

Annual Report 2020



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## ANSWERING THE CALL

The COVID-19 pandemic in 2020 forced changes and reduced expectations on almost all aspects of our professional and personal lives. Fortunately, one thing did not change. When patients looked to their Doctors for much needed care their Doctors answered the call. As Doctors have done through so many crises in the past, they stepped up under challenging circumstances and adapted to constantly changing regulations and pandemic conditions. They found a way to continue to provide quality care to their patients. As your company, owned and directed by the Physicians of Maryland, MEDICAL MUTUAL is proud that we were able to support your selfless efforts.

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2020



## 2020 LETTER HIGHLIGHTS

20% Renewal Dividend Credit and 25% Special Dividend Credit Provided

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25% Pandemic Credit Offered

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Additional 10% Allocation to *Mutual Advantage Plan* Accounts

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*Practice Manager Toolbox* Introduced

# To Our Members



The year 2020 was one of challenge and change to people around the world, much of it centered on health care. And, as you have done in prior health care crises, you answered the call. Day after day, Physicians overcame the physical, mental, emotional and financial pressures brought on by the COVID-19 pandemic and continued to provide much needed care to their patients. The resilience and dedication of our Doctors is a source of continuing inspiration to us. As a company created specifically to defend and serve the Doctors of Maryland, it was MEDICAL MUTUAL's job to answer the call as well and support your efforts to care for your patients.

Pressures on Doctors mounted when non-urgent and elective procedures and appointments were halted. Recognizing the pandemic-induced reduction in patient contacts, we provided a Pandemic Credit of 25% that provided immediate financial relief. This was in addition to the standard premium credits, Policyholder dividend credits, and another allocation to your account in our loyalty and quality recognition program, the *Mutual Advantage Plan*. As care was forced to shift away from in-person visits, we changed our underwriting guidelines to allow initial patient care to take place without an in-person, face-to-face visit to provide greater access to new patients in need of care during the pandemic.

Staying current on federal, state and local COVID-19 news, as well as fast-changing government rules and recommendations, was a demanding task as the pandemic evolved. To help Doctors remain current, MEDICAL MUTUAL created a special section of our web

site, [mmlis.com](http://mmlis.com), which we filled with up-to-date COVID-19 information and links. Our in-person risk management education programs were quickly transitioned to live webinars so you could obtain the risk mitigation strategies you need without being exposed to large gatherings. When it was possible to resume non-urgent and elective care, we provided an instructional webinar on how to do so within the regulatory guidelines.

Just as Physicians found ways to continue to provide care to their patients despite the challenges posed by the pandemic, MEDICAL MUTUAL also remained focused on meeting your expectations. We continued to offer the absolute best claims defense, a wide array of risk management resources and tools, and responsive customer service. We introduced the *Practice Manager Toolbox*, a convenient online resource specifically designed to provide relevant and timely guidance to your Practice Manager. Importantly, the Toolbox provides education and assistance with cyber protection, an increasing threat exacerbated by the pandemic.

Yes, 2020 was certainly a uniquely challenging year. However, it also highlighted the best in Maryland Doctors. You answered the call. MEDICAL MUTUAL, your Doctor-owned and directed insurance company, stood by you with the support you deserved.

Sincerely,

A handwritten signature in dark ink, appearing to read "George S. Malouf, Jr.".

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

A handwritten signature in dark ink, appearing to read "Jeffrey M. Poole".

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



## *Physician Practice Support*

Doctors were pressured when non-urgent and elective procedures and appointments were halted. Supported by this pandemic-induced reduction in patient contacts, MEDICAL MUTUAL extended a 25% Pandemic Credit that provided immediate financial relief.

## CDC Recommendations

Coronaviruses on surfaces and objects naturally die within hours to days. Warmer temperatures and exposure to sunlight will reduce the time the virus survives on surfaces and objects.

Normal routine cleaning with soap and water removes germs and dirt from surfaces. It lowers the risk of spreading COVID-19 infection.

EPA-approved disinfectants are an important part of reducing the risk of exposure to COVID-19. Alternative disinfectants can be used (for example, 1/3 cup of bleach added to 1 gallon of water, or 70% alcohol solutions). Bleach solutions will be effective for disinfection up to 24 hours.

### *Risk Management Guidance*

Using timely web-based information, instructive videos and other tools, our experts have provided pandemic-related advice and resources to assist Insureds in navigating the many patient care and liability issues that have emerged.



## *Telehealth*

MEDICAL MUTUAL revised our underwriting guidelines so that initial patient care can take place without an in-person face-to-face visit, allowing greater access to new patients in need of care during the pandemic.



## *Practice Manager Toolbox*

In 2020, MEDICAL MUTUAL introduced our *Practice Manager Toolbox*, a convenient online resource specifically designed to provide relevant guidance to Practice Managers on the wide variety of day-to-day scenarios faced at busy medical practices.

# 2020

## *By the Numbers*

20%



RENEWAL DIVIDEND CREDIT

25%



SPECIAL DIVIDEND CREDIT

25%

PANDEMIC CREDIT

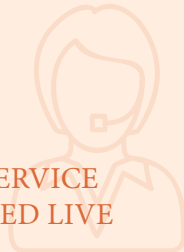


ADDITIONAL MAP  
ALLOCATION

10%

99%

OF TOTAL CUSTOMER SERVICE  
CALL VOLUME ANSWERED LIVE



14

DIFFERENT  
WEB-BASED RISK  
MANAGEMENT  
EDUCATION  
PROGRAM TOPICS

45

NUMBER OF YEARS MEDICAL MUTUAL HAS  
DEFENDED MARYLAND DOCTORS

## BALANCE SHEETS *Statutory Basis / DECEMBER 31*

	2020	2019
<i>Admitted Assets</i>		
Cash and short-term investments	\$ 28,913,350	\$ 31,970,000
Long-term invested assets	777,157,358	776,379,711
Other assets	23,823,912	23,799,859
<b>Total Admitted Assets</b>	<b>\$ 829,894,620</b>	<b>\$ 832,149,570</b>
<i>Liabilities &amp; Policyholders' Surplus</i>		
Reserve for losses and loss adjustment expenses, net of reinsurance recoverable	\$ 148,614,877	\$ 150,081,943
Reserve for unearned premiums	50,850,654	56,086,657
Deposits received on policies not in force	29,552,908	29,421,382
Dividends payable to Policyholders	129,848,805	135,621,326
Other liabilities	15,604,402	12,548,188
<b>Total Liabilities</b>	<b>\$ 374,471,646</b>	<b>\$ 383,759,496</b>
<b>Total Policyholders' Surplus</b>	<b>\$ 455,422,974</b>	<b>\$ 448,390,074</b>
<b>Total Liabilities &amp; Policyholders' Surplus</b>	<b>\$ 829,894,620</b>	<b>\$ 832,149,570</b>

## STATEMENTS OF INCOME *Statutory Basis / DECEMBER 31*

	2020	2019
Premiums earned	\$ 70,043,864	\$ 84,174,615
Losses and loss adjustment expenses incurred	41,455,480	40,208,801
Underwriting expenses	16,821,384	17,003,007
<b>Net Underwriting Gain</b>	<b>\$ 11,767,000</b>	<b>\$ 26,962,807</b>
Net investment income earned and realized capital gains and losses	\$ 19,112,689	\$ 20,735,906
Other income	719,470	366,875
<b>Income Before Dividends to Policyholders &amp; Federal Income Taxes</b>	<b>\$ 31,599,159</b>	<b>\$ 48,065,588</b>
Dividends to Policyholders	\$ 25,000,000	\$ 30,000,000
<b>Income Before Federal Income Taxes</b>	<b>\$ 6,599,159</b>	<b>\$ 18,065,588</b>
Federal income tax	\$ 698,081	\$ 2,924,640
<b>Net Income</b>	<b>\$ 5,901,078</b>	<b>\$ 15,140,948</b>

*The 2020 and 2019 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

## **GEORGE S. MALOUF, JR., M.D., FACS**

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

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

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## Board Committee 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

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Allan R. Rutzen, M.D.

### INDEPENDENT AUDITORS

Ernst & Young, LLP

Baltimore, Maryland

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GOLD STANDARD CLAIMS DEFENSE AND SERVICE TO  
MARYLAND DOCTORS SINCE 1975.

**MEDICAL  MUTUAL**  
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