



## Erie Family Life Earnings Increase 23 Percent

Erie, Pa. – April 24, 2003 – Erie Family Life Insurance Company (Bulletin Board: ERIF), a member of the Erie Insurance Group, reported an increase in earnings of 23.3 percent for the quarter ended March 31, 2003, to \$5.4 million or \$0.57 per share, from \$4.4 million or \$0.46 per share in 2002. Increases in policy revenue and net investment income contributed to the improvement in results for the first quarter of 2003.

Net income, excluding net realized capital gains and related federal income taxes increased 31.1 percent to \$4.0 million, or \$0.42 per share, in the first quarter 2003 compared to \$3.1 million, or \$0.32 per share, for the same period in 2002.

Total policy revenue increased \$0.8 million, or 6.2 percent, to \$13.1 million in the first quarter of 2003 from \$12.3 million during the same period in 2002. Contributing to this growth was an increase in net premiums on traditional life insurance policies of 13.3 percent to \$9.4 million for the quarter ended March 31, 2003.

Net investment income increased 28.1 percent to \$18.6 million during the first quarter of 2003 from \$14.5 million for the same period in 2002. The Company recorded earnings in limited partnerships of \$0.3 million in the first quarter of 2003 compared to earnings of \$1.1 million during the same period in 2002. Net realized gains from the sale of investments also increased \$0.1 million to \$2.2 million in the first quarter of 2003.

Benefits to policyholders decreased \$0.4 million to \$5.9 million in the first quarter of 2003 from \$6.3 million in the first quarter of 2002. Interest expense incurred on annuity and universal life deposits increased 3.6 percent to \$11.7 million in the first quarter of 2003 from \$11.3 million for the same period in 2002. Amortization of deferred policy acquisition costs increased to \$3.3 million in the first quarter of 2003 from \$1.6 million in the same period in 2002, due to lower than expected margins realized on term products, which requires increased amortization of deferred policy acquisition costs.

The Company's total assets continued to grow in 2003. Total assets increased to \$1.5 billion at March 31, 2003, from \$1.4 billion at December 31, 2002.

Erie Family Life Insurance Company is a member company of the Erie Insurance Group that includes the Erie Indemnity Company, Erie Insurance Exchange, Erie Insurance Company, Erie Insurance Company of New York, Flagship City Insurance Company and Erie Insurance Property and Casualty 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 25th 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 3.5 million policies in force and operates in 11 states and the District of Columbia. Erie Insurance Group ranks No. 454 among the FORTUNE 500.

News releases and more information about Erie Insurance Group are available at <http://www.erieinsurance.com>.

"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 underwriting, premium and investment income volume, business strategies, profitability and business relationships and the Company's other business activities during 2003 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.

**ERIE FAMILY LIFE INSURANCE COMPANY****STATEMENTS OF FINANCIAL POSITION***(Amounts in thousands, except per share data)*

	<b>March 31 2003 (Unaudited)</b>	<b>December 31 2002</b>
<b>ASSETS</b>		
Invested assets:		
Fixed maturities	\$ 1,136,671	\$ 1,039,367
Equity securities	72,226	68,749
Limited partnerships	15,530	16,053
Other invested assets	17,636	17,901
<b>Total invested assets</b>	<b>\$ 1,242,063</b>	<b>\$ 1,142,070</b>
Cash and cash equivalents	109,795	97,022
Other assets	161,154	150,527
<b>Total assets</b>	<b>\$ 1,513,012</b>	<b>\$ 1,389,619</b>
 <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
 <b>LIABILITIES</b>		
Annuity and universal life deposits	\$ 1,002,900	\$ 939,226
Policy reserves and benefits	112,124	111,565
Other liabilities	160,026	114,381
<b>Total liabilities</b>	<b>\$ 1,275,050</b>	<b>\$ 1,165,172</b>
<b>Total shareholders' equity</b>	<b>\$ 237,962</b>	<b>\$ 224,447</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,513,012</b>	<b>\$ 1,389,619</b>
<b>Book value per share</b>	<b>\$ 25.18</b>	<b>\$ 23.75</b>

**ERIE FAMILY LIFE INSURANCE COMPANY**  
**STATEMENTS OF OPERATIONS**

(Amounts in thousands, except per share data)

**Three months ended March 31**

	<u>2003</u>	<u>2002</u>
	(Unaudited)	
<b>REVENUES:</b>		
Total net policy revenue	\$ 13,089	\$ 12,329
Net investment income	18,584	14,510
Net realized gains on investments	2,162	2,054
Equity in earnings of limited partnerships	280	1,069
Other income	177	244
<b>Total Revenues</b>	<b>\$ 34,292</b>	<b>\$ 30,206</b>
<b>BENEFITS AND EXPENSES:</b>		
Benefits to policyholders	\$ 5,902	\$ 6,333
Interest on deposits	11,714	11,304
Amortization of deferred policy acquisition costs	3,315	1,612
Commissions, general expenses, taxes, licenses and fees	5,082	4,251
<b>Total Benefits and Expenses</b>	<b>\$ 26,013</b>	<b>\$ 23,500</b>
Income before income taxes	\$ 8,279	\$ 6,706
Provision for federal income taxes	2,873	2,320
<b>Net Income</b>	<b>\$ 5,406</b>	<b>\$ 4,386</b>
<b>Net Income per share</b>	<b>\$ 0.57</b>	<b>\$ 0.46</b>
<b>Dividends declared per share</b>	<b>\$ 0.21</b>	<b>\$ 0.21</b>
<b>Number of shares outstanding</b>	<b>9,450</b>	<b>9,450</b>

**Reconciliation of Net Income to Net Income excluding Net Realized Gains and Related Taxes**

The table below reconciles the Company's GAAP-basis net income to net income excluding net realized gains and related income taxes.

Management believes this measure assists the financial statement reader in interpreting and evaluating the financial results of the Company by removing the effects of gains and losses from investment sales, which could significantly impact the Company's financial results from one period to another based on the timing of investment sales and resulting gains or losses, which may or may not be recurring.

**Three months ended March 31**

(Amounts in thousands)	<u>2003</u>	<u>2002</u>
	(Unaudited)	
<b>Net Income</b>	<b>\$ 5,406</b>	<b>\$ 4,386</b>
Net realized gains on investments	(2,162)	(2,054)
Income tax expense on realized gains	757	719
Realized gains net of income taxes	\$ (1,405)	\$ (1,335)
<b>Net income excluding net realized gains and related income taxes</b>	<b>\$ 4,001</b>	<b>\$ 3,051</b>

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