

# A.M. Best: Credit Ratings Mexico

March 2017

By year end 2016, the Mexican insurance industry growth rate stood at 9.3% without taking into account the apportionment of PEMEX's multiannual policy. In contrast, the industry grew 11.1% when considering the policy's apportionment during its 24 month term. Both growth rates embody the effect resulting from changing the accounting reporting method for life and credit insurance, which recognizes the seasonality of obligations. When withdrawing the previous accounting effect, the insurance industry growth rate is 4.8% without any adjustments derived from the apportionment of PEMEX's policy and 6.6% when taking into account those adjustments, the latter growth rate represents more than 2.8 times the overall Mexican economy's growth.

During 2016 the sector's premiums sufficiency improved to 2.5% from 1.5% in 2015, mainly driven by improvements in average claims costs within life, accidents and health, and auto segments as well as by the lack of relevant catastrophic events, and by the stable acquisition and administrative expenses which were maintained at levels close to those registered in 2015. In addition to the previous, the reserves valuation which was calculated by each institution from applying proprietary methods based upon the best estimator of the company's obligations, coupled with the industry's approximate growth rate of 30% in financial products which can be partially explained by the valuation to market value of the sector's total investment portfolios and the industry's long position in dollars, all resulted in an annual increase of the overall insurance sector's bottom line result close to 80%.

The sector's increase in net income in 2016 as well as the 36% increase in superavit valuation within balance sheet which are derived from the implementation of the new regulatory framework, contributed to strengthen the sector's capital which grew 25% during this period. Such increase further reinforces solvency levels of the Mexican insurance industry. Base on December 2016 financials, while ruling out pension insurance, and considering the overall market as an institution by weighting the ratios of each company with its respective premiums volume, the overall industry shows a 2.04x Solvency Capital Requirement and a 1.09x Technical Provisions Coverage Ratios, respectively.

Source: CNSF and AMIS.

AMB#	Name	Ultimate Parent	Issuer Credit Rating (ICR)	Outlook/ Implication	Financial Strength Rating (FSR)	Outlook/ Implication	National Scale Rating (NSR)	Outlook/ Implication
088757	Afianzadora Aserta, S.A. de C.V.	Grupo Financiero Aserta SA de C.V.	a-	Stable	A-	Stable	aa+.MX	Stable
085869	Afianzadora Insurgentes, S.A. de C.V.	Grupo Financiero Aserta SA de C.V.	a-	Stable	A-	Stable	aa+.MX	Stable
091478	Afianzadora Sofimex, S.A.		a-	Stable	A-	Stable	aa+.MX	Stable
078003	ANA Compañía de Seguros, S.A. de C.V.	GMS Valore, S.A. de C.V.	bb-	Positive	B-	Positive	bb+.MX	Positive
091459	Armour Secure Insurance S.A. de C.V.	Armour Group Holdings Limited	bb	Stable	B	Stable	bbb-.MX	Stable
092888	Aserta Seguros Vida, S.A. de C.V., Grupo Financiero Aserta	Grupo Financiero Aserta SA de C.V.	bbb+	Stable	B++	Stable	aa-.MX	Stable
078093	Assurant Daños México, S.A.	Assurant Inc	bbb+	Positive	B++	Positive	aa-.MX	Positive
078094	Assurant Vida México, S.A.	Assurant Inc	bbb+	Positive	B++	Positive	aa-.MX	Positive
078635	Atradius Seguros de Crédito, S.A.	INOC, S.A.	a	Stable	A	Stable	aaa.MX	Stable
078090	BUPA México, Compañía de Seguros, S.A. de C.V.	British United Provident Association Ltd	bbb+	Positive	B++	Positive	aa-.MX	Positive
092650	CESCE Fianzas Mexico, S.A. de C.V.	Compañía Española de Seguros de Crédito	bbb+	Stable	B++	Stable	aa-.MX	Stable
077267	Cesce Mexico, S.A. de C.V.	Compañía Española de Seguros de Crédito	bbb+	Stable	B++	Stable	aa-.MX	Stable
091484	Dentegra Seguros Dentales, S.A.	Dentegra Group Inc	a	Stable	A	Stable	aaa.MX	Stable
083535	El Aguila, Compañía de Seguros, S.A. de C.V.	American Financial Group, Inc	a-	Stable	A-	Stable	aa.MX	Stable
077276	General de Salud Compañía de Seguros SA	Peña Verde, S.A.B.	bbb+	Stable	B++	Stable	aa.MX	Stable
086515	General de Seguros, S.A.B.	Peña Verde, S.A.B.	bbb+	Stable	B++	Stable	aa.MX	Stable
077263	Grupo Mexicano de Seguros, S.A. de C.V.	GMS Valore, S.A. de C.V.	bbb	Positive	B++	Stable	a+.MX	Positive
085612	Grupo Nacional Provincial S.A.B.	Grupo Nacional Provincial S.A.B.	a-	Positive	A-	Positive	aa+.MX	Positive
086923	HDI-Gerling de México Seguros, S.A.	HDI V.a.G.	a+	Stable	A	Stable	aaa.MX	Stable
091458	Insignia Life S.A. de C.V.	Proyecto Insignia, S.A.P.I. de C.V.	bbb-	Positive	B+	Positive	a-.MX	Positive
091488	MAPFRE Fianzas, S.A.	MAPFRE S.A.	a	Stable	A	Stable	aaa.MX	Stable
086287	MAPFRE Tepeyac, S.A.	MAPFRE S.A.	a	Stable	A	Stable	aaa.MX	Stable
092644	Nezter Seguros, S.A. de C.V.		ccc+ u	Negative	C u	Negative	ccc+.MX	Negative
084250	QBE de México Compañía de Seguros, S.A. de C.V.	QBE Insurance Group Limited	a-	Stable	A-	Stable	aa.MX	Stable
083016	Quálitas Compañía de Seguros S.A.B. de C.V.	Quálitas Controladora, S.A.B. de C.V.	bbb-	Stable	B+	Stable	a-.MX	Stable
086054	Reaseguradora Patria, S.A.	Peña Verde, S.A.B.	a	Stable	A	Stable	aaa.MX	Stable
087006	Seguros Inbursa, S.A. Grupo Financiero Inbursa	Grupo Financiero Inbursa, S.A.B. de C.V.	a	Positive	A	Stable	aaa.MX	Stable
085870	Seguros Monterrey New York Life, S.A. de C.V.	New York Life Insurance Company	aa+	Stable	A++	Stable	aaa.MX	Stable
078086	Sompo Seguros Mexico, S.A. de C.V.	SOMPO Holdings, Inc	a+	Stable	A	Stable	aaa.MX	Stable
078108	XL Seguros México, S.A. de C.V.	XL Group Ltd	a+	Stable	A	Stable	aaa.MX	Stable