REFINITIV

DELTA REPORT

10-Q

ERIE - ERIE INDEMNITY CO

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1114
CHANGES	198
DELETIONS	628
ADDITIONS	288

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2023 March 31, 2024
OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from___to___
Commission file number 0-24000

ERIE INDEMNITY COMPANY
(Exact name of registrant as specified in its charter)

Pennsylvania	25-0466020
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

100 Erie Insurance Place, Erie, Pennsylvania	16530
(Address of principal executive offices)	(Zip Code)

814 870-2000
(Registrant’s telephone number, including area code)

Not applicable
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Class A common stock, stated value $0.0292 per share	ERIE	NASDAQ Stock Market, LLC
(Title of each class)	(Trading Symbol)	(Name of each exchange on which registered)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☒	Accelerated filer	☐	Non-accelerated filer	☐
Smaller reporting company	☐	Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares outstanding of the registrant’s Class A Common Stock as of the latest practicable date was 46,189,068 at October 20, 2023 April 19, 2024.

The number of shares outstanding of the registrant’s Class B Common Stock as of the latest practicable date was 2,542 at October 20, 2023 April 19, 2024.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ERIE INDEMNITY COMPANY
STATEMENTS OF OPERATIONS (UNAUDITED)
(dollars in thousands, except per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
	Three months ended			
	Three months ended			
	Three months ended			
	March 31,			
	March 31,			
	March 31,			
	2024			

		2024			
		2024			
Operating revenue					
Operating revenue					
Operating revenue	**Operating revenue**				
Management fee revenue - policy issuance and renewal services	Management fee revenue - policy issuance and renewal services	$ 649,049	$ 551,666	$ 1,840,478	$ 1,584,213
Management fee revenue - policy issuance and renewal services					
Management fee revenue - policy issuance and renewal services					
Management fee revenue - administrative services					
Management fee revenue - administrative services					
Management fee revenue - administrative services	Management fee revenue - administrative services	16,151	14,657	46,976	43,446
Administrative services reimbursement revenue	Administrative services reimbursement revenue	187,118	168,653	544,411	492,655
Administrative services reimbursement revenue					
Administrative services reimbursement revenue					
Service agreement revenue	Service agreement revenue	6,620	6,260	19,408	19,175
Service agreement revenue					
Service agreement revenue					
Total operating revenue					
Total operating revenue					
Total operating revenue	Total operating revenue	858,938	741,236	2,451,273	2,139,489
Operating expenses	**Operating expenses**				
Operating expenses					
Operating expenses					
Cost of operations - policy issuance and renewal services	Cost of operations - policy issuance and renewal services	523,349	466,111	1,513,690	1,352,050
Cost of operations - policy issuance and renewal services					
Cost of operations - policy issuance and renewal services					
Cost of operations - administrative services					
Cost of operations - administrative services					
Cost of operations - administrative services	Cost of operations - administrative services	187,118	168,653	544,411	492,655
Total operating expenses	Total operating expenses	710,467	634,764	2,058,101	1,844,705
Total operating expenses					

Total operating expenses					
Operating income					
Operating income					
Operating income	**Operating income**	148,471	106,472	393,172	294,784
Investment income	**Investment income**				
Investment income					
Investment income					
Net investment income	Net investment income	14,642	5,834	30,360	24,606
Net realized and unrealized investment losses		(2,227)	(6,230)	(9,246)	(23,833)
Net investment income					
Net investment income					
Net realized and unrealized investment gains (losses)					
Net realized and unrealized investment gains (losses)					
Net realized and unrealized investment gains (losses)					
Net impairment losses recognized in earnings					
Net impairment losses recognized in earnings					
Net impairment losses recognized in earnings	Net impairment losses recognized in earnings	(113)	(175)	(1,917)	(429)
Total investment income (loss)	**Total investment income (loss)**	12,302	(571)	19,197	344
Interest expense		—	115	—	2,009
Total investment income (loss)					
Total investment income (loss)					
Other income					
Other income					
Other income	Other income	3,001	562	9,643	1,372
Income before income taxes	Income before income taxes	163,774	106,348	422,012	294,491
Income before income taxes					
Income before income taxes					
Income tax expense	Income tax expense	32,734	22,035	86,879	61,412
Income tax expense					
Income tax expense					
Net income					
Net income					
Net income	**Net income**	**$ 131,040**	**$ 84,313**	**$ 335,133**	**$ 233,079**
Net income per share	**Net income per share**				
Net income per share					
Net income per share					
Class A common stock – basic					
Class A common stock – basic					
Class A common stock – basic	Class A common stock – basic	$ 2.81	$ 1.81	$ 7.20	$ 5.00
Class A common stock – diluted	**Class A common stock – diluted**	**$ 2.51**	**$ 1.61**	**$ 6.41**	**$ 4.46**

Class A common stock – diluted					
Class A common stock – diluted					
Class B common stock – basic and diluted					
Class B common stock – basic and diluted					
Class B common stock – basic and diluted	Class B common stock – basic and diluted	$ 422	$ 272	$ 1,079	$ 751
Weighted average shares outstanding – Basic	**Weighted average shares outstanding – Basic**				
Weighted average shares outstanding – Basic					
Weighted average shares outstanding – Basic					
Class A common stock	Class A common stock	46,189,037	46,189,025	46,188,962	46,188,878
Class A common stock					
Class A common stock					
Class B common stock					
Class B common stock					
Class B common stock	Class B common stock	2,542	2,542	2,542	2,542
Weighted average shares outstanding – Diluted	**Weighted average shares outstanding – Diluted**				
Weighted average shares outstanding – Diluted					
Weighted average shares outstanding – Diluted					
Class A common stock	Class A common stock	52,299,369	52,296,411	52,298,655	52,297,685
Class A common stock					
Class A common stock					
Class B common stock					
Class B common stock					
Class B common stock	Class B common stock	2,542	2,542	2,542	2,542
Dividends declared per share	**Dividends declared per share**				
Dividends declared per share					
Dividends declared per share					
Class A common stock					
Class A common stock					
Class A common stock	Class A common stock	$ 1.19	$ 1.11	$ 3.57	$ 3.33
Class B common stock	Class B common stock	$ 178.50	$ 166.50	$ 535.50	$ 499.50
Class B common stock					
Class B common stock					

See accompanying notes to Financial Statements. See Note 11, "Accumulated Other Comprehensive Income (Loss)", for amounts reclassified out of accumulated other comprehensive income (loss) into the Statements of Operations.

ERIE INDEMNITY COMPANY
STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
(in thousands)

		Three months ended September 30,				Nine months ended September 30,		
		2023		2022		2023		2022
		Three months ended						
		Three months ended						
		Three months ended						
		March 31,						
		March 31,						
		March 31,						
		2024						
		2024						
		2024						
Net income								
Net income								
Net income **Net income**	$	131,040	$	84,313	$	335,133	$	233,079
Other comprehensive loss, net of tax								
Other comprehensive (loss) income, net of tax								
Other comprehensive (loss) income, net of tax								
Other comprehensive (loss) income, net of tax								
Change in unrealized holding (losses) gains on available-for-sale securities Change in unrealized holding (losses) gains on available-for-sale securities		(5,902)		(17,178)		2,846		(69,082)
Amortization of prior service costs and net actuarial (gain) loss on pension and other postretirement plans		(2,742)		1,731		(8,226)		5,198
Total other comprehensive loss, net of tax		(8,644)		(15,447)		(5,380)		(63,884)
Change in unrealized holding (losses) gains on available-for-sale securities								
Change in unrealized holding (losses) gains on available-for-sale securities								
Amortization of prior service costs and net actuarial gain on pension and other postretirement plans								
Amortization of prior service costs and net actuarial gain on pension and other postretirement plans								
Amortization of prior service costs and net actuarial gain on pension and other postretirement plans								
Total other comprehensive (loss) income, net of tax								
Total other comprehensive (loss) income, net of tax								
Total other comprehensive (loss) income, net of tax								

Comprehensive income	**Comprehensive income**	$ 122,396	$ 68,866	$ 329,753	$ 169,195
Comprehensive income					
Comprehensive income					

See accompanying notes to Financial Statements. See Note 11, "Accumulated Other Comprehensive Income (Loss)", for amounts reclassified out of accumulated other comprehensive income (loss) into the Statements of Operations.

ERIE INDEMNITY COMPANY
STATEMENTS OF FINANCIAL POSITION
(dollars in thousands, except per share data)

		September 30, 2023	December 31, 2022		
March 31, 2024				March 31, 2024	December 31, 2023
Assets	**Assets**	(Unaudited)			
Current assets:	**Current assets:**				
Cash and cash equivalents		$ 102,873	$ 142,090		
Current assets:					
Current assets:					
Cash and cash equivalents (includes restricted cash of $13,331 and $12,542, respectively)					
Cash and cash equivalents (includes restricted cash of $13,331 and $12,542, respectively)					
Cash and cash equivalents (includes restricted cash of $13,331 and $12,542, respectively)					
Available-for-sale securities	Available-for-sale securities	69,822	24,267		
Receivables from Erie Insurance Exchange and affiliates, net					
Receivables from Erie Insurance Exchange and affiliates, net					
Receivables from Erie Insurance Exchange and affiliates, net	Receivables from Erie Insurance Exchange and affiliates, net	620,683	524,937		
Prepaid expenses and other current assets	Prepaid expenses and other current assets	71,480	79,201		
Accrued investment income	Accrued investment income	8,968	8,301		
Accrued investment income					
Accrued investment income					
Total current assets	**Total current assets**	873,826	778,796		
Available-for-sale securities, net					
Available-for-sale securities, net					
Available-for-sale securities, net	Available-for-sale securities, net	845,415	870,394		
Equity securities	Equity securities	79,516	72,560		

Fixed assets, net	Fixed assets, net	434,975	413,874
Fixed assets, net			
Fixed assets, net			
Agent loans, net	Agent loans, net	59,544	60,537
Defined benefit pension plan	Defined benefit pension plan	65,163	0
Defined benefit pension plan			
Defined benefit pension plan			
Other assets		36,110	43,295
Other assets, net			
Other assets, net			
Other assets, net			
Total assets	**Total assets**	**$2,394,549**	**$2,239,456**
Liabilities and shareholders' equity	**Liabilities and shareholders' equity**		
Liabilities and shareholders' equity			
Liabilities and shareholders' equity			
Current liabilities:			
Current liabilities:			
Current liabilities:	**Current liabilities:**		
Commissions payable	Commissions payable	$ 357,614	$ 300,028
Agent bonuses		50,252	95,166
Commissions payable			
Commissions payable			
Agent incentive compensation			
Accounts payable and accrued liabilities	Accounts payable and accrued liabilities	165,797	165,915
Dividends payable	Dividends payable	55,419	55,419
Contract liability	Contract liability	40,831	36,547
Deferred executive compensation	Deferred executive compensation	11,000	12,036
Total current liabilities	**Total current liabilities**	680,913	665,111
Defined benefit pension plans		27,744	51,224
Total current liabilities			
Total current liabilities			
Defined benefit pension plan			
Defined benefit pension plan			
Defined benefit pension plan			
Contract liability			
Contract liability			
Contract liability	Contract liability	19,653	17,895
Deferred executive compensation	Deferred executive compensation	18,547	13,724
Deferred income taxes, net	Deferred income taxes, net	11,045	14,075
Other long-term liabilities	Other long-term liabilities	24,758	29,019
Total liabilities	**Total liabilities**	782,660	791,048

Shareholders' equity	**Shareholders' equity**		
Shareholders' equity			
Shareholders' equity			
Class A common stock, stated value $0.0292 per share; 74,996,930 shares authorized; 68,299,200 shares issued; 46,189,068 shares outstanding			
Class A common stock, stated value $0.0292 per share; 74,996,930 shares authorized; 68,299,200 shares issued; 46,189,068 shares outstanding			
Class A common stock, stated value $0.0292 per share; 74,996,930 shares authorized; 68,299,200 shares issued; 46,189,068 shares outstanding	Class A common stock, stated value $0.0292 per share; 74,996,930 shares authorized; 68,299,200 shares issued; 46,189,068 shares outstanding	1,992	1,992
Class B common stock, convertible at a rate of 2,400 Class A shares for one Class B share, stated value $70 per share; 3,070 shares authorized; 2,542 shares issued and outstanding	Class B common stock, convertible at a rate of 2,400 Class A shares for one Class B share, stated value $70 per share; 3,070 shares authorized; 2,542 shares issued and outstanding	178	178
Additional paid-in-capital	Additional paid-in-capital	16,466	16,481
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(12,794)	(7,414)
Retained earnings	Retained earnings	2,752,137	2,583,261
Total contributed capital and retained earnings	Total contributed capital and retained earnings	2,757,979	2,594,498
Total contributed capital and retained earnings			
Total contributed capital and retained earnings			
Treasury stock, at cost; 22,110,132 shares held	Treasury stock, at cost; 22,110,132 shares held	(1,168,761)	(1,168,949)
Deferred compensation	Deferred compensation	22,671	22,859
Total shareholders' equity	**Total shareholders' equity**	**1,611,889**	**1,448,408**
Total liabilities and shareholders' equity	**Total liabilities and shareholders' equity**	**$2,394,549**	**$2,239,456**

See accompanying notes to Financial Statements.

ERIE INDEMNITY COMPANY

STATEMENTS OF SHAREHOLDERS' EQUITY (UNAUDITED)

Three and nine months ended September 30, 2023March 31, 2024 and 2023

(dollars in thousands, except per share data)

	Class A common stock	Class B common stock	Additional paid-in-capital	Accumulated other comprehensive (loss) income	Retained earnings	Treasury stock	Deferred compensation	Total shareholders' equity
Balance, December 31, 2022	$ 1,992	$ 178	$ 16,481	$ (7,414)	$ 2,583,261	$ (1,168,949)	$ 22,859	$ 1,448,408
Net income					86,241			86,241
Other comprehensive income				7,752				7,752
Dividends declared:								
Class A $1.19 per share					(54,965)			(54,965)
Class B $178.50 per share					(454)			(454)
Net purchase of treasury stock [1]			(15)			0		(15)
Deferred compensation						(822)	822	0
Rabbi trust distribution [2]						416	(416)	0
Balance, March 31, 2023	$ 1,992	$ 178	$ 16,466	$ 338	$ 2,614,083	$ (1,169,355)	$ 23,265	$ 1,486,967
Net income					117,852			117,852
Other comprehensive loss				(4,488)				(4,488)
Dividends declared:								
Class A $1.19 per share					(54,965)			(54,965)
Class B $178.50 per share					(454)			(454)
Net purchase of treasury stock [1]			0			0		0
Deferred compensation						(621)	621	0
Rabbi trust distribution [2]						1,596	(1,596)	0
Balance, June 30, 2023	$ 1,992	$ 178	$ 16,466	$ (4,150)	$ 2,676,516	$ (1,168,380)	$ 22,290	$ 1,544,912
Net income					131,040			131,040
Other comprehensive loss				(8,644)				(8,644)
Dividends declared:								
Class A $1.19 per share					(54,965)			(54,965)
Class B $178.50 per share					(454)			(454)
Net purchase of treasury stock [1]			0			0		0
Deferred compensation						(381)	381	0
Balance, September 30, 2023	$ 1,992	$ 178	$ 16,466	$ (12,794)	$ 2,752,137	$ (1,168,761)	$ 22,671	$ 1,611,889

	Class A common stock	Class B common stock	Additional paid-in-capital	Accumulated other comprehensive loss	Retained earnings	Treasury stock	Deferred compensation	Total shareholders' equity
Balance, December 31, 2023	$ 1,992	$ 178	$ 16,466	$ (13,400)	$ 2,803,689	$ (1,169,165)	$ 23,075	$ 1,662,835
Net income					124,552			124,552
Other comprehensive loss				(1,830)				(1,830)
Dividends declared:								
Class A $1.275 per share					(58,891)			(58,891)
Class B $191.25 per share					(486)			(486)
Deferred compensation						(861)	861	0
Rabbi trust distribution [1]						709	(709)	0
Balance, March 31, 2024	$ 1,992	$ 178	$ 16,466	$ (15,230)	$ 2,868,864	$ (1,169,317)	$ 23,227	$ 1,726,180

	Class A common stock	Class B common stock	Additional paid-in-capital	Accumulated other comprehensive income (loss)	Retained earnings	Treasury stock	Deferred compensation	Total shareholders' equity
Balance, December 31, 2022	$ 1,992	$ 178	$ 16,481	$ (7,414)	$ 2,583,261	$ (1,168,949)	$ 22,859	$ 1,448,408

Net income					86,241			86,241
Other comprehensive income				7,752				7,752
Dividends declared:								
Class A $1.19 per share					(54,965)			(54,965)
Class B $178.50 per share					(454)			(454)
Net purchase of treasury stock (2)			(15)			0		(15)
Deferred compensation						(822)	822	0
Rabbi trust distribution (1)						416	(416)	0
Balance, March 31, 2023	$ 1,992	$ 178	$ 16,466	$ 338	$ 2,614,083	$ (1,169,355)	$ 23,265	$ 1,486,967

(1) Distributions of our Class A shares were made from the rabbi trust to three incentive compensation deferral plan participants in 2024 and two in 2023.

(2) Net purchases purchase of treasury stock in 2023 include includes the repurchase of our Class A common stock in the open market that were subsequently distributed to satisfy stock-based compensation awards.

(2) Distributions of our Class A shares were made from the rabbi trust to five incentive compensation deferral plan participants in 2023.

ERIE INDEMNITY COMPANY

STATEMENTS OF SHAREHOLDERS' EQUITY (UNAUDITED)

Three and nine months ended September 30, 2022

(dollars in thousands, except per share data)

	Class A common stock	Class B common stock	Additional paid-in-capital	Accumulated other comprehensive loss	Retained earnings	Treasury stock	Deferred compensation	Total shareholders' equity
Balance, December 31, 2021	$ 1,992	$ 178	$ 16,496	$ (25,288)	$ 2,495,190	$ (1,167,828)	$ 21,738	$ 1,342,478
Net income					68,619			68,619
Other comprehensive loss				(25,189)				(25,189)
Dividends declared:								
Class A $1.11 per share					(51,270)			(51,270)
Class B $166.50 per share					(423)			(423)
Net purchase of treasury stock (1)			(15)			0		(15)
Deferred compensation						(802)	802	0
Rabbi trust distribution (2)						298	(298)	0
Balance, March 31, 2022	$ 1,992	$ 178	$ 16,481	$ (50,477)	$ 2,512,116	$ (1,168,332)	$ 22,242	$ 1,334,200
Net income					80,147			80,147
Other comprehensive loss				(23,248)				(23,248)
Dividends declared:								
Class A $1.11 per share					(51,270)			(51,270)
Class B $166.50 per share					(423)			(423)
Net purchase of treasury stock (1)			0			0		0
Deferred compensation						(907)	907	0
Rabbi trust distribution (2)						99	(99)	0
Balance, June 30, 2022	$ 1,992	$ 178	$ 16,481	$ (73,725)	$ 2,540,570	$ (1,169,140)	$ 23,050	$ 1,339,406
Net income					84,313			84,313
Other comprehensive loss				(15,447)				(15,447)
Dividends declared:								
Class A $1.11 per share					(51,270)			(51,270)
Class B $166.50 per share					(423)			(423)
Net purchase of treasury stock (1)			0			0		0
Deferred compensation						(799)	799	0
Rabbi trust distribution (2)						1,457	(1,457)	0
Balance, September 30, 2022	$ 1,992	$ 178	$ 16,481	$ (89,172)	$ 2,573,190	$ (1,168,482)	$ 22,392	$ 1,356,579

(1) Net purchases of treasury stock in 2022 include the repurchase of our Class A common stock in the open market that were subsequently distributed to satisfy stock-based compensation awards.

(2) Distributions of our Class A shares were made from the rabbi trust to four incentive compensation deferral plan participants in 2022.

See accompanying notes to Financial Statements.

ERIE INDEMNITY COMPANY
STATEMENTS OF CASH FLOWS (UNAUDITED)
(in thousands)

		Nine months ended September 30, 2023	Nine months ended September 30, 2022		
		Three months ended March 31, 2024		2024	Three months ended March 31, 2023
Cash flows from operating activities	**Cash flows from operating activities**				
Management fee received					
Management fee received					
Management fee received	Management fee received	$ 1,799,681	$1,574,694		
Administrative services reimbursements received	Administrative services reimbursements received	538,943	487,081		
Service agreement revenue received	Service agreement revenue received	19,367	19,025		
Net investment income received	Net investment income received	42,579	28,901		
Commissions paid to agents	Commissions paid to agents	(889,510)	(771,664)		
Agents bonuses paid		(112,968)	(131,699)		
Commissions paid to agents					
Commissions paid to agents					
Incentive compensation paid to agents					
Salaries and wages paid	Salaries and wages paid	(178,176)	(164,726)		
Pension contribution and employee benefits paid	Pension contribution and employee benefits paid	(150,992)	(57,222)		
General operating expenses paid	General operating expenses paid	(226,949)	(187,152)		
Administrative services expenses paid	Administrative services expenses paid	(540,834)	(497,007)		
Income taxes paid		(68,372)	(59,989)		
Interest paid		—	(2,134)		
Income taxes recovered (paid)					

Net cash provided by operating activities			
Net cash provided by operating activities			
Net cash provided by operating activities	**Net cash provided by operating activities**	232,769	238,108
Cash flows from investing activities	**Cash flows from investing activities**		
Cash flows from investing activities			
Cash flows from investing activities			
Purchase of investments:	Purchase of investments:		
Purchase of investments:			
Purchase of investments:			
Available-for-sale securities			
Available-for-sale securities			
Available-for-sale securities	Available-for-sale securities	(206,616)	(375,466)
Equity securities	Equity securities	(26,195)	(12,956)
Other investments	Other investments	(7)	(157)
Other investments			
Other investments			
Proceeds from investments:	Proceeds from investments:		
Available-for-sale securities sales			
Available-for-sale securities sales			
Available-for-sale securities sales	Available-for-sale securities sales	126,361	238,732
Available-for-sale securities maturities/calls	Available-for-sale securities maturities/calls	55,772	111,419
Equity securities	Equity securities	14,919	16,679
Other investments	Other investments	853	429
Other investments			
Other investments			
Purchase of fixed assets	Purchase of fixed assets	(72,101)	(50,885)
Proceeds from disposal of fixed assets		—	265
Loans to agents			
Loans to agents			
Loans to agents	Loans to agents	(5,473)	(9,570)
Collections on agent loans	Collections on agent loans	6,757	6,513

Net cash used in investing activities	**Net cash used in investing activities**	(105,730)	(74,997)
Cash flows from financing activities	**Cash flows from financing activities**		
Cash flows from financing activities			
Cash flows from financing activities			
Dividends paid to shareholders	Dividends paid to shareholders	(166,256)	(155,079)
Proceeds from short-term borrowings		—	55,000
Payments on short-term borrowings		—	(55,000)
Payments on long-term borrowings		—	(94,070)
Dividends paid to shareholders			
Dividends paid to shareholders			
Net cash used in financing activities	**Net cash used in financing activities**	(166,256)	(249,149)
Net decrease in cash and cash equivalents		(39,217)	(86,038)
Cash and cash equivalents, beginning of period		142,090	183,702
Cash and cash equivalents, end of period		$ 102,873	$ 97,664
Net cash used in financing activities			
Net cash used in financing activities			
Net increase (decrease) in cash, cash equivalents, and restricted cash			
Net increase (decrease) in cash, cash equivalents, and restricted cash			
Net increase (decrease) in cash, cash equivalents, and restricted cash			
Cash, cash equivalents, and restricted cash beginning of period			
Cash, cash equivalents, and restricted cash end of period			
Supplemental disclosure of noncash transactions	**Supplemental disclosure of noncash transactions**		
Supplemental disclosure of noncash transactions			
Supplemental disclosure of noncash transactions			
Liability incurred to purchase fixed assets			

Liability incurred to purchase fixed assets					
Liability incurred to purchase fixed assets	Liability incurred to purchase fixed assets	$	—	$	26,386
Operating lease assets obtained in exchange for lease liabilities	Operating lease assets obtained in exchange for lease liabilities	$	7,674	$	3,176

See accompanying notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

Note 1. Nature of Operations

Erie Indemnity Company ("Indemnity", "we", "us", "our") 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"). The Exchange, which also commenced business in 1925, is a Pennsylvania-domiciled reciprocal insurer that writes property and casualty insurance.

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 subscribers at 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 the Exchange's insurance subsidiaries, collectively referred to as "administrative services". Acting as attorney-in-fact in these two capacities is done in accordance with a subscriber's agreement (a limited power of attorney) executed individually by each subscriber (policyholder), which appoints us Indemnity as their common each subscriber's attorney-in-fact to transact certain business on their behalf. Pursuant to In accordance with the subscriber's agreement for acting as attorney-in-fact in these two capacities, we earn retain a management fee calculated as a percentage of the direct and affiliated assumed premiums written by the Exchange.

The policy issuance and renewal services we provide to on behalf of the subscribers at the Exchange are related to the sales, underwriting and issuance of policies. The sales related services we provide include agent compensation and certain sales and advertising support services. Agent compensation includes scheduled commissions to agents based upon premiums written as well as additional commissions and bonuses to agents, incentive compensation, which are is earned by achieving targeted measures. The underwriting services we provide include underwriting and policy processing. The remaining services we provide include customer service and administrative support. We also provide information technology services that support all the functions listed above. Included in these expenses are allocations of costs for departments that support these policy issuance and renewal functions.

The Exchange, by virtue of Consistent with its legal structure as a reciprocal insurer, the Exchange does not have any employees or officers. Therefore, it enters into contractual relationships by and through an the subscribers' attorney-in-fact. Indemnity serves as the attorney-in-fact on behalf of the subscribers at the Exchange with respect to its administrative services as enumerated in accordance with the subscriber's agreement. The Exchange's insurance subsidiaries also utilize Indemnity for these services in accordance with the service agreements between each of the subsidiaries and Indemnity. Claims handling services include costs incurred in the claims process, including the adjustment, investigation, defense, recording and payment functions. Life insurance management services include costs incurred in the management and processing of life insurance business. Investment management services are related to investment trading activity, accounting and all other functions attributable to the investment of funds. Included in these expenses are allocations of costs for departments that support these administrative functions. The subscriber's agreement and service agreements provide for reimbursement of amounts incurred for these services to Indemnity. Reimbursements are settled at cost. State insurance regulations require that intercompany service agreements and any material amendments be approved in advance by the state insurance department.

Our results of operations are tied to the growth and financial condition of the Exchange. If any events occurred that impaired the Exchange's ability to grow or sustain its financial condition, including but not limited to reduced financial strength ratings, disruption in the independent agency relationships, significant catastrophe losses, or products not meeting customer demands, the Exchange could find it more difficult to retain its existing business and attract new business. A decline in the business of the Exchange almost certainly would could have as a consequence a decline in the total premiums paid and a correspondingly adverse effect on the amount of the management fees we receive. We also have an exposure to a concentration of credit risk related to the unsecured receivables due from the Exchange for its net management fee and cost other reimbursements. See Note 12, "Concentrations of Credit Risk".

Note 2. Significant Accounting Policies

<u>Basis of presentation</u>
The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine three months ended September 30, 2023 March 31, 2024 are not necessarily indicative of the results that may be expected for the year

ending December 31, 2023 December 31, 2024. For further information, refer to the financial statements and footnotes included in our Form 10-K for the year ended December 31, 2022 December 31, 2023 as filed with the Securities and Exchange Commission ("SEC") on March 1, 2023 February 26, 2024.

Use of estimates

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently issued accounting standards and disclosure rules

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, *"Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures"*, which requires entities to disclose significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported period of profit or loss, and requires entities with a single reporting segment to provide all disclosures required by Topic 280. The amendments in this ASU are required to be adopted for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The update is required to be applied retrospectively to prior periods presented in the financial statements, based on the significant segment expense categories identified and disclosed in the period of adoption. This will have no impact on our financial statements. We are currently evaluating the impact of adoption on our disclosures.

In December 2023, the FASB issued ASU 2023-09, *"Income Taxes (Topic 740): Improvements to Income Tax Disclosures"*, which requires entities to disclose specific categories in an effective tax rate reconciliation, additional information for reconciling items that meet a quantitative threshold, and certain information about income taxes paid. The amendments in this ASU are required to be adopted for fiscal years beginning after December 15, 2024. Early adoption is permitted. The amendments can be applied on either a prospective or retrospective basis. This will have no impact on our financial statements. We are currently evaluating the impact of adoption on our disclosures.

In March 2024, the SEC adopted final rules under SEC Release No. 33-11275, *"The Enhancement and Standardization of Climate-Related Disclosures for Investors"*, requiring registrants to disclose certain climate-related information in registration statements and annual reports. The final rules include disclosure of climate-related risks that are reasonably likely to have a material impact on a registrant's business, results of operations, or financial condition. Disclosures related to significant effects of severe weather events and other natural conditions and amounts related to carbon offsets and renewable energy credits or certificates, are required in the financial statements in certain circumstances. Disclosure requirements will phase in for fiscal years beginning in 2025 and be applied prospectively upon adoption. On April 4, 2024, the SEC determined to voluntarily stay the final rules pending ongoing litigation. We are currently evaluating the impact of adoption on our disclosures.

Other assets

Other assets primarily include limited partnership investments, other loans receivable, held-to-maturity securities, operating lease assets, and other long-term prepaid assets. Limited partnership investments are recorded using the equity method of accounting. Other loans receivable include loans issued to fund real estate development projects supporting revitalization efforts in our community. The loans are carried at unpaid principal balance, including any paid-in-kind interest capitalized as additional principal, if applicable, net of a current expected credit loss allowance. Any current portion of other loans receivable is recorded in prepaid expenses and other current assets. Held-to-maturity securities are carried at amortized cost, net of a current expected credit loss allowance. The allowances are calculated using the estimated value of, and priority rights to, collateral in the event of default or external loss rates based on comparable losses, and considers current market conditions and forecasted information. Changes to the allowances are recognized in earnings as adjustments to net impairment recoveries (losses) or other income (expense) depending on the nature of the asset. Interest on other loans receivable and held-to-maturity securities is recorded primarily in investment income as earned.

Note 3. Revenue

The majority of our revenue is derived from the subscriber's agreement between us and the subscribers (policyholders) at the Exchange. Pursuant to In accordance with the subscriber's agreement, we earn retain a management fee calculated as a percentage, not to exceed 25%, of all direct and affiliated assumed written premiums of the Exchange. We allocate a portion of our management fee revenue, currently 25% of the direct and affiliated assumed written premiums of the Exchange, between the two performance obligations we have under the subscriber's agreement. The first performance obligation is to provide policy issuance and renewal services to the subscribers (policyholders) at the Exchange, and the second is to act as attorney-in-fact on behalf of the subscribers at the Exchange, as well as the service provider for its the Exchange's insurance subsidiaries, with respect to all administrative services.

The transaction price, including management fee revenue and administrative services reimbursement revenue, includes variable consideration and is allocated based on the estimated standalone selling prices developed using industry information and other available information for similar services. A constraining estimate of variable consideration exists related to the potential for management fees to be returned if a policy were to be cancelled mid-term. Management fees are returned to the Exchange when policyholders cancel their insurance coverage mid-term and premiums are refunded to them. The constraining estimate is determined using the expected value method, based on both historical and current information. The estimated transaction price, as reduced by the constraint, reflects consideration expected for performance of our services. We update the transaction price and the related allocation at least annually based upon the most recent information available or more frequently if there have been significant changes in any components considered in the transaction price.

The first performance obligation is to provide policy issuance and renewal services that result in executed insurance policies between the Exchange or one of its insurance subsidiaries and the subscriber (policyholder). The subscriber (policyholder) receives economic benefits when substantially all the policy issuance or renewal services are complete and an insurance policy is issued or renewed by the Exchange or one of its insurance subsidiaries. It is at the time of policy issuance or renewal that the allocated portion of revenue is recognized.

The Exchange, by virtue of Consistent with its legal structure as a reciprocal insurer, the Exchange does not have any employees or officers. Therefore, it enters into contractual relationships by and through an the subscribers' attorney-in-fact. Indemnity serves as the attorney-in-fact on behalf of the subscribers at the Exchange with respect to its administrative services as enumerated in accordance with the subscriber's agreement. The Exchange's insurance subsidiaries also utilize Indemnity for these services in accordance with the service agreements between each of the subsidiaries and Indemnity. Collectively, these services represent a second performance obligation under the subscriber's agreement and the service agreements. The revenue allocated to this performance obligation is recognized over a four-year period representing the time over which these services are provided. The portion of revenue not yet earned is recorded as a contract liability in the Statements of Financial Position. During the three and nine months ended September 30, 2023 March 31, 2024, we recognized revenue of $7.7 $15.0 million and $31.5 million, respectively, that was included in the contract liability balance as of December 31, 2022 December 31, 2023. During the three and nine months ended September 30, 2022 March 31, 2023, we recognized revenue of $7.4 $13.3 million and $30.1 million, respectively, that was included in the contract liability balance as of December 31, 2021 December 31, 2022. The administrative services expenses we incur and the related reimbursements we receive are recorded gross in the Statements of Operations.

Indemnity records a receivable from the Exchange for management fee revenue when the premium is written or assumed from affiliates by the Exchange. Indemnity collects the management fee from the Exchange when the Exchange collects the premiums from the subscribers (policyholders). As the Exchange issues policies with annual terms only, cash collections generally occur within one year.

The following table disaggregates revenue by our two performance obligations: obligations for the three months ended March 31:

		Three months ended September 30,		Nine months ended September 30,	
(in thousands)	*(in thousands)*	2023	2022	2023	2022
(in thousands)					
(in thousands)					
Management fee revenue - policy issuance and renewal services					
Management fee revenue - policy issuance and renewal services					
Management fee revenue - policy issuance and renewal services	Management fee revenue - policy issuance and renewal services	$ 649,049	$ 551,666	$ 1,840,478	$ 1,584,213
Management fee revenue - administrative services	Management fee revenue - administrative services	16,151	14,657	46,976	43,446
Management fee revenue - administrative services					
Management fee revenue - administrative services					
Administrative services reimbursement revenue	Administrative services reimbursement revenue	187,118	168,653	544,411	492,655
Administrative services reimbursement revenue					
Administrative services reimbursement revenue					
Total revenue from administrative services					
Total revenue from administrative services					
Total revenue from administrative services	Total revenue from administrative services	$ 203,269	$ 183,310	$ 591,387	$ 536,101

Note 4. Earnings Per Share

Class A and Class B basic earnings per share and Class B diluted earnings per share are calculated under the two-class method. The two-class method allocates earnings to each class of stock based upon its dividend rights. Class B shares are convertible into Class A shares at a conversion ratio of 2,400 to 1. See Note 10, "Capital Stock".

Class A diluted earnings per share is calculated under the if-converted method, which reflects the conversion of Class B shares to Class A shares. Diluted earnings per share calculations include the dilutive effect of assumed issuance of stock-based awards under compensation plans that have the option to be paid in stock using the treasury stock method.

A reconciliation of the numerators and denominators used in the basic and diluted per-share computations is presented as follows for each class of common stock: stock for the three months ended March 31:

		Three months ended September 30,												
		2023			2022									
		2024												
		2024												
		2024										2023		
(dollars in thousands, except per share data)	*(dollars in thousands, except per share data)*	Allocated net income (numerator)	Weighted shares (denominator)	Per-share amount	Allocated net income (numerator)	Weighted shares (denominator)	Per-share amount	*(dollars in thousands, except per share data)*	Allocated net income (numerator)	Weighted shares (denominator)	Per-share amount	Allocated net income (numerator)	Weighted shares (denominator)	Per-share amount
Class A – Basic EPS:	**Class A – Basic EPS:**													
Income available to Class A stockholders														
Income available to Class A stockholders														
Income available to Class A stockholders	Income available to Class A stockholders	$ 129,967	46,189,037	$ 2.81	$ 83,623	46,189,025	$ 1.81							
Dilutive effect of stock-based awards	Dilutive effect of stock-based awards	0	9,532	—	0	6,586	—							
Assumed conversion of Class B shares	Assumed conversion of Class B shares	1,073	6,100,800	—	690	6,100,800	—							
Class A – Diluted EPS:	**Class A – Diluted EPS:**													
Income available to Class A stockholders on Class A equivalent shares	Income available to Class A stockholders on Class A equivalent shares	$ 131,040	52,299,369	$ 2.51	$ 84,313	52,296,411	$ 1.61							
Income available to Class A stockholders on Class A equivalent shares														
Income available to Class A stockholders on Class A equivalent shares														
Class B – Basic and diluted EPS:	**Class B – Basic and diluted EPS:**													
Income available to Class B stockholders														
Income available to Class B stockholders														
Income available to Class B stockholders	Income available to Class B stockholders	$ 1,073	2,542	$ 422	$ 690	2,542	$ 272							

	Nine months ended September 30,					
	2023			2022		
(dollars in thousands, except per share data)	Allocated net income (numerator)	Weighted shares (denominator)	Per-share amount	Allocated net income (numerator)	Weighted shares (denominator)	Per-share amount

Class A – Basic EPS:						
Income available to Class A stockholders	$ 332,389	46,188,962	$ 7.20	$ 231,171	46,188,878	$ 5.00
Dilutive effect of stock-based awards	0	8,893	—	0	8,007	—
Assumed conversion of Class B shares	2,744	6,100,800	—	1,908	6,100,800	—
Class A – Diluted EPS:						
Income available to Class A stockholders on Class A equivalent shares	$ 335,133	52,298,655	$ 6.41	$ 233,079	52,297,685	$ 4.46
Class B – Basic and diluted EPS:						
Income available to Class B stockholders	$ 2,744	2,542	$1,079	$ 1,908	2,542	$ 751

Note 5. Fair Value

Financial instruments carried at fair value
Our available-for-sale and equity securities are recorded at fair value, which is the price that would be received to sell the asset in an orderly transaction between willing market participants as of the measurement date.

Valuation techniques used to derive the fair value of our available-for-sale and equity securities are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources. Unobservable inputs reflect our own assumptions regarding fair market value for these securities. Financial instruments are categorized based upon the following characteristics or inputs to the valuation techniques:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – Unobservable inputs for the asset or liability.

Estimates of fair values for our investment portfolio are obtained primarily from a nationally recognized pricing service. Our Level 1 securities are valued using an exchange traded price provided by the pricing service. Pricing service valuations for Level 2 securities include multiple verifiable, observable inputs including benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data. Pricing service valuations for Level 3 securities are based upon proprietary models and are used when observable inputs are not available or in illiquid markets.

Although virtually all of our prices are obtained from third party sources, we also perform internal pricing reviews, including evaluating the methodology and inputs used to ensure that we determine the proper classification level of the financial instrument and reviewing securities with price changes that vary significantly from current market conditions or independent price sources. Price variances are investigated and corroborated by market data and transaction volumes. We have reviewed the pricing methodologies of our pricing service as well as other observable inputs and believe that the prices adequately consider market activity in determining fair value.

In limited circumstances we adjust the price received from the pricing service when, in our judgment, a better reflection of fair value is available based upon corroborating information and our knowledge and monitoring of market conditions such as a disparity in price of comparable securities and/or non-binding broker quotes. In other circumstances, certain securities are internally priced because prices are not provided by the pricing service.

When a price from the pricing service is not available, values are determined by obtaining broker/dealer quotes and/or market comparables. When available, we obtain multiple quotes for the same security. The ultimate value for these securities is determined based upon our best estimate of fair value using corroborating market information. As of September 30, 2023 March 31, 2024, nearly all of our available-for-sale and equity securities were priced using a third party pricing service.

The following tables present our fair value measurements on a recurring basis by asset class and level of input as of:

	March 31, 2024					March 31, 2024
(in thousands)		*(in thousands)*	Total	Level 1	Level 2	Level 3
Available-for-sale securities:						
	September 30, 2023					

(in thousands)		Total	Level 1	Level 2	Level 3
Available-for-sale securities:					
Corporate debt securities					
Corporate debt securities					
Corporate debt securities	Corporate debt securities	$566,967	$ 0	$562,862	$ 4,105
Collateralized debt obligations	Collateralized debt obligations	110,488	0	110,488	0
Commercial mortgage-backed securities	Commercial mortgage-backed securities	72,032	0	64,625	7,407
Residential mortgage-backed securities	Residential mortgage-backed securities	150,394	0	150,389	5
Other debt securities	Other debt securities	15,356	0	15,356	0
U.S. Treasury					
Total available-for-sale securities	Total available-for-sale securities	915,237	0	903,720	11,517
Equity securities:	Equity securities:				
Financial services sector					
Financial services sector					
Financial services sector	Financial services sector	65,071	796	60,819	3,456
Utilities sector	Utilities sector	7,291	0	7,291	0
Energy sector	Energy sector	4,131	0	4,131	0
Consumer sector	Consumer sector	2,288	0	2,288	0
Technology sector	Technology sector	500	0	0	500
Industrial sector	Industrial sector	177	0	177	0
Communications sector	Communications sector	58	58	0	0
Total equity securities	Total equity securities	79,516	854	74,706	3,956
Total	Total	$994,753	$854	$978,426	$15,473

	December 31, 2023				December 31, 2023
(in thousands)	*(in thousands)*	Total	Level 1	Level 2	Level 3
Available-for-sale securities:					

	December 31, 2022				
(in thousands)		Total	Level 1	Level 2	Level 3
Available-for-sale securities:					
Corporate debt securities					
Corporate debt securities					
Corporate debt securities	Corporate debt securities	$553,382	$ 0	$549,696	$ 3,686
Collateralized debt obligations	Collateralized debt obligations	102,537	0	102,537	0

Commercial mortgage-backed securities	Commercial mortgage-backed securities	66,054	0	55,144	10,910
Residential mortgage-backed securities	Residential mortgage-backed securities	150,415	0	146,231	4,184
Other debt securities	Other debt securities	22,273	0	22,273	0
Total available-for-sale securities	Total available-for-sale securities	894,661	0	875,881	18,780
Total available-for-sale securities					
Total available-for-sale securities					
Equity securities:	Equity securities:				
Financial services sector					
Financial services sector					
Financial services sector	Financial services sector	61,084	0	57,305	3,779
Utilities sector	Utilities sector	5,708	0	5,708	0
Energy sector	Energy sector	3,576	0	3,576	0
Consumer sector	Consumer sector	1,854	0	1,854	0
Technology sector					
Industrial sector					
Communications sector	Communications sector	338	0	338	0
Total equity securities	Total equity securities	72,560	0	68,781	3,779
Total	Total	$967,221	$ 0	$944,662	$22,559

We review the fair value hierarchy classifications each reporting period. Transfers between hierarchy levels may occur due to changes in available market observable inputs.

Level 3 Assets – 2023 Quarterly 2024 Year-to-Date Change:

(in thousands)	*(in thousands)*	Beginning balance at June 30, 2023	Included in earnings[1]	Included in other comprehensive income (loss)	Purchases	Sales	Transfers into Level 3[2]	Transfers out of Level 3[2]	Ending balance at September 30, 2023	*(in thousands)*	Beginning balance at December 31, 2023	Included in earnings[1]	Included in other comprehensive income (loss)	Purchases	Sales	Transfers into Level 3[2]	Transfers out of Level 3[2]
Available-for-sale securities:	Available-for-sale securities:																
Corporate debt securities	Corporate debt securities	$ 5,123	$ 10	$ 123	$ 1,661	$ (511)	$ 730	$ (3,031)	$ 4,105								
Corporate debt securities																	
Corporate debt securities																	
Commercial mortgage-backed securities																	

Commercial mortgage-backed securities									
Commercial mortgage-backed securities	Commercial mortgage-backed securities	6,533	(182)	(56)	0	(366)	1,478	0	7,407
Residential mortgage-backed securities	Residential mortgage-backed securities	12	0	0	0	(7)	0	0	5
Total available-for-sale securities	Total available-for-sale securities	11,668	(172)	67	1,661	(884)	2,208	(3,031)	11,517
Total available-for-sale securities									
Total available-for-sale securities									
Equity securities	Equity securities	4,730	33	—	1,000	0	0	(1,807)	3,956
Total Level 3 securities	Total Level 3 securities	$16,398	$ (139)	$ 67	$ 2,661	$(884)	$2,208	$(4,838)	$15,473

Level 3 Assets – 2023 Year-to-Date Change:

(in thousands)	Beginning balance at December 31, 2022	Included in earnings(1)	Included in other comprehensive income (loss)	Purchases	Sales	Transfers into Level 3(2)	Transfers out of Level 3(2)	Ending balance at September 30, 2023
Available-for-sale securities:								
Corporate debt securities	$ 3,686	$ (4)	$ 245	$ 3,193	$ (1,256)	$ 3,883	$ (5,642)	$ 4,105
Commercial mortgage-backed securities	10,910	(542)	44	1,455	(551)	1,944	(5,853)	7,407
Residential mortgage- backed securities	4,184	(5)	96	0	(115)	33	(4,188)	5
Total available-for-sale securities	18,780	(551)	385	4,648	(1,922)	5,860	(15,683)	11,517
Equity securities	3,779	26	—	1,958	0	0	(1,807)	3,956
Total Level 3 securities	$ 22,559	$ (525)	$ 385	$ 6,606	$ (1,922)	$ 5,860	$ (17,490)	$ 15,473

Level 3 Assets – 2022 Quarterly Change:

(in thousands)	Beginning balance at June 30, 2022	Included in earnings(1)	Included in other comprehensive income (loss)	Purchases	Sales	Transfers into Level 3(2)	Transfers out of Level 3(2)	Ending balance at September 30, 2022
Available-for-sale securities:								
Corporate debt securities	$ 6,109	$ (7)	$ (28)	$ 753	$ (495)	$ 2,899	$ (1,956)	$ 7,275
Commercial mortgage-backed securities	8,871	(188)	(413)	0	(660)	1,174	(3,417)	5,367
Residential mortgage- backed securities	42,549	(667)	(1,708)	0	(6,626)	674	(30,560)	3,662
Total available-for-sale securities	57,529	(862)	(2,149)	753	(7,781)	4,747	(35,933)	16,304
Equity securities	1,866	(18)	—	0	0	0	0	1,848
Total Level 3 securities	$ 59,395	$ (880)	$ (2,149)	$ 753	$ (7,781)	$ 4,747	$ (35,933)	$ 18,152

Level 3 Assets – 2022 Year-to-Date Change:

(in thousands)	(in thousands)	Beginning balance at December 31, 2021	Included in earnings(1)	Included in other comprehensive income (loss)	Purchases	Sales	Transfers into Level 3(2)	Transfers out of Level 3(2)	Ending balance at September 30, 2022	(in thousands)	Beginning balance at December 31, 2022	Included in earnings(1)	Included in other comprehensive income (loss)	Purchases	Sales	Transfers into Level 3(2)	Tra ou Lev
Available-for-sale securities:	Available-for-sale securities:																
Corporate debt securities	Corporate debt securities	$ 5,256	$ (2)	$ (417)	$ 5,687	$ (3,614)	$ 8,673	$ (8,308)	$ 7,275								
Corporate debt securities																	
Corporate debt securities																	
Commercial mortgage-backed securities																	
Commercial mortgage-backed securities																	
Commercial mortgage-backed securities	Commercial mortgage-backed securities	15,728	(892)	(1,071)	0	(3,825)	5,509	(10,082)	5,367								
Residential mortgage-backed securities	Residential mortgage-backed securities	8,814	(643)	(2,042)	4,887	(9,472)	38,214	(36,096)	3,662								
Total available-for-sale securities	Total available-for-sale securities	29,798	(1,537)	(3,530)	10,574	(16,911)	52,396	(54,486)	16,304								
Total available-for-sale securities																	
Total available-for-sale securities																	
Equity securities	Equity securities	2,083	(235)	—	0	0	0	0	1,848								
Total Level 3 securities	Total Level 3 securities	$31,881	$(1,772)	$ (3,530)	$10,574	$(16,911)	$52,396	$(54,486)	$18,152								

(1) *These amounts are reported as net investment income and net realized and unrealized investment gains (losses) for each of the periods presented above.*

(2) *Transfers into and/or (out) of Level 3 are primarily attributable to the availability of market observable information and the re-evaluation of the observability of pricing inputs.*

Financial instruments not carried at fair value

The following table presents the carrying values and fair values of financial instruments categorized as Level 3 in the fair value hierarchy that are recorded at carrying value as of:

	March 31, 2024				March 31, 2024	December 31, 2023
(in thousands)		*(in thousands)*	Carrying value	Fair value	Carrying value	Fair value
Agent loans, net						
Other loans receivable, net (1)						
	September 30, 2023	December 31, 2022				

(in thousands)	Carrying value	Fair value	Carrying value	Fair value
Agent loans	$68,192	$58,955	$69,476	$62,954
Held-to-maturity securities, net (2)				
Held-to-maturity securities, net (2)				
Held-to-maturity securities, net (2)				

(1) The current and long-term portions of other loans receivable are included in the line items "Prepaid expenses and other current assets" and "Other assets, net", respectively, in the Statements of Financial Position.

(2) Held-to-maturity securities are included in the line item "Other assets, net" in the Statement of Financial Position.

Note 6. Investments

Available-for-sale Fixed maturity securities

See Note 5, "Fair Value" for additional fair value disclosures. The following tables summarize the amortized cost and estimated fair value, net of credit loss allowance, of our available-for-sale fixed maturity securities as of:

		September 30, 2023								
		March 31, 2024								March 31, 2024
(in thousands)	(in thousands)	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value	(in thousands)	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Available-for-sale securities:										
Available-for-sale securities:										
Available-for-sale securities:										
Corporate debt securities										
Corporate debt securities										
Corporate debt securities	Corporate debt securities	$596,538	$ 776	$ 30,347	$566,967					
Collateralized debt obligations	Collateralized debt obligations	113,252	64	2,828	110,488					
Commercial mortgage-backed securities	Commercial mortgage-backed securities	78,491	90	6,549	72,032					
Residential mortgage-backed securities	Residential mortgage-backed securities	173,529	11	23,146	150,394					
Other debt securities	Other debt securities	16,298	0	942	15,356					

U.S. Treasury				
Total available-for-sale securities, net				
Total available-for-sale securities, net	$978,108	$ 941	$ 63,812	$915,237
Held-to-maturity securities - states & political subdivisions				
Held-to-maturity securities - states & political subdivisions				
Held-to-maturity securities - states & political subdivisions				
Total fixed maturity securities, net				
Total fixed maturity securities, net				
Total fixed maturity securities, net				

	December 31, 2023				December 31, 2023
(in thousands)	*(in thousands)*	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Available-for-sale securities:					

		December 31, 2022			
(in thousands)		Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Corporate debt securities					
Corporate debt securities					
Corporate debt securities	Corporate debt securities	$588,536	$ 657	$ 35,811	$553,382
Collateralized debt obligations	Collateralized debt obligations	107,730	11	5,204	102,537
Commercial mortgage-backed securities	Commercial mortgage-backed securities	73,855	157	7,958	66,054
Residential mortgage-backed securities	Residential mortgage-backed securities	166,412	72	16,069	150,415
Other debt securities	Other debt securities	24,602	0	2,329	22,273

Total available-for-sale securities, net	Total available-for-sale securities, net	$961,135	$ 897	$ 67,371	$894,661
Total available-for-sale securities, net					
Total available-for-sale securities, net					

The amortized cost and estimated fair value of available-for-sale and held-to-maturity securities at September 30, 2023 March 31, 2024 are shown below by remaining contractual term to maturity. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

		September 30, 2023	
		Amortized	Estimated
		March 31, 2024	March 31, 2024
		Amortized	Amortized / Estimated
(in thousands)	*(in thousands)*	cost	fair value
(in thousands)		cost	fair value
Available-for-sale securities:			
Due in one year or less			
Due in one year or less			
Due in one year or less	Due in one year or less	$ 63,056	$ 61,957
Due after one year through five years	Due after one year through five years	431,382	409,557
Due after five years through ten years	Due after five years through ten years	171,654	164,848
Due after ten years	Due after ten years	312,016	278,875
Total available-for-sale securities, net (1)	Total available-for-sale securities, net (1)	$ 978,108	$915,237
Held-to-maturity securities - due after ten years			
Held-to-maturity securities - due after ten years			
Held-to-maturity securities - due after ten years			
Total fixed maturity securities, net			
Total fixed maturity securities, net			
Total fixed maturity securities, net			

(1) *The contractual maturities of our available-for-sale securities are included in the table. However, given our intent to sell certain impaired securities, these securities are classified as current assets in our Statement of Financial Position at September 30, 2023 March 31, 2024.*

The below securities have been evaluated for credit impairment using criteria described within Note 2, "Significant Accounting Policies, of Notes to Financial Statements" included in our Annual Report on Form 10-K for the year ended December 31, 2023 as filed with the SEC on February 26, 2024. The gross unrealized losses are primarily attributable to changes in interest rates and determined are not deemed to be temporary declines in fair value for which credit-related. We do not have the intent to sell these securities and it is more likely than not that we expect would not be required to recover our entire principal plus interest. sell these securities before the anticipated recovery of the amortized cost basis.

The following tables present available-for-sale securities based on length of time in a gross unrealized loss position as of:

	March 31, 2024						
	Less than 12 months		12 months or longer		Total		
(dollars in thousands)	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses	No. of holdings
Corporate debt securities							
Corporate debt securities							
U.S. Treasury							
Investment grade							
Investment grade							

		September 30, 2023						
		Less than 12 months		12 months or longer		Total		
	(dollars in thousands)	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses	No. of holdings
Corporate debt securities	Corporate debt securities	$ 173,565	$ 4,529	$345,584	$25,818	$519,149	$30,347	832
Collateralized debt obligations	Collateralized debt obligations	7,010	39	93,940	2,789	100,950	2,828	154
Commercial mortgage-backed securities	Commercial mortgage-backed securities	33,208	1,064	30,692	5,485	63,900	6,549	156
Residential mortgage-backed securities	Residential mortgage-backed securities	48,919	3,118	97,676	20,028	146,595	23,146	182
Other debt securities	Other debt securities	7,605	121	7,752	821	15,357	942	39
Total available-for-sale securities	Total available-for-sale securities	$ 270,307	$ 8,871	$575,644	$54,941	$845,951	$63,812	1,363
Quality breakdown of available-for-sale securities:	Quality breakdown of available-for-sale securities:							
Investment grade	Investment grade	$ 241,402	$ 8,142	$523,719	$48,245	$765,121	$56,387	814

Non-investment grade	28,905	729	51,925	6,696	80,830	7,425	549
Total available-for-sale securities	$ 270,307	$ 8,871	$575,644	$54,941	$845,951	$63,812	1,363

	December 31, 2023					December 31, 2023
	Less than 12 months		12 months or longer		Total	
(dollars in thousands)	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses	No. of holdings

	December 31, 2022						
	Less than 12 months		12 months or longer		Total		
(dollars in thousands)	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses	No. of holdings
Corporate debt securities	$ 397,511	$ 21,371	$121,094	$14,440	$518,605	$35,811	916
Collateralized debt obligations	44,823	2,529	55,335	2,675	100,158	5,204	159
Commercial mortgage-backed securities	41,139	5,124	15,864	2,834	57,003	7,958	131
Residential mortgage-backed securities	109,499	9,131	31,465	6,938	140,964	16,069	161
Other debt securities	15,682	1,323	6,591	1,006	22,273	2,329	46
Total available-for-sale securities	$ 608,654	$ 39,478	$230,349	$27,893	$839,003	$67,371	1,413
Quality breakdown of available-for-sale securities:							
Investment grade	$ 525,805	$ 31,904	$215,742	$25,205	$741,547	$57,109	761

Corporate debt securities

Corporate debt securities

Total available-for-sale securities

Total available-for-sale securities

Investment grade

Investment grade

Non-investment grade	Non-investment grade	82,849	7,574	14,607	2,688	97,456	10,262	652
Total available-for-sale securities	Total available-for-sale securities	$ 608,654	$ 39,478	$230,349	$27,893	$839,003	$67,371	1,413

Credit loss allowance on investments allowances

The current expected following tables present a roll-forward of the allowances for credit loss allowance losses on agent loans was $1.0 million at both September 30, 2023 fixed maturity securities and December 31, 2022. The current expected credit loss allowance on available-for-sale securities was $0.4 million at September 30, 2023 and $0.2 million at December 31, 2022. financing receivables for the three months ended March 31:

	2024			
(in thousands)	Available-for-sale securities	Held-to-maturity securities	Other loans receivable	Agent loans
Balance, beginning of period	$ 597	$ 0	$ 11,081	$ 957
Provision and recoveries	164	2,167	172	0
Sales/collections and write-offs	(186)	0	0	0
Balance, end of period	$ 575	$ 2,167	$ 11,253	$ 957

	2023			
(in thousands)	Available-for-sale securities	Held-to-maturity securities	Other loans receivable	Agent loans
Balance, beginning of period	$ 249	$ —	$ 3,775	$ 957
Provision and recoveries	201	—	32	0
Sales/collections and write-offs	(102)	—	(98)	0
Balance, end of period	$ 348	$ —	$ 3,709	$ 957

Net investment income

Investment income (loss), net of expenses, was generated from the following portfolios: portfolios for the three months ended March 31:

		Three months ended September 30,		Nine months ended September 30,	
(in thousands)	*(in thousands)*	2023	2022	2023	2022
(in thousands)					
(in thousands)					
Available-for-sale securities					
Available-for-sale securities					
Available-for-sale securities	Available-for-sale securities	$ 11,037	$ 8,546	$ 31,404	$ 21,919
Equity securities	Equity securities	1,161	979	3,260	2,942
Equity securities					
Equity securities					
Limited partnerships (1)					
Limited partnerships (1)					
Limited partnerships (1)	Limited partnerships (1)	(13)	(4,643)	(10,725)	(2,158)
Cash equivalents and other	Cash equivalents and other	2,687	1,251	6,714	2,901
Cash equivalents and other					
Cash equivalents and other					
Total investment income					
Total investment income					

Total investment income	Total investment income	14,872	6,133	30,653	25,604
Less: investment expenses	Less: investment expenses	230	299	293	998
Less: investment expenses					
Less: investment expenses					
Net investment income	Net investment income	$ 14,642	$ 5,834	$ 30,360	$ 24,606
Net investment income					
Net investment income					

(1) Limited partnership losses income (losses) include both realized gains (losses) and unrealized valuation changes. Our limited partnership investments are included in the line item "Other assets" in the Statements of Financial Position. We have made no new significant limited partnership commitments since 2006, and the balance of limited partnership investments is expected to decline over time as additional distributions are received.

Net realized and unrealized investment losses gains (losses)

Realized and unrealized gains (losses) on investments were as follows: follows for the three months ended March 31:

		Three months ended September 30,		Nine months ended September 30,	
(in thousands)	*(in thousands)*	2023	2022	2023	2022
(in thousands)					
(in thousands)					
Available-for-sale securities:					
Available-for-sale securities:					
Available-for-sale securities:	Available-for-sale securities:				
Gross realized gains	Gross realized gains	$ 213	$ 146	$ 519	$ 1,055
Gross realized gains					
Gross realized gains					
Gross realized losses					
Gross realized losses					
Gross realized losses	Gross realized losses	(2,693)	(4,752)	(6,714)	(10,163)
Net realized losses on available-for-sale securities	Net realized losses on available-for-sale securities	(2,480)	(4,606)	(6,195)	(9,108)
Net realized losses on available-for-sale securities					
Net realized losses on available-for-sale securities					
Equity securities	Equity securities	244	(1,624)	(3,060)	(14,727)
Miscellaneous		9	0	9	2
Net realized and unrealized investment losses		$ (2,227)	$ (6,230)	$ (9,246)	$ (23,833)
Equity securities					
Equity securities					
Net realized and unrealized investment gains (losses)					
Net realized and unrealized investment gains (losses)					

Net realized and unrealized investment gains (losses)

The portion of net unrealized gains (losses) recognized during the reporting period related to equity securities held at the reporting date is calculated as follows: follows for the three months ended March 31:

		Three months ended September 30,		Nine months ended September 30,	
(in thousands)	*(in thousands)*	2023	2022	2023	2022
(in thousands)					
(in thousands)					
Equity securities:					
Equity securities:					
Equity securities:	Equity securities:				
Net gains (losses) recognized during the period	Net gains (losses) recognized during the period	$ 244	$ (1,624)	$ (3,060)	$ (14,727)
Net gains (losses) recognized during the period					
Net gains (losses) recognized during the period					
Less: net gains (losses) recognized on securities sold					
Less: net gains (losses) recognized on securities sold					
Less: net gains (losses) recognized on securities sold	Less: net gains (losses) recognized on securities sold	91	243	(2,636)	(1,327)
Net unrealized gains (losses) recognized on securities held at reporting date	Net unrealized gains (losses) recognized on securities held at reporting date	$ 153	$ (1,867)	$ (424)	$ (13,400)
Net unrealized gains (losses) recognized on securities held at reporting date					
Net unrealized gains (losses) recognized on securities held at reporting date					

Net impairment losses recognized in earnings

Impairments on available-for-sale securities investments were as follows: follows for the three months ended March 31:

		Three months ended September 30,		Nine months ended September 30,	
(in thousands)	*(in thousands)*	2023	2022	2023	2022
(in thousands)					
(in thousands)					
Available-for-sale securities:					
Available-for-sale securities:					
Available-for-sale securities:	Available-for-sale securities:				
Intent to sell	Intent to sell	$ (58)	$ (45)	$ (1,639)	$ (146)
Credit		(55)	(130)	(278)	(283)
Intent to sell					
Intent to sell					

Credit impaired								
Credit impaired								
Credit impaired								
Total available-for-sale securities								
Total available-for-sale securities								
Total available-for-sale securities								
Held-to-maturity securities - expected credit losses								
Held-to-maturity securities - expected credit losses								
Held-to-maturity securities - expected credit losses								
Other loans receivable - expected credit losses								
Other loans receivable - expected credit losses								
Other loans receivable - expected credit losses								
Net impairment losses recognized in earnings	Net impairment losses recognized in earnings	$	(113)	$	(175)	$	(1,917)	$	(429)
Net impairment losses recognized in earnings								
Net impairment losses recognized in earnings								

Note 7. Bank Line of Credit

We have access to a $100 million bank revolving line of credit with a $25 million letter of credit sublimit that expires on October 29, 2026. As of September 30, 2023 March 31, 2024, a total of $99.1 million $99.2 million remains available under the facility due to $0.9 million $0.8 million outstanding letters of credit, which reduce the availability for letters of credit to $24.1 million $24.2 million. We had no borrowings outstanding on our line of credit as of September 30, 2023 March 31, 2024. Investments with a fair value of $114.2 million $117.1 million were pledged as collateral on the line of credit at September 30, 2023 March 31, 2024. These investments have no trading restrictions and are reported as available-for-sale securities and cash and cash equivalents on our Statement of Financial Position as of September 30, 2023 March 31, 2024. The bank requires compliance with certain covenants, which include leverage ratios and debt restrictions. We are in compliance with all covenants at September 30, 2023 March 31, 2024.

Note 8. Postretirement Benefits

Pension plans

Our pension plans consist of a noncontributory defined benefit pension plan covering substantially all employees and an unfunded supplemental employee retirement plan ("SERP") for certain members of executive and senior management. The pension plan provides benefits to covered individuals satisfying certain age and service requirements. The defined benefit pension plan and SERP each provide benefits through a final average earnings formula.

Although we are the sponsor of these postretirement plans and record the funded status of these plans, there are reimbursements between us and the Exchange and its subsidiaries reimburse us, or are reimbursed for their allocated share of pension cost income or income, respectively. cost. These reimbursements represent pension benefits for employees performing administrative services and an allocated share of plan (income) cost for employees in departments that support the administrative functions. As of September 30, 2023 For the three months ended March 31, 2024, we reimbursed the Exchange and its subsidiaries for approximately 60% 61% of the annual defined benefit pension income, and 36% the Exchange and its subsidiaries reimbursed us for approximately 34% of the annual SERP cost. For our funded pension plan, amounts are settled in cash for the portion of pension (income) cost was reimbursed allocated to and from, respectively, the Exchange and its subsidiaries. For our unfunded SERP, we pay the obligations when due and amounts are settled in cash between entities when there is a payout.

Our defined benefit pension plan funding policy is generally to contribute an amount equal to the greater of the target normal cost for the plan year, or the amount necessary to fund the plan to 100%. Accordingly, we made a $95 $33 million contribution during the third quarter of 2023. in January 2024. The contribution generated a funded pension plan net benefit asset of $65.2 million and is presented separately from our the unfunded plan as a non-current asset on our Statement Statements of Financial Position as of September 30, 2023. Position.

Pension plan (income) cost income includes the following components: components for the three months ended March 31:

	Three months ended September 30,	Nine months ended September 30,

(in thousands)	(in thousands)	2023	2022	2023	2022
(in thousands)					
(in thousands)					
Service cost for benefits earned					
Service cost for benefits earned					
Service cost for benefits earned	Service cost for benefits earned	$ 7,190	$ 12,560	$ 21,572	$ 37,681
Interest cost on benefit obligation	Interest cost on benefit obligation	12,548	9,941	37,644	29,823
Interest cost on benefit obligation					
Interest cost on benefit obligation					
Expected return on plan assets					
Expected return on plan assets					
Expected return on plan assets	Expected return on plan assets	(17,217)	(13,639)	(51,652)	(40,917)
Prior service cost amortization	Prior service cost amortization	362	361	1,085	1,082
Net actuarial (gain) loss amortization		(3,833)	1,830	(11,498)	5,490
Pension plan (income) cost (1)		$ (950)	$ 11,053	$ (2,849)	$ 33,159
Prior service cost amortization					
Prior service cost amortization					
Net actuarial gain amortization					
Net actuarial gain amortization					
Net actuarial gain amortization					
Settlement gain					
Settlement gain					
Settlement gain					
Pension plan income (1)					
Pension plan income (1)					
Pension plan income (1)					

(1) Pension plan (income) cost income represents total plan (income) cost income before reimbursements between Indemnity and the Exchange and its subsidiaries. The components of pension plan (income) cost income other than the service cost components are included in the line item "Other income" in the Statements of Operations, net of reimbursements between Indemnity and the Exchange and its subsidiaries.

Note 9. Income Taxes

Income tax expense is provided on an interim basis based upon our estimate of the annual effective income tax rate, adjusted each quarter for discrete items. For the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, our effective tax rate was 20.0% 20.8% and 20.7%, respectively. For the nine months ended September 30, 2023 and 2022, our effective tax rate was 20.6% and 20.9% 21.0%, respectively.

Note 10. Capital Stock

Class A and B common stock

Holders of Class B shares may, at their option, convert their shares into Class A shares at the rate of 2,400 Class A shares per Class B share. There were no shares of Class B common stock converted into Class A common stock during the nine three months ended September 30, 2023 March 31, 2024 and the year ended December 31, 2022 December 31, 2023. There is no provision for conversion of Class A shares into Class B shares, and Class B shares surrendered for conversion cannot be reissued.

Stock repurchases

In 2011, our Board of Directors approved a continuation of the current stock repurchase program of $150 million, with no time limitation. There were no shares repurchased under this program during the nine three months ended September 30, 2023 March 31, 2024 and the year ended December 31, 2022 December 31, 2023. We had approximately $17.8 million of repurchase authority remaining under this program at September 30, 2023 March 31, 2024.

Note 11. Accumulated Other Comprehensive Income (Loss)

Changes in accumulated other comprehensive income ("AOCI") (loss) by component, including amounts reclassified to other comprehensive income ("OCI") (loss) and the related line item in the Statements of Operations where net income is presented, are as follows: follows for the three months ended March 31:

	Three months ended September 30, 2023			Three months ended September 30, 2022		
(in thousands)	Before Tax	Income Tax	Net	Before Tax	Income Tax	Net
Investment securities:						
AOCI (loss), beginning of period	$ (55,497)	$ (11,654)	$ (43,843)	$ (57,980)	$ (12,177)	$ (45,803)
OCI (loss) before reclassifications	(10,064)	(2,114)	(7,950)	(26,524)	(5,570)	(20,954)
Realized investment losses	2,480	521	1,959	4,606	968	3,638
Impairment losses	113	24	89	175	37	138
OCI (loss)	(7,471)	(1,569)	(5,902)	(21,743)	(4,565)	(17,178)
AOCI (loss), end of period	$ (62,968)	$ (13,223)	$ (49,745)	$ (79,723)	$ (16,742)	$ (62,981)
Pension and other postretirement plans:						
AOCI (loss), beginning of period	$ 50,244	$ 10,551	$ 39,693	$ (35,346)	$ (7,424)	$ (27,922)
Amortization of prior service costs	362	76	286	361	76	285
Amortization of net actuarial (gain) loss	(3,833)	(805)	(3,028)	1,830	384	1,446
OCI (loss)	(3,471)	(729)	(2,742)	2,191	460	1,731
AOCI (loss), end of period	$ 46,773	$ 9,822	$ 36,951	$ (33,155)	$ (6,964)	$ (26,191)
Total						
AOCI (loss), beginning of period	$ (5,253)	$ (1,103)	$ (4,150)	$ (93,326)	$ (19,601)	$ (73,725)
Investment securities	(7,471)	(1,569)	(5,902)	(21,743)	(4,565)	(17,178)
Pension and other postretirement plans	(3,471)	(729)	(2,742)	2,191	460	1,731
OCI (loss)	(10,942)	(2,298)	(8,644)	(19,552)	(4,105)	(15,447)
AOCI (loss), end of period	$ (16,195)	$ (3,401)	$ (12,794)	$ (112,878)	$ (23,706)	$ (89,172)

	Nine months ended September 30, 2023			Nine months ended September 30, 2022		
(in thousands)	Before Tax	Income Tax	Net	Before Tax	Income Tax	Net
Investment securities:						
AOCI (loss), beginning of period	$ (66,571)	$ (13,980)	$ (52,591)	$ 7,722	$ 1,621	$ 6,101
OCI (loss) before reclassifications	(4,509)	(947)	(3,562)	(96,982)	(20,366)	(76,616)
Realized investment losses	6,195	1,301	4,894	9,108	1,913	7,195
Impairment losses	1,917	403	1,514	429	90	339
OCI (loss)	3,603	757	2,846	(87,445)	(18,363)	(69,082)
AOCI (loss), end of period	$ (62,968)	$ (13,223)	$ (49,745)	$ (79,723)	$ (16,742)	$ (62,981)
Pension and other postretirement plans:						
AOCI (loss), beginning of period	$ 57,186	$ 12,009	$ 45,177	$ (39,734)	$ (8,345)	$ (31,389)
Amortization of prior service costs	1,085	228	857	1,082	227	855
Amortization of net actuarial (gain) loss	(11,498)	(2,415)	(9,083)	5,497	1,154	4,343
OCI (loss)	(10,413)	(2,187)	(8,226)	6,579	1,381	5,198
AOCI (loss), end of period	$ 46,773	$ 9,822	$ 36,951	$ (33,155)	$ (6,964)	$ (26,191)
Total						
AOCI (loss), beginning of period	$ (9,385)	$ (1,971)	$ (7,414)	$ (32,012)	$ (6,724)	$ (25,288)
Investment securities	3,603	757	2,846	(87,445)	(18,363)	(69,082)
Pension and other postretirement plans	(10,413)	(2,187)	(8,226)	6,579	1,381	5,198
OCI (loss)	(6,810)	(1,430)	(5,380)	(80,866)	(16,982)	(63,884)
AOCI (loss), end of period	$ (16,195)	$ (3,401)	$ (12,794)	$ (112,878)	$ (23,706)	$ (89,172)

(in thousands)	2024 Before Tax	2024 Income Tax	2024 Net	2023 Before Tax	2023 Income Tax	2023 Net
Investment securities:						
AOCI (loss), beginning of period	$ (31,402)	$ (6,595)	$ (24,807)	$ (66,571)	$ (13,980)	$ (52,591)
OCI (loss) before reclassifications	(1,554)	(326)	(1,228)	10,032	2,107	7,925
Realized investment losses	262	55	207	1,619	340	1,279
Impairment losses	338	71	267	1,633	343	1,290
OCI (loss)	(954)	(200)	(754)	13,284	2,790	10,494
AOCI (loss), end of period	$ (32,356)	$ (6,795)	$ (25,561)	$ (53,287)	$ (11,190)	$ (42,097)
Pension and other postretirement plans:						
AOCI, beginning of period	$ 14,439	$ 3,032	$ 11,407	$ 57,186	$ 12,009	$ 45,177
Amortization of prior service costs	389	82	307	362	76	286
Amortization of net actuarial gain	(1,751)	(368)	(1,383)	(3,833)	(805)	(3,028)
OCI (loss)	(1,362)	(286)	(1,076)	(3,471)	(729)	(2,742)
AOCI, end of period	$ 13,077	$ 2,746	$ 10,331	$ 53,715	$ 11,280	$ 42,435
Total						
AOCI (loss), beginning of period	$ (16,963)	$ (3,563)	$ (13,400)	$ (9,385)	$ (1,971)	$ (7,414)
Investment securities	(954)	(200)	(754)	13,284	2,790	10,494
Pension and other postretirement plans	(1,362)	(286)	(1,076)	(3,471)	(729)	(2,742)
OCI (loss)	(2,316)	(486)	(1,830)	9,813	2,061	7,752
AOCI (loss), end of period	$ (19,279)	$ (4,049)	$ (15,230)	$ 428	$ 90	$ 338

Note 12. Concentrations of Credit Risk

Financial instruments could potentially expose us to concentrations of credit risk, including our unsecured receivables from the Exchange. The majority of our revenue and receivables are from the Exchange and its affiliates. See also Note 1, "Nature of Operations". Net management fee amounts and other reimbursements due from the Exchange and its affiliates were $620.7 million $641.7 million and $524.9 million $625.3 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, which includes a current expected credit loss allowance of $0.6 million in both periods.

Note 13. Commitments and Contingencies

We have an agreement with a bank for an agent loan participation program. The maximum amount of loans to be funded through this program is $100 million. We have committed to fund a minimum of 30% of each loan executed through this program. As of September 30, 2023 March 31, 2024, outstanding loans executed under this agreement totaled $59.1 million $54.6 million, of which our portion of the loans is $20.6 million $18.5 million. Additionally, we have agreed to guarantee a portion of the funding provided by the other participants in the program in the event of default. As of September 30, 2023 March 31, 2024, our maximum potential amount of future payments on the guaranteed portion is $6.9 million $7.3 million. All loan payments under the participation program are current as of September 30, 2023 March 31, 2024. On April 23, 2024, we increased the maximum amount of loans to be funded through the agent loan participation program to $150 million.

We also have contingent obligations for guarantees related to certain real estate development projects supporting revitalization efforts in our community. As of March 31, 2024, our maximum potential obligation related to guarantees is $7.8 million.

We are involved in litigation arising in the ordinary course of conducting business. In accordance with current accounting standards for loss contingencies and based upon information currently known to us, we establish reserves for litigation when it is probable that a loss associated with a claim or proceeding has been incurred and the amount of the loss or range of loss can be reasonably estimated. When no amount within the range of loss is a better estimate than any other amount, we accrue the minimum amount of the estimable loss. To the extent that such litigation against us may have an exposure to a loss in excess of the amount we have accrued, we believe that such excess would not be material to our financial condition, results of operations, or cash flows. Legal fees are expensed as incurred. We believe that our accruals for legal proceedings are appropriate and, individually and in the aggregate, are not expected to be material to our financial condition, results of operations, or cash flows.

We review all litigation on an ongoing basis when making accrual and disclosure decisions. For certain legal proceedings, we cannot reasonably estimate losses or a range of loss, if any, particularly for proceedings that are in their early stages of development or where the plaintiffs seek indeterminate damages. Various factors, including, but not limited to, the outcome of potentially lengthy discovery and the resolution of important factual questions, may need to be determined before probability can be established or before a loss or range of loss can be reasonably estimated. If the loss contingency in question is not both probable and reasonably estimable, we do not establish an accrual and the matter will continue to be monitored for any developments that would make the loss contingency both probable and reasonably estimable. In the event that a legal proceeding results in a substantial judgment against, or settlement by, us, there can be no assurance that any resulting liability or financial commitment would not have a material adverse effect on our financial condition, results of operations, or cash flows.

Note 14. Subsequent Events

No Other than increasing the maximum amount of loans to be funded through the agent loan participation program as discussed in Note 13, "Commitments and Contingencies", no items were identified in this period subsequent to the financial statement date that required adjustment or additional disclosure.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of financial condition and results of operations highlights significant factors influencing Erie Indemnity Company ("Indemnity", "we", "us", "our"). This discussion should be read in conjunction with the historical financial statements and the related notes thereto included in Part I, Item 1. "Financial Statements" of this Quarterly Report on Form 10-Q, and with Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" for the year ended December 31, 2022 December 31, 2023, as contained in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 1, 2023 February 26, 2024.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995:
Statements contained herein that are not historical fact are forward-looking statements and, as such, are subject to risks and uncertainties that could cause actual events and results to differ, perhaps materially, from those discussed herein. Forward-looking statements relate to future trends, events or results and include, without limitation, statements and assumptions on which such statements are based that are related to our plans, strategies, objectives, expectations, intentions, and adequacy of resources. Examples of forward-looking statements are discussions relating to premium and investment income, expenses, operating results, and compliance with contractual and regulatory requirements. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. Among the risks and uncertainties, in addition to those set forth in our filings with the Securities and Exchange Commission, that could cause actual results and future events to differ from those set forth or contemplated in the forward-looking statements include the following:

- dependence upon our relationship with the Erie Insurance Exchange ("Exchange") and the management fee under the agreement with the subscribers at the Exchange;
- dependence upon our relationship with the Exchange and the growth of the Exchange, including:
  - general business and economic conditions;
  - factors affecting insurance industry competition; competition, including technological innovations;
  - dependence upon the independent agency system; and
  - ability to maintain our reputation; brand, including our reputation for customer service;
- dependence upon our relationship with the Exchange and the financial condition of the Exchange, including:
  - the Exchange's ability to maintain acceptable financial strength ratings;
  - factors affecting the quality and liquidity of the Exchange's investment portfolio;
  - changes in government regulation of the insurance industry;
  - litigation and regulatory actions;
  - emergence of significant unexpected events, including pandemics and economic or social inflation;
  - emerging claims and coverage issues in the industry; and
  - severe weather conditions or other catastrophic losses, including terrorism;
- costs of providing policy issuance and renewal services to the subscribers at the Exchange under the subscriber's agreement;
- ability to attract and retain talented management and employees;
- ability to ensure system availability and effectively manage technology initiatives;
- difficulties with technology or data security breaches, including cyber attacks;
- ability to maintain uninterrupted business operations;
- compliance with complex and evolving laws and regulations and outcome of pending and potential litigation;

- factors affecting the quality and liquidity of our investment portfolio; and
- our ability to meet liquidity needs and access capital.

A forward-looking statement speaks only as of the date on which it is made and reflects our analysis only as of that date. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, changes in assumptions, or otherwise.

RECENT ACCOUNTING STANDARDS AND DISCLOSURE RULES

See Part I, Item 1. "Financial Statements - Note 2, Significant Accounting Policies, of Notes to Financial Statements" contained within this report for a discussion of recently issued accounting standards and disclosure rules, and the impact on our financial statements if known.

OPERATING OVERVIEW

Overview

We serve as the attorney-in-fact for the subscribers (policyholders) at the Exchange, a reciprocal insurer that writes property and casualty insurance. 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 subscribers at the Exchange, as well as the service provider for its the Exchange's insurance subsidiaries, with respect to all administrative services.

The Exchange is a reciprocal insurance exchange, which is an unincorporated association of individuals, partnerships and corporations that agree to insure one another. Each applicant for insurance (a subscriber) to the Exchange signs a subscriber's agreement, which contains an appointment of Indemnity as their attorney-in-fact to transact the business of the Exchange on their behalf. Pursuant to In accordance with the subscriber's agreement for acting as attorney-in-fact in these two capacities, we earn retain a management fee calculated as a percentage of the direct and affiliated assumed premiums written by the Exchange.

Our earnings are primarily driven by the management fee revenue generated for the services we provide to on behalf of the subscribers at the Exchange. The policy issuance and renewal services we provide to the Exchange are related to the sales, underwriting and issuance of policies. The sales related services we provide include agent compensation and certain sales and advertising support services. Agent compensation includes scheduled commissions to agents based upon premiums written as well as additional commissions and bonuses to agents, incentive compensation, which are is earned by achieving targeted measures. Agent compensation generally comprises approximately two-thirds of our policy issuance and renewal expenses. The underwriting services we provide include underwriting and policy processing. The remaining services we provide include customer service and administrative support. We also provide information technology services that support all the functions listed above. Included in these expenses are allocations of costs for departments that support these policy issuance and renewal functions.

By virtue of Consistent with its legal structure as a reciprocal insurer, the Exchange does not have any employees or officers. Therefore, it enters into contractual relationships by and through an the subscribers' attorney-in-fact. Indemnity serves as the attorney-in-fact on behalf of the subscribers at the Exchange with respect to its administrative services as enumerated in accordance with the subscriber's agreement. The Exchange's insurance subsidiaries also utilize Indemnity for these services in accordance with the service agreements between each of the subsidiaries and Indemnity. Claims handling services include costs incurred in the claims process, including the adjustment, investigation, defense, recording and payment functions. Life insurance management services include costs incurred in the management and processing of life insurance business. Investment management services are related to investment trading activity, accounting and all other functions attributable to the investment of funds. In 2022, 2023, approximately 71% of the administrative services expenses were entirely attributable to the respective administrative functions (claims handling, life insurance management and investment management), while the remaining 29% of these expenses were allocations of costs for departments that support these administrative functions. The expenses we incur and related reimbursements we receive for administrative services are presented gross in our Statements of Operations. The subscriber's agreement and service agreements provide for reimbursement of amounts incurred for these services to Indemnity. Reimbursements are settled at cost on a monthly basis. State insurance regulations require that intercompany service agreements and any material amendments be approved in advance by the state insurance department.

Our results of operations are tied to the growth and financial condition of the Exchange as the Exchange is our sole customer, and our earnings are largely generated from management fees based on the direct and affiliated assumed premiums written by the Exchange. The Exchange generates revenue by insuring preferred and standard risks, with personal lines comprising 69% 70% of the 2022 2023 direct and affiliated assumed written premiums and commercial lines comprising the remaining 31% 30%. The principal personal lines products are private passenger automobile and homeowners. The principal commercial lines products are commercial multi-peril, commercial automobile and workers compensation.

Financial Overview

	Three months ended March 31,
	Three months ended March 31,
	Three months ended March 31,
(dollars in thousands, except per share data)	
(dollars in thousands, except per share data)	

(dollars in thousands, except per share data)

(Unaudited)

(Unaudited)

(Unaudited)

		Three months ended September 30,			Nine months ended September 30,		
(dollars in thousands, except per share data)		2023	2022	% Change	2023	2022	% Change
Operating income							
		(Unaudited)			(Unaudited)		
Operating income							
Operating income	Operating income	$ 148,471	$ 106,472	39.4 %	$ 393,172	$ 294,784	33.4 %
Total investment income (loss)	Total investment income (loss)	12,302	(571)	NM	19,197	344	NM
Interest expense		—	115	NM	—	2,009	NM
Total investment income (loss)							
Total investment income (loss)							
Other income							
Other income							
Other income	Other income	3,001	562	NM	9,643	1,372	NM
Income before income taxes	Income before income taxes	163,774	106,348	54.0	422,012	294,491	43.3
Income before income taxes							
Income before income taxes							
Income tax expense							
Income tax expense							
Income tax expense	Income tax expense	32,734	22,035	48.6	86,879	61,412	41.5
Net income	Net income	$ 131,040	$ 84,313	55.4 %	$ 335,133	$ 233,079	43.8 %
Net income							
Net income							
Net income per share – diluted	Net income per share – diluted	$ 2.51	$ 1.61	55.4 %	$ 6.41	$ 4.46	43.8 %
Net income per share – diluted							
Net income per share – diluted							

NM = not meaningful

Operating income increased in both the third first quarter and nine months ended September 30, 2023, of 2024, compared to the same periods period in 2022, 2023, as growth in operating revenue outpaced the growth in operating expenses. Management fee revenue for policy issuance and renewal services increased 17.7% 19.3% to $649.0 million $665.7 million in the third first quarter of 2023 and 16.2% to $1.8 billion for the nine months ended September 30, 2023. 2024. Management fee revenue is based upon the management fee rate we charge and the direct and affiliated assumed premiums written by the Exchange. The management fee rate was 25% for both 2023 2024 and 2022. 2023. The direct and affiliated assumed premiums written by the Exchange increased 17.6% 19.0% to $2.7 billion in the third first quarter of 2023 and increased 16.2% to $7.6 billion for the nine months ended September 30, 2023, 2024, compared to the same periods period in 2022. 2023.

Cost of operations for policy issuance and renewal services increased 12.3% 17.3% to $523.3 million and 12.0% to $1.5 billion $550.3 million in the third first quarter and nine months ended September 30, 2023, of 2024, compared to the same periods period in 2022, 2023, primarily due to higher scheduled commissions driven by direct and affiliated assumed written premium growth, as well as increased agent incentive compensation, employee compensation, and technology investments, partially offset by decreased agent incentive compensation driven by higher claims severity and related loss costs experienced by the Exchange. agent-related costs.

Management fee revenue for administrative services increased 10.2% 11.5% to $16.2 million and 8.1% to $47.0 million $16.9 million in the third first quarter and nine months ended September 30, 2023, of 2024 compared to the same periods period in 2022. 2023. The administrative services reimbursement revenue and corresponding cost of operations increased both total operating revenue and total operating expenses by $187.1 million $191.6 million in the third first quarter of 2023 and $544.4 million for the nine months ended September 30, 2023, 2024, but had no net impact on operating income.

Total investment income increased $12.9 million and $18.9 million $19.8 million in the third first quarter and nine months ended September 30, 2023, of 2024 compared to the same periods period in 2022. The results from both periods were 2023 primarily due to lower net realized and unrealized investment losses and an increase in net investment income as well as net realized and unrealized investment gains in 2023 2024 compared to 2022.

net losses in 2023.

General Conditions and Trends Affecting Our Business

Economic conditions

Unfavorable changes in economic conditions, including declining consumer confidence, inflation, high unemployment, and the threat of recession, among others, may lead the Exchange's customers to modify coverage, not renew policies, or even cancel policies, which could adversely affect the premium revenue of the Exchange, and consequently our management fee revenue. Inflation remained elevated from historical levels during the third quarter of 2023. Continued elevated Elevated inflation or supply chain disruptions could impact the Exchange's operations and our management fees. In particular, unanticipated increased inflation costs including medical cost inflation, building material cost inflation, auto repair and replacement cost inflation, and tort issues social inflation may impact adequacy of estimated loss reserves and future premium rates of the Exchange. The extent and duration of the impacts to economic conditions remain uncertain. If any of these items impacted the financial condition or operations of the Exchange, it could have an impact on our financial results. See Financial Condition and Liquidity and Capital Resources contained within this report, as well as Part I. Item 1A. "Risk Factors" included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023 as filed with the Securities and Exchange Commission on March 1, 2023 February 26, 2024 for a discussion of the potential impacts to our operations or those of the Exchange.

Financial market volatility

Our portfolio of fixed maturity and equity security investments is subject to market volatility, especially in periods of instability in the worldwide financial markets. Over time, net investment income could also be impacted by volatility and by the general level of interest rates, which impact reinvested cash flow from the portfolio and business operations. Depending upon market conditions, considerable fluctuation could occur in the fair value of our investment portfolio and reported total investment income, which could have an adverse impact on our financial condition, results of operations, and cash flows. Various ongoing geopolitical events, the uncertain inflationary environment, and a potential economic slowdown could have a significant impact on the global financial markets with the potential for future losses and/or impairments on our investment portfolio.

RESULTS OF OPERATIONS

Management fee revenue

We have two performance obligations in the subscriber's agreement, providing policy issuance and renewal services and acting as attorney-in-fact for the subscribers at the Exchange, as well as the service provider for its the Exchange's insurance subsidiaries with respect to all administrative services. We earn retain a management fees for acting as the attorney-in-fact for the subscribers at the Exchange in these two capacities, and allocate our revenues between our performance obligations.

The management fee is calculated by multiplying all direct and affiliated assumed premiums written by the Exchange by the management fee rate, which is determined by our Board of Directors at least annually. The management fee rate was set at 25%, the maximum rate, for both 2023 2024 and 2022. 2023. Changes in the management fee rate can affect our revenue and net income significantly. The transaction price, including management fee revenue and administrative services reimbursement revenue, includes variable consideration and is allocated based on the estimated standalone selling prices developed using industry information and other available information for similar services. We update the transaction price and the related allocation at least annually based upon the most recent information available or more frequently if there have been significant changes in any components considered in the transaction price. Our current transaction price allocation review resulted in a minor change in the allocation between the two performance obligations in 2024 compared to prior years, which did not have a material impact on our financial statements.

The following table presents the allocation and disaggregation of revenue for our two performance obligations: obligations for the three months ended March 31:

		Three months ended September 30,			Nine months ended September 30,		
(dollars in thousands)	*(dollars in thousands)*	2023	2022	% Change	2023	2022	% Change
		(Unaudited)			(Unaudited)		
(dollars in thousands)							
(dollars in thousands)							
		(Unaudited)					
		(Unaudited)					

(Unaudited)

Policy issuance and renewal services													
Policy issuance and renewal services													
Policy issuance and renewal services	**Policy issuance and renewal services**												
Direct and affiliated assumed premiums written by the Exchange	Direct and affiliated assumed premiums written by the Exchange	$	2,670,186	$	2,271,033	17.6	%	$	7,587,185	$	6,528,996	16.2	%
Direct and affiliated assumed premiums written by the Exchange													
Direct and affiliated assumed premiums written by the Exchange													
Management fee rate													
Management fee rate													
Management fee rate	Management fee rate		24.30 %		24.30 %				24.30 %		24.30 %		
Management fee revenue	Management fee revenue		648,855		551,861	17.6			1,843,686		1,586,546	16.2	
Management fee revenue													
Management fee revenue													
Change in estimate for management fee returned on cancelled policies (1)	Change in estimate for management fee returned on cancelled policies (1)		194		(195)	NM			(3,208)		(2,333)	(37.5)	
Change in estimate for management fee returned on cancelled policies (1)													
Change in estimate for management fee returned on cancelled policies (1)													
Management fee revenue - policy issuance and renewal services													
Management fee revenue - policy issuance and renewal services													
Management fee revenue - policy issuance and renewal services	Management fee revenue - policy issuance and renewal services	$	649,049	$	551,666	17.7	%	$	1,840,478	$	1,584,213	16.2	%
Administrative services	**Administrative services**												
Administrative services													
Administrative services													
Direct and affiliated assumed premiums written by the Exchange													
Direct and affiliated assumed premiums written by the Exchange													
Direct and affiliated assumed premiums written by the Exchange	Direct and affiliated assumed premiums written by the Exchange	$	2,670,186	$	2,271,033	17.6	%	$	7,587,185	$	6,528,996	16.2	%
Management fee rate	Management fee rate		0.70 %		0.70 %				0.70 %		0.70 %		
Management fee rate													
Management fee rate													
Management fee revenue													
Management fee revenue													

Management fee revenue	Management fee revenue	18,691	15,897	17.6	53,110	45,703	16.2
Change in contract liability (2)	Change in contract liability (2)	(2,529)	(1,244)	NM	(6,108)	(2,272)	NM
Change in contract liability (2)							
Change in contract liability (2)							
Change in estimate for management fee returned on cancelled policies (1)							
Change in estimate for management fee returned on cancelled policies (1)							
Change in estimate for management fee returned on cancelled policies (1)	Change in estimate for management fee returned on cancelled policies (1)	(11)	4	NM	(26)	15	NM
Management fee revenue - administrative services	Management fee revenue - administrative services	16,151	14,657	10.2	46,976	43,446	8.1
Management fee revenue - administrative services							
Management fee revenue - administrative services							
Administrative services reimbursement revenue							
Administrative services reimbursement revenue							
Administrative services reimbursement revenue	Administrative services reimbursement revenue	187,118	168,653	10.9	544,411	492,655	10.5
Total revenue from administrative services	Total revenue from administrative services	$ 203,269	$ 183,310	10.9 %	$ 591,387	$ 536,101	10.3 %
Total revenue from administrative services							
Total revenue from administrative services							

NM = not meaningful

(1) *A constraining estimate of variable consideration exists related to the potential for management fees to be returned if a policy were to be cancelled mid-term. Management fees are returned to the Exchange when policies are cancelled mid-term and unearned premiums are refunded.*

(2) *Management fee revenue - administrative services is recognized over time as the services are provided. See Part I, Item 1. "Financial Statements - Note 3, Revenue, of Notes to Financial Statements" contained within this report.*

Direct and affiliated assumed premiums written by the Exchange

Direct and affiliated assumed premiums include premiums written directly by the Exchange and premiums assumed from its wholly owned property and casualty subsidiaries. Direct and affiliated assumed premiums written by the Exchange increased 17.6% 19.0% to $2.7 billion in the third first quarter of 2023 2024 compared to the third first quarter of 2022, 2023, primarily driven by increased personal lines and commercial multi-peril premiums written. Year-over-year policies in force for all lines of business increased 6.1% 7.1% in the third first quarter of 2023 2024 compared to 3.3% 4.4% in the third first quarter of 2022. 2023. The year-over-year average premium per policy for all lines of business increased 8.7% 10.6% at September 30, 2023 March 31, 2024 compared to 4.1% 6.4% at September 30, 2022 March 31, 2023.

Premiums generated from new business increased 39.7% 32.4% to $403 million $449 million in the third first quarter of 2024 compared to the same period in 2023, primarily driven by increased premiums written in the commercial multi-peril, personal auto and homeowners lines. Contributing to this change was a 11.1% increase in new business policies written and a 14.0% increase in year-over-year average premium per policy on new business at March 31, 2024. Premiums generated from new business increased 36.3% to $339 million in the first quarter of 2023 compared to the same period in 2022, primarily driven by increased premiums premium written in the personal auto, homeowners and commercial multi-peril and homeowners lines. Contributing to this change was a 21.3% 25.9% increase in new business policies written and a 12.1% 10.3% increase in year-over-year average premium per policy on new business at September 30, 2023. Premiums generated from new business increased 20.9% to $288 million in the third quarter of 2022 compared to the same period in 2021, primarily driven by increased premium written in the personal auto and commercial multi-peril lines. Contributing to this change was a 10.0% increase in new business policies written and a 7.8% increase in year-over-year average premium per policy on new business at September 30, 2022 March 31, 2023.

Premiums generated from renewal business increased 14.4% 16.7% to $2.3 billion in the third first quarter of 2024 compared to the first quarter of 2023 and increased 11.5% to $2.0 billion in the first quarter of 2023 compared to the third first quarter of 2022 and increased 7.9% to $2.0 billion in the third quarter of 2022 compared to the third quarter of 2021. 2022. Underlying the trend in renewal business premiums in both periods was an 8.1% a 9.9% increase in year-over-year average premium

per policy at September 30, 2023 March 31, 2024, and 3.5% 5.8% at September 30, 2022 March 31, 2023, as well as an increase in year-over-year policies in force of 4.2% 5.1% and 3.5% in the third first quarters of 2023 2024 and 2022, 2023, respectively, driven by a slight an increase in the policy retention ratios.

Personal lines – Total personal lines premiums written increased 19.6% 20.6% to $1.9 billion in the third first quarter of 2024, compared to 15.8% in the first quarter of 2023, compared to 8.7% in the third quarter of 2022, driven by a 9.2% 12.0% increase in total personal lines year-over-year average premium per policy and a 6.6% 7.5% increase in total personal lines policies in force.

Commercial lines – Total commercial lines premiums written increased 12.4% 15.6% to $727 million $874 million in the third first quarter of 2024, compared to 12.2% in the first quarter of 2023, compared to 11.2% in the third quarter of 2022, driven by a 10.0% 9.4% increase in total commercial lines year-over-year average premium per policy and a 2.7% 4.2% increase in total commercial lines policies in force.

Future trends-premium revenue – Through a careful agency selection and monitoring process, the Exchange plans to continue its effort efforts to expand the size of utilize its agency force to increase market penetration in existing operating territories to contribute to future growth.

Changes in premium levels attributable to the growth in policies in force and rate changes affect the profitability of the Exchange and have a direct bearing on our management fee revenue. Future premiums could be impacted by potential regulatory changes in regulation and continued inflationary trends, among others. Inflation-driven severity continued The Exchange's pricing actions taken in 2023 have contributed to impact underwriting results its increased average premium per policy in the third first quarter of 2023, and will continue to impact future rate decisions. 2024. See also Part I. Item 1A. "Risk Factors" included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023 as filed with the Securities and Exchange Commission on March 1, 2023 February 26, 2024.

Policy issuance and renewal services

		Three months ended September 30,			Nine months ended September 30,		
		Three months ended March 31,					
		Three months ended March 31,					
		Three months ended March 31,					
(dollars in thousands)	*(dollars in thousands)*	2023	2022	% Change	2023	2022	% Change
		(Unaudited)			(Unaudited)		
(dollars in thousands)							
(dollars in thousands)							
		(Unaudited)					
		(Unaudited)					
		(Unaudited)					
Management fee revenue - policy issuance and renewal services							
Management fee revenue - policy issuance and renewal services							
Management fee revenue - policy issuance and renewal services	Management fee revenue - policy issuance and renewal services	$ 649,049	$ 551,666	17.7 %	$ 1,840,478	$ 1,584,213	16.2 %
Service agreement revenue	Service agreement revenue	6,620	6,260	5.7	19,408	19,175	1.2
		655,669	557,926	17.5	1,859,886	1,603,388	16.0
Service agreement revenue							
Service agreement revenue							
		672,200					

		672,200									
		672,200									
Cost of operations - policy issuance and renewal services											
Cost of operations - policy issuance and renewal services											
Cost of operations - policy issuance and renewal services	Cost of operations - policy issuance and renewal services		523,349		466,111	12.3			1,513,690	1,352,050	12.0
Operating income - policy issuance and renewal services	Operating income - policy issuance and renewal services	$	132,320	$	91,815	44.1 %		$	346,196	$ 251,338	37.7 %
Operating income - policy issuance and renewal services											
Operating income - policy issuance and renewal services											

Policy issuance and renewal services

The management fee revenue allocated for providing policy issuance and renewal services was 24.40% and 24.30% of the direct and affiliated assumed premiums written by the Exchange for both the three and nine month periods ended September 30, 2023 March 31, 2024 and 2022. 2023, respectively. This portion of the management fee is recognized as revenue when the policy is issued or renewed because it is at that time that the services we provide are substantially complete and the executed insurance policy is transferred to the customer. The increase in management fee revenue for policy issuance and renewal services was driven by the increase in the direct and affiliated assumed premiums written by the Exchange discussed previously.

Service agreement revenue

Service agreement revenue primarily consists of service charges we collect from subscribers/policyholders for providing multiple payment plans on policies written by the Exchange and its property and casualty subsidiaries and also includes late payment and policy reinstatement fees. The service charges are fixed dollar amounts per billed installment. Service agreement revenue also includes fees received from the Exchange for the use of shared office space. The increase in service agreement revenue for the three and nine month periods period ended September 30, 2023 March 31, 2024 compared to the same periods period in 2022 2023 is primarily due to an increase in shared office space revenue.

Cost of policy issuance and renewal services

		Three months ended September 30,					Nine months ended September 30,				
		Three months ended March 31,									
		Three months ended March 31,									
		Three months ended March 31,									
(dollars in thousands)	*(dollars in thousands)*	2023		2022	% Change		2023		2022	% Change	
		(Unaudited)					(Unaudited)				
(dollars in thousands)											
(dollars in thousands)											
		(Unaudited)									
		(Unaudited)									
		(Unaudited)									
Commissions:											
Commissions:											
Commissions:	*Commissions:*										
Total commissions	Total commissions	$	354,169	$	309,597	14.4 %	$	1,014,121	$	898,215	12.9 %
Total commissions											
Total commissions											
Non-commission expense:											
Non-commission expense:											

Non-commission expense:	*Non-commission expense:*						
Underwriting and policy processing	Underwriting and policy processing	$ 46,387	$ 43,627	6.3 %	$ 136,624	$ 127,483	7.2 %
Underwriting and policy processing							
Underwriting and policy processing							
Information technology							
Information technology							
Information technology	Information technology	51,201	50,345	1.7	162,810	147,117	10.7
Sales and advertising	Sales and advertising	14,355	15,011	(4.4)	43,283	42,007	3.0
Sales and advertising							
Sales and advertising							
Customer service							
Customer service							
Customer service	Customer service	8,643	8,675	(0.4)	25,066	25,760	(2.7)
Administrative and other	Administrative and other	48,594	38,856	25.1	131,786	111,468	18.2
Administrative and other							
Administrative and other							
Total non-commission expense							
Total non-commission expense							
Total non-commission expense	Total non-commission expense	169,180	156,514	8.1	499,569	453,835	10.1
Total cost of operations - policy issuance and renewal services	Total cost of operations - policy issuance and renewal services	$ 523,349	$ 466,111	12.3 %	$ 1,513,690	$ 1,352,050	12.0 %
Total cost of operations - policy issuance and renewal services							
Total cost of operations - policy issuance and renewal services							

Commissions – Commissions increased $44.6 million $67.0 million in the third first quarter of 2023 and $115.9 million for the nine months ended September 30, 2023 2024 compared to the same periods period in 2022, 2023, primarily driven by the growth in direct and affiliated assumed written premium partially offset by a decrease and an increase in agent incentive compensation. The estimated agent incentive payouts at September 30, 2023 March 31, 2024 are based on actual underwriting results for the two prior years and current year-to-date actual results and forecasted results for the remainder of 2023. 2024. The profitability component of agent incentive compensation decreased increased due to higher claims severity improved actual and related forecasted loss costs ratios in the three-year period ending 2023 compared to the three-year period ended 2022. 2024.

Non-commission expense – Non-commission expense increased $12.7 million $14.3 million in the third first quarter of 2023 2024 compared to the third first quarter of 2022. 2023. Underwriting and policy processing expense increased $2.8 million $4.4 million primarily due to increased underwriting report and personnel costs. Information technology costs decreased $3.7 million primarily due to an increase in capitalized professional fees and personnel costs related to technology initiatives. Sales and advertising expense increased $0.9 million $4.3 million primarily due to increased professional fees. agent-related costs. Administrative and other costs increased $9.7 million $7.2 million primarily due to an increase in personnel costs and professional fees. travel costs.

Non-commission expense increased $45.7 million in the nine months ended September 30, 2023 compared to the same period in 2022. Underwriting and policy processing expense increased $9.1 million primarily due to increased underwriting report, personnel, and postage costs. Information technology costs increased $15.7 million primarily due to increased professional fees, hardware and software costs, and personnel costs. Administrative and other costs increased $20.3 million primarily due to an increase in personnel costs. Personnel costs in both the third quarter and nine months ended September 30, 2023 were impacted by increased compensation including higher estimated costs for incentive plan awards, partially offset by lower pension costs due to an increase in the discount rate compared to 2022. Increases in incentive plan costs in both periods were driven by improved direct written premium and policies in force growth and a higher company stock price at September 30, 2023 compared to September 30, 2022.

Administrative services

	Three months ended September 30,	Nine months ended September 30,

(dollars in thousands)	2023	2022	% Change	2023	2022	% Change
	(Unaudited)			(Unaudited)		
Management fee revenue - administrative services	$ 16,151	$ 14,657	10.2 %	$ 46,976	$ 43,446	8.1 %
Administrative services reimbursement revenue	187,118	168,653	10.9	544,411	492,655	10.5
Total revenue allocated to administrative services	203,269	183,310	10.9	591,387	536,101	10.3
Administrative services expenses						
Claims handling services	163,164	146,097	11.7	470,959	427,483	10.2
Investment management services	9,148	9,273	(1.4)	26,366	28,264	(6.7)
Life management services	14,806	13,283	11.5	47,086	36,908	27.6
Operating income - administrative services	$ 16,151	$ 14,657	10.2 %	$ 46,976	$ 43,446	8.1 %

Administrative services

	Three months ended March 31,		
(dollars in thousands)	2024	2023	% Change
	(Unaudited)		
Management fee revenue - administrative services	$ 16,934	$ 15,189	11.5 %
Administrative services reimbursement revenue	191,567	172,827	10.8
Total revenue allocated to administrative services	208,501	188,016	10.9
Administrative services expenses			
Claims handling services	167,963	148,200	13.3
Investment management services	8,593	8,745	(1.7)
Life management services	15,011	15,882	(5.5)
Operating income - administrative services	$ 16,934	$ 15,189	11.5 %

Administrative services

The management fee revenue allocated to administrative services was 0.60% and 0.70% of the direct and affiliated assumed premiums written by the Exchange for both the three and nine month periods ended September 30, 2023 March 31, 2024 and 2022. 2023, respectively. This portion of the management fee is recognized as revenue over a four-year period representing the time over which the services are provided. We also report reimbursed costs as revenues, which are recognized monthly as services are provided. The administrative services expenses we incur and the related reimbursements we receive are recorded gross in the Statements of Operations.

Cost of administrative services

By virtue of Consistent with its legal structure as a reciprocal insurer, the Exchange does not have any employees or officers. Therefore, it enters into contractual relationships by and through an the subscribers' attorney-in-fact. Indemnity serves as the attorney-in-fact on behalf of the subscribers at Exchange with respect to its administrative services as enumerated in accordance with the subscriber's agreement. The Exchange's insurance subsidiaries also utilize Indemnity for these services in accordance with the service agreements between each of the subsidiaries and Indemnity. The subscriber's agreement and service agreements provide for reimbursement of amounts incurred for these services to Indemnity. Reimbursements due from the Exchange and its insurance subsidiaries are recorded as a receivable and settled at cost.

Total investment income (loss)

A summary of the results of our investment operations is as follows: follows for the three months ended March 31:

		Three months ended September 30,			Nine months ended September 30,		
		2024					
		2024					
		2024					
(dollars in thousands)	*(dollars in thousands)*	2023	2022	% Change	2023	2022	% Change
		(Unaudited)			(Unaudited)		
(dollars in thousands)							
(dollars in thousands)							

Net investment income	Net investment income	$	14,642	$	5,834	NM %	$	30,360	$	24,606	23.4 %
Net realized and unrealized investment losses			(2,227)		(6,230)	64.3		(9,246)		(23,833)	61.2
Net investment income											
Net investment income											
Net realized and unrealized investment gains (losses)											
Net realized and unrealized investment gains (losses)											
Net realized and unrealized investment gains (losses)											
Net impairment losses recognized in earnings											
Net impairment losses recognized in earnings											
Net impairment losses recognized in earnings	Net impairment losses recognized in earnings		(113)		(175)	(35.2)		(1,917)		(429)	NM
Total investment income (loss)	Total investment income (loss)	$	12,302	$	(571)	NM %	$	19,197	$	344	NM %
Total investment income (loss)											
Total investment income (loss)											

NM = not meaningful

Net investment income

Net investment income includes interest and dividends on our fixed maturity and equity security portfolios and the results of our limited partnership investments, net of investment expenses. Net investment income increased $8.8 million and $5.8 million $13.7 million in the third first quarter and nine months ended September 30, 2023, of 2024, compared to the same periods period in 2022. The increase in the third quarter of 2023, was primarily due to a decrease higher equity in earnings of limited partnership losses partnerships and an increase in bond income due to as a result of higher yields. The increase for the nine months ended September 30, 2023 was primarily due to an increase Included in bond and cash and cash equivalent net investment income driven by higher yields and increased rates, partially offset by an increase in is $0.5 million of limited partnership losses. Net investment income included limited partnership earnings in the first quarter of 2024 compared to losses of less than $0.1 million in the third quarter of 2023 compared to $4.6 million $10.8 million for the same period in 2022 and $10.7 million of limited partnership losses for the nine months ended September 30, 2023, compared to $2.2 million for the same period in 2022. 2023.

Net realized and unrealized investment losses gains (losses)

A breakdown of our net realized and unrealized investment gains (losses) gains is as follows: follows for the three months ended March 31:

		Three months ended September 30,		Nine months ended September 30,	
(in thousands)	*(in thousands)*	2023	2022	2023	2022
(in thousands)					
(in thousands)					
Securities sold:					
Securities sold:					
Securities sold:	Securities sold:	(Unaudited)		(Unaudited)	
Available-for-sale securities	Available-for-sale securities	$ (2,480)	$ (4,606)	$ (6,195)	$ (9,108)
Available-for-sale securities					
Available-for-sale securities					
Equity securities	Equity securities	91	243	(2,636)	(1,327)
Equity securities change in fair value		153	(1,867)	(424)	(13,400)
Miscellaneous		9	0	9	2
Net realized and unrealized investment losses		$ (2,227)	$ (6,230)	$ (9,246)	$ (23,833)

Equity securities
Equity securities
Change in fair value on remaining equity securities
Change in fair value on remaining equity securities
Change in fair value on remaining equity securities
Net realized and unrealized investment gains (losses)
Net realized and unrealized investment gains (losses)
Net realized and unrealized investment gains (losses)

Net realized and unrealized losses gains of $1.9 million during the three and nine months ended September 30, 2023 first quarter of 2024 were primarily due to disposals market value adjustments in the preferred stock portfolio. Net realized and unrealized losses of available-for-sale securities. The nine months ended September 30, 2023 also included $5.3 million during the same period in 2023 were primarily due to disposals of equity securities impacted by the banking industry events in the first quarter as well as disposals of 2023. Net realized available-for-sale securities and unrealized losses during the same periods in 2022 were primarily due to market value adjustments on equity securities and disposals of available-for-sale securities.

Net impairment losses recognized in earnings

Net impairment losses during of $2.7 million in the three and nine months ended September 30, 2023 and 2022 were first quarter of 2024 include $2.2 million of current expected credit losses recognized on held-to-maturity securities. See "Other assets" in Part I, Item 1. "Financial Statements - Note 2, Significant Accounting Policies, of Notes to Financial Statements" for additional information. The first quarter of 2024 also includes $0.3 million related to available-for-sale securities in an unrealized loss position where we had both the intent to sell prior to recover recovery of our amortized cost basis as well as and credit-related impairment losses. Net impairment losses of $1.6 million in the first quarter of 2023 included $1.4 million of intent to sell related impairments and $0.2 million of credit impairment losses. impairments on available-for-sale securities.

Financial condition Condition of Erie Insurance Exchange

Serving in the capacity of attorney-in-fact for the subscribers at the Exchange, we are dependent on the growth and financial condition of the Exchange, who is our sole customer. The strength of the Exchange and its wholly owned subsidiaries is rated annually by A.M. Best Company through assessing its financial stability and ability to pay claims. The ratings are generally based upon factors relevant to policyholders and are not directed toward return to investors. The Exchange and each of its property and casualty subsidiaries are rated A+ "Superior", the second highest financial strength rating, which is assigned to companies that have achieved superior overall performance when compared to the standards established by A.M. Best and have a superior ability to meet obligations to policyholders over the long term. On August 10, 2023, the outlook for the financial strength rating was affirmed as stable. As of December 31, 2022 December 31, 2023, only approximately 12% of insurance groups, in which the Exchange is included, are rated A+ or higher.

The financial statements of the Exchange are prepared in accordance with statutory accounting principles prescribed by the Commonwealth of Pennsylvania. Financial statements prepared under statutory accounting principles focus on the solvency of the insurer and generally provide a more conservative approach than under U.S. generally accepted accounting principles. Statutory direct written premiums of the Exchange and its wholly owned property and casualty subsidiaries grew 16.2% 19.0% to $7.6 billion $2.7 billion in the first nine three months of 2023 2024 compared to the first nine three months of 2022. 2023. These premiums, along with investment income, are the major sources of cash that support the operations of the Exchange. Policyholders' surplus determined under statutory accounting principles was $9.1 billion $9.5 billion at September 30, 2023 March 31, 2024 and $10.1 billion $9.3 billion at December 31, 2022 December 31, 2023. The Exchange and its wholly owned property and casualty subsidiaries' year-over-year policy retention ratio continues to be high at 91.1% 91.2% at September 30, 2023 both March 31, 2024 and 90.5% at December 31, 2022 December 31, 2023.

We have prepared our financial statements considering the financial strength of the Exchange based on its A.M. Best rating and strong level of surplus. See Part I. Item 1A. "Risk Factors" included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023 as filed with the Securities and Exchange Commission on March 1, 2023 February 26, 2024 for possible outcomes that could impact that determination.

FINANCIAL CONDITION

Investments

Our investment portfolio is managed with the objective of maximizing after-tax returns on a risk-adjusted basis. The following table presents the carrying value of our investments as of:

(dollars in thousands)	*(dollars in thousands)*	September 30, 2023	% to total	December 31, 2022	% to total	*(dollars in thousands)*	March 31, 2024		% to total		December 31, 2023		% to total

		(Unaudited)					(Unaudited)	
Fixed maturities		$ 915,237	85 %	$ 894,661	84 %			
Available-for-sale securities						Available-for-sale securities	$ 969,645 84 %	$961,241 85 %
Equity securities	Equity securities	79,516	7	72,560	7			
Agent loans (1)	Agent loans (1)	68,192	6	69,476	7			
Other investments		17,196	2	30,511	2			
Other investments (2)								
Total investments	Total investments	$1,080,141	100 %	$1,067,208	100 %	Total investments	$ 1,152,045 100 100 %	$ 1,136,307 100 100 %

(1) *The current portion of agent loans is included in the line item "Prepaid expenses and other current assets" in the Statements of Financial Position.*

(2) *The current and long-term portions of other investments are included in the line items "Prepaid expenses and other current assets" and "Other assets, net", respectively in the Statements of Financial Position.*

Fixed maturities

Under our investment strategy, we maintain a fixed maturity portfolio that is of high quality and well diversified within each market sector. This investment strategy also achieves a balanced maturity schedule. Our fixed maturity portfolio is managed with the goal of achieving reasonable returns while limiting exposure to risk.

Fixed maturities Available-for-sale securities are carried at fair value with unrealized gains and losses, net of deferred taxes, included in shareholders' equity. Net unrealized losses on fixed maturities, net of deferred taxes, totaled $49.7 million $25.5 million at September 30, 2023 March 31, 2024, compared to $52.5 million $24.7 million at December 31, 2022 December 31, 2023.

The following table presents a breakdown of the fair value of our fixed maturity portfolio by industry sector and rating as of:

(in thousands)	*(in thousands)*	September 30, 2023 (1)						*(in thousands)*	March 31, 2024 (1)
		AAA	AA	A	BBB	Non-investment grade	Fair value		
		(Unaudited)							
		AAA							AAA AA A BBB Non- investment grade Fair value
		(Unaudited)							(Unaudited)
Basic materials	Basic materials	$ 0	$ 0	$ 919	$ 4,277	$ 5,981	$ 11,177		
Communications	Communications	0	2,845	13,502	11,360	14,293	42,000		
Consumer	Consumer	0	1,926	16,537	72,127	36,663	127,253		
Diversified	Diversified	0	0	0	0	186	186		
Energy	Energy	0	0	3,771	19,370	9,340	32,481		
Financial	Financial	0	1,998	94,085	117,595	12,586	226,264		
Government-municipal (2)									
Government-municipal (2)									
Government-municipal (2)									
Industrial	Industrial	0	0	7,741	18,214	24,152	50,107		
Structured securities (2)		124,505	182,051	24,139	16,529	162	347,386		
Industrial									
Industrial									
Structured securities (3)									
Technology	Technology	1,858	0	2,946	20,765	12,780	38,349		
U.S. Treasury									
Utilities	Utilities	0	0	3,118	33,175	3,741	40,034		
Total	Total	$ 126,363	$188,820	$166,758	$313,412	$ 119,884	$915,237		

(1) *Ratings are supplied by S&P, Moody's, and Fitch. Fitch with the exception of Government-municipal, which is unrated. The table is based upon the lowest rating for each security.*

(2) *Includes held-to-maturity securities totaling $4.8 million, which are included in the line item "Other assets, net" in the Statement of Financial Position.*

(3) *Structured securities include residential and commercial mortgage-backed securities, collateralized debt obligations, and asset-backed securities.*

Equity securities

Equity securities primarily include nonredeemable preferred stocks and are carried at fair value in the Statements of Financial Position with all changes in unrealized gains and losses reflected in the Statements of Operations.

The following table presents an analysis of the fair value of our equity securities by sector as of:

(in thousands)	*(in thousands)*	September 30, 2023	December 31, 2022
		(Unaudited)	
(in thousands)			
(in thousands)			
		(Unaudited)	
		(Unaudited)	
		(Unaudited)	
Financial services			
Financial services			
Financial services	Financial services	$ 65,071	$ 61,084
Utilities	Utilities	7,291	5,708
Utilities			
Utilities			
Energy			
Energy			
Energy	Energy	4,131	3,576
Consumer	Consumer	2,288	1,854
Consumer			
Consumer			
Technology			
Technology			
Technology	Technology	500	0
Industrial	Industrial	177	0
Industrial			
Industrial			
Communications			
Communications			
Communications	Communications	58	338
Total	Total	$ 79,516	$ 72,560
Total			
Total			

LIQUIDITY AND CAPITAL RESOURCES

We continue to monitor the sufficiency of our liquidity and capital resources given the potential impact of current economic conditions, including the uncertain inflationary pressures and rising interest rates. We maintain relationships and cash balances at diversified and well-capitalized financial institutions and have established processes to monitor them. rate environment. While we did not see a significant impact on our sources or uses of cash in the first nine months quarter of 2023, 2024, future market disruptions could occur which may affect our liquidity position. If our normal operating and investing cash activities were to become insufficient to meet future funding requirements, we believe we have sufficient access to liquidity through our cash position, diverse liquid marketable securities, and our $100 million bank revolving line of credit that does not expire until October 2026. See broader discussions of potential risks to our operations in the Operating Overview contained within this report and Part I. Item 1A. "Risk Factors" included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023 as filed with the Securities and Exchange Commission on March 1, 2023 February 26, 2024.

Sources and Uses of Cash

Liquidity is a measure of a company's ability to generate sufficient cash flows to meet the short- and long-term cash requirements of its business operations and growth needs. Our liquidity requirements have been met primarily by funds generated from management fee revenue and income from investments. Cash provided from these sources is used primarily to fund the costs of our management operations including commissions, salaries and wages, pension plans, share repurchases, dividends to shareholders, the purchase and development of information technology, and other capital expenditures. See Part I, Item 1. "Financial Statements - Note 8, Postretirement Benefits, of Notes to Financial Statements" contained within this report for the funding policy and related contribution for our defined benefit pension plan funding policy. plan. We expect that our operating cash needs will be met by funds generated from operations. Cash in excess of our operating needs is primarily invested in investment grade fixed maturities. As part of our liquidity review, we regularly evaluate our capital needs based on current and projected results and consider the potential impacts to our liquidity, borrowing capacity, financial covenants and capital availability.

We maintain relationships and cash balances at diversified and well-capitalized financial institutions and have established processes to monitor them. We believe that our current cash, cash equivalents and marketable securities and cash generated from operations will be sufficient to meet our current and future cash requirements.

Volatility in the financial markets presents challenges to us as we do occasionally access our investment portfolio as a source of cash. Some of our fixed income investments, despite being publicly traded, may be illiquid. Volatility in these markets could impair our ability to sell certain fixed income securities or cause such securities to sell at deep discounts. We believe we have sufficient liquidity to meet our needs from sources other than the liquidation of securities.

Cash flow activities

The following table provides condensed cash flow information as follows for the nine three months ended September 30: March 31:

(in thousands)	(in thousands)	2023	2022		
		(Unaudited)			
(in thousands)					
(in thousands)				2024	2023
		(Unaudited)			(Unaudited)
Net cash provided by operating activities	Net cash provided by operating activities	$232,769	$238,108		
Net cash used in investing activities	Net cash used in investing activities	(105,730)	(74,997)		
Net cash used in financing activities	Net cash used in financing activities	(166,256)	(249,149)		
Net decrease in cash and cash equivalents		$ (39,217)	$ (86,038)		
Net increase (decrease) in cash, cash equivalents, and restricted cash					

Net cash provided by operating activities was $232.8 million $87.2 million in the first nine three months of 2023, 2024, compared to $238.1 million $48.0 million for the same period in 2022. Decreased 2023. Increased cash provided by operating activities was primarily due to an increase in cash paid for agent commissions of $117.8 million due to higher scheduled commissions driven by premium growth, and increases in pension and employee benefits paid of $93.8 million and general operating expenses paid of $39.8 million driven by higher hardware and software costs and information technology-related professional fees. Pension contributions totaled $95.0 million in 2023 compared to $25.0 million in 2022. Partially offsetting this decrease in cash provided by operating activities was an increase in management fees received of $225.0 million $106.4 million driven by growth in direct and affiliated assumed premiums written by the Exchange and a decrease in agent bonuses incentive compensation paid of $18.7 million $26.5 million. This was partially offset by increases in cash paid for agent commissions of $53.2 million driven by premium growth and pension and employee benefits paid of $34.3 million primarily due to a $33.0 million pension contribution in 2024.

Net cash used in investing activities was $105.7 million $27.0 million in the first nine three months of 2023, 2024, compared to $75.0 million $12.3 million for the same period in 2022. Increased 2023. In 2024 and 2023, net cash used in investing activities was primarily due to an increase in driven by fixed asset purchases of $21.2 million $22.4 million and an increase in purchases of equity securities of $13.2 million. The decrease in proceeds from sales $19.1 million, respectively, mostly related to software and maturities/calls of available-for-sale securities was mostly offset by a similar decrease in purchases of those securities.home office renovations.

Net cash used in financing activities was $166.3 million $59.4 million in the first nine three months of 2023, 2024, compared to $249.1 million $55.4 million for the same period in 2022. Decreased cash used in financing activities was primarily 2023, due to activity during the first nine months of 2022, which included repayment of the remaining $93.2 million balance dividends paid to shareholders. We increased both our Class A and Class B shareholder regular quarterly dividends by 7.1% for 2024, compared to 2023. There are no regulatory restrictions on the term loan credit facility in May 2022.payment of dividends to our shareholders.

Capital Outlook

We regularly prepare forecasts evaluating the current and future cash requirements for both normal and extreme risk events, including under current inflationary conditions and rising a higher interest rates. rate environment. Should an extreme risk event result in a cash requirement exceeding normal cash flows, we have the ability to meet our future funding requirements through various alternatives available to us.

Outside of our normal operating and investing cash activities, future funding requirements could be met through: 1) unrestricted and unpledged cash and cash equivalents, which totaled approximately $87.5 million $128.0 million at September 30, 2023 March 31, 2024, 2) $100 million available bank revolving line of credit, and 3) liquidation of unpledged assets held in our investment portfolio, including preferred stock equity securities and investment grade bonds which totaled approximately $759.4 million $801.1 million at September 30, 2023 March 31, 2024. Volatility in the financial markets could impair our ability to sell certain fixed income securities or cause such securities to sell at deep discounts. Additionally, we have the ability to curtail or modify discretionary cash outlays such as those related to shareholder dividends and share repurchase activities.

As of September 30, 2023 March 31, 2024, we have access to a $100 million bank revolving line of credit with credit. See Part I, Item 1. "Financial Statements - Note 7, Bank Line of Credit, of Notes to Financial Statements" contained within this report for additional information.

Off-Balance Sheet Arrangements

We have entered into certain contingent obligations for guarantees. See Part I, Item 1. "Financial Statements - Note 13, Commitments and Contingencies, of Notes to Financial Statements" contained within this report for additional information. We do not believe that these obligations will have a $25 million letter of credit sublimit that expires on October 29, 2026. As of September 30, 2023, a total of $99.1 million remains available under the facility due to $0.9 million outstanding letters of credit, which reduce the availability for letters of credit to $24.1 million. We had no borrowings outstanding material current or future effect on our line financial condition, results of credit as of September 30, 2023. Investments with a fair value of $114.2 million were pledged as collateral on the line of credit at September 30, 2023. These investments have no trading restrictions and are reported as available-for-sale securities and operations, or cash and cash equivalents in the Statement of Financial Position. The bank requires compliance with certain covenants, which include leverage ratios and debt restrictions. We were in compliance with all covenants at September 30, 2023.

flows.

CRITICAL ACCOUNTING ESTIMATES

We make estimates and assumptions that have a significant effect on the amounts and disclosures reported in the financial statements. The most significant estimates relate to investment valuation and retirement benefit plans for employees. While management believes its estimates are appropriate, the ultimate amounts may differ from estimates provided. Our most critical accounting estimates are described in Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" for the year ended December 31, 2022 December 31, 2023 of our Annual Report on Form 10-K as filed with the Securities and Exchange Commission on March 1, 2023 February 26, 2024. See Part I, Item 1. "Financial Statements - Note 5, Fair Value, of Notes to Financial Statements" contained within this report for additional information on our valuation of investments.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our exposure to market risk is primarily related to fluctuations in interest rates and prices. Quantitative and qualitative disclosures about market risk resulting from changes in interest rates, prices, and other risk exposures for the year ended December 31, 2022 December 31, 2023 are included in Item 7A. "Quantitative and Qualitative Disclosures About Market Risk" of our Annual Report on Form 10-K as filed with the Securities and Exchange Commission on March 1, 2023 February 26, 2024.

The current inflationary environment, rising interest rates, and a potential economic slowdown may create future volatility; however, there have been no material changes that impacted our portfolio or reshaped our periodic investment reviews of asset allocations during the nine three months ended September 30, 2023 March 31, 2024. We continue to closely monitor the economic environment and financial markets and will take appropriate measures, when necessary, to minimize potential risk exposure to our cash and investment balances. For a recent discussion of conditions surrounding our investment portfolio, see the "Operating Overview", "Results of Operations", and "Financial Condition" discussions contained in Part I, Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained within this report.

ITEM 4. CONTROLS AND PROCEDURES

We carried out an evaluation, with the participation of management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (pursuant to Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective.

Our management evaluated, with the participation of the Chief Executive Officer and Chief Financial Officer, any change in our internal control over financial reporting and determined there has been no change in our internal control over financial reporting during the nine three months ended September 30, 2023 March 31, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Erie Indemnity Company ("Indemnity") was named as a defendant in a complaint filed on August 24, 2021, by alleged subscribers of the Erie Insurance Exchange (the "Exchange") in the Court of Common Pleas Civil Division of Allegheny County, Pennsylvania captioned TROY STEPHENSON, CHRISTINA STEPHENSON, SUSAN RUBEL, and STEVEN BARNETT, individually and on behalf of all others similarly situated (Plaintiffs) v. Erie Indemnity Company (Defendant).

The complaint seeks relief for alleged breaches of fiduciary duty by Indemnity in connection with the setting of the management fee it receives, pursuant to in accordance with the terms of the Subscribers Agreement executed between Indemnity and all policyholders of the Exchange, as compensation for acting as the attorney-in-fact in the management of the Exchange. The relief sought is for the period beginning two years prior to the date of the filing of the complaint and continuing through 2021.

The complaint seeks (i) a finding that Indemnity has breached its fiduciary duties; (ii) an award of damages in an amount to be determined at trial; and (iii) such other relief, including disgorgement of profits or other injunctive relief, that the Court deems just and proper.

Service of the complaint was effectuated on September 20, 2021. A Notice of Removal to the United States District Court for the Western District of Pennsylvania was filed on October 20, 2021. On November 2, 2021, Plaintiffs filed a Notice of Voluntary Dismissal. As a result, the action was dismissed without prejudice.

On December 6, 2021, another Complaint was filed in the Court of Common Pleas of Allegheny County, Pennsylvania captioned ERIE INSURANCE EXCHANGE, an unincorporated association, by TROY STEPHENSON, CHRISTINA STEPHENSON, and STEVEN BARNETT, trustees ad litem, and alternatively, ERIE INSURANCE EXCHANGE, by TROY STEPHENSON, CHRISTINA STEPHENSON, and STEVEN BARNETT, (Plaintiff), v. ERIE INDEMNITY COMPANY, (Defendant).

This most recent complaint has the same allegation of breach of fiduciary duty by Indemnity in connection with the setting of the management fee it receives, pursuant to in accordance with the terms of the Subscribers Agreement executed between Indemnity and all policyholders of the Exchange, as compensation for acting as the attorney-in-fact in the management of the Exchange.

This most recent complaint seeks the same relief, specifically, (i) a finding that Indemnity has breached its fiduciary duties; (ii) an award of damages in an amount to be determined at trial; and (iii) such other relief, including disgorgement of profits or other injunctive relief, that the Court deems just and proper.

A Notice of Removal to the United States District Court for the Western District of Pennsylvania was filed on January 27, 2022. Indemnity intends to vigorously defend against all of the allegations and requests for relief in the complaint.

By Memorandum Opinion and Order dated September 28, 2022, the Court granted the Motion for Remand and directed the case be remanded to the Court of Common Pleas of Allegheny County, Pennsylvania. On September 30, 2022, Indemnity filed a Motion to Stay the Remand Order pending an appeal to the United States Court of Appeals for the Third Circuit. On October 3, 2022, the Court granted the Stay. On October 11, 2022, Indemnity filed a Petition for Permission to Appeal the Remand Order with the Third Circuit. By Order dated November 7, 2022, a three judge panel of the Court denied the Petition to Appeal.

On November 21, 2022, Indemnity filed a Petition for Rehearing requesting that the Third Circuit permit the appeal. By Order dated January 9, 2023, the Court granted the petition for rehearing and vacated the prior Order of October 7, 2022, denying permission to appeal. On April 20, 2023, argument was held before a three-judge panel of the Third Circuit. By Opinion dated May 22, 2023, the Court affirmed the decision of the District Court finding that there was no basis for federal court jurisdiction and that the matter had been properly remanded to state court. On June 5, 2023, Indemnity filed a Petition for Panel Rehearing or Rehearing En Banc. By Order dated June 22, 2023, the Court denied the Petition. The United States District Court thereafter extended its stay of the issuance of the remand order through the conclusion of any proceedings in the United States Supreme Court challenging the decision of the United States Court of Appeals for the Third Circuit that no federal jurisdiction exists in this case.

On October 20, 2023, Indemnity intends to vigorously defend against all filed a Petition for Writ of Certiorari with the Supreme Court of the allegations and requests United Stated. The Petition seeks a determination from the Court that the lower courts improperly denied federal jurisdiction. By order dated February 26, 2024, the United States Supreme Court denied Indemnity's Petition for relief in the complaint. Writ of Certiorari.

Separately, Indemnity filed a Complaint in Federal Court to invoke certain provisions of the “All Writs Act” and the “Anti-Injunction Act.” By filing this complaint, Indemnity seeks to protect the federal court’s prior binding, final judgments in favor

of Indemnity and thereby foreclose further litigation of the claims and issues pertaining to the compensation practices that were the subject of the prior judgments. After the denial of certiorari, the district court, by Opinion and Order dated February 28, 2024, granted Indemnity’s motion for a preliminary injunction under the All Writs Act after determining that the gravamen of the plaintiff’s state court action “is the same” as two actions previously dismissed in federal court, that Indemnity would be irreparably harmed if it is forced to relitigate those same issues in state court, plaintiffs had a full and fair opportunity to litigate the same issues in prior litigation, and that an injunction would serve the public interest. The Court’s order preliminarily enjoined the named plaintiffs from pursuing the Erie Ins. Exch. v. Erie Indem. Co. action and enjoined the state court from conducting further proceedings in that action. The court ordered Indemnity to file a motion to convert the preliminary injunction into a permanent injunction, but the court later stayed that order, in light of a notice of appeal filed by plaintiffs.

Indemnity intends to vigorously defend the district court's order on appeal and to otherwise defend against all allegations and requests for relief sought by plaintiffs.

For additional information on contingencies, see Part I, Item 1. "Financial Statements - Note 13, Commitment and Contingencies, of Notes to Financial Statements".

ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023 as filed with the Securities and Exchange Commission on March 1, 2023 February 26, 2024.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

In 2011, our Board of Directors approved a continuation of the current stock repurchase program, authorizing repurchases for a total of $150 million with no time limitation. This repurchase authority included, and was not in addition to, any unspent amounts remaining under the prior authorization.

The following table provides information regarding our Class A nonvoting common stock share repurchases during the quarter ending September 30, 2023 March 31, 2024:

(dollars in thousands, except per share data)	*(dollars in thousands, except per share data)*				
Period	Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced program	Dollar value of shares that may yet be purchased under the program
Period Period		Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced program	Dollar value of shares that may yet be purchased under the program
July 1-31, 2023		—	$ —	—	$ 17,754
August 1-31, 2023 (1)		1,445	220.79	—	17,754
September 1-30, 2023		—	—	—	17,754
January 1-31, 2024					
January 1-31, 2024					
January 1-31, 2024					
February 1-29, 2024					
March 1-31, 2024 (1)					
Total	Total	1,445	220.79	—	

(1) Represents shares purchased on the open market to fund the rabbi trust for the outside director deferred stock compensation plan.

ITEM 6. EXHIBITS

Exhibit Number	Description of Exhibit
10.1+*	Supplemental Retirement Plan for Certain Members of the Erie Insurance Group Retirement Plan for Employees (Amended and Restated as of January 1, 2023), dated August 15, 2023.
31.1+	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2+	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32++	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS+	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH+	Inline XBRL Taxonomy Extension Schema Document.
101.CAL+	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF+	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB+	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE+	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104+	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Indicates management compensatory plan, contract, or arrangement.
\+ Filed herewith.
++ Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Erie Indemnity Company
(Registrant)

Date: October 26, 2023 April 25, 2024

By: /s/ Timothy G. NeCastro
Timothy G. NeCastro, President & CEO

By: /s/ Julie M. Pelkowski
Julie M. Pelkowski, Executive Vice President & CFO

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Exhibit 10.1

SUPPLEMENTAL RETIREMENTPLANFOR CERTAIN MEMBERS OF THE ERIE INSURANCE GROUP RETIREMENT PLAN FOR EMPLOYEES

(Amended and Restated as of January 1, 2023)

This Supplemental Retirement Plan for Certain Members of the Erie Insurance Group Retirement Plan for Employees (the “Plan”) is an unfunded, non-qualified, deferred compensation arrangement created for a select group of management and highly compensated employees of Erie Indemnity Company (the “Company”) and its affiliates. It is intended that the Plan will aid in retaining and attracting qualified executives by providing retirement benefits in addition to the retirement benefits that may be provided under the tax-qualified Erie Insurance Group Retirement Plan for Employees (the “Qualified Plan”).

The Plan was established effective as of December 31, 1986, has been amended from time to time and was last amended and restated effective January 1, 2009. This amendment and restatement of the Plan shall constitute an amendment, restatement and continuation of the Plan and is generally effective as of January 1, 2023. However, certain provisions of this amendment and restatement are effective as of some other date. Events occurring before the applicable effective date of any provision of this amendment and restatement shall be governed by the applicable provision of the Plan as in effect on the date of the event.

SECTION 1 - INCORPORATION OF THE QUALIFIED PLAN AND DEFINITIONS

1.1 The Qualified Plan, with any amendments thereto in effect as of January 1, 2023, shall be attached hereto as Exhibit I and is hereby incorporated by reference into and shall be a part of this Plan as fully as if set forth herein verbatim. Any amendment made to the Qualified Plan shall also be incorporated by reference into, and form a part of, the Plan

effective as of the effective date of such amendment; provided, however, that such incorporation of a Qualified Plan amendment shall not apply with respect to any term or provision that is expressly addressed in this Plan document. The Qualified Plan, whenever referred to in the Plan, shall mean the Qualified Plan existing as of the date the relevant determination is being made under the Plan. To the extent the provisions of the Qualified Plan, as applicable to the Supplemental Plan Benefits of Participants hereunder and all persons claiming by or through such Participants, are inconsistent with the provisions of the Plan, the provisions of the Plan shall govern. Notwithstanding any provision of the Plan to the contrary, in no event shall the Supplemental Plan Benefits accrued and payable hereunder be paid from the trust fund under the Qualified Plan or have any effect whatsoever upon the Qualified Plan or the payment of benefits from the trust fund under the Qualified Plan. Words and phrases with initial capital letters which are used in the Qualified Plan and in the Plan shall have the meanings assigned to them under the provisions of the Qualified Plan unless otherwise specified herein or as otherwise qualified by the context in which the term is used in the Plan.

1.2 Without limiting the generality of Section 1.1, the following terms shall be given the meanings described in this Section 1.2:

(a) “<u>Actuarial Equivalent</u>” shall mean a benefit of equivalent value to the benefit otherwise described as determined on the basis of the actuarial assumptions specified under the Qualified Plan as of the date of determination; provided, however, that for purposes of determining either the Pre-2022 Supplemental Plan Benefit lump sum equivalent to any Supplemental Plan Benefit or Post-2021 Supplemental Plan Benefit installments equivalent to any Supplemental Plan Benefit, equivalent value shall be determined on the basis of the applicable mortality table under Section 417(e)(3)(B) of the Code in effect as of the date of determination (the 1994 Group Annuity Reserving table, as defined in IRS

Revenue Ruling 2001-62, with respect to determinations before December 31, 2008) and an interest rate equal to the average of the Moody's Aa corporate bond rates for the second calendar month immediately preceding the calendar month as of which the lump sum distribution is made or installments are scheduled to commence, as applicable.

(b) "Administrator" shall mean the person or committee, appointed by the Chief Executive Officer of the Company, who shall be responsible for the administrative functions assigned to it under the Plan.

(c) "Affiliate" shall mean a corporation or partnership in which more than 50% of the equity is owned directly or indirectly by the Company including, without limitation, the following: Erie Family Life Insurance Company, Erie Insurance Company, EI Holding Corp., EI Service Corp., Erie Insurance Company of New York, Erie Insurance Property & Casualty Company, Flagship City Insurance Company and Erie Resource Management Corp.

(d) "Beneficiary" shall mean, effective January 1, 2022, the individual(s), trust(s) or other entity(ies) permitted by the Administrator and selected by a Participant to receive payment of amounts credited under the Plan in the event of the Participant's death, as evidenced by the most recent, properly completed and executed, Beneficiary designation which the Participant has delivered to the Administrator prior to the Participant's death. Any such Beneficiary designation shall apply in the event of the Participant's death before commencement of payments and to any payments to a Beneficiary after the Participant's death. A Participant may change his Beneficiary at any time by delivering a new designation of Beneficiary to the Administrator in such manner as may be satisfactory to the Administrator. A new designation of Beneficiary shall be effective upon receipt by the Administrator of the completed and executed designation. As of such effective date, the new designation shall divest any

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Beneficiary named in a prior designation in that interest indicated in the prior designation. Any marriage or divorce finalized after the date of a Beneficiary designation shall not serve to revoke the prior designation. If no effective Beneficiary designation is in effect on the death of the Participant, or if all designated Beneficiaries have predeceased the Participant, any payments to be made under the Plan on account of the Participant's death shall be paid to the estate of the Participant.

A Beneficiary of a Participant who has died may designate, in accordance with the foregoing procedures, a Beneficiary to receive payment of amounts remaining under the Plan.

(e) "Board" shall mean the Board of Directors of the Erie Indemnity Company.

(f) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(g) "Committee" shall mean the Executive Compensation and Development Committee of the Board, or its successor, as designated by the Board.

(h) "Company" shall mean the Erie Indemnity Company, a Pennsylvania business corporation.

(i) "Controlled Group Member" shall mean any organization which, together with the Company, is a member of a controlled group of corporations under Sections 414(b), 414(c) and 1563(a) of the Code, applying an 80% test for purposes of Section 1563(a).

(j) "Covered Employee" is a term that is defined in Article II of the Qualified Plan document.

(k) "Earliest Retirement Date" means the first date on which a Participant has both attained age 55 years and completed at least 15 years of Credited Service. The attainment of age 65 years shall be the Earliest Retirement Date with respect to a

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Participant who has incurred a Separation from Service before satisfying the criteria set forth in the preceding sentence.

(l) "Employer" is a term that is defined in Article II of the Qualified Plan document.

(m) "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

(n) "Normal Retirement Date" shall be the first day of the month next following the month in which a Participant attains age 65 years.

(o) "Participant" shall mean a Covered Employee who participates in the Plan in accordance with the terms and conditions of this Plan document. Participant shall also include a former Covered Employee who had become a Participant as a Covered Employee and who is, at the time of determination, receiving a benefit (or entitled to receive a benefit) payable from the Company pursuant to the terms of the Plan.

(p) "Plan" shall mean this Supplemental Retirement Plan for Certain Members of the Erie Insurance Group Retirement Plan for Employees, including any amendments hereto.

(q)"Post-2021 Supplemental Plan Benefit" shall mean the Supplemental Plan Benefit, if any, earned by a Participant under Section 4 on and after January 1, 2022.

(r)"Pre-2022 Supplemental Plan Benefit" shall mean the Supplemental Plan Benefit, if any, earned by a Participant under Section 4 as of the earlier of December 31, 2021 and the date the Participant incurred a Separation from Service.

(s) "Qualified Plan" shall mean the Erie Insurance Group Retirement Plan for Employees, as in effect as of the date the relevant determination is being made under the Plan.

(t) "Restoration Benefit" shall mean the benefit provided under Section 4.2. A Restoration Benefit shall be expressed in the form of a single life annuity.

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(u) "Separation from Service" shall mean an individual's complete cessation of all services as an Employee for the Company and all Controlled Group Members or as otherwise set forth below:

(i) A Separation from Service shall not be considered to have occurred if the individual's employment relationship is treated by an Employer as continuing while the individual is on military leave, sick leave, or other bona fide leave of absence if such period of leave does not exceed six months or, if longer, so long as the individual's right to reemployment is provided by statute or by contract. If the period of leave exceeds six months and such reemployment rights are not provided, the employment relationship is deemed to cease on the first date immediately following such six-month period.

(ii) A Separation from Service shall also not be considered to have occurred if the individual's employment relationship is treated by an Employer as continuing while the individual is on a leave of absence due to any medically determinable physical or mental impairment that can be expected to result in death or to last for a continuous period of not less than six months, where such impairment causes the individual to be unable to perform the duties of his position or any substantially similar position, provided that, for purposes of the Plan, the employment relationship shall be considered to continue no longer than 29 months or, if longer, so long as the individual's right to reemployment is provided by statute or by contract. If the period of leave exceeds 29 months and such reemployment rights are not provided, the employment relationship is deemed to cease on the first date immediately following such 29-month period.

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(iii) A Separation from Service shall also not be considered to have occurred, regardless of the level of services anticipated or provided by the individual as an employee, if the individual continues to provide services to the Employer in a capacity other than as an employee of the Employer at a rate that is fifty percent (50%) or more of the level of services rendered, on average, during the immediately preceding 36-month period (or the full period of such services, if less than 36 months) and the remuneration for such services is fifty percent (50%) or more of the average remuneration earned during the 36-month period (or the full period of such services, if less than 36 months).

(iv) Otherwise, a Separation from Service is presumed to have occurred if the facts and circumstances indicate that (A) an Employer and the individual reasonably anticipated that no further services would be performed after a certain date or that the level of bona fide services the individual would perform after such date would permanently decrease to 20% or less of the average level of bona fide services over the immediately preceding 36-month period (or the full period of such services, if less than 36 months) or (B) the level of bona fide services the individual performs after a given date decreases to a level equal to 20% or less of the average level of bona fide services performed by the individual over the immediately preceding 36-month period (or the full period of such services, if less than 36 months).

(v) "Specified Employee" shall mean, for any period during which the Company remains publicly traded, an individual who is included in the group of employees who are determined to be "key employees" under Section 416(i)(1)(A)(i), (ii), or (iii) of the Code (as applied in accordance with regulations thereunder and

disregarding Section 416(i)(5) of the Code), identified in the manner and under the procedures specified in a writing adopted by the Committee.

(w) "Supplemental Plan Benefit" shall mean, to the extent applicable to any given Participant, the Restoration Benefit or the Supplemental Retirement Income Benefit and, as applicable to any given Participant, shall include the Participant's Pre-2022 Supplemental Plan Benefit and Post-2021 Supplemental Plan Benefit.

(x) "Supplemental Plan Service" shall mean the greater of:

(i) An Employee's period of employment with an Employer as both a Covered Employee and an Executive Vice President or higher-ranking executive; and

(ii) An Employee's period of employment with an Employer during which he is both a Covered Employee and a Participant in the Plan.

Supplemental Plan Service shall be measured in consecutive twelve-month periods, including leaves of absence. Notwithstanding the foregoing, the Committee, in a separate writing, may provide that a given Participant's Supplemental Plan Service be determined in a manner that is different than that set forth above.

(y) "Supplemental Retirement Income Benefit" shall mean the benefit provided under Section 4.1. A Supplemental Retirement Income Benefit shall be expressed in the form of a ten-year certain and life thereafter annuity.

SECTION 2 - ADMINISTRATION

2.1 The Administrator shall be charged with the administration of the Plan. The Administrator shall have all such powers as may be necessary to discharge its duties relative to the administration of the Plan, including by way of illustration and not limitation, discretionary authority to interpret and construe the Plan, to determine and decide all questions of fact, and all disputes arising under the Plan including, but not

limited to, the eligibility of any employee to participate in the Plan, the validity of any election or designation as may be necessary or appropriate hereunder and the right of any Participant, surviving spouse or Beneficiary to receive payment of all or any portion of a Supplemental Plan Benefit otherwise determined hereunder. The Administrator shall have all power necessary to adopt, alter and repeal such administrative rules, regulations and practices governing the operation of the Plan as it, in its sole discretion, may from time to time deem advisable and shall have the power to make equitable adjustments to remedy any mistakes or errors made in the administration of the Plan. The Administrator shall not be liable to any person for any action taken or omitted in connection with the interpretation and administration of the Plan unless attributable to willful misconduct. The Administrator, the Company and its respective officers and directors shall be entitled to conclusively rely upon all tables, valuations, certificates, opinions and reports furnished by any actuary, accountant, controller, counsel or other person employed or engaged by the Company with respect to the Plan insofar as such reliance is consistent with ERISA and other applicable law. The service providers to the Plan may act and rely upon all information reported to them by the Administrator and/or the Company and need not inquire into the accuracy thereof nor shall be charged with any notice to the contrary. Any individual serving as Administrator shall not participate in any action or determination regarding solely his own benefits payable hereunder. Decisions of the Administrator made in good faith shall be final, conclusive and binding upon all parties. Until modified by the Administrator, the claims and review procedures set forth in Section 2.2 shall be the exclusive procedures for the disposition of claims for benefits arising under the Plan.

2.2 Claims Review Procedure. The Administrator shall be responsible for the claims procedure under the Plan.

(a) Original Claim. In the event a claim of any Participant, surviving spouse, Beneficiary, or other person (hereinafter referred to in this Section as the "Claimant") for a benefit is partially or completely denied, the Administrator shall give, within ninety (90) days after receipt of the claim (or if special circumstances, made known to the Claimant, require an extension of time for processing the claim, within one hundred eighty (180) days after receipt of the claim), written notice of such denial to the Claimant. Such notice shall set forth, in a manner calculated to be understood by the Claimant, the specific reason or reasons for the denial (with reference to pertinent Supplemental Plan provisions upon which the denial is based); an explanation of additional material or information, if any, necessary for the Claimant to perfect the claim; a statement of why the material or information is necessary; a statement of the Claimant's right to bring a civil action under Section 502(a) of ERISA; and an explanation of the Supplemental Plan's claims review procedure, including the time limits applicable to such procedure.

(b) Review of Denied Claim.

(i) A Claimant whose claim is partially or completely denied shall have the right to request a full and fair review of the denial by a written request delivered to the Administrator within sixty (60) days of receipt of the written notice of claim denial, or within such longer time as the Administrator, under uniform rules, determines. In such review, the Claimant or his duly authorized representative shall have the right to review, upon request and free of charge, all documents, records or other information relevant to the claim and to submit any written comments, documents, or records relating to the claim to the Administrator.

(ii) The Administrator, within sixty (60) days after the request for review, or in special circumstances, such as where the Administrator in its sole

discretion holds a hearing, within one hundred twenty (120) days of the request for review, will submit its decision in writing. Such decision shall take into account all comments, documents, records and other information properly submitted by the Claimant, whether or not such information was considered in the original claim determination. The decision on review will be binding on all parties, will be written in a manner calculated to be understood by the Claimant, will contain specific reasons for the decision and specific references to the pertinent Supplemental Plan provisions upon which the decision is based, will indicate that the Claimant may review, upon request and free of charge, all documents, records or other information relevant to the claim and will contain a statement of the parties rights to arbitration and Claimant's right to bring a civil action under Section 502(a) of ERISA.

(iii) If a Claimant fails to file a claim or request for review in the manner and in accordance with the time limitations specified herein, such claim or request for review shall be waived, and the Claimant shall thereafter be barred from again asserting such claim.

(c) Determination by the Administrator is Conclusive. The Administrator's determination of factual matter relating to Participants, surviving spouses, Beneficiaries and other persons including, without limitation, a Participant's compensation, years of service credit and any other factual matters, shall be conclusive.

2.3 Arbitration. In the event that a claimant's claim is denied by the Administrator and the claimant has exhausted all remedies (including all mandatory levels of appeal) under the Plan's claims procedures, the claimant or the Administrator will have the right to compel binding arbitration with respect to the claim. The process and procedure shall be

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governed by the Employer's arbitration policy, if any, and if none, by the rules of the American Arbitration Association for commercial transactions.Claims may not be litigated or arbitrated on a class action basis or on bases involving claims brought in a representative capacity on behalf of any other similarly situated party. The arbitrator will be bound by the substantive terms of the Plan and applicable ERISA provisions (including, but not limited to, the standard of review required by ERISA, which requires the arbitrator to defer to the Administrator and its factual findings and interpretations unless such findings and interpretations are arbitrary and capricious and requires that any assertions the claimant wishes to present to an arbitrator or court first have been presented in the claims and appeals process). All claims pertaining to the Plan shall be required to be submitted to binding arbitration in this manner, unless such arequirement is prohibited by applicable law or regulation. Except with respect to claims as to which binding arbitration may not be compelled, no claim may be brought in any other manner.

2.4 Exhaustion of Administrative Remedies. The exhaustion of the claims review procedure is mandatory for resolving every claim and dispute arising under the Plan. As to such claims and disputes:

(a) No claimant shall be permitted to commence any civil action or arbitration proceeding to recover Plan benefits or to enforce or clarify rights under the Plan under Section 502 or Section 510 of ERISA or under any other provision of law, whether or not statutory, until the claims review procedure set forth herein has been exhausted in its entirety; and

(b) In any such civil action or arbitration proceeding all explicit and all implicit determinations by the Administrator (including, but not limited to, determinations as to whether the claim, or a request for a review of a denied claim, was timely filed) shall be afforded the maximum deference permitted by law.

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2.5 Deadline to File Civil Action. No civil action to recover Plan benefits or to enforce or clarify rights under the Plan under Section 502 or Section 510 of ERISA or under any other provision of law, whether or not statutory, may be brought by any claimant on any matter pertaining to the Plan unless the civil action is commenced in the proper forum before the earlier of:

(a) Twelve months after the claimant knew or reasonably should have known of the principal facts on which the claim is based; or

(b) Ninety days after the claimant has exhausted the claims review procedure.

2.6 Forum Selection. Any arbitration proceeding or civil action with respect to a claim involving the Plan must, unless otherwise agreed by the Administrator or required by law, take place in Erie, Pennsylvania (and, in the case of a civil action, in the federal district court serving Erie, Pennsylvania). Enforcement of an arbitrator's award may be sought in federal court in accordance with the Federal Arbitration Act, with any such enforcement action to be filed in the federal district court serving Erie, Pennsylvania.

SECTION 3 - ELIGIBILITY AND PARTICIPATION

3.1 A Covered Employee shall be eligible to participate in the Plan only as provided under Sections 3.2 and 3.3 and only if such Covered Employee is considered management or highly compensated.

3.2 Except as the Committee may provide in a separate writing, each Covered Employee who was considered an eligible Employee under the Plan as of December 31, 2008 and each former Covered Employee who is receiving a Supplemental Plan Benefit (or entitled to receive a Supplemental Plan Benefit) as of December 31, 2008 shall be considered a Participant as of January 1, 2009. Effective on and after January 1, 2009, any Covered Employee shall become a Participant in the Plan (if not already a Participant under

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Section 3.3) as of the January 1 of the calendar year with respect to which the Committee selects the Covered Employee for participation in the Supplemental Retirement Income Benefit provisions of the Plan. The Administrator shall be responsible for identifying those Covered Employees who participate in the Plan pursuant to the foregoing provisions of this Section 3.2. Except as may otherwise be provided in an individual agreement between the Company and a Participant, a Participant (or his surviving spouse or Beneficiary) will be eligible for a Supplemental Retirement Income Benefit only in the event that:

(a) Such Participant is vested under the Qualified Plan; and

(b) Such Participant (or his surviving spouse or Beneficiary) is entitled to receive a benefit under the Qualified Plan; and

(c) Prior to his Separation from Service, such Participant has become vested in the Supplemental Retirement Income Benefit pursuant to the following schedule:

Supplemental Plan Service	Vested Percentage
Less than 1 year	0%
1 but less than 2 years	20%
2 but less than 3 years	40%
3 but less than 4 years	60%
4 but less than 5 years	80%
5 years or more	100%

Notwithstanding the foregoing provisions of this Section 3.2 or any provision of the Plan to the contrary, the Committee, at any time and for any reason, may determine that a Participant shall cease active participation in the Supplemental Retirement Income Benefit provisions of the Plan. Except as may otherwise be provided by the Committee in a separate writing, a cessation of a Participant's active participation in the Supplemental Retirement Income Benefit provisions of the Plan shall freeze the Participant's Supplemental Retirement Income Benefit as of the effective date determined by the Committee with the result that periods of the Participant's employment and compensation

earned by the Participant on and after such effective date shall not be recognized in computing the amount of the Participant's Supplemental Retirement Income Benefit nor in determining the Participant's vested percentage under this Section 3.2.

3.3 Any Covered Employee whose benefit under the Qualified Plan is limited on account of restrictions imposed for any year by Sections 401(a)(17) and/or 415 of the Code shall become a Participant in the Plan (if not already a Participant under Section 3.2) as of the later of the December 31 of the Plan Year in which his Qualified Plan benefit is first so limited or January 1, 1996. Notwithstanding his status as a Participant or non-Participant under Section 3.2, a Covered Employee who satisfies the foregoing criteria of this Section 3.3 shall participate in the Restoration Benefit provisions of the Plan. The Administrator shall be responsible for identifying those Covered Employees whose Qualified Plan benefits are limited in accordance with the foregoing provisions of this Section 3.3, the time at which such limitations first apply to said Employees and the extent to which such limitations do apply. Except as may otherwise be provided in an individual agreement between the Company and a Participant, a Participant (or his surviving spouse or Beneficiary) will be eligible for a Restoration Benefit only in the event that:

(a) Such Participant is vested under the Qualified Plan; and

(b) Such Participant (or his surviving spouse or Beneficiary) is entitled to receive a benefit under the Qualified Plan; and

(b) Payment of such Qualified Plan benefit is restricted by the application of Section 401(a)(17) and/or Section 415 of the Code; and

(d) Such individual is not entitled to a Supplemental Retirement Income Benefit hereunder.

Notwithstanding the foregoing provisions of this Section 3.3 or any provision of the Plan to the contrary, the Committee, at any time and for any reason, may determine that a

Participant shall cease active participation in the Restoration Benefit provisions of the Plan. Except as may otherwise be provided by the Committee in a separate writing, a cessation of a Participant's active participation in the Restoration Benefit provisions of the Plan shall freeze the Participant's Restoration Benefit as of the effective date determined by the Committee with the result that periods of the Participant's employment and compensation earned by the Participant on and after such effective date shall not be recognized in computing the amount of the Participant's Restoration Benefit. However, for purposes of the Participant's Qualified Plan accrued benefit, adjustments to the limitations of Section 401(a)(17) and/or Section 415 of the Code that occur on or after such effective date shall be recognized and such adjustments may result in a reduced Restoration Benefit.

SECTION 4 - AMOUNT OF SUPPLEMENTAL PLAN BENEFITS

4.1 Except as otherwise specifically provided herein or in an individual agreement between the Company and a Participant, the Supplemental Retirement Income Benefit determined with respect to a Participant who satisfies the provisions of Section 3.2 hereof, and which is paid in accordance with Section 5, shall be the Actuarial Equivalent of the product of (1) the excess, if any, of the amount determined under paragraph (a) below over the amount determined under paragraph (b) below, and (2) the percentage determined under (c) below, where:

(a) Equals the monthly benefit which would have been payable to such Participant (or on his behalf to his surviving spouse or other Beneficiary) under the Qualified Plan, assuming for this purpose that the following modifications were a part of the Qualified Plan:

(i) "Compensation" shall be as defined in the Qualified Plan on the date of determination provided that:

(A) All otherwise current base salary which is deferred at the Participant's election under any qualified or nonqualified deferred compensation plan or annuity arrangement shall be includable in "Compensation"; and

(B) "Compensation" (as defined in accordance with the foregoing) shall be determined without regard to the annual limitation on compensation set forth in Section 401(a)(17) of the Code; and

(ii) "Final Average Earnings" shall be equal to 1/24th of the aggregate Compensation received by the Participant during the twenty-four consecutive calendar months as a Covered Employee which produces the greatest aggregate Compensation out of the one hundred twenty calendar month period ending on the earlier of (A) the date on which the Participant incurs a Separation from Service or (B) the date on which the Participant is no longer considered a Covered Employee; and

(iii) The monthly benefit under the Qualified Plan shall be equal to 60% of Final Average Earnings, reduced proportionately if the Participant's years of Credited Service are less than 30 years or 25 years, whichever limitation applied to the Participant under the provisions of Section 6.1 of the Qualified Plan as in effect on December 30, 1989; and

(iv) The monthly benefit under the Qualified Plan is accrued in the normal form of a ten-year certain and life thereafter annuity.

(b) Equals the monthly benefit payable to such Participant (or on his behalf to his surviving spouse or other Beneficiary) under the Qualified Plan and under any other qualified or nonqualified (funded or unfunded) defined benefit retirement plan sponsored by the Company or an Affiliate; provided, however, that for purposes of this offset, such a monthly benefit which is expressed in a form of payment other than a ten-year certain and life thereafter annuity shall be converted to a monthly benefit which is the Actuarial Equivalent of a ten-year certain and life thereafter annuity.

(c) Equals the Participant's vested percentage as of his Separation from Service, determined in accordance with Section 3.2(c) hereof.

4.2 The monthly Restoration Benefit determined with respect to a Participant who satisfies the provisions of Section 3.3 hereof, and which is paid in accordance with Section 5, shall be the Actuarial Equivalent of the excess, if any, of the amount determined under paragraph (a) below over the amount determined under paragraph (b) below, where:

(a) Equals the monthly benefit which would have been payable under the form of a single life annuity to such Participant (or on his behalf to his surviving spouse or other Beneficiary) under the Qualified Plan, if the provisions of the Qualified Plan were administered without regard to the annual limitation on compensation set forth in Section 401(a)(17) of the Code and without regard to the limitations on benefits set forth in Section 415 of the Code; and

(b) Equals the monthly benefit which is payable under the form of a single life annuity to such Participant (or on his behalf to his surviving spouse or other Beneficiary) under the Qualified Plan.

The Restoration Benefits payable under the Plan to, or on behalf of, a Participant shall be computed in accordance with the foregoing and with the objective that the Participant, his surviving spouse or other Beneficiary should receive under the Supplemental Plan and the Qualified Plan, the total amount which would otherwise have been payable to that recipient solely under the Qualified Plan, as of the date payment is made, had the provisions of Section 401(a)(17) and Section 415 of the Code not been applicable thereto.

4.3 Except as otherwise specifically provided herein or in an individual agreement between the Company and a Participant, any Supplemental Plan Benefit payable before a

Participant's Normal Retirement Date shall be reduced for early commencement under the same terms and conditions applicable to a payment commencing as of the same date under the Qualified Plan.

4.4 Notwithstanding any provision of the Plan to the contrary, the Supplemental Plan Benefits provided under the foregoing provisions of this Section 4 shall be determined and coordinated by the Administrator so as to prevent any duplication of Supplemental Plan Benefits or duplication of benefits provided by any other plan or program sponsored by the Company or an Affiliate which is intended to supplement the Qualified Plan or any individual agreement between the Participant and an Employer providing for retirement benefits. For purposes of this Section 4.4, any benefits provided by, or in reference to, a Participant's salary and/or bonus deferral under individual deferred compensation contracts and annuities, the Erie Insurance Group Employee Savings Plan or the Deferred Compensation Plan of Erie Indemnity Company are not intended to supplement the Qualified Plan.

4.5 Unless otherwise specifically provided in the Plan or in an individual agreement between the Company and a Participant:

(a) A Participant who retired or terminated employment under the provisions of the Plan as in effect prior to this amendment and restatement and who has commenced payment of the Supplemental Plan Benefit accrued on his behalf prior to January 1, 2009 shall continue to receive such benefits in accordance with the provisions of the Plan as in effect at the time of commencement; and

(b) A Participant who retired or terminated employment under the provisions of the Plan as in effect prior to this amendment and restatement and who has not commenced payment of the Supplemental Plan Benefit accrued on his behalf prior to January 1, 2009 shall be eligible to receive payment of such benefits in accordance with the provisions of the Plan as in effect on and after January 1, 2009.

SECTION 5 - COMMENCEMENT AND FORM OF SUPPLEMENTAL PLAN BENEFITS TO PARTICIPANT

5.1Except as specifically provided herein or in an individual agreement between the Company and a Participant, payment of any Pre-2022 Supplemental Plan Benefit to a Participant shall be determined under Section 5.2 and payment of any Post-2021 Supplemental Plan Benefit to a Participant shall be determined under Section 5.3.

5.2Payment of any Pre-2022 Supplemental Plan Benefit to a Participant hereunder shall:

(a)Commence as of the later of:

(i)The first day of the first month that follows the date that is six months after the Participant's Separation from Service; and

(ii)The first day of the month next following the Participant's attainment of the Earliest Retirement Date; and

(b)Be made in the form of a cash lump sum in the amount determined as follows:

(i)With respect to a Participant to whom a Supplemental Plan Benefit is payable in accordance with Section 5.2(a)(i), the lump sum distribution shall be equal to the sum of (A) and (B) where:

(A)Equals the lump sum Actuarial Equivalent of the Participant's Pre-2022 Supplemental Plan Benefit, determined as the greater of the annuity payable as of the first day of the month that next follows the Participant's Separation from Service or the

annuity payable as of the Participant's Normal Retirement Date; and

(B)Interest on the amount determined under clause (A) above, calculated from the first day of the month that follows the Participant's Separation from Service through the date described in Section 5.2(a)(i), based on the interest rate applicable for lump sum determinations as of the date the Participant incurred a Separation from Service.

(ii)With respect to a Participant to whom a Supplemental Plan Benefit is payable in accordance with Section 5.2(a)(ii), the lump sum distribution shall be the lump sum Actuarial Equivalent of the Participant's Pre-2022 Supplemental Plan Benefit, determined at the time of payment as the greater of the annuity payable as of the Participant's Earliest Retirement Date or the annuity payable as of the Participant's Normal Retirement Date. No interest adjustment shall be made to such lump sum amount.

5.3Payment of any Post-2021 Supplemental Plan Benefit to a Participant hereunder shall commence as of the applicable date provided in paragraph (a) below and shall be paid as provided in paragraph (b) below:

(a)The Post-2021 Supplemental Plan Benefit payable to a Participant shall commence:

(i)In the January of the second calendar year following the calendar year in which the Participant's Separation from Service occurs, for a Participant who had attained the Earliest Retirement Date before incurring a Separation from Service; and

(ii)On the Participant's Normal Retirement Date, for a Participant who had not attained the Earliest Retirement Date before incurring a Separation from Service.

(b)The Post-2021 Supplemental Plan Benefit shall be paid in the form of ten (10) annual installments. Annual installments shall be equal to the Actuarial Equivalent of the Participant's Post-2021 Supplemental Plan Benefit, determined as of the applicable commencement date under paragraph (a) above, and payments shall continue on each anniversary thereof until ten (10) installment payments have been made. For purposes of this Section 5.3(b), installment payments shall be treated as a single form of payment.

5.4Except as otherwise provided in this Section 5, no payment of a Supplemental Plan Benefit to a Participant shall commence before or after the applicable commencement dates provided in Sections 5.2(a) and 5.3(a). For purposes of this Section 5.4, if the Company makes a lump sum payment or an installment payment within the permitted distribution period (as defined below) for such payment and the actual date of such payment is not within the direct or indirect control of the Participant, such payment shall be treated as having been made on the payment date provided in Section 5.2(a) or Section 5.3(a), as applicable. The "permitted distribution period" for this purpose shall begin on the thirtieth day before the applicable commencement date provided in Section 5.2(a) or Section 5.3(a) and shall end on the last day of the calendar year that includes the applicable commencement date provided in Section 5.2(a) or Section 5.3(a).

5.5Notwithstanding the provisions of Sections 5.1 through 5.4 but subject to the terms of an individual agreement between the Company and a Participant, the Company shall pay a Participant all or any portion of the Supplemental Plan Benefit accrued on the

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Participant's behalf in a lump sum as soon as is administratively reasonable following the occurrence of any of the events or conditions identified below. Such lump sum payment shall be equal to the amount, as determined by the Administrator, as is reasonably estimated to be required to satisfy the purpose of the accelerated payment. The events or conditions to which this Section 5.5 applies are:

(a)The Participant needs to avoid a violation of an applicable federal, state, local, or foreign ethics law or conflicts of interest law.

(b)The Participant incurs state, local, or foreign tax obligations arising from participation in the Plan that apply to a Plan interest before such interest is otherwise payable from the Plan.

(c)The Participant incurs federal employment tax obligations under Sections 3101, 3121(a), or 3121(v)(2) of the Code with respect to a Supplemental Plan Benefit and any federal, state, local, or foreign tax obligations arising from such employment tax obligations.

(d)The Plan is terminated and liquidated in accordance with generally applicable guidance prescribed by the Commissioner of Internal Revenue and published in the Internal Revenue Bulletin.

(e)Such other events or conditions as the Commissioner of Internal Revenue may prescribe in generally applicable guidance published in the Internal Revenue Bulletin which the Administrator, in its discretion, chooses to apply under the Plan; provided, however, that a Participant shall have no direct or indirect election as to the application of such events or conditions to his individual circumstances.

Any payment under this Section 5.5 shall be contingent upon the Administrator's decision that a Participant has satisfied all material elements of an applicable event or condition and that the Participant produces evidence to that effect that is satisfactory to the Administrator. If any payment under this Section 5.5 is made and such

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payment is less than the entire Supplemental Plan Benefit accrued on the Participant's behalf, the Actuarial Equivalent of such payment shall offset any future payment of the Supplemental Plan Benefit to the Participant or any surviving spouse, Beneficiary or other person.

5.6Notwithstanding the provisions of Sections 5.1 through 5.4 but subject to the terms of an individual agreement between the Company and a Participant, the Company may delay the payment of all or any portion of the Supplemental Plan Benefit accrued on the Participant's behalf in connection with any of the events or conditions identified below; provided, however that, with respect to any given event or condition, the Administrator shall treat Plan payments to all similarly-situated Participants in a reasonably consistent manner:

(a)The Administrator reasonably anticipates that making scheduled Plan payments will violate federal securities laws or other applicable law; provided that the scheduled payments are then made at the earliest date at which the Administrator reasonably contemplates that making the scheduled payments will not cause such a violation.

(b)Such other events or conditions as the Commissioner of Internal Revenue may prescribe in generally applicable guidance published in the Internal Revenue Bulletin which the Administrator, in its discretion, chooses to apply under the Plan; provided, however, that a Participant shall have no direct or indirect election as to the application of such events or conditions to his individual circumstances.

5.7If a Participant incurs a Separation from Service and payment of the Participant's Supplemental Plan Benefit has commenced under this Section 5, payments shall not

be cancelled or suspended if the Participant is subsequently reemployed by the Company or an Affiliate.

SECTION 6 - COMMENCEMENT AND FORM OF SUPPLEMENTAL PLAN BENEFITS TO SURVIVING SPOUSE OR BENEFICIARY

6.1Except as specifically provided herein or in an individual agreement between the Company and a Participant:

(a)Any Pre-2022 Supplemental Plan Benefit payable as a result of the Participant's death, either prior to or following commencement of such benefit hereunder, shall be paid to the Participant's surviving spouse or Beneficiary as soon as administratively practicable following the Participant's death in the form of a cash lump sum equal to the lump sum Actuarial Equivalent of the surviving spouse's benefit that would be payable under the Qualified Plan if such survivor benefit was derived from the Pre-2022 Supplemental Plan Benefit;

(b)Any Post-2021 Supplemental Plan Benefit payable as a result of the Participant's death prior to commencement of a benefit hereunder shall be paid to the Participant's surviving spouse or Beneficiary in the form of ten (10) annual installments commencing as of the date provided in Section 5.3(a). The amount of such installment payments shall be determined under Section 5.3(b); provided, however, that such installment payments shall be the Actuarial Equivalent of the surviving spouse's benefit that would be payable under the Qualified Plan if such survivor benefit was derived from the Post-2021 Supplemental Plan Benefit; and

(c)Any Post-2021 Supplemental Plan Benefit payable as a result of the Participant's death following commencement of such benefit hereunder shall be paid to the Participant's surviving spouse or Beneficiary as a continuation of the annual installments that were being made to the Participant.

6.2Notwithstanding the foregoing:

(a)Payment of a Supplemental Plan Benefit to a surviving spouse, or Beneficiary to the extent the Participant has reached their Earliest Retirement Date, as a result of a Participant's death prior to commencement of a benefit hereunder shall not be made before the first day a spouse could commence payment of a surviving spouse's benefit under the Qualified Plan;

(b)Except as provided in Section 6.2(c) or an individual agreement between an Employer and a Participant, payment of a Supplemental Plan Benefit to a surviving spouse or Beneficiary shall be subject to the same eligibility conditions and reductions for early commencement as are applied to corresponding benefits under the Qualified Plan. Without limiting the generality of the above, a Supplemental Plan Benefit shall be payable upon the death of a Participant who incurs a Separation from Service before his Earliest Retirement Date and dies before the Supplemental Plan Benefit accrued on his behalf is otherwise paid only if the Participant has satisfied all requirements of either Section 3.2 or Section 3.3 and is survived by a spouse who herself survives until the date a surviving spouse's benefit would otherwise be payable under the Qualified Plan;

(c)Notwithstanding the foregoing provisions of this Section 6 but subject to the terms of an individual agreement between the Company and a Participant, a death benefit shall be payable from the Plan with respect to a Participant who incurs a Separation from Service on or after his Earliest Retirement Date and dies before the Supplemental Plan Benefit accrued on his behalf is otherwise paid. Such death benefit shall be paid to the Participant's surviving spouse or Beneficiary. The amount of the death benefit and the form in which it is paid shall be equal to the amount that would have been paid to the Participant on the date the death benefit is paid had the Participant survived to receive payment on such date, applying the principles of Sections 5.2 and 5.3; and

(d)The provisions of Sections 5.4, 5.5 and 5.6 shall apply with respect to Supplemental Plan Benefits payable to a surviving spouse of Beneficiary, substituting "surviving spouse" or "Beneficiary" for "Participant", as appropriate.

SECTION 7 - AMENDMENT AND TERMINATION

The Company expects to continue the Plan indefinitely but reserves the right to amend or terminate the Plan at any time, if, in its sole judgment, such amendment or termination is necessary or desirable. Any such amendment or termination shall be made pursuant to a resolution of the Committee and shall be effective as of the date specified in such resolution. Without consent of the Participant, no amendment or termination of the Plan shall reduce the amount of any Participant's Supplemental Plan Benefit earned as of the time of amendment or termination. For purposes of this limitation, an amendment that changes the assumptions used to determine Actuarial Equivalent optional forms of benefit (including, without limitation, lump sum payments) shall not be considered to reduce the amount of any Participant's Supplemental Plan Benefit. Except as may otherwise be provided by the Company, in the event of a termination of the Plan, the Company (or any transferee, or successor entity of the Company) shall be obligated to pay Supplemental Plan Benefits to Participants, surviving spouses and Beneficiaries at such time or times and in such forms as provided under the terms of the Plan. Notwithstanding the foregoing provisions of this Section 7, the Company reserves the

right to terminate and liquidate the Plan in accordance with generally applicable guidance prescribed by the Commissioner of Internal Revenue and published in the Internal Revenue Bulletin.

SECTION 8 - MISCELLANEOUS

8.1 NO EFFECT ON EMPLOYMENT RIGHTS

Nothing contained herein shall be construed as creating any contract of employment between the Company or any Affiliate and any Participant nor shall any provision hereof confer upon any Participant the right to be retained in the service of the Company or any Affiliate nor limit the right of the Company or any Affiliate to discharge or otherwise deal with Participants without regard to the existence of the Plan.

8.2 GENERAL CONTRACTUAL OBLIGATION

It is the intent of this Plan, and each Participant understands, that no trust has been created for his or her benefit in connection with this Plan and that eligibility and participation in this Plan does not grant any Participant, surviving spouse or Beneficiary any interest in any asset of the Company or any Affiliate. The Company's obligation to pay to the Participant, surviving spouse or Beneficiary the amounts credited hereunder is a general contract obligation and shall be satisfied solely from the general assets of the Company. Nothing contained in the Plan shall constitute a guaranty by the Company, any Affiliate, or any other entity or person that the assets of the Company will be sufficient to pay amounts determined in accordance with the Plan. The obligation of the Company under the Plan shall be merely that of an unfunded and unsecured promise of the Company to pay amounts in the future. In each case in which amounts represented by a Participant's Supplemental Retirement Benefit have been distributed to the Participant, surviving spouse, Beneficiary, or other person entitled to receipt thereof and which purports to cover in full the benefits hereunder, such Participant, surviving spouse, Beneficiary or other person shall have no further right or interest in the other assets of the Company on account of participation in the Plan. Notwithstanding a Participant's entitlement to any amounts under the terms of the Plan, the status of the Participant, or of any person claiming by or through the Participant, is that of an unsecured general creditor to the extent of his entire interest under the Plan as herein described.

8.3 BINDING ON COMPANY, PARTICIPANTS AND THEIR SUCCESSORS

The Plan shall be binding upon and inure to the benefit of the Company and Affiliates, their successors and assigns and Participants and their heirs, executors, administrators and legal representatives. In the event of the merger or consolidation of the Company with or into any other corporation, or in the event substantially all of the assets of the Company shall be transferred to another corporation, the successor corporation resulting from the merger or consolidation, or the transferee of such assets, as the case may be, shall, as a condition to the consummation of the merger, consolidation or transfer, assume the obligations of the Company hereunder and shall be substituted for the Company hereunder.

8.4 SPENDTHRIFT PROVISIONS

The interest of a Participant, or of his surviving spouse or Beneficiary, under the Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge, either voluntarily or involuntarily, prior to the Participant's, spouse's or Beneficiary's actual receipt of amounts represented by the Supplemental Plan Benefits credited under the Plan on his or her behalf; any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge any such interest prior to such receipt shall be void. Amounts credited hereunder and not paid to a Participant, surviving spouse or Beneficiary shall not be subject to garnishment, attachment or other legal or equitable

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process nor shall they be an asset in bankruptcy. Notwithstanding the preceding sentence, no amount shall be payable from this Plan to a Participant, or any person claiming by or through a Participant, unless and until any and all amounts representing debts or other obligations owed to the Company or any Affiliate by the Participant have been fully paid and satisfied; provided, however, that any such offset, as applicable to a person's Plan interest, shall not exceed such offset as is permitted under Section 409A of the Code. The Company shall not be liable in any manner for or subject to the debts, contracts, liabilities, torts or engagements of any person on whose behalf a Supplemental Plan Benefit is being maintained under the Plan.

8.5 DISCLOSURE

Each Participant, upon his written request, shall receive a copy of the Plan and the Administrator will make available for inspection by any Participant a copy of any written rules and regulations used by the Administrator in administering the Plan.

8.6 INCAPACITY OF RECIPIENT

In the event a Participant, surviving spouse or Beneficiary is declared incompetent and a guardian, conservator or other person legally charged with the care of his person or of his estate is appointed, any Supplemental Plan Benefit to which such Participant, surviving spouse or Beneficiary is entitled shall be paid to such guardian, conservator or other person legally charged with the care of his person or his estate. Except as provided in the preceding sentence, when the Administrator, in its sole discretion, determines that a Participant, surviving spouse or Beneficiary is unable to manage his financial affairs, the Administrator may direct the Company to make a distribution(s) of all or a portion of the Supplemental Plan Benefit maintained on behalf of such Participant, surviving spouse or Beneficiary to any one or more of the spouse, lineal ascendants or descendants or other closest living relatives of such Participant, surviving spouse or Beneficiary who

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demonstrates to the satisfaction of the Administrator the propriety of making such a distribution(s). Any payment so made shall not exceed such amount as is permitted under Section 409A of the Code and shall be in complete discharge of any liability of the Company and Administrator under the Plan for such payment. The Administrator shall not be required to see to the application of any such distribution made as provided above.

8.7 INFORMATION FURNISHED BY PARTICIPANTS AND BENEFICIARIES

Neither the Company nor the Administrator shall be liable or responsible for any error in the computation of a Participant's, surviving spouse's or Beneficiary's interest under the Plan resulting from any misstatement of fact made by the Participant, surviving spouse or Beneficiary, directly or indirectly, to the Company or to the Administrator and used by it in determining any benefit under the Plan to the Participant, surviving spouse or Beneficiary. Neither the Company nor the Administrator shall be obligated or required to increase the Plan interest of any such Participant, surviving spouse or Beneficiary which, on discovery of the misstatement, is found to be understated as a result of such misstatement. However, the Plan interest of any Participant, surviving spouse or Beneficiary which is overstated by reason of any such misstatement shall be reduced to the amount appropriate in view of accurate facts.

8.8 OVERPAYMENTS

If a payment made from the Plan is found to be greater than the payment to which a Participant, surviving spouse or Beneficiary is entitled due to factual errors, mathematical errors or otherwise, the Administrator may, in its discretion and to the extent consistent with Section 409A of the Code, exercise such legal or equitable remedies as it deems appropriate to correct the overpayment.

8.9 UNCLAIMED BENEFIT

In the event that any amount determined to be payable to a Participant, surviving spouse or Beneficiary hereunder remains unclaimed by such Participant, surviving spouse or Beneficiary for a period of four years after the whereabouts or existence of such person was last known to the Administrator, the Administrator may direct that all rights of such person to such amounts be terminated absolutely; provided, however, that if such Participant, surviving spouse or Beneficiary subsequently appears and files a claim for payment in accordance with Section 2 and such claim is fully or partially successful, the liability under the Plan for an amount equal to the successful claim shall be reinstated.

8.10 ELECTIONS, APPLICATIONS, NOTICES

Every designation, direction, election, revocation or notice authorized or required under the Plan which is to be delivered to the Company or the Administrator shall be deemed delivered to the Company or the Administrator as the case may be: (a) on the date it is personally delivered to the Administrator at the Company's executive offices at 100 Erie Insurance Place, Erie, Pennsylvania 16530 or (b) three business days after it is sent by registered or certified mail, postage prepaid, addressed to the Administrator at the offices indicated above. Every such item which is to be delivered to a person or entity designated by the Administrator to perform recordkeeping and other administrative services on behalf of the Plan shall be deemed delivered to such person or entity when it is actually received (either physically or through interactive electronic communication) by such person or entity. Every designation, direction, election, revocation or notice authorized or required which is to be delivered to a Participant, surviving spouse or Beneficiary shall be deemed delivered to a Participant, surviving spouse or Beneficiary: (a) on the date it is personally delivered to such individual (either physically or through interactive electronic communication), or (b) three business days after it is sent by registered or certified mail, postage prepaid, addressed to such individual at the last address shown for him on the Company's records. Any notice required under the Plan may be waived by the person entitled thereto.

8.11 COUNTERPARTS

This Plan may be executed in any number of counterparts, each of which shall be considered as an original, and no other counterparts need be produced.

8.12 SEVERABILITY

In the event any provision of this Plan shall be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining provisions of the Plan. This Plan shall be construed and enforced as if such illegal or invalid provision had never been contained herein.

8.13 GOVERNING LAW

The Plan is established under and will be construed according to the laws of the Commonwealth of Pennsylvania to the extent that such laws are not preempted by
ERISA and regulations promulgated thereunder.

8.14 HEADINGS

The headings of Sections of this Plan are for convenience of reference only and shall have no substantive effect on the provisions of this Plan.

8.15 CONSTRUCTION

(a) The masculine gender, where appearing in this Plan, shall be deemed to also include the feminine gender. The singular shall also include the plural, where appropriate.

(b) This document is intended to memorialize the provisions of the Plan as amended to comply with guidance promulgated by the Internal Revenue Service pursuant to Section 409A of the Code. As a result, the Administrator shall interpret and construe the terms of the document to be consistent with such Internal Revenue Service guidance. No Plan interest is treated as "grandfathered" within the meaning of such Internal Revenue Service guidance.

Executed at Erie, Pennsylvania this 15th day of August, 2023, effective as of
January 1, 2023.

ERIE INDEMNITY COMPANY

By: /s/ Brian W. Bolash

Title: Executive Vice President
Secretary & General Counsel

ATTEST:

/s/ Nathaniel Ehrman

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Timothy G. NeCastro, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Erie Indemnity Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected or is reasonably likely to materially affect the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 26, 2023 April 25, 2024

/s/ Timothy G. NeCastro
Timothy G. NeCastro
President & CEO

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Julie M. Pelkowski, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Erie Indemnity Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected or is reasonably likely to materially affect the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 26, 2023 April 25, 2024

/s/ Julie M. Pelkowski
Julie M. Pelkowski
Executive Vice President & CFO

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

We, Timothy G. NeCastro, Chief Executive Officer of the Erie Indemnity Company (the "Company"), and Julie M. Pelkowski, Chief Financial Officer of the Company, certify, pursuant to § 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. § 1350, that:

(1) The Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 2023 March 31, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Timothy G. NeCastro

Timothy G. NeCastro
President & CEO

/s/ Julie M. Pelkowski

Julie M. Pelkowski
Executive Vice President & CFO

October 26, 2023 April 25, 2024

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

DISCLAIMER

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