



# Commitment. Dedication. Reliability.

## Our History

Our family's history goes back five generations to when Physicians Mutual Insurance Company first opened its doors in 1902 and later expanded to include Physicians Life Insurance Company in 1970. Through the Great Depression, wars and recessions, we've been here for our customers when they needed us.

In 2017, we paid a total of over \$451 million on all insurance benefits ... that's an average of nearly \$1.7 million paid every working day! That's just part of the reason we have a 97% customer satisfaction rating and 9 out of 10 customers would recommend us to family and friends.<sup>1</sup>

## Our Focus

In today's economy, you deserve straightforward answers from straightforward companies. Because we are not publicly owned or traded, it is our customers' interests that come first – not those of Wall Street. That's why our focus continues to be meeting the needs of the families who depend on us for their protection.

Throughout our history, we have remained dedicated to the solid principles on which we were founded – doing the right thing; listening and caring; and delivering on our promises. Those values guide our actions today and are the reason we've taken steps to ensure we will always be able to pay claims quickly and provide superior customer service.

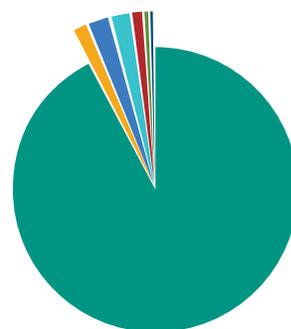
## Our Investments

Over the years, we have maintained a prudent investment approach, building a well-diversified, high-quality portfolio of over \$3.5 billion in assets.<sup>2</sup>

We have minimal investments in common stock. Therefore, we have not been adversely affected by the wild swings of the stock market. We also avoid exposure to risky investments in favor of steadier, less-volatile ones. Furthermore, the only real estate we own is our Corporate headquarters and mailing facility.

To make sure we'll be here for our customers, we maintain a strong margin of protection. This is money we set aside, in addition to the required insurance policy reserves, that serves as additional protection for our customers. For more than 30 years, the margin has steadily increased to total over \$951 million.<sup>3</sup> It is just one of the reasons we are able to stand behind our promise of commitment – we're here when you need us.

The Physicians Mutual Family's  
Consolidated Invested Assets



Bonds	90%
Preferred Stock	2.3%
Cash and Short-Term Investments	2.2%
Common Stock	4.5%
Policy Loans	less than 1%
Real Estate	less than 1%
Other Invested Assets	less than 1%

<sup>1</sup> Based on 2014 Physicians Mutual® Customer Satisfaction Survey conducted by Wiese Research Associates

<sup>2</sup> Physicians Mutual Insurance Company has over \$2.1 billion in invested assets; Physicians Life Insurance Company has over \$1.6 billion in invested assets

<sup>3</sup> Margin of protection applies to Physicians Mutual Insurance Company, which wholly owns Physicians Life Insurance Company

Please note: All figures are from the Annual Statement for Physicians Mutual Insurance Company and Physicians Life Insurance Company, as of Dec. 31, 2017

## Our Ratings

We also receive some of the highest financial strength and credit ratings in the nation. These are from independent analysts who do not endorse or recommend specific companies' policies, rates or practices, but only provide their unbiased ratings ... so you can be assured we are worthy of the honors we're awarded.

	Physicians Mutual Insurance Company	Physicians Life Insurance Company
<b>A.M. Best Company (Financial Strength)</b>	<b>A (Excellent)</b>	<b>A (Excellent)</b>
<i>For overall financial strength and ability to meet obligations to customers</i>		
<b>A.M. Best Company (Credit)</b>	<b>A+ (Excellent)</b>	<b>A+ (Excellent)</b>
<i>For ability to meet ongoing senior financial obligations</i>		
<b>Weiss Ratings (Financial Strength)</b>	<b>A+ (Excellent)</b>	<b>A- (Excellent)</b>
<i>For financial security, investment strategies, business operations and underwriting commitments</i>		

A.M. Best Financial Rating Scale		A.M. Best Credit Rating Scale		Weiss Rating Scale	
A++ and A+	Superior	AAA+, AAA and AAA-	Exceptional	A+, A and A-	Excellent
A and A-	Excellent	AA+, AA and AA-	Superior	B+, B and B-	Good
B++ and B+	Very Good	A+, A and A-	Excellent	C+, C and C-	Fair
B and B-	Fair	BBB+, BBB and BBB-	Good	D+, D and D-	Weak
C++ and C+	Marginal	BB+, BB and BB-	Fair	E+, E and E-	Very Weak
C and C-	Weak	B+, B and B-	Marginal	F	Failed
D	Poor	CCC+, CCC, CCC- and CC	Weak		
E	Under Regulatory Supervision	C	Poor		
F	In Liquidation	RS	Under Regulatory Supervision/In Liquidation		
S	Rating Suspended				

In issuing the "A (Excellent)" financial strength ratings in September 2017, leading independent insurance authority, A.M. Best stated the Physicians Mutual family ...

*... maintains a long-established, geographically diversified niche in Medicare Supplement, where it is recognized as a leader and innovator. The company's ability to leverage its diversified distribution channels further strengthens this competitive position. Additionally, the group's life insurance and annuity lines have become more competitive.*

In September 2017, leading independent insurance authority, Weiss Ratings also expanded upon our strength, saying this about both Companies ...

*... in our opinion, this company offers excellent financial security. It has maintained a conservative stance in its investment strategies, business operations and underwriting commitments. While the financial position of any company is subject to change, we believe this company has the resources necessary to deal with severe economic conditions.*

We have witnessed and overcome numerous economic hardships in the past – the flu epidemic of 1918, the Great Depression, wars and recessions. Through each and every hardship, we have **kept our promise to customers**. This will not change. Remember, no one knows what the future may bring, but rest assured, we intend to be **here when you need us**. We're strong, stable and prepared to **meet your insurance and financial needs**.

Sincerely,



Michael Wade  
Chief Financial Officer

That is just one of the reasons we place on the Weiss **Recommended List** of life and health insurance companies. In fact, Physicians Mutual Insurance Company is in an **elite group of six** life and health insurance companies **representing the top .9%** of the industry, while Physicians Life Insurance Company is in a group **representing the top 9.2%**. With all this praise, you can be assured we'll be there to back your insurance, now and for years to come.

A.M. Best's credit ratings are not a warranty, nor are they a recommendation to buy, sell or hold any insurance policies. Nor do they address the suitability of any financial obligation for a specific purpose or purchaser. Weiss Ratings are based on an analysis of hundreds of factors that are combined into indexes including: capitalization, investment safety, profitability, liquidity and stability. A good rating requires consistency across all indexes. A weak score on any one index can result in a low rating, as insolvency can be caused by any one of a number of factors such as inadequate capital, unpredictable claims experience, poor liquidity, speculative investments, inadequate reserving, or consistent operating losses.