



MEMBERS REPORT 2012



25
OMIC
1987-2012



The concept of Ophthalmologists Insuring Ophthalmologists has proved to be a sound one.

1989

1987

OMIC opens for business on **October 1, 1987**. The new company is formed by members of the American Academy of Ophthalmology and is the first professional liability insurance carrier devoted specifically to a single specialty of medicine—ophthalmology.

OMIC's newly appointed Board of Directors takes charge of the fledgling company under the leadership of its first Chairman, **Reginald J. Stambaugh, MD**, of Palm Beach, FL, **Bruce E. Spivey, MD**, Secretary, and **John T. Flaxel, MD**, Treasurer.

1988

OMIC surpasses **1,000 physician-insureds**. In response to OMIC's successful launch, several multispecialty carriers are forced to lower premiums for their ophthalmologist-insureds. The first signs of OMIC's positive impact on the market emerge and trigger a hyper-competitive market cycle within the ophthalmic professional liability market.

OMIC conducts its **first risk management seminar**. Today, OMIC's popular seminar series attracts thousands of attendees each year. During these programs OMIC shares proven loss prevention strategies gleaned from analyzing thousands of claims and lawsuits against our insured ophthalmologists.

OMIC's success in reducing the percentage of **claims settled with payment** to the plaintiff (as well

as reducing the average payment when settlement occurs) has a dramatic effect on the specialty.

The percentage of OMIC **claims settled without payment** is 67% in 1989; by 2010 it improves to 79%. Meanwhile, the number of claims filed against ophthalmologists remains relatively constant compared with other medical specialties.

Ophthalmology ranks 10th among the largest medical specialties for highest **average indemnity payment** in 1989; it is 16th in 2010.

A FIRM FOUNDATION

Any discussion of the success of OMIC would be incomplete without acknowledging the commitment of our first Chairman, Dr. Reginald Stambaugh. Reggie, as his friends knew him, was not only a catalyst for OMIC's creation but also the leader our company needed during its challenging early years. He was convinced multispecialty insurance carriers were charging him and other ophthalmologists inflated premiums to subsidize higher risk medical specialties. And he was determined to do something about it.

I remember the circumstances preceding OMIC's formation. The year was 1986 and I was beginning my tenth year as Executive Vice President of the American Academy of Ophthalmology. Physicians were facing the second malpractice insurance crisis in less than a decade and Cigna, one of the largest insurance companies at the time, suddenly and with little warning informed policyholders that it was exiting the malpractice insurance market. This was particularly troubling to me because Cigna was the carrier for the Academy's sponsored liability insurance program. Hundreds of our colleagues were left scrambling for coverage and in some areas of the country there were no companies willing to write new policies. Where coverage was available, premiums spiked. Ophthalmology was literally being held hostage by a disloyal and unstable industry.

The first step in getting somewhere is deciding that you are not going to stay where you are. Our Academy Board, after careful consideration and analysis by a special steering committee led by Dr. John Flaxel of Oregon, voted unanimously to form OMIC. One thing we all agreed upon was that for change to occur, we would need to rally the support of the Academy membership. We surveyed our members in the United States, where 75% of respondents indicated strong interest in the program. With the support of the Board of Councilors, a small group of Academy leaders that included Jane Aguirre, Reggie, and myself traveled across the country conducting “town hall” meetings to describe our plans for the new company.

Thinking back, it was really a fairly radical idea to wrestle control of one’s professional destiny away from a fickle and disinterested insurance industry. There were many skeptics who didn’t believe ophthalmologists would succeed at insuring our own risk, but now, with OMIC leading the nation in operating and financial performance, no one questions our resolve.

On October 1, 1987, nearly 800 members of the Academy became founders of OMIC. We would not have been able to achieve our success without their trust and support. Evidence shows that OMIC’s entrance into the market almost immediately caused a reduction in premiums for ophthalmologists across the country and provided the stability we so desperately needed. For this we owe a debt of gratitude to the efforts of Dr. Reginald Stambaugh and the other visionary leaders who made the commitment to OMIC 25 years ago. What a fitting tribute to the power of self determination.

Bruce E. Spivey, MD



1990

OMIC begins publishing the **Ophthalmic Risk Management Digest**, the first quarterly newsletter devoted to ophthalmic risk management techniques learned through defending professional liability claims. The **OMIC Digest** quickly becomes a “must read” for ophthalmologists across the country.

James F. Holzer, JD, is hired from the Harvard Risk Management Foundation to serve as OMIC’s first Chief Executive Officer.

OMIC declares its **first policyholder dividend**. OMIC continues to declare more than \$30 million in policyholder dividends. OMIC’s dividends are higher as a percentage of premium than most multispecialty carriers. The average OMIC-insured ophthalmologist will earn thousands of dollars in dividends throughout a 30-year career.

1993

OMIC is the first carrier to establish an **Ophthalmic Risk Management Hotline** for immediate, confidential advice on medicolegal issues. OMIC’s **Hotline** is the most used consultative service of its kind, registering thousands of calls each year.

OMIC brings all claims and underwriting operations in-house to the **American Academy of Ophthalmology’s** headquarters building in San Francisco.

OMIC joins the **Physician Insurers Association of America (PIAA)** and works, successfully, to defeat unfavorable “enterprise liability,” a dangerous and deceptive legislative attack on tort reform.

OMIC is one of the first carriers to offer coverage for **disciplinary proceedings** conducted by regulatory agencies.

1991

1992

OMIC’s risk management publication, **A Self-Assessment Survey for Ophthalmologists**, is the first to target the specific professional liability risks related to ophthalmology.



STRATEGIC PLANNING

By 1993, OMIC was thriving. In five short years, OMIC's assets tripled and investment income increased five-fold. We were well ahead of schedule in returning to policyholders the capital we collected from them to form OMIC. And in contrast to our multispecialty competitors, we also began issuing our first policyholder dividends.

I had just been elected OMIC's second Chairman and I knew that filling the shoes of someone like Reggie Stambaugh would not be easy. With early success came high expectations and the Board soon realized OMIC was at a crossroads. We envisioned a transition that would lead us from a "new kid on the block" to the undisputed market leader for ophthalmologists. To do so, we needed to define clearly who we were five years in and who we wanted to be in twenty, or even fifty, years. We needed a plan.

As Chairman, I directed the Board and executive staff to identify those attributes we hoped OMIC would become known for within the ophthalmic community. In 1994, we published our first articulation of OMIC's values. We would maintain adequate yet affordable rates; we would provide exceptional service; we would offer the most comprehensive policy possible; and we

would proactively address new risks and emerging trends in ophthalmology.

When I think back to my time serving OMIC, from working to convince Academy councilors to support a new fledgling company to leading OMIC toward a new century, I feel pride in knowing that we built something that will endure and benefit ophthalmology long after our careers have come to a close.

Although we did not know it then, OMIC's commitment to core principles would literally save the company during turbulent times and propel us into a leading national role within ophthalmology. Many trials and tribulations lay ahead. Ominous clouds were forming that would test the industry like no other time in history. And OMIC was about to become the largest insurer of ophthalmologists in America.



John T. Flaxel, MD

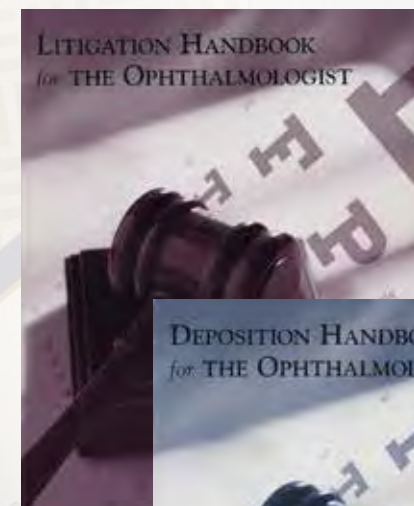
1994

Dr. John T. Flaxel of North Bend, OR, assumes leadership of OMIC as the company's second Chairman of the Board.

OMIC creates the first **national educational network** related to ophthalmic professional liability management in a trial "joint venture" formed with the Colorado Ophthalmological Society. This network provides the vehicle for ophthalmic societies to access OMIC's annual risk management updates through online courses and live seminars.

This network expands in 1995 when OMIC enters into its first contractual "**cooperative venture**" agreement with the International Society of Refractive Surgery. It proves not only to be an effective way to disseminate the lessons learned through OMIC's defense of ophthalmic claims, but participants earn substantial financial incentives. By 2012, OMIC issues over \$12 million in premium credits to society members through these partnerships.

OMIC's **redomiciles** from Colorado to Vermont due to the stability and support Vermont offers nontraditional insurers such as OMIC.



1995

OMIC publishes and distributes the **Ophthalmic Risk Management and Claims Desk Reference**, a vast collection of the first OMIC sample patient consent templates and a precursor to the library of risk management materials that would be uploaded to the internet during ensuing years.

OMIC publishes a groundbreaking collection of essays by two "giants" in the specialty, Drs. Jerome W. Bettman Sr. and Byron H. Demorest. **Practice Without Malpractice in Ophthalmology** provides, for the first time, a lens through

which ophthalmologists can examine comprehensively the link between their behavior and litigation initiated against them.

OMIC compiles the first comprehensive collection of sample **ophthalmic consent form templates** onto compact discs as a free giveaway at the annual meeting of the American Academy of Ophthalmology. The demand from both OMIC policyholders and non-insureds is so great that OMIC commissions a second print run to accommodate requests. OMIC emerges as the nation's #1 resource for free trial-tested patient education consent templates.

1996

OMIC publishes the **Litigation and Deposition Handbooks for the Ophthalmologist**. The handbooks are the first comprehensive legal guides written specifically for ophthalmologists to help them through each stage of the litigation and deposition process, providing practical information and point-by-point instructions on how to handle a stressful legal environment.

OMIC revolutionizes claim defense by developing the first **Ophthalmic Clinical Reference Modules** for

attorneys. Recognizing that juries react more favorably when our legal counsel is able to explain basic ophthalmic concepts, in addition to legal arguments, this revolutionary preparatory manual is used to give attorneys an edge over plaintiff counsel. OMIC's claims payments are much lower than our competitors as a result.

OMIC is the first to develop detailed risk management **guidelines and recommendations for refractive surgery** in the early 1990s. In 1996 OMIC is the only carrier to address the specific risks of **LASIK** in underwriting applications and risk management materials—at a time when many insurers do not even know about the procedure.

As a result, OMIC's average indemnity payment for refractive procedures remains far below that of multispecialty carriers.



OMIC creates a streamlined application process for ophthalmic practices that maintain educational positions for **rotating residents and fellows**. Shortly thereafter, OMIC provides coverage for several of the nation's most prestigious teaching programs.

Ophthalmologist and best-selling author **Robin Cook, MD**, helps OMIC celebrate its tenth year in business by presenting an OMIC-sponsored risk management session to a standing-room only crowd of policyholders and Academy Foundation members.



OMIC is committed to providing comprehensive and personalized solutions responsive to the insurance needs of changing ophthalmic practice.



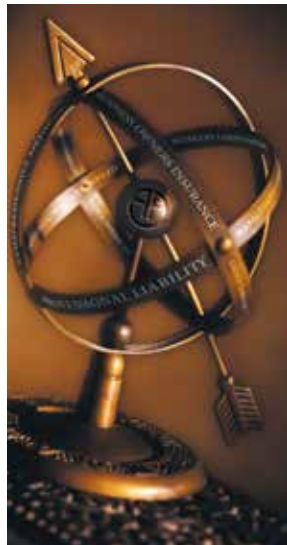
1997

Dr. Arthur W. Allen Jr. of San Francisco, CA, is named OMIC's third Chairman of the Board.

OMIC launches the **first comprehensive online library** of ophthalmic informed consent and patient education documents. Forms are developed for each subspecialty and hundreds of procedures, giving ophthalmologists immediate access to the most up-to-date patient information available. Today, OMIC.com is the nation's #1 resource for ophthalmic risk management information.

1998

OMIC is one of the first insurance carriers in the United States to provide policyholders with coverage benefits for **regulatory exposures** related to ophthalmic practice, including Medicare and Medicaid billing errors and HIPAA privacy violations. OMIC leads the industry in offering higher coverage limits and including value-added regulatory protections from EMTALA, DEA, Stark Act, and HITECH violations, licensure actions, and eMD cyber liability in its standard policy.



1999

OMIC offers directors and officers, errors and omissions, and employment practices liability insurance policies and coordinates access to several other business insurance products. Although successful, OMIC would later limit its product offerings to professional liability and limited office premises and regulatory exposures.

2000

OMIC reaches a milestone by passing **2,000 policyholders**, a 20% national market share.

OMIC and the Foundation of the American Academy of Ophthalmology publish a

comprehensive interview with **Jerome W. Bettman Sr., MD**, "father" of ophthalmic ethics and risk management and the first Chair of the Academy's Ethics Committee. Dr. Bettman is an invaluable resource for OMIC's early risk management program and shapes what would become integral to the

company's core mission: to improve patient education and safety and thereby reduce claims activity against ophthalmologists. Getting Dr. Bettman on the record before his passing in 2006 was an important goal of both OMIC and the Academy Foundation.



SHELTER FROM THE STORM

It felt like déjà vu all over again when I took the helm of OMIC in 1997. As happened before, commercial insurers returned to the market using short-term predatory tactics like ridiculously low rates to entice physicians. These were the same players who left ophthalmologists high and dry in the 1980s. Many

of them simply wanted to get new policyholders in the door at any cost. Some were seeking market domination, a "knock-out" punch to physician-owned carriers such as OMIC. Whatever the reason for slashing premiums, their voracious appetite for market share seemed irresponsible and shortsighted. Predictably, there was mounting pressure on OMIC's Board to follow suit. This would arguably become the single most defining moment for our company.

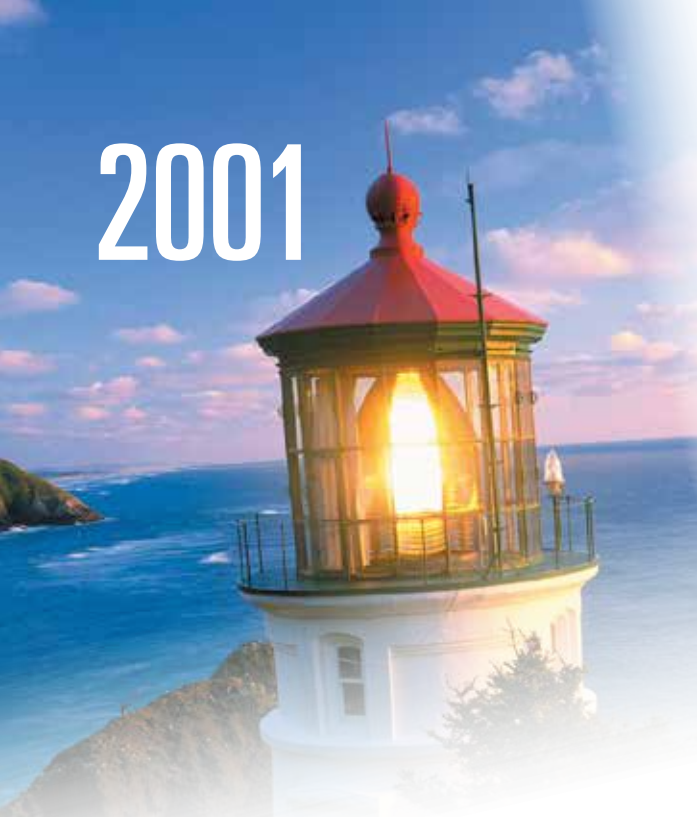
Years earlier, the Board had pledged to maintain adequate rates. It was clear to me that if there was ever a time to remain committed to our principles, this was it. Fearing the industry was headed for trouble, we put in place a conservative financial plan. I wrote a message to policyholders in 1998 affirming that OMIC would "continue to resist opting for questionable business practices in response to short-term market pressures." Premiums would remain adequate and affordable, but not necessarily the lowest.

By spring 2001, industry analysts warned that the financial condition of malpractice carriers had rapidly deteriorated and "left no margin for negative surprises." In September the industry collapsed. It was the worst meltdown of the insurance market in our nation's history. The largest companies, those same ones offering irresistibly low rates, were quickly out of the business, and many other carriers were in such dire financial condition that they doubled or tripled premiums or stopped writing new policies altogether. We weren't one of them.

During my term, OMIC's policyholder count doubled. I believe our commitment to responsible pricing was the reason OMIC was able to fulfill its mission to provide stability in a volatile marketplace. For many of our colleagues, OMIC had become the only respite from the rough waters ahead.

Arthur W. Allen Jr., MD

2001



The largest professional liability insurer in the United States, the **St. Paul Company**, abruptly exits the market, leaving 40,000 physicians and hundreds of ophthalmologists without coverage. OMIC absorbs 600 new insureds in the months following and adds more than 1,000 insureds over the next three years. As the malpractice insurance market crumbles, OMIC emerges as the only carrier continuing to write new business in many areas of the country.

Many of OMIC's **consent forms** are translated into Spanish. Although

regulatory requirements limit OMIC's coverage to the United States, the risk management resources on OMIC.com are downloaded thousands of times per month by visitors from nearly every country in the world, an indication of OMIC's global impact on patient safety.

OMIC offers its first online course, **Ophthalmic Anesthesia Risks**, making risk management education available to policyholders at their convenience 24 hours a day, 365 days per year. Thousands of OMIC insureds take advantage of the new format.

2002

OMIC develops a comprehensive **HIPAA Compliance Planner for the Ophthalmic Office**. This is in response to an Academy initiative to ensure ophthalmologists meet the requirements for safeguarding protected health information by the April 2003 deadline for HIPAA compliance.

James F. Holzer, JD, retires as President and CEO and is succeeded by **Timothy J. Padovese**, a senior insurance executive with more than 20 years of experience at major insurance carriers.

Like all other insurers, OMIC endures an increase in **claims activity** shortly after the exit of St. Paul Company. Historically low investment returns and increased reinsurance costs following the terrorist attacks on 9/11 contribute to extreme pressures on the industry. OMIC's superior operating results, favorable reinsurance contracts, and higher-than-average investment yields help the company navigate the unstable market better than most other carriers.

OMIC surpasses **3,000 physician policyholders**, representing 1 out of every 3 ophthalmologists in the United States.

Results of a major study of OMIC LASIK and PRK claims and lawsuits are published in the November 2003 issue of *Ophthalmology*. Titled **Medical Malpractice Predictors and Risk Factors for Ophthalmologists Performing LASIK and PRK** and co-authored by Dr. Richard L. Abbott, an OMIC Board and

Committee member, it is the first in-depth look at demographic and practice pattern data surrounding LASIK/PRK malpractice claims. The controversial

Soon there is a dramatic improvement in OMIC's refractive claims experience over multispecialty carriers.

OMIC and the American Academy of Ophthalmology reach a long-term **sponsorship agreement** that reaffirms their shared commitment to ophthalmology, provides financial support for the Academy, and continues the Academy's exclusive endorsement of OMIC as the preferred professional liability carrier for its members.

2003

and groundbreaking study supplements data used to develop OMIC's refractive underwriting guidelines.

2004

OMIC provided a Safe Harbor for ophthalmologists during turbulent times.

As the market falters, OMIC's total open **claim count** at year-end 2004 reaches an all-time high of 525, but remains well below levels seen by other carriers.

The American Academy of Ophthalmic Executives publishes **Protecting Your Practice: What You Need to Know about Insurance**, a guide written by OMIC for ophthalmic administrators to use when choosing and evaluating insurance products.

Participation in OMIC **risk management programs** increases by 70% in two years. Nearly half of all



OMIC insureds (1,623) attend a seminar or complete an online course in 2004, up from 37% (953) in 2002.

INDUSTRY LEADER

By the time I became Chairman in 2005, OMIC had risen to the top of our industry, the dominant carrier for ophthalmologists in every region of the country, with a 30% or higher market share in 30 states. We had come a long way from humble beginnings.

I am proud to have been among those involved in OMIC's governance from the very earliest days of the company. An unbeatable combination of dedicated ophthalmologists, management, and staff and, undoubtedly, a little bit of luck combined to make us the success we have become. Moreover, our actions have had a profoundly positive and, I submit, lasting impact on the future of our profession.

One of the principal reasons OMIC surpassed the competition and perhaps the company's most important achievement in its first fifteen years occurred in late 2002. Much of the industry had suffered staggering losses. OMIC was the only carrier willing or able to write new policies in several states. As Chairman of the Marketing Committee, I had overseen several major initiatives that were now solidifying OMIC's position as the undisputed leader in our industry. In Oklahoma, Virginia, and Nevada, nearly every ophthalmologist in private practice was insured by our company. In my home state of Texas, OMIC's market share surged as local multispecialty companies teetered on the brink of insolvency. OMIC literally provided a lifeline for ophthalmologists across America.

I'm sure what OMIC accomplished was an enigma to many in our industry. Even our actuary expressed concern about the implications of our rate of growth. Yet we managed to absorb a large increase in policyholders very quickly and were able to fund our policyholders' surplus to a level which satisfied rating agencies that OMIC was operating prudently. In fact, by 2007, OMIC had achieved its first A.M. Best A "Excellent" rating. OMIC had arguably become the most financially sound carrier in America.

To be successful in any business, you don't just need a great idea, you also need to convince people to buy what you are selling. In OMIC's case, we were selling a promise—that we would be there for colleagues when they needed us the most. If you ask me, OMIC's track record in that regard is incomparable and we are continuing to keep that promise.

In my opinion, what OMIC has that no other company has is its sense of family. As long as we retain that sense and the closeness it brings, our future is as bright as the sun.

Joe R. McFarlane Jr., MD, JD



2005

Dr. Joe R. McFarlane Jr. of San Antonio, TX, is installed as OMIC's fourth Chairman.

OMIC becomes the **largest insurer of ophthalmologists** in the United States.

2007

A.M. Best assigns OMIC a rating of A "Excellent," referring to the company's "leadership position within the industry, prudent underwriting, effective risk management, and strong long-term history of profitability."

2006

In the aftermath of **Hurricane Katrina**, OMIC implements several policy adjustments in support of more than 30 policyholders who suffered partial or total loss of their practices due to the natural disaster, including free retirement tails for those forced to discontinue practice.

OMIC's **Risk Management Recommendation Guide** and sample consent document for off-label use of Avastin for intravitreal treatment of age-related macular degeneration are the most downloaded documents in the history of OMIC's web site.

2008

OMIC declares **largest dividend to-date**, nearly \$8 million, a return of 20% of prior year premium for each physician policyholder.

OMIC collaborates with the American Academy of Ophthalmology on several **initiatives** alerting ophthalmologists to the increasing risks of wrong site surgery, out of date consent documents, and complications related to Avastin, endophthalmitis/TASS, and ROP.

2009

Dr. Richard L. Abbott of San Francisco, CA, becomes OMIC's fifth Chairman.

OMIC surpasses **4,000 physician policyholders**, representing over 40% of the national ophthalmic market.

OMIC's **policyholders' surplus** passes the \$100 million mark for the first time in the company's history.

2010

With over **40 cooperative ventures** across the nation, OMIC forges educational alliances with virtually every state and most subspecialty ophthalmic societies.

In cooperation with the American Academy of Ophthalmology and other

ophthalmic societies, OMIC assists in efforts to reverse a decision decreasing Medicare reimbursement for **Avastin** from \$35 to \$7 per dose.

OMIC ranks #1 among U.S. physician-owned insurance companies for **long-term financial stability**. OMIC's combined, operating, and surplus ratios over the past ten years indicate that it is among the most financially stable companies in the country.

A promise that OMIC will be there for ophthalmologists when they need us the most.



POWERFUL KNOWLEDGE

The best defense against a malpractice claim is to prevent one from being filed in the first place. This is why from the very beginning OMIC's Board placed such heavy emphasis on building the most robust risk

management program ever implemented for a single specialty of medicine.

Charting OMIC's claim results case by case makes for powerful knowledge. Through the process of collecting and analyzing our own data, we identified trends in ophthalmic litigation and developed risk management protocols to minimize exposures. As cases closed, we reviewed setbacks and successes and disseminated the findings to our policyholders and the ophthalmic community. We also shared this information with our attorneys and incorporated it into our defense strategy.

The results were stunning. Almost immediately, we realized our focus on risk assessment was helping us win cases and lower payments. By 2010, our average indemnity was nearly 25% lower than multispecialty carriers' average indemnity for ophthalmic claims. Clearly, OMIC's expertise presented an operating advantage.

When I became Chairman in 2010, OMIC recorded the highest level of policyholder risk management participation in our company's history. It also marked our best year operationally. As someone who has made quality of care a career pursuit, I could not have written a better storyline for OMIC's future.

For a quarter century, OMIC has worked closely with the American Academy of Ophthalmology to disseminate our information. At the Academy's annual meeting and through a national network of cooperative ventures with state and subspecialty societies, OMIC was always there helping us to improve our outcomes. So as president of the Academy in 2011, I proposed awarding OMIC the prestigious Special Recognition Award for outstanding contributions to the specialty. The Academy's Board unanimously approved. I truly love our company and everything it stands for, and when Dr. Shore accepted the award on behalf of OMIC and a crowd of thousands burst into thunderous applause, I knew I was not alone.

Richard L. Abbott, MD





MESSAGE FROM THE CHAIRMAN

Dr. John W. Shore of Austin, TX, is named OMIC's sixth Chairman of the Board.

OMIC is honored with the Academy's prestigious **Special Recognition Award** for "outstanding service in a specific effort or cause that has improved the quality of eye care."

2011

Following up on the essential risk management document, **ROP: Creating a Safety Net**, OMIC again takes the lead in publicizing the liability risks associated with retinopathy of prematurity. In conjunction with St. Luke's Hospital of Bethlehem, PA, OMIC publishes and distributes the **Watchful Eye**,TM a hospital-based program for timely screening and follow-up of ROP. The manual is translated into Spanish and made available on CD.

Here we are, twenty-five years in the making, at the top of our game, and what a great story we have to tell. The journey has been difficult, complex, challenging—and incredible. To us, OMIC is not just a company; it is a home, and a family.

The story of OMIC follows an unlikely bunch. They represent many different states, backgrounds, and subspecialties. But they are united by a love for their profession. They are colleagues, teachers, and friends. And I am proud to be with them, hand in hand, challenging convention and questioning authority. OMIC is not about the status quo.

As leaders, we are often asked to describe OMIC's greatest achievements. I can think of many. But our best may be measured by what did not happen. The colleague that was not sued. The plaintiff that did not prevail. The crisis that did not occur.

From the beginning, our advocate, the American Academy of Ophthalmology, has been there for us. We share a vision, a home, and a future. We lead together to protect patient and practice, and neither OMIC nor the Academy would be as strong without the other. We are partners for the long haul.

I knew history would be kind to us because we decided to write it ourselves. We forced an entire industry to lower the costs for ophthalmic practice. We created the

most comprehensive and innovative risk management program in the industry. We consistently outperformed our peers. And when colleagues were abandoned by competitors, we extended a reassuring hand and a lift to safety. For this we should all be proud.

OMIC's success shows us what can be accomplished when men and women of great vision come together in pursuit of excellence. Our founders wrote a winning playbook for OMIC's future. Stay conservative. Serve ophthalmology. Select great people.

So here's to the ones who got involved. The ones who made a difference. The dreamers. The doers. The leaders. They are the ones who contributed immeasurable time and effort, with support from family and friends, to improve the lives of those who follow in our chosen field.

As Chairman, I extend a heartfelt thank you to each and every one of them. These twenty-five years have been glorious. And our specialty and our lives are better for it.

John W. Shore, MD



MESSAGE FROM THE PRESIDENT & CEO

The key to success when building a company is not just finding great talent, it is also keeping that talent on board. As we celebrate our silver jubilee, I also reach a personal milestone. 2012 marks my tenth year with OMIC. You might call me a relative “short-timer” at our company considering the average length of service for our executive staff approaches twenty years, and many employees have been with us since the company’s very first days.

I have long believed that if you want to build something lasting, you shouldn’t just find people who know how to perform tasks; you should find people who love what they do. This is even more important at a company such as OMIC, where personalized service is what we sell. In more than thirty years in the industry, I have never seen such a level of commitment and concern for policyholders’ well-being as I do at OMIC.

Our employees devote countless hours, in the office and on the road, so that our insureds remain well protected. With many of our key employees still at OMIC after so many years, I can appreciate how my predecessor, James Holzer, and our company’s other early leaders were similarly committed to attracting and retaining the best of the best.

In addition to in-house talent, no company can afford to be without top-notch advisors. In OMIC’s case, our partners are the finest in the industry. Our first actuary, Tillinghast/Towers Watson, and our first reinsurance program, Lloyds of London, remain in place to this day. Our investment advisors, Prime, were retained nearly fifteen years ago.

When I joined OMIC in 2002, our *Members Report* described three core attributes we felt provided the assurance our policyholders needed during the worst year ever recorded by the malpractice industry. They were strength, stability, and longevity. I cannot think of three better words to describe our staff, advisors, and supporters.

OMIC’s superior results are no accident. They required years of diligence and hard work. I am delighted that the “engine” of OMIC, these dedicated people who are largely responsible for many of our greatest achievements, are able to see firsthand the fruits of their labor. Twenty-five years is a big deal. And so are they. So here’s to everyone who helped make OMIC what it is today.

Timothy J. Padovese

OMIC is ranked 10th out of 255 medical malpractice insurers on **SNL Financial’s** list of the best performing mid-sized commercial insurance companies.

OMIC retains its overall A (Excellent) rating from **A.M. Best** and sees its credit rating upgraded to A+ (Strong).

2012

EyeNet Magazine highlights OMIC’s 25 years of service to ophthalmology.

Attendance at OMIC **risk management events** surpasses 30,000.

OMIC launches major upgrades to **OMIC.com**. Traffic to the site soars following the addition of a news blog and links to OMIC web pages on social networking sites, including Facebook, Twitter, and LinkedIn.



*Strength.
Stability.
Longevity.*

FINANCIAL HIGHLIGHTS

STATUTORY BASIS — UNAUDITED

12 MONTHS ENDING DECEMBER 31ST	2011	2010
Net Admitted Assets	\$232,983,213	\$221,950,157
Loss & LAE Reserves	\$50,863,000	\$52,601,072
Total Open Claims	456	455
Policyholders' Surplus	\$140,377,848	\$132,886,012
Net Written Premium to Surplus Ratio ¹	23.7%	32.9%
Direct Premium Written	\$41,507,606	\$43,028,754
Net Premium Earned	\$33,648,518	\$43,238,206
Net Income	\$8,080,526	\$15,908,899
Loss & Loss Expense Ratio ²	46.2%	37.6%
Combined Ratio ³	94.7%	67.2%
Operating Ratio ⁴	73.8%	50.4%
Number of Insured Physicians	4,411	4,253

¹ Net written premium to surplus ratio measures the adequacy of an insurer's surplus. The industry benchmark of 100% indicates acceptable financial health.

² Loss & loss expense ratio measures a company's loss experience in relation to its earned premium.

³ Combined ratio measures overall underwriting profitability. A ratio of less than 100% indicates an underwriting profit.

⁴ Operating ratio measures a company's overall profitability from underwriting and investment activity (pretax).

OPHTHALMIC MUTUAL INSURANCE COMPANY

2005	2000	1995	1990	1988
\$147,426,905	\$66,505,122	\$42,281,050	\$20,712,660	\$10,132,110
\$67,541,107	\$31,043,706	\$18,744,277	\$11,160,916	\$4,083,096
464	332	183	25	13
\$43,585,701	\$21,517,566	\$13,017,106	\$5,017,967	\$3,426,767
89.4%	59.6%	76.6%	140.6%	95.0%
\$48,882,127	\$15,871,236	\$11,706,418	\$8,865,804	\$4,402,067
\$37,361,304	\$12,415,940	\$9,294,483	\$7,005,441	\$4,066,283
\$10,825,581	\$998,317	\$1,496,243	\$672,292	\$(893,735)
54.8%	79.9%	74.5%	64.0%	95.3%
77.5%	119.3%	107.7%	100.8%	139.8%
63.1%	91.0%	82.5%	81.3%	129.4%
3,609	2,150	1,561	1,068	844

THE TRADITION OF EXCELLENCE CONTINUES

As OMIC celebrates 25 years of insuring ophthalmologists, we pay tribute to the spirit and creative vision of the company's founders and all those who have followed, giving generously of their time and expertise as Board and Committee members. They come from different states, subspecialties, and practice types, but they share the same commitment and enthusiasm to improve the quality and practice of the profession of ophthalmology. We list them here along with the years in which they served OMIC.

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(A RISK RETENTION GROUP)

655 BEACH STREET
SAN FRANCISCO, CA
94109-1336

P (800) 562-6642
F (415) 771-7087
OMIC@OMIC.COM
WWW.OMIC.COM
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