

PROASSURANCE CORP  
Form 4  
September 14, 2006

**FORM 4** UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
MORELLO JAMES J

(Last) (First) (Middle)

C/O PROASSURANCE CORPORATION, 100 BROOKWOOD PLACE

(Street)

BIRMINGHAM, AL 35209-6811

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
PROASSURANCE CORP [PRA]

3. Date of Earliest Transaction (Month/Day/Year)  
09/12/2006

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

\_\_\_ Director \_\_\_ 10% Owner  
 Officer (give title below)  Other (specify below)  
Treasurer / Senior Vice-President

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
\_\_\_ Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|--|
|                                 |                                      |  | Code                           | V Amount or (D) Price   |   |  |  |
| Common Stock                    | 09/13/2006                           |  | F                              | 1,863<br>(1) \$ 50.96   | 25,899  | D  |  |
| Common Stock                    | 09/13/2006                           |  | M                              | 2,500 A \$ 50.96  | 27,762  | D  |  |
| Common Stock                    | 09/12/2006                           |  | F                              | 1,455<br>(2) \$ 51.01   | 25,262  | D  |  |
| Common Stock                    | 09/12/2006                           |  | M                              | 2,500 A \$ 51.01  | 26,717  | D  |  |
| Common Stock                    | 09/12/2006                           |  | F                              | 4,054<br>(3) \$ 51.01   | 24,217  | D  |  |

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Common Stock 09/12/2006 M 8,000 A \$ 51.01 28,271 D

Common Stock 4,755 I Shares held in the ProAssurance Group Savings and Retirement Plan

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | Amount or Number of Shares |                            |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|----------------------------|----------------------------|
|  |  |                                      |  | Code                           | V (A) (D)   | Date Exercisable   | Expiration Date   | Title                      | Amount or Number of Shares |
| Employee Stock Option (Right to Buy)       | \$ 51.38   |                                      |  |                                |   | 09/11/2006 <sup>(4)</sup>                                | 09/11/2016  | Common Stock               | 6,250                      |
| Employee Stock Option (Right to Buy)       | \$ 41.15   |                                      |  |                                |   | 09/10/2005 <sup>(5)</sup>                                | 09/10/2015  | Common Stock               | 12,500                     |
| Employee Stock Option (Right to Buy)       | \$ 33.28   | 09/13/2006                           |  | M                              | 2,500   | 09/10/2004 <sup>(6)</sup>                                | 09/10/2014  | Common Stock               | 5,000                      |
| Employee Stock                             | \$ 22  | 09/12/2006                           |  | M                              | 2,500   | 09/04/2003 <sup>(7)</sup>                                | 03/04/2013  | Common Stock               | 2,500                      |

Option  
(Right to  
Buy)

Employee  
Stock

|        |         |            |   |       |                           |            |                 |   |
|--------|---------|------------|---|-------|---------------------------|------------|-----------------|---|
| Option | \$ 16.8 | 09/12/2006 | M | 8,000 | 07/15/2002 <sup>(8)</sup> | 01/15/2012 | Common<br>Stock | 0 |
|--------|---------|------------|---|-------|---------------------------|------------|-----------------|---|

Employee  
Stock

|        |         |  |  |  |                           |            |                 |       |
|--------|---------|--|--|--|---------------------------|------------|-----------------|-------|
| Option | \$ 41.5 |  |  |  | 06/29/2006 <sup>(9)</sup> | 12/09/2009 | Common<br>Stock | 1,279 |
|--------|---------|--|--|--|---------------------------|------------|-----------------|-------|

Employee  
Stock

|        |         |  |  |  |                           |            |                 |       |
|--------|---------|--|--|--|---------------------------|------------|-----------------|-------|
| Option | \$ 41.5 |  |  |  | 06/29/2006 <sup>(9)</sup> | 12/01/2008 | Common<br>Stock | 1,618 |
|--------|---------|--|--|--|---------------------------|------------|-----------------|-------|

Employee  
Stock

|        |         |  |  |  |                           |            |                 |       |
|--------|---------|--|--|--|---------------------------|------------|-----------------|-------|
| Option | \$ 41.5 |  |  |  | 06/29/2006 <sup>(9)</sup> | 12/02/2007 | Common<br>Stock | 1,886 |
|--------|---------|--|--|--|---------------------------|------------|-----------------|-------|

## Reporting Owners

### Reporting Owner Name / Address

### Relationships

Director    10% Owner    Officer    Other

MORELLO JAMES J  
C/O PROASSURANCE CORPORATION  
100 BROOKWOOD PLACE  
BIRMINGHAM, AL 35209-6811

Treasurer    Senior Vice-President

## Signatures

Frank B. O'Neil as POA for James J.  
Morello

09/14/2006

\*\*Signature of Reporting Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The 1,863 shares disposed of reflect 1,633 shares withheld by the issuer to fund the cashless exercise of 2,500 options on 9/13/06, and 230 shares withheld by the issuer to cover the associated tax liability.

(2) The 1,455 shares disposed of reflect 1,079 shares withheld by the issuer to fund the cashless exercise of 2,500 options on 9/12/06, and 376 shares withheld by the issuer to cover the associated tax liability.

(3)

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The 4,054 shares disposed of reflect 2,635 shares withheld by the issuer to fund the cashless exercise of 8,000 options on 9/12/06, and 1,419 shares withheld by the issuer to cover the associated tax liability.

- (4) The options vest in five equal, yearly installments commencing on September 11, 2006
- (5) The options vest in five equal, yearly installments commencing on September 10, 2005
- (6) The options vest in five equal, yearly installments commencing on September 10, 2004
- (7) The options vest in five equal, yearly installments commencing on September 4, 2003
- (8) The options vest in five equal, yearly installments commencing on July 15, 2002

These are automatic reload rights resulting from the exercise of options under an existing grant to purchase shares under the ProAssurance Corporation Incentive Compensation Stock Plan. These reload options vest one year from the date of grant, provided that

- (9) the Reporting Person maintains ownership of the ProAssurance shares that were purchased upon the exercise of the subject options. The grant of reload options to purchase ProAssurance shares reported herein is exempt from Section 16(b) of the Securities Exchange Act, as amended ("the Act") by virtue of Rule 16v-3(d) promulgated under the Act.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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