

Automobile Insurance Industry Report 2022

1st Quarter



Qualitas®

Mexico's auto Insurance industry report 3M22

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.

According to the Mexican Association of Insurance Institutions (AMIS), during the first quarter of 2022 the auto insurance industry in Mexico reported a nominal increase of 6.4% in written premiums. It is worth noting that, during the same period the GDP increased by 1.6%¹ in comparison with 1Q21. On the other hand, as of March 2022 the annual inflation rate stood at 9.5%².

Regarding the industry's costs ratios, as of March 2022, the industry registered a combined ratio of 93.4%, an increase of 9.2 pp in comparison to the same period of 2021. Such movement is explained by an increase of 8.3 pp in the claim's ratio, driven by the consistent rise in private mobility with a direct impact on the claim's frequency, in addition to the thefts spike in specific segments.

In the table below³, 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 results	Investment income	Net result	Claims ratio	Combined ratio
Qualitas	8,868	(1.1%)	522	374	698	65.7%	93.3%
Other	16,826	12.5%	554	515	741	63.6%	91.5%
Insurance companies	25,694	7.4%	1,076	888	1,439	64.4%	93.1%
Bank-owned companies	4,855	1.3%	440	186	517	61.1%	90.1%
Industry (34 companies*)	30,549	6.4%	1,517	1,074	1,956	63.9%	93.4%

Figures in million pesos.

*33 Insurers and 1 reinsurer.

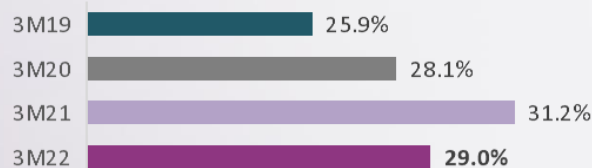
Note: The number of insurers may vary due to non-submission to the regulator.

Qualitas Mexico (Q Mx)³

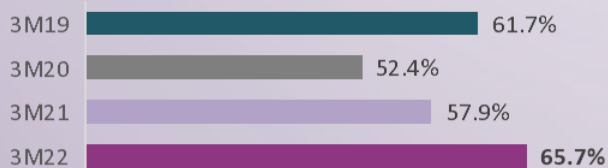
Written premiums (MXN million)



Market share



Claims ratio



Combined ratio



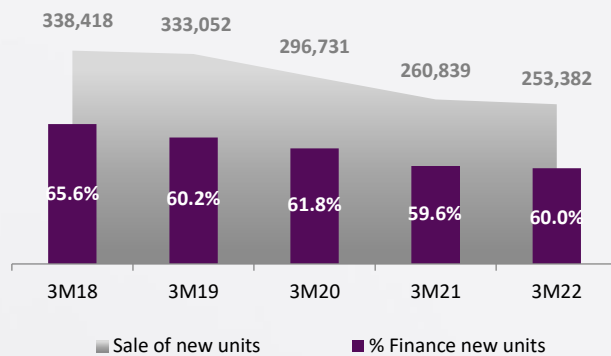
¹ Source: INEGI

² Source: BANXICO

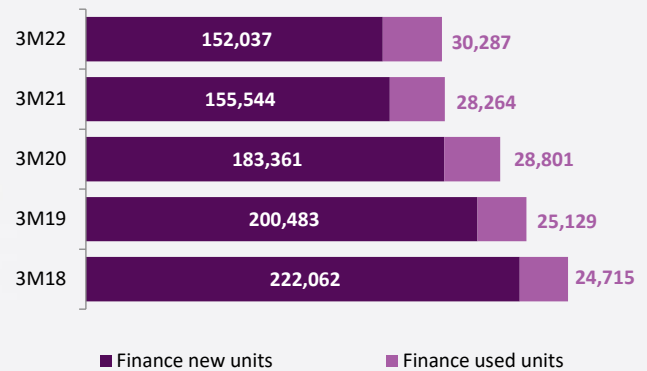
³ Source: AMIS

Sales of vehicles and financing

Sales of new vehicles⁴



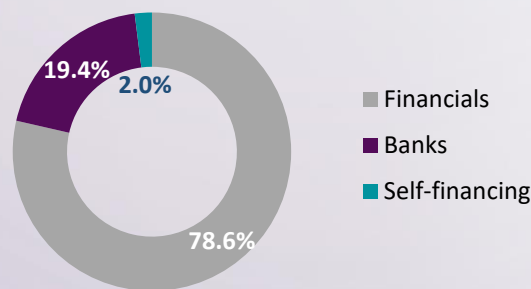
Financing by vehicle type⁴



The sale of light units (automobiles and buses) decreased by 2.9% during the first quarter of 2022, in comparison to 1Q21, reaching 252,382 vehicles sold. Compared to 1Q19 figures, the sale of light units continues to be 23.9% below. Relating the sales of heavy equipment (vehicles above 3.5 tons), it has increased by 25% vs the units sold in 1Q21. However, similarly to the light units, they continue 33.0% below 2019 levels.

Out of the total of new car sales, the automobile loans for light new vehicles reached 60%, slightly above the reported figure in 1Q21. On the other hand, the financing of used units increased 7.2%, being the highest number of units in the last 8 years and representing 16.6% of the financed units. Such performance affirms the upward trend in used cars sales due to the shortage in the supply chain for new vehicles.

Automobile financing market⁴



During 1Q22, the main sources of financing for vehicles purchase were through financial institutions (financial arms of the car dealerships) with a 78.6% market share, an increase of 65 bps when compared to the same period of 2021. Followed by bank financing, which had a decrease of 93 bps.

The reference rate in Mexico stood at 6.5%⁵ by quarter-end.

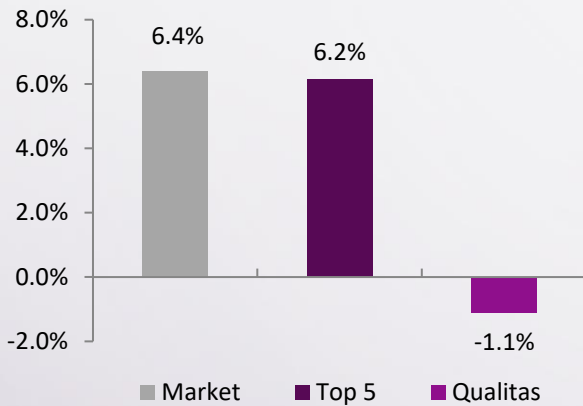
⁴ Source: AMDA
⁵ Source: BANXICO
 Figures in allocations and may vary given some updates from the regulator.

Automobile insurance industry

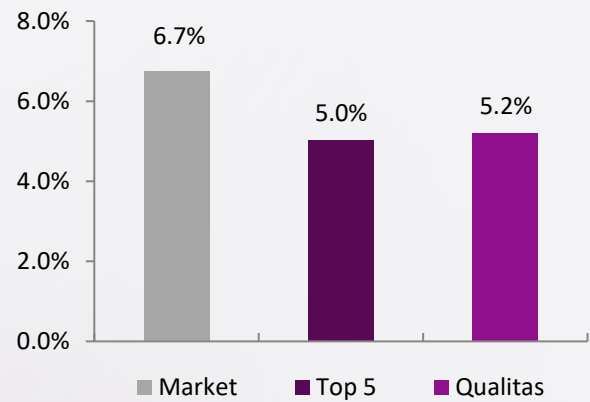
Total written premiums for the market reached \$30,549 million, an increase of 6.4% in comparison to 1Q21. The growth for the top 5 insurance companies was 6.2%, which is close to the industry growth; the medium-sized companies grew 4.8%; while the rest of the insurers reported an increase of 24.7%.

Net result for the market reached \$1,956 million. This can be explained by an operating result of \$1,517 million and an investment income of \$1,074 million. Qualitas represents 35.7% of the net result of the market; 34.4% of the operating result and 34.8% of the financial result, respectively.

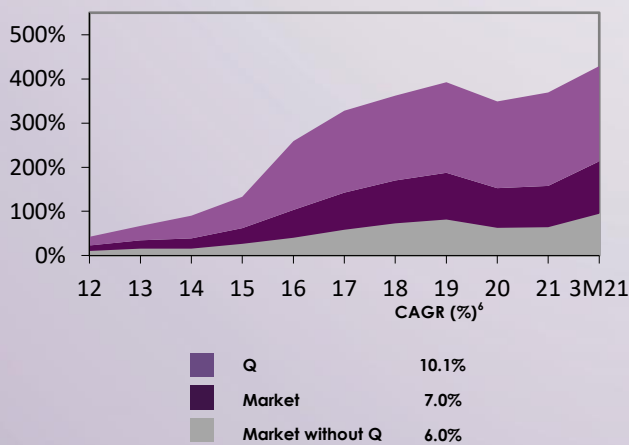
**Written premium growth
3M22 vs 3M21**



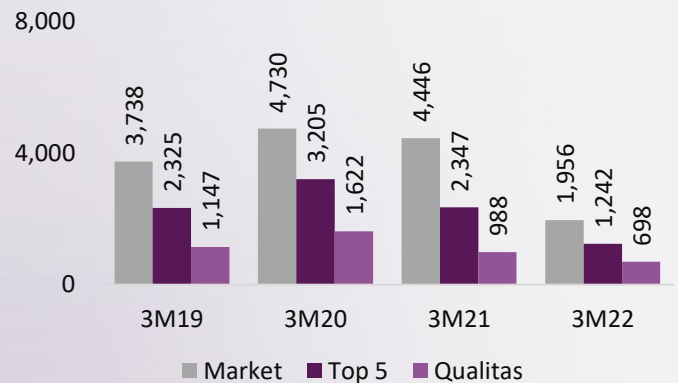
**Earned premium growth
3M22 vs 3M21**



**Cumulative growth
Written premium (Base 2012)**



Net result



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

Automobile Insurance industry

Company	Written premiums	Growth 3M21 vs 3M22	Market share	Earned premiums	Market share
Qualitas	8,868	(1.1%)	29.0%	8,584	32.6%
G.N.P.	4,163	15.9%	4.9%	3,631	13.8%
Chubb Seguros Mexico	3,572	7.3%	11.7%	1,389	5.3%
AXA Seguros	2,718	14.4%	8.9%	2,429	9.2%
HDI Seguros	1,812	10.1%	5.9%	1,770	6.7%
Top 5	21,133	6.2%	69.2%	17,802	67.6%
BBVA Seguros	1,491	(8.0%)	4.9%	1,260	4.8%
Banorte	1,315	8.5%	4.3%	1,198	4.5%
Inbursa	1,038	4.1%	3.4%	993	3.8%
Atlas	920	0.8%	3.0%	832	3.2%
Mapfre México	723	3.2%	2.4%	584	2.2%
ANA	742	4.2%	2.4%	783	3.0%
Afirme	694	1.5%	2.3%	628	2.4%
Zurich Daños	679	42.7%	2.2%	593	2.3%
General de Seguros	345	21.4%	1.1%	286	1.1%
El Potosi	296	10.7%	1.0%	268	1.0%
Medium-size	8,244	5.2%	27.0%	7,426	28.2%
Other	1,172	24.7%	3.8%	1,110	4.2%
Total market (34 companies*)	30,549	6.4%	100.0%	26,338	100.0%

Company	Underwriting result	Investment income	Net result	Loss ratio	Combined ratio
Qualitas	522	374	698	65.7%	93.3%
G.N.P.	64	176	175	64.6%	94.0%
Chubb Seguros Mexico	(108)	(052)	(114)	79.7%	110.8%
AXA Seguros	177	146	254	64.3%	90.0%
HDI Seguros	210	108	229	57.3%	94.0%
Top 5	864	751	1,242	65.5%	94.4%
BBVA Seguros	(010)	89	45	69.1%	96.1%
Banorte	230	45	236	56.9%	78.7%
Inbursa	155	28	154	59.7%	83.3%
Atlas	167	18	153	56.8%	77.8%
Mapfre México	59	27	57	51.2%	90.5%
ANA	3	40	36	58.7%	101.8%
Afirme	(015)	13	(008)	71.3%	99.4%
Zurich Daños	21	31	57	66.2%	101.1%
General de Seguros	(104)	6	(101)	97.8%	129.7%
El Potosi	31	7	35	57.9%	85.8%
Medium-size	538	302	664	62.7%	91.0%
Other	114	21	50	46.2%	95.3%
Total market (34 companies*)	1,517	1,074	1,956	63.9%	93.4%

Figures in million (MXN)

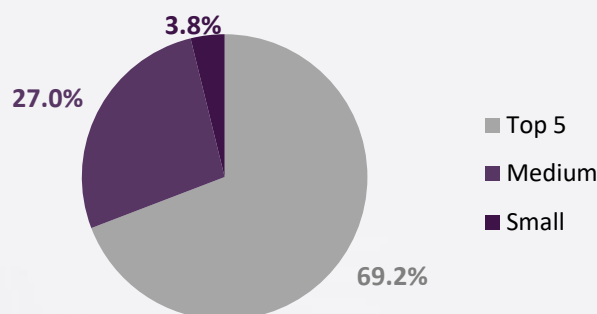
Source: AMIS

*33 insurers and 1 reinsurer.

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 recent years' trend, ~70% of the automobile industry market share is comprised by the five largest companies: Quálitas, G.N.P., Chubb, AXA y HDI. Stands out Quálitas as the leader insurer in the industry with a 29.0% market share. The mid-sized companies decreased by 41 pbs their share, whereas the small companies increased by 56 pb their share.

Qualitas maintains a solid positioning in the main market segments, standing within the first places in terms of market share in each business.

Total Auto	Cars	Trucks	Tourists	Other
Written premium: \$8,868 $\Delta\%^*$ (1.1)%	Written premium: \$4,235 $\Delta\%^*$ (7.0)%	Written premium: \$ 4,320 $\Delta\%^*$ (1.1)%	Written premium: \$102 $\Delta\%^*$ 4.4%	Written premium: \$212 $\Delta\%^*$ 3.5%
Market share: 29.0% $\downarrow \Delta\text{bp}^*$ (220)	Market share: 22.9% $\downarrow \Delta\text{bp}^*$ (249)	Market share: 43.1% $\downarrow \Delta\text{bp}^*$ (131)	Market share: 22.2% $\uparrow \Delta\text{bp}^*$ 373	Market share: 13.7% $\downarrow \Delta\text{bp}^*$ (555)
Standing: 1°	Standing: 1°	Standing: 1°	Standing: 2°	Standing: 2°

Top 5	Cars			
	Written premium growth	Market Share	% LR	% CR
Qualitas	(7.0%)	22.9%	66.2%	94.3%
Chubb Seguros Mexico	6.5%	13.2%	77.4%	112.9%
G.N.P.	9.6%	12.4%	64.8%	100.8%
AXA Seguros	16.6%	10.2%	66.5%	94.4%
BBVA Bancomer	(10.8%)	6.7%	82.8%	110.5%
Total	3.1%	-	65.6%	97.4%

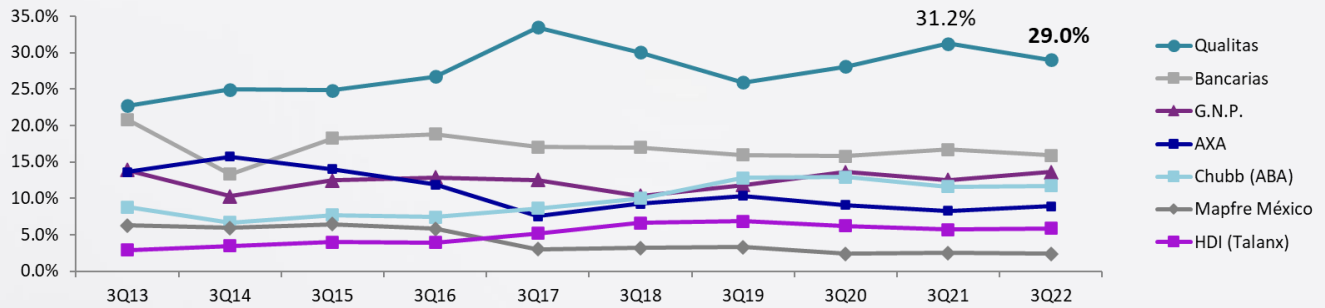
Top 5	Trucks			
	Written premium growth	Market Share	% LR	% CR
Qualitas	4.4%	43.1%	66.3%	93.0%
Chubb Seguros Mexico	14.2%	9.9%	86.9%	103.3%
G.N.P.	(5.7%)	8.6%	69.9%	102.0%
AXA Seguros	9.5%	8.2%	60.9%	81.6%
HDI Seguros	51.6%	7.0%	54.0%	80.1%
Total	7.6%	-	63.9%	89.2%

Figures in million (MXN)
*In comparison with 1Q21

Source: AMIS, prior year figures may vary given updates from the regulator

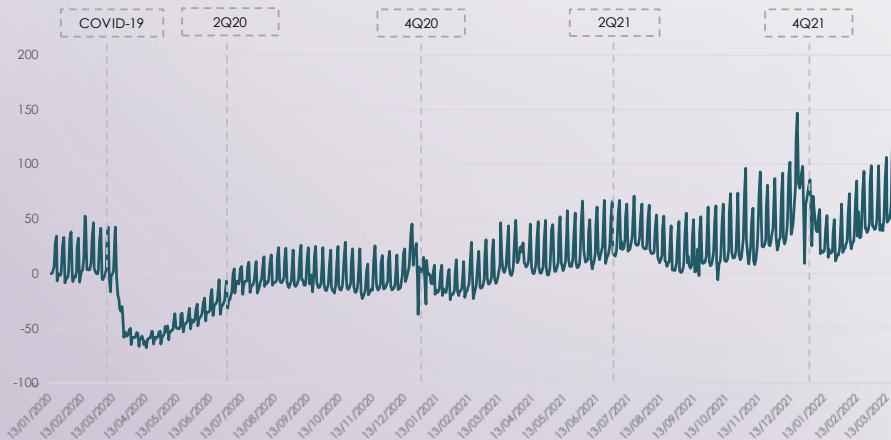
Note: Others include motorcycles, compulsory insurance and floor plan policies.

Top 5	Other			
	Written premium growth	Market Share	% LR	% CR
G.N.P.	73.6%	62.9%	55.1%	122.0%
Qualitas	3.5%	13.7%	45.9%	67.9%
Cardif Seguros Generales	58.0%	13.5%	15.3%	100.7%
Patrimonial Daños	13.2%	3.1%	10.3%	64.3%
HDI Seguros	2.6%	2.8%	31.3%	67.4%
Total	45.6%	-	41.0%	86.2%



Mobility trends

During the quarter, mobility continued its upward trend, registering a higher number of vehicles on the road in comparison to prior quarters. As of 1Q22, according to Apple Mobility trends, private mobility stands 48.1% above pre pandemic levels. Pedestrians' mobility increased by 84.9%, whereas public transportation mobility has come back to normality.



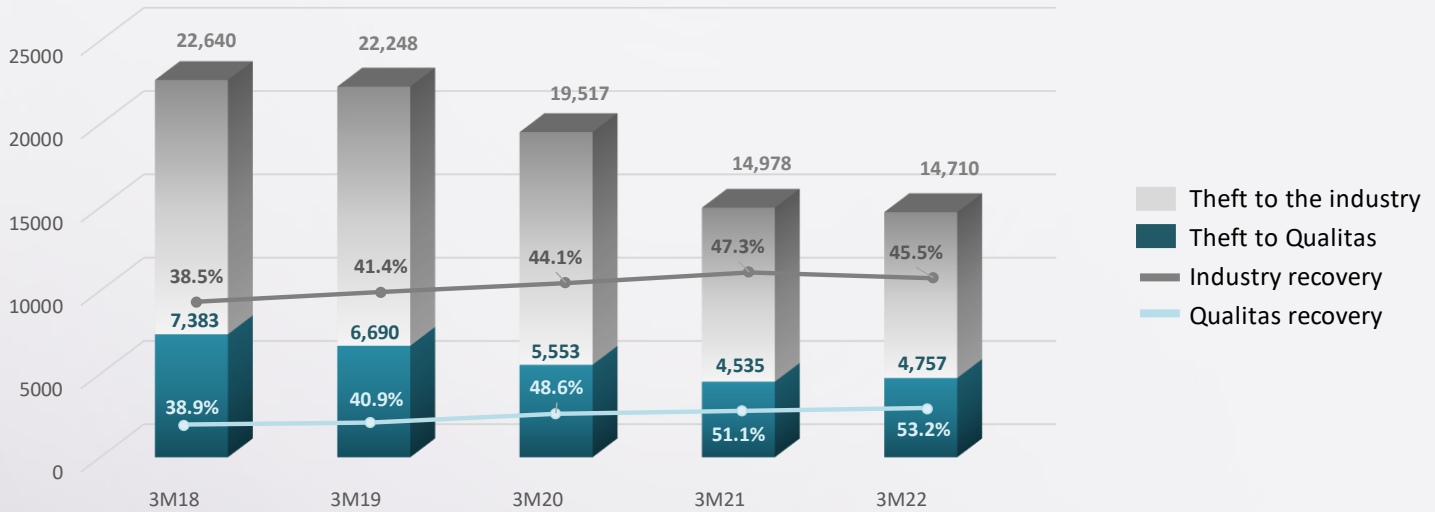
Private mobility	
Period	Δ% vs 2019
2020	(12.9%)
1Q21	(0.0%)
2Q21	20.3%
3Q21	25.1%
4Q21	44.9%
2021	22.4%
1Q22	48.1%

Note: Apple stopped releasing mobility trends data since April 14, 2022.

Theft and recovery

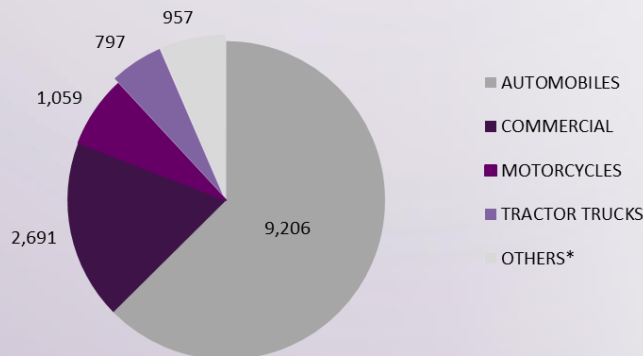
During the first three months of 2022, the decrease in robberies in Mexico continued its positive trend. According to figures reported by the Office for the Coordination of Insured Risks (OCRA per its acronym in Spanish), the theft of insured units in Mexico decreased 1.8% for the industry compared to the same period of prior year; from which 45.5% were recovered.

For Qualitas the decrease in thefts was higher, 3.1 pp above the industry average.



Out of the 14710 stolen units, 64.2% were automobiles and trucks, followed by 18.3% of commercial cars, and motorcycles in third place with 7.2%.

Theft by type of transport⁷

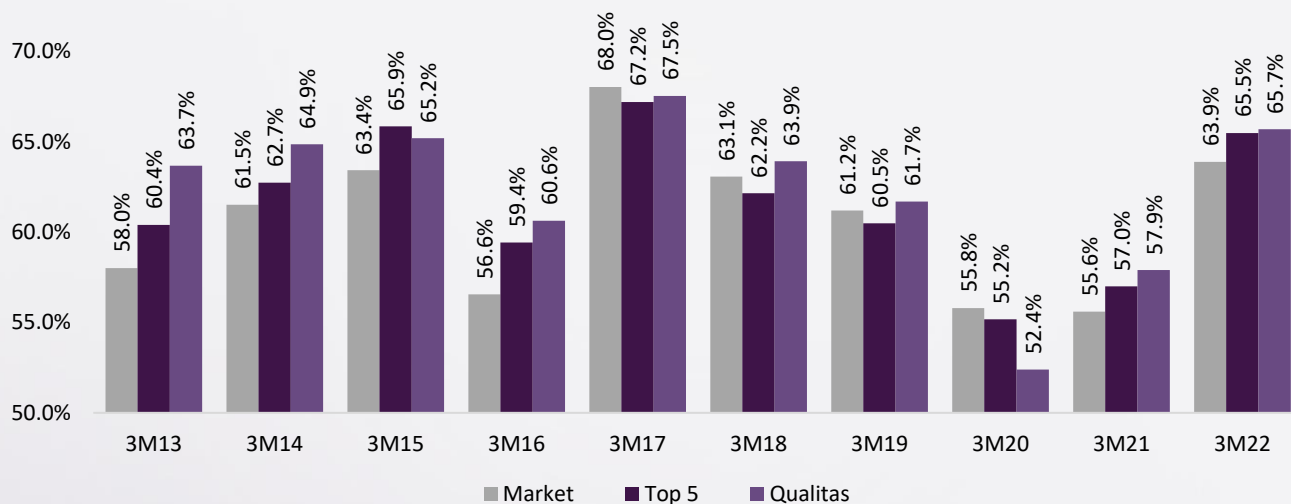


⁷ Fuente: OCRA, cifras en número de unidades acumuladas
 *Otros: semirremolques, camiones de carga, autobuses, colectivos, etc.

Cost ratios

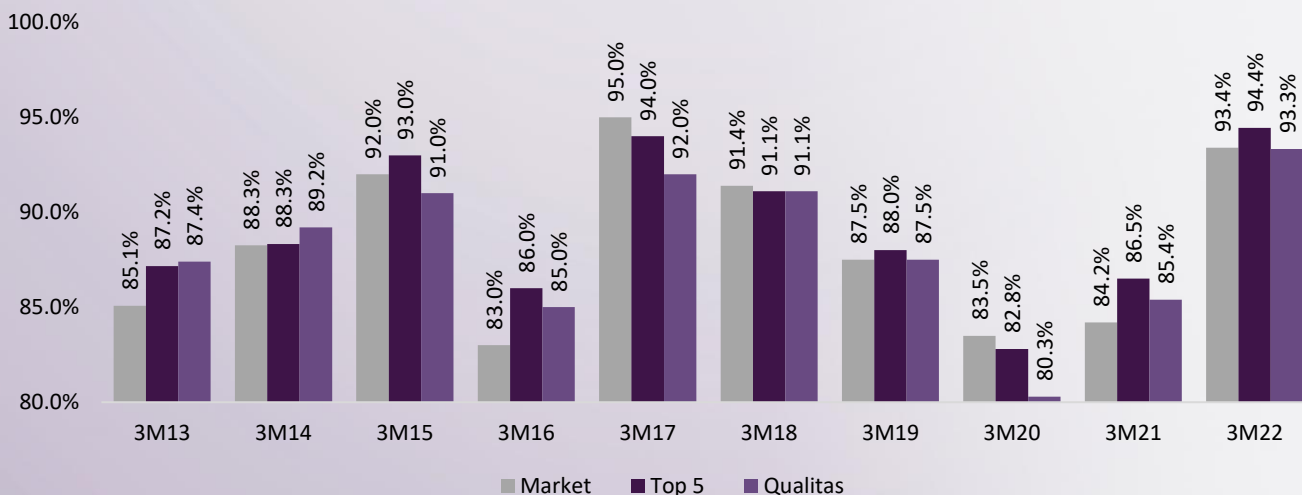
The industry recorded a higher loss ratio compared to 2021, driven by the several items mentioned before related to mobility trends normalization, standing at 63.9%. Top five companies' ratio reported an increase of 8.5 pp, standing at 65.5%. Likewise, Qualitas presented an increase, from 57.9% to 65.7%.

Loss ratio



Combined ratio

The industry's combined ratio stood at 93.4%, 9.2 percentage points above the 2021 figure. The five largest companies registered a ratio of 94.4%, whereas Qualitas reported an increased to 85.4%, from 93.3%.



Information sources

- AMIS. Asociación Mexicana de Instituciones de Seguros, A.C.; www.amis.com.mx (information extracted on May 16, 2022)
- 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. Tendencias de Movilidad de 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).

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