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THE FOCUS OF PROASSURANCE CORPORATION

We are a specialty insurer focused on writing medical professional liability insurance and developing insurance solutions which serve the dynamic needs of the evolving health care industry. We are the fourth largest writer of medical liability insurance in the United States. Our principal insuring subsidiaries are The Medical Assurance Company, Inc., ProNational Insurance Company, NCRIC, Inc., and Red Mountain Casualty Insurance Company, Inc. We also write professional liability coverage through Woodbrook Casualty Insurance Company, Inc.

We believe our strong financial performance and the strength of our balance sheet rewards our investors, and allows us to make—and keep—long-term promises to the more than 30,000 policyholders who place their trust in one of the ProAssurance companies.



SELECTED FINANCIAL DATA⁽¹⁾

(in thousands)

Fiscal Years Ended December 31

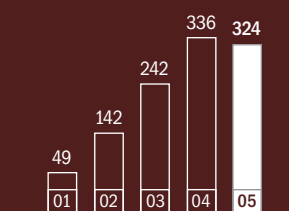
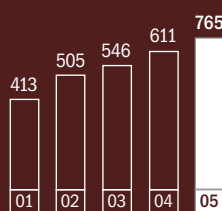
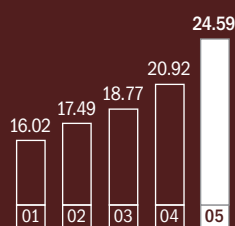
	2005	2004	2003	2002	2001
Income Statement Highlights					
Gross premiums written ⁽⁴⁾	\$ 572,960	\$ 573,592	\$ 543,323	\$ 461,715	\$ 315,698
Total revenues ⁽⁴⁾	645,312	605,156	533,555	399,904	312,364
Income (loss) from continuing operations, net of tax, before cumulative effect	80,026	43,043	15,345	(8,100)	5,362
Net income ⁽²⁾	113,457	72,811	38,703	12,207	12,450
Balance Sheet Highlights					
Total investments ⁽⁴⁾	\$ 2,630,942	\$ 2,162,147	\$ 1,807,285	\$ 1,461,591	\$ 1,328,560
Total assets, continuing operations	\$ 3,341,600	\$ 2,743,295	\$ 2,448,088	\$ 2,214,564	\$ 1,913,606
Total assets	\$ 3,909,379	\$ 3,239,198	\$ 2,879,352	\$ 2,586,650	\$ 2,238,325
Reserve for losses and loss adjustment expenses ⁽⁴⁾	\$ 2,224,436	\$ 1,818,636	\$ 1,634,749	\$ 1,492,140	\$ 1,317,980
Long-term debt ⁽⁴⁾	\$ 167,240	\$ 151,480	\$ 104,789	\$ 72,500	\$ 82,500
Total liabilities, continuing operations	\$ 2,806,820	\$ 2,333,405	\$ 2,074,560	\$ 1,854,573	\$ 1,622,121

(1) Includes Professionals Group since June 27, 2001 and NCRIC since August 3, 2005.

(2) Net income for the year ended December 31, 2002 was increased by \$1.7 million due to the adoption of SFAS 141 and 142. See Note 13 to our Consolidated Financial Statements in our 2004 Form 10K/A.

(3) Total capital per share of common stock outstanding.

(4) Exclusive of discontinued operations. ProAssurance sold its Personal Lines business effective January 1, 2006. Data reported in the table and graphs is attributable to continuing operations from our Professional Liability business. Cash flow from continuing operations for 2002 and 2001 is unaudited.



TO OUR STOCKHOLDERS

To My Fellow Shareholders,

Whether you are a ProAssurance shareholder or policyholder, 2005 was an important year.

For our shareholders, 2005 was significant in both our financial performance as well as the growth of the ProAssurance brand. Our policyholders continued to benefit from our increasing financial strength, which further assures them that we will be there when you need us. With the momentum and achievements of 2005, I truly believe that the coming year will again show that focus and execution will keep ProAssurance solidly in its position of industry leadership.

First, let me review some of the Company's significant accomplishments in 2005 – a year in which we made further moves to position ProAssurance for long-term success.

We announced three transactions, each of which has a common thread. Each focused our energy on the medical professional liability line of business where our expertise and execution differentiates us from our competitors.

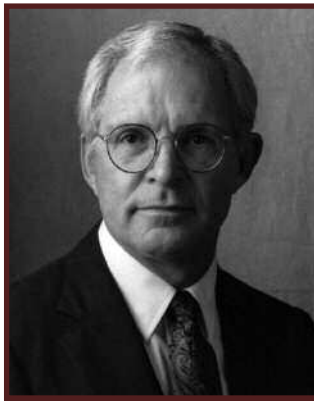
- We announced and completed the merger of NCRIC into ProAssurance, which allowed us to expand in Delaware and Virginia, key mid-Atlantic markets we'd already targeted for growth, and brought us into the District of Columbia with experienced employees who have a track record of success in a demanding venue. The integration of NCRIC into our operations is proceeding as planned.
- ProAssurance made the difficult, but we think prudent, choice to divest our personal lines business and focus on professional liability. We announced the sale of MEEMIC in the fourth quarter and closed that sale effective January 1, 2006. MEEMIC made great contributions to ProAssurance's stability and profitability over the past five years, but we were offered a compelling price that we believe will bring long-term value to our shareholders, and allow us to concentrate our efforts on the segment of the insurance industry that we know best.
- We announced the planned merger of Physicians Insurance Company of Wisconsin into ProAssurance. When we close this all-stock transaction, hopefully around mid-year, it will bring us the same type of important

business advantages as did NCRIC in 2005. We will be adding seasoned, successful management, immediate growth in key markets (Wisconsin, Iowa and Kansas) and opportunities to build on expansion opportunities in other states in the upper Midwest.

As important as our M & A activities were in 2005, the financial outcomes of our results oriented focus was even more encouraging.

- In 2005 our professional liability combined ratio was 97.1%, achieving full-year underwriting profitability for the first time since 1999. We believe this validates our continual focus on rate adequacy, disciplined underwriting and superior claims defense.
- Net income rose 86% in 2005 as compared to 2004. Earnings per share were higher by 75%. I've said in prior letters that it would take some time before we saw the full results of our rate actions – but that time is here.
- With rates at adequate levels, and with interest rates marginally higher, we continue to generate significant positive cash flow. Since the start of 2002 ProAssurance has seen cash flow from operations of over \$1 billion.
- That has helped us grow one of the most solid balance sheets in our industry sector with total assets of over \$3.4 billion and an investment portfolio now above \$2.6 billion.
- In turn, this has allowed us to build Book Value per share to \$24.59 at year-end 2005. We've grown book value in every year that we've been a public company, and given the anticipated \$3.50 we'll add to book value as a result of the sale of MEEMIC, I'm optimistic we'll continue that trend in 2006.

These are accomplishments that are especially meaningful to shareholders. But at the start of this letter I said that this was an important time for both shareholders and policyholders. Here's why: given the quality of our balance sheet and the adequacy of our rates, ProAssurance policyholders can be secure in the knowledge that we will be here when they need us, no matter when that need might arise.



A. Derrill Crowe, M.D.
CHAIRMAN AND CEO

But perhaps more important to our policyholders is the fact that we have the resources to focus on our customers and deliver the range of comprehensive services they value. We're confident that this focus is a key reason we retained 85% of our renewing policyholders last year.

As a policyholder-founded, policyholder-focused company we understand that long-term success in our line of business will depend on our ability to meet the high expectations of individual policyholders in a very dynamic market.

We have never wavered from our commitment to the uncompromising defense of non-meritorious claims, and we have successfully reinvigorated the discipline in our underwriting process. Now we are, in a way, returning to our roots to ensure that our customers understand their value to us, and our value to them.

In 2006 we are making a significant investment in resources that allow us to be closer to our customers and help us deliver a better level of service. This will, for example, involve new, more focused risk management programs and a significant increase in the number of advisory meetings with leading policyholders in key states.

Our management team has been strengthened by the elevation of Howard Friedman, our Chief Underwriting Officer, and Darryl Thomas, our Chief Claims Officer, to the position of co-president of the professional liability group. With the addition in late 2004 of Ned Rand, now our CFO, we are building the long-term strength of ProAssurance by recognizing the next generation of leaders in our company.

The years ahead may well present new and old challenges. In the climate of rapidly rising rates of the past few years, many companies were able to succeed. But as the hard market conditions subside, success will be

harder to come by for those companies without a clear vision and focus on the future. We are committed to weathering the vagaries of the insurance cycle by continually emphasizing adherence to our operating philosophy: we focus on building our bottom line and serving our customers.

As part of that focus, we continue to evaluate opportunities to grow our business. For now, we believe that profitable growth will come through careful M&A activity. Our proposed transaction with Physicians Insurance Company of Wisconsin is a prime example of growth for a reason. We will add management expertise, open new markets and expand the services available to our policyholders.

Given the choice of growth for growth's sake or making the tough decisions required to succeed, we will choose profitable business as our driver for long-term success every time. Throughout our Company, our employees understand that our success is the result of a laser-like focus on the disciplined execution of a strategy to identify, write and retain profitable business.

While we, as a management team, have developed a disciplined strategy for success, we rely on our employees, agents and defense attorneys to execute that strategy. I want to take this opportunity to publicly thank them for helping make ProAssurance what it is today. I also want to sincerely thank you, our shareholders, for the confidence you continue to show by investing alongside us.

A handwritten signature in black ink, reading "A. Derrill Crowe". The signature is fluid and cursive, with a long horizontal line extending to the right.

A. Derrill Crowe, M.D.
Chairman and CEO

March 31, 2006

INVESTOR INFORMATION

There were 31,193,819 shares of ProAssurance Corporation common stock outstanding at March 31, 2006. On that date, we had 3,573 shareholders of record. Our common stock trades on The New York Stock Exchange under the symbol PRA. Our stock is listed as ProAsr in the stock section of *USA Today* and many major newspapers, and as ProAssurance in the Wall Street Journal. We also post the price of our stock on our website, www.ProAssurance.com.

If you hold your shares through a brokerage account, your broker or a customer service representative at that firm should be able to answer questions about your holdings.

If you hold your shares in certificate form, or have shares held in direct registration (DRS) you will need to know that our transfer agent is Mellon Investor Services, LLC. The transfer agent handles shareholder address changes, the transfer of certificates, and the replacement of share certificates that have been lost or stolen.

You may reach Mellon Investor Services in a variety of ways:

BY PHONE	800.851.4218 800.231.5469 (Hearing Impaired)
BY INTERNET	www.melloninvestor.com/isd/ Specific information about your account www.melloninvestor.com General information about Mellon
BY MAIL	Mellon Investor Services, LLC P.O. Box 3315 South Hackensack, NJ 07606 Mellon Investor Services, LLC 480 Washington Boulevard Jersey City, NJ 07310-1900

CORPORATE GOVERNANCE AND COMPLIANCE WITH REGULATORY AND NEW YORK STOCK EXCHANGE REQUIREMENTS

We post detailed information in the Corporate Governance and Investor Relations sections of our website, which you may access from our home page, www.ProAssurance.com.

Our Board of Directors has adopted a policy regarding determination of director independence, including categorical standards to assist in determining independence. These are published in our proxy statement which is mailed to stockholders and filed with the Securities and Exchange Commission (the "SEC"). Our filings with the SEC are

available in the Investor Relations section of our website, www.ProAssurance.com/ir_home.aspx, and from the EDGAR section of the SEC's website, www.sec.gov/edgar.shtml.

Our Board of Directors has adopted charters for our Audit, Compensation, and Nominating/Corporate Governance Committees. In addition the Board has established and adopted Corporate Governance Principles and a Code of Ethics and Conduct. We make these documents, and other information such as committee composition and leadership, director independence, and stock ownership guidelines available in the Governance section of our website, www.ProAssurance.com/ir_home.aspx.

Our Chairman and Chief Executive Officer, A. Derrill Crowe, M.D., submitted the required Section 12(a) CEO Certification to the New York Stock Exchange in a timely manner on June 14, 2005. Additionally, we have been timely in the filing of CEO/CFO certifications as required in Section 302 of the Sarbanes-Oxley Act. These certifications are published as exhibits in our Form 10K filed with the SEC on March 2, 2006.

INVESTOR RELATIONS

The Investor Relations section of our website also contains detailed financial information, SEC filings, the latest news releases about the Company, and our latest presentation materials. We also maintain an archive of this material, although you should realize that archived information, by its very nature, may no longer be accurate.

OBTAINING INFORMATION DIRECTLY FROM PROASSURANCE

Any of the documents mentioned above may be obtained from the Company's Communications and Investor Relations Department using one of the contact methods below:

BY E-MAIL:	Investor@ProAssurance.com
BY U. S. POSTAL SERVICE:	ProAssurance Corporation Investor Relations & Communications P. O. Box 590009 Birmingham, AL 35259-0009
BY PHONE OR FAX:	Phone: 205.877.4400 800.282.6242 Fax: 205.802.4799

ANNUAL MEETING

The Annual meeting of Stockholders of ProAssurance Corporation will be held at 10:00 am CDT on Wednesday, May 17, 2006, at the headquarters of ProAssurance Corporation, located at 100 Brookwood Place, Birmingham, AL 35209.

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