



ANNUAL REPORT 2017





James K. Reed, M.D.
Chair

2017 CHAIR'S REPORT

As your new chair of the board, I am pleased to report on the status of your company through 2017. We completed 2017 in fine financial shape, with assets exceeding liabilities by approximately \$2.2 billion and a growing demand for our insurance products and services. The continued consolidation in healthcare coupled with our expertise and financial strength created new opportunities for us on the marketing side, resulting in an increase in new business.

Also in 2017, we acquired the renewal rights to the Section 18 excess business formerly written by Healthcare Professional Insurance Company (HPIC). This excess insurance provides a valuable layer of insurance protection to our physician policyholders, many of whom were insured by HPIC for this coverage. This allows us to provide the primary and excess layers of insurance protection to our physician policyholders going forward, enhancing our ability to serve and protect them.

We also continued to make progress on our previously announced transaction with Berkshire Hathaway, working closely with our regulator to answer questions and prepare the necessary information for consideration by our policyholder owners. We fully recognize the benefits of allying MLMIC's brand of high-quality insurance with Berkshire's unquestioned financial security to deliver greater capacity and protection to NYS physicians, hospitals, and dentists. We look forward to culminating the process in 2018.

As we look forward, we constantly assess our challenges and opportunities and are nicely positioned to respond to both. NYS is a challenging environment to do business in, and the recent expansion of the statute of limitations on malpractice actions is just one example. We also witness a changing marketplace, which we plan to capitalize on using our unparalleled financial strength and market expertise. Rest assured, our approach of putting policyholders first in a responsible and diligent manner will not change as we face each challenge or opportunity.

Thank you for giving us this opportunity to serve you. We look forward to a successful 2018 and enhancing our ability to serve you going forward.

Sincerely,

James K. Reed, M.D.
Chair



MEDICAL LIABILITY MUTUAL INSURANCE COMPANY



(Statutory basis, dollars in millions)	2017	2016
ADMITTED ASSETS, LIABILITIES, AND POLICYHOLDERS' SURPLUS		
Bonds and fixed maturity securities	\$ 4,211	\$ 4,252
Common stocks	641	535
Cash, short-term, and other invested assets	164	313
Cash and invested assets	5,016	5,100
Premiums receivable and other assets	415	400
Total admitted assets	\$ 5,431	\$ 5,500
Loss and loss adjustment expenses unpaid	\$ 2,897	\$ 3,008
Unearned premiums	227	219
Other liabilities and accrued expenses	102	208
Total liabilities	3,226	3,435
Policyholders' surplus	2,205	2,065
Total liabilities and policyholders' surplus	\$ 5,431	\$ 5,500
SUMMARY OF OPERATIONS AND CHANGES IN POLICYHOLDERS' SURPLUS		
Earned premiums	\$ 402	\$ 403
Loss and loss adjustment expenses incurred	343	191
Other underwriting expenses	64	47
Net underwriting gain (loss)	\$ (5)	\$ 165
Investment income (net of expenses)	\$ 85	\$ 67
Net realized capital gains (losses)	110	61
Net investment gains	\$ 195	\$ 128
Net income	\$ 120	\$ 163
Change in net unrealized gains (losses)	45	41
Other surplus changes	(25)	34
Net increase in policyholders' surplus	\$ 140	\$ 238
PERFORMANCE RATIOS (BASED ON EARNED PREMIUMS)		
Loss and loss adjustment expense	85.3%	47.3%
Other underwriting expense	15.9%	11.7%
Combined ratio	101.2%	59.0%

Summarized from the 2017 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 2020)

NAME	DIRECTOR SINCE	SPECIALTY/AFFILIATION
John V. Capotorto, M.D.	2008	Endocrinology
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; Past President, MLMIC
Scott H. Perra	2012	CEO, Mohawk Valley Health System
James K. Reed, M.D. ⁽¹⁾	2005	President, St. Peter's Health Partners; Chair, MLMIC
Malcolm D. Reid, M.D.	2016	Physical Medicine and Rehabilitation
Malcolm J. Rothbard, M.D.	2011	Obstetrics and Gynecology
Irene Snow, M.D.	2017	Internal Medicine

(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
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; Treasurer, MLMIC
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; President, MLMIC
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