



**A STABLE FORCE AT THE  
INTERSECTION OF CHANGING  
HEALTHCARE AND INSURANCE  
INDUSTRY DYNAMICS.**

2024 Annual Report



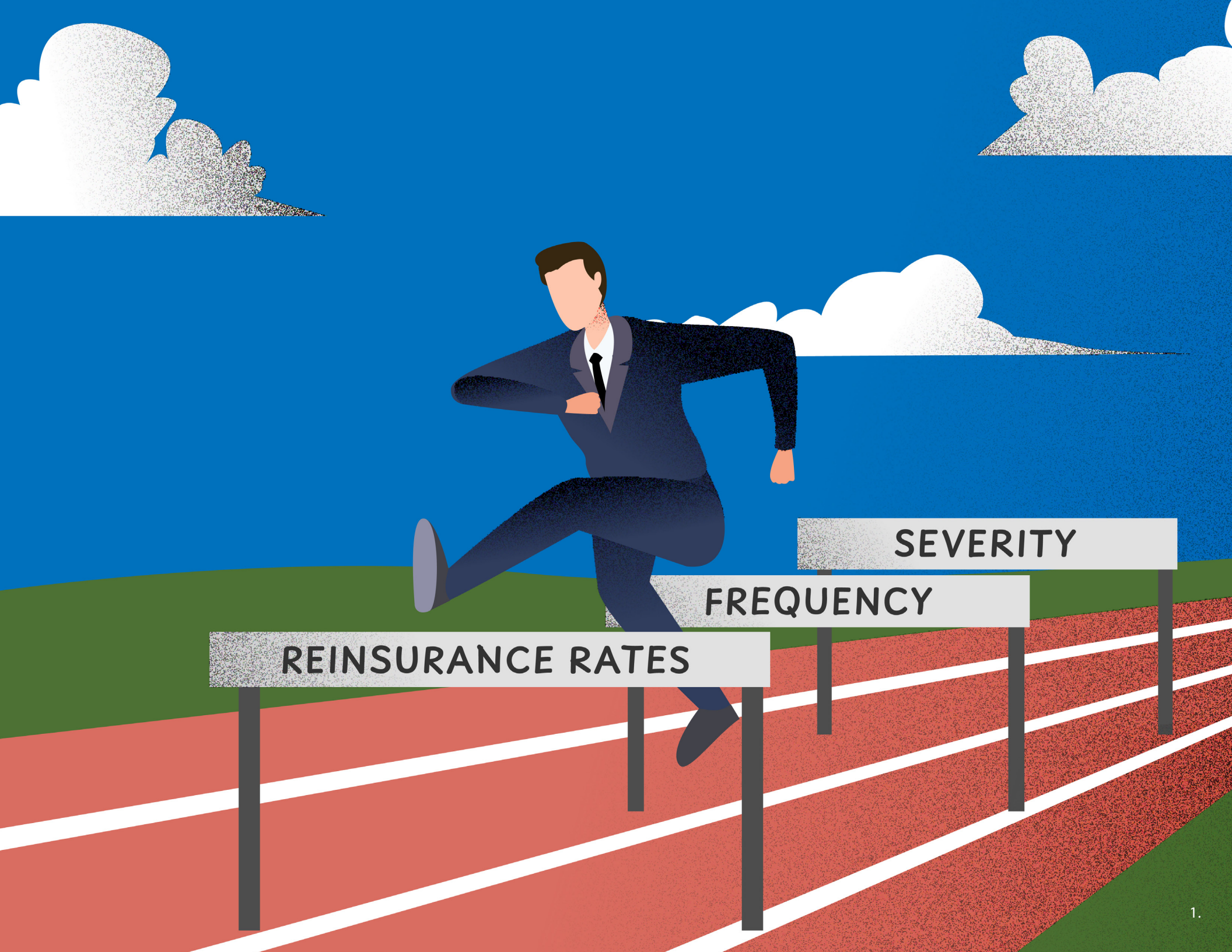
**Shawn Anderson, MSB  
PRESIDENT & CEO**

It is my great pleasure to provide you with the 2024 Annual Report for Medical Mutual Insurance Company of Maine. Throughout this report, you will see consistent acknowledgment of numerous significant operational challenges faced by hospitals and healthcare providers in this current healthcare environment. While these challenges are really nothing new for our insureds, the increase in intensity is palpable. The distinct, yet interconnected, medical professional liability insurance marketplace, within which Medical Mutual operates, has also encountered considerable challenges. On a national scale, after an extended period of stable claims activity and severity, both claims frequency and, to a much larger extent, claims severity have been on the rise over recent years. The combined effect of escalating severity and emerging concerns regarding COVID-related reinsurance claims has led to a substantial hardening within the reinsurance market.

## **COMPANY SHOWS ITS FITNESS, AGILITY IN OVERCOMING INDUSTRY CHALLENGES.**

Within the industry, responses to the healthcare challenges being experienced have varied widely from merger and acquisition activity to substantial premium fluctuations.

For its part, Medical Mutual Insurance Company of Maine has continued to demonstrate its financial fitness and strategic agility in rising above the industry's current challenges. Accordingly, I am pleased to share some of the Company's notable successes in 2024, as well as insight on strategic initiatives designed to help deliver continued success on the path forward.



REINSURANCE RATES

FREQUENCY

SEVERITY

## Steady Performance Amid Challenges

I am pleased to report that Medical Mutual experienced another year of strong operating results in 2024. Financially, the Company's gross revenues increased by a modest \$1.2 million, surplus grew by over \$10 million, and investment income, including realized capital gains, rose significantly by approximately \$6 million. Additionally, the Board declared a \$5 million policyholder dividend which represents the 15<sup>th</sup> year of consecutive dividend declarations. Together, these critical operating performance elements represent the necessary structural underpinnings to give our insureds one less thing to think about.

Additionally, A.M. Best awarded Medical Mutual with an important upgrade to the Company's rating from "A Stable" to "A Stable, a+" in recognition of the Company's solid financial standing and enhanced Issuer Credit Rating (ICR).

Finally, our client retention remained extremely robust at a rate greater than 99%, which demonstrates the high level of satisfaction clients have with their Medical Mutual partnership.

Given the challenges our industry has faced, we are proud of these strong financial and operational results, and we continue to prepare for future opportunities and challenges.

## Notable Business Growth in New Hampshire

For the first time in several years, New Hampshire demonstrated promising growth in 2024 for the Company. We were successful in adding several prominent primary care and specialty physician practice groups to our list of insureds. We were very pleased to add these new accounts and have deployed extensive risk management offerings to further demonstrate the importance of the partnership between Medical Mutual and our valued insureds.

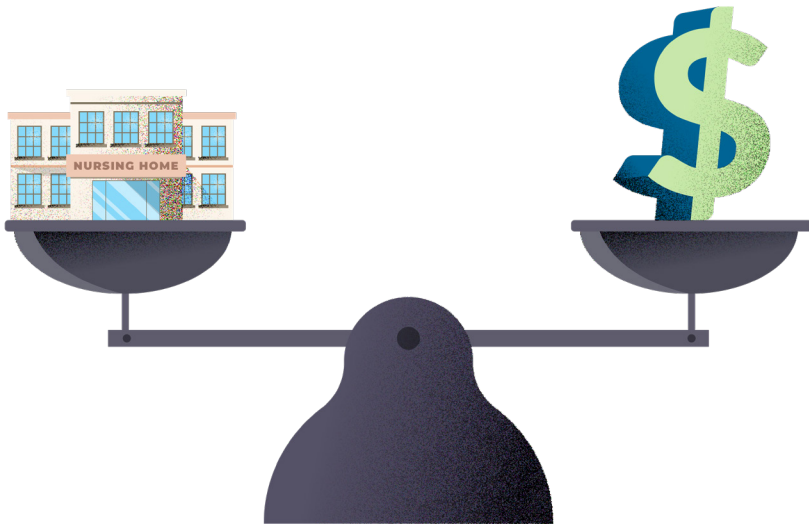
While it is premature to determine if the addition of these esteemed organizations signifies long-term momentum in the Granite State, we will remain steadfast in adhering to our disciplined underwriting philosophy. Historically, periods of market uncertainty tend to present opportunities for those prepared to capitalize on them, and Medical Mutual's leadership has been taking deliberate actions over the past couple of years to position the Company to embrace such opportunities.



## Great Pine Specialty Insurance: An Initiative that Balances need with Opportunity

The tightening reinsurance market has created an opportunity within the long-term care medical liability segment - an area in which Medical Mutual has a long and valuable history. As a result of the pandemic, reinsurers have placed limitations on the Company's engagement in the nursing home sector, primarily due to broader industry concerns. However, Medical Mutual's risk management programs have consistently supported strong performance within this sector. Given the increasing demand for competitive long-term care options in Northern New England, we are intently progressing toward establishing a separate excess and surplus lines company to better meet this sector's insurance needs.

Great Pine Specialty (GPS) Insurance, LLC, a wholly owned subsidiary of Medical Mutual Insurance Company of Maine, was recognized in Delaware in late 2024. GPS is now finalizing the necessary filing requirements in Delaware to breathe life into the newly formed Company. As a distinct entity, it will be isolated from Medical Mutual's primary risk portfolio, providing a safeguard for Medical Mutual policyholders against any potential adverse developments. This structure as an excess and surplus lines business will enable us to underwrite nursing homes and other allied healthcare organizations that may not be best suited for the admitted carrier market, offering tailored pricing based on each organization's individual merits, independent of Medical Mutual's filed rates. We look forward to the establishment of GPS in the coming months and for the growth and expansion opportunities this offering will afford us throughout northern New England.



## Expanding in Massachusetts: Aligning Offerings with Market Needs

In 2024, Medical Mutual also focused on aligning its offerings with opportunities in the Massachusetts independent physician market. A large portion of the Massachusetts market is currently insured with occurrence policy forms, which have historically created a competitive challenge for the Company, as providers in the region were hesitant to transition to our claims-made policy form due to the associated cost of tail coverage. Simply put, the misalignment of our claims-made policy form with the experience and expectations of Bay State physicians constituted a roadblock that hindered our ability to write new business. We shall be hindered no longer.

The Company developed a new occurrence policy form in 2024 and launched a digital marketing campaign in September to generate awareness and interest in Medical Mutual coverage. By the end of 2024, the campaign had achieved millions of qualified impressions and thousands of new clicks to the Company's website. This high level of engagement suggests significant potential for independent physician market growth in Massachusetts.



## Embracing the Future of Work

With an expiring lease and the evolving dynamics of the commercial real estate market post-pandemic, Medical Mutual took proactive steps last summer to explore options for its corporate office location. In the fall of 2024, the Company entered into an agreement to relocate its offices to a new space within downtown Portland.

The new office design will accommodate contemporary workstyles, fostering both collaboration and individual productivity. Specialized focus rooms will allow employees to engage in video conferences or work on specific projects without distractions, while dedicated spaces equipped with cutting edge technology will support collaborative group meetings. Numerous additional conference spaces of all sizes will accommodate Board and Committee meetings, visiting business partners, and our valued staff like never before.

While the Company will continue with a hybrid work model, the new office space, set to be occupied in late 2025, aims to further enhance productivity and to provide an environment that promotes collaboration and reinforces Medical Mutual's rich culture of customer service excellence.

Here it seems most appropriate to give pause to thank the exceptional staff that so thoughtfully and diligently serve Medical Mutual's member-policyholders. Individually and collectively, the Medical Mutual team works tirelessly to provide service that exceeds the expectations of our insureds. I am extremely proud of our team for the essential work they do and more importantly, the way they do it.

## Conclusion

Medical Mutual has consistently demonstrated its ability to adapt to changing dynamics in both the healthcare and medical professional liability insurance markets. The success achieved in 2024 serves as a testament to the Company's agility and foresight. As we continue to build on this solid foundation, we are confident in our ability to further enhance our service to our members and achieve continued success in 2025 and well beyond.



**David B. McDermott, MD**  
**MPH, CPE,**  
**FAAFP, FAAPL**  
**BOARD CHAIR**

# HEALTHCARE INDUSTRY CONCERNS AND THE COMPANY'S CIRCLE OF INFLUENCE

The healthcare industry in Northern New England is facing profound challenges that threaten access to care, the financial stability of hospitals, and the overall integrity of the care environment.

As we often say, we are proud to be a company born of the medical community to serve the medical community. Accordingly, we continually monitor the state of the healthcare environment in our service area. And where we see concerns, we work to find areas where our circle of influence can help make meaningful impacts that can help provide stability, protection, and support to our member-policyholders.



## The Healthcare Landscape: Mounting Concerns

The financial struggles of hospitals and health systems have never been more evident. A series of distressing developments in our region underscore the growing pressure on the New England healthcare community. For example:

- **Vermont Act 167**

This bold initiative is set to reshape the healthcare landscape in Vermont with the laudable goal of reducing inefficiencies in the state's care delivery system. The Green Mountain Care Board oversees the state's medical facilities, most of which are currently operating at a loss. The Board's consultant issued a report last year that called for a "major restructuring" at four community hospitals, as well as more sweeping changes statewide, including cutting specific services at certain hospitals, consolidating some services on a regional basis and generally shifting non-acute care to non-hospital settings.

Whether the Care Board can achieve the transformation it seeks is debatable. While the report's recommendations may help maintain healthcare access on a statewide basis, it is reasonable to imagine that service cuts and consolidation will produce negative impacts for access in more rural communities. Time will tell.

- **Consolidation goes national**

The recent sale and merger of notable healthcare systems within our service area highlight the financial strain on local institutions. Catholic Medical Center in Manchester, NH was absorbed by the for-profit Healthcare Corporation of America (HCA) based in Nashville and Central Maine Healthcare based in Lewiston—Maine's second largest city—was sold to the non-profit Prime Healthcare Foundation. The hope is that these systems will find operating stability under the umbrella of their new parent organizations. But these alarming developments, born of financial crises, beg the question, "Is giving up local control of sizable systems that each serve a significant share of their respective state's populations good for our communities?"

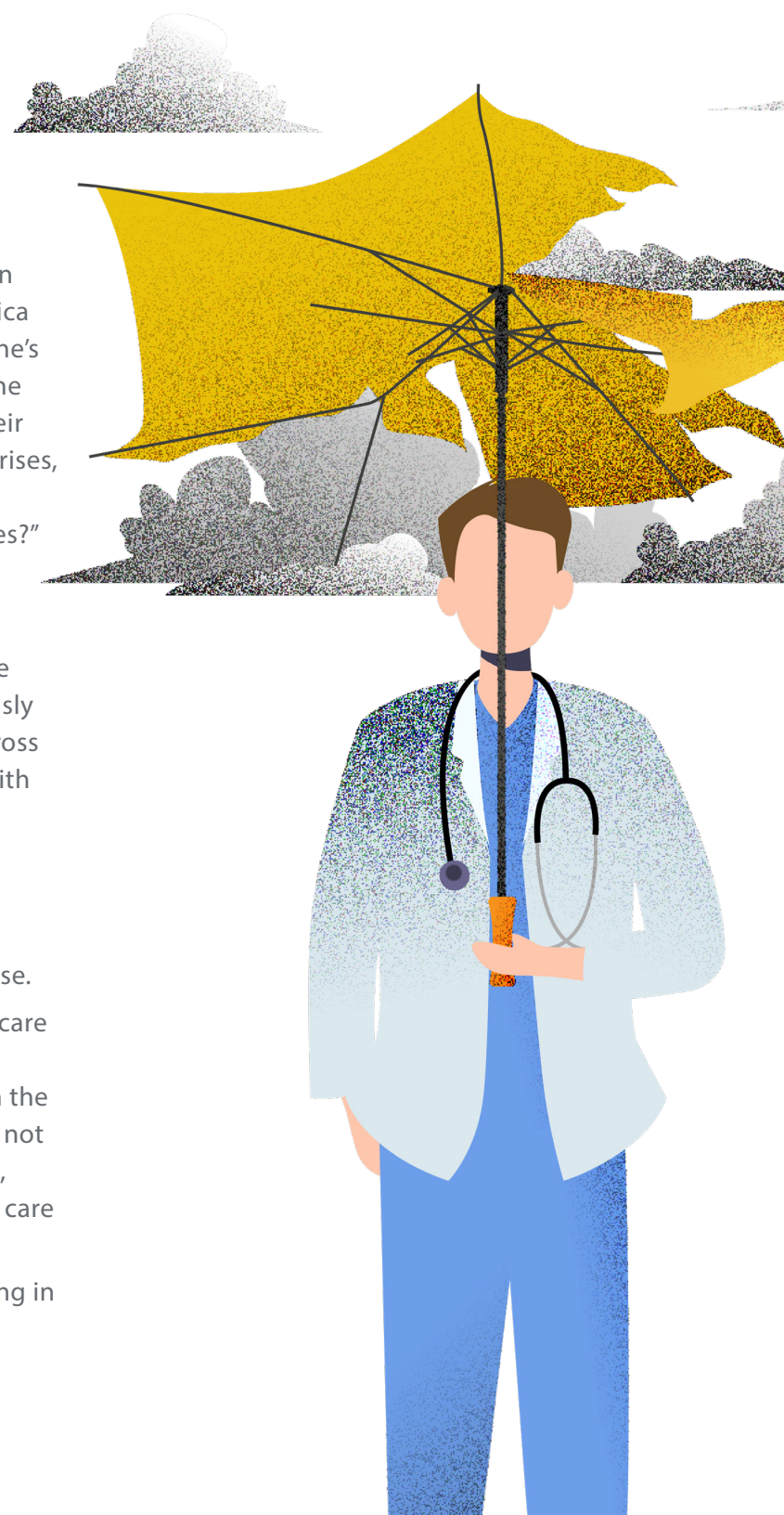
- **For-profit health system and contract medical group collapses**

The collapse of Steward Health, a national, investor-owned health system is a particularly disturbing event as it led to the closure of multiple hospitals and the sudden unemployment of thousands of providers in Massachusetts. This obviously left a significant gap in healthcare access in the Bay State, with ripple effects across the region. It also left those providers, whose jobs were suddenly terminated, with the added specter of having no medical liability insurance to cover prior acts.

It is well documented that the venture capitalist owners of Steward profited handsomely from real estate dealings and financial structures enacted by the system. But the institutions that had joined the system with the hope of strengthening their financial viability became insolvent with the system's collapse.

Similarly, contract medical groups American Physician Partners, Envision Healthcare and NES Health, which together served hundreds of hospitals and employed thousands of physicians throughout the country, have all filed for bankruptcy in the last two years. Many of those physicians were terminated without pay and were not provided with tail coverage for prior acts. And many of the hospitals these large, outsourced physician groups served were suddenly rendered unable to provide care in one or more specialties.

These events serve as cautionary tales of consolidation and physician outsourcing in the healthcare industry.





- **Nursing home closures**

The Federal Reserve Bank of Boston reported in May of 2024 that over 150 nursing homes closed in New England since 2010—a 15 percent drop. That represents a significant loss in long-term care resources for a vulnerable population. In other words, the trend is clearly an issue with regard to healthcare access.

The phenomenon has been especially troublesome in Maine, where staffing issues since the pandemic have been a primary factor. The closures have made it increasingly challenging to relocate residents within the state, often requiring moves beyond the preferred 60-mile radius, according to Maine Public.

Moreover, the closures have exacerbated a detrimental spill-over effect on hospitals. Specifically, on any given day, a single Maine hospital is forced to provide beds for approximately 75 patients it should discharge—but cannot—because of the lack of available nursing home beds in their area. In a ripple effect, many patients admitted in the emergency department (ED) are forced to board in the ED because there are no available acute care beds in the hospital. The same even happens in my small critical access hospital.

These events and trends serve as stark reminders of the financial vulnerabilities in our healthcare system. When hospitals struggle, the entire care ecosystem is affected—physicians, nurses, and staff experience added burdens, and patients see reduced access to essential services.

# Medical Mutual's Circle of Influence: A Steadfast Partner in Uncertain Times

While these concerns shape the environment in which we operate, Medical Mutual remains steadfast in its mission to support and protect the physicians, hospitals, and healthcare providers who rely on us, not to mention the public we serve. While we cannot “fix” any of these challenges within the healthcare environment, our circle of influence enables us to take decisive action in areas where we can make a meaningful difference for our member-insureds.

## **FLEXIBLE AND RESPONSIVE COVERAGE**

Medical Mutual offers a full array of coverage structures, limits, and policy options. This flexibility allows our policyholders to choose limits, coverage options and levels of risk retention based on the services they provide and their overall risk profile. So they can tailor their coverage for their specific needs, while maintaining calculated control over the premiums they pay.

## **RETURNING VALUE TO OUR POLICYHOLDERS**

When our financial results exceed expectations, we share that success with our members. Medical Mutual has a long-standing tradition of declaring dividends, effectively reducing premium costs for policyholders. This approach reflects our philosophy as a mutual insurer—when our company performs well, our members benefit directly. Over the years, we have returned millions in dividends to support the financial health of our insureds.



## FLEXIBLE PAYMENT PLANS

Understanding the financial pressures that hospitals and physician groups face, we offer flexible payment plans designed to ease cash flow constraints. While most carriers bill premiums on an annual, semi-annual or quarterly basis, Medical Mutual offers an innovative nine-installment, interest-free monthly payment plan. The smaller monthly payments ease cashflow significantly and allow our policyholders to manage their expenses more effectively while maintaining the crucial coverage they need to operate.



## A TRUSTED PARTNER

As the challenges facing Northern New England's healthcare industry evolve, Medical Mutual will remain a steady presence, committed to safeguarding those who provide care. While we cannot directly control the legislative, economic, and competitive pressures affecting our region, we can focus on what we do best—delivering exceptional insurance protection, risk management solutions, and financial support to our policyholders.

Through innovative offerings, our unwavering commitment to our mission and policyholders, we continue to make a meaningful difference in the healthcare landscape of Northern New England—helping providers better cope with financial challenges and supporting continued access to quality healthcare in our communities.



## Financial Highlights

At and For the Years Ended  
December 31, 2024, 2023, and 2022  
(Dollars in Thousands)

### ADMITTED ASSETS

At December 31

	2024	2023	2022
Investments - Bonds	\$312,671	\$292,029	\$282,305
Investments - Equities	62,713	61,649	51,028
Cash and Short-Term Investments	18,678	24,340	22,167
Other Invested Assets	3,474	3,473	4,175
Total Invested Assets	397,536	381,491	359,675
Premiums Due from Policyholders Net of Reinsurance Premiums	31,177	29,215	26,048
Other Assets	9,412	6,437	5,001
<b>TOTAL ADMITTED ASSETS</b>	<b>\$438,125</b>	<b>\$417,143</b>	<b>\$390,724</b>

### LIABILITIES & POLICYHOLDERS' SURPLUS

Reserves:

Unpaid Losses	\$99,375	\$89,966	\$87,016
Loss Adjustment Expenses	25,720	24,833	24,130
Total Reserves	125,095	114,799	111,146
Unearned Premiums	22,296	24,076	23,260
Death, Disability, and Retirement Reserve	869	812	814
Federal Income Tax Payable	244	400	155
Net Deferred Tax Liability	4,370	3,781	1,787
Dividends Declared and Unpaid	5,091	4,598	5,157
Ceded Reinsurance Premiums Payable Net of Ceding Commission	13,882	12,041	11,566
Other Liabilities	10,786	11,793	8,704
Total Liabilities	182,633	172,300	162,589
Policyholders' Surplus	255,492	244,843	228,135
<b>TOTAL LIABILITIES &amp; POLICYHOLDERS' SURPLUS</b>	<b>\$438,125</b>	<b>\$417,143</b>	<b>\$390,724</b>

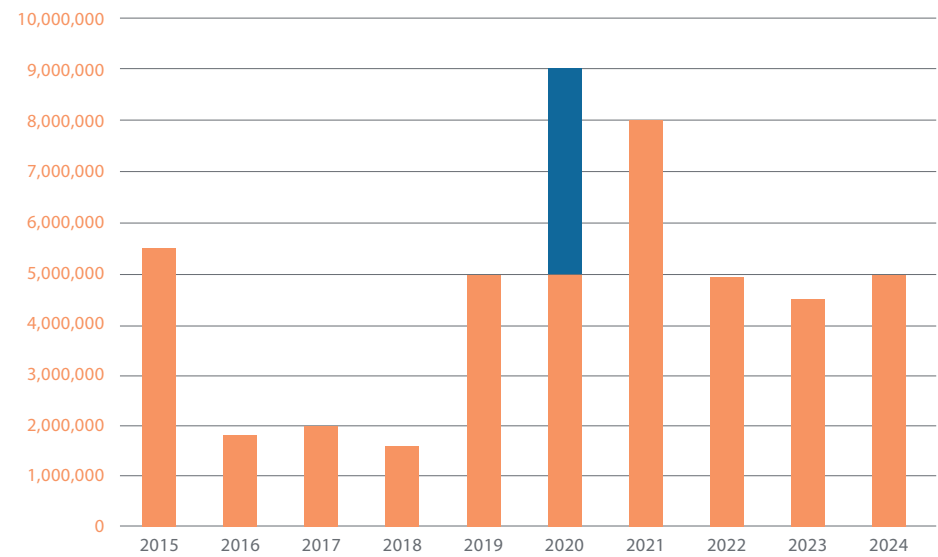
For the Year Ended December 31

### OPERATIONS

	2024	2023	2022
Premiums Earned	\$34,256	\$34,973	\$33,256
Net Losses Incurred	22,065	15,914	16,534
Net Loss Adjustment Expenses	7,653	8,330	5,036
Underwriting Expenses	7,344	7,879	8,614
Net Underwriting Gain (Loss)	(2,806)	2,850	3,072
Net Investment Gain	17,170	11,034	8,426
Other Income	27	40	26
Income before Taxes and Dividends	14,391	13,924	11,524
Dividends Declared	4,988	4,497	4,903
Income before Taxes	9,403	9,427	6,621
Federal Income Tax Expense	835	2,095	1,226
Net Income	<b>\$8,568</b>	<b>\$7,332</b>	<b>\$5,395</b>
Gross Premiums Written	\$57,121	\$56,016	\$51,500
Premiums Ceded	24,588	20,229	17,848
Net Premiums Written	\$32,533	\$35,787	\$33,652
Percent Premiums Retained	57%	64%	65%

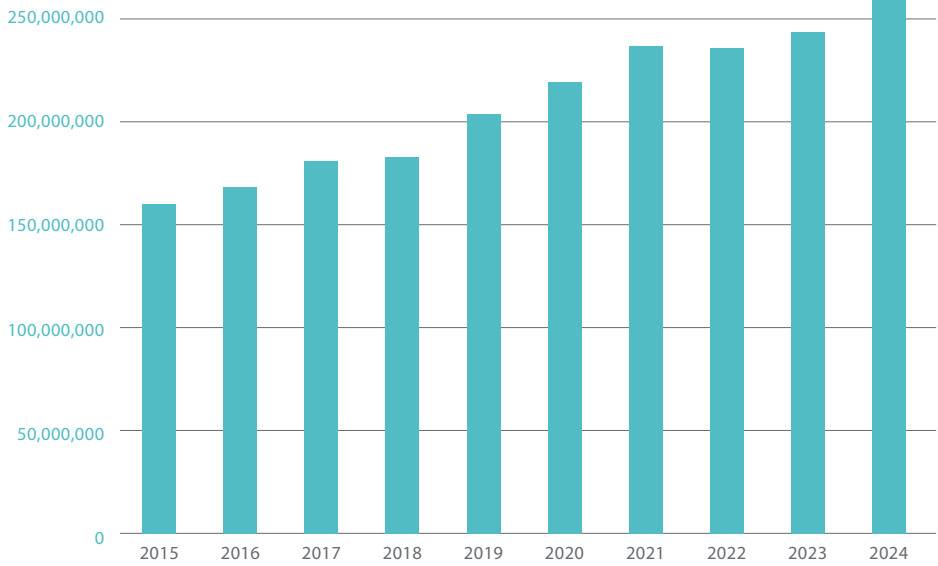
POLICYHOLDER  
DIVIDENDS - TEN  
YEAR HISTORY

Medical Mutual declared a dividend of \$5 million in 2024, the Company's 18th dividend in 19 years, not including a special mid-year cash dividend of \$4 million in 2020.



SURPLUS  
TEN YEAR HISTORY

Medical Mutual has steadily increased surplus to just under \$255.5 million over the past 10 years, giving the Company more than ample financial capacity necessary to cover unexpected losses and to support new business efforts.



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