FOREST OIL CORP
Form 10-Q
November 06, 2008

Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

ý **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2008

Or

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to
Commission File Number 1-13515

FOREST OIL CORPORATION

(Exact name of registrant as specified in its charter)

New York	**25-0484900**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

707 17th Street, Suite 3600 Denver, Colorado 80202
(Address of principal executive offices) (Zip Code)
Registrant's telephone number, including area code: **(303) 812-1400**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ý Yes o No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ý	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). o Yes ý No

As of October 31, 2008 there were 97,121,170 shares of the registrant's common stock, par value $.10 per share, outstanding.

Table of Contents

FOREST OIL CORPORATION

INDEX TO FORM 10-Q

September 30, 2008

Table of Contents

PART I FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

FOREST OIL CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In Thousands, Except Share Data)

	September 30, 2008	December 31, 2007
ASSETS		
Current assets:		
Cash and cash equivalents	$ 496	9,685
Accounts receivable	205,768	201,617
Derivative instruments	60,779	30,006
Deferred income taxes	4,384	23,854
Other investments	14,302	34,694
Inventory	44,810	9,486
Other current assets	62,265	52,032
Total current assets	392,804	361,374
Property and equipment, at cost:		
Oil and gas properties, full cost method of accounting:		
Proved, net of accumulated depletion of $3,067,850 and $2,742,539	5,749,523	4,414,710
Unproved	1,063,921	568,510
Net oil and gas properties	6,813,444	4,983,220
Other property and equipment, net of accumulated depreciation and amortization of $35,528 and $30,011	87,303	42,595
Net property and equipment	6,900,747	5,025,815
Goodwill	265,088	265,618
Derivative instruments	7,730	
Other assets	40,521	42,741
	$ 7,606,890	5,695,548
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 434,501	361,089
Accrued interest	34,146	7,693
Derivative instruments	60,690	72,675
Current portion of long-term debt		266,002
Asset retirement obligations	4,204	2,562
Other current liabilities	40,966	28,361
Total current liabilities	574,507	738,382
Long-term debt	2,672,996	1,503,035
Asset retirement obligations	95,912	87,943
Derivative instruments	29,167	38,171

Deferred income taxes	1,044,485	853,427
Other liabilities	65,355	62,779
Total liabilities	4,482,422	3,283,737
Shareholders' equity:		
Preferred stock, none issued and outstanding		
Common stock, 97,088,219 and 88,379,409 shares issued and outstanding	9,709	8,838
Capital surplus	2,361,782	1,966,569
Retained earnings	653,287	306,062
Accumulated other comprehensive income	99,690	130,342
Total shareholders' equity	3,124,468	2,411,811
	$ 7,606,890	5,695,548

See accompanying Notes to Condensed Consolidated Financial Statements.

Table of Contents

FOREST OIL CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
	(In Thousands, Except Per Share Amounts)			
Revenues	$ 474,160	313,025	1,365,872	750,303
Operating expenses:				
Lease operating expenses	44,912	48,269	120,890	129,336
Production and property taxes	23,482	16,112	67,681	36,830
Transportation and processing costs	4,874	5,764	14,440	15,216
General and administrative (including stock-based compensation)	18,046	16,716	57,166	43,094
Depreciation and depletion	136,731	122,005	378,882	268,590
Accretion of asset retirement obligations	1,871	1,980	5,622	4,547
Gain on sale of assets	(21,063)		(21,063)	(7,176)
Total operating expenses	208,853	210,846	623,618	490,437
Earnings from operations	265,307	102,179	742,254	259,866
Other income and expense:				
Interest expense	30,429	32,567	86,265	86,023
Unrealized (gains) losses on derivative instruments, net	(498,182)	12,415	(36,329)	35,440
Realized losses (gains) on derivative instruments, net	48,842	(30,387)	110,687	(64,791)
Unrealized foreign currency exchange losses (gains)	4,456	(1,075)	6,771	(7,395)
Unrealized losses (gains) on other investments, net	14,699	(2,521)	22,066	(2,521)
Other expense, net	2,114	4,145	1,089	4,379
Total other income and expense	(397,642)	15,144	190,549	51,135
Earnings before income taxes	662,949	87,035	551,705	208,731
Income tax:				
Current	2,961	3,320	6,939	6,415
Deferred	230,981	25,728	188,509	60,639
Total income tax	233,942	29,048	195,448	67,054
Net earnings	$ 429,007	57,987	356,257	141,677
Basic earnings per common share	$ 4.88	..67	4.06	1.96
Diluted earnings per common share	$ 4.77	.65	3.97	1.91

See accompanying Notes to Condensed Consolidated Financial Statements.

Table of Contents

FOREST OIL CORPORATION

CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(Unaudited)

	Common Stock				Accumulated	
	Shares	Amount	Capital Surplus	Retained Earnings	Other Comprehensive Income	Total Shareholders' Equity
			(In Thousands)			
Balances at December 31, 2007	88,379	$ 8,838	1,966,569	306,062	130,342	2,411,811
Acquisition of Texas properties	7,250	725	358,875			359,600
Exercise of stock options	784	78	16,279			16,357
Employee stock purchase plan	26	3	1,115			1,118
Restricted stock issued, net of cancellations	667	67	(67)			
Amortization of stock-based compensation			20,100			20,100
Adoption of EITF 06-4 and EITF 06-10				(9,032)		(9,032)
Restricted stock redeemed and other	(18)	(2)	(1,089)			(1,091)
Comprehensive income:						
Net earnings				356,257		356,257
Unfunded postretirement benefits, net of tax					(7)	(7)
Foreign currency translation					(30,645)	(30,645)
Total comprehensive income						325,605
Balances at September 30, 2008	97,088	$				

During 2018, the Audit Committee met eight times.

Executive Committee

Our Executive Committee has the authority during intervals between the meetings of the Board of Directors to exercise all powers and authority of the Board of Directors in the management of our business and affairs, except that the Executive Committee may not:

alter or repeal any resolution adopted by the Board of Directors that by its terms is not subject to amendment or repeal by the Executive Committee or any resolution relating to the establishment or membership of the Executive Committee;

act with respect to matters required to be passed upon by the full Board of Directors, the independent directors, or by a committee comprised of independent directors; or

act on any matter that has been delegated to the Audit Committee, the Nominating/Corporate Governance Committee or the Compensation Committee in their respective charters.

Our By-Laws provide that the Executive Committee has at least three members, including the Chairman of the Board. The members of the Executive Committee are W. Stancil Starnes (Chairman), Robert E. Flowers, M.D. and John J. McMahon, Jr., J.D. The Executive Committee did not meet in 2018.

17

PROPOSAL 2 RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS

The Audit Committee has appointed Ernst & Young LLP as our auditors for the current fiscal year ending December 31, 2019. Although ratification of the stockholders is not required for appointment of independent auditors under Delaware law or our By-Laws, the Board of Directors believes it is appropriate to seek stockholder ratification of the appointment of Ernst & Young LLP as independent auditor.

Ernst & Young LLP served as the independent auditor of ProAssurance for the year ended December 31, 2018. In connection with the current appointment of the independent auditor, the Audit Committee reviewed with representatives of Ernst & Young LLP the most recent report of the PCAOB on the overall quality of the firm s audit work.

Representatives of Ernst & Young will be present at the 2019 annual meeting and will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Fees for 2018 and 2017

The table below sets forth the aggregate fees incurred by ProAssurance for audit, audit-related, tax and other services provided by Ernst & Young LLP to ProAssurance during each of the last two years.

	2018	2017
Audit fees	$ 2,542,360	$ 2,855,120
Audit-related fees	0	0
Tax fees	140,000	0
All other fees	0	0
Total	$ 2,682,360	$ 2,855,120

All fees paid to Ernst & Young LLP for 2018 that required the pre-approval of the Audit Committee were approved in accordance with our pre-approval policies and procedures described below.

Pre-Approval Policies and Procedures

The audit committee of the Board of Directors is responsible for the appointment, compensation and oversight of the work of the independent auditor. As part of this responsibility, the audit committee is required to pre-approve the audit and non-audit services performed by the independent auditor in order to assure that they do not impair the auditor s independence. The SEC has issued rules specifying the types of services that an independent auditor may not provide to its audit client and governing the audit committee s administration of the engagement of the independent auditor. Our Audit Committee has adopted an Audit and Non-audit Service Pre-approval Policy, which sets forth the procedures and the conditions pursuant to which services proposed to be performed by our independent auditor may be pre-approved.

For pre-approval of non-audit services, our Audit Committee will consider whether services are consistent with the SEC s rules on auditor independence. Our Audit Committee will also consider whether the independent auditor is able to provide effective and efficient service, for reasons such as its familiarity with our business, people, culture, accounting systems, risk profile and other factors, and whether the services will enhance our ability to manage or control risk or improve audit quality. Our Audit Committee is also mindful of the relationship between fees for audit and non-audit services in deciding whether to pre-approve any such services. All such factors will be considered as a whole, and no one factor is necessarily determinative.

Our Audit Committee determines from time to time the eligible services that may be provided to ProAssurance by our independent auditors in accordance with the requirements and guidance of the SEC and the NYSE, or other exchanges or market systems on which our stock is traded. The Audit Committee also determines whether such services fit in the categories of Audit Services, Audit-related Services, Tax Services and other Permitted Non-audit Services as described below and as the description of such services may be modified under subsequent guidance and interpretation of the regulatory and self-regulatory organizations applicable to ProAssurance, including without limitation, the SEC and the NYSE. The independent auditor may not provide any non-audit services that are prohibited under the provisions of Section 10A of the Exchange Act and the rules and regulations promulgated thereunder.

Audit Services. Audit services in the annual audit engagement include the annual financial statement audit (including required quarterly reviews), subsidiary audits, equity investment audits and other procedures required to be performed by the independent auditor in order for the independent auditor to form an opinion on our consolidated financial statements. These other procedures include information systems and procedural reviews and testing performed in order to understand and place reliance on the systems of internal control and consultations relating to the annual audit or quarterly review and an actuarial analysis of the estimate for losses in our financial statements. Audit services also include the engagement for the independent auditor s report on the effectiveness of internal controls for financial reporting. In addition to the audit services included in the annual audit engagement, the Audit Committee may approve other audit services. Other audit services are those services that only the independent auditor can reasonably provide and include statutory audits or financial audits for our subsidiaries or affiliates, services associated with inclusion of acquired companies in our financial statements, and services associated with SEC registration statements, periodic reports and other documents we file with the SEC or other documents issued in connection with a securities offering.

Audit-related Services. Audit-related services are assurance and related services that are reasonably related to the performance of the audit or review of our financial statements or that are traditionally performed by the independent auditor. Because our Audit Committee believes that the provision of audit-related services does not impair the independence of the auditor and is consistent with SEC rules on auditor independence, the Audit Committee may grant pre-approval to audit-related services. Audit-related services include, among others: due diligence services pertaining to potential business acquisitions/dispositions; accounting consultations relating to accounting, financial reporting or disclosure matters not classified as audit services; assistance with understanding and implementing new accounting and financial reporting guidance from rule-making authorities; financial audits of employee benefit plans; agreed upon or expanded audit procedures related to accounting and/or billing records required to respond or comply with financial, accounting or regulatory reporting matters; and assistance with internal control reporting requirements.

Tax Services. Our Audit Committee believes that the independent auditor can provide tax services to ProAssurance such as tax compliance, tax planning and tax advice without impairing the auditor s independence, and the SEC has stated that the independent auditor may provide such services. Hence, our Audit Committee believes it may grant pre-approval to those tax services that:

- the Audit Committee believes would not impair the independence of the auditor; and

- are consistent with SEC rules on auditor independence.

The Audit Committee will not permit the retention of the independent auditor in connection with a transaction initially recommended by the independent auditor, the sole business purpose of which may be tax avoidance and the tax treatment of which may not be supported in the Internal Revenue Code and related regulations. The Audit Committee will consult with the Chief Financial Officer or outside counsel to determine that tax planning and reporting advice is consistent with this policy.

Other Non-audit Services. Our Audit Committee believes, based on the SEC s rules prohibiting the independent auditor from providing specific non-audit services, that certain types of non-audit services are permitted. Accordingly, the Audit Committee believes it may grant pre-approval for those permissible non-audit services that it believes are routine and recurring services, would not impair the independence of the auditor, and are consistent with the SEC s rules on auditor independence. Our Audit Committee may not pre-approve any of the SEC s prohibited non-audit services.

Annual Audit Engagement. Our Audit Committee appoints the independent auditor of ProAssurance and pre-approves the services to be provided in connection with the preparation or issuance of the annual audit report

19

or related work. The annual audit services are set forth in an engagement letter prepared by the independent auditor which is submitted to the Audit Committee for approval. The engagement letter provides that the independent auditor reports directly to the Audit Committee. Any audit services within the scope of the engagement letter are deemed to have been pre-approved by our Audit Committee.

Pre-approval of Other Audit and Non-audit Services. Other audit services, audit-related services, tax services, and other non-audit services may be pre-approved by our Audit Committee in accordance with the following procedure either on a specific case-by-case basis as services are needed or on a pre-approval basis for services that are expected to be needed. Our Audit Committee may delegate to one or more designated members of the Audit Committee, who are independent directors of the Board of Directors, the authority to grant pre-approval of these services to be performed by the independent auditors. The member to whom such authority is delegated must report, for informational purposes only, any pre-approval decisions to the Audit Committee at its next scheduled meeting.

Our management may submit requests for pre-approval of eligible services by the independent auditor from time to time to our Audit Committee or to the member or members of the committee to whom pre-approval authority has been delegated. The request for approval must be sufficiently detailed as to the particular services to be provided so that the Audit Committee knows precisely what services it is being asked to pre-approve and so that it can make a well-reasoned assessment of the impact of the service on the auditor s independence. Budgeted amounts or fee levels for services to be provided by the independent auditor must be submitted with the request for pre-approval. Requests for pre-approval of services by the independent auditor must include a joint statement of the independent auditor and our Chief Financial Officer as to whether, in their view, the request or application is consistent with the SEC s rules on auditor independence.

Our Audit Committee will be informed not less frequently than quarterly of the services rendered by the independent auditor. Our Chief Financial Officer is responsible for tracking all independent auditors fees against the budget for such services and report at least quarterly to the Audit Committee.

The Audit Committee Charter designates our internal auditor to monitor the performance of all services provided by ProAssurance s independent auditor and to determine whether such services are in compliance with policy. Our internal auditor reports to the Audit Committee on a periodic basis on the results of its monitoring. Both our internal auditor and management will immediately report to the Chairman of the Audit Committee any breach of this policy that comes to the attention of the internal auditor or any member of management. The Audit Committee will also review our internal auditor s annual internal audit plan to determine that the plan provides for monitoring of the independent auditor s services.

Vote Required

The ratification of Ernst & Young LLP as ProAssurance s independent auditor for 2019 will require the affirmative vote of a majority of the shares voting on the matter at the 2019 annual meeting. If you vote your shares without instructions to your proxy on this proposal, your shares will be voted **FOR** the ratification of the appointment of Ernst & Young LLP. In the event that the appointment of Ernst & Young LLP as independent auditor for 2019 is not approved by the affirmative vote of a majority of the shares voting on the matter, the Board of Directors will request that the Audit Committee reconsider its appointment of independent auditors for the year ending December 31, 2019.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE **FOR** THE RATIFICATION OF ERNST & YOUNG LLP AS INDEPENDENT AUDITOR OF PROASSURANCE FOR 2019.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee is currently comprised of four independent directors and operates pursuant to a written charter. The charter is available in the Corporate Governance section of our website at

20

http://investor.ProAssurance.com/govdocs. During 2018, the Audit Committee met eight times. In conjunction with some of these meetings, the Audit Committee met in executive sessions and met in separate sessions with our independent auditor, our internal auditors, our Chief Executive Officer and Chief Financial Officer.

Our management is responsible for the preparation, presentation and integrity of ProAssurance s financial statements, accounting and financial reporting principles and the establishment and effectiveness of internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The independent auditor is responsible for performing an independent audit of ProAssurance s financial statements in accordance with generally accepted auditing standards and expressing an opinion as to their conformity with generally accepted accounting principles. The independent auditor is also required to review the adequacy and effectiveness of ProAssurance s internal controls on financial reporting. The Audit Committee is directly responsible in its capacity as a committee of the Board for the appointment, compensation and oversight of the work of the independent auditor. The independent auditor reports directly to the Audit Committee.

In performing its oversight role, the Audit Committee has considered and discussed the audited financial statements with management and with Ernst & Young LLP, our independent auditor. The Audit Committee also has discussed with the independent auditor the matters required to be discussed by auditing standards and guidelines established by the SEC and the Public Company Accounting Oversight Board (United States) (the PCAOB). The independent auditor has communicated to the Audit Committee the communications required by Auditing Standard No. 1301. In addition, the auditor is required to inquire as to whether the Audit Committee is aware of matters relevant to the audit such as fraud or possible violation of laws and is further required to communicate to the Audit Committee any other matters arising from the audit that are significant and relevant to the Audit Committee regarding its oversight of the financial reporting process.

The Audit Committee has received from Ernst & Young LLP a letter providing the disclosures required by PCAOB Rule 3526, Communications with Audit Committees Concerning Independence, with respect to any relationships between Ernst & Young LLP and ProAssurance that in its professional judgment may reasonably be thought to bear on independence. Ernst & Young LLP has discussed its independence with the Audit Committee, and has confirmed in such letter that, in its professional judgment, it is independent of ProAssurance within the meaning of federal securities laws and in compliance with PCAOB Rule 3520.

All audit and non-audit services performed by the independent auditor must be pre-approved by the Audit Committee or a member thereof. The Audit Committee approved the audit services rendered by our independent auditor during ProAssurance s most recent fiscal year. Ernst & Young LLP performed limited non-audit services in 2018 related to premium tax filings.

Members of the Audit Committee rely, without independent verification, on the information provided to them and on the representations made by management and the independent auditor. Accordingly, the Audit Committee s oversight does not provide an independent basis to determine that management has maintained appropriate accounting and financial reporting principles or appropriate internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations.

Based on the reports and discussions described in this report, and subject to the limitations on the role and responsibilities of the Audit Committee referred to above and in the charter, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements of ProAssurance for 2018 be included in its Annual Report on Form 10-K for the year ended December 31, 2018, prior to the filing of such report with the SEC.

Audit Committee:

Samuel A. Di Piazza, Jr., C.P.A., Chairman

Kedrick D. Adkins Jr., C.P.A.

Bruce D. Angiolillo, J.D.

Frank A. Spinosa, D.P.M.

April 1, 2019

PROPOSAL 3 ADVISORY VOTE ON EXECUTIVE COMPENSATION

Section 14A of the Exchange Act, which was enacted in July 2010 as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act, requires that we provide our stockholders with the opportunity to vote to approve, on a nonbinding, advisory basis, the compensation of our Named Executive Officers as disclosed in this proxy statement in accordance with the compensation disclosure rules of the SEC. At the 2017 annual meeting our stockholders voted for ProAssurance to continue providing the stockholders this opportunity to vote on executive compensation on an annual basis and we will do so until the advisory vote frequency is required to be reauthorized in 2023.

As described in detail in this proxy statement under the heading Compensation Discussion and Analysis, we seek to align closely the interests of our Named Executive Officers with the interests of our stockholders. Our compensation programs are designed to reward our Named Executive Officers for the achievement of short-term and long-term strategic and operational goals and the achievement of increased total stockholder return, while at the same time avoiding the encouragement of unnecessary or excessive risk-taking. The Compensation Committee and the Board of Directors believe the policies and procedures articulated in the Compensation Discussion and Analysis are effective in implementing our compensation philosophy and in achieving its goals and that the compensation of our executive officers in 2018 reflects and supports these compensation policies and procedures.

The vote on this resolution is not intended to address any specific element of compensation; rather, the vote relates to the compensation of our Named Executive Officers, as described in this proxy statement in accordance with the compensation disclosure rules of the SEC. The vote is advisory, which means that the vote is not binding on us, our Board of Directors or the Compensation Committee of the Board of Directors. To the extent there is any significant vote against our Named Executive Officer compensation as disclosed in this proxy statement, the Compensation Committee will evaluate whether any actions are necessary to address the concerns of stockholders.

The approval of this Proposal 3 requires the affirmative vote of a majority of the shares voting on the matter at the 2019 annual meeting without regard to broker non-votes or abstentions. Accordingly, we will ask our stockholders to vote on the following resolution at the Annual Meeting:

RESOLVED, that the stockholders of ProAssurance Corporation approve, on an advisory basis, the compensation paid to the Named Executive Officers, as disclosed in ProAssurance Corporation s proxy statement for the 2019 Annual Meeting of Stockholders pursuant to the compensation disclosure requirements set forth in Item 402 of Regulation S-K of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the 2018 Summary Compensation Table and the other related tables and narrative discussion.

Recommendation by the Board; Vote Required

In accordance with the requirements of the NYSE, brokers may not vote on the advisory vote on executive compensation without specific instructions from the beneficial owners of shares. **If you hold your shares in street name with your broker and you do not specifically instruct your broker how to vote on the advisory vote on executive compensation, your broker will not vote for you on Proposal 3 (Advisory Vote on Executive Compensation).**

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS VOTE **FOR** THE APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS, AS DISCLOSED IN THIS PROXY STATEMENT.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The following discussion will address our compensation practices with respect to our Chief Executive Officer and the other executive officers named in the Summary Compensation Table on page 35 of this proxy statement, which we refer to as our executives in the discussion.

Overview

We seek to offer competitive compensation that is designed to attract and retain qualified and motivated individuals and reward them based on performance. Our executive compensation follows the compensation format generally applicable in the insurance industry consisting of base salary, annual incentive compensation and long-term incentive compensation.

We emphasize incentive compensation that rewards our executives for the achievement of short-term and long-term strategic and operational goals. Our compensation program for executives contemplates a base salary that is competitive in the market. Our goal is to place a majority of our executives compensation relative to base salary at risk in the form of annual and long-term incentive compensation, while at the same time avoiding the encouragement of unnecessary or excessive risk-taking. In 2018, the at risk compensation (sum of annual incentive and three year average of long term incentive) received by our Chief Executive Officer was approximately 69.3% of total compensation and the at risk compensation received by our other executives ranged from approximately 63.6% to 71.7% of total compensation (sum of base salary, annual incentive and three year average of long term incentive). This reflects our objective to reward performance and to link rewards to our strategic business objectives.

Our annual incentive compensation is intended to maximize the efficiency and effectiveness of our operations by providing compensation based on annual performance measures for our executives.

Our long-term incentive compensation for executives is focused on long-term growth in stockholder value. We place our executive compensation before our stockholders for an advisory vote at each annual meeting. In the event of a substantial negative vote, we will carefully consider the reasons that we believe may have prompted that vote. A summary of our executive compensation was disclosed to our stockholders in the proxy statement for last year s annual meeting at which we received the favorable vote of approximately 97% of the shares that voted on the advisory vote on executive compensation.

At the 2013 annual meeting, our stockholders approved the 2014 Annual Incentive Compensation Plan and the 2014 Amended and Restated Equity Incentive Plan to replace the 2008 Annual Incentive Compensation Plan and the 2008 Equity Incentive Plan. The Board of Directors recommended that these plans be approved by the stockholders so that performance-based compensation granted to our executives under our short term and long term incentive plans would qualify under Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code) and so that the shares of our common stock issued as equity awards under these plans would be eligible for listing on the New York Stock Exchange. All annual and long-term incentive compensation granted in the last three years has been granted under the 2014 plans.

The incentive compensation of our Chief Executive Officer and other executive officers of ProAssurance is based on corporate-wide performance measures in recognition of their responsibility for overall performance of ProAssurance and its insurance subsidiaries. In 2016, 2017, and 2018, we operated several of our subsidiaries as separate operating divisions, including ProAssurance Indemnity Company, Inc., ProAssurance Casualty Company, ProAssurance Specialty Insurance Company, Inc. (Healthcare Professional Liability Group or HCPL Group); the Podiatry Insurance Company of America and its subsidiary, PACO Assurance Company, Inc. (the PICA Group); and Eastern Insurance Holdings, Inc. and its insurance subsidiaries (the Eastern Group). We considered the presidents of these operating divisions to be executive officers and based annual

23

incentive compensation in part on performance measures tailored to their respective operating divisions.
In conjunction with our release of 2018 earnings, we announced changes in our management structure that will align executive management to our financial operating segments (Segments). The HCPL Group and the PICA Group are included in the Specialty P&C Segment (Specialty P&C) and the Eastern Group is included in the Workers Compensation Insurance Segment and the Segregated Portfolio Cell Reinsurance Segment (collectively, Workers Comp), and the presidents of these Segments are now considered executive officers.

For 2019, we have made changes to our annual incentive compensation to reflect the changes to our management structure. Edward L. Rand, Jr. is responsible for oversight of all corporate operations as President and Chief Operating Officer, and Dana S. Hendricks has assumed his former duties as Chief Financial Officer. In addition, Michael L. Boguski will move from the Workers Comp Segment to the Specialty P&C Segment during the second quarter of 2019, and Kevin M. Shook will be promoted within the Workers Comp Segment to replace Mr. Boguski as president of the Workers Comp Segment. In 2019, our annual incentive compensation program has been modified to reflect Mr. Rand s expanded duties as President and to reflect the changes in the leadership of our Segments.

Compensation Review Process

As the Compensation Committee, we recommend compensation for our Chief Executive Officer, review and approve compensation recommended by our Chief Executive Officer for other executive officers, and administer our incentive compensation plans. All of the members of the Compensation Committee are directors of ProAssurance, and our Board has determined that each member is independent under the independence requirements for compensation committee members under our charter and the applicable NYSE Rules. Our recommendation for the compensation of our CEO is subject to ratification by a majority of the independent directors on our Board.

To aid in our evaluation of the reasonableness of our executive compensation and the competitiveness of such compensation with market practices, we use compensation data from a group of peer companies as a primary point of reference. As a secondary point of reference, we use published surveys of executive compensation to evaluate the competitiveness of the compensation to the presidents of our operating divisions. The peer group compensation data includes base salaries, annual incentive compensation and long-term incentive compensation payable to senior-level executives in the peer group. We do not attempt to benchmark our compensation to the peer group.

The Compensation Committee retained Total Compensation Solutions (TCS) to assist the Committee in the evaluation of our executive compensation for the current year and the years covered in the Summary Compensation Table. The Compensation Committee has been directly responsible for the appointment and oversight of TCS in the years covered in the Summary Compensation Table. The compensation payable to TCS for its services to ProAssurance has been fixed by the Committee and funded by ProAssurance. TCS has performed no services for ProAssurance other than those performed for the Compensation Committee. ProAssurance also participates in an industry survey prepared each year by TCS at an annual cost to ProAssurance of approximately $1,100.

As required by rules enacted by the SEC and the NYSE, the Compensation Committee evaluated the independence of TCS in connection with its engagement as compensation consultant for the Committee for 2019. The Compensation Committee determined that TCS is independent after making inquiry of TCS with respect to the factors set forth in the NYSE guidance for evaluation of the independence of compensation consultants. Among the factors that the Compensation Committee considered were that TCS performed no services for ProAssurance other than those performed for the Committee and for management as described above; that the fees paid by ProAssurance comprised 6.4% of TCS s revenues in 2018, 6.6% of TCS s revenues in 2017, and less than 4.9% of TCS s revenues in 2016; that TCS disclosed to us its conflict of interest policy that it has established to prevent conflicts of interests; and that neither TCS nor any of the individuals providing consulting services to ProAssurance owns any shares of common stock of ProAssurance and none of them has had a relationship with any executive officer or director of ProAssurance.

With assistance of our senior management, TCS compiled a list of peer companies, which the Compensation Committee subsequently reviewed and approved, to be used as comparators for our executive compensation and compiled compensation data of the peer companies with respect to base salaries, annual incentive compensation, and long-term incentive compensation. The peer companies are intended to represent organizations that compete with ProAssurance both for business and talent. TCS evaluated each element of our executive compensation in comparison to the compensation information compiled from the peer companies.

The companies used as our peer group to review 2018 compensation included 19 companies, namely: Alleghany Corporation; American National Insurance Company; AmTrust Financial Services, Inc.; ARCH Capital Group Ltd.; Argo Group, Inc.; Donegal Group, Inc.; Employers Holdings, Inc.; Erie Indemnity Company; Horace Mann Educators Corporation; Markel Corporation; Mercury General Corporation; The Navigators Group, Inc.; RLI Corp.; Safety Insurance Group, Inc.; Selective Insurance Group, Inc.; State Auto Financial Corporation; United Fire Group, Inc.; United Insurance Holdings Corp.; and W. R. Berkley Corporation. The 2018 peer group was substantially the same as the peer group used to review 2017 compensation except that Infinity Property & Casualty Corporation was removed from the group due to a merger which resulted in Infinity Property & Casualty Corporation no longer being a stand-alone company and Safety Insurance Group, Inc. and United Insurance Holdings Corp. were added to the group in 2018.

The specialty insurers included in the peer companies had total assets ranging from approximately $1.7 billion to approximately $32.8 billion with a median of approximately $5.2 billion at the end of 2017 as compared to ProAssurance s year-end total assets of approximately $4.9 billion, and they had a market capitalization ranging from approximately $0.39 billion to approximately $15.8 billion with a median of approximately $1.9 billion at the end of 2017 as compared to ProAssurance s year-end market capitalization of approximately $3 billion. The median revenues for all of the peer companies were approximately $1.7 billion as compared to ProAssurance s revenue of approximately $866 million for the year ended December 31, 2017, and the median operating income (before income taxes) for the peer companies was approximately $101 million as compared to $145 million for ProAssurance for the year ended December 31, 2017.

In the course of its duties as our compensation consultant, TCS compiles data on executive compensation arrangements from the peer companies and provides us with a report that includes a summary of the compiled data and its observations and recommendations on the competitiveness of the elements of ProAssurance s executive compensation (base salary, annual incentives and long-term incentives). Senior management provides the Committee information for use in developing recommendations on executive compensation in the following respects:

- calculation of the incentive compensation payable to each of the senior executives in accordance with the performance criteria in the annual incentive award guidelines as approved by the Committee for that year;

- review and analysis of the performance criteria for performance shares to be granted as long-term compensation in the current year in view of the long-term corporate goals and objectives;

- calculation of the results of performance criteria and corresponding awards under maturing performance shares;

- estimate of the value of equity compensation in accordance with generally accepted accounting principles in the United States;

analysis of the performance criteria in the annual incentive award guidelines for the current year in light of current corporate goals; and

analysis of the form and mix of the compensation elements included in our executive compensation.

The Chief Executive Officer recommends to the Compensation Committee the appropriate compensation for executive officers other than himself within the compensation framework established by the Committee.

The Chief Executive Officer has access to the compensation consultant s reports when making these recommendations. The Committee reviews these recommendations at a meeting usually held in February after the financial results of the prior year are reasonably certain. We receive the recommendations of the Chief Executive Officer together with supporting material, and we review this information along with the report of the compensation consultant. After analyzing the information, we make our decisions and transmit them to the full board through the minutes of the Committee meeting. We accepted the recommendations of the Chief Executive Officer for the current year and all years covered in the Summary Compensation Table.

Senior management makes no recommendations with respect to the compensation of the Chief Executive Officer. Our charter vests the Compensation Committee with the exclusive responsibility for making recommendations for both the base salary of the Chief Executive Officer and for the opportunity for payment of annual incentive compensation and long-term incentive compensation to the Chief Executive Officer. All of our recommendations with respect to the Chief Executive Officer s compensation, which are subject to approval by the independent directors under our charter, were unanimously approved by the independent directors on our Board of Directors for the current year and all years reflected in the Summary Compensation Table.

Chief Executive Officer

W. Stancil Starnes has been Chief Executive Officer of ProAssurance since July 2007. The Summary Compensation Table reflects the compensation paid to Mr. Starnes for 2016, 2017, and 2018 pursuant to his employment agreement with the Company. The employment agreement provides that Mr. Starnes will be paid a base salary to be fixed annually by the Board of Directors; that he will be eligible for annual incentive compensation based on corporate objectives consistent with the criteria established for our other executives; and that he will be granted long-term incentive compensation having a value on each date of grant of not less than $500,000. The Compensation Committee and the independent directors approved compensation for Mr. Starnes consistent with these terms, as described in the following discussion.

Base Salary

Base salary for our executives is established and adjusted according to the following criteria: areas of responsibility; experience; company expense objectives; annual rate of inflation; and individual performance. In the middle of 2018, we changed our timing of payments of salary to our employees, which caused a slight reduction of salaries reported in the Summary Compensation Table from 2017 to 2018. For 2019, the Compensation Committee increased Mr. Starnes base salary by approximately 3% to $1,005,000 effective April 1, 2019. We also provided our other senior executives increases in base salaries in the approximate range of 6% to 31% effective April 1, 2019. The higher increases were made to the base salaries of those executives whose responsibilities were increased in connection with the promotions and reporting realignments of our executives. In addition, Mr. Rand was promoted to President effective December 3, 2018, and his base salary increased at that time by about 17.5% in connection with the promotion. His base salary will remain at that level in 2019.

Annual Incentive Compensation

In 2013, our stockholders approved the ProAssurance Corporation 2014 Annual Incentive Compensation Plan. The plan is designed to permit annual incentive awards to qualify as performance-based compensation under Internal Revenue Code Section 162(m). Under Section 162(m), no federal income tax deduction was allowed for annual compensation in excess of $1 million paid to the Chief Executive Officer and other executives named in the Summary Compensation Table included in our proxy statement unless the excess compensation was performance-based compensation as defined in the Code and supporting regulations. The performance-based exception to the $1 million limit on the federal income tax deduction was eliminated by Tax Cuts and Jobs Act (TCJA) that was enacted on December 22, 2017, but the TCJA included an exception for awards paid under an agreement entered into on or prior to November 2, 2017. This change does not impact the annual incentive awards for 2016 and 2017, which awards were paid under the 2014 Annual Incentive Plan. The annual incentive compensation for our Chief Executive Officer as reflected in the Summary Compensation Table was structured to qualify as performance-based compensation under Section 162(m).

Our annual incentive compensation program provides significant at risk compensation opportunities for our executives and other selected key employees. The at risk compensation is paid only if the Company achieves certain predetermined performance targets that are developed as described herein and designed to produce operating results that enhance the value of the organization.

Annual incentive award targets are established during the first quarter for the current year and are expressed as a percentage of base salary. Thus, the annual incentive compensation program assumes a base salary that is competitive in the market. The Compensation Committee establishes performance goals for annual incentive compensation for our executives and other key employees. The Compensation Committee, with the assistance of its compensation consultant, considers whether our performance goals are reasonable in comparison with the performance measures used by the insurance industry and the likelihood that the performance goals may cause executives to assume material risks in order to achieve their performance goals.

The Compensation Committee assigns a weighted percentage for each of the performance goals. Annual incentive awards are subject to increase or decrease to the extent actual performance is greater or less than each target performance goal within a range of the performance goal as established by the Committee. The Committee uses these weighted performance goals to determine the annual incentive award for the Chief Executive Officer. The Chief Executive Officer recommends annual incentive awards for the other executives pursuant to the weighted performance goals established by the Committee. The recommendations of the Chief Executive Officer are subject to review and modification by the Committee. The Committee determines that the goals and incentives are set at levels that are reasonable and consistent with past practice, relate to the sound financial management of ProAssurance, and do not involve unnecessary or excessive risk that would threaten the value of ProAssurance.

In 2016, the exclusive performance measures for the annual incentive compensation of our Chief Executive Officer, Chief Financial Officer and General Counsel were Return on Equity, Combined Ratio and Gross Written Premium, in each case for ProAssurance and its consolidated subsidiaries. The annual incentive compensation for the Presidents of HCPL Group and Eastern Group operating divisions used these performance measures for one-half of their annual incentive compensation, and the remaining one-half of their annual incentive compensation was based on performance measures for the specific operating division. In 2016, the annual incentive compensation for the President of the PICA Group was based upon metrics specific to the PICA Group. A summary of the weighted percentage for each of the performance criteria and the performance guidelines follows:

	Return on Equity	**Consolidated Combined Ratio**	**Gross Written Premium**	**Operating Division Metrics**
Corporate Executives	15%	70%	15%	N/A
President HCPL Group	7.5%	35%	7.5%	50%
President Eastern Group	7.5%	35%	7.5%	50%
President PICA Group	0%	0%	0%	100%

<u>Return on Equity</u> Return on equity (ROE) is a commonly used annual measure that measures profitability of a company by reflecting as a ratio the amount of earnings generated with the stockholders equity. We compute ROE by dividing annual net income by the average of beginning and ending stockholders equity.

<u>Combined Consolidated Ratio</u> The combined ratio is included as a performance measure because it is a traditional measure of bottom line economic success for a property and casualty insurance company that does not directly equate to forecasting earnings if publicly disclosed. Our combined ratio is the sum of our loss ratio and expense ratio based on our GAAP annual income statement.

Gross Written Premium   This includes premiums from all lines of business.

For our operating divisions, we established separate performance measures for the HCPL Group and the Eastern Group. For 2016, the performance measures of the HCPL Group and their respective weighted percentages are as follows: HCPL Combined Ratio 27.5%, HCPL Retention 8.5%, HCPL Pricing 8.5%, and HCPL New Premiums 5.5%. The performance measures for Eastern Group and their respective weighted percentages were as follows: Eastern Combined Ratio 45% and Eastern Segregated Portfolio Cell Income 5%. The performance measures for the President of the PICA Group and their respective weighted percentages are as follows: PICA Combined Ratio 90% and PICA Retention 10%.

In 2017, we retained the same performance measures and weighted percentages for our corporate executive officers and for the President of the HCPL Group. We modified the performance criteria for the Presidents of the Eastern Group and the PICA Group. We reduced the weight attributed to Eastern s Combined Ratio to 37.5%, increased the weight attributed to Eastern s Segregated Portfolio Cell Income to 7.5%, and added Eastern s Direct Written Premium as a performance measure with percentage weight of 5%. For the President of PICA Group, 50% of annual incentive compensation for 2017 was based on the performance of the consolidated group on the same basis as the Presidents of HCPL and Eastern. The performance measures for the PICA Group and the weighted percentages attributable to each of them were modified as follows: the weighted percentage for PICA Group Combined Ratio was reduced from 90% to 42.5%; the weighted percentage for PICA Group Retention was reduced to 5%; and a new performance measure was added for PICA Group New Premium with a weighted percentage of 2.5%.

In 2018, we retained the same performance measures and weighted percentages for our corporate executive officers and increased the value of the operating division metrics to 70%. The performance measures and the weighted percentages attributable to each of them for 2018 are shown below:

	Return on Equity	**Consolidated Combined Ratio**	**Gross Written Premium**	**Operating Division Metrics**
Corporate Executives	15%	70%	15%	N/A
President HCPL Group	4.5%	21%	4.5%	70%
President Eastern Group	4.5%	21%	4.5%	70%
President PICA Group	4.5%	21%	4.5%	70%

The performance measures of the HCPL Group and their respective weighted percentages for 2018 are as follows: HCPL Combined Ratio 38.5%, HCPL New Premiums 7.7%, HCPL Retention 11.9%, and HCPL Pricing 11.9%; the performance measures for Eastern Group and their respective weighted percentages are as follows: Eastern Combined Ratio 52.5%, Eastern Segregated Portfolio Cell Income 10.5%, and Eastern Direct Written Premium 7%; and the performance measures for the PICA Group and their respective weighted percentages are as follows: PICA Combined Ratio 59.5%, PICA Retention 7%, and PICA New Premium 3.5%.

For 2019, we have created new categories and metrics for our annual incentive compensation. The exclusive performance measures for the annual incentive compensation of our corporate executives are now Weighted Combined Ratio, Return on Equity, Expense Management, and Return on Lloyd s Investment, in each case for ProAssurance and its consolidated subsidiaries. The annual incentive compensation for the President of the Workers Comp Segment will use these performance measures for 30% of his annual incentive compensation, and the remaining 70% of his annual incentive compensation will be based on performance measures for his operating Segment. To accommodate Mr. Boguski in his mid-year move from Workers Comp to Specialty P&C, he will receive a guaranteed bonus for 2019 that is not based on performance measures. The performance measures and the weighted percentages attributable to the corporate executives and the President of the Workers Comp Segment for 2019 are shown below:

	Weighted Combined Ratio	Return on Equity	Expense Management	Return on Lloyd s Investment	Segment Metrics
Corporate Executives	60%	15%	15%	10%	N/A
President Workers Comp	18%	4.5%	4.5%	3%	70%

The new performance measures are described below:

Weighted Combined Ratio   The weighted combined ratio is the average combined ratio of the Specialty P&C and Workers   Comp Segments weighted according to the written premiums in each Segment.

Expense Management   This performance measure focuses on the expense ratio contribution of corporate expenses. This is calculated as a ratio of Corporate Segment expenses (underwriting, policy acquisition, and operating expenses for the Corporate Segment) to consolidated net earned premium (excluding the Lloyd s Segment).

Return on Lloyd s Investment   This measure focuses on achieving an acceptable return on the Company s capital commitment to the Lloyd s Segment. This is calculated as a ratio of net income of the Lloyd s Segment to year-end Funds At Lloyd s (FAL) balance.

We established separate performance measures for the Workers   Comp Segment for 2019. The performance measures of the Workers   Comp Segment and their respective weighted percentages are as follows: Workers   Comp Combined Ratio   49%, Workers   Comp Segregated Portfolio Cell Income   10.5%, Workers   Comp Direct Written Premium 7%, and Workers   Comp Specialty Risk Premium   3.5%.

For each performance measure, we establish guidelines in the form of a target amount; a threshold amount; and a maximum amount. The Compensation Committee establishes a range of percentages of base salary for the Chief Executive Officer and each of the executives to be awarded as annual incentive compensation if the threshold, target or maximum performance measure is achieved. If the target for each performance measure is satisfied, then the sum of the weighted percentages for the performance measures will be the   target   percentage of base salary in the below table; if the threshold is satisfied for each performance measure, then the sum of the weighted percentages for the performance measures will be the   threshold   percentage of base salary; and if the maximum is satisfied for each performance measure, then the sum of the weighted percentages for the performance measures will be the   maximum percentage of base salary. We interpolate the percentage assigned to a performance measure if the performance is between the threshold and the target, or between the target and the maximum. Performance below the threshold level for any performance measure results in no percentage being attributed to that performance measure; and performance above the maximum level for any performance measure is subject to a cap in the percentage assigned to that measure.

For 2016 and 2017, the target incentive opportunity for our CEO and other executives was as follows:

	Threshold	**Target**	**Maximum**
CEO	100%	150%	200%
Corporate Executives (other than CEO)	60%	90%	120%
President PICA Group*	60%	90%	120%
President Eastern Group	60%	90%	120%
President HCPL Group	60%	90%	120%

* For 2016, the target percentages for the President of PICA group was Threshold   50%, Target   75%, and Maximum   100%.

For 2018, the target incentive opportunity for our CEO and other officers stayed the same with the exception of our CFO who was promoted to Chief Operating Officer in January 2018. The target incentive opportunity for our Chief Operating Officer / CFO was set at Threshold   70%, Target   105%, and Maximum   140%.

For 2019, the dollar value of the annual incentive compensation opportunities was reduced for our Chief Executive Officer by reducing the percentages of base salary for achievement of performance measures, and the President was assigned the same percentages of salary as the Chief Executive Officer for achieving performance measures to reflect the President s increased duties as Chief Operating Officer. In addition, the targets for incentive compensation opportunities for other executive officers were modified to reflect the change in duties as

29

a result of recent changes in the corporate management structure. The target incentive opportunities for our CEO and other executives for 2019 are as follows:

	Threshold	Target	Maximum
CEO	60%	120%	180%
President / Chief Operating Officer	60%	120%	180%
General Counsel	45%	90%	135%
Chief Financial Officer	40%	80%	120%
President Specialty P&C	*	*	*
President Workers Comp	40%	80%	120%

* For 2019, the President of the Specialty P&C Segment will receive a guaranteed amount of annual incentive compensation.

Long-term Incentive Compensation

Our long-term incentive compensation, which currently consists of performance shares and restricted stock units or RSUs, is intended to align the interests of our executives with the interests of our stockholders by rewarding long-term corporate performance and increases in share value. We believe that the performance shares and RSUs align the interests of our executives with those of the stockholders by providing equity compensation based on our long-term objective of growth in stockholder value. The Compensation Committee has established award agreements for performance shares and RSUs in accordance with our 2014 Equity Incentive Plan that requires a three-year vesting period. Performance shares are earned if corporate value is enhanced through achievement of performance measures over the three-year vesting period. Further, the RSUs enhance executive retention as executives will have an incentive to remain employed during the three-year vesting period to obtain the RSUs even if we are not able to meet the long-term performance measures.

We believe an effective long-term incentive compensation program is necessary to attract and retain well-qualified and experienced executives and other key employees. In establishing the amount of our annual grants of long-term incentive compensation, we consider past practice, recommendations of the compensation consultant, and the value of the award (including the value attributable to the award for financial reporting purposes). We monitor the level of awards based on the findings of our compensation consultant, and we believe that our long-term incentive opportunities are appropriate when compared to awards made available to executives at our peer companies.

Our practice has been to make long-term incentive grants to our current executives and other key employees at the first meeting of the Compensation Committee in each fiscal year, which is usually held in February after the financial results of the prior year are reasonably certain. Where a market price is required, long-term grants are priced on a date after our financial results for the prior year have been released. We believe that pricing the grants at this time is most appropriate because the market is then in possession of our earnings and any other material information. We occasionally make long-term grants at other meetings of the Board of Directors, for example, when we retain new senior-level executives.

Each RSU is equal to one share of Common Stock and is subject to a restricted period of approximately three years from the date of grant. RSUs vest after the restricted period if the grantee remains continuously employed with ProAssurance or a subsidiary during the restricted period unless sooner vested upon termination by reason of death, disability, or for good reason.

Performance shares are based on pre-established performance criteria that must be achieved over a period of three years. Each executive is granted a target and a threshold and maximum award expressed as a number of shares of our Common Stock. The measures for performance shares for our Chief Executive Officer and our other corporate executives are Stock Performance (Total Return) and Consolidated Combined Ratio. A description of these performance measures follows:

Stock Performance (Total Return) Stock performance is measured by total return in comparison to the SNL Property/Casualty Insurance Index, which is the index we have used to compare our performance to other public insurance companies. If performance is equal to the index, the minimum award is earned; if our stock performance is 10% greater than the index, the target award is achieved; and, if our stock performance is 20% greater than the index, the maximum award is achieved. If our stock performance is less than the index, no performance shares are awarded under this measure.

Consolidated Combined Ratio The combined ratio measure is determined by using the weighted average of the GAAP consolidated combined ratio of ProAssurance and its subsidiaries for each of the calendar years in the performance period. If the average consolidated combined ratio is not above 96%, the target award is earned; if the average consolidated combined ratio is not more than 100%, then the threshold award is earned; and if the average consolidated combined ratio is not more than 88% (for 2017 grants), 90% (for 2018), or 92% (for 2019), the maximum award is earned.

The performance shares granted to the Presidents of our operating Segments are based on the same corporate-wide performance measures that we use for our Chief Executive Officer and other corporate executives, namely Stock Performance and Consolidated Combined Ratio.

Performance shares are paid to executives if the Compensation Committee finds that either of the performance measures is met in the measurement period. For years included in the Summary Compensation Table, the minimum award was 82.8% of the target award and the maximum award was 125% of the target award. In 2016 the Compensation Committee reviewed a summary of the ranges for long term equity awards by companies in our peer group as compiled by TCS and determined that our payout range was narrower than the median for the peer group. Beginning in 2016, threshold award is 50% of the target if the threshold performance measure is achieved, and the maximum award will be 200% of the target if the maximum performance measure is achieved.

If both of the performance measures are achieved, performance shares are awarded based on the better result on the two measures during the performance period. Performance shares for results falling between the stated measures are interpolated. If an executive terminates employment prior to the expiration of the performance period by reason of retirement or resignation for good reason as defined in the award documents, a portion of the performance shares granted in the calendar years ending before the termination of employment may be paid based on service during the performance period if the Committee finds that the performance criteria had been satisfied at the end of the year preceding termination of employment. Upon a change of control of ProAssurance or termination by reason of death or disability, performance shares are payable to executives at the target level.

Our grants of long-term incentive compensation have historically consisted of approximately two thirds performance shares and one third RSUs with the number of units of each depending upon the executive s position in the organization. Our grants of long-term incentive compensation to most officers or employees other than the Chief Executive Officer, the corporate executives, and the Presidents of our operating Segments now consist entirely of RSUs. We reduced the number of performance shares and RSUs granted as long term incentive compensation to our executives in each of 2017, 2018, and 2019 as compared to the number of the grants of long term incentive compensation in the prior year. The grant date value of performance shares (at target level) and RSUs granted to our CEO and other executives in 2019 is approximately 14% less than the value of the grants in the prior year.

In 2018 we made two changes to our grants of long-term incentive compensation. Instead of granting two performance shares for each RSU, long term compensation for our Chief Executive Officer, the corporate executives, and the Presidents of our operating Segments will consist of 50% performance shares and 50% RSUs. The reduction in the number of performance shares will allow us to better predict the cost of our long term compensation, and the changes in the tax laws to disallow the deduction for performance based compensation eliminates the tax benefit that we formerly received for the grant of performance shares to our most highly compensated executives. The second change is that the Committee established long term equity award levels based on grant-date dollar value rather than a predetermined number of shares or units. This was also done to improve predictability in the grant date value of our long term equity awards.

Since 2014, long-term incentive compensation awards have been and will be granted under the 2014 Amended and Restated Equity Incentive Compensation Plan. In 2013 performance shares and RSUs were granted under a similar predecessor plan and shares issued in 2016 for performance shares and RSUs were paid from shares reserved under the prior plan. Both plans were designed so that options and performance shares granted to executives may qualify as performance-based compensation under Internal Revenue Code Section 162(m). RSUs will not qualify as performance-based compensation under Internal Revenue Code Section 162(m).

Stock Ownership Policies

Our Board has adopted stock ownership targets for our directors and executive officers to further align their interests with those of our stockholders. The level of stock ownership for our executives varies by position and their stock ownership targets are as follows: five times base salary for our Chief Executive Officer; three times base salary for other corporate executives; and two times base salary for Presidents of our operating Segments. In addition, for awards granted after 2010, our executives must agree in writing to hold shares of our stock issued pursuant to stock-based awards for a minimum of one year from the date of issue. We have adopted an anti-hedging policy for our executives and other employees with respect to their ownership of our common stock to comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act, and we intend to review this policy to address the transactions identified in Item 407(i) of Regulation S-K in the proxy statement for next year s annual meeting now that the SEC has adopted final rules relating to Item 407(i).

Recoupment of Incentive Compensation

Our Board of Directors has established a recoupment requirement (a clawback) for incentive compensation as required by the Dodd-Frank Wall Street Reform and Consumer Protection Act. This clawback requires current and former executive officers to repay erroneously awarded incentive compensation to the extent the award is based on financial statements that are required to be restated due to material non-compliance with any financial reporting requirement. This clawback is to be applied whether or not there is misconduct and requires a three-year look back period. The clawback has been in effect for incentive compensation paid for years beginning after 2010, and we have incorporated the clawback in the 2014 Annual Incentive Plan and the 2014 Amended and Restated Equity Incentive Plan and in all performance share agreements going forward. We intend to monitor clawback requirements that may be implemented by the NYSE if the SEC adopts Proposed Rule 10D-1, which would, among other things, direct national securities exchanges to prohibit the listing of any security of a company that does not comply with the SEC s clawback requirements.

2011 Stock Ownership Plan

On December 1, 2010, our Board of Directors, on the recommendation of the Compensation Committee, adopted a stock purchase plan for employees and directors known as the ProAssurance Corporation Stock Ownership Plan (the Stock Ownership Plan).

Matching grants under the Stock Ownership Plan are issued to employees as awards of RSUs under the 2014 Amended and Restated Equity Incentive Plan. Shares purchased under the Stock Ownership Plan and shares issued pursuant to the RSUs awarded as matching grants under the plan will be paid from the shares reserved under the 2014 Amended and Restated Equity Incentive Plan.

In 2017, the Board of Directors terminated the Stock Ownership Plan effective on the later of October 1, 2020 or the date that all grant units held under the plan have been paid or forfeited, under the following terms: participants were allowed to make cash deposits until September 30, 2017; such cash deposits were used to purchase shares on the purchase date immediately following September 30, 2017; the right to participate in the Stock Ownership Plan was suspended on October 1, 2017; and all unvested grant units held under the plan will continue to be held and ultimately paid out in accordance with the terms of the plan.

Other Compensation

Executive perquisites are not intended to be a material element of compensation for executives. Our executives participate in our qualified retirement plan on terms generally available to our employees. In addition, we have adopted a non-qualified deferred compensation plan for executives and other highly compensated employees that provides for a matching contribution with respect to deferrals by employees whose base compensation exceeds the compensation limit established by the Internal Revenue Code for qualified retirement plans. The matching contributions are comparable to the employer contributions to our qualified retirement plan within the compensation limits under the Internal Revenue Code.

Post-termination and Change of Control Compensation

We offer executives severance compensation in the event we terminate the executive without cause or the executive terminates his or her employment for good reason. The severance agreements are intended to aid in recruitment and retention of qualified executives. We believe our severance benefits for executives are appropriate and do not present a risk to our company.

We believe that severance protection, particularly in the context of a change of control transaction, plays a valuable role in attracting and retaining key executives. Although we occasionally elect to engage our senior executives under employment agreements, our general approach has been to avoid employment agreements and to rely on severance agreements to define the terms of severance when an executive is involuntarily terminated without cause or elects to terminate for good reason. In change of control situations, severance agreements provide key executives with a level of comfort that allows them to devote their energies to the completion of the transaction for the benefit of the stockholders. In other situations, severance agreements facilitate changes in management by providing for a clean departure of terminated executives with a pre-negotiated set of benefits that are acceptable to all parties.

We have provided for severance benefits in the employment agreement with Mr. Starnes and in severance agreements with other key executives (including our other Named Executive Officers) in the amounts reflected in the table which begins on page 46 of this proxy statement. Each arrangement is described briefly below and in detail in Payments on Termination and Change of Control.

The terms of the severance agreements with our key executives generally provide for severance compensation in an amount equal to the executive s base salary and average annual incentive compensation if we terminate the executive without cause or the executive resigns for good reason. However, an executive will be entitled to twice that amount if the executive is terminated without cause or resigns for good reason within two years after the occurrence of a change of control. The severance agreements retain the double trigger for the payment of the increased benefits, e.g. a change of control must occur and the executive must be terminated without cause or must terminate for good reason after the change of control. All executives are required to sign a general release of claims as a condition to the receipt of severance benefits, and all the agreements include a covenant not to compete with our insurance subsidiaries for a period of not less than one year. Severance compensation is paid in monthly installments during the life of the covenant and is subject to forfeiture upon a breach of the covenant.

In 2015, we amended the employment agreement with Mr. Starnes to provide for the payment of severance benefits in a similar format as other executives and to modify the amount of his severance benefits to an amount equal to the product of three times the sum of his current base salary and his average annual incentive compensation paid for the past three years. His employment agreement, which was negotiated prior to his employment in 2007, had provided for severance compensation to be paid upon termination of employment without cause or for good reason or upon a change of control in an amount equal to the base salary over the remainder of the term (which was approximately three years at the time of the amendment). The 2015 amendment eliminated the single trigger for payment of severance compensation upon a change of control and eliminated the gross-up for the excise tax on excess parachute payments imposed by Internal Revenue Code Sections 280G and 4999.

We entered into a Retention and Severance Compensation Agreement with Michael L. Boguski and other executives of Eastern Insurance Holdings, Inc. in connection with our acquisition of Eastern on January 1, 2014. Mr. Boguski was president of Eastern at the time of its acquisition. We entered into these agreements to compensate the Eastern executives for their continued employment and agreement not to compete with the acquired businesses. A description of the terms of Mr. Boguski s severance compensation is included under the caption Employment and Severance Agreements beginning on page 43.

In accordance with the resolutions regarding executive compensation adopted by the Board in December 2010, we do not plan to execute a new agreement with an executive officer that includes a gross-up for the excise tax imposed by Internal Revenue Code Sections 280G and 4999, or that includes an obligation to reimburse executive officers for such excise tax, nor do we plan to execute a new agreement with an executive officer that includes any single trigger change of control features similar to a lump sum cash payment payable upon the occurrence of only a change of control of ProAssurance. The Board s action does not change, alter or amend any employment agreement or other agreement with an executive officer that was in effect prior to December 1, 2010.

As a result of a pre-existing agreements, we are currently required to reimburse certain executives for the excise tax that is payable by the executives if the severance benefits paid after a change of control are deemed to be excess parachute payments under Internal Revenue Code Section 280G. Although the severance benefits payable after a change of control for our executives are substantially below the threshold of three times annual compensation, the calculation of severance benefits for purposes of Internal Revenue Code Section 280G includes the value of benefits accelerated on a change of control under other compensation arrangements. The Retention and Severance Compensation agreements executed since 2010, including those executed in connection with the acquisition of Eastern, do not include either an obligation to reimburse the executives for the excise tax under Internal Revenue Code Sections 280G and 4999 or a single trigger for severance compensation on a change of control. As indicated above, the amendment to Mr. Starnes employment agreement eliminated the reimbursement for the excise tax under Internal Revenue Code Sections 280G and 4999 and eliminated the single trigger for payment of severance compensation on a change of control.

Report of the Compensation Committee

The Compensation Committee has reviewed and discussed the above Compensation Discussion and Analysis with our management, and based on such review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

Compensation Committee:

Robert E. Flowers, M.D., Chairman

Bruce D. Angiolillo, J.D.

John J. McMahon, Jr., J.D.

Thomas A. S. Wilson, Jr., M.D.

April 4, 2019

Compensation of Executive Officers

The following table sets forth a summary of the compensation paid or accrued by ProAssurance and its subsidiaries during the last fiscal year with respect to ProAssurance s principal executive officer, principal financial officer and the three other most highly compensated persons considered to be executive officers or their equivalent. The individuals required to be included in the table are referred to as the Named Executive Officers.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary[2] ($)	Bonus ($)	Stock Awards[3][4][5] ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings[6] ($)	All Other Compensation[7] ($)	Total ($)
W. Stancil Starnes	2018	954,898		749,998		292,768		118,057	2,115,721
Chief Executive Officer and Chairman[1]	2017	964,025		1,118,282		1,452,248		144,890	3,679,445
	2016	950,236		1,183,393		1,681,819		156,802	3,972,250
Edward L. Rand, Jr.	2018	627,003		375,000		447,750		83,713	1,533,466
Chief Operating Officer, Chief Financial Officer and Executive Vice President	2017	580,562		561,632		524,866		68,853	1,735,913
	2016	562,840		594,193		607,817		67,763	1,832,613
Howard H. Friedman	2018	575,066		375,000		302,671		72,218	1,324,955
President of HCPL	2017	580,562		561,632		524,866		70,666	1,737,726
	2016	572,258		594,193		615,307		69,665	1,851,423
Jeffrey P. Lisenby	2018	392,090		375,000		254,050		59,132	1,080,272
General Counsel and Executive Vice President	2017	395,838		561,632		357,863		55,527	1,370,860
	2016	390,176		594,193		414,421		54,774	1,453,564
Michael L. Boguski	2018	458,594		375,000		419,000		263,170	1,515,764
President of Eastern	2017	462,977		561,632		444,872		561,807	2,031,288
	2016	456,354		594,193		456,686		358,979	1,866,212

(1) The dollar amount of annual base salaries for 2018 was lower than the dollar amount in 2017 due to a mid-year change in payroll procedures, not as a result of salary reductions, as explained in Executive Compensation Base Salary.

(2) Management directors of ProAssurance do not receive any additional compensation, whether cash, stock or

otherwise, in their capacity as directors.

(3) The matching RSUs granted under the 2011 Stock Ownership Plan are treated as stock awards in the Summary Compensation Table and the dollar value corresponds to the price of shares of stock underlying the RSUs on date of grant. The 2011 Stock Ownership Plan allowed employees and directors to elect to make payroll deductions to purchase our Common Stock in an amount not to exceed $5,000 in a twelve month period ending September 30 in each year. The participant is granted one RSU for each share purchased with the participant s contributions. RSUs are equal in value to one share of Common Stock and will vest upon the sooner of three years continuous employment or termination of employment by reason of death or disability or for good reason. The value of each RSU granted under the 2011 Stock Ownership Plan reflects the value of one share of Common Stock on date of grant. In connection with their share purchases under the 2011 Stock Ownership Plan, Messrs. Starnes, Rand, Friedman, Lisenby and Boguski each received grants valued at $4,982 in 2017 representing 90 RSUs at a price of $55.35 per share on October 5, 2017, and $4,993 in 2016 representing 93 RSUs at a price of $53.69 per share on October 5, 2016. The 2011 Stock Ownership Plan was terminated in 2017.

(4) The performance shares are also treated as stock awards in the Summary Compensation Table. The performance shares granted are earned if one of the two criteria is achieved during the period ending three years after the award is granted, except that performance shares are payable at the target level upon the participant s death or disability and are payable upon the participant s retirement or termination for good reason after the year of grant if the performance level has been achieved for the last year prior to the participant s termination with such award to be prorated based on the time the participant is employed during the performance period. The value of performance shares represents the value of the target which is intended to reflect shares expected to be earned based on their closing market price on the date of the

award ($48.25 on February 22, 2018; $61.85 on February 23, 2017; and $49.10 on February 24, 2016) as follows: Mr. Starnes $375,000 in 2018; $1,113,300 in 2017; and $1,178,400 in 2016; each of Messrs. Rand, Friedman, Lisenby, and Boguski $187,500 in 2018; $371,100 in 2017; and $392,800 in 2016. The amounts do not correspond to actual value that will be recognized by the Named Executive Officers, which depends on the achievement of the specified performance criteria over the performance period and the market value of a share of ProAssurance Common Stock at the end of the performance period. The performance criteria are discussed on page 27 in the Compensation Discussion and Analysis.

(5) RSUs granted as long term incentive compensation are also included as stock awards in the Summary Compensation Table. Each RSU is equal in value to one share of Common Stock and will vest upon the sooner of three years of continuous employment or termination of employment by reason of death or disability or for good reason. The value of the RSUs granted as long term incentive compensation are based on the value of a share of our Common Stock on the date of the award ($48.25 on February 22, 2018; $61.85 on February 23, 2017; and $49.10 on February 24, 2016) as follows for Mr. Starnes $375,000 in 2018 and for each of Messrs. Rand, Friedman, Lisenby, and Boguski $187,500 in 2018; 185,550 in 2017; and $196,400 in 2016. Mr. Starnes did not receive any RSU grants in 2016 or 2017. The amounts do not correspond to actual value that will be recognized by the Named Executive Officers which depends on the market price of a share of Common Stock at the end of the vesting period.

(6) The Non-Equity Incentive Plan Compensation reflects the amount paid under the ProAssurance Corporation Annual Incentive Award Guidelines for 2018, 2017, and 2016. The non-equity incentive plan compensation payable to Named Executive Officers is denominated in dollars and is payable in cash and Common Stock. Awards of annual incentive compensation for a year are made in the first quarter of the following year after the financial information for the preceding year is available. The shares of Common Stock awarded for 2018, 2017, and 2016, were issued as stock awards under the ProAssurance Corporation 2014 Amended and Restated Equity Incentive Plan and are valued at the closing price of a share on the NYSE $43.70 on February 22, 2019; $48.25 on February 22, 2018; and $61.85 on February 23, 2017. The non-equity incentive plan compensation includes the following number of shares of Common Stock for the Named Executive Officers: Mr. Starnes 1,000 shares in 2016 (Mr. Starnes did not receive any part of his annual incentive compensation payment in shares in 2018 or 2017); Mr. Rand 1,000 shares in 2016 (Mr. Rand did not receive any part of his annual incentive compensation payment in shares in 2018 or 2017); Mr. Friedman 1,000 shares in 2018, 2,500 shares in 2017, and 2,500 shares in 2016; Mr. Lisenby 1,000 shares in 2016 (Mr. Lisenby did not receive any part of his annual incentive compensation payment in shares in 2018 or 2017); and Mr. Boguski 1,000 shares in 2016 (Mr. Boguski did not receive any part of his annual incentive compensation payment in shares in 2018 or 2017).

(7) Other compensation in 2018 includes the amounts set forth in the following table:

	Qualified Retirement Plan ($)	**Nonqualified Deferred Compensation Plan ($)**	**Bonus and Service Awards ($)**	**Perquisites ($)**
W. Stancil Starnes	27,500	70,089		20,468
Edward L. Rand, Jr.	27,500	26,000		30,213
Howard H. Friedman	27,500	31,271		13,447
Jeffrey P. Lisenby	27,500	14,300		17,332
Michael L. Boguski	27,500	18,825	200,000	16,845

The perquisites for Mr. Starnes and Mr. Rand include $7,926 and $13,588, respectively, for personal use of the corporate aircraft as the aggregate incremental cost for their personal use. The compensation attributable to personal use was computed by multiplying the number of hours the airplane was used for each executive s personal benefit by the amount of the variable expenses incurred in the use of the airplane per flight hour. The variable expenses per flight hour were calculated by dividing the total flight hours during each year into the sum of the variable expenses incurred (e.g., fuel, airport charges, travel and lodging expense for the crew during such year).

The other compensation for Mr. Boguski includes $200,000, which consisted of the second year of payment of his noncompetition payout pursuant to the Retention and Severance Compensation Agreement. The terms of his agreement are described under the caption Employment and Severance Agreements on page 43 of this proxy statement.

GRANTS OF PLAN-BASED AWARDS

		Estimated Possible Payouts Under Non-Equity Incentive Plan Awards[2]			Estimated Future Payments Under Equity Incentive Plan Awards[3]			All Other Stock Awards; Number of Shares of Stock or Units[4]	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock and Option Awards
Name	Grant Date[1]	Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)	(#)	(#)	($/Sh)	($)
W. Stancil Starnes	2/22/18			292,768							
	2/22/18				3,886	7,772	15,544				375,000
	2/22/18							7,772			375,000
Edward L. Rand, Jr.	2/22/18			447,750							
	2/22/18				1,943	3,886	7,772				187,500
	2/22/18							3,886			187,500
Howard H. Friedman	2/22/18			302,671							
	2/22/18				1,943	3,886	7,772				187,500
	2/22/18							3,886			187,500
Jeffrey P. Lisenby	2/22/18			254,050							
	2/22/18				1,943	3,886	7,772				187,500
	2/22/18							3,886			187,500
Michael L. Boguski	2/22/18			419,000							
	2/22/18				1,943	3,886	7,772				187,500
	2/22/18							3,886			187,500

(1) All awards were recommended by the Compensation Committee at its meeting on February 20, 2018, with a specified valuation date of February 22, 2018 (the date on which the window for the trading in ProAssurance

common stock opened after the prior year-end earnings were released). As required by the Compensation Committee Charter, the independent directors approved the recommendation for the awards granted to the Chief Executive Officer at the meeting of the Board of Directors on March 7, 2018, and the Board of Directors also approved the recommendations for the awards granted to the other Named Executive Officers.

(2) The amount reported represents the actual amounts paid to the Named Executive Officers for annual incentive compensation for 2018. The Compensation Committee uses certain performance criteria as a guideline in making its recommendations for annual incentive compensation. Each element of the performance criteria has a minimum achievement level. No incentive compensation is payable with respect to a performance criteria if a minimum is not achieved. The non-equity incentive plan awards are discussed in more detail in the following discussion.

(3) The awards of performance shares are subject to the satisfaction of performance criteria and the grant date fair value of performance shares reflects the value of the shares expected to be earned if the performance criteria for the target level is met. The performance share awards are discussed in more detail in the following discussion.

(4) The stock awards include RSUs granted as long term incentive compensation. The RSU awards are discussed in more detail in the following discussion.

We have awarded equity compensation to our Named Executive Officers under the following equity compensation plans.

The 2008 Equity Incentive Plan was approved by our stockholders at the 2008 annual meeting to replace the 2004 Equity Incentive Plan. The 2008 Equity Incentive Plan was designed to further our long-term growth profitability by offering proprietary interests in the Company to those key officers, employees, consultants and directors who will be largely responsible for such growth, and to enhance our ability to retain such persons through long-term incentive compensation in the form of proprietary interests in ProAssurance. We reserved 2,000,000 shares of Common Stock for awards under the 2008 Equity Incentive Plan (4,000,000 shares after giving effect to the two for one stock split in 2012), which include the following types of equity-based awards: (1) performance shares; (2) stock options; (3) stock appreciation rights; (4) restricted stock; (5) restricted stock units or RSUs; and (6) other stock based awards. The number of shares of Common Stock reserved under the 2008 Equity Incentive Plan and outstanding awards are subject to adjustment to reflect any change in per share value of the Common Stock resulting from a stock split, stock dividend, spin off, rights offering or large non-recurring cash dividend on the shares. No participant may receive awards for more than 200,000 shares of our Common Stock (or their equivalent) in any year under the 2008 Equity Incentive Plan (increased to 400,000 after adjustments for the stock split). The performance shares and RSUs that vested in 2016 were granted under the 2008 Equity Incentive Plan. No further shares will be issued pursuant to the 2008 Equity Incentive Plan.

On May 22, 2013, our stockholders approved the 2014 Amended and Restated Equity Incentive Plan (the 2014 Equity Incentive Plan) as a replacement for the 2008 Equity Incentive Plan. Grants of equity based compensation after May 22, 2013 have been and will be granted under the 2014 Equity Incentive Plan. The 2014 Equity Incentive Plan reserves 3,000,000 shares of Common Stock for equity based awards granted under the plan. No participant may receive awards for more than 200,000 shares of our Common Stock (or their equivalent) in any year under the 2014 Equity Incentive Plan. The terms of the 2014 Equity Incentive Plan are substantially similar to the 2008 Equity Incentive Plan and incorporate into the plan document certain amendments and policies that we have implemented since 2008 in order to address changes in law and to provide operational and administrative improvements. The performance shares and RSUs that vested in 2017 and 2018 were granted under the 2014 Equity Incentive Plan.

On December 1, 2010, the Board of Directors, on the recommendation of the Compensation Committee, adopted the 2011 Stock Ownership Plan. More information about the 2011 Stock Ownership Plan is described above in this proxy statement in Note 2 to the Summary Compensation Table. The Board of Directors terminated the 2011 Stock Ownership Plan after giving effect to purchases and grants made in October 2017. Outstanding RSUs granted under the plan are subject to vesting or forfeiture in accordance with their terms.

Non-equity Incentive Plan Awards. The Non-equity Incentive Plan Awards reflect the right to receive incentive compensation for 2018 under the guidelines recommended by the Compensation Committee under the ProAssurance Corporation 2014 Annual Incentive Compensation Plan and ratified by the Board of Directors at its meeting in March 2018. The target for annual incentive awards is expressed as a percentage of base salary and is earned if performance measures established by the Compensation Committee are achieved. The Compensation Committee assigns a target amount for each performance measure as well as a threshold amount and a maximum amount. Each performance measure is assigned a percentage share of the annual incentive compensation. If the target is satisfied, 100% of the weighted percentage attributable to the performance measure is assigned to that measure. Performance below the threshold for any performance measure results in no percentage being attributed to that performance measure; and performance above the maximum for any performance measure is subject to a cap in the percentage assigned to that measure. We interpolate the percentage assigned to a performance measure if the performance is between the threshold and the target, or between the target and the maximum. The performance measures for Mr. Starnes and Messrs. Rand, and Lisenby are based exclusively on corporate-wide performance. For Mr. Friedman and Mr. Boguski, 30% of their performance measures are based on corporate wide performance with the remaining 70% being based on performance measures relating to their respective operating division, the HCPL Group in the case of Mr. Friedman and the Eastern Group in the case of Mr. Boguski. The targets for annual incentive compensation for each of the Named Executive Officers for 2018 and the performance measures and their assigned percentages are described under Executive Compensation Annual Incentive Compensation beginning on page 26 of this proxy statement. The threshold, target and maximum goals for each of the performance criteria in 2018 and the credit given for each of the corporate performance criteria are set forth below.

			Performance		Credit	
Performance Criteria	**2018 Threshold**	**2018 Target**	**2018 Maximum**	**2018 Actual**	**2018 Target Percentage[(1)]**	**2018 Weighted Percentage[(2)]**
Return on Equity	3.5%	5.5%	9.0%	3.02%	15%	0%
Consolidated Combined Ratio	Not above 100%	97.5%	90% or better	99.6%	70%	50.4%
Gross Written Premium	$700 million	$800 million	$850 million	$868.6 million	15%	20%
HCPL						
Combined Ratio	Not above 100%	88%	80% or better	105.8%	38.5%	0%
New Premium	$38 million	$48 million	$58 million	$40.35 million	7.7%	5.74%
Retention	86%	88%	90%	89.3%	11.9%	14.48%
Pricing	Minus-3%	Minus-0.5%	2.0%	3.2%	11.9%	15.87%
Eastern						
Combined Ratio	Not above 100%	94.7%	84.7% or better	91.1%	52.5%	58.8%
SPC Income	$1.595 million	$2.8 million	$3.915 million	$2.81 million	10.5%	10.5%
Direct Premium	$250 million	$263.3 million	$276.5 million	$287.3 million	7.0%	9.33%
PICA						
Combined Ratio	Not above 100%	96%	92% or better	98.5%	59.5%	47.11%
Retention	86%	91%	96%	91.6%	7.0%	7.28%
New Premium	$2.0 million	$4.8 million	$6.5 million	$1.8 million	3.5%	0%

(1) The target percentages for Return on Equity, Consolidated Combined Ratio and Gross Written Premium are applicable to Messrs. Starnes, Rand and Lisenby. Mr. Friedman as President of the HCPL Group and Mr. Boguski as President of the Eastern Group are entitled to 30% of the targeted percentages for these performance measures because 70% of their annual incentive compensation is based on the target percentages for the performance measure of their respective operating divisions.

(2) The total Weighted Percentages of the performance measures for Messrs. Rand and Lisenby was 70.4%; the total Weighted Percentages of the performance measures for Mr. Friedman was 57.21%; and the total Weighted Percentages of the performance measures for Mr. Boguski was 99.31%. Mr. Starnes did not receive any credit for the Consolidated Combined Ratio, which resulted in a Weighted Percentage of 20%.

The annual incentive compensation paid to the Named Executive Officers in 2019 for 2018 is reflected in the Summary Compensation Table. The annual incentive compensation comprised the following percentages of base salary of the Named Executive Officers: Mr. Starnes 30%; Mr. Rand 73.9%; Mr. Lisenby 63.4%; Mr. Friedman 51.5%; and Mr. Boguski 89.4%. We used the shares of Common Stock reserved for issuance under our 2014 Equity Incentive Plan to fund the stock portion of our annual incentive payments.

Equity Incentive Plan Awards. The Compensation Committee has granted performance shares to the Named Executive Officers and our senior executives. The performance shares are included in the Grants of Plan-Based Awards table as Estimated Future Payments under Equity Incentive Plan Awards.

A performance share is the equivalent of one share of Common Stock which becomes vested and non-forfeitable upon the attainment of performance objectives established by the Compensation Committee. The Compensation Committee establishes the performance objectives and the length of the performance period to attain such objectives at the time a performance share is awarded. The Compensation Committee may prescribe different conditions for different participants, but the performance objectives for performance shares awarded to a participant must relate to at least one of the objective criteria listed in the plan. Such criteria may be based on the performance of ProAssurance or a subsidiary or a business Segment (either alone or on a comparative basis relative to other companies). The Compensation Committee determines whether the performance objectives for performance shares have been attained at the end of each participant s performance period, or if one or more interim periods are authorized by the Compensation Committee, at the end of an interim period within the relevant performance period. If the Compensation Committee determines that such performance objectives have been obtained, the participant will be entitled to receive payment for each performance share in an amount equal to the value of one share of our Common Stock on the date of payment. In 2018, the Board of Directors, on the recommendation of the Compensation Committee, granted performance shares to the Named Executive Officers. The performance criteria are described in the discussion under Executive Compensation Long-term Incentive Compensation on page 30 of this proxy statement. The performance shares are payable if any of the performance criteria are met during the three year period ending December 31, 2020, except that performance shares are payable at the target level upon the participant s death or disability and are payable upon the participant s retirement or termination for good reason after the year of grant if the performance level has been achieved for the last year prior to the participant s termination with such award to be prorated based on the time the participant is employed during the performance period.

All Other Stock Awards. The shares reflected in the table under All Other Stock Awards include RSUs that are granted as matching grants under the 2011 Stock Ownership Plan and that are granted as a component of long term incentive compensation. The RSUs are denominated in shares of stock but no shares of Common Stock are actually issued to a participant at the time the RSUs are granted. The RSUs are payable in cash and shares of stock when they are vested. RSUs vest if a grantee remains continuously employed for a period of three years from date of grant unless sooner accelerated upon a change of control or upon termination of employment by reason of death, disability or termination for good reason.

Performance Shares and RSUs are granted under the 2014 Equity Incentive Plan.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

	Option Awards[1]					Stock Awards			
e	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)[1]	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)[2]	Equ Incen Pla Awa Mar o Pay Valu Unea Shares, U Oth Rig Th Ha No Ves ($
tancil Starnes						10/5/16-93	3,772	2/24/16-24,000	973
						10/5/17-90	3,650	2/23/17-18,000	730
						2/22/18-7,772	315,232	2/22/18-7,772	315
ard L. Rand, Jr.						2/24/16-4,000	162,240	2/24/16-8,000	324
						10/5/16-93	3,772	2/23/17-6,000	243
						2/23/17-3,000	121,680	2/22/18-3,886	157
						10/5/17-90	3,650		
						2/22/18-3,886	157,616		
ard H. Friedman						2/24/16-4,000	162,240	2/24/16-8,000	324
						10/5/16-93	3,772	2/23/17-6,000	243
						2/23/17-3,000	121,680	2/22/18-3,886	157
						10/5/17-90	3,650		
						2/22/18-3,886	157,616		
ey P. Lisenby						2/24/16-4,000	162,240	2/24/16-8,000	324
						10/5/16-93	3,772	2/23/17-6,000	243

	2/23/17-3,000	121,680	2/22/18-3,886	157
	10/5/17-90	3,650		
	2/22/18-3,886	157,616		
ael L. Boguski	2/24/16-4,000	162,240	2/24/16-8,000	324
	10/5/16-93	3,772	2/23/17-6,000	243
	2/23/17-3,000	121,680	2/22/18-3,886	157
	10/5/17-90	3,650		
	2/22/18-3,886	157,616		

(1) The Stock Awards not vested reflect the number of RSUs granted as matching grants under the 2011 Stock Ownership Plan and as long term incentive compensation. The RSUs are denominated in shares of Common Stock but no shares are issued on the date of grant. Each RSU is payable in cash and shares of Common Stock in an amount equal to the market value of a share of Common Stock on the date of vesting. RSUs vest three years after the date of grant if the grantee is continuously employed by ProAssurance or a subsidiary unless vesting is accelerated upon a change of control of ProAssurance or upon termination of employment by reason of death, disability or good reason.

(2) The Equity Incentive Plan Awards reflect the performance shares granted under the 2014 Equity Incentive Plan. The performance shares vest if ProAssurance achieves performance criteria discussed under Executive Compensation Long-term Incentive Compensation on page 30 of this proxy statement during the three year period commencing on the date of grant, except that performance shares are payable at the target level upon the participant s death or disability and are payable upon the participant s retirement or termination for good reason after the year of grant if any of the performance criteria has been achieved for the last year prior to the participant s termination with such award to be prorated based on the time the participant is employed during the performance period. The number of unearned performance shares assumes the Named Executive Officer will earn the target number of performance shares.

41

OPTION EXERCISES AND STOCK VESTED(1)

(During Last Completed Fiscal Year)

	Option Awards		Stock Awards	
Name	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise ($)**	**Number of Shares Acquired on Vesting (#)**	**Value Realized on Vesting ($)**
W. Stancil Starnes			(1)	
			31,875(2)	1,537,969
			100	4,562
Edward L. Rand, Jr.			(1)	
			10,625(2)	512,656
			4,350	209,625
Howard H. Friedman			(1)	
			10,625(2)	512,656
			4,350	209,625
Jeffrey P. Lisenby			(1)	
			10,625(2)	512,656
			4,350	209,625
Michael L. Boguski			(1)	
			6,375(2)	307,594
			2,650	127,600

(1) These shares acquired on vesting consist of performance shares previously granted under the 2014 Equity Incentive Plan that vested in 2018 upon satisfaction of the performance criteria at the end of the performance period. The value realized reflects the market price of the vested shares on the date of vesting. Performance shares were paid in shares of Common Stock net of the cash required for withholding.

(2) These shares acquired on vesting consist of RSUs previously granted under the 2014 Equity Incentive Plan that vested in 2018 upon satisfaction of the restricted period. The value realized reflects the market price of the vested shares on the date of vesting. RSUs were paid in shares of Common Stock net of the cash required for withholding.

NON-QUALIFIED DEFERRED COMPENSATION

Name	Executive Contributions in Last FY ($)	Registrant Contributions in Last FY ($)(1)	Aggregate Earnings in Last FY ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last FYE ($)
W. Stancil Starnes	71,526	70,089	(211,926)		1,939,343
Edward L. Rand, Jr.	26,000	26,000	(116,937)		1,051,633
Howard H. Friedman	117,000	31,271	(268,249)		2,356,718
Jeffrey P. Lisenby	14,300	14,300	(35,375)		270,676
Michael L. Boguski	19,578	18,825	(12,782)		153,568

(1) Registrant contributions are included in Other Compensation to Executives in the Summary Compensation Table.

Effective January 1, 2005, we adopted the Executive Nonqualified Excess Plan of ProAssurance Group (the Deferred Compensation Plan), for the benefit of eligible employees and directors. The employees eligible to participate in the plan are Vice Presidents and above of ProAssurance and any other employees whose annual compensation exceeds the dollar limit that applies to the definition of highly compensated employee found in the Internal Revenue Code (which was $120,000 in 2018).

Under the Deferred Compensation Plan, an eligible employee may elect to defer up to 75% of his or her base salary. A director may elect to defer up to 100% of his or her director fees or other cash compensation. Effective January 1, 2006, we amended our Deferred Compensation Plan to provide for additional matching employer contributions on behalf of employees whose base compensation exceeds our qualified plan s compensation limit. For these employees, we match salary reductions in an amount up to 10% of the amount by which their base compensation exceeds the compensation limit.

Deferred amounts are contributed to the Deferred Compensation Plan and contributions are credited with deemed investment earnings as if they were invested in one or more designated mutual funds pursuant to an investment election made by the participants as of the date of deferral. Distributions under the plan are made upon termination of employment or service, death, disability, or upon a change of control. Distributions are made in a lump sum or annual installments over a period not exceeding 10 years as elected by the participant. A separate distribution election can be made with respect to each year s deferrals and matching contributions.

Employment and Severance Agreements

The Board of Directors elected W. Stancil Starnes as Chief Executive Officer effective July 1, 2007. In connection with his employment as Chief Executive Officer, we entered into an employment agreement with Mr. Starnes effective May 1, 2007, which provided for the following:

- a term of five years that extends automatically for an additional term of five years on each July 1 until July 1, 2013 (at which time the term will be fixed and will expire on June 30, 2018); on May 27, 2015, we amended the employment agreement to extend the expiration date to May 31, 2020, and on June 1, 2017, we further amended the employment agreement to extend the expiration date to May 31, 2022;

- a minimum base salary of $750,000 subject to annual increases at the discretion of the Board of Directors;

- annual incentive compensation equal to 100% of base salary for 2007 (pro rata) and at least 100% of base salary for 2008; annual incentive compensation after 2008 is based entirely on performance criteria established by the Board of Directors consistent with the criteria for other senior executive officers;

- one-time grant of options to purchase 100,000 shares of Common Stock at an exercise price equal to 100% of the market value on the effective date of July 2, 2007;

- annual grant of equity compensation having an aggregate value of at least $500,000 based on the method ProAssurance uses to calculate compensation expense with respect to such awards for financial reporting purposes;

- perquisites consistent with those provided to the prior Chief Executive Officer, including without limitation, up to 50 hours of personal use on the corporate airplane; and

- severance payments upon a termination of employment and payments upon a change of control as discussed in more detail under the caption Payments on Termination and Change of Control.

We entered into a Retention and Severance Compensation Agreement with Michael L. Boguski and several other senior executives of Eastern Insurance Holdings, Inc. in connection with our acquisition of Eastern on January 1, 2014. Mr. Boguski was president of Eastern at the time of the transaction, and we entered into this agreement to compensate him for continuing as president of Eastern during the initial three years following the acquisition. In addition to base salary and incentive compensation, we agreed to pay Mr. Boguski a retention bonus in total amount of $1,200,000 payable in four installments of $300,000 each on June 30, 2014 and January 1 in each of 2015, 2016 and 2017 with each installment payment being conditioned upon his employment on the installment payment date. We have paid Mr. Boguski all four installments. Mr. Boguski s agreement also includes a covenant not to compete that prohibits him from competing with Eastern s workers compensation insurance business for three years after his termination of employment (reduced to two years after the initial term), and he will be paid as compensation for this covenant an additional sum of $600,000 payable in monthly installments during the three years following the initial term, subject to forfeiture only if Mr. Boguski s employment is terminated for cause during the payment period or he violates the noncompetition covenant. Through December 31, 2018, we have paid Mr. Boguski monthly installments in the sum of $400,000 toward the compensation for his noncompetition covenant.

In anticipation of Mr. Boguski s new duties as President of our Specialty P&C Segment effective May 13, 2019, and to incentivize his acceptance of that new role, we have agreed to certain incentive compensation terms that will be incorporated into an employment agreement with him. Under the new agreement, his annual non-equity incentive compensation target will be set at 100% of base salary, and payment of an award in that amount will be guaranteed for 2019. For 2020 and 2021, a portion of the annual incentive award will be guaranteed and the remainder will be based on achievement of performance metrics established by our Compensation Committee. For 2022 and after, the annual incentive award will be entirely based on achievement of annual performance metrics. In addition, Mr. Boguski will receive a one-time equity compensation grant with a three-year vesting period and grant-date value of $1,000,000.

Payments on Termination and Change of Control

We have agreements with Mr. Starnes and our other Executive Officers that provide severance benefits if we terminate their employment for cause or if they voluntarily terminate their employment for good reason. They may assert good reason for, among other reasons, a material reduction in compensation or position or change in location of employment.

Mr. Starnes is entitled to severance benefits under his employment agreement if we terminate his employment without cause or he terminates his employment for good reason. In such event, Mr. Starnes will be entitled to severance compensation in an amount equal to three times the sum of his then current base salary and the average annual incentive compensation paid to him for the prior three years. Mr. Starnes is not entitled to be paid severance compensation on a change of control of ProAssurance unless he terminates his employment for good reason or his employment is terminated without cause after the change of control. He may terminate for good reason if there is a material reduction in his position as chief executive officer within two years after the change of control. Mr. Starnes is not entitled to be reimbursed for any excise tax imposed on his severance compensation as an excess parachute payment under Internal Revenue Code Sections 280G and 4999.

In 2008, we entered into Release and Severance Compensation Agreements with each of Messrs. Rand, Friedman and Lisenby. Absent a change of control, these agreements provide severance compensation to each of them in an amount equal to the sum of his annual base salary and his average annual incentive compensation over the prior three years. Under these agreements, Messrs. Rand, Friedman and Lisenby are entitled to additional severance benefits if we or our successor terminate them without cause or they terminate for good reason, in either case after a change of control. In such event, the severance compensation will be an amount equal to two times the sum of their annual base salary and average annual incentive compensation over the last three years. In addition, if payments made to these executives are after a change of control are deemed to be excess parachute payments under Internal Revenue Code 280G and subject to the excise tax imposed by Internal Revenue Code Section 4999, we will pay the executive such amount as will allow the executive to be fully reimbursed for all payments incurred by reason of the imposition of the excise tax and for all income taxes attributable to such reimbursement. These agreements renew annually at our option, but the executives may terminate for good reason if we elect to terminate the severance agreement prior to the executive reaching sixty-five years of age.

The Retention and Severance Compensation Agreement with Mr. Boguski includes an obligation to pay severance compensation if we terminate Mr. Boguski without cause or he terminates for good reason. The amount of severance compensation is equal to the sum of his annual base salary and average incentive compensation over the last three years plus any unpaid consideration for his covenant not to compete which is described above. Like the severance agreements with Messrs. Rand, Friedman and Lisenby, Mr. Boguski will be entitled to two times the sum of his annual base salary and average incentive compensation if he terminates his employment for good reason or he is terminated without cause within two years after a change of control, and he is entitled to terminate his employment for good reason if we elect not to renew and terminate his Retention and Severance Compensation Agreement.

Each of the agreements with Messrs. Starnes, Rand, Friedman, Lisenby and Boguski require the terminated executive to release us from all claims relating to his employment as a condition to the provision of severance benefits. These agreements also include a covenant not to compete that extends for a period one to three years depending upon the multiple used for determining the amount of severance compensation, e.g. if severance compensation is two times the sum of salary and average incentive compensation, the restricted period is two years. The severance compensation is payable in equal monthly installments over the duration of the restricted period. If an executive violates the covenant not to compete, we may terminate future installment payments of severance compensation.

On December 1, 2010, our Board of Directors adopted resolutions directing ProAssurance and its subsidiaries not to execute any new agreements with executive officers that require a single trigger for the payment of severance benefits upon a change of control and that provide for a gross up for the excise tax imposed on excess parachute payments under Internal Revenue Code Sections 280G and 4999. The Board s action does not change, alter or amend any employment agreements in effect at the time of the adoption of the resolutions. The severance agreements with Messrs. Rand, Friedman and Lisenby continue to include the gross up provision because they were in effect at the time the Board adopted these policies.

The following table sets forth the amounts payable to the Named Executive Officers upon termination of their employment by reason of retirement or voluntary termination, death or disability, involuntary termination (termination by ProAssurance without cause and by the executive for good reason) and upon a change of control. The table assumes payment as if the termination of employment or change of control occurred on December 31, 2018:

	Retirement or Voluntary Termination $	**Death or Disability $**	**Involuntary Termination[(1)] $**	**Involuntary Termination After Change of Control[(1)] $**	**Change of Control $**
W. Stancil Starnes					
Cash Severance-Annual Salary			2,927,685	2,927,685	
Cash Severance-Average Annual Incentive			3,426,832	3,426,832	
Equity Compensation Vesting[(2)]	1,455,293	2,333,985	1,455,293	2,333,985	2,333,985
Deferred Compensation[(3)]	1,258,023	1,258,023	1,258,023	1,258,023	1,258,023
Medical Benefits					
Outplacement Services					
280G Gross Up					
TOTAL	2,713,316	3,592,008	9,067,833	9,946,525	3,592,008
Edward L. Rand, Jr.					
Cash Severance-Annual Salary			760,000	1,520,000	
Cash Severance-Average Annual Incentive			526,811	1,053,622	
Equity Compensation Vesting[(2)]	485,098	1,166,992	926,634	1,166,992	1,166,992
Deferred Compensation[(3)]	694,633	694,633	694,633	694,633	694,633
Medical Benefits			44,370	44,370	
Outplacement Services			10,000	10,000	
280G Gross Up					
TOTAL	1,179,731	1,861,625	2,962,448	4,489,617	1,861,625
Howard H. Friedman					
Cash Severance-Annual Salary			587,711	1,175,422	
Cash Severance-Average Annual Incentive			480,948	961,896	
Equity Compensation Vesting[(2)]	485,098	1,166,992	926,634	1,166,992	1,166,992
Deferred Compensation[(3)]	1,130,261	1,130,261	1,130,261	1,130,261	1,130,261
Medical Benefits			44,370	44,370	
Outplacement Services			10,000	10,000	
280G Gross Up					
TOTAL	1,615,359	2,297,253	3,179,924	4,488,941	2,297,253
Jeffrey P. Lisenby					
Cash Severance-Annual Salary			400,712	801,424	
Cash Severance-Average Annual Incentive			342,111	684,223	

Equity Compensation Vesting	485,098	1,166,992	926,634	1,166,992	1,166,992
Deferred Compensation(3)	118,835	118,835	118,835	118,835	118,835
Medical Benefits			44,370	44,370	
Outplacement Services			10,000	10,000	
280G Gross Up					
TOTAL	603,933	1,285,827	1,842,662	2,825,844	1,285,827
Michael L. Boguski					
Cash Severance-Annual Salary			468,678	937,356	
Cash Severance-Average Annual Incentive			440,186	880,372	
Equity Compensation Vesting(2)	485,098	1,166,992	926,634	1,166,992	1,166,992
Noncompete(4)	200,000	200,000	200,000	200,000	
Deferred Compensation(3)	79,920	79,920	79,920	79,920	79,920
Medical Benefits			44,370	44,370	
Outplacement Services			10,000	10,000	
280G Gross Up					
TOTAL	765,018	1,446,912	2,169,788	3,319,010	1,246,912

(1) Reflects the maximum amount that can be paid upon involuntary termination of employment. If the executive terminates for good reason, the executive is entitled to cash severance, the executive s account in

the Deferred Compensation Plan, all unvested RSUs, and unvested performance shares to the extent earned. If we terminate the executive without cause, the executive is only entitled to cash severance and the executive s account in the Deferred Compensation Plan. If we terminate the executive for cause, the executive is only entitled to the executive s account in the Deferred Compensation Plan. See Note (4) for a description of additional payments to Mr. Boguski under his Retention and Severance Compensation Agreement.

(2) The value of the acceleration of equity compensation benefits is calculated to reflect our accounting expense for the unvested performance shares and stock awards that have not been earned for financial reporting purposes. The value of the unvested awards is based on the market value of a share of Common Stock of $40.56 based on the closing price on the NYSE on December 31, 2018 (the last trading day of 2018). We calculated the number of shares based on the target achievement levels since the unvested performance shares and stock awards have not been earned yet; therefore, it is possible that the actual amounts could be higher or lower, or that the performance criteria is not achieved so that no amount is payable. We disclose the threshold, target and maximum achievement levels in the table under the caption Grants of Plan-Based Awards on page 37 of this proxy statement.

(3) Reflects only the employer contributions that we contributed for the account of the executive under the Deferred Compensation Plan and all earnings (losses) that have accrued on the executive s account. The executives will be entitled to return of the contributions contributed to the plan as a deferral of executive s then current compensation. The amount in the table excludes benefits that are payable upon retirement under our qualified retirement plan.

(4) Mr. Boguski is entitled to payment of the consideration for his noncompetition agreement in the amount of $200,000 unless his employment is terminated for cause.

DIRECTOR COMPENSATION

(During Last Completed Fiscal Year)

Name	Fees Earned or Paid in Cash ($)	Stock Awards (1) ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation ($)	Total ($)
Bruce D. Angiolillo	94,833	60,969				155,802
Kedrick D. Adkins Jr.	55,833	60,969				116,802
Samuel A. Di Piazza	102,333	60,969				163,302
Robert E. Flowers	89,583	60,969				150,552
M. James Gorrie	67,833	60,969				128,802
Ziad R. Haydar	71,833	60,969				132,802
John J. McMahon, Jr.	82,333	60,969				143,302
Frank A. Spinosa	92,333	60,969				153,302
Katisha T. Vance.	69,333	60,969				130,302
Thomas A. S. Wilson, Jr.	78,083	60,969				139,052

(1) Includes 1,511 shares of Common Stock granted to the directors whose terms commenced on May 23, 2018, as stock awards under the 2014 Equity Incentive Plan. The closing price of a share of Common Stock on the NYSE on that date was $40.35.

Non-management directors received an annual retainer of $60,000 in 2018. In addition to this annual retainer, the Chairman of the Audit Committee received an additional annual retainer of $20,000 in 2018; the other members of the Audit Committee received an additional annual retainer of $10,000 in 2018. The Chairman of the Compensation Committee received an additional annual retainer of $10,000 in 2018. The Lead Director received an additional retainer of $15,000 in 2018. The Chairman of the Nominating/ Corporate Governance Committee received an additional retainer of $10,000 in 2018.

Non-management directors also received meeting fees in the amount of $2,000 for each day the director attends a board meeting and $1,500 for attendance at committee meetings that are not held on the same day as board meetings (each meeting fee is increased by $1,000 for non-management directors who are required to travel to the meeting). Audit Committee members will receive a fee for attending committee meetings that are held on the same day as board meetings.

Our Board of Directors has adopted the ProAssurance Corporation Director Deferred Stock Compensation Plan to facilitate director stock compensation approved by the Compensation Committee. If granted by the Compensation Committee, the stock compensation is payable in whole shares of our Common Stock with a total value not to exceed the amount fixed by the Compensation Committee. The award is calculated using the NYSE closing price of a share of our Common Stock on the date of our annual meeting. In 2018, the amount fixed by the Compensation Committee for the stock award for each director was $61,000. Shares are payable from the shares reserved for issuance under the 2014 Equity Incentive Plan.

Under the terms of the Director Deferred Stock Compensation Plan, our directors may elect either to receive the shares of Common Stock currently or to defer the receipt of the shares until their service as a director has ended. Cash dividends accumulate on the shares of Common Stock credited to the accounts of the directors and are applied toward the acquisition of additional shares of Common Stock for the account of the director. The accumulated dividends are used to acquire whole shares of Common Stock at the price of a share on the date of the payment of the dividend. Any amount not applied to the acquisition of the shares is retained in each director s account and accumulated with future dividends on the shares credited to the director s account. The amount so accumulated is to be applied to the acquisition of shares of Common Stock on date of the next dividend payment until the shares are distributed. Subject to approval by the Board of Directors, a director may request that the Company purchase the shares granted and accumulated under the plan at the time the director terminates his or her service on the Board.

Risk Management in Relation to Compensation Policies and Practices

Short term incentive compensation as well as long-term incentive compensation for the executive officers and key employees of ProAssurance is provided under guidelines established under incentive plans approved by our stockholders and reviewed annually by the Compensation Committee.

The performance objectives used to measure achievement under these incentive compensation plans involve a mix of performance measures that are commonly used by public companies in the insurance industry, which include the following: return on equity; weighted combined ratio; written premiums; expense management; and stock performance against a nationally recognized index. These performance measures are weighted with the intent that a balance among the various measures is required to achieve maximum incentive compensation, thereby avoiding undue focus on any one of the objective criteria. A description of the performance measures used in our incentive plans is included in this proxy statement under the caption Executive Compensation Compensation Discussion and Analysis beginning on page 23.

Our Compensation Committee analyzes the risks inherent in our incentive compensation plans in connection with its evaluation of the incentive compensation to be awarded to our key employees. As part of its duties as the Compensation Committee s independent compensation consultant, Total Compensation Solutions, assists the Compensation Committee in its evaluation of the risks associated with our incentive compensation plans. Based on information provided by Total Compensation Solutions and its own analysis, the Compensation Committee has determined that the goals and incentives used in our incentive compensation plans are reasonable; are related to the sound financial management of ProAssurance and its subsidiaries; are generally consistent with past practice and industry practices; and do not present unnecessary or excessive risk that could threaten the value of ProAssurance in any material respect.

While all of our executive officers are compensated through the mixture of base salary, short-term incentive compensation and long-term incentive compensation as described under the caption Executive Compensation Compensation Discussion and Analysis beginning on page 23 of this proxy statement, we have a limited number of employees who are directly engaged in sales activity and receive a significant portion of their compensation in the form of commission payments for new and renewal business. The payment of commissions based solely on the production of business presents a risk of writing unprofitable business in order to obtain a commission. This risk is mitigated by the fact that the decision as to whether business will be written is made by our underwriting staff whose compensation is not commission based and whose incentive compensation, if any, is based on multiple performance measures under one or more of our previously described incentive plans.

We recognize that the performance measures under our incentive compensation plans are predominantly based on the financial information included in our financial statements and reports. There is a risk that incentive compensation could be paid based on erroneous financial information if our financial statements should be found to be inaccurate in any material respect. In December 2010 our Board of Directors adopted a recoupment (clawback) policy pursuant to which our executives must agree to pay back incentive compensation to the extent that such compensation is based on incorrect financial information derived from financial statements that are subsequently required to be restated.

Pay Ratio Disclosure

As required by the Dodd-Frank Act and SEC Regulation S-K, we are providing the following information about the relationship between the annual total compensation of our CEO, Mr. Starnes, and the median of the annual total compensation of our employees for 2018 (our CEO pay ratio). Our CEO pay ratio information is a reasonable good faith estimate calculated in a manner consistent with Item 402(u) of Regulation S-K.

The ratio of the annual total compensation of Mr. Starnes to the median of the annual total compensation of our employees for 2018 was 23 to 1. This ratio was based on the following:

- the annual total compensation of Mr. Starnes for 2018, as set forth in the Summary Compensation Table, was $2,115,721; and

- the median of the annual total compensation of all of our employees (other than Mr. Starnes), determined in accordance with Item 402(u) of Regulation S-K, was $91,872.

For purposes of the above CEO pay ratio disclosure, we were required to identify a median employee based on our entire workforce, without regard to their location, compensation arrangements or employment status (full-time versus part-time). The median employee was determined by identifying the employee whose compensation was at the median of the compensation of our employee population (other than our CEO). The methodology and the material assumptions and estimates that we used to identify the median of the compensation of our employee population were as follows:

Employee Population*:* We determined that, as of December 31, 2018, the date we selected to identify the median employee, our employee population consisted of 980 individuals (other than the CEO) working for ProAssurance Corporation and our consolidated subsidiaries, with all of these individuals located in the United States.

Compensation Measures Used to Identify the Median Employee*:* For purposes of measuring the compensation of our employees to identify the median employee, we utilized base salary / wages and overtime pay, plus cash incentive compensation (annual bonus), commissions, or other cash compensation earned for individual and corporate performance in 2018. We annualized the compensation of employees to cover the full calendar year and treated new hires as if they were hired at the beginning of the year, as permitted by applicable SEC rules and regulations. We did not make any cost-of-living adjustments. We then added the grant-date value of any long-term equity awards made in 2018, plus employer contributions to our qualified retirement plan in 2018, plus the actual value of company-paid benefits (including company-paid premiums for health, dental, life, and disability insurance and any company contribution to health savings accounts). Using this methodology, in accordance with Item 402(c)(2)(x) of Regulation S-K, we determined that the median employee was an employee with total compensation of $91,872 earned for the year ended December 31, 2018.

OTHER MATTERS THAT MAY COME BEFORE THE ANNUAL MEETING

We have no present knowledge of any other matters to be presented at the annual meeting. If any other matters should properly come before the annual meeting, or any adjournment or postponement thereof, it is the intention of the persons named in the accompanying Proxy to vote such Proxy in accordance with their best judgment.

BENEFICIAL OWNERSHIP OF OUR COMMON STOCK

Owners of More than 5% of Our Common Stock

Stockholders	Amount & Nature of Beneficial Ownership	Percent of Class[1]
BlackRock, Inc.[2]	7,434,207	13.9%

40 East 52nd Street New York, New York 10022		
The Vanguard Group, Inc.(3) 100 Vanguard Blvd. Malvern, Pennsylvania 19355	5,772,610	10.76%

(1) Based on ownership percentages reported in the filings on Schedule 13G detailed below.

(2) In a Schedule 13G filed with the SEC, BlackRock, Inc., a parent holding company, disclosed that, as of December 31, 2018, it had sole voting power with respect to 7,298,659 shares of Common Stock and sole dispositive power with respect to 7,434,207 shares of Common Stock.

(3) In a Schedule 13G filed with the SEC, The Vanguard Group, Inc., an investment adviser, disclosed that, as of December 31, 2018, it had sole voting power with respect to 53,301 shares of Common Stock, shared voting power with respect to 12,000 shares of Common Stock, sole dispositive power with respect to 5,712,895 shares of Common Stock and shared dispositive power with respect to 59,715 shares of Common Stock.

Ownership by Our Directors and Executive Officers

The following table sets forth, as of March 29, 2019, information regarding the ownership of Common Stock by:

our executive officers named in the Summary Compensation Table under Executive Compensation, which we refer to as the Named Executive Officers;

our directors and director nominees; and

all of our directors and executive officers as a group.

Stockholders	**Amount & Nature of Beneficial Ownership[1]**	**Percent of Class**
Directors		
Kedrick D. Adkins Jr.	1,564	*
Bruce D. Angiolillo.	4,024	*
Samuel A. Di Piazza, Jr.	12,888	*
Robert E. Flowers	87,499	*
Maye Head Frei .	0	*
M. James Gorrie	14,709	*
Ziad R. Haydar	8,748	*
John J. McMahon, Jr.	42,251	*
Edward L. Rand, Jr.[2]	119,476	*
Frank A. Spinosa	9,776	*
W. Stancil Starnes	210,266	*
Katisha T. Vance	2,731	*
Thomas A. S. Wilson, Jr.	12,709	*
Other Named Executive Officers		
Howard H. Friedman[3]	283,372	*
Jeffrey P. Lisenby	60,377	*
Michael L. Boguski	32,524	*
All Directors, Director Nominees and Executive Officers as a Group (16 Persons)	902,914	1.7%

*Less than 1%.

Director nominee in 2019.

(1) Except as otherwise indicated, the persons named in the above table have sole voting power and investment power with respect to all shares of Common Stock shown as beneficially owned by them. The information as to beneficial ownership of Common Stock has been furnished by the respective persons listed in the above table. The information excludes restricted stock units and performance shares granted to executive officers. No executive officer holds unexercised stock options.

(2) Shares are held in a joint brokerage account for Mr. Rand and his spouse.

(3) Includes 346 shares held in an individual retirement account for Mr. Friedman s spouse.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors and executive officers, and persons who own more than 10% of a registered class of our equity securities, to file reports of ownership of, and transactions in, our equity securities with the SEC, which are called Section 16 reports. Such directors, executive officers and 10% stockholders are also required to furnish us with copies of all Section 16 reports they file. Purchases and sales of our equity securities by such persons are published on our website at www.ProAssurance.com.

Based on a review of the copies of such Section 16 reports we received, and on written representations from our reporting persons, we believe that our directors, executive officers and 10% stockholders complied with all applicable Section 16(a) filing requirements during fiscal year 2018.

TRANSACTIONS WITH RELATED PERSONS

Our Code of Ethics and Conduct addresses conflicts of interest that arise when an employee or member of his or her family receives a personal benefit in a transaction involving ProAssurance or a subsidiary. Generally, employees are required to report any situation involving an actual or potential conflict of interest to ProAssurance for a determination of whether it involves a permissible conflict of interest. The Code of Ethics and Conduct provides specific guidance as to the following situations:

Employees are prohibited from (i) taking for themselves personally opportunities that are discovered through the use of ProAssurance s information or position, (ii) using ProAssurance s property, information or position for personal gain and (iii) competing with ProAssurance.

If ProAssurance or a subsidiary does business or considers doing business with a company in which an employee or member of his or her family is employed or has a material financial or other interest, the employee must disclose the interest to his or her supervisor if he or she is aware of the proposed business relationship and refrain from participating in the approval process.

If an employee participates in religious, charitable, educational or civic activities, good judgment must be exercised to abstain from involvement in activities which would present a conflict of interest or interfere with responsibilities to or the reputation of ProAssurance.

The Nominating/Corporate Governance Committee has adopted the Procedures for Evaluation of Reportable Related Party Transactions. The procedures provide a framework for evaluating any transaction that the Company determines would be required to be publicly disclosed by Item 404(a) of Regulation S-K, and apply to directors, nominees for directors, executive officers and certain persons related to any of the foregoing (related parties). The procedures are administered by the Company s general counsel acting as Corporate Compliance Officer. The general counsel monitors compliance and reviews annually a completed questionnaire from each director, nominee for director and executive officer that sets forth certain business and other affiliations that relate to the business and activities of the Company. The general counsel reports any related party transaction he becomes aware of to the Nominating/Corporate Governance Committee. The committee must evaluate the transaction to determine whether it is fair and reasonable to the Company, and should also evaluate the impact the transaction will have on a director s independence, if applicable.

ProAssurance adopted written policies and procedures for the review, approval or ratification of personal travel on corporate aircraft effective December 1, 2006. Pursuant to the Policies and Procedures for Personal Use of Aircraft, senior executive officers, directors and such other employees of ProAssurance or its subsidiaries as may be designated by the Chief Executive Officer may use the corporate aircraft for personal travel if the aircraft is not otherwise required for business-related travel, upon reasonable notice to the Chief Executive Officer.

As used in the Policies and Procedures for Personal Use of Aircraft, personal travel includes travel for entertainment, amusement or recreational purposes as described in Internal Revenue Service Notice 2005-45.

The Compensation Committee of the Board of Directors will establish, after reviewing the cost of the personal travel, the number of flight hours for which the Chief Executive Officer may use the corporate aircraft for personal travel in the succeeding twelve month period without further approval of the Committee. The Compensation Committee has established the number of aggregate flight hours for which all other authorized users may use the corporate aircraft for personal travel during the succeeding twelve months with the approval of the Chief Executive Officer as follows: 50 flight hours for personal travel by the Chief Executive Officer and 20 flight hours for personal travel by other authorized users in the aggregate. The Chief Executive Officer must get the prior approval of the Compensation Committee before approving any personal travel which exceeds the aggregate limit. The Compensation Committee may delegate to any of its members the authority to approve requests for personal travel in excess of established limits. Both the Compensation Committee and the Chief Executive Officer are responsible for applying the Policies and Procedures for Personal Use of Aircraft.

As discussed in further detail under Independent Directors beginning on page 7 of this proxy statement, ProAssurance had transactions in 2018 in which one of our directors, Ziad R. Haydar, M.D., had or will have a direct or indirect material interest. Dr. Haydar is Chief Clinical Officer of Ascension Health, a subsidiary of Ascension Health Alliance. Ascension Health has entered into a Program Agreement with ProAssurance (the Program) pursuant to which a branded joint insurance program was created to insure the professional liability of certain physicians and healthcare providers affiliated with the Ascension Health Alliance health system. During 2018, ProAssurance s insurance subsidiaries wrote premiums through the Program and ProAssurance paid a reinsurance premium to a subsidiary of Ascension Health Alliance, which paid a ceding commission to a subsidiary of ProAssurance from the reinsurance premiums. The amounts involved in this transaction are described in detail under Independent Directors.

PROPOSALS OF STOCKHOLDERS

Stockholder Nominations for Directors

Our By-Laws require that a stockholder who desires to nominate directors at an annual meeting of stockholders must give us written notice of his or her intent not later than December 31 in the year preceding the annual meeting or such other date as may be established by our Board of Directors for a particular annual meeting by prior written notice to the stockholders. The stockholder s notice must set forth:

- the name and address of the stockholder who intends to make the nomination and of the person or persons to be nominated;
- a representation that the stockholder is a holder of record at the time of such notice and intends to be a holder of record on the record date for such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice;
- a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder;

such other information regarding each nominee proposed by such stockholder as would have been required to be included in a proxy statement filed pursuant to the proxy rules of the SEC had the Board of Directors solicited proxies for the election of such nominee at the meeting; and

the consent of each nominee to serve as a director of ProAssurance if so elected.

Stockholder Proposals for our 2020 Annual Meeting

If you wish to present proposals for inclusion in the proxy materials to be distributed by us in connection with our 2020 annual meeting, you must submit your proposal in proper form (in accordance with the SEC Rule 14a-8), to our Secretary on or before December 31, 2019, in order for the proposal to be considered for inclusion in the proxy statement for the 2020 annual meeting of stockholders. Simply submitting a proposal does not guarantee its inclusion, as the rules of the SEC make clear. The stockholder s notice must set forth:

- 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;

- the name and address of the stockholder who intends to propose such matter or matters;

- a representation that the stockholder has been a holder of record of stock of ProAssurance 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;

- any material interest of the stockholder in such matter or matters; and

- 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 notice and any accompanying statement may not exceed 500 words. Stockholders are not permitted to submit proposals for consideration at special meetings.

OTHER MATTERS

Policies on Reporting of Concerns Regarding Accounting and Other Matters and on Communicating with Directors

We have adopted policies for any person, whether or not a stockholder or employee, to report concerns regarding accounting and other matters and to communicate with our lead independent director. Any person who has a concern about the conduct of ProAssurance or any of our people, including with respect to our accounting, internal accounting controls or auditing issues, may, in a confidential or anonymous manner, communicate that concern to the members of the Audit Committee via the internet or telephone by using the EthicsPoint hotline described in the Corporate Governance section on our website at www.ProAssurance.com. Any person may communicate with our lead director, Thomas A. S. Wilson, Jr., by submitting a report clearly marked to his attention through the EthicsPoint hotline. Further information on the procedure for these communications is available in the Corporate Governance section of our website at www.ProAssurance.com.

Important Notice Regarding Delivery of Stockholder Documents

Beneficial owners of Common Stock who share a single address may receive only one copy of the Notice of Internet Availability or the Proxy Materials, as the case may be, unless their broker, bank, trustee or nominee has received contrary instructions from any beneficial owner at that address. This practice, known as householding, is designed to reduce printing and mailing costs. If any beneficial stockholder(s) sharing a single address wishes to discontinue householding and receive a separate copy of the Notice of Internet Availability or the Proxy Materials, as the case may be, they may contact Broadridge, either by calling (866) 540-7095, or by writing to Broadridge, Householding Department, 51 Mercedes Way, Edgewood, New York 11717.

A majority of brokerage firms have instituted householding. If your family has multiple holdings in ProAssurance that are held in street name with a broker, you may have received householding notification directly from your broker. If so, please contact your broker directly if you have any questions, if you require additional copies of the proxy statement or annual report, if you are currently receiving multiple copies of the proxy statement and annual report and which to receive only a single copy, or if you wish to revoke your decision to household and thereby receive multiple statements and reports.

Incorporation by Reference

To the extent that this proxy statement is incorporated by reference into any other filing by ProAssurance under the Securities Act of 1933, as amended, or the Exchange Act, the sections of this proxy statement titled Report of the Compensation Committee, and Report of the Audit Committee (to the extent permitted by the rules of the SEC), as well as any exhibits to this proxy statement, will not be deemed incorporated, unless specifically provided otherwise in such filing.

VOTE BY INTERNET - www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information. Vote by 11:59 P.M. ET on 05/21/2019 for shares held directly and by 11:59 P.M. ET on 05/19/2019 for shares held in a Plan. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions. Vote by 11:59 P.M. ET on 05/21/2019 for shares held directly and by 11:59 P.M. ET on 05/19/2019 for shares held in a Plan. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

	For All	Withhold All	For All Except	To withhold authority to vote for any individual nominee(s), mark For All Except and write the number(s) of the nominee(s) on the line below.
ne Board of Directors recommends you vote OR the following:				

Election of Directors

Nominees

Kedrick D. Adkins Jr. 2 Bruce D. Angiolillo 3 Maye Head Frei 4 W. Stancil Starnes 5 Rand, Jr.

For Against

ne Board of Directors recommends you vote FOR proposals 2. and 3..

To ratify the appointment of Ernst & Young LLP as independent auditors.

Advisory vote to approve executive compensation.

OTE: Such other business as may properly come before the meeting or any adjournment thereof.

r address change/comments, mark here.

ee reverse for instructions)

	Yes	No
ease indicate if you plan to attend this meeting		

ease sign exactly as your name(s) appear(s) hereon. When signing as attorney, ecutor, administrator, or other fiduciary, please give full title as such. Joint owners ould each sign personally. All holders must sign. If a corporation or partnership, ease sign in full corporate or partnership name, by authorized officer.

					S
					C
		JOB #			
gnature [PLEASE SIGN WITHIN BOX]	Date		Signature (Joint Owners)	Date	**SEQU**

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting: The Annual Report, Notice & Proxy Statement is/are available at www.proxyvote.com

PROASSURANCE CORPORATION
Annual Meeting of Stockholders
May 22, 2019 9:00 AM Central Time
This proxy is solicited by the Board of Directors

The undersigned stockholder of ProAssurance Corporation, or the Company, acknowledges receipt of the Notice of the Annual Meeting of Stockholders and Proxy Statement, each dated April 12, 2019, and the undersigned revokes all prior proxies and appoints Jeffrey P. Lisenby and Frank B. O Neil, and each of them, as attorneys and proxies for the undersigned to vote all shares of common stock of the Company which the undersigned would be entitled to vote at the Annual Meeting of Stockholders to be held on the fifth floor of the headquarters of the Company, 100 Brookwood Place, Birmingham, AL 35209, at 9:00 a.m., Central Time, on Wednesday, May 22, 2019, or at any adjournment, continuation or postponement thereof, and instructs said proxies to vote as indicated on the reverse.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS DIRECTED BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THE SHARES WILL BE VOTED FOR THE ELECTION OF ALL NOMINEES LISTED HEREIN AS DIRECTORS, FOR THE

RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS INDEPENDENT AUDITORS, AND FOR THE APPROVAL OF COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS.

Address change/comments:

(If you noted any Address Changes and/or Comments above, please mark corresponding box on the reverse side.)

Continued and to be signed on reverse side

***** Exercise Your *Right* to Vote *****

Important Notice Regarding the Availability of Proxy Materials for the

Shareholder Meeting to Be Held on May 22, 2019

PROASSURANCE CORPORATION

Meeting Information

Meeting Type: Annual Meeting

For holders as of: March 29, 2019

Date: May 22, 2019 **Time:** 9:00 AM CDT

Location: ProAssurance Corporation

5th Floor

100 Brookwood Place

Birmingham, AL 35209

You are receiving this communication because you hold shares in the above named company.

This is not a ballot. You cannot use this notice to vote these shares. This communication presents only an overview of the more complete proxy materials that are available to you on the Internet. You may view the proxy materials online at *www.proxyvote.com* or easily request a paper copy (see reverse side).

We encourage you to access and review all of the important information contained in the proxy materials before voting.

See the reverse side of this notice to obtain proxy materials and voting instructions.

Before You Vote

How to Access the Proxy Materials

Proxy Materials Available to VIEW or RECEIVE:

1. Annual Report   2. Notice & Proxy Statement

How to View Online:

Have the information that is printed in the box marked by the arrow (located on the following page) and visit: *www.proxyvote.com.*

How to Request and Receive a PAPER or E-MAIL Copy:

If you want to receive a paper or e-mail copy of these documents, you must request one. There is NO charge for requesting a copy. Please choose one of the following methods to make your request:

1) *BY INTERNET*:	www.proxyvote.com
2) *BY TELEPHONE*:	1-800-579-1639
3) *BY E-MAIL**:	sendmaterial@proxyvote.com

* If requesting materials by e-mail, please send a blank e-mail with the information that is printed in the box marked by the arrow (located on the following page) in the subject line.

Requests, instructions and other inquiries sent to this e-mail address will NOT be forwarded to your investment advisor. Please make the request as instructed above on or before May 08, 2019 to facilitate timely delivery.

How To Vote

Please Choose One of the Following Voting Methods

Vote In Person: Many shareholder meetings have attendance requirements including, but not limited to, the possession of an attendance ticket issued by the entity holding the meeting. Please check the meeting materials for any special requirements for meeting attendance. At the meeting, you will need to request a ballot to vote these shares.

Vote By Internet: To vote now by Internet, go to *www.proxyvote.com*. Have the information that is printed in the box marked by the arrow available and follow the instructions.

Internal Use Only

Vote By Mail: You can vote by mail by requesting a paper copy of the materials, which will include a proxy card.

Voting Items

The Board of Directors recommends you vote

FOR the following:

1. Election of Directors

Nominees

1 Kedrick D. Adkins Jr. 2 Bruce D. Angiolillo 3 Maye Head Frei 4 W. Stancil Starnes 5 Edward L. Rand, Jr.

The Board of Directors recommends you vote FOR proposals 2. and 3..

2. To ratify the appointment of Ernst & Young LLP as independent auditors.

3. Advisory vote to approve executive compensation.

NOTE: Such other business as may properly come before the meeting or any adjournment thereof.

Reserved for Broadridge Internal Control Information

NAME	
THE COMPANY NAME INC. - COMMON	123,456,789,012.12345
THE COMPANY NAME INC. - CLASS A	123,456,789,012.12345
THE COMPANY NAME INC. - CLASS B	123,456,789,012.12345
THE COMPANY NAME INC. - CLASS C	123,456,789,012.12345
THE COMPANY NAME INC. - CLASS D	123,456,789,012.12345
THE COMPANY NAME INC. - CLASS E	123,456,789,012.12345
THE COMPANY NAME INC. - CLASS F	123,456,789,012.12345
THE COMPANY NAME INC. - 401 K	123,456,789,012.12345