



**new
beginnings**

New Beginnings

An annual report is meant to encapsulate a moment in time—a year with a clear beginning and a set end date. Except 2021 was a year like no other year. Instead of welcoming a definitive conclusion of the pandemic and a calm return to the world as we knew it, we found healthcare, and ourselves, amid relentless changes, having to evolve and innovate at every turn.

As we faced new and lingering effects of COVID-19 and other pressures on healthcare delivery, such as access and affordability of healthcare, health equity, behavioral health, and workforce employment trends among others—we all had to face our new reality with ingenuity, flexibility—and empathy.

Many believe healthcare will never be the same. We agree, but we believe it can evolve and be better than before! We see this period as an opportunity for new beginnings, for rebirth, and, at Coverys, as a time to build on our history of thinking beyond an insurance policy to support and protect healthcare professionals as they face new challenges and new forms of healthcare delivery.

To support this transformation, in 2021 Coverys:

- Expanded our medical professional liability portfolio with new, specialized products designed to help healthcare professionals navigate their new reality.
- Launched high-touch educational programs that considered the unrelenting pressures clinicians were facing.
- Introduced data-driven, value-added services to help healthcare organizations reduce risk and elevate their standard of care.
- Doubled down on developing value-based care risk protection services in anticipation of a return to more typical [regulatory and] market conditions in 2022.

During all this, the Coverys Community Healthcare Foundation Inc. supported healthcare professionals and our communities as they overcame unprecedented personal challenges of their own.

And we're only getting started.

Looking forward, the realities of 2021 have propelled us toward a future that can be immeasurably better than the past—more equitable, more accessible, and infinitely more human. As a leader in medical professional liability insurance and first-to-market with value-based care risk protection, we are committed to providing innovative products, services, and support to help healthcare professionals focus on delivering medical excellence. We are committed to ensuring a promising new future for healthcare.




Brenda E. Richardson, MD
Chair of the Board

A handwritten signature in black ink that reads "Brenda E. Richardson MD".



Joseph G. Murphy
CEO & President

A handwritten signature in black ink that reads "Joseph G. Murphy".

A female doctor with brown hair, wearing a white lab coat and a blue stethoscope, is looking at a mobile device. She has a professional ID badge on her chest. The background is plain white.

Insuring the
FUTURE
of healthcare.

PROTECTION FOR EMERGING HEALTHCARE DELIVERY EXPOSURES.

The healthcare industry is always changing. Never has this been more apparent than in 2021. We saw care being delivered outside traditional settings (in tents and parking lots), telemedicine booming overnight, patients postponing recommended routine checkups and procedures, and staffing shortages creating potential problems that could affect healthcare delivery for years to come.

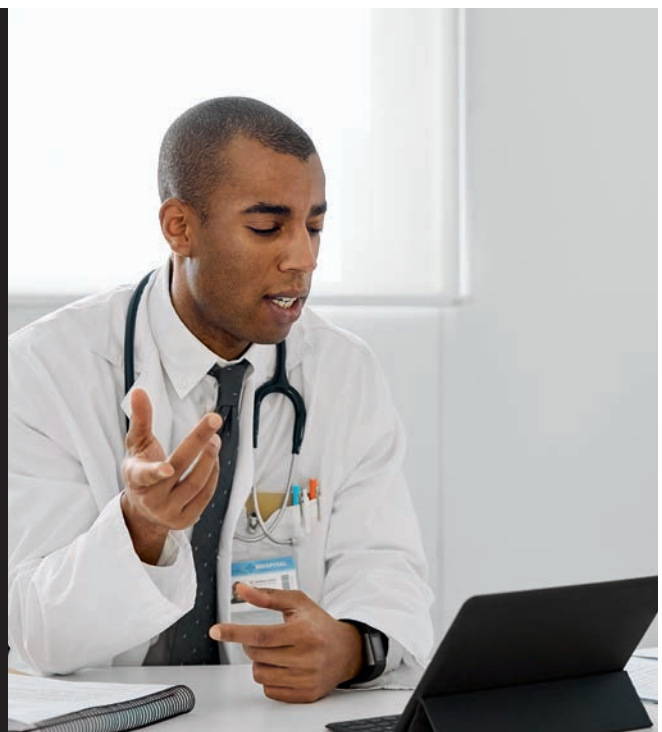
Traditional insurance may lack the appetite to address some of these risks and this is where Coverys Specialty steps in. Coverys Specialty addresses emerging healthcare delivery exposures and trends with flexible speed to market insurance coverage—at a time when hospitals, health systems, physician groups, and healthcare itself needs it most.

As an excess and surplus carrier with an A.M. Best rating of A (“Excellent”), we can tailor coverage to address these challenges as well as provide risk management services to help reduce avoidable risks.

Drawing on the combined expertise of Coverys Actuarial, Claims, Legal, Risk Management, and Finance teams, Coverys Specialty is uniquely equipped to protect healthcare providers as they face unprecedented risks.

“The benefit of Excess & Surplus lines in the healthcare industry is the ability to respond to industry changes with flexibility. For example, with the needs of Telemedicine growing, we were able to create products and services instantly to respond to the growing demand.”

SAM MEZZICH
PRESIDENT, COVERYS SPECIALTY
INSURANCE COMPANY





Going forward, certain trends in healthcare are here to stay:

- A continued growth in non-traditional healthcare delivery models—through retail medicine, at-home care, telemedicine, and apps.
- An increased use of traveling nurses—and the potential risks associated with inconsistent training and with staffing agencies that are new to the healthcare world.
- A need to address social changes and ensure diversity, equity, and inclusion are top of mind.
- A need to improve care while reducing costs.



TURNING RISK INTO

VALUE-BASED OPPORTUNITY.

“When it comes to Provider Excess Loss policies, no two are alike. With constant changes to healthcare treatment plans, high-cost pharmaceuticals, and gene therapies, you can’t simply look at what happened last year and project what’s going to happen this year. This is where our expertise and experience come in to help customize coverage for future risks.”

BETH HACKETT
DIRECTOR OF MANAGED CARE,
COVERYS VALUE-BASED CARE



While the world focused on the immediate healthcare crisis created by COVID-19, the Centers for Medicare and Medicaid Services (CMS) provided some downside forgiveness to providers in value-based care programs. However, CMS continues to drive the shift away from fee-for-service reimbursement models. With value-based care (VBC) payment models clearly in focus for the future, healthcare providers are incentivized to deliver the best care at the most reasonable cost. The COVID-19 pandemic has accelerated this shift, increasing the pressure to reduce healthcare costs across the board.

The move from volume to value has resulted in a massive shift of risk from payers to healthcare providers. From the early days of the Affordable Care Act, Coverys has helped to turn that new responsibility into an opportunity—offering innovative products and strategies that protect against the downside risks faced by healthcare providers held accountable for both the cost and quality of care.

Coverys is one of the few medical professional liability insurers to provide VBC coverage for accountable care organizations in Medicare shared savings programs. We also introduced a Provider Excess Loss and an Employer Stop Loss program in 2021 to protect providers taking contractual risk and self-funded employer health plans against high-cost claims.

Depending on the type of risk, our cross-functional team is uniquely able to customize coverage, understanding that no two risk programs are alike. Flexibility is key, and it’s one of Coverys’ unique strengths.

Going forward, as CMS continues to implement programs for more healthcare providers to assume downside risk, we expect this market to look to us for increased protection. We also continue to go beyond coverage, using our proprietary industry-leading data analytics to identify the root causes of claims. It’s a value-added service that helps healthcare practices and organizations meet the demands of value-based care: improving care, patient satisfaction, and medical and financial outcomes.

STRIVING TO SUPPORT THE HEALTHCARE COMMUNITY

Since 2013, the Coverys Community Healthcare Foundation, Inc. has been on a mission to support the healthcare community, promote healthy lifestyles, and improve patient care and safety. Never has this mission proven more important than during the COVID-19 pandemic.

We found new and innovative ways to reach and support healthcare providers and organizations in crisis. We subsidized the Schwartz Center for Compassionate Healthcare webinar series, Compassion in Action, which provided healthcare providers with evidence-based strategies for emotional and mental support.

“The Compassion in Action webinars have been so valuable. [They] have been poignant teaching tools for my up-and-coming RNs.”

NURSING FACULTY MEMBER

We had to find new and more innovative ways to promote healthy lifestyles as a quickly mutating disease changed our very way of life. We helped Summit Health Cares’ (formerly Summit Medical Group Foundation’s) Healthy Tomorrows Community Outreach and Food Health, Hope project to reduce food-related health disparities and improve biometric outcomes with measurable impact. They provided health screenings for low-income adults and enrolled high-risk individuals in educational programs while helping food pantries provide food to those most vulnerable to hospitalization and death from COVID-19.

The numbers:

11 Food pantries	1,000 Health screenings
700 At-risk enrollees	2,000 Nutritional food boxes



More than 16,000 healthcare providers from 50 states and 39 countries registered for the series. Thousands more were reached as participating healthcare systems shared the archived webinars with their employees.

We had to find new and more innovative ways to improve patient care and safety. In 2018, the Foundation committed \$3 million to fund the development of new approaches for faster, more accurate patient diagnosis. In 2021, eight of those projects were completed. To ensure that the advances that resulted from these efforts had the biggest impact, Coverys implemented the Improving Diagnostic Accuracy Review Team.

The team has already begun working with the individual grantees to select key outcomes that support diagnostic improvements for all care delivery organizations. Our goal is to guarantee that what worked in one hospital—in one community, in one region—is scalable and benefits all.

In 2021, the Foundation worked with our Diversity, Equity & Inclusion Advisory Council and Coverys staff to donate to and support organizations focused on addressing barriers to diversity, equity, and inclusion and serving underrepresented communities. In total, the Foundation provided over \$2.9 million to charities through grants, corporate donations, and the employee giving program.



The DEI initiatives included:

\$50,000

to support the National Birth Equity Collaborative.

\$40,000

to support effective and innovative services to run-away, homeless, and high-risk youth.

\$40,000

to the Will To Live Foundation, promoting awareness and prevention of teen suicide.

\$50,000

to Chinese for Affirmative Action and Stop AAPI Hate initiatives.

\$50,000

to NAACP Legal Defense Fund.

\$163,149

in Employee Giving Rewards.

CREATING A BETTER WORLD THROUGH

EDUCATION.

For over two years, Med-IQ has innovated on the fly in response to the fierce urgency of now. We developed and delivered education for healthcare professionals and the general public in a way that helped them address the impacts of the pandemic and structural inequities that gained new relevance in 2021. The ask was huge: How can we make a real difference? Med-IQ answered.

- Catalyzed by the murder of George Floyd and fueled by the harmful legacy of structural racism in healthcare, Med-IQ created the educational module, “Racism and Implicit Bias: Legacies and Applied Concepts,” outlining descriptive examples and practical tools to address the ongoing impact of structural and institutional racism on the health and outcomes of Black and Brown communities in the United States. Since its release, the program has educated over 5,200 physicians and nurses. Many have committed to taking specific actions in their practices to address the root causes of racial health inequities.
- Med-IQ partnered with Duke Health to develop a series of social media-based patient education programs designed to raise awareness of living kidney donor needs, challenges, and opportunities in the Black community. The series resulted in 1.2 million impressions, 15,000 Instagram Live views, and 3,500 engagements, including one listener who indicated his intention to connect with Duke Kidney Transplant Program about becoming a kidney donor. Data collected from the program, including community member comments, survey responses, and engagement metrics, informed the development of further education for clinicians.
- Recognizing that risk managers were under incredible stress and often learning important skills on the job, Med-IQ adapted a robust, 17-course Risk Management Development Program (RMDP) to a virtual platform that incorporates the convenience of asynchronous learning with the interactivity of synchronous discussion sessions to support professional development that flexes around job responsibilities, time restrictions, and competing priorities.
- Beginning weeks after the start of the pandemic, Med-IQ tapped into the power of social media to share up-to-date information with healthcare providers and the general population about our rapidly evolving understanding of COVID-19.
- Recognizing the disparate impact of COVID-19 morbidity and mortality on Black and Brown communities and cognizant of widespread medical mistrust in these populations, the team pivoted to the topic of COVID-19 vaccines in early 2021 and ran six live education sessions specifically for these communities, focused on combatting social media misinformation. The series was viewed more than 271,000 times and garnered over 600 comments.

Our efforts during the past two years have been informed by our vision of *Better Healthcare for All*. Going forward, we will focus on three key areas as we continue this work.

Innovation

The pandemic taught us that we needed new, more mindful ways to educate clinicians. Being at the intersection of technology, healthcare, and education, Med-IQ is uniquely positioned to meet our learners where they are now, with empathy and understanding— through innovation.

Culture

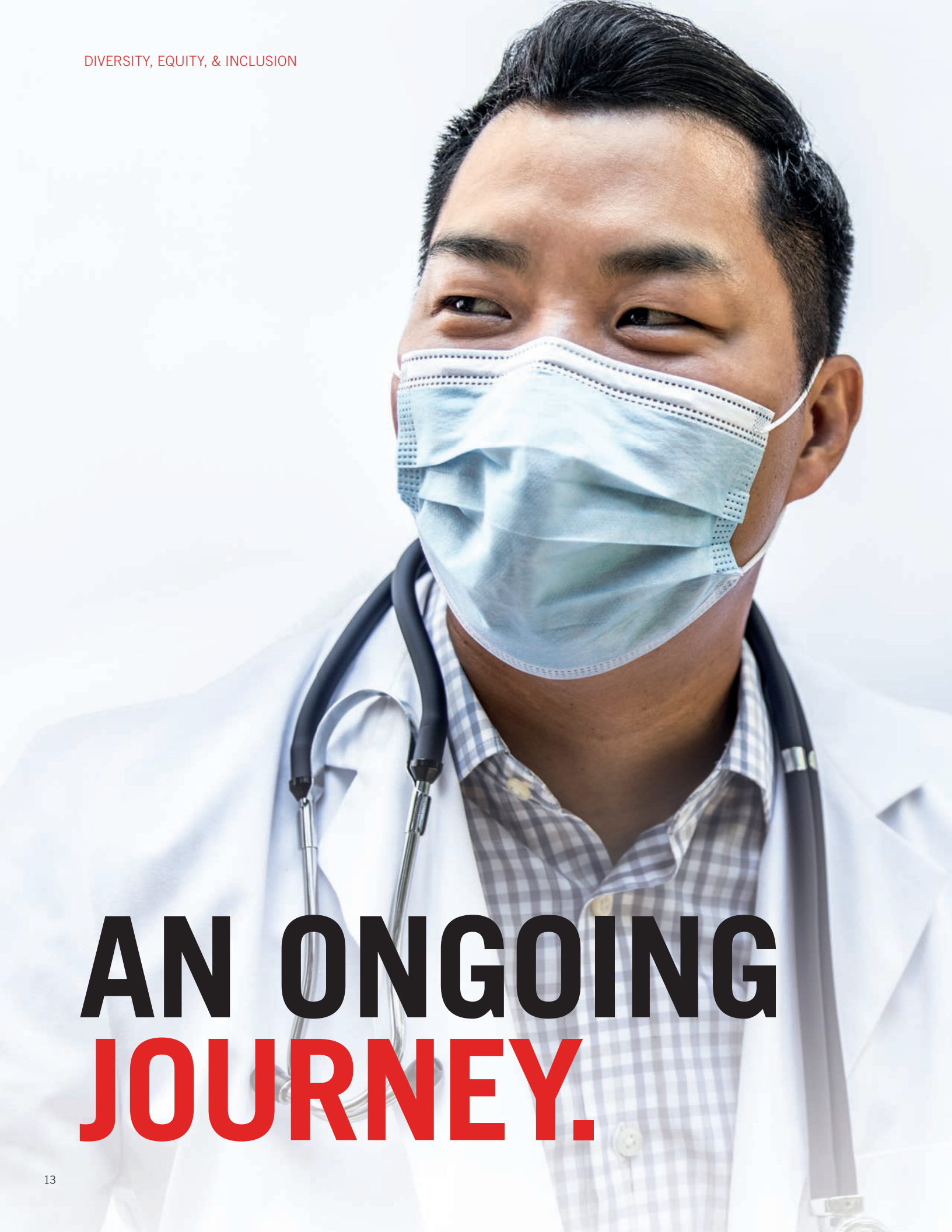
The Med-IQ and Coverys of today have both successfully emerged from integration and culture change. Our success is proof that we have the power to shape who we want to be. Diversity, equity, and inclusion are an integral part of this evolution. Our work has started, but much work remains to be done.

Educational Outcomes

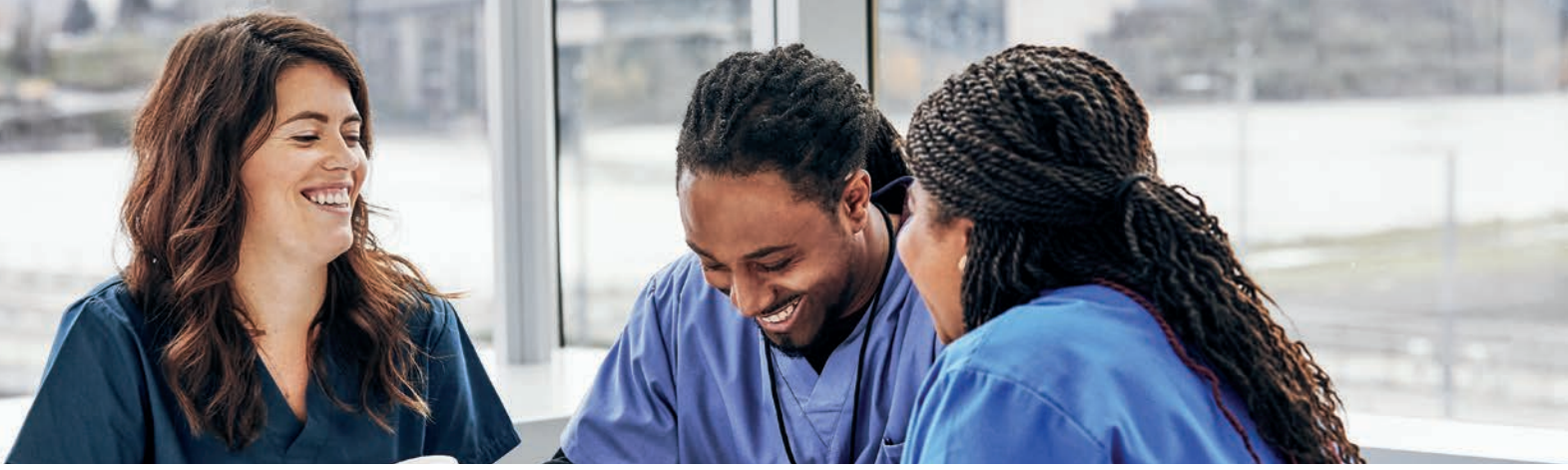
We are building frameworks and methodologies to capture data that demonstrates knowledge transfer, learning retention, practice application, and improved patient outcomes as a result of our educational programs. This data is instrumental in validating our vision of *Better Healthcare for All*.

We do not pine for a return to the normal that was. The last couple of years have forced us to fundamentally rethink our approach to helping our clinician learners address rapidly emerging issues and trends. Our goal is to assist in creating a healthcare system that's in many ways better than anything that existed before. Our mission is to continue to innovate and create what's next.





AN ONGOING JOURNEY.



At Coverys, we know a lack of inclusivity robs us of the opportunity to stay on top of new ideas and recruit the best talent. In 2020, we created a Diversity, Equity, & Inclusion (DEI) Advisory Council to help us build a culture where each and every staff member is valued for their similarities, differences, and unique experiences.

“We are at our best when we can bring who we are to work.”

JOE ZOROLA
HEAD OF DIVERSITY, EQUITY, & INCLUSION

By definition, there isn't a one-size-fits-all approach to DEI. So, in 2021, we launched the employee resource groups listed below. Others are scheduled to follow.

- The Workforce Resource Group has been particularly instrumental in helping us handle many of the challenges of 2021, including shaping our return-to-office policy, revising our benefits program, and crafting ways to improve innovation—and inclusion.
- The Black, Indigenous, and People of Color Resource Group helped us plan a more meaningful way to celebrate Black History Month, including organizing a Black History Month Town Hall around the often-overlooked topic of Black Health & Wellness.
- The Women's Resource Group drew 125 staff members from around the globe to exchange stories and ideas at its first meeting. The group hopes to empower women to overcome bias in the workplace and bring their unique skills and attributes to enhance productivity and inclusion.

Beyond 2021, our core challenge will be to develop intentional practices to integrate DEI in thought and action at all levels of the organization. This will include:

Recruiting

DEI recruiting at all levels, with training for our hiring managers to raise awareness of the unconscious hiring bias that has historically plagued our industry, as well as so many others. We are also looking at our vendors' DEI policies and making a concerted effort to seek suppliers that are committed to DEI.

Integration of DEI into our culture

In 2021, approximately 90% of our managers participated in a DEI Leadership Re-Centering program, and approximately 60% of our non-management staff participated in similar training. In 2022, we will continue to provide DEI programs to our employees, including the business case for DEI. We are also expanding our internal mentor/mentee program to provide continual support to our colleagues.

Quantifying diversity

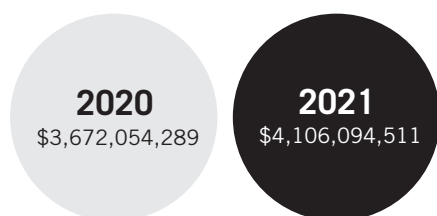
We are developing metrics to monitor diversity at Coverys as an organization. In other words, who do we want to be and how do we measure our progress?

DEI is an ongoing journey that we as a company are committed to. As the world continues to change in respect to DEI issues, we need to ensure that we evolve along with it. Part of our success with DEI is to accept that our job will never be done.

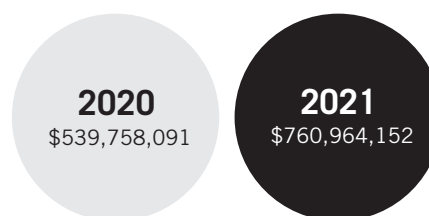
2021 FINANCIAL HIGHLIGHTS

Financial highlights as of December 31, 2020, and 2021 for all Coverys group insurance companies, including affiliated companies (Coverys RRG and Preferred Professional RRG).

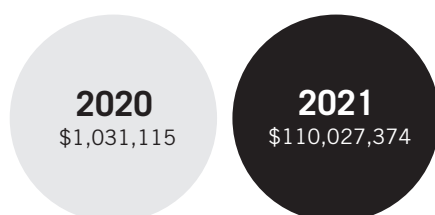
TOTAL ASSETS



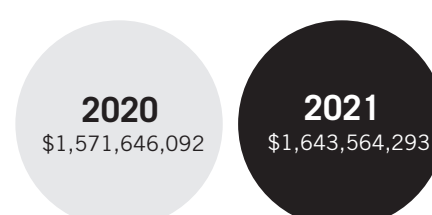
DIRECT WRITTEN PREMIUM



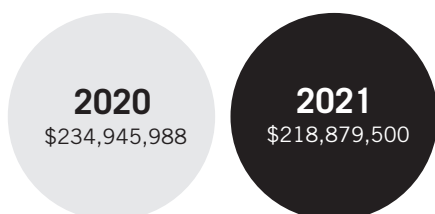
NET INCOME



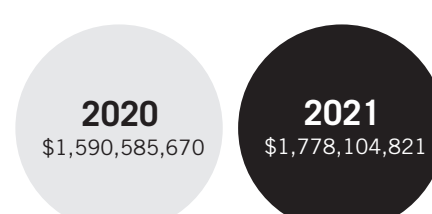
POLICYHOLDER SURPLUS



CLAIMS PAID (NET)



CLAIMS RESERVES (NET)



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Steven A. Spano
Chief Executive Officer of Coverys European Holdings

Scott E. Weber
President, Med-IQ, Inc.

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