



# **ERIE INDEMNITY COMPANY**

## **Investor Supplement First Quarter 2022**

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.

**Erie Indemnity Company**  
**Investor Supplement - First Quarter 2022**  
**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 2022**  
**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 2022 (Unaudited)**

*(dollars in thousands, except per share data)*

**Operating revenue**

Management fee revenue - policy issuance and renewal services	\$ 487,992	\$ 450,286	\$ 504,891	\$ 502,271	\$ 455,718
Management fee revenue - administrative services	14,313	14,301	14,471	14,667	14,847
Administrative services reimbursement revenue	163,327	165,350	162,410	157,190	153,533
Service agreement revenue	6,478	5,994	6,067	5,902	6,079
Total operating revenue	672,110	635,931	687,839	680,030	630,177

**Operating expenses**

Commissions	281,135	265,779	288,046	293,220	261,381
Non-commission operating expenses	143,336	142,968	142,280	144,555	139,168
Total cost of operations - policy issuance and renewal services	424,471	408,747	430,326	437,775	400,549
Cost of operations - administrative services	163,327	165,350	162,410	157,190	153,533
Total operating expenses	587,798	574,097	592,736	594,965	554,082
Operating income	84,312	61,834	95,103	85,065	76,095

**Investment income**

Interest and dividend income	7,729	7,572	7,354	7,499	8,051
Equity in earnings of limited partnerships	2,775	5,000	11,504	6,151	9,046
Net investment income	10,504	12,572	18,858	13,650	17,097
Net realized and unrealized investment (losses) gains	(7,279)	(237)	1,610	2,769	804
Net impairment (losses) recoveries recognized in earnings	(216)	(7)	130	(1)	87
Total investment income	3,009	12,328	20,598	16,418	17,988

Interest expense	999	1,050	1,034	1,039	1,009
Other income (expense)	473	(3,285)	(541)	(548)	(519)
Income before income taxes	86,795	69,827	114,126	99,896	92,555
Income tax expense	18,176	14,785	23,903	20,867	18,989
Net income	\$ 68,619	\$ 55,042	\$ 90,223	\$ 79,029	\$ 73,566

Net income per share - diluted

<b>Indemnity Income Statements</b>					
Three months ended					
<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>	<b>June 30, 2021</b>	<b>March 31, 2021</b>	
\$ 487,992	\$ 450,286	\$ 504,891	\$ 502,271	\$ 455,718	
14,313	14,301	14,471	14,667	14,847	
163,327	165,350	162,410	157,190	153,533	
6,478	5,994	6,067	5,902	6,079	
672,110	635,931	687,839	680,030	630,177	
281,135	265,779	288,046	293,220	261,381	
143,336	142,968	142,280	144,555	139,168	
424,471	408,747	430,326	437,775	400,549	
163,327	165,350	162,410	157,190	153,533	
587,798	574,097	592,736	594,965	554,082	
84,312	61,834	95,103	85,065	76,095	
7,729	7,572	7,354	7,499	8,051	
2,775	5,000	11,504	6,151	9,046	
10,504	12,572	18,858	13,650	17,097	
(7,279)	(237)	1,610	2,769	804	
(216)	(7)	130	(1)	87	
3,009	12,328	20,598	16,418	17,988	
999	1,050	1,034	1,039	1,009	
473	(3,285)	(541)	(548)	(519)	
86,795	69,827	114,126	99,896	92,555	
18,176	14,785	23,903	20,867	18,989	
\$ 68,619	\$ 55,042	\$ 90,223	\$ 79,029	\$ 73,566	
\$ 1.31	\$ 1.05	\$ 1.72	\$ 1.51	\$ 1.41	

**Erie Indemnity Company**  
**Investor Supplement - First Quarter 2022 (Unaudited)**

*(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**

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>	<b>June 30, 2021</b>	<b>March 31, 2021</b>
\$	141,305	\$ 183,702	\$ 235,996	\$ 156,038	\$ 135,192
	478,754	479,123	503,413	504,013	481,481
	1,037,175	1,067,857	1,060,972	1,056,827	1,031,239
	396,072	374,802	277,939	280,402	282,268
	69,342	66,368	67,789	68,558	68,071
	101,205	70,205	90,449	97,806	100,847
<b>\$</b>	<b>2,223,853</b>	<b>\$ 2,242,057</b>	<b>\$ 2,236,558</b>	<b>\$ 2,163,644</b>	<b>\$ 2,099,098</b>
\$	287,989	\$ 270,746	\$ 280,540	\$ 284,234	\$ 272,670
	31,507	120,437	88,556	62,694	30,766
	139,231	130,383	192,808	184,111	174,228
	93,309	93,832	94,348	94,859	95,364
	52,365	52,621	53,951	53,877	54,075
	285,252	231,560	239,499	238,767	263,862
	<b>889,653</b>	<b>899,579</b>	<b>949,702</b>	<b>918,542</b>	<b>890,965</b>
	<b>1,334,200</b>	<b>1,342,478</b>	<b>1,286,856</b>	<b>1,245,102</b>	<b>1,208,133</b>
<b>\$</b>	<b>2,223,853</b>	<b>\$ 2,242,057</b>	<b>\$ 2,236,558</b>	<b>\$ 2,163,644</b>	<b>\$ 2,099,098</b>

**Erie Indemnity Company**  
**Investor Supplement - First Quarter 2022 (Unaudited)**

**Property and Casualty Group**  
**Direct Written Premium Growth Measures**

Three months ended

*(dollars in thousands)*

**Direct written premiums of the P&C Group**

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>	<b>June 30, 2021</b>	<b>March 31, 2021</b>
Private passenger auto	\$ 856,493	\$ 775,728	\$ 898,625	\$ 878,482	\$ 831,935
Homeowners	456,516	494,818	569,215	544,123	411,901
Commercial multi-peril	300,888	258,614	260,308	275,994	269,962
Workers compensation	138,383	96,369	110,949	116,747	130,074
Commercial auto	199,044	168,667	180,215	195,687	181,591
All other lines of business	58,873	49,631	56,433	59,524	52,719
P&C Group direct written premiums - total	<u>\$ 2,010,197</u>	<u>\$ 1,843,827</u>	<u>\$ 2,075,745</u>	<u>\$ 2,070,557</u>	<u>\$ 1,878,182</u>

**Property and Casualty Group**  
**Direct Written Premium Growth Measures**

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>	<b>June 30, 2021</b>	<b>March 31, 2021</b>
<b>12 month growth rate policies in force</b>					
Total all lines	3.1 %	3.2 %	3.2 %	3.6 %	2.8 %
Total personal lines	3.0 %	3.1 %	3.1 %	3.6 %	2.9 %
Total commercial lines	3.4 %	3.6 %	3.7 %	3.4 %	2.1 %
<b>Retention trends <sup>(1)</sup></b>					
Total all lines	90.3 %	90.1 %	90.0 %	89.9 %	90.0 %
Total personal lines	90.8 %	90.6 %	90.4 %	90.3 %	90.3 %
Total commercial lines	86.9 %	87.0 %	87.3 %	87.5 %	87.5 %
<b>12 month % change average premiums</b>					
Total all lines	1.5 %	0.1 %	(0.7)%	(1.5)%	(1.5)%
Total personal lines	0.5 %	(0.6)%	(1.5)%	(2.1)%	(1.7)%
Total commercial lines	3.8 %	1.7 %	0.9 %	0.1 %	(0.4)%

*(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.*

**Erie Indemnity Company**  
**Investor Supplement - First Quarter 2022 (Unaudited)**

<b>Property and Casualty Group</b> <b>Statutory Basis Combined Ratio - Direct Business</b>								
Three months ended March 31, 2022					Three months ended March 31, 2021			
	Prior Year			Current	Prior Year			Current
	Reserve			Accident	Reserve			Accident
	Development			Year	Development			Year
	Deficiency				Deficiency			
	(Redundancy)	Catastrophe	Excluding		(Redundancy)	Catastrophe	Excluding	
	[Direct business]	Losses	Catastrophes		[Direct business]	Losses	Catastrophes	
Calendar	Year			Year	Calendar	Year		Year
Private passenger auto	117.1 %	5.2 %	0.2 %	111.7 %	92.0 %	(0.4) %	0.5 %	91.9 %
Homeowners	96.4 %	0.5 %	13.5 %	82.4 %	85.1 %	(0.2) %	9.0 %	76.3 %
Other personal lines	93.4 %	12.0 %	0.1 %	81.3 %	54.1 %	(18.2) %	0.0 %	72.3 %
<b>Total personal lines</b>	<b>109.0 %</b>	<b>3.6 %</b>	<b>5.1 %</b>	<b>100.3 %</b>	<b>89.0 %</b>	<b>(0.6) %</b>	<b>3.5 %</b>	<b>86.1 %</b>
Commercial multi-peril	95.9 %	(0.6) %	3.4 %	93.1 %	80.8 %	2.3 %	3.8 %	74.7 %
Commercial auto	102.5 %	0.4 %	0.2 %	101.9 %	76.9 %	(8.7) %	0.3 %	85.3 %
Workers compensation	95.6 %	(0.7) %	0.0 %	96.3 %	82.1 %	(17.8) %	0.0 %	99.9 %
Other commercial lines	74.2 %	(28.6) %	0.0 %	102.8 %	83.4 %	(4.5) %	0.0 %	87.9 %
<b>Total commercial lines</b>	<b>96.8 %</b>	<b>(1.8) %</b>	<b>1.6 %</b>	<b>97.0 %</b>	<b>80.0 %</b>	<b>(5.5) %</b>	<b>1.8 %</b>	<b>83.7 %</b>
<b>Grand total - direct business only</b>	<b>105.3 %</b>	<b>1.9 %</b>	<b>4.1 %</b>	<b>99.3 %</b>	<b>86.3 %</b>	<b>(2.1) %</b>	<b>3.0 %</b>	<b>85.4 %</b>