



ERIE INDEMNITY COMPANY

Investor Supplement Fourth 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 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 (Unaudited)					Twelve Months Ended	
December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Operating revenue						
Management fee revenue - policy issuance and renewal services	\$ 503,633	\$ 551,666	\$ 544,555	\$ 487,992	\$ 450,286	\$ 2,087,846
Management fee revenue - administrative services	14,877	14,657	14,476	14,313	14,301	58,323
Administrative services reimbursement revenue	175,613	168,653	160,675	163,327	165,350	668,268
Service agreement revenue	6,512	6,260	6,437	6,478	5,994	25,687
Total operating revenue	700,635	741,236	726,143	672,110	635,931	2,840,124
Operating expenses						
Commissions	281,354	309,597	307,483	281,135	265,779	1,179,569
Non-commission expenses	162,238	156,514	153,985	143,336	142,968	616,073
Cost of operations - policy issuance and renewal services	443,592	466,111	461,468	424,471	408,747	1,795,642
Cost of operations - administrative services	175,613	168,653	160,675	163,327	165,350	668,268
Total operating expenses	619,205	634,764	622,143	587,798	574,097	2,463,910
Operating income	81,430	106,472	104,000	84,312	61,834	376,214
Investment income						
Interest and dividend income	12,267	10,477	8,558	7,729	7,572	39,031
Equity in (losses) earnings of limited partnerships	(8,288)	(4,643)	(290)	2,775	5,000	(10,446)
Net investment income	3,979	5,834	8,268	10,504	12,572	28,585
Net realized and unrealized investment (losses) gains	(3,453)	(6,230)	(10,324)	(7,279)	(237)	(27,286)
Net impairment (losses) recoveries recognized in earnings	(238)	(175)	(38)	(216)	(7)	(667)
Total investment income (loss)	288	(571)	(2,094)	3,009	12,328	632
Interest expense	—	115	895	999	1,050	2,009
Other income (expense)	243	562	337	473	(3,285)	1,615
Income before income taxes	81,961	106,348	101,348	86,795	69,827	376,452
Income tax expense	16,471	22,035	21,201	18,176	14,785	77,883
Net income	\$ 65,490	\$ 84,313	\$ 80,147	\$ 68,619	\$ 55,042	\$ 298,569
Net income per share - diluted	\$ 1.25	\$ 1.61	\$ 1.53	\$ 1.31	\$ 1.05	\$ 5.71

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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					
December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	
	(Unaudited)				
\$ 142,090	\$ 97,664	\$ 90,324	\$ 141,305	\$ 183,702	
524,937	544,353	538,283	478,754	479,123	
989,631	974,365	996,539	1,037,175	1,067,857	
413,874	408,750	402,475	396,072	374,802	
69,476	69,425	70,839	69,342	66,368	
99,448	83,195	81,762	101,205	70,205	
\$ 2,239,456	\$ 2,177,752	\$ 2,180,222	\$ 2,223,853	\$ 2,242,057	
\$ 300,028	\$ 310,225	\$ 305,984	\$ 287,989	\$ 270,746	
95,166	77,609	55,146	31,507	120,437	
51,224	131,222	148,078	139,231	130,383	
—	—	40,000	93,309	93,832	
54,442	54,810	53,576	52,365	52,621	
290,188	247,307	238,032	285,252	231,560	
791,048	821,173	840,816	889,653	899,579	
1,448,408	1,356,579	1,339,406	1,334,200	1,342,478	
\$ 2,239,456	\$ 2,177,752	\$ 2,180,222	\$ 2,223,853	\$ 2,242,057	

Erie Indemnity Company
Investor Supplement - Fourth Quarter 2022 (Unaudited)

Property and Casualty Group
Direct Written Premium Growth Measures

(dollars in thousands)

Direct written premiums of the P&C Group

	Three Months Ended					Twelve Months Ended	
	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Private passenger auto	\$ 850,960	\$ 958,641	\$ 927,867	\$ 856,493	\$ 775,728	\$ 3,593,961	\$ 3,384,770
Homeowners	565,413	636,493	605,092	456,516	494,818	2,263,514	2,020,057
Commercial multi-peril	300,050	292,599	313,072	300,888	258,614	1,206,609	1,064,878
Workers compensation	108,410	126,611	124,333	138,383	96,369	497,737	454,139
Commercial auto	185,403	194,008	209,813	199,044	168,667	788,268	726,160
All other lines of business	56,728	62,681	67,589	58,873	49,631	245,871	218,307
P&C Group direct written premiums - total	<u>\$ 2,066,964</u>	<u>\$ 2,271,033</u>	<u>\$2,247,766</u>	<u>\$ 2,010,197</u>	<u>\$ 1,843,827</u>	<u>\$ 8,595,960</u>	<u>\$ 7,868,311</u>

Property and Casualty Group
Direct Written Premium Growth Measures

	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
12 month growth rate policies in force					
Total all lines	3.6 %	3.3 %	3.1 %	3.1 %	3.2 %
Total personal lines	3.9 %	3.4 %	3.1 %	3.0 %	3.1 %
Total commercial lines	2.0 %	2.4 %	3.0 %	3.4 %	3.6 %
Retention trends ⁽¹⁾					
Total all lines	90.5 %	90.3 %	90.3 %	90.3 %	90.1 %
Total personal lines	91.2 %	90.9 %	90.8 %	90.8 %	90.6 %
Total commercial lines	85.7 %	85.9 %	86.5 %	86.9 %	87.0 %
12 month % change average premiums					
Total all lines	5.4 %	4.1 %	2.9 %	1.5 %	0.1 %
Total personal lines	4.4 %	3.2 %	1.9 %	0.5 %	(0.6)%
Total commercial lines	9.0 %	6.7 %	5.2 %	3.8 %	1.7 %

(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, 2022					Three months ended December 31, 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	146.3 %	1.9 %	0.7 %	143.7 %	125.3 %	(1.3) %	0.4 %	126.2 %
Homeowners	111.0 %	2.6 %	25.3 %	83.1 %	92.1 %	0.5 %	20.4 %	71.2 %
Other personal lines	113.8 %	(0.2) %	0.1 %	113.9 %	174.9 %	67.5 %	0.6 %	106.8 %
Total personal lines	132.4 %	2.1 %	10.0 %	120.3 %	114.0 %	0.6 %	7.7 %	105.7 %
Commercial multi-peril	88.9 %	7.1 %	6.5 %	75.3 %	85.6 %	(4.3) %	18.4 %	71.5 %
Commercial auto	136.6 %	10.7 %	0.5 %	125.4 %	115.9 %	(4.3) %	0.6 %	119.6 %
Workers compensation	117.0 %	3.3 %	0.0 %	113.7 %	164.1 %	38.8 %	0.0 %	125.3 %
Other commercial lines	128.7 %	8.2 %	0.0 %	120.5 %	224.7 %	75.5 %	0.0 %	149.2 %
Total commercial lines	110.6 %	7.5 %	3.1 %	100.0 %	117.3 %	8.2 %	8.4 %	100.7 %
Grand total - direct business only	125.7 %	3.8 %	7.9 %	114.0 %	115.0 %	2.9 %	7.9 %	104.2 %
Twelve months ended December 31, 2022					Twelve months ended December 31, 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	128.9 %	3.7 %	0.9 %	124.3 %	106.8 %	(1.7) %	0.8 %	107.7 %
Homeowners	113.3 %	2.0 %	27.4 %	83.9 %	99.6 %	0.8 %	20.2 %	78.6 %
Other personal lines	94.7 %	1.6 %	0.5 %	92.6 %	105.9 %	19.9 %	0.4 %	85.6 %
Total personal lines	122.5 %	3.0 %	10.8 %	108.7 %	104.2 %	(0.4) %	7.8 %	96.8 %
Commercial multi-peril	94.3 %	4.8 %	5.3 %	84.2 %	86.4 %	(1.3) %	8.5 %	79.2 %
Commercial auto	118.7 %	3.5 %	0.3 %	114.9 %	101.5 %	(4.2) %	1.0 %	104.7 %
Workers compensation	96.5 %	(4.9) %	0.0 %	101.4 %	105.0 %	(5.2) %	0.0 %	110.2 %
Other commercial lines	101.5 %	(7.7) %	0.0 %	109.2 %	149.9 %	41.9 %	0.0 %	108.0 %
Total commercial lines	102.4 %	1.9 %	2.5 %	98.0 %	97.9 %	(0.8) %	4.1 %	94.6 %
Grand total - direct business only	116.3 %	2.7 %	8.2 %	105.4 %	102.3 %	(0.5) %	6.7 %	96.1 %