



Automobile Insurance Industry Report

2021

Mexico's auto insurance industry report 2021

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 Mexican Association of Insurance Institutions (AMIS), during 2021 the auto insurance industry reported a nominal increase of 2.1% in written premiums. It is worth noting that, during the same period the GDP increased by 4.8%¹ in comparison with prior year. On the other hand, the annual inflation rate stood at 11.7%².

Regarding the industry's cost ratios, as of December 2021, industry registered a combined ratio of 92.3%, an increase of 6.8 percentage points in comparison to the same period of 2020. This reflects mobility upwards trend, even above pre-pandemic levels, as well as the increase in the impact of meteorological events during the year, and the business seasonality. Such seasonality resulted in higher claims.

In the table below³, it has been disaggregated the bank-owned insurance companies, since some of them belong to a financial group and have cross selling between the bank clients, having a different cost structure.

Companies	Written premium	Growth	Underwriting result	Financial income	Net result	Loss ratio	Combined ratio
Qualitas	34,982	5.0%	2,833	1,491	3,401	63.3%	90.3%
Other	55,941	(0.3%)	3,220	2,921	5,113	64.6%	96.3%
Sum insurance companies	90,923	1.7%	6,053	4,412	8,514	64.1%	93.9%
Bank-owned	17,245	4.5%	2,927	1,253	4,352	59.4%	82.8%
Total market (34 companies*)	108,168	2.1%	8,980	5,664	12,866	63.3%	92.3%

Figures in million pesos

*33 insurance and one reinsurance companies.

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

Qualitas Mexico (Q MX)³

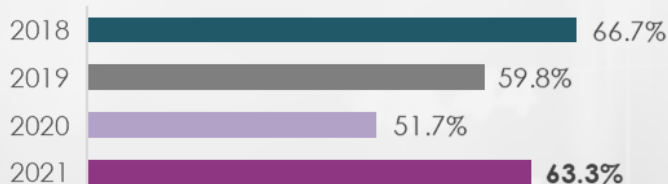
Written Premiums (million MXN)



Market Share



Loss Ratio



Combined ratio



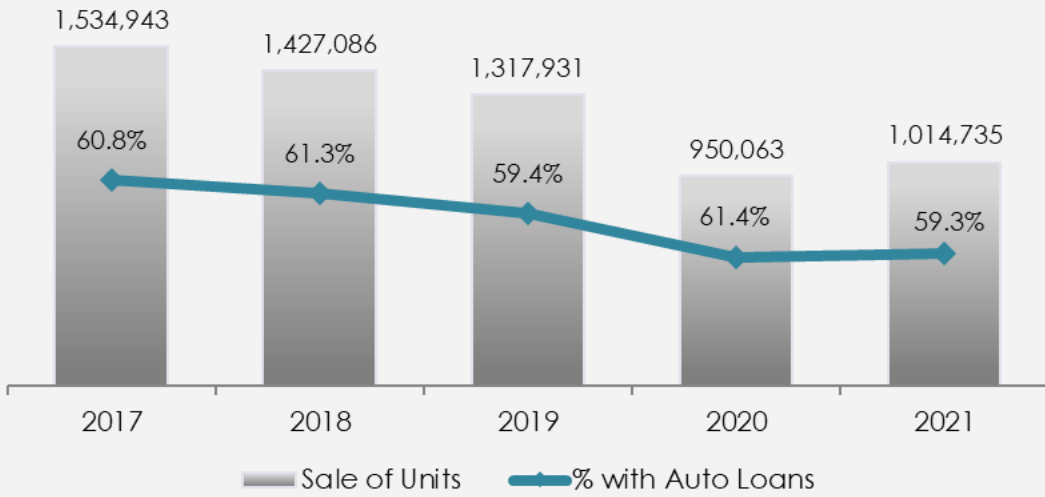
¹ Source: INEGI

² Source: BANXICO

³ Source: AMIS

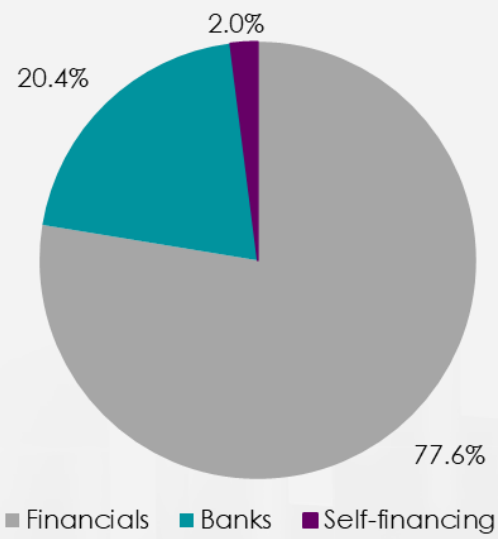
Automobile industry and financing

Vehicle sales and financing⁴



Light unit's sales (automobile and trucks) increased 6.8% during 2021 when compared to 2020, reaching 1,014,735 sold units. Furthermore, if compared 2021 performance against 2019, sold units are still down by 23.0%. The commercialization of heavy equipment (vehicles up to 3.5 tons) increased 22.8% when compared to 2020 sold units. The automotive credit reached 59.3% of the commercialization of light vehicles, 2.1 pp below 2020-end.

Automobile financing market⁴



By the end of 2021, the main sources of financing for vehicles acquisitions were through financial institutions (financial arms of the car dealerships) with a 77.6% market share, an increase of 1.0 pp when compared to the same period of 2020. Followed by bank financing, which had a decrease of 0.2 pp. The reference rate in Mexico stood at 5.50%⁵ by year-end.

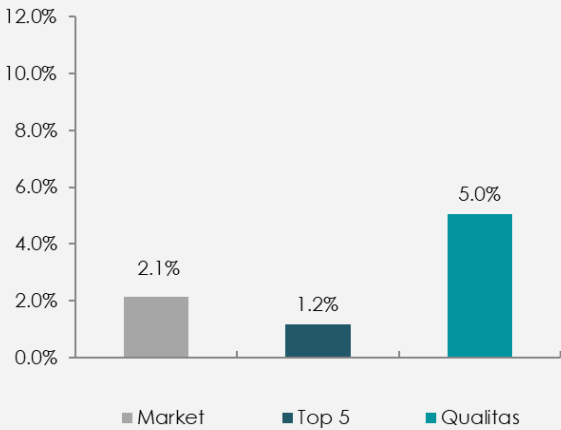
⁴ Source: AMDA
⁵ Source: BANXICO
 Figures in allocations and may vary given some updates from the regulator.

Automobile insurance industry

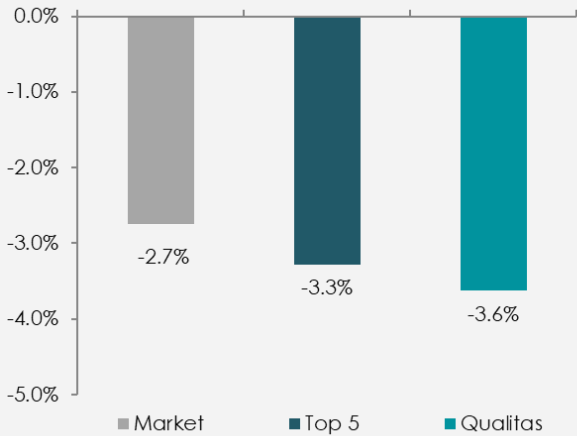
Total written premiums for the market reached \$108,168 million, an increase of 2.1% in comparison to 2020. Growth for the top 5 insurance companies was 1.2%, which is below the industry growth, the medium-sized companies grew 5.2%; however, small insurance companies reported a negative variance of 0.8%.

Net result for the market reached \$12,866 million. This can be explained by an operating result of \$8,980 million and an investment income of \$5,664 million.

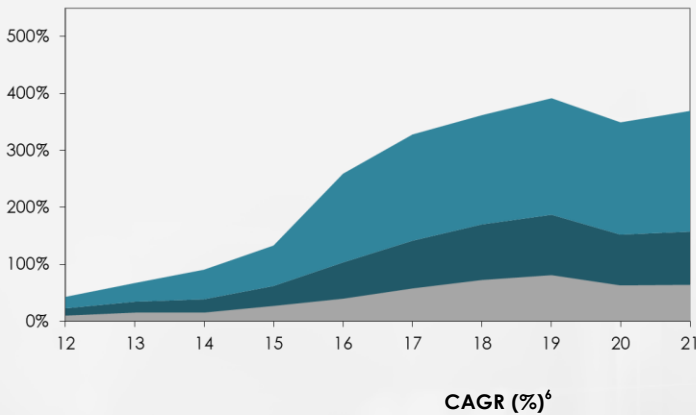
Written premium growth 2021 vs 2021



Earned premium growth 2021 vs 2021

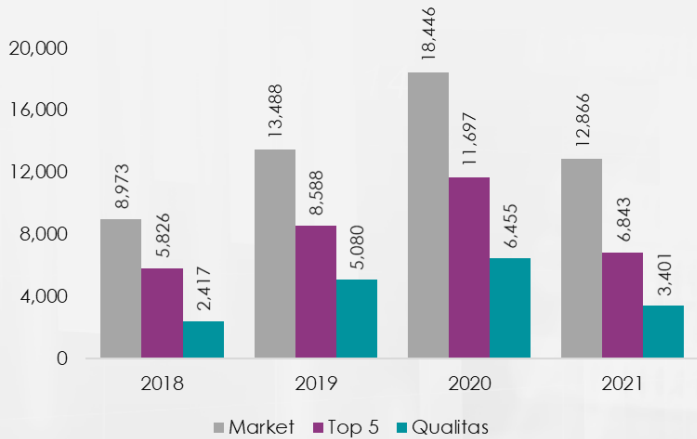


Cumulative growth in written premiums (Base 2012)



Category	CAGR (%) ⁶
Q	11.2%
Market	6.3%
Market without Q	4.5%

Net result



⁶ CAGR: Compound Annual Growth Rate
 Figures in millions (MXN)
 Source: AMIS

Automobile insurance industry

Company	Written premiums	Growth 2021 vs 2020	Market share	Earned premiums	Market share
Qualitas	34,982	5.0%	32.3%	33,387	32.9%
G.N.P.	13,509	(9.3%)	4.9%	14,475	14.3%
Chubb Seguros Mexico	10,475	0.9%	9.7%	5,257	5.2%
AXA Seguros	9,217	1.8%	8.5%	9,282	9.2%
HDI Seguros	6,762	4.9%	6.3%	6,689	6.6%
Top 5	74,945	1.2%	69.3%	69,090	68.2%
BBVA Seguros	5,330	7.8%	4.9%	4,925	4.9%
Banorte	4,703	(5.8%)	4.3%	4,842	4.8%
Inbursa	3,739	19.9%	3.5%	3,709	3.7%
Atlas	3,013	7.2%	2.8%	2,988	2.9%
Mapfre México	2,822	(0.7%)	2.6%	3,103	3.1%
ANA	2,846	16.8%	2.6%	2,132	2.1%
Afirme	2,376	(3.1%)	2.2%	2,388	2.4%
Zurich Daños	2,151	12.1%	2.0%	2,321	2.3%
General de Seguros	1,152	3.6%	1.1%	1,146	1.1%
El Potosi	1,012	(6.3%)	0.9%	963	1.0%
Medium-size	29,144	5.2%	26.9%	28,515	28.1%
Other	4,078	(0.8%)	3.8%	3,758	3.7%
Total market (34 companies*)	108,168	2.1%	100.0%	101,363	100.0%

Company	Underwriting result	Investment income	Net result	Loss ratio	Combined ratio
Qualitas	2,833	1,491	3,401	63.3%	90.3%
G.N.P.	269	683	727	66.5%	100.3%
Chubb Seguros Mexico	767	114	711	72.6%	96.8%
AXA Seguros	882	701	1,437	62.8%	91.1%
HDI Seguros	342	440	567	65.6%	100.7%
Top 5	5,093	3,427	6,843	64.8%	93.9%
BBVA Seguros	446	645	900	74.4%	89.7%
Banorte	1,797	286	2,588	46.0%	63.4%
Inbursa	360	182	454	62.5%	90.1%
Atlas	485	139	595	60.3%	83.7%
Mapfre México	260	120	270	59.6%	94.8%
ANA	272	60	231	53.4%	85.5%
Afirme	119	82	154	62.9%	95.1%
Zurich Daños	155	74	265	63.5%	103.1%
General de Seguros	(141)	425	227	71.6%	112.1%
El Potosi	52	31	89	63.6%	95.1%
Medium-size	3,805	2,046	5,772	61.1%	87.2%
Other	82	191	252	51.6%	100.8%
Total market (34 companies*)	8,980	5,664	12,866	63.3%	92.3%

Figures in millions (MXN)

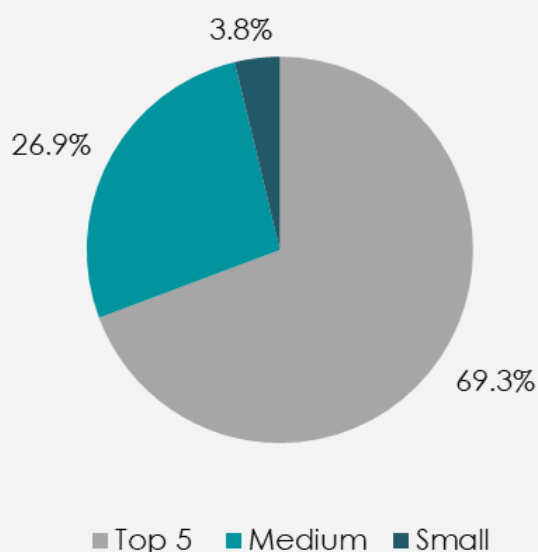
Source: AMIS

*33 companies and 1 reinsurance company.

Note: total number of insurance companies may vary given any omission in the information presented by the regulator.

Market share

Automobile insurance market share

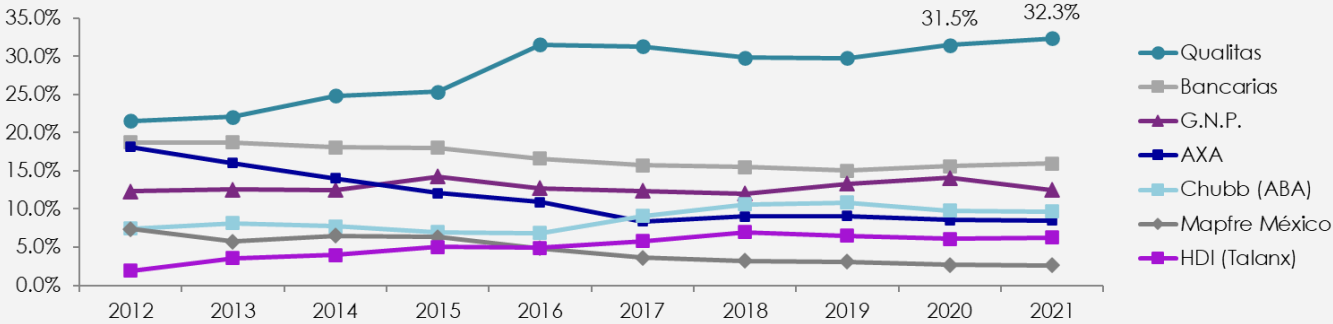


In line with previous years' trend, around 70% of the automobile insurance market is held by the top 5 companies in the industry. Qualitas stands out, maintaining the leadership in the sector and reaching a 32.3% share as of 2021, from 31.5% by the end of 2020. Medium-sized companies gained 78 bp and the rest of the insurers practically remained at the same level with almost 4% share.

Furthermore, the company continues with a solid position in the main market segments, remaining within the first places in terms of market share in each sub-segment.

Total Auto	Cars	Trucks	Tourists	Others
Written premiums: \$34,982	Written premiums: \$17,944	Written premiums: \$16,021	Written premiums: \$293	Written premiums: \$ 724
Market share: 32.3% ▲ Δpb* 89	Market share: 26.2% ▲ Δpb* 187	Market share: 45.5% ▼ Δpb* (24)	Market share: 17.9% ▼ Δpb* (149)	Market share: 24.7% ▲ Δpb* 89
Place: 1°	Place: 1°	Place: 1°	Place: 2°	Place: 2°

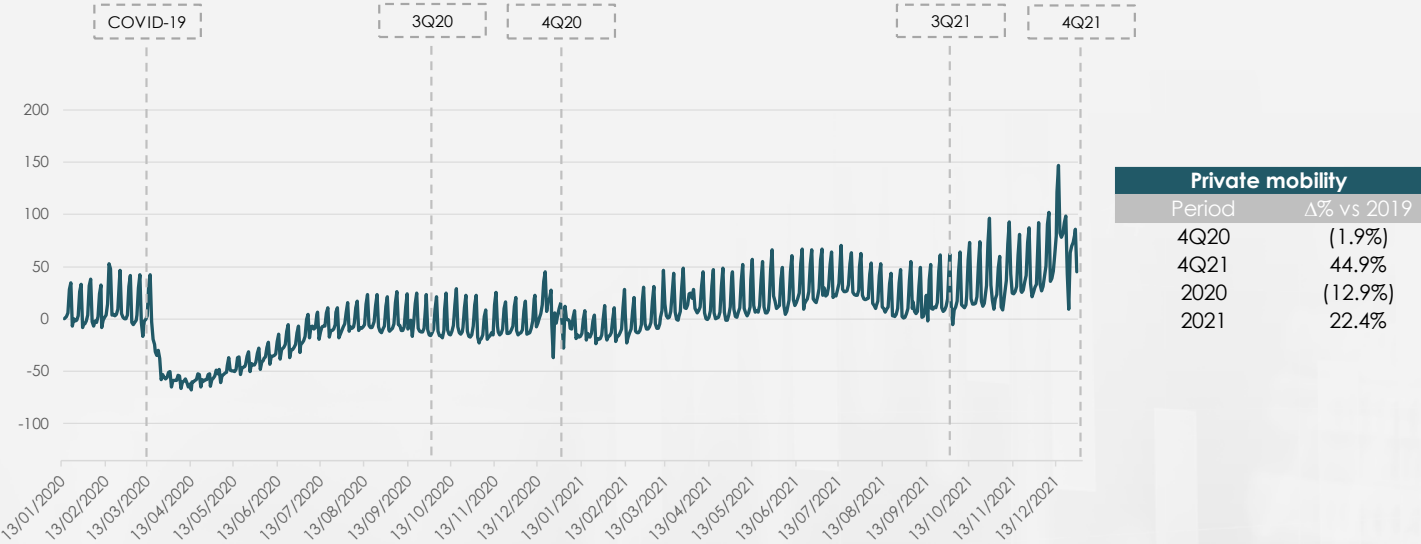
Figures in million (MXN)
*In comparison with 2020
Source: AMIS, prior year figures may vary given updates from the regulator.



Mobility trends

During the fourth quarter of the year, mobility continued its upward trend, showing a greater number of vehicles on the road, in comparison to previous quarters, and even to pre-pandemic levels.

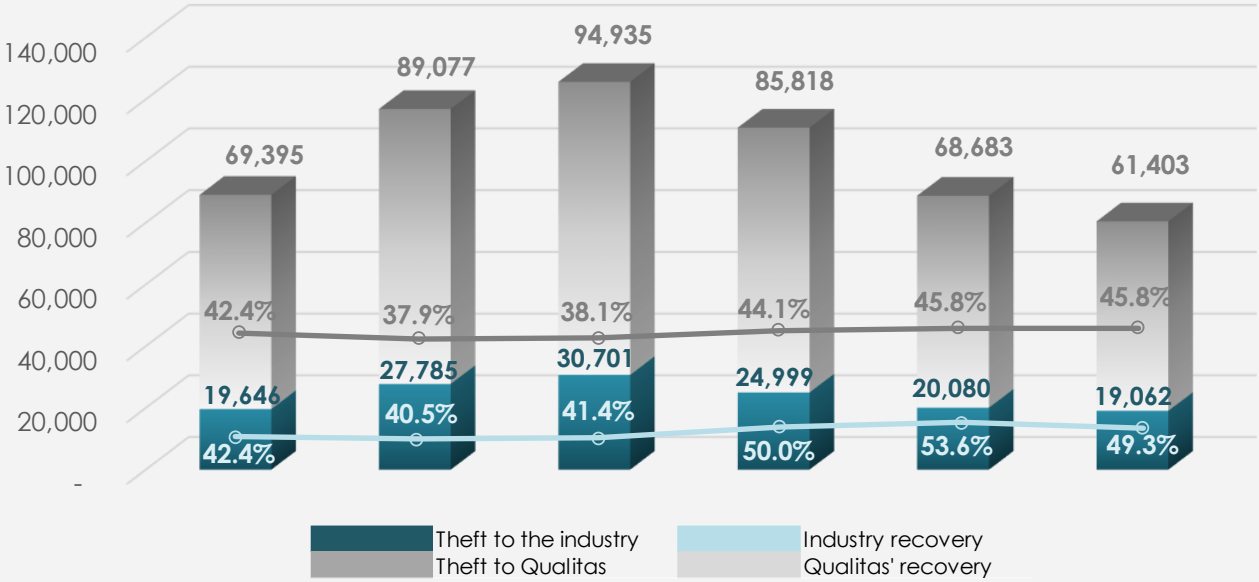
In Mexico, according to Apple Mobility Trends, several means of transport report data reflect its normalization. Those who are using private vehicles have totally returned to normality and show an increase of 22.4% versus 2019-end, pedestrians have increased to 38.8%, while the public transport still shows a 27.0% decrease during 2021 when compared to year-end 2019.



Theft and recovery

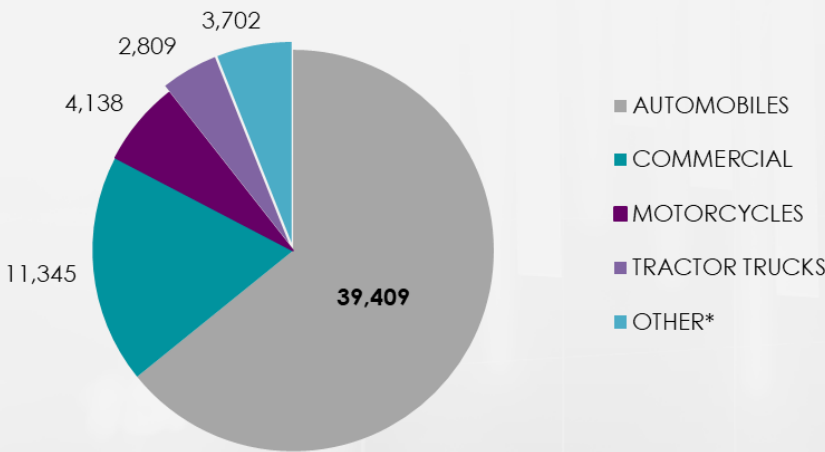
During 2021, the decrease in robberies in Mexico continued its positive trend, although at a slower pace during the last quarter of the year. According to figures reported by the Office for the Coordination of Insured Risks (OCRA per its acronym in Spanish), the theft of insured units in Mexico decreased 10.6% for the industry compared to the same period of previous year; from which 45.8% were recovered.

For Qualitas, the decrease in thefts was 5.1%, recovering 49.3% of the stolen units, 3.5 percentage points higher than industry average, which maintained its recovery level in comparison to 2020.



Out of the 61,403 stolen units, 64.2% were automobiles and trucks, followed by 18.5% of commercial cars, and motorcycles in third place with 6.7%. The latter, being the type of transportation with the greatest theft decrease, of 20.5%, in comparison to same period 2020.

Theft by type of transport⁷

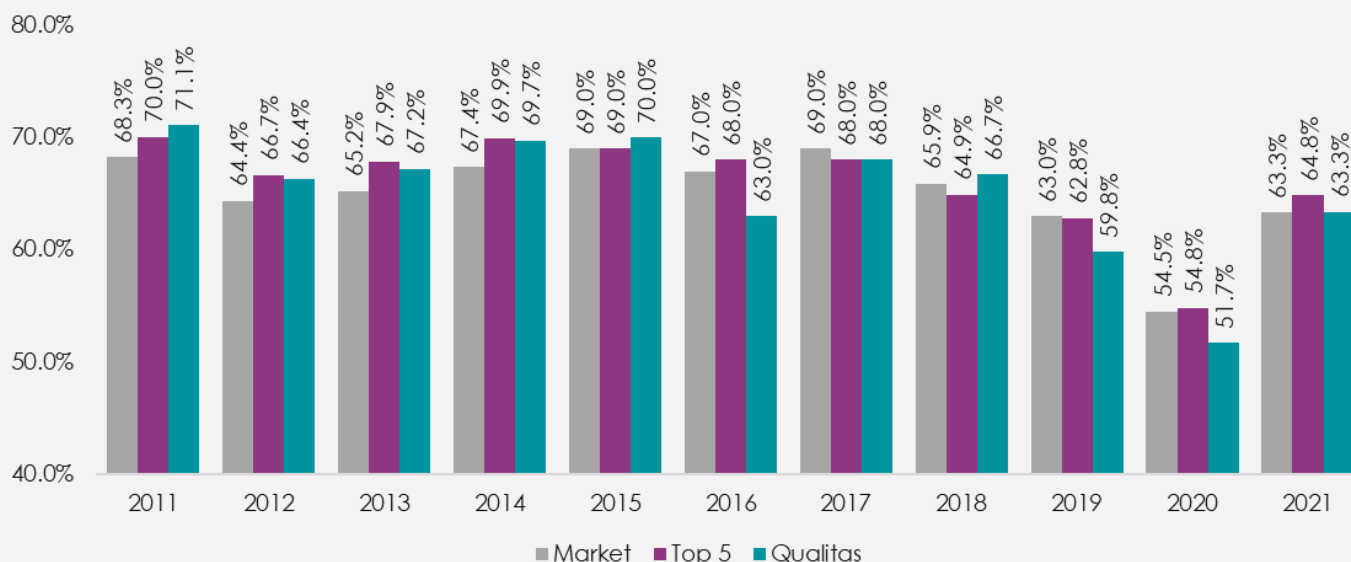


⁷ Source: OCRA, figures in number of accumulated units
 *Others: semi-trailers, trucks, buses, etc.

Cost ratios

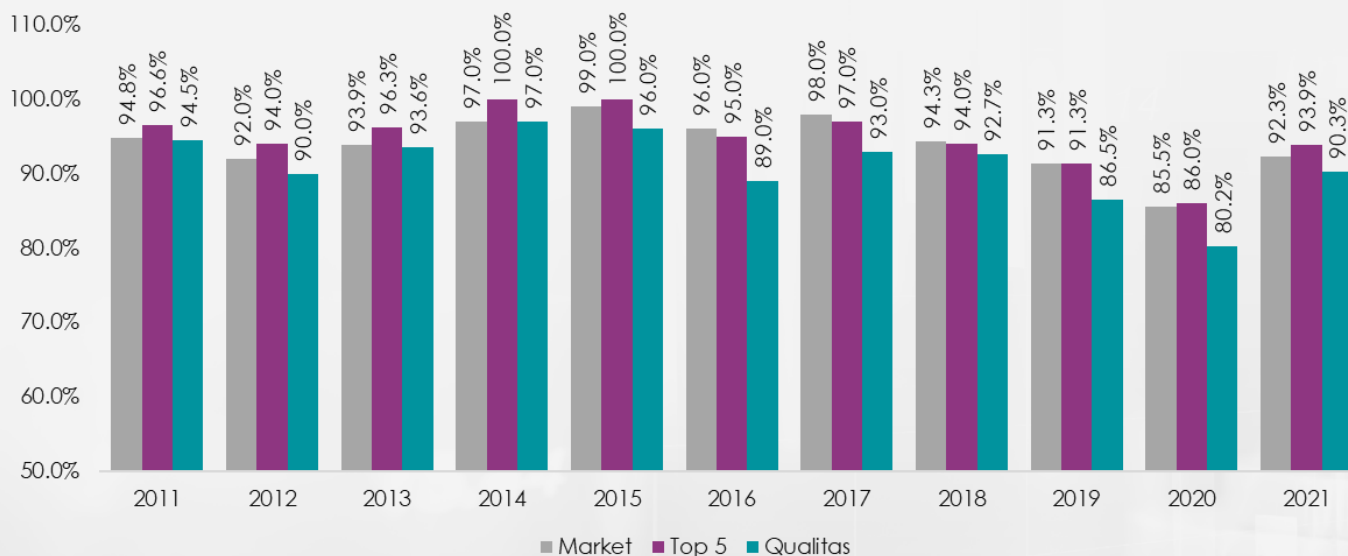
The industry recorded a higher loss ratio compared to 2020, driven by the several items mentioned before, related to mobility trends normalization even above pre-pandemic levels, meteorological events of the year and business seasonality, standing at 63.3%. Top five companies' ratio reported an increase of 10 pp, standing at 64.8%. Likewise, Qualitas presented an increase, from 51.7% to 63.3%.

Loss ratio



The industry's combined ratio stood at 92.3%, 6.8 percentage points above 2020 figure. The five largest companies registered a ratio of 93.9%, whereas Qualitas reported an increased to 90.3%, from 80.2%

Combined ratio



Information sources

- AMIS. Asociación Mexicana de Instituciones de Seguros, A.C.; www.amis.com.mx
- AMDA. Asociación Mexicana de Distribuidores de Automotores, A.C.; www.amda.mx
- BANXICO. Banco de México; 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/
- APPLE. Mobility trends by Apple; www.covid19.apple.com/mobility

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).

Investor relations contacts

Santiago Monroy

smonroy@qualitas.com.mx

T: +52 (55) 1555-6056

Andrea González

angonzalez@qualitas.com.mx

T: +52 (55) 1555-6316

Raquel Leetoy

rleetoy@qualitas.com.mx

T: +52 (55) 1555-6313

qiinversionistas.qualitas.com.mx