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MEDMARC[®]
Treated Fairly

A ProAssurance Company

2020

Digital RESI

Presentation Statements



Forward Looking Statements

This presentation contains Forward Looking Statements and other information designed to convey our projections and expectations regarding future results.

There are a number of factors which could cause our actual results to vary materially from those projected in this presentation. The principal risk factors that may cause these differences are described in various documents we file with the Securities and Exchange Commission, such as our Current Reports on Form 8-K, and our regular reports on Forms 10-Q and 10-K, particularly in "Item 1A, Risk Factors." Please review this presentation in conjunction with a thorough reading and understanding of these risk factors.

Disclaimer

In the event any of the information presented conflicts with the terms and conditions of any policy of insurance offered by Medmarc Insurance Group, the terms and conditions of the actual policy will apply.

Non-GAAP Measures

This presentation contains Non-GAAP measures, and we may reference Non-GAAP measures in our remarks and discussions with investors.

The primary Non-GAAP measure we reference is Non-GAAP operating income, a Non-GAAP financial measure that is widely used to evaluate performance within the insurance sector. In calculating Non-GAAP operating income, we have excluded the after-tax effects of net realized investment gains or losses and guaranty fund assessments or recoupments that do not reflect normal operating results. We believe Non-GAAP operating income presents a useful view of the performance of our insurance operations, but should be considered in conjunction with net income computed in accordance with GAAP. A reconciliation of these measures to GAAP measures is available in our regular reports on Forms 10-Q and 10-K and in our latest quarterly news release, all of which are available in the Investor Relations section of our website, Investor.ProAssurance.com.

Who We Are



- ▶ Medmarc was founded in 1979 by 31 members of AdvaMed during an insurance crisis in the U.S. They couldn't find products liability insurance for their medical technology and decided to form their own insurance company.
- ▶ Over the last 41 years we've evolved into what we are today– a subsidiary of ProAssurance, the fourth largest writer of medical malpractice insurance in the country, with \$4.8 billion in assets and rated "A" (Excellent) by A.M. Best.
- ▶ Medmarc respects its roots in the medical technology community by being part of the ecosystem. Sponsoring events, speaking at conferences and making sure our policy coverage is tailored to you, the life sciences sector.
- ▶ We can help you get your product to market while managing your risk through our Insurance Products, Risk Management Services, and Claims Handling.

Insurance Products

- ▶ Insured over \$1 trillion in global sales of medical products
- ▶ Currently insure over 1 million global clinical trial participants
- ▶ Worldwide coverage
- ▶ Insure companies of all sizes
 - ▶ Majority of Medmarc's clients are in clinical trial phase or under \$10 million in sales
- ▶ Strategic Partners to write "wrap-around" coverage and locally admitted clinical trial coverage



Ask Your Insurance Carrier



- ▶ Question: Do I have true worldwide coverage?
 - ▶ Answer: Many of our competitors require that an international claim be brought back to the U.S. courts to defend it. Medmarc's definition of "Coverage Territory" means anywhere in the world, including the regions of space beyond Earth and its atmosphere, and we defend claims in foreign jurisdictions unless we are prevented by law to do so. *
- ▶ Question: Does your policy have a list of excluded products? Also, will the carrier add new excluded products at renewal?
 - ▶ Answer: Many of our competitors have a long list of excluded products that can change with each renewal. This can be problematic if your product, or a component of your product, is included on this list. Medmarc does NOT automatically exclude any products in our policy.
- ▶ Question: Do you have dedicated life science claim representatives?
 - ▶ Answer: Many of our competitors have claim representatives who handle claims for all types of insurance and are not dedicated to products liability or to the life science industry. Others use third party claims administrators who may not be well versed in the medical device industry. Medmarc has claim representatives dedicated solely to the medical technology industry.

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Risk Management Offerings – Free to Medmarc Clients



- ▶ Review contracts with your suppliers, vendors, grantors of licenses, websites, warnings and labels
- ▶ Training classes
 - ▶ Developing Warnings & Instructions
 - ▶ Preventing Off-Label Promotion
 - ▶ Writing Defensively to Mitigate Products Liability Risk
 - ▶ Employee training – e.g. sales reps in the operating room
- ▶ Product recalls – root cause analysis
- ▶ On-site reviews – factory floor & systems; critical control points in manufacturing
- ▶ Assessment FDA warning letters and 483s



Claims

- ▶ Handled over 21,000 medical technology claims
- ▶ Attorneys in our defense network are specialists in life sciences products liability defense
- ▶ Defense strategy developed by Medmarc has prevailed at the U.S. Supreme Court on 3 separate occasions



Increased Claim Severity



- ▶ Jury verdicts for products liability are increasing
 - ▶ Median jury awards went from \$2.05M in 2010 to \$3.76M in 2016
 - ▶ Millennials are more likely to display negative attitudes to corporate defendants.
- ▶ Number of claimants with underlying health issues is increasing
 - ▶ Addiction, Obesity, Dialysis
- ▶ Products liability claims are expensive to defend

Source: Facts + Statistics: Product liability, Insurance Information Institute, available at <https://www.iii.org/fact-statistic/facts-statistics-product-liability#Median%20And%20Average%20Personal%20Injury%20Jury%20Awards%20By%20Type%20Of%20Liability,%202016> (last visited January 30, 2019).

Source: Beemer, Larry, et al., *Your Jury Box in the 21st Century*, Litigation Management Magazine, Fall 2014, pp. 29-34.



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