



NCMIC Group, Inc.

CORPORATE HEADQUARTERS

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March 22, 2011

Dear Colleagues:

Thank you! That may seem a strange way to begin an annual letter, but as part of the *NCMIC family*, there are many things we have to be thankful for. In these challenging times of personal, professional, political and economic upheaval, it is tough to remain positive, optimistic and confident.

I hope you will take a few minutes to read this annual letter to the NCMIC policyholders and experience a sense of hope and unwavering confidence in the future as NCMIC experiences our **64th** year. I have taken the liberty of writing this annual letter in a conversational style, much as I would write a personal letter to each of you (and have written to many of you).

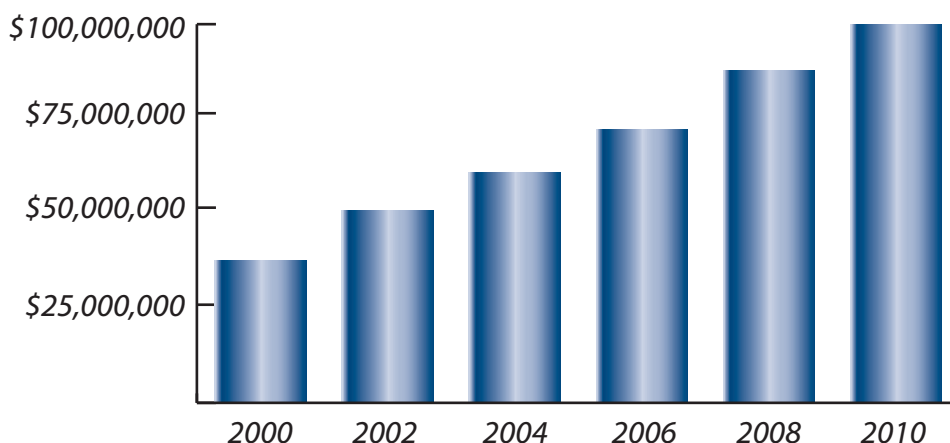
I believe the manner in which we choose to approach challenges can often determine our success or failure. At NCMIC, we choose to be optimistic about the future and confident that the profession will overcome obstacles in 2011 and beyond, as we have done throughout our long and challenging history.

Before I begin the report of the company, let me take a moment to thank the hundreds of policyholders who last year **returned their policyholder dividend checks** to the NCMIC Foundation. Many of you also had very kind and thoughtful words about NCMIC's foresight in establishing this foundation to help support the chiropractic profession. It was a great first start, and I most sincerely appreciate your support!

Declared Policyholder Dividend

I'd like to start out by saying I am happy to report that NCMIC has an astonishing record of 2011 being the 15th consecutive year that NCMIC has paid a premium dividend to our policyholders. Over these years, that equates to a cumulative premium dividend totaling **\$99,958,959.00** from 1995 to 2010! By any measure, it is a phenomenal accomplishment to consider that this is just under \$100 million. This record is definitely something worth talking about.

Cumulative Policyholder Dividends Paid

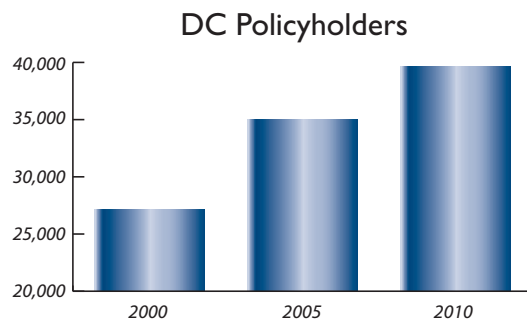


Inside please ...

General Health of NCMIC

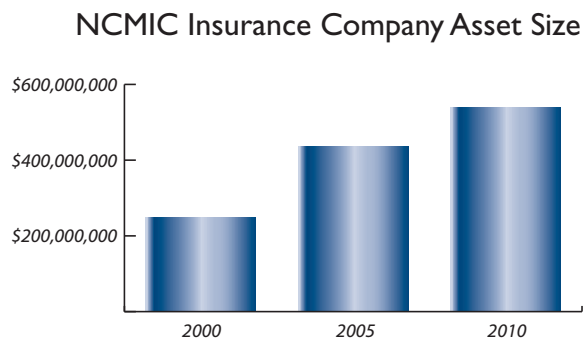
I am delighted to report that the NCMIC Insurance Company policyholder count surpassed 39,000 in 2010, and we are both proud and pleased to be able to state that we insure each and every chiropractic college in the USA. We are a small profession, but we have a long and proud heritage, a history based on fierce independence and a commitment to changing the paradigm of healthcare delivery in the world. The proud strength of our heritage has enabled chiropractic and chiropractors to survive and flourish despite adversity and obstacles that would have destroyed a less resilient profession without a compelling mission and *raison d'être*.

NCMIC is healthy in many ways, one of which is the substantial and diverse set of management skills. Each member of the management team is highly competent in his or her specific area, yet each approaches the global management of NCMIC as a team effort. The company is indeed fortunate to have such talent working on behalf of each and every policyholder. The Board of Directors is also intimately involved in setting the future direction for the company, and I could not be more confident that the Board is engaged and involved in the future growth of the profession.



But we could not do it without you, our policyholders, who have not only displayed loyalty to NCMIC, but have also participated in the educational and clinical awareness programs needed to ensure risk management in everyday practice. The defense of our claims becomes considerably easier when records are suitable, clinical judgment is predicated on sound justification, outcomes and evidence-based care are incorporated into practice, and the individual cooperation of each policyholder is assured.

In addition, the financial strength and solvency of NCMIC Insurance Company has again been reconfirmed in 2010 by the awarding of an “A” (Excellent) rating by A.M. Best. We are quite proud of this independent rating because it provides a level of confidence that the company is managed in a conservative and very stable business model. In this era of financial instability, NCMIC is certainly an exception to the rule because the company has been conscientiously managed in each area. Plus, our careful attention to investment strategies helped provide an environment with financial stability.



NCMIC Finance Corporation (NFC)

Without a doubt, all financial institutions have had challenges this past year in this uncertain and chaotic economy. However, NFC has managed to weather the economic storm considering the ever-changing volatility of the marketplace. Some doctors have had unfortunate challenges and have,

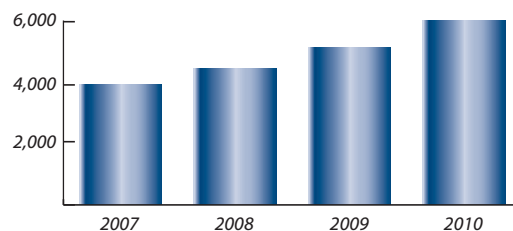
in fact, declared bankruptcy (more this year than in any previous year). Others have had to curtail purchases to exercise good fiscal judgment. Still others have reported they have had an excellent year, attributing it to “getting back to basics” in their practices.

While the level of equipment financing was lower in 2010, NCMIC’s credit card processing business continues to grow and flourish. Many of the doctors who bring this service to their practice comment that they never thought they would have credit card processing in their office. Yet, today’s world of business is ever changing and will continue to evolve. Many are predicting the day in the not too distant future when actual “money” as we know it will no longer be used in commerce. In less than a decade, the manner in which commerce is accomplished will be vastly different than how we see it today. You can rest assured that we are working on ways to be in front of the onslaught of changes in the financial services and insurance world. It is this attention to future possibilities that will enable NCMIC to grow and maintain our ability to serve you with the latest in technology and products.

Looking ahead to 2011, NFC is gearing up for more activity. Hopefully, with some certainty in the tax structure, improvement in unemployment and greater economic stability appearing to provide more confidence for the future, those doctors who were prudent in not acquiring unnecessary debt will be more secure in making future investments in their practices. While it is always good practice to avoid risk, exercising sound judgment by investing in education, new equipment and maintaining a modern facility is always a good business decision.

Therefore, we fully expect NFC to generate greater volumes of loans and leases, as well as to continue to grow our very solid credit card processing business in the coming year. Again, thanks to the thousands of doctors who have participated in what we feel is the best-priced, best-service credit card processing program available.

NFC Total Credit Card Processing Accounts



NCMIC Insurance Services (NIS)

Our NIS agency has been doing very well. With each passing month, more and more Doctors of Chiropractic are calling for quotes for their business insurance, auto insurance, homeowners and other insurance needs. Our NIS representatives are continuing to establish ongoing relationships with our doctors to provide for their insurance needs. If you are looking for a comparison quote, call NIS to get the best possible service for your needs.

NCMIC Foundation

NCMIC’s strength is also reflected by its support of the chiropractic profession. One of the ways “We Take Care of Our Own®” and demonstrate this motto is through the establishment of the NCMIC Foundation, which is dedicated to the great need for enhanced research and education.

As the result of donations coming from NCMIC, other sources, and individual NCMIC policyholders, including those who returned their premium dividend checks last year, the NCMIC Foundation’s core principal has already grown to more than \$10 million. This has enabled the funding of more than 50 research projects.

Though we’re starting to make headway, the demand for accountability from our profession increases from every segment of society. The importance of reacting with scientific research will not

increases from every segment of society. The importance of reacting with scientific research will not only serve to increase awareness of the profession, but it will also significantly increase its status.

The truth of the matter is, a research foundation is absolutely fundamental and vital for the future survival of our profession. That is why I am asking you to please consider ***returning your enclosed premium dividend check*** to the NCMIC Foundation or at least make a credit card donation to the Foundation (go to www.ncmicfoundation.org). We've even included a postage-paid return envelope if you choose to return your premium dividend check along with your ballot selection.

Your donation will help the NCMIC Foundation achieve its initial goal of \$25 million in contributions and ensure at least \$1 million annually in investment income to further the research agenda. In Canada, such funding efforts have made great strides for chiropractic. One case in point is that chiropractic is able to directly influence healthcare education through 10 endowed chairs. In the USA, we have only two university faculty positions outside of the chiropractic colleges, and we need at least two dozen more to truly begin our process of establishing chiropractic as a dominant research profession.

Your help, your consideration, your caring and your sharing in the global vision for tomorrow is essential to succeed. We can accomplish anything—if we set our minds to it.

In Closing

I will take a moment of privilege in my annual letter to talk about the recent death of Michael Pedigo, D.C. Mike was a director of NCMIC, and during his time on the Board, he proved to be the consummate gentleman and dedicated Doctor of Chiropractic. Whatever the discussion, regardless of the issue, Mike would always take the position of how it would benefit the policyholders. Mike will be missed by our Board and missed by the profession. We owe him a great debt of gratitude for placing himself in the middle of the most pivotal lawsuit in the history of the profession. In the last weeks of his life, he maintained an optimistic attitude and a positive outlook; he was indeed a good person.

I have had the privilege of serving as president of NCMIC Group, Inc., and I indeed cherish the opportunity that NCMIC has provided me in helping to see a company like NCMIC grow from a small mom-and-pop operation to the corporate entity it is today. I am truly fortunate to have a positive and supportive Board, which is always essential to accomplish anything. I am deeply indebted to the incredible expertise of our senior management—from the CEO Mr. Patrick McNerney to each and every employee of our company.

NCMIC is a company that truly is built upon a single theme: “We Take Care of Our Own®” whether it is our employees, our policyholders, or the chiropractic profession with which we are historically and inseparably linked. NCMIC is pleased to participate as the corporate partner for this great profession, and with each and every policyholder providing ongoing support and loyalty, there is only one thing that can result ... that is, simply a stronger company to serve you.

If you have any questions, please feel free to contact me.

Best personal regards,

A handwritten signature in black ink that reads "Louis Sportelli, D.C." The signature is fluid and cursive, with a large initial "L" and "S".

Louis Sportelli, D.C.
President, NCMIC Group