



ISMIE®

Our Passion Protects Yours®

ANNUAL REPORT 2021

**WHERE
PROTECTION
MEETS
INNOVATION**



TABLE OF CONTENTS

- 3** Message from the Chairman
- 4** Underwriting and Sales:
Seizing Opportunity in Today's Market
- 5** Risk Management: Looking Beyond What's Next
- 6** Claims: Prepared to Meet Any Challenge
- 7** 2021 Financials: Strength and Stability in
Uncertain Times
- 8** Board of Directors/Company Information

MESSAGE FROM THE CHAIRMAN



The year 2021 was demanding on many levels as the world continued to grapple with COVID-19. However, as we navigated through the second year of this crisis, ISMIE remained steadfast in its commitment to our policyholders, providing unwavering protection and support so that healthcare providers could focus their attention on their patients and communities.

And while COVID-19 remains ongoing, ISMIE has continued to adapt and transform its approaches across the board. Our innovative data management technology, paired with our risk management team’s continuing development of materials and tips to help physicians mitigate risk, provides unique tools that improve patient safety and reduce exposure to our policyholders. We’ve automated key measures to better service our policyholders, built new internal instruments designed to integrate data and information that

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drive even greater process improvement, and rolled out diversification strategies that ensure our policyholders are always protected. I’m proud to say that in spite of the challenges the pandemic has thrown at us, ISMIE truly sits at the precipice of where protection meets innovation.

Expansion progressed throughout the year, with ISMIE Mutual fully admitted in 33 states as well as Washington, D.C., while ISMIE Indemnity Company supplies nationwide alternatives for protection. Committed to bringing our service-first approach to physicians and healthcare professionals everywhere, we continued to develop and update coverages and limits that meet the evolving needs of the

21st century healthcare marketplace — including reinsurance and alternative risk placement insurance solutions, our Risk Retention Group, and ISMIE SPC Limited Captive — all with our outstanding balance sheet and A- rating from A.M. Best.

Growth and adaptation is crucial to ISMIE’s present and future. Understanding that innovation never rests, we moved ahead with diversification initiatives, launching new affinity programs that expand our offering of professional liability products and are a natural complement to our existing expertise, skills, systems, and processes in the medical professional liability sector.

ISMIE’s risk management team likewise used 2021 to take our well-known and distinguished risk management program to new heights. We transformed the program within the virtual environment, while developing educational programs and content that allowed our policyholders to stay on the cutting edge of medicine.

That’s why our risk management team was always available to answer questions and help practices understand risks — especially the new exposures and issues brought on by the pandemic. Pairing that with new tools such as our risk manager Q&A series highlights why ISMIE policyholders continued to give us high marks for satisfaction in service. Our claims team continued to innovate its processes, including online reporting of claims, certificate of insurance and loss history requests, and 24/7 communication. And despite the court-of-law challenges COVID-19 presented, our litigation teams developed inventive approaches to conduct the steps necessary to advance cases along.

The one constant in our world is change. As we work together with our policyholders to move ahead toward whatever the “new normal” is, ISMIE will do so with an approach that always respects our past — but has great vision toward the future. While the ideals of our company are steeped in the quality, protection, service and value we’ve always provided, we also are motivated by the promise of tomorrow — and the steps we’re taking to innovate with you as policyholders every step of the way.

A handwritten signature in black ink that reads "Paul H. DeHaan MD".

Paul H. DeHaan, MD
Chairman
ISMIE Mutual Insurance Company

UNDERWRITING AND SALES

Seizing Opportunity in Today's Market

2021 was a momentous year for ISMIE. In a hardening market, ISMIE continued to provide exemplary leadership and remains focused on providing robust professional liability coverage solutions for our policyholders. This has enabled ISMIE to maintain a high level of policyholder retention while adding policyholders in our target markets.

ISMIE has invested significant resources in our underwriting and claims systems to streamline our operations, which will assist us in identifying and capitalizing on new business opportunities nationwide. Automating internal processes for policyholder communications, invoicing and policy issuance has allowed us to reduce administrative costs while maintaining the high-touch, service-first approach that has long been the hallmark of ISMIE coverage. Improvements to our underwriting systems are also helping ISMIE quickly and accurately evaluate incoming submissions, bringing new efficiencies to some of our most critical functions.

ISMIE has always been committed to protecting our policyholders where they are and wherever they are going:

- ⇒ We have expanded our national reach. ISMIE Mutual is now admitted in 33 states and Washington, D.C., and we have a number of additional states targeted for growth in 2022.
- ⇒ ISMIE Indemnity, our excess and surplus underwriting platform, has had one of its best years ever. ISMIE Indemnity continues to pursue new opportunities in professional liability as well as providing comprehensive coverages for miscellaneous healthcare facilities, healthcare staffing agencies, community hospitals, physicians and physician group risks nationwide.
- ⇒ As the needs and demands of policyholders have changed, ISMIE has expanded our menu of insurance coverages, developing offerings for risk purchasing and risk retention groups, captives, and reinsurance solutions.

ISMIE's winning combination of cutting-edge coverage options, financial stability, market strength and policyholder-first service continue to serve our policyholders well. With markets in transition and the delivery of healthcare in flux, ISMIE remains the top choice for healthcare professionals seeking high-value, high-quality medical professional liability insurance.



RISK MANAGEMENT

Looking Beyond What's Next

ISMIE policyholders work on the cutting edge of healthcare. Protecting you means seeing past the boundaries of what is possible today. ISMIE's risk management team is constantly exploring what the frontiers of medicine will look like in years to come, preparing you for — and shielding you from — the risks of the future.

From pharmacogenomics to medical applications of artificial intelligence, ISMIE's risk management education in 2021 focused on topics that help keep our policyholders ahead of the curve. Our virtual Risk Management Symposium offered critical insights into reducing health inequalities, improving healthcare quality, minimizing medical errors and more. And ISMIE's new Litigation Stress Resource Center introduced a wealth of resources to help policyholders prepare for and navigate the psychological pressures of litigation.

Our forward-looking approach is grounded in present realities, and the challenges our policyholders have faced this year are more complex than ever before. Our risk management team has fielded thorny questions related to virtual care, staff shortages, vaccine mandates and other difficult topics, providing critical guidance in often-uncharted territory. We continue to provide consultative services through our risk assessment program, helping practices and facilities identify risks early on and incorporate mitigation strategies into their everyday practice of medicine. This hands-on service to individual policyholders is complemented by resources like

our new "risk manager Q&A" series, in which our in-house experts offer their perspectives on the latest risk management trends, and our longstanding "Lessons from the Field" series which features real-world scenarios and detailed solutions to reduce healthcare risk.

ISMIE's nationwide expansion has provided fresh opportunities to respond creatively and effectively to new challenges. In Michigan, for example, participation in our risk management offerings by our Southeast Michigan Physicians' Insurance Co. (SEMPIC) policyholders has seen a significant increase, and our SEMPIC annual education day this year featured an in-depth look at a defendant's role in a medical malpractice lawsuit and how to minimize potential liability. This growth has further strengthened our commitment to personal service, and policyholders continue to report very high levels of satisfaction.

ISMIE keeps a keen eye on what's coming, while working closely with you to manage the risks you face today — all so you can continue providing the best and safest possible care to your patients.



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CLAIMS

Prepared to Meet Any Challenge

Uncompromising claims defense for policyholders, even amid a global pandemic, remains our top priority. The remote environment has transformed the way we conduct business through the use of virtual platforms, both internally for claims management and externally for all litigation management. We have created opportunities for efficient and convenient electronic communication through the ISMIE website to report claims, request a certificate of insurance or loss history, and general communication 24/7. ISMIE supports its policyholders fully — inside and outside the courtroom. We offer defendant reimbursement, witness improvement support, and a Litigation Stress Resource Center that provides resources and information to help understand and cope with the personal and professional stress created by involvement in a medical liability case.

We are prepared for upcoming COVID-19 litigation challenges that continue to evolve. Jury trials — resumed after being paused for more than 18 months — are to be conducted in-person, virtually or a hybrid. Our ISMIE litigation teams are finding creative ways to conduct discovery, pre-trials, mediations and other conferences to progress cases. Virtual platforms allow for efficiencies in time and savings in cost for our policyholders.

Our claims professionals are fully prepared to support our expansion; we analyze laws, regulations and tort environments in every state. Strategic placement of claims staff by way of regional territories and states ensures our claims professionals are knowledgeable about each new jurisdiction. Vetting of new law firms on a nationwide basis is done systematically; partnering with defense teams throughout the country that have exceptional medical liability trial experience and an expertise in defending health professionals.

Innovation continues with the implementation of a state-of-the-art data system which further optimizes our claims processes in the best interests of our policyholders. This cloud-based intuitive system assures ISMIE's ability to manage claims for all of its insurance platforms, and provides enhanced data analytics capabilities specific to coverage categories, sub-categories and state variance for claim type, state location and coverage type, as well as to evaluate claims trends. Overall, this innovation improves our policyholder experience through improved claims support as ISMIE expands its footprint into new markets, and remains steadfast in providing policyholders a strategic, vigorous defense for every claim and lawsuit.

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2021 FINANCIALS

Strength and Stability in Uncertain Times

Even as the healthcare and medical professional liability (MPL) sectors faced formidable obstacles in 2021 due to the ongoing COVID-19 pandemic and the continuation of “hard market” dynamics, ISMIE continued its expansion and recorded growth in our direct written premiums. This approach reflects the Company’s longstanding commitment to sound financial practices and ensures ISMIE policyholders are always protected — while also maintaining our focus on the future.

As of Dec. 31, 2021, ISMIE’s direct written premium stood at nearly \$166 million — almost four percent higher than the previous year — and our overall assets were more than \$1.4 billion. A.M. Best again gave ISMIE an excellent rating of A-, recognizing our financial strength and balance sheet as “strongest.”

Total Assets.....	\$1,433,244,933
Direct Written Premium.....	\$165,887,976
Policyholder Surplus.....	\$672,530,736
Claims Paid (net).....	\$97,310,329
Claims Reserves (net).....	\$645,838,542

Figures are reflective as of Dec. 31, 2021



2021 BOARD OF DIRECTORS

Paul H. DeHaan, MD, *Chairman*

Peter E. Eupierre, MD, *Vice Chairman*

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