

Automobile Insurance Industry Report

9 months

2019 ↙



Quálitas

DRAWING NEW ROADS

Mexico's Auto insurance industry report 2019

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

According to the Association of Insurance Institutions (AMIS), auto insurance industry in Mexico had a nominal growth of 5.4% in written premiums during the nine months of 2019. It is worth mentioning that GDP decrease 0.2%¹ in comparison with the same period of last year, although it had a small increase of 0.1% compared with the second quarter of 2019; the annual inflation rate as of September was 0.71%².

As stated by AMDA, automobile financing represented 59.6% of new car sales, this mainly driven by the agencies and financial branches of automakers. New light vehicles sales slowed down by 7.5% compared to the same period of 2018, trucks whole and retail sales increased 10.7% and 7.5% respectively compared to the nine months of 2018³.

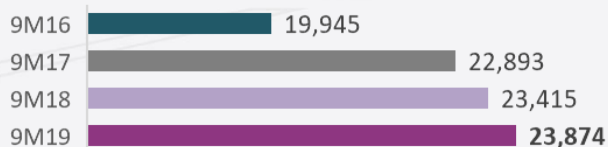
Regarding costs ratios, the industry registered a combined ratio of 90.9%, a significantly lower figure when compared to the 97.4% reported during the same period last year. This change is mainly related to a lower loss and acquisition ratio. Also, it is important to mention that in the third quarter there were no relevant meteorological events that impacted 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.

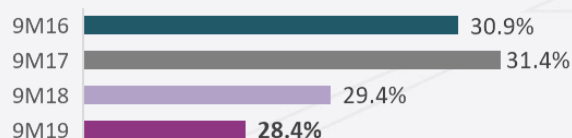
Companies	Written Premiums	Growth	Operating Result	Investment Income	Net Result	Loss Ratio	Combined Ratio
Quálitas	23,874	2.0%	3,256	1,804	3,659	60.3%	87.6%
Other	47,175	8.8%	3,059	2,544	4,439	63.4%	94.1%
Sum Insurance Companies	71,049	6.4%	6,315	4,348	8,098	62.2%	91.7%
Bank-owned	12,922	0.2%	2,090	1,193	2,623	63.4%	84.5%
Total Market (34 Companies)*	83,971	5.4%	8,405	5,541	10,721	62.4%	90.9%

Quálitas México (Q MX)

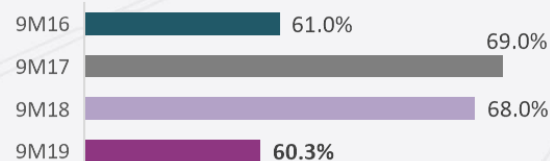
Written premiums (million MXN)



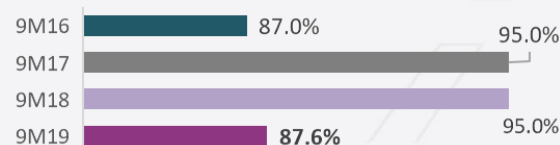
Market share



Loss ratio



Combined ratio



¹ Source: INEGI (Instituto Nacional de Estadística y Geografía)

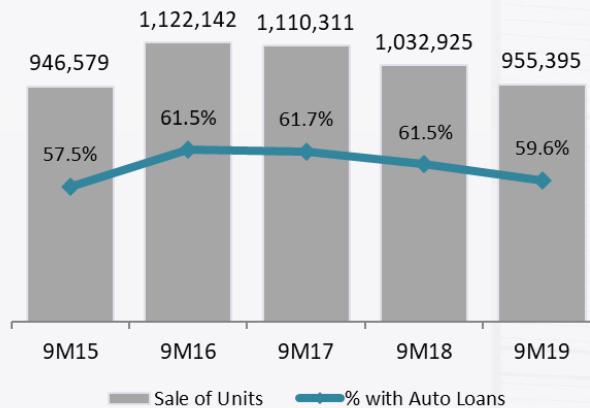
² Source: Banco de México

³ Source: AMDA (Asociación Mexicana de Distribuidores de Automotores)

*33 Insurance companies and 1 reinsurer.

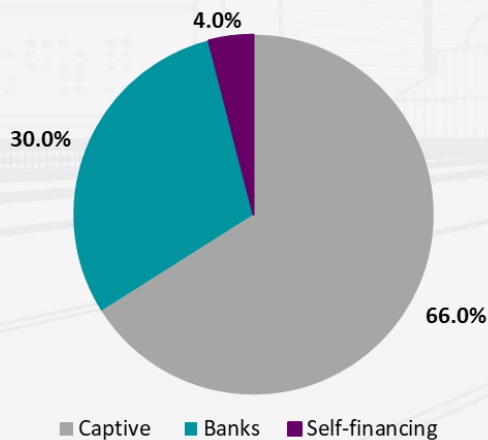
Automobile industry and financing

Nationwide sales of vehicles and financing⁴



The automotive credit reached 59.6% of the commercialization of light vehicles sales compared to the 61.5% registered in the previous year. Likewise, new unit's sales (automobile and trucks) decreased 7.5% compared to 9M18, reaching a total of 955,395 vehicles.

Automobile financing market⁵



The main sources of financing to purchase a car were the agencies and the automakers (captives) with a 66.0% market share, followed by bank financing with a 30.0% market share which had an increase of 140 bp when compared to 9M18.

⁴ Source: ANPACT y AMDA. Figures in sold units
⁵ Figures in allocations

Automobile insurance industry

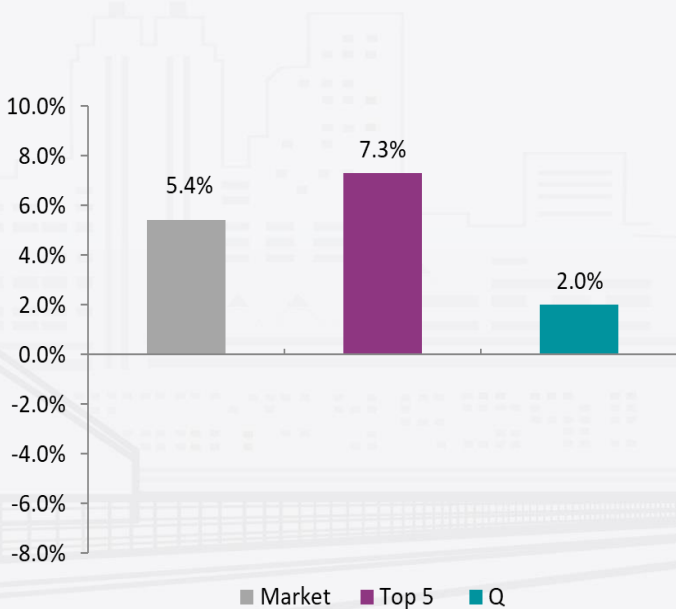
Information contained in this page was obtained from a report issued by AMIS

The market recorded total written premiums of \$83,971 million in the 9M19, an increase of 5.4% in comparison with the same period of last year. Top 5 companies grew 7.3%, medium companies 0.9% and small companies 6.5%.

Market's net result was \$10,721 million, this is mainly explained by an operating result of \$8,405 million and a financial income of \$5,542 million.

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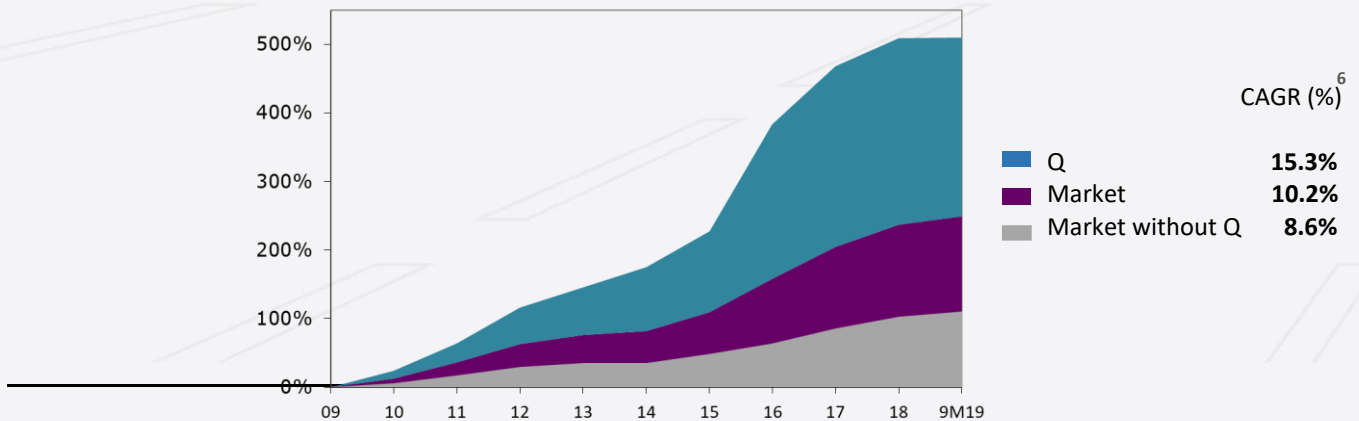
Written premiums growth 9M19 vs 9M18



Earned premiums growth 9M19 vs 9M18



Cumulative growth in premiums written (Base 2009)



⁶CAGR: Compound Annual Growth Rate

Automobile insurance industry

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Company	Written premiums	Market share	Growth 9M19 vs 9M18	Earned premiums	Market share
Quálitas	23,874	28.4%	1.96%	24,616	31.5%
G.N.P.	10,652	12.7%	15.9%	10,240	13.1%
Chubb	10,068	12.0%	15.7%	4,244	5.4%
AXA Seguros	7,707	9.2%	12.1%	8,002	10.2%
HDI Seguros	5,435	6.5%	(3.7%)	4,994	6.4%
Top 5	57,736	68.8%	7.3%	52,096	66.6%
Banorte	4,333	5.2%	1.2%	4,318	5.5%
BBVA Bancomer	3,462	4.1%	9.3%	3,317	4.2%
Inbursa	2,521	3.0%	(19.9%)	2,964	3.8%
Zurich Daños	1,984	2.4%	(16.7%)	1,937	2.5%
Mapfre México	2,767	3.3%	8.0%	2,908	3.7%
Atlas	2,460	2.9%	13.2%	2,467	3.2%
Afirme	1,689	2.0%	6.8%	1,652	2.1%
ANA	1,664	2.0%	27.7%	1,220	1.6%
General de seguros	926	1.1%	-4.3%	957	1.2%
Seguros SURA	945	1.1%	14.3%	989	1.3%
Medium	22,751	27.1%	0.9%	22,729	29.1%
Other	3,483	4.1%	7.5%	3,406	4.4%
Total market (34 Companies)*	83,970	100.0%	5.4%	78,232	100.0%

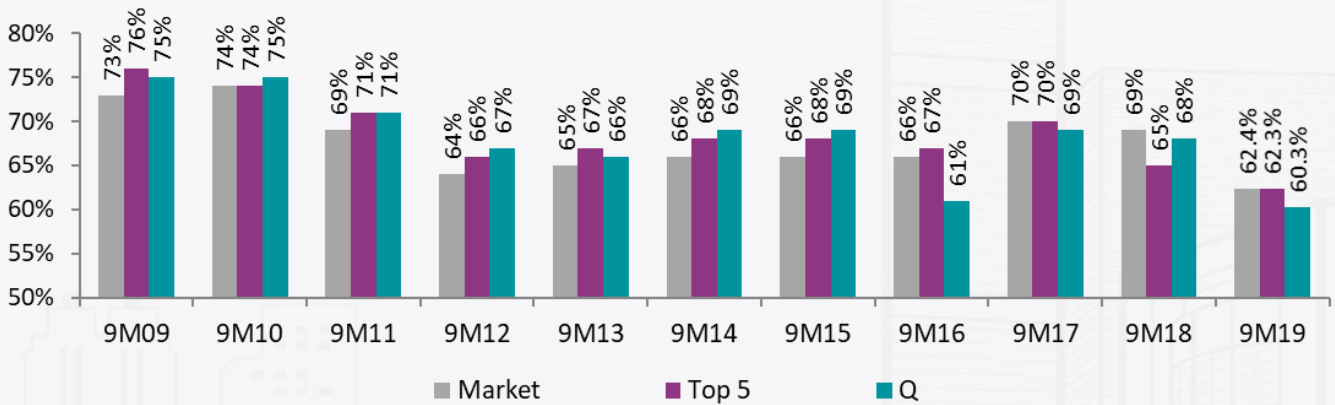
Company	Operating result	Investment income	Net result	Claims ratio	Combined ratio
Quálitas	3,256	1,804	3,659	60.3%	87.6%
G.N.P.	810	524	959	62.5%	94.3%
Chubb	235	379	412	67.2%	98.5%
AXA Seguros	971	585	1,335	62.6%	88.8%
HDI Seguros	51	295	242	67.3%	102.1%
Top 5	5,323	3,587	6,607	62.3%	91.5%
Banorte	871	420	1,287	63.8%	79.8%
Inbursa	473	105	429	58.0%	88.6%
BBVA Bancomer	392	493	462	75.4%	87.7%
Zurich Daños	310	27	335	60.5%	94.3%
Mapfre México	159	100	182	64.2%	96.1%
Atlas	350	169	444	62.8%	86.0%
Afirme	34	124	116	59.9%	97.0%
ANA	75	65	99	54.6%	91.2%
General de seguros	(107)	157	50	74.1%	112.4%
Seguros SURA	168	29	199	64.2%	85.7%
Medium	2,725	1,689	3,603	63.8%	89.3%
Other	357	266	511	55.2%	91.5%
Total market (34 Companies)*	8,405	5,542	10,721	62.4%	90.9%

* 33 Insurance companies and 1 reinsurer.

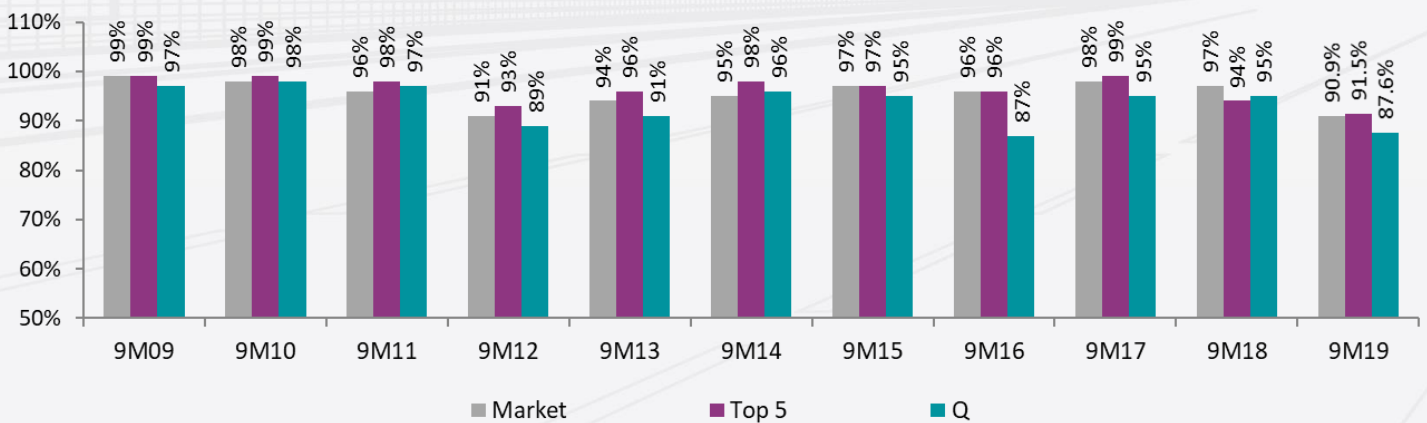
Costs ratios

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The industry recorded lower loss ratio when compared to the previous year. Loss ratio of the five largest companies decreased to 62.3%, while Quálitas loss ratio dropped from 68% to 60.3%



Combined ratio for the industry reached 90.9%, figure lower than the 97% registered at the end of 9M18. The five largest companies recorded 91.5% and Quálitas combined ratio reached 87.6%.



Information sources:

- 1) AMIS. Asociación Mexicana de Instituciones de Seguros, A.C.; www.amis.com.mx
- 2) ANPACT. Asociación Nacional de Productores de Autobuses, Camiones y Tracto camiones, A.C.; www.anpact.com.mx
- 3) AMDA. Asociación Mexicana de Distribuidores de Automotores, A.C.; www.amda.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 Quálitas:

Quálitas (Q) is the largest auto insurance company in Mexico in terms of market cap penetration, 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. Quálitas is listed on the Mexican Stock Exchange (BMV) under the ticker "Q" (Bloomberg: Q*:MM).

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