

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2026
OR

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

ERIE INDEMNITY COMPANY

(Exact name of registrant as specified in its charter)

Pennsylvania
(State or other jurisdiction of
incorporation or organization)

25-0466020
(IRS Employer
Identification No.)

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

16530
(Zip Code)

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

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

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

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

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

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

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

Large accelerated filer	<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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares outstanding of the registrant's Class A Common Stock as of the latest practicable date was 46,189,068 at April 17, 2026.

The number of shares outstanding of the registrant's Class B Common Stock as of the latest practicable date was 2,542 at April 17, 2026.

[PART I. FINANCIAL INFORMATION](#)

[Item 1. Financial Statements \(Unaudited\)](#)

[Consolidated Statements of Operations – Three months ended March 31, 2026 and 2025](#)

[Consolidated Statements of Comprehensive Income – Three months ended March 31, 2026 and 2025](#)

[Consolidated Statements of Financial Position – March 31, 2026 and December 31, 2025](#)

[Consolidated Statements of Shareholders' Equity – Three months ended March 31, 2026 and 2025](#)

[Consolidated Statements of Cash Flows – Three months ended March 31, 2026 and 2025](#)

[Notes to Consolidated Financial Statements – March 31, 2026](#)

[Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations](#)

[Item 3. Quantitative and Qualitative Disclosures About Market Risk](#)

[Item 4. Controls and Procedures](#)

[PART II. OTHER INFORMATION](#)

[Item 1. Legal Proceedings](#)

[Item 1A. Risk Factors](#)

[Item 2. Unregistered Sales of Equity Securities and Use of Proceeds](#)

[Item 6. Exhibits](#)

[SIGNATURES](#)

PART I. FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS**

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

	Three months ended March 31,	
	2026	2025
Operating revenue		
Management fee revenue - policy issuance and renewal services	\$ 786,399	\$ 755,049
Management fee revenue - administrative services	19,475	17,645
Administrative services reimbursement revenue	200,096	210,273
Service agreement revenue	5,941	6,432
Total operating revenue	1,011,911	989,399
Operating expenses		
Cost of operations - policy issuance and renewal services	645,028	627,750
Cost of operations - administrative services	200,096	210,273
Total operating expenses	845,124	838,023
Operating income	166,787	151,376
Investment income		
Net investment income	23,560	19,948
Net realized and unrealized investment (losses) gains	(765)	502
Net impairment losses recognized in earnings	(676)	(914)
Total investment income	22,119	19,536
Other income	1,420	3,834
Income before income taxes	190,326	174,746
Income tax expense	39,852	36,329
Net income	\$ 150,474	\$ 138,417
Net income per share		
Class A common stock – basic	\$ 3.23	\$ 2.97
Class A common stock – diluted	\$ 2.88	\$ 2.65
Class B common stock – basic and diluted	\$ 485	\$ 446
Weighted average shares outstanding – Basic		
Class A common stock	46,188,850	46,188,903
Class B common stock	2,542	2,542
Weighted average shares outstanding – Diluted		
Class A common stock	52,300,180	52,304,384
Class B common stock	2,542	2,542
Dividends declared per share		
Class A common stock	\$ 1.4625	\$ 1.365
Class B common stock	\$ 219.375	\$ 204.75

See accompanying notes to Consolidated Financial Statements. See Note 12, "Accumulated Other Comprehensive Income (Loss)", for amounts reclassified out of accumulated other comprehensive income (loss) into the Consolidated Statements of Operations.

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

	Three months ended March 31,	
	2026	2025
Net income	\$ 150,474	\$ 138,417
Other comprehensive (loss) income, net of tax		
Change in unrealized holding (losses) gains on available-for-sale securities	(12,535)	5,778
Pension and other postretirement plans	309	(561)
Total other comprehensive (loss) income, net of tax	<u>(12,226)</u>	<u>5,217</u>
Comprehensive income	<u>\$ 138,248</u>	<u>\$ 143,634</u>

See accompanying notes to Consolidated Financial Statements. See Note 12, "Accumulated Other Comprehensive Income (Loss)", for amounts reclassified out of accumulated other comprehensive income (loss) into the Consolidated Statements of Operations.

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

	March 31, 2026	December 31, 2025
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents (includes restricted cash of \$39,549 and \$30,189, respectively)	\$ 268,616	\$ 345,874
Available-for-sale securities	53,995	33,902
Available-for-sale securities lent	870	3,436
Receivables from Erie Insurance Exchange and affiliates, net	743,236	735,589
Prepaid expenses and other current assets, net	79,713	66,061
Accrued investment income	14,469	14,311
Total current assets	1,160,899	1,199,173
Available-for-sale securities, net	1,296,154	1,286,566
Equity securities	67,889	70,624
Available-for-sale and equity securities lent	54,417	61,063
Fixed assets, net	579,649	571,476
Agent loans, net	102,436	93,953
Defined benefit pension plan	66,617	24,137
Other assets, net	48,617	48,489
Total assets	\$ 3,376,678	\$ 3,355,481
Liabilities and shareholders' equity		
Current liabilities:		
Commissions payable	\$ 440,465	\$ 425,320
Agent incentive compensation	58,393	132,560
Accounts payable and accrued liabilities	229,421	200,701
Dividends payable	68,109	68,109
Contract liability	47,432	47,561
Deferred executive compensation	6,466	9,400
Securities lending payable	49,621	61,936
Total current liabilities	899,907	945,587
Defined benefit pension plan	34,023	33,410
Contract liability	22,936	23,274
Deferred executive compensation	24,023	22,050
Deferred income taxes, net	19,982	24,788
Other long-term liabilities	22,286	22,998
Total liabilities	1,023,157	1,072,107
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	16,500	16,492
Accumulated other comprehensive loss	(64,247)	(52,021)
Retained earnings	3,545,188	3,462,823
Total contributed capital and retained earnings	3,499,611	3,429,464
Treasury stock, at cost; 22,110,132 shares held	(1,171,160)	(1,171,014)
Deferred compensation	25,070	24,924
Total shareholders' equity	2,353,521	2,283,374
Total liabilities and shareholders' equity	\$ 3,376,678	\$ 3,355,481

See accompanying notes to Consolidated Financial Statements.

ERIE INDEMNITY COMPANY
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (UNAUDITED)
Three months ended March 31, 2026 and 2025
(dollars in thousands, except per share data)

	Class A common stock	Class B common stock	Additional paid-in-capital	Accumulated other comprehensive loss	Retained earnings	Treasury stock	Deferred compensation	Total shareholders' equity
Balance, December 31, 2025	\$ 1,992	\$ 178	\$ 16,492	\$ (52,021)	\$ 3,462,823	\$ (1,171,014)	\$ 24,924	\$ 2,283,374
Net income					150,474			150,474
Other comprehensive loss				(12,226)				(12,226)
Dividends declared:								
Class A \$1.4625 per share					(67,551)			(67,551)
Class B \$219.375 per share					(558)			(558)
Net purchase of treasury stock ⁽¹⁾			8			0		8
Deferred compensation						(670)	670	0
Rabbi trust distribution ⁽²⁾						524	(524)	0
Balance, March 31, 2026	\$ 1,992	\$ 178	\$ 16,500	\$ (64,247)	\$ 3,545,188	\$ (1,171,160)	\$ 25,070	\$ 2,353,521

	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, 2024	\$ 1,992	\$ 178	\$ 16,466	\$ (47,591)	\$ 3,162,303	\$ (1,169,074)	\$ 22,984	\$ 1,987,258
Net income					138,417			138,417
Other comprehensive income				5,217				5,217
Dividends declared:								
Class A \$1.365 per share					(63,048)			(63,048)
Class B \$204.75 per share					(521)			(521)
Net purchase of treasury stock ⁽¹⁾			28			0		28
Deferred compensation						(869)	869	0
Rabbi trust distribution ⁽²⁾						407	(407)	0
Balance, March 31, 2025	\$ 1,992	\$ 178	\$ 16,494	\$ (42,374)	\$ 3,237,151	\$ (1,169,536)	\$ 23,446	\$ 2,067,351

(1) Net purchases of treasury stock in 2026 and 2025 include the repurchase of our Class A common stock in the open market that were subsequently distributed to satisfy stock-based compensation awards.

(2) Distributions of our Class A shares were made from the rabbi trust to three incentive compensation deferral plan participants in 2026 and two in 2025.

See accompanying notes to Consolidated Financial Statements.

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

	Three months ended March 31,	
	2026	2025
Cash flows from operating activities		
Management fee received	\$ 802,892	\$ 760,565
Administrative services reimbursements received	199,831	221,955
Service agreement revenue received	5,941	6,432
Net investment income received	22,837	19,326
Commissions paid to agents	(389,960)	(370,528)
Incentive compensation paid to agents	(134,249)	(79,017)
Salaries and wages paid	(76,066)	(79,844)
Pension contribution and employee benefits paid	(65,201)	(60,501)
General operating expenses paid	(69,161)	(81,938)
Administrative services expenses paid	(204,965)	(218,352)
Income taxes (paid) recovered	(7)	20
Net cash provided by operating activities	<u>91,892</u>	<u>118,118</u>
Cash flows from investing activities		
Purchase of investments:		
Available-for-sale securities	(187,180)	(131,330)
Equity securities	(3,168)	(6,946)
Proceeds from investments:		
Available-for-sale securities sales	106,790	34,721
Available-for-sale securities maturities/calls	39,998	34,278
Equity securities	4,239	11,646
Purchase of fixed assets	(37,414)	(29,674)
Loans to agents and others	(14,811)	(12,568)
Collections on agent and other loans	2,820	2,113
Net cash used in investing activities	<u>(88,726)</u>	<u>(97,760)</u>
Cash flows from financing activities		
Dividends paid to shareholders	(68,109)	(63,569)
Net changes in cash collateral for securities lent	(12,315)	5,193
Net cash used in financing activities	<u>(80,424)</u>	<u>(58,376)</u>
Net decrease in cash, cash equivalents and restricted cash	(77,258)	(38,018)
Cash, cash equivalents and restricted cash, beginning of period	345,874	298,397
Cash, cash equivalents and restricted cash, end of period	<u>\$ 268,616</u>	<u>\$ 260,379</u>
Supplemental disclosure of noncash transactions		
Liability incurred to purchase fixed assets	\$ 1,549	\$ 844
Operating lease assets obtained in exchange for lease liabilities	\$ 738	\$ 1,319

See accompanying notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note 1. Nature of Operations

Erie Indemnity Company ("Indemnity", "we", "us", "our") is a publicly held Pennsylvania business corporation that has since its incorporation in 1925 served as the attorney-in-fact for the subscribers (policyholders) at the Erie Insurance Exchange ("Exchange"). The Exchange, which also commenced business in 1925, is a Pennsylvania-domiciled reciprocal insurer that writes property and casualty insurance.

Our primary function as attorney-in-fact is to perform policy issuance and renewal services on behalf of the subscribers at the Exchange. We also act as attorney-in-fact on behalf of the subscribers at the Exchange with respect to all claims handling and investment management services, as well as the service provider for all claims handling, life insurance, and investment management services for 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 Indemnity as each subscriber's attorney-in-fact to transact certain business on their behalf. In accordance with the subscriber's agreement for acting as attorney-in-fact in these two capacities, we 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 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 incentive compensation, which is earned by achieving targeted measures. The underwriting services we provide include underwriting and policy processing. The remaining services we provide include customer service and administrative support. We also provide information technology services that support all the functions listed above. See Note 4, "Segment Information", for the significant expense categories related to providing these services. Included in expenses for these services are allocations of costs for departments that support these policy issuance and renewal functions.

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. Indemnity serves as the attorney-in-fact on behalf of the subscribers at the Exchange with respect to its administrative services as enumerated in 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. We continually monitor the financial strength 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 a significant downgrade in 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 could have as a consequence a decline in the total premiums paid and a correspondingly adverse effect on the amount of the management fee revenue we receive. We also have an exposure to a concentration of credit risk related to the unsecured receivables due from the Exchange for net management fee and other reimbursements. See Note 13, "Concentrations of Credit Risk".

Note 2. Significant Accounting Policies

Basis of presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X, and include the accounts of Indemnity and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated. Accordingly, they do not include all the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2026 are not necessarily indicative of the results that may be expected for the year ending December 31, 2026. For further information, refer to the consolidated financial statements and footnotes included in our Form 10-K for the year ended December 31, 2025 as filed with the Securities and Exchange Commission ("SEC") on February 23, 2026.

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 accounting standards

We adopted Accounting Standards Update ("ASU") 2025-05, *"Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets"*, effective with the quarterly period ending March 31, 2026. We applied the guidance prospectively and elected the practical expedient, which allows entities to assume that current conditions as of the balance sheet date do not change over the remaining life of the asset when estimating expected credit losses for current accounts receivable and current contract assets within the scope of *"Revenue from Contracts with Customers (Topic 606)"*. The adoption of this guidance did not have a material impact on our consolidated financial statements and disclosures.

Recently issued accounting standards

In November 2024, the Financial Accounting Standards Board ("FASB") issued ASU 2024-03, *"Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses"*, which requires entities to disclose disaggregated information about certain income statement expense line items. The amendments in this ASU are required to be adopted for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The amendments can be applied on either a prospective or retrospective basis. This will have no impact on our consolidated financial statements, and we are currently evaluating the impact of adoption on our disclosures.

In September 2025, the FASB issued ASU 2025-06, *"Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software"*, which removes all references to prescriptive and sequential software development project stages and requires an entity to start capitalizing software costs when management has authorized and committed to funding the software project and it is probable that the project will be completed and the software will be used to perform the function intended. The amendments in this ASU are required to be adopted for fiscal years beginning after December 15, 2027, and interim periods within those fiscal years. Early adoption is permitted. The amendments can be applied on a prospective, modified or retrospective basis. We are currently evaluating the impact of adoption on our consolidated financial statements and disclosures.

In December 2025, the FASB issued ASU 2025-11 *"Interim Reporting (Topic 270) - Narrow-Scope Improvements"*, which clarifies current interim disclosure requirements and provides a comprehensive list of required interim disclosures. The guidance also incorporates a disclosure principle that requires entities to disclose events since the end of the last annual reporting period that have a material impact on the entity. The amendments in this ASU are required to be adopted for interim reporting periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The amendments can be applied on a prospective or retrospective basis. We do not expect the standard will have a material impact on our disclosures, and will have no other impact on our consolidated financial statements.

Note 3. Revenue

The majority of our revenue is derived from the subscriber's agreement between us and the subscribers (policyholders) at the Exchange. In accordance with the subscriber's agreement, we 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 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.

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. Indemnity serves as the attorney-in-fact on behalf of the subscribers at the Exchange with respect to its administrative services as enumerated in 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 Consolidated Statements of Financial Position. During the three months ended March 31, 2026, we recognized revenue of \$17.2 million that was included in the contract liability balance as of December 31, 2025. During the three months ended March 31, 2025, we recognized revenue of \$15.4 million that was included in the contract liability balance as of December 31, 2024. The administrative services expenses we incur and the related reimbursements we receive are recorded gross in the Consolidated Statements of Operations.

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

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

(in thousands)

	2026	2025
Management fee revenue - policy issuance and renewal services	\$ 786,399	\$ 755,049
Management fee revenue - administrative services	19,475	17,645
Administrative services reimbursement revenue	200,096	210,273
Total revenue from administrative services	\$ 219,571	\$ 227,918

Note 4. Segment Information

We have one reportable segment: management operations. All segment revenue is derived in the United States, the majority of which is from the subscriber's agreement between us and the subscribers (policyholders) at the Exchange, our sole customer, as further described in Note 3, "Revenue". Our chief operating decision maker ("CODM") is our Executive Council, which includes our Chief Executive Officer ("CEO"), Chief Financial Officer, executive vice presidents and certain senior vice presidents reporting directly to the CEO as applicable. The CODM evaluates performance and decides how to allocate resources for the management operations segment based on net income, as reported in our Consolidated Statements of Operations. Net income is used to monitor budget versus actual results. Total assets as reported in our Consolidated Statements of Financial Position, all of which are located in the United States, are reviewed by the CODM for purposes of decision making. The accounting policies of our management operations segment are the same as those described in Note 2, "Significant Accounting Policies, of Notes to Consolidated Financial Statements" included in our Annual Report on Form 10-K for the year ended December 31, 2025 as filed with the SEC on February 23, 2026.

Beginning in the first quarter of 2026, the significant segment expense categories included in the financial information regularly provided to the CODM were revised to align with the current manner in which the CODM reviews expenses in evaluating performance and allocating resources. Prior-period segment expense disclosures have been recast to conform to the current period presentation. This change did not affect our determination that we have one reportable segment and did not affect the measure of net income.

The following table presents our management operations segment revenue, significant segment expenses regularly provided to the CODM, and net income for the three months ended March 31:

<i>(in thousands)</i>	2026	2025
Management fee revenue	\$ 805,874	\$ 772,694
Administrative services reimbursement revenue	200,096	210,273
Service agreement revenue	5,941	6,432
Total operating revenue	<u>1,011,911</u>	<u>989,399</u>
Commissions	464,856	436,860
Personnel costs ⁽¹⁾	92,063	89,989
Sales and advertising ⁽¹⁾	4,905	6,952
Acquisition and underwriting support costs ⁽¹⁾	24,124	26,003
Technology infrastructure costs ⁽¹⁾	25,803	26,071
Professional fees ⁽¹⁾	19,321	26,276
Administrative and other ⁽¹⁾	<u>13,956</u>	<u>15,599</u>
Cost of operations - policy issuance and renewal services	645,028	627,750
Cost of operations - administrative services	200,096	210,273
Total operating expenses ⁽²⁾	<u>845,124</u>	<u>838,023</u>
Operating income	166,787	151,376
Total investment income	22,119	19,536
Other income	1,420	3,834
Income tax expense	39,852	36,329
Net income	<u>\$ 150,474</u>	<u>\$ 138,417</u>

(1) 2025 amounts have been recast to conform to current period presentation.

(2) Management operations segment depreciation and amortization expense included primarily in "Total operating expenses" as reported on our Consolidated Statements of Operations totaled \$20.0 million and \$15.8 million for the three months ended March 31, 2026 and 2025, respectively. The Exchange and its insurance subsidiaries reimbursed us approximately 32% and 29% in the three months ended March 31, 2026 and 2025, respectively, for depreciation and amortization expense on assets supporting administrative services. See our Consolidated Statements of Cash Flows for segment expenditures on fixed asset additions.

Note 5. Earnings Per Share

Class A and Class B basic earnings per share and Class B diluted earnings per share are calculated under the two-class method. The two-class method allocates earnings to each class of stock based upon its dividend rights. Class B shares are convertible into Class A shares at a conversion ratio of 2,400 to 1. See Note 11, "Capital Stock".

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

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

	2026			2025		
	Allocated net income (numerator)	Weighted shares (denominator)	Per-share amount	Allocated net income (numerator)	Weighted shares (denominator)	Per-share amount
<i>(dollars in thousands, except per share data)</i>						
Class A – Basic EPS:						
Income available to Class A stockholders	\$ 149,242	46,188,850	\$ 3.23	\$ 137,284	46,188,903	\$ 2.97
Dilutive effect of stock-based awards	0	10,530	—	0	14,681	—
Assumed conversion of Class B shares	1,232	6,100,800	—	1,133	6,100,800	—
Class A – Diluted EPS:						
Income available to Class A stockholders on Class A equivalent shares	\$ 150,474	52,300,180	\$ 2.88	\$ 138,417	52,304,384	\$ 2.65
Class B – Basic and diluted EPS:						
Income available to Class B stockholders	\$ 1,232	2,542	\$ 485	\$ 1,133	2,542	\$ 446

Note 6. 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 March 31, 2026, nearly all of our available-for-sale and equity securities were priced using a third party pricing service.

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

(in thousands)	March 31, 2026			
	Total	Level 1	Level 2	Level 3
Available-for-sale securities:				
Corporate debt securities	\$ 861,267	\$ 1,483	\$ 856,026	\$ 3,758
Collateralized debt obligations	135,395	0	135,395	0
Commercial mortgage-backed securities	144,118	0	121,417	22,701
Residential mortgage-backed securities	199,063	0	198,156	907
Other debt securities	35,820	0	35,820	0
U.S. Treasury	11,484	0	11,484	0
Total available-for-sale securities ⁽¹⁾	1,387,147	1,483	1,358,298	27,366
Equity securities:				
Financial services sector	69,073	2,035	61,376	5,662
Utilities sector	3,662	0	3,662	0
Energy sector	3,011	0	3,011	0
Consumer sector	5,546	0	2,379	3,167
Technology sector	3,470	0	0	3,470
Communications sector	1,416	0	1,416	0
Total equity securities ⁽²⁾	86,178	2,035	71,844	12,299
Total	\$ 1,473,325	\$ 3,518	\$ 1,430,142	\$ 39,665

(1) This includes \$37.0 million of securities lent under a securities lending agreement.

(2) This includes \$18.3 million of securities lent under a securities lending agreement.

(in thousands)	December 31, 2025			
	Total	Level 1	Level 2	Level 3
Available-for-sale securities:				
Corporate debt securities	\$ 844,479	\$ 998	\$ 839,542	\$ 3,939
Collateralized debt obligations	133,267	0	133,267	0
Commercial mortgage-backed securities	140,541	0	117,520	23,021
Residential mortgage-backed securities	187,226	0	186,432	794
Other debt securities	35,152	0	35,152	0
U.S. Treasury	24,163	0	24,163	0
Total available-for-sale securities ⁽¹⁾	1,364,828	998	1,336,076	27,754
Equity securities:				
Financial services sector	74,614	2,593	66,350	5,671
Utilities sector	3,696	0	3,696	0
Energy sector	2,713	0	2,713	0
Consumer sector	5,563	0	2,393	3,170
Technology sector	3,224	0	0	3,224
Communications sector	953	0	953	0
Total equity securities ⁽²⁾	90,763	2,593	76,105	12,065
Total	\$ 1,455,591	\$ 3,591	\$ 1,412,181	\$ 39,819

(1) This includes \$44.4 million of securities lent under a securities lending agreement.

(2) This includes \$20.1 million of securities lent under a securities lending agreement.

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 – 2026 Year-to-Date Change:

<i>(in thousands)</i>	Beginning balance at December 31, 2025	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 March 31, 2026
Available-for-sale securities:								
Corporate debt securities	\$ 3,939	\$ 13	\$ (139)	\$ 802	\$ (701)	\$ 811	\$ (967)	\$ 3,758
Commercial mortgage-backed securities	23,021	(384)	(140)	0	(202)	7,522	(7,116)	22,701
Residential mortgage-backed securities	794	1	(11)	0	(15)	138	0	907
Total available-for-sale securities	27,754	(370)	(290)	802	(918)	8,471	(8,083)	27,366
Equity securities	12,065	78	—	150	0	6	0	12,299
Total Level 3 securities	\$ 39,819	\$ (292)	\$ (290)	\$ 952	\$ (918)	\$ 8,477	\$ (8,083)	\$ 39,665

Level 3 Assets – 2025 Year-to-Date Change:

<i>(in thousands)</i>	Beginning balance at December 31, 2024	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 March 31, 2025
Available-for-sale securities:								
Corporate debt securities	\$ 6,268	\$ 18	\$ (54)	\$ 2,117	\$ (575)	\$ 1,099	\$ (2,843)	\$ 6,030
Collateralized debt obligations	0	0	(5)	700	0	0	0	695
Commercial mortgage-backed securities	24,089	(382)	300	0	(1,289)	1,353	(14,942)	9,129
Residential mortgage-backed securities	0	0	0	0	0	923	0	923
Total available-for-sale securities	30,357	(364)	241	2,817	(1,864)	3,375	(17,785)	16,777
Equity securities	6,974	655	—	1,000	0	18	0	8,647
Total Level 3 securities	\$ 37,331	\$ 291	\$ 241	\$ 3,817	\$ (1,864)	\$ 3,393	\$ (17,785)	\$ 25,424

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

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

Financial instruments not carried at fair value

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

<i>(in thousands)</i>	March 31, 2026		December 31, 2025	
	Carrying value	Fair value	Carrying value	Fair value
Agent loans, net ⁽¹⁾	\$ 120,524	\$ 116,073	\$ 109,331	\$ 113,850
Other loans receivable, net ⁽²⁾	16,126	16,069	15,491	12,509
Held-to-maturity securities, net ⁽³⁾	4,833	4,748	4,833	4,863

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

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

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

Note 7. Investments
Fixed maturity securities

See Note 6, "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 fixed maturity securities as of:

(in thousands)	March 31, 2026			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Available-for-sale securities:				
Corporate debt securities	\$ 864,414	\$ 6,444	\$ 9,591	\$ 861,267
Collateralized debt obligations	135,831	99	535	135,395
Commercial mortgage-backed securities	144,079	1,934	1,895	144,118
Residential mortgage-backed securities	209,697	588	11,222	199,063
Other debt securities	35,908	271	359	35,820
U.S. Treasury	11,575	11	102	11,484
Total available-for-sale securities, net ⁽¹⁾	1,401,504	9,347	23,704	1,387,147
Held-to-maturity securities - states & political subdivisions	4,833	0	85	4,748
Total fixed maturity securities, net	\$ 1,406,337	\$ 9,347	\$ 23,789	\$ 1,391,895

(1) This includes an estimated fair value of \$37.0 million of securities lent under a securities lending agreement.

(in thousands)	December 31, 2025			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Available-for-sale securities:				
Corporate debt securities	\$ 834,885	\$ 12,779	\$ 3,185	\$ 844,479
Collateralized debt obligations	133,224	207	164	133,267
Commercial mortgage-backed securities	139,516	2,808	1,783	140,541
Residential mortgage-backed securities	196,624	982	10,380	187,226
Other debt securities	34,863	543	254	35,152
U.S. Treasury	24,116	106	59	24,163
Total available-for-sale securities, net ⁽¹⁾	1,363,228	17,425	15,825	1,364,828
Held-to-maturity securities - states & political subdivisions	4,833	30	0	4,863
Total fixed maturity securities, net	\$ 1,368,061	\$ 17,455	\$ 15,825	\$ 1,369,691

(1) This includes an estimated fair value of \$44.4 million of securities lent under a securities lending agreement.

The amortized cost and estimated fair value of our fixed maturity securities at March 31, 2026 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.

(in thousands)	March 31, 2026	
	Amortized cost	Estimated fair value
Available-for-sale securities:		
Due in one year or less	\$ 54,888	\$ 54,861
Due after one year through five years	588,721	588,118
Due after five years through ten years	205,037	203,455
Due after ten years	552,858	540,713
Total available-for-sale securities, net ⁽¹⁾⁽²⁾	1,401,504	1,387,147
Held-to-maturity securities - due after ten years	4,833	4,748
Total fixed maturity securities, net	\$ 1,406,337	\$ 1,391,895

(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 Consolidated Statement of Financial Position at March 31, 2026.

(2) This includes an estimated fair value of \$37.0 million of securities lent under a securities lending agreement.

The below securities have been evaluated for credit impairment using criteria described within Note 2, "Significant Accounting Policies, of Notes to Consolidated Financial Statements" included in our Annual Report on Form 10-K for the year ended December 31, 2025 as filed with the SEC on February 23, 2026. The gross unrealized losses are primarily attributable to changes in interest rates and are not deemed to be credit-related. We do not have the intent to sell these securities and it is more likely than not that we would not be required to sell these securities before the anticipated recovery of the amortized cost basis.

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

<i>(dollars in thousands)</i>	March 31, 2026						
	Less than 12 months		12 months or longer		Total		
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses	No. of holdings
Corporate debt securities	\$ 404,232	\$ 7,025	\$ 37,403	\$ 2,566	\$ 441,635	\$ 9,591	842
Collateralized debt obligations	89,699	483	3,395	52	93,094	535	128
Commercial mortgage-backed securities	43,321	275	16,736	1,620	60,057	1,895	94
Residential mortgage-backed securities	86,494	848	78,346	10,374	164,840	11,222	176
Other debt securities	14,420	118	3,457	241	17,877	359	40
U.S. Treasury	7,772	102	0	0	7,772	102	2
Total available-for-sale securities	<u>\$ 645,938</u>	<u>\$ 8,851</u>	<u>\$ 139,337</u>	<u>\$ 14,853</u>	<u>\$ 785,275</u>	<u>\$ 23,704</u>	<u>1,282</u>
Quality breakdown of available-for-sale securities:							
Investment grade	\$ 533,288	\$ 4,779	\$ 123,311	\$ 12,799	\$ 656,599	\$ 17,578	642
Non-investment grade	112,650	4,072	16,026	2,054	128,676	6,126	640
Total available-for-sale securities	<u>\$ 645,938</u>	<u>\$ 8,851</u>	<u>\$ 139,337</u>	<u>\$ 14,853</u>	<u>\$ 785,275</u>	<u>\$ 23,704</u>	<u>1,282</u>

<i>(dollars in thousands)</i>	December 31, 2025						
	Less than 12 months		12 months or longer		Total		
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses	No. of holdings
Corporate debt securities	\$ 72,699	\$ 1,555	\$ 41,040	\$ 1,630	\$ 113,739	\$ 3,185	418
Collateralized debt obligations	57,917	120	3,909	44	61,826	164	83
Commercial mortgage-backed securities	16,103	59	19,956	1,724	36,059	1,783	70
Residential mortgage-backed securities	17,675	27	92,019	10,353	109,694	10,380	146
Other debt securities	3,936	39	3,655	215	7,591	254	27
U.S. Treasury	13,296	59	0	0	13,296	59	3
Total available-for-sale securities	<u>\$ 181,626</u>	<u>\$ 1,859</u>	<u>\$ 160,579</u>	<u>\$ 13,966</u>	<u>\$ 342,205</u>	<u>\$ 15,825</u>	<u>747</u>
Quality breakdown of available-for-sale securities:							
Investment grade	\$ 144,472	\$ 433	\$ 144,604	\$ 12,773	\$ 289,076	\$ 13,206	371
Non-investment grade	37,154	1,426	15,975	1,193	53,129	2,619	376
Total available-for-sale securities	<u>\$ 181,626</u>	<u>\$ 1,859</u>	<u>\$ 160,579</u>	<u>\$ 13,966</u>	<u>\$ 342,205</u>	<u>\$ 15,825</u>	<u>747</u>

Credit loss allowances

The following tables present a roll-forward of the allowances for credit losses on investments for the three months ended March 31:

(in thousands)	2026			
	Available-for-sale securities	Held-to-maturity securities	Other loans receivable	Agent loans
Balance, beginning of period	\$ 902	\$ 2,167	\$ 15,101	\$ 1,680
Provision and recoveries	275	0	256	199
Sales/collections and write-offs	(148)	0	0	0
Balance, end of period	\$ 1,029	\$ 2,167	\$ 15,357	\$ 1,879

(in thousands)	2025			
	Available-for-sale securities	Held-to-maturity securities	Other loans receivable	Agent loans
Balance, beginning of period	\$ 513	\$ 2,167	\$ 12,198	\$ 1,312
Provision and recoveries	365	0	394	164
Sales/collections and write-offs	(52)	0	0	0
Balance, end of period	\$ 826	\$ 2,167	\$ 12,592	\$ 1,476

Net investment income

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

(in thousands)	2026	2025
Available-for-sale securities	\$ 17,232	\$ 13,283
Equity securities	1,307	1,164
Limited partnerships ⁽¹⁾	732	1,072
Agent loans	1,904	1,444
Cash equivalents and other	2,763	3,387
Total investment income	23,938	20,350
Less: investment expenses	378	402
Net investment income	\$ 23,560	\$ 19,948

(1) Limited partnership income includes both realized gains (losses) and unrealized valuation changes. Our limited partnership investments are included in the line item "Other assets, net" in the Consolidated 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) on investments were as follows for the three months ended March 31:

<i>(in thousands)</i>	2026	2025
Available-for-sale securities:		
Gross realized gains	\$ 1,021	\$ 349
Gross realized losses	(872)	(611)
Net realized gains (losses) on available-for-sale securities	149	(262)
Equity securities	(914)	759
Miscellaneous	0	5
Net realized and unrealized investment (losses) gains	\$ (765)	\$ 502

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

<i>(in thousands)</i>	2026	2025
Equity securities:		
Net (losses) gains recognized during the period	\$ (914)	\$ 759
Less: net (losses) gains recognized on securities sold	(32)	101
Net unrealized (losses) gains recognized on securities held at reporting date	\$ (882)	\$ 658

Net impairment (losses) recoveries recognized in earnings

Impairments on investments were as follows for the three months ended March 31:

<i>(in thousands)</i>	2026	2025
Available-for-sale securities:		
Intent to sell	\$ 10	\$ 0
Credit impaired	(275)	(365)
Total available-for-sale securities	(265)	(365)
Expected credit losses:		
Agent loans	(199)	(164)
Other loans receivable	(212)	(385)
Net impairment losses recognized in earnings	\$ (676)	\$ (914)

Securities lending transactions

As of March 31, 2026, the estimated fair value of loaned securities was \$55.3 million, consisting of \$37.0 million of available-for-sale securities and \$18.3 million of equity securities. As of December 31, 2025, the estimated fair value of loaned securities was \$64.5 million consisting of \$44.4 million of available-for-sale securities and \$20.1 million of equity securities. Cash collateral received in connection with these securities lending transactions totaled \$49.6 million and \$61.9 million as of March 31, 2026 and December 31, 2025 respectively. The cash collateral was reinvested in cash equivalents and is included with "Cash and cash equivalents" in our Consolidated Statements of Financial Position. We also received \$8.9 million and \$4.5 million of non-cash collateral as of March 31, 2026 and December 31, 2025, respectively, which we are not permitted to sell or repledge. There were no securities lending transactions outstanding with contractual maturities extending beyond one year from the reporting date.

If we have to return cash collateral on short notice, we may have difficulty selling investments in a timely manner, be forced to sell them for less than we otherwise would have been able to realize, or both. In addition, in the event of such forced sale, for securities in an unrealized loss position, realized losses would be incurred on securities sold and impairments would be incurred, if there is a need to sell securities prior to recovery, which may negatively impact our financial condition.

Note 8. 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 November 1, 2029. As of March 31, 2026, a total of \$99.2 million remains available under the facility due to \$0.8 million outstanding letters of credit, which reduce the availability for letters of credit to \$24.2 million. We had no borrowings outstanding on our line of credit as of March 31, 2026. Investments with a fair value of \$110.6 million were pledged as collateral on the line of credit at March 31, 2026. These investments have no trading restrictions and are reported as available-for-sale securities and cash and cash equivalents on our Consolidated Statement of Financial Position as of March 31, 2026. The bank requires compliance with certain covenants, which include leverage ratios and debt restrictions. We are in compliance with all covenants at March 31, 2026.

Note 9. Postretirement BenefitsPension 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 insurance subsidiaries for their allocated share of pension cost. These reimbursements represent pension benefits for employees performing administrative services and an allocated share of plan cost for employees in departments that support the administrative functions. For the three months ended March 31, 2026, the Exchange and its insurance subsidiaries reimbursed us for approximately 61% of the annual defined benefit pension cost and 33% of the annual SERP cost. For our funded pension plan, amounts are settled in cash for the portion of pension cost allocated to the Exchange and its insurance subsidiaries. For our unfunded SERP, we pay the obligations when due and amounts are settled in cash between entities when there is a payout.

Our defined benefit pension plan funding policy is generally to contribute an amount equal to the greater of the target normal cost for the plan year, or the amount necessary to fund the plan to 100%. Accordingly, we made a \$47 million contribution in January 2026. The funded pension plan is presented separately from the unfunded plan as a non-current asset on the Consolidated Statements of Financial Position.

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

<i>(in thousands)</i>	2026	2025
Service cost for benefits earned	\$ 9,590	\$ 8,862
Interest cost on benefit obligation	15,514	14,675
Expected return on plan assets	(19,889)	(20,069)
Prior service cost amortization	458	422
Net actuarial gain amortization	(67)	(654)
Settlement gain ⁽¹⁾	—	(477)
Pension plan cost ⁽²⁾	<u>\$ 5,606</u>	<u>\$ 2,759</u>

(1) Settlement accounting was required due to lump sum payments made under the SERP to former officers in 2025.

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

Note 10. Income Taxes

Income tax expense is provided on an interim basis based upon our estimate of the annual effective income tax rate, adjusted each quarter for discrete items. For the three months ended March 31, 2026 and 2025, our effective tax rate was 20.9% and 20.8%, respectively.

Note 11. Capital Stock

Class A and B common stock

Holders of Class B shares may, at their option, convert their shares into Class A shares at the rate of 2,400 Class A shares per Class B share. There were no shares of Class B common stock converted into Class A common stock during the three months ended March 31, 2026 and the year ended December 31, 2025. There is no provision for conversion of Class A shares into Class B shares, and Class B shares surrendered for conversion cannot be reissued.

Stock repurchases

In 2011, our Board of Directors approved a continuation of the current stock repurchase program of \$150 million, with no time limitation. There were no shares repurchased under this program during the three months ended March 31, 2026 and the year ended December 31, 2025. We had approximately \$17.8 million of repurchase authority remaining under this program at March 31, 2026.

Note 12. 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 Consolidated Statements of Operations where net income is presented, are as follows for the three months ended March 31:

<i>(in thousands)</i>	2026			2025		
	Before Tax	Income Tax	Net	Before Tax	Income Tax	Net
Investment securities:						
AOCI (loss), beginning of period	\$ 1,508	\$ 316	\$ 1,192	\$ (22,442)	\$ (4,714)	\$ (17,728)
OCI (loss) before reclassifications	(15,982)	(3,356)	(12,626)	6,687	1,404	5,283
Realized investment (gains) losses	(149)	(31)	(118)	262	55	207
Impairment losses	265	56	209	365	77	288
OCI (loss)	(15,866)	(3,331)	(12,535)	7,314	1,536	5,778
AOCI (loss), end of period	\$ (14,358)	\$ (3,015)	\$ (11,343)	\$ (15,128)	\$ (3,178)	\$ (11,950)
Pension and other postretirement plans:						
AOCI (loss), beginning of period	\$ (67,359)	\$ (14,146)	\$ (53,213)	\$ (37,802)	\$ (7,939)	\$ (29,863)
Amortization of prior service costs	458	96	362	422	89	333
Amortization of net actuarial gain	(67)	(14)	(53)	(654)	(137)	(517)
Settlement gain	—	—	—	(477)	(100)	(377)
OCI (loss)	391	82	309	(709)	(148)	(561)
AOCI (loss), end of period	\$ (66,968)	\$ (14,064)	\$ (52,904)	\$ (38,511)	\$ (8,087)	\$ (30,424)
Total						
AOCI (loss), beginning of period	\$ (65,851)	\$ (13,830)	\$ (52,021)	\$ (60,244)	\$ (12,653)	\$ (47,591)
Investment securities	(15,866)	(3,331)	(12,535)	7,314	1,536	5,778
Pension and other postretirement plans	391	82	309	(709)	(148)	(561)
OCI (loss)	(15,475)	(3,249)	(12,226)	6,605	1,388	5,217
AOCI (loss), end of period	\$ (81,326)	\$ (17,079)	\$ (64,247)	\$ (53,639)	\$ (11,265)	\$ (42,374)

Note 13. 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 \$743.2 million and \$735.6 million at March 31, 2026 and December 31, 2025, respectively, which includes a current expected credit loss allowance of \$0.7 million in both periods.

Note 14. Commitments and Contingencies

We have an agreement with a bank for an agent loan participation program. The maximum amount of loans and guarantees that could be funded by us through this program is \$150 million. We have committed to fund a minimum of 30% of each loan executed through this program. As of March 31, 2026, our portion of the outstanding loans executed under this agreement is \$68.8 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 March 31, 2026, our maximum potential amount of future payments on the guaranteed portion is \$24.3 million. All loan payments under the participation program are current as of March 31, 2026.

We also have contingent obligations for guarantees related to certain real estate development projects supporting revitalization efforts in our community. As of March 31, 2026, our maximum potential obligation related to guarantees is \$6.3 million.

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

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

Note 15. Subsequent Events

No items were identified in this period subsequent to the financial statement date that required adjustment or additional disclosure.

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

The following discussion of financial condition and results of operations highlights significant factors influencing Erie Indemnity Company ("Indemnity", "we", "us", "our"). This discussion should be read in conjunction with the historical consolidated financial statements and the related notes thereto included in Part I, Item 1. "Financial Statements" of this Quarterly Report on Form 10-Q, and with Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" for the year ended December 31, 2025, as contained in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 23, 2026.

INDEX

	<u>Page Number</u>
Cautionary Statement Regarding Forward-Looking Information	23
Recent Accounting Standards	24
Operating Overview	24
Results of Operations	27
Financial Condition	33
Liquidity and Capital Resources	34
Critical Accounting Estimates	36

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 impacting the timing of premium rates charged for policies;
 - factors affecting insurance industry 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, economic or social inflation, and changes in tariff policies;
 - 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, develop, retain, and protect talented management and employees;
- ability to ensure system availability and effectively manage technology initiatives;
- difficulties with technology, data or network security breaches, including cyber attacks;

- ability to maintain uninterrupted business operations;
- compliance with complex and evolving laws and regulations and outcome of pending and potential litigation;
- factors affecting the quality and liquidity of our investment portfolio; and
- 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 Part I, Item 1. "Financial Statements - Note 2, Significant Accounting Policies, of Notes to Consolidated Financial Statements" contained within this report for a discussion of recently adopted and issued accounting standards, and the impact on our consolidated financial statements if known.

OPERATING OVERVIEW

Overview

We serve as the attorney-in-fact for the subscribers (policyholders) at the Exchange, a reciprocal insurer that writes property and casualty insurance. Our primary function as attorney-in-fact is to perform policy issuance and renewal services on behalf of the subscribers at the Exchange. We also act as attorney-in-fact on behalf of the subscribers at the Exchange, as well as the service provider for 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. In accordance with the subscriber's agreement for acting as attorney-in-fact in these two capacities, we retain a management fee calculated as a percentage of the direct and affiliated assumed premiums written by the Exchange.

Our earnings are primarily driven by the management fee revenue generated for the services we provide on behalf of the subscribers at the Exchange. The policy issuance and renewal services we provide 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 incentive compensation, which is earned by achieving targeted measures. Agent compensation generally comprises approximately two-thirds of our policy issuance and renewal expenses. The underwriting services we provide include underwriting and policy processing. The remaining services we provide include customer service and administrative support. We also provide information technology services that support all the functions listed above. See Part I, Item 1. "Financial Statements - Note 4, Segment Information, of Notes to Consolidated Financial Statements" contained within this report for the significant expense categories related to providing these services. Included in expenses for these services are allocations of costs for departments that support these policy issuance and renewal functions.

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. Indemnity serves as the attorney-in-fact on behalf of the subscribers at the Exchange with respect to its administrative services as enumerated in the subscriber's agreement. The Exchange's insurance subsidiaries also utilize Indemnity for these services in accordance with the service agreements between each of the subsidiaries and Indemnity. Claims handling services include costs incurred in the claims process, including the adjustment, investigation, defense, recording, and payment functions. Life insurance management services include costs incurred in the management and processing of life insurance business. Investment management services are related to investment trading activity, accounting, and all other functions attributable to the investment of funds. In 2025, approximately 71% of the administrative services expenses were entirely attributable to the respective administrative functions (claims handling, life insurance management, and investment management), while the remaining 29% of these expenses were allocations of costs for departments that support these administrative functions. The expenses we incur and related reimbursements we receive for administrative services are presented gross in our Consolidated 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 71% of the 2025 direct and affiliated assumed written premiums and commercial lines comprising the remaining 29%. 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.

Information security incident

In 2025, we experienced an information security incident that has been remediated and did not have a material impact on our consolidated financial condition, results of operations, or cash flows. As of March 31, 2026, we continue to pursue recovery of a portion of lost income due to business interruption and related expenses from our cybersecurity insurance policy.

Financial Overview

(dollars in thousands, except per share data)

	Three months ended March 31,		
	2026	2025	% Change
	(Unaudited)		
Operating income	\$ 166,787	\$ 151,376	10.2 %
Total investment income	22,119	19,536	13.2
Other income	1,420	3,834	(63.0)
Income before income taxes	190,326	174,746	8.9
Income tax expense	39,852	36,329	9.7
Net income	<u>\$ 150,474</u>	<u>\$ 138,417</u>	8.7 %
Net income per share – diluted	<u>\$ 2.88</u>	<u>\$ 2.65</u>	8.7 %

Operating income increased in the first quarter of 2026, compared to the same period in 2025, as growth in operating revenue outpaced the growth in operating expenses. Management fee revenue for policy issuance and renewal services increased 4.2% to \$786.4 million in the first quarter of 2026. Management fee revenue is based upon the management fee rate we charge and the direct and affiliated assumed premiums written by the Exchange. The management fee rate was 25% for both 2026 and 2025. The direct and affiliated assumed premiums written by the Exchange increased 3.6% to \$3.2 billion in the first quarter of 2026, compared to the same period in 2025.

Cost of operations for policy issuance and renewal services increased 2.8% to \$645.0 million in the first quarter of 2026, compared to the same period in 2025, primarily due to increased agent incentive compensation due to improved profitability and higher scheduled commissions driven by direct and affiliated assumed written premium growth, partially offset by lower professional fees and decreased survey and underwriting report costs.

Management fee revenue for administrative services increased 10.4% to \$19.5 million in the first quarter of 2026, compared to the same period in 2025. The administrative services reimbursement revenue and corresponding cost of operations increased both total operating revenue and total operating expenses by \$200.1 million in the first quarter of 2026, but had no net impact on operating income.

Total investment income increased \$2.6 million in the first quarter of 2026 compared to the same period in 2025, primarily due to an increase in net investment income, partially offset by an increase in realized and unrealized investment losses.

General Conditions and Trends Affecting Our Business

Economic conditions

Unfavorable changes in economic conditions, including declining consumer confidence, inflation, high unemployment, and the threat of recession, among others, may lead the Exchange's customers to modify coverage, not renew policies, or even cancel policies, which could adversely affect the premium revenue of the Exchange, and consequently our management fee revenue. Elevated inflation, supply chain disruptions, or changes in tariff policies could impact the Exchange's operations and our management fees. In particular, unanticipated increased inflation costs including medical cost inflation, building material cost inflation, auto repair and replacement cost inflation, and social inflation may impact adequacy of estimated loss reserves and future premium rates of the Exchange. If any of these items impacted the financial condition or operations of the Exchange, it could have an impact on our financial results. For a discussion of the potential impacts to our operations or those of the Exchange, see Financial Condition and Liquidity and Capital Resources contained within this report, as well as Part I. Item 1A. "Risk Factors" included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025 as filed with the Securities and Exchange Commission on February 23, 2026.

Financial market volatility

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

RESULTS OF OPERATIONS

Management fee revenue

We have two performance obligations in the subscriber's agreement, providing policy issuance and renewal services and acting as attorney-in-fact for the subscribers at the Exchange, as well as the service provider for the Exchange's insurance subsidiaries with respect to all administrative services. We 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.

The management fee is calculated by multiplying all direct and affiliated assumed premiums written by the Exchange by the management fee rate, which is set by our Board of Directors at least annually. The management fee rate was set at 25% for both 2026 and 2025. Changes in the management fee rate can affect our revenue and net income significantly. The transaction price, including management fee revenue and administrative services reimbursement revenue, includes variable consideration and is allocated based on the estimated standalone selling prices developed using industry information and other available information for similar services. We update the transaction price and the related allocation at least annually based upon the most recent information available or more frequently if there have been significant changes in any components considered in the transaction price. Our current transaction price allocation review resulted in a minor change in the allocation between the two performance obligations in 2026 compared to 2025, which did not have a material impact on our consolidated financial statements.

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

(dollars in thousands)

	2026	2025	% Change
	(Unaudited)		
Policy issuance and renewal services			
Direct and affiliated assumed premiums written by the Exchange	\$ 3,232,426	\$ 3,120,674	3.6 %
Management fee rate	24.41 %	24.37 %	
Management fee revenue	789,035	760,508	3.8
Change in estimate for management fee returned on cancelled policies ⁽¹⁾	(2,636)	(5,459)	51.7
Management fee revenue - policy issuance and renewal services	<u>\$ 786,399</u>	<u>\$ 755,049</u>	4.2 %
Administrative services			
Direct and affiliated assumed premiums written by the Exchange	\$ 3,232,426	\$ 3,120,674	3.6 %
Management fee rate	0.59 %	0.63 %	
Management fee revenue	19,071	19,660	(3.0)
Change in contract liability ⁽²⁾	535	(1,968)	NM
Change in estimate for management fee returned on cancelled policies ⁽¹⁾	(131)	(47)	NM
Management fee revenue - administrative services	19,475	17,645	10.4
Administrative services reimbursement revenue	200,096	210,273	(4.8)
Total revenue from administrative services	<u>\$ 219,571</u>	<u>\$ 227,918</u>	(3.7) %

NM = not meaningful

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

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

Direct and affiliated assumed premiums written by the Exchange

Direct and affiliated assumed premiums include premiums written directly by the Exchange and premiums assumed from its wholly owned property and casualty subsidiaries. Direct and affiliated assumed premiums written by the Exchange increased 3.6% to \$3.2 billion in the first quarter of 2026 compared to the first quarter of 2025, primarily driven by increased homeowners, commercial multi-peril and commercial auto premiums written. The year-over-year average premium per policy for all lines of business increased 8.1% at March 31, 2026 compared to 13.2% at March 31, 2025. Year-over-year policies in force for all lines of business decreased 1.7% in the first quarter of 2026 compared to an increase 3.2% in the first quarter of 2025.

Premiums generated from new business decreased 9.5% to \$345 million in the first quarter of 2026 compared to the same period in 2025, primarily driven by decreased premiums written in the commercial multi-peril and personal auto lines. Contributing to this change was a 10.4% decrease in new business policies written, partially offset by a 4.5% increase in year-over-year average premium per policy on new business at March 31, 2026.

Premiums generated from renewal business increased 5.4% to \$2.9 billion in the first quarter of 2026 compared to the first quarter of 2025 resulting from an increase of 8.7% in year-over-year average premium per policy at March 31, 2026, as well as an increase in year-over-year policies in force of 1.0% in the first quarter of 2026.

Personal lines – Total personal lines premiums written increased 2.1% to \$2.2 billion in the first quarter of 2026, compared to the first quarter of 2025, driven by a 7.7% increase in total personal lines year-over-year average premium per policy, partially offset by a 2.2% decrease in total personal lines policies in force.

Commercial lines – Total commercial lines premiums written increased 6.8% to \$1.0 billion in the first quarter of 2026, compared to the first quarter of 2025, driven by a 6.4% increase in total commercial lines year-over-year average premium per policy and a 2.1% increase in total commercial lines policies in force.

Future trends-premium revenue – The Exchange plans to continue its efforts to grow premiums and improve its competitive position in the marketplace. Expanding the size of its agency force through a careful agency selection and monitoring process and increased market penetration in our existing operating territories is expected to contribute to future growth .

Premium levels impacted by changes in policies in force and rate actions affect the profitability of the Exchange and have a direct bearing on our management fee revenue. Future rate actions could be impacted by potential changes in regulation, inflationary trends, geopolitical factors, and tariff policies, among others. As the Exchange writes policies almost exclusively with annual terms, premium rate actions take 12 months to be fully recognized in written premiums, or longer for policies with a rate locking feature. See also Part I. Item 1A. "Risk Factors" included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025 as filed with the Securities and Exchange Commission on February 23, 2026.

Policy issuance and renewal services

	Three months ended March 31,		
	2026	2025	% Change
	(Unaudited)		
(dollars in thousands)			
Management fee revenue - policy issuance and renewal services	\$ 786,399	\$ 755,049	4.2 %
Service agreement revenue	5,941	6,432	(7.6)
	792,340	761,481	4.1
Cost of operations - policy issuance and renewal services	645,028	627,750	2.8
Operating income - policy issuance and renewal services	\$ 147,312	\$ 133,731	10.2 %

Policy issuance and renewal services

The management fee revenue allocated for providing policy issuance and renewal services was 24.41% and 24.37% of the direct and affiliated assumed premiums written by the Exchange for the three month periods ended March 31, 2026 and 2025, respectively. This portion of the management fee is recognized as revenue when the policy is issued or renewed because it is at that time that the services we provide are substantially complete and the executed insurance policy is transferred to the customer. The increase in management fee revenue for policy issuance and renewal services was driven by the increase in the direct and affiliated assumed premiums written by the Exchange discussed previously.

Service agreement revenue

Service agreement revenue primarily consists of service charges we collect from subscribers (policyholders) for providing multiple payment plans on policies written by the Exchange and its property and casualty subsidiaries and also includes late payment and policy reinstatement fees. The service charges are fixed dollar amounts per billed installment. Service agreement revenue also includes fees received from the Exchange for the use of shared office space.

Cost of policy issuance and renewal services

	Three months ended March 31,		
	2026	2025	% Change
	(Unaudited)		
(dollars in thousands)			
<i>Commissions:</i>			
Total commissions	\$ 464,856	\$ 436,860	6.4 %
<i>Non-commission expense:</i>			
Personnel costs ⁽¹⁾	\$ 92,063	\$ 89,989	2.3 %
Sales and advertising ⁽¹⁾	4,905	6,952	(29.5)
Acquisition and underwriting support costs ⁽¹⁾	24,124	26,003	(7.2)
Technology infrastructure costs ⁽¹⁾	25,803	26,071	(1.0)
Professional fees ⁽¹⁾	19,321	26,276	(26.5)
Administrative and other ⁽¹⁾	13,956	15,599	(10.5)
Total non-commission expense	180,172	190,890	(5.6)
Total cost of operations - policy issuance and renewal services	\$ 645,028	\$ 627,750	2.8 %

(1) 2025 amounts have been recast to conform to current period presentation. See Part I, Item 1. "Financial Statements - Note 4, Segment Information, of Notes to Consolidated Financial Statements" contained within this report for additional information on the revised expense categories.

Commissions – Commissions increased \$28.0 million in the first quarter of 2026, compared to the same period in 2025, primarily driven by an increase in agent incentive compensation. The estimated agent incentive payouts at March 31, 2026 are based on actual underwriting results for the two prior years and current year-to-date actual results and forecasted results for the remainder of 2026. The profitability component of agent incentive compensation increased due to improved actual and forecasted loss ratios for the three-year period ended 2026 compared to the three-year period ended 2025. Commission expense is also impacted by the growth in direct and affiliated assumed written premium.

Non-commission expense – Non-commission expense decreased \$10.7 million in the first quarter of 2026 compared to the first quarter of 2025. Personnel costs increased \$2.1 million, primarily driven by higher pension costs and increased compensation. Sales and advertising decreased \$2.0 million primarily due to a decrease in advertising costs and community development initiative costs. Acquisition and underwriting support costs decreased \$1.9 million primarily due to lower underwriting report costs. Professional fees decreased \$7.0 million primarily due to reduced use of third-party services related to technology initiatives. Administrative and other costs decreased \$1.6 million primarily due to lower charitable contributions related to the

transition of charitable giving through the Erie Insurance Foundation, partially offset by an increase in credit card processing fees.

Administrative services

(dollars in thousands)

	Three months ended March 31,		
	2026	2025	% Change
	(Unaudited)		
Management fee revenue - administrative services	\$ 19,475	\$ 17,645	10.4 %
Administrative services reimbursement revenue	200,096	210,273	(4.8)
Total revenue allocated to administrative services	219,571	227,918	(3.7)
Administrative services expenses			
Claims handling services	175,024	185,999	(5.9)
Investment management services	7,418	7,733	(4.1)
Life management services	17,654	16,541	6.7
Operating income - administrative services	\$ 19,475	\$ 17,645	10.4 %

Administrative services

The management fee revenue allocated to administrative services was 0.59% and 0.63% of the direct and affiliated assumed premiums written by the Exchange for the three month periods ended March 31, 2026 and 2025, respectively. This portion of the management fee is recognized as revenue over a four-year period representing the time over which the services are provided. We also report reimbursed costs as revenues, which are recognized monthly as services are provided. The administrative services expenses we incur and the related reimbursements we receive are recorded gross in the Consolidated Statements of Operations.

Cost of administrative services

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. Indemnity serves as the attorney-in-fact on behalf of the subscribers at the Exchange with respect to its administrative services as enumerated in the subscriber's agreement. The Exchange's insurance subsidiaries also utilize Indemnity for these services in accordance with the service agreements between each of the subsidiaries and Indemnity. The subscriber's agreement and service agreements provide for reimbursement of amounts incurred for these services to Indemnity. Reimbursements due from the Exchange and its insurance subsidiaries are recorded as a receivable and settled at cost.

Total investment income

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

<i>(dollars in thousands)</i>	2026	2025	% Change
	(Unaudited)		
Net investment income	\$ 23,560	\$ 19,948	18.1 %
Net realized and unrealized investment (losses) gains	(765)	502	NM
Net impairment losses recognized in earnings	(676)	(914)	26.0
Total investment income	<u>\$ 22,119</u>	<u>\$ 19,536</u>	13.2 %

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 \$3.6 million in the first quarter of 2026 compared to the same period in 2025, primarily due to an increase in bond income driven by higher average holdings and yields.

Net realized and unrealized investment (losses) gains

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

<i>(in thousands)</i>	2026	2025
	(Unaudited)	
Securities sold:		
Available-for-sale securities	\$ 149	\$ (262)
Equity securities	(32)	101
Change in fair value on remaining equity securities	(882)	658
Miscellaneous	0	5
Net realized and unrealized investment (losses) gains	<u>\$ (765)</u>	<u>\$ 502</u>

Net impairment losses recognized in earnings

Net impairment losses during the first quarter of 2026 and 2025 included current expected credit losses on other loans receivable and agent loans as well as credit-related impairments on available-for-sale securities.

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 AM Best 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 insurance subsidiaries are rated A "Excellent". See Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025 as filed with the Securities and Exchange Commission on February 23, 2026 for a discussion of the Exchange's financial strength rating.

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 insurance subsidiaries grew 3.6% to \$3.2 billion in the first three months of 2026 compared to the same period in 2025. 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 \$10.1 billion at both March 31, 2026 and December 31, 2025. The Exchange and its wholly owned property and casualty insurance subsidiaries' year-over-year policy retention ratio continues to be high at 88.0% at March 31, 2026 and 88.4% at December 31, 2025.

We have prepared our consolidated financial statements considering the financial strength of the Exchange based on its AM Best rating and strong level of surplus. See Part I, Item 1A. "Risk Factors" included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025 as filed with the Securities and Exchange Commission on February 23, 2026 for possible outcomes that could impact that determination.

FINANCIAL CONDITION

Investments

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

<i>(dollars in thousands)</i>	March 31, 2026		December 31, 2025	
	(Unaudited)	% to total		% to total
Available-for-sale securities ⁽¹⁾	\$ 1,387,147	85 %	\$ 1,364,828	85 %
Equity securities ⁽²⁾	86,178	5	90,763	6
Agent loans ⁽³⁾	120,524	8	109,331	7
Other investments ⁽⁴⁾	38,753	2	37,342	2
Total investments	\$ 1,632,602	100 %	\$ 1,602,264	100 %

(1) This includes \$37.0 million and \$44.4 million of securities lent under a securities lending agreement as of March 31, 2026 and December 31, 2025, respectively.

(2) This includes \$18.3 million and \$20.1 million of securities lent under a securities lending agreement as of March 31, 2026 and December 31, 2025, respectively.

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

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

Available-for-sale securities

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

Available-for-sale securities are carried at fair value with unrealized gains and losses, net of deferred taxes, included in shareholders' equity. Net unrealized losses on available-for-sale securities, net of deferred taxes, totaled \$11.3 million at March 31, 2026, compared to unrealized gains of \$1.3 million at December 31, 2025.

The following table presents a breakdown of the fair value of our available-for-sale portfolio by industry sector and rating as of:

<i>(in thousands)</i>	March 31, 2026 ⁽¹⁾					
	AAA	AA	A	BBB	Non-investment grade	Fair value
	(Unaudited)					
Basic materials	\$ 0	\$ 0	\$ 2,532	\$ 4,868	\$ 7,532	\$ 14,932
Communications	0	0	13,523	7,674	20,374	41,571
Consumer	0	10,959	50,126	80,326	55,039	196,450
Diversified	0	0	0	1,036	1,449	2,485
Energy	0	901	6,617	45,453	18,729	71,700
Financial	0	0	131,822	171,656	23,912	327,390
Industrial	0	1,008	19,007	29,060	43,547	92,622
Structured securities ⁽²⁾	218,707	241,672	24,089	18,676	1,318	504,462
Technology	1,988	0	2,298	12,983	14,706	31,975
U.S. Treasury	0	11,484	0	0	0	11,484
Utilities	0	0	13,860	57,301	20,915	92,076
Total	\$ 220,695	\$ 266,024	\$ 263,874	\$ 429,033	\$ 207,521	\$ 1,387,147

(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 Consolidated Statements of Financial Position with all changes in unrealized gains and losses reflected in the Consolidated Statements of Operations.

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

<i>(in thousands)</i>	March 31, 2026 (Unaudited)	December 31, 2025
Financial services	\$ 69,073	\$ 74,614
Utilities	3,662	3,696
Energy	3,011	2,713
Consumer	5,546	5,563
Technology	3,470	3,224
Communications	1,416	953
Total	\$ 86,178	\$ 90,763

LIQUIDITY AND CAPITAL RESOURCES

We continue to monitor the sufficiency of our liquidity and capital resources given the potential impact of current economic conditions, including the uncertain tariff, inflationary, and interest rate environment. While we did not see a significant impact on our sources or uses of cash in the first quarter of 2026, future market disruptions could occur which may affect our liquidity position. If our normal operating and investing cash activities were to become insufficient to meet future funding requirements, we believe we have sufficient access to liquidity through our cash position, diverse liquid marketable securities, and our \$100 million bank revolving line of credit that does not expire until November 2029. See broader discussions of potential risks to our operations in "Operating Overview" contained within this report and Part I. Item 1A. "Risk Factors" included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025 as filed with the Securities and Exchange Commission on February 23, 2026.

Sources and Uses of Cash

Liquidity is a measure of a company's ability to generate sufficient cash flows to meet the short- and long-term cash requirements of its business operations and growth needs. Our liquidity requirements have been met primarily by funds generated from management fee revenue and income from investments. Cash provided from these sources is used primarily to fund the costs of our management operations including commissions, salaries and wages, pension plans, share repurchases, dividends to shareholders, the purchase and development of information technology, and other capital expenditures. See Part I, Item 1. "Financial Statements - Note 9, Postretirement Benefits, of Notes to Consolidated Financial Statements" contained within this report for the funding policy and related contribution for our defined benefit pension plan. We expect that our operating cash needs will be met by funds generated from operations. Cash in excess of our operating needs is primarily invested in investment grade fixed maturities. As part of our liquidity review, we regularly evaluate our capital needs based on current and projected results and consider the potential impacts to our liquidity, borrowing capacity, financial covenants, and capital availability.

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

Volatility in the financial markets presents challenges to us as we do occasionally access our investment portfolio as a source of cash. Some of our fixed income investments, despite being publicly traded, may be illiquid. Additionally, if we require significant amounts of cash on short notice in excess of anticipated cash requirements, or if we are required to return cash collateral in connection with our securities lending program, we may have difficulty selling investments in a timely manner, or be forced to sell at deep discounts. We believe we have sufficient liquidity to meet our needs from sources other than the liquidation of securities.

Cash flow activities

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

<i>(in thousands)</i>	2026	2025
	(Unaudited)	
Net cash provided by operating activities	\$ 91,892	\$ 118,118
Net cash used in investing activities	(88,726)	(97,760)
Net cash used in financing activities	(80,424)	(58,376)
Net decrease in cash, cash equivalents and restricted cash	<u>\$ (77,258)</u>	<u>\$ (38,018)</u>

Net cash provided by operating activities was \$91.9 million in the first three months of 2026, compared to \$118.1 million for the same period in 2025. Decreased cash from operating activities was primarily due to an increase in incentive compensation paid to agents of \$55.2 million from improved underwriting profitability and cash paid for agent commissions of \$19.4 million driven by growth in direct and affiliated assumed premiums written by the Exchange. This was partially offset by an increase in management fees received of \$42.3 million driven by premium growth.

Net cash used in investing activities was \$88.7 million in the first three months of 2026, compared to \$97.8 million for the same period in 2025. The decrease in cash used in investing activities was primarily due to an increase in proceeds, net of purchases, from sales and maturities/calls of available-for-sale securities of \$21.9 million, partially offset by an increase in fixed asset purchases of \$7.7 million mostly related to software and home office renovations.

Net cash used in financing activities was \$80.4 million in the first three months of 2026, compared to \$58.4 million for the same period in 2025. Increased cash used in financing activities was primarily due to the release of cash collateral resulting from lower securities lending activity under our securities lending program.

Capital Outlook

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

Outside of our normal operating and investing cash activities, future funding requirements could be met through: 1) unrestricted and unpledged cash and cash equivalents, which totaled approximately \$228.5 million at March 31, 2026, 2) \$100 million available bank revolving line of credit, and 3) liquidation of unrestricted and unpledged assets held in our investment portfolio, including equity securities and investment grade bonds, which totaled approximately \$1.1 billion at March 31, 2026. 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. See Part I, Item 1. "Financial Statements - Note 8, Bank Line of Credit, of Notes to Consolidated Financial Statements" contained within this report for additional information related to our bank revolving line of credit.

Off-Balance Sheet Arrangements

We have entered into certain contingent obligations for guarantees. See Part I, Item 1. "Financial Statements - Note 14, Commitments and Contingencies, of Notes to Consolidated Financial Statements" contained within this report for additional information. We do not believe that these obligations will have a material current or future effect on our consolidated financial condition, results of operations or cash flows.

CRITICAL ACCOUNTING ESTIMATES

We make estimates and assumptions that have a significant effect on the amounts and disclosures reported in the consolidated financial statements. The most significant estimates relate to investment valuation and the retirement benefit plan for employees. While management believes its estimates are appropriate, the ultimate amounts may differ from estimates provided. Our most critical accounting estimates are described in Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" for the year ended December 31, 2025 of our Annual Report on Form 10-K as filed with the Securities and Exchange Commission on February 23, 2026. See Part I, Item 1. "Financial Statements - Note 6, Fair Value, of Notes to Consolidated Financial Statements" contained within this report for additional information on our valuation of investments.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our exposure to market risk is primarily related to fluctuations in interest rates and prices. Quantitative and qualitative disclosures about market risk resulting from changes in interest rates, prices and other risk exposures for the year ended December 31, 2025 are included in Item 7A. "Quantitative and Qualitative Disclosures About Market Risk" of our Annual Report on Form 10-K as filed with the Securities and Exchange Commission on February 23, 2026.

The uncertain tariff, inflationary and interest rate environment, ongoing geopolitical risks and a potential economic slowdown may create future volatility; however, there have been no material impacts on our portfolio during the three months ended March 31, 2026. We continue to closely monitor the economic environment and financial markets and will take appropriate measures, when necessary, to minimize potential risk exposure to our cash and investment balances. For a recent discussion of conditions surrounding our investment portfolio, see the "Operating Overview", "Results of Operations" and "Financial Condition" discussions contained in Part I, Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained within this report.

ITEM 4. CONTROLS AND PROCEDURES

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

Our management evaluated, with the participation of the Chief Executive Officer and Chief Financial Officer, any change in our internal control over financial reporting and determined there has been no change in our internal control over financial reporting during the three months ended March 31, 2026 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

The complaint seeks relief for alleged breaches of fiduciary duty by Indemnity in connection with the setting of the management fee it receives, 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, in accordance with the terms of the Subscribers Agreement executed between Indemnity and all policyholders of the Exchange, as compensation for acting as the attorney-in-fact in the management of the Exchange.

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

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

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

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

On October 20, 2023, Indemnity filed a Petition for Writ of Certiorari with the Supreme Court of the United States. The Petition sought a determination from the Court that the lower courts improperly denied federal jurisdiction. By order dated February 26, 2024, the United States Supreme Court denied Indemnity's Petition for Writ of Certiorari.

Separately, Indemnity filed a Complaint in Federal Court to invoke certain provisions of the “All Writs Act” and the “Anti-Injunction Act.” By filing this complaint, Indemnity seeks to protect the federal court’s prior binding, final judgments in favor of Indemnity and thereby foreclose further litigation of the claims and issues pertaining to the compensation practices that were the subject of the prior judgments. After the denial of certiorari, the district court, by Opinion and Order dated February 28, 2024, granted Indemnity’s motion for a preliminary injunction under the All Writs Act after determining that the gravamen of the plaintiff’s state court action “is the same” as two actions previously dismissed in federal court, that Indemnity would be irreparably harmed if it is forced to relitigate those same issues in state court, plaintiffs had a full and fair opportunity to litigate the same issues in prior litigation, and that an injunction would serve the public interest. The Court’s order preliminarily enjoined the named plaintiffs from pursuing the Erie Ins. Exch. v. Erie Indem. Co. action and enjoined the state court from conducting further proceedings in that action. The court ordered Indemnity to file a motion to convert the preliminary injunction into a permanent injunction. In the meantime, plaintiffs filed a Notice of Appeal with the United States Court of Appeals for the Third Circuit. As a result of the filing of the appeal, the trial court stayed the order issuing an injunction.

On October 14, 2025, the Third Circuit issued an Opinion and concluded that “the District Court abused its discretion in granting Indemnity’s motion for preliminary injunction.” The Court determined that the Complaint in Stephenson only sought to challenge the management fee established in December 2019 and 2020. The Court went on to conclude that the issues were not litigated in either Ritz or Beltz and, therefore, the Stephenson plaintiffs were not precluded from challenging the management fee for those years. On October 28, 2025, Indemnity filed a Petition for Reargument before the Court *en banc*. On November 12, 2025, the Third Circuit denied the Petition for Reargument. On January 12, 2026, Indemnity filed a Petition for Writ of Certiorari with the United States Supreme Court. On March 23, 2026, the United States Supreme Court denied the Petition for Writ of Certiorari. The matter will now be remanded to the Court of Common Pleas of Allegheny County for further proceedings.

Indemnity intends to vigorously defend against all allegations and requests for relief sought by plaintiffs.

For additional information on contingencies, see Part I, Item 1. "Financial Statements - Note 14, Commitment and Contingencies, of Notes to Consolidated Financial Statements" contained within this report.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors previously disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025 as filed with the Securities and Exchange Commission on February 23, 2026.

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

Issuer Purchases of Equity Securities

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

The following table provides information regarding our Class A nonvoting common stock share repurchases during the quarter ending March 31, 2026:

(dollars in thousands, except per share data)

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
January 1-31, 2026 ⁽¹⁾	5,938	\$ 279.57	—	\$ 17,754
February 1-28, 2026 ⁽²⁾	476	273.84	—	17,754
March 1-31, 2026 ⁽³⁾	1,334	245.71	—	17,754
Total	<u>7,748</u>	273.38	<u>—</u>	

(1) Represents shares purchased on the open market for stock-based awards in conjunction with our equity compensation plan.

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

(3) Represents shares purchased on the open market to fund the rabbi trust for the incentive compensation deferral plan.

ITEM 6. EXHIBITS

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
31.1+	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2+	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32++	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS+	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH+	Inline XBRL Taxonomy Extension Schema Document.
101.CAL+	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF+	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB+	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE+	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104+	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

+ Filed herewith.

++ Furnished herewith.

SIGNATURES

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

Erie Indemnity Company

(Registrant)

Date: April 23, 2026

By: /s/ Timothy G. NeCastro

Timothy G. NeCastro, President & CEO

By: /s/ Julie M. Pelkowski

Julie M. Pelkowski, Executive Vice President & CFO

Exhibit 31.1

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

I, Timothy G. NeCastro, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Erie Indemnity Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected or is reasonably likely to materially affect the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 23, 2026

/s/ Timothy G. NeCastro

Timothy G. NeCastro

President & CEO

Exhibit 31.2

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

I, Julie M. Pelkowski, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Erie Indemnity Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected or is reasonably likely to materially affect the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 23, 2026

/s/ Julie M. Pelkowski

Julie M. Pelkowski

Executive Vice President & CFO

Exhibit 32

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

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

- (1) The Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2026 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Timothy G. NeCastro

Timothy G. NeCastro
President & CEO

/s/ Julie M. Pelkowski

Julie M. Pelkowski
Executive Vice President & CFO

April 23, 2026

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.