

Beyond the Fleet

Why U.S. Commercial Auto Liability Has Become a Governance and Balance Sheet Risk

EXECUTIVE PERSPECTIVE FOR EUROPEAN HQ



THE EXECUTIVE QUESTION

Could **one severe U.S. auto loss** become a **material corporate event**, and can management demonstrate that governance, insurance and capital assumptions are built for that scenario?

THE FAMILIAR FLEET LENS

Necessary, but incomplete



Fleet safety



Drivers



Prevention



Insurance

THE ENTERPRISE SEVERITY LENS

What actually drives the financial outcome



Injury severity



Venue



Litigation



Documentation



Controls



Ins. structure

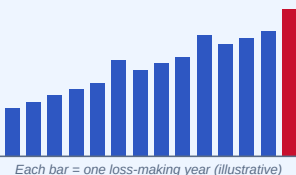


Response

1 FREQUENCY CONCEALS THE EXPOSURE THAT MATTERS

14

consecutive years of U.S. commercial auto underwriting losses¹



\$4.9B

underwriting loss in 2024 alone

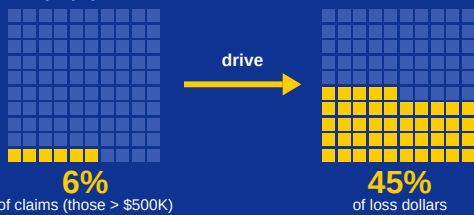
100% = break-even



~113% combined ratio

SEVERITY IS CONCENTRATED

Commercial auto bodily-injury claims, 2021-2025³



THE U.S. CHALLENGE IS NOT FREQUENCY. IT IS SEVERITY.

Stable fleet stats can mask one catastrophic claim. Industry data = warning sign, not company-specific materiality.

2 THE CORPORATION BECOMES THE DEFENDANT



Accident driving behavior



Discovery evidence review



The Company on trial

WHAT PLAINTIFFS WILL EXAMINE



Driver selection



Training



Maintenance



Telematics



Device controls



Contractors



Emails / comms



Escalation

Having a policy is not enough. Prove it was:

IMPLEMENTED

MONITORED

ENFORCED

ESCALATED

Test **before** an incident: isolated driving error, or a foreseeable risk identified but not controlled?

3 VENUE MATTERS AS MUCH AS THE ACCIDENT



Similar facts

TX

?

GA

?

FL

?

IL

?

CA

?

Dramatically different litigation dynamics and financial outcomes

WHAT DIFFERS BY JURISDICTION



Jury attitudes



Plaintiff activity



Litigation culture



Judicial climate

Map it, don't assume it:



Where do employees, contractors & providers drive?



Where would severe claims be litigated?



Do operations overlap high-severity venues?

4 A PRACTICAL MATERIALITY TEST FOR HEADQUARTERS



Where they intersect, auto becomes an executive issue



EXPOSURE FOOTPRINT

Owned, hired, employee, contractor & third-party driving; locations

Do national totals conceal high-severity concentrations?



SEVERITY PATHWAY

Catastrophic injury / wrongful death scenarios; duration; venue

Which scenarios could become material, and why?



CONTROL EVIDENCE

Selection, training, maintenance, telematics, device controls, escalation records

Can we prove controls operate, not merely exist?



FINANCIAL RETENTION

Deductibles, self-insurance, captive, aggregates, attachment points

How much loss reaches the group before & after insurance?



RESPONSE CAPABILITY

Escalation, evidence preservation, insurer/broker coordination, settlement authority

Would we respond as one enterprise under pressure?

5 COMMERCIAL AUTO IS NOW A CAPITAL MANAGEMENT ISSUE



Local retention & claim expense



Captive funding & reinsurance



Primary & excess layers attach



Exhaustion or uninsured gaps



Reserve development



Earnings, liquidity, capital & appetite

\$4-5B

estimated sector **under-reserving** in 2024 (AM Best)⁴, largely unchanged in its later report⁵

Are our retained-loss and limit assumptions defensible under plausible future severity?

HOW ONE SEVERE LOSS TRAVELS THROUGH THE BALANCE SHEET



THE BEST CLAIM DEFENSE STARTS WITH STRONG GOVERNANCE

If a catastrophic U.S. auto claim occurred tomorrow, would management be defending an **accident**, or defending **the company's governance**? Are limits, captive capital and escalation built for **tomorrow's potential severity**, not yesterday's losses?

Sources: 1 AM Best (news.ambest.com, ref. 269297); 2 Insurance Journal, 22 Sep 2025; 3 Verisk, Spotlight: Size of Loss by LOB, Q3 2026; 4 Insurance Journal, 22 Sep 2025; 5 Insurance Journal, 24 Feb 2026. Source: Executive Insights: Beyond the Fleet, EPIC Global Risk Management.



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