

# Automobile Insurance

Industry Report

2017

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

## Introduction

The auto insurance industry in Mexico had a nominal growth of 12.7% in written premiums during 2017. It is worth mentioning that for the same period of time the GDP<sup>1</sup> grew 2.0% and the annual inflation rate<sup>1</sup> was 6.77%.

Automobile financing continued to gain market registering 67.9% of new car sales, this mainly driven by the financial branches of automakers. New light vehicle sales slowed down by 4.6% compared to the same period of 2016. Sales registered a record year in 2016 with more than 1.6 million units, an increase of 18.6% when compared to the previous year while 2017 registered 1.5 million sold units.

Regarding costs, the industry recorded a combined ratio of 98% in the year, a higher figure when compared to the 96% registered in 2016. This change is mainly related to the increases in the claims ratio derived from the hike of automobile theft to the insurance sector, the volatility of the exchange rate and weather events.

In order to have a better analysis of the industry, we subdivide bank-owned insurance companies as some of these companies have cross selling with the bank's customers and have different costs structures.

Companies	Written Premiums	Growth	Operating Result	Investment Income	Net Result	Claims Ratio	Combined Ratio
Quálitas	32,140	11.8%	895	1,681	2,036	68%	93%
Other	53,085	14.0%	(839)	2,824	1,569	68%	101%
Sum Insurance Companies	85,224	13.2%	56	4,505	3,605	68%	98%
Bank-owned	17,442	10.3%	548	2,020	2,429	72%	96%
<b>Total Market (36 Companies)</b>	<b>102,666</b>	<b>12.7%</b>	<b>604</b>	<b>6,525</b>	<b>6,034</b>	<b>69%</b>	<b>98%</b>

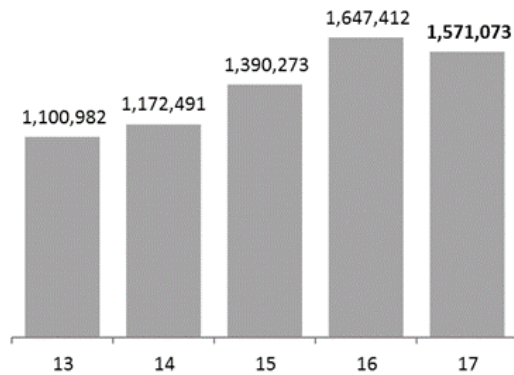
Combined ratio without considering bank-owned insurance companies was 98%, whereas Quálitas recorded an 93% combined ratio.

<sup>1</sup> Source: INEGI

\* 35 Insurance Companies and 1 Reinsurance Company

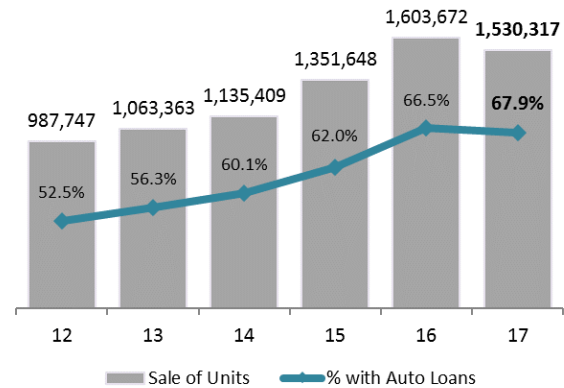
## Automobile Industry and Automobile Financing

### Nationwide Sales of Vehicles<sup>2</sup> (Automobiles & Trucks)



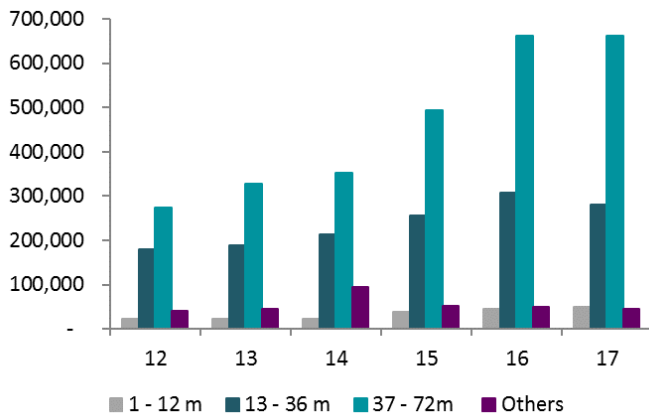
Sales of new units (automobiles & trucks) decreased 4.6% when compared to 2016, totaling 1,571,073 units.

### Automobile Financing<sup>2</sup>



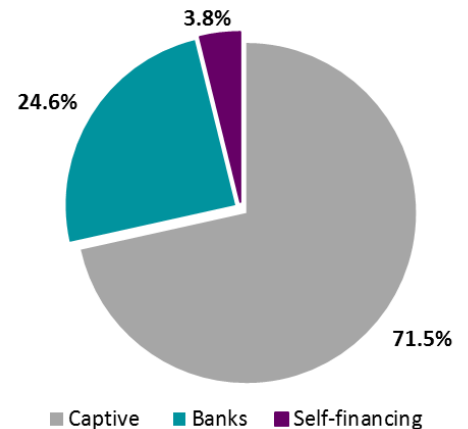
Automobile credit reached 67.9% of light vehicles sales, compared to 66.5% of the same period of the previous year.

### Financing Term<sup>3</sup>



In 2017, most car loans (31.4%) had a duration of 60 months, with 326,738 allocations.

### Automobile Financing Market<sup>3</sup>



The main sources of financing to purchase a car were automakers and automotive agencies (captives) with a 71.5% of market share.

<sup>2</sup>Source: ANPACT and AMDA. Figures are stated in units of automobiles sold.

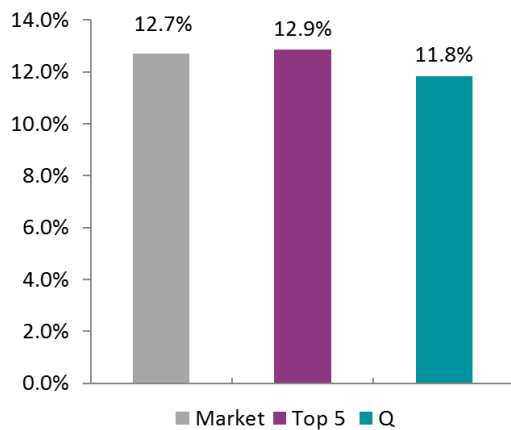
<sup>3</sup>Source: JATO Dynamics. Figures are stated number of allocations.

## Automobile Insurance Industry

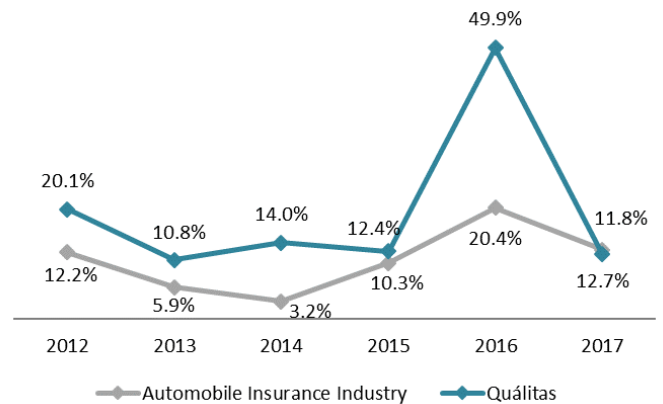
The market recorded total written premiums of \$102,666 million in 2017, a 12.7% increase in comparison to the previous year. Top 5 companies grew 12.9%, medium companies 11.3%, and small companies 21.0%.

Market's net profit was \$6,034 million, this is mainly explained by an operating result of \$604 million and an investment income of \$6,525 million.

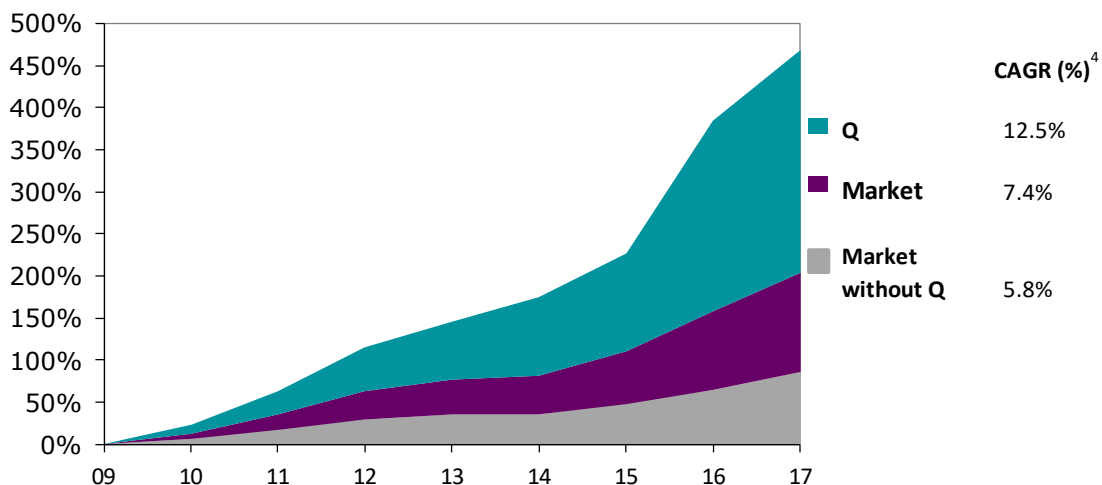
### Written Premiums Growth 2017 vs. 2016



### Growth of Automobile Insurance Industry



### Growth in Written Premiums Base 2009



<sup>4</sup> CAGR: Compound Annual Growth Rate

## Automobile Insurance Industry 2017

(Figures in millions of pesos)

Company	Written Premiums	Market Share	Growth 17 vs. 16	Earned Premiums	Market Share
Qualitas	32,140	31.3%	11.8%	28,000	31.9%
G.N.P.	12,727	12.4%	9.9%	11,160	12.7%
Aba/Seguros	9,342	9.1%	50.1%	3,814	4.4%
AXA Seguros	8,581	8.4%	(13.6%)	9,428	10.8%
HDI Seguros	5,980	5.8%	34.3%	4,974	5.7%
<b>Top 5</b>	<b>68,769</b>	<b>67.0%</b>	<b>12.9%</b>	<b>57,377</b>	<b>65.5%</b>
Banorte	5,023	4.9%	0.7%	4,904	5.6%
Inbursa	4,570	4.5%	4.6%	4,251	4.8%
BBVA Bancomer	4,104	4.0%	6.6%	3,755	4.3%
Zurich Daños	3,796	3.7%	35.3%	2,633	3.0%
Mapfre México	3,720	3.6%	(15.5%)	3,832	4.4%
Atlas	2,953	2.9%	35.6%	2,657	3.0%
Afirme	1,821	1.8%	29.9%	1,661	1.9%
ANA	1,472	1.4%	31.5%	1,092	1.2%
General de Seguros	1,286	1.3%	10.7%	1,235	1.4%
Seguros SURA	1,101	1.1%	101.1%	891	1.0%
<b>Medium</b>	<b>29,846</b>	<b>2.9%</b>	<b>11.3%</b>	<b>26,910</b>	<b>30.7%</b>
<b>Other</b>	<b>4,051</b>	<b>30.1%</b>	<b>21.0%</b>	<b>3,375</b>	<b>3.8%</b>
<b>Total Market (36 Companies)*</b>	<b>102,666</b>	<b>100.0%</b>	<b>12.7%</b>	<b>87,662</b>	<b>100.0%</b>

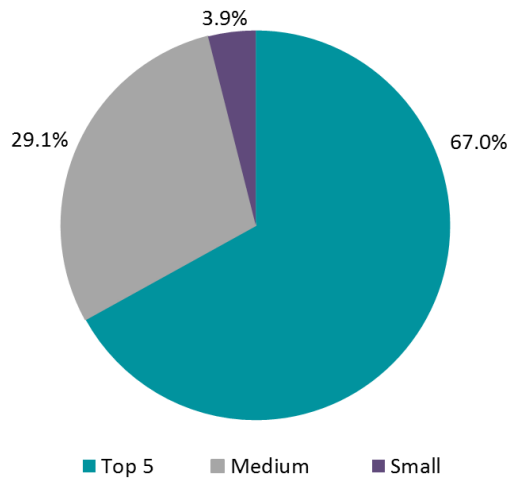
Company	Operating Result	Investment Income	Net Result	Claims Ratio	Combined Ratio
Qualitas	895	1,681	2,036	68%	93%
G.N.P.	(952)	686	(299)	73%	107%
Aba/Seguros	499	294	617	68%	92%
AXA Seguros	231	741	949	66%	101%
HDI Seguros	72	240	233	63%	96%
<b>Top 5</b>	<b>745</b>	<b>3,641</b>	<b>3,535</b>	<b>68%</b>	<b>97%</b>
Banorte	304	379	976	77%	94%
Inbursa	11	184	144	67%	97%
BBVA Bancomer	(193)	1,280	733	82%	103%
Zurich Daños	(284)	45	(238)	65%	106%
Mapfre México	(304)	134	(195)	74%	109%
Atlas	116	164	231	69%	93%
Afirme	80	93	147	61%	92%
Ana	28	45	53	56%	96%
General de Seguros	(180)	296	124	79%	113%
Seguros SURA	45	24	79	70%	92%
<b>Medium</b>	<b>(377)</b>	<b>2,644</b>	<b>2,052</b>	<b>72%</b>	<b>100%</b>
<b>Other</b>	<b>235</b>	<b>240</b>	<b>446</b>	<b>57%</b>	<b>93%</b>
<b>Total Market (36 Companies)*</b>	<b>604</b>	<b>6,525</b>	<b>6,034</b>	<b>69%</b>	<b>98%</b>

\* 35 Insurance Companies and 1 Reinsurance Company

## Market Share

The five largest companies in the industry accounted for 67.0% of automobile insurance market share. During the year, large companies gained 0.1 percentage points in terms of market share when compared to 2016. Medium companies lost 0.4 percentage points and small companies gained 0.3 percentage points.

Automobile Insurance  
Market Share



Q remains well positioned amongst key segments of the market. The Company is ranked in the first two places in every branch of the industry in terms of market share.

## Q Positioning in the Automobile Insurance Market

	Written Premiums	Market Share	Ranking
Cars	17,462	25.3%	1
Trucks	13,995	45.9%	1
Tourists	239	16.5%	2
Other	444	26.2%	2
Total	32,140	31.3%	1

## Costs

The industry recorded higher claims ratio when compared to the previous year due to weather and macroeconomic factors alongside the increase in theft frequency to the automobile insurance sector, which affected this item. Claims ratio of the five largest companies increased from 67% to 68%, while Q's claims ratio increased from 63% to 68%.



Combined ratio for the industry reached 98%, figure higher than the 96% registered by the end of 2016. The five largest companies recorded 97% combined ratio, while Q registered 93%.

Combined ratio for the industry without bank-owned Insurance companies, reached 98%.



## About Quálitas:

Quálitas (Q) is the largest auto insurance company in Mexico in terms of market cap penetration, with operations in El Salvador, Costa Rica and USA. Its specialized business model, based exclusively in auto insurance, has allowed the Company to provide top quality service under the largest network in the country. Quálitas is listed on the Mexican Stock Exchange (BMV) under the ticker “Q” (Bloomberg: Q\*:MM).

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*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.*

## Information sources:

- 1) AMIS. Asociación Mexicana de Instituciones de Seguros, A.C., (Mexican Association of Insurance Institutions); [www.amis.com.mx](http://www.amis.com.mx)
- 2) ANPACT. Asociación Nacional de Productores de Autobuses, Camiones y Tractocamiones, A.C., (National Association of Producers of Buses, Trucks and Tractors); [www.anpact.com.mx](http://www.anpact.com.mx)
- 3) AMDA. Asociación Mexicana de Distribuidores de Automotores, A.C. (Mexican Association of Automotive Dealers) ; [www.amda.mx](http://www.amda.mx)
- 4) JATO Dynamics. <http://www.jato.com/Mexico>

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](http://www.cnsf.gob.mx)

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