



MISSISSIPPI INSURANCE DEPARTMENT

MIKE CHANEY
Commissioner of Insurance
State Fire Marshal

501 N. WEST STREET, SUITE 1001
WOOLFOLK BUILDING
JACKSON, MISSISSIPPI 39201
www.mid.state.ms.us

MAILING ADDRESS
Post Office Box 79
Jackson, Mississippi 39205-0079
TELEPHONE: (601) 359-3569
FAX: (601) 359-2474

MARK HAIRE
Deputy Commissioner of Insurance

January 6, 2012

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Mr. Michael D. Houpt, President & CEO
Medical Assurance Company of Mississippi
404 West Parkway Place
Ridgeland, MS 39157

RE: Report of Examination as of December 31, 2010

Dear Mr. Houpt:

In accordance with Miss. Code Ann. § 83-5-201 et seq. (Rev. 2011), an examination of your Company has been completed. Enclosed herewith is the Order adopting the report and a copy of the final report as adopted.

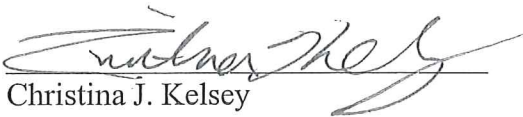
Pursuant to Miss. Code Ann. § 83-5-209(6)(a) (Rev. 2011), the Mississippi Department of Insurance shall continue to hold the content of said report as private and confidential for a period of ten (10) days from the date of the Order. After the expiration of the aforementioned 10-day period, the Department will open the report for public inspection.

If you have any questions or comments, please feel free to contact me.

Sincerely,

MIKE CHANEY
COMMISSIONER OF INSURANCE

BY


Christina J. Kelsey
Senior Attorney

MC/CJK/bs
Encls. Order w/exhibit

**BEFORE THE COMMISSIONER OF INSURANCE
OF THE STATE OF MISSISSIPPI**

**IN RE: REPORT OF EXAMINATION OF MEDICAL
ASSURANCE COMPANY OF MISSISSIPPI**

CAUSE NO. 11-6326

ORDER

THIS CAUSE came on for consideration before the Commissioner of Insurance of the State of Mississippi ("Commissioner"), or his designated appointee, in the Offices of the Commissioner, 1001 Woolfolk Building, 501 North West Street, 10th Floor, Jackson, Hinds County, Mississippi, pursuant to Miss. Code Ann. § 83-5-201 et seq. (Rev. 2011). The Commissioner, having fully considered and reviewed the Report of Examination together with any submissions or rebuttals and any relevant portions of the examiner's work papers, makes the following findings of fact and conclusions of law, to-wit:

JURISDICTION

I.

That the Commissioner has jurisdiction over this matter pursuant to the provisions of Miss. Code Ann. § 83-5-201 et seq. (Rev. 2011).

II.

That Medical Assurance Company of Mississippi is a "Non-profit Medical Liability Insurance Corporation" as per Miss. Code Ann. § 83-47-1 et seq. (Rev. 2011).

FINDINGS OF FACT

III.

That the Commissioner, or his appointee, pursuant to Miss. Code Ann. § 83-5-201 et seq. (Rev. 2011), called for an examination of Medical Assurance Company of Mississippi and appointed Dale Miller, Examiner-In-Charge, to conduct said examination.

IV.

That on or about November 7, 2011, the draft Report of Examination concerning Medical Assurance Company of Mississippi for the period of January 1, 2007 through December 31, 2010, was submitted to the Department by the Examiner-In-Charge, Dale Miller.

V.

That on or about December 9, 2011, pursuant to Miss. Code Ann. § 83-5-209(2) (Rev. 2011), the Department forwarded to the Company a copy of the draft report and allowed the Company a 15-day period to submit any rebuttal to the draft report. The Department received the Company's response on or about December 14, 2011. After the review of the Company's response, minor revisions were made to the draft report.

CONCLUSIONS OF LAW

VI.

The Commissioner, pursuant to Miss. Code Ann. § 83-5-209(3) (Rev. 2011), must consider and review the report along with any submissions or rebuttals and all relevant portions of examiner work papers and enter an Order: (1) adopting the Report of Examination as final or with modifications or corrections; (2) rejecting the Report of Examination with directions to reopen; or (3) calling for an investigatory hearing.

IT IS, THEREFORE, ORDERED, after reviewing the Report of Examination, the Company's rebuttal, and all relevant examiner work papers, that the Report of Examination of Medical Assurance Insurance Company of Mississippi, attached hereto as Exhibit "A", should be and same is hereby adopted as final.

IT IS FURTHER ORDERED that a copy of the adopted Report of Examination, accompanied with this Order, shall be served upon the Company by certified mail, postage pre-paid, return receipt requested.

IT IS FURTHER ORDERED that the Mississippi Department of Insurance shall continue to hold the content of this report as private and confidential for a period of ten (10) days from the date of this Order, pursuant to Miss. Code Ann. § 83-5-209(6)(a) (Rev. 2011).

IT IS FURTHER ORDERED, pursuant to Miss. Code Ann. § 83-5-209(4) (Rev. 2011), that within thirty (30) days of the issuance of the adopted report, Medical Assurance Company of Mississippi shall file affidavits executed by each of its directors stating under oath that they have received a copy of the adopted report and related orders.

SO ORDERED, this the 6th day of January 2012.



MIKE CHANEY
COMMISSIONER OF INSURANCE
STATE OF MISSISSIPPI

CERTIFICATE OF MAILING

I hereby certify that a true and correct copy of the above and foregoing Order and a copy of the final Report of Examination, as adopted by the Mississippi Department of Insurance, was sent by certified mail, postage pre-paid, return receipt requested, on this the 6th day of January 2012, to:

**Mr. Michael D. Houpt, President & CEO
Medical Assurance Company of Mississippi
404 West Parkway Place
Ridgeland, MS 39157**

A handwritten signature in black ink, appearing to read "Christina J. Kelsey", written over a horizontal line.

Christina J. Kelsey
Senior Attorney

Christina J. Kelsey
Senior Attorney
Counsel for the Mississippi Department of Insurance
Post Office Box 79
Jackson, MS 39205-0079
(601) 359-3577
Miss. Bar No. 9853



Mississippi Insurance Department

Report of Examination

of

Medical Assurance Company of Mississippi

404 W. Parkway Place

Ridgeland, Mississippi 39157

As of December 31, 2010

NAIC Group Code 40

NAIC Company Code 10339

Medical Assurance Company of Mississippi

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EXAMINER'S AFFIDAVIT AS TO STANDARDS AND PROCEDURES USED IN THE EXAMINATION

State of Mississippi,

County of Madison,

R. Dale Miller being duly sworn, states as follows:

1. I have authority to represent the Mississippi Insurance Department in the examination of Medical Assurance Company of Mississippi.
2. The Mississippi Insurance Department is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.
3. I have reviewed the examination work papers and examination report, and the examination of Medical Assurance Company of Mississippi was performed in a manner consistent with the standards and procedures required by the Commissioner of Insurance of the State of Mississippi.

The affiant says nothing further.

R Dale Miller

R. Dale Miller, CPA, CFE, CFF
Examiner-in-charge

Subscribed and sworn before me by R. Dale Miller on this 27TH day of DECEMBER, 2011.

Debbie Byrd

Notary Public

My commission expires 9-10-2014

(SEAL)





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MIKE CHANEY

Commissioner of Insurance
State Fire Marshal

MARK HAIRE

Deputy Commissioner of Insurance

November 7, 2011

Honorable Mike Chaney
Commissioner of Insurance
Mississippi Insurance Department
1001 Woolfolk Building (39201)
Post Office Box 79
Jackson, Mississippi 39205

Dear Commissioner Chaney:

Pursuant to the instructions and authorization from the Commissioner of Insurance for the State of Mississippi, and in compliance with statutory provisions, an examination as of December 31, 2010, has been conducted of the affairs and financial condition of:

MEDICAL ASSURANCE COMPANY OF MISSISSIPPI
(NAIC COMPANY CODE 10339)
404 W. Parkway Place
Ridgeland, Mississippi 39157

This examination was commenced in accordance with Miss. Code Ann. § 83-47-15, and the report of examination is herewith submitted.

INTRODUCTION

This examination was performed by examiners representing the Mississippi Insurance Department (“MID”) and covered Medical Assurance Company of Mississippi (“MACM” or “Company”) operations and financial condition from January 1, 2007 through December 31, 2010, including material transactions and/or events occurring subsequent to the examination date through August 17, 2011.

SCOPE OF EXAMINATION

We have performed a single-state examination of MACM. For purposes of this examination report, the examination period is defined at January 1, 2007 through December 31, 2010, and the examination date is defined as December 31, 2010. The Company was previously examined by the MID as of December 31, 2006.

We conducted our examination in accordance with the NAIC Financial Condition Examiners Handbook (“Handbook”). The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company, including corporate governance, identifying and assessing inherent risks within the Company, and evaluating system controls and procedures used to mitigate those risks.

An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management’s compliance with Statutory Accounting Principles and annual statement instructions, when applicable to domestic state regulations. All accounts and activities of the Company were considered in accordance with the risk-focused examination process.

Reporting in the comments and recommendations section of this report was by exception; therefore, items that were tested and deemed acceptable by the examiners without material change receive little or no comment.

COMMENTS AND RECOMMENDATIONS OF PREVIOUS EXAMINATION

Comments included in the previous examination report were subsequently addressed by the Company in a manner sufficient to not require comment within this examination report.

HISTORY OF THE COMPANY

The Company was initially formed by members of the Mississippi State Medical Association (“MSMA”) as a non-profit, non-share corporation under Chapter 11, Title 79 of the Miss. Code Ann. The Company was granted a Charter of Incorporation on March 17, 1976, as the Mississippi Medical Fraternal and Educational Society.

On October 13, 1977, the Board of Directors ("Board") approved and adopted a resolution to convert the Society from a not-for-profit corporation, to a not-for-profit medical liability insurance corporation under the provisions of Chapter 491, Laws of 1977, Regular Session, Mississippi Legislature. The Commissioner of Insurance approved the conversion on November 15, 1977.

On June 16, 1982, the Society amended their Charter to legally change the name from Mississippi Medical Fraternal and Educational Society, to its current name of Medical Assurance Company of Mississippi. This was done to more closely identify with Mississippi Code Ann., Title 83, Chapter 47, which is titled "Nonprofit Medical Liability Insurance Corporations" that governs the operation of the Company and does not require the Company to be licensed. On December 12, 1991, the Board voted to amend the Charter of Incorporation to include as its purpose, "to provide medical professional liability insurance and related services to its members and to partnerships, corporations or other entities owned by its members". The amendment also provided that the Corporation "may allocate earnings among its members for distribution upon the retirement, disability or death of the members, pursuant to such terms and conditions as may be established by the Directors of the Corporation; and the Corporation shall make the loss of membership, by death or otherwise, the termination of all interest of such members in the corporate assets, except for such allocation of earnings to which the members may be entitled as established by the Directors of the Corporation."

On December 14, 1994, the Board adopted an extensive amendment to its Charter of Incorporation. The amendment reflected the following changes that were not previously discussed under other amendments: (1) the type of organization is one of the kind and character described in Miss. Code Ann., Section 83-47-1, et seq., as amended, and (2) the purposes of the corporation are to constitute a nonprofit corporation for the benefit of its members who have applied for, or been granted a license to practice medicine in the State of Mississippi or any other state or jurisdiction.

There were no changes to the Charter of Incorporation during the time period covered by this examination. In 2010, the Company amended Article VII, Section 2 of the By-Laws requiring directors to be members of the Company.

CORPORATE RECORDS

The Charter of Incorporation, Bylaws and amendments thereto were reviewed and duly applied in other sections of this report where appropriate. Minutes of the meetings of the Members, Board and various committees, as recorded during the period covered by this examination, were reviewed and appeared to be complete and in order with regard to actions brought up at the meetings for deliberation and appropriate action, which included the approval and support of the Company's transactions and events, as well as the review of the audit and examination report.

MANAGEMENT AND CONTROL

Members

The members of the Company consist of physicians that are the policyholders. No person may be entitled to more than one vote upon any matter submitted to a vote at the meeting of the members.

Any person who has applied for, or been granted, a license to practice medicine in the State of Mississippi or any other state of jurisdiction, may become a member of the Company, provided he/she has first applied for membership on the form prescribed by the Board and met other requirements as set forth by the Board.

Board of Directors

The Charter of Incorporation and Bylaws vest the management and control of the Company's business and affairs with the Board. Members of the Board are elected for a term of three (3) years and are required to be members of the Company. At December 31, 2010, the members of the duly elected Board along with the city of residence and principal specialty were:

Name and City of Residence	Number of Years as Director	Principal Specialty
George Raymond Bush, MD Laurel, MS	18	Family Practice
Michael H. Carter, Jr., MD Greenwood, MS	8	Otorhinolaryngology
Steven Lee Demetropoulos, MD Pascagoula, MS	8	Emergency Medicine
James Emory Hall, MD Brookhaven, MS	18	Ophthalmology
John Edward Hill, MD Tupelo, MS	13	Family Practice
Eric Alexander McVey, III, MD Jackson, MS	19	Infectious Disease
Earl Thompson Stubblefield, MD Jackson, MS	10	Obstetrics / Gynecology
William Arthur Whitehead, MD Hattiesburg, MS	24	General Surgery
Camile Jeffcoat, MD Jackson, MS	4	Anesthesiology

Officers

The officers of the Company at December 31, 2010 were:

Name	Number of Years as Officer or Employer	Position
William Arthur Whitehead, MD	5	Chairman of Board
Earl Thompson Stubblefield, MD	5	Vice Chairman of Board
Eric Alexander McVey, III, MD	11	Secretary of Board
Michael Duan Houpt	17	President / Chief Executive Officer
Charles Marshall Dunn, III	17	Vice President - Claims, Chief Operating Officer
John Walter Gilmer, CPA	12	Treasurer / Chief Financial Officer

Committees

During the time period covered by this examination, the following committees were utilized by the Company to carry out certain specified duties: 1. audit committee, 2. investment committee, 3. underwriting review committee, 4. risk management committee, and 5. two claims committees. The minutes to these committees were reviewed and appeared to be in order. In addition, the Company maintained the following committees during the examination period: 1. reinsurance committee, 2. compensation committee, 3. orthopedic advisory committee, 4. nominating committee, 5. membership committee, and 6. OB committee. The committees appeared to be provided appropriate oversight by the Board.

Investment Committee:

The Investment Committee is authorized by Section D of the Investment Policies to buy and sell certain securities along with the investment managers and advisor for and on behalf of the Company and to establish minimum and maximum amounts to be invested in various types of acceptable securities.

The following members served on the Investment Committee at December 31, 2010.

G. Christopher Ball, MD

Michael D. Maples, MD

W. Robert Battle, MD

Earl T. Stubblefield, MD

Michael H. Carter, Jr., MD

Louis J. Wise, MD

Claims Committees:

The two Claims Committees are equally responsible for discussing claims and pending litigation with defending physicians and their legal counsels in order to make a recommendation as to the course of legal action for each claim.

The following members served on the Claims Committee 1 at December 31, 2010.

David A. Ball, MD

Stephen R. Snypes, MD

Roger Lee Huey, MD

Stephen W. Tartt, MD

Thomas H. Pearson, Jr. MD

The following members served on the Claims Committee 2 at December 31, 2010.

Todd N. Adkins, MD

James "Jay" Wright O'Mara, MD

Carolyn A. Gerald, MD

J.W. "Buddy" Williamson, MD

Lisa Gibson-McKee, MD

Audit Committee:

The Audit Committee's purpose is to review the report of the independent auditors and actuaries, approve the independent auditors' report and actuaries' report, pre-approve non-audit services from the Company's auditors and actuaries, and recommend auditors and actuaries for the following years.

The following directors served on the Audit Committee at December 31, 2010.

Michael H. Carter, Jr., MD

Steven L. Demetropoulos, MD

Camille J. Jeffcoat, MD

Underwriting Review Committee:

The Underwriting Review Committee is comprised of the Vice President of Claims, the President and CEO, the Director of Risk Management, the Director of Underwriting, and the Medical Director of the Company. The committee reviews requests made by insured physicians regarding changes to practice or coverage. In addition, the committee reviews applications of potential insureds when unique circumstances exist concerning practice, coverage, claims history, etc.

The following members of management served on the Underwriting Review Committee at December 31, 2010.

JoAnn Bienvenu

Michael D. Houpt

Charles M. Dunn III

Michael D. Maples, MD

Kevin R. Fuller

Risk Management Committee:

The Risk Management Committee's purpose is to provide oversight of the Company's risk management function in monitoring the Company's exposure to risk in insuring its members and clinics.

The following members served on the Risk Management Committee at December 31, 2010.

Kate Aseme, MD

Alexander J. Haick, Jr., MD

Diane Kay Beebe, MD

L. Jefferson Moses, MD

John J. Durfey, MD

Manisha Sethi, MD

Conflict of Interest

The Company has formal procedures whereby disclosure is made to the Board of any material interest or affiliation on the part of any officer or director that is, or would likely be, a conflict with their official duties. These procedures were reviewed, and no conflicts or exceptions to the Company's policies were noted.

Corporate Governance

Upon review of the corporate governance structure, the overall corporate structure was determined to be reasonable based upon the Company's size and structure. Management is stable with most of the key personnel having been with the Company for several years. There did not appear to be any compensation arrangements that caused unusual emphasis on earnings. Management records, such as Board minutes, appeared to be in order.

The Board's involvement and oversight along with its independence from management was considered during the course of our examination without material concern. Other key variables in our consideration of the Board's involvement included but were not limited to factors such as: (1) the frequency of BOD meetings, (2) the type of information communicated to the Board prior to meetings and the topics discussed along with the depth and quality of discussions, (3) key communication channels to and from management to the Board along with the overall "tone at the top". Information regarding the Board members, committees and other related information can be found in the Management and Control section of this report.

The appropriateness of the entity's organizational structure, and its ability to provide the necessary information flow to manage its activities were considerations in obtaining our understanding of the organizational structure. This includes consideration of the entity's centralized structure and its ability to communicate information upstream, downstream and across all business activities. Our consideration also encompassed understanding the assignment of authority and responsibility. There were no material concerns regarding the entity's organizational structure, its ability to provide for necessary information flow to manage its activities or assignment of authority and responsibility.

Our consideration of corporate governance encompassed the risk management function through discussions with senior management and members of the Board and through gaining an understanding of the risk management function including inspection of relevant risk management documentation. Upon our review and consideration of these components and functions, there were no material concerns or exceptions noted.

Management competence is a consideration in overall assessment of corporate governance. In our review of this area; we considered factors such as (1) experience level within the Company of key management, (2) management/employee turnover and (3) previous experience of key management. There were no material concerns noted upon our consideration of this area. As indicated in the Management and Control section of this report, key management has significant experience with the Company and the officer/employee turnover ratio was low.

HOLDING COMPANY STRUCTURE

As discussed previously in the History section of this report, this Company was organized under Miss. Code Ann., § 83-47-1, (Rev. 1991) et seq., as amended. This Mississippi Code Section has very specific limitations as to the application of other Mississippi Insurance Laws. The Company did appear to be a member of an insurance company holding system as described in Miss. Code Ann., § 83-6-1(d). However, Miss. Code Ann., § 83-47-3 indicates that the Company is exempt from the filing requirements of the "Holding Company Act". As such, the Company has not made these filings with the MID and these documents were not reviewed as a part of this examination.

Related Party Transactions

At December 31, 2010, the Company owned 100% of the common stock of MACM Insurance Services, Inc. MACM Insurance Services, Inc. is a wholly owned insurance agency that offers various liability insurance products to physicians, hospitals and other health care providers in Mississippi. A review of transactions with this wholly owned subsidiary revealed no material concerns.

FIDELITY BOND AND OTHER INSURANCE

The Company maintained a comprehensive corporate insurance program. This program included commercial general liability and commercial property, as well as other policies, as deemed appropriate by the Company's management. The Company also maintained a comprehensive umbrella policy that, with its \$9 million single loss limit of liability, exceeded the NAIC's suggested minimum amount.

PENSIONS, STOCK OWNERSHIP AND INSURANCE PLANS

The Company provides a generally complete health and welfare program for officers and employees. Among the benefits is a qualified employee retirement plan whereby the Company contributes an amount equal to 10% of each eligible employee's compensation to the plan.

TERRITORY AND PLAN OF OPERATION

The Company writes business and provides insurance services in the State of Mississippi and the contiguous counties in adjoining states. The Company does not actively seek business in any other state but amended its charter in 1995 to facilitate providing coverage to its physicians who may cross state lines in the normal course of their practice. At December 31, 2010, the Company reported written premiums only in the State of Mississippi.

The Company writes one policy form that provides the availability of the following coverages:

- **Professional Liability** - this is written on a claims-made basis. Such coverage applies only if the medical incident occurred on or after the retroactive date of the policy and was reported during the policy period;
- **Office Premises & Personal Injury Liability** - this coverage is written on an occurrence basis and applies only if the incident causing bodily injury, property damage, or personal injury occurred during the policy period;
- **Additional Insureds/Additional Interest Liability** - this coverage is written on an occurrence basis and applies only if the medical incident occurred during the policy period. This coverage applies to additional insureds that may be covered under a physician's policy;
- **Contractual/Vicarious Liability** - this provides occurrence coverage for damages resulting from the acts of another physician for which the insured is legally responsible.

MACM offers limits ranging from \$500,000 per occurrence with \$1,500,000 annual aggregate to \$10,000,000 per occurrence with \$10,000,000 annual aggregate.

The Company has ten physician premium classes and one corporate or clinic classification in effect that are based on actuarial assumptions associated with the risk involved in a specific area of medical practice.

GROWTH OF THE COMPANY

	2010	2009	2008	2007
Total admitted assets, less separate accounts	\$ 310,298,058	\$ 295,334,978	\$ 276,022,199	\$ 322,240,723
Total liabilities, less separate accounts	\$ 120,102,750	\$ 126,154,517	\$ 141,977,025	\$ 190,736,861
Total capital and surplus	\$ 190,195,306	\$ 169,180,461	\$ 134,045,174	\$ 131,189,106
Net cash from operations	\$ 4,816,910	\$ 3,249,303	\$ (3,130,206)	\$ 8,578,667
Total adjusted capital	\$ 190,195,306	\$ 169,180,461	\$ 134,045,174	\$ 131,503,862
Authorized control level risk-based capital	\$ 10,692,927	\$ 8,828,677	\$ 7,451,219	\$ 11,178,643
Net earned premium income	\$ -	\$ -	\$ -	\$ -
Investment income	\$ 9,764,869	\$ 9,704,939	\$ 11,524,470	\$ 12,416,327
Capital gains & losses	\$ 7,757,455	\$ 404,503	\$ (16,505,570)	\$ 8,875,015
Net income	\$ 18,033,198	\$ 16,796,877	\$ 28,404,857	\$ 40,060,941

REINSURANCE

At the examination date, the Company's reinsurance program consisted of a per event casualty excess treaty with \$10,000,000 in excess coverage over the Company's retention amount of \$2,000,000. The Company diversified its reinsurance by selecting many reinsurers to accept different percentages of the total reinsurance amount required and further diversified by selecting reinsurers from different countries (mostly London, Europe, Bermuda, and US). At the examination date, the participating reinsurers and their participation percentages were as follows:

Lloyd's Underwriters	37.0%
Aspen Insurance UK Limited	8.0%
Paris Re	10.0%
Hanover Re	5.0%
Platinum Underwriters	15.0%
Signet Star Re	10.0%
American Safety Reinsurance	7.5%
Catlin Insurance Company	7.5%

ACCOUNTS AND RECORDS

The Company utilized a computerized accounting system on which general ledger information was maintained. Detailed general ledger information was traced to the trial balance and the December 31, 2010 annual statement, without material exception.

MACM is serviced by internal computer programmer analysts and a network administrator. The primary business system was an AS400 attached to an ethernet network. The primary programming language was RPG ILE/400.

The Company did not have an internal audit department; however, there was an audit committee of the Board that met regularly to discuss financial issues relative to the Company. The Company was audited annually by an independent CPA firm.

**MEDICAL ASSURANCE COMPANY OF MISSISSIPPI
FINANCIAL STATEMENTS
EXAMINATION AS OF DECEMBER 31, 2010**

Introduction

The following financial statements reflect the same amounts reported by the Company and consist of a Statement of Admitted Assets, Liabilities, Surplus and Other Funds - Statutory at December 31, 2010, a Summary of Operations - Statutory for the year ended December 31, 2010, and a Reconciliation of Surplus as Regards Policyholders - Statutory for the examination period ended December 31, 2010.

Medical Assurance Company of Mississippi

Statement of Admitted Assets, Liabilities, Surplus and Other Funds - Statutory

December 31,

2010

Assets

Bonds	\$ 192,498,814
Preferred stocks	3,045,830
Common stocks	96,377,625
Real estate	2,519,398
Cash and short-term investments	13,361,004
Other invested assets - life insurance cash values	645,949

Total cash and invested assets	308,448,620
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Investment income due and accrued	1,837,872
Premiums and agents' balances in course of collection	(5,475)
Reinsurance recoverable from reinsurers	17,039

Total admitted assets	\$ 310,298,056
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Liabilities, Surplus and Other Funds

Losses	\$ 56,868,712
Loss adjustment expenses	38,461,240
Other expenses (including taxes, licenses and fees)	297,666
Taxes, Licenses and fees (excluding federal and foreign income taxes)	(46,772)
Current federal and foreign income taxes	9,276
Net deferred tax liability	2,845,000
Advance premium	7,305,346
Funds held by company under reinsurance treaties	3,330,346
Retirement plan liability	11,031,936

Total liabilities	120,102,750
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Gross paid in and contributed surplus	1,190,865
Unassigned funds (surplus)	189,004,441

Surplus as regards policyholders	190,195,306
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Total liabilities and surplus as regards policyholders	\$ 310,298,056
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Medical Assurance Company of Mississippi

Summary of Operations - Statutory

<i>For the Year Ended December 31,</i>	2010
Underwriting Income	
Premiums earned	\$ 21,375,911
Deductions	
Losses incurred	4,680,260
Loss expenses incurred	8,278,102
Other underwriting expenses incurred	4,118,808
Change in extended reporting endorsement policy reserve	(1,862,589)
Total underwriting deductions	15,214,581
Net underwriting gain	6,161,330
Investment Income	
Net investment income earned	9,764,869
Net realized capital gains	7,757,455
Net investment gain	17,522,324
Other Income	
Miscellaneous income	98,512
Net income before dividends to policyholders and before federal income taxes	23,782,166
Federal income taxes incurred	5,748,968
Net income	\$ 18,033,198

Medical Assurance Company of Mississippi

Reconciliation of Surplus as Regards Policyholders - Statutory

For the examination period ended December 31, 2010

	2007	2008	2009	2010
Surplus, beginning of the year	\$ 97,032,527	\$ 131,503,862	\$ 134,045,174	\$ 169,180,461
Net income	40,060,941	28,404,857	16,796,877	18,033,198
Change in net unrealized capital gains or (losses)	(4,746,300)	(24,732,453)	21,007,129	9,176,331
Change in net deferred income tax	550,000	700,000	(290,000)	(3,755,000)
Change in non-admitted assets	(132,665)	103,568	63,214	89,774
Equity account distribution	(1,242,641)	(1,909,160)	(2,421,433)	(2,510,958)
Other changes	(18,000)	(25,500)	(20,500)	(18,500)
Surplus, end of the year	\$ 131,503,862	\$ 134,045,174	\$ 169,180,461	\$ 190,195,306

Medical Assurance Company of Mississippi

Reconciliation of Examination Adjustments - Statutory

For the year ended December 31, 2010

As a result of this examination, there have been no changes affecting surplus as regards policyholders made to the admitted asset, liability, and surplus balances reported by the Company in the December 31, 2010, annual statement. The "Surplus as Regards Policyholders" reported by the Company of \$190,195,306 is accepted as reasonably stated for purposes of the balance sheet per the examination.

MARKET CONDUCT ACTIVITIES

A full market conduct examination was not performed; however, particular areas of the Company's market conduct were examined in connection with the financial examination. No significant issues were noted. It is possible that if a full market conduct examination had been performed in accordance with the NAIC Market Conduct Handbook, that conclusions could have been different from those reached during the financial examination.

Many of the traditional sections of the market conduct activities were not included as a part of this examination, as they were either not applicable due to company operations and/or traditional insurance laws did not apply due to the issues discussed previously in the History section of this report. As previously indicated, this Company was organized under Miss. Code Ann., § 83-47-1, (Rev. 1991) et seq., as amended. This Mississippi Code Section has very specific limitations as to the application of other Mississippi Insurance Laws.

COMMITMENTS AND CONTINGENT LIABILITIES

During and subsequent to the examination period, the Company was not involved in litigation outside the normal course of business.

ACKNOWLEDGMENT

The examiners representing the Mississippi Insurance Department and participating in this examination were:

Examiner-in-charge	R. Dale Miller, CPA, CFE, CFF
Supervising Examiner	Joseph R. May, CPA, CMA, CFE, CIE, FAHM
Actuary	Robert P. Daniel, ACAS, MAAA
IT Specialist	David Mills, MBA, CISA, CGEIT, CRISC
Examiner	Cole Durant, CPA
Examiner	Breanne Hancock, CPA
Examiner	Steve Page, CPA

The courteous cooperation of the officers and employees responsible for assisting in the examination is hereby acknowledged and appreciated.

Respectfully submitted,



R. Dale Miller, CPA, CFE, CFF
Examiner-in-charge