Medical Professional Mutual Insurance Company

Financial Statements and Related Material to Comply with Statutory Filing Requirements
December 31, 2005 and 2004

Medical Professional Mutual Insurance Company
Index
December 31, 2005 and 2004

PRICEWATERHOUSECOOPERS

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Report of Independent Auditors

To the Board of Directors of
Medical Professional Mutual Insurance Company

We have audited the accompanying statutory statements of admitted assets, liabilities and accumulated surplus of Medical Professional Mutual Insurance Company (the "Company") as of December 31, 2005 and 2004, and the related statutory statements of income and accumulated surplus and of cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described more fully in Note 2 to the financial statements, the Company prepares these financial statements using accounting practices prescribed or permitted by The Division of Insurance of The Commonwealth of Massachusetts, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the statutory basis of accounting and accounting principles generally accepted in the United States of America are material; they are described in Note 2.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2005 and 2004, or the results of its operations or its cash flows for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities and accumulated surplus of the Company as of December 31, 2005 and 2004, and the results of its operations and its cash flows for the years then ended, on the basis of accounting described in Note 2.

Our audit was conducted for the purpose of forming an opinion on the basic statutory basis financial statements taken as a whole. The accompanying Supplemental Summary Investment Schedule and Investment Risk Interrogatories of the Company as of December 31, 2005, and for the year then ended are presented for purposes of additional analysis and are not a required part of the basic statutory basis financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic statutory basis financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic statutory basis financial statements taken as a whole.

PricewaterhouseCoopers LLP

March 30, 2006

Medical Professional Mutual Insurance Company
Statements of Admitted Assets, Liabilities and Accumulated Surplus (Statutory Basis)
December 31, 2005 and 2004

(in thousands)	**2005**	**2004**
Admitted Assets		
Cash and investments		
Bonds, at carrying value	$ 1,431,244	$ 1,248,447
Common and preferred stocks, at carrying value	218,576	208,805
Cash and short-term investments	96,199	76,248
Other invested assets	4,041	4,041
Receivable for investments sold	2,705	616
Total cash and investments	1,752,765	1,538,157
Premiums receivable	98,392	84,540
Interest and dividends accrued	13,388	12,413
Receivable from subsidiaries and affiliates	14,307	939
Federal income tax recoverable	1,470	814
Net deferred tax asset	20,138	19,485
Electronic data processing equipment, net	466	543
Reinsurance recoverable on paid losses and loss adjustment expenses	975	4,946
Ceded reinsurance premiums receivable, net of ceding commissions	455	-
Equity in pool	26,660	1,625
Other assets	3,381	3,334
Total admitted assets	$ 1,932,397	$ 1,666,796
Liabilities and Accumulated Surplus		
Liabilities		
Loss and loss adjustment expense reserves	$ 1,234,774	$ 1,072,531
Unearned premiums	171,303	139,158
Commissions payable and contingent commissions	3,541	3,117
Ceded reinsurance premiums payable, net of ceding commissions	-	259
Funds held by Company under reinsurance treaties	63,866	58,842
Reinsurance payable on paid losses and loss adjustment expenses	3,106	3,988
Payable for securities purchased	32,641	-
Other liabilities	12,956	10,440
Total liabilities	1,522,187	1,288,335
Accumulated surplus	410,210	378,461
Total liabilities and accumulated surplus	$ 1,932,397	$ 1,666,796

The accompanying notes are an integral part of the financial statements.

Medical Professional Mutual Insurance Company
Statements of Income and Accumulated Surplus
(Statutory Basis)
Years Ended December 31, 2005 and 2004

(in thousands)	2005	2004
Premiums written	$ 351,126	$ 263,361
Increase in unearned premiums	(32,145)	(31,020)
Premiums earned	318,981	232,341
Loss and loss adjustment expenses	282,362	220,798
Commissions	29,733	20,755
Taxes, licenses and fees	8,557	7,694
Other	22,388	16,980
	343,040	266,227
Underwriting loss	(24,059)	(33,886)
Net investment income (Note 3)	68,212	59,297
Net realized gains	3,758	5,348
Finance and service charge income	2,275	2,285
Other expense	(6,616)	(6,065)
Dividends to policyholders (Note 10)	(3,200)	(1,402)
Income before federal income taxes	40,370	25,577
Federal income tax expense (Note 4)	8,432	310
Net income - statutory basis	$ 31,938	$ 25,267
Accumulated surplus at beginning of year	$ 378,461	$ 342,768
Net income - statutory basis	31,938	25,267
Net unrealized capital (losses) gains (Note 3)	(107)	9,147
Decrease in net deferred income tax	(1,559)	(8,131)
Decrease in nonadmitted assets (Note 7)	2,030	9,410
Increase in provision for reinsurance	(553)	
Accumulated surplus at end of year	$ 410,210	$ 378,461

The accompanying notes are an integral part of the financial statements.

Medical Professional Mutual Insurance Company
Statements of Cash Flows
(Statutory Basis)
Years Ended December 31, 2005 and 2004

(in thousands)	2005	2004
Operating activities		
Premiums collected, net of reinsurance	$ 332,052	$ 219,864
Investment income, net	73,694	65,995
Miscellaneous expenses	(4,794)	(3,469)
Benefits and loss related payments	(75,945)	(94,361)
Commissions and expenses paid	(90,562)	(89,323)
Dividends paid to policyholders	(3,200)	(1,586)
Federal income taxes paid	(8,888)	(1,124)
Net cash provided by operating activities	222,357	95,996
Investing activities		
Proceeds from bonds sold, matured or repaid	578,649	477,042
Proceeds from stocks sold	101,797	107,838
Proceeds from other invested assets	84	54
Total investment proceeds	680,530	584,934
Cost of bonds acquired	(735,554)	(549,593)
Cost of stocks acquired	(109,391)	(112,307)
Total investments acquired	(844,945)	(661,900)
Net cash used in investing activities	(164,415)	(76,966)
Total other cash (applied) provided	(37,991)	26,961
Net increase in cash and short-term investments	19,951	45,991
Cash and short-term investments, beginning of year	76,248	30,257
Cash and short-term investments, end of year	$ 96,199	$ 76,248

The accompanying notes are an integral part of the financial statements.

(in thousands)

1. Business

Medical Professional Mutual Insurance Company ("ProMutual" or the "Company") is the largest writer of medical malpractice insurance in The Commonwealth of Massachusetts. 100% of the direct premiums written in 2005 and 2004 were from risks located in The Commonwealth of Massachusetts. The Company has a 100% interest in ProMutual Group, Inc. ProSelect Insurance Company ("ProSelect"), ProSelect National Insurance Company, Inc. ("ProSelect National") and ProMutual Insurance Agency, Inc. are wholly-owned subsidiaries of ProMutual Group, Inc. ProSelect is currently writing business in seven of the eight mid-Atlantic and New England states in which it is licensed. ProSelect National is licensed in twenty-seven states, but is not currently insuring risks.

2. Basis of Presentation and Significant Accounting Policies

Statutory Basis of Accounting
The financial statements of the Company have been prepared on a statutory basis in accordance with accounting practices prescribed or permitted by The Division of Insurance of The Commonwealth of Massachusetts.

Certain prior year balances have been reclassified to conform to the presentation of the current year.

Statutory accounting practices include a variety of publications of the National Association of Insurance Commissioners ("NAIC") as well as state laws, regulations and general administrative rules. Statutory accounting practices differ in some respects from accounting principles generally accepted in the United States of America (GAAP). Significant differences include:

(a) Statutory accounting requires that policy acquisition costs (principally commissions and premium taxes) be charged to operations when incurred, and ceding commission received on reinsurance agreements not in excess of the acquisition costs of the business ceded be recorded as income when written. Under GAAP, these items would be deferred and then recognized ratably over the policy period.

(b) Under statutory accounting, certain assets designated as "nonadmitted assets" (principally premiums over three months past due, application software, prepaid expenses and office furniture and equipment) are charged directly to accumulated surplus. Under GAAP, the Company would maintain a reserve for doubtful accounts based upon estimated collectibility, recognize an asset on the balance sheet for prepaid expenses and office furniture and equipment and software would be recognized at net depreciated cost.

(c) Ceded reinsurance balances relating to unpaid loss and loss adjustment expenses are presented as offsets to reserves; under GAAP, such amounts would be presented as reinsurance recoverable; moreover, under statutory accounting, a liability is established for recoverable balances from reinsurers which are not authorized and for overdue paid loss recoverables.

(in thousands)

(d) Statutory accounting requires that certain debt securities be stated at amortized cost. Bonds with ratings of 3 or lower are stated at the lower of amortized cost or NAIC market value. Under GAAP, debt securities are classified as trading or available for sale, which are valued at fair value, or as held to maturity and valued at amortized cost.

(e) Under statutory accounting, classification of certain items on the statement of cash flows differs from GAAP. A reconciliation of indirect cash flows is not presented in the statutory basis cash flow statement, but would be required under GAAP. Additionally, certain long-term certificates of deposit are classified as cash and short-term investments rather than investments.

(f) Under statutory accounting, majority owned insurance and noninsurance subsidiaries are not consolidated. Under GAAP, such subsidiaries would be consolidated.

(g) The Company accounts for income taxes under the asset and liability method. Deferred federal income taxes are generally recognized when assets and liabilities have different values for financial statement carrying amounts and their respective tax bases. However, the realization on any resulting deferred tax asset is subject to certain criteria in accordance with SSAP 10, *Income Taxes*.

The following is a reconciliation of policyholders' surplus on a statutory basis to policyholders' surplus presented on a GAAP basis for the Company:

	2005	2004
Policyholders' surplus, statutory basis	$ 410,210	$ 378,461
Valuation adjustments on investments	(10,907)	18,027
Deferred policy acquisition costs	21,607	18,405
Deferred federal income taxes	46,518	42,454
Valuation allowance related to deferred federal income tax	-	(63,516)
Other, net	2,219	1,240
Nonadmitted assets	4,524	3,726
Provision for reinsurance	1,639	-
Policyholders' surplus, GAAP	$ 475,810	$ 398,797

The net income for the Company determined in accordance with GAAP for the years ended December 31, 2005 and 2004 was $94,984 and $31,224, respectively.

Use of Estimates in the Preparation of Financial Statements
The preparation of financial statements in conformity with statutory accounting practices requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(in thousands)

Cash and Short-Term Investments
For financial statement purposes, the Company considers all cash and investments with maturities of less than one year at the time of their acquisition to be cash and short-term investments. Short-term investments, consisting primarily of money market funds, are stated at cost, which approximates fair value.

The Company has a sweep account from which excess funds are invested by a bank in overnight repurchase agreements.

Investments
The Company employed New England Asset Management, Inc., Wellington Management Co., L.L.P., Advent Capital Management, L.L.C., and NISA Investment Advisors L.L.C. to furnish investment management services. These investment fund managers, subject to the supervision of the Board of Directors, direct the investments of the Company in accordance with established investment objectives, policies and limitations. For their services under their respective contracts, the fund managers receive a monthly management fee calculated based on market values. During 2005 and 2004, the Company incurred aggregate management fees of approximately $1,993 and $1,806, respectively.

Valuation of investments is determined in accordance with the requirements, methods and values adopted by the NAIC, which provide that bonds, so qualified, be carried at amortized cost, preferred stock, so qualified, be carried at amortized cost and other preferred and common stocks and other bonds at fair values established by the NAIC. The Company has elected to use the retrospective adjustment method on loan-backed securities. The Company uses the scientific method for amortizing its debt securities.

The Company values its investment in its subsidiary pursuant to the equity method using the statutory basis of accounting, which basis is required under the rules promulgated by the NAIC.

Realized capital gains and losses on the sale of investments are included in net income and are determined on a specific identification basis. Where declines in securities values are deemed other than temporary, the securities are reported at market value and the loss is reported as a component of net realized gains (losses). Unrealized capital gains and losses from the valuation of nonqualified bonds and equity investments at market are credited or charged directly to accumulated surplus.

The Company participates in a securities lending program to maximize investment income. Certain investment securities are exchanged for collateral, consisting of cash or U.S. Government securities, equal to at least 102% of the fair value of the investment securities on loan. The fair value of the loaned investment securities is monitored on a daily basis, with additional collateral obtained or refunded as the fair value of the loaned investment securities fluctuates. The collateral is retained and invested by a custodian to generate additional investment income.

Reinsurance
In the normal course of business, the Company seeks to reduce the losses that cause unfavorable underwriting results by reinsuring certain levels of risk in various areas of exposure with other insurance enterprises or reinsurers. Amounts recoverable from reinsurers are estimated in a manner consistent with the associated claim liabilities.

(in thousands)

Premiums Earned and Unearned
Premiums are recorded as earned on a daily pro rata basis over the terms of the policies. Unearned premiums represent the portion of premiums written applicable to the unexpired terms of the policies in force. A statutory premium deficiency reserve relating to insurance contracts is recognized if the sum of the expected loss and loss adjustment expenses, dividends to policyholders, and maintenance costs exceed the related unearned premiums. The Company anticipates investment income in determining the need for a premium deficiency reserve.

Loss and Loss Adjustment Expense Reserves
Liabilities for losses and loss adjustment expenses represent the estimated ultimate net cost of all unpaid reported and unreported claims. These estimates are continuously reviewed and modified to reflect current conditions and any adjustments are reflected in current operating results. The Company does not anticipate any salvage and subrogation in recording its loss and loss adjustment expense reserves. The Company does not discount its loss and loss adjustment expense reserves (Note 5).

Depreciation
The provision for depreciation on electronic data processing equipment is computed on the straight-line method over the assets' estimated useful lives of three years.

3. Investments

At December 31, 2005 and 2004, the amortized cost, NAIC market values and gross unrealized gains and losses of investments in securities are as follows:

	2005			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	NAIC Market Value
U.S. Treasury and obligations of U.S. Government, corporations and agencies	$ 310,321	$ 779	$ (5,926)	$ 305,174
Obligations of states and political subdivisions	19,109	638	(294)	19,453
Industrial and miscellaneous	388,515	7,587	(6,754)	389,348
Asset-backed securities	713,974	1,770	(11,621)	704,123
Total bonds	$ 1,431,919	$ 10,774	$ (24,595)	$ 1,418,098

	2005			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	NAIC Market Value
Preferred stock	$ 21,940	$ 733	$ (532)	$ 22,241
Common stock	134,586	34,173	(1,308)	167,451
Investment in subsidiary	37,500	-	(7,728)	29,772
Total stocks	$ 194,026	$ 35,006	$ (9,568)	$ 219,464

(in thousands)

	2004			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	NAIC Market Value
U.S. Treasury and obligations of U.S. Government, corporations and agencies	$ 265,643	$ 2,004	$ (1,259)	$ 266,388
Obligations of states and political subdivisions	21,795	1,043	(132)	22,706
Industrial and miscellaneous	398,945	13,500	(2,820)	409,625
Asset-backed securities	562,094	6,179	(1,824)	566,449
Total bonds	$ 1,248,477	$ 22,726	$ (6,035)	$ 1,265,168

	2004			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	NAIC Market Value
Preferred stock	$ 20,443	$ 1,724	$ (1,358)	$ 20,809
Common stock	127,300	29,424	(207)	156,517
Investment in subsidiary	37,500	-	(6,781)	30,719
Total stocks	$ 185,243	$ 31,148	$ (8,346)	$ 208,045

Other investments represent amounts invested in an LLC, accounted for under the cost method.

The amortized cost and NAIC market value of debt securities at December 31, 2005, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	2005	
	Amortized Cost	NAIC Market Value
Due in one year or less	$ 42,965	$ 42,999
Due after one year through five years	191,077	187,299
Due after five years through ten years	295,962	292,829
Due after ten years	187,941	190,848
Asset-backed securities	713,974	704,123
	$ 1,431,919	$ 1,418,098

At December 31, 2005 and 2004, the Company held investments in certain bonds with an NAIC rating of 3 or lower. This resulted in a $675 and $30 reduction to the investment balance at December 31, 2005 and 2004, respectively, which was reflected as an unrealized loss for statutory reporting purposes.

(in thousands)

Management believes that the gross unrealized losses reflected on ProMutual's fixed income portfolio as of December 31, 2005 were primarily the result of increases in market interest rates from the time of acquisition to the current period. These decreases in value are viewed as being temporary as ProMutual has the intent and ability to retain such investments for a period of time sufficient to allow for any anticipated recovery in market value. The majority of the debt securities that are in an unrealized loss position are highly rated by the Securities Valuation Office (SVO) of the NAIC and are therefore not required to be written down under NAIC guidelines. Management also believes that the gross unrealized losses recorded on ProMutual's domestic equity portfolio as of December 31, 2005 were primarily the result of routine fluctuations in market prices as opposed to the issuer's financial condition. Therefore, these decreases in value are also viewed as being temporary. In compliance with statutory regulations, the Company obtains its market prices and NAIC designations from the SVO of the NAIC. All statutory unrealized losses have a direct impact on the Company's policyholder surplus.

December 31, 2005	**Under 12 Months**	**Over 12 Months**	**Totals**
Debt securities			
Number of positions	358	135	493
NAIC market value	$ 853,270	$ 291,152	$ 1,144,422
Amortized cost	867,984	301,033	1,169,017
Unrealized loss	(14,714)	(9,881)	(24,595)
Equity securities			
Number of positions	53	2	55
NAIC market value	27,864	29,943	57,807
Cost	29,696	37,679	67,375
Unrealized loss	(1,832)	(7,736)	(9,568)
Total			
Number of positions	411	137	548
Carrying value	881,134	321,095	1,202,229
Cost	897,680	338,712	1,236,392
Unrealized loss	$ (16,546)	$ (17,617)	$ (34,163)

Proceeds from the sale of investments during 2005 and 2004 were $680,446 and $584,880. Gross gains of $10,477 and $7,111 and gross losses of $7,992 and $5,954 were realized on sales of debt securities during 2005 and 2004, respectively. Gross gains of $6,596 and $7,458 and gross losses of $5,407 and $3,320 were realized on sales of equity securities during 2005 and 2004, respectively. The calculation of the gain or loss on the sale of marketable securities is based on specific identification at the time of sale. In addition, the Company realized no losses in 2005 and 2004 due to other than temporary declines in securities' market value.

(in thousands)

Net investment income for 2005 and 2004 consisted of the following:

	2005	2004
Interest and dividend income	$ 70,310	$ 61,341
Investment expenses	(2,098)	(2,044)
Net investment income	68,212	59,297
Net realized gains	3,758	5,348
	$ 71,970	$ 64,645

The Company participates in a securities lending program where they loan certain investment securities in exchange for collateral, consisting of cash or U.S. Government securities, equal to at least 102% of the fair value of the investment securities on loan. As of December 31, 2005 and 2004, investment securities with a fair value of $346,144 and $318,895, respectively, were on loan. Investment income earned on securities lending transactions for 2005 and 2004 was $306 and $344, respectively.

4. Federal Income Taxes

The main components of the Company's deferred tax asset and deferred tax liability as of December 31, 2005 and 2004 are as follows:

	2005	2004
Total of gross deferred tax assets	$ 83,557	$ 84,676
Total of deferred tax liabilities	11,671	10,780
Net deferred tax asset	71,886	73,896
Deferred tax asset nonadmitted	(51,748)	(54,411)
Net admitted deferred tax asset	$ 20,138	$ 19,485
Decrease in nonadmitted asset	$ (2,663)	$ (8,577)

The Company has no unrecognized deferred tax liabilities.

Current income taxes incurred consist of the following major components:

	2005	2004
Current income tax expense	$ 8,385	$ 310
Prior year underaccrual	47	-
Total income tax expense	$ 8,432	$ 310

(in thousands)

Changes in the main components of the Company's deferred tax asset ("DTA") and deferred tax liability ("DTL") are as follows:

	2005	2004	Change
Deferred tax assets			
Loss and LAE reserves	$ 60,992	$ 59,267	$ 1,725
Unrealized capital losses	442	10	432
Impairments on investment securities	1,246	1,116	130
Unearned premium	11,991	9,741	2,250
Deferred compensation plans	1,232	1,184	48
Nonadmitted assets	1,292	1,139	153
Alternative minimum tax credit	6,046	940	5,106
Other	316	-	316
Loss carryforward	-	11,279	(11,279)
Total DTA	83,557	84,676	(1,119)
Nonadmitted DTA	(51,748)	(54,411)	(2,663)
Admitted DTA	31,809	30,265	1,544
Deferred tax liabilities			
Unrealized capital gains	11,503	10,621	882
Other	168	159	9
Total DTL	11,671	10,780	891
Net admitted DTA	$ 20,138	$ 19,485	$ 653

The change in net deferred income taxes is comprised of the following:

	2005	2004	Change
Total deferred tax assets	$ 83,557	$ 84,676	$ (1,119)
Total deferred tax liabilities	11,671	10,780	891
Net deferred tax asset	$ 71,886	$ 73,896	(2,010)
Tax effect of unrealized gains (losses)			451
Change in net deferred income tax			$ (1,559)

In accordance with SSAP 10, the Company has nonadmitted that portion of the deferred tax asset that is not expected to be realized in the next year.

(in thousands)

The provision for federal and foreign income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before taxes. The significant items causing this difference are as follows:

	2005	Effective Tax Rate
Provision computed at statutory rate	$ 14,130	35.0%
Tax-exempt income deduction	(174)	(0.4%)
Dividends received deduction	(1,488)	(3.7%)
Other	(2,477)	(6.1%)
	$ 9,991	24.8%
Federal and foreign income taxes incurred	$ 8,432	20.9%
Change in net deferred income taxes	1,559	3.9%
Total statutory income taxes	$ 9,991	24.8%

At December 31, 2005, the Company did not have any unused loss carryforwards available to offset future taxable income. The Company has AMT credits of $6,046 that do not expire.

The Company has $8,385 and $357 income taxes incurred in the current or prior years, respectively, that are available for recoupment in the event of future net losses.

The Company files a consolidated federal income tax return with its subsidiaries, which include ProSelect Insurance Company, ProSelect National Insurance Company, Inc., ProMutual Group, Inc., and ProMutual Insurance Agency, Inc.

The method of allocation between the Companies is subject to written agreement, approved by the Board of Directors. The consolidated tax liability is allocated to the Member Companies in accordance with Reg. Section 1.1502-33(d)(2)(ii) in conjunction with the method provided by Reg. Section 1.1552-1(a)(2) of the Internal Revenue Code whereby the tax is computed on an "as if separate return" basis. Intercompany tax balances are settled annually.

(in thousands)

5. Loss and Loss Adjustment Expense Reserves

The loss and loss adjustment expense reserves at December 31, 2005 and 2004 consisted of the following:

	2005	2004
Reported claims		
Losses	$ 511,138	$ 485,659
Loss adjustment expenses	802	1,321
	511,940	486,980
Claims incurred but not yet reported		
Losses	415,978	332,488
Loss adjustment expenses	306,856	253,063
	722,834	585,551
Loss and loss adjustment expense reserves	$ 1,234,774	$ 1,072,531

The activity in the liability for unpaid loss and loss adjustment expenses is summarized as follows:

	2005	2004
Balance at January 1	$ 1,072,531	$ 991,964
Payments made on claims existing at January 1	(116,082)	(136,984)
Decrease in liability on claims existing at January 1	(26,814)	(22,696)
Balance at December 31 on prior year claims	929,635	832,284
Estimated losses on new claims	309,176	243,493
Payments made on new claims	(4,037)	(3,246)
Balance at December 31 on current year claims	305,139	240,247
Total loss and loss adjustment expense reserves at December 31	$ 1,234,774	$ 1,072,531

These liabilities include estimates of expected trends in claim severity, frequency and other factors which could vary as the claims are ultimately settled. In establishing the reserve for losses and loss adjustment expenses, the Company has relied upon its independent actuaries to review the reasonableness of management's best estimates. These recommendations are based principally upon the historical experience of the Company in writing medical malpractice insurance in Massachusetts. As a result of changes in estimates of insured events in prior years, the liability on claims existing at January 1, 2005 and 2004, respectively, decreased $26,814 and $22,696 for the years ended December 31, 2005 and 2004, respectively, primarily related to coverage years 1999 and prior predominantly in the Massachusetts physicians and surgeons line of business.

(in thousands)

Claims in the medical malpractice line of insurance have traditionally been characterized by delayed discovery and reporting and, in many cases, the final payment of claims is dependent upon the outcome of litigation. As a result, the total of claims paid from the premiums earned in any policy year will not be known for many years.

6. Leases

The Company occupies office facilities under an operating lease agreement which expires on February 29, 2016. Total rent expense was $1,523 and $1,627 for 2005 and 2004, respectively.

Minimum annual rental commitments as of December 31, 2005 under the operating lease are as follows:

Fiscal Year		
2006	$	1,458
2007		1,509
2008		1,556
2009		1,604
2010		1,651
Thereafter		9,282

7. Nonadmitted Assets

Certain assets, designated as nonadmitted by The Division of Insurance of The Commonwealth of Massachusetts, were directly charged to accumulated surplus as follows:

		2005		**2004**
Premiums receivable over three months due	$	120	$	366
Funds held by reinsured companies		34		34
Nonadmitted deferred income tax		51,748		54,411
Equipment, furniture and application software		2,750		1,704
Accounts receivable		20		20
Prepaid expenses and deposits		965		1,082
Amounts receivable under high deductible policies		-		50
	$	55,637	$	57,667

(in thousands)

8. EDP Equipment

EDP equipment at December 31, 2005 and 2004 consisted of the following:

	2005	2004
EDP equipment	$ 1,388	$ 2,994
Less: Accumulated depreciation	(922)	(2,451)
	$ 466	$ 543

Depreciation expense was $346 and $356 during 2005 and 2004, respectively.

9. Employee Benefit Plans

The Company's employees are covered by a qualified defined contribution pension plan sponsored by the Company. A contribution was made in 2005 in the amount of $549 for 2004 that was based on each employee's age and average salary over the most recent five years to meet a target benefit. A contribution of approximately $600 will be made for 2005 in 2006.

The Company sponsors a 401k Employee Savings Plan. Substantially all employees of the Company are eligible to participate in the Company's Employee Savings Plan under which a portion of employee contributions are matched by the Company. The match by the Company was $485 and $463 in 2005 and 2004, respectively.

The Company's executives and members of the Board of Directors are also eligible to participate in a deferred compensation plan.

10. Dividends to Policyholders

On June 2, 2004, the Board of Directors voted to pay a dividend of $1,400 related to the experience of the dental line of business for calendar years 1986 through 1997 allocated to dentists based on their respective premiums earned by the Company during the period. The dividends were paid in November 2004.

On June 1, 2005, the Board of Directors voted to pay a dividend of $3,200 related to the experience of the dental line of business for calendar years 1986 through 1997 allocated to dentists based on their respective premiums earned by the Company during the period. The dividends were paid in October 2005.

11. Reinsurance

Reinsurance is obtained to reduce exposure to large claims. Such ceded reinsurance includes quota share and excess of loss contracts on all lines of insurance. These reinsurance contracts do not relieve the Company from its obligations to policyholders. Failure of reinsurers to honor their obligations could result in losses to the Company.

(in thousands)

In 2000, the Company and ProSelect purchased a five-year aggregate excess of loss reinsurance contract from Swiss Reinsurance America Corporation. This agreement attached at a loss ratio of 100% in 2004 and is subject to a total aggregate limit of $210 million. 2004 was the final year of this contract. This agreement was replaced in 2005 with an excess of loss agreement, providing coverage of 90% of $8 million in excess of $2 million. The principal reinsurers for this contract are Axa Re, Platinum Underwriters Reinsurance, Inc. and Max Re Ltd.

The Company participates in the Massachusetts Medical Malpractice Reinsurance Plan (MMMRP), a residual market pool. The Company as well as other insurance companies, cede policies into the pool on a facultative basis. The MMMRP assesses each participant an amount based on the profitability of the pool.

As of December 31, 2005 and 2004, a provision for reinsurance has been established in the amounts of $553 and $0, respectively, for unsecured recoverables from unauthorized reinsurers. Irrespective of the protection afforded against claim exposure by the above reinsurance agreements, the Company remains liable as the direct insurer to the insured.

The amounts by which unearned premiums, loss reserves, loss adjustment expense reserves, premiums earned and loss and loss adjustment expenses incurred have been decreased for amounts ceded to unaffiliated premiums earned, reinsurers are as follows:

	2005	2004
Unearned premiums	$ 5,796	$ 3,913
Loss reserves	105,249	99,305
Loss adjustment expense reserves	28,670	26,478
Premiums earned	7,372	11,221
Loss and loss adjustment expenses incurred	10,205	(3,969)
Commission equity	876	-

The effect of assumed reinsurance from unaffiliated insurers is as follows:

	2005	2004
Unearned premiums	$ -	$ -
Loss reserves	50,008	38,386
Loss adjustment expense reserves	12,448	9,358
Premiums earned	9,228	6,975
Loss and loss adjustment expenses incurred	20,931	13,695
Commission equity	-	-

The Company has a quota share reinsurance agreement with ProSelect which was increased to 100% from 90% effective January 1, 2005. A portfolio transfer was effected January 1, 2005 whereby premium of $7,398 and losses and loss adjustment expenses of $33,565 were paid by ProSelect to the Company. Under this agreement, the Company assumes 100% of the ProSelect current and prior net liabilities under all insurance business written. In turn, ProSelect pays the

(in thousands)

Company 100% of the premiums received on all direct insurance business written by ProSelect after deducting return premiums payable, reinsurance, and 100% of the net underwriting and claims expense. The terms of the agreement are automatically extended for additional one-year terms. This agreement may be teminated at any time a) by the mutual written consent of the parties or, b) by either party upon 60 days' prior written notice. The amounts assumed under this treaty are as follows:

	2005	2004
Unearned premiums	$ 92,195	$ 66,578
Premiums earned	170,059	113,576
Loss reserves	320,474	229,739
Loss adjustment expense reserves	139,557	85,456
Loss and loss adjustment expenses incurred	163,717	118,419

12. Commitments and Contingencies

Various legal claims arise from time to time in the ordinary course of business. In the opinion of management, these claims should not result in judgments or settlements which, in the aggregate, would have a material effect on the Company's results of operations or financial condition.

13. Related Parties

Total assets of the Company include net receivables from ProMutual Group, Inc., ProSelect, ProSelect National and ProMutual Insurance Agency, Inc. of $14,283 and $939 at December 31, 2005 and 2004, respectively. ProSelect had assets of $90,630 and $104,940, and liabilities of $73,683 and $87,153 at December 31, 2005 and 2004, respectively. ProSelect National had assets of $10,916 and $10,850, and liabilities of $6 and $115 at December 31, 2005 and 2004, respectively.

The Company has an Administration and Management Services Agreement (the "Agreement") with ProSelect. Under this agreement, ProMutual agrees to provide various services in connection with the underwriting and management of ProSelect. These include underwriting, policy issuance, billing and premium collection, claims handling, policy administration, actuarial, risk management, investment advisory and all general administrative services relating to the business of ProSelect. ProSelect and the Company further agree that, subject to certain limitations set forth in the Agreement, the Company shall be the sole and exclusive provider of these services and that ProSelect shall not accept applications for insurance except through the Company.

The terms of the agreement are automatically extended for additional one-year terms. The agreement may be terminated at any time (a) by the mutual written consent of the parties or (b) by either party on sixty days prior written notice. Management fees for these services are paid based on a formula calculated on a pro rata basis of the direct premium written, direct losses paid, change in direct case loss reserves and direct paid allocated loss adjustment expense, as set out in the Agreement. The management fee was $13,488 and $12,690 for 2005 and 2004, respectively. The Company has a receivable at year-end attributable to unsettled balances under this agreement.

(in thousands)

14. Reconciliation to Statutory Annual Statement

Certain items in this report differ from corresponding items reflected in the statutory annual statement, and are presented in the table below. The differences are due to the fact that the Company's accounting treatment for the Massachusetts Medical Malpractice Reinsurance Plan (MMMRP) reflected management's best estimate of anticipated assessments in accordance with SSAP No. 35, *Guaranty Fund and Other Assessments.* Additionally, the related reinsurance transactions were recorded on a gross basis in accordance with SSAP No. 63, *Underwriting Pools and Associations Including Intercompany Pools.* Upon further review of the MMMRP rules of operation, it was deemed to be more appropriate to use SSAP No. 63 alone. The decrease to net assets and net income of $7,753 represents the after-tax impact of the net cumulative effect of the adjustments since inception of the MMMRP.

	2005
Accumulated surplus as reported in the statutory annual statement	$ 417,963
Increase to underwriting expenses	(9,691)
Decrease to federal income tax expense	1,938
Increase to net deferred income tax asset	1,552
Increase to nonadmitted assets	(1,552)
Accumulated surplus as reported in the audited financial statements	$ 410,210
Net income as reported in the statutory annual statement	$ 39,691
Increase to underwriting expenses	(9,691)
Decrease to federal income tax expense	1,938
Net income as reported in the audited financial statements	$ 31,938

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings 1 Amount	2 Percentage	Admitted Assets as Reported in the Annual Statement 3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities	121,552,119	6.930	121,552,119	6.930
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	0	0.000	0	0.000
1.22 Issued by U.S. government sponsored agencies	188,768,586	10.770	188,768,586	10.770
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)	1,782,648	0.100	1,782,648	0.100
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations	19,108,746	1.090	19,108,746	1.090
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	0	0.000	0	0.000
1.43 Revenue and assessment obligations	0	0.000	0	0.000
1.44 Industrial development and similar obligations	0	0.000	0	0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA	101,216,672	5.770	101,216,672	5.770
1.512 Issued or guaranteed by FNMA and FHLMC	397,264,706	22.670	397,264,706	22.670
1.513 All other	0	0.000	0	0.000
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	40,475,067	2.310	40,475,067	2.310
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521	175,019,113	9.990	175,019,113	9.990
1.523 All other	0	0.000	0	0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	384,013,504	21.910	384,013,504	21.910
2.2 Unaffiliated foreign securities	2,042,883	0.120	2,042,883	0.120
2.3 Affiliated securities	0	0.000	0	0.000
3. Equity interests:				
3.1 Investments in mutual funds	0	0.000	0	0.000
3.2 Preferred stocks:				
3.21 Affiliated	0	0.000	0	0.000
3.22 Unaffiliated	21,352,863	1.220	21,352,863	1.220
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated	0	0.000	0	0.000
3.32 Unaffiliated	167,451,037	9.550	167,451,037	9.550
3.4 Other equity securities:				
3.41 Affiliated	29,772,416	1.700	29,772,416	1.700
3.42 Unaffiliated	0	0.000	0	0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated	0	0.000	0	0.000
3.52 Unaffiliated	0	0.000	0	0.000
4. Mortgage loans:				
4.1 Construction and land development	0	0.000	0	0.000
4.2 Agricultural	0	0.000	0	0.000
4.3 Single family residential properties	0	0.000	0	0.000
4.4 Multifamily residential properties	0	0.000	0	0.000
4.5 Commercial loans	0	0.000	0	0.000
4.6 Mezzanine real estate loans	0	0.000	0	0.000
5. Real estate investments:				
5.1 Property occupied by the company	0	0.000	0	0.000
5.2 Property held for the production of income (including $ 0 of property acquired in satisfaction of debt)	0	0.000	0	0.000
5.3 Property held for sale (including $ 0 property acquired in satisfaction of debt)	0	0.000	0	0.000
6. Contract loans	0	0.000	0	0.000
7. Receivables for securities	2,704,490	0.150	2,704,490	0.150
8. Cash, cash equivalents and short-term investments	96,199,039	5.490	96,199,039	5.490
9. Other invested assets	4,041,100	0.230	4,041,100	0.230
10. Total invested assets	1,752,764,988	100.000	1,752,764,988	100.000

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SUPPLEMENTAL EXHIBIT FOR THE YEAR 2005 OF THE Medical Professional Mutual Insurance Company

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For The Year Ended December 31, 2005

(To Be Filed by April 1)

OF The Medical Professional Mutual Insurance Company

Address (City, State and Zip Code) Boston, MA 02110-1129

NAIC Group Code 1154 NAIC Company Code 10206 Employer's ID Number 04-2595783

The Investment Risks Interrogatories are to be filed by April 1. They are also to be included with the Audited Statutory Financial Statements.

Answer the following interrogatories by reporting the applicable U. S. dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. $ 1,940,162,640

2. Ten largest exposures to a single issuer/borrower/investment.

	1 Issuer	2 Description of Exposure	3 Amount	4 Percentage of Total Admitted Assets
2.01	J.P. MORGAN CHASE & CO.	Bond/Common Stock	$ 13,636,001	0.7 %
2.02	BEAR STEARNS CMBS	Bond	$ 13,156,777	0.7 %
2.03	CITIGROUP, INC	Bond/Common Stock	$ 12,164,375	0.6 %
2.04	BANK OF AMERICA CORP	Bond/Common Stock	$ 11,782,808	0.6 %
2.05	WELLS FARGO	Bond	$ 10,813,968	0.6 %
2.06	MERCK & CO.	Bond/Common Stock	$ 10,533,020	0.5 %
2.07	CONSOLIDATED EDISON CO NY, INC.	Bond	$ 10,136,352	0.5 %
2.08	ARGENTS SECS, INC.	Bond	$ 9,463,967	0.5 %
2.09	VIACOM, INC.	Bond	$ 8,721,221	0.4 %
2.10	EXXON MOBILE CORP	Common Stock	$ 8,425,500	0.4 %

3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC rating.

	Bonds	1	2		Preferred Stocks	3	4
3.01	NAIC-1	$ 1,406,735,179	72.5 %	3.07	P/RP-1	$ 9,993,258	0.5 %
3.02	NAIC-2	$ 88,212,658	4.5 %	3.08	P/RP-2	$ 5,293,428	0.3 %
3.03	NAIC-3	$ 17,235,149	0.9 %	3.09	P/RP-3	$ 0	0.0 %
3.04	NAIC-4	$ 14,957,043	0.8 %	3.10	P/RP-4	$ 4,348,511	0.2 %
3.05	NAIC-5	$ 3,512,137	0.2 %	3.11	P/RP-5	$ 1,717,665	0.1 %
3.06	NAIC-6	$ 689,189	0.0 %	3.12	P/RP-6	$ 0	0.0 %

4. Assets held in foreign investments:

4.01 Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

4.02	Total admitted assets held in foreign investments	$ 3,825,531	0.2 %
4.03	Foreign-currency-denominated investments	$ 0	0.0 %
4.04	Insurance liabilities denominated in that same foreign currency	$ 0	0.0 %

If response to 4.01 above is yes, responses are not required for interrogatories 5 – 10.

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (cont.)

5. Aggregate foreign investment exposure categorized by NAIC sovereign rating:

6. Two largest foreign investment exposures in a single country, categorized by NAIC sovereign rating:

	1	2
7. Aggregate unhedged foreign currency exposure	$	0.0 %

8. Aggregate unhedged foreign currency exposure categorized by the country's NAIC sovereign rating:

9. Two largest unhedged foreign currency exposures to a single country, categorized by the country's NAIC sovereign rating:

10. Ten largest non-sovereign (i.e. non-governmental) foreign issues:

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (cont.)

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure.

11.01 Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 11.01 is yes, detail is not required for the remainder of Interrogatory 11

12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions.

12.01 Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.

13. Amounts and percentages of admitted assets held in the ten largest equity interests:

13.01 Are assets held in equity interest less than 2.5% of the reporting entity's total admitted assets Yes [ ] No [X]

If response to 13.01 above is yes, responses are not required for the remainder of Interrogatory 13.

	1 Name of Issuer	2	3
13.02	EXXON MOBIL CORP	$ 8,425,500	0.4 %
13.03	CITIGROUP INC	$ 6,841,420	0.4 %
13.04	BANK AMERICA CORP	$ 5,328,571	0.3 %
13.05	ALTRIA GROUP INC	$ 4,333,760	0.2 %
13.06	J P MORGAN CHASE & CO	$ 3,982,495	0.2 %
13.07	AT&T INC	$ 3,682,635	0.2 %
13.08	CHEVRON/TEXACO	$ 2,952,040	0.2 %
13.09	WACHOVIA CORP	$ 2,643,000	0.1 %
13.10	GENERAL ELECTRIC CO	$ 2,628,750	0.1 %
13.11	VERIZON COMMUNICATIONS	$ 2,560,200	0.1 %

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (cont.)

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:

14.01 Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 14.01 above is yes, responses are not required for the remainder of Interrogatory 14.

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:

15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 15.01 is yes, responses are not required for the remainder of Interrogatory 15.

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:

16.01 Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 16.01 above is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (cont.)

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in real estate:

18.01 Are assets held in real estate reported in less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 18.01 above is yes, responses are not required for the remainder of Interrogatory 18.

19. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

	At Year-end		At End of Each Quarter		
			1st Quarter	2nd Quarter	3rd Quarter
	1	2	3	4	5
19.01 Securities lending agreements (do not include assets held as collateral for such transactions)	$ 346,144,104	17.8 %	$ 308,453,072	$ 278,599,816	$ 274,129,261
19.02 Repurchase agreements	$ 40,741,525	2.1 %	$ 23,249,832	$ 30,975,276	$ 46,408,303
19.03 Reverse repurchase agreements	$	0.0 %	$	$	$
19.04 Dollar repurchase agreements	$	0.0 %	$	$	$
19.05 Dollar reverse repurchase agreements	$	0.0 %	$	$	$

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (cont.)

20. Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps, and floors:

	Owned 1	Owned 2	Written 3	Written 4
20.01 Hedging	$	0.0 %	$	0.0 %
20.02 Income generation	$	0.0 %	$	0.0 %
20.03 Other	$	0.0 %	$	0.0 %

21. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:

	At Year-end 1	At Year-end 2	At End of Each Quarter 1st Quarter 3	2nd Quarter 4	3rd Quarter 5
21.01 Hedging	$	0.0 %	$	$	$
21.02 Income generation	$	0.0 %	$	$	$
21.03 Replications	$	0.0 %	$	$	$
21.04 Other	$	0.0 %	$	$	$

22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for futures contracts:

	At Year-end 1	At Year-end 2	At End of Each Quarter 1st Qtr 3	2nd Qtr 4	3rd Qtr 5
22.01 Hedging	$	0.0 %	$	$	$
22.02 Income generation	$	0.0 %	$	$	$
22.03 Replications	$	0.0 %	$	$	$
22.04 Other	$	0.0 %	$	$	$