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ERIE INDEMNITY CO
Form 8-K
December 10, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 10, 2003

ERIE INDEMNITY COMPANY
(Exact name of registrant as specified in its charter)

| | | |
|---|-----------------------------|---|
| PENNSYLVANIA | 0-24000 | 25-0466020 |
| ----- | ----- | ----- |
| (State or other jurisdiction of incorporation) | (Commission File Number) | (I.R.S. Employer Identification No.) |

| | |
|--|------------|
| 100 Erie Insurance Place, Erie, Pennsylvania | 16530 |
| ----- | ----- |
| (Address of principal executive offices) | (Zip Code) |

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

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Item 5. OTHER EVENTS.

On December 10, 2003, Erie Indemnity Company issued a press release which is filed as Exhibit 99.1 hereto and is incorporated herein by reference.

Item 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS

| Exhibit Number | Description |
|----------------|---------------------------------------|
| ----- | ----- |
| 99.1 | Press release dated December 10, 2003 |

SIGNATURE

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 hereunto duly authorized.

ERIE INDEMNITY COMPANY

Erie Indemnity Company

(Registrant)

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Date: December 10, 2003

/s/ Philip A. Garcia

(Philip A. Garcia, Executive Vice President & CFO)

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EXHIBIT 99.1

Erie Indemnity Increases Dividend, Reauthorizes Stock Repurchase Program and Sets Management Fee

Erie, Pa. - December 10, 2003 -- At the December 9, 2003, regular meeting of the board of directors of the Erie Indemnity Company (NASDAQ: ERIE), the board approved an increase in shareholders' dividends. In separate actions, the board also reauthorized a stock repurchase program and set the management fee rate charged to the Erie Insurance Exchange for 2004.

The board of directors increased the regular quarterly dividend from \$0.19 to \$0.215 on each Class A share and from \$28.50 to \$32.25 on each Class B share. The dividend is payable January 20, 2004, to shareholders of record as of January 5, 2004, with a dividend ex-date of December 31, 2003. The dividend increases were a result of the Company's continuing strong financial performance. The new dividend represents a 13.2 percent increase over the current dividend amount.

The board of directors also reauthorized a stock repurchase program effective immediately, under which the Company may repurchase up to \$250 million of its outstanding Class A common stock through December 31, 2006. The Company may repurchase the shares from time to time in the open market or by privately negotiated transactions, depending on prevailing market conditions and alternative uses of the Company's capital.

In a separate action, the board voted to reduce for 2004 the management fee rate to 23.5 percent from the current 24 percent rate paid Erie Indemnity Company by the Erie Insurance Exchange. If the 23.5 percent rate had been in effect for the nine months ended September 30, 2003, the Company's net income per share would have been reduced by \$0.13 or 5.8 percent. The Company's board of directors has the authority to change the management fee rate at its discretion; however the maximum fee rate permissible by agreement is 25 percent. This action was taken after the board's consideration and review of the relative financial position of the Erie Insurance Exchange and the Erie Indemnity Company.

"Considering the Company's strong earnings position, as evidenced by third quarter income per share growth, and the relative premium growth and surplus position of the Erie Insurance Exchange, these actions support our long-term goal of balancing the interests of the policyholders of Erie Insurance Exchange with those of the Company's shareholders," says Jeffrey A. Ludrof, president and CEO.

Erie Indemnity Company provides management services to the member companies of the Erie Insurance Group, which includes the Erie Insurance Exchange, Flagship City Insurance Company, Erie Insurance Company, Erie Insurance Property and Casualty Company, Erie Insurance Company of New York and Erie Family Life Insurance Company.

According to A.M. Best Company, Erie Insurance Group, based in Erie, Pennsylvania, is the 17th largest automobile insurer in the United States based on direct premiums written and the 20th largest property/casualty insurer in the United States based on total lines net premium written. The Group, rated A+ (Superior) by A.M. Best Company, has more than 3.7 million policies in force and

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operates in 11 states and the District of Columbia. Erie Insurance Group ranked 454 on the FORTUNE 500.

"Safe Harbor" Statement Under the Private Securities Litigation Reform Act of 1995: Certain forward-looking statements contained herein involve risks and uncertainties. These statements include certain discussions relating to management fee revenue, cost of management operations, underwriting, premium and investment income volume, business strategies, profitability and business relationships and the Company's other business activities during 2002 and beyond. In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "could," "would," "expect," "plan," "intend," "anticipate," "believe," "estimate," "project," "predict," "potential" and similar expressions. These forward-looking statements reflect the Company's current views about future events, are based on assumptions and are subject to known and unknown risks and uncertainties that may cause results to differ materially from those anticipated in those statements. Many of the factors that will determine future events or achievements are beyond our ability to control or predict.