From Adversity to Resilience:

Transforming Profitability Amid Unprecedented Challenges

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Agenda:

Transforming Profitability Amid Unprecedented Challenges

1. 2023 – An Industry-wide Catastrophic Year
2. A Case for Change – WSO2 Migration Journey
3. How the Story Unfolds

PEKIN INSURANCE

Beyond the Expected for over 100 Years

Quick Stats

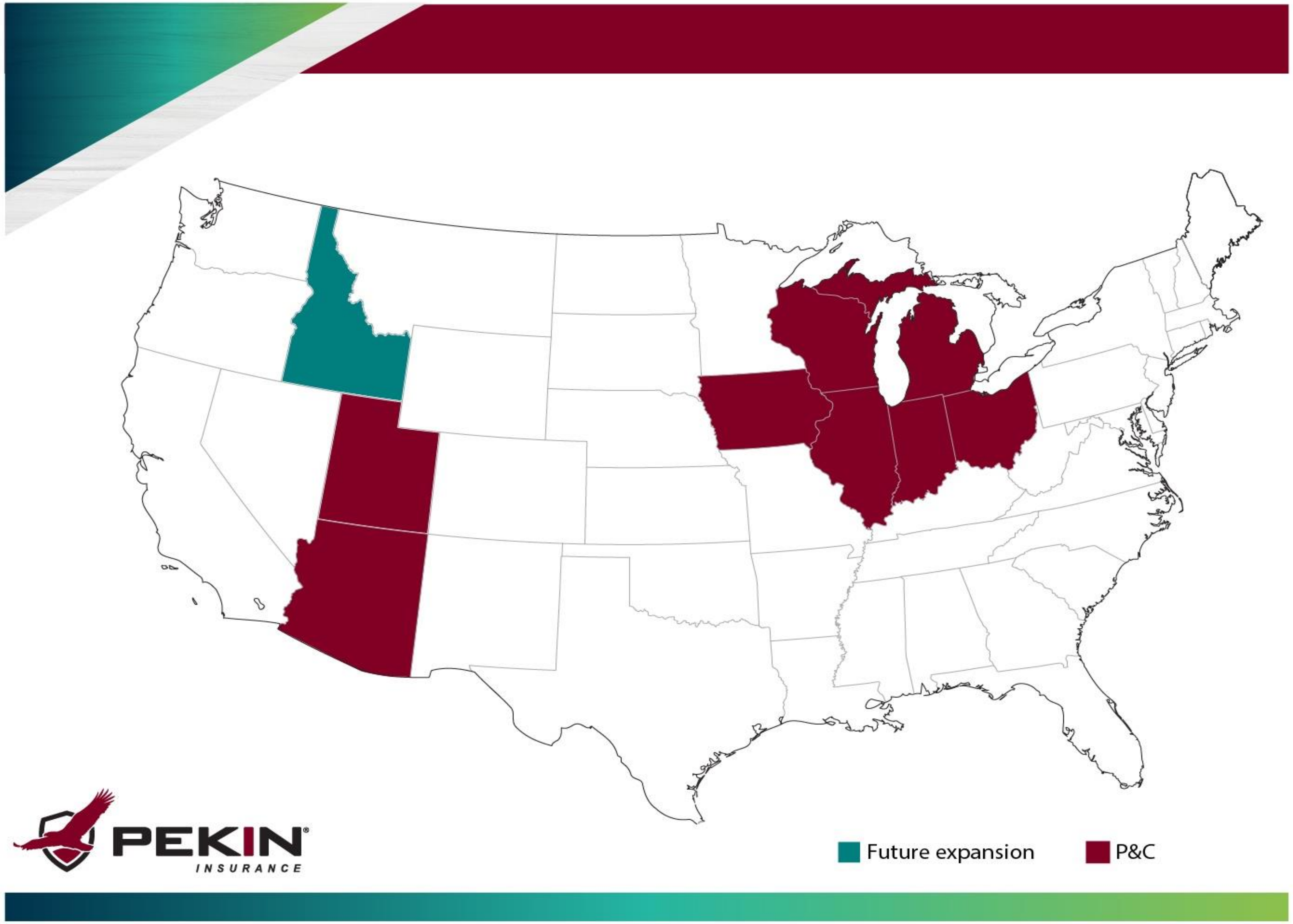
700+ Employees | 1500 Agencies | 8500 Independent Agents | $2B Combined Assets

Established in **1921** and based in central Illinois

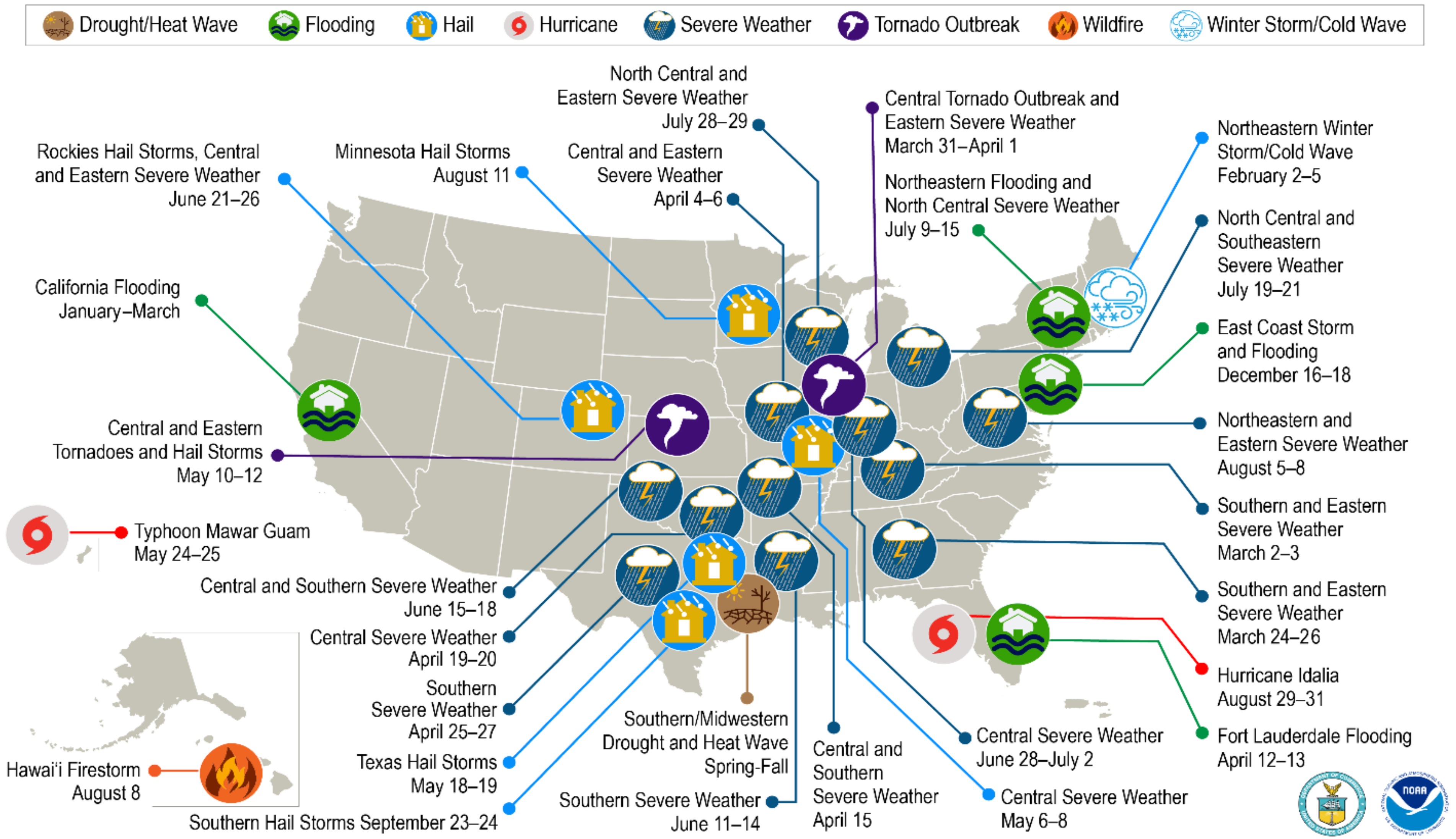
Offers products for **P&C** and **Life** lines of business

Operates in **22 states**

Property & Casualty Geographies

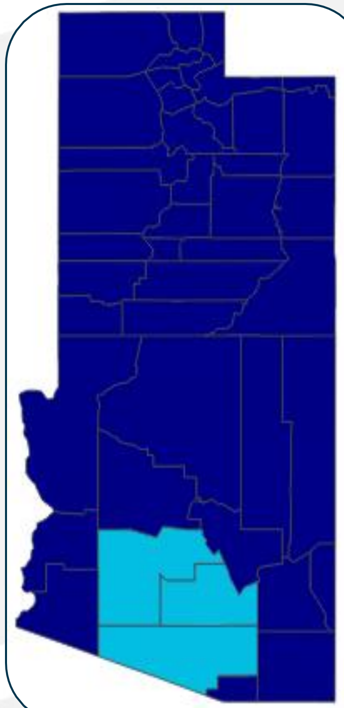


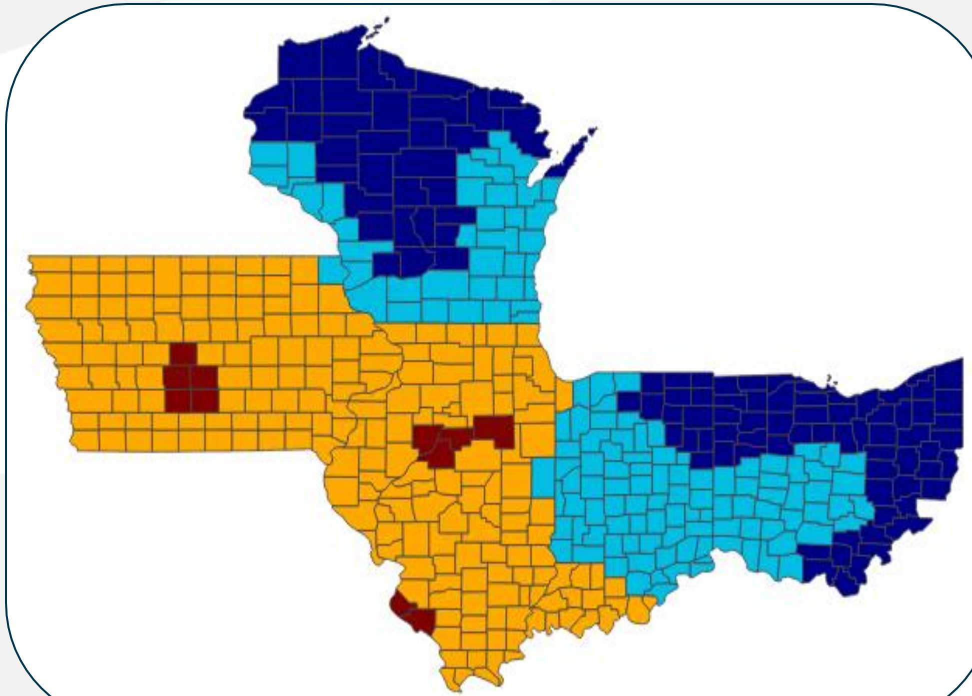
U.S. 2023 Billion-Dollar Weather and Climate Disasters



*This map denotes the approximate location for each of the **28 separate billion-dollar weather and climate disasters that impacted the United States in 2023.***

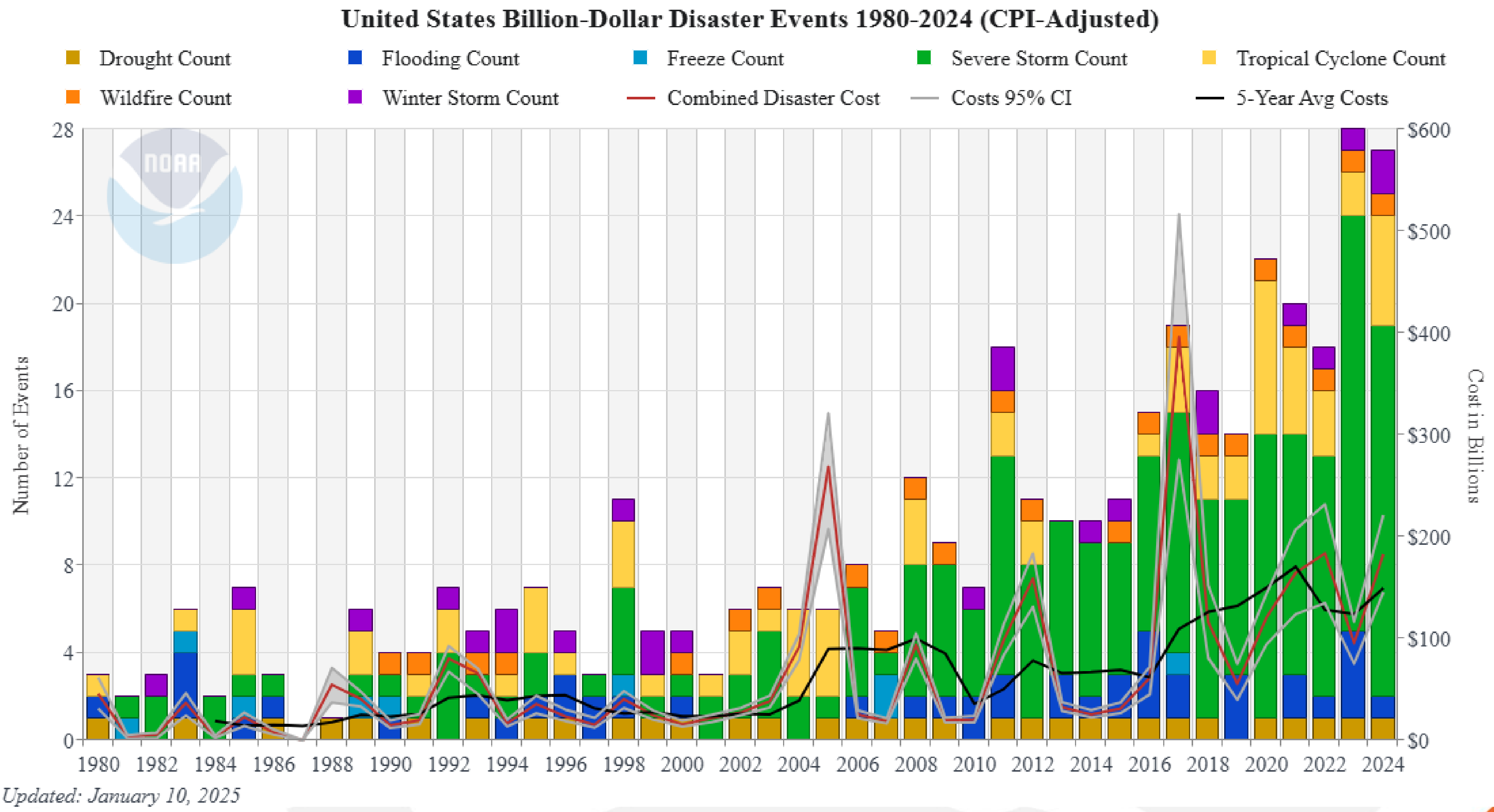
Impact of Storms on Incurred Losses





Zone 1: Lowest Storm Propensity and Risk Concentration
Zone 2: Low to Medium Storm Propensity and Risk Concentration
Zone 3: Medium to High Storm Propensity and Risk Concentration
Zone 4: Highest Storm Propensity and Risk Concentration

Historical US $1B Disaster Events



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2023 Financial Impacts

$170M Net Loss -
the most impactful loss year in company history

AM Best Outlook changed from stable to negative

Actions to Drive Profitability in 2024

01 **Temporary Pause on Personal Lines New Business**

02 **Exit the Personal Insurance Market in Iowa**

03 **Product Discontinuation with High Loss Ratios**

04 **Withdrawal from the Habitational Market**

Estimated Impacts of Actions

1. 18% Revenue Reduction
2. $70M+ in Expense Reductions
3. 47% Reduction in Total Insurable Value
4. 53% Reduction in Storm/Cat Exposure

Welcome to the Adventure!

PI FORWARD
WELCOME TO THE ADVENTURE

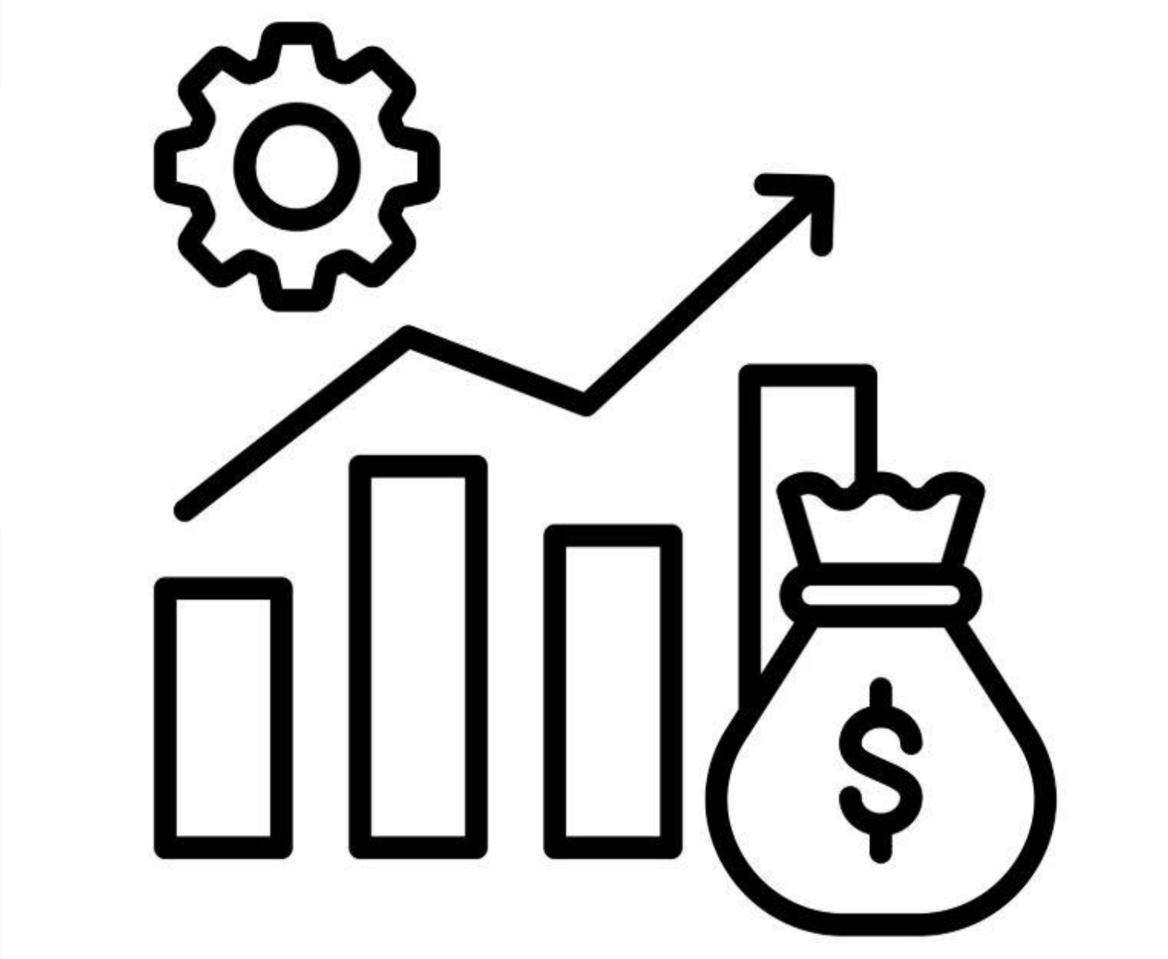
ad·ven·ture

noun /əd'ven(t)SHər/

An unusual and exciting, typically risky, experience or activity.

Intense Focus on Profitability and Cost Reduction:

The Migration to WSO2



CHALLENGES WITH THE PRIOR INTEGRATION PLATFORM

RUSHED IMPLEMENTATION

SHORTAGE OF SKILLED DEVELOPERS

DIFFICULT TO MAINTAIN

HIGH PLATFORM COSTS

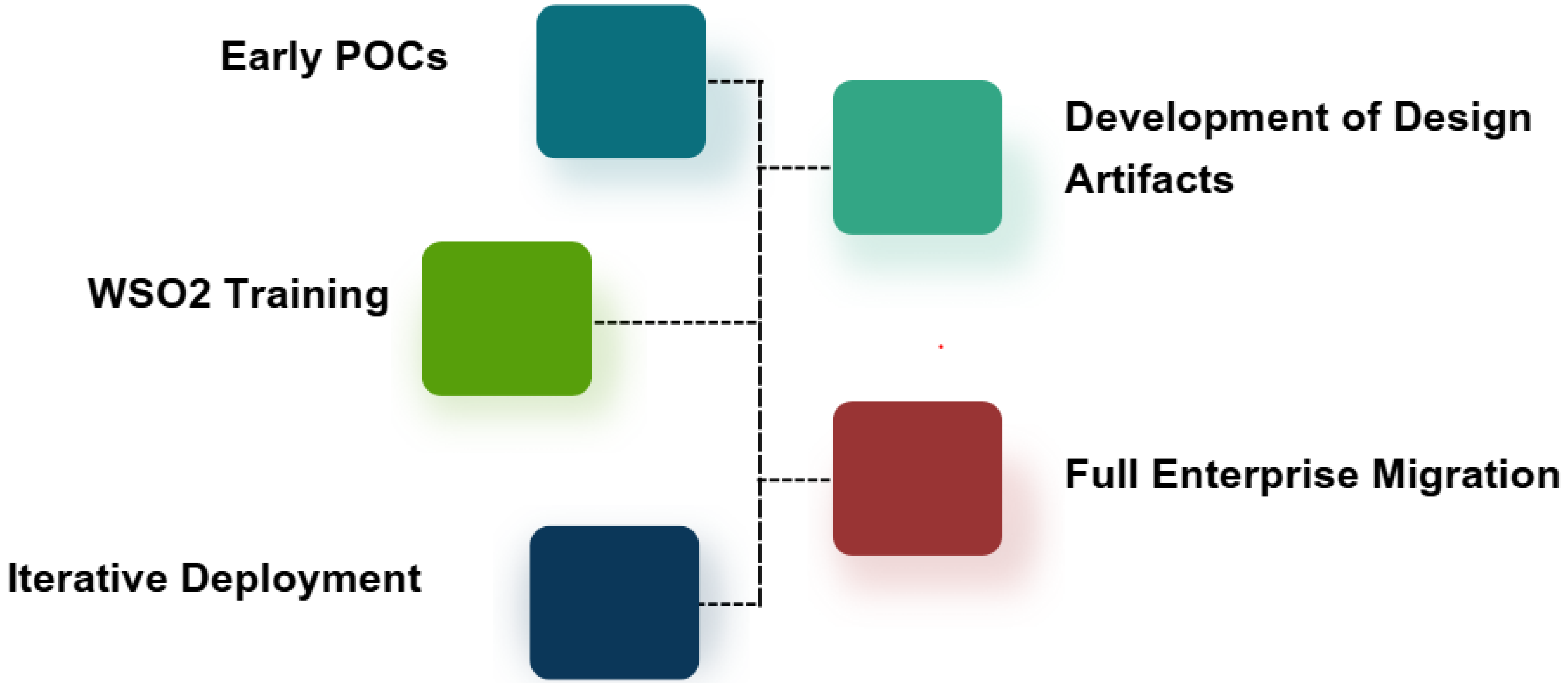
WSO2 MIGRATION STRATEGIC GOALS

- IMPROVE RISK POSTURE
- EXPENSE REDUCTION
- ENHANCED QUALITY, SIMPLIFICATION & EASE OF MAINTENANCE

Why Pekin Chose WSO2

- 50% Projected Cost Savings/Avoidance Over Next 3 Years
- Visionary in API Management
- Flexible Architecture, Ease of Maintenance, Secure & Stable
- Ease of Recruiting Engineers
- Excellent Partnership & Relationship

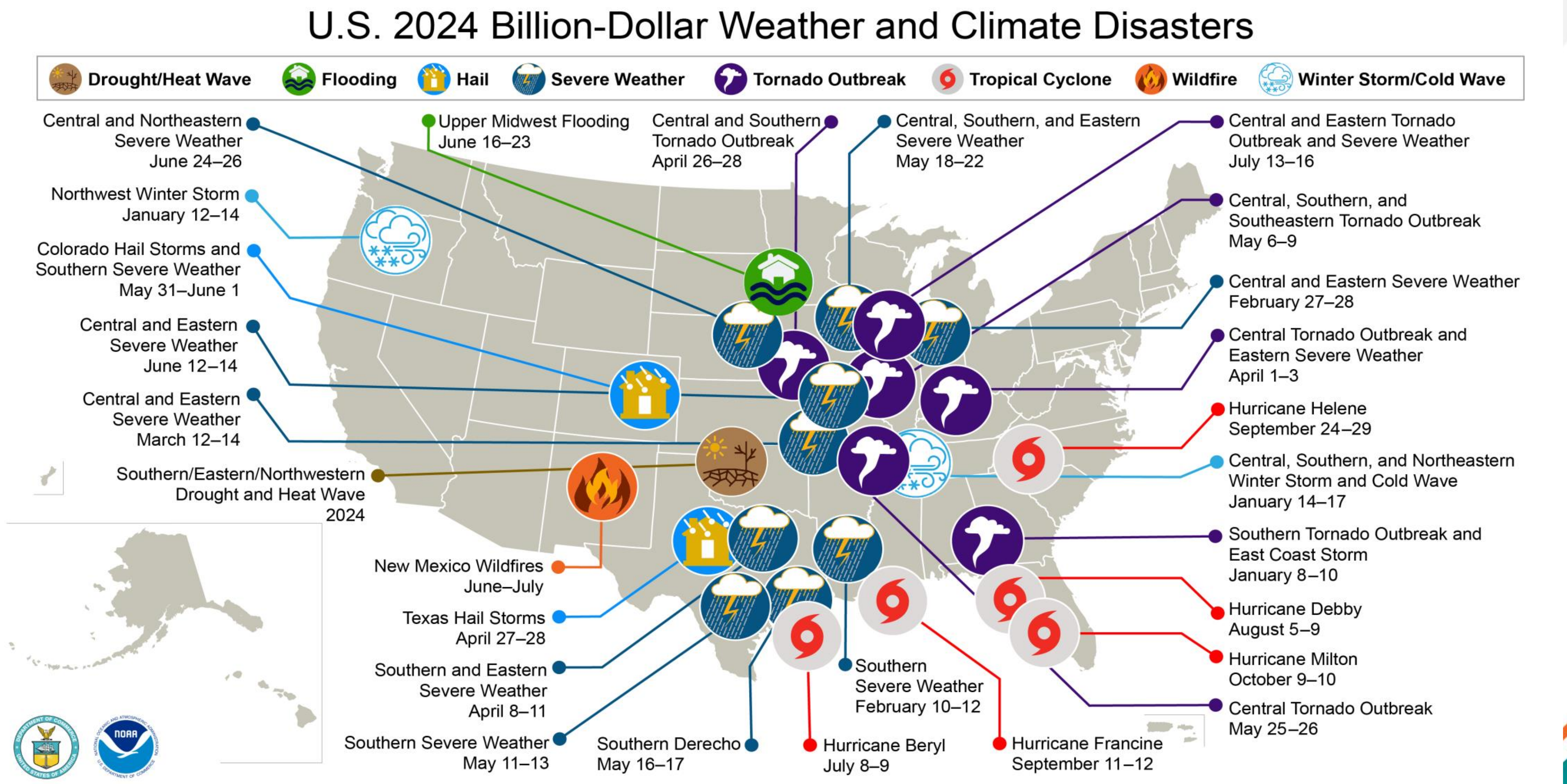
MIGRATION APPROACH TIMELINE



Project estimated at 8 months duration, actual duration 14 months

How Does the Story End?

2024 Year in Review



This map denotes the approximate location for each of the ***27 separate billion-dollar weather and climate disasters that impacted the United States in 2024.***

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2024 Showcased Our Resilience

- $44M in Net Income
- Most profitable year in almost two decades!


REACHING
NEW HEIGHTS
PI FORWARD

At Pekin Insurance, we strive to be…

- ***Quick to communicate, respond, and solve issues.***
- ***Innovative in our products, technology, and thinking.***
- ***Nimble in the way we adapt to challenges.***
- Sensible by listening to all sides.
- Reliable in our values and careful with our decisions.
- ***Tech-savvy with modern, easy ways to do business with us.***
- Respected by our agents, policyholders, team, and industry.

Thank you, WSO2, for being a part of our path from adversity to resilience!