



ERIE INDEMNITY COMPANY

Investor Supplement Fourth 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 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	
Management fee revenue - administrative services	
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 and unrealized investment (losses) gains	
Net impairment (losses) recoveries recognized in earnings	
Total investment income	
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					Twelve Months Ended	
December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	(Unaudited)					
\$ 450,286	\$ 504,891	\$ 502,271	\$ 455,718	\$ 429,698	\$ 1,913,166	\$ 1,841,794
14,301	14,471	14,667	14,847	14,969	58,286	59,463
165,350	162,410	157,190	153,533	158,206	638,483	609,435
5,994	6,067	5,902	6,079	6,379	24,042	25,797
635,931	687,839	680,030	630,177	609,252	2,633,977	2,536,489
265,779	288,046	293,220	261,381	247,614	1,108,426	1,051,272
142,968	142,280	144,555	139,168	138,380	568,971	537,625
408,747	430,326	437,775	400,549	385,994	1,677,397	1,588,897
165,350	162,410	157,190	153,533	158,206	638,483	609,435
574,097	592,736	594,965	554,082	544,200	2,315,880	2,198,332
61,834	95,103	85,065	76,095	65,052	318,097	338,157
7,572	7,354	7,499	8,051	7,583	30,476	30,355
5,000	11,504	6,151	9,046	1,817	31,701	(602)
12,572	18,858	13,650	17,097	9,400	62,177	29,753
(237)	1,610	2,769	804	4,757	4,946	6,392
(7)	130	(1)	87	(86)	209	(3,278)
12,328	20,598	16,418	17,988	14,071	67,332	32,867
1,050	1,034	1,039	1,009	723	4,132	731
3,285	541	548	519	190	4,893	1,778
69,827	114,126	99,896	92,555	78,210	376,404	368,515
14,785	23,903	20,867	18,989	15,425	78,544	75,211
\$ 55,042	\$ 90,223	\$ 79,029	\$ 73,566	\$ 62,785	\$ 297,860	\$ 293,304
\$ 1.05	\$ 1.72	\$ 1.51	\$ 1.41	\$ 1.20	\$ 5.69	\$ 5.61

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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					
December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	
	(Unaudited)				
\$ 183,702	\$ 235,996	\$ 156,038	\$ 135,192	\$ 161,240	
479,123	503,413	504,013	481,481	494,637	
1,067,857	1,060,972	1,056,827	1,031,239	1,034,063	
374,802	277,939	280,402	282,268	265,341	
66,368	67,789	68,558	68,071	69,212	
70,205	90,449	97,806	100,847	92,629	
\$ 2,242,057	\$ 2,236,558	\$ 2,163,644	\$ 2,099,098	\$ 2,117,122	
\$ 270,746	\$ 280,540	\$ 284,234	\$ 272,670	\$ 262,338	
120,437	88,556	62,694	30,766	110,158	
130,383	192,808	184,111	174,228	164,346	
93,832	94,348	94,859	95,364	95,864	
52,621	53,951	53,877	54,075	55,795	
231,560	239,499	238,767	263,862	240,573	
899,579	949,702	918,542	890,965	929,074	
1,342,478	1,286,856	1,245,102	1,208,133	1,188,048	
\$ 2,242,057	\$ 2,236,558	\$ 2,163,644	\$ 2,099,098	\$ 2,117,122	

Erie Indemnity Company
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Property and Casualty Group Direct Written Premium Growth Measures							
	Three Months Ended				Twelve Months Ended		
	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	(Unaudited)						
Direct written premiums of the P&C Group							
Private passenger auto	\$ 775,728	\$ 898,625	\$ 878,482	\$ 831,935	\$ 766,535	\$ 3,384,770	\$ 3,396,264
Homeowners	494,818	569,215	544,123	411,901	452,340	2,020,057	1,880,845
Commercial multi-peril	258,614	260,308	275,994	269,962	239,727	1,064,878	986,806
Workers compensation	96,369	110,949	116,747	130,074	98,243	454,139	465,988
Commercial auto	168,667	180,215	195,687	181,591	161,725	726,160	684,463
All other lines of business	49,631	56,433	59,524	52,719	45,444	218,307	199,153
P&C Group direct written premiums - total	\$ 1,843,827	\$ 2,075,745	\$ 2,070,557	\$ 1,878,182	\$ 1,764,014	\$ 7,868,311	\$ 7,613,519

Property and Casualty Group Direct Written Premium Growth Measures					
	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020
12 month growth rate policies in force					
Total all lines	3.2 %	3.2 %	3.6 %	2.8 %	2.1 %
Total personal lines	3.1 %	3.1 %	3.6 %	2.9 %	2.2 %
Total commercial lines	3.6 %	3.7 %	3.4 %	2.1 %	1.6 %
Retention trends ⁽¹⁾					
Total all lines	90.1 %	90.0 %	89.9 %	90.0 %	89.9 %
Total personal lines	90.6 %	90.4 %	90.3 %	90.3 %	90.3 %
Total commercial lines	87.0 %	87.3 %	87.5 %	87.5 %	87.4 %
12 month % change average premiums					
Total all lines	0.1 %	(0.7)%	(1.5)%	(1.5)%	(0.4)%
Total personal lines	(0.6)%	(1.5)%	(2.1)%	(1.7)%	(0.8)%
Total commercial lines	1.7 %	0.9 %	0.1 %	(0.4)%	0.9 %

(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, 2021					Three months ended December 31, 2020			
	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	125.3 %	(1.3) %	0.4 %	126.2 %	108.3 %	0.4 %	0.2 %	107.7 %
Homeowners	92.1 %	0.5 %	20.4 %	71.2 %	83.8 %	(0.2) %	11.3 %	72.7 %
Other personal lines	174.9 %	67.5 %	0.6 %	106.8 %	59.4 %	(26.3) %	0.3 %	85.4 %
Total personal lines	114.0 %	0.6 %	7.7 %	105.7 %	99.0 %	(0.3) %	4.0 %	95.3 %
Commercial multi-peril	85.6 %	(4.3) %	18.4 %	71.5 %	68.9 %	(6.9) %	2.6 %	73.2 %
Commercial auto	115.9 %	(4.3) %	0.6 %	119.6 %	94.2 %	(3.7) %	0.5 %	97.4 %
Workers compensation	164.1 %	38.8 %	0.0 %	125.3 %	83.5 %	(26.1) %	0.0 %	109.6 %
Other commercial lines	224.7 %	75.5 %	0.0 %	149.2 %	96.6 %	(20.2) %	0.0 %	116.8 %
Total commercial lines	117.3 %	8.2 %	8.4 %	100.7 %	80.9 %	(10.6) %	1.3 %	90.2 %
Grand total - direct business only	115.0 %	2.9 %	7.9 %	104.2 %	93.7 %	(3.3) %	3.2 %	93.8 %
Twelve months ended December 31, 2021					Twelve months ended December 31, 2020			
	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	106.8 %	(1.7) %	0.8 %	107.7 %	99.4 %	(0.1) %	0.7 %	98.8 %
Homeowners	99.6 %	0.8 %	20.2 %	78.6 %	97.6 %	0.4 %	23.4 %	73.8 %
Other personal lines	105.9 %	19.9 %	0.4 %	85.6 %	66.1 %	(11.3) %	0.6 %	76.8 %
Total personal lines	104.2 %	(0.4) %	7.8 %	96.8 %	98.2 %	(0.1) %	8.5 %	89.8 %
Commercial multi-peril	86.4 %	(1.3) %	8.5 %	79.2 %	78.6 %	(4.4) %	7.6 %	75.4 %
Commercial auto	101.5 %	(4.2) %	1.0 %	104.7 %	91.5 %	(4.2) %	0.9 %	94.8 %
Workers compensation	105.0 %	(5.2) %	0.0 %	110.2 %	73.2 %	(23.0) %	0.0 %	96.2 %
Other commercial lines	149.9 %	41.9 %	0.0 %	108.0 %	75.2 %	(20.8) %	0.0 %	96.0 %
Total commercial lines	97.9 %	(0.8) %	4.1 %	94.6 %	81.2 %	(9.1) %	3.6 %	86.7 %
Grand total - direct business only	102.3 %	(0.5) %	6.7 %	96.1 %	93.2 %	(2.7) %	7.1 %	88.8 %