

Script for Hearing

In the Matter of Acquisition of Control of Physicians Insurance Company of Wisconsin, Inc. by ProAssurance Corporation OCI Case No. 06-C29893

May 12, 2006

Ms. Mirus:

Good morning, Ladies and Gentlemen. I am Jennifer Mirus of Boardman, Suhr, Curry & Field LLP serving as local counsel for ProAssurance Corporation in conjunction with this Form A. Our purpose today is to request approval of the proposed acquisition of control by ProAssurance Corporation of a Wisconsin stock insurance company, Physicians Insurance Company of Wisconsin, Inc. which we will refer to as PIC-Wisconsin. The acquisition of control will result from the completion of the Merger contemplated by the Agreement and Plan of Merger executed by ProAssurance, Physicians Merger Company and PIC-Wisconsin, on December 8, 2005, which we will refer to as the Merger Agreement during this hearing. The parties to this transaction are ProAssurance as the acquiring company and PIC-Wisconsin as the company being acquired. Century American Insurance Co. is a dormant Tennessee stock insurance company that is a wholly owned subsidiary of PIC-Wisconsin and part of

PIC-Wisconsin's domestic holding company. PIC-Wisconsin has entered into an agreement to sell all of the stock of Century American to an unrelated party. That transaction is subject to its own Form A proceeding in Tennessee and is expected to close prior to the completion of the Merger.

With me today from ProAssurance are Victor T. Adamo, President, Howard H. Friedman, Chief Underwriting Officer, Kathryn A. Neville, in house legal counsel, and Jack Stephenson of Burr and Forman, LLP, outside counsel to ProAssurance.

At the hearing today we will first offer prepared testimony and exhibits to support ProAssurance's application for approval of the change of control of PIC-Wisconsin. Mr. Stephenson will serve as moderator during the prepared testimony. Mr. Stephenson will present testimony as to the terms of the Merger and the status of the regulatory approvals and other conditions to the Merger. Mr. Adamo will provide background information on ProAssurance and its current insurance subsidiaries and the reasons ProAssurance's management and the board of directors have approved the Merger. Mr. Friedman will address ProAssurance's plan for PIC-Wisconsin's operations after the Merger. Our prepared testimony will end after Mr. Adamo and Mr. Friedman respond to questions from Mr. Stephenson as to each of the criteria for approval of the Form A as set forth

in Section 611.72 and chapter 617 of the Wisconsin Statutes. We invite the Commissioner or his counsel to ask questions of each witness at any time during the prepared testimony.

It is my understanding that the representatives of PIC-Wisconsin will offer testimony at the conclusion of the ProAssurance presentation.

I would now like to enter into the record a list of Exhibits that will be referenced through the proceedings.

If there are no objections to our plans for the hearing, I will ask Mr. Stephenson to begin.

Mr. Stephenson:

Thank you. I am Jack Stephenson, outside counsel for ProAssurance. As an introduction to this hearing, I would like to briefly describe the transactions contemplated under the Merger Agreement that will result in the merger and acquisition of control of PIC-Wisconsin. The Merger Agreement contains a plan of merger for the Merger of PIC-Wisconsin and Physicians Merger Company which is a newly formed, wholly owned subsidiary of ProAssurance Corporation. Upon completion of the plan of merger, PIC-Wisconsin will survive the Merger as a wholly owned subsidiary of ProAssurance and each share of PIC-Wisconsin common stock

will be converted into and exchanged for shares of ProAssurance common stock with the result that all of the former PIC-Wisconsin shareholders will be shareholders of ProAssurance. This transaction will be referred to as the Merger during this hearing. This structure allows ProAssurance to offer the PIC-Wisconsin shareholders the opportunity to continue to participate in the enterprise through the exchange of their stock for ProAssurance common stock in a tax free exchange. ProAssurance's common stock is publicly traded on the New York Stock Exchange which will allow those shareholders who do not wish to continue their participation to liquidate their investment.

Substantially all of the Merger consideration will be in the form of ProAssurance's common stock. The exchange ratio provides that each share of PIC-Wisconsin common stock will be converted into a designated number of shares of ProAssurance common stock except that any fractional shares of ProAssurance common stock resulting from the Merger will be repurchased for cash based on the market value of a share of ProAssurance common stock. In addition, ProAssurance may be required to purchase PIC-Wisconsin shares for cash in the following situations:

The long term stock plan of PIC-Wisconsin provides that the shares of PIC-Wisconsin common stock issued to participants

under the plan will be subject to repurchase upon a change of control at the option of each participant or PIC-Wisconsin. ProAssurance has assumed the obligation to repurchase any shares of PIC-Wisconsin common stock subject to repurchase from a participant.

Holders of PIC-Wisconsin common stock have dissenters' rights under the Wisconsin insurance statutes and the Wisconsin Business Corporation Law. ProAssurance has assumed the obligation to pay the fair value for any shares of PIC-Wisconsin common stock held by a dissenting shareholder.

The Merger agreement provides as a condition to the Merger that the number of shares to be repurchased under the long term stock plan and pursuant to the dissenters' rights statute may not exceed 19.9% of the outstanding shares of PIC-Wisconsin common stock. Because substantially all of the Merger consideration to be paid to the PIC-Wisconsin stockholders will be in the form of ProAssurance common stock, the payment of the Merger consideration should have a minimal financial effect on ProAssurance. ProAssurance will not require dividends from its insurance subsidiaries or from PIC-Wisconsin in order to fund the transactions

contemplated by the Merger agreement, even if ProAssurance is required to repurchase the maximum number of shares of PIC-Wisconsin common stock allowed to be purchased for cash under the Merger agreement.

ProAssurance has filed with the Securities and Exchange Commission a registration statement on Form S-4 to register under the Securities Act of 1933 the shares of ProAssurance common stock that are proposed to be issued to the shareholders of PIC-Wisconsin under the Merger Agreement. As the Merger must be approved by the shareholders of PIC-Wisconsin, the registration statement filed with the Securities Exchange Commission will also serve as the proxy statement for the solicitation of proxies from the shareholders in connection with the vote on the Merger at the shareholder meeting of PIC-Wisconsin. The registration statement includes a detailed description of the Merger and it is attached as an exhibit to the Form A filing which has been entered as an Exhibit. We understand PIC-Wisconsin will file a copy of the draft of the proxy materials with the Office of the Commissioner of Insurance of Wisconsin or OCI, pursuant to Section Ins 6.40 of the Wisconsin Administrative Code. As a substantial amount of the information required to be disclosed in the Form A has been incorporated by reference from the SEC registration statement and the registration statement

has been filed as an Exhibit to the Form A, we intend to refer to the information presented in the Form A for convenience during this hearing.

On December 21, 2005, ProAssurance filed a Statement on Form A with the Wisconsin Commissioner of Insurance pursuant to the Wis. Stats., Section 611.72 and Section Ins 40.02 (1)(b)1 of the Wisconsin Administrative Code, promulgated thereunder. ProAssurance provided a copy of the Form A to PIC-Wisconsin as required under Section Ins 40.02(1)(b)1 of the Wisconsin Administrative Code. The Commissioner set this Class 1 hearing on the Form A as required by Section 611.72 and chapters 227 and 617 of the Wisconsin Statutes by order dated May 1, 2006. On May 3, 2006, ProAssurance filed with the Securities and Exchange Commission a current report on Form 8-K which included a copy of the OCI's notice of the hearing. On May 4, 2006 PIC-Wisconsin acknowledged receipt of the copy of the Form A in a filing with the OCI. ProAssurance submitted a consent to jurisdiction of the OCI on Form E as an exhibit to its Form A and Physicians Merger Company submitted its consent to jurisdiction on Form E at the pre-hearing conference with the OCI on today's date. ProAssurance believes it has complied with section Ins 40.02 of the Wisconsin Administrative Code.

Our goal is to complete the transaction early in the third quarter of 2006 or as soon as possible thereafter. In order to complete the Merger, all of the conditions in the Merger Agreement must be satisfied. The major conditions are:

- ProAssurance's registration statement must be declared effective by the SEC. The SEC has advised us that they will not review the registration statement and that the registration statement will be declared effective upon our request. We intend to file an amendment to the registration statement to update the financial and other information within the next 10 days and to request at that time that the SEC declare it effective. We will file a copy of the amendment to the registration statement with the OCI as an amendment to the Form A.
- The holders of a majority of the shares of stock of PIC-Wisconsin must vote in favor of the Merger. The prospectus/proxy statement will be mailed to the stockholders of PIC-Wisconsin to solicit proxies for their vote on the Merger at a meeting that must be held within 60 days after the date of mailing of the proxy statement. The proxy statement will be mailed as soon as we receive approval of the Form A from the Commissioner of Insurance and the SEC grants our request for acceleration of the effective date.

- Each of PIC-Wisconsin and ProAssurance was required to file the notice required under the Hart-Scott-Rodino Anti-Trust Improvements Act of 1976. The notices have been filed and the required waiting periods have terminated.
- The Merger must be approved by the Commissioner of Insurance of Wisconsin after this hearing is completed. We understand that a Form A has been filed with the Tennessee Commissioner of Insurance with respect to the proposed sale of Century American. We have been advised that the sale of Century American should be approved and completed before the Merger is effective; and
- Each of PIC-Wisconsin and ProAssurance must have received an opinion from their respective tax counsel to the effect that the PIC-Wisconsin stockholders who receive ProAssurance stock in the Merger will not recognize gain or loss for federal income tax purposes and that neither PIC-Wisconsin nor ProAssurance will recognize any gain or loss as a result of the Merger. The opinions will be delivered at the time of mailing the proxy statement/prospectus to the stockholders of PIC-Wisconsin. The opinions will be included as exhibits to the amendment to the registration statement.

The Merger Agreement is also subject to those customary conditions that depend upon the facts and circumstances through the date of closing, such as

- the truth and accuracy of each party's representation and warranties;
- each party's compliance with its obligations under the Merger Agreement;
- the absence of any order, injunction or decree prohibiting the consummation of the Merger or the institution of any proceeding alleging violations of the federal securities laws by PIC-Wisconsin or any director or officer of PIC-Wisconsin; and
- the absence of a material adverse change in the financial condition or operations of PIC-Wisconsin or ProAssurance.

As part of the Form A filing and the exhibits thereto and our subsequent responses to requests for information in conjunction with the Form A process, we have submitted to the OCI the names, addresses and interrelationships of all affiliates and principals of ProAssurance at the time of filing and as of the date request for approval is granted. There have been no changes in the affiliates and principals of ProAssurance that have not been disclosed in the information provided to the OCI.

Mr. Adamo would now like to make some remarks regarding the business history of ProAssurance. After he has completed his remarks, Mr. Friedman and Mr. Montei will offer their prepared statements regarding the proposed Merger.

Mr. Adamo:

My name is Victor T. Adamo and I am President of ProAssurance Corporation.

Thank you to Commissioner Gomez and staff for arranging for the hearing and your assistance throughout this process.

ProAssurance Corporation was organized as a Delaware corporation on October 20, 2000, to serve as the holding company for Medical Assurance, Inc. and Professionals Group, Inc. upon their consolidation in 2001.

ProAssurance now represents the consolidation of twelve prior provider founded companies or books of business. ProAssurance is a specialty insurer with more than \$3.9 billion in assets and \$572 million in gross written premiums for 2005. ProAssurance, through its insurance subsidiaries, is the nation's fourth largest writer of medical professional liability insurance, and is a recognized leader in providing medical malpractice coverages for physicians, hospitals and other health care

providers and facilities. Our principal professional liability insurance subsidiaries are The Medical Assurance Company, Inc., and Red Mountain Casualty Insurance Company, Inc., both of which are domiciled in Alabama, ProNational Insurance Company which is domiciled in Michigan, and NCRIC, Inc. which is domiciled in the District of Columbia.

ProAssurance Group currently writes medical malpractice business on an admitted basis in 25 states, primarily in the Midwest, Southeast and Mid-Atlantic. In addition, ProAssurance Group currently writes medical malpractice business on an excess and surplus lines basis through Red Mountain in 21 states and through ProNational in 3 states.

A.M. Best assigns a rating of "A-" (Excellent) to ProAssurance and our largest subsidiaries, The Medical Assurance Company, Inc. and ProNational Insurance Company and a rating of B++ (Very Good) to NCRIC, Inc., which joined our group during 2005. Standard & Poor's assigns these professional liability subsidiaries a rating of "A-" ("Strong"), and Fitch assigns a rating of "A-" to most of our subsidiaries. In addition, we have two smaller insurers, Woodbrook Casualty Insurance, Inc. domiciled in Alabama, which is rated "B," and American Medical Insurance Exchange domiciled in Indiana which is dormant and unrated by A. M. Best.

The operating model of ProAssurance is based on the local delivery of services to the healthcare clients that we insure. We believe that it is essential to have local management in place to underwrite risks, manage claims and provide risk management services. We also look to local agents to market our products and to experienced local legal counsel to defend claims made against our new insureds.

Our model is also based upon the consolidated financial strength of our group. As a publicly traded company, we have been able to raise capital when needed to support the growth and financial strength of our insurance subsidiaries.

Through prior mergers and acquisitions, ProAssurance has successfully achieved geographic growth and geographic diversification in its medical professional liability insurance business. In each of the regions where an insurer was merged into ProAssurance, the insurer's operational office has continued to operate with key personnel from the merged companies. We believe that this ability to utilize local knowledge in claims, underwriting and risk management is a critical factor in the operation of our companies. Our successful integration of each organization demonstrates our ability to grow effectively through merger and acquisition activities.

Because PIC-Wisconsin's operational and financial goals are similar to those of ProAssurance, we believe it will fit into our operating model with minimal disruption for either organization by PIC-Wisconsin becoming our regional office for operations in Wisconsin and other states in the Northern Midwest. We look forward to continuing to fulfill the mission of PIC-Wisconsin as a part of the ProAssurance organization.

Finally, I would note that ProAssurance anticipates executing Expense Sharing, Management Services and Tax Allocation agreements with PIC-Wisconsin after the Merger. In accordance with the requirements of the Wisconsin Administrative Code, appropriate Form Ds will be filed prior to the effective date of those agreements.

Thank you.

Mr. Stephenson:

Mr. Adamo, would you provide a brief explanation of ProAssurance's rationale for the proposed Merger of ProAssurance and PIC-Wisconsin?

Mr. Adamo:

The background of the Merger and the reasons that the Boards of ProAssurance and PIC-Wisconsin have recommended that the companies proceed with the Merger are set forth in the registration statement which was filed as part of the Form A which has been entered as an Exhibit. My

remarks are supplemented by the more complete discussion in the registration statement.

This combination is the result of a long history of mutual respect and many discussions between representatives of the two companies. We feel that the Merger is in the interest of ProAssurance as it is consistent with ProAssurance's plan to grow in states within or adjacent to ProAssurance's geographic footprint. PIC-Wisconsin is a solid company with strong customer loyalty. Its presence in the medical liability insurance market of the Wisconsin, Iowa, Minnesota, Nevada, and South Dakota will enhance the market reach of ProAssurance while ProAssurance will make available financial resources to PIC-Wisconsin.

Mr. Stephenson:

I will ask Mr. Friedman to describe the current plans of ProAssurance with respect to the business and operations of PIC-Wisconsin after the Merger is completed.

Mr. Friedman:

Thank you. I am Howard H. Friedman, Chief Underwriting Officer for ProAssurance and Co-President of our Insurance Subsidiaries.

PIC-Wisconsin will be a wholly-owned subsidiary of ProAssurance and will continue as a Wisconsin domiciled insurer after the Merger.

As indicated in the Form A, the insurance operations of PIC-Wisconsin will continue to be managed in Madison, Wisconsin as a regional office of ProAssurance. ProAssurance emphasizes a local approach to its insurance markets. Claims are administered through fourteen local offices and underwriting is handled through six regional underwriting offices. PIC-Wisconsin's office in Madison will serve as ProAssurance's Northwest regional office.

As stated in Section 2.18 of the Merger Agreement, "The Northwest region will consist of the states of Iowa, Minnesota, Nebraska, Nevada, North Dakota, South Dakota and Wisconsin. Initially, PIC-Wisconsin will operate as a distinct operating division reporting to the ProAssurance Professional Liability Group with such consolidation of operations into ProAssurance as is reasonably required to support the accounting, financial reporting and Sarbanes Oxley compliance obligation of ProAssurance. Over a time period of two to five years, PIC-Wisconsin will move to the ProAssurance regional structure, or such other operating structure as ProAssurance is using at that time. The Madison Office will continue as a regional office of ProAssurance providing claims, underwriting, marketing and risk management services for the Northwest region."

ProAssurance intends to locate underwriting, policy administration, marketing and risk management operations for Wisconsin, Iowa, Minnesota, Nebraska, Nevada and South Dakota into the PIC-Wisconsin office in Madison, Wisconsin. Any admitted business currently written by the ProAssurance in these states will be transferred to Madison for policy administration. Underwriting, policy administration, marketing and risk management for the Illinois business of PIC-Wisconsin will be consolidated into the existing ProAssurance offices that serve the State of Illinois, including a claims office in Lisle, Illinois.

ProAssurance intends to continue to write all Wisconsin business through PIC-Wisconsin as a statutory company.

A decision has not been made as to which statutory entities will be utilized to write the PIC-Wisconsin business outside of Wisconsin. All local offices of ProAssurance have the ability to issue coverage through any of the ProAssurance statutory entities; and, accordingly, the Madison office will be able to issue policies of the other ProAssurance statutory admitted companies. In the future, non-Wisconsin business may be transferred between companies upon policy renewal, with these decisions based primarily on capacity and rating agency considerations. For any insureds that are ultimately moved from one carrier to another carrier within the

ProAssurance group, tenure with the prior company will be honored for purposes of a free tail due to Death, Disability or Retirement.

ProAssurance does not intend to reduce or terminate services currently provided by PIC-Wisconsin in Wisconsin. ProAssurance intends to have PIC-Wisconsin maintain its strong presence in Wisconsin and allow it to continue to service its core market. In fact, this was the primary reason for the Merger. ProAssurance intends for PIC-Wisconsin to continue to offer coverage to the hospitals and nursing homes now insured by PIC-Wisconsin for at least the next three years, subject to the current PIC-Wisconsin underwriting guidelines. ProAssurance is familiar with the maintenance of long-term care beds by licensed hospitals and insures such risks as a part of its hospital book of business.

In addition, ProAssurance intends to maintain a strong PIC-Wisconsin risk management presence in Wisconsin. Both ProAssurance and PIC-Wisconsin view risk management as an integral part of the service provided to health care clients so as to assist them to mitigate risks and, in turn, lower liability costs.

ProAssurance has examined PIC-Wisconsin's current rate filings and finds the assumptions and methodologies to be reasonable. In general, ProAssurance does not anticipate any significant changes in the factors that

determine the rate levels for PIC-Wisconsin. The expense levels that underlie current PIC-Wisconsin rates are similar to those currently utilized by ProNational Insurance Company, a ProAssurance subsidiary, for its current rates in Wisconsin. More specific differences were addressed in ProAssurance's response, dated March 6, 2006, to questions from the OCI. As PIC-Wisconsin has done in the past, rates will periodically be reviewed and filed with the OCI for Wisconsin and the insurance regulatory agencies of the states outside of Wisconsin for applicability to those states. ProAssurance intends to maintain PIC-Wisconsin's January 1 anniversary date for rate reviews. PIC-Wisconsin had requested and received approval for a rate change for Wisconsin insureds effective January 1, 2006. After a thorough review is conducted, if a rate change is warranted, the filing would be effective January 1, 2007 and filed with the OCI for approval. ProAssurance does not intend to file rates that would differ from those that PIC-Wisconsin would have normally filed, absent the Merger.

Mr. Stephenson:

I would like to ask Mr. Adamo and Mr. Friedman as representatives of the Applicant some questions relating to the statutory requirements contained in the Wis. Stats., Section 611.72 and Chapter 617.

Mr. Adamo, do you believe the Plan of Merger will violate the law or be contrary to the interest of the insureds of PIC-Wisconsin?

Mr. Adamo:

No. ProAssurance does not have any plans, proposals or changes to change the current operations of PIC-Wisconsin or any of its non-domestic insurance companies which, in our belief, will (i) violate the law, (ii) be unfair or unreasonable to policyholders of those insurance companies, or (iii) not be in the public interest. ProAssurance's mission continues to be to provide a reliable source of medical professional liability insurance for physicians and other health care providers.

Mr. Stephenson:

Mr. Friedman, will PIC-Wisconsin be able to satisfy the requirements for the issuance of a license to write the lines of insurance for which it is presently licensed after the Merger?

Mr. Friedman:

Yes, PIC-Wisconsin is licensed as a property and casualty insurer in Wisconsin. Our intention is that PIC-Wisconsin will survive the Merger and will continue to operate as a wholly owned subsidiary of ProAssurance with substantially the same assets and liabilities and in substantially the same manner as it is presently conducting business. We see no reason that the

Merger will affect its license in Wisconsin and other states in which it is authorized to do business.

Mr. Stephenson:

Mr. Friedman, do you believe that the Merger will have an effect that will create a monopoly or substantially lessen competition in insurance in Wisconsin?

Mr. Friedman:

No. ProAssurance's subsidiary ProNational Insurance Company currently writes an insignificant amount of premium in Wisconsin. Accordingly, the proposed Merger will not tend to create a monopoly in Wisconsin or have the effect of lessening competition in any line of insurance in the Wisconsin. Further, ProAssurance has filed a notification under the Hart-Scott-Rodino Act with the Federal Trade Commission and the Department of Justice for their review of the Merger under the federal anti-trust laws and received early termination of the waiting period on January 27, 2006. I would like to note that while The Medical Assurance Company, Inc. is licensed in Wisconsin, it does not write any business in the State.

Mr. Stephenson:

Mr. Adamo, do you believe that the Merger is likely to jeopardize the financial stability of the PIC-Wisconsin or prejudice the interests of its Wisconsin policyholders?

Mr. Adamo:

No. As you testified earlier, no assets of PIC-Wisconsin will be used to fund the Merger consideration as substantially all the Merger consideration will be paid in ProAssurance common stock. PIC-Wisconsin will have the same capital structure immediately after the Merger. The financial statements of ProAssurance included in the Form A reflect the strong financial condition of ProAssurance and ProAssurance has the ability to raise capital when needed and a history of providing capital to its insurance subsidiaries to support their growth. The pending Merger will not prejudice the interests of PIC-Wisconsin's policyholders.

Mr. Stephenson:

Mr. Adamo, does ProAssurance have any plans or proposals to liquidate PIC-Wisconsin, sell its assets or consolidate or merge it with any person or to make any other material change in its business or corporate structure or management that are unfair or unreasonable to policyholders of PIC-Wisconsin or are not in the public interest.

Mr. Adamo:

No, other than the pending sale of Century American Insurance Company, ProAssurance does not intend to liquidate, sell the assets of PIC-Wisconsin or consolidate or merge PIC-Wisconsin with any person.

I believe that Mr. Friedman previously explained our current intention regarding the management and operations of the PIC-Wisconsin. ProAssurance has no intention to make any material change in the business or corporate structure or management of PIC-Wisconsin that would be unfair or unreasonable to policyholders of PIC-Wisconsin or that would not be in the public interest. As I mentioned earlier, ProAssurance has a history of maintaining a strong local presence after a change of control.

Mr. Stephenson:

Mr. Adamo, do you believe that the competence, experience, and integrity of those persons who will control the operation of PIC-Wisconsin after the Merger will be in the interest of the policyholders of the PIC-Wisconsin and the public?

Mr. Adamo:

Yes. The management of ProAssurance is committed to maintaining the financial strength of its insurance subsidiaries and providing a reliable source of medical malpractice insurance for their respective policyholders. ProAssurance has publicly traded securities and is required to file periodic

reports with the Securities and Exchange Commission. The competence, experience and integrity of the directors and officers of ProAssurance are reflected in its insurance products and SEC reports.

Our goal with this Merger, as with prior mergers, is to provide a strong financial base while capturing the local expertise of the current management and staff of PIC-Wisconsin in Wisconsin.

Mr. Stephenson:

That concludes our prepared remarks.

The representatives of ProAssurance are available to answer any questions that you may have.

Mr. Bartell:

I am Jeff Bartell of Quarles & Brady, LLP. My firm and I have served as corporate counsel for PIC-Wisconsin since it was founded. With me today are Bill Montei, who has served as President and Chief Executive Officer of PIC-Wisconsin from its beginnings, and Dave Maurer, Chief Financial Officer and Treasurer of PIC-Wisconsin. Mr. Montei will testify on behalf of PIC-Wisconsin regarding the benefits of the Merger for PIC-Wisconsin's policyholders, stockholders, and the public, which led PIC-Wisconsin's board of directors to recommend that its shareholders approve the Merger.

Mr. Montei?

Mr. Montei:

Good morning. My name is William T. Montei and I am the President and Chief Executive Officer of PIC-Wisconsin. PIC-Wisconsin was founded in 1986 by Wisconsin physicians, with the assistance of the Wisconsin Medical Society. Today we are the leading medical professional liability insurance carrier in Wisconsin, and we are licensed in 12 other states. Currently, we provide our insurance product and business management services to almost 7,000 physicians and 195 hospitals throughout this market area, including 4,588 physicians and 113 hospitals in Wisconsin.

Throughout this period of growth, PIC-Wisconsin has maintained its physician leadership and focus. PIC-Wisconsin involves physicians in claims and underwriting, emphasizes risk management, and vigorously defends non-meritorious claims. We work hard at defending the practice of medicine.

After years of considering options for providing liquidity for shareholders and exploring strategic alternatives, the PIC-Wisconsin Board of Directors approved the initiation of merger discussions with ProAssurance with a view toward merging PIC-Wisconsin into a larger,

physician-focused medical malpractice insurer. After careful consideration of a number of factors, the PIC-Wisconsin Board unanimously approved the Merger.

First, the PIC-Wisconsin policyholders and the market we serve will benefit from the strength of ProAssurance's business, financial condition, management and business philosophy. The PIC-Wisconsin Board believes the Merger presents an attractive opportunity to merge with the fourth largest medical malpractice insurance group, which will have significantly greater financial strength than PIC-Wisconsin would have on its own.

Second, we are confident that the similar management philosophies of PIC-Wisconsin and ProAssurance, and our shared commitment to the medical communities we serve, will make for a smooth transition for the policyholders and allow us to continue our formula for success in Wisconsin and elsewhere. PIC-Wisconsin and the ProAssurance companies were formed under similar circumstances, by physicians and for physicians. Both companies utilize local physicians to serve on underwriting, claims or advisory committees. This committee process allows physician insureds the continued opportunity to appeal underwriting decisions directly to a committee of their peers.

Third, the Merger will keep the successful PIC-Wisconsin team together. PIC-Wisconsin's office in Madison will become the Northwest regional office for ProAssurance. The majority of our current employees will retain their positions. It is certainly our goal that the PIC-Wisconsin claims and underwriting functions will grow in the future, since ProAssurance has identified the upper Midwest as an area for growth and expansion. In addition, PIC-Wisconsin employees will provide underwriting services for non-PIC-Wisconsin business written through ProAssurance companies in the region.

Finally, the Merger will provide PIC-Wisconsin shareholders with the liquidity they have sought and deserve. Shareholders will benefit from the stock-for-stock exchange in that it is tax-free for federal income tax purposes. They have the opportunity to participate in the future growth and profitability of the combined company or to cash out by selling their shares if they so desire. This liquidity makes PIC-Wisconsin less vulnerable to the threats and distractions of unwelcome acquisition attempts.

In sum, the Board and management of PIC-Wisconsin endorse the change of control. PIC-Wisconsin will remain a strong and viable Wisconsin domestic professional liability insurer, and the proposed Merger will allow PIC-Wisconsin to continue defending the practice of medicine in

Wisconsin and elsewhere. Dave Maurer or I will be happy to answer any questions you may have.

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