



# **ERIE INDEMNITY COMPANY**

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

(dollars in thousands, except per share data)

Indemnity Income Statements							
Three months ended					Nine months ended		
September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	September 30, 2022	September 30, 2021	
<b>Operating revenue</b>							
Management fee revenue - policy issuance and renewal services	\$ 551,666	\$ 544,555	\$ 487,992	\$ 450,286	\$ 504,891	\$ 1,584,213	\$ 1,462,880
Management fee revenue - administrative services	14,657	14,476	14,313	14,301	14,471	43,446	43,985
Administrative services reimbursement revenue	168,653	160,675	163,327	165,350	162,410	492,655	473,133
Service agreement revenue	6,260	6,437	6,478	5,994	6,067	19,175	18,048
Total operating revenue	741,236	726,143	672,110	635,931	687,839	2,139,489	1,998,046
<b>Operating expenses</b>							
Commissions	309,597	307,483	281,135	265,779	288,046	898,215	842,647
Non-commission expenses	156,514	153,985	143,336	142,968	142,280	453,835	426,003
Cost of operations - policy issuance and renewal services	466,111	461,468	424,471	408,747	430,326	1,352,050	1,268,650
Cost of operations - administrative services	168,653	160,675	163,327	165,350	162,410	492,655	473,133
Total operating expenses	634,764	622,143	587,798	574,097	592,736	1,844,705	1,741,783
Operating income	106,472	104,000	84,312	61,834	95,103	294,784	256,263
<b>Investment income</b>							
Interest and dividend income	10,477	8,558	7,729	7,572	7,354	26,764	22,904
Equity in (losses) earnings of limited partnerships	(4,643)	(290)	2,775	5,000	11,504	(2,158)	26,701
Net investment income	5,834	8,268	10,504	12,572	18,858	24,606	49,605
Net realized and unrealized investment (losses) gains	(6,230)	(10,324)	(7,279)	(237)	1,610	(23,833)	5,183
Net impairment (losses) recoveries recognized in earnings	(175)	(38)	(216)	(7)	130	(429)	216
Total investment (loss) income	(571)	(2,094)	3,009	12,328	20,598	344	55,004
Interest expense	115	895	999	1,050	1,034	2,009	3,082
Other income (expense)	562	337	473	(3,285)	(541)	1,372	(1,608)
Income before income taxes	106,348	101,348	86,795	69,827	114,126	294,491	306,577
Income tax expense	22,035	21,201	18,176	14,785	23,903	61,412	63,759
Net income	\$ 84,313	\$ 80,147	\$ 68,619	\$ 55,042	\$ 90,223	\$ 233,079	\$ 242,818
Net income per share - diluted	\$ 1.61	\$ 1.53	\$ 1.31	\$ 1.05	\$ 1.72	\$ 4.46	\$ 4.64

**Erie Indemnity Company**  
**Investor Supplement - Third 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  
Short-term and long-term borrowings  
Contract liability  
Other liabilities

**Total liabilities**

**Shareholders' equity**

**Total liabilities and shareholders' equity**

**Indemnity**  
**Balance Sheet Information**

	<b>September 30, 2022</b>	<b>June 30, 2022</b>	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
\$	97,664	\$ 90,324	\$ 141,305	\$ 183,702	\$ 235,996
	544,353	538,283	478,754	479,123	503,413
	974,365	996,539	1,037,175	1,067,857	1,060,972
	408,750	402,475	396,072	374,802	277,939
	69,425	70,839	69,342	66,368	67,789
	83,195	81,762	101,205	70,205	90,449
<b>\$</b>	<b>2,177,752</b>	<b>\$ 2,180,222</b>	<b>\$ 2,223,853</b>	<b>\$ 2,242,057</b>	<b>\$ 2,236,558</b>
\$	310,225	\$ 305,984	\$ 287,989	\$ 270,746	\$ 280,540
	77,609	55,146	31,507	120,437	88,556
	131,222	148,078	139,231	130,383	192,808
	—	40,000	93,309	93,832	94,348
	54,810	53,576	52,365	52,621	53,951
	247,307	238,032	285,252	231,560	239,499
	<b>821,173</b>	<b>840,816</b>	<b>889,653</b>	<b>899,579</b>	<b>949,702</b>
	<b>1,356,579</b>	<b>1,339,406</b>	<b>1,334,200</b>	<b>1,342,478</b>	<b>1,286,856</b>
<b>\$</b>	<b>2,177,752</b>	<b>\$ 2,180,222</b>	<b>\$ 2,223,853</b>	<b>\$ 2,242,057</b>	<b>\$ 2,236,558</b>

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

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

	Three months ended				Nine months ended	
	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	September 30, 2021
<i>(dollars in thousands)</i>						
<b>Direct written premiums of the P&amp;C Group</b>						
Private passenger auto	\$ 958,641	\$ 927,867	\$ 856,493	\$ 775,728	\$ 898,625	\$ 2,743,001
Homeowners	636,493	605,092	456,516	494,818	569,215	1,698,101
Commercial multi-peril	292,599	313,072	300,888	258,614	260,308	906,559
Workers compensation	126,611	124,333	138,383	96,369	110,949	389,327
Commercial auto	194,008	209,813	199,044	168,667	180,215	602,865
All other lines of business	62,681	67,589	58,873	49,631	56,433	189,143
P&C Group direct written premiums - total	\$ 2,271,033	\$ 2,247,766	\$ 2,010,197	\$ 1,843,827	\$ 2,075,745	\$ 6,528,996
						\$ 6,024,484

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

	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
<b>12 month growth rate policies in force</b>					
Total all lines	3.3 %	3.1 %	3.1 %	3.2 %	3.2 %
Total personal lines	3.4 %	3.1 %	3.0 %	3.1 %	3.1 %
Total commercial lines	2.4 %	3.0 %	3.4 %	3.6 %	3.7 %
<b>Retention trends <sup>(1)</sup></b>					
Total all lines	90.3 %	90.3 %	90.3 %	90.1 %	90.0 %
Total personal lines	90.9 %	90.8 %	90.8 %	90.6 %	90.4 %
Total commercial lines	85.9 %	86.5 %	86.9 %	87.0 %	87.3 %
<b>12 month % change average premiums</b>					
Total all lines	4.1 %	2.9 %	1.5 %	0.1 %	(0.7)%
Total personal lines	3.2 %	1.9 %	0.5 %	(0.6)%	(1.5)%
Total commercial lines	6.7 %	5.2 %	3.8 %	1.7 %	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.*

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

Property and Casualty Group Statutory Basis Combined Ratio - Direct Business								
Three months ended September 30, 2022					Three months ended September 30, 2021			
	Prior Year Reserve Development Calendar Year	Deficiency (Redundancy)	Catastrophe Losses	Current Accident Year Excluding Catastrophes		Prior Year Reserve Development Calendar Year	Deficiency (Redundancy)	Catastrophe Losses Excluding Catastrophes
Private passenger auto	125.9 %	0.4 %	0.5 %	125.0 %	106.9 %	(2.4) %	1.5 %	107.8 %
Homeowners	100.8 %	2.4 %	15.3 %	83.1 %	115.0 %	0.0 %	29.1 %	85.9 %
Other personal lines	80.6 %	(7.8) %	0.8 %	87.6 %	110.7 %	28.0 %	0.3 %	82.4 %
<b>Total personal lines</b>	<b>115.7 %</b>	<b>1.0 %</b>	<b>6.1 %</b>	<b>108.6 %</b>	<b>109.9 %</b>	<b>(1.0) %</b>	<b>11.4 %</b>	<b>99.5 %</b>
Commercial multi-peril	93.6 %	5.2 %	2.4 %	86.0 %	94.3 %	(2.2) %	6.8 %	89.7 %
Commercial auto	113.9 %	(1.6) %	0.1 %	115.4 %	126.9 %	(0.8) %	2.5 %	125.2 %
Workers compensation	91.5 %	(9.9) %	0.0 %	101.4 %	105.2 %	(14.3) %	0.0 %	119.5 %
Other commercial lines	90.3 %	(19.3) %	0.0 %	109.6 %	191.0 %	87.0 %	0.0 %	104.0 %
<b>Total commercial lines</b>	<b>99.1 %</b>	<b>(1.1) %</b>	<b>1.1 %</b>	<b>99.1 %</b>	<b>111.3 %</b>	<b>0.3 %</b>	<b>3.8 %</b>	<b>107.2 %</b>
<b>Grand total - direct business only</b>	<b>110.5 %</b>	<b>0.3 %</b>	<b>4.5 %</b>	<b>105.7 %</b>	<b>110.3 %</b>	<b>(0.6) %</b>	<b>9.1 %</b>	<b>101.8 %</b>
Nine months ended September 30, 2022					Nine months ended September 30, 2021			
	Prior Year Reserve Development Calendar Year	Deficiency (Redundancy)	Catastrophe Losses	Current Accident Year Excluding Catastrophes		Prior Year Reserve Development Calendar Year	Deficiency (Redundancy)	Catastrophe Losses Excluding Catastrophes
Private passenger auto	122.9 %	4.3 %	0.9 %	117.7 %	100.7 %	(1.9) %	1.0 %	101.6 %
Homeowners	114.2 %	1.8 %	28.1 %	84.3 %	102.2 %	1.0 %	20.2 %	81.0 %
Other personal lines	88.0 %	2.2 %	0.7 %	85.1 %	82.2 %	3.5 %	0.4 %	78.3 %
<b>Total personal lines</b>	<b>119.1 %</b>	<b>3.3 %</b>	<b>11.1 %</b>	<b>104.7 %</b>	<b>100.9 %</b>	<b>(0.8) %</b>	<b>7.8 %</b>	<b>93.9 %</b>
Commercial multi-peril	96.2 %	3.9 %	4.8 %	87.5 %	86.7 %	(0.2) %	5.1 %	81.8 %
Commercial auto	112.4 %	1.0 %	0.3 %	111.1 %	96.6 %	(4.2) %	1.1 %	99.7 %
Workers compensation	89.6 %	(7.7) %	0.0 %	97.3 %	85.2 %	(20.0) %	0.0 %	105.2 %
Other commercial lines	91.8 %	(13.4) %	0.0 %	105.2 %	123.4 %	30.0 %	0.0 %	93.4 %
<b>Total commercial lines</b>	<b>99.5 %</b>	<b>(0.1) %</b>	<b>2.2 %</b>	<b>97.4 %</b>	<b>91.2 %</b>	<b>(3.9) %</b>	<b>2.6 %</b>	<b>92.5 %</b>
<b>Grand total - direct business only</b>	<b>113.1 %</b>	<b>2.3 %</b>	<b>8.4 %</b>	<b>102.4 %</b>	<b>98.0 %</b>	<b>(1.7) %</b>	<b>6.2 %</b>	<b>93.5 %</b>