



# ANNUAL REPORT 2024

## THE SOLID FOUNDATION FOR A STRONGER FUTURE



*Shaun Huynh, MICA Claim Representative, has been an extraordinary source of support, both emotionally and professionally, during one of the most difficult times our practice has faced. Her compassion, attention to detail, and unwavering dedication have made a profound impact—not only helping us navigate challenges but also giving us the strength to move forward. MICA is incredibly fortunate to have someone who represents the very best of what exceptional service looks like.*

*–Operations Manager, Plastic Surgery, Phoenix, AZ*

*No physician ever wants to have a situation to need to utilize their liability policy, however if one practices long enough, it ultimately will be a reality at some point. I am profoundly proud to have had MICA as my carrier. MICA was the absolute best partner I could have had through my experience. MICA and the attorneys they provided, have conducted themselves with more integrity and respect than I've had others tell me in comparison. Everyone conducted themselves with the upmost integrity and in concordance with my values. As physicians we carry a heavy load, partners like MICA help make a difference.*

*–Orthopedic Surgeon, Phoenix, AZ*

# CHAIRMAN'S MESSAGE



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

I'm pleased to share our annual report with you, a reflection of our past, our strong foundation today, and our bright vision for the future. As a mutual insurance company, we're committed to putting our members first by providing dependable service and financial security.

Nearly fifty years ago, Mutual Insurance Company of Arizona (MICA) came into being during a time of great uncertainty for physicians and medical professional liability. At a time when traditional carriers were declaring bankruptcy, withdrawing coverage, and labeling medical liability as "uninsurable" due to losses that were too large, too unpredictable, and too frequent, a determined group of Arizona physicians refused to accept defeat. When the last commercial carrier announced its exit from Arizona in October 1975, these forward-thinking doctors rallied together. They envisioned a different path and helped shape the legislative framework needed to create new insurers. This critical moment led to the formation of MICA, a company built on the principle that medical professionals could, and should, take control of their own destiny.

In just four months, our founders raised \$3 million through surplus notes and loans. They forged an important partnership with Marsh McLennan, an internationally renowned insurance consulting firm, to gain the operational expertise that would drive the company forward. Incorporated in February 1976, MICA issued its first policy only a month and a half later, marking the beginning of a journey defined by resilience, innovation, and unwavering commitment.

At its very start, MICA was guided by a Board of Trustees composed entirely of physicians and medical leaders from the Arizona Medical Association. This unique governance structure ensured that every decision reflected the priorities and needs of our mutual members. Our first Chairman, President & CEO, Dr. Jack Brooks, and his successors were the only salaried employees in the early years, with the remainder of the work provided by experienced professionals from Marsh McLennan under contract. This approach, maintained for over twenty years, laid the foundation for what would become a truly independent mutual insurance company in 1999, one that stands on its own, managed by the very professionals it serves.

In those formative years, our Board members were entering uncharted territory. Medical professional liability insurance is a complex, long-tail business where the true cost of coverage may not be known for many years. Yet, our founders met this challenge with a visionary plan. They ensured that physicians were integrally involved in key aspects

of the business, from underwriting decisions to claims valuation and settlement, as well as risk management. By providing a vital medical perspective, they helped shape a culture that continues to characterize MICA today: one of comprehensive coverage, vigorous defense, and proactive loss prevention. They recognized early on that medicine is as complex as it is personal, and that there are times when just compensation is both necessary and right.

Our prudent management of the assets entrusted to us has been, and remains, a cornerstone of our success. We have always understood that our assets extend far beyond the financial; they include our operational talent, accumulated experience, hard-won reputation, and our enduring stability. These qualities have helped establish MICA as one of the strongest medical professional liability carriers in the country. We pride ourselves on being more than a pool of funds; we are a dynamic, resilient organization that reflects the expertise and dedication of every member of our community.

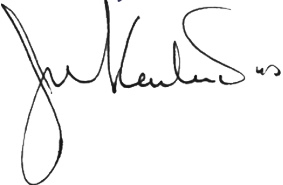
Over the course of our forty-nine-year history, we have retained a culture built on integrity, a commitment to quality healthcare, and a mission that places the needs of our policyholders at the center of everything we do. This commitment is especially important in today's challenging environment, where we face increased claims severity, rising costs, and greater complexity in claim management. Moreover, we are navigating a landscape rife with legislative challenges, such as the rollback of tort reforms, and the emergence of new funding models for litigation and even private equity-backed mechanisms that fund the costs of a suit in return for a percentage of the settlement or verdict value.

As we review our accomplishments, we are proud to report twenty years of rate

stability and the distribution of \$746 million in dividends to our policyholders. These achievements are not only a testament to our financial prudence but also a clear reflection of our ability to balance risk and reward in a manner that benefits every mutual member. They illustrate our dedication to ensuring that our members' resources are managed with the utmost care, securing reliable protection and financial stability for the future.

Looking ahead, we are continuously refining our processes, investing in innovative risk management strategies, and maintaining a deep understanding of the evolving healthcare and legal landscapes. With every step, we honor the legacy of our founding members while paving the way for future generations of physicians and policyholders to benefit from a robust, member-focused organization.

So, read on to see how your company has done and how it has prepared for the future. Spoiler alert: it has done very well and is prepared to meet its challenges and protect its insureds. Together, we look forward to a future filled with continued success, innovation, and the unwavering promise to protect and serve our mutual members.

Sincerely,  


James F. Carland, MD  
Chairman of the Board

# PRESIDENT'S MESSAGE



**Edward G. Marley**  
President &  
Chief Executive Officer

## **Upholding Our Mission: Protecting, Supporting, and Defending the Practice of Medicine**

This past year has been one of dedication and hard work with one overarching principle in mind - MICA's steadfast commitment to its founding purpose. Established by physicians, MICA was designed to safeguard the long-term interests of our members. As we approach our 50th anniversary, we are stronger than ever, fully prepared to meet the evolving professional liability needs of physicians and healthcare practitioners.

Our mission is clear: to protect, support, and defend the practice of medicine. We do this by serving as more than just an insurer, we are your trusted mutual partner who stands beside you so you can focus on what matters most: delivering exceptional patient care.

### **What We Aspire To Be**

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

This mission is driven by our dedicated employees and Board of Trustees, whose expertise and physician-centric leadership ensure we uphold the highest standards of service and advocacy.

## **Unparalleled Expertise in Claim Management**

At MICA, we stand as your defense partner, fiercely protecting your professional reputation and ensuring that no claim is resolved without your full consent. Our 10-year defense verdict trial record is 90%. In 2024, we obtained defense verdicts in 86% of jury trials involving our insureds, an achievement that underscores our relentless commitment to you.

As claim activity returns to pre-COVID levels, our team of claims specialists and top-tier defense panel, who are local experts in medical liability, are ready to stand by your side. In today's increasingly litigious environment, where multimillion-dollar mega verdicts are becoming more frequent, you have a formidable partner in MICA. When you face a lawsuit or medical board action, our defense team springs into action with a strategic, coordinated, and aggressive response ensuring

you are never alone in your time of need.

### **Proactive Risk Management & Expertise**

As a mutual insurer, we don't just protect you, we empower you. MICA's comprehensive risk management resources help you mitigate risk, maintain compliance, and enhance your practice so you can focus on caring for your patients.

Our experienced Risk Team includes legal experts, nurses, practice administrators, and quality management professionals, all dedicated to keeping you ahead of potential risks. With our medical professional liability coverage, you gain direct access to our Risk Team at no additional cost, receiving personalized guidance to proactively safeguard your practice.

What sets us apart? We don't just advise, we educate, collaborate, coach, and support. Our specialists provide strategic insights on regulatory compliance, documentation, conflict management, policies, and liability prevention, ensuring you're always prepared.

### **Collective Voice in Advocacy & Legislation**

At MICA, we do more than defend claims brought against our members. We also advocate for healthcare, whether in state legislatures or the courts, ensuring your voices are heard, and your needs are met.

Across the country, threats to critical medical liability reforms are on the rise. Legislative efforts aimed at weakening these protections put physicians and healthcare providers at risk. Plaintiff trends, such as third-party litigation financing, jeopardize the integrity of the legal system. Through advocacy and unwavering commitment, MICA works to effect legislative change because protecting you means

protecting the future of patient care.

### **Strong Financial Results Derived from a Foundation of Stability**

MICA's performance in 2024 underscores our financial strength, operational excellence and unique value proposition, despite an increasingly complex healthcare and litigation landscape.

In furthering its mission and purpose this past year, MICA advanced its member base by expanding our market presence in three states. Total premiums written increased 4.9%, to \$91.4 million, as MICA welcomed OB/GYN practitioners in Arizona who were formerly insured by a specialty risk retention group, strengthened our presence in Utah, and began insuring healthcare professionals in Montana. Policyholders in these states, together with insureds in Colorado and Nevada, help diversify MICA's business profile and reinforce MICA's position as a trusted regional leader in medical professional liability insurance.

Claim costs or loss and loss adjustment expenses as a percentage of premiums earned increased in 2024 to 82.3% from 75.7% in 2023, as a result of a persistent increase in average claim severity reflecting national overall trends in the years following COVID. Underwriting expenses improved 2.6% in 2024 following some one-time management transition costs in 2023.

Investment income increased as yields on bonds continued to strengthen due to the higher-for-longer fixed-income investment markets during 2024. Improvements in net investment income and realized capital gains offset underwriting losses caused by increased claim activity during the year. MICA remains focused on high-quality, fixed-maturity

securities, with prudent allocations to equity holdings.

Although MICA is facing an environment of increasing claims severity and overall inflation, our financial results were strong in 2024 as evidenced by an increase to policyholders' surplus of 4.3%. Favorable investment performance enabled our Board of Trustees to once again award policyholder dividends in 2024, effectively reducing the overall cost of coverage for our members. The Board declared a \$16.0 million policyholder dividend which represents approximately 18% of premiums earned for 2024.

In addition, AM Best, the nation's leading insurance rating agency, reaffirmed MICA's "A" (Excellent) rating, a testament to our financial strength, operational excellence and commitment to our purpose.

### **Guided by Core Values**

Our values shape every decision and action we take. They serve as the foundation of our commitment to integrity, collaboration, and excellence. Through our steadfast adherence to these principles, we continue to inspire confidence among our members, employees, regulators, rating agencies, and business partners.

As we look to the future, we extend our deepest gratitude to our policyholders, Board of Trustees, employees, and business partners. Your trust and dedication fuel our mission and propel us forward. Together, we will continue to uphold the legacy and vision of MICA's founding physicians while shaping a future defined by strength, stability, and unwavering commitment to the medical community.

### **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

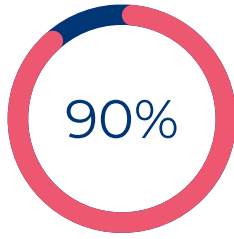


Edward G. Marley

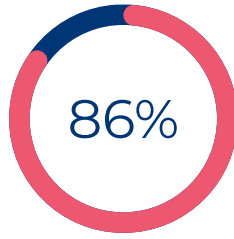
President & Chief Executive Officer

# OUR HIGHLIGHTS

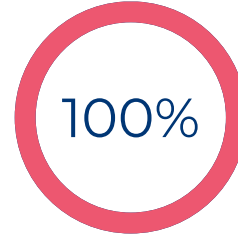
## CLAIMS EXPERIENCE



10-Year Defense Verdict Rate



Defense Verdicts in 2024 Jury Trials

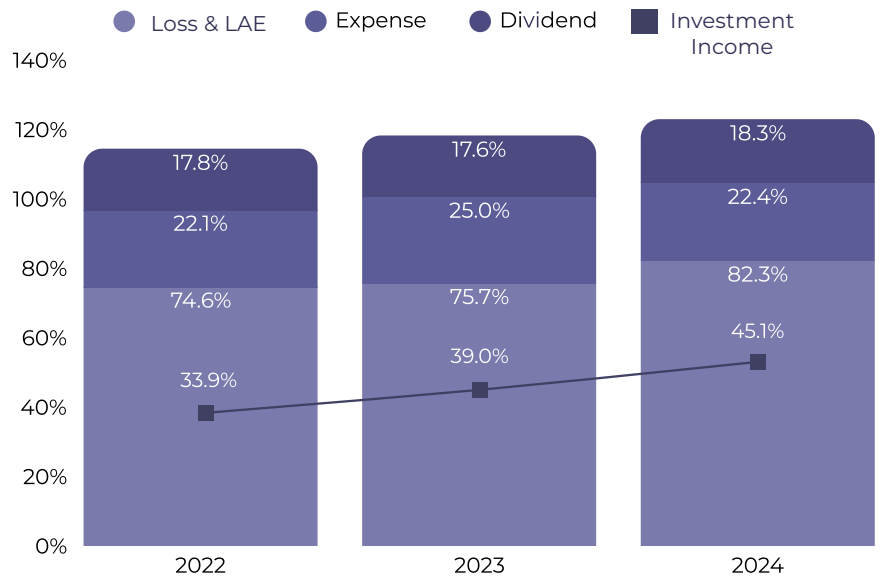


Claims Resolved With Member Consent

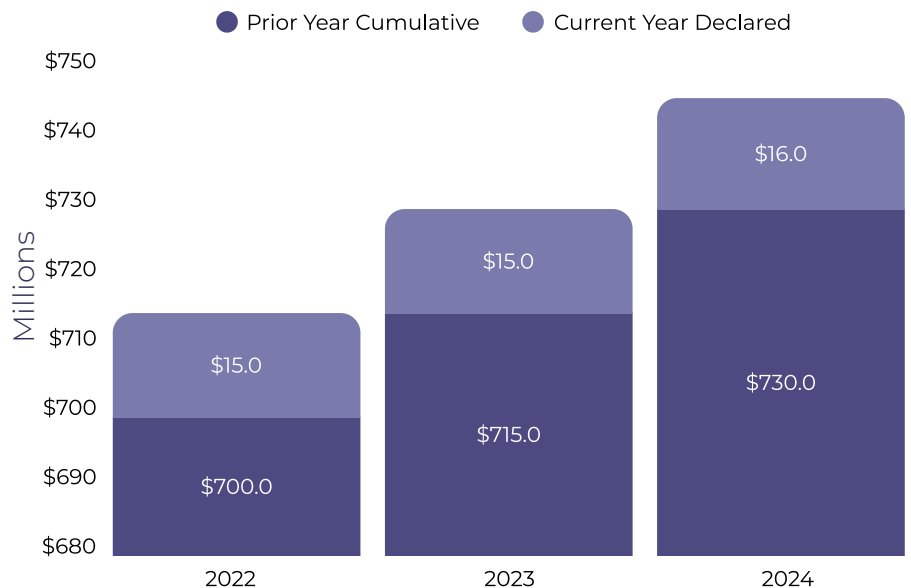


An "A" (Excellent) Rating Since 1992

## Financial Ratios as a Percentage of Net Premiums



## Policyholder Dividends



## 20 Years of Rate Stability

MICA's financial strength offers a sound foundation for keeping medical malpractice insurance rates stable through volatile market cycles, thereby providing predictability members can bank on.



## 98%+ 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.



## \$95M Returned in 5 Years

As a member-owned mutual insurance company, MICA shares its favorable financial results directly with its members through policyholder dividends, thereby lowering net insurance costs.



# FINANCIAL STATEMENTS (In thousands)

## Statutory-Basis Statement of Admitted Assets, Liabilities and Policyholders' Surplus as of December 31, 2024 and 2023

	2024	2023
Admitted Assets		
Cash and Invested Assets	\$1,223,896	\$1,172,351
Other Assets	<u>34,197</u>	<u>31,953</u>
<b>Total Admitted Assets</b>	<u><u>\$1,258,093</u></u>	<u><u>\$1,204,304</u></u>
Liabilities and Policyholders' Surplus		
Loss and Loss adjustment Expense Reserve	\$249,054	\$234,242
Unearned Premiums	99,966	101,470
Other Liabilities	<u>46,477</u>	<u>41,439</u>
<b>Total Liabilities</b>	395,497	377,151
<b>Policyholders' Surplus</b>	<u>862,596</u>	<u>827,153</u>
<b>Total Liabilities and Policyholders' Surplus</b>	<u><u>\$1,258,093</u></u>	<u><u>\$1,204,304</u></u>

## Statutory-Basis Statement of Income For the Years Ended December 31, 2024 and 2023

	2024	2023
Gross Premiums Written	\$91,403	\$87,138
Reinsurance Costs	(5,659)	(6,814)
Change in Unearned Premiums	<u>1,503</u>	<u>5,017</u>
<b>Net Premiums Earned</b>	87,247	85,341
Loss and Loss Adjustment Expense	71,822	64,573
Operating Expenses	<u>19,247</u>	<u>20,059</u>
<b>Net Underwriting Gain</b>	(3,822)	709
Net Investment and Other Income	42,730	32,873
Dividends to Policyholders	15,982	14,994
Income Taxes	<u>3,871</u>	<u>3,762</u>
<b>Net Income</b>	<u><u>\$19,055</u></u>	<u><u>\$14,826</u></u>

## MICA Board of Trustees

**James F. Carland, III, MD**

Chairman of the Board  
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Phoenix, AZ

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Vice Chairman  
Internal Medicine  
Mesa, AZ

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Secretary  
Pediatrics  
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Business Community,  
Insurance  
Scottsdale, AZ

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Managed Care  
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**Jeffrey C. Broberg, MD**

OB/GYN  
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OB/GYN  
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Cardiology  
Phoenix, AZ

**Christina M. Kwasnica, MD**

Physical Medicine & Rehabilitation  
Phoenix, AZ

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Financial Services  
Phoenix, AZ

**Marc L. Leib, MD, JD**

Anesthesiology  
Phoenix, AZ

**J. Greg Rula, MD**

General Surgery  
Mesa, AZ

**Michael A. Trainor, DO**

Orthopedics  
Las Vegas, NV

## MICA Executive Staff

**Edward G. Marley**

President &  
Chief Executive Officer

**Sherry R. Haworth**

Senior Vice President &  
Chief Operating Officer

**Kristin L. Kenny**

Senior Vice President &  
Chief Financial Officer

**Darren J. Palmer**

Vice President &  
Chief Information Officer

**Karen B. Everitt, JD**

Vice President,  
Risk Management

**Hana Kim**

Vice President, Marketing &  
Corporate Communications

**Erica J. Krobot, JD**

Vice President, Claims

**Holiday J. St Andre, SPHR**

Vice President,  
Human Resources

*I have been with MICA for my entire 25-year career working in Arizona. MICA has supported my practice and defended my patient care professionally and with an understanding of the complexities of medical care. MICA has felt like a partner, willing to return dividends when financial performance is good.*

*–Cardiologist, Mesa, AZ*

*I've been insured with MICA for several years, and their support has been outstanding. Their team is always accessible, offering prompt and thorough assistance whenever needed. Their proactive approach to risk management and efficient claims handling demonstrates a deep understanding of the challenges physicians face. With MICA's consistent financial strength and commitment to their members, I have complete confidence that me and my private practice are well-protected, allowing me to focus on providing excellent patient care.*

*–Ophthalmologist, Scottsdale, AZ*

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

2602 E THOMAS RD, PHOENIX, AZ 85016

[WWW.MICA-INSURANCE.COM](http://WWW.MICA-INSURANCE.COM)