



THE GOLD STANDARD

UNMATCHED DEFENSE • UNSURPASSED SERVICE

MEDICAL  MUTUAL
Liability Insurance Society of Maryland

ANNUAL REPORT 2017

THOUSANDS OF MARYLAND DOCTORS AGREE THAT
MEDICAL MUTUAL IS THE BEST CHOICE
TO PROTECT THEIR REPUTATIONS AND THEIR PRACTICES.

MEDICAL MUTUAL OFFERS MORE...

- » **AGGRESSIVE CLAIMS DEFENSE**
- » **MARYLAND-BASED RISK MANAGEMENT**
- » **LOCAL CUSTOMER SERVICE**
- » **MARYLAND ADVOCACY**
- » **COMPREHENSIVE COVERAGES**
- » **NATIONALLY RANKED DIVIDENDS**
- » **MARYLAND EXPERTISE**
- » **COMMITMENT TO YOU**

the gold standard

TO OUR MEMBERS

Your patients choose you. They choose you to set their bones, relieve their colds, deliver their children, make their diagnoses – to treat their ills and make better their lives and their health. They look to your singular expertise, your experience and your passion, because they know that the care they receive from you will be nothing short of the gold standard.

At MEDICAL MUTUAL, we work hard to ensure you feel the same about us. Just as your patients choose you to care for them in times of illness, you turn to us in times of stress when a claim may arise. We value this trusted relationship and we are proud to have honed every aspect of this company toward serving your needs as a Maryland Doctor.

First and foremost, there is nothing we take more seriously than the defense of your reputation and your practice. The foundation of MEDICAL MUTUAL has always been our aggressive claims defense. We understand exactly what is at risk when you face a claim and that is why we partner with only the best defense attorneys in Maryland to provide a relentless defense that stands in a league of its own.

“we partner with only the best defense attorneys in Maryland to provide a relentless defense that stands in a league of its own.”

Yet we are proud that MEDICAL MUTUAL has much more to offer our Doctors in addition to our exceptional claims defense. As a Doctor-owned and directed company and a company that exclusively serves Maryland Doctors, we are able to keep our fingers on the pulse of the issues affecting you. Our Maryland-based medical, legal and risk management experts develop new educational programs and materials each year to help you reduce your liability risk and stay up-to-date on the newest threats. Our enduring advocacy on your behalf in the Maryland legislature and appellate courts has maintained tort reforms that help create a fair legal environment for Doctors. Our *Mutual Advantage Plan* recognizes your dedication and commitment with a valuable reward program that can provide a significant distribution upon your retirement.

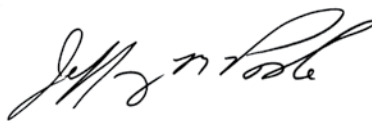
And importantly, our history of dividends has seen us ranked, year after year, among the medical professional liability insurers providing the largest dividends in the country. We are particularly pleased that in 2017, we were able to provide you with a 15% dividend, a 21% special dividend, and a reduction to your 2018 rates, all in the same year that we received an upgraded “A” (Excellent) rating from the A.M. Best insurance rating agency for our positive financial position.

At MEDICAL MUTUAL, we believe that Doctors who deliver gold standard care deserve gold standard protection. We recognize that your patients choose you because your approach, your rapport and your expertise set you apart. That is why, no matter your needs, MEDICAL MUTUAL stands ready to provide the gold standard service and defense you deserve.

Sincerely,



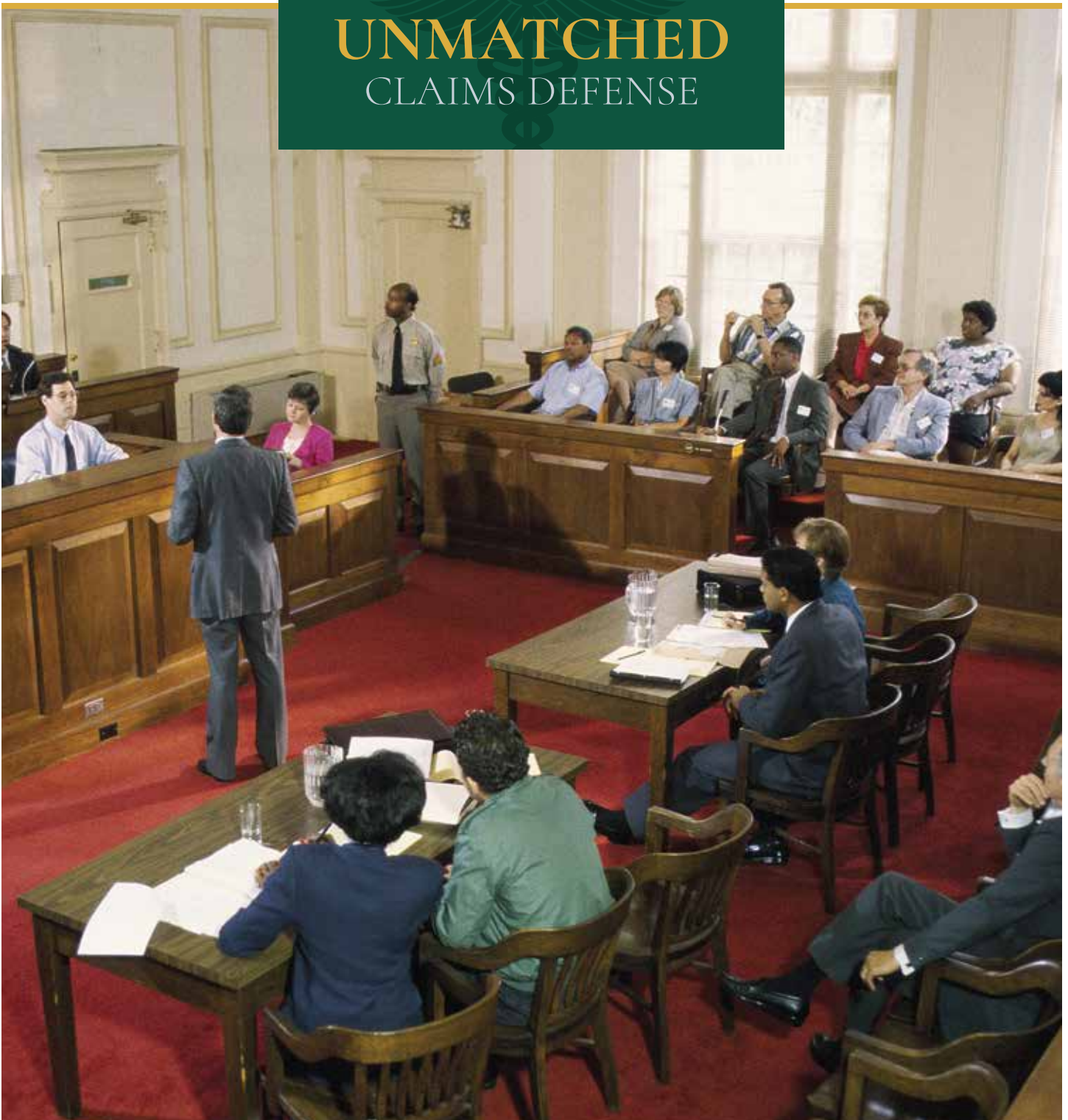
George S. Malouf, Jr., M.D.
Chair of the Board



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



UNMATCHED CLAIMS DEFENSE



MEDICAL MUTUAL's aggressive claims team has been defending Maryland Doctors for more than 40 years. We hope you never face a claim, but if you do, rest assured that you will experience Maryland's best defense.



- » *Exclusive access to Maryland's top defense attorneys*
- » *Local claims representatives with Maryland expertise*
- » *Defense verdicts in the vast majority of claims that go to trial*
- » *More experience in Maryland courts than any other malpractice insurer*



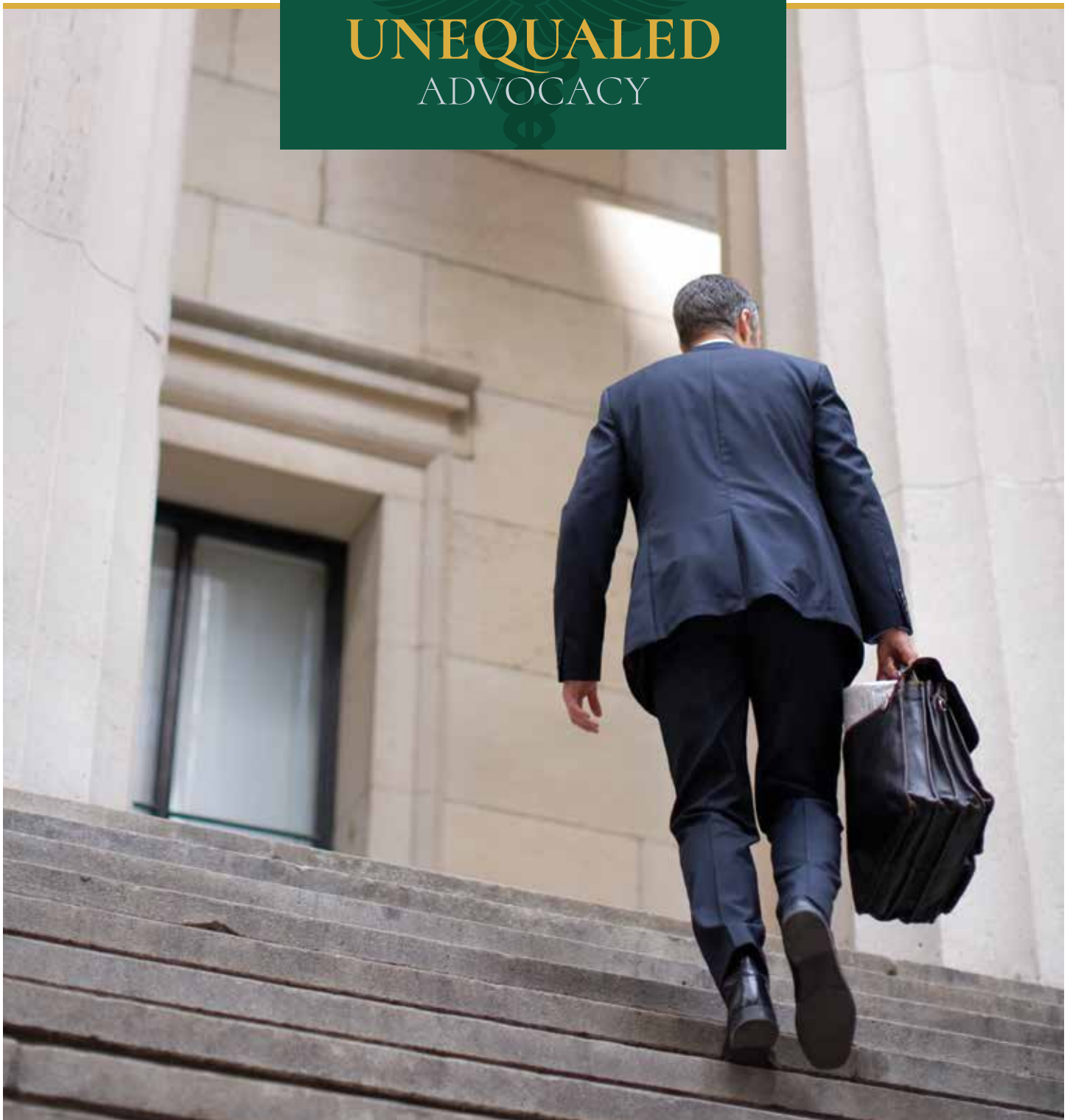
UNRIVALED RISK MANAGEMENT

You are the first line of defense against unnecessary claims. MEDICAL MUTUAL's risk management experts handcraft new education programs each year so you can stay up-to-date on the latest threats.

- » *Maryland-specific materials developed by local specialists*
- » *In-person, online and home study education programs*
- » *A large library of online materials, including podcasts*
- » *Phone support from risk management experts providing personalized advice*



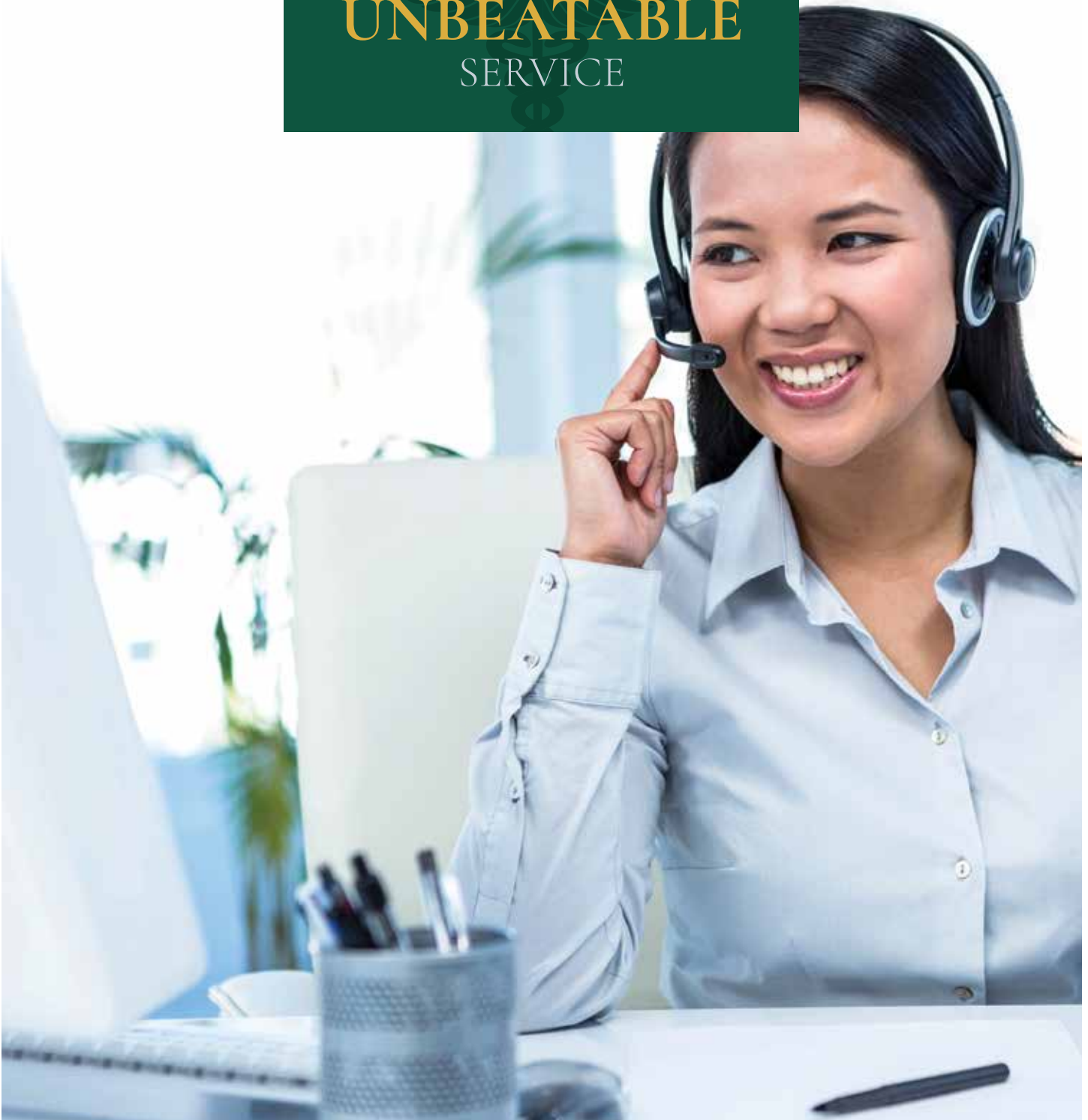
UNEQUALED ADVOCACY



MEDICAL MUTUAL advocates on your behalf for the professional liability issues that affect you. We support tort reforms that maintain a fair legal environment for Doctors in Maryland courtrooms.

- » *Advocacy in the Maryland legislature and appellate courts*
- » *Legal representatives who make your voice heard in Annapolis*
- » *Meaningful protection of your professional liability interests*
- » *In 2017, Copsey v. Park victory ensured juries can get a full medical picture of a case*

UNBEATABLE SERVICE



Our customer service professionals provide prompt response so you can get back to your busy day, and our comprehensive online services are always available. MEDICAL MUTUAL is here when you need us.

- » *Friendly and efficient customer service professionals*
- » *An online portal with bill pay, MAP account balance and much more*
- » *Online, fax and mail risk management program registrations*
- » *Our close relationships with Producers ensure you're kept up-to-date*





YEAR IN
REVIEW

A

(EXCELLENT) A.M. BEST RATING

*Confirming sound financial management
of your insurance company*

10%

ADDITIONAL MAP ALLOCATION

*Up to 80% of pre-dividend, mature premium
allocated to eligible participants to date*

15%

RENEWAL DIVIDEND CREDIT

*We are a national leader in dividends
returned to Policyholders*

21%

SPECIAL DIVIDEND CREDIT

*Dividends result in \$0 balance due
in 2nd quarter for same coverage*

2.7%

RATE DECREASE FOR 2018

*Even more for certain
rating classifications*

97%

OF TELEPHONE CALLS

*to our customer service team
answered live to better serve you*

42

YEARS OF GOLD STANDARD

*claims defense and superior service
to Maryland Doctors*



FAVORABLE APPELLATE COURT
DECISION IN COPSEY V. PARK

Allows juries to hear all relevant facts for fairer trials for Doctors



COMPANY FINANCIALS

BALANCE SHEETS *Statutory Basis* / DECEMBER 31

	2017	2016
ADMITTED ASSETS		
Cash and short-term investments	\$ 37,283,577	\$ 29,706,462
Long-term invested assets	756,537,777	744,009,765
Other assets	31,203,560	32,367,210
TOTAL ADMITTED ASSETS	\$ 825,024,914	\$ 806,083,437
LIABILITIES & POLICYHOLDERS' SURPLUS		
Reserve for losses and loss adjustment expenses, net of reinsurance recoverable	\$ 191,018,181	\$ 194,387,638
Reserve for unearned premiums	64,162,898	65,664,936
Deposits received on policies not in force	33,598,206	37,327,830
Dividends payable to Policyholders	110,308,823	99,545,046
Other liabilities	11,619,903	7,635,704
TOTAL LIABILITIES	\$ 410,708,011	\$ 404,561,154
TOTAL POLICYHOLDERS' SURPLUS	\$ 414,316,903	\$ 401,522,283
TOTAL LIABILITIES & POLICYHOLDERS' SURPLUS	\$ 825,024,914	\$ 806,083,437

STATEMENTS OF INCOME *Statutory Basis* / YEAR ENDED DECEMBER 31

	2017	2016
Premiums earned	\$ 102,462,751	\$ 103,094,604
Losses and loss adjustment expenses incurred	50,824,346	56,864,437
Underwriting expenses	17,957,672	17,094,337
NET UNDERWRITING GAIN	\$ 33,680,733	\$ 29,135,830
Net investment income earned and realized capital gains and losses	\$ 19,146,396	\$ 20,133,717
Other income	255,422	107,012
INCOME BEFORE DIVIDENDS TO POLICYHOLDERS & FEDERAL INCOME TAXES	\$ 53,082,551	\$ 49,376,559
Dividends to Policyholders	\$ 45,000,000	\$ 35,000,000
INCOME BEFORE FEDERAL INCOME TAXES	\$ 8,082,551	\$ 14,376,559
Federal income tax	\$ 324,279	\$ 4,116,676
NET INCOME	\$ 7,758,272	\$ 10,259,883

The 2017 and 2016 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 of audited financial statements may be obtained upon request.



THE BOARD

BOARD

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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

Comm: EX, Ex Officio: AU, CL, CO, FB, RM, UW

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Comm: CL-Chair, AU

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Practicing Internal Medicine Physician in Baltimore, MD, 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

Comm: UW-Chair, EX, PN-Chair

BOARD COMMITTEES KEY

AU..... Audit

CL..... Claims

CO..... Compensation and Retirement Plans

EX..... Executive

FB..... Finance and Budget

PN..... Proxy and Nominating

RM..... Risk Management

UW..... Underwriting Advisory

WALTER J. GIBLIN, M.D.

Practicing Dermatologist in Rockville, MD, member of MedChi, the Maryland State Medical Society, serving as long-term delegate for the Montgomery County Medical Society, past President of the Washington, D.C. Dermatological Society

Comm: RM-Chair, PN

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Managing Director and Senior Portfolio Manager, Brown Capital Management

Comm: EX, FB

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Managing Director and head of North American Financial Institutions Advisory at HSBC Securities (USA), Inc.

Comm: AU, PN

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Practicing Radiologist in Hagerstown, MD, Chairman, Department of Radiology, Meritus Medical Center and President, Associated Radiologists, PA

Comm: CL, UW

JOHN W. MCCULLOUGH, CPA

Retired Partner with the international accounting firm of Ernst & Young, LLP

Comm: AU-Chair, CO, EX, FB

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Secretary of the Maryland Department of Health, former Senior Advisor to Maryland Governor Larry Hogan, former head of the Office of Transformation and Renewal, former Chief Executive Officer of Priority Partners Managed Care Organization, former Member of Maryland State Senate and House of Delegates, former County Executive of Anne Arundel County

Comm: CO-Chair, AU, EX, FB

GENE M. RANSOM, III, ESQ.

Chief Executive Officer of MedChi, the Maryland State Medical Society, former member and President of the Queen Anne's County Commission

Comm: FB, RM

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Senior Vice President – External Affairs of University of Maryland Medical System

Comm: AU, FB

OFFICERS COMMITTEES

OFFICERS

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Vice Chair of the Board

JEFFREY M. POOLE

President and Chief Executive Officer

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and Treasurer

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Senior Vice President – Actuary

JOHN H. CLIFTON

Senior Vice President – Claims

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Senior Vice President – Controller, Assistant Treasurer

CHERYL F. MATRICCIANI

Senior Vice President – Underwriting Operations,
General Counsel and Secretary

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Vice President – Claims Operations

JOHN R. FRANKLIN

Vice President – Communications

BENJAMIN C. ROHM

Vice President – Underwriting

ELIZABETH A. SVOYSKY

Vice President – Risk Management

NATALIE A. ROBERTS

Assistant Vice President – Accounting,
Assistant Controller

COMMITTEE CONSULTANTS

CLAIMS COMMITTEE

CONSULTANTS

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Janet Brown, M.D.

J. Douglas Clarke, M.D.

Daniel E. Kohn, M.D.

William D. Lamm, M.D.

Michael Langbaum, M.D.

Mark Matsunaga, M.D.

David McCarus, M.D.

David S. McHold, M.D.

George C. Newman, II, Ph.D., M.D.

John P. O'Hearn, M.D.

Neil O'Malley, M.D.

Kevin L. Stitely, M.D.

Donald M. Switz, M.D. – *Vice Chair*

RISK MANAGEMENT COMMITTEE

CONSULTANTS

Steven M. Berlin, M.D.

Steven J. Brand, M.D.

Joseph S. Fastow, M.D.

Andrew P. Fridberg, M.D.

Samuel D. Friedel, M.D.

Dean H. Griffin, M.D.

Louis S. Halikman, M.D.

Karen H. Klocko, D.D.S.

Daniel E. Kohn, M.D.

UNDERWRITING ADVISORY COMMITTEE

CONSULTANTS

Jayant B. Desai, M.D.

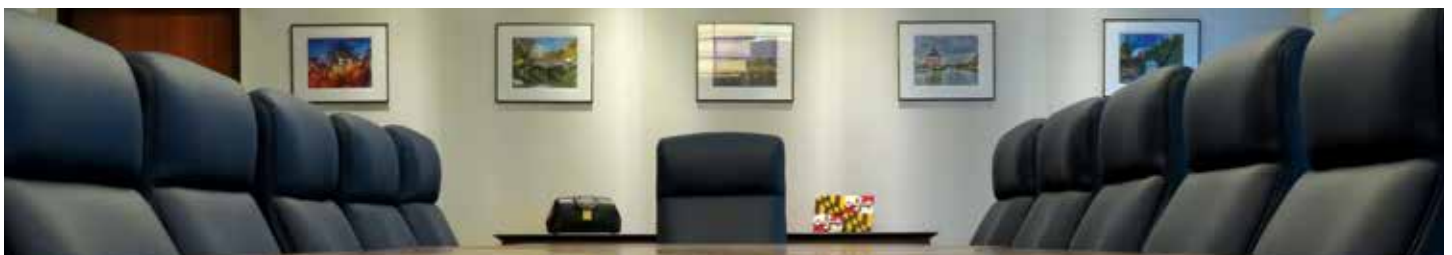
Craig Dickman, M.D.

Eugenio S. Machado, M.D.

Michael J. Damiano, M.D.

Independent Auditors

Ernst & Young LLP, Baltimore, Maryland





THE GOLD STANDARD

UNMATCHED CLAIMS DEFENSE AND SERVICE
TO MARYLAND DOCTORS SINCE 1975.

MEDICAL MUTUAL
Liability Insurance Society of Maryland

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mmlis.com*