

Morgan Keegan 2007 Equity Conference

W. Stancil Starnes
Chief Executive Officer

September 6, 2007

Caution Regarding Forward Looking Statements

This presentation communicates historical information as well as forward-looking statements that are based upon our estimates and anticipation of future events; any items in this presentation that are not historical information are specifically identified as forward-looking statements. These forward-looking statements are identified by words such as, but not limited to, “anticipate,” “believe,” “estimate,” “expect,” “hope,” “hopeful,” “intend,” “may,” “optimistic,” “preliminary,” “project,” “should,” “will” and other analogous expressions. There are numerous important factors that could cause our actual results to differ materially from the expected results described in the forward-looking statements. Thus, sentences and phrases that we use to convey our view of future events and trends are expressly designated as forward-looking statements as are sections of this presentation clearly identified as giving our outlook on future business.

Forward-looking statements relating to our business include, among other things: statements concerning liquidity and capital requirements, return on equity, financial ratios, net income, premiums, losses and loss reserves, premium rates and retention of current business, competition and market conditions, the expansion of product lines, the development or acquisition of business in new geographical areas, the availability of acceptable reinsurance, actions by regulators and rating agencies, payment or performance of obligations under indebtedness, payment of dividends, and other matters.

These forward-looking statements are subject to significant risks, assumptions and uncertainties, including, among other things, the following important factors that could affect the actual outcome of future events:

- general economic conditions, either nationally or in our market area, that are worse than anticipated;
- regulatory and legislative actions or decisions that adversely affect our business plans or operations;
- inflation and changes in the interest rate environment;
- performance of financial markets and/or changes in the securities markets that adversely affect the fair value of our investments or operations;
- changes in laws or government regulations affecting medical professional liability insurance;
- changes to our ratings assigned by rating agencies;
- the effects of health care changes, including managed care;
- uncertainties inherent in the estimate of loss and loss adjustment expense reserves and reinsurance, and changes in the availability, cost, quality, or collectibility of reinsurance;
- bad faith litigation which may arise from our involvement in the settlement of claims;
- post-trial motions which may produce rulings adverse to us and/or appeals we undertake that may be unsuccessful;
- significantly increased competition among insurance providers and related pricing weaknesses in some markets;
- our ability to achieve continued growth through expansion into other states or through acquisitions or business combinations;
- the expected benefits from acquisitions may not be achieved or may be delayed longer than expected due to, among other reasons, business disruption, loss of customers and/or employees, increased operating costs or inability to achieve cost savings, and assumption of greater than expected liabilities;
- changes in accounting policies and practices that may be adopted by our regulatory agencies and the Financial Accounting Standards Board;
- changes in our organization, compensation and benefit plans; and
- any other factors listed or discussed in the reports we file with the Securities and Exchange Commission, including the Registration Statement filed on February 15, 2006 and updated on June 2, 2006, as well as in our periodic reports filed 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.”

Except as required by law or regulations, we do not undertake and specifically decline any obligation to publicly release the result of any revisions that may be made to any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

Overview

ProAssurance: Executive Transition

- ✦ Stan Starnes becomes CEO on July 1, 2007
 - ✦ 29 year association with ProAssurance and predecessors
 - ✦ Co-architect of ProAssurance's defense strategy
 - ✦ Noted medical liability defense attorney
 - ✦ Additional major litigation clients
 - ✦ KKR
 - ✦ GE Capital
 - ✦ Citigroup
 - ✦ UBS
 - ✦ The University of Alabama

ProAssurance: The Basics



ProNational
INSURANCE COMPANY



NCRIC



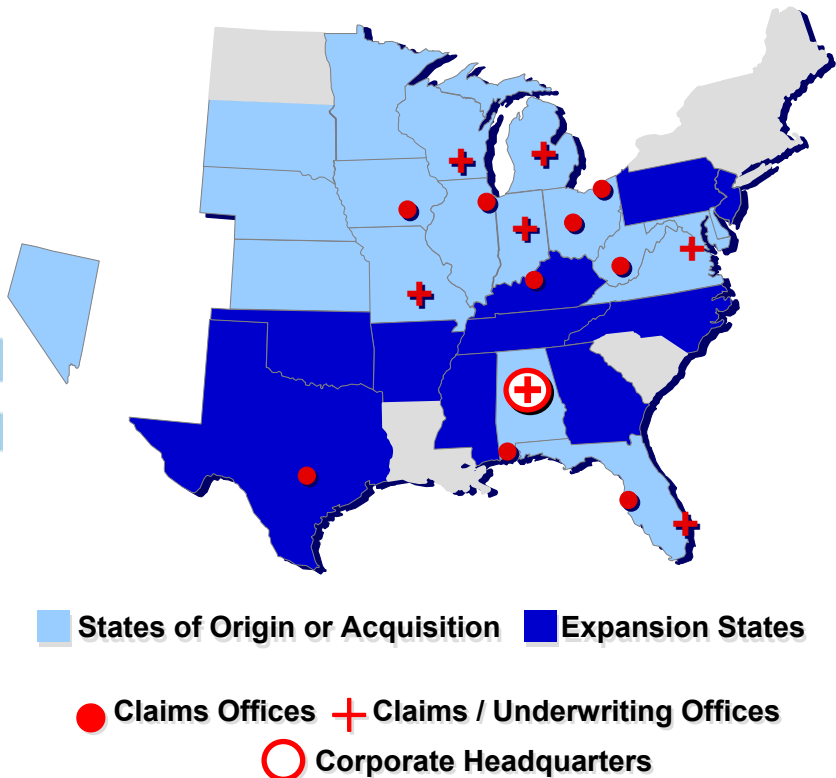
WISCONSIN



Red Mountain
CASUALTY

- ↪ Market Cap: \$1.7 Billion
- ↪ Equity: \$1.2 Billion
- ↪ Fourth largest writer of medical liability
- ↪ Over 40,000 policyholders
 - ↪ Almost 35,000 physicians & dentists
 - ↪ Majority in small or solo practice
- ↪ Writing business in 28 jurisdictions
- ↪ Highly rated by Best and Fitch

National Scale...Local Focus



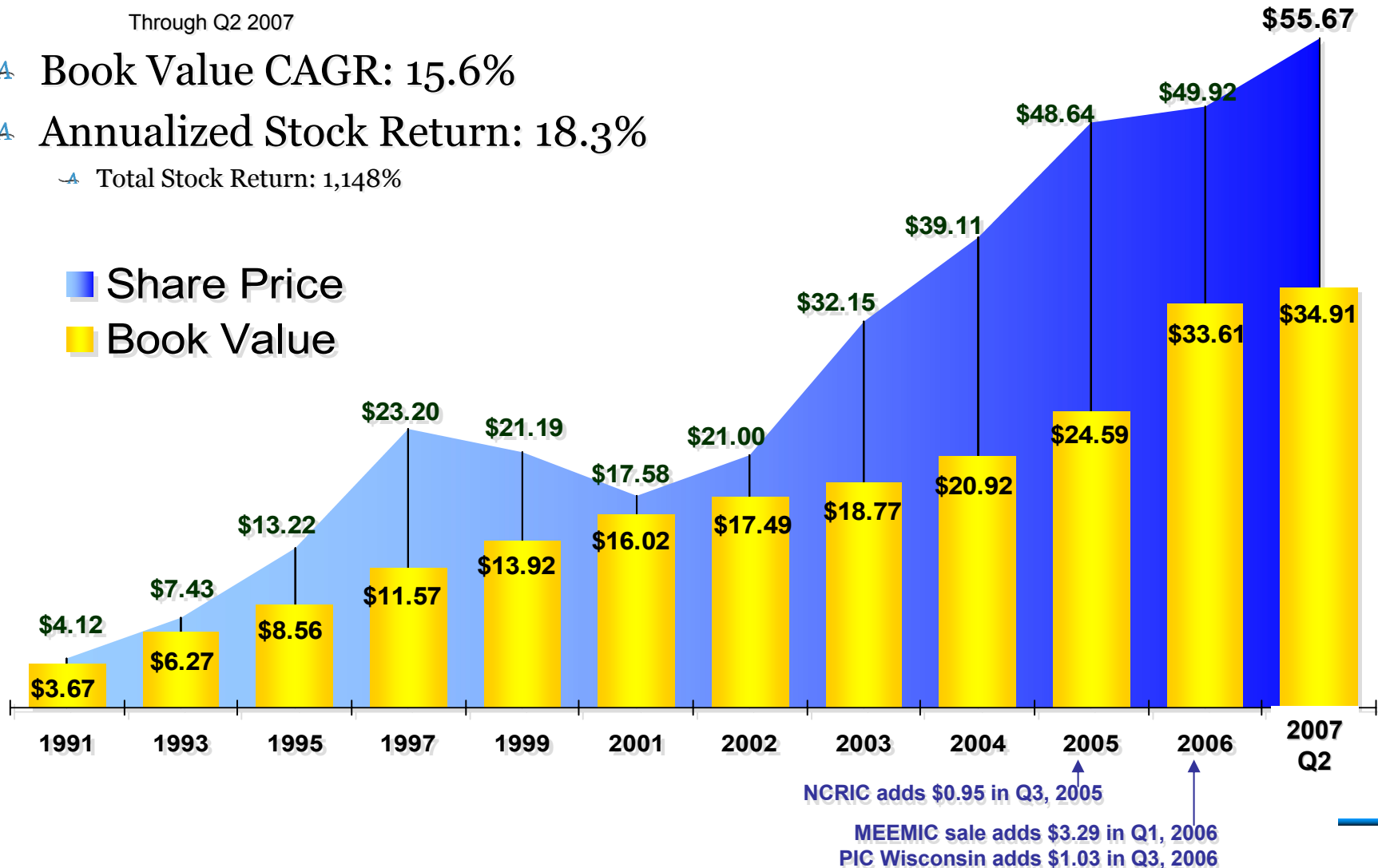
- ✈ Built through careful expansion and opportunistic M&A
- ✈ Corporate strategy applied locally to underwriting & claims
- ✈ Local knowledge crucial to understanding legal environment
- ✈ Local presence enhances long-term customer relationships
- ✈ Efficiencies gained from consolidated “back-room” operations

ProAssurance: Return to Shareholders

Through Q2 2007

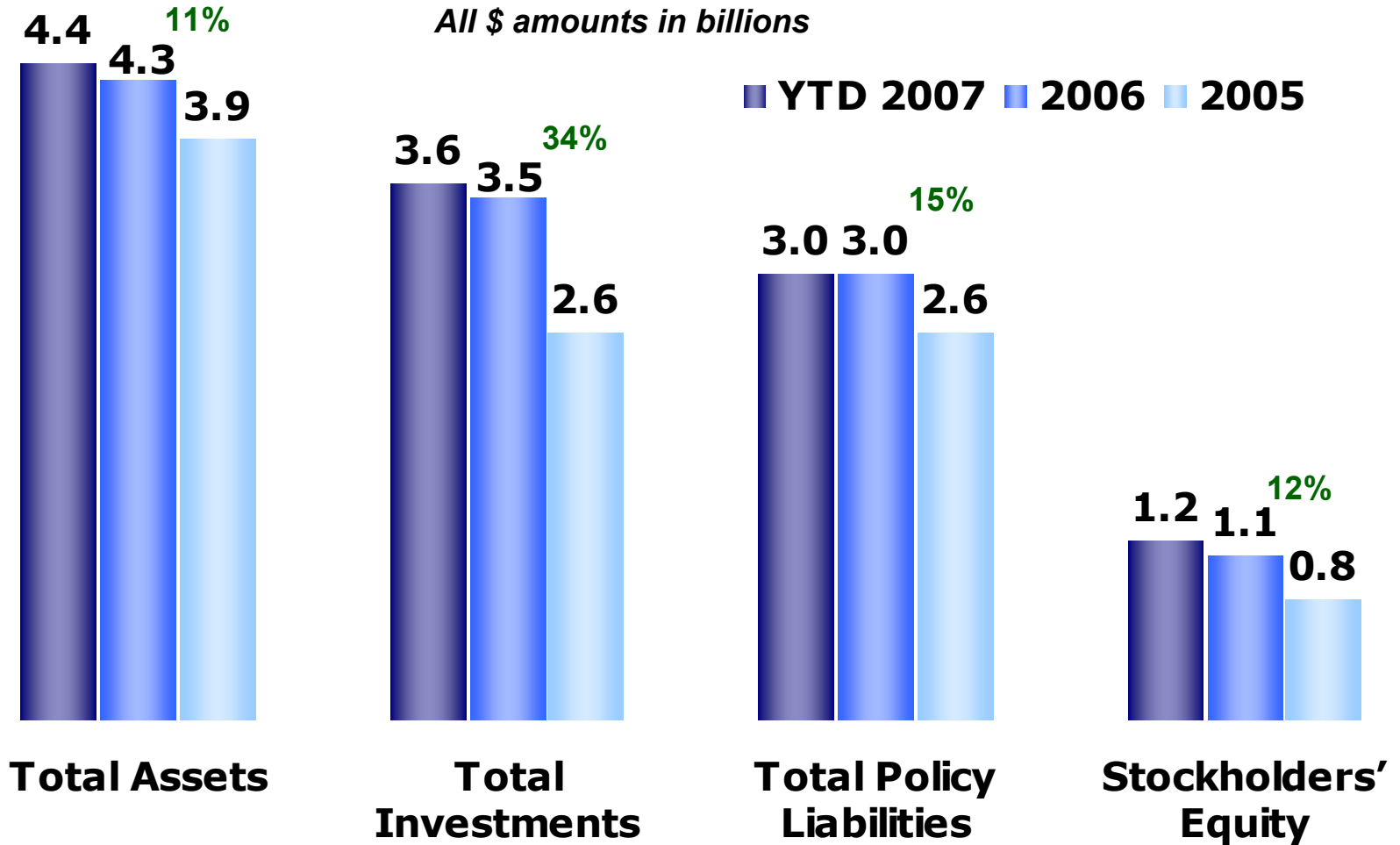
- ✦ Book Value CAGR: 15.6%
- ✦ Annualized Stock Return: 18.3%
- ✦ Total Stock Return: 1,148%

■ Share Price
■ Book Value



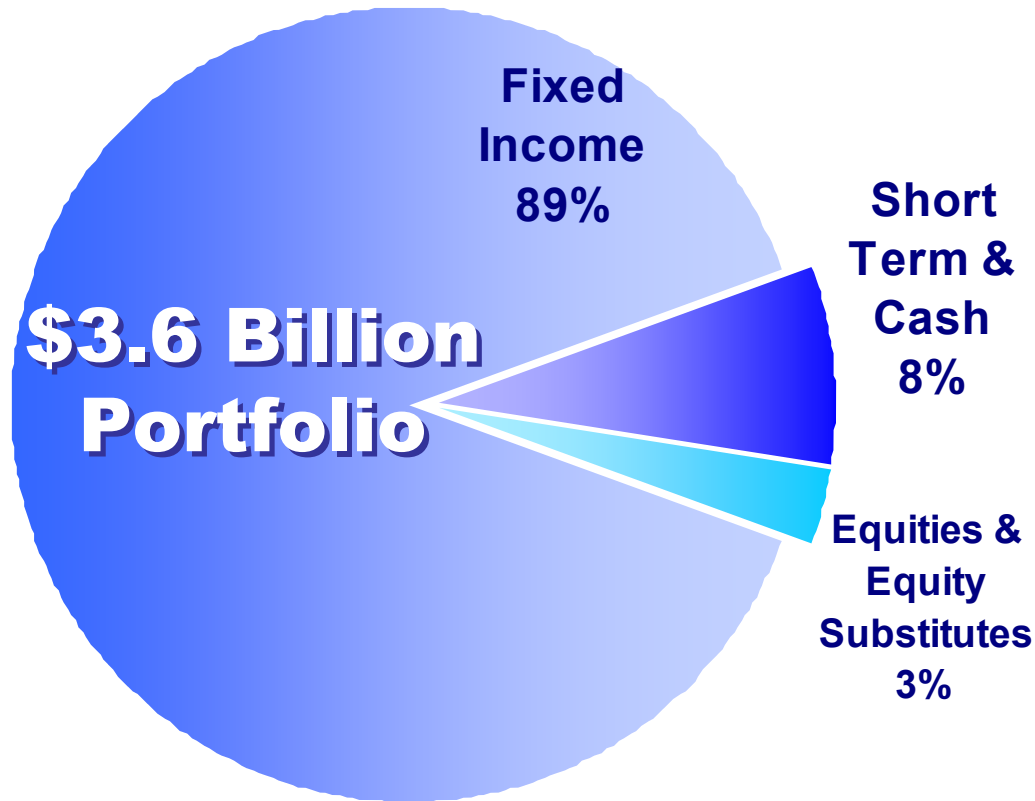
Balance Sheet Progression

ProAssurance®



Portfolio Overview

— Conservative portfolio offsets liability risk



AT 6/30/2007

See Supplemental Data on pages 19-23 for further portfolio detail

Q2 2007 Income Statement Highlights

in millions, except per share data

CONTINUING OPERATIONS

	2007	June 30, 2006	Y-OVER-Y CHANGE
Gross Premiums Written	\$ 106	\$ 107	- 1%
Net Investment Income	45	35	29%
Total Revenue	180	174	3%
Total Expenses	127	132	- 4%
Net Income	\$ 38	\$ 30	27%
Net Income/Diluted Share	\$ 1.06	\$ 0.90	18%
Operating Cash Flow	\$ 8	\$ -74	111%

Y-T-D 2007 Income Statement Highlights

in millions, except per share data

CONTINUING OPERATIONS

	2007	June 30, 2006	Y-OVER-Y CHANGE
Gross Premiums Written	\$ 291	\$ 289	1%
Net Investment Income	87	68	28%
Total Revenue	359	352	2%
Total Expenses	256	272	- 6%
Net Income	\$ 74	\$ 58	28%
Net Income/Diluted Share	\$ 2.08	\$ 1.74	20%
Operating Cash Flow	\$ 95	\$ 42	126%

Translating Past Success into Future Excellence

Our Heritage

- ↳ Our predecessor companies challenged the status quo in the mid-seventies
 - ↳ The cost of settling claims vs. the benefit of winning lawsuits
- ↳ From lifeboats to ocean liners
 - ↳ Merely surviving wasn't good enough
- ↳ Leaders with vision emerged

Our Core Assumptions

- ↪ Our business demands a long-range view
- ↪ Our shareholders *and* customers benefit from our balance sheet strength
- ↪ Computers are important, but our people will make the difference
- ↪ We're building from a position of leadership

Our Internal Expectations

- ↪ We will protect our markets and differentiate our product
 - ↪ Performance and service *do* make a difference even in the age of WalMart
- ↪ We will innovate our business process in ways that benefit the customer
 - ↪ Insureds
 - ↪ Agents
- ↪ We will not change for the sake of change

Our External Expectations

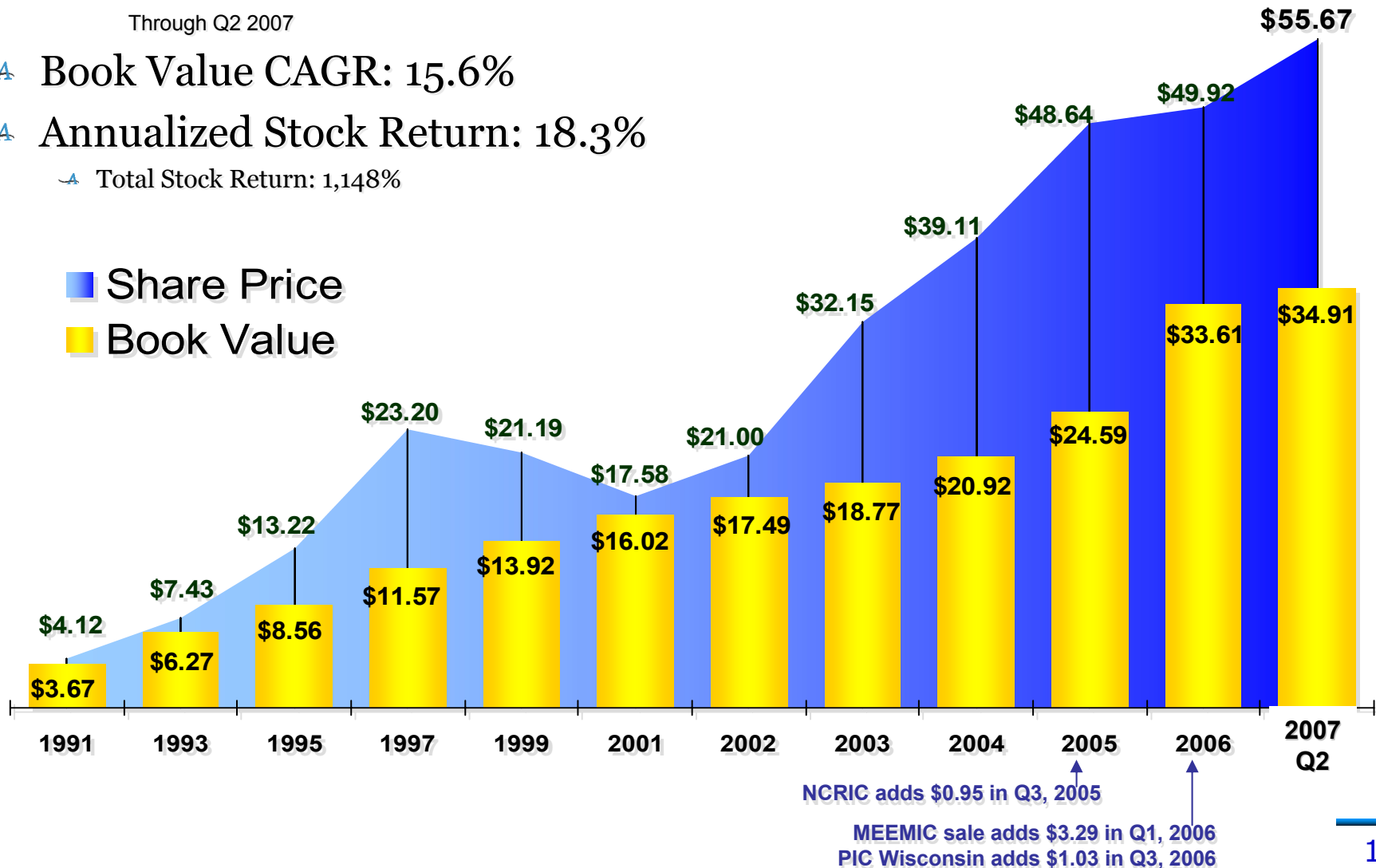
- ↪ Our market is cyclical
 - ↪ We are in the soft-portion of the cycle
 - ↪ This cycle will likely be shorter and less severe
- ↪ The soft market creates challenges AND opportunities for careful expansion and intelligent M&A
- ↪ We will maintain balance sheet strength
 - ↪ Allows us to keep our insurance promise and maintain operational flexibility

ProAssurance: Return to Shareholders

Through Q2 2007

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- ✦ Annualized Stock Return: 18.3%
- ✦ Total Stock Return: 1,148%

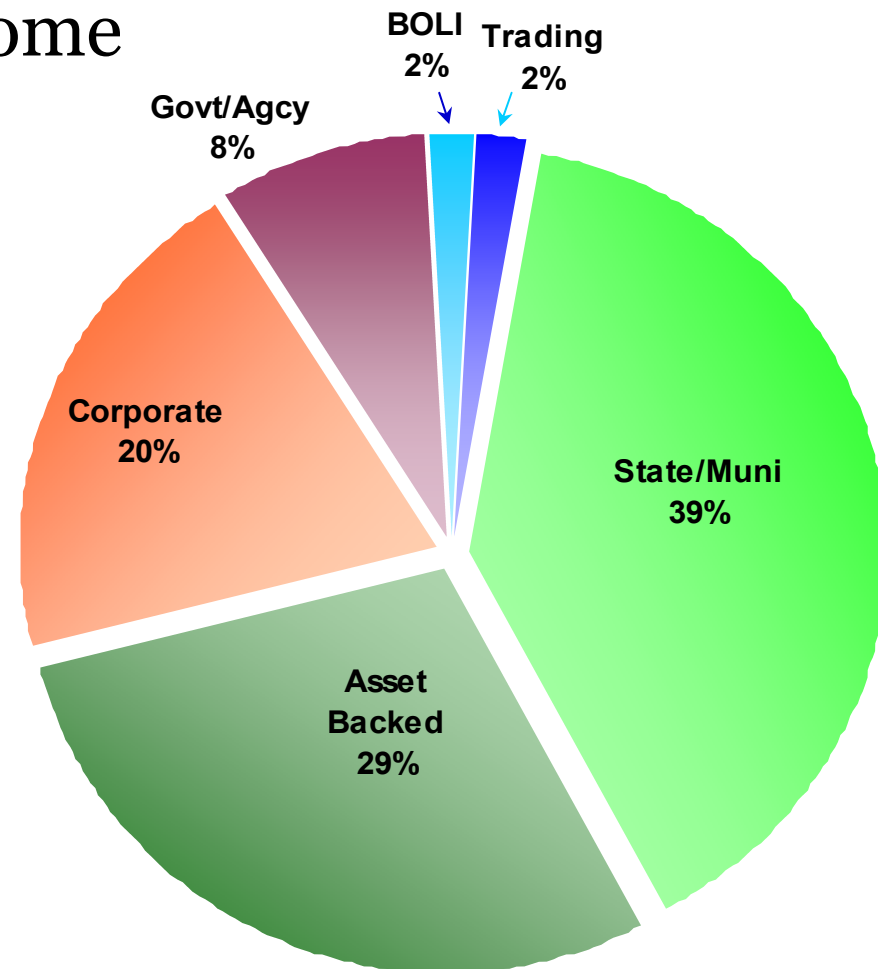
■ Share Price
■ Book Value



Supplemental Data: Portfolio Detail

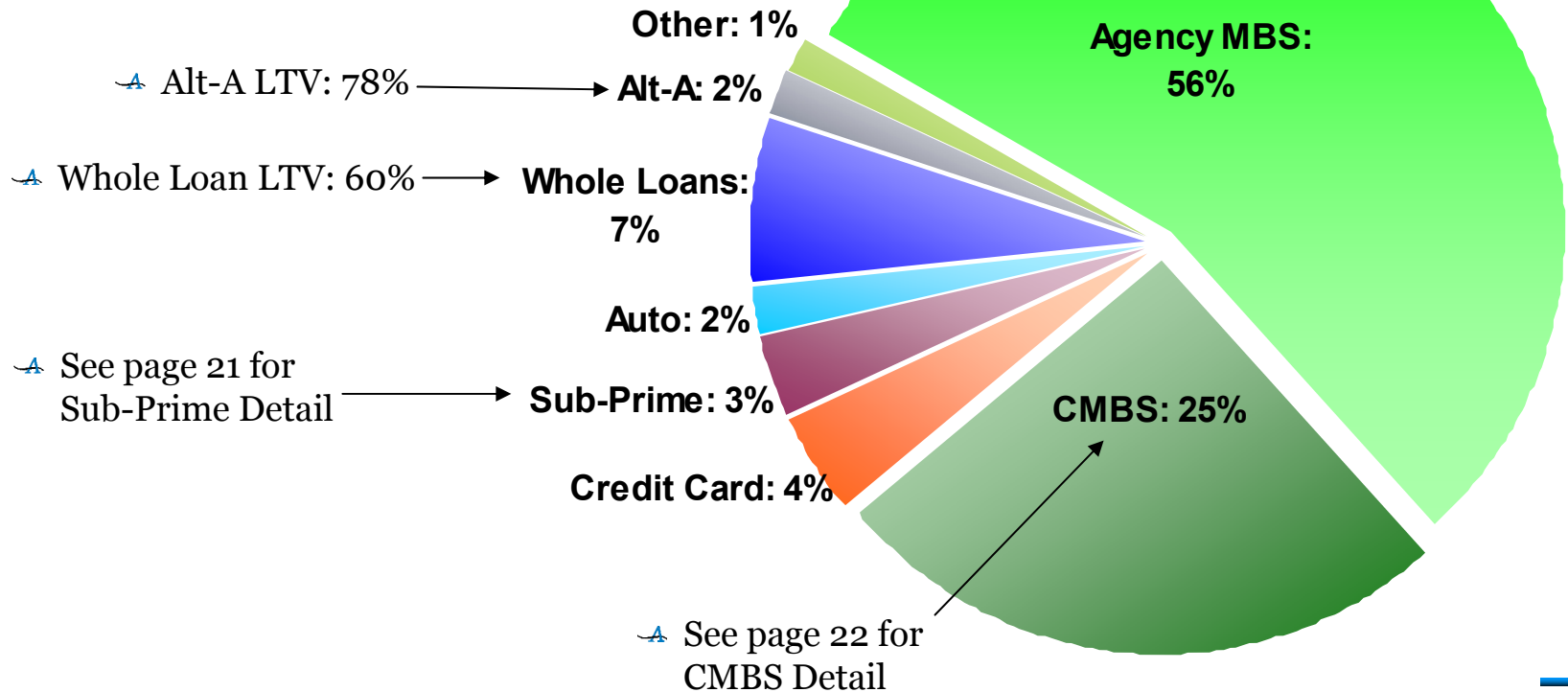
Portfolio Overview: Fixed Income

- \$3.1 Billion is Fixed Income
- Average fixed maturity duration: 4.2 years
- Average tax-equivalent yield: 5.4%
- 99.5% investment grade
- Weighted average: AA+



Portfolio Overview: Asset Backed

- ✦ \$919.6 million Asset Backed Securities
- ✦ Weighted Average Rating: AAA



Portfolio Overview: Sub-Prime

- \$30 million in available-for-sale portfolio
- All performing / No downgrades

At 6/30/07	Type	Quality
\$18 Mln	Mortgage-Backed	Wtd Avg FICO: 675 LTV 78%
\$12 Mln	Home Equity	Wtd Avg FICO: 635

At 6/30/07	Vintage
\$10 Mln	2004 & Prior
\$12 Mln	2005
\$ 8 Mln	2006

- \$6 million in a separate high-yield fund
 - 69% pre-2005, no 2006
 - LTV on MBS portion is 75%

Portfolio Overview: CMBS

➤ \$226 million in non-agency CMBS

➤ 7% of fixed income

At 6/30/07	Quality
\$222 Mln	AAA
\$ 3 Mln	AA
\$ 1 Mln	A

At 6/30/07	Credit Support
58%	>20%
4%	15% - 20%
9%	10% - 15%
28%	No data

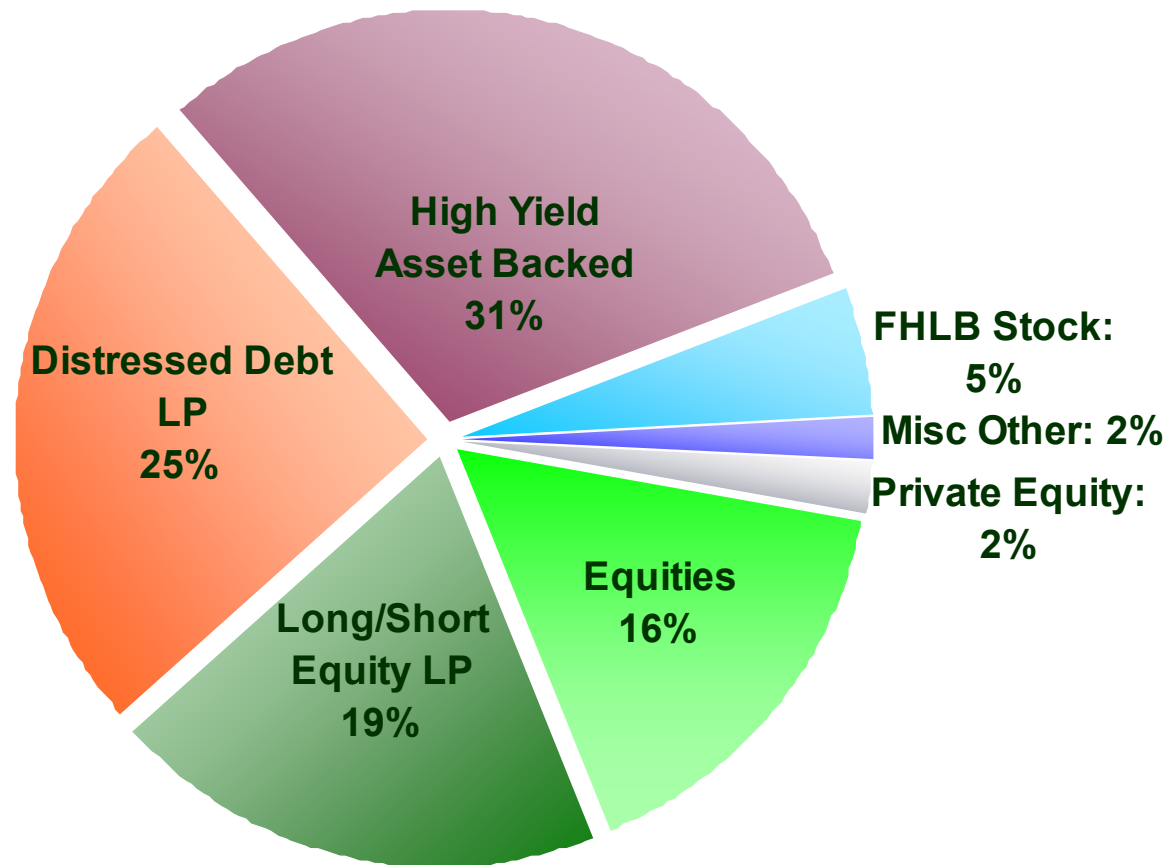
At 6/30/07	Debt Service Coverage
95%	>1.5
5%	>1.3

At 6/30/07	Wtd Avg LTV
96%	<75%
4%	No data

At 6/30/07	Cumulative Delinquencies
50%	None
18%	0% - 0.5%
18%	0.5% - 1.0%
1%	1.0% - 2.0%
2%	No data

Portfolio Overview: Equities

— \$99 million in Equities & Equity Substitutes



AT 6/30/2007