



## **Erie Indemnity Estimates Exposure from National Tragedy**

ERIE, Pa. – September 25, 2001 – (Nasdaq: ERIE) Erie Indemnity Company announced today that its share of catastrophe losses stemming from the tragic attacks of September 11th is expected to amount to between \$5.5 and \$6.7 million before federal income taxes. The after-tax effect per share on Erie Indemnity Company amounts to approximately \$.05 to \$.06 and will be reflected in the company's third quarter 2001 financial results.

"It is difficult in this time of national crises to turn our attention to the economic impact of such devastation," says Stephen A. Milne, president and CEO of Erie Insurance Group. "We are grateful that this tragedy has not had a significant financial impact on our shareholders. Our primary concern remains with those who have been deeply affected by these tragic events. I assure all of our customers that ERIE's commitment to service excellence is stronger today than it has ever been."

The members of the Erie Insurance Group participate in an inter-company reinsurance pooling arrangement whereby the net underwriting exposure of Erie Insurance Group, including the losses from these catastrophes, is born 94.5 percent by the Erie Insurance Exchange and 5.5 percent by the property/casualty subsidiaries of the Erie Indemnity Company. However, an aggregate excess of loss reinsurance agreement between the Erie Insurance Exchange and Erie Indemnity Company can reduce the net retention of these catastrophe losses by Erie Indemnity Company.

The Erie Insurance Group's primary insurance and reinsurance lines of business have incurred estimated losses of \$100 to \$150 million stemming from the tragic attacks of September 11th in New York, Washington D.C. and Pennsylvania. The Erie Insurance Group's loss exposure to these catastrophes arises from the direct business written by the Erie Insurance Exchange and its affiliated property and casualty insurance companies, and from reinsurance assumed by the Erie Insurance Exchange from unaffiliated companies. With respect to the primary business of the ERIE, the initial claim volume is minor with incurred losses amounting to less than \$500,000. These policyholder claims arise from automobile, workers compensation and business interruption losses.

Erie Indemnity Company net income for the six months ended June 30, 2001 amounted to \$81,914,701 or \$1.15 per share.

Erie Indemnity Company is the principal management company for the member companies of the Erie Insurance Group, which includes the Erie Insurance Exchange, Flagship City Insurance Company, Erie Insurance Company, Erie Insurance Property and Casualty Company, Erie Insurance Company of New York and Erie Family Life Insurance Company.

According to A.M. Best Company, Erie Insurance Group is the 18th largest automobile insurer in the United States based on direct premiums written and the 29th largest property/casualty insurer in the United States based on total lines premium written. Headquartered in Erie, Pennsylvania, the Group has more than 3.2 million policies in force and operates in 11 states and the District of Columbia. A.M. Best Company rates Erie Insurance A++ (superior).

News releases and more information about Erie Insurance Group are available at <http://www.erieinsurance.com>.

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: Certain forward-looking statements contained herein involve risks and uncertainties. Many factors could cause future results to differ materially from those discussed. Examples of such factors include variations in catastrophe losses due to changes in weather patterns or other natural causes; changes in insurance regulations or legislation that disadvantage the members of the Group in the marketplace and recession, economic conditions or stock market changes affecting pricing or demand for insurance products or ability to generate investment income. Growth and profitability have been and will be potentially materially affected by these and other factors.