



2025 ANNUAL REPORT



From left to right: Jorge Sainz, MD; Herb Singh, MD | Vice Chair; Sarah Way, MD, JD; Robert D. Donohoe | CEO; Lindsey Harris, MD | Chair; Gary J. Sheppard, MD; Jamie L. Lynch, MD; Mark Ambler, MD; Joseph S. Valenti, MD; Leah H. Jacobson, MD | Secretary/Treasurer

2025 TMLT BOARD OF TRUSTEES



TMLT is the only medical professional liability insurance provider created and exclusively endorsed by the Texas Medical Association.

TMLT is also exclusively endorsed by:

- Bexar County Medical Society
- Collin-Fannin County Medical Society
- Dallas County Medical Society
- El Paso County Medical Society
- Harris County Medical Society
- Hidalgo-Starr County Medical Society
- Jefferson County Medical Society
- Lubbock-Crosby-Garza County Medical Society
- Nueces County Medical Society
- Potter-Randall County Medical Society
- Smith County Medical Society
- Tarrant County Medical Society
- The Texas Academy of Family Physicians
- The Texas Orthopaedic Association
- Travis County Medical Society

TMLT is a gold corporate affiliate of the Texas Medical Group Management Association.



MESSAGE FROM THE CHAIR

Lindsey Harris, MD

Our commitment to you

In 2025, it was a true honor to represent and support my fellow physicians as the Chair of TMLT's Governing Board.

This is the role that I took on with deep appreciation, humility, and excitement because it represented the confidence my fellow board members showed in me to protect and cultivate TMLT's commitment to you — our valued policyholders and stakeholders.

Founded in 1979 by the Texas Medical Association, TMLT was established with a clear and enduring purpose: to provide Texas physicians with a reliable, affordable source of medical malpractice coverage. More than four decades later, that founding mission continues to guide the decisions we make.

Today, with more than 20,000 policyholders, TMLT stands as the largest and most trusted medical liability insurance provider in the state of Texas — a

distinction we have worked hard to establish and grow.

That growth is a direct result of our commitment to delivering the highest quality insurance coverage, products, and services at competitive pricing. Our diligent financial management and sound investment principles have allowed us to keep overall premium rates stable for more than 10 years — a remarkable achievement in today's market. In 2025, our total assets stand at more than \$1 billion. This milestone reflects not only our financial strength — but the continuing trust our policyholders have placed in us.

What truly sets TMLT apart is the fact that we are physician-led. Our Board of Trustees is composed entirely of physicians, each elected by TMLT policyholders. Our board members draw upon their own experiences and expectations to guide TMLT's operations — placing us in a unique position to understand and hold the needs of our

policyholders at the forefront of every business decision.

That commitment takes many forms. TMLT actively advocates on your behalf at the state legislature. We provide dividends, discounts, and Trust Rewards to recognize and reward long-standing policyholders. We offer ACCME-accredited continuing education programs and work continuously to develop one of the most comprehensive medical liability portfolios available.

Since 2005, TMLT has declared **\$401 million in dividends**. We have also allocated **\$265 million to Trust Rewards** accounts, which accumulate and are distributed to participating physicians at the close of their careers — another expression of our thanks and long-term commitment to you.

For physicians who practice beyond Texas borders, our affiliate, Lone Star Alliance, Inc., a Risk Retention Group, extends many of the same trusted coverage features to policyholders practicing outside our state. While this allows TMLT to grow, it also encourages and supports the growth of our physicians looking to increase their operations and develop new avenues of patient access to quality care.

While we take great pride in our programs and services, TMLT's defining mission remains constant:

to provide the best claim defense available to help protect your career and reputation against medical liability claims and regulatory actions.

Our track record speaks for itself. TMLT has successfully resolved more than 48,000 medical liability claims, bringing proven expertise to your defense when it matters most. That success is the product of a shared commitment — one held by every TMLT employee — to protect physicians so that they, in turn, can focus on caring for their patients.

Every TMLT policyholder receives personalized customer service and support. When you call, you will always reach a real person — someone who listens, who genuinely cares, and who is firmly in your corner. We believe that kind of human connection is not simply a courtesy; it is a cornerstone of who we are.

We listen carefully to each of you — to understand your needs and do our very best to provide the help and support you deserve. Again, the experiences and insights you provide guide our decision making and daily service goals.

We are here for you. Always.



MESSAGE FROM THE CEO

Robert Donohoe

Standing strong for Texas physicians

Whether sitting in a courtroom supporting a policyholder during trial or teaching physicians about de-escalation strategies during a lunchtime webinar, TMLT employees are committed to protecting and defending Texas physicians. In 2025, we worked hard to uphold this commitment despite a turbulent year and challenges both inside and outside our industry.

One of the most significant developments in 2025 was the changing claim environment. While claim frequency (the number of claims reported) remained steady, claim severity (the size and complexity of claims) increased. Plaintiff's attorneys grew more aggressive in their demands and strategies, economic damage awards rose, and judges and juries were unpredictable. As a result, the claims we handled in 2025 were often more complex and carried higher stakes than those we saw five or 10 years ago.

This environment reinforces the importance of our mission. When physicians face significant risk, the experience, philosophy, and resolve of their insurance carrier matter more than ever.

Defending difficult claims is what we do, and the expertise of our claims team — along with our commitment to stand beside Texas physicians — remains one of TMLT's greatest strengths.

In an environment like this, risk management becomes even more important. Physicians practicing today face a growing number of regulatory and operational challenges. Our Risk Management Department continues to play a critical role in helping physicians navigate these complexities so they can focus on what matters most: caring for their patients.

2025 was a legislative session year in Texas. While medical liability reform was not under significant attack during this session, bills were introduced that remind us reforms must always be defended.

Protecting tort reform will continue to require vigilance, and TMLT remains committed to supporting policies that allow physicians to practice medicine in a stable environment.

The medical liability insurance marketplace also shifted in 2025. The planned merger between The Doctors Company and ProAssurance will likely create one of the largest carriers in our industry. While consolidation may create opportunities as physicians and agents evaluate their options, fewer carriers ultimately means fewer choices for physicians. TMLT remains focused on steady, organic growth by serving physician groups and individual physicians who value stability and long-term partnership.

Beyond our industry, broader economic and political conditions remain uncertain. The volatility in interest rates, investment markets, and economic trends affect our business in meaningful ways. Like the physicians we serve, we are not insulated from these forces.

Despite these challenges, TMLT continued to deliver value to our policyholders in 2025. The TMLT Board of Trustees declared a 10 percent dividend for 2025, **saving policyholders more than \$12 million** in renewal premium. We also allocated **\$10 million to Trust Rewards**, our financial reward program for policyholders.

We also continued our support and partnership with the Travis County Medical Society Safe Harbor Physician Counseling Program. During the year we introduced new options for cyber liability coverage and continued to provide Meddefense, employment practices liability, locum tenens, and premises liability protections within our medical liability policies.

TMLT remains in a strong financial position, allowing us to provide these additional programs and services. Our financial strength also reassures policyholders that we will be here to provide support and pay claims now and into the future.

For 47 years, TMLT has been a stable presence in a marketplace that moves in cycles. While some carriers enter and exit markets or struggle to adapt to changing claim environments, we remain focused on our mission of serving Texas physicians.

In turbulent times, people look for something they can rely on. For Texas physicians, that something is TMLT. I am proud of the work our employees do every day to earn that trust and keep TMLT strong.



MESSAGE FROM THE CFO

Brett LaRock

As TMLT completes its 47th year of operations, the company's financial strength reflects our previous success, continued commitment to the principles and actions that make us successful, and the ability to protect our policyholders into the future. Our strong financial position enables us to provide policyholder dividends and Trust Rewards, partner with the Safe Harbor Physician Counseling Program, pay claims, and deliver our superior claim and risk management services. A strong TMLT benefits all our policyholders.

TMLT's financial results in 2025 continue to reflect our strong financial performance. Key financial highlights are summarized below:

- Total assets grew to \$1.33 billion at year-end 2025, increasing by \$66.5 million from last year.
- Policyholders' surplus increased to \$803.0 million at year-end 2025, growing \$56.8 million for the year.
- Net income totalled \$41.1 million in 2025.

- Gross premiums written showed growth increasing to \$191.0 million in 2025.
- Net investment income grew 7.4% to \$36.2 million in 2025.
- For the 21st year, TMLT declared a policyholder dividend totaling \$12.0 million.
- The Trust Rewards program continues to grow and reward our loyal policyholders. Cumulative allocations total \$265 million at year-end 2025. Distributions of \$5.2 million were made to policyholders during the year. Total distributions since the program's inception in 2012 now exceed \$47 million.

TMLT and the medical professional liability insurance industry continue to experience a changing and challenging environment. **While navigating the current insurance climate, TMLT's policyholder retention remains high.** Gross written premiums increased at a controlled pace, now totaling \$191.0 million in 2025. Net premiums earned totaled \$169.0 million and \$173.6 million in

2025 and 2024, respectively. The decrease in 2025 was primarily related to higher reinsurance costs in 2025.

As discussed in the CEO's message, claims severity — the size and complexity of claims — has increased. This increase, along with economic and social inflation, continue to negatively affect our claims costs. As a result, our losses and loss adjustment expenses increased in 2025 — with our loss ratio rising to 67.7% compared to 64.8% in 2024. However, despite the increase, TMLT's loss ratios remain below the industry average. Other operating expenses increased in 2025 to \$59.2 million from \$57.6 million in 2024 — also reflecting the impacts of inflation.

The investment markets remained volatile in 2025. However, in line with our long-term approach, TMLT remained focused on high quality fixed maturity securities, with appropriate allocations to equity, real estate, and other investments. Investment income grew from our fixed maturity portfolio, as we are seeing the returns from recent years reinvestment into higher yielding securities. Offsetting some of this growth were impacts from our real estate portfolio, which continue to be negatively affected by higher interest rates and office space disruptions.

The equity markets remained strong in 2025, with our equity portfolios recognizing increases across all sectors. In 2025, unrealized gains on equity investments were close to 2024 — totalling \$21.8 million in 2025 compared to \$22.9 million in 2024. Net realized gains on investments in 2025 increased by \$1.1 million over 2024, driven by equity investments.

Looking ahead, TMLT will continue to face challenges and changes across many fronts. **Yet we remain in a strong financial position and are well equipped to deliver exceptional protection and service to our policyholders.** Thank you for your continued support and loyalty to TMLT.

2025 Financial Highlights

(Unaudited, In Thousands)

Total Assets:

\$1,331,205

Gross Premiums Written:

\$190,956

Reserve for Losses:

\$396,139

Direct Premiums Written:

\$152,822

Policyholders' Surplus:

\$802,951

CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Balance Sheets (Unaudited, In Thousands)

	December 31	
	2025	2024
Assets		
Fixed Maturity Securities	\$837,104	\$769,025
Equity Securities	265,157	217,547
Real Estate and Other Investments	61,069	59,646
Cash and Cash Equivalents	24,466	77,385
Premiums Receivable	52,477	52,080
Reinsurance Recoverables	42,744	44,546
Other Assets	48,188	44,501
Total Assets	\$1,331,205	\$1,264,730
Liabilities		
Reserve For Losses	\$396,139	\$390,010
Unearned Premiums	89,446	89,692
Policyholder Dividends Payable	12,300	12,300
Other Liabilities	30,369	26,568
Total Liabilities	528,254	518,570
Policyholders' Surplus	802,951	746,160
Total Liabilities and Policyholders' Surplus	\$1,331,205	\$1,264,730

Income Statements

(Unaudited, In Thousands)

	Years Ended December 31	
	2025	2024
Net Premiums Earned	\$168,977	\$173,575
Net Investment Income	36,199	33,699
Net Gains on Investments:		
Net Realized Gains on Investments	9,386	8,324
Net Change in Unrealized Gains on Equity Investments	21,791	22,917
Other Revenue	5,359	5,005
Total Revenues	241,712	243,520
Losses and Loss Adjustment Expenses	114,471	112,559
Other Operating Expenses	59,174	57,570
Policyholder Dividends and Trust Rewards Benefits	17,204	17,642
Total Expenses	190,849	187,771
Net Income Before Income Tax	50,863	55,749
Income Tax Expense	9,746	9,537
Net Income	\$41,117	\$46,212

The foregoing unaudited condensed consolidated financial information has been derived from the audited consolidated financial statements. These consolidated financial statements are available upon request.

