

PROASSURANCE CORP

Form 10-Q

May 01, 2019

false--12-31Q1201910-Q0001127703falseLarge Accelerated FilerPROASSURANCE  
CORPfalse31344000334410000.100.000.056000006000002000003400000435500024490000.3100.010.011000000006298942  
Note 1 for discussion of accounting guidance adopted during the period. 0001127703 2019-01-01 2019-03-31  
0001127703 2019-04-25 0001127703 2019-03-31 0001127703 2018-12-31 0001127703  
pra:AccountingStandardsUpdate201807Member us-gaap:RetainedEarningsMember 2019-01-01 0001127703  
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-03-31 0001127703  
pra:AccountingStandardsUpdate201807Member 2019-01-01 0001127703 us-gaap:CommonStockMember  
2018-12-31 0001127703 2017-12-31 0001127703 us-gaap:AccumulatedOtherComprehensiveIncomeMember  
2018-01-01 2018-03-31 0001127703 us-gaap:TreasuryStockMember 2018-12-31 0001127703  
us-gaap:AdditionalPaidInCapitalMember 2018-01-01 2018-03-31 0001127703  
us-gaap:AdditionalPaidInCapitalMember 2018-03-31 0001127703 2018-01-01 2018-03-31 0001127703  
us-gaap:TreasuryStockMember 2018-01-01 2018-03-31 0001127703 us-gaap:RetainedEarningsMember 2018-01-01  
2018-03-31 0001127703 us-gaap:AccumulatedOtherComprehensiveIncomeMember 2017-12-31 0001127703  
us-gaap:RetainedEarningsMember 2018-03-31 0001127703 us-gaap:CommonStockMember 2017-12-31 0001127703  
us-gaap:TreasuryStockMember 2019-01-01 2019-03-31 0001127703 us-gaap:AdditionalPaidInCapitalMember  
2019-03-31 0001127703 us-gaap:TreasuryStockMember 2019-03-31 0001127703  
pra:AccountingStandardsUpdate201802Member us-gaap:RetainedEarningsMember 2018-01-01 0001127703  
us-gaap:TreasuryStockMember 2018-03-31 0001127703 us-gaap:AccumulatedOtherComprehensiveIncomeMember  
2019-01-01 2019-03-31 0001127703 us-gaap:AdditionalPaidInCapitalMember 2017-12-31 0001127703  
us-gaap:CommonStockMember 2019-03-31 0001127703 us-gaap:AccountingStandardsUpdate201601Member  
us-gaap:RetainedEarningsMember 2018-01-01 0001127703  
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2019-03-31 0001127703  
us-gaap:RetainedEarningsMember 2019-01-01 2019-03-31 0001127703  
pra:AccountingStandardsUpdate201802Member us-gaap:AccumulatedOtherComprehensiveIncomeMember  
2018-01-01 0001127703 us-gaap:CommonStockMember 2018-03-31 0001127703  
us-gaap:AdditionalPaidInCapitalMember 2018-12-31 0001127703 us-gaap:CommonStockMember 2018-01-01  
2018-03-31 0001127703 us-gaap:RetainedEarningsMember 2018-12-31 0001127703  
us-gaap:AdditionalPaidInCapitalMember 2019-01-01 2019-03-31 0001127703 us-gaap:RetainedEarningsMember  
2017-12-31 0001127703 us-gaap:RetainedEarningsMember 2019-03-31 0001127703 us-gaap:CommonStockMember  
2019-01-01 2019-03-31 0001127703 us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-12-31  
0001127703 us-gaap:AccountingStandardsUpdate201601Member 2018-01-01 0001127703  
us-gaap:TreasuryStockMember 2017-12-31 0001127703 2018-03-31 0001127703 2019-01-01 0001127703  
us-gaap:EstimateOfFairValueFairValueDisclosureMember us-gaap:OtherInvestmentsMember 2018-12-31  
0001127703 us-gaap:EstimateOfFairValueFairValueDisclosureMember us-gaap:OtherInvestmentsMember  
2019-03-31 0001127703 us-gaap:EstimateOfFairValueFairValueDisclosureMember  
us-gaap:CashSurrenderValueMember 2018-12-31 0001127703  
us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-12-31 0001127703  
us-gaap:CarryingReportedAmountFairValueDisclosureMember us-gaap:CashSurrenderValueMember 2018-12-31  
0001127703 us-gaap:CarryingReportedAmountFairValueDisclosureMember 2019-03-31 0001127703  
us-gaap:EstimateOfFairValueFairValueDisclosureMember us-gaap:SeniorNotesMember 2019-03-31 0001127703  
us-gaap:CarryingReportedAmountFairValueDisclosureMember us-gaap:CashSurrenderValueMember 2019-03-31  
0001127703 us-gaap:EstimateOfFairValueFairValueDisclosureMember us-gaap:MortgagesMember 2019-03-31  
0001127703 us-gaap:EstimateOfFairValueFairValueDisclosureMember us-gaap:SeniorNotesMember 2018-12-31  
0001127703 us-gaap:CarryingReportedAmountFairValueDisclosureMember us-gaap:MortgagesMember 2018-12-31  
0001127703 us-gaap:CarryingReportedAmountFairValueDisclosureMember us-gaap:SeniorNotesMember  
2019-03-31 0001127703 us-gaap:CarryingReportedAmountFairValueDisclosureMember us-gaap:MortgagesMember  
2019-03-31 0001127703 us-gaap:CarryingReportedAmountFairValueDisclosureMember  
us-gaap:OtherInvestmentsMember 2018-12-31 0001127703

Edgar Filing: PROASSURANCE CORP - Form 10-Q

us-gaap:EstimateOfFairValueFairValueDisclosureMember 2019-03-31 0001127703  
us-gaap:CarryingReportedAmountFairValueDisclosureMember 2018-12-31 0001127703  
us-gaap:EstimateOfFairValueFairValueDisclosureMember us-gaap:CashSurrenderValueMember 2019-03-31  
0001127703 us-gaap:EstimateOfFairValueFairValueDisclosureMember us-gaap:MortgagesMember 2018-12-31  
0001127703 us-gaap:CarryingReportedAmountFairValueDisclosureMember us-gaap:SeniorNotesMember  
2018-12-31 0001127703 us-gaap:CarryingReportedAmountFairValueDisclosureMember  
us-gaap:OtherInvestmentsMember 2019-03-31 0001127703 us-gaap:FairValueMeasurementsRecurringMember  
pra:ConsumerOrientedMember 2018-12-31 0001127703 us-gaap:FairValueInputsLevel3Member  
us-gaap:FairValueMeasurementsRecurringMember pra:ConsumerOrientedMember 2018-12-31 0001127703  
us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember  
pra:EquityFinancialSecuritiesMember 2018-12-31 0001127703 us-gaap:FairValueMeasurementsRecurringMember  
pra:EquityIndustrialSecuritiesMember 2018-12-31 0001127703 us-gaap:FairValueInputsLevel1Member  
us-gaap:FairValueMeasurementsRecurringMember 2018-12-31 0001127703 us-gaap:FairValueInputsLevel3Member  
us-gaap:FairValueMeasurementsRecurringMember us-gaap:OtherInvestmentsMember 2018-12-31 0001127703  
us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:GovernmentNationalMortgageAssociationCertificatesAndObligationsGNMAMember 2018-12-31  
0001127703 us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:ShortTermInvestmentsMember 2018-12-31 0001127703 us-gaap:FairValueMeasurementsRecurringMember  
pra:CorporateDebtLimitedObservableInputsMember 2018-12-31 0001127703  
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:ShortTermInvestmentsMember 2018-12-31 0001127703 us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:OtherInvestmentsMember 2018-12-31 0001127703 us-gaap:FairValueInputsLevel2Member  
us-gaap:FairValueMeasurementsRecurringMember pra:EquityFinancialSecuritiesMember 2018-12-31 0001127703  
us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:FixedIncomeFundsMember 2018-12-31 0001127703 us-gaap:FairValueInputsLevel1Member  
us-gaap:FairValueMeasurementsRecurringMember pra:CorporateDebtLimitedObservableInputsMember 2018-12-31  
0001127703 us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember  
pra:ConsumerOrientedMember 2018-12-31 0001127703 us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:CommercialMortgageBackedSecuritiesMember 2018-12-31 0001127703  
us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:USGovernmentSponsoredEnterprisesDebtSecuritiesMember 2018-12-31 0001127703  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember 2018-12-31 0001127703  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:CommercialMortgageBackedSecuritiesMember 2018-12-31 0001127703  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember  
pra:EquityIndustrialSecuritiesMember 2018-12-31 0001127703 us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:USTreasurySecuritiesMember 2018-12-31 0001127703 us-gaap:FairValueInputsLevel2Member  
us-gaap:FairValueMeasurementsRecurringMember pra:CorporateDebtLimitedObservableInputsMember 2018-12-31  
0001127703 us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember  
pra:ConsumerOrientedMember 2018-12-31 0001127703 us-gaap:FairValueInputsLevel3Member  
us-gaap:FairValueMeasurementsRecurringMember pra:EquityIndustrialSecuritiesMember 2018-12-31 0001127703  
us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:USTreasurySecuritiesMember 2018-12-31 0001127703 us-gaap:FairValueMeasurementsRecurringMember  
pra:UtilitiesEnergyEquitySecuritiesMember 2018-12-31 0001127703 us-gaap:FairValueInputsLevel3Member  
us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:USGovernmentSponsoredEnterprisesDebtSecuritiesMember 2018-12-31 0001127703  
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember 2018-12-31 0001127703  
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:ResidentialMortgageBackedSecuritiesMember 2018-12-31 0001127703  
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:CommercialMortgageBackedSecuritiesMember 2018-12-31 0001127703

Edgar Filing: PROASSURANCE CORP - Form 10-Q

us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:USTreasurySecuritiesMember 2018-12-31 0001127703 us-gaap:FairValueInputsLevel1Member  
us-gaap:FairValueMeasurementsRecurringMember pra:CorporateBondsMultipleObservableInputsMember  
2018-12-31 0001127703 us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember  
pra:AllOtherMember 2018-12-31 0001127703 us-gaap:FairValueInputsLevel3Member  
us-gaap:FairValueMeasurementsRecurringMember us-gaap:USStatesAndPoliticalSubdivisionsMember 2018-12-31  
0001127703 us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:FixedIncomeFundsMember 2018-12-31 0001127703 us-gaap:FairValueInputsLevel2Member  
us-gaap:FairValueMeasurementsRecurringMember pra:CorporateBondsMultipleObservableInputsMember  
2018-12-31 0001127703 us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:ResidentialMortgageBackedSecuritiesMember 2018-12-31 0001127703  
us-gaap:FairValueMeasurementsRecurringMember 2018-12-31 0001127703 us-gaap:FairValueInputsLevel3Member  
us-gaap:FairValueMeasurementsRecurringMember pra:CorporateBondsMultipleObservableInputsMember  
2018-12-31 0001127703 us-gaap:FairValueMeasurementsRecurringMember us-gaap:EquitySecuritiesMember  
2018-12-31 0001127703 us-gaap:FairValueMeasurementsRecurringMember us-gaap:ShortTermInvestmentsMember  
2018-12-31 0001127703 us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:ResidentialMortgageBackedSecuritiesMember 2018-12-31 0001127703  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:ResidentialMortgageBackedSecuritiesMember 2018-12-31 0001127703  
us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:USGovernmentSponsoredEnterprisesDebtSecuritiesMember 2018-12-31 0001127703  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:AssetBackedSecuritiesSecuritizedLoansAndReceivablesMember 2018-12-31 0001127703  
us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:OtherInvestmentsMember 2018-12-31 0001127703 us-gaap:FairValueInputsLevel2Member  
us-gaap:FairValueMeasurementsRecurringMember us-gaap:USTreasurySecuritiesMember 2018-12-31 0001127703  
us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember  
pra:UtilitiesEnergyEquitySecuritiesMember 2018-12-31 0001127703  
us-gaap:FairValueMeasurementsRecurringMember us-gaap:USStatesAndPoliticalSubdivisionsMember 2018-12-31  
0001127703 us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember  
pra:UtilitiesEnergyEquitySecuritiesMember 2018-12-31 0001127703 us-gaap:FairValueInputsLevel3Member  
us-gaap:FairValueMeasurementsRecurringMember pra:CorporateDebtLimitedObservableInputsMember 2018-12-31  
0001127703 us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:GovernmentNationalMortgageAssociationCertificatesAndObligationsGNMAMember 2018-12-31  
0001127703 us-gaap:FairValueMeasurementsRecurringMember pra:AllOtherMember 2018-12-31 0001127703  
us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:AssetBackedSecuritiesSecuritizedLoansAndReceivablesMember 2018-12-31 0001127703  
us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember pra:AllOtherMember  
2018-12-31 0001127703 us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember  
pra:UtilitiesEnergyEquitySecuritiesMember 2018-12-31 0001127703 us-gaap:FairValueInputsLevel3Member  
us-gaap:FairValueMeasurementsRecurringMember pra:EquityFinancialSecuritiesMember 2018-12-31 0001127703  
us-gaap:FairValueMeasurementsRecurringMember pra:CorporateBondsMultipleObservableInputsMember  
2018-12-31 0001127703 us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:ShortTermInvestmentsMember 2018-12-31 0001127703 us-gaap:FairValueInputsLevel2Member  
us-gaap:FairValueMeasurementsRecurringMember us-gaap:FixedIncomeFundsMember 2018-12-31 0001127703  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:USGovernmentSponsoredEnterprisesDebtSecuritiesMember 2018-12-31 0001127703  
us-gaap:FairValueMeasurementsRecurringMember pra:EquityFinancialSecuritiesMember 2018-12-31 0001127703  
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:GovernmentNationalMortgageAssociationCertificatesAndObligationsGNMAMember 2018-12-31  
0001127703 us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember

Edgar Filing: PROASSURANCE CORP - Form 10-Q

us-gaap:USStatesAndPoliticalSubdivisionsMember 2018-12-31 0001127703  
us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:AssetBackedSecuritiesSecuritizedLoansAndReceivablesMember 2018-12-31 0001127703  
us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:CommercialMortgageBackedSecuritiesMember 2018-12-31 0001127703  
us-gaap:FairValueMeasurementsRecurringMember us-gaap:FixedIncomeFundsMember 2018-12-31 0001127703  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:OtherInvestmentsMember 2018-12-31 0001127703 us-gaap:FairValueInputsLevel3Member  
us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:AssetBackedSecuritiesSecuritizedLoansAndReceivablesMember 2018-12-31 0001127703  
us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:GovernmentNationalMortgageAssociationCertificatesAndObligationsGNMAMember 2018-12-31  
0001127703 us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:USStatesAndPoliticalSubdivisionsMember 2018-12-31 0001127703 us-gaap:FairValueInputsLevel1Member  
us-gaap:FairValueMeasurementsRecurringMember pra:EquityIndustrialSecuritiesMember 2018-12-31 0001127703  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember pra:AllOtherMember  
2018-12-31 0001127703 us-gaap:OtherInvestmentsMember 2018-01-01 2018-03-31 0001127703  
us-gaap:OtherInvestmentsMember 2018-03-31 0001127703 us-gaap:AssetBackedSecuritiesMember 2018-01-01  
2018-03-31 0001127703 us-gaap:CorporateDebtSecuritiesMember 2018-03-31 0001127703  
us-gaap:CorporateDebtSecuritiesMember us-gaap:InvestmentIncomeMember 2018-01-01 2018-03-31 0001127703  
us-gaap:CorporateDebtSecuritiesMember 2018-01-01 2018-03-31 0001127703 us-gaap:OtherInvestmentsMember  
us-gaap:GainLossOnInvestmentsMember1 2018-01-01 2018-03-31 0001127703  
us-gaap:AssetBackedSecuritiesMember 2017-12-31 0001127703 us-gaap:AssetBackedSecuritiesMember  
us-gaap:InvestmentIncomeMember 2018-01-01 2018-03-31 0001127703 us-gaap:OtherInvestmentsMember  
2017-12-31 0001127703 us-gaap:InvestmentIncomeMember 2018-01-01 2018-03-31 0001127703  
us-gaap:AssetBackedSecuritiesMember us-gaap:GainLossOnInvestmentsMember1 2018-01-01 2018-03-31  
0001127703 us-gaap:GainLossOnInvestmentsMember1 2018-01-01 2018-03-31 0001127703  
us-gaap:CorporateDebtSecuritiesMember 2017-12-31 0001127703 us-gaap:AssetBackedSecuritiesMember  
2018-03-31 0001127703 us-gaap:OtherInvestmentsMember us-gaap:InvestmentIncomeMember 2018-01-01  
2018-03-31 0001127703 us-gaap:CorporateDebtSecuritiesMember us-gaap:GainLossOnInvestmentsMember1  
2018-01-01 2018-03-31 0001127703 us-gaap:PrivateEquityFundsForeignMember 2019-01-01 2019-03-31  
0001127703 pra:NationallyRecognizedStatisticalRatingOrganizationNRSROMember  
pra:CorporateDebtLimitedObservableInputsMember  
pra:NationallyRecognizedStatisticalRatingOrganizationNRSRORatingAAminusMember 2019-01-01 2019-03-31  
0001127703 us-gaap:FairValueMeasurementsNonrecurringMember 2019-03-31 0001127703 srt:MinimumMember  
pra:LongshortEquityFundsMember 2019-01-01 2019-03-31 0001127703 pra:MortgageFundMember 2019-01-01  
2019-03-31 0001127703 srt:MaximumMember pra:LongshortEquityFundsMember 2019-01-01 2019-03-31  
0001127703 pra:NationallyRecognizedStatisticalRatingOrganizationNRSROMember  
pra:CorporateDebtLimitedObservableInputsMember  
pra:NationallyRecognizedStatisticalRatingOrganizationNRSRORatingBBBplusMember 2018-01-01 2018-12-31  
0001127703 pra:StructuredCreditFundMember 2019-01-01 2019-03-31 0001127703  
pra:LongshortEquityFundsMember 2019-03-31 0001127703 srt:MaximumMember  
pra:LongShortCommodityFundMember 2019-01-01 2019-03-31 0001127703 pra:LongshortEquityFundsMember  
2019-01-01 2019-03-31 0001127703 pra:NationallyRecognizedStatisticalRatingOrganizationNRSROMember  
pra:OtherAssetBackedSecuritiesMember  
pra:NationallyRecognizedStatisticalRatingOrganizationNRSRORatingAAminusMember 2019-01-01 2019-03-31  
0001127703 pra:LongShortCommodityFundMember 2019-01-01 2019-03-31 0001127703  
pra:NationallyRecognizedStatisticalRatingOrganizationNRSROMember pra:OtherAssetBackedSecuritiesMember  
pra:NationallyRecognizedStatisticalRatingOrganizationNRSRORatingAAAMember 2018-01-01 2018-12-31  
0001127703 srt:MaximumMember pra:PrivateDebtFundsMember 2019-01-01 2019-03-31 0001127703  
us-gaap:PrivateEquityFundsMember 2019-01-01 2019-03-31 0001127703

Edgar Filing: PROASSURANCE CORP - Form 10-Q

pra:InvestmentsInUnconsolidatedSubsidiariesMember pra:LongShortCommodityFundMember 2018-12-31  
0001127703 pra:InvestmentsInUnconsolidatedSubsidiariesMember pra:StructuredCreditFundMember 2019-03-31  
0001127703 pra:InvestmentsInUnconsolidatedSubsidiariesMember pra:LongshortEquityFundsMember 2018-12-31  
0001127703 pra:InvestmentsInUnconsolidatedSubsidiariesMember pra:StructuredCreditFundMember 2018-12-31  
0001127703 pra:InvestmentsInUnconsolidatedSubsidiariesMember pra:PrivateDebtFundsMember 2018-12-31  
0001127703 pra:InvestmentsInUnconsolidatedSubsidiariesMember pra:MultiStrategyFundofFundsMember  
2019-03-31 0001127703 us-gaap:EquitySecuritiesMember pra:MortgageFundMember 2018-12-31 0001127703  
pra:InvestmentsInUnconsolidatedSubsidiariesMember pra:StrategyFocusedFundMember 2018-12-31 0001127703  
us-gaap:EquitySecuritiesMember pra:MortgageFundMember 2019-03-31 0001127703  
pra:InvestmentsInUnconsolidatedSubsidiariesMember pra:LongShortCommodityFundMember 2019-03-31  
0001127703 pra:InvestmentsInUnconsolidatedSubsidiariesMember pra:LongshortEquityFundsMember 2019-03-31  
0001127703 pra:InvestmentsInUnconsolidatedSubsidiariesMember pra:StrategyFocusedFundMember 2019-03-31  
0001127703 pra:InvestmentsInUnconsolidatedSubsidiariesMember pra:MultiStrategyFundofFundsMember  
2018-12-31 0001127703 pra:InvestmentsInUnconsolidatedSubsidiariesMember us-gaap:PrivateEquityFundsMember  
2018-12-31 0001127703 pra:InvestmentsInUnconsolidatedSubsidiariesMember pra:PrivateDebtFundsMember  
2019-03-31 0001127703 pra:InvestmentsInUnconsolidatedSubsidiariesMember  
us-gaap:PrivateEquityFundsForeignMember 2018-12-31 0001127703  
pra:InvestmentsInUnconsolidatedSubsidiariesMember us-gaap:PrivateEquityFundsForeignMember 2019-03-31  
0001127703 pra:InvestmentsInUnconsolidatedSubsidiariesMember us-gaap:PrivateEquityFundsMember 2019-03-31  
0001127703 pra:InvestmentsInUnconsolidatedSubsidiariesMember 2018-12-31 0001127703  
pra:InvestmentsInUnconsolidatedSubsidiariesMember 2019-03-31 0001127703  
us-gaap:CorporateDebtSecuritiesMember 2019-01-01 2019-03-31 0001127703  
us-gaap:AssetBackedSecuritiesMember 2018-12-31 0001127703 us-gaap:GainLossOnInvestmentsMember1  
2019-01-01 2019-03-31 0001127703 us-gaap:AssetBackedSecuritiesMember 2019-01-01 2019-03-31 0001127703  
us-gaap:AssetBackedSecuritiesMember 2019-03-31 0001127703 us-gaap:CorporateDebtSecuritiesMember  
us-gaap:GainLossOnInvestmentsMember1 2019-01-01 2019-03-31 0001127703  
us-gaap:CorporateDebtSecuritiesMember 2018-12-31 0001127703 us-gaap:OtherInvestmentsMember 2019-01-01  
2019-03-31 0001127703 us-gaap:InvestmentIncomeMember 2019-01-01 2019-03-31 0001127703  
us-gaap:OtherInvestmentsMember 2018-12-31 0001127703 us-gaap:OtherInvestmentsMember 2019-03-31  
0001127703 us-gaap:CorporateDebtSecuritiesMember us-gaap:InvestmentIncomeMember 2019-01-01 2019-03-31  
0001127703 us-gaap:OtherInvestmentsMember us-gaap:InvestmentIncomeMember 2019-01-01 2019-03-31  
0001127703 us-gaap:OtherInvestmentsMember us-gaap:GainLossOnInvestmentsMember1 2019-01-01 2019-03-31  
0001127703 us-gaap:CorporateDebtSecuritiesMember 2019-03-31 0001127703  
us-gaap:AssetBackedSecuritiesMember us-gaap:GainLossOnInvestmentsMember1 2019-01-01 2019-03-31  
0001127703 us-gaap:AssetBackedSecuritiesMember us-gaap:InvestmentIncomeMember 2019-01-01 2019-03-31  
0001127703 us-gaap:FairValueInputsLevel3Member pra:OtherAssetBackedSecuritiesMember 2018-12-31  
0001127703 us-gaap:FairValueInputsLevel3Member us-gaap:CommercialMortgageBackedSecuritiesMember  
2018-12-31 0001127703 us-gaap:FairValueInputsLevel3Member us-gaap:OtherInvestmentsMember 2018-12-31  
0001127703 us-gaap:FairValueInputsLevel3Member pra:CorporateDebtLimitedObservableInputsMember  
2018-12-31 0001127703 us-gaap:FairValueInputsLevel3Member us-gaap:OtherInvestmentsMember 2019-03-31  
0001127703 us-gaap:FairValueInputsLevel3Member us-gaap:CommercialMortgageBackedSecuritiesMember  
2019-03-31 0001127703 us-gaap:FairValueInputsLevel3Member pra:OtherAssetBackedSecuritiesMember  
2019-03-31 0001127703 us-gaap:FairValueInputsLevel3Member  
pra:CorporateDebtLimitedObservableInputsMember 2019-03-31 0001127703  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember 2019-03-31 0001127703  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember  
pra:ConsumerOrientedMember 2019-03-31 0001127703 us-gaap:FairValueInputsLevel1Member  
us-gaap:FairValueMeasurementsRecurringMember 2019-03-31 0001127703 us-gaap:FairValueInputsLevel3Member  
us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:GovernmentNationalMortgageAssociationCertificatesAndObligationsGNMAMember 2019-03-31  
0001127703 us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember

Edgar Filing: PROASSURANCE CORP - Form 10-Q

pra:CorporateDebtLimitedObservableInputsMember 2019-03-31 0001127703  
us-gaap:FairValueMeasurementsRecurringMember us-gaap:OtherInvestmentsMember 2019-03-31 0001127703  
us-gaap:FairValueMeasurementsRecurringMember us-gaap:ShortTermInvestmentsMember 2019-03-31 0001127703  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember  
pra:EquityIndustrialSecuritiesMember 2019-03-31 0001127703 us-gaap:FairValueInputsLevel2Member  
us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:AssetBackedSecuritiesSecuritizedLoansAndReceivablesMember 2019-03-31 0001127703  
us-gaap:FairValueMeasurementsRecurringMember 2019-03-31 0001127703 us-gaap:FairValueInputsLevel3Member  
us-gaap:FairValueMeasurementsRecurringMember us-gaap:ResidentialMortgageBackedSecuritiesMember  
2019-03-31 0001127703 us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:USStatesAndPoliticalSubdivisionsMember 2019-03-31 0001127703 us-gaap:FairValueInputsLevel3Member  
us-gaap:FairValueMeasurementsRecurringMember pra:CorporateBondsMultipleObservableInputsMember  
2019-03-31 0001127703 us-gaap:FairValueMeasurementsRecurringMember pra:EquityIndustrialSecuritiesMember  
2019-03-31 0001127703 us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember  
pra:UtilitiesEnergyEquitySecuritiesMember 2019-03-31 0001127703 us-gaap:FairValueInputsLevel3Member  
us-gaap:FairValueMeasurementsRecurringMember 2019-03-31 0001127703 us-gaap:FairValueInputsLevel3Member  
us-gaap:FairValueMeasurementsRecurringMember us-gaap:USTreasurySecuritiesMember 2019-03-31 0001127703  
us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember  
pra:ConsumerOrientedMember 2019-03-31 0001127703 us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:EquitySecuritiesMember 2019-03-31 0001127703 us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:GovernmentNationalMortgageAssociationCertificatesAndObligationsGNMAMember 2019-03-31  
0001127703 us-gaap:FairValueMeasurementsRecurringMember  
pra:CorporateBondsMultipleObservableInputsMember 2019-03-31 0001127703  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember  
pra:UtilitiesEnergyEquitySecuritiesMember 2019-03-31 0001127703 us-gaap:FairValueInputsLevel2Member  
us-gaap:FairValueMeasurementsRecurringMember pra:AllOtherMember 2019-03-31 0001127703  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:OtherInvestmentsMember 2019-03-31 0001127703 us-gaap:FairValueInputsLevel2Member  
us-gaap:FairValueMeasurementsRecurringMember us-gaap:FixedIncomeFundsMember 2019-03-31 0001127703  
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember  
pra:ConsumerOrientedMember 2019-03-31 0001127703 us-gaap:FairValueInputsLevel1Member  
us-gaap:FairValueMeasurementsRecurringMember pra:EquityFinancialSecuritiesMember 2019-03-31 0001127703  
us-gaap:FairValueMeasurementsRecurringMember pra:AllOtherMember 2019-03-31 0001127703  
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:USGovernmentSponsoredEnterprisesDebtSecuritiesMember 2019-03-31 0001127703  
us-gaap:FairValueMeasurementsRecurringMember us-gaap:USTreasurySecuritiesMember 2019-03-31 0001127703  
us-gaap:FairValueMeasurementsRecurringMember us-gaap:USStatesAndPoliticalSubdivisionsMember 2019-03-31  
0001127703 us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:GovernmentNationalMortgageAssociationCertificatesAndObligationsGNMAMember 2019-03-31  
0001127703 us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:CommercialMortgageBackedSecuritiesMember 2019-03-31 0001127703  
us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:ShortTermInvestmentsMember 2019-03-31 0001127703 us-gaap:FairValueInputsLevel3Member  
us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:AssetBackedSecuritiesSecuritizedLoansAndReceivablesMember 2019-03-31 0001127703  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember  
pra:CorporateBondsMultipleObservableInputsMember 2019-03-31 0001127703  
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember pra:AllOtherMember  
2019-03-31 0001127703 us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:USGovernmentSponsoredEnterprisesDebtSecuritiesMember 2019-03-31 0001127703  
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember

Edgar Filing: PROASSURANCE CORP - Form 10-Q

us-gaap:CommercialMortgageBackedSecuritiesMember 2019-03-31 0001127703  
us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:AssetBackedSecuritiesSecuritizedLoansAndReceivablesMember 2019-03-31 0001127703  
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:OtherInvestmentsMember 2019-03-31 0001127703 us-gaap:FairValueInputsLevel2Member  
us-gaap:FairValueMeasurementsRecurringMember us-gaap:ShortTermInvestmentsMember 2019-03-31 0001127703  
us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember  
pra:CorporateBondsMultipleObservableInputsMember 2019-03-31 0001127703  
us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:FixedIncomeFundsMember 2019-03-31 0001127703 us-gaap:FairValueInputsLevel2Member  
us-gaap:FairValueMeasurementsRecurringMember pra:EquityFinancialSecuritiesMember 2019-03-31 0001127703  
us-gaap:FairValueMeasurementsRecurringMember us-gaap:ResidentialMortgageBackedSecuritiesMember  
2019-03-31 0001127703 us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:USStatesAndPoliticalSubdivisionsMember 2019-03-31 0001127703 us-gaap:FairValueInputsLevel3Member  
us-gaap:FairValueMeasurementsRecurringMember pra:UtilitiesEnergyEquitySecuritiesMember 2019-03-31  
0001127703 us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:ShortTermInvestmentsMember 2019-03-31 0001127703 us-gaap:FairValueInputsLevel1Member  
us-gaap:FairValueMeasurementsRecurringMember pra:AllOtherMember 2019-03-31 0001127703  
us-gaap:FairValueMeasurementsRecurringMember pra:ConsumerOrientedMember 2019-03-31 0001127703  
us-gaap:FairValueMeasurementsRecurringMember pra:UtilitiesEnergyEquitySecuritiesMember 2019-03-31  
0001127703 us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:USTreasurySecuritiesMember 2019-03-31 0001127703 us-gaap:FairValueInputsLevel2Member  
us-gaap:FairValueMeasurementsRecurringMember us-gaap:USTreasurySecuritiesMember 2019-03-31 0001127703  
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember  
pra:EquityIndustrialSecuritiesMember 2019-03-31 0001127703 us-gaap:FairValueInputsLevel2Member  
us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:USGovernmentSponsoredEnterprisesDebtSecuritiesMember 2019-03-31 0001127703  
us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:OtherInvestmentsMember 2019-03-31 0001127703 us-gaap:FairValueInputsLevel3Member  
us-gaap:FairValueMeasurementsRecurringMember us-gaap:FixedIncomeFundsMember 2019-03-31 0001127703  
us-gaap:FairValueMeasurementsRecurringMember us-gaap:CommercialMortgageBackedSecuritiesMember  
2019-03-31 0001127703 us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember  
pra:EquityFinancialSecuritiesMember 2019-03-31 0001127703 us-gaap:FairValueInputsLevel2Member  
us-gaap:FairValueMeasurementsRecurringMember us-gaap:CommercialMortgageBackedSecuritiesMember  
2019-03-31 0001127703 us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember  
pra:CorporateDebtLimitedObservableInputsMember 2019-03-31 0001127703  
us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:GovernmentNationalMortgageAssociationCertificatesAndObligationsGNMAMember 2019-03-31  
0001127703 us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:ResidentialMortgageBackedSecuritiesMember 2019-03-31 0001127703  
us-gaap:FairValueMeasurementsRecurringMember pra:CorporateDebtLimitedObservableInputsMember 2019-03-31  
0001127703 us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:USStatesAndPoliticalSubdivisionsMember 2019-03-31 0001127703  
us-gaap:FairValueMeasurementsRecurringMember us-gaap:FixedIncomeFundsMember 2019-03-31 0001127703  
us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:AssetBackedSecuritiesSecuritizedLoansAndReceivablesMember 2019-03-31 0001127703  
us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember  
pra:CorporateDebtLimitedObservableInputsMember 2019-03-31 0001127703  
us-gaap:FairValueMeasurementsRecurringMember pra:EquityFinancialSecuritiesMember 2019-03-31 0001127703  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:ResidentialMortgageBackedSecuritiesMember 2019-03-31 0001127703

Edgar Filing: PROASSURANCE CORP - Form 10-Q

us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember  
pra:EquityIndustrialSecuritiesMember 2019-03-31 0001127703 us-gaap:FairValueInputsLevel1Member  
us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:USGovernmentSponsoredEnterprisesDebtSecuritiesMember 2019-03-31 0001127703 srt:MinimumMember  
pra:PrivateDebtFundsMember 2019-01-01 2019-03-31 0001127703 srt:MaximumMember  
us-gaap:FairValueInputsLevel3Member pra:CorporateDebtLimitedObservableInputsMember  
us-gaap:MeasurementInputComparabilityAdjustmentMember us-gaap:IncomeApproachValuationTechniqueMember  
2019-03-31 0001127703 srt:WeightedAverageMember us-gaap:FairValueInputsLevel3Member  
pra:OtherAssetBackedSecuritiesMember us-gaap:MeasurementInputComparabilityAdjustmentMember  
us-gaap:IncomeApproachValuationTechniqueMember 2019-03-31 0001127703 srt:MinimumMember  
us-gaap:FairValueInputsLevel3Member pra:OtherAssetBackedSecuritiesMember  
us-gaap:MeasurementInputComparabilityAdjustmentMember us-gaap:MarketApproachValuationTechniqueMember  
2019-03-31 0001127703 srt:WeightedAverageMember us-gaap:FairValueInputsLevel3Member  
us-gaap:OtherInvestmentsMember us-gaap:MeasurementInputComparabilityAdjustmentMember  
us-gaap:IncomeApproachValuationTechniqueMember 2019-03-31 0001127703 srt:MaximumMember  
us-gaap:FairValueInputsLevel3Member pra:OtherAssetBackedSecuritiesMember  
us-gaap:MeasurementInputComparabilityAdjustmentMember us-gaap:MarketApproachValuationTechniqueMember  
2019-03-31 0001127703 srt:WeightedAverageMember us-gaap:FairValueInputsLevel3Member  
pra:CorporateDebtLimitedObservableInputsMember us-gaap:MeasurementInputComparabilityAdjustmentMember  
us-gaap:IncomeApproachValuationTechniqueMember 2019-03-31 0001127703 srt:MaximumMember  
us-gaap:FairValueInputsLevel3Member us-gaap:OtherInvestmentsMember  
us-gaap:MeasurementInputComparabilityAdjustmentMember us-gaap:IncomeApproachValuationTechniqueMember  
2019-03-31 0001127703 srt:WeightedAverageMember us-gaap:FairValueInputsLevel3Member  
pra:OtherAssetBackedSecuritiesMember us-gaap:MeasurementInputComparabilityAdjustmentMember  
us-gaap:MarketApproachValuationTechniqueMember 2019-03-31 0001127703 srt:WeightedAverageMember  
us-gaap:FairValueInputsLevel3Member pra:CorporateDebtLimitedObservableInputsMember  
us-gaap:MeasurementInputComparabilityAdjustmentMember us-gaap:MarketApproachValuationTechniqueMember  
2019-03-31 0001127703 srt:MaximumMember us-gaap:FairValueInputsLevel3Member  
pra:OtherAssetBackedSecuritiesMember us-gaap:MeasurementInputComparabilityAdjustmentMember  
us-gaap:IncomeApproachValuationTechniqueMember 2019-03-31 0001127703 srt:MinimumMember  
us-gaap:FairValueInputsLevel3Member us-gaap:OtherInvestmentsMember  
us-gaap:MeasurementInputComparabilityAdjustmentMember us-gaap:IncomeApproachValuationTechniqueMember  
2019-03-31 0001127703 srt:MinimumMember us-gaap:FairValueInputsLevel3Member  
pra:CorporateDebtLimitedObservableInputsMember us-gaap:MeasurementInputComparabilityAdjustmentMember  
us-gaap:MarketApproachValuationTechniqueMember 2019-03-31 0001127703 srt:MinimumMember  
us-gaap:FairValueInputsLevel3Member pra:CorporateDebtLimitedObservableInputsMember  
us-gaap:MeasurementInputComparabilityAdjustmentMember us-gaap:IncomeApproachValuationTechniqueMember  
2019-03-31 0001127703 srt:MaximumMember us-gaap:FairValueInputsLevel3Member  
pra:CorporateDebtLimitedObservableInputsMember us-gaap:MeasurementInputComparabilityAdjustmentMember  
us-gaap:MarketApproachValuationTechniqueMember 2019-03-31 0001127703 srt:MinimumMember  
us-gaap:FairValueInputsLevel3Member pra:OtherAssetBackedSecuritiesMember  
us-gaap:MeasurementInputComparabilityAdjustmentMember us-gaap:IncomeApproachValuationTechniqueMember  
2019-03-31 0001127703 us-gaap:EquitySecuritiesMember 2018-01-01 2018-03-31 0001127703  
us-gaap:EquitySecuritiesMember 2019-01-01 2019-03-31 0001127703 us-gaap:CashSurrenderValueMember  
2019-01-01 2019-03-31 0001127703 us-gaap:CashSurrenderValueMember 2018-01-01 2018-03-31 0001127703  
us-gaap:DebtSecuritiesMember 2019-01-01 2019-03-31 0001127703 us-gaap:DebtSecuritiesMember 2018-01-01  
2018-03-31 0001127703 pra:ShortTermInvestmentsAndOtherInvestedAssetsMember 2018-01-01 2018-03-31  
0001127703 pra:ShortTermInvestmentsAndOtherInvestedAssetsMember 2019-01-01 2019-03-31 0001127703  
us-gaap:USStatesAndPoliticalSubdivisionsMember 2018-12-31 0001127703  
us-gaap:ResidentialMortgageBackedSecuritiesMember 2018-12-31 0001127703  
us-gaap:USGovernmentSponsoredEnterprisesDebtSecuritiesMember 2018-12-31 0001127703



Edgar Filing: PROASSURANCE CORP - Form 10-Q

us-gaap:CommercialMortgageBackedSecuritiesMember 2018-12-31 0001127703  
us-gaap:USStatesAndPoliticalSubdivisionsMember 2019-03-31 0001127703 us-gaap:USTreasurySecuritiesMember  
2018-12-31 0001127703 us-gaap:AssetBackedSecuritiesSecuritizedLoansAndReceivablesMember 2019-03-31  
0001127703 us-gaap:USTreasurySecuritiesMember 2019-03-31 0001127703  
us-gaap:GovernmentNationalMortgageAssociationCertificatesAndObligationsGNMAMember 2019-03-31  
0001127703 us-gaap:AssetBackedSecuritiesSecuritizedLoansAndReceivablesMember 2018-12-31 0001127703  
us-gaap:CommercialMortgageBackedSecuritiesMember 2019-03-31 0001127703  
us-gaap:USGovernmentSponsoredEnterprisesDebtSecuritiesMember 2019-03-31 0001127703  
us-gaap:GovernmentNationalMortgageAssociationCertificatesAndObligationsGNMAMember 2018-12-31  
0001127703 us-gaap:ResidentialMortgageBackedSecuritiesMember 2019-03-31 0001127703  
pra:NonGovernmentBackedMember 2018-12-31 0001127703  
pra:TaxCreditPartnershipsAlmost100OwnershipMember 2019-03-31 0001127703  
pra:NonGovernmentBackedMember 2019-03-31 0001127703 srt:MaximumMember  
pra:TaxCreditPartnershipsAlmost100OwnershipMember 2019-03-31 0001127703  
pra:TaxCreditPartnershipsLessThan20OwnershipMember 2019-03-31 0001127703  
pra:OtherLimitedPartnershipsandLimitedLiabilityCompanyLessthan25PercentOwnershipMember 2018-12-31  
0001127703 us-gaap:ShortTermInvestmentsMember 2019-03-31 0001127703  
pra:TaxCreditPartnershipsLessThan20OwnershipMember 2018-12-31 0001127703  
pra:OtherLimitedPartnershipsandLimitedLiabilityCompanyGreaterThan25PercentOwnershipMember 2018-12-31  
0001127703 us-gaap:DebtSecuritiesMember 2019-03-31 0001127703 srt:MaximumMember  
pra:TaxCreditPartnershipsLessThan20OwnershipMember 2019-03-31 0001127703  
pra:OtherLimitedPartnershipsandLimitedLiabilityCompanyGreaterThan25PercentOwnershipMember 2019-03-31  
0001127703 pra:OtherLimitedPartnershipsandLimitedLiabilityCompanyLessthan25PercentOwnershipMember  
2019-03-31 0001127703 pra:TaxCreditPartnershipsAlmost100OwnershipMember 2018-12-31 0001127703  
pra:OtherLimitedPartnershipsandLimitedLiabilityCompanyMember 2018-12-31 0001127703  
pra:OtherTaxCreditPartnershipsMember 2018-12-31 0001127703  
pra:OtherLimitedPartnershipsandLimitedLiabilityCompanyMember 2019-03-31 0001127703  
pra:QualifiedAffordableHousingTaxCreditPartnershipsMember 2019-03-31 0001127703  
pra:OtherTaxCreditPartnershipsMember 2019-03-31 0001127703  
pra:QualifiedAffordableHousingTaxCreditPartnershipsMember 2018-12-31 0001127703 2018-01-01 2018-12-31  
0001127703 pra:RetroactiveInsuranceContractMember 2018-01-01 2018-12-31 0001127703  
pra:DataAnalyticsServicesMember 2019-01-01 2019-03-31 0001127703 pra:DataAnalyticsServicesMember  
2019-03-31 0001127703 pra:LloydsSyndicatesMember 2019-03-31 0001127703 pra:FundingCommitmentsMember  
2019-03-31 0001127703 pra:CommitmenttoProvideCapitalMember pra:LloydsSyndicatesMember 2019-03-31  
0001127703 srt:MaximumMember 2019-03-31 0001127703 srt:MinimumMember 2019-03-31 0001127703  
pra:Seniornotesdue2023Member us-gaap:SeniorNotesMember 2019-03-31 0001127703 us-gaap:MortgagesMember  
2018-12-31 0001127703 us-gaap:RevolvingCreditFacilityMember us-gaap:LineOfCreditMember 2018-12-31  
0001127703 us-gaap:MortgagesMember 2019-03-31 0001127703 pra:Seniornotesdue2023Member  
us-gaap:SeniorNotesMember 2018-12-31 0001127703 us-gaap:RevolvingCreditFacilityMember  
us-gaap:LineOfCreditMember 2019-03-31 0001127703 us-gaap:MortgagesMember  
us-gaap:LondonInterbankOfferedRateLIBORMember 2019-01-01 2019-03-31 0001127703  
us-gaap:InterestRateCapMember us-gaap:InterestExpenseMember 2019-01-01 2019-03-31 0001127703  
us-gaap:InterestRateCapMember us-gaap:InterestExpenseMember 2018-01-01 2018-03-31 0001127703  
us-gaap:OtherAssetsMember us-gaap:InterestRateCapMember 2018-12-31 0001127703 us-gaap:OtherAssetsMember  
us-gaap:InterestRateCapMember 2019-03-31 0001127703 us-gaap:InterestRateCapMember 2019-03-31 0001127703  
srt:MinimumMember us-gaap:PerformanceSharesMember 2019-01-01 2019-03-31 0001127703  
srt:MaximumMember us-gaap:PerformanceSharesMember 2019-01-01 2019-03-31 0001127703 2019-02-01  
2019-02-28 0001127703 us-gaap:PerformanceSharesMember 2019-02-01 2019-02-28 0001127703  
srt:MaximumMember pra:PerformanceSharesGrantedin2016Member 2019-01-01 2019-03-31 0001127703  
us-gaap:RestrictedStockUnitsRSUMember 2019-02-01 2019-02-28 0001127703  
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2018-01-01 2018-03-31 0001127703

Edgar Filing: PROASSURANCE CORP - Form 10-Q

us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2019-01-01 2019-03-31 0001127703  
us-gaap:RestrictedStockUnitsRSUMember 2019-01-01 2019-03-31 0001127703  
pra:InvestmentsInUnconsolidatedSubsidiariesMember us-gaap:VariableInterestEntityNotPrimaryBeneficiaryMember  
2018-12-31 0001127703 pra:InvestmentsInUnconsolidatedSubsidiariesMember  
us-gaap:VariableInterestEntityNotPrimaryBeneficiaryMember 2019-03-31 0001127703  
us-gaap:PerformanceSharesMember 2019-01-01 2019-03-31 0001127703 us-gaap:PerformanceSharesMember  
2018-01-01 2018-03-31 0001127703 pra:EmployeePurchasePlanMember 2019-01-01 2019-03-31 0001127703  
pra:EmployeePurchasePlanMember 2018-01-01 2018-03-31 0001127703 us-gaap:RestrictedStockUnitsRSUMember  
2018-01-01 2018-03-31 0001127703 us-gaap:OperatingSegmentsMember pra:LloydsSyndicatesMember 2018-01-01  
2018-03-31 0001127703 us-gaap:IntersegmentEliminationMember 2018-01-01 2018-03-31 0001127703  
us-gaap:OperatingSegmentsMember pra:SegregatedPortfolioCellReinsuranceMember 2018-01-01 2018-03-31  
0001127703 us-gaap:OperatingSegmentsMember pra:SpecialtyPropertyandCasualtyMember 2018-01-01 2018-03-31  
0001127703 us-gaap:OperatingSegmentsMember pra:WorkersCompensationInsuranceMember 2018-01-01  
2018-03-31 0001127703 us-gaap:OperatingSegmentsMember us-gaap:CorporateMember 2018-01-01 2018-03-31  
0001127703 pra:Syndicate1729Member 2019-01-01 0001127703 pra:Syndicate1729Member 2018-12-31  
0001127703 pra:LloydsSyndicatesMember 2018-01-01 2018-03-31 0001127703 pra:Syndicate6131Member  
2018-01-01 0001127703 pra:WorkersCompensationInsuranceMember 2019-03-31 0001127703  
pra:LloydsSyndicatesMember 2019-01-01 2019-03-31 0001127703 us-gaap:OperatingSegmentsMember  
pra:WorkersCompensationInsuranceMember 2019-01-01 2019-03-31 0001127703  
us-gaap:IntersegmentEliminationMember 2019-01-01 2019-03-31 0001127703 us-gaap:OperatingSegmentsMember  
us-gaap:CorporateMember 2019-01-01 2019-03-31 0001127703 us-gaap:OperatingSegmentsMember  
pra:SegregatedPortfolioCellReinsuranceMember 2019-01-01 2019-03-31 0001127703  
us-gaap:OperatingSegmentsMember pra:LloydsSyndicatesMember 2019-01-01 2019-03-31 0001127703  
us-gaap:OperatingSegmentsMember pra:SpecialtyPropertyandCasualtyMember 2019-01-01 2019-03-31 0001127703  
pra:OtherPremiumsMember pra:SegregatedPortfolioCellReinsuranceMember 2019-01-01 2019-03-31 0001127703  
pra:MedicalTechnologyandLifeSciencesProductLiabilityMember pra:SpecialtyPropertyandCasualtyMember  
2019-01-01 2019-03-31 0001127703 pra:WorkersCompensationInsuranceMember 2019-01-01 2019-03-31  
0001127703 pra:AlternativeMarketBusinessMember pra:WorkersCompensationInsuranceMember 2019-01-01  
2019-03-31 0001127703 pra:SegregatedPortfolioCellReinsuranceMember 2018-01-01 2018-03-31 0001127703  
pra:LegalProfessionalLiabilityMember pra:SpecialtyPropertyandCasualtyMember 2019-01-01 2019-03-31  
0001127703 pra:SpecialtyPropertyandCasualtyMember 2018-01-01 2018-03-31 0001127703  
pra:SpecialtyPropertyandCasualtyMember 2019-01-01 2019-03-31 0001127703  
pra:LegalProfessionalLiabilityMember pra:SpecialtyPropertyandCasualtyMember 2018-01-01 2018-03-31  
0001127703 pra:WorkersCompensationAlternativeMarketBusinessMember  
pra:SegregatedPortfolioCellReinsuranceMember 2018-01-01 2018-03-31 0001127703 pra:OtherPremiumsMember  
pra:SegregatedPortfolioCellReinsuranceMember 2018-01-01 2018-03-31 0001127703  
pra:HealthcareProfessionalLiabilityMember pra:SegregatedPortfolioCellReinsuranceMember 2018-01-01 2018-03-31  
0001127703 pra:OtherPremiumsMember pra:SpecialtyPropertyandCasualtyMember 2018-01-01 2018-03-31  
0001127703 pra:HealthcareProfessionalLiabilityMember pra:SpecialtyPropertyandCasualtyMember 2019-01-01  
2019-03-31 0001127703 pra:MedicalTechnologyandLifeSciencesProductLiabilityMember  
pra:SpecialtyPropertyandCasualtyMember 2018-01-01 2018-03-31 0001127703  
pra:HealthcareProfessionalLiabilityMember pra:SegregatedPortfolioCellReinsuranceMember 2019-01-01 2019-03-31  
0001127703 pra:SegregatedPortfolioCellReinsuranceMember 2019-01-01 2019-03-31 0001127703  
pra:TraditionalBusinessMember pra:WorkersCompensationInsuranceMember 2019-01-01 2019-03-31 0001127703  
pra:WorkersCompensationInsuranceMember 2018-01-01 2018-03-31 0001127703  
pra:AlternativeMarketBusinessMember pra:WorkersCompensationInsuranceMember 2018-01-01 2018-03-31  
0001127703 pra:TraditionalBusinessMember pra:WorkersCompensationInsuranceMember 2018-01-01 2018-03-31  
0001127703 pra:OtherPremiumsMember pra:SpecialtyPropertyandCasualtyMember 2019-01-01 2019-03-31  
0001127703 pra:HealthcareProfessionalLiabilityMember pra:SpecialtyPropertyandCasualtyMember 2018-01-01  
2018-03-31 0001127703 pra:WorkersCompensationAlternativeMarketBusinessMember  
pra:SegregatedPortfolioCellReinsuranceMember 2019-01-01 2019-03-31 xbrli:shares pra:Agreement xbrli:pure

pra:segment iso4217:USD xbrli:shares iso4217:USD iso4217:GBP pra:Business pra:Issuer pra:investment\_interest  
pra:Security pra:partition pra:derivative\_instrument

Table of Contents

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549 FORM 10-Q

(Mark One)

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the quarterly period ended March 31, 2019 or

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 0-16533

## ProAssurance Corporation

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of  
Incorporation or Organization)

63-1261433

(IRS Employer Identification No.)

100 Brookwood Place, Birmingham, AL 35209

(Address of Principal Executive Offices)

(Zip Code)

(205) 877-4400

(Registrant's Telephone Number,  
Including Area Code)

(Former Name, Former Address, and Former  
Fiscal Year, if Changed Since Last Report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No   
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter), during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Edgar Filing: PROASSURANCE CORP - Form 10-Q

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

As of April 25, 2019, there were 53,742,438 shares of the registrant's common stock outstanding.

---

**Table of Contents****Glossary of Terms and Acronyms**

When the following terms and acronyms appear in the text of this report, they have the meanings indicated below.

<b>Term</b>	<b>Meaning</b>
AOCI	Accumulated other comprehensive income (loss)
ASU	Accounting Standards Update
BEAT	Base erosion anti-abuse tax
Board	Board of Directors of ProAssurance Corporation
BOLI	Business owned life insurance
Council of Lloyd's	The governing body for Lloyd's of London
CODM	Chief Operating Decision Maker
DDR	Death, disability and retirement
DPAC	Deferred policy acquisition costs
Eastern Re	Eastern Re, LTD, S.P.C.
EBUB	Earned but unbilled premium
FAL	Funds at Lloyd's
FASB	Financial Accounting Standards Board
FHLB	Federal Home Loan Bank
FHLMC	Federal Home Loan Mortgage Corporation
FNMA	Federal National Mortgage Association
GAAP	Generally accepted accounting principles in the United States of America
GILTI	Global intangible low-taxed income
GNMA	Government National Mortgage Association
HCPL	Healthcare professional liability
IBNR	Incurred but not reported
Inova Re	Inova Re, LTD, S.P.C.
IRS	Internal Revenue Service
LIBOR	London Interbank Offered Rate
LLC	Limited liability company
Lloyd's	Lloyd's of London market
LP	Limited partnership
LPT	Loss portfolio transfer
Medical technology liability	Medical technology and life sciences products liability
Mortgage Loans	Two ten-year mortgage loans collectively with an original borrowing amount of approximately \$40 million, each entered into by a subsidiary of ProAssurance
NAIC	National Association of Insurance Commissioners
NAV	Net asset value
NOL	Net operating loss
NRSRO	Nationally recognized statistical rating organization
NYSE	New York Stock Exchange
OCI	Other comprehensive income (loss)
OTTI	Other-than-temporary impairment
PCAOB	Public Company Accounting Oversight Board
Revolving Credit Agreement	ProAssurance's \$250 million revolving credit agreement
ROE	Return on equity
ROU	Right-of-use
SAP	Statutory accounting principles



**Table of Contents**

<b>Term</b>	<b>Meaning</b>
SEC	Securities and Exchange Commission
SPA	Special Purpose Arrangement
SPC	Segregated portfolio cell
Specialty P&C	Specialty Property and Casualty
Syndicate 1729	Lloyd's of London Syndicate 1729
Syndicate 6131	Lloyd's of London Syndicate 6131, a Special Purpose Arrangement with Lloyd's of London Syndicate 1729
Syndicate Credit Agreement	Unconditional revolving credit agreement with the Premium Trust Fund of Syndicate 1729
TCJA	Tax Cuts and Jobs Act H.R.1 of 2017
U.K.	United Kingdom of Great Britain and Northern Ireland
ULAE	Unallocated loss adjustment expense
VIE	Variable interest entity

**Table of Contents**

**Caution Regarding Forward-Looking Statements**

Any statements in this Form 10-Q that are not historical facts are specifically identified as forward-looking statements. These statements are based upon our estimates and anticipation of future events and are subject to significant risks, assumptions and uncertainties that could cause actual results to vary materially from the expected results described in the forward-looking statements. Forward-looking statements are identified by words such as, but not limited to, "anticipate," "believe," "estimate," "expect," "hope," "hopeful," "intend," "likely," "may," "optimistic," "possible," "potential," "preliminary," "project," "should," "will" and other analogous expressions. There are numerous factors that could cause our actual results to differ materially from those in the forward-looking statements. Thus, sentences and phrases that we use to convey our view of future events and trends are expressly designated as forward-looking statements as are sections of this Form 10-Q that are identified as giving our outlook on future business.

Forward-looking statements relating to our business include among other things: statements concerning future liquidity and capital requirements, investment valuation and performance, return on equity, financial ratios, net income, premiums, losses and loss reserve, premium rates and retention of current business, competition and market conditions, the expansion of product lines, the development or acquisition of business in new geographical areas, the availability of acceptable reinsurance, actions by regulators and rating agencies, court actions, legislative actions, payment or performance of obligations under indebtedness, payment of dividends and other matters.

These forward-looking statements are subject to significant risks, assumptions and uncertainties, including, among other things, the following factors that could affect the actual outcome of future events:

changes in general economic conditions, including the impact of inflation or deflation and unemployment;  
our ability to maintain our dividend payments;

regulatory, legislative and judicial actions or decisions that could affect our business plans or operations, including the impact of Brexit;

the enactment or repeal of tort reforms;

formation or dissolution of state-sponsored insurance entities providing coverages now offered by ProAssurance which could remove or add sizable numbers of insureds from or to the private insurance market;

changes in the interest and tax rate environment;

resolution of uncertain tax matters and changes in tax laws, including the impact of the TCJA;

changes in laws or government regulations regarding financial markets or market activity that may affect our business;

changes in the ability of the U.S. government to meet its obligations that may affect the U.S. economy and our business;

performance of financial markets affecting the fair value of our investments or making it difficult to determine the value of our investments;

changes in requirements or accounting policies and practices that may be adopted by our regulatory agencies, the FASB, the SEC, the PCAOB or the NYSE that may affect our business;

changes in laws or government regulations affecting the financial services industry, the property and casualty insurance industry or particular insurance lines underwritten by our subsidiaries;

the effect on our insureds, particularly the insurance needs of our insureds, and our loss costs, of changes in the healthcare delivery system and/or changes in the U.S. political climate that may affect healthcare policy or our business;

consolidation of our insureds into or under larger entities which may be insured by competitors, or may not have a risk profile that meets our underwriting criteria or which may not use external providers for insuring or otherwise managing substantial portions of their liability risk;

uncertainties inherent in the estimate of our loss and loss adjustment expense reserve and reinsurance recoverable;  
changes in the availability, cost, quality or collectability of insurance/reinsurance;

the results of litigation, including pre- or post-trial motions, trials and/or appeals we undertake;

effects on our claims costs from mass tort litigation that are different from that anticipated by us;

allegations of bad faith which may arise from our handling of any particular claim, including failure to settle;

loss or consolidation of independent agents, agencies, brokers or brokerage firms;



changes in our organization, compensation and benefit plans;

4

---

**Table of Contents**

changes in the business or competitive environment may limit the effectiveness of our business strategy and impact our revenues;

our ability to retain and recruit senior management;

the availability, integrity and security of our technology infrastructure or that of our third-party providers of technology infrastructure, including any susceptibility to cyber-attacks which might result in a loss of information or operating capability;

the impact of a catastrophic event, as it relates to both our operations and our insured risks;

the impact of acts of terrorism and acts of war;

the effects of terrorism-related insurance legislation and laws;

guaranty funds and other state assessments;

our ability to achieve continued growth through expansion into new markets or through acquisitions or business combinations;

changes to the ratings assigned by rating agencies to our insurance subsidiaries, individually or as a group;

provisions in our charter documents, Delaware law and state insurance laws may impede attempts to replace or remove management or may impede a takeover;

state insurance restrictions may prohibit assets held by our insurance subsidiaries, including cash and investment securities, from being used for general corporate purposes;

taxing authorities can take exception to our tax positions and cause us to incur significant amounts of legal and accounting costs and, if our defense is not successful, additional tax costs, including interest and penalties; and expected benefits from completed and proposed acquisitions may not be achieved or may be delayed longer than expected due to business disruption; loss of customers, employees or key agents; increased operating costs or inability to achieve cost savings; and assumption of greater than expected liabilities, among other reasons.

Additional risks, assumptions and uncertainties that could arise from our membership in the Lloyd's market and our participation in Lloyd's Syndicates include, but are not limited to, the following:

members of Lloyd's are subject to levies by the Council of Lloyd's based on a percentage of the member's underwriting capacity, currently a maximum of 3%, but can be increased by Lloyd's;

Syndicate operating results can be affected by decisions made by the Council of Lloyd's which the management of Syndicate 1729 and Syndicate 6131 have little ability to control, such as a decision to not approve the business plan of Syndicate 1729 or Syndicate 6131, or a decision to increase the capital required to continue operations, and by our obligation to pay levies to Lloyd's;

Lloyd's insurance and reinsurance relationships and distribution channels could be disrupted or Lloyd's trading licenses could be revoked, making it more difficult for a Lloyd's Syndicate to distribute and market its products;

rating agencies could downgrade their ratings of Lloyd's as a whole; and

Syndicate 1729 and Syndicate 6131 operations are dependent on a small, specialized management team and the loss of their services could adversely affect the Syndicate's business. The inability to identify, hire and retain other highly qualified personnel in the future could adversely affect the quality and profitability of Syndicate 1729's or Syndicate 6131's business.

Our results may differ materially from those we expect and discuss in any forward-looking statements. The principal risk factors that may cause these differences are described in "Item 1A, Risk Factors" in our Form 10-K and other documents we file with the SEC, such as our current reports on Form 8-K and our regular reports on Form 10-Q. We caution readers not to place undue reliance on any such forward-looking statements, which are based upon conditions existing only as of the date made, and advise readers that these factors could affect our financial performance and could cause actual results for future periods to differ materially from any opinions or statements expressed with respect to future periods in any current statements. Except as required by law or regulations, we do not undertake and specifically decline any obligation to publicly release the result of any revisions that may be made to any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.



Table of Contents**TABLE OF CONTENTS****PART I. FINANCIAL INFORMATION**

<b><u>ITEM</u></b>	<b><u>FINANCIAL STATEMENTS</u></b>	
<b><u>1.</u></b>		
	<u>CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED) - MARCH 31, 2019 AND DECEMBER 31, 2018</u>	<u>7</u>
	<u>CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN CAPITAL (UNAUDITED) - THREE MONTHS ENDED MARCH 31, 2019 AND 2018</u>	<u>8</u>
	<u>CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (UNAUDITED) - THREE MONTHS ENDED MARCH 31, 2019 AND 2018</u>	<u>9</u>
	<u>CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) - THREE MONTHS ENDED MARCH 31, 2019 AND 2018</u>	<u>10</u>
	<u>NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)</u>	<u>12</u>
	<u>BASIS OF PRESENTATION</u>	<u>12</u>
	<u>FAIR VALUE MEASUREMENT</u>	<u>16</u>
	<u>INVESTMENTS</u>	<u>25</u>
	<u>INCOME TAXES</u>	<u>31</u>
	<u>RESERVE FOR LOSSES AND LOSS ADJUSTMENT EXPENSES</u>	<u>31</u>
	<u>COMMITMENTS AND CONTINGENCIES</u>	<u>32</u>
	<u>LEASES</u>	<u>33</u>
	<u>DEBT</u>	<u>34</u>
	<u>DERIVATIVES</u>	<u>35</u>
	<u>SHAREHOLDERS' EQUITY</u>	<u>36</u>
	<u>VARIABLE INTEREST ENTITIES</u>	<u>37</u>
	<u>EARNINGS PER SHARE</u>	<u>37</u>
	<u>SEGMENT INFORMATION</u>	<u>38</u>
<b><u>ITEM</u></b>	<b><u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u></b>	<b><u>42</u></b>
<b><u>2.</u></b>		
<b><u>ITEM</u></b>	<b><u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u></b>	<b><u>91</u></b>
<b><u>3.</u></b>		
<b><u>ITEM</u></b>	<b><u>CONTROLS AND PROCEDURES</u></b>	<b><u>94</u></b>
<b><u>4.</u></b>		
<b><u>PART II. OTHER INFORMATION</u></b>		
<b><u>ITEM</u></b>	<b><u>LEGAL PROCEEDINGS</u></b>	<b><u>94</u></b>
<b><u>1.</u></b>		
<b><u>ITEM</u></b>	<b><u>RISK FACTORS</u></b>	<b><u>94</u></b>
<b><u>1A.</u></b>		
	<b><u>UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u></b>	<b><u>94</u></b>

ITEM

2.

ITEM

EXHIBITS

95

6.

SIGNATURE

96

6

---

Table of Contents

**ProAssurance Corporation and Subsidiaries**  
**Condensed Consolidated Balance Sheets (Unaudited)**  
(In thousands, except share data)

	March 31, 2019	December 31, 2018
<b>Assets</b>		
Investments		
Fixed maturities, available for sale, at fair value; amortized cost, \$2,175,109 and \$2,116,825, respectively	<b>\$2,185,798</b>	\$2,093,798
Fixed maturities, trading, at fair value; cost, \$43,031 and \$38,445, respectively	<b>42,973</b>	38,188
Equity investments, at fair value; cost, \$451,925 and \$450,931, respectively	<b>476,324</b>	442,937
Short-term investments	<b>217,788</b>	308,319
Business owned life insurance	<b>64,549</b>	64,096
Investment in unconsolidated subsidiaries	<b>390,854</b>	367,757
Other investments, \$33,441 and \$31,344 at fair value, respectively, otherwise at cost or amortized cost	<b>36,328</b>	34,287
<b>Total Investments</b>	<b>3,414,614</b>	3,349,382
Cash and cash equivalents	<b>71,830</b>	80,471
Premiums receivable	<b>289,126</b>	261,466
Receivable from reinsurers on paid losses and loss adjustment expenses	<b>27,956</b>	11,558
Receivable from reinsurers on unpaid losses and loss adjustment expenses	<b>349,319</b>	343,820
Prepaid reinsurance premiums	<b>45,095</b>	40,631
Deferred policy acquisition costs	<b>56,923</b>	54,116
Deferred tax asset, net	<b>15,685</b>	29,108
Real estate, net	<b>30,688</b>	31,114
Operating lease ROU assets	<b>17,227</b>	—
Intangible assets, net	<b>75,267</b>	76,776
Goodwill	<b>210,725</b>	210,725
Other assets	<b>112,653</b>	111,559
<b>Total Assets</b>	<b>\$4,717,108</b>	\$4,600,726
<b>Liabilities and Shareholders' Equity</b>		
<b>Liabilities</b>		
Policy liabilities and accruals		
Reserve for losses and loss adjustment expenses	<b>\$2,158,995</b>	\$2,119,847
Unearned premiums	<b>457,607</b>	415,211
Reinsurance premiums payable	<b>54,692</b>	55,614
<b>Total Policy Liabilities</b>	<b>2,671,294</b>	2,590,672
Operating lease liabilities	<b>18,036</b>	—
Other liabilities	<b>178,395</b>	199,295
Debt less debt issuance costs	<b>287,487</b>	287,757
<b>Total Liabilities</b>	<b>3,155,212</b>	3,077,724
<b>Shareholders' Equity</b>		
Common shares, par value \$0.01 per share, 100,000,000 shares authorized, 63,093,580 and 62,989,421 shares issued, respectively	<b>631</b>	630
Additional paid-in capital	<b>383,494</b>	384,713
Accumulated other comprehensive income (loss), net of deferred tax expense (benefit) of \$2,449 and (\$4,355), respectively	<b>8,655</b>	(16,911 )
Retained earnings	<b>1,586,393</b>	1,571,847
Treasury shares, at cost, 9,352,373 shares as of each respective period end	<b>(417,277 )</b>	(417,277 )

Total Shareholders' Equity	<b>1,561,896</b>	1,523,002
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$4,717,108</b>	\$4,600,726

*See accompanying notes.*

7

---

Table of Contents

**ProAssurance Corporation and Subsidiaries**  
**Condensed Consolidated Statements of Changes in Capital (Unaudited)**  
(In thousands)

	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock	Total
<b>Balance at December 31, 2018</b>	<b>\$ 630</b>	<b>\$ 384,713</b>	<b>\$ (16,911 )</b>	<b>\$ 1,571,847</b>	<b>\$(417,277 )</b>	<b>\$ 1,523,002</b>
Cumulative-effect adjustment- ASU 2018-07 adoption*	—	—	—	(444 )	—	(444 )
Common shares issued for compensation and effect of shares reissued to stock purchase plan	—	176	—	—	—	176
Share-based compensation	—	1,237	—	—	—	1,237
Net effect of restricted and performance shares issued	1	(2,632 )	—	—	—	(2,631 )
Dividends to shareholders	—	—	—	(16,660 )	—	(16,660 )
Other comprehensive income (loss)	—	—	25,566	—	—	25,566
Net income	—	—	—	31,650	—	31,650
<b>Balance at March 31, 2019</b>	<b>\$ 631</b>	<b>\$ 383,494</b>	<b>\$ 8,655</b>	<b>\$ 1,586,393</b>	<b>\$(417,277 )</b>	<b>\$ 1,561,896</b>

	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock	Total
Balance at December 31, 2017	\$ 628	\$ 383,077	\$ 14,911	\$ 1,614,186	\$(418,007 )	\$ 1,594,795
Cumulative-effect adjustment- ASU 2016-01 adoption	—	—	—	8,334	—	8,334
Cumulative-effect adjustment- ASU 2018-02 adoption	—	—	3,416	(3,416 )	—	—
Common shares issued for compensation and effect of shares reissued to stock purchase plan	—	122	—	—	(2 )	120
Share-based compensation	—	902	—	—	—	902
Net effect of restricted and performance shares issued	2	(3,851 )	—	—	—	(3,849 )
Dividends to shareholders	—	—	—	(16,616 )	—	(16,616 )
Other comprehensive income (loss)	—	—	(26,373 )	—	—	(26,373 )
Net income	—	—	—	11,856	—	11,856
Balance at March 31, 2018	\$ 630	\$ 380,250	\$ (8,046 )	\$ 1,614,344	\$(418,009 )	\$ 1,569,169

\* See Note 1 for discussion of accounting guidance adopted during the period.

See accompanying notes.



Table of Contents**ProAssurance Corporation and Subsidiaries****Condensed Consolidated Statements of Income and Comprehensive Income (Unaudited)****(In thousands, except per share data)**

	Three Months Ended March 31	
	2019	2018
Revenues		
Net premiums earned	<b>\$208,149</b>	\$187,159
Net investment income	<b>22,818</b>	22,027
Equity in earnings (loss) of unconsolidated subsidiaries	<b>(810)</b>	) 1,640
Net realized investment gains (losses):		
OTTI losses	<b>(136)</b>	) —
Portion of OTTI losses recognized in other comprehensive income before taxes	<b>87</b>	—
Net impairment losses recognized in earnings	<b>(49)</b>	) —
Other net realized investment gains (losses)	<b>36,672</b>	(12,517 )
Total net realized investment gains (losses)	<b>36,623</b>	(12,517 )
Other income	<b>2,095</b>	2,723
Total revenues	<b>268,875</b>	201,032
Expenses		
Net losses and loss adjustment expenses	<b>159,755</b>	129,786
Underwriting, policy acquisition and operating expenses		
Operating expense	<b>33,290</b>	32,467
DPAC amortization	<b>28,102</b>	24,893
Segregated portfolio cells dividend expense (income)	<b>4,787</b>	1,747
Interest expense	<b>4,330</b>	3,705
Total expenses	<b>230,264</b>	192,598
Income before income taxes	<b>38,611</b>	8,434
Provision for income taxes		
Current expense (benefit)	<b>343</b>	(1,328 )
Deferred expense (benefit)	<b>6,618</b>	(2,094 )
Total income tax expense (benefit)	<b>6,961</b>	(3,422 )
Net income	<b>31,650</b>	11,856
Other comprehensive income (loss), after tax, net of reclassification adjustments	<b>25,566</b>	(26,373 )
Comprehensive income (loss)	<b>\$57,216</b>	\$(14,517 )
Earnings per share		
Basic	<b>\$0.59</b>	\$0.22
Diluted	<b>\$0.59</b>	\$0.22
Weighted average number of common shares outstanding:		
Basic	<b>53,683</b>	53,515
Diluted	<b>53,808</b>	53,682
Cash dividends declared per common share	<b>\$0.31</b>	\$0.31

*See accompanying notes.*

Table of Contents

**ProAssurance Corporation and Subsidiaries**  
**Condensed Consolidated Statements of Cash Flows (Unaudited)**  
**(In thousands)**

	<b>Three Months Ended</b>	
	<b>March 31</b>	
	<b>2019</b>	<b>2018</b>
<b>Operating Activities</b>		
Net income	<b>\$31,650</b>	\$11,856
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization, net of accretion	<b>5,036</b>	6,079
(Increase) decrease in cash surrender value of BOLI	<b>(453 )</b>	(449 )
Net realized investment (gains) losses	<b>(36,623 )</b>	12,517
Share-based compensation	<b>1,228</b>	902
Deferred income tax expense (benefit)	<b>6,618</b>	(2,094 )
Policy acquisition costs, net of amortization (net deferral)	<b>(2,807 )</b>	(504 )
Equity in (earnings) loss of unconsolidated subsidiaries	<b>810</b>	(1,640 )
Distributed earnings from unconsolidated subsidiaries	<b>1,938</b>	7,018
Other	<b>1,337</b>	752
Other changes in assets and liabilities:		
Premiums receivable	<b>(27,660 )</b>	(9,559 )
Reinsurance related assets and liabilities	<b>(27,283 )</b>	9,651
Other assets	<b>(1,447 )</b>	6,254
Reserve for losses and loss adjustment expenses	<b>39,148</b>	8,420
Unearned premiums	<b>42,396</b>	27,743
Other liabilities	<b>504</b>	(3,592 )
Net cash provided (used) by operating activities	<b>34,392</b>	73,354
<b>Investing Activities</b>		
Purchases of:		
Fixed maturities, available for sale	<b>(179,107)</b>	(367,872)
Fixed maturities, trading	<b>(4,614 )</b>	(4,162 )
Equity investments	<b>(25,016 )</b>	(67,129 )
Other investments	<b>(4,602 )</b>	(7,108 )
Funding of qualified affordable housing project tax credit partnerships	<b>(247 )</b>	—
Investment in unconsolidated subsidiaries	<b>(31,150 )</b>	(21,985 )
Proceeds from sales or maturities of:		
Fixed maturities, available for sale	<b>119,425</b>	459,822
Equity investments	<b>25,812</b>	51,085
Other investments	<b>4,738</b>	6,092
Return of invested capital from unconsolidated subsidiaries	<b>5,305</b>	11,783
Net sales or maturities (purchases) of short-term investments	<b>90,698</b>	82,976
Unsettled security transactions, net change	<b>5,440</b>	22,421
Purchases of capital assets	<b>(2,572 )</b>	(1,836 )
Repayments (advances) under Syndicate Credit Agreement	<b>(212 )</b>	(17,980 )
Other	<b>(30 )</b>	—
Net cash provided (used) by investing activities	<b>3,868</b>	146,107

*Continued on the following page.*



**Table of Contents**

	<b>Three Months Ended</b>	
	<b>March 31</b>	
	<b>2019</b>	<b>2018</b>
<i>Continued from the previous page.</i>		
<b>Financing Activities</b>		
Borrowings (repayments) under Revolving Credit Agreement	—	(40,000 )
Repayments of Mortgage Loans	<b>(362 )</b>	(349 )
Dividends to shareholders	<b>(43,338 )</b>	(266,734)
Capital contribution received from (return of capital to) external segregated portfolio cell participants	<b>(562 )</b>	251
Other	<b>(2,639 )</b>	(3,877 )
Net cash provided (used) by financing activities	<b>(46,901 )</b>	(310,709)
Increase (decrease) in cash and cash equivalents	<b>(8,641 )</b>	(91,248 )
Cash and cash equivalents at beginning of period	<b>80,471</b>	134,495
Cash and cash equivalents at end of period	<b>\$71,830</b>	\$43,247
<b>Significant Non-Cash Transactions</b>		
Dividends declared and not yet paid	<b>\$16,660</b>	\$16,616

*See accompanying notes.*

**Table of Contents**

**ProAssurance Corporation and Subsidiaries**

**Notes to Condensed Consolidated Financial Statements (Unaudited)**

**March 31, 2019**

**1. Basis of Presentation**

The accompanying unaudited Condensed Consolidated Financial Statements include the accounts of ProAssurance Corporation and its consolidated subsidiaries (ProAssurance, PRA or the Company). The financial statements have been prepared in accordance with GAAP for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation, consisting of normal recurring adjustments, have been included. ProAssurance's results for the three months ended March 31, 2019 are not necessarily indicative of the results that may be expected for the year ending December 31, 2019. The accompanying Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and Notes contained in ProAssurance's December 31, 2018 report on Form 10-K. In connection with its preparation of the Condensed Consolidated Financial Statements, ProAssurance evaluated events that occurred subsequent to March 31, 2019 for recognition or disclosure in its financial statements and notes to financial statements.

Beginning in the third quarter of 2018, ProAssurance operates in five reportable segments as follows: Specialty P&C, Workers' Compensation Insurance, Segregated Portfolio Cell Reinsurance, Lloyd's Syndicates and Corporate. For more information on the Company's segment reporting, including the nature of products and services provided and financial information by segment, refer to Note 13.

**Reclassifications**

As a result of the third quarter of 2018 segment reorganization, prior period segment information in Note 13 has been recast to conform to the Company's current segment reporting (see Note 13 for further information).

Certain other insignificant prior period amounts have been reclassified to conform to the current period presentation.

**Accounting Policies**

Except as added below, the significant accounting policies followed by ProAssurance in making estimates that materially affect financial reporting are summarized in Note 1 of the Notes to Consolidated Financial Statements in ProAssurance's December 31, 2018 report on Form 10-K.

**Leases**

ProAssurance is involved in a number of leases primarily for office facilities. The Company determines if an arrangement is a lease at the inception date of the contract and classifies all leases as either financing or operating. Operating leases are included in operating lease ROU assets and operating lease liabilities on the Condensed Consolidated Balance Sheet as of March 31, 2019. The ROU asset represents the right to use the underlying asset (office space) for the lease term. As of March 31, 2019, ProAssurance has no leases that are classified as financing leases.

Operating ROU assets and operating lease liabilities are recognized as of the lease commencement date based on the present value of the remaining lease payments, discounted over the term of the lease using a discount rate determined based on information available as of the commencement date. As the majority of ProAssurance's lessors do not provide an implicit discount rate, the Company uses its collateralized incremental borrowing rate in determining the present value of remaining lease payments. Due to the adoption of ASU 2016-02 (see further discussion that follows), the Company used its collateralized incremental borrowing rate as of January 1, 2019 for operating leases that commenced prior to that date. Leases with an initial term of twelve months or less are considered short-term and are not recorded on the Condensed Consolidated Balance Sheet; lease expense for these leases is recognized on a straight-line basis over the lease term. Additionally, for leases entered into or reassessed after the adoption of ASU 2016-02, ProAssurance accounts for lease and non-lease components of a contract as a single lease component. Operating lease expense is included as a component of operating expense on the Condensed Consolidated Statements of Income and Comprehensive Income for the three months ended March 31, 2019 and 2018.

Operating lease ROU assets are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of a ROU asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use of the underlying leased asset over the remaining lease term. That assessment is based on the carrying amount of the ROU asset at the date it is tested for recoverability and an impairment loss is measured and recognized as the amount by which the carrying amount of the ROU asset exceeds its fair value.

Table of Contents**ProAssurance Corporation and Subsidiaries****Notes to Condensed Consolidated Financial Statements (Unaudited)****March 31, 2019**Other Liabilities

Other liabilities consisted of the following:

<i>(In thousands)</i>	<b>March 31, 2019</b>	December 31, 2018
SPC dividends payable	<b>\$59,129</b>	\$ 53,604
Unpaid dividends	<b>16,660</b>	43,446
All other	<b>102,606</b>	102,245
Total other liabilities	<b>\$178,395</b>	\$ 199,295

SPC dividends payable are the cumulative undistributed earnings contractually payable to the external cell participants of SPCs operated by ProAssurance's Cayman Islands subsidiaries, Eastern Re and Inova Re.

Unpaid dividends represent common stock dividends declared by ProAssurance's Board that had not yet been paid as of March 31, 2019. Unpaid dividends at December 31, 2018 included a special dividend declared in the fourth quarter of 2018 that was paid in January 2019.

Accounting Changes Adopted

## Leases (ASU 2016-02)

Effective for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years, the FASB issued guidance that requires a lessee to recognize for all leases (with the exception of short-term leases) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. ProAssurance adopted the guidance as of January 1, 2019 using a modified retrospective application and elected the transition option provided that allows companies to continue to apply legacy GAAP in comparative periods. Also, ProAssurance elected the package of practical expedients permitted under the guidance, which allowed the Company to carryforward its historical lease classification, its assessment on whether a contract is or contains a lease and its initial direct costs for any leases that exist prior to adoption of the new standard.

Furthermore, ProAssurance elected to combine lease and non-lease components and to keep leases with an initial term of 12 months or less off the Condensed Consolidated Balance Sheet and recognize the associated lease payments in the Condensed Consolidated Statements of Income and Comprehensive Income on a straight-line basis over the lease term. ProAssurance recognized a total ROU asset and total lease liabilities of approximately \$19 million on the Condensed Consolidated Balance Sheet as of January 1, 2019 which relate to ProAssurance's real estate operating leases; the Company does not consider these leases to be material to its financial position. Adoption of this guidance had no material impact on ProAssurance's results of operation or cash flows.

ProAssurance's Revolving Credit Agreement contains a financial covenant regarding permitted leverage ratios based upon Consolidated Funded Indebtedness to Consolidated Total Capitalization; however, adoption of this guidance had no material impact on this covenant. ProAssurance's Mortgage Loans also contain a financial covenant regarding permitted leverage ratios, principally based upon SAP Consolidated Net Worth; however, as the NAIC did not adopt the principles found in ASU 2016-02, adoption of the guidance had no impact on this covenant.

## Premium Amortization on Purchased Callable Debt Securities (ASU 2017-08)

Effective for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years, the FASB issued guidance that will require the premium for certain callable debt securities to be amortized over a shorter period than is currently required. Currently amortization is permitted over the contractual life of the instrument and the guidance shortens the amortization to the earliest call date. The purpose of the guidance is to more closely align the amortization period of premiums to expectations incorporated in market pricing on the underlying securities.

ProAssurance adopted the guidance as of January 1, 2019. As ProAssurance amortizes premium on callable debt securities to the earliest call date, adoption of the guidance had no material effect on ProAssurance's results of operations, financial position or cash flows.

Derivatives and Hedging (ASU 2017-12)

Effective for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years, the FASB issued guidance to improve financial reporting of hedging relationships to better portray the entity's risk management activities in the consolidated financial statements. The new guidance eliminates the requirement to separately measure and report hedge ineffectiveness and requires the entire change in the fair value of a hedging instrument to be presented in the same income statement line as the hedged item. ProAssurance adopted the guidance as of January 1, 2019. ProAssurance's derivative



**Table of Contents**

**ProAssurance Corporation and Subsidiaries**

**Notes to Condensed Consolidated Financial Statements (Unaudited)**

**March 31, 2019**

instrument at March 31, 2019 is not designated as a hedging instrument; therefore, adoption had no material effect on ProAssurance's results of operations, financial position or cash flows.

Improvements to Nonemployee Share-Based Payment Accounting (ASU 2018-07)

Effective for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years, the FASB issued guidance which reduces the complexity in accounting for nonemployee share-based payment awards. The new guidance substantially aligns the accounting for nonemployee share-based payment awards with the accounting guidance for employee share-based payment awards with certain exceptions, including the inputs used in estimating the fair value of the nonemployee awards and the period of time and pattern of expense recognition. ProAssurance adopted the guidance as of January 1, 2019 using a modified retrospective application and recorded a cumulative-effect adjustment of approximately \$0.4 million to beginning retained earnings in the Condensed Consolidated Statement of Changes in Capital for the three months ended March 31, 2019. Adoption had no material effect of ProAssurance's results of operations or cash flows.

Derivatives and Hedging - Inclusion of the Secured Overnight Financing Rate (SOFR) Overnight Index Swap as a Benchmark Interest Rate for Hedge Accounting Purposes (ASU 2018-16)

Effective for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years, the FASB issued new guidance that permits the use of the Overnight Index Swap Rate based on the Secured Financing Rate as a U.S.

benchmark interest rate for hedge accounting purposes. ProAssurance adopted the guidance as of January 1, 2019. As of March 31, 2019, ProAssurance's derivative instrument is not designated as a hedging instrument; therefore, adoption had no material effect on ProAssurance's results of operations, financial position or cash flows.

**Accounting Changes Not Yet Adopted**

Improvements to Financial Instruments - Credit Losses (ASU 2016-13)

Effective for fiscal years beginning after December 15, 2019 and interim periods within those fiscal years, the FASB issued guidance that replaces the incurred loss impairment methodology, which delays recognition of credit losses until a probable loss has been incurred, with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Under the new guidance, credit losses are required to be recorded through an allowance for credit losses account and the income statement reflects the measurement for newly recognized financial assets, as well as increases or decreases of expected credit losses that have taken place during the period. Credit losses on available-for-sale fixed maturity securities will be required to be presented as an allowance, rather than as a write-down of the asset, limited to the amount by which the fair value is below amortized cost. Adoption of this guidance is not expected to have a material impact on ProAssurance's available-for-sale fixed maturity portfolio. In addition, ProAssurance's premiums receivable and receivables from reinsurers are also included in the scope of this new guidance; however, ProAssurance has not historically experienced material credit losses due to the financial condition of an insurer or reinsurer. ProAssurance plans to adopt the guidance beginning January 1, 2020 and is in the process of evaluating the effect the new guidance would have on its results of operations and financial position.

Simplifying the Test for Goodwill Impairment (ASU 2017-04)

Effective for the fiscal years beginning after December 15, 2019 and interim periods within those fiscal years, the FASB issued guidance that simplifies the requirements to test goodwill for impairment for business entities that have goodwill reported in their financial statements. The guidance eliminates the second step of the impairment test which measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount. In addition, the guidance also eliminates the requirements for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment. ProAssurance plans to adopt the guidance beginning January 1, 2020. Adoption is not expected to have a material effect on ProAssurance's results of operations, financial position or cash flows.

Changes to the Disclosure Requirements for Fair Value Measurement (ASU 2018-13)

Effective for fiscal years beginning after December 15, 2019 and interim periods within those fiscal years, the FASB issued guidance that eliminates, modifies and adds certain disclosure requirements related to fair value measurements. The new guidance eliminates the requirements to disclose the transfers between Level 1 and Level 2 of the fair value hierarchy, the policy for the timing of transfers between levels of the fair value hierarchy and the valuation process for Level 3 fair value measurements while it modifies existing disclosure requirements related to measurement uncertainty and the requirement to disclose the timing of liquidation of an investee's assets for investments in certain entities that calculate NAV. The new guidance also adds requirements to disclose changes in unrealized gains and losses included in OCI for recurring Level 3 fair value measurements as well as the range and weighted average used to develop significant unobservable inputs for Level 3 fair value measurements. An entity is permitted to early adopt any eliminated or modified disclosure requirements and delay adoption of

**Table of Contents**

**ProAssurance Corporation and Subsidiaries**

**Notes to Condensed Consolidated Financial Statements (Unaudited)**

**March 31, 2019**

the additional disclosure requirements until the guidance is effective. During the third quarter of 2018, ProAssurance elected to early adopt the provisions that eliminate and modify certain disclosure requirements within Note 2 on a retrospective basis and adoption of these certain provisions had no material effect on ProAssurance's results of operations, financial position or cash flows as it affected disclosures only. ProAssurance plans to adopt the additional disclosure requirements beginning January 1, 2020 and adoption is not expected to have a material effect on ProAssurance's results of operations, financial position or cash flows.

**Intangibles - Goodwill and Other-Internal-Use Software (ASU 2018-15)**

Effective for fiscal years beginning after December 15, 2019 and interim periods within those fiscal years, the FASB amended the new standard regarding accounting for implementation costs in cloud computing arrangements. The amended guidance substantially aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. ProAssurance plans to adopt the guidance beginning January 1, 2020. Adoption is not expected to have a material effect on ProAssurance's results of operations, financial position or cash flows.

**Targeted Improvements to Related Party Guidance for VIEs (ASU 2018-17)**

Effective for fiscal years beginning after December 15, 2019 and interim periods within those fiscal years, the FASB amended guidance which improves the consistency of the application of the VIE guidance for common control arrangements. The amended guidance requires an entity to consider indirect interests held through related parties under common control on a proportional basis rather than as the equivalent of a direct interest in its entirety when determining whether a decision-making fee is a variable interest. ProAssurance plans to adopt the guidance beginning January 1, 2020. As of March 31, 2019 ProAssurance does not have any material indirect interests held through related parties under common control; therefore, adoption is not expected to have a material effect on ProAssurance's results of operations, financial position or cash flows.

**Collaborative Arrangements (ASU 2018-18)**

Effective for fiscal years beginning after December 15, 2019 and interim periods within those fiscal years, the FASB issued new guidance which clarifies how to assess whether certain transactions between participants in a collaborative arrangement should be accounted for under the revenue from contracts with customers accounting standard when the counterpart is a customer. In addition, the guidance precludes an entity from presenting consideration from a transaction in a collaborative arrangement as revenue from contracts with customers if the counterpart is not a customer for that transaction. ProAssurance plans to adopt the guidance beginning January 1, 2020 and adoption is not expected to have a material effect on ProAssurance's results of operations, financial position or cash flows.

Table of Contents

**ProAssurance Corporation and Subsidiaries**

**Notes to Condensed Consolidated Financial Statements (Unaudited)**

**March 31, 2019**

**2. Fair Value Measurement**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three level hierarchy has been established for valuing assets and liabilities based on how transparent (observable) the inputs are that are used to determine fair value, with the inputs considered most observable categorized as Level 1 and those that are the least observable categorized as Level 3. Hierarchy levels are defined as follows:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets and liabilities. For ProAssurance, Level 1 inputs are generally quotes for debt or equity securities actively traded in exchange or over-the-counter markets.
- Level 2: market data obtained from sources independent of the reporting entity (observable inputs). For ProAssurance, Level 2 inputs generally include quoted prices in markets that are not active, quoted prices for similar assets or liabilities, and results from pricing models that use observable inputs such as interest rates and yield curves that are generally available at commonly quoted intervals.
- Level 3: the reporting entity's own assumptions about market participant assumptions based on the best information available in the circumstances (non-observable inputs). For ProAssurance, Level 3 inputs are used in situations where little or no Level 1 or 2 inputs are available or are inappropriate given the particular circumstances. Level 3 inputs include results from pricing models for which some or all of the inputs are not observable, discounted cash flow methodologies, single non-binding broker quotes and adjustments to externally quoted prices that are based on management judgment or estimation.

Fair values of assets measured at fair value on a recurring basis as of March 31, 2019 and December 31, 2018 are shown in the following tables. Where applicable, the tables also indicate the fair value hierarchy of the valuation techniques utilized to determine those fair values. For some assets, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. When this is the case, the asset is categorized based on the level of the most significant input to the fair value measurement. Assessments of the significance of a particular input to the fair value measurement require judgment and consideration of factors specific to the assets being valued.

Table of Contents

## ProAssurance Corporation and Subsidiaries

## Notes to Condensed Consolidated Financial Statements (Unaudited)

March 31, 2019

	March 31, 2019			Total Fair Value
	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	
<i>(In thousands)</i>				
<b>Assets:</b>				
<b>Fixed maturities, available for sale</b>				
U.S. Treasury obligations	\$—	\$119,590	\$—	\$119,590
U.S. Government-sponsored enterprise obligations	—	28,802	—	28,802
State and municipal bonds	—	297,812	—	297,812
Corporate debt, multiple observable inputs	—	1,256,519	—	1,256,519
Corporate debt, limited observable inputs	—	—	4,296	4,296
Residential mortgage-backed securities	—	189,513	—	189,513
Agency commercial mortgage-backed securities	—	11,541	—	11,541
Other commercial mortgage-backed securities	—	49,620	1,182	50,802
Other asset-backed securities	—	223,973	2,950	226,923
Fixed maturities, trading	—	42,973	—	42,973
<b>Equity investments</b>				
<b>Financial</b>	73,849	—	—	73,849
Utilities/Energy	57,712	—	—	57,712
Consumer oriented	53,592	—	—	53,592
Industrial	48,334	—	—	48,334
Bond funds	178,309	—	—	178,309
All other	43,813	—	—	43,813
<b>Short-term investments</b>	180,058	37,730	—	217,788
<b>Other investments</b>	—	33,438	3	33,441
<b>Other assets</b>	—	1,447	—	1,447
<b>Total assets categorized within the fair value hierarchy</b>	<b>\$635,667</b>	<b>\$2,292,958</b>	<b>\$8,431</b>	<b>2,937,056</b>
<b>Assets carried at NAV, which approximates fair value and which are not categorized within the fair value hierarchy, reported as a part of:</b>				
<b>Equity investments</b>				<b>20,715</b>
<b>Investment in unconsolidated subsidiaries</b>				<b>291,525</b>
<b>Total assets at fair value</b>				<b>\$3,249,296</b>

Table of Contents**ProAssurance Corporation and Subsidiaries****Notes to Condensed Consolidated Financial Statements (Unaudited)****March 31, 2019**

	December 31, 2018			Total Fair Value
	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	
<i>(In thousands)</i>				
<b>Assets:</b>				
Fixed maturities, available for sale				
U.S. Treasury obligations	\$—	\$120,201	\$—	\$120,201
U.S. Government-sponsored enterprise obligations	—	35,354	—	35,354
State and municipal bonds	—	293,772	—	293,772
Corporate debt, multiple observable inputs	2,311,216	834	—	1,219,153
Corporate debt, limited observable inputs	—	—	4,322	4,322
Residential mortgage-backed securities	—	181,238	—	181,238
Agency commercial mortgage-backed securities	—	—	—	—