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PROASSURANCE CORP
Form 8-K/A
February 15, 2006

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities
Exchange Act of 1934

Date of Report (Date of earliest event reported): January 4, 2006

ProAssurance Corporation
(Exact name of registrant as specified in its charter)

Delaware	001-16533	63-1261433
(State of Incorporation)	(Commission File No.)	(IRS Employer I.D. No.)

100 Brookwood Place, Birmingham, Alabama	35209
(Address of Principal Executive Office)	(Zip code)

Registrant's telephone number, including area code: (205) 877-4400

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Securities Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-(c) under the Exchange Act (17CFR 240.13e-(c))

Item 2.01. Completion of Acquisition or Disposition of Assets.

On January 4, 2006, ProAssurance Corporation ("ProAssurance") completed the sale of MEEMIC Insurance Company ("MEEMIC") and MEEMIC Insurance Services Corporation (together with MEEMIC, the "Companies") to Motors Insurance Company, a wholly-owned subsidiary of GMAC Insurance Holdings, Inc. (the "Buyer"). The transaction is worth \$400 million to ProAssurance, before transaction expenses. Approximately \$325 million was paid by the Buyer at closing and approximately \$75 million was retained in MEEMIC's parent company, MEEMIC Holdings, Inc., which remains a part of ProAssurance and was renamed MEMH Holdings, Inc. as part of the transaction. Substantially all of the assets retained at MEMH Holdings

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are cash and investment securities.

Item 9.01. Financial Statements and Exhibits.

(a) Pro Forma Financial Information.

The following unaudited pro forma condensed combined financial statements give effect to the sale and include Pro Forma adjustments which are described in the notes to these statements. This amendment on Form 8-K/A is filed to include unaudited pro forma condensed combined financial statements to reflect the historical results of continuing operations for ProAssurance for the year ended December 31, 2003 and 2002.

The unaudited pro forma condensed combined balance sheet presents the financial position of ProAssurance as of September 30, 2005, assuming that the sale had occurred as of that date. Such pro forma information is based on the historical balance sheet of ProAssurance at September 30, 2005.

The unaudited pro forma condensed combined statements of income reflect the historical results of continuing operations for ProAssurance for the periods presented. As required by Rule 11-02 of Regulation S-X, the unaudited pro forma condensed combined statements of income have been prepared assuming that the sale occurred as of the beginning of the period presented.

ProAssurance believes that the assumptions used in preparing the unaudited pro forma financial statements provide a reasonable basis for presenting all of the significant effects of the sale and that the pro forma adjustments give effect to those assumptions in the unaudited pro forma condensed combined financial statements. The unaudited pro forma financial information is presented for informational purposes only and is not necessarily indicative of the results of operations or financial position which would have been achieved had this transaction been completed as of the date indicated, nor is it necessarily indicative of ProAssurance's future results of operations or financial position.

The unaudited pro form condensed combined financial statements should be read in conjunction with the historical financial statements of ProAssurance, including the related notes thereto.

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ProAssurance Corporation
 Unaudited Pro Forma Condensed Consolidated Balance Sheet
 (in thousands)
 Nine months ended September 30, 2005

	ProAssurance Historical -----	MEEMIC Companies -----	Pro Forma Adjustments -----
Assets			
Investments:			
Fixed maturities available for sale, at fair value	\$2,613,232	\$(300,199)	A \$ 25,000
Equity securities available for sale, at fair value	19,385	(6,138)	A
Equity securities, trading portfolio, at fair value	4,824		
Real estate, net	25,383	(8,548)	A
Short-term investments	150,404		
Business owned life insurance	55,856		

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Other	46,142		

Total investments	2,915,226	(314,885)	25,000
Cash and cash equivalents	30,137	(12,660)	A 309,448
Premiums and accounts receivable, net	128,815	(16,030)	A
Receivable from reinsurers on unpaid losses and loss adjustment expenses	465,333	(141,792)	A
Prepaid reinsurance premiums	19,629		
Deferred taxes	114,041	(11,527)	A
Other assets	159,907	(32,964)	A
	-----	-----	
Total assets	\$3,833,088	\$ (529,858)	\$334,448
	=====	=====	=====
Liabilities and Stockholders' Equity			
Liabilities:			
Policy liabilities and accruals:			
Reserve for losses and loss adjustment expenses	\$2,394,631	\$ (219,001)	A
Unearned premiums	353,291	(67,932)	A
Reinsurance premiums payable	77,148	(460)	A
	-----	-----	
Total policy liabilities	2,825,070	(287,393)	
Other liabilities	102,380	(19,219)	
Long-term debt	167,166		
	-----	-----	
Total liabilities	3,094,616	(306,612)	
Commitments and Contingencies			
Stockholders' equity:			
Common stock	312		
Additional paid-in capital	387,163		
Accumulated other comprehensive (loss) income	(114)	(1,252)	D
Retained earnings	351,167		112,454
	-----	-----	-----
	738,528	(1,252)	112,454
Less treasury stock, at cost	(56)		
	-----	-----	-----
Total stockholders' equity	738,472	(1,252)	112,454
	-----	-----	-----
Total liabilities and stockholders' equity	\$3,833,088	\$ (307,864)	\$112,454
	=====	=====	=====

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ProAssurance Corporation
 Unaudited Pro Forma Condensed Consolidated Income Statement
 Nine months ended September 30, 2005
 (in thousands except per share data)

	ProAssurance Historical	MEEMIC Companies (F)	Pro Forma
	-----	-----	-----
Revenues:			
Net premiums earned	\$536,639	\$ (141,082)	\$395,557

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Net investment income	79,646	(9,337)	70,309
Net realized investment gains (losses)	1,761	(446)	1,315
Other income	4,612	(1,925)	2,687
	-----	-----	-----
Total revenues	622,658	(152,790)	469,868
Expenses:			
Net losses and loss			
Adjustment expenses	412,931	(81,458)	331,473
Underwriting, acquisition and insurance expenses	94,021	(33,430)	60,591
Interest expense	6,457		6,457
	-----	-----	-----
Total expenses	513,409	(114,888)	398,521
	-----	-----	-----
Income from continuing operations before income taxes	109,249	(37,902)	71,347
Income taxes	30,465	(12,242)	18,223
	-----	-----	-----
Income from continuing operations	\$ 78,784	\$ (25,660)	\$ 53,124
	=====	=====	=====
Earnings per share--from continuing operations:			
Basic	2.65		1.79
	=====		=====
Diluted	2.49		1.70
	=====		=====
Weighted average shares outstanding:			
Basic	29,700		29,700
	=====		=====
Diluted	32,546		32,546
	=====		=====

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ProAssurance Corporation
 Unaudited Pro Forma Condensed Consolidated Income Statement
 Year ended December 31, 2004
 (in thousands except per share data)

	ProAssurance Historical	MEEMIC Companies (F)	Pro Forma
	-----	-----	-----
Revenues:			
Net premiums earned	\$696,020	\$ (183,365)	\$512,655
Net investment income	87,225	(10,879)	76,346
Net realized investment gains (losses)	7,609	(37)	7,572
Other income	3,699	(2,358)	1,341
	-----	-----	-----
Total revenues	794,553	(196,639)	597,914
Expenses:			
Net losses and loss adjustment expenses	572,881	(112,444)	460,437
Underwriting, acquisition and insurance expenses	117,689	(40,548)	77,141
Interest expense	6,515		6,515

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Total expenses	697,085	(152,992)	544,093
Income from continuing operations before income taxes	97,468	(43,647)	53,821
Income taxes	24,657	(13,879)	10,778
Income from continuing operations	\$ 72,811	\$ (29,768)	\$ 43,043
Earnings per share--from continuing operations:			
Basic	2.50		1.48
Diluted	2.37		1.44
Weighted average shares outstanding:			
Basic	29,164		29,164
Diluted	31,984		31,984

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PROASSURANCE CORPORATION
 UNAUDITED PRO FORMA CONDENSED CONSOLIDATED INCOME STATEMENT
 YEAR ENDED DECEMBER 31, 2003
 (IN THOUSANDS EXCEPT PER SHARE DATA)

	PROASSURANCE HISTORICAL	MEEMIC COMPANIES (F)	PRO FORMA
Revenues:			
Net premiums earned	\$623,514	\$ (170,268)	\$453,246
Net investment income	73,619	(10,253)	63,366
Net realized investment gains (losses)	5,992	(134)	5,858
Other income	6,515	(2,055)	4,460
Total revenues	709,640	(182,710)	526,930
Expenses:			
Losses and loss adjustment expenses	576,043	(161,215)	414,828
Reinsurance recoveries	(24,667)	49,207	24,540
Net losses and loss adjustment expenses	551,376	(112,008)	439,368
Underwriting, acquisition and insurance expenses	104,216	(37,578)	66,638
Loss on early extinguishment of debt	305		305
Interest expense	3,409	--	3,409
Total expenses	659,306	(149,586)	509,720
Income from continuing operations before income taxes and minority interest	50,334	(33,124)	17,210
Income taxes	11,450	(9,585)	1,865
Minority Interest	(181)	181	0

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Income (loss) from continuing operations	\$ 38,703	\$ (23,358)	\$ 15,345
	=====	=====	=====
Earnings per share--from continuing operations:			
Basic	1.34		0.53
	=====		=====
Diluted	1.32		0.53
	=====		=====
Weighted average shares outstanding:			
Basic	28,956		28,956
	=====		=====
Diluted	30,389		29,144
	=====		=====

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PROASSURANCE CORPORATION
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED INCOME STATEMENT
YEAR ENDED DECEMBER 31, 2002
(IN THOUSANDS EXCEPT PER SHARE DATA)

	PROASSURANCE HISTORICAL	MEEMIC COMPANIES (F)	PRO FORMA
	-----	-----	-----
Revenues:			
Net premiums earned	\$ 477,408	\$ (149,763)	\$ 327,645
Net investment income	76,918	(10,071)	66,847
Net realized investment gains (losses)	(5,306)	(793)	(6,099)
Other income	6,747	(1,787)	4,960
	-----	-----	-----
Total revenues	555,767	(162,414)	393,353
Expenses:			
Losses and loss adjustment expenses	569,099	(108,810)	460,289
Reinsurance recoveries	(121,070)	12,101	(108,969)
	-----	-----	-----
Net losses and loss adjustment expenses	448,029	(96,709)	351,320
Underwriting, acquisition and insurance expenses	91,253	(34,640)	56,613
Interest expense	2,875	--	2,875
	-----	-----	-----
Total expenses	542,157	(131,349)	410,808
	-----	-----	-----
Income from continuing operations before income taxes and minority interest	13,610	(31,065)	(17,455)
Income taxes	(188)	(9,167)	(9,355)
Minority Interest	(3,285)	3,285	0
	-----	-----	-----
Income(Loss) from continuing operations	\$ 10,513	\$ (18,613)	\$ (8,100)
	=====	=====	=====
Earnings per share--from continuing operations:			
Basic	0.40		(0.31)

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	=====	=====
Diluted	0.39	(0.31)
	=====	=====
Weighted average shares outstanding:		
Basic	26,231	26,231
	=====	=====
Diluted	26,254	26,254
	=====	=====

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Note 1 - Basis of Presentation

The unaudited pro forma balance sheet presents the financial position of ProAssurance as of September 30, 2005 assuming that the transaction occurred as of that date. Such pro forma information is based on the historical balance sheet of ProAssurance as of September 30, 2005 adjusted for the expected effects of the sale.

The unaudited pro forma condensed combined statements of income reflect the historical results of continuing operations for ProAssurance for the periods presented. As required by Rule 11-02 of Regulation S-X, the unaudited pro forma condensed combined statements of income have been prepared assuming that the sale occurred as of the beginning of the period presented. However, the pro forma adjustments do not presume any increase in investment earnings due to investment of cash proceeds from the sale.

The following is a summary of the estimated results of the sales transaction.

Proceeds from sale:	
Fixed maturity securities	\$ 25,000
Cash	375,000

	400,000
Less:	
Expenses of sale, principally professional fees	5,000

Net before-tax proceeds from sale	395,000
Less:	
Carrying value of net assets sold	221,994

Estimated before-tax gain on sale	173,006
Estimated tax effect of transaction	(60,552)

Estimated after-tax gain on sale	\$112,454
	=====

Note 2--Pro Forma Adjustments

- A) Reflects reduction for amounts related to MEEMIC that were included in the ProAssurance historical balance sheet.

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- B) Reflects the portion of the proceeds received in the form of fixed maturity securities, at fair value.
- C) Reflects net proceeds from sale less the expected tax effect of the transaction and proceeds received in the form of fixed maturity securities as described in B, above.
- D) Reflects reversal of accumulated other comprehensive income recognized related to investment securities held by MEEMIC.
- E) Reflects the expected after-tax gain on the sale, the calculation of which is presented in Note 1.
- F) Reflects reduction for MEEMIC operating results included in ProAssurance's historical income statements for the periods shown.

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(b) Exhibits None

On December 8, 2005, ProAssurance Corporation ("ProAssurance") announced that it entered into a definitive agreement that provides for Physicians Insurance Company of Wisconsin ("PIC Wisconsin") to be merged into ProAssurance in a proposed all-stock transaction. This report is also being filed as a Rule 425 prospectus with respect to this proposed transaction.

ProAssurance will file with the SEC a registration statement and a proxy statement-prospectus and other relevant documents concerning the proposed transaction with PIC Wisconsin. Shareholders of PIC Wisconsin are urged to read the registration statement and the proxy statement-prospectus when they become available and any other relevant documents filed with the SEC, as well as any amendments or supplements to those documents, as they will contain important information. You will be able to obtain a free copy of the proxy statement-prospectus, as well as other filings containing information about ProAssurance and PIC Wisconsin, at the SEC's internet site (<http://www.sec.gov>). Copies of the proxy statement-prospectus can be obtained, without charge, by directing a request to Frank B. O'Neil, Senior Vice President, Corporation Communications, ProAssurance Corporation, 100 Brookwood Place, Birmingham, Alabama 35209, telephone (205) 877-4461.

Caution Regarding Forward Looking Statements

This report contains historical information as well as forward-looking statements that are based upon our estimates and anticipation of future events that are subject to certain risks and uncertainties that could cause actual results to vary materially from the expected results described in the forward-looking statements. The words "anticipate," "believe," "estimate," "expect," "hopeful," "intend," "may," "optimistic," "preliminary," "project," "should," "will," and similar expressions are intended to identify these forward-looking statements. There are numerous important factors that could cause our actual results to differ materially from those in the forward-looking statements. Thus, sentences and phrases that we use to convey our view of future events and trends are expressly designated as "forward-looking statements" as are sections of this news release clearly identified as giving our outlook on future business. The principal risk factors that may cause actual results to differ materially from those expressed in the forward-looking statements are described in various documents we file with the Securities and Exchange Commission, including Form 10K/A for the year ended December 31, 2004 and Form 10Q for the most recent quarter. These forward-looking statements are subject to

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significant risks, assumptions and uncertainties, including, among other things, the following important factors that could affect the actual outcome of future events.

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We urge you not to place undue reliance on any such forward-looking statements, which speak only as of the date made, and wish to advise readers that the factors listed above could affect our financial performance and could cause actual results for future periods to differ materially from any opinions or statements expressed with respect to periods in any current statements. We do not undertake and specifically decline any obligation to publicly release the result of any revisions that may be made to any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

Pursuant to the requirements of the Securities Exchange act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: February 15, 2006

PROASSURANCE CORPORATION

By: /s/ Edward L. Rand, Jr.

Edward L. Rand, Jr.

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