

THERE'S  
STRONG.  
AND THEN  
**THERE'S**  
**PEP STRONG.**

**35**  
YEARS

PROVEN TRACK  
RECORD OF 35 YEARS  
OF SUCCESS

**571**  
MEMBERS

MAKES PEP THE PREFERRED  
POOLING PROGRAM IN OHIO

**4**  
ASSOCIATIONS

EXCLUSIVELY ENDORSE  
THE PEP PROGRAM

**98.6%**

MEMBER  
RETENTION RATE



[www.pepohio.org](http://www.pepohio.org)

# LET'S LOOK AT THE FACTS.

## AUDITED FINANCIAL STATEMENTS: DECADES OF THE HIGHEST LEVEL OF OPINION AVAILABLE

PEP's Financial Statements are audited by independent CPAs on an annual basis, with each year resulting in the issuance of an unmodified opinion, the highest level of opinion available. This means that PEP's financial statements present fairly, in all material respects, the financial position of the pool for the period audited, and the changes in its financial position and its cash flows thereof for the period audited, in accordance with accounting principles generally accepted in the United States of America. PEP's audit firms are chosen through an extensive bid and approval process facilitated by the Ohio Auditor of State.

## REINSURANCE: FINANCIAL STRENGTH & STABILITY

PEP's comprehensive property and casualty reinsurance program backs PEP's broad coverage with superior financial strength & stability.

APEEP, Demotech Financial Stability Rating of AAA Unsurpassed  
The Travelers Indemnity Company, AM Best Financial Strength Rating of A++  
Great American Insurance Company, A.M. Best Financial Strength Rating of A+  
Markel Global Reinsurance Company, A.M. Best Financial Strength Rating of A  
General Reinsurance Corporation, A.M. Best Financial Strength Rating of A++

Demotech, Inc. is a financial analysis firm that provides independent opinions on the financial stability of property and casualty insurance companies, title underwriters and government risk pools. Regardless of the severity of a general economic downturn or deterioration in the insurance cycle, insurers earning a Financial Stability Rating® of AAA possess Unsurpassed financial stability.

AM Best is the largest credit rating agency in the world specializing in the insurance industry. Its Financial Strength Rating (FSR) system is an independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contractual obligations.

## RESERVE: INDEPENDENT EXPERT EVALUATION

KPMG, a worldwide leader in actuarial consulting services, annually examines PEP's aggregate unpaid losses and loss adjustment expense reserves, net of reinsurance, as reported in the audited financial statements. Following its examination, KPMG issues an opinion that the amounts carried make reasonable provision, in the aggregate, for all net unpaid loss and loss expense obligations of PEP under the terms of its policies and agreements. What's more, PEP's fund balance-to-reserves ratio of 34%, compared to the industry target of below 100%, means that PEP is well capitalized in the event of adverse claim development.

## SOLVENCY: THERE'S STRONG. AND THEN THERE'S PEP STRONG.

One of the key metrics in evaluating the solvency of a program is the assets-to-liabilities ratio. The industry target of 1:1 signifies that the entity has sufficient assets to cover its liabilities from a cash flow perspective. PEP calculates this ratio using liquid assets, defined as cash or assets that can readily be converted into cash, such as investments and receivables. With PEP's liquid assets at \$43,815,587 and liabilities at \$16,082,077, PEP's liquid assets exceed liabilities by a factor of 2.7:1 as of year-end 2020.

## COVERAGE: BROAD, EXPANDING AND AVAILABLE

PEP continuously reviews its coverage and looks for new ways to enhance and expand the benefits offered to its members. When cyber liability emerged, PEP was there for its members, offering full general liability limits for cyber liability and providing additional cyber breach expense coverage at no additional charge. PEP recently added active assailant coverage, expanded terrorism coverage and faithful performance of duty coverage to provide even more protection for its members. PEP members rest assured knowing the broad coverage PEP provides has them covered for exposures both old and new.