



Arkansas Mutual Highlights: 2017

Arkansas Mutual Insurance Company completed 2017 in a solid financial position affirmed by an "A" ("Excellent") rating by A.M. Best, the insurance industry's leading rating agency. Since 2015, Arkansas Mutual has been a member of the Constellation family of companies, which also includes MMIC, the largest medical professional liability insurance organization in the Midwest, and UMIA, a leading medical professional liability insurance organization in the Mountain States. Arkansas Mutual is able to draw upon Constellation's strong financial resources and dedicated team members to support the needs of Arkansas physicians and healthcare providers through a team of local experts.

In 2017, Constellation reported increased members' surplus, strong net income and outstanding customer retention. This collective financial strength and security is reflected by the "A" ("Excellent") rating received from A.M. Best by each of our members of the Constellation insurance group.

This collective strength of the Constellation family enables all our members to deliver superior service while also investing in opportunities to drive future growth. As a mutual company in which our policyholders are also our owners, we make these investments to benefit both the quality of our service and the strength and security of our commitments. Ultimately, our solid financial position fuels our mission to help physicians and all those who devote their lives to health care to attain their dream – to help, heal and serve.

Increased members' surplus for Constellation's family of companies

For 2017, members' surplus, an indicator of financial strength and stability, totaled \$389.1 million, up 12.3 percent over 2016. These funds enable us to honor our commitments and invest in new opportunities to increase value for our policyholders.

Strong net income despite market pressures

For the past several years, increased consolidation and competition in the health care industry, along with downward pressure on premiums resulting from high levels of available capital held by medical professional liability insurance companies, have contributed to a challenging market. In 2017, Constellation's net premiums earned were \$135.3 million, down from \$140.0 million in 2016. Despite the competitive market pressures, Constellation reported strong net income for the year of \$43.1 million helped in part by favorable investment performance.

Outstanding customer retention

Nearly 97 percent of Constellation's insurance clients chose to continue their policies with one of our companies rather than switch to a competitor in 2017. We take pride in the trust our clients place in us – and are committed to providing personalized service and innovative offerings that will continue to earn their business.

A partnership strategy to drive growth and extend service

In 2017, Constellation marked its seventh year as a mutual holding company. The strategy behind Constellation's formation – to bring together strong partners to achieve mutual and collective success – continues to drive our momentum, enabling us to better serve our customers, achieve operating efficiencies and invest in innovative, differentiating solutions. Our focus remains on physicians and other care providers – on supporting them as they work to improve patient care and patient experience, reduce costs and contribute to the sustainable growth of their organizations. We are grateful for the opportunity to serve our valued clients and the broader health care community – and to support the vital work they do to help, heal and serve.

2017 Highlights

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| ▪ Members' surplus | \$389.1 million |
| ▪ Direct written premium | \$150.5 million |
| ▪ Policyholder retention | 96.8% |