

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 19, 2009

HARLEYSVILLE GROUP INC.
(Exact name of registrant as specified in its charter)

| | | |
|---|---|---|
| <u>Delaware</u> (State or other jurisdiction of incorporation) | <u>0-14697</u> (Commission File Number) | <u>51-0241172</u> (IRS Employer Identification No.) |
| <u>355 Maple Avenue, Harleysville, Pennsylvania</u> (Address of principal executive offices) | | <u>19438</u> (Zip Code) |

(215) 256-5000
Registrant's telephone number, including area code:

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On February 19, 2009, Harleysville Group Inc. issued a press release reporting its results for the fourth quarter of 2008 and the full fiscal year 2008 (furnished hereunder as Exhibit 99.1 and incorporated herein).

The information provided in this Form 8-K is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 ("Exchange Act"), or otherwise subject to the liabilities of that section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

In addition to disclosing results that are determined in accordance with U.S. generally accepted accounting principles (GAAP), the Company also discloses non-GAAP information on operating income and its statutory combined ratio. Management believes information on operating income and statutory combined ratio is useful to investors. Management has historically employed operating income and statutory combined ratio as valuable measurements of the underlying profitability of the Company's insurance operations since they exclude the impact of the Company's investment results.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

| <u>Number</u> | <u>Description</u> |
|---------------|--|
| 99.1 | Press Release of Harleysville Group Inc., issued February 19, 2009 |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

HARLEYSVILLE GROUP INC.
Registrant

February 20, 2009

/s/ Robert A. Kauffman
Robert A. Kauffman
Senior Vice President,
Secretary, General Counsel &
Chief Governance Officer

Harleysville Group Inc. Reports Fourth Quarter and Year-End 2008 Results

Fourth quarter and year-end highlights:

- **Operating income of \$0.87 per share in quarter, \$2.77 for year**
- **Operating return on equity of 11.9 percent**
- **Statutory combined ratio¹ of 98.5 percent in quarter, 100.3 percent for year**
- **After-tax net investment income up 4 percent in quarter, 5 percent for year**
- **Previously announced tax planning strategy results in \$0.71 per share of net realized investment losses**
- **Quarterly dividend of \$0.30, represents 20 percent increase from a year ago**
- **Announce \$25 million share repurchase program**

HARLEYSVILLE, Pa.--(BUSINESS WIRE)--February 19, 2009--Harleysville Group Inc. (NASDAQ:HGIC) today reported diluted operating income of \$0.87 per share for the fourth quarter of 2008, compared to \$0.83 per share in the fourth quarter of 2007. The fourth quarter result includes \$0.07 per share of catastrophe losses in 2008, compared to \$0.03 per share in 2007. For the 12-month periods, the company reported diluted operating income of \$2.77 per share in 2008 and \$3.17 per share in 2007. The 12-month results include \$0.77 per share of catastrophe losses in 2008, compared to \$0.19 per share in 2007. In 2007, 12-month operating income included a benefit of \$0.06 per share resulting from the gain on the company's sale of an office building in Michigan. Operating income is a non-GAAP financial measure defined by the company as net income excluding after-tax realized gains and losses on investments. See below for the company's reported GAAP net income.

"We're pleased that we ended 2008 with another strong quarter, which continues to differentiate Harleysville from much of our competition," commented Michael L. Browne, Harleysville Group's president and chief executive officer. "Despite the challenging economic conditions, we reported operating income of \$0.87 per share, our combined ratio for the quarter was a profitable 98.5 percent and our operating return on equity for the trailing 12 months was 11.9 percent.

"Excluding the impact of the catastrophe losses from this year and last year, our underlying operating income per share for the full year improved compared to 2007, and our underlying statutory combined ratio remained below 100 percent—both of which indicate that we continue to perform well in the fundamental areas of our business, which include maintaining our underwriting discipline in an extremely competitive environment," Browne added. "Also, despite current market conditions, our policy retention levels have remained strong due to the close relationships we enjoy with our agency partners, and we have a solid capital base and reserve position, as well as a high-quality investment portfolio—all of which provide the sound financial position for us to write our agents' best business. The strength of our capital position and our confidence in the future are further evidenced by the 20 percent increase in our dividend and our announcement yesterday to authorize a \$25 million stock repurchase—our fourth since June 2007—which, when completed, will mean that we will have repurchased more than 17 percent of our outstanding shares during that time."

The company reported diluted net income of \$0.16 per share in the fourth quarter of 2008, compared to \$0.82 per share in the fourth quarter of 2007. Realized investment losses after tax in the fourth quarter of 2008 were \$0.71 per share, compared to a realized loss of \$0.01 per share in the fourth quarter of 2007. For the 12-month periods, diluted net income was \$1.44 per share in 2008 and \$3.19 per share in 2007. For the 12 months, the company reported \$1.33 per share after tax of realized investment losses in 2008, compared to a \$0.02 per share after-tax realized gain in 2007. In the fourth quarter of 2008, the company sold its equity securities to take advantage of tax strategies available as a result of declines in the equity markets, and is carrying back these losses to offset prior gains. This sale included securities for which the company previously recognized a pre-tax impairment charge of \$17.7 million in the third quarter of 2008 and a further pre-tax impairment charge of \$30.9 million in the fourth quarter prior to their sale. In addition to the impairments related to the equity securities, the company also recognized pre-tax other than temporary impairments (OTTI) of \$1.8 million and \$16.4 million for the fourth quarter and all of 2008, respectively, related to fixed maturity holdings.

The company reported fourth quarter net written premiums increased 5 percent to \$214.5 million in 2008, compared to \$203.6 million in the same period in 2007. Net written premiums through 12 months were \$904.4 million in 2008, excluding the non-recurring impact of the pooling change, compared to \$838.0 million in 2007. As previously announced, on January 1, 2008, Harleysville Group and Harleysville Mutual Insurance Company amended their intercompany pooling arrangement to increase the aggregate share of the pool for the insurance subsidiaries of Harleysville Group to 80 percent from 72 percent. The increase in net written premiums, on a basis unadjusted for the pooling change, includes \$45.7 million in unearned premium reserves transferred to Harleysville Group from Harleysville Mutual Insurance Company at the January 1, 2008, effective date of the change. Furthermore, the increase in Harleysville Group's percentage of the pool resulted in \$21 million in additional written premiums during the quarter and \$90 million for the 12 months. Excluding both impacts from the pooling change—the one-time unearned premium transfer in the first quarter and the change in the pooling percentage—net written premiums declined 5 percent in the quarter and 3 percent in the 12 months.

Harleysville Group's overall statutory combined ratio was 98.5 percent in the fourth quarter of 2008, compared to 96.4 percent in the fourth quarter of 2007. Catastrophe losses added 1.3 points to the fourth quarter result in 2008, compared to 0.7 points in 2007. For the 12 months, the statutory combined ratio was 100.3 percent in 2008, versus 96.7 percent in 2007. Catastrophe losses added 3.8 points to the 12-month result in 2008 and 1.1 points in 2007. The increase in the intercompany pooling agreement had a 0.4 point non-recurring favorable impact to the statutory expense ratio for the 12 months as a result of the \$45.7 million in unearned premiums transferred, which was partially offset by \$11.4 million of ceding commission paid at the January 1, 2008, effective date of the change. Adjusting for this pooling change, the combined ratio for 12 months was 100.7 percent.

Fourth quarter pretax investment income increased 1 percent to \$28.2 million, while after-tax investment income grew 4 percent in the fourth quarter to \$20.9 million. For the 12 months, pretax investment income was up 2 percent to \$113.6 million, while after-tax investment income rose 5 percent to \$83.2 million. Operating cash flow for the 12 months, excluding the non-recurring impact of the pool change, was \$114.4 million, compared to \$171.5 million in the 12 months of 2007.

Commercial lines -- Net written premiums in commercial lines increased 3 percent to \$174.4 million in the fourth quarter of 2008. For the 12 months, net written premiums grew 7 percent to \$741.6 million. The increases substantially reflect the change in the company's pooling agreement. Excluding the impact of the change to the pooling percentage, net written premiums declined 7 percent in the quarter and 4 percent in the 12 months of 2008. The commercial lines statutory combined ratio was 98.4 percent in the fourth quarter of 2008, versus 97.5 percent in the fourth quarter of 2007. For the 12 months, the statutory combined ratio—adjusted for the non-recurring impact of the pooling change—was 100.9 percent in 2008, compared to 97.5 percent in 2007. Catastrophe losses in 2008 added 0.8 points and 2.9 points to the fourth quarter and 12-month combined ratios, respectively.

Personal lines -- Net written premiums in personal lines were up 15 percent to \$40.1 million in the fourth quarter of 2008, and grew by 12 percent to \$162.8 million for the 12 months—again driven substantially by the pooling change. Excluding the impact of the change to the pooling percentage, net written premiums increased 3 percent in the quarter and 1 percent in the 12 months of 2008. Harleysville Group's personal lines statutory combined ratio was 99.0 percent in the fourth quarter of 2008, versus 91.5 percent during the fourth quarter of 2007. For the 12 months, the statutory combined ratio—adjusted for the non-recurring impact of the pooling change—was 100.1 percent in 2008, compared to 92.7 percent in 2007. Catastrophe losses in 2008 added 3.4 points and 7.7 points to the fourth quarter and 12-month combined ratios, respectively.

Outlook -- “Looking ahead, we will remain focused on the basics of our business as we seek to consistently produce improving earnings, profitable underwriting and an operating return on equity over 12 percent—while always maintaining a healthy balance sheet,” Browne said. “The current economic environment and the ongoing competitive insurance marketplace make it all the more important that we remain disciplined as we focus on our goal of maintaining a long-term underwriting profit and ongoing improvement in our operating performance throughout 2009 and beyond. With the ongoing dedication of our employees and agents, coupled with the initiatives we have in place, we are well positioned to retain our best business and generate responsible, profitable growth—regardless of the market environment.”

Webcast -- The company will host a live Webcast tomorrow, February 20, 2009, at 8 a.m. (ET) to discuss its fourth quarter results. The Webcast and a replay will be available from the Investors section of the company's Web site (www.harleysvillegroup.com).

GAAP and non-GAAP financial measures -- The company uses a non-GAAP financial measure called “operating income” that management believes is useful to investors because it illustrates the performance of normal, ongoing operations, which is important in understanding and evaluating the company's financial condition and results of operations. While this measure is utilized by investors to evaluate performance, it is not a substitute for the U.S. GAAP financial measure of net income. Therefore, a reconciliation of this non-GAAP financial measure to the U.S. GAAP financial measure of net income is provided following the Consolidated Statements of Income contained in this release. Management also uses operating income for, among other things, goal setting, determining employee and senior management compensation, and evaluating performance.

Corporate profile -- Harleysville Insurance is a leading regional provider of insurance products and services for small and mid-sized businesses, as well as for individuals, and ranks among the top 60 U.S. property/casualty insurance groups based on net written premiums. Harleysville was listed recently as #30 in the *InformationWeek* 500, the publication's annual listing of the most innovative information technology organizations in the U.S., and has been ranked on the list in each of the last three years. Harleysville Mutual Insurance Company owns 52 percent of Harleysville Group Inc. (NASDAQ: HGIC), a publicly traded holding company for eight regional property/casualty insurance companies collectively rated A- (Excellent) by A.M. Best Company. Harleysville Group is listed on the NASDAQ Global Select Market, which is comprised of the top third of all NASDAQ member companies and has the highest initial listing standards of any exchange in the world based on financial and liquidity requirements. Harleysville Group has paid a dividend every quarter since the company went public in 1986, and was one of 3 percent of public companies recognized with a 2007 Mergent Dividend Achiever Award for its long-term history of dividend increases. Harleysville Insurance—which distributes its products exclusively through independent insurance agencies and reflects that commitment to its agency force by being a Trusted Choice[®] company partner—currently operates in 32 states. Further information can be found on the company's Web site at www.harleysvillegroup.com.

Forward-looking information -- Certain of the statements contained herein (other than statements of historical facts) are forward-looking statements. Such forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and include estimates and assumptions related to economic, competitive and legislative developments. These forward-looking statements are subject to change and uncertainty that are, in many instances, beyond the company's control and have been made based upon management's expectations and beliefs concerning future developments and their potential effect on Harleysville Group Inc. There can be no assurance that future developments will be in accordance with management's expectations so that the effect of future developments on Harleysville Group will be those anticipated by management. Actual financial results, including operating return on equity, premium growth and underwriting results, could differ materially from those anticipated by Harleysville Group depending on the outcome of certain factors, which may include changes in property and casualty loss trends and reserves; catastrophe losses; the insurance product pricing environment; changes in applicable law; government regulation and changes therein that may impede the ability to charge adequate rates; performance of and instability in the financial markets; investment losses; fluctuations in interest rates; availability and price of reinsurance; and the status of the labor markets in which the company operates.

¹ “Statutory combined ratio” is a non-GAAP measure of underwriting profitability and is based on numbers determined under statutory accounting practices as filed with state insurance regulators. It is the sum of the ratio of losses to premiums earned plus the ratio of underwriting expenses to premiums written. A ratio of less than 100 percent indicates underwriting profitability.

Harleysville Group Inc. and Subsidiaries

| FINANCIAL HIGHLIGHTS | Quarter ended December 31 | | Twelve months ended December 31 | |
|---------------------------------------|---------------------------|------|---------------------------------|------|
| (in thousands, except per share data) | 2008 | 2007 | 2008 | 2007 |

OPERATING RESULTS

| | | | | |
|--|--------|--------|--------|--------|
| Diluted earnings per common share: | | | | |
| Operating income* | \$0.87 | \$0.83 | \$2.77 | \$3.17 |
| Realized gains (losses), net of income taxes | (0.71) | (0.01) | (1.33) | 0.02 |
| Net income | \$0.16 | \$0.82 | \$1.44 | \$3.19 |
| Cash dividends per common share | \$0.30 | \$0.25 | \$1.10 | \$0.88 |

FINANCIAL CONDITION

| | December 31, 2008 | December 31, 2007 |
|----------------------|-------------------|-------------------|
| Assets | \$3,155,318 | \$3,072,445 |
| Shareholders' equity | \$652,634 | \$758,841 |
| Per common share | \$23.18 | \$25.03 |

CONSOLIDATED STATEMENTS OF INCOME

| (in thousands, except per share data) | Quarter ended December 31 | | Twelve months ended December 31 | |
|---------------------------------------|---------------------------|------|---------------------------------|------|
| | 2008 | 2007 | 2008 | 2007 |

REVENUES:

| | | | | |
|--|-----------|-----------|-----------|-----------|
| Premiums earned | \$228,874 | \$209,710 | \$918,515 | \$833,024 |
| Investment income, net of investment expense | 28,225 | 28,013 | 113,555 | 110,827 |
| Realized investment gains (losses) | (30,796) | (462) | (59,841) | 875 |
| Other income | 3,126 | 3,444 | 13,087 | 17,286 |
| Total revenues | 229,429 | 240,705 | 985,316 | 962,012 |

LOSSES AND EXPENSES:

| | | | | |
|---|---------|----------|----------|-----------|
| Losses and loss settlement expenses | 145,259 | 130,750 | 610,768 | 523,030 |
| Amortization of deferred policy acquisition costs | 56,773 | 51,606 | 227,287 | 207,684 |
| Other underwriting expenses | 21,362 | 19,370 | 85,182 | 76,223 |
| Interest expense | 1,657 | 1,748 | 6,572 | 7,085 |
| Other expenses | 1,066 | 1,356 | 4,545 | 4,995 |
| Total expenses | 226,117 | 204,830 | 934,354 | 819,017 |
| Income before income taxes | 3,312 | 35,875 | 50,962 | 142,995 |
| Income taxes (benefit) | (1,315) | 10,740 | 8,643 | 42,941 |
| Net income | \$4,627 | \$25,135 | \$42,319 | \$100,054 |

Weighted average number of shares outstanding:

| | | | | |
|---------|------------|------------|------------|------------|
| Basic | 27,975,275 | 30,088,132 | 28,933,259 | 30,902,593 |
| Diluted | 28,353,296 | 30,569,106 | 29,320,133 | 31,354,641 |

Per common share:

| | | | | |
|------------------|--------|--------|--------|--------|
| Basic earnings | \$0.17 | \$0.84 | \$1.46 | \$3.24 |
| Diluted earnings | \$0.16 | \$0.82 | \$1.44 | \$3.19 |

RECONCILIATION TO OPERATING INCOME :

| | | | | |
|--|----------|----------|----------|-----------|
| Net income | \$4,627 | \$25,135 | \$42,319 | \$100,054 |
| Less realized investment gains (losses), net of income taxes (benefit) | (20,017) | (300) | (38,897) | 569 |
| Operating income | \$24,644 | \$25,435 | \$81,216 | \$99,485 |

These financial figures are unaudited.

*Operating income is a non-GAAP financial measure defined by the company as net income excluding after-tax realized gains and losses on investments.

CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

| | December 31, 2008* | December 31, 2007 |
|--|-----------------------|----------------------|
| ASSETS | | |
| Investments: | | |
| Fixed maturities: | | |
| Held to maturity, at amortized cost (fair value \$250,798 and \$319,510) | \$246,855 | \$316,043 |
| Available for sale, at fair value (amortized cost \$1,889,778 and \$1,831,266) | 1,914,051 | 1,858,192 |
| Equity securities, at fair value (cost \$96,004 and \$66,433) | 98,815 | 76,297 |
| Short-term investments, at cost, which approximates fair value | 210,682 | 107,941 |
| Other invested assets, at cost, which approximates fair value | 3,189 | |
| Total investments | 2,473,592 | 2,358,473 |
| Cash | 146 | 412 |
| Premiums in course of collection | 142,602 | 146,238 |
| Reinsurance receivable | 212,654 | 167,671 |
| Accrued investment income | 25,630 | 26,220 |
| Deferred policy acquisition costs | 110,339 | 101,954 |
| Prepaid reinsurance premiums | 41,481 | 38,721 |
| Property and equipment, net | 12,511 | 13,475 |
| Deferred income taxes | 68,892 | 38,544 |
| Securities lending collateral | | 122,053 |
| Due from affiliate | | 7,197 |
| Other assets | 67,471 | 51,487 |
| Total assets | \$3,155,318 | \$3,072,445 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Liabilities: | | |
| Unpaid losses and loss settlement expenses | \$1,767,601 | \$1,546,690 |
| Unearned premiums | 484,560 | 450,186 |
| Accounts payable and accrued expenses | 119,063 | 74,686 |
| Securities lending obligation | | 123,542 |
| Due to affiliate | 12,960 | |
| Debt | 118,500 | 118,500 |
| Total liabilities | 2,502,684 | 2,313,604 |
| Shareholders' equity: | | |
| Preferred stock, \$1 par value; authorized 1,000,000 shares; none issued | | |
| Common stock, \$1 par value, authorized 80,000,000 shares; issued 34,254,581 and 33,656,253 shares; outstanding 28,156,672 and 30,322,905 shares | 34,254 | 33,656 |
| Additional paid-in capital | 231,715 | 213,654 |
| Accumulated other comprehensive income (loss) | (17,390) | 20,599 |
| Retained earnings | 589,146 | 578,705 |
| Treasury stock, at cost, 6,097,909 and 3,333,348 shares | (185,091) | (87,773) |
| Total shareholders' equity | 652,634 | 758,841 |
| Total liabilities and shareholders' equity | \$3,155,318 | \$3,072,445 |

*These financial figures are unaudited.

SUPPLEMENTARY FINANCIAL ANALYSTS' DATA

| (dollars in thousands) | Quarter ended December 31 | | Twelve months ended December 31 | |
|------------------------------|---------------------------|-----------|---------------------------------|-----------|
| | 2008 | 2007 | 2008 | 2007 |
| Net premiums written* | \$214,543 | \$203,591 | \$950,130 | \$837,993 |
| Statutory surplus* | | | \$588,892 | \$671,895 |
| Pretax investment income | \$28,225 | \$28,013 | \$113,555 | \$110,827 |
| Related federal income taxes | 7,313 | 7,910 | 30,337 | 31,550 |
| After-tax investment income | \$20,912 | \$20,103 | \$83,218 | \$79,277 |

SEGMENT INFORMATION

| (dollars in thousands) | Quarter ended December 31 | | Twelve months ended December 31 | |
|------------------------------------|---------------------------|-----------|---------------------------------|-----------|
| | 2008 | 2007 | 2008 | 2007 |
| Revenues: | | | | |
| Premiums earned: | | | | |
| Commercial lines | \$188,044 | \$173,524 | \$757,196 | \$689,518 |
| Personal lines | 40,830 | 36,186 | 161,319 | 143,506 |
| Total premiums earned | 228,874 | 209,710 | 918,515 | 833,024 |
| Net investment income | 28,225 | 28,013 | 113,555 | 110,827 |
| Realized investment gains (losses) | (30,796) | (462) | (59,841) | 875 |
| Other | 3,126 | 3,444 | 13,087 | 17,286 |
| Total revenues | \$229,429 | \$240,705 | \$985,316 | \$962,012 |

Income before income taxes:

| | | | | |
|------------------------------------|----------|----------|------------|-----------|
| Underwriting gain (loss): | | | | |
| Commercial lines | \$7,853 | \$6,056 | (\$10,723) | \$16,126 |
| Personal lines | 653 | 3,503 | (2,621) | 9,978 |
| SAP underwriting gain (loss) | 8,506 | 9,559 | (13,344) | 26,104 |
| GAAP adjustments | (3,026) | (1,575) | 8,622 | (17) |
| GAAP underwriting gain (loss) | 5,480 | 7,984 | (4,722) | 26,087 |
| Net investment income | 28,225 | 28,013 | 113,555 | 110,827 |
| Realized investment gains (losses) | (30,796) | (462) | (59,841) | 875 |
| Other | 403 | 340 | 1,970 | 5,206 |
| Income before income taxes | \$3,312 | \$35,875 | \$50,962 | \$142,995 |

| | | | | |
|---|-----------|----------|----------|----------|
| Income taxes on net investment income | \$7,313 | \$7,910 | \$30,337 | \$31,550 |
| Income taxes (benefit) on remaining gain (loss) | (8,628) | 2,830 | (21,694) | 11,391 |
| Total income taxes (benefit) | (\$1,315) | \$10,740 | \$8,643 | \$42,941 |

Effective tax rate on:

| | | | | |
|-----------------------|-------|-------|-------|-------|
| Net investment income | 25.9% | 28.2% | 26.7% | 28.5% |
| Income | N/M | 29.9% | 17.0% | 30.0% |

These financial figures are unaudited.

*Statutory data is a non-GAAP measure. Because it is prepared in accordance with statutory accounting rules as defined by the National Association of Insurance Commissioners' Accounting Practices and Procedures Manual, a reconciliation to GAAP is not required.

STATUTORY DATA BY LINE OF BUSINESS*

| (dollars in thousands) | Quarter ended December 31 | | Twelve months ended December 31 | | Twelve months ended December 31 |
|---|---------------------------|------------------|--|------------------|---------------------------------|
| | 2008 | 2007 | Without Intercompany Pooling Transfer** | | |
| | | | 2008 | 2008 | 2007 |
| Net premiums written: | | | | | |
| Commercial: | | | | | |
| Automobile | \$46,639 | \$44,948 | \$198,680 | \$208,983 | \$193,228 |
| Workers' compensation | 20,029 | 22,077 | 100,701 | 105,809 | 97,017 |
| Commercial multi-peril | 83,201 | 82,283 | 350,209 | 367,839 | 325,911 |
| Other commercial | 24,547 | 19,327 | 92,043 | 96,228 | 77,012 |
| Total commercial | \$174,416 | \$168,635 | \$741,633 | \$778,859 | \$693,168 |
| Personal: | | | | | |
| Automobile | \$18,426 | \$16,434 | \$75,805 | \$79,664 | \$69,052 |
| Homeowners | 18,938 | 16,529 | 75,912 | 80,044 | 66,946 |
| Other personal | 2,763 | 1,993 | 11,062 | 11,563 | 8,827 |
| Total personal | \$40,127 | \$34,956 | \$162,779 | \$171,271 | \$144,825 |
| Total personal and commercial | \$214,543 | \$203,591 | \$904,412 | \$950,130 | \$837,993 |
| Statutory combined ratios: | | | | | |
| Commercial: | | | | | |
| Automobile | 87.5% | 97.5% | 93.1% | 92.6% | 94.7% |
| Workers' compensation | 112.8% | 112.2% | 112.9% | 112.4% | 112.2% |
| Commercial multi-peril | 105.2% | 95.9% | 104.5% | 104.1% | 97.8% |
| Other commercial | 79.4% | 84.6% | 89.6% | 89.3% | 83.8% |
| Total commercial | 98.4% | 97.5% | 100.9% | 100.4% | 97.5% |
| Personal: | | | | | |
| Automobile | 102.4% | 106.7% | 96.1% | 95.7% | 99.7% |
| Homeowners | 100.9% | 76.3% | 105.8% | 105.3% | 86.8% |
| Other personal | 61.4% | 82.7% | 88.7% | 88.8% | 79.8% |
| Total personal | 99.0% | 91.5% | 100.1% | 99.7% | 92.7% |
| Total personal and commercial statutory combined ratio | 98.5% | 96.4% | 100.7% | 100.3% | 96.7% |
| GAAP combined ratio | 97.6% | 96.2% | | 100.5% | 96.9% |
| GAAP losses paid | \$156,094 | \$120,649 | | \$587,866 | \$471,067 |
| Net catastrophe losses incurred | \$2,910 | \$1,366 | | \$34,697 | \$9,191 |

These financial figures are unaudited.

* Statutory data is a non-GAAP measure. Because it is prepared in accordance with statutory accounting rules as defined by the National Association of Insurance Commissioners' Accounting Practices and Procedures Manual, a reconciliation to GAAP is not required.

** The effect of the January 1, 2008 pooling transfer of \$45,718,282 of net premiums written (representing the transfer of the January 1, 2008 unearned premium balance) and the effect of the pool transfer on the statutory combined ratios are excluded below for comparative purposes.

CONTACT:

Harleysville Group Inc.

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or

Media:

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