

# Memorandum

To: TO ALL DOCTORS AND DENTISTS  
From: Joseph Milano  
CC: Capell Barnett Matalon & Schoenfeld LLP  
Date: July 25, 2018  
Re: Doctors and dentists have potential to receive large payouts

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Medical Liability Mutual Insurance Co. (“MLMIC”), the state's largest medical-malpractice insurer is about to be acquired by the National Indemnity Co., a subsidiary of Warren Buffet's Berkshire Hathaway. Doctors, dentists and hospitals who were MLMIC policyholders from July 2013 to July 2016 will receive a payment equal to about twice the malpractice premiums they paid during that period. For current policyholders, coverage will continue after the conversion, but they will no longer be owners of MLMIC and won't be eligible to receive dividends.

The sale will be subject to a public hearing by the New York State Department of Financial Services on August 23, 2018, in one of the last steps before final approval. After that, the sale must be approved first by the Superintendent of Financial Services **and** then by a vote of at least two-thirds of the votes cast (in person or by proxy) by the eligible policyholders at a special meeting of such policyholders scheduled to be held at MLMIC's home office. MLMIC is mailing to each policyholder entitled to vote: a Policyholder Information Statement, a copy of the Plan, a proxy card, and other relevant materials. If all goes well, MLMIC expects the sale to be completed by mid-September, at which time the eligible doctors, dentists and hospitals would receive payouts in exchange for the conversion of MLMIC from a mutual company to a stock company. **Please note that these payments could have tax consequences.**

If the sale is completed, all MLMIC policyholders will surrender their ownership interests in MLMIC. These interests are known as policyholder membership rights, and they provide policyholders of in-force policies with the right to vote on matters submitted to a vote of policyholders, the right to participate in any distribution of surplus, earnings and profits of MLMIC (including dividends), and the right to participate in meetings of members.

Should you have any questions or need any further information, please do not hesitate to call or send an e-mail to Joseph Milano or any of the other lawyers at Capell Barnett Matalon & Schoenfeld LLP.