



MANAGEMENT CONFERENCE

The Conference Built for Leaders, by Leaders
June 23-26, 2013
La Costa Resort & Spa • Carlsbad, Calif.



Insurers and Highway Safety

Wednesday, June 26, 2013, 11:10 a.m.

Adrian Lund, President
Insurance Institute for Highway Safety
Arlington, Va.

Adrian K. Lund is president of the Insurance Institute for Highway Safety and the Highway Loss Data Institute.

Trained initially as a psychologist, Adrian has been involved in health-related research since 1974. He joined IIHS in 1981 as a behavioral scientist, becoming senior vice president of research in 1993, chief operation officer for IIHS and HLDL in 2001, and president for both in 2006.

He is the author of numerous scientific papers on such topics as young drivers, alcohol and drug use among drivers, occupant restraints, and the effect of vehicle design on driver behavior and crashworthiness. He has served on many governmental and nongovernmental committees that address highway safety issues.

Prior to joining IIHS, Adrian conducted research on people's health activities at the University of Connecticut Health Center. He received a bachelor's degree from North Carolina State University and a doctorate from the University at Buffalo, the State University of New York.

Session Description:

The Insurance Institute for Highway Safety – funded entirely by auto insurance companies – has been helping reduce the human and economic costs related to crashes on our nation's highways for over 50 years. As we look toward the future, this presentation will illustrate where the Institute has been and where it is going next, with a focus on the expansion of the Institute's Vehicle Research Center and the part it will play in keeping insurers at the forefront of highway safety.

Insurers and Highway Safety

Session Outline

Overview

Institute Activities

Where Are We?

Insurance Institute for Highway Safety

- IIHS Members Write 85% of Private Passenger Auto Insurance in US
- 2013 IIHS and HLDI Budget
- People Drive More Safely Because of IIHS Research
- Roads are Safer Because of IIHS Research
- Vehicles Are Safer Because of IIHS Research
- 50th Anniversary Crash Test
- IIHS Research and Communications Bring Public Recognition to Insurers' Efforts to Reduce Losses

IIHS Vehicle Safety Awards

- Volvo S60
- Crash Avoidance Technology

Google Shows Future Possibilities

Features Already on the Road

Highway Loss Data Institute Research Shows That Some Features Are Working Better Than Others

- Standard Reports – Losses by Make and Model
- Best and Worst Collision Overall Losses
- Volvo City Safety
- PDL Claim Frequencies for 2010-12 Volvo XC60 With City Safety vs. Other 2009-12 Midsize Luxury SUVs
- Higher Speed Forward Collision Warning and Mitigation Systems Also Are Showing Effectiveness
- Forward Collision Warning With and Without Autonomous Braking

Some Crash Systems Are Not Showing Effectiveness

- Lane Departure Warning is Not Reducing Vehicle Damage Claims

VRC Expansion

- Expansion Elements
- Site Conceptual Rendering
- Covered Test Track Rendering
- Form to Finish First of 18 Support Piers
- Status of Funding

Q & A



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Insurers and Highway Safety

NAMIC Management Conference
Carlsbad, CA • June 26, 2013

Adrian Lund, Ph.D., President

The Insurance Institute for Highway Safety,

founded in 1959, is an independent, nonprofit, scientific, and educational organization dedicated to reducing the losses — deaths, injuries, and property damage — from crashes on the nation's roads.

The Highway Loss Data Institute,

founded in 1972, shares and supports this mission through scientific studies of insurance data representing the human and economic losses resulting from the ownership and operation of different types of vehicles and by publishing insurance loss results by vehicle make and model.

Both organizations are wholly supported by auto insurers.

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50th Anniversary film – Introduction



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Institute activities

We do not lobby, legislate, or litigate

- Priority 1 – objective research on policy options to reduce injuries and property damage from motor vehicle crashes
- Priority 2 – effective communications to make research information attractive to news media
 - News releases (TV, print, Internet)
 - Films
 - Testimony at state and federal legislative and regulatory hearings
 - Briefings of other stakeholders, including vehicle manufacturers
- IIHS and HLDI rely on aggressive research and communications to empower people and policymakers with objective information

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Where are we?

Location of IIHS/HLDI and Vehicle Research Center



Insurance Institute for Highway Safety

Organization as of May 2013

Total employees (103)

- Arlington, Virginia – headquarters (66 employees)
 - Research & Communications (48)
 - Highway Loss Data Institute (18)
- Ruckersville, Virginia – Vehicle Research Center (37 employees)

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2013 IIHS and HLDI budget

In millions

IIHS	\$17.3
HLDI	\$ 3.4
total	\$20.7

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IIHS members write 85% of private passenger auto insurance in USA

- Acceptance Insurance
- ACE Private Risk Services
- Affirmative Insurance
- Agency Insurance Company of Maryland
- Alfa Alliance Insurance Corporation
- Alfa Insurance
- Allstate Insurance Group
- American Family Mutual Insurance
- American National Family of Companies
- Ameriprise Auto & Home
- Amica Mutual Insurance Company
- ARI Insurance Companies
- Auto Club Enterprises
- Auto Club Group
- Auto-Owners Insurance
- Aviva Insurance
- Bankers Insurance Group
- Bituminous Insurance Companies
- California Casualty Group
- California State Auto Group
- Capital Insurance Group
- Chubb & Son
- Civil Service Employee Insurance Company
- Colorado Farm Bureau Mutual Insurance Company
- Commonwealth Mutual Insurance Company of America
- Concord Group Insurance Companies
- Cotton States Insurance
- COUNTRY Financial
- Dallas National Insurance Company
- Direct General Corporation
- Driver's Insurance Group
- Erie Insurance Group
- Esurance
- Farm Bureau Financial Services
- Farm Bureau Insurance of Michigan
- Farm Bureau Mutual Insurance Company of Idaho
- Farmers Insurance Group of Companies
- Farmers Mutual Hail Insurance Company of Iowa
- Farmers Mutual of Nebraska
- Fireman's Fund Insurance Company
- Florida Farm Bureau Insurance Companies
- Frankenmuth Insurance
- Gainsco Insurance
- GEICO Group
- Georgia Farm Bureau Mutual Insurance Company
- Goodville Mutual Casualty Company
- Grange Insurance
- Hallmark Insurance Company
- Hanover Insurance Group
- The Hartford
- Haulers Insurance Company Inc.
- Horace Mann Insurance Companies
- ICW Group
- Imperial Fire & Casualty Insurance Company
- Indiana Farmers Mutual Insurance Company
- Infinity Property & Casualty
- Kemper Preferred
- Kentucky Farm Bureau Insurance
- Liberty Mutual Insurance Company
- Louisiana Farm Bureau Mutual Insurance Company
- Maryland Automobile Insurance Fund
- Mercury Insurance Group
- MetLife Auto & Home
- Michigan Millers Mutual Insurance Company
- MiddleOak
- Mississippi Farm Bureau Casualty Insurance Company
- MMG Insurance
- Mutual of Enumclaw Insurance Company
- Nationwide
- New Jersey Manufacturers Insurance Company
- Nodak Mutual Insurance Company
- Norfolk & Dedham Group
- North Carolina Farm Bureau Mutual Insurance Company
- Northern Neck Insurance Company
- Ohio Mutual
- Old American County Mutual Fire Insurance
- Old American Indemnity Company
- Oregon Mutual Insurance
- Pekin Insurance
- PEMCO Insurance
- Plymouth Rock Assurance
- Progressive Corporation
- The Responsive Auto Insurance Company
- Rockingham Group
- Safe Auto Insurance Company
- Safeco Insurance
- Samsung Fire & Marine Insurance Company
- SECURA Insurance
- Sentry Insurance
- Shelter Insurance
- Somo Japan Insurance Company of America
- South Carolina Farm Bureau Mutual Insurance Company
- Southern Farm Bureau Casualty Insurance Company
- State Auto Insurance Companies
- State Farm
- Tennessee Farmers Mutual Insurance Company
- Texas Farm Bureau Insurance Companies
- Tower Group Companies
- The Travelers Companies
- United Educators
- USAA
- Utica National Insurance Group
- Virginia Farm Bureau Mutual Insurance
- West Bend Mutual Insurance Company
- Westfield Insurance
- Zurich North America

People drive more safely because of IIHS research



Belt use campaign, North Carolina



Graduated Driver Licensing



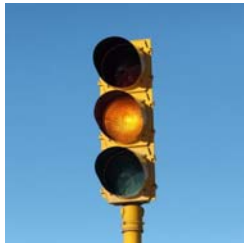
Automated enforcement



Breath alcohol-ignition interlocks

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Roads are safer because of IIHS research



Yellow-light timing



Roundabouts



Rumble strips



Low-cost countermeasures

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Vehicles are safer because of IIHS research



Fuel tank integrity



Airbags



Electronic stability control



Structural integrity

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50th Anniversary crash test

1959 Bel Air vs. 2009 Malibu

INSURANCE INSTITUTE
FOR HIGHWAY SAFETY

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IIHS research and communications bring public recognition to insurers' efforts to reduce losses



IIHS vehicle safety awards

Requirements for 2013




To earn **TOP SAFETY PICK 2013** vehicles must receive good ratings in the moderate overlap front, side, rollover and rear tests



To earn **TOP SAFETY PICK+ 2013** vehicles must be eligible for TSP 2013 (above) **PLUS** achieve good or acceptable rating in small overlap test

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THIS IS BOUND TO HAVE A HUGE IMPACT ON MERCEDES, BMW AND AUDI.

2013 IIHS

TOP SAFETY PICK+


Only one European luxury sedan passed a safety test that has never been conducted before in the U.S. or Europe. Only one European luxury sedan earned a "good" rating in the IIHS new Small Overlap Front Test – the 2013 Volvo S60. In contrast, both the Mercedes-Benz C-Class and the Audi A4 earned a "poor" rating, while the BMW 3-Series earned a "marginal" rating in the same test.

Proving that while most automotive manufacturers are content to design their cars to excel in existing tests, we are continually looking for new opportunities to improve on passenger safety.

Safety. It's one of the many ways a Volvo is designed around you.

SIGN & DRIVE THE 2013 S60 T5

due at signing
security deposit | **\$359** per month | **24** month lease*



To learn more about the results, go to: VOLVOCARS.COM/US/IIHS

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Volvo S60

Crash avoidance technology

The next big thing in highway safety

www.iihs.org

Google shows future possibilities



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Features already on the road

- Forward collision warning
 - with and without automatic braking
- Low speed forward collision prevention with auto-brake
- Lane departure warning
- Lane keep assistance – positive steering control
- Blind spot warning
 - with and without active lane encroachment prevention
- Rear cross traffic alert
- Cameras – rear and all-around view
- Auto-park systems

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Highway Loss Data Institute
research shows that some
features are working better than
others

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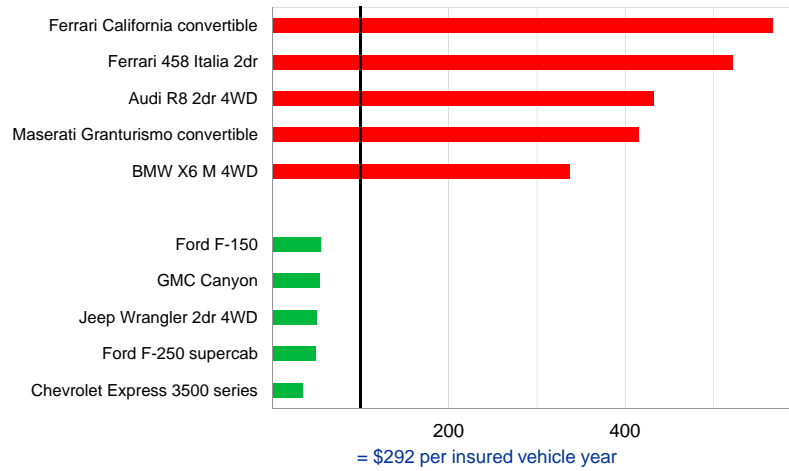
Standard reports – Losses by make and model

The image displays seven individual insurance reports arranged in two rows. The top row contains four reports: Bodily Injury Liability (dated 8/11 September 2012), Personal Injury Protection (dated 1/11 September 2012), Medical Payment Losses (dated 8/11 September 2012), and Comprehensive Losses (dated 6/12 April 2013). The bottom row contains three reports: Property Damage Liability (dated 1/12 December 2012), Collision Losses (dated 1/12 December 2012), and Theft Losses (dated 1/12 April 2013). Each report has a blue header with the title and a white body containing text and a small car icon. The footer of each report includes the HDI logo and the date.

www.hidi.org

Best and worst collision overall losses

2010-12 passenger vehicles – total losses per insured vehicle year



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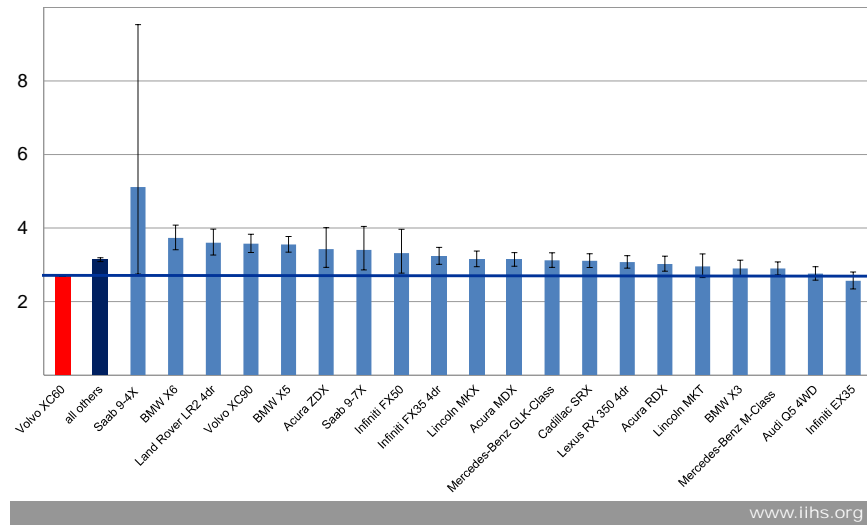
Volvo City Safety

Low speed system with automatic braking shows large benefits

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PDL claim frequencies for 2010-12 Volvo XC60 with City Safety vs. other 2009-12 midsize luxury SUVs

Calendar years 2009-12

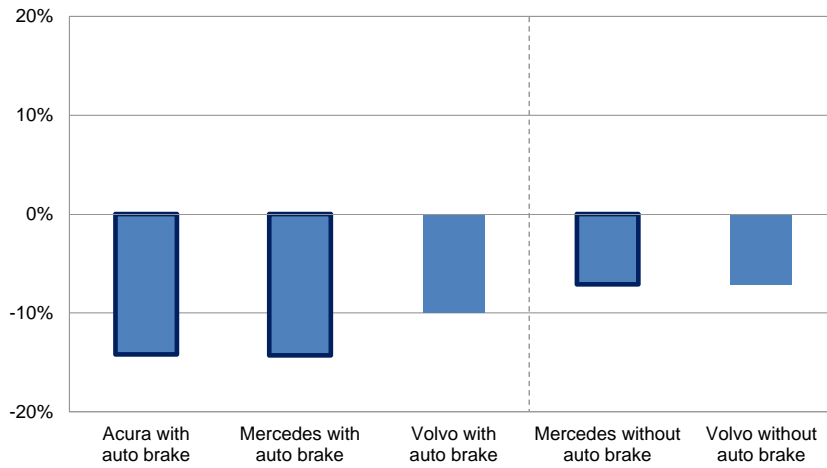


Higher speed forward collision warning and mitigation systems also are showing effectiveness

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Forward collision warning with and without autonomous braking

Property damage liability claim frequency by manufacturer



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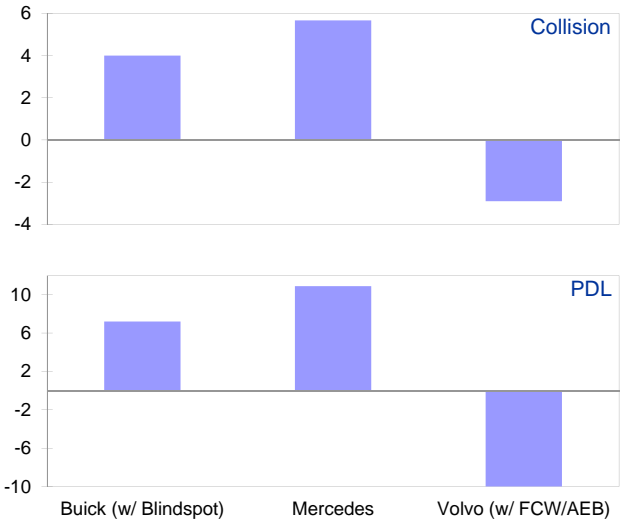
Some crash avoidance systems are not showing effectiveness

Lane departure warning (without active lane keep assistance)

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Lane departure warning is not reducing vehicle damage claims

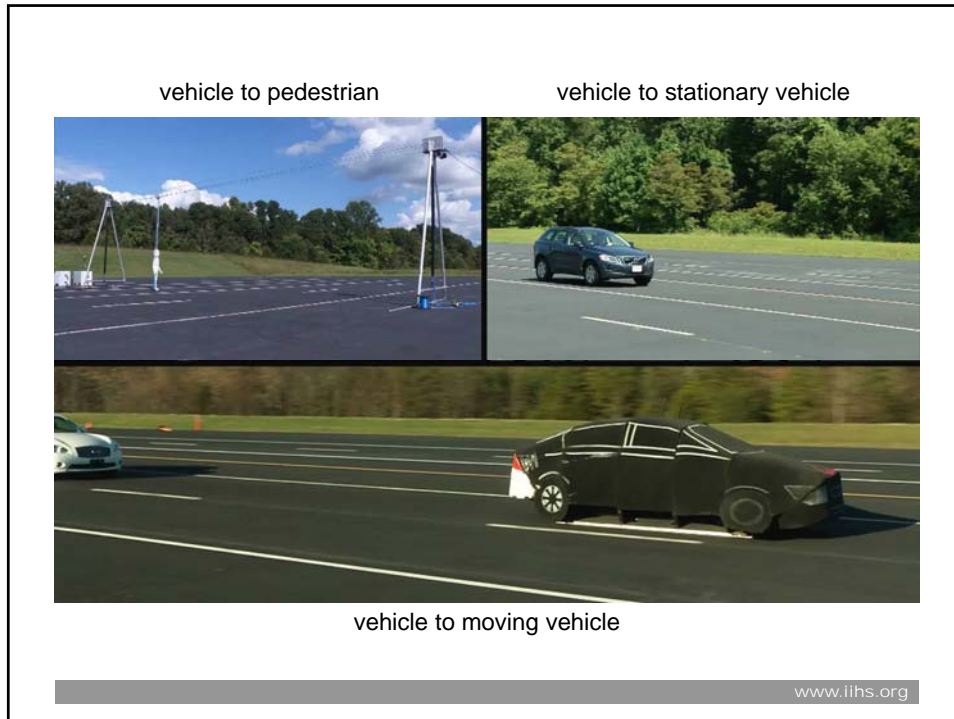
Percent change in claims per insured vehicle year



VRC expansion



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Expansion elements

Cost up to \$30 million

- Enlarged test track for higher speed testing
- A second, covered test track to facilitate
 - rapid testing for consumer information
 - media events and demonstrations
- Robotic control equipment
- Expanded office and vehicle preparation space to
 - accommodate additional staff for crash avoidance testing
 - facilitate relocation of Arlington staff to the VRC

VRC new headquarters of the Institutes with Arlington as satellite office for media and government relations

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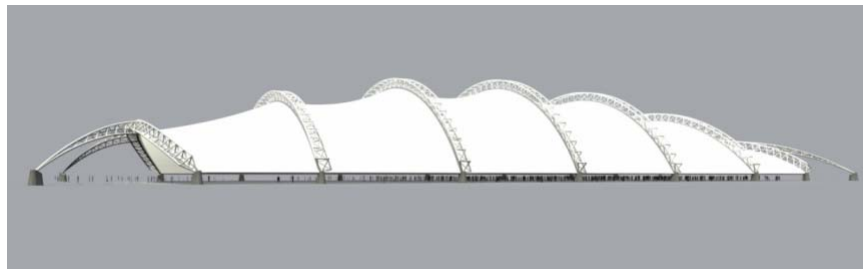
Site conceptual rendering



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Covered test track rendering

Steel and tensile fabric structure



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Form to finish first of 18 support piers

http://press.iihs.org/VRC_expansion/updates.html



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Status of funding

all commitments	\$23,112,840
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NAMIC-IIHS commitments	\$12,091,254
NAMIC non-IIHS Safety Challenge commitments	\$30,500
NAMIC-IIHS Safety Challenge commitments	\$100,000
total NAMIC commitments	\$12,221,754

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Dedicated to reducing deaths, injuries,
and property damage on the highway