

Investor Presentation

RAYMOND JAMES

Annual Institutional Investors Conference

W. Stancil Starnes
Chairman
Chief Executive Officer

March 2, 2015



FORWARD LOOKING STATEMENTS

This presentation contains Forward Looking Statements and other information designed to convey our projections and expectations regarding future results. There are a number of factors which could cause our actual results to vary materially from those projected in this presentation. The principal risk factors that may cause these differences are described in various documents we file 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.” Please review this presentation in conjunction with a thorough reading and understanding of these risk factors.

We especially identify statements concerning our acquisition of Eastern Insurance Holdings, Inc. and the establishment of Lloyd's Syndicate 1729 as Forward Looking Statements and direct your attention to our news releases issued on September 24, 2013, our Current Report on Form 8K, issued on September 24, 2013 and our 10K, filed on February 20, 2014 for a discussion of risk factors pertaining to these transactions and subsequent integration into ProAssurance.

NON-GAAP MEASURES

This presentation contains Non-GAAP measures, and we may reference Non-GAAP measures in our remarks and discussions. A reconciliation of these measures to GAAP measures is available in our latest quarterly news release, which is available in the Investor Relations section of our website, www.ProAssurance.com, and in the related Current Report on Form 8K disclosing that release.

ProAssurance Corporate Profile

- ▶ Healthcare-centric specialty liability insurance writer
 - ▶ Healthcare Professional Liability (HCPL)
 - ▶ Only public company writing predominately HCPL
 - ▶ Workers' Compensation
 - ▶ Life sciences and medical devices
 - ▶ Attorney's professional liability
- ▶ Market Cap: ~\$2.9 billion
- ▶ Shareholders' Equity: \$2.4 billion
- ▶ Total Assets: \$5.2 billion
- ▶ Claims-Paying Ratings: A. M. Best: "A+" (Superior) / Fitch: "A"
- ▶ Recently released strong Q4 and Full-Year 2014
 - ▶ Results in your packet

Key Strategies

We provide insight into our strategies to succeed

We Are Responding to:

The evolution of healthcare

- ▶ How does consolidation into larger entities affect our ability to compete?
- ▶ Will the Affordable Care Act change the medical professional liability landscape?

Our acquisition of Eastern Insurance Alliance

- ▶ Why workers' compensation and why this workers' compensation company?
- ▶ Does this signal a pivot away from medical professional liability?

Questions About Capital Management

- ▶ What are you going to do with all that capital?

The Evolution of Healthcare

- ▶ American healthcare is wrestling with the question of cost vs. care
- ▶ We can deliver more care than we can afford
 - ▶ Changes were certain even without the Affordable Care Act (ACA)
 - ▶ Restructuring is producing profound changes in healthcare
 - ▶ Larger entities are forming to harvest economies of scale
 - ▶ Healthcare delivery is being pushed down to lower cost providers
- ▶ The ACA is creating additional layers of complexity
 - ▶ Healthcare delivery will be in continuous flux for years to come
 - ▶ Patient frustration and unexpected outcomes are expected but have not yet appeared

The ProAssurance Response








- ▶ Our long-term focus on financial strength is central to our overall strategy and success
- ▶ ProAssurance has thrived across all insurance cycles
- ▶ We are building the platform that will allow us to serve the broad spectrum of healthcare
 - ▶ Prudently leveraging our success and experience with the addition of specialized expertise
- ▶ Broad capabilities to meet evolving demands
 - ▶ Eastern, Medmarc, PICA & Mid-Continent
 - ▶ Traditional HCPL companies deepen our capabilities

The ProAssurance Response








- ▶ Alternative risk and self-insurance opportunities
 - ▶ Captive insurance programs allow large, sophisticated healthcare customers to control their own insurance programs for both professional liability and workers' compensation
 - ▶ Eastern Re brings proven experience and expertise in establishing and operating captives through segregated cells
 - ▶ Risk sharing/high deductible programs
 - ▶ Risk Purchasing Groups for specific specialties or regions
- ▶ Joint physician/hospital insurance products addressing the unique risk tolerance and claims expectations of each insured

The ProAssurance Response

New Products and Services

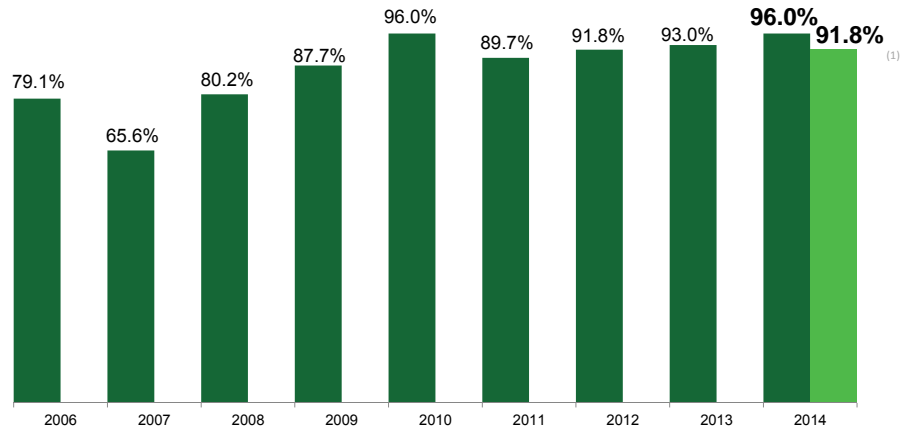
-  ProAssurance Risk SolutionsSM
 -  Newly formed unit brings proven expertise to address complex risk financing challenges in both healthcare liability and workers' compensation
-  ProAssurance Complex Medicine (ProCxM)
 -  Targets larger entities with self-insured retentions
 -  Proprietary analytics provides advanced underwriting & pricing capabilities in conjunction with Pro-Praxis, an underwriting agency capitalized by Cooper Gay Swett & Crawford Group
-  New D&O coverage for existing healthcare insureds
 -  New liability theories emerge as larger entities evolve

The Workers Compensation Question

-  The Eastern acquisition cements our commitment to medical professional liability
-  We now can provide a single source for the two most difficult coverages bought by healthcare institutions
-  This transaction is part of our push to become a larger force with the broker community
 -  Brokers are favored by larger institutions
 -  Provides important cross-selling and differentiating opportunities for our specialist independent agents who remain important in our distribution to existing business
-  Adds significant profitable business
 -  Do not paint Eastern with a broad workers' compensation brush

Consistent Profitability in Workers' Comp

Historical Combined Ratio



(1) excluding fair value adjustment and intangible asset amortization, transaction-related and other one-time charges

Eastern Differentiates in Workers' Compensation

- ▶ Disciplined individual account underwriting with focus on rate adequacy in rural territories
- ▶ Dedicated to effective claims management and returning injured workers to wellness
- ▶ Understands market dynamics and regulatory concerns
 - ▶ Use of local knowledge that has always differentiated ProAssurance

Eastern Differentiates in Workers' Compensation

- ▶ Extensive medical cost containment strategies
 - ▶ Average five-year medical cost inflation of 0.6%
- ▶ Use of a proactive, unique claims approach that has always differentiated ProAssurance
- ▶ Proactive claims management
 - ▶ Use of Compromise & Release where permitted by law
- ▶ Strategic use of return-to-wellness initiatives
- ▶ Recognized as a short-tail writer
- ▶ Examples:
 - ▶ 12 open claims in the Traditional (non-captive) book for accident years 2007 and prior
 - ▶ 59.7% of 2013 and prior claims closed in 2014

The Capital Question

- ▶ Capital is a precious resource for us and our investors
- ▶ Highest use is investing in the business through M&A or strategic initiatives
- ▶ We have demonstrated our commitment to effective capital management

Demonstrated Commitment to Capital Management

Capital return at historic levels—\$443 million in 2014

Dividends: \$220.5 mln declared in 2014

Quarterly dividend increased to \$0.31/share on December 3, 2014

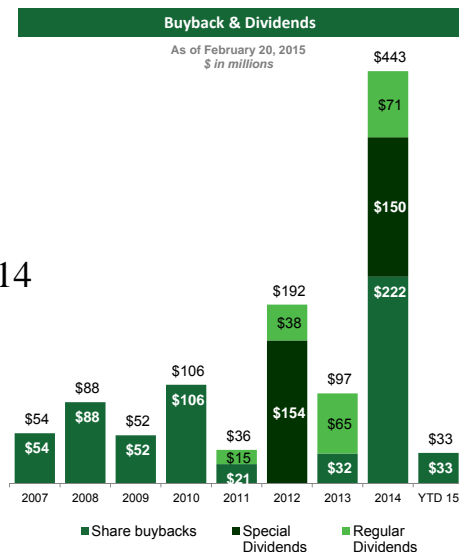
Yield: Approximately 2.6%

Buyback: \$222.4 mln in 2014

4.9 mln shares repurchased

\$149 mln remains authorized (2/20/15)

\$576 mln since 2007



PROASSURANCE
Treated Fairly

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Capital Growth and Total Capital Return

A superb track record under the current senior management team (Q2 2007 to Q4 2014)

Shareholders Equity grown from \$1.15 billion to \$2.16 billion (87%)

Additionally, \$1.1 billion returned to shareholders in the form of share repurchase and dividends

Additionally, \$754 million deployed in key strategic acquisitions to transform ProAssurance

\$ in 000's

	Dividends Declared	Share Repurchase	Acquisition	Total
2007	—	\$ 54,201	—	\$ 54,201
2008	—	87,561	—	87,561
2009	—	52,045	\$ 137,800	189,845
2010	—	106,346	233,000	335,346
2011	\$ 15,269	21,013	—	36,282
2012	192,466	—	24,000	216,466
2013	64,777	32,437	153,700	250,914
2014	220,464	222,360	205,244	648,828
Total	\$ 492,976	\$ 575,963	\$ 753,744	\$ 1,819,443

PROASSURANCE
Treated Fairly

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Key Points

- ▶ ProAssurance has always evolved ahead of the curve in our industry—we continue that trend
 - ▶ We have proven our ability to thrive across insurance cycles and produce significant returns for long-term shareholders
- ▶ Our long-term focus on financial strength and sustained value creation is central to our overall strategy
- ▶ Our management team is heavily invested—professionally and financially in our success

Investor Meetings

Raymond James 36th Annual Institutional Investors Conference

W. Stancil Starnes	Chairman Chief Executive Officer
Edward L. Rand, Jr.	Executive Vice President Chief Financial Officer
Frank B. O'Neil	Senior Vice President Chief Communications Officer

March 2, 2015



Forward Looking Statements

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 - Workers' compensation
 - Legal professional liability

ProAssurance Mission Statement

We Exist to Protect Others

As a strong and trusted partner, we help our customers confront uncertainty through innovative loss transfer and loss mitigation solutions for liability risks, with an emphasis on healthcare.

Financial Results YTD

Our commentary on YTD 2014 results
and updates on recent transactions and strategy

2014 Income Statement Highlights

📌 Solid profitability in a challenging market

in millions, except per share data

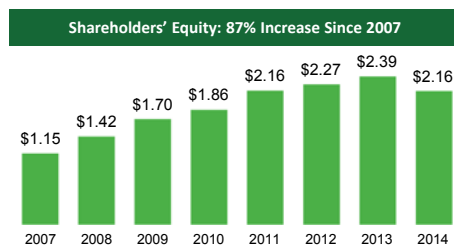
	December 31,		Y-OVER-Y Change
	2014	2013	
Gross Premiums Written	\$ 780	\$ 568	+37%
Net Investment Result	\$ 130	\$ 137	-5%
Total Revenues	\$ 852	\$ 740	+15%
Total Expenses (Includes Loss Costs)	\$ 590	\$ 375	+57%
Net Income (Includes Realized Investment Gains & Losses and Gain on Acquisition)	\$ 197	\$ 298	-34%
Operating Income	\$ 186	\$ 221	-16%
Net Income per Diluted Share	\$3.30	\$4.80	-31%
Operating Income per Diluted Share	\$3.13	\$3.56	-12%

2014 Balance Sheet Highlights

📌 Maintaining the financial strength required to keep our insurance promise

Split adjusted, in billions, except Book Value per share

	2014	2013	CHANGE
Shareholders' Equity	\$ 2.2	\$ 2.4	-10%
Total Investments	4.0	3.9	+2%
Total Assets	5.2	5.2	-
Policy Liabilities	2.4	2.4	+2%
Book Value per Share	\$ 38.17	\$ 39.13	-2%



Capital Discussion

We focus on the creation of meaningful shareholder value through a disciplined approach to capital management

Demonstrated Commitment to Capital Management

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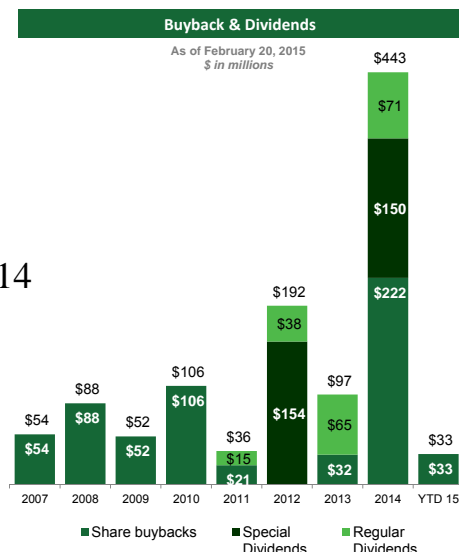
Buyback: \$222.4 mln in 2014

4.9 mln shares repurchased

\$149 mln remains authorized (2/20/15)

\$100 million added on December 3, 2014

\$576 mln since 2007



Capital Growth and Total Capital Return

• An unmatched track record under the current senior management team (Q2 2007 to Q4 2014)

• Shareholders Equity grown from \$1.15 billion to \$2.16 billion (87%)

• Additionally, \$1.1 billion returned to shareholders in the form of share repurchase and dividends

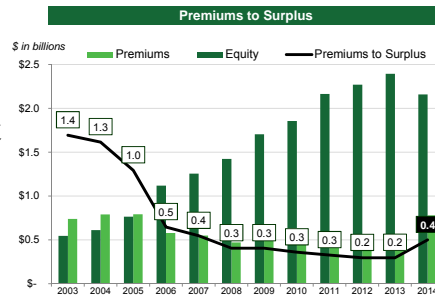
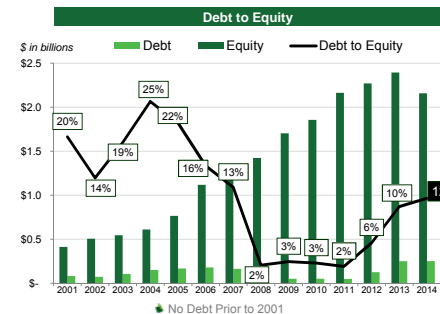
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Total	\$ 492,976	\$ 575,963	\$ 753,744	\$ 1,819,443

Strong Capital Position and Minimal Debt

• Committed to enhancing shareholder value through effective capital management

• Retaining capital needed for the market turn *and* M&A

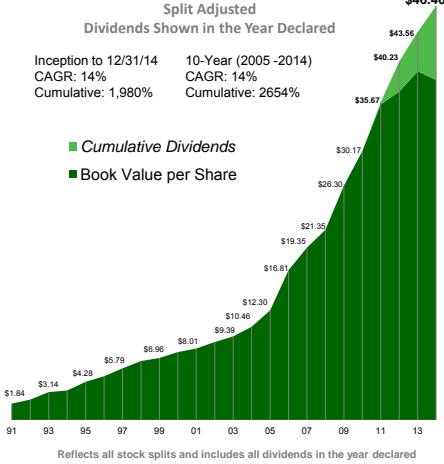


- \$250 million long-term debt
- 10-year notes due 11/15/2023 at a coupon of 5.30%
- Debt-to-capital easily supports financial ratings

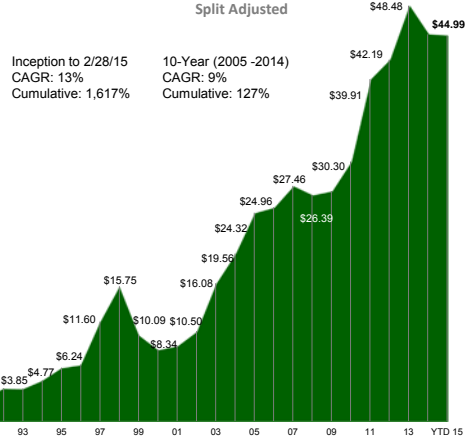
The Payoff: Consistent Book Value Growth

- Growth in Book Value + Dividends captures our focus on long-term excellence

Historical Book Value Per Share + Dividends



Historical Share Price

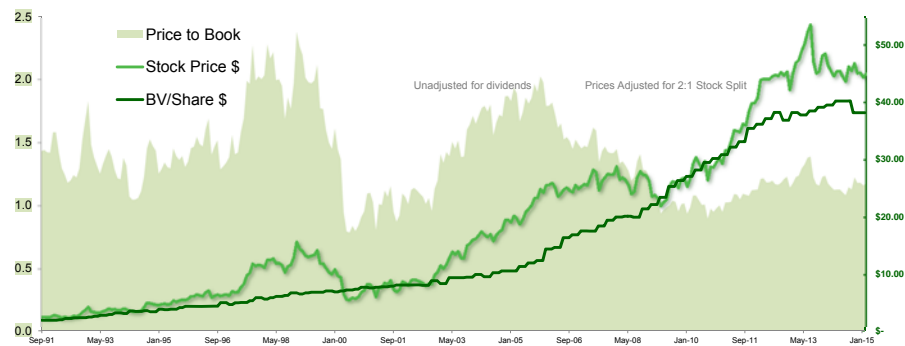


Focused on Shareholder Value

- Maintaining profitability and bottom line focus
- Continuing to grow book value per share
- Producing sustainable shareholder value

Current Prices Reflect the Solid Value of ProAssurance

Stock Price at 2/28/15 to YE 2014 Book: 1.2x Average Since Inception: 1.4x



Consolidated Operational Highlights

Our commentary on YTD 2014 results
and updates on recent transactions and strategy

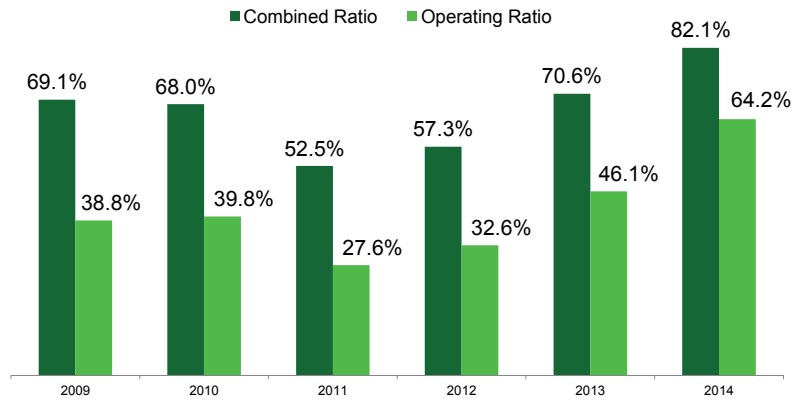
2014 Corporate Update

- ▶ Acquired Eastern Insurance effective 1/1/14
 - ▶ Integration into ProAssurance well underway
 - ▶ Significant contributions to Q1 results
- ▶ Lloyd's Syndicate 1729 began operations on 1/1/14
 - ▶ Business on the books as planned
 - ▶ All senior staffing arrangement complete
- ▶ Medmarc and IND well integrated into ProAssurance operations

Strong Operational Results in 2014

- Combined Ratio: 82.1% (Avg Since 2009: 66.6%)
- Operating Ratio: 64.2% (Avg Since 2009: 41.5%)

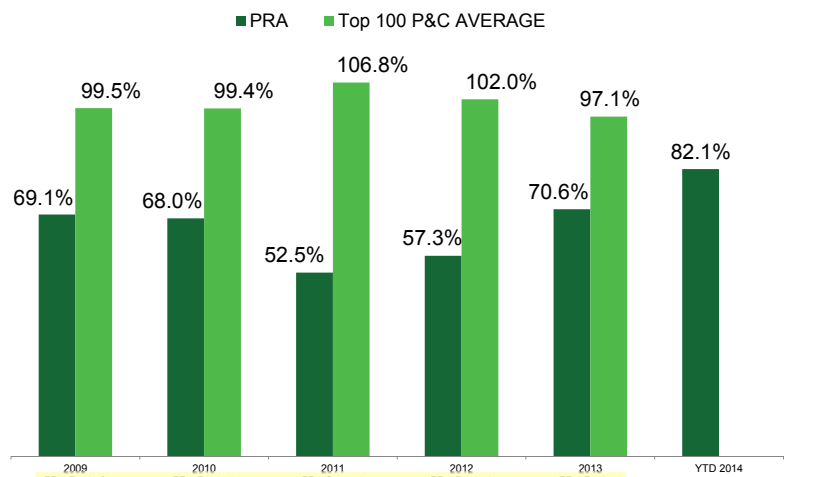
Combined Ratio and Operating Ratio History



Operational Results vs Top 100 P&C Writers

- Consistently achieving superior results

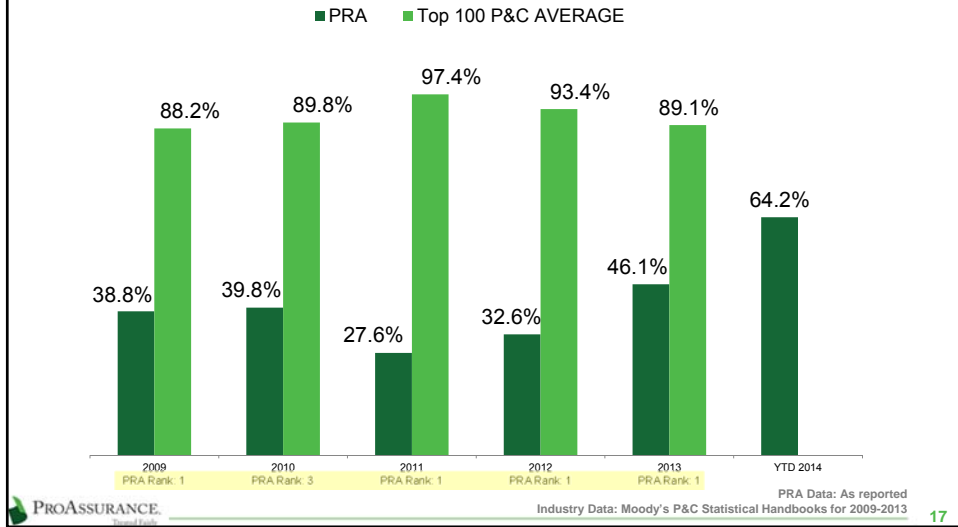
Combined Ratio Comparison: PRA vs Top 100 P&C Writers



Operational Results vs Top 100 P&C Writers (Q3)

Consistently achieving superior results

Operating Ratio Comparison: PRA vs Top 100 P&C Writers

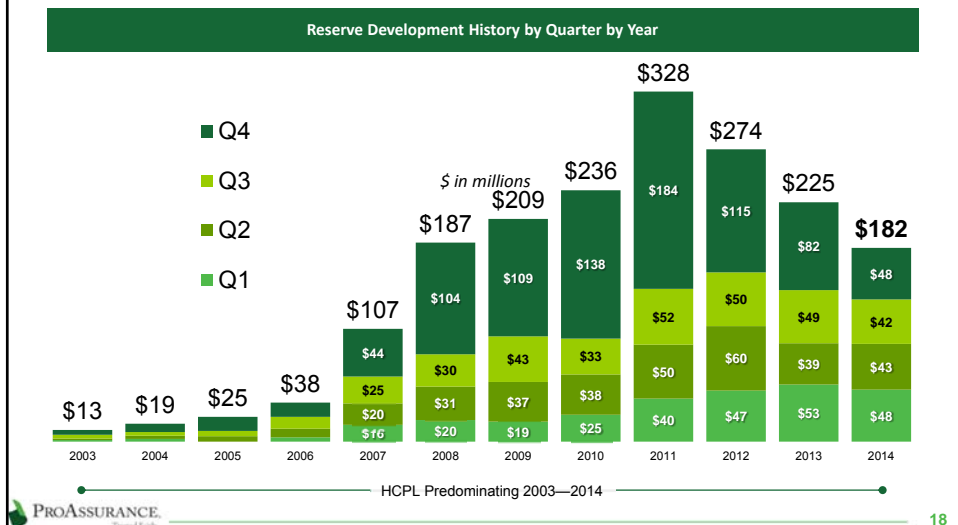


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Consistent Approach to Reserves

Recognizing loss trends as they appear

No change in reserving philosophy or process

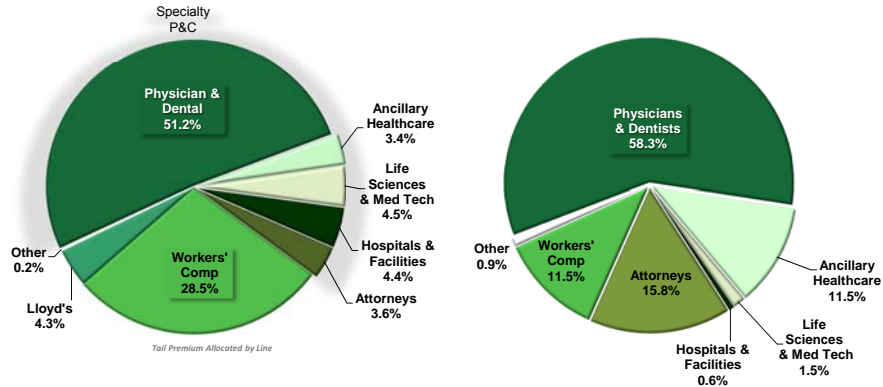


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2014 Premiums, Policyholder & Distribution

2014 Premium: \$780 mln

2014 Policyholders: ~80,000



Distribution Sources at 12/31/14

	HCPL	LPL	Life Sciences	Workers' Comp
Agent / Broker	72%	77%	100%	100%
Direct	28%	23%	--	--

Eastern Insurance Transaction Update

- Significant contributor to top line growth and bottom line profitability
- Expected cross selling opportunities are emerging
- Continues building the platform to serve the needs of larger integrated health systems and healthcare delivery organizations
 - Workers' compensation represents one of the single largest liability expenditures for healthcare entities
- Eastern and ProAssurance underwrite large healthcare books of business, which will continue to be a target market for both companies

Lloyd's Syndicate Update

- First policies underwritten January 1, 2014
- \$32 mln in net premium written reported at 12/31/14
(reporting on a one-quarter lag)
- ProAssurance is providing 58% of underwriting capital
 - Remaining capital from other corporates and private names
- ProAssurance has committed \$78 mln in 2015
 - Six-Year commitment of up to \$200 mln

Opportunities and Strategies

ProAssurance is Evolving to Anticipate the Risks Facing an
Increasingly Complex healthcare Delivery System

Healthcare Realities

- ▶ American healthcare is wrestling with the question of cost vs. care—we can deliver more care than we can afford
 - ▶ Restructuring is producing profound changes in healthcare
 - ▶ Healthcare delivery is being pushed down to lower cost providers
- ▶ The Affordable Care Act (ACA) is creating additional layers of complexity
 - ▶ Healthcare delivery will be in continuous flux for years to come
 - ▶ How will the addition of millions of insureds affect Medical Professional Liability?
 - ▶ Patient frustration and unexpected outcomes
 - ▶ Will additional coverage under the ACA help or hurt Worker's Compensation writers?
 - ▶ Will the healthcare burden shift

Insurance Marketplace Realities

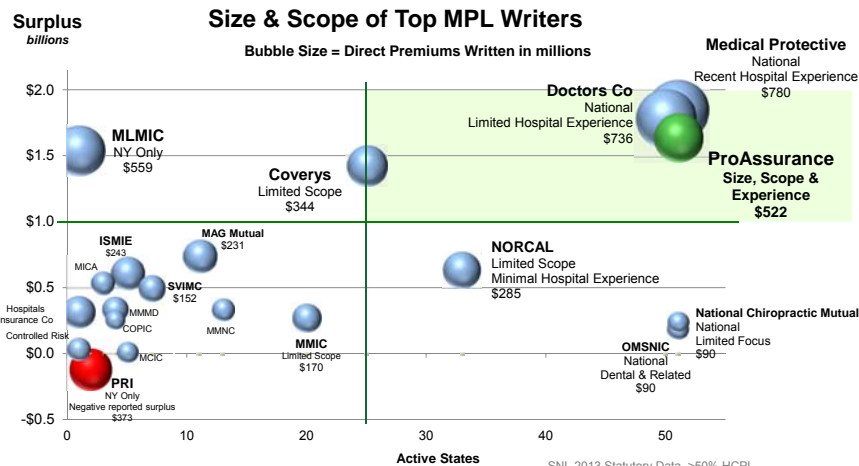
- ▶ Insurance companies are awash in capital
- ▶ Pressure is mounting to “do something” with it
 - ▶ M&A—the hunter vs. the hunted
 - ▶ Chase market share with low prices but disastrous long-term consequences
 - ▶ Appease investors with unwise capital-return strategies

The ProAssurance Response

- ▶ Our long-term focus on financial strength is central to our overall strategy and success
- ▶ ProAssurance has always evolved ahead of the curve
 - ▶ We have proven our ability to thrive across insurance cycles
 - ▶ We have an unmatched combination of financial strength and deep experience
- ▶ We are building the platform that will allow us to serve the broad spectrum of healthcare
 - ▶ Prudently leveraging our success and experience with the addition of specialized expertise
- ▶ Broad capabilities to meet evolving demands
 - ▶ Eastern, Medmarc, PICA & Mid-Continent
 - ▶ Traditional HCPL companies deepen our capabilities

Positioned to Succeed

- ▶ ProAssurance has the right combination of geographic scope, broad experience, and financial strength for success in the new world of healthcare liability



Continuing Emphasis on Strategic M&A

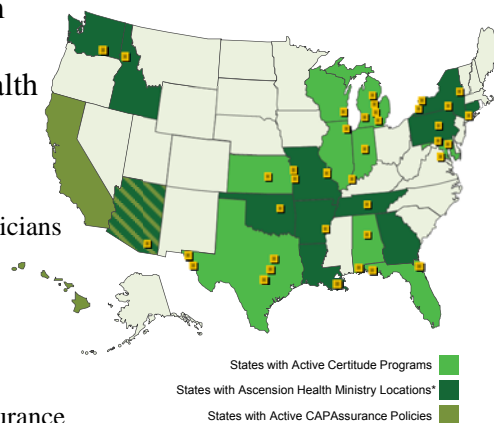
- Well known, seasoned acquirer with a successful track record



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Strategic Successes

- Leveraging our reach, expertise and financial strength
- \$26 mln in annualized premium in the Certitude™ program in partnership with Ascension Health
 - Insuring Ascension-affiliated physicians through coordinated, jointly insured programs
 - Adding Ascension-employed physicians and facilities in select states
- Partnerships with existing physician-focused companies to leverage hospital expertise
 - Venture with CAP-MPT: CAPAssurance
 - Now writing large groups and facilities



*www.ascensionhealth.org/index.php?option=com_locations&view=locations&Itemid=148

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Strategic Opportunities

- Alternative risk and self-insurance opportunities
 - Captive insurance programs allow large, sophisticated healthcare and workers' compensation customers to control their own insurance programs
 - Eastern Re brings proven experience and expertise in establishing and operating captives through segregated cells
 - Risk sharing/high deductible programs
 - Risk Purchasing Groups for specific specialties or regions
- Joint physician/hospital insurance products addressing the unique risk tolerance and claims expectations of each insured

Strategic Opportunities

- ProAssurance Risk SolutionsSM
 - Newly formed unit brings proven expertise to address complex risk financing challenges in both healthcare and workers' compensation
 - Run-off liabilities in M&A transactions
 - Assumption of existing reserve liabilities for large organizations seeking to repurpose capital resources
 - Specialized self-insurance plans
 - Offers financial flexibility through more efficient securitization/collateralization of self-funded risks
- ProAssurance Complex Medicine (ProCxM)
 - Newly announced program for larger entities with self-insured retentions
 - Proprietary analytics provides advanced underwriting & pricing capabilities in conjunction with Pro-Praxis, an underwriting agency capitalized by Cooper Gay Swett & Crawford Group

Strategic Opportunities Through Lloyd's

- ▶ Syndicate 1729 is an investment opportunity with significant insurance benefits
- ▶ Potentially provides access to international medical professional liability opportunities
- ▶ Leverage Medmarc's expertise to underwrite international medical technology and life sciences risks
- ▶ Increases flexibility for ProAssurance when working with complex risks
- ▶ Primary and excess business can be written

Strategic Opportunities Through Medmarc

- ▶ Medmarc is a market-leader in medical products and life sciences liability
- ▶ Increasing presence in device and drug development by larger healthcare organizations
- ▶ Increasing globalization of testing and development efforts are a natural fit with Lloyd's Syndicate 1729
- ▶ Provides ProAssurance and our agents with another arrow in our product quiver at the complex end of the healthcare delivery continuum

Strategic Opportunities Through Mid-Continent

- ▶ ProAssurance Mid-Continent Underwriters addresses the needs of ancillary healthcare providers
- ▶ This market is increasing rapidly as the push to reduce healthcare costs drives care through lower cost providers who are an important part of the healthcare continuum

Key Investor Points

- ▶ ProAssurance has always evolved ahead of the curve in our industry—we continue that trend
 - ▶ We have proven our ability to thrive across insurance cycles and produce significant returns for long-term shareholders
- ▶ Our long-term focus on financial strength and sustained value creation is central to our overall strategy
- ▶ Our management team is heavily invested—professionally and financially in our success

Segment Highlights

We report results in three operational segments

Specialty Property Casualty Insurance

Workers' Compensation Insurance

Lloyd's Syndicate 1729



2014 Specialty P&C Financial Highlights

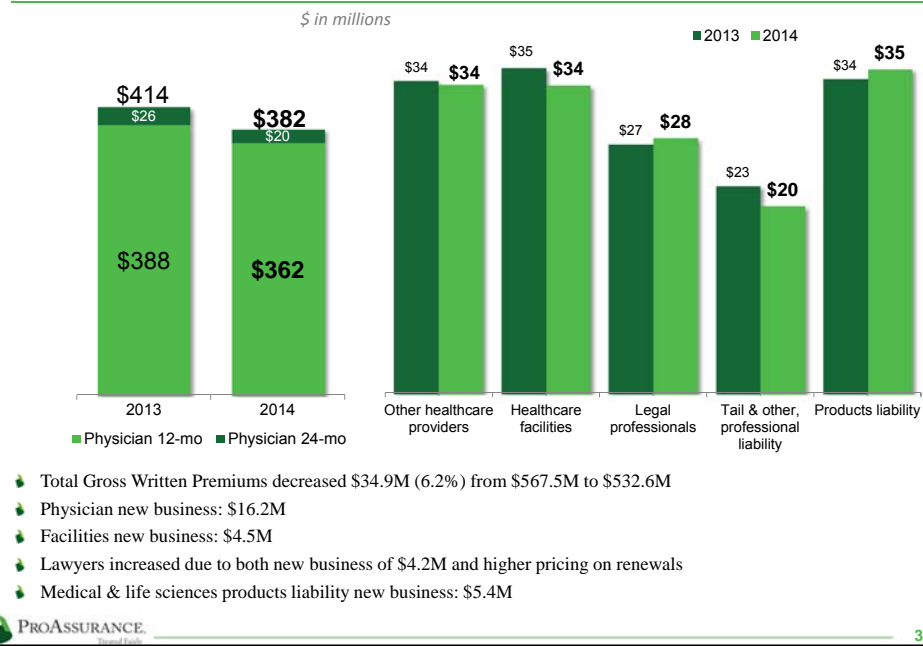
in millions, except ratios

	December 31,		Y-OVER-Y Change
	2014	2013	
Gross Premiums Written	\$ 533	\$ 568	-6%
Net Premiums Earned	\$ 493	\$ 528	-7%
Total Revenues	\$ 499	\$ 534	-7%
Net Losses & Loss Adjustment Expenses	\$ 228	\$ 224	+2%
Underwriting & Operating Expenses	\$ 133	\$ 132	+1%
Operating Result	\$ 137	\$ 177	-23%
Current Accident Year Net Loss Ratio	83.0%	84.8%	
Prior Accident Year Net Loss Ratio	(36.7)%	(42.2)%	
Net Loss Ratio	46.3%	42.6%	
Underwriting Expense Ratio	27.0%	25.0%	
Combined Ratio	73.3%	67.6%	



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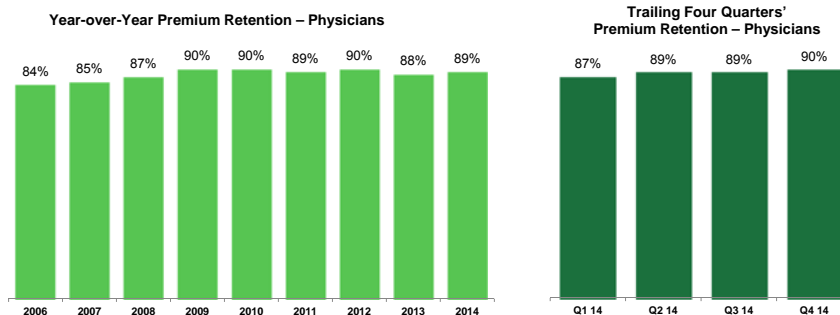
2014 Specialty P&C Gross Written Premium



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Strong Retention Despite Competition

- Retention remains in line with recent quarters
- Continued underwriting vigilance is being used today to ensure future success
 - Market share is important, but NOT as important as profitability

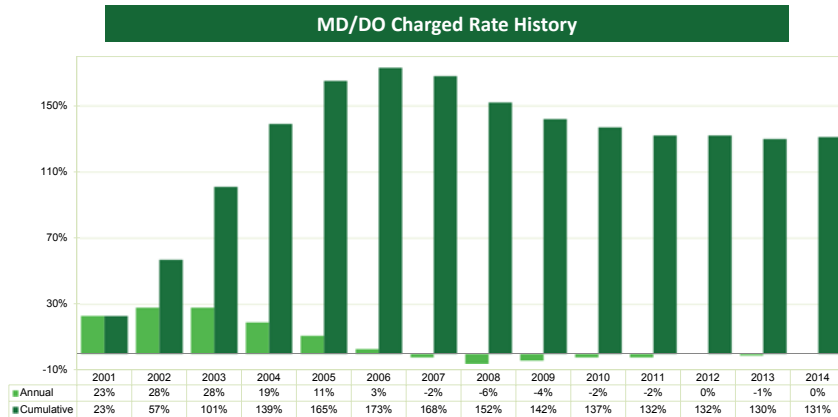


PROASSURANCE
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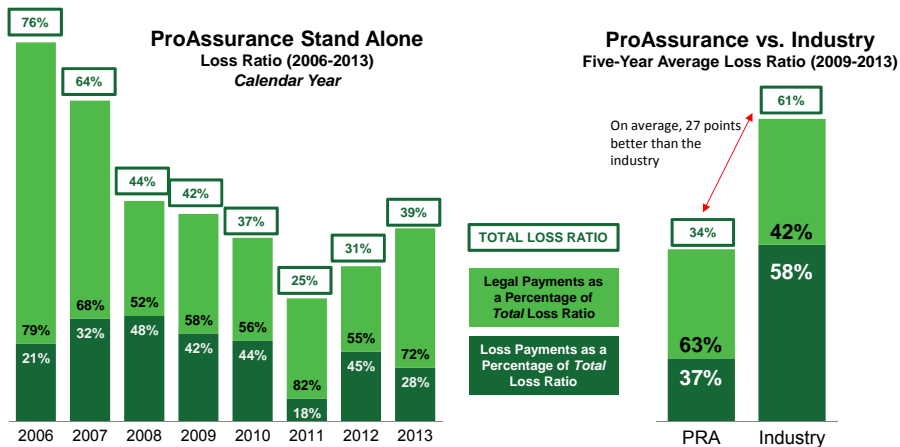
No Overall Change in HCPL Loss Trends

- Current accident year loss ratio adjustments have been minor—in either direction
- Minimal changes on renewed business



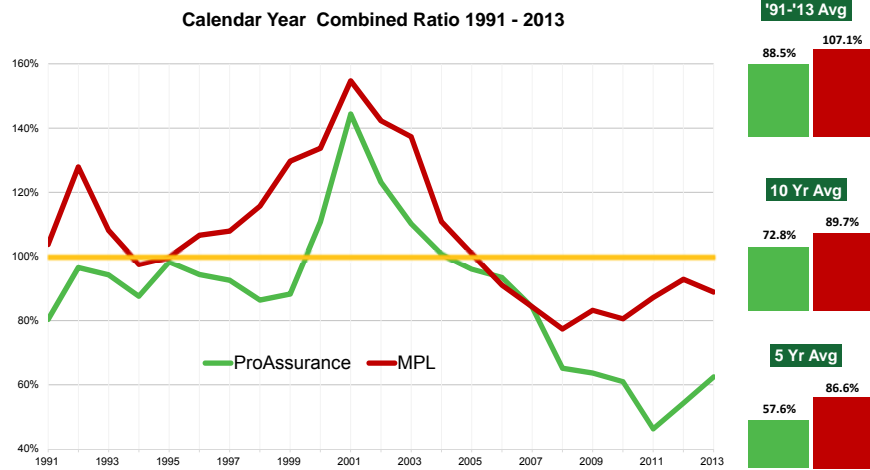
The Bottom Line Benefits of Strong Defense

- Our ability and willingness to defend claims allows us to achieve better results



ProAssurance Outperforms in HCPL

ProAssurance consistently outperforms in a volatile line of business



Source: 1991-2012 A.M. Best Aggregates and Averages, Medical Malpractice Lines of Business
Policyholder Dividends Included