

**CHARTER OF COMPENSATION AND
PERSONNEL DEVELOPMENT COMMITTEE**
Revised November 1, 2007

A. Establishment

The Boards of Directors of Harleysville Mutual Insurance Company and Harleysville Group Inc. (“Companies”) have established a Compensation & Personnel Development Committee (the “Committee”), pursuant to Article V, Section 6 of each Company’s by-laws and in accordance with the Insurance Holding Company System Acts of the various states in which the Companies and their subsidiaries are domiciled and the various requirements of federal securities and tax laws and NASDAQ.

B. Membership

The Committee shall consist of three or more directors, all of whom shall be independent directors under the rules of NASDAQ and the federal securities and tax laws and three of whom shall be directors of Harleysville Group Inc. A director who is a chief executive officer of another company on whose board the Companies’ Chairman of the Board, Chief Executive Officer, or President serves shall not be a member of the Committee. The Secretary of the Companies shall attend Committee meetings and shall record the minutes of the meetings. The Chief Executive Officer (“CEO”) and other senior officers may attend meetings at the request of the Committee chair.

C. Function

The Committee shall oversee the Companies’ compensation practices, shall discharge the Boards’ responsibilities relating to compensation of the Companies’ senior executives and Board of Directors, and shall cause effective management development and succession programs to exist.

D. Responsibilities

The Committee shall:

1. review and approve corporate goals and objectives relevant to the CEO’s compensation, evaluate the CEO’s performance in light of these goals and objectives, and set the CEO’s compensation level based on this evaluation;
2. conduct a performance review of the CEO on an annual basis;
3. determine annual base compensation for the Section 16 Officers;
4. determine director compensation on an annual basis and in accordance with the Boards’ Corporate Governance Principles;
5. make recommendations to the Boards regarding changes to incentive compensation and equity-based plans;
6. determine compensation policies for the Companies;
7. determine who shall participate in the Long Term Incentive Plan and the award opportunity level and mix for each participant, in accordance with the terms of the plan;
8. determine award opportunities for senior management under the Companies’ Senior Management Incentive Plan;
9. make equity awards, in accordance with the terms of the Companies’ Equity Incentive Plan;

10. authorize the adoption of annual incentive plan award opportunities for subsidiaries and profit centers;
11. perform all duties and exercise all authority granted to it under the Companies' Long Term Incentive Plan, Senior Management Incentive Plan, and Equity Incentive Plan, including the exercise of discretionary authority under the plans when warranted;
12. approve payouts under the Companies' Long Term Incentive Plan and Senior Management Incentive Plan, prior to any plan payout;
13. promote diversity in the Companies' workforce;
14. ensure that a management development and succession process is in place;
15. conduct a review of management development and succession activities at the Companies on an annual basis, including the policies and principles for CEO selection and policies in the event of an emergency involving the CEO;
16. approve the Compensation and Discussion Analysis and the Committee Report of the Harleysville Group Committee members for inclusion in Harleysville Group's proxy statement;
17. oversee the operational risks identified on the Companies' enterprise risk inventory and plan that fall within the Committee's responsibility.
18. provide advice and counsel to management on the various assumptions relating to the Companies' workforce that are used for pension funding and FAS 87 purposes;
19. conduct an annual review of the Committee's performance; and
20. report on the Committee's activities to the Boards of Directors on a regular basis.

E. Authority

The Committee may retain and terminate the services of an independent consultant to assist in an evaluation of executive compensation. The Committee shall approve fees and other retention terms of the independent consultant.

F. Limitations of Authority

The Committee may not place into effect any equity-based plan unless such plan has been approved by the Harleysville Group Board of Directors and the stockholders of Harleysville Group.