



ERIE INDEMNITY COMPANY

Investor Supplement Third 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.

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Investor Supplement - Third 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)

Indemnity Income Statements							
Three months ended					Nine months ended		
September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	September 30, 2021	September 30, 2020	
Operating revenue							
Management fee revenue - policy issuance and renewal services	\$ 504,891	\$ 502,271	\$ 455,718	\$ 429,698	\$ 484,551	\$ 1,462,880	\$ 1,412,096
Management fee revenue - administrative services	14,471	14,667	14,847	14,969	14,910	43,985	44,494
Administrative services reimbursement revenue	162,410	157,190	153,533	158,206	147,710	473,133	451,229
Service agreement revenue	6,067	5,902	6,079	6,379	6,310	18,048	19,418
Total operating revenue	687,839	680,030	630,177	609,252	653,481	1,998,046	1,927,237
Operating expenses							
Commissions	288,046	293,220	261,381	247,614	273,184	842,647	803,658
Non-commission operating expenses	142,280	144,555	139,168	138,380	136,362	426,003	399,245
Total cost of operations - policy issuance and renewal services	430,326	437,775	400,549	385,994	409,546	1,268,650	1,202,903
Cost of operations - administrative services	162,410	157,190	153,533	158,206	147,710	473,133	451,229
Total operating expenses	592,736	594,965	554,082	544,200	557,256	1,741,783	1,654,132
Operating income	95,103	85,065	76,095	65,052	96,225	256,263	273,105
Investment income							
Interest and dividend income	7,354	7,499	8,051	7,583	7,030	22,904	22,772
Equity in earnings (losses) of limited partnerships	11,504	6,151	9,046	1,817	3,615	26,701	(2,419)
Net investment income	18,858	13,650	17,097	9,400	10,645	49,605	20,353
Net realized investment gains	1,610	2,769	804	4,757	5,915	5,183	1,635
Net impairment recoveries (losses) recognized in earnings	130	(1)	87	(86)	(122)	216	(3,192)
Total investment income	20,598	16,418	17,988	14,071	16,438	55,004	18,796
Interest expense, net	1,034	1,039	1,009	723	3	3,082	8
Other expense	541	548	519	190	964	1,608	1,588
Income before income taxes	114,126	99,896	92,555	78,210	111,696	306,577	290,305
Income tax expense	23,903	20,867	18,989	15,425	22,480	63,759	59,786
Net income	\$ 90,223	\$ 79,029	\$ 73,566	\$ 62,785	\$ 89,216	\$ 242,818	\$ 230,519
Net income per share - diluted	\$ 1.72	\$ 1.51	\$ 1.41	\$ 1.20	\$ 1.71	\$ 4.64	\$ 4.41

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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

	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
\$	235,996	\$ 156,038	\$ 135,192	\$ 161,240	\$ 216,355
	503,413		481,481	494,637	501,192
	1,060,972	1,056,827	1,031,239	1,034,063	1,012,495
	277,939	280,402	282,268	265,341	254,908
	67,789	68,558	68,071	69,212	64,852
	90,449	97,806	100,847	92,629	109,540
\$	2,236,558	\$ 2,163,644	\$ 2,099,098	\$ 2,117,122	\$ 2,159,342
\$	280,540	\$ 284,234	\$ 272,670	\$ 262,338	\$ 275,594
	88,556	62,694	30,766	110,158	85,709
	192,808	184,111	174,228	164,346	169,358
	94,348	94,859	95,364	95,864	96,358
	53,951	53,877	54,075	55,795	56,560
	239,499	238,767	263,862	240,573	228,546
	949,702	918,542	890,965	929,074	912,125
	1,286,856	1,245,102	1,208,133	1,188,048	1,247,217
\$	2,236,558	\$ 2,163,644	\$ 2,099,098	\$ 2,117,122	\$ 2,159,342

Erie Indemnity Company
Investor Supplement - Third Quarter 2021 (Unaudited)

Property and Casualty Group
Direct Written Premium Growth Measures

	Three months ended					Nine months ended	
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	September 30, 2021	September 30, 2020
<i>(dollars in thousands)</i>							
Direct written premiums of the P&C Group							
Private passenger auto	\$ 898,625	\$ 878,482	\$ 831,935	\$ 766,535	\$ 904,457	\$ 2,609,042	\$ 2,629,729
Homeowners	569,215	544,123	411,901	452,340	527,249	1,525,239	1,428,505
Commercial multi-peril	260,308	275,994	269,962	239,727	239,046	806,264	747,079
Workers compensation	110,949	116,747	130,074	98,243	109,148	357,770	367,745
Commercial auto	180,215	195,687	181,591	161,725	167,904	557,493	522,738
All other lines of business	56,433	59,524	52,719	45,444	51,270	168,676	153,709
P&C Group direct written premiums - total	<u>\$ 2,075,745</u>	<u>\$ 2,070,557</u>	<u>\$ 1,878,182</u>	<u>\$ 1,764,014</u>	<u>\$ 1,999,074</u>	<u>\$ 6,024,484</u>	<u>\$ 5,849,505</u>

Property and Casualty Group
Direct Written Premium Growth Measures

	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
12 month growth rate policies in force					
Total all lines	3.2 %	3.6 %	2.8 %	2.1 %	1.7 %
Total personal lines	3.1 %	3.6 %	2.9 %	2.2 %	1.8 %
Total commercial lines	3.7 %	3.4 %	2.1 %	1.6 %	1.4 %
Retention trends ⁽¹⁾					
Total all lines	90.0 %	89.9 %	90.0 %	89.9 %	89.9 %
Total personal lines	90.4 %	90.3 %	90.3 %	90.3 %	90.3 %
Total commercial lines	87.3 %	87.5 %	87.5 %	87.4 %	87.3 %
12 month % change average premiums					
Total all lines	(0.7)%	(1.5)%	(1.5)%	(0.4)%	0.8 %
Total personal lines	(1.5)%	(2.1)%	(1.7)%	(0.8)%	0.3 %
Total commercial lines	0.9 %	0.1 %	(0.4)%	0.9 %	2.1 %

(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 September 30, 2021					Three months ended September 30, 2020			
	Prior Year Reserve Development Deficiency Calendar Year	(Redundancy) [Direct business]	Catastrophe Losses	Current Accident Year Excluding Catastrophes		Prior Year Reserve Development Deficiency Calendar Year	(Redundancy) [Direct business]	Catastrophe Losses Excluding Catastrophes
Private passenger auto	106.9 %	(2.4) %	1.5 %	107.8 %	93.2 %	(1.2) %	0.7 %	93.7 %
Homeowners	115.0 %	0.0 %	29.1 %	85.9 %	97.6 %	(0.7) %	21.5 %	76.8 %
Other personal lines	110.7 %	28.0 %	0.3 %	82.4 %	40.7 %	(27.5) %	0.6 %	67.6 %
Total personal lines	109.9 %	(1.0) %	11.4 %	99.5 %	93.9 %	(1.5) %	7.9 %	87.5 %
Commercial multi-peril	94.3 %	(2.2) %	6.8 %	89.7 %	82.6 %	(4.4) %	1.8 %	85.2 %
Commercial auto	126.9 %	(0.8) %	2.5 %	125.2 %	93.4 %	(8.9) %	0.2 %	102.1 %
Workers compensation	105.2 %	(14.3) %	0.0 %	119.5 %	66.1 %	(50.7) %	0.0 %	116.8 %
Other commercial lines	191.0 %	87.0 %	0.0 %	104.0 %	4.5 %	(65.8) %	0.0 %	70.3 %
Total commercial lines	111.3 %	0.3 %	3.8 %	107.2 %	78.6 %	(18.4) %	0.9 %	96.1 %
Grand total - direct business only	110.3 %	(0.6) %	9.1 %	101.8 %	89.4 %	(6.4) %	5.8 %	90.0 %
Nine months ended September 30, 2021					Nine months ended September 30, 2020			
	Prior Year Reserve Development Deficiency Calendar Year	(Redundancy) [Direct business]	Catastrophe Losses	Current Accident Year Excluding Catastrophes		Prior Year Reserve Development Deficiency Calendar Year	(Redundancy) [Direct business]	Catastrophe Losses Excluding Catastrophes
Private passenger auto	100.7 %	(1.9) %	1.0 %	101.6 %	96.4 %	(0.2) %	0.8 %	95.8 %
Homeowners	102.2 %	1.0 %	20.2 %	81.0 %	102.3 %	0.6 %	27.5 %	74.2 %
Other personal lines	82.2 %	3.5 %	0.4 %	78.3 %	68.5 %	(6.1) %	0.7 %	73.9 %
Total personal lines	100.9 %	(0.8) %	7.8 %	93.9 %	98.0 %	0.0 %	10.0 %	88.0 %
Commercial multi-peril	86.7 %	(0.2) %	5.1 %	81.8 %	82.0 %	(3.6) %	9.3 %	76.3 %
Commercial auto	96.6 %	(4.2) %	1.1 %	99.7 %	90.6 %	(4.4) %	1.0 %	94.0 %
Workers compensation	85.2 %	(20.0) %	0.0 %	105.2 %	69.9 %	(21.9) %	0.0 %	91.8 %
Other commercial lines	123.4 %	30.0 %	0.0 %	93.4 %	67.9 %	(21.1) %	0.0 %	89.0 %
Total commercial lines	91.2 %	(3.9) %	2.6 %	92.5 %	81.2 %	(8.6) %	4.4 %	85.4 %
Grand total - direct business only	98.0 %	(1.7) %	6.2 %	93.5 %	93.1 %	(2.5) %	8.4 %	87.2 %