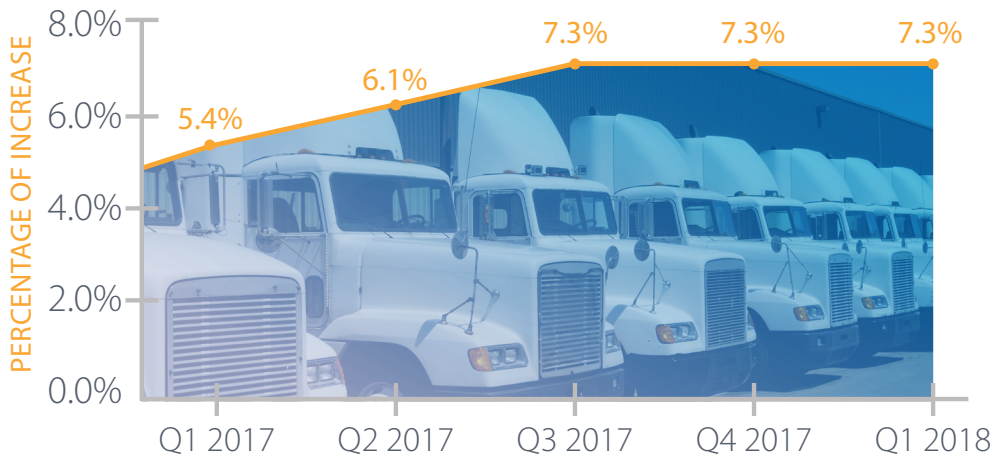




IMA UPDATE COMMERCIAL AUTO

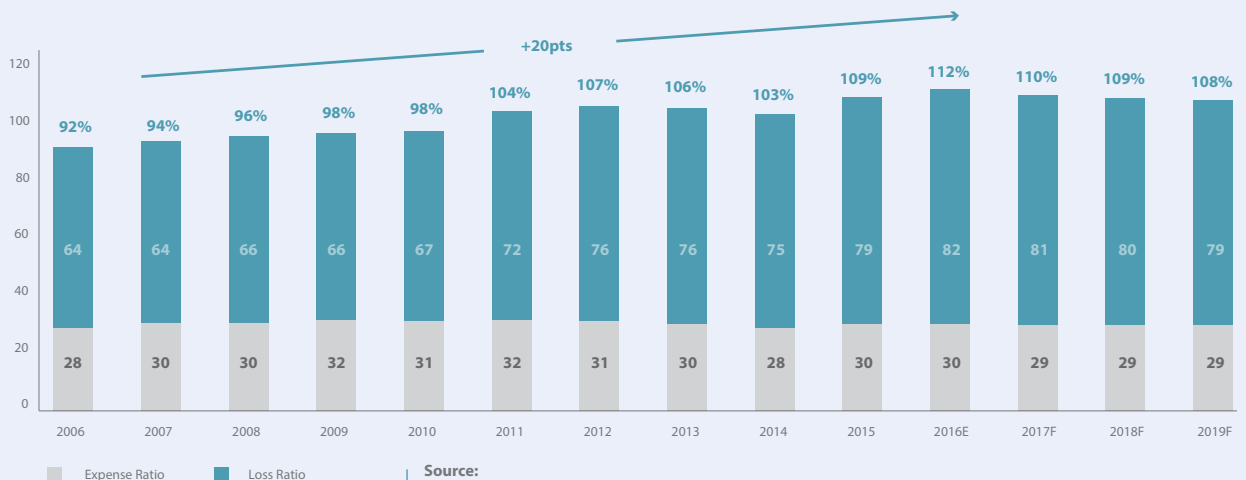
Between 2011 and 2016, commercial auto underwriting losses grew from \$744.8 million to \$2.9 billion, leading many carriers to raise premiums dramatically, restrict their exposure or exit writing this line of coverage all together.

COMMERCIAL AUTO RATE INCREASES



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)



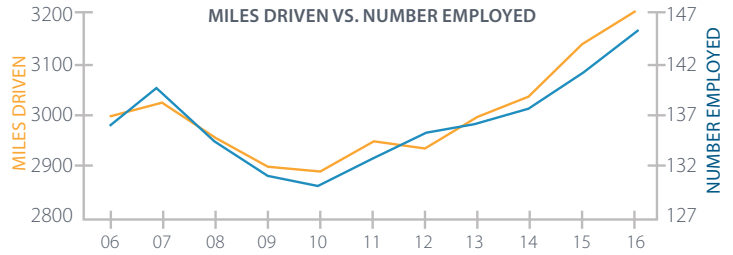
Source: Conning, Inc. Property/Casualty Forecast & Analysis First Q2017; Commercial Auto Year-End 2016. Historical data from A.M. Best

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.