Coverys provides a suite of products and services that no other medical professional liability company can match.
We hear it from our policyholders and clients all the time: the healthcare landscape is becoming more complex, and the pressure to reduce costs, enhance quality, and eliminate risk is intense. To address these challenges, Coverys is changing too.

This past year, we’ve made strategic acquisitions and innovations to deepen and broaden our risk management services and capabilities while continuing to focus on our core business and values. We acquired MRM Group LLC and Med-IQ LLC—leaders in risk management and clinical education. The combination of these companies with Coverys education and ELM Exchange, Inc. (acquired in 2015) has enabled Coverys to provide a suite of products and services that no other medical professional liability (MPL) company can match.

In 2016, we sustained our financial stability despite the MPL insurance industry’s continued challenges with soft market conditions. We advanced our core business through Coverys Custom Accounts, our specialty underwriting division for complex health systems and large practice groups, and Coverys Specialty Insurance Company, our excess and surplus lines insurance company designed to address unique healthcare exposures. We also acquired a minority interest in Strategic Risk Solutions, Inc. to expand services to captive market clients.

While making this progress, we have continued to focus on our corporate social responsibility. The Coverys Community Healthcare Foundation, Inc. supports endeavors to improve patient care and safety, address needs of healthcare organizations and providers, and support communities at the grassroots level.

We believe these efforts are making a difference. But how do we know? Because our policyholders and clients are sharing their successes with us. And their successes are inspiring. In the pages that follow, you will hear from our customers—In Their Words—about how they are benefiting from their relationships with Coverys and how they are using resources we provide to break the status quo. Our customers are taking action to improve healthcare. Their dedication to their patients and communities is truly commendable.

We are committed to providing the stability and protection our policyholders need as they work to improve patient safety. In Their Words, and in ours, we can achieve great things when we work together.

Very truly yours,

Brenda E. Richardson, MD
Chair of the Board

Gregg L. Hanson
CEO and President
“Through outstanding interventions and implementation by our healthcare providers, adverse drug events were reduced by 84% in eight months.”

**MAKING PATIENTS A TOP PRIORITY**

While Improving Financial Outcomes

The age of value-based medicine requires that healthcare providers either improve patient outcomes without raising costs or lower costs without compromising outcomes. Sounds impossible, right? But our policyholders and clients have proven that it can be done.

Myrtue Medical Center, a critical-access hospital in Iowa, set out to identify and address process vulnerabilities before an adverse event occurred. They wanted to move from a reactive to a proactive environment.

“Our Coverys senior risk consultant completed an interactive on-site medication safety assessment with our staff. As a result, we developed a multidisciplinary approach to improve medication safety. Through outstanding interventions and implementation by our healthcare providers, adverse drug events were reduced by 84% in eight months. Our medical center was the Grand Prize Winner of the 2016 Patient Safety Award from the Iowa Healthcare Collaborative with the assistance of Coverys.”

— Ann Buman, RN, Myrtue Medical Center, Iowa

Dedicated, caring, professional, intelligent, empathetic—these are just a few of the words that come to mind when we describe Coverys healthcare providers who are improving the lives of their patients by providing high-quality care. Their success drives us, and their examples inspire us. We are pleased and honored to share what they have to say about their challenges and how working with Coverys has helped them succeed.
“Insurance is not a commodity. It must not only be cost effective, but relationships and service are also vitally important. We consider the whole package—from the level of underwriting, risk management, and claims service, to the company’s ratings and financial stability. We’ve stayed with Coverys for decades because they meet our expectations for superior service and work with us to control costs and be competitive in the big picture.”

— Dianne M. Gustafson, Insurance Manager
Sturdy Memorial Hospital, Massachusetts

Hartford HealthCare is one of the largest healthcare systems in the northeast. They reached out to ELM / MRM Group to conduct a comprehensive review of their claims history and benchmark their claims experience with regional peers and national claims data for similar surgical specialties.

Armed with clear priorities and objectives, ELM / MRM Group designed a multi-faceted program to:
- Enhance the culture of patient safety and risk management
- Educate staff on priority risk exposures and strategies to eliminate them
- Develop practical risk mitigation solutions
- Incentivize participation and sustained practice change
- Measure participation and behavior change
- Measure financial impact

“We experienced a 36% reduction in claim frequency, a 71% reduction in claim severity, and improved patient safety.”

— Jeffrey L. Cohen, MD, Vice President Specialty Care Division, Hartford HealthCare, Connecticut

Sturdy Memorial hospital is a mutual policyholder of Medical Professional Mutual Insurance Company, a Coverys company.
HEALTHCARE IS ABOUT PEOPLE
And So Are We

For more than 40 years, Coverys has worked to protect the livelihoods and reputations of physicians and hospitals. We are acutely aware of the growing risks and vulnerabilities our customers face. For us, it’s personal, and our commitment to protecting our policyholders is shown in the relationships we build.

“We have an excellent relationship with Coverys. They listen, are receptive to our ideas, and are flexible. Putting us on a two-year renewal schedule and taking a different approach to our entity coverage are just two examples of how Coverys makes things easier for us and ensures we have coverage that meets our needs.”

— Michael Venanzi, MD, Vice President, LifeLine Medical Associates, New Jersey

“The between-the-lines situations that arise in small rural hospitals don’t happen during regular business hours. The complicated questions about consent and issues related to the management of chronic pain patients often come to my attention at the end of the day or during the weekend. Coverys risk management department is available 365 days a year because healthcare challenges happen 24/7, 365 days a year. Coverys provides me with direction and confidence to make a sound decision in the ever-changing regulatory world in which we live. And because we reach out early and often when we have questions, our loss history has been very low and well-controlled. This is a direct result of the risk management services we receive throughout the year from Coverys.”

— Glenda Bishop, Risk Manager Quincy Valley Medical Center, Washington

“Coverys risk management and education services are top-notch and cannot be matched. We have a risk consultant who assists in answering questions, performing risk assessments, and is a general point of contact whenever we reach out seeking assistance. The worth of this alone is incalculable. The claims consultants are highly skilled and experienced and not only assist with current claims situations, but also strive to ensure that appropriate recommendations are provided to prevent future recurrences.”

— Kelli Braun, Community Relations Service Leader Scheurer Hospital, Michigan

“I see the Coverys risk management and claims departments as extensions of our staff.”
The Benefit of Access to
BEST-IN-CLASS
EDUCATIONAL
OFFERINGS

The patient safety, risk management, and clinical education offered by Coverys Education, ELM / MRM Group, and Med-IQ is an unparalleled benefit for our policyholders and clients. This winning combination of CME/CEU-accredited live and online educational programs and comprehensive consulting services deliver measurable results.

“Summit Healthcare employs 600 providers in 70 locations—ranging from large multi-specialty centers to urgent care, surgical centers, imaging centers, and labs. We don’t fit the risk mold of a typical physician office or hospital. **Coverys risk management brings important information to the table to help direct our efforts—such as claims data, case studies, and trends—and works closely with us to deliver customized training that fits who we are.**”

— Donna Tarulli, MN, RN, CPHRM, CPHQ, Director, Risk Management/Patient Safety/Patient Relations Summit Health Management, New Jersey

“Our staff has really enjoyed working with Med-IQ staff to measure the impact of select annual meeting sessions on nephrologists’ performance and decision-making patterns related to kidney diseases. **We have particularly appreciated their high-quality work, responsiveness, and flexibility.**”

— Jin Soo Kim, Director of Education American Society of Nephrology

“**Coverys risk management ... works closely with us to deliver customized training that fits who we are.**”
2016 included notable achievements to advance the diversification of our products and services to address changes in healthcare delivery. These achievements include significant milestones within our existing offerings, and new capabilities that enhance and strengthen our services, growth potential, and success.

**Acquisitions**

In 2014, we initiated a series of acquisitions and investments to strengthen our risk management and education services. This strategy continued through 2015. In 2016, we completed two key acquisitions:

- **MRM Group**, a leading national provider of risk and patient safety education and consulting services was unified with our previously acquired ELM Exchange, creating ELM / MRM Group.
- **Med-IQ**, a globally recognized leader in clinical and therapeutic education and healthcare quality improvement.

These acquisitions, along with ELM Exchange and Coverys education allow us to offer education services at a breadth and depth that is unrivaled among MPL carriers. Our services add significant value for policyholders and are available to non-policyholders as well.

**Business Analytics**

Coverys business analytics completed a major initiative this year by performing root-cause analyses of Coverys MPL claims over the past eight years. The result is a proprietary, comparative benchmarking database that contains the deeply rooted causation drivers of tens of thousands of claims. This unique methodology enables us to identify potential exposures based on claims history and propose measures to proactively mitigate those exposures.

This capability, combined with Coverys risk management and education capabilities, represents a truly unique arsenal of services to substantially improve policyholder risk profiles while promoting better patient outcomes. It has allowed Coverys to emerge as a leader in data analytics and further enhance our risk management services.

**Coverys Custom Accounts and Coverys Specialty Insurance Company**

To better support the evolving healthcare delivery landscape, Coverys created an infrastructure that includes an underwriting division—Coverys Custom Accounts (CCA)—focused on large account healthcare systems, hospitals, and physician groups, as well as a surplus lines insurer—Coverys Specialty Insurance Company. Since their inception two years ago, premiums have grown 307% for CCA and 134% for Coverys Specialty. This is especially impressive during a time when traditional insurance premiums continue to be adversely impacted by healthcare consolidation.

Part of the success of these two entities is the vast support services they receive from Coverys companies. A newly acquired account—a physician RRG affiliated with a major academic medical center—chose CCA largely due to ELM / MRM Group risk education services and our predictive analytic capabilities.
The Coverys Community Healthcare Foundation supports charitable organizations and endeavors that improve patient safety and care, address needs of healthcare organizations and providers, and support communities at the grass roots level. Here are just a few of the many 2016 grant recipients:

“The grant is helping us redesign how we hand off patients. Using LEAN methodology, we teach staff what to look for and then identify processes and protocol to address each issue. Our goal is to create a pathway everyone can follow that is standardized, straightforward, simple, and robust in scope.”

— Patty Gonsalves, LEAN Professional
Signature Healthcare/Brockton Hospital, Massachusetts

“With support from the Coverys Community Healthcare Foundation, and in collaboration with the Connecticut Surgical Quality Collaborative, we have made aggressive, successful changes in policies, procedures, protocols, and the implementation of innovative best practices to reverse the trend of increased adverse events and unintended patient outcomes.”

— David S. Shapiro, MD, Chairman of Surgery
Saint Francis Hospital and Medical Center, Hartford, CT

“A Coverys Foundation grant allowed us to enhance our outreach in the rural communities we serve, particularly in obesity prevention. Our Health on Wheels program includes a van purchased through the grant that enables community health educators to travel to the hospital’s service area and provide activities and education to the community.”

— Kelli Braun, Community Relations Service Leader
Scheurer Hospital, Michigan

Signature Healthcare/Brockton Hospital is a mutual policyholder of Medical Professional Mutual Insurance Company, a Coverys company.
Financial highlights as of December 31, 2016 and 2015 (dollars in thousands) for all Coverys group insurance companies, including affiliated companies (Coverys RRG and Preferred Professional RRG).

**TOTAL ASSETS**
- 2015: $3,436,704
- 2016: $3,595,749

**DIRECT WRITTEN PREMIUM**
- 2015: $437,672
- 2016: $411,671

**NET INCOME**
- 2015: $89,708
- 2016: $56,585

**POLICYHOLDER SURPLUS**
- 2015: $1,542,802
- 2016: $1,598,513

**CLAIMS PAID (NET)**
- 2015: $187,107
- 2016: $185,627

**CLAIMS RESERVES (NET)**
- 2015: $1,478,264
- 2016: $1,476,033
ANNUAL REPORT 2016

Governance & Leadership

BOARD OF DIRECTORS

MEDI CAL PROFESSIONAL MUTUAL INSURANCE COMPANY (COVERYS)

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Consultant to the Board

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Donna Miele-Cesario, Senior Vice President and Chief Information Officer
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Erin Brennan Bagley, Vice President and General Counsel
Kipp Carpenter, Regional Vice President of Underwriting
William Chapdelaine, Senior Vice President of Marketing
Julie Corwin, Vice President of Corporate Communications
Eric Crockett, Vice President of Information Technology
Paul DeFronzo, Vice President of Finance
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Tara Gibson, Vice President of Risk Management
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Stephen Langlois, Vice President of Actuarial
Veronica Matejko, Vice President of Workers’ Compensation Services
Amanda McHale, Regional Vice President of Underwriting
Michael Miller, Vice President of Underwriting
Beth Murphy, Vice President of Organizational and Leadership Development
Noreen Fiore-Sarno, Vice President of Human Resources
Barbara Staples, Regional Vice President of Claims
Brian York, Vice President of Underwriting, Coverys Custom Accounts
Wayne Zack, Regional Senior Vice President of Claims

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Anders Backlund, Senior Vice President of Claims and Chief Risk Officer, Preferred Professional Insurance Company
Denise A. Hill, Senior Vice President, General Counsel and Chief Compliance Officer, Preferred Professional Insurance Company
Jim McCoy, Senior Vice President of Insurance Operations and Chief Underwriting Officer, Preferred Professional Insurance Company
Karen Riley, Senior Vice President of Finance and Chief Financial Officer, Preferred Professional Insurance Company
Jim Walters, Senior Vice President of Information Systems and Chief Information Officer, Preferred Professional Insurance Company
Sam Mezzich, President of Coverys Specialty Insurance Company
Edward Lyons, Vice President of Coverys Specialty Insurance Company

Governance & Leadership
We are committed to providing the protection and services healthcare professionals need to be successful. In Their Words and in ours, we can achieve great things when we work together.