

# Automobile Insurance Industry Report

1st Quarter  
2019 ↘



DRAWING NEW ROADS

# Auto insurance industry report 1Q19

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 7.3% in written premiums during the first quarter of 2019. It is worth mentioning that GDP grew 1.3%<sup>1</sup> in comparison with the first quarter of last year, although it contracted 0.2% compared with last quarter of 2018; the annual inflation rate as of March was 3.55%<sup>2</sup>.

Automobile financing represented 68.8% of new car sales, this mainly driven by the agencies and financial branches of automakers. New light vehicles sales slowed down by 1.7% compared to the same period of 2018, trucks whole and retail sales increased 7.6% and 8.7% respectively compared to 1Q18<sup>3</sup>.

Regarding costs ratios, the industry registered a combined ratio of 87.6%, a significantly lower figure when compared to the 91.4% 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 fall in sales of financial institutions. Also, it is important to mention that due to business seasonality, the first quarter 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.

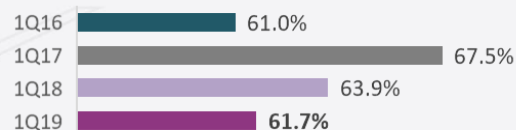
Companies	Written premium	Growth	Operating result	Financial income	Net result	Loss ratio	Combined ratio
Quálitas	7,975	-7.4%	947	631	1,147	61.6%	87.5%
Others	18,734	23.0%	1,417	880	1,829	58.4%	85.0%
Sum insurance companies	26,709	12.3%	2,364	1,511	2,976	60.0%	86.0%
Bank-owned	4,059	-16.8%	633	357	762	65.8%	89.0%
<b>Total market (34 companies)*</b>	<b>30,769</b>	<b>7.3%</b>	<b>2,997</b>	<b>1,868</b>	<b>3,738</b>	<b>61.2%</b>	<b>87.5%</b>

## Quálitas México (Q MX)

### Written premiums (million MXN)



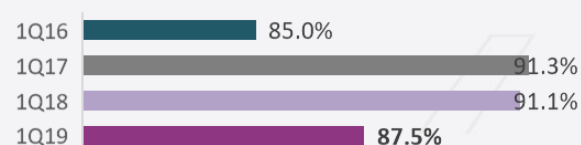
### Loss ratio



### Market share



### Combined ratio



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

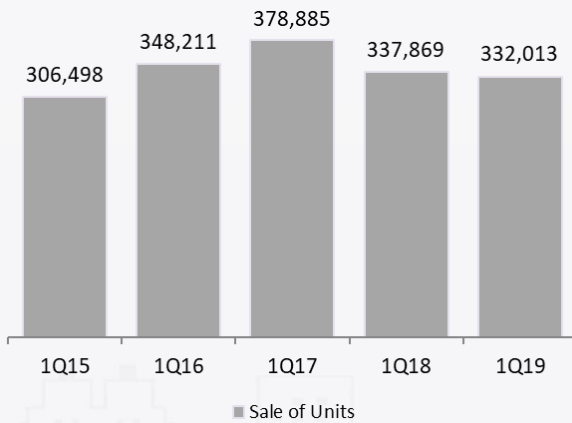
<sup>2</sup> Source: Banco de México

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

\*33 Insurance companies and 1 reinsurer.

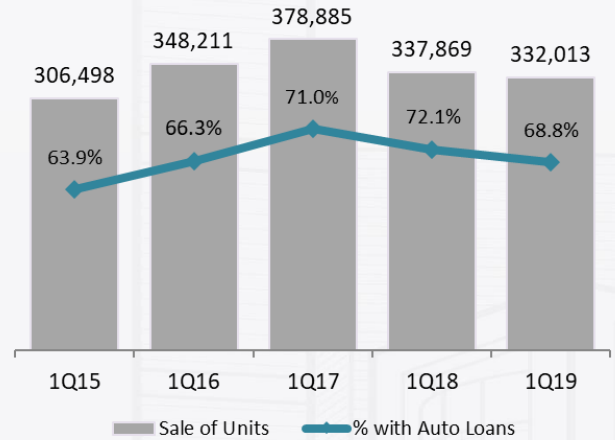
# Automobile industry and financing

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



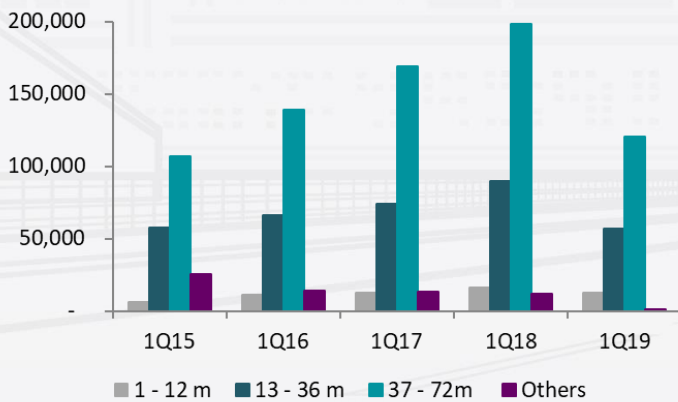
New unit's sales (automobile and trucks) decreased 1.7% when compared to 1Q18, totaling 332,013 units.

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



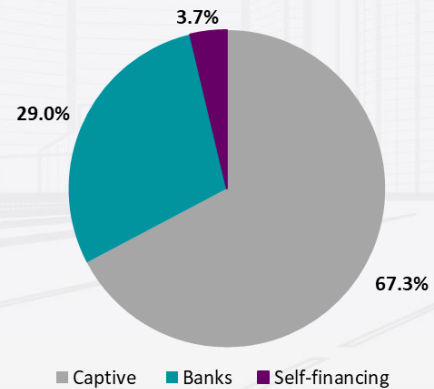
Automobile credit reached 68.8% of total light vehicle sales, compared to 72.1% reported in last year same period.

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



At the end of first quarter, most car loans had a duration of 60 months, with 66,213 allocations.

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



The main sources of financing to purchase a car were automakers and automotive agencies (captives) with a 67.3% of market share.

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

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

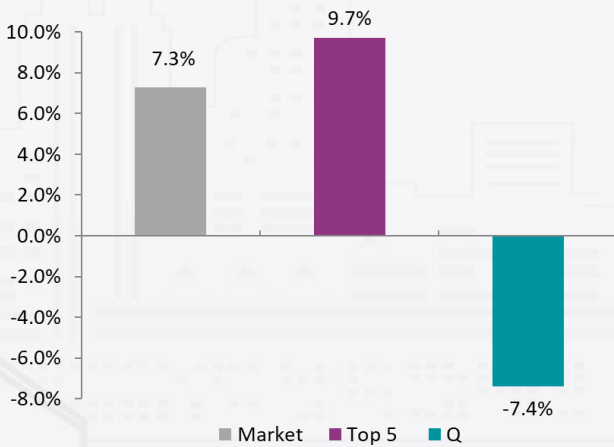
# Automobile insurance industry 1Q2019

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

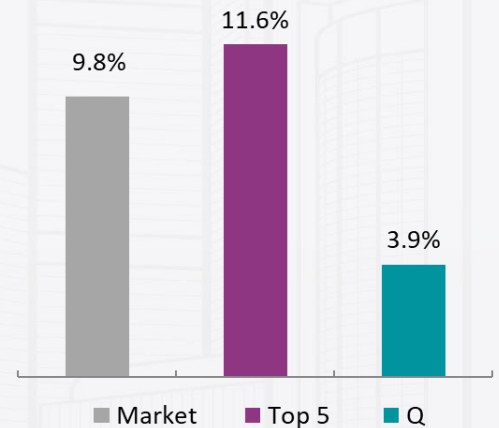
The market recorded total written premiums of \$30,769 million in the first quarter of 2019, an increase of 7.3% in comparison with the same period of last year. Top 5 companies grew 9.7%, médium companies 1.1% and small companies 14.3%.

Market's net result was \$3,738 million, this is mainly explained by an operating result of \$2,997 million and a financial income of \$1,868 million.

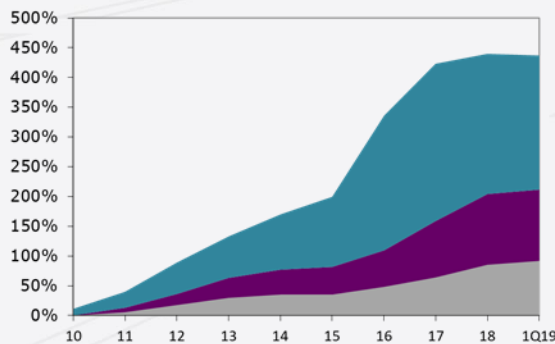
**Written premiums growth  
1Q19 vs 1Q18**



**Earned premiums growth  
1Q19 vs 1Q18**



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



	CAGR (%) <sup>6</sup>
Q	14.0%
Market	10.5%
Market without Q	9.5%

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

# Automobile insurance industry 1Q2019

La información contenida en esta página se obtuvo de reportes emitidos por la AMIS

Company	Written premiums	Market share	Growth 1Q19 vs 1Q18	Earned premiums	Market share
Quálitas	7,975	25.9%	(7.4%)	7,842	30.3%
Chubb	3,932	12.8%	32.8%	1,454	5.6%
G.N.P.	3,633	11.8%	26.6%	3,345	12.9%
AXA Seguros	3,187	10.4%	20.3%	2,851	11.0%
HDI Seguros	2,103	6.8%	11.0%	1,718	6.6%
<b>Top 5</b>	<b>20,830</b>	<b>67.7%</b>	<b>9.7%</b>	<b>17,210</b>	<b>66.6%</b>
Banorte	1,632	5.3%	2.1%	1,361	5.3%
BBVA Bancomer	1,396	4.5%	10.6%	1,054	4.1%
Inbursa	882	2.9%	(26.8%)	1,017	3.9%
Zurich Daños	875	2.8%	(22.7%)	694	2.7%
Mapfre México	1,017	3.3%	11.0%	933	3.6%
Atlas	905	2.9%	19.7%	844	3.3%
Afirme	685	2.2%	21.8%	559	2.2%
ANA	638	2.1%	39.6%	444	1.7%
General de seguros	311	1.0%	-4.0%	336	1.3%
Seguros SURA	283	0.9%	10.0%	298	1.2%
<b>Medium</b>	<b>8,624</b>	<b>28.0%</b>	<b>1.1%</b>	<b>7,540</b>	<b>29.2%</b>
<b>Other</b>	<b>1,315</b>	<b>4.3%</b>	<b>14.4%</b>	<b>1,155</b>	<b>4.5%</b>
<b>Total market (33 Companies)*</b>	<b>30,769</b>	<b>100.0%</b>	<b>7.3%</b>	<b>25,906</b>	<b>100.0%</b>

Company	Operating result	Investment income	Net result	Claims ratio	Combined ratio
Quálitas	947	631	1,147	61.7%	87.5%
Chubb	119	153	225	60.4%	90.8%
G.N.P.	329	162	349	60.6%	91.1%
AXA Seguros	516	151	498	57.1%	79.3%
HDI Seguros	73	77	105	60.8%	94.6%
<b>Top 5</b>	<b>1,984</b>	<b>1,174</b>	<b>2,324</b>	<b>60.5%</b>	<b>88.0%</b>
Banorte	218	138	370	67.0%	81.8%
Inbursa	166	40	153	58.7%	87.5%
BBVA Bancomer	147	169	141	76.3%	83.7%
Zurich Daños	132	16	150	54.8%	88.1%
Mapfre México	(17)	36	25	69.0%	99.1%
Atlas	120	59	175	60.9%	84.2%
Afirme	23	44	52	57.0%	88.6%
Ana	24	22	33	58.0%	89.7%
General de seguros	(28)	67	28	71.1%	111.3%
Seguros SURA	49	9	49	61.1%	87.7%
<b>Medium</b>	<b>835</b>	<b>600</b>	<b>1,178</b>	<b>64.3%</b>	<b>87.3%</b>
<b>Other</b>	<b>178</b>	<b>94</b>	<b>236</b>	<b>52.2%</b>	<b>77.9%</b>
<b>Total market (33 Companies)*</b>	<b>2,997</b>	<b>1,868</b>	<b>3,738</b>	<b>61.2%</b>	<b>87.5%</b>

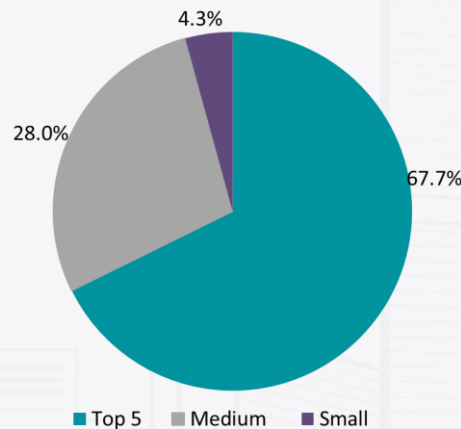
\* 33 Insurance companies and 1 reinsurer.

# Market Share

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

The five largest companies in the industry accounted for 67.7% 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 1.8% and small gained 0.3%.

Automobile insurance market share



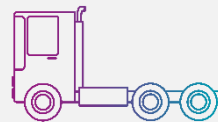
Qualitas continues to be the leader in the automobile insurance market with 25.9% share and remains well positioned amongst key segments of the market. The company is ranked in the first two places in every branch of the industry in terms of market share.

## Cars



**Written premiums:**  
\$ 3,617  
**Market share:**  
18.0%  
**Place:**  
1<sup>o</sup>

## Trucks



**Written premiums:**  
\$ 4,146  
**Market share:**  
42.7%  
**Place:**  
1<sup>o</sup>

## Tourists



**Written premiums:**  
\$ 75  
**Market share:**  
19.1%  
**Place:**  
2<sup>o</sup>

## Other



**Written premiums:**  
\$ 137  
**Market share:**  
22.9%  
**Place:**  
2<sup>o</sup>



## Total Auto

**Written premiums:**  
\$ 7,975

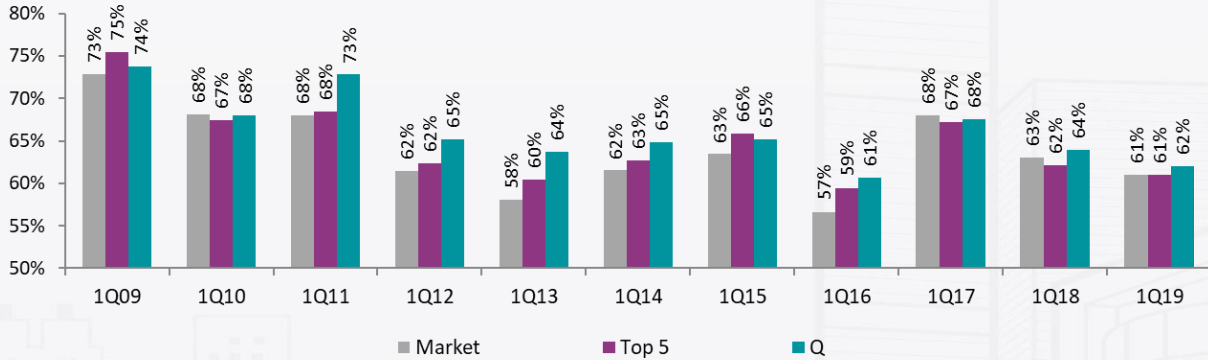
**Market share:**  
25.9%

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

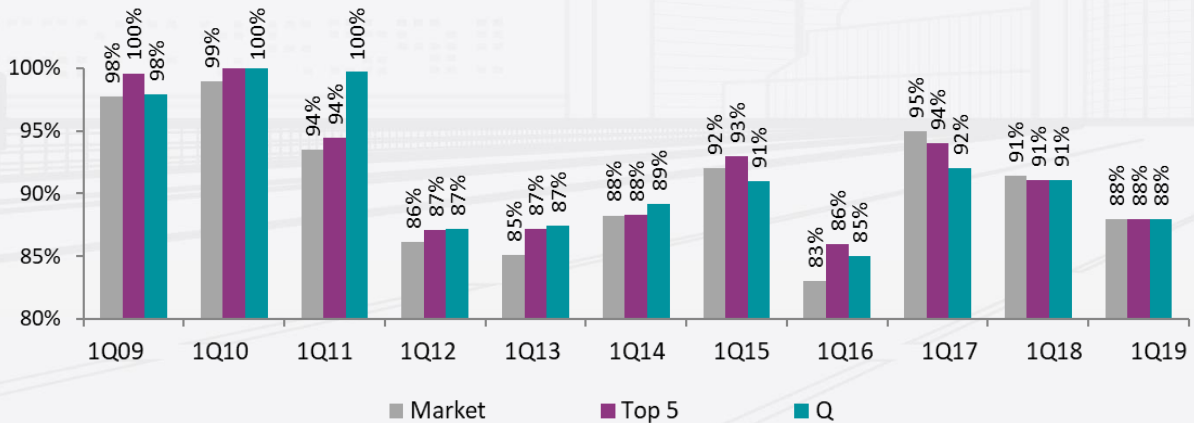
# Costs ratios

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

The industry recorded lower loss ratio when compared to the previous year. Loss ratio of the five largest companies decreased from 62.1% to 60.5%, while Q's loss ratio dropped from 63.9% to 61.6%



Combined ratio for the industry reached 87.5%, figure lower than the 91.4% registered by the end of 1Q18. The five largest companies recorded 88.0% 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)

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).

## Investor relations contacts:

- **Santiago Monroy**  
[smonroy@qualitas.com.mx](mailto:smonroy@qualitas.com.mx)  
T: +52 (55) 1555-6056
- **Andreina Incandela**  
[aincandela@qualitas.com.mx](mailto:aincandela@qualitas.com.mx)  
T: +52 (55) 1555-6104
- **José Antonio Mundo**  
[jamundo@qualitas.com.mx](mailto:jamundo@qualitas.com.mx)  
T: +52 (55) 1555-6313

[qiinversionistas.qualitas.com.mx](http://qiinversionistas.qualitas.com.mx)