

2018 MLMIC CHAIR'S REPORT



2018 was an historic year for MLMIC.

On October 1, 2018, we completed our demutualization and acquisition by National Indemnity Company (NICO), a Berkshire Hathaway company, and launched under our new name – MLMIC Insurance Company. Our goal through this transaction was to enhance our ability to serve the healthcare providers throughout New York and we are encouraged by what we see so far.

Readers of our annual report will notice that our financial results look different this year. That is due to the fact that we transferred significant portions of our assets, liabilities and surplus to NICO in the fourth quarter of 2018 through intercompany reinsurance, to take advantage of NICO's superior size and financial strength and enhance our claims paying ability. This enabled A.M. Best, a leading insurance rating organization, to assign an A+ (Superior) financial strength rating to MLMIC, which should comfort our policyholders and aid us in competing for new business in a market where few have this designation. Already, we are seeing marketing opportunities that recognize these benefits.

I would like to thank our Board of Directors, comprised of New York physicians, dentists and hospital administrators, and our long time corporate officer Donald J. Fager, Esq., for their vision and guidance in building this company, delivering exceptional value to policyholders and enhancing our long term prospects through this alliance with NICO and Berkshire Hathaway.

As we look forward, we see a marketplace that is consolidating in an environment that is among the most challenging in the country. We expect that policyholders will want innovative risk financing solutions to deal with these challenges, such as advanced analytics and risk sharing options, and we are prepared to deliver them. As we do so, we will remain committed to protecting our policyholders with the quality services they have received from us for over 40 years. Our goal is to remain the market leader in medical professional liability insurance in New York and, with our alliance with NICO and Berkshire Hathaway, we intend to do so.

Thank you for giving us this opportunity to serve you. We look forward to another successful year in 2019.

Sincerely,

A handwritten signature in black ink, appearing to read "James K. Reed, MD".

James K. Reed, MD, Chair

MLMIC is rated A+ by A.M. Best

Summary of audited statutory financial results*

(\$ in Millions)	
Assets	\$732
Liabilities	\$71
Surplus	\$661
Direct Premium Written	\$383
Net Income	\$480

*as of December 31, 2018