

## 2021 Consolidated Financial Highlights—Constellation Inc. & Subsidiaries

Constellation, Inc. is a growing portfolio of medical professional liability (MPL) insurance companies, which currently includes MMIC Insurance, Inc., UMIA Insurance, Inc., Arkansas Mutual Insurance Company, MMIC Risk Retention Group, Inc. and Centurion Medical Liability Protective Risk Retention Group, Inc. Together, these organizations collaborate throughout the country to offer our health care and senior living customers a market-leading blend of financial stability, highly responsive customer service, and innovative approaches to liability risk management. Our dedication to care teams informs all we do, as we believe that **what's good for care teams is good for business**. In 2021, we stayed true to our purpose to champion all those who devote their lives to health care ... to the essential work of enhancing health—and life. By supporting our customers, we were able to achieve another year of impressive results, as well as strong positioning for our future.

### **"A" rated by AM Best**

AM Best, the most widely recognized insurance rating agency, affirmed our financial stability with an "A" ("Excellent") rating. Our ongoing financial strength enables us to deliver superior service while continuing to invest in opportunities that will drive future growth and value for our customers.

### **Excellent customer retention**

In 2021, 96% of our clients chose to continue their policies with one of our Constellation insurance companies rather than switching to a competitor. We take pride in the trust our customers place in us, and we are committed to providing personalized service and offerings that will continue to earn their business.

### **Growth in a competitive market**

Premiums grew again in 2021 as more customers confidently placed their business with us while we continued our focus on building value for policy-owners. As a result, we reached \$203.2 million in written premiums—an increase of \$19.6 million compared to 2020 and the highest level in our 43-year history.

### **Working together to resolve harm events and cases**

While the COVID-19 pandemic and changing societal perspectives continue to cloud the MPL claim picture, we remain passionate about early intervention after adverse events arise. When harm events occur, Constellation will support you from the moment you report the incident. We want to help reduce the amount of time that you experience stress or negative emotional impacts that adverse events may create, so you can continue to provide excellent care. If the case progresses to a lawsuit, we will continue to help protect the reputation of your care teams and organization by partnering with the best attorneys to **defend your good medicine**. The process starts with a simple step: report your unanticipated outcomes to Constellation so we can launch our early intervention program, HEAL. After you report, we conduct a thorough event analysis to inform the next steps, all the way through resolution. In 2021, we took over 50 cases to trial to vigorously protect our customers' reputations rather than giving in to unreasonable plaintiff demands.

We continue to utilize proven technologies and analytics to help our teams evaluate MPL claims and lawsuits efficiently and effectively, and when needed we partner with select national defense firms to address potential large exposure cases.

Our verdict protection policy, **Excess Judgment Liability**, offers our customers peace of mind and security in today's litigious environment. By purchasing an excess policy available only for judgments or final arbitration, our customers are protected from exaggerated settlement demands that are based on policy limits instead of patient injuries. Our added verdict protection coverage enables reasonable, quick settlements while giving health care teams the security they need in the event of an unexpectedly high verdict.

### **Net income despite future claim uncertainty**

Constellation reported net income of \$1.4 million<sup>1</sup> in 2021 as strong investment performance offset the challenging claim environment and uncertainty due to the COVID-19 pandemic. Benefiting from a long-term investment approach, our invested assets continued to provide significant investment income that helped to support our operations and build our financial strength to better serve our policyholders.

### **Members' surplus remains strong**

Members' surplus ended the year at \$409.3 million<sup>1</sup>, up slightly from 2020 due to net income for the year. We remain in a strong financial position as highlighted by AM Best reaffirming our "A" rating. This means Constellation is going to be here for you now and in the future.

We look forward to another year of providing exceptional service to our policyholders and the organizations—and people—they serve. Thank you for placing your trust in us.

#### 2021 Highlights:

Members' surplus	\$409.3	million
Direct written premium	\$203.2	million
Policyholder retention	96%	

<sup>1</sup>From consolidated financial results prepared based on United States generally accepted accounting principles.