



Automobile Insurance Industry Report

2021

9M21

Mexico's auto insurance industry report 9M21

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), during the first nine months of 2021 the auto insurance industry reported a nominal increase of 3.7% in written premiums. It is worth noting that, during the same period the GDP increased by 6.4%¹ in comparison with the first nine months of last year. On the other hand, the cumulative inflation rate as of September was 7.0%².

Regarding the industry's cost ratios, as of the 9M21, it was registered a combined ratio of 91.1%, an increase of 7.1 percentage points in comparison to the same period in 2020. This reflects the recovery and normalization in mobility trends seen since the beginning of the year, as well as an increase in meteorological events, due to a more intense rainy season than in previous years, resulting in an increase in the claims experience.

In the table below³, it has been disaggregated the bank-owned insurance companies, since some of them belong to a financial group and have cross selling between the bank clients, having a different cost structure.

Companies	Written premium	Growth	Underwriting result	Financial income	Net result	Loss ratio	Combined ratio
Qualitas	25,227	8.5%	2,506	1,092	2,738	61.6%	89.7%
Others	40,345	(1.3%)	2,780	2,150	4,052	62.8%	95.6%
Sum insurance companies	65,572	2.3%	5,286	3,243	6,790	62.3%	93.2%
Bank-owned	12,837	5.4%	2,688	921	3,704	56.3%	78.9%
Total market (32 companies)	78,409	3.7%	7,974	4,164	10,494	61.3%	91.1%

Figures in million pesos

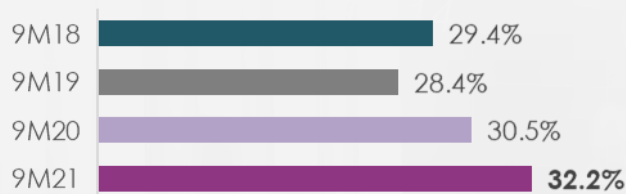
Note: The number of companies may vary due to the non-submission to the regulator.

Qualitas Mexico (Q MX)³

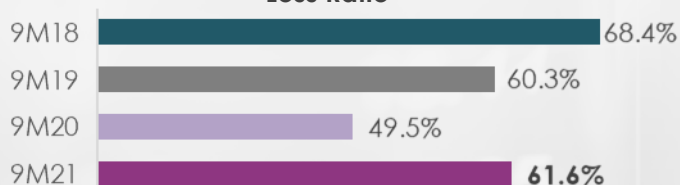
Written Premiums (million MXN)



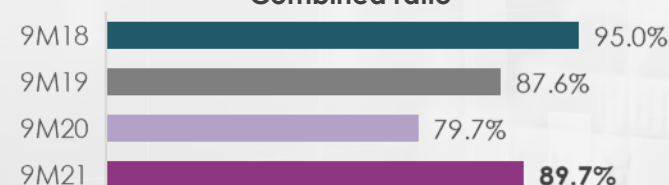
Market Share



Loss Ratio



Combined ratio

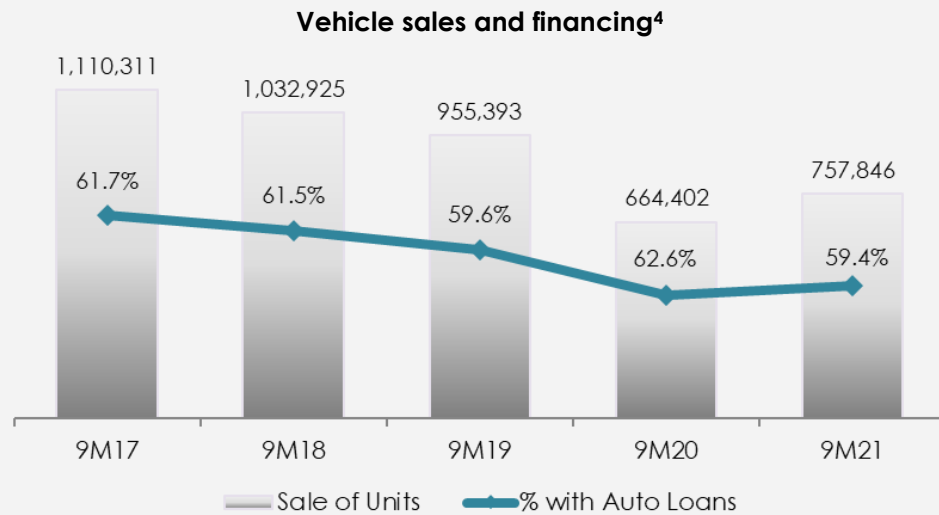


¹ Fuente: INEGI

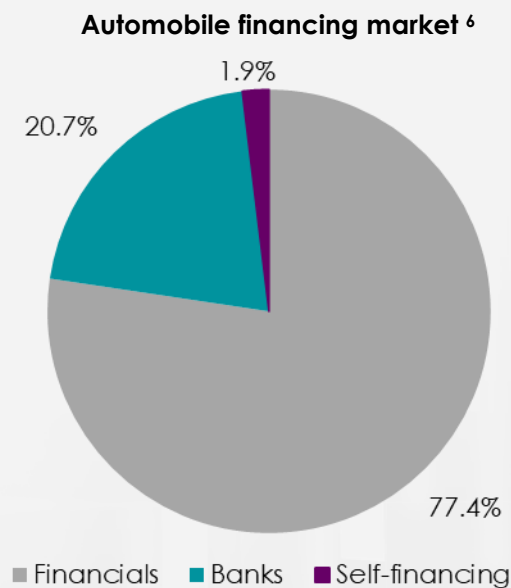
² Fuente: BANXICO

³ Fuente: AMIS

Automobile industry and financing



Light unit's sales (automobile and trucks) increased 14.1% during the first nine months of the year when compared to the same period of 2020, reaching 757,846 sold units. The commercialization of wholesale trucks increased 40.8% when compared to 9M20. The automotive credit reached 59.4% of the commercialization of light vehicles, 3.2 pp below 2020-end.



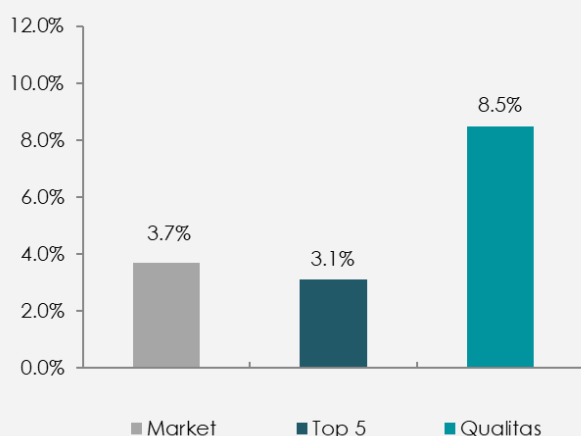
The main sources of financing for vehicles acquisitions were through financial institutions (financial arms of the car dealerships) with a 77.4% market share, an increase of 2.5 pp when compared to 2020, followed by bank financing, which had a decrease of 1.2 pp. The reference rate in Mexico stood at 4.50%⁴ by the end of the quarter.

Automobile insurance industry

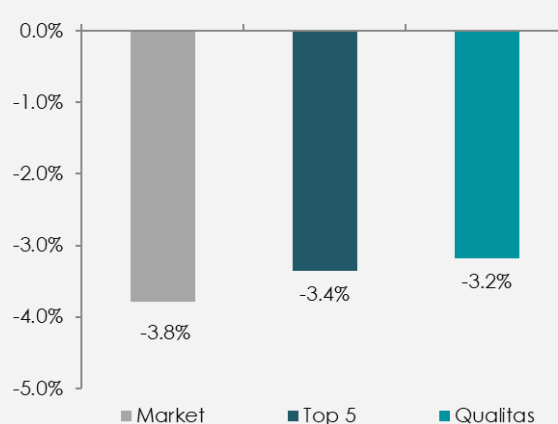
Total written premiums for the market reached \$78,409 million, an increase of 3.7% in comparison to the first nine month of 2020. The business increase for the top 5 insurance companies was 3.1% in line with the industry growth, the medium-sized companies increased 5.5%; however, small insurance companies reported growth below the market of 2.4%.

Net result for the market reached \$10,494 million. This can be explained by an operating result of \$7,974 million and an investment income of \$4,164 million.

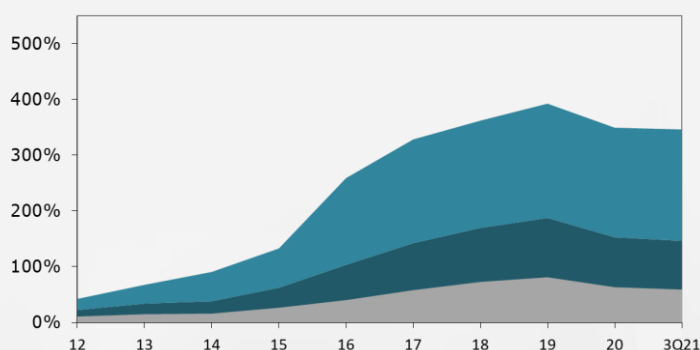
**Written premium growth
9M21 vs 9M20**



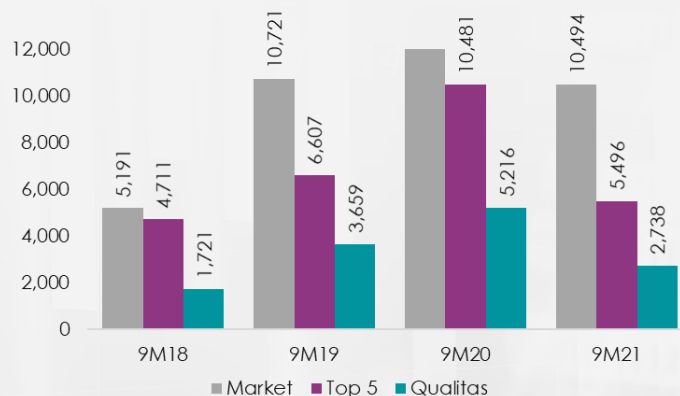
**Earned premium growth
9M21 vs 9M20**



**Cumulative growth in written premiums
(Base 2012)**



Net result



CAGR (%)⁵

Q	10.7%
Market	5.9%
Market without Q	4.2%

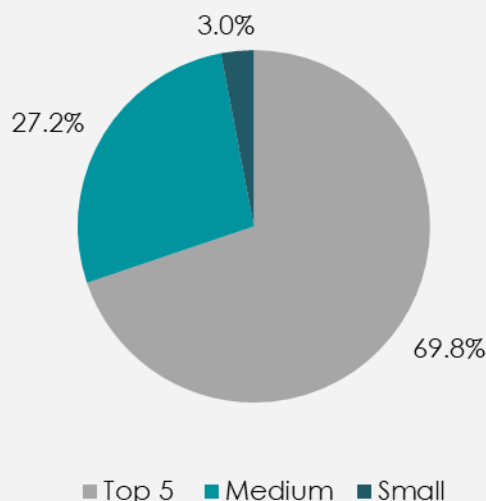
Automobile insurance industry

Company	Written premiums	Growth 9M21 vs 9M20	Market share	Earned premiums	Market share
Qualitas	25,227	8.5%	32.2%	24,978	33.4%
G.N.P.	9,709	(9.0%)	5.1%	10,623	14.2%
Chubb Seguros Mexico	8,136	1.0%	10.4%	4,079	5.5%
AXA Seguros	6,677	1.9%	8.5%	6,816	9.1%
HDI Seguros	4,984	9.5%	6.4%	4,935	6.6%
Top 5	54,733	3.1%	69.8%	51,431	68.7%
BBVA Seguros	3,988	9.2%	5.1%	3,655	4.9%
Banorte	3,500	(5.2%)	4.5%	3,617	4.8%
Inbursa	2,756	20.9%	3.5%	2,751	3.7%
Atlas	2,180	2.7%	2.8%	2,246	3.0%
Mapfre México	2,040	2.8%	2.6%	2,368	3.2%
ANA	1,981	14.9%	2.5%	1,527	2.0%
Afirme	1,818	(2.7%)	2.3%	1,828	2.4%
Zurich Daños	1,530	12.7%	2.0%	1,703	2.3%
General de Seguros	821	3.4%	1.0%	826	1.1%
El Potosi	711	(4.1%)	0.9%	715	1.0%
Medium	21,324	5.5%	27.2%	21,234	28.4%
Others	2,352	2.4%	3.0%	2,147	2.9%
Total market (32 companies)	78,409	3.7%	100.0%	74,812	100.0%

Company	Underwriting result	Investment income	Net result	Loss ratio	Combined ratio
Qualitas	2,506	1,092	2,738	61.6%	89.7%
G.N.P.	526	505	759	64.2%	97.9%
Chubb Seguros Mexico	489	111	480	68.2%	99.2%
AXA Seguros	748	552	1,145	59.4%	90.2%
HDI Seguros	198	337	374	64.6%	101.9%
Top 5	4,467	2,596	5,496	62.7%	93.3%
BBVA Seguros	513	483	876	71.0%	84.7%
Banorte	1,468	199	2,049	43.3%	59.9%
Inbursa	395	134	428	59.2%	85.6%
Atlas	499	113	609	57.8%	78.6%
Mapfre México	321	74	279	57.3%	91.1%
ANA	150	34	125	54.2%	89.4%
Afirme	160	58	163	58.2%	91.4%
Zurich Daños	162	55	262	60.4%	101.8%
General de Seguros	(092)	274	171	74.3%	111.3%
El Potosi	61	21	84	61.7%	92.7%
Medium	3,637	1,444	5,047	58.5%	83.8%
Others	-130	124	-48	49.9%	105.4%
Total market (32 companies)	7,974	4,164	10,494	61.3%	91.1%











Market share

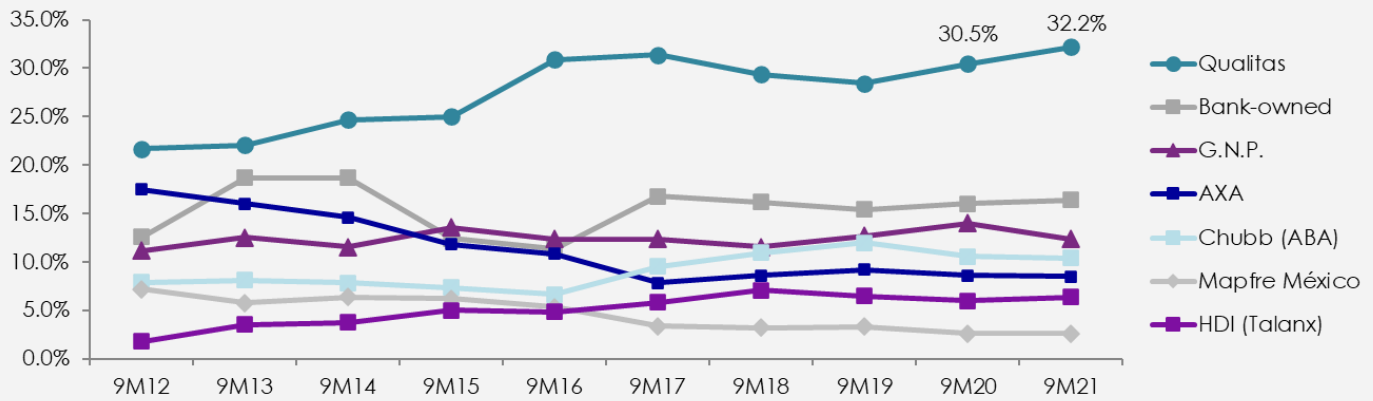
Automobile insurance market share



In line with previous years' trend, around 70% of the automobile insurance market is held by the top 5 companies in the industry. Qualitas stands out, maintaining the leadership in the sector and reaching a 32.2% share as at 9M21, from 30.8% in 2020. Medium-sized companies gained 46 bp and the rest of the insurers practically remained at the same level with a 3% share.

Furthermore, the company continues with a solid position in the main market segments, remaining within the first places in terms of market share in each sub-segment.

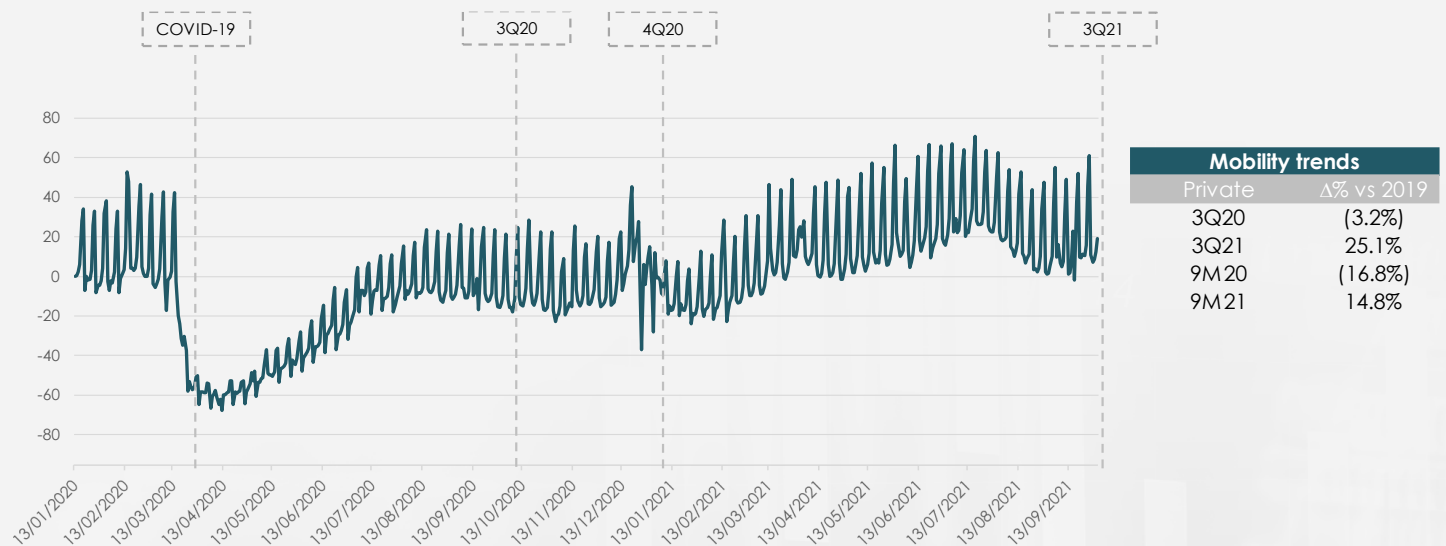
 Total Auto	 Cars	 Trucks	 Tourists	 Others
Written premiums: \$25,227	Written premiums: \$12,709	Written premiums: \$11,769	Written premiums: \$204	Written premiums: \$ 545
Market share: 32.2%  Δpb* 142	Market share: 25.7%  Δpb* 270	Market share: 45.8%  Δpb* 16	Market share: 18.9%  Δpb* (72)	Market share: 24.5%  Δpb* 278
Place: 1°	Place: 1°	Place: 1°	Place: 2°	Place: 2°



Mobility trends

During the third quarter of the year, mobility continued its upward trend, showing a greater number of vehicles on the road, in comparison to previous quarters and pre-pandemic levels.

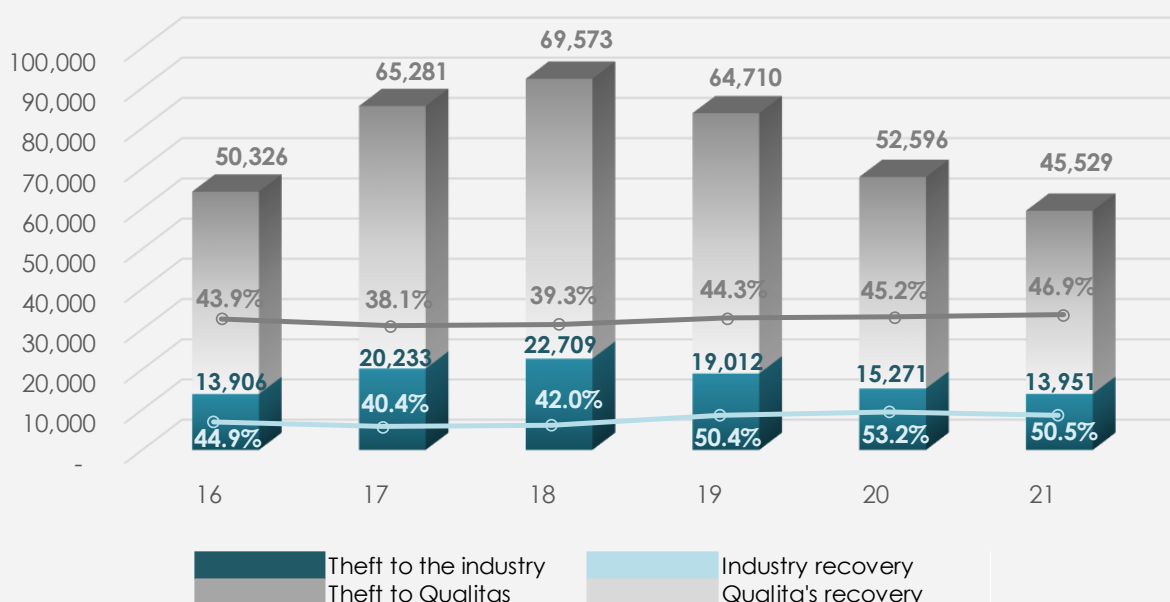
In Mexico, according to Apple Mobility Trends, several means of transport report data that reflects the normalization. Those who are using private vehicles have totally returned to normality and even present an increase of 25.1% versus 2019-end, pedestrians have increased a 29.4%, while the public transport still shows a 23.7% decrease during the 9M21 versus the 2019 year-end.



Theft and recovery

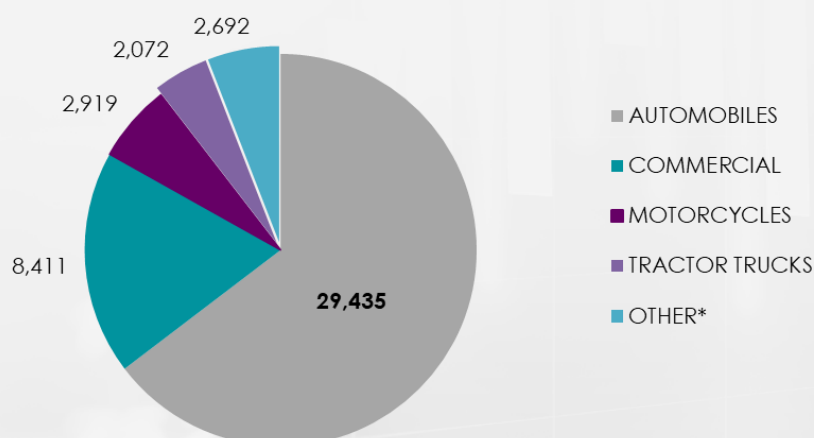
During the first 9 months of 2021, the decrease in robberies in Mexico continued its positive trend, although in at a slower pace during 3Q21. According to figures reported by the Office for the Coordination of Insured Risks (OCRA per its acronym in Spanish), the theft of insured units in Mexico decreased 13.4% for the industry compared to the same period of previous year; from which 46.9% were recovered.

For Qualitas, the decrease in thefts was 8.6%, recovering 50.5% of the stolen units, almost 3.6 percentage points higher than industry average, which presented an increase of 1.7 percentage points, compared to the same period of 2020.



Out of the 45,529 stolen units, 64.7% were automobiles and trucks, followed by 18.5% of commercial cars, and motorcycles in third place with 6.4%. The latter, being the type of transportation with the greatest theft decrease, of 30.6%, in comparison to the 2020-end.

Theft by type of transport⁶

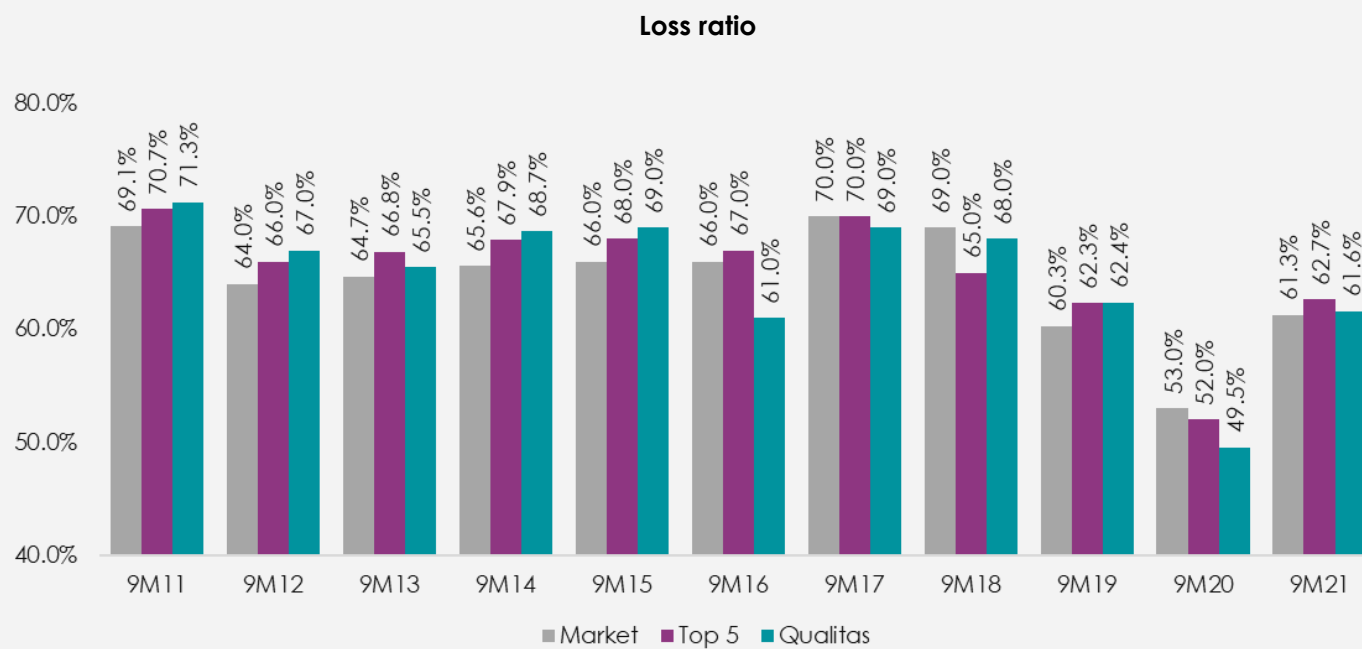


⁶ Source: OCRA, figures in number of accumulated units

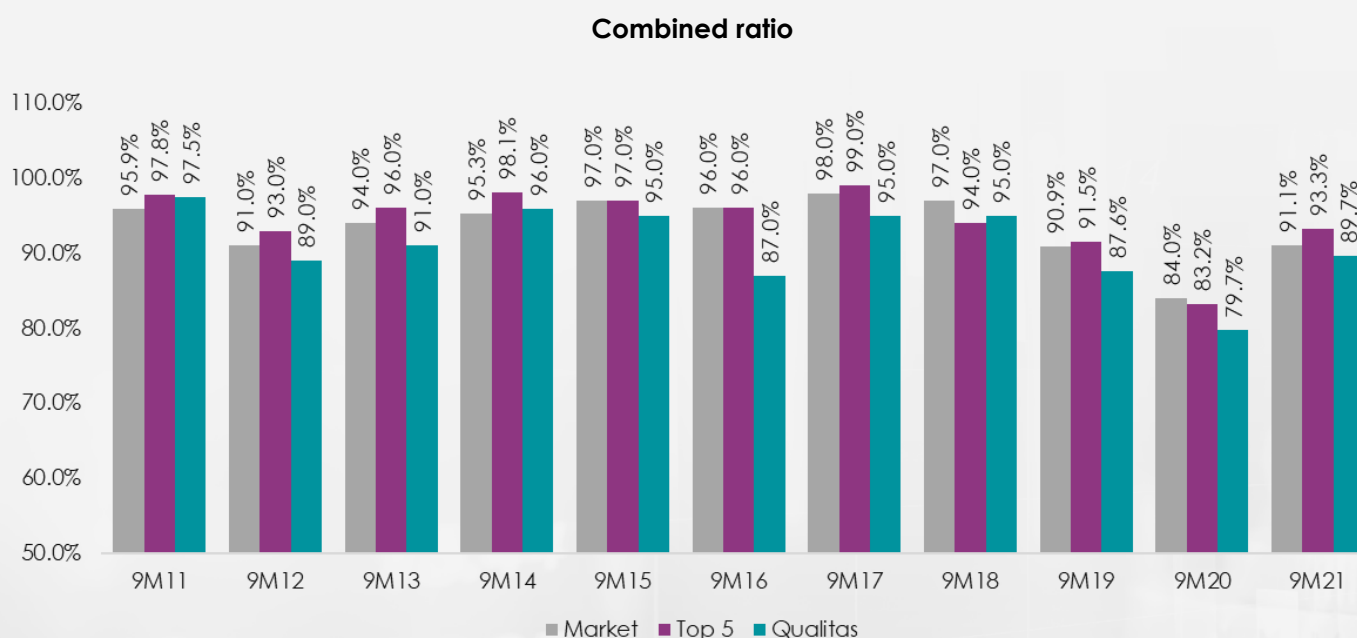
*Others: semi-trailers, trucks, buses, etc.

Cost ratios

The industry recorded a higher loss ratio compared to the same period of 2020, driven by the several items mentioned before, relating to normalization in mobility trends and meteorological events, standing at 61.3%. Top five companies' ratio reported an increase of 10.6 pp, standing at 62.7%. Likewise, Qualitas presented an increase, from 48.4% to 60.1%.



The industry's combined ratio stood at 91.1%, 7.1 percentage points above 9M20 figure. The five largest companies registered a ratio of 93.3%, whereas Qualitas reported an increased to 89.7%, from 79.7%



Information sources

- AMIS. Asociación Mexicana de Instituciones de Seguros, A.C.; www.amis.com.mx
- AMDA. Asociación Mexicana de Distribuidores de Automotores, A.C.; www.amda.mx
- BANXICO. Banco de México; www.banxico.org.mx
- INEGI. Instituto Nacional de Estadística y Geografía; www.inegi.org.mx
- OCRA. Oficina Coordinadora de Riesgos Asegurados, S.C.; www.ocra.com.mx/
- APPLE. Mobility trends by Apple; www.covid19.apple.com/mobility

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. Information may include forward-looking statements regarding the company's results and prospects, which are subject to risks and uncertainty. Actual results may differ materially from what is discussed here today, and the company cautions you not to place undue reliance on these forward-looking statements. Qualitas undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise

About Qualitas

Qualitas Controladora (Q) is the company with the largest market share in the auto insurance industry in Mexico and has presence in the United States, Peru, Costa Rica and El Salvador. Its unique business model, based on excellence service and a strict cost control policy, has allowed it to offer a first quality service under the largest coverage network in the country. Qualitas is listed on the Mexican Stock Exchange under the symbol "Q" (Bloomberg: Q *: MM).

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