

State Auto Financial Corporation

(And all its subsidiaries)

Board of Directors Charter of the Investment and Finance Committee

Purpose and Membership

The Investment and Finance Committee (the “Committee”) of the Board of Directors (the “Board”) of the State Auto Financial Corporation (the “Company”) shall oversee the investment and certain finance activities of the Company and its subsidiaries.

The Committee of the Board shall consist of not less than three directors.

Responsibilities and Authority

The duties and responsibilities of the Committee shall be as follows:

1. Consider and determine the Company’s investment policy and guidelines (the “Investment Policy”) to be recommended to the full board of directors and upon approval from said board, to be implemented by the Company through its employees or designated representative(s). In assessing the Investment Policy, the Committee shall ensure that the investments and investment practices contemplated by the Investment Policy reflect the Company’s Objectives and Constraints as outlined below:
 - Objectives
 - Return Objectives
 - Risk Tolerance
 - Constraints
 - Liquidity needs
 - Time horizon
 - Tax situation
 - Legal and regulatory constraints
 - Unique Circumstances
2. Oversee the operation and performance of the Company’s investment department and designated representative(s).
3. Not less than quarterly, receive and review a summary report of the Company’s investment portfolio, investment activities and investment

practices engaged in pursuant to the Company's Investment Policies and if it deems appropriate, approve the same.

4. Monthly, the Investment portfolio managers will meet with the Chief Financial Officer to review all transactions (buys & sells) to affirm that such transactions conform to the Investment Policy and Guidelines adopted and approved by the Investment Committee.
5. At each fourth quarter meeting , review the Investment Policy described in section 1 and recommend changes thereto as often as it deems necessary, which changes shall be presented to and approved by the full board of directors.
6. Periodically review and, if appropriate, approve policies regarding the Company's investment in or use of financial derivatives.
7. The Committee shall direct the Company's investment department and designated representative(s) to prepare and maintain orderly documentation reflecting compliance with the Company's Investment Policy and legal requirements applicable to investments.
8. Not less than annually formally adopt a resolution confirming that the Committee has determined that all the Company's investments have been made in accordance with the authority delegated to the investment department or designated representative(s), consistent with the law and the Company's Investment Policy.
9. Review not less than annually the Company's capital management actions and plans to ensure consistency with the attainment of the Company's investment policies.
10. As appropriate and included within the usual and customary review of transactions by the Company's Board and Independent Committee, provide expertise and input regarding the Company's potential and material mergers, acquisitions, joint ventures or divestitures.
11. Ensure that all records required to be maintained relating to the Company's investments are available to the Committee, as and when it deems necessary or appropriate.
12. Report to the Board all meetings of the Committee.
13. Perform such additional duties within the scope of its primary responsibilities as the Board of Directors may from time to time determine.
14. The Committee shall perform its duties in good faith and with that degree of care that ordinarily prudent persons in like positions would use under similar circumstances.

15. This Investment and Finance Committee Charter is not intended to change or augment the obligations of the Company or its directors or management under federal securities laws or to create new standards for determining whether directors or management have fulfilled their duties, including fiduciary duties or applicable state law.
16. The Committee shall review proposals by the Company regarding stock buyback initiatives and dividend policy, as well as the issuance of material debt and entering into any material sale and leaseback transactions.
17. The Committee shall review periodically any asset liability modeling studies completed by internal staff and/or external advisors or consultants.

Meetings

The Committee shall meet at least four times per year. A majority of the voting committee members shall constitute a quorum for the transaction of business. The Committee may act only upon approval of a majority of members of the Committee. The Committee shall meet upon the call of the Chairman of the Committee. The action of the Committee at a meeting at which a quorum is present shall be the act of the Committee. The Committee may act in writing by the unanimous consent of its members.

2011. Approved and adopted by the State Auto Financial Corporation Board of Directors November 4,