

State Auto Financial Corporation
Board of Directors
Charter of the Audit Committee
Amended and Restated as of November 4, 2011

Organization

The Audit Committee of the Boards of Directors of State Auto Financial Corporation and its wholly owned subsidiaries (collectively, “STFC” or the “Company”) shall be comprised of at least three directors who are independent of management and the Company and its subsidiaries or affiliates. Members of the Audit Committee shall be considered independent if they meet the standards of independence for audit committee members as established by the Marketplace Rules of The NASDAQ Stock Market, Inc. (“NASDAQ”) and the Securities and Exchange Commission (“SEC”).

All Audit Committee members must be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement, and cash flow statement. At least one member of the Audit Committee must be a financial expert as defined by the SEC.

The Audit Committee shall meet as often as it determines, but not less frequently than quarterly. The Audit Committee shall meet in executive session as and when it deems it appropriate, and it shall also meet periodically in executive session separately with the internal auditor, the independent auditor, the Chief Financial Officer, the General Counsel, the Director of Enterprise Risk Management, and the Chief Actuary of the Company. The Audit Committee may also request any officer or employee of the Company, or any outside counsel retained by the Company to meet with the Committee.

Statement of Policy

The purpose of the Audit Committee is to assist the directors in their oversight of the following: (i) the integrity of the Company's financial statements and internal control over financial reporting (SOX 404) (ii) the Company's compliance with legal and regulatory requirements; (iii) the independent auditor's qualifications and independence, (iv) the performance of the Company's internal audit function and the work of the independent auditors, and (v) the Company's financial risk assessment and system of internal control. The Audit Committee shall provide assistance to the directors in fulfilling their responsibility to the shareholders relating to corporate accounting, reporting practices of the Company, and the quality and integrity of financial reports of the Company. In so doing, it is the responsibility of the Audit Committee to maintain free and open communication between the directors, the independent auditors, the internal auditors, and the senior management of the Company. Notwithstanding the foregoing, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete, accurate, and in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibility of management and the independent auditor. This

Audit Committee Charter is not intended to change or augment the obligations of the Company or its directors or management under the federal securities laws or to create new standards for determining whether directors or management have fulfilled their duties, including fiduciary duties under applicable state law.

Responsibilities

In carrying out its responsibilities, the Audit Committee believes its policies and procedures should remain flexible in order to best react to changing conditions and to ensure that the corporate accounting and reporting practices of the Company are in accordance with all requirements and are of the highest quality.

The Audit Committee (the “Committee”) shall perform the following duties, functions and responsibilities:

1. The Committee shall have the sole and complete authority and responsibility to select, oversee, evaluate, compensate, and replace the independent auditors and resolve disagreements between management and the independent auditors, as the independent auditors are accountable to the Audit Committee. This authority includes the authority to cause the Company to pay the ordinary and necessary administrative expenses that are incurred in its carrying out its duties pursuant to this Charter.
2. The Committee shall meet with the independent auditors and senior management of the Company to (i) discuss policies with respect to financial risk assessment and financial risk management; (ii) review the scope of the proposed audit for the current year and the procedures to be utilized; and (iii) at the conclusion thereof meet again to review such audit, including any comments or recommendations of the independent auditors.
3. The Committee shall review the quarterly financial statements and annual audited financial statements (including, without limitation the “Management Discussion and Analysis of Financial Condition and Results of Operations”) with senior management and the independent auditors prior to the public release of the Company’s financial results to determine that the independent auditors do not take exception to the content of the financial statements, and discuss any other matters that require communication to the Committee by the independent auditors. The Committee’s Chairperson, or his/her designee, may represent the Committee for purposes of this review. This shall include, without limitation, the review and discussion of quarterly reports and annual reports from the independent auditor on: (i) all critical accounting policies and practices to be used; (ii) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management; (iii) ramifications of the use of such alternative disclosures and treatments; (iv) the treatment preferred by its independent auditor; and (v) other material written communications between the independent auditor and management such as any management letter or schedule of unadjusted differences.
4. The Committee shall discuss with management and the independent auditors the adequacy of reserves.
5. The Committee shall discuss reports received from independent auditors, the chief internal auditor, financial and accounting personnel, regulators, and other legal and regulatory agencies concerning matters that may have a material effect on the financial statements or related Company compliance policies.

6. The Committee shall review with the independent auditors, the chief internal auditor, and financial and accounting personnel, the adequacy and effectiveness of the accounting and financial controls of the Company. It will elicit recommendations for the improvement of such internal controls in areas where new or more detailed controls or procedures are desirable. Particular emphasis should be given to the adequacy of internal controls: (i) to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper; and (ii) in areas which would entail significant risk or exposure to the Company.
7. The Committee shall review the Company's internal audit function including the independence and authority of its reporting obligations, a summary of findings from completed internal audits, and a progress report on the proposed internal audit plan, with explanations for any deviations from the original plan.
8. The Committee, in conjunction with the Audit Committee of the Board of Directors of State Automobile Mutual Insurance Company and its wholly owned affiliates (collectively "State Auto Mutual"), which State Auto Mutual Audit Committee is composed solely of independent directors, shall participate in reviewing the performance and have responsibility for appointment, termination, or replacement of the chief internal auditor. Annual performance will be discussed in executive session during the first meeting of the year.
9. The Committee shall, on an annual basis, obtain from the independent auditors a written communication delineating all their relationships and professional services as required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees. In addition, the Committee shall review with the independent auditors the nature and scope of any disclosed relationships or professional services that may impact the objectivity and independence of the auditors, and take, or recommend that the board of directors take, appropriate action to oversee the continuing independence of the auditors. The foregoing obligation shall also include obtaining and reviewing a report by the independent auditor describing the following: (i) the firm's internal quality control procedures; (ii) any material issues raised by the most recent internal quality control review or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the previous five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (iii) (to assess the auditor's independence) all relations between the independent auditor and the Company.
10. The Committee shall pre-approve all auditing services and the Company's use of the independent auditors to perform all non-audit/tax services, which are not prohibited by section 10A(g) of the 1934 Securities Exchange Act (the "34 Act"), subject to the de minimus exception for non-audit services described in section 10A(i)(1)(B) of the 34 Act. The Committee may delegate power and authority to pre-approve all audit and permitted non-audit services to the Committee Chair and the decisions made to such delegated power and authority shall be reported to the Audit Committee at its next scheduled meeting.
11. The Committee shall have full authority to select, retain and cause the Company to compensate any independent advisors, including but not limited to legal counsel, it elects, in its sole discretion, to engage.

12. The Committee shall maintain procedures for the receipt, retention and treatment of complaints received by the issuer regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
13. Pursuant to the most current edition of the Code of Business Conduct, including the Code of Ethics for Senior Financial Officers (the "Code of Business Conduct") the Committee shall review, determine, and make recommendations to the Board of Directors on matters that involve issues relating to wrongful, illegal or unethical conduct by any employee or officer of State Auto Financial Corporation, State Auto Property and Casualty Insurance Company ("State Auto P&C"), or State Automobile Mutual Insurance Company and their respective wholly owned subsidiaries (collectively "State Auto") , including, without limitation, matters described in the Company's Code of Business Conduct and the Company's Employee Reference Guide or matters which in the reasonable judgment of the Business Conduct Committee (as defined in the Code of Business Conduct), appear to place the Company at material financial or reputational risk. Matters which in the reasonable judgment of the Business Conduct Committee involve normal, ordinary course of business, employee disciplinary situations are not required to be reported to the Audit Committee, unless such matter involves allegedly illegal, wrongful or unethical conduct by a officer of the Company who is a Section 16 reporting person, in which event the Business Conduct Committee shall report such matter to the Audit Committee prior to making a decision with respect to the disposition of such matter. Any compliance or ethical issue involving a director of State Auto Financial shall be addressed as described in the Director Ethical Principles included in the Corporate Governance Guidelines of State Auto Financial.
14. The Committee shall maintain procedures by which an attorney retained by the Company shall report to the Committee evidence of material violations of the securities laws or breach of fiduciary duties by the Company or any officer or employee of the Company, which procedures shall conform to the rules of the SEC.
15. The Committee shall participate in the disclosure control procedures of the Company with respect to the periodic reports the Company files with the SEC, e.g., the 10Q and 10K by i) receiving and reviewing minutes of the Disclosure Control Committee; ii) reviewing drafts of such periodic reports and other disclosure documents; and iii) having such direct access to any member of the Disclosure Control Committee as any member of the Committee deems necessary or appropriate.
16. The Committee shall review disclosures made to the Committee by the Company's CEO and CFO during their certification process for the Forms 10Q and 10K about any significant deficiencies in the design and operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.
17. The Committee shall ensure the rotation of the lead or coordinating audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law.
18. The Committee shall ensure that the Company complies with the Committee's policy prohibiting the Company hiring employees or former employees of the independent auditor who participated in any way in the audit of the Company for a period of five

years from such employee's or former employee's last involvement with the audit of the Company.

19. At its third regular meeting of each year, the Committee shall conduct an annual performance evaluation of the Committee.
20. The Committee shall review and approve an audit committee report as required by the SEC to be included in the Company's annual proxy statement at its first regular meeting of the year.
21. The Committee shall review and discuss the Company's earnings press releases, as well as financial information and earnings guidance, if any, provided to analysts and rating agencies.
22. No Committee member may serve on the audit committee of more than three public companies.
23. The Committee shall review and reassess the adequacy of this Charter on an annual basis, at its third regular meeting of the year
24. The Committee shall review the Company's compliance with Federal Organizational Sentencing Guidelines at its fourth meeting of the year.
25. The Committee shall review a summary of the Company's Special Investigative Unit (SIU) results at its fourth meeting of the year.