



Automobile Insurance Industry Report

2021

3M21



Quálitas

Mexico's auto insurance industry report 3M21

Figures in this document are stated in millions of Mexican pesos, except where otherwise specified, and they may vary due to rounding.

According to the Mexican Association of Insurance Institutions (AMIS), during the first 3 months of 2021, the auto insurance industry had a nominal decrease of 10.3% in written premiums. It is worth mentioning that the GDP for the first quarter decreased 2.8%¹ in comparison with the same period last year and increased 0.8% when compared with 4Q20. On the other hand, the cumulative inflation rate as of march was 5.6%².

Regarding the industry's cost ratios, during the first quarter it registered a combined ratio of 84.2%, an increase of 70 base points in comparison to the same period last year. Although the positive trend in thefts continued for the whole industry, we started to see an increase in mobility due to the easing of the confinement restrictions, which has caused a greater vehicle capacity and an increase in claims.

In the table below³, we disaggregate bank-owned insurance companies, since some of these companies belong to a financial group and have cross selling between the bank clients, and have a different cost structure.

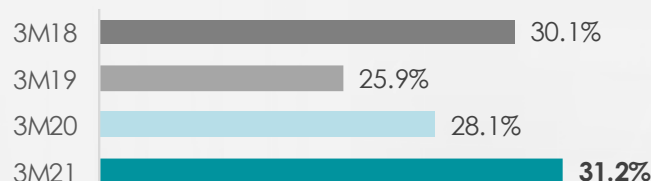
Companies	Written premium	Growth	Operating result	Financial income	Net result	Loss ratio	Combined ratio
Qualitas	8,966	(0.4%)	924	400	988	57.9%	85.4%
Others	14,956	(11.8%)	1,889	784	2,124	55.9%	85.9%
Sum insurance companies	23,922	(8.6%)	2,813	1,185	3,112	54.6%	86.3%
Bank-owned	4,792	(5.5%)	991	295	1,334	54.0%	73.8%
Total market (34 companies)*	28,714	(10.3%)	3,804	1,479	4,446	55.6%	84.2%

Qualitas Mexico (Q MX)³

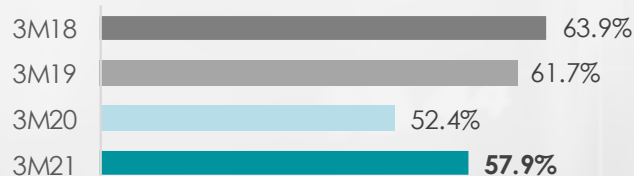
Written Premiums (million MXN)



Market Share



Loss Ratio



Combined ratio



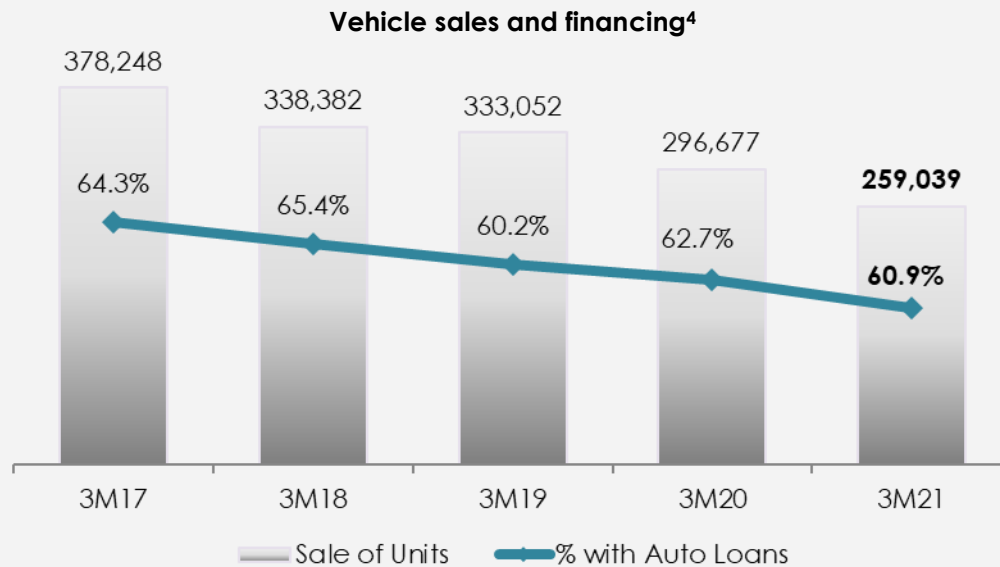
¹ Source: INEGI

² Source: BANXICO

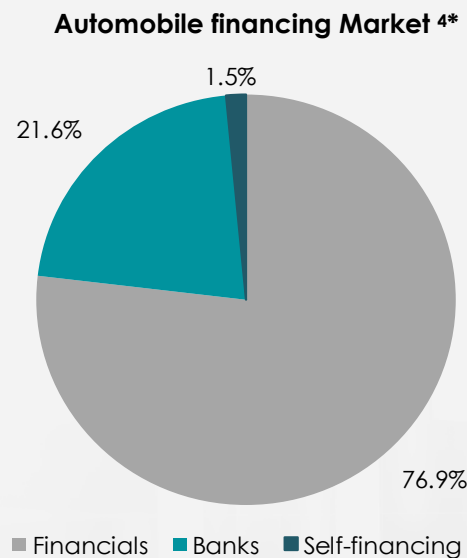
³ Source: AMIS

*33 insurance companies 1 reinsurer

Automobile industry and financing



Light unit's sales (automobile and trucks) decreased 12.7% during the first 3 months of the year when compared to the same period of 2020, reaching 259,039 commercialized units so far this year. The commercialization of wholesale trucks increased 18.1% when compared to 3M20. The automotive credit reached 60.9% of the commercialization of light vehicles, more than one percentage point below the end of 2020 and almost 2 percentage points below same period last year.



The main sources of financing to purchase vehicles were through financial institutions with a 76.9% market share, an increase of 4.3 pp when compared to 2020, followed by bank financing, which had a decrease of 2.4 pp. The reference rate in Mexico stood at 4.0%² by the end of the quarter.

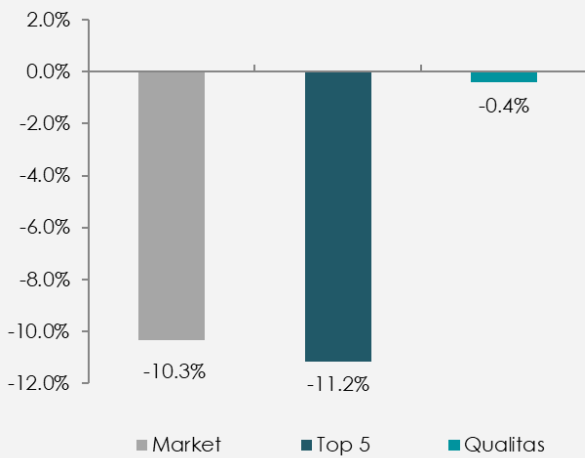
⁴ Source: AMDA
² Source: BANXICO
 *Figures in allocations

Automobile insurance industry

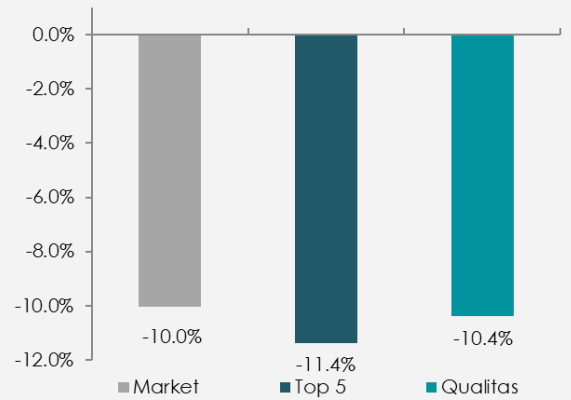
The total of written premiums for the market reached \$28,714 million, a 10.3% decrease when compared with the first 3 months of 2020. The underwriting fall for the top 5 insurance companies was 11.2%, the medium companies decreased 5.8% and the others also presented a decrease of 25.2%.

Net result for the market reached \$4,446 million. This can be explained by an operating result of \$3,804 million and a financial income of \$1,479 million.

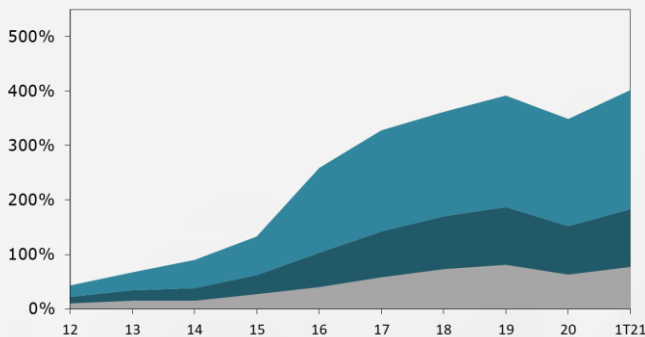
**Written premium growth
3M21 vs 3M20**



**Earned premium growth
3M21 vs 3M20**



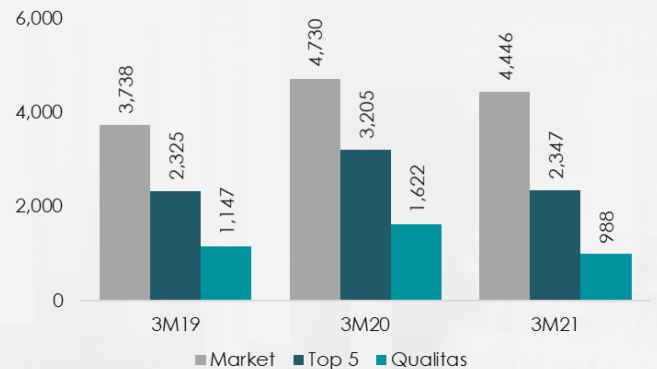
**Cumulative growth in written premiums
(Base 2012)**



CAGR (%) ⁵

Q	11.5%
Market	7.0%
Market without Q	5.4%

Net result



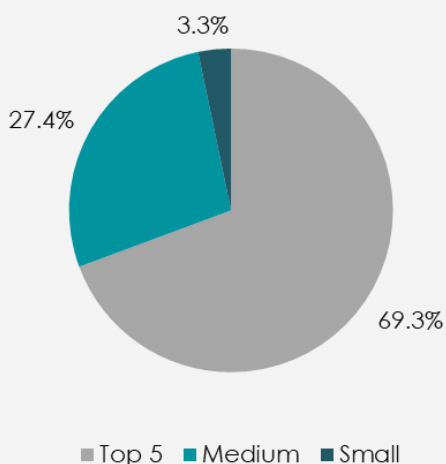
Automobile insurance industry

Company	Written premiums	Market share	Growth 2020 vs 2019	Earned premiums	Market share
Quálitas	8,966	31.2%	(0.4%)	8,041	32.1%
G.N.P.	3,591	4.2%	(17.7%)	3,592	14.3%
Chubb Seguros México	3,330	11.6%	(19.6%)	1,423	5.7%
AXA Seguros	2,375	8.3%	(18.6%)	2,296	9.2%
HDI Seguros	1,646	5.7%	(17.1%)	1,598	6.4%
Top 5	19,908	69.3%	(11.2%)	16,950	67.7%
Banorte	1,211	4.2%	(23.6%)	1,211	4.8%
BBVA Seguros	1,621	5.6%	5.2%	1,149	4.6%
Inbursa	997	3.5%	14.9%	909	3.6%
Atlas	913	3.2%	(0.3%)	845	3.4%
Mapfre México	712	2.5%	(6.9%)	827	3.3%
Afirme	684	2.4%	(11.3%)	628	2.5%
ANA	700	2.4%	2.9%	520	2.1%
Zurich Daños	476	1.7%	(25.9%)	547	2.2%
General de Seguros	284	1.0%	(14.2%)	279	1.1%
El Potosí	268	0.9%	4.7%	238	1.0%
Medium	7,866	27.4%	(5.8%)	7,152	28.6%
Others	940	3.3%	(25.2%)	936	3.7%
Total market (35 companies*)	28,714	100.0%	(10.3%)	25,038	100.0%

Company	Operating result	Investment income	Net result	Loss ratio	Combined ratio
Quálitas	924	400	988	57.9%	85.4%
G.N.P.	366	202	415	60.4%	89.7%
Chubb Seguros México	281	6	210	53.1%	86.1%
AXA Seguros	483	165	548	48.3%	78.1%
HDI Seguros	125	141	186	60.8%	98.0%
Top 5	2,179	914	2,347	57.0%	86.5%
Banorte	441	68	643	49.0%	63.5%
BBVA Seguros	194	173	342	64.4%	77.8%
Inbursa	260	27	246	48.7%	69.4%
Atlas	308	70	306	40.6%	61.9%
Mapfre México	174	26	202	50.0%	83.6%
Afirme	31	15	35	61.3%	92.2%
ANA	69	-2	42	46.2%	84.3%
Zurich Daños	54	12	69	59.0%	103.8%
General de Seguros	(033)	121	74	70.3%	111.2%
El Potosí	39	4	42	55.0%	80.6%
Medium	1,537	514	2,001	53.2%	77.2%
Others	87	51	98	47.1%	96.5%
Total market (35 companies*)	3,804	1,479	4,446	55.6%	84.2%






Market Share

Automobile insurance market share

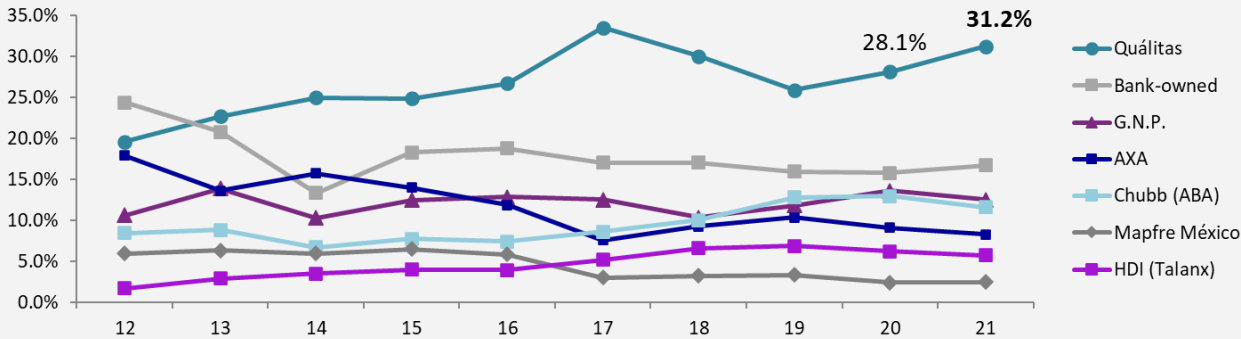


The top 5 companies in the industry accounted for 69.3% of the automobile insurance market share. These companies lost 70 bp of market share when compared to the end of 2020, while the medium companies won 140 bp, and the small companies lost 60 bp.

Qualitas continues to be the leader in the automobile insurance sector with a market share of 31.2%, which represents an increase of 3.1 pp when compared with the same period the previous year and a reduction of 3 bp vs 4Q20. The company continues with a solid position in the main segments of the market, remaining within the first places, in terms of market share, in all the subbranches.

Total Auto	Cars	Trucks	Tourists	Other
 Total Auto	 Cars	 Trucks	 Tourists	 Other
Written premiums: \$8,966	Written premiums: \$ 4,553	Written premiums: \$ 4,138	Written premiums: \$ 70	Written premiums: \$ 527
Market share: 31.2% ↓ Δpb* (30)	Market share: 25.4% ↑ Δpb* 98	Market share: 44.4% ↓ Δpb* 134	Market share: 18.5% ↓ Δpb* (90)	Market share: 19.2% ↑ Δpb* 459
Place: 1°	Place: 1°	Place: 1°	Place: 2°	Place: 2°

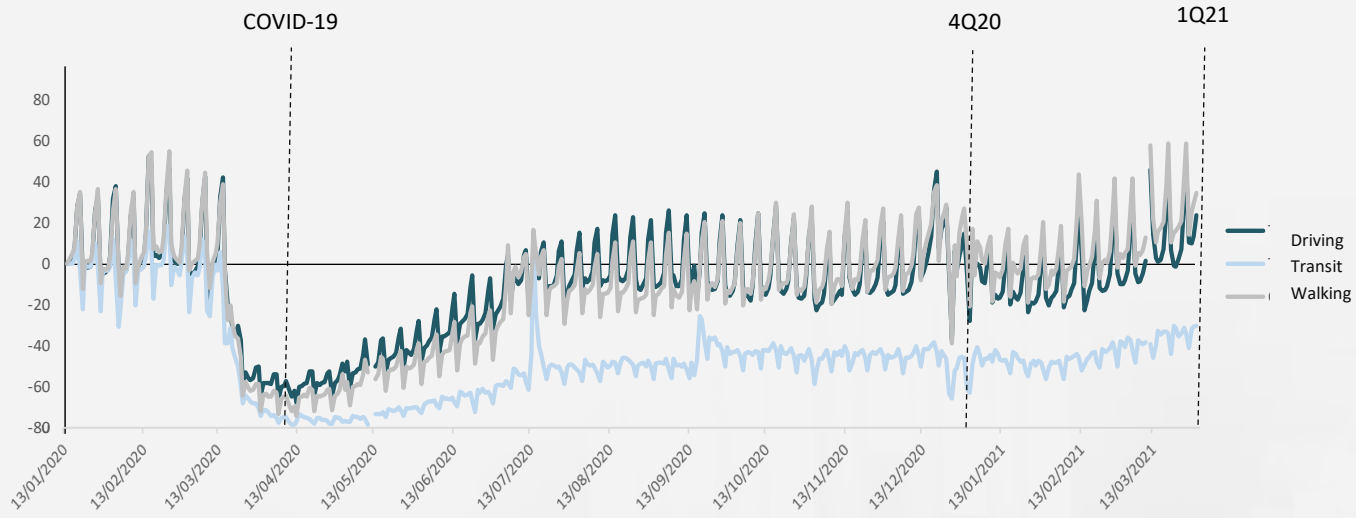
Figures in million (MXN)
 *In comparison with 2020
 Source: AMIS



Mobility trends

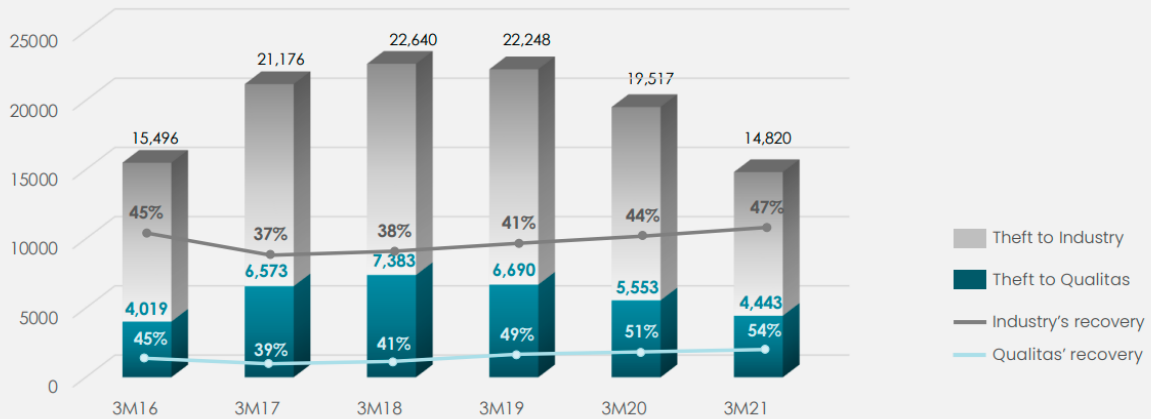
During the first quarter of the year, mobility continued its normalization trend, showing a greater number of vehicles in circulation in comparison to previous quarters.

In Mexico, these trends have shown a 43.9% decrease in the use of public transport during 1Q21 according to pre-pandemic figures at the end of 2019. The other types of transportation present figures that show a normalization path, walking mobility increased 9.0% during the quarter, meanwhile those using private vehicles have totally returned to normality, presenting a decrease of only 4 bp when compared to 2019.



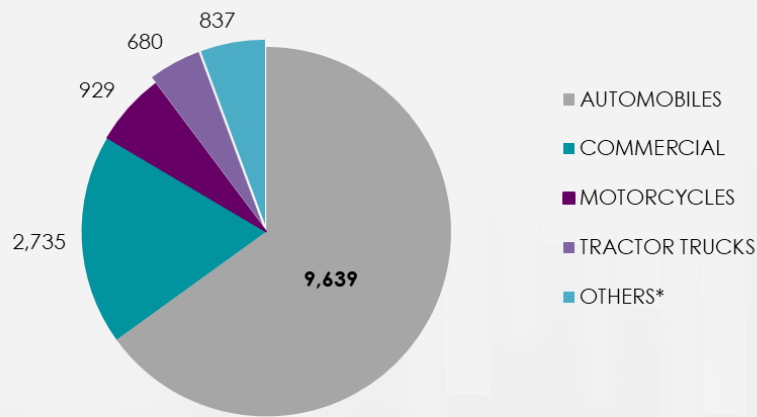
Theft and recovery

During the first quarter of 2021, the decrease in robberies in Mexico continued its positive trend. According to figures reported by the Office for the Coordination of Insured Risks (OCRA per its acronym in Spanish), the theft of insured units in Mexico decreased 24.1% for the industry compared to the same quarter of previous year; from which 47.0% were recovered. For Qualitas, the decrease in thefts was 20.0%, recovering 54.0% of the stolen units. The recovery for the industry represents an increase of 2.91 pp compared to the same period of 2020.



From the 14,820 stolen units, 63.3% were automobiles, followed by 18.3% of commercial cars, and in third place with 7.6% were motorcycles. Motorcycle theft was the type of transportation that presented the greatest theft decrease of 40 bp in comparison to the end of 2020.

Theft by type of transport⁶

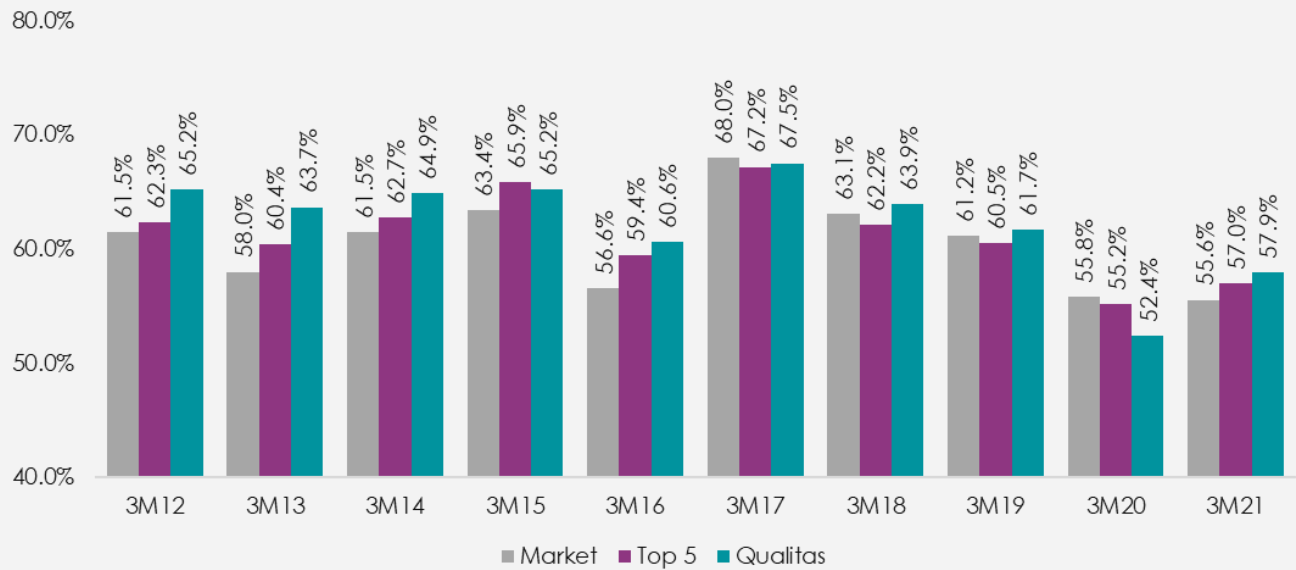


⁶ Source: OCRA
 *Others: semi-trailers, trucks, buses, etc.

Cost ratios

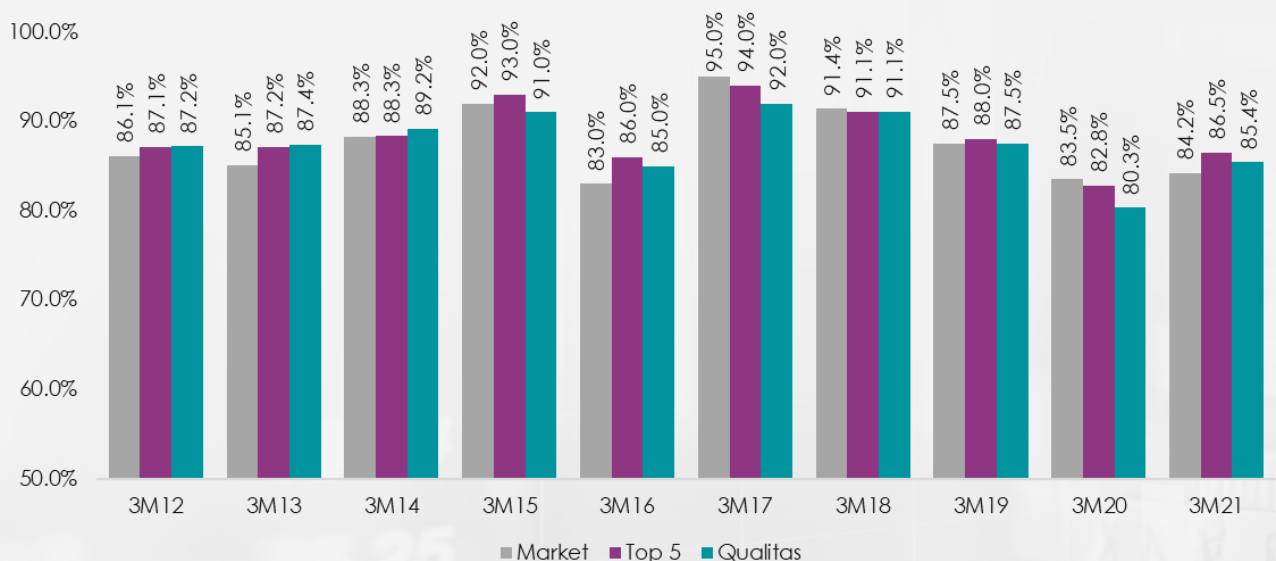
The industry recorded a greater loss ratio compared to the same period of 2020, driven by the already mentioned normalization in mobility trends, due to the ease of the mobility restrictions. The ratio of the five main companies presented an increase of 2 percentage points, standing at 57.0%, Qualitas also presented an increase going from 52.4% to 57.9%.

Loss ratio



The industry's combined ratio was 84.2%, 70 bp above what was reported the same period of last year. The five largest companies registered a ratio of 86.5%, and Qualitas increased from 80.3% to 85.4%, showing the effects already mentioned and showing a normalization in the ratios.

Combined ratio



Information sources

1. AMIS. Asociación Mexicana de Instituciones de Seguros, A.C.; www.amis.com.mx
2. AMDA. Asociación Mexicana de Distribuidores de Automotores, A.C.; www.amda.mx
3. BANXICO. Banco de México; www.banxico.org.mx
4. INEGI. Instituto Nacional de Estadística y Geografía; www.inegi.org.mx
5. OCRA. Oficina Coordinadora de Riesgos Asegurados, S.C.; www.ocra.com.mx/

If you wish to refer to another source, you may visit the Mexican Insurance Companies' Regulator (National Insurance and Bonds Commission) web page: www.cnsf.gob.mx

This document may include forward-looking statements that involve risks and uncertainties. Words such as "estimate," "project," "plan," "believe," "expect," "anticipate," "intend," and similar expressions may identify such forward-looking statements. The Company wants to caution readers that any forward-looking statement in this document or made by the company's management, involves risks and uncertainties that may change based on various important factors not under the Company's control. Forward-looking statements relate to the company's current situation only as of their dates of publication.

About Qualitas

Qualitas (Q) is the largest auto insurance company in Mexico in terms of market share, with operations in El Salvador, Costa Rica, USA and Peru. Its specialized business model has allowed the company to provide top quality service under the largest network in the country. Qualitas is listed in the Mexican Stock Exchange (BMV) under the ticker "Q" (Bloomberg: Q*:MM).

Investor relations contacts

Santiago Monroy

smonroy@qualitas.com.mx

T: +52 (55) 1555-6056

Raquel Leetoy

rleetoy@qualitas.com.mx

T: +52 (55) 1555-6313

Andrea González

angonzalez@qualitas.com.mx

T: +52 (55) 1555-6316

qiinversionistas.qualitas.com.mx