



WEBINAR



**INSURANCE/
RE-INSURANCE
GROUP**

WSG Insurance/Re-Insurance Group: Impacts of Inflation in the Insurance Market



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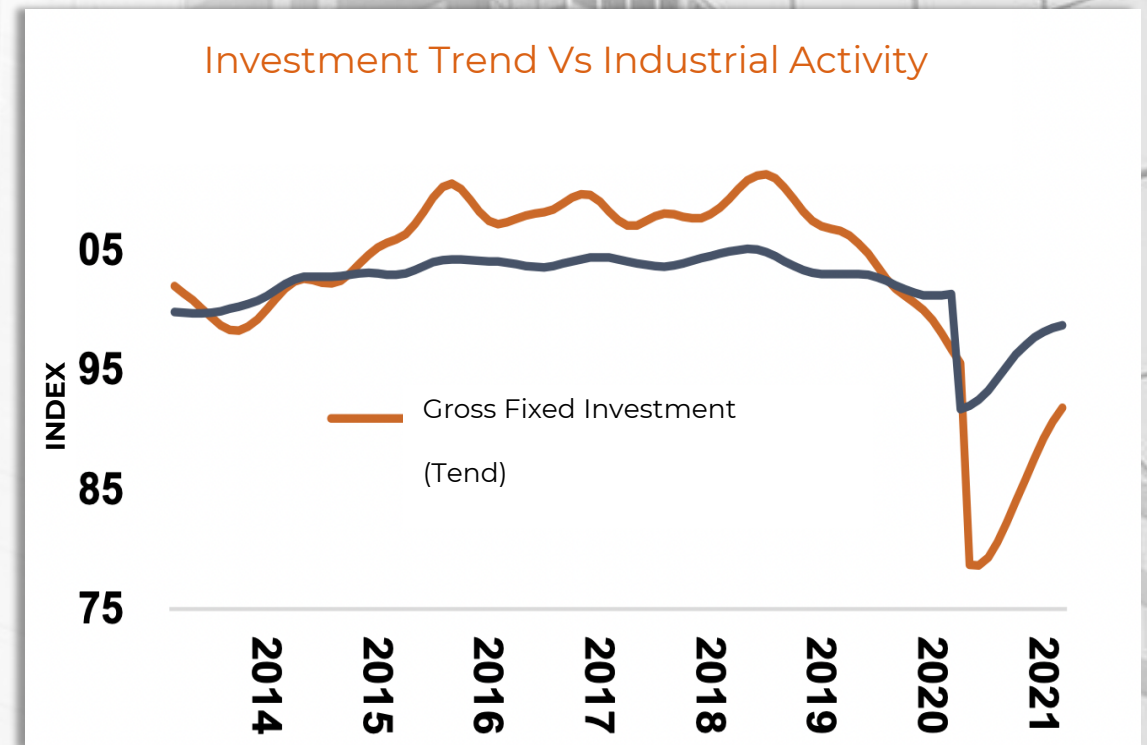
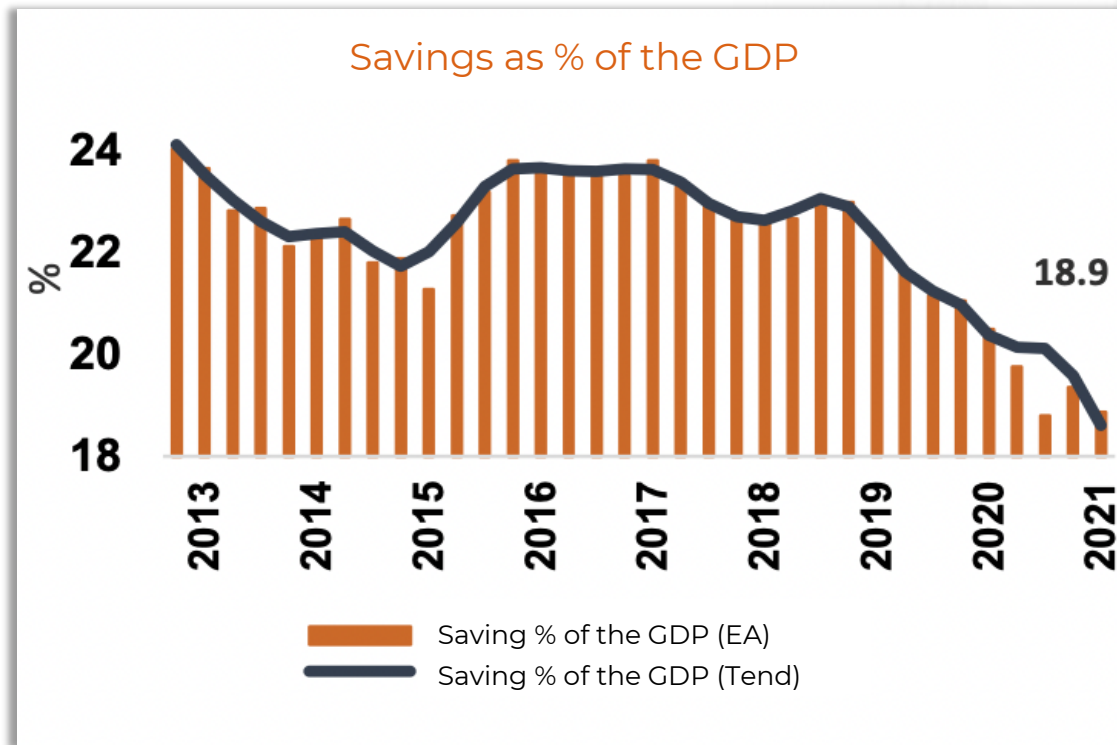
THE IMPACT OF INFLATION IN THE INSURANCE BUSINESS IN MEXICO

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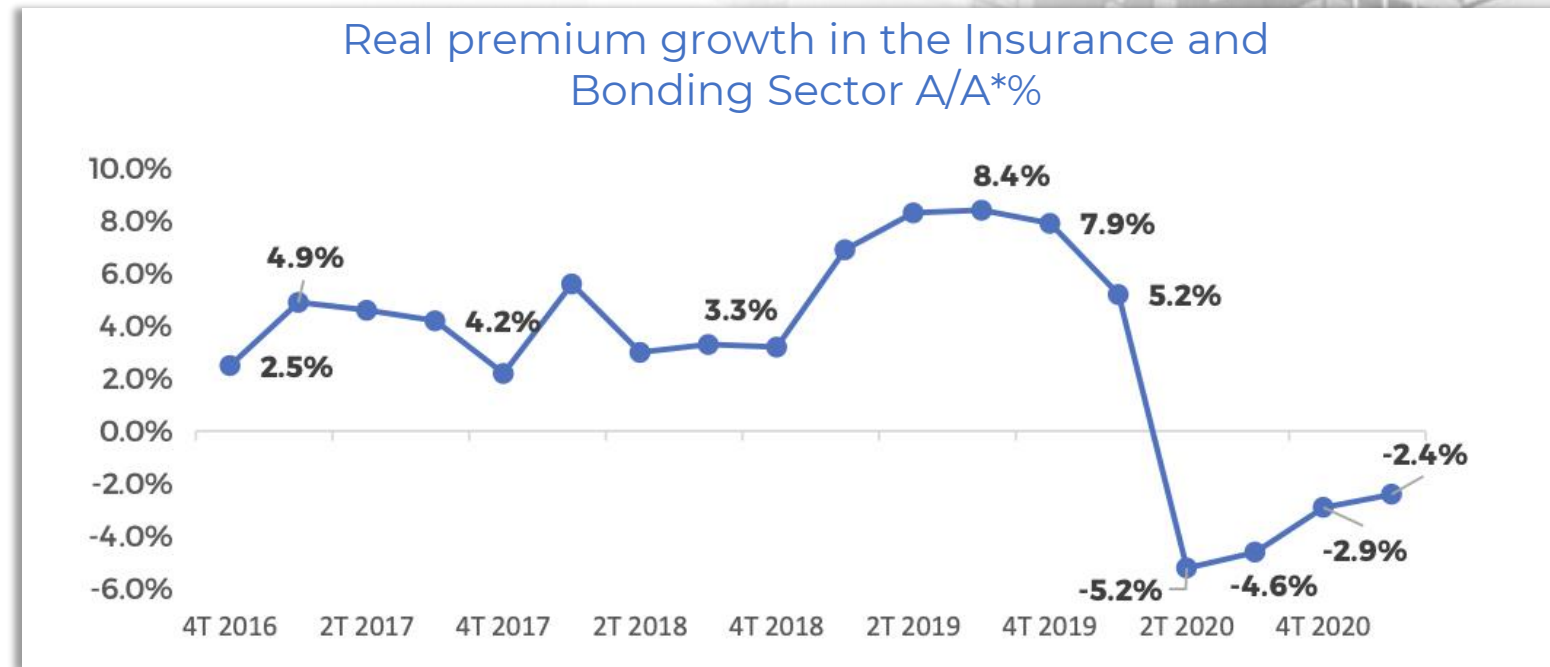
FIRST QUARTER OF 2021

The Mexican economy, slowdowns its recovery...



ANNUAL BEHAVIOR

The growth of the Sector in the 1st quarter of 2021 was -2.4%, in Insurance -2.6% and in Bonds 11.3%.



*Cumulative growth compared to the same quarter of the previous year.

FIRST QUARTER OF 2021

THE INSURANCE AND BONDING SECTOR IS FACING A NEW REALITY.

- Well capitalized market to face COVID-19.
- Impact of the pandemic → Second most significant incident (after Hurricane Wilma in 2005)
- Pandemic case reports as to March 15, 2021.
- Insurance movements: Life (-4.8%), Medical Expenses 8.6%, Vehicles (-14.3%).

FIRST QUARTER OF 2021

SECOND QUARTER OF 2021

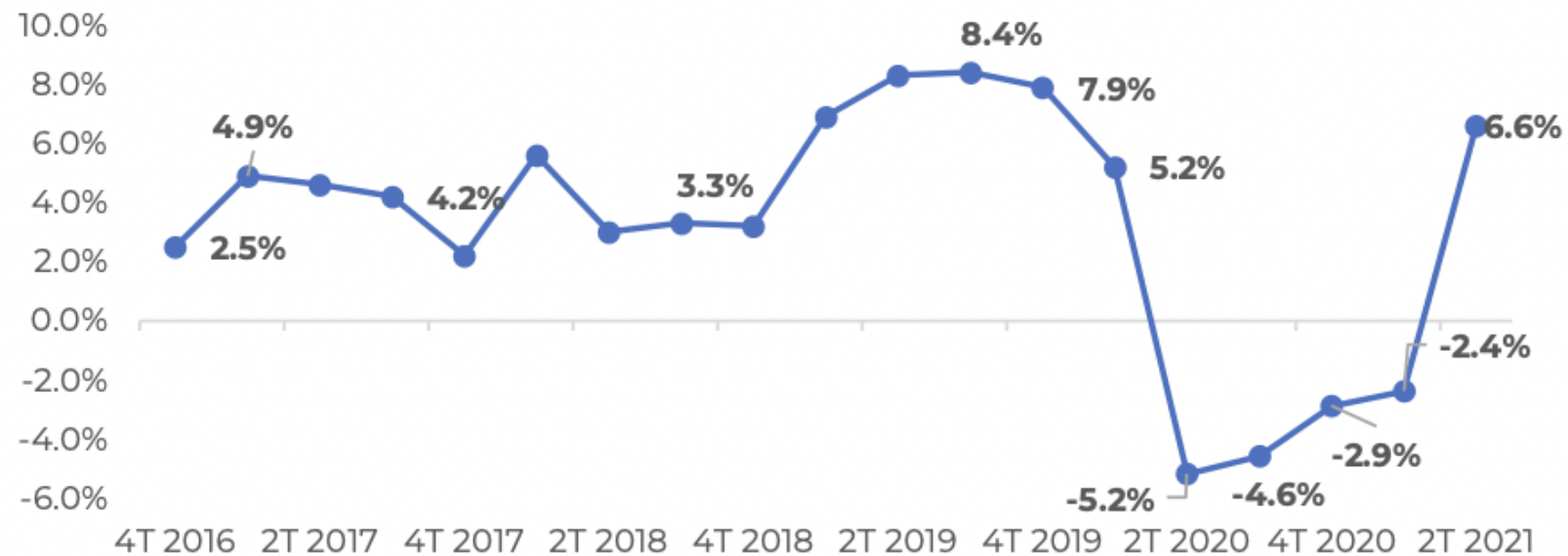
The economy showed acceleration in its recovery by registering in the Q2 a GDP growth of 1.5% compared to the Q1.



ANNUAL BEHAVIOR

The sector's growth in Q2 2021 was 6.6%, in Insurance with 6.5%, and in Bonds with 13.4%.

Real premium growth in the Insurance and Bonding Sector A/A*%



*Cumulative growth compared to the same quarter of the previous year.

SECOND QUARTER OF 2021

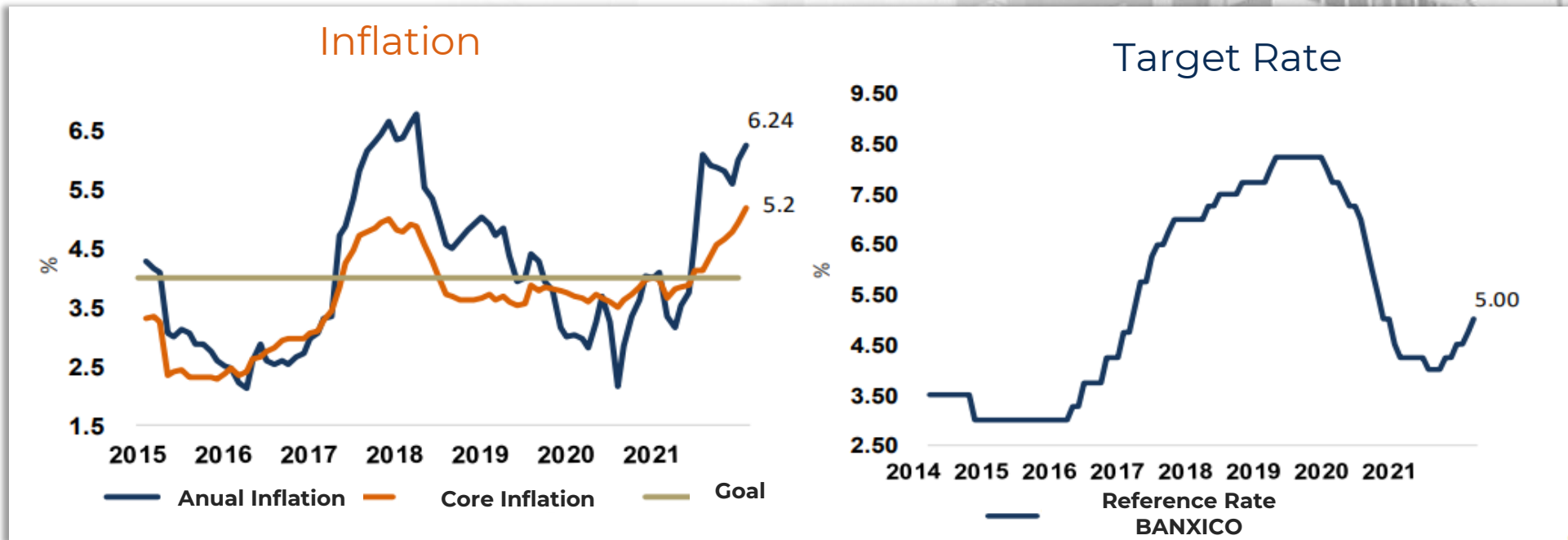
DELTA VARIANT ARRIVES

- Pandemic → second place in the most expensive event.
- Uncertain environment → new variant of the virus, called "Delta".
- Job losses → effect on the placement of premiums, especially Vehicles.
- Lag regarding economy due to the nature of the Sector.
- Repercussions on Life and Vehicle insurance.

SECOND QUARTER OF 2021

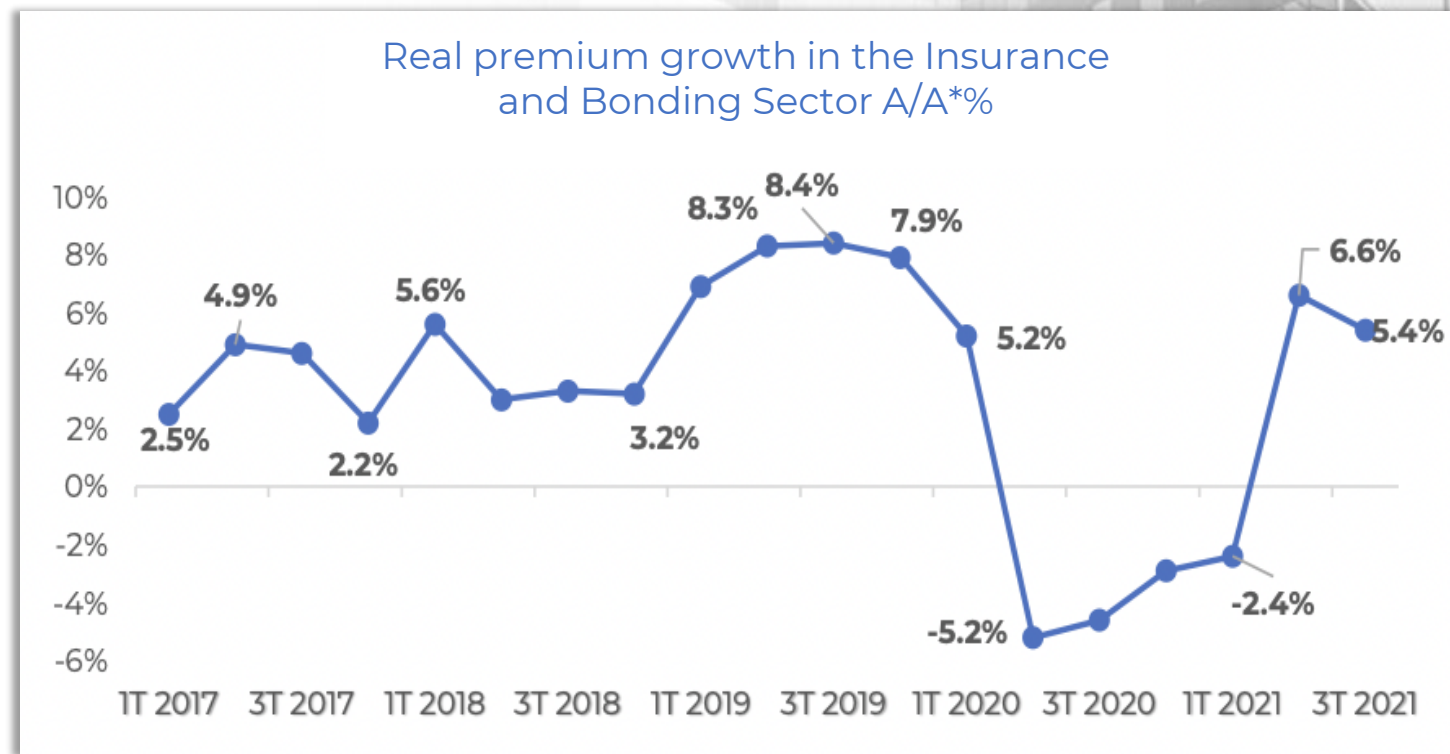
THIRD QUARTER OF 2021

- Worldwide expansionary policies to face the economic crisis derived from the pandemic.
- Impact in Mexico → variation in prices has an effect on the entire economy.
- BANXICO → normalizes its monetary policy and place its reference rate at 5.0%



ANNUAL BEHAVIOR

The gradual reopening in the economy and the return to the new normality boosted the Sector's growth during Q3 2021 by 5.4%, Insurance by 5.3% and Bonds by 11.8%.



*Cumulative growth compared to the same quarter of the previous year.

THIRD QUARTER OF 2021

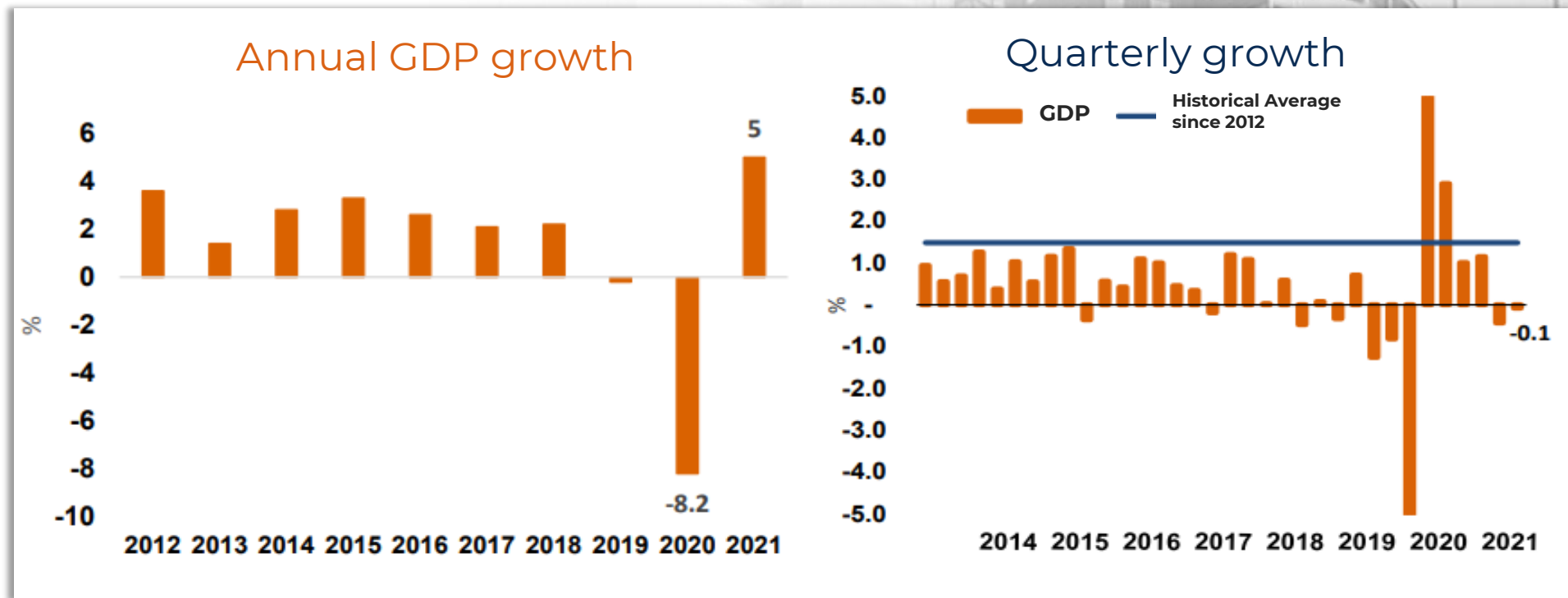
THE **PANDEMIC** IS ALREADY PLACED AS THE **MOST EXPENSIVE INCIDENT** THAT HAS FACED THE **MEXICAN INSURANCE SECTOR**.

- The epidemiological indicator began turning green in most of the Mexican states leading to a normalized economy→ positive impact on premium placements.
- Pandemic case reports as to the end of the third quarter of 2021,
- The pandemic has become the most devastating incident for the sector (surpassing Hurricane Wilma in 2005 and the earthquake of September 19, 2017)
- The future is unclear with the threat of the Omicron variant looming.
- Behavior of operations of the Sector→ Life, Vehicles, Pension Accident and Sickness and Medical Expenses.

THIRD QUARTER OF 2021

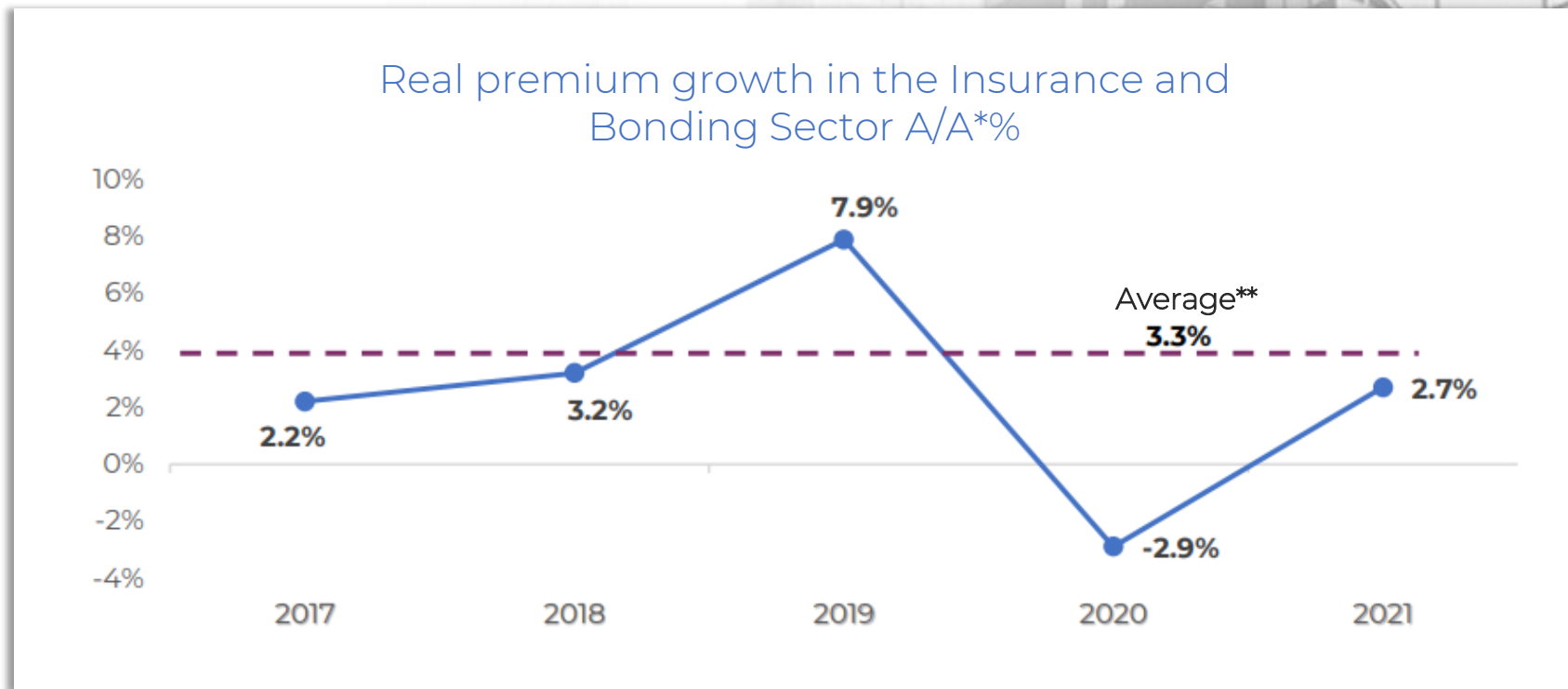
FOURTH QUARTER OF 2021

The economy showed recovery from the fall of 2020 with a growth of 5% in 2021, which is above the market expectations.



ANNUAL BEHAVIOR

The gradual reopening of the economy and the return to the new normality drove a growth of the Sector of 2.7% during 2021 (Insurance 2.7% and Bonds 3.2%).



*Cumulative growth compared to the same quarter of the previous year.

**Average from 2016 to 2019.

FOURTH QUARTER OF 2021

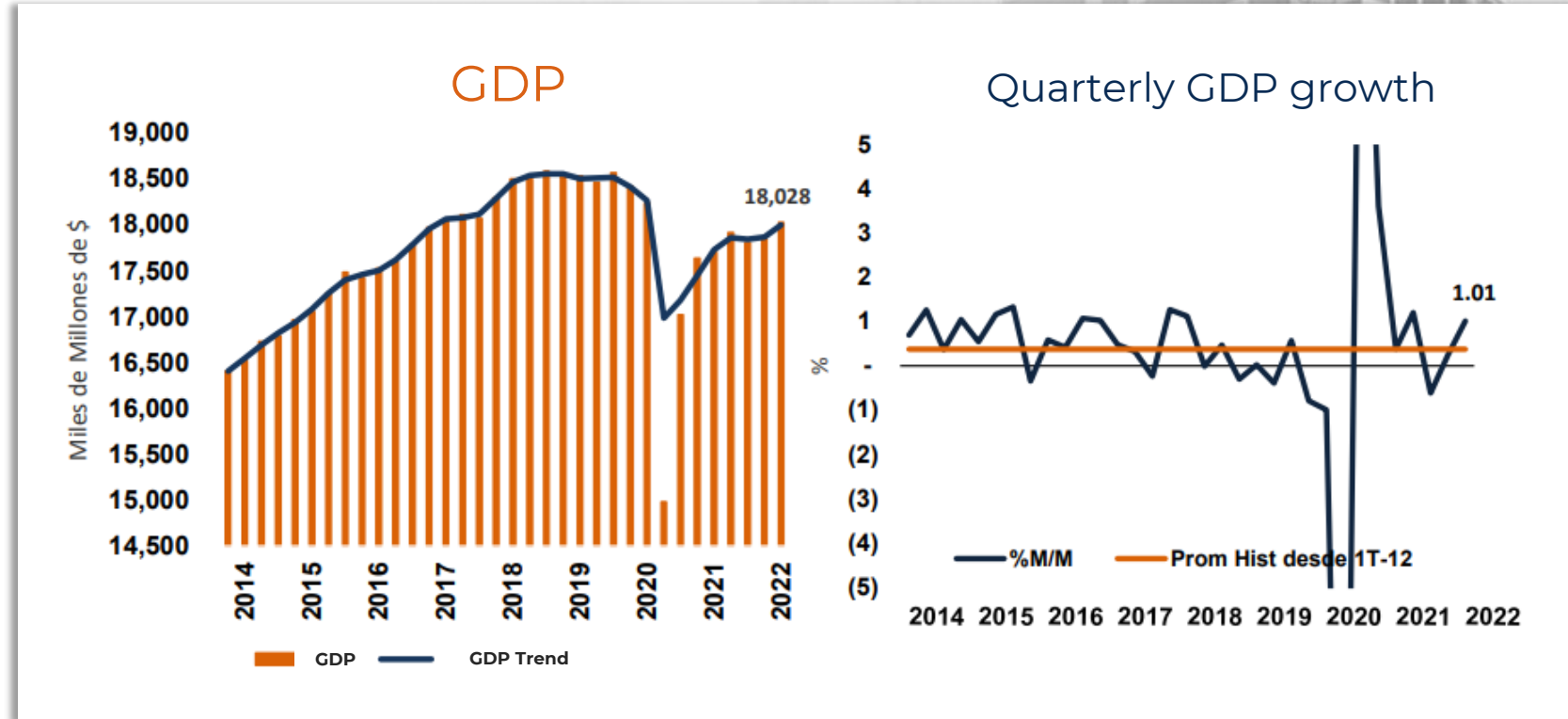
FINAL STRETCH OF 2021...

- Placement of insurance premiums maintained its positive trend, however, this recovery slowed down in the second half, due to the slow recovery of the economy, the loss of savings and the emergence of new strains of SARS-CoV-2.
- Pandemic case reports as to the end of December 2021.
- The Sector presented levels of growth in its issuance of premiums similar to those observed before the pandemic, however, the behaviors varied in the different types of insurance (Life, Vehicles, Medical Expenses and Bonds).



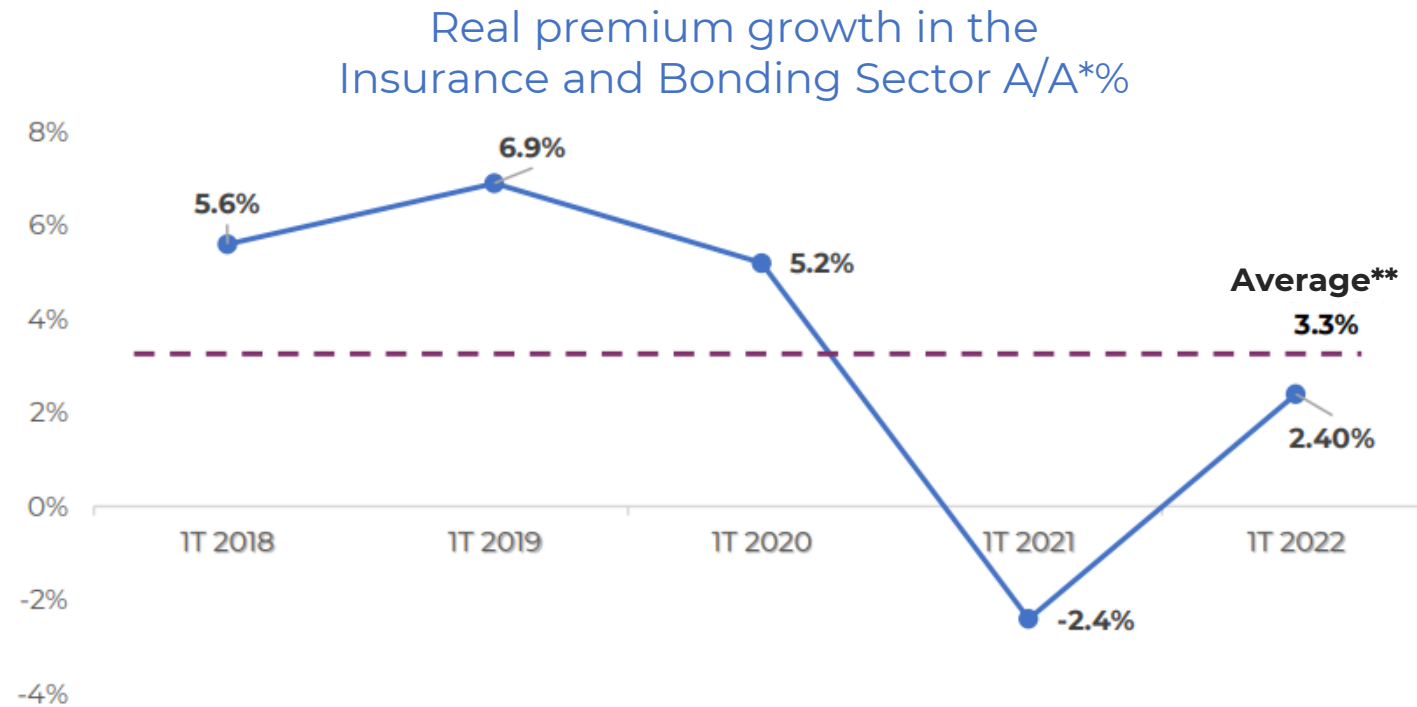
ANNUAL BEHAVIOR

The gradual reopening of the economy and the return to the new normality drove a growth of the Sector of 2.7% during 2021 (Insurance 2.7% and Bonds 3.2%).



ANNUAL BEHAVIOR

The normalization of the economy and the retreat of the pandemic drove the Sector growth of 2.4%¹ during Q1 2022 (Insurance 2.4% and Bonds 3.2%).



*Cumulative growth compared to the same quarter of the previous year.

**Average from 2016 to 2019.

FIRST QUARTER OF 2022

SECTOR SHOWS SLOWDOWN IN THE ACCIDENT RATES THAT ALLOWS A RECOVERY IN PROFITS.

- The economy is showing a slow recovery due to the low levels of investment and savings of the last year.
- The environment of uncertainty derived from high inflation coupled with the conflict between Russia and Ukraine, generates increases in interest rates and investment risk, which has slowed global growth. This can slow down the recovery of the insurance and bonds sector.
- Pandemic case reports as to March 2022.
- Growth and loss of the Sector → Medical Expenses, Life, Vehicles , Accident & Sickness and Property insurances.

FIRST QUARTER OF 2022

THANK YOU!



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Thank You