



**MICA**<sup>®</sup>



**2023  
Annual Report**



We protect, support, and defend  
the practice of medicine.



# Growing into the Future Together



## Letter to Our Members

MICA achieved solid operational results in 2023, underscoring its business strength and financial stability. Through the ever-changing landscape of health care and challenging litigation environment, our financial foundation inspires trust among members, employees, regulators, rating agencies, and our business partners. Highlights of MICA's strength and stability included the following:

- Total premiums written and investment earnings approached \$120 million, reflecting a solid membership base and favorable investment trends.
- Operating expenses were managed efficiently, resulting in improved effectiveness while successfully navigating a once-in-a-generation transition in management leadership.
- Policyholders' surplus was strengthened to \$827 million, providing solid financial protection to weather uncertainties and embrace the future.
- AM Best, the nation's leading insurance rating organization, affirmed MICA's rating of "A" Excellent once again.

**Members Come First:** During the past year, we continued to focus on our core business and fulfilling our mission to benefit physicians and advanced health care professionals (AHPs).

**Governance:** The Board of Trustees is composed of 15 members. Twelve are physicians who, together, represent 8 medical specialties. Three are non-physician members with experience in insurance operations, finance and investments, and medical delivery administration. Together, they help ensure that every decision is made with the interests of our membership foremost.

**Claims Management:** MICA offers best-in-class claim management, which includes the vigorous defense of and advocacy for our members, the settlement of a claim only with the insured member's consent, and the just indemnification of harmed parties when appropriate. Defense verdicts were obtained in 88% of jury trials for MICA insureds during 2023.

**Risk Management and Education:** Our deep risk management resources and educational opportunities help our members mitigate liabilities and meet licensure requirements. In 2023, MICA introduced additional practice management expertise to its risk team.

**Advocacy and Legislation:** We advocate for favorable policies that protect our members' interests in the legislature and appellate courts.

**Policyholder Dividends:** As MICA benefits from favorable claims experience and strong investment results, the Board of Trustees awards dividends that help members by lowering the net cost of their medical professional liability insurance. In 2023, policyholder dividends totaled approximately 18% of premiums.



## To Protect, Support and Defend the Practice of Medicine

MICA's fundamental purpose is as strong now as it was when its physician founders formed the company. Because of their vision of organizing a company focused on the long-term interests of its members, MICA is well positioned to meet the professional liability needs of today's physicians and AHPs.

As part of its ongoing leadership objectives, in 2023 the Board's Strategic Planning Committee and management carefully reviewed, and in-part clarified, MICA's values, vision, and strategic direction to further its mission to "protect, support, and defend the practice of medicine" by being "the medical professional liability solution that frees our members to focus on patient care." The professionalism of employees at all levels of the organization, coupled with the involvement of its diverse, knowledgeable, and dedicated Board Members, is essential to maintaining MICA's mission.

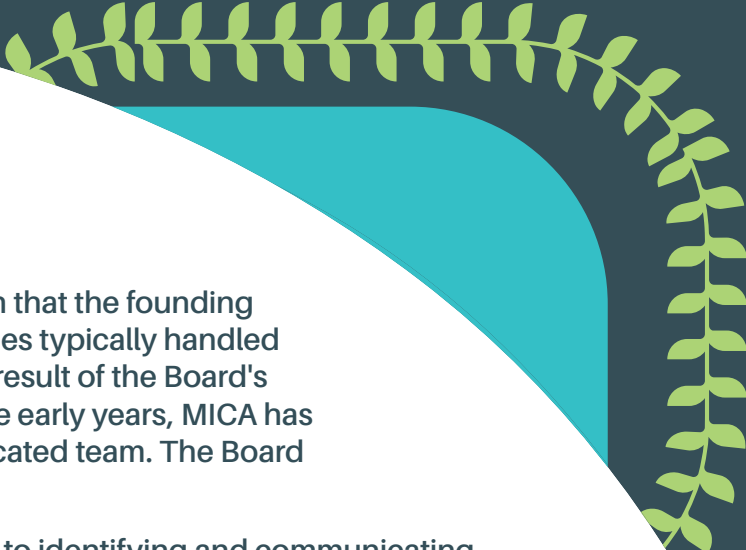
**Guided by Values:** At the core of our operations, MICA's values guide our decisions and actions, ensuring that we uphold the highest standards and act in the best interests of our members. Through our actions, we demonstrate our commitment to these values:

- Integrity:** We do the right thing. Always.
- Collaboration:** We believe in the power of working together to create the best possible solutions.
- Accountability:** We do what we say we will do. We are responsible for our actions, behaviors, performance and decisions.
- Excellence:** We strive to do more and be great through innovation, quality service and industry expertise.
- Stewardship:** Our members' best interests guide our decision making. We plan and manage our talents, resources and opportunities responsibly.

## By Physicians for Physicians

MICA came into being 48 years ago amidst a crisis of availability and affordability of medical professional liability insurance. In 1976, MICA's founders made a carefully considered decision to form a mutual company governed by the policyholders through election of its board members. The mutual organizational structure offered a significant advantage over an insurer organized to benefit investors and shareholders. Accumulated earnings from the insured physician risk pool would not be distributed to outside investors but retained and used to create ongoing stability and availability of medical professional liability coverage.

In addition, members would be eligible to receive policyholder dividends, effectively lowering long-term insurance costs. In contrast to investor-owned insurers, whose primary interest is maximizing return on their investment, a mutual insurer's interest is focused on using its resources to provide service, stability, and benefits to its members.



The importance of member-focused services was such that the founding Board of Trustees engaged in some operational activities typically handled by the employees of most insurance companies. As a result of the Board's medical expertise, input, and involvement during those early years, MICA has developed claims management systems led by a dedicated team. The Board maintains their involvement today.

The Board created risk management services devoted to identifying and communicating medical and legal risks to physicians. MICA's risk team has evolved over the years and is now staffed with attorneys, clinicians, and practice administration professionals who help guide members through a host of issues and challenges.

The Board believed that members should have the opportunity to appeal to their peers when they disagree with underwriting decisions, so it developed a two-tiered appeal process for members. This process is still in use today where a member can request review of an underwriting decision by a management review committee. Members who disagree with the decision can further appeal to a committee of physicians from the Board.

As we approach a half-century of working with and for the medical community, it is important we remember MICA's origin, its aspirations, and the importance of its mission to guide us into the future.

We extend our gratitude to our members, Board of Trustees, employees, and business partners for their continued support and dedication. Together, we will continue to uphold the values that define our organization while guided by the vision and mission inspired by MICA's originating physicians.

Thank you for your trust and confidence in us.

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James F. Carland, M.D.  
Chairman, Board of Trustees

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Edward G. Marley  
President & CEO

# Strategy Articulation Map

## Mission



### What We Exist To Do

We protect, support, and defend the practice of medicine.

## Vision



### What We Aspire To Be

To be *the* medical professional liability solution that frees our members to focus on patient care.

## Values



### What Is Most Important To Us



Integrity



Collaboration



Accountability



Excellence



Stewardship

## Strategies



### Business Priorities We Will Pursue

- Create long-term value through relationship management and sustainable growth.
- Enhance the customer experience.
- Optimize enterprise risk management and enhance financial strength.
- Engage and develop our people.

## Statutory-Basis Statement of Admitted Assets, Liabilities and Policyholders' Surplus

as of December 31, 2023 and 2022 (in thousands)

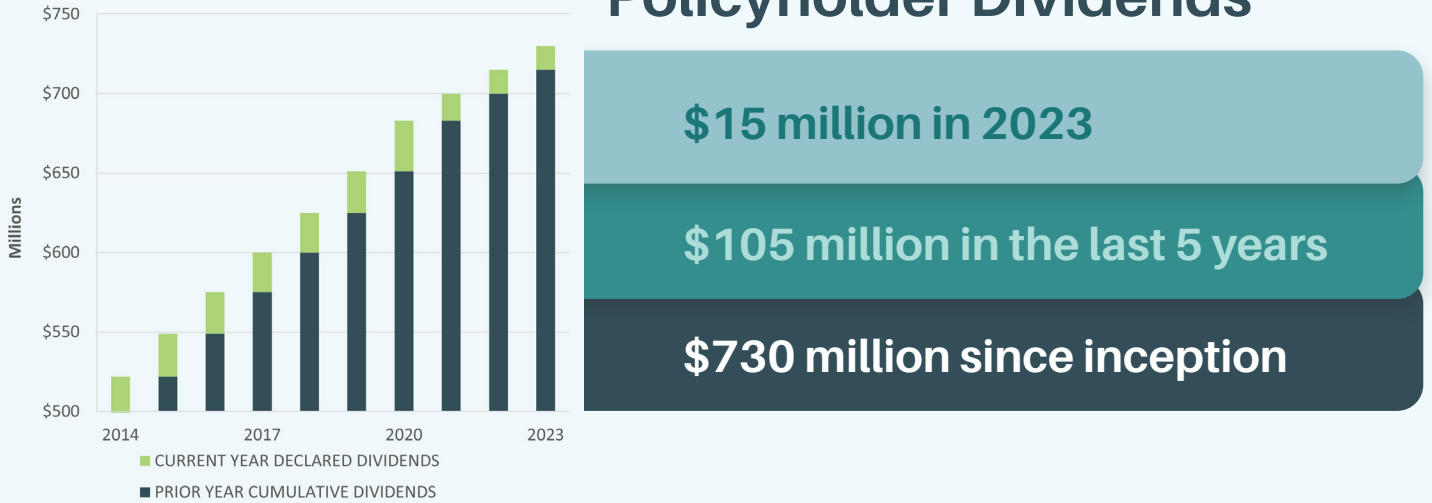
	2023	2022
Admitted Assets		
Cash and Invested Assets	\$1,172,351	\$1,119,034
Other Assets	31,953	32,517
<b>Total Admitted Assets</b>	<b>\$1,204,304</b>	<b>\$1,151,551</b>
Liabilities and Policyholders' Surplus		
Loss and Loss adjustment Expense Reserve	\$234,242	\$223,939
Unearned Premiums	101,470	106,486
Other Liabilities	41,439	35,278
<b>Total Liabilities</b>	<b>377,151</b>	<b>365,703</b>
<b>Policyholders' Surplus</b>	<b>827,153</b>	<b>785,848</b>
<b>Total Liabilities and Policyholders' Surplus</b>	<b>\$1,204,304</b>	<b>\$1,151,551</b>

## Statutory-Basis Statement of Income

For the Years Ended December 31, 2023 and 2022 (in thousands)

	2023	2022
Net Premiums Earned	85,341	84,160
Net Losses and Loss Adjustment Expenses	(64,573)	(62,820)
Underwriting Expenses Incurred	(20,059)	(18,160)
<b>Net Underwriting Gain</b>	<b>709</b>	<b>3,180</b>
Net Investment and Other Income	32,873	33,606
Dividends to Policyholders	(14,994)	(14,998)
Income Taxes	(3,762)	(2,369)
<b>Net Income</b>	<b>\$14,826</b>	<b>\$19,419</b>

## Policyholder Dividends

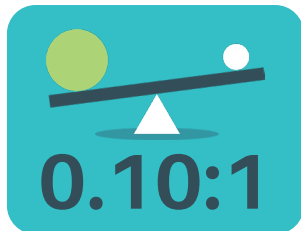


## Rated A (Excellent) by AM Best for More than 35 Years

**Financial Strength Rating: A (Excellent)**  
**Issuer Credit Rating: a+ (Excellent)**  
**Outlook: Stable**

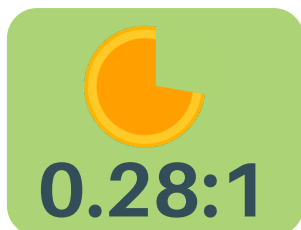


## Key Leverage Ratios



### Premium-to-Surplus Ratio = 0.10:1

A measure of financial strength.  
 For every \$1 of premium earned, MICA has \$10 of surplus.



### Reserves-to-Surplus Ratio = 0.28:1

A measure of financial stability.  
 For every \$2.80 of loss and loss adjustment expense reserves MICA has \$10 of surplus.

These low ratios indicate that MICA has a strong capital base relative to its premium and liabilities. This means the company has a healthy financial position and is well positioned to pay future claims and meet the needs of its policyholders.



## MICA in the Community

### MICA Medical Foundation

Founded in 2014, MICA Medical Foundation (MMF) is a charitable organization that supports the communities we serve in a multitude of ways, including physician education and training, residency program grants, scholastic achievement programs, pilot programs to improve patient outcomes, and more.



MICA Medical Foundation supports leading medical schools in Arizona and Utah through annual grants for scholastic achievements and sponsorships of events that support graduate medical education. To be eligible for grant funding, programs and initiatives must focus on improving patient safety, quality of care, reducing medical errors, and/or physician education and training.

In 2016, in response to the imbalance between the number of medical graduates and available residency slots, MMF awarded its first four-year residency grant to Dignity Health St. Joseph's Hospital and Medical Center (now Creighton University Arizona Health Education Alliance). Through this program, selected residents earn unparalleled obstetrics and gynecology experience while training at affiliated hospitals, where more than 10,000 newborns are delivered every year.

### Employee Giving

Each year, MICA's employees participate in several fundraisers that benefit the community. Last year's activities included:



Feed My Starving Children  
food packing event by  
MICA Claims team



Semiannual blood drive (We  
average 15 units of blood  
collected at each drive!)



Hygiene kits drive for  
Circle the City



Ronald McDonald Foundation  
Charities toy, infant clothing  
and diaper drive



Ronald McDonald Foundation  
Charities household items  
drive with \$1,500 donated  
from MICA and its employees

## MICA Board of Trustees

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Las Vegas, NV

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Chief Operating Officer

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