

pure[®]
INSURANCE
A member of the Tokio Marine Group

2020
REPORT TO MEMBERS



HOUSEKEEPING

By Natasha Trethewey

We mourn the broken things, chair legs
wrenched from their seats, chipped plates,
the threadbare clothes. We work the magic
of glue, drive the nails, mend the holes.
We save what we can, melt small pieces
of soap, gather fallen pecans, keep neck bones
for soup. Beating rugs against the house,
we watch dust, lit like stars, spreading
across the yard. Late afternoon, we draw
the blinds to cool the rooms, drive the bugs
out. My mother irons, singing, lost in reverie.
I mark the pages of a mail-order catalog,
listen for passing cars. All day we watch
for the mail, some news from a distant place.

NATASHA TRETHEWEY, MEMBER SINCE 2017,
WON THE PULITZER PRIZE FOR POETRY IN 2007.
READ HER STORY ON PAGE 16.

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NATASHA TRETHEWEY

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ANTIQUA DESK OWNED BY KATHERINE QUINN,
PURE MEMBER SINCE 2013.
READ HER STORY ON PAGE 22.



This was such a challenging year that it forced all of us to reflect. Inevitably, I found myself grateful for the opportunity to be healthy and safe, and to be engaged in purposeful work.

To my fellow PURE members,

Thank You.

On behalf of all of my PURE colleagues, I want to express my gratitude for the opportunity to serve you. Despite all of the challenges, your insurance company performed well throughout the year. PURE saw growth of more than 16% for the year, even more when you factor in the impact of more than 80,000 refunds processed as a reflection of reduced driving for members who rely upon PURE for their car insurance needs. We responded to a record number of hurricane landfalls and a record number of severe convective storms that brought hail, lightning and fierce winds to our communities across the country. We deployed our Wildfire Mitigation teams to reduce the likelihood of fire losses more in 2020 (47 times) than we did in our two busiest years combined. We are defending members from the two largest liability lawsuits in our history and we saw more million-dollar-plus fire losses last year than ever before.

For all of the headwinds the business faced (and there were plenty), there were lots of bright spots. Reduced travel directly impacted the frequency of jewelry lost in checked baggage or from a hotel room or from a gym locker. We are designing ways to reward our members who insure jewelry with better coverage, faster service and lower prices. We continue to see the risks associated with a challenging tort environment (often shorthanded as “social inflation”), but with courts closed due to the pandemic, we were able to settle a greater number of aged claims in which plaintiffs showed greater reasonableness and plaintiffs’ attorneys were more accessible. The bad news is that this

trend is not predicted to last, but at least we enter 2021 with a much smaller collection of pending claims and a stronger balance sheet with claims reserves strengthened to reflect the challenge of trying to successfully defend the majority of these claims.

PURE’s balance sheet has seen a tremendous lift from the association with Tokio Marine. In April 2021, following the announcement that we recapitalized PURE by replacing third-party surplus notes with similar securities purchased by the holding company of PURE’s Attorney-in-Fact—a move that will save the membership approximately \$3 million a year in interest payments—PURE’s financial strength rating was upgraded to A+ (Superior) by AM Best. Most importantly, Tokio Marine has signed an agreement committing to stand behind PURE’s financial obligations.

Fifteen years ago, my colleagues and I had the crazy idea that we could help successful families create their own insurance company by pooling together a like-minded group of successful and responsible individuals and families. This effort has organically gathered several hundred million dollars of “free” surplus to allow the insurer to have a sustainable competitive advantage and the support of an extraordinary global insurer to offer complete peace of mind. The journey has been more exciting and gratifying than we could have ever imagined.

Looking ahead, our challenge is to offer greater value to the PURE membership. Our experience tells us that—if you feel that you are treated as members, not merely policyholders, you will share the story of PURE with friends and family. If we deliver more services and better service, your enthusiasm will grow.

LETTER FROM THE CEO

We need to control the cost of insurance. The pattern of losses has dictated a need to increase premiums, but we see signs of hope. Over the past three years, the quality of our new business has steadily improved, showing a significant reduction in the frequency of new claims. We have seen greater adoption of loss prevention measures that has also contributed to a reversal of loss trends, especially relating to water damage. If we want to deliver sustained value to the PURE membership, we cannot let up.

We are energized by the partnership with our membership to tackle deferred maintenance and other measures to reduce the likelihood of losses. In 2020, we ran a pilot in Austin, TX, during which we contacted 1,200 members in the area and alerted them to a simple home improvement. If they could identify a weakness in their toilet supply lines (or the fastener that connects the plumbing systems), we would replace these problematic plastic parts with steel hoses and fasteners, thereby reducing the likelihood of loss. We upgraded more than 300 toilets in a matter of weeks, and extended the visits to tackle other important projects to make our members' homes more beautiful and more resilient. We are hard at work to take our learnings, make any necessary adjustments and scale this program to many more markets in 2021.

We took important steps to make the membership smarter about risk and more informed in the choices they make. PURE Home Spotlight™ brings together dozens of data points to enlighten PURE members about the risks and insurability of a new home—before you buy it. If you're shopping for a new home, please log into the PURE Member Portal or download the PURE Insurance mobile app and check out this powerful tool. While you're there, take a look at the PURE Advice Dashboard. This feature effectively scores the decisions you and your broker make to maximize your protection and to ensure that you are not paying too much for your PURE coverage. We are grateful for the active involvement of the broker community in the development of these tools and appreciate all they do to contribute to a healthy member experience ecosystem.

In the years since we have acquired Haven Art Group, now PURE Art Services, we have added

more art advisors in more cities. They play a crucial role surrounding claims, as they work to preserve and restore damaged art and ensure our members are properly compensated for any diminution of the value of works after restoration.

Today, our art specialists are doing more and more to help PURE members enhance the value and enjoyment of owning fine art. I can personally attest to the value of their services. Their skill and knowledge made me more confident in acquiring works. (They even talked me out of deals that were too good to be true.) Their negotiating skills helped me save money and time. If you are a collector, I would encourage you to reach out to our team at artservices@pureinsurance.com to see if we can help you get even greater value and enjoyment from beautiful things.

We are confident that we can do the “big things” even better (pay claims faster, underwrite smarter); do the “little things” better (answer the phones immediately, make it easier to work with us); and discover new ways to enable you to pursue your passions with greater confidence (like PURE Home Spotlight or our Art Buying services). As we continue on this journey, our success can be attributed to the talents and hard work of the more than 900 PURE colleagues who take such pride in working on your behalf. This past year was particularly challenging as our ranks include hundreds of young parents for whom the balance of work and home life became even more difficult. Like many of you, we have been working in a “distanced” manner and missing the camaraderie of our colleagues and the embrace of parents and grandparents. I am immensely proud of this team and grateful when I receive your kind sentiments.



Members of our Executive Leadership team on a Zoom meeting in early 2020.



Inside our Charleston, SC, office within the city's historic Cigar Factory.

Our team is highly engaged and increasingly diverse. Women represent more than 40% of our senior management ranks. We've doubled that representation in the past several years and fully expect to realize our minimum expectation of an equal composition of and contribution from men and women in senior management. We have strengthened the representation of and inspiration for racial and ethnic minorities throughout our organization to ensure that all colleagues feel included and that we are tapping into the full potential of the communities in which we live and work. This journey will require difficult conversations and real change. We are committed to being better, more inclusive and more empathetic.

This past year created an opportunity for us to give back to our communities—and, boy, was our support needed. We focused much of our time, energy and money to tackle the challenges of the day, with our team members playing leading volunteer and governance roles at food banks across the country. The PURE Insurance Foundation (funded by the Attorney-in-Fact and its employees) donated \$1 million to a wide variety of organizations tackling the challenges of food insecurity and other COVID-related causes. We were proud to attract matching gifts from our broker community of almost \$80,000 and another \$500,000 match from Tokio Marine Holdings. The team leading our charitable efforts is making an impact where it is needed most.

The year has already seen more challenges and a few rays of light. The extreme freeze in Texas will be the largest catastrophe in our company's history—in a state that has seen enough hurricanes, hailstorms and tornadoes to last a lifetime. On the bright side, more and more of our colleagues have been vaccinated and we are looking at a return to our offices in the third quarter. We believe that working more closely with our colleagues will stimulate even greater collaboration in order to serve you better and to deliver more value for your membership dollars.

I will end this note as I began, with my gratitude and appreciation for your support of PURE. I find the engagement of the PURE membership to be inspiring. I might receive a similar amount of complaints and suggestions as compliments and praise, but I appreciate all of the feedback. Please keep it coming.

Thank you for your membership and your support of PURE. Please stay safe and I hope we can see more and more of you in person in 2021.

Sincerely,

ROSS BUCHMUELLER
President and Chief Executive Officer

To my fellow

PURE members,

In 2020, while much of our world was a blur, certain things in our lives came into sharp focus, particularly the importance of our homes. Our homes suddenly became our children's classrooms, our daily offices, our date night venues, our new favorite coffee shops and restaurants. Our homes were where we learned new skills—from cooking or baking to learning the language of a country to which we could not travel.

We are more keenly aware that our homes contain all that we have so carefully created, all that we treasure, all that PURE is so committed to protect. Our hearts go out to those of you who have lost loved ones to the pandemic or who have been adversely affected by the events of this year.

Working from their homes, PURE employees across the organization were focused on serving the membership and overcoming the seemingly insurmountable challenges that the year brought. The strong workplace culture that has been built and sustained over the years helped lead us through the shift to a remote work environment (with some large and catastrophe claims still requiring in-person support). From that culture emerged stronger internal communications and an infrastructure to increase collaboration in a socially-distanced world. Among the resources offered to employees and brokers were Zoom-based fireside chats that included inspirational guest speakers. I had the honor of interviewing Susan Cain, author of "Quiet," during one of these virtual events. It was a special opportunity to discuss human behavior and discover better ways to engage and communicate with our colleagues and friends.

In addition, unexpected climate events bombarded our country: The Texas freeze, the California fires and the tornadoes that devastated parts of Alabama. As a Texas resident, I witnessed the vulnerability of our homes. With extended power outages, inside temperatures dropped and remained below freezing (below zero, in some cases), for days. Pipes burst and standing water froze. I also witnessed my community reach out to those

affected most with warm food and support.

The Subscribers' Advisory Committee (SAC) has had a unique opportunity to witness PURE in action during this most trying year. We beta-tested the mobile app, further optimized the PURE360™ Risk Management Consultation experience, participated in discussions with PURE's newest training class and tested several new risk management initiatives. As always, we procured and reviewed the company's audit, and this year, under the guidance of Rich Jacobs, our audit chair, we evaluated alternative auditors due to the larger size of the company, ultimately selecting PwC. Finally, we spent significant time assessing how the pandemic and climatic events have challenged us to explore how we can better serve our members. More on this in the coming months.

PURE's purpose is to enable our membership to live their lives to the fullest and to pursue their passions with confidence. Never has this promise to our members been more important to the PURE team and to those of us who serve on the SAC.

Sending wishes for health and prosperity to you all,

JODI LASH
Chair, Subscribers' Advisory Committee



Our Purpose and Guiding Principles

Our people are talented and know how to do their jobs. From time to time, we are all faced with difficult decisions and these PURE Principles serve as helpful guideposts and reminders to keep us on the right path.

PURPOSE

Our purpose is to enable our membership to live their lives to the fullest and pursue their passions with confidence.

PRINCIPLES

1
Do the right thing—always.

2
Think about the long term.

3
Balance the needs of each member with the interests of the entire membership.

4
Align the interests of our interdependent stakeholders.

Water Damage

In mid-October 2020, one member's 1920s townhouse was nearly destroyed by a leak that went undetected for days while the family was out of town. The home sustained more than \$9 million in water damage, making it one of the largest claims resulting from a plumbing failure to affect the membership to date. While the claim is still open as of our publication date, it's anticipated that our members will be displaced from their home for nearly 12 months during repairs.

The cause of this devastating incident was a failed toilet supply line in one of the home's third-floor bathrooms. Water had run down all three floors of the home for days, damaging everything it touched.

Risk Management Solutions

In 2020, water damage claims accounted for nearly 40% of all Homeowners claims and displaced members for an average of 100 days if they were required to live elsewhere during the repair process. We are seeing a positive shift, however, as more members are taking proactive measures to protect their homes against this type of damage. For the second consecutive year, we saw a decrease in the frequency of water damage claims arising from failed pipes, toilet supply lines, washing

machine hoses, wet bars or other types of damage that are not related to bad weather. Most of these losses can be prevented or mitigated by regular maintenance, proper equipment or by implementing technology solutions that increase your home's resistance to loss. Our members are doing just that, which, in turn, benefits the membership as a whole.

A Sincere Thank You to the Membership

In March, when we stopped conducting PURE360™ Risk Management Consultations in person because of the pandemic, issues left undiagnosed in members' homes were left to worsen. We are so appreciative to the nearly 9,000 members who stepped up and carried the burden of inspecting their own home and worked with our Risk Managers to virtually complete the PURE360 Consultation. These responsible members willingly committed an hour of their time, sometimes more, downloaded an app onto their smartphones and used it to take photos and videos of their property to help their risk manager virtually identify hazards.

Their enthusiasm to lean in helped to safely identify vulnerabilities during a time when we otherwise could not have, and for that, we are very grateful.

For help selecting the right water shutoff device for your home, email us at service@pureinsurance.com.

Members Continue to Do Their Part

When we launched a pilot program in Austin, TX, our members demonstrated how much they cared about the safety of their homes, taking on an added task that helped safeguard it against water damage. We are grateful for these members who flagged when plastic toilet supply line connectors were being used in their bathrooms. This resulted in the replacement of these supply lines and connectors with metal ones in more than 330 bathrooms throughout member homes. We are currently working toward expanding this well-received initiative.



Plastic connectors attaching the toilet supply line can crack over time and cause significant water damage.

Taking Action to Prevent Loss

One of our frequent recommendations to prevent a loss is the installation of an automatic water shutoff device, and members are taking action. From 2019 to 2020, we saw a 20% increase in the installation of these devices.

An automatic water shutoff device with a low-temperature sensor monitors and alerts you to irregular water flow in your plumbing. This technology, had it been installed in our member's townhouse, would have helped them avoid the disruption and damage that was caused by the toilet supply line failure. The device shuts your water off at the main valve if a leak is detected or when a low temperature threshold is reached, helping you avoid frozen and burst pipes during colder months. Many of our preferred vendors offer a device that allows you to monitor and control your water supply conveniently from your smartphone; you can use their app to shut off your water remotely for any reason.

Selecting the Right Device

When selecting a device, factors to consider include your home's pipe size, mobile or web app capability, connectivity to a central station alarm, backup battery and warranty.

We have partnerships with multiple vendors and each offers PURE members a discount. For help determining which device is best for you, email a Member Advocate at service@pureinsurance.com.



SIMPLE Things

*PURE members Dr. Lauren
and Dr. Richard Browne
with their son, Ricky, at their
home in Charlotte, NC.*



Inside the Browne family's home.

What would you do if a tree fell on your house? Dr. Lauren Browne and Dr. Richard Browne chose to use it as an opportunity to spend more time with their family and to simplify their lives.

“It’s all about being together,” says Lauren. “We never used to go on walks as a family, and now we do. It’s the simple things that matter most.”

Lauren and Richard both grew up in the U.S. Virgin Islands. They met on St. Thomas when they were 18 years old. Both had just finished high school. Richard was relaxing on the beach when Lauren and a friend walked by. Richard was instantly smitten and felt compelled to break the ice. “Back then I was a very popular radio announcer at the number one radio station in the islands,” he explains. “So, I said, ‘Hey, it’s me, Slick Rick from WSDX.’” Blank stares. “They had no idea who I was.”

Undaunted by the flub, Richard continued the conversation and, in a twist of fate, each learned that the other was headed to Boston University for pre-med studies that fall. Taking the universe’s hint, they dated throughout college and were married at the end of med school. One 13-year-old son later, they’re still going strong as a family and as healers.

“I’m a gastroenterologist and I love what I do,” says Lauren. “Some people think that’s strange, but I really do love it. I feel like I make a difference in my patients’ lives.”

“She’s being modest,” says Richard. “She was just named Medical Director of the new Women’s G.I. Center of Excellence for an \$11 billion healthcare system.” Lauren shrugs suggesting that it’s not a big deal. “Well that has caused a few sleepless nights, but this is what makes me happy,” she says.

Richard’s specialty is cardiology, and together with a colleague, he has a private concierge practice, called—interestingly enough—Pure Cardiology.

Their practice focuses on delivering highly personalized care and close doctor-patient relationships. Richard is available to his patients 24/7. He prefers this relationship-focused approach for healing, finding it more rewarding than the hustle and bustle of his procedure-heavy early career. “What’s important to me now is being able to really delve into my patients’ diagnoses and be a quarterback for their overall health.”

So, what has the pandemic been like for two doctors so committed to person-to-person care? In a word, stressful.

Lauren says it’s been emotionally taxing. “We’re used to the physical aspect of the work we do. But this was 10 times more exhausting.” She’s also had to deal with the concern of bringing the virus home. “I know for her it was very stressful,” says Richard. “It changed her.” Lauren agrees, but notes some of the changes have been for the better. “It’s allowed us to really spend time together as a family and focus on making that unit as strong as it can be,” she says.

On a stormy night in September 2018, the remnants of Hurricane Florence were still lashing the city of Charlotte, NC. The Brownes’ son, Ricky, was laying in bed in his upstairs bedroom listening to the wind and the rain beating against his window when he decided to move to his parents’ bed downstairs. Just a few hours later, a massive oak tree limb smashed through the roof and into his bedroom.

When Richard stumbled out of bed to see what had happened, he couldn’t believe his eyes. “There was water pouring down through the first-floor ceiling,” he says, “It looked like it was raining directly into the house.”

The family grabbed a few things and took shelter at a neighbor’s home while the fire department shut off the gas and electricity. Richard called PURE, and his claims adjuster, Steve, responded immediately, making sure the family was safe and comfortable for the night. He arranged for a tree service to come out to the house the next day, and while they were removing it, the front of the house collapsed.

Lauren’s first thought was that they might be caught in legal battle with the tree company. “Steve just told us, ‘Don’t worry, we’ll take care of it,’” she says. “And it was never an issue. It was such a relief.” Steve recommended a contractor and helped kick start the restoration work. “Even though everyone was okay, it was a big blow. It was hard to get used to being displaced. We recognized it would take a lot for us to dig out of where we were,” says Richard.



The Brownes have been PURE members since 2014.

*“The calm they gave us
and the general feeling
of caring—
to this day we talk
about how much that
meant to us.”*



The situation has brought the family even closer, and they spend much of their time outdoors.

As a first step, PURE Member Advocate® Joan Smith helped the family find a suitable place to stay while their home was being rebuilt. “She said, ‘I’ll fly out to Charlotte to help coordinate it for you,’” recalls Richard. “And that was the moment I started to feel okay. Joan was like an angel for us.”

Joan managed to find the Brownes a house less than a mile away, supervised the move-in and even filled the pantry for them. Because their temporary living arrangements were so close to their home, it was easy to occasionally check on the rebuilding progress. “I would sneak over in the evenings and sit in the house by myself for an hour,” says Richard. “I just loved the feeling of being there thinking about my family being back home together.” Joan continued to help with coordinating tasks, guiding the family through the complicated process of returning to normal. “It wasn’t like working with an insurance company,” Richard says. “The calm that they gave us and the general feeling of caring they displayed—to this day we talk about how much that meant to us.”

PURE stayed involved during the entire process. As it turned out, the tree that crushed the Brownes’ house had been weakened by rot. That’s not a problem that is typically apparent to a layman. So PURE connected the Brownes to an arborist to evaluate the other trees on their property, and in doing so found several others close to the home that were also impacted by health issues. The only solution, unfortunately, was to remove them. PURE’s Loss Prevention Benefit, which provides up to \$2,500 to prevent similar damage when a member experiences a qualifying Homeowners claim of \$10,000 or more, contributed towards the costs.

It would take 15 long months to restore the Brownes’ home, months that the Brownes put to good use—spending more time together, thinking about what matters and what they could do without. “It’s all about enjoying what we have surrounding us and the things we take for granted. It’s just a matter of paring down. We’ve really simplified. My life feels less complicated after everything we’ve been through,” says Lauren.

“We did get some life lessons out of this,” says Richard. “For a period of time, we were just all together, all the time, which actually was great. I think we’ve come to realize what counts is being able to spend time with Ricky. It brought us even closer as a family.”



Outside the Brownes’ newly renovated home in Charlotte, NC.

Tree Damage

In 2020, the membership experienced **1,204** tree damage claims totaling **\$43** million. The average claim cost was **\$36,376**.

More than 80% of trees that are damaged in hurricanes, windstorms or other weather events have preexisting health or structural problems. Healthy trees are much more resilient and able to withstand the elements. Scheduling an annual tree inspection with a certified arborist can help you identify and proactively remedy both hidden and visible health issues that could make trees on your property more vulnerable.

While there are some telltale signs that a tree may have health or structural problems—like a noticeable lean; defects, wounds and splits; and root damage—it’s not uncommon for issues to be present but not visible to the naked eye, as in the case of the Brownes.

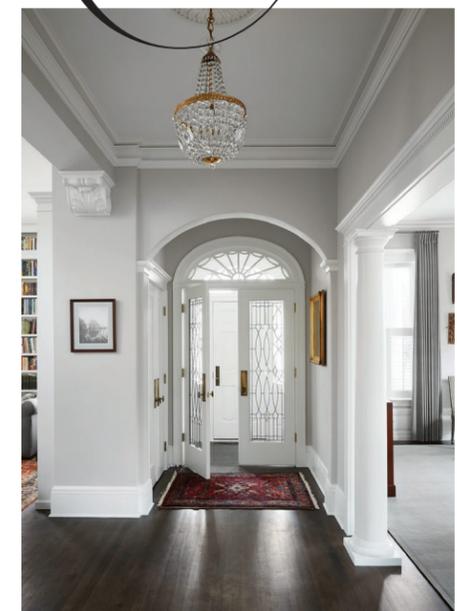
PURE members can receive a complimentary tree assessment and a resulting personalized TreeFacts® Report, which provides details of the trees directly surrounding your home or other structures on your property, including special advice to address any health concerns and steps to ensure that they are properly cared for. To schedule an inspection or for assistance with implementing recommendations that are included in the report, contact a PURE Member Advocate® at 888.813.7873 (and follow prompt #2) or service@pureinsurance.com.



Reflections

DUSTIN HALLECK PHOTOGRAPHY

LEFT and RIGHT:
Inside the Evanston, IL, home of PURE members
Brett Gadsden and Natasha Trethewey.





Inside the couple's library where the fire originated.

On a cold Thanksgiving morning in 2017, Natasha Trethewey and Brett Gadsden stood on their lawn watching their house burn. Inside were books, handwritten manuscripts, a Pulitzer prize, photographs, and the library and papers belonging to Natasha's father. Natasha is a poet whose work often deals with remembrance and Brett is a historian. So in a sense, it wasn't just their home, but their life's work that was burning.

"I want to bring poetry back to the people, where it belongs."

Natasha Trethewey is a Pulitzer Prize-winning poet, author of the best-selling memoir "Memorial Drive" and Board of Trustees Professor of English at Northwestern University. She was also Poet Laureate of the United States in 2012 and 2013. Her job was "to bring poetry back to the people, where it belongs," she says.



Brett Gadsden and Natasha Trethewey have been members of PURE since 2017.

She believes poetry is the only language that can express our deepest emotions. “There is no other form that can hold the depths of the feeling of grief, but also of celebration, the birth of a child or a wedding,” she says. “A poem is an elegant envelope of form in which to say what absolutely has to be said.”

For Natasha, a poem can be the way to hold on to a moment, to examine and feel it—almost like a photograph. Much of her work is drawn from her own childhood in Mississippi and the painful public history of that part of the South. She believes, “only when we tell the truth about our shared history as Americans can we begin to heal the wounds of the past.”

Brett Gadsden, Natasha’s husband, also likes to take a good, contemplative look at the past, but maybe not for the reasons you might expect from a history professor.

“History is about stories and there’s always another story, always something else to be told.”

Brett sees history as a series of links to the present, a collection of stories that explain how we got here. “Everything that happens exists along a continuum and needs to be understood in a larger context,” he says. “A sophisticated understanding of our past helps us develop an awareness of the complexities of our present.”

Brett is currently working on a book about a group of prominent African Americans who held significant cabinet-level positions in presidential administrations in the 1960s and 70s. The book examines how this group made the transition from Washington outsiders to White House insiders. “In many ways, these are the political ancestors of Barack Obama and Kamala Harris,” he says.

Brett was upstairs getting ready on Thanksgiving morning when the fire broke out. He ran downstairs to the kitchen where Natasha, his parents, brother, sister-in-law and nephew were making breakfast. “I just spread my arms wide and said, ‘Everybody, out of the house.’” The firefighters arrived quickly and were able to stop the blaze just as it reached the third floor. They saved the roof and frame, but unfortunately, the interior was completely destroyed, along with most of the family’s personal possessions, furniture and clothes.

“I just remember standing there, looking at the house and thinking, ‘What are we going to do?’”

His father told him to call his insurance company. Brett and Natasha had joined PURE a few months earlier and within minutes, their claims adjuster, Ken Beltran, was on the scene. “Things just suddenly started to get done,” says Brett. Ken helped Brett and Natasha through the difficulty of those first few days, outlining for them the steps to recovery and restoration. “It was just this swirl of information and it was all-consuming. But Ken was great because he was absolutely clear. He methodically walked us through the process to help us understand what had to happen.”

Over the course of the next several months, PURE Member Advocate® Joan Smith stepped in to help Brett and Natasha navigate the complexities of rebuilding and getting back to normal, lining up temporary living accommodations and furniture, managing contractors and schedules, continually driving the process forward and even turning up unexpectedly with replacement computers and other odds and ends. But it was the moral support that she offered that made the most difference. “She was always a shoulder to lean on,” says Brett. “Who’d have thought these people from your insurance company would come into your life, that you would be sitting at a lovely restaurant having dinner with them? Who experiences that in their lives? No one ever does.”

Joan also drew on the PURE community, connecting Brett and Natasha with another couple in Chicago who suffered a house fire, Tom Stringer and Scott Waller—members since 2014. The couple had just renovated their

*“The wound
is the place
the light enters you.”*

meticulously designed brownstone when a fire nearly destroyed it just before Christmas in 2016. Brett says talking to other members who’d been through something similar was invaluable. “Having been in our shoes, they helped us understand what the path ahead looked like and what we needed to think about and to ask. They invited us into their newly restored home and for the first time I thought ‘Okay, things are finally coming into focus,’” says Brett. “I finally felt confident that we were going to get back to a good place.”

In November 2019, nearly two years after the fire, the work on their home was finally complete. Looking back on the experience, Brett and Natasha agree that it brought their family closer together. “It sounds funny to say that it was nice to have Brett’s family here, to go through such a traumatic event together like that, but it really was. It meant that we were not alone.” She says the experience also reminded her of her own capacity to find joy even in pain and loss. “Trauma is from the Greek word for wound,” she says, “and the poet Rumi wrote, ‘The wound is the place the light enters you.’”



The kitchen of the Gadsden-Trethewey home.

FIRE ART

KATHERINE QUINN WANTS MORE ART:
More art in schools, in the way we think, and, above
all, in the hands and hearts of young people.



*PURE member Katherine Quinn
inside her home in Bristol, RI.*

s an evangelist for arts education, Katherine Quinn believes art is central to a life fully lived. Give her a few minutes and she might make a believer out of you too.



A look inside Katherine's home where her passion for art is evident. Her home is tastefully filled with paintings and sculptures, many of which were created by her late husband, actor Anthony Quinn.



“Arts education is about life skills; it’s about understanding,” she says. “It’s crazy how important arts have become in business now. Businesses are looking for people who think outside the box, not just about the numbers.” Katherine will tell you art isn’t just a pleasant pastime, it’s a discipline that helps us develop the critical thinking skills needed to make complex choices.

Katherine is founder and president of the Anthony Quinn Foundation, a nonprofit dedicated to promoting the importance of arts education and providing scholarship funding to young artists. The foundation is named after legendary actor Anthony Quinn, Katherine’s late husband.

Anthony was born in Chihuahua, Mexico, and raised in a poor neighborhood of East Los Angeles. He rose from these humble beginnings to become one of the finest actors of his generation. Appearing in landmark films such as “La Strada,” “Lawrence of Arabia” and “Zorba the Greek,” he demonstrated an astonishing ability to portray deeply felt characters from vastly different cultures, picking up two Oscars along the way.

Less well known—but no less central to his life—is his work as a painter and sculptor. “He ended up acting,” says Katherine, “but his real passion was drawing and painting.” Living with Anthony taught Katherine to see creativity as an everyday practice—a way of being. “Tony saw beauty in the simplest things and the people who made their small part of the world more beautiful.” With this vision, Anthony created staggering amounts of drawings, paintings and sculpture; Katherine estimates upwards of 5,000 pieces. Eventually, the couple found a home in Bristol, RI—with a barn big enough for Anthony’s creative output.

After his death in 2001, Katherine converted part of the barn into her main residence, devoting the rest to housing his original works, their collection of other artists—including pieces by Henry Moore, Renoir and Matisse—and his library of more than 10,000 books, many of which are rare. “Anthony never graduated from high school, so he felt this need to accumulate knowledge. He read voraciously and he could speak on every possible subject.”

Determined to share his love of books, his artwork and his belief in the power of creativity, Katherine started the foundation in 2007. This included cataloging, displaying and preserving the thousands of books and art pieces in the collection—an effort she was busily pursuing on July 10, 2019.

Katherine drove into town that morning to go to the post office, leaving two landscapers at her home to finish yardwork. One of them made the baffling decision to remove weeds growing beside the house with a blowtorch. When Katherine pulled back into her driveway 20 minutes later, the house was already filling with smoke. She called 911 and within minutes firefighters were pulling the most valuable pieces off the walls, covering the rest with blue tarps and spraying everything with sea water pumped in from the nearby bay—there are no hydrants in the neighborhood. Arriving only minutes after the firefighters was Katherine’s insurance broker, Paul Burke, of Hadley Insurance Group, who stood by her to provide support until her family arrived. Katherine sat on the grass in the front yard in a daze, thinking of the books, the irreplaceable prints. Then the flames burst through the roof.

“Three hours later, firefighters were still punching holes in the roof and water was dripping from every pore of the house,” she says, but the fire was out and the structure still stood. The dining room, kitchen, bedroom and library bore the brunt of the fire. Miraculously, most of the books, the art and the antiques survived but both collections suffered severe smoke and water damage.

Gracious neighbors offered to let Katherine stay in their guesthouse while she began the long journey of recovery. PURE claims adjuster Joe Juliano and PURE Member Advocate® Joan Smith stepped up to help, coordinating the necessary structural, electrical and cosmetic repairs and looking after Katherine’s immediate

well-being. “I can’t tell you how shocked I was at how pleasant everybody was,” says Katherine, “how accommodating, friendly and open they were.”

Hildi Greenberg, of PURE Art Services by Haven, led the art, furniture and rare book restoration and Katherine credits her quick work with saving the collection. “It was July and it was very hot. Everyone told me that the artwork would be ruined and that mold would have started forming on the books. But it was all able to be restored because the response was so quick.”

Restoration was a mammoth undertaking. The house was old and large and had been beautifully remodeled with incredible handcrafted detail. The furniture, clothing and other belongings and the sheer size of the art and book collections required painstaking work—made even more difficult by COVID. It took an emotional toll. Katherine had never suffered from depression, but as construction wore on, those winter months were some of the darkest of her life. During that period, she says, “PURE was always there. And that was like a savior, having people that I knew had my back.”

Work on the house progressed: Emelia Lehmann, of PURE Art Services, orchestrated the reinstallations of Katherine’s collection. Winter finally gave way to spring and Katherine’s experience gave way to a fairytale ending. After 13 months, Katherine’s daughter and her fiancé were married at the newly restored home in August 2020.

Now everything is back in the home and in its place, and Katherine is back at work with the foundation and managing the collection. She says the catastrophe gave her clarity and a renewed sense of purpose. “It’s more important to me to focus on my mission—to get his artwork out there, to make it as visible as I can. That, and mindfulness.”

Listening to Katherine, watching her face light up when she starts talking about art and young people, you can’t help thinking that it’s her belief in the power of art that sustained her. Perhaps “art restoration” can be understood another way: art restores us.

To learn more about Katherine’s work at the Anthony Quinn Foundation, visit Anthonyquinn.com and AQFoundation.org.



While many of Anthony's works are displayed throughout Katherine's home, much of his collection is carefully stored in her barn. From time to time, she lends pieces to museums to display.

Art Restoration: Smoke Damage

Hundreds of pieces from Katherine Quinn’s collection were immediately sent to trusted conservators for restoration. Several very large, fragile pieces were restored on site. All were coated in a dry, ashy soot which is easier to remove than soot from fires involving a home’s oil tank or burning plastics or electronics, which can leave a tackier, tar-like soot that may include more acidity and is more difficult to remove.

How Artworks React to Soot

With all of the pieces now in a climate-controlled environment, PURE Art Services worked with Katherine and the conservators to prioritize which needed to be restored first—different materials react differently to the soot. Wood, for example, is porous and soot is more likely to ingrain into the surface of some mediums like this faster than others, and if left over time, may no longer be removable.

The Advantage of Varnish for Oil on Canvas

As with sculpture, soot can impact the condition of fine art and antique furniture. It can take up to six months to ingrain into the surface of an oil on canvas painting. However, if the painting is varnished, the surface of the canvas is even more resilient as the varnish protects the painting itself. Varnish can be removed with relative ease and reapplied without affecting the painting. If the canvas is unvarnished, the conservator will usually use a soft dry brush in conjunction with a HEPA vacuum to remove the soot from the painting’s surface.

Neutralizing the Smell of Smoke

Once the order of restoration was established, the work began. Some of the pieces carried a smoky odor, so they were placed in an ozone chamber, or an air purifying room, for an extended period to neutralize the smell. Next, a dry brush was used to loosen the soot, then the residue was cleaned off completely with a HEPA vacuum.

Protecting Your Passions

We all look forward to the days when we can safely return to parties and vacations in wonderful, faraway places—a time when we can take our jewelry and timepieces out of our home safes and bank vaults and wear them out with joy and peace of mind.

But, because jewelry travels with us—and can sometimes be unknowingly left behind—it tends to present risks greater than most valuable property. In 2020, while the membership did experience several high-value jewelry losses, we saw a 25% reduction in claims coded as “off premises theft.” This included incidents like a watch being taken from a gym locker or a necklace that went missing from a hotel room. We also recorded 10% fewer instances of “mysterious disappearance,” where a piece of jewelry goes missing without the accu-

sation that it was stolen. The dramatic reduction of travel and entertainment during COVID likely reduced the opportunity for such jewelry losses.

Another risk factor unique to jewelry is the role of fraud. Our policy language is broad and the documentation requirements for most items are fairly liberal. From time to time, we have seen members make claims for items that were not actually lost, but we do believe the PURE membership represents some of the most responsible, ethical families and individuals in the country, and they deserve to be treated as such. Using new screening mechanisms, we can now employ a more streamlined loss adjustment process which will lead to faster settlement times—often either the same day the claim is reported, or very shortly thereafter.

About **36%** of our property claims consist of relatively simple losses, like those involving lost or stolen jewelry. Yet, it currently takes about 89 days to close these claims—something we are actively working to reduce.

Protecting Your Jewelry Collection

When traveling, we recommend leaving expensive jewelry at home, but if you choose to bring it, use the hotel room’s safe or ask the hotel concierge to hold them in the master safe. And don’t leave valuables in plain sight when you are away from your room.

Record Keeping & Maintenance

When a member reports a mysterious disappearance loss, it can be for many reasons, like: a ring dropped down a drain, a watch left behind at the gym, items on a schedule don’t match a loved-one’s collection after they pass and, of course, theft. When assisting our members, we know good documentation helps create a more seamless claims process—whether you prefer a payout for your lost item or hope to locate it through police investigation. Take photographs of all pieces and keep copies of sales receipts, GIA certificates and appraisals. For fine watches, also note their serial numbers. PURE offers a premium discount, up to 20%, for members who maintain updated appraisals.

Have the settings for diamonds and precious stones checked to ensure the claws are not loose, particularly on regularly worn pieces. When having maintenance or appraisals performed, send a trusted handler to be present to reduce the likelihood of stone switching.

One of PURE’s most commonly reported claims is the loss of a single earring while on the move. Consider changing the backings of those frequently worn earrings to screw backs or locking push backs.

Protection At and Around Your Home

Always set your security alarm when leaving the house, even for short durations of time. If you have domestic staff, run a background check before hiring anyone who will have access to your home and personal property. PURE offers members five complimentary and confidential background checks per year.

Finally, store jewelry in a top-quality safe and return it there every night or anytime it’s not being worn.

For assistance creating a jewelry inventory, contact PURE Art Services at artservices@pureinsurance.com.

The PURE Member Advocate®

OUR COMMITMENT TO SERVICE PERSONIFIED

Member Advocates are highly trained professionals, dedicated to serving members. Our Member Advocates do a lot for members—scheduling PURE 360™ Risk Management Consultations, helping with billing questions—but above all, they are there to help members through claims. When you experience a loss, your Member Advocate is there to help from the very first moment through the end of the claim.

Thank you, Joan Smith

There is no better testament to our commitment to service excellence and impact on a member’s experience than Joan Smith. In her nearly nine years with PURE as a Senior Member Advocate, Joan has helped countless PURE families through devastating losses with empathy—anticipating their unrealized needs with thoughtful attention to detail—and often building lasting friendships with members along the way.



“[After the fire], Joan came up and we went to lunch and talked all day. And we’re still friends. I wish her a happy and healthy future and hope that we will finally get to share that celebratory bottle of wine that COVID prevented us from enjoying when I moved back home last spring!”
—Kathy Quinn, member since 2013

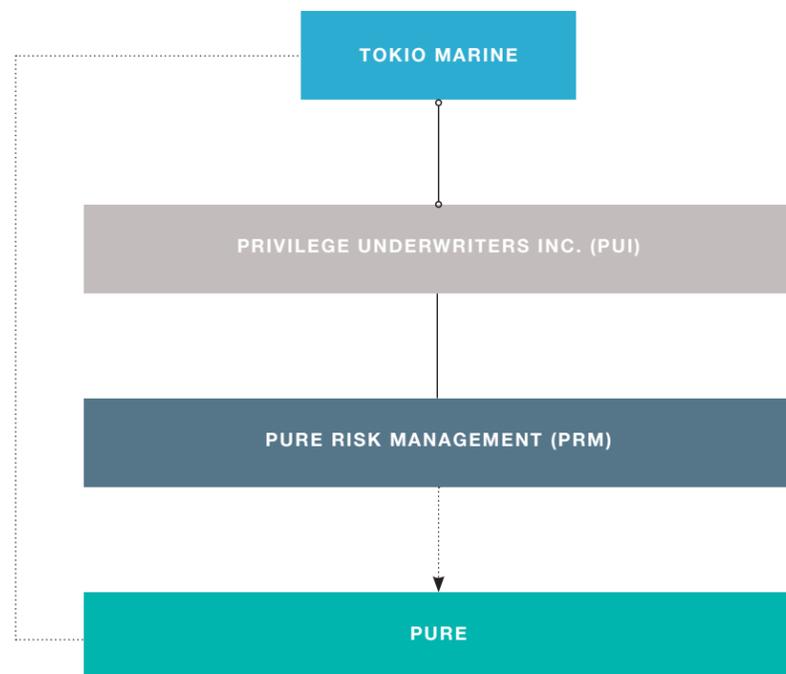
“Joan was in our corner every step of the way during a very tough and traumatic moment in our lives. We cannot begin to put into words how wonderful, compassionate and helpful Joan was to us, and we’ll be forever grateful that she came into our lives. She is an exceptional and very special person.”
—Richard, Lauren and Ricky Browne, members since 2014

“When you’re going through something as devastating as a fire that destroys your home, there is nothing better than someone who goes out of their way to let you know you are being supported, taken care of, assure you everything will ultimately come out okay and then help you all the way through the process. That person for us was Joan. Her kindness and support were second to none!”
—Scott Waller, member since 2014

Joan, we wish the best in your upcoming retirement. On behalf of all your colleagues and all the members whose lives you’ve touched, we are so grateful for you.

PURE & Its Affiliates

PURE and its affiliates are a specialist group of companies with common management serving the personal insurance needs of successful families across the United States. Collectively, these companies benefit the PURE membership by creating excellent financial strength, capital flexibility and an alignment of interests.



Privilege Underwriters Reciprocal Exchange (PURE) is a member-owned reciprocal insurer.

Members pay their premiums to PURE and contribute, through surplus contributions, surplus capital for the first five years of membership. All in, the cost of PURE policies (including surplus contributions) has led members to report significant savings on Homeowners insurance.

While most members view surplus contributions as part of the overall cost of their insurance, they are separate from typical premiums and much more efficient. For starters, there are no fees paid to the Attorney-in-Fact (independent management company) on members' surplus contributions. This helps improve operating results and build capital in the member-owned exchange.

Claims are typically paid from premiums and shared with participating reinsurers. There is no risk of assessments, even in a bad year, and members participate in the surplus growth through allocations to Subscriber Savings Accounts (SSAs). SSAs are one of the more tangible examples of an alignment of interests.

Members also play an important part in the governance of the company through a Subscribers' Advisory Committee (SAC). This group provides a voice of the membership to management and has the responsibility of reviewing the annual independent audit for PURE.

PURE members also have access to the services and solutions offered by the following companies which are also part of the PURE Group of Insurance Companies.

PURE Art Services by Haven offers bespoke services for PURE members who collect fine art, jewelry or antiques. Its services include collection management, needs assessments, conservation, curators for hire and disaster response plans. It also works to manage art collections and claims for some of the world's most prestigious museums and corporations.

PURE Programs, LLC is a Managing General Underwriter (MGU) that provides solutions to PURE members and other high net worth consumers who face

Privilege Underwriters, Inc. (PUI) is a holding company for a collection of affiliated businesses, including PURE Risk Management, LLC, PURE Art Services by Haven and PURE Programs, LLC, all of which play an important role in making the group work well. Together, they create an entrepreneurial environment for employees, a source of additional capital and capital flexibility for the insurance companies and a broader service offering for PURE members. This is the entity that was acquired by Tokio Marine in February 2020.

PURE Risk Management, LLC (PRM) serves as the Attorney-in-Fact for PURE. PRM is paid a fee to provide marketing, underwriting and claims-administration services for PURE. In turn, PRM provides the human, technological and operational resources, as well as intellectual capital required to run the insurance operations of PURE.

Tokio Marine Holdings, Inc. (Tokio Marine) is a multinational insurance holding company headquartered in Tokyo, Japan that delivers sustainable growth by providing safety and security to customers worldwide. Their financial backing further supports PURE's financial stability and claims-paying ability.

complex or extreme risks and are accustomed to higher levels of service. PURE Programs is paid a commission by independent insurers who assume these risks. It does not pool capital with the PURE Group of Insurance Companies. A PURE Programs policy does not qualify an individual as a PURE member, and PURE Programs policyholders do not sign a PURE Subscriber's Agreement, make surplus contributions to PURE or receive the benefit of PURE SSAs.

Going (More) Digital

Perhaps you've rented a car on vacation and needed proof of insurance before you could drive it off the lot. Or maybe you've had a question about the due date of your upcoming bill. The PURE Insurance mobile app can help with all of that, and more.

You can review your policies, pay your bills, download your auto ID cards, submit and track claims, get temporary proof of insurance when purchasing a new car* and take care of other everyday tasks, seamlessly. The app also features several member-exclusive benefits.

PURE HOME SPOTLIGHT™

When buying a new home, there can be many unknowns. By compiling more than 30 sources of risk data, this tool empowers you to understand the risks before you buy a home so you can make a more informed decision. Risks include prior insurance claims, elevation and flood risks, local firefighting capabilities, and, where applicable, historical hailstorm patterns and wildfire risk.

THE "WHAT IF" EXPERIENCE

How much could I save on my Homeowners premium if I install a generator? How much would higher limits of Personal Excess Liability cost? Price transparency and having more information about your coverage is important. By answering a few questions, this experience allows you to preview coverage changes and get an immediate price estimate.



DIGITAL ADVICE DASHBOARD

Complement the advice of your broker and get immediate answers to questions about common scenarios that may impact your premium.

GOING PAPERLESS

eDelivery helps reduce the environmental impacts caused by printing long insurance documents. Thank you to the 62% of the membership who are already enrolled for doing your part. Plus, with the PURE Insurance mobile app, you have on-demand access to this information, eliminating the need for printouts.

Members who engage with us digitally have a Net Promoter Score (NPS®) **8 points higher** than those who don't. And those enrolled in eDelivery have an NPS **12 points higher** than those not enrolled.

Want to be part of a future beta test on new tools and offerings? Email us at getinvolved@pureinsurance.com.

*Not available in all states.

We're Honored



But the greatest honor is the loyalty of our members.

We are honored to be the recipient of premier wealth management and financial services industry awards. We believe this recognition is the result of a dedication to serving our membership. We are also delighted to be recognized by national business publications for our company culture and employee engagement. While we are proud of these accolades, we continue to be driven by an approach to service excellence as a journey without a destination—something that can always be improved through curiosity, creativity and innovation.

Share PURE with a friend



Share a copy of the PURE Annual Report with a friend.

PURE's reciprocal model makes adding new responsible and successful members beneficial for the entire membership. If you have friends or family who you think would be a good fit for PURE, help us spread the word. Scan the code using the camera app on your phone to share a copy of this report with them.

The Team

Our company culture is centered around our purpose and driven by our principles. We full-heartedly believe that a great member experience begins with a great employee experience. With this in mind, we work hard to build a culture that supports and empowers our people.

MORE THAN

900

DEDICATED TEAM MEMBERS SERVING YOU.

We fully support employees who leave PURE to gain new experiences and pursue new passions. And we love when they come back.

Erin Kinney

Erin joined PURE in 2013 as an Underwriting Analyst but left in 2014 to pursue investment banking. Her training as a banking analyst provided her with the skills to transition into investment management. Erin returned in 2019 to manage PURE's assets and assist with strategic initiatives.



"PURE's management team creates an open learning environment that encourages employees to take on new and tougher assignments. I also enjoy the opportunity to meet many talented investment managers who are PURE members!"

Brad White

Brad joined PURE in 2014 as a Senior Underwriter and left in 2016 to pursue his MBA at UVA's Darden School of Business. He then went on to MetLife's Global Leadership Development program. He returned to PURE in 2020 to focus on enterprise-wide initiatives to grow the membership and improve the member experience.



"PURE has the energy of a start-up. The focus on the membership is felt through the organization and the people are incredibly bright and motivated."

Katie Krum

Katie first joined PURE in its infancy in 2006 as one of our first employees. She was charged with getting marketing efforts off the ground. She then went on to gain more experience and lead digital marketing teams at Nickelodeon, Marriott, Under Armour and Weber Shandwick. Katie is now back at PURE where she serves as Chief Marketing Officer.



"Since I left PURE in 2009, the company has gone on an incredible journey. I went on a journey of my own after discovering my love for marketing at PURE. It's incredible to be back, and I'm excited for what's next in terms of growth and creativity."

WE LOVE WHEN OUR EMPLOYEES STAY WITH US

12

Employees have been with the company since our launch in 2006

76

Employees have been with the company 10 years or more

404

Employees have been with the company five years or more

PURE Giving

Continuity in a Challenging Year

The global pandemic and various weather events affected the membership throughout the year. These also disrupted many of our employees, yet they were able to quickly transition to working remotely and continued to serve our members with compassion and empathy. Here are a few ways our employees stayed connected through it all:

More than **3,000** virtual **coworker coffee meet-ups**

Daily COVID-preparedness emails

Nearly **50** lunchtime **yoga** classes

More than **50** guided **meditations**

As the COVID crisis continued to unfold and we grappled with national issues of racial and social injustice, we wanted to ensure that our employees felt safe, welcome and able to thrive in a dynamic environment. This led to the creation of our Diversity, Equity & Inclusion (DEI) team, with Sabrina Ali, DEI Specialist, and Safiya Reid, Director, DEI, leading the charge.

Together, they introduced several new Employee Resource Groups (ERGs) to support, empower, and celebrate marginalized groups. ERGs also provide guidance to senior leadership and recommend changes when our reality falls short of our aspirations.

Sabrina and Safiya are both focused on cultivating a workforce at least as diverse as our communities and ensuring all colleagues feel included and supported to bring their whole self to work.

PURE Insurance Foundation

In 2020, we supported our members, our fellow colleagues and our local communities. In addition to monetary donations from the PURE Insurance Foundation, PURE employees volunteered their time to support their local communities.

We are proud of the contributions our team has made to many charitable organizations throughout the year, but our giving did not start, nor will it end, there.

Donated more than

\$1,816,000

To over 200 charitable organizations

Donated more than

\$1,167,500

To food banks across the country

More than

\$40,000

Donated through matches to employee contributions

We also supported:

THE NATIONAL URBAN LEAGUE

RED CROSS | DIRECT RELIEF | FIRST TEE

PREP FOR PREP

The Next Generation

The insurance industry is likely to lose a growing number of its experienced workforce to retirement in the next few years. To help bring in the next generation of insurance executives, we've largely focused our hiring strategy on attracting and developing those who are early on in their careers. Eleven years ago, we welcomed our first entry-level training class to PURE—a class of just four recent college graduates (three of whom are still employed with us today). Since then, the class sizes have grown; 37 joined our ranks in 2020. Today, nearly 70% of all employees who joined the company through our training program are still with PURE and many are in leadership roles—a true testament to our culture and the opportunities within our organization.

THE PURE MEMBERSHIP

Growth

In 2020, we welcomed 11,911 new responsible, successful individuals and families to the PURE membership. And in early 2021, we crossed the 100,000-member milestone. We are honored that by the end of Q1 a total of 100,031 members chose PURE to serve their insurance needs.

100,031
MEMBERS

Retention and Relationship Expansion

We are proud that 94.3% of members elected to renew their membership in 2020, with many adding to the number of beautiful things they insure with PURE. Across the existing membership, we saw a 17.6% increase in the number of policies added last year, compared to the year prior, as members purchased more new secondary properties and vacation homes during the COVID housing boom. We also saw an 11% increase in the number of pieces of art added by existing members compared to the prior year.

94.3%
MEMBER RETENTION

435 members have been with PURE since the company launched.

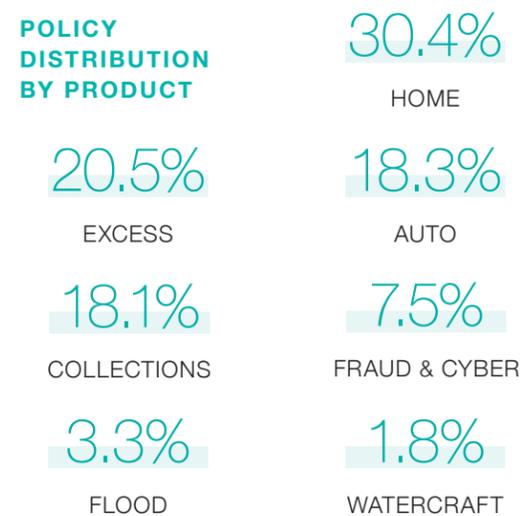
Product Diversification

PURE's products are designed specifically to meet the needs of successful individuals and families. Members who bundle their policies can have fewer coverage gaps, benefit from generous discounts (where available) and enjoy the convenience of a single billing statement.

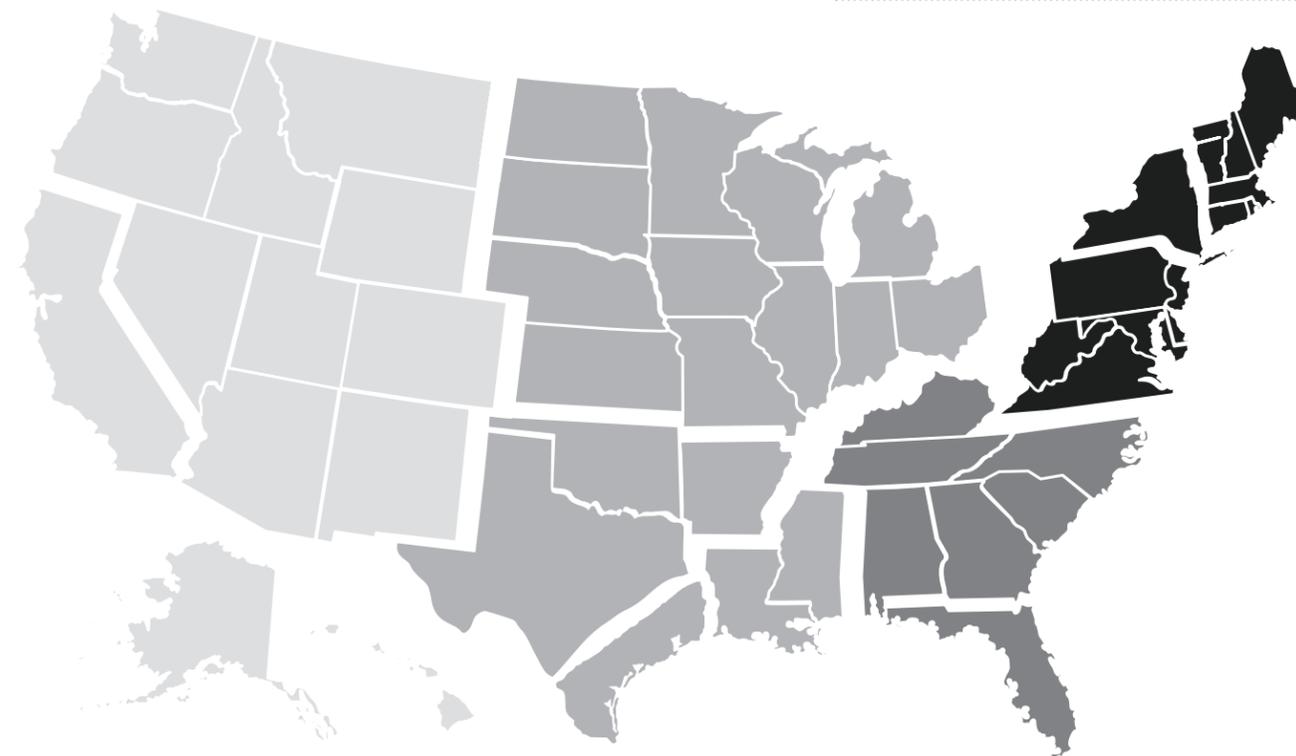
PURE's product mix is well-balanced across the available lines of business, which benefits our diversification efforts.

Our newest product, PURE Starling™, has been growing at a faster rate with more than 30% of the membership opting to add this coverage by the end of 2020, compared to 23% at the end of 2019.

POLICY DISTRIBUTION BY PRODUCT



Membership Diversification



Membership breakdown by zone and region.

WESTERN ZONE	16.2%
WESTERN STATES	8.7%
CALIFORNIA	7.4%

CENTRAL ZONE	24.5%
MIDWEST	9.8%
GULF	8.4%
SOUTH CENTRAL	6.3%

EASTERN ZONE	34.5%
NEW ENGLAND	12.7%
NEW YORK	12%
MID-ATLANTIC	9.7%
SOUTHERN ZONE	24.8%
SOUTHEAST	13.9%
FLORIDA	10.9%

Year after year, the PURE membership continues to diversify geographically. Diversified growth enables PURE to improve efficiency and reduce the severity of any one catastrophic event in relation to our overall membership. We continue to maintain steady growth across all regions, with both California and the Western States growing their direct written premium at the fastest pace.

Just before going to print, regulators approved our application to write business in Idaho. There is still some work to be done, but we anticipate that we will be ready to offer coverage to new and existing members with homes in this state sometime in the near future.

Numbers do not add up to 100% due to rounding.

Numbers do not add up to 100% due to rounding.

BENEFITS OF MEMBERSHIP

Subscriber Savings Account

We have requested regulatory approval to allocate \$15 million to Subscriber Savings Accounts (SSAs) for the 2020 year.

The funds held within SSAs remain on PURE's balance sheet and are available to PURE to meet claim and expense obligations. This contributes to PURE's lower premiums and financial strength and helps to keep the cost of capital low by reducing the reliance on outside investors. If at any point a member decides to leave PURE, the funds in their SSA are theirs to keep. In 2020, we returned \$3,834,265 to people who decided to leave the membership.

For more information on SSAs and the unique value they provide, visit pureinsurance.com/ssa.

ALLOCATIONS BY YEAR	
2010	\$1,000,000
2012	\$1,500,000
2013	\$5,000,000
2014	\$8,000,000
2015	\$4,000,000
2016	\$25,000,000
2017	\$15,000,000
2018	\$21,500,000
2019	\$22,000,000
2020	\$15,000,000*
TOTAL ALLOCATED	\$118,000,000*

**Pending regulatory approval*

Fifth Renewal Benefit

Upon reaching their fifth renewal, members no longer pay surplus contributions as part of the cost of their insurance. Last year 10,967 members passed this milestone, saving \$8,746,015 on the cost of their insurance in 2020 alone. Now, 36,444 members no longer pay surplus contributions; that's 37.1% of the total membership.

36,444

MEMBERS NO LONGER PAY SURPLUS CONTRIBUTIONS

Loyalty Rewarded

PURE Gold, now in its second year, is intended to reward our most loyal members. Members who have been with PURE for 10 years or more are eligible to receive an annual cash distribution of up to 20% of their SSA balance. Distributions and their amount will be made at the discretion of management (based on the performance of the business in that year) and require regulatory approval. Pending regulatory approval, we will make a distribution for the 2020 calendar year to 4,559 members who will receive a total of \$1,078,248*.

\$1,078,248*

2020 PURE GOLD DISTRIBUTIONS

4,559 Members are now eligible for PURE Gold distributions.

**This is an estimated distribution amount and, at the time of publication, is still pending regulatory approval.*

FINANCIAL STRENGTH

Partnering to Prevent Losses

PURE's Homeowners policy includes a \$2,500 Loss Prevention Benefit that members can use following a covered loss greater than \$10,000 to make their homes safer in order to prevent a similar loss from recurring. In 2020, PURE partnered with more than 600 members and invested \$1,436,887 to make our members' homes more resilient to future losses.

\$1,436,887

INVESTED ALONGSIDE MEMBERS IN LOSS PREVENTION IN 2020

Direct Written Premium

PURE continues to experience steady organic growth in direct written premiums. In 2020, premiums grew by 16%.



FINANCIAL STRENGTH

PURE's Combined Ratio

An insurer's combined ratio measures losses and expenses against premiums to help evaluate underwriting results. As an indicator of PURE's overall performance, management monitors the adjusted combined ratio, which reflects the impact of reinsurance and the benefit of member surplus contributions (which go directly to PURE's balance sheet).

While a combined ratio below 100% indicates profitability and surplus growth, PURE's adjusted combined ratio of 98% in 2020 was higher than what management expected. This was due, in part, to a record number of large losses experienced by the membership and the impact of more than 80,000 refunds processed as a reflection of reduced driving for members with PURE Auto policies.

98%
2020 ADJUSTED
COMBINED RATIO

Impact of Surplus Contributions

Surplus contributions are included in a member's cost of insurance for their first five years of membership. These funds, which equal a small percentage of a member's premiums, provide a steady flow of capital to PURE, which helps keep premiums low. Surplus contributions contribute to policyholder surplus and support PURE's financial strength.



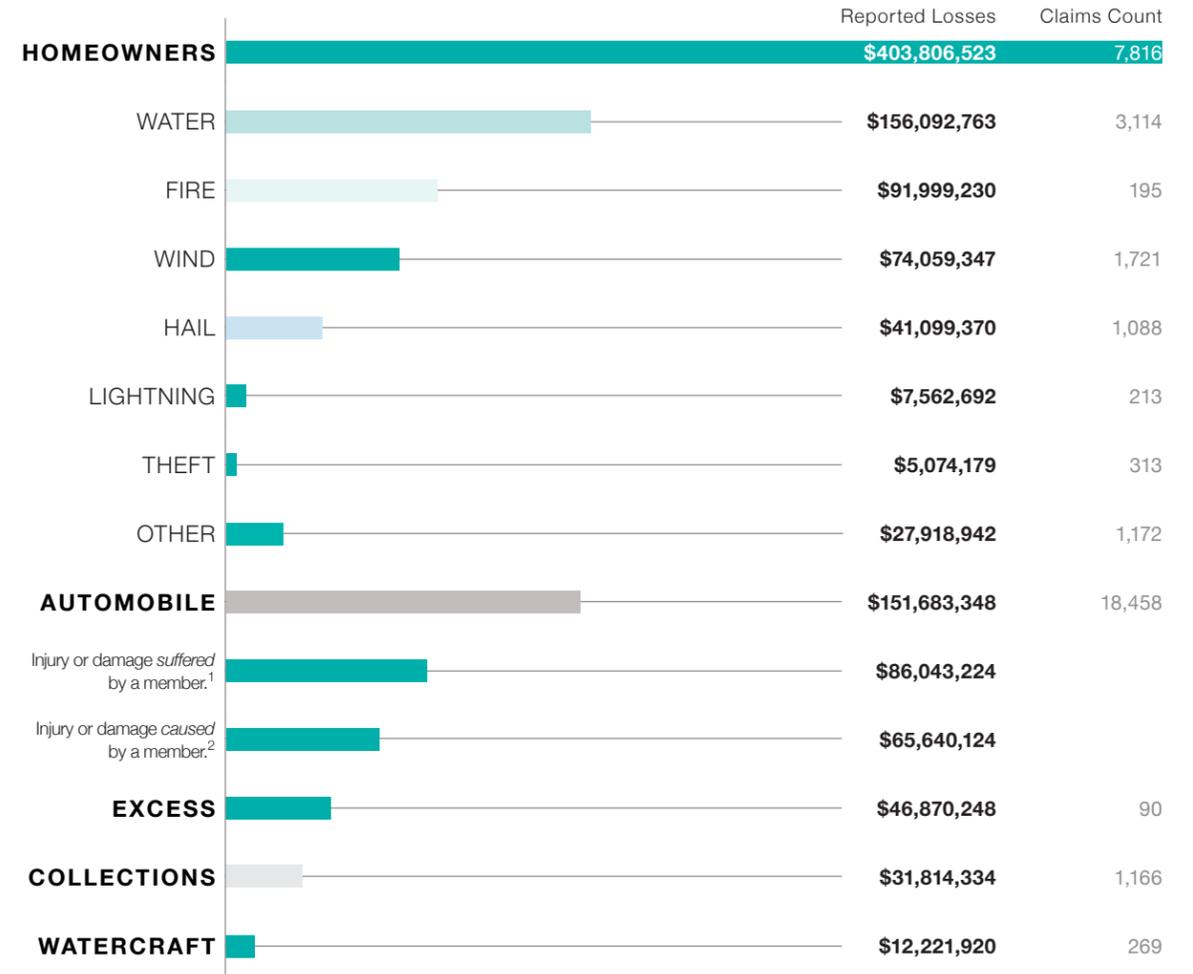
Policyholder Surplus

Policyholder surplus represents the capital that allows an insurer to meet all of its obligations beyond premiums, reserves and reinsurance.

In 2020, PURE's surplus grew by more than 6%. PURE is financially stronger today than ever before through organic growth, a significantly higher reserve amount, a continued conservative reinsurance program and the backing of Tokio Marine—one of the world's largest insurance companies.



CLAIMS *by loss type*



FIRE | Large home fires continued to be a major cause of loss for the membership in 2020, not in frequency but in severity. There were more million-dollar-plus fire losses than ever before, including the most costly claim to date to impact the membership.

JEWELRY | With a significant reduction in the amount of jewelry leaving members' homes, the frequency of jewelry losses decreased in 2020. We saw a 25% reduction in off-premises theft claims and a 10% reduction in instances of mysterious disappearance.

HAIL | A record number of severe convective storms resulted in more hail damage than previously experienced by the membership. As a result of these claims, more than 900 members roofs were repaired or replaced in 2020.

AUTO | The frequency of auto claims declined as stay-at-home orders across the country kept many members off the roads. However, the average claim cost increased in 2020 by more than 12% as compared to 2019.

WATER DAMAGE | Water damage continues to be the most common and costly cause of Homeowners claims, with 3,114 losses totaling more than \$156 million in damage in 2020.

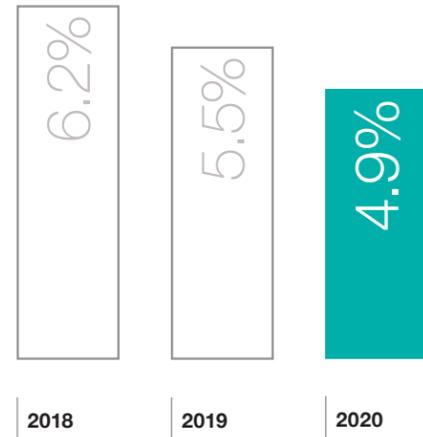
1. Damage to a member's vehicle or an injury affecting a member. 2. Damage to another person's property, such as their vehicle, or an injury to another individual at the fault of a member. *Automobile claims can result in payments made to both first- and third-parties. For example, if a member rear-ends another individual, causing first-party damage to their vehicle as well as third-party damage to the other individual's vehicle, payments are made to both parties in order to fix the damage. However, this is considered one claim. Therefore, we have not provided a breakdown of the number of claims individually resulting in first- and third-party damage.

CLAIMS

Claims Count

As the membership grows, we are naturally going to see an increase in the number of everyday claims, like automobile accidents, theft and water damage. But this trend was broken for the first time in PURE's history, with fewer claims reported in 2020 than in the year prior. The frequency of this was largely driven by the decline in auto accidents, as members drove fewer miles while lockdown orders were in effect.

2018	17,308 REPORTED AUTO CLAIMS	26,621 TOTAL REPORTED CLAIMS
2019	21,937 REPORTED AUTO CLAIMS	31,059 TOTAL REPORTED CLAIMS
2020	18,458 REPORTED AUTO CLAIMS	27,808 TOTAL REPORTED CLAIMS

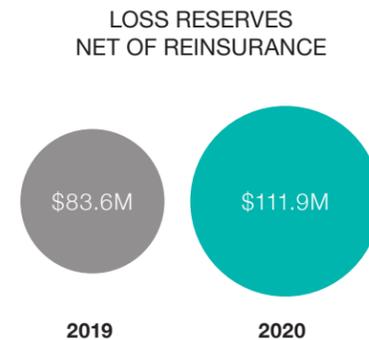


Homeowners Reported Claim Trend

One measure of the underlying health of an insurance company is the frequency of claims. This chart measures the ratio of reported Homeowners claims to the number of homes insured by PURE in a given year. As PURE continues to grow, we are welcoming qualified members at a faster rate than the number of claims being reported, resulting in a lower frequency. In general, PURE's membership experiences fewer claims thanks, in large part, to a more responsible membership and thoughtful underwriting. However, in 2020 we saw even fewer claims than in previous years, which could be attributed to members being home and more aware of potential issues, not to mention the increase in home updates that occurred in 2020.

Loss Reserves

Loss reserves are funds set aside to cover payments on future claims. These estimates include how much PURE expects to pay out to claimants (both members and third-parties) as well as the cost to adjust and settle claims. In 2020, PURE adopted a more conservative approach to calculating our loss reserves, in order to better reflect how claims develop over time and to enhance PURE's ability to pay future claims. Despite a reduction of reported claims in 2020, this change resulted in a 33.9% increase in the amount of money held in reserves, adding to PURE's financial strength.



Recovering Money Through Subrogation

The damage to Katherine Quinn's home (read her story on pages 22-27) was the result of negligence by a contractor working on her yard. So, when a third-party is responsible—even partially—for the damages in a claim, PURE uses the legal process of subrogation to try to recover the money paid out. This often results in the at-fault party bearing a portion of the financial responsibility for the claim.

Subrogation helps to improve the company's overall operating results and reduces the cost of insurance premiums. In 2020, PURE recovered over \$36,810,439 from at-fault parties through subrogation efforts.

In kind, PURE receives incoming subrogation demands, or third-party liability claims, made against our members. In these cases, we work first and foremost in the best interest and long-term health of PURE as we consider the unique experience of an individual member.

In some situations, subrogation allows us to reimburse a portion or all of a member's deductible. Here are some things you can do to help in our efforts:

Promptly take photos or a video.

Visual representations, as well as written accounts, help to better understand the reported situation, whether it's capturing a photo of a vehicle that just rear-ended you or a video of water leaking from a pipe in your home; it may not tell us the whole story, but it does help us determine what we might need to move forward.

Preserve damaged parts.

Sometimes claims are the result of manufacturer defect or an improperly handled repair. Retaining all damaged parts from the event could be helpful in determining and proving who is at fault.

Keep detailed records.

Whether it's the signed contract for your home repair or the serial numbers and manufacturers of your home appliances, any clear documentation you have could help identify potentially responsible parties.

REINSURANCE

Reinsurance plays an important role in PURE's financial strength and claims-paying ability. We enter into these reinsurance contracts (known as treaties) in order to reduce the volatility of our results and protect against severe catastrophic events. In 2020, due to catastrophes like wildfires and hurricanes, uncertainty from the pandemic, and a low interest rate environment, the reinsurance markets hardened, compared to prior years. A hardening market causes reinsurers to increase their rates across all of their treaties. Unfortunately, this market trend unfavorably impacted PURE's cost of reinsurance, despite its more favorable underwriting results, particularly with respect to natural catastrophes. However, there was no negative impact on PURE's ability to find reinsurance capacity, enabling us to maintain a conservative reinsurance program and continue to offset potential volatile underwriting results.

Reinsurance treaties provide several types of protection, including:

Per-Risk 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 time period. PURE places these treaties for specific lines of business and has a quota share structure combining Homeowners, Automobile, Personal Excess Liability, Collections and Watercraft into one all 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.

Catastrophe Excess of Loss

PURE purchases significant reinsurance “towers” that protect against losses to multiple policies 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 events that have much less than 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. Though PURE has experienced multiple large events since inception, as of December 2020, none have been large enough to attach to these treaties.

Per-Risk Excess of Loss

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

Reinsurance Partners

PURE partners with more than 40 highly rated and well-respected reinsurers across all treaties, including those listed to the right. This diversification helps mitigate any third-party credit risk and ensures the financial strength and soundness of our reinsurance program.

These companies are willing to put their capital at risk to support PURE’s growth. In the spirit of alignment, we need to ensure we deliver an appropriate profit to our important capital providers to foster long-term support.

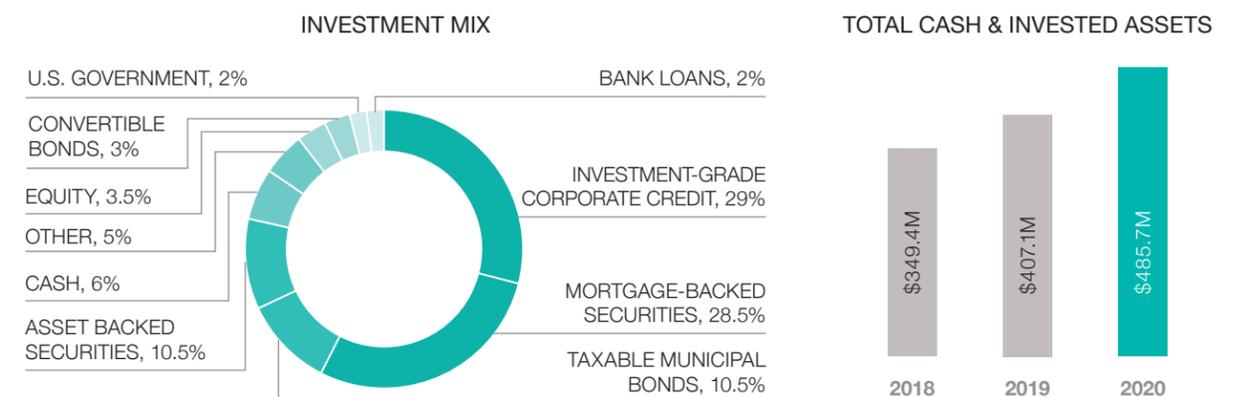
KEY REINSURERS	AM BEST RATING	PRO RATA	CATASTROPHE	ALL OTHER
ASPEN RE	A	•	•	•
AXA XL	A+	•	•	•
EVEREST RE	A+	•	•	•
GEN RE	A++	•		•
HANNOVER RE	A+	•	•	•
LIBERTY MUTUAL RE	A	•		•
MUNICH RE	A+	•		
SWISS RE	A+	•		
THE HARTFORD	A+	•	•	
TOKIO MARINE	A++	•	•	•

BALANCE SHEET

PURE	2020	2019	CHANGE	VARIANCE
TOTAL CASH & INVESTED ASSETS	\$485,728	\$407,087	\$78,641	19%
NET ACCOUNTS RECEIVABLE	\$482,960	\$423,980	\$58,980	14%
OTHER ASSETS	\$2,550	\$1,872	\$678	36%
TOTAL ASSETS	\$971,238	\$832,939	\$138,299	17%
UNPAID LOSSES & LAE	\$111,897	\$83,580	\$28,317	34%
ACCOUNTS PAYABLE & ACCRUED	\$72,905	\$64,452	\$8,453	13%
UNEARNED PREMIUMS	\$92,564	\$74,799	\$17,765	24%
REINSURANCE PAYABLE	\$326,264	\$265,344	\$60,920	23%
OTHER CURRENT LIABILITIES	\$34,320	\$29,777	\$4,543	15%
TOTAL LIABILITIES	\$637,950	\$517,952	\$119,998	23%
SURPLUS NOTES	\$110,831	\$112,296	(\$1,465)	(1%)
MEMBER SURPLUS CONTRIBUTIONS	\$263,760	\$225,186	\$38,574	17%
SUBSCRIBER SAVINGS ACCOUNTS	\$90,235	\$72,675	\$17,560	24%
UNASSIGNED SURPLUS & OTHER	(\$131,538)	(\$95,170)	(\$36,368)	38%
SURPLUS AS REGARDS TO POLICYHOLDERS	\$333,288	\$314,987	\$18,301	6%

INVESTMENTS

Financial markets were volatile during the first half of 2020 as a result of the uncertainty around the impact of the COVID pandemic. Equity markets sold off sharply, asset prices dipped and credit spreads widened, testing PURE’s overall investment approach and allocation to risk assets. PURE’s conservative investment portfolio, which consists primarily of short-duration, high-credit-quality, fixed income holdings, performed well despite the volatility of the first half of 2020. The 10.5% allocation to convertible bonds, equity and other assets contributed positively to overall performance as asset prices recovered and rebounded during the second half of the year on optimism from state reopenings, fiscal stimulus and the potential of a COVID vaccine. PURE’s cash and invested assets increased by nearly \$79,000,000 in 2020 through positive investment return and new cash additions.



EXECUTIVES & OFFICE LOCATIONS



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President and
Chief Executive Officer



SHANNON BOWES
Senior Vice President,
Head of Product Management



KEVIN DALEY
President,
Field Operations West



MARK GALANTE
President and Chief Executive
Officer, PURE Programs



LINDSAY HOLDEN
President,
Field Operations East



KATIE KRUM
Senior Vice President,
Chief Marketing Officer



DAVID LOGAN
Senior Vice President,
Chief Risk Officer



JASON METZGER
Senior Vice President,
Head of Risk Management
and Service Operations



JEFF PARASCHAC
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Chief Financial Officer



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Chief Human Resources Officer



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Investment Management

Asset Allocation & Management (AAM) | Chicago, IL

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Kichiichiro Yamamoto
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President, Tokio Marine HCC

Ross Buchmueller
President and CEO, Privilege Underwriters, Inc.

Stephen Baine
General Partner, Starboard Specialty Funds, LLC

Susan Rivera
Chief Executive Officer, Tokio Marine HCC

Auditor

PwC | New York, NY

Investment Management

Asset Allocation & Management (AAM) | Chicago, IL

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Directors

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Hisanobu Koga

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Michael J. Schell

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