



ERIE INDEMNITY COMPANY

Investor Supplement Fourth 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 2020.

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Erie Indemnity Company
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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.

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(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

Interest and dividend income	
Equity in earnings (losses) of limited partnerships	
Net investment income	
Net realized investment gains (losses)	
Net impairment losses recognized in earnings	
Total investment income (loss)	
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					Twelve Months Ended	
December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	(Unaudited)					
\$ 429,698	\$ 484,551	\$ 483,795	\$ 443,750	\$ 424,534	\$ 1,841,794	\$ 1,810,457
14,969	14,910	14,813	14,771	14,628	59,463	57,204
158,206	147,710	151,965	151,554	150,705	609,435	582,010
6,379	6,310	6,446	6,662	6,873	25,797	27,627
609,252	653,481	657,019	616,737	596,740	2,536,489	2,477,298
247,614	273,184	278,478	251,996	241,433	1,051,272	1,024,654
138,380	136,362	135,387	127,496	135,902	537,625	513,295
385,994	409,546	413,865	379,492	377,335	1,588,897	1,537,949
158,206	147,710	151,965	151,554	150,705	609,435	582,010
544,200	557,256	565,830	531,046	528,040	2,198,332	2,119,959
65,052	96,225	91,189	85,691	68,700	338,157	357,339
7,583	7,030	7,373	8,369	8,200	30,355	33,399
1,817	3,615	(2,329)	(3,705)	(1,886)	(602)	660
9,400	10,645	5,044	4,664	6,314	29,753	34,059
4,757	5,915	6,526	(10,806)	602	6,392	6,103
(86)	(122)	(17)	(3,053)	(2)	(3,278)	(195)
14,071	16,438	11,553	(9,195)	6,914	32,867	39,967
723	3	2	3	24	731	856
(190)	(964)	(258)	(366)	60	(1,778)	255
78,210	111,696	102,482	76,127	75,650	368,515	396,705
15,425	22,480	20,505	16,801	16,063	75,211	79,884
\$ 62,785	\$ 89,216	\$ 81,977	\$ 59,326	\$ 59,587	\$ 293,304	\$ 316,821
\$ 1.20	\$ 1.71	\$ 1.57	\$ 1.13	\$ 1.14	\$ 5.61	\$ 6.06

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	Indemnity Balance Sheet Information				
	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
		(Unaudited)			
<i>(in thousands)</i>					
Assets					
Cash and cash equivalents	\$ 161,240	\$ 216,355	\$ 257,738	\$ 228,646	\$ 336,739
Receivables from Erie Insurance Exchange and affiliates, net	494,637	501,192	506,690	482,238	468,636
Investments	1,034,063	1,012,495	895,677	832,159	824,609
Fixed assets, net	265,341	254,908	246,572	238,296	221,379
Agent loans, net ⁽¹⁾	69,212	64,852	65,450	66,574	67,696
Other assets ⁽¹⁾	92,629	109,540	110,734	109,580	97,181
Total assets	\$ 2,117,122	\$ 2,159,342	\$ 2,082,861	\$ 1,957,493	\$ 2,016,240
Liabilities and shareholders' equity					
Liabilities					
Commissions payable	\$ 262,338	\$ 275,594	\$ 282,436	\$ 270,328	\$ 262,963
Agent bonuses	110,158	85,709	60,264	29,661	96,053
Defined benefit pension plans	164,346	169,358	161,458	153,558	145,659
Current and long-term borrowings	95,864	96,358	96,847	97,342	97,821
Contract liability	55,795	56,560	55,451	54,271	54,373
Other liabilities	240,573	228,546	232,266	235,341	226,118
Total liabilities	929,074	912,125	888,722	840,501	882,987
Shareholders' equity	1,188,048	1,247,217	1,194,139	1,116,992	1,133,253
Total liabilities and shareholders' equity	\$ 2,117,122	\$ 2,159,342	\$ 2,082,861	\$ 1,957,493	\$ 2,016,240

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

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

Property and Casualty Group Direct Written Premium Growth Measures							
	Three Months Ended				Twelve Months Ended		
	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	(Unaudited)						
Direct written premiums of the P&C Group							
Private passenger auto	\$ 766,535	\$ 904,457	\$ 885,364	\$ 839,908	\$ 783,242	\$ 3,396,264	\$ 3,388,307
Homeowners	452,340	527,249	511,300	389,956	431,374	1,880,845	1,824,282
Commercial multi-peril	239,727	239,046	253,306	254,727	228,280	986,806	950,714
Workers compensation	98,243	109,148	118,123	140,474	110,199	465,988	502,146
Commercial auto	161,725	167,904	180,667	174,167	152,256	684,463	635,685
All other lines of business	45,444	51,270	53,993	48,446	42,125	199,153	184,896
P&C Group direct written premiums - total	\$ 1,764,014	\$ 1,999,074	\$ 2,002,753	\$ 1,847,678	\$ 1,747,476	\$ 7,613,519	\$ 7,486,030

Property and Casualty Group Direct Written Premium Growth Measures					
	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
12 month growth rate policies in force					
Total all lines	2.1 %	1.7 %	1.1 %	1.4 %	1.8 %
Total personal lines	2.2 %	1.8 %	1.1 %	1.3 %	1.8 %
Total commercial lines	1.6 %	1.4 %	1.2 %	2.2 %	2.4 %
Retention trends ⁽¹⁾					
Total all lines	89.9 %	89.9 %	89.9 %	89.8 %	90.0 %
Total personal lines	90.3 %	90.3 %	90.3 %	90.2 %	90.4 %
Total commercial lines	87.4 %	87.3 %	87.2 %	87.1 %	86.9 %
12 month % change average premiums					
Total all lines	(0.4)%	0.8 %	2.2 %	3.1 %	3.2 %
Total personal lines	(0.8)%	0.3 %	1.7 %	2.6 %	2.9 %
Total commercial lines	0.9 %	2.1 %	3.3 %	3.9 %	3.6 %

(1) 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.

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Property and Casualty Group Statutory Basis Combined Ratio - Direct Business								
Three months ended December 31, 2020					Three months ended December 31, 2019			
	Prior Year	Reserve	Current		Prior Year	Reserve	Current	
	Development	Deficiency	Accident		Development	Deficiency	Accident	
	Year	Year	Year		Year	Year	Year	
	Calendar	(Redundancy)	Catastrophe	Excluding	Calendar	(Redundancy)	Catastrophe	Excluding
	Year	[Direct business]	Losses	Catastrophes	Year	[Direct business]	Losses	Catastrophes
Private passenger auto	108.3 %	0.4 %	0.2 %	107.7 %	123.0 %	0.2 %	0.3 %	122.5 %
Homeowners	83.8 %	(0.2) %	11.3 %	72.7 %	74.5 %	(2.4) %	7.5 %	69.4 %
Other personal lines	59.4 %	(26.3) %	0.3 %	85.4 %	92.7 %	19.4 %	1.2 %	72.1 %
Total personal lines	99.0 %	(0.3) %	4.0 %	95.3 %	105.8 %	(0.4) %	2.8 %	103.4 %
Commercial multi-peril	68.9 %	(6.9) %	2.6 %	73.2 %	69.2 %	(5.2) %	2.9 %	71.5 %
Commercial auto	94.2 %	(3.7) %	0.5 %	97.4 %	114.3 %	(1.2) %	0.1 %	115.4 %
Workers compensation	83.5 %	(26.1) %	0.0 %	109.6 %	92.7 %	(10.5) %	0.0 %	103.2 %
Other commercial lines	96.6 %	(20.2) %	0.0 %	116.8 %	71.6 %	(23.4) %	0.0 %	95.0 %
Total commercial lines	80.9 %	(10.6) %	1.3 %	90.2 %	87.8 %	(6.1) %	1.3 %	92.6 %
Grand total - direct business only	93.7 %	(3.3) %	3.2 %	93.8 %	100.5 %	(2.1) %	2.3 %	100.3 %
Twelve months ended December 31, 2020					Twelve months ended December 31, 2019			
	Prior Year	Reserve	Current		Prior Year	Reserve	Current	
	Development	Deficiency	Accident		Development	Deficiency	Accident	
	Year	Year	Year		Year	Year	Year	
	Calendar	(Redundancy)	Catastrophe	Excluding	Calendar	(Redundancy)	Catastrophe	Excluding
	Year	[Direct business]	Losses	Catastrophes	Year	[Direct business]	Losses	Catastrophes
Private passenger auto	99.4 %	(0.1) %	0.7 %	98.8 %	111.5 %	(0.7) %	1.6 %	110.6 %
Homeowners	97.6 %	0.4 %	23.4 %	73.8 %	104.4 %	(0.2) %	29.5 %	75.1 %
Other personal lines	66.1 %	(11.3) %	0.6 %	76.8 %	81.4 %	3.5 %	0.4 %	77.5 %
Total personal lines	98.2 %	(0.1) %	8.5 %	89.8 %	108.6 %	(0.5) %	11.2 %	97.9 %
Commercial multi-peril	78.6 %	(4.4) %	7.6 %	75.4 %	86.1 %	(0.4) %	8.1 %	78.4 %
Commercial auto	91.5 %	(4.2) %	0.9 %	94.8 %	112.9 %	2.0 %	1.5 %	109.4 %
Workers compensation	73.2 %	(23.0) %	0.0 %	96.2 %	90.0 %	(7.6) %	0.0 %	97.6 %
Other commercial lines	75.2 %	(20.8) %	0.0 %	96.0 %	78.2 %	(17.8) %	0.0 %	96.0 %
Total commercial lines	81.2 %	(9.1) %	3.6 %	86.7 %	94.3 %	(2.2) %	4.0 %	92.5 %
Grand total - direct business only	93.2 %	(2.7) %	7.1 %	88.8 %	104.4 %	(1.0) %	9.1 %	96.3 %