

**Automobile
insurance
industry
report
2023**



Mexico' auto insurance industry report 2023

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 2023, automobile insurance industry reported an increase of 27.2% in written premiums. Mexican GDP during the fourth quarter, posted an increase of 2.5%¹ compared to same period of last year. On the other hand, 2023 annual general inflation was 4.7%².

Regarding industry's cost ratios, during the year, the industry posted a combined ratio of 99.3%, a decrease of 254 bp (basis points) vs 2022.

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	50,332	30.4%	1,833	3,097	3,805	69.2%	94.1%
Others	78,361	25.1%	(3,117)	3,858	383	72.1%	103.1%
Insurance companies	128,693	27.1%	(1,285)	6,954	4,188	70.9%	99.3%
Bank-owned companies	24,798	27.8%	159	2,366	2,254	75.9%	97.4%
Industry (37 companies*)	153,491	27.2%	(1,126)	9,321	6,442	71.7%	99.3%

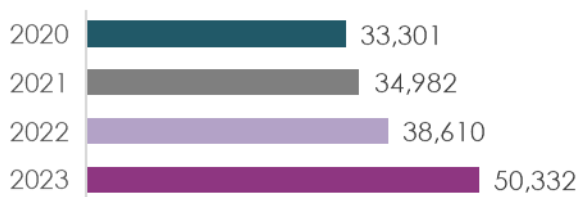
Figures in million pesos.

*36 companies and 1 reinsurance company.

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

Qualitas Mexico (Q Mx)³

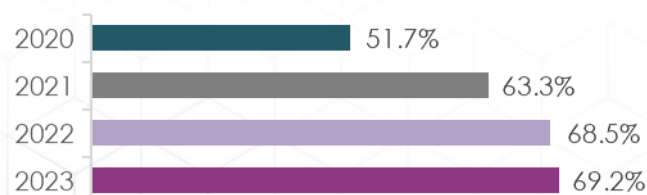
Written premiums



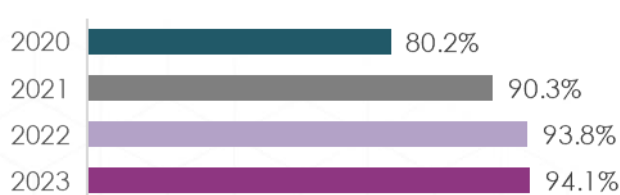
Market share



Loss ratio



Combined ratio



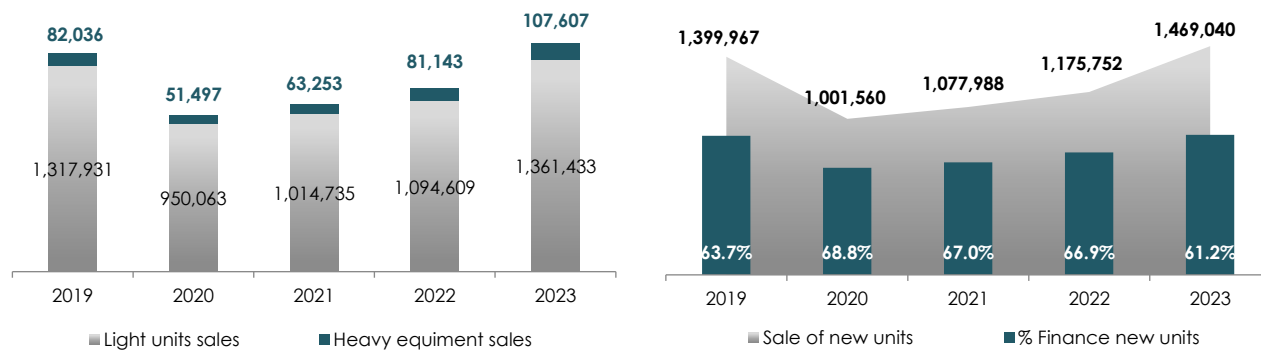
¹ Source: INEGI

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

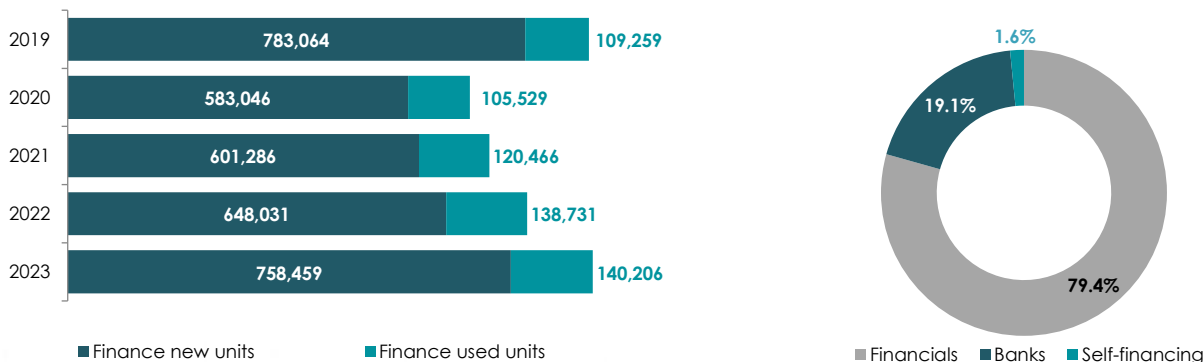
New vehicles' sales⁴



The sale of light units (automobiles and trucks) increased 21.1% during 4Q23 in comparison to 4Q22, reaching a total of 385,592 units sold; in cumulative terms, annual increase stood at 24.4% vs 2022 and standing 3.3% above 2019. Sales of heavy equipment (vehicles of more than 3.5 tons) increased 27.4% by year-end vs 4Q22 and 32.6% vs 2022; resulting in an increase of 25.1% in total new car sales compared to 2022, commercializing a total of 1,469,040 vehicles.

Out of total new car sales by the end of December, the automobile loans for light vehicles (new and used) reached 61.2% of the total, 5.7 pp below same period of last year. Financing of new vehicles increased 2.0% whilst secondhand vehicles decreased in same proportion.

Financing by type of vehicle and market share by institution⁴



During 2023, trends and sources of financing for vehicles purchase are still financials (financial arms of the car dealerships) with 79.4% share, with an increase of 30 pb vs. 2022, followed by banks, which had a decrease of 9 pb vs, same period 2022.

By year-end, Mexican reference rate stood at 11.25%⁵, which compares to a 10.5% by the end of 2022.

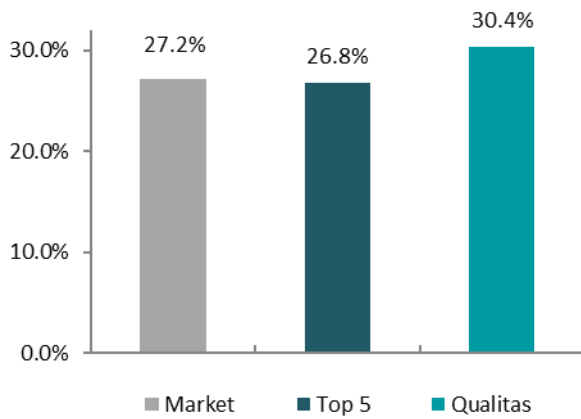
⁴ Source: AMDA, figures of prior years may vary given the association updates.
⁵ Source: BANXICO
 Figures are expressed as number of credits granted and may vary given regulator updates.

Automobile insurance industry

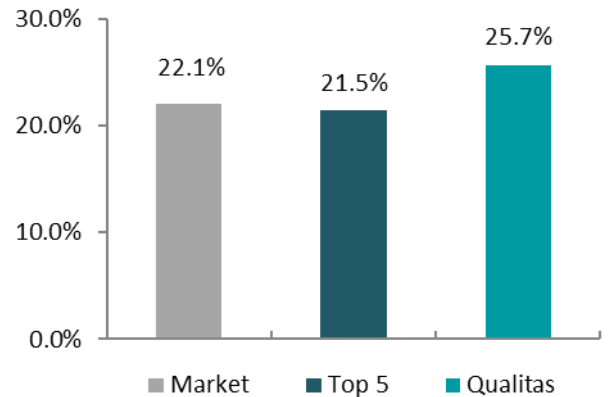
Total 2023 written premium for the industry stood at \$153,491 million, an increase of 27.2% compared to 2022. Growth from top 5 companies was 26.8%; medium-sized insurance companies had a 28.8% increase; whilst the rest of the companies posted a decrease of 24.0%.

Net result of the industry was \$6,442 million, an increase of 143.8%. Such explains by a financial income increase of 61.3%, \$9,321 million by year end, and an operating loss for the industry of -\$1,126 million.

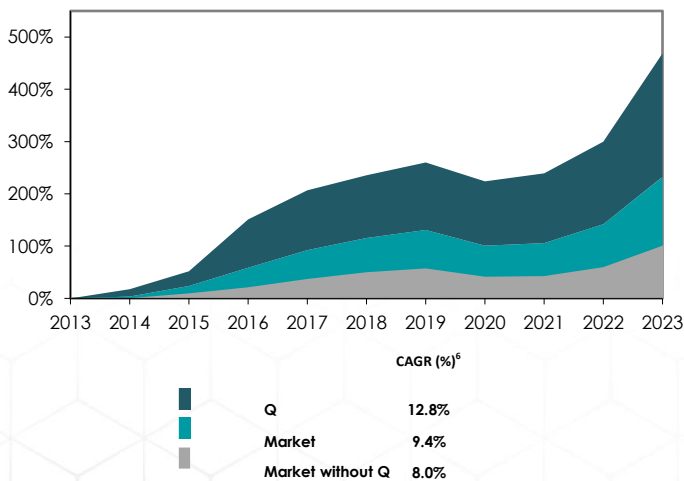
**Written premium growth
2023 vs 2022**



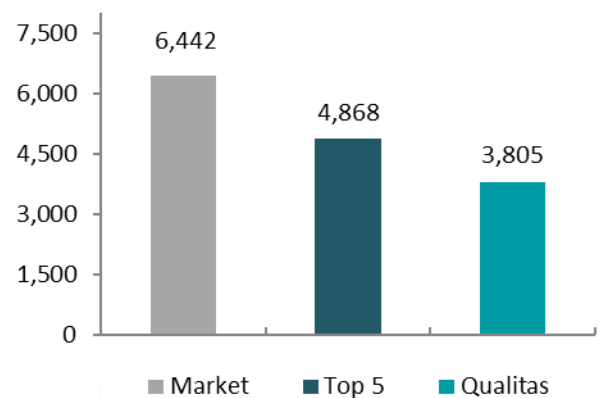
**Earned premium growth
2023 vs 2022**



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



Net result



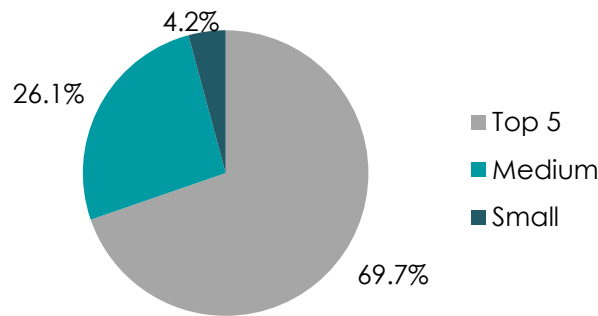
⁶ CAGR: Compound annual growth rate past 10 years
 Figures in million (MXN)
 Source: AMIS, figures from past years may vary given the association updates.

Company	Written premiums	Growth 2023 vs 2022	Market share	Earned premiums	Market share
Qualitas	50,332	30.4%	32.8%	46,592	35.3%
G.N.P.	20,824	28.4%	13.6%	18,363	13.9%
Chubb Seguros Mexico	14,285	17.3%	9.3%	6,044	4.6%
AXA Seguros	12,132	24.2%	7.9%	11,375	8.6%
HDI Seguros	9,414	23.9%	6.1%	8,677	6.6%
Top 5	106,986	26.8%	69.7%	91,050	68.9%
BBVA Bancomer	8,681	35.4%	5.7%	7,983	6.0%
Banorte	6,728	31.9%	4.4%	6,093	4.6%
Inbursa	5,231	27.7%	3.4%	4,681	3.5%
Atlas	4,112	23.7%	2.7%	3,621	2.7%
Zurich Aseguradora Mexicana	3,491	123.1%	2.3%	2,935	2.2%
ANA	3,486	12.1%	2.3%	2,583	2.0%
Mapfre México	3,023	3.9%	2.0%	3,040	2.3%
Afirme	2,330	(1.7%)	1.5%	2,319	1.8%
Seguros SURA	1,551	67.3%	1.0%	1,000	0.8%
General de Seguros	1,418	10.6%	0.9%	1,405	1.1%
Medium-size	40,050	28.8%	26.1%	35,658	27.0%
Other	6,454	24.0%	4.2%	5,448	4.1%
Total market (37 companies*)	153,491	27.2%	100.0%	132,156	100.0%

Company	Operating result	Financial income	Net result	Loss ratio	Combined ratio
Qualitas	1,833	3,097	3,805	69.2%	94.1%
G.N.P.	(1116)	903	(145)	71.4%	102.1%
Chubb Seguros Mexico	(827)	397	(354)	88.3%	118.5%
AXA Seguros	746	888	1,348	68.3%	92.2%
HDI Seguros	(458)	747	215	71.8%	107.5%
Top 5	177	6,033	4,868	71.0%	98.4%
BBVA Bancomer	273	1,135	672	82.4%	95.8%
Banorte	125	586	1,106	74.7%	95.8%
Inbursa	(131)	288	152	78.0%	100.2%
Atlas	(29)	148	88	71.3%	97.5%
Zurich Aseguradora Mexicana	(407)	174	(297)	70.6%	113.6%
ANA	(180)	130	(61)	72.4%	105.0%
Mapfre México	(20)	69	37	68.8%	100.8%
Afirme	(371)	227	(61)	84.6%	115.8%
Seguros SURA	(182)	49	(145)	74.0%	103.3%
General de Seguros	(201)	108	(133)	79.4%	114.0%
Medium-size	(1,124)	2,913	1,358	76.3%	101.4%
Other	-179	375	216	52.1%	97.8%
Total market (37 companies*)	(1,126)	9,321	6,442	71.7%	99.3%

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 32.8% market share. Medium size companies increased 31 bps its share during 9M23, whilst the rest decreased ~11 pp.

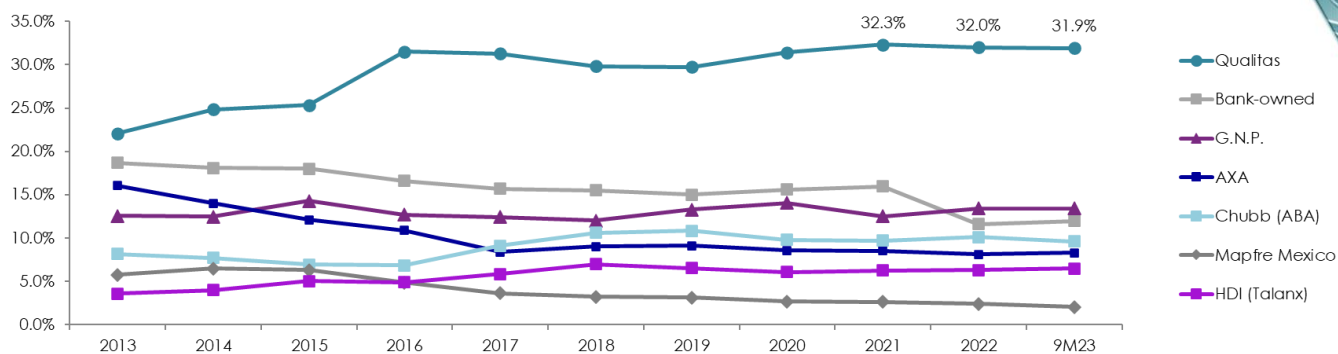
Qualitas maintains a solid position in the automobile insurance industry, standing within the first positions in terms of market share in each business.

Total Auto	Auto	Trucks	Tourists	Others
Written premium: \$50,332 $\Delta\%^*$ 30.4%	Written premium: \$25,156 $\Delta\%^*$ 32.1%	Written premium: \$23,697 $\Delta\%^*$ 29.4%	Written premium: \$377 $\Delta\%^*$ 3.9%	Written premium: \$1,01 $\Delta\%^*$ 23.2%
Market share: 32.8% $\uparrow \Delta pb^*$ 80	Market share: 26.7% $\uparrow \Delta pb^*$ 108	Market share: 44.8% $\uparrow \Delta pb^*$ 18	Market share: 20.5% $\uparrow \Delta pb^*$ 22	Market share: 23.1% $\uparrow \Delta pb^*$ 92
Standing: 1°	Standing: 1°	Standing: 1°	Standing: 2°	Standing: 3°

Top 5	Cars			
	Written premium growth	Market Share	% LR	% CR
Qualitas	32.1%	26.7%	68.7%	94.4%
G.N.P.	29.2%	14.8%	66.9%	99.5%
Chubb	19.8%	10.5%	88.3%	124.3%
AXA	17.1%	8.2%	78.5%	111.2%
BBVA	29.2%	7.2%	88.5%	102.7%
Total	26.8%	100.0%	73.6%	103.3%

Top 5	Trucks			
	Written premium growth	Market Share	% LR	% CR
Qualitas	29.4%	44.8%	71.1%	94.7%
Chubb	37.0%	9.6%	74.9%	103.5%
G.N.P.	39.2%	8.3%	50.6%	66.0%
AXA	10.3%	7.4%	88.9%	103.9%
HDI	15.5%	5.9%	75.8%	108.3%
Total	29.9%	100.0%	70.7%	93.5%

Figures in million (MXN)
 *Compared to 2022
 Source: AMIS, figures may vary given the association updates
 Note: Others include motorcycles, mandatory insurance and agency's policies



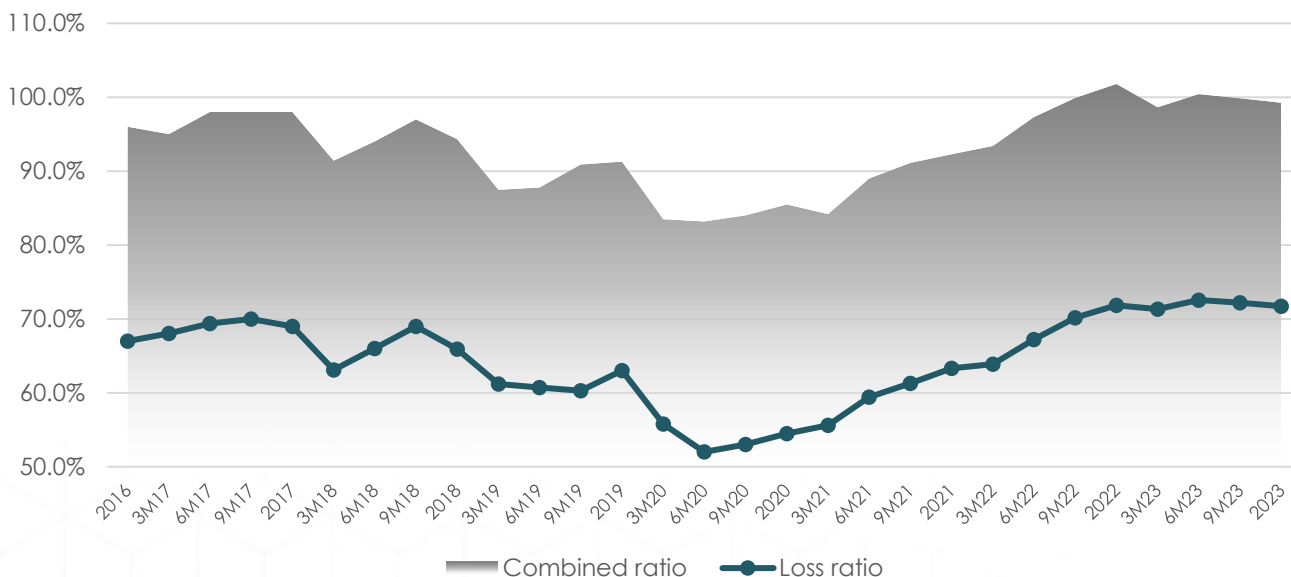
Loss costs of automobile insurance industry

During 2023, the operating performance of the industry in Mexico continued to be impacted three main factors: 1) spare parts and manufacture of the automobile industry inflation, 2) frequency and severity of accidents and 3) changes in thefts and recovery trends.

General annual inflation in Mexico has stabilized in the past months, by the year it stood at 4.7% whilst underlying inflation stood at 5.1%. In this regard, spare parts' inflation from the last twelve months stood at 3.9%. Although those figures represent a downwards trend vs. last years' levels, it is not yet reflected in the prices and it continues to be a pressure on our costs.

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

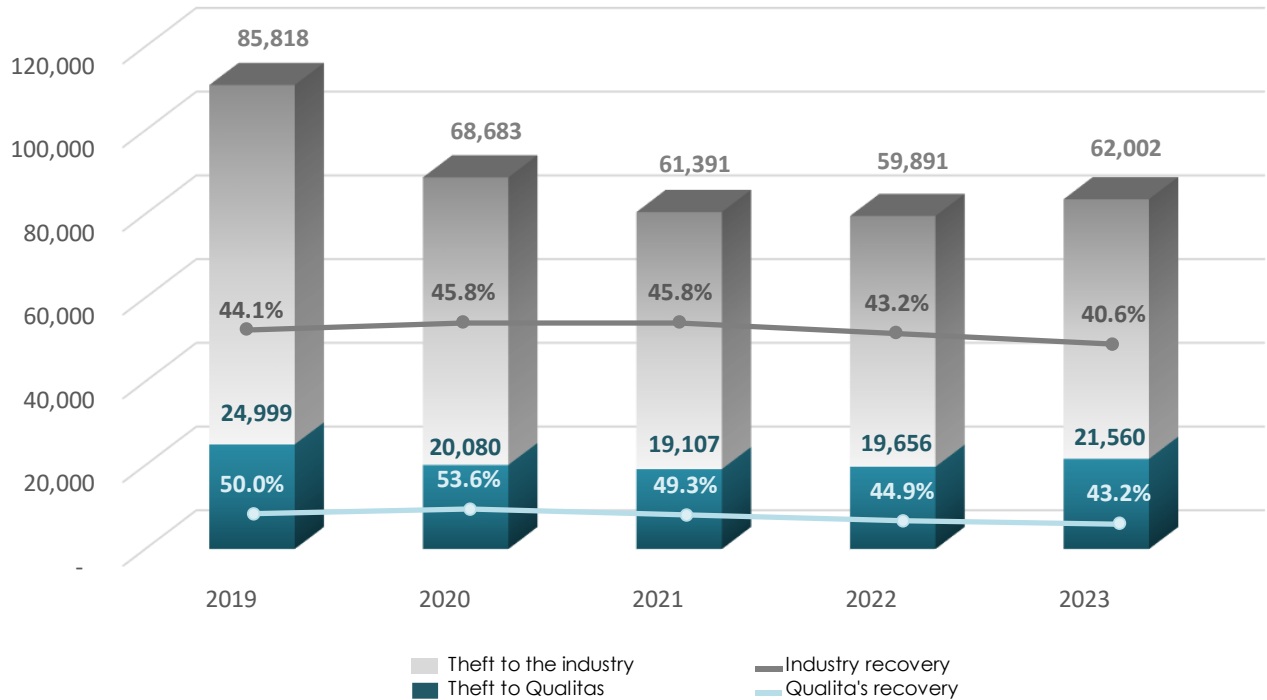
Industry' ratios



Theft and recovery

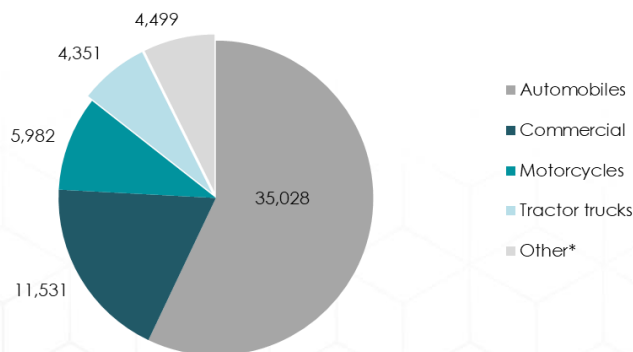
By the end of the year, according to the Office for the Coordination of Insured Risks (OCRA per its acronym in Spanish) figures, theft of insured units in Mexico increased 3.5% for the whole industry compared to 2022, with a cumulative recovery rate of 40.6%.

While an upwards trend is reflected, theft in the industry is still ~28% below 2019 level. During 2023, Qualitas recovered 43.2% of its stolen units, representing 2.6 pp above the industry and ~4 pp if we exclude Qualitas.



From 62,000 stolen units in the industry, 56.5% were light vehicles and heavy equipment, followed by 18.6% from commercial vehicles and; in third place, motorcycles with 9.6%. Such figures are aligned with prior year's performance.

Thefts by type of unit⁷

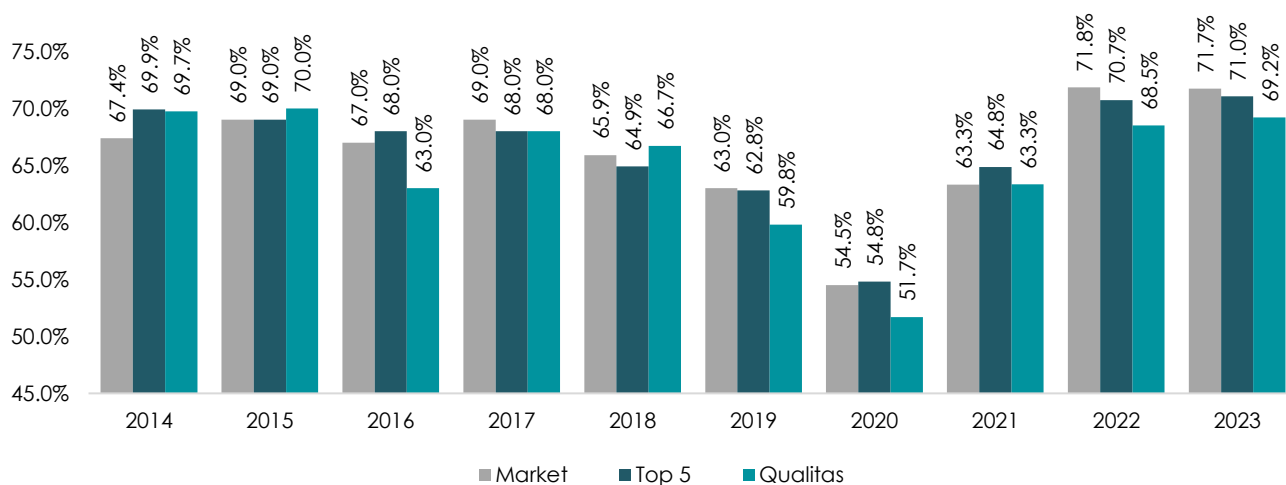


⁷ Source: OCRA, figures in number of cumulative units
 *Others: semitrailers, heavy equipment, buses, collectives, etc.

Costs ratios

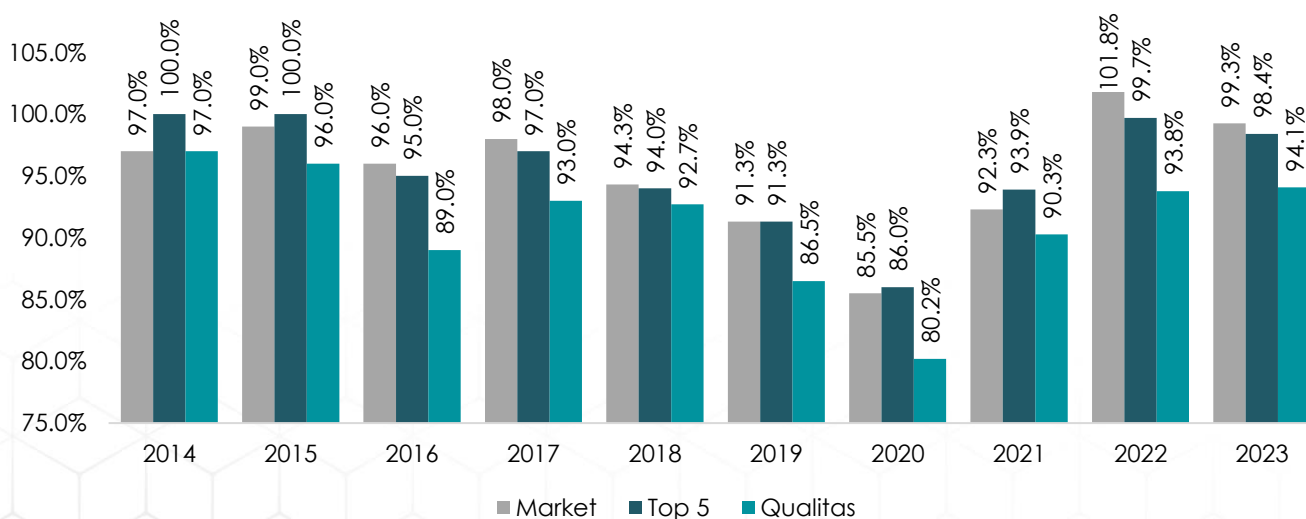
The industry posted a loss ratio at the same levels as 2022, standing at 71.7% for the whole industry. Top 5 companies loss ratio increased ~33 pp vs. same period of last year, standing at 71.0%; likewise, Qualitas loss ratio increased from 68.5% to 69.2%.

Loss ratio



The industry combined ratio was 99.3%, 2.5 pp below 2022. Top 5 companies posted a 98.4% combined ratio, Qualitas combined ratio stood at 94.1%; nevertheless, only Qualitas and AXA reported a positive operating result from top companies during the year.

Combined ratio



Sources of information

- AMIS. Asociación Mexicana de Instituciones de Seguros, A.C.; www.amis.com.mx (information consulted on February 29th 2024)
- 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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