



ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2018

OF THE CONDITION AND AFFAIRS OF THE

ERIE INSURANCE EXCHANGE

NAIC Group Code 213 213 **NAIC Company Code** 26271 **Employer's ID Number** 25-6038677
(Current Period) (Prior Period)
Organized under the Laws of the State of PENNSYLVANIA **State of Domicile or Port of Entry** PENNSYLVANIA
Country of Domicile U.S. **Incorporated** _____ **Commenced Business** April 20, 1925
Statutory Home Office 100 Erie Insurance Place Erie, PA 16530
(Street and Number) (City or Town, State and Zip Code)
Main Administrative Office 100 Erie Insurance Place Erie, PA 16530 814-870-2000
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)
Mail Address 100 Erie Insurance Place Erie, PA 16530
(Street and Number) (City or Town, State and Zip Code)
Primary Location of Books and Records 100 Erie Insurance Place Erie, PA 16530 814-870-2000
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)
Internet Website Address www.erieinsurance.com
Statutory Statement Contact Julie Marie Pelkowski 814-870-2000 x2653
(Name) (Area Code) (Telephone Number) (Extension)
Julie.Pelkowski@erieinsurance.com 814-870-4040
(E-Mail Address) (Area Code) (Fax Number)

DIRECTORS⁺

John Ralph Borneman, Jr.	Eugene Charles Connell	Salvatore Correnti#	LuAnn Datesh
Jonathan Hirt Hagen	Thomas Bailey Hagen, Chairman	Charles Scott Hartz	Brian Arden Hudson, Sr.
Claude Clifford Lilly, III	George Raymond Lucore	Thomas Warren Palmer	Martin Paul Sheffield
Elizabeth Ann Vorsheck			

⁺The individuals listed are directors of Erie Indemnity Company, a Pennsylvania business corporation which acts as attorney-in-fact for the Subscribers of Erie Insurance Exchange.

EXECUTIVE OFFICERS^{*}

President & Chief Executive Officer:	Timothy Gerard NeCastro	Executive Vice President & Chief Financial Officer:	Gregory John Gutting
Executive Vice President & General Counsel:	Sean Joseph McLaughlin	Executive Vice President & Chief Information Officer:	Robert Coleman Ingram, III
Executive Vice President:	Lorianne Feltz	Executive Vice President:	Douglas Edward Smith
Executive Vice President:	Dionne Wallace Oakley#		

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Senior Vice President & Chief Actuary:	Bradley Clay Eastwood
Senior Vice President & Controller:	Julie Marie Pelkowski
Senior Vice President & Chief Investment Officer:	Bradley G. Postema
Vice President, Secretary & Senior Counsel:	Brian William Bolash
Vice President & Treasurer:	Robert Wayne McNutt

^{*}The individuals listed are officers of Erie Indemnity Company, a Pennsylvania business corporation which acts as attorney-in-fact for the Subscribers of Erie Insurance Exchange.

State of Pennsylvania / **SS**
County of Erie /

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions and Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

 _____ Timothy Gerard NeCastro President & CEO	 _____ Brian William Bolash Vice President, Secretary & Senior Counsel	 _____ Gregory John Gutting Executive Vice President & CFO
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Subscribed and sworn to before me this
20th day of February, 2019.

- (a) Is this an original filing? Yes (X) No ()
- (b) If no: (i) State the amendment number:
- (ii) Date filed:
- (iii) Number of pages attached:

Michelle L. Henderson

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
 Michelle L. Henderson, Notary Public
 City of Erie, Erie County
 My Commission Expires March 19, 2020
 MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	9,182,395,470		9,182,395,470	8,600,922,361
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	248,279,717		248,279,717	145,994,685
2.2 Common stocks.....	3,959,253,308		3,959,253,308	4,624,849,237
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			0	407,658
3.2 Other than first liens.....			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....	115,614,504		115,614,504	101,103,703
4.2 Properties held for the production of income (less \$.....0 encumbrances).....	6,354,855	6,354,855	0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$.....(75,011,690), Schedule E-Part 1), cash equivalents (\$.....233,049,331, Schedule E-Part 2) and short-term investments (\$.....497,812, Schedule DA).....	158,535,453		158,535,453	306,273,446
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives (Schedule DB).....	1,407,000		1,407,000	4,595,000
8. Other invested assets (Schedule BA).....	915,337,029		915,337,029	850,541,326
9. Receivables for securities.....	15,256,202		15,256,202	38,390,921
10. Securities lending reinvested collateral assets (Schedule DL).....	828,019,895		828,019,895	560,089,007
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	15,430,453,434	6,354,855	15,424,098,579	15,233,167,344
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	96,448,919	622,177	95,826,742	92,255,920
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	104,924,510	19,977,692	84,946,818	83,603,482
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	1,652,874,654		1,652,874,654	1,530,564,729
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0).....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	1,846,760		1,846,760	1,461,422
16.2 Funds held by or deposited with reinsured companies.....	1,781,106		1,781,106	2,264,929
16.3 Other amounts receivable under reinsurance contracts.....			0	
17. Amounts receivable relating to uninsured plans.....			0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....	53,154,739		53,154,739	22,854,855
18.2 Net deferred tax asset.....			0	
19. Guaranty funds receivable or on deposit.....			0	
20. Electronic data processing equipment and software.....	30,282,082	26,440,670	3,841,412	6,005,241
21. Furniture and equipment, including health care delivery assets (\$.....0).....	9,778,741	9,778,741	0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....			0	276,095
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other-than-invested assets.....	3,128,289	1,128,960	1,999,329	2,139,665
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	17,384,673,234	64,303,096	17,320,370,139	16,974,593,682
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTAL (Lines 26 and 27).....	17,384,673,234	64,303,096	17,320,370,139	16,974,593,682

DETAILS OF WRITE-INS

1101.....			0	
1102.....			0	
1103.....			0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	0	0	0	0
2501. Premium Tax Credits and Other.....	997,096		997,096	1,108,302
2502. Equities & Deposits in Pools and Associations.....	1,002,233		1,002,233	1,031,363
2503. Prepaid Disbursements.....	1,128,960	1,128,960	0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	3,128,289	1,128,960	1,999,329	2,139,665

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	3,600,328,712	3,428,601,756
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....		1,470,108
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	699,759,196	659,768,684
4. Commissions payable, contingent commissions and other similar charges.....		
5. Other expenses (excluding taxes, licenses and fees).....	7,263,410	9,298,075
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	46,126,086	37,258,343
7.1 Current federal and foreign income taxes (including \$.....20,493 on realized capital gains (losses)).....	34,907	959,423
7.2 Net deferred tax liability.....	67,767,811	245,701,218
8. Borrowed money \$.....1,655,159 and interest thereon \$.....0.....	1,655,159	1,688,976
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....185,313,995 and including warranty reserves of \$.....0 and accrued accident and health experience rating refunds including \$.....0 for medical loss ratio rebate per the Public Health Service Act).....	2,778,689,071	2,592,644,749
10. Advance premium.....	59,352,292	42,738,206
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....	10,751,859	10,782,639
12. Ceded reinsurance premiums payable (net of ceding commissions).....	99,288,645	91,877,362
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 20).....	97,961	124,571
14. Amounts withheld or retained by company for account of others.....	51,530,800	34,765,726
15. Remittances and items not allocated.....	647,899	2,057,880
16. Provision for reinsurance (including \$.....0 certified) (Schedule F, Part 3, Column 78).....	107,000	54,000
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....	2,604,597	1,480,716
20. Derivatives.....		
21. Payable for securities.....	32,666,698	48,085,192
22. Payable for securities lending.....	828,019,895	560,086,217
23. Liability for amounts held under uninsured plans.....		
24. Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	431,072,786	402,363,246
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	8,717,764,784	8,171,807,087
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	8,717,764,784	8,171,807,087
29. Aggregate write-ins for special surplus funds.....	0	0
30. Common capital stock.....		
31. Preferred capital stock.....		
32. Aggregate write-ins for other-than-special surplus funds.....	0	0
33. Surplus notes.....		
34. Gross paid in and contributed surplus.....		
35. Unassigned funds (surplus).....	8,602,605,354	8,802,786,595
36. Less treasury stock, at cost:		
36.10.000 shares common (value included in Line 30 \$.....0).....		
36.20.000 shares preferred (value included in Line 31 \$.....0).....		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39).....	8,602,605,354	8,802,786,595
38. TOTAL (Page 2, Line 28, Col. 3).....	17,320,370,139	16,974,593,682

DETAILS OF WRITE-INS

2501. Compensation Due Attorney-In-Fact.....	431,072,786	402,363,246
2502.		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	431,072,786	402,363,246
2901.		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above).....	0	0
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page.....	0	0
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above).....	0	0

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4).....	6,515,422,219	6,109,805,039
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7).....	4,217,544,766	3,585,742,644
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	690,230,442	603,661,138
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	1,848,573,440	1,711,839,650
5. Aggregate write-ins for underwriting deductions.....	2,815,794	1,693,499
6. Total underwriting deductions (Lines 2 through 5).....	6,759,164,442	5,902,936,931
7. Net income of protected cells.....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	(243,742,222)	206,868,108
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	512,010,397	499,708,728
10. Net realized capital gains (losses) less capital gains tax of \$.....67,695,659 (Exhibit of Capital Gains (Losses)).....	218,086,639	172,553,324
11. Net investment gain (loss) (Lines 9 + 10).....	730,097,037	672,262,052
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....16,886,284 amount charged off \$.....50,300,275).....	(33,413,991)	(36,500,719)
13. Finance and service charges not included in premiums.....		
14. Aggregate write-ins for miscellaneous income.....	664,079	649,953
15. Total other income (Lines 12 through 14).....	(32,749,912)	(35,850,766)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	453,604,902	843,279,394
17. Dividends to policyholders.....	11,602,936	14,098,349
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17).....	442,001,966	829,181,045
19. Federal and foreign income taxes incurred.....	47,616,313	200,320,242
20. Net income (Line 18 minus Line 19) (to Line 22).....	394,385,652	628,860,803
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	8,802,786,595	7,710,610,699
22. Net income (from Line 20).....	394,385,652	628,860,803
23. Net transfers (to) from Protected Cell accounts.....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....(160,469,116).....	(593,947,616)	461,531,914
25. Change in net unrealized foreign exchange capital gain (loss).....	(22,302,682)	50,438,947
26. Change in net deferred income tax.....	17,464,291	(42,872,026)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....	4,272,114	(5,732,742)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	(53,000)	(51,000)
29. Change in surplus notes.....		
30. Surplus (contributed to) withdrawn from Protected Cells.....		
31. Cumulative effect of changes in accounting principles.....		
32. Capital changes:		
32.1 Paid in.....		
32.2 Transferred from surplus (Stock Dividend).....		
32.3 Transferred to surplus.....		
33. Surplus adjustments:		
33.1 Paid in.....		
33.2 Transferred to capital (Stock Dividend).....		
33.3. Transferred from capital.....		
34. Net remittances from or (to) Home Office.....		
35. Dividends to stockholders.....		
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1).....		
37. Aggregate write-ins for gains and losses in surplus.....	0	0
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	(200,181,241)	1,092,175,896
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	8,602,605,354	8,802,786,595
DETAILS OF WRITE-INS		
0501. LAD Program Expense.....	2,815,794	1,693,499
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above).....	2,815,794	1,693,499
1401. Miscellaneous Income - Reinsurance.....	500,755	601,946
1402. Miscellaneous Income.....	80,832	41,109
1403. Unidentified Claims Reimbursements.....	82,492	6,898
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above).....	664,079	649,953
3701.		
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above).....	0	0

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	6,602,961,033	6,135,144,869
2. Net investment income.....	556,183,754	531,638,435
3. Miscellaneous income.....	(32,329,091)	(30,688,748)
4. Total (Lines 1 through 3).....	7,126,815,695	6,636,094,555
5. Benefit and loss related payments.....	4,047,189,433	3,499,008,467
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	2,464,051,880	2,258,942,397
8. Dividends paid to policyholders.....	11,633,717	11,012,157
9. Federal and foreign income taxes paid (recovered) net of \$.....86,026,422 tax on capital gains (losses).....	146,536,373	274,074,476
10. Total (Lines 5 through 9).....	6,669,411,403	6,043,037,497
11. Net cash from operations (Line 4 minus Line 10).....	457,404,292	593,057,058
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	4,629,643,040	3,740,489,082
12.2 Stocks.....	2,011,773,471	1,314,948,061
12.3 Mortgage loans.....	407,658	232,603
12.4 Real estate.....		
12.5 Other invested assets.....	183,086,730	164,146,026
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	(10,366)	24,341
12.7 Miscellaneous proceeds.....	37,515,750	1,809,213
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	6,862,416,283	5,221,649,326
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	5,351,003,739	4,303,194,414
13.2 Stocks.....	1,821,114,089	1,376,972,077
13.3 Mortgage loans.....		
13.4 Real estate.....	20,823,696	10,822,188
13.5 Other invested assets.....	284,077,129	237,870,303
13.6 Miscellaneous applications.....	283,989,470	589,776,958
13.7 Total investments acquired (Lines 13.1 to 13.6).....	7,761,008,122	6,518,635,940
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	(898,591,839)	(1,296,986,614)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		
16.2 Capital and paid in surplus, less treasury stock.....		
16.3 Borrowed funds.....	(33,817)	1,688,976
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....		
16.6 Other cash provided (applied).....	293,483,371	560,632,713
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	293,449,554	562,321,689
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	(147,737,993)	(141,607,866)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	306,273,446	447,881,312
19.2 End of year (Line 18 plus Line 19.1).....	158,535,453	306,273,446
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001 Transfer of investments from short-term investments to bonds.....	2,844,208	
20.0002 Transfer of investments from bonds to other invested assets.....		6,959,590