AGGRESSIVE
When we founded The Doctors Company in 1976, we responded to physicians’ need for an insurance provider that would do more than just settle claims. We created an institution that also fights for physicians in legislatures and courtrooms across the country. Today, that dedication remains at the core of our mission. We provide our members with the best coverage and most aggressive claims defense strategies possible. And our approach pays off—our members win 87% of cases that go to trial.
Letter From The Chairman And Chief Executive Officer

The Doctors Company had a very strong 2005. How? We delivered superior value to our policyholders, strengthened our financial position to $1.9 billion in assets, earned an A- rating from Fitch Ratings, and continued our vanguard position as the largest national physician-owned malpractice insurer and a leader in the ongoing struggle for legal reform. We are committed to being the carrier of choice for America’s physicians. Our mission is clear; to advance and protect the practice of good medicine.

Aggressive Claims Defense. We are committed to protecting the reputations of our physicians and aggressively defending their rights as doctors. Our size allows us to hire the best defense attorneys and to carefully shepherd a claim throughout its long pendency. This approach allows us to close 80 percent of our claims without indemnity payments.

Financial Strength. We surpassed our excellent 2004 results with impressive growth of our capital base to $540 million, a decrease in claims losses, and continued reduction in our expenses, while still increasing our physician membership to 27,000.

Outstanding Service. We are committed to excellent service, period. In 2005, we enhanced local physician advisory boards across the nation and improved our Web site to provide our policyholders with an easy alternative route for simple transactions and an excellent source of patient safety and member benefits information.

Dividend Plan. As a physician-owned company—not beholden to outside stockholders—our members benefit directly from our success through competitive rates and significant dividend plans.

Patient Safety. We were the first medical malpractice insurer with a dedicated department of patient safety. Two of The Doctors Company’s board members sit on the Board of Governors of the National Patient Safety Foundation, an important acknowledgment of our leadership in this critical arena. This is all part of an ongoing commitment to help our physicians provide the highest quality medical services and reduce the attendant risk inherent in the delivery of health care.

National Programs. The superior value of The Doctors Company is recognized in the exclusive endorsements and sponsorships of six national societies, including the American Academy of Otolaryngology—Head and Neck Surgery, American Association of Neurological Surgeons, American College of Physicians, American College of Surgeons, American Society of Plastic Surgeons, University HealthSystem Consortium. Together these prestigious organizations represent over 250,000 of America’s physicians.

Acquisitions. In early 2006, we were very pleased to combine with physician-owned Northwest Physicians Insurance Company (NPIC) and their 2,400 policyholders. NPIC is the largest malpractice insurer in Oregon and has an exemplary reputation for customer service and policyholder loyalty. We look forward to adding additional physician-owned malpractice insurers to The Doctors Company as we see opportunities to strengthen our company and add to the number of physicians protected by our financial strength and physician culture.

Our Commitment. We are committed to advancing and protecting the practice of good medicine. As a member of The Doctors Company, you will receive outstanding customer service, excellent legal defense, and the benefit of our national and local advocacy on behalf of the nation’s physicians.

We are proud to serve you, and we welcome any suggestions you may have on how we can better meet your needs now and in the future.

Richard E. Anderson, M.D., F.A.C.P.

Richard E. Anderson, M.D., F.A.C.P., is the Chairman and Chief Executive Officer of The Doctors Company. A noted authority on medical malpractice insurance and jurisprudence, Dr. Anderson has testified on medical liability reform before Congress and state legislatures. Dr. Anderson recently published a study on the high cost of defensive medicine in the Archives of Internal Medicine and edited Medical Malpractice: A Physician’s Sourcebook, a seminal book on tort reform. He was recently appointed to the National Patient Safety Foundation’s Board of Governors, and he serves on the RAND Institute for Civil Justice Board of Overseers.
Meet Our New Board Members

We pride ourselves on the ability to attract some of America’s leading minds to our Board of Governors, and our physician members benefit from this unequalled expertise. We welcome our newest Board members’ unique insights and leadership.

Linda Hawes Clever, M.D., M.A.C.P., is a member of the Institute of Medicine of the National Academy of Sciences, chief of Occupational Health at California Pacific Medical Center in San Francisco, and founder and president of RENEW. Dr. Clever was the first woman governor of the American College of Physicians where she also became chair of the Board of Governors and a regent. She was awarded a mastership in the College in 1997. She was the editor of the Western Journal of Medicine from 1990–1998. Dr. Clever is a clinical professor of medicine at the University of California San Francisco School of Medicine. Dr. Clever is also involved in many community activities. She served on the Stanford University Board of Trustees for 14 years, and chaired the Board of KQED during turbulent years from 1979 to 1981, as well as the Board of Trustees of University High School. She is board certified in internal medicine and occupational medicine. Dr. Clever received undergraduate and medical degrees from Stanford University. After interning at Stanford, she completed medical residency and fellowships at Stanford and the University of California, San Francisco.

William J. Gallagher, M.D., a board certified orthopedic surgeon, is president of Northwest Physicians Insurance Company, a wholly owned subsidiary of TDC Group. He currently serves as a director of the Physician Insurers Association of America and the Medical Foundation of Marion and Polk Counties. He is former chairman of the IPA Board of Capitol Health Care and a former director of the Foundation for Medical Excellence and the NW Center for Doctor-Patient Communication. Dr. Gallagher also served with the U.S. Navy as a Commander in the Medical Corps and practiced in Salem, Oregon, from 1976 through 1998.

Dr. Gallagher comes to us from Northwest Physicians Mutual Insurance Company (NPM). In February 2006, The Doctors Company announced its acquisition of NPM. NPM then merged into Northwest Physicians Insurance Company (NPIC), a wholly owned subsidiary of The Doctors Company. Established in 1983, NPIC is the top medical liability carrier in Oregon, insuring physicians and their associated practices in Oregon, Idaho, and Washington. Its merger with The Doctors Company represents a union of two companies with complementary cultures. As part of TDC Group, NPIC further enhances its capability of offering a variety of physician-centric insurance products and services on a national basis.

Our distinguished board now counts eight physicians and represents some of the nation’s leading experts in medicine, tort reform, information technology, and financial management.

Our Mission Is To Advance And Protect The Practice Of Good Medicine

At The Doctors Company, our mission extends beyond providing our members with the best liability insurance possible. We vow to advance and protect the profession that we serve every day. We achieve this by enhancing patient safety, improving the environment in which all health care professionals practice, reducing the specter of unreasonable legal liability, and leading legislative and judicial reform.

We are committed to building an enduring professional liability insurance organization based on these core values:

Leadership
The Doctors Company will be the vanguard of professional liability insurers.

Integrity
We will ensure that our employees maintain the highest ethical standards in all aspects of our business.

Strength
We will maintain the financial and organizational strength to meet the professional liability needs of members now and in the future.

Dedication
We will remain committed to providing outstanding service to our members.

Professionalism
We will ensure that our employees are provided the training, tools, and incentives necessary to achieve our goals.
As a physician, you perform acts of heroism every day—instant evaluations, decisive actions, and judgments that can mean life or death. Years of medical training and clinical experience come together—sometimes in a heartbeat. All too often, that very heroism can jeopardize your reputation and your livelihood. That’s where we come in. We protect you while we advance your ability to practice good medicine.

The Doctors Company was founded by physicians and continues to be led by physicians. Today, eight of our 12 board members are physicians. As a result, we have firsthand knowledge of the specific medical, legal, and liability issues that affect each specialty.

Our primary responsibility is to our 27,000 physician members. Unlike commercial carriers, we’ll never jeopardize the integrity of the company by responding to the whims of the stock market, and we won’t fall prey to short-term thinking.
The Doctors Company prides itself on vigorously putting our members’ reputations first. We bring together the industry’s best strategic thinking in medicine, law, and patient safety to support our physician members. Our approach has saved millions of dollars in potential settlements, and—more importantly—we have preserved the hard-earned reputations of countless doctors.

Our national presence gives us unparalleled insight into a broad range of claims in all specialties. We understand the inherent risks in every medical procedure you perform. And we translate that knowledge into protection, proactively bringing insights and informative briefings to our members on patient safety strategies for emerging treatments, procedures, and drugs.

Our members continue their life’s work, secure in the knowledge that we are standing firmly behind them.
The Doctors Company has built its considerable financial strength and industry stature with dedication to physician advocacy and fiscal discipline. We safeguard our financial strength because it ensures our capacity to protect and defend our member physicians.

We enjoy an A- rating with a Stable Outlook by Fitch Ratings, a leading global rating agency recognized as the industry standard for credit benchmarking.

Thirty years ago, we made a promise to our member physicians to protect the practice of good medicine. We’ve kept that promise, and our unwavering commitment has made us the safest, most reliable choice for the future.

<table>
<thead>
<tr>
<th>Total Assets (in millions)</th>
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<tbody>
<tr>
<td>2005</td>
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<tr>
<td>2004</td>
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<tr>
<td>2003</td>
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<table>
<thead>
<tr>
<th>Direct Premiums Written (in millions)</th>
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<tbody>
<tr>
<td>2005</td>
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<tr>
<td>2004</td>
</tr>
<tr>
<td>2003</td>
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<table>
<thead>
<tr>
<th>Policyholders’ Surplus (in millions)</th>
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</thead>
<tbody>
<tr>
<td>2005</td>
</tr>
<tr>
<td>2004</td>
</tr>
<tr>
<td>2003</td>
</tr>
</tbody>
</table>

At The Doctors Company, our members can be sure of our strength and integrity.
Your success is our success. Your loyalty, integrity, and professional excellence are what guarantee our strength. That’s why The Doctors Company recognizes and rewards its members with dividends based on company earnings, financial condition, and capital requirements. We believe that our success should also be your success.

Financial Highlights
(dollars in thousands)

<table>
<thead>
<tr>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>$1,879,673</td>
</tr>
<tr>
<td>Loss Reserves</td>
<td>$902,733</td>
</tr>
<tr>
<td>Direct Premiums Written</td>
<td>$494,731</td>
</tr>
<tr>
<td>Net Premiums Earned</td>
<td>$455,753</td>
</tr>
<tr>
<td>Policyholders’ Surplus</td>
<td>$538,159</td>
</tr>
<tr>
<td>Number of Insured Physicians</td>
<td>24,474</td>
</tr>
<tr>
<td>Total Open Claims</td>
<td>4,273</td>
</tr>
</tbody>
</table>

Balance Sheet (statutory basis–unaudited)
(in thousands) at December 31

<table>
<thead>
<tr>
<th>Assets</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds</td>
<td>$1,144,416</td>
<td>$1,087,271</td>
</tr>
<tr>
<td>Equity Securities</td>
<td>$330,524</td>
<td>$279,310</td>
</tr>
<tr>
<td>Cash and Short-Term Investments</td>
<td>$117,809</td>
<td>$80,825</td>
</tr>
<tr>
<td>Other Invested Assets</td>
<td>$52,445</td>
<td>$40,905</td>
</tr>
<tr>
<td><strong>Total Cash and Invested Assets</strong></td>
<td><strong>$1,645,194</strong></td>
<td><strong>$1,488,311</strong></td>
</tr>
<tr>
<td>Uncollected Premiums</td>
<td>$123,956</td>
<td>$126,380</td>
</tr>
<tr>
<td>Reinsurance Recoverable</td>
<td>$7,547</td>
<td>$5,148</td>
</tr>
<tr>
<td>Other Assets</td>
<td>$102,976</td>
<td>$98,175</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$1,879,673</strong></td>
<td><strong>$1,718,014</strong></td>
</tr>
</tbody>
</table>

Liabilities and Policyholders’ Surplus

<table>
<thead>
<tr>
<th>Reserves for Losses and Loss Adjustment Expenses</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unearned Premiums</td>
<td>$256,790</td>
<td>$246,926</td>
</tr>
<tr>
<td>Funds Held</td>
<td>$46,472</td>
<td>$52,947</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>$135,519</td>
<td>$100,908</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>$1,341,514</strong></td>
<td><strong>$1,277,431</strong></td>
</tr>
<tr>
<td>Surplus Notes</td>
<td>$48,000</td>
<td>$48,000</td>
</tr>
<tr>
<td>Policyholders’ Surplus</td>
<td>$490,159</td>
<td>$392,583</td>
</tr>
<tr>
<td><strong>Surplus as Regards Policyholders</strong></td>
<td><strong>$538,159</strong></td>
<td><strong>$440,583</strong></td>
</tr>
<tr>
<td><strong>Total Liabilities and Policyholders’ Surplus</strong></td>
<td><strong>$1,879,673</strong></td>
<td><strong>$1,718,014</strong></td>
</tr>
</tbody>
</table>

Income Statements (statutory basis–unaudited)
(in thousands) for years ended December 31

<table>
<thead>
<tr>
<th>Underwriting Income</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Premiums Earned</td>
<td>$455,753</td>
<td>$463,380</td>
</tr>
</tbody>
</table>

Underwriting Deductions

<table>
<thead>
<tr>
<th>Loss and Loss Adjustment Expenses</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Underwriting Expenses Incurred</td>
<td>$84,901</td>
<td>$85,893</td>
</tr>
<tr>
<td>Other Operating Expenses</td>
<td>$19,752</td>
<td>$2,149</td>
</tr>
<tr>
<td><strong>Total Underwriting Deductions</strong></td>
<td><strong>$386,213</strong></td>
<td><strong>$463,326</strong></td>
</tr>
</tbody>
</table>

Net Underwriting Gain | $69,540 | $54 |

Investment Income

<table>
<thead>
<tr>
<th>Investment Income Earned</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Realized Gain on Sale of Investments</td>
<td>$42,815</td>
<td>$41,628</td>
</tr>
<tr>
<td>Income Before Federal Tax</td>
<td>$125,275</td>
<td>$59,356</td>
</tr>
<tr>
<td>Federal Tax Expense</td>
<td>$41,749</td>
<td>$15,560</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td><strong>$83,526</strong></td>
<td><strong>$43,796</strong></td>
</tr>
</tbody>
</table>

We’ve earned the trust and loyalty of America’s physicians for 30 years. These relationships have allowed us to become the nation’s leading physician-owned medical malpractice insurance provider.
VIGILANT

The Doctors Company protects its members by looking ahead. Today, physicians struggle to stay abreast of the patient safety issues associated with constantly improving therapies and procedures. We identify developing issues before they become threats, and we help our physicians integrate key advances in the science of care without compromising patient safety.

We tirelessly monitor emerging national and local trends. This vigilance keeps our members informed of the best ways to ensure patient safety, as well as anticipate plaintiff legal strategies. For example, we’ve closely monitored the field of e-medicine and taken a leadership role in establishing guidelines to clarify potentially troublesome—even devastating—problems that this new technology can generate. With The Doctors Company, you can expect vigilance that never wavers.

Thriving in today’s environment requires more than just good medical practice—it requires constant vigilance. No one can predict the future, but we can help you anticipate developments before they arise. We’re never complacent or content to rest on our past achievements. At The Doctors Company, we are always alert to discover and avert danger.
The nation’s most prestigious medical societies recognize our leadership and endorse or sponsor The Doctors Company as their chosen professional liability insurance carrier. Like us, at the heart of each of these organizations is a dedication to excellence and integrity in medical care.

RECOGNIZED

The fact that these respected organizations have chosen us is a testament to our shared commitment to excellence and a common determination to advance and protect the practice of good medicine.
Board Members & Officers

Board of Governors
The Doctors Company

Richard E. Anderson, M.D., F.A.C.P.
Chairman, Chief Executive Officer, and Vice President
Medical Oncologist and Internist
Napa, California

David M. Charles, M.D.
Plastic Surgeon
Denver, Colorado

Kenneth R. Chrisman
Corporate Information Technology Officer
San Francisco, California

Linda Hawes Clever, M.D., M.A.C.P.
Internist and Occupational Medicine Specialist
San Francisco, California

William J. Gallagher, M.D.
Orthopedic Surgeon
Salem, Oregon

Charles R. Kossman, Ph.D., M.D.
Medical Oncologist and Hematologist
San Diego, California

Donald J. Palmisanos, M.D., J.D., F.A.C.S.
General and Vascular Surgeon
New Orleans, Louisiana

Robert B. Sheppard
Former President, Allstate Insurance Companies
Carmel, California

Diana L. Starcher
Banking Executive
San Francisco, California

David B. Troxel, M.D., F.C.A.P.
Medical Director and Secretary Pathologist
La Jolla, California

Randall K. Zeller, C.F.A.
Investment Management Professional
Chicago, Illinois

Jack Meyer
Senior Vice President
Marketing and Business Development

Craig Musgrave
Senior Vice President
Information Technology

André Stewart
Senior Vice President
Underwriting

David L. Suddendorf
Senior Vice President
Chief Counsel

Michael Yacob
Senior Vice President
Strategic Planning

Linda Adams
Vice President
Claims, Northern California Regional Office

Robin Diamond
Vice President
Patient Safety

Jeff Donaldson
Vice President
Actuarial

Karen Kelly
Vice President
Claims, Napa

Bruce Kleeman
Vice President
Claims, Eastern and Southeast Regional Offices

Ellen Marshall
Vice President
Claims, Rocky Mountain Regional Office

Norman Miley, Jr.
Investigator
Legal Unit

Devin O’Brien
Managing Attorney
Legal Unit

Michael O’Donohue
Vice President
Regulatory Compliance

Jean Parker
Vice President
Underwriting

Leona Egeland Siadek
Vice President
Government Relations

John Suesens
Vice President
Claims

Marco Vanderlaan
Vice President
Business Assessment

Douglas Will
Vice President, Controller
Finance

Todd Zeiter
Vice President
Business Development

Tom Arth
Assistant Vice President
Underwriting

Karen S. Mead
Assistant Vice President
Corporate Development

Robert D. Francis
Chief Operating Officer

David G. Preimesberger
Chief Financial Officer

Bryan Lawton, Ph.D.
Chief Governance Officer
Chief, Corporate Development

Bruce L. Crile
Senior Vice President

Paula Jenkins
Senior Vice President
Claims

Joseph Cerreta
Assistant Vice President
Actuarial

Tammy Clark
Assistant Vice President
Underwriting, Northeast Regional Office

Laura Curtin
Assistant Vice President
Claims, Midwest Regional Office

Kathey Dufek
Assistant Vice President
Human Resources

Allen Jones
Assistant Vice President
Claims, Southern California Regional Office

Susan Nagata
Assistant Vice President
Underwriting

Leslie Rush
Assistant Vice President
Marketing

Stacy Schultz
Assistant Vice President
Marketing

Carolyn Sears
Assistant Vice President
Underwriting, Southeast Regional Office

Steve Versellini
Assistant Vice President, Claims

Paula Weller
Assistant Vice President

Joseph Cerreta
Assistant Vice President
Actuarial

Stephen Freedman
Senior Vice President

Shannon Micevych
Assistant Vice President
Claims

Cheri Priddy
Assistant Vice President
Underwriting

Northwest Physicians Insurance Company
(A Wholly Owned Subsidiary)

James T. Dorigan, Jr., C.P.C.U.
Director and Chief Executive Officer

William J. Gallagher, M.D.
Director and President

Robert W. Sopke, C.P.A.
Vice President
Finance

Sandra L. Tunnell
Vice President
Claims

H. Dieter Zimmer
Practice Support

ADVANCING AND PROTECTING THE PRACTICE OF GOOD MEDICINE
Today, more than ever, doctors cannot afford to be wrong in their choice of a medical malpractice insurer. When your personal reputation, financial security, and professional viability are at stake, only one medical malpractice carrier can give you the support that today’s challenging practice environment demands—The Doctors Company.

Wouldn’t you feel better with the reassuring strength of The Doctors Company behind you?

Join our 27,000-strong physician membership. Visit us at www.thedoctors.com, or call us at (800) 421-2368. Together, we can advance and protect the practice of good medicine.

UNPARALLELED PERSPECTIVE

National Insight/Local Expertise

We are America’s leading physician-owned medical malpractice carrier—and the only carrier able to offer physicians local knowledge backed by broad national experience. This unique national vantage point allows us to identify critical trends in all specialties in every region of the country. We draw on this unparalleled perspective to resolve crucial issues and provide our members with the cutting edge knowledge and customized tools they need to prevent malpractice claims.

In an industry threatened by the specter of unpredictable and unlimited judgments, size matters. Our position as a national leader and our broad geographic diversification protect members by providing the flexibility and strength to weather adverse events, an advantage unmatched by smaller local carriers. The Doctors Company offers members an incomparable combination of strength, stability, industry stature, and sense of community.

Whether you practice in a large city or a small town, you can count on us to be in your corner. We understand what a malpractice claim means to a physician—both professionally and personally. No matter where you’re located, you can be sure that the local experts in our full-service offices across the nation will be there when you need them the most.