

*NCMIC Group, Inc.*

CORPORATE HEADQUARTERS

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March 22, 2010

Dear Colleagues,

Some have described 2009 akin to an episode of “Survivor.” The financial world continued to collapse, century-old institutions went bankrupt and bail-out programs were initiated. All against the backdrop of a healthcare reform initiative with the potential to impact each patient and practitioner in America.

It was indeed a year in which maintaining an optimistic attitude about our personal world was critical to maintaining even the remotest semblance of normalcy in our lives. And while it’s true that 2009 was one of the more difficult years in our nation’s recent history—I am pleased to say that at NCMIC our news is still good.

#### **Declared policyholder dividend**

First of all, I am thrilled to report that NCMIC will provide a policyholder premium dividend for the 14th consecutive year. This announcement is nothing short of incredible given the financial turmoil in the investment and banking world.

While our conservative management style has helped to create a sound fiscal environment for NCMIC, I would like to thank our policyholders for implementing effective risk management practices in their chiropractic offices. It is this combination of factors that makes the premium dividend possible.

#### **Dividend check also a giving opportunity**

The policyholder premium dividend is also significant this year in that it represents an opportunity to invest in our profession’s future. By choosing to return your dividend to the NCMIC Foundation (see insert with this mailing for instructions), you have an opportunity to support research and transport the profession to another level of accomplishment.

As I mentioned in my recent letter to you, the challenges that will confront the profession in the near future create a mandate for action as never before. However, we now have the chance to make research a viable priority. This is indeed a legacy opportunity, rarely obtainable by individual commitment, but made possible by collective participation.

Research is tomorrow’s hope, the culmination of decades of dreams to accomplish the goals of chiropractic. In the words of Henri Poincare, “It is through science that we prove, but through intuition that we discover.” Please consider the opportunity.

#### **“A” rating from A.M. Best reaffirmed**

In more good news, I am happy to report that NCMIC Insurance Company was once again awarded an “A” (Excellent) rating from A.M. Best. We hope our “A” rating provides you with a sense of confidence that NCMIC is financially solid, stable and well-positioned for the future.

As many of you are aware, several insurance companies and financial institutions have been downgraded lately. Some have filed for bankruptcy while others were forced to merge.

In contrast, NCMIC managed to navigate through the maze of regulatory reform, corporate confusion and global uncertainty. As the A.M. Best rating attests, NCMIC is being managed in a very fiscally conservative fashion and with a stable, long-term approach.

### **NCMIC Insurance Company**

As you know, NCMIC's business focus is and remains on our chiropractic policyholders. NCMIC has more than 38,000 malpractice insurance policyholders, and we insure all of chiropractic colleges in the United States. In fact, we insure more Doctors of Chiropractic than all of the other brokers/companies combined.

We strongly believe that our policyholder count can be attributed to our focus on service. "We Take Care of Our Own®" is not simply a motto for us, but rather the obsessive way we do business at NCMIC with each and every policyholder and institution that we serve, each and every day.

For example, it is our goal to answer each call within 20 seconds or less, and in 2009, we answered more than 87,000 calls from D.C.s. We also have specific high standards for meeting policyholder requests in 20 different areas—from adding entity coverage to changing an address and much more.

We're always seeking ways to provide the best customer service possible, and our doctors often comment on this outstanding service. In fact, 96 percent of our policyholders surveyed said they would recommend NCMIC to another doctor.

In addition, the chiropractic expertise developed through the experience of our in-house claims department, as well as our expert defense counsel, remains a strength simply unable to be duplicated.

One of the reasons for this unparalleled expertise is the Defense Counsel Seminar we host regularly. In 2009, we again held this event, and approximately 190 attorneys from across the United States and Puerto Rico were able to hear from worldwide experts, learn about cutting-edge chiropractic research and exchange strategies on defending chiropractors. Through these seminars, our attorneys became even more knowledgeable about the issues relevant to chiropractic, giving our policyholders a further edge in malpractice suits.

Our policyholders have come to rely on this level of expertise—they have the security of knowing they will have the best defense possible should they need it. There is simply no substitute for the peace of mind that NCMIC has been providing to Doctors of Chiropractic since 1946.

### **NCMIC Finance Corporation (NFC)**

In today's economy, it's almost mandatory that doctors have the ability to take credit cards as payment for their products and services. As a result, more and more doctors are recognizing the benefits of a credit card processing program and NCMIC's program in particular.

I am happy to report that our credit card processing program has had a stellar year. The NFC credit card processing program has experienced a 22 percent increase in customers—its highest since the program's inception.

On a more challenging note, the downturn in the economy as well as today's overly perilous regulatory climate has put a damper on our vision to obtain a banking charter. This is something we will again pursue once the economy and regulatory climate becomes more conducive.

In addition, with healthcare professionals cutting back on expenses and new purchases, equipment financing is down from previous years. We are confident, however, that doctors will begin reinvesting in their practices, and that there will be a renewed demand for equipment financing from NFC in the near future.

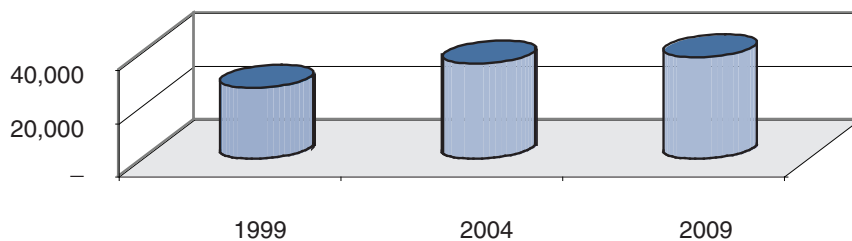
**NCMIC Insurance Services (NIS)**

Through NCMIC Insurance Services, a full-service insurance agency, we have been able to offer all lines of business insurance, as well as personal insurance. More Doctors of Chiropractic are relying on us to take care of their unique professional and personal insurance needs.

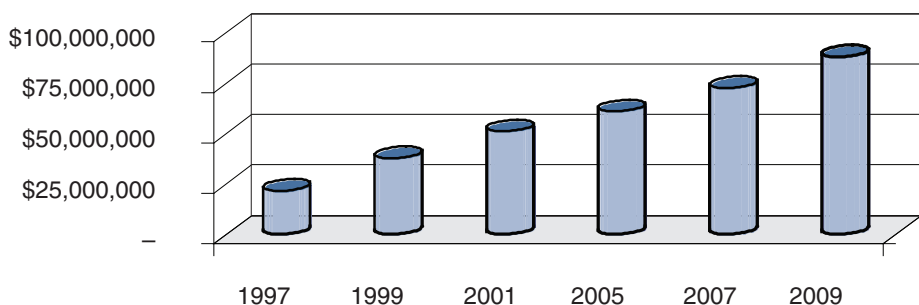
By partnering with some of the nation’s leading insurance companies, NIS makes available a variety of insurance products to D.C.s. These include: auto, homeowners, business owners’ protection, long-term disability, workers’ compensation, general liability insurance and more.

Especially noteworthy this year is the long-term disability insurance product, offered through the National Business Association for Chiropractors (NBAC) with NIS as the exclusive agent. As the nation’s only chiropractic group long-term disability program, NBAC and NIS worked extensively with The Hartford to offer this program in 2009 on a guaranteed issue basis for a limited time. This resulted in an extremely successful campaign as many D.C.s are recognizing the impact a disability could have on their ability to practice, as well as their financial security.

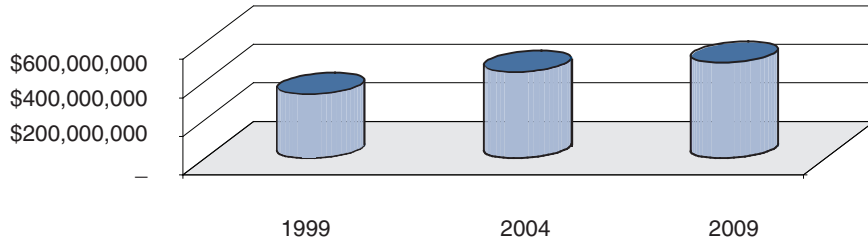
DC Policyholders



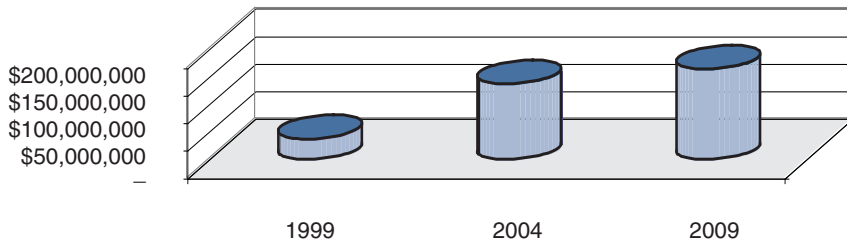
Cumulative Policyholder Dividends Paid



### NCMIC Insurance Company Asset Size



### NCMIC Finance Corporation Asset Size



### Conclusion

In closing, I believe during these challenging times of healthcare reform, the trust, satisfaction and patient rapport held paramount by Doctors of Chiropractic will become more important than ever. Doctors of Chiropractic will renew their commitment to building the relationships that have repeatedly elicited positive patient-satisfaction scores for chiropractic compared to other healthcare professions.

In much the same fashion, at NCMIC we are ever mindful of relationships we share with each and every policyholder. Ours is undoubtedly a very different business model.

The NCMIC board and management team want each of you to know how much we value your ongoing support. Maintaining a proactive and positive response to change has allowed us to be poised to respond when opportunities present themselves and to provide the best service possible to you.

No matter what 2010 may bring, you can trust that “We Take Care of Our Own” will remain our mission.

Sincerely,

Louis Sportelli, D.C.  
President, NCMIC Group, Inc.