

Automobile Insurance Industry Report

6M18



Quálitas

Auto Insurance Industry Report Mexico 6M18



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

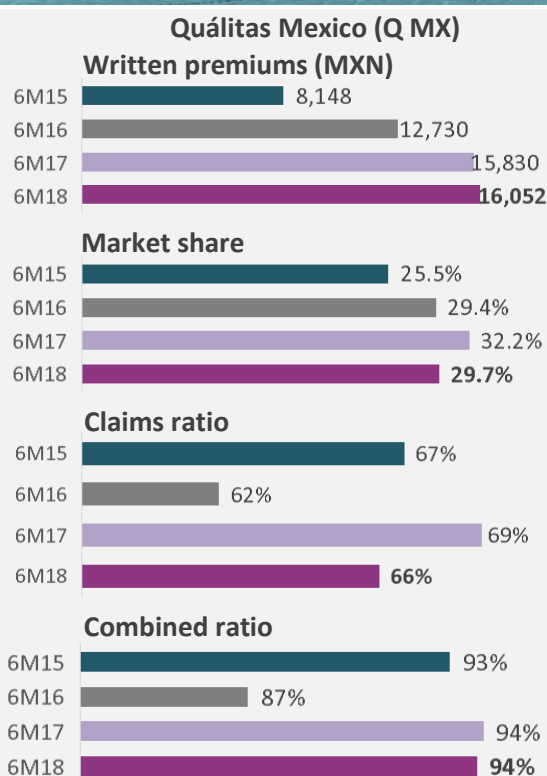


According to the Mexican Association of Insurance Institutions (AMIS), auto insurance industry in Mexico had a nominal growth of 10.1% in premiums written during the first half of 2018. It is worth mentioning that the annual GDP grew 1.6%¹ and the annual inflation rate as of June was 4.65%².

Automobile financing registered 68.7% of new car sales, this mainly driven by the agencies and financial branches of automakers. New light vehicle sales slowed down by 8.4% compared to the same period of 2017, trucks sales decreased 4.5% during the same period³.

Regarding costs, the industry recorded a combined ratio of 93.6%, lower figure when compared to the 97.4% registered in 6M17, which is mainly derived from a decrease in claims and acquisition ratios. It is important to mention that both decreases are linked to a lower number of meteorological events and to the decrease in new car sales obtained through financing in Mexico.

In order to have a better analysis of the industry, we subdivide bank-owned insurance companies. These companies, as they are part of financial groups, 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	16,052	1.4%	707	1,035	1,199	66%	94%
Other	29,028	16.7%	1,354	1,487	2,362	62%	94%
Sum Insurance Companies	45,080	10.8%	2,061	2,522	3,561	64%	94%
Bank-owned	8,997	6.8%	825	1,145	1,843	70%	89%
Total Market (35 Companies)*	54,077	10.1%	2,886	3,667	5,404	65%	94%

¹Source: National Institute of Statistic and Geography (INEGI as per its acronym in Spanish)

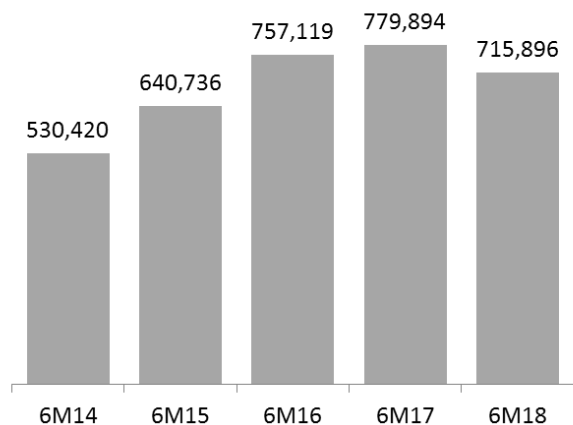
²Source: Mexico's Central Bank (Banxico, as per its acronym in Spanish)

³Source: Mexican Association of Automobile Dealers (AMDA as per its acronym in Spanish)

* 34 Insurance Companies and 1 Reinsurer

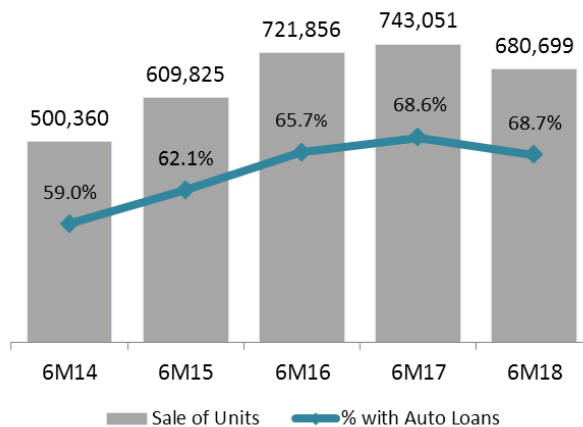
Automobile Industry and Financing

Nationwide Sales of Vehicles⁴ (Automobiles and Trucks)



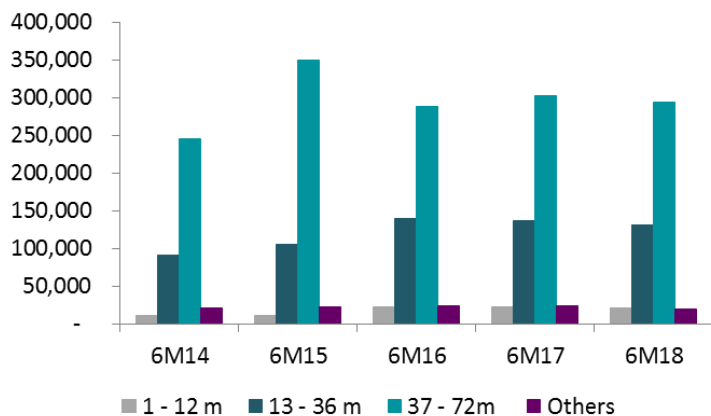
Sales of new units (automobiles & trucks) decreased 8.2% when compared to the first half of 2017, totaling 715,896 units.

Automobile Financing⁴



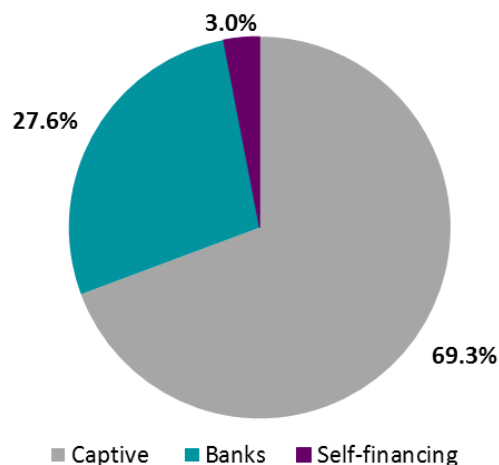
Automobile credit reached 68.7% of light vehicles sales, compared to 68.6% of the same period of the previous year.

Financing Terms⁵



At the end of the first six months of 2018, most car loans (31.6%) had a duration of 60 months, with 147,851 allocations.

Automobile Financing Market⁵



The main sources of financing to purchase a car were automakers and automotive agencies (captives) with a 69.3% of market share.

⁴ Source: ANPACT and AMDA. Figures are stated in units of sold automobiles.

⁵ Source: JATO Dynamics. Figures stated in number of allocations.

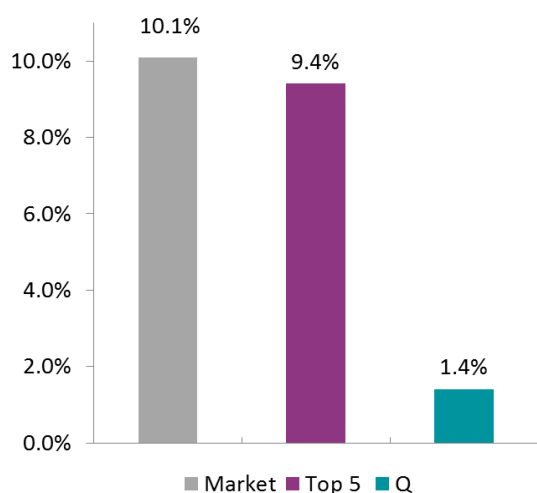
Automobile Insurance Industry

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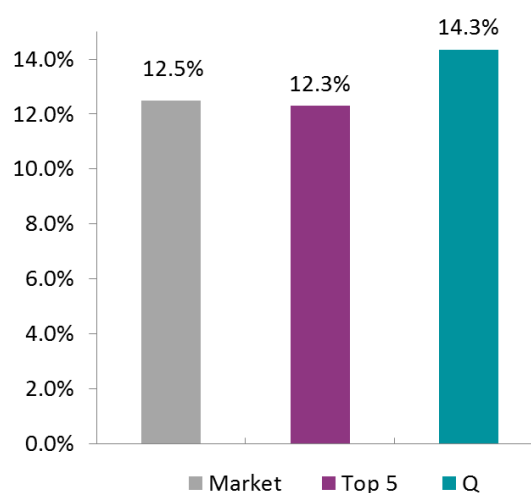
The market recorded total premiums written of \$54,077 million in the first semester of 2018, a 10.1% increase in comparison to the same period of the previous year. Top 5 companies grew 9.4%, medium companies 9.3%, and small companies 29.3%.

Market's net profit was \$5,404 million, this is mainly explained by an operating result of \$2,886 million and an investment income of \$3,667 million.

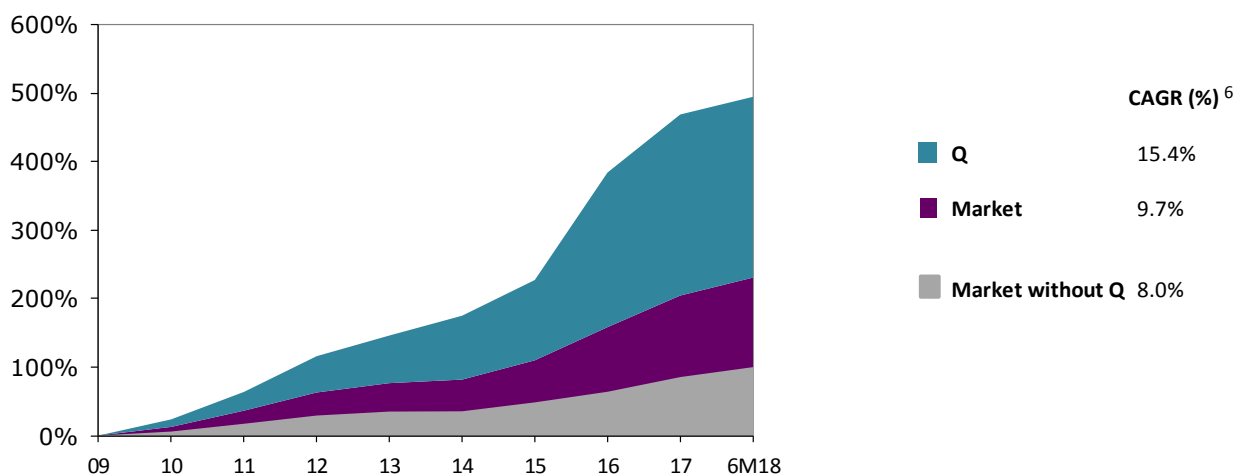
**Premiums Written Growth
6M18 vs 6M17**



**Premiums Earned Growth
6M18 vs 6M17**



**Cumulative growth in Premiums Written
(Base 2009)**



⁶ CAGR: Compound Annual Growth Rate

Automobile Insurance Industry 6M18

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Company	Premiums Written			Premiums Earned	
	MXN	Market Share	Growth 6M18 vs 6M17	MXN	Market Share
Quálitas	16,052	29.7%	1.4%	15,109	31.9%
Chubb	5,867	10.9%	29.1%	2,255	4.8%
G.N.P.	5,773	10.7%	(4.4%)	5,834	12.3%
AXA Seguros	4,742	8.8%	21.0%	4,797	10.1%
HDI Seguros	3,798	7.0%	36.4%	2,968	6.3%
Top 5	36,232	67.0%	9.4%	30,963	65.4%
Banorte	2,987	5.5%	13.2%	2,524	5.3%
BBVA Bancomer	2,219	4.1%	(1.4%)	2,021	4.3%
Inbursa	2,116	3.9%	(4.0%)	2,160	4.6%
Zurich Daños	1,747	3.2%	10.6%	1,453	3.1%
Mapfre México	1,712	3.2%	16.0%	1,973	4.2%
Atlas	1,501	2.8%	5.5%	1,453	3.1%
Afirme	1,206	2.2%	22.0%	1,025	2.2%
Ana	891	1.6%	27.7%	642	1.4%
General de Seguros	661	1.2%	(2.6%)	656	1.4%
SURA	558	1.0%	65.8%	648	1.4%
Medium	15,598	28.8%	9.3%	14,555	30.8%
Other	2,246	4.2%	29.3%	1,797	3.8%
Total Market (35 Companies)*	54,077	100.0%	10.1%	47,316	100.0%

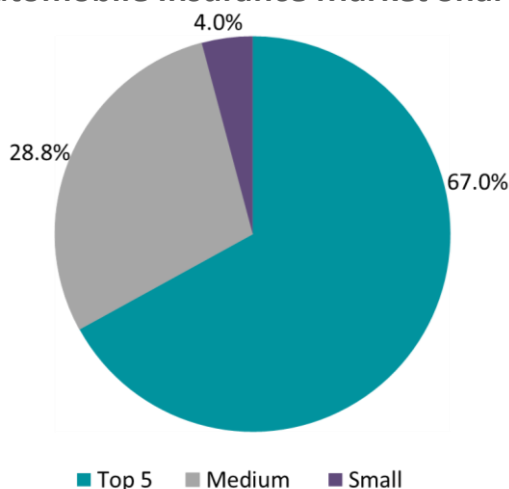
Company	Operating Result	Investment Income	Net Result	Claims Ratio	Combined Ratio
Quálitas	707	1,035	1,199	66%	94%
Chubb	365	112	403	64%	88%
G.N.P.	74	408	326	69%	102%
AXA Seguros	880	370	1,130	50%	82%
HDI Seguros	35	160	138	60%	94%
Top 5	2,061	2,086	3,196	63%	93%
Banorte	191	216	529	76%	90%
BBVA Bancomer	262	746	872	77%	86%
Inbursa	157	81	183	64%	93%
Zurich Daños	(98)	82	6	72%	114%
Mapfre México	(20)	48	19	66%	106%
Atlas	27	61	70	73%	97%
Afirme	49	68	87	61%	90%
Ana	67	21	60	52%	87%
General de Seguros	(27)	94	40	69%	104%
SURA	164	17	182	43%	82%
Medium	772	1,434	2,050	68%	95%
Other	53	147	158	56.5%*	93.3%*
Total Market (35 Companies)*	2,886	3,667	5,404	65%	94%

Market Share

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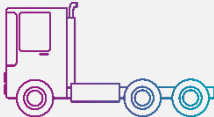



The five largest companies in the industry accounted for 67.0% of automobile insurance market share. During the year, large companies lost 0.4 percentage points in terms of market share when compared to the same period of 2017. Medium companies decreased their share by 0.2 percentage points and small companies gained 0.6 percentage points.

Automobile Insurance Market Share



Q continues to be the leader in the automobile insurance market with 29.7% share and 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

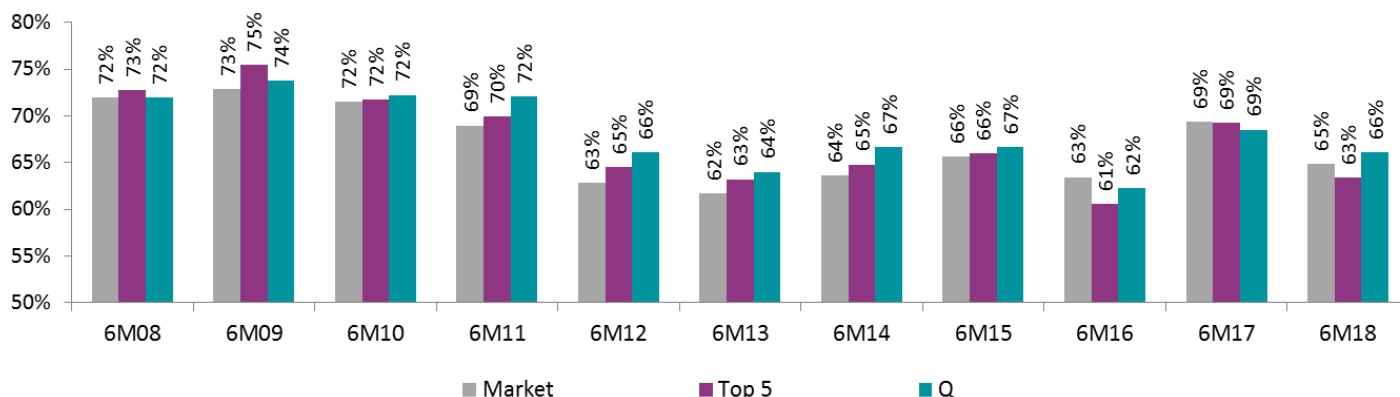
<p>Cars</p> 	<p>Written Premiums: \$ 7,628</p> <p>Market Share: 21.7%</p> <p>Place: 1st</p>	<p>Trucks</p> 	<p>Written Premiums: \$ 8,047</p> <p>Market Share: 46.2%</p> <p>Place: 1st</p>
<p>Tourists</p> 	<p>Written Premiums: \$ 121</p> <p>Market Share: 19.5%</p> <p>Place: 2nd</p>	<p>Other</p> 	<p>Written Premiums: \$ 257</p> <p>Market Share: 28.9%</p> <p>Place: 1st</p>
<p> Total Auto</p>			
<p>Written Premiums: \$ 16,052</p>		<p>Market Share: 29.7%</p>	
		<p>Place: 1st</p>	

Costs Ratios

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The industry recorded lower claims ratio when compared to the same term of the previous year. Claims ratio of the five largest companies decreased from 69% to 65%, while Q's claims ratio dropped from 69% to 66%.

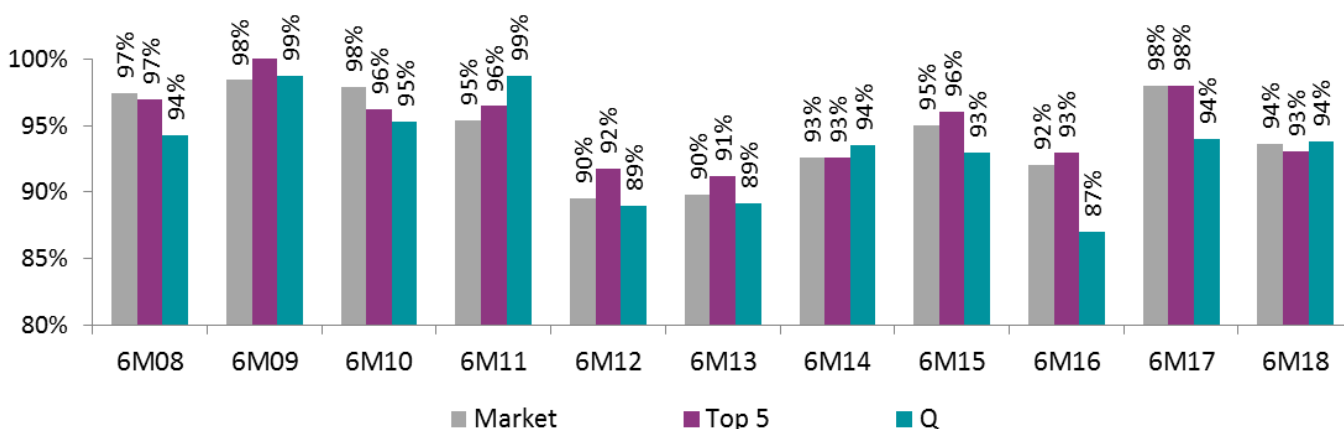
Claims Ratio



Combined ratio for the industry was 94%, figure lower than the 98% registered by the end of 6M17. The five largest companies recorded 93% combined ratio, and Q 94% during the period.

Combined ratio for the industry without bank-owned Insurance companies, reached 94%.

Combined Ratio



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).

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
- 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
- 3) AMDA. Asociación Mexicana de Distribuidores de Automotores, A.C. (Mexican Association of Automotive Dealers) ; 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

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