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PROASSURANCE CORP  
Form S-4  
April 19, 2005

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON APRIL 19, 2005  
REGISTRATION NO. 333-

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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM S-4  
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

PROASSURANCE CORPORATION  
(Exact name of registrant as specified in its charter)

DELAWARE  
(State or other jurisdiction of  
incorporation or organization)

6631  
(Primary Standard Industrial  
Classification Code Number)

63-12614  
(I.R.S. Emp  
Identificati

100 BROOKWOOD PLACE  
BIRMINGHAM, ALABAMA 35209  
(205) 877-4400  
(Address, including zip code, and telephone number,  
including area code, of registrant's principal executive offices)

A. DERRILL CROWE  
100 BROOKWOOD PLACE  
BIRMINGHAM, ALABAMA 35209  
(205) 877-4400  
(Name, address, including zip code, and telephone number,  
including area code, of agent for service)

-----  
COPIES TO:

JACK P. STEPHENSON, JR., ESQ.  
BURR & FORMAN LLP  
420 NORTH 20TH STREET, SUITE 3100  
BIRMINGHAM, ALABAMA 35203  
(205) 458-5201

JOHN J. GORMAN, ESQ.  
LUSE GORMAN POMERENK & SCHICK,  
5335 WISCONSIN AVENUE, N.W., SUITE 1000  
WASHINGTON, D.C. 20015  
(202) 274-2000

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE OF THE SECURITIES TO THE  
PUBLIC: As soon as practicable after this Registration Statement becomes  
effective.

If the securities being registered on this form are being offered in  
connection with the formation of a holding company and there is compliance with  
General Instruction G, check the following box: [ ]

If this form is filed to register additional securities for an offering  
pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the  
"Securities Act"), check the following box and list the Securities Act  
registration statement number of the earlier effective registration statement

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for the same offering: [ ]

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: [ ]

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CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED (1)	PROPOSED MAXIMUM OFFERING PRICE PER SHARE	PROPOSED MAX AGGREGATE OFFERING PRIC
Common stock, \$0.01 par value (and associated stock purchase rights).....	2,000,000 shs.	N/A	\$69,400,98

- (1) Represents the estimated maximum number of shares of common stock, \$0.01 par value per share, of ProAssurance Corporation issuable upon consummation of the merger of NCRIC Group, Inc. into ProAssurance based on (i) the number of shares of NCRIC common stock outstanding and reserved for issuance and (ii) the exchange ratio of 0.25 of a share of ProAssurance common stock (including the associated stock purchase rights) for each share of NCRIC common stock.
- (2) Calculated in accordance with Rule 457(f)(1) and 457(c) under the Securities Act, based on the average of the high and low sales prices for NCRIC common stock, as reported on The Nasdaq National Market on April 14, 2005 (\$9.53) multiplied by the estimated maximum number of shares of NCRIC common stock that may be cancelled in the merger.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT, OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

THE INFORMATION IN THIS PROXY STATEMENT-PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROXY STATEMENT-PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

SUBJECT TO COMPLETION, DATED \_\_\_\_\_, 2005

[PRA LOGO]

[NCRIC LOGO]

PROXY STATEMENT FOR THE SPECIAL MEETING OF  
STOCKHOLDERS OF NCRIC GROUP, INC.  
AND  
PROSPECTUS OF PROASSURANCE CORPORATION

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### MERGER PROPOSED -- YOUR VOTE IS IMPORTANT

The boards of directors of NCRIC Group, Inc. ("NCRIC") and ProAssurance Corporation ("ProAssurance") have unanimously approved an agreement to merge the two companies. Under the merger agreement, NCRIC will merge into a newly formed subsidiary of ProAssurance that will survive the merger as a wholly owned subsidiary of ProAssurance under the name "NCRIC Corporation". The board of directors of NCRIC believes that the merger presents an attractive opportunity to merge with a leading medical malpractice insurance group that will have significantly greater financial strength and earning power than NCRIC would have on its own.

If the merger is completed, each NCRIC stockholder will be entitled to receive 0.25 of a share of common stock of ProAssurance for each share of NCRIC common stock, subject to adjustment as described below. The last reported price of a share of ProAssurance common stock on February 25, 2005 (the last trading day prior to the announcement of the merger) was \$40.41, and the last reported sale price of a share of NCRIC common stock on February 25, 2005 was \$10.94.

If the average price of ProAssurance common stock as measured during the ten trading days ending on the date preceding the effective date of the merger is greater than \$44.00 per share or less than \$36.00 per share, the exchange ratio will be adjusted so that you will not receive for a share of NCRIC common stock any more than \$11.00 or less than \$9.00 in ProAssurance stock. Therefore, you will not know the precise exchange ratio in the merger at the time you vote. Please see the table on page of this proxy statement-prospectus to determine the value of the merger consideration based on the different values of the common stock of ProAssurance.

You should obtain a current market quotation for both ProAssurance common stock and NCRIC common stock. ProAssurance common stock is listed on the New York Stock Exchange under the symbol "PRA" and NCRIC common stock is listed on the Nasdaq National Market under the symbol "NCRI."

The merger will generally be tax free to the stockholders of NCRIC except for taxes on cash received instead of fractional shares of ProAssurance common stock. The merger will also be tax free to NCRIC and ProAssurance and their respective subsidiaries.

We cannot complete the merger unless the stockholders of NCRIC approve it. NCRIC will hold a special meeting of its stockholders on , 2005 to vote on the merger agreement. Your vote is important. Whether or not you plan to attend the meeting, please take the time to submit your proxy in accordance with the voting instructions contained in this proxy statement-prospectus. If you do not vote, it will have the same effect as voting against the merger. Please read this proxy statement-prospectus carefully because it contains important information about the merger. IN PARTICULAR, YOU SHOULD CAREFULLY CONSIDER THE DISCUSSION IN THE SECTION TITLED "RISK FACTORS" BEGINNING ON PAGE .

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THE SECURITIES TO BE ISSUED IN THE MERGER OR DETERMINED IF THIS PROXY STATEMENT-PROSPECTUS IS ACCURATE OR ADEQUATE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS DOCUMENT IS A PROXY STATEMENT THAT NCRIC IS USING TO SOLICIT PROXIES FOR USE AT ITS SPECIAL MEETING OF STOCKHOLDERS. IT IS ALSO A PROSPECTUS RELATING TO THE SHARES OF THE PROASSURANCE COMMON STOCK PROPOSED TO BE ISSUED IN CONNECTION WITH THE MERGER. THE DATE OF THIS PROXY STATEMENT-PROSPECTUS IS , 2005, AND IT IS FIRST BEING MAILED TO THE STOCKHOLDERS OF NCRIC ON OR ABOUT , 2005.

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## REFERENCES TO ADDITIONAL INFORMATION

This proxy statement-prospectus incorporates important business and financial information about ProAssurance and NCRIC from other documents that are not included in or delivered with this proxy statement-prospectus. This information is available to you without charge upon your written or oral request. You can obtain documents related to ProAssurance and NCRIC that are incorporated by reference in this proxy statement-prospectus through the Securities and Exchange Commission web site at <http://www.sec.gov> or by requesting them in writing or by telephone from the appropriate company:

For ProAssurance:  
Frank B. O'Neil  
100 Brookwood Place  
Birmingham, Alabama 35209  
(205) 877-4400

For NCRIC:  
Eric R. Anderson  
1115 30th St., N.W.  
Washington, D.C. 20007  
(202) 969-1866

IF YOU WOULD LIKE TO REQUEST DOCUMENTS, PLEASE DO SO BY \_\_\_\_\_, 2005 TO RECEIVE THEM BEFORE NCRIC'S SPECIAL MEETING.

THIS PROXY STATEMENT -- PROSPECTUS INCLUDES AS APPENDIX C NCRIC'S ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2004, AS AMENDED ON APRIL 19, 2005.

See "WHERE YOU CAN FIND MORE INFORMATION" on page \_\_\_\_\_.

NCRIC GROUP, INC.  
1115 30(TH) STREET, N.W.  
WASHINGTON, D.C. 20007

## NOTICE OF SPECIAL MEETING OF STOCKHOLDERS TO BE HELD ON \_\_\_\_\_, 2005

To the Stockholders of NCRIC Group, Inc.:

Notice is hereby given that a special meeting of the stockholders of NCRIC Group, Inc. ("NCRIC") will be held on \_\_\_\_\_, 2005, at \_\_\_\_\_ .m., local time, at \_\_\_\_\_, Washington, D.C., to consider and vote upon:

1. Merger Proposal. To approve and adopt the Agreement and Plan of Merger dated February 28, 2005 (the "Merger Agreement"), by and among NCRIC, ProAssurance Corporation ("ProAssurance") and NCP Merger Corporation, a wholly owned subsidiary of ProAssurance ("NCP"), and the related merger of NCRIC with and into NCP. Under the Merger Agreement, upon the completion of the transaction, NCP will remain a wholly owned subsidiary of ProAssurance and will be renamed NCRIC Corporation. Stockholders of NCRIC will have the right to receive 0.25 of a share of ProAssurance common stock (subject to adjustment) for each share of NCRIC common stock owned by them.

2. Adjournment. To approve a proposal to adjourn the meeting to permit further solicitation of proxies in the event that an insufficient number of shares is present in person or by proxy to approve the Merger Agreement.

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3. Other Matters. To vote upon such other matters as may properly come before the special meeting or any adjournment thereof. The board of directors is not aware of any such other matters.

The boards of directors of NCRIC and ProAssurance have unanimously approved the Merger Agreement. Among other conditions, the Merger Agreement must also be approved and adopted at the special meeting of NCRIC's stockholders by the affirmative vote of at least a majority of the outstanding shares of NCRIC common stock. Only stockholders of NCRIC as of the close of business on \_\_\_\_\_, 2005, are entitled to vote at the special meeting. The attached proxy statement-prospectus gives you detailed information about the merger and the other proposals and includes a copy of the Merger Agreement as Appendix A. You should read these documents carefully.

Whether or not you plan to attend the special meeting in person, we urge you to date, sign and return promptly the enclosed proxy card in the accompanying envelope. YOUR VOTE IS VERY IMPORTANT.

By Order of the Board of Directors

R. Ray Pate, Jr.  
President and Chief Executive Officer

Washington, D.C.  
\_\_\_\_\_, 2005

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- Appendix A Agreement and Plan of Merger (excluding Exhibit A and Schedules)
- Appendix B Form of Opinion of Sandler O'Neill & Partners, L.P.
- Appendix C Annual Report of NCRIC Group, Inc. on Form 10-K for the year ended December 31, 2004, as amended on April 19, 2005.

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### QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING

Q: WHY DO PROASSURANCE AND NCRIC WANT TO MERGE?

A: We want to merge because we believe the merger will benefit our respective stockholders, policyholders, and employees. For NCRIC stockholders, the merger will afford them increased liquidity and an opportunity to participate as stockholders in a larger insurance group that is the fourth largest writer of medical professional liability insurance in the United States. For NCRIC policyholders, the merger will benefit the policyholders by adding financial strength to better withstand the volatility inherent in medical professional liability insurance.

For ProAssurance, the merger will provide additional marketing opportunities for its professional liability insurance. ProAssurance will inherit NCRIC's dominant market position and operations in Washington, D.C. ProAssurance will also inherit NCRIC's strong market presence in the mid-Atlantic states, particularly in Delaware and Virginia.

Q: WHAT WILL I RECEIVE IN THE MERGER?

A: For each share of NCRIC common stock you own at the time of the merger, you will have the right to receive 0.25 of a share of ProAssurance common stock. This exchange ratio is subject to adjustment so that for purposes of determining the exchange ratio:

- In no event will the value assigned to the NCRIC common stock be less than \$9.00 per share for purposes of determining the exchange ratio. If the average price of a share of ProAssurance common stock on the New York Stock Exchange, or NYSE, is less than \$36.00 during the measurement period, the exchange ratio will be adjusted and determined by dividing \$9.00 by the average price of ProAssurance common stock.
- In no event will the value assigned to the NCRIC common stock be greater than \$11.00 per share for purposes of determining the exchange ratio. If the average price of a share of ProAssurance common stock on the NYSE is more than \$44.00 during the measurement period, the exchange ratio will be adjusted and determined by dividing \$11.00 by the average price of the ProAssurance common stock.

The following table illustrates the approximate value of what a holder of one share of NCRIC common stock will receive in the merger, assuming varying average closing prices for ProAssurance common stock during the measurement period and that ProAssurance common stock has a value equal to the stated average closing prices. You should bear in mind that the value of ProAssurance common stock is subject to market fluctuations and, therefore, the value of a share of ProAssurance common stock as of the effective date of the merger and after the merger may differ from the value of such stock as set forth below. This table uses hypothetical ProAssurance common stock prices for illustration purposes only.

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IF YOU HOLD ONE SHARE OF NCRIC COMMON STOCK AND THE AVERAGE PROASSURANCE STOCK PRICE DURING THE MEASUREMENT PERIOD IS:

	\$36.00	\$37.00	\$38.00	\$39.00	\$40.00	\$41.00	\$42.00	\$43.00
The value assigned to your share of NCRIC common stock is(1):.....	\$9.00	\$9.25	\$9.50	\$9.75	\$10.00	\$10.25	\$10.50	\$10.75

(1) No fractional shares will be issued. Cash will be paid in lieu of fractional shares of ProAssurance common stock at a price of \$40.00 per share, except that if the exchange ratio is adjusted, the per share price will be the average price of the ProAssurance common stock during the measurement period.

As of the last trading day preceding the announcement of the merger (February 25, 2005), the closing price for a share of ProAssurance common stock was \$40.41 and the closing price for a share of NCRIC

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common stock was \$10.94. You should obtain current market prices for shares of ProAssurance common stock and NCRIC common stock. ProAssurance common stock is listed on the NYSE under the symbol "PRA." NCRIC common stock is listed on the Nasdaq National Market under the symbol "NCRI."

Q: WHAT RISKS SHOULD I CONSIDER BEFORE I VOTE ON THE MERGER?

A: You should review "RISK FACTORS" beginning on page .

Q: WHAT ARE THE TAX CONSEQUENCES OF THE MERGER TO ME?

A: We have structured the merger so that you, as a holder of NCRIC common stock, will not recognize any gain or loss for federal income tax purposes on the exchange of NCRIC shares for ProAssurance shares in the merger except to the extent that a NCRIC stockholder receives cash in lieu of fractional shares of ProAssurance common stock and the cash received by such stockholder exceeds such stockholder's adjusted basis in the NCRIC shares exchanged for such fractional share. At the closing, NCRIC and ProAssurance are to receive separate opinions confirming, subject to certain assumptions, these tax consequences. See "MATERIAL FEDERAL INCOME TAX CONSEQUENCES" beginning on page . Your tax consequences will depend on your personal situation. You should consult your tax advisor for a full understanding of the consequences of the merger to you.

Q: HOW DOES THE NCRIC BOARD OF DIRECTORS RECOMMEND THAT I VOTE ON THE MERGER?

A: The board of directors of NCRIC unanimously recommends that you vote FOR the adoption of the Merger Agreement.

Q: WHAT DO I NEED TO DO NOW?

A: After you have carefully read this proxy statement-prospectus, indicate on your proxy card how you want your shares to be voted. Then complete, sign,



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date and mail your proxy card in the enclosed postage paid return envelope as soon as possible. This will enable your shares to be represented and voted at the NCRIC special meeting.

Q: WHY IS MY VOTE IMPORTANT?

A: The failure of a NCRIC stockholder to vote by proxy or in person will have the same affect as a vote against the Merger Agreement. The merger must be approved by the holders of a majority of the outstanding shares of NCRIC common stock entitled to vote at the special meeting. In addition, if you do not return your proxy card or vote in person at the meeting, then it will be more difficult for NCRIC to obtain the necessary quorum to hold its meeting.

Q: IF MY SHARES ARE HELD IN "STREET NAME" BY MY BROKER, WILL MY BROKER AUTOMATICALLY VOTE MY SHARES FOR ME?

A: No. Your broker will vote your shares on the merger, but only if you provide instructions on how to vote. You should contact your broker and ask what directions your broker will need from you.

Q: WHAT IF I FAIL TO INSTRUCT MY BROKER TO VOTE MY SHARES?

A: If you fail to instruct your broker to vote your shares, the broker will submit an unvoted proxy (a broker non-vote) as to your shares. Broker non-votes will count toward a quorum at the special meeting. However, broker non-votes will have the same effect as a vote against the Merger Agreement.

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Q: CAN I CHANGE MY VOTE?

A: Yes. You can change your vote at any time before your proxy is voted at the special meeting. You can do this in one of three ways. First, you can send a written notice to the Secretary of NCRIC stating that you revoke your proxy. Second, you can complete and submit a new proxy card, dated a later date than the first proxy card. Third, you can attend the special meeting and vote in person. However, your attendance at the special meeting will not, by itself, revoke your proxy. If you hold your shares in street name, then you are not the holder of record and you must follow your broker's directions to change your vote.

Q: SHOULD I SEND IN MY STOCK CERTIFICATES NOW?

A: No. After the merger is completed you will be sent a letter of transmittal and instructions for exchanging your shares of NCRIC common stock for shares of ProAssurance common stock you will be entitled to receive in the merger. At that time, you should follow the instructions in the letter of transmittal, complete and sign it, and send your stock certificates and the letter of transmittal to the address specified in the letter of transmittal.

Q: WHEN DO YOU EXPECT TO COMPLETE THE MERGER?

A: We are working to complete the merger as quickly as possible. We must first obtain the necessary regulatory approvals and approval of NCRIC stockholders at the special meeting that NCRIC will hold for its stockholders to vote on the Merger Agreement. We currently expect to complete the merger in the third quarter of 2005.

Q: WHOM SHOULD I CALL IF I HAVE OTHER QUESTIONS ABOUT THE SPECIAL MEETING

A: If you have more questions about the merger, you should contact:

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NCRIC Group, Inc.  
Attention: Eric Anderson  
1115 30th Street NW  
Washington, D.C. 20007  
Telephone: (202) 969-1866

You may also contact NCRIC's proxy solicitor at:

Georgeson Shareholder  
17 State Street, 10th Floor  
New York, N.Y. 10004  
Telephone: (800) 279-7134

Banks and brokers should call:

(212) 440-9800

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### SUMMARY

THIS SUMMARY HIGHLIGHTS SELECTED INFORMATION FROM THIS PROXY STATEMENT-PROSPECTUS. IT DOES NOT CONTAIN ALL THE INFORMATION THAT IS IMPORTANT TO YOU. FOR A MORE COMPLETE UNDERSTANDING OF THE MERGER AND A MORE COMPLETE DESCRIPTION OF THE LEGAL TERMS OF THE MERGER, YOU SHOULD READ THIS ENTIRE PROXY STATEMENT-PROSPECTUS CAREFULLY, AS WELL AS THE ADDITIONAL DOCUMENTS WE REFER YOU TO, INCLUDING THE MERGER AGREEMENT WHICH WE HAVE ATTACHED AS APPENDIX A. YOU MAY OBTAIN THE INFORMATION INCORPORATED BY REFERENCE IN THIS PROXY STATEMENT-PROSPECTUS BY FOLLOWING THE INSTRUCTIONS IN THE SECTION ENTITLED "WHERE YOU CAN FIND MORE INFORMATION" ON PAGE .

INFORMATION ABOUT PROASSURANCE AND NCRIC (PAGE ).

ProAssurance Corporation  
100 Brookwood Place  
Birmingham, Alabama 35209  
(205) 877-4400

ProAssurance is an insurance holding company for property and casualty insurance companies. ProAssurance's insurance subsidiaries sell professional liability insurance to physicians, dentists and other health care providers and facilities, as well as lawyers and law firms, principally in the southeast and midwest, and automobile, homeowners and associated coverages principally to educators and their families in Michigan. At December 31, 2004, ProAssurance had consolidated total assets of approximately \$3.2 billion and consolidated stockholders' equity of approximately \$611 million.

NCRIC Group, Inc.  
1115 30th St., N.W.  
Washington, D.C. 20007  
(202) 969-1866

NCRIC is also an insurance holding company for an insurance subsidiary that sells professional liability insurance to physicians and groups of physicians principally in the District of Columbia and in surrounding mid-Atlantic states. At December 31, 2004, NCRIC had consolidated total assets of approximately \$292.9 million and consolidated stockholders' equity of \$72.0 million.

A more complete description of NCRIC's business and the audited consolidated financial statements of NCRIC for the year ended December 31, 2004

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are included in NCRIC's annual report on Form 10-K, as amended on April 19, 2005, which is attached as Appendix C to this proxy statement-prospectus.

SPECIAL MEETING OF THE STOCKHOLDERS OF NCRIC (PAGE ).

Date, Time, Place and Purpose of the Meeting. NCRIC will hold its special meeting of stockholders on , 2005, at a.m., local time, at , Washington, D.C., to consider and vote on the approval and adoption of the Merger Agreement among NCRIC, ProAssurance and ProAssurance's wholly owned subsidiary, NCP Corporation, and the transactions contemplated thereby.

Record Date; Shares Entitled to Vote. NCRIC's board of directors has established , 2005, as the record date for the meeting of the stockholders. As of the record date, there were shares of NCRIC common stock outstanding and entitled to vote at the special meeting.

Vote Required; Recommendation of the Board of Directors. A majority of the outstanding shares of NCRIC common stock entitled to vote must be cast in favor of the Merger Agreement for it to be approved. NCRIC's board of directors has unanimously approved the Merger Agreement and unanimously recommends that the stockholders of NCRIC vote "FOR" the Merger Agreement and "FOR" the proposal to adjourn the meeting to permit further solicitation of proxies in the event that an insufficient number of shares is present in person or by proxy to approve the Merger Agreement. As of the record date, the directors and executive officers of NCRIC and their affiliates beneficially owned shares

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or approximately % of the outstanding shares of NCRIC common stock (excluding stock options), and all such persons have indicated their intention to vote their shares in favor of the Merger Agreement.

THE PROPOSED MERGER (PAGE ).

Pursuant to the Merger Agreement, NCRIC will merge with and into a newly formed subsidiary of ProAssurance, which will survive the merger as a wholly owned subsidiary of ProAssurance. The surviving corporation will change its name to NCRIC Corporation at the effective time of the merger. A copy of the Merger Agreement is attached as Appendix A to this proxy statement-prospectus and is incorporated by reference.

THE MERGER CONSIDERATION (PAGE ).

When the merger is completed, you will receive 0.25 of a share of ProAssurance common stock for each share of NCRIC common stock that you own at the effective date of the merger. This exchange ratio is subject to adjustment if the average of the per share closing prices of ProAssurance common stock as reported on the NYSE during the ten trading days ending on the date preceding the effective date of the merger is greater than \$44.00 or less than \$36.00 as follows:

- If the average price of a share of ProAssurance common stock is less than \$36.00 during the measurement period, the exchange ratio will be adjusted and determined by dividing \$9.00 by the average price of ProAssurance common stock so that the value assigned to the NCRIC common stock will be \$9.00 per share for purposes of determining the exchange ratio.
- If the average price of a share of ProAssurance common stock is more than \$44.00 during the measurement period, the exchange ratio will be adjusted and determined by dividing \$11.00 by the average price of the ProAssurance common stock so that the value assigned to the NCRIC common

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stock will be \$11.00 per share for purposes of determining the exchange ratio.

You should obtain current stock price quotations for ProAssurance common stock and NCRIC common stock. ProAssurance common stock is listed on the NYSE under the symbol "PRA," and NCRIC common stock is traded on the Nasdaq National Market under the symbol "NCRI." The following table shows the closing prices for ProAssurance and NCRIC common stock and the implied per share value in the merger to NCRIC stockholders for the following dates:

- February 25, 2005, the last trading date before we announced the merger;
- February 28, 2005, the date we announced the merger;
- \_\_\_\_\_, 2005, shortly before we mailed this proxy statement-prospectus; and
- The high, low and average values for the period from February 25, 2005 through \_\_\_\_\_, 2005.

	CLOSING PROASSURANCE SHARE PRICE	CLOSING NCRIC SHARE PRICE	IMPLIED VALUE PER NCRIC SHARE
	-----	-----	-----
February 25, 2005.....	\$40.41	\$10.94	\$10.10
February 28, 2005.....	\$40.50	\$10.00	\$10.13
[*], 2005.....			
High (for period).....			
Low (for period).....			
Average (for period).....			

You will not receive fractional shares of ProAssurance common stock in the merger. Instead you will receive, without interest, a cash payment equal to the fractional share interest you otherwise would have received, multiplied by the value of the ProAssurance common stock. For this purpose, ProAssurance common stock will be valued at \$40.00, or if there is an adjustment to the exchange ratio, at the average

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of its daily closing prices during the ten trading days ending on the date preceding the effective date of the merger.

STOCKHOLDERS WILL NOT HAVE DISSENTERS' RIGHTS (PAGE ).

NCRIC stockholders will not have dissenters' rights under the Delaware General Corporation Law.

THE MERGER WILL BE ACCOUNTED FOR AS A PURCHASE (PAGE ).

The merger will be treated as a purchase by ProAssurance of NCRIC under generally accepted accounting principles, or GAAP.

THE MERGER WILL GENERALLY BE TAX-FREE TO STOCKHOLDERS OF NCRIC (PAGE ).

For United States federal income tax purposes, the merger has been structured as a "plan of reorganization". As a NCRIC stockholder, you generally

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will not recognize any gain or loss upon the exchange of shares of NCRIC common stock solely for ProAssurance common stock for federal income tax purposes. However, you may recognize gain or loss with respect to the payment of cash in lieu of fractional shares of ProAssurance common stock to the extent the amount of cash exceeds your basis in the NCRIC common stock exchanged for such fractional shares.

Neither ProAssurance nor NCRIC (nor their respective subsidiaries) will recognize any gain or loss for United States federal income tax purposes in the merger. For a complete description of the material United States federal income tax consequences of the transaction, see "MATERIAL FEDERAL INCOME TAX CONSEQUENCES" on page .

The United States federal income tax consequences described above may not apply to some holders of NCRIC common stock, including certain holders specifically referred to on page . Your tax consequences will depend on your individual situation. Accordingly, we strongly urge you to consult your tax advisor for a full understanding of the particular tax consequences of the merger to you.

ProAssurance and NCRIC will receive opinions from Burr & Forman LLP and Luse Gorman Pomerenk & Schick, P.C., respectively, regarding the tax consequences of the merger summarized above. These opinions will be based in part on customary assumptions and on representations that ProAssurance and NCRIC will make to Burr & Forman LLP and Luse Gorman Pomerenk & Schick, P.C. The form of these opinions are exhibits to the registration statement filed with the SEC in connection with this proxy statement-prospectus.

ProAssurance and NCRIC will not be obligated to complete the merger unless Burr & Forman LLP and Luse Gorman Pomerenk & Schick, P.C. confirm these tax consequences on the closing date.

NCRIC'S BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" THE MERGER AGREEMENT (PAGE ).

NCRIC's board of directors believes that the merger and the Merger Agreement are fair to and are in the best interests of NCRIC and its stockholders. The board of directors unanimously recommends that NCRIC stockholders vote "FOR" approval and adoption of the Merger Agreement.

OUR REASONS FOR THE MERGER (PAGES AND ).

NCRIC's Board of Directors. NCRIC's board of directors is proposing the merger because it presents an attractive opportunity to merge with a leading medical malpractice insurance group that will have significantly greater financial strength and earning power than NCRIC would have on its own.

ProAssurance's Board of Directors. ProAssurance's board of directors has approved the merger because the merger is consistent with ProAssurance's history of expansion through combinations with other medical professional liability insurers that are closely related to the local physician community and is also consistent with ProAssurance's current plan for geographic expansion into the mid-Atlantic states.

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NCRIC'S FINANCIAL ADVISOR HAS PROVIDED AN OPINION AS TO THE FAIRNESS OF THE EXCHANGE RATIO FROM A FINANCIAL POINT OF VIEW TO NCRIC'S STOCKHOLDERS (PAGE ).

On February 27, 2005, the date the NCRIC board approved the merger, Sandler O'Neill & Partners, L.P. rendered an oral opinion to NCRIC's board that, as of

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that date, the ratio for the exchange of shares of ProAssurance common stock for shares of NCRIC common stock set forth in the Merger Agreement was fair from a financial point of view to the holders of NCRIC common stock. Sandler O'Neill confirmed its opinion by delivery of a written opinion dated February 28, 2005. The full text of Sandler O'Neill's written opinion, as updated as of the date of this proxy statement-prospectus, is attached hereto as Appendix B. You should read this opinion completely to understand the procedures followed, assumptions made, matters considered and limitations of the review undertaken by Sandler O'Neill. Sandler O'Neill's opinion is directed to the NCRIC board of directors and does not constitute a recommendation to any stockholder as to any matters relating to the merger. The opinion of Sandler O'Neill will not reflect any developments that may occur or may have occurred after the date of the opinion and prior to the completion of the merger. Sandler O'Neill will receive a fee for its services in connection with the merger, a portion of which has been paid and a significant portion of which is payable and contingent upon consummation of the merger. Sandler O'Neill has also received a fee for rendering its opinion, which will be credited against the portion of the fee payable upon consummation of the merger.

NCRIC'S DIRECTORS AND EXECUTIVE OFFICERS MAY HAVE INTERESTS IN THE MERGER THAT DIFFER FROM YOUR INTERESTS (PAGE     ).

Some of NCRIC's directors and executive officers have interests in the merger other than their interests as stockholders. NCRIC's board of directors knew about these additional interests and considered them when they adopted the Merger Agreement.

NCRIC or its subsidiaries are parties to agreements with certain officers that provide severance payments and other benefits upon termination (whether voluntary or involuntary) of employment after the merger.

Other interests of directors and officers of NCRIC may include rights under deferred compensation plans, stock based benefit programs and awards, compensation for services on an advisory committee of ProAssurance after the merger, and rights to continued indemnification and insurance coverage for acts or omissions occurring prior to the merger.

PROASSURANCE WILL ASSUME NCRIC'S STOCK OPTIONS AND STOCK AWARDS (PAGE     ).

ProAssurance will assume all outstanding NCRIC stock options and stock awards in accordance with their terms. Each outstanding stock award will be converted into shares of ProAssurance common stock using the exchange ratio, and all fractional shares will be eliminated.

Each holder of an option to acquire NCRIC common stock outstanding and unexercised immediately prior to completion of the merger will have the election to either:

- exchange his or her NCRIC stock options for the right to acquire shares of ProAssurance common stock, in which event the number of shares issuable under those options will be adjusted by multiplying the exchange ratio by the number of shares of NCRIC common stock subject to the option, and the exercise price for the shares of ProAssurance common stock subject to the assumed options will be determined by dividing the exchange ratio into the exercise price of the shares of NCRIC common stock subject to the option; or
- surrender his or her NCRIC stock options for a cash payment equal to the greater of either:
- the spread between the exercise price for each share of NCRIC common stock subject to the option and the value of such share as adjusted to

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reflect its conversion in the merger; or

- \$1.00 for each share of NCRIC common stock subject to the stock option so surrendered.

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WE MUST MEET SEVERAL CONDITIONS TO COMPLETE THE MERGER (PAGE ).

Our obligations to complete the merger depend on a number of conditions being met. These include:

- the approval of the Merger Agreement by NCRIC's stockholders;
- the listing of the shares of ProAssurance common stock to be issued in the merger on the NYSE (including shares to be issued following exercise of the NCRIC stock options assumed by ProAssurance);
- the filing of a certificate of merger with the appropriate governmental authorities;
- receiving the approval of the Mayor of the District of Columbia as required by the District's insurance holding company laws and regulations;
- receiving the required approvals of other federal and state regulatory authorities;
- the absence of any government action or other legal restraint or prohibition that would prohibit the merger or make it illegal;
- the absence of a material adverse effect suffered by either ProAssurance or NCRIC on a consolidated basis;
- the absence of any inquiries, proceedings, claims or actions by any government or regulatory authority alleging violations of federal securities laws by NCRIC, its subsidiaries or any of their respective directors or officers;
- receiving legal opinions that, for United States federal income tax purposes, the merger will be treated as a plan of reorganization and no gain or loss will be recognized by NCRIC stockholders who receive ProAssurance common stock in exchange for all of their NCRIC common stock (except with respect to any cash received for fractional interests) and no gain or loss will be recognized by PRA, NCRIC and their respective subsidiaries; and
- the representations and warranties of each party to the Merger Agreement being true and correct, except as would not have or would not reasonably be expected to have a material adverse effect, and each party to the Merger Agreement must have performed in all material respects all its obligations under the Merger Agreement.

Where the law permits, either of us could choose to waive a condition to our obligation to complete the merger even when that condition has not been satisfied. We cannot be certain when, or if, the conditions to the merger will be satisfied or waived, or that the merger will be completed. Although the Merger Agreement allows us to waive the tax opinion condition, we do not currently anticipate doing so. If we waive the condition, we will inform you of this fact and ask you to vote on the merger taking this into consideration.

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WE MUST OBTAIN REGULATORY APPROVALS TO COMPLETE THE MERGER (PAGE ) .

We cannot complete the merger unless it is approved by the Mayor of the District of Columbia in accordance with the requirements of the insurance holding company laws and regulations of the District of Columbia. The Mayor will make a determination on the merger after we have held a public hearing.

In addition, the merger is subject to review by antitrust authorities under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, or HSR Act, and we will file notices with the Federal Trade Commission and the Antitrust Division of the United States Department of Justice, or DOJ.

Although we do not know of any reason why we would not be able to obtain the necessary regulatory approvals in a timely manner, we cannot be certain when or if we will obtain them.

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WE HAVE AGREED WHEN AND HOW NCRIC CAN CONSIDER THIRD PARTY ACQUISITION PROPOSALS (PAGE ) .

We have agreed that NCRIC will not, directly or indirectly, initiate, entertain, solicit, encourage, engage in or participate in proposals from third parties regarding acquiring NCRIC or its businesses. However, if NCRIC receives an acquisition proposal from a third party, NCRIC can participate in negotiations with and provide confidential information to the third party and recommend the proposal to its stockholders if NCRIC's board of directors concludes in good faith that the proposal is in furtherance of the best interests of its stockholders. If NCRIC's board of directors has authorized, recommended, approved or entered into an agreement with any third party to effect an acquisition proposal, then NCRIC must pay to ProAssurance \$1,725,000 in damages and NCRIC can terminate the Merger Agreement.

WE MAY TERMINATE THE MERGER AGREEMENT (PAGE ) .

We may mutually agree at any time to terminate the Merger Agreement without completing the merger, even if NCRIC's stockholders have approved the Merger Agreement. Also, either of us may decide, without the consent of the other, to terminate the Merger Agreement:

- if there is a final denial of a required regulatory approval;
- if the merger is not completed on or before December 31, 2005;
- if there is a breach of any covenant or agreement in the Merger Agreement by the other party and such breach continues after 45 days' written notice to the breaching party, as long as the terminating party is not in material breach of any representation, warranty, covenant or other agreement in the Merger Agreement;
- if there is a continuing breach of any representation or warranty in the Merger Agreement by the other party that has had or is reasonably expected to have a material adverse effect and such breach continues after 45 days' written notice to the breaching party, as long as the terminating party is not in material breach of any representation, warranty, covenant or other agreement in the Merger Agreement;
- if NCRIC fails to obtain the stockholder vote required for the merger;
- if the other party discloses a material adverse effect or change to its disclosure schedule that has or would be likely to have a material



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adverse effect; or

- if the Form S-4 registration statement has not been filed with the Securities and Exchange Commission on or before June 30, 2005, unless the failure to do so is due to the failure of the party seeking to terminate the Merger Agreement.

Also, ProAssurance may terminate the Merger Agreement if NCRIC's board of directors:

- fails to recommend approval of the Merger Agreement to its stockholders or withdraws or materially and adversely modifies its recommendation;
- authorizes, recommends, approves or proposes an acquisition proposal other than the merger; or
- enters into an agreement with a third party regarding an acquisition proposal other than the merger.

If ProAssurance terminates the Merger Agreement as a result of NCRIC's board of directors failing to recommend approval of the Merger Agreement or withdrawing or adversely modifying its recommendation of the merger, NCRIC shall be obligated to pay damages in the amount of \$1,725,000.

NCRIC may also terminate the Merger Agreement if its board of directors:

- fails to recommend approval of the Merger Agreement to its stockholders or withdraws or materially and adversely modifies its recommendation;
- authorizes, recommends, approves or proposes an acquisition proposal other than the merger; or
- enters into an agreement with a third party regarding an acquisition proposal other than the merger.

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However, any decision by NCRIC's board of directors to authorize, recommend, approve or propose an acquisition proposal other than the merger, or enter into an agreement with a third party regarding an acquisition proposal other than the merger will result in NCRIC's obligation to pay to ProAssurance damages in the amount of \$1,725,000.

As long as no other termination event has occurred, both companies would remain obligated to continue to use their reasonable best efforts to complete the merger until December 31, 2005.

The boards of directors of ProAssurance and NCRIC considered and believed it was appropriate to make the foregoing commitments for the limited period of time involved, especially in light of the relatively short term of the commitments and the relatively lengthy regulatory and integration processes involved in transactions like these.

Whether or not the merger is completed, we will each pay our own fees and expenses, except that (i) we will evenly divide the costs and expenses that we incur in preparing, printing and mailing this proxy statement-prospectus and filing fees paid to the SEC in connection with the registration statement and (ii) we will share the cost of the HSR Act filing fees in proportion to our relative assets as of December 31, 2004.

WE MAY AMEND OR WAIVE MERGER AGREEMENT PROVISIONS (PAGE ).

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We may jointly amend the Merger Agreement, and each of us may waive our right to require the other party to follow particular provisions of the Merger Agreement. However, we may not amend the Merger Agreement after NCRIC's stockholders approve the Merger Agreement if the amendment would change the amount or the form of the consideration to be delivered to NCRIC stockholders. If any amendment or waiver changes the amount or form of the consideration to be delivered to NCRIC stockholders after approval for the merger has already been obtained, then such amendment or waiver would require further approval by NCRIC stockholders.

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### SELECTED CONDENSED CONSOLIDATED HISTORICAL FINANCIAL AND OPERATING DATA OF PROASSURANCE CORPORATION

ProAssurance is providing the following financial information to aid you in your analysis of the financial aspects of the merger. ProAssurance derived this information from its audited financial statements for 2000 through 2004. All information is presented in accordance with GAAP. The information is only a summary and you should read it in conjunction with ProAssurance's historical financial statements and related notes contained in the annual reports and other information that ProAssurance has filed with the SEC. This historical financial information has also been incorporated into this proxy statement-prospectus by reference. See "WHERE YOU CAN FIND MORE INFORMATION" on page .

[Table on following page.]

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SELECTED FINANCIAL DATA(1)	YEAR ENDED DECEMBER 31				
	2004	2003	2002	2001	2000
	(IN THOUSANDS EXCEPT PER SHARE DATA)				
Gross premiums written.....	\$ 789,660	\$ 740,110	\$ 636,156	\$ 388,983	\$ 223,194
Net premiums written.....	717,059	668,909	537,123	310,291	194,194
Premiums earned.....	765,643	698,347	576,414	381,510	216,194
Premiums ceded.....	(69,623)	(74,833)	(99,006)	(68,165)	(38,194)
Net premiums earned.....	696,020	623,514	477,408	313,345	177,999
Net investment income.....	87,225	73,619	76,918	59,782	41,194
Net realized investment gains(losses).....	7,609	5,992	(5,306)	5,441	2,194
Other income.....	3,699	6,515	6,747	3,987	2,194
Total revenues.....	794,553	709,640	555,767	382,555	222,194
Net losses and loss adjustment expenses.....	572,881	551,376	448,029	298,558	155,194
Income before cumulative effect of accounting change.....	72,811	38,703	10,513	12,450	24,194
Net income(2).....	72,811	38,703	12,207	12,450	24,194
Income per share before cumulative effect of accounting change(3)					
Basic.....	\$ 2.50	\$ 1.34	\$ 0.40	\$ 0.51	\$ 0.51
Diluted.....	\$ 2.37	\$ 1.32	\$ 0.39	\$ 0.51	\$ 0.51
Net income per share:(2) (3)					
Basic.....	\$ 2.50	\$ 1.34	\$ 0.47	\$ 0.51	\$ 0.51
Diluted.....	\$ 2.37	\$ 1.32	\$ 0.46	\$ 0.51	\$ 0.51

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Weighted average number of shares					
outstanding:(3)					
Basic.....	29,164	28,956	26,231	24,263	23
Diluted.....	31,984	30,389	26,254	24,267	23
BALANCE SHEET DATA (as of December					
31)					
Total investments.....	\$2,455,053	\$2,055,672	\$1,679,497	\$1,521,279	\$ 796
Total assets.....	3,239,198	2,879,352	2,586,650	2,238,325	1,122
Reserve for losses and loss					
adjustment expenses.....	2,029,592	1,814,584	1,622,468	1,442,341	659
Long-term debt.....	151,480	104,789	72,500	82,500	
Total liabilities.....	2,628,179	2,333,047	2,055,086	1,802,606	777
Total capital.....	611,019	546,305	505,194	413,231	345
Total capital per share of common					
stock outstanding.....	\$ 20.92	\$ 18.77	\$ 17.49	\$ 16.02	\$ 1
Common stock outstanding at end of					
year.....	29,204	29,105	28,877	25,789	22

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- (1) Includes Professionals Group since the date of consolidation, June 27, 2001.
- (2) Net income for the year ended December 31, 2002 was increased by \$1.7 million due to the adoption of SFAS 141 and 142. See Note 13 to ProAssurance's consolidated financial statements for the year ended December 31, 2004, which are incorporated herein by reference.
- (3) Diluted net income per share for 2003 has been restated to reflect implementation of Emerging Issues Task Force 04-8, "The Effect of Contingently Convertible Debt on Diluted Earnings per Share". The restatement reduced previously reported diluted net income per share by \$0.01.

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SELECTED CONDENSED CONSOLIDATED HISTORICAL FINANCIAL AND  
OPERATING DATA OF NCRIC GROUP, INC.

NCRIC is providing the following financial information to aid you in your analysis of the financial aspects of the merger. NCRIC derived this information from its audited financial statements for 2000 through 2004. All information is presented in accordance with GAAP. The information is only a summary and you should read it in conjunction with NCRIC's historical financial statements and related notes contained in the annual reports and other information that NCRIC has filed with the SEC. This historical financial information has also been incorporated into this proxy statement-prospectus by reference. See "WHERE YOU CAN FIND MORE INFORMATION" on page .

[Table on following page.]

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SELECTED FINANCIAL DATA	YEAR ENDED DECEMBER 31				
	2004	2003	2002	2001	2000
-----	-----	-----	-----	-----	-----
	(IN THOUSANDS EXCEPT PER SHARE DATA)				

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Gross premiums written.....	\$ 87,229	\$ 71,365	\$ 51,799	\$ 34,459	\$ 22,727
Net premiums written.....	72,536	59,277	33,804	23,624	15,610
Premiums earned.....	80,992	61,023	44,121	27,899	18,721
Premiums ceded.....	(14,530)	(13,759)	(14,023)	(7,296)	(4,110)
Net premiums earned.....	66,462	47,264	30,098	20,603	14,611
Net investment income.....	7,256	6,008	5,915	6,136	6,407
Net realized investment gains (losses).....	475	1,930	(131)	(278)	(5)
Practice management and related income.....	4,395	4,906	5,800	6,156	5,317
Other income.....	820	1,155	1,013	602	470
Total revenues.....	79,408	61,263	42,695	33,219	26,800
Net losses and loss adjustment expenses.....	70,310	50,473	26,829	18,858	11,946
Net (loss) income.....	(7,120)	(4,218)	742	1,579	3,495
Net (loss) income per share:					
Basic.....	\$ (1.12)	\$ (0.65)	\$ 0.11	\$ 0.24	\$ 0.53
Diluted.....	\$ (1.12)	\$ (0.65)	\$ 0.11	\$ 0.23	\$ 0.53
Weighted average number of shares outstanding:					
Basic.....	6,357	6,486	6,639	6,587	6,581
Diluted.....	6,357	6,486	6,779	6,747	6,643
BALANCE SHEET DATA (as of December 31)					
Total investments.....	\$202,307	\$174,357	\$120,120	\$103,125	\$ 98,045
Total assets.....	292,899	262,546	202,687	161,002	145,864
Reserve for losses and loss adjustment expenses.....	153,242	125,991	104,022	84,560	81,134
Long-term debt.....	15,000 (1)	15,000 (1)	15,000 (1)	--	--
Total liabilities.....	220,884	184,567	154,870	116,548	104,415
Total stockholders' equity.....	72,015	77,979	47,817	44,454	41,449
Total capital per share of common stock outstanding.....	\$ 10.45	\$ 11.30	\$ 6.91	\$ 6.42	\$ 5.96
Common stock outstanding at end of year.....	6,893	6,899	6,922	6,927	6,953

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(1) Includes \$15.0 million of Trust Preferred Securities.

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UNAUDITED COMPARATIVE PER SHARE DATA  
OF PROASSURANCE CORPORATION AND NCRIC GROUP, INC.

The information below should be read together with the historical financial statements and related notes contained in the annual reports and other information of ProAssurance and NCRIC that have been filed with the SEC and incorporated herein by reference. The unaudited ProAssurance pro forma consolidated data below is for illustrative purposes only. The companies may have performed differently had they always been combined. This information should not be relied upon as being indicative of the historical results that would have been achieved had the companies always been combined or the future results that the combined company will experience after the merger. See "UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS" beginning on page and "WHERE YOU CAN FIND MORE INFORMATION" beginning on page .

NET INCOME PER SHARE FOR THE YEAR ENDED DECEMBER 31, 2004

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ProAssurance (Historical)	
Basic.....	\$ 2.50
Diluted.....	\$ 2.37
NCRIC (Historical)	
Basic.....	\$(1.12)
Diluted.....	\$(1.12)
ProAssurance Pro Forma Consolidated(a)	
Basic.....	\$ 2.13
Diluted.....	\$ 2.04
NCRIC Pro Forma Equivalent(c)	
Basic.....	\$ 0.53
Diluted.....	\$ 0.51

TOTAL CAPITAL PER OUTSTANDING COMMON SHARE AT DECEMBER 31, 2004

ProAssurance (Historical).....	\$20.92
NCRIC (Historical).....	\$10.45
ProAssurance Pro Forma Consolidated(b).....	\$22.05
NCRIC Pro Forma Equivalent.....	\$ 5.51

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- (a) ProAssurance pro forma consolidated earnings per share gives effect to the merger of NCRIC, treated as a purchase of NCRIC, as if the transaction had occurred January 1, 2004.
- (b) ProAssurance pro forma consolidated total capital per outstanding share gives effect to the merger of NCRIC, treated as a purchase transaction, as if the transaction had occurred December 31, 2004.
- (c) NCRIC pro forma equivalent information represents the pro forma consolidated per share of NCRIC common stock assuming an exchange ratio of 0.25.

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RISK FACTORS

In addition to the other information included and incorporated by reference in this proxy statement-prospectus, including the matters addressed in the section entitled "Forward-Looking Statements," you should carefully consider the risks set forth below before deciding whether to vote for the approval and adoption of the Merger Agreement. You should also read and consider other information in this proxy statement-prospectus and other documents incorporated by reference in this proxy statement-prospectus. See the section entitled "WHERE YOU CAN FIND MORE INFORMATION" beginning on page .

RISKS RELATING TO THE MERGER

NCRIC STOCKHOLDERS CANNOT BE SURE OF THE MARKET VALUE OF THE PROASSURANCE COMMON STOCK THAT WILL BE ISSUED IN THE MERGER.

Upon completion of the merger and subject to adjustment as provided in the

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Merger Agreement, each share of NCRIC common stock will be converted into the right to receive 0.25 of a share of ProAssurance common stock. The exchange ratio is subject to adjustment if the average of the per share closing prices of a share of ProAssurance common stock as reported on the NYSE during the ten trading days preceding the effective date of the merger is greater than \$44.00 or less than \$36.00 such that the holder of a share of NCRIC common stock will receive ProAssurance common stock having an average value of not less than \$9.00 nor more than \$11.00 during the measurement period. This average price may vary from the closing price of the ProAssurance common stock on the date we announced the merger, on the date this proxy statement-prospectus was mailed to NCRIC stockholders, and on the date of the special meeting of stockholders of NCRIC. Any change in the market price of ProAssurance common stock prior to completion of the merger will affect the value and may possibly affect the amount of ProAssurance shares that the NCRIC stockholders will receive upon completion of the merger. Share price changes may result from a variety of factors including general market and economic conditions, changes in ProAssurance's operations and prospects, and regulatory considerations. Many of these factors are beyond either ProAssurance's or NCRIC's control.

Accordingly, at the time of the special meeting of NCRIC stockholders, the NCRIC stockholders will not necessarily know or be able to calculate the value of the number of shares of ProAssurance common stock that will be issued upon the completion of the merger.

NCRIC STOCKHOLDERS' ABILITY TO BENEFIT FROM INCREASES IN THE VALUE OF PROASSURANCE COMMON STOCK PRIOR TO CLOSING OF THE MERGER IS LIMITED.

The exchange ratio under the Merger Agreement is subject to adjustments that limit the range in the value of ProAssurance common stock to be received by NCRIC stockholders in the merger. Therefore, the opportunity for NCRIC stockholders to benefit from any increase in the market value of ProAssurance common stock between the announcement of the merger and the closing of the merger will be limited, which would not have been the case if the consideration had been based on a fixed exchange ratio.

COMBINING NCRIC AND PROASSURANCE MAY BE MORE DIFFICULT, COSTLY OR TIME CONSUMING THAN WE EXPECT.

ProAssurance and NCRIC have operated, and until completion of the merger will continue to operate, independently. It is possible that the integration process could result in the loss of key employees or the disruption of each company's ongoing business or inconsistencies in standards, procedures and policies that adversely affect our ability to maintain relationships with customers and employees or to achieve the anticipated benefits of the merger.

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WE MUST OBTAIN SEVERAL GOVERNMENTAL CONSENTS TO COMPLETE THE MERGER WHICH, IF DELAYED, NOT GRANTED OR GRANTED WITH BURDENSOME CONDITIONS, MAY JEOPARDIZE OR POSTPONE THE MERGER, RESULT IN ADDITIONAL EXPENSE OR REDUCE THE ANTICIPATED BENEFITS OF THE TRANSACTION.

We must obtain approvals and consents in a timely manner from several federal and state (including the District of Columbia) agencies prior to completion of the merger. If we do not receive these approvals, or do not receive them on terms that satisfy the conditions set forth in the Merger Agreement, then we will not be obligated to complete the merger. The governmental agencies from which we will seek these approvals have broad discretion in administering governing regulations. As a condition to approval of the merger, agencies may impose requirements, limitations or costs that could negatively affect the way ProAssurance conducts business following the merger.

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These requirements, limitations or costs could jeopardize or delay completion of the merger. If we agree to any material requirements, limitations or costs in order to obtain any approvals required to complete the merger, these requirements, limitations or additional costs could adversely affect ProAssurance's ability to integrate the common aspects of the two companies' operations or reduce the anticipated benefits of the merger. This could result in a material adverse affect on the business and results of operations of ProAssurance following the merger.

FAILURE TO COMPLETE THE MERGER COULD NEGATIVELY IMPACT THE SHARE PRICES AND FUTURE BUSINESS AND FINANCIAL RESULTS OF NCRIC AND PROASSURANCE.

If the merger is not completed, the ongoing business of NCRIC or ProAssurance may be adversely affected and NCRIC and ProAssurance will be subject to several risks, including the following:

- Management of each of the companies may be focused on the merger instead of pursuing other opportunities that could be beneficial to the companies.
- The two companies will be required to pay certain costs relating to the merger such as legal, accounting, financial advisor and printing fees and expenses.
- NCRIC may be required under certain circumstances to pay ProAssurance a termination fee of \$1,725,000 under the Merger Agreement.

THE INTERNAL REVENUE SERVICE MAY DISAGREE WITH OUR DESCRIPTION OF THE FEDERAL INCOME TAX CONSEQUENCES.

We have not applied for, nor do we expect to obtain, a ruling from the Internal Revenue Service with respect to the federal income tax consequences of the merger. NCRIC and ProAssurance will each receive an opinion of its legal counsel as to certain anticipated federal income tax consequences as described under "MATERIAL FEDERAL INCOME TAX CONSEQUENCES." Such opinion is qualified in certain respects and is not binding on the Internal Revenue Service. No assurance can be given that the Internal Revenue Service will not challenge the favorable income tax consequences of the merger. We will vigorously contest any such challenge.

THE NCRIC OFFICERS AND DIRECTORS HAVE INTERESTS IN THE MERGER BESIDES THOSE OF A STOCKHOLDER.

The directors and officers of NCRIC have interests in the merger that are different from and in addition to your interests as NCRIC stockholders. As discussed under "INTERESTS OF CERTAIN PERSONS IN THE MERGER," certain of the officers of NCRIC have change of control agreements that provide for payments in the event that their employment is terminated (whether voluntarily or involuntarily) after a change of control of NCRIC, and certain of them have stock options and stock awards and other benefits that will vest upon the change of control. The merger will result in a change of control for purposes of such arrangements and other benefits. You should be aware of these interests relating to the benefits available to certain of NCRIC's officers and directors in considering the determinations of the NCRIC board of directors to approve the merger.

SUBSTANTIAL SALES OF PROASSURANCE COMMON STOCK COULD ADVERSELY AFFECT ITS MARKET PRICE.

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All of the shares of ProAssurance common stock that are to be issued in the merger may be sold immediately except for those shares of stockholders who are affiliates of NCRIC within the meaning of Rule 145 of the Securities Act of 1933. The sale of a substantial amount of ProAssurance common stock after the merger could adversely affect its market price. It could also impair ProAssurance's ability to raise money through the sale of more stock or other forms of capital. In addition, the sale of authorized but unissued shares of ProAssurance common stock by ProAssurance, after the merger, could adversely affect its market price.

### RISKS RELATING TO PROASSURANCE'S BUSINESS

The NCRIC stockholders will own shares of ProAssurance common stock upon completion of the merger. In determining whether to vote on the Merger Agreement, you as a NCRIC stockholder should consider the following risk factors regarding the business of ProAssurance. REFERENCES TO "WE," "US" OR "OUR" UNDER THIS SUBHEADING ARE TO PROASSURANCE AND ITS SUBSIDIARIES, WHICH AFTER THE MERGER WILL INCLUDE NCRIC AND ITS SUBSIDIARIES.

OUR RESULTS MAY BE AFFECTED IF ACTUAL INSURED LOSSES DIFFER FROM OUR LOSS RESERVES.

Significant periods of time often elapse between the occurrence of an insured loss, the reporting of the loss to us and our payment of that loss. To recognize liabilities for unpaid losses, we establish reserves as balance sheet liabilities representing estimates of amounts needed to pay reported and unreported losses and the related loss adjustment expense. The process of estimating loss reserves is a difficult and complex exercise involving many variables and subjective judgments. As part of the reserving process, we review historical data and consider the impact of various factors such as:

- trends in claim frequency and severity;
- changes in operations;
- emerging economic and social trends;
- inflation; and
- changes in the regulatory and litigation environments.

This process assumes that past experience, adjusted for the effects of current developments and anticipated trends, is an appropriate, but not necessarily accurate, basis for predicting future events. There is no precise method for evaluating the impact of any specific factor on the adequacy of reserves, and actual results are likely to differ from original estimates.

The loss reserves of our insurance subsidiaries also may be affected by court decisions that expand liability on our policies after they have been issued and priced. In addition, a significant jury award, or series of awards, against one or more of our insureds could require us to pay large sums of money in excess of our reserved amounts. Our policy to aggressively litigate claims against our insureds may increase the risk that we may be required to make such payments.

To the extent loss reserves prove to be inadequate in the future, we would need to increase our loss reserves and incur a charge to earnings in the period the reserves are increased, which could have a material adverse impact on our financial condition and results of operation.

OUR RESULTS MAY BE AFFECTED BY THE OUTCOME OF CERTAIN LITIGATION AGAINST NCRIC.



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On February 20, 2004, a District of Columbia Superior Court entered a judgment against NCRIC in favor of Columbia Hospital for Women Medical Center, Inc. in the amount of \$18.2 million (the "CHW Judgment"). NCRIC has filed post-trial motions requesting the trial court to set aside the CHW Judgment or in the alternative, to grant a new trial. In connection with the filing of the post-trial motions, NCRIC posted a \$19.5 million appellate bond and associated letter of credit to secure payment of the

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CHW Judgment and projected post-trial interest. Because the trial court has not yet ruled on the post-trial motions, the CHW Judgment is not final. The court's decision on the post-trial motions and the verdict underlying the CHW Judgment may be appealed if the trial court should not rule favorably on the post-trial motions. NCRIC has not accrued liability for any possible loss arising from this litigation because the CHW Judgment is not yet final and remains with the trial judge and, because NCRIC believes that it has meritorious defenses and that it is not probable that the preliminary judgment will prevail, nor is any potential final outcome reasonably estimable at this time.

If the merger is completed, ProAssurance will assume the risk of loss with respect to the CHW Judgment and the costs associated with pursuing the post-trial motions and any appeal of a final judgment. There can be no assurance that the post-trial motions or any appeals will be successful in setting aside the CHW Judgment. Any settlement of the CHW Judgment prior to or shortly after the merger will be reflected as an adjustment to goodwill in ProAssurance's consolidated balance sheet at the effective time of the merger. Any settlement of the CHW Judgment beyond the period for which such adjustments are allowed will be included as an expense in ProAssurance's current operations and may have a material adverse effect on ProAssurance's results of operations for the period in which the settlement occurs.

IF WE ARE UNABLE TO MAINTAIN A FAVORABLE FINANCIAL STRENGTH RATING, IT MAY BE MORE DIFFICULT FOR US TO WRITE NEW BUSINESS OR RENEW OUR EXISTING BUSINESS.

Third party rating agencies assess and rate the claims-paying ability of insurers based upon criteria established by the agencies. Periodically the rating agencies evaluate us to confirm that we continue to meet the criteria of the ratings previously assigned to us. The financial strength ratings assigned by rating agencies to insurance companies represent independent opinions of financial strength and ability to meet policyholder obligations and are not directed toward the protection of investors. Ratings by rating agencies are not ratings of securities or recommendations to buy, hold or sell any security and are not applicable to the securities being offered by this prospectus.

Our operating subsidiaries hold a financial strength rating of "A-" (Excellent) by A.M. Best which is currently under review with a negative implication and "A-" (Strong) by Standard & Poor's. Financial strength ratings are used by agents and customers as an important means of assessing the financial strength and quality of insurers. If our financial position deteriorates, we may not maintain our favorable financial strength ratings from the rating agencies. Further, we cannot assure you that the merger will not result in a downgrade of our ratings. A downgrade or withdrawal of any such rating could severely limit or prevent us from writing desirable business.

WE OPERATE IN A HIGHLY COMPETITIVE ENVIRONMENT.

The property and casualty insurance business is highly competitive. We compete with large national property and casualty insurance companies as well as specialty insurers and self-insurance entities whose activities are limited to

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regional and local markets. Our competitors include companies with substantially greater financial resources than we have as well as companies that may have lower return on equity objectives than we have, such as mutual companies and other companies not owned by stockholders.

Competition in the property and casualty insurance business is based on many factors, including premiums charged and other terms and conditions of coverage, services provided, financial ratings assigned by independent rating agencies, claims services, reputation, perceived financial strength and the experience of the insurance company in the line of insurance to be written. Increased competition could cause us to charge lower premium rates, adversely affect our ability to attract and retain business and reduce the profits that would otherwise arise from operations.

OUR REVENUES MAY FLUCTUATE WITH INSURANCE BUSINESS CYCLES.

The supply of property and casualty insurance and reinsurance, or the industry's underwriting capacity, is determined principally by the industry's level of capitalization, historical underwriting results, returns on investment and perceived premium rate adequacy. Historically, the financial performance of the

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property and casualty insurance industry has tended to fluctuate in cyclical patterns characterized by periods of greater competition in pricing and underwriting terms and conditions (a soft insurance market) followed by periods of capital shortage and lesser competition (a hard insurance market). In a soft insurance market, competitive conditions could result in premium rates and underwriting terms and conditions which may have an adverse effect on our operating profitability.

We derive a significant portion of our insurance premium revenue from medical malpractice risks. For several years, the medical malpractice insurance industry faced a soft insurance market that generally resulted in lower premiums. More recently, premium rates have increased significantly which has helped our profitability. We cannot predict whether these rate increases will continue. In spite of these rate increases, however, loss costs have begun to rise beyond normal inflationary levels. We are endeavoring to compete in this market through premium rate increases and more selective underwriting practices, but these practices may not be successful. Moreover, we cannot predict whether, when or how market conditions will change, or the manner in which, or the extent to which any such changes may adversely impact our results and operations.

OUR REVENUES MAY FLUCTUATE WITH INTEREST RATES AND INVESTMENT RESULTS.

We generally rely on the positive performance of our investment portfolio to offset insurance losses and to contribute to our profitability. As our investment portfolio is primarily comprised of interest-earning assets, prevailing economic conditions, particularly changes in market interest rates, may significantly affect our operating results. Changes in interest rates also can affect the value of our interest-earning assets, which are principally comprised of fixed and adjustable-rate investment securities. Generally, the value of fixed-rate investment securities fluctuate inversely with changes in interest rates. Interest rate fluctuations could adversely affect our GAAP stockholders' equity, total comprehensive income and/or our cash flows. Our total investments at December 31, 2004 were \$2.455 billion, of which \$2.258 billion was invested in fixed maturities. Unrealized pre-tax net investment gains on investments in fixed maturities were \$34.0 million at December 31, 2004.

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Our investment portfolio is subject to prepayment risk primarily due to our investments in mortgage-backed and other asset-backed securities. An investment has prepayment risk when there is a risk that the timing of cash flows that result from the repayment of principal might occur earlier than anticipated because of declining interest rates or later than anticipated because of rising interest rates. We are subject to reinvestment risk to the extent that we are not able to reinvest prepayments at rates comparable to the rates on the maturing investments.

At December 31, 2004, we held equity investments having a fair value of \$35.2 million in an available-for-sale portfolio and held additional equity securities having a fair value of \$4.2 million in a trading portfolio. The fair value of these securities fluctuates depending upon company specific and general market conditions. Any decline in the fair value of available-for-sale securities that we determine to be other-than-temporary will reduce our net income. Any changes in the fair values of trading securities, whether gains or losses, will be included in net income in the period changed.

### CHANGES IN HEALTHCARE COULD HAVE A MATERIAL IMPACT ON OUR OPERATIONS.

We derive substantially all of our medical professional liability insurance premiums from physicians and other individual healthcare providers, physician groups and smaller healthcare facilities. Significant attention has been focused on reforming the healthcare industry at both the federal and state levels which could result in changes to how health care providers insure their medical malpractice risks. A broad range of healthcare reform measures have been suggested, and public discussion of such measures will likely continue in the future. Proposals have included, among others, spending limits, price controls, limiting increases in insurance premiums, limiting the liability of doctors and hospitals for tort claims, imposing liability on institutions rather than physicians and restructuring the healthcare insurance system. We cannot predict which, if any, reform proposals will be adopted, when they may be adopted or what impact

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they may have on us. The adoption of certain of these proposals could materially adversely affect our financial condition or results of operations.

In addition to regulatory and legislative efforts, there have been significant market driven changes in the healthcare environment. In recent years, a number of factors related to the emergence of managed care have negatively impacted or threatened to impact the medical practice and economic independence of medical professionals. Medical professionals have found it more difficult to conduct a traditional fee-for-service practice and many have been driven to join or contractually affiliate with provider-supported organizations. Such change and consolidation may result in the elimination of, or a significant decrease in, the role of the physician in the medical malpractice insurance purchasing decision. It could also result in greater emphasis on the role of professional managers, who may seek to purchase insurance on a price competitive basis, and who may favor insurance companies that are larger and more highly rated than we are. In addition, such change and consolidation could reduce our medical malpractice premiums as groups of insurance purchasers generally retain more risk.

The movement from traditional fee-for-service practice to the managed care environment may also result in an increase in the liability profile of our insureds. The majority of our insured physicians practice in primary care specialties such as internal medicine, family practice, general practice and pediatrics. In the managed care environment, these primary care physicians are being required to take on the role of "gatekeeper" and restrain the use of

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specialty care by controlling access to specialists and by performing certain procedures that would customarily be performed by specialists in a fee-for-service setting. These practice changes are resulting in an increase in the claims frequency and severity experienced by primary care physicians and by us as their insurance carrier.

WE ARE A HOLDING COMPANY AND ARE DEPENDENT ON DIVIDENDS AND OTHER PAYMENTS FROM OUR OPERATING SUBSIDIARIES, WHICH ARE SUBJECT TO DIVIDEND RESTRICTIONS.

We are a holding company whose principal source of funds is cash dividends and other permitted payments from our operating subsidiaries. If our subsidiaries are unable to make payments to us, or are able to pay only limited amounts, we may be unable to make payments on our indebtedness. The payment of dividends by these operating subsidiaries is subject to restrictions set forth in the insurance laws and regulations of their respective states of domicile as discussed under "DIVIDENDS" on page . We do not anticipate paying dividends to stockholders in the foreseeable future.

REGULATORY CHANGES AND THE UNPREDICTABILITY OF COURT DECISIONS COULD HAVE A MATERIAL IMPACT ON OUR OPERATIONS.

Our insurance businesses are subject to extensive regulation by state insurance authorities in each state in which we operate. Regulation is intended for the benefit of policyholders rather than stockholders. In addition to the amount of dividends and other payments that can be made by our insurance subsidiaries, these regulatory authorities have broad administrative and supervisory power relating to:

- licensing requirements;
- trade practices;
- capital and surplus requirements;
- investment practices; and
- rates charged to insurance customers.

These regulations may impede or impose burdensome conditions on rate increases or other actions that we may want to take to enhance our operating results, and could affect our ability to pay dividends on our common stock. In addition, we may incur significant costs in the course of complying with regulatory requirements. Most states also regulate insurance holding companies like us in a variety of matters such as acquisitions, changes of control and the terms of affiliated transactions. Future legislative or regulatory changes may adversely affect our business operations.

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THE POSSIBLE PASSAGE OF TORT REFORM OR OTHER LEGISLATION, AND THE SUBSEQUENT REVIEW OF SUCH LAWS BY THE COURTS COULD HAVE A MATERIAL IMPACT ON OUR OPERATIONS.

Tort reforms generally restrict the ability of a plaintiff to recover damages by, among other limitations, eliminating certain claims that may be heard in a court, limiting the amount or types of damages, changing statutes of limitation or the period of time to make a claim, and limiting venue or court selection. A number of states in which we do business have enacted, or are considering, tort reform legislation. Federal tort reform legislation has been proposed by President George W. Bush. Except for the recent legislation restricting class action litigation, the Senate has either voted down or refused

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to consider federal tort reform proposals.

While the effects of tort reform would appear to be beneficial to our business generally, there can be no assurance that such reforms will be effective or ultimately upheld by the courts in the various states. Further, if tort reforms are effective, the business of providing professional and other liability insurance may become more attractive, thereby causing an increase in competition for our business.

In addition, there can be no assurance that the benefits of tort reform will not be accompanied by legislation or regulatory actions that may be detrimental to our business. For example, various states have established or are evaluating establishment of state sponsored malpractice insurance for their resident physicians that may eliminate targeted physicians from the private insurance market. Furthermore, insurance regulatory authorities may require premium rate limitations and expanded coverage requirements as well as other requirements in anticipation of the expected benefits of tort reform which may or may not be realized.

OUR GEOGRAPHIC CONCENTRATION TIES OUR PERFORMANCE TO THE ECONOMIC, REGULATORY AND DEMOGRAPHIC CONDITIONS OF THE MIDWESTERN AND SOUTHERN STATES.

Our revenues and profitability are subject to prevailing economic, regulatory, demographic and other conditions in the states in which we write insurance. We currently write our professional liability insurance primarily in states located in the midwestern and southern United States with approximately 71% of gross premiums written in five states, Alabama, Florida, Indiana, Michigan and Ohio in 2004, and we write substantially all of our personal lines insurance in Michigan. Because our business currently is concentrated in a limited number of markets, adverse developments that are limited to a geographic area in which we do business may have a disproportionately greater affect on us than they would have if we did business in markets outside that particular geographic area. If the merger is completed, these potential adverse developments could be mitigated since we will have expanded our geographic market to include the mid-Atlantic region.

Our personal lines of property and casualty insurance business provide coverage for personal automobile, homeowners, boat and umbrella insurance primarily for residents of Michigan. The concentration of our personal lines business in Michigan leaves us vulnerable to catastrophes and severe weather specific to that state. Including our personal lines and professional liability premiums, approximately 32.5% of our total premiums are written in the state of Michigan.

OUR BUSINESS COULD BE ADVERSELY AFFECTED BY THE LOSS OF INDEPENDENT AGENTS.

We depend in part on the services of independent agents and brokers in the marketing of our insurance products. We face competition from other insurance companies for the services and allegiance of independent agents and brokers. These agents and brokers may choose to direct business to competing insurance companies or may direct less desirable risks to us.

IF MARKET CONDITIONS CAUSE REINSURANCE TO BE MORE COSTLY OR UNAVAILABLE, WE MAY BE REQUIRED TO BEAR INCREASED RISKS OR REDUCE THE LEVEL OF OUR UNDERWRITING COMMITMENTS.

As part of our overall risk and capacity management strategy, we purchase reinsurance for significant amounts of risk underwritten by our insurance company subsidiaries. Market conditions beyond our control

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determine the availability and cost of the reinsurance we purchase, which may affect the level of our business and profitability. We may be unable to maintain our current reinsurance coverage or to obtain other reinsurance coverage in adequate amounts and at favorable rates. If we are unable to renew our expiring coverage or to obtain new reinsurance coverage, either our net exposure to risk would increase or, if we are unwilling to bear an increase in net risk exposures, we would have to reduce the amount of risk we underwrite.

WE CANNOT GUARANTEE THAT OUR REINSURERS WILL PAY IN A TIMELY FASHION, IF AT ALL, AND, AS A RESULT, WE COULD EXPERIENCE LOSSES.

We transfer some of the risk we have assumed to reinsurance companies in exchange for part of the premium we receive in connection with the risk. Although reinsurance makes the reinsurer liable to us to the extent the risk is transferred, it does not relieve us of our liability to our policyholders. If our reinsurers fail to pay us or fail to pay us on a timely basis, our financial results would be adversely affected. At December 31, 2004, we had reinsurance recoverables on paid and unpaid losses and loss adjustment expenses, net of uncollectible reinsurance reserves, of approximately \$409 million.

THE GUARANTY FUND ASSESSMENTS THAT WE ARE REQUIRED TO PAY TO STATE GUARANTY ASSOCIATIONS MAY INCREASE AND OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION COULD SUFFER AS A RESULT.

Each state in which we operate has separate insurance guaranty fund laws requiring property and casualty insurance companies doing business within their respective jurisdictions to be members of their guaranty associations. These associations are organized to pay covered claims (as defined and limited by the various guaranty association statutes) under insurance policies issued by insolvent insurance companies. Most guaranty association laws enable the associations to make assessments against member insurers to obtain funds to pay covered claims after a member insurer becomes insolvent. These associations levy assessments (up to prescribed limits) on all member insurers in a particular state on the basis of the proportionate share of the premiums written by member insurers in the covered lines of business in that state. Maximum assessments permitted by law in any one year generally vary between 1% and 2% of annual premiums written by a member in that state. Some states permit member insurers to recover assessments paid through surcharges on policyholders or through full or partial premium tax offsets, while other states permit recovery of assessments through the rate filing process.

Property and casualty guaranty fund assessments incurred by us totaled \$396,000 and \$321,000 for 2004 and 2003, respectively. Our policy is to accrue the insurance insolvencies when notified of assessments. We are not able to reasonably estimate the insolvent insurer's liabilities or develop a meaningful range of the insolvent insurer's liabilities because of inadequate financial data with respect to the estate of the insolvent company as supplied by the guaranty funds.

OUR BUSINESS COULD BE ADVERSELY AFFECTED BY THE LOSS OF ONE OR MORE EMPLOYEES.

We are heavily dependent upon our senior management and the loss of services of our senior executives could adversely affect our business. Our success has been, and will continue to be, dependent on our ability to retain the services of our existing key employees and to attract and retain additional qualified personnel in the future. The loss of the services of any of our senior management or any other key employee, or the inability to identify, hire and retain other highly qualified personnel in the future, could adversely affect the quality and profitability of our business operations.

Our board of directors is in the process of considering succession planning

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relating to our Chief Executive Officer and is consulting with outside professional advisors in its planning. Dr. Crowe, our current Chairman and Chief Executive Officer, has indicated to us that he has no immediate plans for retirement.

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PROVISIONS IN OUR CHARTER DOCUMENTS, DELAWARE LAW AND STATE INSURANCE LAW MAY IMPEDE ATTEMPTS TO REPLACE OR REMOVE OUR MANAGEMENT OR IMPEDE A TAKEOVER, WHICH COULD ADVERSELY AFFECT THE VALUE OF OUR COMMON STOCK.

Our certificate of incorporation and by-laws and Delaware law contain provisions that may have the effect of inhibiting a non-negotiated merger or other business combination. Additionally, the board of directors may issue preferred stock, which could be used as an anti-takeover device, without a further vote of our stockholders. No shares of our preferred stock are currently outstanding, and we have no present intention to issue any shares of preferred stock. However, because the rights and preferences of any series of preferred stock may be set by our board of directors in its sole discretion, the rights and preferences of any such preferred stock may be superior to those of our common stock and thus may adversely affect the rights of the holders of our common stock.

The voting structure of our common stock and other provisions of the certificate of incorporation are intended to encourage a person interested in acquiring us to negotiate with, and to obtain the approval of, our board of directors in connection with a transaction. However, certain of these provisions may discourage our future acquisition, including an acquisition in which stockholders might otherwise receive a premium for their shares. As a result, stockholders who might desire to participate in such a transaction may not have the opportunity to do so.

In addition, state insurance laws provide that no person or entity may directly or indirectly acquire control of an insurance company unless that person or entity has received approval from the insurance regulator. An acquisition of control of our insurance operating subsidiaries generally would be presumed if any person or entity acquires 10% (5% in Alabama) or more of our outstanding common stock, unless the applicable insurance regulator determines otherwise. These provisions apply even if the offer may be considered beneficial by some of our stockholders. If a change in management or a change of control is delayed or prevented, the market price of our common stock could decline.

### NCRIC SPECIAL MEETING

MATTERS TO BE CONSIDERED AT THE SPECIAL MEETING.

This section contains information from NCRIC for NCRIC stockholders about the special stockholder meeting NCRIC has called to consider and approve the Merger Agreement. NCRIC is mailing this proxy statement-prospectus to you, as a NCRIC stockholder, on or about \_\_\_\_\_, 2005. Together with this proxy statement-prospectus, NCRIC is also sending to you a notice of the NCRIC special meeting, and a form of proxy that NCRIC's board of directors is soliciting for use at the special meeting and at any adjournments or postponements of the meeting. The special meeting will be held on \_\_\_\_\_, 2005, at \_\_\_\_\_ a.m., local time, at \_\_\_\_\_, Washington, D.C.

The purpose of the NCRIC special meeting is for you to consider and vote upon:

- Proposal 1 -- the adoption of the Agreement and Plan of Merger dated February 28, 2005, providing for the merger of NCRIC into a wholly owned

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subsidiary of ProAssurance;

- Proposal 2 -- any necessary adjournment of the meeting to permit further solicitation of proxies in the event insufficient shares are represented at the meeting; and
- any other matters as may properly come before the meeting or any adjournment thereof.

A copy of the Merger Agreement is attached to this proxy statement-prospectus as Appendix A.

VOTE REQUIRED.

The approval of the proposal to approve and adopt the Merger Agreement and the merger requires the affirmative vote of a majority of the shares of NCRIC common stock eligible to vote at the special

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meeting. Because broker non-votes and abstentions are not affirmative votes, they will have the effect of a vote against the proposal to approve and adopt the Merger Agreement and the merger.

The proposal to adjourn or postpone the special meeting for the purpose of allowing additional time for the solicitation of proxies from stockholders to vote at the meeting requires a favorable vote of a majority of the shares voting on the matter without regard to broker non-votes or abstentions.

PROXIES.

You should complete and return the proxy card accompanying this proxy statement-prospectus to ensure that your vote is counted at the special meeting, regardless of whether you plan to attend the special meeting. If your shares are held in nominee or "street name" you will receive separate voting instructions from your broker or nominee, which will be included with your proxy materials. Most brokers and nominees offer telephone and Internet voting, but the availability of and procedures for these alternatives will depend on the arrangements established by each particular broker or nominee.

If you are a registered NCRIC stockholder, you can revoke your proxy at any time before the vote is taken at the special meeting by submitting to NCRIC's corporate secretary written notice of revocation or a properly executed proxy of a later date, or by attending the special meeting and voting in person. Attendance at the special meeting will not by itself constitute revocation of a proxy. Written notices of revocation and other communications about revoking NCRIC proxies should be addressed to:

Attn: Corporate Secretary  
NCRIC Group, Inc.  
1115 30th St., N.W.  
Washington, D.C. 20007

If your shares are held in nominee or "street name," you should contact your broker or other nominee regarding the revocation of proxies.

All shares of NCRIC common stock represented by valid proxies NCRIC receives through this solicitation, and not revoked before they are exercised, will be voted in the manner specified on the proxies. If you sign and return your proxy card but make no specification on your proxy card, your proxy will be voted "FOR" approval of the Merger Agreement and "FOR" approval of any



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adjournment or postponement of the special meeting. Brokers that hold shares of NCRIC common stock in nominee or "street" name for customers who are the beneficial owners of those shares may not give a proxy to vote those shares on the Merger Agreement without specific instructions from those customers.

NCRIC's board is presently unaware of any other matters that may be presented for action at the special meeting. If other matters do properly come before the special meeting, however, NCRIC intends that shares represented by proxies in the form accompanying this proxy statement-prospectus will be voted by and at the discretion of the persons named as proxies on the proxy card.

You should not send in any stock certificates with your proxy card. The exchange agent will mail to NCRIC stockholders a transmittal letter with instructions for the surrender of stock certificates as soon as practicable after the completion of the merger.

### SOLICITATION OF PROXIES.

NCRIC will bear the entire cost of soliciting proxies from its stockholders, except that NCRIC and ProAssurance have agreed to each pay one-half of the costs and expenses of printing and mailing this proxy statement-prospectus and all filing and other fees relating to the merger paid to the SEC. In addition to soliciting proxies by mail, NCRIC will request banks, brokers and other record holders to send proxies and proxy material to the beneficial owners of NCRIC common stock and secure their voting instructions, if necessary. NCRIC will reimburse those banks, brokers and record holders for their reasonable fees and expenses in taking those actions. NCRIC has also made arrangements with Georgeson

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Shareholder Services to help in soliciting proxies for the proposed merger and the special meeting and in communicating with stockholders. NCRIC has agreed to pay that company approximately \$ plus expenses for its services. In addition, NCRIC's directors, officers and regular employees may solicit proxies, without payment of additional compensation to such persons, either personally or by telephone, the Internet, telegram, fax, letter or special delivery letter.

### RECORD DATE AND VOTING RIGHTS.

In accordance with Delaware law, NCRIC's bylaws and the rules of Nasdaq, NCRIC has fixed , 2005, as the record date for determining the NCRIC stockholders entitled to notice of and to vote at the special meeting. Only NCRIC stockholders of record at the close of business on the record date are entitled to notice of and to vote at the special meeting and any adjournments or postponements of the special meeting. At the close of business on the record date, there were shares of NCRIC common stock outstanding, held by approximately holders of record. The presence in person or by proxy of a majority of shares of common stock outstanding on the record date and entitled to vote will constitute a quorum for purposes of conducting business at the special meeting. On each matter properly submitted for consideration at the special meeting, you are entitled to one vote for each outstanding share of NCRIC common stock you held as of the close of business on the record date, subject to the limitation on voting for stockholders beneficially owning more than 10% of the outstanding shares of NCRIC common stock (See "STOCKHOLDER VOTING LIMITS AND REQUIREMENTS" on page ).

Shares of NCRIC common stock present in person at the special meeting but not voting, and shares of NCRIC common stock for which NCRIC has received proxies indicating that their holders have abstained, will be counted as present at the special meeting for purposes of determining whether there is a quorum for

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transacting business at the special meeting. Shares represented by proxies returned by a broker holding the shares in "street" name will be counted for purposes of determining whether a quorum exists, even if those shares are not voted by their beneficial owners on matters where the broker cannot vote the shares in its discretion (so-called "broker non-votes").

As of the record date:

- NCRIC's directors and executive officers beneficially owned approximately shares of NCRIC common stock, excluding stock options, representing approximately % of the shares entitled to vote at the special meeting. NCRIC currently expects that its directors and executive officers will vote the shares of NCRIC common stock they beneficially own "FOR" approval of the Merger Agreement and "FOR" the proposal to adjourn the special meeting if additional votes are needed; and
- ProAssurance and its directors and executive officers did not, as of the record date, beneficially own any shares of NCRIC common stock.

### RECOMMENDATION OF NCRIC'S BOARD OF DIRECTORS.

The NCRIC board has adopted the Merger Agreement. The NCRIC board believes that the Merger Agreement and the transactions it contemplates are in the best interests of NCRIC and its stockholders, and unanimously recommends that NCRIC stockholders vote "FOR" approval of the Merger Agreement and "FOR" the proposal to adjourn the special meeting if additional votes are needed.

See "RECOMMENDATION OF NCRIC'S BOARD OF DIRECTORS" beginning on page for a more detailed discussion of the NCRIC board's recommendation with regard to the Merger Agreement.

The voting procedures used by NCRIC's transfer agent, Registrar & Transfer Company, are designed to properly authenticate stockholders' identities and to record accurately and count their proxies.

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### PROPOSAL TO ADJOURN THE SPECIAL MEETING.

Pursuant to Delaware law, the holders of a majority of the outstanding shares of common stock of NCRIC are required to approve the Merger Agreement. It is rare for a company to achieve 100% stockholder participation at a special meeting of stockholders, and only a majority of the holders of the outstanding shares of common stock of NCRIC are required to be represented at a meeting, in person or by proxy, for a quorum to be present. In the event that there are not sufficient votes to constitute a quorum or to approve the adoption of the Merger Agreement at the special meeting, NCRIC would like the flexibility to adjourn the special meeting in order to attempt to secure broader stockholder participation in the decision to approve the Merger Agreement.

NCRIC has requested that you appoint your proxy to vote on a proposal to adjourn the special meeting if there are an insufficient number of shares present in person or by proxy to constitute a quorum or to approve the Merger Agreement. The proposal to adjourn the special meeting will not be submitted to the stockholders for a vote at the special meeting if a majority of the outstanding shares of NCRIC common stock vote in favor of the proposal to approve the Merger Agreement.

The NCRIC board of directors recommends that you vote "FOR" this proposal.

### DELIVERY OF PROXY MATERIALS.

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To reduce the expenses of delivering duplicate proxy materials to NCRIC stockholders, NCRIC is relying upon SEC rules that permits it to deliver only one proxy statement-prospectus to multiple stockholders who share an address unless we receive contrary instructions from any stockholder at that address. If you share an address with another stockholder and have received only one proxy statement-prospectus, you may write or call NCRIC as specified below to request a separate copy of this proxy statement-prospectus and NCRIC will promptly send it to you at no cost to you. For future NCRIC stockholder meetings, if any, you may request separate copies of NCRIC's proxy materials, or request that NCRIC send only one set of these materials to you if you are receiving multiple copies, by contacting NCRIC at: NCRIC Group, Inc., 1115 30th St., N.W., Washington, D.C. 20007, or by telephoning us at (202) 969-1866.

### PROPOSAL 1: THE MERGER

The following discussion contains material aspects of the merger. Because this discussion is a summary, it may not contain all of the information that is important to you. To understand the merger fully, and for a more complete description of the legal terms of the merger, you should read carefully this entire proxy statement-prospectus and the documents we have referred you to. See "WHERE YOU CAN FIND MORE INFORMATION" beginning on page .

A copy of the Merger Agreement without any schedules is attached as Appendix A to this proxy statement-prospectus and is incorporated by reference. We encourage you to read the agreement completely and carefully as it is the legal document that governs the merger.

#### GENERAL.

ProAssurance's and NCRIC's boards of directors have unanimously approved the merger. When the merger is completed:

- NCRIC will become a wholly owned subsidiary of ProAssurance;
- subject to the adjustments and limitations described in this proxy statement-prospectus, each share of NCRIC common stock you own will be converted into the right to receive 0.25 of a share of ProAssurance common stock; and
- after the completion of the merger, former NCRIC stockholders will own approximately 5.37% of the then outstanding common stock of ProAssurance.

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The shares of ProAssurance common stock to be issued in the merger will be approved for listing on the NYSE, subject to official notice of issuance, before the completion of the merger.

If the merger is completed, NCRIC common stock will be delisted from the Nasdaq National Market, and NCRIC will no longer be subject to periodic reporting requirements under the Securities Exchange Act of 1934, as amended.

We are working towards completing the merger as quickly as possible, and we expect to complete the merger in the third quarter of 2005.

#### MERGER CONSIDERATION.

When the merger is completed, each share of NCRIC common stock that is outstanding on the effective date of the merger will cease to be outstanding and will be converted into the right to receive 0.25 of a share of ProAssurance

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common stock. The exchange ratio will be subject to adjustment so that for purposes of determining the exchange ratio:

- In no event will the value assigned to the NCRIC common stock be less than \$9.00 per share for purposes of determining the exchange ratio. If the average closing price of a share of ProAssurance common stock on the NYSE is less than \$36.00 on the ten trading days ending on the day preceding the effective date of the merger, the exchange ratio will be adjusted and determined by dividing \$9.00 by the average price of ProAssurance common stock during the measurement period.
- In no event will the value assigned to the NCRIC common stock be greater than \$11.00 per share for purposes of determining the exchange ratio. If the average closing price of a share of ProAssurance common stock on the NYSE is more than \$44.00 on the ten trading days ending on the day preceding the effective date of the merger, the exchange ratio will be adjusted and determined by dividing \$11.00 by the average price of the ProAssurance common stock during the measurement period.

The following table illustrates the approximate value of what a holder of a share of NCRIC common stock will receive in the merger, assuming varying average closing prices for ProAssurance common stock during the measurement period and that ProAssurance common stock has a value equal to the stated average closing prices. You should bear in mind that the value of ProAssurance common stock is subject to market fluctuations and, therefore, the value of a share of ProAssurance common stock as of the effective date of the merger and after the merger may differ from the value of such stock as set forth below. This table uses hypothetical ProAssurance common stock prices.

	IF YOU HOLD ONE SHARE OF NCRIC COMMON STOCK AND THE AV PROASSURANCE STOCK PRICE DURING THE MEASUREMENT PERIO						
	\$36.00	\$37.00	\$38.00	\$39.00	\$40.00	\$41.00	\$42.00
The value assigned to your share of NCRIC common stock is(1):.....	\$9.00	\$9.25	\$9.50	\$9.75	\$10.00	\$10.25	\$10.50

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(1) No fractional shares will be issued. Cash will be paid in lieu of fractional shares of ProAssurance common stock at a price of \$40.00 per share, except that if the exchange ratio is adjusted, the per share price will be the average price of the ProAssurance common stock during the measurement period.

YOU SHOULD OBTAIN CURRENT STOCK PRICE QUOTATIONS FOR PROASSURANCE COMMON STOCK AND NCRIC COMMON STOCK. THESE QUOTATIONS ARE AVAILABLE FROM YOUR STOCK BROKER, IN MAJOR NEWSPAPERS AND ON THE INTERNET.

NCRIC'S REASONS FOR THE MERGER AND RECOMMENDATION OF NCRIC'S BOARD OF DIRECTORS.

Background of the Merger. From time to time since the initial public stock offering in 1999, the board of directors of NCRIC has explored the possibility of affiliating with a larger company in a merger transaction as a means of maximizing value for stockholders. Substantive discussions with potential third

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party acquirers occurred during this period, but those discussions did not result in any definitive proposals. Instead, NCRIC continued with the development and execution of its business plan.

At a regularly scheduled strategic planning meeting of the board of directors of NCRIC in July 2004, the board discussed various strategic options available to the company. The options identified by the board were: (i) continue the execution of the current business plan as an independent entity; (ii) expand the business model to include new products and new states; and (iii) pursue a merger transaction with a larger insurance company. The board determined to continue the discussion of strategic alternatives at the next strategic planning board meeting scheduled for February 2005, and management was directed to provide the board with more specific information regarding each strategic alternative.

On January 17, 2005, management became aware that the preliminary loss reserve report from the company's independent, appointed actuary indicated significant additional losses may be incurred as of the fourth quarter and year ended December 31, 2004. The initial estimate of adverse development represented an increase in 2004 of \$16 million, or more than 20% over the 2003 year-end net loss reserves, primarily for claims reported in years 2001, 2002 and 2003. Since this preliminary report was inconsistent with management's expectations and since additional loss reserves had been recorded at year-end 2003 for the same prior report years, management believed that it would be appropriate to engage a second actuarial firm to calculate reserve estimates as of December 31, 2004.

At management's request, a meeting of the executive committee of NCRIC's board was convened on January 21, 2005 to discuss the following: (i) the preliminary report of the appointed actuary; (ii) the potentially adverse ramifications to the company; and (iii) the steps that could be taken to preserve and enhance stockholder value. Representatives of Sandler O'Neill, which had from time to time provided investment banking services to NCRIC since 1999, attended the meeting and participated in the discussions.

The executive committee and management discussed the preliminary report from the appointed actuary and its financial and market implications to the company, including the likelihood of an A.M. Best rating downgrade. The committee reviewed a summary of the actuarial development of losses for the most recent report years, noting the reserve strengthening in each of the past three years. The committee believed that a rating downgrade by A.M. Best could adversely affect future profitability by limiting or preventing the company from writing desirable new business or renewing existing business and determined that this could have a negative long-term impact on franchise and stockholder value. The committee believed that the effects could also be disruptive to policyholders, agency relationships and employees and that the company's recovery from these effects would be difficult and could require an extended period of time.

The executive committee authorized management to engage a second independent actuarial firm to calculate reserve estimates as of December 31, 2004. The committee determined that the company should be prepared to take strategic action to preserve stockholder value in the event the second actuarial review confirmed the need for significant additional reserves.

The executive committee agreed to engage Sandler O'Neill as the company's financial advisor in connection with the exploration of strategic alternatives, including a merger transaction. The committee authorized Sandler O'Neill to contact third parties to determine interest in pursuing a merger or acquisition transaction with NCRIC. Sandler O'Neill discussed with the committee the process that would be followed. The process was expected to involve identifying and

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contacting third parties interested in and capable of pursuing a transaction with NCRIC and having knowledge of the medical malpractice sector. In addition, upon the execution of confidentiality agreements, third parties would be provided with non-public information with respect to NCRIC, including the initial reserve report and other preliminary fourth quarter financial information. A detailed data room would be established to accommodate due diligence requests by third parties.

The executive committee concluded that all alternatives should be explored, including a merger with another company, the continued execution of the company's business plan, and additional board

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representation from the investment community, which previously had been proposed by an investor group in a meeting with management. The committee also discussed whether a new management team could be expected to deliver improved performance and stockholder value, given the company's circumstances.

The executive committee instructed management to proceed on the dual track of investigating strategic alternatives while completing the determination of year-end loss reserves. The committee believed that, if feasible, it would be in the best interests of the company and its stockholders for the board to have a strategic response to announce within the timeframe necessary to receive and review the report of the second actuary, determine the required level of loss reserves for the year ended December 31, 2004, and announce results of operations for the year.

Following the January 21 executive committee meeting, representatives of Sandler O'Neill initiated contact regarding a possible transaction with NCRIC with eight parties, which consisted of five insurance companies, including ProAssurance, and three private equity firms. In addition, preparation of a data room began.

When contacted by Sandler O'Neill, ProAssurance expressed preliminary interest in discussing a transaction and entered into a confidentiality agreement with NCRIC. On January 24, Mr. Pate and a representative of Sandler O'Neill met with Dr. A. Derrill Crowe, the chairman and chief executive officer of ProAssurance. During this meeting Dr. Crowe was given an overview of NCRIC, including the results of the preliminary actuarial report for 2004. Dr. Crowe indicated that ProAssurance might be interested in a transaction between the two companies.

On January 27, management of NCRIC and ProAssurance met with NCRIC's appointed actuary, who also is the appointed actuary for ProAssurance, to discuss the actuary's preliminary loss reserve report for NCRIC. Additionally, on January 28, ProAssurance's chief financial officer met with NCRIC management to discuss management's analysis of the loss reserves as of December 31, 2004. Following these meetings, ProAssurance confirmed its interest in continuing to pursue a possible transaction with NCRIC and indicated its intent to submit a proposal for consideration by the NCRIC board.

At a special meeting of the board of directors held on February 1, 2005, the board was advised of the developments with respect to the possible additional loss reserves, and the proceedings of the executive committee on January 21, as outlined above, and ratified the actions taken by the executive committee. The chairs of the compensation and governance committees also reported on a meeting that had been requested by the previously described investor group. The chairs reported that the investor group believed that a representative of a significant stockholder should be added to the board.

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Additionally, the board received an update from Sandler O'Neill regarding the eight parties that had been contacted about their possible interest in a business combination with NCRIC. Sandler O'Neill reported that two confidentiality agreements had been executed with insurance companies, including ProAssurance, one confidentiality agreement had been executed with a private equity firm, and two confidentiality agreements were under negotiation with two other insurance companies. Sandler O'Neill further reported that as of the date of the meeting, only ProAssurance had indicated a firm interest in pursuing a transaction.

The board was informed of the meetings with ProAssurance's management and that a proposal in the form of a letter from ProAssurance had been received. The letter proposed a stock-for-stock merger transaction, and merger consideration that would be based on a multiple of NCRIC's December 31, 2004 book value, as adjusted by ProAssurance for certain items, including adverse loss development, the Columbia Hospital for Women ("CHW") litigation and the goodwill associated with the practice management subsidiary. According to the letter, the aggregate merger consideration would range from \$55 to \$75 million. The board noted that this aggregate valuation range indicated a per share merger consideration that ranged from \$7.97 to \$10.86. The letter also required that NCRIC grant ProAssurance exclusive rights to negotiate a definitive agreement for a 60-day period.

The board appointed a special committee, consisting of directors Burke, McFarland, McNamara (committee chair), Pate and Trujillo, for the purpose of further exploring strategic alternatives, and, if

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deemed appropriate and in the best interests of the company, negotiating a non-binding letter of intent with ProAssurance. It was determined that any agreement to grant ProAssurance an exclusive negotiating period would require full board approval.

Following this board meeting, the special committee met and discussed the letter of intent submitted by ProAssurance. Sandler O'Neill indicated that it would seek clarification from ProAssurance as to the pricing and certain other terms in the letter. The special committee was advised that it would likely need to meet again prior to the regularly scheduled February 12 board meeting.

Following the February 1 meetings, discussions continued between NCRIC and ProAssurance management and between the companies' financial advisors. On February 4, ProAssurance submitted a revised letter of intent regarding a stock-for-stock merger of NCRIC with ProAssurance. The letter proposed a "Base Purchase Price" that ProAssurance calculated by applying a multiple of 1.3x to NCRIC's December 31, 2004 tangible book value as adjusted by ProAssurance for certain items including additional loss reserves. According to the letter, the Base Purchase Price was \$59 million, which indicated a per share merger consideration of \$8.57. The final purchase price would be the sum of the "Base Purchase Price" and two "Additions:" one relating to the CHW litigation, and one relating to a sale or agreed upon sale of the practice management subsidiary. The Base Purchase Price would be increased on a dollar-for-dollar basis for the following: (1) any resolution of the CHW litigation for less than \$19.5 million; and (2) the amount by which NCRIC's tangible book value would be increased by the proceeds from an actual or agreed-upon sale of the practice management subsidiary. If the CHW lawsuit did not settle prior to the closing of the transaction, ProAssurance proposed to establish an escrow account, and to release the amount, if any, by which the ultimate resolution or settlement was less than \$19.5 million.

ProAssurance expressed its desire to proceed expeditiously. The letter of

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intent indicated that ProAssurance was prepared to begin due diligence the following week and requested an opportunity to meet with NCRIC's board at its earliest convenience. The letter also proposed a shorter exclusive negotiating period, through March 1, 2005, and a break-up fee in an amount equal to 1.75% of the aggregate purchase price should a definitive agreement be negotiated.

Prior to February 4, two additional insurance companies executed confidentiality agreements and were provided certain information regarding NCRIC. Three other parties were not interested in pursuing a transaction and declined to execute a confidentiality agreement. Of the parties which entered into confidentiality agreements, after a review of confidential information, two insurance companies and one private equity firm declined to pursue further discussions or due diligence which could lead to a transaction. One insurance company indicated that it was unable to determine in a timely fashion whether it was interested in pursuing a transaction.

On February 5, the special committee met to discuss the revised proposal from ProAssurance. First, Sandler O'Neill updated the committee on the results of its contact with the eight parties regarding a possible transaction with NCRIC.

Sandler O'Neill and counsel then reviewed the terms of the revised proposal submitted by ProAssurance. The committee discussed the uncertainty associated with the value of the proposed merger consideration based both on ultimate determination and realization of the adjustments. The committee believed that a stock-for-stock merger transaction with ProAssurance could be in the best interests of NCRIC stockholders and therefore that it was appropriate to continue negotiations with ProAssurance, including with respect to the merger considerations. Accordingly, the committee recommended that the board authorize the execution of the ProAssurance letter of intent, and, in light of the lack of interest from other parties, to grant the exclusive negotiating period requested.

At a special meeting of the board of directors held on February 6, the board received the report of the special committee and reviewed and discussed the February 4 letter of intent with its legal and financial advisors. The board was also updated as to Sandler O'Neill's contacts with the other possible merger partners and the absence of interest other than from ProAssurance. The board was informed that the letter

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of intent from ProAssurance was non-binding except for the grant of exclusive negotiating rights through March 1, the obligations of confidentiality and the agreement that each party bear its own expenses. The board authorized management to execute the letter of intent.

On February 8, Mr. Pate and Dr. Crowe met to discuss due diligence and the continuing merger negotiations. On February 9, Mr. Pate met with the senior management of ProAssurance to further discuss these matters. ProAssurance conducted its on-site due diligence investigation of NCRIC on February 10 and 11 and continued with due diligence throughout the merger negotiations.

The regularly scheduled February 12 strategic planning meeting of the board of directors was held to review and discuss strategic responses to the possible need for additional loss reserves. Management and Sandler O'Neill provided an update as to the status of negotiations with ProAssurance. The board was informed by management that the second actuarial firm had not completed its study of year-end loss reserves. The board reviewed the options of continuing to execute its business plan as an independent entity versus affiliating with a strategic partner through a merger transaction. Sandler O'Neill then summarized



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and reviewed the financial terms offered by ProAssurance in the letter of intent.

Following this review, Dr. Crowe and Mr. Victor T. Adamo, president of ProAssurance, were invited into the board meeting and made a presentation regarding ProAssurance, its history and operations and its proposed plans for a combination of the companies. Dr. Crowe and Mr. Adamo responded to questions from the board and departed the meeting.

The board then received a report from the chairs of the governance and compensation committees as to the previously described meeting with the investor group.

The board then discussed the ProAssurance presentation and its proposal for a merger with NCRIC. The board noted the apparent similarity between NCRIC's and ProAssurance's management philosophies, and their commitments to the medical communities they serve. Questions were asked of both Sandler O'Neill and NCRIC's legal counsel. The board discussed the adjustable and contingent nature of the merger consideration proposed and the related risks and uncertainties. The board expressed the view that a proposal without price adjustments and contingent consideration would be in the best interests of stockholders. The board agreed to continue moving forward with ProAssurance through the special committee and discussed the likely need to meet again. A meeting was tentatively scheduled for February 27.

The board then met in executive session and discussed whether changes in management would be warranted in the event that the company did not proceed with a merger. The board unanimously expressed confidence in the capabilities and competence of the management team, noted the inherent difficulties of being a small company in a volatile business, and stated its belief that any management team would face difficulties following an announcement of significant additional loss reserves.

The board determined to continue on the dual track of finalizing the review of year-end loss reserves upon receipt of the report of the second actuary and the negotiation of the proposal from ProAssurance.

Subsequent to the February 12 board meeting, counsel for ProAssurance distributed a draft of a proposed merger agreement. On February 16, senior management of ProAssurance and NCRIC, together with each company's financial and legal advisors, met in Washington D.C. to discuss the agreement, deal terms and pricing issues. ProAssurance outlined revised pricing terms, again subject to adjustment based primarily on the resolution of the CHW litigation and on an actual or agreed-upon sale of the practice management subsidiary prior to closing, while NCRIC expressed its strong preference for a proposal without price adjustments and contingent consideration.

On February 17 and 18, NCRIC management, along with the company's financial and legal advisors, conducted an on-site due diligence investigation of ProAssurance.

By letter dated February 23, and in response to NCRIC's concerns about the price adjustments and contingent consideration, ProAssurance proposed either (i) a purchase price of \$10.00 per share, without adjustments or contingencies; or (ii) a revised Base Purchase Price, subject to adjustments relating to the

CHW litigation and the practice management subsidiary. The Base Purchase Price was \$72.1 million, or \$10.47 per share, and assumed a settlement of the CHW litigation for \$12 million and an increase in tangible book value of \$3 million

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from a sale of the practice management subsidiary prior to closing. The Base Purchase Price would be subject to adjustment, upward or downward, upon the settlement or resolution of the CHW litigation for more or less than \$12 million (and all amounts relating to CHW would be escrowed if the litigation were not settled or resolved before closing), and upon a change in tangible book value by more or less than \$3 million from the sale of the practice management subsidiary (if there was no sale or agreed upon sale prior to closing, there could be a \$3 million downward adjustment).

On February 24, the special committee met with the company's financial and legal advisors to consider the revised ProAssurance proposal. The committee again discussed the risks and uncertainty associated with adjustable and contingent merger consideration. Additionally, the committee acknowledged and confirmed the company's view that the CHW litigation is without merit and its preference not to settle the case. The committee also discussed its belief that the announcement of a merger agreement subject to adjustments relating to the CHW litigation and the practice management subsidiary could compromise the value of the practice management subsidiary and the likelihood of a favorable settlement, if any, of the CHW litigation.

The special committee discussed the proposed \$10.00 merger consideration that did not include any adjustment or contingency and considered a number of factors, including information regarding ProAssurance's business, financial condition, results of operations and stock trading history. The committee believed that NCRIC stockholders would benefit from the significantly greater liquidity in the trading market for ProAssurance common stock, which trades on the NYSE. The committee also discussed the other strategic alternatives available to the company, including remaining independent. Management advised the committee that the report of the second actuary had been received, that the reconciliation to the report of the appointed actuary had been completed February 23, and that the second actuary's conclusions as to the loss reserve estimates as of December 31, 2004 were not materially different from those of the appointed actuary.

Following further discussion among the special committee and the company's financial and legal advisors, the committee concluded that the proposal without adjustments and contingent consideration would be in the best interests of NCRIC stockholders. The committee decided to recommend to the board that NCRIC enter into a merger agreement with ProAssurance at the \$10.00 per share value offered, without adjustment or contingency, but directed management and the company's financial advisors to negotiate a fixed exchange ratio.

On February 25, Mr. Pate and Dr. Crowe agreed to submit to their respective boards an agreement with an exchange ratio of 0.25 shares of ProAssurance common stock for each NCRIC share. The exchange ratio was based on the closing price of ProAssurance common stock on the previous trading day. Additionally, they agreed to recommend a collar for the exchange ratio, so that in the event that the market price of the ProAssurance common stock prior to the closing either exceeds \$44.00 or is less than \$36.00, the exchange ratio adjusts so that the value per NCRIC share would neither exceed \$11.00 nor be less than \$9.00, respectively.

On February 27, a special meeting of the board of directors was held to consider an agreement to merge with ProAssurance based on an exchange ratio of 0.25 shares of ProAssurance for every NCRIC share, subject to adjustment based on the collar previously described. Based on ProAssurance's closing price on February 25 (the last trading day prior to the February 27 special meeting of the board of directors), the implied per share value of the share exchange was \$10.10. Counsel reviewed the board's fiduciary duties in general and in particular in connection with merger and acquisition transactions. The board reviewed a proposed press release for the quarter and year ended December 31, 2004, which reported a net loss of \$8.3 million for the quarter and a net loss

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of \$7.1 million for the year, primarily as a result of adverse development on claims reported in prior years, book value per share of \$10.45, and tangible book value per share of \$9.39, as of December 31, 2004.

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The special committee reported its unanimous recommendation that the board approve a merger agreement with ProAssurance. NCRIC's counsel reviewed the terms of the definitive merger agreement, including the representations and warranties of the parties, the affirmative and negative covenants, the restriction on soliciting other offers and the "fiduciary out" exception, the break-up fee of \$1.725 million (2.5% of the aggregate purchase price) in the event that NCRIC were to accept an offer from another party and terminate the agreement with ProAssurance, and the various conditions to closing and termination provisions. Sandler O'Neill reviewed the financial terms of the agreement, and presented its view that, as of that date, the exchange ratio was fair to NCRIC's stockholders from a financial point of view. Management and the company's financial and legal advisors also reported on the outcome of the due diligence investigation of ProAssurance.

After conducting a comprehensive review of factors that could affect stockholder value -- ranging from NCRIC's long-term prospects if it were to continue operating as an independent company to the short-and medium-term negative impact that the upcoming announcement of the adverse reserve adjustment would likely have on the value of NCRIC stock -- the board agreed unanimously that the merger agreement with ProAssurance was in the best interests of NCRIC's stockholders. The board then authorized Mr. Pate to execute the agreement on behalf of NCRIC. The merger agreement was executed and announced on the following morning, February 28.

Recommendation of NCRIC's Board of Directors. In reaching its determination that the merger and the Merger Agreement are advisable and in the best interests of NCRIC and its stockholders, the board consulted with the company's legal and financial advisors and considered a variety of factors, including the following:

- The potential for growth and profitability and the current and prospective business and competitive environments in which NCRIC operates;
- The risks associated with remaining an independent company of relatively small size in the volatile medical professional liability insurance business;
- The likelihood that the significant additional loss reserves and reported loss for the year ended December 31, 2004 would result in a rating downgrade by A.M. Best, which would negatively affect future growth and profitability;
- The strategic alternatives to the merger reviewed by the board of directors;
- The trading history, the number of shares outstanding, and the average trading volume of ProAssurance common stock, and the belief that NCRIC stockholders would benefit from the greater liquidity in the market for shares of ProAssurance common stock;
- The similarity between NCRIC's and ProAssurance's management philosophies, and their commitments to the medical communities served by their medical professional liability insurance subsidiaries;

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- The strength of ProAssurance's business, financial condition, management, business philosophy and future prospects, and the strategic fit between the parties;
- The board's belief that the merger presents an attractive opportunity to merge with a leading medical malpractice insurance group that will have significantly greater financial strength and earning power than NCRIC would have on its own;
- The absence of interest in pursuing a merger transaction from any of the third parties contacted other than ProAssurance;
- The merger consideration to be paid by ProAssurance, including the exchange ratio that had a value of \$10.10 per NCRIC share based on the February 25 closing price of ProAssurance common stock, and which, after giving effect to the collar, could result in merger consideration having a value at the time of closing of as much as \$11.00, but not less than \$9.00;

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- The terms of the Merger Agreement, including the flexibility of the board of directors to consider unsolicited proposals from other possible acquirers after the execution of the Merger Agreement, and the related \$1,725,000 termination fee that would be payable to ProAssurance in the event NCRIC accepted a superior proposal from a third party;
- The fact that the stock-for-stock exchange is tax-free for federal income tax purposes and offers NCRIC stockholders the opportunity to participate in the future growth and profitability of the combined company;
- The favorable results of the due diligence investigation of ProAssurance; and
- The opinion of Sandler O'Neill that, as of February 27, 2005, the exchange ratio was fair to NCRIC stockholders from a financial point of view.

In reaching its determination to approve and recommend the merger, the board of directors did not assign any specific or relative weights to the factors under consideration, and individual directors may have given different weights to different factors.

On the basis of these considerations, the Merger Agreement was unanimously approved by NCRIC's board of directors.

THE BOARD OF DIRECTORS OF NCRIC UNANIMOUSLY RECOMMENDS THAT THE SHAREHOLDERS OF NCRIC APPROVE THE AGREEMENT AND PLAN OF MERGER

### OPINION OF NCRIC'S FINANCIAL ADVISOR

By letter dated as of January 26, 2005, NCRIC retained Sandler O'Neill to act as its financial advisor in connection with NCRIC's strategic planning and merger and acquisition analyses and as financial advisor to NCRIC in connection with any business combinations arising out of such analyses. Sandler O'Neill is a nationally recognized investment banking firm whose principal business specialty is financial institutions. In the ordinary course of its investment banking business, Sandler O'Neill is regularly engaged in the valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transactions.

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Sandler O'Neill acted as financial advisor to NCRIC in connection with the proposed merger and participated in certain of the negotiations leading to the Merger Agreement. At the February 27, 2005 meeting at which NCRIC's board considered and approved the Merger Agreement, Sandler O'Neill delivered to the board its oral opinion, subsequently confirmed in writing as of February 28, 2005, that, as of such date, the exchange ratio was fair to NCRIC's stockholders from a financial point of view. Sandler O'Neill has confirmed its February 27th opinion by delivering to the board a written opinion dated the date of this proxy statement-prospectus. In rendering its updated opinion, Sandler O'Neill confirmed the appropriateness of its reliance on the analyses used to render its earlier opinion by reviewing the assumptions upon which its analyses were based, performing procedures to update certain of its analyses and reviewing the other factors considered in rendering its opinion. The full text of Sandler O'Neill's updated opinion is attached as Appendix B to this proxy statement-prospectus. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Sandler O'Neill in rendering its opinion. The description of the opinion set forth below is qualified in its entirety by reference to the opinion. Sandler O'Neill urges NCRIC stockholders to read the entire opinion carefully in connection with their consideration of the proposed merger.

Sandler O'Neill's opinion speaks only as of the date of the opinion. The opinion was directed to the NCRIC board and is directed only to the fairness, from a financial point of view, of the exchange ratio to holders of NCRIC common stock. It does not address the underlying business decision of NCRIC to engage in the merger or any other aspect of the merger and is not a recommendation to any NCRIC stockholder as to how such stockholder should vote at the special meeting with respect to the merger or any other matter.

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In connection with rendering its February 27, 2005 opinion, Sandler O'Neill reviewed and considered, among other things:

- (1) the Merger Agreement;
- (2) certain publicly available financial statements and other historical financial information of NCRIC that Sandler O'Neill deemed relevant;
- (3) certain publicly available financial statements and other historical financial information of ProAssurance that Sandler O'Neill deemed relevant;
- (4) earnings projections and earnings per share estimates for NCRIC for the year ending December 31, 2005, prepared by and reviewed in discussions with senior management of NCRIC (adjusted to reflect three possible financial resolutions concerning the Judgment described below) and earnings projections for the years thereafter, reviewed in discussions with senior management of NCRIC;
- (5) earnings per share estimates for ProAssurance for the years ending December 31, 2005 and 2006 and long-term earnings per share growth rate estimates for periods thereafter published by Thomson First Call and reviewed with senior management of ProAssurance as to reasonableness for use by Sandler O'Neill in its analyses;
- (6) the pro forma financial impact of the merger on ProAssurance based on assumptions relating to transaction expenses, purchase accounting adjustments, cost savings and expenses associated with the Judgment referred to below determined by the senior management of ProAssurance;

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(7) the publicly reported historical price and trading activity for NCRIC's and ProAssurance's common stock, including a comparison of certain financial and stock market information for NCRIC and ProAssurance with similar publicly available information for certain other companies the securities of which are publicly traded;

(8) the financial terms, to the extent publicly available, of certain recent business combinations in the medical malpractice insurance industry;

(9) the current market environment generally and the medical malpractice insurance industry environment in particular; and

(10) such other information, financial studies, analyses and investigations and financial, economic and market criteria as Sandler O'Neill considered relevant.

Sandler O'Neill also discussed with certain members of senior management of NCRIC the business, financial condition, results of operations and prospects of NCRIC and held similar discussions with certain members of senior management of ProAssurance regarding the business, financial condition, results of operations and prospects of ProAssurance.

Sandler O'Neill was aware that on February 20, 2004, a judgment of \$18.2 million was entered against NCRIC with respect to certain counterclaims made by Columbia Hospital for Women Medical Center, Inc. in a premium collection litigation brought by NCRIC (the "Judgment"). The Judgment is not final because NCRIC has filed certain post-trial motions with respect to the Judgment and may be appealed when and if made final. In connection with filing the post-trial motions, NCRIC secured a \$19.5 million appellate bond and associated letter of credit. While, with NCRIC's concurrence and as discussed more fully below, Sandler O'Neill has performed certain of its analyses using three possible financial resolutions of the Judgment, Sandler O'Neill has performed no independent evaluation of (i) the merits of the counter claims, post-trial motions or any potential appeal of the Judgment, (ii) the prospects or amount of any potential settlement, liability or other payment relating to the Judgment, or (iii) the actual or potential costs of the actions or matters referred to in clauses (i) and (ii). Instead, at NCRIC's direction, with regard to the Judgment, Sandler O'Neill has relied exclusively on information provided by NCRIC and its legal advisors.

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In performing its reviews and analyses and in rendering its opinion, Sandler O'Neill relied upon the accuracy and completeness of all of the financial and other information that was available from public sources, that was provided by NCRIC or ProAssurance or their respective representatives or that was otherwise reviewed by Sandler O'Neill and have assumed such accuracy and completeness for purposes of rendering this opinion. Sandler O'Neill further relied on the assurances of management of NCRIC and ProAssurance that they are not aware of any facts or circumstances that would make any of such information inaccurate or misleading. Sandler O'Neill has not been asked to and has not undertaken an independent verification of any of such information and Sandler O'Neill does not assume any responsibility or liability for the accuracy or completeness thereof. Sandler O'Neill did not make an independent evaluation or appraisal of the specific assets, the collateral securing assets or the liabilities (contingent or otherwise) of NCRIC or ProAssurance or any of their subsidiaries, or the collectibility of any such assets, nor has Sandler O'Neill been furnished with any such evaluations or appraisals. Sandler O'Neill has not been furnished with any actuarial analyses or reports, except for certain analyses and reports prepared by NCRIC's actuarial advisors. Sandler O'Neill is

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not an actuarial firm and its services did not include actuarial determinations or evaluations by it or an attempt to evaluate any actuarial assumptions. In that regard, Sandler O'Neill has made no analysis of, and expresses no opinion as to, the adequacy of NCRIC's losses and loss adjustment expense reserves, including the reserve strengthening taken by NCRIC in the fourth quarter of 2004 or of the reserves of ProAssurance. Sandler O'Neill has not evaluated the solvency or fair value of NCRIC or ProAssurance under any state or federal laws relating to bankruptcy, insolvency or similar matters.

Sandler O'Neill's opinion was necessarily based upon financial, economic, market and other conditions as they existed on, and could be evaluated as of, the date of its opinion. Sandler O'Neill assumed, in all respects material to its analysis, that all of the representations and warranties contained in the Merger Agreement and all related agreements are true and correct, that each party to such agreements will perform all of the covenants required to be performed by such party under such agreements and that the conditions precedent in the Merger Agreement are not waived. Sandler O'Neill also assumed, with NCRIC's consent, that there has been no material change in NCRIC's and ProAssurance's assets, financial condition, results of operations, business or prospects since the date of the last financial statements made available to Sandler O'Neill, that NCRIC and ProAssurance will remain as going concerns for all periods relevant to its analyses, and that the merger will qualify as a tax-free reorganization for federal income tax purposes. Finally, with NCRIC's consent, Sandler O'Neill relied upon the advice NCRIC received from its legal, actuarial, accounting and tax advisors as to all legal, actuarial, accounting and tax matters relating to the Merger Agreement and the other transactions contemplated thereby.

In rendering its February 27, 2005 opinion, Sandler O'Neill performed a variety of financial analyses. The following is a summary of the material analyses performed by Sandler O'Neill, but is not a complete description of all the analyses underlying Sandler O'Neill's opinion. The summary includes information presented in tabular format. In order to fully understand the financial analyses, these tables must be read together with the accompanying text. The tables alone do not constitute a complete description of the financial analyses. The preparation of a fairness opinion is a complex process involving subjective judgments as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. The process, therefore, is not necessarily susceptible to a partial analysis or summary description. Sandler O'Neill believes that its analyses must be considered as a whole and that selecting portions of the factors and analyses considered without considering all factors and analyses, or attempting to ascribe relative weights to some or all such factors and analyses, could create an incomplete view of the evaluation process underlying its opinion. Also, no company included in Sandler O'Neill's comparative analyses described below is identical to NCRIC or ProAssurance and no transaction is identical to the merger. Accordingly, an analysis of comparable companies or transactions involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect the public trading values or merger transaction values, as the case may be, of NCRIC or ProAssurance and the companies to which they are being compared.

The financial projections and earnings estimates used and relied upon by Sandler O'Neill in its analyses for NCRIC were reviewed with the senior management of NCRIC who confirmed to Sandler O'Neill that those projections reflected the best currently available estimates and judgments of such management of the future financial performance of NCRIC. The earnings per share estimates used and relied upon by Sandler O'Neill in its analyses for

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ProAssurance were reviewed with the senior management of ProAssurance as to reasonableness for use in Sandler O'Neill's analyses. The projections of transaction costs, estimates of purchase accounting adjustments and expected cost savings relating to the merger used and relied upon by Sandler O'Neill in its analyses were reviewed with senior management of ProAssurance and such management confirmed that those projections reflected the best currently available estimates and judgments of such management. With respect to all projections and estimates used in its analyses, Sandler O'Neill assumed that financial performance reflected in those projections and estimates would be achieved. Sandler O'Neill expressed no opinion as to such financial projections or estimates or the assumptions on which they were based. These projections and estimates, as well as the other estimates used by Sandler O'Neill in its analyses, were based on numerous variables and assumptions which are inherently uncertain and, accordingly, actual results could vary materially from those set forth in such projections and estimates.

In performing its analyses, Sandler O'Neill also made numerous assumptions with respect to industry performance, business and economic conditions and various other matters, many of which cannot be predicted and are beyond the control of NCRIC, ProAssurance and Sandler O'Neill. The analyses performed by Sandler O'Neill are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by such analyses. Sandler O'Neill prepared its analyses solely for purposes of rendering its opinion and provided such analyses to the NCRIC board at the board's February 27, 2005 meeting. Estimates of the values of companies do not purport to be appraisals or necessarily reflect the prices at which companies or their securities may actually be sold. Such estimates are inherently subject to uncertainty and actual values may be materially different. Accordingly, Sandler O'Neill's analyses do not necessarily reflect the value of NCRIC's common stock or ProAssurance's common stock or the prices at which NCRIC's or ProAssurance's common stock may be sold at any time.

Summary of Proposal. Sandler O'Neill reviewed the financial terms of the proposed transaction. Assuming that each share of NCRIC common stock is exchanged for 0.25 of a share of ProAssurance common stock and a price of \$40.41 for each ProAssurance share of common stock (the closing price of ProAssurance common stock on February 25, 2005), Sandler O'Neill calculated an implied transaction value of \$10.10 per share. Based upon per share financial information for NCRIC for the twelve-month period ended December 31, 2004, Sandler O'Neill calculated multiples of the transaction value to tangible book value per share as of December 31, 2004 adjusted as described below. Sandler O'Neill also calculated multiples of the transaction value to estimated 2005 earnings per share as provided by NCRIC management, adjusted as described below.

With NCRIC's consent, Sandler O'Neill calculated the multiples using adjusted per share tangible book value and earnings amounts using various assumptions as to the amount that may potentially be paid out in connection with the Judgment. These assumptions were as follows: (i) NCRIC makes a payment of \$12 million in connection with the Judgment ("Case 1"); (ii) NCRIC makes no payment in connection with the Judgment ("Case 2"); and (iii) NCRIC makes a payment of \$19.5 million in connection with the Judgment ("Case 3"). As used in Sandler O'Neill's analyses, the payments in connection with the Judgment were calculated on an after-tax basis using a 34% tax rate (based on information provided by NCRIC management).



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12/31/04 Adjusted Tangible Book Value(1) (2)		
Case 1.....	\$8.16	1.24x
Case 2.....	9.30	1.09
Case 3.....	7.45	1.36
2005 Estimated Earnings(3)		
Case 1.....	\$0.72	14.0x
Case 2.....	0.77	13.1
Case 3.....	0.70	14.4

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- (1) Based on 6,960,253 fully diluted shares outstanding.
- (2) Includes the impact of the \$15.6 million reserve strengthening before taxes, \$10.3 million after taxes at a 34% tax rate or \$1.48 per share in the fourth quarter of 2004.
- (3) Based on per share earnings estimates provided by NCRIC management, as adjusted for the three Cases with respect to the Judgment. The adjustments give effect to a reduction in NCRIC's investment income due to payment of the three assumed amounts but not to the actual payments themselves, which are, for purposes of this analysis, treated as non-recurring expenses.

The aggregate transaction value was approximately \$69.6 million based on 6,892,517 outstanding shares as of December 31, 2004. Sandler O'Neill noted that, on the dates set forth in the table below the per share transaction value represented the discounts and premiums to the closing price of NCRIC's common stock set forth beside each such date:

DATE(1)	STOCK PRICE	PREMIUM DISCOUNT
-----	-----	-----
Closing price (February 25, 2005).....	\$10.94	(7.7)%
Closing price (1-week prior).....	11.07	(8.8)
Closing price (1-month prior).....	10.74	(6.0)
Closing price (3-months prior).....	9.64	4.8
52-week high (February 8, 2005).....	11.90	(15.1)
52-week low (September 28, 2004).....	8.37	20.7
IPO price-first step MHC conversion (July 29, 1999).....	3.75	169.3
IPO price-second step full conversion (June 25, 2003).....	10.00	1.0

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- (1) All dates precede public announcement of NCRIC's fourth quarter 2004 loss.

Stock Trading History. Sandler O'Neill reviewed the history of the reported trading prices and volume of NCRIC's common stock for the one-year period ended February 25, 2005 and the period between July 29, 1999 (the date of NCRIC's first step conversion) and February 25, 2005. Sandler O'Neill also reviewed the history of the reported trading prices and volume of ProAssurance's common stock for the one-year and three-year periods ended February 25, 2005. Sandler O'Neill compared the relationship between the movements in the prices of NCRIC's and ProAssurance's common stock to movements in the prices of the S&P Property and Casualty Insurance Index, S&P 500 Index and the weighted average (by market capitalization) performance of composite peer groups of publicly traded medical malpractice insurers selected by Sandler O'Neill for NCRIC and

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ProAssurance, respectively.

During the one-year period ended February 25, 2005, NCRIC generally underperformed all of the indices and the peer group to which it was compared. During the period between July 29, 1999 and February 25, 2005, NCRIC generally outperformed all of the indices and the peer group to which it was compared.

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### NCRIC'S STOCK PRICE PERFORMANCE

	----- BEGINNING INDEX VALUE FEBRUARY 24, 2004 -----	ENDING INDEX VALUE FEBRUARY 25, 2005 -----
NCRIC.....	100.0%	104.2%
NCRIC Peer Group(1).....	100.0	135.1
S&P Property and Casualty Insurance Index.....	100.0	106.9
S&P 500.....	100.0	106.3

	----- BEGINNING INDEX VALUE JULY 29, 1999 -----	ENDING INDEX VALUE FEBRUARY 25, 2005 -----
NCRIC.....	100.0%	270.0%
NCRIC Peer Group(1).....	100.0	104.4
S&P Property and Casualty Insurance Index.....	100.0	143.8
S&P 500.....	100.0	90.3

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(1) The NCRIC Peer Group consists of American Physicians Capital, Inc., FPIC Insurance Group, Inc., ProAssurance Corporation, and SCPIE Holdings Inc.

During the one-year period ended February 25, 2005, ProAssurance outperformed the S&P Property and Casualty Index and the S&P 500 Index but generally underperformed its peer group. During the three-year period ended February 25, 2005, ProAssurance outperformed all of the indices and the peer group to which it was compared.

### PROASSURANCE'S STOCK PRICE PERFORMANCE

	----- BEGINNING INDEX VALUE FEBRUARY 24, 2004 -----	ENDING INDEX VALUE FEBRUARY 25, 2005 -----
ProAssurance.....	100.0%	123.5%
ProAssurance Peer Group(1).....	100.0	150.6
S&P Property and Casualty Insurance Index.....	100.0	106.9
S&P 500.....	100.0	106.3

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	BEGINNING INDEX VALUE FEBRUARY 22, 2002	ENDING INDEX VALUE FEBRUARY 25, 2005
ProAssurance.....	100.0%	252.7%
ProAssurance's Peer Group(1).....	100.0	153.8
S&P Property and Casualty Insurance Index.....	100.0	122.4
S&P 500.....	100.0	111.2

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(1) The ProAssurance Peer Group consists of American Physicians Capital, Inc., FPIC Insurance Group, Inc., NCRIC Group, Inc., and SCPIE Holdings Inc.

Comparable Company Analysis. Sandler O'Neill used publicly available information to compare selected financial and market trading information for NCRIC and a group of publicly traded malpractice insurers which consisted of the following:

- ProAssurance Corporation
- FPIC Insurance Group, Inc.
- American Physicians Capital, Inc.
- SCPIE Holdings Inc.

To the extent publicly available, Sandler O'Neill reviewed the stock price of the comparable companies as of February 25, 2005 as a multiple of (a) 2005 estimated earnings per share; (b) 2006 estimated earnings per share; (c) book value at December 31, 2004 (except for SCPIE Holdings Inc. where the book value was at September 30, 2004); and (d) tangible book value at December 31, 2004 (except for SCPIE Holdings Inc. where the tangible book value was at September 30, 2004). Sandler

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O'Neill calculated the multiples for the above comparable companies and then applied the 2005 high and low estimated earnings per share and tangible book value multiples for those companies to NCRIC's 2005 estimated earnings and to NCRIC's adjusted tangible book value as of December 31, 2004 to derive imputed ranges of values for NCRIC's common stock. Sandler O'Neill then applied a control premium of 20.4% to those implied ranges of value and calculated an implied range of values for NCRIC of \$4.61 to \$22.59 per share. The implied transaction value of the merger, as calculated by Sandler O'Neill, was \$10.10.

	NCRIC PER SHARE DATA	MARKET MULTIPLES	IMPLIED VALUATION PER SHARE RANGE
12/31/04 Adjusted Tangible Book Value(1) (2)			
Case 1.....	\$8.16	0.51x - 2.02x	\$4.19 - \$16.47
Case 2.....	9.30	0.51 - 2.02	4.78 - 18.76
Case 3.....	7.45	0.51 - 2.02	3.83 - 15.03
2005 Estimated earnings(3)			
Case 1.....	\$0.72	12.4x - 14.0x	\$8.90 - \$10.10

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Case 2.....	0.77	12.4 - 14.0	9.50 - 10.79
Case 3.....	0.70	12.4 - 14.0	8.65 - 9.83
	CONTROL PREMIUM(4)	20.4%	\$4.61 - \$22.59

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- (1) Based on 6,960,253 fully diluted shares outstanding.
- (2) Includes the impact of the \$15.6 million reserve strengthening before taxes, \$10.3 million after taxes at a 34% tax rate or \$1.48 per share in the fourth quarter of 2004.
- (3) Based on earnings per share estimates provided by NCRIC management, as adjusted for the three Cases with respect to the Judgment. The adjustments give effect to a reduction in NCRIC's investment income due to payment of the three assumed amounts but not to the actual payments themselves, which are, for purposes of this analysis, treated as non-recurring expenses.
- (4) Represents the median premium over the one-day trading price of insurance companies acquired between January 2000 and February 2005.

Analysis of Selected Merger Transactions. Sandler O'Neill reviewed certain merger and acquisition transactions announced since 1997 involving medical malpractice insurers as acquired institutions for which information was publicly available. To the extent publicly available, Sandler O'Neill reviewed the transaction equity values as a multiple of (a) last twelve months' ("LTM") operating earnings; (b) then current book value; and (c) then current tangible book value for the target company. Sandler O'Neill then applied the high and low multiples from the comparable transactions to the financial information of NCRIC for the twelve months ended December 31, 2004 (as adjusted to reflect each of the three Cases with respect to the Judgment) and calculated an implied range of values for NCRIC common stock of \$5.16 to \$15.55 per share. The implied transaction value of the merger, as calculated by Sandler O'Neill, was \$10.10.

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	NCRIC PER SHARE DATA	MARKET MULTIPLES	IMPLIED VALUATION PER SHARE RANGE
-----			
12/31/04 Adjusted Tangible Book Value(1) (2)			
Case 1.....	\$8.16	0.69 - 1.67	\$5.65 - \$13.64
Case 2.....	9.30	0.69 - 1.67	6.44 - 15.55
Case 3.....	7.45	0.69 - 1.67	5.16 - 12.46
2005 Estimated earnings(3)			
Case 1.....	\$0.72	9.5 - 19.8	\$6.87 - \$14.29
Case 2.....	0.77	9.5 - 19.8	7.34 - 15.26
Case 3.....	0.70	9.5 - 19.8	6.68 - 13.89
VALUATION			
	RANGE	\$5.16 - \$15.55	

- 
- (1) Based on 6,960,253 fully diluted shares outstanding.
  - (2) Includes the impact of the \$15.6 million reserve strengthening before taxes, \$10.3 million after taxes at a 34% tax rate or \$1.48 per share in the fourth quarter of 2004.
  - (3) Based on earnings per share estimates provided by NCRIC management, as adjusted for the three Cases with respect to the Judgment. The adjustments give effect to a reduction in NCRIC's investment income due to payment of the three assumed amounts but not to the actual payments themselves, which are, for purposes of this analysis, treated as non-recurring expenses.

Sandler O'Neill performed an analysis that estimated the future stream of cash flows of NCRIC through December 31, 2009 assuming that NCRIC performed in accordance with the earnings projections for 2005 (as adjusted for each of the cases with respect to the Judgment (giving effect to the payment of the actual assumed Judgment amounts)) and the years thereafter, furnished by and/or reviewed with senior management of NCRIC. To approximate the terminal value of NCRIC's common stock at December 31, 2009, Sandler O'Neill applied price to forward earnings multiples of 10.0x to 14.0x and multiples of tangible book value ranging from 0.90x to 1.70x. The cash flow streams and terminal values were then discounted to present values using different discount rates ranging from 9.0% to 13.0% chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of NCRIC's common stock. As illustrated in the following tables, this analysis indicated an imputed range of values per share of \$6.98 to \$12.14 per share under Case 1; \$7.52 to \$12.93 per share under Case 2; and \$5.93 to \$10.80 per share under Case 3. The implied value of the merger as calculated by Sandler O'Neill was \$10.10 per share.

Case 1: NCRIC makes a \$12 million payment in connection with the Judgment

FORWARD EARNINGS MULTIPLES

DISCOUNT RATE	10.0X	11.0X	12.0X	13.0X	14.0X
9.0%.....	\$9.31	\$9.89	\$10.47	\$11.04	\$11.62
10.0%.....	8.96	9.51	10.06	10.61	11.16
11.0%.....	8.62	9.15	9.67	10.20	10.73
12.0%.....	8.30	8.80	9.31	9.81	10.31
13.0%.....	8.00	8.48	8.96	9.44	9.92

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TANGIBLE BOOK VALUE MULTIPLES

DISCOUNT RATE	0.90X	1.10X	1.30X	1.50X	1.70X
9.0%.....	\$8.10	\$9.11	\$10.12	\$11.13	\$12.14
10.0%.....	7.80	8.76	9.73	10.69	11.66

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11.0%.....	7.51	8.43	9.36	10.28	11.20
12.0%.....	7.24	8.12	9.01	9.89	10.77
13.0%.....	6.98	7.83	8.67	9.51	10.36

Case 2: NCRIC makes no payment in connection with the Judgment.

### FORWARD EARNINGS MULTIPLES

DISCOUNT RATE -----	10.0X	11.0X	12.0X	13.0X	14.0X
9.0%.....	\$10.02	\$10.62	\$11.23	\$11.84	\$12.45
10.0%.....	9.64	10.22	10.80	11.38	11.96
11.0%.....	9.28	9.84	10.39	10.95	11.50
12.0%.....	8.95	9.48	10.01	10.54	11.07
13.0%.....	8.62	9.13	9.64	10.14	10.65

### TANGIBLE BOOK VALUE MULTIPLES

DISCOUNT RATE -----	0.90X	1.10X	1.30X	1.50X	1.70X
9.0%.....	\$8.70	\$9.76	\$10.82	\$11.88	\$12.93
10.0%.....	8.39	9.40	10.41	11.42	12.43
11.0%.....	8.08	9.05	10.02	10.98	11.95
12.0%.....	7.80	8.72	9.65	10.57	11.49
13.0%.....	7.52	8.41	9.29	10.18	11.06

Case 3: NCRIC makes a \$19.5 million payment in connection with the Judgment.

### FORWARD EARNINGS MULTIPLES

DISCOUNT RATE -----	10.0X	11.0X	12.0X	13.0X	14.0X
9.0%.....	\$8.51	\$9.08	\$9.66	\$10.23	\$10.80
10.0%.....	8.17	8.71	9.26	9.81	10.35
11.0%.....	7.84	8.36	8.88	9.41	9.93
12.0%.....	7.53	8.03	8.53	9.03	9.53
13.0%.....	7.23	7.71	8.19	8.67	9.14

### TANGIBLE BOOK VALUE MULTIPLES

DISCOUNT RATE -----	0.90X	1.10X	1.30X	1.50X	1.70X
9.0%.....	\$6.95	\$7.88	\$8.80	\$9.73	\$10.65
10.0%.....	6.68	7.56	8.45	9.33	10.21
11.0%.....	6.42	7.26	8.11	8.95	9.80

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12.0%.....	6.17	6.98	7.78	8.59	9.40
13.0%.....	5.93	6.70	7.48	8.25	9.02

In addition, Sandler O'Neill performed an analysis that estimated the future stream of cash flows of ProAssurance through December 31, 2009, assuming that ProAssurance performed in accordance with the Thomson First Call earnings per share projections for 2005 and 2006, and for periods thereafter, that earnings per share grew at an annual growth rate of 11.3% as published by Thomson First Call, all of

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which estimates were reviewed with management of ProAssurance as to reasonableness for use by Sandler O'Neill in its analysis. To approximate the terminal value of ProAssurance at December 31, 2009, Sandler O'Neill applied price to forward earnings multiples of 10.0x to 14.0x and multiples of tangible book value ranging from 0.90x to 1.70x. The cash flow streams and terminal values were then discounted to present values using different discount rates ranging from 9.0% to 13.0% chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of ProAssurance's common stock. As illustrated in the following table, this analysis indicated an imputed range of values per share of \$18.64 to \$47.75. The closing price of ProAssurance's common stock on February 25, 2005 was \$40.41.

### FORWARD EARNINGS MULTIPLES

DISCOUNT RATE -----	10.0X	11.0X	12.0X	13.0X	14.0X
9.0%.....	\$34.11	\$37.52	\$40.93	\$44.34	\$47.75
10.0%.....	32.59	35.85	39.10	42.36	45.62
11.0%.....	31.15	34.26	37.37	40.49	43.60
12.0%.....	29.78	32.76	35.74	38.71	41.69
13.0%.....	28.48	31.33	34.18	37.03	39.88

### BOOK VALUE MULTIPLES

DISCOUNT RATE -----	0.90X	1.10X	1.30X	1.50X	1.70X
9.00%.....	\$22.32	\$27.28	\$32.25	\$37.21	\$42.17
10.00%.....	21.33	26.07	30.81	35.55	40.28
11.00%.....	20.38	24.91	29.44	33.97	38.50
12.00%.....	19.49	23.82	28.15	32.48	36.81
13.00%.....	18.64	22.79	26.93	31.07	35.21

In connection with its analyses, Sandler O'Neill considered and discussed with the NCRIC board how the present value analyses would be affected by changes in the underlying assumptions. Sandler O'Neill noted that the discounted cash flow stream and terminal value analysis is a widely used valuation methodology, but the results of such methodology are highly dependent upon the numerous assumptions that must be made, and the results thereof are not necessarily indicative of actual values or future results.

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Pro Forma Merger Analysis. Sandler O'Neill analyzed certain potential pro forma effects of the merger, assuming the following:

- (1) the merger closes on June 30, 2005;
- (2) earnings per share projections for NCRIC are consistent with per share estimates for 2005 and 2006 confirmed with NCRIC's management (adjusted to reflect a payment on the Judgment consistent with Case 1, as directed by the management of ProAssurance);
- (3) earnings per share projections for ProAssurance are consistent with per share estimates for 2005 and 2006 published by Thomson First Call and reviewed with senior management of ProAssurance as to reasonableness for use by Sandler O'Neill in its analyses;
- (4) purchase accounting adjustments, charges and transaction costs associated with the merger and cost savings determined by the senior management of ProAssurance; and
- (5) options to purchase common stock of NCRIC are cashed out.

The analyses indicated that for the years ending December 31, 2005 and December 31, 2006, the merger would be accretive to ProAssurance's projected earnings per share and book value per share, and dilutive to its return on equity. The actual results achieved by the combined company may vary from projected results and the variations may be material.

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NCRIC has agreed to pay Sandler O'Neill a transaction fee in connection with the merger of approximately \$ (based on ProAssurance's closing price on , 2005 ), of which \$299,000 has been paid and the balance of which is contingent, and payable, upon closing of the merger. The actual total transaction fee will be 1.25% of a defined transaction value determined closer to the closing of the merger. Of the \$299,000 received by Sandler O'Neill, \$50,000 represented a retainer fee and \$125,000 represented a fee for rendering its opinion, each of which fees will be credited against the transaction fee payable at closing. NCRIC has also agreed to reimburse certain of Sandler O'Neill's reasonable out-of-pocket expenses incurred in connection with its engagement and to indemnify Sandler O'Neill and its affiliates and their respective partners, directors, officers, employees, agents, and controlling persons against certain expenses and liabilities, including liabilities under securities laws.

Sandler O'Neill has, in the past, provided certain other investment banking services to NCRIC (including advising in NCRIC's first step conversion in 1999 and in the demutualization of NCRIC 's mutual holding company in 2003) and has received compensation for such services. In addition, Sandler O'Neill has provided certain investment banking services to ProAssurance in the past and has received compensation for, such services, including participating as a co-manager in a follow-on offering of common stock of ProAssurance in 2002. Sandler O'Neill may provide investment banking services for ProAssurance in the future and may receive compensation for such services, including during the pendency of the merger. A principal of Sandler O'Neill and certain members of his family are stockholders of NCRIC. As of the date of this proxy statement-prospectus, the principal, who was not involved in providing investment banking services to NCRIC in connection with the merger, owned 41,063 shares of NCRIC common stock.

In the ordinary course of Sandler O'Neill's business as a broker-dealer, Sandler O'Neill may purchase securities from and sell securities to NCRIC and



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ProAssurance and their affiliates. Sandler O'Neill may also actively trade the debt and/or equity securities of NCRIC or ProAssurance or their affiliates for Sandler O'Neill's own account and for the accounts of Sandler O'Neill's customers and, accordingly, may at any time hold a long or short position in such securities.

### PROASSURANCE BOARD OF DIRECTORS' REASONS FOR THE MERGER

After careful consideration, at its meeting on February 27, 2005, ProAssurance's board determined that the Merger Agreement and the merger are in the best interests of ProAssurance and its stockholders. Accordingly, ProAssurance's board, by a unanimous vote of the directors, adopted the Merger Agreement.

In concluding that the merger is in the best interests of ProAssurance and its stockholders, ProAssurance's board considered, among other things, the following factors that supported the decision to approve the merger:

- The merger with NCRIC is consistent with ProAssurance's plan to grow in states within or adjacent to ProAssurance's geographic footprint.
- ProAssurance will inherit NCRIC's dominant share in the medical liability insurance market of the District of Columbia.
- NCRIC is the largest writer of professional liability insurance in the State of Delaware and the fourth largest writer in the State of Virginia, each of which are states ProAssurance has recently targeted for growth; and
- The merger will continue the expansion of ProAssurance's medical professional liability insurance business through combinations with other professional liability insurers.
- ProAssurance has had success integrating other companies like NCRIC that were originally formed by physicians and that are close with the local physician community.
- NCRIC's claims and underwriting staff will enable ProAssurance to apply local knowledge to individual risk selection and claims management in the District of Columbia and surrounding states.

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- From a financial point of view, the board believes that the merger will benefit ProAssurance's stockholders.
- At the meeting on February 27, 2005, ProAssurance's financial advisor, Cochran, Caronia & Co., LLC, provided its financial analysis and rendered its oral opinion as to the fairness, from a financial point of view, of the exchange ratio to ProAssurance.

ProAssurance's board also considered the following factors that potentially created risks if the board decided to approve the merger:

- reserves could continue to develop adversely;
- the risk that the verdict obtained by the Columbia Hospital for Women Medical Center will not be settled or resolved for less than the amount of judgment; and
- the difficult legal environment for medical professional liability in the

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District of Columbia.

ProAssurance's board concluded that the anticipated benefits of combining with NCRIC outweighed the preceding risks.

Although each member of ProAssurance's board individually considered these and other factors, the board did not collectively assign any specific or relative weights to the factors considered and did not make any determination with respect to any individual factor. The board collectively made its determination with respect to the merger based on the conclusion reached by its members, in light of the factors that each of them considered appropriate, that the merger is in the best interests of ProAssurance and its stockholders.

ProAssurance's board of directors realized there can be no assurance about future results, including results expected or considered in the factors listed above, such as assumptions regarding anticipated earnings accretion. However, the board concluded the potential positive factors outweighed the potential risks of consummating the merger.

It should be noted that this explanation of the ProAssurance board's reasoning and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under the heading "FORWARD-LOOKING STATEMENTS" on page .

### INTERESTS OF CERTAIN PERSONS IN THE MERGER.

Some of NCRIC's officers and directors have interests in the merger that are in addition to and may be different from the interests as NCRIC stockholders they may share with you. The NCRIC board of directors was aware of these different interests and considered them, among other matters, in adopting the Merger Agreement and the transactions it contemplates.

NCRIC has employment agreements with certain of its officers, namely R. Ray Pate, Rebecca B. Crunk, William E. Burgess and Eric R. Anderson. In addition, ProAssurance has agreed that NCRIC may enter into an employment agreement with Anne K. Missett, with terms similar to the employment agreement with Mr. Anderson. Each of these employment agreements provides for cash severance compensation if NCRIC terminates the executive's employment without cause or if the executive's employment is terminated for any reason within three months after a change of control such as the merger. The amount of severance compensation payable to Mr. Pate is three times his annual base salary, the amount of severance compensation payable to Ms. Crunk and Mr. Burgess is two times their annual base salary, and the amount payable to Mr. Anderson and Ms. Missett is their annual base salary.

ProAssurance has agreed to assume each of these employment agreements, including the obligation to pay cash severance compensation. ProAssurance has further agreed to offer to continue the employment of these executives after the merger subject to the following changes in the terms of their employment:

- during the first year after the effective date of the merger, ProAssurance and each executive will have the ability to voluntarily terminate the employment contract, and if either ProAssurance or the executive terminates the contract, the executive will receive the benefits as called for in the

employment contract from the date of termination in exchange for an agreement by the executive to not compete in the medical malpractice insurance business in the District of Columbia, Virginia and Delaware for

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the one-year period immediately following the termination of employment;

- within the first year after the merger, ProAssurance may offer a severance agreement on terms comparable to agreements with other ProAssurance executives that would provide severance compensation for termination of the executive's compensation without cause in the following amounts:
  - Mr. Pate would initially receive three years' compensation, which will be reduced by one day for each day that Mr. Pate remains employed during the two year period beginning on the first anniversary of the effective date of the merger, and after the third anniversary of the effective date of the merger his severance will be one year's compensation;
  - Ms. Crunk and Mr. Burgess would initially receive two years' compensation, which will be reduced by one day for each day she or he remains employed during the year beginning on the first anniversary of the effective date of the merger, and after the second anniversary of the effective date of the merger her or his severance will be one year's compensation;
  - Mr. Anderson and Ms. Missett would receive one year's compensation as severance compensation; and
- if an agreement is not offered, the executive will then be entitled to receive the benefits under his or her NCRIC employment agreement.

We estimate that cash severance payments of up to \$2.3 million in the aggregate could become payable if all of the executive officers terminate their employment within the applicable time frames after the merger.

In 2003, NCRIC established an unfunded deferred compensation plan for executive officers and directors, which requires NCRIC to make matching contributions to officers of up to 5% of their compensation. The matching contributions vest if the executive remains employed after five years. Upon a change of control, all matching contributions will be fully vested and all amounts held for account of the participants will be distributed in lump sum.

NCRIC has granted stock options and stock awards to directors and certain executive officers under its stock option plans. All of the stock options are currently exercisable and the stock awards vest ratably over periods expiring August 10, 2008. ProAssurance has agreed to assume the outstanding stock awards and stock options as described under "TREATMENT OF STOCK OPTIONS AND AWARDS" on page .

The Merger Agreement provides that NCRIC will terminate its employee stock ownership plan as of the effective time of the merger. NCRIC's executive officers are participants in the ESOP with other employees. As a result of the termination of the ESOP, all participants in the ESOP, including the officers, will receive allocations of shares of ProAssurance common stock after the completion of the merger as described under "EMPLOYEE BENEFIT PLANS" on page .

ProAssurance has agreed to retain each member of the board of directors of NCRIC for services on an advisory committee of ProAssurance, which provides for compensation of \$2,500 per month through December 31, 2006. The agreement requires the directors to serve on advisory committees to be established to facilitate the transition of NCRIC's business and prohibits them from competing with the business of ProAssurance during the terms of their agreements.

The Merger Agreement provides that, upon completion of the merger, ProAssurance will, to the fullest extent permitted by law, indemnify, defend and hold harmless all present and former directors, officers and employees of NCRIC

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against all costs and liabilities arising out of actions or omissions occurring at or before the completion of the merger to the same extent as directors, officers and employees of NCRIC are indemnified or have the right to advancement of expenses under NCRIC's certificate of incorporation and bylaws.

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The Merger Agreement also provides that for a period of three years after the merger is completed, ProAssurance will use its best efforts to provide directors' and officers' liability insurance for the present and former officers and directors of NCRIC with respect to claims arising from facts or events occurring before the merger is completed. This directors' and officers' liability insurance generally will contain at least the same coverage and amounts, and terms and conditions no less advantageous, as NCRIC's existing coverage. However, if ProAssurance is unable to maintain or obtain such levels of insurance at a cost of less than 300% of the premium paid by NCRIC for such insurance or is otherwise unable to obtain such insurance, ProAssurance is required to use its best efforts to obtain as much comparable insurance as is reasonably available.

### RESTRICTIONS ON REALES BY AFFILIATES.

The shares of ProAssurance common stock that NCRIC stockholders will own following the merger have been registered under the Securities Act of 1933, as amended. They may be traded freely and without restriction by you if you are not deemed to be an affiliate of ProAssurance or NCRIC under the Securities Act. An "affiliate" of ProAssurance or NCRIC as defined by the rules under the Securities Act, is a person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, ProAssurance or NCRIC. Persons that are affiliates of ProAssurance or NCRIC at the time the merger is submitted for vote of the NCRIC stockholders or of the combined company following completion of the merger may not sell their shares of ProAssurance common stock acquired in the merger except pursuant to an effective registration statement under the Securities Act or an applicable exemption from the registration requirements of the Securities Act, including Rules 144 and 145 under the Securities Act. Affiliates generally include directors, executive officers and beneficial owners of 10% or more of any class of capital stock.

This proxy statement-prospectus does not cover any resale of ProAssurance common stock received in the merger by any person that may be deemed to be an affiliate of NCRIC or ProAssurance.

### NO DISSENTERS' RIGHTS.

Under applicable Delaware law, holders of NCRIC common stock do not have any dissenters' rights in connection with the merger.

### REGULATORY APPROVALS REQUIRED FOR THE MERGER.

We have agreed to use best efforts to obtain the regulatory approvals required for the merger. We refer to these approvals, along with the expiration of any statutory waiting periods related to these approvals, as the "requisite regulatory approvals". These include approval from insurance regulators and various other state regulatory authorities. We have either filed or intend to complete the filing promptly after the date of this proxy statement-prospectus of applications and notifications to obtain the requisite regulatory approvals. The merger cannot proceed in the absence of the requisite regulatory approvals. We cannot assure you as to whether or when the requisite regulatory approvals will be obtained, and, if obtained, we cannot assure you as to the date of receipt of any of these approvals, the terms thereof or the absence of any litigation challenging them. Likewise, we cannot assure you that the DOJ or a

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state attorney general will not attempt to challenge the merger on antitrust grounds, or, if such a challenge is made, as to the result of that challenge.

We are not aware of any other material governmental approvals or actions that are required prior to the parties' completion of the merger other than those described below. We presently contemplate that if any additional governmental approvals or actions are required, these approvals or actions will be sought. However, we cannot assure you that any of these additional approvals or actions will be obtained.

District of Columbia Insurance Laws. We cannot complete the merger unless a pre-acquisition notification statement (Form A) containing information as prescribed by insurance holding company laws and regulations of the District of Columbia has been filed with and approved by the Mayor of the District of Columbia. After the statement is filed, a public hearing on the Form A must be held within 120 days of

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the filing, and the Mayor is required to make a determination within 120 days after the conclusion of the hearing.

Other Regulatory Authorities. Applications or notifications may be required to be filed with various state regulatory authorities and self-regulatory organizations in connection with the merger (including any necessary state blue sky registrations or exemption filings) or changes in control of subsidiaries of NCRIC that may be deemed to result from the merger. We might also be subject to additional pre-acquisition notification filing requirements and approval, in addition to the Form A filing requirement, in states where NCRIC is authorized to do business. These authorities may be empowered under the applicable state laws and regulations to investigate or disapprove the merger under the circumstances and based upon the review provided for in applicable state laws and regulations.

Antitrust. The merger is subject to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, or HSR Act. The HSR Act prohibits the completion of transactions such as the merger unless the parties notify the Federal Trade Commission, or FTC, and the Department of Justice, or DOJ, in advance and a specified waiting period expires. ProAssurance and NCRIC intend to file pre-merger notification and report forms with the FTC and the Antitrust Division of the DOJ. A transaction or portion of a transaction that is notifiable under the HSR Act may not be consummated until the expiration of a 30 calendar-day waiting period, or the early termination of that waiting period, following the filing of pre-merger notification and report forms by the parties with the FTC and DOJ. If either the FTC or the DOJ do not request additional information or documentary material with respect to the merger from the parties prior to the expiration of the waiting period, the waiting period would expire at 11:59 p.m., New York City time, on the 30th calendar day after the date of substantial compliance with that request. At any time before or after the merger and the exchange of shares, the FTC or the DOJ could take whatever action under the antitrust laws it deems necessary or desirable in the public interest, including seeking to enjoin the merger or the exchange of shares, or seeking a divestiture of shares or assets.

### ACCOUNTING TREATMENT.

ProAssurance will treat the merger as a purchase of NCRIC under GAAP. Under the purchase method of accounting, the assets and liabilities of the company not surviving a merger are, as of completion of the merger, recorded at their respective fair values and added to those of the surviving company. Financial statements of the surviving company issued after completion of the merger

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reflect these values, but are not restated retroactively to reflect the historical financial position or results of operations of the company not surviving.

All unaudited pro forma financial information contained in this proxy statement-prospectus has been prepared using the purchase method to account for the merger. The final allocation of the purchase price will be determined after the merger is completed and after completion of a thorough analysis to determine the fair values of NCRIC's tangible and identifiable intangible assets and liabilities. In addition, estimates related to restructuring and merger-related charges are subject to final decisions related to combining the companies. Accordingly, the final purchase accounting adjustments, restructuring and merger-related charges may be materially different from the unaudited pro forma adjustments presented in this proxy statement-prospectus. Any decrease in the net fair value of the assets and liabilities of NCRIC as compared to the information shown in this proxy statement-prospectus will have the effect of increasing the amount of the purchase price allocable to goodwill.

### STOCK EXCHANGE LISTING.

ProAssurance has agreed to list the shares of ProAssurance common stock to be issued in the merger on the NYSE (including shares to be issued following exercise of the NCRIC stock options assumed by ProAssurance). It is a condition to the completion of the merger that those shares be approved for listing on the NYSE, subject to official notice of issuance. Following the merger, ProAssurance's common stock will continue to trade on the NYSE under the symbol "PRA".

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### THE MERGER AGREEMENT

The following sections of this proxy statement-prospectus describe the material provisions of the Merger Agreement. This description does not purport to be complete and is subject to, and qualified in its entirety by reference to, the Merger Agreement, which is attached as Appendix A and incorporated by reference into this proxy statement-prospectus. You are urged to read the Merger Agreement carefully and in its entirety.

### STRUCTURE

ProAssurance formed NCP on February 25, 2005, as a Delaware corporation solely for the purpose of merging with NCRIC under the Merger Agreement. Under the terms of the Merger Agreement and in accordance with Delaware law, NCRIC will be merged into NCP with NCP surviving the merger as a wholly owned subsidiary of ProAssurance. After completion of the merger:

- each share of NCRIC common stock will be converted into 0.25 of a share of ProAssurance common stock, subject to the adjustments described under "MERGER CONSIDERATION" on page ;
- each share of ProAssurance common stock outstanding at the time of the merger will remain outstanding and not be affected by the merger;
- each share of NCP common stock outstanding at the time of the merger, all of which are owned by ProAssurance, will remain outstanding and no additional shares will be issued in the merger;
- the corporate existence of NCRIC will terminate and NCP will continue its corporate existence under the Certificate of Incorporation and By-Laws in effect for NCP immediately preceding the merger, except that the

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Certificate of Incorporation will be amended to change NCP's name to "NCRIC Corporation."

### TREATMENT OF OPTIONS AND STOCK AWARDS.

In the merger, ProAssurance will assume all outstanding NCRIC stock options and awards in accordance with their respective terms as in effect immediately prior to the merger. Each outstanding stock award will be converted into shares of ProAssurance common stock using the exchange ratio. The NCRIC stock option plans will be amended to allow former members of NCRIC's board of directors to participate under the NCRIC stock option plans during the term of such director's service on ProAssurance's advisory committee.

Each holder of an option to acquire NCRIC common stock outstanding and unexercised immediately prior to completion of the merger will have the election to either:

- exchange his or her NCRIC stock options for the right to acquire shares of ProAssurance common stock, in which event the number of shares issuable under those options will be adjusted by multiplying the exchange ratio by the number of shares of NCRIC common stock subject to the option, and the exercise price for the shares of ProAssurance common stock subject to the assumed options will be determined by dividing the exchange ratio into the exercise price of the shares of NCRIC common stock subject to the option; or
- surrender his or her stock options for a cash payment equal to the greater of either:
  - the amount by which the adjusted share value exceeds the unadjusted exercise price for each share of NCRIC common stock subject to the continuing stock option; or
  - \$1.00 for each share of NCRIC common stock subject to the stock option so surrendered.

"Adjusted share value" means, for these purposes, an amount equal to 0.25 multiplied by the average closing price of a share of ProAssurance common stock on the NYSE during the ten trading days preceding the effective date of the merger, except that

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- if the average price of a share of ProAssurance common stock is greater than \$44.00, the adjusted share value will be \$11.00, or
- if the average price of a share of ProAssurance common stock is less than \$36.00, the adjusted share value will be \$9.00.

The holders of NCRIC stock options who desire cash will be required to make their elections prior to the effective date of the merger. ProAssurance will provide an election form to the holders of NCRIC options at least twenty days prior to the effective date of the merger. The holder of a NCRIC option will have no right to surrender his option for cash unless the election form is returned to ProAssurance prior to the effective date of the merger.

All fractional shares resulting from the conversion of the outstanding stock options and restricted stock awards will be eliminated. ProAssurance will take the corporate actions that are necessary to reserve a sufficient number of shares of its common stock for issuance upon exercise of the new options. In addition, it will file appropriate registration statements with the SEC to

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register the shares of its common stock underlying the new options.

EXCHANGE OF CERTIFICATES; FRACTIONAL SHARES.

Exchange Procedures. Prior to the effective time of the merger, ProAssurance will deposit with an exchange agent, which will be Mellon Investor Services LLC, or another bank or trust company reasonably acceptable to NCRIC, (1) certificates or evidence of shares in book entry form, representing the shares of ProAssurance common stock to be issued under the Merger Agreement (together with any dividends and distributions with respect to such shares with a record date after the merger) and (2) sufficient cash to be paid instead of any fractional shares of ProAssurance common stock to be issued under the Merger Agreement.

Promptly after the effective time, but no later than 5 business days thereafter, the exchange agent will mail transmittal materials to NCRIC stockholders. The transmittal materials will contain instructions about the surrender of NCRIC common stock certificates for ProAssurance common stock certificates and any cash to be paid instead of fractional shares of common stock.

NCRIC common stock certificates should not be returned with the enclosed proxy card. They should not be forwarded to the exchange agent unless and until you receive a transmittal letter following completion of the merger.

NCRIC common stock certificates presented for transfer after completion of the merger will be canceled and exchanged for certificates representing the applicable number of shares of ProAssurance common stock.

After the merger, there will be no transfers of shares of NCRIC common stock on the stock transfer books of NCRIC or the surviving corporation.

All shares of ProAssurance common stock into which shares of NCRIC common stock are converted on the merger completion date will be deemed issued as of that date. After that date, former NCRIC stockholders of record will be entitled to vote, at any meeting of ProAssurance stockholders having a record date on or after the merger completion date, the number of whole shares of ProAssurance common stock into which their shares of NCRIC common stock have been converted, regardless of whether they have surrendered their NCRIC stock certificates. ProAssurance dividends having a record date on or after the effective date of the merger will include dividends on ProAssurance common stock issued to NCRIC stockholders in the merger. However, no dividend or other distribution payable to the holders of record of ProAssurance common stock after the effective date of the merger will be distributed to the holder of any NCRIC common stock certificates until that holder physically surrenders all of his or her NCRIC common stock certificates as described above. Promptly after surrender, ProAssurance's common stock certificates to which that holder is entitled, all undelivered dividends and other distributions, and payment

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for any fractional share interests, if applicable, will be delivered to that holder, in each case without interest.

No Fractional Shares Will Be Issued. ProAssurance will not issue fractional shares of ProAssurance common stock in the merger. There will be no dividends or voting rights with respect to any fractional common shares. For each fractional share of common stock that would otherwise be issued, ProAssurance will pay cash in an amount determined by multiplying the fractional share of PRA common stock to which such holder would otherwise be entitled by either (i) \$40.00 or (ii) the average closing price of a share of ProAssurance



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common stock during the ten trading days preceding the effective date of the merger if the average price is less than \$36.00 or more than \$44.00.

None of ProAssurance, NCRIC or any other person will be liable to any former holder of NCRIC common stock for any amount properly delivered in good faith to a public official pursuant to any applicable abandoned property laws.

Lost, Stolen or Destroyed NCRIC Common Stock Certificates. If a holder has lost a certificate representing NCRIC common stock, or it has been stolen or destroyed, ProAssurance will issue to such holder the common stock payable under the Merger Agreement if:

- the holder presents evidence to the reasonable satisfaction of the exchange agent and ProAssurance that the certificate has been lost, wrongfully taken or destroyed;
- the holder provides indemnity or security as may be reasonably requested by the exchange agent or ProAssurance to protect against any claim that may be made against ProAssurance or the exchange agent about ownership of the lost, wrongfully taken or destroyed certificate; and
- the holder provides evidence satisfactory to the exchange agent and ProAssurance that such person is the owner of the shares represented by each certificate claimed to be lost, wrongfully taken or destroyed.

For a description of ProAssurance common stock and a description of the differences between the rights of NCRIC stockholders and ProAssurance stockholders, SEE "DESCRIPTION OF PROASSURANCE CAPITAL STOCK" beginning on page and "COMPARISON OF STOCKHOLDER RIGHTS" beginning on page .

### EFFECTIVE TIME.

The effective time of the merger will be the time set forth in the legal documents that we will file with the Secretary of State of the State of Delaware on the date the merger is completed. We anticipate that we will complete the merger during the quarter ending September 30, 2005. However, completion could be delayed if there is a delay in obtaining the necessary regulatory approvals or for other reasons. There can be no assurances as to if or when these approvals will be obtained or as to if or when the merger will be completed. If we do not complete the merger by December 31, 2005, either party may terminate the Merger Agreement without penalty unless the failure to complete the merger by that date is due to the failure of the party seeking to terminate the Merger Agreement to perform or observe its obligations under the Merger Agreement. See "CONDITIONS TO COMPLETION OF THE MERGER" beginning on page and "REGULATORY APPROVALS REQUIRED FOR THE MERGER" beginning on page .

### REPRESENTATIONS AND WARRANTIES.

The Merger Agreement contains a number of representations and warranties by ProAssurance and NCRIC regarding aspects of their respective businesses, financial condition, structure and other facts pertinent to the merger that are customary for a merger transaction. They include, among other things:

- the corporate organization and existence of each party and its subsidiaries and the valid ownership of its significant subsidiaries;
- the accuracy of each party's books and records;
- the capitalization of each party;

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- the authority of each party and its subsidiaries to enter into the Merger Agreement and make it valid and binding;
- the fact that the Merger Agreement does not breach:
  - the certificate of incorporation and bylaws of each party,
  - applicable law, and
  - agreements, instruments or obligations of each party;
- governmental approvals;
- regulatory investigations and orders;
- each party's statutory statements of its respective insurance subsidiaries filed with any insurance regulator and each party's filing of the insurance holding company act reports;
- each party's financial statements and filings with the SEC;
- each party's compliance with the Sarbanes-Oxley Act of 2002;
- the absence of any liabilities or obligations of any nature whatsoever since December 31, 2004 that, either individually or in the aggregate, would have a material adverse affect on in each party's business;
- the absence of undisclosed material legal proceedings and injunctions;
- the filing and accuracy of each party's tax returns;
- each party's compliance with applicable law;
- environmental matters; and
- the inapplicability to the merger of state anti-takeover laws.

In addition, NCRIC has made representations and warranties with respect to:

- its employee benefit plans, labor matters, employees and related matters;
- the validity of, and the absence of material defaults under, NCRIC's material contracts;
- ownership rights and restrictions with respect to NCRIC's investment assets, real and personal property, and intellectual property; and
- its loss reserves, reinsurance treaties or agreements and other related matters.

### CONDUCT OF BUSINESS PENDING THE MERGER.

The Merger Agreement contains various restrictions on the operations of NCRIC before the effective time of the merger. NCRIC has agreed that, except as expressly contemplated or permitted by the Merger Agreement, it will not, and will not agree to, without ProAssurance's consent:

- conduct its business other than in the ordinary and usual course;
- fail to use reasonable best efforts to preserve intact its business organizations, assets and other rights, its existing relations with

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customers and other parties and retain services of key employees and agents;

- take any action which would adversely affect or delay the ability of any party to the Merger Agreement to obtain any required regulatory approval or to perform its covenants and agreements under the Merger Agreement;

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- incur, assume or guarantee any indebtedness for borrowed money other than short-term indebtedness to refinance indebtedness of NCRIC to its subsidiaries or of its subsidiaries to NCRIC;
- redeem, repay, discharge or defease any surplus note unless required in order to obtain regulatory approval;
- adjust, split, combine or reclassify any capital stock or redeem, purchase or otherwise acquire any of its own stock;
- declare or pay any dividend or distribution on any shares of its stock, other than dividends paid by any of its wholly owned subsidiaries to it or any of its wholly owned subsidiaries;
- grant any stock options, stock awards or stock appreciation rights, or issue additional shares of its capital stock except pursuant to the exercise of NCRIC stock options or warrants outstanding as of the date of the Merger Agreement;
- sell, transfer, mortgage, encumber or otherwise dispose of any assets, deposits, business or properties, other than in the ordinary course of business consistent with past practice, pursuant to agreements in force as of the date of the Merger Agreement, except that NCRIC may sell its practice management business for cash or may otherwise sell or dispose of its practice management business with the prior written approval of ProAssurance;
- make any material non-portfolio investment in any person other than a subsidiary except pursuant to agreements in force at the date of the Merger Agreement;
- enter into, terminate or materially change a material agreement;
- increase employee compensation or pay any bonuses, except that NCRIC and its subsidiaries may make annual increases in salaries and wages in the ordinary course of business that do not exceed 4% of the aggregate amount of compensation paid in the preceding 12 months;
- except as permitted by the Merger Agreement, pay any pension or retirement allowance not required by an existing plan or agreement;
- settle any claim, action or proceeding involving money damages other than in the ordinary course of business in accordance with past practice, except that NCRIC has agreed to consult with ProAssurance regarding settlement of claims against NCRIC or its subsidiaries exceeding \$1,000,000 and NCRIC has further agreed that it will not settle without ProAssurance's prior consent the verdict obtained against NCRIC by Columbia Hospital for Women Medical Center, Inc. in the Superior Court of the District of Columbia;
- take any action that is reasonably likely to impede the merger from qualifying as a tax-free reorganization under federal tax laws;

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- materially change its investment securities portfolio;
- offer or sell insurance or reinsurance of any type in any jurisdiction other than such lines of insurance and reinsurance as offered on the date of the Merger Agreement and other than in jurisdictions in which such insurance and reinsurance is offered on the date of the Merger Agreement;
- take any action that is intended or may reasonably be expected to result (i) in any of its representations and warranties set forth in the Merger Agreement becoming untrue in a material respect, (ii) in any of the conditions to the merger not being satisfied, or (iii) in violation of any provision of the Merger Agreement, except as required by applicable law;
- amend its certificate of incorporation or bylaws; or
- agree to, or make any commitment to, take any of the actions listed above.

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In addition, NCRIC has agreed to consult with ProAssurance with respect to reserve policies and practices relating to losses and loss adjustment expenses of NCRIC's subsidiaries, any litigation against NCRIC and its subsidiaries, and amount and timing of restructuring charges. NCRIC has also agreed to make its financial officers available to discuss with ProAssurance NCRIC's disclosure controls, internal controls and financial statements in anticipation of ProAssurance's need to comply with the requirements of the Sarbanes Oxley Act of 2002 after the merger with respect to NCRIC.

ProAssurance has agreed, except as expressly contemplated or permitted by the Merger Agreement, that it will not, and will not agree to, without NCRIC's consent:

- take any action that is reasonably likely to impede the merger from qualifying as a tax-free reorganization under federal tax laws
- amend its certificate of incorporation or bylaws, except as provided in the Merger Agreement;
- take any action that is intended or may reasonably be expected to result (i) in any of its representations and warranties set forth in the Merger Agreement becoming untrue in a material respect, (ii) in any of the conditions to the merger not being satisfied, or (iii) in violation of any provision of the Merger Agreement, except as required by applicable law;
- take any action that is intended or likely to adversely affect its ability to perform its covenants and agreements under the Merger Agreement; or
- agree to, or make any commitment to, take any of the actions listed above.

Under the Merger Agreement, prior to the completion of the merger, neither NCRIC nor any of its subsidiaries can acquire, directly or indirectly, beneficial or record ownership of any equity securities of ProAssurance, including shares of ProAssurance common stock, or any securities convertible into or exercisable for any equity securities of ProAssurance.

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In addition, Federal law prohibits ProAssurance and NCRIC from purchasing shares of either company's common stock from the date this proxy statement-prospectus is first mailed to stockholders until completion of NCRIC's special meeting of stockholders. From February 28, 2005 to \_\_\_\_\_, 2005, ProAssurance has purchased \_\_\_\_\_ shares of NCRIC common stock. Neither NCRIC nor ProAssurance has purchased any shares of ProAssurance common stock since February 28, 2005. All such repurchases were conducted in accordance with applicable laws, including Rule 10b-18 of the Exchange Act.

### EMPLOYEE BENEFIT PLANS.

We agreed that ProAssurance will continue NCRIC's employee benefit plans until it determines whether to continue, amend or terminate the plans. ProAssurance agreed that it will provide NCRIC employees who continue in employment with ProAssurance:

- compensation and benefits that are substantially similar to compensation and benefits provided to similarly situated employees of ProAssurance;
- credit for their service as NCRIC employees for purposes of determining eligibility and vesting under ProAssurance's employee benefit plans; and
- incentive compensation for their performance in the full year ending December 31, 2005, in accordance with ProAssurance's incentive compensation and practices.

We agreed that NCRIC will terminate its employee stock ownership plan, or ESOP, as of the effective time of the merger. All of the shares of NCRIC common stock held by the ESOP will be converted into the right to receive shares of ProAssurance common stock in accordance with the exchange ratio in the Merger Agreement. At December 31, 2004, the ESOP held 483,432 shares of NCRIC common stock, which included approximately 350,141 shares that were purchased with the proceeds of a loan from NCRIC to the ESOP and that have not yet been allocated to the accounts of participants.

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Upon its termination, the ESOP will repay the loan from NCRIC by surrendering unallocated shares of ProAssurance common stock that have a current market value equal to the amount of principal and accrued interest on the loan. The loan had an outstanding principal balance of \$2,478,498 on December 31, 2004. Any unallocated shares that are not used to repay the loan will be allocated to the accounts of the participants in the ESOP. All accounts will be fully vested upon the termination of the ESOP, and the shares of ProAssurance common stock held in the participants' accounts will be distributed to the participants in accordance with the terms of the ESOP and applicable laws and regulations.

The NCRIC deferred compensation plan provides that all amounts credited to the accounts of participants will be distributed in lump sum to participants upon a change of control of NCRIC. We agreed that NCRIC would terminate its deferred compensation plan and that all amounts credited to the accounts of the participants would be distributed as required by the plan.

ProAssurance agreed to honor employment agreements with certain officers of NCRIC, including the obligation to pay cash severance on termination of employment after a change of control. ProAssurance also agreed to offer to continue their employment and to allow such executive officers to receive their severance compensation if they terminated their employment within one year after the merger and if they agreed not to compete with ProAssurance's business for a period of one year after termination of employment. For certain officers of NCRIC continuing with employment with ProAssurance, ProAssurance also agreed to

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enter into a severance agreement on terms similar to severance agreements in place for ProAssurance's executive officers that would provide severance compensation as described under "INTERESTS OF CERTAIN PERSONS IN THE MERGER" on page .

### TAX OPINION AND ACCOUNTANT'S COMFORT LETTER.

We agreed that each of ProAssurance and NCRIC will obtain a separate opinion as to the material tax consequences to ProAssurance, NCRIC and their respective stockholders in connection with the merger. Each opinion was required to be delivered at the time of filing this proxy statement-prospectus with the SEC and is required to be updated at closing. The opinions will be delivered prior to mailing of this proxy statement-prospectus and are discussed under "MATERIAL FEDERAL INCOME TAX CONSEQUENCES" beginning on page .

NCRIC agreed to deliver to ProAssurance a letter from its independent registered public accounting firm, Deloitte & Touche, LLP, prior to mailing this proxy statement-prospectus. The letter addresses the independence of Deloitte & Touche, LLP with respect to NCRIC and provides assurance that the consolidated financial statements of NCRIC in its most recent SEC reports comply as to form with the requirements of the federal securities laws in all material respects. The letter is expected to be delivered prior to mailing of this proxy statement-prospectus in a form acceptable to ProAssurance.

### ACQUISITION PROPOSALS BY THIRD PARTIES.

NCRIC has agreed that it will not initiate, entertain, solicit, encourage, engage in or participate in any negotiations with any person relating to any acquisition proposal. However, if NCRIC receives an unsolicited acquisition proposal and NCRIC's board determines in good faith that such action is appropriate in furtherance of the best interests of its stockholders, NCRIC can participate in negotiations with and provide confidential information to the third party and recommend the proposal to its stockholders. Before providing any nonpublic information, NCRIC must enter into a written agreement which provides for (i) the furnishing to NCRIC of information regarding such third party that is relevant to its ability to finance its acquisition proposal, (ii) the confidentiality of all non-public information furnished to the third party by NCRIC, and (iii) procedures designed to restrict or limit the provision of information regarding NCRIC that could be used to the competitive disadvantage of NCRIC or in a manner that would be detrimental to its stockholders. NCRIC must disclose to ProAssurance that it is furnishing information to and entering into negotiations with such third party, as well as disclose the terms of such negotiations (but not the identity of the third party), and must keep ProAssurance informed of the

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status of such negotiations (except to the extent it would require NCRIC to disclose confidential information about the third party).

If NCRIC's board of directors has authorized, recommended, approved or entered into an agreement with any third party to effect an acquisition proposal, then NCRIC must pay to ProAssurance \$1,725,000 in damages and NCRIC can terminate the Merger Agreement.

For purposes of the Merger Agreement, the term "acquisition proposal" means:

- any proposal pursuant to which any third party would acquire or participate in a merger or other business combination involving NCRIC or any of NCRIC's Subsidiaries, directly or indirectly;

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- any proposal by which any third party would acquire the right to vote 25% or more of the voting stock of NCRIC or any of NCRIC's subsidiaries;
- any acquisition of 25% or more of the assets of NCRIC or any of NCRIC's subsidiaries, other than in the ordinary course of business;
- any acquisition in excess of 25% of the outstanding capital stock of NCRIC or any of NCRIC's subsidiaries, other than as contemplated by the Merger Agreement; or
- any transaction similar to the foregoing.

In addition, NCRIC has agreed to use all reasonable best efforts to obtain from its stockholders approval of the Merger Agreement, subject to its fiduciary duties. However, if NCRIC's board notifies ProAssurance in writing that it is unable or unwilling to recommend the Merger Agreement to its stockholders, then ProAssurance may terminate the Merger Agreement. Such termination by ProAssurance will result in NCRIC's obligation to pay damages under the Merger Agreement in the amount of \$1,725,000.

### OTHER AGREEMENTS.

In addition to the agreements we have described above, we have also agreed in the Merger Agreement to take several other actions, such as:

- we agreed, subject to applicable law, to cooperate with each other and to prepare promptly and file all necessary documentation to obtain, and to cause our subsidiaries to obtain, all required permits, consents, approvals, authorizations (or exemptions thereof) of third parties and governmental entities, including this proxy statement-prospectus and the registration statement for the ProAssurance common stock to be issued in the merger;
- we agreed to use all reasonable commercial efforts to cause our respective auditors to render any consent required by the SEC to include their reports on our consolidated financial statements in the registration statement;
- we agreed to provide each other with information concerning our business, subsidiaries, directors, officers, stockholders and such other matters as necessary;
- we agreed to advise each other of any communication from a governmental authority whose consent or approval is required for the completion of the merger which we believe indicates that any requisite regulatory approval will not be obtained or will be materially delayed;
- we agreed to keep any nonpublic information confidential;
- we agreed to cooperate on all press releases and other public statements and communications;
- we agreed that NCRIC would convene a meeting of its stockholders as soon as practicable to consider and vote on the Merger Agreement;

- we agreed not to take any actions that would cause the transactions contemplated by the Merger Agreement to be subject to any anti-takeover laws or anti-takeover provisions of our certificates of incorporation or

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bylaws;

- we agreed that ProAssurance would cause its shares of common stock to be issued in the merger to be approved for listing on the NYSE prior to the completion of the merger, subject to official notice of issuance;
- we agreed to give notice to the other party of any event that would or would be likely to cause any of our representations or warranties to be untrue or incorrect in any material respect, or of any failure on our part to comply with or satisfy in any material respect any covenant, condition or agreement in the Merger Agreement.

### CONDITIONS TO COMPLETION OF THE MERGER.

ProAssurance's and NCRIC's obligations to complete the merger are subject to the satisfaction or waiver, where permissible, of a number of conditions, including the following:

- the Merger Agreement must be approved by the holders of a majority of the outstanding shares of common stock of NCRIC;
- the ProAssurance common stock that is to be issued in the merger must be approved for listing on the NYSE (including shares to be issued following exercise of the NCRIC stock options and stock awards assumed by ProAssurance);
- the registration statement filed with the SEC with this proxy statement-prospectus must be effective;
- the filing of a certificate of merger with the appropriate governmental authority;
- the required regulatory approvals must be obtained and any waiting periods required by law must expire;
- there must be no government action or other legal restraint or prohibition preventing completion of, making illegal the consummation or, or materially restricting the merger;
- each of ProAssurance and NCRIC must receive an opinion dated as of the effective date of the merger to the effect that the merger will be treated as a tax-free reorganization under federal tax laws, no gain or loss will be recognized by NCRIC stockholders who receive shares of ProAssurance stock in exchange for their NCRIC common stock (except with respect to any cash received instead of fractional interests), and no gain or loss will be recognized by either ProAssurance, NCRIC or their subsidiaries;
- the representations and warranties of each party in the Merger Agreement must be true and correct, except as would not or would not reasonably be expected to have a material adverse effect as defined in the Merger Agreement, and each party must have performed in all material respects all obligations that we are required to perform under the Merger Agreement;
- neither party nor its subsidiaries can suffer a material adverse effect as defined in the Merger Agreement, and no event or circumstance can occur which has or will be likely to have a material adverse effect on its ability to conduct its respective businesses;
- NCRIC must not have any inquiries or actions initiated by any governmental or regulatory authority alleging that it, its subsidiaries



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or their respective directors and officers have violated federal securities laws; and

- each party has provided the other with all certificates and instruments as the other party reasonably requests.

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No assurance can be provided as to whether or not, or when, the required regulatory approvals necessary to consummate the merger will be obtained, or whether all of the other conditions to the merger will be satisfied or waived by the party permitted to do so. As discussed below, if the merger is not completed on or before December 31, 2005, either ProAssurance or NCRIC may terminate the Merger Agreement, unless the failure to complete the merger by that date is due to the failure of the party seeking to terminate the Merger Agreement to perform or observe its covenants and agreements set forth in the Merger Agreement.

### TERMINATION OF THE MERGER AGREEMENT.

The Merger Agreement may be terminated at any time before or after the Merger Agreement is approved by NCRIC stockholders:

- by our mutual written consent;
- by either ProAssurance or NCRIC if any governmental entity that must grant a regulatory approval has denied approval of the merger by final and nonappealable action, but not by a party whose action or inaction caused such denial;
- by either ProAssurance or NCRIC if the merger is not completed on or before December 31, 2005, but not by a party whose action or inaction caused such delay;
- if there is a breach of any covenants or agreements in the Merger Agreement by the other party and such breach continues after 45 days' written notice to the breaching party, as long as such breach would allow the non-breaching party not to complete the merger;
- if there is a continuing breach of any representation or warranty in the Merger Agreement by the other party that has had or is reasonably expected to have a material adverse effect and such breach continues after 45 days' written notice to the breaching party, as long as such breach would allow the non-breaching party not to complete the merger;
- by ProAssurance if the board of directors of NCRIC is unwilling or unable to publicly recommend in the proxy statement that its stockholders approve and adopt the Merger Agreement, or if after recommending the Merger Agreement, NCRIC's board otherwise withdraws, amends or modifies its recommendation in any respect materially adverse to ProAssurance for approval or discloses an intention to do so;
- by ProAssurance if the board of directors of NCRIC authorizes, recommends, approves or proposes an acquisition proposal other than the merger, or enters into an agreement with a third party regarding an acquisition proposal other than the merger;
- by NCRIC if its board of directors (i) fails to recommend approval of the Merger Agreement to its stockholders or withdraws or materially and adversely modifies its recommendation, (ii) authorizes, recommends, approves or proposes an acquisition proposal other than the merger, or (iii) enters into an agreement with a third party regarding an

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acquisition proposal other than the merger;

- by either ProAssurance or NCRIC if approval of NCRIC's stockholders has not been obtained by reason of failure to obtain required votes;
- by either ProAssurance or NCRIC if the other party discloses a material adverse effect or any change to the disclosure schedules to the Merger Agreement which has, or is likely to have, a material adverse affect; and
- by either ProAssurance or NCRIC if the Form S-4 registration statement has not been filed with the Securities and Exchange Commission on or before June 30, 2005, unless the failure to do so is due to the failure of the party seeking to terminate the Merger Agreement.

Any decision by the NCRIC board of directors to authorize, recommend, approve or propose an acquisition proposal other than the merger, or enter into an agreement with a third party regarding an

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acquisition proposal other than the merger will result in NCRIC's obligation to pay to ProAssurance damages in the amount of \$1,725,000. Furthermore, if ProAssurance terminates the Merger Agreement as a result of the board of directors of NCRIC failing to recommend approval of the Merger Agreement or withdrawing or adversely modifying its recommendation of the merger, NCRIC shall be obligated to pay such damages in the amount of \$1,725,000.

The boards of directors of both companies considered, and believed it was appropriate to make, the foregoing commitments for the limited period of time involved, especially in light of the relatively short term of the commitments and the relatively lengthy regulatory and integration processes involved in such transactions.

### WAIVER AND AMENDMENT OF THE MERGER AGREEMENT.

We may jointly amend the Merger Agreement, and each of us may waive our right to require the other party to follow particular provisions of the Merger Agreement. However, we may not amend the Merger Agreement after NCRIC's stockholders approve the Merger Agreement if the amendment would change the amount or the form of consideration to be delivered to NCRIC stockholders. If any amendment or waiver changes the amount or form of the consideration to be delivered to NCRIC stockholders after approval for the merger has already been obtained, then such amendment or waiver would require further approval by NCRIC stockholders.

### EXPENSES

The Merger Agreement provides that each of ProAssurance and NCRIC will pay its own expenses in connection with the merger and the transactions contemplated by the Merger Agreement. However, ProAssurance and NCRIC will (i) evenly divide the costs and expenses that are incurred in preparing, printing and mailing this proxy statement-prospectus and filing fees paid in connection with the registration statement and (ii) share the cost of the HSR Act filing fees in proportion to each party's relative assets as of December 31, 2004.

### MATERIAL FEDERAL INCOME TAX CONSEQUENCES

In the opinion of Burr & Forman LLP, counsel to ProAssurance, and Luse Gorman Pomerenk & Schick, P.C., counsel to NCRIC, the following section describes the anticipated material United States federal income tax consequences of the merger to holders of NCRIC common stock. This discussion addresses only

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those NCRIC stockholders that hold their NCRIC common stock as a capital asset within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended, and does not address all the United States federal income tax consequences that may be relevant to particular NCRIC stockholders in light of their individual circumstances or to NCRIC stockholders that are subject to special rules, such as:

- financial institutions,
- investors in pass-through entities,
- insurance companies,
- tax-exempt organizations,
- dealers in securities or currencies,
- traders in securities that elect to use a mark to market method of accounting,

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- persons that hold NCRIC common stock as part of a straddle, hedge, constructive sale or conversion transaction,
- persons who are not citizens or residents of the United States, and
- stockholders who acquired their shares of NCRIC common stock through the exercise of an employee stock option or otherwise as compensation.

The following is based upon the Internal Revenue Code, its legislative history, existing and proposed regulations thereunder and published rulings and decisions, all as currently in effect as of the date hereof, and all of which are subject to change, possibly with retroactive effect. Tax considerations under state, local and foreign laws, or federal laws other than those pertaining to the income tax, are not addressed in this proxy statement-prospectus. Determining the actual tax consequences of the merger to you may be complex. They will depend on your specific situation and on factors that are not within our control. You should consult with your own tax advisor as to the tax consequences of the merger in your particular circumstances, including the applicability and effect of the alternative minimum tax and any state, local or foreign and other tax laws and of changes in those laws.

In rendering their opinions, Burr & Forman LLP and Luse Gorman Pomerenk & Schick, P.C. have relied upon representations of NCRIC and ProAssurance and upon customary assumptions, including the assumption that the merger will be consummated in accordance with the terms of the Merger Agreement. Neither of these tax opinions will be binding on the Internal Revenue Service. Neither ProAssurance nor NCRIC intends to request any ruling from the Internal Revenue Service as to the United States federal income tax consequences of the merger.

**Tax Consequences of the Merger Generally.** The merger will qualify as a plan of reorganization within the meaning of Section 368(a) of the Internal Revenue Code. As a consequence:

- no gain or loss will be recognized by stockholders of NCRIC who receive shares of ProAssurance common stock in exchange for shares of NCRIC common stock, except with respect to any cash received instead of fractional share interests in ProAssurance common stock;
- the aggregate basis of the ProAssurance common stock received in the

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merger will be the same as the aggregate basis of the NCRIC common stock for which it is exchanged, less any basis attributable to fractional share interests in ProAssurance common stock for which cash is received; and

- the holding period of ProAssurance common stock received in exchange for shares of NCRIC common stock will include the holding period of the NCRIC common stock for which it is exchanged.

Cash Received Instead of a Fractional Share of ProAssurance Common Stock. A stockholder of NCRIC who receives cash instead of a fractional share of ProAssurance common stock will be treated as having received the fractional share pursuant to the merger and then as having exchanged the fractional share for cash in a redemption by ProAssurance. As a result, a NCRIC stockholder will generally recognize gain or loss equal to the difference between the amount of cash received and the basis in his or her fractional share interest as set forth above. This gain or loss will generally be capital gain or loss, and will be long-term capital gain or loss if, as of the effective date of the merger, the holding period for such shares is greater than one year. The deductibility of capital losses is subject to limitations.

WE URGE YOU TO CONSULT WITH YOUR OWN TAX ADVISORS ABOUT THE PARTICULAR TAX CONSEQUENCES OF THE MERGER TO YOU, INCLUDING THE EFFECTS OF UNITED STATES FEDERAL, STATE OR LOCAL, OR FOREIGN AND OTHER TAX LAWS.

Tax Opinions as Condition to Merger. We will not be obligated to complete the merger unless ProAssurance receives a further opinion of Burr & Forman LLP and NCRIC receives a further opinion of Luse Gorman Pomerenk & Schick, P.C., each in form and substance reasonably satisfactory to us, and dated as of the date of completion of the merger, concluding that (i) the merger will be treated as a plan of reorganization within the meaning of Section 368(a) of the Code, (ii) no gain or loss will be recognized

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by stockholders of NCRIC who receive shares of ProAssurance common stock in exchange for all their NCRIC common stock, except with respect to any cash received in lieu of fractional shares, and (iii) no gain or loss will be recognized by PRA, NCRIC or its subsidiaries. In rendering their opinions, counsel will require and rely upon factual representations contained in certificates of officers of ProAssurance and NCRIC.

Like other conditions to the merger, the Merger Agreement allows us to waive this condition. However, if the receipt of either of the legal opinions is waived, we will recirculate revised proxy materials and resolicit the vote of stockholders.

Backup Withholding and Information Reporting. Payments of cash to a holder of NCRIC common stock instead of a fractional share of ProAssurance common stock may, under certain circumstances, be subject to information reporting and backup withholding unless the holder provides proof of an applicable exemption or furnishes its taxpayer identification number, and otherwise complies with all applicable requirements of the backup withholding rules. Any amounts withheld from payments to a holder under the backup withholding rules are not additional tax and will be allowed as a refund or credit against the holder's United States federal income tax liability, provided the required information is furnished to the Internal Revenue Service.

PRICE RANGE OF COMMON STOCK AND DIVIDENDS

PROASSURANCE

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ProAssurance common stock is listed on the NYSE and traded under the symbol "PRA". The following table shows the high and low reported closing sales prices per share of ProAssurance common stock on the NYSE composite transactions reporting system for the periods indicated.

	PRICE RANGE OF COMMON STOCK	
	HIGH	LOW
2003		
First Quarter.....	23.92	20.69
Second Quarter.....	30.50	23.40
Third Quarter.....	28.90	24.50
Fourth Quarter.....	32.97	26.86
2004		
First Quarter.....	35.00	30.33
Second Quarter.....	37.42	32.83
Third Quarter.....	35.20	30.20
Fourth Quarter.....	40.57	33.48
2005		
First Quarter.....	41.90	37.00
Second Quarter through x/xx/2005.....		

Past price performance is not necessarily indicative of likely future performance. Because market prices of ProAssurance common stock will fluctuate, you are urged to obtain current market prices for shares of ProAssurance common stock.

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### NCRIC

NCRIC common stock is listed on the Nasdaq National Market and traded under the symbol "NCRI". The following table shows the high and low reported closing sales prices per share of NCRIC common stock on the Nasdaq National Market system for the periods indicated.

	PRICE RANGE OF COMMON STOCK	
	HIGH	LOW
2003		
First Quarter.....	12.86	5.99
Second Quarter.....	10.60	8.20
Third Quarter.....	11.56	10.15
Fourth Quarter.....	11.51	9.11
2004		
First Quarter.....	11.92	9.45
Second Quarter.....	10.14	9.11
Third Quarter.....	10.02	8.37
Fourth Quarter.....	10.06	8.38

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2005

First Quarter.....	11.90	9.33
Second Quarter through x/xx/2005.....		

Past price performance is not necessarily indicative of likely future performance. Because market prices of NCRIC common stock will fluctuate, you are urged to obtain current market prices for shares of NCRIC common stock.

### DIVIDENDS

ProAssurance does not currently pay dividends on its common stock and does not intend to pay any dividends in the foreseeable future. As a holding company with no direct operations, ProAssurance would rely on cash dividends and other permitted payments from its subsidiaries to pay dividends to its stockholders. ProAssurance's insurance subsidiaries are subject to state and statutory restrictions, including regulatory restrictions that are imposed as a matter of administrative policy, applicable generally to any insurance company in its state of domicile. The restrictions limit the amount of dividends or distributions an insurance company may pay to its stockholders without prior regulatory approval. Generally dividends may be paid only out of earned surplus. In every case, surplus subsequent to the payment of a dividend must be reasonable in relation to the insurance company's outstanding liabilities and must be adequate to meet its financial needs. In addition, state insurance holding company acts require insurance companies to obtain prior approval before the payment of extraordinary dividends. Generally a dividend is extraordinary if the combined dividends and distributions from the insurance company to its parent holding company in any twelve-month period exceed the greater of either 10% of the insurance company's surplus at the end of the preceding fiscal year or the statutory income of the insurance company in the preceding fiscal year. If insurance regulators determine that payment of a dividend or other payments to the holding company would be detrimental to the policyholders because of its effect on the insurance company's financial condition, the regulators may prohibit such payments even if they would otherwise be permitted without prior approval.

NCRIC does not currently pay dividends on its common stock. Like ProAssurance, NCRIC is an insurance holding company and its insurance subsidiary is subject to restrictions on payment of dividends under the laws and regulations governing insurance companies and their holding companies. In addition, the Merger Agreement restricts the dividends that may be paid on NCRIC's common stock pending completion of the merger. See "CONDUCT OF BUSINESS PENDING THE MERGER" beginning on page .

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### UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following unaudited pro forma condensed consolidated financial statements are intended to aid you in your analysis of the financial aspects of the proposed merger. The unaudited pro forma condensed consolidated balance sheet gives effect to the proposed merger of NCRIC into NCP, a wholly owned subsidiary ProAssurance, as if it had occurred on December 31, 2004. The unaudited pro forma condensed consolidated statement of income for the year ended December 31, 2004 gives effect to the merger of NCRIC into NCP, treated as a purchase transaction, as if the transactions had occurred January 1, 2004. (See "ACCOUNTING TREATMENT" on page of this proxy statement-prospectus). The statements include pro forma adjustments as described in the notes accompanying the financial statements.

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This information is derived from the audited consolidated financial statements of ProAssurance and NCRIC for the year ended December 31, 2004. The unaudited pro forma condensed consolidated financial statements should be read in conjunction with the audited historical financial statements and related notes of ProAssurance and NCRIC, which are incorporated by reference in this proxy statement-prospectus.

The unaudited pro forma consolidated financial information is presented for illustrative purposes only and does not purport to be indicative of the operating results or financial position that would have actually occurred if the merger had been in effect on the dates indicated, nor is it indicative of the future operating results or financial position of the combined companies. The pro forma adjustments are based on the information and assumptions available at the time of the printing of this proxy statement-prospectus.

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### PROASSURANCE CORPORATION

#### UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET DECEMBER 31, 2004

	PROASSURANCE HISTORICAL	NCRIC HISTORICAL	PRO FORMA ADJUSTMENTS	PROFOR
(DOLLARS IN THOUSANDS)				
ASSETS				
Investments:				
Fixed maturities available for sale, at fair value.....	\$2,257,985	\$178,999	\$ --	\$2,436,
Equity securities available for sale, at fair value.....	35,230	23,308	--	58,
Equity securities, trading portfolio, at fair value.....	4,150	--	--	4,
Real estate, net.....	19,244	--	--	19,
Short-term investments.....	41,423	--	--	41,
Business owned life insurance.....	54,138	--	--	54,
Other.....	42,883	--	--	42,
	-----	-----	-----	-----
Total investments.....	2,455,053	202,307	--	2,657,
Cash and cash equivalents.....	30,084	13,658	(425) A	43,
Premiums and accounts receivable, net.....	131,736	7,526	--	139,
Receivable from reinsurers on unpaid losses and loss adjustment expenses.....	409,339	44,846	--	454,
Prepaid reinsurance premiums.....	18,888	--	--	18,
Deferred taxes.....	80,107	8,404	(438) B	88,
Other assets.....	113,991	16,158	4,230 C (7,296) D 1,252 E	128,
	-----	-----	-----	-----
Total assets.....	\$3,239,198	\$292,899	\$ (2,677)	\$3,529,
LIABILITIES AND STOCKHOLDERS' EQUITY				
Liabilities:				
Policy liabilities and accruals:				
Reserve for losses and loss adjustment expenses.....	\$2,029,592	\$153,242	--	\$2,182,

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Unearned premiums.....	314,179	40,790	--	354,
Reinsurance premiums payable.....	69,507	1,117	--	70,
	-----	-----	-----	-----
Total policy liabilities.....	2,413,278	195,149	--	2,608,
Other liabilities.....	63,421	10,735	--	74,
Long-term debt.....	151,480	15,000	--	166,
	-----	-----	-----	-----
Total liabilities.....	2,628,179	220,884	--	2,849,
Commitments and Contingencies.....	--	--	-- F	
Stockholders' equity:				
Common stock.....	293	70	(70) G	
			17 H	
Additional paid-in capital.....	313,957	45,465	(45,465) G	383,
			67,127 H	
			2,194 I	
Accumulated other comprehensive (loss)				
income.....	24,397	2,109	(2,109) G	24,
Retained earnings.....	272,428	24,926	(24,926) G	272,
	-----	-----	-----	-----
Less treasury stock, at cost.....	611,075	72,570	(3,232)	680,
	(56)	(555)	555 G	
	-----	-----	-----	-----
Total stockholders' equity.....	611,019	72,015	(2,677)	680,
	-----	-----	-----	-----
Total liabilities and stockholders' equity...	\$3,239,198	\$292,899	\$ (2,677)	\$3,529,
	=====	=====	=====	=====

See accompanying notes

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PROASSURANCE CORPORATION

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED INCOME STATEMENT  
YEAR ENDED DECEMBER 31, 2004

	PROASSURANCE HISTORICAL	NCRIC HISTORICAL	PRO FORMA ADJUSTMENTS	PR
	-----	-----	-----	-----
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOU			
Revenues:				
Net premiums earned.....	\$696,020	\$66,462	\$ --	\$7
Net investment income.....	87,225	7,256	--	
Net realized investment gains (losses).....	7,609	475	(133) J	
Practice management and related income.....	--	4,395	--	
Other income.....	3,699	820	--	
	-----	-----	-----	-----
Total revenues.....	794,553	79,408	(133)	8
Expenses:				
Net losses and loss adjustment expenses.....	572,881	70,310	--	6
Underwriting, acquisition and insurance				
expenses.....	117,689	15,149	--	1
Practice management and related expenses.....	--	5,016	--	
Interest expense.....	6,515	857	--	
	-----	-----	-----	-----
Total expenses.....	697,085	91,332	--	7
	-----	-----	-----	-----



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Income before income taxes and minority interest.....	97,468	(11,924)	(133)	
Income taxes.....	24,657	(4,804)	(47)K	
	-----	-----	-----	
Net income.....	\$ 72,811	\$ (7,120)	\$ (87)	\$
	=====	=====	=====	
Earnings per share:				
Basic.....	2.50			
	=====			
Diluted.....	2.37			
	=====			
Weighted average shares outstanding:				
Basic.....	29,164		1,656L	
	=====		=====	
Diluted.....	31,984		1,667L	
	=====		=====	

See accompanying notes

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PROASSURANCE CORPORATION

NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS

NOTE 1. BASIS OF PRESENTATION

The Unaudited Pro Forma Condensed Consolidated Balance Sheet and Unaudited Pro Forma Condensed Consolidated Income Statement give effect to the merger of NCRIC into NCP, a wholly owned subsidiary of ProAssurance Corporation. The merger of NCRIC into NCP will be treated as a purchase transaction.

The merger agreement provides that upon completion of the transaction, each share of NCRIC common stock will be exchanged into 0.25 shares of ProAssurance common stock. The merger agreement provides that if the average price of ProAssurance common stock as measured during the ten trading days ending on the date preceding the effective date of the merger is greater than \$44.00 per share or less than \$36.00 per share, the exchange ratio will be adjusted so that the value assigned to a share of NCRIC common stock will not be greater than \$11.00 or less than \$9.00. These pro forma statements have been prepared assuming an exchange ratio of 0.25.

In accordance with GAAP, ProAssurance shares issued in the transaction will be valued based on the market price of ProAssurance stock a few days before and after the measurement date of the transaction, excluding days after the effective date of the transaction. The measurement date is defined as the first date on which the number of ProAssurance shares to be issued in the transaction and the amount of other consideration becomes fixed without subsequent revision. If the exchange ratio remains at 0.25 as initially specified in the Merger Agreement, the measurement date is expected to be February 28, the date the transaction was announced. If the exchange ratio is adjusted, the measurement date is expected to be the day when the certificate of merger is filed with the Secretary of State of Delaware or at such later date as ProAssurance and NCRIC agree and specify in the certificate of merger. For pro forma purposes, the measurement date is assumed to be February 28, 2005 and the value of the ProAssurance shares used to determine the purchase price is assumed to be \$40.54, which is the rounded average ProAssurance closing market price for a few

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days before and after February 28, 2005.

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### PROASSURANCE CORPORATION

#### NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Described below is the pro forma estimate of the total purchase price of the transaction as well as the adjustments to allocate the purchase price based on preliminary estimates of the fair values of the assets and liabilities of NCRIC (in thousands, except for per share amounts).

Calculation of Purchase Price:	
NCRIC outstanding shares as of December 31, 2004.....	6,893
Exchange ratio per NCRIC share.....	0.25
	-----
ProAssurance shares to be issued.....	1,723
Fair value per ProAssurance share.....	\$ 40.54
	-----
Fair value of ProAssurance shares to be issued.....	\$69,850
Value of unallocated ProAssurance shares to be repurchased from NCRIC benefit trusts at \$40.54 per share:	
ESOP Plan.....	(2,478)
Stock Award Plan.....	(228)
	-----
Fair value of ProAssurance shares to be issued, net of repurchased shares.....	\$67,144
Fair value of NCRIC options assumed.....	2,194 I
Estimated acquisition costs.....	425 A
	-----
Total purchase price.....	\$69,763
	=====
Allocation of Purchase Price:	
NCRIC net assets, less NCRIC historical goodwill of \$7,296.....	\$64,719
Unearned compensation related to unvested stock awards.....	1,252 E
Deferred tax liability.....	(438)B
Goodwill.....	4,230 C
	-----
Total purchase price.....	\$69,763
	=====

The fair value of NCRIC's reserve for losses and loss adjustment expense and related reinsurance recoverables were estimated based on the present value of the expected underlying cash flows of the loss reserves and reinsurance recoverables, and include a risk premium and a profit margin. In determining the fair value estimate, management discounted NCRIC's historical undiscounted net loss reserves to present value assuming a 5% discount rate, which approximates the current U.S. Treasury rate. The discounting pattern was actuarially developed from NCRIC's historical loss data. An expected profit margin of 5% was applied to the discounted loss reserves, which consistent with management understanding of the returns anticipated by the reinsurance market (the reinsurance market representing a willing partner in the purchase of loss reserves). Additionally, an estimated risk premium of 5% was applied to the discounted reserves which is deemed to be reasonable and consistent with

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expectations in the market place given the long-tail nature and the related high degree of uncertainty of such reserves. The above calculations did not result in an adjustment to NCRIC's carried reserve for loss and loss adjustment expense.

### NOTE 2. PRO FORMA ADJUSTMENTS

The purchase accounting and pro forma adjustments related to the unaudited pro forma consolidated balance sheet and statement of income are described below.

- (A) Management estimates it will incur approximately \$425,000 for acquisition costs, which are the direct costs paid by ProAssurance related to the merger and consist primarily of professional fees.

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### PROASSURANCE CORPORATION

#### NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

- (B) Reduce net deferred tax assets for deferred taxes associated with the purchase adjustment to establish unearned compensation for unvested stock options assumed (see adjustment E).
- (C) The excess of the purchase price over the net fair value of assets acquired will be allocated to goodwill.
- (D) Elimination of NCRIC historical goodwill.
- (E) NCRIC's employee Stock Award Plan will be assumed by ProAssurance. Outstanding awards under the plan will be converted to ProAssurance shares based upon the established exchange ratio and will continue to vest as originally awarded. Unearned compensation will be established equal to the number of unvested shares multiplied by the fair value of each share on the date of the merger. For purposes of these pro forma statements we have estimated 30,885 unvested shares and assumed the fair value of each share to be \$40.54.
- (F) On February 20, 2004, a District of Columbia Superior Court entered a judgment against NCRIC in favor of Columbia Hospital for Women Medical Center, Inc. in the amount of \$18.2 million (the "CHW Judgment"). NCRIC has filed post-trial motions requesting the trial court to set aside the CHW Judgment or in the alternative, to grant a new trial. In connection with the filing of the post-trial motions, NCRIC posted a \$19.5 million appellate bond and associated letter of credit to secure payment of the CHW Judgment and projected post-trial interest. Because the trial court has not yet ruled on the post-trial motions, the CHW Judgment is not final. The court's decision on the post-trial motions and the verdict underlying the CHW Judgment may be appealed if the trial court should not rule favorably on the post-trial motions. NCRIC has not accrued liability for any possible loss arising from this litigation because the CHW Judgment is not yet final and remains with the trial judge and, because NCRIC believes that it has meritorious defenses and that it is not probable that the preliminary judgment will prevail, nor is any potential final outcome reasonably estimable at this time.

If the merger is completed, ProAssurance will assume the risk of loss with respect to the CHW Judgment and the costs associated with pursuing the post-trial motions and any appeal of a final judgment. There can be no assurance that the post-trial motions or any appeals will be successful in setting aside the CHW Judgment. Any settlement of the CHW Judgment prior to

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or shortly after the merger will be reflected as an adjustment to goodwill in ProAssurance's consolidated balance sheet at the effective time of the merger. Any settlement of the CHW Judgment beyond the period for which such adjustments are allowed, will be included as an expense in ProAssurance's current operations and may have a material adverse effect on ProAssurance's results of operations for the period in which the settlement occurs.

- (G) Elimination of NCRIC's historical stockholders' equity accounts.
- (H) Approximately 1,723,000 shares of ProAssurance common stock will be issued assuming an exchange ratio of 0.25, a measurement date value of \$40.54, and a par value of \$0.01 for each ProAssurance share issued. Approximately 67,000 shares not allocable to plan participants are expected to be repurchased from NCRIC benefit trusts; repurchased shares are valued at \$40.54 for pro forma purposes.
- (I) Fair value of vested NCRIC stock options outstanding that will be assumed by ProAssurance upon completion of the merger. Each NCRIC stock option will be exchanged for equivalent ProAssurance options, with both the number of shares and the exercise price adjusted based upon the exchange ratio. At an exchange ratio of 0.25, ProAssurance will assume options for 106,959 ProAssurance common shares at a weighted average exercise price of \$36.41. The fair value of the options assumed

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PROASSURANCE CORPORATION

NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS -- (CONTINUED)

was calculated using the Black Scholes option pricing model using the following assumptions, which vary, as noted, due to differing terms of the various option agreements.

Volatility.....	.278 to .315
Risk-free interest rate.....	4.27% to 4.62%
Dividend yield.....	0%
Expected life.....	4 to 8 years

- (J) NCRIC available-for-sale investment securities are stated at fair value in the historical NCRIC financial statements. However, the accounting cost basis of these securities will be adjusted from historical cost to the fair value of the securities on the date of the merger transaction. This, in effect, creates a purchase premium related to fixed maturity securities. The purchase premium related to fixed maturity securities will be amortized to investment income over the remaining life of the related fixed maturity securities.
- (K) The income tax effect of the pro forma adjustments is reflected in the income statements at the federal statutory rate of 35%.
- (L) Basic weighted average shares has been increased by approximately 1,656,000 ProAssurance shares issued in the merger transaction (see H). Diluted weighted average has likewise been increased by the number of ProAssurance shares issued and will also increase for the dilutive effect of NCRIC options assumed (see I).

NOTE 3. EARNINGS PER SHARE

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Basic earnings per share is computed by dividing the net income by the weighted average number of commons shares outstanding. Diluted earnings per share is computed as follows:

	PROASSURANCE HISTORICAL ----- IN THOUSANDS	PRO FORMA ----- EXCEPT PER SHARE DATA
Diluted earnings per share calculation:		
Numerator:		
Net income.....	\$72,811	\$65,604
Effect of assumed conversion of contingently convertible debt instruments.....	2,967	2,967
	-----	-----
Net income-diluted computation.....	\$75,778	\$68,571
	=====	=====
Denominator:		
Weighted average number of common shares outstanding.....	29,164	30,820
Assumed conversion of dilutive stock options and awards...	248	259
Assumed conversion of contingently convertible debt instruments.....	2,572	2,572
	-----	-----
Diluted weighted average equivalent shares.....	31,984	33,651
	=====	=====
Diluted earnings per share:.....	\$ 2.37	\$ 2.04
	=====	=====

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### PROASSURANCE CORPORATION

#### NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

#### NOTE 4. NCRIC 2004 RESULTS

NCRIC's historical income statement for the year ended December 31, 2004 includes loss and loss adjustment expense of \$17.2 million incurred due to adverse development of claims originally reported in earlier years. The adverse development primarily relates to losses originally incurred in 2003 but also includes some adverse development related to losses originally incurred in 2002 and 2001.

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#### DESCRIPTION OF PROASSURANCE CAPITAL STOCK

As a result of the merger, NCRIC stockholders will become stockholders of ProAssurance. Both companies are incorporated under Delaware law, and therefore, your rights as stockholders of ProAssurance will continue to be governed by Delaware law. Your rights will also be governed by the certificate of incorporation and bylaws of ProAssurance. This description of ProAssurance's capital stock, including the common stock to be issued in the merger, reflects the anticipated state of affairs upon completion of the merger. The following

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summarizes the material terms of ProAssurance's capital stock but does not purport to be complete, and is qualified in its entirety by reference to the applicable provisions of state laws governing insurance holding companies, Delaware law and ProAssurance's certificate of incorporation and bylaws. REFERENCES TO "WE", "US" AND "OUR" IN THIS SECTION REFER TO PROASSURANCE AND ITS SUBSIDIARIES.

### COMMON STOCK

ProAssurance is authorized to issue up to 100,000,000 shares of common stock, par value \$0.01 per share.

Holders of record of common stock are entitled to one vote per share on all matters upon which stockholders have the right to vote. The rights attached to the shares of common stock do not provide for cumulative voting rights or preemptive rights. Therefore, holders of more than 50% of the shares of common stock are able to elect all our directors eligible for election each year. All issued and outstanding shares of our common stock are validly issued, fully paid and non-assessable. Holders of our common stock are entitled to such dividends as may be declared from time to time by our board of directors out of funds legally available for that purpose. Upon dissolution, holders of our common stock are entitled to share pro rata in the assets of our company remaining after payment in full of all of our liabilities and obligations, including payment of the liquidation preference, if any, of any preferred stock then outstanding. There are no redemption or sinking fund provisions applicable to the common stock.

### PREFERRED STOCK

Our board may, from time to time, issue up to an aggregate 50,000,000 shares of preferred stock in one or more series without stockholder approval. The board of directors can fix the designation powers, rights, preferences and privileges of the shares of each series and any qualifications, limitations or restrictions. Issuance of preferred stock, while providing desirable flexibility in connection with possible acquisitions and other corporate purposes, could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from attempting to acquire, a majority of our outstanding voting stock. No shares of preferred stock are currently outstanding. We have no present plans to issue any shares of preferred stock.

### DELAWARE ANTI-TAKEOVER STATUTE AND CHARTER PROVISIONS

Under Delaware law, we may not engage in a "business combination," which includes a merger or sale of more than 10% of our assets, with any "interested stockholder," namely, a stockholder who owns 15% or more of our outstanding voting stock, as well as affiliates and associates of any of these persons, for three years following the time that stockholder became an interested stockholder unless:

- the transaction in which the stockholder became an interested stockholder is approved by our board of directors prior to the time the interested stockholder attained that status;
- upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of our voting stock outstanding at the time the transaction commenced, excluding those shares owned by persons who are directors and also officers; or
- at or after the time the stockholder became an interested stockholder the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders

by the affirmative vote of at least two-thirds of the outstanding voting stock which is not owned by the interested stockholder.

The authorization of undesignated preferred stock in our charter makes it possible for our board of directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control of ProAssurance. These and other provisions may have the effect of deterring hostile takeovers or delaying changes in control or management of ProAssurance.

#### AUTHORIZED BUT UNISSUED SHARES

We believe that the availability of shares of ProAssurance common stock is advisable to provide ProAssurance with the flexibility to take advantage of opportunities to issue such stock in order to obtain capital, as consideration for possible acquisitions or for other purposes (including, without limitation, the issuance of additional shares of ProAssurance common stock through stock splits and stock dividends in appropriate circumstances). There are, at present, no plans, understandings, agreements or arrangements concerning the issuance of additional shares of ProAssurance common stock, except for

- the shares of ProAssurance common stock to be issued in the merger, and
- shares of ProAssurance common stock presently reserved for issuance with respect to options and awards granted or to be granted under ProAssurance's stock option and award plans, including the NCRIC stock options and awards assumed by ProAssurance, and
- the shares of common stock reserved for issuance upon conversion of ProAssurance's convertible debentures.

Uncommitted authorized but unissued shares of ProAssurance common stock may be issued from time to time to such persons and for such consideration as our board of directors may determine and holders of our then outstanding shares of our common stock may or may not be given the opportunity to vote thereon, depending upon the nature of any such transactions, applicable law, the rules and policies of the NYSE and the judgment of the our board of directors regarding the submission of such issuance to ProAssurance's stockholders. Our stockholders have no preemptive rights to subscribe to newly issued shares.

Moreover, it is possible that additional shares of our common stock could be issued for the purpose of making an acquisition by an unwanted suitor of a controlling interest in ProAssurance more difficult, time-consuming or costly or to otherwise discourage an attempt to acquire control of ProAssurance. Under these circumstances the availability of authorized and unissued shares of ProAssurance common stock may make it more difficult for stockholders to obtain a premium for their shares. These authorized and unissued shares could be used to create voting or other impediments or to frustrate a person seeking to obtain control of ProAssurance by means of a consolidation, tender offer, proxy contest or other means. They could also be privately placed with purchasers who might cooperate with our board of directors in opposing such an attempt by a third party to gain control of ProAssurance. The issuance of new shares of ProAssurance common stock could also be used to dilute ownership of a person or entity seeking to obtain control of ProAssurance. Although we do not currently contemplate taking such action, shares of our common stock could be issued for the purposes and effects described above and ProAssurance's board of directors reserves its rights to issue such stock for such purposes, consistent with its fiduciary responsibilities.

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### TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for our common stock is Mellon Investor Services LLC, whose offices are at 44 Wall Street, New York, NY 10005.

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### COMPARISON OF STOCKHOLDER RIGHTS

The rights of both ProAssurance stockholders and NCRIC stockholders are governed by the Delaware General Corporation Law, or DGCL, as well as each company's respective certificate of incorporation and bylaws. After the merger, the rights of NCRIC's and ProAssurance's stockholders will be governed by the DGCL and ProAssurance's certificate of incorporation and bylaws. Since the rights of stockholders of both companies are governed by the DGCL, the only material differences in stockholders' rights exist in the certificates of incorporation of ProAssurance and NCRIC. The following is a brief summary of the material differences between the certificates of incorporation of ProAssurance and of NCRIC.

### STOCKHOLDER VOTING LIMITS AND REQUIREMENTS

Under ProAssurance's certificate of incorporation, each holder of common stock is entitled to one vote for each share of common stock having voting power held by him or her. NCRIC's certificate of incorporation, however, provides that any record owner of common stock who beneficially owns more than 10% of the outstanding shares of common stock is not entitled to vote the shares held in excess of 10%. After the completion of the merger, each NCRIC stockholder who receives ProAssurance common stock will be entitled to one vote for each common share entitled to vote, regardless of the percentage of outstanding stock that such person holds.

In addition to the voting limitation discussed above, NCRIC stockholders who receive ProAssurance common stock upon the completion of the merger will be subject to other voting provisions of ProAssurance's certificate of incorporation. Any question brought before a meeting of ProAssurance's stockholders is decided by a vote of the holders of a majority of the stock having voting power present in person or represented by proxy unless otherwise provided in the certificate of incorporation. ProAssurance's certificate of incorporation requires the affirmative vote of the holders of not less than 80% of the votes entitled to be cast by the holders of all outstanding shares of voting stock in order to amend or adopt any provisions inconsistent with the following certificate of incorporation provisions:

- Article Sixth, which describes the size of the board of directors, the manner by which directors are elected and the powers of the board of directors;
- Article Eighth, which describes ProAssurance's director indemnification policy;
- Article Ninth, which provides that ProAssurance will be governed by the provisions of Section 203, the anti-takeover provisions, of the Delaware General Corporation Law;
- Article Tenth, which provides that the board of directors, when considering a merger, consolidation, business combination or similar transaction, may consider the effects of the transaction upon ProAssurance's employees, customers and suppliers, and upon communities in which offices of ProAssurance and its subsidiaries are located, in



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considering the best interests of ProAssurance and its stockholders; and

- Article Eleventh, which describes the means for amending ProAssurance's bylaws.

NCRIC's certificate of incorporation does not contain a similar provision requiring 80% approval by stockholders of the matters listed above.

### REMOVAL OF DIRECTORS

NCRIC's certificate of incorporation provides that directors may be removed only for cause by an affirmative vote of the holders of at least 80% of the voting power of the outstanding common stock. ProAssurance's directors can be removed only for cause and by an affirmative vote of the majority of the holders of voting power of the outstanding common stock.

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### ANTI-TAKEOVER PROVISIONS

ProAssurance is subject to Section 203 of the Delaware General Corporation Law. For a discussion of the applicable anti-takeover provision, see "DESCRIPTION OF PROASSURANCE CAPITAL STOCK," page . The certificate of incorporation of ProAssurance does not contain any other provision regarding transactions with interested stockholders.

NCRIC's certificate of incorporation contains provisions regarding interested stockholder transactions. An interested stockholder is generally defined as any person who beneficially owns 10% of the outstanding voting stock of NCRIC, or any affiliate or transferee of such stockholder. The certificate of incorporation provides that at least 80% of the holders of the voting power of outstanding common stock must approve the following transactions:

- any merger or consolidation with any interested stockholder or any other corporation which is (or after such merger or consolidation would be) an affiliate of an interested stockholder;
- any sale, lease, transfer or other disposition to or with any interested stockholder (or its affiliate) of any assets of NCRIC or any subsidiary having an aggregate fair market value that is 25% or more of the combined assets of NCRIC and its subsidiaries;
- the issuance or transfer by NCRIC or any subsidiary of any of its or the subsidiary's securities to any interested stockholder (or its affiliate) in exchange for any consideration having an aggregate fair market value that is 25% or more of the combined fair market value of the outstanding common stock of NCRIC and its subsidiaries (except pursuant to an employee benefit plan);
- the adoption of any plan or proposal for liquidation or dissolution of NCRIC proposed by or on behalf of an interested stockholder (or its affiliate); or
- any reclassification or combination of securities, or recapitalization of NCRIC, or any merger or consolidation of NCRIC with any of its subsidiaries, or any other transaction which has the effect, directly or indirectly, of increasing the proportional share of the outstanding shares of any class of equity or convertible securities of NCRIC or any subsidiary which is directly or indirectly owned by an interested stockholder (or its affiliate).

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If any of the above transactions is approved by two-thirds of disinterested directors of NCRIC, then only a majority vote of stockholders is required to approve such transaction. In the event that a two-thirds vote of disinterested directors cannot be obtained, then, except in the case of a transaction involving cash or other consideration being received by NCRIC stockholders solely in their capacity as stockholders, only a majority vote of the stockholders would be required if the following conditions are met:

- requirements that the valuation of the consideration to be received by the stockholders is at least equal to the higher of fair market value or the highest per share price within the time period as set forth in the certificate of incorporation;
- requirements limiting the reduction of the annual rate of dividends paid on common stock; and
- requirements that the interested stockholder cannot receive benefits of any loans, guarantees, or other financial assistance or tax advantages provided by NCRIC.

After completion of the merger, holders of NCRIC common stock who receive ProAssurance common stock will be subject to Section 203 of the DGCL and ProAssurance's certificate of incorporation, which does not contain any of the interested stockholder provisions in NCRIC's certificate of incorporation as set forth above.

### PROPOSAL 2: ADJOURNMENT OF THE SPECIAL MEETING

Pursuant to Delaware law, the holders of a majority of the outstanding shares of common stock of NCRIC are required to approve the Merger Agreement. It is rare for a company to achieve 100% stockholder participation at a special meeting of stockholders, and only a majority of the holders of the

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outstanding shares of common stock of NCRIC are required to be represented at a meeting, in person or by proxy, for a quorum to be present. In the event that there are not sufficient votes to constitute a quorum or to approve the adoption of the Merger Agreement at the special meeting, NCRIC would like the flexibility to adjourn the special meeting in order to attempt to secure broader stockholder participation in the decision to approve the Merger Agreement.

NCRIC has requested that you appoint your proxy to vote on a proposal to adjourn the special meeting if there are an insufficient number of shares present in person or by proxy to constitute a quorum or to approve the Merger Agreement. The proposal to adjourn the special meeting will not be submitted to the stockholders for a vote at the special meeting if a majority of the outstanding shares of NCRIC common stock vote in favor of the proposal to approve the Merger Agreement.

The adjournment of the special meeting will require the affirmative vote of a majority of the shares voting on the matter in person or by proxy at the special meeting without regard to broker non-votes or abstentions. The time and place of the adjourned meeting will be announced at the special meeting if it is adjourned. No further notice will be provided to the NCRIC stockholders unless required by Delaware law.

The NCRIC board of directors recommends that you vote "FOR" this proposal.

### OPINIONS

The validity of the ProAssurance common stock to be issued in connection

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with the merger will be passed upon for ProAssurance by Burr & Forman LLP, Birmingham, Alabama. In addition, Burr & Forman LLP will deliver an opinion to ProAssurance concerning material federal income tax consequences of the merger to ProAssurance. Attorneys participating in Burr & Forman's representation of ProAssurance beneficially own approximately 9,100 shares of ProAssurance common stock.

Luse Gorman Pomerenk & Schick, P.C., Washington, D.C., will deliver an opinion to NCRIC concerning the material federal income tax consequences of the merger.

### EXPERTS

The consolidated financial statements of ProAssurance Corporation appearing in ProAssurance Corporation's Annual Report (Form 10-K) for the year ended December 31, 2004 (including schedules appearing therein), and ProAssurance Corporation management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2004 included therein, have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon, included therein, and incorporated herein by reference. Such consolidated financial statements and management's assessment are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

The consolidated financial statements and the related financial statement schedules of NCRIC Group, Inc., incorporated in this proxy statement-prospectus by reference from NCRIC Group, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2004, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference, and have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

### STOCKHOLDER PROPOSALS

#### NCRIC

If the merger occurs, NCRIC will not hold an annual meeting of stockholders for the year ended December 31, 2006. In case the merger is not completed, in order to be eligible for inclusion in NCRIC's

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proxy material for its 2006 Annual Meeting of Stockholders, any stockholder proposal to take action at such meeting must be received at NCRIC's office, 1115 30th Street, N.W., Washington, D.C. 20007, no later than December 27, 2005. Nothing in this paragraph shall be deemed to require NCRIC to include in its proxy statement and proxy relating to an annual meeting any stockholder proposal that does not meet all of the requirements for inclusion established by the SEC.

The bylaws of NCRIC provide an advance notice procedure for certain business, or nominations to the board of directors, to be brought before an annual meeting. In order for a stockholder to properly bring business before an annual meeting, including to propose a nominee to the board, the stockholder must give written notice to the Secretary of NCRIC not less than ninety (90) days before the date of the proxy statement relating to the prior year's annual meeting. The notice must include the stockholder's name, record address and number of shares owned by the stockholder, describe briefly the proposed business, the reasons for bringing the business before the annual meeting, and any material interest of the stockholder in the proposed business. In the case of nominations to the board of directors, certain information regarding the

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nominee must be provided. Nothing in this paragraph shall be deemed to require NCRIC to include in its proxy statement and proxy relating to an annual meeting any stockholder proposal which does not meet all of the requirements for inclusion established by the SEC in effect at the time such proposal is received. In accordance with the foregoing, advance written notice of business or nominations to the board of directors to be brought before the 2006 Annual Meeting of Stockholders must be given to NCRIC no later than January 26, 2006. If notice is received after January 26, 2006, it will be considered untimely, and NCRIC will not be required to present the matter at the stockholders meeting.

### PROASSURANCE

If the merger is completed, NCRIC stockholders will become stockholders of ProAssurance. Stockholder proposals intended to be included in ProAssurance's proxy statement and voted on at ProAssurance's regularly scheduled 2006 Annual Meeting of Stockholders must be received at ProAssurance's offices at 100 Brookwood Place, Birmingham, Alabama 35209, Attention: Corporate Secretary, on or before December 17, 2005. Applicable SEC rules and regulations govern the submission of stockholder proposals and our consideration of them for inclusion in next year's proxy statement and form of proxy.

ProAssurance's Bylaws require any stockholder who desires to propose any business at the annual meeting of stockholders (other than the election of directors) to give ProAssurance written notice not later than December 1 in the year preceding the annual meeting at which the proposal is to be considered or such other date as may be established by the Board for a particular annual meeting by written notice to the stockholders. The stockholder's notice must set forth (a) a brief description of the business desired to be brought before the meeting and the reasons for considering such matter or matters at the meeting; (b) the name and address of the stockholder who intends to propose such matter or matters; (c) a representation that the stockholder has been a holder of record of stock of the Company entitled to vote at such meeting for a period of one year and intends to hold such shares through the date of the meeting and appear in person or by proxy at such meeting to propose such matter or matters; and (d) any material interest of the stockholder in such matter or matters; and (e) a description of all understandings or relationships between the stockholder and any other person(s) (naming such persons) with respect to the capital stock of ProAssurance as to the matter specified in the notice. The proposal and any accompanying statement may not exceed 500 words. Stockholders are not permitted to submit proposals for consideration at special meetings.

### OTHER MATTERS

As of the date of this proxy statement-prospectus, NCRIC's board knows of no matters that will be presented for consideration at the special meeting other than as described in this proxy statement-prospectus. NCRIC could use any adjournment or postponement of the special meeting for the purpose, among others, of allowing more time to solicit votes to approve the Merger Agreement. If any other

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matters properly come before the NCRIC special meeting, or any adjournments or postponements of the meeting, and are voted upon, the enclosed proxies will be deemed to confer discretionary authority on the individuals that they name as proxies to vote the shares represented by these proxies as to any of these matters. The individuals named as proxies intend to vote or not to vote in accordance with the recommendation of the board of directors of NCRIC. However, proxies that indicate a vote against approval of the Merger Agreement will not be voted in favor of any adjournment or postponement of the special meeting to

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solicit additional proxies to approve the Merger Agreement.

### WHERE YOU CAN FIND MORE INFORMATION

ProAssurance has filed a registration statement with the SEC under the Securities Act that registers the distribution to NCRIC stockholders of the shares of common stock of ProAssurance to be issued in the merger. This proxy statement-prospectus is part of the registration statement. The registration statement, including the attached exhibits and schedules, contains additional relevant information about ProAssurance, NCRIC and the combined company and the common stock of these companies. The rules and regulations of the SEC allow us to omit some information included in the registration statement from this proxy statement-prospectus.

In addition, ProAssurance (File No. 001-16533) and NCRIC (File No. 000-25505) file annual, quarterly and current reports, proxy statements and other information with the SEC under the Exchange Act. You may read and copy this information at the Public Reference Room of the SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

The SEC also maintains an Internet world wide web site that contains reports, proxy statements and other information about issuers, like ProAssurance and NCRIC, that file electronically with the SEC. The address of that site is <http://www.sec.gov>. ProAssurance's address on the world wide web is <http://www.ProAssurance.com>, and NCRIC's address is <http://www.NCRIC.com>. The information on our web sites is not a part of this proxy statement-prospectus.

You can also inspect reports, proxy statements and other information about ProAssurance at the offices of the NYSE, 20 Broad Street, New York, New York 10005. You can also inspect reports, proxy statements and other information that NCRIC has filed with the SEC at the National Association of Securities Dealers, Inc., 1735 K Street, Washington D.C. 20096.

The SEC allows ProAssurance and NCRIC to "incorporate by reference" information into this proxy statement-prospectus. This means that the companies can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be a part of this proxy statement-prospectus, except for any information that is superseded by information that is included directly in this proxy statement-prospectus.

All of the documents filed with the SEC by ProAssurance pursuant to the Exchange Act are incorporated by reference in this proxy statement-prospectus. These documents include the following:

- ProAssurance's Annual Report on Form 10-K for the year ended December 31, 2004; and
- All other reports filed by ProAssurance pursuant to Section 13(a) or Section 15(d) of the Exchange Act since December 31, 2004.

All of the documents filed with the SEC by NCRIC pursuant to the Exchange Act since the end of its fiscal year ended December 31, 2004, are incorporated by reference in this proxy statement-prospectus. These documents include the following:

- NCRIC's Annual Report on Form 10-K for the year ended December 31, 2004, as amended on April 19, 2005, which is appended to this proxy statement-prospectus as Appendix C; and
- All other reports filed by NCRIC pursuant to Section 13(a) or Section

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15(d) of the Exchange Act since December 31, 2004.

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ProAssurance and NCRIC incorporate by reference additional documents that either company may file with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act between the date of this proxy statement-prospectus and the dates of the special meeting (other than the portions of those documents not deemed to be filed). These documents include periodic reports, such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as proxy statements.

ProAssurance has supplied all information contained or incorporated by reference in this proxy statement-prospectus relating to ProAssurance, and NCRIC has supplied all such information relating to NCRIC.

You can obtain any of the documents incorporated by reference in this proxy statement-prospectus through ProAssurance or NCRIC, as the case may be, or from the SEC through the SEC's Internet world wide web site at the address described above. Documents incorporated by reference are available from the companies without charge, excluding any exhibits to those documents unless the exhibit is specifically incorporated by reference as an exhibit in this proxy statement-prospectus. You can obtain documents incorporated by reference in this proxy statement-prospectus by requesting them in writing or by telephone from the appropriate company at the following addresses:

### PROASSURANCE CORPORATION

Attention: Frank B. O'Neil  
100 Brookwood Place  
Birmingham, Alabama 35209  
(205) 877-4400

### NCRIC GROUP, INC.

Attention: Eric R. Anderson  
1115 30th St., N.W.  
Washington, D.C. 20007  
(202) 969-1866

IF YOU WOULD LIKE TO REQUEST DOCUMENTS, PLEASE DO SO BY \_\_\_\_\_, 2005, TO RECEIVE THEM BEFORE THE NCRIC SPECIAL MEETING. If you request any incorporated documents from us, we will mail them to you by first class mail, or another equally prompt means, within one business day after we receive your request.

We have not authorized anyone to give any information or make any representation about the merger or our companies that is different from, or in addition to, that contained in this proxy statement-prospectus or in any of the materials that we have incorporated into this proxy statement-prospectus. Therefore, if anyone does give you information of this sort, you should not rely on it. If you are in a jurisdiction where offers to exchange or sell, or solicitations of offers to exchange or purchase, the securities offered by this proxy statement-prospectus or the solicitation of proxies is unlawful, or if you are a person to whom it is unlawful to direct these types of activities, then the offer presented in this proxy statement-prospectus does not extend to you. The information contained in this proxy statement-prospectus speaks only as of the date of this proxy statement-prospectus unless the information specifically indicates that another date applies.

### FORWARD-LOOKING STATEMENTS

Any written or oral statements made by us or on our behalf may include forward-looking statements that reflect our current views with respect to future events and financial performance. Forward-looking statements are identified by words such as, but not limited to, "believe," "expect," "intend," "anticipate,"

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"estimate," "project" and other analogous expressions. Forward-looking statements relating to our businesses 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 our obligations under our indebtedness, payment of dividends, and other matters. In addition, forward-looking statements relate to the proposed merger between ProAssurance and NCRIC, as well as the goals, plans, objectives, intentions, expectations, financial condition, results of operations, future performance and business of the combined company including, without limitation, statements relating to the benefits of the merger, such as future financial and operating results, cost savings, enhanced revenues and the accretion to reported earnings that may be

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realized from the merger and statements regarding certain of ProAssurance's and/or NCRIC's goals and expectations with respect to earnings, earnings per share, revenue, expenses and the growth rate in such items, as well as other measures of economic performance.

Risks that could adversely affect our operations or cause actual results to differ materially from anticipated results include, but are not limited to, the following:

- underwriting losses on the risks we insure are higher or lower than expected,
- unexpected changes in loss trends and reserving assumptions which might require the reevaluation of the liability for loss and loss adjustment expenses, thus resulting in an increase or decrease in the liability and a corresponding adjustment to earnings,
- our ability to retain current business, acquire new business, expand product lines and a variety of other factors affecting daily operations such as, but not limited to, economic, legal, competitive and market conditions which may be beyond our control and are thus difficult or impossible to predict,
- changes in the interest rate environment and/or the securities markets that adversely impact the fair value of our investments or our income,
- inability on our part to achieve continued growth through expansion into other states or through acquisitions or business combinations,
- general economic conditions that are worse than anticipated,
- inability on our part to obtain regulatory approval of, or to implement, premium rate increases,
- the effects of weather-related events,
- changes in the legal system, including retroactively applied decisions that affect the frequency and severity of claims,
- significantly increased competition among insurance providers and related pricing weaknesses in some markets,
- changes in the availability, cost, quality or collectibility of

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reinsurance,

- changes to our ratings by rating agencies,
- regulatory and legislative actions or decisions that adversely affect us, and
- our ability to utilize loss carryforwards and other deferred tax assets.

Risks that could adversely affect the proposed merger of ProAssurance and NCRIC include but are not limited to the following:

- the business of ProAssurance and NCRIC may not be combined successfully, or such combination may take longer to accomplish than expected;
- the cost savings from the merger may not be fully realized or may take longer to realize than expected;
- operating costs, customer loss and business disruption following the merger, including adverse effects on relationships with employees, may be greater than expected;
- governmental approvals of the merger may not be obtained, or adverse regulatory conditions may be imposed in connection with governmental approvals of the merger;
- there may be restrictions on our ability to achieve continued growth through expansion into other states or through acquisitions or business combinations; and
- the stockholders of NCRIC may fail to approve the merger.

Because these forward-looking statements are subject to assumptions and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements, and the factors that will determine these results are beyond our ability to control or predict.

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We caution you not to place undue reliance on the forward-looking statements, which speak only as of the date of this proxy statement-prospectus, in the case of forward-looking statements contained in this proxy statement-prospectus, or the dates of the documents incorporated by reference in this proxy statement-prospectus, in the case of forward-looking statements made in those incorporated documents.

Except to the extent required by applicable law or regulation, ProAssurance and NCRIC undertake no obligation to update these forward-looking statements to reflect events or circumstances after the date of this proxy statement-prospectus or to reflect the occurrence of unanticipated events.

For additional information about factors that could cause actual results to differ materially from those described in the forward-looking statements, please see "RISK FACTORS" beginning on page .

ALL SUBSEQUENT WRITTEN OR ORAL FORWARD-LOOKING STATEMENTS CONCERNING THE MERGER OR OTHER MATTERS ADDRESSED IN THIS PROXY STATEMENT-PROSPECTUS AND ATTRIBUTABLE TO PROASSURANCE OR NCRIC OR ANY PERSON ACTING ON THEIR BEHALF ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS CONTAINED OR REFERRED TO IN THIS SECTION.



APPENDIX A  
AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (the "AGREEMENT"), dated as of February 28, 2005, by and among PROASSURANCE CORPORATION, a Delaware corporation ("PRA"), NCP MERGER CORPORATION, a Delaware corporation and a wholly-owned subsidiary of PRA ("NEWCO"), and NCRIC GROUP, INC., a Delaware corporation ("NCRIC").

WITNESSETH:

WHEREAS, PRA is an insurance holding company which provides, through its insurance subsidiaries, medical professional liability insurance and personal lines insurance; and

WHEREAS, NCRIC is an insurance holding company which provides, through its subsidiaries, medical professional liability insurance and practice management and financial services to physicians and other health care providers; and

WHEREAS, the Boards of Directors of PRA, NEWCO and NCRIC have determined that it is in the best interests of their respective companies and stockholders for PRA to acquire NCRIC through the consummation of the business combination transaction provided for in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements contained in this Agreement, and intending to be legally bound by this Agreement, the parties to this Agreement agree as follows:

ARTICLE 1

THE MERGER

1.1 Merger. Subject to the terms and conditions of this Agreement and in accordance with the Delaware General Corporation Law, as amended (the "DGCL"), at the Effective Time (as defined in Section 1.2 of this Agreement), NCRIC shall merge with and into NEWCO (the "MERGER"). NEWCO shall be the surviving corporation in the Merger, and shall continue its corporate existence under the laws of the State of Delaware. Upon consummation of the Merger, the separate corporate existence of NCRIC shall terminate.

1.2 Effective Time. Subject to the provisions of this Agreement, and in connection with the Closing, a certificate of merger (the "CERTIFICATE OF MERGER") will be filed with the Secretary of State of Delaware pursuant to Section 252 of the DGCL. The parties will make all other filings or recordings as may be required under the DGCL, and the Merger will become effective when the Certificate of Merger is filed in the office of the Secretary of State of Delaware, or at such later date or time as PRA and NCRIC agree and specify in the Certificate of Merger (the time the Merger comes effective being the "EFFECTIVE TIME").

1.3 Effects of Merger. At and after the Effective Time, the Merger shall have the effects set forth in this Agreement, the Certificate of Merger and the DGCL. At the Effective Time, (i) all rights, franchises, licenses and interests of NCRIC in and to every type of property, real, personal and mixed, and all choses in action of NCRIC shall continue unaffected and uninterrupted by the Merger and shall accrue to NEWCO; (ii) all rights, franchises, licenses and interests of NEWCO in and to every type of property, real, personal and mixed, and all choses in action of NEWCO shall continue unaffected and uninterrupted by the Merger and shall accrue to NEWCO; (iii) all obligations and liabilities of NEWCO then outstanding shall remain obligations of NEWCO; (iv) all obligations

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and liabilities of NCRIC then outstanding shall become and be obligations of NEWCO; and (v) no action or proceeding then pending and to which NCRIC or NEWCO is a party shall be abated or discontinued but may be prosecuted to final judgment by NEWCO.

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1.4 NEWCO Shares. At the Effective Time, all of the shares of NEWCO Common Stock (as defined in Section 4.3(b) of this Agreement) issued and outstanding prior to the Effective Time shall remain an issued and outstanding share of common stock of NEWCO and shall not be affected by the Merger. It is the intention of the parties that, immediately after the Effective Time, PRA shall own all of the issued and outstanding shares of Common Stock of NEWCO as the surviving corporation of the Merger.

1.5 Conversion of NCRIC Common Stock.

(a) Except as otherwise provided in this Agreement, and subject to the Market Adjustment pursuant to Section 1.5(b) hereof, each holder of record of the shares of the common stock, \$0.01 par value per share, of NCRIC ("NCRIC COMMON STOCK") as of the Effective Time shall have the right to receive 0.25 (the "EXCHANGE RATIO") of a share of common stock of PRA, par value \$0.01 per share ("PRA COMMON STOCK") for each share of NCRIC Common Stock (the "MERGER CONSIDERATION").

(b) The Exchange Ratio shall be subject to adjustment if the MARKET VALUE (herein defined) of a share of PRA Common Stock is greater than \$44.00 or less than \$36.00. In each event, the Exchange Ratio shall be adjusted (the "MARKET ADJUSTMENT") so that each holder of the shares of NCRIC Common Stock as of the Effective Time shall have the right to receive such number of shares or fraction of a share (in ten thousandths; i.e., four decimal places) of PRA Common Stock in accordance with the following (references to the Exchange Ratio shall include the Exchange Ratio calculated to reflect the Market Adjustment, if any):

(i) If the Market Value is greater than \$44.00, the Exchange Ratio shall be such fraction of a share of PRA Common Stock as shall equal \$11.00 divided by the Market Value; or

(ii) If the Market Value is less than \$36.00, the Exchange Ratio shall be such number of shares or fraction of a share as shall equal \$9.00 divided by the Market Value.

(iii) The term "MARKET VALUE" shall refer to an amount equal to the arithmetic average of the last reported sale prices of one share of PRA Common Stock as reported on the New York Stock Exchange the ten (10) trading days ending on the date preceding the Effective Time.

(c) Each share of NCRIC Common Stock that is owned by NCRIC or any NCRIC Subsidiary shall automatically be cancelled and retired and shall cease to exist, and no Merger Consideration shall be delivered in exchange therefore.

1.6 No Fractional Shares. No certificates or scrip representing a fractional share of PRA Common Stock shall be issued upon the surrender of NCRIC Common Stock certificates for exchange; no dividend or distribution with respect to PRA Common Stock shall be payable on or with respect to any fractional share; and such fractional share interests shall not entitle the owner thereof to vote or to any other rights of a stockholder of PRA. In lieu of any such fractional share, PRA shall pay to each former holder of NCRIC Common Stock who otherwise would be entitled to receive a fractional share of PRA Common Stock an amount in cash determined by multiplying the fractional share of PRA Common Stock to which such holder would otherwise be entitled by whichever of the following is

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applicable: (i) \$40.00 if there is no Market Adjustment; or (ii) the Market Value if there is a Market Adjustment to the Exchange Ratio.

### 1.7 Stock Options.

(a) Section 1.7 of the NCRIC Disclosure Schedule (as defined in Article 3 of this Agreement) lists (i) all stock options to purchase NCRIC Common Stock issued by NCRIC pursuant to the Stock Option Plan and the 2003 Stock Option Plan (the "NCRIC OPTION PLANS") that are outstanding on the date of this Agreement (collectively, the "NCRIC STOCK OPTIONS"), and (ii) all awards of shares of NCRIC Common Stock that are to be issued by NCRIC pursuant to its 2003 Stock Award Plan (the "NCRIC AWARD PLAN") that are outstanding on the date hereof ("NCRIC STOCK AWARDS"). Section 1.7 of the NCRIC Disclosure Schedule also sets forth, with respect to each NCRIC Stock Option, the option exercise price, the number of shares subject to the option, the date granted, vesting, and expiration of the option and indicates whether the option is either an incentive or a nonqualified stock option. Section 1.7 of

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the NCRIC Disclosure Schedule also sets forth with respect to each NCRIC Stock Award the number of shares subject to the Stock Awards and the date granted and the vesting schedule of the award. All NCRIC Stock Options are exercisable as of the date of this Agreement.

(b) Each unexercised NCRIC Stock Option that is issued and outstanding at the Effective Time (a "CONTINUING NCRIC STOCK OPTION") shall be assumed by PRA and, except as provided in this Section 1.7(b), shall be continued in accordance with its terms and conditions as in effect immediately prior to the Effective Time. The holder of each Continuing NCRIC Stock Option shall have the election to either:

(i) exchange his or her Continuing Stock Option for the right to acquire a number of shares of PRA Common Stock at the Effective Time on the following terms and conditions:

(A) Each share of NCRIC Common Stock subject to a Continuing NCRIC Stock Option so exchanged shall be converted into shares of PRA Common Stock using the Exchange Ratio. The number of shares subject to each Continuing NCRIC Stock Option so exchanged shall be multiplied by said Exchange Ratio to determine the number of shares of PRA Common Stock subject to said Continuing NCRIC Stock Option; provided, however, that all fractional shares resulting from such determination shall be eliminated;

(B) The exercise price for the shares of PRA Common Stock subject to a Continuing NCRIC Stock Option so exchanged shall be determined by dividing the Exchange Ratio into the exercise price of the shares of NCRIC Common Stock subject to said Continuing NCRIC Stock Option immediately prior to the Effective Time;

(C) The NCRIC Option Plans shall be amended at the Effective Time to reserve for issuance pursuant to the Continuing NCRIC Stock Options, the number of shares of PRA Common Stock subject to the NCRIC Stock Options after the Effective Time, and to allow former members of the Board of Directors of NCRIC to continue to participate under the NCRIC Option Plans with respect to their Continuing NCRIC Stock Options during the term of the Consulting Agreement executed by the directors pursuant to Section 1.12 hereof; or

(ii) surrender his or her Continuing NCRIC Stock Option at the Effective Time in exchange for a cash payment equal to the greater of

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either (A) the amount by which the Adjusted NCRIC Share Value (herein defined) exceeds the unadjusted exercise price for each share of NCRIC Common Stock subject to the Continuing Stock Option so surrendered as shown in Section 1.7(a) of the Disclosure Schedule or (B) \$1.00 for each share of NCRIC Common Stock subject to the Continuing NCRIC Stock Option so surrendered. The term "ADJUSTED NCRIC SHARE VALUE" shall mean (i) that amount that is equal to 0.25 times the Market Value; (ii) \$11.00 if there is a Market Adjustment because the Market Value is greater than \$44.00; or (iii) \$9.00 if there is a Market Adjustment because the Market Value is less than \$36.00. A holder of a Continuing NCRIC Stock Option may elect to receive cash for any or all of his or her Continuing NCRIC Stock Options. Each holder of a Continuing NCRIC Stock Option shall make his or her cash election on an election form to be provided by PRA at least twenty (20) days prior to the Effective Time. The right to make an election to receive a cash payment for the shares of NCRIC Common Stock subject to a Continuing NCRIC Stock Option shall terminate on the Effective Time.

(c) Each NCRIC Stock Award that is outstanding at the Effective Time ("CONTINUING NCRIC STOCK AWARD") shall be assumed by PRA and shall be continued in accordance with its terms as in effect immediately prior to the Effective Time. Each Continuing NCRIC Stock Award shall give the holder thereto the right to acquire a number of shares of PRA Common Stock to be determined by multiplying the Exchange Ratio by the number of shares of NCRIC Common Stock subject to a Continuing NCRIC Stock Award; provided that all fractional shares resulting therefrom shall be eliminated.

1.8 Merger Tax Consequences. It is intended (i) that the Merger shall constitute a reorganization within the meaning of Section 368(a)(1)(A) of the Internal Revenue Code of 1986, as amended (the

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"CODE"), and (ii) that this Agreement shall constitute a "plan of reorganization" for the purposes of Section 368 of the Code.

1.9 NEWCO Certificate of Incorporation. Subject to the terms and conditions of this Agreement, at the Effective Time, the Certificate of Incorporation of NEWCO then in effect shall be, and shall continue in effect as, the Certificate of Incorporation of NEWCO, as the surviving corporation in the Merger, until amended in accordance with applicable law; provided, however, that in connection with and as a result of the consummation of the Merger, the Certificate of Incorporation of NEWCO then in effect shall be amended so as to change the name of NEWCO to "NCRIC Corporation."

1.10 NEWCO Bylaws. Subject to the terms and conditions of this Agreement, at the Effective Time, the Bylaws of NEWCO then in effect shall be, and shall continue in effect as, the Bylaws of NEWCO, as the surviving corporation in the Merger, until amended in accordance with applicable law.

1.11 NEWCO Management and Officers. At the Effective Time, the directors and officers of NEWCO, as the surviving corporation in the Merger, shall continue as the Board of Directors and Officers of NEWCO until their successors are elected and qualified.

1.12 Advisory Committees.

(a) PRA shall offer to each Person who, as of the date of this Agreement, is a member of the Board of Directors of NCRIC a Consulting and Noncompetition Agreement in form and substance reasonably acceptable to PRA (each a "CONSULTING AGREEMENT"), substantially in the form attached hereto as Exhibit A. Pursuant to his or her Consulting Agreement, each such Person shall be paid a monthly

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consulting fee of \$2,500 through December 31, 2006; provided, however, that no fees of any type shall be paid to such Person unless he or she shall have executed a Consulting Agreement. PRA shall cause each Person who executes a Consulting Agreement to be appointed to an advisory committee maintained by PRA or its Subsidiaries. The Advisory Committee shall provide advice as to the transition of NCRIC's business after the Merger.

(b) It is the intention of the parties, subject to operating constraints, to maintain the NCRIC physician underwriting/claims committee that NCRIC has in the District of Columbia, Delaware, and Virginia (collectively, the "NCRIC ADVISORY COMMITTEES"). The members of the NCRIC Advisory Committees shall consist of those persons who are members thereof at the Effective Time and such other persons who are appointed to the NCRIC Advisory Committees thereafter. The NCRIC Advisory Committees shall provide advice as to underwriting and claims matters regarding medical professional liability insurance. Except for compensation pursuant to consulting agreements described in subparagraph (a) above, PRA shall fix the compensation of, and may change the membership of, the NCRIC Advisory Committees.

1.13 PRA Common Stock. At and after the Effective Time, each share of PRA Common Stock issued and outstanding immediately prior thereto shall remain an issued and outstanding share of common stock of PRA and shall not be affected by the Merger.

1.14 PRA Stock Options. At and after the Effective Time, each stock option granted by PRA to purchase shares of PRA Common Stock which is outstanding and unexercised immediately prior thereto shall continue to represent a right to acquire shares of PRA Common Stock and shall remain an issued and outstanding option to purchase from PRA shares of PRA Common Stock in the same amount and at the same exercise price subject to the terms of the PRA stock option plans under which they were issued and the agreements evidencing grants thereunder, and shall not be affected by the Merger.

1.15 PRA Certificate of Incorporation. Subject to the terms and conditions of this Agreement, at the Effective Time, the Certificate of Incorporation of PRA then in effect shall be, and shall continue in effect as, the Certificate of Incorporation of PRA until thereafter amended in accordance with applicable law.

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1.16 PRA Bylaws. Subject to the terms and conditions of this Agreement, at the Effective Time, the Bylaws of PRA then in effect shall be, and shall continue in effect as, the Bylaws of PRA until thereafter amended in accordance with applicable law.

1.17 PRA Management. The directors and officers of PRA shall be the Board of Directors and officers of PRA to serve until their successors are duly elected and qualified.

1.18 Insurance Operations. It is the intention of the parties, subject to operating constraints, to maintain the NCRIC home office as a PRA regional office with a substantial number of staff positions for the conduct of insurance operations in the mid-Atlantic states after the Merger. PRA may, after the Closing Date, modify or change the operating structure in the exercise of its business judgment.

1.19 Anti-Dilution Provisions. In the event PRA changes (or establishes a record date for changing) the number of, or provides for the exchange of, shares of PRA Common Stock issued and outstanding prior to the Effective Time as a result of a stock split, stock dividend, recapitalization, reclassification, or

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similar transaction with respect to the outstanding PRA Common Stock and the record date therefore shall be on or prior to the Effective Time, the Exchange Ratio (and the related collars of the Market Adjustment) shall be proportionately and appropriately adjusted, to reflect the economic substance of the event, in a manner that is mutually acceptable; provided, however, that no such adjustment shall be made with regard to PRA Common Stock if PRA issues additional shares of Common Stock and receives fair market value consideration for such shares.

### ARTICLE 2

#### EXCHANGE PROCEDURES

2.1 Exchange Agent. Prior to the mailing of the Proxy Statement (as defined in Section 3.5(c) of this Agreement), PRA shall appoint a bank or trust company to act as an exchange agent who shall be reasonably acceptable to NCRIC (the "EXCHANGE AGENT") for the payment of the Merger Consideration. PRA shall pay the charges and expenses of the Exchange Agent.

#### 2.2 Exchange Procedures.

(a) Prior to the Effective Time, PRA shall deposit with the Exchange Agent (or otherwise make available to the reasonable satisfaction of NCRIC and the Exchange Agent), for the benefit of the holders of shares of NCRIC Common Stock, for exchange through the Exchange Agent, the certificates representing shares of PRA Common Stock for the Merger Consideration (such shares of PRA Common Stock together with any dividends or distributions with respect to such shares with a record date after the Effective Time and any cash payable in lieu of any fractional shares pursuant to this Agreement being hereinafter referred to as the "EXCHANGE FUND") issuable pursuant to this Agreement in exchange for outstanding shares of NCRIC Common Stock.

(b) Promptly after the Effective Time, but no later than five (5) business days following the Effective Time, PRA will send or cause to be sent to each person who was a record holder of NCRIC Common Stock immediately before the Effective Time transmittal materials for exchanging the certificates representing NCRIC Common Stock ("OLD CERTIFICATES") for certificates representing PRA Common Stock ("NEW CERTIFICATES"). Upon surrender of the Old Certificate for cancellation to the Exchange Agent, together with the duly executed transmittal materials, and such other documents as the Exchange Agent may reasonably require, the holder of such Old Certificate shall be entitled to receive in exchange therefore a certificate representing that number of New Certificates which such holder has the right to receive in respect of the Old Certificates surrendered pursuant to the provisions of this Section 2.2 (after taking into account all shares of NCRIC Common Stock then held by such holder) and any check in respect of dividends or distributions or for fractional shares that the holder will be entitled to receive (without interest), and the Old Certificates so surrendered shall forthwith be cancelled. Neither PRA nor the surviving corporation of the Merger shall be obligated to deliver the Merger Consideration to which any former record holder of NCRIC Common Stock is entitled as a result of the Merger until such record

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holder surrenders his or her certificate or certificates representing the shares of NCRIC Common Stock for exchange as provided in this Section 2.2.

(c) At the Effective Time, the stock transfer books of NCRIC shall be closed as to holders of NCRIC Common Stock immediately prior to the Effective Time, and no transfer of NCRIC Common Stock by any such record holder shall thereafter be made or recognized. Until surrendered for exchange in accordance

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with the provisions of this Section 2.2, each certificate theretofore representing shares of NCRIC Common Stock shall from and after the Effective Time represent for all purposes only the right to receive the Merger Consideration provided in this Agreement in exchange therefore. To the extent permitted by law, former stockholders of record of NCRIC Common Stock shall be entitled to vote after the Effective Time at any meeting of the PRA stockholders the number of shares of PRA Common Stock into which their respective shares of NCRIC Common Stock are converted, regardless of whether such holders have exchanged their certificates for NCRIC Common Stock for certificates representing the PRA Common Stock.

(d) Any other provision of this Agreement notwithstanding, none of PRA, the surviving corporation of the Merger, and the Exchange Agent shall be liable to a holder of NCRIC Common Stock for any amounts paid or property delivered in good faith to a public official pursuant to any applicable abandoned property law.

2.3 Lost or Stolen Certificates. If any holder of NCRIC Common Stock convertible into the right to receive shares of the PRA Common Stock is unable to deliver the certificate which represents such shares, the Exchange Agent, in the absence of actual notice that any such shares have been acquired by a bona fide purchaser, shall deliver to such holder the Merger Consideration to which the holder is entitled for such shares upon presentation of the following: (i) evidence to the reasonable satisfaction of the Exchange Agent and PRA that any such certificate has been lost, wrongfully taken or destroyed; (ii) such security or indemnity as may be reasonably requested by the Exchange Agent or PRA to indemnify and hold PRA and the Exchange Agent harmless; and (iii) evidence satisfactory to the Exchange Agent and PRA that such person is the owner of the shares theretofore represented by each certificate claimed by the holder to be lost, wrongfully taken or destroyed and that the holder is the person who would be entitled to present such certificate for exchange pursuant to this Agreement.

2.4 Dividends and other Distributions. Whenever a dividend or other distribution is declared on the PRA Common Stock, the record date for which is at or after the Effective Time, the declaration shall include dividends or other distributions on all shares of the PRA Common Stock issuable to holders of NCRIC Common Stock under this Agreement. Notwithstanding the preceding sentence, any person holding any certificate for NCRIC Common Stock after the Effective Time shall not be entitled to receive any dividend or other distribution payable after the Effective Time to holders of the PRA Common Stock, which dividend or other distribution is attributable to such person's NCRIC Common Stock until such person surrenders said certificate for NCRIC Common Stock for exchange as provided in Section 2.2 of this Agreement. However, upon surrender of such certificate, the PRA Common Stock certificate (together with all such undelivered dividends or other distributions, without interest) shall be delivered and paid (without interest) with respect to each share represented by such certificate for NCRIC Common Stock.

2.5 Exchange Fund. Any portion of the Exchange Fund that remains undistributed to the holders of NCRIC Common Stock for six months after the Effective Time shall be delivered to PRA, upon demand, and any holders of NCRIC Common Stock who have not theretofore complied with this Agreement shall thereafter look only to PRA for payment of their claim for any shares of PRA Common Stock, any cash in lieu of fractional shares and any dividends or distributions with respect to PRA Common Stock.

2.6 Withholding. PRA or the Exchange Agent will be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement or the transactions contemplated thereby to any holder of NCRIC Common Stock such amounts as PRA (or any Affiliate thereof) or the Exchange Agent are required to deduct and withhold with respect to the making of such payment under the Code, or

any applicable provision of U.S. federal, state, local or non-U.S. tax law. To the extent that such amounts are properly withheld by PRA or the Exchange Agent, such withheld amounts will be treated for all purposes of this Agreement as having been paid to the holder of the NCRIC Common Stock in respect of whom such deduction and withholding were made by PRA or the Exchange Agent.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF NCRIC

NCRIC represents and warrants to PRA that the statements contained in this Article 3 are correct and complete as of the date of this Agreement and will be correct and complete as of the Closing Date (as though made then and as though the Closing Date was substituted for the date of this Agreement throughout this Article), except (i) as set forth in the disclosure schedule delivered by NCRIC to PRA on the date hereof and initialed by the parties (the "NCRIC DISCLOSURE SCHEDULE"), or (ii) for any changes to the NCRIC Disclosure Schedule that are disclosed by NCRIC to PRA in accordance with Section 6.9(b) of this Agreement, or (iii) to the extent such representations and warranties speak as of an earlier date. Nothing in the NCRIC Disclosure Schedule shall be deemed adequate to disclose an exception to a representation or warranty made herein unless the NCRIC Disclosure Schedule identifies the exception with reasonable particularity. The NCRIC Disclosure Schedule will be arranged in paragraphs corresponding to the lettered and numbered paragraphs contained in this Article; provided, however, (i) that each exception set forth in the NCRIC Disclosure Schedule shall be deemed disclosed for purposes of all representations and warranties if such exception is contained in a section of the NCRIC Disclosure Schedule corresponding to a Section in this Article 3, and (ii) the mere inclusion of an exception in the NCRIC Disclosure Schedule shall not be deemed an admission by NCRIC that such exception represents a material fact, event or circumstance or would result in a material adverse effect or material adverse change.

3.1 Corporate Organization. NCRIC is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. NCRIC has the corporate power and authority to own or lease all of its properties and assets and to carry on its business as it is now being conducted, and is duly licensed or qualified to do business in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties and assets owned or leased by it makes such licensing or qualification necessary, except where the failure to be so licensed or qualified would not have a Material Adverse Effect (as defined in Section 9.18(a) of this Agreement) on NCRIC.

3.2 Subsidiaries.

(a) Section 3.2(a) of the NCRIC Disclosure Schedule sets forth the name and state of incorporation or organization of each Subsidiary (as defined in Section 9.18(a) of this Agreement) of NCRIC (the "NCRIC SUBSIDIARIES"). Each NCRIC Subsidiary (i) is duly organized and validly existing as a corporation under the laws of its jurisdiction of organization, (ii) is duly qualified to do business and in good standing in all jurisdictions (whether federal, state, local or foreign) where its ownership or leasing of property or the conduct of its business requires it to be so qualified and in which the failure to be so qualified would have a Material Adverse Effect on NCRIC, and (iii) has all requisite corporate power and authority to own or lease its properties and assets and to carry on its business as now conducted.

(b) Section 3.2(b) of the NCRIC Disclosure Schedule identifies the NCRIC



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Subsidiaries that offer insurance and the states or other jurisdictions in which they are authorized or licensed to conduct business, and the type of insurance products that they are authorized or licensed to offer in each such state (the "NCRIC INSURANCE SUBSIDIARIES"). No NCRIC Insurance Subsidiary offers any insurance products in any jurisdiction where it is neither authorized nor licensed to offer such insurance products. The business of each NCRIC Insurance Subsidiary has been and is being conducted in compliance with all of its licenses in all material respects. All of such licenses are in full force and effect and there is no proceeding or investigation pending or, to the knowledge of NCRIC, threatened which would reasonably be expected to lead to the revocation, amendment, failure to renew, limitation, suspension or restriction of such license.

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(c) Except as set forth in Section 3.2(c) of the NCRIC Disclosure Schedule, NCRIC is, directly or indirectly, the record and beneficial owner of all of the outstanding shares of capital stock of each of the NCRIC Subsidiaries. There are no irrevocable proxies granted by NCRIC or any NCRIC Subsidiary with respect to such shares. There are no equity securities of any of the NCRIC Subsidiaries that are or may become required to be issued by reason of any option, warrants, scrip, rights, to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into or exchangeable for, shares of any capital stock of any of the NCRIC Subsidiaries except shares of the NCRIC Subsidiaries issued to other wholly owned NCRIC Subsidiaries. There are no contracts, commitments, understandings or arrangements by which any of the NCRIC Subsidiaries is bound to issue additional shares of its capital stock or options, warrants or rights to purchase or acquire any additional shares of its capital stock or securities convertible into or exchangeable for such shares. All of the shares of the NCRIC Subsidiaries described in the first sentence of this Section 3.2(c) are validly issued, fully paid and nonassessable and free of preemptive rights, and are owned by NCRIC or a NCRIC Subsidiary free and clear of any and all Liens (as defined in Section 9.18(a) of this Agreement) and free and clear of any claim, right or option to acquire any such shares.

(d) No NCRIC Subsidiary is the record or beneficial owner of any shares of NCRIC Common Stock.

### 3.3 Corporate Affairs.

(a) NCRIC has made available to PRA correct and complete copies of the Certificate of Incorporation and Bylaws of NCRIC and each of the NCRIC Subsidiaries (as amended to date). NCRIC has made available to PRA all of the minute books containing the records of the meetings of the stockholders, the board of directors and any committee of the board of directors of NCRIC and each of the NCRIC Subsidiaries (except for confidential portions of such minutes relating to the Merger, but provided that the availability of such information is subject to Section 6.3 of this Agreement). The minute books of NCRIC and the NCRIC Subsidiaries reflect all of the material actions taken by each of their respective Boards of Directors (including each committee thereof) and stockholders. NCRIC has made available to PRA all of the stock ledgers of NCRIC and the NCRIC Subsidiaries.

(b) The books and records of NCRIC and each of the NCRIC Subsidiaries (i) are and have been properly prepared and maintained in form and substance adequate for preparing audited consolidated financial statements, in accordance with generally accepted accounting principles in the United States consistently applied ("GAAP") and any other applicable legal and accounting requirements, (ii) reflect only actual transactions, and (iii) fairly and accurately reflect all assets and liabilities of NCRIC and each of the NCRIC Subsidiaries and all contracts and other transactions to which NCRIC or any of the NCRIC Subsidiaries

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is or was a party or by which NCRIC or any of the NCRIC Subsidiaries or any of their respective businesses or assets is or was affected.

(c) The minute books and stock ledgers of NCRIC accurately and completely list and describe all issuances, transfers and cancellations of shares of capital stock of NCRIC. The minute books and stock ledgers of each NCRIC Subsidiary accurately and completely list and describe all issuances, transfers and cancellations of shares of capital stock of such NCRIC Subsidiary.

### 3.4 Capitalization.

(a) The authorized capital stock of NCRIC consists of 13,000,000 shares, with said shares divided into two classes. One class of said shares consists of 1,000,000 shares of preferred stock and the other class of said shares consists of 12,000,000 shares of NCRIC Common Stock. As of December 31, 2004, no shares of such preferred stock and 6,892,517 shares of NCRIC Common Stock were issued and outstanding and no shares of such preferred stock and 56,134 shares of NCRIC Common Stock were held in treasury. All of the issued and outstanding shares of NCRIC Common Stock have been duly authorized and validly issued and are fully paid, nonassessable and free of preemptive rights with no personal liability attaching to the ownership thereof. As of the date of this Agreement, and except pursuant to the terms of this Agreement, the NCRIC Options Plans and the 2003 NCRIC Award Plan, NCRIC does not have and

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is not bound by any outstanding subscriptions, options, warrants, calls, commitments or agreements of any character calling for the purchase or issuance of any shares of NCRIC Common Stock or any other equity securities of NCRIC or any securities representing the right to purchase or otherwise receive any shares of NCRIC Common Stock or any other equity securities of NCRIC. As of December 31, 2004 no shares of NCRIC Common Stock were reserved for issuance, except for 427,838 shares reserved for issuance upon the exercise of NCRIC Stock Options outstanding under the NCRIC Option Plans. Since January 1, 2005, NCRIC has not issued any shares of NCRIC Common Stock or other equity securities of NCRIC, or any securities convertible into or exercisable for any shares of NCRIC Common Stock or other equity securities of NCRIC, other than as contemplated by this Agreement or pursuant to the exercise of stock options issued under the NCRIC Option Plans granted prior to such date.

(b) Section 3.4(b) of the NCRIC Disclosure Schedule sets forth a complete list of (i) the officers and directors of NCRIC and each NCRIC Subsidiary, (ii) the percentage of the outstanding voting stock of such NCRIC Subsidiary owned or controlled, directly or indirectly, by NCRIC, and (iii) the percentage of the outstanding voting stock of such NCRIC Subsidiary owned or controlled, directly or indirectly, by one or more of the other Subsidiaries of NCRIC. Except as set forth in Section 3.4(b) of the NCRIC Disclosure Schedule, NCRIC does not have any direct or indirect equity or ownership interest in any other business or entity and does not have any direct or indirect obligation or any commitment to invest any funds in any corporation or other business or entity, other than for investment purposes in the ordinary course of business in accordance with past practices.

### 3.5 Authority; No Violation; Consents and Approvals.

(a) NCRIC has full corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated by this Agreement. The execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement have been duly and validly approved by the Board of Directors of NCRIC. The Board of Directors of NCRIC has directed that this Agreement and the transactions contemplated by this Agreement

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be submitted to the stockholders of NCRIC for approval at a meeting of such stockholders and, except for the adoption of this Agreement by the affirmative vote of the holders of a majority of the outstanding shares of NCRIC Common Stock, no other corporate proceedings on the part of NCRIC are necessary to approve this Agreement and to consummate the transactions contemplated by this Agreement. This Agreement has been duly and validly executed and delivered by NCRIC and (assuming due authorization, execution and delivery by NEWCO and PRA and the receipt of all Requisite Regulatory Approvals (as defined in Section 7.1(d) of this Agreement)) constitutes a valid and binding obligation of NCRIC, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity. On or prior to the date of this Agreement, the Board of Directors of NCRIC received the oral opinion of Sandler, O'Neil & Partners, L.P. that the Merger Consideration is fair to the stockholders of NCRIC from a financial point of view.

(b) Neither the execution and delivery of this Agreement by NCRIC nor the consummation by NCRIC of the transactions contemplated by this Agreement, nor compliance by NCRIC with any of the terms or provisions of this Agreement, will (i) violate any provision of the Certificate of Incorporation or Bylaws of NCRIC or (ii) assuming that all Requisite Regulatory Approvals and all of the consents and approvals referred to in Section 3.5(c) of this Agreement are duly obtained, (x) violate any statute, code, ordinance, rule, regulation, judgment, order, writ, decree or injunction applicable to NCRIC or any of its properties or assets, or (y) violate, conflict with, result in a breach of any provision of or the loss of any benefit under, constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, result in the termination of or a right of termination or cancellation under, accelerate the performance required by, or result in the creation of any Lien upon any of the properties or assets of NCRIC under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, lease, agreement or other instrument or obligation to which NCRIC is a party, or by which it or any of its properties or assets may be bound or affected, except (in the case of clause (y) above) as set forth in Section 3.5(b)(ii)(y) of the NCRIC Disclosure Schedule, or for such

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violations, conflicts, breaches or defaults which, either individually or in the aggregate, would not have a Material Adverse Effect on NCRIC.

(c) Except for (i) the filing of applications, notices and forms with, and the obtaining of approvals from, the Insurance Regulators (as defined in Section 9.18(a) of this Agreement) pursuant to the Insurance Laws (as defined in Section 9.18(a) of this Agreement), with respect to the transactions contemplated by this Agreement, (ii) the filing with the Securities and Exchange Commission (the "SEC") of a proxy statement in definitive form relating to the meeting of stockholders of NCRIC to be held in connection with this Agreement and the transactions contemplated by this Agreement (the "PROXY STATEMENT") and the registration statement on Form S-4 in which the Proxy Statement will be included as a prospectus (the "S-4"), (iii) the filing of the Certificate of Merger with the Secretary of State of Delaware pursuant to the DGCL, (iv) the filing of a notification and report form (the "HSR ACT REPORT") with the Pre-Merger Notification Office of the Federal Trade Commission and with the Antitrust Division of the Department of Justice (collectively, the "PRE-MERGER NOTIFICATION AGENCIES") pursuant to the Hart-Scott-Rodino Anti-Trust Improvements Act, as amended, and the rules and regulations thereunder (collectively, the "HSR ACT"), (v) any consents, authorizations, orders and approvals required under the Securities Act of 1933, as amended, and the rules and regulations thereunder (collectively, the "SECURITIES ACT"), the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder

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(collectively, the "EXCHANGE ACT"), and the HSR Act, (vi) any consents, authorizations, approvals, filings or exemptions in connection with compliance with the applicable provisions of federal and state securities laws relating to the regulation of broker-dealers or investment advisers, and federal commodities laws relating to the regulation of futures commission merchants and the rules and regulations thereunder and of any applicable industry self-regulatory organization (including, without limitation, the National Association of Insurance Regulators (the "NAIC"), the New York Stock Exchange, the National Association of Securities Dealers, Inc. (the "NASD") and the Nasdaq National Market) (each, an "SRO"), or which are required under the Insurance Laws and other similar laws, (vii) such filings and approvals as are required to be made or obtained under the securities or "Blue Sky" laws of various states in connection with the issuance of the shares of PRA Common Stock pursuant to this Agreement, and (viii) the approval of this Agreement by the requisite votes of the stockholders of NCRIC and the stockholder of NEWCO, no consents or approvals of or filings or registrations with any Governmental Authority (as defined in Section 9.18(a) of this Agreement), or with any other Person (as defined in Section 9.18(a) of this Agreement) are necessary in connection with the execution and delivery by NCRIC of this Agreement or the consummation by NCRIC of the transactions contemplated by this Agreement.

(d) No stockholder of NCRIC or any NCRIC Subsidiary shall have any pre-emptive rights under applicable law with respect to, or as a result of, the transactions contemplated by this Agreement (including the Merger).

### 3.6 Insurance Reports.

(a) "NCRIC SAP STATEMENTS" means (i) the annual statutory statements of each of the NCRIC Insurance Subsidiaries filed with any Insurance Regulator for each of the years ended December 31, 2003, 2002 and 2001 and each calendar year ending after December 31, 2003, (ii) the quarterly statutory statements of each of the NCRIC Insurance Subsidiaries filed with any Insurance Regulator for each quarterly period in 2004 and for each quarterly period ending after the date of this Agreement, and (iii) all exhibits, interrogatories, notes, schedules and any actuarial opinions, affirmations or certifications or other supporting documents filed in connection with such annual statutory statements and quarterly statutory statements.

(b) All such NCRIC SAP Statements were and will be prepared (i) in conformity with statutory accounting practices prescribed or permitted by the Insurance Regulators consistently applied ("SAP") and (ii) in accordance with the books and records of NCRIC and the NCRIC Insurance Subsidiaries. The NCRIC SAP Statements, when read in conjunction with the notes thereto and any statutory audit reports relating thereto, present, and will present, fairly in all material respects the statutory financial

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condition and results of operations of the NCRIC Insurance Subsidiaries for the dates and periods indicated and are consistent with the books and records of the NCRIC Insurance Subsidiaries (which books and records are correct and complete in all material respects). The annual statutory balance sheets and income statements included in the NCRIC SAP Statements have been, and will be, where required by Insurance Laws, audited by an independent accounting firm of recognized national reputation. In accordance with Section 3.6(b) of the NCRIC Disclosure Schedule, NCRIC has made available to PRA true and complete copies of all of the NCRIC SAP Statements and all audit opinions related thereto.

(c) Since December 31, 2000 NCRIC and each NCRIC Subsidiary (i) have filed or submitted with all applicable Insurance Regulators, all registration statements, notices and reports, together with all exhibits and amendments

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thereto under the Insurance Laws applicable to insurance holding companies (the "NCRIC HOLDING COMPANY ACT REPORTS"), (ii) have filed all NCRIC SAP Statements, (iii) have filed all other reports and statements, together with all amendments and supplements thereto, required to be filed with any Insurance Regulator under the Insurance Laws, and (iv) have paid all fees and assessments due and payable by them under the Insurance Laws. Section 3.6(c) to the NCRIC Disclosure Schedule sets forth a list of, and NCRIC has made available to PRA, accurate and complete copies of, all NCRIC SAP Statements, NCRIC Holding Company Act Reports and all other reports and statements filed by NCRIC or any of the NCRIC Subsidiaries with any Insurance Regulator for periods ending and events occurring, after December 31, 2000 and prior to the Closing Date (as defined in Section 9.1 of this Agreement), and the latest requests for approval of a rate increase in each state or other jurisdiction that a NCRIC subsidiary writes insurance. All such NCRIC SAP Statements, NCRIC Holding Company Act Reports and other reports and statements complied with the Insurance Laws when filed and, as of their respective dates, contained all information required under the Insurance Laws and did not contain any false statements or material misstatements of fact or omit to state any material facts necessary to make the statements set forth therein not materially misleading in light of the circumstances in which such statements were made. No deficiencies have been asserted by any Governmental Authority with respect to such NCRIC SAP Statements, NCRIC Holding Company Act Reports and other reports and statements.

(d) Except for normal examinations conducted by a Governmental Authority in the regular course of the business of NCRIC and its Subsidiaries, and except as set forth in Section 3.6(d) of the NCRIC Disclosure Schedule, no Governmental Authority has initiated any proceeding or investigation into the business or operations of NCRIC, any NCRIC Subsidiary, or any director or officer of NCRIC or any NCRIC Subsidiary, since December 31, 2000. There is no unresolved violation, criticism, or exception by any Governmental Authority with respect to any examinations of NCRIC or any of its Subsidiaries.

(e) Section 3.6(e) of the NCRIC Disclosure Schedule lists all financial examinations that any Insurance Regulator has conducted with respect to NCRIC or any of the NCRIC Insurance Subsidiaries since December 31, 2000. NCRIC has made available to PRA correct and complete reports issued by the applicable Insurance Regulator with respect to such financial examinations. There are no regulatory examinations of NCRIC or any of the NCRIC Insurance Subsidiaries currently in process.

(f) Neither NCRIC nor any NCRIC Subsidiary has received from any Person any Notice on Form A or such other form as may be prescribed under applicable law indicating that such Person intends to make or has made a tender offer for or a request or invitation for tenders of, or intends to enter into or has entered into any agreement to exchange securities for, or intends to acquire or has acquired (in the open market or otherwise), any voting security of NCRIC, if after the consummation thereof such Person would directly or indirectly be in control of NCRIC.

### 3.7 SEC Reports; Financial Statements.

(a) NCRIC has on a timely basis filed all forms, reports and documents required to be filed by it with the SEC since January 1, 2001. Section 3.7(a) of the NCRIC Disclosure Schedule lists, and NCRIC has delivered to PRA (except to the extent available in full without redaction on the SEC's web site through the Electronic Data Gathering, Analysis and Retrieval System ("EDGAR") two days prior to the date of this Agreement) copies in the form filed with the SEC of (i) NCRIC's Regulation Statement on Form S-1 effective May 14, 2003 (SEC File No. 333-104023); (ii) NCRIC's Annual Reports on

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Form 10-K for each fiscal year of NCRIC commencing after December 31, 2000, (iii) its Quarterly Reports on Form 10-Q for each of the first three fiscal quarters in each of the fiscal years of NCRIC commencing after January 1, 2001, (iv) all proxy statements relating to NCRIC's meetings of stockholders (whether annual or special) held, and all information statements relating to stockholder consents, since January 1, 2001, (v) all certifications and statements required by (x) the SEC's Order dated June 27, 2002 pursuant to Section 21(a)(1) of the Exchange Act (File No. 4-460), and (y) Rule 13a-14 or 15d-14 under the Exchange Act or (z) 18 U.S.C. sec.1350 (Section 906 of the Sarbanes-Oxley Act of 2002 ("SOX")) with respect to any report referred to in clause (i) or (ii) of this sentence, (vi) all other forms, reports, registration statements and other documents (other than preliminary materials if the corresponding definitive materials have been provided to PRA pursuant to this Section 3.7(a)) filed by NCRIC with the SEC since January 1, 2001 (the forms, reports, registration statements and other documents referred to in causes (i), (ii), (iii), (iv) and (v) of this sentence are, collectively, the "NCRIC SEC REPORTS" and, to the extent available in full without redaction on the SEC's web site through EDGAR two days prior to the date of this Agreement, are, collectively, the "NCRIC FILED SEC REPORTS"), and (vi) all comment letters received by NCRIC from the Staff of the SEC since January 1, 2001 and all responses to such comment letters by or on behalf of NCRIC.

(b) Except as set forth in Section 3.7(b) of the NCRIC Disclosure Schedule, the NCRIC SEC Reports (i) were or will be prepared in accordance with the requirements of the Securities Act and the Exchange Act, as the case may be, in all material respects, and (ii) did not at the time they were filed with the SEC, or will not at the time they are filed with the SEC, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. No Subsidiary of NCRIC is or has been required to file any form, report, registration statement or other document with the SEC. As used in this Section 3.7, the term "file" shall be broadly construed to include any manner in which a document or information is furnished, supplied or otherwise made available to the SEC.