

CENTERED ON DEFENSE



Insurance Company

ANNUAL REPORT 2025



TO OUR INSURED

For over 40 years, Professionals Advocate (ProAd) has been committed to providing a proactive and vigorous defense. We believe the best possible outcomes result from early engagement, careful preparation, and providing unwavering support to our Insureds.

ProAd has developed a deep understanding of local venues, assembled a team of seasoned claims professionals, and cultivated longstanding relationships with local attorneys who are proven leaders in the defense of medical professional liability cases. This experience allows the Company to act decisively and strategically, with the protection of your practice and professional reputation guiding everything we do.

In 2025, our focus remained on delivering the ProAd Advantage: aggressive claims defense, innovative coverage options, financial stability, comprehensive risk management, and responsive customer service. The Board of Directors approved a 7.5% *Mutual Advantage Plan* (MAP) renewal allocation, and A.M. Best reaffirmed ProAd's "A" (Excellent) financial strength rating.

ProAd remains firmly positioned to meet tomorrow's challenges with the same strength and commitment that have defined the past 40 years. Thank you for placing your trust in ProAd.

Sincerely,

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

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



2025 HIGHLIGHTS

7.5% *Mutual Advantage Plan* (MAP) allocation declared

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

SUPERIOR CLAIMS DEFENSE

PROFESSIONALS ADVOCATE'S COMMITMENT TO A PROACTIVE AND VIGOROUS DEFENSE HELPS DOCTORS CONFIDENTLY NAVIGATE THE LEGAL PROCESS WITHOUT LOSING FOCUS ON PATIENT CARE.

We believe that your practice and professional reputation deserve the strongest possible defense.

For over 40 years, ProAd has delivered professional liability protection customized to the evolving needs of health care professionals. The expertise and individualized support provided by seasoned claims management specialists and local defense attorneys ensure our Policyholders receive sound guidance and responsive communication throughout the life of a claim.



COMPREHENSIVE RISK MANAGEMENT



TIMELY RISK MANAGEMENT EDUCATION

ProAd offers a wide variety of risk management education programs in multiple modalities throughout the year, including both live and self-paced options. Policyholders can earn continuing medical/dental education (CME/CDE) credit, in addition to a premium credit on their next renewal policy, after completing a qualifying program.



PERSONALIZED DASHBOARD

Opt in to *RM DIRECT* on ProAd.com to view a private risk management Dashboard, featuring relevant news and reference materials. Select topics by specialty to tailor your experience and view “Two-Minute Drill” videos on topics such as documentation and informed consent.



ON-DEMAND RESOURCES

To help you enhance patient safety and mitigate liability risks, a comprehensive library of risk management resources is available online. Visit the Risk Management area of ProAd.com to explore publications, news alerts, videos, and podcasts.



EXPERT CONSULTATION

Risk Management specialists are available to answer practice-related “what if” questions and identify actionable strategies to help reduce your professional liability risk. For assistance, contact ProAd’s Risk Management team at 410-785-0050 or 800-492-0193 (toll free).



UNBEATABLE DOCTOR FOCUS

As an insurer created by a Doctor-owned company, ProAd is uniquely qualified to understand your needs and concerns. We share your values and are committed to offering insurance solutions for the challenges Doctors may face in today's complex legal environment.



The *Mutual Advantage Plan* (MAP) is a financial reward program that recognizes participating Policyholders' dedication to the long-term success and stability of ProAd, and to their continued practice of quality health care. MAP is free to join and will never affect your policy or your premium – it is simply our way of rewarding loyal Policyholders.

Each year, the Board of Directors determines whether to allocate new MAP funds to Participants' MAP accounts. New MAP funds, if any, are allocated in the form of a percentage of each Participant's premium. Upon a qualifying event (such as retirement), a Participant may receive a lump sum distribution of their MAP account balance.



PRACTICE MANAGER TOOLBOX // ProAd offers free resources to assist practice managers in navigating the challenges they commonly encounter in busy medical practices. Included in PMT are hiring forms, informational videos, a sample employee handbook, relevant articles, and more.



INSURANCE PRODUCER OUTREACH // As a regional carrier, ProAd maintains close relationships with insurance agents and producers throughout the mid-Atlantic to ensure they have the latest information about our professional liability insurance products – including new coverages, benefits, and services.



EFFICIENT CUSTOMER SERVICE // Friendly and knowledgeable Customer Service specialists are available to provide the assistance you need, when you need it. Call or text Customer Service at 410-785-0050.



LONG-TERM STABILITY // ProAd is rated "A" (Excellent) for financial strength by A.M. Best, the largest credit rating agency in the world specializing in the insurance industry.

Claims are often made long after care is provided. That is why you need an insurance company that has financial strength and stability. ProAd provides you with peace of mind knowing that we will be there to defend your practice and professional reputation today and in the years ahead. In fact, A.M. Best has recognized ProAd's strong balance sheet and operating performance, as well as its leadership team's significant depth of experience and knowledge in the medical professional liability insurance market.



FINANCIAL STATEMENTS

BALANCE SHEETS Professionals Advocate Insurance Company (Statutory Basis)

DECEMBER 31	2025	2024
ADMITTED ASSETS		
Cash and short-term investments	\$ 4,265,823	\$ 3,484,947
Long-term invested assets	174,830,789	166,648,897
Other assets	7,551,844	7,999,444
TOTAL ADMITTED ASSETS	\$ 186,648,456	\$ 178,133,288
LIABILITIES AND SURPLUS		
Reserve for losses and loss adjustment expenses, net of reinsurance recoverable	\$ 10,322,588	\$ 10,291,675
Reserve for unearned premiums	8,633,858	8,005,889
Deposits received on policies not in force	5,299,392	3,837,714
Ceded reinsurance balances payable	658,668	834,113
Other liabilities	2,987,613	1,486,186
TOTAL LIABILITIES	\$ 27,902,119	\$ 24,455,577
SURPLUS AS REGARDS POLICYHOLDERS	\$ 158,746,337	\$153,677,711
TOTAL LIABILITIES AND SURPLUS	\$ 186,648,456	\$178,133,288

STATEMENTS OF INCOME Professionals Advocate Insurance Company (Statutory Basis)

YEAR ENDED DECEMBER 31	2025	2024
Premiums earned	\$ 2,996,579	\$ 2,759,811
Losses and loss adjustment expenses incurred	2,994,295	3,183,421
Underwriting expenses	2,268,626	2,054,598
NET UNDERWRITING LOSS	\$ (2,266,342)	\$ (2,478,208)
Net investment income earned and realized capital gains and losses	7,911,573	7,454,455
Other (expense)/income	(725)	2,663
INCOME BEFORE FEDERAL INCOME TAXES	\$ 5,644,506	\$ 4,978,910
Federal income tax	982,638	714,829
NET INCOME	\$ 4,661,868	\$ 4,264,081

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

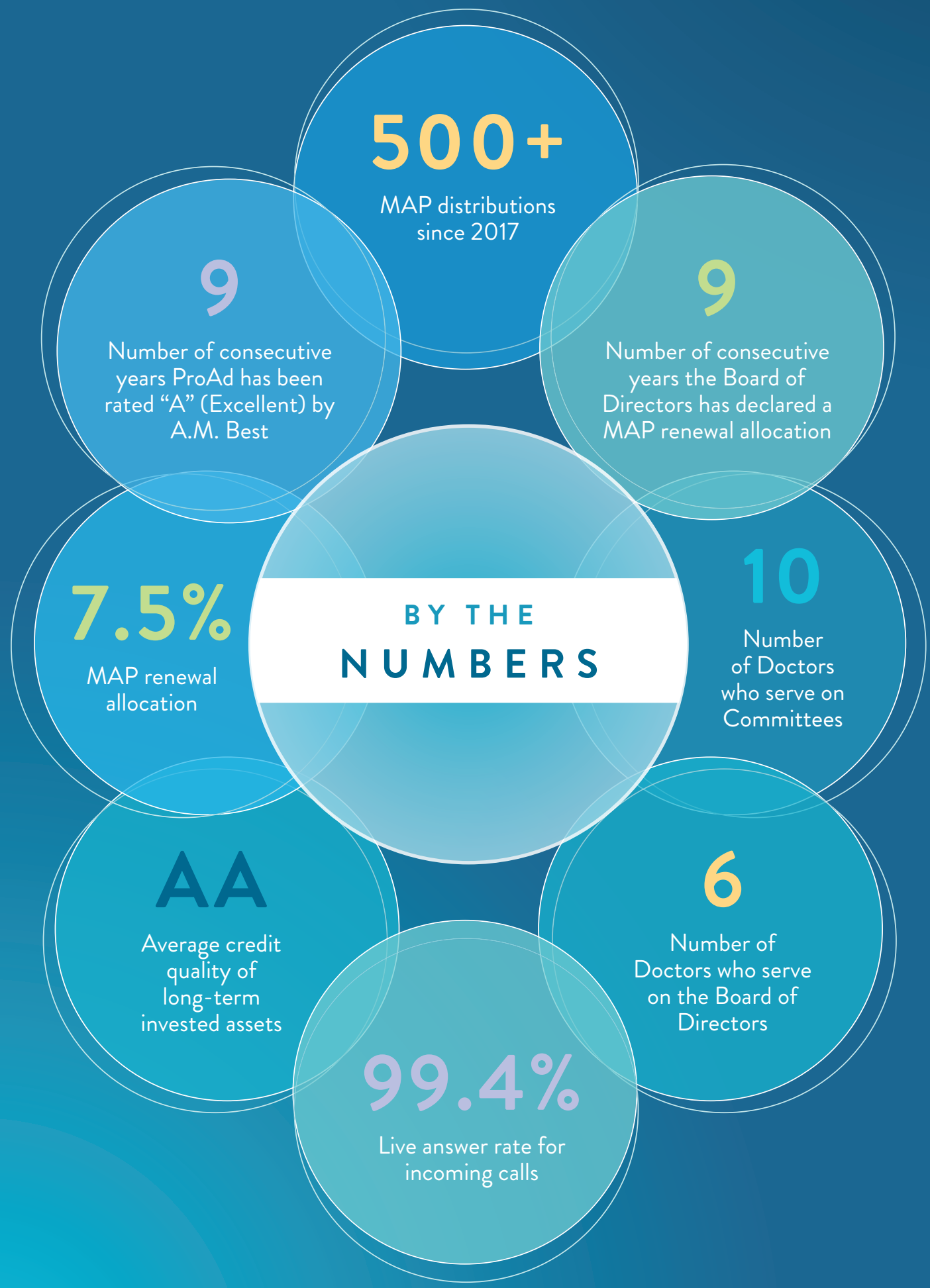
The reserve for unearned premium primarily consists of the pro-rata portion of premium for the remainder of the policy term as well as the provision for waiver of premium for extended reporting period endorsements on certain claims-made policies.

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 2025 and 2024 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.



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 Vice President, Marketing

ALEXIS R. BRAUN
 Assistant Vice President, Associate General Counsel

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 Cheryl F. Matricciani, Ex Officio

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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.

CONNECT WITH
PROAD ON LINKEDIN





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