



ProAssurance Corporation Audit Committee Charter

1. **Members.** The Board of Directors shall appoint an Audit Committee of at least three members in accordance with the By-Laws. Each member of the Audit Committee must be independent and financially literate and at least one member must have accounting or related financial management expertise, as determined by the Board. In addition, at least one member of the Audit Committee shall be an "audit committee financial expert," as determined by the Board in accordance with Securities and Exchange Commission ("SEC") rules. For purposes hereof, the term "independent" shall mean a director that the Board determines meets the independence requirements for Audit Committee members under Section 10A of the Securities Exchange Act of 1934, as amended, and the rules promulgated thereunder and under the listing standards of the New York Stock Exchange, Inc. If an Audit Committee member simultaneously serves on the audit committee of more than three public companies, the Board of Directors must determine that such simultaneous service would not impair the ability of such member to effectively serve on the Company's Audit Committee and disclose such determination in the Company's annual proxy statement or in the Company's annual report on Form 10-K filed with the SEC.

2. **Purposes, Duties, and Responsibilities.** The primary responsibility of the audit committee is to oversee the Company's financial reporting process on behalf of the board and report the results of its activities to the Board of Directors. In discharging its responsibilities and oversight function, the Audit Committee recognizes that:

- Management is responsible for the preparation, presentation, and integrity of the Company's financial statements and for the appropriateness of the accounting principles and reporting policies that are used by the Company;
- The independent auditors are responsible for auditing the Company's financial statements and for reviewing the Company's unaudited interim financial statements; and

(a) The purposes of the Audit Committee shall be to:

(i) represent and assist the Board of Directors in discharging its oversight responsibility relating to: (A) the accounting, reporting, and financial practices of the Company and its subsidiaries, including the integrity of the Company's financial statements; (B) the surveillance of administration and financial controls and the Company's compliance with legal and regulatory requirements; (C) the outside auditor's qualifications and independence; and (D) the performance of the Company's internal audit function and the Company's outside auditor; and

(ii) prepare the report required by the rules of the SEC to be included in the Company's annual proxy statement.

- (b) Among its specific duties and responsibilities, the Audit Committee shall:
- (i) Be directly responsible, in its capacity as a committee of the Board, for the appointment, compensation and oversight of the work of the outside auditor. In this regard, the Audit Committee shall appoint and retain, compensate, evaluate, and terminate, when appropriate, the outside auditor, which shall report directly to the Audit Committee;
 - (ii) Obtain and review, at least annually, a report by the outside auditor describing: the outside auditor's internal quality-control procedures; and any material issues raised by the most recent internal quality-control review, or peer review, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the outside auditing firm, and any steps taken to deal with any such issues;
 - (iii) Approve in advance the engagement for the audit and designated audit-related services to be provided by the outside auditor in connection with the preparation and issuance of its annual audit report and related work. (By approving the audit engagement, an audit service or a designated audit-related service within the scope of the engagement shall be deemed to have been pre-approved);
 - (iv) Establish policies and procedures for pre-approval of the engagement of the outside auditor to provide audit and permissible non-audit services;
 - (v) Consider, at least annually, the independence of the outside auditor, including whether the outside auditor's performance of permissible non-audit services is compatible with the auditor's independence, and obtain and review a report by the outside auditor describing any relationships between the outside auditor and the Company or any other relationships that may adversely affect the independence of the auditor;
 - (vi) Evaluate, in connection with the review set forth in (v) above, the independence of the outside auditor, considering: (A) the opinions of the Company's management and internal auditors; and (B) whether regular rotation of the outside audit firm is needed to assure independence. The Audit Committee should present its conclusions with respect to the independent auditor to the full Board of Directors.
 - (vii) Review and discuss with the outside auditor: (A) the scope of the audit, the results of the annual audit examination by the auditor, and any difficulties the auditor encountered in the course of their audit work, including any restrictions on the scope of the outside auditor's activities or on access to requested information, and any significant disagreements with management; and (B) any reports of the outside auditor with respect to interim periods;
 - (viii) Review and discuss with management and the outside auditor the annual audited and quarterly unaudited financial statements of the Company prior to filing the

applicable SEC reports. Such review and discussion should include, but not be limited to, the following: (A) an analysis of the auditor's judgment as to the quality of the Company's accounting principles, setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements; (B) the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," including accounting policies that may be regarded as critical; (C) major issues regarding the Company's accounting principles and financial statement presentations, including any significant change in the Company's selection or application of accounting principles and financial statement presentations; and (D) reports and material communications from the outside auditor as required by SEC and PCAOB rules;

(ix) Recommend to the Board based on the review and discussion described in paragraphs (v) – (viii) above, whether the financial statements should be included in the Annual Report on Form 10-K;

(x) Review and discuss the adequacy and effectiveness of the Company's internal controls on financial reporting, including any significant deficiencies in internal controls on financial reporting and significant changes in such controls reported to the Audit Committee by the outside auditor or management;

(xi) Review the Company's internal audit function including (A) the Internal Audit Charter; (B) the annual Internal Audit plan and material changes to the plan; (C) the effectiveness and performance of the Internal Audit function; (D) the performance, appointment, and dismissal of the internal audit executive.

(xii) Review and discuss corporate policies with respect to earnings press releases, as well as financial information and earning guidance provided to analysts and ratings agencies;

(xiii) Review and discuss the Company's policies on risk assessment and risk management with respect to financial reporting issues;

(xiv) Establish procedures for handling complaints regarding accounting, internal accounting controls and auditing matters, including procedures for confidential, anonymous submission of concerns by employees regarding accounting and auditing matters;

(xv) Establish policies for the hiring of employees and former employees of the outside auditor; and

(xvi) Annually evaluate the performance of the Audit Committee and assess the adequacy of the Audit Committee charter.

(c) The Audit Committee shall also have the following specific duties and responsibilities:

(xvii) Review and discuss the adequacy and effectiveness of the Company's disclosure controls and procedures and management reports thereon; and

(xviii) Oversee the Company's compliance systems with respect to legal and regulatory requirements and review the Company's Code of Ethics and Conduct and programs to monitor compliance with the code to the extent that this oversight activity is not performed by the Nominating/Corporate Governance Committee.

3. Outside Advisors. The Audit Committee shall have the authority to retain such outside counsel, accountants, experts and other advisors as it determines appropriate to assist it in the performance of its functions.

4. Funding. The Audit Committee shall receive appropriate funding from the Company for (i) compensation to the outside auditor for the preparation and issuance of the audit report and for the performance of other audit review or attest services; (ii) compensation for advisers engaged pursuant to Section 3 hereof; and (iii) ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

Meetings. The Audit Committee shall meet at least four times per year, either in person or telephonically, and at such times and places as the Audit Committee shall determine. The Audit Committee shall meet separately in executive session, periodically, with each of management, the principal internal auditor of the Company, the outside auditor, and when requested by the Audit Committee, the Company's outside general counsel. The Audit Committee shall report regularly to the full Board of Directors with respect to its activities. The majority of the members of the Audit Committee shall constitute a quorum.