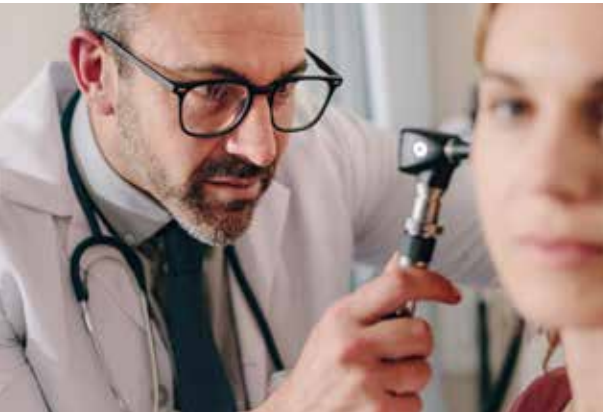




RELENTLESS DEFENSE

Unwavering Commitment

ANNUAL REPORT 2023



To Our Insureds

Relentless is the word that best describes Professionals Advocate's (ProAd's) approach to protecting the Doctors it insures. We work tirelessly every day to aggressively defend our Policyholders facing a liability claim. Our commitment to provide a *Relentless Defense* is unwavering.

We are proud that our Claims Department is recognized as one of the strongest in the industry. The expertise and care of our Claims Department is evident in each interaction with Insureds. Moreover, ProAd's seasoned Claims professionals engage and collaborate with top local defense attorneys to mount an aggressive defense on your behalf. This is why so many medical and dental professionals trust ProAd to provide their professional liability insurance coverage.

This report highlights some of our 2023 financial achievements, including affirmation of our "A" (Excellent) rating for financial strength from A.M. Best, the insurance industry's largest and most respected credit rating agency. We are also pleased to report an additional 10% renewal allocation for *Mutual Advantage Plan* (MAP) participants.

Beyond exceptional claims defense and strong financial standing, ProAd offers multifaceted support for your practice, from timely practice management and risk management resources to expansive educational programs offered in several modalities throughout the year. Should you have a question about your policy or a practice issue in the increasingly complex medicolegal landscape, our local and responsive Customer Service team and Risk Management specialists are available to assist you.

Founded by a Doctor-owned and directed company, ProAd is committed to maintaining its financial strength and stability for the long-term defense and protection of your practice and professional reputation. This *commitment* to our Policyholders is *unwavering* and distinguishes Professionals Advocate from other professional liability insurance carriers.

Thank you for entrusting ProAd with your insurance needs.

George S. Malouf Jr., M.D., FACS
Chair of the Board

Cheryl F. Matricciani, Esq., CPA
President & Chief Executive Officer



2023 HIGHLIGHTS

10% allocation declared for *Mutual Advantage Plan* (MAP) accounts

A.M. Best reaffirms "A" (Excellent) rating

Risk Management Education Programs offered in several modalities

Claims Defense

ELITE, LOCAL ATTORNEYS

Your dedicated claims team at Professionals Advocate affiliates with top malpractice defense attorneys with local expertise. Our aggressive approach to defending Doctors makes ProAd a formidable professional liability insurer for Physicians and Dentists.

SEASONED CLAIMS MANAGEMENT SPECIALISTS

Claims management specialists provide personal service throughout the life of a claim, so you never have to navigate the litigation process without the necessary support.

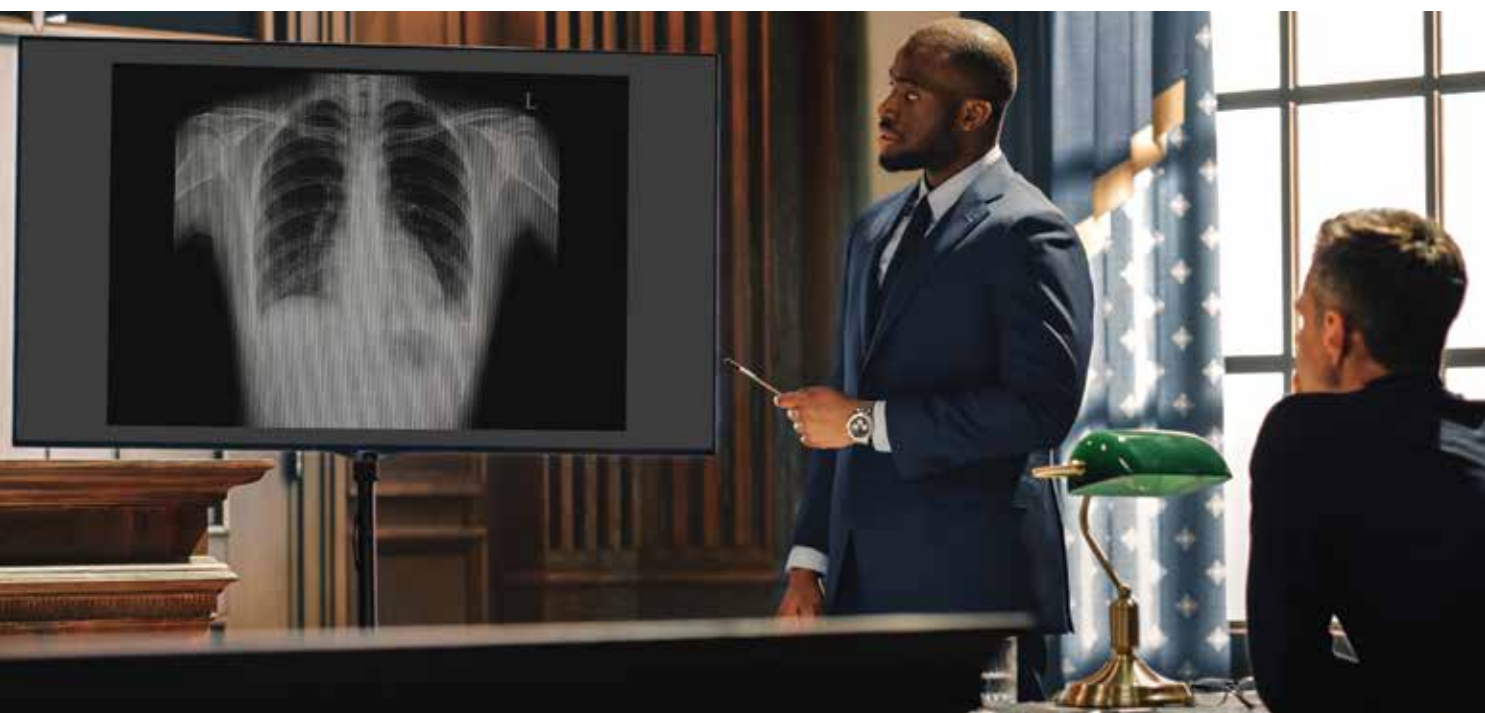
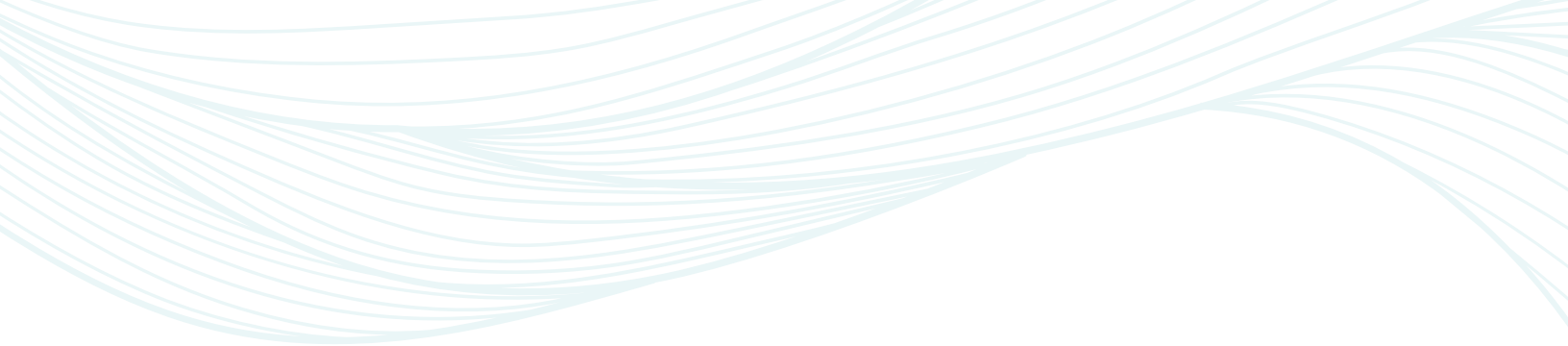
CLAIMS RESOLUTION

Professionals Advocate has a proven track record of success in the courtroom.

RELENTLESS DEFENSE

Professionals Advocate is the insurer of choice for Doctors who want a highly skilled claims defense team at the ready. From timely risk management to efficient customer service, Professionals Advocate is committed to protecting, supporting, and advocating for our Policyholders.





Doctor Focus



INSURANCE PRODUCER OUTREACH

ProAd maintains close relationships with producers throughout Maryland, Virginia, and the District of Columbia. Because your insurance producer is your go-to source for information about your professional liability insurance policy, ProAd works hard to ensure they always have the latest information on new coverages, policy benefits, and services.

INFORMATIVE PUBLICATIONS

ProAd produces a variety of informative publications on company news, industry trends, risk management topics, and more. The *Notes from the Chair of the Board* newsletter brings Policyholders the latest news and information about the Company each December. Our risk management publication, *Doctors RX*, is a twice-yearly Physician publication devoted to the latest risk management trends and patient safety issues.





LITIGATION SUPPORT

Claim litigation can be a life-changing experience. Professionals Advocate offers comfort and support during the stressful claims process with our Litigation Survival Kit. This thorough resource explains the technical aspects of litigation and offers practical information to assist you in dealing with depositions, trial testimony, the stress of a lawsuit, and more.

24/7 SERVICES & MOBILE-FRIENDLY WEBSITE

In addition to viewing real-time account information on ProAd's website, you can pay your invoice or establish an automatic payment plan, register for a risk management education program, access the comprehensive claims portal, and view your *Mutual Advantage Plan* (MAP) account balance. Help manage liability risk and improve patient care by completing a security risk assessment or searching our risk management library for tools and expert resources. Opt-in to eDelivery to have company publications and notifications delivered promptly to your email inbox and receive optional text message alerts.

Financial Strength



LONG-TERM STABILITY

You deserve an insurer that will stand behind you should a claim arise many years after you've cared for a patient.

ProAd's financial stability and organizational strength have earned us an "A"

(Excellent) rating from A.M.

Best, the world's largest credit rating agency specializing in the insurance industry.



THE MUTUAL ADVANTAGE PLAN

The *Mutual Advantage Plan* (MAP) was established in 2016 to financially reward Professionals Advocate Policyholders.

Each year, the Company's Board of Directors declares new MAP funds, if any, in the form of a percentage of your premium. Your MAP account balance may continue to grow through potential future funding allocations by the Board of Directors. Therefore, the longer you are insured by ProAd, the larger your MAP distribution is likely to be. MAP participants may receive a lump sum distribution upon a qualifying event, such as retirement. Participation in MAP has no impact on your premium – it is simply ProAd's way of rewarding loyal Policyholders.



Risk Management



RISK MANAGEMENT EDUCATION PROGRAMS

ProAd offers a wide variety of risk management education programs throughout the year. Programs are offered in several modalities, including live webinars. Participants not only gain knowledge to help manage their liability risk, but also earn continuing medical/dental education credits and a premium credit on their next renewal policy after completing a qualifying program.

RM DIRECT

Opt-in to a private risk management Dashboard on our website to receive risk-related news and reference materials. Personalize your experience by selecting topics or view our “Two-Minute Drill” video to review documentation best practices.

PODCAST LIBRARY

Listen online or download our podcasts for a deeper dive into risk management hot topics, including artificial intelligence (AI), cybersecurity, ADA compliance, and practice management.

PRACTICE MANAGER TOOLBOX

PMT is a free, members-only resource that supports your practice manager in navigating the day-to-day scenarios commonly faced in a busy medical practice. This resource addresses such topics as practice operations, patient engagement, and billing and insurance. PMT is updated regularly, and includes a sample employee handbook, hiring forms, and more.

CALL A RISK MANAGEMENT EXPERT

Risk Management specialists are ready to listen to your concerns, answer “what if” questions, and help you identify strategies to reduce your professional liability exposure. Call our Risk Management team at 410-785-0050 or 800-492-0193 (toll free).

Financial Statements

BALANCE SHEETS PROFESSIONALS ADVOCATE INSURANCE COMPANY (STATUTORY BASIS)

DECEMBER 31	2023	2022
ADMITTED ASSETS		
Cash and short-term investments	\$ 5,250,533	\$ 2,616,360
Long-term invested assets	161,952,843	162,502,705
Other assets	5,842,855	6,229,477
TOTAL ADMITTED ASSETS	\$ 173,046,231	\$ 171,348,542
LIABILITIES AND POLICYHOLDERS' SURPLUS		
Reserve for losses and loss adjustment expenses, net of reinsurance recoverable	\$ 10,034,065	\$ 9,393,119
Reserve for unearned premiums	7,224,277	6,353,225
Deposits received on policies not in force	3,788,906	3,857,527
Ceded reinsurance balances payable	701,690	760,706
Other liabilities	2,882,662	3,189,181
TOTAL LIABILITIES	\$ 24,631,600	\$ 23,553,758
TOTAL POLICYHOLDERS' SURPLUS	\$ 148,414,631	\$ 147,794,784
TOTAL LIABILITIES AND POLICYHOLDERS' SURPLUS	\$ 173,046,231	\$ 171,348,542

STATEMENTS OF INCOME PROFESSIONALS ADVOCATE INSURANCE COMPANY (STATUTORY BASIS)

YEAR ENDED DECEMBER 31	2023	2022
Premiums earned	\$ 2,298,501	\$ 2,549,910
Losses and loss adjustment expenses incurred	2,425,321	2,500,842
Underwriting expenses	1,720,315	1,430,249
NET UNDERWRITING LOSS	\$ (1,847,135)	\$ (1,381,181)
Net investment income earned and realized capital gains and losses	8,838,666	7,108,505
Other (expense)/income	(201)	10,103
INCOME BEFORE FEDERAL INCOME TAXES	\$ 6,991,330	\$ 5,737,427
Federal income tax	1,201,972	918,293
NET INCOME	\$ 5,789,358	\$ 4,819,134

Financial Notes

ORGANIZATION

Professionals Advocate Insurance Company is a wholly-owned subsidiary of MEDICAL MUTUAL Liability Insurance Society of Maryland.

BASIS OF PRESENTATION

The accompanying condensed financial statements of Professionals Advocate Insurance Company have been prepared in conformity with accounting practices prescribed or permitted by the Maryland Insurance Administration. The Maryland Insurance Administration requires insurance companies domiciled in Maryland to prepare their statutory basis financial statements in accordance with the National Association of Insurance Commissioners (NAIC) Accounting Practices and Procedures Manual. The preparation of financial statements of insurance companies requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known which could impact the amounts reported and disclosed herein.

SIGNIFICANT ACCOUNTING POLICIES

INVESTMENTS

Investments in bonds are reported at the lower of amortized cost or fair value based on their NAIC rating. Investments in common stocks are stated at fair value. Short-term investments, consisting primarily of Government Money Market Funds and Government Agency Discount Notes, are carried at cost which approximates market value.

LOSSES AND LOSS ADJUSTMENT EXPENSES

The reserves for losses and related loss adjustment expenses are estimated from actuarial analyses. These reserves include estimates of future trends in claim severity, claim frequency and other factors,

which could vary as the losses are ultimately settled. Although the degree of variability inherent in such estimates can be significant, management believes that the reserves for the losses and related loss adjustment expenses reflect its best estimate of the amounts to be paid. The estimates are continually reviewed and, as adjustments to the reserves become necessary, such adjustments are reflected in current operations.

PREMIUM REVENUE

Premiums are recognized as revenue over the term of the policies. The primary source of premium revenue is derived from professional liability insurance for health care providers.

UNEARNED PREMIUM

The reserve for unearned premium primarily consists of the pro-rata portion of premium for the remainder of the policy term as well as the provision for waiver of premium for extended reporting period endorsements on certain claims-made policies.

REINSURANCE

Professionals Advocate Insurance Company has entered into reinsurance agreements with various unaffiliated reinsurers in order to reduce its ultimate claims risk. In addition to external reinsurance, intercompany reinsurance agreements are in place between the two insurance companies to spread risk and exposure across the larger financial base.

AUDITED FINANCIAL STATEMENTS

The 2023 and 2022 condensed financial statements of Professionals Advocate have been prepared in conformity with accounting practices prescribed or permitted by the Maryland Insurance Administration. The condensed financial statements have been derived from complete statutory-basis financial statements, which were audited by our independent auditors. A complete set of audited financial statements may be obtained upon request.

BOARD

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Chair of the Board, Physician in
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Chief Financial Officer and
Treasurer, Professionals Advocate
Insurance Company

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Lexington, Virginia

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Baltimore, Maryland

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Retired Partner with the
international accounting firm of
Ernst & Young LLP

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Marketing, Professionals
Advocate Insurance Company

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Pediatrician in Vienna, Virginia

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President and Chief Executive
Officer

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Senior Vice President,
Chief Actuary

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Senior Vice President – Claims
and Operations

STEVEN P. KEULER
Senior Vice President, Chief
Financial Officer and Treasurer

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Senior Vice President,
General Counsel
and Secretary

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Vice President –
Information Technology

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Vice President – Accounting,
Controller

BENJAMIN C. ROHM
Vice President – Underwriting

DONALD G. WILSON
Vice President – Marketing

CORY A. BENDER
Assistant Vice President –
Claims Operations

COMMITTEES

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Mary Lura Duvall, CPA
George S. Malouf Jr., M.D., Ex Officio
Cheryl F. Matricciani, Ex Officio

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David A. Ellington, M.D.
Cheryl F. Matricciani

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David T. Waddell, M.D.
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Cheryl F. Matricciani, Ex Officio

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Martin A. Levin, D.D.S.
Mary Lura Duvall, CPA
John W. McCullough, CPA
George S. Malouf Jr., M.D., Ex Officio
Cheryl F. Matricciani, Ex Officio

INDEPENDENT AUDITORS

Ernst & Young LLP
Baltimore, Maryland

2023 By The Numbers

400+

MAP distributions
made since 2017

1986

Year that ProAd issued
its first professional
liability policy

6

Number of Doctors
who serve on ProAd's
Board of Directors

10

Number of Doctors who
serve on Committees

10%

MAP renewal
allocation



99.4%

Live answer rate for
incoming calls

"A"
(Excellent)

Rating from
A.M. Best

AA

Average credit quality of
long-term invested assets



About Us



MISSION

To provide insurance and related products, together with a “boutique” level of customized products and personalized service, primarily tailored to meet the needs of health care professionals.

VISION

We will be a highly regarded regional company, known for providing superior products and services. As an ultimately Doctor-owned company, we will serve as a strong advocate for health care professionals in the liability arena. We will be the best choice for health care professionals and their organizations, providing the best resolution of claims through a proactive and vigorous defense.

The ProAd Advantage



CREATED BY A DOCTOR-OWNED COMPANY

ProAd's insurance solutions reflect our insight into the unique challenges Doctors may face in today's complex legal environment.



AGGRESSIVE CLAIMS DEFENSE

Your practice and professional reputation deserve the best. In the event of a claim, Professionals Advocate works with only the top local malpractice defense attorneys.



COMPREHENSIVE RISK MANAGEMENT

Timely risk management education programs offer risk mitigation strategies for current and emerging liability issues. Medicolegal specialists are available by phone or email, Monday-Friday.



RESPONSIVE CUSTOMER SERVICE

Contact ProAd by phone, text, email, or fax. Our knowledgeable customer service team is committed to delivering timely and personal service to today's busy Doctors. In 2023, 99.4% of incoming calls were answered live.



FINANCIAL STABILITY

Rated "A" (Excellent) by A.M. Best, Professionals Advocate is positioned to defend Doctors now and in the future.



Insurance Company



Insurance Company

HOME OFFICE

P.O. BOX 8016 | 225 INTERNATIONAL CIRCLE
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410-785-0050 | 800-492-0193

VIRGINIA OFFICE

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