



2013 Sample Benchmark Report

10th Annual Metric Comparison of AEIX Healthcare Systems

Prepared by Premier Insurance Management Services, Inc.

*Prepared For: **Member Medical Center***

TABLE OF CONTENTS

Introduction.....	Error! Bookmark not defined.
Executive Summary	Error! Bookmark not defined.
AEIX Overview	Error! Bookmark not defined.
Claim Frequency	Error! Bookmark not defined.
Claim Severity	Error! Bookmark not defined.
Claims Greater than \$1 million and \$5 million.....	Error! Bookmark not defined.
Claims by Payment Range.....	Error! Bookmark not defined.
AEIX Excess Cases by Resolution Type	Error! Bookmark not defined.
General Demographic Indicators	Error! Bookmark not defined.
Claim Demographic Indicators.....	Error! Bookmark not defined.
Three Department Claim Count and Paid Loss Summary	Error! Bookmark not defined.
Claims Scorecard Benchmarking.....	Error! Bookmark not defined.
Claim Reserving Accuracy and Timeliness.....	Error! Bookmark not defined.
Resource Utilization and Satisfaction	Error! Bookmark not defined.
Member Satisfaction	Error! Bookmark not defined.
Composite Process Score Quality Comparison	Error! Bookmark not defined.
Financial Indicators.....	Error! Bookmark not defined.
Current Insureds: June 1, 2013 – June 1, 2014 Policy Year.....	Error! Bookmark not defined.
Appendix - Data Tables and Detail	Error! Bookmark not defined.
AEIX Overview (Frequency / Severity)	Error! Bookmark not defined.
General Demographic Indicators	Error! Bookmark not defined.
Claim Demographic Indicators.....	Error! Bookmark not defined.
Three Department Claim Count and Paid Loss Summary	Error! Bookmark not defined.
Claims Scorecard Benchmarking.....	Error! Bookmark not defined.
Claim Reserving Accuracy and Timeliness.....	Error! Bookmark not defined.
Resource Utilization – Detail.....	Error! Bookmark not defined.
Composite Process Score Quality comparison – Detail.....	Error! Bookmark not defined.
Financial Indicators.....	Error! Bookmark not defined.
Definitions and Formulas.....	Error! Bookmark not defined.

SAMPLE



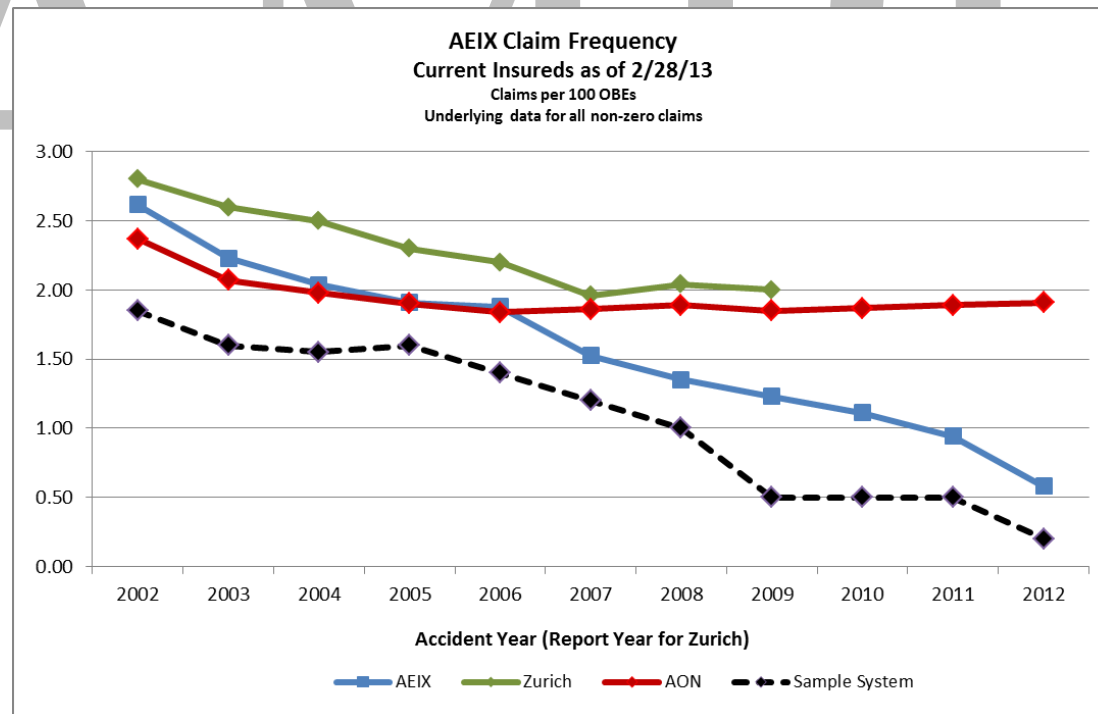
Executive Summary

- AEIX's claim frequency is continuing to follow a downward trend and is lower than industry comparative results (AON and Zurich).
- AEIX's claim severity also continues to be lower than industry benchmarks and has been trending downward for the past five years.
- Current AEIX insureds account for 34% of AEIX historical paid losses since 1990, and maintain a very favorable case incurred loss ratio of 25%.
- AEIX "three department" data for the historically highest exposure areas (OB, OR and ED) has shown that average indemnity payments have decreased and frequency in these areas is trending lower than industry averages.
- Member satisfaction with AEIX continues at 100% for the 9th consecutive year.
- AEIX's financial results continued to improve in 2012, surpassing median results across all rating categories.



AEIX Claim Frequency

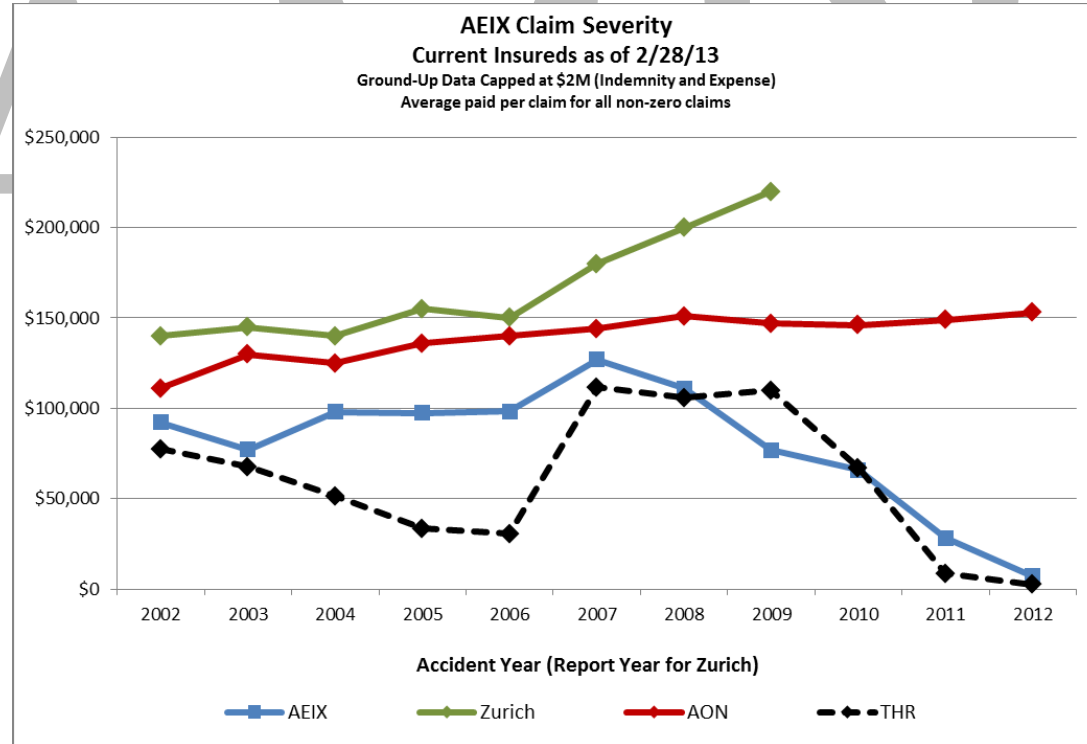
Starting in 2007, AEIX claim frequency continued to favorably drop favorably an average of 17% each year through 2012. During this same time period industry data showed slight increases year over year. The decreases noted in AEIX frequency indicate that AEIX systems have become increasingly better at managing risks and are more focused on preventing incidents that could lead to claims. Member (Sample System) is trending below all comparison groups.





AEIX Claim Severity

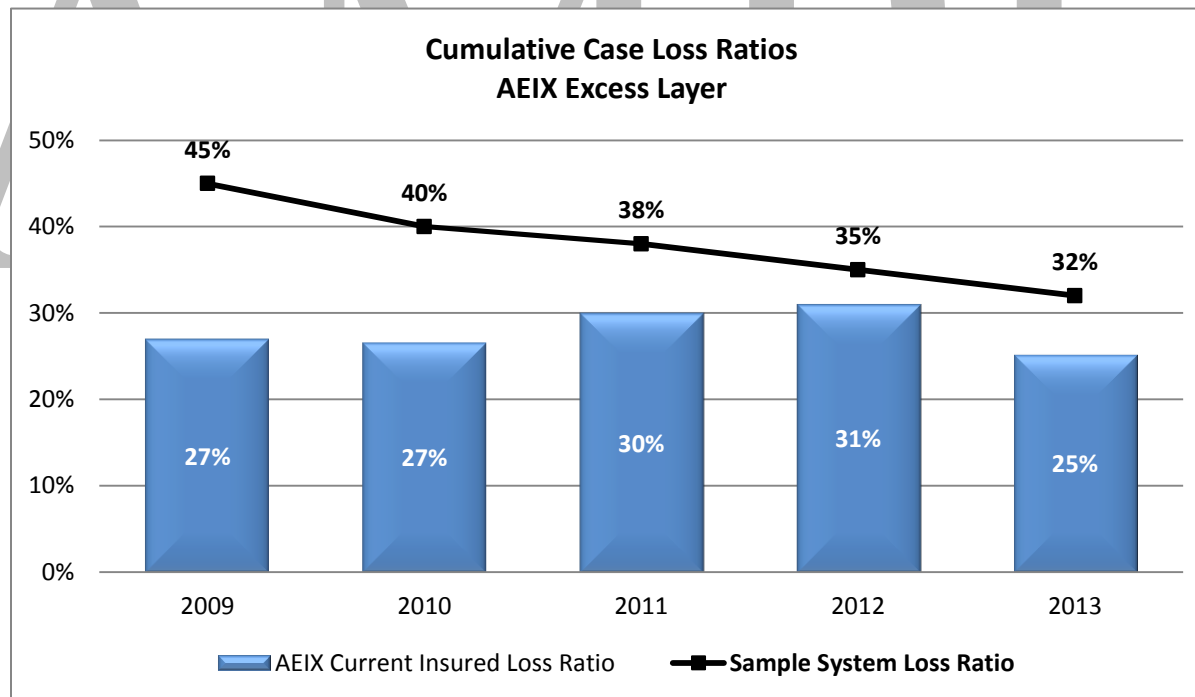
AEIX claim severity is lower than both Zurich and Aon hospitals for all years presented. All three data sets show severity increasing through accident year 2007, at which point Zurich shows year over year increases through 2010, Aon stays flat and AEIX shows favorable decreases each year presented thereafter. Member (Sample System) is trending at or below all comparison groups.





Claim Demographic Indicators

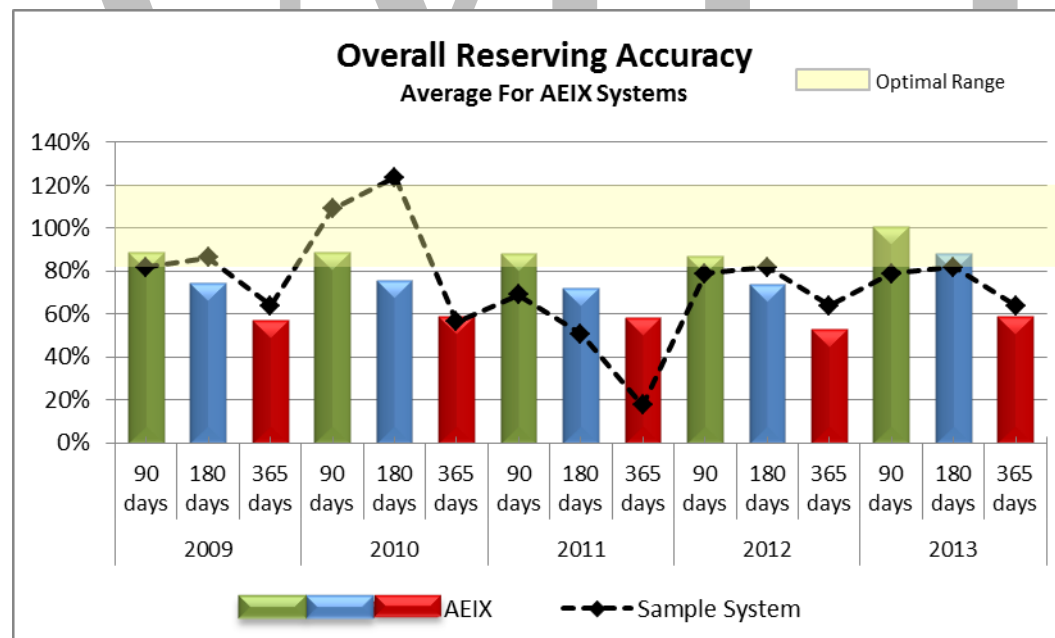
Historical claim and loss information is presented to each AEIX insured in order to provide comparisons to other AEIX insureds. Current AEIX insureds maintain a favorable case incurred loss ratio of 25% with no current insured having a loss ratio that exceeds 100%. No current insured has breached their aggregate SIR since 2005. Member (Sample System) is trending downward but still remains above the overall AEIX average.





Claims Reserving Accuracy and Timeliness

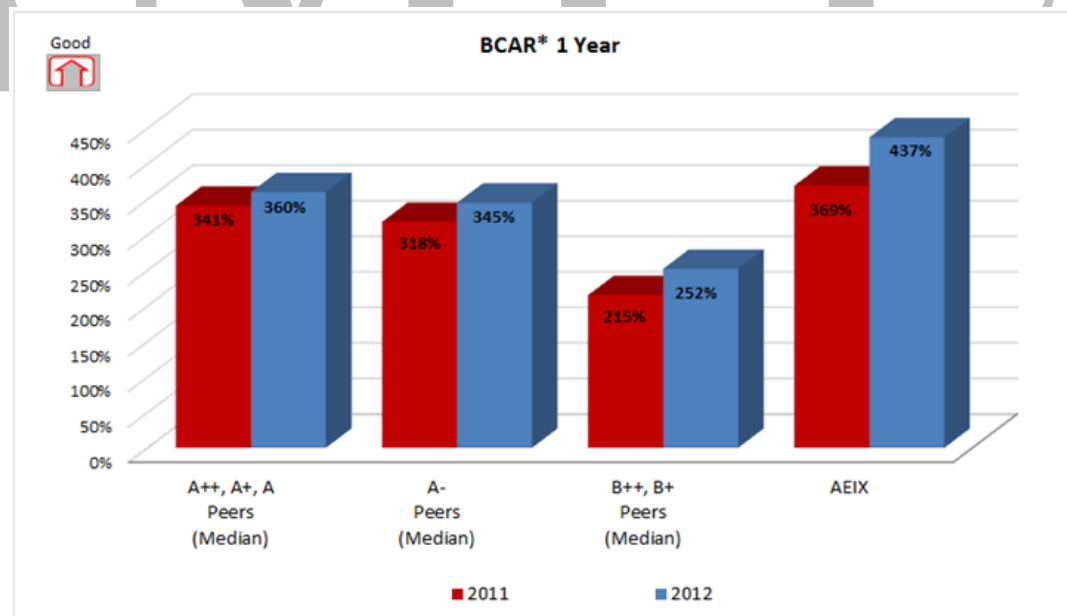
Claim reserve data demonstrates the accuracy of loss reserve estimates were at specific time intervals in case files compared to the ultimate amounts paid. There is no standard for reserving in the industry, nor are there any published reports about specific reserving ranges. AEIX has initiated a strategy of reserving within an optimal target range by making incremental annual improvements. The optimal range has been identified within 20% of the actual result. Examining the reserve accuracy over time may indicate patterns of reserving that may be inappropriate, such as not reserving until the last moment, or failing to adjust initial reserves as additional information about the case is obtained. Accuracy at the earliest possible date is most effective in assisting financial reporting.





Financial Indicators

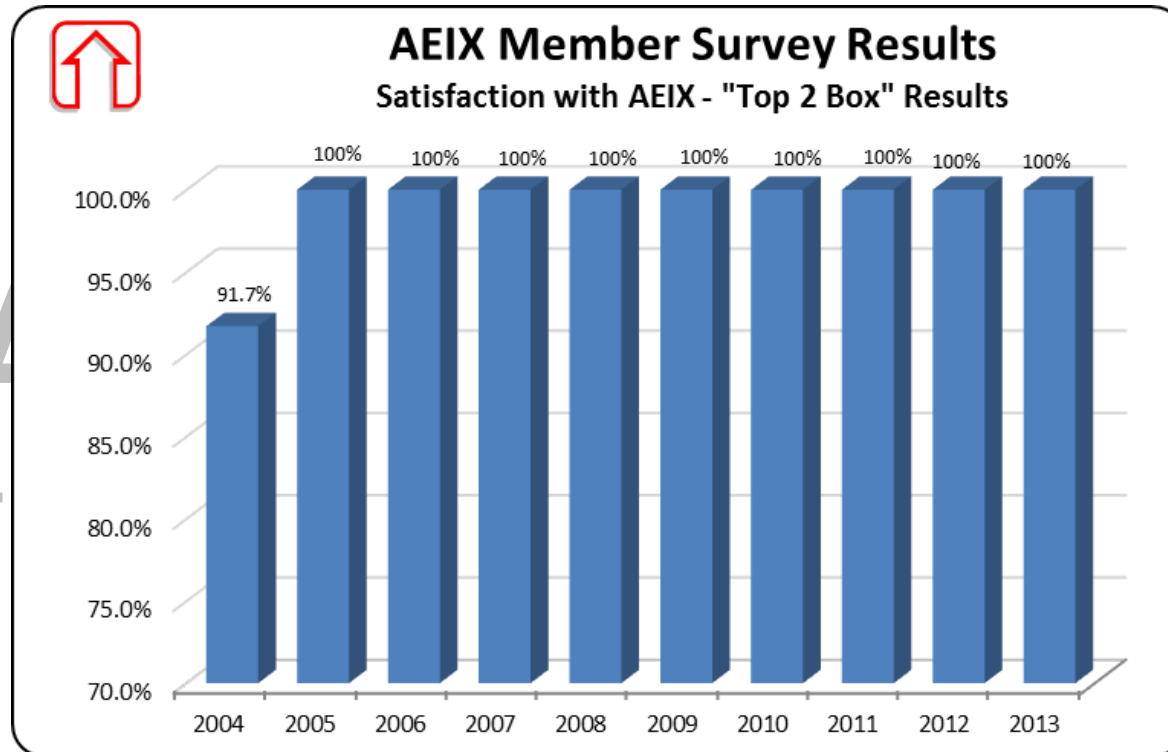
Financial indicators are used to review and analyze the operating performance and financial strength of AEIX, and provide a basis for comparison to a peer group of top performing medical malpractice companies (rated “A” or “A-” by A.M. Best). The financial indicators presented in this report focus on BCAR (Best’s Capital Adequacy Rating) and operating performance; however, BCAR and other financial indicators by themselves are insufficient as the sole basis to determine a rating. In 2008, AEIX governance elected not to pursue an A.M. Best rating. However, AEIX continues to benchmark financial results against “A” rated medical malpractice peer companies and compare very favorably against these groups.





Member Satisfaction

AEIX member satisfaction continues at 100% for the 9th consecutive year.



How satisfied are you with AEIX as a provider of excess and umbrella professional and general liability insurance?

American Excess Insurance Exchange (AEIX), RRG

American Excess Insurance Exchange, RRG (AEIX), is an alliance of sophisticated, not-for-profit health systems dedicated to improving quality and providing a stable and reliable insurance alternative. Since its inception in 1990, AEIX has assisted in reducing the long term cost of excess liability insurance while ensuring its availability.

AEIX is a Vermont-licensed reciprocal risk retention group. A risk retention group (RRG) is an insurance company authorized under Federal legislation for the purpose of providing liability lines of insurance to its Insureds. It is permitted to write insurance in any part of the United States and is regulated solely by Vermont and certain federal statutes. A unique aspect of risk retention groups is that every insured must be an owner of the company and every owner must be an insured. This feature of RRG's requires that any profits generated by the insurance company are ultimately returned to the Insureds insured by the RRG. AEIX has returned \$222 million to its Insureds through June 1, 2014. For more information, visit <http://www.aeixrrg.com/>.

About Premier Insurance Management Services, Inc. (PIMS)

Incorporated in 1987, PIMS is an Illinois for-profit corporation and subsidiary of Premier, Inc. PIMS provides contracted management services for AEIX, and is attorney-in-fact for Premier Insurance Exchange, Risk Retention Group (PRx). PIMS also serves as program manager offering enhanced endorsed programs with leading commercial insurers through a comprehensive portfolio of property, casualty and employee benefit products. Other services include providing claims and risk management assessments and education offerings regarding medical professional liability for hospitals and their physicians. For more information, visit <https://www.premierinc.com/insurance>.

About the Premier healthcare alliance, Malcolm Baldrige National Quality Award Recipient

Premier, Inc. is a leading healthcare improvement company, uniting an alliance of approximately 3,000 U.S. hospitals and 110,000 other providers to transform healthcare. With integrated data and analytics, collaboratives, supply chain solutions, and advisory and other services, Premier enables better care and outcomes at a lower cost. Premier, a Malcolm Baldrige National Quality Award recipient, plays a critical role in the rapidly evolving healthcare industry, collaborating with members to co-develop long-term innovations that reinvent and improve the way care is delivered to patients nationwide. Headquartered in Charlotte, N.C., Premier is passionate about transforming American healthcare. Please visit Premier's news and investor sites on www.premierinc.com; as well as Twitter, Facebook, LinkedIn, YouTube, Instagram, Foursquare and Premier's blog for more information about the company.

Premier Insurance Management Services, Inc.

13034 Ballantyne Corporate Place
Charlotte, NC 28277

This is an abbreviated sample of the variety of metrics used in the annual benchmarking report. For more Information please contact:

Premier Insurance Management Services, Inc.

SAMPLE