



Harleysville Group Inc.

CHARTER OF THE AUDIT COMMITTEE Amended and restated February 16, 2011

A. Establishment

The Board of Directors of Harleysville Group Inc. (the Company) has established an Audit Committee pursuant to Article V, Section 4 of its By-Laws and the requirements of the Insurance Holding Company System Acts of the various states in which the Company's insurance subsidiaries (with HGI, the Companies) are domiciled. This Charter governs the operations of the Audit Committee.

B. Membership

The Audit Committee of the Company shall consist of three or more directors who are independent of the management of the Companies, and otherwise have no business directly or indirectly with the Companies that could influence their judgment or interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Its members shall not be officers or employees of the Companies and shall meet the definition of independent director as established by the SEC and by the principal securities exchange on which the Company's Common Stock is then listed. A member shall not own or control 10% or more of the Company's voting securities (provided, that this prohibition does not apply if the member is also a director of a parent company owning 50% or more of the Company's voting securities. Each Committee member must be able to read and understand fundamental financial statements including a company's balance sheet, income statements, and cash flow statements. At least one member of the Audit Committee must meet the SEC's definition of a "financial expert" which means such member has past or current employment experience in finance or accounting, requisite professional certification in accounting, including an understanding of generally accepted accounting principles, or any other comparable experience or background that results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer, or other senior officer with financial oversight responsibilities.

C. Function

The Audit Committee shall assist the Board of Directors by overseeing the accounting and financial reporting process of the Company and the audits of the financial statements of the Company. In particular, the Audit Committee shall oversee corporate accounting policies, reporting practices, and quality and integrity of the financial reports of the Company; review the financial information that is provided to shareholders, potential investors, regulatory authorities, and others; engage in dialogue regarding legal, regulatory, and code of conduct standards; oversee internal controls implemented by the internal audit function; and oversee the Company's relationship with the independent registered public accountant ("Auditor").

D. Responsibilities

The Audit Committee shall perform all the duties as set forth herein or as directed by the Board of Directors. The policies and procedures of the Committee shall remain flexible in order to react effectively to changing conditions and to assure the directors, stockholders, and policyholders of the Companies that the corporate accounting and reporting practices of the Companies are in accordance with all requirements and are of the highest quality. The Committee shall take appropriate actions to monitor the overall corporate tone for quality financial reporting, sound business practices, and ethical behavior.

Management is responsible for the preparation, presentation, and integrity of the Company's financial statements, for the appropriateness of the accounting principles and reporting policies that are used by the Company and for establishing and maintaining adequate and appropriate internal control over financial reporting. The Auditor is responsible for auditing the Company's financial statements and management's assessment of the effectiveness of internal control over financial reporting, and for reviewing the Company's unaudited interim financial statements.

To carry out its responsibilities, the Audit Committee shall:

1. Appoint, determine funding for, oversee, and as necessary terminate the services, subject to Board ratification, of the Auditor that audits the Companies' GAAP financial statements and reviews the quarterly form 10-Q reports and annual form 10-K report before filing with the SEC (including resolution of issues that may arise between management and the Auditor regarding financial reporting). The audit engagement contract shall be signed by the Committee chair as well as the Chief Financial Officer.
2. Approve in advance the audit and non-audit services to be provided by the Auditor selected. The chair of the Committee or, if she or he is unavailable, any member of the Committee may pre-approve any additional audit or non-audit services, subject to compliance with pre-approval policies and procedures established by the Audit Committee that can not include delegation to management. In the event of such approval, the full Committee shall be so informed at its next meeting. With regard to non-audit services, the pre-approval requirement is not necessary if: 1) the aggregate amount of all such services provided constitutes no more than five percent of the total amount of revenues paid by the Company to the Auditor during the fiscal year in which the services are provided; 2) such services were not recognized by the Company at the time of the engagement to be non-audit services; and 3) such services are promptly brought to the attention of the Audit Committee and approved by the Audit Committee or by its chair prior to the completion of the audit. The Committee may adopt policies and procedures to implement the foregoing.
3. Determine that the Auditor has a process in place to address the rotation of the lead audit partner and other audit partners serving the account as required under the SEC auditor independence rules.
4. Consider whether it is advisable and appropriate to change the Auditor from time-to-time.
5. Require the Auditor and management to report to the Audit Committee on critical accounting policies to be used and alternative treatments of financial information that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the Auditor. Any changes in accounting policies should be reviewed.
6. Require the Auditor to report to the Audit Committee other material written communications between it and management, such as any management letter or schedule of unadjusted differences. Discuss any disagreements between the Company's management and the Auditor, and resolve such disagreements.
7. Obtain annually from the Auditor a written statement, consistent with Independence Standards Board Standard I (or any successor Standard), regarding its independence and evaluate such statement.
8. At least annually, obtain and review a report by the Auditor describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or

- peer review of the firm, or by any inquiry, investigation or review by governmental or professional authorities, including, without limitation, the Public Company Accounting Oversight Board (PCAOB), within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (to assess the Auditor's independence) all relationships between the Auditor and the Company.
9. After reviewing the foregoing report and the Auditor's work throughout the year, the Committee shall evaluate the Auditor's qualifications, performance, and independence. Such evaluation should include the review and evaluation of the lead audit partner and take into account the opinions of management and the Company's internal audit function.
 10. Require the Auditor to discuss the matters required by Statements of Auditing Standards Nos. 61, *Communications with Audit Committees*, and 100, *Interim Financial Information*, for both annual and interim financial statements, respectively.
 11. Review the annual audited financial statements and quarterly financial statements with management and the Auditor, and the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations." The Committee shall ascertain whether the Auditor is satisfied with the financial statements and adequacy of disclosures. Also, the Committee shall discuss the results of the annual audit and quarterly reviews and any other matters required to be communicated to the Committee by the Auditors under the standards of the PCAOB.
 12. Review earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.
 13. Review management's report on its assessment of the effectiveness of internal control over financial reporting as of the end of each fiscal year and the Auditor's report on: (1) management's assessment and (2) the effectiveness of internal control over financial reporting.
 14. Discuss with management, the internal auditors, and the Auditor, management's process for assessing the effectiveness of internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act, including any significant deficiencies or material weaknesses identified.
 15. Discuss with the Auditor the characterization of deficiencies, if any, in internal control over financial reporting and any differences between management's and the Auditor's assessment of the deficiencies. The Committee also shall discuss with management its remediation plan to address internal control deficiencies.
 16. Discuss with management its process for performing its required quarterly certifications under Section 302 of the Sarbanes-Oxley Act.
 17. Review policies with respect to risk assessment and risk management. The Committee also shall discuss the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures within the Committee's responsibility, including risks relating to fraud. The Committee shall review such risk issues in conjunction with the Risk Committee and shall assume responsibility for specific risk areas at the request of the Risk Committee.
 18. Review any comment letters or other correspondence from the Securities and Exchange Commission.

19. Meet regularly in executive session with each of management, internal auditors, and the Auditor. Among the items to be discussed in these meetings are the Auditor's evaluation of the Companies' financial, accounting, and auditing personnel, and the cooperation that the Auditor received during the course of the audit.
20. Review with the Auditor any audit problems or difficulties and management's response.
21. Review the internal audit function of the Companies, including the independence and authority of its reporting obligations, the proposed audit plans for the coming year, and the coordination of such plans with the Auditor, in both general and executive sessions.
22. Receive a summary of findings from completed internal audits and a progress report of the proposed internal audit plan, with explanations for any deviations from the original plan.
23. Monitor compliance with complaint procedures that provide for the receipt, retention, and treatment of complaints received by the Company 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.
24. Investigate any matter brought to its attention within the scope of its duties, with the power to retain outside counsel and other experts for this purpose if in its judgment that is appropriate.
25. Review and, if appropriate, approve related person transactions that are not within the jurisdiction of the Coordinating Committee. The Committee will also take all appropriate steps to understand related person transactions within the jurisdiction of the Coordinating Committee to the extent such transactions relate to financial statement disclosures.
26. Set clear hiring policies for employees or former employees of the Auditor that meet the SEC regulations and stock exchange listing standards.
27. Prepare and approve the Report of the Audit Committee, which is to be included in the Company's Proxy Statement.
28. Review and assess on an annual basis the adequacy of this Audit Committee Charter and recommend changes to it as necessary for approval by the Board.
29. Conduct an annual review of the Committee's performance.
30. Report regularly on its activities to the Company's Board of Directors.

E. Authority

The Audit Committee may retain at the Company's expense such independent consultants, attorneys, accountants, actuaries, as appropriate and necessary, to support its oversight role. The Audit Committee will receive such funding as it deems appropriate for payment of (i) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company; (ii) compensation to any advisers employed by the Audit Committee under this Charter; and (iii) ordinary administrative expenses of the Audit Committee that are necessary and appropriate in carrying out its duties.

F. Compensation

No member of the Audit Committee, nor any immediate family member or employer of any Committee member, or an entity as to which a Committee member is an affiliate, may receive compensation from the Company or an affiliate other than fees as a director (which may include Committee fees).