

**Medmarc Insurance Group to Merge into ProAssurance****Deal Value: \$153.7 million****Sandler O'Neill is serving as exclusive financial advisor to Medmarc Insurance Group**

This is the 27<sup>th</sup> insurance-related M&A deal in which Sandler O'Neill has served as financial advisor since January 1, 2007.

ProAssurance Corporation (NYSE: PRA) announced today that the Medmarc Insurance Group (Medmarc) has agreed to become part of ProAssurance through a proposed \$153.7 million, all cash, sponsored demutualization that will provide Medmarc's eligible Members with cash payments of \$146.2 million and future policy credits of \$7.5 million.

ProAssurance is one of the nation's leading medical professional liability insurers and also maintains a book of legal professional liability business. Medmarc is one of the nation's leading underwriters of products liability insurance for medical technology and life sciences, and also underwrites a book of legal professional liability insurance. Medmarc had direct written premium of \$40.6 million in 2011 and \$320 million in total assets as of March 31, 2012. Medmarc's A. M. Best rating of "A-" (Excellent) was recently affirmed.

ProAssurance will maintain Medmarc's operations in Chantilly, Virginia under the direction of its President and Chief Executive Officer, Mary Todd Peterson. The Boards of Directors for both companies have unanimously approved the transaction, which now requires the approval of Medmarc's eligible Members and insurance regulators in Vermont, where Medmarc is domiciled. The transaction is expected to close before the end of 2012.

If approved by Medmarc's eligible Members, the sponsored demutualization will convert Medmarc into a non-public stock company. Simultaneously, under the terms of the Stock Purchase Agreement, ProAssurance will purchase the stock authorized in the demutualization and Medmarc's eligible Members would then receive \$153.7 million in cash payments and future policy credits, as outlined in the Plan of Conversion. The Plan of Conversion defines an eligible Member as a medical technology or life sciences company with an in-force policy issued by a Medmarc company at any time from December 31, 2010 through June 30, 2012. Policies with effective dates between June 27, 2012 and June 30, 2012, must have had a quote issued on or before June 26, 2012.

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