

# MEMBERS REPORT

1987

2022

## OPHTHALMIC MUTUAL INSURANCE COMPANY

A Report Highlighting Our 35 Years of Service  
to the Ophthalmic Community



OMIC IS EXCLUSIVELY SPONSORED BY THE AMERICAN ACADEMY OF OPHTHALMOLOGY

1987

2022



## 2022 MEMBERS REPORT

Help us improve our products and services. Give us your feedback on the issues covered in this report by contacting OMIC at:

800.562.6642

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OMIC is the largest insurer of ophthalmologists in the United States. Formed in 1987 by a group of visionary eye doctors, our specialty-specific program is unique in our industry. Our mission is to serve the needs of members of the American Academy of Ophthalmology by providing high quality medical liability insurance products and services. OMIC strives to be a leader in the medical liability community and to promote quality ophthalmic care and patient safety.



**DANIEL J. BRICELAND, MD**  
Chair, OMIC Board of Directors

## MESSAGE FROM THE CHAIR

**WHEN OMIC OPENED FOR BUSINESS** on October 1, 1987, it signaled not just the beginning of a new insurance company, but the culmination of a visionary plan to directly head off a growing threat facing our colleagues nationwide. Insurance rates were too high and fluctuated wildly year to year. Large carriers abruptly left the market when profits dried up, abandoning insureds with little notice. Coverage was unavailable in some areas. It was simply not an option to have our livelihoods subject to such instability.

Malpractice defense seen through the eyes of business executives with limited knowledge of our profession most likely contributed to this volatility. Creative solutions for improving outcomes was sorely needed. The distinguished group of leading ophthalmologists within the American Academy of Ophthalmology that formed OMIC challenged the conventional view of what an insurance company could be. OMIC injected competition into the marketplace, which in turn lowered rates. For the first time our colleagues were in control of their destiny rather than hostage to a fickle and disinterested industry.

Then an incredible thing happened.

In the decades that followed, OMIC became something so much more than the “typical” malpractice insurance company. We became the leader in comprehensive ophthalmic risk management. While other carriers offered generic seminars to improve “bedside manner” we focused on building something much better. Our exhaustive research of claim trends led to the creation of a vast collection of patient education materials. Clinical outcomes improved. Litigation against our insureds decreased.

One could argue the evolution of OMIC foreshadowed the creation of larger sophisticated data collection and statistical analysis efforts such as the IRIS Registry. OMIC was early to understand that extensive study of past experience could not only be used to improve quality of care and the practice of ophthalmology, but also to reduce exposure to litigation.

I am so proud that ophthalmology was one of the few medical specialties to form a company like OMIC. But I am not surprised. The founding members and leaders of OMIC were ahead of their time. They were inspirational. And that spirit continues today with a new diverse group of pioneers for our profession. I cannot wait to see what happens during the decades to come.

I will be admiring the future accomplishments of OMIC from the sidelines along with the rest of our Board alumni. I have reached the maximum number of years one is allowed to serve in leadership under our bylaws. I would like to recognize Drs. David Parke II, Ann Acers-Warn, and Steve Brown who also completed their Board service in recent years. Drs. Denise Chamblee and Brad Fouraker will conclude their Board terms at year-end 2022. Their contributions to the profession have been tremendous and on behalf of OMIC I wish each the best in their future endeavors. Finally, I am pleased to announce that Dr. Robert Gold of Florida will assume leadership of OMIC as Chair of the Board effective January 1, 2023. I could not be more confident in the company's leadership moving forward.



## OMIC MILESTONES

AS SHOWN IN THE GRAPH BELOW OMIC HAS EXPERIENCED A NET INCREASE IN PHYSICIAN POLICY COUNT EVERY YEAR WE'VE BEEN IN BUSINESS.



1987

### OMIC enters the insurance market

In response, traditional insurers are pressured to justify the rates charged for ophthalmology. Malpractice rates across the United States begin to drop almost immediately for eye physicians and surgeons.

1995

### OMIC publishes first informed consent templates

It is the first comprehensive collection of sample patient consent form templates specifically for ophthalmic practice. OMIC emerges as a leading resource for ophthalmic patient education and risk reduction resources.



2002

### OMIC helps to stabilize insurance market

The St. Paul Company, the largest professional liability insurer in the United States at the time, abruptly exits the market leaving hundreds of ophthalmologists without coverage. OMIC absorbs more than 1,500 insureds over the next three years, and as the malpractice insurance market falters and other carriers exit the industry, emerges as the only carrier continuing to write new policies in many areas of the country.



2011

### OMIC is recognized nationally

OMIC is featured on the cover of *Risk and Insurance Magazine* as a "company to watch." CEO Tim Padovese describes how OMIC changed the landscape of insurance for ophthalmologists in the United States and around the world.

2011

### OMIC awarded by the Academy

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

2020

### OMIC is chosen as the Outstanding Captive Insurer of the Year for 2020

**Captive Insurance Companies Association (CICA)** gives OMIC the most prestigious award recognizing companies that are creative and successful in the way they manage net results, provide exceptional service to its owners, prevail over difficult times or situations, and gain acceptance, recognition, and a positive reputation among agencies, regulators, and colleagues in its industry. CICA also noted the tremendous impact OMIC has had on risk management and patient safety around the world. To be recognized in such a way among the 3,200 captives operating in the U.S. is truly an honor for OMIC's board, employees, and members.

2012

### OMIC ranked as a Top 10 Carrier in America

OMIC is among the **Top 10 Medical Malpractice Insurers** on SNL Financial's list of the 255 U.S. mid-sized commercial insurance companies.

2014

### OMIC among top companies to work for in America

OMIC is named one of **The Principal 10 Best Companies for Employee Financial Security** and featured on the cover of *Inc. Magazine*. An independent judging panel of employee benefit experts recognized OMIC for its commitment to employee financial security through outstanding employee benefits.

A "captive insurer" is generally defined as an insurance company that is wholly owned and controlled by its insureds; its primary purpose is to insure the risks of its owners, and its insureds benefit from the captive insurer's underwriting profits. To date, OMIC has returned more than \$100 million in policyholder dividends and helped stabilize the market for ophthalmology professional liability insurance.

1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022



### OMIC declares first dividend

The modest declaration of \$250,000 in premium returns signals a dedication to give back any premium to policyholders above what is needed to operate OMIC. In 27 of the 31 ensuing years, OMIC's average dividend returns far exceed the industry average for those carriers that issue them to policyholders.

1991

### OMIC's record surplus

Policyholders' surplus is required to protect against unforeseen claim activity or other systemic or operational risks to the company's well-being. Passing \$20 million for the first time in 1997, current surplus stands at more than ten times that level. OMIC has maintained a favorable premium to surplus ratio of approximately .2 to 1 for several years, among the strongest surplus positions of any company in the industry which sets an acceptable level at 1 to 1.

1997

### OMIC leads the industry in financial strength

A study of OMIC's combined, operating, and surplus ratios over the preceding ten years suggest that OMIC is arguably the most fiscally sound carrier in our industry.

2010

2022

OMIC celebrates 35 years in business. Nearing 6,000 insured physicians, OMIC remains the most influential company in our field.



OMIC offers comprehensive medical liability insurance coverage and services at the lowest possible cost and creates materials and resources that improve quality of care and enhances the practice of ophthalmology.



## CLAIMS PERFORMANCE

OUR LONG-TERM PERFORMANCE IN OPHTHALMIC CLAIMS DEFENSE IS SHOWN IN GRAPHIC TERMS. EXAMINATION OF INDUSTRY BENCHMARKS SHOWS OMIC'S CLEAR ADVANTAGE COMPARED TO OUR PEERS.



The Average Lifespan of an OMIC Claim for all specialties is 800 days or 2.2 years. Pediatric cases take the longest time to settle and glaucoma the shortest.



**LOWER AVERAGE PAYMENT**  
OMIC's average claim indemnity payment (\$219K) is 19% lower than the industry (\$270K) from 2006–2018.

**1996**

OMIC publishes the groundbreaking *Litigation and Deposition Handbooks for Ophthalmologists and Ophthalmic Clinical Reference Modules* for attorneys.



**2004**

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



**DEFENDING YOU**  
OMIC aggressively defends litigation against our insureds no matter how frivolous.



**2013**

OMIC closes its longest lasting claim, spanning 20 years and \$1 Million in defense costs, with no payment to the plaintiff.

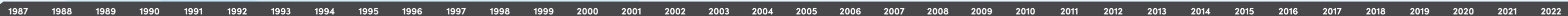


**2018**

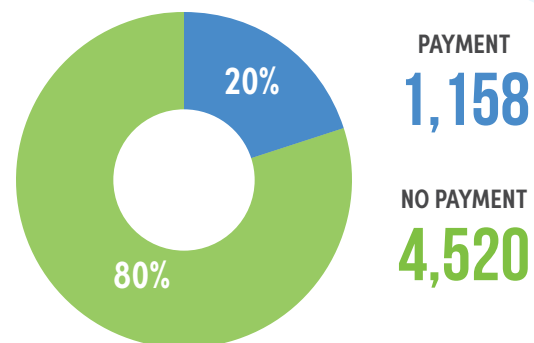
OMIC defends its 5000th reported ophthalmic claim. Current cumulative claim count: 5650



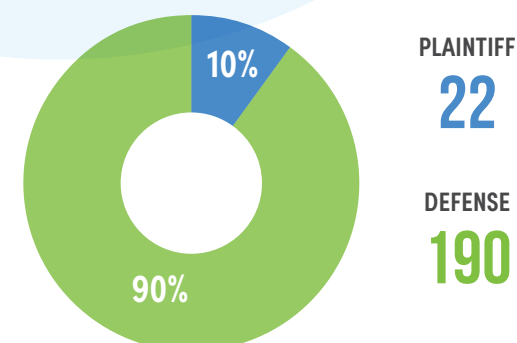
**LOWER PERCENTAGE OF PAID CLAIMS**  
OMIC closes 20% of cases with a payment vs. the industry average of 25%.



TOTAL CLAIMS (1987-2021)



TOTAL TRIAL VERDICTS (1987-2021)



- ➔ OMIC closes a higher percent of claims **without a payment** to the plaintiff.
- ➔ OMIC **wins a higher percent of cases** taken to trial than other insurers in our industry.
- ➔ OMIC **settles cases for much less money** than our peers.
- ➔ OMIC **aggressively defends litigation** against our insureds.
- ➔ OMIC has a **singular focus on ophthalmology** and access to the best experts and most experienced defense teams.

**BEST-IN-CLASS OPHTHALMIC LOSS PREVENTION RESOURCES CENTER AROUND THE OMIC HOTLINE AND PATIENT EDUCATION MATERIALS. INSUREDS HAVE COLLECTIVELY EARNED MILLIONS IN PREMIUM DISCOUNTS BY PARTICIPATING IN OUR RISK MANAGEMENT COURSES.**

**1989**

Today, OMIC's popular seminar series includes more than 50 events, attracting thousands of attendees each year. Courses are prepared for both physicians and ancillary providers where recently closed ophthalmic cases are highlighted with recommendations for implementing loss prevention techniques.

**1993**

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

**1997**

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, drugs, and devices, complimenting the Academy's materials, and 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.

**2001**

OMIC offers its first self-directed online course, Ophthalmic Anesthesia Risks, making risk management education available to policyholders at their convenience 24 hours a day, 365 days per year.

**2011**

Following up on the essential risk management document for pediatric ophthalmologists and retinal specialists, *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 *Watchful Eye*, a hospital-based program for timely screening and follow-up of ROP.

**2017**

OMIC provides a \$1 Million grant to study and implement risk management and patient safety initiatives through The Spivey Fund of the Academy Foundation.

**2021**

OMIC surpasses \$30 Million in cumulative premium credits applied for insureds who are members of state, subspecialty, and special-interest societies and have participated in joint educational events.

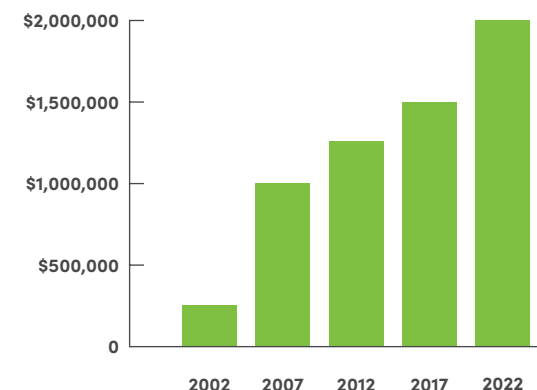
OMIC begins publishing the *Ophthalmic Risk Management Digest*, the first quarterly newsletter devoted to ophthalmic risk management techniques learned through defending professional liability claims. The *OMIC Digest* quickly becomes a "must read" for ophthalmologists across the country.

**1990**

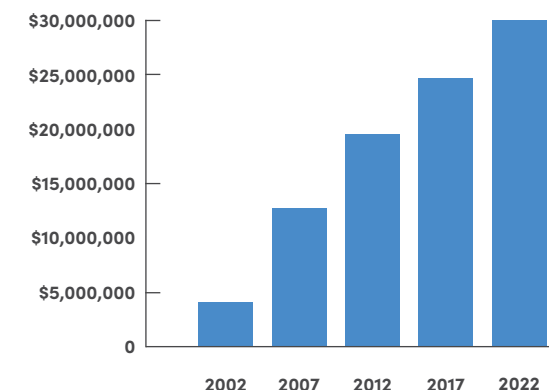
OMIC creates a trial "joint venture" formed with the Colorado Ophthalmological Society. This network expands in 1995 when OMIC enters into its first contractual "cooperative venture" agreement with the International Society of Refractive Surgery. It proves not only to be an effective way to disseminate the lessons learned through OMIC's defense of ophthalmic claims, but participants earn premium credits for attending courses with the goal of reducing risk of litigation.

**1994**

**ANNUAL PREMIUM CREDITS EARNED BY PARTNER SOCIETY MEMBERS**



**CUMULATIVE HISTORICAL PREMIUM CREDITS EARNED BY PARTNER SOCIETY MEMBERS**





## COVERAGE FEATURES

DECADES OF INNOVATIVE ENHANCEMENTS HAVE  
PROTECTED GENERATIONS OF OMIC INSUREDS AND  
PROVIDED ONE OF THE MOST COMPREHENSIVE POLICIES  
AVAILABLE FOR THE PRACTICE OF OPHTHALMOLOGY.

1987

OMIC offers the first malpractice policy written specifically for the practice of ophthalmology.



1993

OMIC is one of the first carriers to offer coverage for disciplinary proceedings conducted by regulatory agencies. This marked the beginning of a wide expansion of policy benefits for OMIC.

1997

OMIC introduces special coverage for resident and fellow educational programs.



1998

OMIC is one of the first insurance carriers in the United States to provide policyholders with billing errors coverage benefits, covering Medicare and Medicaid billing errors investigations. A few years later, OMIC expanded this additional benefit to include HIPAA Privacy Standards violations.

2001



As claims related to the screening and treatment of Retinopathy of Prematurity become a concern for providers, OMIC begins underwriting ROP protocols of insureds and engages with Risk Managers to focus on new resources that policyholders and hospitals can implement for loss prevention.

2005

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

2006

OMIC adds coverage for new regulatory proceedings including EMTALA, DEA, and Stark Act violations. Over the following decade, OMIC continues to add covered proceedings under the regulatory benefit, such as for certain peer review and licensing actions, and increase the limits for all additional benefits

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."

2011

OMIC adds eMD cyber liability coverage to its expanding collection of additional benefits within the standard policy. It becomes one of the most used benefits by insureds. OMIC's benefit package of 17 additional coverages for regulatory proceedings and cyber liability is among the most comprehensive in the industry.

2013

After extensive study of claims experience, OMIC covers facelifts, rhinoplasties, and full body liposuction at standard rates and becomes the best option for oculofacial plastic surgeons in America.

2016

OMIC adds cyber exposure benefits to respond to the many repercussions of privacy and security breaches, such as brand damage due to media reports and credit card company fines and penalties.



2022

OMIC makes structural changes to offer new services for large groups and emerges as a dominant U.S. insurer of large eyecare networks, expanding traditional ophthalmology groups, and private equity-owned eye health organizations.

2018

OMIC changes its bylaws to allow for coverage of newly forming eye health delivery systems.

# FINANCIAL HIGHLIGHTS

RATE STABILITY, MARKET-LEADING DIVIDENDS, GROWING ASSETS, AND ONE OF THE STRONGEST SURPLUS POSITIONS IN THE INDUSTRY MAKE OMIC ONE OF THE BEST PERFORMING CARRIERS FOR OPHTHALMOLOGISTS IN AMERICA.

AVERAGE DIVIDEND DECLARED

8

PERCENT

AVERAGE ANNUAL DIVIDEND

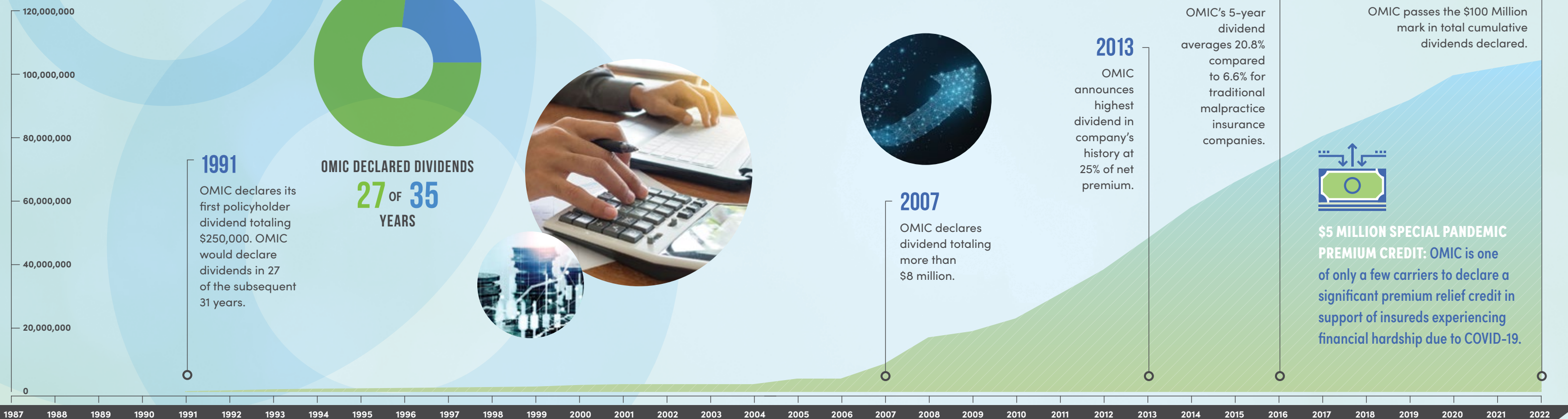
\$935

AVERAGE CUMULATIVE DIVIDEND PAYMENT

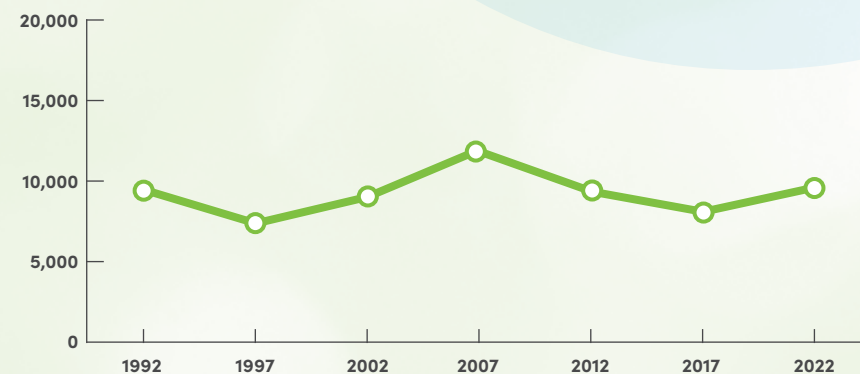
\$25,250

PER INSURED PHYSICIAN

## CUMULATIVE DECLARED DIVIDENDS

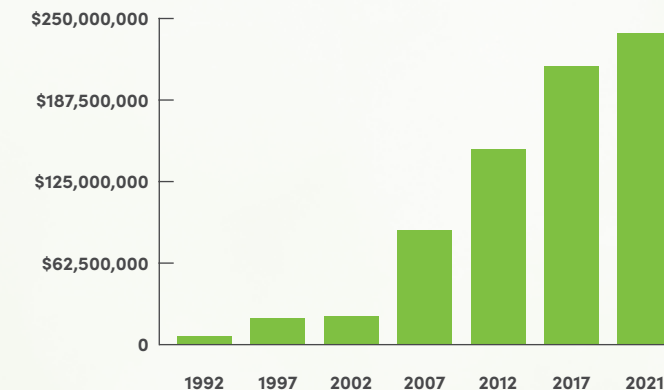


## AVERAGE ANNUAL PREMIUM PER INSURED

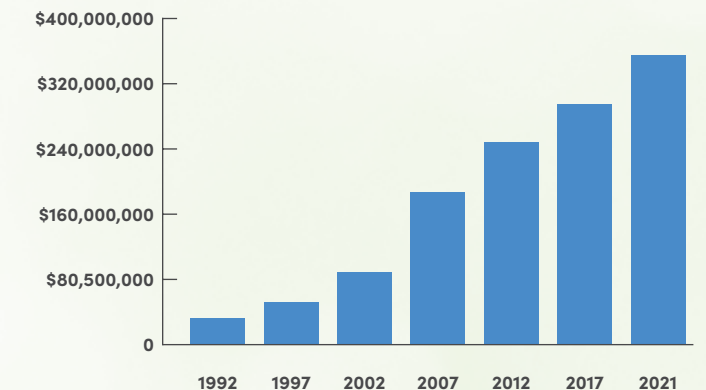


**RATES INCREDIBLY STABLE:**  
Rates in 2022 are the same as they were in 1992 despite the CPI increasing 105% during the same period.

## POLICYHOLDERS' SURPLUS



## ADMITTED ASSETS





1987

2022



MESSAGE FROM THE CEO

2022 LEADERSHIP

ALUMNI



TIMOTHY J. PADOVESE  
President & CEO

**IN THIS REPORT,** we celebrate 35 years of achievements for OMIC. Each milestone has a special meaning for me as I also reach a personal anniversary—my twentieth year serving you as executive leader of OMIC. To say it has been the pinnacle of my career would be an understatement.

When I took the helm of this amazing company, the foundation was in place and our footing was solid. Then just months into my tenure, OMIC faced major financial tests when claims against our insureds spiked to levels far beyond anything our company had seen before. At the time, we were also focused on navigating extreme volatility in investment markets caused by the dot com bust. Our nation was on the brink of war in Iraq. Then the largest insurer of physicians in America at the time abruptly left the market, citing a lack of profitability in its report to shareholders. We were tasked with absorbing thousands of new insured ophthalmologists, many of whom had no other carriers willing to offer them coverage due to worsening insurance market conditions. We also faced an unprecedented need for strengthening our surplus and reinforcing our financial underpinnings for the future.

OMIC would double in size in the decade that followed. The financial strength of our company became much stronger. Policyholders’ surplus grew exponentially to \$240 Million today, a more than ten-fold increase from my early days at the company. Our corporate assets rose from \$80 Million to \$350 Million. OMIC’s industry-leading financial ratios and favorable loss trends allowed us to maintain premium rates virtually unchanged over 20 years. OMIC became the largest and most influential insurance company within ophthalmology.

I am so proud of our performance through all of the obstacles we’ve faced over the years. Looking back at our beginning, I am struck by how many of our accomplishments can be traced to the aligned interests of both our company and our insureds. OMIC’s mutual structure has allowed us to act with complete devotion to our policyholders, unlike publicly-traded stock companies where the focus inevitably pits shareholder profitability and market returns against insureds’ well-being. Our company was built for the long run, operating similar to a cooperative or non-profit where policyholder-owners not only reap the rewards of our successes year after year, but also guide our future.

The charts shown throughout this report highlight OMIC’s superior performance in graphic terms. Among these achievements I would put at the top of my list OMIC’s consistent return of profits to policyholders, through the issuance of dividends. Placed alongside strikingly consistent premium rates, they tell a compelling story. The cumulative average of more than \$25,000 in returned premium per ophthalmologist-insured illustrates our adherence to OMIC’s value commitment: to provide superior products and services, long-term stability, and comprehensive coverage at the lowest possible cost. Our insureds have benefited greatly in so many ways by placing their confidence in us and none of it would have been possible without your support.

Thank you,

*Timothy J. Padovese*

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VICE CHAIR

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Robert S. Gold, MD

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Michael C. Tigani, MD

Robert E. Wiggins, Jr., MD

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**Robert J. Widi**  
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**Beth M. Wilson**  
Director, Project Management

**Kimberly K. Wynkoop, Esq.**  
Vice President, General Counsel

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Reinsurance Broker

**Moss Adams LLP**  
Independent Auditor

**Prime Advisors, Inc.**  
Investment Manager

**Primmer Piper Eggleston & Cramer PC**  
Vermont Counsel

**Willis Towers Watson**  
Actuary

BOARD CHAIRS YEARS OF SERVICE

Reginald J. Stambaugh, MD	1987–1996
John T. Flaxel, MD	1987–1998
Arthur W. Allen Jr., MD	1987–2006
Joe R. McFarlane Jr., MD, JD	1989–2008
Richard L. Abbott, MD	1993–2011
John W. Shore, MD	1999–2013
Tamara R. Fountain, MD	2001–2015
George A. Williams, MD	2005–2018

BOARD AND COMMITTEES YEARS OF SERVICE

William N. Offutt IV, MD	1987–1988
Larry G. Piepergerdes, MD	1987–1988
Maurice F. Rabb, MD	1987–1989
Daniel M. Shapiro, MD, JD	1987–1990
Daniel R. Evans, MD	1987–1991
Richard A. Deutsche, MD	1987–1993
Spencer W. Myers Jr., MD	1987–1993
Byron H. Demorest, MD	1987–1995
Frank J. Kresca, MD	1987–1995
H. King Hartman, MD	1987–1997
Ralph Z. Levene, MD	1987–1997
Michael J. Hawes, MD	1987–1998
Bruce E. Spivey, MD	1987–2006
Raymond R. Margherio, MD	1988
Jean Hausheer, MD	1988, 1993–1998
Arthur I. Geltzer, MD	1988–1993
Oksana Mensheha, MD	1988–1993
Tully C. Patrowicz, MD	1988–1993
Joe F. Arterberry, MD	1988–1997
Michael R. Redmond, MD	1989–1999
Jerome W. Bettman Sr. MD	1990–1995
Dean C. Brick, MD	1990–1998
Monica L. Monica, MD	1990–1999
Catherine Newton, MD	1991–1995
Laura J. King, MD	1991–2000
E. Randy Craven, MD	1994–2001
Jeffrey P. Johnson, Esq.	1994–2017
Barry W. Uhr, MD	1996–1999
Kirk H. Packo, MD	1996–2001
B. Thomas Hutchinson, MD	1996–2006
Susan H. Day, MD	1996–2008
H. Dunbar Hoskins, MD	1996–2009
James J. Salz, MD	1996–2009
William J. Knauer III, MD	1996–2010
Stephen A. Kamenetzky, MD	1996–2011
David W. Parke II, MD	1999–2021
Ted V. J. Houle, MD	2003–2011
James B. Sprague, MD	2003–2011
Steven V. L. Brown, MD	2006–2020
Harry A. Zink, MD	2007–2016
Ann Acers-Warn, MD, MBA	2007–2021
John A. Campagna, MD	2008–2011
Trexler M. Topping, MD	2008–2017
Andrew P. Doan, MD	2011–2017

PRESIDENT/CEO YEARS OF SERVICE

Diane Perkins	1988–1990
James F. Holzer, JD	1990–2002





**OMIC**  
**OPHTHALMIC MUTUAL  
INSURANCE COMPANY**  
A Risk Retention Group

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