



ERIE INDEMNITY COMPANY

Investor Supplement Second 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 - Second Quarter 2023
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 - Second 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 - Second Quarter 2023 (Unaudited)

(dollars in thousands, except per share data)

Indemnity Income Statements							
Three Months Ended					Six Months Ended		
June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	June 30, 2023	June 30, 2022	
Operating revenue							
Management fee revenue - policy issuance and renewal services	\$ 633,339	\$ 558,090	\$ 503,633	\$ 551,666	\$ 544,555	\$ 1,191,429	\$ 1,032,547
Management fee revenue - administrative services	15,636	15,189	14,877	14,657	14,476	30,825	28,789
Administrative services reimbursement revenue	184,466	172,827	175,613	168,653	160,675	357,293	324,002
Service agreement revenue	6,429	6,359	6,512	6,260	6,437	12,788	12,915
Total operating revenue	839,870	752,465	700,635	741,236	726,143	1,592,335	1,398,253
Operating expenses							
Commissions	351,144	308,808	281,354	309,597	307,483	659,952	588,618
Non-commission expenses	170,102	160,287	162,238	156,514	153,985	330,389	297,321
Cost of operations - policy issuance and renewal services	521,246	469,095	443,592	466,111	461,468	990,341	885,939
Cost of operations - administrative services	184,466	172,827	175,613	168,653	160,675	357,293	324,002
Total operating expenses	705,712	641,922	619,205	634,764	622,143	1,347,634	1,209,941
Operating income	134,158	110,543	81,430	106,472	104,000	244,701	188,312
Investment income							
Interest and dividend income, net	13,495	12,935	12,267	10,477	8,558	26,430	16,287
Equity in earnings (losses) of limited partnerships	40	(10,752)	(8,288)	(4,643)	(290)	(10,712)	2,485
Net investment income	13,535	2,183	3,979	5,834	8,268	15,718	18,772
Net realized and unrealized investment losses	(1,737)	(5,282)	(3,453)	(6,230)	(10,324)	(7,019)	(17,603)
Net impairment losses recognized in earnings	(171)	(1,633)	(238)	(175)	(38)	(1,804)	(254)
Total investment income (loss)	11,627	(4,732)	288	(571)	(2,094)	6,895	915
Interest expense	—	—	—	115	895	—	1,894
Other income	3,305	3,337	243	562	337	6,642	810
Income before income taxes	149,090	109,148	81,961	106,348	101,348	258,238	188,143
Income tax expense	31,238	22,907	16,471	22,035	21,201	54,145	39,377
Net income	\$ 117,852	\$ 86,241	\$ 65,490	\$ 84,313	\$ 80,147	\$ 204,093	\$ 148,766
Net income per share - diluted	\$ 2.25	\$ 1.65	\$ 1.25	\$ 1.61	\$ 1.53	\$ 3.90	\$ 2.84

Erie Indemnity Company
Investor Supplement - Second 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 borrowings
Contract liability
Other liabilities

Total liabilities

Shareholders' equity

Total liabilities and shareholders' equity

Indemnity Balance Sheet Information					
	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
\$	142,996	\$ 122,376	\$ 142,090	\$ 97,664	\$ 90,324
	591,008	533,306	524,937	544,353	538,283
	1,009,555	1,000,116	989,631	974,365	996,539
	422,903	417,339	413,874	408,750	402,475
	68,903	68,054	69,476	69,425	70,839
	90,146	82,778	99,448	83,195	81,762
\$	2,325,511	\$ 2,223,969	\$ 2,239,456	\$ 2,177,752	\$ 2,180,222
\$	347,795	\$ 322,910	\$ 300,028	\$ 310,225	\$ 305,984
	37,443	20,565	95,166	77,609	55,146
	55,075	53,522	51,224	131,222	148,078
	—	—	—	—	40,000
	57,938	55,329	54,442	54,810	53,576
	282,348	284,676	290,188	247,307	238,032
\$	780,599	737,002	791,048	821,173	840,816
	1,544,912	1,486,967	1,448,408	1,356,579	1,339,406
\$	2,325,511	\$ 2,223,969	\$ 2,239,456	\$ 2,177,752	\$ 2,180,222

Erie Indemnity Company
Investor Supplement - Second Quarter 2023 (Unaudited)

Property and Casualty Group
Direct Written Premium Growth Measures

	Three Months Ended					Six Months Ended	
	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	June 30, 2023	June 30, 2022
<i>(dollars in thousands)</i>							
Direct written premiums of the P&C Group							
Private passenger auto	\$ 1,080,607	\$ 978,743	\$ 850,960	\$ 958,641	\$ 927,867	\$ 2,059,350	\$ 1,784,360
Homeowners	721,339	542,308	565,413	636,493	605,092	1,263,647	1,061,608
Commercial multi-peril	369,770	346,162	300,050	292,599	313,072	715,932	613,960
Workers compensation	128,575	143,971	108,410	126,611	124,333	272,546	262,716
Commercial auto	235,242	224,540	185,403	194,008	209,813	459,782	408,857
All other lines of business	77,598	68,144	56,728	62,681	67,589	145,742	126,462
P&C Group direct written premiums - total	<u>\$ 2,613,131</u>	<u>\$ 2,303,868</u>	<u>\$ 2,066,964</u>	<u>\$ 2,271,033</u>	<u>\$ 2,247,766</u>	<u>\$ 4,916,999</u>	<u>\$ 4,257,963</u>

Property and Casualty Group
Direct Written Premium Growth Measures

	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
12 month growth rate policies in force					
Total all lines	5.2 %	4.4 %	3.6 %	3.3 %	3.1 %
Total personal lines	5.6 %	4.8 %	3.9 %	3.4 %	3.1 %
Total commercial lines	2.3 %	2.1 %	2.0 %	2.4 %	3.0 %
Retention trends ⁽¹⁾					
Total all lines	90.8 %	90.6 %	90.5 %	90.3 %	90.3 %
Total personal lines	91.6 %	91.3 %	91.2 %	90.9 %	90.8 %
Total commercial lines	85.6 %	85.7 %	85.7 %	85.9 %	86.5 %
12 month % change average premiums					
Total all lines	7.6 %	6.4 %	5.4 %	4.1 %	2.9 %
Total personal lines	7.4 %	5.8 %	4.4 %	3.2 %	1.9 %
Total commercial lines	10.1 %	9.5 %	9.0 %	6.7 %	5.2 %

(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 - Second Quarter 2023 (Unaudited)

Property and Casualty Group								
Statutory Basis Combined Ratio - Direct Business								
Three Months Ended June 30, 2023					Three Months Ended June 30, 2022			
	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	123.2 %	0.9 %	2.3 %	120.0 %	125.7 %	7.5 %	2.0 %	116.2 %
Homeowners	145.4 %	1.4 %	54.3 %	89.7 %	145.3 %	2.5 %	55.5 %	87.3 %
Other personal lines	81.1 %	(12.3)%	1.1 %	92.3 %	90.3 %	3.0 %	1.2 %	86.1 %
Total personal lines	130.9 %	0.9 %	22.1 %	107.9 %	132.4 %	5.5 %	21.9 %	105.0 %
Commercial multi-peril	103.6 %	9.4 %	13.6 %	80.6 %	99.2 %	7.0 %	8.7 %	83.5 %
Commercial auto	117.1 %	5.7 %	1.0 %	110.4 %	120.6 %	4.4 %	0.4 %	115.8 %
Workers compensation	59.1 %	(37.4)%	0.0 %	96.5 %	81.5 %	(12.2)%	0.0 %	93.7 %
Other commercial lines	81.2 %	(19.7)%	0.0 %	100.9 %	110.3 %	7.5 %	0.0 %	102.8 %
Total commercial lines	98.3 %	(1.8)%	6.6 %	93.5 %	102.8 %	2.5 %	4.1 %	96.2 %
Grand total - direct business only	121.0 %	0.0 %	17.4 %	103.6 %	123.3 %	4.6 %	16.5 %	102.2 %
Six Months Ended June 30, 2023					Six Months Ended June 30, 2022			
	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	121.8 %	1.4 %	1.4 %	119.0 %	121.5 %	6.3 %	1.1 %	114.1 %
Homeowners	142.9 %	4.7 %	51.6 %	86.6 %	121.2 %	1.5 %	34.8 %	84.9 %
Other personal lines	84.9 %	(3.9)%	0.8 %	88.0 %	91.8 %	7.4 %	0.7 %	83.7 %
Total personal lines	129.2 %	2.6 %	20.5 %	106.1 %	120.8 %	4.6 %	13.6 %	102.6 %
Commercial multi-peril	117.2 %	18.6 %	13.1 %	85.5 %	97.6 %	3.3 %	6.1 %	88.2 %
Commercial auto	118.0 %	3.8 %	0.9 %	113.3 %	111.6 %	2.4 %	0.3 %	108.9 %
Workers compensation	71.3 %	(21.4)%	0.0 %	92.7 %	88.5 %	(6.5)%	0.0 %	95.0 %
Other commercial lines	71.1 %	(34.7)%	0.0 %	105.8 %	92.6 %	(10.2)%	0.0 %	102.8 %
Total commercial lines	106.5 %	3.9 %	6.3 %	96.3 %	99.8 %	0.4 %	2.8 %	96.6 %
Grand total - direct business only	122.3 %	3.0 %	16.2 %	103.1 %	114.4 %	3.3 %	10.3 %	100.8 %