

**CHARTER OF THE FINANCE COMMITTEE  
OF THE BOARD OF DIRECTORS OF  
OHIO CASUALTY CORPORATION AND  
ITS INSURANCE SUBSIDIARIES**

**This charter identifies the purpose, membership, authority and responsibilities of the Finance Committee of the Board of Directors of Ohio Casualty Corporation and its Insurance Subsidiaries (the “Companies”).**

**I. PURPOSE**

The purpose of the Finance Committee (the “Committee”) is to assist the Board of Directors (the “Board”) in fulfilling its oversight responsibilities with respect to the management and investment of the Companies’ invested assets, and finance and capital matters of the Companies, including debt and equity.

**II. MEMBERSHIP**

A. The Committee’s membership is determined by the Board and shall consist of not less than three directors.

Members of the Committee shall have a basic understanding of investments, finance, financial services and mergers and acquisitions.

The Board shall appoint one of the members of the Committee to be Chair of the Committee.

B. Members of the Committee shall serve at the discretion of the Board (considering any recommendation of the Governance Committee).

**III. MEETINGS**

A. The Committee shall meet at least quarterly, or more frequently as may be necessary or appropriate in its judgment. Meetings of the Committee may be called by the Chairman of the Board, the President of the Companies or by any member of the Committee. The Committee may act by a majority of its members at a meeting or by a writing or writings signed by all of its members. Meetings of the Committee may be held by means of communications equipment.

B. A majority of the Committee members must be present at the Committee meeting, either in person or by means of communications equipment, to constitute a quorum for such meeting. Once a quorum is established, voting will be based upon majority rule.

- C. The Committee shall report regularly to the Board with respect to such matters that are within the Committee's responsibilities and with respect to such recommendations as the Committee may deem appropriate. The report to the Board may take the form of an oral report by the Chair or by any other member designated by the Committee to make such report. The Committee shall maintain minutes or other records of meetings and activities of the Committee.

#### IV. AUTHORITY

The Committee is empowered to:

- A. Seek any information the Committee requires from employees of The Ohio Casualty Insurance Company, all of whom are directed to cooperate with the Committee's requests, and requests from external parties on behalf of the Committee..
- B. Request that any directors, officers or employees of the Companies, or other persons whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information as the Committee requests.
- C. Retain independent accounting, legal and other advisors to the extent the Committee deems it necessary or appropriate to assist the Committee in carrying out its duties. The Companies shall provide for appropriate funding, as determined solely by the Committee, for payment of compensation to any advisors employed by the Committee and ordinary administrative expenses of the Committee that the Committee determines are necessary or appropriate in carrying out its duties.

#### V. DUTIES AND RESPONSIBILITIES

##### A. Investment Matters – Companies' Invested Assets

1. Review and approve any significant changes to the Investment Guidelines relevant to the invested assets.
2. Approve changes in the Investment Committee Charter and membership.
3. Review any significant changes in the investment policies and strategies with respect to the invested assets of the Companies, including strategies for managing certain exposures to economic risks, such as interest rate risk.

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4. Review quarterly the financial performance of the Investment Department and external investment managers and all exceptions to the Investment Guidelines.
  5. Approve any hiring of external investment managers who are not certified by the Association for Investment Management and Research (AIMR).
- B. Investment Matters – The Ohio Casualty Insurance Company Employee Retirement Plan (“Pension Plan”) and Employee Savings Plan (“ESP”)
1. Review and approve any significant changes in the Statements of Investment Policies, including the asset allocation ranges relevant to the Pension Plan and the range of investment options relevant for ESP participants.
  2. Review semi-annually the financial performance of the investment fund managers for the Pension Plan and ESP.
  3. Approve appointments of investment fund managers and investment consultant(s) for the Pension Plan and ESP.
  4. Annually review the actuarial assumptions for the Pension Plan and post-retirement healthcare.
- C. Finance Matters
1. Review and recommend to the Board, as needed, the companies' capital plans, including:
    - a. Corporate and subsidiaries' dividend proposals and policies.
    - b. Capital contributions to subsidiaries of Ohio Casualty Corporation.
    - c. The issuance of new debt or equity. Determine, when delegated authority by the Board, the price at which securities of the Companies will be offered for sale and whether to proceed with any such securities offering.

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- d. The repayment, redemption, refinancing or other modifications to existing debt, equity and convertible securities.
  - e. Any sale of property and any capital expenditure exceeding \$10,000,000, and which has not been previously considered and approved.
2. Review and recommend to the Board the Company's annual operating plan and periodically review progress against the annual operating plan.
  3. Review and recommend to the Board all business acquisitions and divestitures, other than transactions involving renewal rights.
  4. Review all business transactions involving only renewal rights exceeding \$5,000,000 of consideration paid.
  5. Review periodically management's programs to maintain and improve shareholder and financial community relations.
  6. Review periodically the Companies' corporate insurance coverages, including coverages for property/casualty, fiduciary and directors and officers.

D. Other Responsibilities

1. Review and assess this Charter at least annually and recommend to the Board for adoption any revisions that the Committee believes are appropriate or necessary.
2. Perform an annual self-evaluation of the Committee's performance, including a review of the Committee's compliance with this Charter. The Committee shall conduct its self-evaluation and review in such manner as it deems appropriate and report the results of the evaluation to the Board.