



ANNUAL REPORT 2016





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

2016 PRESIDENT'S REPORT

Your company completed another outstanding year in 2016. By focusing on our mission of serving and protecting our policyholders, we continue to deliver exceptional value while maintaining our strength and leadership in the challenging medical professional liability insurance market in New York State. In the first quarter of 2016, we declared a 20% dividend to policyholders insured on May 1, 2016, and who maintained continuous coverage through July 1, 2016. This dividend was the largest in our 40+ year history and provided meaningful financial relief to our policyholders. During the second quarter of 2016, we worked with our coalition partners to inform elected officials about the adverse consequences of an expanded statute of limitations law for malpractice actions, which would have increased liability insurance premiums approximately 15%. Fortunately, the proposed legislation was not enacted, though we remain vigilant as it is likely to appear in future sessions.

In the third quarter of 2016, we announced our intention to be acquired by Berkshire Hathaway, a leading insurance organization, which will deliver a significant financial benefit to approximately 30,000 insureds and enable us to continue to protect and serve them with the high-quality insurance they rely on. The transaction is progressing well, in accordance with New York Insurance Law Section 7303, which protects the interests of the policyholders and the public, and is expected to close near the end of 2017. And finally, in the fourth quarter of 2016, we declared another 20% dividend for policyholders insured on May 1, 2017, and who maintain continuous coverage through July 1, 2017. This dividend will continue our history of meaningful financial relief to our policyholders when prudent and encourage those who may be at weaker or unstable companies to join us to avoid uncertainties.

In 2017, we will focus on completing our transaction with Berkshire, protecting our policyholders with high-quality insurance and advocacy against adverse legislation, and capitalizing on opportunities to add new insureds and enhanced services.

On a personal note, I will be retiring as MLMIC President in May, after having served in this capacity for ten years and relishing every minute of it. Your Board has identified qualified successors to lead us forward, with the same core values we have embraced for 40+ years, and I will remain on the Board while enjoying more personal time with family and leisure activities. It has truly been a pleasure working with and for you, and I am excited about the Company's future and the quality protection and service you will enjoy for many years to come.

Sincerely,

Robert A. Menotti, M.D.
President



MEDICAL LIABILITY MUTUAL INSURANCE COMPANY



(Statutory basis, dollars in millions)	2016	2015
ADMITTED ASSETS, LIABILITIES, AND POLICYHOLDERS' SURPLUS		
Bonds and fixed maturity securities	\$ 4,252	\$ 4,454
Common stocks	535	490
Cash, short-term, and other invested assets	313	163
Cash and invested assets	5,100	5,107
Premiums receivable and other assets	400	345
Total admitted assets	\$ 5,500	\$ 5,452
Loss and loss adjustment expenses unpaid	\$ 3,008	\$ 3,293
Unearned premiums	219	229
Other liabilities and accrued expenses	208	103
Total liabilities	3,435	3,625
Policyholders' surplus	2,065	1,827
Total liabilities and policyholders' surplus	\$ 5,500	\$ 5,452
SUMMARY OF OPERATIONS AND CHANGES IN POLICYHOLDERS' SURPLUS		
Earned premiums	\$ 403	\$ 450
Loss and loss adjustment expenses incurred	191	349
Other underwriting expenses	47	40
Net underwriting gain (loss)	\$ 165	\$ 61
Investment income (net of expenses)	\$ 67	\$ 92
Net realized capital gains (losses)	61	80
Net investment gains	\$ 128	\$ 172
Net income	\$ 163	\$ 115
Change in net unrealized gains (losses)	41	(40)
Other surplus changes	34	(32)
Net increase in policyholders' surplus	\$ 238	\$ 43
PERFORMANCE RATIOS (BASED ON EARNED PREMIUMS)		
Loss and loss adjustment expense	47.3%	77.6%
Other underwriting expense	11.7%	9.0%
Combined ratio	59.0%	86.6%

Summarized from the 2016 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	SPECIALTY/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	SPECIALTY/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 Volpe, M.D.	1997	Pediatrics, Internal Medicine
Murray A. Yost, Jr., M.D.	2004	Obstetrics and Gynecology

CLASS III (To serve until May 2019)

NAME	DIRECTOR SINCE	SPECIALTY/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, Jr., D.D.S.	1998	Dentistry
Betsy Wright	2007	President and CEO, WCA Hospital

(1) Member of the Executive Committee