

Accidents and health insurance industry report

2022



Mexico's accidents and health 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.

Executive summary

Mexican National Insurance and Bonding Commission (*Comisión Nacional de Seguros y Fianzas - CNSF*) granted in August 2022 the definite favorable opinion to Qualitas Salud for the operation of Accidents and Health (A&H), in the subbranches of Personal Accidents, Medical Expenses and Health insurance, in all cases for individual and collective segments.

Usually, the Medical Expenses business is focused on the reimbursement of policyholders' expenditures related to a disease or accident once the amount exceeds the deductible amount. As for the Personal Accidents business, it is related to accidental death, body parts losses and total or partial disabilities. Whilst the main objective of the Health segment is to prevent, preserve, restore and rehabilitate the policyholder; meaning that it has a preventive approach as main difference versus the two other lines of business.

Historically, in the operation of A&H the subbranch with the highest contribution to total written premiums is Medical Expenses, which closed 2022 with a 92.3% contribution. In second place, is the Personal Accidents with a 4.4% contribution, and lastly Health with a 3.4% contribution.

It is a highly concentrated industry; top 5 companies hold 71.6% of market share with GNP as the leader company with 24.5% market share and written premiums of \$94 billion pesos; followed by AXA with 17.5% and Metlife with 16.5% market share respectively.

By the end of 2022, total written premiums from the accidents and health insurance industry were at \$131 billion pesos which represents an increase of 14.3% vs. 2021; the auto insurance segment total written premiums were \$121 billion pesos. Compound annual growth rate (CAGR) of the industry from last 5 years was 11.4%.

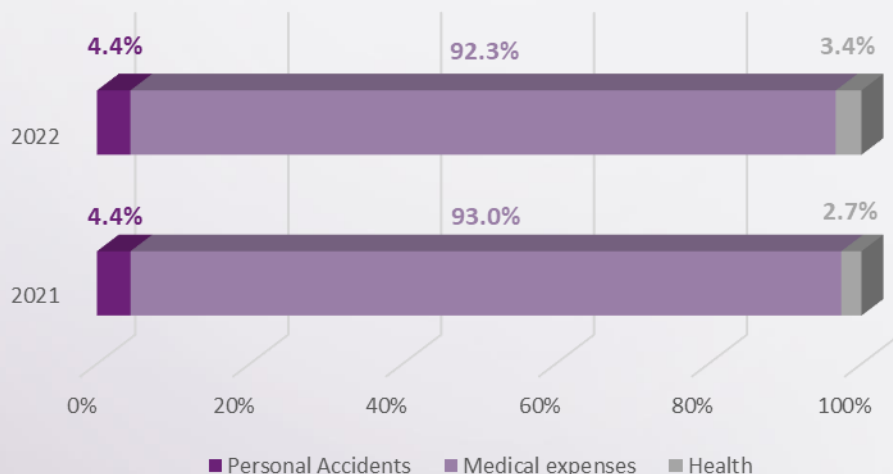
Regarding profitability indicators, accidents and health industry posted a loss ratio of 70.4%, compared to the 76.7% from prior year. Combined ratio for 2022 was 97.2% vs 102.8% from year 2021. Operating margin from the industry was 1.7%, the net margin for the year was 5.4%; those figures represent lower margins than the auto insurance industry.

Industry overview

From total written premiums of accidents and health industry, medical expenses subbranch represented \$121 billion during 2022, being the most representative of it (92.3% of total industry), Personal Accidents subbranch was in second place with \$6 billion (4.4% of total industry), and lastly Health subbranch with \$4 billion (3.4% of total industry); those proportions have been similar with no significant changes in the past 5 years.

Insurance penetration of this industry has been historically low. AMIS releases information regarding each subbranch individually and by Group in its statistical reports¹. According to its latest figures, only ~16% of Mexican population has a private medical Personal Accidents insurance policy, ~10% has a private Medical Expenses insurance policy and only 1% a private Health insurance policy.

Subbranch share 2022 vs 2021



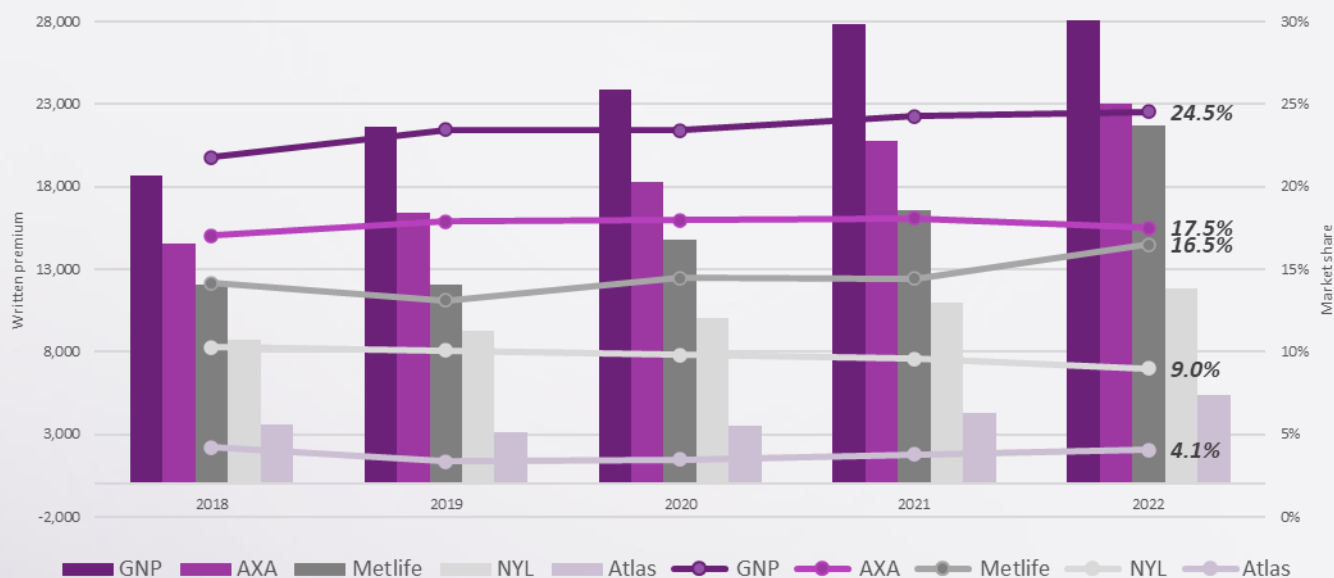
According to AMIS figures, agents and brokers represent the main sales distribution channel of the industry with ~84% share. The rest of the sales come from internal, banks and other channels, in which Qualitas currently has presence.

¹ Source: Sistema Estadístico del Sector Asegurador (SESA) from AMIS.

Main competitors

It is highly concentrated industry, where Top 5 companies hold +71% of market share. Market share and growth of the Top 5 companies has been stable and constant during the last years.

Written premium and market share – top 5²



Medical expenses

This type of insurance policy is designed to pay a specific amount in case of an illness or accident, and if prior amount surpasses the agreed deductible. The insurance covers, up to the whole insured amount, hospitalization expenses, medical care, surgery, medicine, clinical analysis, and other professional services.

The policy is focused on the reimbursement of those expenses and does not cover cosmetic treatments or surgery.

One of the most common uses for this type of policies are hospital coverage, surgery, intensive therapies and in some cases, in-home appointments.

² Source: AMIS.

Personal accidents

Personal accidents insurance policies grant the payment of a specific amount in case of death, organic losses and in case of total or partial disability, as consequence of an accident.

Main coverages are:

- *Accidental death*: If as consequence of an accident, the policyholder dies; the insurance company must pay to the beneficiary or beneficiaries the agreed amount for this concept.
- *Organic losses*: If as consequence of an accident, the policyholder loses any of her/his limbs described in general conditions of the policy; the insurance company must pay the conveyed amount for this concept according to the correspondent scale.
- *Reimbursement of medical expenses from accidents*: If as consequence of an accident, the policyholder needs a medical treatment or surgery, hospitalization, nursery services, ambulance, or medicines; the insurance company must reimburse those expenses, capped to the contracted amounts for each of the concepts.
- *Total or partial disabilities*: If as consequence of an accident, the policyholder suffers any disability that does not allow the performance of her/his daily activities; during the disability period the insurance company must pay the daily contracted amount. According to the disability features, the disability would be classified as total or partial and for each different conditions must be applied for the compensation payment.

Some exclusions are not covered by this type of policy such as::

- Extreme sports or of high danger
- Self-generated injuries
- Alcohol abuse or use of illegal drugs
- War risks

Health

The Insurance Institutions Specialized in Health (*Instituciones de Seguros Especializadas en Salud - ISES*) are the operators authorized by the Mexican regulator *Secretaría de Hacienda y Crédito Público (SHCP)*, CNSF and the Health Ministry (SSA) to provide insurance services, the last two also as regulators. ISES have as purpose to provide services focused on prevent, preserve, restore, and rehabilitate the policyholders' health.

Main difference between individual and collective/group segments, is that the first one is focused on provide protection to the individual and/or family who pays for the specific policy while collective/group segment is focused on provide protection in case of specific risks related to main activities of employees from diverse corporate sectors, as well as to members of specific associations and legally established groups.

Profitability

During 2022, combined ratio of the industry was 97.2%, which compares to 102.8% during 2021 and 96.3% during 2020.

The following table shows the loss ratio and combined ratio of Top 5 companies and the industry average of past years:

Profitability indicators– Top 5 total A&H

		GNP	AXA	Metlife	MNYL	Inbursa*	Top 5	Industry
2018	Written premium	18,703	14,529	12,094	8,758	3,820	57,903	85,284
	Market share	21.8%	17.0%	14.2%	10.3%	4.5%	67.8%	100.0%
	Loss ratio	68.8%	71.6%	73.8%	67.4%	69.9%	70.4%	67.2%
	Combined ratio	96.9%	97.8%	91.7%	96.6%	88.8%	95.5%	94.2%
	Net result	935	781	978	1,392	345	4,432	7,411
2019	Written premium	21,583	16,443	12,068	9,274	4,015	63,382	91,995
	Market share	23.5%	17.9%	13.1%	10.1%	4.4%	68.9%	100.0%
	Loss ratio	69.9%	78.7%	66.0%	68.1%	59.3%	70.5%	68.3%
	Combined ratio	96.8%	103.7%	87.9%	96.5%	78.6%	95.8%	95.5%
	Net result	975	-199	928	2,078	723	4,505	6,782
2020	Written premium	23,902	18,317	14,754	10,023	3,859	70,854	102,068
	Market share	23.4%	18.0%	14.5%	9.8%	3.8%	69.4%	100.0%
	Loss ratio	66.6%	75.4%	74.1%	76.6%	67.9%	71.8%	69.1%
	Combined ratio	95.1%	98.2%	93.6%	106.8%	86.9%	96.8%	96.3%
	Net result	1,218	636	922	1,333	514	4,623	7,159
2021	Written premium	27,850	20,780	16,593	10,982	4,359	80,566	114,829
	Market share	24.3%	18.1%	14.5%	9.6%	3.8%	70.2%	100.0%
	Loss ratio	76.2%	86.5%	91.2%	71.9%	70.3%	80.8%	69.1%
	Combined ratio	103.1%	107.9%	111.6%	100.4%	87.5%	104.7%	102.7%
	Net result	-23	-919	-3,074	2,042	501	-1,473	130
2022	Written premium	32,205	22,979	21,663	11,795	5,368	94,011	131,304
	Market share	24.5%	17.5%	16.5%	9.0%	4.1%	71.6%	100.0%
	Loss ratio	70.9%	79.0%	77.4%	68.9%	71.3%	74.0%	70.4%
	Combined ratio	98.9%	99.5%	94.7%	101.1%	104.5%	98.7%	97.2%
	Net result	1,044	706	936	1,258	-178	3,766	7,076

*Note: During 2022, Inbursa was not part of the Top 5 and was replaced by Atlas.

During 2022, financial Income of the industry was \$5,946 million, equivalent to a return on written premiums of 4.5%, which compares to the 5.0% obtained by top 5 companies.

Regarding the industry' net result, from 2017 to 2020 accidents and health industry generated on average a net margin of 7.6% which compares to the auto insurance industry average net margin of 10.8%. During 2021, the industry posted only a 0.1% net margin, with a net result of \$130 million; recovering during 2022 to a net margin of 5.4% and a net result of \$7 billion.

Operating result and margin – Top 5 total A&H

	2017	2018	2019	2020	2021	2022
G.N.P.	\$447	\$364	\$475	\$1,204	(\$1,141)	(\$0)
	2.6%	1.9%	2.2%	3.5%	(4.1%)	(0.0%)
AXA Seguros	(\$235)	\$255	(\$651)	\$471	(\$1,648)	(\$63)
	(1.9%)	1.8%	(4.0%)	0.9%	(7.9%)	(0.3%)
Metlife Mexico	(\$172)	\$1,010	\$1,067	\$900	(\$1,809)	\$724
	(1.6%)	8.4%	8.8%	5.4%	(10.9%)	3.3%
Monterrey NYL	\$279	\$224	\$230	\$719	(\$128)	(\$143)
	3.4%	2.6%	2.5%	(6.6%)	(1.2%)	(1.2%)
Inbursa*	\$218	\$391	\$825	\$212	\$496	(\$259)
	6.1%	10.2%	20.5%	14.7%	11.4%	(4.8%)
Top 5	\$537	\$2,245	\$1,945	\$3,505	(\$4,230)	\$259
	1.0%	3.9%	3.1%	2.4%	(5.3%)	0.3%
Industry	\$1,788	\$4,176	\$2,955	\$6,524	(\$4,249)	\$2,284
	2.3%	4.9%	3.2%	2.6%	(3.7%)	1.7%

Financial Income and margin – Top 5 total A&H

	2017	2018	2019	2020	2021	2022
G.N.P.	\$583	\$923	\$939	\$885	\$1,072	\$1,461
	4.9%	3.4%	4.3%	3.7%	3.9%	4.5%
AXA Seguros	\$588	\$611	\$663	\$741	\$825	\$969
	4.2%	4.6%	4.0%	4.0%	4.0%	4.2%
Metlife Mexico	\$307	\$264	\$266	\$329	(\$1,243)	\$446
	2.2%	2.8%	2.2%	2.2%	(7.5%)	2.1%
Monterrey NYL	\$1,740	\$1,516	\$1,945	\$2,184	\$2,345	\$1,769
	17.3%	21.3%	21.0%	21.8%	21.4%	15.0%
Inbursa*	\$90	\$34	\$80	\$51	\$103	\$63
	0.9%	2.5%	2.0%	1.3%	2.4%	1.2%
Top 5	\$3,308	\$3,348	\$3,893	\$4,190	\$3,103	\$4,709
	5.8%	6.3%	6.1%	5.9%	3.9%	5.0%
Industry	\$4,736	\$4,524	\$5,395	\$5,745	\$4,491	\$5,946
	5.3%	6.2%	5.9%	5.6%	3.9%	4.5%

Net result and margin – Top 5 total A&H

	2017	2018	2019	2020	2021	2022
G.N.P.	\$791	\$935	\$975	\$1,218	(\$23)	\$1,044
	4.6%	5.0%	4.5%	3.7%	(0.1%)	3.2%
AXA Seguros	\$338	\$781	(\$199)	\$636	(\$919)	\$706
	2.7%	5.4%	(1.2%)	4.0%	(4.4%)	3.1%
Metlife Mexico	\$9	\$978	\$928	\$922	(\$3,074)	\$936
	0.1%	8.1%	7.7%	2.2%	(18.5%)	4.3%
Monterrey NYL	\$1,811	\$1,392	\$2,078	\$1,333	\$2,042	\$1,257
	22.1%	15.9%	22.4%	21.8%	18.6%	10.7%
Inbursa*	\$257	\$345	\$723	\$514	\$501	(\$178)
	7.3%	9.0%	18.0%	1.3%	11.5%	(3.3%)
Top 5	\$3,206	\$4,432	\$4,505	\$4,623	(\$1,473)	\$3,766
	6.1%	7.7%	7.1%	6.5%	(1.8%)	4.0%
Industry	\$5,513	\$7,411	\$6,782	\$7,159	\$130	\$7,076
	7.2%	8.7%	7.4%	7.0%	0.1%	5.4%

*Note: For 2022, Inbursa is not part of Top 5 companies and it is replaced by Atlas. Percentages as written premiums proportion.

Appendix

Charts below were elaborated with AMIS information. Figures in thousands Mexican pesos.

Chart 1. Accidents and Health Top 5 companies– Written premium & market share

Accidents & Health total	2017		2018		2019		2020		2021		2022	
	Written premium	%	Written premium	%	Written premium	%	Written premium	%	Written premium	%	Written premium	%
GNP	17,205	22.5%	18,703	21.9%	21,583	23.5%	23,902	23.4%	27,850	24.3%	32,205	24.5%
AXA	12,685	16.6%	14,529	17.0%	16,443	17.9%	18,317	17.9%	20,780	18.1%	22,979	17.5%
Metlife	11,113	14.5%	12,094	14.2%	12,068	13.1%	14,754	14.5%	16,593	14.5%	21,663	16.5%
MNYL	8,185	10.7%	8,758	10.3%	9,274	10.1%	10,023	9.8%	10,982	9.6%	11,795	9.0%
Inbursa*	3,544	4.6%	3,820	4.5%	4,015	4.4%	3,859	3.8%	4,359	3.8%	5,368	4.1%
Top 5	52,731	69.0%	57,903	67.9%	63,382	68.9%	70,854	69.4%	80,566	70.2%	94,011	71.6%
Industry	76,442	100.0%	85,284	100.0%	91,995	100.0%	102,068	100.0%	114,829	100.0%	131,304	100.0%

*Note: During 2022, Inbursa was not part of Top 5 companies and it was replaced by Atlas.

Chart 2. Personal Accidents total Top 5 companies– Written Premium & market share

Personal Accidents total	2017		2018		2019		2020		2021		2022	
	Written premium	%	Written premium	%	Written premium	%	Written premium	%	Written premium	%	Written premium	%
Chubb	525	16.3%	825	24.0%	880	25.7%	1,061	31.2%	1,107	32.9%	1,316	22.9%
Citibanamex	1,113	34.6%	1,053	30.6%	990	28.9%	862	25.4%	752	22.3%	829	14.4%
Zurich Sant	673	20.9%	687	20.0%	704	20.5%	684	20.2%	683	20.3%	681	11.8%
BBVA	481	15.0%	494	14.4%	507	14.8%	522	15.4%	552	16.4%	570	9.9%
Banorte*	422	13.1%	384	11.2%	347	10.1%	265	7.8%	270	8.0%	302	5.3%

*Note: During 2022, Banorte was not part of Top 5 companies and it was replaced by AXA.

Chart 3. Individual Personal accidents Top 5 companies – Written premium and market share

Individual Personal Accidents	2017		2018		2019		2020		2021		2022	
	Written premium	%	Written premium	%	Written premium	%	Written premium	%	Written premium	%	Written premium	%
Chubb	371	16.6%	509	21.4%	624	24.8%	863	32.4%	685	27.3%	780	22.8%
Zurich Sant	643	28.8%	644	27.1%	651	25.8%	644	24.1%	640	25.6%	636	18.6%
BBVA	475	21.3%	488	20.5%	495	19.6%	507	19.0%	540	21.5%	555	16.2%
Citibanamex	425	19.0%	447	18.8%	492	19.5%	436	16.4%	426	17.0%	519	15.1%
Banorte*	321	14.4%	291	12.3%	258	10.2%	216	8.1%	214	8.6%	196	5.7%

*Note: During 2022, Banorte was not part of Top 5 companies and it was replaced by AXA.

Chart 4. Group Personal accidents Top 5 companies – Written premium & market share

Group Personal Accidents	2017		2018		2019		2020		2021		2022	
	Written premium	%	Written premium	%	Written premium	%	Written premium	%	Written premium	%	Written premium	%
Chubb	153	11.3%	317	23.6%	256	22.1%	198	21.1%	423	37.2%	536	23.1%
Citibanamex	688	50.9%	606	45.2%	498	43.0%	426	45.3%	326	28.7%	310	13.3%
AIG Seguros*	319	23.6%	188	14.0%	138	11.9%	119	12.7%	138	12.1%	187	8.1%
GNP	104	7.7%	129	9.6%	135	11.7%	108	11.5%	127	11.2%	154	6.6%
Seguros SURA	87	6.4%	102	7.6%	130	11.2%	89	9.5%	123	10.8%	136	5.9%

*Note: During 2022, Atlas held 3rd place in the market and Seguros Sura was not part of Top 5 companies.

Chart 5. Total Medical expenses Top 5 companies– Written premium & market share

Total Medical expenses	2017		2018		2019		2020		2021		2022	
	Written premium	%	Written premium	%	Written premium	%	Written premium	%	Written premium	%	Written premium	%
GNP	17,098	32.8%	18,572	32.4%	21,445	34.1%	23,793	33.8%	27,719	34.6%	32,064	26.5%
AXA Seguros	12,377	23.7%	14,186	24.8%	16,169	25.7%	18,100	25.7%	20,556	25.7%	22,677	18.7%
Metlife Mexico	11,099	21.3%	12,083	21.1%	12,062	19.2%	14,749	20.9%	16,589	20.7%	21,659	17.9%
Monterrey NYL	8,118	15.6%	8,688	15.2%	9,205	14.6%	9,957	14.1%	10,931	13.6%	11,746	9.7%
Inbursa	3,488	6.7%	3,762	6.6%	3,964	6.3%	3,826	5.4%	4,310	5.4%	5,283	4.4%

*Note: During 2022, Atlas held 3rd position and Sura Seguros was not part of Top 5 companies.

Chart 6. Individual Medical expenses Top 5 companies – Written premium & market share

Individual Medical expenses	2017		2018		2019		2020		2021		2022	
	Written premium	%	Written premium	%	Written premium	%	Written premium	%	Written premium	%	Written premium	%
GNP	10,173	38.1%	11,243	37.5%	12,776	37.1%	14,925	38.0%	17,110	38.6%	18,903	30.2%
AXA Seguros	7,438	27.9%	8,475	28.2%	9,790	28.5%	11,139	28.4%	12,687	28.6%	14,423	23.1%
Monterrey NYL	4,749	17.8%	5,234	17.4%	5,810	16.9%	6,746	17.2%	7,566	17.1%	8,111	13.0%
Metlife Mexico	2,432	9.1%	2,704	9.0%	3,241	9.4%	3,529	9.0%	3,872	8.7%	4,278	6.8%
BUPA Mexico	1,883	7.1%	2,364	7.9%	2,789	8.1%	2,939	7.5%	3,111	7.0%	3,486	5.6%

Chart 7. Group Medical Expenses Top 5 companies– Written premium & market share

Group Medical expenses	2017		2018		2019		2020		2021		2022	
	Written premium	%	Written premium	%	Written premium	%	Written premium	%	Written premium	%	Written premium	%
Metlife Mexico	8,666	33.7%	9,379	33.0%	8,821	30.0%	11,220	34.3%	12,716	33.8%	17,381	29.7%
GNP	6,926	26.9%	7,329	25.8%	8,669	29.4%	8,868	27.1%	10,609	28.2%	13,161	22.5%
AXA Seguros	4,939	19.2%	5,711	20.1%	6,379	21.7%	6,961	21.3%	7,869	20.9%	8,254	14.1%
Monterrey NYL	3,369	13.1%	3,455	12.1%	3,395	11.5%	3,211	9.8%	3,365	8.9%	3,920	6.7%
Atlas	1,813	7.1%	2,582	9.1%	2,184	7.4%	2,485	7.6%	3,055	8.1%	3,635	6.2%

Chart 8. Total Health Top 5 companies – Written premium & market share

Total Health	2017		2018		2019		2020		2021		2022	
	Written premium	%	Written premium	%	Written premium	%	Written premium	%	Written premium	%	Written premium	%
Plan Seguro	1,009	51.7%	1,210	57.5%	1,411	50.8%	1,439	48.6%	1,652	54.2%	2,153	48.6%
General de Salud	308	15.8%	306	14.6%	360	13.0%	462	15.6%	508	16.7%	1,034	23.3%
AXA Salud	109	5.6%	91	4.3%	528	19.0%	474	16.0%	164	5.4%	574	12.9%
MediAccess	339	17.4%	282	13.4%	235	8.4%	237	8.0%	222	7.3%	287	6.5%
SIS NOVA*	185	9.5%	215	10.2%	243	8.8%	349	11.8%	222	7.3%	176	4.0%

*Note: During 2022, SIS NOVA was not part of Top 5 companies and was replaced by Dentegra.

Chart 9. Individual Health Top 5 companies – Written premium & market share

Individual Health	2017		2018		2019		2020		2021		2022	
	Written premium	%	Written premium	%	Written premium	%	Written premium	%	Written premium	%	Written premium	%
Plan Seguro	915	76.0%	1,104	80.4%	1,312	86.3%	1,358	85.6%	1,575	86.3%	2,057	88.0%
MediAccess	147	12.2%	126	9.2%	117	7.7%	126	7.9%	124	6.8%	114	4.9%
General de S.	66	5.4%	72	5.2%	73	4.8%	87	5.5%	90	5.0%	100	4.3%
AXA Salud	76	6.3%	70	5.1%	18	1.2%	12	0.8%	24	1.3%	47	2.0%
SIS NOVA*	1	0.1%	0	0.0%	0	0.0%	4	0.2%	12	0.6%	17	0.7%

*Note: During 2022, SIS Nova was not part of Top 5 companies and it was replaced by Odontoprev.

Chart 10. Group Health Top 5 Salud companies – Written premium & market share

Group Health	2017		2018		2019		2020		2021		2022	
	Written premium	%	Written premium	%	Written premium	%	Written premium	%	Written premium	%	Written premium	%
General de Salud	243	33.0%	234	32.6%	287	22.5%	375	26.2%	417	34.5%	934	44.6%
AXA Salud	33	4.5%	21	2.9%	510	39.9%	461	32.2%	140	11.6%	527	25.1%
Dentegra	84	11.4%	94	13.0%	120	9.4%	138	9.7%	145	12.0%	175	8.3%
MediAccess	192	26.1%	155	21.6%	118	9.2%	111	7.8%	99	8.1%	174	8.3%
SIS NOVA*	184	25.0%	215	29.9%	243	19.0%	346	24.2%	211	17.4%	96	4.6%

*Note: During 2022, SIS Nova was not part of Top 5 companies and it was replaced by Plan Seguro.

Information sources

- AMIS. *Asociación Mexicana de Instituciones de Seguros, A.C.*; www.amis.com.mx (information published in August 16th, 2022)
- INEGI. *Instituto Nacional de Estadística y Geografía*; www.inegi.org.mx

If you wish to refer to another source, you may visit the Mexican Insurance Companies' Regulator (National Insurance and Bonding 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)

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