STATE OF INDIANA) BEFORE THE INDIANA
) SS:
COUNTY OF MARION) COMMISSIONER OF INSURANCE

IN THE MATTER OF:)
)
The Medical Protective Company)
5814 Reed Road)
Fort Wayne, Indiana 46835)

Examination of The Medical Protective Company

NOTICE OF ENTRY OF ORDER

Enclosed is the Final Order entered by Doug Webber, Acting Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of The Medical Protective Company, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on February 1, 2010, has been adopted by the Commissioner.

Pursuant to Ind. Code § 27-1-3.1-12(b), within thirty (30) days of receipt of the Final Order, each director of The Medical Protective Company shall file an affidavit with the Indiana Department of Insurance stating that he/she has received a copy of the Verified Report of Examination and the Final Order.

The Final Order is a final administrative decision that may be appealed pursuant to Ind. Code § 4-21.5-5.

April 1, 2010
Date

Connie Ridinger
Connie Ridinger, CPA, CFE
Chief Examiner/Deputy Commissioner

CERTIFIED MAIL NUMBER: 7004 1160 0000 3839 1821

STATE OF INDIANA) BEFORE THE INDIANA
) SS:
COUNTY OF MARION) COMMISSIONER OF INSURANCE

IN THE MATTER OF:)
)
The Medical Protective Company)
5814 Reed Road)
Fort Wayne, Indiana 46835)

Examination of The Medical Protective Company

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of The Medical Protective Company (hereinafter "Company") for the time period January 1, 2004 through December 31, 2008.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter "Commissioner") by the Examiner on January 26, 2010.

A copy of the Verified Report of Examination, along with a Notice of Opportunity to Make Written Submission or Rebuttal, was mailed to the Company via Certified Mail on February 1, 2010 and was received by the Company on February 4, 2010.

The Company did not file any objections.

NOW THEREFORE, based on the Verified Report of Examination, I hereby make the following **FINDINGS:**

1. That the Verified Report of Examination is a true and accurate report of the financial condition and affairs of The Medical Protective Company as of December 31, 2008.
2. That the Examiners' Recommendations are reasonable and necessary in order for The Medical Protective Company to comply with the laws of the State of Indiana.

Based on the FINDINGS, the Commissioner does hereby ORDER:

1. Pursuant to Ind. Code § 27-1-3.1-11(a)(1), the Verified Report of Examination is adopted and shall be filed. Hereafter the Verified Report of Examination, may constitute prima facie evidence of the facts contained therein in any action or proceeding taken by the Indiana Department of Insurance against the Company, its officers, directors, or agents.

2. The Company shall comply with the Examiner's Recommendations enumerated in summary form and throughout the text of the Verified Report of Examination. A written response to these recommendations should be provided to the Department within 30 days of receipt of this order.

3. Compliance with the Examiner's recommendations shall be completed on or before the filing of the subsequent annual statement. In the event it is not feasible to comply with a recommendation before the filing of the subsequent annual statement, the Company shall submit a written explanation as to why it was not feasible with the filing of the annual statement.

Doug Webber

Signed and Sealed this 1st day of April, 2010.

Douglas Webber
Acting Insurance Commissioner

STATE OF INDIANA

Department of Insurance

REPORT OF EXAMINATION

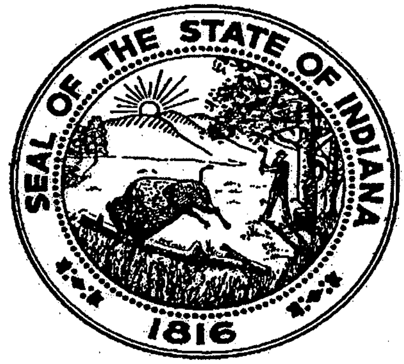
OF

THE MEDICAL PROTECTIVE COMPANY

NAIC CO. CODE 11843

As of

December 31, 2008



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STATE OF INDIANA

MITCHELL E. DANIELS, JR., Governor

IDOI

INDIANA DEPARTMENT OF INSURANCE
311 W. WASHINGTON STREET, SUITE 300
INDIANAPOLIS, INDIANA 46204-2787
TELEPHONE: (317) 232-2385
FAX: (317) 232-5251

CAROL CUTTER, Commissioner

January 28, 2010

Honorable Alfred W. Gross
Chair, NAIC Financial Condition (E) Committee
Commissioner, Virginia Bureau of Insurance
State Corporation Commission
1300 East Main Street
Richmond, Virginia 23219

Honorable Carol Cutter
Commissioner, Indiana Department of Insurance
311 W. Washington Street, Suite 300
Indianapolis, Indiana 46204-2787

Dear Commissioners:

Pursuant to the authority vested in Appointment Number 3584, an examination has been made of the affairs and financial condition of:

The Medical Protective Company
5814 Reed Road
Fort Wayne, Indiana 46825

hereinafter referred to as the "Company," an Indiana domestic stock property and casualty insurance company. The examination was conducted at the Company's corporate offices in Fort Wayne, Indiana.

The Report of Examination, reflecting the status of the Company as of December 31, 2008, is hereby respectfully submitted.

SCOPE OF EXAMINATION

The Company was last examined by representatives of the Indiana Department of Insurance (IDOI) as of December 31, 2003. The present examination, covering the period from January 1, 2004 through December 31, 2008, was conducted by Noble Consulting Services, Inc. (Noble) and included any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

In conducting this risk focused examination, the IDOI, by its representatives, relied upon the independent audit reports and opinions contained therein rendered by KPMG LLP for 2004, Deloitte & Touche LLP for 2005, 2006, and 2007, and Crowe Horwath LLP for 2008. Such reports were prepared on a statutory basis and reconciled to the financial statements contained in the respective Annual Statements.

David Shepherd, FCAS, MAAA, of Merlinos & Associates, Inc., a consulting actuary appointed by the IDOI, conducted the review of the Company's reserves and related accounts as of December 31, 2008. There were no actuarial adjustments or recommendations resulting from this review.

Additionally, Noble conducted a review of information systems controls. Although no material finding were noted, a detailed report of specific recommendations was provided to management.

The examination was conducted in accordance with procedures and guidelines prescribed by the National Association of Insurance Commissioners (NAIC) for the purpose of determining the Company's financial condition. Examination procedures included the verification and evaluation of assets, determinations of liabilities, review of income and disbursement items, minutes, corporate documents, policy and claim files, and other records to the extent deemed necessary.

HISTORY

The Company was formed in 1899 as the Physicians Guaranty Company and changed its name in 1901 to The Physicians Defense Company. The Company subsequently incorporated on December 2, 1909 as The Medical Protective Company under and in accordance with the laws of the State of Indiana and commenced business on January 1, 1910. Employers Reinsurance Corporation (ERC), a subsidiary of GE Global Insurance Holding Corporation (GE Global) and General Electric Company, acquired the Company through purchasing all of the outstanding capital stock of the Company's parent, Medical Protective Corporation (MPC) on October 15, 1998. Effective December 29, 1999, ERC transferred its ownership in MPC to GE Insurance Solutions Corp. On June 30, 2005 100% of the outstanding common stock of MPC was purchased by Columbia Insurance Company (Columbia), a Nebraska corporation. The ultimate parent of Columbia is Berkshire Hathaway, Inc. (Berkshire).

CAPITAL AND SURPLUS

As of December 31, 2008, the Company had 120,000 authorized shares of $40 par value common stock, all of which was outstanding to its parent, MPC. The Company received no capital contributions during the examination period. The Company paid dividends of $20,000,000 and $64,000,000 to its parent in 2004 and 2007, respectively.

TERRITORY AND PLAN OF OPERATION

For more than 100 years, the Company has specialized in providing professional liability coverage for physicians and dentists. As of December 31, 2008, the Company is licensed to write professional liability in fifty (50) states and the District of Columbia. In 2008, nearly half of premiums written were concentrated in five states. The states with the largest writings were PA (13.6%), OH (12.5%), TX (8.0%), NJ (7.4%), and KY (6.0%).

Today, the Company is one of the largest primary physician medical malpractice writers in the country based on policyholder counts; is the largest writer of dental professional liability insurance; and is expanding into other areas of the professional liability continuum by increasing its product offerings for hospitals, nurses, and other healthcare providers.

In 2008, the Company wrote premiums on both an occurrence (43%) and claims-made basis (57%). Occurrence contracts cover insured events that occurred within the effective dates of the policy regardless of when they are reported to the Company. Liabilities for losses on these contracts are recorded when the insured event occurs. Claims-made contracts cover insured events that are reported within the effective dates of the policy, subject to retroactive dates when applicable. Liabilities for losses on these contracts are recorded when the event is reported to the Company.

Traditionally, the Company used a system of "direct" internal agents and a number of "indirect" independent agents and producers to distribute its products. The internal agents were salaried and received no commissions. Today, the direct to indirect split is roughly 30% to 70%. The indirect sales force generally receives a 5% to 10% commission. There are currently, approximately 700 indirect sales associates. In 2009, the direct sales force changed its compensation structure to introduce a variable compensation component.

Rates are independently filed and are based on the doctor's specialty, policy limits, and the state and territory in which the insured practices. The Company generally writes coverage for liability limits of $1 million or less per claim, which is approximately 82% of direct premium, but also selectively offers liability limits up to $5 million for any one claim. The Company manages its risk portfolio on the basis of geography as well as medical specialties and its spread of risk. Through the use of technology and market analysis, the Company writes a balanced mix of medical specialties. In addition, diversification is enhanced by its national presence.

GROWTH OF THE COMPANY

The following exhibit summarizes the financial results of the Company as reported during the examination period:

Year	Admitted Assets	Liabilities	Policyholder Surplus	Premium Earned	Net Income
2008	$ 1,938,168,156	$ 1,306,485,683	$ 631,682,473	$ 343,846,447	$ 70,566,413
2007	1,805,155,499	1,165,452,156	639,703,343	345,302,263	61,275,912
2006	1,703,798,855	1,057,913,866	645,884,989	299,621,579	60,747,603
2005	2,254,936,087	1,683,605,569	571,330,518	(215,028,527)	77,532,327
2004	2,172,578,737	1,661,757,151	510,821,586	555,038,519	89,226,293

For the period 2005-2006, admitted assets, liabilities, premium earned, and net income show reductions as a result of the new reinsurance agreements that were effective as of December 31, 2005. Since 2006, assets, liabilities and net income have increased each year, primarily as a result premiums written and cash generated from operations. Policyholder surplus declined slightly from 2006 to 2008 primarily as a result of the offsets of very good and increasing net income versus dividends paid to stockholders in 2007 and as a result of the large increases in unrealized capital losses in the investment portfolio and corresponding large increase in non-admitted assets in 2008. There are no known trends that have had or that the Company reasonably expects will have a material favorable or unfavorable impact on net revenues or net income in future periods.

MANAGEMENT AND CONTROL

Directors

Subject to such restrictions, if any, as may be imposed by the Company, the Insurance Code, the Articles of Incorporation, or the Bylaws, all corporate powers shall be exercised by, or under the authority of, and the business and affairs of the Company shall be managed under the direction of the Board of Directors. Every Director when appointed shall take and subscribe to an Oath of Office. The Board of Directors shall consist of five (5) members. This number may increase or decrease from time to time by resolution provided that a decrease shall not reduce the number of Directors to less than five (5). The following is a listing of persons serving as Directors as of December 31, 2008:

Name & Address	Principal Occupation
Timothy J. Kenesey Fort Wayne, Indiana	President & Chief Executive Officer The Medical Protective Company
Ajit Jain Stamford, Connecticut	Chairman of the Board & Chief Operating Officer Berkshire Reinsurance
Forrest Krutter Omaha, Nebraska	Senior Vice President & Secretary Berkshire Hathaway, Inc.
Daniel Jaksich Omaha, Nebraska	Controller Berkshire Hathaway, Inc.
Donald Wurster Omaha, Nebraska	President & Chief Executive Officer National Indemnity Company

Officers

The Company's Bylaws state that the principal officers of the Company shall consist of the Chairman of the Board, Chief Executive Officer, Chief Operating Officer, A President, one or more Vice Presidents, a Chief Financial Officer, a Treasurer, and a Secretary. At the direction of the Board of Directors, the Company may also appoint one or more subordinate officers, including Assistant Vice Presidents, Assistant Secretaries, Assistant Treasurers, and such other officers and agents as the business of the Company my require. The following is a list of key officers and their respective titles as of December 31, 2008:

Name	Office
Ajit Jain	Chairman of the Board
Timothy J. Kenesey	President and Chief Executive Officer
Trent C. Heinemeyer	Senior Vice President and Secretary
Anthony A. Bowser	Vice President & Treasurer
Joseph A. Svitek	Senior Vice President and Chief Financial Officer
Garrett J. Davenport	Controller
Jim D. Kunce	Senior Vice President and Chief Actuary
Mark T. Walthour	Senior Vice President
Robert L. Ignasiak	Senior Vice President
Daniel J. Ladrigan	Executive Vice President

CONFLICT OF INTEREST

The Company requires officers and Directors to review and sign Conflict of Interest statements on an annual basis. Per review of the signed statements, Examiner noted that officers and Directors listed in the management and control section of this Report of Examination had reviewed and signed their statements as of December 31, 2008.

OATH OF OFFICE

IC 27-1-7-10(i) stipulates that every Director, when elected, shall take and subscribe to an oath stating that he or she will faithfully, honestly, and diligently administer the affairs of the corporation and will not knowingly violate any of the laws applicable to such corporation. Each Director signed an Oath of Office when elected.

CORPORATE RECORDS

Articles of Incorporation and Bylaws

There were no amendments made to the Articles of Incorporation and Bylaws during the examination period.

Minutes

The Board of Directors, Executive Committee, and Shareholder meeting minutes were reviewed for the period under examination through the fieldwork date and significant actions taken during each meeting were noted. It was noted that the annual meetings and other regular Board meetings were held in accordance with the Company's Bylaws.

AFFILIATED COMPANIES

Organizational Structure

The following chart depicts The Medical Protective Company and its direct affiliates:

Name of Company	NAIC Co. Code	State of Domicile
Berkshire Hathaway, Inc.		
Old Berkshire Hathaway, Inc.		
Berkshire Hathaway Columbia, Inc.		
Columbia Insurance Company	27812	NE
Medical Protective Corporation		
The Medical Protective Company	**11843**	**IN**
Medical Protective Insurance Services, Inc.		
Medical Protective Finance Corporation		
MedPro Risk Retention Services, Inc.		
Somerset Services, Inc.		

Affiliated Agreements

The following affiliated agreements and transactions were disclosed as part of the Form B – Holding Company Registration Statement and were filed and not disapproved with the IDOI as required, in accordance with IC 27-1-23-4.

Federal Tax Allocation Agreement

The Company is party to a federal tax allocation agreement, effective for tax years as of December 27, 2005 and after, to file a consolidated federal tax return with its parent and other affiliates. Each member's liability is determined as if calculated on a separate basis.

Claims Service Agreement

The Company has a claims service agreement with National Fire & Marine Insurance Company (NF&M) effective October 1, 2005, whereby the Company provides claims management services for certain insurance policies issued by NF&M. During 2008, the Company received $528,000 for services provided under this agreement.

Operating Agreement

The Company has an operating agreement with NF&M effective July 1, 2005, whereby the Company administers hospital and physician liability insurance policies issued by NF&M on a surplus lines basis. The Company was compensated $2,833,887 in 2008 under the contract.

Cost-Sharing Agreement

The Company is party to a cost-sharing agreement with MPC, Medical Protective Finance Corporation, Somerset Acres (now Somerset Services, Inc.) and Somerset Consultants, Inc. (now Medical Protective Insurance Services, Inc.) effective January 1, 1994. Each of the above listed entities are direct, wholly-owned subsidiaries of MPC. Under the cost-sharing agreement, MPC and its subsidiaries share certain expenses of management, administration, payroll, investments, tax facilities, data processing and personnel. The Company allocated the following amounts in 2008 for purposes of cost sharing: MPC, $44,200; Medical Protective Insurance Services, $303,600; Medical Protective Finance Corporation, $131,900; Somerset Services, Inc., $91,500.

Management and Services Agreement

The Company is party to a management and service agreement with MedPro Risk Retention Services, Inc. effective March 2, 2009. Under the agreement, the Company provides MedPro Risk Retention Services, Inc. services necessary and appropriate in connection with the management and operation of MedPro RRG Risk Retention Group. The Company did not receive any compensation during 2008 for services under this agreement.

FIDELITY BOND AND OTHER INSURANCE

The Company protects itself against loss from any fraudulent or dishonest acts by any employees through a fidelity bond issued by Columbia Casualty Company. The bond has blanket coverage of $10,000,000 with a $75,000 deductible. The fidelity bond is adequate to meet the prescribed minimum coverage specified by NAIC.

The Company had additional types of coverage in-force at December 31, 2008 including, but not limited to, auto liability, directors & officers coverage, commercial, fiduciary, general liability, property, and workers' compensation.

STATUTORY AND SPECIAL DEPOSITS

The Company reported the following statutory deposits comprised of United States Treasury Notes and Issuer Obligations at December 31, 2008:

State	Book Value	Fair Value
For all Policyholders:		
Indiana	$ 2,984,220	$ 3,049,335
All Other Special Deposits:		
Georgia	119,369	121,973
Louisiana	20,000	20,000
Nevada	626,216	605,801
New Mexico	338,212	345,591
North Carolina	326,500	326,500
Virginia	306,603	310,199
Total Deposits	$ 4,721,120	$ 4,779,399

REINSURANCE

The Company specializes in selling medical malpractice and related coverage to hospitals, physicians, and healthcare professionals. The Principal insurance products offered include physician's and surgeon's professional liability and a small amount of general liability coverage. In 2008, approximately 57% of the $680 million in direct written premiums was claims-made.

Reinsurance Assumed

The Company assumed no financially significant reinsurance in 2008.

Reinsurance Ceded

Since its acquisition by Berkshire in June 2005, the Company has significantly limited the placement of reinsurance outside of the Berkshire organization. Shortly following the acquisition, the Company entered into a loss portfolio agreement of reinsurance of its net loss and loss expenses outstanding as of December 31, 2005. Additionally, a quota share agreement of reinsurance was put into place whereby the Company would cede 50% of its' net written premium on all business written after December 31, 2005. Coverage under these two contracts is divided equally between two affiliates, CIC and National Indemnity Company (NICO).

The Company continues to retain the first $1 million of risk on Hospital Professional Liability and Commercial General Liability business and reinsures the excess up to $25 million. This contract is also placed with NICO.

For periods prior to 2005 and prior to the Company's acquisition in June 2005, the Company maintained a per-risk retention of $2 million on its principal product, its physicians and surgeons book of business. Excess of loss reinsurance providing $3 million excess of $2 million and per occurrence coverage of $8 million excess of $2 million was maintained with a group of "A" rated carriers.

RESERVES

Roger Atkinson, FCAS, MAAA, was appointed by the Board of Directors on November 1, 2004 to render an opinion on the statutory-basis loss and loss adjustment expense reserves of the Company. Mr. Atkinson rendered an opinion on such reserves for the year ending December 31, 2004. James D. Kunce, FCAS, MAAA was appointed by the Board of Directors on September 2, 2005 to render an opinion on the statutory-basis loss and loss adjustment expense reserves of the Company. Mr. Kunce rendered an opinion on such reserves for the years ending December 31, 2005, 2006, 2007, and 2008.

The scope of the opinion was to examine the actuarial assumptions and methods used in determining loss reserves and related items, as shown in the Annual Statement of the Company as prepared for filing with state regulatory officials. In forming the opinion, information prepared by the Company was relied upon. This information was evaluated for reasonableness and consistency. In other respects, the examination included such review of the actuarial assumptions and methods used and such tests of the calculations as considered necessary.

The 2008 opinion stated that the balances of loss and loss adjustment expense reserves 1) meet the requirements of the insurance laws of Indiana; 2) are computed in accordance with accepted actuarial standards and principles; and 3) make a reasonable provision for all unpaid loss and loss expense obligations of the Company under the terms of its policies and agreements.

During the examination, it was determined that the material actuarial items in the Annual Statement of the Company are materially correct and fairly stated in accordance with statutory accounting practices prescribed or permitted by the Commissioner of Insurance of the State of Indiana.

ACCOUNTS AND RECORDS

The Company's accounting procedures, practices, account records and supporting data were reviewed and tested to the extent deemed necessary. The trial balances prepared from the Company's general ledger for the years ended December 31, 2007 and December 31, 2008 were agreed to the respective Annual Statements. The Annual Statements for the years ended December 31, 2004 through December 31, 2008 were agreed to each year's independent audit report with no exceptions noted. The Examiners determined the Company's accounting procedures, practices, and account records were satisfactory.

THE MEDICAL PROTECTIVE COMPANY

FINANCIAL STATEMENTS

Assets

	As of December 31, 2008			
	Per Annual Statement	Examination Adjustments	Per Examination	December 31, Prior Year
Assets:				
Bonds	$ 1,361,164,419	$ -	$ 1,361,164,419	$ 1,227,167,993
Stocks:				
Preferred Stocks	5,536,210	-	5,536,210	11,964,845
Common stocks	226,668,470	-	226,668,470	276,572,603
Real Estate:				
Properties occupied by the company	10,312,657	-	10,312,657	10,619,615
Cash, cash equivalents and short-term investments	152,376,217	-	152,376,217	83,330,655
Subtotals, cash and invested assets	$ 1,756,057,973	$ -	$ 1,756,057,973	$ 1,609,655,711
Investment income due and accrued	24,517,635	-	24,517,635	17,641,903
Premiums and considerations:				
Uncollected premiums and agents' balances in course of collection	22,281,725	-	22,281,725	20,009,606
Deferred premiums, agents' balances and installments booked but deferred and not yet due	62,962,329	-	62,962,329	59,895,661
Reinsurance:				
Amounts recoverable from reinsurers	46,690,991	-	46,690,991	63,337,106
Current federal and foreign income tax recoverable and interest thereon	428,276	-	428,276	3,825,667
Net deferred tax asset	15,618,507	-	15,618,507	17,185,094
Guaranty funds receivable or on deposit	43,140	-	43,140	358,027
Electronic data processing equipment and software	521,429	-	521,429	1,311,643
Receivables from parent, subsidiaries and affiliates	6,398,110	-	6,398,110	8,771,095
Aggregate write-ins for other than invested assets	2,648,041	-	2,648,041	3,163,986
Total Assets	$ 1,938,168,156	$ -	$ 1,938,168,156	$ 1,805,155,499

THE MEDICAL PROTECTIVE COMPANY

FINANCIAL STATEMENTS

Liabilities, Surplus and Other Funds

	As of December 31, 2008			
	Per Annual Statement	Examination Adjustments	Per Examination	December 31, Prior Year
Liabilities:				
Losses	$ 707,005,568	$ -	$ 707,005,568	$ 607,616,024
Reinsurance payable on paid losses and loss adjustment expenses	18,924	-	18,924	-
Loss adjustment expenses	336,021,196	-	336,021,196	296,907,926
Commissions payable, contingent commissions and other similar charges	(4,081,197)	-	(4,081,197)	2,500,000
Other expenses	13,811,806	-	13,811,806	11,319,676
Taxes, licenses and fees	5,951,613	-	5,951,613	6,178,592
Unearned premiums	151,680,541	-	151,680,541	152,292,935
Advance premium	27,316,916	-	27,316,916	20,676,632
Ceded reinsurance premiums payable	49,057,548	-	49,057,548	54,798,610
Funds held by the company under reinsurance treaties	140,125	-	140,125	140,125
Amounts withheld or retained by company for account of others	7,016,080	-	7,016,080	3,070,692
Provision for reinsurance	-	-	-	11,982
Aggregate write-ins for liabilities	12,546,563	-	12,546,563	9,938,962
Total liabilities	$ 1,306,485,683	$ -	$ 1,306,485,683	$ 1,165,452,156
Common capital stock	$ 4,800,000	$ -	$ 4,800,000	$ 4,800,000
Gross paid in and contributed surplus	30,000,000	-	30,000,000	30,000,000
Unassigned funds (surplus)	596,882,473	-	596,882,473	604,903,343
Surplus as regards policyholders	$ 631,682,473	$ -	$ 631,682,473	$ 639,703,343
Total liabilities, capital and surplus	$ 1,938,168,156	$ -	$ 1,938,168,156	$ 1,805,155,499

THE MEDICAL PROTECTIVE COMPANY

FINANCIAL STATEMENTS

Statement of Income

	As of December 31, 2008			
	Per Annual Statement	Exam Adjustments	Per Examination	December 31, PriorYear
UNDERWRITING INCOME				
Premiums earned	$ 343,846,447	$ -	$ 343,846,447	$ 345,302,263
DEDUCTIONS				
Losses incurred	$ 167,040,651	$ -	$ 167,040,651	$ 192,494,660
Loss adjustment expenses incurred	87,394,085	-	87,394,085	85,262,742
Other underwriting expenses incurred	53,664,734	-	53,664,734	53,155,078
Total underwriting deductions	$ 308,099,470	$ -	$ 308,099,470	$ 330,912,480
Net underwriting gain (loss)	$ 35,746,977	$ -	$ 35,746,977	$ 14,389,783
INVESTMENT INCOME				
Net investment income earned	$ 71,516,856	$ -	$ 71,516,856	$ 57,887,667
Net realized capital gains (losses)	(7,343,853)	-	(7,343,853)	(41,358)
Net investment gain (loss)	$ 64,173,003	$ -	$ 64,173,003	$ 57,846,309
OTHER INCOME				
Net gain (loss) from agents' or premium balances charged off	$ 462,859	$ -	$ 462,859	$ 58,433
Finance and service charges not included in premiums	454,796	-	454,796	461,518
Aggregate write-ins for miscellaneous income	4,258,949	-	4,258,949	5,159,101
Total other income	$ 5,176,604	$ -	$ 5,176,604	$ 5,679,052
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	$ 105,096,584	$ -	$ 105,096,584	$ 77,915,144
Dividends to policyholders	-	-	-	-
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	$ 105,096,584	$ -	$ 105,096,584	$ 77,915,144
Federal and foreign income taxes incurred	34,530,171	-	34,530,171	16,639,232
Net Income	$ 70,566,413	$ -	$ 70,566,413	$ 61,275,912
CAPITAL AND SURPLUS ACCOUNT				
Surplus as regards policyholders, December 31 prior year	$ 639,703,343	$ -	$ 639,703,343	$ 645,884,989
Net income	$ 70,566,413	$ -	$ 70,566,413	$ 61,275,912
Change in net unrealized capital gains or (losses)	(42,458,578)	-	(42,458,578)	(3,731,487)
Change in net unrealized foreign exchange capital gain (loss)	(6,294,220)	-	(6,294,220)	96,683
Change in net deferred income tax	7,252,000	-	7,252,000	(351,646)
Change in nonadmitted assets	(37,098,467)	-	(37,098,467)	523,499
Change in provision for reinsurance	11,982	-	11,982	5,393
Dividends to stockholders	-	-	-	(64,000,000)
Change in surplus as regards policyholders for the year	$ (8,020,870)	$ -	$ (8,020,870)	$ (6,181,646)
Surplus as regards policyholders, December 31 current year	$ 631,682,473	$ -	$ 631,682,473	$ 639,703,343

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to surplus as of December 31, 2008 based on the results of this examination.

SUBSEQUENT EVENTS

There were no events occurring subsequent to the completion of fieldwork and prior to the issuance of this report that were deemed in need of disclosure other than Berkshire's fourth quarter 2009 announcement that it is acquiring Burlington Northern Santa Fe Corporation for approximately $44 billion in a cash-and-stock transaction. This announcement resulted in the placement of the AAA ratings of BRK and its affiliates under review with negative implications. The expectation of the rating agencies was that a significant portion of the cash would come from Berkshire's core insurance operations, as has historically been the case with other transactions. This acquisition could result in a decrease in the liquidity and capital adequacy of the insurance operations.

MANAGEMENT REPRESENTATION

In support of contingencies and accuracy of information provided during the course of the examination, the Examiners obtained a completed management representation letter in the standard NAIC format. This letter was executed by key financial personnel of the Company and provided to the IDOI.

CONCLUSION

The preceding Report of Examination of **The Medical Protective Company** as of December 31, 2008 reflects its financial condition in accordance with the National Association of Insurance Commissioners Accounting Practices and Procedures Manual and any and all prescribed and permitted accounting practices of the Indiana Department of Insurance. An Affidavit of the Examiner-in-Charge, Daniel P. McBay, CFE, is on file with the Indiana Department of Insurance and attests that the examination was performed in a manner consistent with the standards and procedures required by the Indiana Department of Insurance and the National Association of Insurance Commissioners Financial Condition Examiners Handbook. Based on my review, to the best of my knowledge, the examination was performed in a manner consistent with those standards and procedures and properly reflects the financial condition of **The Medical Protective Company.**

Alan T. Griffieth, CFE
Examinations Manager
Indiana Department of Insurance