

## Tim NeCastro – Shareholder Meeting 2020

Thanks, Greg. Thank you, Tom Hagen, and members of the Board.

And thank you, Shareholders, for your continued support of ERIE—even in these unconventional circumstances.

As you know, the human touch has been central to everything we've done at ERIE for 95 years. Relationships – with our Agents, our Customers, our Employees --are at the heart of what we do and who we are. So adjusting to these virtual methods of connecting over the past several weeks has been challenging. But, we have adapted.

Just like this meeting—which has always been an important way to come together to reflect on where we have been and where we are headed--we're finding different ways to connect and keep those relationships strong. Along the way, we're finding opportunities to be even better—for our Customers, our Agents and our Employees.

Typically during these meetings, my focus is on what we've accomplished in the past year. I will get to that very important information in a moment. But I'd like to first give you some insight into how we've been managing over the past several weeks.

This pandemic has been a trying time for everyone, especially with the uncertainty and swiftness of the spread of this virus. While we've been thoughtful about every action we've taken, we've had to move with speed and flexibility.

But through it all, one thing has remained very clear:

When faced with difficult situations, the strength of our Above all in Service commitment really shows.

Our Agents have demonstrated just how much they share our commitment to service by finding innovative ways to connect with Customers, even when forced to close their physical offices.

And our Employees have shown an amazing level of dedication in these new and challenging circumstances.

In less than one week, we doubled our remote workforce

from roughly 2,500 Employees to more than 5,000. Our technology team and other personnel distributed more than 1,500 additional monitors, laptops and other equipment across the footprint with impressive efficiency.

The Customer Care Operations team has been experiencing a higher volume of more complex calls from Customers who have been affected by the pandemic. Our Customer Advocates have acted with compassion, as they always do, even while 90 percent of them adjusted to remote work.

While the majority of our workforce is now remote, our claims personnel continues to serve our Policyholders in the field and a limited number of essential Employees are reporting to our offices across the footprint.

These Employees are performing work that's critical to our operations during this very difficult time, and we believe that extra level of commitment should be rewarded. So, we have implemented a pandemic pay program for eligible employees. This gives them up to an extra five hundred dollars bi-weekly for work in these higher risk environments.

After announcing the pandemic pay program, I received several emails from Employees. One of those was from Jill, a claims support specialist in New York. She said:

"I can't say it enough, but THANK YOU so much for the extra money for employees who are going out at this time. I am one of 10 in the office and drive an hour to work each day. My mom is in a nursing home and it's heartbreaking that I can't see her. There are a lot of ups and downs in my life right now, and this really helps. "

Emails like this reaffirm that doing the right thing is *always* the right decision.

In that spirit, we took action recently to provide additional financial relief to our Customers.

- Across our footprint, we are making the necessary filings to reduce our rates for our personal and commercial auto insurance Customers, saving them an estimated \$200 million.
- Along with the reduced rates, ERIE Agents are adjusting coverages to reflect reduced risk, also lowering premiums.
- Additionally, our Agents and Customer Care team are working with individual Policyholders to extend flexibility in billing and payments.

We also introduced an enhancement to our ErieSecure Home coverage at no cost that would reimburse Policyholders for gift cards that can no longer be used because of a business closing. The coverage provides an incentive to Customers to support local businesses in our communities during this time of economic hardship.

Our decision to offer these concessions to our stakeholders to help them with the unique needs arising from the global pandemic was guided by our 95-year commitment to service. We believe it's our responsibility to follow through on our promise to provide as near perfect protection and service at the lowest possible cost. It was, quite simply, the right thing to do.

We will continue to evaluate other measures we can take to support our Agents, Customers and Employees in the days and weeks ahead.

It helps, of course, that our consistent, long-term view gives us a solid footing to handle the unexpected. That was again reflected in the 2019 financial results that Greg just reviewed.

The Exchange's Policyholder surplus -- which stood at \$9.5 billion— positions us well to meet our Policyholder commitments during this crisis.

Engaging our stakeholders in discussions about their current experiences with us was a major focus for us in 2019. From those discussions, we learned that Customers want the ability to go online

—with any device—for information and service. But they also want to be able to talk to a person who will listen and help them when they need it. This need for digital capabilities with a human touch has been resoundingly confirmed in the past several weeks.

Fortunately, we've already made great strides in that arena. One of the most significant ways is by introducing a new online shared view of Customer information for use by Customers, Agents and Employees. This literally puts all stakeholders on the same page—giving them all more robust, real-time information on claims status, account details and information.

It allows Employees to answer questions more efficiently and because Customers have better access to information, fewer calls overall are coming in. This drives cost savings and allows Customer Care representatives more time to offer the human touch when it's needed most.

In 2019, we also completed considerable work in launching products to drive revenue.

- YourTurn, our telematics program, was expanded to more states and to drivers of all ages. This is paving the way for a mobile-based, pay-per-mile product to expand our current auto product portfolio, which includes a traditional, one-year auto policy and ERIE Rate Lock.
- Later this year, we will roll out a new online commercial package product, Erie Secure Business which combines seven legacy products into an easy to use and easy to sell product.
- On the Life side, a new instant-issue product is being finalized for market introduction, giving our Agents easy-to-sell, competitive term and whole life product options.

The Agents who are selling these products are the lifeblood of our organization.

We now have 13,000 licensed Agents through a network of over 2,000 Agencies. We recognize that hiring in an agency is an investment in its future—and ours. Agency employees who are new today may be agency owners tomorrow. So, we've been working to strengthen our support for recruiting and developing new producers for a long-term commitment to ERIE.

We also welcomed more than 600 new Employees in 2019, continuing the steady hiring growth we've been seeing for several years.

We continue to be engaged in the revitalization of our hometown of Erie and we're anxious to resume that work when the current situation begins to normalize. Not only does this reflect our values of being good corporate citizens, but we also know that having a vibrant downtown will help us attract and retain top talent.

The steady growth in our workforce brings fresh perspectives and paves the way for innovation. But it also means that we invest heavily in orienting our new associates into the very special culture we have at ERIE. Part of that is engaging with our Employees to find out how they feel about their work and their experience with us.

Since this pandemic situation really began to affect how we live and work, I've been reaching out to Employees at least once a week through email and short videos to update them on our response, share what's on my mind and invite them to do the same. In these days of working differently – and separately – it's a way to broaden one of our cherished concepts at ERIE: the open door.

In one of those touchpoints with Employees, I asked them to let me know how they're coping. I received a lot of heartwarming and thoughtful responses—but one in particular stood out. It was from Kerry, one of our Customer Advocates.

Here's an excerpt of what Kerry had to say:

*Being a customer advocate is a rewarding job, but it's also one of the hardest jobs I have ever done. Last week I spoke with a woman from Tennessee who lost her home in the tornado and her job due to COVID-19.*

*I've been asked a lot how I'm doing, which to be honest still blows my mind. I don't come from a background where caring and support was easily given. But what comes to my mind right now is this: thankful to be part of the Erie family.*

Kerry's email resonated with me on many levels.

We have a lot of people depending on us—now more than ever. I'm so grateful that our strong position and our service commitment is allowing us to be there for them.

To offer them a sense of security and peace of mind.

And to uphold the Above All in Service promise that's been at our core for 95 years—no matter what challenges come our way.

I've never been prouder of who we are as a company and the values we hold dear. And just like Kerry, I've never been more grateful to be part of this amazing ERIE family.

This isn't how any of us expected to be marking our 95<sup>th</sup> anniversary. But five years from now, when we celebrate a century of service, I'm confident we'll look back with tremendous pride.

We'll see just how the ERIE Family came together during this challenging time and came out of it even stronger and more committed to our founding principles than ever before.

So, to all of you who make ERIE what it is – our Employees and leaders, our Agents, Customers and Communities, our Board of Directors and you, our Shareholders: THANK YOU.