




IAA CAT RESPONSE

HURRICANE HARVEY



Sealy CAT Yard



17,600+ KAR Team Members

EVERY
CATASTROPHE
IS DIFFERENT

Every catastrophe is different. Timing, intensity, landfall location and population are just a few factors that determine the overall result of a catastrophe. Because weather events such as hurricanes have many dynamic variables, any response process has to be both flexible and proactive to ensure a timely and appropriate response.

IAA's Catastrophe Response Team has weathered many catastrophic events. With that history and experience comes a focus on continuous improvement. Preparedness and the ability to service customers in times of catastrophic situations is not only part of the IAA partnership, it is something their customers depend on them to provide.

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A STORM IS NAMED

Hurricane Harvey developed from a tropical wave and became the strongest hurricane to hit the United States in more than a decade, crashing into the Texas coast and inundating the nation's fourth-largest city. IAA's Catastrophe Response Team was in motion and monitoring the storm from the moment it was named. The foundation of the company's catastrophe strategy is rooted in preparation. Hurricane Harvey was no exception in terms of its dynamic nature or the company's need to be intensely prepared.



PREPARATION IN DETAIL

How do you plan for something that cannot be accurately predicted?

Hurricane Harvey, like many other storms, was difficult to predict in terms of intensity. Even the National Hurricane Center team noted that while so much of the modeling and data have improved, determining the intensity of a storm remains the Center's most significant challenge.

Hurricanes have the propensity to stall when they make landfall, which is exactly what Harvey did

over the country's fourth largest city. As a result, a record setting more than 50 inches of rain fell in some areas in and around the city.

With phrases like "Category 4," "50 inches of rain" and "unprecedented flooding" being used to describe the potential of Hurricane Harvey, IAA knew its Catastrophe Response Team had to execute.



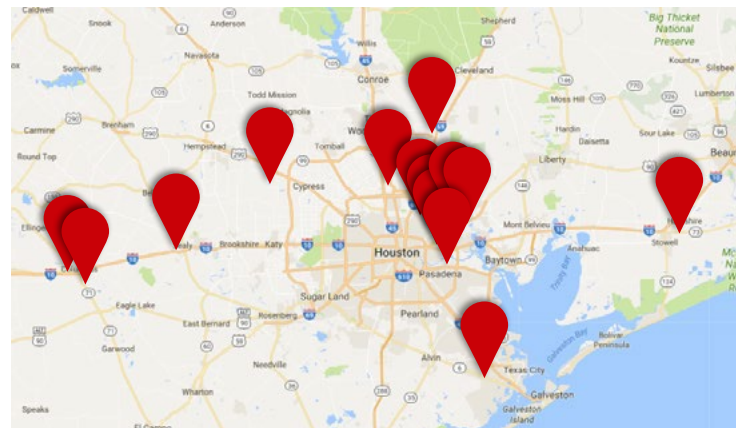


14 Holding Yards

Land & Real Estate

How is space managed for increased volume while balancing organized, safe and efficient claims processing?

In August of 2017, IAA announced the securing of 22 locations in 10 states in preparation for the weather event season and potential catastrophic events. That preparation became critical in the response to Hurricane Harvey. Strategically determining where to secure land to meet the demands for catastrophe services in areas where IAA's customers most urgently needed it was crucial to the value the company provides.



In addition to the three previously obtained CAT locations in the Houston area, IAA secured an additional eleven CAT yards in close proximity to the city to manage the influx of volume as a result of Hurricane Harvey. With nearly 1,000 accessible acres, IAA utilized over 720 acres to provide ample, efficient and safe capacity for customer's vehicles.

Beyond the need for space, IAA maintained focus on the customer when it came to real estate. During catastrophic situations with an increased volume of claims, organization of vehicles and accessibility is critical. IAA provided customers with ample space to safely and efficiently complete estimates on their vehicle units. Following their best practices and catastrophic operating procedures, the company organized CAT yards by customer wherever possible, minimizing the need for insurance company adjusters to look at vehicles in multiple sites. In addition, IAA utilized their standard vehicle spacing and quad-pack organization during Harvey to ensure their customers could safely move through an increased volume of vehicles as easily as possible.



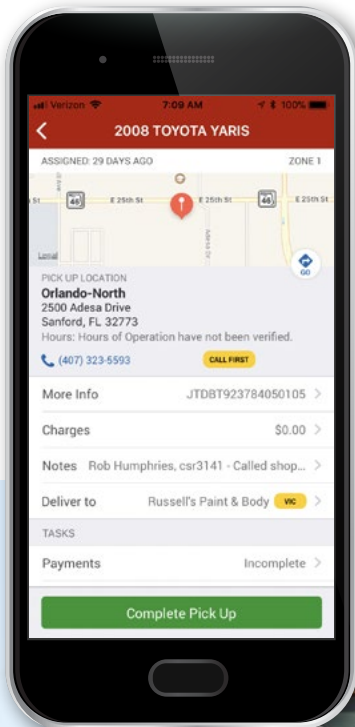
1,100+ Tow Trucks

Transportation & Logistics

How are more than 60,000 cars moved after a record setting 50+ inches of rain in the fourth largest US city?

A major element of IAA's catastrophic response was securing the vehicle and moving it to a CAT yard. During Hurricane Harvey, the dramatic increase in volume resulted in the need to swiftly deploy towers to move cars. Compound that with the densely populated Houston metropolitan area also known for having some of the worst traffic in the country, and there was the potential for a logistical nightmare.

In preparation for Hurricane Harvey, tower recruitment was triggered 8 days before the storm hit. This aggressive and proactive recruitment process resulted in over 1,100 trucks securing vehicles for IAA customers during the height of vehicle pick-up. More than 85% of all units were picked up within 28 days – a new record for the company in pick-up speed.



IAA's successful logistics and transportation operations in Hurricane Harvey was bolstered by the company's access to real-time data. Knowing when vehicles had been secured and dropped at an IAA CAT yard allowed for up-to-date information to customers. The IAA Tow App was utilized during Hurricane Harvey to provide transparent information for customers and for the company. Developed via a technology collaboration with a KAR Auction Services company, CarsArrive, the IAA Tow App allowed drivers have vehicle details at their fingertips, note drop-off time and location as well as log notes on specific vehicle pick-ups. The IAA Tow App real-time data meant the claim adjusters knew when vehicles were ready for inspection and estimation, reduced cycle time and allowed customers to efficiently manage increased claims volume.





The Human Force

In addition to land, tow trucks, transporters and technology, manpower was one of the greatest needs during Hurricane Harvey. IAA deployed team members in two waves. The IAA Catastrophe Services First Responders are a team of 75 individuals with a diverse expertise set. Individuals apply for the role and high performers are selected each catastrophe season. Many of these First Responders were on the ground before the storm hit and deployed IAA's catastrophic model and operating procedures immediately following the storm.

The second wave of human resources came from across the KAR Auction Services' 17,600+ team members. CAT Team Volunteer recruitment was triggered once the storm was named and individuals from across the broader organization were selected based on skill set and availability. During Hurricane Harvey, many KAR employees volunteered to assist in the Houston area, and more than 325 were deployed.

SELLING CHANNELS & MARKETING

On average, IAA sells over 1,800 vehicles per week in the Houston market. After Hurricane Harvey, the number of vehicles set for sale per week increased to more than 5,200. In a situation of increased inventory, IAA must work diligently to secure additional bidders and buyers. To that end, IAA deployed a multi-faceted marketing approach to ensure buyers are prepared and able to bid and buy vehicles from this increased inventory

The first critical step is making the buying customers aware of the upcoming increased inventory. IAA began marketing the flood volume to buyers within a few days of the storm. The buyers were informed about the increased volume and availability of vehicles, allowing them to take advantage of IAA's additional inventory.



Houston Weekly Average
1,800+
Vehicles Sold

Hurricane Harvey Weekly Average
5,200+
Vehicles Sold

Additional Buying Power

A key strength the KAR Auction Services family of companies offered our buying customers was additional buying power through AFC. Increased financing allowed the buyer to have added purchasing power and an opportunity to make better bidding and buying decisions. In times of increased volume like Hurricane Harvey, this option is extremely beneficial to IAA buyers who would otherwise have more limited funds.

With Hurricane Harvey, IAA and AFC immediately extended financing to those buyers with an existing AFC credit line and the two companies were ready with an extended Buyer Financing Program to deploy as the volume of vehicles being sold increased. The ability to quickly finance and extend credit to buyers when the number of vehicles in the market increased was essential to maintaining the healthy, competitive nature of the auction.



\$26 MILLION+
AFC Credit Extension



Marketing CAT Sales

IAA utilizes a full platform approach when marketing CAT vehicles. Social media, digital advertising, segmented direct marketing, email and IAAI.com were all utilized to make buyers aware of the increased buying opportunities. Using multiple marketing platforms helped increase and expand exposure for the sales, and informed the buyers when, where and how to buy.

In addition, using and linking marketing platforms together assisted buyers with financing, and provided information and additional details on how to buy through IAA's multi-channel auction approach.

Innovating Auction Channels

IAA consistently works to evolve their auction model to best serve customers today and to anticipate their needs tomorrow. In times where events create high volume, such as Hurricane Harvey, IAA's multi-channel auction model benefits both sellers and buyers.

IAA has always offered both flexibility and choice of selling and buying channels. Times of high volume due to catastrophes are no exception. As a result after Hurricane Harvey, IAA utilized a flexible multi-channel auction model to offer vehicles for sale including:

IAA TIMED AUCTIONS™

Fresh units for sale for a specified period of time prior to scheduled auctions.



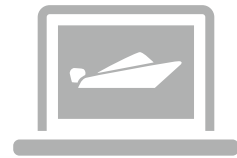
IAA BUY NOW™

Units for sale for a set price allowing exposure and sale between auctions.



IAA ONLINE EXCLUSIVE™

Specific segment of units for sale via a live online auction over the internet.



IAA SCREEN SALE™

Off-site units for sale via a screen at an IAA branch using a live auctioneer.



IAA LIVE & ONLINE™

Units for sale via IAA's traditional method of selling vehicles.



IAA remains focused on providing best in class customer service in times of catastrophe. The company's ability to deliver needed assistance to their customers after a storm such as Hurricane Harvey has become a cornerstone of its service offering. This dedication extends to the company's industry leading auction channels for buying and selling customers driven by continuous innovation, growth and development. In times where vehicle volumes increase dramatically, IAA is prepared and committed to providing efficient means to process vehicles for the highest economic return.



EVERY
CATASTROPHE
IS DIFFERENT

WE PLAN.
WE RESPOND.
WE ARE READY.