



## **ProAssurance Corporation Audit Committee Pre-Approval Policy and Procedures**

### **1. Audit and Non-Audit Services Pre-Approval Policy**

Under the Sarbanes-Oxley Act of 2002 (the "Act"), the Audit Committee of the Board of Directors is responsible for the appointment, compensation and oversight of the work of the independent auditor. As part of this responsibility, the Audit Committee is required to pre-approve the audit and non-audit services performed by the independent auditor in order to assure that they do not impair the auditor's independence from the Company. To implement these provisions of the Act, the Securities and Exchange Commission (the "SEC") has issued rules specifying the types of services that an independent auditor may not provide to its audit client, as well as the Audit Committee's administration of the engagement of the independent auditor. Accordingly, the Audit Committee of ProAssurance Corporation (the "Company") has adopted this Audit and Non-Audit Services Pre-Approval Policy (the "Policy"), which sets forth the procedures and the conditions pursuant to which services proposed to be performed by the Company's independent auditor may be pre-approved.

For pre-approval, the Audit Committee will consider whether such services are consistent with the SEC's rules on auditor independence. The Audit Committee will also consider whether the independent auditor is able to provide effective and efficient service, for reasons such as its familiarity with the Company's business, people, culture, accounting systems, risk profile and other factors, and whether the services will enhance the Company's ability to manage or control risk or improve audit quality. The Audit Committee is also mindful of the relationship between fees for audit and non-audit services in deciding whether to pre-approve any such services. All such factors will be considered as a whole, and no one factor should necessarily be determinative.

The Audit Committee will determine from time to time eligible services that may be provided to the Company by the independent auditors in accordance with the requirements and guidance of the SEC and the New York Stock Exchange or other exchanges or market systems in which the Company's stock is traded. The Audit Committee will also determine whether such services fit in the categories of Audit Services, Audit Related Services, Tax Services and other Permitted Non-Audit Services as described below and as the description of such services may be modified under subsequent guidance and interpretation of the regulatory and self-regulatory organizations applicable to the Company, including without limitation, the SEC and the NYSE. The independent auditor may not provide any non-audit services that are prohibited under the provisions of Section 10A of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

The purpose of this Policy is to set forth the procedures by which the Audit Committee intends to fulfill its responsibilities. It does not delegate the Audit Committee's responsibilities to pre-approve services performed by the independent auditor to management. The independent auditor has reviewed this Policy and believes that implementation of the policy will not adversely affect the auditor's independence.

**Audit Services:** Audit services in the annual audit engagement shall include the annual financial statement audit (including required quarterly reviews), subsidiary audits, equity investment audits and other procedures required to be performed by the independent auditor in order for the independent auditor to form an opinion on the Company's consolidated financial statements. These other procedures include information systems and procedural reviews and testing performed in order to understand and place reliance on the systems of internal control and consultations relating to the annual audit or quarterly review. Audit services will also include attestation engagement for the independent auditor's report on management's report on internal controls for financial reporting. In addition to the audit services included in the annual audit engagement, the Audit Committee may approve other Audit services. Other Audit services are those services that only the independent auditor can reasonably provide and include statutory audits or financial audits for subsidiaries or affiliates of the Company and services associated with SEC registration statements, periodic reports and other documents filed with the SEC or other documents issued in connection with a securities offering.

**Audit-Related Services:** Audit-related services are assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements or that are traditionally performed by the independent auditor. Because the Audit Committee believes that the provision of Audit-related services does not impair the independence of the auditor and is consistent with SEC rules on auditor independence, the Audit Committee may grant pre-approval to Audit-related services. Audit-related services include, among others, due diligence services pertaining to potential business acquisitions/dispositions; accounting consultations relating to accounting, financial reporting or disclosure matters not classified as "audit services;" assistance with understanding and implementing new accounting and financial reporting guidance from rule-making authorities; financial audits of employee benefit plans; agreed upon or expanded audit procedures related to accounting and/or billing records required to respond or comply with financial, accounting or regulatory reporting matters; and assistance with internal control reporting requirements.

**Tax Services:** The Audit Committee believes that the independent auditor can provide Tax services to the Company such as tax compliance, tax planning and tax advice without impairing the auditor's independence, and the SEC has stated that the independent auditor may provide such services. Hence, the Audit Committee believes it may grant pre-approval to those Tax services (i) that have historically been provided by the independent auditor, (ii) the Audit Committee believes would not impair the independence of the auditor, and (iii) that are consistent with SEC rules on auditor independence. The Audit Committee will not permit the retention of the independent auditor in connection with a transaction initially recommended by the independent auditor, the sole business purpose of which may be tax avoidance and the tax treatment of which may not be supported in the Internal Revenue Code and related regulations. The Audit Committee will consult with the Chief Accounting Officer or outside counsel to determine that tax planning and reporting positions are consistent with this policy.

***Other Non-Audit Services:*** The Audit Committee believes, based on the SEC's rules prohibiting the independent auditor from providing specific non-audit services, that certain types of non-audit services are permitted. Accordingly, the Audit Committee believes it may grant pre-approval for those permissible non-audit services that it believes are routine and recurring services, would not impair the independence of the auditor, and are consistent with the SEC's rules on auditor independence. The Audit Committee may not pre-approve any of SEC's Prohibited Non-audit services.

## **2. Pre-Approval Procedures.**

*Annual Audit Engagement.* The Audit Committee shall appoint the independent auditor of the Company and pre-approve the services to be provided in connection with the preparation or issuance of the annual audit report or related work. The annual audit services shall be set forth in an engagement letter prepared by the independent auditor which shall be submitted to the Audit Committee for approval before the services are to be provided. The engagement letter shall provide that the independent auditor shall report directly to the Audit Committee. Any audit services within the scope of the engagement letter shall be deemed to have been pre-approved by the Audit Committee.

*Pre-Approval of Other Audit and Non-Audit Services.* Other Audit services, Audit-related services, Tax services, and Other Non-Audit services may be pre-approved by the Audit Committee in accordance with the following procedure either (i) on a specific case-by-case basis as services are needed or (ii) on a pre-approval basis for services that are expected to be needed. The Audit Committee of the Company may delegate to one or more designated members of the Audit Committee, who are independent directors of the Board of Directors, the authority to grant pre-approval of these services to be performed by the independent auditors. The member to whom such authority is delegated must report, for informational purposes only, any pre-approval decisions to the Audit Committee at its next scheduled meeting.

Requests for pre-approval of eligible services by the independent auditor may be submitted from time to time by management to the Audit Committee or the member or members of the Audit Committee to whom pre-approval authority has been delegated. The request for approval shall be sufficiently detailed as to the particular services to be provided so that the Audit Committee knows precisely what services it is being asked to pre-approve and so that it can make a well reasoned assessment of the impact of the service on the auditor's independence. Budgeted amounts or fee levels for services to be provided by the independent auditor must be submitted with the request for pre-approval. Requests for pre-approval of services by the independent auditor must include a joint statement of the independent auditor and the Chief Accounting Officer as to whether, in their view, the request or application is consistent with the SEC's rules on auditor independence.

The Audit Committee will be informed not less frequently than quarterly of the services rendered by the independent auditor. The Chief Accounting Officer will be responsible for tracking all independent auditors' fees against the budget for such services and report at least quarterly to the Audit Committee.

The Audit Committee has designated the internal auditor to monitor the performance of all services provided by the independent auditor and to determine whether such services are in compliance with this policy. The internal auditor will report to the Audit Committee on a periodic basis on the results of its monitoring. Both the internal auditor and management will immediately report to the Chairman of the Audit Committee any breach of this policy that comes to the attention of the internal auditor or any member of management. The Audit Committee will also review the internal auditor's annual internal audit plan to determine that the plan provides for monitoring of the independent auditor's services.