



IMPORTANT DISCLOSURES AND INSTRUCTIONS FOR CONSIDERATION ELECTION FORM

The enclosed Consideration Election Form has been prepared by NORCAL Mutual Insurance Company (“NORCAL Mutual”) in accordance with the terms of the Amended and Restated Plan of Conversion (the “Plan”) adopted by its Board of Directors (“Board”). Under the Plan, NORCAL Mutual will convert from a California domiciled mutual insurance company to a California domiciled stock insurance company (the “Conversion”). Immediately after the Conversion and pursuant to the February 20, 2020 Acquisition Agreement, PRA Professional Liability Group, Inc. (“PRA Professional”) has agreed to purchase for cash all shares of NORCAL Insurance Company (“NIC”) common stock to be issued to NORCAL Mutual’s members pursuant to the Plan (the “Acquisition”). The Conversion and subsequent Acquisition collectively are referred to as the “Proposed Transaction”.

Only NORCAL Mutual policyholders with policies in effect as of February 11, 2021, are entitled to vote on the Plan. Only Eligible Members (NORCAL Mutual policyholders with policies in effect as of February 18, 2020 *and* as of the date of the closing of the Proposed Transaction, including policyholders holding any successor policy to a policy in effect as of February 18, 2020 that is rewritten under a new policy, resulting in uninterrupted, continuous coverage through and including the date of the closing of the Proposed Transaction) are entitled to receive Conversion Consideration. Policyholders that are eligible to vote and/or receive consideration may log into <https://www.norcalconversion.com> to submit their vote on the Plan and chose the form of consideration they wish to receive. Policyholders with any questions may contact the Information Agent, Georgeson LLC at (888) 206-5970 from 6:00 a.m. to 8:00 p.m., Pacific Time, Monday through Friday or Saturday from 9:00 a.m. to 3:00 p.m.

You may elect **ONE** of the four forms of consideration described below (the “Conversion Consideration”) with respect to your Allocable Equity. As described in more detail in the Member Information Statement, your “Allocable Equity” of the collective equity in NORCAL Mutual (as determined by the Board of Directors of NORCAL Mutual based upon the revised and restated appraisal, dated August 25, 2020, of the fair value of NORCAL Mutual by Boenning & Scattergood, Inc.) was determined based upon an allocation formula that is comprised of your tenure percentage factor, premium percentage factor, and profitability percentage factor. If you have any questions regarding the four forms of consideration described below, you may wish to consult with an attorney, accountant or other financial advisory before making your election.

Choice 1. RECEIVE AND SELL CONVERSION STOCK TO PRA (Recommended).

- ... Exchange the value of your Allocable Equity for common stock of NIC (*i.e.*, the Conversion Stock) at the Subscription Price (\$50.00 per share).
- ... Receive Conversion Stock and immediately sell it to PRA Professional for cash consideration of \$51.14 per share of Fixed PRA Consideration and up to \$17.04 per share of Contingent PRA Consideration.
- ... NIC will transfer the Conversion Stock to PRA Professional on your behalf and you will receive the PRA Consideration (consisting of a combination of the Fixed PRA Consideration of cash equal to \$51.14 per share and the Contingent PRA Consideration in an amount up to \$17.04 per share as described in the PRA Tender Offer Statement pursuant to the terms of the Offer and the Acquisition Agreement).

OR

Choice 2. RECEIVE AND HOLD CONVERSION STOCK.

- ... Exchange the value of your Allocable Equity for Conversion Stock at the Subscription Price and become a stockholder of NIC.
- ... The shares of Conversion Stock will not be registered under the federal or state securities laws and will be subject to substantial restrictions on transfer.
- ... There is no public market for the Conversion Stock and it is unlikely that a public market will develop.
- ... If you elect to hold shares of Conversion Stock you will have to bear the economic risk of the investment for an indefinite period of time.
- ... However, ProAssurance Corporation's ("PRA") intention is to acquire directly or indirectly 100% of the Conversion Stock by acquiring your shares through a recapitalization, reorganization or reverse stock split at a price comparable to Choice 1 (though the price possibly may be less), so your ownership of Conversion Stock may be temporary.
- ... Further information about PRA's intention to acquire 100% ownership may be found under the Q&As in the Member Information Statement.

OR

Choice 3. RECEIVE A CONTRIBUTION CERTIFICATE.

- ... Receive a Contribution Certificate Equal to 100% of your Allocable Equity Payable Within Ten Years Only Out of NIC's Excess Surplus.
- ... Your Contribution Certificate will bear interest at the rate established in California Insurance Code Section 10489.4 for minimum standard valuation of all life insurance policies of more than 20 years' duration issued in the year (the current rate would be 3.00% per annum).
- ... Your Contribution Certificate will be payable within 10 years but only with the prior written approval of the Commissioner and only if following such payment NIC will have a surplus in an amount exceeding the greater of (1) "Total Adjusted Capital" (as defined in Section 739(m) of the California Insurance Code) equal to 150% of its "Company Action Level RBC" (as defined in Section 739(j)(1) of the California Insurance Code) as reflected in NIC's most recent "RBC Report" (as defined in Section 739(1) of the California Insurance Code) filed with the Commissioner or (2) the amount of surplus required by the laws of any jurisdiction in which NIC is licensed to do business to retain unimpaired its Certificate of Authority therein.
- ... The Contribution Certificate will not be registered under the federal or state securities laws and will be subject to substantial restrictions on transfer. There is no public market for the Contribution Certificates and it is unlikely that a public market will develop. If you elect to receive the Contribution Certificate you will have to bear the economic risk of the investment for an indefinite period of time.

OR

Choice 4. RECEIVE A CONVERSION CASH PAYMENT.

- ... Receive a cash payment equal to 50% of your Allocable Equity.
- ... Members electing Choices 1 or 4 will receive a cash payment, but if you elect Choice 4 you will receive a cash payment that is less than 50% of the cash payment available to you if you elect Choice 1.



Your Allocable Equity and the Conversion Consideration and PRA Consideration, if applicable, for each choice are provided on the back of your Consideration Election Form.

You may elect the form of Conversion Consideration to be received in the Conversion either (i) by completing and signing the Consideration Election form and returning it to the Exchange Agent, Computershare Trust Company, N.A., in the enclosed envelope; or (ii) online using the enclosed website login instructions. You must make your election on or before the Offer Expiration Time at 5:00 p.m. Pacific Time on April 27, 2021, unless the Offer Expiration Time is extended to a later date as permitted in the Acquisition Agreement. You will receive notice of any Offer Expiration Time extension.

If you do not make your election by the final Offer Expiration Time, you will automatically be deemed (pursuant to Section 4097.04 of the California Insurance Code) to have elected to receive Choice 3 and you will receive a Contribution Certificate.

Only NORCAL Mutual members with policies in effect as of February 18, 2020 and as of the date of the closing of the Proposed Transaction (including policyholders holding any successor policy to a policy in effect as of February 18, 2020 that is rewritten under a new policy, resulting in uninterrupted, continuous coverage through and including the date of the closing of the Proposed Transaction) will receive the Conversion Consideration if the Plan is consummated. For the avoidance of doubt, NORCAL Mutual members with policies in effect as of February 18, 2020 who no longer have policies in effect as of the date of the closing of the Proposed Transaction will not receive the Conversion Consideration.

If you are eligible to receive consideration as a policyholder of NORCAL Mutual, you may elect the form of the consideration you are entitled to receive in the Proposed Transaction by logging in to <https://www.norcalconversion.com> using the login credentials enclosed in this mailing or by completing, signing and returning the enclosed Consideration Election Form.

Under the terms of the Plan and the Acquisition Agreement, NORCAL Mutual will be converted to a stock insurance company and PRA Professional will purchase the shares of Conversion Stock only if, among other closing conditions, (1) the Eligible Members tender at least 80% of the outstanding shares of Conversion Stock to PRA Professional and (2) the total amount of the Contribution Certificates issued in the Conversion is less than \$200 million.

Complete information including defined terms can be found in the enclosed Acquisition Agreement, Member Information Statement and Tender Offer Statement.