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PROASSURANCE CORP
Form 424B3
May 03, 2001

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Filed Pursuant to Rule 424(b)(3)
Registration No. 333-49378

(MEDICAL ASSURANCE LOGO)

(PROFESSIONALS GROUP LOGO)

To the Shareholders of Medical Assurance, Inc. and Professionals Group, Inc.:

The boards of directors of Medical Assurance, Inc. and Professionals Group, Inc. have approved the consolidation of Medical Assurance and Professionals Group. A new holding company will be formed under the name of ProAssurance Corporation. Medical Assurance and Professionals Group will become wholly-owned subsidiaries of ProAssurance.

If the consolidation is completed, then, subject to the adjustments and limitations described in this joint proxy statement/prospectus:

- each share of Medical Assurance common stock you own will be converted into one share of ProAssurance common stock; and
- each share of Professionals Group common stock you own will be converted into the right to receive YOUR CHOICE OF EITHER \$12.00 in cash and shares of ProAssurance common stock initially valued at \$14.00 OR \$26.00 in cash, with the cash payment in each case to be adjusted to reflect changes in the value of the portfolio assets of Professionals Group since December 31, 1999.

To determine the number of shares of ProAssurance common stock that has an initial value of \$14.00, we will divide \$14.00 by the average sales price of Medical Assurance common stock during the 20 trading day period ending on the date of the Professionals Group shareholder meeting. On April 25, 2001 the last reported sales price of Medical Assurance common stock was \$14.99, making \$14.00 worth of ProAssurance common stock equivalent to 0.934 shares. The closing price of Professionals Group common stock on that date was \$25.30.

Shareholder approval is needed to complete the consolidation and we have called special meetings of our shareholders for the purpose of approving the consolidation.

YOUR VOTE IS VERY IMPORTANT. PLEASE TAKE THE TIME TO VOTE BY COMPLETING AND MAILING THE ENCLOSED WHITE PROXY CARD IN THE WHITE ENVELOPE THAT HAS BEEN PROVIDED.

This joint proxy statement/prospectus provides you with detailed information about the consolidation. We encourage you to read this entire document carefully. You can also get information about Medical Assurance, Professionals Group and ProAssurance from publicly available documents we have filed with the SEC.

/s/ A. DERRILL CROWE, M.D.
A. Derrill Crowe, M.D.
Chairman and Chief Executive Officer

/s/ VICTOR T. ADAMO, ESQ., CPCU
Victor T. Adamo, Esq., CPCU
President and Chief Executive Officer

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Medical Assurance, Inc.

Professionals Group, Inc.

You should consider the matters set forth in "Risk Factors" beginning on page 10 of this joint proxy statement/prospectus.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THE COMMON STOCK TO BE ISSUED UNDER THIS JOINT PROXY STATEMENT/PROSPECTUS OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS JOINT PROXY STATEMENT/PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This joint proxy statement/prospectus is dated April 30, 2001, and was first mailed to shareholders on or about May 7, 2001.

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(MEDICAL ASSURANCE LOGO)

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
To Be Held June 25, 2001

A special meeting of the shareholders of Medical Assurance, Inc. will be held at the Harbert Center, 2019 Fourth Avenue North, Birmingham, Alabama 35203 on June 25, 2001, at 9:00 a.m., local time, for the following purposes:

1. To consider and vote on a proposal to approve the Agreement to Consolidate dated June 22, 2000, as amended, by and between Medical Assurance, Inc., and Professionals Group, Inc. and to approve the consolidation and other transactions described in the consolidation agreement. A copy of the consolidation agreement is attached as Exhibit A to the accompanying joint proxy statement/prospectus; and
2. To transact any other business that may properly come before this meeting or any adjournments or postponements of this meeting.

Medical Assurance's Board of Directors is not aware of any other business to come before this meeting.

Medical Assurance common stock constitutes the only security of Medical Assurance whose holders are entitled to vote upon the proposals to be presented at this meeting. The close of business on May 3, 2001 has been fixed as the record date for the determination of shareholders entitled to notice of and to vote at this meeting and any adjournments or postponements of the meeting. Only shareholders of record at the close of business on such date are entitled to notice of and to vote at this meeting and any adjournments or postponements of the meeting.

A complete list of shareholders entitled to vote at this meeting will be available for examination by any Medical Assurance shareholder for any purpose relevant to this meeting between 8:00 a.m. and 5:00 p.m. on working days at the 100 Brookwood Place, Birmingham, Alabama 35209 office of Medical Assurance, for a period of ten days prior to this meeting.

YOUR VOTE IS VERY IMPORTANT. PLEASE SUBMIT YOUR PROXY ACCORDING TO THE INSTRUCTIONS ON THE ENCLOSED WHITE PROXY CARD.

By Order of the Board of Directors

/s/ ROBERT D. FRANCIS
Robert D. Francis
Secretary

May 7, 2001

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TO ASSURE THAT YOUR SHARES ARE REPRESENTED AT THE SPECIAL MEETING, PLEASE SUBMIT YOUR PROXY ACCORDING TO THE INSTRUCTIONS ON THE ATTACHED WHITE PROXY CARD, WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING. YOU CAN REVOKE YOUR PROXY AT ANY TIME BEFORE IT IS VOTED. SUBMITTING YOUR PROXY DOES NOT PREVENT YOU FROM ATTENDING THE MEETING, OR ANY ADJOURNMENTS OR POSTPONEMENTS OF THE MEETING, AND VOTING YOUR SHARES IN PERSON. IF YOUR SHARES ARE HELD IN "STREET NAME" AT A BROKERAGE FIRM OR A BANK, YOU MUST INSTRUCT THEM HOW TO VOTE YOUR SHARES. IF YOU DO NOT VOTE OR DO NOT INSTRUCT YOUR BROKER OR BANK HOW TO VOTE, IT WILL HAVE THE SAME EFFECT AS VOTING AGAINST THE CONSOLIDATION.

This notice and the accompanying joint proxy statement/prospectus were prepared by management for your Board of Directors and are being furnished to you in connection with the solicitation of proxies by your Board of Directors for use at the meeting. They describe in more detail the matters to be acted upon at the meeting and your voting rights with respect to such matters. Please review them carefully.

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ADDENDUM

Addendum to Joint Proxy Statement of Medical Assurance, Inc. and Professionals Group, Inc. and Prospectus of ProAssurance Corporation dated April 30, 2001

THE CONSOLIDATION -- FINANCING FOR THE CONSOLIDATION

ProAssurance anticipated that the loan documents for the term loan and credit facility would be executed and delivered to the banks prior to the date of this joint proxy statement/ prospectus. Those loan documents are expected to be executed and delivered to the banks in the near future.

The first full paragraph on page 30 of the joint proxy statement/prospectus is revised to reflect this fact and that the obligation of the banks to fund the term loan and credit facility is subject to, among other things, the execution of the loan documents by ProAssurance and the banks.

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QUESTIONS AND ANSWERS ABOUT THE CONSOLIDATION AND THE MEETINGS

REFERENCES IN THIS JOINT PROXY STATEMENT AND PROSPECTUS TO "WE," "US," "OUR," OR "OURS" REFER, AS THE CONTEXT MAY REQUIRE, TO MEDICAL ASSURANCE, PROFESSIONALS GROUP OR PROASSURANCE AFTER THE CONSOLIDATION. REFERENCES IN THIS JOINT PROXY STATEMENT/PROSPECTUS TO "MEDICAL ASSURANCE," "PROFESSIONALS GROUP" AND THE "PROASSURANCE" INCLUDE THEIR RESPECTIVE SUBSIDIARIES UNLESS THE CONTEXT OTHERWISE REQUIRES.

Q. WHAT AM I BEING ASKED TO VOTE ON?

A. You are being asked to approve the proposed consolidation of Medical Assurance and Professionals Group as subsidiaries of a newly formed holding company named ProAssurance Corporation.

Q. WHY ARE MEDICAL ASSURANCE AND PROFESSIONALS GROUP CONSOLIDATING?

A. We are consolidating because we believe that combining will create a stronger and more diversified company that will provide significant benefits to our shareholders and customers alike. As of December 31, 2000, the combined company would be the third largest provider of medical malpractice insurance in the United States with over \$2 billion in assets.

Q. WHEN WILL THE CONSOLIDATION TAKE PLACE?

A. We plan to complete the consolidation as soon as possible after our shareholder meetings, subject to the satisfaction or waiver of the conditions to the consolidation and all necessary regulatory approvals. Although we cannot predict exactly when all conditions will be satisfied and all regulatory approvals obtained, we hope to complete the consolidation before June 30, 2001.

Q. WHAT WILL I RECEIVE IN THE CONSOLIDATION?

A. If the consolidation is completed, then, subject to the adjustments and limitations described in this joint proxy statement/prospectus:

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- each share of Medical Assurance common stock you own will be converted into one share of ProAssurance common stock; and
- each share of Professionals Group common stock you own will be converted into the right to receive YOUR CHOICE OF EITHER \$12.00 in cash and shares of ProAssurance common stock initially worth \$14.00 OR \$26.00 in cash, with the cash payment in each case to be adjusted to reflect changes in the value of the portfolio assets of Professionals Group since December 31, 1999.

Q. WHAT DO I NEED TO DO NOW?

A. You need to read this joint proxy statement/prospectus and vote your shares by completing your white proxy card and mailing it in the enclosed white envelope as soon as possible.

Q. CAN I SUBMIT MY PROXY BY TELEPHONE OR OVER THE INTERNET?

A. You may be able to submit your proxy by telephone or over the Internet. You should refer to the white proxy card for instructions on how to vote. If you vote by telephone or over the Internet you do not need to complete and mail your proxy card.

Q. WHAT DO I DO IF I WANT TO CHANGE MY VOTE?

A. You can change your vote at any time before your proxy is voted at your shareholder meeting. There are three ways for you to do this:

- send written notice that you wish to revoke your proxy;
- send a later dated, signed proxy card; or
- attend your shareholder meeting and vote in person (your attendance alone will not revoke your proxy, you must complete and submit a ballot at your shareholder meeting).

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In addition to the above procedures, votes submitted electronically via the Internet may also be revoked by subsequent Internet votes at any time before 4:00 p.m., Eastern Daylight time, on June 22, 2001.

Q. IF MY SHARES ARE HELD IN "STREET NAME," WILL MY BROKER OR BANKER VOTE MY SHARES FOR ME?

A. Your broker or banker will vote your shares only if you provide instructions to your broker on how to vote. You should instruct your broker to vote your shares by following the directions provided by your broker. Without instructions, your shares held in "street name" by your broker will not be voted and the effect will be the same as a vote against the consolidation proposal.

Q. DO I NEED TO SEND IN MY STOCK CERTIFICATES?

A. No, if you are a Medical Assurance shareholder. Your certificates for Medical Assurance stock will represent the same number of shares of ProAssurance stock automatically after the consolidation.

Yes, if you are a Professionals Group shareholder. YOU MUST DELIVER YOUR PROPERLY COMPLETED YELLOW ELECTION FORM/LETTER OF TRANSMITTAL, TOGETHER

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WITH YOUR PROFESSIONALS GROUP STOCK CERTIFICATES, A BOOK ENTRY TRANSFER FOR YOUR SHARES, OR A GUARANTEE OF DELIVERY FOR YOUR CERTIFICATES, TO THE EXCHANGE AGENT BY 5:00 P.M., NEW YORK CITY TIME, ON THE DAY THE CONSOLIDATION IS COMPLETED, WHICH WE EXPECT TO BE JUNE 27, 2001. After this deadline, you may not make any elections with respect to the consideration you wish to receive in the consolidation.

The yellow election form/letter of transmittal must be sent, together with your Professionals Group stock certificates, a book entry transfer for your shares, or a guarantee of delivery for your certificates, to the exchange agent at the address below:

Mellon Investor Services LLC
85 Challenger Road
Ridgefield Park, New Jersey 07660

Q. HOW DO I ELECT THE TYPE OF CONSIDERATION I WISH TO RECEIVE FOR MY SHARES OF PROFESSIONALS GROUP COMMON STOCK?

A. You can elect the type of consideration you wish to receive for your shares of Professionals Group common stock by completing the enclosed yellow election form/letter of transmittal and specifying:

- the number of your shares of Professionals Group common stock that you wish to be converted into cash and shares of ProAssurance common stock; and
- the number of your shares of Professionals Group common stock that you wish to be converted into solely cash.

Because the total amount of cash that can be paid to Professionals Group shareholders as a group may not exceed 90% of the total consideration payable with respect to all outstanding shares of Professionals Group common stock, you may not receive the form of payment you select for your shares of Professionals Group common stock. If the cash consideration elected by Professionals Group shareholders is more than the amount of cash available for payment, then some "all cash" elections will be converted to "cash and stock" elections, and the shares of Professionals Group common stock subject to such converted elections will be exchanged for a combination of cash and shares of ProAssurance common stock as if the holder had made a "cash and stock" election. The "all cash" elections to be converted into "cash and stock" elections will be selected by the exchange agent in the order last received by the exchange agent.

You should note that the tax consequences of the consolidation depend on what you receive in the consolidation. See "Material Federal Income Tax Consequences" on page 57 of this joint proxy statement/prospectus.

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Q. CAN I MAKE PARTIAL ELECTIONS?

A. Yes. If you are a Professionals Group shareholder, then you can elect to receive cash and shares of ProAssurance common stock for some of your shares of Professionals Group common stock and solely cash for the remainder. JUST COMPLETE AND MAIL THE ENCLOSED YELLOW ELECTION FORM/LETTER OF TRANSMITTAL, TOGETHER WITH YOUR PROFESSIONALS GROUP STOCK CERTIFICATES, A BOOK ENTRY TRANSFER FOR YOUR SHARES, OR A GUARANTEE OF DELIVERY FOR YOUR CERTIFICATES, TO THE EXCHANGE AGENT PRIOR TO THE DEADLINE LISTED ABOVE. As described above, elections to receive solely cash are subject to change in the event the solely cash election is oversubscribed.

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- Q. CAN I REVOKE OR CHANGE MY ELECTION?
- A. Yes. If you are a Professionals Group shareholder, then you can revoke or change your election for any or all of your shares of Professionals Group common stock by giving written notice to the exchange agent prior to 5:00 p.m., New York City time, on the day the consolidation is completed, which we expect to be June 27, 2001. You can also revoke your election by withdrawing your shares of Professionals Group common stock (or withdrawing your guarantee of delivery of your certificates) prior to the deadline listed above. After this deadline, you may not revoke or change any elections you have made with respect to the consideration you wish to receive in the consolidation.
- Q. WHAT HAPPENS IF I FAIL TO MAKE A TIMELY VALID ELECTION?
- A. If you are a Professionals Group shareholder and you fail to make a timely valid election, then you will receive cash and shares of ProAssurance common stock for your shares of Professionals Group common stock.
- Q. WHO CAN HELP ANSWER MY QUESTIONS?
- A. If you have more questions about the consolidation or the meetings, you should contact:

FOR MEDICAL ASSURANCE INFORMATION:

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

FOR PROFESSIONALS GROUP INFORMATION:

Professionals Group, Inc.
2600 Professionals Drive
Okemos, Michigan 48864
Attention: Lori A. Beachnau
(800) 292-1036 (Ext. 6300)

This joint proxy statement/prospectus incorporates by reference important business and financial information about Medical Assurance and Professionals Group that is not included in or delivered with this document. The information incorporated by reference is available without charge to shareholders upon written or oral request to the persons identified above.

IN ORDER TO ENSURE TIMELY DELIVERY OF THE INFORMATION INCORPORATED BY REFERENCE, SHAREHOLDER REQUESTS SHOULD BE RECEIVED BY JUNE 18, 2001, IN THE CASE OF MEDICAL ASSURANCE, AND BY JUNE 18, 2001, IN THE CASE OF PROFESSIONALS GROUP.

SUMMARY

The following summary highlights aspects of the consolidation that we believe are important to you. To better understand the consolidation agreement and the consolidation and for a more complete description of its terms, you should carefully read this entire document and the documents to which we have referred you. See "Where You Can Find More Information" on page 101 of this joint proxy statement/prospectus.

OUR COMPANIES PROVIDE INSURANCE

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Medical Assurance. Medical Assurance is a Delaware insurance holding company. Medical Assurance, through The Medical Assurance Company, Inc. and other insurance subsidiaries, provides medical malpractice liability insurance for health care providers in the United States, with its most significant presence in states located in the south and midwest sections of the United States. Medical Assurance's principal executive offices are located at 100 Brookwood Place, Birmingham, Alabama 35209; telephone (205) 877-4400.

Professionals Group. Professionals Group is a Michigan insurance holding company. Professionals Group, through ProNational Insurance Company and other insurance subsidiaries, provides medical malpractice liability insurance for healthcare providers in the United States, with its most significant presence in states located in the midwest section of the United States and in Florida. Professionals Group also provides personal auto, homeowners, boat and umbrella insurance for educational employees and other Michigan residents through its subsidiary MEEMIC Holdings, Inc. Professionals Group's executive offices are located at 2600 Professionals Drive, Okemos, Michigan 48864; telephone (517) 349-6500.

ProAssurance. ProAssurance Corporation is a newly formed Delaware corporation that has been organized to serve as the parent holding company for Medical Assurance and Professionals Group. It has yet to conduct any business operations. After the consolidation is completed, Medical Assurance and Professionals Group will continue to operate as wholly-owned subsidiaries of ProAssurance. The principal executive offices of ProAssurance are located at 100 Brookwood Place, Birmingham, Alabama 35209; telephone (205) 877-4400.

MEDICAL ASSURANCE SHAREHOLDERS WILL RECEIVE ONLY STOCK IN THE CONSOLIDATION
(PAGE 26)

Each share of Medical Assurance common stock you own will be converted into one share of ProAssurance common stock.

We have fixed the exchange ratio for shares of Medical Assurance common stock. Because we cannot predict the market price of shares of ProAssurance common stock prior to or following the completion of the consolidation, we cannot predict the value of the shares of ProAssurance common stock you will receive for your shares of Medical Assurance common stock. That value could be significantly higher or lower than the current value of your shares of Medical Assurance common stock. On April 25, 2001 the last reported sales price of Medical Assurance common stock was \$14.99.

PROFESSIONALS GROUP SHAREHOLDERS WILL RECEIVE THEIR CHOICE OF CASH AND STOCK OR ONLY CASH IN THE CONSOLIDATION (PAGE 26)

Each share of Professionals Group common stock you own will be converted into the right to receive YOUR CHOICE OF EITHER \$12.00 in cash and shares of ProAssurance common stock initially valued at \$14.00 OR \$26.00 in cash. However, in each case the cash payable with respect to a share of Professionals Group common stock may be increased or decreased to reflect certain increases or decreases in the value of Professionals Group's portfolio assets since December 31, 1999. Your choice will be subject to the following limitations:

- the total amount of cash that can be paid to Professionals Group shareholders as a group may not exceed 90% of the total consideration payable with respect to all outstanding shares of Professionals Group common stock; and

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- fractional shares of ProAssurance common stock will not be issued; instead, you will receive the value of any fractional share in cash.

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Because we cannot predict the market price of shares of ProAssurance common stock prior to or following the completion of consolidation, to determine the number of shares of ProAssurance common stock that has an initial value of \$14.00, we will divide \$14.00 by the average sales price of Medical Assurance common stock during the 20 trading day period ending on the date of the Professionals Group shareholder meeting. On April 25, 2001 the last reported sales price of Medical Assurance common stock was \$14.99, making \$14.00 worth of ProAssurance common stock equivalent to 0.934 of a share.

We have fixed the exchange ratio for shares of Professionals Group common stock, subject to adjustment to reflect certain changes in the aggregate market value of Professionals Group's consolidated portfolio assets. Because we cannot predict the market price of shares of ProAssurance common stock prior to or following completion of the consolidation, we cannot predict the value of the shares of ProAssurance common stock that you may receive for your shares of Professionals Group common stock. Accordingly, the value of the combination of cash and shares of ProAssurance common stock following completion of the consolidation, based on reported market prices, could be significantly higher or lower than the amount payable solely in cash for a share of Professionals Group common stock in the consolidation. On April 25, 2001 the last reported sales price of Professionals Group common stock was \$25.30.

YOU SHOULD OBTAIN CURRENT STOCK PRICE QUOTATIONS FOR MEDICAL ASSURANCE COMMON STOCK (NYSE SYMBOL: MAI) AND PROFESSIONALS GROUP COMMON STOCK (NASDAQ NATIONAL MARKET SYMBOL: PICM). THESE QUOTATIONS ARE AVAILABLE FROM YOUR STOCK BROKER, IN MAJOR NEWSPAPERS AND ON THE INTERNET.

PROFESSIONALS GROUP SHAREHOLDERS MUST COMPLETE A YELLOW ELECTION FORM/LETTER OF TRANSMITTAL TO SELECT THE TYPE OF CONSIDERATION THEY WISH TO RECEIVE (PAGE 31).

You can elect the type of consideration you wish to receive for your shares of Professionals Group common stock by completing the enclosed yellow election form/letter of transmittal and specifying:

- the number of your shares of Professionals Group common stock that you wish to be converted into cash and shares of ProAssurance common stock; and
- the number of your shares of Professionals Group common stock that you wish to be converted into solely cash.

You may make partial elections and elect to receive cash and shares of ProAssurance common stock for some of your shares of Professionals Group common stock and solely cash for the remainder.

Because the total amount of cash that can be paid to Professionals Group shareholders as a group may not exceed 90% of the total consideration payable with respect to all outstanding shares of Professionals Group common stock, you may not receive the form of payment you select for your shares of Professionals Group common stock. If the cash consideration elected by Professionals Group shareholders is more than the amount of cash available for payment, then some "all cash" elections will be converted to "cash and stock" elections, and the shares of Professionals Group common stock subject to such converted elections will be exchanged for a combination of cash and shares of ProAssurance common stock as if the holder had made a "cash and stock" election. The "all cash" elections subject to conversion to "cash and stock" elections will be selected by the exchange agent in the order last received by the exchange agent. "All cash" elections will be converted into "cash and stock" elections until ProAssurance common stock to be issued to Professionals Group shareholders comprises at least 10% of the total consideration payable with respect to all outstanding shares of Professionals Group common stock. If you make an "all

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cash" election, you will not know the actual mix of consideration that you will receive for your Professionals Group shares at the time you make your election because of the possibility of an "all cash" election being converted to a "cash and stock" election.

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If you are a Professionals Group shareholder, then YOU MUST DELIVER YOUR PROPERLY COMPLETED YELLOW ELECTION FORM/LETTER OF TRANSMITTAL, TOGETHER WITH YOUR PROFESSIONALS GROUP STOCK CERTIFICATES, A BOOK ENTRY TRANSFER FOR YOUR SHARES, OR A GUARANTEE OF DELIVERY FOR YOUR CERTIFICATES, TO THE EXCHANGE AGENT BY 5:00 P.M., NEW YORK CITY TIME, ON THE DAY THE CONSOLIDATION IS COMPLETED, WHICH WE EXPECT TO BE JUNE 27, 2001. After this deadline, you may not make any elections with respect to the consideration you wish to receive in the consolidation.

The yellow election form/letter of transmittal must be sent, together with your Professionals Group stock certificates, a book entry transfer for your shares, or a guarantee of delivery for your certificates, to the exchange agent at the address below:

Mellon Investor Services LLC
85 Challenger Road
Ridgefield Park, New Jersey 07660

You can revoke your election for any or all of your shares of Professionals Group common stock by giving written notice to the exchange agent prior to 5:00 p.m., New York City time, on the day the consolidation is completed, which we expect to be June 27, 2001, or, by withdrawing your shares of Professionals Group common stock (or withdrawing your guarantee of delivery of your certificates) prior to the deadline listed above.

If you fail to make a timely valid election, then you will receive cash and shares of ProAssurance common stock for your shares of Professionals Group common stock.

THE TAX CONSEQUENCES OF THE CONSOLIDATION TO YOU DEPEND ON WHAT YOU RECEIVE IN THE CONSOLIDATION (PAGE 57)

The consolidation will not result in the recognition of gain or loss by ProAssurance, Medical Assurance or Professionals Group. The federal income tax consequences to the shareholders of Medical Assurance and Professionals Group will be as follows:

- If you hold shares of Medical Assurance common stock, you will not recognize any gain or loss on the exchange of your shares of Medical Assurance common stock for shares of ProAssurance common stock in the consolidation. Your adjusted tax basis in the shares of ProAssurance common stock that you receive in the consolidation will equal your adjusted basis in the shares of Medical Assurance common stock that you surrendered. The holding period for the shares of ProAssurance common stock that you receive in exchange for your shares of Medical Assurance common stock will include your holding period for the shares of Medical Assurance common stock that you surrendered.
- If you hold shares of Professionals Group common stock, and you exchange those shares of Professionals Group common stock for both cash and shares of ProAssurance common stock in the consolidation, you will recognize gain equal to the lesser of (a) the amount of cash received in the exchange or (b) the amount of gain that you realize on the exchange. The amount of gain that you realize on the exchange will be equal to the

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excess of the sum of the cash (including cash received for any fractional shares) and the value of the shares of ProAssurance common stock received in the exchange over your tax basis of the shares of Professionals Group common stock exchanged therefor. You will not be entitled to recognize a loss on such exchange for federal income tax purposes. Your tax basis in the shares of ProAssurance common stock you receive in exchange for your shares of Professionals Group common stock will be the same as your tax basis in those Professionals Group shares increased by any gain that you recognize on those Professionals Group shares as a result of the consolidation and reduced by the amount of any cash that you receive for those Professionals Group shares in the consolidation.

- If you hold shares of Professionals Group common stock, and you exchange those shares of Professionals Group common stock for solely cash in the consolidation, you will recognize gain or

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loss equal to the difference between the cash received and your adjusted tax basis in the shares of Professionals Group common stock exchanged solely for cash.

Tax matters are complicated, and tax results may vary among shareholders. The tax consequences of the consolidation to you will depend entirely upon your own financial and tax situation. Accordingly, we urge you to contact your own tax advisor to understand fully how the consolidation will affect you.

THERE ARE RISK FACTORS ASSOCIATED WITH THE CONSOLIDATION

This joint proxy statement/prospectus includes, or incorporates by reference, certain additional factors related to our operations and business strategies generally and the consolidation and the consolidation's effects on our companies specifically. YOU SHOULD READ CAREFULLY THE SECTION ENTITLED "RISK FACTORS" BEGINNING ON PAGE 10 AND THE SECTION ENTITLED "FORWARD-LOOKING INFORMATION" BEGINNING ON PAGE 15.

You should also review the factors considered by our boards of directors and the analyses of their financial advisors that are described on pages 43-55.

YOU WILL NOT HAVE DISSENTERS' RIGHTS OF APPRAISAL (PAGE 24)

Dissenters' rights of appraisal are not available to either Medical Assurance shareholders or Professionals Group shareholders.

OUR BOARDS OF DIRECTORS RECOMMEND THAT YOU APPROVE THE CONSOLIDATION (PAGES 39-43)

Medical Assurance. The Medical Assurance board of directors believes that the consolidation is fair to you and in your best interests. It recommends that Medical Assurance shareholders vote FOR the consolidation.

Professionals Group. The Professionals Group board of directors believes that the consolidation is fair to you and in your best interests. It recommends that Professionals Group shareholders vote FOR the consolidation.

OUR FINANCIAL ADVISORS BELIEVE THE CONSOLIDATION IS FAIR FROM A FINANCIAL POINT OF VIEW (PAGES 43-55)

In deciding to approve the consolidation, your board of directors considered an opinion from its financial advisor as to the fairness, from a financial point of view, of the consideration to be paid in the consolidation.

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Medical Assurance received an opinion from its financial advisor, First Union Securities, Inc., that the exchange ratio is fair to Medical Assurance from a financial point of view.

Professionals Group received an opinion from its financial advisor, Cochran, Caronia & Co., that the consideration to be paid in the consolidation to holders of Professionals Group common stock is fair, from a financial point of view, to the holders of Professionals Group common stock.

These opinions are attached as Appendices B and C to this joint proxy statement/prospectus. We encourage you to read these opinions completely and carefully.

WHAT WE NEED TO DO TO COMPLETE THE CONSOLIDATION (PAGE 69)

To complete the consolidation we must satisfy a number of conditions including:

- approval of the consolidation by both Medical Assurance shareholders and Professionals Group shareholders;
- the absence of any legal restraints that prevent the completion of the consolidation;
- approval of the consolidation by regulatory authorities;
- approval for listing on the New York Stock Exchange, subject to official notice of issuance, of the shares of ProAssurance common stock to be issued in the consolidation;

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- receipt of an opinion from Ernst & Young LLP, or other nationally recognized accounting firm, with respect to the federal income tax treatment of our companies and our shareholders; and
- ratings from the A.M. Best Rating Agency no less favorable than A- with respect to each of Medical Assurance and Professionals Group, and no notice that either of their ratings will be less favorable than A- after the consolidation.

None of the conditions listed above will be waived by either of us. However, we may elect to waive the other conditions to the consolidation. If either of us waives any condition to the closing of the consolidation, we will each consider at the time whether the facts and circumstances of the waiver make a resolicitation of proxies from shareholders appropriate. However, if either of us waives a condition that we deem material to the closing of the consolidation, we will resolicit proxies from shareholders. We can't be certain when or if the conditions to the consolidation will be satisfied or waived, or that the consolidation will be completed.

RECIPROCAL TERMINATION FEES (PAGE 72)

Generally, if the consolidation agreement is terminated because Medical Assurance failed to support the consolidation or to oppose an offer from a third party to acquire it, then Medical Assurance must pay Professionals Group an expense allowance and liquidated damages of not more than \$9.9 million.

Generally, if the consolidation agreement is terminated because Professionals Group failed to support the consolidation or to oppose an offer

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from a third party to acquire it, then Professionals Group must pay Medical Assurance an expense allowance and liquidated damages of not more than \$9.9 million.

The termination fees are intended to increase the likelihood that the consolidation will be completed.

RECIPROCAL STOCK OPTION AGREEMENTS (PAGE 75)

To increase the likelihood that the consolidation will be completed, and to discourage other persons who may be interested in acquiring Professionals Group, Medical Assurance required Professionals Group to grant Medical Assurance a stock option that allows Medical Assurance to buy up to 437,230 shares of Professionals Group common stock at a price of \$26.00 per share. Medical Assurance can exercise this option only if another person attempts to acquire control of Professionals Group.

To increase the likelihood that the consolidation will be completed, and to discourage other persons who may be interested in acquiring Medical Assurance, Professionals Group required Medical Assurance to grant Professionals Group a stock option that allows Professionals Group to buy up to 1,146,838 shares of Medical Assurance common stock at a price of \$14.26 per share. Professionals Group can exercise this option only if another person attempts to acquire control of Medical Assurance.

OUR OFFICERS AND DIRECTORS HAVE INTERESTS IN THE CONSOLIDATION THAT ARE DIFFERENT FROM YOUR INTERESTS (PAGE 59)

When considering the recommendation of our boards of directors, you should be aware that some of our directors and officers have interests in the consolidation that are different from, or in addition to, your interests as shareholders. These interests exist because of agreements that certain of our directors and officers have with Professionals Group or Medical Assurance, as applicable, including severance agreements, and rights that they may have under incentive compensation plans maintained by us. Some of these agreements and plans will provide the officers of Professionals Group and its subsidiary, MEEMIC Holdings, with severance benefits after the consolidation. In addition, unvested stock options and stock grants previously granted to employees of Professionals Group and MEEMIC Holdings, will become exercisable by their holders in connection with the consolidation.

These interests also arise from provisions in the consolidation agreement relating to appointments to the ProAssurance board of directors, director and officer indemnification and insurance, and employment

arrangements and employee benefits after the consolidation. Our boards of directors were aware of these interests and considered them, among other matters, in approving the consolidation agreement.

Also, following the consolidation, ProAssurance and Medical Assurance will purchase directors' and officers' insurance for Professionals Group's officers and directors. In addition, ProAssurance and its subsidiaries will indemnify directors and officers of our companies, for events occurring before the consolidation, including events that are related to the consolidation. This indemnity and insurance will be in addition to the indemnification and insurance that our officers and directors are entitled to while acting in that capacity after the consolidation.

DIRECTORS AFTER THE CONSOLIDATION (PAGE 63)

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If the consolidation is completed, the board of directors of ProAssurance will consist of 11 persons, including eight of the persons who are currently directors of Medical Assurance and three of the persons who are currently directors of Professionals Group.

EXECUTIVE OFFICERS AFTER THE CONSOLIDATION (PAGE 63)

A. Derrill Crowe, M.D., the current chairman of the board and chief executive officer of Medical Assurance, will serve as chairman of the board and chief executive officer of ProAssurance. Victor T. Adamo, Esq., CPCU, the current chief executive officer and a director of Professionals Group, will serve as vice chairman of the board and president of ProAssurance.

COMPARISON OF SHAREHOLDER RIGHTS

There are significant differences among the rights of ProAssurance shareholders, the rights of Professionals Group shareholders and the rights of Medical Assurance shareholders. Among the material differences are differences in:

- the election and removal of directors (page 91);
- the calling of shareholder meetings, shareholder voting requirements and the procedures for shareholder nominations (page 92);
- the right and power to amend charter and by-law provisions (page 95-96);
- indemnification (page 97);
- the payment of dividends (page 98);
- dissenters' rights of appraisal (page 98); and
- anti-takeover laws (page 99).

These differences exist because the rights of Medical Assurance shareholders are currently governed by Delaware law and Medical Assurance's certificate of incorporation and by-laws, the rights of Professionals Group shareholders are currently governed by Michigan law and Professionals Group's articles of incorporation and by-laws, and the rights of ProAssurance's shareholders will be governed by Delaware law and its certificate of incorporation and by-laws. When the consolidation is completed, Medical Assurance shareholders and those shareholders of Professionals Group who receive shares of ProAssurance common stock will become ProAssurance shareholders and their rights will be governed by Delaware law and ProAssurance's certificate of incorporation and by-laws.

THE CONSOLIDATION AGREEMENT (PAGE 67 AND APPENDIX A)

A copy of the consolidation agreement, as amended, without any exhibits or schedules is attached to this joint proxy statement/prospectus as Appendix A and is incorporated by reference. We encourage you to read the consolidation agreement completely and carefully as it is the legal document that governs the consolidation.

RISK FACTORS

You should consider the following matters in deciding whether to vote in

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favor of the consolidation, in addition to the other information included or incorporated by reference in this joint proxy statement/prospectus.

RISKS RELATED TO THE CONSOLIDATION

Both Medical Assurance and Professionals Group shareholders should consider the following risks related to the consolidation and the combined company.

You Could Receive Consideration Having a Value That is Less Than the Current Value of Your Shares. Because we cannot predict the market price of ProAssurance common stock prior to or following the completion of the consolidation, we cannot predict the value of the shares of ProAssurance common stock that you receive for your shares. Moreover, because stock prices fluctuate, the market value of the shares of ProAssurance common stock that you receive in the consolidation may increase or decrease following the consolidation.

For Professionals Group shareholders, this means that the value of the combination of cash and shares of ProAssurance stock that you may receive for one of your shares of Professionals Group common stock following completion of the consolidation, based on reported market prices, could be significantly higher or lower than the amount payable solely in cash for a share of Professionals Group common stock in the consolidation.

Professionals Group Shareholders May Receive Consideration That is Inconsistent with Their Elections. Because the total amount of cash that can be paid to Professionals Group shareholders as a group may not exceed 90% of the total consideration payable with respect to all outstanding shares of Professionals Group common stock, you may not receive the form of payment you select for your shares of Professionals Group common stock. If the cash consideration elected by Professionals Group shareholders is more than the amount of cash available for payment, then some "all cash" elections will be converted to "cash and stock" elections, and the shares of Professionals Group common stock subject to such converted elections will be exchanged for a combination of cash and shares of ProAssurance common stock as if the holder had made a "cash and stock" election. The "all cash" elections subject to such conversion will be selected by the exchange agent in the order last received by the exchange agent. "All cash" elections will be converted into "cash and stock" elections until ProAssurance common stock to be issued to Professionals Group shareholders comprises at least 10% of the total consideration payable with respect to all outstanding shares of Professionals Group common stock.

Our Officers and Directors Have Potential Conflicts of Interest in the Consolidation. Our directors and officers will have interests in the consolidation that are different from and in addition to your interests as shareholders. All of the directors of Medical Assurance and three of the current directors of Professionals Group have been elected to serve as directors of ProAssurance, and all of the executive officers of Medical Assurance and Professionals Group are expected to be employed in similar capacities with similar employee benefits after the consolidation. As discussed under "Interests of Directors and Officers in the Consolidation," certain of the officers and directors of Professionals Group have "change of control" arrangements that provide for severance payments after a "change of control" of Professionals Group, and certain of them have stock options and stock grants that will vest upon a change of control. The approval of the consolidation by the shareholders of Professionals Group will result in a change of control for purposes of such arrangements, options and grants. You should be aware of these potential conflicts of interest relating to the benefits available to certain of our officers and directors when considering the determinations of our boards of directors to approve the consolidation.

The Internal Revenue Service May Disagree With Our Description of the

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Federal Income Tax Consequences. We have not applied for, nor do we expect to obtain, a ruling from the Internal Revenue Service with respect to the federal income tax consequences of the consolidation. We have received an opinion from Ernst & Young LLP as to certain anticipated federal income tax consequences as described

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under "Material Federal Income Tax Consequences." Such opinion is qualified in certain respects and is not binding on the Internal Revenue Service. No assurance can be given that the Internal Revenue Service will not challenge the favorable income tax consequences of the consolidation. We would vigorously contest any such challenge.

Our Increased Leverage will Create Increased Demands on Cash Flow for Debt Service. ProAssurance will derive the cash needed to pay the Professionals Group shareholders in the consolidation from the following sources:

- Up to \$135 million as dividends from Medical Assurance and Professionals Group payable to ProAssurance immediately upon completion of the consolidation; and
- Approximately \$110 million from a bank term loan to be made to ProAssurance and funded concurrently with completion of the consolidation.

Medical Assurance intends to fund in part its dividend to ProAssurance with the proceeds of an extraordinary dividend of approximately \$25 million from its principal insurance subsidiary, The Medical Assurance Company, Inc. The balance of the funds to be distributed as a dividend from Medical Assurance to ProAssurance were previously paid to Medical Assurance as ordinary dividends from its insurance subsidiaries.

Professionals Group intends to fund in part its dividend with the proceeds of an extraordinary dividend of approximately \$50 million from one of its principal insurance subsidiaries, ProNational Insurance Company. The balance of the funds to be distributed as a dividend from Professionals Group to ProAssurance were previously paid to Professionals Group as ordinary dividends from its insurance subsidiaries.

Because ProAssurance will have no business operations of its own, it will be dependent on dividends paid from its insurance subsidiaries to fund the debt service on the term loan. The payment of dividends by insurance companies is subject to regulation under state insurance laws which in some cases require regulatory approval prior to payment of the dividend. The failure of the insurance subsidiaries to generate cash flow in an amount sufficient to pay dividends to fund debt service may result in a default under the loan which, if not waived, may cause the loan to become immediately due and payable.

In addition, increased debt and debt service may have an adverse effect on the combined company's capital position and liquidity. While ProAssurance believes that future operating cash flow of its subsidiaries will be sufficient to fund their operations and the debt service of ProAssurance, leverage and debt service requirements could have important consequences to holders of ProAssurance common stock, including the following:

- making ProAssurance more vulnerable to economic downturns and adverse changes in interest rates;
- restricting ProAssurance's ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, general

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corporate purposes and other purposes;

- making it more difficult for ProAssurance and its insurance subsidiaries to maintain favorable credit ratings with rating agencies such as A.M. Best; and
- requiring a substantial portion of the combined companies' cash flow from operations to be dedicated to the payment of principal and interest on its indebtedness, thereby reducing the funds available for operations or dividends to shareholders.

In connection with such indebtedness, ProAssurance expects to become subject to numerous financial and other restrictive covenants (including restrictions on payments of dividends, incurrences of additional indebtedness and mergers and acquisitions). The failure to comply with these covenants may result in an event of default which, if not cured or waived, could cause such indebtedness to be declared immediately due and payable. Any substantial increase in ProAssurance's debt levels, or the inability of ProAssurance to borrow funds at favorable interest rates or to comply with the financial or other restrictive covenants,

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could have a material adverse effect on the business, financial condition, results of operations or prospects of ProAssurance.

Substantial Sales of ProAssurance Common Stock Could Adversely Affect its Market Price. All of the shares of ProAssurance common stock that are to be issued in the consolidation may be sold immediately, except for those shares received by those shareholders who are affiliates of Medical Assurance, Professionals Group or ProAssurance within the meaning of Rule 145 of the Securities Act of 1933. Substantially all of the shares of ProAssurance common stock outstanding after the consolidation will be freely tradeable (subject to certain Rule 144 restrictions in the case of affiliates). The sale of a substantial amount of ProAssurance common stock after the consolidation could adversely affect its market price. It could also impair ProAssurance's ability to raise money through the sale of more stock or other forms of capital. In addition, the sale of authorized but unissued shares of ProAssurance common stock by ProAssurance after the consolidation could adversely affect its market price. Based on certain assumptions we have made, we expect that there will be approximately 25.4 million shares of ProAssurance common stock outstanding after the consolidation, excluding ProAssurance shares issuable upon the exercise of outstanding options. ProAssurance's certificate of incorporation authorizes the issuance of up to approximately 74.6 million additional shares of ProAssurance common stock.

Professionals Group's Personal Lines Insurance is Concentrated in a Single State and is Highly Cyclical. Professionals Group provides personal auto, homeowners, boat and umbrella insurance for educational employees and others in Michigan through its subsidiary, MEEMIC Holdings. Since this personal lines insurance is currently offered only in Michigan, the revenues and earnings associated with it are subject to prevailing economic, regulatory, demographic and other conditions in Michigan, as well as the impact of natural catastrophes, to a greater extent than if it were offered in several states or regions.

Personal lines insurance is highly cyclical. The profitability of personal lines insurance can be affected significantly by price competition, regulatory changes, volatile weather conditions, legal developments affecting insurer liability and the size of jury awards, and fluctuations in interest rates and other investment factors.

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Personal lines insurance is also very competitive. Competitors include numerous insurance companies as well as various self-insurance mechanisms. Principal competitors of Professionals Group in this area include large national property and casualty insurance companies that have substantially greater financial resources than does Professionals Group.

Our Corporate Structure Could Limit Our Ability to Pay Dividends. ProAssurance is a legal entity separate and distinct from its subsidiaries. Because ProAssurance will have no significant operations of its own, the principal sources of its funds will be dividends and other distributions from its subsidiaries, borrowings and sales of equity. The rights of ProAssurance, and consequently its shareholders, to participate in any distribution of assets of any of its subsidiaries is subject to prior claims of policyholders, creditors and preferred shareholders, if any, of such subsidiary (except to the extent claims of ProAssurance in its capacity as a creditor are recognized), and to certain regulatory restrictions. Consequently, ProAssurance's ability to fund its operations and pay debt may be limited.

ProAssurance may engage in activities in addition to providing insurance through its subsidiaries. Such activities could include activities related to providing insurance, such as claims and risk management services, and activities unrelated to insurance. However, ProAssurance has not presently specifically identified any such additional activities. To the extent that ProAssurance engages in activities that are unrelated to its insurance operations, it may have no or limited experience or senior management expertise related to such new activities.

RISKS RELATED TO PROFESSIONALS GROUP SHAREHOLDERS

As a Professionals Group shareholder you have the right to receive, subject to certain limitations and adjustments described in this joint proxy statement/prospectus, your choice of either \$12.00 in cash and shares of ProAssurance common stock initially worth \$14.00 or \$26.00 in cash. If you elect to receive

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"cash and stock" you will receive stock in an entity principally engaged in the medical malpractice insurance industry. In determining whether to make a "cash and stock" election or an "all cash" election, you should consider the risks that follow:

Our Revenue May Fluctuate With the Business Cycle and Interest Rates. Virtually all of Medical Assurance's insurance premium revenue is derived from medical malpractice risks. Approximately one-half of Professionals Group's insurance premium revenue is derived from medical malpractice risks. Many factors influence the financial results of the medical malpractice insurance business, several of which are beyond our control. The supply of medical malpractice insurance, or the industry's underwriting capacity, is determined principally by the industry's level of capitalization, historical underwriting results, returns on investment and perceived premium rate adequacy.

Historically, the financial performance of the medical malpractice insurance industry has tended to fluctuate in cyclical patterns characterized by periods of greater competition in pricing and underwriting terms and conditions (a "soft insurance market") followed by periods of capital shortage and lesser competition (a "hard insurance market"). For several years, the medical malpractice insurance industry has faced a soft insurance market that has generally resulted in lower premiums and reduced profitability. More recently, loss costs have begun to rise beyond normal inflationary levels. We are endeavoring to compete in this market through premium rate increases and more

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selective underwriting practices, but there can be no assurance that these practices will be successful. Moreover, there can be no assurances regarding whether or when market conditions will improve, or the manner in which, or the extent to which, changes in market conditions may impact our results and operations.

We generally rely on the positive performance of our investment portfolios to offset insurance losses and to enhance profitable results. Consequently, prevailing economic conditions, particularly changes in market interest rates, may significantly affect our operations. In addition, changes in interest rates also can affect the value of our interest-earning assets, which are principally comprised of fixed and adjustable-rate investment securities. Generally, the value of fixed-rate investment securities fluctuates inversely with changes in interest rates. Changes in interest rates also can affect the average life of investment securities. We are subject to reinvestment risk to the extent that we are not able to reinvest prepayments at rates which are comparable to the rates on the maturing investments.

Changes in market interest rates have resulted in, and future changes in market interest rates may result in, significant changes in the market value of our portfolios of fixed maturity investments. As of December 31, 2000:

Medical Assurance's portfolio had a modified duration of 2.9 years and a market value of \$604 million which approximated the amortized cost of the portfolio. A one hundred basis point increase in market interest rates would decrease the value of this portfolio by 3.0 percent, whereas a one hundred basis point decrease in market interest rates would increase the value of this portfolio by 2.8 percent.

Professionals Group's portfolio had a modified duration of 4.3 years and a market value that was \$7.2 million more than the \$676 million amortized cost of such portfolio. A one hundred basis point increase in market interest rates would decrease the value of this portfolio by approximately 4.6 percent, whereas a one hundred basis point decrease in market interest rates would increase the value of this portfolio by approximately 4.7 percent.

We Face Competition That Could Adversely Affect Our Profitability. Each of us competes with numerous insurance companies as well as various self-insurance mechanisms. Principal competitors of Medical Assurance and Professionals Group include large national property and casualty insurance companies such as GE Capital, AIG, CNA Insurance and St. Paul Insurance Companies, and doctor sponsored insurers at the regional and local levels. Many of our competitors have substantially greater financial resources than we do.

Competition in the medical malpractice insurance industry may take several forms, including pricing, service quality, breadth and flexibility of coverages, method of sale, and insurance carrier financial stability and ratings. Each of us competes through name recognition and reputation, especially by emphasizing a

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high level of customer service to insureds. We also compete in certain states by using local insurance agencies to sell and distribute our insurance products. Each of us has attempted to balance the need for upward rate adjustments with the goal of maintaining market share in a very competitive insurance market.

Health Care Industry Consolidation Could Have a Material Impact on Our Operations. Each of us derives substantially all of its medical professional liability insurance premium income from physicians and other individual health care providers, physician groups, and smaller health care facilities. The health care industry is undergoing rapid market driven change and consolidation which

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may negatively impact the medical practice and economic independence of physicians who are our primary customer base. For example, the emergence of "managed care" has made it more difficult for physicians to conduct a traditional fee-for-service practice and has caused some physicians to leave private practice for employment with medical systems or to join or contractually affiliate with managed care organizations or practice management organizations. Such change and consolidation may result in the elimination of, or a significant decrease in, the role of the physician in the medical malpractice insurance purchasing decision. It could also result in greater emphasis on the role of professional managers, who may seek to purchase insurance on a price competitive basis, and who may favor insurance companies that are larger and more highly rated than us. In addition, such change and consolidation could reduce medical malpractice premiums available to us as groups of insurance purchasers generally retain more risk by accepting higher deductibles and self-insured retentions or by forming their own captive insurance mechanisms.

The movement from traditional fee-for-service practice to the managed care environment may also result in an increase in the liability profile of our insureds. The majority of our insured physicians practice in primary care specialties such as internal medicine, family practice, general practice and pediatrics. In the managed care environment, these primary care physicians are being required to take on the role of "gatekeeper" and restrain the use of specialty care by controlling access to specialists and by performing certain procedures that would customarily be performed by specialists in a fee-for-service setting. These practice changes are resulting in an increase in the claims frequency and severity experienced by primary care physicians and by us as their insurance carrier.

Regulatory Changes Could Have a Material Impact on Our Operations. Our insurance businesses are subject to extensive regulation by state insurance authorities in each state in which we operate. These regulatory authorities have broad administrative and supervisory power relating to:

- licensing requirements;
- trade practices;
- accounting and financing practices;
- capital and surplus requirements;
- the amount of dividends and other payments that can be made by our insurance subsidiaries without prior regulatory approval;
- investment practices; and
- rate schedules.

Most states also regulate insurance holding companies, like Medical Assurance, Professionals Group and ProAssurance, in a variety of matters such as acquisitions, changes of control and the terms of affiliated transactions. These regulations may impede or impose burdensome conditions on rate increases or other actions that we may want to take to enhance our operating results, and could affect our ability to pay dividends on our common stock. In addition, we may incur significant costs in the course of complying with regulatory requirements. We cannot assure you that future legislative or regulatory changes will not adversely affect our business operations.

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This joint proxy statement/prospectus contains forward-looking statements. These statements are based on our estimates and assumptions and are subject to a number of risks and uncertainties. Forward-looking statements include information concerning possible or assumed future results of operations of each of our companies and the combined company. Also, when we use the words "anticipates," "believes," "estimates," "expects," "hopes," "intends," or similar expressions, we are making forward-looking statements.

The future results of ProAssurance, Medical Assurance and Professionals Group could be affected by subsequent events and could differ materially from those expressed in our forward-looking statements. If future events and actual performance differ from our assumptions, our actual results could vary significantly from the performance projected in our forward-looking statements. There are numerous important factors that could cause actual results to differ materially from those in our forward-looking statements, including the following:

- underwriting losses if the risks we insure are greater than expected;
- fluctuations in our loss and loss adjustment expense reserves as a result of uncertainties inherent in our reserving process;
- changes in the availability, cost, quality, or collectibility of reinsurance;
- inflation and changes in the interest rate environment and/or the securities markets that adversely impact the fair value of our investments or operations;
- regulatory and legislative actions or decisions that adversely affect our business plans or operations;
- restrictions on our ability to achieve continued growth through expansion into other states or through acquisitions or business combinations;
- general economic conditions, either nationally or in the combined company's market areas, that are worse than anticipated;
- changes in the legal system that affect the frequency and severity of claims;
- lower than expected revenues after the consolidation, higher than expected operating costs after the consolidation, or higher than expected losses of customers and business after the consolidation;
- lower than expected costs savings from the consolidation, or delays in obtaining, or an inability to obtain, the costs savings from the consolidation;
- greater than expected difficulties in integrating our businesses or retaining key personnel;
- significantly increased competition among insurance providers and related pricing weaknesses in some markets; and
- the ability to enter new markets successfully and capitalize on growth opportunities.

Due to these risks and uncertainties, you should not place undue reliance on any forward-looking statements.

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SUMMARY FINANCIAL INFORMATION
 SELECTED CONDENSED CONSOLIDATED HISTORICAL FINANCIAL AND
 OPERATING DATA OF MEDICAL ASSURANCE
 (DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

We are providing the following financial information to aid you in your analysis of the financial aspects of the consolidation. We derived this information from Medical Assurance's audited financial statements for 1996 through 2000. All information is presented in accordance with generally accepted accounting principles. The information is only a summary and you should read it in conjunction with Medical Assurance's historical financial statements and related notes contained in the annual reports and other information that Medical Assurance has filed with the SEC. This historical financial information has also been incorporated into this joint proxy statement/prospectus by reference. See "Where You Can Find More Information."

	AT, OR FOR THE YEAR ENDED		
	2000	1999	1998
INCOME STATEMENT DATA (A) :			
Direct and assumed premiums written.....	\$ 223,871	\$ 201,593	\$ 192,477
Net premiums earned.....	177,596	164,424	141,311
Net investment income.....	41,450	39,273	39,400
Other income.....	3,543	4,332	12,888
Net losses and loss adjustment expenses.....	155,710	104,657	93,899
Income before cumulative effect of accounting change.....	24,300	46,700	48,522
Cumulative effect of accounting change(b).....	--	--	(1,122)
Net income.....	24,300	46,700	47,400
Weighted average number of shares outstanding:			
Basic and diluted(c).....	23,291	23,992	24,722
PER COMMON SHARE DATA (A) (C) :			
Basic and diluted:			
Income before cumulative effect of accounting change.....	\$ 1.04	\$ 1.95	\$ 1.99
Cumulative effect of accounting change(b).....	--	--	(0.00)
Net income.....	\$ 1.04	\$ 1.95	\$ 1.99
Book value at period-end.....	\$ 15.22	\$ 13.92	\$ 13.22
BALANCE SHEET DATA (A) :			
Total investments.....	\$ 796,526	\$ 761,918	\$ 791,577
Total assets.....	1,122,836	1,117,668	1,132,233
Reserve for losses and loss adjustment expenses.....	659,659	665,792	660,644
Total liabilities.....	777,669	791,944	808,055
Total capital.....	345,167	325,724	324,188
Common stock outstanding at end of period(c).....	22,682	23,401	24,477

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- (a) Amounts attributable to Medical Assurance of Missouri, acquired December 20, 1996, are included in the above balance sheet data but are considered immaterial for inclusion in Medical Assurance's 1996 operations.
 - (b) Net income for 1998 was reduced by \$1.1 million which represents the cumulative effect (net of tax) of an accounting change for guaranty fund assessments due to the adoption of the American Institute of Certified

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Public Accountants' Statement of Position 97-3.

- (c) The Medical Assurance board of directors declared special stock dividends in December 1999 (5%), 1998 (10%), 1997 (5%), and 1996 (6%); in August 1997 the Medical Assurance board of directors declared a two-for-one stock split. All per share data of Medical Assurance has been restated as if the dividends and the stock split had been declared on January 1, 1996. Treasury stock is excluded from the date of acquisition for purposes of determining the weighted average number of shares outstanding used in the computation of net income per share of common stock.

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SELECTED CONDENSED CONSOLIDATED HISTORICAL FINANCIAL AND OPERATING DATA OF PROFESSIONALS GROUP (DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

We are providing the following financial information to aid you in your analysis of the financial aspects of the consolidation. We derived this information from Professionals Group's audited financial statements for 1996 through 2000. All information is presented in accordance with generally accepted accounting principles. The information is only a summary and you should read it in conjunction with Professionals Group's historical financial statements and related notes contained in the annual reports and other information that Professionals Group has filed with the SEC. This historical financial information has also been incorporated into this joint proxy statement/prospectus by reference. See "Where You Can Find More Information."

	AT, OR FOR THE YEAR ENDED		
	2000	1999	1998
	-----	-----	-----
INCOME STATEMENT DATA (A) :			
Direct and assumed premiums written.....	\$ 271,241	\$ 225,123	\$162,529
Net premiums earned.....	226,390	195,169	153,449
Net investment income.....	46,232	41,142	38,443
Net losses and loss adjustment expenses (b).....	213,628	160,760	172,086
Income (loss) before extraordinary item.....	11,699	25,791	(3,231)
Extraordinary item(c).....	--	1,397	--
Net income (loss).....	11,699	27,188	(3,231)
Weighted average number of shares outstanding:			
Basic(d).....	8,894	9,145	9,189
Diluted(d).....	8,986	9,253	9,189
PER COMMON SHARE DATA (A) (D) :			
Basic:			
Income (loss) before extraordinary item.....	\$ 1.32	\$ 2.82	\$ (0.35)
Extraordinary item(c).....	--	0.15	--
Net income (loss).....	\$ 1.32	\$ 2.97	\$ (0.35)
Diluted:			
Income (loss) before extraordinary item.....	\$ 1.27	\$ 2.75	\$ (0.35)
Extraordinary item(c).....	--	0.15	--
Net income (loss).....	\$ 1.27	\$ 2.90	\$ (0.35)
Book value at period-end(d).....	\$ 27.52	\$ 24.10	\$ 24.13
BALANCE SHEET DATA (A) :			
Total investments.....	\$ 780,941	\$ 758,268	\$691,033

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Total assets.....	1,136,753	1,072,089	889,211
Reserve for losses and loss adjustment expenses.....	711,187	659,655	567,257
Total liabilities and minority interest.....	893,177	855,273	667,114
Total capital.....	243,576	216,816	222,097
Common stock outstanding at end of period(d).....	8,851	8,998	9,205

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- (a) From July 1, 1997 through June 30, 1999, Professionals Group assumed 40% of the net premiums of Michigan Educational Employees Mutual Insurance Company, the predecessor to MEEMIC Holdings. On July 1, 1999, MEEMIC Holdings was consolidated into Professionals Group's financial statements as a result of Professionals Group obtaining majority ownership.
 - (b) In 1998, Professionals Group increased its estimated liability for loss and loss adjustment expense reserves by \$25.6 million to reflect actuarial estimates and the application of Professionals Group's reserving practices to its Florida book of business.
 - (c) In 1999, Professionals Group recognized a \$1.4 million gain on the early extinguishment of debt by MEEMIC Holdings, net of taxes of \$0.7 million that was reported as an extraordinary item.
 - (d) Prior period amounts have been restated for the effects of 10% stock dividends on December 13, 1999, December 23, 1998 and December 16, 1996, respectively.

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SELECTED UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL DATA
OF PROASSURANCE CORPORATION
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

The following selected unaudited pro forma consolidated financial data has been derived from and should be read in conjunction or together with the Unaudited Pro Forma Condensed Consolidated Financial Statements and related notes on pages 79 to 88. This information is based on the historical consolidated balance sheets and related consolidated statements of income of ProAssurance Corporation, Medical Assurance, and Professionals Group. The balance sheet information gives effect to the consolidation transaction as of December 31, 2000. The income statement data gives effect to the corporate reorganization of Medical Assurance and ProAssurance, treated in a manner similar to a pooling of interests, and gives effect to the consolidation of Professionals Group and ProAssurance, treated as a purchase transaction, as if the transaction had occurred on January 1, 2000. The statements include pro forma adjustments as described in the notes accompanying the financial statements. The pro forma data is based on preliminary estimates, available information and certain assumptions, and may be revised as additional information becomes available. This information is for illustrative purposes only. The companies may have performed differently had they always been combined. The selected unaudited pro forma financial data may not be indicative of what the combined company will experience after the consolidation.

AT, OR FOR THE
YEAR ENDED
DECEMBER 31, 2000

INCOME STATEMENT DATA:

Net premiums earned.....	\$ 403,986
Net investment income.....	80,403
Other income.....	4,346

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Net losses and loss adjustment expenses.....	369,338
Underwriting, acquisition and insurance expenses.....	88,402
Interest expense.....	8,045
Income before extraordinary item and cumulative effect of accounting change.....	24,198
Weighted average number of shares outstanding:	
Basic.....	25,973
Diluted.....	25,977
Income before extraordinary item and cumulative effect of accounting change:	
Basic.....	\$ 0.93
Diluted.....	\$ 0.92
BALANCE SHEET DATA:	
Total investments.....	\$1,455,467
Total assets.....	2,132,807
Reserve for losses and loss adjustment expenses.....	1,370,846
Total liabilities and minority interest.....	1,745,957
Total capital.....	386,850
Common stock outstanding.....	25,364
Book value per common share at period-end.....	15.25

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UNAUDITED COMPARATIVE PER SHARE DATA OF PROASSURANCE CORPORATION

The information below should be read together with the historical financial statements and related notes contained in the annual reports and other information of Medical Assurance and Professionals Group that have been filed with the SEC and incorporated herein by reference. The unaudited ProAssurance pro forma consolidated data below is for illustrative purposes only. The companies may have performed differently had they always been combined. This information should not be relied upon as being indicative of the historical results that would have been achieved had the companies always been combined or the future results that the combined company will experience after the consolidation. See "Unaudited Pro Forma Condensed Consolidated Financial Statements" and "Where You Can Find More Information."

FOR THE
YEAR ENDED
DECEMBER 31, 2000

INCOME PER SHARE BEFORE EXTRAORDINARY ITEM AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	
Medical Assurance (historical)	
Basic.....	\$ 1.04
Diluted.....	\$ 1.04
Professionals Group (historical)	
Basic.....	\$ 1.32
Diluted.....	\$ 1.27
ProAssurance Pro Forma Consolidated(a)	
Basic.....	\$.93
Diluted.....	\$.92
Professionals Group Pro Forma Equivalent(c)	
Basic.....	\$ 1.00
Diluted.....	\$ 0.99
BOOK VALUE PER COMMON SHARE AT PERIOD-END	

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Medical Assurance (historical).....	\$15.22
Professionals Group (historical).....	27.52
ProAssurance Pro Forma Consolidated(b).....	15.25
Professionals Group Pro Forma Equivalent (b) (c).....	16.47

- (a) ProAssurance pro forma consolidated earnings per share data gives effect to the corporate reorganization of Medical Assurance and ProAssurance, treated in a manner similar to a pooling of interests, and to the consolidation of Professionals Group and ProAssurance, treated as a purchase transaction, as if the transactions had occurred on January 1, 2000.
- (b) ProAssurance pro forma consolidated book value per share gives effect to the consolidation transaction as of December 31, 2000.
- (c) Professionals Group pro forma equivalent information represents the unaudited pro forma consolidated data per share of Professionals Group common stock, assuming an exchange ratio of 1.08 based on the average Medical Assurance stock price of \$13.00 per share for the twenty trading day period ended April 20, 2001. The Medical Assurance exchange ratio is 1.00 thus the pro forma equivalent information is the same as the ProAssurance pro forma consolidated per share amounts.

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COMPARATIVE STOCK PRICES

Medical Assurance common stock is traded on the New York Stock Exchange under the symbol "MAI." Professionals Group common stock is traded on the Nasdaq National Market under the symbol "PICM." Although transactions in Medical Assurance common stock and Professionals Group common stock have been, and are expected to continue to be, facilitated by market-makers, there can be no assurance that an established or liquid trading market in Medical Assurance common stock or Professionals Group common stock will continue. The following table sets forth, for the periods indicated, the high and low closing sale prices per share of Medical Assurance common stock as reported on the NYSE and the high and low closing sale prices for Professionals Group common stock as reported on the Nasdaq National Market. The stock price information has been adjusted to reflect all stock dividends and stock splits on Medical Assurance common stock and Professionals Group common stock. The information with respect to such sale prices was obtained from the New York Stock Exchange (MAI) and the National Association of Securities Dealers, Inc. (PICM).

	MEDICAL ASSURANCE COMMON STOCK		PROFESSIONALS GR COMMON STOCK	
	HIGH	LOW	HIGH	LO
1998				
First Quarter.....	\$25.97	\$21.65	\$35.95	\$32
Second Quarter.....	25.97	23.11	35.12	27
Third Quarter.....	24.94	20.83	31.41	20
Fourth Quarter.....	29.33	22.19	31.82	20
1999				
First Quarter.....	31.43	25.60	28.30	23
Second Quarter.....	28.57	25.48	32.16	21
Third Quarter.....	28.57	23.87	31.48	21
Fourth Quarter.....	23.81	19.29	25.69	20

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2000				
First Quarter.....	23.13	16.88	24.00	16
Second Quarter.....	20.81	10.19	24.44	13
Third Quarter.....	12.50	10.56	24.06	21
Fourth Quarter.....	16.68	12.38	24.13	21
2001				
First Quarter.....	18.06	12.00	25.25	21
Second Quarter (through April 25, 2001).....	14.99	12.54	25.44	23

Because no shares of ProAssurance common stock have been issued, they are not currently traded in any regularly established securities market. However, it is a condition to the completion of the consolidation that shares of ProAssurance common stock to be issued in the consolidation be approved for listing on the New York Stock Exchange subject to official notice of issuance.

Following completion of the consolidation, trading in shares of Medical Assurance common stock and shares of Professionals Group common stock will cease and there will be no further market for such shares.

The last sales prices of Medical Assurance common stock and Professionals Group common stock prior to the public announcement of the consolidation agreement on June 23, 2000 were \$11.13 and \$16.00, respectively. The last sales prices of Medical Assurance common stock and Professionals Group common stock on April 25, 2001, the last practicable trading day prior to the mailing of this joint proxy statement/prospectus, were \$14.99 and \$25.30, respectively.

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THE SHAREHOLDER MEETINGS

DATES, TIMES AND PLACES

Medical Assurance. This joint proxy statement/prospectus is being furnished to Medical Assurance shareholders in connection with the solicitation by Medical Assurance's board of directors of proxies to be used at the special meeting of Medical Assurance's shareholders to be held at the Harbert Center, 2019 Fourth Avenue North, Birmingham, Alabama 35203 on June 25, 2001 at 9:00 a.m., local time.

Professionals Group. This joint proxy statement/prospectus is being furnished to Professionals Group shareholders in connection with the solicitation by Professionals Group's board of directors of proxies to be used at the special meeting of Professionals Group's shareholders to be held at 2600 Professionals Drive, Okemos, Michigan on June 25, 2001, at 10:00 a.m., local time.

MATTERS TO BE CONSIDERED; VOTES REQUIRED

Medical Assurance. At the special meeting of Medical Assurance's shareholders, the shareholders will be asked to consider and vote upon the proposed consolidation. On each matter considered at the Medical Assurance meeting, each Medical Assurance shareholder will have one vote at the Medical Assurance meeting for each share of Medical Assurance common stock owned by him or her at the close of business on May 3, 2001.

To complete the consolidation, a majority of the outstanding shares of Medical Assurance common stock must vote FOR the consolidation.

If any other action is to be taken by a vote of Medical Assurance's shareholders, it will be authorized by a majority of the votes cast by the

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holders of the shares present in person or represented by proxy at the Medical Assurance meeting and entitled to vote on the action.

THE MEDICAL ASSURANCE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT MEDICAL ASSURANCE SHAREHOLDERS VOTE FOR THE CONSOLIDATION.

As of March 31, 2001, Medical Assurance's directors and executive officers and their affiliates owned 3,058,585 shares, about 13.3%, of the outstanding shares of Medical Assurance common stock (including 355,516 shares of Medical Assurance common stock which may be acquired upon the exercise of options which are exercisable within 60 days of such date). As of March 31, 2001 Professionals Group's directors and executive officers and their affiliates did not own any of the outstanding shares of Medical Assurance common stock. The directors and executive officers of Medical Assurance and of Professionals Group have indicated that they intend to vote all shares of Medical Assurance common stock owned by them FOR the consolidation.

As of March 31, 2001, neither Medical Assurance nor any of its subsidiaries had or shared the right to vote any of the outstanding shares of Medical Assurance common stock, and Professionals Group and its subsidiaries had or shared the right to vote 308 of the outstanding shares of Medical Assurance common stock. Professionals Group and its subsidiaries intend to vote all shares of Medical Assurance common stock owned by them FOR the consolidation.

Additional information with respect to beneficial ownership of Medical Assurance common stock by persons and entities owning more than 5% of such stock and more detailed information with respect to beneficial ownership of Medical Assurance common stock by Medical Assurance's directors and executive officers is contained in Medical Assurance's Annual Report on Form 10-K for the year ended December 31, 2000, which is incorporated by reference in this joint proxy statement/prospectus. See "Where You Can Find More Information."

Professionals Group. At the special meeting of the Professionals Group's shareholders, the shareholders will be asked to consider and vote upon the proposed consolidation. On each matter considered at the Professionals Group meeting, each Professionals Group shareholder will have one vote

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for each share of Professionals Group common stock owned by him or her at the close of business on April 27, 2001.

To complete the consolidation, a majority of the outstanding shares of Professionals Group common stock must vote FOR the consolidation.

If any other action is to be taken by a vote of Professionals Group's shareholders, it will be authorized by a majority of the votes cast by the holders of the shares present in person or represented by proxy at the Professionals Group meeting and entitled to vote on the action.

THE PROFESSIONALS GROUP BOARD OF DIRECTORS RECOMMENDS THAT PROFESSIONALS GROUP SHAREHOLDERS VOTE FOR THE CONSOLIDATION.

As of March 31, 2001 Professionals Group's directors and executive officers and their affiliates owned 371,912 shares, about 4.2%, of the outstanding shares of Professionals Group common stock (including 123,676 shares of Professionals Group common stock which may be acquired upon the exercise of options which are exercisable within 60 days of such date). The directors and executive officers of Professionals Group have indicated that they intend to vote all shares of Professionals Group common stock owned by them FOR the consolidation. As of March 31, 2001, the directors and officers of Medical Assurance did not own any

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shares of Professionals Group common stock.

As of April 18, 2001, neither Professionals Group nor any of its subsidiaries had or shared the right to vote any of the outstanding shares of Professionals Group common stock, and Medical Assurance and its subsidiaries had or shared the right to vote 373,761 of the outstanding shares of Professionals Group common stock. Medical Assurance and its subsidiaries intend to vote all shares of Professionals Group common stock owned by them FOR the consolidation.

Additional information with respect to beneficial ownership of Professionals Group common stock by persons and entities owning more than 5% of such stock and more detailed information with respect to beneficial ownership of Professionals Group common stock by Professionals Group's directors and executive officers is contained in Professionals Group's Annual Report on Form 10-K for the year ended December 31, 2000 as amended by Form 10-K/A (Amendment No. 1) filed on April 24, 2001, which is incorporated by reference in this joint proxy statement/prospectus. See "Where You Can Find More Information." Medical Assurance filed a Schedule 13D on March 26, 2001, as amended April 18, 2001, to disclose its ownership of Professionals Group common stock.

VOTING OF PROXIES

All shares of Medical Assurance common stock and Professionals Group common stock represented by properly executed proxies received at or prior to the applicable meeting, and not revoked, will be voted at that meeting in accordance with the instructions indicated in those proxies.

Properly executed Medical Assurance proxies which do not contain voting instructions will be voted FOR the consolidation.

Properly executed Professionals Group proxies which do not contain voting instructions will be voted FOR the consolidation.

You may be able to vote by telephone or electronically via the Internet in accordance with instructions included on your white proxy card instead of submitting your proxy vote on the paper proxy card. Votes submitted by telephone must be received by 4:00 p.m., Eastern Daylight time, on June 22, 2001. Votes submitted electronically via the Internet must be received by 4:00 p.m., Eastern Daylight time, on June 22, 2001. To submit your vote by telephone, you should call (800) 840-1208, have your white proxy card in hand, enter your company control number, which is indicated on your white proxy

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card, and follow the instructions provided to you when you call. To submit your vote electronically via the Internet, visit

- www.eproxy.com/picm/ if you are a Professionals Group shareholder, or
- www.eproxy.com/mai/ if you are a Medical Assurance shareholder, and

have your white proxy card in hand and follow the instructions to enter your company control number, which is indicated on your proxy card, and to create an electronic voting instruction form. These instructions are also contained on the accompanying white proxy card.

Brokers who hold shares of Medical Assurance common stock or Professionals Group common stock for customers are not authorized to vote on the consolidation without specific voting instructions from their customers (a "broker nonvote"). However, solely for purposes of determining whether the consolidation has received the vote of shareholders required for approval, each "broker nonvote"

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and each abstention is functionally equivalent to a vote "against" the consolidation. If any other matters are properly presented at a meeting for consideration, the persons named in the relevant form of proxy enclosed herewith and acting thereunder will have discretion to vote on such matters in accordance with their best judgment; provided, however, that no proxy will be voted in favor of adjournment or postponement to solicit further proxies for such proposal.

Neither Medical Assurance nor Professionals Group knows of any other matters to be brought before the meetings other than those referred to in this joint proxy statement/prospectus, but if any other business should properly come before a meeting, the persons named in the proxy, or authorized substitutes, intend to vote in accordance with their best judgment.

REVOCABILITY OF PROXIES

Medical Assurance. If your Medical Assurance shares are held in your name and not through a broker or bank, then you can change your vote at any time before your proxy is voted at the applicable meeting. You can do this in three ways: First, you can send a written statement that you would like to revoke your proxy. Second, you can send a new proxy card. You should send your revocation or new proxy card to Mellon Investor Services LLC, 600 Willow Tree Road, Leonia, New Jersey 07605, Attention: Proxy Department. Third, you can attend the Medical Assurance special meeting and vote in person. However, your attendance alone will not revoke your proxy.

Medical Assurance votes submitted by telephone may be revoked in the same manner as is indicated in the preceding paragraph and may also be revoked by subsequent telephonic votes at any time before 4:00 p.m., Eastern Daylight time, on June 22, 2001. Medical Assurance votes submitted electronically via the Internet may be revoked in the same manner as is indicated in the preceding paragraph and may also be revoked by subsequent Internet votes at any time before 4:00 p.m., Eastern Daylight time, on June 22, 2001. Attendance at the Medical Assurance special meeting will not constitute a revocation of a previous vote via telephone or electronically via the Internet.

If your Medical Assurance shares are held by a broker or bank and you instructed the broker or bank to vote your Medical Assurance shares, you must follow the directions of your broker or bank for changing those instructions.

Professionals Group. If your Professionals Group shares are held in your name and not through a broker or bank, then you can change your vote at any time before your proxy is voted at the applicable meeting. You can do this in three ways: First, you can send a written statement that you would like to revoke your proxy. Second, you can send a new proxy card. You should send your revocation or new proxy card to Mellon Investor Services LLC, 600 Willow Tree Road, Leonia, New Jersey 07605 Attention: Proxy Department. Third, you can attend the Professionals Group special meeting and vote in person. However, your attendance alone will not revoke your proxy.

Professionals Group votes submitted by telephone may be revoked in the same manner as is indicated in the preceding paragraph and may also be revoked by subsequent telephonic votes at any time before

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4:00 p.m., Eastern Daylight time, on June 22, 2001. Professionals Group votes submitted electronically via the Internet may be revoked in the same manner as is indicated in the preceding paragraph and may also be revoked by subsequent Internet votes at any time before 4:00 p.m., Eastern Daylight time, on June 22, 2001. Attendance at the Professionals Group special meeting will not constitute a revocation of a previous vote via telephone or electronically via the

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Internet.

If your Professionals Group shares are held by a broker or bank and you instructed the broker or bank to vote your Professionals Group shares, you must follow the directions of your broker or bank for changing those instructions.

RECORD DATES; VOTING RIGHTS; QUORUMS

Medical Assurance. Only holders of record of Medical Assurance common stock at the close of business on May 3, 2001 are entitled to receive notice of and to vote at the Medical Assurance meeting. As of March 31, 2001, 22,681,782 shares of Medical Assurance common stock were outstanding. At least a majority of the outstanding shares of Medical Assurance common stock must be represented in person or by proxy at the Medical Assurance meeting in order for a quorum to be present. "Broker nonvotes" and abstentions are counted for purposes of determining a quorum. However, solely for purposes of determining whether the consolidation has received the vote of Medical Assurance shareholders required for approval, each "broker nonvote" and each abstention is functionally equivalent to a vote "against" the consolidation.

Professionals Group. Only holders of record of Professionals Group common stock at the close of business on April 27, 2001 are entitled to receive notice of and to vote at the Professionals Group meeting. As of March 31, 2001, 8,851,223 shares of Professionals Group common stock were outstanding. At least 2,950,408 shares of Professionals Group common stock must be represented in person or by proxy at the Professionals Group meeting in order for a quorum to be present. "Broker nonvotes" and abstentions are counted for purposes of determining a quorum. However, solely for purposes of determining whether the consolidation has received the vote of Professionals Group shareholders required for approval, each "broker nonvote" and each abstention is functionally equivalent to a vote "against" the consolidation.

NO DISSENTERS' RIGHTS OF APPRAISAL

Dissenters' rights of appraisal are not available to either Medical Assurance shareholders or Professionals Group shareholders.

SOLICITATION OF PROXIES

Medical Assurance will pay the cost of soliciting Medical Assurance proxies and Professionals Group will pay the cost of soliciting Professionals Group proxies. However, Medical Assurance and Professionals Group will share equally the cost of printing this joint proxy statement/prospectus. In addition to solicitation by mail, proxies may be solicited by telephone, telegram, datagram, in person or by other written and electronic forms of communication. Arrangements will be made with brokerage firms, nominees, fiduciaries and other custodians for the forwarding of solicitation materials to the beneficial owners of shares held of record by such persons, and each company will reimburse such persons for their reasonable out-of-pocket expenses in connection therewith.

Proxies may be solicited on behalf of each company by mail or personally, or by telephone, telegraph, datagram or other forms of communication, by directors, officers and regular employees of such company and its subsidiaries (none of whom shall receive any additional compensation for such services, but will be reimbursed for reasonable out-of-pocket expenses incurred in connection with such solicitation).

Professionals Group has retained Morrow & Co. at an estimated cost of \$7,500 to assist them in the solicitation of proxies for the Professionals Group special meeting.

The white proxy card is for your use to vote for or against the

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consolidation. Please indicate on your proxy card how you want to vote your shares and sign and mail the proxy card in the enclosed return

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white envelope as soon as possible so that your shares may be represented at the meeting. You also have the ability to vote electronically via the Internet or by telephone as is indicated on your proxy card.

Medical Assurance shareholders should not send stock certificates with their proxy cards.

PROFESSIONALS GROUP SHAREHOLDERS SHOULD NOT SEND THEIR PROFESSIONALS GROUP STOCK CERTIFICATES WITH THEIR PROXY CARDS. IF YOU ARE A PROFESSIONALS GROUP SHAREHOLDER, YOUR ELECTION WITH RESPECT TO THE TYPE OF CONSIDERATION YOU WISH TO RECEIVE IN THE CONSOLIDATION MUST BE MADE ON THE YELLOW ELECTION FORM/LETTER OF TRANSMITTAL ENCLOSED WITH THE JOINT PROXY STATEMENT/PROSPECTUS. You must deliver your validly completed election form/letter of transmittal, together with your Professionals Group stock certificates, a book entry transfer for your shares, or a guarantee of delivery for your certificates, to the exchange agent by 5:00 p.m., New York City time, on the day the consolidation is completed, which we expect to be June 27, 2001. After this deadline, you may not make any elections with respect to the type of consideration you wish to receive.

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THE CONSOLIDATION

The following discussion describes the material aspects of the consolidation. Because this discussion is a summary, it may not contain all of the information that is important to you. To understand the consolidation fully, and for a more complete description of the legal terms of the consolidation, you should read carefully this entire joint proxy statement/prospectus and the documents we have referred you to. See "Where You Can Find More Information."

A copy of the consolidation agreement without any exhibits or schedules is attached as Exhibit A to this joint proxy statement/prospectus and is incorporated by reference. We encourage you to read the consolidation agreement completely and carefully as it is the legal document that governs the consolidation.

GENERAL

Our boards of directors have unanimously approved the consolidation. When the consolidation is completed:

- Medical Assurance will become a wholly-owned subsidiary of ProAssurance;
- Professionals Group will become a wholly-owned subsidiary of ProAssurance;
- each share of Medical Assurance common stock you own will be converted into one share of ProAssurance common stock; and
- subject to the adjustments and limitations described in this joint proxy statement/prospectus, each share of Professionals Group common stock you own will be converted into the right to receive your choice of either \$12.00 in cash and shares of ProAssurance common stock initially worth \$14.00 OR \$26.00 in cash.

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The shares of ProAssurance common stock to be issued in the consolidation will be approved for listing on the New York Stock Exchange, subject to official notice of issuance, before the completion of the consolidation.

If the consolidation is completed, then Medical Assurance common stock will be delisted from the New York Stock Exchange, Professionals Group common stock will be delisted from the Nasdaq National Market, and both Medical Assurance and Professionals Group will no longer be subject to periodic reporting requirements under the Securities Exchange Act of 1934.

We are working towards completing the consolidation as quickly as possible, and we expect to complete the consolidation before June 30, 2001.

CONSIDERATION TO BE RECEIVED IN THE CONSOLIDATION

Medical Assurance shareholders will receive only stock in the consolidation. Each share of Medical Assurance common stock you own will be converted into one share of ProAssurance common stock.

We have fixed the exchange ratio for shares of Medical Assurance common stock. Because we cannot predict the market price of shares of ProAssurance common stock prior to or following the completion of the consolidation, we cannot predict the value of the shares of ProAssurance common stock you will receive for your shares of Medical Assurance common stock. That value could be significantly higher or lower than the current value of your shares of Medical Assurance common stock. On April 25, 2001, the last reported sales price of Medical Assurance common stock was \$14.99.

Professionals Group shareholders will receive their choice of cash and stock or only cash in the consolidation. Each share of Professionals Group common stock you own will be converted into the right to receive, subject to certain limitations and adjustments described in this joint proxy statement/prospectus, your choice of either \$12.00 in cash and shares of ProAssurance common stock initially valued at \$14.00 OR \$26.00 in cash.

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Because we cannot predict the market price of shares of ProAssurance common stock prior to or following the completion of consolidation, to determine the number of shares of ProAssurance common stock that has an initial value of \$14.00, we will divide \$14.00 by the average sales price of Medical Assurance common stock during the 20 trading day period ending on the date of the Professionals Group shareholder meeting. On April 25, 2001, the last reported sales price of Medical Assurance common stock was \$14.99, making \$14.00 worth of ProAssurance common stock equivalent to 0.934 shares.

The amount of cash payable with respect to a share of Professionals Group stock under either choice will be subject to increase or decrease to reflect certain changes in the aggregate market value of Professionals Group's consolidated portfolio assets from the end of 1999 to the end of the second to last calendar month prior to completion of the consolidation. The change in the market value of those consolidated portfolio assets will be equal to the sum of (i) the unrealized gain or loss attributable to those consolidated portfolio assets held on both December 31, 1999, and the valuation date and (ii) the amount by which the net realized gain or loss on portfolio assets held on December 31, 1999, and sold prior to the valuation date exceeds \$2,000,000. If the change in the market value of Professional Group's consolidated portfolio assets reflects a net gain, the amount of the increase will be adjusted to reflect net after tax charges and the resulting amount will be divided by the number of shares of Professionals Group stock in order to determine the amount by which the per share cash consideration will increase. If, on the other hand,

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the change in the market value of Professionals Group's consolidated portfolio assets reflects a net loss, the amount of the decrease will be adjusted to reflect net after tax benefits and the resulting amount will be divided by the number of shares of Professionals Group stock in order to determine the amount by which the per share cash consideration will decrease.

For example, if you assume that the valuation date was at March 31, 2001, the change in the market value of Professionals Group's consolidated portfolio assets as determined in accordance with the consolidation agreement reflected a per share increase to the purchase price of approximately \$1.95.

Because we have limited the total amount of cash that can be paid to Professionals Group shareholders as a group to a maximum of 90% of the total consideration payable with respect to all outstanding shares of Professionals Group common stock, you may not receive the form of payment you select for your shares of Professionals Group common stock. If the cash consideration elected by Professionals Group shareholders is more than the amount of cash available for payment, then some "all cash" elections will be converted to "cash and stock" elections, and the shares of Professionals Group common stock subject to such converted elections will be exchanged for a combination of cash and shares of ProAssurance common stock as if the holder had made a "cash and stock" election. The "all cash" elections subject to conversion to "cash and stock" elections will be selected by the exchange agent in the order last received by the exchange agent. "All cash" elections will be converted into "cash and stock" elections until ProAssurance common stock to be issued to Professionals Group shareholders comprises at least 10% of the total consideration payable with respect to all outstanding shares of Professionals Group common stock. If you are a Professionals Group shareholder and you make a "cash election," you will not know the actual mix of consideration that you will receive for your Professionals Group shares at the time you vote or make your election because of the possibility that an "all cash" election will be converted to a "cash and stock" election.

We have fixed the cash price and exchange ratio per share for shares of Professionals Group common stock, subject to adjustment to reflect changes in the aggregate market value of Professionals Group's consolidated portfolio assets. Because we cannot predict the market price of shares of ProAssurance common stock prior to or following completion of the consolidation, we cannot predict the value of the shares of ProAssurance common stock that you may receive for your shares of Professionals Group common stock. Accordingly, the value of the combination of cash and shares of ProAssurance common stock following completion of the consolidation, based on reported market prices, could be significantly higher or lower than the amount payable solely in cash for a share of Professionals Group common stock. On April 25, 2001, the last reported sales price of Professionals Group common stock was \$25.30.

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

No fractional shares of ProAssurance common stock will be issued in the consolidation. No fractional shares will result from the exchange of Medical Assurance stock for ProAssurance stock. Each Professionals Group shareholder who would otherwise be entitled to receive a fractional share of ProAssurance common stock will receive cash. The amount of cash paid to Professionals Group shareholders in lieu of fractional shares will be equal in amount to the product of the fraction of a share of ProAssurance common stock that would be otherwise issued multiplied by the average sales price of Medical Assurance common stock during the 20 trading day period ending on the date of the Professionals Group

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shareholder meeting.

FINANCING FOR THE CONSOLIDATION

ProAssurance will derive the cash needed to pay the Professionals Group shareholders in the consolidation from the following sources:

- Up to \$135 million as dividends from Medical Assurance and Professionals Group payable to ProAssurance immediately upon completion of the consolidation; and
- Approximately \$110 million from a bank term loan to be made to ProAssurance and funded concurrently with completion of the consolidation.

The dividend from Medical Assurance to ProAssurance will be funded in part by an extraordinary dividend from its principal insurance subsidiary, The Medical Assurance Company, Inc. The Medical Assurance Company, Inc. filed a notice with the Alabama Commissioner of Insurance - a Form D Notice -- in support of its request for approval of the payment of an extraordinary dividend of approximately \$25 million. The payment of this dividend was approved by the Alabama Commissioner of Insurance on November 16, 2000, and will be paid to Medical Assurance upon completion of the consolidation. The balance of the funds to be distributed as a dividend from Medical Assurance to ProAssurance were previously paid to Medical Assurance as ordinary dividends from its insurance subsidiaries.

The dividend from Professionals Group will be funded in part with the proceeds of an extraordinary dividend from one of its principal insurance subsidiaries, ProNational Insurance Company. ProNational filed a Form D Notice with the Michigan Commissioner of Insurance in support of its request for approval of the payment of an extraordinary dividend of approximately \$50 million. The payment of this dividend was approved by the Michigan Commissioner of Insurance on November 28, 2000, and will be paid to Professionals Group upon completion of the consolidation. The balance of the funds to be distributed as a dividend from Professionals Group to ProAssurance were previously paid to Professionals Group as ordinary dividends from its insurance subsidiaries.

SouthTrust Bank has acted as the lead bank in arranging for a term loan of up to \$110 million to ProAssurance. The term loan provides for:

- Payment of interest on the outstanding principal balance of the term loan at a variable rate based on the London Interbank Offered Rate (LIBOR) or the base rate of SouthTrust as elected from time to time by ProAssurance.
- Payment of the principal amount of the term loan over a five year term in minimum quarterly installments of \$2.5 million and in annual installments -- beginning 2002 equal to the lesser of the amount by which 50% of the annual net cash flow of ProAssurance exceeds the minimum quarterly payments for such year (\$10 million) or \$15 million.
- The term loan will be secured by a pledge of the stock of Medical Assurance and Professionals Group and certain of their principal subsidiaries.

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- The term loan may be repaid at any time without penalty subject to an interest rate make-up adjustment.

ProAssurance anticipates that it will enter into an interest rate

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protection agreement to fix the interest expense on some or all of the outstanding indebtedness under the term loan.

SouthTrust has also arranged for a revolving credit facility to ProAssurance of up to \$40 million for general corporate purposes. Interest will be payable at the same rate as the term loan. ProAssurance may borrow funds on this credit facility from time to time so long as the outstanding principal does not exceed \$40 million. The principal on this credit facility will be payable in full in two years, subject to renewal. The pledge of stock of Medical Assurance and Professionals Group and their principal subsidiaries will also secure this credit facility.

So long as indebtedness is outstanding under the term loan or the credit facility, ProAssurance and its principal subsidiaries must:

- provide the banks financial and other information periodically and permit the banks to inspect their books and records;
- maintain their corporate existence and not permit any of them to dissolve, or to merge with or into, or to transfer substantially all of its assets to, another person without the consent of the banks;
- not create or incur any additional debt or liens on any assets, except as specifically provided in the loan agreement;
- not acquire whether by purchase of assets, stock or merger any other business or entity at a cost of more than \$10 million, without the consent of the banks;
- comply with a consolidated debt service coverage ratio of 3.75 to 1 through June 30, 2002 and 3.0 to 1 thereafter;
- comply with a minimum consolidated tangible net worth equal to the sum of (i) the greater of (A) 90% of the consolidated net worth of ProAssurance as of June 30, 2001, or (B) \$290,000,000, plus (ii) 75% of cumulative consolidated net income after June 30, 2001;
- comply with a consolidated fixed charge coverage ratio of 1.25 to 1 through December 31, 2001 and 1.5 to 1 thereafter;
- comply with a funded debt to adjusted statutory capital ratio of 3.5 to 1; and
- maintain the ability of ProAssurance's subsidiaries to pay dividends free and clear of any restrictions or encumbrances other than those imposed by applicable insurance laws and regulations.

The Medical Assurance Company, Inc. and ProNational Insurance Company must each comply with an NAIC risk-based capital ratio of 3.5 to 1. At the end of any fiscal year, if the NAIC risk-based capital ratio for either company is below 3.5 to 1 but not less than 3.0 to 1, ProAssurance will have 30 days to pledge to the banks excess cash in an amount required to achieve a 3.5 to 1 ratio in order to avoid a default.

The banks have a righ