



ERIE INDEMNITY COMPANY

Investor Supplement First Quarter 2013

This report is for informational purposes only and includes consolidated financial statements and financial exhibits that are unaudited. This report should be read in conjunction with documents filed with the U.S. Securities and Exchange Commission, including the most recent Annual Report on Form 10-K for 2012.

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Investor Supplement - First Quarter 2013
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Basis of Presentation

Entity Definitions

- The accompanying consolidated financial statements of Erie Indemnity Company reflect the consolidated results of Indemnity and the Erie Insurance Exchange ("Exchange"), which we refer to collectively as "Erie Insurance Group."
- **Indemnity** is a publicly held Pennsylvania business corporation that since 1925 has been the managing Attorney-in-Fact for the subscribers (policyholders) of Exchange. Indemnity shareholder interest represents the Class A and Class B shareholders.
- **Exchange** is a subscriber (policyholder) owned Pennsylvania-domiciled reciprocal insurer that writes property and casualty insurance. Exchange refers to the noncontrolling interest held for the interest of the subscribers (policyholders) and includes its interests in Erie Insurance Company ("EIC"), Erie Insurance Company of New York ("ENY"), Erie Insurance Property and Casualty Company ("EPC"), Flagship City Insurance Company ("Flagship") and Erie Family Life Insurance Company ("EFL").
- The Property and Casualty Group ("P&C Group") is a regional insurance group operating in 11 Midwestern, Mid-Atlantic, and Southeastern states and the District of Columbia. The P&C Group is comprised of Exchange and its wholly owned property and casualty subsidiaries.
- EFL is an affiliated life insurance company that underwrites and sells individual and group life insurance policies and fixed annuities.
- Operating income (loss) is net income (loss) excluding the after-tax impact of the net realized investment gains (losses) and impairment losses.

Property and Casualty Group

- Certain operating and statistical measures have been incorporated herein to provide supplemental data that indicate current trends in the P&C Group's business. These measures include revenue, insurance in-force and policyholder retention. Policyholder retention is defined as renewal policies in the current period divided by total policies in the prior period.
- The P&C Group, along with others in the property and casualty insurance industry, use statutory underwriting ratios as measures of performance. The loss and loss expense ratio is the ratio of losses and loss expenses to earned premiums. The statutory underwriting expense ratio is the ratio of underwriting expenses to written premiums. The combined ratio is the sum of the loss and loss expense ratio, the underwriting expense ratio and the policyholder dividend ratio. A combined ratio below 100% demonstrates underwriting profit; a combined ratio above 100% demonstrates underwriting losses. The catastrophe ratio (a component of the loss ratio) represents the ratio of catastrophe losses to earned premiums.
- GAAP combined ratio is the sum of the loss and loss expense ratio, the underwriting expense ratio and, where applicable, the ratio of policyholder dividends to net earned premiums. For GAAP, the loss and loss expense ratio is the ratio of incurred losses and loss expenses to net earned premiums. The underwriting expense ratio is the ratio of policy acquisition and other underwriting costs to net earned premiums. A GAAP combined ratio under 100% generally indicates an underwriting profit. A GAAP combined ratio over 100% generally indicates an underwriting loss.
- Loss reserve development is the increase or decrease in incurred losses and loss expenses as a result of the re-estimation of loss and loss expense reserves at successive valuation dates for a given group of claims. Loss reserve development may be related to one or more prior years. In the opinion of the Company's management, discussion of loss reserve development is useful to investors as it allows them to assess the impact between prior year development on incurred claims and claim adjustment expenses, net income, and changes in claims and claim adjustment expense reserve levels from period to period.

Erie Insurance Group's Quarterly Operations by Interest (Unaudited)									
(dollars in millions, except per share data)									
	Indemnity shareholder interest		Noncontrolling interest (Exchange)			Eliminations of related party transactions		Erie Insurance Group	
	Three months ended March 31,		Three months ended March 31,			Three months ended March 31,		Three months ended March 31,	
	Percent	2013	2012	Percent	2013	2012	2013	2012	2012
Management operations:									
Management fee revenue, net	100%	\$ 296	\$ 269		\$ -	\$ -	\$ (296)	\$ (269)	\$ -
Service agreement revenue	100%	7	7		-	-	-	-	7
Total revenue from management operations		303	276		-	-	(296)	(269)	7
Cost of management operations	100%	254	230		-	-	(254)	(230)	-
Income from management operations before taxes		49	46		-	-	(42)	(39)	7
Property and casualty insurance operations:									
Net premiums earned		-	-	100%	1,156	1,069	-	-	1,156
Losses and loss expenses		-	-	100%	817	692	(1)	(1)	816
Policy acquisition and other underwriting expenses		-	-	100%	328	302	(44)	(41)	284
Income from property and casualty insurance operations before taxes		-	-		11	75	45	42	56
Life insurance operations:⁽¹⁾									
Total revenue		-	-	100%	46	43	0	0	46
Total benefits and expenses		-	-	100%	35	34	0	0	35
Income from life insurance operations before taxes		-	-		11	9	0	0	11
Investment operations:									
Net investment income		4	4		79	83	(3)	(3)	80
Net realized gains on investments		0	3		246	293	-	-	246
Net impairment losses recognized in earnings		0	0		0	0	-	-	0
Equity in earnings of limited partnerships		3	1		33	20	-	-	36
Income from investment operations before taxes		7	8		358	396	(3)	(3)	362
Income from operations before income taxes and noncontrolling interest		56	54		380	480	-	-	436
Provision for income taxes		19	18		127	162	-	-	146
Net income		\$ 37	\$ 36		\$ 253	\$ 318	\$ -	\$ -	\$ 290

(1) Earnings on life insurance related invested assets are integral to the evaluation of the life insurance operations because of the long duration of life products. On that basis, for presentation purposes, the life insurance operations in the table above include life insurance related investment results.

Operating income	\$ 37	\$ 34
Net income per share - diluted	\$ 0.69	\$ 0.67
Operating income per share - diluted	\$ 0.69	\$ 0.64

Key measures

Gross margin % - Indemnity	16.1%	16.8%
GAAP combined ratio	99.0%	93.0%

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Balance Sheet Information - Indemnity

(in millions)

Assets

Investments

Available-for-sale securities, at fair value:

Fixed maturities	\$ 421	\$ 452	\$ 547	\$ 510	\$ 494
Equity securities	49	55	29	26	26
Trading securities, at fair value	-	-	30	28	29
Limited partnerships	167	180	195	199	204
Other invested assets	1	1	1	1	1
Total investments	638	688	802	764	754

Cash and cash equivalents	41	12	12	13	28
Deferred income taxes	39	37	16	21	18
Other assets	115	117	115	115	115
Receivables from Exchange and other affiliates	287	281	286	277	256
Note receivable from EFL	25	25	25	25	25
Total assets	\$ 1,145	\$ 1,160	\$ 1,256	\$ 1,215	\$ 1,196

Liabilities and shareholders' equity

Liabilities

Other liabilities	\$ 509	\$ 518	\$ 474	\$ 449	\$ 420
Total liabilities	509	518	474	449	420

Shareholders' equity

Total liabilities and shareholders' equity	636	642	782	766	776
	\$ 1,145	\$ 1,160	\$ 1,256	\$ 1,215	\$ 1,196

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Indemnity Management Operations

(dollars in millions)

Direct written premiums of the P&C Group

Private passenger auto
Homeowners
Commercial multi-peril
Commercial auto
Workers compensation
All other lines of business
P&C Group direct written premiums - total

Three Months Ended				
Mar. 31, 2013	Dec. 31, 2012	Sept. 30, 2012	Jun. 30, 2012	Mar. 31, 2012
\$ 527	\$ 489	\$ 555	\$ 545	\$ 498
270	294	334	325	236
163	134	135	151	140
90	75	80	90	84
100	76	75	88	86
37	31	36	40	34
1,187	1,099	1,215	1,239	1,078
25.00%	25.00%	25.00%	25.00%	25.00%
\$ 297	\$ 274	\$ 304	\$ 309	\$ 270
6	9	9	7	6
\$ 303	\$ 283	\$ 313	\$ 316	\$ 276

Indemnity management operations revenue

Management fee rate
Management fee revenue, gross
Service fee/other
Total revenue from management operations

Indemnity cost of management operations

Commissions
Non-commission expense
Total cost of management operations

Three Months Ended				
Mar. 31, 2013	Dec. 31, 2012	Jun. 30, 2012	Jun. 30, 2012	Mar. 31, 2012
\$ 164	\$ 158	\$ 163	\$ 165	\$ 149
90	91	84	92	81
\$ 254	\$ 249	\$ 247	\$ 257	\$ 230

Gross margin from management operations

Income from management operations
Gross margin %

Three Months Ended				
Mar. 31, 2013	Dec. 31, 2012	Jun. 30, 2012	Jun. 30, 2012	Mar. 31, 2012
\$ 49	\$ 34	\$ 66	\$ 59	\$ 46
16.1%	12.2%	20.9%	18.6%	16.8%

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P&C Group Direct Written Premium Growth Measures

	Mar. 31, 2013	Dec. 31, 2012	Sept. 30, 2012	Jun. 30, 2012	Mar. 31, 2012
12 month growth rate policies in force					
Total all lines	4.3%	3.9%	3.4%	3.1%	2.6%
Total personal lines	4.2%	3.8%	3.3%	2.9%	2.5%
Total commercial lines	4.9%	4.7%	4.3%	4.3%	3.6%
Retention trends					
Total all lines	91.0%	90.9%	90.8%	90.7%	90.7%
Total personal lines	91.6%	91.6%	91.5%	91.4%	91.4%
Total commercial lines	86.7%	86.2%	86.0%	85.9%	85.9%
12 month % change average premiums					
Total all lines	4.7%	4.3%	4.1%	3.7%	3.3%
Total personal lines	3.7%	3.6%	3.2%	2.8%	2.5%
Total commercial lines	7.0%	5.9%	6.0%	5.1%	5.0%

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P&C Group Reported Combined Ratio (Statutory Basis) - Direct Business								
Three Months ended March 31, 2013					Three Months ended March 31, 2012			
	Prior Year Reserve Development Deficiency Calendar Year [Direct business]	Catastrophe Losses	Current Accident Year Excluding Catastrophes			Prior Year Reserve Development Deficiency Calendar Year [Direct business]	Catastrophe Losses	Current Accident Year Excluding Catastrophes
Private passenger auto	101.1%	0.8%	0.6%	99.7%	95.1%	(2.2)%	0.8%	96.5%
Homeowners	94.5%	(2.0)%	6.5%	90.0%	84.3%	(3.7)%	5.8%	82.2%
Other personal lines	90.0%	15.2%	0.9%	73.9%	51.8%	(20.4)%	0.6%	71.6%
Total personal lines	98.6%	0.0%	2.7%	95.9%	90.8%	(3.0)%	2.5%	91.3%
Commercial multi-peril	86.5%	(5.8)%	2.5%	89.8%	85.3%	(7.2)%	2.2%	90.3%
Commercial auto	94.7%	(2.9)%	0.7%	96.9%	103.2%	5.0%	2.9%	95.3%
Workers compensation	116.1%	19.0%	0.0%	97.1%	111.3%	17.8%	0.0%	93.5%
Other commercial lines	83.9%	12.7%	0.3%	70.9%	50.5%	(19.5)%	0.0%	70.0%
Total commercial lines	95.8%	2.3%	1.3%	92.2%	93.9%	1.2%	1.7%	91.0%
Grand total - direct business only	97.8%	0.7%	2.3%	94.8%	91.6%	(1.8)%	2.3%	91.1%