

Automobile insurance

industry
report

2023

9 months



Mexico' auto insurance industry report 9M23

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 first 9 months of 2023, automobile insurance industry reported an increase of 24.5% in written premiums. Mexican GDP during the third quarter, posted an increase of 3.3%¹ compared to same period of last year. On the other hand, as of September 2023 annual general inflation was 4.5%².

Regarding industry's cost ratios, during the first nine months of 2023, the industry posted a combined ratio of 99.9%, a decrease of 10 bp (basis points) vs 9M22.

In the chart³ below 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	34,916	29.5%	1,181	2,235	2,533	69.9%	95.3%
Others	56,254	20.9%	(2,328)	2,607	120	73.2%	103.9%
Insurance companies	91,170	24.1%	(1,148)	4,841	2,654	71.8%	100.4%
Bank-owned companies	18,156	26.9%	352	1,723	1,657	74.1%	96.2%
Industry (36 companies*)	109,326	24.5%	(796)	6,565	4,311	72.2%	99.9%

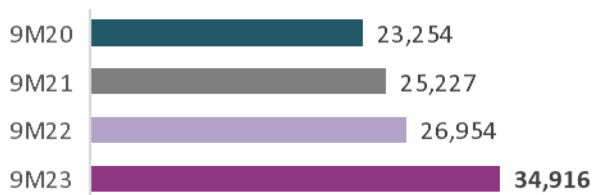
Figures in million pesos.

*35 companies and 1 reinsurance company.

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

Qualitas Mexico (Q Mx)³

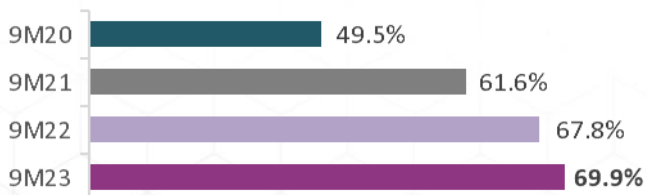
Written premiums



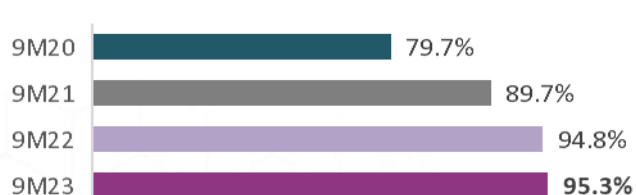
Market share



Loss ratio



Combined ratio



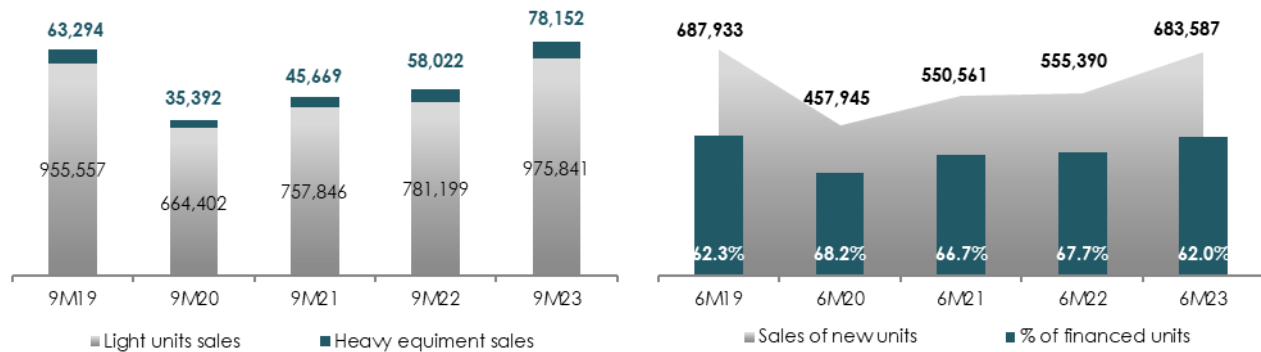
¹ Source: INEGI

² Source: BANXICO

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

Vehicles' sales and financing

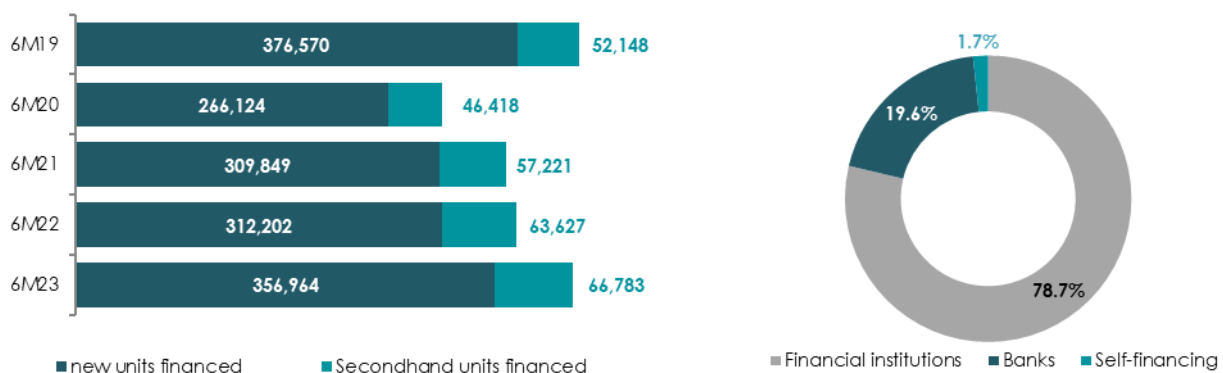
New vehicles' sales⁴



The sale of light units (automobiles and trucks) increased 30.4% during 3Q23 vs. 3Q22, reaching a total of 342,754 units sold; in cumulative terms, first nine months had an increase of 24.9% vs same period 2022 and standing 2.1% above 9M19. Sales of heavy equipment (vehicles of more than 3.5 tons) increased 33.9% by the end of September vs. 3Q22 and 34.7% vs 9M22; resulting in an increase of 25.7% in total new car sales during the first nine months of the year compared to same period of last year.

Out of total new car sales by the end of June (last quarter updated figure), the automobile loans for light vehicles (new and used) reached 62.0% of the total, 5.7 pp below same period of last year. Financing of new vehicles increased 1.2% whilst secondhand vehicles decreased in same proportion.

Financing by type of vehicle and market share by institution⁴



During first half 2023, trends and sources of financing for vehicles purchase are still financials (financial arms of the car dealerships) with 78.7% share, with a decrease of 3 pb vs. 1H22, followed by banks, which had an increase of 25 pb vs, same period 2022.

By the end of September, Mexican reference rate stood at 11.25%⁵, which compared to a 9.3% by the end of September 2022.

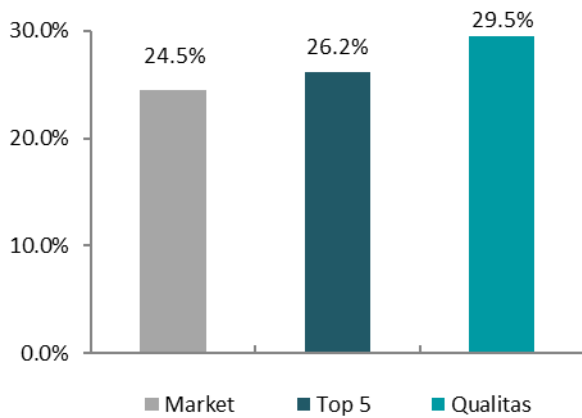
⁴ Source: AMDA, figures of prior years may vary given the association updates.
⁵ Source: BANXICO
 Figures are expressed as number of credits granted and may vary given regulator updates.

Automobile insurance industry

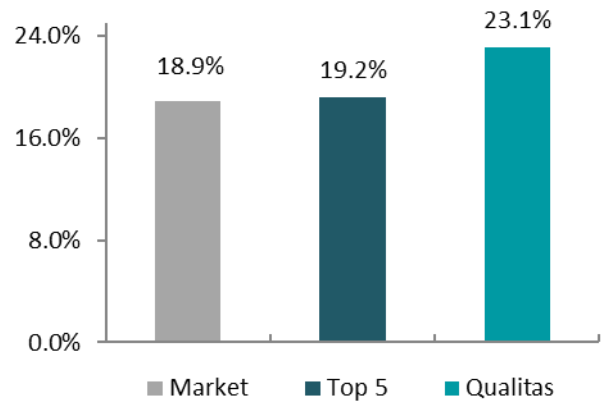
During 9M23 total written premiums of the industry were \$109,326 million, an increase of 24.5% compared to 9M22. Growth from top 5 companies was 26.2%; medium-sized insurance companies had a 27.5% increase; whilst the rest of the companies posted a decrease of -10.6%.

Net result of the industry was \$4,311 million, a decrease of 35.0%. Such explains by a financial income increase of 73.7%, \$6,564 million by September end, and an operating loss for the industry of -\$796 million

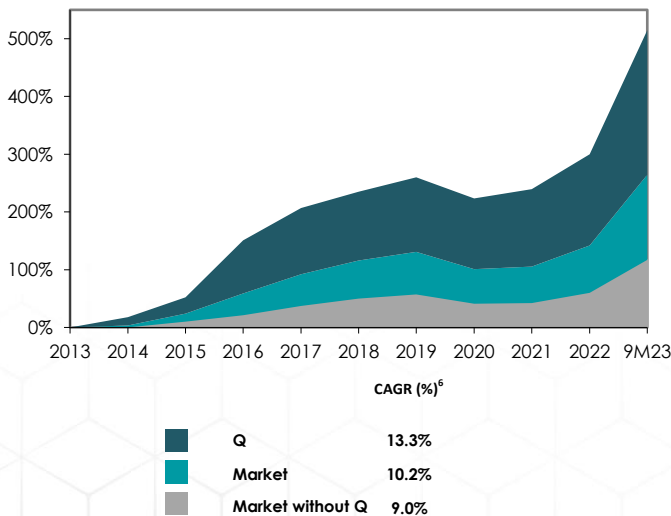
**Written premium growth
9M23 vs 9M22**



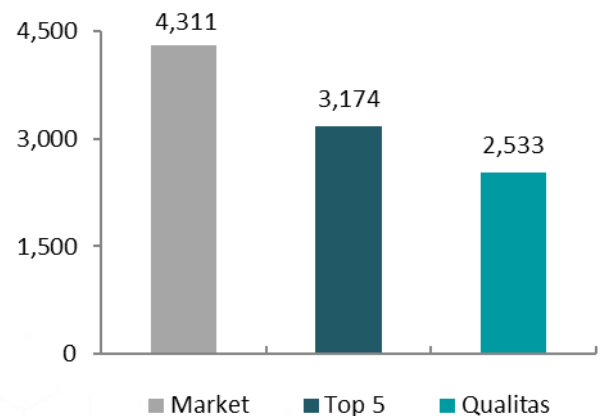
**Earned premium growth
9M23 vs 9M22**



**Cumulative growth
written premium (2013 base)**



Net result



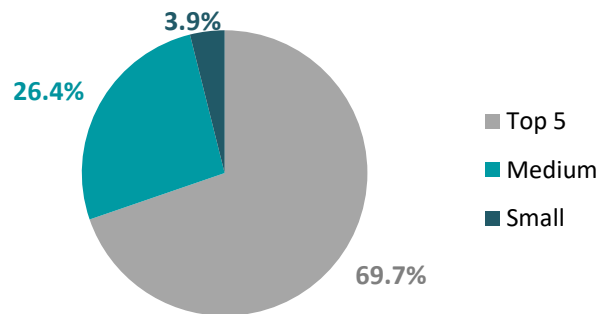
⁶ CAGR: Compound annual growth rate past 10 years
 Figures in million (MXN)
 Source: AMS, figures from past years may vary given the association updates.

Company	Written premiums	Growth 9M23 vs 9M22	Market share	Earned premiums	Market share
Qualitas	34,916	29.5%	31.9%	33,388	34.9%
G.N.P.	14,670	30.4%	13.4%	13,187	13.8%
Chubb Seguros Mexico	10,484	10.0%	9.6%	4,285	4.5%
AXA Seguros	9,078	25.6%	8.3%	8,339	8.7%
HDI Seguros	7,084	30.0%	6.5%	6,398	6.7%
Top 5	76,233	26.2%	69.7%	65,596	68.6%
BBVA Bancomer	6,393	34.5%	5.8%	5,918	6.2%
Banorte	4,867	30.7%	4.5%	4,490	4.7%
Inbursa	3,827	26.9%	3.5%	3,415	3.6%
Atlas	2,944	21.7%	2.7%	2,620	2.7%
Zurich Aseguradora Mexicana	2,495	252.0%	2.3%	2,141	2.2%
ANA	2,393	7.9%	2.2%	1,852	1.9%
Mapfre México	2,208	(3.2%)	2.0%	2,273	2.4%
Afirme	1,751	(1.6%)	1.6%	1,723	1.8%
General de Seguros	1,078	11.7%	1.0%	1,042	1.1%
Cardif Seguros Generales	865	17.5%	0.8%	642	0.7%
Medium-size	28,819	27.5%	26.4%	26,116	27.3%
Other	4,274	(10.6%)	3.9%	3,750	3.9%
Total market (36 companies*)	109,326	24.5%	100.0%	95,623	100.0%

Company	Operating result	Financial income	Net result	Loss ratio	Combined ratio
Qualitas	1,181	2,235	2,533	69.9%	95.3%
G.N.P.	(816)	656	(104)	71.7%	102.8%
Chubb Seguros Mexico	(557)	178	(370)	94.1%	119.2%
AXA Seguros	394	647	940	69.3%	93.4%
HDI Seguros	(333)	568	175	72.3%	107.6%
Top 5	(131)	4,284	3,174	72.0%	99.4%
BBVA Bancomer	210	871	471	81.5%	95.7%
Banorte	240	418	816	70.9%	92.8%
Inbursa	12	165	161	74.4%	96.9%
Atlas	(14)	51	40	74.0%	97.8%
Zurich Aseguradora Mexicana	(269)	115	(213)	67.4%	113.0%
ANA	(187)	94	(103)	73.4%	109.5%
Mapfre México	(18)	55	31	68.6%	101.7%
Afirme	(325)	172	(90)	87.4%	118.6%
General de Seguros	(189)	35	(142)	82.2%	117.0%
Cardif Seguros Generales	38	78	115	6.6%	71.6%
Medium-size	(503)	2,055	1,086	73.7%	100.5%
Other	-103	218	107	64.0%	102.3%
Total market (36 companies*)	(796)	6,565	4,311	72.2%	99.9%






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. Qualitas continues as the leading company in the automobile insurance industry with 31.9% market share. Medium size companies increased 62 bps its share during 9M23, whilst the rest decreased more than 2 pp.

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

Total Auto	Auto	Trucks	Tourists	Others
 Total Auto Written premium: \$34,916 $\Delta\%*$ 29.5% Market share: 31.9% $\uparrow \Delta pb*$ 124 Standing: 1°	 Auto Written premium: \$17,108 $\Delta\%*$ 32.7% Market share: 25.8% $\uparrow \Delta pb*$ 189 Standing: 1°	 Trucks Written premium: \$16,746 $\Delta\%*$ 27.3% Market share: 43.7% $\downarrow \Delta pb*$ (70) Standing: 1°	 Tourists Written premium: \$271 $\Delta\%*$ 3.8% Market share: 21.3% $\uparrow \Delta pb*$ 30 Standing: 2°	 Others Written premium: \$790 $\Delta\%*$ 23.6% Market share: 23.4% $\uparrow \Delta pb*$ 174 Standing: 3°

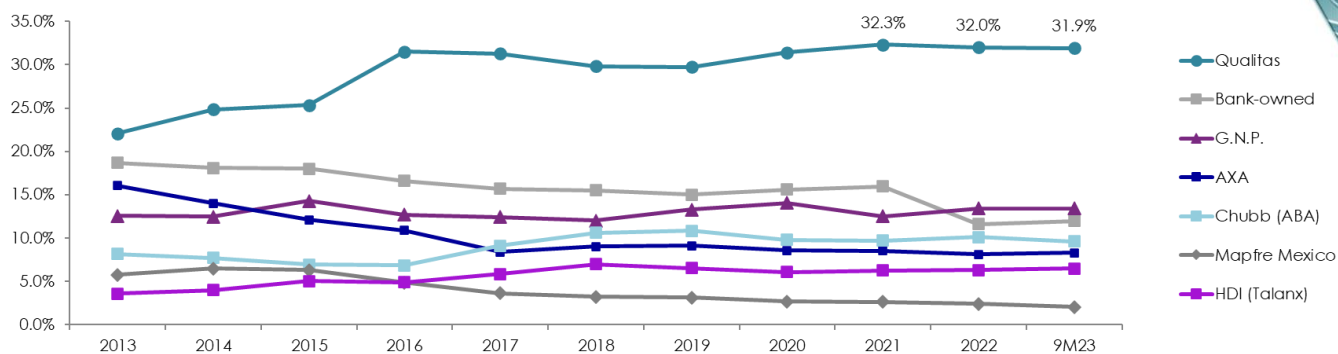
Top 5	Cars				Top 5	Trucks			
	Written premium growth	Market Share	% LR	% CR		Written premium growth	Market Share	% LR	% CR
Qualitas	32.7%	25.8%	68.3%	95.1%	Qualitas	27.3%	43.7%	73.4%	96.5%
G.N.P.	29.1%	14.3%	69.2%	102.0%	Chubb	50.3%	9.7%	71.2%	102.7%
Chubb	11.4%	10.7%	96.5%	124.7%	G.N.P.	41.1%	8.8%	54.2%	72.7%
AXA	18.0%	8.5%	79.2%	108.3%	AXA	4.8%	7.7%	98.9%	106.2%
BBVA	28.6%	7.5%	102.3%	102.4%	HDI	20.2%	6.2%	74.0%	106.7%
Total	23.0%	100.0%	74.3%	103.5%	Total	29.3%	100.0%	71.5%	94.7%

Figures in million (MXN)

*Compared to 9M22

Source: AMS, figures may vary given the association updates

Note: Others include motorcycles, mandatory insurance and agency's policies



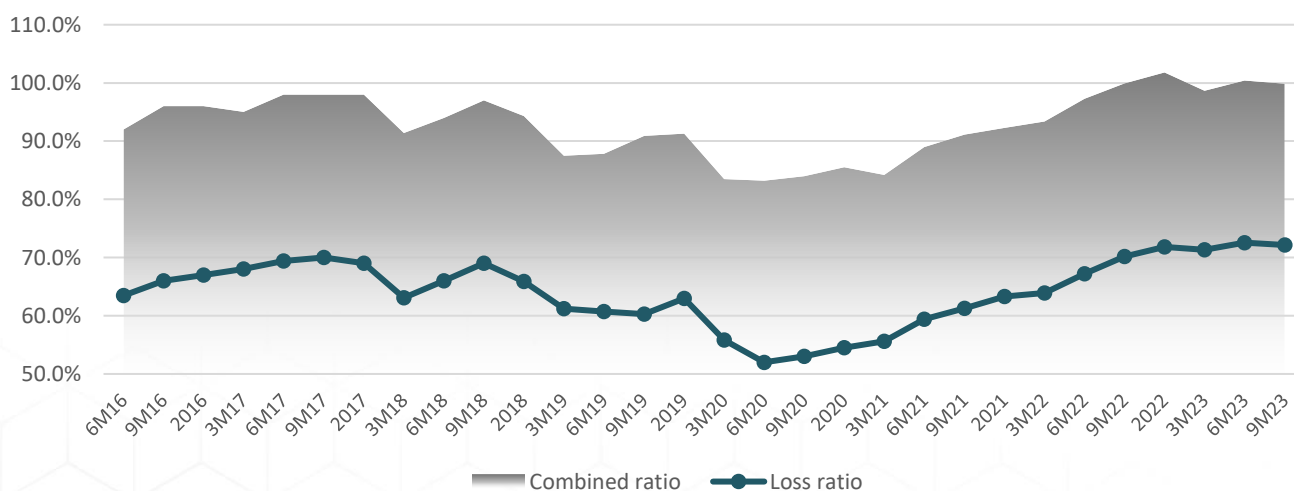
Loss costs of automobile insurance industry

During 9M23, the operating performance of the industry in Mexico continued to be impacted by the increase in frequency, which is reflected in the average number of claims which an insurance policy or a group of policies had during a period, and the average cost of each claim during a specific timeframe.

It was also impacted by the inflationary context which prevails in the industry. General annual inflation in Mexico has stabilized in the past months, by the end of September it stood at 4.5% whilst underlying inflation stood at 5.8%. In this regard, spare parts' inflation from the last twelve months stood at 8.3%. Although those figures represent a downwards trend vs. last years' levels, it continues to be a pressure on our costs.

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

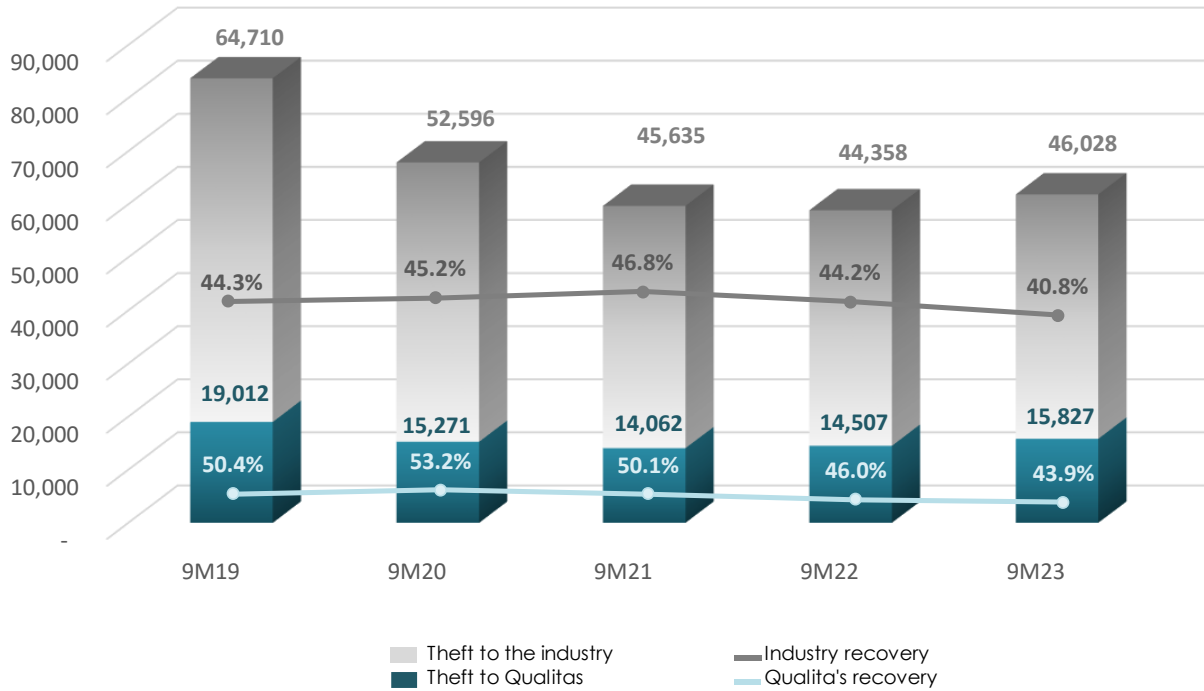
Industry' ratios



Theft and recovery

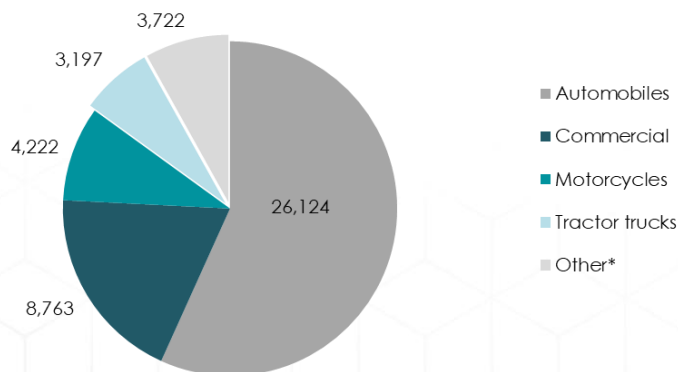
By the end of June, according to the Office for the Coordination of Insured Risks (OCRA per its acronym in Spanish) figures, theft of insured units in Mexico increased 3.8% for the whole industry compared to 9M22, with a cumulative recovery rate of 40.8%.

While an upwards trend is reflected, theft in the industry is still ~30% below 2019 level. During 9M23, Qualitas recovered 43.9% of its stolen units, representing 3.1 pp above the industry and almost 5 pp if we exclude Qualitas.



From 46,028 stolen units in the industry, 56.8% were light vehicles and heavy equipment, followed by 19.0% from commercial vehicles and; in third place, motorcycles with 9.2%. Such figures are aligned with prior year's performance.

Thefts by type of unit⁷

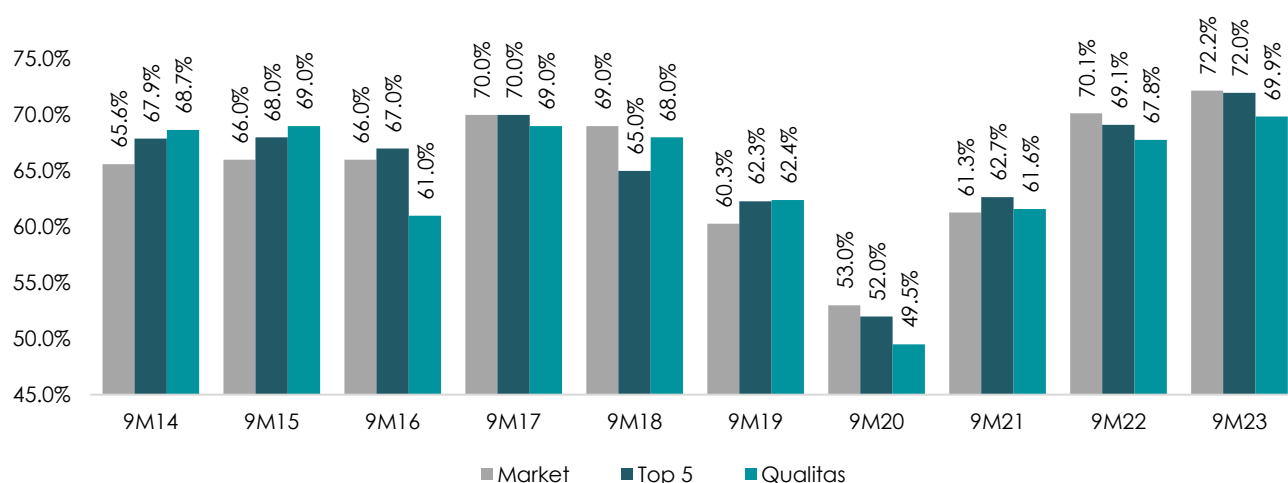


⁷ Source: OCRA, figures in number of cumulative units
 *Others: semitrailers, heavy equipment, buses, collectives, etc.

Costs ratios

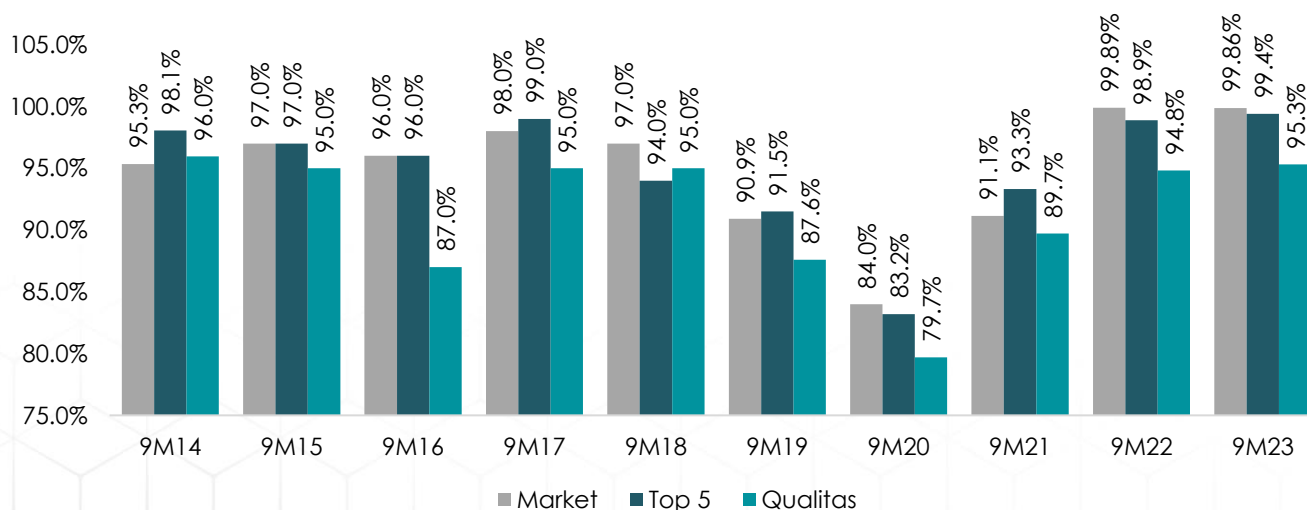
The industry posted a higher loss ratio compared to first nine months of 2022, driven by the several items mentioned before, standing at 72.2% for the whole industry. Top 5 companies loss ratio increased 3 pp vs. same period of last year, standing at 72.0%; likewise, Qualitas loss ratio increased from 67.8% to 69.9%.

Loss ratio



The industry combined ratio was 99.9%, same levels as 9M22. Top 5 companies posted a 99.4% combined ratio, Qualitas combined ratio stood at 95.3%; nevertheless, only Qualitas and AXA reported a positive operating result from top companies during 9M23.

Combined ratio



Sources of information

- AMIS. Asociación Mexicana de Instituciones de Seguros, A.C.; www.amis.com.mx (information consulted on November 10th, 2023)
- 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).

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