



Insurance Company

ABOVE AND BEYOND

THE BEST CHOICE FOR YOUR PRACTICE



ABOVE AND BEYOND

Doctors want the very best for their practice so they can offer the very best care to their patients. That is why Professionals Advocate strives to go **ABOVE AND BEYOND** in the services we provide our Insureds. From the area's most formidable claims defense, to the most comprehensive risk management and the most responsive customer service, Professionals Advocate is the insurer you can depend on in today's fast-changing health care environment.

TO OUR INSUREDS



Dear Insured:

There is a vast difference between wanting the best and needing the best. **When it comes to a Doctor's practice and professional reputation, there is an absolute need for the best possible claims defense.**

Doctors invest years in study and residency, as well as significant time, energy and capital building a practice. All of this can be threatened by allegations of medical negligence. That is why so many medical and dental professionals choose Professionals Advocate to protect their practices and professional reputations.

In this, our 2022 annual report, we would like to share with you the many ways we strive to go **ABOVE AND BEYOND** to be the best choice for our Insureds. Please take a few minutes to learn about some of the new tools and resources we are providing you and your associates, practice manager and staff.

2022 was a busy year and had many highlights. The Board announced a **10% renewal allocation to the accounts of our Mutual Advantage Plan (MAP) participants.** MAP is our popular financial reward program, which recognizes your dedication to providing quality health care. If you are not registered, please contact us. **We also introduced Risk Management Direct**, giving you the ability to select targeted educational information that is automatically sent to your dashboard on the Professionals Advocate website.

Some big news is our transition in leadership. In addition to our many years of providing the Gold Standard in coverage, claims defense, and customer service, Professionals Advocate has a history of seamlessly transitioning senior management. The company prides itself on promoting leaders from within after years of professional development and mentorship. As of January 3, 2023, **Cheryl F. Matricciani** – who has served the company in various roles for more than 18 years, most recently as Executive Vice President and Chief Operating Officer – **is now the President and Chief Executive Officer.**

We would like to take the opportunity to **thank Jeffrey M. Poole, our retiring President and Chief Executive Officer**, for his exceptional leadership during his many years at the helm of Professionals Advocate and its parent company, MEDICAL MUTUAL. Mr. Poole was very dedicated to the company's mission and helped lay the groundwork for this transition. We are truly grateful for his dedication and wish him the best in retirement.

As always, we welcome your comments and suggestions. Thank you for your loyalty and support.

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

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

2022 Highlights

Professionals Advocate (ProAd) remains committed to going **ABOVE AND BEYOND** in serving our Insureds.

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

Risk Management Direct introduced to provide Insureds with targeted information.

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





“My days are very busy. I like that I can contact ProAd with a policy or risk management question and a live person will answer the phone. I’m not going to bounce around multiple phone menus. ProAd gives me the information I need quickly and conveniently.”

AT A GLANCE

24/7/365

The availability of our informative resources and tools at proad.com

10%

Additional renewal allocation for each eligible participant's *Mutual Advantage Plan (MAP)* account

AA

Credit quality of our long-term invested assets – a sign of our strength and stability

A (EXCELLENT)

AM Best Rating, confirming sound financial management of your insurance company

1985

Founded in 1985, ProAd has been aggressively defending Doctors for 38 years

#1

ProAd was created by a Doctor-owned company and you are our #1 priority

99.6%

Percentage of telephone calls to our customer service team answered live to better serve you



Insurance Company



“Keeping up with new technology and using it to engage patients is a day-to-day concern for most Doctors. I appreciate that ProAd supports me with extensive risk management education to make sure I avoid the liability risks that can come with the improper use of that technology.”

RM RESOURCES FOR YOUR PRACTICE



RM EDUCATION: GUIDANCE, CREDITS & RENEWAL BENEFITS!

Each year, ProAd offers a wide variety of in-person, online and home-study risk management education programs. Participants gain knowledge to protect their practice as well as earn continuing education credits and a premium credit on their next renewal policy.



LIBRARY OF ONLINE RESOURCES

Visit proad.com and search our comprehensive online risk management library for expert and insightful resources and tools to help you manage your liability risk and improve patient care.



PERSONALIZED ASSISTANCE WITH RM DIRECT

Opt in to a private risk management Dashboard on our website and receive personalized information on the topics and specialties you choose. Includes “Two-Minute Drill” informational videos, instructional PDFs, articles, and more.



PRACTICE MANAGER TOOLBOX: HELP FOR BEHIND THE SCENES

This free online resource guides Practice Managers on the wide variety of day-to-day scenarios they encounter in a busy practice. Choose from various forms, articles, videos, sample employee handbook, and more.



CALL FOR EXPERT RISK MANAGEMENT ADVICE

If you have a practice-related question or concern, our RM specialists are ready to listen and help you identify and reduce your professional liability exposure. Call 410-785-0050 or 800-492-0193.



PODCASTS PROVIDE CONVENIENCE

Stay up to date while you're on-the-go! Listen online or download our podcasts to keep abreast of the latest issues in claims, communications, practice management and risk management.

2022 FINANCIALS

Balance Sheets

Professionals Advocate Insurance Company (Statutory Basis)

DECEMBER 31	2022	2021
ADMITTED ASSETS		
Cash and short-term investments	\$ 2,616,360	\$ 4,764,910
Long-term invested assets	162,502,705	165,294,635
Other assets	6,229,477	3,305,500
TOTAL ADMITTED ASSETS	\$ 171,348,542	\$ 173,365,045
LIABILITIES AND POLICYHOLDERS' SURPLUS		
Reserve for losses and loss adjustment expenses, net of reinsurance recoverable	\$ 9,393,119	\$ 9,389,551
Reserve for unearned premiums	6,353,225	5,765,969
Deposits received on policies not in force	3,857,527	3,600,057
Ceded reinsurance balances payable	760,706	645,179
Other liabilities	3,189,181	4,602,182
TOTAL LIABILITIES	\$ 23,553,758	\$ 24,002,938
TOTAL POLICYHOLDERS' SURPLUS	\$ 147,794,784	\$ 149,362,107
TOTAL LIABILITIES AND POLICYHOLDERS' SURPLUS	\$ 171,348,542	\$ 173,365,045

Statements of Income

Professionals Advocate Insurance Company (Statutory Basis)

YEAR ENDED DECEMBER 31	2022	2021
Premiums earned	\$ 2,549,910	\$ 3,109,615
Losses and loss adjustment expenses incurred	2,500,842	2,077,450
Underwriting expenses	1,430,249	1,531,399
NET UNDERWRITING LOSS	\$ (1,381,181)	\$ (499,234)
Net investment income earned and realized capital gains and losses	7,108,505	11,363,336
Other income (expense)	10,103	(46,977)
INCOME BEFORE FEDERAL INCOME TAX	\$ 5,737,427	\$ 10,817,125
Federal income tax	918,293	1,932,678
NET INCOME	\$ 4,819,134	\$ 8,884,447

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 2022 and 2021 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.



“Every time I deliver a baby, I’m reminded that the potential for a lawsuit can follow me for a couple of decades. That’s why I chose Professionals Advocate to protect my practice. ProAd has the long-term financial stability and organizational strength to be here when I need it.”

THE PROAD ADVANTAGE



AGGRESSIVE CLAIMS DEFENSE

A strong defense of your professional competence and integrity is the core of our mission.



RESPONSIVE CUSTOMER SERVICE

By phone, email, text or mail, our efficient staff can provide the prompt service you need.



FINANCIAL STABILITY FOR THE LONG TERM

ProAd has the financial stability needed for the many years it can take claims to develop.



COMPREHENSIVE RISK MANAGEMENT

Our wide variety of risk management resources and tools help you avoid the risk of a patient claim.



UNMATCHED DOCTOR FOCUS

Created by a Doctor-owned company, ProAd is uniquely qualified to understand the challenges you face.



ESSENTIAL COVERAGES

ProAd offers a collection of coverages that meets your needs in the complex and fast-changing health care world.



“I chose Professionals Advocate because I wanted an insurance company that truly understands the challenges I face. Professionals Advocate was created by a Doctor-owned company. It has Doctors on the Board of Directors and the Board committees. Doctors make the decisions that affect me and my practice.”

2022 BOARD • OFFICERS • COMMITTEES

GEORGE S. MALOUF, JR., M.D., FACS
Chair of the Board, Physician in Comprehensive Ophthalmology in Montgomery and Prince George's Counties, Maryland

JEFFREY M. POOLE, MBA, CPCU
President and Chief Executive Officer, Professionals Advocate Insurance Company

DAVID A. ELLINGTON, M.D., FAAFP
Retired Family Physician in Lexington, Virginia

KAREN H. KLOCKO, D.D.S.
Dentist in Gambrills, Maryland

MARTIN A. LEVIN, D.D.S.
Retired Periodontist in Baltimore, Maryland

JOHN W. MCCULLOUGH, CPA
Retired Partner with the international accounting firm of Ernst & Young, LLP

WILLIAM C. REHA, M.D., MBA
Urologist in Woodbridge, Virginia

RICHARD A. WALKER, CPCU
Retired Senior Vice President – Marketing, Professionals Advocate Insurance Company

ELIZABETH H. WATTS, M.D.
Pediatrician in Vienna, Virginia

GEORGE S. MALOUF, JR., M.D., FACS
Chair of the Board

CHERYL F. MATRICCIANI
President and Chief Executive Officer

KEITH P. ALLEN
Senior Vice President – Actuary

JOHN H. CLIFTON, III
Senior Vice President – Claims

STEVEN P. KEULER
Senior Vice President, Treasurer

DEREK B. YARMIS
Senior Vice President, General Counsel and Secretary

GEORGE CHAMBERS
Vice President – Information Technology

NATALIE A. ROBERTS
Vice President – Accounting, Controller

BENJAMIN C. ROHM
Vice President – Underwriting

DONALD G. WILSON
Vice President – Marketing

CORY A. BENDER
Assistant Vice President – Claims Operations

Audit Committee

John W. McCullough, Chair
George S. Malouf, Jr., M.D., Ex Officio
Jeffrey M. Poole, Ex Officio

Executive Committee

George S. Malouf, Jr., M.D., Chair
David A. Ellington, M.D.
Jeffrey M. Poole

Claims Committee

David A. Ellington, M.D., Chair
Kent R. Folsom, M.D.
Michael H. Goldman, M.D.
Jeffrey L. Henke, M.D.
William C. Reha, M.D.
Carol S. Shapiro, M.D.
Richard A. Szucs, M.D.
David T. Waddell, M.D.
George S. Malouf, Jr., M.D., Ex Officio
Jeffrey M. Poole, Ex Officio

Finance and Budget Committee

David A. Ellington, M.D., Chair
Martin A. Levin, D.D.S.
John W. McCullough
George S. Malouf, Jr., M.D., Ex Officio
Jeffrey M. Poole, Ex Officio

INDEPENDENT AUDITORS

Ernst & Young, LLP
Baltimore, Maryland



JEFFREY M. POOLE RETIRES

Jeffrey M. Poole, President and Chief Executive Officer, retired in January 2023 after 32 years of service to Professionals Advocate and its parent company, the MEDICAL MUTUAL Liability Insurance Society of Maryland. Mr. Poole served with distinction in numerous leadership roles throughout his tenure, including: President and Chief Executive Officer; Executive Vice President and Chief Operating Officer; Senior Vice President – Operations; Vice President – Finance and Risk Management; Assistant Vice President – Finance; Underwriting Manager; and a Member of the Board of Directors for various terms beginning in 2009. Mr. Poole will be remembered for many accomplishments, notably his fierce and tireless advocacy on behalf of our insured Doctors, and his steadfast commitment to the professional development and personal well-being of company employees. We are extremely grateful for his many years of dedicated service.

ABOUT PROAD

Professionals Advocate is a leading professional liability insurance company. You can have confidence in our skilled legal, insurance and risk management experts. We will provide you with an aggressive claims defense, high quality insurance coverage options, timely risk management guidance, and exceptional customer service.

Our 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.

Our 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.

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AND
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FOR YOUR PRACTICE



Home Office

P.O. Box 8016
225 International Circle
Hunt Valley, Maryland 21030
410-785-0050
toll free 800-492-0193

Virginia Office

804 Moorefield Park Drive, Suite 105
Richmond, Virginia 23236
804-320-6790
toll free 888-411-0444

LEARN MORE
proad.com

AVAILABLE COVERAGES



ProAd offers a variety of high-quality, professional liability insurance products for health care providers.

e-dataRESPONSE+ PRIVACY BREACH RESPONSE COVERAGE

e-dataRESPONSE+, with three available limits, is a stand-alone privacy breach response coverage product that offers substantial comprehensive protection in the event of a privacy breach. (Basic privacy breach coverage, such as your MedGuard *e-dataRESPONSE*, can provide limited reimbursement for certain expenses incurred as a result of a privacy breach.)

INDIVIDUAL MEDICAL PROFESSIONAL LIABILITY

Provides coverage for individual Physicians or allied medical health care professionals for claims for bodily injury, property damage or personal injury arising out of acts or omissions of a professional nature and for which the Insured is legally liable.

INDIVIDUAL DENTAL PROFESSIONAL LIABILITY

Provides coverage for individual Dentists or allied dental health care professionals for claims for bodily injury, property damage or personal injury arising out of acts or omissions of a professional nature and for which the Insured is legally liable.

ORGANIZATION PROFESSIONAL LIABILITY

Provides coverage for organizations whose professional liability exposure will be insured under a policy which is separate from that of the Physicians, Dentists or certain other health care professionals affiliated with the organization. It covers claims for bodily injury, property damage or personal injury arising out of acts or omissions of a professional nature and for which the Insured is legally liable.

HEALTH CARE PROVIDER GROUP PROFESSIONAL LIABILITY

Provides coverage for the organization and its affiliated health care professionals under the same policy. It covers claims for bodily injury, property damage or personal injury arising out of acts or omissions of a professional nature and for which the Insured is legally liable.

BUSINESS LIABILITY

Provides coverage for an individual or an organization for claims for bodily injury, property damage or personal injury arising out of the Insured's premises or operations necessary or incidental to those premises and for which the Insured is legally liable.

EXCESS LIABILITY

Provides excess coverage over the primary Professional Liability Coverage Forms and the primary Business Liability Coverage Form for claims for which the Insured is legally liable, which would have been provided by the primary coverage forms except for the exhaustion of their limits of insurance.

IMPORTANT NOTE

Not all products and services offered in all states. As with any insurance coverage, the coverage provided by ProAd, including all terms, conditions and exclusions, is set forth in your policy. The descriptions above are very brief and general and do not reflect all coverage terms and conditions. These descriptions are not a substitute for reading the policy forms in their entirety. Please check with your local Professionals Advocate Producer for complete information on the ProAd Policies and Coverages available in your area.

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