

# Automobile Insurance Industry Report

1º Semester

2019 ↘



Quálitas

DRAWING NEW ROADS

# Auto insurance industry report 6M19

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

According to Association of Insurance Institutions (AMIS), auto insurance industry in Mexico had a nominal growth of 5.9% in written premiums during the first semester of 2019. It is worth mentioning that GDP grew 0.3%<sup>1</sup> in comparison with the same period of last year, although it has no growth with 0.0% compared with the first quarter of 2019; the annual inflation rate as of June was 3.85%<sup>2</sup>.

Automobile financing represented 59.5% of new car sales, this mainly driven by the agencies and financial branches of automakers. New light vehicles sales slowed down by 6.4% compared to the same period of 2018, trucks whole and retail sales increased 48.7% and 14.1% respectively compared to 6M18<sup>3</sup>.

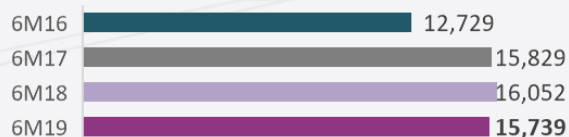
Regarding costs ratios, the industry registered a combined ratio of 90.0%, a significantly lower figure when compared to the 93.6% reported during the same period last year. This change is mainly related to a lower loss and acquisition ratio, driven in most cases due to a gasoline shortage around the country at the beginning of the year and to the drop in sales of financial institutions. Also, it is important to mention that due to business seasonality, the first semester is usually the one with lowest loss ratio.

In order to have a better analysis of the industry, we disaggregate bank-owned insurance companies. These companies, as they are part of financial groups, have cross selling with the banks costumers, and have different cost structures.

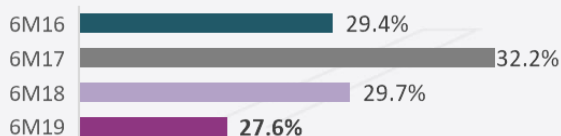
Companies	Written Premiums	Growth	Operating Result	Investment Income	Net Result	Loss Ratio	Combined Ratio
Quálitas	15,739	(2.0%)	2,091	1,172	2,362	60.7%	87.8%
Other	32,518	12.0%	2,181	1,704	3,115	63.2%	93.3%
Sum Insurance Companies	48,257	7.0%	4,272	2,876	5,477	62.3%	91.5%
Bank-owned	8,986	(0.1%)	1,410	761	1,670	63.6%	83.3%
<b>Total Market (34 Companies)</b>	<b>57,243</b>	<b>5.9%</b>	<b>5,682</b>	<b>3,637</b>	<b>7,147</b>	<b>62.2%</b>	<b>90.0%</b>

## Quálitas México (Q MX)

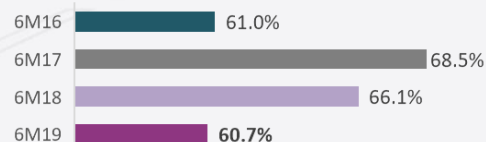
### Written premiums (million MXN)



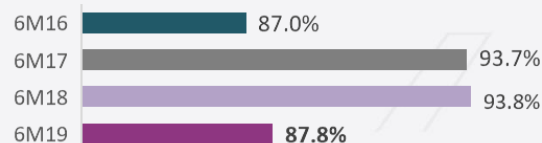
### Market share



### Loss ratio



### Combined ratio



<sup>1</sup> Source: INEGI (Instituto Nacional de Estadística y Geografía)

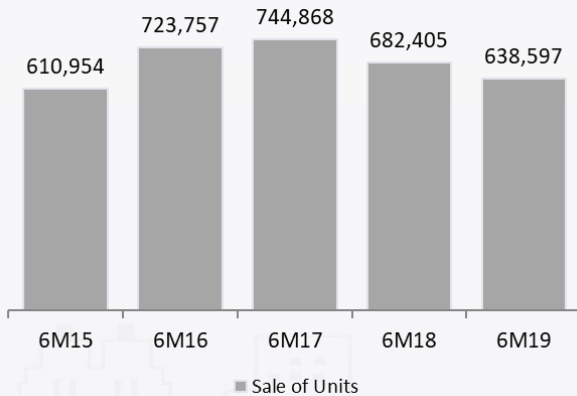
<sup>2</sup> Source: Banco de México

<sup>3</sup> Source: AMDA (Asociación Mexicana de Distribuidores de Automotores)

\*33 Insurance companies and 1 reinsurer.

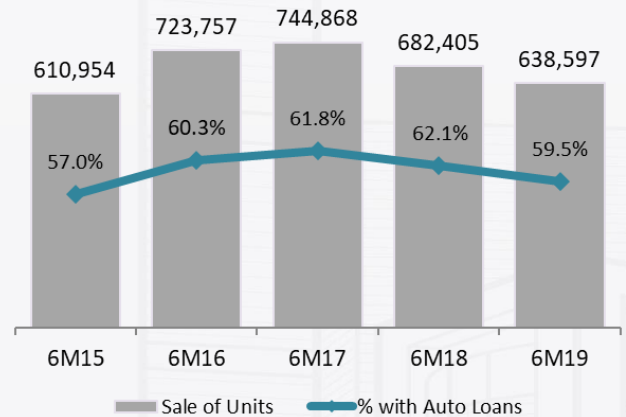
# Automobile industry and financing

## Nationwide sales of vehicles (Automobiles and trucks)<sup>4</sup>



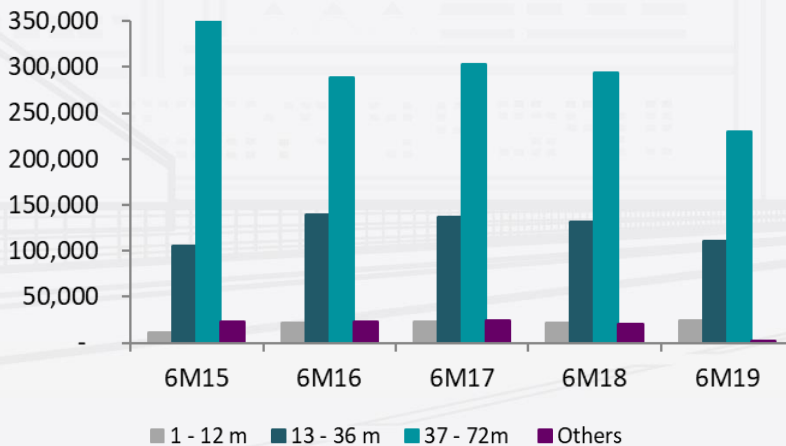
New unit's sales (automobile and trucks) decreased 6.4% when compared to 6M18, totaling 638,597 units.

## Automobile financing<sup>4</sup>



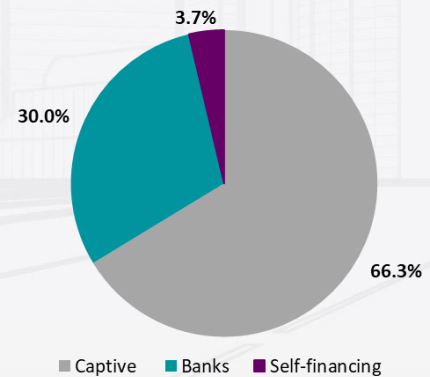
Automobile credit reached 59.5% of total light vehicle sales, compared to 62.1% reported in last year same period.

## Financing terms<sup>5</sup>



At the end of first quarter, most car loans had a duration of 60 months, with 127,266 allocations.

## Automobile financing market<sup>5</sup>



The main sources of financing to purchase a car were automakers and automotive agencies (captives) with a 66.3% market share.

<sup>4</sup> Source: ANPACT y AMDA. Figures in sold units

<sup>5</sup> Source: JATO Dynamics. Figures in allocations.

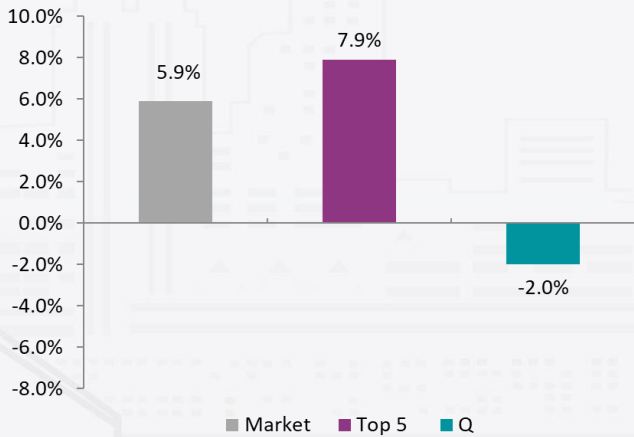
# Automobile insurance industry 6M19

Information contained in this page was obtained from a report issued by AMIS

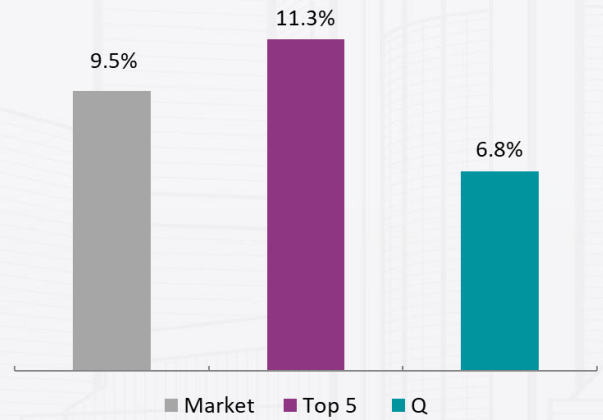
The market recorded total written premiums of \$57,244 million during the first semester of 2019, an increase of 5.9% in comparison with the same period of last year. Top 5 companies grew 7.9%, medium companies 0.8% and small companies 7.5%.

Market's net result was \$7,147 million, this is mainly explained by an operating result of \$5,682 million and a financial income of \$3,637 million.

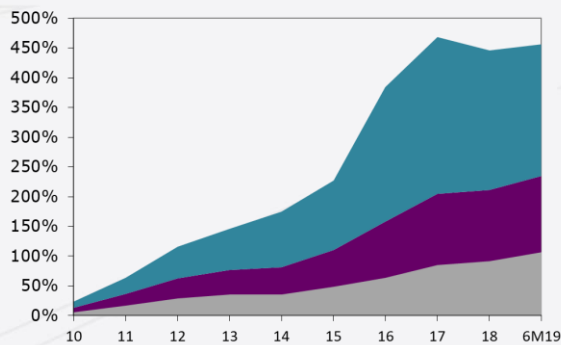
### Written premiums growth 6M19 vs 6M18



### Earned premiums growth 6M19 vs 6M18



### Cumulative growth in written premiums (Base 2010)



	CAGR(%) <sup>6</sup>
Q	13.9%
Market	9.6%
Market without Q	8.4%

<sup>6</sup>CAGR: Compound Annual Growth Rate

# Automobile insurance industry 6M19

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Company	Written premiums	Market share	Growth 6M19 vs 6M18	Earned premiums	Market share
Quálitas	15,739	27.6%	(2.0%)	16,138	31.1%
Chubb	7,086	12.4%	20.8%	2,845	5.5%
G.N.P.	6,988	12.2%	21.1%	6,721	13.0%
AXA Seguros	5,380	9.4%	13.5%	5,360	10.3%
HDI Seguros	3,902	6.8%	2.7%	3,397	6.6%
<b>Top 5</b>	<b>39,095</b>	<b>68.4%</b>	<b>7.9%</b>	<b>34,461</b>	<b>66.5%</b>
Banorte	3,073	5.4%	2.9%	2,901	5.6%
BBVA Bancomer	2,374	4.1%	7.0%	2,162	4.2%
Inbursa	1,642	2.9%	(22.4%)	1,962	3.8%
Zurich Daños	1,383	2.4%	(20.8%)	1,321	2.5%
Mapfre México	1,863	3.3%	8.9%	1,933	3.7%
Atlas	1,699	3.0%	13.2%	1,598	3.1%
Afirme	1,287	2.2%	6.8%	1,145	2.2%
ANA	1,137	2.0%	27.7%	831	1.6%
General de seguros	632	1.1%	-4.3%	627	1.2%
Seguros SURA	638	1.1%	14.3%	630	1.2%
<b>Medium</b>	<b>15,728</b>	<b>27.5%</b>	<b>0.9%</b>	<b>15,110</b>	<b>29.2%</b>
<b>Other</b>	<b>2,421</b>	<b>4.1%</b>	<b>7.5%</b>	<b>2,259</b>	<b>4.4%</b>
<b>Total market (34 Companies)*</b>	<b>57,244</b>	<b>100.0%</b>	<b>5.9%</b>	<b>51,831</b>	<b>100.0%</b>

Company	Operating result	Investment income	Net result	Claims ratio	Combined ratio
Quálitas	2,091	1,172	2,362	60.7%	87.5%
Chubb	212	267	374	64.2%	94.7%
G.N.P.	499	317	602	63.6%	94.8%
AXA Seguros	745	371	936	61.4%	86.0%
HDI Seguros	106	183	202	63.2%	98.0%
<b>Top 5</b>	<b>3,653</b>	<b>2,310</b>	<b>4,476</b>	<b>61.9%</b>	<b>90.6%</b>
Banorte	542	279	831	65.8%	80.5%
Inbursa	333	76	303	56.9%	88.1%
BBVA Bancomer	270	288	221	75.7%	86.5%
Zurich Daños	202	16	255	58.7%	95.5%
Mapfre México	99	72	118	64.2%	96.1%
Atlas	183	107	270	62.8%	87.1%
Afirme	63	85	111	56.8%	90.2%
ANA	52	40	66	56.0%	90.9%
General de seguros	(108)	150	(111)	75.0%	116.9%
Seguros SURA	91	21	106	66.1%	87.2%
<b>Medium</b>	<b>281</b>	<b>403</b>	<b>442</b>	<b>64.1%</b>	<b>88.9%</b>
<b>Other</b>	<b>1,748</b>	<b>925</b>	<b>2,229</b>	<b>54.1%</b>	<b>87.8%</b>
<b>Total market (34 Companies)*</b>	<b>5,682</b>	<b>3,638</b>	<b>7,147</b>	<b>62.2%</b>	<b>90.0%</b>

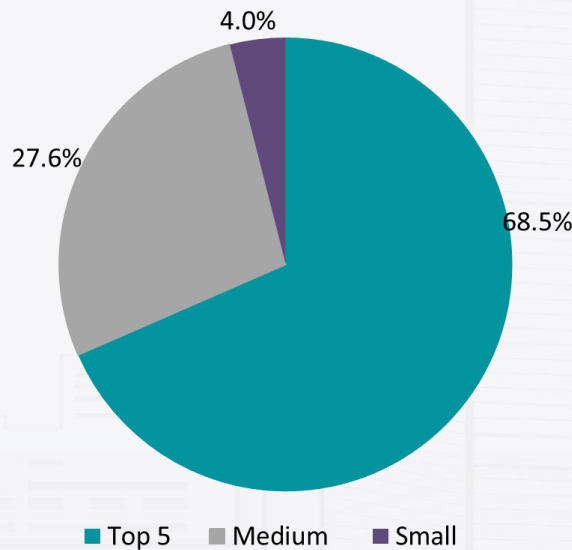
\* 33 Insurance companies and 1 reinsurer.

# Market Share

Information contained in this page was obtained from a report issued by AMIS

The five largest companies in the industry accounted for 68.5% of automobile insurance market share. During the year, large companies gained 1.5% of market share when compared to the same period of 2018, medium companies lost 1.2% and small ones remained unchanged.

Automobile insurance market share distribution



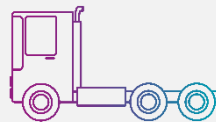
Quálitas continues to be the leader in the automobile insurance market with 27.6% share and remains well positioned amongst key segments of the market. The company is ranked in the first two places in every branch of the industry in terms of market share.

## Cars



**Written premiums:**  
\$ 7,029  
**Market share:**  
19.2%  
**Place:**  
1<sup>o</sup>

## Trucks



**Written premiums:**  
\$ 8,306  
**Market share:**  
44.2%  
**Place:**  
1<sup>o</sup>

## Tourists



**Written premiums:**  
\$ 128  
**Market share:**  
19.4%  
**Place:**  
2<sup>o</sup>

## Other



**Written premiums:**  
\$ 275  
**Market share:**  
24.2%  
**Place:**  
2<sup>o</sup>



## Total Auto

**Witten premiums:**  
\$ 15,739

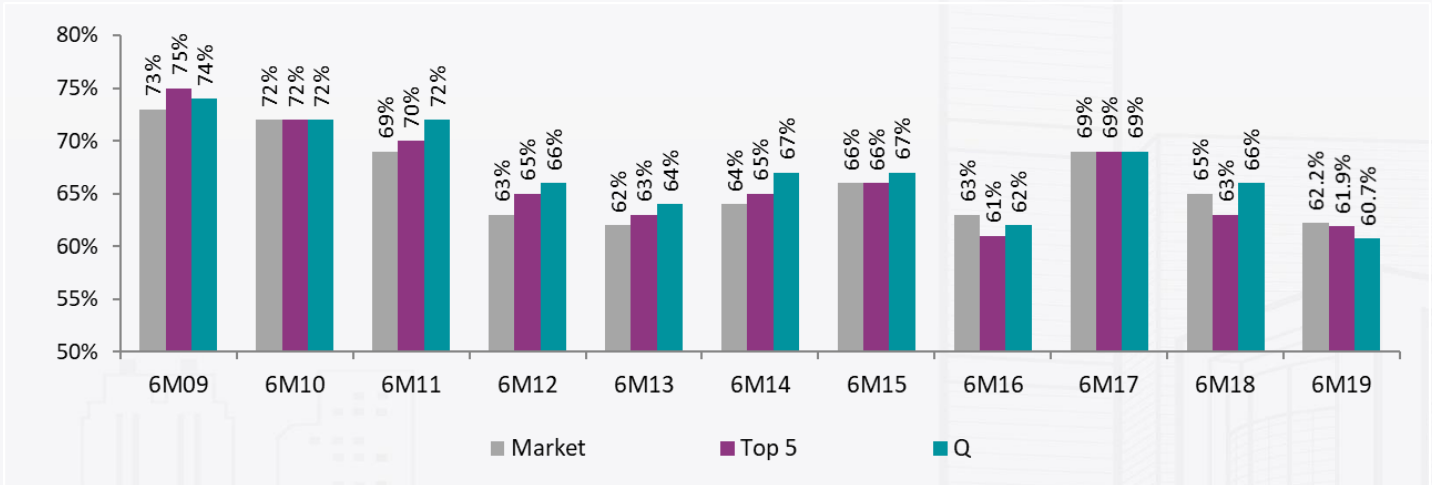
**Market share:**  
27.6%

**Place:**  
1<sup>o</sup>

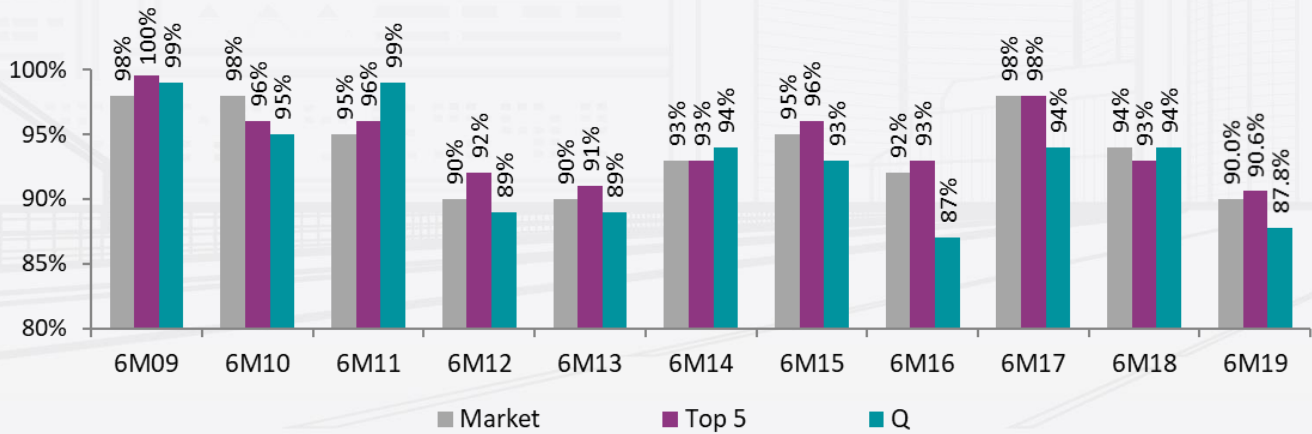
# Costs ratios

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The industry recorded lower loss ratio when compared to the previous year. Loss ratio of the five largest companies decreased from 63.4% to 61.9%, while Q's loss ratio dropped from 66.9% to 60.7%



Combined ratio for the industry reached 90.0%, figure lower than the 93.6% registered by the end of 6M18. The five largest companies recorded 90.6% combined ratio.



## Information sources:

- 1) AMIS. Asociación Mexicana de Instituciones de Seguros, A.C.; [www.amis.com.mx](http://www.amis.com.mx)
- 2) ANPACT. Asociación Nacional de Productores de Autobuses, Camiones y Tracto camiones, A.C.; [www.anpact.com.mx](http://www.anpact.com.mx)
- 3) AMDA. Asociación Mexicana de Distribuidores de Automotores, A.C.; [www.amda.mx](http://www.amda.mx)
- 4) JATO Dynamics. <http://www.jato.com/Mexico>

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](http://www.cnsf.gob.mx)

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## About Quálitas:

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

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