



*Insurance Company*



# THE PROTECTION YOUR PRACTICE DESERVES

ANNUAL REPORT 2024



# TO OUR INSUREDS



## 2024 HIGHLIGHTS

10% Mutual Advantage Plan (MAP) allocation declared

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

For 40 years, Professionals Advocate (ProAd) has been a trusted partner with the health care community, offering Doctors the strongest insurance protection and unparalleled local service. Created by one of the nation's oldest and most respected Doctor-owned and directed medical professional liability insurers, ProAd understands the unique challenges you face and is committed to protecting your practice and professional reputation.

As we celebrate our 40th anniversary, we are proud to share the 2024 Annual Report, which highlights our continued commitment to prioritizing your needs and strengthening the value we bring to your practice. We are pleased to report that, in 2024, the Board of Directors approved a 10% renewal allocation for *Mutual Advantage Plan* (MAP) participants. Additionally, A.M. Best reaffirmed our "A" (Excellent) rating, underscoring the Company's financial strength and stability.

As a regional insurer with a deep understanding of the unique risks and challenges facing health care professionals, ProAd provides proactive risk management resources to mitigate the risk of a claim. And if a claim arises, you can have peace of mind knowing that a team of experienced claims professionals and top local defense attorneys stand ready to provide the strongest possible defense.

Looking to the future, ProAd remains committed to the unique needs of its Policyholders. Our reputation is built on a 40-year history of trust, stability, and an unwavering commitment to those who dedicate their lives to caring for others. We thank you for your continued confidence in us and look forward to providing *the protection your practice deserves* for many years to come.

Sincerely,

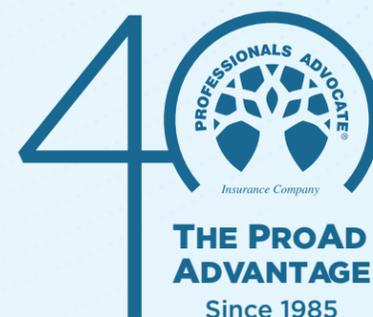
George S. Malouf Jr., M.D., FACS  
*Chair of the Board*

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

## SINCE 1985

For 40 years, Professionals Advocate (ProAd) has protected and defended Doctors so they can continue to provide essential care. ProAd's many strengths make us the premier insurer of Physicians and Dentists in the mid-Atlantic region.

As an insurer created by a Doctor-owned company, we are uniquely suited to provide our Insureds with the ProAd Advantage: innovative coverage options, tenacious claims defense, financial stability, comprehensive risk management, and efficient customer service. Professionals Advocate provides the strength and dependability you can rely on for the best defense of your practice and professional reputation.



# THE STRONGEST DEFENSE FOR YOUR PRACTICE

Few events have as profound an impact on a Doctor as someone questioning their professional competence or integrity. Defending Physicians and Dentists against professional liability claims is the core of our mission.

ProAd's experienced claims professionals work hand in hand with top local attorneys who specialize in the defense of professional liability claims. We mount a carefully planned and aggressive defense of Policyholders who face a liability claim, making us a formidable opponent in courts throughout the region. We also provide personal service during the duration of a claim, so Policyholders never have to navigate the litigation process without the necessary support.



# REWARDING YOUR COMMITMENT

The *Mutual Advantage Plan* (MAP) financially rewards Policyholders like you for their loyalty and dedication. Upon a qualifying event, such as retirement, a MAP participant may receive a lump sum distribution of their MAP account. The longer a MAP participant is insured by ProAd, the larger the distribution is likely to be. This is because the Company's Board of Directors considers whether to authorize new MAP allocations each year, and your MAP account balance may continue to grow through any additional allocations that are authorized.



## FINANCIAL STABILITY

Professionals Advocate is rated "A" (Excellent) by A.M. Best, the world's largest credit agency specializing in the insurance industry. In its rating, the agency noted ProAd's strong balance sheet and operating performance, and its long-tenured management team with significant depth of experience and knowledge of the medical professional liability insurance market.

Every year, Professionals Advocate presents a wide variety of risk management education programs, offered in multiple modalities. Participants not only learn how to safeguard their practice and reduce risk but also earn continuing medical or dental education (CME/CDE) 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 for personalized insights tailored to the topics and specialties you choose. Resources include “Two-Minute Drill” informational videos, relevant articles, and more.



#### **SPEAK WITH A RISK MANAGEMENT EXPERT**

For practice-related inquiries, our risk management experts are ready to listen to your concerns and help you identify solutions to mitigate your professional liability risk. Call us at 410-785-0050 or 800-492-0193 (toll free).



# **COMPREHENSIVE RISK MANAGEMENT**

# ROBUST RESOURCES & RESPONSIVE CUSTOMER SERVICE



## Practice Manager Toolbox

Access our free online resource designed to assist Practice Managers in navigating various day-to-day scenarios encountered in a busy practice. Choose from a variety of forms, including a sample employee handbook, articles, videos, and more.



## Text Messaging & Risk Management Alerts

You can reach out to ProAd quickly by texting 410-785-0050. Our Customer Service experts will respond during business hours (8:00 a.m. – 4:30 p.m. ET) with the information you need while you are on the go.

If you have registered for a live in-person risk management program, text alerts will automatically let you know if there are any last-minute changes, program relocations, or cancellations.



## Multimedia Resources Available 24/7

Explore our comprehensive online risk management library at ProAd.com, with expert resources and tools to help you mitigate liability risks and enhance patient care.



## Superior Service

We take pride in attending personally to our Policyholders' inquiries with friendly and knowledgeable customer service. In 2024, Professionals Advocate's team of experienced customer service representatives answered 99.5% of incoming calls, reflecting our commitment to providing exceptional customer service.



## eDELIVERY

Professionals Advocate's eDelivery option gives you a quick and easy way to get all company documents and publications delivered via email. By eliminating excess paper, you reduce clutter in your office, help the environment, and gain more control over how and where you read, file, and reference ProAd materials.



# FINANCIAL STATEMENTS

## BALANCE SHEETS Professionals Advocate Insurance Company (Statutory Basis)

DECEMBER 31	2024	2023
<b>ADMITTED ASSETS</b>		
Cash and short-term investments	\$ 3,484,947	\$ 5,250,533
Long-term invested assets	166,648,897	161,952,843
Other assets	7,999,444	5,842,855
<b>TOTAL ADMITTED ASSETS</b>	<b>\$ 178,133,288</b>	<b>\$ 173,046,231</b>
<b>LIABILITIES AND POLICYHOLDERS' SURPLUS</b>		
Reserve for losses and loss adjustment expenses, net of reinsurance recoverable	\$ 10,291,675	\$ 10,034,065
Reserve for unearned premiums	8,005,889	7,224,277
Deposits received on policies not in force	3,837,714	3,788,906
Ceded reinsurance balances payable	834,113	701,690
Other liabilities	1,486,186	2,882,662
<b>TOTAL LIABILITIES</b>	<b>\$ 24,455,577</b>	<b>\$ 24,631,600</b>
<b>TOTAL POLICYHOLDERS' SURPLUS</b>	<b>\$ 153,677,711</b>	<b>\$ 148,414,631</b>
<b>TOTAL LIABILITIES AND POLICYHOLDERS' SURPLUS</b>	<b>\$ 178,133,288</b>	<b>\$ 173,046,231</b>

## STATEMENTS OF INCOME Professionals Advocate Insurance Company (Statutory Basis)

YEAR ENDED DECEMBER 31	2024	2023
Premiums earned	\$ 2,759,811	\$ 2,298,501
Losses and loss adjustment expenses incurred	3,183,421	2,425,321
Underwriting expenses	2,054,598	1,720,315
<b>NET UNDERWRITING LOSS</b>	<b>\$ (2,478,208)</b>	<b>\$ (1,847,135)</b>
Net investment income earned and realized capital gains and losses	7,454,455	8,838,666
Other income/(expense)	2,663	(201)
<b>INCOME BEFORE FEDERAL INCOME TAXES</b>	<b>\$ 4,978,910</b>	<b>\$ 6,991,330</b>
Federal income tax	714,829	1,201,972
<b>NET INCOME</b>	<b>\$ 4,264,081</b>	<b>\$ 5,789,358</b>

# 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 reports 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 2024 and 2023 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

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

**CHERYL F. MATRICCIANI, Esq., CPA**  
President and Chief Executive Officer, Professionals Advocate Insurance Company

**MARY LURA DUVALL, CPA**  
Retired Senior Vice President, Chief Financial Officer and Treasurer, Professionals Advocate Insurance Company

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

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

**GENE M. RANSOM III, Esq.**  
Chief Executive Officer of MedChi, the Maryland State Medical Society, former member and President of the Queen Anne's County Commission

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

**CORD H. SCHLOBOHM, D.M.D.**  
Dentist in Bethesda, Maryland

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

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

## OFFICERS

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Chair of the Board

**CHERYL F. MATRICCIANI**  
President and Chief Executive Officer

**KEITH P. ALLEN**  
Senior Vice President, Chief Actuary

**JOHN H. CLIFTON III**  
Senior Vice President, Claims and Operations

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

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

**CORY A. BENDER**  
Vice President, Claims

**GEORGE CHAMBERS**  
Vice President, Information Technology

**NATALIE A. ROBERTS**  
Vice President, Accounting and Controller

**BENJAMIN C. ROHM**  
Vice President, Underwriting

**DONALD G. WILSON**  
Vice President, Marketing

**ALEXIS R. BRAUN**  
Assistant Vice President, Associate General Counsel

## COMMITTEES

### AUDIT COMMITTEE

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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

### CLAIMS COMMITTEE

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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.  
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Cheryl F. Matricciani, Ex Officio

### FINANCE AND BUDGET COMMITTEE

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

### INDEPENDENT AUDITORS

Ernst & Young LLP  
Baltimore, Maryland

# ABOUT PROFESSIONALS ADVOCATE

## 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.



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