



Auto Insurance Industry Report

First Quarter

2020



Mexico's Auto insurance industry report 1T20

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 Association of Insurance Institutions (AMIS), during 1Q20 the auto insurance industry in Mexico had a nominal growth of 4.1% in written premiums. It is worth mentioning that GDP decrease 2.2%¹ in comparison with the same period of last year, and also decrease 1.2% vs the last quarter of 2019; the cumulative inflation rate as of march was 0.45%².

Automobile financing represented 72.5% of new car sales during the quarter, with a 4.3% decrease compared to the same period of 2019, mainly caused by the 7.3% decrease in the placement of new vehicles. New light vehicles sales slowed down by 10.9% at the end of the first quarter compared to the same period of 2019, with march being the month with the steepest fall with a 25.5% contraction. The wholesales truck sale decreased 35.3% compared to the same period of the previous year.³

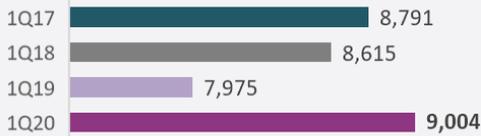
Regarding costs ratios, the industry registered a combined ratio of 83.5%, a decrease of 4 percentage points compared to the 87.5% reported during the same period of the previous year. This change is mainly related to a lower loss ratio, driven by a decrease in thefts of insured units for the entire industry and the first effects of the declaration of the COVID-19 pandemic on March 11th. Also, it is important to mention that during the first months of the year there were no relevant meteorological events.

In the table below⁴, we disaggregate bank-owned insurance companies. These companies, as they are part of financial groups, have cross selling with the bank clients, and have different cost structures.

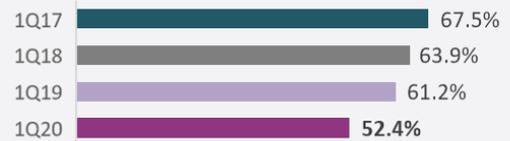
Companies	Written premium	Growth	Operating result	Financial income	Net result	Loss ratio	Combined ratio
Quálitas	9,004	12.9%	1,792	401	1,622	52.4%	80.3%
Others	17,901	(0.1%)	1,768	713	1,756	57.8%	86.8%
Sum insurance companies	26,905	4.0%	3,560	1,114	3,378	55.8%	84.3%
Bank-owned	5,115	4.6%	882	709	1,352	56.0%	77.1%
Total market (34 companies)*	32,020	4.1%	4,441	1,823	4,730	55.8%	83.5%

Quálitas Mexico (Q MX)⁴

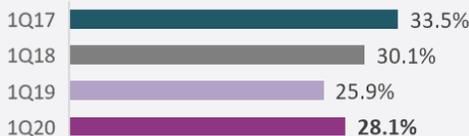
Written premiums (million MXN)



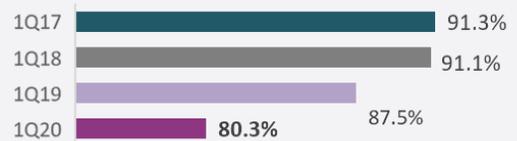
Loss ratio



Market share



Combined ratio



¹ Source: INEGI (Instituto Nacional de Estadística y Geografía)

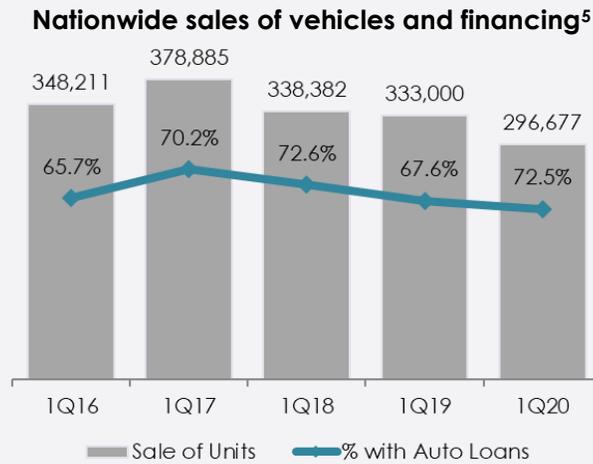
² Source: Banco de México

³ Source: AMDA (Asociación Mexicana de Distribuidores de Automotores)

⁴ Source: AMIS (Asociación Mexicana de Instituciones de Seguro)

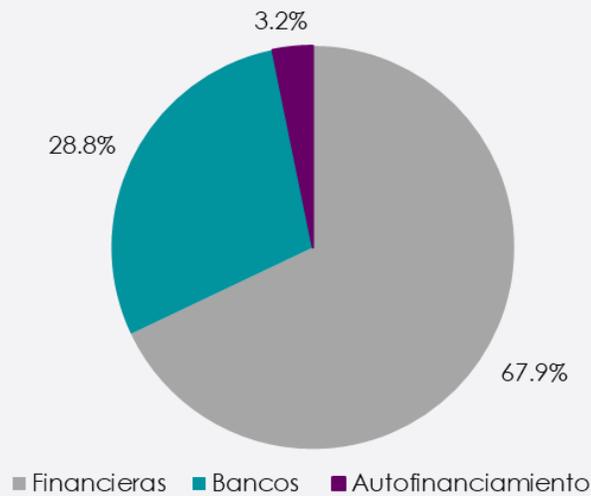
*33 insurances companies y 1 reinsurer

Automobile industry and financing



The automotive credit reached 72.5% of the commercialization of light vehicles sales compared to the 68.5% registered in the previous quarter and 67.6% in comparison to the same period of the previous year. Likewise, new unit's sales (automobile and trucks) decreased 10.9% compared to the first quarter of 2019, reaching a total of 296,677 commercialized vehicles.

Automobile financing market ^{5*}



The main sources of financing to purchase a car were through financial institutions with a 67.9% market share and an increase of 121 bp when compared to 1Q19, followed by bank financing with a 28.8% market share.

⁵ Source: AMDA
*Figures in allocations

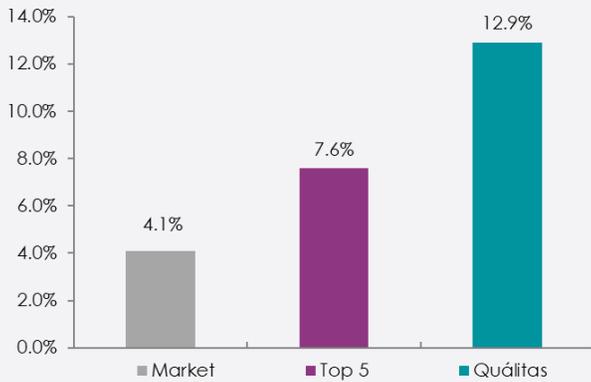
Automobile insurance industry

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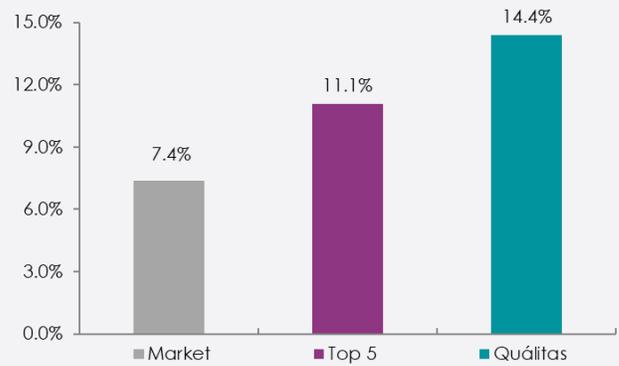
The market recorded total written premiums of \$32,020 million, an increase of 4.1% in comparison with same period previous year. Top 5 companies grew 7.6%, medium companies decreased 2.6% and small companies decreased 8.2%.

Market's net result was \$4,730 million, this is mainly explained by an operating result of \$4,441 million and a financial income of \$1,823 million.

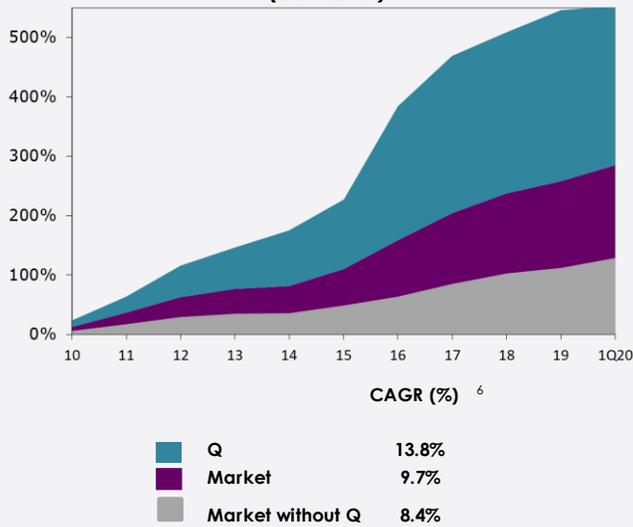
**Written premiums growth
1Q20 vs 1Q19**



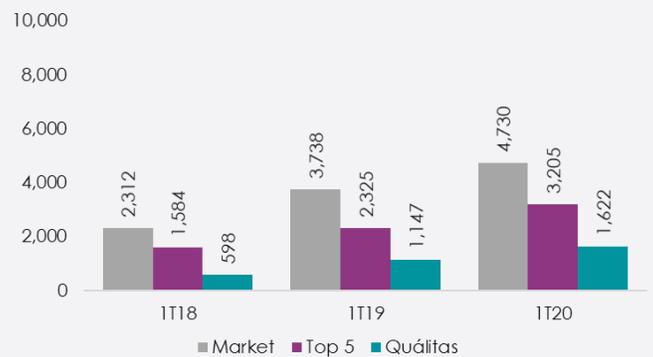
**Earned premiums growth
1Q20 vs 1Q19**



**Cumulative growth in premiums written
(Base 2011)**



Net result



⁶ CAGR: Compound Annual Growth Rate
Figures in millions (MXN)

Automobile insurance industry

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Company	Written premiums	Market share (written)	Growth 1Q20 vs 1Q19	Earned premiums	Market share (earned)
Quálitas	9,004	28.1%	12.9%	8,973	32.2%
G.N.P.	4,361	13.6%	20.0%	3,887	14.0%
Chubb Seguros México	4,141	12.9%	5.3%	1,604	5.8%
AXA Seguros	2,919	9.1%	(8.4%)	2,828	10.2%
HDI Seguros	1,986	6.2%	(5.6%)	1,832	6.6%
Top 5	22,410	70.0%	6.2%	19,123	68.7%
Banorte	1,585	5.0%	(0.7%)	1,399	5.0%
BBVA Bancomer	1,541	4.8%	11.2%	1,116	4.0%
Mapfre México	765	2.4%	0.8%	870	3.1%
Inbursa	868	2.7%	(17.9%)	972	3.5%
Atlas	915	2.9%	2.8%	837	3.0%
Zurich Daños	641	2.0%	(11.4%)	641	2.3%
Afirme	772	2.4%	12.1%	652	2.3%
ANA	681	2.1%	24.4%	480	1.7%
Seguros SURA	306	1.0%	11.1%	303	1.1%
General de Seguros	331	1.0%	(3.6%)	313	1.1%
Medium	8,405	26.2%	0.9%	7,583	27.3%
Other	1,206	3.8%	4.7%	1,118	4.0%
Total market (34 Companies)*	32,020	100.0%	4.7%	27,825	100.0%

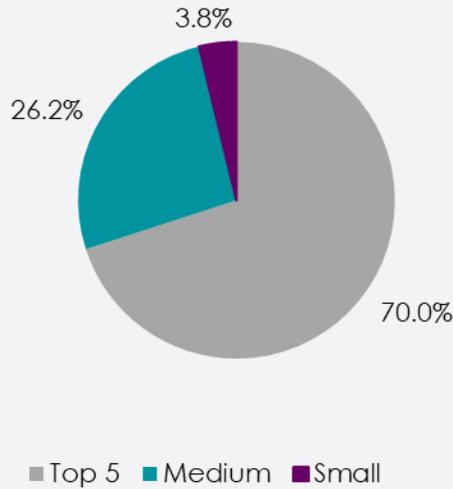
Company	Operating result	Investment income	Net result	Claims ratio	Combined ratio
Quálitas	1,792	401	1,622	52.4%	80.3%
G.N.P.	366	277	461	54.3%	85.9%
Chubb	75	28	(23)	66.0%	97.3%
AXA Seguros	1,011	301	1,070	49.9%	63.8%
HDI Seguros	(13)	119	75	68.9%	103.8%
Top 5	3,231	1,126	3,205	55.2%	82.8%
Banorte	484	136	540	47.8%	63.3%
BBVA Bancomer	78	517	445	75.4%	88.2%
Mapfre México	46	50	92	56.5%	100.1%
Inbursa	208	(6)	234	56.2%	81.2%
Atlas	89	115	171	59.8%	86.8%
Zurich Daños	108	(87)	23	60.0%	95.4%
Afirme	73	33	77	51.0%	82.9%
ANA	65	12	54	48.2%	82.3%
General de seguros	35	12	3	56.6%	90.6%
General de Seguros	(54)	(267)	(326)	84.9%	115.5%
Medium	1,133	515	1,314	58.5%	83.8%
Other	77	182	212	48.5%	96.8%
Total market (34 Companies)*	4,441	1,823	4,730	55.8%	83.5%

Market share

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The five largest companies in the industry accounted for 70.0% of automobile insurance market share. During the quarter, large companies gained 230 bp of market share when compared to the same period of 2019, medium companies lost 180 bp and small also lost 50 bp.

Automobile insurance market share



Quálitas continues to be the leader in the automobile insurance sector with 28.1% share and remains well positioned amongst key segments of the market. The company is ranked in the top places in every branch of the industry in terms of market share.

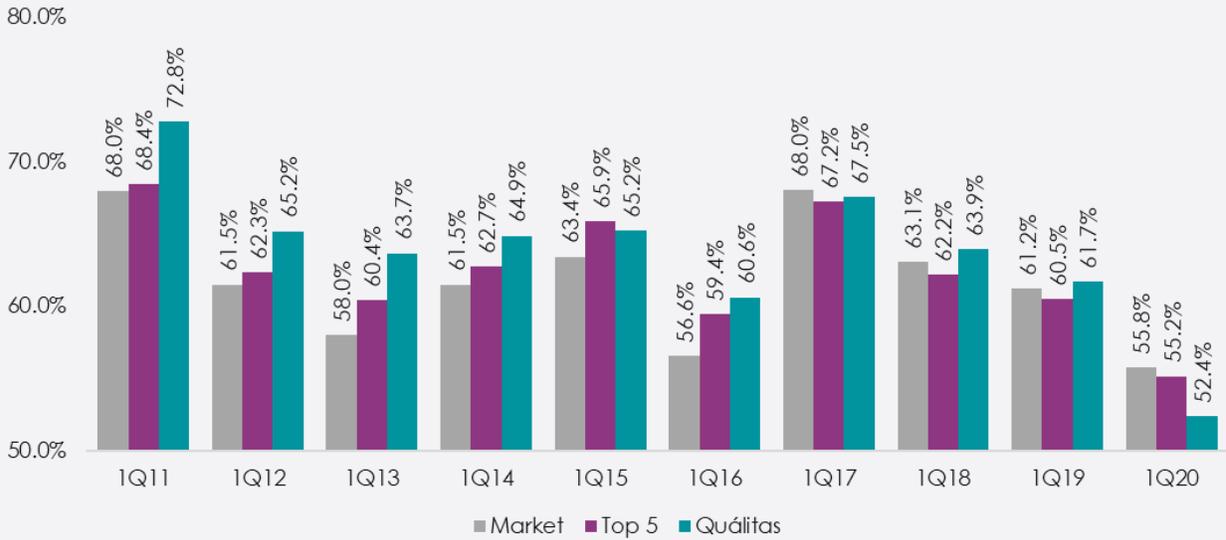
 Total Auto	 Cars	 Trucks	 Tourists	 Other
Written premiums: \$9,004	Written premiums: \$ 4,277	Written premiums: \$ 4,515	Written premiums: \$ 77	Written premiums: \$ 134
Market share: 28.1%	Market share: 21.1%	Market share: 42.7%	Market share: 17.6%	Market share: 18.5%
Place: 1°	Place: 1°	Place: 1°	Place: 2°	Place: 3°

Figures in million (MXN)

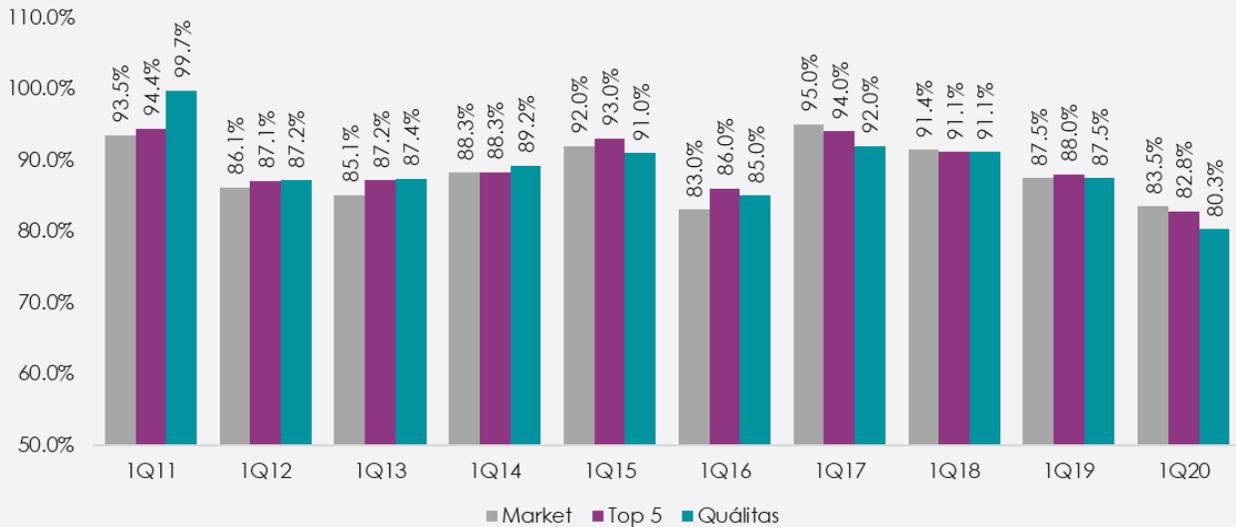
Costs ratios

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The industry recorded a lower loss ratio compared to the same period in 2019, driven by a 16.2% decrease in thefts for the industry and the first effects of the health contingency. The loss ratio of the top five companies also decreased 5.3 percentage points, positioning itself at 55.2%, while Quálitás fell from 61.7% to 52.4%, being the lowest ratio in the last decade.



Combined ratio for the industry reached 83.5%, figure 4 percentage points lower than the registered same period previous year. The five largest companies recorded 82.8% combined ratio and Quálitás reached 80.3%.



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

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 Quálitas

Quálitas (Q) is the largest auto insurance company in Mexico in terms of market cap penetration, 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. Quálitas is listed on the Mexican Stock Exchange (BMV) under the ticker “Q” (Bloomberg: Q*:MM).

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