Ultimate Parent:
Berkshire Hathaway Inc
THE MEDICAL PROTECTIVE COMPANY
5814 Reed Road
Fort Wayne, IN 46835-3568
Web: www.medpro.com
Tel: 260-485-9622
Fax: 260-486-0454
AMB#: 000591
NAIC#: 11843
Ultimate Parent#: 058334
FEIN#: 35-0506406

BEST’S CREDIT RATING
Best’s Financial Strength Rating: A++
Outlook: Stable
Best’s Financial Size Category: XII

RATING RATIONALE
The following text is derived from the report of Medical Protective Group.

Rating Rationale: These ratings reflect The Medical Protective Group’s excellent capital strength position, its favorable long-term operating performance, and the significant market position it maintains in the medical professional liability market. The ratings also consider the group’s substantial distribution capabilities and aggressive claims philosophy. Furthermore, the ratings benefit from both the explicit and implicit financial support provided by the ultimate parent, Berkshire Hathaway Inc., which includes reinsurance programs, investment opportunities, capital support, and sales channels. Partially offsetting these positive rating factors are the inherent challenges associated with being a mono-line medical professional liability insurer, particularly as they relate to price competition, legislative (tort) reform, loss cost trends and regulatory challenges. At the same time, A.M. Best recognizes the organization’s broad premium base and jurisdictional diversity that somewhat mitigate these concerns. The outlooks are based on the group’s financial flexibility, conservative pricing and reserving, and strong business position in the medical professional liability market.

The aforementioned reinsurance transactions include a loss portfolio transfer and a quota share agreement between The Medical Protective Company (MedPro) and two affiliates, Columbia Insurance Company and National Indemnity Company, also subsidiaries of Berkshire Hathaway Inc. A similar reinsurance transaction is in place between Princeton Insurance Company and MedPro. In addition, a quota share agreement is in place between Med Pro RRG Risk Retention Group (MedPro RRG) and MedPro, along with a similar agreement between AttPro RRG Reciprocal Risk Retention Group (AttPro RRG) and MedPro. These transactions demonstrate the commitment to excellent capital support, which emanates from Berkshire Hathaway through the organization. The group ranks among the top three medical professional liability carriers in the country by direct written premium.

Prospectively, issues that may adversely impact the ratings of the group could include, but are not limited to, items such as adverse changes across market dynamics and national health care reform measures, disruption in the tort reform environment in multiple jurisdictions, or shifting claim severity and frequency patterns. In addition, because of the breadth of the relationship between this group and other Berkshire Hathaway companies, changes in the ratings or outlooks of any of the associated insurance companies may impact the ratings of the group or related entities.
KEY FINANCIAL INDICATORS ($000)

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Written Premiums</th>
<th>Net Operating Income</th>
<th>Total Admitted Assets</th>
<th>Surplus Holders' Comb.</th>
<th>Policyholders' Combined Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>343,121</td>
<td>77,957</td>
<td>1,805,155</td>
<td>639,703</td>
<td>95.9</td>
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<tr>
<td>2008</td>
<td>343,234</td>
<td>112,440</td>
<td>1,938,168</td>
<td>631,682</td>
<td>95.2</td>
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<tr>
<td>2009</td>
<td>333,976</td>
<td>118,585</td>
<td>2,148,587</td>
<td>722,816</td>
<td>91.1</td>
</tr>
<tr>
<td>2010</td>
<td>334,684</td>
<td>160,084</td>
<td>2,271,164</td>
<td>755,707</td>
<td>78.4</td>
</tr>
<tr>
<td>2011</td>
<td>327,173</td>
<td>177,073</td>
<td>2,442,877</td>
<td>863,910</td>
<td>73.3</td>
</tr>
</tbody>
</table>

(*) Data reflected within all tables of this report has been compiled from the company-filed statutory statement.

BUSINESS PROFILE

For over 100 years, The Medical Protective Company (MedPro) has specialized in providing professional liability coverage for healthcare providers and is the oldest insurer of its kind in the country. The company currently operates as an independent unit of the Berkshire Hathaway Insurance Group.

The company manages its risk portfolio on the basis of geography as well as by healthcare provider specialty. Its spread of risk and diversification is enhanced by its national presence and a balanced mix of specialties. Currently licensed to write professional liability in all 50 states and the District of Columbia, MedPro has at least $5 million of medical professional liability premium in each of nearly 25 states and at least $1 million each in almost 40 states. Today, MedPro is one of the largest writers of primary physician and dental professional liability insurance in the country.

Policies are written on both an occurrence and a claims-made basis. The mix between these two coverage types has shifted over the years with claims-made coverage now being a greater part of the company’s business. Rates are independently filed and are based on the healthcare provider’s specialty, policy limits, and jurisdiction of practice. The company generally writes coverage for liability limits of $1 million or less per claim (approximately 90% of direct premiums written), but also selectively offers higher limits. The company’s captive agency force produces roughly 30% of direct premiums written. Further, the company manages a network of independent distributors (over 400), who are experts in medical professional liability insurance and generate the remaining direct premiums written.

Effective December 31, 2005, MedPro entered into two reinsurance treaties with its direct parent Columbia Insurance Company (Columbia) and its affiliate National Indemnity Company (NICO). Under the first agreement, a loss portfolio transfer, Columbia and NICO each assumed 25% of MedPro’s outstanding net loss and loss adjustment expense as of December 31, 2005. Under the second agreement, a quota share treaty, Columbia and NICO each assumed 25% of MedPro’s outstanding loss and loss adjustment expense on all business of January 1, 2012, and beyond. The agreement is subject to an aggregate ceded limit for each calendar year equal to three times the earned premium ceded by the company for that calendar year. In addition to these treaties, MedPro will also provide operational support in a variety of areas including sales, underwriting, and claims. Princeton’s market focus is physicians and hospitals in New Jersey.

In September 2010, AttPro RRG Reciprocal Risk Retention Group (AttPro RRG) and MedPro entered into a quota share reinsurance agreement, whereby the RRG cedes and the company accepts as reinsurance, a 95% share of all lines of insurance written by AttPro RRG. Additionally, MedPro provided the initial capitalization for AttPro RRG through the purchase of $1.5 million in subordinated surplus notes. MedPro RRG writes medical professional liability insurance for individual and group physicians, dentists, health care professionals, hospitals, and miscellaneous health care facilities. MedPro RRG’s current market focus is the state of New York.

In September 2010, AttPro RRG Reciprocal Risk Retention Group (AttPro RRG) and MedPro entered into a quota share reinsurance agreement, whereby the RRG cedes and the company accepts as reinsurance, a 95% share of all lines of insurance written by AttPro RRG. Additionally, MedPro provided the initial capitalization for AttPro RRG through the purchase of $1.5 million in subordinated surplus notes. AttPro RRG writes lawyer professional liability insurance for individual attorneys and law firms. AttPro RRG’s current market focus is New York and New Jersey.

Effective January 1, 2012, MedPro entered into two reinsurance treaties with Princeton Insurance Company (Princeton), an affiliated medical professional liability company that is part of the Berkshire Hathaway Insurance Group. Under a loss portfolio transfer, MedPro assumes 80% of the outstanding loss and loss adjustment expense through December 31, 2011. The aggregate limit on the loss portfolio cession is three times the consideration paid by Princeton. Under a quota share treaty, MedPro assumes 80% of the premium, losses, and loss adjustment expenses on all business of January 1, 2012, and beyond. The agreement is subject to an aggregate ceded limit for each calendar year equal to three times the earned premium ceded by the company for that calendar year. In addition to these treaties, MedPro will also provide operational support in a variety of areas including sales, underwriting, and claims. Princeton’s market focus is physicians and hospitals in New Jersey.

HISTORY

MedPro was incorporated under the laws of Indiana on December 2, 1909, and commenced business on January 1, 1910. The company is the successor to the Physicians Defense Company, formed in 1901, and the Physicians Guaranty Company, organized in 1899. Paid-in capital of $34.8 million consists of 120,000 shares of $40 par value common stock and $30 million of contributed surplus. All authorized shares are issued and outstanding.

On October 15, 1998, the company’s parent, Medical Protective Corporation (MPC), became a wholly owned subsidiary of Employers Reinsurance Corporation (ERC). Subsequently, on December 29, 1999, ERC assigned to GE Insurance Solutions Corporation (formerly GE Global Insurance Holding Corporation) (GEIS) 100% of its investment in the common stock of MPC. On June 30, 2005, MPC was acquired from GEIS by Columbia Insurance Company, an indirect wholly owned subsidiary of Berkshire Hathaway Inc.
MANAGEMENT

Medical Protective Corporation, an Indiana corporation principally engaged in insurance, investing and finance, owns all of the outstanding common stock of the company.

Administration of the company’s affairs is under the direction of individuals who have had many years of experience in the professional liability field.

Officers: President and Chief Executive Officer, Timothy J. Kenesey; Executive Vice President and Chief Financial Officer, Daniel J. Landrigan; Senior Vice President, Secretary and General Counsel, Trent C. Heinemeyer (Legal and Development); Senior Vice President and Chief Actuary, James D. Kunce; Senior Vice Presidents, Robert L. Ignasiak (Claims), Mark T. Walthour (Underwriting); Vice President and Chief Medical Officer, Dr. Graham Billingham; Vice President, Kimberly D. Kem (Human Resources), Timothy M. Smith (Marketing and Direct Sales), Tim Wiggins (I-T and Operations), Mark L. Wittel (Sales); Controller, Garrett J. Davenport.


TERRITORY

The company is licensed in the District of Columbia and all states.
Why is this Best's® Rating Report important to you?

A Rating Report from the A.M. Best Company represents an independent opinion from the leading provider of insurer ratings of a company’s financial strength and ability to meet its obligations to policyholders.

The A.M. Best Company is the oldest, most experienced rating agency in the world and has been reporting on the financial condition of insurance companies since 1899. The Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. The rating is not assigned to specific insurance policies or contracts and does not address any other risk, including, but not limited to, an insurer's claims-payment policies or procedures; the ability of an insurer to dispute or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder. A Best's Financial Strength Rating is not a recommendation to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser.

The company information appearing in this pamphlet is an extract from the complete company report prepared by the A.M. Best Company.

A Best's Financial Strength Rating is assigned after a comprehensive quantitative and qualitative evaluation of a company's balance sheet strength, operating performance and business profile.

Best's Financial Strength Ratings are assigned according to the following scale:

- **Secure Best's Financial Strength Ratings**
  - A++ and A+ . . . . . . . . . . . . . . Superior
  - A and A- . . . . . . . . . . . . . . . . . . Excellent
  - B++ and B+  . . . . . . . . . . . . . . . . . . . Good

- **Vulnerable Best's Financial Strength Ratings**
  - B and B- . . . . . . . . . . . . . . . . . . . . Fair
  - C++ and C+ . . . . . . . . . . . . . . . . . . Marginal
  - C and C- . . . . . . . . . . . . . . . . . . . . . . Weak
  - D . . . . . . . . . . . . . . . . . . . . . . . . . . . Poor
  - E . . . . . . . . . . . . . . . . . . . . . . . . . . . Under Regulatory Supervision
  - F . . . . . . . . . . . . . . . . . . . . . . . . . . . In Liquidation
  - S . . . . . . . . . . . . . . . . . . . . . . . . . . . Rating Suspended

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