

Automobile insurance industry report

2022

9 Months



Qualitas®

Mexico' auto insurance industry report 9M22

Figures in this document are stated in millions of Mexican pesos, except where otherwise specified, and they may vary due to rounding or consolidation from the regulator. Growth rates are presented in nominal terms.

According to the Mexican Association of Insurance Institutions (AMIS per its acronym in spanish), during the first 9 months of the year the auto insurance industry in Mexico reported an increase of 11.5% in terms of written premiums. During the third quarter GDP increased 4.3%¹ in comparison with same period of previous year. On the other hand, as of September 2022 annual inflation rate stood at 10.0%².

Regarding industry's cost ratios, as of September-end the industry registered a combined ratio of 99.9%, an increase of 8.8 pp in comparison to same period of 2021. Such is explained by an increase of 8.9 pp in the loss ratio related to an increase in the frequency of claims, as well as an increase in loss costs related to industry's inflation and supply chain shortages. Additionally, every third quarter there is a seasonal factor related to the high raining and hurricanes season.

In the chart below³, it has been disaggregated the bank-owned insurance companies, since some of them belong to a financial group, having a cross selling scheme with the bank's clients, thus resulting in a different cost structure.

Company	Written premium	Growth	Operating result	Financial income	Net result	Loss ratio	Combined ratio
Qualitas	26,954	6.8%	1,477	1,129	2,022	67.8%	94.8%
Others	46,724	14.3%	(1,091)	1,760	160	70.4%	103.5%
Insurance companies	73,678	11.5%	386	2,889	2,181	69.4%	100.1%
Bank-owned companies	14,306	11.4%	170	891	1,011	74.1%	96.9%
Industry (36 companies) *	87,984	11.5%	556	3,780	3,193	70.1%	99.9%

Figures in million pesos

*35 Insurers and 1 reinsurer

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

Qualitas Mexico (Q Mx)³

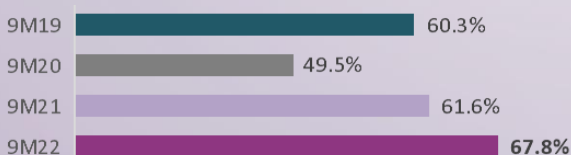
Written premiums



Market share



Loss ratio



Combined ratio



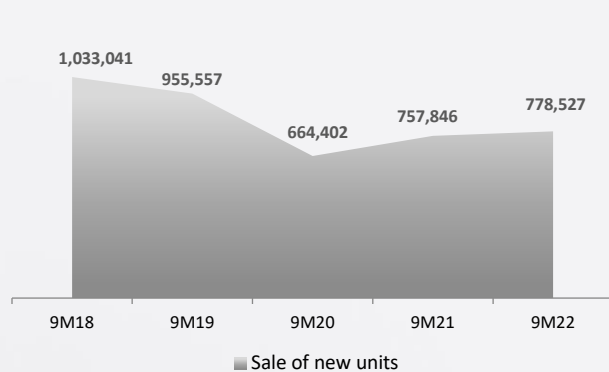
¹ Source: INEGI

² Source: BANXICO

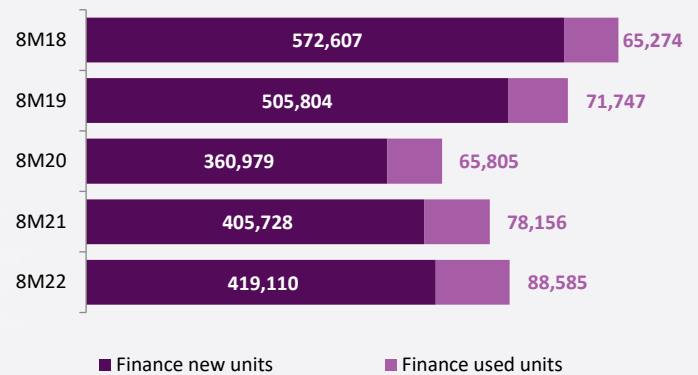
³ Source: AMIS, written premiums in million pesos

Vehicle' sales and financing

New vehicles sales⁴



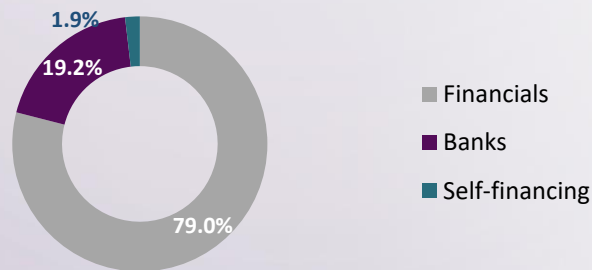
Financing by vehicle type⁴



The sale of light units (automobiles and trucks) increased 9.6% during 3Q22 compared to 3Q21, reaching 260,103 total vehicles sold, but still 17.4% below vs 3Q19. During the first 9 months of the year, there were 20,681 units or a 2.7% increase compared to same period of 2021, but still 18.5% below vs 9M19. Sales of heavy equipment (vehicles of more than 3.5 tons) increased 29.1% during 3Q22 vs. same period 2021, cumulatively there was an increase of 25.0%.

Out of the total of new car sales as of August end, the automobile loans for light vehicles reached 60.5% of the total, slightly above the reported figure of 8M21 showing an increase of 90 bps. Whilst financing of secondhand vehicles increased 13.3%, reaching once again a historical maximum in the number of 9M financed units in the last 8 years and representing 17.4% of the total financed units. This confirms an increasing trend in the sale of secondhand vehicles, caused by new cars shortage.

Automobile financing market⁴



During the first 8 months of 2022, the main sources of financing for vehicles purchase were financials (financial arms of the car dealerships) with a 79.0% share, which had an increase of 167 bps vs. same period 2021, followed by banks, which had a decrease of 157 bps compared to the 8M21.

Mexican interest reference rate stood at 9.25%⁵ by the end of September 2022.

⁴ Source: AMDA, last published information on accumulated financing as of August end

⁵ Source: BANXICO

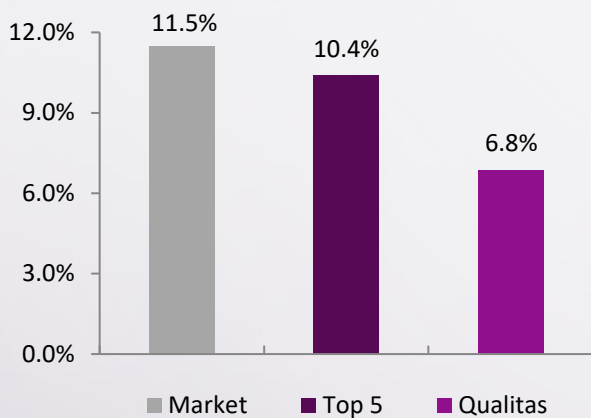
Figures in allocations and may vary given some updates from the regulator

Automobile insurance industry

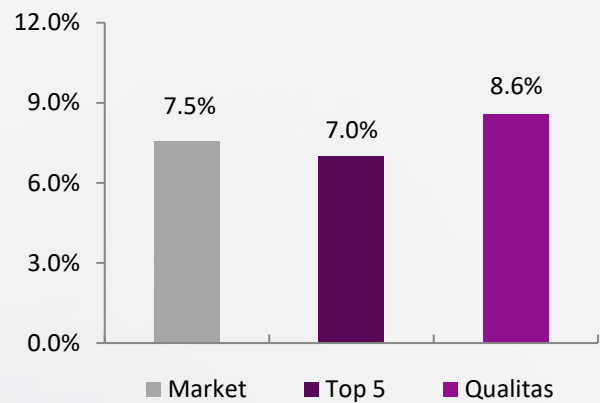
Total market written premiums during first 9 months of 2022 were \$87,984 million, an increase of 11.5% compared to same period of previous year. The growth for the top 5 insurance companies was 10.4%; the medium-sized companies grew 9.0%, while the rest of the insurers reported an increase of 50.4%.

Net result for the market reached \$3,193 million. This can be explained by an operating result of \$556 million and a financial income of \$3,780 million.

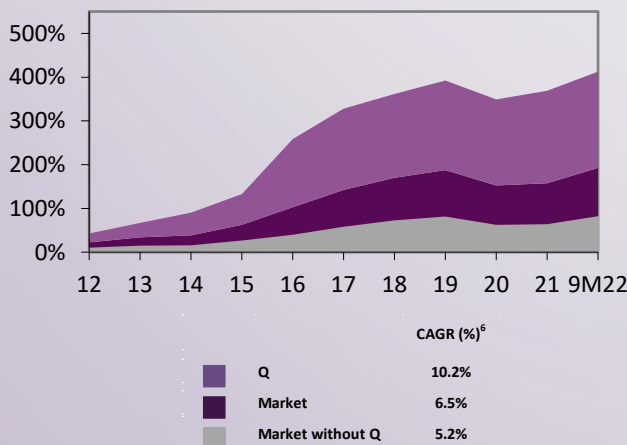
**Written premium growth
9M22 vs 9M21**



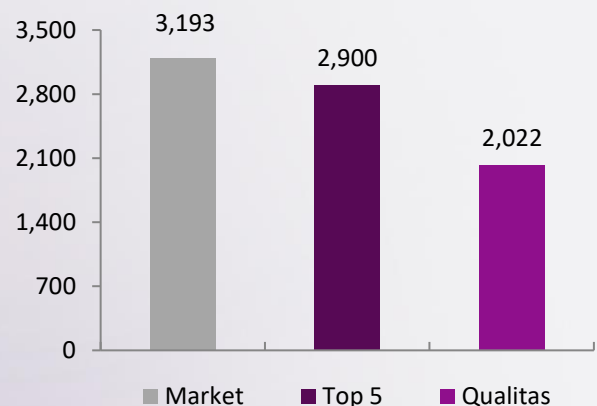
**Earned premium growth
9M22 vs 9M21**



**Cumulative growth
written premium (2012 base)**



Net Result



⁶ CAGR: Compound annual growth rate last 10 years
 Figures in millions (MXN)
 Source: AMIS

Company	Written premiums	Growth 9M22 vs 9M21	Market share	Earned premiums	Market share
Qualitas	26,954	6.8%	30.6%	27,121	33.7%
G.N.P.	11,248	15.9%	5.4%	10,978	13.6%
Chubb Seguros Mexico	9,534	17.2%	10.8%	4,230	5.3%
AXA Seguros	7,228	8.2%	8.2%	7,191	8.9%
HDI Seguros	5,452	9.4%	6.2%	5,498	6.8%
Top 5	60,414	10.4%	68.7%	55,018	68.4%
BBVA Bancomer	2,934	8.0%	5.0%	2,598	4.9%
Banorte	2,467	4.9%	4.2%	2,426	4.6%
Inbursa	1,902	6.9%	3.3%	1,923	3.6%
Atlas	1,633	3.8%	2.8%	1,551	2.9%
Mapfre México	1,492	9.4%	2.6%	1,506	2.8%
ANA	1,479	13.4%	2.5%	1,149	2.2%
Afirme	1,324	33.2%	2.3%	1,220	2.3%
Zurich Daños	1,278	2.2%	2.2%	1,178	2.2%
General de Seguros	661	20.0%	1.1%	598	1.1%
El Potosí	540	10.7%	0.9%	520	1.0%
Medium-size	23,251	9.0%	26.4%	21,441	26.6%
Other	4,319	50.4%	4.9%	3,998	5.0%
Total market (36 companies*)	87,984	11.5%	100.0%	80,457	100.0%

Company	Operating result	Financial income	Net result	Loss ratio	Combined ratio
Qualitas	1,477	1,129	2,022	67.8%	94.8%
G.N.P.	(181)	662	338	67.3%	100.8%
Chubb Seguros Mexico	(209)	(18)	(232)	80.3%	112.2%
AXA Seguros	(140)	573	257	75.9%	102.2%
HDI Seguros	324	368	516	61.9%	100.0%
Top 5	1,270	2,714	2,900	69.1%	98.9%
BBVA Bancomer	(227)	518	6	85.7%	102.7%
Banorte	538	226	875	64.2%	84.9%
Inbursa	156	51	195	69.0%	93.9%
Atlas	201	6	200	69.5%	90.6%
Mapfre México	(111)	76	-31	69.1%	104.4%
ANA	(090)	94	16	66.0%	104.5%
Afirme	(506)	50	(316)	101.7%	128.5%
Zurich Daños	(184)	18	(269)	72.1%	121.9%
General de Seguros	(304)	(149)	(477)	96.1%	131.3%
El Potosí	(056)	27	(025)	76.2%	107.6%
Medium-size	-581	917	174	75.3%	101.8%
Other	-133	149	118	56.2%	104.0%
Total market (36 companies*)	556	3,780	3,193	70.1%	99.9%

Figures in million (MXN)

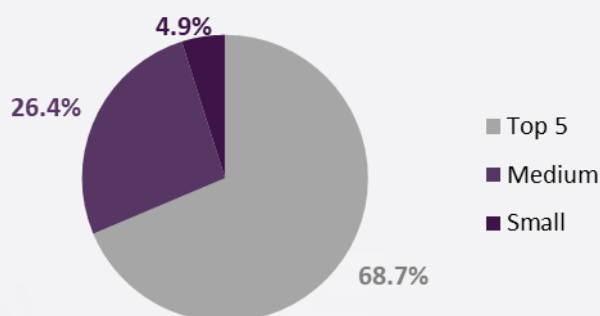
Source: AMIS

*35 insurers and 1 reinsurer

Note: total number of insurance companies may vary given any omission in the information presented by the regulator






Market share

Automobile insurance market share distribution



In line with recent years' trend, ~70% of the automobile insurance industry market share is comprised by the top five companies: Qualitas, G.N.P., Chubb, AXA and HDI. Standing out Qualitas as the leader insurer in the industry with a 30.6% market share. Medium-sized companies kept their market share stable while the rest of the insurers increased their share by more than 1 percentage point.

Qualitas maintains a solid position in the automobile insurance industry, standing within the first places in terms of market share in each business.

Total Auto	Auto	Trucks	Tourists	Others
 Total Auto Written premium: \$26,954 $\Delta\%^*$ 6.8% Market share: 30.6% $\downarrow\Delta\text{bps}^*$ (133) Standing: 1°	 Auto Written premium: \$12,896 $\Delta\%^*$ 1.5% Market share: 23.9% $\downarrow\Delta\text{bps}^*$ (167) Standing: 1°	 Trucks Written premium: \$13,157 $\Delta\%^*$ 11.8% Market share: 44.3% $\downarrow\Delta\text{bps}^*$ (106) Standing: 1°	 Tourists Written premium: \$262 $\Delta\%^*$ 28.1% Market share: 21.0% $\uparrow\Delta\text{bps}^*$ 203 Standing: 2°	 Others Written premium: \$639 $\Delta\%^*$ 17.2% Market share: 20.4% $\downarrow\Delta\text{bps}^*$ (386) Standing: 3°

Top 5	Cars				Top 5	Trucks			
	Written premium growth	Market Share	% LR	% CR		Written premium growth	Market Share	% LR	% CR
Qualitas	1.5%	23.9%	67.4%	95.3%	Qualitas	11.8%	44.3%	69.5%	95.3%
G.N.P.	15.6%	13.6%	66.4%	102.1%	Chubb	21.7%	9.5%	84.9%	97.1%
Chubb	16.2%	11.8%	78.8%	117.8%	G.N.P.	4.7%	8.3%	71.0%	105.2%
AXA	8.1%	8.9%	85.0%	114.0%	AXA	8.3%	8.1%	59.0%	80.1%
BBVA	16.3%	7.2%	96.2%	114.1%	HDI	39.4%	6.7%	59.3%	89.0%
Total	9.2%	65.4%	73.7%	103.4%	Total	13.7%	76.9%	68.4%	94.1%

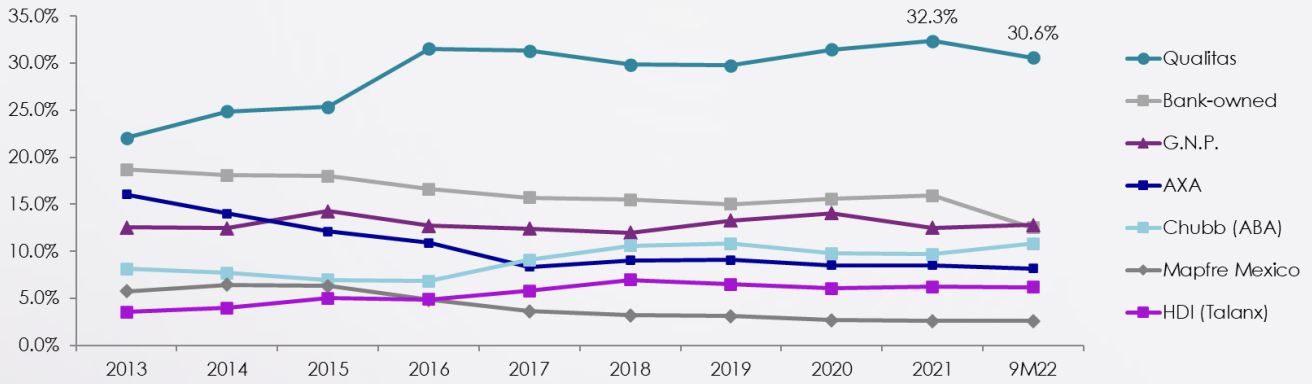
Figures in million (MXN)

*In comparison with 9M21

Source: AMIS, prior year figures may vary given updates from the regulator

Note: Others include motorcycles, compulsory insurance and floor plan policies

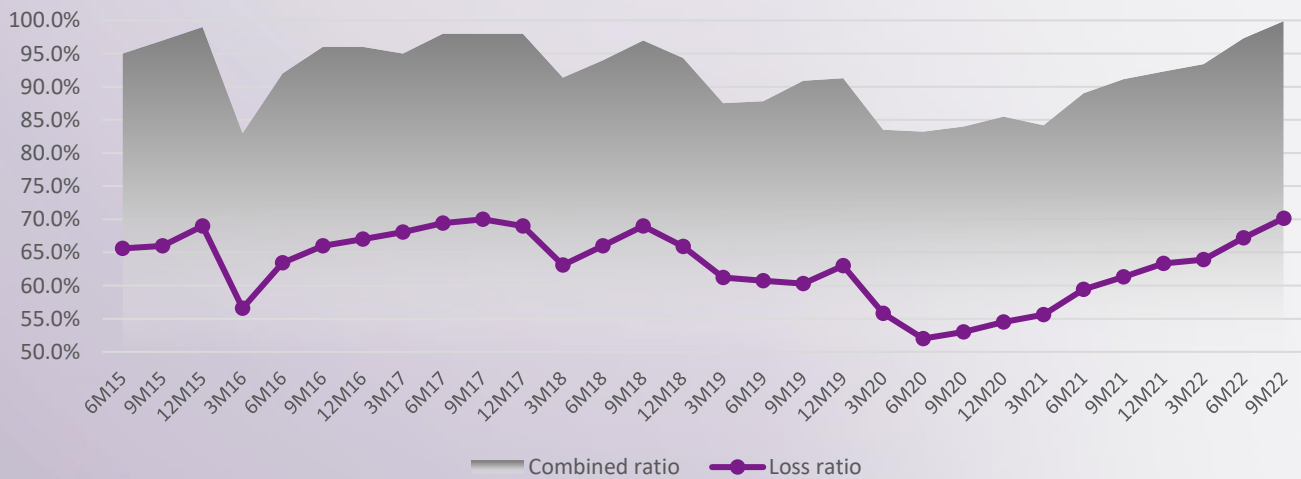
Top 5	Other			
	Written premium growth	Market Share	% LR	% CR
G.N.P.	47.6%	41.7%	69.7%	85.9%
Cardif	77.3%	23.5%	11.7%	71.7%
Qualitas	17.2%	20.4%	45.9%	68.7%
Patrimonial Daños	57.8%	5.9%	11.3%	70.4%
HDI	5.6%	3.6%	40.1%	73.9%
Total	44.0%	95.1%	46.5%	78.4%



Loss ratio of the industry

During the first 9 months of the year, the industry has experienced an increase in claims' frequency and in costs related to the industry given mobility and inflation increase worldwide. Additionally, in Mexico each third quarter presents an impact by the intense raining and hurricanes seasonality.

The auto insurance industry is a cyclical industry as shown below:

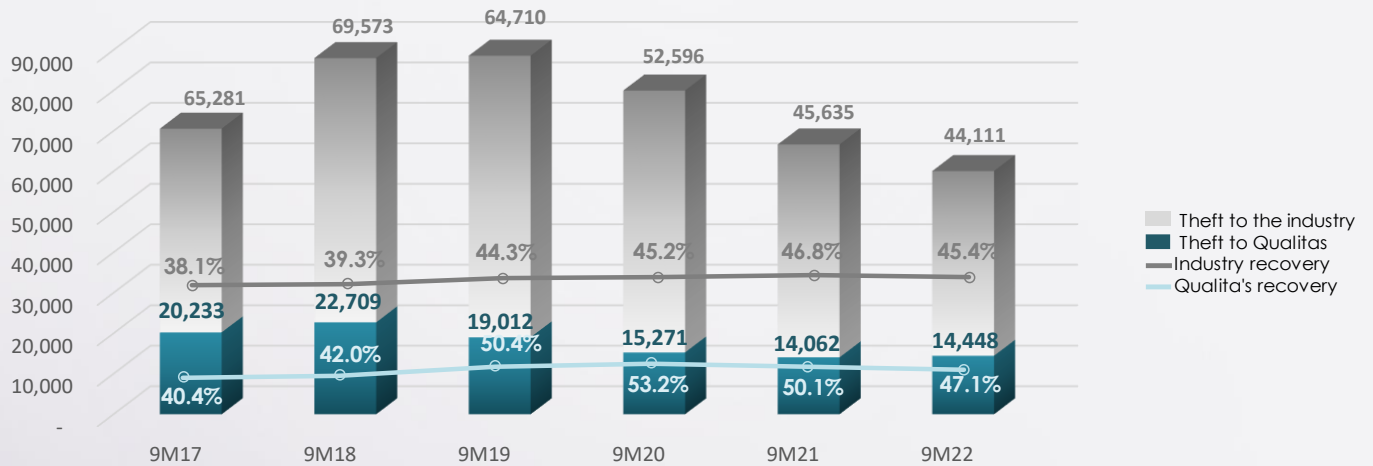


Source: AMIS, prior year figures may vary given updates from the regulator

Theft and recovery

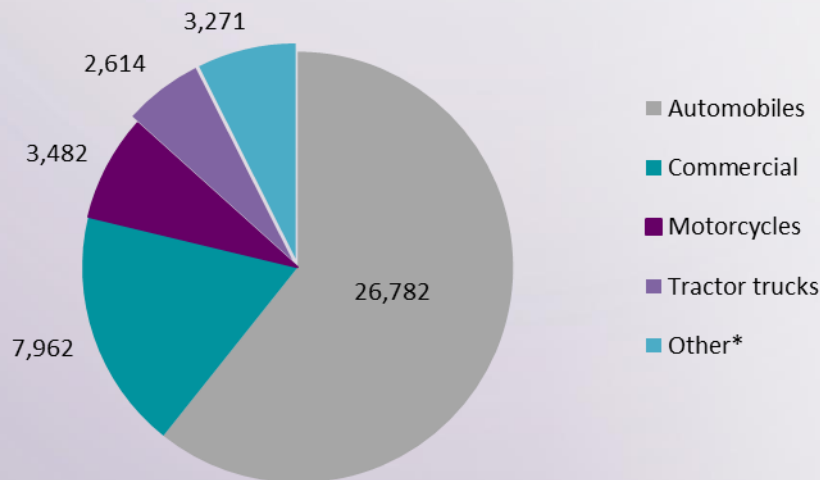
As of September-end, vehicle theft in Mexico had a flattish trend. According to the Office for the Coordination of Insured Risks (OCRA per its acronym in Spanish) figures, theft of insured units in Mexico decreased 3.3% for the whole industry, compared to same period of last year, from which 45.4% were recovered.

Qualitas' recovery percentage was even higher at 47.1%, 1.7 pp above the industry average.



From the 44,111 stolen vehicles, 60.7% were light vehicles and trucks, 18.0% commercial vehicles, and lastly, 7.9% motorcycles.

Theft by type of vehicle⁷



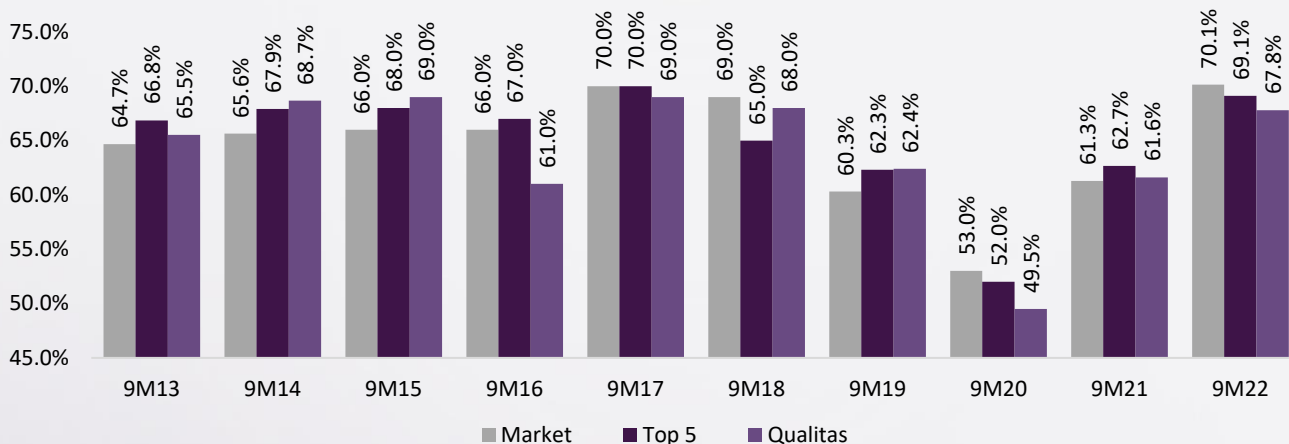
⁷ Source: OCRA, figures in number of cumulative units

*Others: semitrailers, heavy equipment, buses, collectives, etc.

Costs ratios

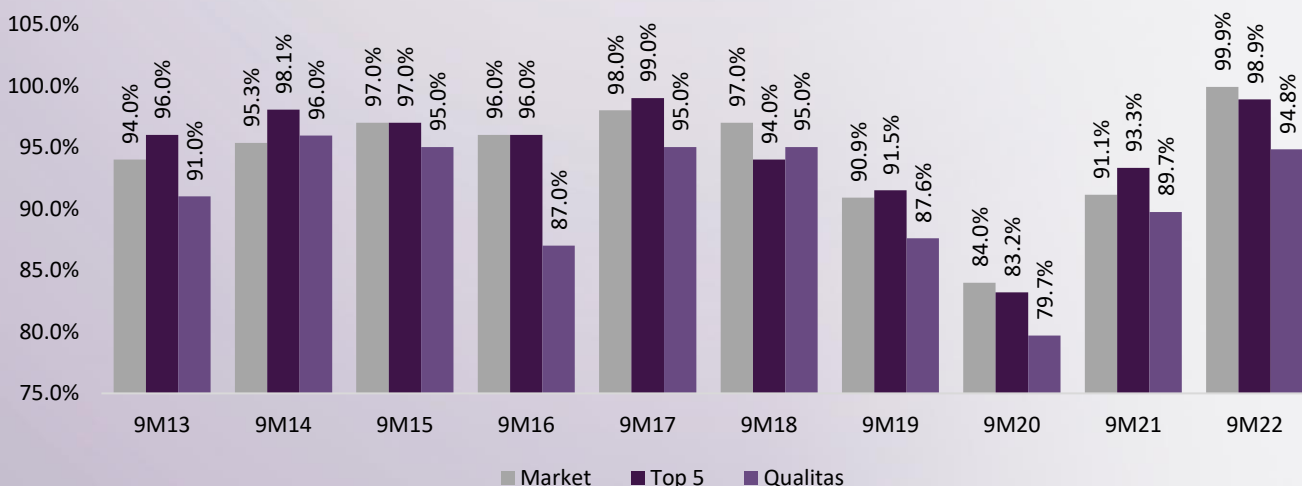
The industry posted a higher loss ratio compared to same period 2021, driven by the several items mentioned before, standing at 70.1% for the market. Top five companies' ratio reported an increase of 6.5 pp standing at 69.1%; likewise, Qualitas presented an increase, from 61.6% to 67.8% during the first 9 months of the year.

Loss ratio



The industry's combined ratio stood at 99.9%, which was 8.8 pp above 9M22 figure. The five largest companies registered a ratio of 98.9%, whereas Qualitas reported an increase from 89.7% to 94.8% as of 9M22.

Combined ratio



Information sources

- *AMIS. Asociación Mexicana de Instituciones de Seguros, A.C.*; www.amis.com.mx (information consulted in November 11th, 2022)
- *AMDA. Asociación Mexicana de Distribuidores de Automotores, A.C.*; www.amda.mx
- *BANXICO. Banco de Mexico*; 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/

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) 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)

Investor Relations Contact

Santiago Monroy
smonroy@qualitas.com.mx
T: +52 (55) 1555-6056

Andrea González
angonzalez@qualitas.com.mx
T: +52 (55) 1555-6316

Raquel Leetoy
rleetoy@qualitas.com.mx
T: +52 (55) 1555-6313

qiinversionistas.qualitas.com.mx

