



# 2020 CAT SEASON

## IAA’S RESPONSE STRATEGY LEADS TO SUCCESS DURING BUSY 2020 CATASTROPHE SEASON

No matter what 2020 threw at IAA’s Catastrophe (CAT) Team—a historic number of named storms making landfall, a global pandemic, the unpredictability of hurricanes—it still delivered an unmatched level of service to IAA’s customers in their greatest time of need.

According to IAA’s Director of Catastrophe Operations, Jeff Zupec, despite the many challenges posed by the record-breaking hurricane season, IAA provided quick response times for its insurance carrier partners.

“We were in the area as the storm approached and had boots on the ground the day after landfall for every storm,” Zupec said. “In every case the CAT Team was up and running in just a few short hours, picking up vehicles and doing everything we needed to do to help our customers assist their policyholders as quickly as possible.”

### CAT Season 2020

Locations where IAA was deployed



- Landfall Locations
- IAA Branch Locations
- CAT Yards
- Areas Impacted



**30** NAMED STORMS



**13** HURRICANES



**6** MAJOR HURRICANES

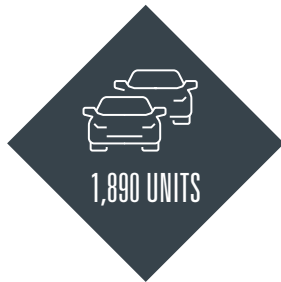
# A CAT Season Like No Other

The 2020 catastrophe season saw 30 named storms, 13 hurricanes, and 6 major hurricanes. It set records for the most named storms and the most storms making landfall in the U.S. The season began two weeks earlier than the recognized June 1 official start and continued well into November. IAA's CAT Team actively responded to five storms, including Isaias in North Carolina and Long Island, Laura in Louisiana, Delta in Louisiana and Texas, Zeta in Louisiana, and Sally in Florida and Mobile, AL.

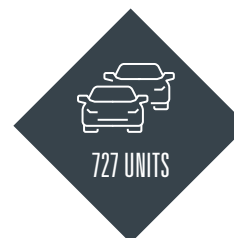
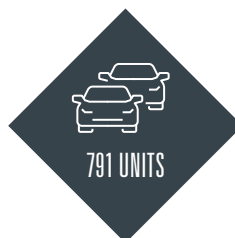
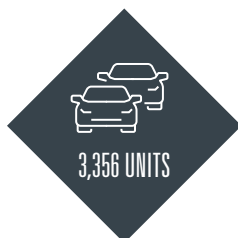
Every hurricane season offers its share of challenges, from weather systems that flirt with hundreds of miles of coastline before making landfall, to multiple storms hitting the same highly populated area in a short timeframe, to Category 5 hurricanes

that bring 20 inches of rain and 30-foot storm surges. But the 2020 catastrophe season was challenging not only because of the record number of named storms, but also because it all took place during the COVID-19 pandemic.

"This was definitely a historic season, and COVID-19 presented a number of challenges that we'd never encountered before," Zupec said. "Thanks to IAA's industry-leading Catastrophe Response Strategy, we were well-positioned to handle every storm from every aspect, including our **real estate capacity, operational execution, transportation logistics, and vehicle merchandising**. From a health standpoint, our team worked hard to ensure we met all company, state and federal guidelines. We did that very well, and IAA's CAT Team recorded zero COVID-19 cases."



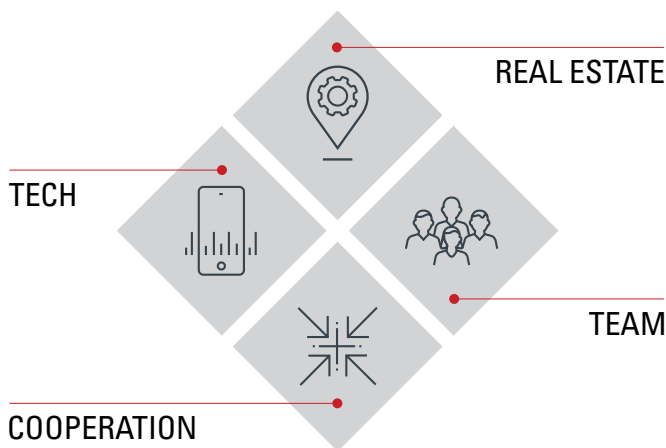
76 MILES  
AVERAGE DISTANCE (FOR 6 OF 7 YARDS) FROM LANDFALL



## Factors Driving Success

Zupec attributes IAA's success during the 2020 catastrophe season to several critical factors:

- **IAA Flexible Capacity Model™** that locates CAT yards close to landfall—no matter where landfall happens to be—dramatically reducing cycle times.
- **A seasoned and experienced CAT Team** that hit the ground running.
- **Operational execution and collaboration** that ensures a seamless response for IAA's customers.
- **IAA's industry-leading technology**, including the IAA Tow App™ and IAA Inspection Services®, that reduces cycle times and streamlines numerous processes.



## Capacity and Customer Satisfaction

IAA's ability to locate its CAT yards very close to landfall, no matter where a hurricane comes ashore, gives it a significant advantage over a fixed/owned model and provides IAA's customers with easier, faster access. A great example of this is IAA's response to Hurricanes Laura and Delta. When Laura hit Louisiana, IAA had two CAT yards within 50 miles. When Delta made landfall not far from Laura's path just six weeks later, IAA added another yard within 30 miles. The yards of other industry players were significantly further from landfall.

IAA's real estate capacity strategy ensures CAT yards can be located close to where hurricanes make landfall. This allows towers to quickly retrieve total loss vehicles, speeding up the claims process. Shorter tow trips mean vehicles get picked up faster, which benefits towers and IAA customers alike.

Shorter cycle times improve policyholder satisfaction because their vehicles are picked up sooner, their claims are processed quicker, and if they need to retrieve something from their vehicle, they have a shorter distance to travel.

"The narrative for this CAT season is that despite the record amount of activity and the frequency of hits in the Gulf Coast, our real estate capacity model ensured we had the space needed," said Rich Hoopis, IAA's Vice President, Real Estate Development. "At the end of the day we were ready to handle this season."

Hoopis also noted that IAA's Flexible Capacity Model and the 4,000+ acres of space within its network continue to be critical to its success. "No matter where a storm might hit along the Gulf or Atlantic coasts, we have the real estate capacity, in the form of branches, existing CAT yards, and land options that allows us to be close to where we need to be, and that are as close as possible to our customers and their policyholders," Hoopis said. "That saves everyone time and ensures a higher level of customer service to all who are affected."

## Seamless Collaboration

"The reason our CAT Team executes so well is that the recruitment process is distinctly designed to ensure the right people are on the team," Zupec said. "Our CAT Team is comprised of our most experienced employees. So when the team shows up at a CAT lot, whether it's a loader operator, a check-in person, or dispatcher, they know exactly what to do and can hit the ground running. Our CAT Team experience translates directly into more efficient, faster operations and shorter cycle times."

"Another highlight from this CAT season was the ability of IAA and our partner towers working together seamlessly and efficiently to get things done," Zupec said. "From the CAT Team, to Transportation, our towers, Operations, Procurement, local branch Operations, and all other IAA departments, the cooperation and contributions have been tremendous. It's a well-oiled machine that absolutely delivers."

## Technology Creating Efficiency

As with everything IAA does, technology plays a critical role in the customer experience and can reduce cycle times when responding to a catastrophic event. The historic number of storms, coupled with COVID-19-related restrictions and safety issues, highlighted how important technology is to IAA's successful CAT response. Two great examples of IAA technology improving customer outcomes were the IAA Tow App™ with IAA Auto Dispatch, and IAA Inspection Services™.

"IAA leveraged technology throughout the season, which helped us deliver excellent customer service and contributed to everyone's efforts to stay healthy through COVID-19," Zupec said. "With Auto Dispatch technology, not only did we have short cycle times, because drivers could pick up vehicles more quickly,

they were also able to request work, receive a task, and drop off and pick-up vehicles, without ever having to physically walk into the office. They could do everything they needed to in their trucks and from their phones. This obviously helped us stay safe by ensuring social distancing.”

IAA Inspection Services played a major role in not only reducing cycle times but also keeping carrier employees healthy and safe.

“IAA performed Inspection Services and then sent the results to desk adjusters, who were able to process claims quickly,” according to Juan Guerrero, Assistant Branch Manager (Regional) - Southcentral Admin. “This greatly reduced our customers’ cycle times and helped accommodate their need to stay safe during COVID.”

## Strategy That Delivers Service

Although the 2020 Catastrophe season was historic and record setting, IAA’s Catastrophe Response Strategy allowed it to provide an unmatched level of service to its customers. Between its Flexible Capacity Model, its experienced and highly qualified CAT Team, its streamlined operational execution, and its industry-leading technology, IAA was able to give its customers safe, fast, efficient service that kept cycle times down and customer satisfaction high.

“The ultimate judges of how well we did are our carrier partners and their customers,” Zupec said. “Based on their input, which is backed up by our data, IAA again achieved best in class service and customer satisfaction.”

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**Here are just a few customer comments on IAA’s performance during the 2020 CAT season:**

“Obviously IAA understands the importance and benefits of being prepared for CAT season, based on the continued prompt deployment in a challenging, multi-event season.”

“Upfront and ongoing reporting and communication of available IAA products is helpful in planning and deploying of limited assets in this difficult situation, when there was limited access to staff due to COVID.”

“Great job in matching vendors for recovery to product types in multiple CAT locations based on post-storm conditions and expedited processing. It helped reduce our costs and exposure around a wide variety of autos, vessels and recreational vehicles.”

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## Forward-Looking Statements:

Certain statements contained in this release 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 release, such forward-looking statements include statements regarding the expected timing and associated benefits with respect to IAA’s CAT Team and response strategy, and the related products and platforms discussed in this release, 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 the duration and severity of the COVID-19 pandemic and measures intended to reduce its spread; the loss of one or more significant vehicle seller customers or a reduction in significant volume from such sellers; 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 Item 1A “Risk Factors” in our Annual Report on Form 10-K for the year ended December 29, 2019 filed with the SEC on March 18, 2020 and in our Quarterly Report on Form 10-Q for the quarter ended March 29, 2020 filed with the SEC on May 6, 2020, 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 included in this release 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.