



2021 Annual Report

Financial Highlights

FISCAL YEARS ENDED DECEMBER 31

	2021	2020	2019	2018	2017
Income Statement Highlights					
	(in thousands)				
Gross premiums written	\$ 960,024	\$ 854,422	\$ 967,490	\$ 957,311	\$ 874,876
Net premiums earned	\$ 971,668	\$ 792,715	\$ 847,532	\$ 818,853	\$ 738,531
Total revenues	\$1,124,410	\$ 874,940	\$ 999,834	\$ 886,030	\$ 866,149
Net losses and loss adjustment expenses	\$ 752,249	\$ 661,447	\$ 753,915	\$ 593,210	\$ 469,158
Net income (loss) ⁽¹⁾	\$ 144,124	\$ (175,727)	\$ 1,004	\$ 47,057	\$ 107,264
Non-GAAP operating income (loss) ⁽²⁾	\$ 75,892	\$ (27,741)	\$ (43,779)	\$ 79,527	\$ 108,538
Balance Sheet Highlights					
Total investments	\$4,828,323	\$3,389,345	\$3,390,409	\$3,349,382	\$3,686,528
Total assets	\$6,191,477	\$4,654,803	\$4,805,599	\$4,600,726	\$4,929,197
Reserve for losses and loss adjustment expenses	\$3,579,940	\$2,417,179	\$2,346,526	\$2,119,847	\$2,048,381
Debt less unamortized debt issuance costs	\$ 424,986	\$ 284,713	\$ 285,821	\$ 287,757	\$ 411,811
Total liabilities	\$4,763,090	\$3,305,593	\$3,293,686	\$3,077,724	\$3,334,402

(1) The 2021 Net Income includes a \$74.4 million gain on bargain purchase related to closing the acquisition of NORCAL Insurance Company. The 2020 Net Loss includes a pre-tax net underwriting loss of approximately \$45.7 million associated with a tail policy issued to a large national healthcare account and a pre-tax \$10 million pandemic-related IBNR reserve, both of which were recorded in the second quarter of 2020, and a \$161 million goodwill impairment charge recorded in the third quarter of 2020.

(2) A reconciliation of Net Income (Loss) to Non-GAAP Operating Income (Loss) is provided in Appendix A to the ProAssurance Form 10-K included with this mailing to shareholders.

To My Fellow Shareholders

2021 was a year filled with positive forward momentum for our organization.

It was a year in which we made purposeful strides toward our long-term objectives. **We set challenging goals, and we achieved them.**

Over the past three years we have focused inward, on reorganizing our operations in response to the challenges of the marketplace and the impact of COVID-19. We have likewise focused our energy on integrating two great organizations, ProAssurance and NORCAL. All of this lays a strong foundation for what I am confident will be a successful 2022 and a very bright future.

I am pleased to outline the components that contributed to our success in 2021.

In May of 2021, we closed the NORCAL transaction, the largest acquisition in company history. It was an important strategic transaction for several reasons, and I would like to expand upon a few of them. First, we added \$300 million in gross premiums and new desirable markets to our Standard Physicians line of business, a historically profitable, low-volatility book of business. Second, we added \$1.6 billion to our investment portfolio, and when interest rates begin to rise, the earnings power of our investment portfolio rises with them. Finally, and most importantly, we secured exceptional talent with the addition of NORCAL team members, which is a difference maker in the market place.

Our emphasis in combining ProAssurance and NORCAL has been to identify and maintain the best practices in both organizations, and in doing so we have unlocked over \$22 million in expense synergies. Ultimately, this positions us well to leverage the scope, scale and product advantages of a national healthcare professional liability business and redefine our competitive position.

As I said a year ago, the closing of the NORCAL transaction marked the beginning of a

transformation at ProAssurance. With just three fiscal quarters of combined results reported as of this writing, we already can validate that statement.

Our successes in 2021 extend beyond the NORCAL acquisition and initial integration. In our legacy ProAssurance book of healthcare professional liability business, results improved substantially year-over-year as **we executed our comprehensive business strategy** to address underwriting results, operating efficiency, and expense management. In addition, we benefitted from claim frequency reductions in our physician business driven at least in part by our re-underwriting efforts and the impact of the pandemic. We secured meaningful renewal pricing increases across our Specialty Property & Casualty lines of business, accompanied by solid retention results. We were also pleased with the broad contribution across the segment as our Small Business Unit and Medical Technology business both produced an underwriting profit.

Results in our Workers' Compensation Insurance segment were pressured in 2021 and decreased from 2020 largely due to an increase in loss activity. That said, the increased loss activity experienced during the year was a natural development as workers returned to full employment with the easing of pandemic-related restrictions in our operating territories. Adding fuel to the fire, widespread labor shortages resulted in increased overtime hours by existing employees, reduced skilled job training, and increased alternative work arrangement risks. In short, despite the reduced results in the Workers' Compensation Insurance segment for the year, we're pleased with the work accomplished to date in mitigating effects of an increase in claims activity that could have been felt more keenly otherwise. The decisive actions we took in restructuring our workers' compensation operations in 2020 enabled us to recognize expense efficiencies, partly offsetting the increase in loss activity.

Trends in our Segregated Portfolio Cell Reinsurance segment were consistent with those of the Workers' Compensation Insurance and Specialty Property & Casualty segments, the lines of business which cede premium to the captive cell programs. Our captive cells offer attractive flexibility and controllable expenses to our customers seeking alternative market solutions.

Finally, as we support and grow our core insurance operations and seek to reduce volatility in our underlying performance, we reduced our participation in Lloyd's Syndicate 1729 from 29% to 5% for the 2021 underwriting year and ceased underwriting through Syndicate 6131 for the 2022 underwriting year. Since we began scaling down our participation at Lloyd's, we've reduced volatility inherent to the business during years of elevated natural catastrophe losses and pandemic-related risks, while also delivering profitable results for the year. The returns of cash we've received to date from our funds at Lloyd's will be reinvested through our investment portfolio and contribute to our investment income going forward.

As a result of everything we accomplished in 2021, our consolidated results have improved meaningfully year-over-year. With the closure of the NORCAL transaction, and the excellent progress made to date integrating the companies, we have achieved a truly national platform that will enhance the services we can deliver to our customers and distribution partners, while creating significant long-term value for ProAssurance shareholders.

Of course, none of this would be possible without the phenomenal team members here at ProAssurance. The linear nature of the narrative above fails to capture that everything I've described was taking place simultaneously, and amid the uncertainty of an evolving concept of what it means to "go to work" each day. The pandemic conditions of 2020 and 2021 required the majority of our team members to work remotely. I am proud of each and every team

member here at ProAssurance for their individual contributions to our collective success, not just for what they did, but how they did it – with dedication and enthusiasm.

As of March 2022, we have begun returning to our respective offices as part of a steady, measured process. Relationships are one of our core values, and we believe relationships develop better in person.

It is fundamental to the development of successful relationships that we understand one another and show appreciation not only for how we are alike but also for how we are different. To that end, we deepened our commitment to **Diversity, Equity and Inclusion** in 2021 with the identification of various strategic priorities that will enhance our hiring practices, provide learning and development opportunities for all team members and enable us to attract and retain the diverse talent that will be absolutely essential for our future success.

Our mission has been clear from the beginning – **we exist to Protect Others**. Long before it was formalized in the ProAssurance Way, this simple yet powerful declaration guided every decision we made, and does so to this day.

Our duty of protection extends to our employees, shareholders, and communities. Therefore, we recognize that being a "successful" company depends upon more than just what we report in our financial statements.

Building upon our history of excellence, ProAssurance is committed to being a company that is successful by any definition – and we know the best is yet to come.

Sincerely,



Ned Rand
President & Chief Executive Officer

COMMITTEES

Board of Directors	Independence	Audit	Compensation	Executive	Nominating & Corporate Governance
W. Stancil Starnes, Esq. Executive Chairman ProAssurance	N			C	
Kedrick D. Adkins, Jr. Retired Chief Financial Officer, Mayo Clinic	I	M			
Bruce D. Angiolillo Retired Partner, Simpson Thacher & Bartlett LLP	I	M	C		
Fabiola Cobarrubias, M.D. Practicing Physician Founder & CEO, Pacific Inpatient Medical Group	I	M			
Samuel A. Di Piazza, Jr. Mayo Clinic Board of Trustees, Retired CEO, PricewaterhouseCoopers	I	C,E			
Maye Head Frei Retired Chairman, Ram Tool Construction Supply Company	I		M		
M. James Gorrie President & CEO, Brasfield & Gorrie	I				M
Ziad R. Haydar, M.D. Independent Healthcare Consultant, Retired Chief Clinical Officer, Ascension Health	I		M		
Edward L. Rand, Jr. President & CEO, ProAssurance	N			M	
Frank A. Spinosa, D.P.M. Practicing Podiatrist Retired President, American Podiatric Medical Association	I				M
Scott C. Syphax President, Syphax Strategic Solutions Former Chairman & CEO, Nehemiah Companies	I		M		
Katisha T. Vance, M.D. Practicing Physician	I				C
Thomas A. S. Wilson, Jr., M.D. Retired Physician	I			M	M

Management, Non-Independent = N Independent = I Member = M Chairman = C Financial Expert = E

Executive Officers

Edward L. Rand, Jr.
President and Chief Executive Officer
ProAssurance Corporation

Michael L. Boguski
President, Specialty P&C segment

Noreen L. Dishart
Executive Vice President and
Chief Human Resources Officer
ProAssurance Corporation

Dana S. Hendricks
Executive Vice President and
Chief Financial Officer
ProAssurance Corporation

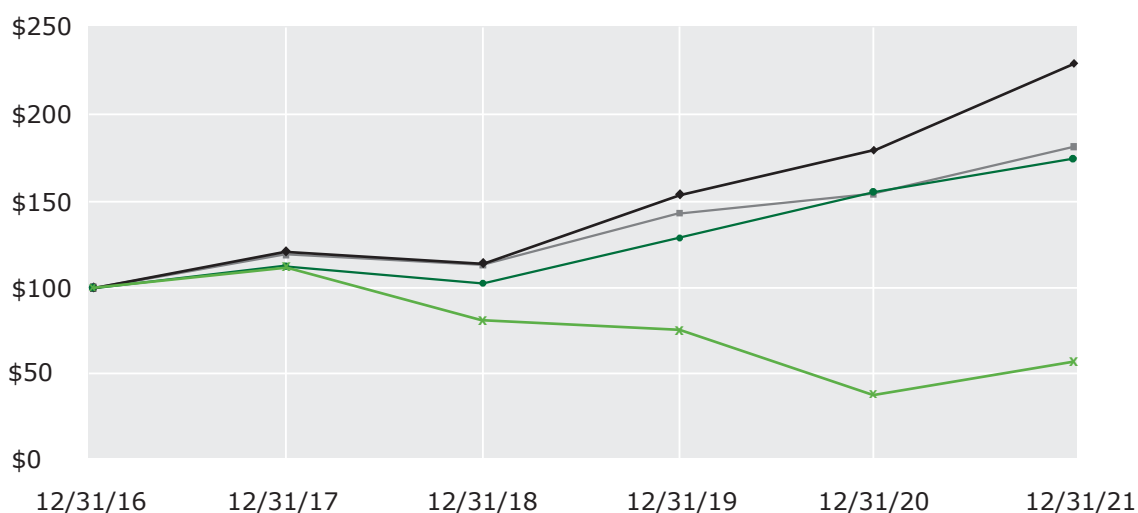
Jeffrey P. Lisenby
Executive Vice President, Corporate
Secretary, and General Counsel
ProAssurance Corporation

Kevin M. Shook
President, Workers' Compensation
Insurance and Segregated Portfolio
Cell Reinsurance segments

Stock Price Performance

You may use the following information to compare the market value of our Common Stock with other public companies and public companies in the insurance industry. The graph sets forth the cumulative total shareholder return of our stock during the five years ended December 31, 2021, as well as the cumulative total shareholder return of the overall stock market index (the Russell 2000) and a peer group index (the S&P Composite 1500 Property & Casualty Index) for the five years ended December 31, 2021. We have included the Standard & Poor's 500 Index in this graph because we believe it is a more recognizable broad index and yields a more meaningful comparison for investors given our market capitalization and dividend payout ratio.

Total Return Performance



INDEX	PERIOD ENDING (IN \$)					
	12/31/16	12/31/17	12/31/18	12/31/19	12/31/20	12/31/21
—x— ProAssurance Corporation	100.00	112.42	83.28	76.70	38.58	55.33
—◆— S&P 500 Index	100.00	121.83	116.49	153.17	181.35	233.41
—●— Russell 2000 Index	100.00	114.65	102.02	128.06	153.62	176.39
—■— S&P 1500 P&C Index	100.00	120.37	116.34	144.66	152.46	182.30

Source: S&P Global Market Intelligence
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INVESTOR INFORMATION

There were 54,043,838 shares of ProAssurance Corporation common stock outstanding at March 15, 2022. On that date, we had 2,431 shareholders of record. Our common stock trades on The New York Stock Exchange under the symbol PRA. The price of our stock is available from any website that provides stock quotes. We also post the price of our stock on our website, Proassurance.com.

YOUR SHARES

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 are a "registered holder." Registered holders may contact our transfer agent, Computershare, for address changes, transfer of certificates, and replacement of share certificates that have been lost or stolen. You may reach Computershare in a variety of ways:

By Phone

(800) 851-4218 or (201) 680-6578

By Internet

Information about your account including share transfer, direct deposit of dividends and your dividend payment history: www-us.computershare.com/Investor/.

For immediate access to tax forms:
www-us.computershare.com/Investor/#QuickTax.

For technical assistance with the Computershare website, please phone (800) 942-5909.

By Mail

Computershare	Computershare
P. O. Box 30170	211 Quality Circle, Suite 210
College Station, TX 77842	College Station, TX 77845

DIRECT DEPOSIT OF DIVIDENDS FOR REGISTERED HOLDERS

We encourage registered holders to have dividends deposited directly into a designated account to ensure prompt, secure delivery of your funds. You may arrange for Direct Deposit by updating your banking details with Computershare (www-us.computershare.com/Investor/myProfile) once you have established online access to your account with Computershare.

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

We invite you to visit the Investor Relations and Corporate Governance sections of our website, <http://investor.proassurance.com>. There you will find important information about our Company, including our Corporate Governance Principles and Code of Ethics and Conduct, which were developed and adopted by our Board of Directors. The Governance section of our website (<http://investor.proassurance.com/govdocs>) also provides copies

of the Board-adopted charters for our Audit, Compensation, and Nominating/Corporate Governance Committees and our Internal Audit Charter. Our Corporate Governance section also provides information such as stock ownership guidelines, committee composition and leadership, and director independence, including categorical standards to assist in determining independence. Our Corporate Responsibility section provides information such as our Human Rights policy, our Environmental Commitment, and diversity within ProAssurance.

Our filings with the Securities and Exchange Commission (SEC) are available in the Investor Relations section of our website (<http://investor.proassurance.com/Docs>). Our SEC filings are also available in the EDGAR section of the SEC's website (www.sec.gov/edgar.shtml).

Edward L. Rand, Jr., our President and Chief Executive Officer, submitted the required Section 12(a) CEO Certification to the New York Stock Exchange on May 26, 2021. 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 10-K filed with the SEC on February 22, 2022.

INVESTOR RELATIONS

The Investor Relations section of our website (<http://investor.proassurance.com>) also contains detailed financial information, a dividend payment history, SEC filings, the latest news releases about the Company and our latest presentation materials. We also maintain an archive of presentation materials, 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 our Communications and Investor Relations Department using one of the contact methods below:

By Email

Investor@ProAssurance.com

By U. S. Postal Service

ProAssurance Corporation
Investor Relations
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 2022 Annual Meeting is scheduled for 9:00 AM CDT on Tuesday, May 24, 2022 at the headquarters of ProAssurance Corporation, 100 Brookwood Place, Birmingham, Alabama 35209.



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Birmingham, Alabama 35209
205-877-4400 • 800-282-6242

www.ProAssurance.com