

**PMA CAPITAL CORPORATION**  
**NOMINATING AND CORPORATE GOVERNANCE**  
**COMMITTEE OF THE BOARD OF DIRECTORS**  
**CHARTER**  
**(as adopted March 10, 2004)**

**I. PURPOSE**

The primary function of the Nominating and Corporate Governance Committee (the "Committee") is to assist the Board of Directors (the "Board") in identifying qualified individuals to become members of the Board, in determining the composition of the Board and its committees, in monitoring a process to assess Board effectiveness and in developing and implementing the Company's corporate governance guidelines.

**II. COMPOSITION**

The Committee shall be comprised of at least three directors appointed annually by the Board. Each member shall meet the independence requirements of the Nasdaq Stock Market, Inc. ("Nasdaq"). Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

**III. MEETINGS**

The Committee shall meet as often as may be deemed necessary or appropriate in its judgment.

**IV. RESPONSIBILITIES**

In furtherance of its purpose, the following functions shall be the recurring activities of the Committee. These functions are set forth as a guide with the understanding that the Committee may diverge from this guide as appropriate given the circumstances.

1. To establish the criteria and qualifications for Board membership.
2. To lead the search for individuals qualified to become members of the Board of Directors and to select director nominees to be presented for shareholder approval at the annual meeting. The Committee shall select individuals as director nominees who

shall have business knowledge, experience, professional and personal integrity, and good judgment and the ability to act with the other members of the Board, in discharging their duties as directors.

3. To review the Board of Directors' committee structure and to recommend to the Board for its approval directors to serve as members of each committee. The Committee shall review and recommend committee slates annually and shall recommend additional committee members to fill vacancies as needed.
4. To develop and recommend to the Board of Directors for its approval a set of corporate governance guidelines. The Committee shall review the guidelines on an annual basis, or more frequently if appropriate, and recommend changes as necessary.
5. To develop and recommend to the Board of Directors for its approval an annual self-evaluation process of director effectiveness for the Board and its committees. The Committee shall oversee the annual self-evaluation.
6. To establish and review on an annual basis (with the Compensation Committee) director compensation and benefits.
7. Together with the Compensation Committee, review annually with the Chairman the job performance of the Company's senior executives.
8. To establish director retirement policies.
9. To review, periodically, the Company's Shareholder Rights Plan.
10. To review periodically with the Chairman the succession plans relating to positions held by elected corporate officers, and to make recommendations to the Board with respect to the selection process for considering individuals to occupy these positions.
11. To oversee the orientation of new directors and continuing education of directors.

The Committee shall have the authority to delegate any of its responsibilities to subcommittees as the Committee may deem appropriate in its sole discretion.

The Committee shall have the authority to conduct appropriate inquiries into the backgrounds and qualifications of potential director candidates. The Committee shall have the authority to retain any search firm engaged to assist in identifying director candidates, and to retain outside counsel and any other advisors as the Committee may deem appropriate in its sole discretion to assist it in carrying out responsibilities. The Committee shall have sole authority to approve related fees and retention terms.

The Committee shall report its actions and recommendations to the Board after each Committee meeting and shall conduct and present to the Board an annual performance evaluation of the Committee. The Committee shall review at least annually the adequacy of this charter and recommend and proposed changes to the Board for approval.

## **V. SHAREHOLDER NOMINEES**

The Committee will consider director candidates recommended by shareholders at anytime to the extent that the shareholders comply with the following procedures set forth herein and who otherwise meet the criteria and qualifications for Board members. The shareholder making the recommendation must be a shareholder of record at the time of the giving of the notice described below and is entitled to vote for the election of directors at an annual meeting of shareholders. The shareholder must provide a notice of nomination to the Corporate Secretary providing:

- the nominee's name and address;
- all information required to be disclosed in solicitation of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934;
- nominee's written consent to serve as a director, if elected;
- the name of the nominating shareholder, and the beneficial owner, if different;
- the number of shares which are owned of record or beneficially by the nominating shareholder; and
- a description of all arrangements and understandings between the nominating shareholder and any beneficial owner and any other person or persons pursuant to which the nomination is made.

In order for a recommendation to be considered for the upcoming annual meeting, the shareholder must provide the Corporate Secretary notice of the nomination no later than the 90<sup>th</sup> day before the date of the Company's proxy statement in connection with the previous year's annual meeting. The Corporate Secretary will forward all recommendations to the Committee for its review. The Committee may request to meet with any potential nominee.