

REPORT
TO
MEMBERS



SINCE PURE'S LAUNCH, we have believed that a carefully curated membership of successful, responsible people—who own well-built, well-protected homes, fine cars and have a passion for collecting beautiful things—is the recipe for a stable insurance company. Over the past 17 years, we've stuck to that belief—helping members identify and protect against risks and supporting them through tens of thousands of claims, from minor fender benders to total home losses. And, when necessary, we have made the tough call to non-renew policies that no longer fit our criteria. This careful approach to underwriting and commitment to service has contributed to PURE making it safely through some of the most significant catastrophes of our time.

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My fellow PURE members,

2022 saw your insurance company perform well in the face of an increasingly difficult environment.

"lost business" includes those members we did not offer an option to renew. If you were to draw from a political analogy, I am not sure we benefited as much from a referendum in favor of PURE, as our competitors dramatically pulled back, and we were most clearly the best choice.

We are committed to improving the service and solutions we offer, so that we can earn your trust and loyalty. Once again, in 2022, we stood out from the pack with direct written premiums up 17% and important recognition earned as the Best High Net Worth Insurance Company at both the Family Wealth Report awards (eight years in a row) and Private Asset Management awards (six years in a row). We are honored to be recognized as the "best," and we aspire to be known as your "favorite."

Our competitive position has never been stronger, but the well-publicized struggles of both established competitors and newer entrants offer us an important reminder of the difficulties inherent in this business. PURE and its membership were not immune to the treacherous conditions as we saw monies spent on claims and expenses outpace monies collected from premiums for the second straight year. We have the financial strength and flexibility to absorb years like these, but it's not a recipe for sustainable excellence. As we described last year, we will focus on improving service while returning to underwriting profitability in 2023.

Extreme weather continues to wreak havoc on our members, their property and their communities. Hurricane Ian made landfall in Southwest Florida with a wind force that approached Category 5. In the days leading up to landfall, the "cone of uncertainty" showed a path likely to fall between Tampa Bay all the way to the Panhandle

Region to the north and west. However, the storm ultimately took a sharp turn and aimed at the communities of Fort Myers and Naples. With an extreme storm surge and a somewhat shortened notice to execute hurricane plans, our members suffered more losses to flooded cars than we might have normally anticipated. Around Christmas Day, as temperatures across the country dropped suddenly and severely, our membership suffered burst pipe losses that were similar in scope and cost to a major hurricane. In a single day, burst pipe claims were reported in more than 20 states, led by claims in Georgia.

These two events provided stark reminders about the importance of hurricane evacuation plans; flood venting in garages; smart home technologies, including temperature monitoring devices and water shut-off equipment; and even the potential benefits of anti-freeze in sprinkler systems. We hope this report will serve as a useful set of reminders that equip the PURE membership to be even more prepared the next time similar events occur. And they surely will happen again.

We have deep respect for our reinsurance partners who provide important capital that allows us to confidently and cost-effectively take risk. Our partners assume important risks for PURE and represent a vital part of our capital and risk strategies. We are proud that we have produced consistent profits for our reinsurers. This industry, especially reinsurance for catastrophic damage to property, is going through a sharp transformation. One leading reinsurer simplified its strategy in three words: "double, double, half." The company wanted to see primary insurers, like PURE, double the amount of risk they assume before ceding it off. They wanted to double the premium they charge and





▲ For some, the damage left behind by Hurricane Ian was devastating.

"Extreme weather continues to wreak havoc on our members, their property and their communities."

they intended to cut in half the amount of expense offsets they offer, known as "ceding commissions." For a group that calls itself the "shock absorber" of the industry, the tightening of the reinsurance markets has certainly offered quite a few shocks.

We believe it is our obligation to fully understand, accurately price and proactively manage risk—and not just to react to the reinsurers. However, there are a number of factors that justify some portions of this extreme market movement. As interest rates have spiked, a reinsurer can now get a higher return on cash in a savings account than they used to charge us for hundreds of millions of dollars of coverage. If their view of the cost of risk were unchanged, they would still likely need to increase rates to reflect the cost of capital. Unfortunately, the view of risk is only getting worse. The frequency and cost of severe events keeps getting worse and worse, but the nature of the events facing reinsurers has added a tremendous amount of uncertainty (war in Ukraine, COVID, winter freezing). In the face of a higher cost of capital, more severe weather and greater uncertainty, it is reasonable for us to envision that the availability and affordability of reinsurance will be a factor in our plans for a number of years.

Our team has worked hard to battle inflation over the past several quarters. By indexing an increased inflation factor against insured values, we are trying to ensure your coverage limits keep pace with increased claims costs. We also need to work with individual members whose

coverage limits look like outliers with values well below what we see in typical claims costs. We are tackling this from all angles by offering even more in-home inspection services (PURE360®) to better document and value unique features of a home and working with an elite group of restoration contractors to control the cost of repairs. Despite our efforts, you can see the impact of inflation. In fact, the automobile insurance industry has seen even greater pain from all aspects of the product, from repair costs to legal risks to medical expenses. Once again, we are not immune from these headwinds.

As if the risks and liabilities we faced in 2022 weren't bad enough, the asset side of our balance sheet faced a nearly unprecedented market. PURE invests more than \$1 billion to benefit the membership and to strengthen our claims-paying ability. The bulk of our investment activity is in high-quality, fixed-income with reasonably short durations. The bad news is that almost all asset classes struggled in 2022, even our conservative portfolio. The good news is that the new monies invested are benefiting from significantly higher yields. We are optimistic that our investments will contribute to an increase in member capital in 2023. Investment losses are yet another contributing factor to the reinsurance tightening.

Since our founding, we have been conscious of curating an optimal diversification of risks. Not surprisingly, Florida, California, Texas and New York are our four biggest states and largely represent our greatest concern for aggregation

of risk. For our first 15 years, we believed that the cost of protecting PURE against massive disasters in these areas was a reasonable value. We paid an extra premium for reinsurers to assume that volatility, but it worked for us. The significant increase in reinsurance costs means that it may no longer be cost effective for PURE to include as many members as we do in some of those areas. Improving our overall profitability gives us more margin for error to assume risks or pay for reinsurance, but as we see the current conditions as closer to permanent, we will be reducing risks in some of these areas.

PURE was designed as a superior platform for superior risks, often described as for the most responsible owners of the finest built homes. For the past six years, through PURE Programs, we worked with third-party insurers to create solutions for PURE members whose insurance needs included exposures to much higher risk. We would manage these risks on a non-admitted basis that is less regulated and allows an insurer to charge a higher premium that reflects the increased exposure. As the regulated insurance markets tightened, these non-admitted solutions became more favorable. In fact, some of our competitors decided over the past year that they would only offer coverage in certain states if they could do it in an unregulated fashion that allowed them to find the highest rate. As the demand for this coverage increased, the supply of interested capital did not. We have found it harder and harder to convince insurers to provide meaningful capacity to let us solve problems. To



PURE Specialty Exchange allows us to offer much-needed capacity for harder-to-place risks, such as coastal homes.

"Our team has worked hard to battle inflation over the past several quarters."

create greater stability for these solutions, we formed and capitalized PURE Specialty Exchange, a new reciprocal insurer intended to serve the higher-risk needs of PURE members. While there will be limits to our capacity, this new initiative should allow us to answer more challenges for coastal risks, wildfire risks and homes under construction.

We are also excited to launch new capabilities in Canada in the near future. We earned a license for PURE to operate a Canadian branch and started assembling a great team. This will create more diversification and an opportunity for us to provide complete solutions for hundreds of Canadian PURE members who rely on us to protect them in the U.S.

Our team continues to invest in reducing friction throughout the process. If you have not downloaded the PURE Insurance mobile app yet, please do. The most common use is for accessing auto insurance ID cards, but it offers many other tools and features. We added more risk features to PURE Home Spotlight® that can help with home-buying decisions and accelerated the usage of PURE Art Spotlight™ to give greater confidence to art collectors. We will continue to invest in ways that make you smarter about risk and find it easier to navigate insurance matters.

I want to take the opportunity to recognize the talents and hard work of the more than 1,000 colleagues who take such pride in

serving you and your chosen independent insurance brokers. It is a remarkable group who deserve all of the credit for the awards and accolades. No recognition is more important than the trust that you place in PURE. Thank you for your membership and best wishes for a safe and healthy 2023.



Ross Buchmueller
ROSS BUCHMUELLER
Chief Executive Officer

AT A
GLANCE

17
YEARS

of serving
the PURE
membership

95
PERCENT

of members
elect to stay with
PURE

8
CONSECUTIVE
YEARS

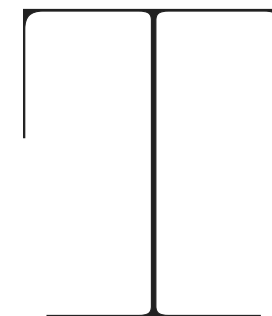
named the
Best High Net
Worth Insurance
Company by
Family Wealth
Report



"We continue to be impressed by the professionalism of all parts of the organization."

LETTER FROM THE SUBSCRIBERS' ADVISORY COMMITTEE CHAIR

Greetings, follow PURE members,



THIS PAST YEAR has been a productive one for the Subscribers' Advisory Committee (SAC), your representative team of PURE members who provide recommendations to management regarding ways to better serve the membership, oversee audit functions and serve as ambassadors for PURE.

Much of our work this past year was spent evaluating the composition of our current committee, and I am happy to share that we recently nominated two new members: Agatha Kessler and Anne Marie Stonich. Each brings a wealth of experience and expertise to our team.

PURE recently moved into the number two spot among the largest insurers serving high net worth individuals and families, and we continue to receive top recognition from the premier awards in the wealth management and financial services industry, including Private Asset Management and Family Wealth Report.

In each of our quarterly meetings, the committee reviews financial and operational matters; this year we also reviewed PURE's cybersecurity and disaster recovery plans. I continue to be impressed by the professionalism of all parts of the organization.

At our fall meeting, we joined brokers, reinsurers and employees in a series of informative presentations highlighting key organizational initiatives. We were pleased to see initiatives focused on several areas important to the membership: improving service, delivering greater value to members and controlling costs. On the topic of greater value, if you have not done so already, I encourage you to visit your online account or the PURE Insurance mobile app and take a look at some of the valuable offerings already there, like the Advice Dashboard and PURE Home Spotlight®.

Thank you for your continued support of PURE. We look forward to continuing to provide the best possible insurance solutions for all of you.



Jodi G. Lash

JODI G. LASH
Chair, Subscribers' Advisory Committee

NEW MEMBERS



AGATHA KESSLER currently works as Chairman of Fentress Architects, which has designed architectural projects worldwide and whose buildings are visited by millions of people each year.

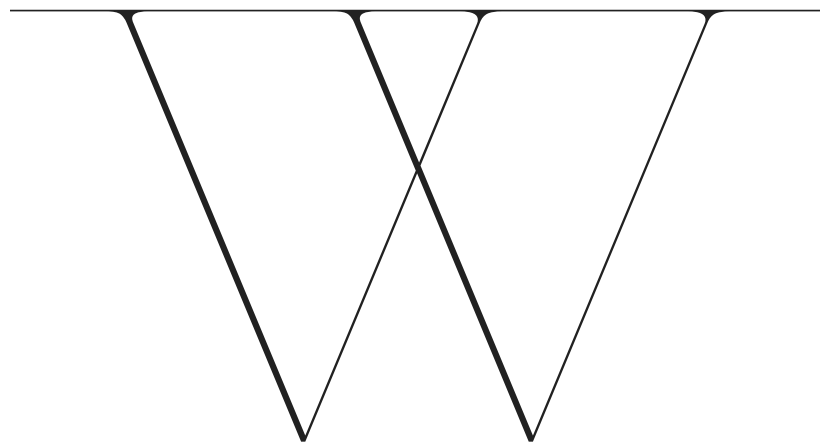
Agatha is known for her exceptional leadership skills and commitment to excellence. Her expertise in the areas of technology and marketing will be invaluable. Agatha lives in Denver, Colorado.



ANNE MARIE STONICH has over 20 years of experience as a financial professional and currently serves as Chief Wealth Strategist and board member for Coldstream Wealth Management.

Anne Marie's experience as a CPA and CFP will be a great asset to the committee in its work to procure the annual insurance company audit. Anne Marie lives in Bend, Oregon.

PURE's Servicio Experiencia



WE BELIEVE that we must provide you with greater value—beyond just a policy. There are many companies who either offer a streamlined, easy experience or who delight their clients through high-touch human interactions. But truly great companies are those who relentlessly pursue both.

We know that often the most seamless experience is when you never have to call us in the first place, and we try to make sure you don't have to spend any more time on your insurance than is necessary.

Through your online account and the PURE Insurance mobile app, you can easily take care of things like paying your bill, downloading your Auto ID cards and adding a new piece of jewelry to your Collections policy.

We are always looking for ways to reduce friction, whether you're looking to ask a question, report a claim or minimize risk to your home. Improvements underway range from small changes, like making it easier to pay your bill, access your policy information or request roadside assistance, to complete overhauls, like redesigning our administration of the National Flood Insurance Program's primary flood coverage.

Improvements to our claims process are also underway and include: the option to report claims digitally, solutions that help to get you paid faster, and a text option when communicating with your adjuster. We are also working to ensure you have the best professionals and expert craftspeople to help with repairs.

OUR SERVICE COMMITMENT

We know that often the most seamless experience is when you never have to call us in the first place, but if you do, here is what you can expect. We will:

1

Listen generously and **tailor** our approach to your unique situation.

2

Act with **humanity**, especially during difficult times.

3

Let our **warmth** emanate through each interaction.

4

Express **gratitude** for our members, brokers and colleagues.

5

Use **expertise** to deliver smart, practical solutions every day.

6

Minimize **burden** through easy, responsive service and proactive communication.

"We are grateful
that you put
your trust in us..."

Every person on our team must bring empathy and humanity to each interaction.

Throughout your membership with PURE, you will interact with several members of our team, and we aim to deliver warm, welcoming and respectful service every time. To ensure this, we are placing an even greater emphasis on:



HIRING PEOPLE WITH A DESIRE AND APTITUDE TO SERVE YOU—like those with a background in hospitality or service—and then providing development opportunities that allow them to thrive.



CONTINUING TO INVEST IN A CULTURE where everyone understands what great service looks like.



MAKING SURE THAT WHEN WE DO SOMETHING WELL, it is scalable for the benefit of all members.

SUPPORTING RESILIENCE, RESPONDING WITH EMPATHY

We recognize the emotional impact large, devastating losses can have on an individual or family. So, we work hard to bring solutions to our claims process that help address the needs of the whole person.

Our efforts began in 2014 when we engaged Dr. Steven Southwick, a Yale Medical School professor specializing in psychiatry, post-traumatic stress disorder and resilience. We developed strategies to eliminate uncertainty, address financial concerns and emphasize speed of response—all attributes that foster resiliency among our membership and help members reach resolutions sooner.

More recently, we introduced a program and resources that help safeguard employees from the effects of secondary trauma inherent in supporting members in crisis. We teamed up with the CEO of the National Center for Equity & Agency and trauma-informed care expert, Dr. Laura McGuire, to put in place tools that address this psychological fatigue, which in turn, helps support and produce a highly capable and empathetic claims team.

EMPLOYEE SPOTLIGHT



KRISTEN VICINO
Head of Service

Kristen leads our Service teams and is responsible for introducing solutions that create an exceptional service experience for members, while simultaneously creating a culture where our employees have the environment, tools and knowledge they need to serve you to the best of their ability and build meaningful careers.

"We are grateful that you put your trust in us to serve you, and we consider it a privilege to do so."

We want to hear from you. Share your feedback by sending an email to kristen@pureinsurance.com.

The Importance of Risk Management

INFLATION AND THE UPTICK in severe but preventable claims are driving up the cost of insurance for members (not to mention the personal disruption associated with a large claim). This presents a call-to-action for all of us to do more to protect the homes we insure.

We are placing a greater emphasis on risk management and working harder to find solutions that can aid in reducing the occurrence of preventable claims as well as mitigate the damage for those that are not as avoidable (like those that result from hurricanes, convective storms and other severe weather events). We are testing new technologies, thinking up different service offerings and reviewing claims data to uncover new insights that can make us all smarter about risk.

We know risk management can sometimes be time consuming, so we are working to make it easier on you, either by introducing simpler-to-implement solutions or by finding creative ways for PURE to take on a bigger share of the effort.

NEW PILOT PROGRAMS COMING SOON

We will continue to pilot programs involving solutions intended to reduce risk against severe causes of loss.

Notable pilot programs related to plumbing leaks and electrical fires will begin this summer. These programs will start on a limited basis due to state-by-state regulatory requirements and other restrictions. Members will be notified by email as they become eligible.

LeakBot Pilot. For several years, we've been promoting the benefits of water shut-off devices. While we are pleased that many members have installed this critical loss prevention technology, many more still remain at risk. The good news is, there is another easy solution. LeakBot simply clips onto the pipe where water enters your home and monitors flow, alerting you if a leak is suspected.

Ting Pilot. Every year, the membership is faced with devastating fire losses and the severity continues to increase. Ting monitors the electrical activity in your home, alerting you of abnormalities and arcs that can lead to electrical fires.

These programs will kick off in a few states with the intention of expanding more broadly as we monitor adoption and success.

What you can do to reduce your risk.

Insurance is inherently a group effort, but this is especially true with PURE's membership model. The more responsible members who truly care for their homes, the better the entire membership performs—which can mean a lower cost of insurance.

When it comes to combating two of the most devastating sources of loss among the membership, start by following this advice.

Preventable Plumbing Leaks. In 2022, preventable plumbing leaks cost the membership over \$148 million, yet the measures to reduce them are often simple and inexpensive. While the following are *recommendations* for members across much of the country, members in some states are *required* to implement these solutions in order to maintain coverage.

- Replace your supply lines every 10 years, at minimum. For toilets, steel-braided hoses with metal connectors are superior to rubber and plastic alternatives. For washing machines, steel-braided hoses should also be used.
- If your washing machine is located on the second floor, in addition to having steel-braided hoses, make sure to place a point-of-leak sensor below the machine to alert you of leaks. If you want to avoid accidental water damage altogether, add a drain to the laundry room.
- Add a device that monitors the flow of water to your home and alerts you of irregularities via an app. The best protection comes from a device that can also shut the water off, but a flow monitor will still provide critical insights that can help lead to timely intervention.

Electrical Fires. Fires are infrequent but almost always severe. Modern building materials, open floorplans, additional electrical devices and more combustible materials mean homes burn faster than ever before. Three ways to reduce this risk:

- Work with your electrician to ensure that all your outlets are properly grounded and safely operational. Have your electrical panel examined regularly.

"We're working to inspire a sense of community around loss prevention..."

- Be mindful of overloading power strips and outlets. It's good practice to check chargers, cords and power strips regularly for wear and to ensure they are not overheating.
- Install a Ting device, which monitors your entire electrical system and alerts you of any irregularities that could lead to a fire. This includes both the power coming to your home and any plugged-in device or appliance.

Learn about other technology-based solutions that can help reduce your risk in the pages that follow, or by visiting our blog at pureinsurance.com/advice-and-insights.

EMPLOYEE SPOTLIGHT

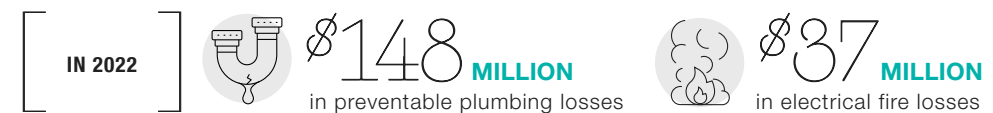


JASON METZGER
Head of Risk Management

Jason leads our Risk Management team and is responsible for building and executing our strategy for helping members prevent claims.

"We're working to inspire a sense of community around loss prevention, where our Risk Managers work hand-in-hand with stakeholders. First, with our broker partners to offer our members insights on how to best implement impactful solutions that will reduce risk. And second, with our Underwriters to ensure only the most responsible homeowners remain in the club.

We want to hear from you. Whether it's sharing your tips for keeping your home safe or letting us know what your biggest risk management concerns are. Email jason@pureinsurance.com.

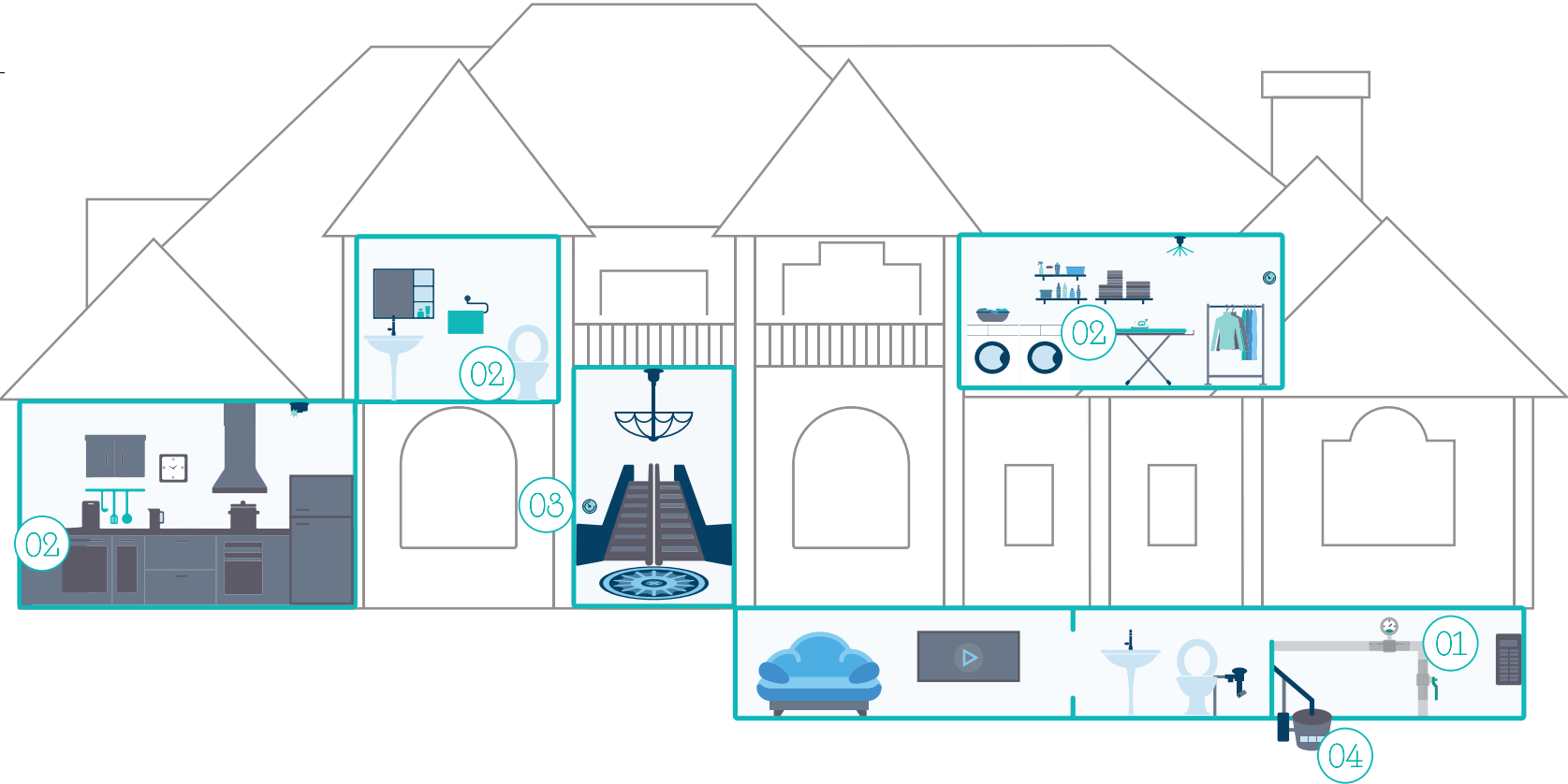


WHEN IT COMES TO the membership's commitment to tackling preventable losses, our Risk Managers have found three criteria that our most responsible members meet.

- At the top of the list is a maintenance plan for your home. Performing regular home maintenance can help detect minor issues before they become large losses. It can also extend the life of your appliances and help them run more efficiently, saving you money on replacements, repairs and energy bills in the long run.

- Second is mindset. Members who are willing to ask for advice and then take action on that advice are much less likely to experience a loss.

- And third is using technology to your advantage. In the following pages, you'll find several options for devices or upgrades you can add to your home to reduce common risks. You may choose to use one or several of these devices depending on the unique needs of your home, but selecting at least one from each risk category is a great start.



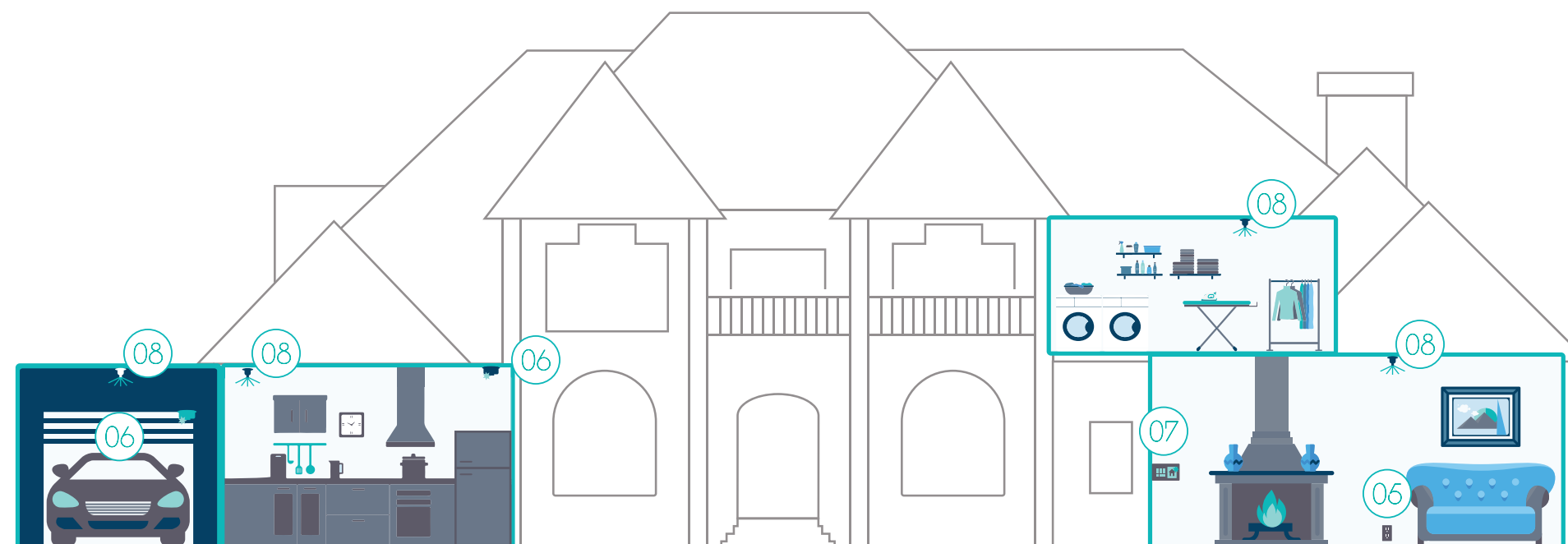
Preventing Plumbing Leaks

DEVICE AND WHAT IT DOES	WHY WE RECOMMEND IT	CONSIDERATIONS	A GOOD FIT FOR	COSTS*
01 Water shut-off devices are the best option for full protection from water damage due to burst pipes or broken fixtures. They measure water flow and automatically shut off the water if abnormal use, indicating a leak, is detected. Our recommendations: FloLogic, Phyn or Water Hero	<ul style="list-style-type: none">• Does not require you to be home to shut off the water if a leak is detected• Can detect a pipe leak or burst in walls or other areas that are not immediately noticeable• Insurance premium credit may be applicable	<ul style="list-style-type: none">• Installation requires the services of a professional plumber• May take time for your device to learn your home's regular water flow, which could result in water being turned off in error	<ul style="list-style-type: none">• All homes where the main water line is accessible• Secondary homes or primary homes that are regularly unoccupied	\$575-\$4,000 (not including installation)
02 Point-of-leak sensors detect leaks that may not immediately impact overall water flow, like a dishwasher leak or washing machine overflow. Our recommendation: Phyn	<ul style="list-style-type: none">• Easy to self-install by placing below or next to each fixture or appliance with a water line• Can be used in tandem with a water shut-off device for more complete coverage	<ul style="list-style-type: none">• Water will need to be shut off manually if a leak is detected• Batteries need to be replaced periodically• A sensor is needed for each fixture and appliance that uses water (for every toilet, sink, ice machine, washing machine, dishwasher, etc.)	<ul style="list-style-type: none">• All homes, especially condos where you may not have access to the main water line	\$40-\$50 per sensor
03 Low temperature sensors alert you if the temperature within your home drops to a threshold that could cause pipes to freeze.**	<ul style="list-style-type: none">• Helps identify the temperature in different areas of your home, which can fluctuate due to heat flow and insulation• Enables you to take action to prevent pipes from freezing	<ul style="list-style-type: none">• You'll need at least one sensor for each level of your home• Sensors should be placed in finished areas where plumbing is present, especially if those areas are above a garage or in the attic	<ul style="list-style-type: none">• Homes in cold weather areas• Homes in warmer climates that occasionally see temperatures below freezing	\$100-\$500 depending on device
04 Sump pumps with a battery backup system prevent flooding and water damage by diverting water away from your home's foundation.**	<ul style="list-style-type: none">• Reduces the risk of water damage in your basement due to flooding	<ul style="list-style-type: none">• Electricity is required to power your sump pump, so it is essential to invest in a backup system with a smaller, battery-powered pump (also known as an auxiliary pump)• If your home has a generator, make sure the sump pump is one of the systems powered by the generator	<ul style="list-style-type: none">• Homes with finished basements or a history of flooding	\$600-\$4,000

**This is an estimated starting cost. Actual prices will vary depending on the specifics of your home.*
***While we do not currently recommend a specific brand, we are happy to help you locate a service provider in your area.*



Reducing the Risk of Home Fires



DEVICE AND WHAT IT DOES	WHY WE RECOMMEND IT	CONSIDERATIONS	A GOOD FIT FOR	COSTS*
06 Electrical monitoring devices track electrical activity in your home and can identify hidden electrical faults to help prevent fires. Our recommendation: Ting	<ul style="list-style-type: none">• Easy to install and monitor by simply plugging in the device and using their mobile app• Can identify electrical issues with chargers, computer equipment and other appliances• Ting helps troubleshoot at no additional cost	<ul style="list-style-type: none">• Monitoring is provided by Ting, and you can also self-monitor through their mobile app• Annual subscription is required after the first year to keep monitoring active	<ul style="list-style-type: none">• All homes• Homes with older wiring that are especially vulnerable to electrical issues	£100 for device and first year of monitoring services £50 per year per sensor for monitoring services after the first year
06 Central station fire alarms provide early detection of fires and alert a dedicated monitoring company, which can then dispatch local fire responders to your home.**	<ul style="list-style-type: none">• 24/7 coverage whether your home is occupied or not• Peace of mind for life safety• Insurance premium credit may be applicable	<ul style="list-style-type: none">• Professional installation required to ensure you have the right devices and appropriate coverage for your home• Potential for false alarms• Monthly monitoring fees in addition to the cost of the device	<ul style="list-style-type: none">• All homes, especially secondary homes or primary homes that are regularly unoccupied	£2,500
07 Smart detectors offer early detection of fires with the option to add monitoring. Our recommendations: Nest or SimpliSafe	<ul style="list-style-type: none">• Self-monitoring via a mobile app with the option to add professional monitoring (similar to central station alarms)• No monthly fee if self-monitored• Some companies offer professional monitoring a la carte to cover family vacations or other times when your home goes unoccupied	<ul style="list-style-type: none">• Some companies may offer installation for a fee, although most can be self-installed• Must have internet access and actively watch for alerts if not professionally monitored• No premium credit for self-monitoring	<ul style="list-style-type: none">• Homes where a professional system is not wanted	£500
08 Fire suppression systems offer quick fire mitigation, making it easier for you to exit your home and for fire responders to extinguish any fire that remains.**	<ul style="list-style-type: none">• Can save the lives of people in your home if there is a fire• May reduce fire and smoke damage to property and other valuables	<ul style="list-style-type: none">• Cannot be monitored by an automatic water shut-off device• Has the potential to cause severe water damage in freezing temperatures if pipes freeze and burst	<ul style="list-style-type: none">• Large homes that are a few minutes away from or otherwise not easily accessible by local fire responders	£2-£7 per square foot for existing homes

*This is an estimated starting cost. Actual prices will vary depending on the specifics of your home.

**While we do not currently recommend a specific brand, we are happy to help you locate a service provider in your area.



Mitigating Power Outages and Surges

Loss of power can result in various types of losses—from spoiled wine collections to frozen and burst pipes. Electrical surges can be equally as devastating, especially if you've invested in a smart home system or other intricate electronic devices. With the below technology, the risks associated with both can be mitigated and even prevented entirely.



DEVICE AND WHAT IT DOES	WHY WE RECOMMEND IT	CONSIDERATIONS	A GOOD FIT FOR	COSTS*
09 Whole home generators provide backup power to your entire home in the event of a local outage.**	<ul style="list-style-type: none">• Powers essential home systems, ensuring safety and comfort during bad weather or other emergencies• Can prevent frozen pipes in cold weather or condensation and mold in hot weather• Insurance premium credit may be applicable	<ul style="list-style-type: none">• Powering your entire home can be costly depending on the size of the home and the number of outlets• Requires annual maintenance• If you use propane or oil, your generator's fuel supply could be depleted depending on how long the generator is needed	<ul style="list-style-type: none">• All homes, both primary and secondary	ø7,000–ø30,000
10 Partial home generators offer limited backup power to your home to keep home systems like the HVAC, hot water, certain lights, alarms and refrigerators running.**	<ul style="list-style-type: none">• A less costly alternative to a whole home generator	<ul style="list-style-type: none">• Use of personal electronics may be limited during an outage, as power is directed to key home systems	<ul style="list-style-type: none">• Secondary homes where powering the entire home may not be needed	ø3,000–ø12,000
11 Whole home surge protectors block electrical surges from entering your home circuits, providing comprehensive protection from lightning and other power issues.**	<ul style="list-style-type: none">• Stops excessive surges from impacting the systems and electronics in your home	<ul style="list-style-type: none">• Requires a licensed electrician to install	<ul style="list-style-type: none">• All homes with high-end home systems or lots of electronic gadgets and devices	ø250–ø300

*This is an estimated starting cost. Actual prices will vary depending on the specifics of your home.

**While we do not currently recommend a specific brand, we are happy to help you locate a service provider in your area.

To connect directly with a PURE Risk Manager to discuss your specific concerns, email riskmanagementservices@pureinsurance.com.

If you would like a PURE360® Risk Management Consultation—a full, in-home walk through where we can provide bespoke advice based on your home's specific risk characteristics, ensure your coverage is adequate and gather proper documentation of your home's characteristics for replacement value purposes—email pure360@pureinsurance.com.

MEMBERSHIP STARTS HERE

Above all, PURE is about membership and the talented and accomplished people who are a part of it. To tell the PURE story, we start with their stories.

► Louise and Jay Greenspan, members since 2018, in the office of their Washington, D.C. home. This room, like many others in their home, is filled with artifacts and memories of the time their family spent traveling the world.

MEMBER STORY: THE ART OF LIVING

THE GREENSPANS

The Art of Living



FEATURED ART

Top: "Untitled" by Paul Jenkins

Middle: "Cheetah Pair" by Dylan Lewis

Bottom: "Treaty" by Robert Rauschenberg

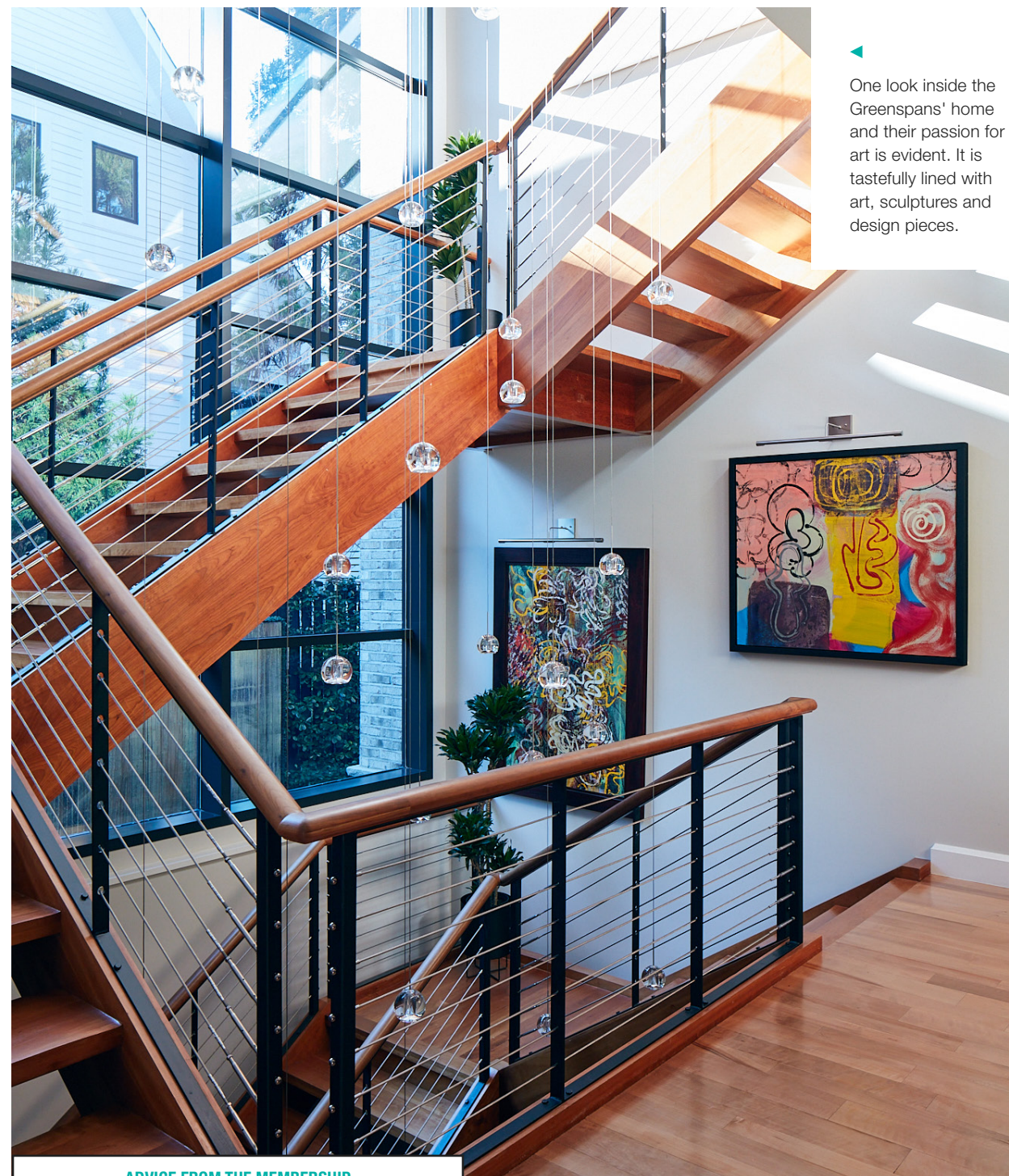
Right: "Untitled" by Robin Dash



IF YOU EVER get invited to Louise and Jay Greenspans' house, don't ask to see their art collection. You won't have to. From the Edwards 11-foot steel dancer in the front yard, to the Rauschenbergs and Jenkins adorning the hallways, to the Dylan Lewis bronze cheetahs on the desk or the Emily Chang painting spanning an entire wall—upstairs, downstairs, in the garden—art is everywhere. The Greenspans' collection is vast and varied and reflects the enthusiasm of two genuine, lifelong art lovers. Just don't call them collectors.

"We're not trying to build a collection," Louise says. "We just have beautiful pieces that we love. Some of them are expensive—at least for us—and some cost very little. But we love them just as much."

"That's the truth," Jay says. "We seldom consider investment value."



One look inside the Greenspans' home and their passion for art is evident. It is tastefully lined with art, sculptures and design pieces.

ADVICE FROM THE MEMBERSHIP

The Greenspans' advice for protecting art

For artwork that is behind glass, the Greenspans use only museum-quality, non-reflective glass, which helps protect it from the damaging effects of sunlight.

"For paintings not in glass, we either hang them away from any direct light or pull down shades and

curtains when the sunlight pours in on them," Jay says. For other pieces (sculptures, for example), they simply keep them dusted and dry.

"We once had a sculpture with a condition issue as well as an oil painting with a piece of chipped paint. PURE Art Services recommended a conservator to us, we contacted them and they did excellent work."

HAVE YOU TRIED PURE ART SPOTLIGHT YET?

Buying a work of art can be fraught with uncertainty. **PURE Art Spotlight™** is designed to help reduce uncertainty by arming you with the information needed to give you confidence before you buy.

Instantly receive artist information with AI-powered technology

(Powered by Wondeur AI)

Text the name of a contemporary artist to 540.787.3278 and receive information about the artist's career, the value of their art and more—within a matter of seconds.

Request a custom-curated report

For a more detailed analysis of an artwork, our Art Services team can create a custom report that includes the asking price, market analysis, seller profile, quality and condition, provenance research and advice for collection management to help better protect and enjoy your investment.



This down-to-earth, thoughtful attitude is typical of these two remarkable, optimistic doers who have dedicated their lives to making a difference in the world.

Louise was born and raised in London. “I hope you can still hear that in my accent,” she jokes. After completing her education, she volunteered in Botswana with U.K.-based Operation Raleigh (now Raleigh International), where she built sanitary facilities, storehouses and a rhino sanctuary in a local village. Through the experience, she developed a deep connection with the country.

“I lived in a tent in the middle of the savanna,” she says. “Lions would come up to the tent at night. I’ve been chased by hyenas. I’ve sat in a tree with elephants underneath me. It’s an incredible, beautiful country, and I just fell in love with it.” Later, Louise ran the U.K. operations of The Hunger Project, the visionary NGO committed to ending world hunger.

Jay hails from Asbury Park, New Jersey. He also began volunteering early in life as a hospice care worker, medical researcher and kindergarten teacher while still in college. After college, Jay taught at a struggling high school in Richmond, Virginia, and then moved on to the Hunger Project, where he helped to grow the volunteer force to five million worldwide.

At the age of 37, Jay started a consulting company with two friends on a houseboat in Sausalito. “We had a \$10,000 loan from my mother, one employee, a flipchart and a

marker,” he says. It was there that Louise and Jay met. The two were married soon after and now have three grown children.

The company, JMJ Associates, would become a global consulting powerhouse specializing in mining, energy and construction, and working on high-profile projects, like the Channel Tunnel, the London Olympics and extinguishing the oil fires in Kuwait at the end of the Gulf War. “We were making the impossible possible—that’s our tagline.”

JMJ was also hired to transform the dire health, safety, racism and economic inequality issues that had afflicted the mining industry in southern Africa for decades. It was perhaps Jay’s greatest challenge and the one he’s most proud of. “If that’s all I had done with my life, that one thing, it would’ve been good enough,” he says.

“When that opportunity came up, it meant relocating to Cape Town with our small children,” Louise remembers. “It became a defining period for the whole family. It was amazing, beautiful, raw and difficult, all at the same time. But I’m so glad we did that.”

When it was time to return to the U.S., Louise looked for a house that had enough space to display all the art they had picked up over the years. Eventually she found a home in Washington D.C.—Jay calls it “an art gallery you can live in”—and their financial advisor suggested PURE.



FEATURED ART

Above: “Black Pimpernel” by an Unknown Impumelelo Artist

Right: The Greenspans’ bespoke dining room table, made from the root of an African teak tree to remind the couple of their time in Cape Town.



“Actually, he didn’t even say, ‘I recommend this,’” Jay recalls. “He said, ‘You would be crazy to do anything else.’”

Shortly after the move, PURE Art Services began working with the Greenspans to understand their priorities for the in-home art gallery and assessed the collection. “I was completely taken aback by their level of care,” Jay says. “It was the first time I experienced anything like that. It felt like PURE was on our side.”

“They helped us understand the value of what we had,” Louise continues, “and researched pieces and artists that we didn’t know much about.”

In Cape Town, the Greenspans had acquired a work by South African artist Deborah Bell titled, “Return of the Gods-The Ancient Ones”—a group of five bronze statues 9 feet tall and 2,000 pounds each. The work is far too big for an ordinary house, and after years of exhibiting it at various venues in South Africa and the U.K., the Greenspans considered donating it to a museum. But finding the right institution with the right setting for such a large piece proved difficult. After several years of trying on their own, the Greenspans turned to PURE Art Services for help.

“They went to work on our behalf,” Jay says. “They spent time researching and made multiple recommendations and contacts with no compensation from us; it was part of their service.”

PURE Fine Art Specialist Casey Newbegin provided the Greenspans with curated guidance for institutional donation, as well as objective advice for private and public sale.

In the end, a private buyer purchased the work. “Their help was invaluable,” Louise says.

Reflecting on why they would acquire such a large, difficult-to-house grouping of sculptures in the first place, Louise says, simply, “We fell in love with them.”

The couple shared that, at its core, art grounds them in who they are. “Every day we wake up to find ourselves in a space of such incredible beauty. We know that no matter what happens during the day, we already experienced a moment of sheer awe and wonder.”

That love of art and sharing with others seem to be ongoing themes for the Greenspans. “If we have something that’s beautiful and other people get pleasure out of it, that’s a wonderful thing,” Jay says. “That’s the whole point of art,” Louise says. ✨

COMPREHENSIVE COLLECTIONS MANAGEMENT SERVICES

For members who collect, we offer PURE Art Services to help preserve and enhance your collection so you can enjoy it to the fullest. We can help with valuations to protect against volatility in the market; assist with regular maintenance to enhance value and ensure legacy; provide inventory services to help manage it; and give expert guidance and personalized assistance in the unfortunate event of a claim.

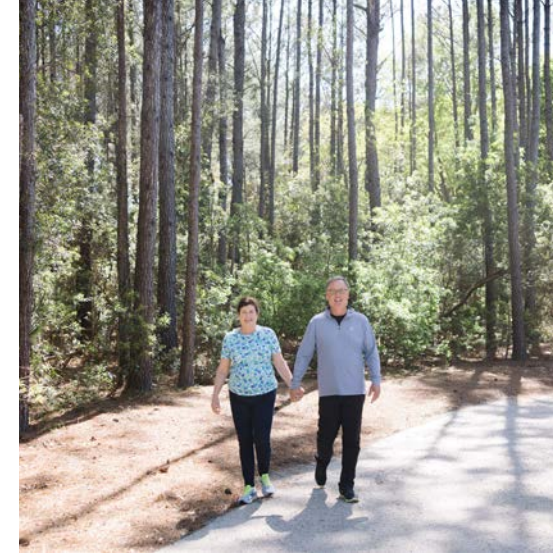
Members can contact **PURE Art Services** at artservices@pureinsurance.com or 312.376.8115.

Trudy and Jeff Palmer, members since 2014, enjoying a walk on Spring Island, South Carolina where they found their dream home.

MEMBER STORY: HIGHLIFE, LOWCOUNTRY

THE PALMERS

Highlife, Lowcountry



IMAGINE FINDING YOUR DREAM HOME in a place you never knew existed. You've just retired and you're ready for a change: a new state, a new lifestyle. During your very first visit, you fall in love with a gorgeous home and the community of Spring Island, South Carolina. But there's one thing giving you pause. As a risk-conscious person, you are concerned about the potential for hurricanes and other severe weather. Do you throw caution to the wind and follow your heart? Or do you come to your senses and find a home you know to be safer? For PURE members Trudy and Jeff Palmer—with a little help from PURE—they didn't have to do either.

Trudy and Jeff met in Boston during college; he attended MIT, and she attended Simmons. One summer, Trudy was taking a class at Harvard and rented a room at the house where Jeff was living. They struck up a friendship and began dating that fall. The rest is history.

After graduating, they started a family in Belmont, a suburb of Boston, where they lived for about 20 years. During that time, they built a vacation home in nearby Cape Cod. Jeff worked in the tech industry and when he got a job offer in Silicon Valley, the couple relocated to Los Altos, California. This is where, on the recommendation of their insurance agent, they first became PURE members in 2014.

Throughout his career, Jeff was an executive at a variety of startups, from travel management, to security software, to industrial drones. Trudy volunteered with special education programs, later focusing on suicide prevention.

When it came time to retire, Trudy and Jeff headed back to their home on Cape Cod. But after 20 years in California, one Cape Cod winter had them looking for a second home further south.

Then, by chance, Jeff spotted a beautiful new home for sale. "My immediate thought was, 'This is it. Spring Island is perfect.'" The community is built on a 3,000-acre nature preserve, which appealed to Jeff, who worked to protect natural spaces in California for many years. An active cyclist, he could already imagine himself riding through the island's live oak forests. And the house is idyllic. It sits on the 16th hole of an Arnold Palmer-designed golf course, and just beyond their back porch is a rookery of nesting wood storks. The quick transition from "taking a look" to "making an offer" made them stop and think: Was this truly perfect or an impulse buy? A dream house or a flood waiting to happen?

Knowing there may be risks associated with the home's location, Jeff remembered reading about the **PURE Home Spotlight**®, a report designed to give members more information on a home's risks before buying it. "I thought, 'hey, I'll see what PURE thinks,'" he recalls. "If they red light it, it's a concern, but if they don't, then maybe this is our place. And it was a green light." Five days later, they had a purchase agreement for the house. "The report gave us the confidence to move quickly," Jeff says.

This approach to home buying is typical of our membership: responsible, careful and proactive.

LEARN ABOUT A HOME'S HIDDEN RISK BEFORE YOU BUY IT

When it comes to buying a new home, there can be many unknowns. Hidden water damage. Unpermitted home improvements. High flood risk. Uncovering issues like these earlier in the process can help you make a more informed decision.

Designed exclusively for PURE members, the **PURE Home Spotlight**® provides data and insights on property-specific risks, like flood or fire, information on past insurance claims and building permits, as well as the home's insurability.

Log in to your account online or on the PURE Insurance mobile app to run a report.



▲ Horseback riding is just one of the many activities Trudy has found joy in since moving to Spring Island, South Carolina. She and Jeff are also attending art classes together, learning how to golf and spending plenty of time outdoors enjoying the 3,000-acre nature preserve they live on.

"If they red light it, it's a concern, but if they don't, then maybe this is our place. And it was a green light."

Shortly after moving in, a PURE Risk Manager visited their home for a PURE360® Risk Management Consultation, which confirmed that the house was well built and well protected. "Our Risk Manager commended us for having an automatic water shut-off valve and a generator," Jeff says. "And I said, 'If there are other things I can do to make sure the home is well-protected, I'll gladly do them.'"

While the Palmers work hard to prevent losses, claims do happen. Trudy recently experienced one herself—a minor auto accident involving her beloved new red pickup truck. Her PURE Claims Adjuster recommended Caliber Collision, a preferred auto body shop in the area, to handle the repairs. "The service was just unbelievable," Trudy says. "They said, 'We'll take care of everything for you,' and completed the repairs ahead of schedule. It was seamless."

Using one of our closely vetted, highly-skilled vendors ensures you get the best quality of work at a fair price. When members use our recommended vendors, their claims satisfaction is higher, and the cost of their claims tends to be lower, sometimes by a significant margin, which helps keep costs lower for the entire membership.

Now that the Palmers are settled into their new home, how's life on the island? "Active and social," Jeff says. "It's like summer camp for adults." Trudy, who grew up riding horses but hadn't ridden in over 40 years, is riding again. She enjoys tending to the chickens on the farm and attending art classes. Jeff plays croquet and is learning to golf. Together they spend time at the health club and participate in clay shooting. "I don't even have time to ride my bike," Jeff jokes.

"The people here are wonderful," Trudy says. "Everyone helps one another. It's just a magical place." If you are planning to buy a new home, PURE Home Spotlight can help uncover the facts. And, when it comes to living your best life, fact is better than fiction. Just ask the Palmers. ✱



ADVICE FROM THE MEMBERSHIP

◀ The couple was cautious about a move to a location that might have a heightened hurricane risk. But with their worries eased, they are very happy in their new home.

The Palmers' advice for preparing for a hurricane

Jeff and Trudy consider themselves to be careful people. With hurricane vulnerability at both their Cape Cod and Spring Island homes, and having lived much of their lives on the East Coast, they have learned

how to prepare. When a hurricane is forecast to impact their area, they think, "Ready, set, go."

"If you own a home located in a hurricane zone, you should always be ready with structure hardening (e.g., hurricane screens) on hand, know what to do when a forecast storm approaches and have an evacuation plan," Jeff recommends.

"If there is a hurricane in the forecast, then it is time to get your property set. Secure your house and other structures, store outside loose items, have food and water on hand and monitor the forecast to assess personal safety. And, if the storm is threatening or there is an evacuation order, go to another location. Fortunately, so far, we have never had to go!"

John Burgess, member since 2021, started building boats right out of college—a profession turned passion that he has continued through his retirement. His at-home boat shop makes it easy for him to keep doing what he loves.



JOHN BURGESS

The Boat That John Built



John has spent much of his life dedicated to boat building and helping others learn the craft. He founded the nation's first fully accredited boat building school in 1978 and served as its president for 23 years.

WHAT IS A BOAT WORTH? Well, that depends on the boat, of course—and the maker. But if you've devoted your entire life to boat building and a particular vessel was built by students at the very school you founded, that boat might be quite literally priceless. And that's the case for John Burgess and his beloved boat, the Firefly.

John Burgess—PURE member since 2021 and boat builder "since forever," as he describes it—was born in Wilbraham, Massachusetts. He attended Boston University with plans to take over the family photo engraving business after graduation. But when the time came, like so many people at that stage in life, he wanted to see a bit of the world first. He started his journey at his family's summer home in Kennebunkport, Maine.

Once there, John, with a true interest in learning the art of wooden boat building, pursued a summer job at a local boatyard. John was immediately smitten with the craft. "I remember the first time I walked into the shop—I was in awe and taken by the beauty and the scents. Wood of all kinds was being sawed and steamed. It was just amazing."

John threw himself into the work. "Greek philosophers identified the balance between the mind, body and spirit. That really all came together for me in building boats; the satisfaction and level of fulfillment in making something beautiful—not just functional. I'd never experienced anything like it."

Hearing the passion in John's voice almost makes you want to take up boat building yourself. And, should you actually want to do that, John will point you in the direction of Arundel, Maine, where he, along with a close friend, founded the Landing School in 1978. The Landing School is the nation's first fully accredited professional boat building school, training students for careers in the marine industry. The Landing School has four tracks: Wooden Boat Building, Yacht Design, Marine Systems and Composite Boat Building.

John is especially proud of the diverse people that the school attracts, from recent high school grads to aeronautical engineers and Navy Seals to international students from across the seven seas. "Their backgrounds are often diverse, but they are all united in their passion for this craft. They're champing at the bit to get to work Monday morning, because they love it."

John served as president of the Landing School for 23 years. Since retiring in 2001, he has remained active in the life of the school, but, as you might guess, he spends a lot of his time on a boat, specifically, the Firefly.

John acquired the Firefly in 2008—an Arundel 27 wooden powerboat with a fiberglass and wood/epoxy hull and a Volvo Penta 225 horsepower diesel engine. She was designed by noted naval architect Steve Dalzell and built by students at the Landing School. And she's a thing of beauty—so beautiful, total strangers have flagged John down to ask about her.

John estimates he and the Firefly have logged nearly 40,000 sea miles. They've traveled from Montreal, all the way down the East Coast and to the west coast of Florida, back up to New York Harbor, up the Hudson River to Lake Champlain. John says when you travel that many miles through all kinds of weather with a boat, what develops is not just an emotional attachment, but a synergy.

"This boat has taken care of us during a Nor'easter on the Delaware Bay when no other boats were out there. It's had water just washing over it, waves breaking on it for hours. It has really proved itself to be an amazingly seaworthy, sea kindly vessel. It's taken good care of us," John says.

So, you can imagine how he felt when he got the call that the Firefly had fallen off the trailer while being hauled to Lake George in upstate New York and was lying on the interstate. "I was in a state of shock," he says. "My boat. Oh my God."

"I remember the first time I walked into the shop—I was in awe and taken by the beauty and the scents."



▲ The Firefly was damaged in what John would describe as a shocking accident on the interstate as it was being towed to Lake George in upstate New York.

**COVERAGE
FOR YOUR
SEAWORTHY
VESSEL**

Whether you own a sailboat, luxury yacht or something in between, our comprehensive Watercraft policy is designed with you and your boat's unique needs in mind and includes broad navigational limits to protect you in domestic and international waters. Notable coverage features include agreed value, coverage for tenders and personal items, liability protection and hurricane haul out and storage.

[Contact your broker to learn more.](#)

The Firefly was taken off the highway, lifted onto a flatbed and towed to a nearby facility. John called PURE, and Member Advocate Madeline Boggess stepped in.

"My experience with Madeline was absolutely amazing," John says. "I can't tell you how encouraging and pleasant she was to work with."

The Firefly is no ordinary boat, and Madeline knew that not just any happy-go-lucky marine surveyor could understand the real nature of the claim. Working closely with John, she coordinated damage assessments not only from a specialist marine surveyor, but the boat's original designer, as well.

As a consummate boat builder himself, John was pretty choosy about who should—or even could—restore the Firefly to her original condition. There was a certain shop in Vermont he trusted. To his astonishment, PURE endorsed this choice, too. "Madeline said, 'No problem, just give us an estimate.'"

With structural and cosmetic repairs now nearing completion, and the engine

reinstallation up next, John is looking forward to being reunited with the Firefly early this summer.

The rebirth of the Firefly has been an exercise in patience—a virtue John says he learned through boat building. What else has it taught him? "It's taught me to be a little bit self-effacing, to be realistic about my strengths and my weaknesses and to surround myself with really smart people." As a company built on a membership of really smart people, we couldn't agree more. *



ADVICE FROM THE MEMBERSHIP

John's advice for safe sailing

"I always assume that if things go wrong at sea, it will happen at the worst time, in the worst place and in the worst conditions," John says.

With that in mind, John recommends keeping vessels maintained to the highest level of structural integrity and keeping mechanical systems running like new.

Thank You for Your Feedback

Member feedback allows us to solve problems and ultimately create a better experience. Over the years, feedback from members has led to changes, both small and large, from clearer messaging in your online account and the PURE Insurance mobile app to an easier login process, a better billing system and more self-serve features.

In early 2021, we created the Member Feedback Group. Since then, nearly 3,000 members have joined and weighed in on a variety of topics, including new and existing coverages, services that PURE offers and concerns related to the risks they face.

As this group gets larger, we gain a broader perspective on how to create a more seamless insurance experience. The members who participate in this group share insights about the risks they face or the issues they are experiencing, which can ultimately help us make the entire membership more resilient.

It was feedback from members that led us to introduce temporary proof of coverage, allowing members to use their phones to generate temporary auto ID cards for newly purchased vehicles. Now, if a member purchases a vehicle over the weekend, they are able to drive off the lot without having to wait on PURE for proof of coverage.

HELP US IMPROVE BY JOINING THE MEMBER FEEDBACK GROUP

Email getinvolved@pureinsurance.com to get started.

The PURE Membership

Our membership has grown to 112,512 successful individuals and families, 11,793 of whom joined in 2022.

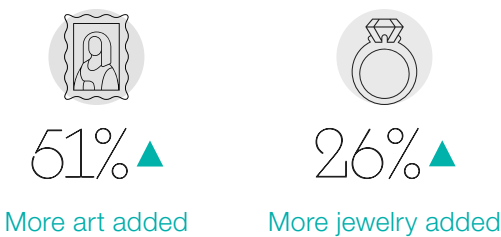
112,512
TOTAL MEMBERS

Retention & Relationship Expansion

In 2022, 94.9% of members elected to renew with PURE, with some increasing the number of assets they insure with us.

94.9%
MEMBER RETENTION

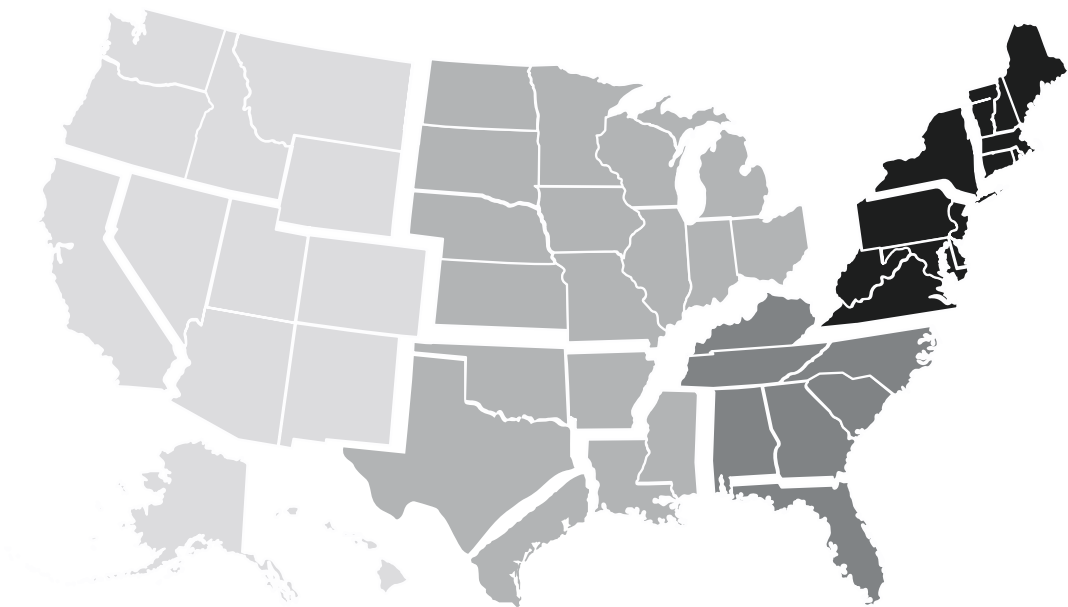
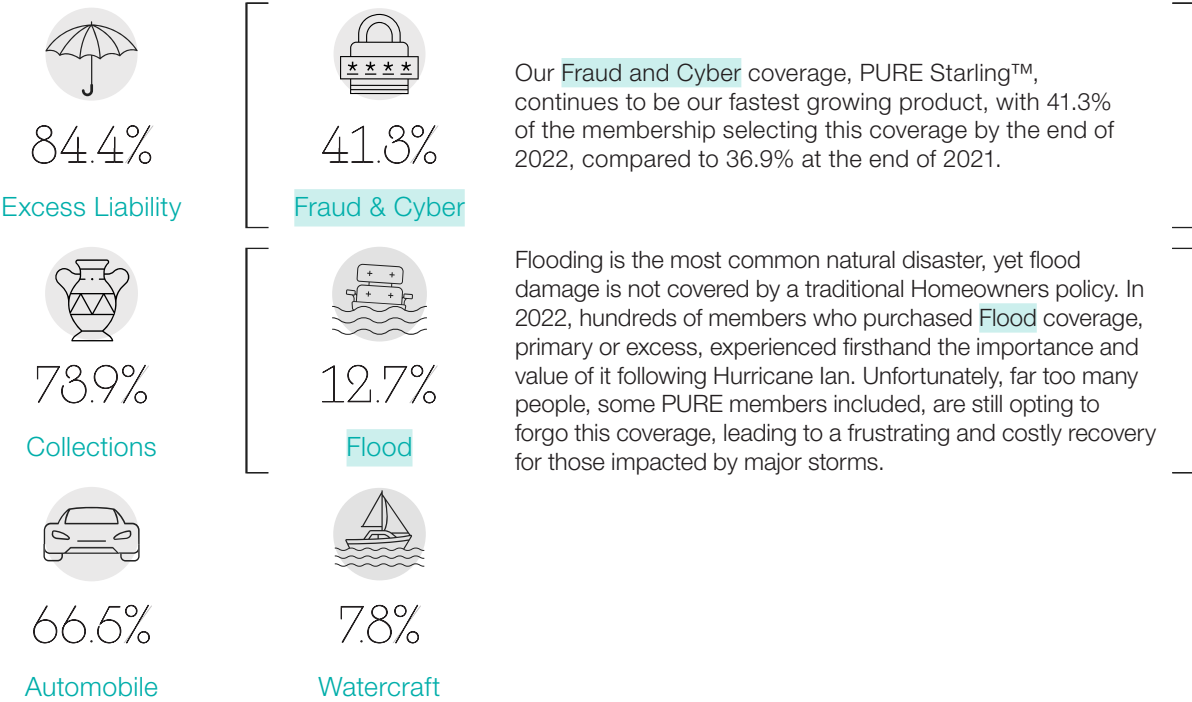
We first saw a shift in buying behaviors at the start of the pandemic, with existing members adding more jewelry and art pieces to their collections than ever before—a trend that has since continued. In 2022, existing members added 26% more jewelry pieces and 51% more art than they had in 2019.



Product Diversification

Nearly every member has a Homeowners policy with either PURE or one of our E&S affiliates. The rest of our product mix is well balanced across our lines of business, which helps to spread risk.

PERCENT OF MEMBERSHIP THAT PURCHASES EACH PRODUCT



Geographic Diversification

With a focus on building a membership of only the most responsible owners of the finest built homes, PURE is placing an even greater emphasis on geographic diversification. Our disciplined approach to underwriting enables us to improve efficiency and reduce the severity of any one catastrophic event in relation to the overall membership.

HOMES INSURED BY LOCATION

Eastern Zone	35.8%	Central Zone	28.1%	Southern Zone	21.7%	Western Zone	19.4%
New England	13.4%	Midwest	10.0%	Southeast	14.0%	California	7.7%
New York	13.3%	Gulf	8.6%	Florida	7.7%	Southwest	6.9%
Mid-Atlantic	9.1%	South Central	4.5%			Northwest	4.8%

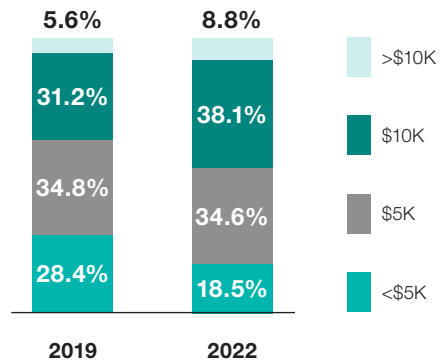
Deductibles

Your All Other Perils (AOP) deductible is the amount of money you will pay out-of-pocket (your share in the risk) following most covered homeowners claims, like fires, burst pipes or theft. Hurricanes, windstorms and hail often have separate deductibles, and if one of those deductibles apply, the AOP deductible does not.

Members are increasingly opting for higher AOP deductibles as an easy way to reduce their premiums.

To see what your premium savings could be, go to the PURE Insurance mobile app and try our “What If” tool that’s available under the Member Privileges section.

BREAKDOWN OF DEDUCTIBLE SELECTION ACROSS THE MEMBERSHIP



Benefits of Membership

Fifth Renewal Benefit

Members who have reached their fifth renewal no longer pay surplus contributions in addition to their premiums. In 2022, 9,862 members passed this milestone, lowering their overall payments by \$12 million.

A TOTAL OF
54,864
members no longer pay
surplus contributions

Subscriber Savings Accounts

Every insurance company requires capital (often referred to as policyholder surplus) to prudently manage the risk of the policies issued. However, capital management strategies can vary greatly depending on the insurance company's ownership model. As part of PURE's unique membership model, management may allocate a portion of its total capital to individual members through Subscriber Savings Accounts (SSAs)—a move that benefits both PURE and its membership. These funds remain on PURE's balance sheet, contributing to lower premiums, reducing the cost of capital and increasing financial strength. Should a member decide to leave PURE, the funds held in their SSA are theirs to take with them.

SSA allocations are considered in years when policyholder surplus grows organically. Surplus increases with premium payments, member surplus contributions and income PURE earns from its investments. Surplus decreases through claim payouts, as well as the costs of reinsurance and other expenses.

In 2022, the cost of claims and expenses exceeded what PURE collected in premiums, so PURE will not be making an SSA allocation or a distribution to PURE Gold status members. This has no impact on members' current SSA balances, and these accounts remain intact.

While we are not making an allocation for the 2022 calendar year,

SINCE 2010
\$118 million
has been allocated back to the membership through contributions to SSAs

Loss Prevention Benefit

Even with the best risk management measures in place, some losses are unavoidable. In the event of a covered homeowners claim of \$10,000 or more, your policy includes a Loss Prevention Benefit intended to help reduce the likelihood of a similar loss happening again. In 2022, we invested more than \$1 million alongside 535 members.

MORE THAN
\$1 million invested alongside 535 members
in loss prevention in 2022

Claims

As the membership grows, we are naturally going to see an increase in the number of everyday claims, like auto accidents, water damage and theft. In 2022, PURE assisted members with more than 29,000 claims, the causes of which were largely similar to past years, with water damage once again ranking as the costliest cause of loss for the membership. The membership also suffered more than \$40 million in flooded vehicle claims resulting from Hurricane Ian, and we continue to see an increase in the overall severity of claims due, in part, to continued supply chain issues, social inflation and higher costs related to labor and materials.

CLAIMS BY LOSS TYPE¹

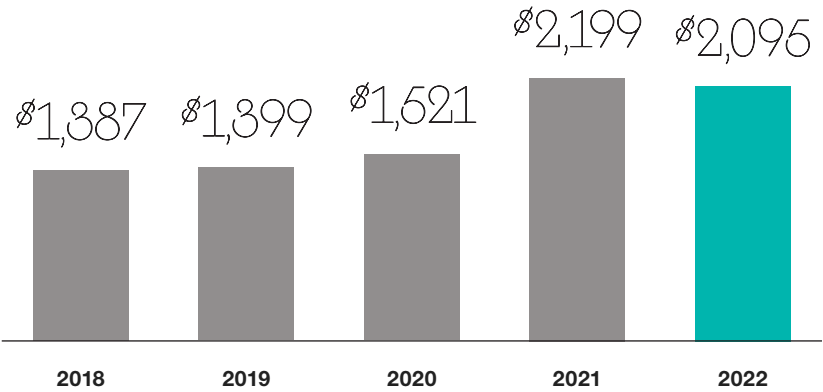
	Reported Losses	Claim Count
HOMEOWNERS	\$576,340,488	5,106
Water	\$217,052,800	2,531
Fire	\$175,982,702	165
Wind	\$61,831,132	664
Hail	\$56,341,363	569
Theft	\$12,903,751	360
Lightning	\$12,033,695	205
Other	\$40,195,044	612
AUTOMOBILE	\$270,839,107	22,601
Injury or damage suffered by a member	\$184,247,268	
Injury or damage caused by a member	\$86,591,839	
COLLECTIONS	\$48,645,169	1,387
EXCESS LIABILITY	\$32,139,825	75
WATERCRAFT	\$28,574,527	257
PRIMARY FLOOD THROUGH NFIP	\$22,236,261	202
DOMESTIC WORKERS COMPENSATION	\$393,062	3

Automobile Claims

The average cost of an automobile claim among the membership increased in 2022, up by 10.3% from 2021. Repair costs are up for several reasons: labor shortages, increased pricing for parts and more complex repairs (most fender benders now include replacing cameras and other technology). The same technology that is increasing driver safety and helping to reduce the frequency of auto claims is also contributing to an increase in severity.

Further, despite a slight decrease from last year, automobile rental costs remain significantly higher than before the pandemic.

AVERAGE COST FOR AUTOMOBILE RENTALS ON COVERED CLAIMS



¹This chart only includes covered losses. Data shared last year included all claims submitted.

Claims

Claims Insights

FIRE | Of the 20 largest losses in 2022, 17 were home fires. While we have not seen a large uptick in the number of home fires, severity has increased significantly. These claims are dangerous and, in some heartbreaking cases, deadly. Home fires can also impact other lines of business—most commonly Collections and Automobile and, in a few instances, Personal Excess Liability. For one member, an electrical issue led to a fire that destroyed their home, as well as the \$8 million art and jewelry collection that was inside.

FRAUD | In 2022, nearly 1 in 3 fraud losses experienced by the membership have reached or are expected to reach \$100,000—the most commonly purchased limit for this coverage. Each of these claims were related to either wire fraud or some other type of online fraud.

PURE Starling™, our Fraud and Cyber coverage, is our fastest growing product. This type of coverage is increasingly important, especially if you regularly engage in large online transactions. Selecting the right limits, which can depend on factors like the amount of money you expect to wire and how often you perform these types of transactions, reduces the chances of paying out of pocket if you experience a loss. PURE Starling offers limits of \$100,000, \$250,000, \$500,000, \$1 million and \$2 million².

EXCESS LIABILITY | Each year, members are involved in incidents that have the potential to expose their life savings, tangible assets and even their future earnings. In 2022, there were 93 of these covered incidents.

While the events that spark a personal excess liability lawsuit happen infrequently, the jury verdicts associated with these incidents—which can range from tragic automobile accidents to seemingly ordinary mishaps—can, in extreme cases, be financially devastating. With social inflation and an increase in the occurrence of nuclear verdicts, the extreme cases are getting slightly more common.

Among PURE members, the top cause for personal excess claims is auto accidents, many of which involve young drivers.

Hurricane Ian

Hurricane Ian made landfall in Southwest Florida with an extreme storm surge and a wind force that approached Category 5 levels. The result was 1,256 covered claims and more than \$110 million in reported losses. A majority of these claims were related to flooded vehicles, largely due to the somewhat shortened notice of the storms actual path, giving members less time to execute hurricane plans.

The Importance of Flood Coverage

Across the membership, those with in-force Primary Flood policies in 2022 paid an average of \$744 for the coverage for the year. The average claim payout resulting from Hurricane Ian was \$111,898—proving the value of this coverage.

The Benefits of Salvage

Once an insurer pays a total loss on a car, they typically attempt to sell it as salvage. In the case of Hurricane Ian, most of the vehicles damaged were flooded by saltwater, rendering them and their parts less valuable. Many of the cars were issued a Florida Certificate of Destruction—a safety measure to ensure that these compromised vehicles don't end up back on the road. As a result, we recovered 27 cents on every dollar on vehicles damaged in Hurricane Ian, as compared to 32 cents on every dollar for crashed cars in 2022. Our diligent approach to recovery from this single event still amounted to more than \$12 million, reducing the total automobile losses from \$55 million to \$43 million.

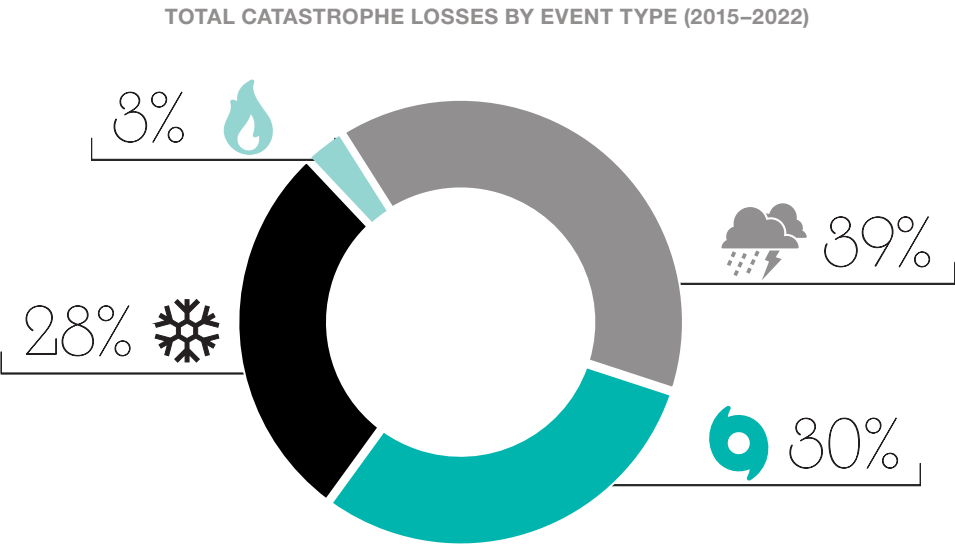
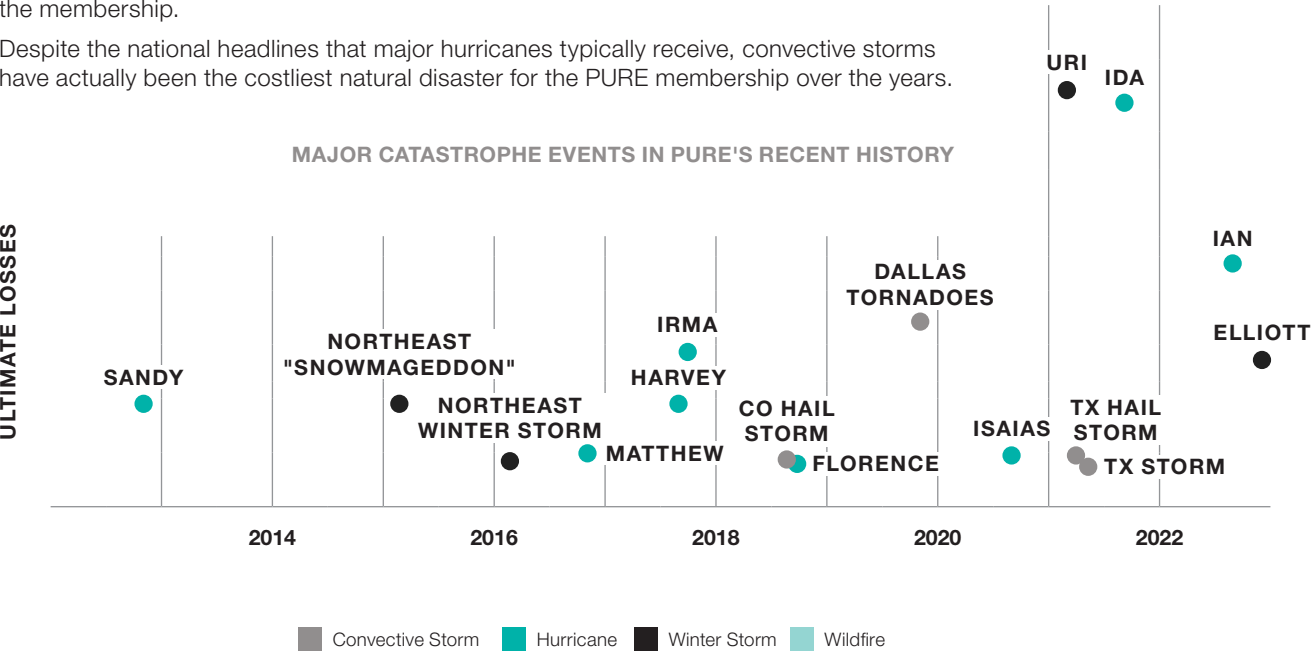
²Limits of \$250,000 to \$2 million require no history of fraud, cyber or breach incidents going back five years.

Catastrophe Claims

Over the years, many significant weather events have impacted the membership—the largest of which were Winter Storm Uri and Hurricane Ida in 2021, followed by Hurricane Ian in 2022.

While catastrophes cannot be avoided, we can continue to help our members recover from these events by providing a superior claims response and ensuring that we are charging adequate rates. In addition, our disciplined approach to underwriting helps mitigate the impact of any one catastrophic event on the entire membership. For example, in 2010 we made the difficult decision to non-renew some members along the Florida barrier islands, which resulted in a less severe impact following Hurricane Ian. This discipline is also shown in the relatively minor impact that wildfires have had on the membership.

Despite the national headlines that major hurricanes typically receive, convective storms have actually been the costliest natural disaster for the PURE membership over the years.



Claims

PURE vs. Estimated Industry Results

Despite the rising cost of claims, driven largely by inflation and more intense weather, our selective approach to underwriting continues to benefit the overall membership and is especially evident following large catastrophic events—most recently Hurricane Ian.

In the immediate aftermath of a catastrophic event, in order to estimate the business impact, insurance companies typically use a simple formula that factors in the industry's estimated total loss with their own share of business in the impacted geography.

PURE's
Initial Estimated
Loss Amount

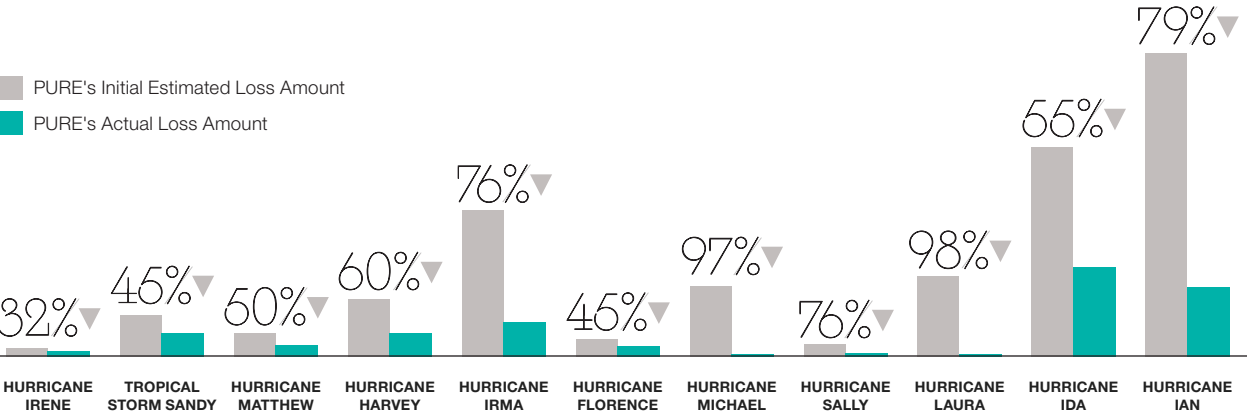
=

Industry
Estimated Total
Loss Amount¹

×

PURE's
Market Share in
Impacted Area²

PURE's actual losses from Hurricane Ian were 79% less than this initial industry-based estimate, suggesting that our prudent approach to underwriting contributed to PURE outperforming the industry in this event, as well as all other major hurricanes of the past decade.



¹As reported by ISO PCS. ²As reported by S&P Global Market Share Report.

Subrogation

When a third party is responsible for the damages in a claim, PURE uses the legal process of subrogation to attempt to recover the money paid out, making the at-fault party bear some or all of the financial responsibility for the claim. Successful subrogation helps to improve the company's overall operating results and reduce the cost of insurance premiums. In some situations, it allows us to reimburse members for their deductibles.

In 2022, PURE recovered more than \$40 million from at-fault parties through subrogation efforts.

Here are some things you can do to help in our efforts:

- 1

Promptly take photos or a video
- 2

Preserve damaged parts
- 3

Keep detailed records

IN 2022, PURE RECOVERED

\$40 million+

from at-fault parties through subrogation efforts

Financial Strength

Direct Written Premiums

Direct written premiums increased by 17.2% in 2022. When premiums written by PURE's E&S affiliates are included, we crossed \$2 billion of in-force premium in early 2023.



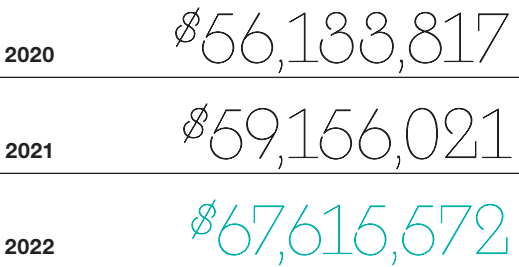
PURE's Combined Ratio

An insurer's combined ratio measures losses and expenses against premiums to help evaluate underwriting results. A combined ratio less than 100% typically means an insurer is collecting more in premiums than it is paying out from claims and expenses, which results in an underwriting profit. Management monitors PURE's operating performance by examining combined ratios on a gross basis (prior to reinsurance); on a net basis (after reinsurance); and even on an adjusted basis, which includes the impact of member surplus contributions.

Each of PURE's combined ratios were over 100% in 2022, which means the cost of claims plus operating expenses heavily outweighed the premiums we collected *after* the cost of reinsurance. This is the second consecutive year PURE's ratios have exceeded 100%, which has led management to find ways to reduce our operating expenses and ensure that the rates we charge are sufficient and that our underwriting standards are met.

Impact of Surplus Contributions

Members are required to contribute surplus (capital), in addition to paying premiums, for their first five years of membership. These funds, calculated as a small percentage of a member's premium, help to build PURE's policyholder surplus, which reduces PURE's cost of capital and, in turn, helps lower the cost of insurance in the long run.



Dollars shown are net of SSA distributions.

Policyholder Surplus

Policyholder surplus represents funds that allow an insurer to meet all of its obligations beyond premium, reserves and reinsurance.

Despite higher than expected underwriting losses, PURE's overall surplus grew by 18.1% in 2022. This significant increase was due to additional funds invested by Tokio Marine in the form of surplus notes. This capital infusion helps to strengthen PURE's claims paying ability, supports continued growth and reduces reinsurance dependency.



Reinsurance

Since inception, PURE has been a consistent buyer of reinsurance, which plays an important role in reducing volatility and protecting the reciprocal against severe catastrophic events. These reinsurance contracts (known as treaties) also provide capital relief and have helped support the financial strength of PURE. In recent years, the increase in frequency of catastrophic events, like wildfires and hurricanes; the emergence of weather events, like the Texas Winter Freeze; and the rise in the cost of capital in the new interest rate environment, have added to the already-hardening reinsurance market. This hardening market has caused reinsurers to continue to increase their rates on nearly all lines of business. PURE will continue to maintain a conservative reinsurance program to offset potential volatile underwriting results; however, in the near term, costs will continue to increase for this protection.

Reinsurance treaties provide several types of protection, including:

Pro-Rata

Also known as quota share, these are proportional treaties by which the reinsurer agrees to share in an equal percentage of premiums and losses over a defined period. PURE places these treaties for specific lines of business and has a quota share structure combining Homeowners, Personal Excess Liability, Collections and Watercraft into one multiple lines quota share. This treaty structure is designed to provide a more stable, long-term result for our valued reinsurance partners by reducing the volatility of individual lines and providing PURE with more sustainable capital support.

Per-Risk Excess of Loss

PURE purchases reinsurance to limit the potential impact of any one large loss on our highest valued homes and collections. Under these treaties, reinsurers not only respond if there is a loss under a covered policy that is in excess of a predetermined amount but also provide important volatility protection against high-severity loss perils (typically, large fires).

Catastrophe Excess of Loss

PURE purchases significant reinsurance to protect against losses to multiple policies in one event caused by hurricanes, wildfires, earthquakes and other natural catastrophes that tend to cause widespread damage. We spend a lot of time and analytical effort to evaluate our potential exposure to a variety of natural catastrophes across our geographic footprint. Based on that information, we purchase catastrophe reinsurance to protect PURE against massive catastrophic events (including those losses that have a 1-in-250-year modeled probability of occurring) with appropriate “reinstatement” provisions that will provide coverage even if such an unthinkable event were to happen multiple times in the same year.

Hurricane Ian is estimated to be the costliest catastrophe event to impact the U.S. in recent history, according to ISO's Property Claim Services. While the impact on PURE, and more specifically our membership in Southwest Florida, was significant, it was not large enough to trigger our catastrophe reinsurance program. This program is in place to protect PURE from losses related to events that are as much as 10 times larger than Hurricane Ian.

KEY REINSURERS	AM BEST RATING	PRO-RATA	CATASTROPHE	ALL OTHER
AMERICAN AGRICULTURAL INSURANCE COMPANY	A	●	●	
AXA XL REINSURANCE LTD.	A+	●	●	●
GENERAL REINSURANCE CORPORATION	A++	●		
HELVETIA	A+	●	●	●
LIBERTY MUTUAL INSURANCE COMPANY	A	●		●
LLOYD'S SYNDICATES	A	●	●	●
MUNICH AMERICAN REASSURANCE COMPANY	A+	●		
NAVIGATORS GROUP, INC.	A	●	●	
HANNOVER RÜCK SE	A+	●	●	●
TOKIO MARINE	A++	●	●	●

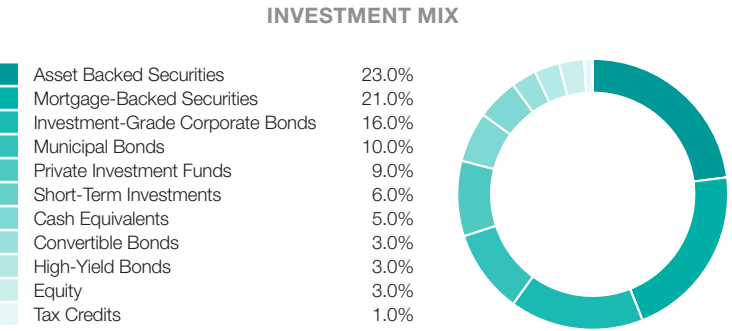
Balance Sheet

PURE	2022	2021	CHANGE	VARIANCE
TOTAL CASH & INVESTED ASSETS	\$1,183,931	\$760,011	\$423,920	56%
NET ACCOUNTS RECEIVABLE	\$572,318	\$594,410	(\$22,092)	(4%)
OTHER ASSETS	\$22,249	\$3,733	\$18,516	496%
TOTAL ASSETS	\$1,778,498	\$1,358,154	\$420,344	31%
UNPAID LOSSES & LAE	\$392,656	\$210,942	\$181,714	86%
ACCOUNTS PAYABLE & ACCRUED	\$107,797	\$86,218	\$21,579	25%
UNEARNED PREMIUMS	\$455,299	\$219,314	\$235,985	108%
REINSURANCE PAYABLE	\$234,554	\$345,508	(\$110,954)	(32%)
OTHER CURRENT LIABILITIES	\$40,617	\$32,541	\$8,076	25%
TOTAL LIABILITIES	\$1,230,923	\$894,523	\$336,400	38%
SURPLUS NOTES	\$587,000	\$309,366	\$277,634	90%
MEMBER SURPLUS CONTRIBUTIONS	\$386,499	\$313,750	\$72,749	23%
SUBSCRIBER SAVINGS ACCOUNTS	\$94,268	\$99,401	(\$5,133)	(5%)
UNASSIGNED SURPLUS & OTHER	(\$520,192)	(\$258,886)	(\$261,306)	101%
SURPLUS AS REGARDS TO POLICYHOLDERS	\$547,575	\$463,631	\$83,944	18%

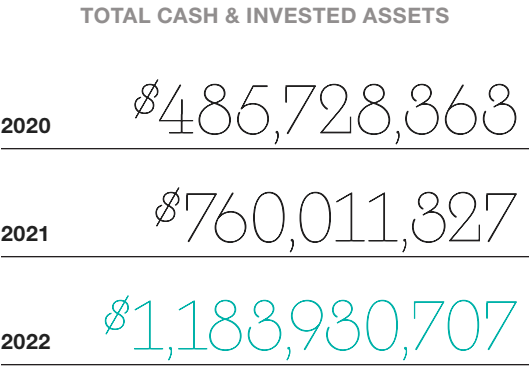
Dollars in thousands

Investments

2022 was a challenging year for financial markets, with both equity and fixed income market values declining. Despite the difficult insurance environment, heightened inflation and the Federal Reserve increasing interest rates, PURE's cash and invested assets increased by nearly \$424 million through cash inflows and net investment income generated from fixed income assets.



Our conservative investment portfolio consists primarily of short-duration (less than 2.5 years on average), high-credit-quality fixed income assets. The short-duration positioning helped limit the amount of unrealized losses for the portfolio and allowed management to reinvest cash in a higher interest rate environment. In 2022, the book yield of PURE's investment portfolio increased from 1.8% at the start of the year to 4.0% at year end. The increased book yield and reinvestment rate is expected to generate significant income in 2023. We remain cautious in this volatile investing environment, and our goal, as always, is to protect and grow PURE's investment assets to support the ongoing insurance operations of the reciprocal.



Executives



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Chief Executive Officer



MARTIN LEITCH
Co-President
Chief Underwriting Officer



MARK GALANTE
Chief Growth Officer



KATIE KRUM
Chief Marketing Officer



JASON METZGER
Head of Risk Management



MATT SCHREIBEIS
Head of Member Experience



JEFF PARASCHAC
Chief Financial Officer



DAVE LOGAN
Co-President
Chief Risk Officer



LINDSAY HOLDEN
Head of Distribution & Sales



JASON LICHTENTHAL
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