

Automobile Insurance Industry Report

9M18



Quálitas

Auto Insurance Industry Report Mexico 9M18



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 9.2% in premiums written during the first nine months of 2018. It is worth mentioning that the annual GDP grew 2.7%¹ and the annual inflation rate as of September was 5.02%².

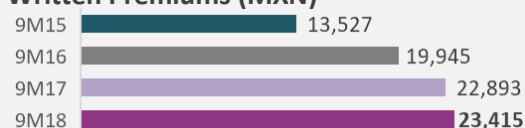
Automobile financing registered 68.5% of new car sales, this mainly driven by the agencies and financial branches of automakers. New light vehicle sales slowed down by 7.1% compared to the same period of 2017, trucks sales decreased 2.2% during this period³.

Regarding costs, the industry recorded a combined ratio of 97.4%, lower figure when compared to the 98.4% registered in 9M17, which is mainly derived from a decrease in claims and acquisition ratios. It is important to mention that both decreases are linked to a higher increase in earned premiums than in claims costs and to the decrease in new car sales obtained through financing in Mexico.

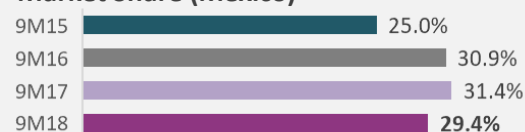
In order to have a better analysis of the industry, we subdivide bank-owned insurance companies. These companies, as they are part of financial groups, have cross selling with the bank's customers and have different costs structures.

Quálitas Mexico (Q MX)

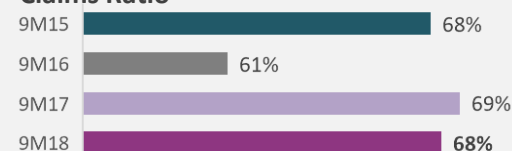
Written Premiums (MXN)



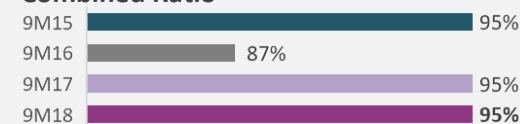
Market Share (Mexico)



Claims Ratio



Combined Ratio



Companies	Written Premiums	Growth	Operating Result	Investment Income	Net Result	Claims Ratio	Combined Ratio
Quálitas	23,415	2.3%	976	1,496	1,721	68%	95%
Other	43,347	14.5%	23	2,160	1,399	64%	97%
Sum Insurance Companies	66,762	9.9%	1,000	3,656	3,120	65%	96%
Bank-owned	12,902	5.4%	1,300	1,072	2,071	70%	90%
Total Market (34 Companies)*	79,664	9.2%	2,299	4,728	5,191	69%	97%

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

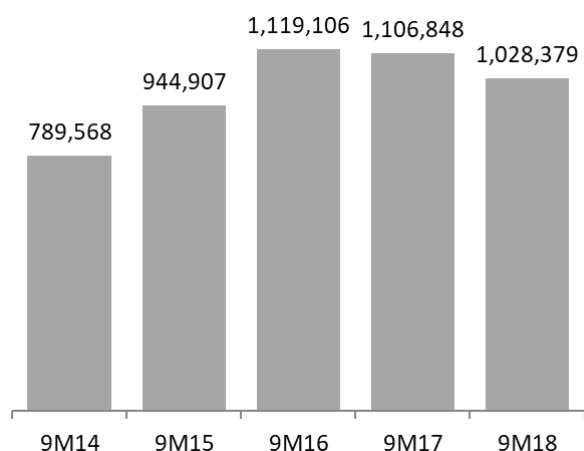
² Source: Mexico's Central Bank (Banxico, as per its acronym in Spanish)

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

* 33 Insurance Companies and 1 Reinsurer

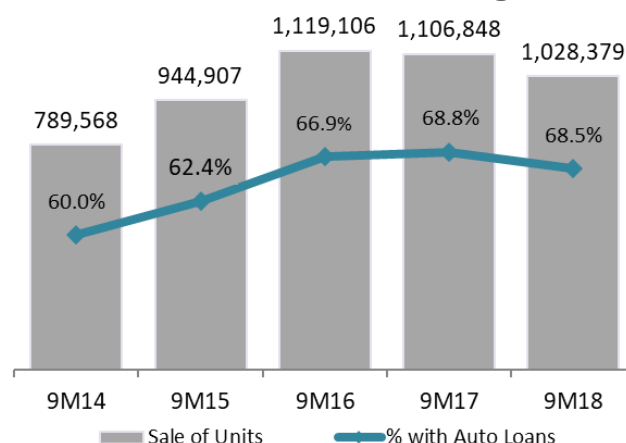
Automobile Industry and Financing

Nationwide Sales of Vehicles⁴



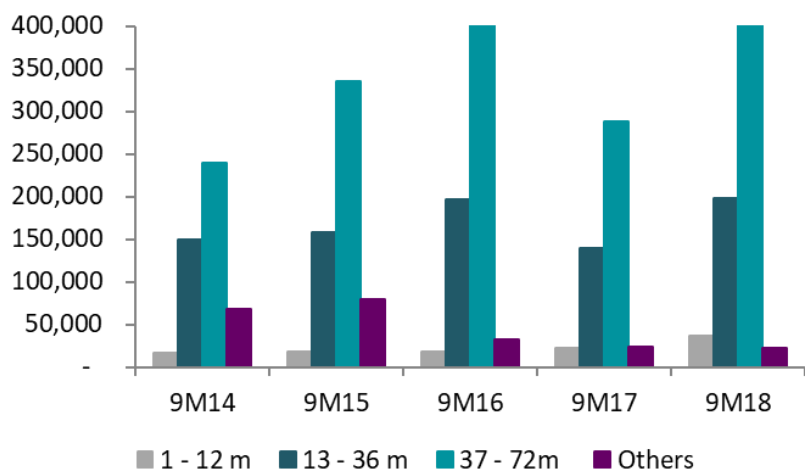
Sales of new units (automobiles & trucks) decreased 7.1% when compared to the same period of 2017, totaling 1,028,379 units.

Automobile Financing⁴



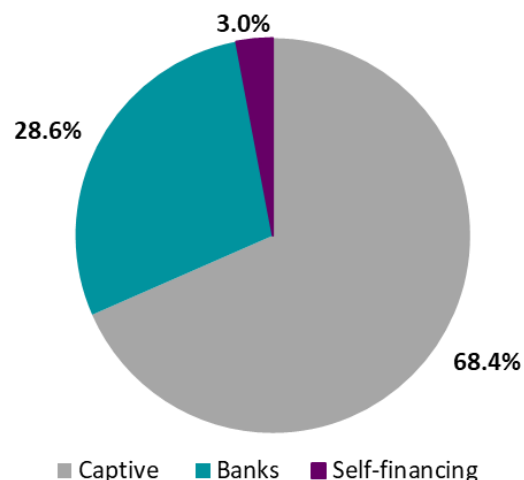
Automobile credit reached 68.5% of light vehicles sales, compared to 68.8% of the same period of the previous year.

Financing Terms⁵



At the end of September 2018, most car loans (31.9%) had a duration of 60 months, with 224,496 allocations.

Automobile Financing Market⁵



The main sources of financing to purchase a car were automakers and automotive agencies (captives) with a 68.4% 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.

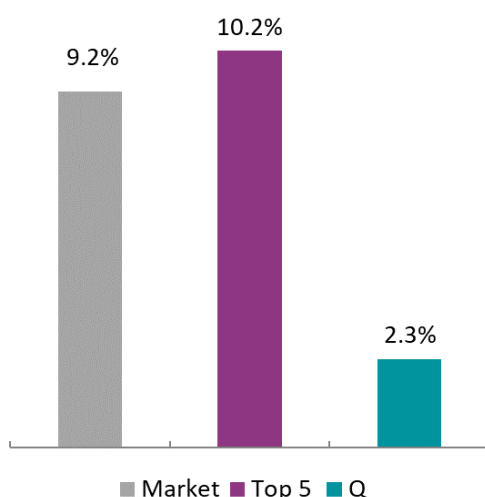
Automobile Insurance Industry

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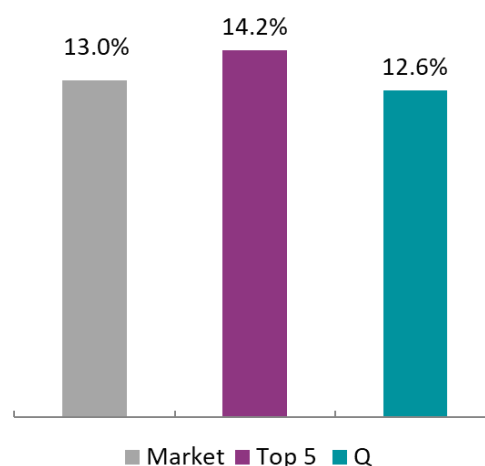
The market recorded total premiums written of \$79,664 million in the nine months ended September 2018, a 9.2% increase in comparison to the same period of the previous year. Top 5 companies grew 10.2%, medium companies 4.6%, and small companies 27.7%.

Market's net profit was \$5,191 million, this is mainly explained by an operating result of \$2,299 million and an investment income of \$4,428 million.

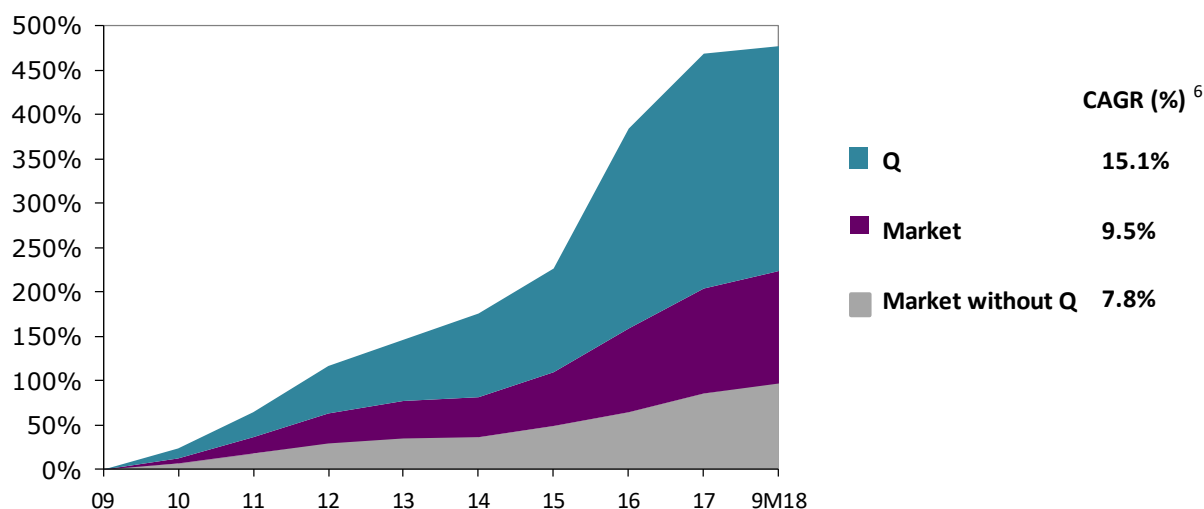
**Premiums Written Growth
9M18 vs 9M17**



**Premiums Earned Growth
9M18 vs 9M17**



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



⁶ CAGR: Compound Annual Growth Rate

Automobile Insurance Industry 9M18

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Company	Premiums Written			Premiums Earned	
	MXN	Market Share	Growth 9M18 vs 9M17	MXN	Market Share
Quálitas	23,415	29.4%	2.3%	22,713	31.5%
G.N.P.	9,193	11.5%	2.1%	9,494	13.2%
Chubb	8,706	10.9%	25.1%	3,383	4.7%
AXA Seguros	6,875	8.6%	20.1%	7,405	10.3%
HDI Seguros	5,646	7.1%	32.6%	4,603	6.4%
Top 5	53,835	67.6%	10.2%	47,597	65.9%
Banorte	4,282	5.4%	12.2%	3,881	5.4%
BBVA Bancomer	3,166	4.0%	0.1%	3,104	4.3%
Inbursa	3,145	3.9%	(6.4%)	3,221	4.5%
Mapfre México	2,562	3.2%	4.6%	2,948	4.1%
Zurich Daños	2,382	3.0%	(6.5%)	2,084	2.9%
Atlas	2,294	2.9%	7.9%	2,207	3.1%
Afirme	1,598	2.0%	19.8%	1,487	2.1%
ANA	1,299	1.6%	24.7%	949	1.3%
General de Seguros	965	1.2%	(2.8%)	953	1.3%
SURA	866	1.1%	17.9%	997	1.4%
Medium	22,558	28.3%	4.6%	21,831	30.2%
Other	3,271	4.1%	27.7%	2,762	3.8%
Total Market (34 Companies)*	79,664	100.0%	9.2%	72,190	100.0%

Company	Operating Result	Investment Income	Net Result	Claims Ratio	Combined Ratio
Quálitas	976	1,496	1,721	68.4%	95.0%
G.N.P.	434	593	700	64.9%	98.8%
Chubb	236	177	353	71.9%	97.6%
AXA Seguros	1,317	598	1,739	53.0%	84.4%
HDI Seguros	33	249	199	61.9%	96.5%
Top 5	2,996	3,112	4,711	64.9%	94.4%
Banorte	259	344	761	75.8%	91.8%
BBVA Bancomer	500	457	628	77.4%	83.8%
Inbursa	212	108	263	65.3%	94.1%
Mapfre México	(25)	97	54	64.8%	106.2%
Zurich Daños	(215)	(12)	(223)	74.4%	118.0%
Atlas	98	98	157	69.0%	94.7%
Afirme	29	107	101	63.1%	95.5%
ANA	60	35	66	56.1%	91.1%
General de Seguros	(94)	144	31	75.4%	109.4%
SURA	343	26	362	36.6%	71.8%
Medium	1,168	1,406	2,200	68.6%	95.2%
Other	(1,864)	209	(1,721)	133.3%	163%
Total Market (34 Companies)*	2,299	4,728	5,191	68.6%	97.4%

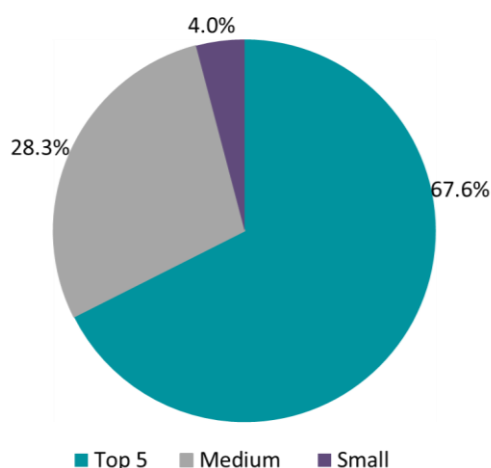
*33 Insurance Companies and 1 Reinsurer

Market Share

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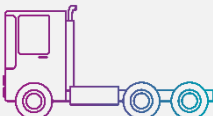


The five largest companies in the industry accounted for 67.6% of automobile insurance market share. Compared to the same period of last year, large companies gained 0.6 percentage points in terms of market. Medium companies decreased their share by 1.2 percentage points and small companies gained 0.6 percentage points.

Automobile Insurance Market Share



Q continues to be the leader in the automobile insurance market with 29.4% 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

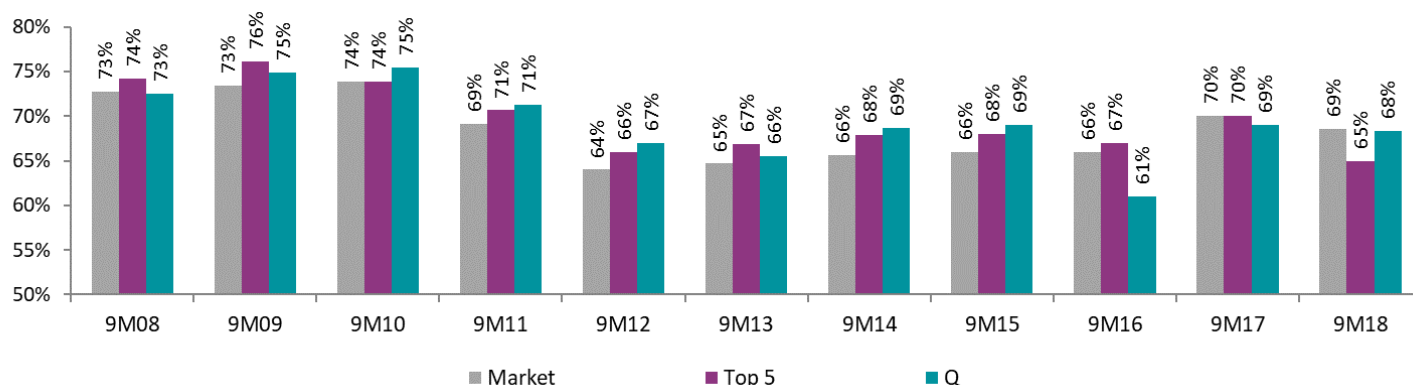
Cars  Written Premiums: \$ 10,783 Market Share: 20.8% Place: 1 st	Trucks  Written Premiums: \$ 12,105 Market Share: 47.5% Place: 1 st
Tourists  Written Premiums: \$ 176 Market Share: 18.7% Place: 2 nd	Other  Written Premiums: \$ 351 Market Share: 25.5% Place: 2 nd
<div>  Total Auto </div> <div> Written Premiums: \$ 23,415 </div> <div> Market Share: 29.4% </div> <div> Place: 1st </div>	

Costs Ratios

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The industry recorded lower claims ratio when compared to the same period of the previous year. Claims ratio of the five largest companies decreased from 70% to 65%, while Q's claims ratio dropped from 69% to 68%.

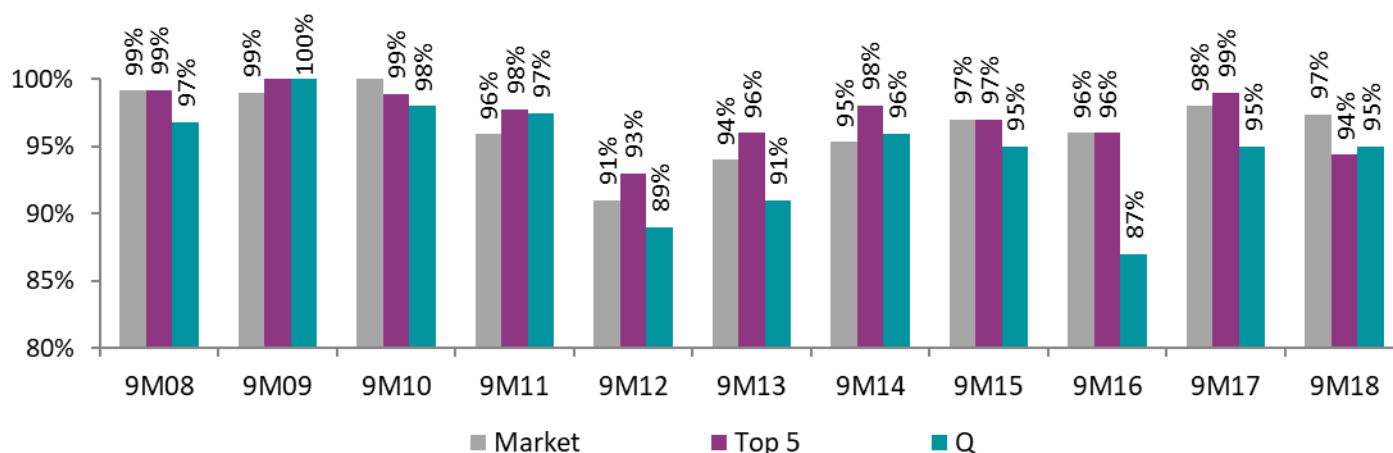
Claims Ratio



Combined ratio for the industry was 97%, figure lower than the 98% registered by the end of 9M17. The five largest companies recorded 94% combined ratio, and Q 95% during the period.

Combined ratio for the industry without bank-owned Insurance companies, reached 96%.

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