



**CMIC** | Group

**2017 ANNUAL  
REPORT**  
**A NEW CHAPTER**

## *A Note From Our Chairman and Our CEO*

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*John Hornby, MD  
President & Chairman*

Dear Members,

2017 was a year of tremendous change. A generational shift in company leadership was completed. After more than 15, 34 and 29 years respectively, Dr. Sultan (Sully) Ahamed (Chairman and President), Denise Funk (CEO) and Manny Zervos (CFO) all retired from the Company. Succession plans, long in place, were put to the test, and we are pleased to report have exceeded our expectations. We are grateful for Sully, Denise, and Manny's many years of dedicated service and for successfully stewarding the Company. They have left the Company in a very strong market position and prepared to meet the demands of an ever-changing marketplace. To that end, we dedicate this annual report to them.

As we move forward into this challenging, though exciting new chapter for the Company, we would like to take this opportunity to introduce ourselves to you. In May of 2017, I, Dr. John Hornby, was elected President and Chairman of the Board after serving on many Company Committees, most notably, as the Chairman of the Finance Committee. In January, 2018, I, Stephen Gallant, assumed the role of CEO after serving as the Company's COO.

Completion of the succession plan now allows us to fully embark on the next chapter in CMIC Group's remarkable story. Likewise, new leadership means "fresh eyes" to perform a top to bottom review of all departments, committees, and operations of the Company. We have recently completed a strategic planning retreat initiating the formulation of a new strategic plan for the Company. The MPL industry continues to present enormous challenges much like all of medicine. And, while our first goal remains to provide exceptional protection for our insureds, we plan to initiate additional services supportive to independent practices and the challenges they face.

2017 also had several success stories for the Company that included being recognized as a Best Places to Work in Connecticut by the Hartford Business Journal and Best Companies group. We also received Accreditation with Commendation, the highest level of accreditation, for our continuing medical education program from the Connecticut State Medical Society.

2017 was also a challenging year financially for the Company as the soft-market cycle continued to keep premiums at historically low levels while shock verdicts continue to escalate. These polar opposite trends continue to put pressure on our operating performance. As well, the continued low interest rate environment continues to have a negative impact on our investment results. One positive trend is that frequency in reported claims continues to trend lower, which should help our results going forward.

In conclusion, those of us who have practiced for some time know the notoriously unpredictable nature of the MPL industry. We have experienced an unprecedented period of stable and, dare we say, reasonable rates, but.... the one certainty is that CMIC has the feel and feistiness of a small company with the financial strength of a big company. We are structured to meet any challenge and appreciate your continued trust. Remember, as a policy owner, this is your company. We assure you that we keep this in mind with all of our decisions.

On behalf of the Board of Directors, Management Team, and all employees, thank you for your loyalty and support of the Company. We look forward to continuing to provide you with the coverage and support you need to thrive in this ever-changing healthcare industry.

Sincerely,

*John Hornby*

**John Hornby, M.D.** President & Chairman

*Stephen J. Gallant*

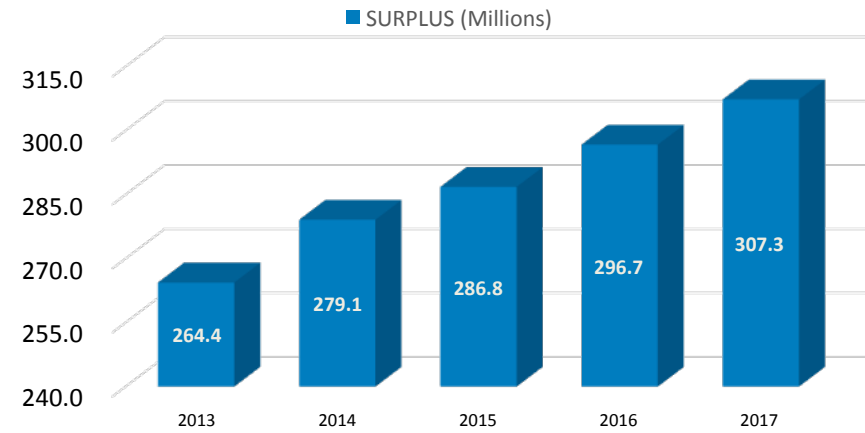
**Stephen J. Gallant, CEO**



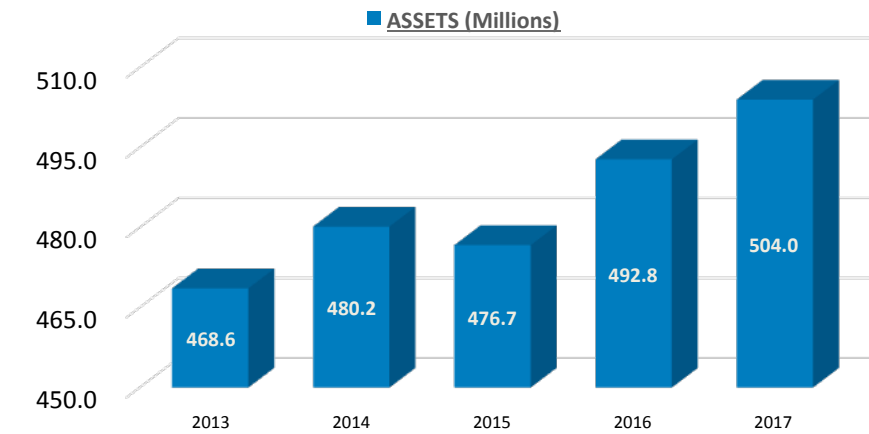
*Stephen J. Gallant, CEO*

Financial Information

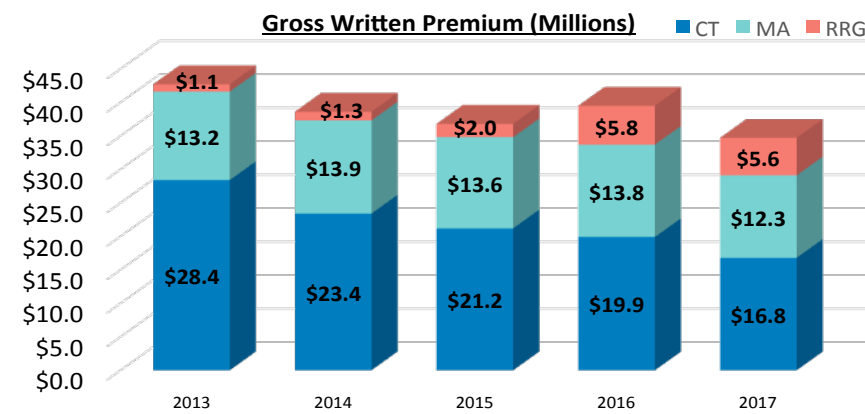
POLICYHOLDER'S SURPLUS



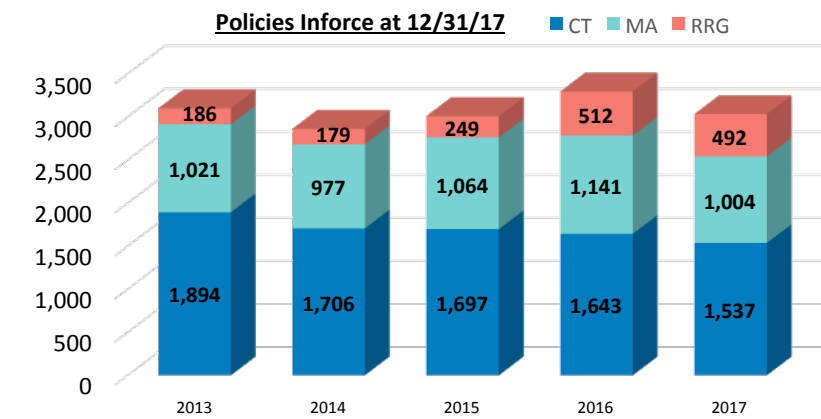
TOTAL ADMITTED ASSETS



GROSS PREMIUM WRITTEN



POLICIES INFORCE AT 12/31/17



## CMIC Group's Longtime Chairman of the Board Retires

### Sultan Ahamed, MD Served as CMIC Chairman and President Since 1993.

A founding Board Member of CMIC, formed in 1984, Dr. Ahamed has made vast contributions to the Company as a member, Board Member, and since 1993, as President and Chairman. He retired in May of 2017, and following which, John Hornby, MD was elected President and Chairman of the Board.

"CMIC Group has been profoundly impacted by the wisdom, experience and leadership of Dr. Ahamed," said Stephen J. Gallant, Chief Executive Officer of CMIC Group. "We greatly appreciate his many years of service, and the Company will continue to benefit from his time and dedication long into the future."

Dr. Ahamed graduated from the University of Madras, India in 1966. He completed his residency training at the Hospital of Saint Raphael, Yale University in New Haven, CT. In addition to his time at CMIC Group as President and Chairman, he is also the past President of the New London County Medical Association and Connecticut State Medical Society. Likewise, he served as Chairman of the Board of the Physicians Insurance Association of America as well.

Upon his retirement in 2017, Dr. Ahamed was also awarded with the PIAA's Award of Excellence in Honor of Peter Sweetland.

We wish Dr. Ahamed all the best in his retirement!



*Sultan Ahamed, MD*

## CMIC Group's Longtime CEO and CFO Retire

### Denise Funk and Emmanuel (Manny) Zervos, both with the Company since the 1980's, announced their retirement in 2017

Denise Funk joined CMIC at the Company's onset in 1984, recruited by the Connecticut State Medical Society as a consultant for the newly formed mutual company founded by Connecticut physicians. Upon completion of her contract, she assumed the role of Chief Executive Officer.

Manny Zervos joined CMIC in 1989 as the Chief Financial Officer after holding several positions with Emhart Corporation, a Fortune 500 multinational company, including Director of Finance and Operations. He also worked at Deloitte and Touche, LLP.

Since the Company's inception, CMIC has grown extensively, both in logistics as well as in policyholders. Although originally established in Connecticut, the Company is now active in 13 states and has expanded to include both CMIC and its member affiliate, CMIC RRG.

"Denise and Manny led the company with unflinching grace, professionalism and wisdom for over three decades," said Dr. John Hornby, Chairman and President of the CMIC Board of Directors. "The inception and subsequent success of the company, whose founding enabled many physicians to hang their own shingle and weather a turbulent era in the healthcare industry, is unquestionably due to their extraordinary contributions. Denise's imprint on the company, in addition to Manny's contributions, will be felt for many decades to come."

In 2018, Stephen J. Gallant, CMIC Group's Chief Operating Officer, assumed the role of CEO and Michael P. Conneely, CMIC Group's Director of Finance, assumed the role of CFO.

We wish both Denise and Manny much deserved happiness as they turn the page to their next great adventure!



*Denise Funk*



*Manny Zervos*

## CMIC Group's CME Program Reaccredited with Commendation in 2017



Catherine Wagner (right), Vice President of Education & Health Information for CSMS, presents the Accreditation with Commendation certificate to Denise Condrón (left), CMIC's Director of Loss Prevention.

As a policyholder, CMIC Group offers its members a robust catalog of live education events, enduring materials, and webinars. All three educational formats enable our member physicians to earn CME credits at no charge, and our live events (and in 2018 our webinars) can also earn premium credits.

In order to be able to offer our members this service, CMIC Group must maintain an accreditation status with the Connecticut State Medical Society, our accrediting body. This status is reviewed every four years for standard accreditation, and six years for those that achieve commendation status, the highest accreditation distinction.

In 2017, CMIC Group's Director of Loss Prevention, Denise Condrón, who oversees the Company's CME program, submitted our educational program to the CSMS for review.

Upon completion of the process, which included documentation of seven activities, an in-depth look at two activities, as well as a site visit by the CSMS, CMIC was awarded Accreditation with Commendation.

"Accreditation is a vigorous process that requires organizational commitment and dedication of resources to house a well trained staff," said Catherine Wagner, Vice President of Education & Health Information for CSMS. "The Connecticut State Medical Society congratulates CMIC for their achievement in receiving Accreditation with Commendation, and exemplary status within the national system of CME."



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Doctors Provide Care.  
CMIC Provides Coverage.

## Department News

### MEMBER SERVICES

2017 has been a year of commencing important initiatives. We began evaluating and adjusting, as necessary, rates in each state by specialty. We also are re-reviewing our policy forms, underwriting rules and applications. In addition, we began the process of implementing a new policy management software system. Lastly, in anticipation of future growth, the Member Services Department has added staff and designed roles in a way that allows for clarity of responsibilities as well as individual professional development.

### INFORMATION TECHNOLOGY

The Information Technology Department, in conjunction with all other Departments, has initiated the process to replace the Company's core IT systems. The objective of these collective efforts is to enhance technology and improve overall business execution, which will provide exceptional customer service to our employees, agents and policyholders.

The initial phase of the project is to replace our Policy Administration and Billing modules as well as the Producer and Member Portals. This will alleviate system constraints which today limit operational capabilities by allowing for more efficient processing of workflows.

This work will span several years with the strategic intent of implementing 'Best in-Class' technology, thereby enabling CMIC Group to be more efficient and provide ease of doing business as we strive to be the go-to insurance carrier of choice for healthcare providers and facilities.

### CLAIMS DEPARTMENT

The CMIC Group Claim Department had a 90.9% success rate on cases brought to trial and saw a 19% decrease in claim frequency year-over-year.

In addition, the Claim Department implemented enhanced trial preparation protocols in response to the ongoing challenging litigation environment, including:

- Mock plaintiff's closing arguments presented by defense counsel to senior management in advance of trial;
- Greater emphasis on high/low agreements, limiting case exposure within insured's policy limits

## Board of Directors, Management Team & Committees

### CMIC BOARD OF DIRECTORS

**John Hornby, MD**  
*President & Chairman  
of the Board 1, 2, 3, 4, 5, 8*

**Jeffery B. Hopkins, MD**  
*Vice President 2, 3, 5, 7\**

**James Pellegrini, MD**  
*Treasurer 2, 4\*, 5, 7, 8*

**Mark Tramontozzi, MD**  
*Secretary 1\*, 2, 5, 8*

**Stewart Bober, MD**  
*Board Member 1, 2\*, 3, 4, 5, 8*

**Nicholas Bontempo, MD**  
*Board Member 2*

**Mark D'Agostino, MD**  
*Board Member 2, 3, 4, 5\*, 7, 8*

**Paul Darcy, MD**  
*Board Member 4, 8\**

**Robert Marra, DPM**  
*Board Member 4, 6\*, 7*

**William Potter, MD**  
*Board Member 3\*, 7*

### CMIC RISK RETENTION GROUP BOARD OF DIRECTORS

**Edmund Schiavoni, MD**  
*President*

**John Hornby, MD**  
*Vice President 1, 2, 3, 4, 5, 8*

**James Pellegrini, MD**  
*Treasurer 2, 4\*, 5, 7, 8*

**Michael Conneely, CFO**  
*Secretary*

### COMMITTEES

1. *Business Development Committee*
  2. *Claims Committee*
  3. *Compensation Committee*
  4. *Finance & Audit Committee*
  5. *Governance Committee*
  6. *Podiatric Committee*
  7. *Loss Prevention Committee*
  8. *Underwriting Committee*
- \*Chair of Committee*

### CMIC GROUP MANAGEMENT TEAM

**Stephen J. Gallant**  
*Chief Executive Officer*

**Michael P. Conneely, CPA**  
*Chief Financial Officer*

**Denise M. Condron**  
*Director - Loss Prevention*

**Kevin M. Bresnahan, JD**  
*Director - Claims*

**Raymond E. Lilley**  
*Senior Manager - Technology*

**Michelle M. Ursini**  
*Director - Marketing and Business Development*

**Trent R. Sullivan**  
*Director - Member Services*

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[www.cmic.biz](http://www.cmic.biz)