North Carolina To Allow Digital Processing of Total Loss Titles

IAA and Dealertrack expand strategic agreement, bringing speed and efficiency to title delivery for the entire auto industry

NORTH HILLS, NY and WESTCHESTER, IL, July 9, 2020 – The General Assembly of North Carolina has amended its laws governing the title transfer of salvage vehicles by removing notary requirements, permitting electronic signatures and allowing access to division of motor vehicle systems. Prompted by the global health crisis, the amendment, due to be signed into law in mid-July, marks a new milestone in that half of the states in the U.S. would officially be eligible to transfer total loss titles digitally.

“With the passage of HB 337 (Regular Session 2019), North Carolina became the 25th state to enable electronic salvage title processing,” said Sarah Hunsicker, Director of Government Affairs for Dealertrack Registration and Title Solutions. “Additionally, North Carolina has taken further steps to streamline the transfer of a total loss vehicle, including permitting electronic signatures and eliminating notarization requirements.”

Even before the coronavirus pandemic forced many dealerships, DMVs and auctions to operate with fewer staff and social distancing, total loss title processing could take 8-10 weeks. The delay to transfer ownership of a total loss vehicle stalls cash flow for insurance companies, dealers and other downstream players who derive value from fixing, parting out or recycling salvaged vehicles.

The new law paves the way for digital processing of total loss titles in North Carolina, which can now be done via an enhanced strategic agreement between IAA, Inc. (NYSE: IAA) and Dealertrack Registration and Title Solutions. IAA is a leading global marketplace connecting vehicle buyers and sellers. Dealertrack’s Registration and Title Solutions expedite back office workflow and improve deal efficiency. The companies’ combined technologies allow for the transfer of information between the parties necessary to the total loss title transfer, which can cut the timeframe down to as little as one week and free up crucial cash flow. IAA’s Loan Payoff™ allows insurance companies and automotive lenders to digitally connect to address negative equity liens. It then issues a letter of guarantee, resulting in accelerating the total loss settlement and lien payoff process.

“When a total loss occurs, generally the consumer is made whole at the beginning of the claims process on the value of the vehicle,” explained, Tim O’Day, president of U.S. operations for IAA. “The creation of value and healthy revenue from that asset then falls on insurance companies, dealerships and a whole eco-system of affiliated businesses. Enabling the process to work digitally speeds up the flow of value from one party to the next, which in turn benefits the entire auto eco-system.”

In a vehicle claim, moving the title faster decreases the cycle time to sell a total loss vehicle, which means better value to the involved parties, and can translate to more stable insurance premiums to consumers.

Based on internal analysis and interactions with multiple insurance providers, IAA estimates that there are more than five million cars declared a total loss each year and approximately 60 to 70 percent of those vehicles have loans which require payoff prior to the clear transfer of title.[1] Based on the average price for cars declared total losses, delays in the loan payoff and title transfer processes can tie up billions of dollars and slow consumers from returning to the auto retail market to purchase their next vehicle.

"If there is a silver lining to be found for our industry during the upheaval caused by the national health crisis, it has been the spur to digital adoption," said Kaitlin Gavin, vice president of operations, Dealertrack Registration and Title Solutions. "We've progressed years in terms of applying available technology to total loss titling in just weeks' time."

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[1] IAA 2019 Data.

About Dealertrack
Dealertrack provides industry-leading software solutions that give dealerships, lenders, and partners the confidence to thrive in an ever-changing automotive market. The company's integrated suite of powerful easy-to-use products and services helps dealerships and their lending partners grow by increasing efficiency and improving decision-making. Dealertrack is part of the Cox Automotive family, a company that is transforming the way the world buys, sells, owns and uses cars. Dealertrack—along with its unmatched network of dealership and lending partners—is improving the car buying experience by embracing the technologies that will shape the future of automotive retail. For more information about Dealertrack, visit www.dealertrack.com.

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 multi-channel platform processes approximately 2.5 million total-loss, damaged and low-value vehicles annually. 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 innovative vehicle merchandising, efficient evaluation services and digital bidding tools, 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, and follow IAA on Facebook, Twitter, Instagram, YouTube and LinkedIn.

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 of the IAA and Dealertrack strategic agreement, and the related products and processes discussed in this release. 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 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.

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