



ERIE INDEMNITY COMPANY

Investor Supplement First Quarter 2020

This report is for informational purposes only and includes financial statements and financial exhibits that are unaudited. This report should be read in conjunction with documents filed with the U.S. Securities and Exchange Commission, including the most recent Annual Report on Form 10-K for 2019.

Erie Indemnity Company
Investor Supplement - First Quarter 2020
Table of Contents

	<u>Page</u>
Definitions	1
Indemnity Income Statements	2
Indemnity Balance Sheet Information	3
Property and Casualty Group Direct Written Premium Growth Measures	4
Property and Casualty Group Statutory Basis Combined Ratio - Direct Business	5

Erie Indemnity Company
Investor Supplement - First Quarter 2020
Definitions

Indemnity is a publicly held Pennsylvania business corporation that has since its incorporation in 1925 served as the attorney-in-fact for the subscribers (policyholders) at the Erie Insurance Exchange ("Exchange"). Our primary function as attorney-in-fact is to perform policy issuance and renewal services on behalf of the subscribers at the Exchange. We also act as attorney-in-fact on behalf of the Exchange with respect to all claims handling and investment management services, as well as the service provider for all claims handling, life insurance, and investment management services for its insurance subsidiaries, collectively referred to as "administrative services".

Exchange, which also commenced business in 1925, is a Pennsylvania-domiciled reciprocal insurer that writes property and casualty insurance.

Property and Casualty Group

The Property and Casualty Group ("P&C Group") is a regional insurance group operating in 12 Midwestern, Mid-Atlantic, and Southeastern states and the District of Columbia. The P&C Group is comprised of the Exchange and its wholly owned property and casualty subsidiaries. Certain operating and statistical measures have been incorporated herein to provide supplemental data that indicate current trends in the P&C Group's business. These measures include revenue, policies in-force and policyholder retention. Policyholder retention is defined as renewal policies in the current period divided by total policies in the prior period.

The P&C Group, along with others in the property and casualty insurance industry, use statutory underwriting ratios as measures of performance. The loss and loss expense ratio is the ratio of losses and loss expenses to earned premiums. The statutory underwriting expense ratio is the ratio of underwriting expenses to written premiums. The combined ratio is the sum of the loss and loss expense ratio, the underwriting expense ratio and the policyholder dividend ratio. A combined ratio below 100% demonstrates underwriting profit; a combined ratio above 100% demonstrates underwriting losses.

- Loss reserve development is the increase or decrease in incurred losses and loss expenses as a result of the re-estimation of loss and loss expense reserves at successive valuation dates for a group of claims. Loss reserve development may be related to one or more prior years. The prior year reserve development ratio represents the ratio of prior years' incurred losses and loss expenses to earned premiums.
- The catastrophe ratio (a component of the loss ratio) represents the ratio of catastrophe losses to earned premiums.
- The current accident year ratio represents the total amount of losses to earned premiums during the current calendar year.

Erie Indemnity Company
Investor Supplement - First Quarter 2020 (Unaudited)

(dollars in thousands, except per share data)

Operating revenue

Management fee revenue - policy issuance and renewal services, net
Management fee revenue - administrative services, net
Administrative services reimbursement revenue
Service agreement revenue
Total operating revenue

Operating expenses

Commissions
Non-commission operating expenses
Total cost of operations - policy issuance and renewal services
Cost of operations - administrative services
Total operating expenses
Operating income

Investment income

Net investment income
Net realized investment (losses) gains
Net impairment losses recognized in earnings
Equity in (losses) earnings of limited partnerships
Total investment (loss) income

Interest expense, net
Other (expense) income
Income before income taxes
Income tax expense
Net income

Net income per share - diluted

Indemnity Income Statements				
Three months ended				
March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
\$ 443,750	\$ 424,534	\$ 474,427	\$ 480,513	\$ 430,983
14,771	14,628	14,430	14,195	13,951
151,554	150,705	142,730	146,095	142,480
6,662	6,873	7,155	6,907	6,692
616,737	596,740	638,742	647,710	594,106
251,996	241,433	266,983	273,256	242,982
127,496	135,902	123,122	131,749	122,522
379,492	377,335	390,105	405,005	365,504
151,554	150,705	142,730	146,095	142,480
531,046	528,040	532,835	551,100	507,984
85,691	68,700	105,907	96,610	86,122
8,369	8,200	8,652	8,030	8,517
(10,806)	602	1,696	1,302	2,503
(3,053)	(2)	(31)	(84)	(78)
(3,705)	(1,886)	3,289	404	(1,147)
(9,195)	6,914	13,606	9,652	9,795
3	24	111	272	449
(366)	60	100	48	47
76,127	75,650	119,502	106,038	95,515
16,801	16,063	25,333	18,284	20,204
\$ 59,326	\$ 59,587	\$ 94,169	\$ 87,754	\$ 75,311
\$ 1.13	\$ 1.14	\$ 1.80	\$ 1.68	\$ 1.44

Erie Indemnity Company
Investor Supplement - First Quarter 2020 (Unaudited)

(in thousands)

Assets

Cash and cash equivalents
Receivables from Erie Insurance Exchange and affiliates, net
Investments
Fixed assets, net ⁽¹⁾
Agent loans, net ⁽¹⁾
Other assets ⁽¹⁾

Total assets

Liabilities and shareholders' equity

Liabilities

Commissions payable
Agent bonuses
Defined benefit pension plans
Current and long-term borrowings
Contract liability
Other liabilities

Total liabilities

Shareholders' equity

Total liabilities and shareholders' equity

Indemnity
Balance Sheet Information

March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
\$ 228,646	\$ 336,739	\$ 344,872	\$ 338,262	\$ 312,045
482,238	468,636	497,985	483,319	456,135
832,159	824,609	767,856	731,897	717,367
238,296	221,379	194,170	173,055	144,652
66,574	67,696	68,660	60,962	61,926
109,580	97,181	101,037	102,152	107,331
\$ 1,957,493	\$ 2,016,240	\$ 1,974,580	\$ 1,889,647	\$ 1,799,456
\$ 270,328	\$ 262,963	\$ 272,932	\$ 267,403	\$ 253,002
29,661	96,053	73,921	51,357	26,129
153,558	145,659	136,078	129,674	123,270
97,342	97,821	98,305	98,774	99,273
54,271	54,373	54,966	53,713	52,023
235,341	226,118	219,107	225,272	231,955
840,501	882,987	855,309	826,193	785,652
1,116,992	1,133,253	1,119,271	1,063,454	1,013,804
\$ 1,957,493	\$ 2,016,240	\$ 1,974,580	\$ 1,889,647	\$ 1,799,456

(1) Historical periods have been restated to conform to current period presentation.

Erie Indemnity Company
Investor Supplement - First Quarter 2020 (Unaudited)

Property and Casualty Group
Direct Written Premium Growth Measures

Three months ended

(dollars in thousands)

Direct written premiums of the P&C Group

	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Private passenger auto	\$ 839,908	\$ 783,242	\$ 902,405	\$ 883,877	\$ 818,783
Homeowners ⁽¹⁾	389,956	431,374	506,110	504,386	382,412
Commercial multi-peril ⁽¹⁾	254,727	228,280	228,883	252,433	241,118
Workers compensation	140,474	110,199	121,102	130,936	139,909
Commercial auto	174,167	152,256	155,155	170,410	157,864
All other lines of business ⁽¹⁾	48,446	42,125	46,786	51,551	44,434
P&C Group direct written premiums - total	<u>\$ 1,847,678</u>	<u>\$ 1,747,476</u>	<u>\$ 1,960,441</u>	<u>\$ 1,993,593</u>	<u>\$ 1,784,520</u>

Property and Casualty Group
Direct Written Premium Growth Measures

12 month growth rate policies in force

	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Total all lines	1.4%	1.8%	2.2%	2.7%	3.1%
Total personal lines	1.3%	1.8%	2.1%	2.7%	3.1%
Total commercial lines	2.2%	2.4%	2.5%	2.6%	2.7%

Retention trends ⁽²⁾

	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Total all lines	89.8%	90.0%	90.1%	90.2%	90.2%
Total personal lines	90.2%	90.4%	90.5%	90.7%	90.7%
Total commercial lines	87.1%	86.9%	86.9%	86.8%	87.0%

12 month % change average premiums

	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Total all lines	3.1%	3.2%	3.4%	3.4%	3.5%
Total personal lines	2.6%	2.9%	3.1%	3.1%	3.2%
Total commercial lines	3.9%	3.6%	4.0%	4.0%	4.4%

(1) Premiums for prior periods have been restated to conform to revised line of business classifications.

(2) Policyholder retention rates are impacted when a policyholder cancels an existing policy and enters into a new policy due to various factors, including buying a new home or changing the policy type. When this occurs, the cancelled policy reduces the reported retention rate.

Erie Indemnity Company
Investor Supplement - First Quarter 2020 (Unaudited)

Property and Casualty Group Statutory Basis Combined Ratio - Direct Business								
Three months ended March 31, 2020					Three months ended March 31, 2019			
	Prior Year Reserve Development Deficiency Calendar Year	(Redundancy) Catastrophe Losses	Current Accident Year Excluding Catastrophes		Prior Year Reserve Development Deficiency Calendar Year	(Redundancy) Catastrophe Losses ⁽¹⁾	Current Accident Year Excluding Catastrophes	
Private passenger auto	97.4 %	0.0 %	0.4 %	97.0 %	109.7 %	2.5 %	0.7 %	106.5 %
Homeowners	89.0 %	4.2 %	15.3 %	69.5 %	96.8 %	1.1 %	20.7 %	75.0 %
Other personal lines	82.0 %	8.5 %	0.0 %	73.5 %	57.8 %	(25.3) %	0.8 %	82.3 %
Total personal lines	94.2 %	1.6 %	5.5 %	87.1 %	104.3 %	1.6 %	7.7 %	95.0 %
Commercial multi-peril	92.3 %	(1.9) %	12.6 %	81.6 %	102.5 %	6.4 %	6.7 %	89.4 %
Commercial auto	98.1 %	2.1 %	0.3 %	95.7 %	111.4 %	7.3 %	0.6 %	103.5 %
Workers compensation	87.3 %	(3.7) %	0.0 %	91.0 %	84.3 %	(3.9) %	0.0 %	88.2 %
Other commercial lines	112.0 %	13.9 %	0.0 %	98.1 %	21.7 %	(2.3) %	0.0 %	24.0 %
Total commercial lines	93.8 %	(0.4) %	5.6 %	88.6 %	95.5 %	3.8 %	3.1 %	88.6 %
Grand total - direct business only	94.1 %	1.0 %	5.5 %	87.6 %	101.8 %	2.2 %	6.4 %	93.2 %

(1) Catastrophe losses for prior periods have been restated to conform to the current period revised catastrophe classifications.