

## Positioning GEICO for the Future

Fellow associates,

I am reaching out to you to share an important company update and the vision for the future of GEICO.

We have seen significant changes to our company over the past few years, and we have evolved our business practices to help address a very difficult period across the industry. Levels of inflation that we haven't seen in decades, delays in parts or labor shortages extending time to repair, rising medical costs, and other factors have caused our loss costs and combined ratio to increase, alongside the entire industry.

Despite these historic challenges, we have made great progress in returning GEICO to profitability and establishing a foundation for growth while increasing our agility and strength in the long term. GEICO remains in stable condition with a solid capital base and great institutional backing, and we have a clear vision for our path forward.

We've invested in our infrastructure and our internal systems to change how we deliver products to customers. We've made notable progress on many of our top initiatives helping to create one of our industry's best shopping experiences.

For our associates, we've significantly expanded merit pools over the last two cycles and increased salaries to help provide more stability in compensation. We have also instituted a recognition for performance culture and introduced our first 401(k) Match program.

But we still have more work to do. Our future requires our company to adapt swiftly and evolve our business model when needed to stay competitive and win.

## Our Workforce

To better position ourselves for long-term profitability and growth, and after a thorough evaluation across all lines of business, we are reducing our workforce by roughly 2,000 associates, or 6% of our total workforce. This will allow us to become more dynamic, agile, and streamline our processes while still serving our customers. **Those affected will be contacted today.**

This very difficult decision was not taken lightly. We recognize we're saying goodbye to beloved colleagues and friends, and as a leadership team we are committed to supporting those affected in the days ahead.

We will offer career transition assistance, including individual career coaching sessions, assistance with resume updates, on-demand interviewing and networking resources, and tips to enhance one's social media presence. In addition, we will maintain access to Workday so that associates affected by the decision may apply for other open jobs at GEICO, and we will provide existing benefits, including health insurance, during the notice period.

## Connected Workplace

Our company culture is an essential part of who we are, and we believe spending time in the office paired with virtual work will help us maintain and build upon that culture. We believe that being in the same place can foster a sense of community and connection, and that meaningful time together will allow us to build relationships that create trust and strengthen our sense of belonging.

In that vein, we will soon be increasing our collective presence in the office. **Your leaders will be sharing your required number of in-office days based on customer and business needs.** Please work with your leader to clarify this policy for your specific department or vertical.

We understand that additional time in the office is a shift from what has been the practice across most companies and industries these past few years. We

will provide time to get accustomed to this policy and will aim for full implementation on Jan. 1, 2024.

We also understand many of you may currently be fully remote or have a previously agreed upon structure of hybrid work. We ask that you work with your manager to confirm your in-office expectations in response to the new guidelines. Accommodation considerations related to medical conditions, pregnancy, and/or disability should be submitted via [this application](#).

## The Path Forward

The groundwork we lay today is what will set us up for the future, and we all must align our work, our time, and our resources in service of these shared priorities:

- Serve our **customers** in the channels of their choice by providing a seamless, first-class experience from quoting a policy through settling claims
- Become **No. 1 in auto** and continue to **expand our product offering** while maintaining discipline on pricing and profitability
- Drive **financial rigor** while delivering **operational excellence and efficiency**
- Stabilize, simplify, and fully modernize our **technology and data** architecture
- **Transform our company culture** by attracting and retaining top talent, fostering a diverse and inclusive culture that promotes collaboration and high standards of performance while setting up our associates for success

We will provide details on these shared priorities and the operating principles that will help us get there together in the coming weeks.

Relatedly, we must do a better job of communicating and providing the *why* behind the decisions we are making to lead our company forward. This is a priority for our leaders, and you can expect to see a greater emphasis on associate communication in the months ahead.

For years, we've prided ourselves on being there for customers during unexpected events by anticipating what will happen tomorrow. To remain one of the best in the business and achieve our vision of becoming the insurance industry's most customer-centric company, we must be prepared to adapt and thrive in an evolving insurance and business landscape.

Thank you for everything you do for GEICO. We are committed to leading GEICO forward into a brighter future, together.

Take care,

Todd



*For internal use only. This communication was sent to all GEICO associates.*