Erie Insurance Announces Lower Rates & Safe-Driver Discount for Virginia Drivers

Erie, Pa. --- July 12, 1999 --- Many Virginia drivers insured by Erie Insurance will see a reduction in their private passenger auto insurance premiums as their policies renew on or after July 1, 1999. The overall average statewide effect of the change, which was recently approved by the Virginia Insurance Department, is a decrease of 8.1 percent and totals $6.3 million.

A major component of this change is the introduction of a long-term, claims-free discount called the Pioneer Experience Rating Credit (PERC). PERC rewards long-term customers for their safe driving records. Policyholders insured by Erie Insurance for three or more years who have the best claims records will be eligible for the PERC discount.

About 70 percent of ERIE policyholders will qualify for this discount in Virginia. Individual premium changes will vary according to the number of years the policyholder has been insured by ERIE and their claims record as well as coverages and limits selected.

"Our favorable experience in Virginia has allowed us to pass along these savings to our policyholders," said Stephen A. Milne, President and Chief Executive Officer of Erie Insurance Group. "This rate reduction is in The ERIE's spirit of providing the best possible insurance at the lowest possible cost. We pride ourselves on being one of the lowest cost insurers in the territories in which we operate, and one of the most competitive."

Known for competitive rates and superior service, Erie Insurance was established in 1925 and is headquartered in Erie, Pa. With nearly 2.6 million policyholders, Erie Insurance Group is the 17th largest property/casualty insurance group, and group member Erie Insurance Exchange is the 12th largest insurer of private passenger automobiles in the country. Erie Insurance Group includes seven companies operating in 10 states and the District of Columbia. Erie Indemnity Company (NASDAQ - ERIE) is the management company for Erie Insurance Group.