Reflecting on 34 years of service to our mutual owners, LAMMICO has sustained our reputation as a provider of the best coverage, defense and service for the fairest price. One of the things that struck me in 2015 was the feedback we received from our policyholders who had previously non-renewed their LAMMICO coverage, yet subsequently returned to our company.

**Boomerang Insureds**

Why would a policyholder leave for a lower premium and then come back to the fold with such renewed confidence in LAMMICO?

Our unparalleled service stems from one of our greatest strengths: our staff. LAMMICO has been able to attract and retain the most dedicated and highly experienced professionals in the medical liability insurance industry. Our employees take their role in the success of our company very personally - in fact, they have been described as being protective of the policyholders they serve! They are concerned with expense control and are committed to providing superior care and oversight of our insureds.

We have heard directly from members who returned to LAMMICO after being insured by another carrier. Some remarked that they didn’t truly appreciate the value of LAMMICO’s customer service until they couldn’t get a representative from their former carrier on the phone. One of our insureds who left and then returned to LAMMICO remarked on the stark difference between the superior support she received from us throughout her litigation process compared to her previous insurer. LAMMICO employees understand the importance of being accessible to our insureds and are committed to providing timely, personal support.

**Committed to Closing Claims**

We have also heard from some new policyholders that they didn’t realize what a difference there is between a commercial insurance carrier and a mutual medical malpractice insurance company with specialized defense attorneys. Intimate knowledge of medical professional liability claims and local legal environment makes a substantial difference in the outcome of a suit. The national average for claims closed with indemnity is 24%, but LAMMICO’s record is 11% (inclusive of all states served, not just Louisiana). We don’t cut corners. We’re willing to commit the resources required to fully defend our insureds through appeal when necessary.

**Veritable Value**

As insureds face new exposures and expanding needs, we continue to look for ways to enhance coverage options and risk management resources. In 2015, we enhanced our Medefense™ Plus/Cyber Liability insurance product and expanded coverage options through our subsidiary agency now known as Elatas Risk Partners. Additionally, our CME offerings were approved for Maintenance of Certification (MOC) credit.

**Enduring Endorsements**

LAMMICO will always keep the interests of our policyholders as our top priority. We are able to advocate on their behalf due in part to our strong relationships with the Louisiana State Medical Society and parish/county medical societies throughout the state, as well as specialty organizations such as the Louisiana Ambulatory Surgery Center Association, Louisiana Orthopaedic Association, Arkansas Osteopathic Medical Association and St. Bernards Healthcare Associated Regional Providers in Arkansas.

It has been my distinct honor to serve as LAMMICO’s President and CEO since 2008. I look forward to another year of growth and unparalleled service as we sustain our enduring partnerships in 2016.

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**LAMMICO Year-In-Review**

**2015 Highlights**

- LAMMICO announced a 5% dividend, marking the ninth time since 2008 that the Board of Directors authorized payment of a dividend to our policyholders.
- LAMMICO enhanced our existing Medefense™ Plus/Cyber Liability coverage to include BrandGuard™ to protect against lost revenue due to adverse media attention, and PCI DSS Assessment to cover credit card security protocol noncompliance fines and penalties.
- LAMMICO’s wholly-owned subsidiary agency was registered under a new name, signaling an expansion of insurance products and services made available to both our policyholders and the general commercial public now under the name, “Elatas Risk Partners”.
- More than 95% of LAMMICO’s online CME courses were approved for Maintenance of Certification credit.
- LAMMICO’s subsidiary risk management resource company, Medical Interactive Community, contracted with two of the largest healthcare systems in the United States, proving nation-wide confidence in our risk management and patient safety resources.
In 2015, LAMMICO once again experienced solid growth. Policyholder retention remained high, and our mutual company is pleased to report an increased number of new insured physicians, hospitals and facilities. We grew in terms of technological advancements, launching an optimized LAMMICO.com for greater policyholder access and navigation, and enhanced the overall security of our core operating systems and data.

On the other hand, LAMMICO saw increases in the costs associated with defending our insureds. The cost of medical experts alone has increased by 145% since 2011. In the face of these kinds of surging defense costs and increased claim frequency, LAMMICO has managed to keep rates stable and continue to pay dividends.

We work diligently to maintain an open relationship with the Department of Insurance (DOI). In fact, several LAMMICO representatives meet with the Louisiana DOI on a regular basis, and are ready to answer their questions, so they know us and have confidence in our plans, our controls and our capabilities.

LAMMICO is very active in the PIAA (formerly the Physicians Insurers Association of America), the insurance industry trade association representing medical professional liability entities. Members of our company’s management serve on multiple PIAA committees, keeping LAMMICO actively involved and abreast of insurance coverage and industry trends.

We also have substantial representation in the leadership of professional organizations such as the Insurance Accounting & Systems Association (IASA) MidSouth Chapter, the Louisiana Lagniappe Society for Healthcare Risk Management (LASHRM), and the American Heart Association (AHA) - among others. This activism helps LAMMICO staff remain knowledgeable, current and visible in our industry and our communities.

I am genuinely proud to work with such a dedicated and accountable team of professionals at LAMMICO. It is a privilege to present the financial highlights from 2015 below:

![Total Insureds Chart]

*Includes all states, hospitals and facilities

**LAMMICO has managed to keep rates stable and continue to pay dividends**

2015 Financial Highlights
(all values in millions)

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</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>$427.1</td>
<td>$421.5</td>
<td>$411.9</td>
<td>$412.5</td>
<td>$379.6</td>
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<tr>
<td>Gross Written Premium</td>
<td>$51.3</td>
<td>$50.9</td>
<td>$50.6</td>
<td>$53.2</td>
<td>$53.6</td>
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<tr>
<td>Net Income</td>
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<td>$12.3</td>
<td>$13.9</td>
<td>$17.1</td>
<td>$10.2</td>
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<tr>
<td>Surplus</td>
<td>$214.9</td>
<td>$206.0</td>
<td>$194.0</td>
<td>$177.7</td>
<td>$153.0</td>
</tr>
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LAMMICO’s financial strength rating by A.M. Best Company is “A” (Excellent).

A complete set of financial statements and notes may be obtained upon request.
In 2015, LAMMICO became the first Louisiana CME provider to offer courses approved for Maintenance of Certification (MOC) by the ABMS.

Through a joint initiative with the American Board of Medical Specialties (ABMS) and the Association of American Medical Colleges (AAMC), the following Boards approved for MOC one or more LAMMICO CME courses available on the website of our subsidiary, Medical Interactive Community (www.medicalinteractive.com):

- American Board of Anesthesiology (ABA)
- American Board of Allergy and Immunology (ABAI)
- American Board of Colon and Rectal Surgery (ABCRS)
- American Board of Family Medicine (ABFM)
- American Board of Nuclear Medicine (ABNM)
- American Board of Ophthalmology (ABOP)
- American Board of Orthopedic Surgery (ABOS)
- American Board of Pathology (ABPA)
- American Board of Physical Medicine and Rehabilitation (ABPMR)
- American Board of Plastic Surgery (ABPS)
- American Board of Preventive Medicine (ABPM)
- American Board of Psychiatry and Neurology (ABPN)
- American Board of Radiology (ABR)
- American Board of Thoracic Surgery (ABTS)
- American Board of Urology (ABU)

More than 95% of LAMMICO’s online CME courses were approved in 2015.

By 2016, the American Board of Internal Medicine (ABIM) in association with the Accreditation Council for Continuing Medical Education (ACCME) joined our running list of specialty boards who approved LAMMICO’s CME as Part II of their MOC requirements.

**LAMMICO Policyholders are Eligible for a Triple Benefit**

By taking an MOC-approved course in your specialty, LAMMICO policyholders can potentially earn a triple benefit:

- **MOC Credit**
  Continuing education credit satisfying multiple medical specialty board requirements
- **CME Credit**
  Continuing Medical Education credit to satisfy state medical licensing requirements
- **RM Credit**
  LAMMICO Risk Management Premium Discount Credit toward a 10% discount on the basic limits portion of your LAMMICO premium (after earning two credits)

ACCME’s highest honor, Accreditation with Commendation is awarded to LAMMICO, 2012-2018, as a provider of CME for physicians.
LAMMICO Year-In-Review
2015 Facts at a Glance

Underwriting
Physician and Dentist Insured Count 5,042
Advanced & Allied Healthcare Provider Count 2,005
Total Hospital and Facility Insured Count 71
Non-Louisiana Provider Insured Count 356

Claims
Claims Opened 901
Claims Closed 971
Claim Frequency 12.9%
Trial Win Record 83%

Risk Management
Live Lecture Insured Physician Participation 1,427
Insured Participation in Online Education 8,670
Practice Manager & Staff Education Participation 376
Risk Management Phone Consultations Resolved 780

Marketing
Total Number of New Policies 384
Total Number of New Insureds 710
Total New Written Premium $1,969,745

95% Growth in healthcare facility/hospital inforce written premium since 2011
94% Retention percentage of insureds remaining with LAMMICO

SINCE 2008:
Over $50 MILLION in policyholder dividends

Over $50 MILLION