

PROASSURANCE CORP  
Form 4  
December 18, 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)  
12/18/2006

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 Ownership (Instr. 4)                                 |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
|                                 |                                      |  |                                | (A) or (D)<br>Code V Amount (D) Price                             |   |  |   |
| Common Stock                    | 12/18/2006                           |  | S                              | 1,362 D \$ 50.4   | 21,391  | 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) | 8. Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-------------------------------|
| Employee Stock Option (Right to Buy)       | \$ 51.38   |                                      |  |                                |   | 09/11/2006 <sup>(1)</sup> 09/11/2016                     | Common Stock  | 6,250                         |
| Employee Stock Option (Right to Buy)       | \$ 41.15   |                                      |  |                                |   | 09/10/2005 <sup>(2)</sup> 09/10/2015                     | Common Stock  | 12,500                        |
| Employee Stock Option (Right to Buy)       | \$ 33.28   |                                      |  |                                |   | 09/10/2004 <sup>(3)</sup> 09/10/2014                     | Common Stock  | 5,000                         |
| Employee Stock Option (Right to Buy)       | \$ 22  |                                      |  |                                |   | 09/04/2003 <sup>(4)</sup> 03/04/2013                     | Common Stock  | 2,500                         |
| Employee Stock Option (Right to Buy)       | \$ 41.5  |                                      |  |                                |   | 06/29/2006 <sup>(5)</sup> 12/09/2009                     | Common Stock  | 1,531                         |
| Employee Stock                             | \$ 41.5  |                                      |  |                                |   | 06/29/2006 <sup>(5)</sup> 12/01/2008                     | Common Stock  | 1,801                         |

Option  
(Right to  
Buy)

Employee  
Stock

Option \$ 50.9  
(Right to  
Buy)

11/08/2007<sup>(5)</sup> 12/02/2007 Common  
Stock 1,861

## Reporting Owners

| Reporting Owner Name / Address  | Relationships |           |           |                       |
|---|---------------|-----------|-----------|-----------------------|
|   | Director      | 10% Owner | Officer   | Other                 |
| MORELLO JAMES J<br>C/O PROASSURANCE CORPORATION<br>100 BROOKWOOD PLACE<br>BIRMINGHAM, AL 35209-6811 |               |           | Treasurer | Senior Vice-President |

## Signatures

James J. Morello 12/18/2006

\_\_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 options vest in five equal, yearly installments commencing on September 11, 2006
- (2) The options vest in five equal, yearly installments commencing on September 10, 2005
- (3) The options vest in five equal, yearly installments commencing on September 10, 2004
- (4) The options vest in five equal, yearly installments commencing on September 4, 2003

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 (5) 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. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.