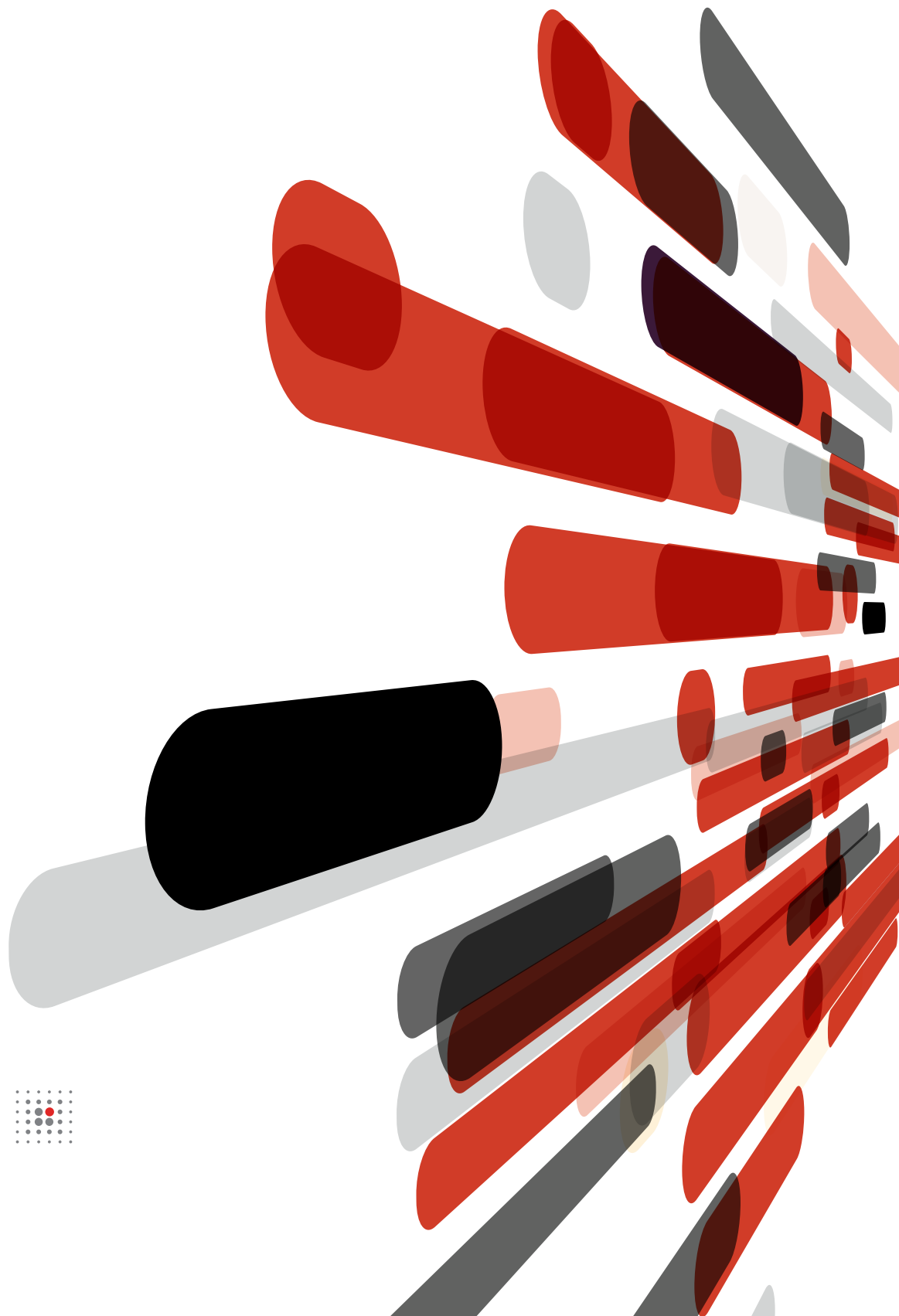


ANNUAL REPORT 2023

A FOCUS ON MOMENTUM



COVERYS



FREE TO FOCUS®

Actions create momentum. Each seemingly small step builds upon the next, generating a series of victories, creating energy and velocity until the spark of momentum takes over.

In 2023, our team created momentum with a multitude of actions.

While some of our actions were foundational and others were transformational, every step advanced our mission to support and protect the healthcare community.

Many of our actions were in response to evolving demands in the healthcare and liability insurance industries, including:

- The artificial intelligence (AI) and machine learning revolution.
- A heightened level of data analytics and intelligence.
- Growing patient expectations.
- A challenging insurance market.
- The ominous threat of nuclear verdicts and social inflation.
- Reversal of tort reform.

While some may see these factors as challenges, we view them as accelerating forces that increase our momentum and potential to serve our customers and business associates. We have quickened our pace of change—strengthening our claims defenses, maturing our data strategies, increasing our customer understanding, sharpening our risk management, broadening our solution suite, and tailoring our services.

As a company, we are focused on profitable growth to ensure financial strength so we can support and protect our policyholders if and when a catastrophic claim arises. At the same time, growth in surplus provides the capital needed to develop and deliver innovative products and services to help customers navigate emerging exposures and mitigate risks before they materialize. In addition, strong financial performance supports the important work of the Coverys Community Healthcare Foundation, Inc.

With a relentless focus on technology, intelligence, and talent, we are building momentum for our team, our agents and brokers, healthcare professionals, and the global communities we serve.



Brenda E. Richardson, MD
Chair of the Board

A handwritten signature of Brenda E. Richardson in black ink.



Joseph G. Murphy
CEO & President

A handwritten signature of Joseph G. Murphy in black ink.



ACTIONS

CREATE

MOMENTUM

SOLUTIONS + COLLABORATION

SOLUTION-FOCUSED PROTECTION

The rate of change, challenges, and liability exposures for healthcare organizations and providers has never been greater—from the way healthcare is delivered, to staffing shortages, increased severity of cyberattacks, and more. Coverys has taken action to address today's challenges and enhance support services for providers and our agents and brokers.

Our approach is solution-focused. We have expanded our insurance products to provide a wide breadth of options supported by experts who understand the unique coverage needs of providers and health systems.

In addition to our robust and highly customizable medical professional liability insurance options, we provide creative solutions through our London presence and excess and surplus lines markets to help agents and brokers meet the needs of their clients who prefer those coverage options. We also offer captive and high-deductible coverage options, supporting policyholders who want to share in their risk by exercising even more control over their total cost of risk.

Coverys also offers employer stop loss (ESL) coverage to healthcare providers with self-insured health plans, and provider excess loss and Medicare Shared Savings Program (MSSP) insurance protection.

All Coverys coverage placements include specialized risk management, education, and analytical services designed to improve clinical, operational, and financial outcomes.

We are focused on a customer-centric culture at Coverys. Our people care deeply about our policyholders, and our business development and underwriting teams have a strong focus on relationships with the agent and broker community. We're focusing on these relationships to help build on success for the future.

Bill Chapdelaine, Sr. VP of Business Development and Distribution

In addition to expanding our solution portfolio, we have refocused on underwriting acumen and are taking the following actions:

Customer-focused underwriting

We restructured our underwriting teams to provide more expertise by practice area, including physicians, healthcare facilities, and allied health providers. This specialization helps us more precisely address each healthcare provider's unique coverage and risk management needs.

Sharper risk selection and pricing models

We refined our risk appetite and underwriting guidelines to ensure we have the financial strength to support our policyholders.

360-degree decisions

We're now aggregating data from across the organization to inform individual account decisions and portfolio strategy.

Enhanced agent/broker portal and easier processes

We invested in technology to improve our agent/broker portal and facilitate easier claim reporting.

A Broad Portfolio of Solutions to Address Evolving Exposures

MEDICAL PROFESSIONAL LIABILITY INSURANCE

For physicians, hospitals, healthcare systems, facilities, dentists, podiatrists, allied healthcare, corporations, and more.

MPL EXCESS & SURPLUS LINES

Offers robust insurance and reinsurance options across a broad range of medical professional liability and healthcare lines.

- Risk-based solutions
- Managed population-based programs
- Direct contracting organizations

COVERYS LONDON

Offers sophisticated insurance and reinsurance options across a broad range of medical professional liability and healthcare lines, with risks underwritten in the U.S.

PROVIDER EXCESS LOSS

For physicians, hospitals, healthcare systems, facilities, dentists, podiatrists, allied healthcare, and corporations.

EMPLOYER STOP LOSS

- Tailored underwriting approach for proactive risk mitigation
- Self-funded employers

REINSURANCE SERVICES

Flexibility to provide risk transfer in multiple ways, such as utilization Coverys' captive cells or facultative reinsurance of customers' own captive insurance companies.

STRATEGY + SUPPORT

PREPARING TO PROTECT


The stakes have never been higher. In a world of social inflation and nuclear verdicts, even small oversights can result in seven-figure trial judgments.

And so, in 2023, we took a no-holds-barred approach to strengthening our defenses and standing shoulder to shoulder with our insureds. As a result, we're responding faster and strategizing earlier, making data-driven defense decisions and using our talent where it matters most—to coach and support our insureds—safely shepherding them through a time of great adversity.

At Coverys, we never lose sight of the human cost of claims. When healthcare providers are accused of harming a patient, it undermines everything they stand for—creating confusion and uncertainty.

It is in these moments that the strength of an insurance company's character is revealed. And it is in these moments that Coverys shines. Our insureds know they are not alone. We walk alongside them throughout the claim journey, helping them advance confidently with comprehensive preparation, coaching, information, and advocacy.

We believe that a claim should never distract healthcare providers from their purpose to provide the best care possible to their patients. Coverys insureds are free to focus on medicine, patients, and compassion because they know, without a doubt, that we are prepared to support them.



I want to thank you very, very much for everything you did for me during this very difficult case. Even outside the courtroom, you gave me encouragement, guidance, and counsel. I can't thank you enough.

Coverys Insured

At Coverys, we bring our best-in-class expertise and talent to every claim, fighting to achieve the right outcome and walking with our clients to resolve the negative impact inherent in being the target of a claim.

Brian Farrell, *Senior Vice President, Claims*

ACTIONS=MOMENTUM

When a claim occurs, healthcare professionals are thankful to have Coverys in their corner. Over the past year, we have taken many actions to fortify our already outstanding claims service.

Easier Claim Reporting

Implemented streamlined reporting process and created a dedicated intake team.

Best-in-Class Talent

Expanded our claim consultant team and reduced caseloads to improve service and strengthen our proactive stance.

Fierce Advocacy

Continued our service model of providing a dedicated claim consultant from notice of loss through claim resolution. Consultants attend every day of trial, supporting insureds and providing invaluable courtroom insights to defense attorneys.

Earlier Trial Vetting

Enacted earlier case review protocols, months ahead of trial, to objectively assess the strategy, odds, risk of a nuclear verdict, and the best path to prevail—whether that means reasonably settling or litigating.

Robust Defense Attorney Selection

Enacted more stringent protocols to ensure our team of attorneys are collaborative partners who share our strategic and creative approach.

Thorough Witness Preparation

Added coaching services to help insureds testify confidently, avoid traps, and deliver clear, truthful explanations.

Unwavering Empathy


Continued our practice of thoughtful, continuous communication with the insured, through every step of their claim journey.

Sharper Intelligence

Increased analysis of trial venues, past verdicts, settlements, and trends for similar claim types to inform objective, strategic litigation decisions.

Smart Technology

Launched AI and other technologies to increase backend efficiency and free our talent to focus on taking exceptional care of the medical providers we serve.



We are focused on ensuring the experience of our policyholders, agents, and brokers is second to none. The actions we've taken to analyze data, review processes, and improve how we go about our day-to-day business enhances customer service and helps our clients reduce their risks.

Dana Siegal, Vice President, Risk Management & Analytics

INTELLIGENCE + INNOVATION

TRANSFORMING SERVICE

2023 will be remembered across the industry as a groundbreaking year for technology. Advances in AI and machine learning have ushered in new possibilities for underwriting, service, risk management, claims, fraud detection, and more.

At Coverys, we're taking a thoughtful, business-driven approach so we can continue our investment in AI and robotics to achieve process efficiency within our company and strategically enhance our broker, agent, and policyholder experiences.

The actions we've taken to leverage data analytics, improve processes, and make it easier to do business with us are both elevating service levels and helping policyholders reduce risks so they are free to focus on medicine.

As we innovate, we are ever mindful of our customers—agents, brokers, and policyholders. We are driven to increase our understanding of our customers' challenges and aspirations and are continuously exploring ways to leverage the power of AI and robotics to tailor solutions that precisely meet our customers' needs.

While Coverys has always been a data-forward organization, we know that data is only as valuable as the decisions it inspires, and that decisions can only be effective if they are informed by the contexts in which they are made. To that end, we are evolving our data-driven strategies—striving to move beyond descriptive or diagnostic analytics to predictive insights that drive informed business decisions and strategy.

By advancing our data-driven intelligence and tech-enabled agility, we can engage our customers in ways that are increasingly targeted, tailored, and impactful.

Expanded risk management expertise

With years of industry experience, Dana Siegal has taken the helm as our new Vice President of Risk Management and Analytics.

New Enterprise Project Management (EPMO) office

This team is helping us to quickly and effectively streamline processes, enabling us to create efficiencies, increase capacity, harness deeper intelligence, and provide even greater value for our agents, brokers, and policyholders.

Transformative data intelligence

We're using artificial intelligence to identify insights from an array of large datasets so that we can improve our understanding of the risk factors and opportunities that impact our customers and the healthcare community.

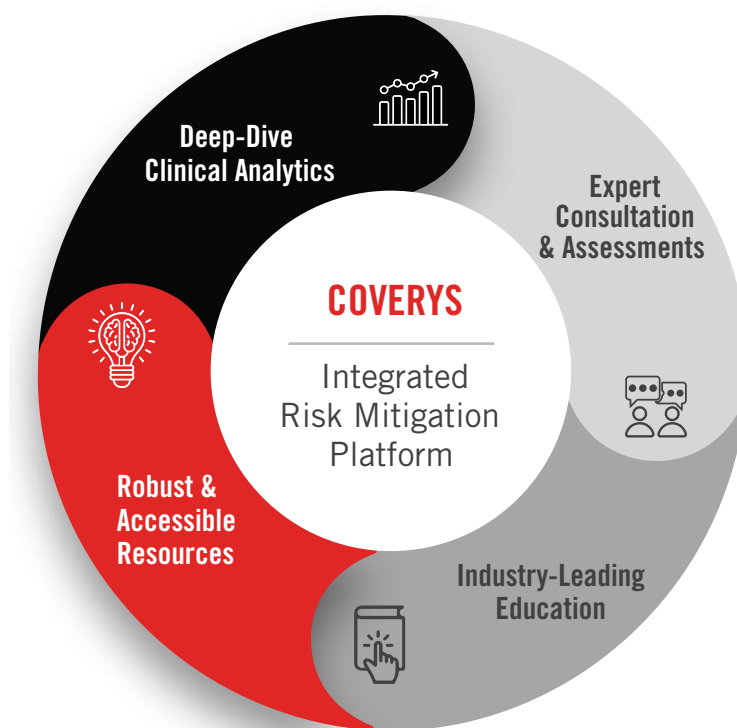
Integrated Risk Management Services

To address new and persistent exposures in the ever-evolving field of healthcare, our risk management, analytics, and education teams provide an integrated and actionable platform of risk mitigation services for agents, brokers, and policyholders. Each of our four service lines in the platform, offer a breadth of valuable resources and tools that can be used individually or integrated across all service lines to create a dynamic risk mitigation program.

An example of this integrated approach is the partnering of our Clinical Data Analytics and in-depth Clinical Risk Assessments. While each service offers a powerful tool to identify areas for risk mitigation and safety improvements, when combined, we harness the insights of the clinical data analytics to customize a risk assessment that focuses on the specific areas of risk that are driving your organization's/providers' claims experience.

This allows for actionable risk recommendations from our **Expert Consultation Team** and **Targeted Education** that provides the best opportunities for risk mitigation that results in the reduction of claims. Our education programs are developed by our expert risk consultants and award-winning Med-IQ® education team, providing on-site education programs customized to your specific risk needs and concerns, CME/CE certified online courses for frontline clinicians, and professional development programs for your risk team.

Together we're finding new ways to help healthcare professionals reduce claims by mitigating risks on the front line.



PASSION + PARTNERSHIP

DEFINING THE COVERYS WAY

Knowledge sharing, bottom-up innovation, customer focus, and creativity are just a few of the Coverys culture's defining qualities. A culture we describe as *The Coverys Way*.

As a leader in medical professional liability insurance with 49 years of experience, Coverys' mission is to support and protect the healthcare community. While there are many reasons we've succeeded for five decades, one stands out: We are passionate about protecting healthcare professionals.

Our team is comprised of people who care deeply—not just about how to do their jobs, but also about how to do right for our insureds and the healthcare community at large. Together, we embrace change, think forward, and seek solutions.

Our focus in 2023 has helped set the foundation for future momentum, leveraging our team's expertise and talent, and setting our North Star on continuing to grow the business with our agents and brokers that we stand alongside, while supporting our vision of "Better outcomes for the professionals we serve and our communities around the globe." And these efforts do not need to be mutually exclusive. We believe and know we can accomplish both.

We have embedded this purpose into our culture with a rallying cry: The Coverys Way. The idea of focusing on people, purpose, and performance guides us in our delivery. Coverys team members are here for a reason: They believe that the work and service that Coverys provides matters. We also believe that the talent and expertise that we provide makes a difference to our customers. Our mission and vision serve as the foundation of our company's culture, while our core values (the four C's) are the compass that guides our decisions and actions.



Care

We have a commitment to understanding, supporting, and respecting our colleagues, customers, business partners, and communities. We are compassionate and charitable.



Connection

We place an emphasis on building trust and long-lasting relationships. We understand the importance of open communication and being responsive, flexible, and solution-oriented.



Collaboration

We have a culture that encourages working together to generate new ideas and creative solutions. We ask for and listen to feedback as a way to achieve better outcomes.



Continuous Development

We believe in progress, innovation, and learning. We focus on improving and developing products, services, and ourselves.

Coverys actively supports a company culture where all are valued for who they are. Inspired by our customers, employees, and collaborators, we are solidly committed to extending diversity, equity, inclusion, and corporate citizenship across our businesses and into the world.

Diversity, Equity, & Inclusion (DE&I) Advisory Council

The DE&I Advisory Council is an employee-led group that volunteers to drive and sustain Coverys' commitment to diversity, equity, and inclusion. Last year, the DE&I Advisory Council conducted its first in-person workshop and met with senior leaders to reaffirm Coverys' commitment to an inclusive culture. All participants are individually and collectively committed to embedding DE&I into Coverys culture.

At Coverys, DE&I is a fundamental part of our culture and remains an essential priority. Coverys' implicit bias training, formation of employee affinity groups, and commitment from senior leadership fosters diversity of thought, inclusion of voices, and equitable practices which help us to gain a better understanding of our internal and external customers.

Jenelle Arnao, Risk Management Consultant





MAKING AN IMPACT

Increasing Inclusivity in Healthcare

Over the past year, Med-IQ®, Coverys education company, engaged a diverse group of faculty experts, social media influencers, and organizations to create education for policyholders, risk managers, healthcare providers, and the public that intentionally and meaningfully addressed health disparities, medical mistrust, and the harmful legacies of systemic racism in healthcare. Specifically, in 2023, Med-IQ launched courses on a variety of DE&I issues, including:

- Racial and Ethnic Disparities in Maternal Healthcare.
- Ethical Healthcare for Transgender Individuals.
- Racism and Implicit Bias: Legacies and Applied Concepts.

By engaging strategic experts in the development of programming with relevance to a broad base of stakeholders—from clinical teams, to patients, caregivers, and the public—Med-IQ's educational interventions play a vital role in improving care quality and safety, reducing stigma, promoting patient empowerment, and bringing better healthcare to underserved and marginalized communities.

Coverys Community Healthcare Foundation, Inc.

In 2023, the Coverys Community Healthcare Foundation (CCHF) provided over \$2.8M in charitable donations and grants to healthcare organizations and community groups focused not only on improving the safety and efficacy of patient care, but also on addressing some of our communities' most urgent needs. A sample of grants and donations this year included:

Healthcare Focus:

- **March of Dimes**
Helped fund a research pilot evaluating the efficacy of low-dose aspirin for pregnant mothers to reduce the incidence of preeclampsia and premature birth.
- **Beth Israel Deaconess Medical Center**
Helped fund a study that tested the utilization of patient data and machine learning tools to identify those at highest risk of hepatocellular carcinoma (liver cancer).
- **The Schwartz Center**
Helped fund Compassion Cultivation Training at Massachusetts General Hospital.

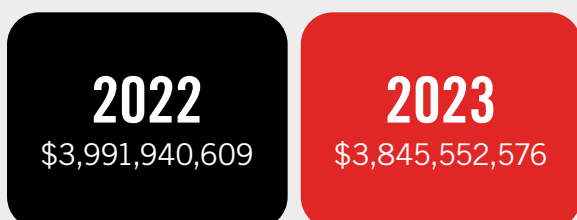
- **Colorado West Regional Mental Health**
Provided funding to enhance client access and experience for telehealth treatment.

Community Focus:

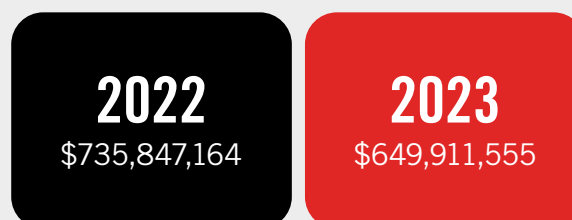
- **Greater Lansing Food Bank and Baltimore Hunger Project**
Provided funding to help communities address food insecurity.
- **Maui Foodbank**
Provided funds to help support wildfire victims.
- **Addressing Gun Violence**
Donated funds to support victims of gun violence in our communities.
- **Maternal Health**
Internationally, we provided funding to support expanded maternal health services to rural communities in Haiti.

2023 ANNUAL REPORT FINANCIAL HIGHLIGHTS SUMMARY

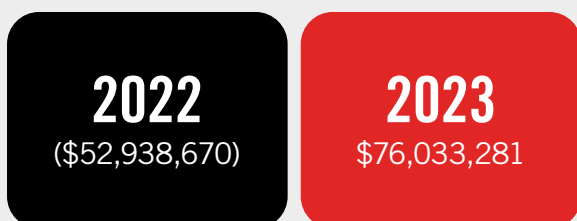
TOTAL ASSETS



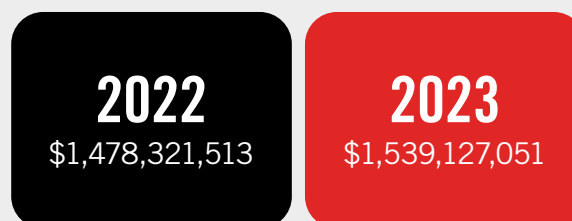
DIRECT WRITTEN PREMIUM



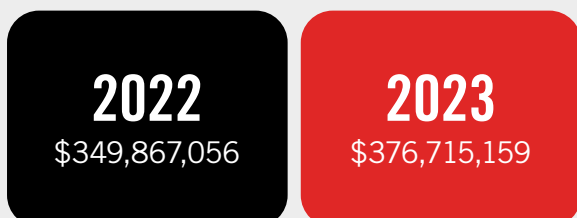
NET INCOME



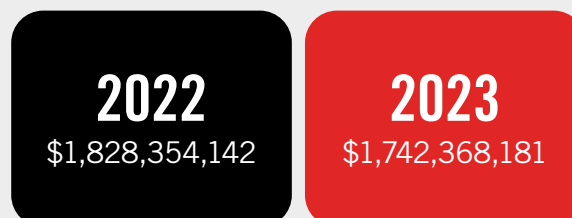
POLICYHOLDER SURPLUS



CLAIMS PAID (NET)



CLAIMS RESERVES (NET)



Financial highlights as of December 31, 2022, and 2023, for all Coverys group insurance companies, including affiliated companies (Coverys Risk Retention Group, Inc.).

GOVERNANCE & LEADERSHIP

As of December 31, 2023

BOARD OF DIRECTORS*

Brenda E. Richardson, MD
Chair of the Board

Michael W. Louge
Vice Chair of the Board

Michael B. Driscoll
Secretary of the Board

Michael Apkon, MD, PhD, MBA

Craig L. Best, MD, MPH

Daryl W. Bradley

Theodore A. Calianos, II, MD, FACS

John H. Gillespie

Alka Kohli, MD, MBA, FACOG

Brian J. Spero, Esq.

Alexander Strachan, Jr., MD, MBA

Kenneth A. Heisler, MD, FACS
*Chair Emeritus, Director Emeritus,
Consultant to the Board*

Michael J. Casella
Consultant to the Board

Peter T. Robertson, Esq.
*Director Emeritus,
Consultant to the Board*

Ronald W. Dunlap, MD
Director Emeritus

James J. Moran, Jr., Esq.
Director Emeritus

Donna M. Norris, MD
Director Emeritus

Robert K. Sheridan, Esq.
Director Emeritus

LEADERSHIP

Joseph G. Murphy
President & Chief Executive Officer

Elizabeth B. Brodeur
Senior Vice President & General Counsel

Catherine A. Donahue
Chief Operating Officer

Todd C. Mills
Chief Financial Officer

Joseph P. Sullivan, Jr.
Chief Underwriting Officer

Scott E. Weber
Head of Strategy & Corporate Development

William A. Chapdelaine
*Senior Vice President,
Business Development & Distribution*

Annick Charles
*Senior Vice President,
Medical Professional Liability*

Eric M. Crockett
Senior Vice President, Information Technology

Noreen F. Sarno
Senior Vice President, Human Resources

José R. Zorola
Head of Diversity, Equity, & Inclusion

* Medical Professional Mutual Insurance Company

