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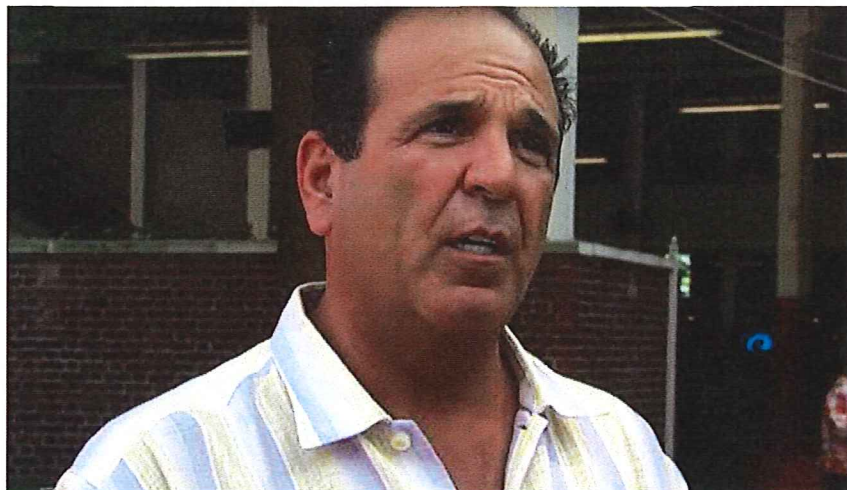


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## Deal for PRI falls apart as malpractice insurer pulls offer



Anthony Bonomo. (The New York Racing Association, Inc. via YouTube)



By DAN GOLDBERG 7:10 p.m. | May. 2, 2016

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The deal to sell Physicians' Reciprocal Insurers — the medical malpractice insurance company at the center of the Dean Skelos corruption trial — has fallen apart, according to a source with knowledge of the negotiations.

The Doctors Company, a California-based malpractice insurer, had been pursuing an acquisition of Administrators for the Professions, the company that manages PRI, which is the state's second-largest carrier. Administrators for the Professions is led by Anthony Bonomo, a prolific political donor, who was a star witness against Skelos.

The state's Department of Financial Services was examining the deal when The Doctors Company withdrew its offer, according to the source.

The Doctors Company did not respond to a request for comment.

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A spokesman for AFP declined to comment on Monday but did provide the following statement Friday after questions about the deal's viability were raised:

"It is incumbent upon the management of AFP to continually explore potential strategic opportunities to determine what is best for PRI and the doctors and medical facilities we have the pleasure of serving. We have done so in the past and will continue to do so in the future."

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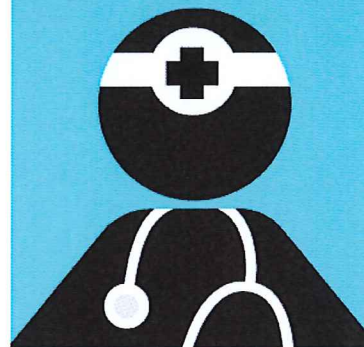
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Skelos and his son Adam were convicted of federal corruption charges in December, after prosecutors charged that Adam had received a no-show job from Bonomo in exchange for his father pushing through legislation that protected the financially-troubled insurer from liquidation.

PRI posted a negative surplus of \$138 million in 2015, according to its most recent financial filings, as the malpractice insurer **struggled to compete** with the growing presence of out-of-state risk retention groups.

The terms of the potential deal were never disclosed, but Bonomo, during his testimony at the Skeloses' trial, said his company was worth more than \$100 million despite its financial troubles.

The failure to close this deal is the latest setback for PRI and Bonomo.

Gov. Andrew Cuomo had appointed Bonomo chair of the New York Racing Association in March 2015, but he took a leave of absence soon after the Skeloses were charged.

The uncertainty surrounding PRI's future could benefit Medical Liability Mutual Insurance Company, the state's largest carrier, if it is able to poach business from its struggling competitor.

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