

Research Update:

Quálitas Compañía de Seguros Assigned 'BBB+' Ratings; Outlook Negative

September 25, 2026

Overview

- Quálitas Compañía de Seguros has accumulated decades of underwriting experience in Mexico's auto insurance market, gaining competitive advantages including industry leadership, pricing knowledge, and highly efficient operating models, which we expect will continue to enable the company to navigate challenging operating conditions, deliver robust results, and outperform its peers.
- We expect the insurer's sound earnings capacity to contribute to satisfactory capitalization over the next two years, supporting its business growth plan and providing a buffer against unexpected shocks, while high liquidity and regulatory solvency position the company to withstand potential sovereign distress scenarios for its foreign currency-denominated obligations.
- As a result, S&P Global Ratings assigned its 'BBB+' long-term issuer credit and financial strength ratings to Quálitas Compañía de Seguros.
- The negative outlook reflects that on the local currency sovereign credit rating on Mexico, which limits the rating on the insurer because we don't think it could withstand a sovereign default scenario for the country's local currency-denominated obligations, given the company's large asset concentration in Mexico.

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Rating Action

On Sept. 25, 2026, S&P Global Ratings assigned its 'BBB+' long-term issuer credit and financial strength ratings to Quálitas Compañía de Seguros S. A. de C. V. The outlook is negative.

Rationale

We expect Quálitas Compañía de Seguros (Quálitas Mexico) to maintain satisfactory capital and liquidity buffers sufficient to continue operating during a hypothetical sovereign distress scenario. Our ratings and rating outlook on the insurer reflect our view of its intrinsic creditworthiness and the influence of the sovereign ratings. Typically, our foreign currency rating

on the country of domicile limits our ratings on insurance companies if we don't think they would withstand a sovereign default scenario. But Quálitas passes our sovereign stress test in foreign currency owing to its robust capitalization and liquidity, which would enable it to withstand unexpected macroeconomic shocks. As a result, we rate the insurer above the foreign currency rating on Mexico (BBB/Negative/A-2).

However, we don't think that Quálitas would withstand a sovereign default on the country's local currency-denominated obligations, given deeper adverse effects on the economy and on the insurer's investment portfolio in such a scenario. Therefore, the local currency rating on Mexico (BBB+/Negative/A-2) limits the ratings on the insurer.

We expect Quálitas Mexico to continue leading the Mexican auto insurance market thanks to its ample experience and competitive advantages within the segment. With nearly three decades of underwriting auto insurance premiums in Mexico, the insurer has strong advantages. These include a well-established, centralized vertical integration strategy--involving an expansive network of sales points and claims-servicing locations across the country--that leads to high customer satisfaction and operational efficiencies. The insurer also has solid brand recognition among policyholders and intermediaries.

Further, Quálitas Mexico continues to develop its digital capabilities to enhance sales and the claims reporting experience. We think these factors will enable the company to continue dominating domestic auto insurance with a market share of 33%-35% in 2026-2027, well above the 15% of its largest competitor.

The growth of the insurer's premiums will continue decelerating slightly in the next few quarters as its conservative underwriting persists amid soft market conditions. We forecast its gross premiums written (GPW) to rise 8%-10% for full-year 2026. However, we believe growth could accelerate somewhat in 2027-2028 as aggressive competitive dynamics likely lessen somewhat. Over the past five years, Quálitas Mexico's GPW grew by 110%, enabling it to gain market share despite its pricing discipline in the face of aggressive competition.

As a specialized player in the auto insurance segment, Quálitas Mexico will continue to exhibit less business diversification than large domestic multiline insurers. In our view, the lower diversification implies lower business growth and performance resilience to hypothetical adverse operating conditions in the auto insurance industry.

Nevertheless, within its core segment, the insurer benefits from ample diversification among policyholders, intermediaries, and vehicle subsegments. It underwrites insurance policies for approximately 5.8 million light vehicles, heavy vehicles, and motorcycles throughout all Mexican states, through around 24,700 agents and 649 agreements with financial institutions. Its broad distribution network and large policyholder base mitigate concentration risks and support the stability of revenue and earnings.

We expect Quálitas Mexico to continue outperforming its peers thanks to its growing competitive advantages, conservative underwriting, and active management of insured risks.

That said, loss ratios and underwriting results at the company and industry levels will remain pressured this year, primarily due to the revised value-added tax regime for claim expenses under the new Mexican federal revenue law. Persistent soft market conditions, inflation, and heavier rains will add to the pressure.

As a result, we project Quálitas Mexico's combined ratio to be around 96.0% in 2026, compared with 94.1% in 2025 and 92.7% in 2024, prior to the implementation of the new federal law. However, we estimate this metric will remain roughly 300 basis points below the industry average.

The insurer's containment initiatives, centered on operating efficiencies and pricing discipline via its vertically integrated model, will likely sustain sound technical results in 2027-2028.

These measures should enable the insurer to keep its loss ratio at 64%-65%, alongside a stable expense ratio (operating and acquisition costs out of premiums earned) at 30%-31%.

Furthermore, while investment yields may decline slightly due to somewhat lower interest rates in Mexico, they should continue supporting strong profitability. We forecast Quálitas Mexico's return on equity to reach 32%-34% in 2027-2028, above our 29% estimate for 2026.

We anticipate sound earnings generation will enable Quálitas Mexico to maintain satisfactory capitalization in 2027-2028. We project the company's total adjusted capital to remain close to our requirements for a substantial stress scenario, according to our risk-based capital model for insurers. However, we think capitalization will slightly decrease, given we expect the insurer to increase its premiums by 10%-15% while continuing to upstream high dividends.

Still, we expect satisfactory capitalization to support business expansion plans and provide a buffer against unexpected investment or insurance losses. Quálitas Mexico plans to retain solid regulatory capital at 3x above the minimum requirement, which would allow it to continue passing our foreign currency sovereign stress test.

The insurer's investment strategy focuses on maintaining a conservative and balanced portfolio. This investment approach allows Quálitas Mexico to maintain an adequate asset-liability match, comfortably meet regulatory requirements, and generate satisfactory yields that contribute to the company's net income. About 75% of the investment portfolio consists of highly liquid and relatively low-risk securities issued by the Mexican government, while roughly 15% consists of fixed-income securities issued by financial institutions and corporations with good credit quality, and the remaining 10% is in domestic and international equity positions. The company maintains a liquid investment portfolio, consisting fully of financial assets measured at fair value through other comprehensive income, with an average duration of 2.5 years.

We expect Quálitas Mexico to preserve its good financial flexibility and liquidity sufficient to meet its obligations and overcome a hypothetical sovereign stress scenario. The company doesn't carry financial debt and only has small lease obligations. Moreover, it has access to external sources of capital and liquidity in the form of bank credit facilities, which, along with its reinsurance protection, provide additional financial flexibility. We calculate the insurer's liquidity ratio at 197% as of December 2025, thanks to the investment portfolio of highly liquid and marketable securities.

As the vital vehicle deploying the group's strategies in the Mexican auto insurance market, Quálitas Mexico will, in our view, remain the core subsidiary of Quálitas Controladora in the coming years. The Mexican subsidiary contributes 95% of Quálitas Controladora's consolidated GPW, almost all earnings, and 86% of total assets. The group's small international subsidiaries in the U.S., Costa Rica, Peru, El Salvador, and Colombia make up the remainder.

In addition, Quálitas Mexico will support the growth and monetization of Quálitas Controladora's young international operations by sharing knowledge regarding competitive advantages and risk management. The core subsidiary is highly integrated within the group operationally and strategically, and they share a close reputational link via name and brand. Thus, we believe the group will be willing to support Quálitas Mexico, if needed.

Quálitas Controladora has higher capitalization than Quálitas Mexico, with projected total adjusted capital near our requirements for a severe stress scenario. As a result, Quálitas Controladora has an 'a-' potential group credit profile, one notch above Quálitas Mexico's 'bbb+' stand-alone credit profile. Part of the capital allocated at the subsidiaries abroad wouldn't flow into the Mexican subsidiary as long as those resources are used to meet regulatory requirements in the foreign jurisdictions. Still, we believe the group has good capacity to provide support to Quálitas Mexico, if needed.

Although the group credit profile is one notch higher than the Mexican subsidiary's stand-alone credit profile, our rating on the subsidiary doesn't benefit from group support due to the local currency sovereign rating cap.

Outlook

The negative outlook on our rating on Quálitas Mexico mirrors that on the local currency sovereign credit rating on Mexico. The latter limits the rating on the insurer because we don't believe the insurer could withstand a hypothetical sovereign default on the country's local currency-denominated obligations, given the company's large asset concentration in Mexico.

Downside scenario

We could downgrade the insurer in the next 12-24 months if we were to lower the local currency sovereign rating on Mexico. We could also downgrade Quálitas Mexico to the level of the foreign currency sovereign rating if we viewed the company's capital and liquidity buffers as insufficient to withstand a sovereign default scenario in foreign currency. This could happen, for example, if its capacity to generate earnings decreased materially or if capital management became less conservative.

Upside scenario

We could revise the outlook to stable if we were to take the same action on our local currency rating on Mexico, while all other credit factors for the insurer, including its ability to pass our sovereign stress test in foreign currency, were unchanged.

Rating Component Scores

Business Risk Profile		Satisfactory
Competitive position		Satisfactory
IICRA		Intermediate risk
Financial Risk Profile		Satisfactory
Capital and earnings		Satisfactory
Risk exposure		Moderately low
Funding structure		Neutral
Anchor		bbb+
Modifiers		0
Governance		Neutral
Liquidity		Adequate
Comparable rating analysis		0
Current Credit Rating		
Local currency financial strength rating		BBB+/Negative/--
Local currency issuer credit rating		BBB+/Negative/--

Related Criteria

- [Criteria | Insurance | General: Insurer Risk-Based Capital Adequacy--Methodology And Assumptions - November 15, 2023](#), Nov. 15, 2023
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings - October 10, 2021](#), 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

Ratings List

Ratings List

New Rating

[Qualitas Compania de Seguros, S.A. de C.V. y Subsidiarias](#)

Issuer Credit Rating

Local Currency	BBB+/Negative/--
Financial Strength Rating	
Local Currency	BBB+/Negative/--

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