

# Automobile Insurance Industry Report

2013



Quálitas®



México

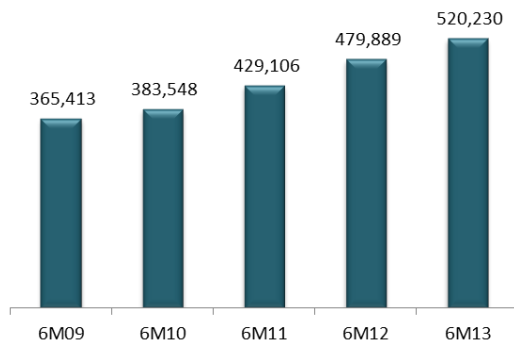


## Medium sized companies earn market share, Quálitas gains 1.5%.

Mexico City; August 13, 2013

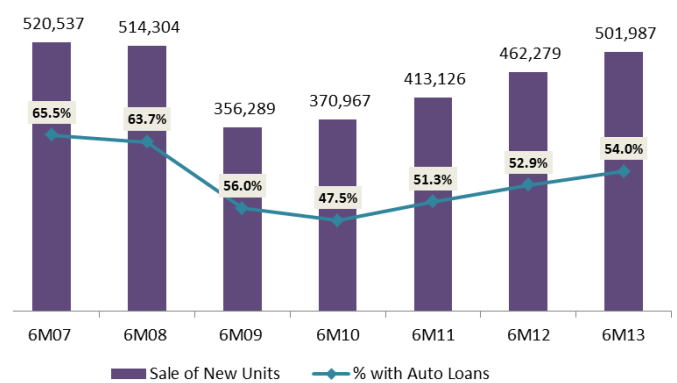
### Automobile Industry and Automobile Financing

**Nationwide Sales of New Vehicles<sup>1</sup>**  
(Automobiles, Trucks)



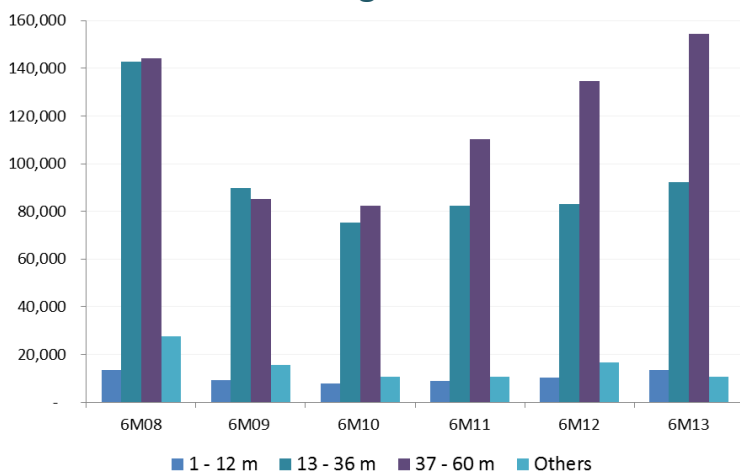
Sales of new units grew 8.4% in the first semester of 2013, reaching 520,230 units.

**Automobile Financing<sup>2</sup>**



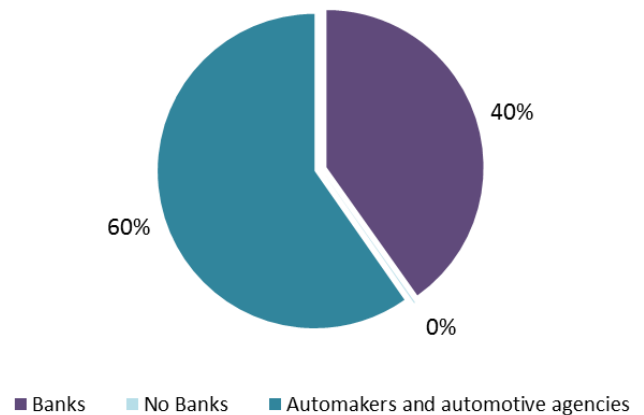
In 2013, automobile financing continues recovering; 54% of sales of new cars as of June 2013 were financed, figure higher than last year's, but that still remains below the 2007 levels.

**Financing Period<sup>2</sup>**



As of June 2013 most car loans were offered with a 37 to 60 months term. The term of the loans has been increasing during the last 5 years.

**Automobile Financing Market<sup>2</sup>**



The main financing source for the acquisition of vehicles is automakers and automotive agencies.

<sup>1</sup>Source: AMIA, ANPACT and AMDA. Figures are stated in units of automobiles sold.

<sup>2</sup>Source: JATO Dynamics. (Only includes cars, does not include all banks and financial institutions, does not include operating or financial leasing).



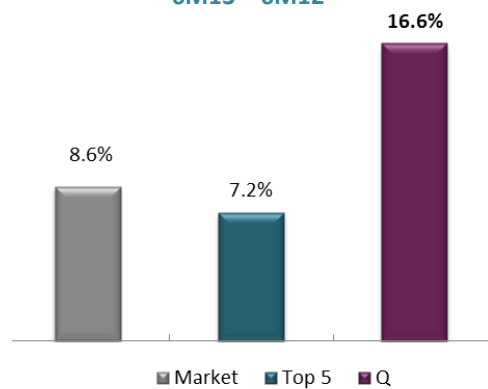
Figures in this document are stated in millions of Mexican pesos, except where otherwise specified, so that they may vary due to rounding.

### Automobile Insurance Industry

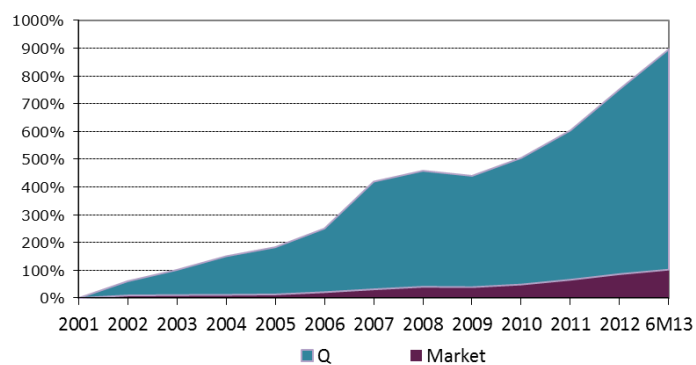
Total premiums written by the market amounted to \$33,308 growing 8.6%. **Q** and medium size companies grew above the market, with rates of 16.6% and a 13.6% respectively. On the other hand, the 5 largest companies grew below the market, at 7.2% and the small ones contracted by 6.9%

The market's net profit decreased by 0.6%. This responds mainly to a 13.0% drop in investment income of because combined ratio remained the same as last year's.

Growth in Premiums Written  
6M13 – 6M12



Growth in Premiums Written  
Base 2001 = 0



## Automobile Insurance Industry 6M13

(Figures in millions of pesos)

	Companies	Premiums Written	Market Share (written)	Premiums Earned	Market Share (earned)	Growth 6M13 - 6M12
1	<b>Qualitas</b>	<b>7,474</b>	<b>22.4%</b>	<b>6,549</b>	<b>21.8%</b>	<b>16.6%</b>
2	AXA Seguros	5,127	15.4%	5,267	17.5%	-9.5%
3	G.N.P.	4,255	12.8%	3,767	12.5%	31.0%
4	Aba/Seguros	2,802	8.4%	2,342	7.8%	9.8%
5	Inbursa	2,065	6.2%	2,298	7.6%	-13.7%
	<b>LARGE</b>	<b>21,723</b>	<b>65.2%</b>	<b>20,223</b>	<b>67.3%</b>	<b>7.2%</b>
6	Mapfre Mexico	1,953	5.9%	1,859	6.2%	-0.3%
7	Banorte Generali	1,924	5.8%	1,670	5.6%	11.5%
8	BBVA Bancomer	1,810	5.4%	1,554	5.2%	7.6%
9	Zurich Daños	1,166	3.5%	795	2.6%	41.5%
10	HDI Seguros	1,158	3.5%	891	3.0%	39.8%
11	Atlas	874	2.6%	796	2.6%	18.7%
12	ANA	481	1.4%	365	1.2%	8.2%
13	General de Seguros	387	1.2%	360	1.2%	2.5%
14	Afirme	369	1.1%	300	1.0%	16.3%
15	Royal & Sunalliance	345	1.0%	315	1.0%	14.8%
	<b>MEDIUM</b>	<b>10,467</b>	<b>31.4%</b>	<b>8,905</b>	<b>29.6%</b>	<b>13.8%</b>
	<b>SMALL</b>	<b>1,117</b>	<b>3.4%</b>	<b>927</b>	<b>3.1%</b>	<b>-6.9%</b>
	<b>MARKET (32 Comp)</b>	<b>33,308</b>	<b>100%</b>	<b>30,055</b>	<b>100%</b>	<b>8.6%</b>

	Companies	Operating Result	Investment Income	Net Result	L&LAE Ratio	Combined Ratio
1	<b>Qualitas</b>	<b>479</b>	<b>378</b>	<b>594</b>	<b>64.0%</b>	<b>89.1%</b>
2	AXA Seguros	300	226	517	67.3%	95.0%
3	G.N.P.	81	275	269	60.6%	93.3%
4	Aba/Seguros	182	193	402	62.6%	87.0%
5	Inbursa	278	78	287	56.6%	91.3%
	<b>LARGE</b>	<b>1,321</b>	<b>1,150</b>	<b>2,069</b>	<b>63.2%</b>	<b>91.2%</b>
6	Mapfre Mexico	-38	84	10	65.4%	100.2%
7	Banorte Generali	356	94	320	58.3%	75.8%
8	BBVA Bancomer	477	375	581	52.8%	66.8%
9	Zurich Daños	-9	14	54	45.7%	91.1%
10	HDI Seguros	-37	38	26	58.9%	93.7%
11	Atlas	50	40	69	68.5%	91.4%
12	ANA	-11	21	4	62.0%	99.7%
13	General de Seguros	6	10	21	63.6%	96.1%
14	Afirme	4	19	17	58.9%	90.9%
15	Royal & Sunalliance	-52	-1	-38	67.6%	111.5%
	<b>MEDIUM</b>	<b>745</b>	<b>694</b>	<b>1,066</b>	<b>59.4%</b>	<b>87.4%</b>
	<b>SMALL</b>	<b>128</b>	<b>23</b>	<b>452</b>	<b>51.0%</b>	<b>82.4%</b>
	<b>MARKET (32 Comp)</b>	<b>2,210</b>	<b>1,867</b>	<b>3,602</b>	<b>61.7%</b>	<b>89.8%</b>

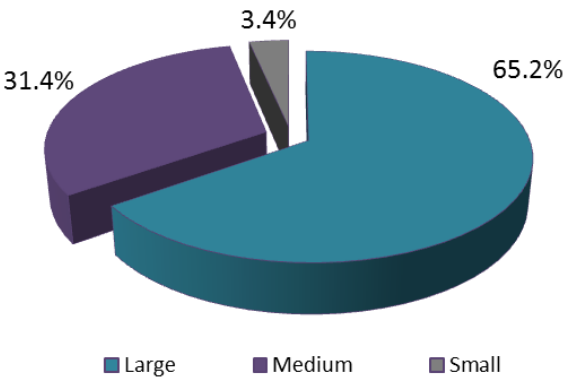




## Market Share

The 5 large companies in the market account for 65.2% of the automobile insurance market. On the other hand, the solid growth of the companies classified by AMIS as medium during the quarter allowed them to attain 0.76 percentage points of share, reaching 31.4%. Lastly, small companies registered an important decrease of 0.65 percentage points.

Market Share  
Automobile Insurance



**Q** remains well-positioned in the major segments of the market; in every business line, the Company remains in the top 3 places.

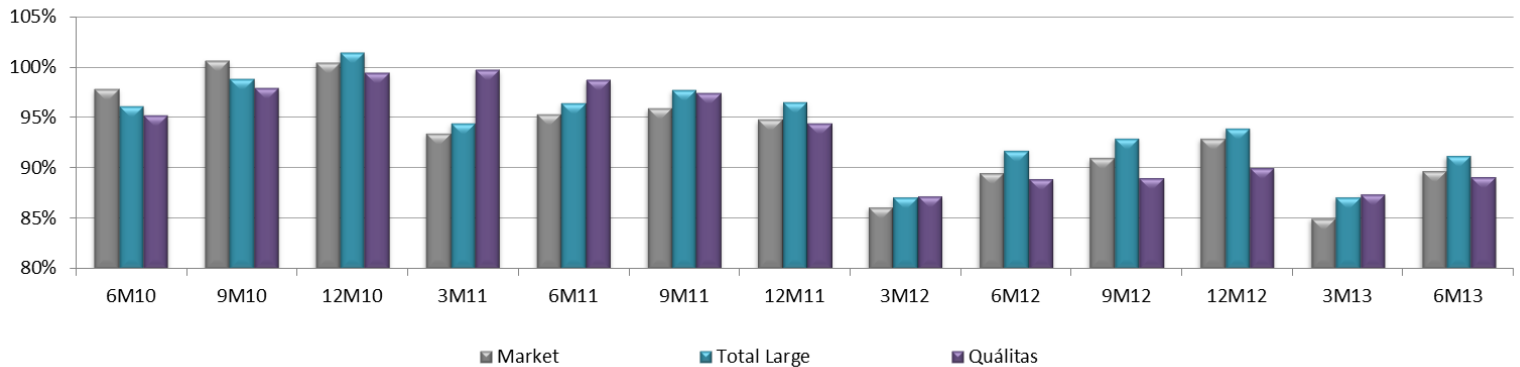
Breakdown of the Automobile Insurance Market			
	Premiums Written	Q´s Participation	Q´s Position
Cars	\$22,638	18.8%	1
Trucks	\$9,562	31.7%	1
Tourists	\$343	19.8%	2
Other	\$764	15.5%	3
Total	\$33,308	22.4%	1



## Costs

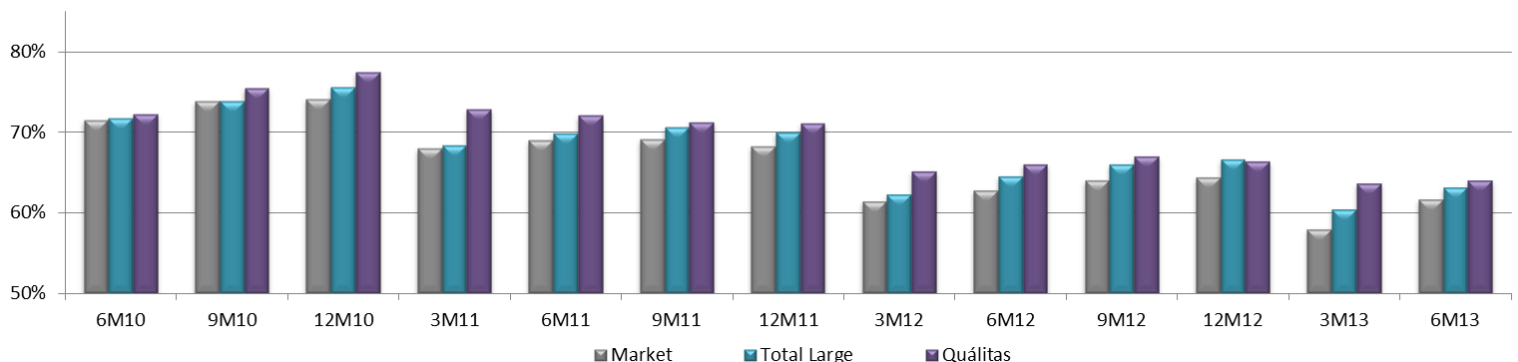
The combined cost ratio for the market reached 89.8%, similar figure to the 89.6% for last year. The five large companies registered a 91.2% ratio, while the figure for **Q** stood at 89.1%.

Combined Cost Ratio



The industry attained its lowest L&LAE ratio for a first half during the past 5 years. If we compare the June 2013 ratios to last year's figures, there are also important decreases. Accordingly, the market ratio diminished from 62.8% to 61.7%, that of the five large companies from 64.5% to 63.2% and that of **Q**, from 66.1% to 64.0%.

L&LAE Ratio  
Automobile Insurance



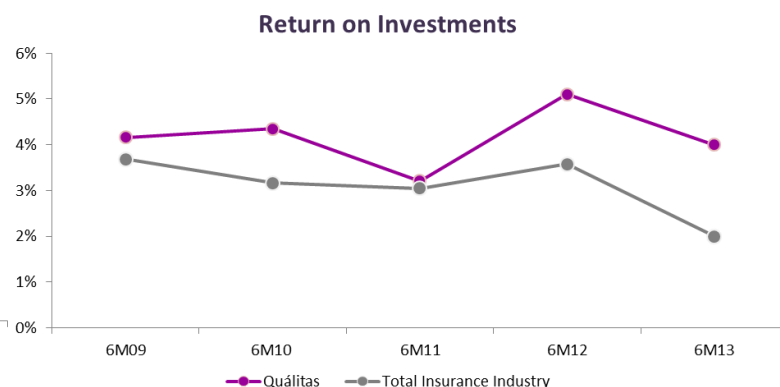
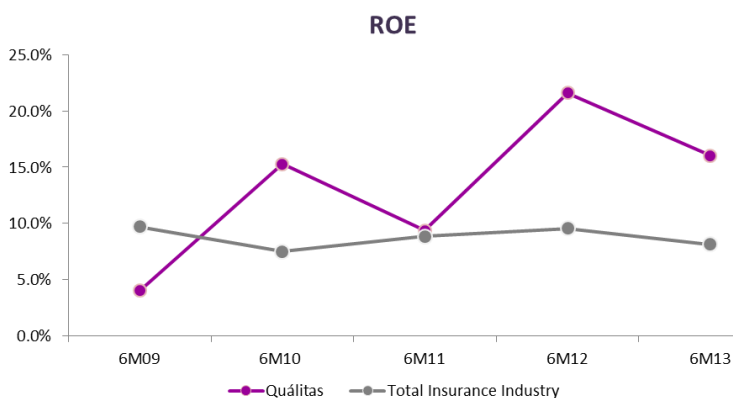
## Insurance Industry Profitability

The following table shows the profitability comparables for the insurance industry, which, in aggregate, stands at 8.1% for the first six months of the year.

It is important to point out that this calculation is not available by industry segment, since the information available is the ROE from consolidated figures, and it is calculated with the profit from all segments for the period.

During this period, **Q** registered a 16% profitability.

	Company	Total Premiums 6M13	Return on investments 6M13	ROE 6M13 %	ROE 6M12 %
1	Metlife Mexico	24,712	4%	8.6%	6.2%
2	G.N.P.	18,838	3%	6.6%	6.6%
3	Inbursa	15,021	2%	6.2%	9.8%
4	AXA Seguros	13,803	3%	1.4%	4.8%
5	Banamex	9,593	0%	7.5%	13.0%
6	BBVA Bancomer	9,005	2%	26.1%	28.7%
7	Monterrey New York Life	8,075	2%	-0.9%	6.2%
8	Banorte Generali	7,653	3%	17.0%	18.8%
9	<b>Qualitas</b>	<b>7,475</b>	<b>4%</b>	<b>16.0%</b>	<b>21.6%</b>
10	Mapfre Mexico	6,657	3%	4.6%	6.2%
11	Santander	5,798	3%	17.6%	14.1%
12	Allianz Mexico	4,412	0%	-13.1%	8.8%
13	Atlas	3,510	3%	6.2%	5.8%
14	Aba/Seguros	3,290	3%	13.2%	12.0%
15	Zurich Daños	2,877	2%	-15.9%	0.6%
	<b>SMALL</b>	<b>22,957</b>	<b>2%</b>	<b>6.6%</b>	<b>8.0%</b>
	<b>MARKET (73 Comp)</b>	<b>163,677</b>	<b>2%</b>	<b>8.1%</b>	<b>9.6%</b>



ROE=Net Result/ Stockholders' Equity. It is an effective rate which corresponds to a period of 6 months, as published by AMIS.

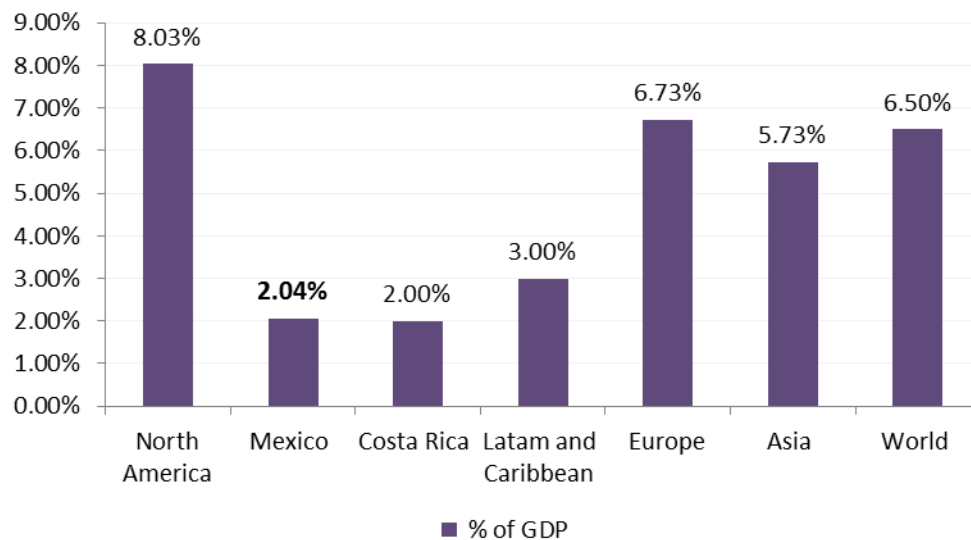


## Global Penetration of Insurance<sup>3</sup>

According to Swiss Re Sigma research “World Insurance 2012”, México and Chile are the two main Latin American countries facing regulatory changes. In Mexico’s case, the main change responds to the Solvency II regime.

Mexico is expected to be the second largest non-life insurance market in Latin America in 2013.

In Mexico premiums per capita for non-life insurance in 2012 amounted to US\$113 and premiums as a percentage of GDP were: 2.04% for the total insurance industry, 0.92% for life insurance and 1.12% for non-life.



<sup>3</sup>Source: Swiss Re Sigma “World insurance in 2012”





*Except for the historic information herein provided, statements included in this document regarding the Company's expected financial and operating business results or regarding the Company's growth potential, constitute "forward-looking statements" based on management's expectations regarding the economic and business conditions in the countries where Quálitas operates.*

## 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) AMIA. Asociación Mexicana de la Industria Automotriz, A.C., (Mexican Association of the Automobile Industry); [www.amia.com.mx](http://www.amia.com.mx)
- 3) ANPACT. Asociación Nacional de Productores de Autobuses, Camiones y Tractocamiones, A.C., (National Association of Producers of Buses, Trucks and Lorries); [www.anpact.com.mx](http://www.anpact.com.mx)
- 4) AMDA. Asociación Mexicana de Distribuidores de Automotores, A.C. (Mexican Association of Automotive Suppliers) ; [www.amda.mx](http://www.amda.mx)
- 5) JATO Dynamics. <http://www.jato.com/Mexico>
- 6) Swiss Re Sigma "World Insurance 2012"  
[http://media.swissre.com/documents/sigma3\\_2013\\_en.pdf](http://media.swissre.com/documents/sigma3_2013_en.pdf)

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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