



TO ALL EMPLOYEES

State Auto's outstanding reputation for honesty and integrity is to be highly prized and carefully protected. We are committed to honoring and maintaining our reputation by always following "Our Values", and adhering to the highest ethical and professional standards in our relationships with all of our stakeholders.

As an employee, you represent State Auto Insurance Companies, and your decisions and actions affect our reputation and financial integrity. We must at all times be legal, ethical, and fair, and avoid the appearance of impropriety. Our Code of Business Conduct is designed to uphold our commitment to "Our Values" and to maintain our excellent reputation for ethical business practices.

Our Code sets forth our expectations regarding business and professional conduct, and is intended to help you recognize and deal with both ethical and legal issues. You are expected to comply with the letter and spirit of these guidelines. When in doubt about whether a situation might raise questions of appropriate ethical or legal conduct, or if you are concerned about the actions of another employee, please discuss the concern with your manager. Our General Counsel, Jay Yano (614-917-5346) and Director of Internal Audit, Dave Dalton (614-917-5615) are also available to provide confidential guidance and assistance. Potential violations of our Code may be reported in an anonymous manner through the Ethics Hotline at 877-888-0002.

We should all be very proud of our track record as an ethically driven and legally compliant organization. I believe you will continue to "do the right thing" to enable us to continue this proud tradition.

Robert P. Restrepo, Jr.
Chairman, CEO and President

State Auto Insurance Companies Employee Code of Business Conduct

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State Auto Insurance Companies
Employee Code of Business Conduct
[Amended and Restated as of November 6, 2009]

I. INTRODUCTION

This Code of Business Conduct applies to all employees and officers of the State Auto Insurance Companies, including all its subsidiaries and affiliates, and addresses a wide range of business practices. While it does not cover every issue that may arise, the Code sets out basic principles to guide our activities at State Auto.

II. OUR VALUES

We honor our *Reputation* by

- Behaving honestly, ethically and with integrity
- Inspiring trust
- Caring for others

We ensure our *Responsiveness* by

- Listening effectively
- Being accountable
- Executing flawlessly and quickly

We maintain our *Financial Strength* by

- Preserving our A+ rating
- Growing surplus consistently
- Underwriting profitability
- Growing premium rationally
- Embracing financial discipline

We preserve our *Relationships* by

- Being respectful
- Valuing diversity
- Embracing candor
- Attracting and keeping quality people

We reinforce our *Reliability* by

- Keeping our commitments
- Managing change effectively

III. OUR STANDARDS OF CONDUCT

A. Legal and Regulatory Compliance

The insurance industry is heavily regulated and subject to a variety of state and federal laws. These include state and federal laws and regulations pertaining to the business of insurance (e.g., market conduct), securities, fiduciary duties, corporate governance, privacy, antitrust, health and safety, and employment among others. Obeying the law is the foundation on which our ethical standards are built. Although you are not expected to be experts in all of these legal or regulatory matters, you are expected to know all laws and regulations that directly affect your areas of responsibility. You are also expected to use good judgment and common sense in seeking to comply with all applicable laws, rules and regulations and to ask for advice when uncertain about them. **Our General Counsel should be contacted for definitive guidance on all legal and regulatory matters.**

B. Insider Trading and Stock Tipping

Insider trading and stock tipping are serious violations of securities trading laws and can result in criminal and/or civil penalties. You must obey all laws prohibiting the trading of securities based on inside information, that is, knowledge of material, non-public information about our company. “Insider trading” means using inside information for personal profit. “Stock Tipping” means disclosing inside information, for example to a friend or relative, to enable that person to profit through the purchase or sale of our company’s stock. If you are in possession of inside information, you must not act upon that information or pass it along to others. You may not trade our stock, or the stock of any other company for which you have acquired non-public information, nor recommend to others that they trade in the stock, until such information has been publicly disclosed. Further, you are also prohibited from trading in our stock unless our “Trading Window” is open. Accordingly, certain individuals also are barred from trading STFC stock at any time without pre-clearance from the General Counsel and must notify the General Counsel immediately upon executing a trade.

Our complete policy on Insider Trading can be found in the Policies section of the Employee Reference Guide located on our Human Resources website. If you have any questions regarding our Insider Trading policy, our General Counsel should be contacted.

C. Accurate Books, Records and Financial Reporting

Our financial, accounting, and other reports and records are intended to accurately and fairly reflect our transactions and financial condition in reasonable detail and in accordance with statutory insurance accounting practices, generally accepted accounting principles, and all applicable laws and regulations. Further,

- Internal accounting controls will be followed to assure financial and other reports are accurately and reliably prepared. All material transactions must be recorded in a manner to allow for audit.
- We prohibit false or misleading entries in our books or records for any reason and will not condone any undisclosed or unrecorded transactions, bank accounts or assets established for any purpose.
- We will comply with our internal disclosure controls and procedures to ensure information required to be disclosed by federal securities laws is communicated, reviewed, discussed, and evaluated in a timely and accurate manner. We intend for all public disclosures to be full, fair, accurate, timely and understandable.
- You will not authorize payment knowing that any part will be used for a purpose other than what has been documented. All legitimate expenses incurred will be reimbursed through the timely filing of expense reports which must be documented accurately and completely.
- Our corporate records must always be retained or only destroyed according to applicable record retention policies. Additionally, you must comply with all special record retention policies that may be instituted as a result of litigation, regulatory investigations or other unusual events.

D. Antitrust

The main objective of antitrust laws is to maintain a competitive marketplace. We will observe all federal and state antitrust laws and engage in free and fair competition in the marketing of our insurance products and services. We must avoid transactions or practices which may give the appearance of collusion or unfair competition. Prohibited activities would include agreements with competitors, directly or through trade associations, to:

- Fix or control pricing.
- Allocate products, markets or territories.
- Refrain from, or limit, the sale of any product.
- Boycott certain customers.

The consequences of violations are severe and the application of antitrust laws can be complex. If questionable situations arise, you should contact our General Counsel.

E. Fair Dealing

We seek to outperform our competition fairly, honestly and on the merits of our people, products and services. Stealing proprietary information, possessing trade secrets obtained without the owner's consent, or inducing such disclosures by past or present employees of other companies is prohibited. Statements regarding our products and services must not be untrue, misleading, or deceptive. Further, disparaging remarks about competitors is not to be used as a sales or marketing tactic.

F. Privacy and Confidentiality of Data

We respect the privacy of all applicants for insurance or employment, as well as policyholders, claimants, agents and employees, and are committed to ensuring that any personal information contained in job or insurance applications, or in any underwriting, claims, agent, or personnel files or electronic databases, remains confidential.

This information shall be restricted to those with a business-related need to know and may not be accessed, used or disclosed except as necessary to perform your job or in response to a subpoena or other legal process. No attempts should be made to circumvent those restrictions.

For additional information, please refer to State Auto's information security policies and standards located on the Business Continuity and Security Group's website.

G. Safeguarding Company Property and Information

You should always strive to maintain and use State Auto's property with care and respect while guarding against theft, carelessness, waste and abuse. Our ability to serve our customers requires the efficient and proper use of assets and resources. These include not only physical property and equipment, but other tangible assets such as cash, software and information systems. It also includes intangible assets such as trademarks, copyrights, sales and marketing plans, and other proprietary information.

- We will use assets according to all State Auto policies and procedures, comply with security programs that help protect against unauthorized use or theft, and abide by all regulations and contractual agreements governing their use.
- We will not use our company's equipment for non-company business, though incidental personal use may be permitted consistent with your department's policy.
- We will protect from disclosure and misuse all confidential personal and business information.
- For those with access to information systems and electronic communication methods such as email, instant messaging, and the internet, you are not entitled to an expectation of privacy, except where provided by law. All computer data created, received or transmitted using our company's information technology resources is the property of State Auto and should not be considered your private property. Engaging in any online activity or transmitting any communications that would reflect unfavorably on State Auto or be deemed offensive or inappropriate is prohibited. We reserve the right to monitor or

examine all data, without notice. By using our information technology resources, you consent to this monitoring.

- No unauthorized or unlicensed software or inappropriate content (such as pornographic or otherwise illegal materials) may be installed, viewed or retained on any company electronic device.
- We will take actions necessary to safeguard all passwords and identification codes to prevent unauthorized use of our company's information technology resources.

Please refer to our information security policies and standards for more detail. Any suspected incident of fraud or theft should be immediately reported through the Ethics Hotline for investigation

H. Discrimination and Harassment

We are firmly committed to diversity and providing equal opportunity in all aspects of employment and will not tolerate any illegal discrimination or harassment of any kind. Examples include derogatory comments based on racial or ethnic characteristics, gender, sexual orientation or disability, and unwelcome sexual advances. Managers are responsible for monitoring behavior which could be considered harassment or discrimination and for initiating action to eliminate that behavior. Our full policy on Harassment is located in the Employee Reference Guide. If you believe that you have been the subject of discrimination or harassment, or observe conduct that you believe is discriminatory or harassing, you should immediately contact the Human Resources Department or our Ethics Hotline.

I. Health and Safety

State Auto is committed to providing a safe and healthy work environment. You are responsible for following safety and health rules and practices, and reporting accidents, injuries and unsafe equipment, practices or conditions. Violence and threatening behavior are not permitted. We prohibit the unlawful possession of firearms on company property and no firearms are permitted inside any State Auto building. You must report to work in a condition to perform your duties, free from the influence of illegal drugs or alcohol. The use or sale of illegal drugs or alcohol in the workplace will not be tolerated. Further, we maintain a "smoke-free" environment and you are required to attest to the fact you do not smoke as a condition of hire where allowed by law. Smoking on the grounds or inside any State Auto facility is thus contrary to policy and prohibited.

J. Communications with the Public

State Auto's communications with the public must always be accurate, consistent and in compliance with the law, while still protecting our confidentiality and interests. To meet these goals, we have spokespersons that are specifically trained to perform this activity. If you receive an oral or written inquiry from an outside contact, including the media, about a company matter, it should be directed to either Corporate Communications and/or Investor Relations as appropriate.

K. Political Activities and Contributions

You are urged to support candidates and ballot measures of your choice; however, this must be done on your own time, and at your own expense. You should not present the appearance that you are speaking or acting on behalf of our company without specific authority to do so.

State Auto maintains a Political Action Committee to support state and local political parties or candidates where permitted. Contributions may be solicited from you on a voluntary basis; however, no one may bring undue pressure on you to participate.

L. Conflicts of Interest

A “conflict of interest” exists when your personal relationships, activities, or interests interfere in any way with the interests of State Auto. A conflict situation can arise when you take actions or have interests that may make it difficult to perform your company work objectively. Conflicts of interest may also arise when you or members of your immediate family receive personal benefits as a result of your position with State Auto. While we rely on character and common sense to avoid conflicts or the appearance of such conflicts, we have established the following guidelines governing specific areas of recurring concern.

1 Outside Employment and Activities

Our expectation for full-time employees is that your primary job responsibility is to State Auto. Any outside employment or other source of income or activity must not interfere with the expected performance of your duties and responsibilities to our company, nor should they affect your objectivity, independence, or loyalty. You should also not engage in any outside activity that might embarrass or bring discredit upon State Auto. You are prohibited from working in any capacity with one of our competitors, suppliers, or customers. You are also not permitted to conduct outside business affairs during State Auto working hours or in State Auto facilities.

You may not serve as a director of an organization that competes or does business with State Auto without the consent of the General Counsel, or with a public company without consent of the Chief Executive Officer.

2 Directorships and Positions with Civic, Charitable, and Other Organizations

From time to time, you may have the opportunity to accept a directorship or other position with a civic, charitable or professional organization. State Auto generally encourages involvement in this kind of volunteer work, but only so long as these activities do not impair your ability to fulfill your responsibilities to State Auto and only with your understanding that this is done on your own time and at your own expense. When involved in these organizations, you should not create the impression that you act or speak on behalf of our company without specific authorization to do so.

Additionally, the company may ask you to become involved in certain civic, charitable or professional organizations, typically where the mission or business of the organization aligns with State Auto’s interests. If you become a director of an organization at the request and with the approval of State Auto, then the company’s director’s and officer’s liability insurance may be available to protect you. All questions regarding this approval process and insurance coverage should be directed to our General Counsel.

3. Business Entertainment and Gifts

It is important to be impartial, and preserve the appearance of impartiality, when dealing with agents, customers, suppliers, or competitors. Not only may the acceptance of gifts, entertainment or other favors create an appearance of impropriety, it may also create a sense of obligation on your part not to place the interests of State Auto first.

a. Entertainment

We recognize there will be instances in the normal course of business relationship building when it may be appropriate for you to accept invitations that would include joining a current or prospective business partner in meals, entertainment, or other

activities considered social or recreational in nature. In such instances, business can be discussed and valuable relationships can be developed or maintained and thus be in State Auto's best interest. Your good judgment should govern the acceptance of such invitations. If you have any question as to the appropriateness of an invitation, you should discuss the matter with your manager, our Director of Internal Audit or our General Counsel.

b. Gifts

Accepting gifts, defined as goods, services, discounts, etc., valued at more than \$150 (singly or in aggregate) from a third party doing business with State Auto is considered to be beyond common courtesy and is not allowed. This includes offers from vendors or others to pay airfare or hotel room charges to attend their trade shows, conferences, etc. Further, any gift of cash or cash equivalent (e.g., gift certificate or gift card) must be refused regardless of the amount. This also applies to members of your immediate family. Any offer to attend an event, such as an offer of tickets to a sporting venue or entertainment, at which the giving party will not be present, is considered a gift.

4. Business Opportunities

You must advance our legitimate interests and may not divert business opportunities or use corporate property, information, or position for personal benefit. Further, you should avoid having a financial interest in any transaction between State Auto and a third party which might adversely affect your independent judgment on behalf of our company. In the event this situation arises, you should make your position known to both parties and refrain from participating in negotiations or decision making.

5. Personal Transactions

While it is not a violation for you or your immediate family to be insured by State Auto, you may not use your position to underwrite a policy, pay a claim, or otherwise process or influence any transaction in which you have a personal interest.

6. Personal Office Relationships

We prohibit individuals in supervisory capacities from having romantic relationships with subordinates. These relationships can result in conflicts of interest, allegations of favoritism, or potential charges of sexual harassment. Any such relationship must be disclosed to the next higher level in the chain-of-command. That individual must assess the situation and make a recommendation to resolve any actual or potential conflict or impropriety created. This may include transferring one of the employees to another department.

IV. OUR COMPLIANCE ADMINISTRATION

A. Reporting and Investigation

You have an obligation to report actual or suspected unethical or illegal behavior or activities to our General Counsel or our Director of Internal Audit. Any questions concerning policy matters should also be directed to these officers. If you do not feel comfortable addressing such matters directly with the above mentioned parties, you may also call our Ethics Hotline at **877-888-0002**. This hotline is administered by a third party to maintain confidentiality to the extent possible.

Allegations will be investigated by the General Counsel and/or Director of Internal Audit in a timely, impartial and confidential manner and a record of such allegations and the related disposition will be maintained. The General Counsel and Director of Internal Audit may confer with State Auto's Disclosure Committee as needed for additional guidance relating to business practice issues or disciplinary actions with respect to violations of the Code. If your conduct has been called into question, you will be afforded an opportunity to explain your actions. If you are requested to assist in an investigation, your full cooperation will be expected and you must maintain strict confidence as to the details. Violations by any executive or senior financial officer, or other serious violations, shall be reported to the Audit Committees of the Boards of Directors.

B. Non-Retaliation

Under no circumstance will you be subject to any disciplinary or retaliatory action as a result of good faith reporting of a violation or suspected violation of this Code or applicable law. However, it is unacceptable to knowingly file a false report. Anyone who engages in any form of retaliation, any supervisor who permits such conduct, or anyone who knowingly files a false report will be subject to disciplinary action, including termination.

C. Enforcement

State Auto will take action against individuals who violate this Code, other company policy, or the law. This may include penalties ranging from warnings and reprimands to immediate termination of your employment. Where State Auto has suffered a loss, we may pursue criminal prosecution and/or civil litigation. Where laws have been violated, we will cooperate fully with the appropriate authorities.

D. Waivers of Provisions of the Code of Business Conduct

In the unusual circumstance where a waiver may be appropriate, only the Audit Committees of the Boards of Directors have the authority to grant waivers for Section 16 officers, and such waivers will be disclosed as required by law. The waiver of any provision of this Code for any other officer or employee must be approved in writing by our General Counsel and Director of Internal Audit. All waivers will be reported to the Audit Committees.

E. Annual Certification

State Auto will require you to complete and sign a Code of Business Conduct Disclosure Questionnaire and Compliance Statement on an annual basis. This will acknowledge that you have read, understand and complied with the Code, reported or communicated any suspected violations or instances of non-compliance by any party, and have disclosed any potential personal conflicts of interest.

F. Training

We will provide periodic training on specific topics covered in the Code.

IF IN DOUBT ...

When facing an ethical or legal dilemma, the best course of action may not always be clear. As you consider the particular situation and how you should proceed, ask yourself these questions:

- **Is it against company policy or the law?** – This leads you to contact the appropriate company resources that can help answer the question.
- **How will our stakeholders be affected?** – This helps you focus on the effect your decision will have on policyholders, shareholders, customers, fellow employees, agents and communities in which we do business.
- **How will I be affected?** – This helps bring the consequences for your actions into focus.

State Auto has a number of resources, people and processes in place to answer questions and offer guidance with difficult decisions. You should feel free to use any of these to assist you in the resolution of your issue, including the Ethics Hotline at **877-888-0002**.