



ERIE INDEMNITY COMPANY

Investor Supplement Second 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.

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Investor Supplement - Second Quarter 2022
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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					Six months ended		
	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	June 30, 2022	June 30, 2021
Operating revenue							
Management fee revenue - policy issuance and renewal services	\$ 544,555	\$ 487,992	\$ 450,286	\$ 504,891	\$ 502,271	\$ 1,032,547	\$ 957,989
Management fee revenue - administrative services	14,476	14,313	14,301	14,471	14,667	28,789	29,514
Administrative services reimbursement revenue	160,675	163,327	165,350	162,410	157,190	324,002	310,723
Service agreement revenue	6,437	6,478	5,994	6,067	5,902	12,915	11,981
Total operating revenue	726,143	672,110	635,931	687,839	680,030	1,398,253	1,310,207
Operating expenses							
Commissions	307,483	281,135	265,779	288,046	293,220	588,618	554,601
Non-commission operating expenses	153,985	143,336	142,968	142,280	144,555	297,321	283,723
Cost of operations - policy issuance and renewal services	461,468	424,471	408,747	430,326	437,775	885,939	838,324
Cost of operations - administrative services	160,675	163,327	165,350	162,410	157,190	324,002	310,723
Total operating expenses	622,143	587,798	574,097	592,736	594,965	1,209,941	1,149,047
Operating income	104,000	84,312	61,834	95,103	85,065	188,312	161,160
Investment income							
Interest and dividend income	8,558	7,729	7,572	7,354	7,499	16,287	15,550
Equity in (losses) earnings of limited partnerships	(290)	2,775	5,000	11,504	6,151	2,485	15,197
Net investment income	8,268	10,504	12,572	18,858	13,650	18,772	30,747
Net realized and unrealized investment (losses) gains	(10,324)	(7,279)	(237)	1,610	2,769	(17,603)	3,573
Net impairment (losses) recoveries recognized in earnings	(38)	(216)	(7)	130	(1)	(254)	86
Total investment (loss) income	(2,094)	3,009	12,328	20,598	16,418	915	34,406
Interest expense	895	999	1,050	1,034	1,039	1,894	2,048
Other income (expense)	337	473	(3,285)	(541)	(548)	810	(1,067)
Income before income taxes	101,348	86,795	69,827	114,126	99,896	188,143	192,451
Income tax expense	21,201	18,176	14,785	23,903	20,867	39,377	39,856
Net income	\$ 80,147	\$ 68,619	\$ 55,042	\$ 90,223	\$ 79,029	\$ 148,766	\$ 152,595
Net income per share - diluted	\$ 1.53	\$ 1.31	\$ 1.05	\$ 1.72	\$ 1.51	\$ 2.84	\$ 2.92

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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
Short-term and long-term borrowings
Contract liability
Other liabilities

Total liabilities

Shareholders' equity

Total liabilities and shareholders' equity

Indemnity Balance Sheet Information					
	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
\$	90,324	\$ 141,305	\$ 183,702	\$ 235,996	\$ 156,038
	538,283	478,754	479,123	503,413	504,013
	996,539	1,037,175	1,067,857	1,060,972	1,056,827
	402,475	396,072	374,802	277,939	280,402
	70,839	69,342	66,368	67,789	68,558
	81,762	101,205	70,205	90,449	97,806
\$	2,180,222	\$ 2,223,853	\$ 2,242,057	\$ 2,236,558	\$ 2,163,644
\$	305,984	\$ 287,989	\$ 270,746	\$ 280,540	\$ 284,234
	55,146	31,507	120,437	88,556	62,694
	148,078	139,231	130,383	192,808	184,111
	40,000	93,309	93,832	94,348	94,859
	53,576	52,365	52,621	53,951	53,877
	238,032	285,252	231,560	239,499	238,767
	840,816	889,653	899,579	949,702	918,542
	1,339,406	1,334,200	1,342,478	1,286,856	1,245,102
\$	2,180,222	\$ 2,223,853	\$ 2,242,057	\$ 2,236,558	\$ 2,163,644

Erie Indemnity Company
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Property and Casualty Group
Direct Written Premium Growth Measures

	Three months ended					Six months ended	
	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	June 30, 2022	June 30, 2021
<i>(dollars in thousands)</i>							
Direct written premiums of the P&C Group							
Private passenger auto	\$ 927,867	\$ 856,493	\$ 775,728	\$ 898,625	\$ 878,482	\$ 1,784,360	\$ 1,710,417
Homeowners	605,092	456,516	494,818	569,215	544,123	1,061,608	956,024
Commercial multi-peril	313,072	300,888	258,614	260,308	275,994	613,960	545,956
Workers compensation	124,333	138,383	96,369	110,949	116,747	262,716	246,821
Commercial auto	209,813	199,044	168,667	180,215	195,687	408,857	377,278
All other lines of business	67,589	58,873	49,631	56,433	59,524	126,462	112,243
P&C Group direct written premiums - total	<u>\$ 2,247,766</u>	<u>\$ 2,010,197</u>	<u>\$ 1,843,827</u>	<u>\$ 2,075,745</u>	<u>\$ 2,070,557</u>	<u>\$ 4,257,963</u>	<u>\$ 3,948,739</u>

Property and Casualty Group
Direct Written Premium Growth Measures

	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
12 month growth rate policies in force					
Total all lines	3.1 %	3.1 %	3.2 %	3.2 %	3.6 %
Total personal lines	3.1 %	3.0 %	3.1 %	3.1 %	3.6 %
Total commercial lines	3.0 %	3.4 %	3.6 %	3.7 %	3.4 %
Retention trends ⁽¹⁾					
Total all lines	90.3 %	90.3 %	90.1 %	90.0 %	89.9 %
Total personal lines	90.8 %	90.8 %	90.6 %	90.4 %	90.3 %
Total commercial lines	86.5 %	86.9 %	87.0 %	87.3 %	87.5 %
12 month % change average premiums					
Total all lines	2.9 %	1.5 %	0.1 %	(0.7)%	(1.5)%
Total personal lines	1.9 %	0.5 %	(0.6)%	(1.5)%	(2.1)%
Total commercial lines	5.2 %	3.8 %	1.7 %	0.9 %	0.1 %

(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 June 30, 2022					Three months ended June 30, 2021			
	Prior Year	Current			Prior Year	Current		
	Reserve	Accident			Reserve	Accident		
	Development	Year			Development	Year		
Calendar	Deficiency	Catastrophe	Excluding		Calendar	Deficiency	Catastrophe	Excluding
Year	(Redundancy)	Losses	Catastrophes		Year	(Redundancy)	Losses	Catastrophes
Private passenger auto	125.7 %	7.5 %	2.0 %	116.2 %	103.1 %	(2.8) %	0.9 %	105.0 %
Homeowners	145.3 %	2.5 %	55.5 %	87.3 %	105.8 %	3.0 %	21.9 %	80.9 %
Other personal lines	90.3 %	3.0 %	1.2 %	86.1 %	80.4 %	(0.3) %	0.8 %	79.9 %
Total personal lines	132.4 %	5.5 %	21.9 %	105.0 %	103.7 %	(0.7) %	8.4 %	96.0 %
Commercial multi-peril	99.2 %	7.0 %	8.7 %	83.5 %	84.6 %	(0.6) %	4.5 %	80.7 %
Commercial auto	120.6 %	4.4 %	0.4 %	115.8 %	85.1 %	(3.2) %	0.4 %	87.9 %
Workers compensation	81.5 %	(12.2) %	0.0 %	93.7 %	68.0 %	(27.9) %	0.0 %	95.9 %
Other commercial lines	110.3 %	7.5 %	0.0 %	102.8 %	92.4 %	4.4 %	0.0 %	88.0 %
Total commercial lines	102.8 %	2.5 %	4.1 %	96.2 %	81.8 %	(6.6) %	2.1 %	86.3 %
Grand total - direct business only	123.3 %	4.6 %	16.5 %	102.2 %	97.2 %	(2.4) %	6.5 %	93.1 %
Six months ended June 30, 2022					Six months ended June 30, 2021			
	Prior Year	Current			Prior Year	Current		
	Reserve	Accident			Reserve	Accident		
	Development	Year			Development	Year		
Calendar	Deficiency	Catastrophe	Excluding		Calendar	Deficiency	Catastrophe	Excluding
Year	(Redundancy)	Losses	Catastrophes		Year	(Redundancy)	Losses	Catastrophes
Private passenger auto	121.5 %	6.3 %	1.1 %	114.1 %	97.6 %	(1.6) %	0.7 %	98.5 %
Homeowners	121.2 %	1.5 %	34.8 %	84.9 %	95.6 %	1.4 %	15.5 %	78.7 %
Other personal lines	91.8 %	7.4 %	0.7 %	83.7 %	67.4 %	(9.1) %	0.4 %	76.1 %
Total personal lines	120.8 %	4.6 %	13.6 %	102.6 %	96.3 %	(0.6) %	5.9 %	91.0 %
Commercial multi-peril	97.6 %	3.3 %	6.1 %	88.2 %	82.7 %	0.8 %	4.1 %	77.8 %
Commercial auto	111.6 %	2.4 %	0.3 %	108.9 %	81.0 %	(5.9) %	0.4 %	86.5 %
Workers compensation	88.5 %	(6.5) %	0.0 %	95.0 %	75.0 %	(22.9) %	0.0 %	97.9 %
Other commercial lines	92.6 %	(10.2) %	0.0 %	102.8 %	87.9 %	0.0 %	0.0 %	87.9 %
Total commercial lines	99.8 %	0.4 %	2.8 %	96.6 %	80.9 %	(6.1) %	1.9 %	85.1 %
Grand total - direct business only	114.4 %	3.3 %	10.3 %	100.8 %	91.8 %	(2.3) %	4.8 %	89.3 %