Edgar Filing: ERIE INDEMNITY CO - Form 10-Q ERIE INDEMNITY CO Form 10-O May 02, 2019 **Table of Contents 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 March 31, 2019 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 (I.R.S. Employer incorporation or organization) 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) 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 [X] 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 [X] 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):

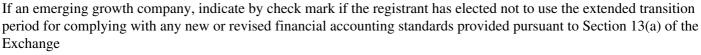
Accelerated filer []

Emerging growth company []

Non-accelerated filer []

Large accelerated filer [X]

Smaller reporting company []



Act. []

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes $[\]$ No [X]

The number of shares outstanding of the registrant's Class A Common Stock as of the latest practicable date, with no par value and a stated value of \$0.0292 per share, was 46,189,068 at April 12, 2019.

The number of shares outstanding of the registrant's Class B Common Stock as of the latest practicable date, with no par value and a stated value of \$70 per share, was 2,542 at April 12, 2019.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ERIE INDEMNITY COMPANY STATEMENTS OF OPERATIONS (UNAUDITED)

(dollars in thousands, except per share data)

	Three Months Ended March 31,		
	2019	2018	
Operating revenue			
Management fee revenue - policy issuance and renewal services, net	\$430,983		
Management fee revenue - administrative services, net	13,951	13,074	
Administrative services reimbursement revenue	142,480	145,963	
Service agreement revenue	6,692	7,145	
Total operating revenue	594,106	572,160	
Operating expenses			
Cost of operations - policy issuance and renewal services	365,504	348,630	
Cost of operations - administrative services	142,480	145,963	
Total operating expenses	507,984	494,593	
Operating income	86,122	77,567	
Investment income			
Net investment income	8,517	6,820	
Net realized investment gains (losses)	2,503	(465)	
Net impairment losses recognized in earnings	-	0	
Equity in losses of limited partnerships	(1,147	(192)	
Total investment income	9,795	6,163	
Interest expense, net	449	553	
Other income	47	44	
Income before income taxes	95,515	83,221	
Income tax expense	20,204	17,463	
Net income	\$75,311	\$65,758	
Net income per share			
Class A common stock – basic	\$1.62	\$1.41	
Class A common stock – diluted	\$1.44	\$1.26	
Class B common stock – basic and diluted	\$243	\$212	
Weighted average shares outstanding – Basic			
Class A common stock	46,188,337 46,187,908		
Class B common stock	2,542	2,542	
Weighted average shares outstanding – Diluted			
Class A common stock	52,312,036 52,310,628		

Class B common stock	2,542	2,542
Dividends declared per share Class A common stock Class B common stock	\$0.90 \$135.00	\$0.84 \$126.00

See accompanying notes to Financial Statements. See Note 12, "Accumulated Other Comprehensive Income (Loss)", for amounts reclassified out of accumulated other comprehensive income (loss) into the Statements of Operations.

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ERIE INDEMNITY COMPANY STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED) (in thousands)

	Three Months Ended		
	March 31,		
	2019	2018	
Net income	\$75,311	\$65,758	
Other comprehensive income (loss), net of tax			
Change in unrealized holding gains (losses) on available-for-sale securities	5,478	(5,427)	
Amortization of prior service costs and net actuarial loss on pension and other postretirement plans	1,232	0	
Total other comprehensive income (loss), net of tax	6,710	(5,427)	
Comprehensive income			