



**AUTOMOBILE INSURANCE
INDUSTRY
REPORT
3M24**

Mexico' auto insurance industry report 3M24

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 quarter 2024, automobile insurance industry reported an increase of 30.6% in written premiums. Mexican GDP during the first quarter, posted an increase of 2.0%¹ compared to same period of last year. On the other hand, annual general inflation as of march-end was 4.4%².

Regarding industry's cost ratios, during 2024' first 3 months, the industry posted a combined ratio of 92.6%, a decrease of 624 bp (basis points) vs 3M23.

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	15,865	38.9%	1,090	938	1,327	62.2%	87.3%
Others	25,271	25.6%	(230)	1,189	414	67.1%	96.0%
Insurance companies	41,135	30.4%	860	2,127	1,741	65.0%	92.3%
Bank-owned companies	7,521	31.4%	225	546	648	74.0%	92.2%
Industry (33 companies*)	48,656	30.6%	1,084	2,673	2,389	66.5%	92.6%

Figures in million pesos.

*32 companies and 1 reinsurance company.

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

Qualitas Mexico (Q Mx)³



1. Written premiums

3M20: \$9,004
 3M21: \$8,966
 3M22: \$8,868
 3M23: \$11,418
 3M24: \$15,865

Var. %

38.9%

2. Market share

3M20: 28.1%
 3M21: 31.2%
 3M22: 29.0%
 3M23: 30.1%
 3M24: 32.6%

Var. bp

247 bp

3. Loss ratio

3M20: 52.4%
 3M21: 57.9%
 3M22: 65.7%
 3M23: 69.2%
 3M24: 62.2%

Var. bp

-702 bp

4. Combined ratio

3M20: 80.3%
 3M21: 85.4%
 3M22: 93.3%
 3M23: 95.1%
 3M24: 87.3%

Var. bp

-776 bp

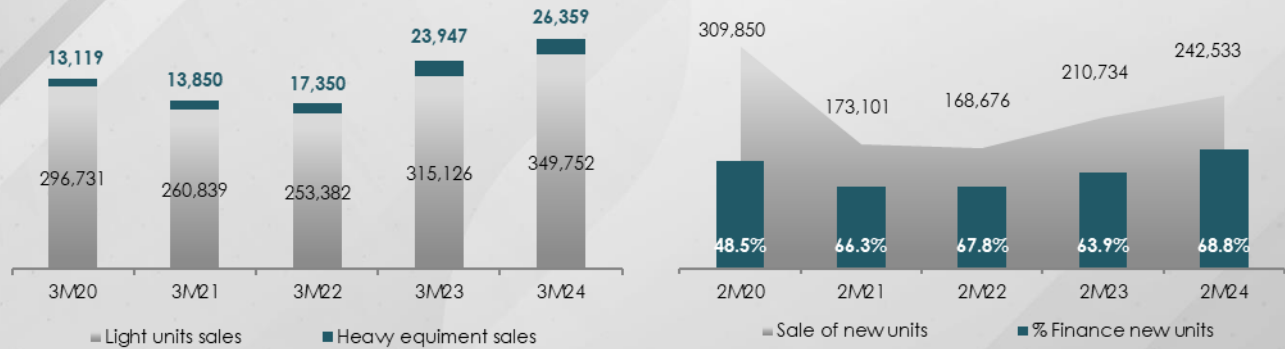
¹ Source: INEGI

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

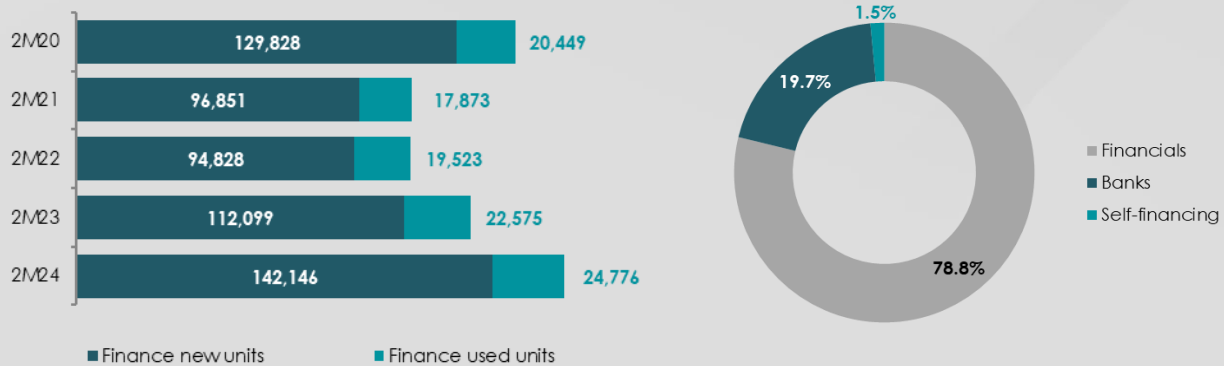
New vehicles' sales⁴



The sale of light units (automobiles and trucks) increased 11.0% during 1Q24 in comparison to 1Q23, reaching a total of 349,752 units sold; compared to the 4Q23, these units experienced a decrease of 9.3%, which begins to show a trend of normalization in their commercialization. Regarding heavy equipment units (vehicles over 3.5 tons), their sales increased by 10.1% by March-end compared to 1Q23 and decreased by -10.5% compared to 4Q23, resulting in a total increase of 10.9% in new units sold during the first 3 months of 2024 compared to 3M23, commercializing a total of 376,111 units.

Out of total new car sales by the end of February, the automobile loans for light vehicles (new and used) reached 68.8% of the total, 4.9 pp above same period of last year. Financing of new vehicles increased 5.4% whilst secondhand vehicles decreased 0.5%.

Financing by type of vehicle and market share by institution⁴



By the end of February, trends and sources of financing for vehicles purchase are still lead by financials (financial arms of the car dealerships) with a 78.8% share, which had an increase of 21 basis points compared to the same period in 2023; followed by bank financing, which had an increase of 10 basis points compared to 2023 February-end.

During 1Q24, the reference rate in Mexico experienced its first cut in 3 years, decreasing 25 basis points and closing March at 11.0%⁵, compared to 11.25% at the end of 1Q23.

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.

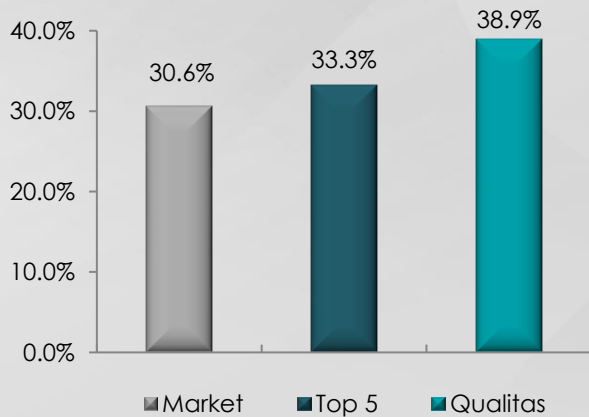
Automobile insurance industry

Total 3M24 written premium for the industry stood at \$48,656 million, an increase of 30.6% compared to 3M23. Growth from top 5 companies was 33.3%; medium-sized insurance companies had a 21.8% increase; whilst the rest of the companies posted an increase of 47.0%.

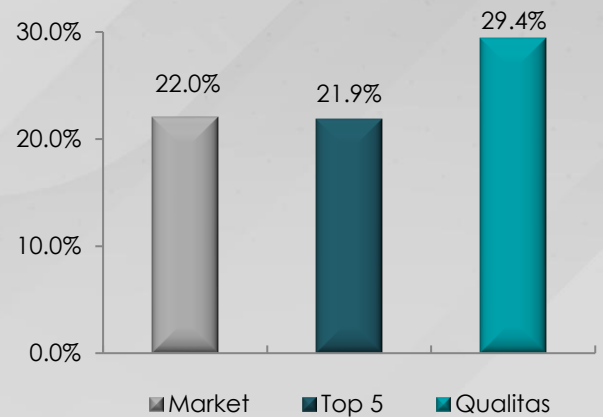
Net result of the industry was \$2,389 million, an increase of 326.4%. Such explains by a financial income increase of 73.4%, closing the first quarter with \$2,673 million and an operating result in the industry of \$1,084 million, an increase of \$1,571 million more than at 1Q23.

Premiums and net result growth

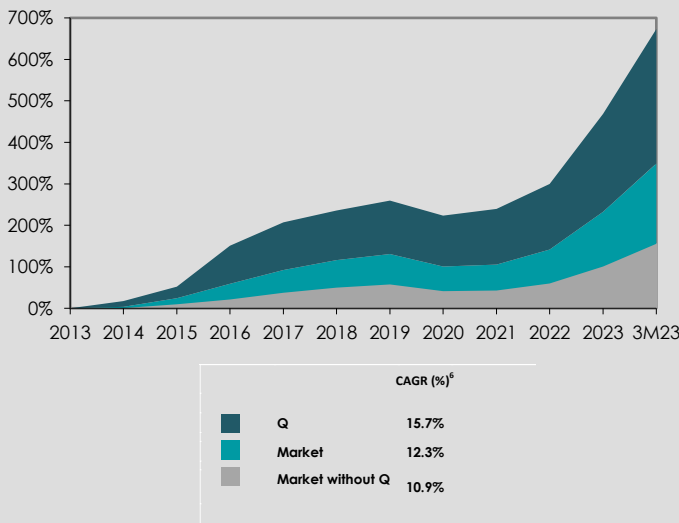
Written premium growth
3M24 vs 3M23



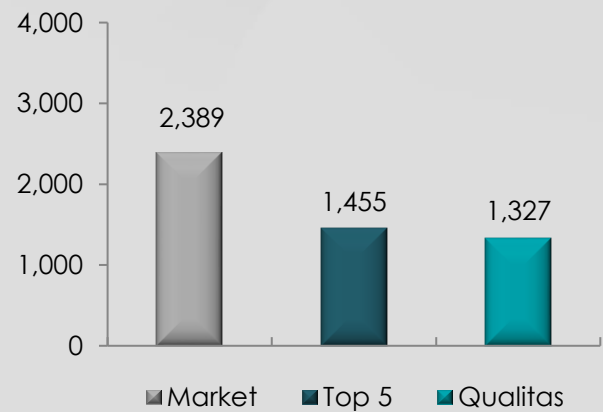
Earned premium growth
3M24 vs 3M23



Cumulative growth
Written premium (2013 base)



Net result



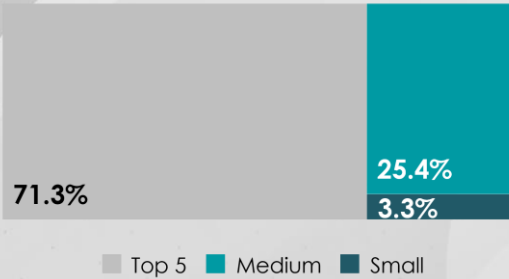
⁶ CAGR: Compound annual growth rate past 10 years
 Figures in million (MXN)
 Source: AMIS, figures from past years may vary given the association updates.

Company	Written premiums	Growth 2024 vs 2023	Market share	Earned premiums	Market share
Qualitas	15,865	38.9%	32.6%	13,431	35.7%
G.N.P.	7,358	29.4%	15.1%	5,071	13.5%
Chubb Seguros México	5,153	38.2%	10.6%	1,683	4.5%
AXA Seguros	3,514	11.0%	7.2%	3,468	9.2%
BBVA Bancomer	2,791	37.7%	5.7%	2,023	5.4%
Top 5	34,681	33.3%	71.3%	25,676	68.2%
HDI Seguros	2,513	1.9%	5.2%	2,230	5.9%
Banorte	2,229	32.5%	4.6%	1,832	4.9%
Inbursa	1,647	29.2%	3.4%	1,383	3.7%
Atlas	1,449	41.0%	3.0%	1,241	3.3%
Zurich Aseguradora Mexicana	1,108	32.9%	2.3%	866	2.3%
ANA	913	11.0%	1.9%	751	2.0%
Mapfre México	910	12.2%	1.9%	859	2.3%
Afirme	669	10.5%	1.4%	581	1.5%
Seguros SURA	458	99.4%	0.9%	453	1.2%
General de Seguros	452	17.8%	0.9%	387	1.0%
Medium-size	12,347	21.8%	25.4%	10,583	28.1%
Other	1,628	47.0%	3.3%	1,321	3.5%
Total market (33 companies*)	48,656	30.6%	100.0%	37,634	100.0%

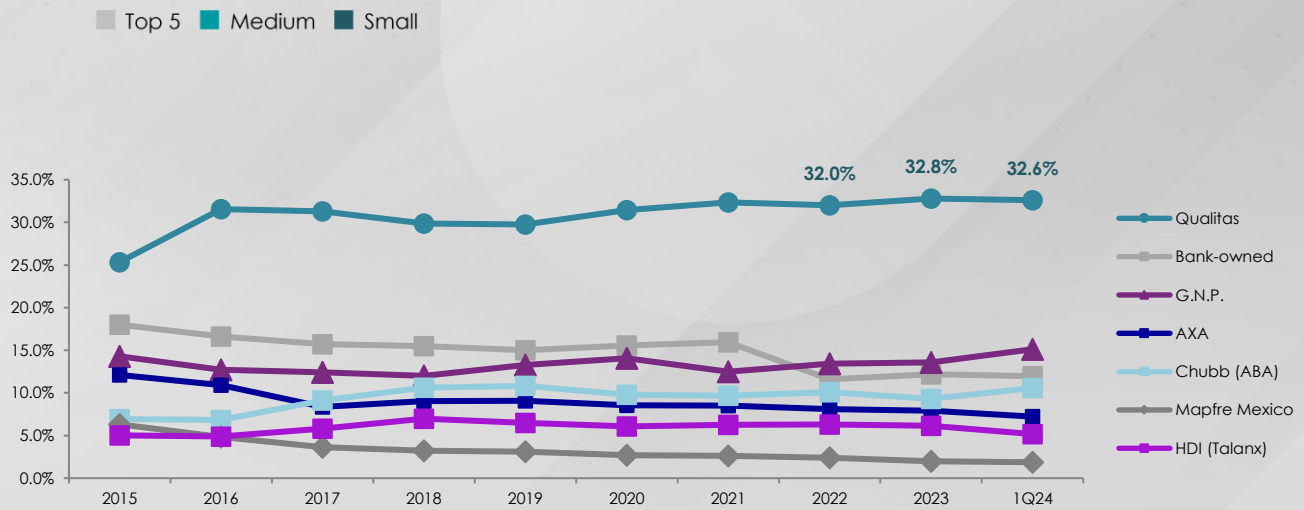
Company	Operating result	Financial income	Net result	Loss ratio	Combined ratio
Qualitas	1,090	938	1,327	62.2%	87.3%
G.N.P.	(34)	312	192	62.5%	89.0%
Chubb Seguros México	(433)	106	(320)	79.6%	116.6%
AXA Seguros	6	282	118	75.1%	99.6%
BBVA Bancomer	(56)	329	139	85.8%	98.8%
Top 5	573	1,968	1,455	67.0%	92.3%
HDI Seguros	59	187	182	65.7%	98.8%
Banorte	147	158	335	67.1%	87.6%
Inbursa	62	(0)	51	72.8%	91.9%
Atlas	196	93	245	58.5%	80.7%
Zurich Aseguradora Mexicana	(96)	56	(74)	69.2%	108.0%
ANA	38	40	53	59.1%	96.8%
Mapfre México	44	30	59	63.8%	93.1%
Afirme	(47)	54	4	70.8%	103.1%
Seguros SURA	62	12	(48)	61.5%	86.1%
General de Seguros	(6)	13	7	73.1%	97.5%
Medium-size	459	642	815	66.1%	93.5%
Other	35	60	97	59.0%	93.4%
Total market (33 companies*)	1,084	2,673	2,389	66.5%	92.6%

Market share

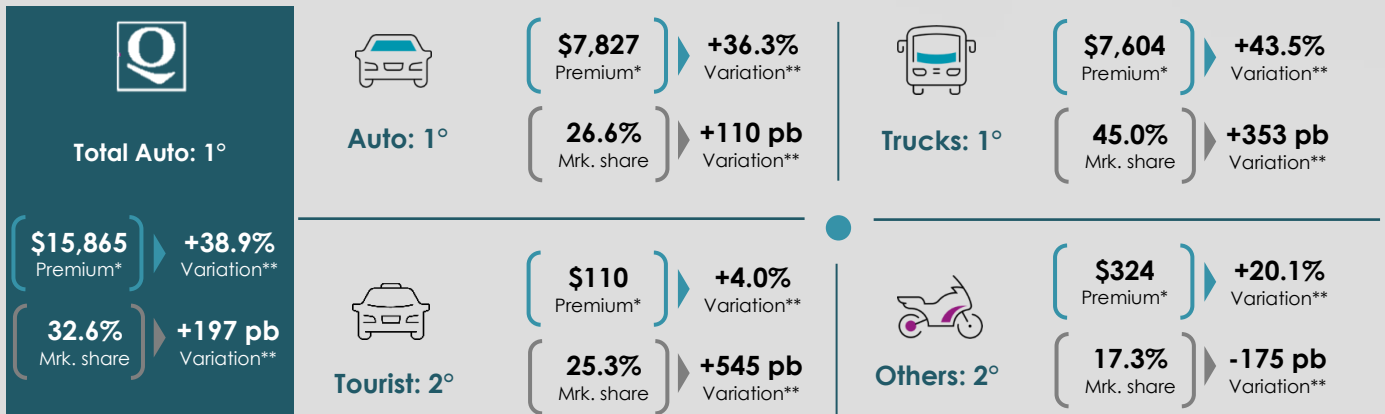
Automobile insurance market share distribution



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 BBVA. Qualitas continues as the leading company in the automobile insurance industry with 32.6% market share. Medium size companies decreased 183 bps its share during 3M24, whilst the rest increased 38 bps.



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



Figures in million (MXN)
 *Written premiums
 **Compared to 1Q23
 Source: AMIS, figures may vary given the association updates
 Note: Others include motorcycles, mandatory insurance and agency's policies



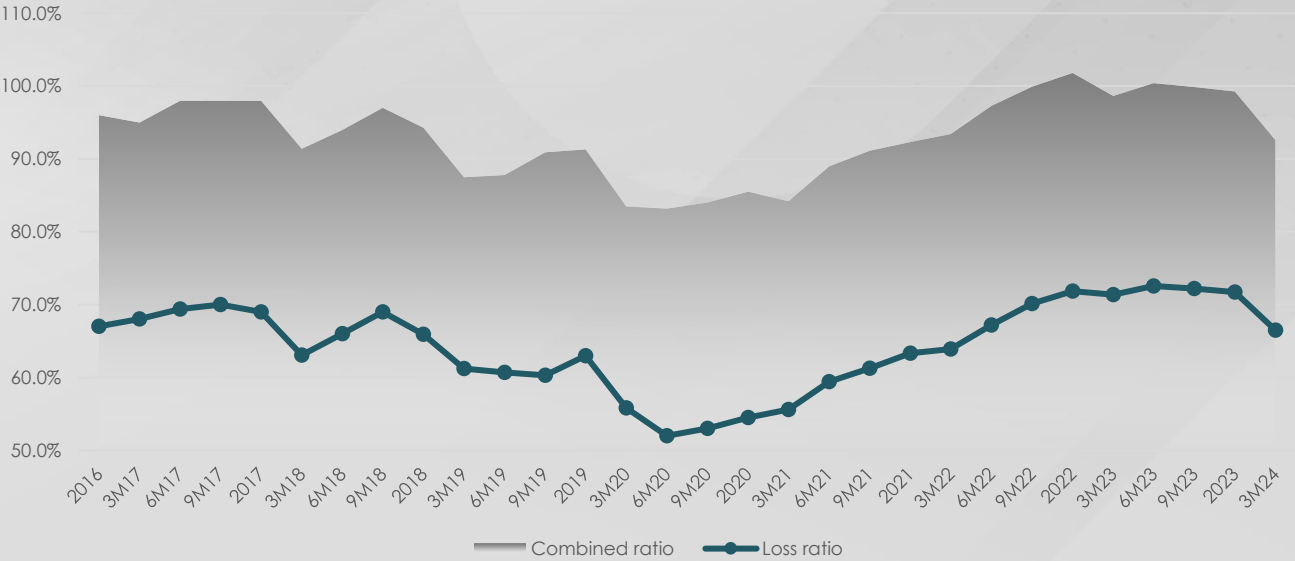
Loss costs of automobile insurance industry

During the first 3 months of the year, the operational performance of the auto insurance industry in Mexico began to show a noticeable recovery.

Headline inflation in Mexico continues its stabilization trend, closing the quarter at 4.4%, while the core inflation stood at 4.6%. On the other hand, the spare parts and accessories inflation stood at 2.5%. Although those figures represent a downwards trend vs. last years' levels, they are not yet reflected in the prices and continue to be a pressure on our costs.

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

Industry ratios

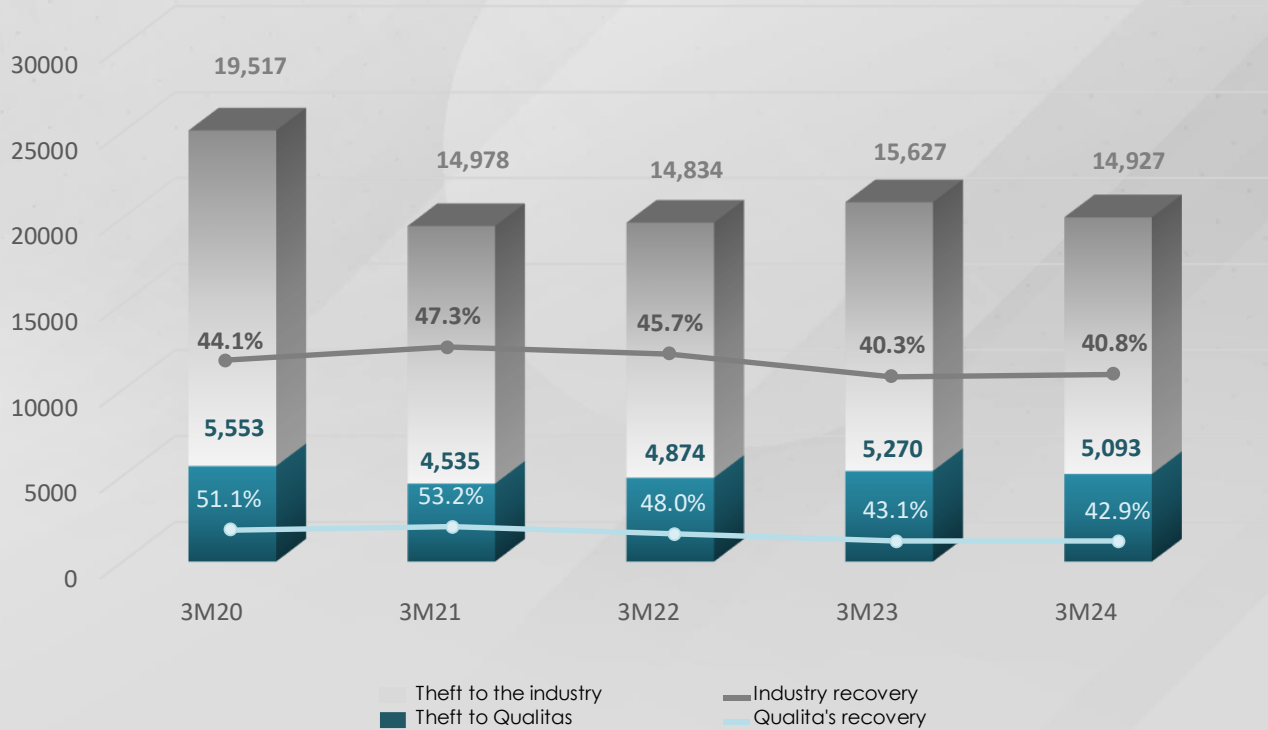


Source: AMIS, figures may vary given the association updates.

Theft and recovery

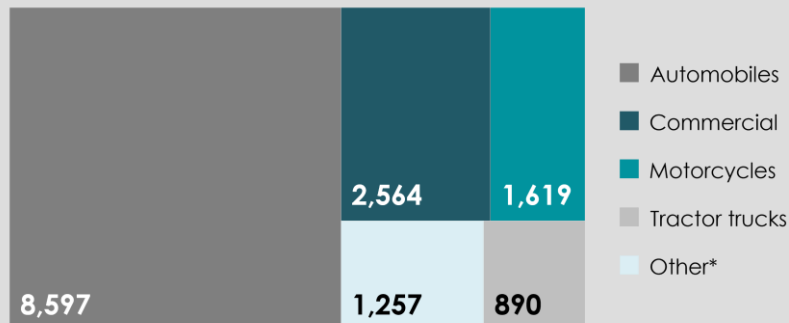
By march-end, according to the Office for the Coordination of Insured Risks (OCRA per its acronym in Spanish) figures, theft of insured units in Mexico decreased -4.5% for the whole industry compared to 3M23, with a cumulative recovery rate of 40.8%.

During the first quarter, Qualitas recovered 42.9% of its stolen units, representing 2.1 pp above the industry and 3.2 pp if we exclude Qualitas.



From 14,927 stolen units in the industry, 57.6% were light vehicles and heavy equipment, followed by 17.2% from commercial vehicles and in third place, motorcycles with 10.8%. Such figures are aligned with prior year's performance.

Thefts by type of unit⁷

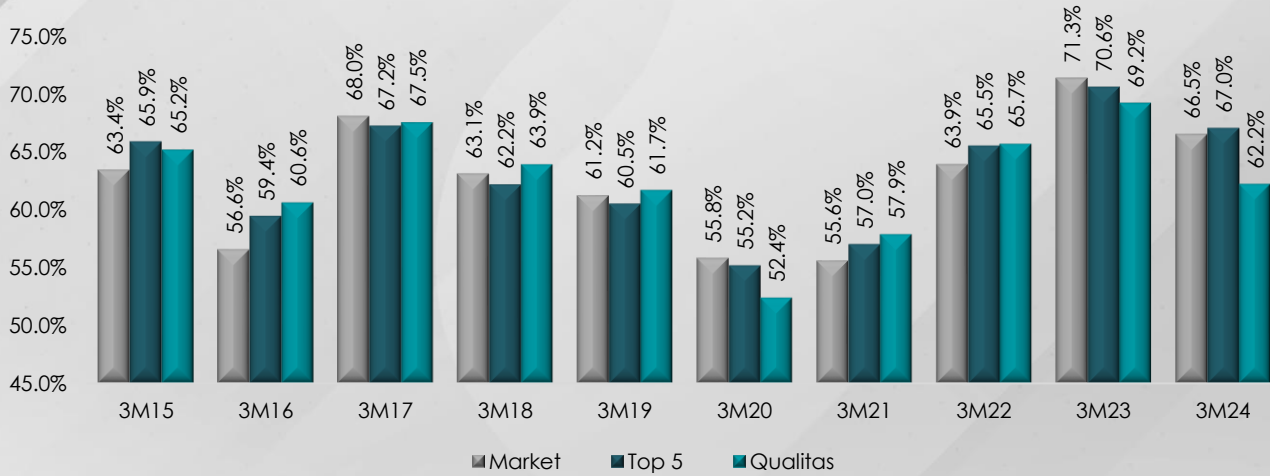


⁷ Source: OCRA, figures in number of cumulative units
 *Others: semitrailers, heavy equipment, buses, collectives, etc.

Costs ratios

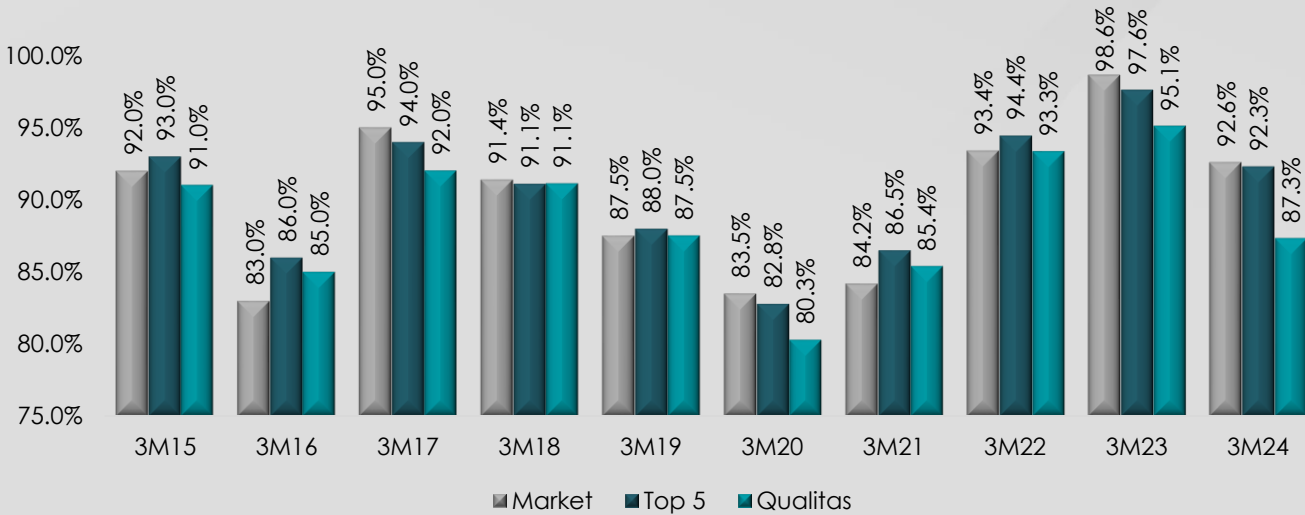
The industry posted a lower loss ratio than that reported in 1Q23, standing at 66.5% for the whole industry. Top 5 companies loss ratio decreased 3.5 pp vs. same period of last year, standing at 67.0%; likewise, Qualitas loss ratio decreased 7 pp, going from 69.2% to 62.2%.

Loss ratio



The industry combined ratio was 92.6%, 6 pp below 3M23. Top 5 companies posted a 92.3% combined ratio, Qualitas combined ratio stood at 87.3%; nevertheless, only Qualitas and AXA reported a positive operating result from top companies during the quarter.

Combined ratio



Sources of information

- AMIS. Asociación Mexicana de Instituciones de Seguros, A.C.; www.amis.com.mx (information consulted on May 13th 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*) is 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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