

**DARWIN PROFESSIONAL UNDERWRITERS, INC.**  
**CORPORATE GOVERNANCE GUIDELINES**

The following Corporate Governance Guidelines of Darwin Professional Underwriters, Inc. (“Darwin” or the “Corporation”) include principles, policies and practices that are reflective of Darwin’s unique features of ownership and control as well as principles, policies and practices in respect of requirements of corporate governance listing standards adopted by NYSE Arca and rules adopted by the Securities and Exchange Commission. The Corporate Governance Guidelines are being adopted in connection with the initial public offering of shares of common stock of Darwin (the “IPO”).

**Controlled Company Exemption**

Because Alleghany Corporation (“Alleghany”) owns equity securities of Darwin representing more than 50% of the voting power in Darwin, Darwin is currently relying on the exemption for controlled companies from certain requirements of the NYSE Arca exchange which would otherwise require that the Corporation have a majority of independent directors on its board of directors and that the Corporation have nominating/corporate governance committees and compensation committees composed of independent directors.

**Board of Directors**

The board of directors of the Corporation (the “Board”) presently consists of ten members. The Board believes this size is appropriate for the current needs of Darwin. The Board has determined that [five] of its ten members are independent within the meaning of the rules of the NYSE Arca exchange.

The Board operates on a collegial basis. The non-management directors meet at regularly scheduled executive sessions without management directors following certain of the regularly scheduled Board meetings, and the independent directors hold at least one regularly scheduled executive session without non-independent directors each year. The independent directors, other than committee chairs, preside at such meetings of the non-management and independent directors on a rotating basis. Interested persons may communicate directly with any director, the non-management directors as a group or the Board as a whole by sending such communication by fax, telephone or regular mail to the Corporation’s General Counsel, who will forward the communication to the intended recipient. Such communications may also be forwarded to them by mail in a sealed envelope addressed to an individual director, the non-management directors or the Board c/o the Corporation’s General Counsel. The General Counsel will deliver the envelope unopened (1) if addressed to a director, to the director, (2) if addressed to the Board, to the Chairman of the Board who will report thereon to the Board, or (3) if addressed to the non-management directors, to the Chair of the Audit Committee who will report thereon to the non-management directors.

Each year, a schedule is set for the following year of the Board and certain committee meetings. Materials deemed useful to directors for discussion at Board and committee meetings are sent to directors in time to permit review of such materials before the meeting.

Directors shall have unfettered access to management and, as necessary and appropriate, shall have access to the Corporation's independent advisers.

### **Director Qualification Standards**

The Board is responsible for nominating individuals for election to the Board by the stockholders and appointing individuals as directors between annual meetings.

Candidates to fill newly created directorships or vacancies on the Board are recommended by members of the Board and reviewed with, and approved by, the Board before an invitation is extended to the candidate. The Board seeks members with diverse business and professional backgrounds with outstanding integrity, judgment and such other skills and experience as will enhance the Board's ability to serve the best interests of Darwin.

The Board does not believe it should establish term limits.

It is the policy of the Board in selecting nominees for election to the Board that no person shall be selected as a Board nominee for a term that would anticipate his or her serving beyond his or her seventy-second birthday.

The Board expects individual directors to ensure that other commitments do not materially interfere with such director's service as a director of the Corporation. Such other commitments will be considered by the Board when reviewing director candidates.

Members of the Audit Committee may not serve on more than two other public company audit committees.

When a director's principal occupation or business association changes substantially, such director shall tender his or her resignation for consideration by the Board.

The Corporation's Bylaws provide that, in uncontested elections (i.e., those where the number of nominees is the same as the number of directors to be elected), a nominee is elected to the Board if more votes are cast for the nominee than withheld from his or her election. The policy of the Company with respect to a failure to receive the required vote in an uncontested election is as follows: any nominee for director who fails to receive the required vote in an uncontested election will, promptly following certification of the stockholder vote, tender his or her resignation to the Board, which may be conditioned upon acceptance of such resignation by the Board. If a resignation is so conditioned on Board acceptance, the independent directors (excluding the director who tendered the resignation) will evaluate such resignation in light of the best interests of the Corporation and its stockholders in determining whether to accept or reject the resignation, or whether other action should be taken. In reaching its decision, the Board may consider any

factors it deems relevant, including the director's qualifications, the director's past and expected future contributions to the Corporation, the overall composition of the Board and whether accepting the tendered resignation would cause the Corporation to fail to meet any applicable rule or regulation (including securities exchange listing requirements and federal securities laws). The Board will act on the tendered resignation, and publicly disclose its decision and rationale, within 90 days following certification of the stockholder vote.

If no directors receive the requisite vote in an uncontested election, the incumbent Board will nominate a new slate of director candidates and hold a special meeting for the purpose of electing those nominees within 180 days after the certification of the stockholder vote unless the incumbent directors determine that holding such election is not in the best interests of the Corporation and its stockholders. If such a special meeting is held in accordance with the preceding sentence, the incumbent directors will resign with their resignations to be effective at the time that new directors are elected and qualified. The foregoing policy is subject to change if the directors believe changes to the policy are in the best interests of the Corporation and its stockholders.

The foregoing procedures will be summarized and disclosed in the proxy statement related to each annual meeting of stockholders.

### **Director Responsibilities**

Directors are expected to attend all meetings of the Board and the committees on which they serve, and to review in advance all materials sent to them for discussion at such meetings.

Directors shall exercise their business judgment in good faith and shall act in what they reasonably believe to be in the best interests of the stockholders.

### **Committees**

The current committee structure of the Board consists of an Audit Committee, a Compensation Committee and a Finance and Investments Committee. The Board believes that such committee structure is adequate for the current needs of the Board.

The Audit Committee shall be composed entirely of independent directors, as determined by the Board consistent with the requirements of the NYSE Arca exchange. In addition, Audit Committee members must be independent as determined by the Board consistent with requirements of the Securities Exchange Act of 1934 and rules thereunder, and are required to be financially literate, and at least one member is required to have accounting or related financial management expertise, as such qualifications are interpreted by the Board in its business judgment.

The Compensation Committee shall consist of a majority of independent directors and one director who is a representative of Alleghany.

Each committee has a written charter that addresses the committee's purpose and responsibilities.

Each committee annually evaluates its performance, the qualifications of its members and the adequacy of its charter, and reports thereon to the Board.

Committee chairs, in consultation with committee members, schedule meetings of their respective committees.

Committee chairs, in consultation with management, develop agenda for the committee meetings.

Each committee regularly reports to the Board with respect to its activities.

### **Director Compensation**

It is Darwin's policy to set the compensation of directors for their service on the Board and its committees in a manner that is designed to attract, retain and motivate highly qualified candidates for director, and to be broadly comparable with those companies which Darwin considers to be its peers in the industries in which it operates. Directors who are also employees of Darwin or who are also employees of Alleghany do not receive any compensation for their service as directors of Darwin. Darwin has adopted a directors' compensation plan (the "Non-Employee Directors Plan") pursuant to which at least 50% of all fees (including retainer fees and committee fees) earned by a director who is neither an employee of Darwin nor an employee of Alleghany are automatically converted into that number of share units equal to the number of shares of Darwin common stock that could have been purchased with such fees, based upon the public offering price, in the case of the first payment of fees to be made upon the closing of the IPO, and, thereafter, based upon the closing price of shares of Darwin common stock on the day after the annual meeting of stockholders. In addition to the 50% mandatory conversion, each director may elect to have up to a total of 100% of his fees converted into share units. No shares of common stock are actually purchased in connection with the share units, but the number of the share units is dependent upon the market value of shares of Darwin common stock. A director will receive distributions in respect of share units following the expiration of five calendar years following the year in which his fees were originally converted into share units, or following termination of his service on the Board, if earlier. Each distribution in respect of share units will be made, at the discretion of the Board, either in cash or in shares of Darwin common stock or some combination thereof.

The Non-Employee Directors Plan also provides that, upon the closing of the IPO, each non-employee director will receive a grant of restricted shares of Darwin common stock having a market value of \$40,000 (based on the public offering price).

Director compensation, including compensation for committee service, is reviewed annually by the Compensation Committee, which makes such recommendations to the Board with respect thereto as it deems appropriate.

## **Director Stock Ownership Guidelines**

Within five years of the date of election to the Board, each non-employee director is expected to achieve (and thereafter maintain) ownership of shares of Darwin common stock (including share units acquired under the Directors Plan described above and including the restricted shares expected to be granted in connection with the completion of the IPO described above) having a value equal to at least 200% of the sum of the annual Board retainer and committee fees paid to such director.

Directors of Darwin who are also executive officers of Darwin are subject to separate stock ownership guidelines applicable to executive officers of Darwin.

## **Director Orientation and Continuing Education**

It is Darwin's policy to provide its directors with such information and materials, and to furnish such access to management, professional consultants and advisors, as the Board or management deems advisable to keep the directors up to date on developments in those areas that are relevant to the conduct of the business of Darwin and to its compliance with applicable laws and regulations. Darwin will reimburse directors for the reasonable cost of attending director education programs or seminars that the director and Darwin believe will be beneficial to such director's service on the Board and its Committee.

## **Evaluation of the Chief Executive Officer**

The CEO explains in writing to the Board annually about the more important aspects of his performance during the year and the Board reviews and evaluates such performance.

## **Succession Planning and Management Development**

The CEO reports to the Board annually on succession planning and management development. In connection with such report and the CEO performance review, the Board considers its policies and principles for CEO selection and performance, as well as options and opportunities regarding succession in the event of an unexpected departure or retirement of the CEO.

## **Annual Performance Evaluation of the Board**

The Board conducts an annual evaluation of its own performance.