



# CATASTROPHE RESPONSE STRATEGY BRIEF

## VEHICLE MERCHANDISING



# Overview

Every weather catastrophe is dynamic and different. Timing, intensity, landfall location and population are just a few factors that determine the overall impact of a catastrophe. Because weather events have many constantly shifting variables, any response process must be proactive and flexible to provide a timely and appropriate response.

IAA's Catastrophe Response Strategy provides an unmatched level of service to our customers in their greatest time of need. Over the last 40 years, IAA has invested significant research and resources in developing its industry leading catastrophe response strategy. It comprises four key areas: Operational Execution; Transportation Logistics; Real Estate Capacity; and Vehicle Merchandising. We employ a continuous improvement methodology to help ensure our CAT strategy remains superior in the market.



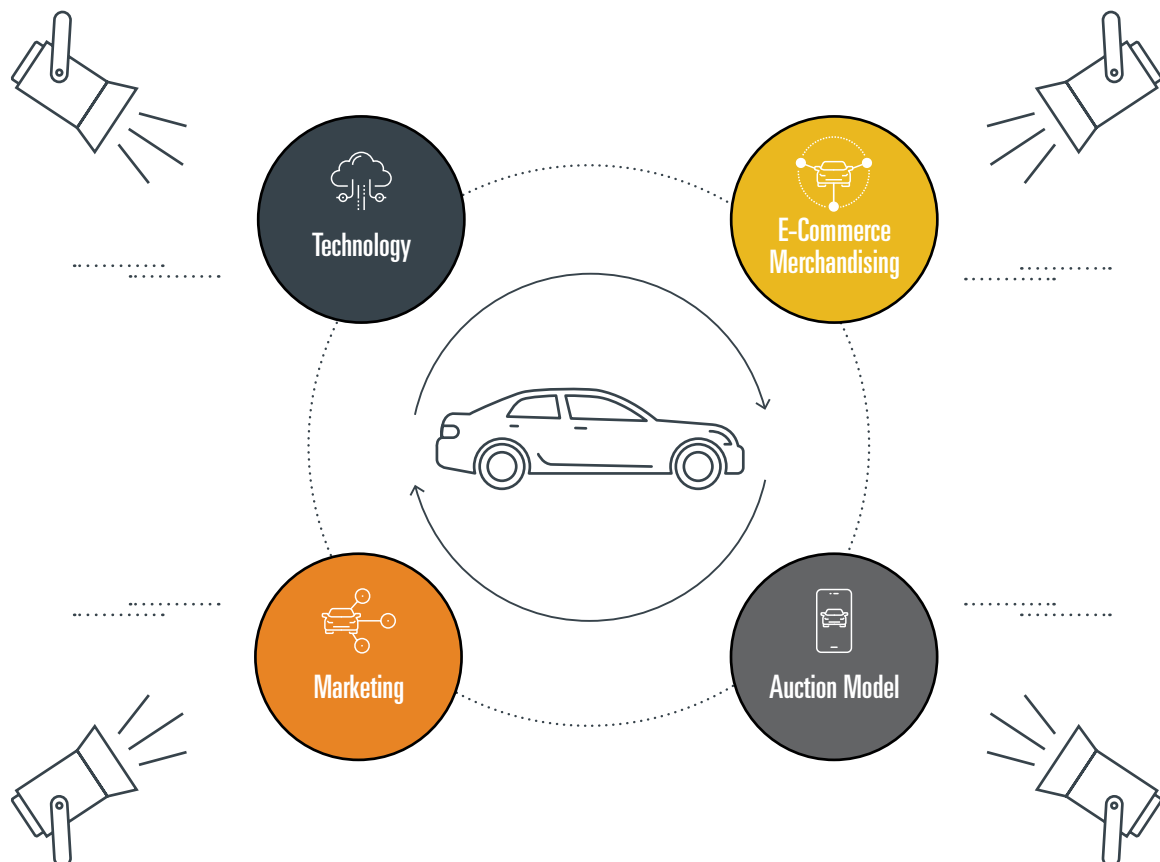
# Merchandising

In the aftermath of a catastrophic weather event, nearby IAA facilities must manage an influx of thousands—sometimes tens of thousands—of total loss vehicles. Without an innovative, multi-dimensional plan, this large volume of vehicles, coupled with the chaos of a catastrophic event, would pose major cycle time challenges. Extending cycle times can increase insurance provider costs, lower returns, and reduce customer satisfaction. So, processing and selling these vehicles swiftly and efficiently is critically important to our seller customers and their policyholders.

During normal, day-to-day operations, IAA helps our sellers achieve their business goals with the industry-exclusive technology found in IAA's products and services. After a catastrophic event, these products and services play an even more critical role in adding value to our customers throughout the entire sale process.

IAA's industry-leading Catastrophe Response Strategy focuses on four primary areas to quickly process, create awareness and demand, and sell thousands of vehicles after an event. By focusing on these four areas, we help our customers lower cycle times, minimize depreciation, increase returns, and maintain policyholder satisfaction, while giving buyers trust and confidence in bidding and buying:

- **Technology** – To quickly secure and inventory vehicles using the IAA Tow App™, IAA Inspection Services™ and IAA Title Services™
- **E-Commerce Merchandising** – The IAA Interact™ merchandising platform combines imagery, information and personalization to provide vehicle details and reduce the risks associated with the purchasing process for the buyer. This is critical when working with very high volume of vehicles. IAA's merchandising platform allows buyers to assess damage and value, driving confidence.
- **Marketing** – IAA's dynamic marketing approach uses social media, digital advertising, brand ambassadors, segmented direct marketing, email journeys, flooring partnership/promotions and online content, to create awareness and drive demand among buyers for the influx of vehicles.
- **Auction Model** – IAA's auction model provides multiple bidding and buying channels, including IAA Buy Now™ and IAA Timed Auctions™. Having multiple methods provides further efficiency, selling cars faster and expanding options to buyers.





# Workflow Technology

Before a total loss vehicle can be merchandised and auctioned there are several issues that may need to be resolved, including vehicle titling and lien settlement. Even in non-catastrophe situations, without innovative solutions these processes can be arduous and time consuming. The technology that IAA offers can streamline the tasks required to prepare the vehicle for sale. These are particularly valuable during catastrophe events. IAA offers technology that can trim days to weeks off these required processes and can increase the potential vehicle return.

## IAA Tow App

This mobile dispatch solution transforms vehicle transportation, automating the entire process. This greatly reduces the time required to transport vehicles to IAA sites for storage, marketing and sale. It does this by eliminating the wait time required with a traditional, paper-based towing assignment process.

IAA Tow App electronically pushes assignments to the tower's mobile device. Once the tow truck driver accepts assignments, the app provides route-optimized driving instructions to ensure maximum efficiency. When the tow truck driver arrives at the vehicle's location, they can quickly check-in the unit via the app, documenting pick-up. Immediately when the tow truck driver arrives at an IAA facility or holding yard, they can document the drop-off. This provides significant transparency to IAA and their clients, so they know where the vehicle is in the transport cycle. Following a catastrophe, when volumes of vehicles being transported into IAA facilities are higher than normal, providing visibility and tracking of assets is critical.

## IAA Title Procurement™ and IAA Title Solutions™

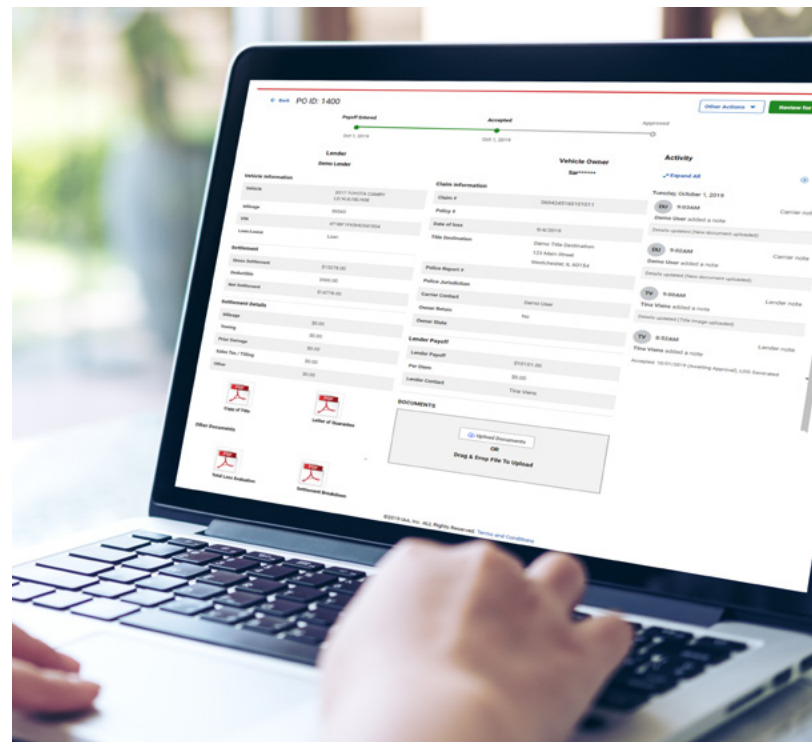
These products provide sellers with access to a full-service title procurement team and a suite of services to help support every part of the settlement process. Both products work to expedite the claims process, reduce costs and cycle times, increase customer satisfaction, and foster improved ease of doing business. After catastrophic weather events, titling is particularly important, and can oftentimes cause delays in getting vehicles prepared for sale. IAA provides expertise and experience in this area to streamline the process. IAA Title Procurement can be used on a claim-by-claim basis while IAA Title Solutions is a full-service title product.

## IAA Loan Payoff™

This solution helps mitigate the time-consuming process of managing total loss claims which require a loan payoff and title release. It offers lenders and insurers one cohesive digital solution that delivers positive and negative equity functionality, real-time payoff quotes, letters of guarantee, access to title vaults, and direct connection and ACH payments to lenders.

IAA Loan Payoff expands access to vehicle titles for all parties – lenders, insurers and auctions. It also creates a more digital, automated workflow that speeds up the loan payoff and title release processes, lowering operational costs and easing friction between all parties.

IAA Loan Payoff offers a timeline savings per processed car of up to 20 days, as well as improved policyholder experience, reduced labor, and hundreds of dollars in savings. In a catastrophic situation, it is crucial to get the cars up for sale as quickly as possible. If liens and titles cannot be accounted for, those vehicles cannot get into the marketplace. IAA Loan Payoff expedites the process and helps get the storm-damaged vehicles auctioned quickly, with less depreciation.



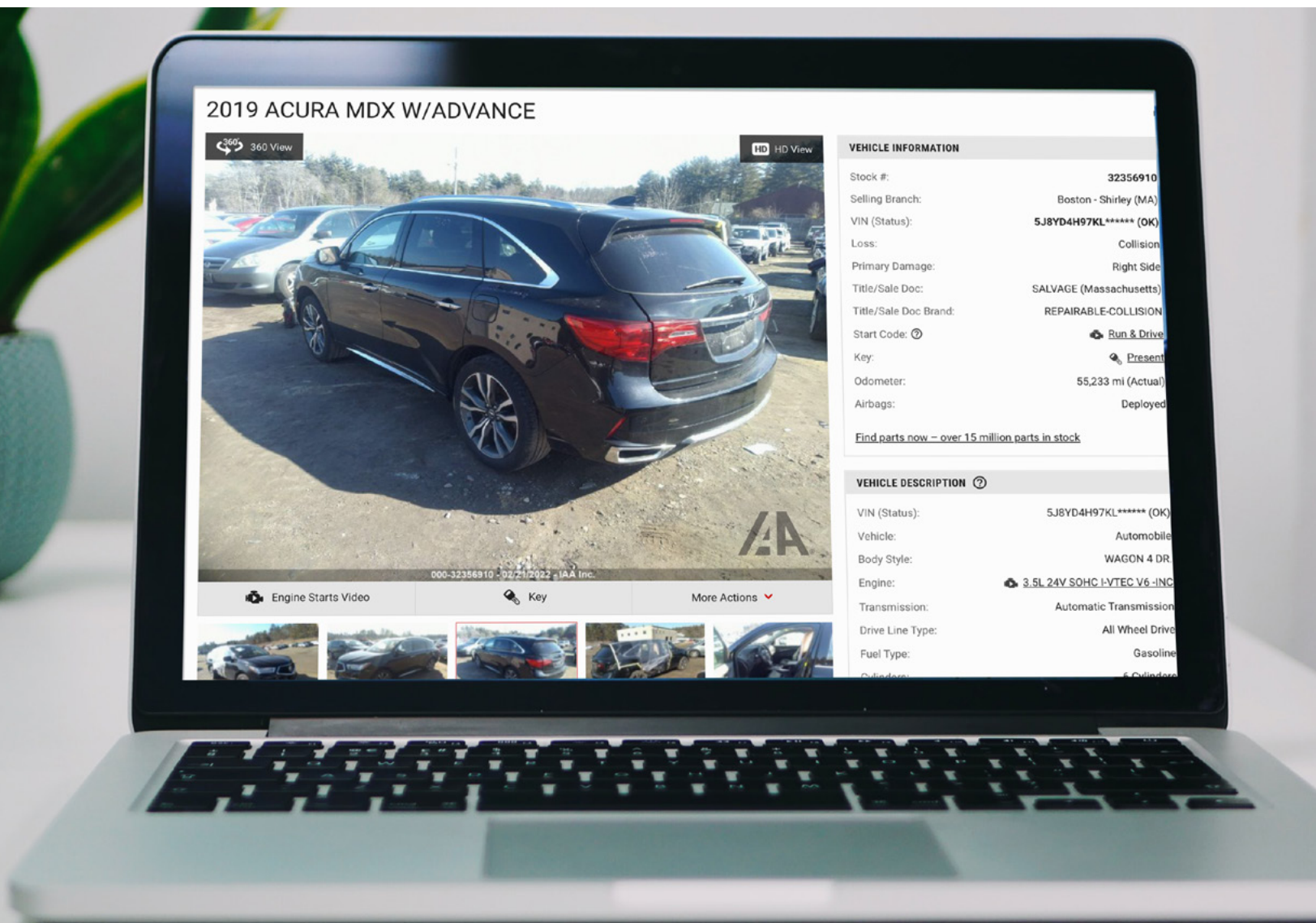
# E-Commerce Merchandising

Once a vehicle is ready for sale, IAA Interact™ merchandising platform helps sell units quickly. The industry's first comprehensive merchandising platform provides potential buyers with the necessary imagery (IAA 360 View™, IAA High Resolution Images™, IAA Key Images™), information (SpinCar® Feature Tour®, IAA Engine Starts™ video, Chrome Equipment Details, Hollander Part Interchange numbers), and personalization designed to engage buyers, increase bids and returns, and decrease cycle times.

IAA's industry-leading ecommerce strategy helps it sell a large volume of vehicles swiftly after a catastrophic event by reducing risks associated with the bidding and purchasing process for buyers. The Interact platform provides all the information buyers

need to make better-informed bidding and purchasing decisions. This increases buyer confidence and drives them to bid more, promoting competition that can result in increased returns.

The platform engages buyers with a vehicle digitally through unique, multiple touch points that provide the details needed to make confident online bidding and buying decisions. The Interact tools and features provide buyers with an unmatched research process, improved purchasing guidance and greater trust.



# Marketing

IAA's marketing machine—already exceptional year-round—further its efforts to bring in a large influx of buyers to purchase thousands of vehicles in a short period of time. IAA takes a full-spectrum approach to marketing catastrophe vehicles. Social media, digital advertising, segmented direct marketing, brand ambassadors, email journeys, flooring partnerships/promotions, and engaging online content are all used to make buyers aware of increased buying opportunities. Our use of multiple marketing platforms helps increase exposure for the sales, driving buyers to view inventory, and creating awareness of when sales are scheduled so the process of bidding/buying is efficient for the buying customer.

In addition to alerting more buyers to the opportunity to purchase from an unexpected influx of vehicles, IAA also communicates how we can assist them with financing, payment options, and our different auction types.

IAA is continually growing its global and domestic buyer base through in-market visits. It also has IAA Market Alliance Network companies and IAA Bidding Centers located around the world to help buyers with issues concerning bidding, payment, transportation, shipping, customs, repairs, financing, leasing, and warranties.

All marketing efforts help bring an abundance of buyers to IAA auctions featuring catastrophe vehicles, helping to increase bids and returns, and decrease cycle times.





# Auction Model

IAA's auction model provides the choice, flexibility and convenience our buyers and sellers need. It also provides our sellers with additional marketing opportunities. When catastrophic weather events create a high volume of vehicles to be sold, this approach benefits IAA's sellers and buyers alike.

IAA's flexible auction model supports additional and continuous exposure for vehicles, allowing vehicles to flow from one auction channel to the next. A vehicle, for example, can immediately move to Buy Now prior to a scheduled auction, and if it is not sold, it can then shift to a Timed Auction. This model helps sell vehicles quickly since they are listed for a set amount of time and can improve seller returns.

Our industry-leading auction experience has been created and improved by continually listening to buyer feedback and then innovating to make it even better. For maximum buyer/seller benefit we offer the following online auction channels:

- **IAA AuctionNow™**

This model, used by our 210+ branches, allows online bidders to bid and buy in a dynamic, digital auction environment.

- **IAA Buy Now™**

Provides a unit for sale for a specific price determined using analytical data. This model allows units to get exposure and sell between scheduled auctions.

- **IAA Dream Rides**

This exclusive auction features classic, exotic, muscle and luxury vehicles. Located across the country at IAA branches, hand-picked by our own car specialists and sold through one platform. These vehicles are offered in a weekly auction.

- **IAA Rec Rides™**

Dedicated solely to powersports, including motorcycles, ATVs, snowmobiles, jet skis and more. Rec Rides includes salvage title, clear title, repossessed, rebuilt, repairable, donated and parts-only units.

- **Rental**

Hundreds of vehicles added weekly to our inventory from major rental companies such as Enterprise, Avis Budget Group, Hertz and more. Bid and buy through a variety of scheduled digital auctions at branches nationwide and our Rental Rides curated sales, held weekly Wednesday through Saturday.

- **IAA Specialty Auctions**

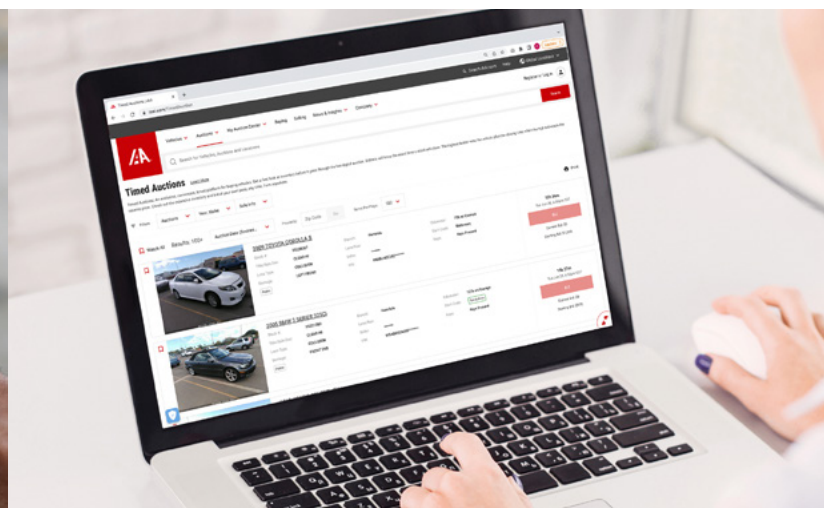
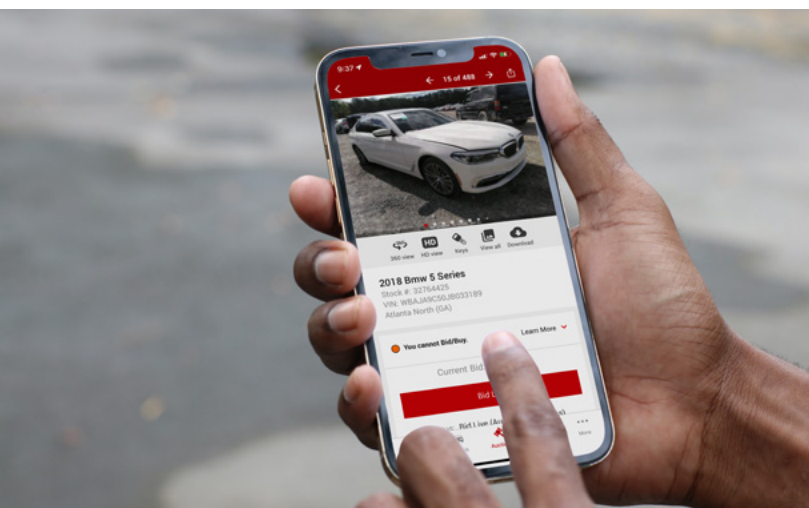
IAA Specialty is dedicated solely to light, medium and heavy-duty equipment. Featuring semi-trucks, trailers, construction vehicles, RVs, agricultural equipment and more, IAA Specialty is the source for commercial inventory.

- **IAA Timed Auctions™**

Offers a unit for sale for a specified period of time, allowing for competitive bidding and sale prior to our scheduled IAA Live and Online Auctions.

- **IAA Virtual Lane™**

IAA Virtual Lane gives buyers access to a new inventory featuring the most popular domestic and foreign brands updated daily and available 24/7. Purchase Virtual Lane vehicles from a variety of providers via IAA Buy Now.

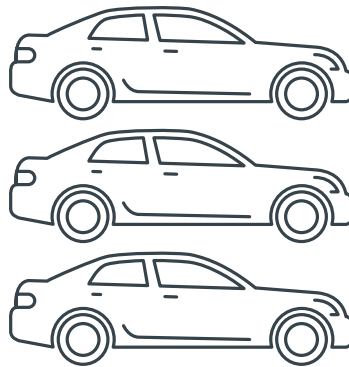
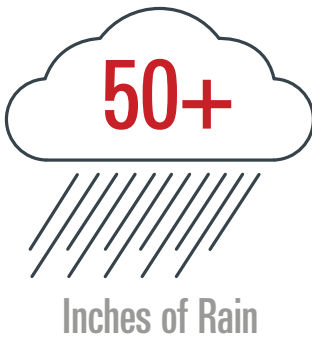


# Hurricane Harvey: A Case Study

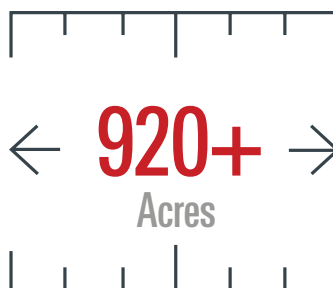
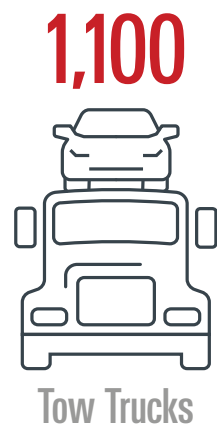
When Category 4 Hurricane Harvey made landfall in late August 2017, it left an immense path of devastation in the state of Texas and a huge volume of total loss vehicles. IAA quickly ramped up its merchandising efforts and went from selling an average of 1,800 vehicles per week in the Houston market, to more than 5,200 per week.

By January 31, 2018, IAA had over 95% of the 65,000+ vehicle inventory sold. In partnership with our customers, our dedicated CAT teams, our extensive network of towers, our marketing and merchandising efforts, and the commitment from the Texas Department of Motor Vehicles to turn titles fast, IAA delivered with record-shattering speed.

## Here's the story of IAA's Hurricane Harvey response by the numbers:



**65,000+**  
Vehicles





# Merchandising | Competitive Advantages

- IAA has consistently delivered the industry's leading catastrophe service and response in events that have occurred in the last 40 years.
- Our industry-exclusive workflow technology (IAA Tow App, IAA Title Procurement, IAA Title Solutions, and IAA Loan Payoff) trims weeks off cycle times, save hundreds of dollars per vehicle, and help us get vehicles ready for sale faster.
- IAA's industry-first, comprehensive Interact merchandising platform uses imagery, information and personalization to engage buyers, increase bids and returns, and decrease cycle times. All critically important to selling thousands of vehicles rapidly after a catastrophic event.
- IAA's proven marketing efforts can attract tens of thousands of buyers from around the world to bid on and purchase vehicles after a catastrophic event. After Hurricane Harvey, IAA's marketing knowhow, in part, allowed us to sell 65,000+ vehicles in five months.
- The flexibility and convenience offered by IAA's auction model gives buyers and sellers a wide range of choices for buying/selling vehicles. Available year-round, our auction model helps IAA move a large quantity of vehicles fast.
- Merchandising alone cannot manage a catastrophe. IAA's Catastrophe Response Strategy consists of four components, including Real Estate Capacity, Operational Execution, Transportation Logistics, and Merchandising – an unmatched portfolio of capabilities.



## About IAA

IAA, Inc. (NYSE: IAA) is a leading global digital marketplace connecting vehicle buyers and sellers. Leveraging leading-edge technology and focusing on innovation, IAA's unique platform facilitates the marketing and sale of total-loss, damaged and low-value vehicles. Headquartered near Chicago in Westchester, Illinois, IAA has nearly 4,500 employees and more than 210 facilities throughout the U.S., Canada and the United Kingdom. IAA serves a global buyer base – located throughout over 170 countries – and a full spectrum of sellers, including insurers, dealerships, fleet lease and rental car companies, and charitable organizations. Buyers have access to multiple digital bidding and buying channels, innovative vehicle merchandising, and efficient evaluation services, enhancing the overall purchasing experience. IAA offers sellers a comprehensive suite of services aimed at maximizing vehicle value, reducing administrative costs, shortening selling cycle time and delivering the highest economic returns. For more information visit [IAAI.com](https://www.iaai.com), and follow IAA on [Facebook](#), [Twitter](#), [Instagram](#), [YouTube](#) and [LinkedIn](#).



# Forward-Looking Statements

Certain statements contained in this release contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and which are subject to certain risks, trends and uncertainties. In particular, statements made in this release that are not historical facts may be forward-looking statements. Words such as “should,” “may,” “will,” “anticipates,” “expects,” “intends,” “plans,” “believes,” “seeks,” “estimates” and similar expressions identify forward-looking statements. Such statements include statements regarding the expected timing and associated benefits with respect to this catastrophe brief on our business and plans regarding our growth strategies and margin expansion plan, and to our customers and company generally. Such statements are based on management’s current expectations, are not guarantees of future performance and are subject to risks and uncertainties that could cause actual results to differ materially from the results projected, expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to: uncertainties regarding COVID-19, and other potential future health crises, including new more contagious and/or vaccine resistant variants, and the impact on the duration and severity of the COVID-19 pandemic and measures intended to reduce its spread, including the availability, rate of public acceptance and efficacy of COVID-19 vaccines; the loss of one or more significant vehicle suppliers or a reduction in significant volume from such suppliers; our ability to meet or exceed customers’ demand and expectations; significant current competition and the introduction of new competitors or other disruptive entrants in our industry; the risk that our facilities lack the capacity to accept additional vehicles and our ability to obtain land or renew/enter into new leases at commercially reasonable rates; our ability to effectively maintain or update information and technology systems; our ability to implement and maintain measures to protect against cyberattacks and comply with applicable privacy and data security requirements; risks associated with online commerce security and credit card fraud; our ability to successfully implement our business strategies or realize expected cost savings and revenue enhancements, including from our margin expansion plan; weather-related and other event beyond our control which may adversely impact operations; failure to attract and retain key personnel, have inadequate succession planning, or manage labor shortages; business development activities, including acquisitions and the integration of acquired businesses, and the risks that the anticipated benefits of any acquisitions may not be fully realized or take longer to realize than expected; our expansion into markets outside the U.S. and the operational, competitive and regulatory risks facing our non-U.S. based operations; our reliance on subhaulers and trucking fleet operations; changes in used-vehicle prices and the volume of damaged and total loss vehicles we purchase; economic conditions, including fuel prices, commodity prices, foreign exchange rates and interest rate fluctuations; trends in new- and used-vehicle sales and incentives; and other risks and uncertainties identified in our filings with the Securities and Exchange Commission (the “SEC”), including under Item 1A “Risk Factors” in our Annual Report on Form 10-K filed with the SEC on February 28, 2022, as such risk factors may be amended, supplemented or superseded from time to time by other reports we file with the SEC, including subsequent Quarterly Reports on Form 10-Q and Annual Reports on Form 10-K. Many of these risk factors are outside of our control, and as such, they involve risks which are not currently known that could cause actual results to differ materially from those discussed or implied herein. The forward-looking statements in this release are made as of the date on which they are made and we do not undertake to update our forward-looking statements.