

5-1-1996

Government Sells State Insurance Company to Domestic Buyer

LADB Staff

Follow this and additional works at: <https://digitalrepository.unm.edu/sourcemex>

Recommended Citation

LADB Staff. "Government Sells State Insurance Company to Domestic Buyer." (1996). <https://digitalrepository.unm.edu/sourcemex/3579>

This Article is brought to you for free and open access by the Latin America Digital Beat (LADB) at UNM Digital Repository. It has been accepted for inclusion in SourceMex by an authorized administrator of UNM Digital Repository. For more information, please contact amywinter@unm.edu.

Government Sells State Insurance Company to Domestic Buyer

by LADB Staff

Category/Department: Mexico

Published: 1996-05-01

In mid-April, the Finance Secretariat (SHCP) announced the sale of a majority share in the insurance company Aseguradoras Mexicanas (Asemex) to Consorcio de Desarrollo de Negocios, a subsidiary of the Monterrey-based business conglomerate Grupo Pulsar. According to the SHCP, the firm paid 955 million pesos (US\$1.28 million) for a 70% share of Asemex, gaining the bid over Grupo Nacional Provincial and Liberty Mexico, the latter a subsidiary of US-based Liberty Mutual Insurance Company. A fourth suitor, Seguros Monterrey Aetna, withdrew its bid before the auction. The SHCP said the offer made by Consorcio de Desarrollo was 25% higher than the bid from its nearest competitor. In addition, the Pulsar subsidiary offered to invest more than three times the amount considered necessary to adequately capitalize Asemex.

The SHCP said the decision on the sale was made by a committee comprising representatives from several government agencies, including the national banking and securities commission (Comision Nacional Bancaria y de Valores, CNBV) and the savings protection fund (Fondo Bancario de Proteccion al Ahorro, FOBAPROA). Key advisors from the private sector, such as the investment company Merrill Lynch, also participated. "The sale to Pulsar guarantees the long-term solvency of Asemex," the SHCP said in a prepared statement. Pulsar has announced plans to merge Asemex with its other insurance subsidiary Seguros Comercial-America after the company meets certain requirements established by the SHCP.

The merged Asemex-Seguros Comercial America is expected to gain control over 32% of Mexico's total insurance market, including a 35% share in the automobile insurance market. Asemex, originally a state property, was first sold to the financial group Banpais in 1993 (see SourceMex, 10/06/93). However, Banpais ran into financial problems in 1995 and was unable to meet the capitalization levels required by the Mexican government, forcing authorities to regain control over the operation and all its subsidiaries (see SourceMex, 03/08/95).

Asemex remained under direct control of the SHCP's national insurance and finance commission (Comision Nacional de Seguros y Fianzas, CNSF) until August 1995. At that time, the company was allowed to operate as an independent entity, but still under the auspices of the SHCP. The CNSF then named Tomas Ruiz Ramirez to assume temporary management pending the sale of the company to a new private investor. According to SHCP officials, Pulsar has assured authorities that Asemex premiums will not be increased as a result of the sale. Asemex is the principal source of insurance services for a large percentage of government workers, including employees of the state-run oil company PEMEX, the federal electricity commission (Comision Federal de Electricidad), and other agencies. [Note: Peso-dollar conversions in this article are based on the Interbank rate in effect on April 29, reported at 7.46 pesos per US\$1.00]. (Sources: Reforma, 04/18/96, 04/26/96; Excelsior, 04/26/96)

-- End --