



Essential

NOW & ALWAYS

ANNUAL REPORT 2021



YOU ARE ESSENTIAL

You're on a plane 30,000 feet in the air, and a passenger is suddenly in distress. You hear someone say, "Is there a Doctor on board?" You are needed. It's always been clear to us at MEDICAL MUTUAL that Doctors are essential to our lives. That's why we're committed to helping you prevent and, as needed, defend allegations of medical malpractice. We focus on you, so you can focus on your indelibly essential profession.

Essential.
Fundamental.
Indispensable.

Dear Member,

Essential, fundamental and indispensable are just a few words to describe the care that you provide as a practitioner of the healing arts. Your patients know it. We at MEDICAL MUTUAL know it as well. No matter the situation, Physicians will always be essential to our society. And MEDICAL MUTUAL will be there to support you.

As a Physician-owned and directed company, we provide the gold standard in defense against allegations of medical malpractice. MEDICAL MUTUAL is defined by its seasoned claims team and exclusive access to attorneys unmatched in their experience defending Maryland Physicians.

We continue to engage these expert defense attorneys to present critical medico-legal information in our comprehensive risk management education programs. It's part of our proactive, wrap-around approach to help our Insureds avoid a claim in the first place. Through every mode possible – from online resources and webinars to our on-duty risk management specialists ready to answer your questions – MEDICAL MUTUAL works to keep you disentangled from professional liability issues and immersed in your essential, life-saving work.

As an Insured of a mutual company dedicated to its members, you may also receive dividends. The MEDICAL MUTUAL Board of Directors approved a Special Dividend Credit of 16% to be distributed in 2022. This Special Dividend Credit is in addition to the 20% Renewal Dividend Credit. You may also participate in our loyalty program, the *Mutual Advantage Plan* (MAP). For 2022, a 10% allocation was approved to be added to each eligible participant's MAP account. Many Maryland Physicians have taken advantage of this important benefit.

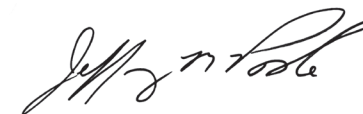
Finally, in other important Company news, our Executive Vice President and Chief Operating Officer, Cheryl F. Matricciani, Esq., CPA, will succeed President and Chief Executive Officer Jeffrey M. Poole, who will be retiring in January 2023 after 32 years of service to the Company.

We continue to focus on superior defense of your practice, outstanding service, and strong advocacy in medical liability matters. In this line of expertise, we commit to being essential to you, as you are essential to our communities, now and always.

Sincerely Yours,



George S. Malouf, Jr., M.D., FACS
Chair of the Board



Jeffrey M. Poole, MBA, CPCU
President & Chief Executive Officer



2021 LETTER HIGHLIGHTS

Special Dividend Credit of
16% declared in addition to
20% Renewal Dividend Credit.

Mutual Advantage Plan (MAP)
accounts grew with a 10%
allocation.

Cheryl F. Matricciani, Esq., CPA,
named President & CEO Elect.



Robust Risk Management

MEDICAL MUTUAL was reaccredited for another four years through the Accreditation Council for Continuing Medical Education. Our 2021 virtual and self-guided risk management education program gave Insureds a convenient way to earn CME credits and discounts on their premiums.



Perks for Your Practice Managers

The business side of your practice presents a totally different set of challenges. To help your Practice Managers help you, we continue to provide resources via our online Practice Manager Toolbox (PMT). Here, they can keep pace with new laws and regulations, changing health care standards, patient-related service issues, cyber security, and more.



Reliable Resources

Our website, mmlis.com, features a search tool to help you easily find materials in our comprehensive Resource Library. For your convenience, our risk management, legal and insurance specialists have curated key topics from our main library for this navigation tool.



Dependable Defense

MEDICAL MUTUAL is owned by Physicians and our priority is to defend Physicians. Even in 2021, among ongoing pandemic-related court disruptions, we continued to achieve excellent results on case resolution.

2021 Year in Review



Stellar Service

While many companies continue to reduce their phone reception staff, we have maintained ours because we believe a human connection is always essential. In fact, our Customer Service Department has a live answer rate of 99.5%.



Local Expertise

We only work with local attorneys who are the best at defending medical malpractice claims in Maryland's courts. These attorneys know the intricacies of our state's litigation landscape, and they work exclusively with us. No other Maryland insurer has access to our claims defense team.



Rewarding Commitment

Many Maryland Physicians have participated in the *Mutual Advantage Plan (MAP)*, our popular loyalty program. It's our way of recognizing your commitment to the essential work you do for our communities.



Comprehensive Coverage

Our suite of high quality, professional liability insurance products reflects our wrap-around approach to doing business with our Insureds. From cyber liability to business liability, from MedGuard to Verdict Inflation Protection, MEDICAL MUTUAL is looking out for Physicians from all angles.

2021 Year in Review

99.5%

Percentage of customer telephone calls answered live by our dedicated representatives

22

Years we have maintained accreditation through the Accreditation Council for Continuing Medical Education (ACCME)

20%

Renewal Dividend Credit returned to MEDICAL MUTUAL Insureds on their 2022 policy renewal

BY THE NUMBERS

10%

Allocation approved for each eligible participant's *Mutual Advantage Plan* (MAP) account

16%

Special Dividend Credit declared for distribution in 2022

A (Excellent)

A.M. Best Rating confirming sound financial management of your insurance company

BALANCE SHEETS STATUTORY BASIS / DECEMBER 31

	2021	2020
<i>Admitted Assets</i>		
Cash and short-term investments	\$ 31,632,519	\$ 28,913,350
Long-term invested assets	790,315,043	777,157,358
Other assets	25,891,643	23,823,912
Total Admitted Assets	\$ 847,839,205	\$ 829,894,620
<i>Liabilities & Policyholders' Surplus</i>		
Reserve for losses and loss adjustment expenses, net of reinsurance recoverable	\$ 165,206,522	\$ 148,614,877
Reserve for unearned premiums	50,173,828	50,850,654
Deposits received on policies not in force	29,205,584	29,552,908
Dividends payable to Policyholders	118,912,251	129,848,805
Other liabilities	14,990,067	15,604,402
Total Liabilities	\$ 378,488,252	\$ 374,471,646
Total Policyholders' Surplus	\$ 469,350,953	\$ 455,422,974
Total Liabilities & Policyholders' Surplus	\$ 847,839,205	\$ 829,894,620

STATEMENTS OF INCOME STATUTORY BASIS / DECEMBER 31

	2021	2020
Premiums earned	\$ 79,869,046	\$ 70,043,864
Losses and loss adjustment expenses incurred	59,705,375	41,455,480
Underwriting expenses	17,305,102	16,821,384
Net Underwriting Gain	\$ 2,858,569	\$ 11,767,000
Net investment income earned and realized capital gains and losses	\$ 18,091,370	\$ 19,112,689
Other income	1,971,898	719,470
Income Before Dividends to Policyholders & Federal Income Taxes	\$ 22,921,837	\$ 31,599,159
Dividends to Policyholders	\$ 20,000,000	\$ 25,000,000
Income Before Federal Income Taxes	\$ 2,921,837	\$ 6,599,159
Federal income tax	\$ 392,172	\$ 698,081
Net Income	\$ 2,529,665	\$ 5,901,078

The 2021 and 2020 condensed financial statements of MEDICAL MUTUAL have been prepared in conformity with accounting practices prescribed or permitted by the Maryland Insurance Administration. The condensed financial statements have been derived from complete statutory-basis financial statements, which were audited by our independent auditors. A complete set audited financial statements may be obtained upon request.

GEORGE S. MALOUF, JR., M.D., FACS
 Chair of the Board, Physician in Comprehensive Ophthalmology in Montgomery and Prince George's Counties, MD
Comm: EX-Chair, Ex Officio: AU, CL, CO, FB, RM, UW

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 President and Chief Executive Officer, MEDICAL MUTUAL
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 Retired Radiation Oncologist, Greater Baltimore Medical Center, past President of MedChi—the Maryland State Medical Society, past President of Maryland Radiological Society, past President of American College of Radiology
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 Practicing Internal Medicine Physician in Baltimore, MD, Member Board of Trustees of the American Medical Association, past President of MedChi—the Maryland State Medical Society, past President and Chief Operating Officer of Sickle Cell Disease Association of America, past President of the National Medical Association
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 Senior Vice President and Global Head of Equities of Stifel
Comm: AU, FB, PN

MARK L. WASSERMAN
 Retired Senior Vice President – External Affairs of University of Maryland Medical System
Comm: AU, FB

BOARD COMMITTEE KEY

AU.....Audit
CL.....Claims
CO.....Compensation and Retirement Plans
EX.....Executive
FB.....Finance and Budget
PN.....Proxy and Nominating
RMRisk Management
UW....Underwriting Advisory

GEORGE S. MALOUF, JR., M.D., FACS
 Chair of the Board

MARY ELLEN M. VALLIANT, AIF
 Vice-Chair of the Board

JEFFREY M. POOLE
 President and Chief Executive Officer

CHERYL F. MATRICCIANI
 Executive Vice President, Chief Operating Officer and Secretary
 President Elect

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 Vice President – Accounting, Controller

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 Sarah A. Merritt, M.D.

BENJAMIN C. ROHM
 Vice President – Underwriting

DONALD G. WILSON
 Vice President – Marketing

CORY A. BENDER
 Assistant Vice President – Claims Operations

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 Jayant B. Desai, M.D.
 Craig A. Dickman, M.D.
 Eugenio S. Machado, M.D.
 Allan R. Rutzen, M.D.

INDEPENDENT AUDITORS
 Ernst & Young, LLP
 Baltimore, Maryland

A SMOOTH TRANSITION

Our Executive Vice President, Chief Operating Officer and Secretary, Cheryl F. Matricciani, Esq., CPA, will succeed President and Chief Executive Officer, Jeffrey M. Poole, who will be retiring in January 2023 after 32 years of dedicated service to the Company. Ms. Matricciani has been with MEDICAL MUTUAL since 2005. Before joining the Company, she was employed by the Department of Legislative Services as a Senior Staff Attorney for the Senate Finance Committee. Ms. Matricciani earned her B.S. degree in Business from the University of Baltimore and her J.D., magna cum laude, from the University of Baltimore School of Law. She is a member of the Maryland Association of Certified Public Accountants and a member of the Maryland State Bar Association.





UNMATCHED

ABSOLUTE STRONGEST CLAIMS DEFENSE

NO OTHER INSURANCE COMPANY HAS ACCESS TO OUR ELITE LEGAL DEFENSE TEAM,
INCLUDING MARYLAND'S MOST TALENTED MALPRACTICE DEFENSE ATTORNEYS.

MEDICAL MUTUAL
Liability Insurance Society of Maryland

P.O. Box 8016
225 International Circle
Hunt Valley, Maryland 21030
410-785-0050 | 800-492-0193
mmlis.com