

STATE OF INDIANA                                 )  
  ) SS:         BEFORE THE INDIANA  
COUNTY OF MARION                                 )         COMMISSIONER OF INSURANCE

IN THE MATTER OF:                                 )  
  )  
**The Medical Protective Company**                                 )  
**5814 Reed Road**   )  
**Fort Wayne, Indiana 46835**   )

Examination of: **The Medical Protective Company**


**NOTICE OF ENTRY OF ORDER**

Enclosed is the Final Order entered by Holly W. Lambert, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of The Medical Protective Company, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on May 22, 2025, has been adopted by the Commissioner.

Pursuant to Ind. Code § 27-1-3.1-12(b), within thirty (30) days of receipt of the Final Order, each director of The Medical Protective Company, shall file an affidavit with the Indiana Department of Insurance stating that he/she has received a copy of the Verified Report of Examination and the Final Order.

The Final Order is a final administrative decision that may be appealed pursuant to Ind. Code § 4-21.5-5.

6/30/2025  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Roy Eft  
Chief Financial Examiner

**CERTIFIED MAIL NUMBER: 7004 1160 0000 3835 6042**

STATE OF INDIANA                                 )                 BEFORE THE INDIANA  
  ) SS:  
COUNTY OF MARION                             )                 COMMISSIONER OF INSURANCE

IN THE MATTER OF:   )  
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**The Medical Protective Company**                                 )  
**5814 Reed Road**   )  
**Fort Wayne, Indiana 46835**   )

Examination of: **The Medical Protective Company**

### **FINDINGS AND FINAL ORDER**

The Indiana Department of Insurance conducted an examination into the affairs of The Medical Protective Company (hereinafter “Company”) for the time period January 1, 2019 through December 31, 2023.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter “Commissioner”) by the Examiner on May 22, 2025.

A copy of the Verified Report of Examination, along with a Notice of Opportunity to Make Written Submission or Rebuttal, was mailed to the Company via Certified Mail on May 22, 2025, and was received by the Company on May 27, 2025.

The Company did not file any objections.


NOW THEREFORE, based on the Verified Report of Examination, I hereby make the following **FINDINGS**:

1. That the Verified Report of Examination is a true and accurate report of the financial condition and affairs of The Medical Protective Company as of December 31, 2023.
2. That the Examiner’s Recommendations are reasonable and necessary in order for The Medical Protective Company to comply with the laws of the State of Indiana.

Based on the FINDINGS, the Commissioner does hereby ORDER:

1. Pursuant to Ind. Code § 27-1-3.1-11(a)(1), the Verified Report of Examination is adopted and shall be filed. Hereafter the Verified Report of Examination, may constitute prima facie evidence of the facts contained therein in any action or proceeding taken by the Indiana Department of Insurance against the Company, its officers, directors, or agents.
2. The Company shall comply with the Examiner's Recommendations enumerated in summary form and throughout the text of the Verified Report of Examination. A written response to these recommendations should be provided to the Department within 30 days of receipt of this order.
3. Compliance with the Examiner's recommendations shall be completed on or before the filing of the subsequent annual statement. In the event it is not feasible to comply with a recommendation before the filing of the subsequent annual statement, the Company shall submit a written explanation as to why it was not feasible with the filing of the annual statement.

Signed this 30<sup>th</sup> day of  
June, 2025.

  
\_\_\_\_\_  
Holly W. Lambert  
Insurance Commissioner  
Indiana Department of Insurance

## **ABOUT AFFIRMATIONS**

The following pages for affirmations need to be signed by each Board Member and returned to the Indiana Department of Insurance within thirty (30) days in accordance with I.C. §27-1-3.1-12(b).

If your affirmations list individuals that are no longer on your Board of Directors, you may simply retype the form on plain white paper with the correct names and a line to the right for signature. If the names are misspelled, you may do the same, simply re-type the corrected form with a line to the right for signature.

Should you have any questions or difficulties with these forms or you require additional time past the thirty (30) day requirement, please do not hesitate to contact this department at (317) 232-2390.

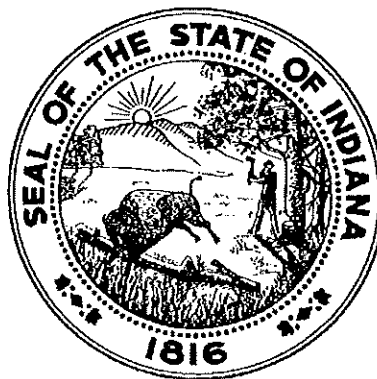
**STATE OF INDIANA**  
**Department of Insurance**  
**REPORT OF EXAMINATION**  
**OF**

**THE MEDICAL PROTECTIVE COMPANY**

NAIC Co. CODE 11843  
NAIC GROUP CODE 0031

As of

December 31, 2023



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# STATE OF INDIANA

MIKE BRAUN, GOVERNOR

## Indiana Department of Insurance

Holly W. Lambert, Commissioner  
311 W. Washington Street, Suite 103  
Indianapolis, Indiana 46204-2787  
Telephone: 317-232-3520  
Fax: 317-232-5251  
Website: [in.gov/doi](http://in.gov/doi)

May 22, 2025

Honorable Holly W. Lambert, Commissioner  
Indiana Department of Insurance  
311 West Washington Street, Suite 300  
Indianapolis, Indiana 46204-2787

Dear Commissioner:

Pursuant to the authority vested in Appointment Number 4182, an examination has been made of the affairs and financial condition of:

**The Medical Protective Company  
5814 Reed Road  
Fort Wayne, Indiana 46835**

hereinafter referred to as the "Company", or "TMPC", an Indiana domestic stock, property and casualty insurance company. The examination was conducted remotely with assistance from the corporate office staff in Fort Wayne, Indiana.

The Report of Examination, reflecting the status of the Company as of December 31, 2023, is hereby respectfully submitted.

ACCREDITED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES 317-232-2389	COMPANY COMPLIANCE 317-232-3495	CONSUMER SERVICES 317-232-2395/1-800-622-4461	FINANCIAL SERVICES 317-232-2390	MEDICAL MALPRACTICE 317-232-5253	COMPANY RECORDS 317-232-2383	STATE HEALTH INSURANCE PROGRAM 1-800-452-4800
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## SCOPE OF EXAMINATION

The Company was last examined by representatives of the Indiana Department of Insurance (INDOI) and covered the period from January 1, 2014 through December 31, 2018. The present risk-focused examination was conducted by Noble Consulting Services, Inc., and covered the period from January 1, 2019 through December 31, 2023, and included any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

The examination was conducted in accordance with the NAIC *Financial Condition Examiners Handbook* (Handbook). The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

The examination of the Indiana domestic insurance companies of the Medical Protective Subgroup (MedPro or Subgroup) of the Berkshire Hathaway Group (Group) was called by the INDOI in accordance with the Handbook guidelines, through the NAIC's Financial Examination Electronic Tracking System. The Nebraska Department of Insurance is the lead state of the Group. The INDOI served as the facilitating state on the examination of the MedPro Subgroup. The California Department of Insurance, District of Columbia Department of Insurance Securities and Banking, New Jersey Department of Banking and Insurance, New York Department of Financial Services, and Oklahoma Insurance Department served as participants.

The actuarial specialists of Davies North America provided all actuarial services throughout the examination and conducted a review of the Company's actuarial-related risks as of December 31, 2023.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

This examination report includes significant findings of fact, as mentioned in the Indiana Code (IC) 27-1-3.1-10 and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Company.

## HISTORY

The Physicians' Defense Company, formerly the Physicians' Guarantee Company, was formed in 1899 to provide pre-paid legal defense services for medical malpractice lawsuits. The Medical Protective Company (TMPC), founded in 1907, was initially formed to provide pre-paid legal defense coverage to healthcare providers and expanded its coverage to include indemnity coverage by means of medical professional liability insurance. The Company was incorporated as a business corporation under the laws of the state of Indiana in December 1909 and commenced business in January 1910. In 1913, the Company acquired Physicians Defense Company and in 1914 became the largest medical malpractice insurance company in the country. In 1998, the Company was acquired by General Electric and coverage was expanded nationwide. In 2005, the Company was acquired by Berkshire Hathaway, Inc. (Berkshire), a publicly-traded holding company domiciled in the state of Delaware, which operates multiple insurance, real estate, and investment management businesses through subsidiary companies.



## **CAPITAL AND SURPLUS**

The Company had 120,000 authorized shares of common stock with a par value of \$40 per share and 120,000 shares issued and outstanding throughout the examination period. MedPro Group Inc. (MPG) owned 100% of the Company's issued and outstanding stock as of the examination date.

No capital contributions were made or received during the examination period.

## **DIVIDENDS TO STOCKHOLDERS**

The Company paid an ordinary dividend of \$290 million to its parent MPG in 2022. There were no other dividends paid during the examination period.

In accordance with IC 27-1-23-4(h), the payment of dividends to holding companies or affiliated insurers may not exceed the greater of 10% of the prior year's surplus or the net income of such insurer of the prior year. The dividend paid during the examination period was ordinary in nature and did not require prior regulatory approval. In accordance with IC 27-1-23-1.5, the Company notified the INDOI of all declared dividends to the parent during the examination period.

## **MANAGEMENT AND CONTROL**

### **Directors**

The Company's Bylaws provide that the business affairs of the Company are to be managed by a Board of Directors (Board) consisting of at least three (3) directors. At least one (1) of the directors must be a resident of Indiana. The shareholders, at each annual meeting, elect the members of the Board.

The following is a listing of persons serving as directors as of December 31, 2023, and their principal occupations as of that date:

<u>Name and Location</u>	<u>Principal Occupation</u>
Timothy John Kenesey Cassopolis, Michigan	President and Chief Executive Officer MedPro Group Inc.
Anthony Allen Bowser Fort Wayne, Indiana	Vice President, Chief Financial Officer and Treasurer MedPro Group Inc.
Angela Marie Adams Fort Wayne, Indiana	Vice President and Secretary MedPro Group Inc.
James Douglas Kunce Roanoke, Indiana	Senior Vice President and Chief Actuary The Medical Protective Company
Mark Tatnal Walthour Angola, Indiana	Senior Vice President The Medical Protective Company

## Officers

The Company's Bylaws state that the elected officers of the Company shall consist of a Chairman of the Board, a Chief Executive Officer, a President, one (1) or more Vice Presidents, a Chief Financial Officer, a Treasurer, and a Secretary. The Board may designate subordinate officers at their discretion as is deemed necessary. Officers may be members of the Board, and any two (2) or more offices may be held by the same person. Each of these officers is appointed by the Board and shall hold office for a designated term, and if no term is specified, until such officer's resignation, death or removal.

The following is a list of key officers and their respective titles as of December 31, 2023:

<u>Name</u>	<u>Office</u>
Timothy John Kenesey	President and Chief Executive Officer
Anthony Allen Bowser	Chief Financial Officer, Vice President, and Treasurer
Angela Marie Adams	Vice President, General Counsel, and Secretary
Graham Torquil Billingham, M.D.	Chief Medical Officer
Aaron Mark Wolf	Controller
James Douglas Kunce	Senior Vice President and Chief Actuary
Brian David Gray	Chief Information Officer
Mark Tatnal Walthour	Senior Vice President and Underwriting Leader
Robert Daniel Ryan	Vice President and Claims Leader
Gregory George Chronis	Vice President and Designated Licensed Producer

## **CONFLICT OF INTEREST**

Directors and officers are required to review and sign Conflict of Interest statements annually. It was determined that all directors and officers listed in the Management and Control section of this Report of Examination have reviewed and signed their statements as of December 31, 2023.

## **OATH OF OFFICE**

IC 27-1-7-10(i) stipulates that every director, when elected, shall take and subscribe to an oath stating that he or she will faithfully, honestly, and diligently administer the affairs of the Company and will not knowingly violate any of the laws applicable to such Company. It was determined that all directors listed in the Management and Control section of this Report of Examination have subscribed to an oath as of December 31, 2023.

## **CORPORATE RECORDS**

### Articles of Incorporation

There were no amendments made to the Articles of Incorporation during the examination period.

### Bylaws

There were no amendments made to the Bylaws during the examination period.

## Minutes

The Board and shareholders' meeting minutes were reviewed for the period under examination through the fieldwork date. Significant actions taken during each meeting were noted.

IC 27-1-7-7(b) states an annual meeting of shareholders, members, or policyholders shall be held within five (5) months after the close of each fiscal year of the Company and at such time within that period as the Bylaws may provide. The Company's Bylaws do not specify the date or time the annual meeting of shareholders is to be held. For each year under review, the annual meeting of shareholders was held within five (5) months following the close of each fiscal year.

The prepared Company committee meeting minutes for the examination period, and through the fieldwork date, were reviewed for the following committees: Audit Committee, Executive Committee and Investment Committee.

## AFFILIATED COMPANIES

### Organizational Structure

The following abbreviated organizational chart shows the Company's parent and subsidiaries or affiliates with intercompany agreements as of December 31, 2023 that were included in this examination:

	NAIC Co. Code	Domiciliary State/Country
Berkshire Hathaway Inc.		DE
National Fire & Marine Insurance Company	20079	NE
National Liability & Fire Insurance Company	20052	CT
National Indemnity Company	20087	NE
Berkshire Hathaway European Insurance Designated Activity Company		IRL
Berkshire Hathaway International Insurance Limited		GBR
Finial Reinsurance Company	39136	CT
MLMIC Insurance Company	34231	NY
M2 Liability Solutions, Inc.		NY
MLMIC Services, Inc.		NY
SLI Holding Limited		GBR
Resolute Management Limited		GBR
WestGUARD Insurance Company	11981	NE
The Lubrizol Corporation		OH
BH Columbia Inc.		NE
Columbia Insurance Company	27812	NE
Berkshire Hathway Direct Insurance Company	10391	NE
biBERK Insurance Services, Inc.		NE
MedPro Group Inc.		IN
AttPro RRG Reciprocal Risk Retention Group	13795	DC
MedPro RRG Risk Retention Group	13589	DC
MedPro Risk Retention Services, Inc.		IN
Medical Protective Finance Corporation		IN
PLICO, Inc.	39594	OK
Princeton Insurance Company	42226	NJ
<b>The Medical Protective Company</b>	<b>11843</b>	<b>IN</b>
C&R Insurance Services, LLC		PA
C&R Legal Insurance Agency, LLC		PA
Daniels-Head Management Corporation		TX
Daniels-Head General Agency		GA
Daniels-Head Insurance Agency Inc. TX		TX
Daniels-Head Insurance Agency Inc. CA		CA
MedPro Insurance Services, LLC		IN
Somerset Services, LLC		IN
Wellfleet Benefits, LLC		MA
Wellfleet Group, LLC		MA
<b>Wellfleet Insurance Company</b>	<b>32280</b>	<b>IN</b>
Wellfleet New York Insurance Company	20931	NY

## Affiliated Agreements

The following affiliated agreements and transactions were disclosed as part of the Form B – Holding Company Registration Statement and were filed with the INDOL, as required, in accordance with IC 27-1-23-4.

### *Cost Sharing Agreement*

As amended and restated effective April 1, 2017, TMPC is party to a Cost Sharing Agreement in which the parent, MPG, and its subsidiaries agree to share certain expenses of administration, data processing, investments, management, payroll, personnel, taxes, and other shared expenses. Each party shall be responsible for and pay the charges, costs, and expenses for each service that can be reasonably identified as being incurred for the sole benefit of that party. Pursuant to this agreement, TMPC incurred \$200 million in expenses in 2023.

### *Management & Services Agreements*

Effective March 2, 2009, TMPC and MedPro RRG Risk Retention Group (MedPro RRG) entered into a Management and Services Agreement. Under the terms of the Agreement, TMPC will provide the following services: executive and administrative, legal, data processing, treasury, corporate secretarial, premium collection and refunds, underwriting, claims, marketing, financial reporting, pricing and other services. In exchange for the services provided, MedPro RRG shall pay a fee equal to 20% of annual direct written premium. Effective April 1, 2010, the Agreement was amended to modify the fee structure. Effective February 1, 2017, the Agreement was amended to modify the fee structure, change the record keeping language, add quality assurance oversight responsibilities over independent contractors, change termination provisions, updated the indemnification clause and other miscellaneous provisions. Effective December 1, 2018, the Agreement was amended to change the termination and renewal provisions in Article 7. Effective January 1, 2020, the Agreement was further amended to reduce the service fees. Pursuant to this agreement, TMPC earned \$16.7 million in 2023.

Effective January 1, 2011, TMPC and AttPro RRG Reciprocal Risk Retention Group (AttPro RRG) entered into a Management and Services Agreement. Under the terms of the Agreement, TMPC will provide the following services: executive and administrative, legal, data processing, treasury, corporate secretarial, premium collection and refunds, underwriting, claims, marketing, financial reporting, pricing and other services. In exchange for the services provided, AttPro RRG shall pay a fee equal to 17.5% of annual direct written premium. Effective February 1, 2017, the Agreement was amended to modify the fee structure, change the record keeping language, add quality assurance oversight responsibilities over independent contractors, change termination provisions, updated the indemnification clause and other miscellaneous provisions. Effective December 1, 2018, the Agreement was amended to change the termination and renewal provisions in Article 7. Effective January 1, 2020, the Agreement was further amended to reduce the service fees. Pursuant to this agreement, TMPC earned \$1 million in 2023.

Effective September 29, 2014, TMPC and Berkshire Hathaway International Insurance Limited (BHIL) entered into a Services Agreement in which TMPC will provide certain underwriting and claims advisory services in relation to medical professional liability insurance bound through BHIL. Effective November 17, 2015, the Agreement was amended to modify the definition of “Covered Business” and added an Appendix B to further clarify the definition. Effective June 2, 2016, the Agreement was amended to modify terms of the Agreement related to indemnification, monetary advances, oversight responsibilities, books and records, ownership clarification of invested assets and receivership contingencies. Effective January 1, 2016, the Agreement was amended to update the fee and settlement structure. Effective March 31, 2022, the Agreement was amended to require BHIL to reimburse TMPC for all reasonable expenses incurred in addition to the percentage of premium fee included in the Agreement. Pursuant to this agreement, TMPC earned \$933 thousand in 2023.

### *Operating Agreements*

Effective October 1, 2005, TMPC and National Fire & Marine Insurance Company (NF&M) entered into a Claims Services Agreement in which TMPC will provide claims administration services, anti-fraud services and training, and compliance duties to NF&M in exchange for a handling fee of \$3 thousand for each claim managed. TMPC did not earn any fees pursuant to this agreement in 2023.

Effective July 1, 2005, TMPC and NF&M entered into an Operating Agreement in which TMPC will provide various underwriting services to NF&M in exchange for 19.8% of premiums collected on policies issued pursuant to this Agreement. Effective May 1, 2014, the Agreement was amended to provide TMPC the authorization to solicit business from legal professionals and law firms in addition to health care providers and/or facilities. Pursuant to this agreement, TMPC earned \$107.6 million in 2023.

Effective April 1, 2009, TMPC and Somerset Services, Inc. d/b/a Attorney Protective Inc. (AttPro) entered into an Operating Agreement with National Liability & Fire Insurance Company (NL&F) to provide underwriting services in exchange for 20% of premiums collected on policies issued pursuant to this Agreement.

Effective February 21, 2020, TMPC entered into an Affiliated Services Agreement to provide certain underwriting and claims services to MLMIC Insurance Company (MLMIC). A subsidiary of MLMIC, MLMIC Services, will provide certain underwriting and claims services to MedPro RRG. Effective September 1, 2022, the Agreement was amended to add PIC.

### *Tax Allocation Agreement*

Effective September 1, 2015, TMPC entered into a Federal Income Tax Allocation Agreement with MPG in order for the parent to file a consolidated income tax return. Under this agreement, each party will bear its own expenses and costs, and each party is responsible for its own proportionate share of any resulting tax liability.

### *Revolving Loan Agreements*

Effective May 16, 2006, TMPC entered into a Revolving Loan Agreement with its immediate parent, Columbia Insurance Company (CIC), to borrow an amount of up to \$60 million. The purpose of the Agreement is to allow for liquidity in case the need arises to settle intercompany reinsurance transactions. Effective December 31, 2008, the Agreement was amended to reduce the amount available to borrow from \$60 million to \$50 million and to extend the maturity date to December 31, 2011. The Agreement was amended five (5) more times either to extend the maturity date or to clarify the interest charged under the Agreement. The current schedule maturity date is December 31, 2026.

Effective January 1, 2012, PIC entered into a Revolving Loan Agreement with TMPC. Under the Agreement, PIC may borrow up to \$25 million from TMPC. There was no balance due as of the exam date. The Agreement was amended four (4) times to extend the maturity date and to allow for interest rate flexibility if the 30-day LIBOR rate is not available.

Effective September 1, 2015, PLICO entered into a Revolving Loan Agreement with TMPC. Under the Agreement, PLICO may borrow up to \$25 million from TMPC. The Agreement was amended twice to extend the maturity date and to allow for interest rate flexibility if the 30-day LIBOR rate is not available.

Effective May 1, 2017, WIC entered into a Revolving Loan Agreement with TMPC. Under the Agreement, WIC may borrow up to \$25 million from TMPC. There was no balance due as of the exam date. Effective December 31, 2018, the Agreement was amended to allow WIC to extend the maturity date to December 31, 2021 instead of

at the end of the calendar year in which the loan was made. Effective December 31, 2021, the Agreement was amended to extend the maturity date to December 31, 2026 and to allow for interest rate flexibility if the 30-day LIBOR rate is not available.

Effective June 17, 2019, WNYIC entered into a Revolving Loan Agreement with TMPC. Under the Agreement, WNYIC may borrow up to \$50 million from TMPC. There was no balance due as of the exam date. Effective December 31, 2021, the Agreement was amended to extend the maturity date to December 31, 2026 and to allow for interest rate flexibility if the 30-day LIBOR rate is not available.

#### *Surplus Note Agreements*

Effective March 2, 2009, MedPro RRG entered into a Surplus Note Agreement with TMPC, in which TMPC agrees to lend up to an aggregate amount of \$10 million in exchange for a Surplus Note at 8%. Subsequent loans shall carry a rate of interest of 425 basis points above the ten-year Treasury Note. The principal and interest due under the loan is to be payable no later than fifteen (15) years from the date of issuance. Effective July 31, 2009, the Agreement was amended to change the duration of principal and interest payments from no later than ten (10) years to no later than fifteen (15) years. Effective December 31, 2017, the Agreement was amended to detail material changes in control or operations that are not allowed to occur within MedPro RRG until Surplus notes are paid in full. As of December 31, 2023, MedPro RRG has issued four (4) subordinated Surplus notes: \$1.3 million in 2009 that matures on March 2, 2024; \$200 thousand in 2009 that matures on July 31, 2024; \$1.75 million in 2010 that matures on August 6, 2025; and \$4 million in 2014 that matures on October 24, 2029.

Effective August 12, 2010, AttPro RRG entered into a Surplus Note Agreement with TMPC, in which TMPC agrees to lend up to an aggregate amount of \$10 million and in exchange for a Subordinated Surplus Note at 6% interest. The principal and interest due under the loan is to be payable no later than fifteen (15) years from the date of issuance. As of December 31, 2023, AttPro RRG has issued one (1) subordinated Surplus note: \$1.5 million in 2010 that matures on August 12, 2025.

#### *Agency Agreements*

On September 1, 1993, TMPC entered into an Agency Agreement with Somerset Consultants, LLC. Effective January 3, 1994, the Agreement was amended to allow Somerset Consultants, LLC. to handle the administration and management responsibilities of monitoring and accounting for marketing and solicitation activities.

Effective April 4, 2019, TMPC entered into a Master Service Agreement with Berkshire Hathaway European Insurance under which TMPC will provide underwriting, claims, and reserving/actuarial services. Effective September 12, 2024, the Agreement was amended to adjust the fee structure. Pursuant to this agreement, TMPC earned \$2.6 million in 2023.

Effective December 1, 2020, MPG, MedPro RRG, MLMIC, TPMC and affiliates entered into a Producer Marketing Agreement under which M2 Liability Solutions will provide producer and marketing services associated with professional and general liability insurance to the group.

Effective May 1, 2023, TMPC entered into a Program Administrator Agreement with Daniels-Head Insurance Agency (DH). The Agreement relates to authority granted to TMPC by NL&F for the purposes of procurement and placement of insurance products and related services that are part of the AttPro professional liability insurance program. TMPC transferred its rights and duties to DH.

Subsequently, effective March 4, 2024, TMPC entered into a Program Administrator Agreement with C&R Insurance Services, LLC. The Agreement relates to authority granted to TMPC by NL&F through an Operating

Agreement for the purposes of procurement and placement of insurance products and related services that are part of the AttPro professional liability insurance program. TMPC transferred its rights and duties to C&R Insurance Services, LLC.

### *Reinsurance Agreements*

Effective June 30, 2005, TMPC, National Indemnity Company (NICO) and Employers Reinsurance Corporation (ERC) entered into an Assignment, Transfer, and Novation Agreement with NICO to assign all rights, obligations, duties and liabilities of various reinsurance agreements from ERC to NICO. Effective September 30, 2011, TMPC and NICO entered into a Commutation Agreement for TMPC and ERC Reinsurance Agreements that were assigned and transferred by Novation to NICO on June 30, 2005.

Effective December 31, 2005, CIC and NICO entered into a Quota Share Agreement with TMPC to assume 50% of all lines of insurance and reinsurance written by TMPC. The Agreement applies to new and renewal policies after January 1, 2006 and policies in-force on December 31, 2005 with respect to claims and losses incurred after December 31, 2005. Effective January 1, 2014, the Agreement was amended to increase the amount ceded to NICO to 75% and to remove CIC as a party to the Agreement pursuant to the Novation Agreement between CIC and NICO.

Effective December 31, 2005, (CIC and NICO entered into a Loss Portfolio Agreement where each company assumed 50% of the outstanding net loss and loss adjustment expenses of TMPC under all lines of insurance and reinsurance written prior to January 1, 2006. Effective January 1, 2014, the Agreement was amended to include all occurrences taking place prior to January 1, 2014 and to change the percentage of business assumed. NICO is obligated to pay 75% of the Aggregate net loss on occurrences taking place prior to January 1, 2006 and 25% of the Aggregate net loss as if the Quota Share Agreement entered into on December 31, 2005 was not in effect on occurrences taking place between December 31, 2005 and December 31, 2013. Effective January 1, 2014, CIC entered into a Novation Agreement with NICO where CIC transfers, assigns and novates to NICO all of the rights, duties, liabilities, and obligations of CIC stemming from the TMPC business assumed in the Loss Portfolio Agreement and the Quota Share Agreements.

Effective July 1, 2009, TMPC entered into a Quota Share Reinsurance Agreement with MedPro RRG. Under the Agreement, TMPC assumes 95% of all premiums written and earned in return for assuming 95% of all losses, loss adjustment expenses and underwriting expenses incurred. Effective January 1, 2015, the Agreement was amended to increase the assumed percentage to 98% for losses sustained for accident years 2015 and later, to redefine or add definitions of terms, and amend the insolvency and reporting articles.

Effective January 1, 2011, TMPC entered into an amended Quota Share Reinsurance Agreement with AttPro RRG. Under the Agreement, TMPC assumes 95% of all of premiums written and earned in return for assuming 95% of all losses, loss adjustment expenses and underwriting expenses incurred. Effective January 1, 2015, the Agreement was amended to increase the assumed percentage to 98% for losses sustained for accident years 2015 and later, to redefine or add definitions for terms, and amend the insolvency and reporting articles.

Effective January 1, 2012, TMPC entered into a Quota Share Agreement with PIC. Under the Agreement, TMPC assumes 50% of PIC's aggregate ultimate net loss on all lines of insurance. The Agreement was amended on August 1, 2012 to increase the percentage of business assumed to 80% for business after December 31, 2011. Effective January 1, 2020, the Agreement was further amended to increase the percentage of business assumed to 98% for losses applicable to occurrences for accident years 2020 and later not to exceed the aggregate limit for all occurrences in any one (1) calendar year equal to three (3) times net earned premium ceded for that year.

Effective January 1, 2012, TMPC and PIC entered into a Loss Portfolio Reinsurance Agreement on all lines of



insurance and reinsurance prior to January 1, 2012. TMPC shall pay 50% of the ultimate net loss paid by PLICO on or after January 1, 2012, subject to an aggregate limit of three (3) times the loss transfer payment. The Agreement was amended on August 1, 2012 to change the reinsured percentage from 50% to 80% on all business excluding workers' compensation. The reinsured percentage for workers' compensation business was increased to 100%. The Agreement was amended to increase the liability of the reinsurer to 98% of losses paid after December 31, 2019 on occurrences prior to January 1, 2012, excluding workers' compensation business. The reinsurer's liability was increased to 100% for losses paid after January 1, 2012 on workers' compensation business.

Effective January 1, 2015, TMPC and MedPro RRG entered into a Loss Portfolio Reinsurance Agreement on business arising out of occurrences taking place on or after July 1, 2009 and prior to January 1, 2015. The reinsurer shall pay 3% of the amount of ultimate net loss paid by MedPro RRG as if the Quota Share Agreement was not in effect after December 31, 2014.

Effective January 1, 2015, TMPC and AttPro RRG entered into a Loss Portfolio Reinsurance Agreement on all lines of insurance and reinsurance on or after January 1, 2011 and prior to January 1, 2015. TMPC shall pay 3% of the amount of ultimate net loss paid by AttPro RRG as if the Quota Share Agreement was not in effect after December 31, 2014.

Effective September 1, 2015, TMPC entered into a Quota Share Agreement of Reinsurance with its affiliate, PLICO. Under the Agreement, TMPC assumes 80% of PLICO's aggregate ultimate net loss. Effective January 1, 2020, an Addendum was added to the Agreement in order to increase the amount reinsured to 98% and to specify an 18% payment on Aggregate Net Losses as if the Quota Share Agreement was not in effect subject to a limit of three (3) times the transfer payment.

Effective September 1, 2015, TMPC and PLICO entered into a Loss Portfolio Reinsurance Agreement on all lines of insurance and reinsurance prior to September 1, 2015. TMPC shall pay 80% of the ultimate net loss paid by PLICO on or after September 1, 2015, subject to an aggregate limit of three (3) times the loss transfer payment. The Agreement was amended to change the reinsured percentage from 80% to 98% of aggregate ultimate net losses paid after December 31, 2019 on occurrences taking place prior to September 1, 2015.

Effective January 1, 2017, WIC entered into a Quota Share Agreement with TMPC under which WIC cedes 100% of the net loss arising from occurrences taking place on or after January 1, 2017 on all lines of insurance and reinsurance written by WIC and administered by its affiliated third party administrator, Consolidated Health Plan, Inc. (CHP), now known as Wellfleet Group, LLC. Effective January 1, 2018, the Agreement was amended to update the Business Reinsured Article to include all accident and health lines of insurance and reinsurance written by WIC and administered by CHP. Effective March 1, 2019, the Agreement was further amended to change the Business Reinsured Article back to the original language to include all lines of insurance and reinsurance written by WIC and administered by CHP. Effective August 1, 2020, the Agreement was amended to update the reports and remittances article to provide the option of deferring a payment due for up to twenty-four (24) months, if mutually agreed upon.

Effective January 1, 2017, TMPC entered into a Quota Share Agreement with WNYIC for all lines of insurance and reinsurance written by WNYIC and administered by Wellfleet Group, LLC. Under the Agreement, TMPC assumes 80% of WNYIC's accident and health business. The agreement term is two (2) years and expires on January 31, 2019. This Agreement was renewed on January 14, 2019 to expire on December 31, 2020. Effective August 1, 2020, the Agreement was amended to modify Article X to allow for the deferment of amounts due for a period not to exceed twenty-four (24) months, if mutually agreed upon. The Agreement was amended on December 31, 2020 to extend the term of the Agreement to three (3) years, now expiring on December 31, 2021.

Effective January 1, 2022, TMPC entered into a Quota Share Agreement with WNYIC. Under the Agreement,

TMPC assumes 80% of WNYIC's accident and health business. Effective January 1, 2024, the Agreement was amended to replace the Commencement article to specify the parties mutually agree to extend the Agreement for an additional term of two (2) years to January 1, 2026.

### **FIDELITY BOND AND OTHER INSURANCE**

The Company protects itself against loss from any fraudulent or dishonest acts by any employees through a fidelity bond issued by Continental Insurance Company. The primary fidelity bond has a single loss coverage limit of \$5 million, with a \$100 thousand single loss deductible. The excess fidelity bond has an aggregate loss limit of \$5 million. The fidelity bond is adequate to meet the minimum coverage suggested by the NAIC.

The Company had additional types of coverage in-force as of December 31, 2023, including but not limited to fiduciary policy, agents errors and omissions, commercial auto liability, employee benefits liability, employment practices liability, commercial general liability, insurance company professional liability, property coverage, umbrella liability, cyber liability, and workers' compensation liability.

### **TERRITORY AND PLAN OF OPERATION**

The Company is licensed in all fifty (50) states, the District of Columbia, and Puerto Rico. The Company's primary business segments are occurrence and claims-made products for individual physicians, dentists, professional corporations, hospitals and other healthcare facilities and healthcare providers. The Company is one of the largest writers of physician and dental professional liability insurance in the country.

The Company's largest states, by total Direct Written Premium as of December 31, 2023 are: Florida (\$90M), Texas (\$57 million), Pennsylvania (\$56 million), Ohio (\$43 million), and Illinois (\$41 million). These states accounted for 39% of total writings in 2023.

### **REINSURANCE**

#### **Assumed Reinsurance**

Since the Company's acquisition by Berkshire in 2005, there has been an emphasis on the use of internal reinsurance as a means to retain the maximum portion of each risk within the Group. To this end, the companies are generally structured as a vertical tower whereby risk is raised to upstream affiliate(s) having the capital strength to absorb the risk. As part of this process, TMPC assumes the majority of the business written by downstream affiliate companies through quota share reinsurance. In turn, TMPC then cedes 75% of their total direct and assumed business upstream to intermediate affiliate NICO. The Company assumed reinsurance from affiliates under contracts, as mentioned in the Affiliated Agreements section above. As of year-end 2023, affiliated reinsurance contracts accounted for assumed premiums and reserves totaling approximately \$643 million and \$660 million respectively.

The Company has a small block of assumed reinsurance from third-parties as a stand-alone product line which consists primarily of facultative reinsurance written through open market brokerage sources. Limits for this product are no greater than \$25 million per facultative certificate. The Company assumed reinsurance from non-affiliates under a variety of external reinsurance treaties. As of year-end 2023, third-party reinsurance treaties accounted for assumed premiums and reserves totaling approximately \$95 million and \$132 million respectively.

### Ceded Reinsurance

The Company engages in ceded reinsurance transactions as part of its overall underwriting and risk-management strategy. The Company's reinsurance program includes ceded coverages that limit the amount of individual claims to a fixed amount or percentage. As of December 31, 2023, the Company was party to ceded reinsurance contracts with affiliates as mentioned in the Affiliated Agreements section above.

The Company cedes 75% of its total direct and assumed business to affiliate NICO. This affiliated contract accounted for approximately \$1.1 billion of the total ceded reinsurance premium and \$4 billion reinsurance recoverable as of December 31, 2023.

The Company participates in a state operated medical malpractice reinsurance facility. This participation accounts for approximately \$1.2 million of ceded reinsurance premiums and \$9.7 million of reinsurance recoverable as of December 31, 2023.

The Company cedes to third-party reinsurers the cyber liability coverage it offers to its covered physicians. As of December 31, 2023, the cyber liability program represented approximately \$558 thousand of ceded premiums payable and \$70 thousand of outstanding reinsurance recoverable.

There were no issues noted in the review of the Company's reinsurance program that would preclude taking of reserve credits.

### FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the company with the INDOI and present the financial condition of the company for the period ending December 31, 2023. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the annual statement and should be considered an integral part of the financial statements.

THE MEDICAL PROTECTIVE COMPANY

Assets  
As of December 31, 2023  
(in 000s)

	Per Company*
Bonds	\$ 479,944
Stocks:	
Common stocks	3,037,648
Real Estate:	
Properties occupied by the company	9,970
Cash, cash equivalents and short-term investments	1,267,527
Other invested assets	25,440
Subtotals, cash and invested assets	4,820,530
Investment income due and accrued	10,470
Premiums and considerations:	
Uncollected premiums and agents' balances in course of collection	436,548
Deferred premiums, agents' balances and installments booked but deferred and not yet due	78,330
Reinsurance:	
Amounts recoverable from reinsurers	210,659
Current federal and foreign income tax recoverable and interest thereon	33,555
Guaranty funds receivable or on deposit	172
Receivables from parent, subsidiaries and affiliates	11,919
Aggregate write-ins for other than invested assets	10,006
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	5,612,188
Totals	\$ 5,612,188

\* The balances include immaterial rounding differences.

THE MEDICAL PROTECTIVE COMPANY  
Liabilities, Surplus and Other Funds  
As of December 31, 2023  
(in 000s)

	Per Company*
Losses	\$ 817,894
Reinsurance payable on paid losses and loss adjustment expenses	129,289
Loss adjustment expenses	272,425
Commissions payable, contingent commissions and other similar charges	2,355
Other expenses (excluding taxes, licenses and fees)	618
Taxes, licenses and fees (excluding federal and foreign income taxes)	5,723
Net deferred tax liability	330,223
Unearned premiums	195,748
Advance premium	13,731
Ceded reinsurance premiums payable	147,804
Amounts withheld or retained by company for account of others	5,785
Remittances and items not allocated	19,859
Provision for reinsurance	2,812
Payable to parent, subsidiaries and affiliates	28,277
Aggregate write-ins for liabilities	58,233
Total liabilities excluding protected cell liabilities	<u>2,030,774</u>
Total liabilities	<u>2,030,774</u>
Common capital stock	4,800
Gross paid in and contributed surplus	69,722
Unassigned funds (surplus)	<u>3,506,892</u>
Surplus as regards policyholders	<u>3,581,414</u>
Totals	<u>\$ 5,612,188</u>

\* The balances include immaterial rounding differences.

THE MEDICAL PROTECTIVE COMPANY  
Statement of Income  
For the Year Ended December 31, 2023  
(in 000s)

	Per Company*
<b>UNDERWRITING INCOME</b>	
Premiums earned	\$ 368,572
DEDUCTIONS	
Losses incurred	202,602
Loss adjustment expenses incurred	37,879
Other underwriting expenses incurred	80,387
Total underwriting deductions	320,868
Net underwriting gain (loss)	47,703
<b>INVESTMENT INCOME</b>	
Net investment income earned	125,066
Net realized capital gains (losses) less capital gains tax	(145,176)
Net investment gain (loss)	(20,110)
<b>OTHER INCOME</b>	
Net gain (loss) from agents' or premium balances charged off	(164)
Finance and service charges not included in premiums	230
Aggregate write-ins for miscellaneous income	55,163
Total other income	55,228
Net income, before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	82,821
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	82,821
Federal and foreign income taxes incurred	49,460
Net income	\$ 33,361

\* The balances include immaterial rounding differences.

THE MEDICAL PROTECTIVE COMPANY  
Reconciliation of Capital and Surplus Account  
(in 000s)

	2023	2022	2021	2020	2019
Surplus as regards policyholders, December 31 prior year	\$ 2,871,948	\$ 3,723,441	\$ 2,912,902	\$ 2,629,767	\$ 1,938,475
Net income	33,361	321,033	158,082	113,199	181,682
Change in net unrealized capital gains or (losses) less capital gains tax	657,837	(845,069)	628,307	167,934	524,233
Change in net deferred income tax	2,581	(24,179)	(2,852)	858	2,993
Change in nonadmitted assets	11,760	(10,890)	26,210	2,688	(18,218)
Change in provision for reinsurance	3,926	(2,194)	793	(1,543)	601
Dividends to stockholders	-	(290,193)	-	-	-
Change in surplus as regards policyholders for the year	709,465	(851,492)	810,539	283,135	691,292
Surplus as regards policyholders, December 31 current year*	<u>\$ 3,581,414</u>	<u>\$ 2,871,948</u>	<u>\$ 3,723,441</u>	<u>\$ 2,912,902</u>	<u>\$ 2,629,767</u>

\* The balances include immaterial rounding differences.

### **COMMENTS ON THE FINANCIAL STATEMENTS**

There were no recommended adjustments to the financial statements as of December 31, 2023, based on the results of this examination.

### **OTHER SIGNIFICANT ISSUES**

There were no other significant issues identified during this examination.

### **SUBSEQUENT EVENTS**

Effective March 4, 2024, a Program Administrator Agreement was entered into between TMPC, Somerset Services, LLC (Somerset), and C&R Insurance Services, LLC. TMPC and Somerset are granted authority through an Operating Agreement with NL&F to procure, place, and provide services related to the Attorney Protective Lawyers Professional Liability Program (AttPro Program). Under the Program Administrator Agreement, C&R may market, solicit, underwrite, rate, quote and bind insurance policies on behalf of TMPC and Somerset related to the AttPro Program in the state of New Jersey.

During 2024, MedPro RRG repaid two (2) Surplus Notes to TMPC. The Surplus Note issued on March 2, 2009 in the amount of \$1.3 million at an interest rate of 8% and maturity date of March 2, 2024. MedPro RRG repaid TMPC a total of \$4,298,997.92 including principal and interest. The Surplus Note issued on July 31, 2009 in the amount of \$200 thousand at an interest rate of 8% and maturity date of July 31, 2024. MedPro RRG repaid TMPC a total of \$661,384.30 including principal and interest.

On March 4, 2024, MedPro RRG issued a new Surplus Note to TMPC in an amount of \$2 million in exchange for capital from TMPC, with a maturity date of March 4, 2039 and 8.47% simple interest rate.



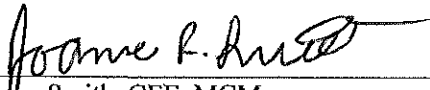
**AFFIDAVIT**

This is to certify that the undersigned is a duly qualified Examiner-in-Charge appointed by the Indiana Department of Insurance and that they, in coordination with staff assistance from Noble Consulting Services, Inc., and actuarial assistance from Davies North America, performed an examination of The Medical Protective Company, as of December 31, 2023.

The Indiana Department of Insurance is accredited under the National Association of Insurance Commissioners Financial Regulation Accreditation Standards.

This examination was performed in accordance with those procedures required by the NAIC Financial Condition Examiners Handbook and other procedures tailored for this examination. Such procedures performed on this examination do not constitute an audit made in accordance with generally accepted auditing standards and no audit opinion is expressed on the financial statements contained in this report.

The attached Report of Examination is a true and complete report of the condition of The Medical Protective Company as of December 31, 2023, as determined by the undersigned.

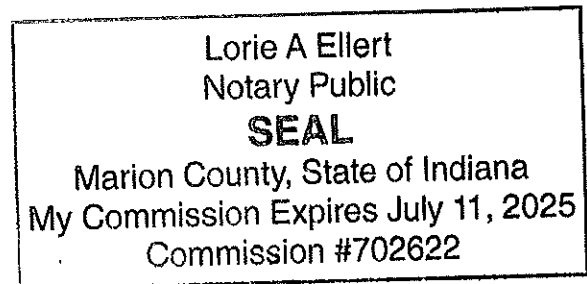


Joanne Smith, CFE, MCM  
Noble Consulting Services, Inc.

Under the Supervision of:



Jerry Ehlers, CFE, AES  
Examinations Manager  
Indiana Department of Insurance

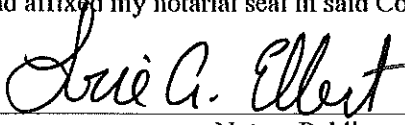


State of: Indiana  
County of: Marion

On this 23<sup>rd</sup> day of June, 2025, before me personally appeared, Joanne Smith and Jerry Ehlers, to sign this document.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal in said County and State, the day and year last above written.

My commission expires:

July 11, 2025   
Notary Public

