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AmTrust 2020 Extended Auto Warranty Advisor

Consumers Shift Gears and Accelerate Extended Warranty Growth

EXTENDED WARRANTIES GROW IN POPULARITY AS CLAIM PAYOUTS INCREASE

AmTrust examined over **2.4M** auto warranty claims totaling **~\$1.5B** from 2015-2019 across all manufacturers as auto warranty claims continue to rise.

Guaranteed Asset Protection (GAP)
claim payouts have risen by

20%

Vehicle Service Contracts (VSC)
claim payouts have risen by

14.9%



COVID-19 IMPACT

2020 saw a major shift in driving habits. Use of public transportation decreased while short getaway trips became more popular.

"Consumer demand for automobiles, both new and used, has quickly accelerated since May. We've also seen an increase in demand for a variety of extended warranty products that enable consumers to protect their investments."

Bruce Saulnier
President of AmTrust Specialty Risk U.S.

ECONOMIC CONCERNS MAKE EXTENDED AUTO WARRANTIES MORE DESIRABLE



Consumers hold on to vehicles longer and are more likely to purchase used vehicles



As vehicles age, the likelihood of an expensive repair increases



Having an extended warranty can protect consumers from having to pay a huge bill out of pocket

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GAP PROTECTION

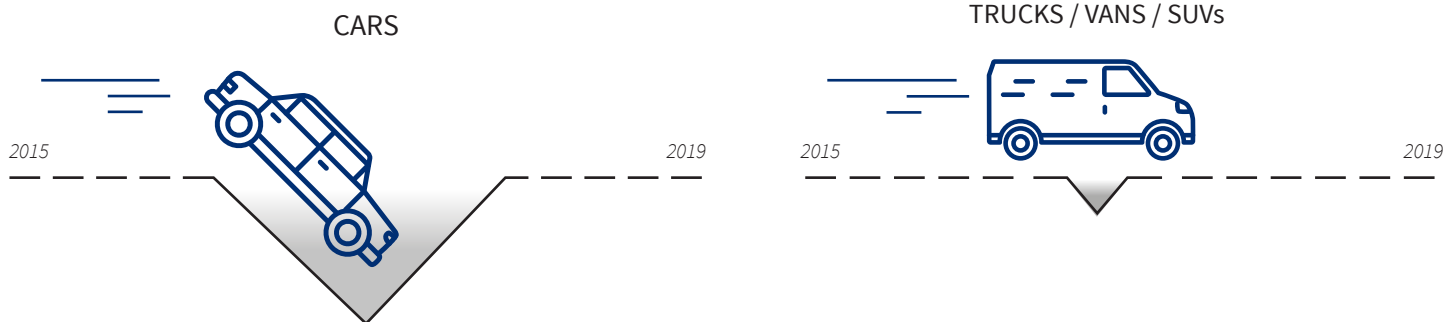
ARE CONSUMERS MINDING THE GAP?

For many consumers purchasing new cars, GAP is crucial to protect their investment from the moment they drive off the lot. Drivers are getting more value out of GAP, with the average five-year claim payouts continually increasing.



CARS DEPRECIATE FASTER AND DON'T HOLD VALUE LIKE TRUCKS

Cars are 96% more likely than trucks to file a GAP claim



BUT TRUCKS / VANS / SUVs HAVE HIGHER CLAIM PAYOUTS



GAP : DIFFERENCES IN MANUFACTURERS*

Asian Manufacturers of Trucks/Vans/SUVs See Highest Five-Year Growth in Average Claim Payouts



DOMESTIC

11%

Cars

10%

Trucks / Vans / SUVs



ASIAN

16%

Cars

32%

Trucks / Vans / SUVs



EUROPEAN

18%

Cars

19%

Trucks / Vans / SUVs

*percentages reflect the increase in average claim payouts from 2015-2019



APPEARANCE PROTECTION

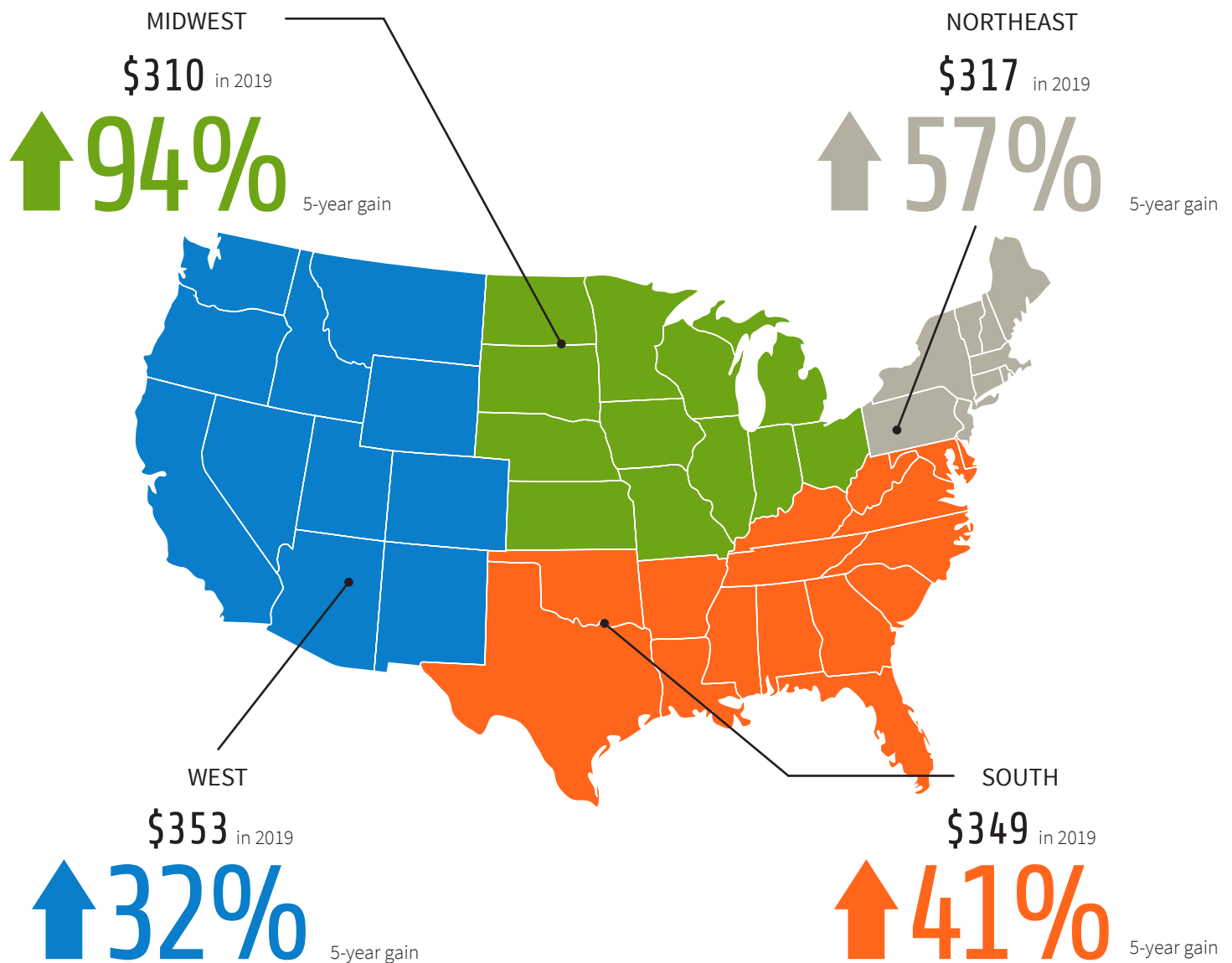
KEEPING UP APPEARANCES

Dents, dings and spills can ruin your vehicle's interior and exterior appearance. Many consumers find comfort in purchasing additional coverage. Claim payouts on these coverages continue to rise by an average of 30%, helping consumers keep their vehicles looking good while avoiding repair costs.

LOOKING GOOD IN YOUR NEIGHBORHOOD

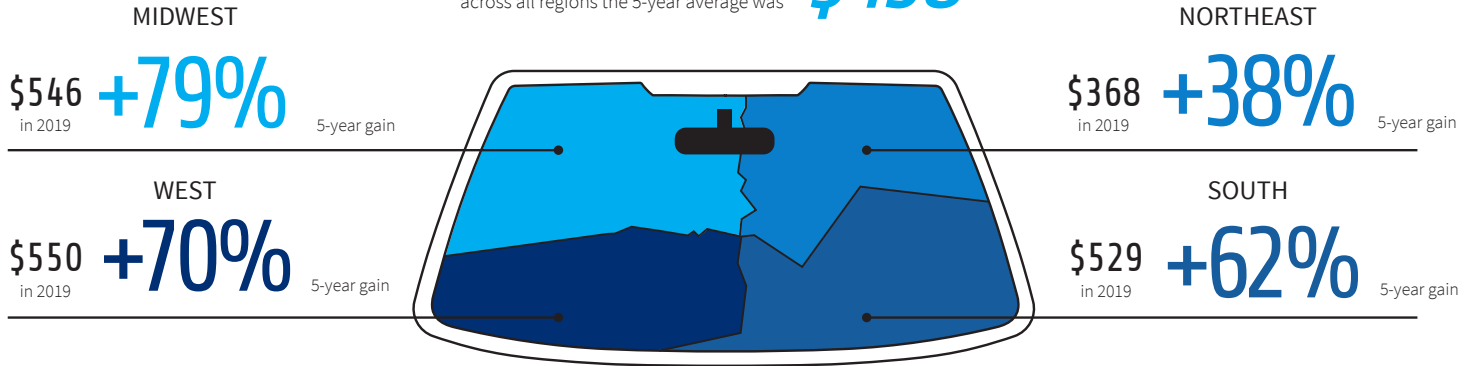
Average Claim Payouts **\$293**

across all regions over a 5-year average was

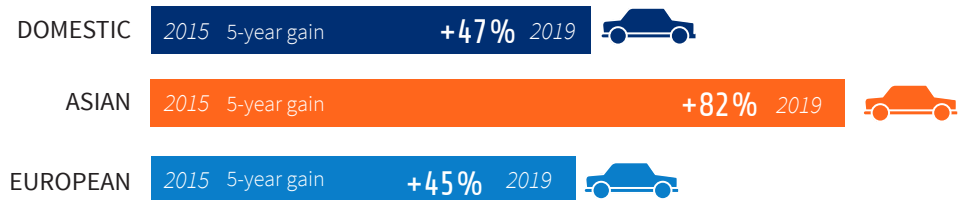


CRACKING THE CODE OF WINDSHIELD PROTECTION

Average Claim Payouts **\$438**
across all regions the 5-year average was



ASIAN VEHICLES SEE LARGEST INCREASE IN WINDSHIELD PROTECTION CLAIM PAYOUTS



TIRE AND WHEEL PROTECTION

Potholes, road repairs and lousy weather stall drivers in the Northeast and Midwest, where we see the highest average claim payouts for Tire and Wheel Protection.

Average Claim Payouts **\$280**
across all regions the 5-year average was



LABOR AND PARTS COSTS DRIVE HIGHER EUROPEAN AVERAGE CLAIM PAYOUTS FOR APPEARANCE PROTECTION





MECHANICAL BREAKDOWN

TECHNOLOGY & VEHICLE AGE FUELS CLAIM PAYOUTS

As the technology in vehicles continues to grow, more complex components can break down, requiring expensive repairs. Vehicle Service Contracts give consumers the comfort of knowing that if something does go wrong, they won't be stuck with a huge out of pocket bill. As vehicles age, the likelihood of a major component break down increases, causing the average claim payouts cost of used cars to exceed new vehicles.

NEW VEHICLES OUTSHINE USED WITH LESS EXPENSIVE REPAIRS



NEW CARS

\$947* in 2019
up 22% from 2015



USED CARS

\$1,169* in 2019
up 17% from 2015

*Average Claim Payouts

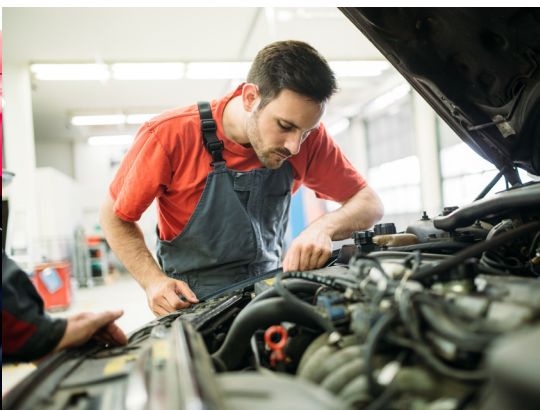
LEARN MORE ABOUT AMTRUST'S EXTENDED WARRANTY OFFERINGS



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