



# **ERIE INDEMNITY COMPANY**

## **Investor Supplement First Quarter 2023**

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.

**Erie Indemnity Company**  
**Investor Supplement - First Quarter 2023**  
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**Erie Indemnity Company**  
**Investor Supplement - First Quarter 2023**  
**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 2023 (Unaudited)**

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

**Operating revenue**

Management fee revenue - policy issuance and renewal services	\$ 558,090
Management fee revenue - administrative services	15,189
Administrative services reimbursement revenue	172,827
Service agreement revenue	6,359
Total operating revenue	752,465

**Operating expenses**

Commissions	308,808
Non-commission expenses	160,287
Cost of operations - policy issuance and renewal services	469,095
Cost of operations - administrative services	172,827
Total operating expenses	641,922
Operating income	110,543

**Investment income**

Interest and dividend income, net	12,935
Equity in (losses) earnings of limited partnerships	(10,752)
Net investment income	2,183
Net realized and unrealized investment losses	(5,282)
Net impairment losses recognized in earnings	(1,633)
Total investment (loss) income	(4,732)

Interest expense	—
Other income	3,337
Income before income taxes	109,148
Income tax expense	22,907
Net income	\$ 86,241
Net income per share - diluted	\$ 1.65

Indemnity Income Statements				
Three Months Ended				
March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
\$ 558,090	\$ 503,633	\$ 551,666	\$ 544,555	\$ 487,992
15,189	14,877	14,657	14,476	14,313
172,827	175,613	168,653	160,675	163,327
6,359	6,512	6,260	6,437	6,478
752,465	700,635	741,236	726,143	672,110
308,808	281,354	309,597	307,483	281,135
160,287	162,238	156,514	153,985	143,336
469,095	443,592	466,111	461,468	424,471
172,827	175,613	168,653	160,675	163,327
641,922	619,205	634,764	622,143	587,798
110,543	81,430	106,472	104,000	84,312
12,935	12,267	10,477	8,558	7,729
(10,752)	(8,288)	(4,643)	(290)	2,775
2,183	3,979	5,834	8,268	10,504
(5,282)	(3,453)	(6,230)	(10,324)	(7,279)
(1,633)	(238)	(175)	(38)	(216)
(4,732)	288	(571)	(2,094)	3,009
—	—	115	895	999
3,337	243	562	337	473
109,148	81,961	106,348	101,348	86,795
22,907	16,471	22,035	21,201	18,176
\$ 86,241	\$ 65,490	\$ 84,313	\$ 80,147	\$ 68,619
\$ 1.65	\$ 1.25	\$ 1.61	\$ 1.53	\$ 1.31

**Erie Indemnity Company**  
**Investor Supplement - First Quarter 2023 (Unaudited)**

*(in thousands)*

**Assets**

Cash and cash equivalents  
Receivables from Erie Insurance Exchange and affiliates, net  
Investments, net  
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					
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
\$	122,376	\$ 142,090	\$ 97,664	\$ 90,324	\$ 141,305
	533,306	524,937	544,353	538,283	478,754
	1,000,116	989,631	974,365	996,539	1,037,175
	417,339	413,874	408,750	402,475	396,072
	68,054	69,476	69,425	70,839	69,342
	82,778	99,448	83,195	81,762	101,205
<b>\$</b>	<b>2,223,969</b>	<b>\$ 2,239,456</b>	<b>\$ 2,177,752</b>	<b>\$ 2,180,222</b>	<b>\$ 2,223,853</b>
\$	322,910	\$ 300,028	\$ 310,225	\$ 305,984	\$ 287,989
	20,565	95,166	77,609	55,146	31,507
	53,522	51,224	131,222	148,078	139,231
	—	—	—	40,000	93,309
	55,329	54,442	54,810	53,576	52,365
	284,676	290,188	247,307	238,032	285,252
	<b>737,002</b>	<b>791,048</b>	<b>821,173</b>	<b>840,816</b>	<b>889,653</b>
	<b>1,486,967</b>	<b>1,448,408</b>	<b>1,356,579</b>	<b>1,339,406</b>	<b>1,334,200</b>
<b>\$</b>	<b>2,223,969</b>	<b>\$ 2,239,456</b>	<b>\$ 2,177,752</b>	<b>\$ 2,180,222</b>	<b>\$ 2,223,853</b>

**Erie Indemnity Company**  
**Investor Supplement - First Quarter 2023 (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, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>	<b>June 30, 2022</b>	<b>March 31, 2022</b>
Private passenger auto	\$ 978,743	\$ 850,960	\$ 958,641	\$ 927,867	\$ 856,493
Homeowners	542,308	565,413	636,493	605,092	456,516
Commercial multi-peril	346,162	300,050	292,599	313,072	300,888
Workers compensation	143,971	108,410	126,611	124,333	138,383
Commercial auto	224,540	185,403	194,008	209,813	199,044
All other lines of business	68,144	56,728	62,681	67,589	58,873
P&C Group direct written premiums - total	<b>\$ 2,303,868</b>	<b>\$ 2,066,964</b>	<b>\$ 2,271,033</b>	<b>\$ 2,247,766</b>	<b>\$ 2,010,197</b>

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

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>	<b>June 30, 2022</b>	<b>March 31, 2022</b>
<b>12 month growth rate policies in force</b>					
Total all lines	4.4 %	3.6 %	3.3 %	3.1 %	3.1 %
Total personal lines	4.8 %	3.9 %	3.4 %	3.1 %	3.0 %
Total commercial lines	2.1 %	2.0 %	2.4 %	3.0 %	3.4 %
<b>Retention trends <sup>(1)</sup></b>					
Total all lines	90.6 %	90.5 %	90.3 %	90.3 %	90.3 %
Total personal lines	91.3 %	91.2 %	90.9 %	90.8 %	90.8 %
Total commercial lines	85.7 %	85.7 %	85.9 %	86.5 %	86.9 %
<b>12 month % change average premiums</b>					
Total all lines	6.4 %	5.4 %	4.1 %	2.9 %	1.5 %
Total personal lines	5.8 %	4.4 %	3.2 %	1.9 %	0.5 %
Total commercial lines	9.5 %	9.0 %	6.7 %	5.2 %	3.8 %

*(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 2023 (Unaudited)**

<b>Property and Casualty Group</b> <b>Statutory Basis Combined Ratio - Direct Business</b>								
	<b>Three Months Ended March 31, 2023</b>				<b>Three Months Ended March 31, 2022</b>			
	Calendar Year	Prior Year Reserve Development Deficiency (Redundancy)	Catastrophe Losses	Current Accident Year Excluding Catastrophes	Calendar Year	Prior Year Reserve Development Deficiency (Redundancy)	Catastrophe Losses	Current Accident Year Excluding Catastrophes
Private passenger auto	120.4 %	2.0 %	0.4 %	118.0 %	117.1 %	5.2 %	0.2 %	111.7 %
Homeowners	140.2 %	8.2 %	48.8 %	83.2 %	96.4 %	0.5 %	13.5 %	82.4 %
Other personal lines	88.8 %	4.8 %	0.4 %	83.6 %	93.4 %	12.0 %	0.1 %	81.3 %
<b>Total personal lines</b>	<b>127.4 %</b>	<b>4.4 %</b>	<b>18.8 %</b>	<b>104.2 %</b>	<b>109.0 %</b>	<b>3.6 %</b>	<b>5.1 %</b>	<b>100.3 %</b>
Commercial multi-peril	131.4 %	28.1 %	12.6 %	90.7 %	95.9 %	(0.6) %	3.4 %	93.1 %
Commercial auto	119.0 %	1.8 %	0.7 %	116.5 %	102.5 %	0.4 %	0.2 %	101.9 %
Workers compensation	83.5 %	(5.2) %	0.0 %	88.7 %	95.6 %	(0.7) %	0.0 %	96.3 %
Other commercial lines	60.6 %	(50.4) %	0.0 %	111.0 %	74.2 %	(28.6) %	0.0 %	102.8 %
<b>Total commercial lines</b>	<b>115.0 %</b>	<b>9.8 %</b>	<b>6.0 %</b>	<b>99.2 %</b>	<b>96.8 %</b>	<b>(1.8) %</b>	<b>1.6 %</b>	<b>97.0 %</b>
<b>Grand total - direct business only</b>	<b>123.6 %</b>	<b>6.0 %</b>	<b>14.9 %</b>	<b>102.7 %</b>	<b>105.3 %</b>	<b>1.9 %</b>	<b>4.1 %</b>	<b>99.3 %</b>