

SAFECO CORPORATION AUDIT COMMITTEE CHARTER

Amended and Restated by the Board of Directors December 1, 2005

I. Purpose

The purposes of the Audit Committee are to:

- (1) oversee the accounting and financial reporting processes of the Corporation, its disclosure controls and procedures and its systems of internal control over financial reporting,
- (2) approve prior to appointment the engagement of the Corporation's independent auditors and in connection therewith to review and evaluate the independent auditor's compensation, qualifications and independence,
- (3) pre-approve the services provided by our independent auditors,
- (4) provide guidance to and monitor the performance of the Corporation's internal audit organization,
- (5) monitor the performance of the independent auditors,
- (6) review and pre-approve related party transactions,
- (7) monitor the Corporation's approach to business ethics and compliance with legal and regulatory requirements, implement required procedures and
- (8) prepare the report required by the rules of the Securities and Exchange Commission to be included in the Corporation's annual proxy statement.

II. Organization and Meetings

The Audit Committee shall be appointed by the Board of Directors upon the recommendation of the Nominating/Governance Committee and consist of not less than three members. The members of the Audit Committee shall meet the independence, experience and expertise requirements for members of public company Audit Committees under the Securities Exchange Act of 1934, as amended, and the rules and regulations of the exchange or market on which the Corporation's securities are traded or listed. The Board of Directors shall determine annually whether any member of the Audit Committee is an "Audit Committee financial expert" as required by the Securities and Exchange Commission. Audit committee members shall not simultaneously serve on the Audit Committees of more than two other public companies.

The Audit Committee shall meet as often as deemed necessary, but not less than four times annually and may meet more frequently as necessary.

The Audit Committee shall keep minutes of its meetings and make regular reports on its activities to the Board of Directors.

III. Authority and Responsibilities

The Audit Committee shall:

1. Have sole authority to appoint and terminate the Corporation's independent auditor. The Audit Committee shall be directly responsible for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purposes of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation. The independent auditor shall report directly to the Audit Committee.
2. Approve in advance all audit and permitted non-audit services (including the fees and terms thereof) to be provided by the independent auditor, subject to any exception permitted by law or regulation.
3. The Audit Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant pre-approvals shall be presented to the full Audit Committee at its next scheduled meeting.
4. Review the performance of the independent auditor of its audit responsibilities.
5. Obtain and review, at least annually, a report by the independent auditor describing: (i) the auditor's internal quality control procedures; (ii) any material issues raised by the most recent internal quality control review or peer review of the auditor, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditor, and any steps taken to address these issues; and (iii) all relationships between the auditor and the Corporation. Evaluate the qualifications, performance and independence of the independent auditor, including considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence, and taking into account the opinions of management and internal auditors. The Audit Committee shall present its conclusions with respect to the independent auditor to the Board.
6. Meet with the independent auditor before the audit to review its planning and staffing and the audit approach to be used.
7. Discuss the annual audited financial statements and quarterly financial statements with management and the independent auditor, including the Corporation's disclosure in its periodic reports under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

8. Review with the independent auditor the completed audit, including a review of any major issues regarding accounting and auditing principles and practices, the adequacy of internal controls that could significantly affect the Corporation's financial statements, and any management letter provided by the auditor and the Corporation's response to that letter and review any difficulties the auditor encountered in the course of its audit work (including any restrictions on the scope of the auditor's activities or on access to information, and any significant disagreements with management) and management's response.
9. Review disclosures made to the Audit Committee by the Corporation's Chief Executive Officer and Chief Financial Officer during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of disclosure controls and procedures and internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Corporation's internal controls.
10. Review any major changes to the Corporation's accounting principles and practices as may be suggested by management.
11. Review the internal audit function with the head of internal audit, management and the independent auditor, including the independence, authority and reporting obligations of the internal audit function; review the proposed internal audits before they occur; review in a high-level, summary fashion the results of internal audits; and, review the coordination of audits by both the independent auditor and internal auditor.
12. Review the appointment, replacement, reassignment or dismissal of the Corporation's head of internal audit.
13. Review and pre-approve all related party transactions.
14. Review the Corporation's approach to business ethics and compliance with the law.
15. Establish procedures for the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
16. Discuss with management earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, and financial information and earnings guidance provided to analysts and rating agencies. Such discussion may be done generally (consisting of discussing the types of information to be disclosed and the types of presentations to be made).

17. Have sole authority to retain and terminate independent legal, accounting or other advisors who provide services to the Audit Committee and receive funding for such advisors.
18. Review management's establishment of and compliance with risk processes and controls.
19. Meet separately, periodically, with management, the internal auditor and the independent auditor.
20. Set clear hiring policies for employees or former employees of the independent auditor.
21. Report regularly to the Board of Directors.
22. Undertake an annual performance evaluation of the Audit Committee.
23. Review this charter annually and recommend proposed changes to it to the Board of Directors.

IV. Limitations of the Audit Committee's Role

The Board of Directors in adopting this charter specifically acknowledges that it is not the responsibility of the Audit Committee to plan or to conduct audits or to determine that the Corporation's financial statements are complete and accurate and are in accordance with accounting principles generally accepted in the United States. Those are responsibilities of management and the independent auditor. In addition, it is not the responsibility of the Audit Committee to assure compliance with laws and regulations applicable to the Corporation's operations. That is the responsibility of management.