



Erie Family Life Earnings Increase 12.9 Percent and Dividend Increases 10 Percent

ERIE, Pa. --- March 9, 1999 --- Erie Family Life Insurance Company, a member of the Erie Insurance Group, announced an increase in earnings for the year ended December 31, 1998 of 12.9 percent to \$22,085,479, or \$2.34 per share from \$19,560,368, or \$2.07 per share in 1997. The increase in net income for the year was driven by a 5.7 percent increase in total revenue combined with a modest 2.4 percent increase in total benefits and expenses.

In separate action, the Company's Board of Directors approved an increase in the regular quarterly dividend paid to Shareholders from \$.15 per share to \$.165 per share. The new quarterly dividend is payable April 1 to shareholders of record as of March 18, 1999 with a dividend ex-date of March 16, 1999. The dividend increase was the result of the Company's strong financial performance in 1998. The new dividend rate represents a 10 percent increase over the current dividend rate.

Commenting on the Company's results for 1998, Stephen A. Milne, President and Chief Executive Officer, stated, "The outstanding financial performance experienced in 1998 is the result of the continued commitment to our service philosophy and quality growth by our dedicated employees and independent agents. It is through their tremendous efforts that we are able to enjoy this continued success."

Policy revenues for the year ended December 31, 1998 amounted to \$38,238,556 and were 8.7 percent greater than the \$35,193,472 recorded in 1997. Net investment income increased 4.8 percent to \$52,329,343 for the year ended December 31, 1998 compared to \$49,914,292 for the same period in 1997.

Policyholder benefits incurred decreased by 15.7 percent for 1998 to \$13,447,621 from \$15,958,791 in 1997. Interest credited on Universal Life and Annuity deposits increased by 9.3 percent for 1998 when compared to 1997. Commissions, general expenses, taxes, licenses and fees increased 3.2 percent from \$9,594,757 in 1997 to \$9,903,024 in 1998.

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