



## CEO Kyle Nakatsuji's Email to Clearcover Employees

8/31/2023

All,

Today was a tough day. As you know, we made a necessary reduction in force that impacted our colleagues across various departments. Eliminating these positions was a decision we tried to avoid, but one that we ultimately deemed necessary to adapt our organization to the reality we're faced with.

Despite today's announcement, I remain confident we're building a strong and enduring company. We'll talk more about that soon. For today, though, I want to address a specific question I expect is heavy on your mind - why did we take this step?

We've been focused on ensuring the sustainability of our business in the face of a difficult and historically volatile market. As a whole, the insurance industry has been on a roller coaster and we have been facing a broad market downturn.

And although our business has performed well in spite of these market challenges, our staffing and fixed costs became too high relative to our revenue, and our plan to achieve the scale needed to rationalize that cost base changed, given our efforts to manage the pace of growth.

We will be focused on providing you and your former teammates with resources to help process these changes and we'll be working together to recalibrate our tactics. Right now, there are three things I want to touch on as we start moving forward:

1. **Our goal is to make this transition as smooth as possible for those affected.** Our HR and leadership teams are prioritizing communicating the details of the separation agreements, benefit resources and career support materials to help make the transition as easy as possible for those impacted.
2. **We must grow from this.** Broad structural change was unfortunately required to lower our costs and optimize our chances of reaching self-reliance. This is also an opportunity to showcase our resilience and long-term focus. We still intend to keep building our business and performing at a high level, no matter what challenges we face.
3. **Perhaps most importantly, help each other.** This is a smaller company now. And just like in our earliest days, we will operate as a single unit, working hand-in-hand to support our colleagues with empathy and maintain our commitment to servicing our customers, agents and partners.

I am very appreciative of the contributions you've made and we remain dedicated to ensuring that Clearcover continues on its mission to build a lasting business.

If you have questions, please feel free to reach out to me directly. You can also email [HR@Clearcover.com](mailto:HR@Clearcover.com). This will be monitored closely throughout the day and weeks ahead.

-Kyle