



ERIE INDEMNITY COMPANY

Investor Supplement First Quarter 2021

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.

Erie Indemnity Company
Investor Supplement - First Quarter 2021
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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 recoveries (losses) recognized in earnings
Total investment income (loss)

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

Net income per share - diluted

Indemnity Income Statements				
Three months ended				
March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
\$ 455,718	\$ 429,698	\$ 484,551	\$ 483,795	\$ 443,750
14,847	14,969	14,910	14,813	14,771
153,533	158,206	147,710	151,965	151,554
6,079	6,379	6,310	6,446	6,662
630,177	609,252	653,481	657,019	616,737
261,381	247,614	273,184	278,478	251,996
139,168	138,380	136,362	135,387	127,496
400,549	385,994	409,546	413,865	379,492
153,533	158,206	147,710	151,965	151,554
554,082	544,200	557,256	565,830	531,046
76,095	65,052	96,225	91,189	85,691
8,051	7,583	7,030	7,373	8,369
9,046	1,817	3,615	(2,329)	(3,705)
17,097	9,400	10,645	5,044	4,664
804	4,757	5,915	6,526	(10,806)
87	(86)	(122)	(17)	(3,053)
17,988	14,071	16,438	11,553	(9,195)
1,009	723	3	2	3
519	190	964	258	366
92,555	78,210	111,696	102,482	76,127
18,989	15,425	22,480	20,505	16,801
\$ 73,566	\$ 62,785	\$ 89,216	\$ 81,977	\$ 59,326
\$ 1.41	\$ 1.20	\$ 1.71	\$ 1.57	\$ 1.13

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(in thousands)

Assets

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

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, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
\$	135,192	\$ 161,240	\$ 216,355	\$ 257,738	\$ 228,646
	481,481	494,637	501,192	506,690	482,238
	1,031,239	1,034,063	1,012,495	895,677	832,159
	282,268	265,341	254,908	246,572	238,296
	68,071	69,212	64,852	65,450	66,574
	100,847	92,629	109,540	110,734	109,580
\$	2,099,098	\$ 2,117,122	\$ 2,159,342	\$ 2,082,861	\$ 1,957,493
\$	272,670	\$ 262,338	\$ 275,594	\$ 282,436	\$ 270,328
	30,766	110,158	85,709	60,264	29,661
	174,228	164,346	169,358	161,458	153,558
	95,364	95,864	96,358	96,847	97,342
	54,075	55,795	56,560	55,451	54,271
	263,862	240,573	228,546	232,266	235,341
	890,965	929,074	912,125	888,722	840,501
	1,208,133	1,188,048	1,247,217	1,194,139	1,116,992
\$	2,099,098	\$ 2,117,122	\$ 2,159,342	\$ 2,082,861	\$ 1,957,493

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Property and Casualty Group
Direct Written Premium Growth Measures

Three months ended

March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
\$ 831,935	\$ 766,535	\$ 904,457	\$ 885,364	\$ 839,908
411,901	452,340	527,249	511,300	389,956
269,962	239,727	239,046	253,306	254,727
130,074	98,243	109,148	118,123	140,474
181,591	161,725	167,904	180,667	174,167
52,719	45,444	51,270	53,993	48,446
\$ 1,878,182	\$ 1,764,014	\$ 1,999,074	\$ 2,002,753	\$ 1,847,678

(dollars in thousands)

Direct written premiums of the P&C Group

Private passenger auto
Homeowners
Commercial multi-peril
Workers compensation
Commercial auto
All other lines of business
P&C Group direct written premiums - total

Property and Casualty Group
Direct Written Premium Growth Measures

March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
2.8 %	2.1 %	1.7 %	1.1 %	1.4 %
2.9 %	2.2 %	1.8 %	1.1 %	1.3 %
2.1 %	1.6 %	1.4 %	1.2 %	2.2 %
90.0 %	89.9 %	89.9 %	89.9 %	89.8 %
90.3 %	90.3 %	90.3 %	90.3 %	90.2 %
87.5 %	87.4 %	87.3 %	87.2 %	87.1 %
(1.5)%	(0.4)%	0.8 %	2.2 %	3.1 %
(1.7)%	(0.8)%	0.3 %	1.7 %	2.6 %
(0.4)%	0.9 %	2.1 %	3.3 %	3.9 %

12 month growth rate policies in force

Total all lines
Total personal lines
Total commercial lines

Retention trends ⁽¹⁾

Total all lines
Total personal lines
Total commercial lines

12 month % change average premiums

Total all lines
Total personal lines
Total commercial lines

(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 March 31, 2021					Three months ended March 31, 2020			
	Prior Year	Reserve	Current		Prior Year	Reserve	Current	
	Development	Development	Accident		Development	Development	Accident	
	Deficiency	Deficiency	Year		Deficiency	Deficiency	Year	
	(Redundancy)	(Redundancy)	Excluding		(Redundancy)	(Redundancy)	Excluding	
	[Direct business]	Catastrophe	Catastrophes		[Direct business]	Catastrophe	Catastrophes	
	Calendar	Losses			Calendar	Losses		
	Year				Year			
Private passenger auto	92.0 %	(0.4) %	0.5 %	91.9 %	97.4 %	0.0 %	0.4 %	97.0 %
Homeowners	85.1 %	(0.2) %	9.0 %	76.3 %	89.0 %	4.2 %	15.3 %	69.5 %
Other personal lines	54.1 %	(18.2) %	0.0 %	72.3 %	82.0 %	8.5 %	0.0 %	73.5 %
Total personal lines	89.0 %	(0.6) %	3.5 %	86.1 %	94.2 %	1.6 %	5.5 %	87.1 %
Commercial multi-peril	80.8 %	2.3 %	3.8 %	74.7 %	92.3 %	(1.9) %	12.6 %	81.6 %
Commercial auto	76.9 %	(8.7) %	0.3 %	85.3 %	98.1 %	2.1 %	0.3 %	95.7 %
Workers compensation	82.1 %	(17.8) %	0.0 %	99.9 %	87.3 %	(3.7) %	0.0 %	91.0 %
Other commercial lines	83.4 %	(4.5) %	0.0 %	87.9 %	112.0 %	13.9 %	0.0 %	98.1 %
Total commercial lines	80.0 %	(5.5) %	1.8 %	83.7 %	93.8 %	(0.4) %	5.6 %	88.6 %
Grand total - direct business only	86.3 %	(2.1) %	3.0 %	85.4 %	94.1 %	1.0 %	5.5 %	87.6 %