



**Success.  
Growth.  
Progress.**

**2018 ANNUAL REPORT**

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**Curi**  
A MEDICAL MUTUAL CO.

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# 01



## Message to Members

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### MESSAGE FROM CEO & CHAIRMAN

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## Dear Member,

During 2018, your company remained acutely focused on what might be described as a dual transformation. The first prong of that transformation entails the continual refinement, growth, and value proposition associated with our core business as a medical professional liability carrier. Protecting your assets, your livelihood, and your reputation remains the core of who we are, and our team wakes every day with this focus. At the same time, we recognize that the best companies maintain a healthy level of curiosity as to how their clients, in our case our members, might be better served. Accordingly, the second prong of our dual transformation entails the pursuit of new products, services, and solutions aimed at helping you in medicine, business, and life.

This dual transformation has been underway for several years, beginning with the reorganization to a mutual holding company that you approved in 2014. Since that time, we've grown our core insurance footprint along the Eastern Seaboard and are now positioned to conduct business in 46 states and the District of Columbia. This growth has come both organically as well as through merger and acquisition activity, and our prospects for additional growth haven't been better. Having said that, we have not and will not sacrifice the discipline and underwriting standards that have made this company successful over the past five decades. While our core continues to grow, we've also invested heavily into our other solutions, such as our asset and wealth management businesses, creating an opportunity to not only protect your assets but to grow those assets and help you and your family achieve and exceed your goals. This growth and diversification has clearly taken your company beyond medical professional liability and beyond the state of North Carolina.

As we reflect on 2018, it's safe to surmise that the most distinguishable and observable accomplishment was the rebrand of your company into Curi, a name that presents no boundaries as we contemplate additional growth and diversification in the years to come. Curi is the culmination of substantial research and consideration,

and reflects nicely on the curiosity that is present in our team as well as our membership base: a mutual curiosity in all aspects of medicine, business, and life. As your needs grow and change, we seek to be your trusted partner and resource, and we remain forever curious.

Aside from the rebrand and the continued growth and expansion of our services, during 2018 we made substantial investments in our team. We enhanced the breadth and depth of our leadership team in areas such as Health Policy, Digital Innovation, Strategic Growth, Human Resources, Underwriting, and Asset & Wealth Management. With these additions, we can help you make sense of the changing federal and state regulatory and compliance landscape; we can modernize our technology platforms to better engage with our membership and business partners; we can marry ideation with a disciplined process to ensure that capital and resources are allocated to the highest and best initiatives; we can continue to build and develop a talent base that enables your company to thrive for years to come; we can ensure that processes around risk selection and pricing remain current, relevant, and disciplined; and we can continue to deliver an array of investment and wealth planning solutions for you and your families.

This annual report will speak further to the strategic, operational, and financial results in 2018, all of which allowed us to award more than \$19 million through The Legacy Fund and Policyholder Dividends. Rest assured that your company remains healthy and well positioned for continued success. While we're proud of our past accomplishments, we're incredibly excited about our future and we thank you for allowing us to serve you!

Sincerely,



**A. Dale Jenkins,**  
Chief Executive Officer



**Thomas H. McCoy,**  
Chairman

# 02



## Holding Company

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**PRELUDE**

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# Curiosity got the best of us.

2018 was a year of reflection for us. Looking back, we realized we had grown beyond our original mission of protecting physicians from medical malpractice claims. Something needed a change. It was us. More specifically, our brand and name.

Our members voted in November to transform Medical Mutual Holdings into Curi—a Medical Mutual Company. A new name that reflects the constant curiosity we bring to our members every day. Although this name brings excitement and a new look and feel, we remain focused on delivering additional services, products, and opportunities to help our members in medicine, business, and life.

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**FINANCIALS**

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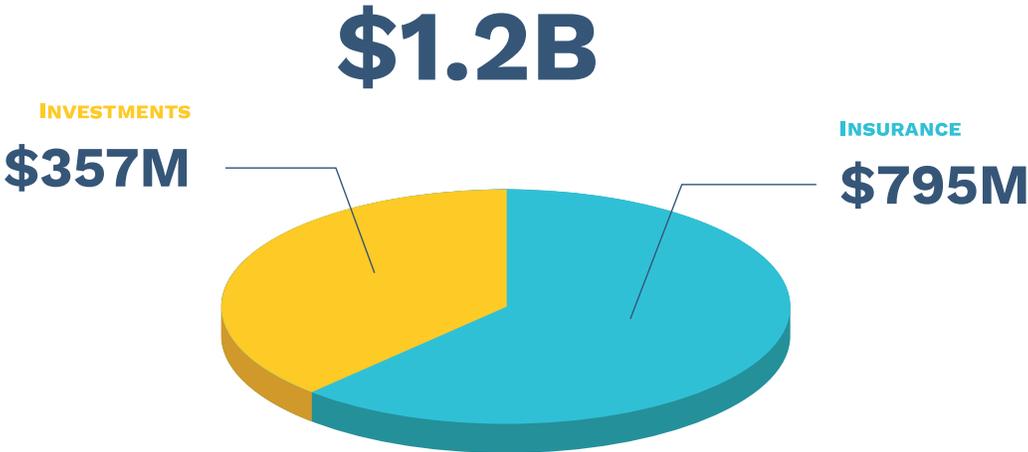
# Smarter investments. Healthier rewards.

We aim to invest our members’ premium dollars with the same care and precision they use to manage their practices—balancing risk and reward to grow their company on their behalf.

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**TOTAL ASSETS UNDER CONTROL**

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**SURPLUS**

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**\$509M**

Protecting members. Fueling innovation.

Our strong surplus helps shield us from risk and drive our innovation and growth—increasing the value of membership and diversifying our revenue streams.

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**CONSOLIDATED NET INCOME**

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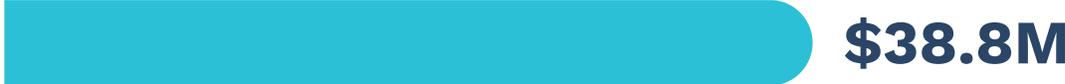
**2018**



**2017**



**2016**



**2015**



**OPERATING CASH FLOWS**

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**\$41.3M**

Steady growth starts with positive cash flow.

2018 proved to be positive for cash flow once again, helping us to grow the company for the benefit of our members, and to continue our track record of healthy Legacy Fund and Policyholder Dividend awards.

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**INVESTMENTS**

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Fully vested in you.

We diversify our investments to mitigate risk and meet our obligations to members and regulators. We spread our risk across three categories:



**CORE PORTFOLIO**

The most conservative, our core portfolio establishes our solid financial foundation.

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**SURPLUS CAPITAL**

Surplus funds are more aggressively invested to generate higher returns and fund innovation on behalf of our members.

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**STRATEGIC INVESTMENTS**

By investing a small percentage of our portfolio in other operating companies, we aim to gain a positive financial return while also gaining exposure to how other successful companies run their businesses.

# 03



## Insurance

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**SCOPE**

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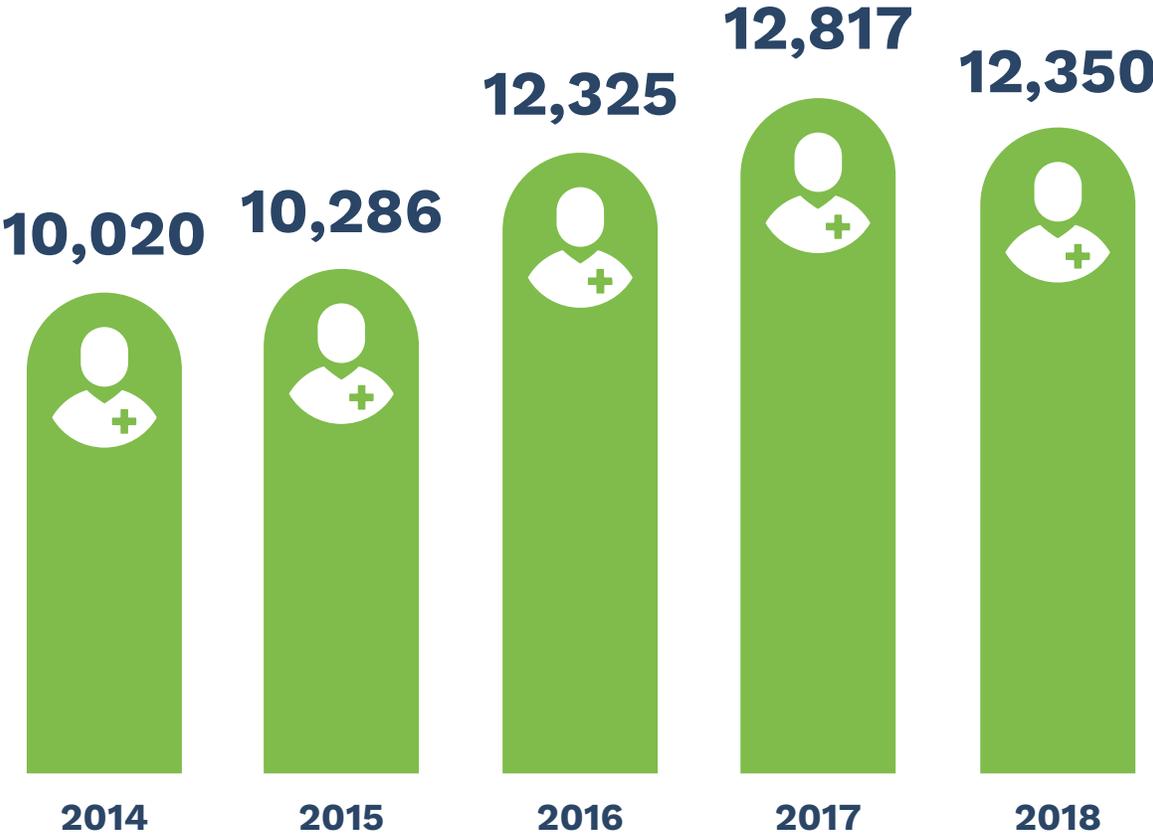
# Proudly supporting physician members every year.

We're proud to have served more than 12,000 physician members in 2018.

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**INSURED PHYSICIANS**

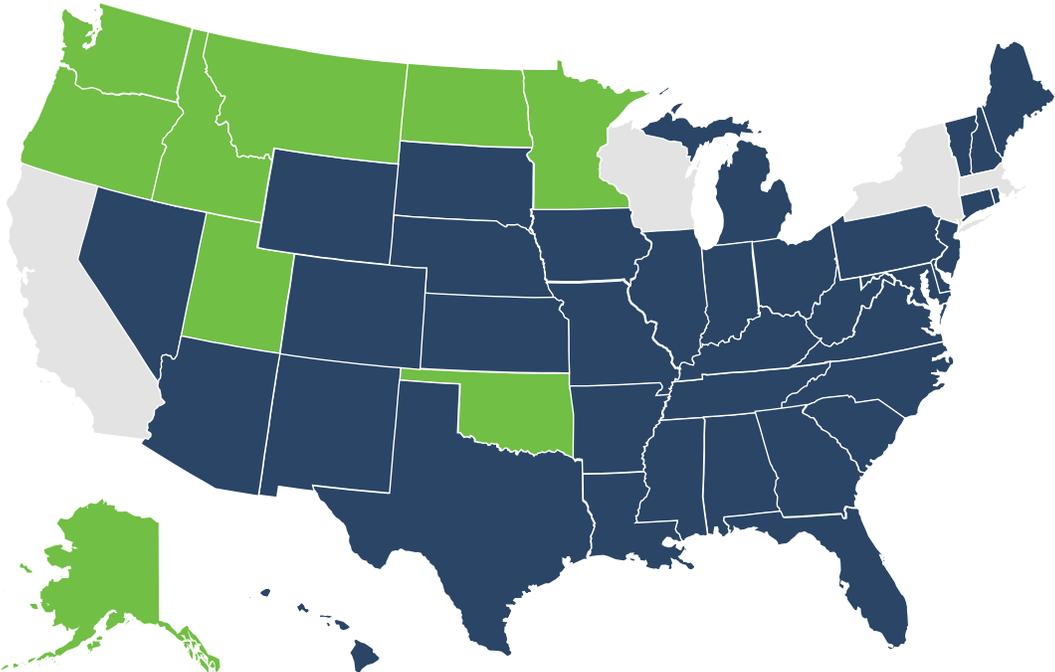
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UNITED IN HEALTH

# Now able to serve physicians in nearly every state.

We are now authorized to do business in **46 states and the District of Columbia**—expanding our reach to **nine new states** in 2018.



- |               |                  |                     |                   |
|---------------|------------------|---------------------|-------------------|
| Alabama       | Indiana          | Nebraska            | South Carolina    |
| <b>Alaska</b> | Iowa             | Nevada              | South Dakota      |
| Arizona       | Kansas           | New Hampshire       | Tennessee         |
| Arkansas      | Kentucky         | New Jersey          | Texas             |
| Colorado      | Louisiana        | New Mexico          | <b>Utah</b>       |
| Connecticut   | Maine            | North Carolina      | Vermont           |
| Delaware      | Maryland         | <b>North Dakota</b> | Virginia          |
| Florida       | Michigan         | Ohio                | <b>Washington</b> |
| Georgia       | <b>Minnesota</b> | <b>Oklahoma</b>     | West Virginia     |
| Hawaii        | Mississippi      | <b>Oregon</b>       | Wyoming           |
| <b>Idaho</b>  | Missouri         | Pennsylvania        |                   |
| Illinois      | <b>Montana</b>   | Rhode Island        |                   |

GROSS WRITTEN PREMIUM

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**2018**  
 **\$125.8M**

**2017**  
 **\$136.7M**

**2016**  
 **\$129.9M**

**2015**  
 **\$101.6M**

**2014**  
 **\$97.1M**



### CASE STUDY: PROFESSIONAL LIABILITY

## Helping those who help others.

It's not every day that a group of nearly a hundred doctors leaves the largest health system in their region to start a multi-specialty, multi-site practice from scratch. But when they do, they know that we're the partner they need to help them do it.

The new practice's leaders called us to tell us about their plans, and it was clear from the start that they were going to need more than just a medical malpractice carrier. To help prepare them for launch, our Risk Management and Health Policy groups provided them with risk management documents and guidance on policies and procedures, and we reviewed some operational policies they had drafted. As soon as the new practice was up and running, they took our Self Risk Assessment, and we used the findings to help identify which policies and procedures they still needed to implement. We even helped with regulatory and compliance issues while they recruited a full-time compliance officer, and then once they found one, we worked with her to establish a peer review program for the new practice. Not only did we share our team's expertise to help this practice get up and running, but we also helped them save time and money during a critical period.

The practice is thriving now, even in a market dominated by large health systems—and we're delighted to have played a role in helping them re-establish themselves as an independent practice.

**FINANCIALS**

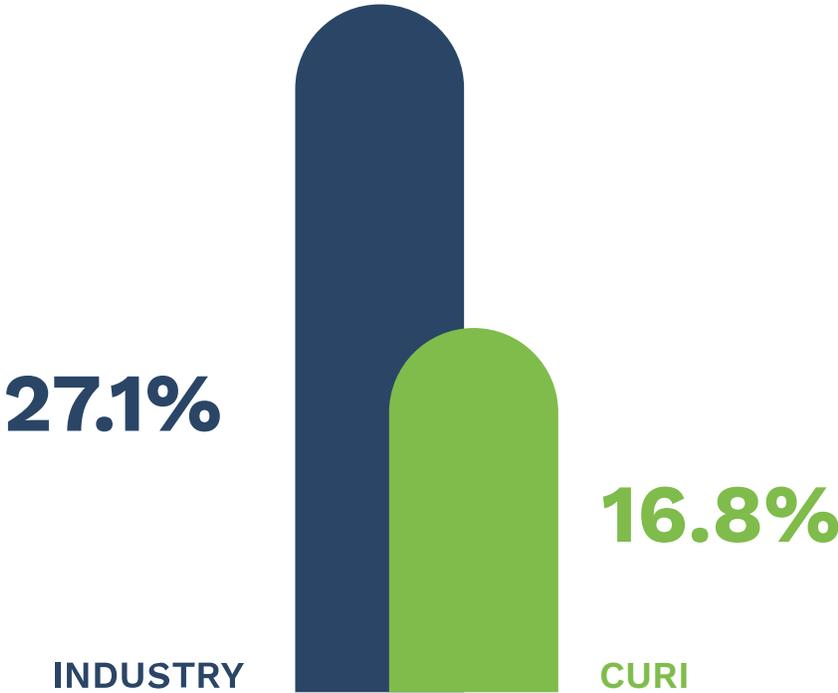
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# High expectations for low operating expenses.

We owe it to our member-owners to manage our financial resources responsibly. Again last year, our expense ratio (the amount of premium we take in relative to the cost of running the company) was one of the lowest in the industry—and far below the industry average.

**EXPENSE RATIO**

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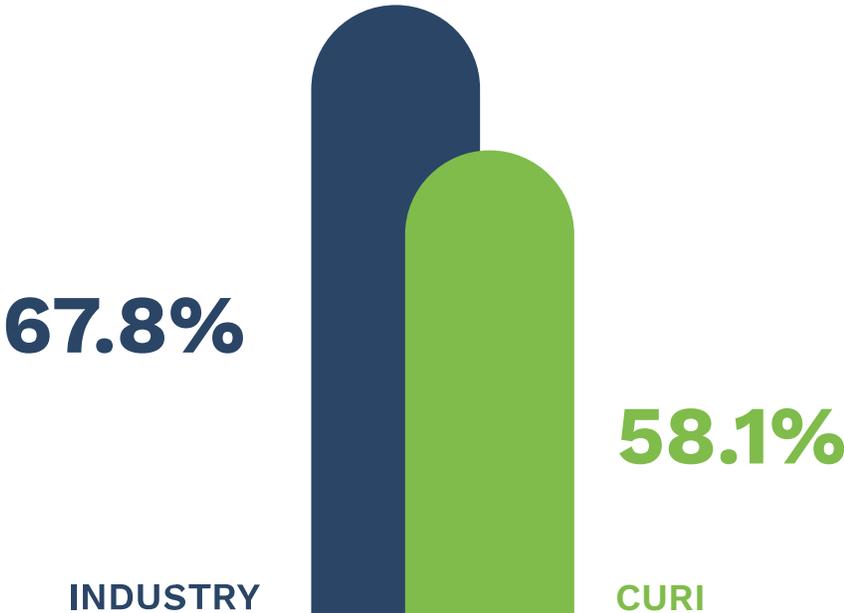


### Our low loss ratio is our members' gain.

Our loss ratio—the percentage of premium used to pay claims—was well below industry average again in 2018. We attribute this performance to our members' sound risk management strategies, as well as our commitment to underwriting only practices dedicated to quality outcomes, providing timely and relevant risk management tools, and keeping our Claims team closely engaged throughout the life of a claim.

**LOSS RATIO**

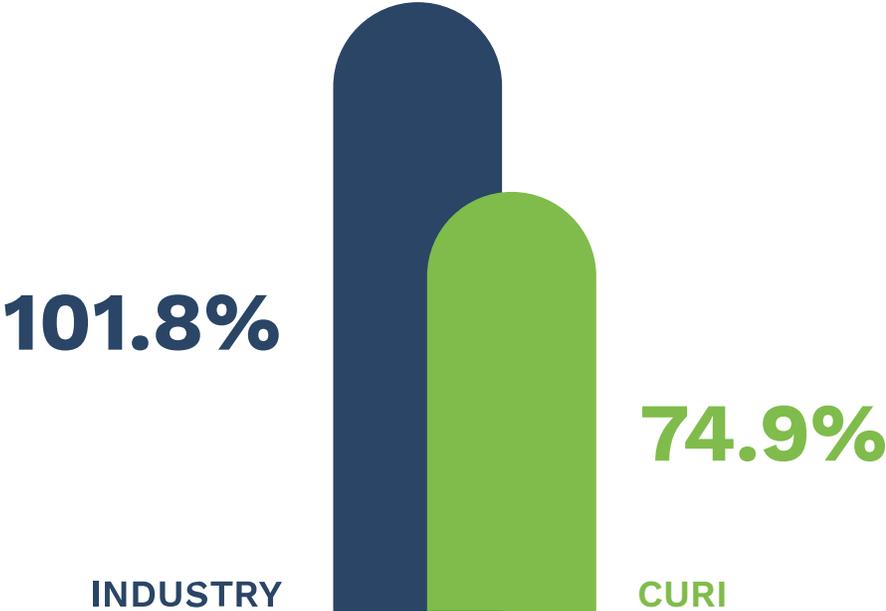
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## Reinvesting for the greater good.

Our low combined ratio (loss ratio plus expense ratio)—again one of the best in the industry—is a sign of our profitability. This enhances our ability to drive value for our members via investment opportunities, awards through our Legacy Fund and dividends programs, and expansion of our member benefits.

### COMBINED RATIO



## We've earned our "A" again.

For 15 straight years, Medical Mutual has earned an A ("Excellent") financial strength rating from A.M. Best Rating Service for our strong balance sheet, operating performance, and leadership in core markets. This was especially noteworthy in 2018, when we stayed strong while many of our competitors' A.M. Best ratings were pressured.



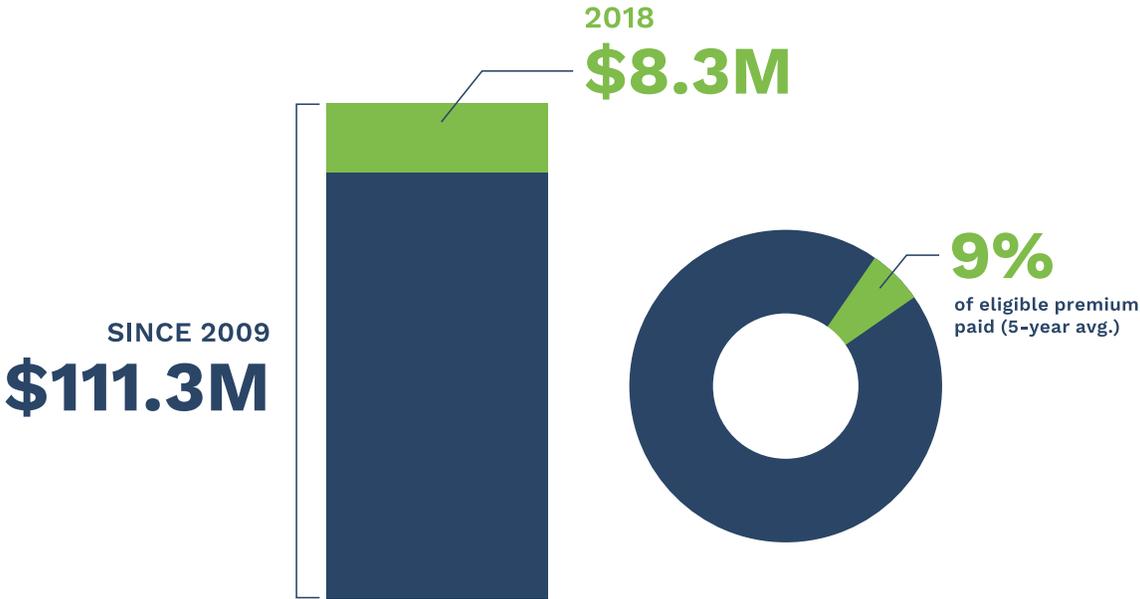
FINANCIAL BENEFITS FOR MEMBERS

# We take your investment seriously.

When members invest in Curi with their premium dollars, they receive not only outstanding protection but also an opportunity to share in the financial results of the company. Our Legacy Fund and Policyholder Dividends programs are a return on that investment. Again in 2018, we hit our goal of returning half of our net income to our members through these programs.

THE LEGACY FUND

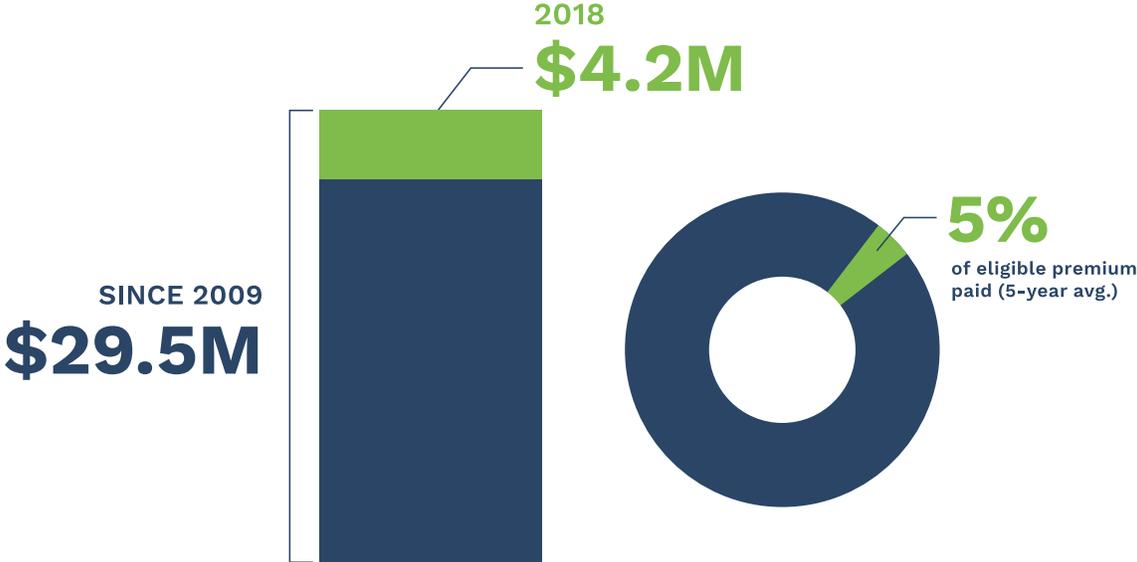
Member savings accounts that grow tax-deferred and payout upon designated events, including retirement.



**POLICYHOLDER DIVIDENDS**

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Annual cash payments to qualifying physicians.



**CLAIMS**

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# We're here for our members. Always.

A malpractice claim can be devastating, but we do everything we can to make sure it isn't. Our claims process is built to support doctors beyond what other companies do.

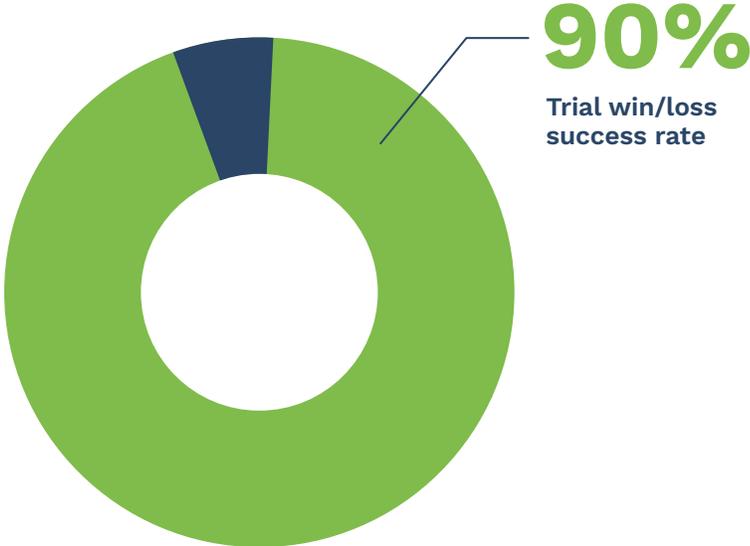
A dedicated Claims Examiner with local-market understanding works with each member right from the start of the claims process. And we stand with our members through every step of the process—from the initial suit meeting through mediation and every day of trial.

We're committed to defending good medicine. We don't have a cost-containment unit when it comes to defending claims. We don't make nuisance or convenience payments to plaintiffs or their lawyers. And we don't resolve cases prematurely or without thorough investigation. We fight for what is right for our members, every time.

**CLAIMS PERFORMANCE**

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We won the overwhelming majority of our contested-liability trials that closed in 2018.



We closed nearly all our cases in 2018 without indemnity payment.



**DEFENDING GOOD MEDICINE**

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We spent far more in 2018 defending cases than we did making indemnity payments to plaintiffs—a striking marker of our commitment to defending good medicine.



“Curi’s Claims Examiners are actively involved in every step of the process, joining me to meet with doctors and attending every important event of the litigation, including the trial. It’s like having another attorney ‘second chairing’ with me.”

—Dominic DeLaurentis, Jr., Esq.  
Founder, Stahl & DeLaurentis, P.C.  
Runnemede, NJ



### CASE STUDY: CLAIMS

## Protecting you when it gets personal.

Experiencing a medical malpractice trial can be one of the most traumatic experiences of a physician's life—and going through two in one calendar year has the potential to be utterly devastating. That's the situation one of our member OB-GYNs faced in 2018. The stakes couldn't have been higher, but thanks to our commitment to devoting the resources needed to defend good medicine, the doctor received two defense verdicts seven months apart and is again able to devote her full attention to caring for her patients.

In one of the cases, a child was born at term with shoulder dystocia and was ultimately diagnosed with a brachial plexus injury. The plaintiff alleged that our member physician mismanaged the labor and delivery, and asked for \$700,000 in damages. In the other case, a child was born at 30 weeks with cerebral palsy and neurodevelopmental delays. The plaintiff in this case accused the OB-GYN of failing to perform a timely C-section and sought \$10 million.

Our initial defense expert reviews indicated that liability was doubtful in both cases, so we assembled the teams needed to bring them to a successful conclusion. In the first case, seven physicians provided expert support for the defense, and in the second case we retained nine expert witnesses on behalf of our member. Both cases were defended by the same attorney, one of the most accomplished defense attorneys in her state and a longtime winner of the “Super Lawyer” award. Our Claims Examiners attended every day of trial. We ultimately spent nearly a million dollars to defend the two cases.

Both juries returned defense verdicts in less than seven hours. The positive outcomes put an end to a trying time for the physician and allowed her to return to doing the work she loves. While other insurance carriers are trimming costs in the claims process, we instead are doubling down on our commitment to defending good medicine and helping our members preserve their livelihoods and reputations.

“

Curi manages cases the right way. They are hard-nosed when the defensible case needs to be tried, even when doing so appears difficult. Their team approach to defending their members makes them a pleasure, even a privilege, to work with.”

—Byron J. Mitchell, Esq.  
The Mitchell Law Group  
Fredericksburg, VA

### RISK MANAGEMENT

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## Reducing risk empowers care.

Our Risk Management tools and resources help physicians reduce risk, increase patient safety, and comply with federal and state law.



**SITUATION-SPECIFIC  
HANDBOOKS AND  
TOOLKITS**



**WEBINARS,  
SEMINARS, AND LIVE  
PRESENTATIONS**



**RISK ASSESSMENTS,  
WITH DIRECT ACCESS TO  
RISK CONSULTANTS**

## Our physicians never stop learning. Nor do we.

Our webinar series enables member physicians to achieve continuing medical education (CME) credits at no additional charge.

Physicians who take part in the webinars are awarded **AMA PRA Category 1 Credits™**, while non-physician health care professionals receive a certificate of participation.



### CASE STUDY: RISK MANAGEMENT

## Going beyond managing risk.

While many other companies' Risk Management functions can be content to simply offer guidance about how to limit clinical risk in a practice setting, we take a far more comprehensive approach to managing risk—going beyond clinical risk alone to incorporate operational, regulatory and compliance, and financial risks as well. This approach served us well when multiple practices approached us last year seeking support for their plans to offer a completely new service line.

The two orthopedic practices were looking to begin performing office-based kyphoplasty, a type of minimally invasive surgery used to treat a spinal compression fracture, which had traditionally been an outpatient procedure performed only in surgery centers and hospitals. They reached out to one of our Risk Consultants for support thinking through the steps they needed to take to do so.

Our Risk Consultant began by researching kyphoplasties and the risks associated with them, what the practices would need to do to make their offices safe for the procedure, and what policies and procedures they'd need to put in place to perform them. She also coordinated with our Underwriting team to understand whether the procedure would be covered by the practices' existing medical professional liability policies. We then worked with them to develop new procedure-specific informed

consents and policies and procedures, and we helped them establish a path toward becoming accredited to perform the procedure in-office.

The practices are now performing kyphoplasties in their offices and are working toward accreditation—thanks in part to the comprehensive support offered by our Risk Management team.

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**HEALTH POLICY**

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# Staying informed in health policy.

We added a dedicated Health Policy function for the first time in 2018, to help our members and our internal team keep up with the constant changes in federal and state laws and regulations. Our health policy offering works in partnership with physicians and practice administrators to find solutions that allow them to focus on patient care without neglecting the intricacies of managing their businesses.

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**MEMBER BENEFITS**

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# Comprehensive support starts here.

Our insurance services are made up of more than just a policy—our comprehensive suite of member benefits help practices operate efficiently and effectively every day.



**DYNAMED PLUS**  
Full access to a leading point-of-care clinical information tool

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**CYBERSECURITY COVERAGE**  
Protection against network security and privacy exposure risks



### **BROAD REGULATORY COVERAGE**

Additional regulatory and compliance protections

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### **ALTERNATIVE RISK**

Support for larger practices looking to increase control over their insurance program and effectively self-insure

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### **REGULATORY COMPLIANCE SUPPORT**

Programs to deal with regulatory hurdles such as MIPS and MACRA, Open Payments, and state and federal exclusion lists

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### **COMMERCIAL INSURANCE**

Access to property and casualty insurance and related risk management services through our partnership with Sentinel Risk Advisors

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### **HR|EXPERTS**

An on-call, dedicated human resources consultant available for member inquiries and timely HR education

“

“As a healthcare provider, it has been extremely helpful for me to be able to reach out to [HR Consultant] Dee Brown. She has been an excellent sounding board and resource, and her advice has been ‘on point’ and always relevant. It makes a big difference to me that Dee is available as part of the services you provide. The relationship and the support I have received from Dee further reinforces my choice to stay with you as one of your insureds.”

—Dr. Georgia Tetlow  
Philadelphia Integrative Medicine  
Wayne, PA

# 04



## Capital

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### **CAPITAL**

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# Helping you build true wealth, however you define it.

Our wealth management company and our affiliated asset management firm strive to offer best-in-class wealth management guidance, retirement plan solutions, and access to off-market, institutional-grade investment opportunities.

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### **PRIVATE WEALTH**

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# Making wealth truly personal.

Every client has different financial goals, needs, and preferences. By working closely with our clients, we help them meet their goals with a tailored, holistic approach.

### **OUR WEALTH MANAGEMENT & FINANCIAL PLANNING:**

- Investment management and asset allocation
- Private market access
- Retirement planning
- Estate planning
- Education planning
- Legacy and gifting



## Investing in relationships.

Sometimes there's more to building a financial plan than simply setting goals and establishing the right vehicles to meet those goals. Take the situation a member of our Private Wealth team faced last year, when he was approached by a physician in North Carolina who'd been both a long-time insurance customer and an investor in our real estate and private equity offerings. This doctor and his wife were looking to build out a financial plan to carry them through the last few years of their careers and into a successful retirement.

Once we had the chance to look at the couple's financial statements, we noticed that more than half of their holdings were in extremely high-commission financial products—and that they were paying substantial fees they didn't even know about to their existing advisor.

Our mission was clear: work with the couple to build a new financial plan and investment portfolio that maximized their investments while minimizing burdensome fees, and set them on a new footing toward the retirement they'd been planning for. We also took it upon ourselves to educate the couple about how to identify hidden fees and rate different investments—so much so that they are now deeply engaged in the financial planning process.

There may not be financial literacy classes in medical school, but our Private Wealth team is there to help doctors and others work toward their goals and achieve true wealth, however they define it.

### RETIREMENT PLAN SOLUTIONS

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## Retirement is a team effort.

2018 saw the creation of our new Retirement Plan Solutions offering, designed to help medical practices build the right retirement plans for their team, while helping them invest wisely and mitigate risk.

### OUR RETIREMENT PLAN SOLUTIONS INCLUDE:



**FIDUCIARY PROCESS  
MANAGEMENT**



**INVESTMENT  
MANAGEMENT**



**EMPLOYEE  
ENGAGEMENT**



**SERVICE PROVIDER  
MANAGEMENT**



**TARGET DATE FUND  
CONSULTING**



**PLAN DESIGN  
OPTIMIZATION**



### CASE STUDY: RETIREMENT PLAN SOLUTIONS

## Helping our members prepare for the future.

Running a practice is complicated, but setting up a retirement plan for your employees doesn't have to be. That's where our Retirement Plan Solutions team comes in.

Last year, a primary care practice in North Carolina that we've insured for almost 20 years came to us looking for help. Their existing plan was underserved by its existing record-keeper, offered a complicated mix of investment options, and had a suboptimal design that made it hard for some employees to save as much as they wanted to.

We helped in a few different ways. First, we took the practice through a process to find a new, more accessible service provider that was able to reduce total administrative costs by roughly 25%. Then we put a more coherent fund lineup in place based on what we consider institutional-quality best practices, mapped the old lineup to the recommended new lineup, and established a process for semi-annual evaluation of the investments. Finally, we adjusted the plan design to make it more capable of supporting full participation by all employees.

We're not just an investment advisor to our retirement plan clients—we're a full-service consulting partner.

### REAL ESTATE FUND

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# The Real Estate Fund

Our Real Estate Fund makes diversified real estate investments in the Southeast and Mid-Atlantic, and has so far invested approximately \$70 million across 11 transactions.

- Seeks to build a Southeast real estate portfolio that is more diversified than most investors can assemble independently
- Finds proprietary off-market deals through our own network
- Tailors investment structures to the needs of each deal, seeking to preserve upside while mitigating identified risks
- Aims to generate current income that can be distributed to investors quarterly

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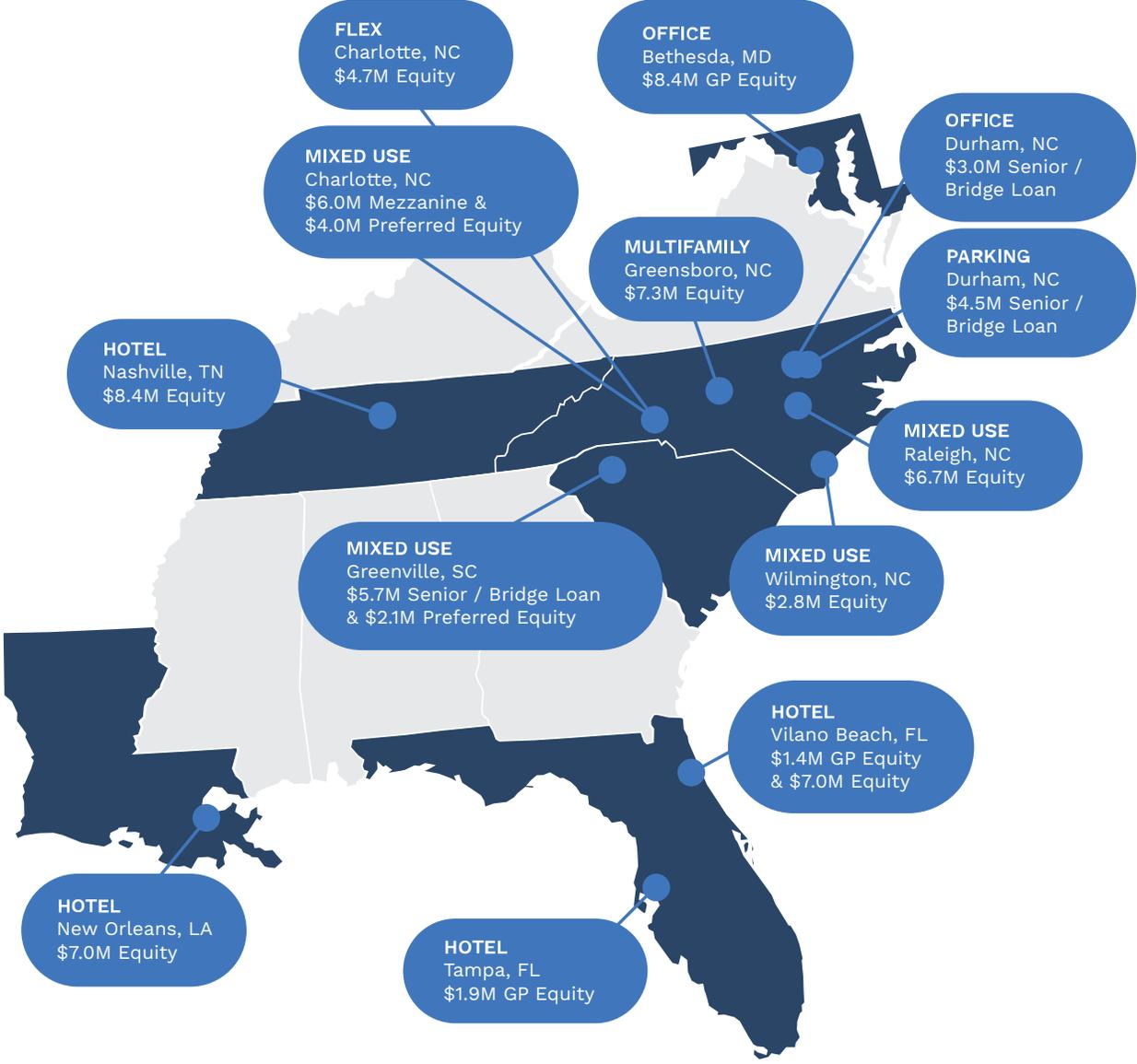
### COMMITMENTS

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# \$107,295,000

Commitments are made up of the first Real Estate Fund and the first closing of the second Real Estate Fund, which was completed in December.

INVESTMENTS



### PRIVATE CREDIT AND EQUITY FUND

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# Private ownership that gives your portfolio long-term strategic diversification.

We launched our Opportunity Fund in 2018, giving qualified investors the ability to join us in investing in growth-oriented middle-market businesses. Private credit and equity strategies like this have historically outperformed comparative public market strategies, making them an attractive investment strategy to help diversify investors' portfolios.

#### INVESTMENTS:

- Pondera Solutions—A software-as-a-service company that combats waste, fraud, and abuse in government programs
- Counter Culture Coffee—A roaster of specialty coffee beans

#### THE OPPORTUNITY FUND:

- Makes debt and equity investments in privately held companies
- Generates current income from interest-yielding debt investments that can be distributed to investors quarterly
- Provides the potential for enhanced returns through equity investments
- Builds a diversified portfolio of growing, market-leading businesses
- Offers access to proprietary investment transactions

### ASSETS UNDER ADVISEMENT

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**\$336.6M** as of 12/31/18

Assets under advisement include assets managed by SharpVue Capital and advisory-only assets. Assets under management were \$160.6M as of 12/31/18.

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### INDIVIDUAL ACCOUNTS

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#### REAL ESTATE



#### PRIVATE WEALTH



# 05



## Outlook

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### OUTLOOK

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# The best is yet to come.

While we saw great success in 2018, we're ready for an even more exciting 2019. We believe there's never been a more important time to stand for doctors and those who support them. With our new Curi brand, we promise to remain curious for our members to help them in **medicine, business, and life.**

We couldn't be more excited about where your company is headed. Becoming Curi better reflects who we are and sets us and our members up for a great future together.

**Curious to know more about Curi, Curi Practice Services, and Curi Capital?**

**Visit [curi.com](https://curi.com).**

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## END NOTES

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### Disclaimer.

All insurance products and services are provided by licensed insurance companies that are subsidiaries of Curi Holdings, Inc. Not all insurance products and services are available to all persons in all states. Not all Curi affiliated companies are mutual companies, and not all Curi members are insured by a mutual company.

This material is not financial advice nor an offer to sell any product. No assurance can be made that profits will be achieved or that substantial losses will not be incurred. All investments involve risk including the loss of principal. The investment strategies discussed may not be suitable for all investors. Investors must make their own decisions based on their specific investment objectives and financial circumstances. This is not an offer to sell, or a solicitation of an offer to purchase an interest in any investment fund. Such an offer will be made only by means of a confidential private offering memorandum relating to a particular fund.

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