
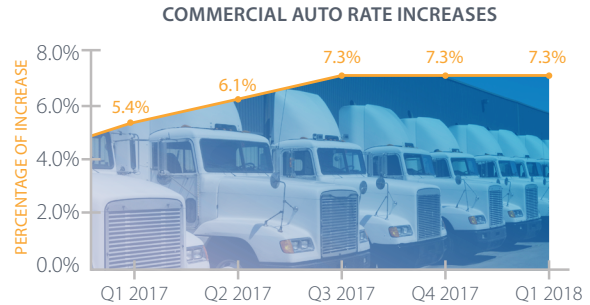




# IMA UPDATE COMMERCIAL AUTO

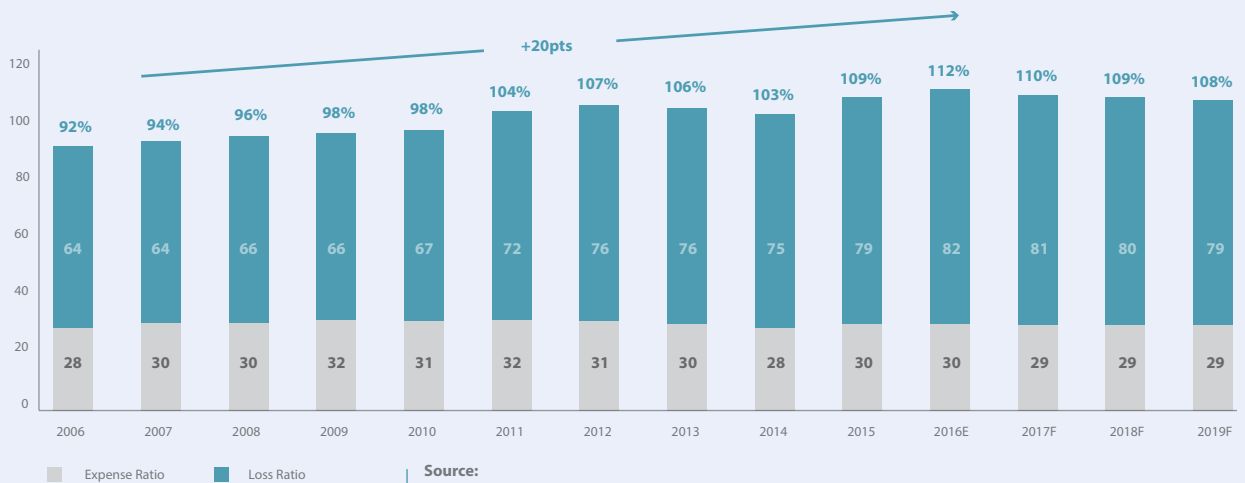
Between 2011 and 2016, commercial auto underwriting losses grew from \$744.8 million to \$2.9 billion, leading many carriers to raise premiums dramatically, restrict their exposure or exit writing this line of coverage all together.

In 2016, State Farm, the largest general auto insurer, reported a staggering **\$7 BILLION UNDERWRITING LOSS**

During the same time period, combined auto ratios have steadily climbed, meaning underwriters have yet to find a profitable formula with which to insure auto exposures. Though down from a peak of 112% in 2016, combined ratios remain at 110%, indicating the market can continue to expect rate increases in commercial auto moving forward.

**COMMERCIAL AUTO INDUSTRY COMBINED RATIO (2006-2019)**



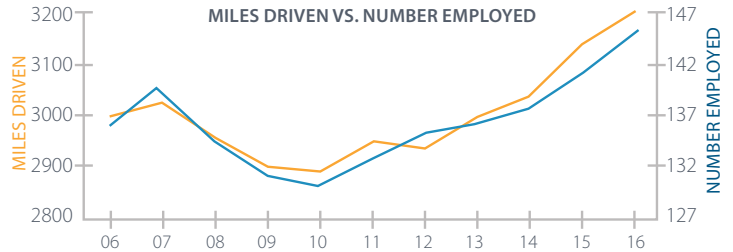


# WHAT IS DRIVING AUTO LOSSES TO INCREASE?



## MORE DRIVERS = MORE CARS

Nationwide, vehicle miles driven increased 3.3% year-over-year in the first half of 2016 and is now at an all-time high. More vehicles = higher frequency of accidents.



## DISTRACTED DRIVING

One-quarter of crashes involve drivers talking on phones or texting, even as phone usage while driving has decreased.

HANDHELD CELL PHONE USAGE WHILE DRIVING BY AGE GROUP



## INCREASING MEDICAL COSTS

Medical care costs are climbing more than 150% faster than other costs.



## INEXPERIENCED DRIVERS

There are both more personal and commercial drivers on the road than ever before, driving up the number of inexperienced drivers.



## AUTO REPAIR COSTS

As vehicles are equipped with more external sensors and 'crumple areas' extend to more areas of modern cars there has been a significant increase in average repair costs, driving up per claim costs considerably.

## HOW IMA HELPS



Reviewing your current fleet's **safety procedures and practices**.



**Auditing** your DOT-regulated driver qualification files.



Providing your senior management with a **comprehensive and honest view of the exposure**.



Providing **best practices for driver selection, training and ongoing monitoring** of motor vehicle record criteria.



Providing instructor led and/or online driver **safety training resources**.



Introducing you to **fleet telematic tools** and educating you how the data can be used to modify driver behavior.



Working closely with you and your insurance carrier to **advocate underwriting considerations** for the controls you have in place.