

2021 Financial Highlights—Constellation Insurance Companies

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 worked "together for the common good" to support our policyholders and 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 to our policyholders while continuing to invest in opportunities that will drive future growth. Ultimately, our strong financial position fuels our purpose to help physicians and all those who devote their lives to health care attain their dream—to help, heal and serve.

Excellent customer retention

In 2021, 96% of our customers chose to renew 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.

Solid bottom line results despite future claim uncertainty

Constellation's insurance companies collectively reported net income of \$11.4¹ million in 2021, as strong investment performance offset the challenging claim environment and uncertainty due to the COVID-19 pandemic. Although our companies, along with most others in the MPL industry, incurred an underwriting loss for the year, our invested assets performed well through volatile financial markets. Benefiting from a long-term investment approach, our invested assets continue to provide significant investment income that helps to support our operations and build our financial strength to better serve our policyholders.

Policyholder surplus remains strong

Policyholder surplus at the end of 2021 was \$356¹ million. We continue to be in a strong financial position, as highlighted by AM Best re-affirming our "A" rating. This means Constellation and its member insurance companies will be here for you now and in the future.

We look forward to another year of providing exceptional service to your care teams, organizations, and the people you serve. Thank you for placing your trust in Constellation.

2021 Highlights:

Policyholder surplus	\$356	million
Direct written premium	\$203.2	million
Policyholder retention	96%	

¹From consolidated financial results prepared based on statutory accounting practices prescribed or permitted.