

**Erie Insurance Group**

Celebrating 75 Years of Service

**Annual Report**

**2000**





## OUR PURPOSE

To provide  
our Policyholders  
with as near perfect  
protection, as near  
perfect service as is  
humanly possible,  
and to do so  
at the lowest  
possible cost.

This report contains operating results for Erie Insurance Group's insurance operations. It does not include a discussion of, or financial results for, the management corporation, Erie Indemnity Company, nor ERIE's non-insurance subsidiaries.

## ABOUT THE ERIE

**E**rie Insurance Group is the collective operating name for six affiliated insurance carriers based in Erie, Pennsylvania.



Co-founder  
O.G. Crawford  
1884-1961



Co-founder  
H.O. Hirt  
1887-1982


“The ERIE,” as it is more commonly known, began business on April 20, 1925, when H.O. Hirt and O.G. Crawford organized ERIE INSURANCE

EXCHANGE, a Policyholder-owned reciprocal insurer, and its managing attorney-in-fact corporation, ERIE INDEMNITY COMPANY. For its first 15 years, the Exchange only insured automobiles, and until 1953, operated in just Pennsylvania. Today, it is a full, multiple-line property/casualty insurer with over 2.8 million policies in force, operating in 10 states and the District of Columbia with over 1,400 independent agencies.

In 1967, the ERIE FAMILY LIFE INSURANCE COMPANY was formed. It is a publicly-held stock company principally owned by the Exchange and Erie Indemnity Company. Its products are marketed solely through independent Agents who represent Erie Insurance Group.

In 1972, the ERIE INSURANCE COMPANY was organized to supplement the lines written by the Exchange. It is a stock property/casualty insurer wholly owned by Erie Indemnity Company.

FLAGSHIP CITY INSURANCE COMPANY was organized in 1992. Wholly owned by the Exchange, it is a stock property/casualty insurer specializing in The ERIE’s automobile residual market business.



ERIE INSURANCE PROPERTY & CASUALTY COMPANY was created in 1993. It is a stock property/casualty insurer wholly owned by Erie Indemnity Company. It writes Erie Insurance Group business in West Virginia and workers compensation coverage in Pennsylvania, Maryland and Virginia.

Acquired in 1994, the ERIE INSURANCE COMPANY OF NEW YORK writes business in New York state and workers compensation coverage in Pennsylvania. It is a stock property/casualty insurer wholly owned by the Erie Insurance Company.

The ERIE has been listed in the best seller *The 100 Best Companies to Work for in America*. The Erie Insurance Exchange is the 13th largest writer of private passenger automobile insurance and the 27th largest property/casualty insurer in the United States out of more than 3,000 property/casualty insurance groups.

All of The ERIE's property/casualty insurers merit the highest A++ "Superior" rating and the Erie Family Life Insurance Company an A+ "Superior" rating from A.M. Best, the leading authority on insurance companies.

Ward Financial Group recognizes The ERIE as one of the nation's "Top 50" property/casualty insurers. The Exchange carries the rating of A "excellent" among property and casualty insurers from Weiss Research, a highly regarded evaluator of the financial stability of insurers. Erie Family Life carries the A- Weiss rating as a result of its excellent financial security. *Fortune* magazine's list of the top 1,000 corporations, based on revenues, ranks Erie Insurance Group 523rd.

# FINANCIAL HIGHLIGHTS

*In Millions*  
**2000**      **1999**

## **SALES:**

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Property/Casualty Premiums	\$ 2,349.9	\$ 2,169.6
Life Premiums	44.5	41.7
Annuity & Universal Life Deposits	62.3	78.9

## **NET INCOME:**

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Property/Casualty	\$ 132.5	\$ 290.3
Life	25.4	23.3

## **ASSETS:**

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Property/Casualty	\$ 7,233.0	\$ 7,659.1
Life	1,020.3	954.5

## **NET RESOURCES:**

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Property/Casualty Policyholders' Surplus	\$ 4,211.5	\$ 4,836.2
Life Shareholders' Equity	195.7	171.1

\*Throughout this report, all property/casualty financial information is on an insurance statutory accounting basis and all life insurance financial information is on a Generally Accepted Accounting Principles (GAAP) basis.



Principal executives of the Erie Insurance Group pictured here are: (from left to right) **Philip A. Garcia**, CPA, FLMI, ACS, Executive Vice President and Chief Financial Officer; **Jeffrey A. Ludrof**, CPCU, AIC, CIC, LUTCF, Executive Vice President, Insurance Operations; **Stephen A. Milne**, CIC, President and Chief Executive Officer; **Jan R. Van Gorder**, Esq., Senior Executive Vice President, Secretary and General Counsel; **Douglas F. Ziegler**, Senior Vice President, Treasurer and Chief Investment Officer; **John J. Brinling Jr.**, CPCU, Executive Vice President, Erie Family Life.



## MESSAGE FROM THE PRESIDENT AND CEO


Seventy-five years ago, H.O. Hirt and business partner O.G. Crawford opened the doors of Erie Insurance Exchange and set a standard that would survive generations: to provide the best possible insurance protection, backed by superior customer service, all at the lowest possible cost. Today, that principal remains our firm foundation—and with good reason. It underlies more than three million policies in force and continued financial success for the companies of Erie Insurance Group.

From the beginning, Erie Insurance Group has adhered to a steady-as-you-go philosophy that complemented the principles set forth by H.O. Hirt. It has served us well in today's insurance marketplace. Over the last several years, the property/casualty industry has been marked by intense price competition and discounting. While other companies were dramatically decreasing rates during the long soft market, The ERIE remained steadfast in its commitment to provide a superior product at a fair price. Now, as the market begins to harden, ERIE is benefiting from sound pricing and underwriting strategies. The result has been substantial growth.

With over \$8 billion in assets and 3.1 million auto, home, business, life and annuity policies in force in 10 states and the District of Columbia, Erie Insurance is a major force in the industry.

Among insurers, The ERIE is regarded highly, according to a number of independent rankings. In the J.D. Power and Associates inaugural 2000 National Auto Insurance Customer Satisfaction Study, Erie Insurance was named the number one agency-represented company and the second-best company overall. The study—designed to serve as a yardstick for potential customers and investors—recognizes ERIE's excellence in meeting customer requirements related to service, billing and claims handling. The independent survey matches our internal surveys, which show customer satisfaction at exemplary levels.






Again in 2000, the A.M. Best Co., the leading authority on insurance companies, awarded ERIE's property/casualty insurers its top ranking of A++ Superior. That distinction is earned by less than 8 percent of all companies. Additionally, Erie Insurance is one of only 13 property/casualty companies recognized for industry performance and safety by being named to Ward's 50 Benchmark Group for 10 consecutive years.

Erie Insurance also accepted the "Company of Excellence" award from the National Association of Professional Insurance Agents for *In Sync* magazine, our Policyholder publication. The Young Agents of North Carolina recognized The ERIE for its commitment to the independent agency system, presenting us with a "Company of the Year" award.

At a time when many insurers are exploring or actually using alternative distribution methods, the Erie Insurance Group remains firmly committed to the independent agency system we have used since our founding 75 years ago. We believe that working with a personal insurance advisor is the best way to secure protection that most closely reflects an individual's unique insurance needs. Certainly many aspects of our daily operation can best be handled with automation, but that will never interfere with our desire to be personally attentive to Policyholders. We remain dedicated to the independent agency distribution system because of the value it adds to the insurance transaction.

Growth in Agent representation and geographic territory is another part of our successful business strategy. We plan on adding a record number of Agents in 2001 to boost our current sales force of more than 1,400 agencies and nearly 7,000 Agents. We expect to start writing business in Wisconsin, our 11th state, in the third quarter of 2001, after opening a branch in Waukesha. Our territory continues to grow as we prepare to announce expansion into our next new state.



Erie Family Life Insurance Company, Erie Insurance Group's life insurance affiliate, is also experiencing growth through more product offerings and growing agent representation. A new and more competitive term life insurance product, ERIE Flagship Term, is one member of Erie Family Life's product line that shined in 2000. Later in the year, Mortgagecover Disability Income insurance was introduced. The new product provides monies that can be used to cover the mortgage if a breadwinner becomes disabled.

A recent independent analysis by Ward Financial Group and actuarial firm Milliman & Robertson concluded that a number of Erie Family Life's products are very competitive in their target markets in price, features and compensation. Our universal life, annuities and ERIE Flagship Term received particularly high marks.

The strides made by Erie Insurance in 2000 reflect a glimpse of our 75-year commitment to being "Above All in Service." They also show the respect The ERIE has garnered within the insurance industry, as well as from our Agents and Policyholders.

While times change, it's clear that one thing will remain—The ERIE's dedication to delivering a superior product at the lowest possible price, and service that goes above and beyond our customers' expectations. The financial results listed in this report reflect the fruits of that dedication. As we move closer to our century of service, our aim remains the same: earning the satisfaction of our Policyholders and the success that comes from doing good business.



Stephen A. Milne, CIC  
President and Chief Executive Officer



## PROPERTY/CASUALTY OPERATIONS


In today's competitive climate, Erie Insurance Exchange and its affiliated property/casualty companies remain strong contenders. The year 2000 was one of accelerated growth for the Erie Insurance Group.

Overall policies in force grew by 6.5 percent, due in part to our consistent attention to service and our ability to offer rate reductions in private passenger auto lines. That growth brings Erie Insurance Exchange and its affiliated property/casualty companies to an impressive 2.8 million auto, home and commercial policies-in-force in 10 states and the District of Columbia.

Here are the financial details that complete the year 2000 picture of Erie Insurance Exchange and its affiliated property/casualty insurers.

Accelerated premium growth combined with improved retention rates resulted in after-tax net income of \$132,531,047. The underwriting loss during 2000 was \$168,568,350 compared to a loss of \$35,764,235 in 1999. The 2000 underwriting loss resulted from a combination of reduced pricing and increased claims severity in private passenger automobile insurance, along with increased losses in commercial lines insurance. Reinsurance losses also affected the 2000 underwriting results.

Net premiums written by The ERIE totaled \$2,349,872,069 in 2000 compared to \$2,169,565,241 in 1999, an increase of \$180,306,828, or 8.3 percent. The average premium-per-policy increased just 0.9 percent from \$763 in 1999 to \$770 in 2000. Policy growth for 2000 remained strong as policy retention rates and new policy growth improved. In 2000, policies in force grew by




almost 176,000, or 6.5 percent, to 2,865,553 policies at December 31, 2000. Policy retention rates improved to 91.5 percent from 91.0 percent for the years ended December 31, 2000 and 1999, respectively, on private passenger automobile lines. Additionally, The ERIE's overall company retention rate was 91.0 percent and 90.5 percent for the years ended December 31, 2000 and 1999, respectively.

Total loss and loss adjustment expenses incurred increased 13.6 percent to \$1,814,272,147 in 2000 from \$1,597,772,866 in 1999. ERIE's loss and loss adjustment expenses incurred from its direct business increased 11.8 percent to \$1,627,263,368 in 2000 from \$1,455,514,807 in 1999. In 2000, The ERIE continued to experience a decrease in loss frequency. However, the loss severity continued to increase as higher losses were realized in private passenger automobile and commercial lines, principally commercial automobile and fleet lines of business.

The ERIE's statutory combined loss and expense ratio, including Policyholder dividends, increased to 107.4 in 2000 from 102.0 in 1999. ERIE's statutory combined ratio is lower than the industry average of 110.7 for 2000. Excluding catastrophe losses, ERIE's statutory combined loss and expense ratio on a direct basis was 102.7 in 2000 compared to 95.6 in 1999.

The weak financial markets produced less investment income for Erie Insurance in 2000. Net investment income decreased \$79,642,736, or 17.9 percent, to \$366,448,903 in 2000 compared to \$446,091,639 in 1999. Included in these results are investment income from interest, dividends and rent that rose 3.8 percent to \$235,693,080 in 2000 from \$227,028,846 in 1999. Also included in net investment income are realized gains on



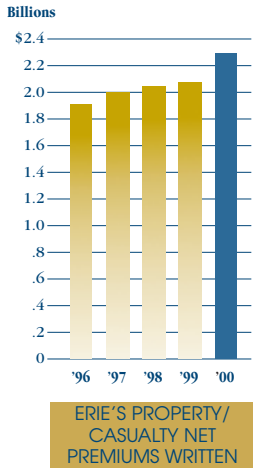
investments from the sale of bonds, preferred stock and common stock. Realized gains on investments, mostly from the sale of common stock, in 2000 totaled \$130,755,823 compared to \$219,062,793 in 1999.

Total assets amounted to \$7.2 billion at December 31, 2000 compared to \$7.7 billion at December 31, 1999. The weak equity markets resulted in net unrealized capital losses of \$795,276,587 in 2000 compared to net unrealized capital gains of \$883,054,161 in 1999. Net unrealized losses in 2000 resulted in a reduced Policyholders' surplus position of \$4,211,521,700 at December 31, 2000 compared to \$4,836,171,250 at December 31, 1999. However, The ERIE's 2000 premium-to-surplus ratio of .56 to 1 continues to stand as one of the strongest in the property/casualty insurance industry.

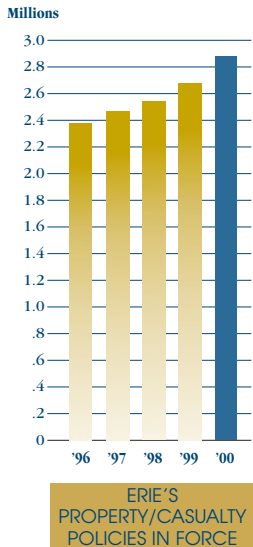
The key to ERIE's stability and growth is the continued development of competitively priced, quality insurance products delivered by an exceptional network of independent Agents. The ERIE remains committed to selling its products through the independent agency system. It was founder H.O. Hirt's belief 75 years ago that the personal attention and service provided by our Agents adds incomparable value to our product. Some things don't change.

# PROPERTY/CASUALTY

From the beginning, ERIE has adhered to a steady-as-you-go philosophy that serves us well in today's insurance marketplace. While other companies were dramatically decreasing rates during the long soft market, The ERIE remained steadfast in its commitment to provide a superior product at a fair price. Now, as the market hardens, ERIE continues its pricing and underwriting strategies.



The ERIE's property/casualty net premiums written totaled over \$2.3 billion in 2000. In 2000, policies in force grew by almost 176,000 policies, or 6.5 percent, to 2,865,553 policies at December 31, 2000. Our improved policy retention rates and enhanced marketing strategies have contributed to this growth.

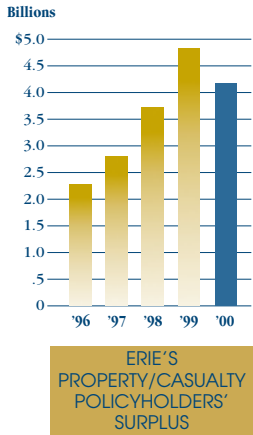


The ERIE's premium to surplus ratio, one of the more common measurements of a property/casualty insurer's margin of safety, amounted to

## HIGHLIGHTS

.56 to 1 for 2000. It remains among the strongest in the property/casualty insurance industry.

Total assets amounted to \$7.2 billion at December 31, 2000. The weak equity markets resulted in net unrealized capital losses in 2000 that resulted in a reduced Policyholders' surplus position of \$4,211,521,700 at December 31, 2000 compared to \$4,836,171,250 at December 31, 1999.

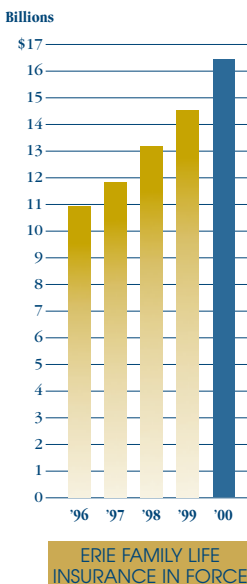
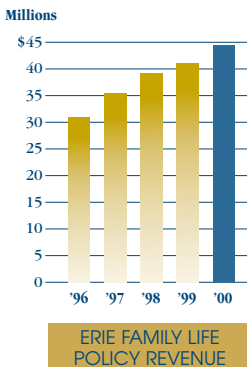


## LIFE INSURANCE

Net income for Erie Family Life increased 8.9 percent for the year ended December 31, 2000, to \$25,390,416 or \$2.69 per share, compared to \$23,324,698 or \$2.47 per share, reported in 1999. This growth was largely a result of investment gains combined with solid premium growth. Life insurance in force increased by more than \$2.1 billion to over \$16.5 billion at December 31, 2000, while total GAAP policy revenue increased by \$2,851,089 or 6.8 percent, to \$44,536,725 in 2000.

Our growth in premium and insurance in force stems from marketing the new products offered by Erie Family Life, specifically the ERIE Flagship Term and Mortgagecover Disability Income products. These products exemplify the success that results from meeting the needs of Policyholders.

Net investment income increased 7.6 percent to \$59,476,037 compared to



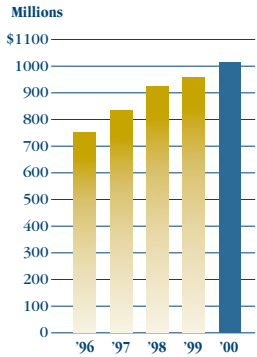


## HIGHLIGHTS

\$55,280,043 in 1999. Net realized gains on investments increased 60.6 percent to \$6,960,133 while equity in earnings of limited partnerships increased \$2,504,127 to \$3,436,981 in 2000.

The financial position of Erie Family Life at December 31, 2000, was the strongest in the Company's history.

Total assets exceeded \$1 billion for the first time, increasing 6.9 percent to \$1,020,343,200. Book value per share increased 14.4 percent to \$20.71 per share at December 31, 2000 from \$18.11 at December 31, 1999.



ERIE FAMILY LIFE  
TOTAL ASSETS

**E**RIE INSURANCE EXCHANGE and Affiliated Property/  
Casualty Insurers ERIE INSURANCE COMPANY, ERIE  
INSURANCE COMPANY OF NEW YORK, ERIE INSURANCE  
PROPERTY & CASUALTY COMPANY and FLAGSHIP CITY  
INSURANCE COMPANY

## COMBINED BALANCE SHEETS

### Assets

Cash and Short-Term Investments

U.S. Government Bonds

Other Bonds

Stocks at Market Value

Premiums Receivable

Home & Branch Office Properties

Mortgages and Other Assets

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TOTAL ASSETS

### Liabilities and Policyholders' Surplus

Reserve for Losses Not Yet Adjusted

Reserve for Unearned Premiums

Reserve for Administrative Expenses

Reserve for Taxes and All Other Liabilities

Policyholders' Dividends Declared and Unpaid

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TOTAL LIABILITIES

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Policyholders' Surplus

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TOTAL LIABILITIES AND SURPLUS

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**PYRAMID  
OF  
PROGRESS**



# 75th ANNUAL PROPERTY/CASUALTY

## Statutory Basis for the Years Ended December 31 (Unaudited)

2000	1999
\$ 49,353,235	\$ 148,739,076
29,753,697	29,569,126
2,331,934,874	2,374,422,223
3,863,515,580	4,309,388,707
555,113,126	492,440,489
43,467,052	45,259,059
359,882,459	259,323,938
\$ 7,233,020,023	\$ 7,659,142,618
\$ 1,936,875,759	\$ 1,836,224,350
887,690,350	823,358,184
113,893,731	102,911,131
69,692,081	53,958,319
13,346,402	6,519,384
\$ 3,021,498,323	\$ 2,822,971,368
4,211,521,700	4,836,171,250
\$ 7,233,020,023	\$ 7,659,142,618

## NET PREMIUMS WRITTEN

1925 . . . . .	\$31,900
1930 . . . . .	201,046
1940 . . . . .	523,470
1950 . . . . .	3,306,127
1960 . . . . .	14,427,430
1970 . . . . .	57,678,652
1980 . . . . .	303,813,093
1990 . . . . .	1,127,953,634
1991 . . . . .	1,220,556,076
1992 . . . . .	1,343,541,048
1993 . . . . .	1,497,429,484
1994 . . . . .	1,639,884,809
1995 . . . . .	1,782,758,467
1996 . . . . .	1,917,167,616
1997 . . . . .	2,025,177,123
1998 . . . . .	2,113,676,140
1999 . . . . .	2,169,565,241
2000 . . . . .	2,349,872,070

**E**RIE INSURANCE EXCHANGE and Affiliated Property/  
Casualty Insurers ERIE INSURANCE COMPANY, ERIE  
INSURANCE COMPANY OF NEW YORK, ERIE INSURANCE  
PROPERTY & CASUALTY COMPANY and FLAGSHIP CITY  
INSURANCE COMPANY

## COMBINED STATEMENTS OF INCOME

Premiums Earned

Losses Incurred

Loss Adjustment Expenses Incurred

Underwriting Expenses Incurred

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Total Losses and Expenses

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Underwriting Loss

Dividends to Policyholders

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Net Underwriting Loss

Net Investment Income

Other Expense

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Total Income from Operations

Federal Income Tax Incurred

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Net Income

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Surplus as Regards Policyholders, Beginning of Year

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## ADJUSTMENT TO SURPLUS

Gains and (Losses) in Surplus:

Net Income

Net Unrealized Capital (Losses) Gains

Change in Non-admitted Assets

Change in Excess of Statutory Reserves over Statement Reserves

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Change in Surplus as Regards Policyholders for the Year

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Surplus as Regards Policyholders, End of Year

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# 75th ANNUAL PROPERTY/CASUALTY

## Statutory Basis for the Years Ended December 31 (Unaudited)

2000	1999
\$ 2,285,539,903	\$ 2,157,556,395
1,595,340,839	1,412,198,247
218,931,308	185,574,619
639,836,106	595,547,764
\$ 2,454,108,253	\$ 2,193,320,630
( 168,568,350)	( 35,764,235)
17,015,076	11,635,675
\$ ( 185,583,426)	\$ ( 47,399,910)
366,448,903	446,091,639
( 4,125,414)	( 2,361,881)
\$ 176,740,063	\$ 396,329,848
44,209,016	106,032,914
\$ 132,531,047	\$ 290,296,934
\$ 4,836,171,250	\$ 3,665,964,283
\$ 132,531,047	\$ 290,296,934
( 795,276,587)	883,054,161
1,498,990	( 174,128)
36,597,000	( 2,970,000)
\$ ( 624,649,550)	\$ 1,170,206,967
\$ 4,211,521,700	\$ 4,836,171,250

# ERIE FAMILY LIFE INSURANCE COMPANY

## STATEMENTS OF FINANCIAL POSITION

### Assets

Total Invested Assets  
Cash and Cash Equivalents  
Premiums and Other Receivables  
Deferred Policy Acquisition Costs  
Other Assets

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TOTAL ASSETS

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### Liabilities and Shareholders' Equity

Future Policy Benefits and Claims  
Annuity and Universal Life Deposits  
Other Policyholder Funds  
Federal Income Taxes  
Note Payable to Affiliate  
Accounts Payable and Accrued Liabilities

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TOTAL LIABILITIES

TOTAL SHAREHOLDERS' EQUITY

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TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY

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### Life Insurance in Force

Permanent Insurance in Force  
Term Insurance in Force  
Group Insurance in Force

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TOTAL LIFE INSURANCE IN FORCE

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### Reconciliation of Shareholders' Equity — Statutory Basis to GAAP Basis

Statutory Shareholders' Equity

Reconciling Items:

Asset Valuation and Interest Maintenance Reserves  
Investment Valuation Differences  
Deferred Policy Acquisition Costs  
Surplus Note  
Policy Liabilities and Accruals  
Deferred Taxes  
Deferred and Uncollected Premiums  
Capitalized Salaries and Benefits  
Other

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GAAP Shareholders' Equity

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## 33rd ANNUAL LIFE

### GAAP Basis for the Years Ended December 31

		<b>2000</b>		<b>1999</b>
\$		881,068,871		\$ 817,459,880
		17,955,088		27,357,898
		17,037,927		15,123,475
		84,723,173		77,588,321
		19,558,141		17,002,596
\$		1,020,343,200		\$ 954,532,170
\$		79,354,977		\$ 71,633,915
		691,916,750		664,439,055
		4,612,539		5,622,390
		23,818,550		17,852,819
		15,000,000		15,000,000
		9,920,329		8,881,797
\$		824,623,145		\$ 783,429,976
\$		195,720,055		\$ 171,102,797
\$		1,020,343,200		\$ 954,532,170
\$		3,217,903,000		\$ 3,059,223,000
		12,539,902,000		10,622,206,000
		751,808,000		776,078,000
\$		16,509,613,000		\$ 14,457,507,000
\$		96,478,967		\$ 99,181,233
		44,986,885		45,083,911
		( 1,719,859)		( 25,823,604)
		84,723,173		77,588,321
		( 15,000,000)		( 15,000,000)
		13,225,339		10,189,955
		( 23,818,549)		( 17,852,819)
		( 7,342,039)		( 5,458,067)
		2,494,587		2,494,587
		1,691,551		699,280
\$		195,720,055		\$ 171,102,797

# ERIE FAMILY LIFE INSURANCE COMPANY

## STATEMENTS OF OPERATIONS

Total Policy Revenue

Net Investment Income

Net Realized Gains on Investments

Equity in Earnings of Limited Partnerships

Other Income

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### TOTAL REVENUES

Benefits and Increase in Policy Reserves

Interest on Annuity and Universal Life Deposits

Amortization of Deferred Policy Acquisition Costs

Commissions and Other Expenses

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### TOTAL BENEFITS AND EXPENSES

### INCOME FROM OPERATIONS

Provision for Federal Income Taxes

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### NET INCOME

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### NET INCOME PER SHARE

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### WEIGHTED AVERAGE NUMBER OF SHARES

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## Reconciliation of Net Income — Statutory Basis to GAAP Basis

Statutory Net Income

Reconciling Items:

Policy Liabilities and Accruals

Deferred Policy Acquisition Costs, Net of Amortization

Investment Valuation Differences

Deferred Taxes

Capitalized Salaries and Benefits

Other

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GAAP Net Income

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## 33rd ANNUAL LIFE

### GAAP Basis for the Years Ended December 31

	2000		1999
\$	44,536,725	\$	41,685,636
	59,476,037		55,280,043
	6,960,133		4,333,318
	3,436,981		932,854
	962,975		691,618
	<hr/>		<hr/>
\$	115,372,851	\$	102,923,469
\$	18,105,503	\$	15,749,106
	39,868,585		36,491,039
	5,144,539		4,812,579
	13,430,904		10,944,777
	<hr/>		<hr/>
\$	76,549,531	\$	67,997,501
\$	38,823,320	\$	34,925,968
	13,432,904		11,601,270
	<hr/>		<hr/>
\$	25,390,416	\$	23,324,698
\$	2.69	\$	2.47
	<hr/>		<hr/>
	9,450,000		9,450,000
	<hr/>		<hr/>
\$	19,057,901	\$	14,371,628
	3,035,384		3,743,292
	7,134,855		6,672,060
	( 685,790)		348,920
	( 2,718,029)		( 1,955,376)
	0		953,208
	( 433,906)		(809,034)
	<hr/>		<hr/>
\$	25,390,415	\$	23,324,697
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# BOARD OF DIRECTORS

**SAMUEL P. BLACK III**<sup>1,3,4,6</sup>

President, Treasurer and Secretary  
Samuel P. Black & Associates, Inc.,  
Insurance Agency, Erie, Pa.  
First elected 1997

**J. RALPH BORNEMAN JR., CIC, CPIA**<sup>3,4</sup>

President and Chief Executive Officer  
Body-Borneman Associates, Inc., Insurance Agency,  
Boyertown, Pa.  
First elected 1992

**PATRICIA A. GARRISON-CORBIN**<sup>2,4,5C</sup>

President, P.G. Corbin & Company,  
Investment Management Services, Philadelphia, Pa.  
First elected 2000

**SUSAN HIRT HAGEN**<sup>1,6C</sup>

Managing Partner, Hagen, Herr & Peppin,  
Consultants in Group Relations, Erie, Pa.  
First elected 1980

**F. WILLIAM HIRT, CPCU**<sup>1C,6</sup>

Chairman of the Executive Committee, Chairman of the  
Company, Erie Family Life Insurance Company and Erie  
Insurance Company  
First elected 1965

**SAMUEL P. KATZ**<sup>2,3</sup>

Principal, Entersport Capital Advisors, Inc. and  
Community Sports Partners, LLC, Bala Cynwyd, Pa.  
First elected 2000

**CLAUDE C. LILLY, III**<sup>2</sup>

Dean, Belk College of Business Administration,  
University of North Carolina, Charlotte, N.C.  
First elected 2000



**STEPHEN A. MILNE, CIC<sup>1,5</sup>**

President and Chief Executive Officer of the Company, Erie Family Life Insurance Company and Erie Insurance Company  
First elected 1996

**HENRY N. NASSAU<sup>1,5</sup>**

General Counsel, Internet Capital Group, Inc., Wayne, Pa.  
First elected 2000

**JOHN M. PETERSEN<sup>1,4C</sup>**

Retired President and Chief Executive Officer of the Company, Erie Family Life Insurance Company and Erie Insurance Company  
First elected 1979

**JAN R. VAN GORDER, ESQ.<sup>1</sup>**

Senior Executive Vice President, Secretary and General Counsel of the Company, Erie Family Life Insurance Company and Erie Insurance Company  
First elected 1990

**ROBERT C. WILBURN<sup>2C,3C,4,5</sup>**

President and Chief Executive Officer, The Gettysburg National Battlefield Museum Foundation, Gettysburg, Pa.; Distinguished Service Professor, Carnegie Mellon University, Pittsburgh, Pa. and Retired President and Chief Executive Officer of Colonial Williamsburg Foundation, Williamsburg, Va.  
First elected 1999

- 1 Member of Executive Committee
- 2 Member of Audit Committee
- 3 Member of Executive Compensation Committee
- 4 Member of Nominating Committee
- 5 Member of Investment Committee
- 6 Member of Charitable Giving Committee
- C Committee Chairperson



## OFFICE OF THE PRESIDENT

STEPHEN A. MILNE, CIC—1973  
President and Chief Executive Officer

JAN R. VAN GORDER, ESQ.—1981  
Senior Executive Vice President,  
Secretary and General Counsel

JOHN J. BRINLING JR., CPCU—1968  
Executive Vice President, Erie Family Life Insurance Co.

PHILIP A. GARCIA, CPA, FLMI, ACS—1981  
Executive Vice President and Chief Financial Officer

JEFFREY A. LUDROE, CPCU, AIC, CIC, LUTCF—1981  
Executive Vice President, Insurance Operations

# OFFICERS

## DIVISION OFFICERS

EUGENE C. CONNELL,  
CPCU, FCAS, FCIA, MAAA, AIM—1988  
Senior Vice President, Actuarial

MICHAEL J. KRAHE, Ph.D.—1986  
Senior Vice President, Human Resources

GEORGE R. LUCORE, CPCU, AIC, AIM, AAM, CIC, LUTCF—1972  
Senior Vice President, Agency

THOMAS B. MORGAN—2000  
Senior Vice President, Personal Lines Underwriting

TIMOTHY G. NECASTRO, CPA—1996  
Senior Vice President and Controller

JAMES R. ROEHM—1969  
Senior Vice President, Corporate Services

JOHN P. SOMMERWERCK—2000  
Senior Vice President and Chief Information Officer,  
Information Technology

BARRY P. STILES, AIC, CIC, CPIA—1977  
Senior Vice President, Claims

MICHAEL S. ZAVASKY, CPCU, CIC, ARe—1977  
Senior Vice President, Commercial Lines and Reinsurance

DOUGLAS F. ZIEGLER—1988  
Senior Vice President, Treasurer & Chief  
Investment Officer

## REGIONAL OFFICERS

CHIP DUFALA, AIS, CIC, LUTCF—1993  
Regional Vice President,  
Heartland Region, Peoria, Ill.

DOUGLAS N. FITZGERALD, CPCU, AIC, CIC—1978  
Regional Vice President,  
Atlantic Region, Harrisburg, Pa.

TERRY L. HAMMAN, CIC—1984  
Regional Vice President,  
Mid-States Region, Columbus, Ohio

ERIC D. ROOT, CIC, CPIA, AIS—1993  
Regional Vice President,  
Southeastern Region, Richmond, Va.

*Date following each name denotes year first joined The ERIE.*

# PRODUCTS

The ERIE offers superior insurance products to individuals and businesses and reinsurance to the insurance industry.

## PERSONAL INSURANCE

- Family Auto
- HomeProtector
- Tenantcover
- Condocover
- Mobile HomeProtector
- Boat Protector
- Mastercover<sup>SM</sup> (Personal Liability Policy)
- Inland Marine
- Dwelling Fire

## COMMERCIAL INSURANCE

- Commercial Auto
- Commercial Fire
- Ultrapack<sup>SM</sup>
- Ultrasure<sup>SM</sup> For Landlords
- Ultrasure<sup>SM</sup> For Property Owners
- Ultraflex<sup>SM</sup>
- Fivestar<sup>SM</sup> Contractors
- Commercial General Liability
- Garage Auto
- Inland Marine
- Business Catastrophe Liability
- Professional Liability
- Workers' Compensation
- Agents' Error and Omission
- Fidelity And Surety

## LIFE INSURANCE

- Whole Life
- Life Paid-Up At 65
- 20 Pay Life
- Annual Renewable Term
- Five-Year Renewable Term
- 10-Year Convertible Term
- 20-Year Convertible Term
- Term Protector<sup>®</sup> 5+, 10, 15, 20
- Mortgagecover—(10, 15, 20, 25, 30 Year)
- Mortgagecover Disability Income
- SupERIEor Start<sup>SM</sup> (Term To Age 30)
- ERIEflex<sup>SM</sup> (Universal Life)
- ERIEflex<sup>2</sup><sup>SM</sup>
- Custom Loan Protector<sup>SM</sup>
- Group Life
- Annuities
- IRAs
- ERIE Flagship Term<sup>SM</sup>

## REINSURANCE

- Property-Treaty
  - Proportional, Risk Excess Of Loss & Catastrophe

# OFFICES

## HOME OFFICE

100 Erie Insurance Place • On Perry Square  
 Erie, Pennsylvania 16530  
 (814) 870-2000

## FIELD OFFICES

### Southeastern Region

Charlotte, N.C.  
 Hagerstown, Md.  
 Knoxville, Tenn.  
 Raleigh, N.C.

Richmond, Va.\*  
 Roanoke, Va.  
 Silver Spring, Md.  
 Waynesboro, Va.

### Mid-States Region

Canton, Ohio  
 Columbus, Ohio\*  
 Fort Wayne, Ind.

Indianapolis, Ind.  
 Parkersburg, W. Va.

### Atlantic Region

Allentown/Bethlehem, Pa.  
 Erie, Pa.  
 Harrisburg, Pa.\*  
 Johnstown, Pa.

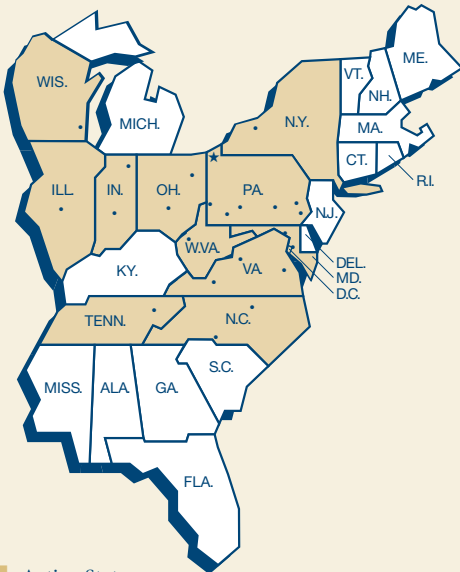
Murrysville, Pa.  
 Philadelphia, Pa.  
 Rochester, N.Y.  
 Warrendale, Pa.

### Heartland Region

Peoria, Ill.\*

Waukesha, Wis.

\* Denotes regional office



- Active States
- ★ Home Office/Erie Branch
- Field Offices



**ERIE INSURANCE GROUP**

Home Office • 100 Erie Insurance Place • Erie, PA 16530  
(814) 870-2000 • [www.erieinsurance.com](http://www.erieinsurance.com)