

## Regional Hub

### Advanced Regulatory Structure Helps to Establish Mexico as a Leader Among Latin American Insurance Markets

By Kate Smith

A sophisticated regulatory environment has contributed to a financially healthy Mexican insurance market and helped cement the country's position as a regional leader.

Mexico's regulator has made regulatory changes — including a push for Solvency II-type standards — that have bolstered the financial stability of the country's insurance market and placed it on the forefront in the region.



"Mexico's insurance regulations are often more advanced than those of other countries," said Stephen Ixer of Edwards Wildman Palmer, who advises insurance and reinsurance clients on Latin American operations. "This reflects the country's longstanding position as a hub for insurance in the region, as well as its more business-friendly approach to regulation compared to some of its peers."

Mexico was able to showcase the strength of its financial market last year as chair of the Group of 20 (G-20), a group of finance ministers and central bank governors from 20 major economies.

"Becoming a leader in a top worldwide group of countries necessarily means making a commitment to lead change and to embrace first-world best practices and ideologies," said Ana Luisa Gomez, managing director of broker Lockton's corporate risk team in Mexico. "Thus, Solvency II will reflect the more complex world of insurance by incorporating, for instance, two capital thresholds instead of one, and encompassing several more risk categories than the market, credit and operational risk identified for specific capital charges."

Mexico's extensive and sound regulations, which include detailed requirements

■ MEXICO, PAGE 2

#### A.M. Best Co. Ratings

Seven companies in the Mexico market have A.M. Best financial strength ratings\*:

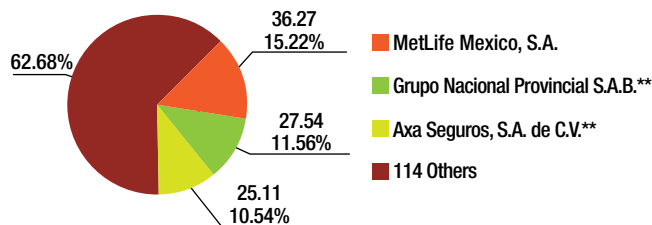
AMB Number	AMB Company Name	FSR
088757	Afianzadora Aserta, S.A. de C.V.	A-
085869	Afianzadora Insurgentes, S.A. de C.V.	A-
085612	Grupo Nacional Provincial S.A.B.	A-
086287	Mapfre Tepeyac S.A.	A-
083016	Qualitas Compania de Seg S.A.B. de C.V.	B-
086054	Reaseguradora Patria, S.A.B.	A-
087006	Seguros Inbursa, S.A.	A

\*As of January 23, 2013  
Source: A.M. Best Co.

#### Mexico: Net Premiums Written

Based on year-end 2011 statistics, the top-three ranked companies accounted for more than 37% of the market's net premium.

(Currency: Mexican pesos in billions; US \$1 = 13.974 Mexican pesos\*)



\* As of year-end 2011  
\*\* Consolidated data  
Source: BESTLINK

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**Stephen Ixer**  
Attorney-Client Adviser  
Edwards Wildman Palmer

## MEXICO, FROM PAGE 1

for technical reserves and investments, have created a competitive and well-capitalized market.

“Mexico’s regulatory regime governing the insurance industry has taken and implemented best practices of the industry applicable to Mexico,” Ixer said, “and the foregoing has contributed to have a market open to Mexican and foreign private investment, solvent and very well-capitalized, highly competitive, and diversified that has reported continuous growth within the Mexican financial sector.”

There are 117 companies operating within the market, with foreign-owned subsidiaries dominating the top echelon. Of the five largest writers, three are foreign-owned. MetLife Mexico ranks first, Axa Seguros third and Seguros Monterrey de New York Life fifth.

“In the last 10 years, the insurance industry has doubled in size and continues having tremendous potential,” said Yves Hayaux du Tilly, partner at U.K.-Mexican law firm Nader Hayaux and Goebel. “The market is diversified with an important number of insurance companies owned by foreign investors that operate in a free market, under the same rules applicable to Mexican-owned insurance companies.” Despite its size, however, the industry has struggled to increase its penetration level. The market accounts for just 1.8% of the country’s gross domestic product.

“The new challenges now faced reside in maintaining an avant-garde regulatory regime that continues guaranteeing protection to the stakeholders but also taking a more decisive role in contributing to the growth, since despite the continuous growth of the insurance industry, its contribution to Mexico’s GDP is stagnated and has not been able to surpass 2% of GDP,” Hayaux du Tilly said.



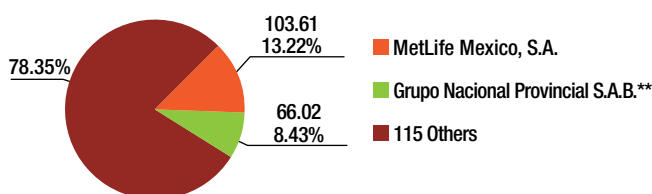
**Gomez**

## MetLife Mexico S.A. Snapshot

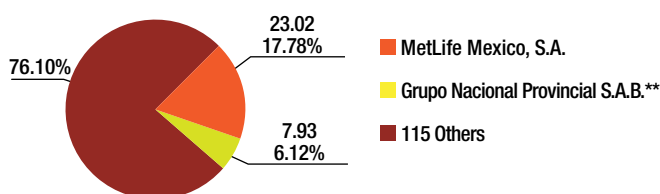
Based on total assets and capital & surplus especially, the MetLife unit established itself as the leader in the 117-company Mexican pool at the end of calendar year 2011.

(Currency: Mexican pesos in billions; US \$1= 13.974 Mexican pesos\*)

### Total Assets



### Capital & Surplus



\* As of year-end 2011  
\*\* Consolidated data  
Source: BESTLINK

## Mexico's Top-Ranked Companies

The top-25 list is based on total assets\* for 2011, with other 2011 rankings shown for capital & surplus and net premiums. The pool included 117 companies.  
(Currency: 000 Mexican pesos; \$US 1 = 13.974 Mexican pesos\*)

Company	Total Assets	Rank by Total Assets	Capital & Surplus	Rank by Capital & Surplus	Net Premiums Written	Rank by Net Premiums Written
MetLife Mexico, S.A.	103,609,024	1	23,016,028	1	36,271,724	1
Grupo Nacional Provincial S.A.B.**	66,025,000	2	6,170,000	6	27,543,000	2
Axa Seguros, S.A. de C.V.**	56,146,000	3	7,928,000	2	25,115,000	3
Seguros Inbursa, S.A.	55,865,000	4	7,601,000	3	10,793,000	8
Seguros Monterrey New York Life SA de CV**	49,560,723	5	4,714,961	8	13,350,857	5
Pensiones BBVA Bancomer, S.A. de C.V.	48,179,001	6	3,001,683	11	5,678,516	12
Seguros BBVA Bancomer, S.A. de C.V.	46,082,391	7	7,063,706	4	15,823,657	4
Seguros Banamex, S.A. de C.V.	41,316,782	8	5,586,871	7	12,170,761	6
Pensiones Banorte Generali, S.A. de C.V.	34,278,884	9	1,142,302	27	8,249,702	9
Pensiones Inbursa, S.A.**	22,997,803	10	6,228,490	5	19,236	91
Profuturo GNP Pensiones, S.A. de C.V.	18,449,428	11	595,677	39	1,744,382	19
Seguros Banorte Generali, SA de CV**	15,920,727	12	2,701,008	12	7,295,448	10
Mapfre Tepeyac S.A	15,595,316	13	1,899,120	18	6,729,907	11
Qualitas Compania de Seg S.A.B. de C.V.	15,063,110	14	2,572,968	14	11,091,637	7
ABA Seguros, S.A. de C.V.**	12,475,228	15	3,718,862	9	5,254,329	13
Allianz Mexico SA	11,936,244	16	1,543,409	21	4,096,866	15
Seguros Atlas, S.A.	11,748,101	17	2,665,846	13	4,036,936	16
Pensiones Banamex, S.A. de C.V.	11,644,634	18	1,446,470	23	23,335	88
Zurich Santander Seguros Mexico, S.A.	11,458,946	19	2,128,177	16	4,701,745	14
HSBC Pensiones, S.A.	9,344,349	20	951,967	30	16,954	95
Zurich Compania de Seguros, S.A.	6,804,373	21	716,293	33	1,526,474	20
MetLife Pensiones Mexico, S.A.	5,997,153	22	1,088,675	28	536	112
HSBC Seguros, S.A. de C.V.	5,774,922	23	3,227,398	10	2,430,508	17
Pensiones Sura SA de CV	5,491,396	24	302,394	53	12,877	98
Reaseguradora Patria, S.A.B.	5,111,819	25	1,348,641	24	1,391,579	23

\* As of Dec. 31, 2011

\*\*Consolidated data

Source:  BESTLINK