



Business Ethics and Practices

As Approved: November 4, 2009

POLICY STATEMENT

PMA Capital¹ is committed to maintaining the highest legal and ethical standards in the conduct of its businesses. PMA Capital employees are therefore required to exercise good judgment; comply with all laws, regulations and applicable policies; and always be honest. The commitment of PMA Capital and its employees applies without exception to all activities - including, for example, the way we:

- carry out our obligations to shareholders, the public and each other;
- sell and deliver PMA Capital products and services;
- purchase goods and services for PMA Capital;
- fulfill our contractual commitments and other agreements; and
- authorize and account for the use of PMA Capital assets.

COMPLIANCE WITH LAWS, RULES AND REGULATIONS

PMA Capital's goal and intention is to comply with the laws, rules and regulations by which we are governed. In fact, PMA Capital strives to comply not only with requirements of the law but also with recognized compliance practices. All illegal activities or illegal conduct are prohibited whether or not they are specifically set forth in this Policy.

Where law does not govern a situation or where the law is unclear or conflicting, employees should discuss the situation with their supervisor, and management should seek advice from the Legal Department within their company. Business should always be conducted in a fair and forthright manner. Employees are expected to act according to high ethical standards.

¹ "PMA Capital" is used herein to mean PMA Capital Corporation and/or its subsidiaries.



CONFLICTS OF INTEREST

1. Employees must not take part in any transaction in which they have a personal interest if there is, or might appear to be, a conflict between that interest and the interests of PMA Capital. In unclear cases, employees must seek the advice of PMA Capital Corporation's General Counsel or his or her designee, who will determine whether such participation is proper.
2. In the course of his/her duties, an employee must act solely in the best interests of PMA Capital without consideration of the interests of any other company, organization or association with which the employee comes into contact, and refrain from taking part in any transaction where such person does not believe in good faith, the employee can act in the best interest of PMA Capital.
3. Employees must not take part in any business transaction in which they have a personal interest if their participation is in any way related to otherwise confidential information they received, or a relationship they developed, as employees. In unclear cases, employees must seek the advice of PMA Capital Corporation's General Counsel or his or her designee, who will determine whether such participation is proper.
4. Employees must not engage in employment, consulting services or any other activity outside their work for PMA Capital that either:
 - interferes with the satisfactory performance of their PMA Capital duties, or
 - conflicts, or could appear to conflict, with PMA Capital's business.

In doubtful cases, before beginning such activity, the employee must obtain approval from the head of the business segment in which he or she serves, who will consult with PMA Capital Corporation's General Counsel or his or her designee. If the outside employment or activity is approved, the employee undertakes it on his or her own behalf and expense.

5. Service as an officer or director of any non-PMA Capital entity is governed by the corporate policy entitled "Outside Boards and Officerships."
6. Employees must inform their supervisors in writing of all existing or proposed outside relationships, financial interests and business transactions that could, or might appear to, influence the performance of their responsibilities to PMA Capital. Such disclosure will cover, among other things, any significant interest in any entity that competes or does business with PMA Capital. Supervisors receiving such disclosure must consult with PMA Capital Corporation's General Counsel or his or her designee.



7. Outside financial or business involvement by members of an employee's "immediate family" (defined below), or by persons with whom the employee has a close personal relationship, may create a possible conflict of interest for the employee. For example, a conflict may arise if an employee's immediate family member is employed by one of PMA Capital's customers, suppliers or competitors. Employees must inform their supervisors, in writing, of any such circumstances creating even the appearance or possibility of a conflict of interest. Supervisors receiving such disclosures must consult with PMA Capital Corporation's General Counsel or his or her designee.

GIFTS AND OTHER PAYMENTS

In a business setting, the giving, receiving or solicitation of "Gifts" is a sensitive matter that can, or might appear to, improperly influence the business judgments of those involved. (The term "Gifts" includes cash, cash equivalents, gift certificates, goods and services from/to non-PMA Capital parties.) It is PMA Capital's policy that:

- Employees must not solicit or accept Gifts that would, or might appear to, influence their decisions regarding PMA Capital business.
- Employees must not offer or give Gifts that would, or might appear to, influence the business decisions of others.
- Employees must not accept or give cash, cash equivalents or gift certificates, regardless of amount, unless such type of Gift is authorized under a more explicit policy adopted in accordance with the "Exceptions" section of this policy.

Each situation is different, but simple business courtesies, such as giving or receiving Gifts of small value that no one would mistake for anything but a sign of respect or friendship, are permitted (see "Exceptions," at the end of this policy). Likewise, normal business-related meals and appropriate forms of business-related entertainment may be provided or accepted, if reasonable and consistent with marketplace practices. Forms of business-related entertainment include golf outings, attendance at sporting events, recreational and other events, lodging at and transportation to, from or at industry events where business is discussed or conducted. Gifts given must be properly reflected on appropriate books and records.

An employee's friends or immediate family members may not accept or give a prohibited Gift in circumstances that suggest that the employee is the intended beneficiary or giver. Likewise, a Gift that would be prohibited if made to someone directly, may not be made indirectly, such as by making the Gift to the family or an organization in which the person has a personal interest.

Laws and special rules apply to Gifts and payments made anywhere in the world, either directly or indirectly, to the officials and employees of governments, to political candidates, and to political parties and their officials. Employees must comply with these laws and policies, and



must consult with PMA Capital Corporation's General Counsel for guidance prior to engaging in any activities concerning public officials or political candidates.

Employees asked to make, request, approve or account for any payment on PMA Capital's behalf are expected to use judgment as to whether the payment appears unusual or questionable. Unclear cases must be reported to the employee's supervisor or, if appropriate, directly to the PMA Capital Corporation's General Counsel or his or her designee. Supervisors to whom a questionable Gift or payment is reported should consult with PMA Capital Corporation's General Counsel or his or her designee for guidance.

If an employee receives a Gift that might be considered improper under this policy, the employee must immediately notify his or her supervisor of the facts surrounding the Gift. The supervisor must then consult with PMA Capital Corporation's General Counsel or his or her designee, who will decide the appropriate action. Generally, a Gift that is not permitted under this policy will be returned to the sender or donated to a worthy cause, with a polite note informing the sender that PMA Capital policy forbids employees to accept such Gifts.

POLITICAL ACTIVITIES

PMA Capital recognizes its right to communicate its position on public issues that relate to its business. However, all such communications -- with shareholders, employees, policyholders, political leaders, elected and appointed officials, and others -- must comply with all other applicable corporate policies.

PMA Capital acknowledges that employees are free to participate in the political process as private citizens, and to support the party or candidates of their choice, without influence by PMA Capital. There are legal and ethical standards governing political activities, which are applicable to PMA Capital and you in the context of your employment relationship. For example:

1. Employees cannot be required to take actions or make contributions for political purposes.
2. Any private political involvement by employees is a matter of individual choice, and must not interfere with satisfactory work performance.
3. No individual contributions to public officials, political candidates or organizations will be reimbursed by PMA Capital.
4. Employees who take part in political activities or speak out on public issues must not create the impression that they are speaking or acting on PMA Capital's behalf, unless expressly authorized by PMA Capital to do so.



5. Employees may not use any PMA Capital equipment, supplies, time, facilities or property for political purposes without the express, advance approval of PMA Capital Corporation's General Counsel or his or her designee.

Employees who may be specifically authorized to engage in political activity on PMA Capital's behalf must comply fully with all applicable laws, inside and outside the United States. For example:

1. No payments or contributions may be made by PMA Capital to any public official, political party, candidate, campaign or committee, except as allowed by law and following procedures developed by PMA Capital Corporation's General Counsel or his or her designee.
2. No contributions or expenditures by PMA Capital are permitted in connection with ballot issues or "grassroots" initiatives, except as allowed by law and following procedures developed by PMA Capital Corporation's General Counsel or his or her designee.



CONTROL, ACCOUNTING AND REPORTING

Managers are responsible for establishing and monitoring controls over all areas of their responsibilities to ensure that PMA Capital's assets are secure, its internal and external reports and communications are full, fair, timely, accurate and understandable, and PMA Capital remains in compliance with all applicable laws and regulations. Every PMA Capital employee is responsible for his or her personal compliance with these controls to ensure that such reports provide full, fair, accurate, timely and understandable disclosure.

Employees are prohibited from directly or indirectly falsifying or causing to be false or misleading any financial or accounting book, record or account. Employees and others are expressly prohibited from directly or indirectly manipulating an audit, and from destroying or tampering with any record, document or tangible object with the intent to obstruct a pending or contemplated audit, review or federal investigation. The commission of, or participation in, one of these prohibited activities or other illegal conduct will subject you to federal penalties, as well as punishment of up to and including termination of employment.

No employee of the Company may directly or indirectly:

- Make or cause to be made a material false or misleading statement, or
- Omit to state, or cause another person to omit to state, any material fact necessary to make statements made not misleading

in connection with the audit of financial statements by independent accountants, the preparation of any required reports whether by independent or internal accountants, or any other work which involves or relates to the filing of a document with the Securities and Exchange Commission ("SEC").

Employees must use care and judgment to assure that all PMA Capital transactions are completely and accurately recorded and reported as prescribed by law, policy or generally accepted accounting principles. Questionable transactions of any kind are to be reported following the procedures described under Policy Violations below. Employees are also required to communicate promptly and accurately when information is requested by management, internal auditors, independent auditors or attorneys representing PMA Capital.



CONFIDENTIAL INFORMATION

Under PMA Capital policy and the law, employees are prohibited from disclosing confidential information about PMA Capital, its businesses or their customers, to anyone outside the company. Confidential information includes such matters as:

- Non-public information about individuals or entities (such as policyholders, insureds, customers, employees, shareholders, agents, claimants, borrowers or suppliers) with whom PMA Capital has a business relationship, past, present or prospective; and
- current or proposed investments, products, services, business transactions, plans or activities that PMA Capital has not authorized for public disclosure.

Under the law, even former employees are prohibited from utilizing confidential information for their own or a subsequent employer's advantage or otherwise making confidential information available to competitors and others.

Employees may disclose confidential information to other PMA Capital employees only if the recipient has a legitimate need for such information in conducting PMA Capital's business and understands the need to preserve the confidentiality of the material.

Confidential information may not be disclosed to anyone outside PMA Capital (including regulators, union representatives, the media or persons involved in litigation) without prior approval by PMA Capital Corporation's General Counsel or his or her designee, and then only in accordance with corporate policies. Care must also be taken when employees discuss confidential matters among themselves in restaurants, elevators, on public transportation or in other public areas. Similarly, confidential documents should not be kept in the view of others.

Employees must not use confidential information for personal advantage. In addition, employees are subject to other corporate policies concerning external communications, whether or not information is confidential.

Documents or files containing confidential information are to be turned over only to persons who are properly identified or vouched for and then only when authorized by the supervisor of the employee turning over the documents.

In unclear cases, employees must consult with PMA Capital Corporation's General Counsel or his or her designee.

RESTRICTIONS ON USE OF PMA CAPITAL ASSETS

PMA Capital's assets include both tangible and intangible property, such as facilities, furniture, supplies, office equipment of all kinds, computer software, networks, services, the company



telephone and mail systems (including electronic and voice mail), office connections to the Internet and intranet, and the paid hours of each employee's workday.

Every employee is expected to use PMA Capital's assets for approved PMA Capital business activities. Employees who are unsure whether a given activity is approved must seek and receive clarification from their supervisors before proceeding.

INTELLECTUAL PROPERTY

PMA Capital's assets include its intellectual property. Intellectual property is an original idea that has commercial value and that can be protected under Federal law. Examples of intellectual property are copyrights, trademarks, patents, and trade secrets. A trade secret is all or any part of any scientific, confidential or business information, design, process, procedure, formula or improvement. Each employee is responsible for protecting PMA Capital's intellectual property rights by maintaining confidentiality of PMA Capital's trade secrets and other confidential information as described above and by otherwise complying with applicable PMA Capital policies and procedures.

PMA Capital also respects the intellectual property of others. It is against PMA Capital's policy to reproduce any copyrighted work in print, video or electronic format in violation of the law. Employees are not permitted to use or copy software or accompanying guides except to the extent that the applicable license agreement allows such use or copying.

Laws and regulations applicable to intellectual property may be ambiguous and difficult to interpret. In such instances, PMA employees are requested to contact the Office of the General Counsel to ensure compliance with prevailing laws and regulations. Absent a license, some general guidelines are:

1. You should never copy and distribute entire copyrighted materials to others either inside or outside the Company;
2. You may generally use brief excerpts from copyrighted material in an original document that you are preparing - the more that you transform the copyrighted work into an original work the better; and
3. You should not distribute copyrighted materials from a website, but instead, you should give the website's URL address.

DEFINITIONS

“Immediate Family” includes any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships.



“Spouse” applies to those employees having a legal marital relationship, as well as employees involved in relationships which, in the PMA Capital’s judgment, are characterized by permanence, duration and stability.

DISSEMINATION OF THIS POLICY

This policy is distributed to all new employees, annually to current and former employees as determined by PMA Capital Corporation’s General Counsel or his or her designee and to service providers when appropriate. Current and former employees who receive the policy are required to affirm that they have read and understood it and have disclosed any known or suspected violations.

POLICY VIOLATIONS

1. An employee who knows of or reasonably suspects a misappropriation of PMA Capital assets, or any other violation of the legal, ethical or business standards set forth in this or other PMA Capital policies, must report the matter. Unless a specific policy provides otherwise, the report may be oral or written, and made to any of the following:
 - the employee's supervisor or human resources representative, who should then inform PMA Capital Corporation’s General Counsel or his or her designees;
 - PMA Capital Corporation’s General Counsel or his designee, or
 - Alertline, which is PMA Capital’s anonymous reporting hotline.

Officers may also report any potential violation of this Policy directly to the Audit Committee of the Board of Directors.

2. Alleged violations of this policy will be investigated by the Audit Committee or PMA Capital’s General Counsel or their designees. If circumstances warrant, they may report the violation to public officials for prosecution of the wrongdoer and take action to maximize recovery of assets.
3. The findings of any investigation shall be set forth in writing and provided to the subject of the investigation. The subject shall have twenty (20) business days to respond in writing to a finding of a violation of this Policy. If after considering the subject’s response, PMA Capital still determines that a violation of this Policy has occurred, PMA Capital shall take appropriate disciplinary action.
4. Such disciplinary action shall be reasonably designed to deter wrongdoing and to promote accountability for adherence to this Policy, and may include disciplinary censure, demotion or re-assignment, suspension with or without pay or benefits



and/or termination of employment. In determining what action is appropriate in a particular case, PMA Capital shall take into account all relevant information, including the nature and severity of the violation, whether the violation was a first or single occurrence or a repeated occurrence, whether the violation appears to have been intentional or inadvertent, whether the individual in question had been advised prior to the violation as to the proper course of action and whether or not the individual in question had committed other violations of this Policy or any other PMA Capital policy in the past. All disciplinary decisions shall be in writing and provided to the subject.

5. Any proposed remedial action with respect to employees alleged to have violated this policy must first be reviewed by appropriate human resources personnel and the General Counsel or his or her designee.
6. No reprisal will be taken against any person who in good faith makes allegations of violations under this or any other PMA Capital policy. Moreover, the identity of an employee making a good faith allegation of a possible violation will not be divulged, except as deemed necessary by the General Counsel or his or her designee to comply with the law or PMA Capital policy.
7. No employee may be discharged, demoted, suspended, threatened, harassed, or in any other manner discriminated against in the terms and conditions of employment because of any good faith act by the employee:
 - (a) to provide information, cause information to be provided or otherwise assist in any investigation regarding conduct which the employee reasonably believes constitutes a violation of any rule or regulation of the Securities and Exchange Commission, or any provision of Federal law relating to fraud against shareholders, when the information is provided to or the assistance given in relation to an investigation conducted by a Federal regulatory agency or law enforcement agency; any member or committee of Congress, any person with supervisory authority over the employee, or any person who has the authority within PMA Capital to investigate misconduct.
 - (b) to file, testify, participate in or otherwise assist in a current or pending proceeding relating to an alleged violation of any rule or regulation of the Securities and Exchange Commission or any Federal law relating to fraud against shareholders.
8. The Chief Financial Officer, the General Counsel, or their designees will report to the Audit Committee of the Board of Directors at least annually concerning compliance with this policy. Additionally, any violation that might significantly harm PMA



Capital's reputation or have a material, adverse effect on its financial statements will be reported to the Audit Committee as soon as practicable.

COMPLIANCE AND REVIEW PROCEDURES

Each PMA Capital company President must ensure that employees within his or her company comply with this policy. Each company must establish procedures as necessary to implement the policy and must periodically review the effectiveness of those procedures within their organizations.



EXCEPTIONS

Any exception to these policies may only be made by PMA Capital Corporation's Chief Executive Officer, or someone he or she may designate, with the concurrence of PMA Capital Corporation's General Counsel and Chief Financial Officer or someone they may designate.

Each PMA Capital company may adopt a more explicit corporate policy concerning the value of permissible Gifts (see "Gifts and Other Payments") to fit their individual circumstances. For example, a company may prohibit all Gifts, specify maximum dollar limits for Gifts, or adopt its own definition of permissible Gifts. Any such company policy must meet the following requirements:

1. The policy must be written and provide specific practical guidance to employees.
2. The policy must first be reviewed and approved by PMA Capital's General Counsel or his or her designees.
3. No Gift may violate any law or regulation, or any known policy of the giver or recipient.
4. The company must ensure that any Gifts permitted under its policy are customary and consistent with the ethical business practices of the applicable marketplace.

No other aspect of the corporate policy on Gifts may be varied by any company.

RELATED POLICIES & GUIDELINES

Antitrust Policy

Code of Ethics for CEO and Senior Financial Officers

Disclosure Policy

Insider Trading Policy

Guidelines - Conflicts of Interest - Investments in Business Partners and Competitors