



IT'S IN OUR DNA
SERVICE • COMMITMENT • PASSION

45

YEARS



MEDICAL MUTUAL

Defending Maryland Doctors

For 45 years, MEDICAL MUTUAL has been doing what we do best – offering a gold standard claims defense, unwavering advocacy and unmatched service to Maryland Doctors. When a company has been doing something that long and that successfully, you know it's deeply rooted in their DNA. As we celebrate our 45th anniversary in 2020, we thank you for the strong commitment and support you give to your company.

TO OUR MEMBERS

Our DNA is what determines our unique and distinct traits – the traits that define us and make us who we are. In essence, your “Doctor DNA” drives you to provide the best quality medical care to your patients. You have an unshakeable passion to keep people healthy, as well as treat them when they are sick. Protecting and serving others is in our DNA, too. As a Doctor-owned and directed company, MEDICAL MUTUAL inherited our dedication, persistence and caring from you. That’s why we provide a relentless defense of the good medicine practiced by our Maryland Doctors. We do so with the state’s best claims management team and malpractice defense attorneys. Our relationship to you is what makes us unique. It’s who we are.

Forty-five years ago, we were founded with the mission to provide a quality defense for Maryland Doctors. The same objective holds true today. But in addition to providing you with the absolute strongest claims defense, each year we also seek out new ways to do more for you and your practice.

You received Renewal and Special Dividends in 2019, and we also announced a Special Dividend for 2020 renewals, which you recently saw on your 2nd quarter 2020 invoice. These dividend credits are possible because of the company’s strong management, consistently sound financial condition and continued favorable loss experience.

Mutual Advantage Plan financial reward program Participants have received additional allocations each year since the initial 70% allocation when the program started.


There were a number of other initiatives MEDICAL MUTUAL introduced in 2019 that continue to benefit you today.

Our Claims-Free Discount was increased. *Verdict Inflation Protection (VIP)* coverage was introduced at no additional charge to you. VIP prevents the erosion of the value of your \$1,000,000 limit of insurance in cases with limited economic damages as the cap on non-economic damages increases. A

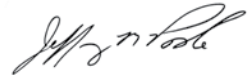
Physician Wellness education program was offered to address the unique challenges and stresses that health care professionals face. We have expanded on that program by offering Physician Wellness resources on our web site. MedGuard coverage, which is included with your policy, was enhanced to include more robust cyber breach coverages that address new, emerging risks.

We hope our constant efforts to better serve and protect you demonstrate our unwavering commitment to our Insureds. Please review this annual report for additional details. We appreciate your loyalty and trust and look forward to remaining the first choice of Maryland Doctors for another 45 years.

Sincerely Yours,



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



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



IT'S IN OUR DNA

Many things are passed on through DNA. As a company created for Maryland Doctors and directed by Maryland Doctors, we believe MEDICAL MUTUAL has “inherited” many of the positive attributes characteristic of generations of dedicated healers. From our comprehensive risk management education programs to our gold standard claims defense, you can be confident that we use your experiences and values as inspiration for the work we do.



SUPPORTIVE

Good Doctors know that caring for a patient involves more than prescriptions and surgery. They also are supportive of the patient’s behavioral and emotional needs. They understand a patient’s unique situation may require a unique treatment plan. This response has guided us in the way we provide our Member services to you. We focus on supporting your individual needs.



PERSISTENT

It’s not easy to become a Doctor. It requires many years of study and sacrifice and the need to master significant amounts of technical material. But with hard work and lots of motivation, an aspiring practitioner can ultimately achieve the dream. Your single-minded focus and persistence inspires our relentless defense of good medicine and good Doctors.



SKILLED

Doctors need many skills: diagnostic and problem-solving; the ability to analyze test results and make decisions; treatment and surgical expertise. And we have inherited your commitment to developing and honing skills. In the event of a claim, a team of Maryland's most experienced and skilled claims managers and defense attorneys will defend you and your practice.



VIGILANT

MEDICAL MUTUAL was created to defend and serve you. Year-round, we advocate in the Legislature and Appellate Courts to maintain a fair legal environment for Maryland Doctors. Just as you are vigilant in caring for your patients, you can depend on us to be vigilant when it comes to the medical professional liability issues that affect your practice and the delivery of quality medicine.



CARING

It is so fundamental to your mission that it is right in the name: Health Care. The core of everything a Doctor does for a patient is a sincere caring for the patient's physical, mental and emotional well-being. You have set the bar high, but MEDICAL MUTUAL strives each and every day to show a similar compassion for the Doctors who have been entrusted into our care.

WE'VE LEARNED FROM YOU
you've made us who we are

ADDITIONAL MAP ALLOCATION, DIVIDENDS

Mutual Advantage Plan financial reward program Participants received a 10% allocation to their MAP accounts in 2019. This was in addition to the initial 70% MAP allocation and a 10% 2018 MAP allocation. MEDICAL MUTUAL provided our Insureds with a Renewal Dividend of 20% and a Special Dividend of 26% for 2019 policy renewals. At the end of last year, we also announced a Special Dividend of 25% for 2020 renewals which our Insureds have recently received. MEDICAL MUTUAL is proud that our strong management and sound financial condition allow us to be ranked number one among peer insurance companies, year after year, in dividends provided to Policyholders.

A Constant Since 1975

UNMATCHED CLAIMS DEFENSE

No other insurance company has access to our elite legal defense team, which includes Maryland's most talented malpractice defense attorneys and our experienced claims management specialists.

A Constant Since 1975

UNSURPASSED CUSTOMER SERVICE

MEDICAL MUTUAL offers friendly, knowledgeable and efficient customer service from our Hunt Valley office for the convenience of your practice. Get helpful, personalized service when you need it.

TEXT MESSAGING AND RM ALERTS

MEDICAL MUTUAL strives to provide convenient, new services to assist our Insureds in this fast-changing health care environment. In 2019, we introduced text messaging to our Customer Service teams. You can now use your mobile phone to quickly send a brief text with your question to our main number, **410-785-0050**. Our Customer Service experts will respond to you during business hours with the information you need while you are on the go. Also, if you have registered for a live risk management program, our new text alerts program will automatically let you know if there are any last-minute time changes, program relocations or cancellations.



A Constant Since 1975

UNBEATABLE DOCTOR FOCUS

MEDICAL MUTUAL has a long history of consistently providing our insured Doctors with strong benefits, such as our *Mutual Advantage Plan* financial reward program and regular dividend credits.

A Constant Since 1975

UNEQUALED YEAR-ROUND ADVOCACY

Only MEDICAL MUTUAL fights for your professional liability interests in the Maryland legislature and appellate courts. We are the only carrier working tirelessly to preserve hard-earned tort reforms.

PHYSICIAN WELLNESS EDUCATION PROGRAM

From EMRs to government regulations to increasing workloads, Doctors practicing today are facing many more areas of potential stress. To help our Insureds learn ways to overcome barriers to Physician wellness, the MEDICAL MUTUAL Risk Management Department introduced a free education activity that incorporated a discussion on Physician well-being from both a practice and a litigation stress perspective. Many Doctors attended this wellness initiative last year and heard ideas about how to improve work-life balance and re-energize their career. The takeaways from this helpful program, as well as additional information, are now on our web site for your reference.



A Constant Since 1975

UNPARALLELED RISK MANAGEMENT

Each year our local, medico/legal experts create new risk management education programs specifically designed to address the unique patient care and liability challenges faced by Maryland Doctors.

A Constant Since 1975

UNWAVERING COMMITMENT

Only MEDICAL MUTUAL has defended Maryland Doctors continuously for almost 45 years. We're Doctor-owned and directed and have the dedication and financial strength for your long-term protection.

FINANCIALS

BALANCE SHEETS *Statutory Basis / DECEMBER 31*

	2019	2018
<i>Admitted Assets</i>		
Cash and short-term investments	\$ 31,970,000	\$ 32,431,118
Long-term invested assets	776,379,711	764,342,385
Other assets	23,799,859	29,599,748
Total Admitted Assets	\$ 832,149,570	\$ 826,373,251
<i>Liabilities & Policyholders' Surplus</i>		
Reserve for losses and loss adjustment expenses, net of reinsurance recoverable	\$ 150,081,943	\$ 162,664,823
Reserve for unearned premiums	56,086,657	58,388,063
Deposits received on policies not in force	29,421,382	30,642,716
Dividends payable to Policyholders	135,621,326	140,781,206
Other liabilities	12,548,188	11,010,991
Total Liabilities	\$ 383,759,496	\$ 403,487,799
Total Policyholders' Surplus	\$ 448,390,074	\$ 422,885,452
Total Liabilities & Policyholders' Surplus	\$ 832,149,570	\$ 826,373,251

STATEMENTS OF INCOME *Statutory Basis / DECEMBER 31*

	2019	2018
Premiums earned	\$ 84,174,615	\$ 91,545,137
Losses and loss adjustment expenses incurred	40,208,801	23,254,282
Underwriting expenses	17,003,007	17,315,946
Net Underwriting Gain	\$ 26,962,807	\$ 50,974,909
Net investment income earned and realized capital gains and losses	\$ 20,735,906	\$ 19,022,116
Other income	366,875	311,728
Income Before Dividends to Policyholders & Federal Income Taxes	\$ 48,065,588	\$ 70,308,753
Dividends to Policyholders	\$ 30,000,000	\$ 60,000,000
Income Before Federal Income Taxes	\$ 18,065,588	\$ 10,308,753
Federal income tax	\$ 2,924,640	\$ 854,794
Net Income	\$ 15,140,948	\$ 9,453,959

The 2019 and 2018 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.

BOARD

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Chair of the Board, Physician in Comprehensive Ophthalmology in Montgomery and Prince George's Counties, MD

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

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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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Comm: UA-Chair, EX

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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

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Managing Director and Senior Portfolio Manager, Brown Capital Management

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Comm: CL, UW

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Comm: CO-Chair, AU, EX, FB

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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 – Global Head of Equities of Stifel, Nicolaus & Company, Inc.

Comm: AU, FB

MARK L. WASSERMAN

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

Comm: AU, FB

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

OFFICERS

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Operating Officer and Secretary

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Communications

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Vice President – Marketing

KEITH P. ALLEN
Senior Vice President – Actuary

NATALIE A. ROBERTS
Vice President –
Accounting, Controller

GEORGE CHAMBERS
Assistant Vice President –
Information Technology

JOHN H. CLIFTON
Senior Vice President – Claims

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claims committee

CONSULTANTS

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Neil O’Malley, M.D.
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Matthew T. Yeatman, M.D.

risk management committee

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Louis S. Halikman, M.D.
Karen H. Klocko, D.D.S.
Daniel E. Kohn, M.D.
Kiran G. Kuna, M.D.
Sarah A. Merritt, M.D.

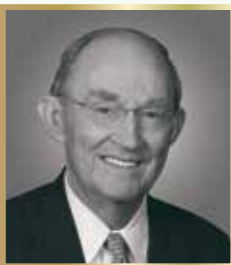
underwriting advisory committee

CONSULTANTS

Michael J. Damiano, M.D.
Jayant B. Desai, M.D.
Craig A. Dickman, M.D.
Eugenio S. Machado, M.D.
Allan Rutzen, M.D.

INDEPENDENT AUDITORS

Ernst & Young, LLP
Baltimore, Maryland



In Memory of D. Ted Lewers, M.D.

Dr. Donald “Ted” Lewers passed away on October 6, 2019. Dr. Lewers was a caring and valued member of the MEDICAL MUTUAL Board of Directors for 14 years, including serving as the Chair of the Board from 1996 to 2006.

Dr. Lewers started his medical career at Maryland General Hospital in Baltimore. From 1975 to 2002, Dr. Lewers was a highly respected Nephrologist and Internist in Easton, Maryland. Dr. Lewers was appointed the First Chair of the Governor’s Commission for Kidney Disease in 1971 and was instrumental in the development of dialysis for the treatment of Renal Disease throughout Maryland.

Dr. Lewers was a prominent local and national leader in the Physician community. He served as President of the Maryland State Medical Society, as well as Vice-Chair and Chair of the American Medical Association. Dr. Lewers’ unwavering commitment to the medical community set a strong example and we are sincerely grateful for his many years of dedicated service to MEDICAL MUTUAL.

Unwavering

ADVOCACY • DEFENSE • SUPPORT

UNMATCHED CLAIMS DEFENSE AND SERVICE TO
MARYLAND DOCTORS SINCE 1975.

MEDICAL MUTUAL
Liability Insurance Society of Maryland

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