



2017 ANNUAL REPORT

**mpie**   
michigan professional  
insurance exchange™

# MESSAGE FROM OUR PRESIDENT & CEO



MICHELLE HOPPES, RN,  
MS, AHRMQR, DFASHRM  
*President & CEO*

## WHAT OUR CLIENTS SAY...

*"Best analytical report to  
drive risk reduction."*

*"When I call, they know  
my name and they know  
where I practice. The  
personal approach is  
outstanding."*

*"Claims costs have  
decreased greatly by  
partnering with MPIE."*

As MPIE enters its 30th year of business many things have changed, but the core of MPIE has not changed and that includes:

- Trusted source and partner
- Financial strength
- Experts in claims management
- Excellence in risk management and patient safety
- Returning profits to our subscribers
- Servant leadership

MPIE was formed by our subscribers and has been led by subscribers since inception. The core business strategy remains: to provide excellence in customer service, to go beyond the traditional insurance model by assisting our subscribers in achieving quality outcomes and to return all profits to subscribers.

MPIE has achieved the following:

- Aided clients in resolving claims faster than the national average
- Preventing litigation through the early resolution program
- Keeping service costs and premium rates flat or declining
- Returning on average 27% of premium back to subscribers
- High scores in client satisfaction
- Defense verdicts consistent with national averages

While many things have not changed, some have, and that includes MPIE's business model. To assist our clients in an ever-changing healthcare environment MPIE has not only responded but has advanced by implementing the following:

- Restructured the company to expand service offerings including the development of a risk management and patient safety consulting

company to advance service offerings and to support revenue

- Partnering to bring additional insurance products and service offerings to aid our clients in a “one stop shop” for all insurance and service needs.
- Expanding our “footprint” to serve our clients as they grow and change.
- Increased client base and serving 27 healthcare facilities and over 4,000 physicians.
- Revised the distribution of profits to include a Safe Practice Award providing a greater percentage allocation to those demonstrating the greatest levels of safety.

Our favorable expansion has resulted based on the Board driven strategy and by building relationships the old-fashioned way: advocating for our providers, delivering on what matters most to them, and contributing to the safe delivery of quality healthcare.

Benefits of MPIE’s expansion include:

- Allowing us to meet the changing geographic needs of insureds who practice in multiple states.
- Broadening our ability to provide higher limits to more clients and to larger clients.
- Increasing innovation in risk management and patient safety, providing greater access to best practices and leading experts.
- Greater access to data and leveraging analytics and business intelligence tools to support and speed the advance of patient safety.
- Helping us to maintain a strong financial position and ongoing return of profits.

While MPIE’s business model will continue to evolve we will take special care to stay true to our origin and to serve as a trusted resource and partner to our clients.

**95%**

*Physician retention rate*

**100%**

*Hospital/facility retention rate*

**98.5%**

*Client satisfaction*

**\$104.5M**

*Policyholder equity*

**95%**

*of eligible clients received Safe Practice Award*

**\$2.6M**

*Profits returned to clients in 2017*



## SHARING PROFITS WITH SUBSCRIBERS

MPIE is the **only** medical professional liability company in Michigan that allocates profits in subscriber savings accounts. **\$76.2 million dollars** have been returned to subscribers. This is 27% of premium returned on average!

HIGHEST  
AWARD PAID  
TO DATE

**\$416,627**



**RETURNS MORE  
PROFIT**

to doctors and  
healthcare  
organizations  
than  
anyone in  
Michigan.

TOTAL  
AWARD  
ALLOCATIONS  
TO DATE



**\$76.2 MILLION**

**SUBSCRIBER SAVINGS  
30 YEAR ANNIVERSARY**

AVERAGE  
PREMIUM  
RETURNED TO  
CLIENTS SINCE  
INCEPTION

**27%**



CURRENT  
LARGEST  
ACCOUNT  
BALANCE



**\$264,663**



**MPIE**

Michigan experts  
rewarding Michigan  
providers and healthcare  
organizations.

# PARTNERS IN *SERVICE*...

## PARTNERS IN *PRACTICE*

MPIE has been, and continues to be, a go to partner for providers and hospitals. Some insurers boast about litigation outcomes, MPIE boasts about litigation *prevention*. We have always focused on proactive approaches to aid in the delivery of best practices. We are local experts with national expertise. Our service focuses on a strong defense, claims support, and an approach to assist you in closing the gaps with broad insurance coverage.



# HEAR FROM OUR CLIENTS

"On behalf of Grand Rapids Women's Health, we want to express our sincere gratitude for all that MPIE has done to support us with a recent patient claim. **MPIE went above and beyond all expectations from the very beginning through very unusual circumstances. We recognize how unlikely that support would have been with any other carrier and we are so appreciative of your actions and protection.** The attorney assigned by MPIE surpassed all of our expectations with his professionalism, passion and knowledge. With much gratitude, we will remember MPIE's support and hard work to give us a victory. Thank you so much!!"

*~ Dawn Carpenter, CPC, ACS-OR, CMPE, Administrator, Grand Rapids Women's Health*

"How would a physician in a high-risk specialty of anesthesiology characterize the medical professional liability Insurance company that takes care of him?"

Peace of mind, covering my back, having exceptional experts, being part of an outstanding organization, having physicians I know and trust represent me in the boardroom...all expressions of how it feels to be a part of a high quality and high reliability organization like MPIE. I have been with MPIE for 28 years and have had my share of experiences where I relied on the team of risk managers and legal experts to help me weather the storm of a medical liability claim. The list is impressive: **core values and culture of physician leadership and representation, affordable rates for quality coverage, common defense to reinforce a legal front and minimize cost, peer representation on the risk assessment and claims committee, Board level involvement by medical professionals whom we can identify, and a culture of risk mitigation, engagement and education that will enhance our ability to practice and keep current.**

All admirable qualities of a medical liability insurance company right here in our Michigan neighborhood. I am proud to serve as Claims Committee Chair and as Chairman of the Board of Directors.

**MPIE - an exceptional company with exceptional talent."**

*~ Donald Jones, DO, Anesthesiologist and Chairman of MPIE Board*

"The MPIE team far exceeded our expectations before and after the transition. The level of expertise provided by the MPIE team to Sparrow Health System has been invaluable. MPIE's approach to proactive risk assessments, early claim resolution and financial management have accelerated our risk management and quality efforts. **We have quickly developed a partnership with the MPIE team and believe that this relationship will deliver improved quality and safety to our patients and caregivers. The decision to choose MPIE as our partner was the right decision for Sparrow Health System."**

*~ Paula Reichle, Senior Vice President and Chief Financial Officer, Sparrow Health System*

# STRONG LEADERSHIP

MPIE's distinguished group of board members are passionate about protecting, defending, and rewarding the practice of good medicine. Our Board of Directors comprises physicians and healthcare management executives who bring a diverse set of professional experiences and expertise to the governance of MPIE. Additional physicians and healthcare risk managers make significant contributions by serving on MPIE committees.



DONALD JONES, DO  
*Chairman of the Board  
Anesthesiology*



JOHN THROOP, MD  
*Vice Chairman of the Board  
Emergency Medicine*



TERRENCE ENDRES, MD  
*Orthopedic Surgery*



JILL FERRIS  
*Health System  
SVP Finance*



PAUL KARSTEN  
*Mental Health Services  
Chief Financial Officer*



DAVID KRHOVSKY, MD  
*Health System VPMA  
Anesthesiology*



JOHN KOETSIER, MD  
*Pediatric Medicine*



SCOTT LARSON, MD  
*Health System SVPMA  
Chief Medical Officer*



KIMBERLY MCCOY, RN  
*Health System SVP  
Chief Risk/Compliance  
Officer*



PAULA REICHLER  
*Health System SVP  
Chief Financial Officer*



SHELLEYE YAKLIN  
*Health System CEO*

# CONTRIBUTING TO SAFER HEALTHCARE

MPIE is a mission driven organization and contributes to providing the safest healthcare environment in the communities we serve. These contributions include leading medication safety initiatives, simulation methods in OB, ambulatory care process improvement, and unlimited access to national experts to aid in risk reduction.

## VISION

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MPIE will be the best choice for insurance services in our market and will contribute to providing the safest healthcare.

## MISSION

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To provide the best professional liability insurance and services to hospitals and physicians through expert claims defense and proactive risk and patient safety education, while preserving financial strength and profitability.

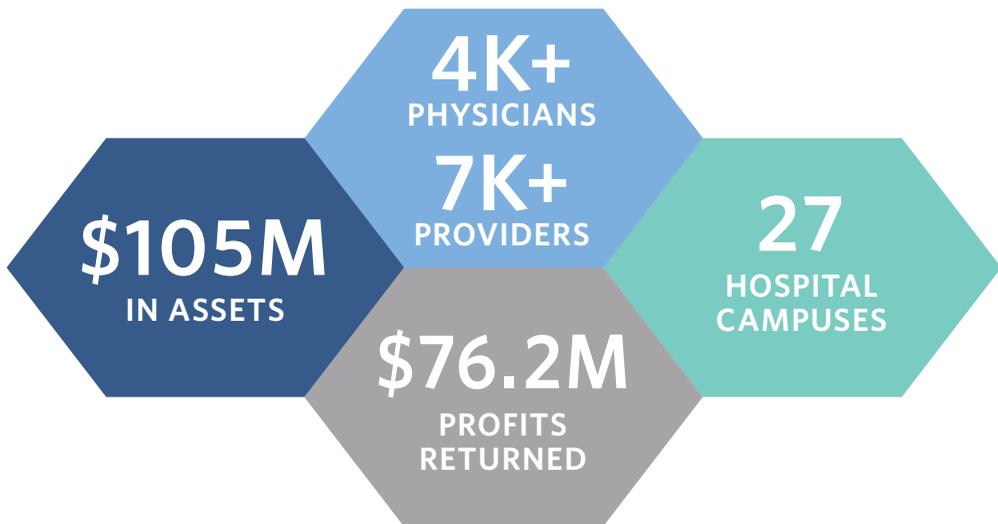


*A Michigan company,  
serving Michigan clients*



# FINANCIAL HIGHLIGHTS

<i>(Dollars in Thousands)</i>	2016	2017
<b>Total Assets</b>	\$99,073	\$104,527
<b>Net Income</b>	\$3,877	\$3,615
<b>Direct written premium</b>	\$16,667	\$18,976
<b>AM Best Rating</b>	A- stable	A- stable



## 0.34:1

### WRITTEN PREMIUM-TO-SURPLUS RATIO

*This ratio is a measure of financial strength and demonstrates that MPIE is stronger than the industry standard which is prescribed at 3.0:1 or lower.*

## 0.90:1

### RESERVES-TO-SURPLUS RATIO

*This ratio is a measure of financial stability and demonstrates that MPIE is more stable than the industry standard which is prescribed at 4.0:1 or lower.*

# COMMUNITY SUPPORT

**\$76.2M**

\$76.2 million of MPIE profits have been returned to hospital and physician subscribers. Profits remain in our own communities, rather than going to anonymous shareholders.

**\$200K+**

MPIE has donated over \$200,000 to charitable causes since 2005. These donations have been directed towards:

- advanced patient care programs
- health system foundations
- risk management education
- memorials
- community charity events





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**MPIE.ORG**