

FT PARTNERS FINTECH INDUSTRY RESEARCH

August 3, 2021

INSURTECH CEO INTERVIEW:



High Definition Vehicle Insurance

With CEO Chuck Wallace

Telematics and Insurance

HDVI Overview

Company Overview



| | |
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| CEO: | Chuck Wallace |
| Location: | Chicago, IL |
| Founded: | 2018 |

- HDVI brings telematics and software together with insurance, to deliver a next-generation solution
- The Company’s platform arms fleets with an end-to-end solution that helps them save money, mitigate risk, and increase operational efficiencies
- HDVI’s Shift provides fleets with a dynamic pricing product that incentivizes safe driving through near real time feedback and rewards

Management Team



Chuck Wallace
Chief Executive Officer



Reid Spitz
Head of Operations



Cu Pham-Barnes
Head of Engineering



Adam Barnett
Head of Underwriting



Marty Maroney
Head of Fleet Services

Products & Services

HDVI offers a premium insurance product that includes broad coverage, flexible payment terms, and enhanced coverage forms. On top of that, HDVI:



Unlocks the power of fleets’ driving data, fueling unparalleled cost reduction, risk protection and operational efficiencies



Partners with the leading ELD and camera vendors in industry and **provide hardware free of charge to fleets**



Provides integrated software that includes:

- Fleet safety module with active **driver analysis and alerts**
- Fleet compliance module **with DOT inspection tracking and file management**
- Driver app with leaderboard, **coaching and rewards**

Selected Financial History

| Date | Amount (\$) | Investor(s) |
|-----------|-------------|--|
| June 2020 | 16 | 8VC, Munich Re Ventures, Autotech Ventures, Qualcomm Ventures, DF Enterprises, Multiple Angels from the Insurance, Freight and Logistics and Mobility Industries |



Chuck Wallace
CEO

“...HDVI is able to leverage all the resources and capabilities that are so significantly underutilized by the incumbents – like data and technology – to deliver superior insurance coverage AND the tools that fleets need to actually improve their businesses...”

What is the vision behind HDVI? How has the insurance industry traditionally served the trucking industry and how is HDVI breaking the mold?

Commercial trucking insurance hasn't meaningfully changed in decades. The industry has been providing the same insurance coverage for many years now, and doing so over the last decade in particular with unacceptable loss ratios. In contrast, the freight and logistics and mobility industries, and the fleet customers the insurance companies serve, have advanced significantly with technology, data, and business model evolution.

The incumbent commercial insurance industry is a classic example of good companies with smart people who are none-the-less hampered by legacy paradigms, systems and processes – all of which make it very, very difficult for them to evolve to meet the changing needs of their customers. It's an industry that's both ripe for change, and where the advantage in creating the insurance products and services needed for the future clearly goes to HDVI as the new market entrant. That's because HDVI is able to leverage all the resources and capabilities that are so significantly underutilized by the incumbents – like data and technology – to deliver superior insurance coverage AND the tools that fleets need to actually improve their businesses, lower their risk profile, and benefit from lower premiums as a result.



CEO Interview – Chuck Wallace

“HDVI adds a significant amount of technology and data to what’s already there, to translate the data into insights fleets can act upon while providing the tools needed as well.”

You’re taking a tech-forward approach to insurance. What are the key technologies you are leveraging in your solution?

It’s a combination of hardware, software and data. Think of it as an end-to-end insurance solution. Limited telematics have been required in most trucks for several years now in the form of Electronic Logging Devices (ELDs), and so some of the data is already there. HDVI adds a significant amount of technology and data to what’s already there, to translate the data into insights fleets can act upon while providing the tools needed as well. For example, our Driver+ app gives drivers a way to track, increase, and earn rewards for safe driving behaviors. Fleet managers use dashboards to benchmark safe driving – and when the fleet is hitting those benchmarks, HDVI will automatically reduce their premiums each month. External facing cameras serve as a visual record to protect fleets and drivers from the very real threats of fraud and nuclear verdicts – things that will put a small to medium sized fleet out of business with one accident. The tools we’re providing motivate safe driving, and that helps fleets increase safety, lower costs, mitigate risk, and become more operationally efficient.

What are the key business challenges that fleet managers face and how do you help solve them?

Trucking is a challenging, complex and capital-intensive business even for the smallest of fleets, and cost and risk are pervasive. Accident costs are significant and constantly increasing. A truck being in an accident – even one they didn’t cause – not only creates downtime for the truck for claims processing and repairs, but can lead to bankruptcy for a fleet if another driver litigates. These risks are all driving up the cost of insurance premiums, and fleets are handcuffed. What HDVI does is give those fleets and drivers a way to take control of costs and protect against risk at the same time. To start, HDVI brings the right set of telematics to our fleets – which is a significant help to them right out of the gate.

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CEO Interview – Chuck Wallace

“Because HDVI is built from the ground-up to be centric around telematics and data, we see a lot of ROI from bringing the full technology package to fleets, where other insurers – with their legacy systems, processes and structures – have a difficult time making the economics work.”

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Previously, fleets often haven’t gotten a lot of benefit out of advanced telematics because they don’t have the time, resources or expertise to extract a lot of value from them. HDVI changes that, surfacing the data so they can understand driving behavior and incentivize safe driving – for which HDVI will reduce the cost of our already competitive premiums through our innovative insurance product HDVI Shift. That same data serves to protect them in instances where another driver causes an accident.

What is the breadth of the coverage that you offer today?

HDVI offers the four primary coverages that trucking fleets need: auto liability, physical damage, motor truck cargo, and trucker’s general liability. HDVI offers broad coverage, flexible payment terms, enhanced coverage forms, and never any hidden fees, so fleets get best-in-class coverage at a competitive initial rate. Fleets then have the opportunity to earn their way into discounts with safe driving through HDVI Shift.

You’re bundling multiple solutions, which fleets have historically paid for discreetly, all into a single insurance premium payment. How are you able to make the economics work? Have you considered offering your tech platform on a standalone basis?

The average premium fleets pay per truck is many thousands of dollars. So, if you deeply understand telematics technology and the data it provides, have built highly advanced systems, and are efficient in your implementation, there is plenty of economics available to bring all of the technology and services that HDVI brings to our fleets. For the incumbents – that’s much tougher. Because HDVI is built from the ground-up to be centric around telematics and data, we see a lot of ROI from bringing the full technology package to fleets, where other insurers – with their legacy systems, processes and structures – have a difficult time making the economics work.

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CEO Interview – Chuck Wallace

“Right now, we partner with a select set of trucking-specialist insurance agents, and agents will always be an important part of our distribution.”

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HDVI's holistic technology platform is the foundation that enables HDVI to help fleets drive safely, reach operational efficiency and find cost savings. Our software, portal access and driver app provide a view into information and resulting deep insights that fleets have never had before. And we've built the HDVI technology platform from the beginning with the architecture and capabilities that enable us to license it in whole or in components to entities that would not be buyers of our primary, first-dollar insurance product. There are clear opportunities with large self-insured fleets, group captives, and in a number of other areas of the freight and logistics and mobility industries – and we've been seeing a great deal of interest from large companies in all of them to work with HDVI.

What is your distribution strategy?

We are executing on a multi-channel distribution strategy. Right now, we partner with a select set of trucking-specialist insurance agents, and agents will always be an important part of our distribution. There is the clear opportunity to also sell our insurance solution through strategic partnerships, as well as to work on a direct basis with those smaller fleets that sometimes prefer to buy their insurance more like personal insurance consumers.

HDVI is structured as an MGA – who are your carrier partners and do you anticipate moving towards a full stack carrier structure in the future?

HDVI has great insurance partners. The reinsurer behind our program is one of the largest reinsurers in the world. And our fronting insurance carrier is Spinnaker – now a member of the Hippo family. HDVI has also incorporated its own captive, which is managed by Marsh. So, we're taking a portion of the risk ourselves as well. It's a very strong set of partners and the structure is working well.

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CEO Interview – Chuck Wallace

“We are focused on building the industry defining commercial auto company of the next 50 years.”

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As with the leading InsurTech companies that started some years before us in other market segments, including Esurance, HDVI looks to build into a full-stack insurance company over time. That said, HDVI is addressing a massive market in the US and worldwide, and one that’s greatly in need of innovation and thus all that HDVI brings to it. HDVI will continue to work with our current partners throughout the future of our company, to create and support the breadth of insurance entity structures required to fully address these US-based and global opportunities.

How has COVID impacted the business?

Trucking is the backbone of the US economy. While many sectors of the US economy saw decreased commercial activity, especially during the spring and summer of 2020 – including a large decrease in the number of cars on the road – the trucks were out in full force. Regardless of the state of the economy and the world, hospitals need medical supplies, grocery stores need food, etc. And the trucks carrying all that cargo – they need insurance. In many ways, the pressures that COVID places on fleets amplifies the value that HDVI brings.

The few years have made it quite clear that: “The world needs trucking. Trucking needs insurance. And trucking insurance needs HDVI.”

What is the long-term vision for the Company? What new products / services do you intend to add over the coming years?

We are focused on building the industry defining commercial auto company of the next 50 years. Commercial auto is one of the most challenging and complex insurance markets anywhere, and trucking is arguably the hardest area within commercial auto. As we continue to establish HDVI in the trucking space, we will expand into other classes of vehicles and the fleets operating them. And through our strong partnerships, we’ll do that in the US and internationally as well.

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“HDVI has established itself as the InsurTech solving the big problems in this space.”

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So that as HDVI continues to grow, any company that operates a fleet of vehicles as an important part of their business will be a great potential customer of ours.

HDVI has established itself as the InsurTech solving the big problems in this space. With the team, technology, and partnerships we’ve built, we have a great foundation now on which to scale. We are looking forward to bringing our solution to fleets across the country and around the globe over the coming years.

And to that end, we have some exciting announcements to make over the coming few months on a number of fronts – so please stay tuned!