



# Physicians Insurance

A MUTUAL COMPANY

## 2018 In Review

This year saw the renewal of our strategic diversification and growth strategy with a focus on organizational efficiency and effectiveness. The results were promising and profitable.

Of particular note was the growth in MedChoice RRG, of which Physicians Insurance reinsures through a 95% quota share agreement. The majority of this targeted growth came from a strategic partnership with a managing general agent (MGA) that had strong insurance expertise and an existing book of business.

Physicians Insurance also had record retention of its MPL/HPL accounts at 99.6%, and 90% of its Stop Loss accounts. The company also retained 100% of its assumed reinsurance contracts from the prior year. This performance is largely based on competing on value and fostering deep trust with accounts versus focusing on the lowest, commodity-based pricing.

In 2018, we also completed our first comprehensive customer satisfaction survey with an emphasis on mapping the member experience. More than 78% of members rated PI as “strongly satisfied” or “excellent” with satisfaction scores improving from prior year.

Combined, our financial, member satisfaction, retention, defense wins, and loss prevention results demonstrated that Physicians Insurance is making a real difference.

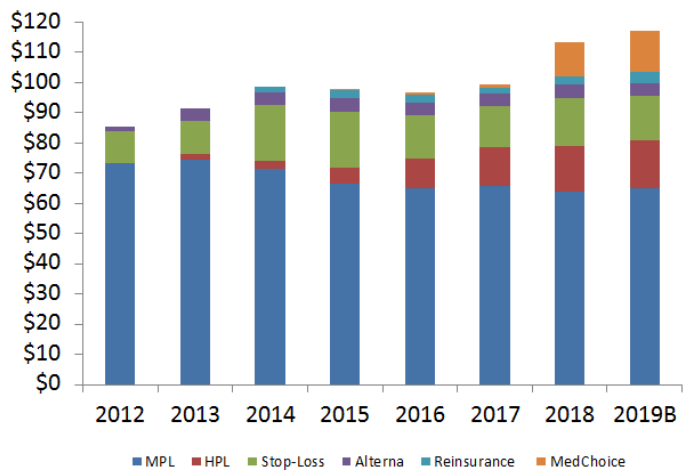
### Company Purpose:

As a trusted partner, we provide solutions to physicians, groups, and facilities to manage risk, and improve healthcare quality and patient safety.

### Values:

Protective, Principled, Service Oriented, Collaborative, and Forward-Thinking

In 2018 the Board of Directors approved another three-year continuation of our diversification and growth strategy. This, in combination with strategic initiatives in enterprise sales and organizational efficiency has enabled the company to grow through profitable expansion.



**Physicians Insurance**  
A MUTUAL COMPANY

Parent company writing MPL/HPL and excess coverage. Provides assumed reinsurance to affiliated and unaffiliated RRGs and admitted carriers



**MedChoice**  
RISK RETENTION GROUP

National solution for exiting RRGs and/or brokers - vehicle to roll over current books of business



**Alterna**

Provides broad range of captive management services to affiliated and unaffiliated RRGs



**Experix**

Provides unbundled services and access to third-party solutions, e.g., risk management and claims administration to captives, SIRs, small admitted carriers, and RRGs



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## Financial Highlights

	2017	2018	% Change
GWP and Assumed Premiums	\$95,105,000	\$109,084,800	14.7%
Net Premiums Earned	\$79,275,100	\$93,442,900	17.9%
Net Investment Income Earned	\$14,669,400	\$15,070,500	2.7%
Net Underwriting Gain (Loss)	(\$993,600)	(\$1,379,100)	39.0%
Combined Ratio (Before policyholder dividends)	101.25	101.5	
Realized Investment Gains	\$1,997,000	\$1,910,000	-4.3%
Net Income	\$9,492,400	\$11,529,000	21.5%
Total Assets	\$504,497,780	\$501,872,079	-0.5%
Policyholders' Surplus	\$250,158,164	\$252,924,352	1.1%



Physicians Insurance A Mutual Company

**A- Excellent**

MedChoice Risk Retention Group

**A- Excellent**

## By the Numbers

**37**

# of years in business

**100**

% of Defense Verdicts for Public Trials in 2018

**99**

% retention of MPL accounts for the year

**1**

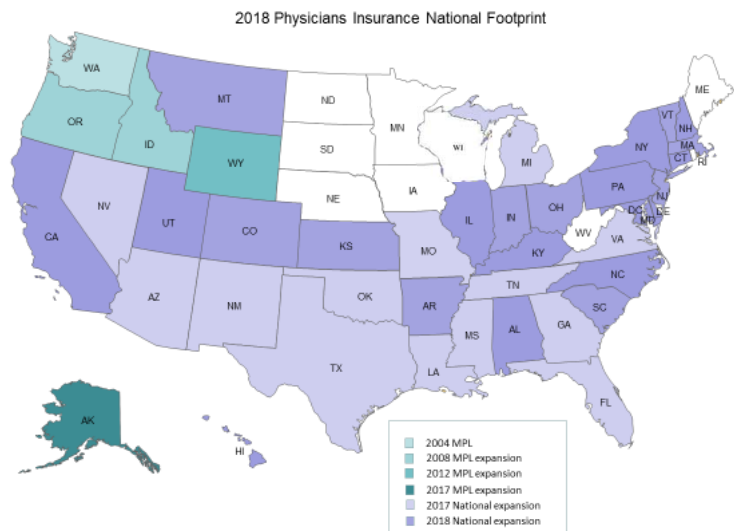
Largest writer of community hospitals in Oregon and Washington

**11**

# of consecutive years a \$5M dividend distributed to members

## Geographic Diversification

- MedChoice RRG (national risk-taking facility) actively writing in 42 states
- Actively writing admitted MPL and HPL in 5 states – Washington, Oregon, Idaho, Alaska, and Wyoming
- Medical Stop-Loss, Provider Excess, and HMO Re in Washington and Oregon



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