NOTE OF PUBLIC HEARING
ON PLAN OF CONVERSION
OF MEDICAL LIABILITY MUTUAL INSURANCE COMPANY
TO CONVERT FROM A MUTUAL INSURANCE COMPANY
TO A STOCK INSURANCE COMPANY

A public hearing has been scheduled by the New York State Superintendent of Financial Services (the "Superintendent"), pursuant to Section 7307 of the New York Insurance Law, to consider the Plan of Conversion (the "Plan") adopted by the Board of Directors of Medical Liability Mutual Insurance Company, a New York mutual insurance company ("MLMIC"), on May 31, 2018, which provides for the conversion of MLMIC, pursuant to Section 7307 of the New York Insurance Law from a property and casualty mutual insurance company to a property and casualty stock insurance company to be renamed and known as MLMIC Insurance Company (the "Conversion").

The PUBLIC HEARING WILL BE HELD AT THE OFFICES OF THE NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES, ONE STATE STREET, NEW YORK, NY, 10004 (6TH FLOOR IN THE MAIN HEARING ROOM), BEGINNING AT 10:00 A.M., EASTERN DAYLIGHT TIME, ON AUGUST 23, 2018.

The Superintendent is required by law to hold this public hearing on the Plan. The consummation of the Plan is subject to the Superintendent’s approval. The New York Insurance Law requires the Superintendent to approve the Plan if she finds that the Plan does not violate the New York Insurance Law, is not inconsistent with law, is fair and equitable and is in the best interests of the policyholders and the public.

The Plan provides for the Conversion of MLMIC and the acquisition of MLMIC by National Indemnity Company, a subsidiary of Berkshire Hathaway Inc. ("NICO"). If consummated, the Conversion would convert MLMIC from a mutual insurance company that is owned by its policyholders to a stock insurance company that is owned by NICO.

If the Conversion is completed, all MLMIC policyholders will surrender their ownership interests in MLMIC. These interests are known as policyholder membership rights, and they provide policyholders of in-force policies with the right to vote on matters submitted to a vote of policyholders, the right to participate in any distribution of surplus, earnings and profits of MLMIC (including dividends), and the right to participate in meetings of members.

Who shall receive payment. As part of the Conversion, eligible policyholders (policyholders with policies in effect from July 15, 2013 through July 14, 2016) who were issued MLMIC policies with an effective date on or after July 15, 2016, or whose policies terminated prior to July 14, 2013, will then be multiplied by the total cash consideration of $2.502 billion received from NICO to determine the amount of cash allocable to such eligible policyholders. An eligible policyholder may designate another party (such as a policy administrator or employer) to receive that policyholder’s share of the cash consideration.

Impact of conversion. The officers and directors of MLMIC immediately prior to the completion of the Conversion will continue to serve as officers and directors of MLMIC after such completion until new officers and directors are duly elected pursuant to MLMIC’s charter and bylaws as they shall be amended in connection with the Conversion.

The Plan is subject to approval and a vote. MLMIC’s Board of Directors voted to approve the Conversion, but the Conversion will not be completed unless the Plan and the Conversion are approved by the Superintendent and the Plan is then approved by a vote of at least two-thirds of the votes cast (in person or by proxy) by the policyholders who are entitled to vote on the Plan of Conversion at a special meeting of such policyholders scheduled to be held on September 14, 2018 at MLMIC’s home office at Two Park Avenue, Room 2500, New York, New York 10016, beginning at 10:00 a.m., Eastern Daylight Time. The special meeting will be held in person or by telephone, at MLMIC’s discretion, and will be open only to policyholders of MLMIC who are entitled to vote on the Conversion.

The following is a summary of the Plan:

(a) the corporate existence of MLMIC shall be continued as a stock insurance company;
(b) all the rights, titles, franchises and interests of MLMIC as a mutual insurance company in and to every species of property, real, personal, and mixed, and things in action thereon belonging, shall be deemed transferred to and vested in MLMIC as a stock insurance company without any deed or transfer; and
(c) MLMIC as a stock insurance company shall be deemed to have assumed all the obligations and liabilities of MLMIC as a mutual insurance company.

The Plan is subject to approval and a vote. MLMIC’s Board of Directors voted to approve the Conversion, but the Conversion will not be completed unless the Plan and the Conversion are approved by the Superintendent and the Plan is then approved by a vote of at least two-thirds of the votes cast (in person or by proxy) by the policyholders who are entitled to vote on the Plan of Conversion at a special meeting of such policyholders scheduled to be held on September 14, 2018 at MLMIC’s home office at Two Park Avenue, Room 2500, New York, New York 10016, beginning at 10:00 a.m., Eastern Daylight Time. The special meeting will be held in person or by telephone, at MLMIC’s discretion, and will be open only to policyholders of MLMIC who are entitled to vote on the Conversion.

Material conditions. There are also conditions to the closing of the sale to NICO set forth in an Acquisition Agreement between MLMIC and NICO, including, but not limited to: a loss portfolio transfer with NICO whereby NICO will assume all of MLMIC’s existing insurance liabilities as of the closing (involving transferred assets and reserves currently estimated at $3.11 billion as of March 31, 2018), an extraordinary dividend to NICO of $1.905 billion, and a quota share reinsurance agreement with NICO and an affiliate of NICO whereby NICO and such affiliate will assume a combined 85% of MLMIC’s post-closing business. Each of the listed conditions requires the approval of the Superintendent. MLMIC will not convert to a stock insurer, even if the Plan is duly adopted as set forth above, unless the sale to NICO is completed.

Conversion. MLMIC and NICO agreed to a termination date of September 30, 2018. If the Conversion has not closed by then, each party will have a terminate right.

A copy of the Plan, including all exhibits thereto, may be obtained by making a written request to MLMIC at Two Park Avenue, New York, New York 10016, calling MLMIC at 1-888-919-2636, or reviewing the Plan on MLMIC’s website at www.mlmic.com.