



ANNUAL REPORT 2015





Robert A. Menotti, M.D.
President of MLMIC

2015 PRESIDENT'S REPORT

2015 proved to be another eventful year for your Company. In July, we celebrated our 40th year of service to our policyholder owners. Our mission to provide the highest quality insurance at the lowest possible cost consistent with long term viability has been the key to this success. In 2015, our claims costs remained fairly stable, so we were able to hold rates steady for the vast majority of policyholders that obtained or renewed coverage during the year. By the end of the third quarter, our conservative investment portfolio produced a significant amount of investment income and capital gains. In December, your Board was able to declare a 20% dividend to all policyholders that are insured on May 1, 2016 and maintain their coverage through July 1, 2016. This dividend is the largest we have declared in our history, and will hopefully provide meaningful relief to our policyholders in this very difficult environment. Since inception, we have paid over \$400 million in dividends to our policyholders, a feat unmatched by competitors operating in New York State (NYS).

NYS remains a challenging place to do business and we constantly face the threat of adverse legislation and liability expansion that can cause disruption and raise insurance premiums. We work tirelessly with our coalition partners (below) and elected officials to avoid or minimize the effects of such challenges. The practice of medicine has changed dramatically in recent years, and undoubtedly more changes lie ahead, to which we must be prepared to respond. But by putting the interests of our policyholders first, as we have for over 40 years, we are confident we can meet these challenges and continue to meet the needs of our policyholders for financial security.

In 2016, we plan to keep rates steady for the vast majority of policyholders and gain approval of a 15% discount for qualified physicians that have been claims free for ten years. And, if financial results permit, we will also consider another dividend, to provide financial relief to all policyholders.

Thank you again for giving us the opportunity to serve you. We look forward to renewing your policy in 2016 and helping you meet your challenges.

Sincerely,

Robert A. Menotti, M.D.
President

Proudly sponsored by:



MEDICAL LIABILITY MUTUAL INSURANCE COMPANY



(Statutory basis, dollars in millions)	2015	2014
ADMITTED ASSETS, LIABILITIES, AND POLICYHOLDERS' SURPLUS		
Bonds and fixed maturity securities	\$ 4,454	\$ 4,862
Common stocks	490	515
Cash, short-term, and other invested assets	163	151
Cash and invested assets	5,107	5,528
Premiums receivable and other assets	345	353
Total admitted assets	\$ 5,452	\$ 5,881
Loss and loss adjustment expenses unpaid	\$ 3,293	\$ 3,465
Unearned premiums	229	268
Other liabilities and accrued expenses	103	364
Total liabilities	3,625	4,097
Policyholders' surplus	1,827	1,784
Total liabilities and policyholders' surplus	\$ 5,452	\$ 5,881
SUMMARY OF OPERATIONS AND CHANGES IN POLICYHOLDERS' SURPLUS		
Earned premiums	\$ 450	\$ 515
Loss and loss adjustment expenses incurred	349	404
Other underwriting expenses	40	45
Net underwriting gain (loss)	\$ 61	\$ 66
Investment income (net of expenses)	\$ 92	\$ 129
Net realized capital gains (losses)	80	150
Net investment gains	\$ 172	\$ 279
Net income	\$ 115	\$ 264
Change in net unrealized gains (losses)	(40)	(13)
Other surplus changes	(32)	(6)
Net increase in policyholders' surplus	\$ 43	\$ 245
PERFORMANCE RATIOS (BASED ON EARNED PREMIUMS)		
Loss and loss adjustment expense	77.6%	78.4%
Other underwriting expense	9.0%	8.7%
Combined ratio	86.6%	87.1%

Summarized from the 2015 Statutory Annual Statement as filed with the New York State Department of Financial Services.

BOARD OF DIRECTORS



MLMIC is governed by a board of directors, which is comprised of up to 39 professionals. All but four directors must be members of MLMIC, and no more than half of the directors may be officers of MLMIC. An Executive Committee of the Board has been established to act in lieu of the full Board, to the extent permitted by law, when the full Board is not in session. The Board has established several committees, including a Finance Committee, an Underwriting Committee, a Claims Committee,

and an Audit Committee to oversee those aspects of MLMIC's business. The Board of Directors, pursuant to the by-laws of MLMIC, is divided into three classes of 13 directors each*. One class of directors is elected each year to a three-year term.

*In addition, Mary Ann Bishara, M.D., and Theodore C. Max, M.D., serve as Directors Emeriti.

The present Board of Directors is composed of the following persons:

CLASS I (To serve until May 2017)

NAME	DIRECTOR SINCE	SPECIALITY/AFFILIATION
John V. Capotorto, M.D.	2008	Endocrinology
William A. Dolan, M.D.	1996	Orthopaedic Surgery
Mark J. Feldman, D.M.D. ⁽¹⁾	1992	Dentistry; Executive Director, NYSDA
Timothy F. Gabryel, M.D.	2009	Internal Medicine
Samuel M. Gelfand, M.D.	1981	Surgery
Kira Geraci-Ciardullo, M.D.	2005	Allergy, Pediatrics
Stanley L. Grossman, M.D. ⁽¹⁾	1984	Surgery; Past President, MLMIC
Leah S. McCormack, M.D.	2014	Dermatology; Member Board of Trustees of MSSNY
Robert A. Menotti, M.D. ⁽¹⁾	1989	Surgery; President, MLMIC
Scott H. Perra	2012	CEO, Faxton St.Luke's Healthcare
James K. Reed, M.D. ⁽¹⁾	2005	President, St. Peter's Health Partners; Treasurer, MLMIC
Malcolm D. Reid, M.D.	2016	Physical Medicine and Rehabilitation
Malcolm J. Rothbard, M.D.	2011	Obstetrics and Gynecology

(1) Member of the Executive Committee

BOARD OF DIRECTORS (CONTINUED)

CLASS II (To serve until May 2018)

NAME	DIRECTOR SINCE	SPECIALITY/AFFILIATION
Anthony A. Ascioti, M.D.	1993	Anesthesiology
Charles N. Aswad, M.D.	1976	Emergency Medicine
Ann M. Barbaccia, M.D. ⁽¹⁾	2000	Obstetrics and Gynecology
David W. Felton ⁽¹⁾	1982	President, Crouse Community Nursing Home
John A. Fracchia, M.D.	1991	Urology
Alvin Katz, M.D.	1988	Otolaryngology
Margaret Lewin, M.D.	2009	Internal Medicine
Joseph R. Maldonado, Jr., M.D.	2006	Urology
Joseph A. Mannino, M.D.	2014	Orthopaedic Surgery
Paul J. Okosky, M.D.	1995	Family Practice
Kenneth D. Roberts ⁽¹⁾	1987	President, John T. Mather Memorial Hospital
Salvatore S. Volpe, M.D.	1997	Pediatrics, Internal Medicine
Murray A. Yost, Jr., M.D.	2004	Obstetrics and Gynecology

CLASS III (To serve until May 2016)

NAME	DIRECTOR SINCE	SPECIALITY/AFFILIATION
Margaret R. Albanese, M.D.	2013	Orthopaedic Surgery
Beth Cady Burghardt, M.D.	2008	Otolaryngology
Duane M. Cady, M.D. ⁽¹⁾	1989	Surgery
Nameer R. Haider M.D.	2014	Physical Medicine and Rehabilitation
Richard L. Hehir, M.D.	2009	Internal Medicine
Richard H.S. Karpinski, M.D.	1992	Plastic Surgery
Edward D. Lewis, M.D.	2009	Pediatrics
John W. Lombardo, M.D. ⁽¹⁾	2004	Ophthalmology
Andrew J. Merritt, M.D.	2007	Family Practice
Richard M. Peer, M.D. ⁽¹⁾	1998	Surgery; Secretary, MLMIC
David Sibulkin, M.D. ⁽¹⁾	1985	Dermatology
Frederick W. Wetzel, D.D.S.	1998	Dentistry
Betsy Wright	2007	President and CEO, WCA Hospital

(1) Member of the Executive Committee