SVMIC exists to serve and protect physicians. This May will mark the fortieth anniversary of the first policy written by SVMIC. With that in mind, we invite you to join us as we celebrate a few achievements and share some of our preparations for the future.

In 2015, we surveyed policyholders to evaluate how well we are delivering on our mission to be the premier professional liability insurance company for physicians. We were pleased, but not surprised, to learn that 97% of respondents were either very satisfied or extremely satisfied with their SVMIC experience. The high ratings reflect SVMIC’s excellent customer service, strong legal team, and valuable educational services. We also received advice on ways SVMIC could improve, such as expanding its online services and refreshing its website. We are enthusiastically working on the improvements you have recommended and look forward to making these available during 2016.

To help SVMIC remain responsive to your ever-changing needs, we periodically introduce new doctors into our governance structure. In the last year, we added thirteen new doctors to our claims, underwriting and risk management committees. These doctors, whose photo appears on page eleven of this report, bring new perspectives and energy to the committees. We are excited to have the benefit of their insights. If you know one of these doctors, please thank him or her for serving your company.

Additionally, we are adopting a new visual identity. The green and purple colors reflect the traditional academic colors for medicine and law. The logo shape, which we call the Mobius Square, reflects the careful balance SVMIC achieves in weaving medicine and law in support of you, our policyholder. We hope you like the new look and share our excitement for the future.

We are honored to serve as chair and vice chair of your wonderful company, and we look forward to ensuring SVMIC remains the business partner you know and trust. We welcome your questions and comments at any time. Thank you for your continued commitment to SVMIC.

Hugh Francis, III, MD
Chair of the Board

John O. Lytle, MD
Vice Chair of the Board
With $3 million in contributed capital, SVMIC receives certificate of authority from the State of Tennessee and commences issuing policies on May 15.

SVMIC completes the return of 100% of the capital originally contributed by policyholders.

3,840 Tennessee physicians insure with SVMIC in its first 18 months of operation.

Number of policyholders passes the 5,000 mark and SVMIC surpasses $100 million in assets.

First SVMIC policies are issued for Arkansas physicians. Company applies for admission in the seven other states contiguous to Tennessee.

First SVMIC policies are issued for Kentucky physicians.

America celebrates its bicentennial.

The microwave popcorn bag is invented.

The word “internet” is used for the first time.

DNA fingerprinting is deployed.

Compact discs surpass cassette tapes as the preferred medium for recorded music.

Peak of the dot com boom.

Remember 1976? There was once a time without SVMIC and the security of a medical liability policy, a time when physicians nationwide faced an insurance crisis that threatened their very livelihood. That’s why a group of Tennessee physicians got together and formed one of the first organizations in the nation created by physicians to insure their own medical liability risk. That was 40 years ago.

As we move through 2016 and celebrate our 40th anniversary, we take a journey back through the past four decades to remember some of the important milestones and accomplishments in our history.
2015 Policyholder Survey Results: Customer Satisfaction

Policyholder Satisfaction
97% of policyholders are highly satisfied with their SVMIC experience.
(Based on 1,331 policyholders who completed the study.)

Customer Satisfaction Compared with Other Companies
Our competitors certainly have their strengths, but research shows that SVMIC is differentiated by its exceptional customer service and overall breadth of strengths. Compared to our competitors, we were the only company to deliver emotional, technical and educational satisfaction.

TECHNICAL SATISFACTION
Not only do we go above and beyond to ensure that our policyholders’ individual concerns are understood, our attorneys are known for being experts who are actively engaged with medical practices.

EMOTIONAL SATISFACTION
Our policyholders know they will not be treated like another number. At SVMIC we are able to be attentive to our policyholders’ needs. We do this by taking a consultative approach to familiarizing ourselves with policyholders’ needs and issues, and forming an emotional connection with our policyholders—ultimately to provide the best service possible.

EDUCATIONAL SATISFACTION
Our live seminars are some of our most valued services. Nearly 80% of our policyholders have participated in one of our programs.
Our 2015 Policyholder Survey received a strong response rate. Thank you for taking the time to provide your feedback. The results showed us where we’re getting things right and will help us to continue exceeding your expectations.

**Top Three Reasons Why**

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>77%</td>
<td>EXCELLENT CUSTOMER SERVICE</td>
</tr>
<tr>
<td>33%</td>
<td>ATTORNEY/LEGAL TEAM</td>
</tr>
<tr>
<td>20%</td>
<td>SEMINARS/CME/EDUCATION</td>
</tr>
</tbody>
</table>

“Very attentive to our needs as busy physicians.”

“I never had a question that could not be answered.”

“Call for advice goes straight to an attorney.”
2015 Policyholder Survey Results: Key Influencers

What Attracts and Keeps Policyholders

Reputation, professional knowledge and physician ownership were the top three reasons why policyholders choose to stay with SVMIC. The majority of policyholders also cited good value for the money, comprehensive included support and programs, claims management staff comprised of all attorneys, and local business development outreach as benefits that impacted their decision.

Respondent Usage of SVMIC Resources and Services

SVMIC is committed to our policyholders. The feedback we received about the usage of resources and services we provide to policyholders will help us continue to develop the most beneficial tools, such as live seminars, CME credit, premium discounts and claims attorney medical-legal consultations.
Key Takeaways

ENGAGED AND SATISFIED POLICYHOLDERS

97 percent of SVMIC policyholders are highly satisfied with SVMIC.
The response rate was strong. A total of 1,331 policyholders completed the study.

OUR MOST VALUABLE ATTRIBUTES

SVMIC policyholders chose us and plan to stay with us because of our excellent reputation, professional staff, and physician-based foundation and ownership model.

OPPORTUNITIES FOR IMPROVEMENTS

There’s a prime opportunity to improve our marketing communications and provide an improved online experience. There is also an opportunity to enhance our educational offerings to include more self-study online options, easier self-serve education features, and more variety of risk education offerings.

“SVMIC is a friend and their educational meetings are very helpful to a practicing physician.”

“The medical field is ever changing and SVMIC can help us with keeping up with the pace.”
SVMIC is owned entirely by its policyholders and continues to be one of the most efficiently run companies of its kind. The success of our company over the last 40 years has allowed us to deliver on the mission, return $342.5 million to policyholders and reach a point of financial strength unmatched in our history all while now having an average, inflation-adjusted premium per physician lower than it was when we began in 1976. It is this success and financial strength that allows us to provide a great product at a fair price, and affords our policyholders the confidence of knowing that we will always be here to protect their reputation when needed.

### Condensed Balance Sheets
(December 31, 2015 & 2014)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash &amp; Investments</td>
<td>1,144,648,000</td>
<td>1,140,078,000</td>
</tr>
<tr>
<td>Accrued Investment Income</td>
<td>9,210,000</td>
<td>9,705,000</td>
</tr>
<tr>
<td>Premiums Receivable</td>
<td>19,202,000</td>
<td>21,245,000</td>
</tr>
<tr>
<td>Reinsurance Recoverable</td>
<td>6,072,000</td>
<td>10,073,000</td>
</tr>
<tr>
<td>Federal Income Tax Recoverable</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net Deferred Tax Assets</td>
<td>13,781,000</td>
<td>17,525,000</td>
</tr>
<tr>
<td>Other Assets</td>
<td>294,000</td>
<td>494,000</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>1,193,207,000</td>
<td>1,199,120,000</td>
</tr>
<tr>
<td>Liabilities &amp; Policyholders’ Surplus</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss &amp; Loss Adjustment Expense Reserves</td>
<td>508,000,000</td>
<td>530,000,000</td>
</tr>
<tr>
<td>Unearned Premiums</td>
<td>69,207,000</td>
<td>70,039,000</td>
</tr>
<tr>
<td>Accounts &amp; Taxes Payable</td>
<td>40,502,000</td>
<td>41,014,000</td>
</tr>
<tr>
<td>Reinsurance Balances Payable</td>
<td>29,582,000</td>
<td>33,625,000</td>
</tr>
<tr>
<td>Dividends Payable</td>
<td>2,670,000</td>
<td>2,901,000</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>5,271,000</td>
<td>4,962,000</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>655,232,000</td>
<td>682,541,000</td>
</tr>
<tr>
<td>Policyholders’ Surplus</td>
<td>537,975,000</td>
<td>516,579,000</td>
</tr>
<tr>
<td><strong>Total Liabilities &amp; Policyholders’ Surplus</strong></td>
<td>1,193,207,000</td>
<td>1,199,120,000</td>
</tr>
</tbody>
</table>

### Condensed Statements of Income
(For the years ended December 31, 2015 & 2014)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Written Premium</td>
<td>133,966,000</td>
<td>142,757,000</td>
</tr>
<tr>
<td>Ceded Premium</td>
<td>(20,567,000)</td>
<td>(28,197,000)</td>
</tr>
<tr>
<td>Net Written Premium</td>
<td>113,399,000</td>
<td>114,560,000</td>
</tr>
<tr>
<td>Change in Unearned Premium</td>
<td>832,000</td>
<td>2,431,000</td>
</tr>
<tr>
<td><strong>Net Earned Premium</strong></td>
<td>114,231,000</td>
<td>116,991,000</td>
</tr>
<tr>
<td>Loss &amp; Loss Adjustment Expenses Incurred</td>
<td>90,812,000</td>
<td>98,985,000</td>
</tr>
<tr>
<td>Other Underwriting Expenses</td>
<td>22,157,000</td>
<td>20,412,000</td>
</tr>
<tr>
<td><strong>Net Underwriting Income</strong></td>
<td>1,262,000</td>
<td>(2,406,000)</td>
</tr>
<tr>
<td>Net Investment Income</td>
<td>31,797,000</td>
<td>31,975,000</td>
</tr>
<tr>
<td>Net Realized Capital Gains (Losses) on Investments</td>
<td>1,892,000</td>
<td>1,158,000</td>
</tr>
<tr>
<td><strong>Net Investment Gains</strong></td>
<td>33,689,000</td>
<td>33,133,000</td>
</tr>
<tr>
<td>Other Income (Expense)</td>
<td>(81,000)</td>
<td>9,000</td>
</tr>
<tr>
<td><strong>Net Income Before Taxes &amp; Policyholders’ Dividends</strong></td>
<td>34,870,000</td>
<td>30,736,000</td>
</tr>
<tr>
<td>Policyholders’ Dividends &amp; Federal Income Taxes Incurred</td>
<td>(9,387,000)</td>
<td>(9,265,000)</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td><strong>25,483,000</strong></td>
<td><strong>21,471,000</strong></td>
</tr>
</tbody>
</table>

Note: The financial statements have been prepared in conformity with accounting practices prescribed or permitted by the Tennessee Department of Commerce and Insurance. The condensed financial information has been derived from the complete statutory-basis financial statements which were audited by Ernst & Young LLP, our independent auditors. A complete set of audited financial statements is available upon request.
Policyholders’ Surplus/Total Assets

Cumulative Dividends Declared and Return of Capital

Policyholders’ Surplus

Total Assets

Premiums Per Physician

Average Premium Per Physician

Average Premium Per Physician (in today’s dollars)

Based on Bureau of Labor Statistics CPI Inflation Calculator
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Matthew P. Willis, MD

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Kye Hudson (Non-member Consultant)

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Ravi D. Chauhan, MD
Anthony T. Reehart, MD
Hugh Francis, III, MD
Benjamin L. Huff, MD
Robert C. Hughes, MD
Christine L. Kasser, MD
Shauna Lorenzo-Rivero, MD
John O. Lytle, MD
William I. Mariencheck, Jr., MD
Paul C. McNabb, II, MD
Ryan D. Mire, MD
Craig A. Myers, MD
Matthew L. Perkins, MD
Jason A. Weaver, MD
Lisa J. Young, MD

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**2015 Fellows**

![Image of 2015 Fellows]

A  Keith L. Goldberg, MD
B  Charles S. Joels, MD
C  Ravi D. Chauhan, MD
D  Scott R. Fowler, MD
E  Shauna Lorenzo-Rivero, MD
F  Brady W. Allen, MD
G  Joan Michelle Allmon, MD
H  Matthew P. Willis, MD
I  Michael S. Dolan, MD
J  Ryan D. Mire, MD
K  Antwan D. Robinson, MD
L  Benjamin L. Huff, MD

*Not Shown:* Melanie B. Blake, MD
We hope you found this information about SVMIC’s history and 2015 Policyholder Survey results interesting—we certainly did. Understanding where we have been in the past and how we operate in the present is essential to ensuring excellence in the future.

While the medical landscape has transformed over the past 40 years, one thing has remained the same—our commitment to serving you, our policyholders. We look forward to continuing this service for many decades to come.

“I sleep better knowing SVMIC will help me in need. Thank you.”