

REFINITIV

DELTA REPORT

10-K

ERIE - ERIE INDEMNITY CO
10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

The following comparison report has been automatically generated

TOTAL DELTAS	2399
CHANGES	379
DELETIONS	1041
ADDITIONS	979

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2022** **December 31, 2023**

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

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)

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)

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>	Non-accelerated filer	<input type="checkbox"/>
Smaller reporting company	<input type="checkbox"/>	Emerging growth company	<input type="checkbox"/>		

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to S240.10D-1 (b). ☐

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

Aggregate market value of voting and non-voting common stock held by non-affiliates as of the last business day of the registrant's most recently completed second fiscal quarter: [\\$4.9 billion](#) [\\$5.3 billion](#) of Class A non-voting common stock as of [June 30, 2022](#) [June 30, 2023](#). There is no active market for the Class B voting common stock. The Class B common stock is closely held by few shareholders.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date:

46,189,068 shares of Class A common stock and 2,542 shares of Class B common stock outstanding on [February 17, 2023](#) [February 20, 2024](#).

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Part III of this Form 10-K (Items 10, 11, 12, 13, and 14) are incorporated by reference to the information statement on Schedule 14C to be filed with the Securities and Exchange Commission no later than 120 days after [December 31, 2022](#) [December 31, 2023](#).

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PART I

ITEM 1. BUSINESS

General

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. The Exchange has wholly owned property and casualty subsidiaries including: Erie Insurance Company, Erie Insurance Company of New York, Erie Insurance Property & Casualty Company and Flagship City Insurance Company, and a wholly owned life insurance company, Erie Family Life Insurance Company ("EFL").

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, not to exceed 25%, of the direct and affiliated assumed premiums written by the Exchange. The management fee rate is set at least annually by our Board of Directors. The process of setting the management fee rate includes, but is not limited to, the evaluation of current year operating results compared to both prior year and industry estimated results for both Indemnity and the Exchange, and consideration of several factors for both entities including; including, but not limited to: their relative financial strength and capital position; projected revenue, expense and earnings for the subsequent year; future capital needs; as well as competitive position.

Services

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. Agent compensation comprised approximately 66% 67% of our 2022 2023 policy issuance and renewal expenses. The underwriting services we provide include underwriting and policy processing and comprised approximately 10% 9% of our 2022 2023 policy issuance and renewal expenses. The remaining services we provide include customer service and administrative support. We also provide information technology services that support all the functions listed above that comprised approximately 11% of our 2022 2023 policy issuance and renewal expenses. 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. 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.

Erie Insurance Exchange

As our primary purpose is to manage the affairs at the Exchange for the benefit of the subscribers (policyholders) through the policy issuance and renewal services and administrative services, the Exchange is our sole customer. Our earnings are largely generated from management fees based on the direct and affiliated assumed premiums written by the Exchange. We have no direct competition in providing these services to 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

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lines products are private passenger automobile and homeowners. The principal commercial lines products are commercial

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multi-peril, commercial automobile and workers compensation. Historically, due to policy renewal and sales patterns, the Exchange's direct and affiliated assumed written premiums are tend to be greater in the second and third quarters than in the first and fourth quarters of the calendar year.

The Exchange is represented by independent agencies that serve as its sole distribution channel. In addition to their principal role as salespersons, the independent agents play a significant role as underwriting and service providers and are an integral part of the Exchange's success.

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 Part II, Item 8. "Financial Statements and Supplementary Data - Note 15, Concentrations of Credit Risk, of Notes to Financial Statements" contained within this report. See the risk factors related to our dependency on the growth and financial condition of the Exchange in Item 1A. "Risk Factors" contained within this report.

Competition

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. There are a limited number of companies that provide services under a reciprocal insurance exchange structure. We do not directly compete against other such companies, given we are appointed by the subscribers at the Exchange to provide these services.

The direct and affiliated assumed premiums written by the Exchange drive our management fee, which is our primary source of revenue. The property and casualty insurance industry is highly competitive. Property and casualty insurers generally compete on the basis of customer service, price, consumer recognition, coverages offered, claims handling, financial stability and geographic coverage. Vigorous competition, particularly in the personal lines automobile and homeowners lines of business, exists from large, well-capitalized national companies, some of which have broad distribution networks of employed or captive agents, by smaller regional insurers, and by large companies who market and sell personal lines products directly to consumers. Innovations by competitors or other market participants may also increase the level of competition in the industry. In addition, because the insurance products of the Exchange are marketed exclusively through independent insurance agents, the Exchange faces competition within its appointed agencies based upon ease of doing business, product, price, and service relationships.

Market competition bears directly on the price charged for insurance products and services subject to regulatory limitations. Industry capital levels can also significantly affect prices charged for coverage. Growth is driven by a company's ability to provide insurance services and competitive prices while maintaining target profit margins. Growth is a product of a company's ability to retain existing customers and to attract new customers, as well as movement in the average premium per policy.

The Exchange's business model is designed to provide the advantages of localized marketing and claims servicing with the economies of scale and low cost of operations from centralized support services. **The Indemnity, as part of its role managing and conducting the business and affairs of the** Exchange, also carefully selects the independent agencies that represent **it and the Exchange**, which seeks to be the lead insurer with its agents in order to enhance the agency relationship and the likelihood of receiving the most desirable underwriting opportunities from its agents.

The Exchange's strategic focus as a reciprocal insurer is to employ a disciplined underwriting philosophy and to leverage its strong surplus position to generate higher risk adjusted investment returns. The goal is to produce acceptable returns, on a long-term basis, through careful risk selection, **rational appropriate** pricing and superior investment returns. This focus allows the Exchange to accomplish its mission of providing as near perfect protection, as near perfect service as is humanly possible at the lowest possible cost.

See the risk factors related to our dependency on the growth and financial condition of the Exchange in Item 1A. "Risk Factors" contained within this report for further discussion on competition in the insurance industry.

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Human Capital Management

Employee Value Proposition

Our human capital management strategy, including initiatives to shape our workforce and workplace, is designed to attract, retain, and develop talent to ensure we are well positioned for the future. Our partnership with our employees is one of the cornerstones of our success.

Our employee value proposition includes a culture that focuses on physical, financial, and emotional well-being. **A 2022 In 2023, we were Certified™ by Great Place To Work® for our positive** employee survey, administered by Willis Towers Watson, indicated that our employees place a value of 84 out of 100 on their total rewards package, approximately **12 points above the industry benchmark. experience.** We offer competitive pay with a signature and affordable benefits package including options designed to meet the unique needs of our employees and their families. Employees have access to an employee assistance plan, emergency child and elder care providers, adoption assistance, and infertility assistance, among others. We hold a shared responsibility view of retirement planning whereby we provide tools and resources that employees are expected to use to achieve their retirement goals. We set ourselves apart by offering both a 401(k) savings plan and a noncontributory defined benefit pension plan.

We encourage a work/life balance for all **employees. During 2022, we began returning** employees **to the office and addressed the need to meet business requirements while recognizing recognize** the need for employee flexibility by offering **a variety an allowance of hybrid working arrangements. remote work days to use throughout the year.**

An engaged workforce is necessary for accomplishing organizational objectives and our portfolio of employee experience initiatives demonstrates our commitment to provide employees an engaging environment throughout all stages of their careers. We offer professional development opportunities that are designed to prepare employees for future career growth. Employees have access to skills enhancement training and programs as well as a generous tuition reimbursement program for higher education. We also grow and develop our employees by offering talent mobility opportunities such as expanded leadership experience, job shadowing, cross-training, stretch assignments, and formal career development programs.

Our employees also share in our values to give back and make a positive difference in their communities. We offer a volunteer program that provides employees with an allotment of paid hours annually to volunteer with eligible nonprofit organizations. We also offer a matching gifts program for donations to eligible nonprofit organizations.

Diversity, Equity & Inclusion

Diversity, equity, and inclusion ("DEI" ("DEI")) is integral to our business success. Our strength is in our people and the more diverse our backgrounds and experiences, the stronger we are.

Our department of Diversity & Community Development is DEI efforts are led by the a Chief Diversity Officer who reports directly to the Chief Executive Officer, affirming our commitment to DEI from executive leadership. Our DEI These efforts are further supported by a dedicated team of professionals including a Vice President of Diversity, Equity, and Inclusion.

We recognize the importance of diverse backgrounds and experiences. Our recruiting strategy includes access to multiple talent channels. We work to expand our pool of potential talent to include an array of skills, backgrounds, and experiences. We also offer a Future Focus internship program that provides opportunities for college students to gain relevant and real-world business experience in the insurance industry as well as an apprentice program to create a bridge for talent from high schools and community colleges into our workforce. We are also intentional about leveraging talent from the neuro diverse population, engaging individuals to support various enterprise initiatives. We foster an inclusive workplace through the endorsement of nine affinity networks and five business resource groups. Affinity networks are employee-driven groups that focus on particular dimensions of diversity and are designed to foster greater awareness and a culture of inclusion across inclusion. In support of our company recruiting strategy, members of these networks engage with various colleges and universities throughout the country, including Historically Black Colleges and Universities. Business resource groups address business issues using a DEI lens. Through these groups, we are taking a broader approach to problem-solving and innovation by aligning cross-functional teams of employees to our business strategy.

Workforce Metrics

We used the following human capital metrics as part of managing our business for the years ended December 31:

		2022	2021	2020			2023	2022	2021
		2023							
Workforce size	Workforce size								
Workforce size									
Workforce size									
Full-time (1)									
Full-time (1)									
Full-time (1)	Full-time (1)	5,970	5,805	5,849					
Part-time	Part-time	23	30	31					
Temporary	Temporary								
(2)	(2)	45	41	34					
Turnover (3)	Turnover (3)	11.2 %	8.0 %	5.3 %	Turnover (3)	9.0 %	11.2 %	8.0 %	
Voluntary									
Retirements									
Average tenure (4)									
Average tenure (4)		11.7	12.6	12.5					

(1) Includes 50% of employees who provide claims and life insurance management services exclusively for the Exchange and its subsidiaries. subsidiaries for all periods presented. The Exchange and its subsidiaries reimburse us monthly for the cost of these services.

(2) Temporary employees are hired for short-term work and paid directly by us.

(3) The percentage of employees who left voluntarily or involuntarily, including retirements; Turnover is calculated using the number of employees who exited, divided by the average headcount of the period. period and represents the percentage of employees who left voluntarily or involuntarily, including retirements.

(4) The average number of years employees have been employed with the organization; Average tenure is calculated using the total number of years of employment, divided by average headcount of full-time and part-time employees for the period. period and represents the average number of years employees have been employed with the organization.

The volatile talent market experienced during the pandemic continued to be a challenge in 2022. Our turnover rate increased to 11.2% in 2022 from 8.0% in 2021 and 5.3% in 2020. The largest portion of our turnover continues to be voluntary turnover, excluding retirements, which increased to 6.9% in 2022 from 4.8% in 2021 and 2.4% in 2020, but continues to remain remains lower

than industry benchmark data. **Employee retirements also contributed to the increased turnover rate as they increased to 3.6% in 2022 from 2.2% in 2021 and 2.0% in 2020.** We continue to monitor turnover trends to determine the appropriate actions to ensure we are well positioned for the future.

Government Regulation

Most states have enacted legislation that regulates insurance holding company systems, defined as two or more affiliated persons, one or more of which is an insurer. Indemnity and the Exchange, and its wholly owned subsidiaries, meet the definition of an insurance holding company system.

Each insurance company in the holding company system is required to register with the insurance supervisory authority of its state of domicile and furnish information regarding the operations of companies within the holding company system that may materially affect the operations, management, or financial condition of the insurers within the system. Pursuant to these laws, the respective insurance departments may examine us and the Exchange and its wholly owned subsidiaries at any time, and may require disclosure and/or prior approval of certain transactions with the insurers and us, as an insurance holding company.

All transactions within a holding company system affecting the member insurers of the holding company system must be fair and reasonable and any charges or fees for services performed must be reasonable. Approval by the applicable insurance commissioner is required prior to the consummation of transactions affecting the members within a holding company system.

Website Access

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports are available free of charge on our website at www.erieinsurance.com as soon as reasonably practicable after such material is filed electronically with the Securities and Exchange Commission. Additionally, copies of our annual report on Form 10-K are available free of charge, upon written request, by contacting Investor Relations, Erie Indemnity Company, 100 Erie Insurance Place, Erie, PA 16530, or calling (800) 458-0811.

ITEM 1A. RISK FACTORS

Our business involves various risks and uncertainties, including, but not limited to those discussed in this section. The risks and uncertainties described in the risk factors below, or any additional risk outside of those discussed below, could have a material adverse effect on our business, financial condition, operating results, cash flows, or liquidity if they were to develop into actual events. This information should be considered carefully together with the other information contained in this report and in other reports and materials we file periodically with the Securities and Exchange Commission.

Our risks have been divided into the following categories:

Risks related to Erie Insurance Exchange – risks related to our dependence on our relationship with the Exchange associated with management fees, premium growth, and financial condition, as the Exchange is our sole customer and principal source of revenue

Operating risks – risks stemming from events or circumstances that directly or indirectly affect our operations, including our operations as attorney-in-fact for the **subscribers at the Exchange**

Market, Capital, and Liquidity risks – risks that may impact the values or results of our investment portfolio, ability to meet financial obligations or covenants, or obtain capital as necessary

Although we have organized risks generally according to these categories in the discussion below, risks may have impacts in more than one category and are included where the impact is most significant.

Risks related to Erie Insurance Exchange

*If the management fee rate **paid retained by the Exchange Indemnity** is reduced or if there is a significant decrease in the amount of direct and affiliated assumed premiums written by the Exchange, revenues and profitability could be materially adversely affected.*

We are dependent upon management fees **paid by the Exchange, we retain**, which represent our principal source of revenue. **Pursuant to In accordance with** the subscriber's agreement with the subscribers at the Exchange, we may retain up to 25% of all direct and affiliated assumed premiums written by the Exchange. Therefore, management fee revenue from the Exchange is calculated by multiplying the management fee rate by the direct and affiliated assumed premiums written by the Exchange. Accordingly, any reduction in

direct and affiliated assumed premiums written by the Exchange and/or the management fee rate **would could** have a negative effect on our revenues and net income.

The management fee rate is determined by our Board of Directors and may not exceed 25% of the direct and affiliated assumed premiums written by the Exchange. The Board of Directors sets the management fee rate each December for the following year. At their discretion, the rate can be changed at any time. The process of setting the management fee rate includes, **but is not limited to**, the evaluation of current year operating results compared to both prior year and industry estimated results for both Indemnity and the Exchange, and consideration of several factors for both entities **including; including, but not limited to**: their relative financial strength and capital position; projected revenue, expense and earnings for the subsequent year; future capital needs; as well as competitive position. The evaluation of these factors could result in a reduction to the management fee rate and our revenues and profitability could be materially adversely affected.

*Serving as the attorney-in-fact **for subscribers** in the reciprocal insurance exchange structure **results in with** the Exchange being our sole **customer**. **The customer, the** growth of the Exchange **could directly affects affect** our **management fee operating** revenue, which is largely generated from management fees based on the direct and affiliated assumed premiums written by the Exchange. If the Exchange's ability to grow or renew policies were adversely impacted, the premium revenue of the Exchange **would could** be adversely affected, which **would could** reduce our management fee revenue. The circumstances or events that might impair the Exchange's ability to grow include, but are not limited to, the items discussed below.*

Unfavorable changes in macroeconomic conditions for any reason, including declining consumer confidence, inflation, high unemployment, lower demand for certain services, reduced personal income, and 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.

The Exchange faces significant competition from other regional and national insurance companies. The property and casualty insurance industry is highly competitive on the basis of product, price and service. If the Exchange's competitors offer property and casualty products with more coverage, **or** offer lower rates, **or introduce innovative services in response to evolving customer**

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preferences, and the Exchange is unable to implement product **or service** improvements quickly enough to keep pace, its ability to grow and renew its business may be adversely impacted. In addition, due to the Exchange's premium concentration in the automobile and homeowners insurance markets, it may be more sensitive to trends that could affect auto and home insurance coverages and rates over time, for example changing vehicle **types or** usage, usage-based methods of determining premiums, ownership and driving patterns such as ride sharing or remote work, advancements in vehicle or home technology or safety features such as accident and loss prevention technologies, the development of autonomous vehicles, or residential occupancy patterns, among other factors. Innovations, **including the use of artificial intelligence and machine learning to support underwriting or other decisions**, by competitors or other market participants may increase the level of competition in the industry. If the Exchange fails to respond to those innovations on a timely basis, its competitive position and results may be materially adversely affected.

The Exchange markets and sells its insurance products through independent, non-exclusive insurance agencies. These agencies are not obligated to sell only the Exchange's insurance products, and generally also sell products of the Exchange's competitors. If agencies do not maintain their current levels of marketing efforts, bind the Exchange to unacceptable risks, **or** place business with competing insurers, or if the Exchange is unsuccessful in attracting or retaining agencies in its distribution system or maintaining its relationships with those agencies, the Exchange's ability to grow and renew its business may be adversely impacted. More broadly, if independent agents face challenges sustaining their own business operations due to unfavorable economic conditions or staffing constraints, it could result in the sale or closure of their businesses, thereby reducing the agency force of the Exchange. Additionally, shifting consumer behaviors toward increased digital interactions may cause the insurance industry as a whole to migrate to a delivery system other than independent agencies.

The Exchange maintains a brand recognized for customer **service, service, which is the result of Indemnity's management of the Exchange in accordance with the subscriber's agreement**. The perceived performance, actions, conduct and behaviors of employees, independent insurance agency representatives, and third-party service providers may result in reputational harm to the Exchange's brand. Specific incidents which may cause harm include but are not limited to disputes, long customer wait times, errors in processing a claim, failure to protect sensitive customer data, and negative or inaccurate social media or traditional media communications. Likewise, an inability to match or exceed the service provided by competitors, **which is who are** increasingly relying on digital delivery and enhanced distribution technology, may impede the **Exchange's Exchange's** ability to maintain and/or grow its customer base. **If third-party service providers fail to perform as anticipated, the Exchange may experience operational difficulties, increased costs and reputational damage**. If an extreme catastrophic event were to occur in a heavily concentrated geographic area of subscribers/policyholders, an extraordinarily high number of claims could have the potential to strain claims processing and affect the Exchange's ability to **satisfy service** its customers. **Also, we, or If third-party service providers fail to perform as anticipated, the Exchange may fail experience operational difficulties, increased costs, and reputational damage**. Similarly, the Exchange's brand could be tarnished by reactions to **meet business practices, adverse financial developments, perceptions of our corporate governance, how we address employee matters and concerns, environmental, social and governance (ESG) expectations initiatives, or the conduct of our customers or other interested parties, employees, officers and directors**. Failure to satisfy expectations in these areas may result in negative publicity or other adverse **outcomes, outcomes, which could be aggravated as the expectations of consumers, regulators and other stakeholders evolve and as social media and other forms of modern communication rapidly magnify reactions**. Any reputational harm to the Exchange could have the potential to impair its ability to grow and renew its business.

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As the attorney-in-fact for subscribers in the reciprocal insurance exchange structure with the Exchange as our sole customer, we are dependent on the financial condition of the Exchange. If the Exchange were to fail to maintain acceptable financial strength ratings, its competitive position in the insurance industry would could be adversely affected. If a rating downgrade led to customers not renewing or canceling policies, or impacted the Exchange's ability to attract new customers, the premium revenue of the Exchange would could be adversely affected, which would could reduce our management fee revenue. The circumstances or events that might impair the Exchange's financial condition include, but are not limited to, the items discussed below.

Financial strength ratings are an important factor in establishing the competitive position of insurance companies such as the Exchange. Higher ratings generally indicate greater financial stability and a stronger ability to meet ongoing obligations to policyholders. The Exchange's A.M. Best rating is currently A+ ("Superior"). A.M. Best periodically reviews the Exchange's ratings and changes their rating criteria; therefore, the Exchange's current rating may not be maintained in the future. A significant downgrade in the A.M. Best rating could reduce the competitive position of the Exchange, making it more difficult to attract profitable business in the highly competitive property and casualty insurance market and potentially result in reduced sales of its products and lower premium revenue.

The performance of the Exchange's investment portfolio is subject to a variety of investment risks. The Exchange's investment portfolio is comprised principally of fixed income securities, equity securities and limited partnerships. The fixed income portfolio is subject to a number of risks including, but not limited to, interest rate risk, investment credit risk, sector/concentration risk and liquidity risk. The Exchange's common stock and preferred equity securities have exposure to price risk, the risk of potential loss in estimated fair value resulting from an adverse change in prices. Limited partnerships are

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significantly less liquid and generally involve higher degrees of price risk than publicly traded securities. Limited partnerships, like publicly traded securities, have exposure to market volatility; but unlike fixed income securities, cash flows and return expectations are less predictable. Additionally, a portion of the Exchange's common stock and limited partnership portfolios are exposed to foreign exchange rate risk, or the potential loss in estimated fair value resulting from adverse changes in foreign currency exchange rates. If any investments in the Exchange's investment portfolio were to suffer a substantial decrease in value, the Exchange's financial position could be materially adversely affected through increased unrealized losses or impairments. A significant decrease in the Exchange's portfolio could also put it, or its subsidiaries, at risk of failing to satisfy regulatory or rating agency minimum capital requirements.

Property and casualty insurers are subject to extensive regulatory supervision in the states in which they do business. This regulatory oversight includes, by way of example, matters relating to licensing, examination, rate setting, market conduct, policy forms, limitations on the nature and amount of certain investments, claims practices, mandated participation in involuntary markets and guaranty funds, reserve adequacy, insurer solvency, restrictions on underwriting standards, accounting standards, transactions between affiliates, risk management, cybersecurity and data privacy, and ESG practices. Such regulation and supervision are primarily for the benefit and protection of policyholders. Changes in applicable insurance laws, tax statutes, cyber, privacy, and other laws and regulations, or changes in the way regulators administer those laws, tax statutes, or regulations could adversely impact the Exchange's business, cash flows, results of operations, financial condition, or operating environment and increase its exposure to loss or put it at a competitive disadvantage, which could result in reduced sales of its products and lower premium revenue.

Property and casualty insurers face a significant risk of litigation and state and federal regulatory investigations, inquiries and actions in the ordinary course of operating their businesses, including the risk of class action lawsuits. The Exchange and its subsidiaries have also been named as defendants in a number of pandemic-related lawsuits and, therefore, are subject to the risks and uncertainties of such litigation. Plaintiffs in class action and other lawsuits against the Exchange may seek large or indeterminate amounts of damages, including punitive and treble damages, which may remain unknown for substantial periods of time. The Exchange is also subject to various regulatory inquiries, such as information requests, subpoenas, and books and record examinations from state and federal regulators and authorities.

The uncertainty of risks that emerge upon the occurrence of significant unexpected events, such as pandemics, or unexpected economic or social inflation caused by supply chain issues, societal trends, or otherwise, may cause additional challenges in the process of estimating loss and loss adjustment expense reserves or premiums to accommodate future claims and expenses. For example, the behavior of claimants and policyholders and the timing and amounts of claims settlements may change in unexpected ways. Furthermore, actions taken by governmental bodies, both legislative and regulatory, in reaction to significant unexpected events, and their related impacts, are hard to predict. Technology advancements, such as electric and autonomous vehicles, could impact frequency or severity of losses. The models that are used to determine appropriate premium levels, forecast future losses and expenses, estimate loss and loss adjustment expense reserves, and assess financial strength may be created or deployed in a manner that results in inaccurate predictions. This may result in changes to the Exchange's estimated level of loss and loss adjustment expense reserves or impact the adequacy of premiums to accommodate future claims and expenses.

As insurance industry practices and legal, judicial, social and other environmental conditions change, unexpected and unintended issues related to claims and coverage may emerge. In some instances, these emerging issues may not become apparent for some time after the Exchange has issued the affected insurance policies. As a result, the full extent of liability under the Exchange's insurance policies may not be known for many years after the policies are issued. These issues may

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adversely affect the Exchange's business by either extending coverage beyond its underwriting intent or by increasing the number or size of claims. If there were legislative action in response to a pandemic or other significant unexpected event that retroactively mandated coverage irrespective of terms, exclusions or other conditions included in policies, such as business interruption, that would otherwise preclude coverage, it could have a material impact on the financial condition, results of operations and cash flows of the Exchange.

The Exchange's insurance operations are exposed to claims arising out of catastrophes. Common natural catastrophic events include hurricanes, earthquakes, tornadoes, hail storms, and severe winter weather. The frequency and severity of these catastrophes is inherently unpredictable. Changing climate conditions have added to the unpredictability of the frequency and severity of natural disasters and have created additional uncertainty as to future trends and exposures. A single catastrophic occurrence or aggregation of multiple smaller occurrences within the geographical region of the Exchange or its assumed property reinsurance portfolio could adversely affect the financial condition of the Exchange. Man-made disasters such as terrorist attacks and riots could also cause losses from insurance claims related to the property and casualty insurance operations, which could adversely affect its financial condition.

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Operating risks

If the costs of providing services to the Exchange are not controlled, our profitability could be materially adversely affected.

Pursuant to In accordance with the subscriber's agreement, we perform policy issuance and renewal services for the subscribers at the Exchange and we serve as the attorney-in-fact on behalf of the subscribers at the Exchange with respect to its administrative services. The most significant costs we incur in providing policy issuance and renewal services are commissions, employee costs, and technology costs.

Commissions to independent agents are our largest expense. Commissions include 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 certain targeted measures. Changes to commission rates or bonus incentive programs may result in increased future costs and lower profitability. Our agent incentive bonuses include compensation includes a profitability component. If claims frequency and loss expenses were to decrease significantly as a result of an unexpected event, such as a pandemic, the profitability component of our agent incentive bonuses compensation would improve, and our agent compensation costs would increase. Our second largest expense is employee costs, including salaries, healthcare, pension, and other benefit costs. Regulatory developments, provider relationships, pandemics and demographic and economic factors that are beyond our control, such as inflation, are indicators that employee costs could increase, which could reduce our profitability. The defined benefit pension plan we offer to our employees is affected by variable factors such as the interest rate used to discount pension liabilities, asset performance, and changes in retirement patterns, which are beyond our control, and any related future cost increases would could reduce our profitability.

Technological development is necessary to facilitate ease of doing business for employees, agents, and customers. Our technological developments are focused on simplifying and improving the employee, agent, and customer experiences, increasing efficiencies, redesigning products, and addressing other potentially disruptive changes in the insurance industry. industry, including the use of artificial intelligence. As we continue to develop technology initiatives in order to remain competitive, our profitability could be negatively impacted as we invest in system development. We may also experience increased technology costs as we re-design hybrid work models for our employees.

If we are unable to attract, develop, and retain talented executives, key managers, and employees our financial condition and results of operations could be adversely affected.

Our success is largely dependent upon our ability to attract and retain talented executives and other key management. Talent is defined as people with the right skills, knowledge, abilities, character, and motivation. The loss of the services and leadership of certain key officers and the failure to plan for turnover or retirement or to attract and develop talented new executives and managers could prevent us from successfully communicating, implementing, and executing business strategies.

Our success also depends on our ability to attract, develop, and retain a talented employee base. The inability to staff all functions of our business with employees possessing the appropriate talent could have an adverse effect on our business performance. Additionally, failure to recognize, evaluate, and respond to changing workforce trends including current labor market conditions and new ways of managing in hybrid work environments, or failure to execute proactive retention and replacement strategies could also have an adverse effect on our business performance. Furthermore, failure to instill appropriate cultural expectations and behavioral norms within our employees, particularly in a hybrid work environment, could damage our reputation. Staffing appropriately talented employees for the handling of claims and servicing of customers, rendering of disciplined underwriting, and effective sales and marketing are critical to the core functions of our business. In addition, talented employees in the actuarial, finance, human resources, information technology, law, and risk management areas are also essential to support our core functions.

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If we are unable to effectively maintain system availability or manage technology initiatives, we may experience adverse financial consequences and/or may be unable to compete effectively.

Our business is highly dependent upon the effectiveness of our technology and information systems which support key functions of our core business operations, including processing applications and premium payments, providing customer support, performing actuarial and financial analysis, and maintaining key data. Additionally, the Exchange relies heavily on technology systems for processing claims. In order to support our business processes and strategic initiatives in a cost and resource efficient manner, we must maintain the effectiveness of existing technology systems and continue to identify and develop new, and enhance existing, technology systems. As we invest in the development of our

systems, costs and completion times could exceed original estimates, and/or the project may not deliver the anticipated benefit or perform as expected. If we do not effectively and efficiently manage and upgrade our technology systems, or attract and retain qualified information technology employees and contract personnel to support those systems, our ability to serve our customers and implement our strategic initiatives could be adversely impacted.

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Additionally, we depend on a large amount of data to price policies appropriately, track exposures, perform financial analysis, report to regulatory bodies, and ultimately make business decisions. Should this data be inaccurate or insufficient, risk exposure may be underestimated and/or poor business decisions may be made. This may in turn lead to adverse operational or financial performance and adverse customer or investor confidence.

If we experience difficulties with technology, data and network security, including those that could result from cyber attacks, third-party relationships or cloud-based relationships, our ability to conduct our business could be adversely impacted.

In the normal course of business, we collect, use, store and where appropriate, disclose data concerning individuals and businesses. We also conduct business using third parties who may provide software, data storage, cloud-based computing and other technology services. We have on occasion experienced, and will continue to experience, cyber threats to our data and systems. Cyber threats can create significant risks such as destruction of systems or data, denial or interruption of service, disruption of transaction execution, loss or exposure of customer data, theft or exposure of our intellectual property, theft of funds or disruption of other important business functions. Even with appropriate governance and controls, the use of artificial intelligence may increase our exposure to cyber threats. Our interactions with, and reliance upon, third parties may also expose us to increased risk related to data security, service disruptions or effectiveness of our control system. system, particularly as we increase our reliance on cloud-based computing and software-as-a-service from third parties to operate our business.

In addition, we are subject to numerous federal and state data privacy and security laws relating to the privacy and security of the nonpublic personal information and other sensitive information of our customers, employees and others. The improper access, disclosure, misuse or mishandling of such information could result in legal liability, regulatory action and reputational damage. Third parties on whom we rely for certain business processing functions are also subject to these risks, and their failure to adhere to these laws and regulations could negatively impact us.

The number, complexity, and sophistication of cyber threats continue to increase over time. While we maintain cyber liability insurance to mitigate the financial risk around cyber incidents, such insurance may not cover all costs associated with the consequences of information or systems being compromised, and such insurance may become prohibitively expensive to maintain. Additionally, while we have dedicated resources with security incident response capabilities, our response process may not be adequate, may fail to accurately assess the severity of an incident, may not respond quickly enough or may fail to sufficiently remediate an incident. Similarly, if our third-party service providers experience a cyber incident, they may fail to report, or timely report, the incident to us. As a result, we may suffer significant legal, reputational, or financial losses, which could adversely affect our business, cash flows, financial condition or results of operations.

To date, we are not aware of any material cybersecurity breach with respect to our systems or data. Additionally, we are not aware of any cybersecurity breach experienced by anyone with whom we have a third-party relationship that has had a material impact on our systems or data.

If events occurred causing interruption of our operations, facilities, systems or business functions, it could have a material adverse effect on our operations and financial results.

We have established business continuity and disaster recovery plans to provide for the continuation of core business operations in the event that normal business operations could not be performed due to catastrophic or other events, including pandemics. While we continue to test and assess our business continuity and disaster recovery plans to validate they meet the needs of our core business operations and address multiple business interruption events, there is no assurance that core business operations could be performed upon the occurrence of such an event. Employee absence, physical premises damage, systems failures or outages could compromise our ability to perform our business functions in a timely manner, which could harm our ability to conduct business and hurt our business and customer relationships. Our operational resiliency is also dependent on third-party personnel, infrastructure and systems on which we rely. rely, including cloud-based technologies and software-as-a-service applications. Our operations and those of our third parties may become vulnerable to damage or disruption due to circumstances beyond our or their control, such as from catastrophic events, power anomalies or

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outages, natural disasters, pandemics, supply chain interruptions, network failures, and cyber attacks. Additionally, we are dependent on internet and telecommunications access and capabilities. Our workforce is largely concentrated in Erie, Pennsylvania. If a significant event affects the labor force in this area, it could impact the policy acquisition, underwriting, claims and/or support services provided to the policyholders and/or independent agents of the Exchange. Disruptions to our workforce or our operations for any reason could result in a material adverse effect on our business, cash flows, financial condition, or results of operations.

We are subject to applicable insurance laws, tax statutes, and numerous other federal and state laws and regulations, as well as claims and legal proceedings, which, if determined unfavorably, could have a material adverse effect on our business, results of operations, or financial condition.

Our activities are subject to extensive regulation under federal and state laws on matters as diverse as internal control over financial reporting and disclosure controls, securities regulation, data privacy and protection, cybersecurity, taxation, immigration, wage-and-hour standards and employment and labor relations. These laws and regulations are complex and

evolving, and compliance with these laws requires significant resources. In some cases, these laws and regulations may increase our costs, negatively impact revenues, or impose operational limitations on our business. Further, there can be no assurance that we, our third-party service providers and our independent agents are in full compliance with all applicable laws and regulations at all times. Efforts at compliance with all laws and regulations are further complicated by new and evolving regulations regarding cybersecurity, artificial intelligence and ESG matters.

We face a significant risk of litigation and regulatory investigations and actions in the ordinary course of operating our businesses including the risk of class action lawsuits. We are, have been, or may become subject to class actions and individual suits alleging breach of fiduciary or other duties, including our obligations to indemnify directors and officers in connection with certain legal matters. We are also subject to litigation arising out of our general business activities such as contractual and employment relationships and claims regarding the infringement of the intellectual property of others. Plaintiffs in class action and other lawsuits against us may seek large or indeterminate amounts of damages, including punitive and treble damages, which may remain unknown for substantial periods of time. We are also subject to various regulatory inquiries, such as information requests, subpoenas, and books and record examinations from state and federal regulators and authorities. In addition, changes in the way regulators administer applicable laws, tax statutes, or regulations could adversely impact our business, cash flows, results of operations, or financial condition. It is also possible that changes in economic conditions and steps taken by federal, state, and local governments in response to a pandemic or other significant events could cause an increase in taxes at the federal, state, and local levels, which would could adversely impact our results of operations.

Market, Capital, and Liquidity risks

The performance of our investment portfolio is subject to a variety of investment risks, which may in turn have a material adverse effect on our results of operations or financial condition.

At December 31, 2022 December 31, 2023, our investment portfolio consisted of approximately 84% 85% fixed maturity securities, with the remaining 16% 15% invested in equity securities and other investments.

General economic conditions and other factors beyond our control can adversely affect the value of our investments and the realization of net investment income or result in realized investment losses. In addition, downward economic trends also may have an adverse effect on our investment results by negatively impacting the business conditions and impairing credit for the issuers of securities held in our respective investment portfolios. This could reduce fair values of investments and generate significant unrealized losses or impairment charges which may adversely affect our financial results.

The performance of the fixed income portfolio is subject to a number of risks including, but not limited to:

- Interest rate risk - the risk of adverse changes in the value of fixed income securities as a result of increases in market interest rates.
- Investment credit risk - the risk that the value of certain investments may decrease due to the deterioration in financial condition of, or the liquidity available to, one or more issuers of those securities or, in the case of structured securities, due to the deterioration of the loans or other assets that underlie the securities, which, in each case, also includes the risk of permanent loss.
- Sector/Concentration risk - the risk that the portfolio may be too heavily concentrated in the securities of one or more issuers, sectors, or industries. Events or developments that have a negative impact on any particular industry, group of related industries, or geographic region may have a greater adverse effect on our investment portfolio to the extent that the portfolio is concentrated within those issuers, sectors, or industries.
- Liquidity risk - the risk that we will not be able to convert investment securities into cash on favorable terms and on a timely basis, or that we will not be able to sell them at all, when desired. Disruptions in the financial markets or a lack of buyers for the specific securities that we are trying to sell could prevent us from liquidating securities or cause a reduction in prices to levels that are not acceptable to us.

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- Reinvestment risk - the possibility that the cash flows produced by an investment will have to be reinvested at a reduced rate of return. Approximately 36% of our fixed maturity portfolio is expected to mature over the next three years.

Our equity securities have exposure to price risk. Equity markets, sectors, industries, and individual securities may also be subject to some of the same risks that affect our fixed income portfolio, as discussed above.

All of our fixed income and equity securities are subject to market volatility. To the extent that future market volatility negatively impacts our investments, our financial condition will be negatively impacted. We review the fixed income portfolio on a periodic basis to evaluate positions that are in an unrealized loss position to determine whether impairments are a result of credit loss or other factors. Inherent in management's evaluation of a security are assumptions and estimates about the operations of the issuer and its future earnings potential. As the process for determining impairments is highly subjective, changes in our assessments may have a material effect on our operating results and financial condition. See also Part II, Item 7A. "Quantitative and Qualitative Disclosures about Market Risk".

In July 2017, the United Kingdom's Financial Conduct Authority ("FCA"), which regulates the London Interbank Offered Rate ("LIBOR"), announced that it intends to phase out LIBOR by the end of 2021. After this date, the FCA would no longer require banks to make LIBOR submissions. Following discussions with the FCA and other official sector bodies, the Intercontinental Exchange Benchmark Administration announced in March 2021 the publication of certain USD LIBOR settings will continue through June 30, 2023. The Alternative Reference Rates Committee of the Federal Reserve Board (ARRC), a group of market participants convened to help ensure a successful transition away from LIBOR, has recommended the Secured Overnight Financing Rate (SOFR) as its preferred alternative reference rate and has proposed a transition plan and timeline designed to encourage the adoption of SOFR from LIBOR. Volume in SOFR-linked products progressed strongly in 2022, and SOFR is now the predominant floating rate used in newly issued fixed income transactions. However, most floating rate instruments outstanding still reference LIBOR and therefore will need to transition to an alternative rate.

We have identified our population of contracts that contain a LIBOR reference and have determined that our primary exposure is in fixed income securities within our investment portfolio. At December 31, 2022, approximately 17% of our investment portfolio includes securities with LIBOR exposure where the stated final maturity date extends beyond June 30, 2023. Many of our LIBOR indexed securities have fallback provisions that provide for an alternative reference rate when LIBOR ceases to exist. For securities governed by U.S. law without adequate fallback provisions already in place, federal legislation was passed in 2022 to provide a safe harbor for transition to the recommended alternative reference rate.

We continually monitor the risks associated with the LIBOR transition which include identifying and monitoring our exposure to LIBOR, monitoring the market adoption of alternative reference rates and ensuring operational processes are updated to accommodate alternative rates. Due to the inherent uncertainty in financial markets, we are currently unable to predict the overall impact of LIBOR transition on our net investment income, fair market value and return on investments that contain a LIBOR reference.

Deteriorating capital and credit market conditions or a failure to accurately estimate capital needs may significantly affect our ability to meet liquidity needs and access capital.

Sufficient liquidity and capital levels are required to pay operating expenses, income taxes, and to provide the necessary resources to fund future growth opportunities, satisfy certain financial covenants, pay dividends on common stock, and repurchase common stock. Management estimates the appropriate level of capital necessary based upon current and projected results, which includes evaluating potential risks. Failure to accurately estimate our capital needs may have a material adverse effect on our financial condition until additional sources of capital can be obtained. Further, a deteriorating financial condition may create a negative perception of us by third parties, including investors, and financial institutions, which could impact our ability to access additional capital in the debt or equity markets. Volatility in the financial markets could also limit our ability to sell certain fixed income securities or cause such investments to sell at deep discounts.

Our primary sources of liquidity are management fee revenue and cash flows generated from our investment portfolio. In the event these traditional sources of liquidity are not available, we may have to seek additional financing. Our access to funds will depend upon a number of factors including current market conditions, the availability of credit, market liquidity, and the timing of obtaining credit ratings. In deteriorating market conditions, there can be no assurance that we will obtain additional financing, or, if available, that the cost of financing will not substantially increase and affect our overall profitability.

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ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Cybersecurity Risk Management

Our Privacy and Information Security Committee, comprised of officers and senior leaders, is responsible for overseeing the development and maintenance of information privacy and security policies and effective operation of our corporate information security and cybersecurity program in compliance with applicable state insurance regulations and other legal and regulatory requirements. This committee is sponsored by and reports directly to our Executive Council, which includes our Chief Executive Officer and executive vice presidents.

As part of our overall Enterprise Risk Management ("ERM") program, we employ a cybersecurity program of technical, administrative, and physical controls intended to reduce the risk of cyber threats and protect our information, as well as documented processes to determine and make appropriate disclosures regarding potential material threats and incidents. Our cybersecurity philosophy and approach align to the National Institute of Standards and Technology Cybersecurity Framework and its core elements to identify, protect, detect, respond, and recover from the various forms of cyber threats. Our practices include, but are not limited to, cybersecurity protocols and controls, system monitoring and detection,

communication of incidents to appropriate management, third-party risk management, including assessments of emerging threats and vulnerabilities, and ongoing privacy and cybersecurity training for employees and contractors concerning cyber risk. A foundational element of our cybersecurity risk management processes is the annual Cybersecurity and Information Security Risk Assessment (CSRA), which includes an analysis of cybersecurity risks facing us and associated recommendations and action items to mitigate identified risks. We periodically utilize third parties to assess the effectiveness of our cybersecurity efforts through independent validations, verifications, and security assessments.

Our Board of Directors has a process in place to monitor management's oversight of cybersecurity. This is done primarily through regular reports to its Risk Committee as well as the full Board of Directors. Management provides reports on our

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cybersecurity risk management program, including our risk evaluation, the results of independent third-party security assessments, and our efforts to manage cyber related risks.

We have a core incident response team (Core Team) consisting of dedicated, skilled leadership representatives from our Information Security, Privacy and Law teams, responsible for analyzing and assessing cyber incidents and leading response efforts. Our Chief Information Security Officer (CISO), responsible for overseeing and managing information security incidents, has over 25 years of experience in information technology (IT), including over 20 years dedicated to practicing or leading cybersecurity functions. Our CISO is also a Certified Information Systems Security Professional (CISSP). Our Privacy leader, responsible for managing privacy incidents, has over 20 years of experience in IT risk management, including over 10 years in IT risk and control functions and the remaining time focused on privacy and cybersecurity related functions and holds several information privacy and risk certifications. Our Legal leader, responsible for providing guidance on legal and other regulatory obligations in the areas of privacy, cybersecurity, technology, data use and third-party risk management, holds a Juris Doctor degree, is licensed to practice law, and has over 20 years of legal experience, including 10 years focused on privacy and cybersecurity and holds several information security and privacy certifications, including the CISSP. The Core Team leaders are members of various organizations that support cybersecurity or privacy intelligence, education, information sharing and networking, including among others the Financial Services Information Sharing and Analysis Center (FS-ISAC), Domestic Security Alliance Council (DSAC), InfraGard, and International Association of Privacy Professionals (IAPP).

The Core Team members are augmented as needed by representatives from other internal groups, including subject matter experts from Information Security, Privacy, Finance and Law, as well as certain third parties that may need to participate in the incident response process. Depending on the severity and impact of the incident, third parties engaged may include outside counsel, forensics investigators, public relation firms, data breach resolution providers, and cyber insurance brokers and carriers. In conjunction with legal counsel, the Core Team evaluates notification requirements and as necessary will notify stakeholders depending on the nature and severity of the incident, including law enforcement, state attorneys general, regulators, external auditors, third party providers, and impacted individuals.

The Core Team is informed of cyber incidents from diverse sources, including for example, internal monitoring systems, information sharing organizations, employees, and other external information sources. Depending upon the levels of access to our information and/or information systems, third party service providers are contractually obligated to report cybersecurity incidents within their environments. The Core Team performs incident analysis and triage to determine scope, severity, prioritization and required response plans to address an incident in a manner that is intended to minimize the impact to us, our assets, and our operations. In accordance with applicable legal and regulatory requirements, this analysis and triage step includes an assessment of the potential for material impact to us from a cybersecurity incident or a series of individually immaterial related incidents that are material when aggregated.

To date, we are not aware of any cybersecurity breach or other incident with respect to our systems or data that would have a material impact to our business strategy, results of operations or financial condition. Additionally, we are not aware of any cybersecurity breach or other incident experienced by anyone with whom we have a third-party relationship that has had a material impact on our systems or data. However, there can be no guarantee that we will not experience any such incidents in the future. See Item 1A. "Risk Factors" for a discussion of cybersecurity risks.

ITEM 2. PROPERTIES

Indemnity and the Exchange share a corporate home office campus in Erie, Pennsylvania, which comprises approximately 996,000 square feet. Additionally, we lease two office buildings and one warehouse facility from third parties. We parties and are charged rent for the related square footage we occupy.

Indemnity and the Exchange also operate own or lease 25 field offices in 12 states used to primarily support claims-related activities. The Exchange owns seven field offices and leases another 16 from third parties. Indemnity owns one field office and leases another from a third party. Commitments for properties leased from third parties expire periodically through 2027, 2029. We expect that most leases will be renewed or replaced upon expiration. Rental costs of shared facilities are allocated based upon usage or square footage occupied.

Over 90% of our workforce had been working remotely from March 2020 through April 2022 due to the COVID-19 pandemic. We implemented a phased return of our workforce beginning in April 2022 and transitioned to a predominately hybrid format.

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ITEM 3. 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 appeal will now be heard 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 filed a Petition for Writ of Certiorari with the Supreme Court of the United States. The Petition seeks a determination from the Court that the lower courts improperly denied federal jurisdiction. The Petition is currently pending before the Third Circuit Court.

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Indemnity intends to vigorously defend against all of the allegations and requests for relief in the complaint.

Separately, Indemnity filed a Complaint in Federal Court to invoke certain provisions of the "All "All Writs Act" Act" and the "Anti-Injunction "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.

For additional information on contingencies, see Part II, Item 8. "Financial Statements and Supplementary Data - Note 16, Commitment and Contingencies, of Notes to Financial Statements".

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ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Common Stock Market Prices and Dividends

Our Class A, non-voting common stock trades on The NASDAQ Stock MarketSM LLC under the symbol "ERIE". No established trading market exists for the Class B voting common stock. Broadridge Corporate Issuer Solutions, Inc. serves as our transfer agent and registrar. As of February 17, 2023 February 20, 2024, there were approximately 527 504 shareholders of record for the Class A non-voting common stock and 9 8 shareholders of record for the Class B voting common stock.

Historically, we have declared and paid cash dividends on a quarterly basis at the discretion of the Board of Directors. The payment and amount of future dividends on the common stock will be determined by the Board of Directors and will depend upon, among other things, our operating results, financial condition, cash requirements, and general business conditions at the time such payment is considered.

Stock Performance

The following graph depicts the cumulative total shareholder return, assuming reinvestment of dividends, for the periods indicated for our Class A common stock compared to the Standard & Poor's 500 Stock Index and the Standard & Poor's Supercomposite Insurance Industry Group Index. The Standard & Poor's Supercomposite Insurance Industry Group Index is made up of 55 56 constituent members represented by property and casualty insurers, insurance brokers, and life insurers, and is a capitalization weighted index. 1547

		2017	2018	2019	2020	2021	2022								
		2018		2018		2019		2020		2021		2022		2023	
Erie Indemnity	Erie Indemnity	(1)													
Company Class	Company Class														
A common	A common														
stock	stock	\$	100	\$113	\$143	\$218	\$174	\$230							
Standard &	Standard &	(1)													
Poor's 500	Poor's 500														
Stock Index	Stock Index	100	96	126	149	191	157								
Standard &	Standard &	(1)													
Poor's	Poor's														
Supercomposite	Supercomposite														
Insurance	Insurance														
Industry Group	Industry Group														
Index	Index	100	90	116	114	148	161								

(1) Assumes \$100 invested at the close of trading, including reinvestment of dividends, on the last trading day preceding the first day of the fifth preceding fiscal year, in our Class A common stock, the Standard & Poor's 500 Stock Index, and the Standard & Poor's Supercomposite Insurance Industry Group Index.

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Issuer Purchases of Equity Securities

We may purchase shares, from time-to-time, in the open market, through trading plans entered into with one or more brokerage firms pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934, or through privately negotiated transactions. The purchase of shares is dependent upon prevailing market conditions and alternate uses of capital, and at times and in a manner that is deemed appropriate.

Our Board of Directors authorized a stock repurchase program effective January 1, 1999, allowing the repurchase of our outstanding Class A nonvoting common stock. Various approvals for continuation of this program have since been authorized, with the most recent occurring in 2011 for \$150 million, which was authorized with no time limitation.

The following table presents the number and average price of our outstanding Class A nonvoting common stock shares purchased during the quarter ending December 31, 2022 December 31, 2023:

(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	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
October 1–31, 2022		—	\$ —	—	\$ 17,754
November 1–30, 2022 ⁽¹⁾		1,835	254.47	—	17,754
December 1–31, 2022		—	—	—	17,754
October 1–31, 2023					
October 1–31, 2023					
October 1–31, 2023					
November 1–30, 2023 ⁽¹⁾					
December 1–31, 2023					
Total	Total	1,835	254.47	—	

(1) Represents shares purchased on the open market to fund the rabbi trust for both the outside director deferred stock compensation plan (1,563 shares at an average price of \$254.47 per share) and the incentive compensation deferral plan (272 shares at an average price of \$254.47 per share). plan.

See Item 8. "Financial Statements and Supplementary Data" Note 10, Incentive and Deferred Compensation Plans, of Notes to Financial Statements" contained within this report for additional information on shares purchased outside of this program.

ITEM 6. SELECTED FINANCIAL DATA

Not applicable.

ITEM 7. 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 audited financial statements and related notes and all other items contained within this Annual Report on Form 10-K as these contain important information helpful in evaluating our financial condition and results of operations.

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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 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;

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- ability to maintain uninterrupted business operations;

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- **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

See Item 8. "Financial Statements and Supplementary Data - Note 2, Significant Accounting Policies, of Notes to Financial Statements" contained within this report for a discussion of recently **adopted issued** accounting standards and the impact on our financial **statements, statements if known.**

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OPERATING OVERVIEW

Overview

We are a Pennsylvania business corporation that since 1925 has been the managing 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. Management fee revenue is based upon all direct and affiliated assumed premiums written by the Exchange and the management fee rate, which is not to exceed 25%. Our Board of Directors establishes the management fee rate at least annually, generally in December for the following year. The process of setting the management fee rate includes, **but is not limited to**, the evaluation of current year operating results compared to both prior year and industry estimated results for both Indemnity and the Exchange, and consideration of several factors for both entities **including; including, but not limited to**: their relative financial strength and capital position; projected revenue, expense and earnings for the subsequent year; future capital needs; as well as competitive position. The management fee rate was set at 25% for **2023, 2022 2021** and **2020. Our 2021. Based on analysis of the foregoing factors, our** Board of Directors set the **2023 2024** management fee rate again at 25%, **its maximum level.**

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 comprised approximately **66% 67%** of our **2022 2023** policy issuance and renewal expenses. The underwriting services we provide include underwriting and policy processing and comprised approximately **10% 9%** of our **2022 2023** policy issuance and renewal expenses. The remaining services we provide include customer service and administrative support. We also provide information technology services that support all the functions listed above that comprised approximately 11% of our **2022 2023** policy issuance and renewal expenses. 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

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investment trading activity, accounting and all other functions attributable to the investment of funds. In **2022, 2023**, approximately 71% of the administrative services expenses **are were** entirely attributable to the respective administrative functions (claims handling, life insurance management and investment management), while the remaining 29% of these expenses **are 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.

We generate investment income from our fixed maturity and equity security portfolios. Our portfolio is managed with the objective of maximizing after-tax returns on a risk-adjusted basis. We actively evaluate the fixed maturity portfolios for securities in an

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unrealized loss position and record impairment write-downs on investments in instances where we have the intent to sell or it's more likely than not that we would be required to sell the security. Impairments resulting from a credit loss are recognized in earnings with a corresponding allowance on the balance sheet, Statement of Financial Position.

Risks and Uncertainties

Uncertainty resulting from current events, including but not limited to, post-pandemic conditions, supply chain disruptions and certain geopolitical concerns, have influenced various economic factors, including an elevated inflationary environment and rising interest rates over the past year. As these events continue to evolve, the ultimate impact and duration remain uncertain. The following sections provide a summary of the more relevant financial impacts, risk monitoring activities, and operational considerations for Indemnity and the Exchange.

The impact that the COVID-19 pandemic and post-pandemic inflation has on the premiums written by the Exchange, our sole customer, affects our management fee revenue. While reduced driving conditions resulting from the COVID-19 pandemic prompted the Exchange to implement personal and commercial auto rate reductions in 2020, higher severity from continued supply chain disruptions and inflation impacted rate decisions in 2021, resulting in increased average premiums per policy in 2022. There may also be other market and/or regulatory pressures that could impact the Exchange's operations. Response to the COVID-19 pandemic and various recent geopolitical events have also had a significant impact on the global financial markets, including rising interest rates, which could impact future losses and impairments to the investment portfolio. We have provided additional disclosure of these impacted areas throughout our Management's Discussion and Analysis that follows. A broader discussion of the potential future impacts has also been disclosed in Financial Condition and Liquidity and Capital Resources contained within this report, as well as Part I. Item 1A. "Risk Factors" contained within this report.

While we were not required to close our physical locations under the state mandated closure of nonessential services during the pandemic, out of concern for the health and safety of our employees, over 90% of our workforce had been working remotely from March 2020 through April 2022. We did not experience significant interruptions to our core business processes or systems and did not have significant changes to our financial close reporting processes or related internal controls as a result of remote work. We implemented a phased return of our workforce beginning in April 2022 and transitioned to a predominately hybrid format. Consistent with our process from the beginning of the pandemic, we prioritize the health and safety of our employees and will adjust as appropriate.

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Financial Overview

Years ended December 31,					Years ended December 31,				
(dollars in thousands, except per share data)					(dollars in thousands, except per share data)				
					2023	% Change	2022	% Change	2021
Years ended December 31,									
(dollars in thousands, except per share data)	2022	% Change	2021	% Change	2020				
Operating income									
Operating income									
Operating income	\$376,214	18.3 %	\$318,097	(5.9) %	\$338,157				
Total investment income	632	(99.1)	67,332	NM	32,867				
Interest expense, net	2,009	(51.4)	4,132	NM	731				

Other income (expense)	Other income (expense)	1,615	NM	(4,893)	NM	(1,778)
Income before income taxes	Income before income taxes	376,452	0.0	376,404	2.1	368,515
Income tax expense	Income tax expense	77,883	(0.8)	78,544	4.4	75,211
Net income	Net income	\$298,569	0.2 %	\$297,860	1.6 %	\$293,304
Net income per share - diluted	Net income per share - diluted	\$ 5.71	0.3 %	\$ 5.69	1.6 %	\$ 5.61

NM = not meaningful

Operating income increased in 2022 2023 compared to 2021 2022 as growth in operating revenue outpaced the growth in operating expenses. 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 2023, 2022, 2021, and 2020, 2021. The direct and affiliated assumed premiums written by the Exchange increased 17.0% to \$10.1 billion in 2023 and 9.2% to \$8.6 billion in 2022 and 3.3% to \$7.9 billion in 2021, 2022.

Cost of operations for policy issuance and renewal services increased 12.0% to \$2.0 billion in 2023 primarily due to higher scheduled commissions driven by direct and affiliated assumed written premium growth, as well as increased employee compensation and technology costs. Cost of operations for policy issuance and renewal services increased 7.0% to \$1.8 billion in 2022 primarily due to higher scheduled commissions driven by direct and affiliated assumed written premium growth, as well as increased professional fees and technology costs, costs. Increases in the cost of operations for policy issuance and renewal services in both periods were partially offset by decreased agent incentive compensation driven by higher claims severity and related loss costs experienced by the Exchange. Cost of operations for policy issuance and renewal services increased 5.6% to \$1.7 billion in 2021 primarily due to higher commissions driven by direct and affiliated assumed written premium growth, increased technology costs, increased administrative and other costs, and higher agent incentive compensation from profitable growth.

Management fee revenue for administrative services remained consistent at \$58.3 million increased 9.2% to \$63.7 million in 2022 2023 compared to a decrease an increase of 2.0% 0.1% in 2021, 2022. The administrative services reimbursement revenue and corresponding cost of operations increased both total operating revenue and total operating expenses by \$737.1 million in 2023 and \$668.3 million in 2022, and \$638.5 million in 2021, but had no net impact on operating income.

Total investment income increased \$28.3 million in 2023 primarily due to lower net realized and unrealized investment losses and an increase in net investment income compared to 2022. Total investment income decreased \$66.7 million in 2022

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primarily due to a decrease in net investment income as well as net realized and unrealized investment losses in 2022 compared to net gains in 2021. Total investment income increased \$34.5 million in 2021 primarily due to an increase in net investment income. The changes in net investment income in both periods were driven by results in our limited partnership portfolio.

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. The extent to which economic conditions fee revenue. Inflation remained elevated from historical levels during 2023. Continued elevated inflation or supply chain disruptions could impact the Exchange's Exchange's operations and our management fee was exacerbated with the COVID-19 pandemic and the post-pandemic economic environment. 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 as post-pandemic conditions continue to evolve. 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, Liquidity and Capital Resources, and Part I, Item 1A. "Risk Factors" contained within this report for a discussion of 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, which are unpredictable and remain uncertain, considerable fluctuation could exist occur in the fair value of our investment portfolio and reported total investment income, which could have an adverse impact on our financial condition,

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results of operations, and cash flows. Post-pandemic conditions and various recent Various ongoing geopolitical events, the uncertain inflationary and interest rate environments, and a potential economic slowdown could have had a significant impact on the global financial markets. The value of our invested assets could be adversely impacted and there is markets with the potential for future losses and/or impairments on our investment portfolio resulting from continued supply chain disruptions, further inflationary pressures and rising interest rates, portfolio.

CRITICAL ACCOUNTING ESTIMATES

The financial statements include amounts based upon estimates and assumptions that have a significant effect on reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period and related disclosures. We consider an accounting estimate to be critical if 1) it requires assumptions to be made that were uncertain at the time the estimate was made, and 2) different estimates that could have been used, or changes in the estimate that are likely to occur from period-to-period, could have a material impact on our Statements of Operations or Financial Position.

The following presents a discussion of those accounting policies surrounding estimates that we believe are the most critical to our reported amounts and require the most subjective and complex judgment. If actual events differ significantly from the underlying assumptions, there could be material adjustments to prior estimates that could potentially adversely affect our results of operations, financial condition, and cash flows. The estimates and the estimating methods used are reviewed continually, and any adjustments considered necessary are reflected in current earnings.

Investment Valuation

Fair Value Measurements

We make estimates concerning the fair value of our investments using valuation techniques to derive the fair value of the fixed maturity and equity investments we hold. Fair value is the price that would be received to sell an asset in an orderly transaction between willing market participants at the measurement date.

Fair value measurements are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our view of market assumptions in the absence of observable market information. We utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Our investments are categorized into a three-level fair value hierarchy which assigns a Level 1 for highly observable inputs and a Level 3 to unobservable inputs. We continually assess whether or not an active market exists for all of our investments and as of each reporting date we re-evaluate their classification in the fair value hierarchy.

As of each reporting period, financial instruments recorded at fair value are classified based upon the lowest level of input that is significant to the fair value measurement. The presence of at least one unobservable input that has significant impact to the fair value measurement would result in classification as a Level 3 instrument. Our assessment of the significance of a particular input to the fair value measurement requires judgment, and considers factors specific to the asset, such as the relative impact on

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the fair value as a result of including a particular input and market conditions. While estimates of the fair values of our investment portfolio are obtained from outside pricing services, we ultimately determine whether the inputs used are observable or unobservable.

As of December 31, 2022 December 31, 2023, substantially all of the securities measured at fair value in our investment portfolio are classified as Level 2. Level 2 securities are valued using industry-standard models that consider various inputs, such as the interest rate and credit spread for the underlying financial instruments. All significant inputs are observable, or derived from observable information in the marketplace, or are supported by observable levels at which transactions are executed in the marketplace. At December 31, 2022 December 31, 2023, our investments classified as Level 3 were not significant.

See Item 8. "Financial Statements and Supplementary Data - Note 5, Fair Value, of Notes to Financial Statements" contained within this report for additional details on the fair value measurement of our investments.

Impairments

During Our fixed maturity portfolio experienced unrealized losses in 2023 and 2022 as a result of rising the higher interest rates, unrealized losses in our fixed maturity portfolio increased significantly. rate environment compared to prior years. We regularly monitor our fixed maturity and equity security portfolios for price changes and perform detailed reviews of securities in an unrealized loss position that may indicate that credit-related or other impairments exist. As of December 31, 2022 December 31, 2023, our intent to sell and credit-related impairments were not material to our financial condition or results of operations.

See Item 8. "Financial Statements and Supplementary Data - Note 2, Significant Accounting Policies, of Notes to Financial Statements" contained within this report for additional details on impairments of available-for-sale securities.

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Retirement Benefit Plans for Employees

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. 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 for approximately 58% of the annual benefit expense of these plans, which represents pension benefits for employees performing administrative services and an their allocated share of costs pension income or cost. See Item 8. "Financial Statements and Supplementary Data - Note 9, Postretirement Benefits, of Notes to Financial Statements" contained within this report for employees in departments that support the administrative functions, additional details on these reimbursements.

Our pension obligation is developed from actuarial estimates. Several statistical and other factors, which attempt to anticipate future events, are used in calculating the expense and liability related to the plans. Key factors include assumptions about the discount rates and expected rates of return on plan assets. We review these assumptions annually and modify them considering historical experience, current market conditions, including changes in investment returns and interest rates, and expected future trends.

Accumulated and projected benefit obligations are expressed as the present value of future cash payments. We discount those cash payments based upon a yield curve developed from corporate bond yield information with maturities that correspond to the payment of benefits. Lower discount rates increase present values and subsequent year pension expense, while higher discount rates decrease present values and subsequent year pension expense. The construction of the yield curve is based upon yields of corporate bonds rated AA or equivalent quality. Target yields are developed from bonds at various maturity points and a curve is fitted to those targets. Spot rates (zero coupon bond yields) are developed from the yield curve and used to discount benefit payment amounts associated with each future year. The present value of plan benefits is calculated by applying the spot/discount rates to projected benefit cash flows. A single discount rate is then developed to produce the same present value. The cash flows from the yield curve were matched against our projected benefit payments in the pension plan, which have a duration of about 15 years. This yield curve supported the selection of a 5.67% 5.34% discount rate for the projected benefit obligation at December 31, 2022 December 31, 2023 and for the 2023 2024 pension expense, income. The same methodology was used to develop the 3.16% 5.67% and 2.96% 3.16% discount rates used to determine the projected benefit obligation for 2021 2022 and 2020, 2021, respectively, and the pension income for 2023 and expense for 2022, and 2021, respectively. A 25 basis point decrease in the discount rate assumption, with other assumptions held constant, would increase pension cost in the following year by \$3.6 million \$4.1 million, of which our share would be approximately \$1.5 million \$1.6 million, and would increase the pension benefit obligation by \$32.3 million \$37.2 million.

Unrecognized actuarial gains and losses arise from several factors, including experience and assumption changes in the obligations and from the difference between expected returns and actual returns on plan assets. These unrecognized gains and losses are recorded in the pension plan obligation and accumulated other comprehensive income (loss). These amounts are systematically recognized to net periodic pension expense in future periods, with gains decreasing and losses increasing future pension expense. If actuarial net gains or losses exceed 5% of the greater of the projected benefit obligation and the market-related market-

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related value of plan assets, the excess is recognized through the net periodic pension expense equally over the estimated service period of the employee group, which is currently 14 years.

The expected long-term rate of return for the pension plan represents the average rate of return to be earned on plan assets over the period the benefits included in the benefit obligation are to be paid. To determine the expected long-term rate of return assumption, we utilized models based upon rigorous historical analysis and forward-looking views of the financial markets based upon key factors such as historical returns for the asset class' applicable indices, the correlations of the asset classes under various market conditions and consensus views on future real economic growth and inflation. The expected future return for each asset class is then combined by considering correlations between asset classes and the volatilities of each asset class to produce a reasonable range of asset return results within which our expected long-term rate of return assumption falls. While the expected long-term rate of return is generally less susceptible to annual revisions as there are typically no significant changes in the asset mix, we increased the expected return on asset assumption from 5.50% 6.50% to 6.50% 7.00% in 2023 2024 based on the current asset allocation and considering a review of the key factors and expectations of future performance as well as the current market environment. A change of 25 basis points in the expected long-term rate of return assumption, with other assumptions held constant, would have an estimated \$2.6 million \$2.9 million impact on net pension benefit cost in the following year, of which our share would be approximately \$1.1 million \$1.2 million.

We use a four-year averaging method to determine the market-related value of plan assets, which is used to determine the expected return component of pension expense. Under this methodology, asset gains or losses that result from returns that differ from our long-term rate of return assumption are recognized in the market-related value of assets on a level basis over a four-year period. The market-related asset experience during 2022 2023 that related to the actual investment return being different from that assumed during the prior year was a loss gain of \$358.6 million \$36.8 million. Recognition of this loss gain will be deferred and recognized over a four-year period, consistent with the market-related asset value methodology. Once factored into the market-related

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asset value, these experience gains and losses will be amortized over a period of 14 years, which is the remaining service period of the employee group.

We expect our In 2023, we recognized net pension benefit cost to decrease from \$44.2 million in 2022 to income of \$7.8 million in 2023 \$3.8 million primarily due to driven by higher discount rates and expected return on assets, partially offset by lower than expected asset returns during 2022. We continue to project net pension benefit income in 2024 as opposed to expense. While our discount rate assumptions decreased for 2024, the estimated increase in net pension benefit income to \$4.3 million in 2024 is primarily due to an anticipated one-time SERP settlement credit of \$1.0 million. Our share of the net pension benefit costs income after reimbursements was \$18.6 million \$0.9 million in 2022, 2023. We expect our share of the net pension benefit income to be approximately \$3.3 million \$1.4 million in 2023, 2024, of which expense of \$11.5 million \$13.0 million will be recorded in operating expense and income of \$14.8 million \$14.4 million will be recorded in other income.

The actuarial assumptions we used in determining our pension obligation may differ materially from actual results due to changing market and economic conditions, higher or lower withdrawal rates, or longer or shorter life spans of participants. While we believe that the assumptions used are appropriate, differences in actual experience or changes in assumptions may materially affect our financial position, results of operations, or cash flows. See Item 8. "Financial Statements and Supplementary Data - Note 9, Postretirement Benefits, of Notes to Financial Statements" contained within this report for additional details on the pension plans.

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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 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.

Management fee rate

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 2023, 2022 2021 and 2020, 2021. 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 and prior year transaction price allocation reviews resulted in minor changes in the allocation percentages between the two performance obligations in all periods, 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:

Years ended December 31,										Years ended December 31,			
Years ended December 31,										Years ended December 31,			
(dollars in thousands)	(dollars in thousands)	2022	% Change	2021	% Change	2020	(dollars in thousands)	2023	% Change	2022	% Change	2021	
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												
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	\$8,595,960	9.2 %	\$7,868,311	3.3 %	\$7,613,519							
Management fee rate	Management fee rate	24.3 %		24.3 %		24.2 %	Management fee rate	24.30 %		24.30 %		24.30 %	

Management fee revenue	Management fee revenue	2,088,818	9.2	1,912,000	3.8	1,842,472
Change in estimate for management fee returned on cancelled policies ⁽¹⁾	Change in estimate for management fee returned on cancelled policies ⁽¹⁾	(972)	NM	1,166	NM	(678)
Management fee revenue - policy issuance and renewal services	Management fee revenue - policy issuance and renewal services	\$2,087,846	9.1 %	\$1,913,166	3.9 %	\$1,841,794
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	\$8,595,960	9.2 %	\$7,868,311	3.3 %	\$7,613,519
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Management fee rate	Management fee rate	0.7 %	0.7 %	0.8 %	Management fee rate	0.70 %	0.70 %	0.70 %
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Management fee revenue	Management fee revenue	60,172	9.2	55,078	(9.6)	60,908
Change in contract liability ⁽²⁾	Change in contract liability ⁽²⁾	(1,865)	NM	3,195	NM	(1,376)
Change in estimate for management fee returned on cancelled policies ⁽¹⁾	Change in estimate for management fee returned on cancelled policies ⁽¹⁾	16	24.7	13	NM	(69)
Management fee revenue - administrative services	Management fee revenue - administrative services	58,323	0.1	58,286	(2.0)	59,463

Management fee revenue - administrative services

Management fee revenue - administrative services

Administrative services reimbursement revenue	Administrative services reimbursement revenue	668,268	4.7	638,483	4.8	609,435
Total revenue from administrative services	Total revenue from administrative services	\$ 726,591	4.3 %	\$ 696,769	4.2 %	\$ 668,898

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 Item 8. "Financial Statements - Note 3, Revenue, of Notes to Financial Statements" contained within this report.

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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 9.2% 17.0% to \$10.1 billion in 2023, from \$8.6 billion in 2022, from \$7.9 billion in 2021, primarily driven by increased personal lines and commercial multi-peril premiums written. Year-over-year policies in force for all lines of business increased 3.6% 6.9% in 2022 2023 as the result of continuing strong policyholder retention and an increase in new policies written, compared to 3.2% 3.6% in 2021, 2022. The year-over-year average premium per policy for all lines of business increased 5.4% 9.4% at December 31, 2022 December 31, 2023, compared to 0.1% 5.4% at December 31, 2021 December 31, 2022. The

Premiums generated from new business increased 37.9% to \$1.5 billion in 2023. Contributing to this change was a 23.7% increase in new business policies written and a 11.5% increase in year-over-year average premium per policy on new business at December 31, 2021 was impacted by the rate reductions for personal and commercial auto policies written between January 1, 2021 and June 30, 2021, in response to lower driving activity resulting from the COVID-19 pandemic.

December 31, 2023. Premiums generated from new business increased 14.5% to \$1.1 billion in 2022. Contributing to this change was a 10.4% increase in year-over-year average premium per policy on new business at December 31, 2022 and a 3.7% increase in new business policies written. Premiums generated from new business increased 13.2% to \$965 million in 2021. New business policies written increased 9.0% in 2021 and year-over-year Year-over-year average premium per policy on new business increased 3.9% 10.4% at December 31, 2021. December 31, 2022 and new business policies written increased 3.7% in 2022.

Premiums generated from renewal business increased 13.9% to \$8.5 billion in 2023, and increased 8.5% to \$7.5 billion in 2022, and increased 2.1% to \$6.9 billion, in 2021, 2022. Underlying the trend in renewal business premiums was in both periods were increases in year-over-year average premium per policy of 9.0% at December 31, 2023 and 4.7% at December 31, 2022, as well as an increase in year-over-year policies in force of 4.5% and 3.6% in 2023 and 2.4% in 2022, and 2021, respectively, driven by a slight increase in policy retention ratios, as well as a 4.7% increase in year-over-year average premium per policy at December 31, 2022, compared to a 0.3% decrease at December 31, 2021. ratios.

The Exchange implements rate changes in order to meet loss cost expectations. In response to reduced driving conditions in 2020 resulting from the COVID-19 pandemic, the Exchange implemented \$200 million in personal and commercial auto rate reductions on policies written between July 1, 2020 and June 30, 2021. These rate reductions resulted in a decrease to Exchange's, which negatively impacted Exchange's written premium of in 2021 by approximately \$110 million and \$90 million for. The Exchange began implementing rate increases in 2021 and 2020, respectively. Claims primarily due to increased claims frequency increased as driving activity returned to near pre-pandemic levels in 2021 and 2022. Inflation-driven severity continued to implement rate increases in 2021 2022 and 2022, combined with increasing claim frequency, impacted 2022 underwriting results, and may impact future rate decisions. 2023 primarily as a result of inflation-driven severity increases.

As the Exchange writes policies with annual terms only, rate actions take 12 months to be fully recognized in written premium and 24 months to be recognized in earned premiums. Since rate changes are realized at renewal, it takes 12 months to implement a rate change to all policyholders and another 12 months to earn the increased or decreased premiums in full. As a result, certain rate changes approved in 2021 2022 were reflected in 2022, 2023, and a portion of the rate actions approved in 2022 2023 will be reflected in 2023, 2024. Furthermore, the Exchange writes certain personal auto policies with a rate locking feature, which generally extends the amount of time it takes for rate actions to be recognized. The Exchange continuously evaluates pricing and product offerings to meet consumer demands.

Personal lines – Total personal lines premiums written increased 8.4% 18.7% to \$7.1 billion in 2023, from \$6.0 billion in 2022, from \$5.5 billion in 2021, driven by a 4.4% 10.5% increase in total personal lines year-over-year average premium per policy and a 3.9% 7.4% increase in total personal lines policies in force. Total personal lines policies in force increased 3.1% in 2021 and year-over-year average premium per policy decreased 0.6% increased 4.4% at December 31, 2021. December 31, 2022 and policies in force increased 3.9% in 2022.

Commercial lines – Total commercial lines premiums written increased 11.2% 13.0% to \$2.6 billion \$3.0 billion in 2023, compared to 2022, driven by a 9.5% increase in the total commercial lines year-over-year average premium per policy and a 3.2% increase in total commercial lines policies in force. Total commercial lines premiums written increased 11.2% in 2022, compared to 2021, driven by a 9.0% increase in the total commercial lines year-over-year average premium per policy and a 2.0% increase in total commercial lines policies in force. Total commercial lines premiums written increased 5.4% in 2021, compared to 2020, driven by a 3.6% increase in total commercial lines policies in force and a 1.7% increase in the total commercial lines year-over-year average premium per policy.

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 directly affect the profitability of the Exchange and have a direct bearing on our management fee. Our continued focus on underwriting discipline and the maturing of pricing sophistication models have contributed to the Exchange's steady policy retention ratios. The continued growth of its policy base is dependent upon the Exchange's ability to retain existing and attract new subscribers/policyholders. A lack of new policy growth or the inability to retain existing customers could have an adverse effect on the Exchange's premium level growth, and consequently our management fee.

Changes in premium levels attributable to rate changes also directly affect the profitability of the Exchange and have a direct bearing on our management fee. Pricing actions contemplated or taken by the Exchange are subject to various regulatory requirements of the states in which it operates. The pricing actions already implemented, or to be implemented, have an effect

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on the market competitiveness of the Exchange's insurance products. Such pricing actions, and those of the Exchange's

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competitors, could affect the ability of the Exchange's agents to retain and attract new business; additionally, business. We expect the Exchange's pricing actions in 2023 to result in an increase in direct written premiums in 2024; however, exposure reductions and/or changes in mix of business as a result of post-pandemic economic conditions or other significant unexpected events could impact the average direct and affiliated assumed premium written by the Exchange, as customers may reduce coverages. Future premiums could also be impacted by changes resulting from the continued inflationary trends and potential regulatory changes resulting from the COVID-19 pandemic, among others. The extent of the impact to the Exchange's premiums and our management fee cannot be estimated with a high degree of certainty at this time given the ongoing developments related to supply chain disruptions and current inflationary trends. See also Part I, Item 1A. "Risk Factors" contained within this report.

Policy issuance and renewal services

Years ended December 31,							Years ended December 31,					
Years ended December 31,							Years ended December 31,					
(dollars in thousands)	(dollars in thousands)	2022	% Change	2021	% Change	2020	(dollars in thousands)	2023	% Change	2022	% Change	2021
Management fee revenue - policy issuance and renewal services	Management fee revenue - policy issuance and renewal services	\$2,087,846	9.1 %	\$1,913,166	3.9 %	\$1,841,794						
Management fee revenue - policy issuance and renewal services												
Management fee revenue - policy issuance and renewal services												
Service agreement revenue	Service agreement revenue	25,687	6.8	24,042	(6.8)	25,797						
		2,113,533	9.1	1,937,208	3.7	1,867,591						
Cost of policy issuance and renewal services		1,795,642	7.0	1,677,397	5.6	1,588,897						
		2,468,132										
Cost of operations - policy issuance and renewal services												

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Commissions – Commissions increased \$71.1 million \$169.0 million in 2022 2023 compared to 2021, 2022, primarily driven by the growth in direct and affiliated assumed written premium, partially offset by a decrease in agent incentive compensation. The profitability component of agent incentive compensation decreased due to higher claims severity and related loss costs in the three-year period ended 2023 compared to the three-year period ended 2022. Commissions increased \$57.2 million \$71.1 million in 2021 2022 compared to 2020 resulting from higher 2021, primarily driven by the growth in direct and affiliated assumed written premium, primarily partially offset by a decrease in lines agent

incentive compensation. The profitability component of business that pay a higher commission rate. To a lesser extent, there was also an increase in agent incentive compensation decreased due to higher claims severity and related loss costs experienced primarily in 2021 compared to 2020 related to profitable growth, 2022.

Non-commission expense – Non-commission expense increased \$47.1 million \$46.9 million in 2023 compared to 2022. Underwriting and policy processing costs increased \$9.4 million primarily due to policies in force growth. Information technology costs increased \$18.6 million primarily due to increased professional fees, personnel costs, and hardware and software costs. Administrative and other expenses increased \$20.0 million primarily due to an increase in personnel costs. Personnel costs in 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 were driven by improved direct written premium and policies in force growth and Indemnity's higher stock price at year-end 2023 compared to 2022.

In 2022, non-commission expense increased \$47.1 million compared to 2021. Underwriting and policy processing costs increased \$6.4 million primarily due to increased underwriting report, printing, and personnel costs. Information technology costs increased \$13.1 million primarily due to increased hardware and software costs and professional fees, partially offset by decreased personnel costs. Sales and advertising costs increased \$7.5 million primarily due to increased advertising and agent-related expenses. Administrative and other expenses increased \$22.5 million primarily due to an increase in personnel costs related to compensation and increased professional fees.

In 2021, non-commission expense increased \$31.3 million compared to 2020. Underwriting and policy processing costs increased \$4.5 million primarily due to increased personnel costs and underwriting report costs. Information technology costs increased \$11.3 million primarily due to increased hardware and software costs and personnel costs. Administrative and other expenses increased \$14.2 million primarily due to increased professional fees and building and equipment depreciation. Personnel costs in all categories were impacted by higher medical costs compared to the prior year as the COVID-19 pandemic reduced elective procedures in 2020.

Administrative services

Years ended December 31,							Years ended December 31,						
Years ended December 31,							Years ended December 31,						
(dollars in thousands)	(dollars in thousands)	2022	% Change	2021	% Change	2020	(dollars in thousands)	2023	% Change	2022	% Change	2021	
Management fee revenue - administrative services													
Management fee revenue - administrative services													
Management fee revenue - administrative services	Management fee revenue - administrative services	\$58,323	0.1 %	\$58,286	(2.0) %	\$59,463							
Administrative services reimbursement revenue	Administrative services reimbursement revenue	668,268	4.7	638,483	4.8	609,435							
Total revenue allocated to administrative services	Total revenue allocated to administrative services	726,591	4.3	696,769	4.2	668,898							
Administrative services expenses	Administrative services expenses												

Claims handling services	Claims handling services	576,799	5.5	546,962	4.2	525,072
Claims handling services						
Claims handling services						
Investment management services	Investment management services	36,795	(5.3)	38,862	5.5	36,835
Life management services	Life management services	54,674	3.8	52,659	10.8	47,528
Operating income - administrative services	Operating income - administrative services	\$58,323	0.1 %	\$58,286	(2.0) %	\$59,463

Administrative services

We allocate a portion of the The management fee which currently equates revenue allocated to 0.7% administrative services was 0.70% of the direct and affiliated assumed premiums written by the Exchange to the administrative services. The allocation of management fee for these services was 0.7% 2023, 2022, and 0.8% in 2021 and 2020, respectively. 2021. 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 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. 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.

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Total investment income

A summary of the results of our investment operations is as follows for the years ended December 31:

(dollars in thousands)	(dollars in thousands)	2022	% Change	2021	% Change	2020
(dollars in thousands)						
(dollars in thousands)						
(dollars in thousands)						
2023						
% Change						
2022						
% Change						
2021						
Net investment income						
Net investment income						
Net investment income	Net investment income	\$28,585	(54.0) %	\$62,177	NM %	\$29,753
Net realized and unrealized investment (losses) gains	Net realized and unrealized investment (losses) gains	(27,286)	NM	4,946	(22.6)	6,392
Net impairment (losses) recoveries recognized in earnings	Net impairment (losses) recoveries recognized in earnings	(667)	NM	209	NM	(3,278)

Total investment income						
Total investment income						
Total investment income	Total investment income	\$ 632	(99.1) %	\$67,332	NM %	\$32,867

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 \$16.0 million in 2023, compared to 2022, primarily due to an increase in bond and cash and cash equivalent income as a result of higher yields and increased rates. Net investment income decreased \$33.6 million in 2022, compared to 2021, and increased \$32.4 million in 2021, compared to 2020, primarily due to equity in (losses) earnings of limited partnerships. Net investment income includes equity in losses of limited partnerships of \$11.3 million and \$10.4 million in 2023 and 2022, respectively, and equity in earnings of limited partnerships of \$31.7 million in 2021, and equity in losses of limited partnerships of \$0.6 million in 2020, 2021.

In January 2023, the general partner of one of our private equity limited partnerships informed us of a significant decrease in the fair value of one of their underlying investments. The unrealized loss is estimated to be \$11 million and will be recorded in net investment income (loss) in our first quarter 2023 financial statements consistent with our policy of recording limited partnership results on a quarter lag.

Net realized and unrealized investment (losses) gains

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

(in thousands)	(in thousands)	2022	2021	2020
(in thousands)				
(in thousands)		2023	2022	2021
Securities sold:	Securities sold:			
Securities sold:				
Securities sold:				
Available-for-sale securities				
Available-for-sale securities				
Available-for-sale securities	Available-for-sale securities	\$(14,050)	\$5,131	\$1,335
Equity securities	Equity securities	(1,866)	(76)	(469)
Equity securities change in fair value		(11,372)	(110)	5,525
Change in fair value on remaining equity securities				
Change in fair value on remaining equity securities				
Change in fair value on remaining equity securities				
Miscellaneous				
Miscellaneous				
Miscellaneous	Miscellaneous	2	1	1
Net realized and unrealized investment (losses) gains	Net realized and unrealized investment (losses) gains	\$(27,286)	\$4,946	\$6,392

Net realized and unrealized losses of \$5.8 million in 2023 were primarily due to disposals of available-for-sale and equity securities, partially offset by market value adjustment gains on equity securities. Net realized and unrealized losses of \$27.3 million in 2022 were primarily due to disposals of available-for-sale securities and market value adjustments on equity securities. Net realized and unrealized securities, while gains of \$4.9 million in 2021 were primarily due to disposals of available-for-sale securities, while gains of \$6.4 million in 2020 were primarily due to market value adjustments on equity securities and sales of available-for-sale securities.

Net impairment (losses) recoveries recognized in earnings

Net impairment losses of \$0.7 \$9.8 million in 2023 include \$7.3 million of current expected credit losses recognized on loans receivable related to real estate development projects supporting the revitalization efforts in our community. See "Other assets" in Item 8. "Financial Statements and Supplementary Data - Note 2, Significant Accounting Policies, of Notes to Financial Statements" for additional information. Impairment losses in 2023 also include \$2.4 million related to available-for-sale securities, including \$1.8 million of securities in an unrealized loss position where we had intent to sell prior to recovery of our amortized cost basis and \$0.7 million of credit impairment losses. Net impairment losses of \$0.7 million in 2022 were related to available-for-sale securities and include \$0.5 million of credit impairment losses and \$0.2 million of securities in an unrealized loss position where we had intent to sell prior to recovery of our amortized cost basis. Net impairment recoveries of \$0.2 million in 2021 were primarily the result of a change in the current expected credit loss allowance related to our agent loans. Net impairment losses recognized on available-for-sale securities in 2020 include \$2.3 million of securities in an unrealized loss position where we had intent to sell prior to recovery of our amortized cost basis and \$0.7 million of credit impairment losses. The remaining 2020 impairments include the change in the current expected credit loss allowance related to our agent loans. The COVID-19 pandemic's impact on financial markets contributed to higher impairment losses on our available-for-sale securities during 2020 compared to other years presented.

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Financial 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 9, 2022 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 9.2% 17.0% to \$10.1 billion in 2023 from \$8.6 billion in 2022 from \$7.9 billion in 2021. 2022. 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 \$9.3 billion and \$10.1 billion at December 31, 2023 and \$11.7 billion at December 31, 2022 and 2021, 2022, respectively. The Exchange and its wholly owned property and casualty subsidiaries' year-over-year policy retention ratio continues to be high at 91.2% at December 31, 2023 and 90.5% at December 31, 2022 and 90.1% at December 31, 2021.

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. While policyholders' surplus declined by \$1.6 billion from 2021 driven by higher loss costs and realized and unrealized investment losses resulting from post-pandemic economic conditions, we continue to monitor these conditions and believe that the Exchange falls within established risk tolerances. However, see See Part I, Item 1A. "Risk Factors" for possible outcomes that could impact that determination.

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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 December 31:

(dollars in thousands)	(dollars in thousands)	2022	% to total	2021	% to total	(dollars in thousands)	2023		% to total	2022		% to total
Fixed maturities	Fixed maturities	\$ 894,661	84 %	\$ 946,085	83 %	Fixed maturities	\$ 961,241	85	85 %	\$ 894,661	84	84 %
Equity securities	Equity securities	72,560	7	87,743	8							
Agent loans	Agent loans											
(1)	(1)	69,476	7	66,368	6							
Other investments		30,511	2	36,846	3							

Other investments											
(2)											
Total investments	Total investments	\$1,067,208	100 %	\$1,137,042	100 %	Total investments	\$	1,136,307	100	100 %	\$ 1,067,208 100 100 %

(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.

We continually review our investment portfolio for impairment and determine whether the impairment is a result of credit loss or other factors. We individually analyze all positions with an emphasis on those in a significant unrealized loss position. If we have the intent to sell or it's more likely than not that we would be required to sell the security before recovery of the amortized cost basis, the entire impairment is recognized in earnings. Factors considered in the evaluation of credit loss include the extent to which fair value is less than cost and fundamental factors specific to the issuer such as financial condition, changes in credit ratings, near and long-term business prospects and other factors, as well as the likelihood of recovery of the amortized cost of the security. Impairment resulting from credit loss is recognized in earnings with a corresponding allowance on the balance sheet. Statement of Financial Position. We believe our investment valuation philosophy and accounting practices result in appropriate and timely measurement of fair value and recognition of impairment.

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 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 \$52.5 million \$24.7 million at December 31, 2022 December 31, 2023, compared to net unrealized gains of \$6.2 million \$52.5 million at December 31, 2021 December 31, 2022. The increase in investment portfolio positions with unrealized losses contributed to an increase in our deferred tax assets. Our evaluation of deferred tax assets and the need for a valuation allowance included available tax planning strategies that could be implemented, if necessary, to support the realizability of deferred tax assets. We believe those tax strategies are feasible and prudent.

The following table presents a breakdown of the fair value of our fixed maturity portfolio by industry sector and rating as of December 31, 2022 December 31, 2023: (1)

(in thousands)		(in thousands)				Non-investment	Fair
		AAA	AA	A	BBB	grade	value
(in thousands)							
(in thousands)		AAA	AA	A	BBB	Non-investment grade	Fair value
Basic materials	Basic materials	\$ 0	\$ 0	\$ 0	\$ 4,445	\$ 6,048	\$ 10,493
Communications	Communications	0	2,850	12,605	12,285	15,300	43,040
Consumer	Consumer	0	4,876	12,164	70,397	36,073	123,510
Diversified	Diversified	0	0	0	0	439	439
Energy	Energy	0	0	3,780	22,622	5,903	32,305
Financial	Financial	0	0	95,076	115,064	13,629	223,769
Industrial	Industrial	0	0	10,102	16,297	20,393	46,792
Industrial							
Industrial							
Structured securities (2)	Structured securities (2)	132,698	173,793	20,938	12,863	0	340,292
Technology	Technology	1,866	0	5,287	19,973	13,241	40,367
Utilities							
Utilities							
Utilities	Utilities	0	0	3,378	26,954	3,322	33,654
Total	Total	\$134,564	\$181,519	\$163,330	\$300,900	\$ 114,348	\$894,661

(1) Ratings are supplied by S&P, Moody's, and Fitch. The table is based upon the lowest rating for each security.

(2) 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 December 31:

(in thousands)					2022
(in thousands)					
(in thousands)	(in thousands)	2022	2021	2023	
Financial services	Financial services	\$61,084	\$71,722		
Financial services					
Financial services					
Utilities					
Utilities					
Utilities	Utilities	5,708	6,259		
Energy	Energy	3,576	6,448		
Energy					
Energy					
Consumer	Consumer	1,854	3,314		
Consumer					
Consumer					
Technology					
Technology					
Technology					
Industrial					
Industrial					
Industrial					
Communications					
Communications					
Communications	Communications	338	0		
Total					
Total	Total	\$72,560	\$87,743		
Total					

Shareholders' Equity

Postretirement benefit plans

The funded status of our postretirement benefit plans is recognized in the Statements of Financial Position, with a corresponding adjustment to accumulated other comprehensive income (loss), net of tax. At December 31, 2023, shareholders' equity amounts related to these postretirement plans decreased by \$33.8 million, net of tax, of which \$11.0 million represents amortization of the prior service cost and net actuarial gain and \$22.8 million represents the current period actuarial loss. The 2023 actuarial loss was driven primarily by the lower discount rate used to measure the future benefit obligations, partially offset by higher than expected return on plan assets. At December 31, 2022, shareholders' equity amounts related to these postretirement plans increased by \$76.5 million, net of tax, of which \$6.9 million represents amortization of the prior service cost and net actuarial loss and \$69.6 million represents the current period actuarial gain. The 2022 actuarial gain was driven by the higher discount rate, offset by lower than expected return on plan assets. At December 31, 2021, shareholders' equity amounts related to these postretirement plans increased by \$70.0 million, net of tax, of which \$13.9 million represents amortization of the prior service cost and net actuarial loss and \$56.1 million represents the current period actuarial gain. The 2021 actuarial gain was primarily due to higher than expected return on plan assets. 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 for approximately 58% of the annual benefit expense of these plans, which represents pension benefits for employees performing administrative services and an their allocated share of costs pension income or cost. See Item 8. "Financial Statements and Supplementary Data - Note 9, Postretirement Benefits, of Notes to Financial Statements" contained within this report for employees in departments that support the administrative functions. additional details on these reimbursements.

LIQUIDITY AND CAPITAL RESOURCES

We continue to monitor the sufficiency of our liquidity and capital resources given the potential impact of recent geopolitical events and ongoing post-pandemic current economic conditions, including rising the uncertain inflationary and interest rates and inflationary costs. rate environment. While we did not see a significant impact on our sources or uses of cash in 2022, 2023, future disruptions in the markets 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 and Part I, Item 1A. "Risk Factors" contained within this report.

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. 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 have certain obligations and commitments to make future payments under various agreements. Cash requirements within the next twelve months include accounts payable, accrued liabilities, and other current obligations.

Our long-term cash requirements under various contractual obligations and commitments include:

- Pension* – We have a funded noncontributory defined benefit pension plan covering substantially all employees and an unfunded supplemental employee retirement plan ("SERP") SERP for certain members of executive and senior management. See Part II, Item 8. "Financial Statements and Supplementary Data - Note 9, 9, Postretirement Benefits, of Notes to Financial Statements" for the funding policy and related contributions for our defined benefit pension plan, and accumulated benefit obligation for our unfunded SERP.
- Deferred compensation* – We have two deferred compensation plans for our executives, senior vice presidents, and other selected officers and two deferred compensation plans for our outside directors. See Part II, Item 8. "Financial Statements and Supplementary Data - Note 10, 10, Incentive and Deferred Compensation Plans, of Notes to Financial Statements" for additional details of these obligations and estimated future payments.
- Home office renovations* – We have an agreement with an external contracting firm for renovations to an office building that is part of our principal headquarters. Remaining commitments related to the underlying contracts due in the next 12 months totaled \$30.8 million at December 31, 2023. Additional contracts will be executed as we begin each new phase of the overall renovation project and will be funded using our working capital. See Item 8. "Financial Statements and Supplementary Data - Note 7, Fixed Assets, of Notes to Financial Statements" for additional details on construction in progress costs and expected completion date.
- Other commitments* – We have commitments for approximately \$438 million \$531 million which include agreements for various services, including information technology, support and maintenance obligations, operating leases for equipment, vehicles and real estate, and other obligations in the ordinary course of business. We expect to make future cash payments according to the contract terms. These agreements are enforceable and legally binding and specify fixed amounts or minimum quantities to be purchased. Some agreements may contain cancellation provisions, some of which may require us to pay a termination fee. Over half of these commitments are due in the next 12 months. We are reimbursed from the Exchange and its subsidiaries for the portion of these costs related to administrative services.

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 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.

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Cash flow activities

The following table provides condensed cash flow information for the years ended December 31:

(in thousands)					2023		2022		2021
(in thousands)									
(in thousands)	(in thousands)	2022	2021	2020					

Net cash provided by operating activities	Net cash provided by operating activities	\$366,152	\$402,794	\$ 342,595
Net cash used in investing activities	Net cash used in investing activities	(106,922)	(185,490)	(243,225)
Net cash used in financing activities	Net cash used in financing activities	(300,842)	(194,842)	(274,869)
Net (decrease) increase in cash		\$ (41,612)	\$ 22,462	\$ (175,499)
Net increase (decrease) in cash, cash equivalents, and restricted cash				

Net cash provided by operating activities was \$381.2 million in 2023, compared to \$366.2 million in 2022 and \$402.8 million in 2021. Increased cash provided by operating activities in 2023, compared to \$402.8 million 2022, was primarily due to an increase in 2021 management fees received of \$319.2 million driven by growth in direct and \$342.6 million affiliated assumed premiums written by the Exchange. This was partially offset by increases in 2020, cash paid for agent commissions of \$157.9 million driven by premium growth, pension and employee benefits paid of \$101.3 million primarily due to a \$95.0 million pension contribution in 2023, and general operating expenses paid of \$30.3 million primarily driven by higher information technology-related professional fees and hardware and software costs. Decreased cash provided by operating activities in 2022, compared to 2021, was primarily due to increases in cash paid for agent commissions of \$75.9 million due to higher scheduled commissions driven by premium growth, administrative services expenses paid of \$35.0 million and a pension contributions contribution of \$25.0 million. Partially offsetting this decrease in cash provided by operating activities was an increase in management fees received of \$118.9 million driven by growth in direct and affiliated assumed premiums written by the Exchange, compared to 2021. Increased cash provided by operating activities in 2021 was primarily due to an increase in management fees received driven by growth in direct and affiliated assumed premiums written by the Exchange of \$94.6 million and an increase in administrative service reimbursements received of \$46.9 million. Partially offsetting the increase in cash provided by operating activities was an increase in cash paid for agent commissions of \$37.4 million due to higher scheduled commission driven by premium growth, an increase in administrative services expenses paid of \$33.8 million and an increase in agent bonuses of \$15.4 million, compared to 2020. Exchange.

Net cash used in investing activities totaled \$157.6 million in 2023, compared to \$106.9 million in 2022 compared to and \$185.5 million in 2021 2021. In 2023 and \$243.2 million in 2020. In 2022, net cash used in investing activities was primarily driven by fixed asset purchases of \$92.6 million and \$67.2 million, which were respectively, mostly related to software and home office renovations. Additionally, purchases of investments exceeded proceeds generated from sales and maturities/calls of investments. investments in both periods, while 2023 also included \$13.6 million in loans issued to fund real estate development projects supporting revitalization efforts in our community. In 2021, net cash used in investing activities was mainly driven by fixed asset purchases of \$148.8 million, which included the purchase of the home office from the Exchange. To a lesser extent, purchases of investments exceeded proceeds generated from sales and maturities/calls of investments. In 2020, net cash used in investing activities was primarily driven by purchases of investments exceeding proceeds generated from sales and maturities/calls of investments.

Net cash used in financing activities totaled \$221.7 million in 2023, compared to \$300.8 million in 2022 compared to and \$194.8 million in 2021 and \$274.9 million in 2020. The increase 2021. Changes in cash used in 2022, compared related to 2021, was financing activities were primarily due to the repayment of the remaining \$93.2 million balance on the term loan in 2022. The decrease in cash used in 2021, compared to 2020, was due to a decrease in dividends paid to shareholders of \$80.1 million. In addition to the normal quarterly dividends paid in 2020, the Board also declared a special one-time cash dividend of \$2.00 on each Class A share and \$300 on each Class B share totaling \$93.1 million, which was paid in December 2020.

Capital Outlook

We regularly prepare forecasts evaluating the current and future cash requirements for both normal and extreme risk events, including the under current post-pandemic economic inflationary conditions and a higher interest 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 total approximately \$128.8 million \$128.7 million at December 31, 2022 December 31, 2023, 2) \$100 million available bank revolving line of credit, and 3) liquidation of unpledged assets held in our investment portfolio, including equity securities and investment grade bonds which totaled approximately \$738.3 million \$799.0 million at December 31, 2022 December 31, 2023. 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 **December 31, 2022** December 31, 2023, we have access to a \$100 million bank revolving line of **credit with credit**. See Item 8. "Financial Statements and Supplementary Data - Note 8, Bank Line of Credit, of Notes to Financial Statements" for additional information.

Off-Balance Sheet Arrangements

We have entered into certain contingent obligations for guarantees. See Item 8. "Financial Statements and Supplementary Data - Note 16, Commitments and Contingencies, of Notes to Financial Statements" 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 December 31, 2022, 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 December 31, 2022**. Investments with a fair value of \$114.6 million were pledged as collateral on the line of credit at December 31, 2022. 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 our bank covenants at December 31, 2022. **flows**.

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Enterprise Risk Management

The role of our Enterprise Risk Management ("ERM") function is to ensure that all significant risks are clearly identified, understood, proactively managed and consistently monitored to achieve strategic objectives for all stakeholders. Our ERM program views risk holistically across our entire group of companies. It ensures implementation of risk responses to mitigate potential impacts. See Part I, Item 1A. "Risk Factors" contained in this report for a list of risk factors.

Our ERM process is founded on a governance framework that includes oversight at multiple levels of our organization, including our Board of Directors and executive management. Accountability to identify, manage, and mitigate risk is embedded within all functions and areas of our business. We have defined risk tolerances to monitor and manage significant risks within acceptable levels. In addition to identifying, evaluating, prioritizing, monitoring, and mitigating significant risks, our ERM process includes extreme event analyses and scenario testing. Given our defined tolerance for risk, risk model output is used to quantify the potential variability of future performance and the sufficiency of capital and liquidity levels.

Cybersecurity Risk Management

Our Board of Directors has a process in place to monitor management's oversight of cybersecurity. This is done primarily through regular reports to its Risk Committee as well as reports to the full Board of Directors. Management reports on our cybersecurity risk management program, including our risk evaluation and the results of independent third-party security assessments, and our efforts to manage cyber related risks.

We employ a company-wide cybersecurity program of technical, administrative and physical controls intended to reduce the risk of cyber threats and protect our information, as well as documented processes to determine and make appropriate disclosures regarding potential material threats and incidents. Our cybersecurity philosophy and approach align to the National Institute of Standards and Technology Cybersecurity Framework and its core elements to identify, protect, detect, respond and recover from the various forms of cyber threats. Our practices include, but are not limited to, cybersecurity protocols and controls, system monitoring and detection, communication of incidents to appropriate management, third-party risk management, including assessments of emerging threats and vulnerabilities, and ongoing privacy and cybersecurity training for employees and contractors concerning cyber risk. We periodically assess the effectiveness of our cybersecurity efforts including independent validation and verification and security assessments conducted by independent third parties.

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TRANSACTIONS/AGREEMENTS WITH RELATED PARTIES

Board Oversight

Our Board of Directors has a broad oversight responsibility over our intercompany relationships with the Exchange. **As a consequence, Thus**, our Board of Directors may be required to make decisions or take actions that may **not be solely in the interest of our shareholders, such as setting the management fee rate paid by benefit subscribers at the Exchange to us and ratifying any other significant activity**. **the overall health of the Exchange. These actions may ultimately benefit our shareholders.**

Insurance Holding Company System

Most states have enacted legislation that regulates insurance holding company systems, defined as two or more affiliated persons, one or more of which is an insurer. The Exchange has the following wholly owned property and casualty subsidiaries: Erie Insurance Company, Erie Insurance Company of New York, Erie Insurance Property & Casualty Company and Flagship City Insurance Company, and a wholly owned life insurance company, Erie Family Life Insurance Company. Indemnity and the Exchange, and its wholly owned subsidiaries, meet the definition of an insurance holding company system.

All transactions Transactions within a holding company system affecting the member insurers of the holding company system must be fair and reasonable and any charges or fees for services performed must be reasonable. Approval by the applicable insurance commissioner is required prior to the consummation of **certain** transactions affecting the members within a holding company system.

Intercompany Agreements

Subscriber's and services agreements

We serve as attorney-in-fact for the subscribers at the Exchange, a reciprocal insurance exchange. Each applicant for insurance to a reciprocal insurance exchange (a subscriber) signs a subscriber's agreement that contains an appointment of an attorney-in-fact. Through the designation of attorney-in-fact, we are required to provide policy issuance and renewal services and act as the attorney-in-fact for the subscribers at the Exchange with respect to all administrative services, as discussed previously. Pursuant to In accordance with the subscriber's agreement, we earn retain a management fee for these services calculated as a percentage of the direct and affiliated assumed premiums written by 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 the subscribers' attorney-in-fact. The Exchange's insurance subsidiaries also utilize Indemnity for all administrative 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 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.

Shared facilities

The Exchange and its subsidiaries have a service agreement with Indemnity to use space in Indemnity-owned properties. See Part II, Item 8. "Financial Statements and Supplementary Data - Note 14, 14, Related Party, of Notes to Financial Statements" for additional details.

Cost Allocation

The allocation of costs affects our financial condition and that of the Exchange and its wholly owned subsidiaries. Management's role is to determine that allocations are consistently made in accordance with the subscriber's agreement with the subscribers at the Exchange, intercompany service agreements, and applicable insurance laws and regulations. Allocation of costs under these various agreements requires judgment and interpretation by Indemnity, and such allocations are performed using a consistent methodology, which is intended to adhere to the terms and intentions of the underlying agreements.

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Intercompany Receivables

We have significant receivables from the Exchange and its affiliates that result in a concentration of credit risk. Net receivables from the Exchange and other affiliates were \$625.3 million, or 25.3% of total assets, at December 31, 2023 and \$524.9 million, or 23.4% of total assets, at December 31, 2022 and \$479.1 million, or 21.4% of total assets, at December 31, 2021. These receivables include management fees due for policy issuance and renewal services performed by us under the subscriber's agreement, and certain costs we incur acting as the 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, as discussed previously. These receivables from the Exchange and other affiliates are settled monthly. We continually monitor the financial strength of the Exchange.

Other Loans Receivable

In December 2023, we issued two senior secured loans totaling \$13.6 million to fund a real estate development project supporting revitalization efforts in our community. Ownership in the project includes related party and unrelated investors. See Item 8. "Financial Statements and Supplementary Data - Note 14, Related Party, of Notes to Financial Statements" for additional details.

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The significant volatility in the financial markets and uncertainty resulting from current events and post-pandemic conditions, resulting in continued supply chain disruptions and certain geopolitical events, have influenced various economic factors, including an elevated inflationary environment and rising interest rates. As these events continue to evolve, the ultimate impact and duration remain uncertain. We could experience future losses and/or impairments to the portfolio given the above impacts on market conditions.

Market Risk

Market risk is the risk of loss arising from adverse changes in interest rates, credit spreads, equity prices, or foreign exchange rates, as well as other relevant market rate or price changes. The volatility and liquidity in the markets in which the underlying assets are traded directly influence market risk. The following is a discussion of our primary risk exposures, including interest rate risk, investment credit risk, concentration risk, liquidity risk, and equity price risk, and how those exposures are currently managed as of December 31, 2022 December 31, 2023.

Interest Rate Risk

We invest primarily in fixed maturity investments, which comprised 84% 85% of our invested assets at December 31, 2022 December 31, 2023. The value of the fixed maturity portfolio is subject to interest rate risk. As market interest rates decrease, the value of the portfolio increases with the opposite holding true in rising interest rate environments. We do not hedge our exposure to interest rate risk. A common measure of the interest sensitivity of fixed maturity assets is effective duration, a calculation that utilizes maturity, coupon rate, yield, and call terms to calculate an expected change in fair value given a change in interest rates. The longer the duration, the more sensitive the asset is to market interest rate fluctuations. Duration is analyzed at least quarterly to ensure that it remains in the targeted range.

A sensitivity analysis is used to measure the potential loss in future earnings, fair values, or cash flows of interest-sensitive instruments resulting from one or more selected hypothetical changes in interest rates and other market rates or prices over a selected period. The following pro forma information is presented assuming a 100-basis point parallel increase in interest rates across the yield curve at December 31 of each year and reflects the estimated effect on the fair value of our fixed maturity portfolio.

Fixed maturities interest-rate sensitivity analysis

(dollars in thousands)	(dollars in thousands)	At December 31,				
(dollars in thousands)						
(dollars in thousands)				At December 31,		
	2023				2023	2022
	2022	2021				
Fair value of fixed maturity portfolio						
Fair value of fixed maturity portfolio						
Fair value of fixed maturity portfolio	Fair value of fixed maturity portfolio	\$	894,661	\$946,085		
Fair value assuming 100-basis point rise in interest rates	Fair value assuming 100-basis point rise in interest rates	\$	868,919	\$921,642		
Effective duration (as a percentage)	Effective duration (as a percentage)		2.9	2.6	Effective duration (as a percentage)	2.7
						2.9

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While the fixed maturity portfolio is sensitive to interest rates, the future principal cash flows that will be received by contractual maturity date are presented below at December 31, 2022, December 31, 2023 and 2021, 2022. Actual cash flows may differ from those stated as a result of calls, prepayments, or defaults.

Contractual repayments of principal by maturity date

(in thousands)	(in thousands)		
(in thousands)			
(in thousands)			
Fixed maturities:	Fixed maturities:	December 31, 2022	
2023		\$	24,561
Fixed maturities:			
Fixed maturities:			
2024			
2024			
2024	2024		104,164
2025	2025		125,785
2025			
2025			
2026			
2026			
2026	2026		79,745

2027	2027	116,571
2027		
2027		
2028		
2028		
2028		
Thereafter		
Thereafter		
Thereafter	Thereafter	500,905
Total	Total	\$ 951,731
Total		
Total		
Fair value	Fair value	\$ 894,661
Fair value		
Fair value		

(in thousands)	(in thousands)	
(in thousands)		
(in thousands)		
Fixed maturities:	Fixed maturities:	December 31, 2021
2022		\$ 38,122
Fixed maturities:		
Fixed maturities:		
2023		
2023		
2023	2023	89,184
2024	2024	131,577
2024		
2024		
2025		
2025		
2025	2025	108,165
2026	2026	71,375
2026		
2026		
2027		
2027		
2027		
Thereafter		
Thereafter		
Thereafter	Thereafter	472,350
Total	Total	\$ 910,773
Total		
Total		
Fair value	Fair value	\$ 946,085
Fair value		
Fair value		

Investment Credit Risk

Our objective is to earn competitive returns by investing in a diversified portfolio of securities. Our portfolios of fixed maturity securities, equity securities and, to a lesser extent, short-term investments are subject to credit risk. This risk is defined as the potential loss in fair value resulting from adverse changes in the borrower's ability to repay the debt. We

manage this risk by performing upfront underwriting analysis and ongoing reviews of credit quality by position and for the portfolio in total. We do not hedge the credit risk inherent in our fixed maturity and equity securities investments.

Generally, the fixed maturities in our portfolio are rated by external rating agencies. If not externally rated, we rate them internally on a basis consistent with that used by the rating agencies. We classify all fixed maturities as available-for-sale securities, allowing us to meet our liquidity needs and provide greater flexibility to appropriately respond to changes in market conditions.

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The following tables show our fixed maturity investments by rating^(a):

At December 31, 2022					At December 31, 2023					At December 31, 2023				
(dollars in thousands)	(dollars in thousands)	Amortized cost	Fair value	Percent of total	(dollars in thousands)	Amortized cost		Fair value				Percent of total		
AAA, AA, A	AAA, AA, A													
AAA, AA, A	AAA, AA, A	\$518,088	\$479,413	54 %		\$ 537,751		\$ 515,175	54			54 %		
BBB	BBB	318,801	300,900	33										
Total investment grade	Total investment grade	836,889	780,313	87										
BB	BB	45,784	41,978	5										
B	B	66,574	62,530	7										
CCC, CC, C, and below	CCC, CC, C, and below	11,888	9,840	1										
Total non-investment grade	Total non-investment grade	124,246	114,348	13										
Total	Total	\$961,135	\$894,661	100 %	Total	\$ 992,553		\$ 961,241	100			100 %		

At December 31, 2021					At December 31, 2022					At December 31, 2022				
(dollars in thousands)	(dollars in thousands)	Amortized cost	Fair value	Percent of total	(dollars in thousands)	Amortized cost		Fair value				Percent of total		
AAA, AA, A	AAA, AA, A	\$506,271	\$508,610	54 %	AAA, AA, A	\$ 518,088		\$ 479,413	54			54 %		
BBB	BBB	295,681	299,270	31										
Total investment grade	Total investment grade	801,952	807,880	85										
BB	BB	45,541	46,922	5										
B	B	76,144	76,913	8										
CCC, CC, C, and below	CCC, CC, C, and below	14,642	14,370	2										
Total non-investment grade	Total non-investment grade	136,327	138,205	15										
Total	Total	\$938,279	\$946,085	100 %	Total	\$ 961,135		\$ 894,661	100			100 %		

(1) Ratings are supplied by S&P, Moody's, and Fitch. The table is based upon the lowest rating for each security.

We are also exposed to a concentration of credit risk with the Exchange. See the "Transactions/Agreements with Related Parties, Intercompany Receivables" section of Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained within this report for further discussion of this risk.

Concentration Risk

While our portfolio is well diversified within each market sector, there is an inherent risk of concentration in a particular industry or sector. We continually monitor our level of exposure to individual issuers as well as our allocation to each industry and market sector against internally established policies. See the "Financial Condition" section of Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained within this report for details of investment holdings by sector.

Liquidity Risk

Periods of volatility in the financial markets can create conditions where fixed maturity investments, despite being publicly traded, can become illiquid. However, we actively manage the maturity profile of our fixed maturity portfolio such that scheduled repayments of principal occur on a regular basis.

Equity Price Risk

Our portfolio of equity securities, which primarily includes nonredeemable preferred stock, is carried on the Statements of Financial Position at estimated fair value. Equity securities are exposed to the risk of potential loss in estimated fair value resulting from an adverse change in prices ("price risk"). We do not hedge our exposure to price risk inherent in our equity investments.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Erie Indemnity Company

Opinion on the Financial Statements

We have audited the accompanying statements of financial position of Erie Indemnity Company (the Company) as of December 31, 2022, December 31, 2023 and 2021, 2022, the related statements of operations, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2022, December 31, 2023, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2022, December 31, 2023 and 2021, 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, December 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022, December 31, 2023, based on criteria established in Internal Control—Integrated Control Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated March 1, 2023, February 26, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

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Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

	Proportional Cost Allocation
Description of the Matter	<p>For the year ended December 31, 2022December 31, 2023, the Company's administrative services reimbursement revenue totaled \$668.3 million\$737.1 million. The Company's primary function, as attorney-in-fact, is to perform certain services on behalf of the subscribers at the Erie Insurance Exchange (Exchange) and its insurance subsidiaries, in accordance with the subscriber's agreement and the service agreements with each of the Exchange's insurance subsidiaries. As explained in Note 2 of the financial statements, pursuant to in accordance with the approved subscriber's agreement and service agreements, administrative services, which include costs associated with claims handling services, life insurance related operating activities, investment management, and operating overhead incurred by the Company on behalf of the Exchange and its insurance subsidiaries, are reimbursed to the Company at cost and recorded as administrative services reimbursement revenue, based on the nature of the cost or relevant utilization statistic.</p> <p>Auditing management's proportional cost allocations was complex due to the multiple costs that are allocated, the extensiveness of the allocation process, and the degree of auditor judgement needed to design the nature and extent of audit procedures required to address the matter.</p>
How We Addressed the Matter in Our Audit	<p>We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's proportional cost allocations process. This included, among others, testing management's review controls over the determination of the utilization statistics and ultimate allocation of costs to the Exchange and its insurance subsidiaries.</p> <p>To test the Company's proportional cost allocations, our procedures included, among others, evaluating that the costs included in the allocations are in accordance with the subscriber's agreement and the service agreements with each of the Exchange's insurance subsidiaries. We tested the completeness and accuracy of the costs subjected to allocation through testing the reconciliation of the costs recorded in the source systems to the costs that are allocated, testing a sample of cost allocations, and testing the reconciliation of the cost allocation output to the general ledger. We evaluated the allocation of costs to the Exchange and its insurance subsidiaries with the costs allocated in prior periods.</p>

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2003.

Cleveland, Ohio**Indianapolis, Indiana**

March 1, 2023**February 26, 2024**

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ERIE INDEMNITY COMPANY
STATEMENTS OF OPERATIONS
Years ended **December 31, 2022****December 31, 2023**, **2021****2022** and **2020****2021**
(dollars in thousands, except per share data)

		2022	2021	2020			
		2023			2023	2022	2021
Operating revenue	Operating revenue						
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	\$	2,087,846	\$1,913,166	\$1,841,794		
Management fee revenue - administrative services	Management fee revenue - administrative services		58,323	58,286	59,463		
Administrative services reimbursement revenue	Administrative services reimbursement revenue		668,268	638,483	609,435		
Service agreement revenue	Service agreement revenue		25,687	24,042	25,797		
Total operating revenue	Total operating revenue		2,840,124	2,633,977	2,536,489		
Operating expenses	Operating expenses						
Operating expenses							
Operating expenses							
Cost of operations - policy issuance and renewal services							
Cost of operations - policy issuance and renewal services							
Cost of operations - policy issuance and renewal services	Cost of operations - policy issuance and renewal services		1,795,642	1,677,397	1,588,897		
Cost of operations - administrative services	Cost of operations - administrative services		668,268	638,483	609,435		
Total operating expenses	Total operating expenses		2,463,910	2,315,880	2,198,332		
Operating income	Operating income		376,214	318,097	338,157		
Investment income	Investment income						
Investment income							
Investment income							
Net investment income							
Net investment income							
Net investment income	Net investment income		28,585	62,177	29,753		

Net realized and unrealized investment (losses) gains	Net realized and unrealized investment (losses) gains	(27,286)	4,946	6,392
Net impairment (losses) recoveries recognized in earnings	Net impairment (losses) recoveries recognized in earnings	(667)	209	(3,278)
Total investment income	Total investment income	632	67,332	32,867
Total investment income				
Total investment income				
Interest expense, net				
Interest expense, net				
Interest expense, net	Interest expense, net	2,009	4,132	731
Other income (expense)	Other income (expense)	1,615	(4,893)	(1,778)
Income before income taxes	Income before income taxes	376,452	376,404	368,515
Income tax expense	Income tax expense	77,883	78,544	75,211
Net income	Net income	\$ 298,569	\$ 297,860	\$ 293,304
Earnings Per Share	Earnings Per Share			
Earnings Per Share				
Earnings Per Share				
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	\$ 6.41	\$ 6.40	\$ 6.30
Class A common stock – diluted	Class A common stock – diluted	\$ 5.71	\$ 5.69	\$ 5.61
Class B common stock – basic and diluted	Class B common stock – basic and diluted	\$ 962	\$ 959	\$ 945
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				
Class A common stock	Class A common stock	46,188,916	46,188,806	46,188,659
Class B common stock	Class B common stock	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				
Class A common stock	Class A common stock	52,297,990	52,307,302	52,313,360
Class B common stock	Class B common stock	2,542	2,542	2,542

See accompanying notes to Financial Statements. See Note 13, "Accumulated Other Comprehensive Income (Loss)", for amounts reclassified out of accumulated other comprehensive income (loss) into the Statements of Operations.

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ERIE INDEMNITY COMPANY
STATEMENTS OF COMPREHENSIVE INCOME
Years ended **December 31, 2022** **December 31, 2023**, **2021** 2022 and **2020** 2021
(in thousands)

		2022	2021	2020		2023	2022	2021
Net income	Net income	\$ 298,569	\$297,860	\$293,304				
Other comprehensive income, net of tax								
Change in unrealized holding (losses) gains on available-for-sale securities		(58,692)	(17,112)	18,738				
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 gains (losses) on available-for- sale securities				
Pension and other postretirement plans	Pension and other postretirement plans	76,566	69,967	19,987
Total other comprehensive income, net of tax		17,874	52,855	38,725
Total other comprehensive (loss) income, net of tax				
Comprehensive income	Comprehensive income	\$ 316,443	\$350,715	\$332,029
Comprehensive income				
Comprehensive income				

See accompanying notes to Financial Statements. See Note 13, "Accumulated Other Comprehensive Income (Loss)", for amounts reclassified out of accumulated other comprehensive income (loss) into the Statements of Operations.

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ERIE INDEMNITY COMPANY
STATEMENTS OF FINANCIAL POSITION
At December 31, 2022 December 31, 2023 and 2022
(dollars in thousands, except per share data)

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents (includes restricted cash of \$12,542 and \$11,932, respectively)	\$ 144,055	\$ 142,090
Available-for-sale securities	82,017	24,267
Receivables from Erie Insurance Exchange and affiliates, net	625,338	524,937
Prepaid expenses and other current assets	69,321	79,201
Accrued investment income	9,458	8,301
Total current assets	930,189	778,796
Available-for-sale securities, net	879,224	870,394
Equity securities	84,253	72,560
Fixed assets, net	442,610	413,874
Agent loans, net	58,434	60,537
Defined benefit pension plan	34,320	0
Other assets, net	42,934	43,295
Total assets	\$ 2,471,964	\$ 2,239,456
Liabilities and shareholders' equity		
Current liabilities:		
Commissions payable	\$ 353,709	\$ 300,028
Agent incentive compensation	68,077	95,166
Accounts payable and accrued liabilities	175,622	165,915

Dividends payable	59,377	55,419
Contract liability	41,210	36,547
Deferred executive compensation	10,982	12,036
Total current liabilities	708,977	665,111
Defined benefit pension plans	26,260	51,224
Contract liability	19,910	17,895
Deferred executive compensation	20,936	13,724
Deferred income taxes, net	11,481	14,075
Other long-term liabilities	21,565	29,019
Total liabilities	809,129	791,048
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	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	178	178
Additional paid-in-capital	16,466	16,481
Accumulated other comprehensive loss	(13,400)	(7,414)
Retained earnings	2,803,689	2,583,261
Total contributed capital and retained earnings	2,808,925	2,594,498
Treasury stock, at cost; 22,110,132 shares held	(1,169,165)	(1,168,949)
Deferred compensation	23,075	22,859
Total shareholders' equity	1,662,835	1,448,408
Total liabilities and shareholders' equity	\$ 2,471,964	\$ 2,239,456

See accompanying notes to Financial Statements.

ERIE INDEMNITY COMPANY
STATEMENTS OF SHAREHOLDERS' EQUITY
Years ended December 31, 2023, 2022 and 2021
(dollars in thousands, except per share data)

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 142,090	\$ 183,702
Available-for-sale securities	24,267	38,396
Receivables from Erie Insurance Exchange and affiliates, net	524,937	479,123
Prepaid expenses and other current assets	79,201	56,206
Accrued investment income	8,301	6,303
Total current assets	778,796	763,730
Available-for-sale securities, net	870,394	907,689
Equity securities	72,560	87,743
Fixed assets, net	413,874	374,802
Agent loans, net	60,537	58,683
Deferred income taxes, net	0	145
Other assets	43,295	49,265
Total assets	\$ 2,239,456	\$ 2,242,057
Liabilities and shareholders' equity		

Current liabilities:			
Commissions payable	\$	300,028	\$ 270,746
Agent bonuses		95,166	120,437
Accounts payable and accrued liabilities		165,915	138,317
Dividends payable		55,419	51,693
Contract liability		36,547	34,935
Deferred executive compensation		12,036	12,637
Current portion of long-term borrowings		—	2,098
Total current liabilities		665,111	630,863
Defined benefit pension plans		51,224	130,383
Long-term borrowings		—	91,734
Contract liability		17,895	17,686
Deferred executive compensation		13,724	14,571
Deferred income taxes, net		14,075	0
Other long-term liabilities		29,019	14,342
Total liabilities		791,048	899,579
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		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		178	178
Additional paid-in-capital		16,481	16,496
Accumulated other comprehensive loss		(7,414)	(25,288)
Retained earnings		2,583,261	2,495,190
Total contributed capital and retained earnings		2,594,498	2,488,568
Treasury stock, at cost; 22,110,132 shares held		(1,168,949)	(1,167,828)
Deferred compensation		22,859	21,738
Total shareholders' equity		1,448,408	1,342,478
Total liabilities and shareholders' equity	\$	2,239,456	\$ 2,242,057

See accompanying notes to Financial Statements.

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ERIE INDEMNITY COMPANY
STATEMENTS OF SHAREHOLDERS' EQUITY
Years ended December 31, 2022, 2021 and 2020
(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, 2019	\$ 1,992	\$ 178	\$ 16,483	\$ (116,868)	\$ 2,377,558	\$ (1,158,910)	\$ 12,820	\$ 1,133,253
Cumulative effect adjustment								
(1)					(1,075)			(1,075)
Net income					293,304			293,304
Other comprehensive income				38,725				38,725
Dividends declared:								
Class A \$5.93 per share					(273,902)			(273,902)
Class B \$889.50 per share					(2,261)			(2,261)

Net purchase of treasury stock										
(2)		4				0		4		
Deferred compensation						(5,465)		5,465		0
Rabbi trust distribution (3)						705		(705)		0
Accumulated										
Class A		Class A		Class B		Additional		other		Total
common stock		common stock		paid-in capital		(loss)		comprehensive income		Retained earnings
		Treasury stock		Deferred compensation						shareholders' equity
Balance, December 31, 2020		Balance, December 31, 2020								
		\$ 1,992		\$ 178		\$ 16,487		\$ (78,143)		\$ 2,393,624
										\$ (1,163,670)
										\$ 17,580
										\$ 1,188,048
Net income										
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Net purchase of treasury stock				
(2)	(15)	0	(15)	
Net purchase of treasury stock (1)				
Deferred compensation	Deferred compensation	(2,975)	2,975	0
Rabbi trust distribution (3)		1,854	(1,854)	0
Rabbi trust distribution (2)				
Balance, December 31, 2022				
Net income				
Other comprehensive loss				
Dividends declared:				
Class A \$4.845 per share				
Class A \$4.845 per share				
Class A \$4.845 per share				
Class B \$726.75 per share				
Net purchase of treasury stock (1)				
Deferred compensation				
Rabbi trust distribution (2)				
Balance, December 31, 2022 \$ 1,992 \$ 178 \$ 16,481 \$ (7,414) \$2,583,261 \$(1,168,949) \$ 22,859 \$ 1,448,408				
Balance, December 31, 2023				
Balance, December 31, 2023				
Balance, December 31, 2023				

(1) The cumulative effect adjustment in 2020 is related to the implementation of credit loss allowance accounting guidance effective January 1, 2020. See Note 2, "Significant Accounting Policies."

(2) Net purchases of treasury stock in 2020, 2021, 2022 and 2023 include the repurchase of our Class A common stock in the open market that were subsequently distributed to satisfy stock-based compensation awards. See Note 10, "Incentive and Deferred Compensation Plans".

(3) (2) Distributions of our Class A shares were made from the rabbi trust to a retired director and an incentive compensation deferral plan participant in both 2020 and 2021, and to four incentive compensation deferral plan participants in 2022, 2022, and five incentive compensation plan deferral plan participants in 2023. See Note 10, "Incentive and Deferred Compensation Plans".

See accompanying notes to Financial Statements.

ERIE INDEMNITY COMPANY				
STATEMENTS OF CASH FLOWS				
Years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021				
(in thousands)				
2022	2021	2020		
2023			2023	2022 2021

Cash flows from operating activities	Cash flows from operating activities				
Management fee received	Management fee received				
Management fee received	Management fee received	\$	2,100,989	\$1,982,092	\$1,887,537
Administrative services reimbursements received	Administrative services reimbursements received		668,857	634,300	587,347
Service agreement revenue received	Service agreement revenue received		25,515	24,014	25,797
Net investment income received	Net investment income received		40,161	45,830	35,740
Commissions paid to agents	Commissions paid to agents		(1,042,158)	(966,285)	(928,864)
Agents bonuses paid			(136,403)	(123,583)	(108,227)
Commissions paid to agents					
Commissions paid to agents					
Incentive compensation paid to agents					
Salaries and wages paid	Salaries and wages paid		(208,575)	(204,279)	(188,070)
Pension contribution and employee benefits paid	Pension contribution and employee benefits paid		(68,433)	(32,836)	(33,098)
General operating expenses paid	General operating expenses paid		(263,524)	(235,294)	(253,545)
Administrative services expenses paid	Administrative services expenses paid		(667,524)	(632,530)	(598,753)
Income taxes paid	Income taxes paid		(80,619)	(84,494)	(82,576)
Interest paid	Interest paid		(2,134)	(4,141)	(693)
Net cash provided by operating activities	Net cash provided by operating activities		366,152	402,794	342,595
Cash flows from investing activities	Cash flows from investing activities				
Cash flows from investing activities					
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	(465,071)	(380,017)	(396,014)
Equity securities	Equity securities	(18,929)	(58,191)	(79,518)
Other investments	Other investments	(157)	(1,646)	(1,142)
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	295,996	150,153	101,718
Available-for-sale securities maturities/calls	Available-for-sale securities maturities/calls	130,401	184,820	118,852
Equity securities	Equity securities	20,456	64,118	70,405
Other investments	Other investments	429	1,076	613
Other investments				
Other investments				
Purchase of fixed assets	Purchase of fixed assets	(67,204)	(148,800)	(55,528)
Proceeds from disposal of fixed assets	Proceeds from disposal of fixed assets	265	—	15
Loans to agents		(11,631)	(6,382)	(10,098)
Collections on agent loans		8,523	9,379	7,472
Loans to agents and other				
Collections on agent and other loans				
Net cash used in investing activities	Net cash used in investing activities	(106,922)	(185,490)	(243,225)
Net cash used in investing activities				
Net cash used in investing activities				
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	(206,772)	(192,801)	(272,902)
Dividends paid to shareholders				
Dividends paid to shareholders				
Proceeds from short-term borrowings				
Proceeds from short-term borrowings				

Proceeds from short-term borrowings	Proceeds from short-term borrowings	55,000	—	—
Payments on short-term borrowings	Payments on short-term borrowings	(55,000)	—	—
Payments on long-term borrowings	Payments on long-term borrowings	(94,070)	(2,041)	(1,967)
Net cash used in financing activities	Net cash used in financing activities	(300,842)	(194,842)	(274,869)
Net (decrease) increase in cash and cash equivalents		(41,612)	22,462	(175,499)
Cash and cash equivalents, beginning of year		183,702	161,240	336,739
Cash and cash equivalents, end of year		\$ 142,090	\$ 183,702	\$ 161,240
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 year				
Cash, cash equivalents, and restricted cash, end of year				
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	\$ 12,802	\$ 14,214
Operating lease assets obtained in exchange for lease liabilities	Operating lease assets obtained in exchange for lease liabilities	\$ 7,650	\$ 3,447	\$ 4,943
Transfer of investments from other investments to equity securities		\$ —	\$ —	\$ 13,041

See accompanying notes to Financial Statements. See Note 17, "Supplementary Data on Cash Flows", for additional supplemental cash flow information.

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ERIE INDEMNITY COMPANY NOTES TO FINANCIAL STATEMENTS

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. Agent compensation comprised approximately 66% 67% of our 2022 2023 policy issuance and renewal expenses. The underwriting services we provide include underwriting and policy processing and comprised approximately 10% 9% of our 2022 2023 policy issuance and renewal expenses. The remaining services we provide include customer service and administrative support. We also provide information technology services that support all the functions listed above that comprised approximately 11% of our 2022 2023 policy issuance and renewal expenses. 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 15, "Concentrations of Credit Risk".

Risks and uncertainties

In March 2020, the outbreak of COVID-19 was declared a global pandemic. Post-pandemic conditions have created an inflationary environment which may impact the adequacy of estimated loss reserves and future premium rates of the Exchange in addition to overall financial market volatility, which may impact our investment results. The uncertainty of the current economic environment continues to evolve. We are unable to predict the duration or extent of the financial impacts.

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Note 2. Significant Accounting Policies

Basis of presentation

The accompanying financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP").

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 adopted issued accounting standards

We adopted In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, 2023-07, "Financial Instruments-Credit Losses" Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures", which applies requires entities to our receivable from Erie Insurance Exchange disclose significant segment expenses that are regularly provided to the chief operating decision maker and affiliates, agent loans, included within each reported period of profit or loss, and investments, on January 1, 2020. requires entities with a single reporting segment to provide all disclosures required by Topic 280. The guidance requires financial assets measured at amortized cost to be presented at the net amount expected to be collected through the use of a new forward-looking current expected credit loss model and credit losses relating to available-for-sale debt securities to be recognized through an allowance for credit losses.

For assets measured at amortized cost for which a current expected credit loss allowance was required, we adopted the guidance using the modified-retrospective approach. At January 1, 2020, we recorded current expected credit loss allowances related to agent loans of \$0.8 million and receivables from Erie Insurance Exchange and affiliates of \$0.6 million. This resulted amendments in the recording of a cumulative effect adjustment, net of taxes, to retained earnings of \$1.1 million. Our available-for-sale investments are not measured at amortized cost, and therefore do not require the use of a current expected credit loss model. Any credit losses, however, this ASU are required to be recorded as 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 allowance effective tax rate reconciliation, additional information for credit losses rather than reconciling items that meet a reduction 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 the carrying value of the asset. For available-for-sale securities, we adopted the guidance using the prospective approach and recorded an initial allowance for credit losses of \$0.6 million at March 31, 2020, adoption on our disclosures.

Cash and cash equivalents – Cash, money market accounts and other short-term, highly liquid investments with a maturity of three months or less at the date of purchase, are considered cash and cash equivalents.

Restricted cash – Restricted cash represents deposits held for the benefit of third parties related primarily to our agent loan participation program. These restricted funds are invested in bank deposits, contractually restricted as to withdrawal or usage, and included with "Cash and cash equivalents" in our Statements of Financial Position.

Investments

Available-for-sale securities – Fixed maturity debt securities and redeemable preferred stock are classified as available-for-sale and reported at fair value with unrealized investment gains and losses, net of income taxes, recognized in other comprehensive income. Available-for-sale securities with a remaining maturity of 12 months or less and any security that we intend to sell as of the reporting date are classified as current assets.

Available-for-sale securities in an unrealized loss position are evaluated to determine whether the impairment is a result of credit loss or other factors. If we have the intent to sell or it's more likely than not that we would be required to sell the security before recovery of the amortized cost basis, the entire impairment is recognized in earnings. Securities that have experienced a decline in fair value that we do not intend to sell, and that we will not be required to sell before recovery, are evaluated to determine if the decline in fair value is credit related. Impairment resulting from a credit loss is recognized in earnings with a corresponding allowance on the balance sheet, Statement of Financial Position. Future recoveries of credit loss result in an adjustment to the allowance and earnings in the period the credit conditions improve. Factors considered in the evaluation of credit loss include the extent to which fair value is less than cost and fundamental factors specific to the issuer such as financial condition, changes in credit ratings, near and long-term business prospects and other factors, as well as the likelihood of recovery of the amortized cost of the security. If the qualitative review indicates credit impairment, the allowance for credit loss is measured as the amount that the security's amortized cost exceeds the present value of cash flows expected to be collected and is limited to the amount that fair value is below amortized cost.

Equity securities – Equity securities primarily include non-redeemable preferred stocks and that are reported at fair value with changes in the fair value recognized in net realized and unrealized investment gains (losses). Securities that we intend to sell as of the reporting date are classified as current assets.

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Realized gains and losses and investment income – Realized gains and losses on sales of available-for-sale and equity securities are recognized in income based upon the specific identification method and reported in net realized and unrealized investment gains (losses). Interest income is recognized as earned and includes amortization of premium and accretion of discount. Income is recognized based on the constant effective yield method, which includes periodically updated prepayment assumptions obtained from third party data sources on our prepaying securities. The effective yield for prepaying securities is

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recalculated on a retrospective basis. Dividend income is recognized at the ex-dividend date. Interest and dividend income and the results of our limited partnership investments are reported as net investment income. We do not record an allowance for credit losses on accrued investment income [on our available-for-sale securities](#) as any amount deemed uncollectible is reversed from interest income in the period the expected payment defaults.

Deferred taxes

Deferred tax assets and liabilities are recorded for temporary differences between the tax basis of assets and liabilities and the reported amounts in the financial statements, using the statutory tax rates in effect for the year in which the differences are expected to settle or be realized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the results of operations in the period that includes the enactment date under the law. The need for valuation allowances on deferred tax assets are estimated based upon our assessment of the realizability of such amounts.

Fixed assets

Fixed assets are stated at cost less accumulated depreciation and amortization. Fixed assets are primarily comprised of software, which includes internally used capitalized software and development costs, as well as building and building improvements, equipment, furniture and fixtures, and leasehold improvements. Assets in use are depreciated using the straight-line method over the estimated useful life except for leasehold improvements, which are depreciated over the shorter of their economic useful life or the lease term. Software is depreciated over periods ranging from 3-7 years, buildings and building improvements are depreciated over 20-45 years, equipment is depreciated over 3-10 years, and furniture and fixtures are depreciated over 7 years. We review long-lived assets for impairment whenever events or changes indicate that the carrying value may not be recoverable. Under these circumstances, if the fair value were less than the carrying amount of the asset, we would recognize a loss for the difference. [We capitalize applicable interest charges incurred during the construction period of significant long-term building projects as part of the historical cost of the asset.](#)

Agent loans

Agent loans, the majority of which are senior secured, are carried at unpaid principal balance net of a current expected credit loss allowance with interest recorded in investment income as earned. The allowance is estimated using available loss history and/or external loss rates based on comparable loan losses and considers current market conditions and forecasted information. Changes to the allowance are recognized in earnings as adjustments to net impairment recoveries (losses). [The Any](#) current portion of agent loans is recorded in prepaid expenses and other current assets.

Other assets

Other assets primarily include limited partnership investments, [which other loans receivable, operating lease assets, and other long-term prepaid assets.](#) Limited partnership investments are recorded using the equity method of accounting. Other [assets also loans receivable include operating lease assets](#) 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. 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 loan 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 loan. Interest on these loans is recorded primarily in investment income as earned. Any current portion of other loans receivable is recorded in prepaid expenses and other [long-term prepaid current](#) assets.

Agent [bonus incentive compensation liability](#)

Our more significant agent [bonus incentive compensation](#) plan is based upon an individual agency's property and casualty underwriting profitability and also includes a component for growth in agency property and casualty premiums if the agency's underwriting profitability targets for the book of business are met. The estimated liability for this agent [bonus incentive compensation](#) plan is based upon the performance over 36 months, and is modeled on a monthly basis using actual underwriting results for the two prior years and current year-to-date actual results and forecasted results for the remainder of the year. Our second agent [bonus incentive compensation](#) plan is based on an agency's one-year underwriting profitability and uses a similar model but considers actual and forecasted results for a calendar year only. At December 31 of each year, we use actual data available and record an accrual based upon the expected payment amount. These costs are included in cost of operations - policy issuance and renewal services.

Recognition of management fee revenue

We [earn retain](#) management fees from the Exchange under the subscriber's agreement for services provided. [Pursuant to In accordance with](#) the subscriber's agreement, we may retain up to 25% of all direct and affiliated assumed premiums written by the Exchange. The management fee rate is set at least annually by our Board of Directors. The management fee revenue is calculated by multiplying the management fee rate by the direct and affiliated assumed premiums written by the Exchange and is allocated between the two performance obligations we have under the subscriber's agreement. The first performance obligation is to provide policy issuance and renewal services. The second performance obligation is acting as the attorney-in-fact with respect to [various administrative services as enumerated in the administrative services, subscriber's agreement.](#)

Management fee revenue allocated to the policy issuance and renewal services is recognized at the time of policy issuance or renewal, because it is at the time of policy issuance or renewal when the economic benefit of the service we provide (the substantially completed policy issuance or renewal service) and the control of the promised asset (the executed insurance policy) transfers to the customer.

Management fee revenue allocated to the second performance obligation relates to us acting as the 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 the administrative services and is recognized over a four-year period representing the time over which the economic benefit of the services provided (i.e. management of the administrative services) transfers to the customer.

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 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. Common overhead expenses and certain service department costs incurred by us on behalf of the subscribers at the Exchange and its insurance subsidiaries are reimbursed by the proper entity based upon relevant utilization statistics specifically measured to accomplish proportional allocations, which we believe are reasonable. In 2022, 2023, approximately 71% of the administrative services expenses are were entirely attributable to the respective administrative functions (claims handling, life insurance management and investment management), while the remaining 29% of these expenses are 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.

Recognition of service agreement revenue

Service agreement revenue primarily consists of service charges we collect from policyholders for providing multiple payment plans on policies written by the Exchange and its property and casualty subsidiaries. Service charges, which are flat fixed dollar charges for each installment billed beyond the first installment, are recognized as revenue when bills are rendered to the policyholder. Service agreement revenue also includes late payment and policy reinstatement fees, which are also recognized as revenue when bills are rendered to the policyholder. We also have a service agreement with the Exchange for the use of shared office space. Revenue related to this agreement is recognized at the time the space is used based on relevant utilization statistics.

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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. For the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020, 2021, we recognized revenue of \$36.5 million, \$34.9 million, \$36.9 million, and \$35.9 \$36.9 million, respectively, that was included in the contract liability balance at the beginning of the respective periods. The administrative services expenses we incur and the related reimbursements we receive are recorded gross in the Statements of Operations.

The following table disaggregates revenue by our two performance obligations for the years ended December 31:

	(in thousands)	2022	2021	2020	(in thousands)	2023	2022	2021
Management fee revenue - policy issuance and renewal services	Management fee revenue - policy issuance and renewal services	\$2,087,846	\$1,913,166	\$1,841,794				
Management fee revenue - administrative services	Management fee revenue - administrative services	58,323	58,286	59,463				
Management fee revenue - administrative services	Management fee revenue - administrative services							
Administrative services reimbursement revenue	Administrative services reimbursement revenue	668,268	638,483	609,435				
Total revenue from administrative services	Total revenue from administrative services	\$ 726,591	\$ 696,769	\$ 668,898				

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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 12, "Capital Stock".

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:

(dollars in thousands, except per share data)	(dollars in thousands, except per share data)	For the years ended December 31,								
		2022			2021			2020		
		Allocated net income (numerator)	Weighted shares (denominator)	Per- share amount	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)										
(dollars in thousands, except per share data)										
		2023								

2023												2022						2021					
2023												2022						2021					
Allocated net income (numerator)												Allocated net income (numerator)	Weighted shares (denominator)	Per-share amount	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	\$	296,125	46,188,916	\$ 6.41	\$	295,421	46,188,806	\$ 6.40	\$	290,902	46,188,659	\$ 6.30										
Dilutive effect of stock-based awards	Dilutive effect of stock-based awards																						
			0	8,274	—		0	17,696	—		0	23,901	—										
Assumed conversion of Class B shares	Assumed conversion of Class B shares																						
			2,444	6,100,800	—		2,439	6,100,800	—		2,402	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	\$	298,569	52,297,990	\$ 5.71	\$	297,860	52,307,302	\$ 5.69	\$	293,304	52,313,360	\$ 5.61										
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 EPS:	Class B – Basic 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	\$	2,444	2,542	\$ 962	\$	2,439	2,542	\$ 959	\$	2,402	2,542	\$ 945										
Class B – Diluted EPS:	Class B – Diluted EPS:																						
Income available to Class B stockholders	Income available to Class B stockholders	\$	2,444	2,542	\$ 962	\$	2,438	2,542	\$ 959	\$	2,401	2,542	\$ 945										
Income available to Class B stockholders																							
Income available to Class B stockholders																							

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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 **December 31, 2022** **December 31, 2023**, nearly all of our available-for-sale and equity securities were priced using a third party pricing service.

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

	December 31, 2023			
	December 31, 2023			
	December 31, 2023			
(in thousands)				
(in thousands)				
(in thousands)	Total	Level 1	Level 2	Level 3
Available-for-sale securities:				
Available-for-sale securities:				
Available-for-sale securities:				
	December 31, 2022			
Corporate debt securities				
(in thousands)	Level			
	Total	1	Level 2	Level 3
Available-for-sale 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

December 31, 2022
December 31, 2022
December 31, 2022

(in thousands)				
(in thousands)				
(in thousands)	Total	Level 1	Level 2	Level 3

Available-for-sale securities:
Available-for-sale securities:
Available-for-sale securities:

December 31, 2021

Corporate debt securities

(in thousands)	Total	Level 1	Level 2	Level 3
Available-for-sale securities:				

Corporate debt securities

Corporate debt securities	Corporate debt securities	\$ 573,165	\$ 0	\$ 567,909	\$ 5,256
Collateralized debt obligations	Collateralized debt obligations	115,462	0	115,462	0
Commercial mortgage-backed securities	Commercial mortgage-backed securities	89,324	0	73,596	15,728

Residential mortgage-backed securities	Residential mortgage-backed securities	139,922	0	131,108	8,814
Other debt securities	Other debt securities	23,920	0	23,920	0
U.S. Treasury		4,292	0	4,292	0
Total available-for-sale securities					
Total available-for-sale securities					
Total available-for-sale securities	Total available-for-sale securities	946,085	0	916,287	29,798
Equity securities:	Equity securities:				
Financial services sector					
Financial services sector					
Financial services sector	Financial services sector	71,722	1,624	68,015	2,083
Utilities sector	Utilities sector	6,259	0	6,259	0
Energy sector	Energy sector	6,448	10	6,438	0
Consumer sector	Consumer sector	3,314	0	3,314	0
Communications sector					
Total equity securities	Total equity securities	87,743	1,634	84,026	2,083
Total equity securities					
Total equity securities					
Total	Total	\$1,033,828	\$1,634	\$1,000,313	\$31,881

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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 – 2022 2023 Year-to-Date Change:

(in thousands)																	
(in thousands)																	
		Beginning balance at December	Included in earnings ⁽¹⁾	Included in other comprehensive income	Purchases	Sales	Transfers into Level 3 ⁽²⁾	Transfers out of Level 3 ⁽²⁾	Ending balance at December	Beginning balance at December	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 December
(in thousands)	(in thousands)	31, 2021							31, 2022	31, 2022							31, 2023
Available-for-sale securities:	Available-for-sale securities:																
Corporate debt securities	Corporate debt securities	\$ 5,256	\$ 2	\$ (437)	\$ 6,290	\$ (4,810)	\$ 9,689	\$(12,304)	\$ 3,686								
Corporate debt securities																	
Corporate debt securities																	

Commercial mortgage-backed securities									
Commercial mortgage-backed securities									
Commercial mortgage-backed securities	Commercial mortgage-backed securities	15,728	(1,060)	(1,132)	0	(3,825)	11,494	(10,295)	10,910
Residential mortgage-backed securities	Residential mortgage-backed securities	8,814	(693)	(1,951)	4,887	(10,229)	39,452	(36,096)	4,184
Total available-for-sale securities	Total available-for-sale securities	29,798	(1,751)	(3,520)	11,177	(18,864)	60,635	(58,695)	18,780
Total available-for-sale securities									
Total available-for-sale securities									
Equity securities	Equity securities	2,083	(304)	0	2,000	0	0	0	3,779
Total Level 3 securities	Total Level 3 securities	\$31,881	\$ (2,055)	\$ (3,520)	\$ 13,177	\$ (18,864)	\$ 60,635	\$ (58,695)	\$ 22,559

Level 3 Assets – 2021 2022 Year-to-Date Change:

(in thousands)

(in thousands)

		Beginning balance at December 31, 2020	Included in earnings ⁽¹⁾	Included in other comprehensive income	Purchases	Sales	Transfers into Level 3 ⁽²⁾	Transfers out of Level 3 ⁽²⁾	Ending balance at December 31, 2021	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 December 31, 2022
(in thousands)	(in thousands)	31, 2020	earnings ⁽¹⁾	income	Purchases	Sales	Level 3 ⁽²⁾	Level 3 ⁽²⁾	31, 2021	31, 2021	earnings ⁽¹⁾	income (loss)	Purchases	Sales	Level 3 ⁽²⁾	Level 3 ⁽²⁾	31, 2022
Available-for-sale securities:	Available-for-sale securities:																
Corporate debt securities	Corporate debt securities	\$ 5,825	\$ 34	\$ 68	\$ 5,502	\$ (2,681)	\$ 4,290	\$ (7,782)	\$ 5,256								
Collateralized debt obligations		0	0	0	750	0	0	(750)	0								
Corporate debt securities																	
Corporate debt securities																	
Commercial mortgage-backed securities																	
Commercial mortgage-backed securities																	
Commercial mortgage-backed securities	Commercial mortgage-backed securities	19,462	(375)	(782)	3,073	(5,378)	11,933	(12,205)	15,728								
Residential mortgage-backed securities	Residential mortgage-backed securities	937	(5)	(69)	576	(2,229)	12,692	(3,088)	8,814								
Other debt securities		0	0	0	2,588	(832)	0	(1,756)	0								

Total available-for-sale securities									
Total available-for-sale securities									
Total available-for-sale securities	Total available-for-sale securities	26,224	(346)	(783)	12,489	(11,120)	28,915	(25,581)	29,798
Equity securities	Equity securities	0	(5)	0	1,000	0	2,183	(1,095)	2,083
Total Level 3 securities	Total Level 3 securities	\$26,224	\$ (351)	\$ (783)	\$13,489	\$(11,120)	\$31,098	\$(26,676)	\$31,881

- (1) These amounts are reported as net investment income and net realized and unrealized investment (losses) gains 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:

(in thousands)	December 31, 2022		December 31, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Agent loans ⁽¹⁾	\$ 69,476	\$ 62,954	\$ 66,368	\$ 68,957
Long-term borrowings	—	—	94,070	103,981

(in thousands)	December 31, 2023		December 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Agent loans, net ⁽¹⁾	\$ 67,787	\$ 66,445	\$ 69,476	\$ 62,954
Other loans receivable, net ⁽²⁾	10,713	10,713	5,199	5,199

- (1) The discount rate used to calculate fair value at December 31, 2022 December 31, 2023 is reflective of an increase a decrease in the BB+ financial yield curve from December 31, 2021 December 31, 2022.

(2) 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.

Note 6. Investments

Available-for-sale 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 securities as of:

		December 31, 2023						
		December 31, 2023						
		December 31, 2023						
(in thousands)		(in thousands)			Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
		December 31, 2022						
		Gross	Gross					
		Amortized	unrealized	unrealized	Estimated			
(in thousands)		cost	gains	losses	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

December 31, 2022						
December 31, 2022						
December 31, 2022						
(in thousands)		(in thousands)	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value

December 31, 2021					
		Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
(in thousands)					

Corporate debt securities

Corporate debt securities

Corporate debt securities	Corporate debt securities	\$565,997	\$ 9,663	\$ 2,495	\$573,165
Collateralized debt obligations	Collateralized debt obligations	115,344	456	338	115,462
Commercial mortgage-backed securities	Commercial mortgage-backed securities	88,636	1,465	777	89,324
Residential mortgage-backed securities	Residential mortgage-backed securities	140,217	1,007	1,302	139,922
Other debt securities	Other debt securities	23,859	197	136	23,920
U.S. Treasury		4,226	73	7	4,292

Total	Total	\$938,279	\$ 12,861	\$ 5,055	\$946,085
available-for-sale securities, net	available-for-sale securities, net				

Total available-for-sale securities, net
Total available-for-sale securities, net

The amortized cost and estimated fair value of available-for-sale securities at **December 31, 2022** **December 31, 2023** 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.

		December 31, 2022			
		Amortized	Estimated		
		December 31, 2023			
		December 31, 2023			
		December 31, 2023			
		Amortized		Amortized	
				Estimated	
(in thousands)	(in thousands)	cost	fair value	(in thousands)	cost
				fair value	
Due in one year or less					
Due in one year or less					
Due in one year or less	Due in one year or less	\$ 24,580	\$ 24,089		
Due after one year through five years	Due after one year through five years	427,919	403,985		
Due after five years through ten years	Due after five years through ten years	198,287	186,693		
Due after ten years	Due after ten years	310,349	279,894		
Total available-for-sale securities, net ⁽¹⁾	Total available-for-sale securities, net ⁽¹⁾	\$ 961,135	\$894,661		

(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 **December 31, 2022** **December 31, 2023**.

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The below securities have been evaluated and determined to be temporary declines in fair value for which we expect to recover our entire principal plus interest. The following tables present available-for-sale securities based on length of time in a gross unrealized loss position as of:

		December 31, 2023			
		December 31, 2023			
		December 31, 2023			
Less than 12 months		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											
Corporate debt securities																
		Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses	No. of holdings								
(dollars in thousands)																
Corporate debt securities																
Corporate debt securities	Corporate debt securities	\$397,511	\$ 21,371	\$121,094	\$ 14,440	\$518,605	\$ 35,811	916								
Collateralized debt obligations	Collateralized debt obligations	44,823	2,529	55,335	2,675	100,158	5,204	159								
Commercial mortgage-backed securities	Commercial mortgage-backed securities	41,139	5,124	15,864	2,834	57,003	7,958	131								
Residential mortgage-backed securities	Residential mortgage-backed securities	109,499	9,131	31,465	6,938	140,964	16,069	161								
Other debt securities	Other debt securities	15,682	1,323	6,591	1,006	22,273	2,329	46								
Total available-for-sale securities	Total available-for-sale securities	\$608,654	\$ 39,478	\$230,349	\$ 27,893	\$839,003	\$ 67,371	1,413								
Total available-for-sale securities																
Quality breakdown of available-for-sale securities:	Quality breakdown of available-for-sale securities:								Quality breakdown of available-for-sale securities:							
Investment grade	Investment grade	\$525,805	\$ 31,904	\$215,742	\$ 25,205	\$741,547	\$ 57,109	761								
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								
December 31, 2022																
December 31, 2022																
December 31, 2022																
Less than 12 months									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	
(dollars in thousands)									(dollars in thousands)							
December 31, 2021																

		Less than 12 months		12 months or longer		Total			
Corporate debt securities									
		Fair	Unrealized	Fair	Unrealized	Fair	Unrealized	No. of	
(dollars in thousands)		value	losses	value	losses	value	losses	holdings	
Corporate debt securities									
Corporate debt securities	Corporate debt securities	\$179,281	\$ 1,912	\$12,494	\$ 583	\$191,775	\$ 2,495	441	
Collateralized debt obligations	Collateralized debt obligations	64,270	278	9,370	60	73,640	338	104	
Commercial mortgage-backed securities	Commercial mortgage-backed securities	28,001	595	917	182	28,918	777	61	
Residential mortgage-backed securities	Residential mortgage-backed securities	89,460	1,278	441	24	89,901	1,302	98	
Other debt securities	Other debt securities	14,576	136	0	0	14,576	136	24	
U.S. Treasury		388	7	0	0	388	7	1	
Total available-for-sale securities									
Total available-for-sale securities									
Total available-for-sale securities	Total available-for-sale securities	\$375,976	\$ 4,206	\$23,222	\$ 849	\$399,198	\$ 5,055	729	
Quality breakdown of available-for-sale securities:	Quality breakdown of available-for-sale securities:	Quality breakdown of available-for-sale securities:							
Investment grade	Investment grade	\$330,697	\$ 3,801	\$17,112	\$ 434	\$347,809	\$ 4,235	366	
Non-investment grade	Non-investment grade	45,279	405	6,110	415	51,389	820	363	
Total available-for-sale securities	Total available-for-sale securities	\$375,976	\$ 4,206	\$23,222	\$ 849	\$399,198	\$ 5,055	729	

Credit loss allowance on investments allowances

The current expected following table presents a roll-forward of the allowances for credit loss allowance on agent loans was \$1.0 million at both December 31, 2022 and December 31, 2021. The current expected credit loss losses on available-for-sale securities was \$0.2 million at December 31, 2022 and less than \$0.1 million at December 31, 2021. financing receivables for the years ended December 31:

(in thousands)	2023	2022
Available-for-sale securities:		
Allowance for credit losses, beginning of year	\$ 249	\$ 21
Provision and recoveries	670	500
Sales/collections and write-offs	(322)	(272)
Allowance for credit losses, end of year	\$ 597	\$ 249
Other loans receivable:		

Allowance for credit losses, beginning of year	\$	3,775	\$	3,564
Provision and recoveries		7,404		211
Sales/collections and write-offs		(98)		0
Allowance for credit losses, end of year	\$	11,081	\$	3,775
Agent loans:				
Allowance for credit losses, beginning of year	\$	957	\$	957
Provision and recoveries		0		0
Sales/collections and write-offs		0		0
Allowance for credit losses, end of year	\$	957	\$	957

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Net investment income

Investment income (loss), net of expenses, was generated from the following portfolios for the years ended December 31:

(in thousands)	(in thousands)	2022	2021	2020
(in thousands)				
(in thousands)				
(in thousands)		2023	2022	2021
Available-for-sale securities				
Available-for-sale securities				
Available-for-sale securities	Available-for-sale securities	\$31,913	\$23,795	\$22,631
Equity securities	Equity securities	3,904	4,321	4,147
Limited partnerships		(10,446)	31,701	(602)
Limited partnerships				
(1)				
Cash equivalents and other	Cash equivalents and other	4,510	3,609	5,038
Total investment income	Total investment income	29,881	63,426	31,214
Less: investment expenses	Less: investment expenses	1,296	1,249	1,461
Net investment income	Net investment income	\$28,585	\$62,177	\$29,753

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We (1) Limited partnership losses include equity in (losses) earnings of limited partnerships, which includes both realized gains (losses) and unrealized valuation changes, in "Net investment income" in our Statements of Operations. In January 2023, the general partner of one of our private equity limited partnerships informed us of a significant decrease in

the fair value of one of their underlying investments. The unrealized loss is estimated to be \$11 million and will be recorded in net investment income (loss) in our first quarter 2023 financial statements consistent with our policy of recording limited partnership results on a quarter lag. 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

Realized and unrealized gains (losses) gains on investments were as follows for the years ended December 31:

(in thousands)									
(in thousands)									
(in thousands)	(in thousands)	2022	2021	2020	2023		2022		2021
Available-for-sale securities:	Available-for-sale securities:								
Gross realized gains	Gross realized gains	\$ 1,169	\$ 6,884	\$ 3,920					
Gross realized gains									
Gross realized gains									
Gross realized losses	Gross realized losses	(15,219)	(1,753)	(2,585)					
Net realized (losses) gains on available-for-sale securities	Net realized (losses) gains on available-for-sale securities	(14,050)	5,131	1,335					
Equity securities									
Equity securities									
Equity securities	Equity securities	(13,238)	(186)	5,056					
Miscellaneous	Miscellaneous	2	1	1					
Miscellaneous									
Miscellaneous									
Net realized and unrealized investment (losses) gains									
Net realized and unrealized investment (losses) gains									
Net realized and unrealized investment (losses) gains	Net realized and unrealized investment (losses) gains	\$ (27,286)	\$ 4,946	\$ 6,392					

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

(in thousands)	(in thousands)	2022	2021	2020
(in thousands)				
(in thousands)				
Equity securities:	Equity securities:			
Net (losses) gains recognized during the period		\$ (13,238)	\$ (186)	\$ 5,056
Equity securities:				

Equity securities:				
Net gains (losses) recognized during the period				
Net gains (losses) recognized during the period				
Net gains (losses) recognized during the period				
Less: net losses recognized on securities sold	Less: net losses recognized on securities sold	(76)	(469)	
		(1,866)		
Net unrealized (losses) gains recognized on securities held at reporting date		\$ (11,372)	\$ (110)	\$ 5,525
Less: net losses recognized on securities sold				
Less: net losses recognized on securities sold				
Net unrealized gains (losses) recognized on securities held at reporting date				
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) recoveries recognized in earnings

Impairments Impairment (losses) recoveries on available-for-sale securities and agent loans investments were as follows for the years ended December 31:

(in thousands)	(in thousands)	2022	2021	2020			
(in thousands)							
(in thousands)					2023	2022	2021
Available-for-sale securities:	Available-for-sale securities:						
Intent to sell							
Intent to sell							
Intent to sell	Intent to sell	\$ (167)	\$ (10)	\$ (2,274)			
Credit (impaired) recovered	Credit (impaired) recovered	(500)	67	(707)			
Total available-for-sale securities	Total available-for-sale securities	(667)	57	(2,981)			
Agent loans - expected credit recoveries (losses)		0	152	(297)			
Agent loans - expected credit recoveries							
Agent loans - expected credit recoveries							
Agent loans - expected credit recoveries							
Other loans receivable - expected credit losses							
					(7,337)	0	

Net impairment (losses) recoveries recognized in earnings	Net impairment (losses) recoveries recognized in earnings			
		\$ (667)	\$ 209	\$ (3,278)

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Note 7. Fixed Assets

The following table summarizes our fixed assets by category as of December 31:

(in thousands)	(in thousands)	2022	2021	(in thousands)	2023	2022
Software	Software	\$312,126	\$259,586			
Land, buildings, and building improvements	Land, buildings, and building improvements	213,263	211,624			
Equipment	Equipment	43,430	42,295			
Furniture and fixtures	Furniture and fixtures	21,794	21,694			
Leasehold improvements	Leasehold improvements	1,393	1,342			
Construction in progress ⁽¹⁾						
Projects in progress ⁽¹⁾	Projects in progress ⁽¹⁾	63,317	34,569			
Total fixed assets, gross	Total fixed assets, gross	655,323	571,110			
Less: Accumulated depreciation and amortization	Less: Accumulated depreciation and amortization	(241,449)	(196,308)			
Fixed assets, net	Fixed assets, net	\$413,874	\$374,802			

(1) 2022 amounts have been reclassified to conform to the current period presentation.

Software increased primarily due to the renewal of our principal headquarters and mainframe software licenses as well as internally developed software projects not yet subject to depreciation. The building renovation is expected to be completed and placed in service phases, starting in 2025, with full completion expected in 2027.

Projects in progress include certain computer software and software development costs for internal use that are not yet subject to amortization as well as home office renovations that are not yet subject to depreciation. The increase in projects in progress is primarily due to an increase in software development costs.

Depreciation and amortization of fixed assets expense totaled \$45.9 million, \$37.2 million, \$45.9 million and \$21.2 million for the years ended December 31, 2022, 2021, 2020, and 2021, respectively, and is included in cost of operations - policy issuance and renewal services. Accumulated depreciation and amortization decreased due to disposals of fully depreciated assets, primarily software, partially offset by current year depreciation and amortization expense.

Note 8. Borrowing Arrangements

Term Loan Credit Facility

In 2016, we entered into a credit agreement for a \$100 million senior secured draw term loan credit facility ("Credit Facility") for the acquisition of real property and construction of an office building that now serves as part of our principal headquarters. On January 1, 2019, the Credit Facility converted to a fully-amortized term loan with monthly payments of principal and interest at a fixed rate of 4.35% over a period of 28 years. In May 2022, we repaid the remaining \$93.2 million balance on the term loan. In conjunction with the payoff,

pledged collateral was released and we accelerated amortization of \$0.2 million related to unamortized loan origination and commitment fees which is included in interest expense in the Statement of Operations for the year ended December 31, 2022.

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. In May 2022, we borrowed on the line of credit to support the payoff of the term loan. As of December 31, 2022 December 31, 2023, outstanding borrowings on the line of credit have been repaid and 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 on our line of credit as of December 31, 2023. Investments with a fair value of \$114.6 million \$117.6 million were pledged as collateral on the line of credit at December 31, 2022 December 31, 2023. 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 December 31, 2022 December 31, 2023. The bank requires compliance with certain covenants, which include leverage ratios and debt restrictions for our line of credit. restrictions. We are in compliance with all covenants at December 31, 2022 December 31, 2023.

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Note 9. 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 for approximately 58% their allocated share of the annual benefit expense of these plans, which represents pension income or cost. These reimbursements represent pension benefits for employees performing administrative services and an allocated share of costs plan (income) cost for employees in departments that support the administrative functions. In 2023, we reimbursed the Exchange and its subsidiaries for approximately 60% of the annual defined benefit pension income, and the Exchange and its subsidiaries reimbursed us for approximately 36% of the annual SERP cost. For our funded pension plan, amounts are settled in cash for the portion of pension costs (income) cost allocated to 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.

Cost of pension plans Pension plan (income) cost

Pension plan (income) cost includes the following components for the years ended December 31:

(in thousands)		(in thousands)			
		2022		2021	2020
		2023			
		2023			
		2023			
Service cost for benefits earned					
Service cost for benefits earned					
Service cost for	Service cost for	\$	50,242	\$	53,041
benefits earned	benefits earned				\$
Interest cost on	Interest cost on				43,492
benefit obligation	benefit obligation	39,764		36,824	
					37,578
Interest cost on benefit obligation					
Interest cost on benefit obligation					
Expected return on plan assets					
Expected return on plan assets					
Expected return on	Expected return on				
plan assets	plan assets	(54,557)		(50,275)	(49,411)
Prior service cost	Prior service cost				
amortization	amortization	1,443		1,428	1,343
Net actuarial loss amortization		7,320		16,106	12,125
Prior service cost amortization					
Prior service cost amortization					
Net actuarial (gain) loss amortization					

Net actuarial (gain) loss amortization				
Net actuarial (gain) loss amortization				
Pension plan cost ⁽¹⁾	\$	44,212	\$	57,124
Pension plan (income) cost ⁽¹⁾				
Pension plan (income) cost ⁽¹⁾				
Pension plan (income) cost ⁽¹⁾				

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

Actuarial assumptions

The following table describes the weighted-average assumptions at December 31 used to measure the year-end benefit obligations and the net periodic benefit costs for the subsequent year: at December 31:

2023										
	2022				2021		2020		2019	
Employee pension plan:										
Employee pension plan:										
Employee pension plan:	Employee pension plan:									
Discount rate	Discount rate	5.67	%	3.16	%	2.96	%	3.59	%	
Discount rate										
Discount rate										
Expected return on assets	Expected return on assets	5.50		5.50		6.00		6.00		
Expected return on assets										
Expected return on assets										
Rate of compensation increase ⁽¹⁾										
Rate of compensation increase ⁽¹⁾										
Rate of compensation increase ⁽¹⁾	Rate of compensation increase ⁽¹⁾	3.21		3.21		3.21		3.21		
SERP:	SERP:									
Discount rate – pre-retirement/post-retirement ⁽²⁾		5.46		3.11		2.86		3.59/3.09		
SERP:										
SERP:										
Discount rate										
Discount rate										
Discount rate										
Rate of compensation increase	Rate of compensation increase	5.00		5.00		5.00		5.00		
Rate of compensation increase										
Rate of compensation increase										

(1) The rate of compensation increase for the employee plan is age-graded. An equivalent single compensation increase rate of 3.25% in 2023 and 3.21% in 2022, 2021 and 2020 would produce similar results.

(2) In 2020,

The following table describes the SERP discount weighted-average assumptions used to measure net periodic benefit costs for the years ended December 31:

	2023	2022	2021
Employee pension plan:			
Discount rate	5.67 %	3.16 %	2.96 %
Expected return on assets	6.50	5.50	5.50
Rate of compensation increase ⁽¹⁾	3.30	3.21	3.21
SERP:			
Discount rate	5.46 %	3.11 %	2.86 %
Rate of compensation increase	5.00	5.00	5.00

(1) The rate methodology was revised to utilize SERP specific cash outflows independent of compensation increase for the employee pension plan discount is age-graded. An equivalent single compensation increase rate eliminating a difference between pre-retirement of 3.30% in 2023 and post-retirement rates, 3.21% in 2022 and 2021 would produce similar results.

The economic assumptions that have the most impact on the postretirement benefits expense are the discount rate and the long-term rate of return on plan assets. The discount rate assumption used to determine the benefit obligation for all periods presented was based upon a yield curve developed from corporate bond yield information.

The pension plan's expected long-term rate of return represents the average rate of return to be earned on plan assets over the period the benefits included in the benefit obligation are to be paid. To determine the expected long-term rate of return assumption, we utilized models based upon historical analysis and forward-looking views of the financial markets based upon key factors such as historical returns for the asset class' applicable indices, the correlations of the asset classes under various market conditions and consensus views on future real economic growth and inflation. The expected future return for each asset

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class is then combined by considering correlations between asset classes and the volatilities of each asset class to produce a reasonable range of asset return results within which our expected long-term rate of return assumption falls.

Funding policy/funded status

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 \$25 million \$25 million contribution during 2022, 2022 and a \$95 million contribution during 2023. We expect to contribute an estimated \$95 also made a contribution of \$33 million in 2023. Actual contributions may vary January 2024. The 2023 contribution generated a net benefit asset of \$34.3 million and is presented separately from the current estimate depending unfunded plan as a non-current asset on changes in assumptions, regulatory requirements and funding decisions, or due to future plan changes. the Statement of Financial Position at December 31, 2023. The following table sets forth the funded status of the pension plans and the amounts recognized in the Statements of Financial Position at December 31:

(in thousands)	(in thousands)		
		2022	2021
(in thousands)			
(in thousands)		2023	
		2023	
		2023	
Funded status at end of year	Funded status at end of year	\$ (53,948)	\$ (132,411)
Funded status at end of year			
Funded status at end of year			
Pension asset			
Pension asset			
Pension asset			
Pension liabilities – due within one year ⁽¹⁾			
Pension liabilities – due within one year ⁽¹⁾			
Pension liabilities – due within one year ⁽¹⁾	Pension liabilities – due within one year ⁽¹⁾	\$ (2,724)	\$ (2,028)
Pension liabilities – due after one year	Pension liabilities – due after one year	(51,224)	(130,383)
Pension liabilities – due after one year			
Pension liabilities – due after one year			

Net amount recognized	Net amount recognized	\$	(53,948)	\$	(132,411)
Net amount recognized					
Net amount recognized					

(1) The current portion of pension liabilities for the unfunded plan is included in accounts payable and accrued liabilities.

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Benefit obligations

Benefit obligations are described in the following tables. Accumulated and projected benefit obligations represent the obligations of a pension plan for past service as of the measurement date. The accumulated benefit obligation is the present value of pension benefits earned as of the measurement date based on employee service and compensation prior to that date. It differs from the projected benefit obligation in that the accumulated benefit obligation includes no assumptions to reflect expected future compensation. The following table sets forth a reconciliation of beginning and ending balances of the projected benefit obligation, as well as the accumulated benefit obligation at December 31:

(in thousands)	(in thousands)	2022	2021
(in thousands)			
(in thousands)			
		2023	
		2023	
		2023	
Projected benefit obligation, beginning of year	Projected benefit obligation, beginning of year		
Projected benefit obligation, beginning of year	Projected benefit obligation, beginning of year		
Projected benefit obligation, beginning of year	Projected benefit obligation, beginning of year	\$	\$
Service cost for benefits earned	Service cost for benefits earned	1,272,654	1,246,159
Service cost for benefits earned	Service cost for benefits earned	50,242	53,041
Service cost for benefits earned			
Service cost for benefits earned			
Interest cost on benefit obligation			
Interest cost on benefit obligation			
Interest cost on benefit obligation	Interest cost on benefit obligation	39,764	36,824
Plan amendments	Plan amendments	1,620	4,059
Actuarial gain		(448,330)	(38,400)
Plan amendments			
Plan amendments			
Actuarial loss (gain)			
Actuarial loss (gain)			
Actuarial loss (gain)			
Benefits paid			
Benefits paid			
Benefits paid	Benefits paid	(32,136)	(29,029)
Projected benefit obligation, end of year	Projected benefit obligation, end of year	\$	\$
Projected benefit obligation, end of year	Projected benefit obligation, end of year	883,814	1,272,654
Projected benefit obligation, end of year			
Projected benefit obligation, end of year			
Accumulated benefit obligation, end of year	Accumulated benefit obligation, end of year	\$	\$
Accumulated benefit obligation, end of year	Accumulated benefit obligation, end of year	762,180	1,037,820
Accumulated benefit obligation, end of year			

Accumulated benefit obligation, end of year

Projected benefit obligations decreased \$388.8 million increased \$109.7 million at December 31, 2022 December 31, 2023 compared to December 31, 2021 December 31, 2022 primarily due to the higher lower discount rate used to measure the future benefit obligations. The discount rate for the employee pension plan increased decreased to 5.34% in 2023 from 5.67% in 2022 from 3.16% in 2021, 2022.

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Both the defined benefit pension plan and SERP had The following table describes plans with projected benefit obligations in excess of plan assets at December 31:

(in thousands)		(in thousands)	
		2022	2021
		2023	
		2023	
		2023	
Projected benefit obligation			
Projected benefit obligation			
Projected benefit obligation	Projected benefit obligation	\$ 883,814	\$ 1,272,654
Plan assets	Plan assets	829,866	1,140,243
Plan assets			
Plan assets			

At December 31, 2023, the SERP had a projected benefit obligation in excess of plan assets. At December 31, 2022, both the defined benefit pension plan and the SERP had projected benefit obligations in excess of plan assets.

The SERP had accumulated benefit obligations in excess of plan assets at December 31:

(in thousands)		(in thousands)	
		2023	
		2023	
		2023	
		2022	2021
Accumulated benefit obligation			
Accumulated benefit obligation			
Accumulated benefit obligation	Accumulated benefit obligation	\$ 21,577	\$ 29,190
Plan assets	Plan assets	—	—
Plan assets			
Plan assets			

Pension Plan assets

The following table sets forth a reconciliation of beginning and ending balances of the fair value of plan assets at December 31:

(in thousands)		(in thousands)	
		2022	2021
(in thousands)			
(in thousands)			
		2023	
		2023	
		2023	
Fair value of plan assets, beginning of year			
Fair value of plan assets, beginning of year			

Fair value of plan assets, beginning of year	Fair value of plan assets, beginning of year	\$	1,140,243	\$	1,081,061
Actual return on plan assets	Actual return on plan assets		(304,005)		86,966
Actual return on plan assets	Actual return on plan assets				
Employer contributions	Employer contributions		25,764		1,245
Employer contributions	Employer contributions				
Employer contributions	Employer contributions				
Benefits paid	Benefits paid				
Benefits paid	Benefits paid				
Benefits paid	Benefits paid		(32,136)		(29,029)
Fair value of plan assets, end of year	Fair value of plan assets, end of year	\$	829,866	\$	1,140,243
Fair value of plan assets, end of year	Fair value of plan assets, end of year				
Fair value of plan assets, end of year	Fair value of plan assets, end of year				

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Accumulated other comprehensive (income) loss income

Net actuarial (gain) loss gain and prior service cost included in accumulated other comprehensive (income) loss income that were not yet recognized as components of net benefit costs were as follows at December 31:

(in thousands)	(in thousands)		2022		2021
Net actuarial (gain) loss		\$	(69,564)	\$	27,524
(in thousands)					
(in thousands)					
			2023		
			2023		
			2023		
Net actuarial gain					
Net actuarial gain					
Net actuarial gain					
Prior service cost					
Prior service cost					
Prior service cost	Prior service cost		12,378		12,201
Net amount not yet recognized	Net amount not yet recognized	\$	(57,186)	\$	39,725
Net amount not yet recognized	Net amount not yet recognized				
Net amount not yet recognized	Net amount not yet recognized				

Other comprehensive income loss (income)

Amounts recognized in other comprehensive income loss (income) for pension plans were as follows for the years ended December 31:

(in thousands)	(in thousands)		2022		2021
Net actuarial gain arising during the year		\$	(89,768)	\$	(75,091)
Amortization of net actuarial loss			(7,320)		(16,106)
			2023		
			2023		

2023			
Net actuarial loss (gain) arising during the year			
Net actuarial loss (gain) arising during the year			
Net actuarial loss (gain) arising during the year			
Amortization of net actuarial gain (loss)			
Amortization of net actuarial gain (loss)			
Amortization of net actuarial gain (loss)			
Amortization of prior service cost			
Amortization of prior service cost			
Amortization of prior service cost	Amortization of prior service cost	(1,443)	(1,428)
Plan amendments (1)	Plan amendments (1)	1,620	4,059
Plan amendments (1)			
Plan amendments (1)			
Total recognized in other comprehensive income	\$	(96,911)	\$ (88,566)
Total recognized in other comprehensive loss (income)			
Total recognized in other comprehensive loss (income)			
Total recognized in other comprehensive loss (income)			

(1) Plan amendments relate to new SERP participants.

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Asset allocation

The employee pension plan utilizes a return seeking and a liability asset matching allocation strategy. It is based upon the understanding that 1) equity investments are expected to outperform debt investments over the long-term, 2) the potential volatility of short-term returns from equities is acceptable in exchange for the larger expected long-term returns, and 3) a portfolio structured across investment styles and markets (both domestic and foreign) reduces volatility. As a result, the employee pension plan's investment portfolio utilizes a broadly diversified asset allocation across domestic and foreign equity and debt markets. The investment portfolio is composed of commingled pools, an exchange traded fund, and a separate account that are dedicated exclusively to the management of employee benefit plan assets.

The target and actual asset allocations for the portfolio are as follows for the years ended December 31:

	Target asset allocation	Target asset allocation	Actual asset allocation	Actual asset allocation	
	Target asset allocation				
	Target asset allocation				
	Target asset allocation				
Asset allocation:					
Asset allocation:					
Asset allocation:	Asset allocation:	2022	2021	2022	2021
Equity securities:	Equity securities:				
Equity securities:					

Equity securities:						
U.S. equity securities						
U.S. equity securities						
U.S. equity securities	U.S. equity securities	(1)				
		27 %	27 %	27 %	27 %	
Non-U.S. equity securities						
Non-U.S. equity securities	Non-U.S. equity securities	(2)				
		18	18	19	18	
Non-U.S. equity securities						
Non-U.S. equity securities						
Total equity securities						
Total equity securities						
Total equity securities	Total equity securities					
		45	45	46	45	
Debt securities						
Debt securities	Debt securities	(3)				
		54	54	53	54	
Debt securities						
Debt securities						
Other						
Other						
Other	Other	1 (4)	1	1	1	
Total	Total	100 %	100 %	100 %	100 %	
Total						
Total						

(1) U.S. equity securities – 100% seek to achieve excess returns relative to the Russell 3000 Index.

(2) Non-U.S. equity securities – 11% are allocated to international small cap investments, while another 20% 19% are allocated to international emerging market investments. The remaining 69% 70% of the Non-U.S. equity securities are allocated to investments seeking to achieve excess returns relative to an international market index.

(3) Debt securities – 58% 60% are allocated to long U.S. Treasury Strips, 42% 40% are allocated to U.S. corporate bonds with an emphasis on long duration bonds rated A or better.

(4) Institutional money market fund.

The following tables present fair value measurements for the pension plan assets by major category and level of input as of:

December 31, 2022						
December 31, 2023						
December 31, 2023						
December 31, 2023						
			Level 2	Level 3		
		Level 1	Fair Value	Fair Value	Net Asset	
(in thousands)	(in thousands)	Total	Fair Value	Value	Value	Value (NAV)
(in thousands)						
(in thousands)						
			Total	Level 1	Level 2	Level 3
				Fair Value	Fair Value	Fair Value
						Net Asset
						Value (NAV)
Equity securities:						
Equity securities:						

U.S. equity securities						
U.S. equity securities						
U.S. equity securities	U.S. equity securities	\$219,410	\$204,838	\$ 0	\$ 0	\$ 14,572
Non-U.S. equity securities	Non-U.S. equity securities	160,009	110,799	0	0	49,210
Total equity securities	Total equity securities	379,419	315,637	0	0	63,782
Debt securities	Debt securities	439,004	0	0	0	439,004
Other	Other	11,443	11,443	0	0	0
Total	Total	\$829,866	\$327,080	\$ 0	\$ 0	\$502,786

December 31, 2021

December 31, 2022

December 31, 2022

December 31, 2022

			Level 1	Level 2	Level 3	Net Asset
			Fair Value	Fair Value	Fair Value	Value (NAV)
(in thousands)	(in thousands)	Total	Fair Value	Value	Value	(1)

(in thousands)

(in thousands)	Total	Level 1 Fair Value	Level 2 Fair Value	Level 3 Fair Value	Net Asset Value (NAV)
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Equity securities:

U.S. equity securities

U.S. equity securities	U.S. equity securities	\$ 305,440	\$ 0	\$ 0	\$ 0	\$305,440
Non-U.S. equity securities	Non-U.S. equity securities	200,949	139,688	0	0	61,261
Total equity securities	Total equity securities	506,389	139,688	0	0	366,701
Debt securities	Debt securities	620,337	0	0	0	620,337
Other	Other	13,517	13,517	0	0	0
Total	Total	\$1,140,243	\$153,205	\$ 0	\$ 0	\$987,038

(1) Amounts were reclassified from Level 2 fair value to NAV to conform to current period presentation.

Estimates of fair values of the pension plan assets are obtained primarily from the trustee and custodian of our pension plan. Our Level 1 category includes a money market mutual fund, an exchange traded fund, and a separate account for which the fair value is determined using an exchange traded price provided by the trustee and custodian. Commingled pools are valued based on NAV per share or unit as a practical expedient as reported by the fund manager, multiplied by the number of shares or units held as of the measurement date. Accordingly, these NAV-based investments have been excluded from the fair value hierarchy. These investments have minimal redemption notice periods and are redeemable daily at the NAV, less transaction fees, without significant restrictions. There are no significant unfunded commitments related to these investments.

Estimated future benefit payments

The following table sets forth amounts of benefits expected to be paid over the next 10 years from our pension plans as of:

(in thousands)

Year ending December 31,	Year ending December 31,	Expected future benefit payments
2023		\$ 33,827
Year ending December 31,		
Year ending December 31,		Expected future benefit payments
2024	2024	36,175
2025	2025	39,205
2026	2026	41,731
2027	2027	44,904
2028 - 2032		276,456
2028		
2029 - 2033		

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Employee savings plan

All full-time and regular part-time employees are eligible to participate in a qualified 401(k) savings plan. We match 100% of the participant contributions up to 3% of compensation and 50% of participant contributions over 3% and up to 5% of compensation. Matching contributions paid to the plan were \$18.4 million in 2023, \$16.7 million in 2022, and \$16.1 million in 2021, and \$15.8 million in 2020, 2021. The Exchange and its subsidiaries reimbursed us for approximately 59% of the matching contributions. Employees are permitted to invest the employer-matching contributions in our Class A common stock. Employees, other than executive and senior officers, may sell the shares at any time without restriction, provided they are in compliance with applicable insider trading laws; sales by executive and senior officers are subject to additional pre-clearance restrictions imposed by our insider trading policies. The plan acquires shares in the open market necessary to meet the obligations of the plan. Plan participants held 0.1 million and 0.2 million shares of our Class A common stock at December 31, 2022 December 31, 2023 and 2021, respectively. 2022.

Note 10. Incentive and Deferred Compensation Plans

We have two incentive plans and two deferred compensation plans for our executives, senior vice presidents and other selected officers, and two deferred compensation plans for our outside directors. Executives, senior vice presidents and other selected officers and key employees are also eligible to receive awards under an equity compensation plan, subject to the discretion of the Executive Compensation and Development Committee of our Board of Directors ("ECDC") or the chief executive officer.

Annual incentive plan

Our annual incentive plan ("AIP") is a bonus plan that pays cash to our executives, senior vice presidents and other selected officers annually. Participants can elect to defer up to 100% of the award under either the deferred compensation plan or the incentive compensation deferral plan. If the funding qualifier is met, plan participants are eligible to receive the incentive based upon attainment of corporate and individual performance measures, which can include various financial measures. The measures are established at the beginning of each year by the Executive Compensation and Development Committee of our Board of Directors ("ECDC"), ECDC, with ultimate approval by the full Board of Directors. The corporate performance measures included the reported growth in direct written premium and policies in force, and statutory combined ratio of the Exchange and its property and casualty subsidiaries for all periods presented. For 2022 and 2021, growth in policies in force was also included as a performance measure.

Long-term incentive plan

Our long-term incentive plan ("LTIP") is a performance based incentive plan designed to reward executives, senior vice presidents and other selected officers who can have a significant impact on our long-term performance, and to further align the interests of such employees with those of our shareholders. The LTIP permits grants of performance shares or units, or phantom shares, to be satisfied with shares of our Class A common stock or cash payment as determined by the ECDC. Participants can elect to defer up to 100% of the award under the incentive compensation deferral plan. The ECDC determines the form of the award to be granted at the beginning of each performance period, which is generally a three-year period. The number of shares of our common stock authorized for grant under the LTIP is 1.5 million shares, with no one person able to receive more than 250,000 shares or the equivalent of \$5 million during any one performance period. shares. We repurchase our Class A common stock on the open market to settle stock awards under the plan. We do not issue new shares of common stock to settle stock awards. LTIP awards are considered vested at the end of each applicable performance period.

The LTIP provides the recipient the right to earn performance shares or units, or phantom stock, based on the level of achievement of performance goals as defined by us. Performance measures and a peer group of property and casualty companies to be used for comparison are determined by the ECDC. The performance measures for all periods presented were the reported growth in direct written premium and statutory combined ratio of the Exchange and its property and casualty subsidiaries and return on invested assets over a three-year performance period as compared to the results of the peer group over the same period. Because the award is based upon a comparison to results of a peer group over a three-year period, the award accrual is based upon estimates of probable results for the remaining performance period. This estimate is subject to variability if our results or the results of the peer group are substantially different than the results we project.

The fair value of LTIP awards is measured at each reporting date at the current share price of our Class A common stock. A liability is recorded and compensation expense is recognized ratably over the performance period.

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At ~~December 31, 2022~~ December 31, 2023, the plan awards for the ~~2020-2022~~ 2021-2023 performance period, which will be granted as a cash award, were fully vested. Distributions will be made in ~~2023~~ 2024 once peer group financial information becomes available. The total estimated plan award based upon the peer group information as of ~~September 30, 2022~~ September 30, 2023 is ~~\$5.4 million~~ \$1.9 million. At December 31, 2022, the fully vested plan awards for the 2020-2022 performance period totaled \$3.8 million and were awarded to participants in June 2023. At December 31, 2021, the fully vested cash plan awards for the 2019-2021 performance period that were not deferred totaled \$3.8 million and were paid awarded to participants in June 2022. At December 31, 2020, the fully vested cash plan awards for the 2018-2020 performance period that were not deferred totaled \$10.9 million and were paid awarded to participants in June 2021. At December 31, 2019, the fully vested cash awards for the 2017-2019 performance period that were not deferred totaled \$7.4 million and were paid to participants in June 2020. The ECDC has determined that the plan awards for the ~~2021-2023~~ 2022-2024 and ~~2022-2024~~ 2023-2025 performance periods will be paid in cash.

The Exchange and its subsidiaries reimburse us for compensation costs of employees performing administrative services. Earned compensation costs are allocated to these entities and reimbursed to us in cash once the payout is made. The total compensation cost charged to operations related to these LTIP awards, net of forfeitures, was ~~\$7.3 million in 2023,~~ \$3.4 million in 2022, and \$3.0 million in 2021, and ~~\$12.0 million in 2020.~~ 2021. The related tax benefits recognized in income were ~~\$1.5 million in 2023,~~ \$0.7 million in 2022, and \$0.6 million in 2021, and ~~\$2.5 million in 2020.~~ The 2021. In 2023, the Exchange and its subsidiaries reimburse reimbursed us for approximately ~~41%~~ 35% of the annual compensation cost of these plans. At ~~December 31, 2022~~ December 31, 2023, there was ~~\$5.9 million~~ \$12.0 million of total unrecognized compensation cost for non-vested LTIP awards related to open performance periods. Unrecognized compensation is expected to be recognized over a period of two years.

Deferred compensation plan

Our deferred compensation plan allows executives, senior vice presidents and other selected officers to elect to defer receipt of a portion of their compensation and AIP cash awards until a later date. Employer 401(k) matching contributions that are in excess of the annual contribution or compensation limits are also credited to the participant accounts for those who elected to defer receipt of some portion of their base salary. Participants select hypothetical investment funds for their deferrals, which are credited with the hypothetical returns generated.

Incentive compensation deferral plan

We have an unfunded, non-qualified incentive compensation deferral plan for participants of the AIP and LTIP. Participants can elect to defer up to 100% of their annual AIP award and/or up to 100% of their LTIP award for each performance period. Deferred awards will be credited to a deferred stock account as credits denominated in shares of our Class A common stock until retirement or other separation from service. Participants are 100% vested at date of deferral. The shares are then held in a rabbi trust, which was established to hold the shares earned under both the incentive compensation deferral plan and the deferred stock compensation plan for outside directors. The rabbi trust is classified and accounted for as equity in a manner consistent with the accounting for treasury stock. Dividends received on the shares in the rabbi trust are used to purchase additional shares. Vested share credits will be paid to participants from the rabbi trust upon separation from service in approximate equal annual installments of Class A shares for a period of three years. In 2022, 2023, the rabbi trust purchased ~~2,879~~ 1,608 shares of our common stock in the open market at an average price of ~~\$173.52~~ \$230.71 for ~~\$0.5 million~~ \$0.4 million to satisfy the liability for the ~~2021~~ 2022 AIP awards and 4,167 shares at an average price of \$178.45 for \$0.7 million to satisfy the liability for the 2019-2021 ~~2020-2022~~ LTIP performance period awards deferred under the incentive compensation deferral plan, plan, and dividend equivalent credits on rabbi trust shares. In ~~2021~~ 2022, the rabbi trust purchased ~~2,570~~ 7,046 shares of our common stock in the open market at an average price of ~~\$232.81~~ \$176.44 for ~~\$0.6 million~~ \$1.2 million to satisfy the liability for the ~~2020~~ 2021 AIP awards and 17,881 shares at an average share price of \$191.25 for \$3.4 million to satisfy the liability for the 2018-2020 ~~2019-2021~~ LTIP performance period awards deferred under the incentive compensation deferral plan, plan, and dividend equivalent credits on rabbi trust shares. In ~~2020~~ 2021, the rabbi trust purchased ~~3,934~~ 20,451 shares of our common stock in the open market at an average price of ~~\$155.92~~ \$196.48 for ~~\$0.6 million~~ \$4.0 million to satisfy the liability for the ~~2019~~ 2020 AIP awards deferred under the incentive compensation deferral plan and 18,126 shares at an average price of \$185.31 for \$3.4 million to satisfy the liability for the 2017-2019 ~~2018-2020~~ LTIP performance period awards deferred under the incentive compensation deferral plan, plan, and dividend equivalent credits on rabbi trust shares.

Deferred compensation plans for outside directors

We have a deferred compensation plan for our outside directors that allows participants to defer receipt of a portion of their annual compensation until a later date. Participants select hypothetical investment funds for their deferrals, which are credited with the hypothetical returns generated.

We also have a deferred stock compensation plan for our outside directors to further align the interests of directors with those of our shareholders that provides for payment of a portion of the directors' annual compensation in shares of our Class A common stock. Each director vests in the grant 25% every three months over the course of a year. Dividends paid by us are credited to each director's account and vest immediately. We do not issue new shares of common stock to directors. Our practice is to We repurchase shares of our Class A common stock in the open market to satisfy these awards, which are then held in the rabbi trust. Effective April 25, 2023, the plan was amended to include a maximum of 250,000 shares that may be issued under the plan, and to stipulate that no shares may be credited later than ten years from the date our shareholders last approved the plan.

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The rabbi trust purchased 6,048 5,894 shares of our common stock on the open market at an average price of \$238.73 for \$1.4 million in 2023, 6,048 shares at an average price of \$201.93 for \$1.2 million in 2022, and 5,238 shares at an average price of \$212.41

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for \$1.1 million in 2021 and 7,401 shares at an average price of \$201.78 for \$1.5 million in 2020 to satisfy the liability of the stock compensation plan for outside directors. directors, and dividend equivalent credits on rabbi trust shares. The shares are distributed to the outside director from the rabbi trust upon ending board service. Director compensation charged to operations related to these awards totaled \$0.9 million in 2023 and \$0.8 million in both 2022 and 2021, and \$0.9 million in 2020. 2021.

The following table sets forth a reconciliation of beginning and ending balances of our deferred executive compensation liability as of December 31:

(in thousands)		(in thousands)		
		2023		
		2023		
		2023	2022	2021
		2022	2021	2020
Deferred executive compensation, beginning of the year				
Deferred executive compensation, beginning of the year				
Deferred executive compensation, beginning of the year	Deferred executive compensation, beginning of the year	\$27,208	\$32,223	\$24,616
Annual incentive plan awards	Annual incentive plan awards	6,305	6,768	5,619
Long-term incentive plan awards	Long-term incentive plan awards	3,417	3,471	12,381
Employer match and hypothetical earnings on deferred compensation				
Employer match and hypothetical earnings on deferred compensation				
Employer match and hypothetical earnings on deferred compensation	Employer match and hypothetical earnings on deferred compensation	404	3,043	2,962
Total plan awards and earnings	Total plan awards and earnings	10,126	13,282	20,962
Total plan awards paid	Total plan awards paid	(10,413)	(16,647)	(10,121)
Compensation deferred	Compensation deferred	2,528	4,765	4,668

Distributions from the deferred compensation plans	Distributions from the deferred compensation plans	(742)	(811)	(2,081)
Forfeitures ⁽¹⁾	Forfeitures ⁽¹⁾	—	(473)	(356)
Funding of rabbi trust for deferred stock compensation plan for outside directors	Funding of rabbi trust for deferred stock compensation plan for outside directors	(1,221)	(1,113)	(1,493)
Funding of rabbi trust for incentive compensation deferral plan ⁽²⁾	Funding of rabbi trust for incentive compensation deferral plan ⁽²⁾	(1,726)	(4,018)	(3,972)
Deferred executive compensation, end of the year	Deferred executive compensation, end of the year	\$25,760	\$27,208	\$32,223

(1) Forfeitures are the result of plan participants who separated from service and are recognized in the year they occur.

(2) In 2023 and 2022, funding includes \$0.9 million and \$0.5 million, respectively, representing shares held back to satisfy tax withholding on rabbi trust distributions that reduced funding requirements for performance award deferrals.

Equity compensation plan

We also have an Our equity compensation plan ("ECP") is designed to reward executives, senior vice presidents and other selected officers and key employees as determined by the ECDC or the chief executive officer, who can have a significant impact on our long-term performance, and to further align the interests of such employees with those of our shareholders. The ECP permits grants of restricted shares, restricted share units and other share based awards, to be satisfied with shares of our Class A common stock or cash. The ECDC determines the form of the award to be granted at the beginning of each performance period. The number of shares of our Class A common stock authorized for grant under the ECP is 100,000 shares, with no one person able to receive more than 10,000 shares in a calendar year. We do not issue new shares of common stock to satisfy plan awards. Share awards are settled through the repurchase of our Class A common stock on the open market. Restricted share awards may be entitled to receive dividends payable during the performance period, or, if subject to performance goals, to receive dividend equivalents payable upon vesting. Dividend equivalents may provide for the crediting of interest or hypothetical investment experience, payable after expiration of the performance period. Vesting conditions are determined at the time the award is granted and may include continuation of employment for a specific period, satisfaction of performance goals and the within a defined performance period, and the satisfaction of any other terms and conditions as determined to be appropriate. The ECP expires December 31, 2031, unless earlier amended or terminated by our Board of Directors.

To date, all awards have been satisfied with shares of our Class A common stock. In 2023, we purchased 1,610 Class A shares with an average share price of \$252.32 and a market value of \$0.4 million to satisfy the liability for the 2020 plan year. In 2022, we purchased 1,786 Class A shares with an average share price of \$190.68 and a market value of \$0.3 million to satisfy the liability for the 2019 plan year. In 2021, we purchased 978 Class A shares with an average share price of \$242.01 and a market value of \$0.2 million to satisfy the liability for the 2018 plan year. In 2020, we purchased 1,787 shares with an average share price of \$165.82 and a market value of \$0.3 million to satisfy the liability for the 2017 plan year. The total compensation charged to operations related to these ECP awards was \$4.0 million in 2023, \$0.8 million in 2022, and \$0.2 million in 2021, 2021. The increases in 2023 and \$0.7 million 2022 compared to the respective prior periods resulted from increases in 2020, plan participants and our stock price. The Exchange and its subsidiaries reimburse us for earned compensation costs of employees performing administrative services, which can fluctuate each year based on the plan participants. The Exchange and its subsidiaries reimbursed us for approximately 3% 35%, 33% 3%, and 59% 33% of the awards paid in 2023, 2022, 2021, and 2020 2021 respectively. Unearned compensation expense of \$1.3 million \$2.9 million is expected to be recognized over a period of three two years.

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Note 11. Income Taxes

The provision for income taxes consists of the following for the years ended December 31:

(in thousands)	(in thousands)			
		2022	2021	2020

		2023		
		2023		
		2023	2022	2021
Current income tax expense	Current income tax expense	\$68,415	\$80,398	\$80,373
Deferred income tax expense (benefit)	Deferred income tax expense (benefit)	9,468	(1,854)	(5,162)
Current income tax expense	Current income tax expense			
Current income tax expense	Current income tax expense			
Deferred income tax expense (benefit)	Deferred income tax expense (benefit)			
Income tax expense	Income tax expense	\$77,883	\$78,544	\$75,211
Income tax expense	Income tax expense			
Income tax expense	Income tax expense			

A reconciliation of the provision for income taxes, with amounts determined by applying the statutory federal income tax rate to pre-tax income, is as follows for the years ended December 31:

(in thousands)	(in thousands)	2022	2021	2020
		2023		
		2023		
		2023	2022	2021
Income tax at statutory rate	Income tax at statutory rate	\$79,055	\$79,045	\$77,388
Other, net	Other, net			
Other, net	Other, net			
Other, net	Other, net	(1,172)	(501)	(2,177)
Income tax expense	Income tax expense	\$77,883	\$78,544	\$75,211

Temporary differences and carry-forwards, which give rise to deferred tax assets and liabilities, are as follows as of December 31:

(in thousands)	(in thousands)	2022	2021
		2023	
		2023	
		2023	2022
Deferred tax assets:	Deferred tax assets:		
Other employee benefits	Other employee benefits		
Other employee benefits	Other employee benefits		

Other employee benefits	Other employee benefits	\$ 16,358	\$15,273
Unrealized losses on investments	Unrealized losses on investments	15,403	—
Deferred revenue	Deferred revenue	3,710	3,963
Allowance for management fee returned on cancelled policies	Allowance for management fee returned on cancelled policies	3,405	3,330
Pension and other postretirement benefits		—	21,545
Other		3,902	3,484
Current expected credit loss allowance ⁽¹⁾			
Current expected credit loss allowance ⁽¹⁾			
Current expected credit loss allowance ⁽¹⁾			
Other ⁽¹⁾			
Total deferred tax assets	Total deferred tax assets	42,778	47,595
Deferred tax liabilities:	Deferred tax liabilities:		
Depreciation	Depreciation	37,682	35,204
Depreciation			
Depreciation			
Pension and other postretirement benefits	Pension and other postretirement benefits	15,473	—
Prepaid expenses	Prepaid expenses	1,731	2,458
Unrealized gains on investments		—	8,713
Other			
Other			
Other	Other	1,967	1,075
Total deferred tax liabilities	Total deferred tax liabilities	56,853	47,450
Net deferred tax (liability) asset		\$(14,075)	\$ 145
Net deferred tax liability			

⁽¹⁾ 2022 amounts have been reclassified to conform to the current period presentation.

If we determine that any of our deferred tax assets will not result in future tax benefits, a valuation allowance must be established for the portion of the assets that are not expected to be realized. We had no valuation allowance recorded at December 31, 2022, December 31, 2023 or 2021, 2022.

We do not have any unrecognized tax benefit that, if recognized, would affect our effective tax rate as of December 31, 2022, December 31, 2023 and 2021, 2022. Any interest expense related to uncertain tax positions would be recognized in income tax expense.

Tax years ending December 31, 2021, December 31, 2022, 2020, 2021 and 2019, 2020 remain open to IRS examination. We are not currently under IRS audit, nor have we been notified of an upcoming IRS audit.

We are the attorney-in-fact for the subscribers (policyholders) at the Exchange, a reciprocal insurance exchange. In that capacity, we provide all services and facilities necessary to conduct the Exchange's insurance business. Indemnity and the Exchange together constitute a single insurance business. Consequently, we are not subject to state corporate income or franchise taxes in states where the Exchange conducts its business and the states collect premium tax in lieu of corporate income or franchise tax, as a result of the Exchange's remittance of premium taxes in those states.

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Note 12. Capital Stock

Class A and B common stock

We have two classes of common stock: Class A, which has a dividend preference, and Class B, which has voting power and a conversion right. Each share of Class A common stock outstanding at the time of the declaration of any dividend upon shares of Class B common stock shall be entitled to a dividend payable at the same time, at the same record date, and in an amount at least equal to 2/3 of 1.0% of any dividend declared on each share of Class B common stock. We may declare and pay a dividend in respect to Class A common stock without any requirement that any dividend be declared and paid in respect to Class B common stock. Sole shareholder voting power is vested in Class B common stock except insofar as any applicable law shall permit Class A common shareholders to vote as a class in regards to any changes in the rights, preferences, and privileges attaching to Class A 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 in 2023, 2022, 2021 or 2020, 2021.

Stock repurchases

Our Board of Directors authorized a stock repurchase program effective January 1, 1999 allowing the repurchase of our outstanding Class A nonvoting common stock. In 2011, our Board of Directors approved a continuation of the current stock repurchase program for a total of \$150 million, with no time limitation. Treasury shares are recorded in the Statements of Financial Position at total cost based upon trade date. There were no shares repurchased under this program during 2023, 2022, 2021 or 2020, 2021. We had approximately \$17.8 million of repurchase authority remaining under this program at December 31, 2022, December 31, 2023, based upon trade date.

We made stock repurchases in 2023, 2022, 2021, and 2020, 2021 outside of our publicly announced share repurchase program related to stock-based awards. See Note 10, "Incentive and Deferred Compensation Plans" for additional information.

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Note 13. 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 for the year ended December 31:

		(in thousands)									(in thousands)	2023		2022		2021				
(in thousands)	(in thousands)	2022			2021			2020												
		Income			Income			Income												
		Before Tax	Tax	Net	Before Tax	Tax	Net	Before Tax	Tax	Net										
		Before										Before	Income		Before	Income	Before	Income		
		Tax										Tax	Tax	Net	Tax	Tax	Net	Tax	Tax	Net
Investment securities:	Investment securities:																			
AOCI, beginning of year		\$	7,722	\$	1,621	\$	6,101	\$	29,384	\$	6,171	\$	23,213	\$	5,664	\$	1,189	\$	4,475	
AOCI (loss), beginning of year																				
AOCI (loss), beginning of year																				
AOCI (loss), beginning of year																				
OCI (loss) before reclassifications	OCI (loss) before reclassifications	(89,010)	(18,692)	(70,318)	(16,474)	(3,460)	(13,014)	22,074	4,636	17,438										
Realized investment losses (gains)	Realized investment losses (gains)	14,050	2,951	11,099	(5,131)	(1,078)	(4,053)	(1,335)	(280)	(1,055)										

Impairment losses (recoveries)	Impairment losses (recoveries)	667	140	527	(57)	(12)	(45)	2,981	626	2,355
OCI (loss)	OCI (loss)	(74,293)	(15,601)	(58,692)	(21,662)	(4,550)	(17,112)	23,720	4,982	18,738
OCI (loss)	OCI (loss)									
OCI (loss)	OCI (loss)									
AOCI (loss), end of year	AOCI (loss), end of year	\$ (66,571)	\$(13,980)	\$(52,591)	\$ 7,722	\$ 1,621	\$ 6,101	\$ 29,384	\$ 6,171	\$ 23,213
Pension and other postretirement plans:	Pension and other postretirement plans:									
Pension and other postretirement plans:	Pension and other postretirement plans:									
Pension and other postretirement plans:	Pension and other postretirement plans:									
AOCI (loss), beginning of year	AOCI (loss), beginning of year	\$ (39,734)	\$(8,345)	\$(31,389)	\$(128,300)	\$(26,944)	\$(101,356)	\$(153,600)	\$(32,257)	\$(121,343)
OCI before reclassifications	OCI before reclassifications	88,148	18,511	69,637	71,032	14,917	56,115	11,832	2,485	9,347
AOCI (loss), beginning of year	AOCI (loss), beginning of year									
AOCI (loss), beginning of year	AOCI (loss), beginning of year									
OCI (loss) before reclassifications	OCI (loss) before reclassifications									
Amortization of prior service costs (1)	Amortization of prior service costs (1)	1,443	303	1,140	1,428	300	1,128	1,343	282	1,061
Amortization of net actuarial loss (1)	Amortization of net actuarial loss (1)	7,329	1,540	5,789	16,106	3,382	12,724	12,125	2,546	9,579
OCI	OCI	96,920	20,354	76,566	88,566	18,599	69,967	25,300	5,313	19,987
Amortization of net actuarial (gain) loss (1)	Amortization of net actuarial (gain) loss (1)									
OCI (loss)	OCI (loss)									
AOCI (loss), end of year	AOCI (loss), end of year	\$ 57,186	\$ 12,009	\$ 45,177	\$ (39,734)	\$ (8,345)	\$ (31,389)	\$(128,300)	\$(26,944)	\$(101,356)
Total	Total									
Total	Total									
Total	Total									
AOCI (loss), beginning of year	AOCI (loss), beginning of year									
AOCI (loss), beginning of year	AOCI (loss), beginning of year									
AOCI (loss), beginning of year	AOCI (loss), beginning of year	\$ (32,012)	\$(6,724)	\$(25,288)	\$ (98,916)	\$(20,773)	\$(78,143)	\$(147,936)	\$(31,068)	\$(116,868)
Investment securities	Investment securities	(74,293)	(15,601)	(58,692)	(21,662)	(4,550)	(17,112)	23,720	4,982	18,738
Pension and other postretirement plans	Pension and other postretirement plans	96,920	20,354	76,566	88,566	18,599	69,967	25,300	5,313	19,987
OCI	OCI	22,627	4,753	17,874	66,904	14,049	52,855	49,020	10,295	38,725
OCI (loss)	OCI (loss)									
AOCI (loss), end of year	AOCI (loss), end of year	\$ (9,385)	\$(1,971)	\$(7,414)	\$(32,012)	\$(6,724)	\$(25,288)	\$(98,916)	\$(20,773)	\$(78,143)

(1) These components of AOCI (loss) are included in the computation of net periodic pension (income) cost. See Note 9, "Postretirement Benefits", for additional information.

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Note 14. Related PartyManagement fee

A management fee is charged to the Exchange retained for services we provide under the subscriber's agreement with subscribers at the Exchange. The fee is a percentage of direct and affiliated assumed premiums written by the Exchange. This percentage rate is determined at least annually by our Board of Directors but cannot exceed 25%. The management fee rate charged the Exchange was 25% in 2023, 2022, 2021 and 2020, 2021. The Board of Directors elected to maintain the fee at 25% beginning January 1, 2023 January 1, 2024.

There is no provision in the subscriber's agreement for termination of our appointment as attorney-in-fact by the subscribers at the Exchange and the appointment is not affected by a policyholder's disability or incapacity.

Insurance holding company system

Most states have enacted legislation that regulates insurance holding company systems, defined as two or more affiliated persons, one or more of which is an insurer. The Exchange has the following wholly owned property and casualty subsidiaries: Erie Insurance Company, Erie Insurance Company of New York, Erie Insurance Property & Casualty Company and Flagship City Insurance Company, and a wholly owned life insurance company, Erie Family Life Insurance Company. Indemnity and the Exchange, and its wholly owned subsidiaries, meet the definition of an insurance holding company system.

All transactions Transactions within a holding company system affecting the member insurers of the holding company system must be fair and reasonable and any charges or fees for services performed must be reasonable. Approval by the applicable insurance commissioner is required prior to the consummation of certain transactions affecting the members within a holding company system.

Shared facilities

We leased the home office from the Exchange until December 31, 2021, at which time we purchased the home office properties from the Exchange at the appraised value of \$97.5 million to align the ownership interest of these facilities with the functions being performed at the home office campus, which are mainly Indemnity's management operations. Lease expense totaled \$6.1 million in both 2021 and 2020, 2021. Operating expenses, including utilities, cleaning, repairs, real estate taxes, property insurance, and leasehold improvements totaled \$15.7 million in both 2021 and 2020, 2021. The Exchange and its subsidiaries reimbursed us for rent costs and related operating expenses of shared facilities used to perform administrative services, which are allocated based upon usage or square footage occupied. Reimbursements related to the use of this space totaled \$4.8 million and \$4.6 million in 2021 and 2020, respectively, 2021.

Effective July 1, 2021, the Exchange and its subsidiaries entered into a service agreement with Indemnity to use space in Indemnity-owned properties. The home office was added to this agreement effective January 1, 2022. The amount charged is based on rental rates of like property in Erie, Pennsylvania and the usage or square footage occupied. In 2022 and 2021, income Income earned from the Exchange and its subsidiaries for the use of space totaled \$2.6 million, \$2.2 million and \$0.2 million in 2023, 2022, and 2021, respectively. Operating expenses for Indemnity-owned properties under this service agreement include utilities, cleaning, repairs, real estate taxes, property insurance, and leasehold improvements. These expenses totaled \$20.0 million, \$19.5 million, and \$0.8 million in 2023, 2022, and 2021, respectively. The Exchange and its subsidiaries reimbursed us for operating expenses of shared facilities used to perform administrative services, which are allocated based upon usage or square footage occupied. Reimbursements related to the use of this space totaled \$5.2 million, \$4.1 million, and \$0.1 million in 2023, 2022, and 2021, respectively.

Other loans receivable

In December 2023, we issued two senior secured loans totaling \$13.6 million to fund a real estate development project supporting revitalization efforts in our community. Ownership in the project consists of related party investors, including affiliate entities and two Indemnity directors, as well as other unrelated investors. The loans, net of current expected credit loss allowances, are reported in "Other assets" in our Statement of Financial Position, with changes in credit loss allowances totaling \$7.3 million reported in "Net impairment (losses) recoveries recognized in earnings" in our Statement of Operations.

The first loan issued for \$4.6 million accrues paid-in-kind interest at a fixed rate of 5% and matures December 15, 2027, with both principal and accrued interest due at maturity. The second loan issued for \$9.0 million accrues paid-in-kind interest at a fixed rate of 5% and matures December 15, 2033, with both principal and accrued interest due at maturity.

Note 15. 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 \$625.3 million and \$524.9 million at December 31, 2023 and \$479.1 million at December 31, 2022 and 2021, respectively. Upon adoption of ASU 2016-13 in 2020,

we recorded an allowance for current expected credit losses of \$0.6 million related to the receivables from the Exchange and affiliates. See also Note 2, "Significant Accounting Policies". The 2022, respectively, which includes a current expected credit loss allowance was \$0.6 million and \$0.5 million at December 31, 2022 and 2021, respectively, 71 of \$0.6 million in both periods.

[Continues Attachment A

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Section 7.7(g) Limited Lump Sum Option for Eligible Persons

Note 16 (g) Under the terms of this Section 7.7(g), an Eligible Person may make an EP Window Benefit Election during the EP Window Election Period to commence payment of the Plan interest maintained on his behalf in the form of a lump sum or an annuity (each as determined below) as of an EP Window Commencement Date. The provisions of this Section 7.7(g) shall be an alternative method by which an Eligible Person may receive his Plan interest and does not change or eliminate payment options otherwise available to an Eligible Person under Plan provisions other than this Section 7.7(g). 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 40% of each loan exercised through this program. As of December 31, 2023, loans available under this agreement totaled \$51.2 million, of which our portion of the loans is \$20.5 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 December 31, 2022 December 31, 2023, our maximum potential amount of future payments on the guaranteed portion is \$6.3 mil. (i) Definitions. For purposes of this Section 7.7(g), the terms set forth below shall have the meanings set forth below.

(A)

We also have cc(B) The term "Eligible Person" shall mean an individual on whose behalf a benefit interest is maintained under the Plan and who satisfies (1), (2), 3, our maximum potentiaand (3) below, as determined solely in the discretion of the Administrator:

(1) The individual is either:

We are involved in litigation and (aa) a Participant who has terminated employment with signatures the Company and all Affiliates on next page. For after December 31, information currently known to us, we estimate 2023, 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. (bb) a surviving Spouse of a Participant who experiences his Date of Severance due to death on or after December 31, 2023 or of a 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. Penalties 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.

(cc) an alternate payee under a qualified domestic relations order (as defined in Section 414(p) of the Code) that is qualified by the Administrator on or after December 31, 2023 and which assigns, as a separate interest, all or a portion of the Plan benefit maintained on behalf of a Participant ("Alternate Payee"); and

We review all litigation on an ongoing basis which 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 not expected to be material to our financial condition, results of operations, or cash flows. (2) The actuarial equivalent present value of the vested Plan interest maintained on behalf of such individual, determined under this Section 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.

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7.7(g) as of the Present Value Determination Date, is in excess of \$5,000 and not in excess of \$100,000; and

Note 17. Supplement (3) As of the Present Value Determination Date, or such other date of determination as determined by the Administrator, the individual's Plan interest can reasonably be determined based on data available to the Administrator, the individual can be located by the Administrator after a diligent search and the individual has not commenced payment of his Plan interest under the provisions of the Plan other than

(in thousands)		(in thousands)	2020	(in thousands)	2023	2022	2021
Cash flows		provided, however, that an Eligible Person shall not include any individual whose participation in the Payment Option Window described in this					
from operating		Section 7.7(g) would administratively be impracticable, as the Administrator may advise the Company.					
activities:		(C) The term "EP Window Benefit Election" shall mean the written election made by an Eligible Person, in accordance with such rules and					
Cash flows from operating		procedures as the Administrator may apply, to receive or commence to receive his Plan interest under the terms of this Section 7.7(g). For an					
activities:		EP Window Benefit Election to be valid, the EP Window Benefit Election by any Eligible Person who is a Participant must satisfy the					
Cash flows from operating		requirements for spousal consent, if otherwise applicable under Section 7.6, and the completed EP Window Benefit Election form must be					
activities:		signed, dated and received in good form by the Administrator or its delegate within the EP Window Election Period. Notwithstanding the					
Net income		foregoing, any Eligible Person who makes an election to receive payment or commence to receive payment pursuant to this Section 7.7(g) shall					
Net income		have the ability to revoke any such election by contacting the Administrator or its delegate on or before the EP Window Commencement Date					
Net income		applicable to that Eligible Person in the means described in communications provided to the Eligible Person.					
Net income		(D) The term "EP Window Commencement Date" shall mean the future permissible date elected by an Eligible Person to commence payment					
Adjustments to		under this Section 7.7(g), although the date of actual payment may be delayed for administrative reasons. The EP Window Commencement					
reconcile net		Date for any given Eligible Person shall be the first day of a month that both (1) is a month that begins within the EP Window Election Period or					
income to net		is the month next following the close of the EP Window Election Period and (2) follows the date the Administrator or its delegate furnishes the					
cash provided		Eligible Person with the election materials described in Section 7.5.					
by operating							
activities:							

Depreciation and amortization	Depreciation and amortization	46,166	37,210	21,195
Deferred income tax expense (benefit)		9,468	(1,854)	(5,162)
Lease amortization expense				
Losses (gains) and impairment losses (recoveries) on investments				
Loss (gain) on disposal of fixed assets		172	(13)	(15)
Loss (gain) on disposal of fixed assets				
Net investment loss (income)	Net investment loss (income)			
(Decrease) increase in deferred compensation				
Increase (decrease) in deferred compensation				
(Increase) decrease in receivables from affiliates				
(Increase) decrease in receivables from affiliates				
Increase in accrued investment income				
Increase in pension asset				
Increase in pension asset				
Increase in pension asset				

Increase in pension liability	Increase in pension liability	15,647	52,755	41,227
(Increase) immediately commencing annuity in the following optional forms and determined in accordance with the following provisions:				
expenses and	(A) <u>Participants Otherwise Eligible for Immediate Commencement</u> .	With respect to an Eligible Person who is a Participant and who is eligible for immediate commencement of payment as of the EP Window Commencement Date under the provisions of the Plan other than this Section 7.7(g), such Eligible Person's Plan interest shall be payable in one of the following optional annuity forms as such Eligible Person may elect, and the following early reduction factors and actuarial factors shall apply in the determination of such payment:		
Decrease (increase) in prepaid expenses and other assets	(1) <u>Forms</u> .	The optional forms from which such Eligible Person may elect payment of his immediately commencing annuity shall be all of the annuity payment forms that would otherwise have been available to such Eligible Person under the Plan had he made a valid election to commence payment of his Plan interest as of the EP Window Commencement Date (determined without regard to this Section 7.7(g)).		
Increase (decrease) in accounts payable and accrued expenses	(2) <u>Reduction for Early Commencement, Increase for Late Commencement and Actuarial Factors</u> .	To the extent otherwise applicable under the Plan, actuarial factors for determining the reduction of such Eligible Person's Plan interest due to early commencement, any increase of such Eligible Person's Plan interest due to late commencement and for determining actuarial equivalent benefits between available forms of annuity, shall be the factors that would have applied if such Eligible Person had made a valid election to commence payment of his Plan interest, with a benefit commencement date of the EP Window Commencement Date, and had elected the same form of immediately commencing annuity elected by such Eligible Person in his EP Window Benefit Election (all determined without regard to this Section 7.7(g)).		
Increase (decrease) in commissions payable		8,408	(625)	
(Decrease) in agent bonuses	(B) <u>Participants Not Otherwise Eligible for Immediate Commencement</u> .	With respect to an Eligible Person who is a Participant and who is not eligible for immediate commencement of payment as of the EP Window Commencement Date under the provisions of the Plan other than this Section 7.7(g), such Eligible Person's Plan interest shall be payable in one of the following optional annuity forms as such Eligible Person may elect, and the following early reduction factors and actuarial factors shall apply in the determination of such payment:		
Increase in commissions payable				
(Decrease) increase in accrued agent incentive compensation				
Increase (decrease) in contract liability	Increase (decrease) in contract liability	1,421	(2,176)	1,423
Net cash provided by operating activities	(1) <u>Forms</u> .	The optional forms from which such Eligible Person may elect payment of his immediately commencing annuity shall be the Automatic Surviving Spouse's Pension described in Section 7.5 of the Plan, the 75% Joint and Survivor Option described in Section 7.7 with his Spouse as Beneficiary (provided, for both such options, such Eligible Participant is married to a Spouse as of the EP Window Commencement Date) and the single life annuity described in Section 7.3 of the Plan.		
	(2) <u>Early Reduction and Actuarial Factors</u> .	Actuarial factors for determining the reduction to be applied to such Eligible Person's Plan interest payable at Normal Retirement Date to reflect early commencement, and for determining actuarial equivalent benefits between available forms of annuity, shall be based on the Section 417(e) Assumptions.		
Note 18. Subsequent Events:				
No items were identified in this period subsequent to the financial statement date that required adjustment or additional disclosure, other than the disclosure made in Note 9, "Investments".				
	(C) <u>Eligible Persons Who are Not Participants</u> .	The following provisions shall apply with respect to an Eligible Person who is not a Participant:		
	(1) <u>Surviving Spouse</u> .	With respect to an Eligible Person who is a surviving Spouse, such Eligible Person may elect, in lieu of the lump sum benefit provided under subparagraph (ii)(C)(1) above, to receive payment as a survivor annuity determined in accordance with Article VIII. If such Eligible Person is not otherwise eligible to commence a survivor annuity under Article VIII as of the EP Window Commencement Date, such Eligible Person may elect under this Section 7.7(g) to receive a survivor annuity payable over such Eligible Person's lifetime only, commencing as of the EP Window Commencement Date, which shall be the actuarial equivalent of such lump sum benefit determined by using the Section 417(e) Assumptions.		
	(2) <u>Alternate Payees</u> .	With respect to an Eligible Person who is an Alternate Payee, such Eligible Person may elect, in lieu of the lump sum benefit provided under subparagraph (ii)(C)(2) above, to receive payment at such time and in such form of benefit as otherwise provided in the qualified domestic relations order that has assigned a Plan interest to the Alternate Payee. If such Eligible Person is not otherwise eligible to commence his Plan interest as of the EP Window Commencement Date under the terms of the applicable qualified domestic relations order, such Eligible Person may elect under this Section 7.7(g) to receive his Plan interest as an annuity		

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ITEM 9. CHANGES IN ANNUITY

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms, and that such information is communicated and disseminated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosures.

IN WITNESS WHEREOF, the parties have executed this Amendment

effective **TENANT(v) : Death of Eligible Person After Valid Election and Before Commencement**. Subject to the provisions of Article VIII, in the event an Eligible Person who is a Participant and who has made a valid EP Window Benefit Election to receive a lump sum payment dies before the EP Window Management's Report on Internal Control over Financial Reporting Commencement Date, the Participant's surviving Spouse shall be paid the lump sum to which such Participant was otherwise eligible under this Section 7.7(g) or, in lieu thereof, such Spouse may elect to receive a survivor annuity payable over such Spouse's lifetime only, commencing as of the EP Window Exchange Act. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of the effective date of the internal control over financial reporting system required by the Sarbanes-Oxley Act of 2002, as amended, and concluded that the Company's internal control over financial reporting was effective as of the end of the period covered by the report.

In 2013, management has concluded that the internal control over financial reporting was effective as of the end of the period covered by the report.

Our independent auditor, Ernst & Young LLP, a registered public accounting firm, has issued an attestation report on our internal control over financial reporting. This report appears on the following page.

There was no additional information in the fourth quarter of 2022 2023 that has not **Exhibit 19.1** led in a Form 8-K.

Securities Trades by Erie Indemnity Company Personnel and Others

Personnel and Others

By: It is the policy of Erie Indemnity Company (the "Company") that no director, officer or other employee of the Company who is aware of material nonpublic information relating to the Company (a "Covered Person") may, directly or through family members or other persons or entities, (a) buy or sell securities of the Company (other than pursuant to a pre-approved trading plan that complies with SEC Rule 10b5-1), or engage in any other action to take personal advantage of that information (commonly referred to as "insider trading"), or (b) pass that information on to others outside the Company, including family and friends (commonly referred to as "tipping"). This policy applies to all transactions in the Company's securities (collectively referred to in this Policy as "Company securities"), including the Company's common stock, options to purchase common stock, or any other type of securities that the Company may issue, including (but not limited to) preferred stock, convertible debentures and warrants, as well as derivative securities that are not issued by the Company, such as exchange-traded put or call options or swaps relating to the Company's securities.

Gregory J. Gutting, Executive Vice President, has also been audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the statements of financial position of the Company as of December 31, 2023 and 2021, 2022, the related statements of operations, comprehensive income, shareholders' equity and cash flows for each of the three years ended December 31, 2023, 2022 and 2021.

In addition, it is the policy of the Company that no director, officer or other employee of the Company who, in the course of working for the Company, learns of material nonpublic information about a company with which the Company does business, including a customer or supplier of the Company, may trade in that company's securities or disclose or "tip" any such information until the information becomes public or is no longer material.

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying management's report on internal control over financial reporting. Our responsibility is to express an opinion on the Company's acquisitions, tender offers, joint ventures, divestitures or other changes in assets; increases or reductions in dividends; entry into or termination of a significant contract; management changes or changes in control; significant events that impact the Erie Insurance Exchange for which the Company acts as attorney-in-fact, such as proposed rate increases or the financial impact of catastrophic events; major litigation; establishment or modification of a program to buy the Company's own shares; new services, products, developments or geographic expansion; change in auditors or disagreements effective internal control over financial reporting was maintained in all material respects.

with auditors; deterioration in the Company's credit status or industry ratings; changes in applicable insurance laws, rules or regulations; significant changes in the value or liquidity of the Company's securities; and Chief the investigation or occurrence of a cybersecurity incident. When in doubt, in and Financial Officer of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Information is considered material if there is a substantial likelihood that a reasonable investor would (i) consider it important in making an investment decision and (ii) view the fact as having significantly altered the total mix of information available.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of information obtained as an employee of the Company should be presumed to be material and not public. control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide Any written or verbal statement that would be prohibited under the law or under this policy is equally prohibited if made on social media accounting platforms like Facebook, Twitter, Snapchat or Instagram, or if made on electronic bulletin boards, chat rooms, blogs or websites, including the (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the disclosure or "tipping" of material non-public information about the Company or any company with which the Company does business. financial statements.

The insider trading policy also applies to family members and anyone else who lives in the same household as a Covered Person. Family members who do not live in the same household as a Covered Person, but whose transactions in Company securities are directed by or subject to the influence or control of a Covered Person (e.g. parents or children who consult with a Covered Person before they trade in Company securities), are also subject to the terms of this insider trading policy. Covered Persons are responsible for the transactions of these other persons and therefore should make them aware of the need to confer with the Covered Person before they trade in the Company's securities.

Cleveland, Ohio Indianapolis, Indiana

March 1 This policy also applies to any entities influenced or controlled by Covered Persons and transactions by these entities are treated for purposes of this policy and applicable securities laws as if they were for the account of the Covered Person. In addition, this policy applies to independent insurance agents, contractors or consultants of the Company who have access to material nonpublic information.

Transactions that may be necessary or justifiable for personal reasons (such as the need to raise money for an emergency expenditure) are not excepted from this policy and the securities laws do not recognize such mitigating circumstances. This policy continues to apply to a Covered Person's transactions in Company securities even after such person has terminated employment or board service. A Covered Person who is in possession of material nonpublic information about the Company when his or her employment or board service terminates may not trade in Company securities until that information has become public or is no longer material.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Prohibition on Margin Accounts and Pledging

The information with respect to our outside directors, audit committee and audit committee financial experts, and Section 16(a) beneficial ownership reporting compliance, and insider Company securities held in a margin account or pledged as collateral for a loan may be sold without the consent of the holder of the Company securities by the broker if the holder fails to meet a margin call or by the lender in foreclosure if the holder defaults on the loan. A margin or foreclosure sale that occurs when a person subject to this policy is aware of material nonpublic information may, under some circumstances, result in unlawful insider trading. Because of this risk, such persons are prohibited from pledging Company securities as collateral for a loan and are also prohibited from holding Company securities in a margin account unless (i) no security in such account is purchased on margin or (ii) such account permits the holder to exclude the Company securities from being pledged as collateral for such margin account. strant's Form 8-K filed with the Securities and Exchange Commission on June 1, 2016. Our Code of Conduct and Code of Ethics for Senior Financial Officers are also available on our website at www.erieinsurance.com.

Pre-Clearance Procedures

Executive Officers of the Registrant

To help prevent inadvertent violations of the federal securities laws and to avoid even the appearance of trading on inside information, directors and certain officers of the Company and any other persons designated by the Company as being subject to the Company's pre-clearance procedures, together with their family members, may not engage in any transaction in the Company's securities (including a gift, contribution to a trust, or similar transfer) or make, change or terminate an election under any Company plan without first obtaining pre-clearance of the transaction from either the Company's General Counsel or his or her designee (the "Designated Corporate Official"). A request for pre-clearance should be submitted to the Designated Corporate Official at least two days in advance of the proposed transaction. If a request for pre-clearance is approved, the transaction must be effected within five business days (or, if sooner, before commencement of a quarterly or event-specific blackout period). The Designated Corporate Official is under no obligation to approve a trade submitted for pre-clearance, may determine not to permit a trade and may revoke his or her approval at any time by oral, email or written notice.

Pre-clearance is not required for purchases and sales of securities under an Approved 10b5-1 Plan (see below) once the applicable cooling-off period has expired. No trades may be made under an Approved 10b5-1 Plan until expiration of the applicable cooling-off period. With respect to any purchase or sale under an Approved 10b5-1 Plan, the Covered Person should direct the third-party affecting transactions on their behalf to send duplicate confirmations of all such transactions to the Company's General Counsel or the Designated Corporate Official.

Blackout Periods

Quarterly Blackout Periods. The Company's announcement of its quarterly financial results has the potential to have a material effect on the market for the Company's securities. Therefore, persons who are or may be expected to be aware of the Company's quarterly financial results generally will not be pre-cleared to trade in the Company's securities during the period beginning on the day after each of the Company's fiscal quarters ends and ending 48 hours following the Company's analyst conference call for that fiscal quarter. Persons subject to these quarterly blackout periods include all directors and officers, all employees who are involved with the preparation and disclosure of the Company's financial results, and such other persons who are informed by the Company that they are subject to the blackout periods. Company ("EFL"), Erie Insurance Company ("EIC"), Flagship City Insurance Company ("Flagship"), Erie Insurance Company of New York ("ENY") and Erie Insurance Property

The Company may on occasion issue interim earnings guidance or other potentially material information by means of a press release, SEC filing on Form 8-K or other means designed to achieve widespread dissemination of the information. In these situations, trades are unlikely to be pre-cleared while the Company is in the process of assembling the information to be released and until the information has been released and fully absorbed by the market, which is typically 48 hours after the release.

LANDLORD Event-specific Blackout Periods: From time to time, an event may occur that is material to the Company and is known by only a few directors or officers. So long as the event remains material and non-public, directors, officers, and such other persons as are designated by the Company may not trade in the Company's securities. The existence of an event-specific blackout will not be announced, other than to those who are aware of the event giving rise to the blackout. If, however, a person whose trades are subject to pre-clearance requests permission to trade in the Company's securities during an event-specific blackout, the Designated Corporate Official shall inform the requester of the existence of a blackout period, without disclosing the reason for the blackout. Any person made aware of the existence of an event-specific blackout should not disclose the existence of the blackout to any other person. The failure of the Designated Corporate Official to designate a person as being subject to an event-specific blackout will not relieve that person of the obligation not to trade while aware of material non-public information.

Gregory J. Gutting Julie M. Pelkowski 59 54 Executive Vice President and Chief Financial Officer since May 2023; Senior Vice President, ERIE INDEMNITY COMPANY, Quarterly and Event-specific Blackout Periods do not apply to transactions under a Pennsylvania business corporation, with its principal offices and place pre-existing written plan, contract, instruction, or arrangement under Rule 10b5-1 under the Securities Exchange Act of business at 100 Erie Insurance Place, Erie, PA 16530 1934 (an "Approved 10b5-1 Plan") that meet the following requirements: Douglas E. Smith 48 49 Executive Vice President, Sales & Products since November 2016.

(i) it has been reviewed and approved by the Company's General Counsel or Designated Corporate Official at least five days in advance of being entered into (or, if revised or amended, such proposed revisions or amendments have been reviewed and approved by the Compliance Officer or the Designated Corporate Official at least five days in advance of being entered into).

(ii) it provides that no trades may occur thereunder until expiration of the applicable cooling-off period specified in Rule 10b5-1(c)(ii)(B), and no trades occur until after that time. The appropriate cooling-off period will vary based on the status of the Covered Person entering into the plan. For directors and officers, the cooling-off period ends on the later of (x) ninety days after adoption or certain modifications of the 10b5-1 plan; or (y) two business days following disclosure of the Company's financial results in a Form 10-Q or Form 10-K for the quarter in which the 10b5-1 plan was adopted. For all other Covered Persons, the cooling-off period ends 30 days after adoption or modification of the 10b5-1 plan. This required cooling-off period will apply to the entry into a new 10b5-1 plan and any revision or modification of a 10b5-1 plan; or, EFL, EIC, Flagship, ENY and EPC.

(iii) it is entered into in good faith, and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1, at a time when the Covered Person is not in possession of material nonpublic information about the Company; and, if the Covered Person is a director or officer, the 10b5-1 plan must include representations by person certifying to that effect;

(iv) it gives a third party the discretionary authority to execute such purchases and sales, outside the control of the Covered Person, so long as such third party does not possess any material nonpublic information about the Company; or explicitly specifies the security or securities to be purchased or sold, the number of shares, the prices and/or dates of transactions, or other formula(s) describing such transactions;

(v) it is the only outstanding Approved 10b5-1 Plan entered into by the Covered Person (subject to the exceptions set out in Rule 10b5-1(c)(ii)(D)); and **EXECUTIVE COMPENSATION**

The information required by this item with respect to executive compensation is incorporated by reference to the information statement on Schedule 14C to be filed with the Securities and Exchange Commission no later than 120 days after December 31, 2023. (vi) no approved 10b5-1 Plan may be adopted during a blackout period. Covered Persons considering entering, modifying, or terminating an Approved 10b5-1 Plan or with any questions regarding Approved Rule 10b5-1 Plans should contact the Company's General Counsel or the Designated Corporate Official. Covered Persons should consult their own legal and tax advisors before entering into, or modifying or terminating, an Approved 10b5-1 Plan. A trading plan, contract, instruction or arrangement will not qualify as an Approved 10b5-1 Plan without the prior review and approval of the Company's General Counsel or the Designated Corporate Official as described above.

The information with respect to security ownership of certain beneficial owners and management and securities authorized for issuance under equity compensation plans, is incorporated by reference to the information statement on Schedule 14C to be filed with the Securities and Exchange Commission no later than 120 days after December 31, 2023. **Hardship Exceptions.** A person who is subject to a quarterly earnings blackout period and who has an unexpected and urgent need to sell Company stock in order to generate cash may, in appropriate circumstances, be permitted to sell Company stock even during the blackout period. Hardship exceptions may be granted only by the Designated Corporate Official and must be requested at least two days in advance of the proposed trade. A hardship exception may be granted only if the Designated Corporate Official concludes that the Company's earnings information for the applicable

quarter does not constitute material non-public information. Under no circumstances will a hardship exception be granted during an event-specific blackout period. ^{ies}mission no later than 120 days after December 31, 2022 December 31, 2023.

Post-Termination Transactions. An individual who is aware of material non-public information when terminating his or her service as a director, officer or other employee of the Company may not trade in the Company's securities until that information has become public or is no longer material. In all other respects, the procedures set forth above will cease to apply to such person's transactions in Company securities upon the expiration of any "blackout period" that is applicable to any transactions at the time of termination of service.

Section 16 Compliance

Section 16 of the Securities Exchange Act of 1934, as amended, requires directors and certain officers of the Company to file reports of their transactions in Company stock with the SEC. Reportable transactions include all acquisitions and dispositions of Company stock (e.g. purchases or sales in the open market or in the Company's 401(k) Plan, gifts made or received, distributions of stock from the Company under an equity compensation plan, etc.). These reporting requirements may also extend to family members of a director or officer.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Compliance with the reporting requirements of Section 16 is the obligation of the director or officer who trades in Company securities. However, the Company will provide assistance with filing such reports. A Form 4 (Statement of Changes in

By: Beneficial Ownership) must be filed by the end of the /s/ Brian W. Bolash second included in Part II, Item 8. "Financial Statements and Supplementary Data" contained in this report.

Executive Vice President, Secretary business day after the transaction. In order to meet this filing deadline, directors and General Counsel

- Report of Independent Registered Public Accounting Firm on the Financial Statements
- Statements of Operations for the three years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021
- Statements of Comprehensive Income for the three years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021
- Statements of Financial Position as of December 31, 2022 December 31, 2023 and 2021 2022
- Statements of Shareholders' Equity for the three years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021
- Statements of Cash Flows for the three years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021
- Notes to Financial Statements

2. Financial Statement Schedules Appendix A All schedules are not required, not applicable, or the information is included in the financial statements or notes thereto.

SIZE ABOVE/BELOW GROUND	BASE	Page
NAMELOCATIONRENT ABOVE/BELOW GROUNDYEAR	officers must supply the following trade information immediately following the execution of a transaction:	79 78

ITEM 16. FORM 10-K SUMMARY

Sixth Street Tower 125 East 6 • th Street 293,139 / 35,770 07/01/2021- Transaction date (e.g. the trade date for brokerage transactions or the date of exercise for options);
None. Erie, PA 16501 \$10.75 / \$4.20 06/30/2022 78 77

• Number of securities acquired or disposed of;
Table Westport 4950 West 23 • rd Street 77,260 / n/ Whether the transaction involved a 07/01/2021- direct holding or an indirect holding (e.g. through an IRA account, a trust or an affiliated company);
Erie, PA 16505 \$8.50/ n/a 06/30/2022 • Purchase or sale price per unit; and
EXHIBIT INDEX H.O Hirt Building • 100 Erie Insurance Place 93,127/28,217 01/01/2022-
Erie, PA 16530 \$8.95/\$4.20 06/30/2022 Any additional information requested by the Company.

F.W. Hirt-Perry Square 100 Erie Insurance Place 162,002/41,065 01/01/2022-
BuildingErie, PA 16530 \$8.95/\$4.20 06/30/2022This information must be sent by facsimile or email to the Company's Stock Transfer/Compliance Administrator. The Company will then prepare the necessary documents and file the same with the SEC.

	Petersen Center	100 Erie Insurance Place	30,724/ n/a	01/01/2022-	
	Erie, PA 16530		\$8.95/\$4.20	06/30/2022	Consequences of Non-Compliance
3.1	Holland Street Building	100 Erie Insurance Place	66,114/27,364	01/01/2022-	
	Erie, PA 16530		\$8.95/\$4.20	06/30/2022	Amended and Restated Articles of Incorporation of Registrant dated April 19, 2011. Such exhibit is incorporated by reference to Exhibit No. 3.1 to the Registrant's Form 10-K that was filed with the Commission on August 2, 2011.
3.2	Lafayette Place	400 French Street	17,052/5,392	01/01/2022-	
	Erie, PA 16507		\$8.95/\$4.20	06/30/2022	Erie Indemnity Company Amended and Restated Bylaws dated April 30, 2019. Such exhibit is incorporated by reference to Exhibit 3.10 to the Registrant's Form 8-K that was filed with the Commission on May 3, 2019.
4.1					Persons subject to this policy have ethical and legal obligations to maintain the confidentiality of information about the Company and to not engage in transactions in Company securities while in possession of material nonpublic information. Each individual is responsible for making sure that he or she complies with this policy, and that any family member, household member or entity whose transactions are subject to this policy also comply with this policy. In all cases, the responsibility for determining whether an individual is in possession of material nonpublic information rests with that individual, and any action on the part of the Company, the Designated Corporate Official or any other employee or director pursuant to this policy (or otherwise) does not in any way constitute legal advice or insulate an individual from liability under applicable securities laws.
10.1					
10.2					
10.3					
	Gideon Ball House	135 East 6th Street	9,200/ n/	Violations of the insider trading laws can result in severe civil and criminal sanctions. Failure to comply with this policy may also subject an individual to sanctions imposed by the Company, up to and including termination of employment, whether or not the failure to comply with this policy results in a violation of the law.	
10.4					
10.5					
	Armory	360 East 6th Street	21,737/12,605	01/01/2022-	
10.6*					
	Erie, PA 16507		\$8.95/\$4.20	06/30/2022	Any questions about this policy, its application to a proposed transaction, or the requirements of applicable laws should be directed to the Corporate Secretary or General Counsel.
	C.F Adams/Heritage Center	101 East 6th Street	6,036/4,325	01/01/2022-	This Policy approved by the Board of Directors of Erie PA 16501
	Directors of Erie PA 16501		\$8.95/\$4.20	06/30/2022	Indemnity Company
10.8*	10.6*				
	O'Donnell House	410 French Street	762/711	01/01/2022-	
10.9	10.7				
	Firehouse	414 French Street	8,073/2,480	01/01/2022-	
10.10*	10.8*				
	French Street Ramp/ Mail Facility	100 Erie Insurance Place	11,760/38,616	01/01/2022-	
10.11*	10.9*				
	on December 5, 2023.				
10.12*	10.10*				
10.13*	10.11*				

We consent to the incorporation by reference in the following Registration Statements:

Exhibit 10.12*

- Number Description of Exhibit
- (1) Registration Statement (Form S-8 No. 333-218739) pertaining to the Erie Indemnity Company Incentive Compensation Deferral Plan,
- (2) Registration Statement (Form S-8 No. 333-188244) pertaining to the Erie Indemnity Company Equity Compensation Plan,
- (3) Registration Statement (Form S-8 No. 333-148705) pertaining to the Erie Indemnity Company 2004 Long-Term Incentive Plan,
- (4) Registration Statement (Form S-8 No. 333-82062) pertaining to the Erie Indemnity Company Long-Term Incentive Plan,
- (5) Registration Statement (Form S-8 No. 333-53318) pertaining to the Erie Indemnity Company Long-Term Incentive Plan

of our reports dated **March 1, 2023** **February 26, 2024**, with respect to the financial statements of Erie Indemnity Company and the effectiveness of internal control over financial reporting of Erie Indemnity Company included in this Annual Report (Form 10-K) of Erie Indemnity Company for the year ended **December 31, 2022** **December 31, 2023**.

Exhibit Number	Description of Exhibit
10.16* 10.14* Cleveland, Ohio Indianapolis, Indiana March 1, 2023 February 26, 2024	First Amendment to Erie Indemnity Company Incentive Compensation Deferral Plan (Effective January 1, 2017), dated July 1, 2019. Such exhibit is incorporated by reference to Exhibit 10.1 to the Registrant's Form 10-Q that was filed with the Commission on July 25, 2019.
10.17* 10.15*	Second Amendment to Erie Indemnity Company Incentive Compensation Deferral Plan (Effective as of January 1, 2017), dated December 24, 2020. Such exhibit is incorporated by reference to Exhibit 10.207 to the Registrant's Form 10-K that was filed with the Commission on February 25, 2021.
10.18* 10.16*	Third Amendment to Erie Indemnity Company Incentive Compensation Deferral Plan (Effective as of January 1, 2017), dated December 21, 2021. Such exhibit is incorporated by reference to Exhibit 10.222 to the Registrant's Form 10-K that was filed with the Commission on February 24, 2022.
10.17*	Erie Indemnity Company Deferred Stock Plan for Outside Directors (As Amended and Restated as of April 25, 2023), dated April 25, 2023. Such exhibit is incorporated by reference to the Appendix to the Registrant's Information Statement for the 2023 Annual Meeting of Shareholders filed with the Commission on March 24, 2023.
Exhibit 31.1	
10.19* 10.18*	Erie Indemnity Company Deferred Compensation Plan for Outside Directors (As Amended and Restated as of July 29, 2015), dated October 20, 2015. Such exhibit is incorporated by reference to CERTIFICATION OF CHIEF EXECUTIVE OFFICER the Commission on February 25, 2016.
10.20* 10.19*	First Amendment to Erie Indemnity Company Deferred Compensation Plan for Outside Directors (As of July 29, 2015), dated December 21, 2021. Such exhibit is incorporated by reference to Exhibit 10.224 to the Registrant's Form 10-K that was filed with the Commission on February 24, 2022.
10.21* 10.20* I, Timothy G. NeCastro, certify that:	Erie Indemnity Company Deferred Stock Plan for Outside Directors (As of July 29, 2015), dated October 20, 2015. Such exhibit is incorporated by reference to Exhibit 10.199 to the Registrant's Form 10-K that was filed with the Commission on February 25, 2016.
10.22* 1. I have reviewed this annual report on Form 10-K of Erie Indemnity Company;	First Amendment to Erie Indemnity Company Deferred Stock Plan for Outside Directors (As Amended and Restated as of July 29, 2015), dated March 31, 2016. Such exhibit is incorporated by reference to Exhibit 10.2 to the Registrant's Form 10-Q that was filed with the Commission on April 28, 2016.
10.23* 2. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;	Second Amendment to Erie Indemnity Company Deferred Stock Plan for Outside Directors (As of July 29, 2015), dated December 21, 2021. Such exhibit is incorporated by reference to Exhibit 10.219 to the Registrant's Form 10-K that was filed with the Commission on February 24, 2022.
10.24* 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;	Erie Insurance Group Retirement Plan for Employees (As Amended and Restated Effective December 31, 2014 December 31, 2022), dated December 18, 2015 June 19, 2023. Such exhibit is incorporated by reference to Exhibit 10.152 10.4 to the Registrant's Registrant's Form 10-K 10-Q that was filed with the Commission on February 25, 2016 July 27, 2023.
10.25* 10.21+* 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:	First Amendment to Erie Insurance Group Retirement Plan for Employees (As Amended and Restated Effective December 31, 2014 December 31, 2022), dated September 12, 2016 October 27, 2016 December 19, 2023
10.26* 10.22* 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;	Second Amendment to Erie Insurance Group Retirement Plan for Employees (As Amended and Restated Effective December 31, 2014), dated September 12, 2016
10.27* 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;	Fourth Amendment to Erie Insurance Group Retirement Plan for Employees (As Amended and Restated Effective December 31, 2014), dated December 20, 2017. Such exhibit is incorporated by reference to Exhibit 10.186 to the Registrant's Form 10-K that was filed with the Commission on February 22, 2018.
10.28* 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	Fifth Amendment to Erie Insurance Group Retirement Plan for Employees (As Amended and Restated Effective December 31, 2014), dated December 20, 2018. Such exhibit is incorporated by reference to Exhibit 10.194 to the Registrant's Form 10-K that was filed with the Commission on February 21, 2019.
10.29* d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected or is reasonably likely to materially affect the registrant's internal control over financial reporting; and	Sixth Amendment to Erie Insurance Group Retirement Plan for Employees (As Amended and Restated Effective December 31, 2014), dated September 3, 2019. Such exhibit is incorporated by reference to Exhibit 10.1 to the Registrant's Form 10-Q that was filed with the Commission on October 24, 2019.
10.30* 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:	Seventh Amendment to Erie Insurance Group Retirement Plan for Employees (As Amended and Restated Effective December 31, 2014), dated December 23, 2019. Such exhibit is incorporated by reference to Exhibit 10.189 to the Registrant's Form 10-K that was filed with the Commission on February 27, 2020.
10.31* Table of Contents	

- 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.

Exhibit

Number March 1, 2023 February 26, 2024

- 10.32* [Eighth Amendment to Erie Insurance Group Retirement Plan for Employees \(As Amended and Restated Effective December 31, 2014\), dated December 23, 2019. Such exhibit is incorporated by reference to Exhibit 10.200 to the Registrant's Form 10-K that was filed with the Commission on February 27, 2020.](#)
- 10.33* [Ninth Amendment to Erie Insurance Group Retirement Plan for Employees \(As Amended and Restated Effective December 31, 2014\), dated December 23, 2019. Such exhibit is incorporated by reference to Exhibit 10.201 to the Registrant's Form 10-K that was filed with the Commission on February 27, 2020.](#)
- 10.34* [Tenth Amendment to Erie Insurance Group Retirement Plan for Employees \(As Amended and Restated Effective December 31, 2014\), dated December 23, 2020. Such exhibit is incorporated by reference to Exhibit 10.206 to the Registrant's Form 10-K that was filed with the Commission on February 25, 2021.](#)
- 10.35* [Eleventh Amendment to Erie Insurance Group Retirement Plan for Employees \(As Amended and Restated Effective December 31, 2014\), dated July 7, 2021. Such exhibit is incorporated by reference to Exhibit 10.1 to the Registrant's Form 10-Q that was filed with the Commission on October 28, 2021.](#)
- 10.36+* [Twelfth Amendment to Erie Insurance Group Retirement Plan for Employees \(As Amended and Restated Effective December 31, 2014\), dated October 10, 2022.](#)

Exhibit 31.2

- 10.37* [Supplemental Retirement Plan for Certain Members of the Erie Insurance Group Retirement Plan for Employees \(Amended and Restated as of January 1, 2009\). Such exhibit is incorporated by reference to Exhibit 10.103 to the Registrant's Form 10-K that was filed with the Commission on February 26, 2009.](#)
- 10.38* [Second Amendment to Supplemental Retirement Plan for Certain Members of the Erie Insurance Group Retirement Plan for Employees \(Amended and Restated as of January 1, 2009 January 1, 2023\), dated December 24, 2022. Such exhibit is incorporated by reference to Exhibit 10.208 to the Registrant's Form 10-K that was filed with the Commission on February 25, 2021.](#)

CERTIFICATION OF CHIEF FINANCIAL OFFICER

PURSUANT TO SECTION 302

OF THE SARBANES-OXLEY ACT OF 2002

I, [Gregory J. Gutting](#), [Julie M. Pelkowski](#), certify that:

1. I have reviewed this annual report on Form 10-K of Erie Indemnity Company;
- 10.40* [Fourth Amendment to Supplemental Retirement Plan for Certain Members of the Erie Insurance Group Retirement Plan for Employees \(Amended and Restated as of January 1, 2009 January 1, 2023\), dated December 24, 2022. Such exhibit is incorporated by reference to Exhibit 10.211 to the Registrant's Form 10-K that was filed with the Commission on February 24, 2022.](#)
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omission, or any statement that is materially false, in that it was made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 10.41* [Erie Insurance Group Employee Savings Plan \(As Amended and Restated Effective as of January 1, 2015 January 1, 2023\), dated December 18, 2015 June 30, 2019.](#)
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;
- 10.42* [First Amendment to Erie Insurance Group Employee Savings Plan \(As Amended and Restated Effective as of January 1, 2015\), dated September 12, 2016.](#)
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:
- 10.43* 10.24 [Second Amendment to Erie Insurance Group Employee Savings Plan \(As Amended and Restated Effective January 1, 2015\), dated October 17, 2017. Such exhibit is incorporated by reference to Exhibit 10.185 to the Registrant's Form 10-K that was filed with the Commission on February 22, 2018.](#)
- 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;
- 10.44* [Third Amendment to Erie Insurance Group Employee Savings Plan \(As Amended and Restated Effective January 1, 2015\), dated December 20, 2017. Such exhibit is incorporated by reference to Exhibit 10.185 to the Registrant's Form 10-K that was filed with the Commission on February 22, 2018.](#)
- 10.45* [Fourth Amendment to Erie Insurance Group Employee Savings Plan \(As Amended and Restated Effective January 1, 2015\), dated May 2, 2018. Such exhibit is incorporated by reference to Exhibit 10.1 to the Registrant's Form 10-Q that was filed with the Commission on July 26, 2018.](#)
- 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;
- 10.46* [Fifth Amendment to Erie Insurance Group Employee Savings Plan \(As Amended and Restated Effective January 1, 2015\), dated March 29, 2019. Such exhibit is incorporated by reference to Exhibit 10.1 to the Registrant's Form 10-Q that was filed with the Commission on May 2, 2019.](#)
- 10.47* [Sixth Amendment to Erie Insurance Group Employee Savings Plan \(As Amended and Restated Effective January 1, 2015\), dated November 29, 2019. Such exhibit is incorporated by reference to Exhibit 10.202 to the Registrant's Form 10-K that was filed with the Commission on February 27, 2020.](#)
- c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report 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
- 10.48* [Seventh Amendment to Erie Insurance Group Employee Savings Plan \(As Amended and Restated Effective January 1, 2015\), dated December 23, 2019.](#)
- d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected or is reasonably likely to materially affect the registrant's internal control over financial reporting; and

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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:

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- 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.

Exhibit	March 1, 2023	February 26, 2024
Number	Description of Exhibit	
10.49*	/s/ Gregory J. Gutting Julie M. Pelkowski Eighth Amendment to Erie Insurance Group Employee Savings Plan (As Amended and Restated Effective January 1, 2015), dated July 15, 2021. Such exhibit is incorporated by reference to Exhibit 10.2 to the Registrant's Form 10-Q that was filed with the Commission on October 28, 2021.	
10.50*	Executive Vice President & CFO Ninth Amendment to Erie Insurance Group Employee Savings Plan (As Amended and Restated Effective January 1, 2015), dated October 21, 2021. Such exhibit is incorporated by reference to Exhibit 10.216 to the Registrant's Form 10-K that was filed with the Commission on February 24, 2022.	
10.51+*	Tenth Amendment to Erie Insurance Group Employee Savings Plan (As Amended and Restated Effective January 1, 2015), dated October 10, 2022.	
10.52	Credit Agreement by and among Erie Indemnity Company and PNC Bank, National Association, dated as of November 7, 2016. Such exhibit is incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K that was filed with the Commission on November 14, 2016.	
10.53 10.25	First Amendment to Credit Agreement by and between Erie Indemnity Company and PNC Bank, National Association, dated as of December 13, 2016. Such exhibit is incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K that was filed with the Commission on January 24, 2018.	
10.54 10.26	Second Amendment to Credit Agreement by and between Erie Indemnity Company and PNC Bank, National Association, dated as of January 22, 2018. Such exhibit is incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K that was filed with the Commission on January 24, 2018.	
10.55 10.27	Third Amendment to Credit Agreement by and between Erie Indemnity Company and PNC Bank, National Association, dated as of November 13, 2018. Such exhibit is incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K that was filed with the Commission on November 14, 2018.	
10.56 10.28	Fourth Amendment to Credit Agreement by and between Erie Indemnity Company and PNC Bank, National Association, dated as of December 28, 2021. Such exhibit is incorporated by reference to Exhibit 10.225 to the Registrant's Form 10-K that was filed with the Commission on February 24, 2022.	
We, Timothy G. NeCastro, Chief Executive Officer of the Erie Indemnity Company (the "Company"), and Gregory J. Gutting, 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:		
10.57 10.29	Pledge Agreement made by Erie Indemnity Company in favor of PNC Bank, National Association, dated as of November 7, 2016. Such exhibit is incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K that was filed with the Commission on November 14, 2016.	
10.58 10.30	Credit Agreement among PNC Bank, National Association, as Administrative Agent, the Lenders named therein, and Erie Indemnity Company, dated October 29, 2021. Such exhibit is incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K that was filed with the Commission on November 4, 2021.	
(1) The Annual Report on Form 10-K of the Company for the annual period ended December 31, 2022 (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/ Gregory J. Gutting Julie M. Pelkowski		
Gregory J. Gutting Julie M. Pelkowski		
Executive Vice President & CFO		
10.59 10.31	Pledge Agreement made by Erie Indemnity Company in favor of PNC Bank, National Association, as administrative agent, for itself and certain other Lenders, dated October 29, 2021. Such exhibit is incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K that was filed with the Commission on November 4, 2021.	
March 1, 2023 February 26, 2024		
10.60 10.32	Agreement of Lease between Erie Insurance Exchange and Erie Indemnity Company for the Erie Insurance Home Office Campus, dated July 1, 2021. Such exhibit is incorporated by reference to Exhibit 10.3 to the Registrant's Form 10-Q that was filed with the Commission on October 28, 2021.	
10.61 10.33	Amendment to Agreement of Lease between Erie Insurance Exchange and Erie Indemnity Company for the Erie Insurance Home Office Campus, (As of July 1, 2021), dated January 1, 2022. Such exhibit is incorporated by reference to Exhibit 10.226 to the Registrant's Form 10-K that was filed with the Commission on February 24, 2022.	
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.		
10.62+ 10.34	Second Amendment to Agreement of Lease between Erie Insurance Exchange and Erie Indemnity Company for the Erie Insurance Home Office Campus, (As of July 1, 2021), dated January 1, 2023.	
10.63	Agreement for Purchase and Sale of Real Estate made as of December 7, 2021 between Erie Insurance Exchange and Erie Indemnity Company. Such exhibit is incorporated by reference to Exhibit 10.1 10.62 to the Registrant's Form 8-K 10-K that was filed with the Commission on December 9, 2021 March 1, 2023.	
14.1	Code of Conduct. Such exhibit is incorporated by reference to Exhibit 14.3 14.1 to the Registrant's Registrant's Form 10-K 8-K that was filed with the Commission on February 25, 2016 October 26, 2023.	
14.2	Code of Ethics for Senior Financial Officers. Such exhibit is incorporated by reference to Exhibit 14.4 to the Registrant's Form 8-K that was filed with the Commission on June 1, 2016.	
19.1+	Policies with Respect to Securities Trades by Inside OFFICER INDEMNITY COMPANY	
23+	Consent of Independent Registered Public Accounting Firm.	
31.1+	Certification of Chief Executive Officer pursuant to POLICY ON RECOUPMENT OF, of 2002.	
31.2+	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	

1. Introduction

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The Board of Directors (the "Board") of Erie Indemnity Company, a Pennsylvania corporation (the "Company"), hereby amends and restates this Policy on Recoupment of Officer Bonuses in Certain Situations ("Policy") to incorporate the requirements of Rule 5608 of the Nasdaq Stock Market ("Nasdaq") Listing Rules ("Rule 5608") to its pre-existing written policy for the recoupment of certain bonuses. This Policy was originally effective December 9, 2008 and the amended and restated version takes effect July 25, 2023 (the "Effective Date").

2. Definitions

For purposes of this Policy, the following capitalized terms shall have their respective meanings set forth below:

135(a) "AIP" means the Company's Annual Incentive Plan, as amended and/or restated from time to time, including any successor annual incentive plan thereto.

Section 135(b) "Bonus" means and includes a payment of cash under the AIP, the payment of restricted shares, restricted share units, or other share based awards under the ECP, the payment of cash or shares of common stock of the Company under the LTIP, including any deferrals of a Bonus under an officer's deferred compensation plan, and/or any other incentive-based compensation, including any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure. For purposes of this Policy and the definition of the term "Bonus", a financial reporting measure is one that is determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, as well as any measure that is derived wholly or in part from such measures. For purposes of this Policy and the definition of the term "Bonus", financial reporting measures may also include the Company's stock price and total shareholder return.

Section 135(c) "Cause" means termination of employment of an Officer as a result of the Officer's fraud, gross misconduct, repeated insubordination, conviction of a crime (felony or misdemeanor) involving moral turpitude or financial misconduct, or entry of a plea of nolo contendere to any such crime, all as determined in the sole and absolute discretion of the Board or the Executive Compensation and Development Committee of the Board of Directors of Erie Indemnity Company (the "Committee").

Section 135(d) "ECP" means the Company's Equity Compensation Plan, as amended and/or restated from time to time, including any successor equity compensation plan thereto.

Section 101.INS+(e) "Erroneously Awarded Compensation" means the amount of incentive-based compensation received that exceeds the amount of incentive-based compensation that otherwise would have been received had it been determined based on the restated amounts, computed without regard to any taxes paid.

Section 101.INS+(f) "LTIP" means the Company's Long-Term Incentive Plan, as amended and/or restated from time to time, including any successor long-term incentive plan thereto.

Section 101.INS+(g) "Officer" or "Executive Officer" means an officer of the Company or any of its subsidiaries who is eligible for participation in the AIP and/or LTIP. This includes but is not limited to the current or former president, principal financial officer, principal accounting officer (or if no principal accounting officer, the controller), any vice president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company.

Section 101.INS+(h) "Recovery Period" means the three (3) completed fiscal years of the Company immediately preceding the Restatement Date and any transaction period (that results from a change in the Company's fiscal year) of less than nine (9) months within or immediately following those three (3) completed fiscal years.

Section 101.INS+(i) "Restatement Date" means the earlier of (i) the date that the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an accounting restatement, and (ii) the date a court, regulator, or other legally authorized body directs the Company to prepare an accounting restatement.

3. Recoupment for Restatements

Section 101.CA The Company will, to the extent permitted by governing law, require reimbursement of all or a portion of any incentive-based Bonus paid to any Officer where: (a) the payment was erroneously awarded based on an accounting error resulting in restatement of the Company's financial results, and (b) a lower payment would have been made to the Officer based upon the restated financial results.

An accounting restatement requiring recoupment of Officer Bonuses under this Policy includes restatement of the Company's financial statement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements of the Company that is material to the previously issued financial statements of the Company (commonly referred to as "Big R" restatements), and restatement that corrects an error that is not material to previously issued financial statements of the Company, but would result in a material misstatement if the error were not corrected in the current period or left uncorrected in the current period (commonly referred to as "little r" restatements). For the avoidance of doubt, an accounting restatement shall not relate to any accounting restatement of a financial statement of Erie Insurance Exchange or of any subsidiary of Erie Insurance Exchange.

101.LAB+ Inline XBRL

Where a payment was erroneously awarded based on an accounting error resulting in restatement of the Company's financials and a lower payment would have been made to the Officer based upon the restated financial results, the Company will require repayment by the Officer of the amount by which the individual Officer's Bonus for the relevant period exceeded the lower payment that would have been made based on the restated financial results; provided that the Company will not require repayment of Bonuses under this Policy paid more than three (3) years prior to the date that the Board and/or the Committee was first made aware of the need to restate the Company's financial statements.

101.PRE+ Inline XBRL

4. Recoupment for Terminations for Cause

Extension

The Company will, to the extent permitted by governing law, require reimbursement or cancellation of the full amount of any Bonus paid to any Officer where the Officer's employment with the Company has been terminated for Cause either prior to the payment of the Bonus or within six (6) months thereafter.

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5. Administration

Data File

This Policy shall be administered by the Committee. The Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate or advisable for the administration of this Policy. Any determination made by the Committee shall be final and binding on all persons.

Exhibit 101).

In the event of an accounting restatement, the Committee shall reasonably promptly determine the amount of any Erroneously Awarded Compensation received by each Officer during the recovery period in connection with the accounting restatement. The Company's obligation to recover Erroneously Awarded Compensation pursuant to the Policy is not dependent on whether or when the restated financial statements are filed. In addition, the recovery of Erroneously Awarded Compensation is required without regard to whether any misconduct occurred or an Officer's responsibility for the erroneous financial statements.

+ Filed herewith.

++ The Committee shall have broad discretion to determine the appropriate means of recovery of Erroneously Awarded Compensation based on all applicable facts and circumstances.

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6. Determination of Erroneously Awarded Compensation

The amount of Erroneously Awarded Compensation shall be determined by the Committee based on the particular facts and circumstances and consistent with the principles of Rule 5608.

For incentive-based compensation based on stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in the accounting restatement, the Committee shall determine the amount of Erroneously Awarded Compensation based on a reasonable estimate of the effect of the accounting restatement on the stock price or total shareholder return upon which the incentive-based compensation was received. The Company must maintain documentation of the determination of that reasonable estimate and provide such documentation to Nasdaq.

March 1, 2023 February 26, 2024

ERIE INDEMNITY COMPANY

7. Determination of Impracticable Recoupment

(Registrant)

Recovery of Erroneously Awarded Compensation and recovery for termination for cause under Section 4 shall not be required to the extent that the Committee determines that recovery would be impracticable because of one or more of the following conditions:

(Principal Executive Officer)

(a) The direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on expense of enforcement, the Company must make a reasonable attempt to recover such Erroneously Awarded Compensation, document such reasonable attempt(s) to recover, and provide that documentation to Nasdaq.

March 1, 2023 February 26, 2024

/s/ Timothy G. NeCastro

(b) Recovery would violate home country law where that law was adopted prior to November 28, 2022. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on violation of home country law, the Company must obtain an opinion of home country counsel, acceptable to Nasdaq, that recovery would result in such a violation, and must provide such opinion to Nasdaq.

/s/ Gregory J. Gitting Julie M. Belkowsky

(c) Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of Section 401(a)(13) or 411(a) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder.

(Principal Financial Officer)

8. Prohibition on Indemnification

/s/ Jorie L. Novacek

Jorie L. Novacek, Senior Vice President and Controller

The Company and its subsidiaries are prohibited from indemnifying any current or former Executive Officer (or other person) against the loss of Erroneously Awarded Compensation pursuant to this Policy and from paying the premiums on any insurance policy protecting against the recovery of Erroneously Awarded Compensation. Neither the Company nor any subsidiary shall enter into any agreement with any Executive Officer (or other person) that exempts any incentive-based compensation from the application of this Policy or that waives the Company's right to recover Erroneously Awarded Compensation, and this Policy shall supersede any such agreement (whether entered into before, on or after the Effective Date).

/s/ J. Ralph Borneman, Jr.

/s/ C. Scott Hartz

J. Ralph Borneman, Jr.

C. Scott Hartz

9. Miscellaneous

(a) Amendment and Termination. The Board may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary. The Board may

/s/ Brian A. Hudson, Sr.

Eugene C. Connell

Brian A. Hudson, Sr.

terminate this Policy at any time in favor of another policy that satisfies Rule 5608 or other legal requirements for the recoupment of compensation. The Company's Executive Vice President, Secretary & General Counsel, is authorized to amend or restate this Policy to reflect any changes to this Policy approved by the Board. The Board may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary. The Board may terminate this Policy at any time in favor of another policy that satisfies Rule 5608 or other legal requirements for the recoupment of compensation.

/s/ Luanin Datesh

/s/ Thomas W. Palmer

Luanin Datesh

Thomas W. Palmer

(b) Application. The Board intends that this Policy will be applied to the fullest extent of the law. The Board may require that any employment agreement, Bonus award agreement, or any other agreement entered into on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, require an Officer to agree to abide by the terms of this Policy.

Jonathan Hirt Hagen

Elizabeth Hirt Vorsheck

(c) Offset. To the extent permitted by governing law, and notwithstanding any contrary provision in any plan, program or agreement of the Company, the Company may offset any amounts an Officer is required to reimburse to the Company under this Policy against any future payments owed to such Officer.

Thomas B. Hagen, Chairman

(d) Other Recoupment Rights. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company or its subsidiaries under applicable law, regulation or rule, or pursuant to the terms of any policy or in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company and its subsidiaries.

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(e) Successors. This Policy shall be binding and enforceable against all Officers and their beneficiaries, heirs, executors, administrators or other legal representatives.

Exhibit 10.36 10.21

TWELFTH FIRST AMENDMENT TO ERIE INSURANCE GROUP RETIREMENT PLAN FOR EMPLOYEES

(As Amended and Restated effective December 31, 2014 December 31, 2022)

WHEREAS, Erie Indemnity Company (the "Company") maintains the Erie Insurance Group Retirement Plan for Employees (the "Plan") under an amendment and restatement effective December 31, 2014 December 31, 2022;

WHEREAS, the Plan provides that the Company may amend the Plan; and

WHEREAS, the Company wishes to amend the Plan to reflect provisions the availability of the Setting Every Community Up for Retirement Enhancement ("SECURE") Act, a lump sum option effective December 31, 2023.

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S SECURITIES FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS. Specifically, distribution of the Participant's interest shall:

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- (i) be completed no later than the Required Beginning Date; or
 - (ii) commence not later than the Required Beginning Date with distribution to the Participant made over the life of the Participant or joint lives of the Participant and a designated Beneficiary or a period not longer than the life of the Participant or joint lives of the Participant and a designated Beneficiary.

For purposes of this Section 7.10, Required Beginning Date shall mean:

- (iii) for Participants born before July 1, 1949, April 1 of the calendar year following the later of the calendar year in which the Participant attains age 70½ or the calendar year in which the Participant terminates employment or retires; and
- (iv) for Participants born after June 30, 1949, April 1 of the calendar year following the later of the calendar year in which the Participant attains age

72 or the calendar year in which the Participant terminates employment or retires; provided, however, if the Participant is a five-percent owner (as defined in Section 416 of the Code), the Required Beginning Date shall be April 1 of the calendar year following the calendar year in which the Participant attains age 70½ or age 72, as applicable based on the Participant's date of birth, regardless of the date that the five-percent owner terminates employment or retires. In the case of a Participant who terminates employment or retires in a calendar year after the calendar year in which he attains age 70½ or age 72, as applicable based on the Participant's date of birth, and who has not commenced payments as of the first day of such later calendar year, the Plan benefit accrued by the Participant shall be actuarially increased, to the extent required by regulations, to take into account the period (commencing on the April 1st of the calendar year following the calendar year in which the Participant attains age 70½ and ending on the date payment commences) during which the Participant did not receive any benefits under the Plan; provided, however, that such actuarial increase, to the extent permitted by regulations, shall reduce the benefit accrual otherwise occurring during such period. Attachment A.

IN WITNESS WHEREOF, the Company has caused this Amendment to be executed this 10th 19th day of October, 2022. December, 2023.

ERIE INDEMNITY
COMPANY

ATTEST:

/s/ Maureen Geary Krowicki Nathaniel Ehrman

By: /s/ Brian W. Bolash

Executive Vice President

Title: Secretary & General Counsel

Exhibit 10.51

TENTH AMENDMENT TO

ERIE INSURANCE GROUP EMPLOYEE SAVINGS PLAN

(As Amended and Restated Effective January 1, 2015)

WHEREAS, Erie Indemnity Company (the "Company") maintains the Erie Insurance Group Employee Savings Plan (the "Plan") under an amendment and restatement effective as of January 1, 2015;

WHEREAS, the Plan provides that the Company may amend the Plan; and

WHEREAS, the Company wishes to amend the Plan to reflect provisions of the Setting Every Community Up for Retirement Enhancement ("SECURE") Act.

NOW, THEREFORE, the Company hereby amends the Plan as follows, effective as of the dates indicated:

1. Section 2.1(c) of the Plan is hereby amended in its entirety and shall now read as follows, effective January 1, 2021:

(c) Notwithstanding the foregoing, any Covered Employee who is compensated on an hourly basis and who is classified by an Employer as other than a regular hourly employee shall be eligible to participate in the Plan on the first day of a pay period coincident with or next following the January 1 or July 1 on which (or which next follows the date) such Employee completes the requirements under either (i) or (ii) below, provided the Covered Employee remains a Covered Employee as of such January 1 or July 1:

(i) Attains 21 years of age and completes one Year of Eligibility Service; or

(ii) Attains 21 years of age and completes three consecutive Eligibility Computation Periods (as defined in Section 1.42) during each of which such Covered Employee has at least 500 Hours of Service.

A Covered Employee who is described in this paragraph (c) and who satisfies the conditions set forth above may participate in the Plan by making proper application for participation within a reasonable time prior to the start of a given pay period by furnishing Notice in accordance with procedures established by the Administrator and communicated to Covered Employees. The automatic enrollment provisions of paragraph (b) and the automatic increase provisions of Section 3.1(c) shall not apply to a Covered Employee who is described in this paragraph (c).

If an Employee described in this paragraph (c) is not a Covered Employee on the date he otherwise would have become eligible to participate in the Plan, such

Employee shall be eligible to participate in the Plan pursuant to this Section 2.1 upon his return to employment as a Covered Employee

2. Section 3.1(c) of the Plan is hereby amended in its entirety and shall now read as follows, effective January 1, 2023:

(c) The Elective Deferrals of a Participant who is hired on or after January 2, 2018 and who is making Elective Deferrals at a rate greater than 0% and less than 10% shall be increased automatically as of the March 1 that next follows such Participant's date of hire by at least six months, and as of each subsequent March 1 thereafter. Such automatic rate of increase shall be one percent (1.0%) of the Participant's Compensation as of the given March 1 and such automatic rate of increase shall remain in effect for each subsequent March 1 until the Participant's rate of Elective Deferrals is equal to ten percent (10%) of Compensation; provided, however, that effective January 1, 2023, a Participant enrolled in the automatic increase provisions of the Plan shall have Elective Deferrals continue to increase automatically beyond ten percent (10%) of Compensation until the Participant's rate of Elective Deferrals is equal to fifteen percent (15%) of Compensation and, provided further, the Participant may affirmatively elect to change such automatic rate of increase, or to decline an automatic increase, at any time in accordance with the provisions of Section 3.8(a).

3. Section 6.2(a)(i) of the Plan is hereby amended in its entirety and shall now read as follows, effective January 1, 2020:

(i) If the vested Total Account exceeds \$3,500 as of the determination date chosen by the Administrator or its designee, the Participant (or Beneficiary) may elect, in such manner as provided by the Administrator or its designee, to either take or commence an

immediate distribution of such vested Total Account in a form permitted under Section 6.3 or to defer receipt of the same until a later date, but not beyond the end of the calendar year in which the Participant attains age 72 (age 70½ with respect to a Participant born before July 1, 1949) and not beyond such other required commencement date under Section 401(a)(9) of the Code. The failure of any terminated Participant (or terminated Participant's Beneficiary) to make an election with respect to a vested Total Account in excess of the \$3,500 threshold shall be deemed an election by the Participant (or Beneficiary) to defer receipt of such vested Total Account. A Participant or Beneficiary who elects (or is deemed to have elected) to defer receipt of the vested Total Account may request a distribution of the vested Total Account in a form permitted under Section 6.3 at a subsequent date permitted under Section 401(a)(9) of the Code. Pending distribution of his Total Account, such Participant or Beneficiary shall be permitted to change the manner in which such Total Account is invested in accordance with Section 5.3(b).

4. Section 6.3(a) of the Plan is hereby amended in its entirety and shall now read as follows, effective January 1, 2023:

6.3 Payment of Amounts Distributed

- (a) Distributions to a Participant or Beneficiary may be paid in the form of:
- (i) a lump sum;
 - (ii) bi-weekly, bi-monthly, monthly, quarterly, semi-annual or annual installments that will provide a fixed amount per pay period;
 - (iii) bi-weekly, bi-monthly, monthly, quarterly, semi-annual or annual installments that will provide a fixed percentage of the Total Account maintained on behalf of the recipient per pay period;
 - (iv) bi-weekly, bi-monthly, monthly, quarterly, semi-annual or annual installments that will provide substantially equal payments over a fixed period that is not in excess of the lesser of fifteen (15) years or the recipient's life expectancy, as determined by the Administrator as of the date the payments begin; or
 - (v) bi-weekly, bi-monthly, monthly, quarterly, semi-annual or annual installments that will provide payments of a variable amount over the recipient's life expectancy, as determined in accordance with tables promulgated by the Internal Revenue Service. Pursuant to such uniform and nondiscriminatory policy as the Administrator, in its discretion, shall determine, a Participant or Beneficiary who has elected payment in an installment form under Section 6.3(a)(ii) through (v) may elect, at some future date, to have the balance of the vested Total Account maintained on his behalf paid in the form of a lump sum or to change the frequency of the installments within the payment form the Participant or Beneficiary has chosen. Except as provided in the preceding sentence, a Participant or Beneficiary may not change his elected form of distribution following the date Plan payments begin. A Participant who returns to employment with the Employer on a full or part-time basis following commencement of an installment form of distribution shall be deemed to have cancelled his distribution election as of his date of reemployment. In no event may distributions from the Plan be made in the form of an annuity.

5. Section 6.3 of the Plan is hereby amended by deleting paragraphs (c) through (f) and by adding the following in lieu thereof, effective January 1, 2020:

- (c) Notwithstanding any inconsistent provision of the Plan, all distributions under the Plan shall be made in accordance with Code Section 401(a)(9), including the incidental death benefit requirement of Code Section 401(a)(9)(G), and Treasury Regulations Sections 1.401(a)(9)-1 through 1.401(a)(9)-9. Specifically, distribution of the Participant's interest shall:

- (i) be completed no later than the required beginning date; or
- (ii) commence not later than the required beginning date with distribution to the Participant made over the life of the Participant or joint lives of the Participant and a designated Beneficiary or a period not longer than the life of the Participant or joint lives of the Participant and a designated Beneficiary.

For purposes of this Section 6.3, "required beginning date" shall mean April 1 of the calendar year following the later of the calendar year in which the Participant attains age 72 (age 70½ with respect to a Participant born before July 1, 1949) or the calendar year in which the Participant terminates employment or retires; provided, however, if the Participant is a five-percent owner (as defined in Code Section 416), the required beginning date shall be April 1 of the calendar year following the calendar year in which the Participant attains age 72 (age 70½, with respect to a Participant born before July 1, 1949) regardless of the date that the five-percent owner terminates employment or retires.

Notwithstanding the foregoing, unless the Participant elects otherwise, distribution of benefits under Section 6.2 will begin no later than the 60th day after the latest of the close of the Plan Year in which:

- (i) the Participant attains age 65;

- (ii) occurs the fifth anniversary of the Plan Year in which the Participant commenced participant in the Plan; or
 - (iii) the Participant terminated employment with the Company and Affiliates.
- (d) In the event that a Participant dies prior to the date that distribution commences:
- (i) any portion of the Participant's interest that is not payable to a designated Beneficiary shall be distributed not later than the end of the calendar year which includes the fifth anniversary of the date of the Participant's death;
 - (ii) any portion of the Participant's interest that is payable to a designated Beneficiary that is not an "eligible designated Beneficiary" under Treasury Regulations shall be distributed not later than the end of the calendar year which includes the tenth anniversary of the date of the Participant's death; and
 - (iii) any portion of the Participant's interest that is payable to a designated Beneficiary that is an "eligible designated Beneficiary" under Treasury Regulations shall be distributed in accordance with subparagraph (ii) above or over the life of the eligible designated Beneficiary (or over a period not extending beyond the life expectancy of such Beneficiary), commencing not later than the end of the calendar year following the calendar year of the Participant's death or, if the eligible designated Beneficiary is the Participant's surviving Spouse, commencing not later than the last day of the later of the calendar year in which the Participant would have attained age 72 (age 70½, with respect to a Participant born before July 1, 1949) or the calendar year following the calendar year which includes the date of the Participant's death.
- (e) In the event a Participant dies after distribution of his interest has begun, but prior to distribution of his entire interest, the remaining portion of such interest shall be distributed, at the election of the Participant's Beneficiary, in a lump sum or in a method that is at least as rapid as the method being used at the date of the Participant's death; provided, however, that unless the Participant's Beneficiary is an "eligible designated Beneficiary" under Treasury Regulations, the period over which such remaining interest is distributed shall not exceed the end of the calendar year which includes the tenth anniversary of the date of the Participant's death.

IN WITNESS WHEREOF, the Company has caused this Amendment to be executed this 10th day of October, 2022.

ERIE INDEMNITY COMPANY

ATTEST:

/s/ Maureen Geary Krowicki

By: /s/ Brian W. Bolash

Executive Vice President

Title: Secretary & General Counsel

Exhibit 10.62

SECOND AMENDMENT TO LEASE AGREEMENT

This SECOND AMENDMENT TO LEASE AGREEMENT ("Amendment"), effective as of January 1, 2023 (for purposes of this Amendment, the "Effective Date"), is entered into between ERIE INSURANCE EXCHANGE ("Tenant"), a reciprocal insurance exchange organized under the laws of Pennsylvania with principal offices and place of business at 100 Erie Insurance Place, Erie, PA 16530, acting by and through its attorney-in-fact, ERIE

INDEMNITY COMPANY; and ERIE INDEMNITY COMPANY ("Landlord"), a Pennsylvania business corporation, with its principal offices and place of business also at 100 Erie Insurance Place, Erie, PA 16530 collectively referred to herein as the "**Parties**").

WHEREAS, Landlord and Tenant entered into that certain Home Office Agreement of Lease dated July 1, 2021 relating to certain premises located in Erie Pennsylvania (collectively, the "**Lease**");

WHEREAS, Landlord and Tenant have agreed to amend the Lease, upon the terms and conditions hereinafter described; and

WHEREAS, all capitalized terms used but not defined in this Amendment shall have the meanings given to them in the Lease.

NOW, THEREFORE, for good and valuable consideration paid by Tenant to Landlord and the mutual covenants, terms, and conditions set forth herein, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby amend the Lease on the terms hereof as of the Effective Date as follows:

1. **Appendix A** to the Lease shall be replaced in its entirety with the appendix attached to this Amendment.

2. **No Default**. Landlord and Tenant hereby affirm that as of the Effective Date, no breach, default or other act, error, or omission which, with the giving of notice or passage of time or both, would constitute a breach or default by either party has occurred and is continuing under the Lease.

3. **Affirmation of Lease Terms**. Except as modified by this Amendment, Landlord and Tenant hereby ratify the Lease and agree that the Lease shall remain unchanged and shall continue in full force and effect. In the event there is any conflict between the terms of the Lease and the terms set forth in this Amendment, the terms specifically set out in this Amendment shall control. From and after the Effective Date, any and all references to "the Lease" or "this Lease" in the Lease shall mean the Lease as modified by this Amendment.

4. **Miscellaneous**.

(a) **Entire Agreement**. This Amendment contains the entire understanding between the Parties with respect to the matters being amended as contained herein.

(b) **Amendment and Modification**. This Amendment may not be changed or modified orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, or modification is sought.

(c) **Further Assurances**. Each of the Parties shall deliver to the other any further instruments or documents which may be reasonably required to establish to the satisfaction of the other party that it has agreed to be bound by and become liable under the terms and conditions of the Lease and this Amendment.