

EXPENSE ALLOCATION AGREEMENT

This Agreement is made and entered into this date to be effective as of the 1st day of January, 2006 by and between ProAssurance Corporation and its subsidiaries, (collectively the "Companies" and separately a "Company"), each of which is listed on the signature page and has caused this Agreement to be executed by a duly authorized officer.

Recitals:

WHEREAS, each of the Companies listed on the signature page (collectively, the "Companies") is an affiliated company and the Companies have determined that they can most efficiently and economically operate by combining certain portions of their operations so that management and employees of one Company may provide services on behalf of one or more other Companies;

WHEREAS, the Companies desire to establish a method to allocate certain expenses with respect to such services;

NOW THEREFORE, in consideration of these premises and the terms and conditions set forth herein, the Companies agree as follows:

1. **Definitions:** As used in this Agreement, the following terms shall have the following meaning:
 - "Direct Expenses" means an expense arising from services performed by employees of the Companies or by outside vendors that can readily be identified as applicable to one Company only. Examples of direct expenses include the employee costs for employees who service only one Company, agent's commissions, premium taxes, and allocated loss adjustment expenses that relate to specific claims files.
 - "Indirect Expenses" means expenses arising from services performed by employees of the Companies or by outside vendors, where the subject services are performed for the benefit of one or more of the Companies and cannot readily be identified as applicable to one Company only. Examples of such services are salaries, benefits and expenses of staff from departments such as administration, accounting, information systems and vendor services such as actuarial consulting.

2. **Allocation of Direct Expenses:**

Direct Expenses shall be allocated to the Company incurring such expenses.

3. **Allocation of Indirect Expenses:**

Indirect Expenses shall be allocated during each accounting period on a closely estimated basis. For purposes of developing this estimate, indirect expenses will be allocated in a fair and reasonable method in conformity with customary insurance accounting practices and that method shall be consistently applied.

4. **Settlement Provision:**

Allocation of expenses will be settled on a quarterly basis.

5. **Term of Agreement:**

The original term of this Agreement shall be January 1, 2006 through December 31, 2006, inclusive and this Agreement shall automatically continue in force for subsequent calendar years unless amended or modified by the Companies.

6. **Amendment:**

This Agreement cannot be amended except in writing signed by authorized representatives of the Companies.

7. **Severability:**

If any part of this Agreement shall be held invalid for any reason (based upon any applicable insurance statute, rule or regulation or otherwise is disapproved by a governing Insurance Department) such invalidity shall not affect any part of this Agreement and the other parts of this Agreement shall remain in full force and effect.

The Companies have entered into this Agreement on this date, September 1, 2005.

ATTEST:

Kathryn A. Neville

ProAssurance Corporation

By: [Signature]

Its: President

ATTEST:

Kathryn A. Neville

Medical Assurance, Inc.

By: [Signature]

Its: Treasurer

ATTEST:

Kathryn A. Neville

The Medical Assurance Company, Inc.

By: [Signature]

Its: Se VP

ATTEST:

Kathryn A. Neville

Woodbrook Casualty Insurance, Inc.

By: [Signature]

Its: TREASURER

ATTEST:

Kathryn A. Neville

IAO, Inc.

By: [Signature]

Its: TREASURER

ATTEST:

Kathryn A. Neville

Medical Assurance of Indiana Agency, Inc.

By: [Signature]

Its: TREASURER

ATTEST:

Kathryn A. Neville

Mutual Assurance Agency of Ohio, Inc.

By: [Signature]

Its: TREASURER

ATTEST:

Kathryn A. Neville

ProAssurance Group Services Corporation

By: [Signature]

Its: President

ATTEST:

Kathryn A. Neville

Professionals Group, Inc.

By: [Signature]

Its: President

ATTEST:

Kathryn A. Neulls

ProNational Insurance Company

By: V. H. T. [Signature]

Its: President

ATTEST:

Kathryn A. Neulls

Red Mountain Casualty Insurance Company, Inc.

By: V. H. T. [Signature]

Its: President

ATTEST:

Kathryn A. Neulls

American Insurance Management Corporation,
Individually and as Attorney-in-Fact for American
Medical Insurance Exchange

By: V. H. T. [Signature]

Its: President

ATTEST:

ProNational Insurance Agency, Inc.

By: _____

Its: _____

ATTEST:

Kathryn A. Neulls

Physicians Protective Plan, Inc.

By: [Signature]

Its: Treasurer

ATTEST:

Kathryn A. Neulls

Professionals Group Services Corp.

By: V. H. T. [Signature]

Its: President

ATTEST:

Kathryn A. Neulls

PRA Services Corporation

By: [Signature]

Its: Treasurer

ATTEST:

ProNational Insurance Company

By: _____

Its: _____

ATTEST:

Red Mountain Casualty Insurance Company, Inc.

By: _____

Its: _____

ATTEST:

American Insurance Management Corporation,
Individually and as Attorney-in-Fact for American
Medical Insurance Exchange

By: _____

Its: _____

ATTEST:

Kathryn D. Neill

ProNational Insurance Agency, Inc.

By: *[Signature]*

Its: President

ATTEST:

Physicians Protective Plan, Inc.

By: _____

Its: _____

ATTEST:

Professionals Group Services Corp.

By: _____

Its: _____

ATTEST:

PRA Services Corporation

By: _____

Its: _____

ATTEST:

Balwyn A. Neill

NCRIC Corporation

By: V. H. T. ————

Its: President

ATTEST:

V. H. T. ————

NCRIC, Inc.

By: R. R. Haley

Its: President

ATTEST:

V. H. T. ————

American Captive Corporation

By: R. R. Haley

Its: President

ATTEST:

V. H. T. ————

National Capital Insurance Brokerage, Ltd.

By: R. R. Haley

Its: President

ATTEST:

V. H. T. ————

NCRIC Insurance Agency, Inc.

By: R. R. Haley

Its: President