

# Automobile insurance industry report 2022



Qualitas®

# Mexico' auto insurance industry report 2022

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 2022 the auto insurance industry in Mexico reported an increase of 11.6% in terms of written premiums. During the fourth quarter GDP increased 3.7%<sup>1</sup> in comparison with same period of previous year. On the other hand, as of December 2022 annual general inflation rate stood at 7.8%<sup>2</sup>.

Regarding industry's cost ratios, as of year-end the industry registered a combined ratio of 101.8%, an increase of 9.5 pp in comparison to 2021. Such is explained by an increase of 8.5 pp in the loss ratio related to higher frequency of claims, as well as an increase in loss costs related to industry's inflation and supply chain shortages.

In the chart below<sup>3</sup>, 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	38,610	10.4%	1,941	1,694	2,949	68.5%	93.8%
Others	62,656	12.0%	(3,764)	2,793	(1,222)	72.6%	107.1%
Insurance companies	101,266	11.4%	(1,823)	4,487	1,727	70.9%	101.7%
Bank-owned companies	19,404	12.5%	(412)	1,292	915	76.5%	100.4%
<b>Industry (36 companies) *</b>	<b>120,670</b>	<b>11.6%</b>	<b>(2,235)</b>	<b>5,779</b>	<b>2,643</b>	<b>71.8%</b>	<b>101.8%</b>

Figures in million pesos

\*35 Insurers and 1 reinsurance company

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

## Qualitas Mexico (Q Mx)<sup>3</sup>

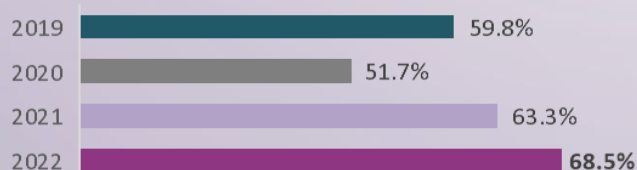
### Written premiums



### Market share



### Loss ratio



### Combined ratio



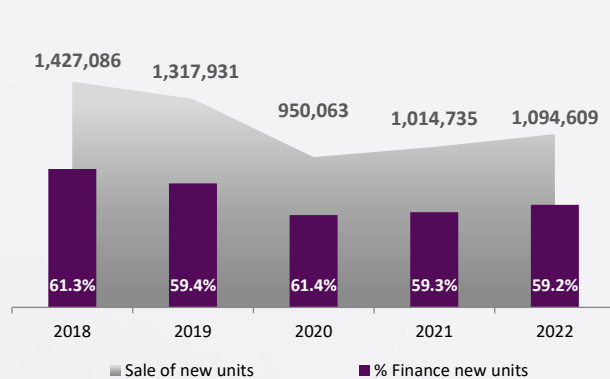
<sup>1</sup> Source: INEGI

<sup>2</sup> Source: BANXICO

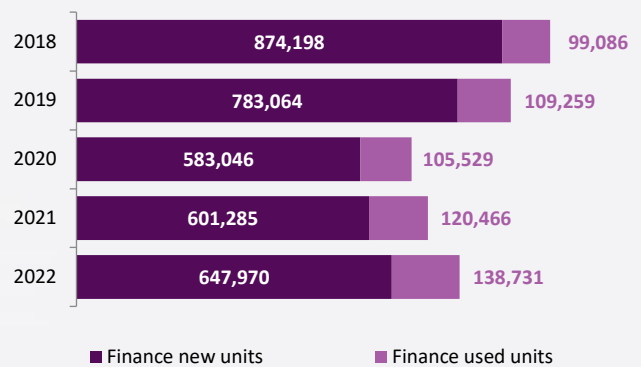
<sup>3</sup> Source: AMIS, written premiums in million pesos. Prior year figures may vary given updates from the regulator

# Vehicle' sales and financing

New vehicles sales<sup>4</sup>



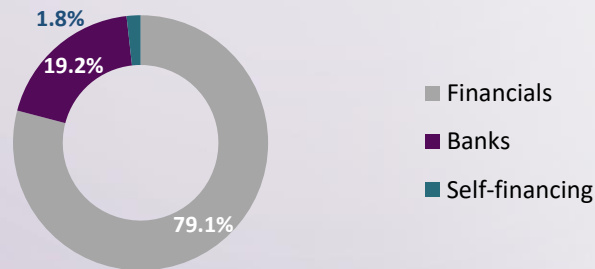
Financing by vehicle type<sup>4</sup>



The sale of light units (automobiles and trucks) increased 22.0% during 4Q22 compared to 4Q21, reaching 313,410 total vehicles sold. By year-end, there were 79,874 units or a 7.9% increase during 2022 when compared to 2021, but still 16.9% below versus 2019. Sales of heavy equipment (vehicles of more than 3.5 tons) increased 28.6% during 4Q22 vs. same period 2021, cumulatively there was an increase of 26.0% during 2022; highlighting a 54.8% increase vs. 2019.

Out of the total of new car sales as of December end, the automobile loans for light vehicles (new and used) reached 71.9% of the total, slightly above the reported figure of 2021 showing an increase of 74 bps. Whilst financing of new vehicles increased 7.8%, while secondhand vehicles increased 15.2%, reaching once again a historical maximum in the number of financed units in the last 8 years and representing 12.7% of the total financed units. This confirms an increasing trend in the sale of secondhand vehicles, caused by new cars shortage.

Automobile financing market<sup>4</sup>



During 2022, the main sources of financing for vehicles purchase were financials (financial arms of the car dealerships) with a 79.1% share, which had an increase of 148 bps vs. 2021 year-end, followed by banks, which had a decrease of 122 bps compared to the 2021.

Mexican interest reference rate stood at 10.5%<sup>5</sup> by year-end, which compares with 5.5% at the end of 2021.

<sup>4</sup> Source: AMDA

<sup>5</sup> Source: BANXICO

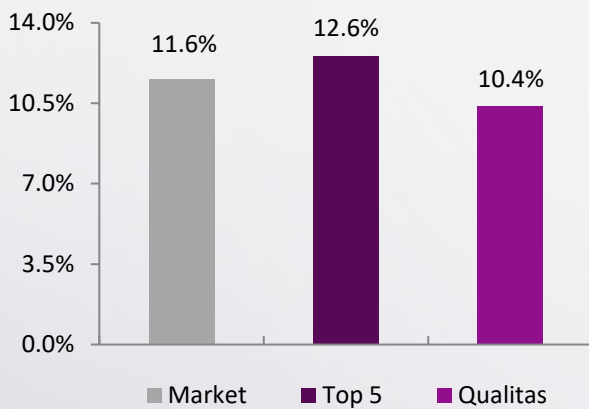
Figures in allocations and may vary given some updates from the regulator

# Automobile insurance industry

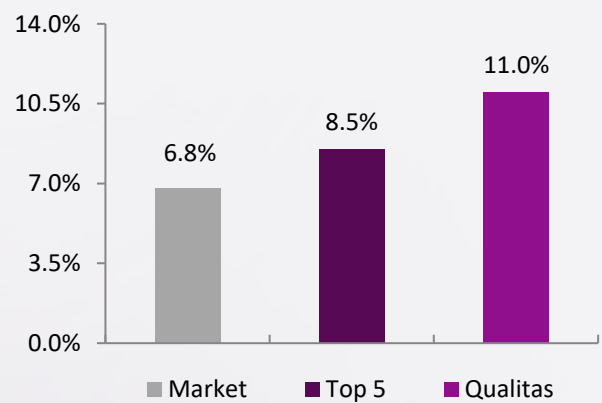
Total industry written premiums during 2022 were \$120,670 million, an increase of 11.6% compared to previous year. The growth for the top 5 insurance companies was 12.6%; the medium-sized companies grew 15.9%, while the rest of the insurers reported an increase of 19.6%.

Net result for the industry reached \$2,643 million, a decrease of 79.5%. This can be explained by a negative operating result of -\$2,235 million and a financial income of \$5,779 million.

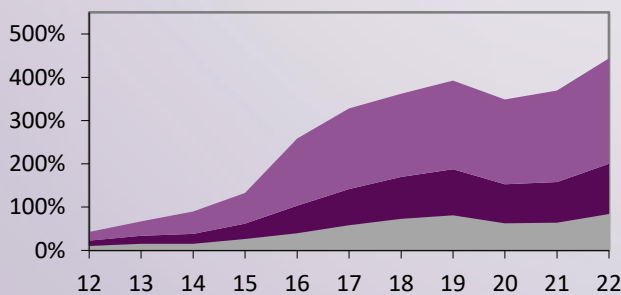
**Written premium growth  
2022 vs 2021**



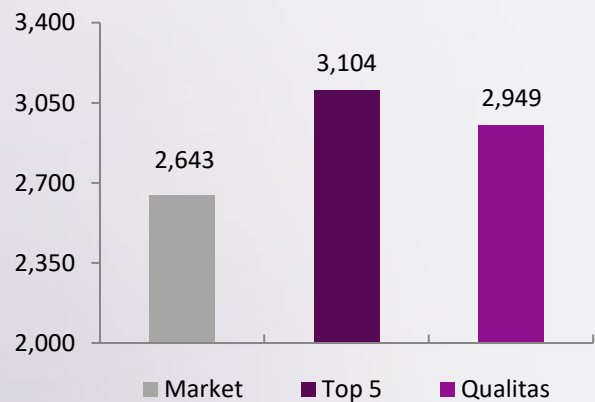
**Earned premium growth  
2022 vs 2021**



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



**Net Result**



	CAGR (%) <sup>6</sup>
Q	11.1%
Mercado	6.9%
Mercado sin Q	5.3%

<sup>6</sup> CAGR: Compound annual growth rate last 10 years

Figures in millions (MXN)

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

Company	Written premiums	Growth 9M22 vs 9M21	Market share	Earned premiums	Market share
Qualitas	38,610	10.4%	32.0%	37,062	34.2%
G.N.P.	16,218	20.0%	13.4%	15,277	14.1%
Chubb Seguros Mexico	12,178	16.3%	10.1%	5,618	5.2%
AXA Seguros	9,768	6.0%	8.1%	9,573	8.8%
HDI Seguros	7,596	12.3%	6.3%	7,432	6.9%
<b>Top 5</b>	<b>84,369</b>	<b>12.6%</b>	<b>69.9%</b>	<b>74,962</b>	<b>69.3%</b>
BBVA Bancomer	6,413	20.3%	5.3%	5,505	5.1%
Banorte	5,100	8.4%	4.2%	4,941	4.6%
Inbursa	4,097	9.6%	3.4%	3,952	3.7%
Atlas	3,323	10.3%	2.8%	3,097	2.9%
Mapfre México	3,109	9.2%	2.6%	2,340	2.2%
ANA	2,909	3.1%	2.4%	3,019	2.8%
Afirme	2,371	(0.2%)	2.0%	2,224	2.1%
Zurich Daños	1,565	na	1.3%	1,346	1.2%
General de Seguros	1,283	11.4%	1.1%	1,193	1.1%
El Potosí	1,126	11.3%	0.9%	1,028	0.9%
<b>Medium-size</b>	<b>31,295</b>	<b>15.9%</b>	<b>25.9%</b>	<b>28,645</b>	<b>26.5%</b>
<b>Other</b>	<b>5,006</b>	<b>(19.6%)</b>	<b>4.1%</b>	<b>4,377</b>	<b>4.0%</b>
<b>Total market (36 companies*)</b>	<b>120,670</b>	<b>11.6%</b>	<b>100.0%</b>	<b>108,224</b>	<b>100.0%</b>

Company	Operating result	Financial income	Net result	Loss ratio	Combined ratio
Qualitas	1,941	1,694	2,949	68.5%	93.8%
G.N.P.	(594)	858	187	68.7%	101.9%
Chubb Seguros Mexico	(410)	98	(310)	85.4%	115.9%
AXA Seguros	(618)	801	(147)	78.3%	106.3%
HDI Seguros	48	527	426	64.9%	103.9%
<b>Top 5</b>	<b>367</b>	<b>3,978</b>	<b>3,104</b>	<b>70.7%</b>	<b>99.7%</b>
BBVA Bancomer	(554)	688	(206)	88.2%	107.2%
Banorte	448	350	962	68.2%	90.2%
Inbursa	152	93	219	70.0%	95.2%
Atlas	20	50	70	74.5%	97.8%
Mapfre México	(25)	125	68	65.3%	99.5%
ANA	(104)	111	18	68.3%	104.8%
Afirme	(773)	93	(437)	105.8%	132.9%
Zurich Daños	(655)	40	(471)	84.6%	149.2%
General de Seguros	(439)	(008)	(501)	97.3%	134.0%
El Potosí	(115)	53	(061)	79.4%	111.1%
<b>Medium-size</b>	<b>(2,044)</b>	<b>1,595</b>	<b>(338)</b>	<b>78.1%</b>	<b>105.9%</b>
<b>Other</b>	<b>(652)</b>	<b>207</b>	<b>(213)</b>	<b>52.0%</b>	<b>112.5%</b>
<b>Total market (36 companies*)</b>	<b>(2,235)</b>	<b>5,779</b>	<b>2,643</b>	<b>71.8%</b>	<b>101.8%</b>

Figures in million (MXN)

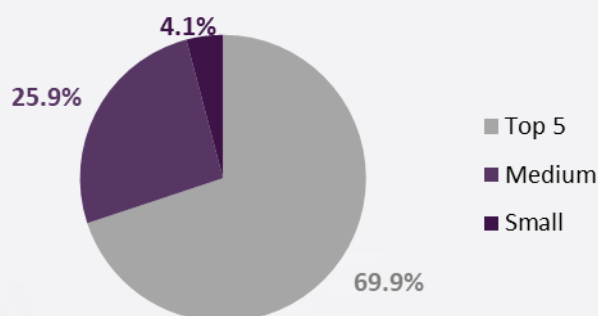
Source: AMIS, prior year figures may vary given updates from the regulator

\*35 insurers and 1 reinsurance company

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 32.0% market share. Medium-sized companies increased 98 bps their market share, while the rest of competitors decreased their share by almost 2 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
<b>Written premium:</b> \$38,610 $\Delta\%^{*}$ 10.4%	<b>Written premium:</b> \$19,043 $\Delta\%^{*}$ 6.1%	<b>Written premium:</b> \$18,310 $\Delta\%^{*}$ 14.3%	<b>Written premium:</b> \$363 $\Delta\%^{*}$ 23.8%	<b>Written premium:</b> \$894 $\Delta\%^{*}$ 23.4%
<b>Market share:</b> <b>32.0%</b> $\downarrow\Delta\text{bps}^{*}$ (34)	<b>Market share:</b> <b>25.7%</b> $\downarrow\Delta\text{bps}^{*}$ (57)	<b>Market share:</b> <b>45.0%</b> $\downarrow\Delta\text{bps}^{*}$ (46)	<b>Market share:</b> <b>20.6%</b> $\uparrow\Delta\text{bps}^{*}$ 233	<b>Market share:</b> <b>22.2%</b> $\downarrow\Delta\text{bps}^{*}$ (249)
<b>Standing:</b> 1°	<b>Standing:</b> 1°	<b>Standing:</b> 1°	<b>Standing:</b> 2°	<b>Standing:</b> 3°

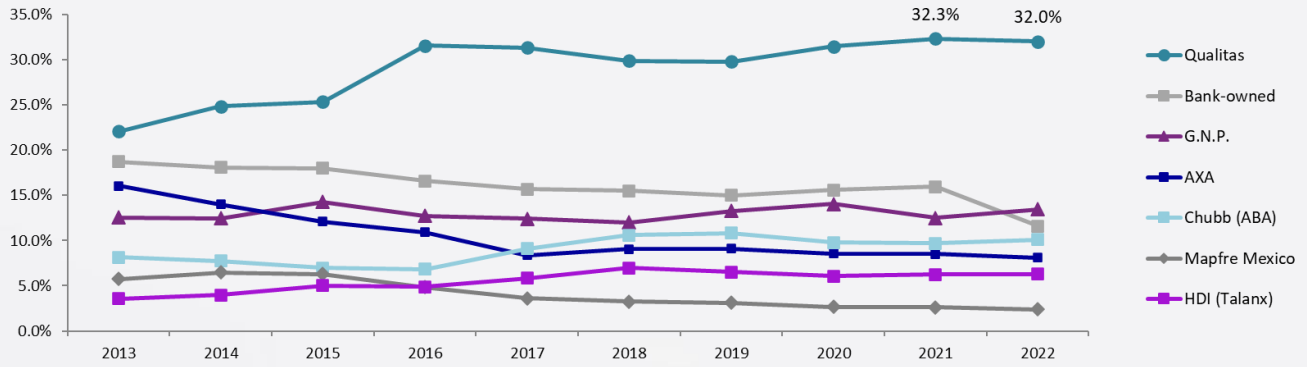
Top 5	Cars				Top 5	Trucks			
	Written premium growth	Market Share	% LR	% CR		Written premium growth	Market Share	% LR	% CR
Qualitas	6.1%	25.7%	67.8%	93.4%	Qualitas	14.3%	45.0%	70.7%	95.3%
G.N.P.	20.8%	14.5%	68.7%	103.3%	Chubb	13.4%	9.1%	70.5%	103.8%
Chubb	16.8%	11.1%	84.6%	124.3%	G.N.P.	18.2%	8.7%	88.4%	92.3%
AXA	5.4%	8.8%	87.6%	118.2%	AXA	6.8%	7.8%	60.2%	82.7%
BBVA	17.6%	7.0%	97.6%	117.6%	HDI	34.0%	6.6%	63.3%	94.1%
Total	8.5%	100.0%	74.6%	106.8%	Total	15.4%	100.0%	70.6%	94.9%

Figures in million (MXN)

\*In comparison with 2021

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

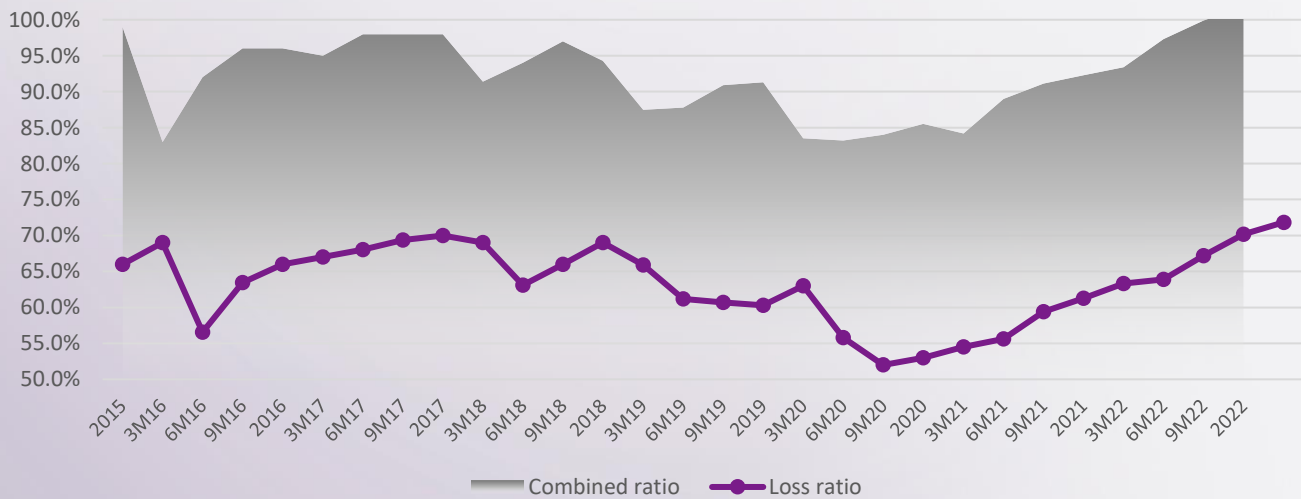
Note: Others include motorcycles, compulsory insurance and floor plan policies



## Loss ratio of the industry

During 2022, the operating performance of the auto insurance industry in Mexico and globally, was affected by the increase in claims' frequency, the inflationary environment and the new mobility trends.

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

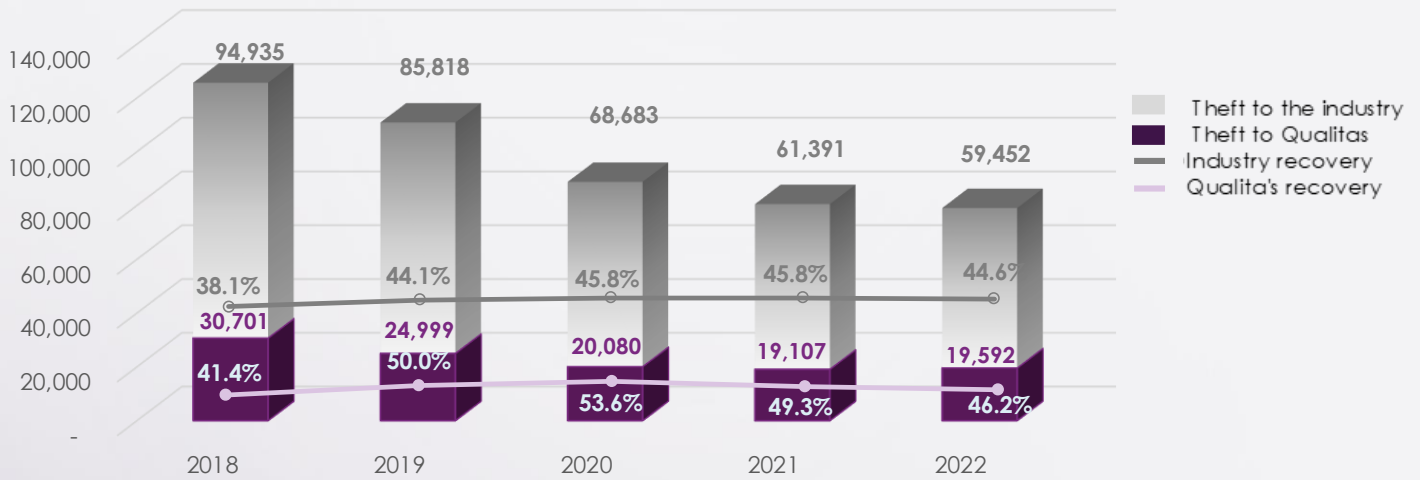


Source: AMIS, prior year figures may vary given updates from the regulator

# Theft and recovery

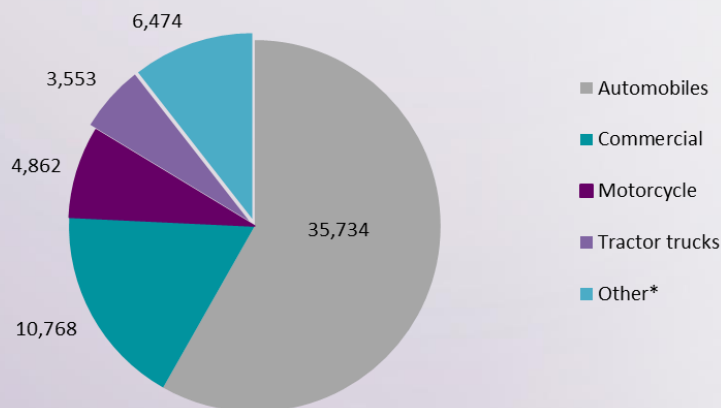
As of December-end, vehicle theft in Mexico posted a flattish trend. According to the Office for the Coordination of Insured Risks (OCRA per its acronym in Spanish) figures, theft of insured units in Mexico decreased 3.2% for the whole industry, compared to last year, from which 44.6% were recovered.

Qualitas' recovery percentage was even higher at 46.2%, 1.6 pp above the industry average.



From the 59,452 stolen vehicles, 60.1% were light vehicles and trucks, 18.1% commercial vehicles, and, lastly, 8.2% motorcycles.

Theft by type of vehicle<sup>7</sup>



<sup>7</sup> Source: OCRA, figures in number of cumulative units

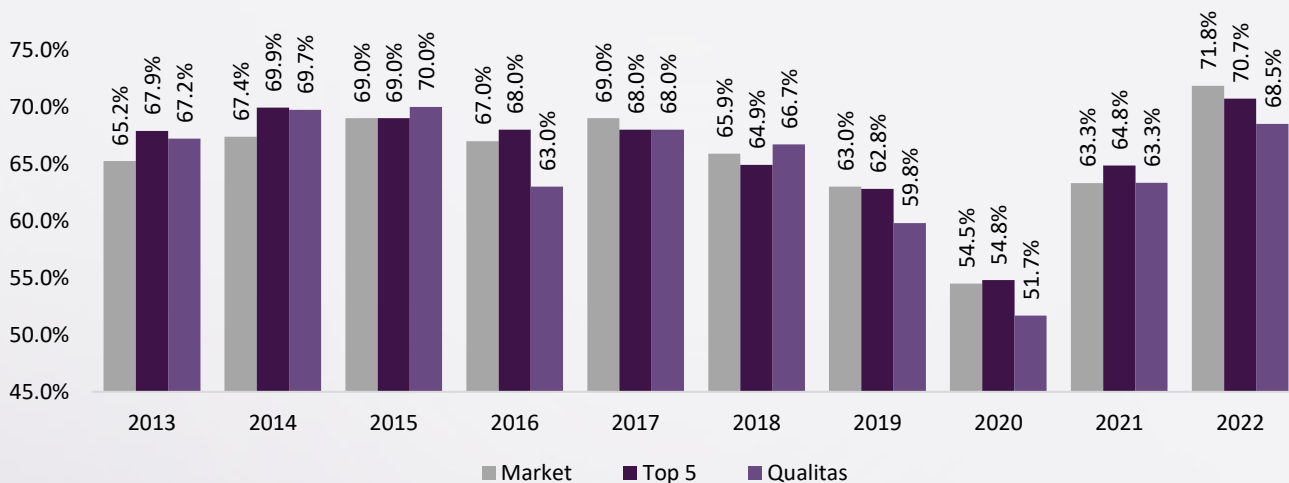
\*Others: semitrailers, heavy equipment, buses, collectives, etc.



# Costs ratios

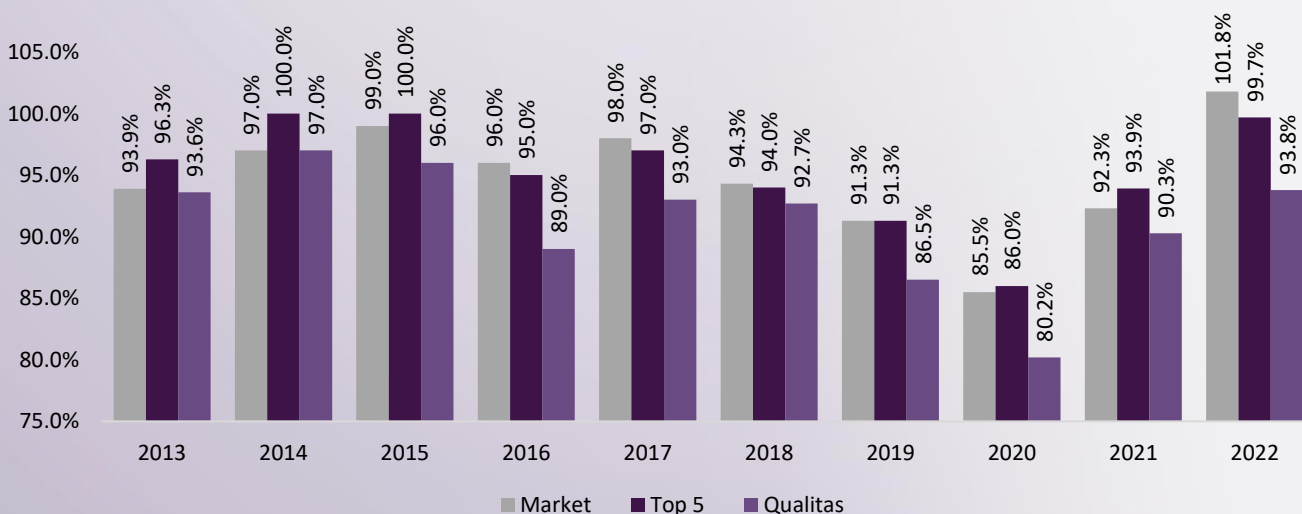
The industry posted a higher loss ratio compared to 2021 year-end, driven by the several items mentioned before, standing at 71.8% for the market. Top five companies' ratio reported an increase of 5.9 pp standing at 70.7%; likewise, Qualitas presented an increase, from 63.3% to 68.5% during year.

Loss ratio



The industry's combined ratio stood at 101.8%, which was 9.5 pp above 2021 figure. The five largest companies registered a ratio of 99.7%, whereas Qualitas reported an increase from 90.3% to 93.8% for 2022.

Combined ratio



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

## Information sources

- *AMIS. Asociación Mexicana de Instituciones de Seguros, A.C.*; [www.amis.com.mx](http://www.amis.com.mx) (information consulted in March 2<sup>nd</sup>, 2022)
- *AMDA. Asociación Mexicana de Distribuidores de Automotores, A.C.*; [www.amda.mx](http://www.amda.mx)
- *BANXICO. Banco de Mexico*; [www.banxico.org.mx](http://www.banxico.org.mx)
- *INEGI. Instituto Nacional de Estadística y Geografía*; [www.inegi.org.mx](http://www.inegi.org.mx)
- *OCRA. Oficina Coordinadora de Riesgos Asegurados, S.C.*; [www.ocra.com.mx/](http://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](http://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)

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