

50
YEARS
1976 - 2026

**CELEBRATING 50 YEARS
SHAPING THE NEXT 50**



MICA

2025
ANNUAL
REPORT

A Strong Year, Grounded in Purpose

As MICA prepares to mark 50 years of physician-led protection in 2026, we remain guided by the principles that have defined the organization since 1976.

In 2025, strong financial performance, continued investment in core capabilities, and a clear focus on long-term stability reinforced MICA's strength and positioned us well for the milestones ahead.

This report summarizes MICA's financial and operational performance for the year ended December 31, 2025.

**MICA 50
YEARS
1976 - 2026**

Message from the Chair of the Board



I'm pleased to share MICA's 2025 Annual Report with you and to reflect on what makes this organization distinct. As we celebrate our 50th anniversary in 2026, it is fitting to recognize the defining force behind MICA's endurance

and strength: physician leadership in action.

From the beginning, MICA was built on a collaborative partnership between physicians and insurance professionals, working together while remaining steadfast as a member owned mutual company. That physician-led foundation has always been more than a principle; it is steady, practical leadership applied in a medical liability environment that continues to evolve.

As we reflect on this milestone, it is worth considering how physician-led governance has consistently shaped MICA's direction. The organization has remained firmly committed to a governance model in which physicians play a central role in Board leadership and oversight. Through changing market conditions and periods of uncertainty, the Board of Trustees reinforced a disciplined, member-focused approach, one that has been tested by market pressures.

The Board's responsibility is to ensure that MICA remains financially strong, strategically sound, and capable of fulfilling its mission to protect healthcare professionals. That role requires a long term perspective and a willingness to make decisions that balance present conditions with future obligations. Over time, the Board has supported actions that strengthened MICA's independence, resilience, and ability to serve physicians consistently across market cycles.

As the marketplace evolved, MICA broadened its support for members in meaningful ways. The organization expanded risk management resources, welcomed physicians displaced by instability

elsewhere in the market, and acted when coverage gaps threatened access to care. These actions reflect mutuality at its best, with governance focused on protecting members and the communities they serve rather than reacting to market pressures. This growth also brought greater independence as MICA, with the support of the Board and guided by the leadership of a physician President and CEO, ended its 23-year arrangement with the management firm and became a truly independent mutual insurance company.

Since its inception, MICA has promoted legislative reforms in Arizona, bringing greater objectivity to medical liability cases. Today, we champion healthcare liability issues both in state legislatures and in the courts in Utah and other markets we serve.

More recently, in addition to its impact on medical care delivery, the COVID-19 pandemic caused extraordinary disruption, virtually shutting down the court system and delaying claim resolution. Recognizing the resulting strain on member practices, the Board of Trustees declared an extraordinary dividend. Once again, physician leadership guided a decision rooted in what matters most: supporting members faced with uncertainty.

In telling MICA's story, it is clear that the organization today is the product of nearly five decades of physician-directed stewardship. MICA has grown into a substantial resource for its members and a benefit to the patients and communities they serve.

As you read this report you'll see that MICA's strength is not an accident of time; it is the product of 50 years of physician-directed stewardship, guided by purpose and sustained by the trust of our members. That enduring commitment to protecting healthcare professionals and their patients is the legacy we honor today and will continue to honor in the years ahead.

Sincerely,

James F. Carland, III, MD
Chairman of the Board

Message from the President & Chief Executive Officer



As the Chairman reflects on the physician leadership and governance that have shaped MICA for 50 years, I am pleased to share how that stewardship translates into strong performance, operational discipline,

and meaningful support for our policyholder members.

MICA exists for one reason: to protect, support, and defend healthcare professionals so our members can focus on patient care. That mission is not aspirational. It is operational. Every underwriting decision, claim strategy, and risk management initiative is guided by the same physician led principles the Board has upheld since our founding.

The year ending 2025 demonstrated the strength of that model. In a demanding medical professional liability environment shaped by evolving medical practice models, persistent social inflation, rising defense costs, and evolving jury dynamics, MICA delivered results that were both strong and sustainable. Premiums written, policyholder surplus, invested assets, and net income all strengthened, reinforcing our capacity to protect members today while remaining well positioned for the future.

Member growth during the year was modest and deliberately aligned with our long term strategy. Expansion in the Mountain States and consistently strong renewal performance reflected member confidence in MICA's value proposition. At the same time, we continued preparing for added membership, including the activation of

our risk retention group, MICA RRG, to support measured opportunities beginning in 2026. These efforts are grounded in purpose and designed to extend MICA's ability to serve physicians without compromising the financial discipline that defines our organization.

The claims environment remains complex. Following the post COVID period, claim frequency has begun to trend upward, while indemnity severity continues to be influenced by social inflation and shifting jury expectations. In response, MICA has remained disciplined and intentional. Our long term defense verdict rate, 90 percent over the past decade, reflects experienced claims leadership, strong defense partnerships, and strategies designed to protect both professional reputations and financial outcomes.

MICA's risk management services model is central to our approach to protection as well. Through practice specific guidance, on demand consultations, specialty focused education, and early intervention support, we work alongside our members to reduce risk at its source. These services are practical, informed by experience, and tailored to the realities of modern medical practices.

In addition to underwriting, claims, and risk management, MICA supports healthcare professional liability reform and advocacy efforts across the states we serve. Working alongside physician organizations and other stakeholders, we engage in legislative advocacy focused on promoting an equitable and stable liability environment, and preserving access to medical care. This work is an important extension of our mission and reflects our commitment to protecting healthcare professionals and the communities that rely on them.

MICA also advances its mission through the work of the MICA Medical Foundation. The Foundation supports medical students through scholastic achievement recognition and educational initiatives that help strengthen the future of healthcare, as well as a signature post-graduate residency support initiative. This commitment reflects a long standing belief that protecting the practice of medicine includes investing in those who are preparing to serve patients and communities in the years ahead.

Strong results are delivered by dedicated people. MICA's employees bring deep expertise, sound judgment, and a genuine commitment to service that distinguishes our organization. We understand the responsibility inherent in protecting physicians and practices, and we approach our work with professionalism, accountability, and care. Whether supporting members through underwriting, claims management, risk consultation, or day to day service, our dedication is a critical driver of MICA's performance and the trust our members place in us.

Financial strength remains foundational to everything we do. In 2025, AM Best affirmed MICA's A (Excellent) rating, recognizing our strong risk adjusted capitalization, high quality investment composition, and operating performance that continues to outperform medical professional liability peers. Our financial foundation empowers MICA to vigorously defend claims, secure defense verdicts, and ensure unwavering stability through every market cycle. This steadfast commitment enables MICA to stand as a trusted ally to our healthcare members, protecting professional reputations and financial well-being when it matters most.

MICA's investment portfolio remains concentrated in investment-grade, fixed-maturity securities, complemented by selective equity allocations. In 2025, higher average bond yields supported by a strong fixed-income market drove increased investment income. Elevated net investment income and realized capital gains helped offset underwriting losses resulting from increased claim activity during the year and supported both policyholder dividends and growth in surplus.

As a mutual company, success is shared. In 2025, the policyholder dividend approximated 18 percent of a member's premium, providing tangible value and reinforcing the benefits of long term stewardship. Over its history, MICA's cumulative policyholder dividends total over \$750 million.

Looking ahead, our priorities are clear. We will continue to enhance the member experience, strengthen enterprise risk management, invest in our people, and maintain the financial discipline that underpins trust. With the guidance of an engaged, physician-led Board and the commitment of a dedicated management team, MICA is well positioned to meet the challenges ahead.

MICA was founded by doctors almost 50 years ago to provide mutual protection. Today, that purpose remains unchanged, executed with experience, strengthened by discipline, and carried forward with confidence.

Respectfully,

Edward G. Marley
President & Chief Executive Officer

What Drives Us

MISSION



We protect, support, and defend the practice of medicine

VISION



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

VALUES



ACCOUNTABILITY



COLLABORATION



INTEGRITY



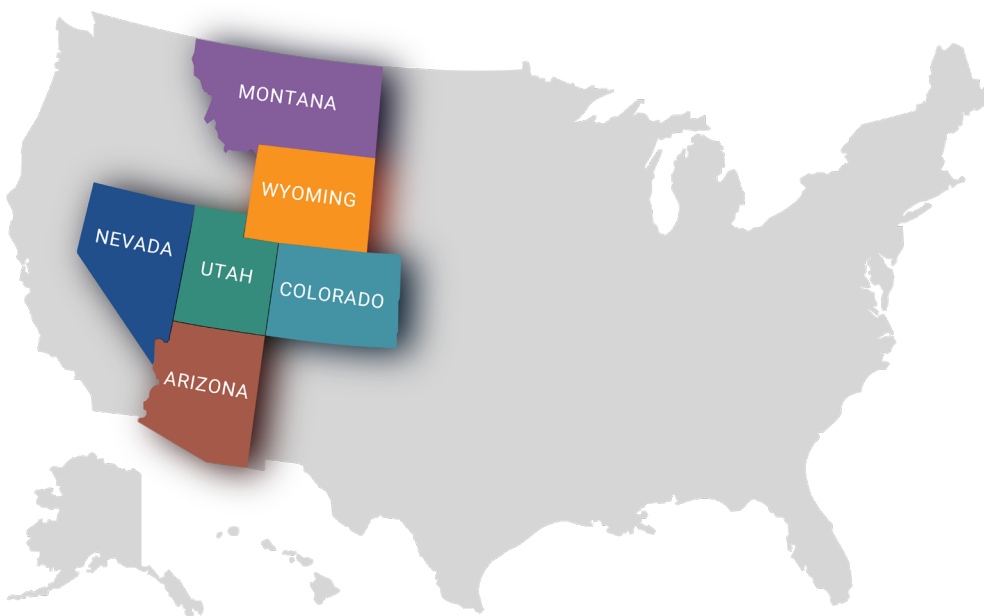
EXCELLENCE



STEWARDSHIP

Regional Reach

From its leadership position in Arizona, MICA continues to strengthen its presence across Colorado, Montana, Nevada, Utah, and Wyoming, bringing physician-directed protection and high-touch service to the medical community throughout the region.



A-Rated Strength, Year After Year

Supported by a strong balance sheet and consistent operating performance, MICA has maintained an A (Excellent) financial strength rating from AM Best for 33 consecutive years, most recently affirmed in 2025.

Year in Review: 2025 Highlights

As MICA approaches its 50th anniversary in 2026, we continued to deliver in 2025 on the fundamentals that matter most to our members: excellence in claims handling, responsive service, and financial strength, while continuing to position the organization for the future.

2025 Highlights Include:

- Continued strong financial performance supporting long-term stability
- Ongoing investment in claims, risk management, and member services
- Strategic initiatives focused on operational efficiency and modernization
- Active engagement with members and the broader medical community

Member Retention Rate

99% of policyholders stay with MICA

Expert claims handling and on-point risk management services together with stable pricing and a long-standing record of rewarding members with dividends translate into policyholders who choose to renew with MICA year after year.

Rate Stability

MICA's financial strength provides a durable foundation for maintaining stable medical malpractice insurance rates, giving members predictability and consistency through changing, and often volatile, market cycles.

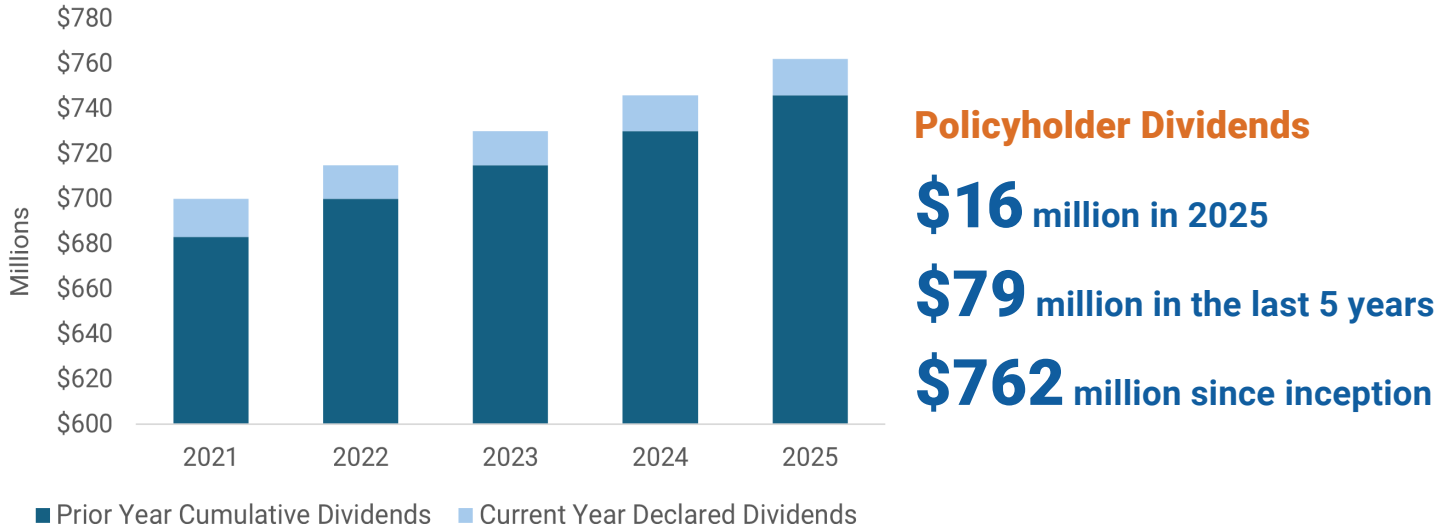
\$1.32 billion
in total assets

\$902.6 million
in policyholders' surplus

\$16.0 million
in declared policyholder dividends

\$92.7 million
in net earned premium

Dividends



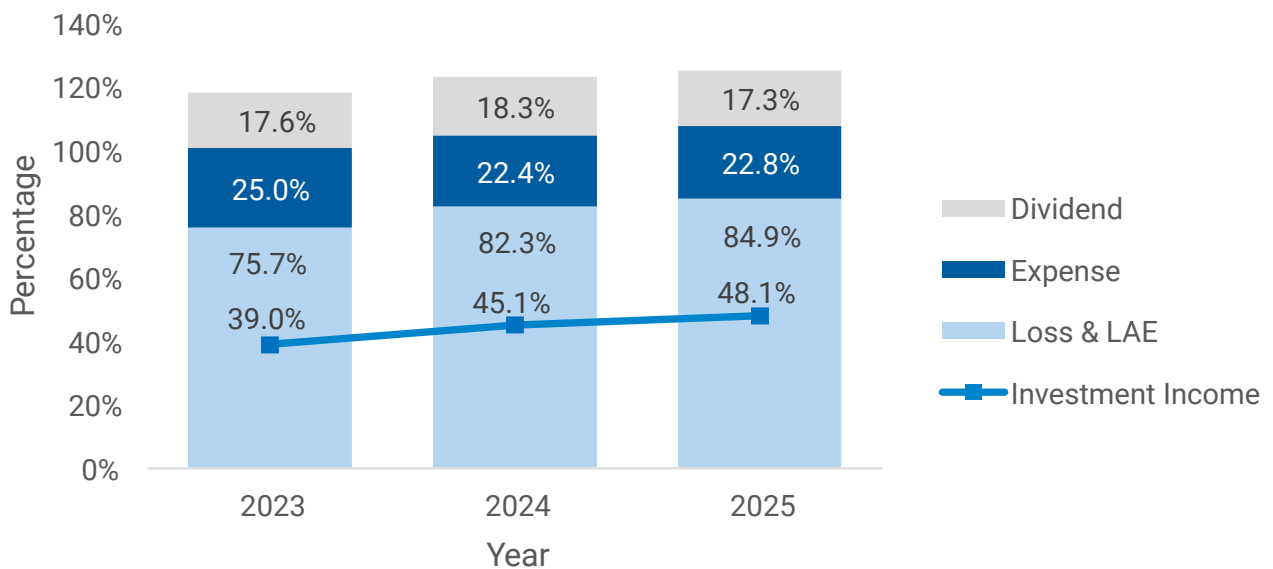
Claims Experience

**Trial Success Rate
in 2025:**
83%

**Trial Success Rate
for the Last 10 Years:**
90%

**Claims Closed Without
Indemnity in 2025:**
81%

Financial Ratios as a Percentage of Net Premiums



Financial Statements (In thousands)

STATUTORY-BASIS STATEMENTS OF ADMITTED ASSETS, LIABILITIES AND POLICYHOLDERS' SURPLUS As of December 31, 2025 and 2024

Admitted Assets	2025	2024
Cash and Invested Assets	\$1,288,085	\$1,223,896
Other Assets	34,885	34,197
Total Assets	<u>\$1,322,970</u>	<u>\$1,258,093</u>

Liabilities and Policyholders' Surplus

Reserves for Losses	\$275,369	\$249,054
Unearned Premium	93,946	99,966
Other Liabilities	51,102	46,477
Total Liabilities	<u>420,417</u>	<u>395,497</u>
Policyholders' Surplus	902,553	862,596
Total Liabilities and Policyholders' Surplus	<u>\$1,322,970</u>	<u>\$1,258,093</u>

STATUTORY-BASIS STATEMENTS OF INCOME For the Years Ended December 31, 2025 and 2024

Gross Premiums Written	\$92,336	\$91,403
Reinsurance Costs	-5,672	-5,659
Change in Unearned Premiums	6,020	1,503
Net Premiums Earned	<u>92,684</u>	<u>87,247</u>
Loss and Loss Adjustment Expense	78,643	71,822
Operating Expenses	19,761	19,247
Net Underwriting Loss	<u>-5,720</u>	<u>-3,822</u>
Investment and Other Income	44,562	39,296
Net Realized Capital Gains	8,130	3,434
Dividends to Policyholders	15,998	15,982
Income Taxes	4,539	3,871
Net Income	<u>\$26,435</u>	<u>\$19,055</u>

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Nearly 50 Years Strong. Positioned for What's Ahead.

As MICA approaches its 50th anniversary,
we reflect on the strength and discipline that
have guided the organization since its founding.

Built on principles of trust, service,
and long-term stewardship, MICA remains
focused on supporting physicians today while
preparing for the future of medical practice.



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www.mica-insurance.com