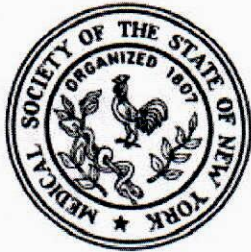


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MEDICAL SOCIETY OF THE STATE OF NEW YORK

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**EXECUTIVE COMMITTEE OF THE
MSSNY COUNCIL
TELEPHONE CONFERENCE CALL
MONDAY EVENING, AUGUST 20, 2018**

MINUTES

A meeting of the Executive Committee of the MSSNY Council was held on Monday evening, August 20, 2018.

Participating from the Executive Committee were:

- Thomas Madejski, MD, President*
- Arthur Fougner, MD, President Elect*
- Bonnie L. Litvack, MD, Vice President*
- Charles Rothberg, MD, Immediate Past President*
- Frank Dowling, MD, Secretary*
- Joseph Sellers, MD, Treasurer*
- Joshua Cohen, MD, At Large Member*
- Rose Berkun, MD, At Large Member*

Also Participating were:

- Andrew Kleinman, MD – Trustee*
- Moe Auster – Senior Vice President for Legislative/Regulatory Affairs & Chief Legal Counsel*
- Philip Schuh, CPA, MS – Executive Vice President/Chief Financial Officer*

Excused:

- Robert Hughes, MD – Chair MSSNY Board of Trustees*
- Kira Geraci-Ciardullo, MD – Speaker*

The purpose of the call was to discuss whether MSSNY should provide public testimony at the public hearing being held on Thursday, August 23, 2018, by the Department of Financial Services. The hearing was statutorily required to provide any party with the right to comment on the proposed MLMIC demutualization. MSSNY had previously submitted a letter of endorsement regarding that demutualization.

After significant discussion, it was felt that MSSNY should present testimony on behalf of individual physicians. Upon agreeing that testimony be given by MSSNY, the Committee asked Mr. Schuh, MSSNY's Executive Vice President to make that presentation.

Mr. Schuh had previously registered in case a decision was made for MSSNY to do so. Acopy of that public statement is attached.

The meeting concluded after coming to this decision to testify.

**STATEMENT OF PHILIP SCHUH, CPA
EXECUTIVE VICE PRESIDENT, MSSNY
REGARDING
MLMIC PLAN OF CONVERSION
AUGUST 23, 2018**

My name is Philip Schuh, and I am the CEO for the Medical Society of the State of New York. On behalf of the over 20,000 physician, resident and student members, I want to thank you for the opportunity to present testimony on the proposal of MLMIC to covert from a mutually-owned company to a domestic stock property/casualty company.

As noted in our written statement, we believe that MLMIC's alliance with Berkshire Hathaway will fortify its finances and enable MLMIC to continue its mission to assure physicians, dentists and hospitals have access to quality medical malpractice insurance coverage and risk management services long into the future. MLMIC has been a strong advocate for the physician community and we greatly appreciate their partnership with MSSNY for over 40 years. Indeed, it was MSSNY that helped to found MLMIC in the mid-1970s when no other carrier in New York State was willing to write medical liability insurance coverage for physicians because the concern that the risk had become uninsurable. MLMIC has been MSSNY's endorsed carrier for medical liability insurance since that time. We fully belief that their alliance with Berkshire will strengthen its ability to meet the needs of physicians and their patients, as we grapple with one of the most challenging liability adjudication systems in the country.

As we affirm our support for the de-mutualization today, we also wish to share that some physicians have expressed concerns regarding the Objection Procedures under "Schedule I", by which a previously designated Policy Administrator can claim the right to the conversion proceeds. It is clear that the statute intends for the policyholder to receive the consideration as a result of a demutualization. As you know, Section 7307 of the Insurance Law provides "that each person who had a policy of insurance in effect at any time during the three year period immediately preceding the date of adoption of the resolution" to convert to a stock company shall be entitled to receive "consideration payable in voting common shares of the insurer or other consideration, or both."

We are concerned that the terminology that permits the Policy Administrator or EPLIP employer to cause the proceeds to a policyholder to be placed in escrow when it "believes it has a legal right" may cast too wide of a net. We certainly understand that there are many employer-employee and group-physician relationships where it is clear that the entity should receive the payment based upon the parameters of the practice contract. However, we are worried about the possibility of the door being left too wide open for Previously Designated Administrators to claim these funds.

Some physicians have expressed concerns that entities such as health systems which had previously been designated as PAs, many of whom have enormous resources at their disposal, could coerce a physician to give up their statutory right to these proceeds because of the fear of excessive litigation costs. Therefore, we suggest that there be a condition to assure a strict deadline for release of the funds from escrow following the closure of the transaction, whereby the funds will be awarded to the policyholder at the conclusion of such period if the process for resolving the dispute has not yet been completed.

Again, we thank you for the opportunity to present our concerns, and urge you to approve this conversion without delay.