

2019 ANNUAL SHAREHOLDER MEETING REMARKS – TIM NeCASTRO

Thanks, Tom.

And thank you all for your continued support of ERIE.

It's great to be with you today to share the results—and stories—that made 2018 another strong year for The ERIE. The organization is in solid condition, reflected in the results for your company, Erie Indemnity, and for the Erie Insurance Exchange.

The health of the Exchange, the primary insurer we manage, is foundational to the success of Indemnity. In 2018, the Exchange marked an 11th consecutive year of growth -- a 7-percent increase in direct written premium--and achieved a significant revenue milestone --in direct written premium -- \$7 billion!

ERIE reached its first billion in 1989—64 years after the company's founding. And since 1989, we've achieved additional premium milestones at a much faster clip.

In 2013, we were celebrating the \$5 billion hurdle. We marked the achievement with a bonus paid to our surprised and really appreciative Employees

These kinds of celebratory moments are at the core of ERIE. They're about people, and showing them that they matter, that their efforts make a difference not just on the bottom line, but in other ways that can't be easily measured.

Just a few weeks ago, I was with some of our top ERIE Agents at a recognition event called Elite Escape. This is an annual event celebrating our Agents' accomplishments and high achievements in production and profitability.

The camaraderie, laughter -- and good-natured ribbing -- reminded me a lot of the gatherings of my extended family in the Little Italy neighborhood where I grew up here in Erie. That's because people in the ERIE family genuinely care for one another – and for those we serve, our Customers and our communities.

This morning Tom talked about ERIE's culture. He reminded us that our culture has been one of ERIE's major assets all along, while other companies constantly struggle to establish and maintain a strong, positive, productive culture in the workplace.

As Tom noted in his eloquent way, the human touch underscores everything we do, even this shareholder meeting. This gathering is not simply about sharing financial information. It is about building stronger understanding and deepening relationships. It's an opportunity to reflect on where we've been--and how we've grown and evolved over more than nine decades – all the while holding on to our core values and our deep commitment to our culture of service.

In a few minutes, I'll talk about how this commitment continues to guide our actions today and inform our planning for the future. But first we'll take a look back at some of our 2018 achievements in this brief video. Then Greg will fill in the detail around our financial results.

Enjoy!

Thanks, Greg.

Greg's discussion of how we're using data and technology to provide better service through e-payments is a great example of how we're applying technology to deliver on service—and make a very real, very human difference for our Customers.

In so many ways we are following the path laid by our founders, responding to today's digital mandate while maintaining our distinctive human touch.

For H.O. Hirt and O.G. Crawford, that path was shaped by the mass production of automobiles, which made cars more affordable, satisfying growing consumer demand.

The gasoline-powered engine had been around since the late 1800s, and automaker Ransom Olds – you've heard of the Oldsmobile? – invented the concept of the assembly line. But it was Henry Ford's introduction of a **moving** assembly line that opened up the market in ways that changed everything. This 1920s innovation reduced the production time from 12 hours to two and a half. The assembly line drastically cut the cost of the Model T from \$850 to less than \$300..

Today, data-infused technology is the game-changer that impacts the market in new ways every day. Like ERIE's founders, we are innovating to meet today's demands—whether that means delivering a claims payment to a Customer in minutes, or creating products for Customers who join the sharing economy, or offering Medicare supplement to the 70,000 ERIE Customers who turn 65 every year.

Our strategic plan centers on ways of building out contemporary support for ERIE's founding purpose. Over the past few years, we have discussed four areas of focus that provide a framework for our strategic growth:

- Enhancing the ERIE Experience
- Improving our Platforms and Data
- Creating New Sources of Revenue
- Preparing the Workforce for the Future

Let me highlight some of the key initiatives within this framework.

Our ERIE Experience program is laying the groundwork to expand our distinctive service culture in ways that balance technology and the human touch while keeping Agents at the center of the Customer relationship.

A key—and consistent—element of the program is that we’re engaging our Employees, Agents and Customers—to gain perspective and insight about their preferences.

Design ideas and expectations are gathered in Customer focus groups and through regular meetings with dedicated task forces made up of Agents and Employees.

Their expectations include enhanced capabilities for digital transactions with a continued high level of personal service and the opportunity to talk with someone who can help.

What they really want is choice. And their choice may change by the day, by the time, or by the situation.

This feedback affirms the need for technology in providing choice—and the importance of human touch.

We know that matters most to Customers when they’re dealing with a loss. This is why we continue to enhance our first notice of loss service both in the Agent’s office and in our claims operations.

Personal lines Customers have access to more account information and capabilities online than ever before. Those features are flexible and designed for use on any mobile device.

For our Employees on our Customer Care team, we recently delivered a consolidated view of multiple systems. This new view was designed by the very Employees who are on their PCs, talking with Customers and Agents, every day. It connects our Employees more quickly with the information they need, creating a seamless experience for all and reducing call time while increasing the quality of the interaction.

Data is a critical asset for any company today. As an insurer, we’ve been engaged in big data since long before those two words – big and data – were used together. We’ve always relied on data to underwrite and design products and pricing... but we need to get better at making it accessible across the company’s platforms.

Today, the accessibility of information has grown exponentially – so has our responsibility in making sure it stays secure. We have a great opportunity in managing and analyzing that data in ways that help us – and our Agents – anticipate and meet the needs of our Customers.

A simple example – when Agents write a commercial policy for a restaurant, our Commercial Quote system offers additional coverage options specific to that class of business, such as employment practices liability, and data breach.

Think Amazon: “Customers who bought this, also bought this.”

Behind that one simple offering is a huge amount of data – collected, organized and analyzed in seconds.

Our work improving our platforms focuses on organizing and integrating our data. That work will better prepare us for a new policy management system that will speed processing time and allow us to improve our ability to leverage that knowledge. Replacing our policy system is a transition on the scale of our move to the new ERIE Claims Center that we successfully completed last year.

At the same time, we're bringing greater efficiency to our Agent offices through improved front-end systems that we continue to enhance. We are in the process of delivering to Agents completely web-based capabilities for servicing homeowners business—and in doing so, we're taking a significant step toward full online functionality for personal lines.

Investments in our platforms and data provide a necessary foundation for creating new sources of revenue—and delivering additional products and services to our Customers and our Agents.

The most recent example is a second option for homeowners insurance that complements our industry-leading guaranteed replacement cost coverage. This alternative provides the industry-standard 125 percent replacement cost coverage, giving our Customers a new choice for protection.

Initial sales of the new option are strong.

In addition, we've ramped up our use of telematics for pricing private passenger auto insurance. After a successful launch in two states with youthful drivers last year, we're preparing to take our telematics program into additional states and expand to adult drivers this year.

Our fourth area of focus is workforce of the future. People make our business, period.

Workforce of the future is aimed at making sure we continue to attract new talent and prepare our Employees and Agents for roles that will continue to evolve.

Last week, we learned ERIE was named to Forbes' magazine's 2019 list of Best Large Employers, those with more than 5,000 Employees.

Honors like this reflect our efforts to attract and retain Employees, and the commitment shared by all of us to create and sustain a culture of service and family.

One of the places that shouts "ERIE Family spirit" is our year-end event, which we call Happy Blue Year. We celebrate our successes, and we celebrate one another. This past December was quite an event! We were joined by one of our adjusters from Tennessee, Jerred Price, who shared his incredible musical talent to make a better day for everyone.

Take a look ...

Celebration is clearly a valued part of the Employee experience at ERIE.

That experience is shaped over the span of a career. One of the biggest drivers of meaningful work is learning and development. Our committed emphasis on skill-building and training are an investment that Employees, both tenured and new, sincerely appreciate, especially in today's rapidly changing work environment.

For example, we're cross-training new underwriters to manage both personal and commercial lines. By the end of this year, nearly one-fourth of our underwriters will be cross-trained for all lines of property/casualty business—and prepared to amp up our service to Agents and Customers with a fuller view of their needs and opportunities for protection.

Over the past four months, more than 130 of our agencies have partnered with an underwriter responsible for both personal lines and small commercial lines business. The experience is going well, for both underwriters and Agents—and we've seen examples of growth because underwriters have identified opportunities that may have been missed without their broader focus.

Our Agents' workforce is also crucial to ERIE's success. The average agency has a team of six ERIE-licensed professionals. Hiring, training and retaining talented employees— with little turnover – is a huge advantage to our Agents' growth and profitably.

Like ERIE, our Agents will be welcoming interns to their offices over the coming weeks. For the past five years, our field sales managers and recruiting team have worked with Agents to bring on college students to learn more about opportunities in insurance. Last year, more than a hundred agencies took part in the program, and many went on to hire their interns after graduation.

At ERIE, we'll have more than 70 interns arriving at the Home Office next month to join our business teams and support areas. Among those are a few dozen who will join our IT group.

These college students fuel our IT apprentice program, which is on track to grow by more than 20 new hires this year. This pipeline is an important means for attracting talent in the highly-competitive technology field.

Another aspect of the ERIE culture that matters greatly to our Employees and Agents is our commitment to serving our communities. We support the causes our Employees and Agents care about through monetary donations—and through action. All in, our Employees spent more than 5,000 hours helping build homes, renovate school properties and pack food donations for communities throughout our footprint in 2018. Our Agents are often there alongside them.

We also remain highly engaged in the revitalization of our hometown of Erie—it's a continuing story that we're very proud to be a part of.

One very visible sign of that support is the seven-story building you see going up just across the street. We'll be moving into the new building sometime next year and it will house up to 1,300 of our Employees.

Our investment goes beyond being a good corporate citizen. We know, from the examples of other cities that have made this kind of multi-year transformation that it results in attracting more people, more workers, more businesses – and greater quality of life – to the downtown community.

Finally, there are a couple of acknowledgements I'd like to make that are important to all of us who support ERIE.

Our Claims team did a tremendous job again, serving our Customers. As Greg mentioned, 2018 was a tough year for weather. We responded to 21 major weather events last year—and a record 71,000 storm-related claims. CAT adjusters were activated throughout most of the year, each working an average of 150 days away from home.

While those storms drove property damage claims, the auto side of our claims team also responded to Customers' needs in a big way.

Their dedication and the service they deliver led to a great first-time recognition in 2018.

As Tom stated in his opening remarks, ERIE ranked #1 in JD Power's annual Auto Claims Satisfaction Study.

That trophy is on tour right now making its way to each of our field claim offices with a congratulatory poster signed by many of the folks here at the Home Office. We're proud and grateful for the great work of our Claims team. [APPLAUSE]

The second acknowledgement largely recognizes the work of our Agency force. During my time in sales, one of the things we would commonly point out is that "Nothing happens until a policy is sold."

It was a quote from Bill Davis, who retired from ERIE as the head of what was then our Agency Division in 1987 after a 40-year career.

Our Agents do an incredible job of selling ERIE – our products, our service, our reputation. Their efforts—and those of our employees our Agents-- area key contributor to another recognition from JD Power.

Just last week, we learned that for the seventh consecutive year, ERIE was ranked #1 in JD Power's annual Auto Insurance Shopping Study. I want to publicly thank our agency force and our Employees for all they do to make ERIE successful with our customers and in our communities.

We are very appreciative of these honors – and the opportunity to celebrate them with our Employees and Agents. These kinds of recognition also provide a benchmark of our performance in the industry. We're always seeking to understand our Customers' experience and how we can improve on it.

Both the insurance shopping study from J.D. Power and the Auto Claims award reflect Customer satisfaction around private passenger auto, our largest line of business. We rank first, from the beginning for how we sell--and we rank first at the moment of truth for how we deliver on our promise of service.

Together, these awards create a powerful testament to the ERIE commitment to be Above All in Service!

As I approach my 3rd anniversary as CEO, I am confident in our team and optimistic about ERIE's future.

And I'm reminded every day how blessed I am and, honored, to give back in service all that ERIE has given me.

Thank you – all of you who make the ERIE Family what it is – our Employees and leaders, our Agents and Customers and Communities, our Board of Directors and our Shareholders.

Together, we make a difference – a difference that truly matters.