



Auto
Insurance Industry
Report

2020

Mexico's Auto insurance industry report 2020

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), throughout the year, the auto insurance industry in Mexico had a nominal decrease of 8.0% in written premiums. It is worth mentioning that GDP in 4Q20 decreased 4.5%¹ in comparison with the same period of last year, and increased 3.3% vs the 3Q20; in cumulative terms, Mexico's GDP decreased 8.2% during 2020; the cumulative inflation rate was 1.18%².

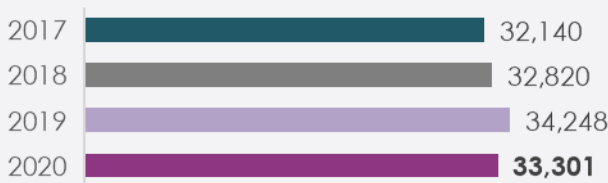
Regarding costs ratios, at the end of 2020 the industry registered a combined ratio of 85.5%, a 5.8 percentage points decrease when compared to the same period of the previous year. The above was mainly driven by the partial lockdown measures and the economic slowdown during the year, which has benefited the loss ratio due to lower mobility and therefore, a lower number of claims attended. In addition, thefts continued its positive trend for the entire industry.

In the table below³, 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.

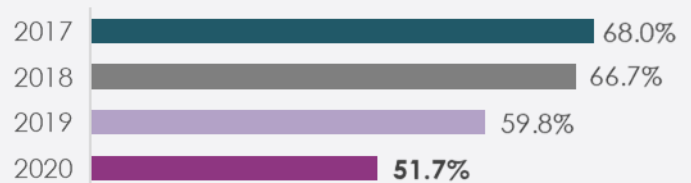
Companies	Written premium	Growth	Operating result	Financial income	Net result	Loss ratio	Combined ratio
Quálitas	33,301	(2.8%)	7,295	1,709	6,455	51.7%	80.2%
Others	56,102	(11.8%)	6,405	2,884	7,269	56.6%	90.5%
Sum insurance companies	89,403	(8.6%)	13,700	4,592	13,725	54.6%	86.4%
Bank-owned	16,498	(4.2%)	4,050	1,391	4,721	53.6%	77.9%
Total market (35 companies)*	105,901	(8.0%)	17,750	5,984	18,446	54.5%	85.5%

Quálitas Mexico (Q MX)³

Written premiums (million MXN)



Loss ratio



Market share



Combined ratio



¹ Source: INEGI

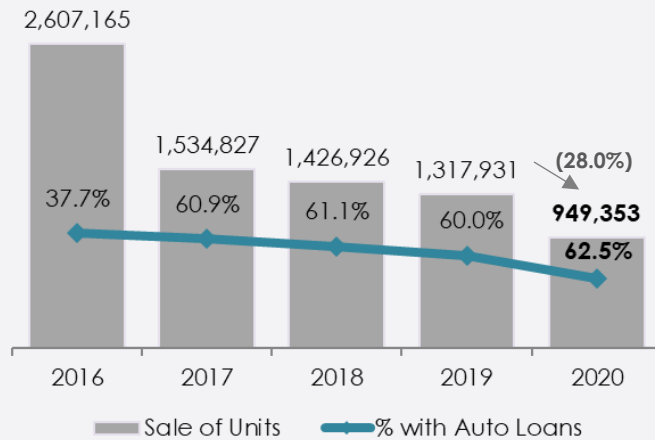
² Source: BANXICO

³ Source: AMIS

*34 insurances companies y 1 reinsurer

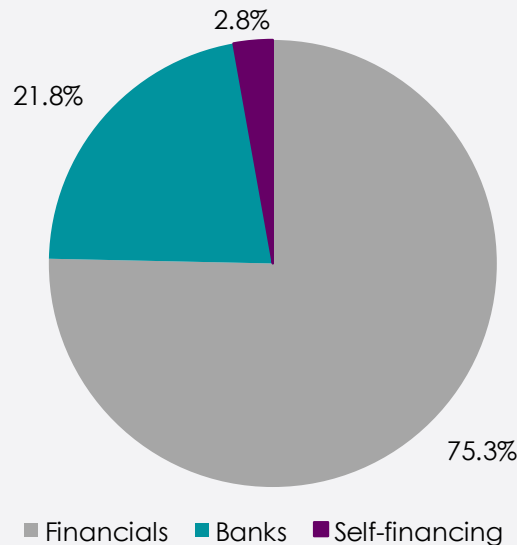
Auto industry and financing

Nationwide sales of vehicles and financing⁴



New light unit's sales (automobile and trucks) decreased 28.0% when compared to 2019, reaching a total of 949,353 commercialized vehicles. Wholesale truck sales decreased 38.6% vs 2019. The automotive credit reached 62.5% of the commercialization of light vehicles, the same as in the previous quarter, and compares to the 60.0% in the same period of the previous year.

Automobile financing market ^{4*}



The main sources of financing to purchase a car were through financial institutions with a 75.3% market share, an increase of 867 bp, followed by bank financing which had a decrease of 766 bp when compared to 2019.

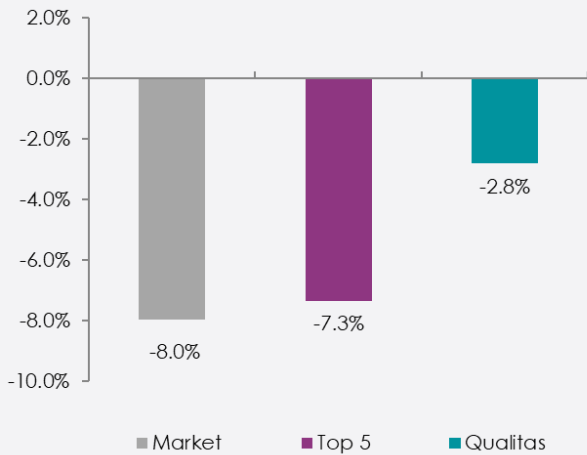
⁴ Source: AMDA
*Figures in allocations

Auto insurance industry

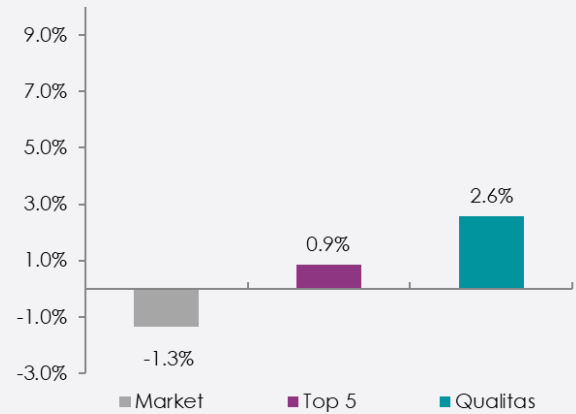
The market recorded total written premiums of \$105,901 million, a decrease of 8.0% in comparison with same period of 2019. The underwriting fall of the top five companies was 7.3%; the medium ones decreased 7.4%, and the rest of them had a drop of 20.8%.

Market's net result was \$18,446 million, this is mainly explained by an operating result of \$17,750 million, caused by the low loss ratio of the industry and a financial income of \$5,984 million.

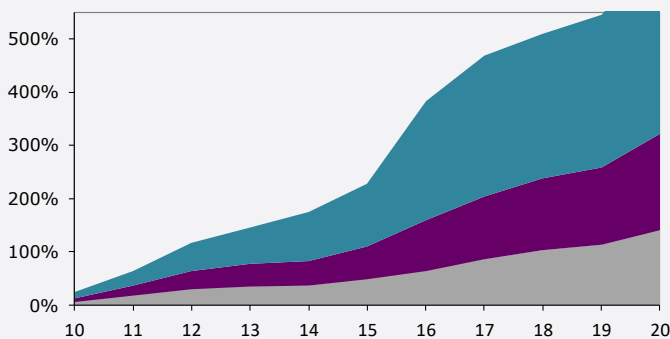
Written premiums growth 2020 vs 2019



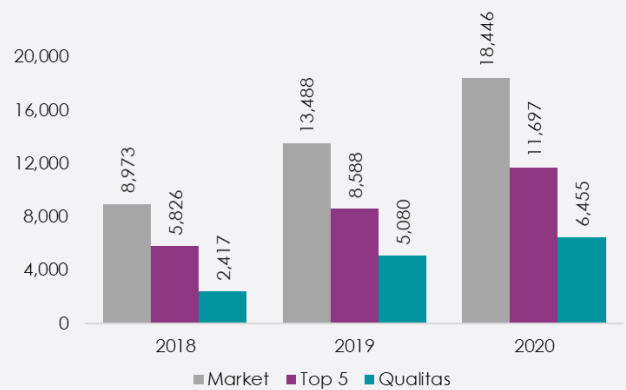
Earned premiums growth 2020 vs 2019



Cumulative growth in premiums written (Base 2011)



Net result



	CAGR (%) ⁵
Q	12.8%
Market	7.4%
Market without Q	5.6%

⁵ CAGR: Compound Annual Growth Rate of the last 10 years
 Figures in millions (MXN)
 Source: AMIS

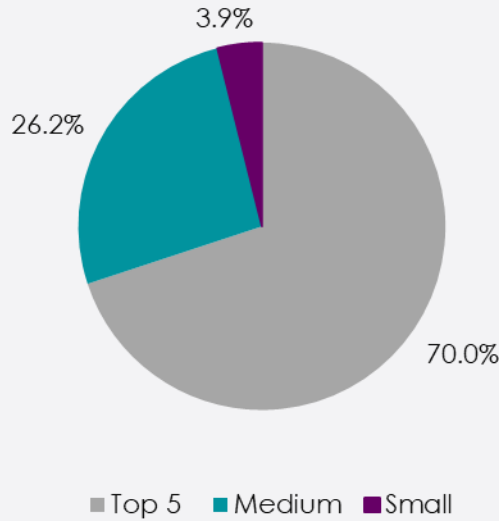
Auto insurance industry

Company	Written premiums	Market share	Growth 2020 vs 2019	Earned premiums	Market share
Quálitas	33,301	31.5%	(2.8%)	34,644	33.2%
G.N.P.	14,900	4.7%	(2.5%)	14,693	14.1%
Chubb Seguros México	10,379	9.8%	(16.8%)	5,701	5.5%
AXA Seguros	9,057	8.6%	(13.5%)	9,689	9.3%
HDI Seguros	6,444	6.1%	(13.9%)	6,708	6.4%
Top 5	74,080	70.0%	(7.3%)	71,435	68.5%
Banorte	4,993	4.7%	(10.9%)	5,451	5.2%
BBVA Seguros	4,945	4.7%	6.1%	4,735	4.5%
Inbursa	3,117	2.9%	(7.3%)	3,634	3.5%
Atlas	2,812	2.7%	(15.5%)	3,021	2.9%
Mapfre México	2,843	2.7%	(20.7%)	3,225	3.1%
Afirme	2,453	2.3%	5.9%	2,431	2.3%
ANA	2,437	2.3%	6.6%	1,761	1.7%
Zurich Daños	1,919	1.8%	(31.6%)	2,368	2.3%
General de Seguros	1,112	1.1%	(28.5%)	1,132	1.1%
El Potosí	1,080	1.0%	(23.3%)	879	0.8%
Medium	27,712	26.2%	(7.4%)	28,638	27.5%
Others	4,109	3.9%	(20.8%)	4,147	4.0%
Total market (35 companies*)	105,901	100.0%	(8.0%)	104,219	100.0%

Company	Operating result	Investment income	Net result	Loss ratio	Combined ratio
Quálitas	7,295	1,709	6,455	51.7%	80.2%
G.N.P.	1,143	581	1,245	58.4%	91.3%
Chubb Seguros México	720	292	691	61.4%	101.9%
AXA Seguros	2,447	808	2,820	48.8%	76.7%
HDI Seguros	252	434	487	66.5%	104.8%
Top 5	11,858	3,823	11,697	52.0%	86.0%
Banorte	2,032	439	2,467	47.3%	64.1%
BBVA Seguros	789	653	1,072	65.8%	82.6%
Inbursa	733	115	651	53.2%	84.2%
Atlas	775	194	747	48.6%	76.4%
Mapfre México	534	144	484	48.1%	88.2%
Afirme	309	119	299	52.6%	86.9%
ANA	279	93	252	49.3%	81.4%
Zurich Daños	161	-25	150	58.6%	105.8%
General de Seguros	(101)	117	28	73.0%	109.6%
El Potosí	81	51	107	56.3%	88.0%
Medium	5,592	1,900	6,259	54.1%	82.4%
Others	300	260	490	50.5%	97.0%
Total market (35 companies*)	17,750	5,984	18,446	54.5%	85.5%

Market share

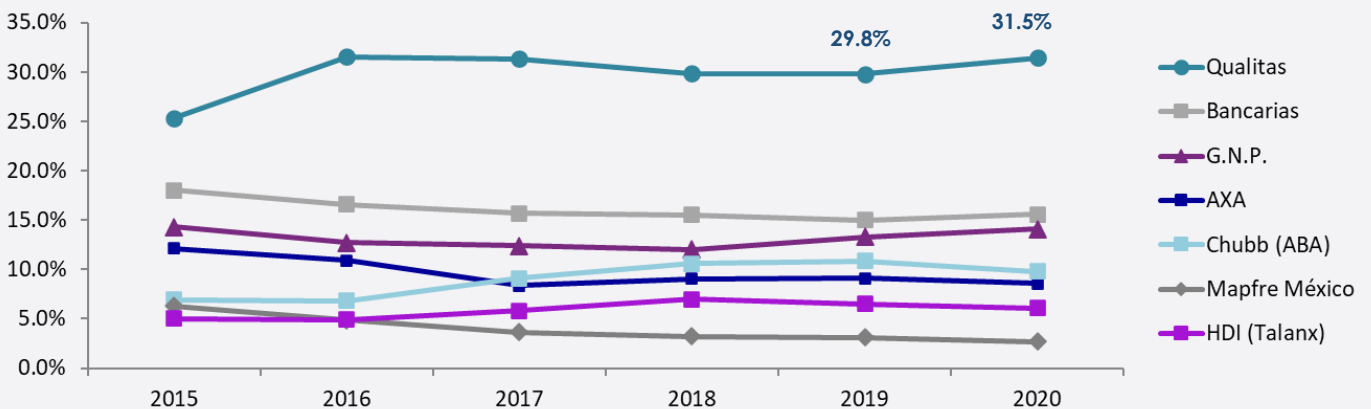
Automobile insurance market share



The five largest companies in the industry accounted for 70.0% of automobile insurance market share. The larger companies gained 46 bp of market share compared to 2019, medium companies also gained 16 bp and small lost 63 bp.

Qualitas continues to be the leader in the automobile insurance industry with 31.5% market share, which represents an increase of 168 bp versus 2019, 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.

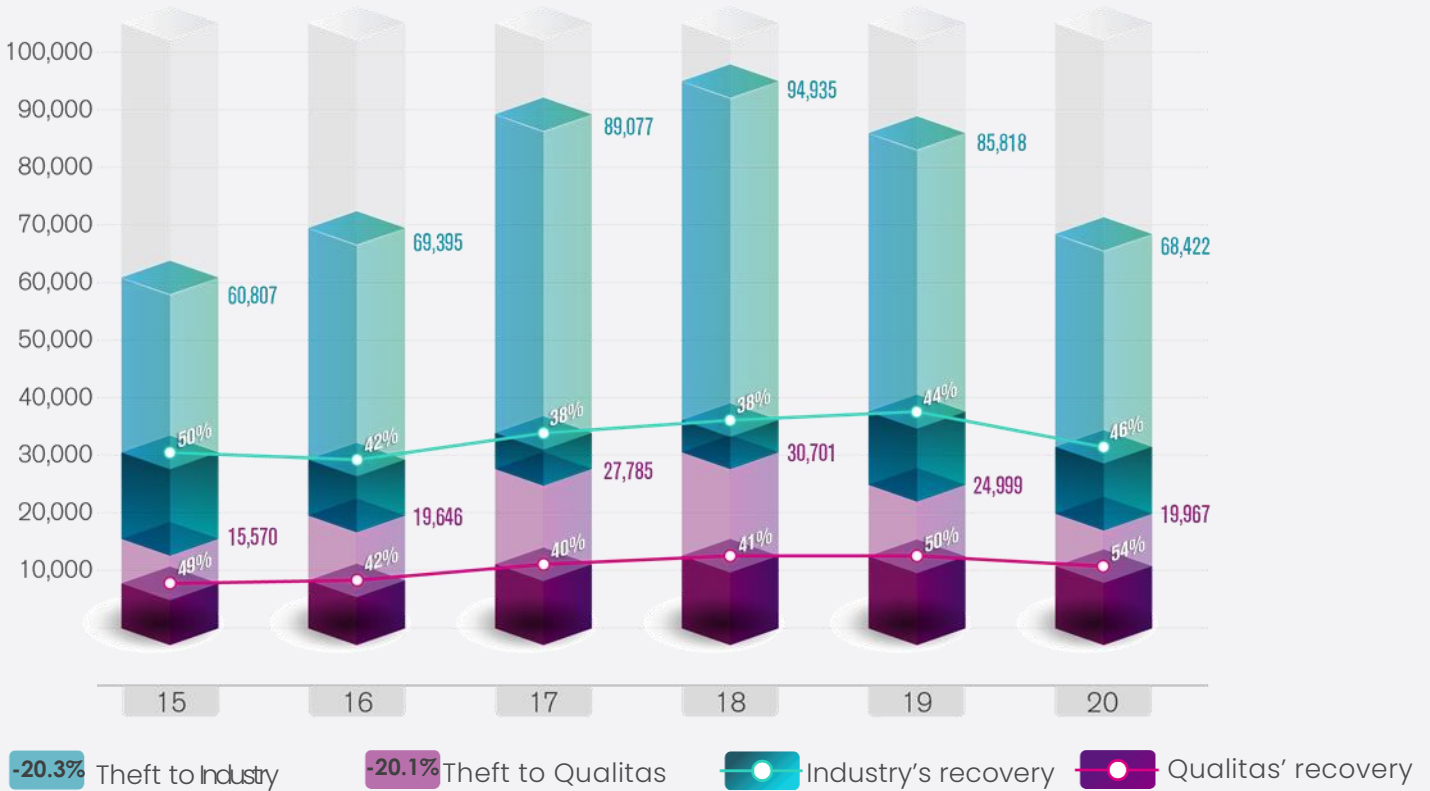
Total Auto	Cars	Trucks	Tourists	Other
Written premiums: \$33,302	Written premiums: \$ 16,332	Written premiums: \$ 16,195	Written premiums: \$ 246	Written premiums: \$ 527
Market share: 31.5% ▲ Δpb* 100	Market share: 24.4% ▲ Δpb* 160	Market share: 45.7% ▲ Δpb* 50	Market share: 19.4% ▼ Δpb* 30	Market share: 23.8% ▲ Δpb* 210
Place: 1°	Place: 1°	Place: 1°	Place: 2°	Place: 2°



Figures in million (MXN)
 *Compared to 3Q20
 Source: AMIS

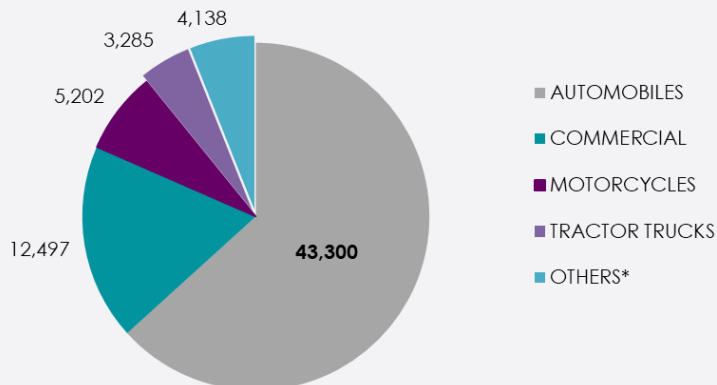
Auto theft & recovery

During the year, decrease of robberies in Mexico continued its positive trend. According to the figures reported by the Office for the Coordination of Insured Risks (OCRA per its acronym in Spanish), the theft of insured units in Mexico decreased 20.3% for the entire industry, compared to the 2019, of which 45.7% was recovered. For Qualitas, the decrease in theft fell 20.1% and recovering 53.9% of the stolen units. This recovery represents an increase of 160 bp compared to 2019.



From the total of 68,422 units stolen, 63.3% were automobiles, followed by 18.3% of commercial cars, and in third place, 7.6% were motorcycles. Motorcycle was the type of transport that had the greatest decrease in theft with 40 bp less than the last quarter.

Theft by type of transport⁶

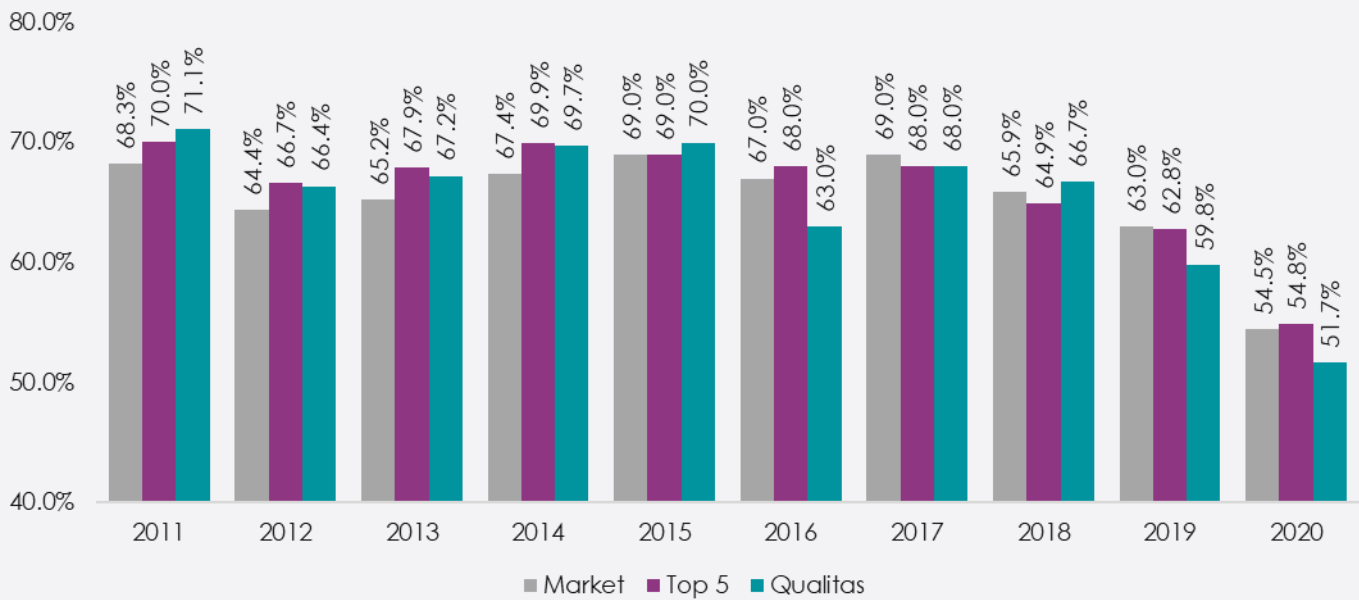


⁶ Source: OCRA
 *Others: semi-trailers, trucks, buses, etc.

Costs ratios

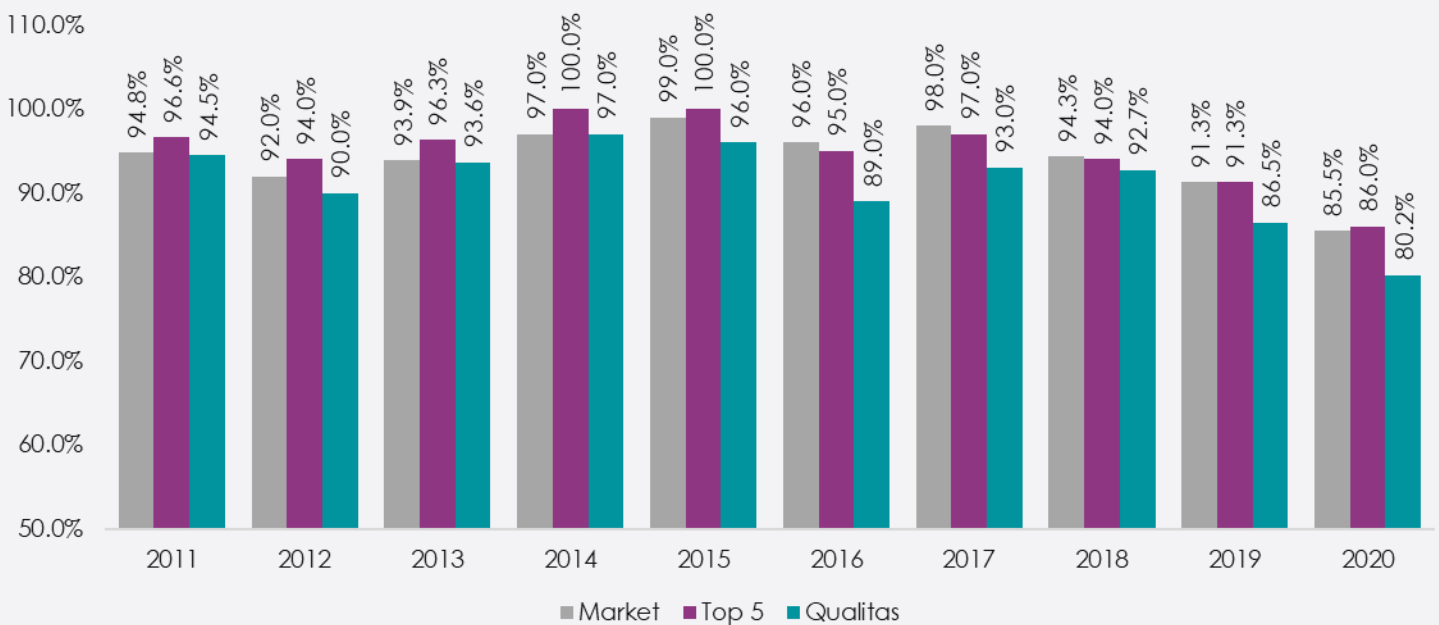
The industry recorded, once again, a lower loss ratio when compared to 2019, driven by a 20.3% decrease in thefts for the entire industry and the already mentioned effects of the partial lockdown measures. The loss ratio of the top five companies a decreased 8 percentage points, standing at 54.8%, while Qualitas fell from 59.8% in 2019 to 51.7%.

Loss ratio



Combined ratio for the industry reached 85.5%, figure 5.8 percentage points lower than the registered same period previous year. The five largest companies recorded 86.0% combined ratio and Qualitas decreased from 86.5% to 80.2%.

Combined ratio



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
5. OCRA. Oficina Coordinadora de Riesgos Asegurados, S.C.; www.ocra.com.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 Qualitas

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

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