinated unsecured (Tier 3)	April 13, 2022	No	April 13, 2030	500	2.875	Fixed	No equity content, included in TAC as debt funded capital

bps--Basis points. TAC--Total adjusted capital.

In recent years, the group has demonstrated its ability to raise debt capital via its listed entity, Mapfre S.A. We calculate Mapfre group's financial leverage was 21.1% and its fixed-charge coverage 16.1x at year-end 2024. We expect its financial leverage to remain close to 22% and its fixed-charge coverage above 8x, reflecting our view of its steady external financing strategy.

Other Key Credit Considerations

Governance

Mapfre Group's management and governance are strong, as reflected by its good track record of strategic planning and execution.

The recent appointment of José Luis Jimenez as CFO in place of Fernando Mata was expected, after the former became deputy CFO a year earlier.

Liquidity

Liquidity is exceptional, given the high percentage of readily realizable assets and strong operating cash flows. The group also benefits from a €500 million credit facility, signed last year for a period of five years, of which €85 million was drawn in 2024. The fact that this facility is smaller than the previous facility of €1 billion does not raise concern regarding liquidity.

Ratings above the sovereign

Mapfre Group's international diversification makes it resilient to a hypothetical domestic sovereign stress situation. As a result, we are able to rate the core operating entities of the Mapfre Group up to three notches above the long-term rating on Spain, reflecting our view of the group's moderate-to-high sensitivity to country risk. In our assumptions, we add back to Mapfre Group's own Solvency II funds minority interests in excess of regulatory capital at subsidiaries that are excluded from Solvency II. We also estimate that, in the event of financial stress, Mapfre Group's Solvency II regulatory capital would benefit from the characteristics of most of its Spanish savings products; if the holder surrenders the policy before maturity, they will receive the market value of the assets if this is lower than the technical provisions (the policies mainly have a terminal guarantee).

Factors specific to the holding company

The issuer credit rating on the group's top nonoperating holding company, Mapfre S.A., is the standard two notches below the insurer financial strength rating on the group's core entities. The holding company depends on cash flows from its operating entities to fulfil its financial obligations, and Mapfre S.A.'s creditors are subordinated to the core entities' policyholders. The stable outlook on Mapfre S.A. mirrors that on the group's core operating entities.

Environmental, social, and governance

ESG factors have no material influence on our credit rating analysis of Mapfre.

Related Criteria

- Criteria | Insurance | General: Insurer Risk-Based Capital Adequacy--Methodology And Assumptions, Nov. 15, 2023
- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- 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

- Mapfre S.A., Nov. 15, 2024
- Insurance Brief: Flash Floods In Spain Have Limited Effect On Insurance Ratings, Nov. 7, 2024
- Mapfre Group Ratings Affirmed Following Revised Capital Model Criteria; Outlook Stable, July 11, 2024
- How Global Multiline Insurers' Net Profit Rose Almost 70% In 2023, April 25, 2024

Business And Financial Risk Matrix

Business risk profile	Financial risk profile							
	Excellent	Very Strong	**Strong**	Satisfactory	Fair	Marginal	Weak	Vulnerable
Excellent	aa+	aa	aa-	a+	a-	bbb	bb+	b+
Very Strong	aa	aa/aa-	**aa-/a+**	a+/a	a-/bbb+	bbb/bbb-	bb+/bb	b+
Strong	aa-/a+	a+/a	a/a-	a-/bbb+	bbb+/bbb	bbb-/bb+	bb/bb-	b+/b
Satisfactory	a	a/a-	a-/bbb+	bbb+/bbb	bbb/bbb-	bb+/bb	bb-/b+	b/b-
Fair	a-	a-/bbb+	bbb+/bbb	bbb/bbb-	bbb-/bb+	bb/bb-	b+/b	b-
Weak	bbb+/bbb	bbb/bbb-	bbb-/bb+	bb+/bb	bb/bb-	bb-/b+	b/b-	b-
Vulnerable	bbb-/bb+	bb+/bb	bb/bb-	bb-/b+	b+/b	b/b-	b-	b-

Note: Where table indicates two possible outcomes, we determine the anchor as follows: For financial risk profiles that we assess as satisfactory or stronger, we consider the relative strength of both the business risk and financial risk profiles within the cell. This is based on a holistic assessment of the relative strengths of the rating factors of the business risk profile and financial risk profile. For financial risk profiles that we assess as fair or weaker, we typically place more weight on the relative strength of the rating factors of the financial risk profile.

Ratings Detail (As Of May 8, 2025)*

Mapfre S.A.	
Financial Strength Rating	
Local Currency	NR/--/--
Issuer Credit Rating	
Local Currency	A-/Stable/--
Senior Unsecured	A-
Subordinated	BBB
Related Entities	
Mapfre Re, Compania de Reaseguros, S.A.	
Financial Strength Rating	
Local Currency	A+/Stable/--
Issuer Credit Rating	
Local Currency	A+/Stable/--
Domicile	Spain

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.