



Standing With Our Members

2019 ANNUAL REPORT



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01



Message to Members

MESSAGE FROM CEO & CHAIRMAN

Dear Member,

As we write this message about Curi's 2019 performance, the medical profession is facing one of the most profound challenges it has ever confronted: the COVID-19 pandemic. Many doctors are heroically putting themselves in harm's way to care for their patients, while others are seeing a dramatic drop in patient visits that leads them to pause—or even shutter—their practices. A deep uncertainty about physicians' health and financial future hangs over everything they do today.

Curi has stepped in to help our members face this challenge in every way that we can. Among other steps, we have put a hold on premium collection; built out a robust library of COVID-specific tools and resources; and shared vital information about the disease through a new online portal, daily member emails, and a webinar series.

It's clear to us that a big part of why Curi is in such a strong position to give you the support you need to weather this crisis—and, we hope, even thrive in the future—is the work we did in 2019 to adapt your company to the changing world around us. We didn't just take on a new name when we rebranded last year; we also fully reshaped ourselves into an organization that is purpose-built to help physicians in medicine, business, and life.

In the report that follows, we'll go into detail about our success last year in driving value to you, our member owners. We continued to deliver outstanding financial results, across the enterprise; we refined our strategy and introduced the right brand to represent that strategy; we built out a robust wealth management solution and staffed it with the right team to meet your unique needs; and we got to know our members better than ever before.

Since we were founded in 1975, our promise to our members has been that we will stand shoulder to shoulder with you when you need us most. We're proud of the work we did in 2019 to help us deliver on that promise, grateful to be able to serve you and count you as part of our community, and hopeful about what we'll be able to do together in the future.

Sincerely,



A. Dale Jenkins
Chief Executive Officer



Robert E. Schaaf, MD
Chairman

BOARD OF DIRECTORS

Robert E. Schaaf, MD

Chairman and President
Radiology
Raleigh, NC

Chris M. Teigland, MD

Vice Chairman and
First Vice President
Urology
Charlotte, NC

A. Dale Jenkins

Chief Executive Officer
Raleigh, NC

Martha Chesnutt, MD

Internal Medicine
Rocky Mount, NC

E. Hunter Dyer, MD

Neurosurgery
Charlotte, NC

Jeffrey Forman, MD

Pulmonology
Suffolk, VA

Thomas H. McCoy, MD

Orthopaedic Surgery
Summerfield, FL

Michael P. Moulton, MD

Emergency Medicine
Wilmington, NC

Scott Shapiro, MD

Cardiology
Abington, PA

Caroline Wilds, MD

Internal Medicine
Charlotte, NC

02



Curi Holdings

REBRANDING

More than just a new name.

After doing business as Medical Mutual Insurance Company of North Carolina for more than 40 years, we officially introduced ourselves to the world as Curi in April of 2019.

This rebranding represented far more than a name change alone. Becoming Curi gave us the platform we needed to go beyond offering medical professional liability insurance and financial services. In 2019, that meant connecting practices to employee benefits and property and casualty insurance, our well-being offerings, and health policy and regulatory support—and we promise that this is only the start.

We're as restless in support of you as you are in support of your patients. As the world continues to change around you, we'll keep adapting as well, with new offerings and opportunities to help you and your practice thrive.

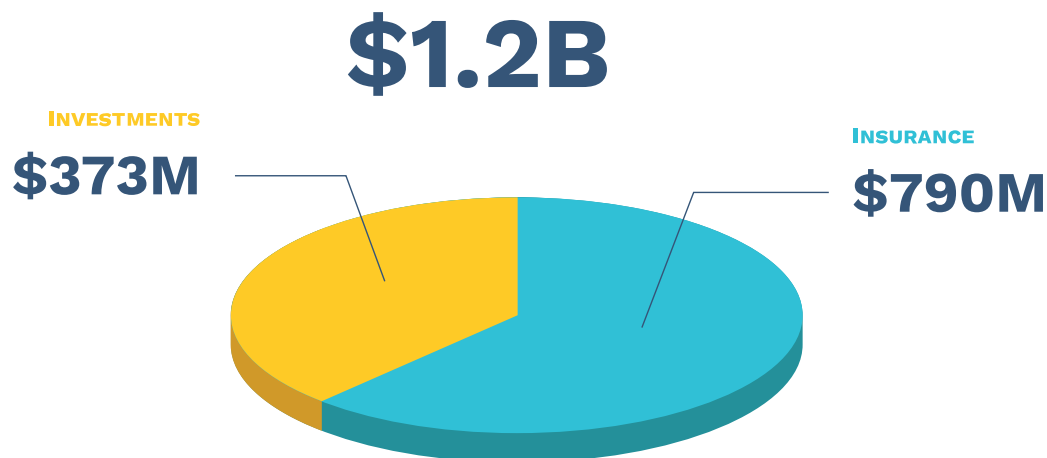


FINANCIALS

Investing for growth.

Our members entrust us with their premium dollars, and we take that trust seriously. We balance risk and reward in investing those funds, in support of our ultimate shared goal: helping your company grow and thrive.

TOTAL ASSETS UNDER CONTROL



SURPLUS

\$573M

Protection and innovation.

A strong capital position means we don't have to compromise in the defense of good medicine, in the continual pursuit of operational excellence, or in the creation of innovative new products and services to strengthen our most valuable asset—our members.

CONSOLIDATED NET INCOME

2019



2018



2017



2016



2015



OPERATING CASH FLOWS

\$32M

Strong cash flows. Strong rewards.

Thanks to prudent underwriting and diligent investment management, 2019 was another positive year for cash flow. This helped us fund our growth and give our members a return on their investment in Curi via Legacy Fund and Policyholder Dividend awards.

INVESTMENTS

Investing for our members.

Our investment strategy is based on diversifying our investments to mitigate risk, enhance returns, and meet the requirements of regulators. Our risk is spread across three categories:



CORE PORTFOLIO

Our most conservative portfolio, held in our insurance companies, forms the basis for our solid financial foundation.



SURPLUS CAPITAL

We invest surplus funds, generally held outside of the insurance companies, more aggressively, with the goal of bringing higher returns to fund innovation.



STRATEGIC INVESTMENTS

We also reserve a percentage of our portfolio for investment in other operating companies, with the strategic objectives of both generating positive financial return, enhancing our capabilities for our members and improving our competitive advantage.

03



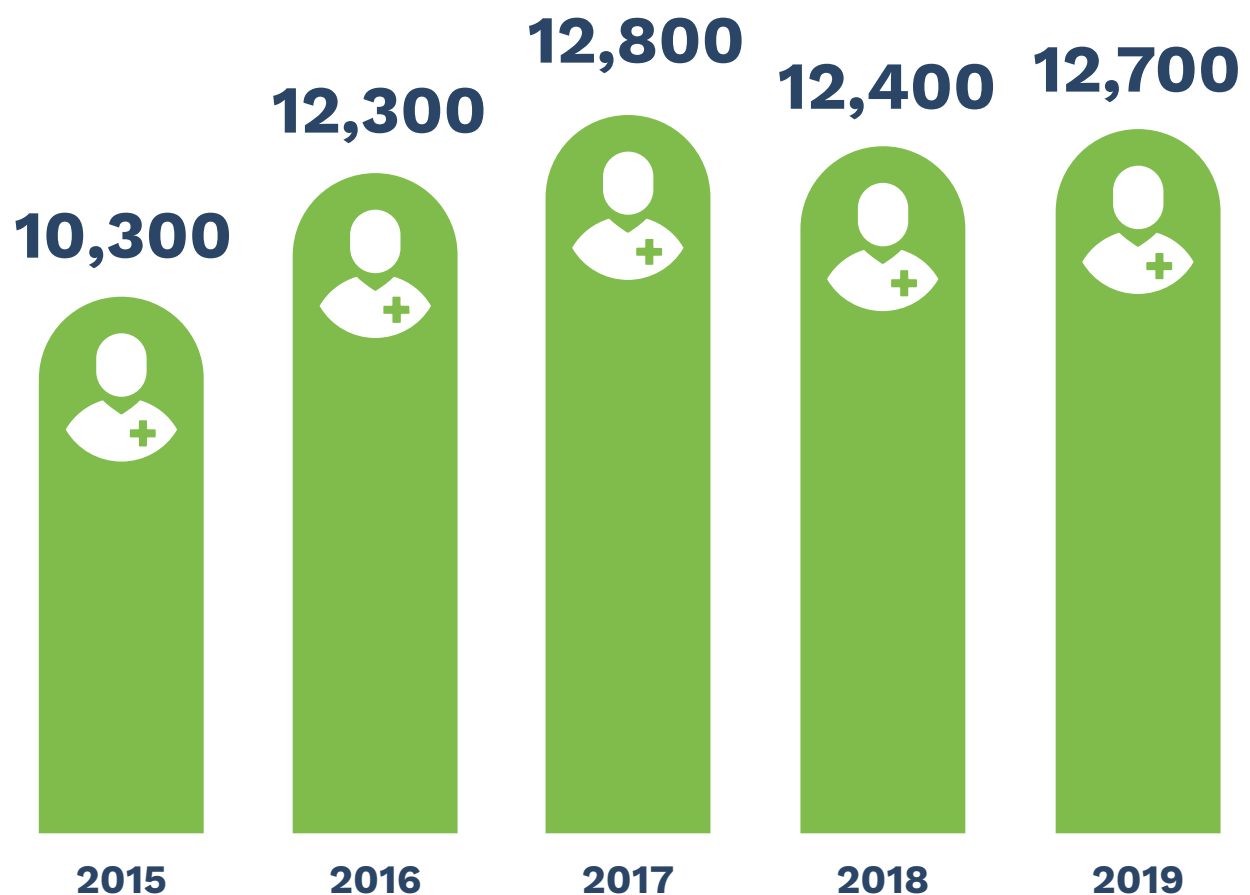
Insurance Services

SCOPE

Growing our member base.

We were fortunate to be able to serve a growing number of physicians last year.

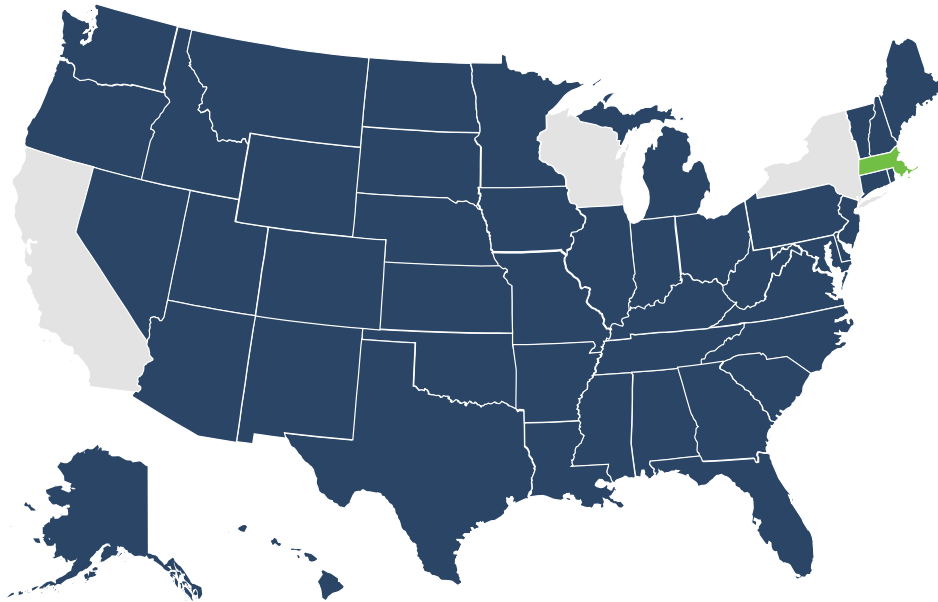
INSURED PHYSICIANS



NATIONAL REACH

Now able to serve physicians in nearly every state.

With the addition of Massachusetts last year, Curi is now able to do business in **47 states and the District of Columbia.**



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

GROSS WRITTEN PREMIUM

Growing our premium base.

Our gross written premium increased in 2019, fueled in part by new business from large, customized programs designed to meet our customers' changing needs.

2019



2018



2017



2016



2015

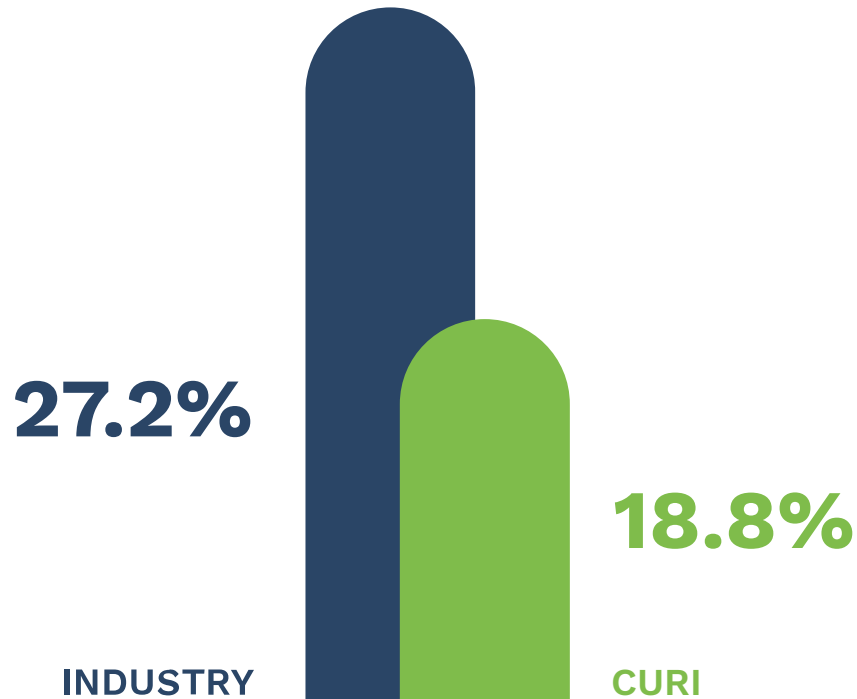


FINANCIAL DATA

High growth, low expenses.

While our expense ratio (the amount of premium we receive relative to our operating expenses) increased slightly over 2018, it was still far below industry average—a sign that, even while growing, we were able to manage our business responsibly.

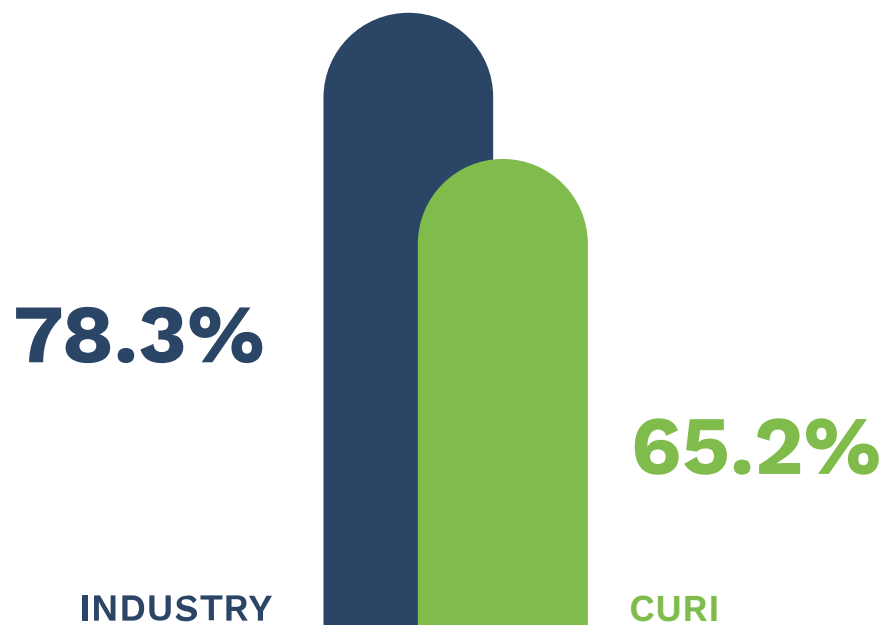
EXPENSE RATIO



Keeping losses low.

Even amid increasing claims frequency and severity across the MPL industry, we kept our loss ratio—the percentage of premium used to pay claims—far below industry average yet again in 2019, thanks to our members’ prudent clinical practice and our commitment to sound underwriting, risk management, and claims management.

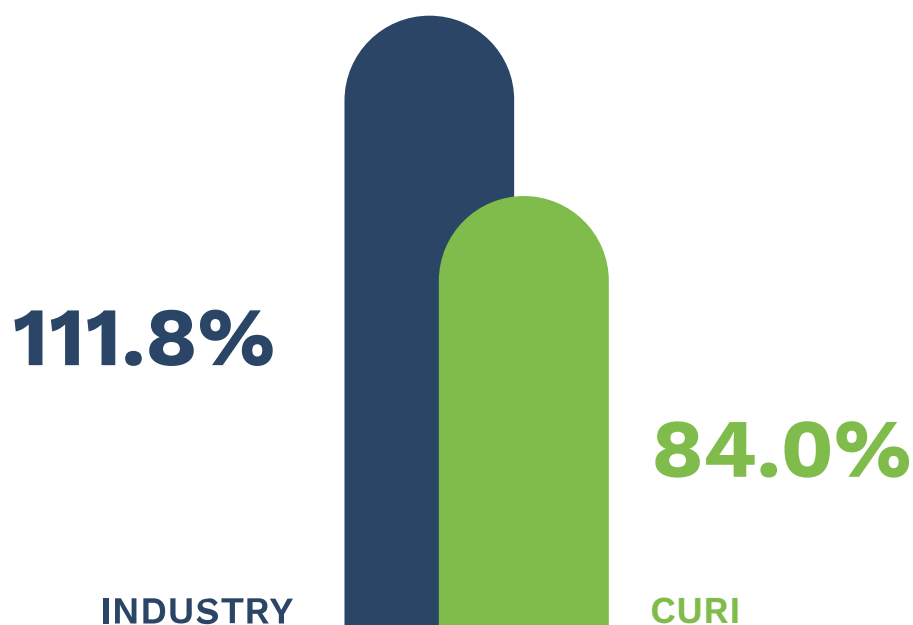
LOSS RATIO



Reinvestment for growth.

Curi's low, industry-beating combined ratio (loss ratio plus expense ratio) stands as a marker of our profitability, which in turn allows us to reinvest in our business to stay on top of our members' needs—even in an extremely challenging market.

COMBINED RATIO



Financial strength in a challenging market

2019 was a tough year for a lot of our competitors, with a hardening market and record claims severity straining many insurers' finances—but even in that adverse environment, Curi earned our sixteenth straight A (“Excellent”) financial strength rating from A.M. Best Rating Service for our strong balance sheet and consistent operating performance, which has outperformed the industry and the medical professional liability composite.



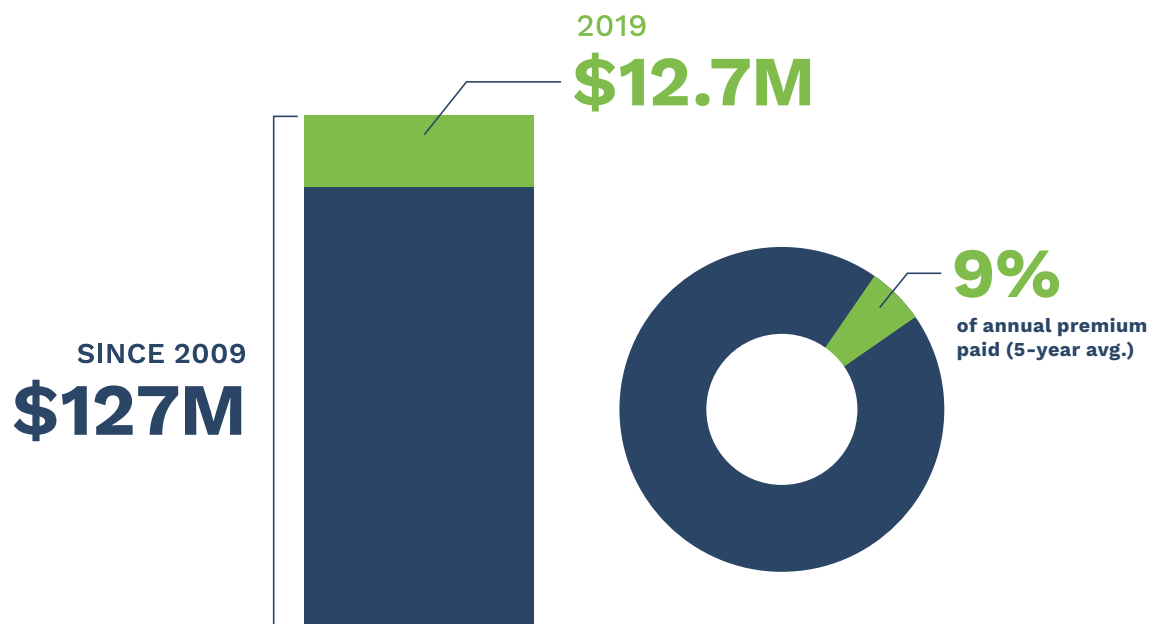
FINANCIAL BENEFITS FOR MEMBERS

We take your investment in us seriously.

As a member-owned company, Curi shares our success with the physicians who invest in us with their premium dollars. Our Legacy Fund and Policyholder Dividends programs aim to give you a return on that investment, with a goal of returning approximately half of our net income each year.

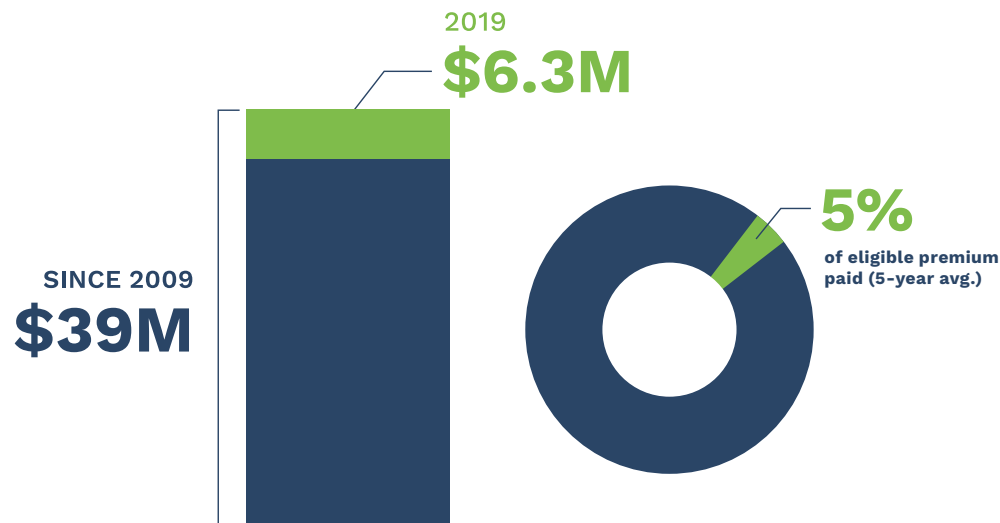
THE LEGACY FUND

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



POLICYHOLDER DIVIDENDS

Annual cash payments to qualifying physicians.



CLAIMS

Outstanding results in a challenging environment.

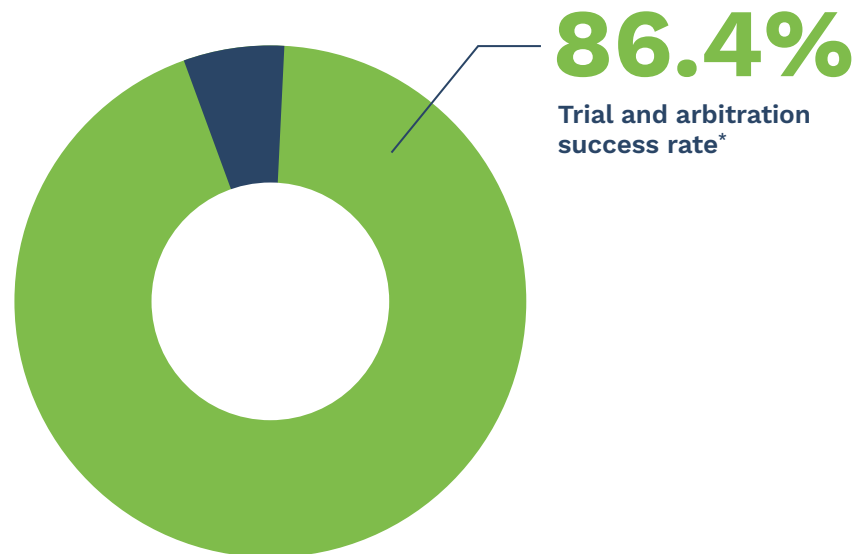
While 2019 was yet another difficult year for many medical professional liability carriers, with continued record-setting levels of plaintiffs' verdicts across the industry, Curi continued to deliver outstanding results for our insured physicians.

Curi responded to these challenges by continuing to double down on the strategy that has helped our members all along: low case counts for each examiner (roughly one-half of industry average), which allows them to give physicians more time and attention; hiring only the best defense lawyers; local market presence; regular use of focus groups and witness coaches; and standing with our physicians at every day of trial.

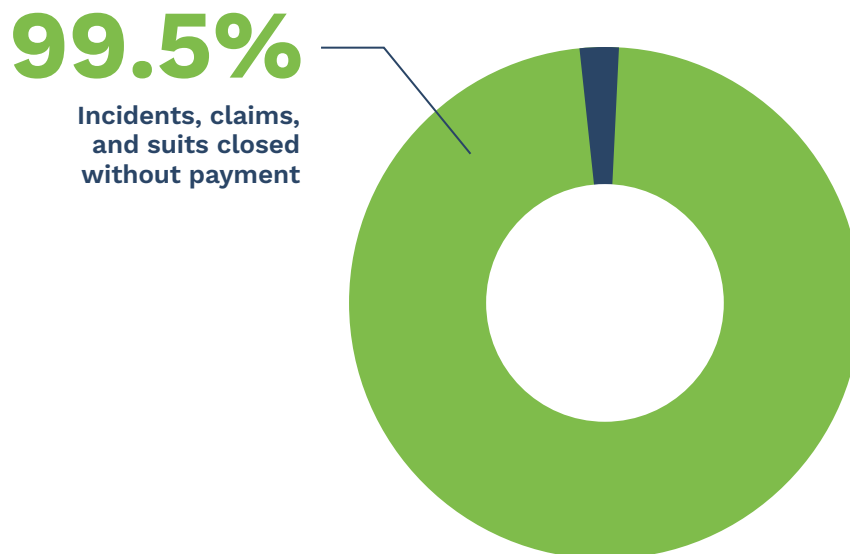
This model is central to who we are as a physician-owned company, and again in 2019, the results speak for themselves. The overwhelming majority of our closed cases ended favorably for our members, and no Curi insured who took a case to trial faced any personal exposure over their policy limits.

TRIAL SUCCESS RATE

Even while claims frequency and severity were going up, Curi prevailed in the vast majority of the contested-liability cases that closed in 2019.



Nearly all of our cases closed without payment in 2019.



*Three trials were dismissed by plaintiffs' counsel in the middle of trial.

DEFENDING GOOD MEDICINE

Curi's commitment to defending good medicine is central to everything we do. Last year, while many of our competitors were cutting costs, we spent nearly as much on defending cases as we did making indemnity payments to plaintiff patients—because we believe that spending on defense drives down payments to plaintiffs and their lawyers and serves as a deterrent to frivolous lawsuits.



“

Curi invested years ago in technologies for remote meetings and video conferencing, and that has helped put them ahead of the curve. While many others have had to adapt to the ‘new normal’ of remote meetings, that’s business as usual for Curi. It is a pleasure to defend Curi insureds knowing that Curi values our input as litigators and provides us with the tools necessary to defend the case.”

—Kristin Ahmadian and Vito Masciopinto,
Partners, L&G Law Group,
Chicago IL

THE TEAM YOU NEED

Curi's Claims team includes numerous professionals with extensive MPL, legal, and clinical experience. This helps us defend our members through our vast exposure to healthcare litigation, our knowledge of the law, and our understanding of complex medical situations. Our front-line Claims staff includes six team members with more than twenty years of MPL claims-handling experience, seven attorneys, and five nurses—including three RN/JDs.

6

**~20 YEAR MPL
CLAIMS VETERANS**

7

JDs

5

RNs

3

RN/JDs

“

“In my experience, the Curi team's deep experience with both clinical and legal issues means that we can move from talking about what happens in an operating room to discussing complex issues of law without missing a beat. It's a privilege to work with Curi.”

—Jay Chimpoulis,
Partner, Chimpoulis & Hunter,
Plantation FL

RISK MANAGEMENT

Tools to limit risk and help your practice thrive.

Curi's Risk Management department stands at the ready to help physicians and practices reduce their risk, increase patient safety, and comply with all relevant state and federal law.

With a newly overhauled Risk Management website that simplifies how you access and search for our resources, we're more ready than ever to connect our members with the tools they need to efficiently and effectively run their practices.



**HANDBOOKS AND
TOOLKITS**



**WEBINARS, SEMINARS,
AND PRESENTATIONS**



**RISK
ASSESSMENTS**

WEBINARS

Educational tools for your practice.

Curi runs a robust webinar series that helps our member physicians stay on top of trends in the profession while achieving continuing medical education (CME) credits at no additional charge, as a benefit of membership.

For taking part in the webinars, physicians are awarded **AMA PRA Category 1 Credits™**. Non-physician providers receive a certificate of participation.

We released seven new webinars in 2019:

DEEPER DIVE: EMERGENCY MEDICAL TREATMENT AND LABOR ACT CASE STUDIES	CME: .75
2019 HOT TOPICS IN RISK MANAGEMENT	CME: .50
PRACTICAL CHAPERONES	CME: 1.0
DOCUMENTATION IS EVERYTHING	CME: 1.25
TOP TEN WAYS TO GUARANTEE A LAWSUIT	CME: 1.0
BE PREPARED! DISASTER PLANNING REMINDER FOR HURRICANE SEASON	CME: .25
EMOTIONAL WELL-BEING AND RESILIENCE FOR TODAY'S HEALTHCARE WORKFORCE	CME: .50

MEMBER BENEFITS

Comprehensive support starts here.

The premium dollars you send us buy you far more than MPL insurance alone. Each Curi policy is supported by an array of products and services provided as a benefit of membership, from practice management tools to human resources consulting to regulatory guidance. The goal: to help your practice operate as efficiently and effectively as possible.

Our key member benefits include the following:



DYNAMED

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



CYBERSECURITY COVERAGE

Protection against network security and privacy exposure risks



BROAD REGULATORY COVERAGE

Additional regulatory and compliance protections



ALTERNATIVE RISK

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



HEALTH POLICY AND REGULATORY COMPLIANCE SUPPORT

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



HR|EXPERTS

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

04



Curi Capital

CAPITAL

Financial services from the team that knows you.

Building off the success of Curi's first wealth and asset management affiliate (founded in 2016), we established Curi Capital in 2019 to meet physicians' unique financial needs. We offer solutions in three areas:



WEALTH MANAGEMENT

Comprehensive wealth advisory services designed to help you take control of your financial life and build a lasting legacy.



RETIREMENT PLAN SOLUTIONS

A holistic approach to managing retirement plans for physicians and their staff.



PRIVATE INVESTMENTS

Investment strategies not available to the retail investor—critical in today's changing investment landscape. Investment strategies giving retail investors access to a variety of private investments. Curi Capital believes access to these strategies is critical in today's changing investment landscape.

Curi Capital is built on the foundation of two parent companies, Curi and MAI Capital Management—two outstanding organizations with decades of success and leadership teams focused on securing a strong financial future for our member physicians.

During 2019, we deepened our bench by bringing in top industry talent to lead Curi Capital and help make sure it is recognized as a best-in-class financial advisory firm.



We hired **Dimitri Eliopoulos** as Chief Executive Officer, to guide Curi Capital's vision and growth. He brings decades of experience with a large, nationally recognized firm based in Chicago, where he served as President.



Mark Paccione came aboard as Chief Operating Officer and Chief Investment Officer after spending 14 years serving in investment and operational roles at a large registered investment advisor. As COO, he oversees Curi Capital's day-to-day administrative and operational functions, and as CIO, he is responsible for understanding, managing, and monitoring client portfolios.



Frances Cronlund joined as Senior Wealth Strategist, after building the wealth management offering at two well-known banks in the Southeast. She helps clients develop and manage goals-based and comprehensive wealth plans.

Across the organization, the Curi Capital team is built to serve your needs, with a broad range of expertise and talents to help you build true wealth, however you define it. Between the Curi Capital and MAI teams, our clients have access to the following individuals:

12

CFAs

19

CFPs

21

CPAs

19

MBAs

As we look ahead to 2020, we're committed to adding more top leadership and advisory talent to serve the needs of our members and clients.

WEALTH MANAGEMENT

Wealth planning just for you.

Curi Capital's wealth management solutions are built around knowing your goals and preferences, utilizing a full-balance-sheet approach.

OUR WEALTH MANAGEMENT & FINANCIAL PLANNING:

- Comprehensive financial planning
- Discretionary investment management & asset allocation
- Asset protection & risk analysis
- Gifting & legacy planning
- Business succession & transition
- Debt management

We will continue to focus on identifying and adding valuable investment and financial planning resources to address the needs and goals of our members and clients.

INDIVIDUAL ACCOUNTS



68%

Increase year-over-year
(as of 12/31/19)

RETIREMENT PLAN SOLUTIONS

Helping your team face the future.

Our Retirement Plan Solutions team is designed to help organizations like your medical practice build the best retirement plans for their teams. We offer 401(k), 403(b), pension, and non-qualified plan consulting services.

OUR SERVICES FOR RETIREMENT PLAN DEVELOPMENT:



**INVESTMENT
MANAGEMENT**



**FIDUCIARY PROCESS
MANAGEMENT**



**SERVICE PROVIDER
MANAGEMENT**



**PLAN DESIGN
OPTIMIZATION**



**PARTICIPANT ADVICE
AND EDUCATION**

RETIREMENT PLAN SOLUTIONS ACCOUNTS

1 → **10**

ACCOUNT
IN 2018

ACCOUNTS
END-OF-YEAR
2019

TOTAL ASSETS

\$382,000,000

Assets under advisement
(as of 12/31/19)

05



Outlook

OUTLOOK

Here to help you thrive.

Inspired by your curiosity and drive, we reshaped your company last year into something wholly new—not only new for you, but a new kind of organization dedicated to doctors' professional and personal success, built on the foundation of the decades we've spent working with physicians. Our strong performance in 2019, across all sectors of the business, proves that the model is working.

We intend to keep adapting Curi to meet your own evolving needs as the world continues to change around you. In the months and years to come, look for new products and services tailor-made to help physicians and medical practices succeed in this often-uncertain environment. We're still making good on that promise we first made nearly a half-century ago: We will stand with you when you need us—not only to help you survive, but also to thrive.

END NOTES

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.

All items discussed in this report regarding Curi Capital are for informational purposes only, are not advice of any kind, and nothing contained herein constitutes tax, legal, insurance, or investment advice. Past performance is not indicative of future results. There can be no assurance that the future performance of any specific investment, investment strategy, or product made reference to directly or indirectly in this report will be profitable, equal to any corresponding indicated historical performance level(s), or be suitable for you. Moreover, you should not assume that any discussion or information contained in this report serves as the receipt of, or as a substitute for, personalized investment advice from Curi Capital, LLC. To the extent that a reader has any questions regarding the applicability of any specific issue discussed above to his/her individual situation, he/she is encouraged to consult with the professional advisor of his/her choosing. A copy of our current ADV 2A Brochure and Form CRS disclosure documents discussing our advisory services and fees is available for review upon request. You may also view these documents by following this link: <https://adviserinfo.sec.gov/firm/summary/281133>. For background on our performance data, please contact Curi Capital. Investment Advisory Services offered by Curi Capital, LLC.

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