



Auto
Insurance Industry
Report
Nine Months

2020



Mexico's Auto insurance industry report 9M20

Figures in this document are stated in millions of Mexican pesos, except where otherwise specified, and they may vary due to rounding.

According to the Association of Insurance Institutions (AMIS), during the first nine months of the year, the auto insurance industry in Mexico had a nominal decrease of 9.1% in written premiums. It is worth mentioning that GDP decreased 8.6%¹ in comparison with the same period of last year, and increased 12.1% vs the 2Q20; the cumulative inflation rate as of march was -1.01%².

Regarding costs ratios, at the end of September 2020 the industry registered a combined ratio of 84.0%, a 6.9 percentage points decrease when compared to the same period of the previous year. The decreased was mainly driven by the partial lockdown measures and the economic slowdown during the first 9 months of the year, which has benefited the loss ratio due to lower mobility and therefore, a lower number of claims attended.

In the table below³, we disaggregate bank-owned insurance companies. These companies, as they are part of financial groups, have cross selling with the bank clients and have different cost structures.

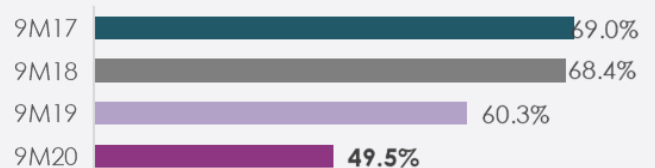
Companies	Written premium	Growth	Operating result	Financial income	Net result	Loss ratio	Combined ratio
Qualitas	23,254	(2.6%)	6,035	1,311	5,216	49.5%	79.7%
Others	40,861	(13.4%)	6,320	2,163	6,654	54.7%	87.9%
Sum insurance companies	64,115	(9.8%)	12,355	3,473	11,870	52.6%	84.7%
Bank-owned	12,178	(5.8%)	2,843	1,228	3,605	54.8%	78.5%
Total market (35 companies)*	76,293	(9.1%)	15,197	4,701	15,475	53.0%	84.0%

Qualitas Mexico (Q MX)⁴

Written premiums (million MXN)



Loss ratio



Market share



Combined ratio



¹ Source: INEGI

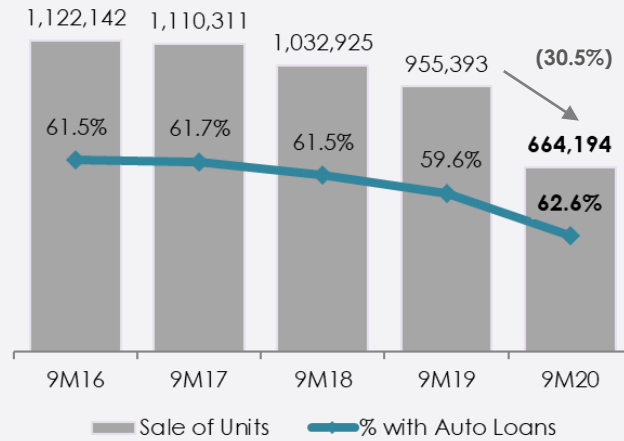
² Source: BANXICO

³ Source: AMIS

*34 insurances companies y 1 reinsurer

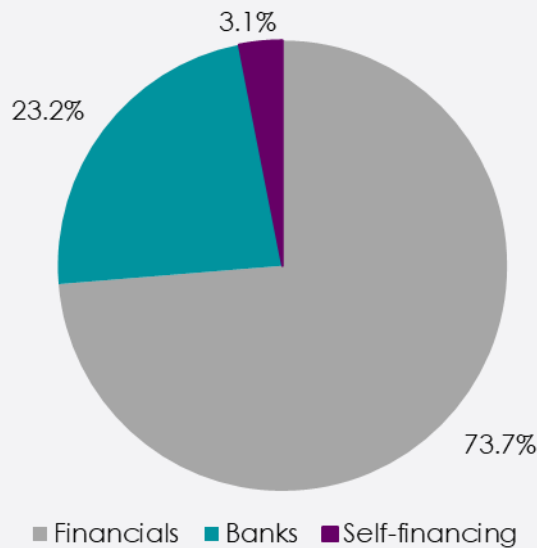
Auto industry and financing

Nationwide sales of vehicles and financing⁴



New light unit's sales (automobile and trucks) decreased 30.5% when compared to the first nine months of 2019, reaching a total of 291,199 non commercialized vehicles. Wholesale truck sales decreased 48.3% vs 9M19. The automotive credit reached 62.6% of the commercialization of light vehicles sales compared to the 62.1% registered in the previous quarter and the 59.6% in the same period of the previous year.

Automobile financing market ^{4*}



The main sources of financing to purchase a car were through financial institutions with a 73.7% market share, an increase of 775 bp, followed by bank financing which had a decrease of 677 bp when compared to the first nine months of 2019.

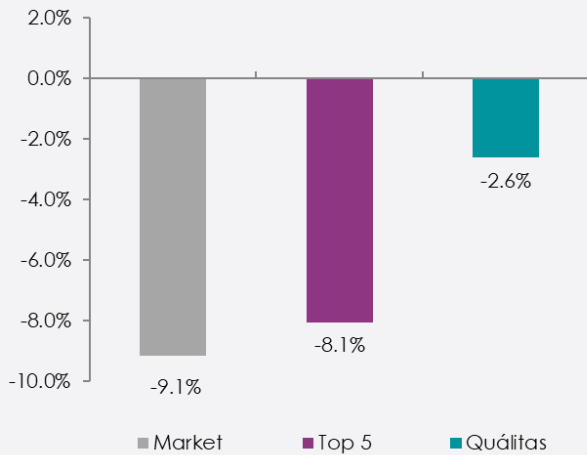
⁴ Source: AMDA
^{*}Figures in allocations

Auto insurance industry

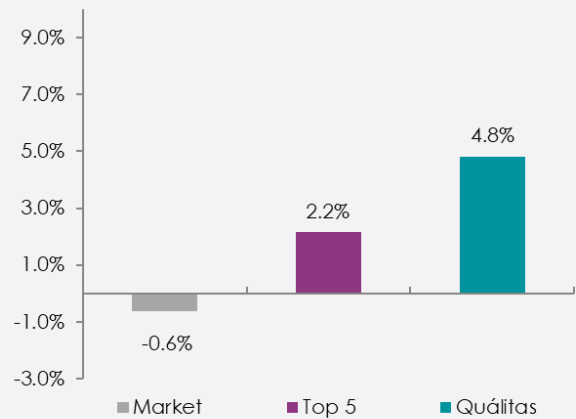
The market recorded total written premiums of \$76,293 million, a decrease of 9.1% in comparison with same period of 2019. The underwriting fall of the top five companies was 8.1%; the medium ones decreased 9.9%, and the rest of them had a drop of 21.2%.

Market's net result was \$15,475 million, this is mainly explained by an operating result of \$15,197 million, cause by the low loss ratio of the industry and a financial income of \$4,701 million.

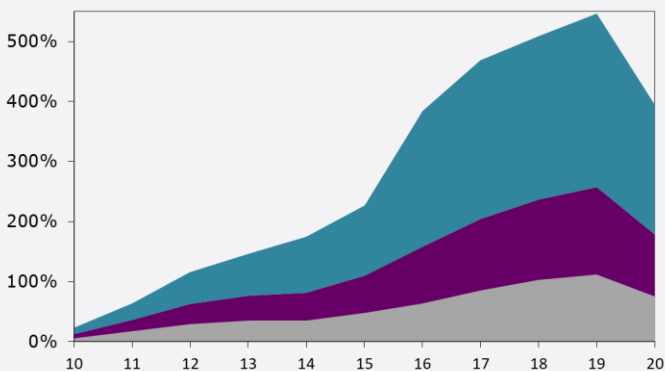
**Written premiums growth
9M20 vs 9M19**



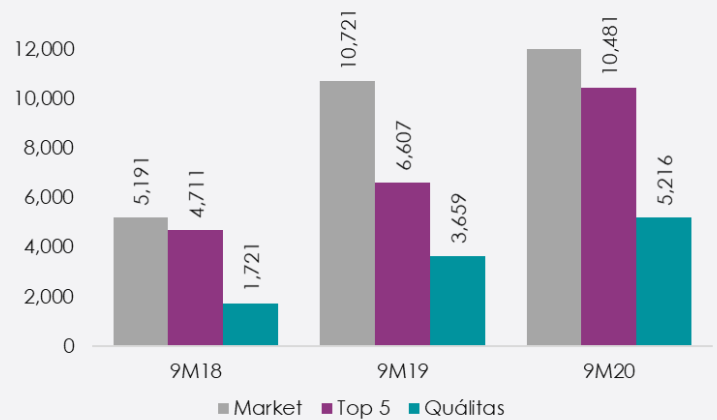
**Earned premiums growth
9M20 vs 9M19**



**Cumulative growth in premiums written
(Base 2011)**



Net result



CAGR (%) ⁶

Q	11.9%
Market	6.9%
Market without Q	5.3%

⁶ CAGR: Compound Annual Growth Rate of the last 10 years
 Figures in millions (MXN)
 Source: AMIS

Auto insurance industry

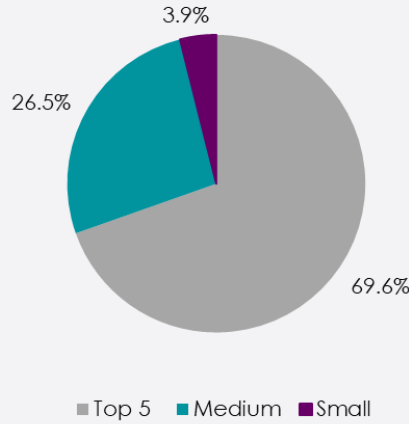
Company	Written premiums	Market share	Growth 9M20 vs 9M19	Earned premiums	Market share
Quálitas	23,254	30.5%	(2.6%)	25,801	33.2%
G.N.P.	10,674	14.0%	0.2%	10,750	13.8%
Chubb Seguros México	8,053	10.6%	(20.0%)	4,437	5.7%
AXA Seguros	6,555	8.6%	(15.0%)	7,309	9.4%
HDI Seguros	4,552	6.0%	(16.2%)	4,923	6.3%
Top 5	53,088	69.6%	(8.1%)	53,220	68.4%
Banorte	3,693	4.8%	(14.8%)	4,105	5.3%
BBVA Seguros	3,652	4.8%	5.5%	3,514	4.5%
Inbursa	2,280	3.0%	(9.6%)	2,744	3.5%
Atlas	2,123	2.8%	(13.7%)	2,266	2.9%
Mapfre México	1,985	2.6%	(28.3%)	2,341	3.0%
Afirme	1,869	2.5%	10.6%	1,851	2.4%
ANA	1,724	2.3%	3.6%	1,301	1.7%
Zurich Daños	1,358	1.8%	(31.6%)	1,813	2.3%
General de Seguros	795	1.0%	(14.2%)	846	1.1%
El Potosí	741	1.0%	15.8%	663	0.9%
Medium	20,219	26.5%	(9.9%)	21,445	27.6%
Others	2,985	3.9%	(21.2%)	3,090	4.0%
Total market (35 companies*)	76,293	100.0%	(9.1%)	77,755	100.0%

Company	Operating result	Investment income	Net result	Loss ratio	Combined ratio
Quálitas	6,035	1,311	5,216	49.5%	79.7%
G.N.P.	1,235	467	1,227	54.5%	88.2%
Chubb Seguros México	1,174	226	1,022	56.9%	86.9%
AXA Seguros	2,427	627	2,634	43.8%	69.5%
HDI Seguros	199	344	382	67.7%	106.0%
Top 5	11,071	2,974	10,481	52.0%	83.2%
Banorte	1,359	357	1,765	50.0%	68.8%
BBVA Seguros	626	662	957	64.7%	81.5%
Inbursa	450	59	452	57.8%	88.8%
Atlas	492	175	572	53.9%	80.1%
Mapfre México	368	113	327	47.7%	90.8%
Afirme	265	99	252	50.7%	85.3%
ANA	192	74	179	46.1%	83.7%
Zurich Daños	324	-41	280	56.9%	95.4%
General de Seguros	(126)	(073)	(176)	79.7%	117.2%
El Potosí	67	42	88	55.6%	87.0%
Medium	4,018	1,468	4,696	55.3%	83.7%
Others	109	259	298	53.5%	100.8%
Total market (35 companies*)	15,197	4,701	15,475	53.0%	84.0%

*34 insurance companies y 1 reinsurer
 Figures in millions (MXN)
 Source: AMIS

Market share

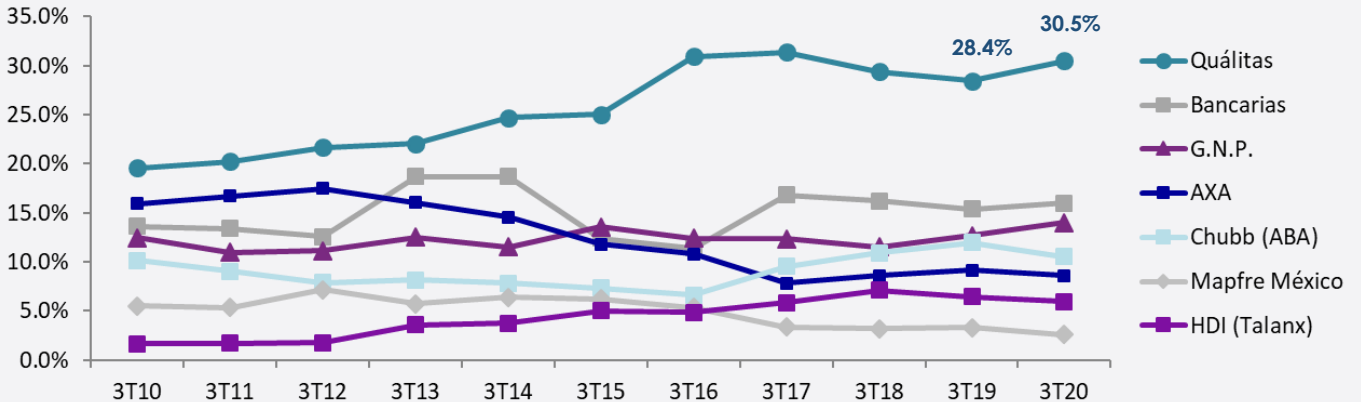
Automobile insurance market share



The five largest companies in the industry accounted for 69.6% of automobile insurance market share, same as this year first half. The larger companies gained 82 bp of market share compared to the first nine months of 2019, medium companies lost 23 bp and small also lost 60 bp.

Qualitas continues to be the leader in the automobile insurance industry with 30.5% market share, which represents an increase of 80 bp versus 6M20, and remains well positioned amongst key segments of the market. The company is ranked in the top places in every branch of the industry in terms of market share.

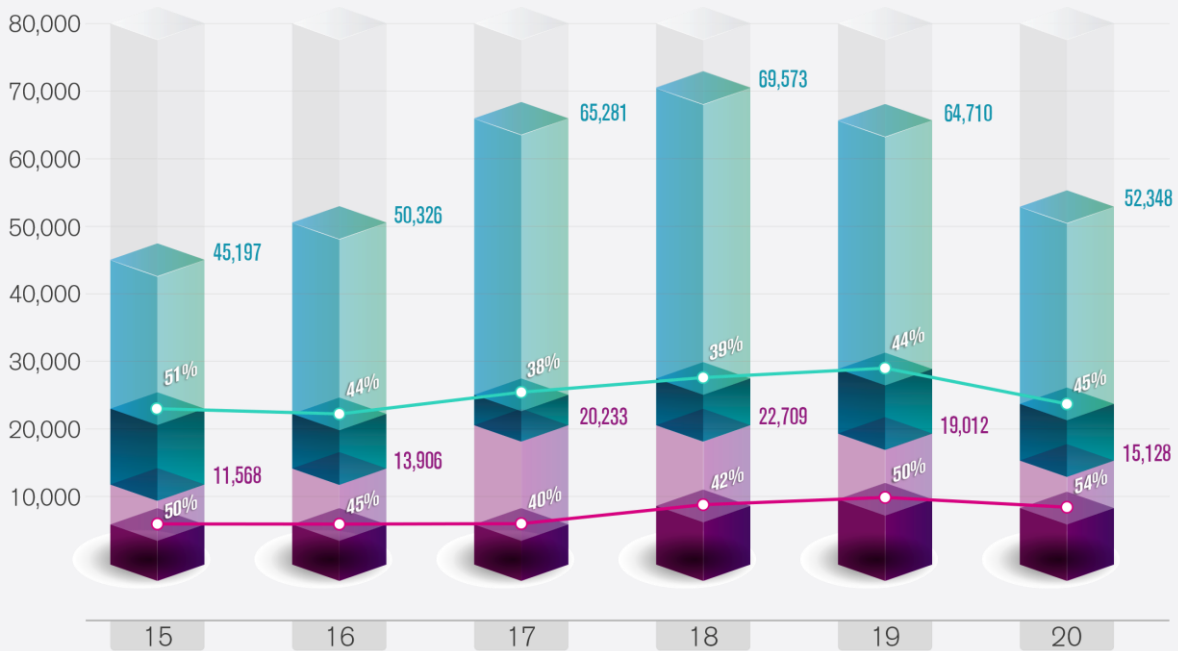
Total Auto	Cars	Trucks	Tourists	Other
Written premiums: \$23,254	Written premiums: \$ 10,806	Written premiums: \$ 11,904	Written premiums: \$ 171	Written premiums: \$ 372
Market share: 30.5% ▲ Δpb* 80	Market share: 22.8% ▲ Δpb* 40	Market share: 45.2% ▲ Δpb* 120	Market share: 19.7% ▲ Δpb* 40	Market share: 21.7% ▲ Δpb* 380
Place: 1°	Place: 1°	Place: 1°	Place: 2°	Place: 2°



Figures in million (MXN)
 *Compared to 2Q20
 Source: AMIS

Auto theft & recovery

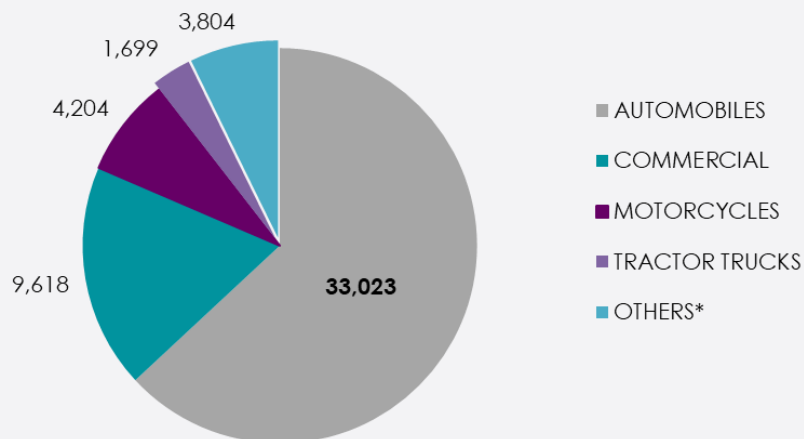
During the first nine months of the year, decrease of robberies in Mexico continued its positive trend. According to the figures reported by the Office for the Coordination of Insured Risks (OCRA per its acronym in Spanish), the theft of insured units in Mexico decreased 19.1% for the entire industry, compared to the 9M19, of which 45.1% was recovered. For Qualitas, the decrease in theft was even higher, falling 20.4% and recovering 53.6% of the stolen units. This recovery represents an increase of 74 bp compared to the first nine months of the 2019.



-19.1% Theft to Industry **-20.4%** Theft to Qualitas Industry's recovery Qualitas' recovery

From the total of 52,348 units stolen, 63.1% were automobiles, followed by 18.4% of commercial cars, and in third place, 8.0% were motorcycles. Motorcycle was the type of transport that had the greatest decrease in theft with 160 bp less than the last quarter.

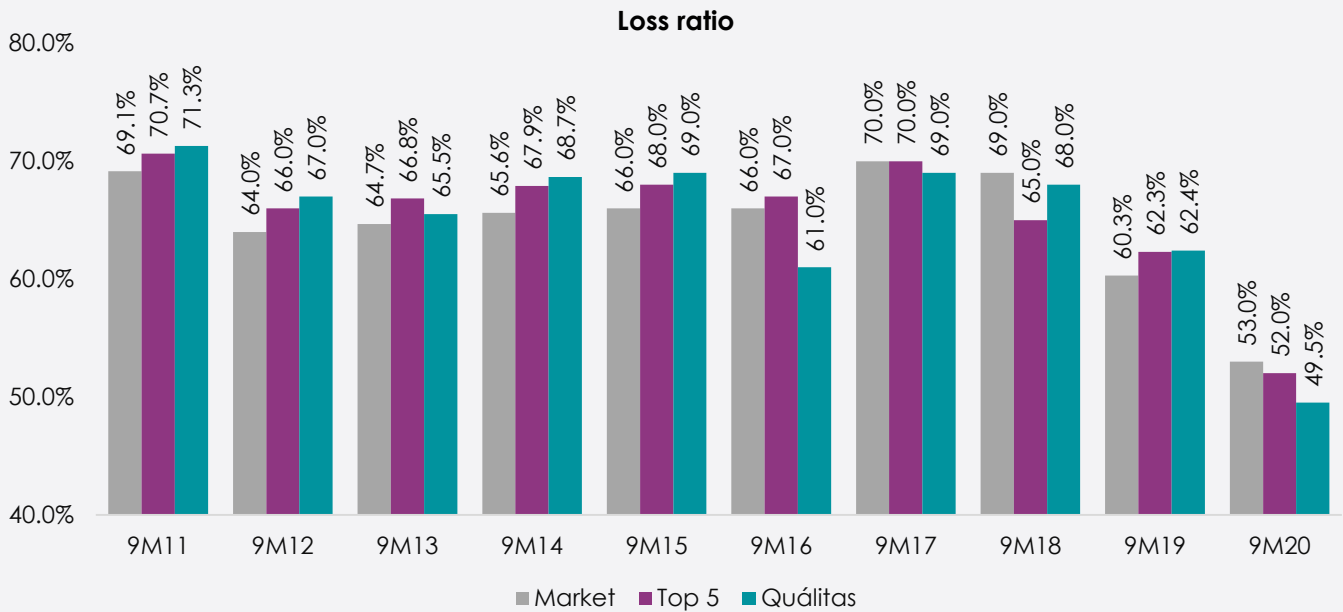
Theft by type of transport⁷



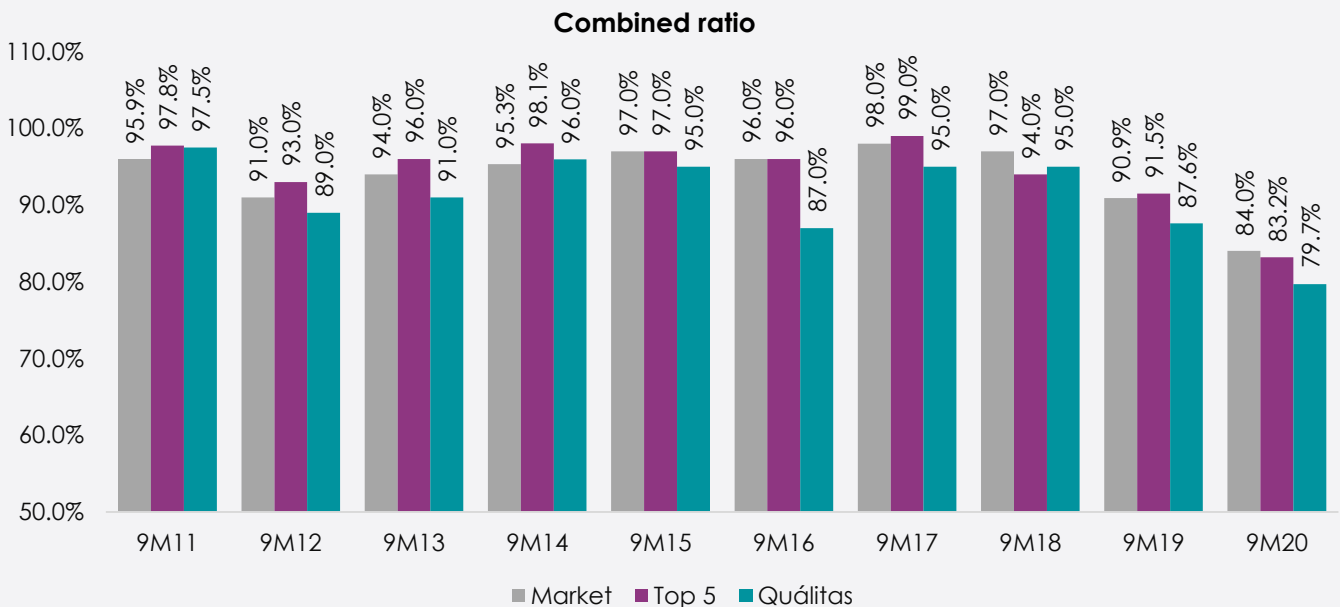
⁷ Source: OCRA
*Others: semi-trailers, trucks, buses, etc.

Costs ratios

The industry recorded, once again, a lower loss ratio when compared to the same period in 2019, driven by a 19.1% decrease in thefts for the entire industry and the already mentioned effects of the partial lockdown measures. The loss ratio of the top five companies also decreased 10.28 percentage points, standing at 52.0%, while Qualitas fell from 62.4% to 49.5%.



Combined ratio for the industry reached 84.0%, figure 6.9 percentage points lower than the registered same period previous year. The five largest companies recorded 83.2% combined ratio and Qualitas decreased from 87.6% to 79.7%.



Information sources

1. AMIS. Asociación Mexicana de Instituciones de Seguros, A.C.; www.amis.com.mx
2. AMDA. Asociación Mexicana de Distribuidores de Automotores, A.C.; www.amda.mx
3. BANXICO. Banco de México; www.banxico.org.mx
4. INEGI. Instituto Nacional de Estadística y Geografía; www.inegi.org.mx
5. 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. Words such as “estimate,” “project,” “plan,” “believe,” “expect,” “anticipate,” “intend,” and similar expressions may identify such forward-looking statements. The Company wants to caution readers that any forward-looking statement in this document or made by the company’s management, involves risks and uncertainties that may change based on various important factors not under the Company’s control. Forward-looking statements relate to the company’s current situation only as of their dates of publication.

About Qualitas

Qualitas (Q) is the largest auto insurance company in Mexico in terms of market share, with operations in El Salvador, Costa Rica, USA and Peru. Its specialized business model, has allowed the company to provide top quality service under the largest network in the country. Qualitas is listed in the Mexican Stock Exchange (BMV) under the ticker “Q” (Bloomberg: Q*:MM).

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