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March 2, 2006

VIA UPS OVERNIGHT

Sue Housman
 Michigan Office of Financial and Insurance Services
 611 W. Ottawa
 Lansing, MI 48933

RE: Physicians Insurance Company of Wisconsin, Inc.

Dear Sue:

As I mentioned, ProAssurance Corporation and Physicians Insurance Company of Wisconsin, Inc. ("PIC Wisconsin") have entered into an Agreement and Plan of Merger under which ProAssurance would acquire control of PIC Wisconsin. ProAssurance provided your Office with a copy of the Form A it filed in Wisconsin regarding this change in control. Because PIC Wisconsin satisfies the conditions under Mich. Comp. Laws § 500.405 for an exemption from requalification due to this change of control, I have enclosed for filing a Request for Determination of Exemption from Requalification under Section 405(1). Please let me know if you have any questions or comments.

Very truly yours,

QUARLES & BRADY LLP

William J. Toman

WJT:bxh
 Enclosure
 740266.00016

cc: David L. Maurer, PIC Wisconsin
 Kathryn A. Neville, ProAssurance

Request for Determination of Exemption from Requalification under Section 405(1)

Enter complete information for each item requested. Attach additional sheet(s) if needed.

Name of insurer subject to change in control Physicians Insurance Company of Wisconsin, Inc. Insurer home office address (also list mailing address if different) 1002 Deming Way Madison, Wisconsin 53717	NAIC number 23400	Tax ID number 3911567580
	State of Domicile Wisconsin	Date of change in control TBD possibly and quarter 2006
Name of entity(ies) acquiring control of this insurer Pro Assurance Corporation		Name of ultimate controlling person(s) of this insurer Physicians Insurance Company of Wisconsin, Inc. Pro Assurance Corporation

Attach a chart that accurately depicts the organization structure after the change in control.

Complete chart below by listing last rating given this insurer by all nationally recognized independent rating organizations such as A.M. Best, S & P, Moody's, Duff & Phelps, etc.

Name of Rating Organization	Rating	Rating "as of" date	Date rating was issued
AM Best	A-	12/31/04	01/29/96
S & P	N/A		

Attach a copy of the complete narrative for each rating listed.

What is the total amount of capital and surplus of the insurer?

Amount in whole dollars: **\$83,252,639** As of this date: **9/30/05**

What is the total adjusted capital of the insurer as a percentage of authorized control level risk based capital as of the insurer's last annual filing?

Enter percentage: **728 %** As of this date: **12/31/04**

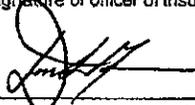
Did the insurer receive any NAIC insurance regulatory information system priority designation for the year preceding the change in control?

No Yes *If Yes, please attach a copy of the examiner team synopsis*

Was Insurer's Michigan certificate of authority suspended, revoked or limited pursuant to Section 436 of the Michigan Insurance Code in the five year period preceding the change of control?

No Yes *If Yes, please attach an explanation of the action*

Certification
I am making this request for determination of exemption from requalification under Section 405(1) of the Michigan Insurance Code on behalf of the insurer named above. The insurer is applying for the lines of insurance granted in insurer's current Michigan Certificate of Authority. The information given in this document and any attachments is true, complete and correct to the best of my knowledge and belief.

Signature of officer of insurer 	Officer name and title typed or printed David L. Maurer CFO/Treasurer	Date signed 2/15/06
Person to contact about this document (please type or print) William J. Toman	Contact person title Counsel	Phone number 608/283-2434

Our web address is: <http://cis.state.mi.us/ins>
Our toll free phone number is 1-877-999-6442

PA 218 of 1956 as amended requires submission of this form by persons requesting a determination of exemption from requalification under Section 405(1) prior to or following a change in control. Failure to file this form after a change in control may result in revocation of insurer's Michigan Certificate of Authority.

Best's
RATING

PIC WISCONSIN

DEFENDING THE PRACTICE OF MEDICINE™

PHYSICIANS INSURANCE COMPANY
OF WISCONSIN, INC.

Madison, Wisconsin



A-

PIC WISCONSIN Group
PHYSICIANS INSURANCE COMPANY
OF WISCONSIN, INC.
 1002 Deming Way, Madison, WI 53717
 Mail: P.O. Box 45650, Madison, WI 53744-5650
 Web: www.picwisconsin.com

Tel: 608-831-8331
 AMB#: 10595
 FEIN#: 39-1567580

Fax: 608-831-0084
 NAIC#: 23400

(CAIC). Management is considering strategic alternatives for CAIC, including the potential sale of the company.

Best's Rating: A- g

Outlook: Stable

FIVE YEAR RATING HISTORY

Date	Best's Rating	Date	Best's Rating
07/20/05	A- g	06/20/02	A- g
06/24/04	A- g	05/21/01	A- g
06/24/03	A- g		

KEY FINANCIAL INDICATORS (\$000)

Period Ending	Statutory Data					
	Direct Premiums Written	Net Premiums Written	Pretax Operating Income	Net Income	Total Admitted Assets	Policyholders' Surplus
2000	30,784	26,020	5,200	5,296	166,430	74,694
2001	43,916	32,350	4,961	3,827	182,711	69,078
2002	67,449	49,155	-1,157	-6,288	203,552	65,362
2003	81,915	58,627	1,383	2,507	244,538	76,300
2004	79,435	57,166	1,361	3,103	274,954	89,300

Period Ending	Profitability			Leverage			Liquidity	
	Comb. Ratio	Inv. Yield (%)	Pretax ROR (%)	NA Inv Lev	NPW to PHS	Net Lev.	Overall Liq. (%)	Oper. Cash-flow (%)
2000	100.4	4.2	23.0	49.6	0.3	1.6	181.4	143.8
2001	111.1	5.8	16.3	39.7	0.5	2.1	160.8	139.5
2002	119.6	4.0	-7.8	49.9	0.8	2.9	148.1	154.4
2003	108.0	3.0	2.6	43.3	0.8	3.0	145.4	182.3
2004	106.6	2.5	2.4	48.3	0.6	2.7	148.1	150.0
5-Yr	109.8	3.7	4.7	...	...	...	...	...

(*) Data reflected within all tables of this report has been compiled from the company-filed statutory statement. Within several financial tables of this report, this company is compared against the Medical Malpractice Composite.

BUSINESS REVIEW

Physicians Insurance Company of Wisconsin (PIC WISCONSIN) specializes in writing professional liability insurance for healthcare professionals. The company focuses on physician malpractice insurance in its home state, although it has expanded into eight additional states, primarily Illinois, Nevada and Iowa, and is offering liability insurance to other healthcare providers. Policies are primarily issued on a claims-made basis, typically at limits of \$1 million per occurrence and \$3 million in the aggregate. The company supports an agency distribution system to market its products and services. In 1999, PIC WISCONSIN adopted a renewed strategic plan that resulted in the definition of three distinct business units. The Classic Insurance Strategic Business Unit provides professional liability insurance for physicians, dentists, small healthcare groups and ancillary healthcare providers. The Risk Financing Strategic Business Unit targets the segment of the healthcare market that is demanding contemporary approaches to managing professional liability risks; usually large to mid-sized healthcare

Why is this Best's® Rating Report important to you?

A Rating Report from the A.M. Best Company represents an independent opinion from the leading provider of insurer ratings of a company's financial strength and ability to meet its obligations to policyholders.

The A.M. Best Company is the oldest, most experienced rating agency in the world and has been reporting on the financial condition of insurance companies since 1899. Best's Ratings represent the current and independent opinion of a company's financial strength and ability to meet obligations to policyholders. Best's Ratings are not a warranty of an insurer's current or future ability to meet obligations to policyholders, nor are they a recommendation of a specific policy form, contract, rate, or claim practice.

The company information appearing in this pamphlet is an extract from the complete company report prepared by the A.M. Best Company.

A Best's Rating is assigned after an extensive quantitative and qualitative evaluation of a company's financial strength, operating performance and market profile.

Best's Ratings are assigned according to the following scale:

Secure Best's Ratings

A++ and A+	..... Superior
A and A-	..... Excellent
B++ and B+	..... Very Good

Vulnerable Best's Ratings

B and B-	..... Fair
C++ and C+	..... Marginal
C and C-	..... Weak
D	..... Poor
E	..... Under Regulatory Supervision
F	..... In Liquidation
S	..... Rating Suspended

For the latest Best's Ratings and Best's Company Reports visit the A.M. Best web site at www.ambest.com. You may also obtain Best's Company Reports by calling our Customer Service department at +1-908-439-2200, ext. 5742. To expedite your request, please provide the company's identification number (AMB #).

delivery systems. Due to consolidations in the healthcare market, more sophisticated buyers of insurance have emerged, and customized insurance products are demanded by that group. The Health Care Facilities Strategic Business Unit provides professional liability, general liability and umbrella insurance and risk management services to healthcare facilities; primarily small to mid-sized hospitals, mostly rural, and stand-alone outpatient centers.

Prior to 1997, PIC WISCONSIN owned a subsidiary, Professional Assurance Company (PAC), which focused on writing professional liability insurance for dentists in Wisconsin, and also underwrote hospital malpractice insurance in Wisconsin and dental malpractice insurance in Nevada. Effective December 31, 1996, PAC was absorbed by merger by its parent. The business previously written by PAC has been renewed onto PIC WISCONSIN books.

Affiliations: The company is a member of the Physician Insurers Association of America.

2004 BUSINESS PRODUCTION AND PROFITABILITY (\$000)

Product Line	—Premiums Written—		% of Total NPW	Pure Loss Ratio	Loss & LAE Res.
	Direct	Net			
Med Mal Cl-Made.....	58,773	41,733	73.0	32.9	100,010
Med Mal Occur	16,386	13,762	24.1	45.2	38,816
Oth Liab Occur	3,291	1,237	2.2	29.1	1,794
All Other.....	985	434	0.8	9.9	184
Totals.....	79,435	57,166	100.0	35.6	140,804

Major 2004 Direct Premium Writings by State (\$000): Wisconsin, \$39,646 (49.9%); Iowa, \$19,815 (24.9%); Illinois, \$8,155 (10.3%); Nevada, \$8,070 (10.2%); Nebraska, \$2,431 (3.1%); 2 other jurisdictions, \$1,317 (1.7%).

FINANCIAL PERFORMANCE

The following text is derived from the report of PIC WISCONSIN Group.

Overall Earnings: In recent years, operating earnings have been tempered by increased loss costs associated with the medical professional liability line of business which has led to less favorable and adverse loss reserve development on prior year reserves, as well as the difficult interest rate environment. Despite the decrease in earned premium during 2004 largely due to the withdrawal from unpredictable territories in Illinois and the continued reduction in net investment income, overall earnings were positive due to favorable loss reserve development resulting from better than expected trial outcomes. Net income was also bolstered during the year from the low current tax rate as the costs related to a new underwriting and claims system were tax deductible. In 2002 the group recorded an elevated underwriting loss which was compounded by a reduction in investment income, including a realized capital loss relating to the impairment of individual high yield bonds in the portfolio, and federal income tax adjustments associated with the recent growth in premium, producing a net loss for the year. However, the loss was partially tempered by PIC WISCONSIN receiving a \$3.6 million payment, which included \$1.1 million of interest, associated with a favorable decision from the United States Tax court related to proposed adjustments by the IRS for the years ended December 31, 1993 and 1994. The group's total return measures have varied as a result of swings in unrealized capital gains and losses; more recently, total returns have been enhanced by gains.

PROFITABILITY ANALYSIS

Period Ending	—Company—				—Industry Composite—			
	Pretax ROR (%)	Return on PHS (%)	Comb. Ratio	Oper. Ratio	Pretax ROR (%)	Return on PHS (%)	Comb. Ratio	Oper. Ratio
2000	33.0	-4.3	100.4	72.2	8.4	1.9	119.7	91.3
2001	16.3	2.1	111.1	81.6	-10.8	-6.5	134.5	108.0
2002	-7.8	-4.3	119.6	103.2	-18.8	-17.1	137.3	117.7
2003	2.6	9.0	108.0	98.4	-15.1	-4.2	132.7	116.5
2004	2.4	5.6	106.6	96.3	-2.6	1.8	119.0	102.7
5-Yr	4.7	1.7	109.8	93.8	-8.4	-4.7	128.6	108.0

Underwriting Income: Although the five-year combined ratio continues to outperform the medical malpractice sector, the group's underwriting results have been adversely impacted by increased claims severity, reduced amounts of reserve redundancy releases, increased reinsurance costs, and competition. Recent unfavorable results were due primarily to adverse development, mostly from Illinois and Iowa medical professional liability claims made business. Given the adverse case reserve development on prior year losses that became apparent at the beginning of 2002, the group quickly responded by tightening its underwriting guidelines which included a review and adjustment of its rating and pricing structure. Other measures taken by the group designed to improve underwriting results included the exit from certain jurisdictions, elimination of certain credits, and a general review of operational procedures. These measures have resulted in improved underwriting results, evident in the reduced combined ratio.

UNDERWRITING EXPERIENCE

Period Ending	Net Underw Income (\$000)	—Loss Ratios—		—Expense Ratios—			Div. Pol.	Comb. Ratio
		Pure Loss	LAE	Net Comm.	Other Exp.	Total Exp.		
2000	-1,332	33.6	26.4	60.0	8.2	28.6	36.8	3.6
2001	-4,007	39.6	36.7	76.3	6.0	26.1	32.1	2.6
2002	-9,810	70.2	25.9	96.1	5.3	16.1	21.4	2.2
2003	-4,401	16.0	74.6	90.5	2.5	15.0	17.5	...
2004	-3,882	35.6	47.3	82.9	7.3	14.5	21.8	2.0
5-Yr	...	36.8	47.4	84.2	5.5	18.3	23.8	1.7

Investment Income: The growth rate in investment income has fluctuated over the five year period due to several factors including the recognition of additional income from the inverse floater held in PIC WISCONSIN's portfolio in 2001, the recent decline due to the low interest rate environment despite the continued rise in the invested asset base, costs associated with the issuance of the \$12.0 million surplus note in 2004, and the previously discussed capital gains/losses. Overall the group is approximately 90% invested in a fixed income portfolio, composed mainly of mortgage-backed securities and U.S. Government bonds. In addition, the company maintains a diversified equity portfolio. During 2003 and 2004, the company held a large amount of funds in short term investments available for the potential shareholder value plan, which subsequently have been reinvested. By maintaining a core portfolio of highly predictable, stable instruments that will meet expected claim payouts, the company is able to seek higher risk/reward opportunities with the balance of the portfolio.

INVESTMENT INCOME ANALYSIS (\$000)

Period Ending	Company (\$000)						Industry Composite	
	Net Inv. Income	Realized Capital Gains	Unrealized Capital Gains	Inv. Inc. Growth (%)	Inv. Yield (%)	Total Return (%)	Inv. Inc. Growth (%)	Inv. Yield (%)
2000	6,383	3,713	-8,594	1.2	4.2	1.0	8.2	5.3
2001	8,943	1,003	-2,308	40.1	5.8	4.9	-2.9	5.1
2002	6,637	-3,621	3,403	-25.8	4.0	3.8	-10.0	4.5
2003	5,986	2,086	3,884	-9.8	3.0	6.2	-8.9	3.8
2004	5,819	1,979	1,500	-2.8	2.5	4.1	5.0	3.7
5-Yr	...	...	...	-7.7	3.7	4.1	-9.6	4.4

INVESTMENT PORTFOLIO ANALYSIS

Asset Class	2004 Inv. Assets (\$000)		% of Invested Assets		Annual % Change
	2004	2003	2004	2003	
Long-term bonds.....	207,266	83.4	70.7	34.2	
Stocks.....	26,168	10.5	13.6	13.6	
Affiliated Investments.....	8,258	3.3	6.8	-44.5	
Other Inv Assets.....	6,736	2.7	11.9	-74.0	
Total.....	248,448	100.0	100.0	13.8	

2004 BOND PORTFOLIO ANALYSIS

Asset Class	% of Total Bonds	Mkt. Val (\$)	Avg. Maturity (Yrs)	Class (%)	Class (%)	Struc. (%)	Struc. (%)
Governments.....	9.1	-2.0	2.8	100.0	...	...	...
States, terr & poss.....	64.2	-1.4	2.7	100.0	...	100.0	152.9
Corporates.....	26.7	1.3	5.5	71.0	29.0	71.0	45.1
Total all bonds.....	100.0	-0.7	3.4	92.3	7.7	83.2	198.0

CAPITALIZATION

The following text is derived from the report of PIC WISCONSIN Group.

Capital Generation: Following three consecutive years of decline, PIC WISCONSIN's surplus improved in 2003 and 2004 primarily due to improved underwriting results, capital gains, and the issuance of a \$12.0 million 30-year surplus note in the current year. During the period of decline, surplus was impacted by unrealized capital losses, a \$5.5 million increase in treasury stock at PIC WISCONSIN and the aforementioned net loss in 2002. The 2001 increase in treasury stock was a result of receiving notice from the Professionals Group, Inc. of a change in control pursuant to the Reciprocal Stock Purchase Agreement and Stock Transfer Restriction Agreement whereby PIC WISCONSIN repurchased 1,583 of its shares of common stock held by Professionals Group, Inc. These repurchased shares are held as treasury stock. Going forward, internal capital generation is expected to remain modest as the group continues to focus on profitability derived from strict underwriting standards and prudent investment strategies as well as reinstating policyholder dividends.

CAPITAL GENERATION ANALYSIS (\$000)

Period Ending	Source of Surplus Growth					
	Pretax Operating Income	Total Inv. Gains	Net Contrib. Capital	Other Net of Tax	Change in PHS	PHS Growth (%)
2000	5,200	-4,881	-79	-4,194	-3,955	-5.0
2001	4,961	-1,305	-5,378	-3,894	-5,616	-7.5
2002	-3,157	-219	143	-483	-3,716	-5.4
2003	1,583	5,970	70	3,315	10,938	16.7
2004	1,361	3,479	11,695	-3,535	13,000	17.0
5-Yr	9,948	3,044	6,452	-8,792	10,651	...

Overall Capitalization: The group's policyholders' surplus adequately supports its underwriting, investment and credit risks based on Best's Capital Adequacy Ratio (BCAR) analysis. The level of risk-adjusted capitalization is derived from its comparatively lower underwriting leverage somewhat offset by recent adverse loss reserve development.

QUALITY OF SURPLUS (\$000)

Period Ending	Year-End PHS	% of PHS			Dividend Requirements		
		Cap. Stock/Contrib. Cap.	Other	Unassigned Surplus	Stockholder Divs	Div. To POI (%)	Div. To Net Inc. (%)
2000	74,694	17.0	...	83.0	...	...	...
2001	69,078	10.7	...	89.3	...	...	...
2002	65,362	11.5	...	88.5	...	...	...
2003	76,300	9.9	...	90.1	...	...	...
2004	89,300	8.1	13.4	78.4	...	...	...

Underwriting Leverage: Significant premium growth was generated in prior years driven by the increase in new business, due to its regional diversification strategy and the departure of insurance providers in various medical professional liability markets, and the implementation of rate increases and credit reductions on renewal business. However, the rate of premium growth has slowed and is expected to continue because of increased competition and focus on account profitability of its existing book of business. The premium decline in 2004 was mainly due to a decrease in hospital business. As a result of the recent reduction in premiums combined with the issuance of the surplus note, leverage measures declined slightly and remain at levels well below composite averages.

LEVERAGE ANALYSIS

Period Ending	Company				Industry Composite			
	NPW to PHS	Res. to PHS	Net Lev.	Gross Lev.	NPW to PHS	Res. to PHS	Net Lev.	Gross Lev.
2000	0.3	0.9	1.6	1.7	0.6	1.9	2.9	3.5
2001	0.5	1.1	2.1	2.4	0.7	2.2	3.4	4.1
2002	0.8	1.4	2.9	3.5	1.0	2.9	4.7	5.7
2003	0.8	1.6	3.0	3.7	1.0	3.2	5.1	6.2
2004	0.6	1.6	2.7	3.4	1.0	2.9	4.7	5.7

Current BCAR: 165.9

PREMIUM COMPOSITION & GROWTH ANALYSIS

Period Ending	DPW		GPW		NPW		NPE	
	(\$000)	(% Chg)	($000)	(% Chg)	($000)	(% Chg)	($000)	(% Chg)
2000	30,784	25.5	30,799	22.8	26,020	24.0	22,650	15.7
2001	43,916	42.7	43,916	42.6	32,350	24.3	30,353	34.0
2002	67,449	53.6	67,449	53.6	49,155	51.9	40,287	32.7
2003	81,915	21.4	81,915	21.4	58,627	19.3	61,879	53.6
2004	79,435	-3.0	79,438	-3.0	57,166	-2.5	56,489	-8.7
5-Yr CAGR	...	26.5	...	25.9	...	22.2	...	23.6
5-Yr Chg	...	223.9	...	216.7	...	172.5	...	188.7

Reserve Quality: PIC WISCONSIN does not discount its loss reserves and development has been favorable in 2000 and prior years on a calendar and accident year basis reflective of management's conservative reserving philosophy and aggressive defense strategies. However, recent accident year loss reserve development has been adverse due to increased claim severity, particularly on Illinois medical professional liability claims made business primarily for accident year 2001. A.M. Best will continue to closely monitor the reserve development going forward, particularly in the more recent accident years when PIC WISCONSIN experienced substantial exposure growth.

LOSS & ALAE RESERVE DEVELOP.: CALENDAR YEAR (\$000)

Calendar Year	Orig. Loss Reserves	Developed Reserves Thru '04	Develop. Orig. (%)	Develop. PHS (%)	Develop. to NPE (%)	Unpaid Reserves @12/04	Unpaid Res. to Develop. (%)
2000	64,096	49,620	-22.6	-19.4	219.1	8,729	17.6
2001	68,781	71,244	3.6	3.6	234.7	26,003	36.5
2002	82,470	87,695	6.3	8.0	217.7	49,405	56.3
2003	111,827	108,010	-3.4	-5.0	174.5	84,384	78.1
2004	126,636	126,636	...	...	224.2	126,636	100.0

LOSS & ALAE RESERVE DEVELOP.: ACCIDENT YEAR (\$000)

Accident Year	Orig. Loss Reserves	Developed Reserves Thru '04	Develop. to Orig. (%)	Unpaid Reserves @12/04	Acc. Yr Loss Ratio	Acc. Yr Comb Ratio
1999	19,108	13,424	-29.7	2,357	82.8	129.5
2000	21,059	17,129	-18.7	5,536	90.5	130.9
2001	24,809	35,002	41.1	17,274	132.0	166.7
2002	35,552	35,928	1.1	23,402	104.5	128.1
2003	36,539	39,637	8.5	34,979	78.7	96.2
2004	42,252	42,252	...	42,252	85.6	109.3

Reinsurance Utilization: Effective July 1, 1997, the primary insurance limits for healthcare providers subject to the Wisconsin Patients Compensation Fund were increased to \$1 million per occurrence and \$3 million in the aggregate. Previously, the Fund provided coverage above limits of \$400,000. In response to this change, which management supported since it provides the company with more control over claims, the reinsurance program was restructured to increase PIC WISCONSIN's net retention to \$500,000 from \$250,000. Best believes that this level of retention continues to be conservative relative to the company's total surplus position.

CEDED REINSURANCE ANALYSIS (\$000)

Period Ending	Company				Industry Composite		
	Ceded Reins. Total	Bus. Ret. (%)	Reins. Recov. PHS (%)	Ceded Reins. to PHS (%)	Bus. Ret. (%)	Reins. Recov. PHS (%)	Ceded Reins. to PHS (%)
2000	11,596	84.5	8.9	15.5	85.2	45.1	59.4
2001	20,530	73.7	13.0	29.7	82.8	53.9	68.5
2002	40,277	72.9	33.6	61.6	79.0	73.6	101.2
2003	51,632	71.6	37.1	67.7	77.8	80.7	111.1
2004	59,713	72.0	41.9	66.9	77.0	69.4	97.8

2004 REINSURANCE RECOVERABLES (\$000)

	Paid & Unpaid Losses	IBNR	Unearned Premiums	Other Recov*	Total Reins Recov
US Insurers	3,154	11,075	9,347	-2,837	20,739
Other Non-US	8,649	18,572	1,458	-11,973	16,706
Total (ex US Affil.)	11,803	29,647	10,805	-14,810	37,445
Grand Total	11,803	29,647	10,805	-14,810	37,445

* Includes Commissions less Funds Withheld

Investment Leverage: The group remains more aggressive than its peers on its fixed income portfolio, with collateralized mortgage obligations (CMOs) representing nearly 200 percent of surplus. This portfolio is actively managed, and strict guidelines are in place limiting an investment in any one CMO class and only a small portion of surplus is invested in the higher risk tranches.

INVESTMENT LEVERAGE ANALYSIS (% OF PHS)

Period Ending	Company					Industry Composite	
	Class 3-6 Bonds	Real Estate/Mtg.	Other Invested Assets	Common Stocks	Non-Affil. Inv. Lev.	Class 3-6 Bonds	Common Stocks
2000	6.8	0.7	0.9	41.1	49.6	25.4	31.8
2001	5.7	0.8	0.3	32.9	39.7	18.2	33.7
2002	20.1	0.8	2.8	26.1	49.9	22.3	33.7
2003	11.7	0.7	0.7	30.2	43.3	19.5	43.7
2004	18.4	0.6	...	29.3	48.3	9.2	43.4

LIQUIDITY

The following text is derived from the report of PIC WISCONSIN Group.

Overall Liquidity: PIC WISCONSIN continues to maintain an excellent liquidity position as invested assets exceeded net liabilities by over 30 percent. Operating and underwriting cash flow has improved as a result of the growth in writings and recent decline in loss payments. The group continues to maintain quick and current liquidity measures that compare favorably to the medical malpractice sector. Management consistently reviews the duration of its investment portfolio to ensure that it adequately correlates with the expected payout of loss reserves.

LIQUIDITY ANALYSIS

Period Ending	Company				Industry Composite			
	Quick Liq. (%)	Current Liq. (%)	Overall Liq. (%)	Gross Agents Bal. to PHS (%)	Quick Liq. (%)	Current Liq. (%)	Overall Liq. (%)	Gross Agents Bal. to PHS (%)
2000	39.4	148.0	181.4	...	32.7	133.0	143.9	6.0
2001	46.6	131.1	160.8	...	30.4	124.6	137.1	6.0
2002	39.0	120.4	148.1	7.7	30.2	112.2	127.5	15.1
2003	49.4	120.7	145.4	4.8	32.3	112.1	125.5	11.4
2004	40.7	129.1	148.1	5.2	32.3	114.0	126.5	8.7

CASH FLOW ANALYSIS (\$000)

Period Ending	Company					Industry Composite	
	Underw Cash Flow	Oper. Cash Flow	Net Cash Flow	Underw Cash Flow (%)	Oper. Cash Flow (%)	Underw Cash Flow (%)	Oper. Cash Flow (%)
2000	2,853	9,776	-1,749	113.4	143.8	91.9	110.9
2001	1,673	12,753	7,839	106.3	139.5	88.6	110.5
2002	8,502	19,533	1,870	124.3	154.4	92.6	118.7
2003	25,570	38,197	8,293	176.4	182.3	105.7	129.2
2004	14,323	20,480	-18,869	135.0	150.0	106.9	125.4

HISTORY

The company was incorporated under the laws of Wisconsin on October 3, 1986 and began business on November 1, 1986. On December 31, 2004, 26,327.43 shares of \$250 par value common stock were issued of which 19,555.06 shares were outstanding. The remaining 6,772.37 shares are held in treasury. There are 1,000,000 authorized common shares.

On May 26, 2004, the company issued a \$12.0 million surplus note to ICONS, Ltd. The surplus note has a 30 year maturity and is callable by the company at par beginning May 26, 2009. The interest rate is fixed at 7.707% for five years and is variable thereafter at 3 month LIBOR + 3.85%. Each payment of interest and principal may be made only with prior approval of the Office of the Commissioner of Insurance of the State of Wisconsin and only to the extent the company has sufficient surplus to make such payment.

MANAGEMENT

Class A shares of the company are primarily owned by healthcare providers and related corporations. The Wisconsin Medical Society owns 415 Class A shares of the company, giving it a 2.1% ownership. The Wisconsin Medical Society is a non-profit association chartered by the state of Wisconsin with a membership of approximately 10,000 Wisconsin physicians.

Administration of the company's affairs is under the direction of William T. Montei, president and chief executive officer and David L. Maurer, chief financial officer and treasurer. Mr. Montei has been with the company since inception and had previously been associated with The Professionals Insurance Company. Mr. Maurer, a CPA, has been with the company since 1989.

Officers: President and Chief Executive Officer, William T. Montei; Senior Vice President and Secretary, Christopher J. Brady; Senior Vice President, Treasurer and Chief Financial Officer, David L. Maurer; Vice Presidents, William S. Heck (Underwriting), Penelope R. O'Hara (Claims), Andrew F. Ravenscroft (Operations), Kerry M. Kravik (Risk Financing), Helen E. Woodfall (Risk Management).

Directors: Steven C. Bergin, M.D., Ronald H. Dix, Kevin T. Flaherty, M.D., Timothy Flaherty, M.D. (Chairman), William J. Listwan, M.D., Karen B. MacLay, Carol M. Meils, M.D., William T. Montei, Andrew J. Policano, Ph.D., Thomas A. Reminga, M.D., Richard G. Roberts, M.D., Ayaz M. Samadani, M.D., Michael A. Wilson.

REGULATORY

An examination of the financial condition was made as of December 31, 2000 by the Insurance Department of Wisconsin. An annual independent audit of the company is conducted by PricewaterhouseCoopers, LLP. An annual evaluation of reserves for unpaid losses and loss adjustment expenses is made by Tillinghast - Towers Perrin.

Territory: The company is licensed in IL, IN, IA, KS, MI, MN, MO, NE, NV, ND, OH, SD and WI.

REINSURANCE PROGRAMS

The company maintains excess of loss agreements for \$1.5 million excess of \$500,000 on medical and hospital professional liability, general liability and casualty losses on its professional office package policies. The company retains an outer aggregate deductible of 5.5% of subject written premium for the \$2.5 million excess of \$500,000 layer. Quota share treaties recover 75% of commercial multiple peril property losses, 90% of policies with limits greater than \$1 million up to limits of \$3 million and 100% of policies with limits greater than \$3 million up to limits of \$6 million. Facultative reinsurance is used on selected liability risks. The principal reinsurers are Transatlantic Reinsurance Company, Hannover Ruckversicherung - A.G., General Reinsurance Corporation and Underwriters at Lloyd's, London. The company has a contract with General Reinsurance Corporation which covers all claims made under death, disability and retirement endorsements issued after December 31, 2003 up to a total of \$6.5 million. The contract provides for stop loss coverage of \$3.5 million and coverage for excess of policy limits and/or extra contractual obligations in the amount of \$2.0 million. Losses for this contract cannot exceed \$9.5 million in the aggregate.

BALANCE SHEET

ADMITTED ASSETS (\$000)

	12/31/04	12/31/03	'04%	'03%
Bonds	207,266	154,474	75.4	63.2
Common stock	26,168	23,036	9.5	9.4
Cash & short-term invest	5,088	23,957	1.9	9.8
Real estate, investment	540	540	0.2	0.2
Other non-affil inv asset	...	565	...	0.2
Investments in affiliates	5,566	12,066	2.0	4.9
Real estate, offices	2,692	2,808	1.0	1.1
Total invested assets	247,320	217,447	89.9	88.9
Premium balances	17,076	17,797	6.2	7.3
Accrued interest	1,129	955	0.4	0.4
All other assets	9,430	8,339	3.4	3.4
Total assets	274,954	244,538	100.0	100.0

LIABILITIES & SURPLUS (\$000)

	12/31/04	12/31/03	'04%	'03%
Loss & LAE reserves	140,804	121,635	51.2	49.7
Unearned premiums	19,193	18,516	7.0	7.6
All other liabilities	25,657	28,087	9.3	11.5
Total liabilities	185,654	168,238	67.5	68.8
Surplus notes	12,000	...	4.4	...
Capital & assigned surplus	7,268	7,573	2.6	3.1
Unassigned surplus	70,032	68,727	25.5	28.1
Total policyholders' surplus	89,300	76,300	32.5	31.2
Total liabilities & surplus	274,954	244,538	100.0	100.0

SUMMARY OF 2004 OPERATIONS (\$000)

Statement of Income	12/31/04	Funds Provided from	
		Operations	12/31/04
Premiums earned	56,489	Premiums collected	55,260
Losses incurred	20,091	Benefit & loss related pmts	7,927
LAE incurred	26,723	Net transfers to account	...
Underw expenses incurred	12,449	LAE & underw expenses paid	31,902
Div to policyholders	1,109	Div to policyholders	1,109
Net underwriting income	-3,882	Underw cash flow	14,323
Net investment income	5,819	Investment income	6,537
Other income/expense	-576	Other income/expense	-576
Pre-tax oper income	1,361	Pre-tax cash operations	20,283
Realized capital gains	1,979		
Income taxes incurred	236	Income taxes pd (recov)	-197
Net income	3,103	Net oper cash flow	20,480

ProAssurance Corporation
A Delaware Holding Corporation / FEIN: 63-1261433

