

Physicians Preferred

SPRING 2009

ROOTED IN GREAT SERVICE

News

MONEY DOESN'T GROW ON TREES BUT FINANCIAL STRENGTH IS ROOTED IN GREAT SERVICE

2008 shaped up to be a significant milestone for Physicians Preferred in terms of financial and operational achievements. Below are just some of the 2008 Financial and Operational Highlights:

- Premiums grew by 14%; the compound annual growth rate of our premiums has been 28% since 2005, our first full year of operations
- Statutory assets grew 24% to over \$40m
- Statutory surplus increased 6% to \$10.5m
- We turned in our first statutory profit of \$511,000
- Our capital and surplus well exceeded regulatory requirements
- Investment performance was outstanding in terms of both risks and returns, especially in view of the current environment; we had an unrealized gain on our investments as of December 31, 2008;

- Our claims, trends and results have been outstanding. And our reserves are conservatively established

We are more excited about the prospects for our future and are making sound, strategic investments in our people and technology. Medical associations and societies continue to express interest in partnering with us. Momentum couldn't be higher. We intend to manage our growth to ensure the most profitable results. Our goal isn't to be Florida's largest medical malpractice insurance company; it's to be the best and strongest. Oh yes, we also received our very first Financial Stability Rating[®] (FSR) of A, *Exceptional*, from Demotech, Inc., a leading actuarial consulting and financial analysis firm. With our financial strength and reputation for excellence, all our goals are right on schedule. 🌱

PHYSICIANS PREFERRED INSURANCE COMPANY DIRECT PREMIUMS WRITTEN

Premium Growth – 2005 thru 2008: 28% CAGR
(Compound Annual Growth Rate)

Premium Growth – 2007 to 2008: 14%
Direct Premiums Written (\$M)



PHYSICIANS PREFERRED INSURANCE COMPANY STATUTORY SURPLUS GROWTH

Statutory Surplus (\$M)





M MEET KIM THORPE

Some employment experts will tell you that it's best to condense your resume down to a single page. Clearly these experts have never seen Kim Thorpe's resume. From the start of his professional life to his arrival at Physicians Preferred, Kim has enjoyed many milestones over his three decade long career. Leaving out any one would be a travesty.

Lybrand, or his most recent impressive post as the Executive Vice President and CFO at FPIC, Kim has left a wake of success everywhere he's been.

Speaking of wakes, Kim, a Florida native, also grew up as a surfer and still loves to paddle out whenever he can. No, you won't find flowing locks of



KIM THORPE
EXECUTIVE VICE-PRESIDENT,
CHIEF OPERATING OFFICER
PHYSICIANS PREFERRED

“ I HAVE TREMENDOUS RESPECT AND ADMIRATION FOR DOCTORS AND HEALTHCARE PROFESSIONALS. I ALSO LOVE THE INSURANCE INDUSTRY. THAT'S WHY THE OPPORTUNITY TO JOIN PHYSICIANS PREFERRED IS SO SPECIAL TO ME. WHAT WE DO IS VERY RELATIONSHIP ORIENTED AND THAT MAKES IT ESPECIALLY REWARDING. ”

Whether it was time spent at one of GE's largest insurance businesses, serving as a partner at Coopers &

blond hair or a laissez faire attitude. What you will find, however, is that just as a surfer must navigate often

unpredictable waves in order to succeed, Kim brings a spirit of flexibility and nimbleness to his professional duties, as well.

“One of the things that attracted me to Physicians Preferred is that it's a company that truly does revolve around the needs of the doctors – whatever they are. Some insurers often lose sight of their

Continued on next page.

OUR FIRST RATING IS FIRST-RATE!




We're never more proud than when our insured doctors, enthusiastic brokers and strategic partners sing our praises to anyone who will listen. It's equally rewarding to receive high praise from a well respected, third party.

We are beyond pleased to announce that we have received a Financial Stability Rating[®] (FSR) of A, *Exceptional*, from Demotech, Inc., a leading actuarial consulting and financial analysis firm.

An FSR is a leading indicator of an insurer's financial stability. FSRs are based upon a series of quantitative ratios and considerations which together comprise Demotech's Financial Stability Analysis Model. The rating process provides

an objective baseline for assessing solvency which, in turn, provides insight into changes in financial stability.

Apart from our individual rating, we also took notice of a report by Demotech stating that the perceived strength of larger insurance companies may be just that...a perception. Demotech found that smaller companies with sound financials and solid management can often provide more safety and stability than their larger counterparts. (Of course, we've been saying that all along.)

For more information about Demotech or Financial Stability Ratings[®] (FSRs) visit www.demotech.com. Find our company information on Demotech's website by typing Physicians Preferred in the company search box. 

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policyholders. The doctors too often have to accept less than desirable solutions and it shouldn't be that way," says Kim.

Of course one thing Kim loves about Physicians Preferred, that he wouldn't necessarily like to see from the ocean waves, is the flatness of the organization. "At bigger companies, there's often bureaucracy. There can be an attitude that fixing anything other than a pre-determined list of problems is someone else's job. At Physicians Preferred, we're all empowered to help and we love doing it. We can come

through for doctors faster and more effectively," Kim adds.

Far surpassing surfing, it's pretty clear Kim's greatest passion and enjoyment comes from doing what he loves as a job.

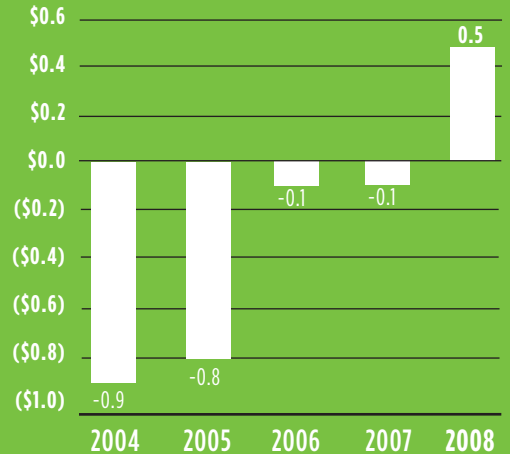
FINANCIAL PICTURE: OUR GREATEST INVESTMENT IS IN YOU.-

If you're wondering how we've been able to reap positive returns and grow when few others have, it's because our first investment is always in you. We keep our eye on the prize and remember that at Physicians Preferred, doctors come first.

Of course, that "investment" in you carries through to our service model, our product offerings and so much more. Investing in you is part of our DNA. We hope you invest some time looking at some additional financial data below. We couldn't be more delighted to share these numbers.

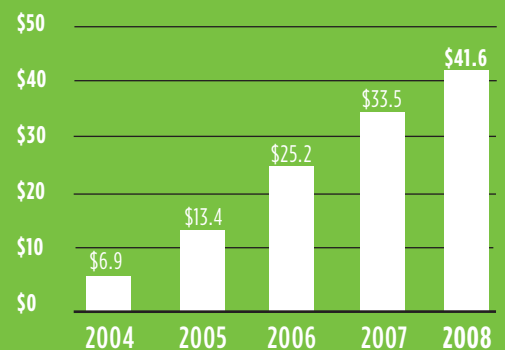
PHYSICIANS PREFERRED INSURANCE COMPANY STATUTORY NET INCOME (LOSS)

Operations Commence in 2004 – Statutory Net Income (Loss) (\$M)



PHYSICIANS PREFERRED INSURANCE COMPANY STATUTORY ADMITTED ASSETS

Statutory Admitted Assets (\$M)



WHERE TO SEE US

Physicians Preferred might be coming to a city near you. Catch us at the following upcoming event.

Florida Osteopathic Medical Association
Grand Hyatt Tampa Bay
September 11-13, 2009

DIDJA KNOW?

Images of man using plants for healing purposes can be found in paintings discovered in the Lascaux caves in France. They've been radiocarbon dated between 13,000 to 25,000 BC. (We're not sure what the state mandated minimums for coverage were back then.)

CONTACT US!

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ENDORSEMENTS

In addition to providing a tremendous value for individual medical practices, Physicians Preferred is also attractive to medical associations and societies who represent groups of physicians and specialties. The associations that have formally endorsed Physicians Preferred Insurance include:

Florida Osteopathic Medical Association (FOMA)

Central Florida Medical Affiliates (CFMA)

Tampa Bay Provider Group (TBPG)

The Florida Society of General Surgeons (FSGS)

Pinellas County Osteopathic Medical Society (PCOMS)



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