Erie Insurance Group Launches eCommerce Initiative

ERIE, Pa. – March 15, 2001 – Stephen A. Milne, Erie Insurance Group president and chief executive officer, today announced that the company would begin developing and implementing several eCommerce initiatives in support of The ERIE's business model of distributing its insurance products exclusively through independent agents.

"ERIE continues to outpace the competition by delivering extraordinary service and products," said Milne. "Last year, the company grew premium at a rate of 7.5%, more than one-and-a-half times the industry rate.

"In order to remain highly competitive, The ERIE is entering the eCommerce arena," Milne continued. "Through the Internet and other technology platforms, we will offer a network of coordinated, efficient and convenient services for our agents, employees and policyholders."

The three-year plan identifies several high-value eCommerce initiatives. Phase I focuses on the development of enterprise-wide eCommerce initiatives that will enable the company to reach a new level in service capability – a commercial/personal lines policy system integrated with a complete customer relationship management system. Completion of Phase I is slated for 2003.

Phase II of the program will incorporate features that will enhance access via the Internet and convenience for policyholders and agents, and provide tools to employees to further streamline the claims process.

Erie Insurance Group member companies will realize significant benefits from the eCommerce program, which supports our mission to provide policyholders with superior service at the lowest possible cost. The program will result in improved service and efficiency, as well as increases in sales. ERIE is retaining one of the nation's premier business technology consultants to assist with the development and implementation of the eCommerce program. Total five-year expenditures for the program are estimated at $150 to $175 million. The cost of these initiatives will be shared among several companies of the Erie Insurance Group, including the Erie Indemnity Company. For 2001, the after-tax affect on net income of Erie Indemnity Company is estimated to be between $0.08 and $0.12 per share and between $0.05 and $0.07 per share for each of the next four years of the program.

"In our view, this is an exciting and critical investment in the company's future. This is a time of great opportunity for Erie Insurance," said Milne. "What differentiates ERIE from our competitors is the quality service capabilities of our agents and employees. We will realize our eCommerce vision by leveraging the Internet to enhance our exceptional personal service, thereby increasing sales and retaining hard-won business."

Erie Indemnity Company is the principal management company for the member companies of the Erie Insurance Group, which includes the Erie Insurance Exchange, Flagship City Insurance Company, Erie Insurance Company, Erie Insurance Property and Casualty Company, Erie Insurance Company of New York and Erie Family Life Insurance Company.

Erie Insurance Group, based in Erie, Pa., is the 13th largest property/casualty insurer in the United States based on private passenger automobile net premiums written and the 24th largest property/casualty insurer in the United States based on total lines net premium written. With more than 3.1 million policies in force, the Group operates in 10 states and the District of Columbia. Erie Insurance is rated A++ (superior) by A.M. Best Company and is listed in Ward's Top 50 for financial security and stability.