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 June 30, 2025
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	25-0466020
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
100 Erie Insurance Place, Erie, Pennsylvania	16530
(Address of principal executive offices)	(Zip Code)

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

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:

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

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	☒	Accelerated filer	☐	Non-accelerated filer	☐
Smaller reporting company	☐	Emerging growth company	☐		

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 August 1, 2025.

The number of shares outstanding of the registrant's Class B Common Stock as of the latest practicable date was 2,542 at August 1, 2025.

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 June 30, 2025	Three months ended June 30, 2024	Six months ended June 30, 2025	Six months ended June 30, 2024
Operating revenue				
Management fee revenue - policy issuance and renewal services	$ 823,853	$ 760,886	$ 1,578,902	$ 1,426,572
Management fee revenue - administrative services	18,296	17,051	35,941	33,985
Administrative services reimbursement revenue	212,644	206,028	422,917	397,595
Service agreement revenue	5,304	6,473	11,736	12,987
Total operating revenue	1,060,097	990,438	2,049,496	1,871,139
Operating expenses				
Cost of operations - policy issuance and renewal services	648,280	594,202	1,276,030	1,144,524
Cost of operations - administrative services	212,644	206,028	422,917	397,595
Total operating expenses	860,924	800,230	1,698,947	1,542,119
Operating income	199,173	190,208	350,549	329,020
Investment income				
Net investment income	20,030	16,010	39,978	31,913
Net realized and unrealized investment gains (losses)	479	(1,795)	981	58
Net impairment losses recognized in earnings	(909)	(388)	(1,823)	(3,065)
Total investment income	19,600	13,827	39,136	28,906
Other income	1,974	3,292	5,808	6,703
Income before income taxes	220,747	207,327	395,493	364,629
Income tax expense	46,062	43,424	82,391	76,174
Net income	**$ 174,685**	**$ 163,903**	**$ 313,102**	**$ 288,455**
Net income per share				
Class A common stock – basic	$ 3.75	$ 3.52	$ 6.72	$ 6.19
Class A common stock – diluted	**$ 3.34**	**$ 3.13**	**$ 5.99**	**$ 5.52**
Class B common stock – basic and diluted	$ 563	$ 528	$ 1,008	$ 929
Weighted average shares outstanding – Basic				
Class A common stock	46,189,063	46,189,042	46,188,984	46,189,028
Class B common stock	2,542	2,542	2,542	2,542
Weighted average shares outstanding – Diluted				
Class A common stock	52,304,407	52,305,299	52,304,397	52,303,551
Class B common stock	2,542	2,542	2,542	2,542
Dividends declared per share				
Class A common stock	$ 1.365	$ 1.275	$ 2.73	$ 2.55
Class B common stock	$ 204.75	$ 191.25	$ 409.50	$ 382.50

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 June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Net income	$ 174,685	$ 163,903	$ 313,102	$ 288,455
Other comprehensive income (loss), net of tax				
Change in unrealized holding gains on available-for-sale securities	6,261	1,541	12,039	787
Pension and other postretirement plans	(183)	(3,434)	(744)	(4,510)
Total other comprehensive income (loss), net of tax	6,078	(1,893)	11,295	(3,723)
Comprehensive income	$ 180,763	$ 162,010	$ 324,397	$ 284,732

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)

	June 30, 2025	December 31, 2024
Assets	(Unaudited)	
Current assets:		
Cash and cash equivalents (includes restricted cash of $25,923 and $23,559, respectively)	$ 358,027	$ 298,397
Available-for-sale securities	59,162	44,604
Receivables from Erie Insurance Exchange and affiliates, net	769,148	707,060
Prepaid expenses and other current assets, net	71,133	83,902
Accrued investment income	11,998	11,069
Total current assets	1,269,468	1,145,032
Available-for-sale securities, net	1,048,584	991,726
Equity securities	68,095	85,891
Available-for-sale and equity securities lent	35,535	7,285
Fixed assets, net	519,834	513,494
Agent loans, net	85,027	80,597
Defined benefit pension plan	54,650	21,311
Other assets, net	47,021	43,278
Total assets	**$ 3,128,214**	**$ 2,888,614**
Liabilities and shareholders' equity		
Current liabilities:		
Commissions payable	$ 446,424	$ 408,309
Agent incentive compensation	70,101	75,458
Accounts payable and accrued liabilities	193,032	190,028
Dividends payable	63,569	63,569
Contract liability	46,213	42,761
Deferred executive compensation	7,181	14,874
Securities lending payable	35,159	7,513
Total current liabilities	861,679	802,512
Defined benefit pension plan	26,820	28,070
Contract liability	22,594	21,170
Deferred executive compensation	18,471	19,721
Deferred income taxes, net	476	6,418
Other long-term liabilities	13,629	23,465
Total liabilities	943,669	901,356
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 $70 per share; 3,070 shares authorized; 2,542 shares issued and outstanding	178	178
Additional paid-in-capital	16,494	16,466
Accumulated other comprehensive loss	(36,296)	(47,591)
Retained earnings	3,348,267	3,162,303
Total contributed capital and retained earnings	3,330,635	3,133,348
Treasury stock, at cost; 22,110,132 shares held	(1,170,332)	(1,169,074)
Deferred compensation	24,242	22,984
Total shareholders’ equity	**2,184,545**	**1,987,258**
Total liabilities and shareholders’ equity	**$ 3,128,214**	**$ 2,888,614**

See accompanying notes to Consolidated Financial Statements.

ERIE INDEMNITY COMPANY
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (UNAUDITED)
Three and six months ended June 30, 2025 and 2024
(dollars in thousands, except per share data)

	Class A common stock	Class B common stock	Additional paid-in-capital	Accumulated other comprehensive (loss) income	Retained earnings	Treasury stock	Deferred compensation	Total shareholders' equity
Balance, December 31, 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
Net income					174,685			174,685
Other comprehensive income				6,078				6,078
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)			0			0		0
Deferred compensation						(963)	963	0
Rabbi trust distribution (2)						167	(167)	0
Balance, June 30, 2025	$ 1,992	$ 178	$ 16,494	$ (36,296)	$ 3,348,267	$ (1,170,332)	$ 24,242	$ 2,184,545

	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, 2023	$ 1,992	$ 178	$ 16,466	$ (13,400)	$ 2,803,689	$ (1,169,165)	$ 23,075	$ 1,662,835
Net income					124,552			124,552
Other comprehensive loss				(1,830)				(1,830)
Dividends declared:								
Class A $1.275 per share					(58,891)			(58,891)
Class B $191.25 per share					(486)			(486)
Net purchase of treasury stock (1)			0			0		0
Deferred compensation						(861)	861	0
Rabbi trust distribution (2)						709	(709)	0
Balance, March 31, 2024	$ 1,992	$ 178	$ 16,466	$ (15,230)	$ 2,868,864	$ (1,169,317)	$ 23,227	$ 1,726,180
Net income					163,903			163,903
Other comprehensive loss				(1,893)				(1,893)
Dividends declared:								
Class A $1.275 per share					(58,891)			(58,891)
Class B $191.25 per share					(486)			(486)
Net purchase of treasury stock (1)			0			0		0
Deferred compensation						(518)	518	0
Rabbi trust distribution (2)						1,538	(1,538)	0
Balance, June 30, 2024	$ 1,992	$ 178	$ 16,466	$ (17,123)	$ 2,973,390	$ (1,168,297)	$ 22,207	$ 1,828,813

(1) Net purchases of treasury stock in 2025 and 2024 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 2025 and and five in 2024.

See accompanying notes to Consolidated Financial Statements.

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

	Six months ended June 30,	
	2025	2024
Cash flows from operating activities		
Management fee received	$ 1,474,277	$ 1,389,944
Administrative services reimbursements received	500,337	373,908
Service agreement revenue received	11,735	12,989
Net investment income received	37,795	31,590
Commissions paid to agents	(783,117)	(681,345)
Incentive compensation paid to agents	(85,401)	(80,633)
Salaries and wages paid	(139,121)	(131,226)
Pension contribution and employee benefits paid	(78,227)	(70,588)
General operating expenses paid	(154,610)	(161,102)
Administrative services expenses paid	(414,543)	(385,036)
Income taxes paid	(73,431)	(79,881)
Net cash provided by operating activities	295,694	218,620
Cash flows from investing activities		
Purchase of investments:		
Available-for-sale securities	(208,686)	(236,000)
Equity securities	(14,517)	(13,142)
Other investments	—	(7,000)
Proceeds from investments:		
Available-for-sale securities sales	63,703	105,172
Available-for-sale securities maturities/calls	67,415	100,655
Equity securities	16,769	19,929
Purchase of fixed assets	(49,931)	(50,488)
Loans to agents and others	(18,166)	(4,340)
Collections on agent and other loans	6,841	5,582
Net cash used in investing activities	(136,572)	(79,632)
Cash flows from financing activities		
Dividends paid to shareholders	(127,138)	(118,754)
Net changes in cash collateral for securities lent	27,646	6,345
Net cash used in financing activities	(99,492)	(112,409)
Net increase in cash, cash equivalents and restricted cash	59,630	26,579
Cash, cash equivalents and restricted cash, beginning of period	298,397	144,055
Cash, cash equivalents and restricted cash, end of period	$ 358,027	$ 170,634
Supplemental disclosure of noncash transactions		
Liability incurred to purchase fixed assets	$ 844	$ 11,163
Operating lease assets obtained in exchange for lease liabilities	$ 2,523	$ 4,663
Receipt of donated equipment	$ 1,967	$ —

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. Included in these expenses 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. If any events occurred that impaired the Exchange’s ability to grow or sustain its financial condition, including but not limited to reduced financial strength ratings, disruption in the independent agency relationships, significant catastrophe losses or products not meeting customer demands, the Exchange could find it more difficult to retain its existing business and attract new business. A decline in the business of the Exchange almost certainly could have as a consequence a decline in the total premiums paid and a correspondingly adverse effect on the amount of the management fees we receive. We also have an exposure to a concentration of credit risk related to the unsecured receivables due from the Exchange for 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 six months ended June 30, 2025 are not necessarily indicative of the results that may be expected for the year ending December 31, 2025. For further information, refer to the consolidated financial statements and footnotes included in our Form 10-K for the year ended December 31, 2024 as filed with the Securities and Exchange Commission ("SEC") on February 27, 2025.

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 issued accounting standards
In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09, *"Income Taxes (Topic 740): Improvements to Income Tax Disclosures"*, which requires entities to disclose specific categories in an effective tax rate reconciliation, additional information for reconciling items that meet a quantitative threshold, and certain information about income taxes paid. The amendments in this ASU are required to be adopted for fiscal years beginning after December 15, 2024. Early adoption is permitted. The amendments can be applied on either a prospective or retrospective basis. We plan to adopt the standard in our consolidated financial statements for the year ending December 31, 2025, and we expect the standard will impact certain of our income tax disclosures.

In November 2024, the 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.

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 and six months ended June 30, 2025, we recognized revenue of $12.3 million and $27.7 million, respectively, that was included in the contract liability balance as of December 31, 2024. During the three and six months ended June 30, 2024, we recognized revenue of $11.9 million and $26.9 million, respectively, that was included in the contract liability balance as of December 31, 2023. 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:

	Three months ended June 30,		Six months ended June 30,	
(in thousands)	2025	2024	2025	2024
Management fee revenue - policy issuance and renewal services	$ 823,853	$ 760,886	$ 1,578,902	$ 1,426,572
Management fee revenue - administrative services	18,296	17,051	35,941	33,985
Administrative services reimbursement revenue	212,644	206,028	422,917	397,595
Total revenue from administrative services	$ 230,940	$ 223,079	$ 458,858	$ 431,580

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 assesses performance for the management operations segment and decides how to allocate resources 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, 2024 as filed with the SEC on February 27, 2025.

The following table presents our management operations segment revenue, significant segment expenses regularly provided to the CODM and net income:

	Three months ended June 30,		Six months ended June 30,	
(in thousands)	2025	2024	2025	2024
Management fee revenue	$ 842,149	$ 777,937	$ 1,614,843	$ 1,460,557
Administrative services reimbursement revenue	212,644	206,028	422,917	397,595
Service agreement revenue	5,304	6,473	11,736	12,987
Total operating revenue	1,060,097	990,438	2,049,496	1,871,139
Commissions	463,442	419,951	900,302	795,711
Underwriting and policy processing	51,907	50,733	103,167	98,901
Information technology	57,669	50,599	122,454	104,089
Sales and advertising	19,781	16,954	37,156	34,161
Customer service	11,390	10,346	23,077	20,426
Administrative and other	44,091	45,619	89,874	91,236
Cost of operations - policy issuance and renewal services	648,280	594,202	1,276,030	1,144,524
Cost of operations - administrative services	212,644	206,028	422,917	397,595
Total operating expenses (1)	860,924	800,230	1,698,947	1,542,119
Operating income	199,173	190,208	350,549	329,020
Total investment income	19,600	13,827	39,136	28,906
Other income	1,974	3,292	5,808	6,703
Income tax expense	46,062	43,424	82,391	76,174
Net income	$ 174,685	$ 163,903	$ 313,102	$ 288,455

(1) Management operations segment depreciation and amortization expense included in "Total operating expenses" as reported on our Consolidated Statements of Operations totaled $16.1 million and $13.8 million in the second quarter of 2025 and 2024, respectively, and $31.9 million and $27.1 million for the six months ended June 30, 2025 and 2024, respectively. The Exchange and its insurance subsidiaries reimbursed us for approximately 29% and 28% in the six months ended June 30, 2025 and 2024, 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:

	Three months ended June 30,					
	2025			2024		
(dollars in thousands, except per share data)	Allocated net income (numerator)	Weighted shares (denominator)	Per-share amount	Allocated net income (numerator)	Weighted shares (denominator)	Per-share amount
Class A – Basic EPS:						
Income available to Class A stockholders	$ 173,254	46,189,063	$ 3.75	$ 162,561	46,189,042	$ 3.52
Dilutive effect of stock-based awards	0	14,544	—	0	15,457	—
Assumed conversion of Class B shares	1,431	6,100,800	—	1,342	6,100,800	—
Class A – Diluted EPS:						
Income available to Class A stockholders on Class A equivalent shares	$ 174,685	52,304,407	$ 3.34	$ 163,903	52,305,299	$ 3.13
Class B – Basic EPS:						
Income available to Class B stockholders	$ 1,431	2,542	$ 563	$ 1,342	2,542	$ 528
Class B – Diluted EPS:						
Income available to Class B stockholders	$ 1,430	2,542	$ 563	$ 1,342	2,542	$ 528

	Six months ended June 30,					
	2025			2024		
(dollars in thousands, except per share data)	Allocated net income (numerator)	Weighted shares (denominator)	Per-share amount	Allocated net income (numerator)	Weighted shares (denominator)	Per-share amount
Class A – Basic EPS:						
Income available to Class A stockholders	$ 310,538	46,188,984	$ 6.72	$ 286,093	46,189,028	$ 6.19
Dilutive effect of stock-based awards	0	14,613	—	0	13,723	—
Assumed conversion of Class B shares	2,564	6,100,800	—	2,362	6,100,800	—
Class A – Diluted EPS:						
Income available to Class A stockholders on Class A equivalent shares	$ 313,102	52,304,397	$ 5.99	$ 288,455	52,303,551	$ 5.52
Class B – Basic EPS:						
Income available to Class B stockholders	$ 2,564	2,542	$ 1,008	$ 2,362	2,542	$ 929
Class B – Diluted EPS:						
Income available to Class B stockholders	$ 2,563	2,542	$ 1,008	$ 2,361	2,542	$ 929

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 June 30, 2025, 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)	June 30, 2025 Total	Level 1	Level 2	Level 3
Available-for-sale securities:				
Corporate debt securities	$ 705,219	$ 0	$ 699,043	$ 6,176
Collateralized debt obligations	108,911	0	108,911	0
Commercial mortgage-backed securities	124,192	0	107,758	16,434
Residential mortgage-backed securities	144,621	0	144,621	0
Other debt securities	35,927	0	35,927	0
U.S. Treasury	7,278	0	7,278	0
Total available-for-sale securities [1]	1,126,148	0	1,103,538	22,610
Equity securities:				
Financial services sector	71,184	2,018	63,661	5,505
Utilities sector	4,593	0	4,593	0
Energy sector	2,039	0	2,039	0
Consumer sector	4,513	0	1,352	3,161
Technology sector	1,974	0	0	1,974
Communications sector	925	0	925	0
Total equity securities [2]	85,228	2,018	72,570	10,640
Total	$ 1,211,376	$ 2,018	$ 1,176,108	$ 33,250

(1) This includes $18.4 million of securities lent under a securities lending agreement.
(2) This includes $17.1 million of securities lent under a securities lending agreement.

(in thousands)	December 31, 2024 Total	Level 1	Level 2	Level 3
Available-for-sale securities:				
Corporate debt securities	$ 643,943	$ 0	$ 637,675	$ 6,268
Collateralized debt obligations	114,127	0	114,127	0
Commercial mortgage-backed securities	124,982	0	100,893	24,089
Residential mortgage-backed securities	133,812	0	133,812	0
Other debt securities	26,751	0	26,751	0
Total available-for-sale securities [1]	1,043,615	0	1,013,258	30,357
Equity securities:				
Financial services sector	69,930	1,052	65,378	3,500
Utilities sector	5,629	0	5,629	0
Energy sector	4,117	0	4,117	0
Consumer sector	3,341	54	1,787	1,500
Technology sector	1,974	0	0	1,974
Communications sector	900	0	900	0
Total equity securities	85,891	1,106	77,811	6,974
Total	$ 1,129,506	$ 1,106	$ 1,091,069	$ 37,331

(1) This includes $7.3 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 – 2025 Quarterly Change:

(in thousands)	Beginning balance at March 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 June 30, 2025
Available-for-sale securities:								
Corporate debt securities	$ 6,030	$ 12	$ 21	$ 968	$ (217)	$ 2,377	$ (3,015)	$ 6,176
Collateralized debt obligations	695	(4)	5	0	(696)	0	0	0
Commercial mortgage-backed securities	9,129	(240)	104	1,997	(1,098)	9,719	(3,177)	16,434
Residential mortgage- backed securities	923	0	0	0	(18)	0	(905)	0
Total available-for-sale securities	16,777	(232)	130	2,965	(2,029)	12,096	(7,097)	22,610
Equity securities	8,647	(9)	—	2,500	0	0	(498)	10,640
Total Level 3 securities	$ 25,424	$ (241)	$ 130	$ 5,465	$ (2,029)	$ 12,096	$ (7,595)	$ 33,250

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

(in thousands)	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 June 30, 2025
Available-for-sale securities:								
Corporate debt securities	$ 6,268	$ 30	$ (33)	$ 3,085	$ (792)	$ 3,476	$ (5,858)	$ 6,176
Collateralized debt obligations	0	(4)	0	700	(696)	0	0	0
Commercial mortgage-backed securities	24,089	(622)	404	1,997	(2,387)	11,072	(18,119)	16,434
Residential mortgage-backed securities	0	0	0	0	(18)	923	(905)	0
Total available-for-sale securities	30,357	(596)	371	5,782	(3,893)	15,471	(24,882)	22,610
Equity securities	6,974	646	—	3,500	0	18	(498)	10,640
Total Level 3 securities	$ 37,331	$ 50	$ 371	$ 9,282	$ (3,893)	$ 15,489	$ (25,380)	$ 33,250

Level 3 Assets – 2024 Quarterly Change:

(in thousands)	Beginning balance at March 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 June 30, 2024
Available-for-sale securities:								
Corporate debt securities	$ 3,908	$ 22	$ (20)	$ 4,496	$ (521)	$ 2,202	$ (1,544)	$ 8,543
Commercial mortgage-backed securities	14,577	(415)	125	210	(5)	11,643	(915)	25,220
Total available-for-sale securities	18,485	(393)	105	4,706	(526)	13,845	(2,459)	33,763
Equity securities	7,968	61	—	1,019	(84)	520	(986)	8,498
Total Level 3 securities	$ 26,453	$ (332)	$ 105	$ 5,725	$ (610)	$ 14,365	$ (3,445)	$ 42,261

Level 3 Assets – 2024 Year-to-Date Change:

(in thousands)	Beginning balance at December 31, 2023	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 June 30, 2024
Available-for-sale securities:								
Corporate debt securities	$ 4,506	$ 25	$ 21	$ 4,839	$ (823)	$ 3,824	$ (3,849)	$ 8,543
Commercial mortgage-backed securities	10,994	(669)	219	1,805	(5)	17,648	(4,772)	25,220
Residential mortgage-backed securities	1,534	(5)	(24)	0	(40)	0	(1,465)	0
Total available-for-sale securities	17,034	(649)	216	6,644	(868)	21,472	(10,086)	33,763
Equity securities	7,334	147	—	2,019	(84)	544	(1,462)	8,498
Total Level 3 securities	$ 24,368	$ (502)	$ 216	$ 8,663	$ (952)	$ 22,016	$ (11,548)	$ 42,261

(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:

	June 30, 2025		December 31, 2024	
(in thousands)	Carrying value	Fair value	Carrying value	Fair value
Agent loans, net [(1)]	$ 99,572	$ 100,247	$ 92,731	$ 90,713
Other loans receivable, net [(2)]	15,605	12,296	11,555	11,555
Held-to-maturity securities, net [(3)]	4,833	4,830	4,833	4,934

(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:

	June 30, 2025			
(in thousands)	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Available-for-sale securities:				
Corporate debt securities	$ 700,045	$ 9,919	$ 4,745	$ 705,219
Collateralized debt obligations	108,904	275	268	108,911
Commercial mortgage-backed securities	123,616	2,483	1,907	124,192
Residential mortgage-backed securities	157,688	362	13,429	144,621
Other debt securities	35,756	498	327	35,927
U.S. Treasury	7,249	55	26	7,278
Total available-for-sale securities, net [(1)]	1,133,258	13,592	20,702	1,126,148
Held-to-maturity securities - states & political subdivisions	4,833	0	3	4,830
Total fixed maturity securities, net	$ 1,138,091	$ 13,592	$ 20,705	$ 1,130,978

(1) This includes an estimated fair value of $18.4 million of securities lent under a securities lending agreement.

	December 31, 2024			
(in thousands)	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Available-for-sale securities:				
Corporate debt securities	$ 647,861	$ 4,767	$ 8,685	$ 643,943
Collateralized debt obligations	114,142	372	387	114,127
Commercial mortgage-backed securities	126,509	1,458	2,985	124,982
Residential mortgage-backed securities	150,212	62	16,462	133,812
Other debt securities	27,232	147	628	26,751
Total available-for-sale securities, net [(1)]	1,065,956	6,806	29,147	1,043,615
Held-to-maturity securities - states & political subdivisions	4,833	101	0	4,934
Total fixed maturity securities, net	$ 1,070,789	$ 6,907	$ 29,147	$ 1,048,549

(1) This includes an estimated fair value of $7.3 million of securities lent under a securities lending agreement.

The amortized cost and estimated fair value of available-for-sale and held-to-maturity securities at June 30, 2025 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.

	June 30, 2025	
(in thousands)	Amortized cost	Estimated fair value
Available-for-sale securities:		
Due in one year or less	$ 57,341	$ 56,820
Due after one year through five years	478,964	482,703
Due after five years through ten years	177,290	178,639
Due after ten years	419,663	407,986
Total available-for-sale securities, net [(1)] [(2)]	1,133,258	1,126,148
Held-to-maturity securities - due after ten years	4,833	4,830
Total fixed maturity securities, net	$ 1,138,091	$ 1,130,978

(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 June 30, 2025.

(2) This includes an estimated fair value of $18.4 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, 2024 as filed with the SEC on February 27, 2025. 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:

	June 30, 2025						
	Less than 12 months		12 months or longer		Total		
(dollars in thousands)	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses	No. of holdings
Corporate debt securities	$ 75,033	$ 1,430	$ 125,187	$ 3,315	$ 200,220	$ 4,745	461
Collateralized debt obligations	40,941	108	7,390	160	48,331	268	78
Commercial mortgage-backed securities	12,656	110	20,000	1,797	32,656	1,907	79
Residential mortgage-backed securities	36,998	784	84,737	12,645	121,735	13,429	162
Other debt securities	3,169	37	4,008	290	7,177	327	28
U.S. Treasury	2,025	26	0	0	2,025	26	2
Total available-for-sale securities	$ 170,822	$ 2,495	$ 241,322	$ 18,207	$ 412,144	$ 20,702	810
Quality breakdown of available-for-sale securities:							
Investment grade	$ 140,575	$ 1,259	$ 219,609	$ 16,996	$ 360,184	$ 18,255	450
Non-investment grade	30,247	1,236	21,713	1,211	51,960	2,447	360
Total available-for-sale securities	$ 170,822	$ 2,495	$ 241,322	$ 18,207	$ 412,144	$ 20,702	810

	December 31, 2024						
	Less than 12 months		12 months or longer		Total		
(dollars in thousands)	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses	No. of holdings
Corporate debt securities	$ 197,619	$ 2,486	$ 156,059	$ 6,199	$ 353,678	$ 8,685	567
Collateralized debt obligations	33,686	71	11,762	316	45,448	387	77
Commercial mortgage-backed securities	28,333	407	24,966	2,578	53,299	2,985	131
Residential mortgage-backed securities	38,003	1,289	90,209	15,173	128,212	16,462	169
Other debt securities	11,663	150	5,045	478	16,708	628	42
Total available-for-sale securities	$ 309,304	$ 4,403	$ 288,041	$ 24,744	$ 597,345	$ 29,147	986
Quality breakdown of available-for-sale securities:							
Investment grade	$ 280,332	$ 3,701	$ 260,480	$ 22,664	$ 540,812	$ 26,365	616
Non-investment grade	28,972	702	27,561	2,080	56,533	2,782	370
Total available-for-sale securities	$ 309,304	$ 4,403	$ 288,041	$ 24,744	$ 597,345	$ 29,147	986

Credit loss allowances

The following tables present a roll-forward of the allowances for credit losses on investments:

	Three months ended June 30, 2025			
(in thousands)	Available-for-sale securities	Held-to-maturity securities	Other loans receivable	Agent loans
Balance, beginning of period	$ 826	$ 2,167	$ 12,592	$ 1,476
Provision and recoveries	304	0	446	0
Sales/collections and write-offs	(249)	0	0	0
Balance, end of period	$ 881	$ 2,167	$ 13,038	$ 1,476

	Six months ended June 30, 2025			
(in thousands)	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	669	0	840	164
Sales/collections and write-offs	(301)	0	0	0
Balance, end of period	$ 881	$ 2,167	$ 13,038	$ 1,476

	Three months ended June 30, 2024			
(in thousands)	Available-for-sale securities	Held-to-maturity securities	Other loans receivable	Agent loans
Balance, beginning of period	$ 575	$ 2,167	$ 11,253	$ 957
Provision and recoveries	79	0	185	0
Sales/collections and write-offs	(151)	0	0	0
Balance, end of period	$ 503	$ 2,167	$ 11,438	$ 957

	Six months ended June 30, 2024			
(in thousands)	Available-for-sale securities	Held-to-maturity securities	Other loans receivable	Agent loans
Balance, beginning of period	$ 597	$ 0	$ 11,081	$ 957
Provision and recoveries	243	2,167	357	0
Sales/collections and write-offs	(337)	0	0	0
Balance, end of period	$ 503	$ 2,167	$ 11,438	$ 957

Net investment income

Investment income, net of expenses, was generated from the following portfolios:

	Three months ended June 30,		Six months ended June 30,	
(in thousands)	2025	2024	2025	2024
Available-for-sale securities	$ 14,530	$ 12,107	$ 27,813	$ 23,720
Equity securities	1,149	1,199	2,313	2,417
Limited partnerships [(1)]	83	(264)	1,155	261
Agent loans [(2)]	1,557	908	3,001	1,821
Cash equivalents and other [(2)]	3,509	2,481	6,896	4,516
Total investment income	20,828	16,431	41,178	32,735
Less: investment expenses	798	421	1,200	822
Net investment income	$ 20,030	$ 16,010	$ 39,978	$ 31,913

(1) Limited partnership income include 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.

(2) 2024 amounts have been reclassified to conform to the current period presentation.

Net realized and unrealized investment gains (losses)

Realized and unrealized gains (losses) on investments were as follows:

(in thousands)	Three months ended June 30, 2025	Three months ended June 30, 2024	Six months ended June 30, 2025	Six months ended June 30, 2024
Available-for-sale securities:				
Gross realized gains	$ 331	$ 417	$ 680	$ 687
Gross realized losses	(762)	(2,792)	(1,373)	(3,324)
Net realized losses on available-for-sale securities	(431)	(2,375)	(693)	(2,637)
Equity securities	910	580	1,669	2,695
Miscellaneous	0	0	5	0
Net realized and unrealized investment gains (losses)	$ 479	$ (1,795)	$ 981	$ 58

The portion of net unrealized gains recognized during the reporting period related to equity securities held at the reporting date is calculated as follows:

(in thousands)	Three months ended June 30, 2025	Three months ended June 30, 2024	Six months ended June 30, 2025	Six months ended June 30, 2024
Equity securities:				
Net gains recognized during the period	$ 910	$ 580	$ 1,669	$ 2,695
Less: net gains recognized on securities sold	15	116	149	330
Net unrealized gains recognized on securities held at reporting date	$ 895	$ 464	$ 1,520	$ 2,365

Net impairment losses recognized in earnings

Impairments on investments were as follows:

(in thousands)	Three months ended June 30, 2025	Three months ended June 30, 2024	Six months ended June 30, 2025	Six months ended June 30, 2024
Available-for-sale securities:				
Intent to sell	$ (417)	$ (124)	$ (417)	$ (298)
Credit impaired	(304)	(79)	(669)	(243)
Total available-for-sale securities	(721)	(203)	(1,086)	(541)
Expected credit losses:				
Held-to-maturity securities	0	0	0	(2,167)
Agent loans	0	0	(164)	0
Other loans receivable	(188)	(185)	(573)	(357)
Net impairment losses recognized in earnings	$ (909)	$ (388)	$ (1,823)	$ (3,065)

Securities lending transactions

As of June 30, 2025, the estimated fair value of loaned securities was $35.5 million, comprised of $18.4 million and $17.1 million of available-for-sale and equity securities, respectively. The related cash collateral received was $35.2 million, which was reinvested in cash equivalents and is included with "Cash and cash equivalents" in our Consolidated Statement of Financial Position. We also received $1.5 million of non-cash collateral that we are not permitted to sell or repledge, and there are no securities lending transactions that extend 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 June 30, 2025, 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 June 30, 2025. Investments with a fair value of $119.8 million were pledged as collateral on the line of credit at June 30, 2025. 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 June 30, 2025. The bank requires compliance with certain covenants, which include leverage ratios and debt restrictions. We are in compliance with all covenants at June 30, 2025.

Note 9. Postretirement Benefits

Pension plans

Our pension plans consist of a noncontributory defined benefit pension plan covering substantially all employees and an unfunded supplemental employee retirement plan ("SERP") for certain members of executive and senior management. The pension plan provides benefits to covered individuals satisfying certain age and service requirements. The defined benefit pension plan and SERP each provide benefits through a final average earnings formula.

Although we are the sponsor of these postretirement plans and record the funded status of these plans, there are reimbursements between us and the Exchange and its insurance subsidiaries for their allocated share of pension income or cost. These reimbursements represent pension benefits for employees performing administrative services and an allocated share of plan (income) cost for employees in departments that support the administrative functions. For the six months ended June 30, 2025, the Exchange and its insurance subsidiaries reimbursed us for approximately 62% of the annual defined benefit pension cost and 31% of the annual SERP cost. For our funded pension plan, amounts are settled in cash for the portion of pension (income) 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 $39 million contribution in January 2025. 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 (income) includes the following components:

	Three months ended June 30,		Six months ended June 30,	
(in thousands)	2025	2024	2025	2024
Service cost for benefits earned	$ 8,862	$ 8,641	$ 17,724	$ 17,292
Interest cost on benefit obligation	14,676	13,163	29,351	26,308
Expected return on plan assets	(20,069)	(20,198)	(40,138)	(40,396)
Prior service cost amortization	422	397	844	786
Net actuarial gain amortization	(655)	(1,734)	(1,309)	(3,485)
Settlement gain [(1)]	—	(1,030)	(477)	(1,279)
Pension plan cost (income) [(2)]	$ 3,236	$ (761)	$ 5,995	$ (774)

(1) Settlement accounting was required due to lump sum payments made under the SERP to former officers in 2025 and 2024.

(2) Pension plan cost (income) represents total plan cost (income) before reimbursements between Indemnity and the Exchange and its insurance subsidiaries. The components of pension plan cost (income) 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 both the three months ended June 30, 2025 and 2024, our effective tax rate was 20.9%. For the six months ended June 30, 2025 and 2024, our effective tax rate was 20.8% and 20.9%, respectively.

New tax legislation, referred to as the One Big Beautiful Bill Act ("OBBBA"), was signed into law on July 4, 2025. The OBBBA includes changes to the timing of tax deductions for depreciation and software development expenditures. We do not expect OBBBA to have a material impact on our effective tax rate. The impact of the OBBBA on deferred tax balances are required to be recognized in the period the legislation is enacted.

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 six months ended June 30, 2025 and the year ended December 31, 2024. 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 six months ended June 30, 2025 and the year ended December 31, 2024. We had approximately $17.8 million of repurchase authority remaining under this program at June 30, 2025.

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:

	Three months ended June 30, 2025			Three months ended June 30, 2024		
(in thousands)	Before Tax	Income Tax	Net	Before Tax	Income Tax	Net
Investment securities:						
AOCI (loss), beginning of period	$ (15,128)	$ (3,178)	$ (11,950)	$ (32,356)	$ (6,795)	$ (25,561)
OCI (loss) before reclassifications	6,774	1,423	5,351	(627)	(132)	(495)
Realized investment losses	431	91	340	2,375	499	1,876
Impairment losses	721	151	570	203	43	160
OCI	7,926	1,665	6,261	1,951	410	1,541
AOCI (loss), end of period	$ (7,202)	$ (1,513)	$ (5,689)	$ (30,405)	$ (6,385)	$ (24,020)
Pension and other postretirement plans:						
AOCI (loss), beginning of period	$ (38,511)	$ (8,087)	$ (30,424)	$ 13,077	$ 2,746	$ 10,331
OCI (loss) before reclassifications	—	—	—	(1,731)	(364)	(1,367)
Amortization of prior service costs	422	88	334	397	83	314
Amortization of net actuarial gain	(655)	(138)	(517)	(1,734)	(364)	(1,370)
Settlement gain	—	—	—	(1,279)	(268)	(1,011)
OCI (loss)	(233)	(50)	(183)	(4,347)	(913)	(3,434)
AOCI (loss), end of period	$ (38,744)	$ (8,137)	$ (30,607)	$ 8,730	$ 1,833	$ 6,897
Total						
AOCI (loss), beginning of period	$ (53,639)	$ (11,265)	$ (42,374)	$ (19,279)	$ (4,049)	$ (15,230)
Investment securities	7,926	1,665	6,261	1,951	410	1,541
Pension and other postretirement plans	(233)	(50)	(183)	(4,347)	(913)	(3,434)
OCI (loss)	7,693	1,615	6,078	(2,396)	(503)	(1,893)
AOCI (loss), end of period	$ (45,946)	$ (9,650)	$ (36,296)	$ (21,675)	$ (4,552)	$ (17,123)

	Six months ended June 30, 2025			Six months ended June 30, 2024		
(in thousands)	Before Tax	Income Tax	Net	Before Tax	Income Tax	Net
Investment securities:						
AOCI (loss), beginning of period	$ (22,442)	$ (4,714)	$ (17,728)	$ (31,402)	$ (6,595)	$ (24,807)
OCI (loss) before reclassifications	13,461	2,827	10,634	(2,181)	(458)	(1,723)
Realized investment losses	693	146	547	2,637	554	2,083
Impairment losses	1,086	228	858	541	114	427
OCI	15,240	3,201	12,039	997	210	787
AOCI (loss), end of period	$ (7,202)	$ (1,513)	$ (5,689)	$ (30,405)	$ (6,385)	$ (24,020)
Pension and other postretirement plans:						
AOCI (loss), beginning of period	$ (37,802)	$ (7,939)	$ (29,863)	$ 14,439	$ 3,032	$ 11,407
OCI (loss) before reclassifications	—	—	—	(1,731)	(364)	(1,367)
Amortization of prior service costs	844	177	667	786	165	621
Amortization of net actuarial gain	(1,309)	(275)	(1,034)	(3,485)	(732)	(2,753)
Settlement gain	(477)	(100)	(377)	(1,279)	(268)	(1,011)
OCI (loss)	(942)	(198)	(744)	(5,709)	(1,199)	(4,510)
AOCI (loss), end of period	$ (38,744)	$ (8,137)	$ (30,607)	$ 8,730	$ 1,833	$ 6,897
Total						
AOCI (loss), beginning of period	$ (60,244)	$ (12,653)	$ (47,591)	$ (16,963)	$ (3,563)	$ (13,400)
Investment securities	15,240	3,201	12,039	997	210	787
Pension and other postretirement plans	(942)	(198)	(744)	(5,709)	(1,199)	(4,510)
OCI (loss)	14,298	3,003	11,295	(4,712)	(989)	(3,723)
AOCI (loss), end of period	$ (45,946)	$ (9,650)	$ (36,296)	$ (21,675)	$ (4,552)	$ (17,123)

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 $769.1 million and $707.1 million at June 30, 2025 and December 31, 2024, 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 to be funded through this program is $150 million. We have committed to fund a minimum of 30% of each loan executed through this program. As of June 30, 2025, outstanding loans executed under this agreement totaled $126.6 million, of which our portion of the loans is $49.9 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 June 30, 2025, our maximum potential amount of future payments on the guaranteed portion is $14.7 million. All loan payments under the participation program are current as of June 30, 2025.

We also have contingent obligations for guarantees related to certain real estate development projects supporting revitalization efforts in our community. As of June 30, 2025, our maximum potential obligation related to guarantees is $4.0 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, other than the disclosure made in Note 10, "Income Taxes" regarding the enactment of the OBBBA tax legislation.

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 Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" for the year ended December 31, 2024, as contained in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 27, 2025.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995:
Statements contained herein that are not historical fact are forward-looking statements and, as such, are subject to risks and uncertainties that could cause actual events and results to differ, perhaps materially, from those discussed herein. Forward-looking statements relate to future trends, events or results and include, without limitation, statements and assumptions on which such statements are based that are related to our plans, strategies, objectives, expectations, intentions and adequacy of resources. Examples of forward-looking statements are discussions relating to premium and investment income, expenses, operating results and compliance with contractual and regulatory requirements. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. Among the risks and uncertainties, in addition to those set forth in our filings with the Securities and Exchange Commission, that could cause actual results and future events to differ from those set forth or contemplated in the forward-looking statements include the following:

- dependence upon our relationship with the Erie Insurance Exchange ("Exchange") and the management fee under the agreement with the subscribers at the Exchange;
- dependence upon our relationship with the Exchange and the growth of the Exchange, including:
    - general business and economic conditions;
    - factors 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 and retain 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 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. Included in these expenses 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 2024, approximately 70% of the administrative services expenses were entirely attributable to the respective administrative functions (claims handling, life insurance management and investment management), while the remaining 30% 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 2024 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
On June 7, 2025, we identified unusual network activity, which we determined to be the result of an information security incident. Upon learning of this activity, we activated our incident response protocols and took immediate action to respond to the situation to safeguard our systems and data, including collaboration with law enforcement and leading cybersecurity experts. After a thorough forensics investigation conducted by independent cybersecurity specialists, there was no evidence that any sensitive personal information, financial records or legally protected data was breached by the threat actor during this incident. We resumed full business operations as of July 7, 2025, with key services and systems safely and securely restored.

Between the outset of the incident and return to full business operations, we incurred certain disruptions to our business operations, primarily related to the ability to process premium activity for the Exchange, which impacts our management fee revenue. Additionally, we have incurred and will continue to incur certain expenses related to the information security incident, including expenses to respond to, remediate and investigate this matter. We have cybersecurity insurance that we expect will cover a portion of lost income due to business interruption and related expenses. The full impact has not yet been determined, but is not expected to be material to our consolidated financial condition, results of operations or cash flows.

In connection with the incident, we became subject to several class action complaints. See Part II, Item 1. “Legal Proceedings” contained within this report for additional information.

Financial Overview

(dollars in thousands, except per share data)	Three months ended June 30, 2025	Three months ended June 30, 2024	% Change	Six months ended June 30, 2025	Six months ended June 30, 2024	% Change
	(Unaudited)			(Unaudited)		
Operating income	$ 199,173	$ 190,208	4.7 %	$ 350,549	$ 329,020	6.5 %
Total investment income	19,600	13,827	41.8	39,136	28,906	35.4
Other income	1,974	3,292	(40.1)	5,808	6,703	(13.4)
Income before income taxes	220,747	207,327	6.5	395,493	364,629	8.5
Income tax expense	46,062	43,424	6.1	82,391	76,174	8.2
Net income	$ 174,685	$ 163,903	6.6 %	$ 313,102	$ 288,455	8.5 %
Net income per share – diluted	$ 3.34	$ 3.13	6.6 %	$ 5.99	$ 5.52	8.5 %

Operating income increased in both the second quarter and six months ended June 30, 2025, compared to the same periods in 2024. Management fee revenue for policy issuance and renewal services increased 8.3% to $823.9 million in the second quarter of 2025 and 10.7% to $1.6 billion for the six months ended June 30, 2025. 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 2025 and 2024. The direct and affiliated assumed premiums written by the Exchange increased 9.2% to $3.4 billion in the second quarter of 2025 and 11.4% to $6.5 billion for the six months ended June 30, 2025, compared to the same periods in 2024.

Cost of operations for policy issuance and renewal services increased 9.1% to $648.3 million in the second quarter of 2025 and 11.5% to $1.3 billion for the six months ended June 30, 2025, compared to the same periods in 2024, primarily due to higher scheduled commissions driven by direct and affiliated assumed written premium growth, increased agent incentive compensation due to improved profitability, and increased personnel costs.

Management fee revenue for administrative services increased 7.3% to $18.3 million in the second quarter of 2025 and 5.8% to $35.9 million for the six months ended June 30, 2025, compared to the same periods in 2024. The administrative services reimbursement revenue and corresponding cost of operations increased both total operating revenue and total operating expenses by $212.6 million in the second quarter of 2025 and $422.9 million for the six months ended June 30, 2025, but had no net impact on operating income.

Total investment income increased $5.8 million in the second quarter of 2025 and $10.2 million for the six months ended June 30, 2025, compared to the same periods in 2024. The results from both periods were primarily due to an increase in net investment income. The increase in the second quarter of 2025 was also driven by net realized and unrealized investment gains compared to net losses in 2024.

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. 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, 2024 as filed with the Securities and Exchange Commission on February 27, 2025 for a discussion of the potential impacts to our operations or those of the Exchange.

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 determined by our Board of Directors at least annually. The management fee rate was set at 25% for both 2025 and 2024. 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 2025 compared to prior years, 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:

	Three months ended June 30,			Six months ended June 30,		
(dollars in thousands)	2025	2024	% Change	2025	2024	% Change
	(Unaudited)			(Unaudited)		
Policy issuance and renewal services						
Direct and affiliated assumed premiums written by the Exchange	$ 3,424,202	$ 3,135,186	9.2 %	$ 6,544,876	$ 5,876,206	11.4 %
Management fee rate	24.37 %	24.40 %		24.37 %	24.40 %	
Management fee revenue	834,478	764,985	9.1	1,594,986	1,433,794	11.2
Change in estimate for management fee returned on cancelled policies (1)	(10,625)	(4,099)	NM	(16,084)	(7,222)	NM
Management fee revenue - policy issuance and renewal services	$ 823,853	$ 760,886	8.3 %	$ 1,578,902	$ 1,426,572	10.7 %
Administrative services						
Direct and affiliated assumed premiums written by the Exchange	$ 3,424,202	$ 3,135,186	9.2 %	$ 6,544,876	$ 5,876,206	11.4 %
Management fee rate	0.63 %	0.60 %		0.63 %	0.60 %	
Management fee revenue	21,573	18,811	14.7	41,233	35,257	16.9
Change in contract liability (2)	(3,216)	(1,747)	(84.1)	(5,184)	(1,249)	NM
Change in estimate for management fee returned on cancelled policies (1)	(61)	(13)	NM	(108)	(23)	NM
Management fee revenue - administrative services	18,296	17,051	7.3	35,941	33,985	5.8
Administrative services reimbursement revenue	212,644	206,028	3.2	422,917	397,595	6.4
Total revenue from administrative services	$ 230,940	$ 223,079	3.5 %	$ 458,858	$ 431,580	6.3 %

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 9.2% to $3.4 billion in the second quarter of 2025 compared to the second quarter of 2024, primarily driven by increased personal lines and commercial multi-peril premiums written. Year-over-year policies in force for all lines of business increased 1.7% in the second quarter of 2025 compared to 6.8% in the second quarter of 2024. The year-over-year average premium per policy for all lines of business increased 11.9% at both June 30, 2025 and June 30, 2024.

Premiums generated from new business decreased 24.2% to $360 million in the second quarter of 2025 compared to the same period in 2024, primarily driven by decreased premiums written in the personal auto, commercial multi-peril and homeowners lines. Contributing to this change was a 31.1% decrease in new business policies written, partially offset by a 10.6% increase in year-over-year average premium per policy on new business at June 30, 2025. New business in the second quarter of 2025 was also impacted by the information security incident, which disrupted business operations from June 7, 2025 through the remainder of the quarter. Premiums generated from new business increased 23.0% to $475 million in the second quarter of 2024 compared to the same period in 2023, primarily driven by increased premiums written in the commercial multi-peril, homeowners and personal auto lines. Contributing to this change was a 3.6% increase in new business policies written and a 16.0% increase in year-over-year average premium per policy on new business at June 30, 2024.

Premiums generated from renewal business increased 15.2% to $3.1 billion in the second quarter of 2025 compared to the second quarter of 2024 and increased 19.4% to $2.7 billion in the second quarter of 2024 compared to the second quarter of 2023. Underlying the trend in renewal business premiums in both periods was an 12.4% increase in year-over-year average premium per policy at June 30, 2025, and 11.1% at June 30, 2024, as well as an increase in year-over-year policies in force of 5.2% and 5.5% in the second quarters of 2025 and 2024, respectively.

Personal lines – Total personal lines premiums written increased 8.9% to $2.4 billion in the second quarter of 2025, compared to 22.2% in the second quarter of 2024, driven by a 12.8% increase in total personal lines year-over-year average premium per policy and a 1.5% increase in total personal lines policies in force.

Commercial lines – Total commercial lines premiums written increased 9.9% to $978 million in the second quarter of 2025, compared to 14.7% in the second quarter of 2024, driven by a 9.0% increase in total commercial lines year-over-year average premium per policy and a 3.0% increase in total commercial lines policies in force.

Future trends-premium revenue – Through a careful agency selection and monitoring process, the Exchange plans to continue efforts to utilize its agency force to increase market penetration in existing operating territories to contribute to future growth.

Changes in premium levels attributable to the growth in policies in force and rate changes affect the profitability of the Exchange and have a direct bearing on our management fee revenue. Future premiums could be impacted by potential changes in regulation, inflationary trends and tariff policies, among others. The Exchange's pricing actions taken in 2024 have contributed to its increased average premium per policy at June 30, 2025. See also Part I. Item 1A. "Risk Factors" included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024 as filed with the Securities and Exchange Commission on February 27, 2025.

Policy issuance and renewal services

(dollars in thousands)	Three months ended June 30, 2025	2024	% Change	Six months ended June 30, 2025	2024	% Change
	(Unaudited)			(Unaudited)		
Management fee revenue - policy issuance and renewal services	$ 823,853	$ 760,886	8.3 %	$ 1,578,902	$ 1,426,572	10.7 %
Service agreement revenue	5,304	6,473	(18.0)	11,736	12,987	(9.6)
	829,157	767,359	8.1	1,590,638	1,439,559	10.5
Cost of operations - policy issuance and renewal services	648,280	594,202	9.1	1,276,030	1,144,524	11.5
Operating income - policy issuance and renewal services	$ 180,877	$ 173,157	4.5 %	$ 314,608	$ 295,035	6.6 %

Policy issuance and renewal services

The management fee revenue allocated for providing policy issuance and renewal services was 24.37% and 24.40% of the direct and affiliated assumed premiums written by the Exchange for both the three and six month periods ended June 30, 2025 and 2024, 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

(dollars in thousands)	Three months ended June 30, 2025	2024	% Change	Six months ended June 30, 2025	2024	% Change
	(Unaudited)			(Unaudited)		
Commissions:						
Total commissions	$ 463,442	$ 419,951	10.4 %	$ 900,302	$ 795,711	13.1 %
Non-commission expense:						
Underwriting and policy processing	$ 51,907	$ 50,733	2.3 %	$ 103,167	$ 98,901	4.3 %
Information technology	57,669	50,599	14.0	122,454	104,089	17.6
Sales and advertising	19,781	16,954	16.7	37,156	34,161	8.8
Customer service	11,390	10,346	10.1	23,077	20,426	13.0
Administrative and other	44,091	45,619	(3.3)	89,874	91,236	(1.5)
Total non-commission expense	184,838	174,251	6.1	375,728	348,813	7.7
Total cost of operations - policy issuance and renewal services	$ 648,280	$ 594,202	9.1 %	$ 1,276,030	$ 1,144,524	11.5 %

Commissions – Commissions increased $43.5 million in the second quarter of 2025 and $104.6 million for the six months ended June 30, 2025, compared to the same periods in 2024, primarily driven by the growth in direct and affiliated assumed written premium and, to a lesser extent, an increase in agent incentive compensation. The estimated agent incentive payouts at June 30, 2025 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 2025. The profitability component of agent incentive compensation increased due to improved actual and forecasted loss ratios for the three-year period ended 2025 compared to the three-year period ended 2024.

Non-commission expense – Non-commission expense increased $10.6 million in the second quarter of 2025 compared to the second quarter of 2024. Information technology costs increased $7.1 million primarily due to an increase in personnel costs and a decrease in capitalized professional fees related to technology initiatives. Sales and advertising expense increased $2.8 million primarily due to increased agent-related and advertising costs.

Non-commission expense increased $26.9 million for the six months ended June 30, 2025 compared to the same period in 2024. Underwriting and policy processing expense increased $4.3 million primarily due to increased personnel costs and printing and postage costs. Information technology costs increased $18.4 million primarily due to an increase in personnel costs and hardware and software costs and a decrease in capitalized professional fees related to technology initiatives. Customer service costs increased $2.7 million primarily due to increased personnel costs. Sales and advertising expense increased $3.0 million primarily due to increased advertising and personnel costs. Personnel costs for both the second quarter and six months ended June 30, 2025 were impacted by increased healthcare costs compared to 2024.

Administrative services

	Three months ended June 30,			Six months ended June 30,		
(dollars in thousands)	2025	2024	% Change	2025	2024	% Change
	(Unaudited)			(Unaudited)		
Management fee revenue - administrative services	$ 18,296	$ 17,051	7.3 %	$ 35,941	$ 33,985	5.8 %
Administrative services reimbursement revenue	212,644	206,028	3.2	422,917	397,595	6.4
Total revenue allocated to administrative services	230,940	223,079	3.5	458,858	431,580	6.3
Administrative services expenses						
Claims handling services	186,461	164,324	13.5	372,460	332,287	12.1
Investment management services	9,305	9,052	2.8	17,038	17,645	(3.4)
Life management services	16,878	32,652	(48.3)	33,419	47,663	(29.9)
Operating income - administrative services	$ 18,296	$ 17,051	7.3 %	$ 35,941	$ 33,985	5.8 %

Administrative services

The management fee revenue allocated to administrative services was 0.63% and 0.60% of the direct and affiliated assumed premiums written by the Exchange for both the three and six month periods ended June 30, 2025 and 2024, 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 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:

(dollars in thousands)	Three months ended June 30, 2025	Three months ended June 30, 2024	% Change	Six months ended June 30, 2025	Six months ended June 30, 2024	% Change
	(Unaudited)			(Unaudited)		
Net investment income	$ 20,030	$ 16,010	25.1 %	$ 39,978	$ 31,913	25.3 %
Net realized and unrealized investment gains (losses)	479	(1,795)	NM	981	58	NM
Net impairment losses recognized in earnings	(909)	(388)	NM	(1,823)	(3,065)	40.5
Total investment income	$ 19,600	$ 13,827	41.8 %	$ 39,136	$ 28,906	35.4 %

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 $4.0 million in the second quarter of 2025 and $8.1 million for the six months ended June 30, 2025, compared to the same periods in 2024. The increase in both periods was primarily due to an increase in bond and cash and cash equivalent income driven by higher average holdings and bond yields, an increase in agent loan interest income, and higher equity in earnings of limited partnerships. Net investment income included limited partnership earnings of $0.1 million in the second quarter of 2025, compared to losses of $0.3 million for the same period in 2024, and $1.2 million of limited partnership earnings for the six months ended June 30, 2025, compared to $0.3 million for the same period in 2024.

Net realized and unrealized investment gains (losses)

A breakdown of our net realized and unrealized investment gains (losses) is as follows:

(in thousands)	Three months ended June 30, 2025	Three months ended June 30, 2024	Six months ended June 30, 2025	Six months ended June 30, 2024
	(Unaudited)		(Unaudited)	
Securities sold:				
Available-for-sale securities	$ (431)	$ (2,375)	$ (693)	$ (2,637)
Equity securities	15	116	149	330
Change in fair value on remaining equity securities	895	464	1,520	2,365
Miscellaneous	0	0	5	0
Net realized and unrealized investment gains (losses)	$ 479	$ (1,795)	$ 981	$ 58

Net realized and unrealized gains of $0.5 million during the second quarter of 2025 and $1.0 million for the six months ended June 30, 2025 were primarily due to market value adjustments on equity securities, partially offset by losses on disposals of available-for-sale securities. Net realized and unrealized losses of $1.8 million during the second quarter of 2024 were primarily due to disposals of available-for-sale securities. Net realized and unrealized gains of $0.1 million for the six months ended June 30, 2024 were primarily due to market value adjustments on equity securities, mostly offset by losses on disposals of available-for-sale securities.

Net impairment losses recognized in earnings

Net impairment losses during both the three and six months ended June 30, 2025 and 2024 included both intent to sell and credit-related impairments on available-for-sale securities as well as current expected credit losses on other loans receivable. The six months ended June 30, 2025 and 2024 also included current expected credit losses on agent loans and held-to-maturity securities, respectively.

Financial Condition of Erie Insurance Exchange

Serving in the capacity of attorney-in-fact for the subscribers at the Exchange, we are dependent on the growth and financial condition of the Exchange, who is our sole customer. The strength of the Exchange and its wholly owned subsidiaries is rated annually by A.M. Best 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+ "Superior", the second highest financial strength rating, which is assigned to companies that have achieved superior overall performance when compared to the standards established by A.M. Best and have a superior ability to meet obligations to policyholders over the long term. As of December 31, 2024, only approximately 13% of insurance groups, in which the Exchange is included, are rated A+ or higher. On August 8, 2024, while our A+ "Superior" rating was reaffirmed, the financial strength rating outlook was revised from stable to negative. The outlook was primarily driven by the Exchange’s recent profitability challenges from rising loss cost pressures and increased weather-related activity, and the related surplus impact. The outlook acknowledged that while actions have been implemented to address the challenges, the timing lag related to the most significant action, rate increases, could result in interim challenges until such time as the rate increases are earned and the full beneficial impact is realized.

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 11.4% to $6.5 billion in the first six months of 2025 compared to the first six months of 2024. These premiums, along with investment income, are the major sources of cash that support the operations of the Exchange. Policyholders’ surplus determined under statutory accounting principles was $9.2 billion and $9.3 billion at June 30, 2025 and December 31, 2024, respectively. The Exchange and its wholly owned property and casualty insurance subsidiaries' year-over-year policy retention ratio continues to be high at 89.7% at June 30, 2025 and 90.4% at December 31, 2024.

We have prepared our consolidated financial statements considering the financial strength of the Exchange based on its A.M. 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, 2024 as filed with the Securities and Exchange Commission on February 27, 2025 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:

(dollars in thousands)	June 30, 2025	% to total	December 31, 2024	% to total
	(Unaudited)			
Available-for-sale securities [1]	$ 1,126,148	84 %	$ 1,043,615	83 %
Equity securities [2]	85,228	6	85,891	7
Agent loans [3]	99,572	7	92,731	7
Other investments [4]	35,225	3	29,610	3
Total investments	$ 1,346,173	100 %	$ 1,251,847	100 %

(1) This includes $18.4 million and $7.3 million of securities lent under a securities lending agreement as of June 30, 2025 and December 31, 2024, respectively.

(2) This includes $17.1 million of securities lent under a securities lending agreement as of June 30, 2025.

(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 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 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 $5.6 million at June 30, 2025, compared to $17.6 million at December 31, 2024.

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

(in thousands)	June 30, 2025 [1]					
	AAA	AA	A	BBB	Non-investment grade	Fair value
			(Unaudited)			
Basic materials	$ 0	$ 0	$ 983	$ 3,674	$ 9,635	$ 14,292
Communications	0	5,044	12,629	10,771	16,905	45,349
Consumer	0	3,997	39,732	59,669	44,255	147,653
Diversified	0	0	0	0	857	857
Energy	0	888	5,832	23,854	14,092	44,666
Financial	0	2,244	118,820	145,756	19,702	286,522
Industrial	0	0	4,946	21,840	32,955	59,741
Structured securities [2]	175,939	188,524	25,398	16,754	804	407,419
Technology	1,967	0	0	19,659	14,707	36,333
U.S. Treasury	0	7,278	0	0	0	7,278
Utilities	0	0	13,711	49,997	12,330	76,038
Total	$ 177,906	$ 207,975	$ 222,051	$ 351,974	$ 166,242	$ 1,126,148

(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:

(in thousands)	June 30, 2025 (Unaudited)	December 31, 2024
Financial services	$ 71,184	$ 69,930
Utilities	4,593	5,629
Energy	2,039	4,117
Consumer	4,513	3,341
Technology	1,974	1,974
Communications	925	900
Total	$ 85,228	$ 85,891

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 second quarter of 2025, 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 the 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, 2024 as filed with the Securities and Exchange Commission on February 27, 2025.

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.

On May 1, 2025, we announced the formation of the Erie Insurance Foundation, a private charitable foundation that will create long-term sustainability for charitable contributions and grantmaking. To launch the initiative and fund the foundation's endowment, we announced our planned donation of $100 million, which we expect to fund in the next twelve months.

Cash flow activities

The following table provides condensed cash flow information as follows for the six months ended June 30:

(in thousands)	2025	2024
	(Unaudited)	
Net cash provided by operating activities	$ 295,694	$ 218,620
Net cash used in investing activities	(136,572)	(79,632)
Net cash used in financing activities	(99,492)	(112,409)
Net increase in cash, cash equivalents and restricted cash	$ 59,630	$ 26,579

Net cash provided by operating activities was $295.7 million in the first six months of 2025, compared to $218.6 million for the same period in 2024. Increased cash provided by operating activities was primarily due to an increase in administrative services reimbursements received of $126.4 million and management fees received of $84.3 million driven by growth in direct and affiliated assumed premiums written by the Exchange. This was partially offset by increases in cash paid for agent commissions of $101.8 million driven by premium growth and administrative services expenses paid of $29.5 million.

Net cash used in investing activities was $136.6 million in the first six months of 2025, compared to $79.6 million for the same period in 2024. In 2025 and 2024, net cash used in investing activities was primarily driven by fixed asset purchases of $49.9 million and $50.5 million, respectively, mostly related to software and home office renovations. Additionally, purchases of available-for-sale securities exceeded proceeds generated from sales and maturities/calls.

Net cash used in financing activities was $99.5 million in the first six months of 2025, compared to $112.4 million for the same period in 2024, primarily due to dividends paid to shareholders. We increased both our Class A and Class B shareholder regular quarterly dividends by 7.1% for 2025, compared to 2024. There are no regulatory restrictions on the payment of dividends to our shareholders.

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 $329.6 million at June 30, 2025, 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 $882.9 million at June 30, 2025. 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" 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 retirement benefit plans 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, 2024 of our Annual Report on Form 10-K as filed with the Securities and Exchange Commission on February 27, 2025. 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, 2024 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 27, 2025.

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 six months ended June 30, 2025. 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 six months ended June 30, 2025 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.

The appeal has been briefed and oral argument was held on October 29, 2024, before a three-judge panel of the Third Circuit. The parties are currently awaiting a decision.

Indemnity intends to vigorously defend the district court’s order on appeal and to otherwise defend against all allegations and requests for relief sought by plaintiffs.

Information Security Incident Class Actions

On June 7, 2025 Erie Indemnity Company (“Indemnity”) identified unusual network activity in its computer systems which the Company determined to be the result of an information security event. Upon learning of that activity, Indemnity activated its incident response protocols and took immediate action to safeguard its systems. Indemnity disclosed this event in a Form 8-K filed with the SEC on June 11, 2025.

Within five days of Indemnity’s 8-K filing, several putative class action complaints were filed in the United States District Court for the Western District of Pennsylvania, naming Indemnity and Erie Insurance Company as defendants. A total of 14 suits were filed. The suits allege that Indemnity failed to take reasonable and necessary measures to protect its customers’ and employees’ personally identifiable information and financial information, and assert negligence, negligence per se, breach of fiduciary duty, unjust enrichment, breach of implied contract, and similar claims.

In a Form 8-K filed on July 7, 2025 Indemnity reported that it had resumed full business operations, and that, after a thorough forensic investigation by independent cybersecurity experts, there is no evidence that any sensitive personal information, financial records or legally protected data was breached by the threat actor during the incident.

At this stage, it is not possible to assess Indemnity’s potential exposure in these matters, but it has meritorious defenses against class certification and the plaintiffs’ underlying claims, and it plans to vigorously assert them. As of the date of filing of this Form 10-Q, eleven plaintiffs have voluntarily dismissed their complaints, leaving three suits pending.

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

ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024 as filed with the Securities and Exchange Commission on February 27, 2025 other than those disclosed below.

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

Our activities are subject to extensive regulation under federal and state laws on matters as diverse as internal control over financial reporting and disclosure controls, securities regulation, data privacy and protection, cybersecurity, taxation, immigration, wage-and-hour standards and employment and labor relations. These laws and regulations are complex and evolving, and compliance with these laws requires significant resources. In some cases, these laws and regulations may increase our costs, negatively impact revenues, or impose operational limitations on our business. Further, there can be no assurance that we, our third-party service providers and our independent agents are in full compliance with all applicable laws and regulations at all times. Efforts at compliance with all laws and regulations are further complicated by new and evolving regulations regarding cybersecurity, artificial intelligence, diversity, equity and inclusion (DEI) and ESG matters. For example, recent changes in the U.S. regulatory environment relating to DEI and ESG matters has increased scrutiny of corporate DEI and ESG practices. Failure to effectively manage current and future DEI and ESG regulatory developments and stakeholder expectations may expose our business to litigation, fines, penalties, and damage to our reputation, which, if material could adversely affect our financial condition and results of operations.

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

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 June 30, 2025:

(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
April 1-30, 2025	—	$ —	—	$ 17,754
May 1-31, 2025 (1)	139	359.85	—	17,754
June 1-30, 2025	—	—	—	17,754
Total	139	359.85	—	

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

ITEM 6. EXHIBITS

Exhibit Number	Description of Exhibit
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: August 7, 2025	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: August 7, 2025

/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: August 7, 2025

/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 June 30, 2025 (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

August 7, 2025

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.