

annual report 2007





## A.M. Best Rating 2007

A rating Report from A.M. Best Company represents an independent opinion from the leading provider of insurance ratings. Best's Ratings are recognized worldwide as the benchmark for assessing insurer's financial strength and ability to meet obligations to policyholders. A.M. Best's ratings reflect an in-depth knowledge of the insurance industry developed during its over 109-year relationship with the business. This is one reason why insurance industry professionals have consistently ranked Best's Ratings number one in confidence, usefulness and understanding.

As stated by A.M. Best, MAPFRE PRAICO's current "A" financial rating (excellent) reflects its strong capitalization, solid operating performance and strong market presence in Puerto Rico. These positive rating factors are derived by the MAPFRE PRAICO's consistent net underwriting income, solid stream of investment income and favorable reserve development. MAPFRE PRAICO maintains a conservative underwriting philosophy and prudent reinsurance program which protects surplus from shock losses and preserves premium revenue. As a result, MAPFRE PRAICO's total operating returns on revenue and equity have been excellent and compare favorably to the property & casualty composite. The conservative philosophy also applies to the reserve estimation as evidenced by consistent redundancies on both an accident and calendar year basis. In addition, the well managed investment portfolio contributes to the operating results and capital appreciation. The rating also reflects the strong market position as one of the top three leading property & casualty insurance writers in Puerto Rico and its integral role within MAPFRE S.A., the largest insurer in Spain. As part of the A.M. Best rating review for 2007, MAPFRE PRAICO's issuer credit rating has been lifted from "a" to "a+" to reflect the implicit support provided to MAPFRE PRAICO from the MAPFRE S. A. organization, as well as the role that the Puerto Rico group plays in the overall strategy of MAPFRE AMÉRICA.

In addition, A.M. Best stated that MAPFRE LIFE's "B++" (good) rating reflects its integral position within the MAPFRE Puerto Rico Group, and its enhanced business profile through expanding its market position in group and individual health care businesses. The rating also acknowledges the overall strength and market position of its ultimate controlling organization, MAPFRE S.A., the largest insurer in Spain. MAPFRE Life continues to represent a niche presence in the sale of group health insurance, Medicare Advantage plans, and credit life in Puerto Rico and the United States Virgin Islands. Its affiliation with the global player MAPFRE provides the company access to financial and infrastructure resources of the parent company in the Puerto Rico market. In 2006, MAPFRE Life entered into the Medicare Advantage business in the Puerto Rico market, which resulted in a significant premium growth in 2006 and 2007 in that line of business for the company. Also, to achieve greater diversification of premium income, MAPFRE Life has placed more emphasis on its individual business lines and has identified new targets within its existing health segments. MAPFRE Life is also developing an expansion strategy through its affiliated property & casualty agency force.



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