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AM Best Affirms Credit Ratings of General de Salud, Compañía de Seguros, S.A.

MEXICO CITY, November 1, 2019—AM Best has affirmed the Financial Strength Rating of A- (Excellent), the Long-Term Issuer Credit Rating of “a-” and the Mexico National Scale Rating (NSR) of “aaa.MX” of General de Salud, Compañía de Seguros, S.A. (Gsalud) (Mexico City, Mexico). The outlook of these Credit Ratings (ratings) is stable.

The ratings reflect Gsalud’s balance sheet strength, which AM Best categorizes as very strong, as well as its adequate operating performance, limited business profile and appropriate enterprise risk management (ERM).

Gsalud’s balance sheet strength is supported by risk-adjusted capitalization at a very strong level, as measured by Best’s Capital Adequacy Ratio (BCAR), strong underwriting practices and a supportive reinsurance program. The ratings also recognize Gsalud’s affiliation and strategic importance to its ultimate parent, Peña Verde, S.A.B., the leading group in Mexico’s (re)insurance industry, which provides synergies and operating efficiencies. Offsetting these positive rating factors are Gsalud’s concentration in one business line that is within Mexico’s highly competitive health insurance market.

Gsalud is a fully owned subsidiary of General de Seguros, S.A.B. (General de Seguros) and focused solely on health insurance. The company provides products mainly in the individual and collective health segments, as well as for major medical expenses. Gsalud has used the same distribution channels as General de Seguros, which involves agents, brokers and commercial offices.

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Gsalud's very strong risk-adjusted capitalization is maintained despite its increased risk appetite, as reflected by a higher exposure to shares, which makes the company susceptible to equity risk, according to BCAR. Historically, the company's strong underwriting practices have resulted in positive technical performance with no dependence on investment revenue to achieve positive bottom line. AM Best expects the company to maintain this trend. In 2018, underwriting practices coupled with investments results, sustained profitability as reflected in a 7.8% return on equity.

The company benefits from being integrated into the Peña Verde, S.A.B. group, gaining operational advantage through common systems, procedures and ERM practices.

AM Best expects underwriting results to further reinforce the company's operating performance, and thus capitalization levels. Factors that may trigger positive rating actions include a continued generation of underwriting earnings that strengthen risk-adjusted capitalization levels. The company's current ratings could come under pressure should a lack of underwriting discipline result in overall profitability falling short of AM Best's expectations, or if capitalization is no longer supportive of the current ratings.

The methodology used in determining these ratings is Best's Credit Rating Methodology, which provides a comprehensive explanation of AM Best's rating process and contains the different rating criteria employed in the rating process. Best's Credit Rating Methodology can be found at www.ambest.com/ratings/methodology.

Key insurance criteria reports utilized:

- A.M. Best's Ratings on a National Scale (Version Oct. 13, 2017)
- Available Capital & Holding Company Analysis (Version Oct. 13, 2017)
- Evaluating Country Risk (Version Oct. 13, 2017)
- Understanding Universal BCAR (Version May 23, 2019)

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View a general description of the [policies and procedures](#) used to determine credit ratings. For information on the meaning of ratings, structure, voting and the committee process for determining the ratings and monitoring activities, please refer to [Understanding Best's Credit Ratings](#).

- Previous Rating Date: October 11, 2018
- Date Range of Financial Data Used: January 1, 2014-June 30, 2019

This press release relates to rating(s) that have been published on AM Best's website. For additional rating information relating to the release and pertinent disclosures, including details of the office responsible for issuing each of the individual ratings referenced in this release, please see AM Best's [Recent Rating Activity](#) web page.

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