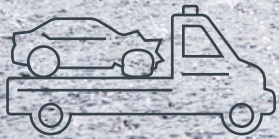




# Catastrophe Response Strategy Brief

## TRANSPORTATION LOGISTICS



**BRIEF THREE – AUGUST 2020**



# Overview

Every weather catastrophe is dynamic and 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 constantly shifting variables, any response process must be proactive yet flexible to enable 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 10 years, IAA has invested in significant research and resources to develop its industry leading Catastrophe Response Strategy. It comprises four key areas: Real Estate Capacity, Operational Execution, Transportation Logistics and Vehicle Merchandising. We employ a continuous improvement methodology so that our Catastrophe Response Strategy remains superior in the market.



# Transportation Logistics

The most significant challenges when planning to retrieve thousands of vehicles impacted by a catastrophic weather event are the unknowns. What level of towing resources are needed to respond effectively? Beyond the simple execution of moving a large number of vehicles quickly and efficiently after a storm, a Transportation Logistics Strategy must start with an effective capability to forecast demand, and translate that into a quantifiable amount of resources. Securing the right resources is the only way to meet the needs and concerns of providers, their policyholder customers, and IAA's own tower network.

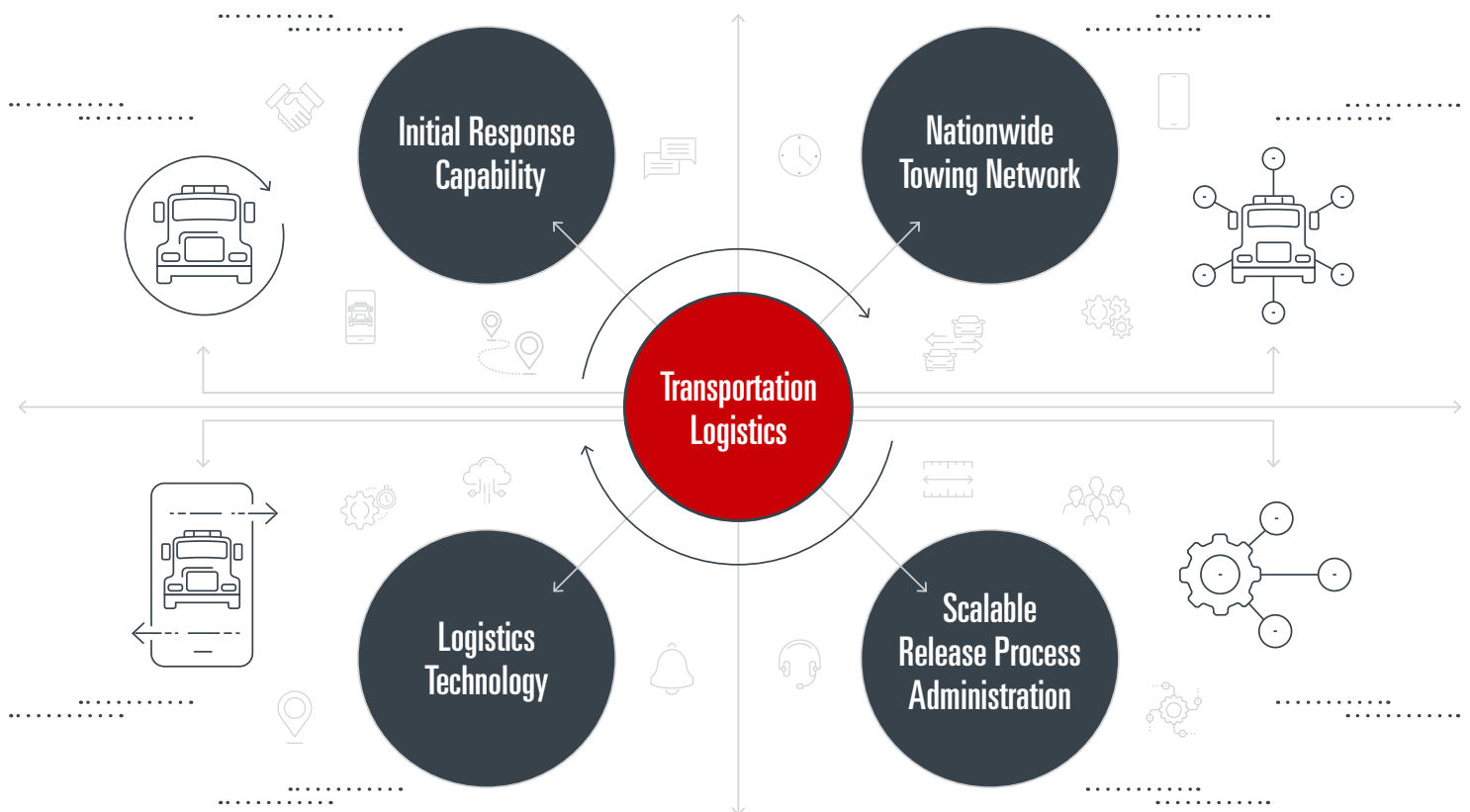
IAA addresses these transportation and logistics challenges with industry-leading innovation, preparation and execution. Decades of catastrophe-specific data allow IAA to forecast the demand for towing resources based on various event types. Our demand models help secure the right resources and deploy them to the right location, at the right time. This results in a highly efficient towing operation that reduces cycle times, increases response reliability and efficiency, and allows providers to better manage increased

claim volumes. It also provides towers with an efficient, seamless and productive experience.

IAA's primary commitment is to transport customer's vehicle assets quickly and efficiently to our facilities. This is particularly important during catastrophic events when impacted vehicle volumes can dramatically surge. By digitizing and automating a historically cumbersome, paper-driven assignment process, our towing partners maintain productivity, and can seamlessly manage their assignments, routes and loads.

IAA's preparation around Transportation Logistics focuses on four key areas:

- Initial Response Capability
- Nationwide Towing Network
- Logistics Technology
- Scalable Release Process Administration

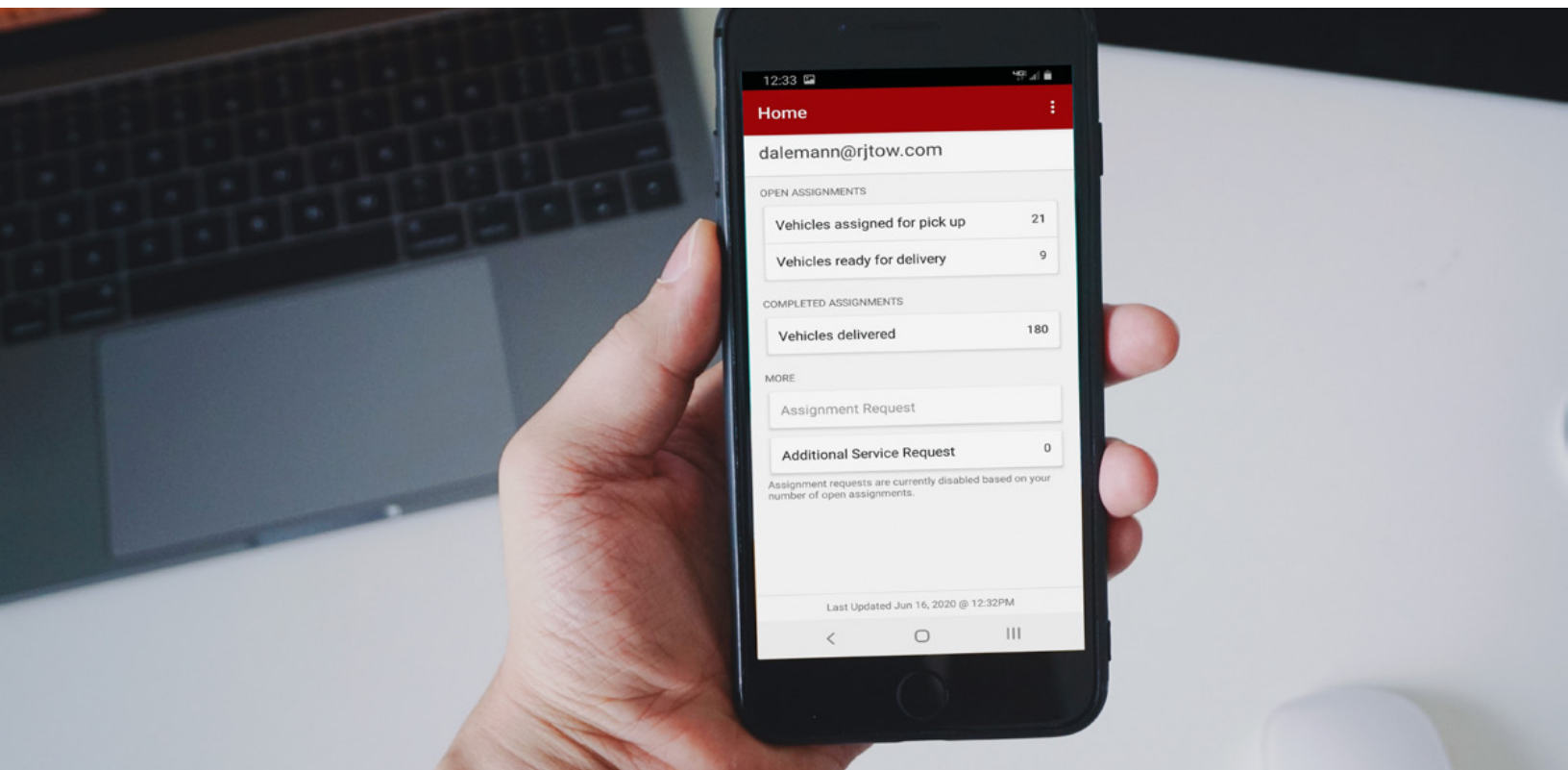


# Initial Response Capability

IAA developed our Initial Response tower network to ensure transportation service immediately after the storm has passed. Our Initial Response tower network includes a broad network of trucks that understand the urgency of getting to the affected area quickly.

In addition to the Initial Response tower network capability, IAA's nationwide tower network provides the capacity and flexibility to effectively manage an influx of vehicles after a catastrophic event, regardless of where it occurs. We accomplish this by continuously investing in our tower network and fostering strong relationships with our towing providers.

A key component in building those relationships is our partnership approach, built around the logistics principle of on-time performance. Each IAA towing partner is fully contracted with IAA and agrees to service level and delivery standards. All vehicles moving through the IAA logistics system include a delivery expectation, and our towers are evaluated according to their delivery performance. In addition, our entire tower network utilizes our logistics technology, including the Auto Dispatch feature from the IAA Tow App™, to provide a seamless, efficient, productive experience for towers.



IAA actively works to provide towers with significant financial and operational benefits, including:

- Density to fill out truck capacities
- In-bound and outbound tow assignments for increased efficiency
- Wait-free, automated dispatching
- Paperless and seamless processes
- Real-time data on vehicles, drop-off times, locations, and log notes

# Nationwide Towing Network

IAA views Transportation Logistics within our business model in two facets – day-to-day operations and catastrophe. When a catastrophic event occurs, focus increases in the affected area, however operations and on-time performance must continue across all our over 200 facilities. To continue seamless day-to-day operations, we maintain a separate network of towers for catastrophe response.

We are continually building relationships within the towing industry to provide the resources needed to manage the transport needs arising from any size catastrophe event. This partner relationship approach increases the reliability of IAA's towing resources, a competitive advantage beyond simply owning tow trucks.



One of the most critical issues in Transportation Logistics is balancing day-to-day transport needs with catastrophe assistance. Company owned towing assets support day-to-day operations. When a catastrophe happens and those assets move to manage the resulting surge in vehicle volume, the day-to-day or standard transportation needs must be backfilled. Quickly acquiring

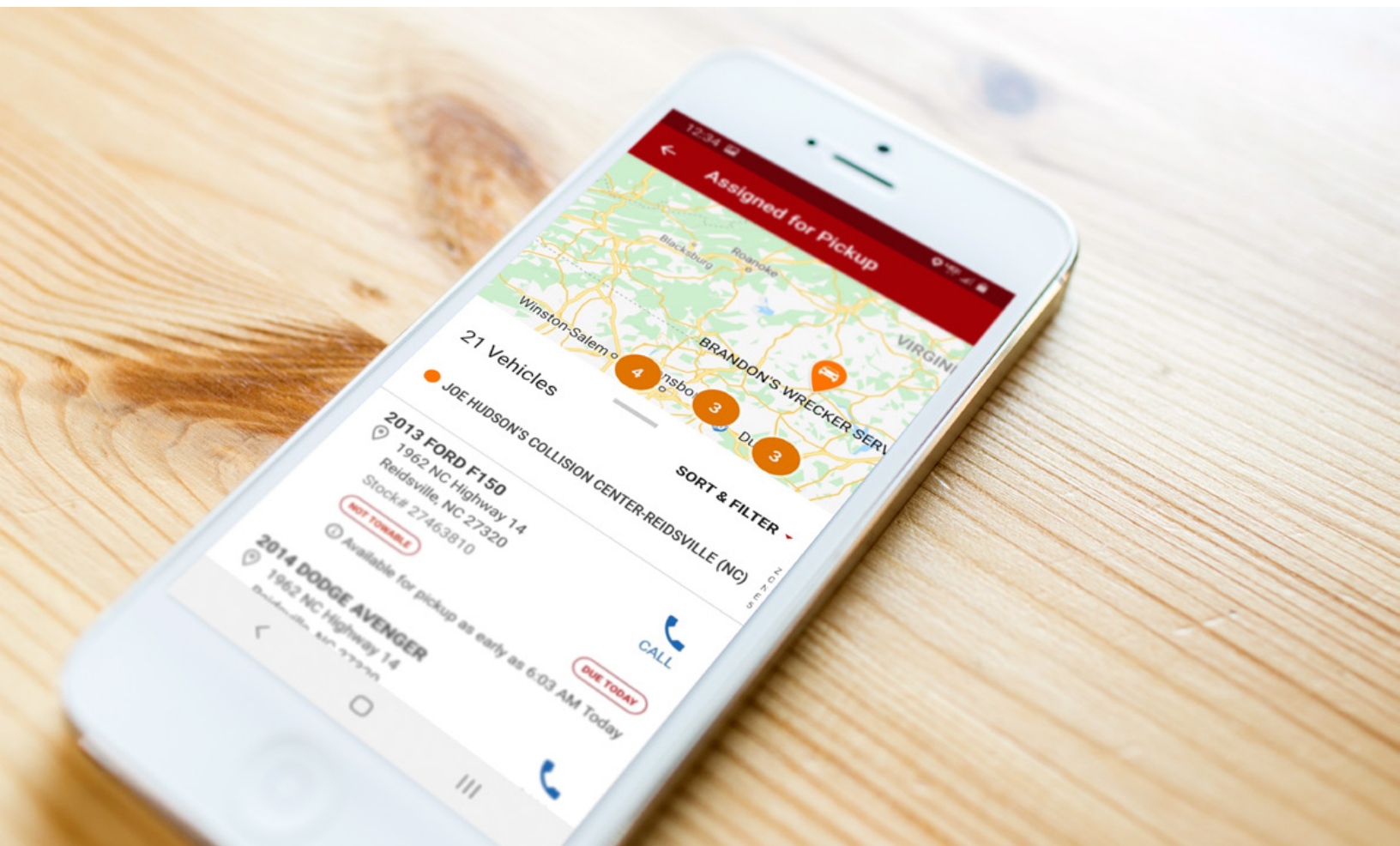
additional assistance for day-to-day operations can prove to be challenging and expensive with lack of a consistent partnership within the towing industry. IAA's approach of maintaining consistent relationships with the towing industry enables our day-to-day or standard operations to continue without disruption.



# Logistics Technology

IAA technology effectively and efficiently distributes towing resources in advance of a storm or catastrophe in several key ways:

- Automated method to secure commitments from CAT trucks to service an event
- Auto-deployment of trucks to catastrophic event
- IAA Auto Dispatch technology connects available towers to available tow assignments, automatically
- Easy to use functionality allowing drivers to quickly complete the entire transport process via the app — from location, to pick-up, to check-in, to drop-off at an auction facility or holding yard
- Increased tower participation in the network by including part-time resources



Auto Dispatch connects available towers to tow assignments, automatically. It makes working with IAA seamless for contracted towers eliminating paperwork requirements, and using technology to speed up the payment process.

# Scalable Release Process Administration

IAA's centralized contact center model, with redundant capability across multiple sites and work-from-home continuity, provides the advantage of scalable resources to process vehicles catastrophe assignments. Our contact center resources utilize structured labor management systems that deploy appropriate resources

to handle volume spikes caused by catastrophes. When demand increases, our centralized contact centers can quickly scale. This scalability accelerates the logistics process from assignment, to release, to dispatch and towing while driving increased policyholder satisfaction.





# Transportation Logistics | Competitive Advantages

- IAA has consistently delivered the industry's leading catastrophe service and response in all events that have occurred since Hurricane Sandy in 2012.
- Industry-exclusive Auto Dispatch technology in IAA's Tow App significantly shortens cycle times, and increases efficiencies for our insurance clients, their policyholders, and our towing industry partners.
- Scalable, centralized contact centers provide significant flexibility and resources to speed all transportation-related processes, including vehicle assignments, releases, dispatch and towing.
- Investment in resources to develop and maintain relationships within the towing industry provides the resources and flexibility to manage any sized catastrophic event.
- Focus on towing industry relationships provides the right level of resources in the right locations in both catastrophe situations as well as day-to-day operations.
- Transportation Logistics alone cannot manage a catastrophe. IAA's Catastrophe Response Strategy consists of four components including Transportation Logistics, Operational Execution, Real Estate Capacity and Product Service Support – 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 4,000 talented employees and more than 200 facilities throughout the U.S., Canada and the United Kingdom. IAA serves a rapidly growing global buyer base – located throughout over 135 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](http://IAAI.com), and follow IAA on [Facebook](#), [Twitter](#), [Instagram](#), [YouTube](#) and [LinkedIn](#).





# Forward-Looking Statements

Certain statements contained in this Brief include “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. In particular, statements made that are not historical facts may be forward-looking statements and can be identified by words such as “should,” “may,” “will,” “anticipates,” “expects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” and similar expressions. In this Brief, such forward-looking statements include statements regarding the expected timing and associated benefits of IAA’s Catastrophe Response Strategy, IAA’s Flexible Capacity Model, and the related services, products and platforms discussed in this Brief. 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: uncertainties regarding the impact of the COVID-19 outbreak, and measures to prevent its spread, on our business and the economy generally; the loss of one or more significant 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; our ability to successfully implement our business strategies or realize expected cost savings and revenue enhancements, including from our margin expansion program; business development activities, including acquisitions and integration of acquired businesses; 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 “Risk Factors” in our Form 10-K for the year ended December 29, 2019 filed with the SEC on March 18, 2020. Additional information regarding risks and uncertainties will also be contained in subsequent annual and quarterly reports we file with the SEC. The forward-looking statements included in this Brief are made as of the date hereof, and we undertake no obligation to publicly update or revise any forward-looking statement to reflect new information or events, except as required by law.