

PURPOSE-DRIVEN

FOCUS





Moments of focus are critical in medicine—when lives are saved and patients are healed. Unfortunately, healthcare’s complexity and constant distractions can make it difficult to find those moments.

For this very reason, the Coverys mission is not only to protect healthcare professionals with insurance products, but to support them with innovative services in the delivery of quality care. We go above and beyond the insurance policy to help improve clinical, operational, and financial outcomes.

This is our purpose which drives us in all that we do. From our staff, to the resources and technology we invest in, to the service we provide our customers, we are focused on supporting healthcare professionals in the delivery of superior patient care.

We achieve this by providing:

- Data intelligence to help reduce medical errors and claims.
- Evidence-based processes to help providers enhance patient safety.
- Clinical, Risk Management, and Patient Safety education.
- Value-based care products and services to protect against the downside risk of healthcare payment reform.
- Employer stop-loss insurance for entities that self-fund their employee benefits program.

As healthcare evolves and innovates, we are here to support healthcare professionals so they are free to focus on the moments that matter most—saving lives, healing patients, and delivering new medical miracles.

These moments are in our DNA. Every day, they remind us of why we do what we do. Our purpose is clear. We’ve never been more focused on what’s to come and the development of innovative solutions to help the healthcare professionals we serve.

Brenda E. Richardson, MD
Chair of the Board



Joseph G. Murphy
CEO & President





MOMENTS OF **FOCUS**



A CUSTOMER-CENTRIC UNDERWRITING APPROACH

For the healthcare community, insurance is critical. It allows healthcare professionals to provide care without distraction, to focus on the moment at hand, and give protection in the event of adverse outcomes.

Plus, with healthcare's demands constantly shifting over the past decade, including the COVID-19 pandemic, staffing shortages, legislative reform, and the emergence of new technologies, the complexity continues to increase.

At every step, Coverys strives to support and address these needs by expanding our products and services while recalibrating our processes and technology to deliver superior risk protection and enhanced customer service both for policyholders and our agents and brokers.



Underwriting teams provide focused expertise and an enhanced customer experience.



No Customer Is Alike

Hospitals, facilities, physicians, and allied healthcare providers face unique challenges and needs. To better meet these needs, we have restructured our underwriting strategy by customer segment. This allows our underwriting teams to provide focused expertise and an enhanced customer experience. With a deep understanding of each customer's risk profile and business requirements, they can offer a breadth of insurance products—from primary, to excess and surplus lines, to value-based care risk protection opportunities that recognize our customers' unique risk profiles and business requirements.

This new approach also allows us to tailor robust risk management services and education services through Med-IQ®, a Coverys company, in a more holistic way, offering a complete menu of products and services that is uniquely relevant to each customer's needs.

Enhancing Our Customer's Experience

We launched an initiative in 2022 to create state-of-the-art customer service capabilities to improve how we support and engage with our customers. A cross-departmental task force conducted a deep systems analysis, researched best-in-class technology and resources, and developed a comprehensive roadmap to enhance our customer service unit.

In addition, we'll be able to leverage insurance and claims-related data to provide improved transparency and risk mitigation. The result will be a more personalized customer experience with tailored, flexible insurance solutions.



Next-Generation Efficiencies

Artificial intelligence and machine learning will completely transform the future of healthcare and the insurance industry. But we're not waiting. We're already embracing what's next.

Coverys is investing in advanced analytics and robotic technologies to improve customer service and operational efficiency. By pairing technology and data, we are able to rethink entire workflows and streamline operations. Our vision is to:

- Increase productivity for high-transaction departments, such as underwriting, claims, and finance.
- Support underwriting processes and augment pricing recommendations with advanced analytic models.
- Repurpose resources for greater efficiency with robotics, including using machine learning to route, tag, and manage communications more efficiently and reduce response times.

- Automate tasks, leaving more time for personalized consultations that build relationships and add value.

Implementing these end-to-end solutions will mark one of the greatest innovations for our company operations—one that benefits everyone, especially our customers. It will enhance operational efficiency and reduce costs while customers will experience responsive communications and value-added services.

It's clear that artificial intelligence and machine learning will help bring Coverys' capabilities to the next level. When we combine our industry expertise with advanced technology tools, we ensure our continued success and ability to provide superior protection and support for our policyholders and customers.



**Automated tasks
leave more time
for personalized
consultations that
build relationships
and value.**



THE FUTURE OF INSURANCE IS HERE





THE HEALTHCARE LANDSCAPE **IS CHANGING**

Our country faces increased healthcare spending coupled with relatively poor health outcomes. This is an unsustainable cost structure. As the healthcare industry seeks a more effective delivery system, value-based care (VBC) has become a growing alternative to the traditional fee-for-service payment model.

In a fee-for-service model, providers are paid for the quantity of healthcare services performed. In a value-based model, providers are incentivized by the quality and/or effectiveness of that care.

The shift to value-based care puts the patient-doctor relationship first. This helps make care more accessible, affordable, and sustainable while improving patient outcomes and the overall health of our communities.

New Models, Newer Momentum

In 2020, the COVID-19 Public Health Emergency declaration waived many requirements for VBC programs, including those for Accountable Care Organizations (ACOs) enrolled in Medicare Shared Savings Programs (MSSP) administered by the Centers for Medicare and Medicaid Services (CMS).

A significant change CMS made was to waive the requirement that participants take on downside risk, meaning that participants were not required to repay CMS for any losses sustained in the program. As a result, many ACOs chose not to purchase downside insurance risk protection.

The COVID-19 public health emergency declaration has since expired, and ACOs will again be required to share in any losses incurred by the ACO. This will increase the need for downside risk insurance protection. Other VBC programs will also resume the requirements, meaning providers will take on even more risk.

This shifting landscape in the healthcare industry has brought new momentum to the idea of a VBC model. Payers, providers, investors, patients, and technology companies are all joining in the effort. The goal of CMS is to have all Medicare fee-for-service beneficiaries in a care relationship with accountability for quality and total cost of care by 2030. Government and commercial payers are projecting increased investment in the transition to VBC, recognizing it represents the future of healthcare.

Coverys is one step ahead, actively analyzing all new CMS VBC programs to determine financial performance and program stability for participants. Through our unique blend of insurance products and analytic capabilities, we will continue to support value-based payment reform in 2023 and beyond.



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Investing in Innovation

Coverys is committed to the future of VBC risk protection products and analytic services. We completed the purchase of the remaining shares of Archway Health Holdings, LLC, and its subsidiaries (Archway) in 2022. Coverys now owns 100% of Archway.

This investment combines Coverys' experience of over 45 years protecting healthcare organizations and providers with Archway's data analytics talent and technology. This unique alignment of underwriting and analytic capabilities creates new opportunities for our agent/broker partners with VBC insurance products.

As valued-based payment reform grows, Coverys is positioned to lead the way with new risk protection insurance products and analytic services that best protect and support healthcare professionals. Our current VBC offerings include:

- **Medicare Contractual Risk Protection (MCRP):** Currently offering insurance and analytics for providers participating in the Medicare Shared Savings Program for ACOs program. This program holds participants accountable to CMS for the quality, cost, and overall care of Medicare beneficiaries. Our insurance coverage protects against the downside risk, while allowing participants to take full advantage of the financial benefits. Our analytic offerings help ACOs identify areas to improve care and performance in their contracts with CMS.
- **Provider Excess Loss Insurance (PEL):** PEL insurance covers physician groups, hospitals, and other medical providers that take contractual risk from commercial payers or government entities. It protects providers from the potential financial risks associated with catastrophic healthcare claims costs. For PEL policyholders interested in a deeper analysis of their performance, we can leverage our internal data with the group's historical claims data to analyze physician practice patterns and compare performance to fee-for-service Medicare benchmarks.
- **Employer Stop Loss Insurance (ESL):** ESL insurance targets employers who self-fund their employee benefits program. It can cover any type of employer profile and gives us a significant opportunity to expand this line of insurance outside of healthcare. Using new predictive models, we help employers reduce the costs of healthcare by transitioning to self-insurance. We optimize a health plan's performance by analyzing the plan's benefits, networks, and third-party vendors.



SOLIDIFYING OUR INTERNATIONAL PLATFORMS

The Coverys international team streamlined our international operations in 2022 to expand our global footprint. This included redefining our Coverys London underwriting model and implementing a new underwriting platform to support and grow our London-based medical professional liability business.

Coverys underwrites medical professional liability products across multiple client types and geographies. Working with specialist brokers in London, our long-standing presence in the market and excellent service levels represent a major benefit to clients. Our underwriting offering is complemented by Coverys' risk management and analytic services.

We provide solutions for our clients' complex risk requirements in excess of significant retained exposures. At the core of their services, our team of experts helps minimize their risk by offering risk management insights and patient safety education.

We offer coverage across multiple regions, including the US and multiple European countries, with ambition to extend our reach. Our products include:

- **Facilities Professional Liability**

We attract large, complex, and sophisticated risks such as US single and multi-state health systems, universities, and community hospitals that recognize the benefit of differentiating their insurance towers across multiple markets.

- **Physicians Professional Liability**

Our open-market physicians professional liability portfolio includes complex, multi-specialty physician groups.

- **International Healthcare Liability**

We offer healthcare liability coverage for facilities and physician groups in Europe, Canada, the UK, Australia, and South Africa, both on an insurance and reinsurance basis.

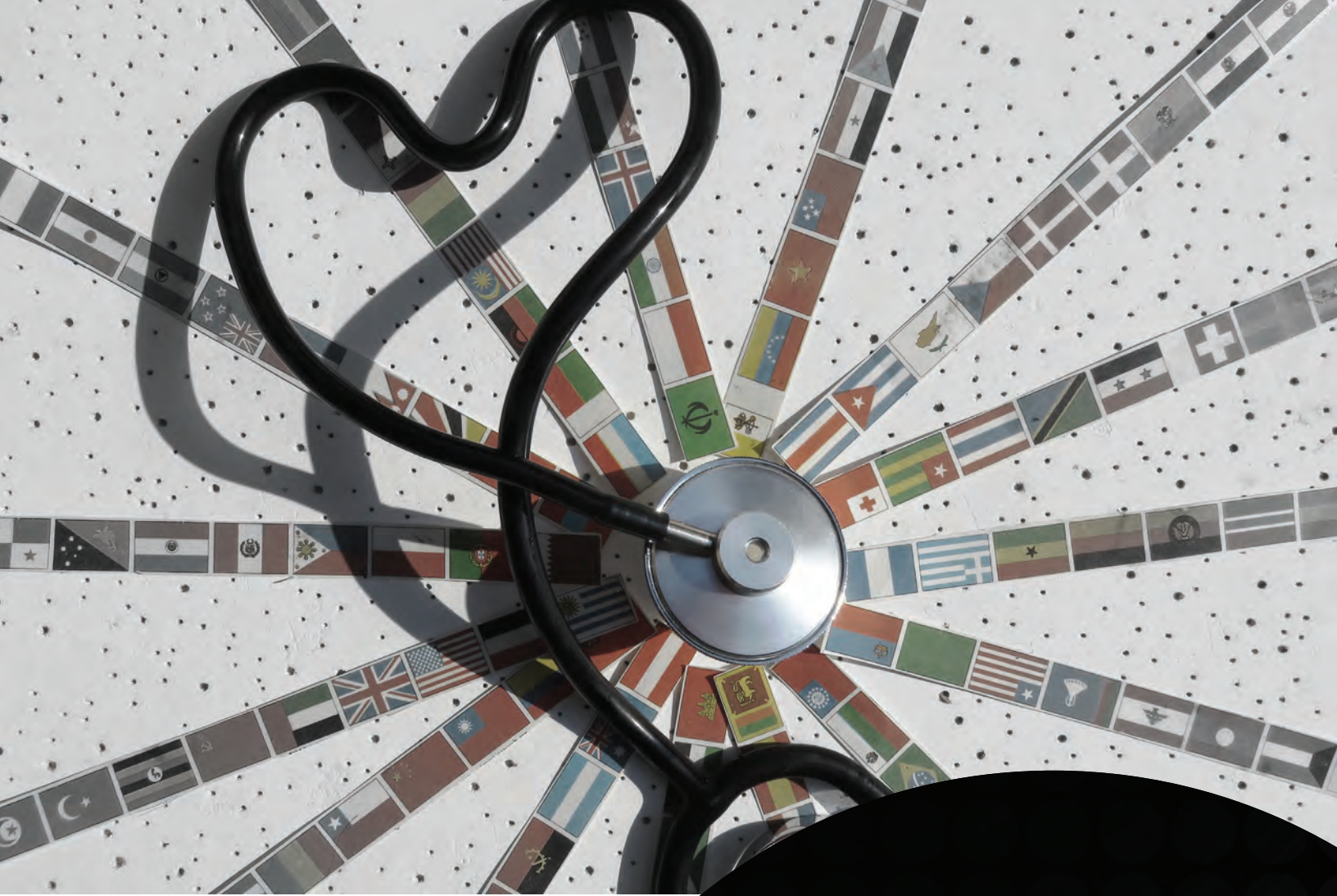
- **Policyholder Customized Risk Management & Education Support**

A key benefit Coverys offers policyholders is robust resources to reduce risk and improve patient outcomes. Educational programs are delivered by award-winning education service provider Med-IQ®, a Coverys company.

- **Coverys International Launches in Dublin**

In April 2022, we announced the launch of Coverys International Insurance Company (Coverys International) based in Dublin, Ireland. Coverys International writes a portfolio of European specialty liability business primarily distributed through the group's pan-European network of MGA companies, including Bridge Insurance Brokers in Italy, AEC Group in Italy and Brady Underwriting in Ireland.

Coverys International expanded our European risk-taking capabilities and provided our MGAs across Europe with additional insurance capacity to grow their businesses. We continue to see attractive opportunities through our managing agencies across Europe.



UNITED KINGDOM



COVERYS 

IRELAND



Brady  **COVERYS** 
INSURANCE International

ITALY



AEC  **BRIDGE** 
UNDERWRITING INSURANCE BROKER





GOING ABOVE AND BEYOND THE INSURANCE POLICY

Purpose is in our DNA. It's in everything that we do, from our services to our resources—and above all else—our people.

Every day, we hear from front-line healthcare professionals who tell us our staff empowered them during a time of need—going above and beyond their expectations. These examples remind us that what we do is about more than the policy; it's about making a difference in the lives of patients, physicians, nurses, administrators, and healthcare professionals. They drive us to work even harder to achieve our vision of better outcomes for the professionals we serve and our communities around the globe.

Our team of risk management consultants, claims representatives, and Med-IQ education thought leaders and subject matter experts strive to live this purpose every day in their conversations, meetings, and the resources and services that they provide. With collaboration, compassion, and expertise, they bring extraordinary value and support to our clients—so they are free to focus on what matters most: exceptional patient care.

Here are a few examples of our staff standing beside our customers in times of crisis, and at times, stepping up with reinforcements when needed.

Below contains references to themes of domestic violence and suicide which some individuals may find distressing.

Responding to Trauma

After treating a young mother who had been severely beaten in front of her children, a hospital asked if Coverys could help its staff process the trauma. Our risk management consultant reached out to the claims emotional support team and to our risk management leadership. By combining their resources, the two teams were able to provide virtual counseling sessions for every hospital employee impacted by the tragedy.

Providing Support When Tragedy Strikes

A surgical team struggled in the aftermath of a surgeon's suicide. A Coverys claims representative contacted our risk management team who then reached out to the organization to offer Coverys' Emotional Support Program services. Risk management then followed up with an educational session on the topic of burnout for healthcare workers.

Securing a Quote

A podiatrist had a patient with cognitive issues who accused her of overbilling him. The patient filed a formal complaint to the board for billing fraud, which caused the podiatrist to consider discontinuing practicing due to extreme stress. Our claims team and risk managers walked her through each stage of the complaint. Now the podiatrist says she feels empowered because she knows that Coverys has her back.

Dealing With a Patient Complaint

A hospital that experienced several adverse outcomes looked for help performing an on-site risk assessment and evaluation of their processes. In just two weeks, our risk manager researched central telemetry best practices; scheduled interviews with leadership, managers, and point-of-care staff; and developed a full telemetry risk assessment report.



WORKING TOWARD A **BETTER WORLD**

The pressures from COVID-19 changed how the world thought about healthcare. Tried-and-true operating procedures were no longer effective, and the world required approaches that were anything but standard. Coming together was replaced with social distancing. Doctors and patients interacting in a room gave way for virtual visits. Public health emergencies became the status quo.

The healthcare community emerged from the pandemic with new solutions—as well as new challenges—for providing access to care and improving patient safety. In the wake of this worldwide health crisis, the Coverys Community Healthcare Foundation (CCHF), Inc. revised its philanthropic strategies to support causes that are in great need.

In 2022, CCHF provided over \$3M through its giving programs and sponsorships.

CCHF relaunched its grant programs in 2022. Charitable contributions were made in response to disaster and crisis relief. In addition, CCHF continued to support a robust employee-giving program, all while strengthening Coverys' commitment to diversity, equity, and inclusion within our foundation initiatives.

The relaunch of CCHF's grant programs provided over \$1.2M in funding to support initiatives to improve healthcare and support healthcare providers. The General Grant Program provided awards

of over \$400,000 to multiple organizations for projects focused on decreasing patient fall risk, reducing hospital-acquired infections in the operating room, and improving error and near-miss reporting for healthcare providers.

A "Transitions in Care" grant was launched in August 2022. This resulted in approximately \$300,000 awarded to projects focused on proposals with fresh perspectives, data-driven insights, replicable processes, and significant potential to help improve outcomes for patients as they transition from one phase of care to the next. Projects included:

- Improving patient navigation and transportation in two hospitals.
- Implementing remote patient monitoring for heart failure patients.
- Providing simulation training for families of children with significant medical needs to help them manage emergencies at home.
- Creating a "Physician Navigator" position to help patients access medication in their neighborhoods after discharge.
- Developing a new referral pathway and dedicated social resources to help transitioning patients access their coordinated care needs outside of the hospital.

We are proud that our employees share our focus on philanthropy.

In 2022, over

191 EMPLOYEES
took advantage of corporate matches to support issues they are passionate about.





Diversity, Equity, and Inclusion

Diversity, equity, and inclusion (DE&I) remains an integral priority for both CCHF and the overall Coverys organization. CCHF funded initiatives that addressed dermatological conditions in patients of all skin colors, improving chronic kidney disease and diabetes care for underserved populations, and facilitating better access to social services for patients who may be experiencing food insecurity, transportation challenges, and difficulties accessing medication after being discharged.

OVER \$1M IN CHARITABLE CORPORATE CONTRIBUTIONS WERE MADE IN RESPONSE TO:

**THE WAR
IN UKRAINE**

**GUN
VIOLENCE**

**HOUSING
AND FOOD
SHORTAGES**

**DISASTER
RELIEF**

**SUPPORT FOR
VETERANS**

**DE&I
INITIATIVES**



2022 ANNUAL REPORT FINANCIAL HIGHLIGHTS SUMMARY

TOTAL ASSETS

2021 \$4,106,094,511	2022 \$3,991,940,609
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DIRECT WRITTEN PREMIUM

2021 \$760,964,152	2022 \$735,847,164
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NET INCOME

2021 \$110,027,374	2022 (\$52,938,670)
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POLICY HOLDER SURPLUS

2021 \$1,643,564,293	2022 \$1,478,321,513
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CLAIMS PAID (NET)

2021 \$218,879,500	2022 \$349,867,056
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CLAIMS RESERVES (NET)

2021 \$1,778,104,821	2022 \$1,828,354,142
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Financial highlights as of December 31, 2021, and 2022, for all Coverys group insurance companies, including affiliated companies (Coverys Risk Retention Group, Inc.)



Coverys Governance & Leadership

As of December 31, 2022

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Vice Chair of the Board

Michael B. Driscoll
Secretary of the Board

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John H. Gillespie

Alka Kohli, MD, MBA, FACOG

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Brian J. Spero, Esq.

Alexander Strachan, MD, MBA

Kenneth A. Heisler, MD, FACS
Chair Emeritus

Michael J. Casella
Consultant to the Board

Peter T. Robertson, Esq.
Consultant to the Board

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Chief Executive Officer*

Todd C. Mills
Chief Financial Officer

Joseph P. Sullivan, Jr.
Chief Underwriting Officer

José R. Zorola
*Head of Diversity, Equity,
& Inclusion*

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*Senior Vice President,
Business Development
& Distribution*

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Amanda D. McHale
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Insurance Company*

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Value-Based Care*

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Alternative Markets*

Dana Obrentz
*Vice President,
Healthcare Programs*

Michael A. Sibthorp
*Chief Executive Officer,
Coverys Managing
Agency Limited*

Steven A. Spano
*Chief Executive Officer,
Coverys European Holdings*

Scott E. Weber
*Interim CEO,
Archway Health*

*Medical Professional Mutual Insurance Company

