

CHARTER OF THE FINANCE & INVESTMENT COMMITTEE
Revised July 31, 2007

A. Establishment

The Boards of Directors of Harleysville Mutual Insurance Company (“Mutual”) and Harleysville Group Inc. (“Group”) have established a Finance & Investment Committee pursuant to Article V, Section 3 of each Company’s by-laws and the requirements of the Insurance Holding Company System Acts of the various states in which the Harleysville Insurance Companies (“Companies”) are domiciled.

B. Membership

The Committee shall consist of: (1) the Chairman of the Board, (2) the Chief Executive Officer, and (3) two or more additional directors. At least three members shall be directors of Group. The President, Chief Investment Officer and Chief Financial Officer of the Companies may attend the meetings of the Committee. The Secretary of the Companies shall also attend meetings and record minutes.

C. Function

The Committee: (1) reviews the Companies’ capital management policies and issues including the registration and issuance of equity and debt securities, dividend policy and dividends; (2) establishes and monitors the investment policies and guidelines of the Companies; and (3) reviews and ratifies investments for Group and Mutual. In addition, the members of the Committee are *ex officio* the trustees of the Harleysville Group Inc. Retirement Savings Plus Plan and the Group Pension Plan.

D. Responsibilities and Authority

1. The Committee has the general responsibility to review and provide guidance to the Boards of Directors on all proposals concerning major financial policies of the Companies.

The Committee shall:

- a. review policies relating to the Companies’ cash needs and share repurchases;
- b. review and make recommendations regarding payment of dividends to Group shareholders and establish dividend policy;
- c. review with management the Companies’ capital structure and adequacy; review proposed adjustments to the capital structure of Mutual and Group; and
- d. review other transactions or financial issues that management desires to have reviewed by the Committee.

2. The Committee has general responsibility for overseeing the investment portfolio of the Companies to ensure that the assets of the Companies designated for the investment portfolio complement and support the insurance operations of the Companies and provide reasonable risk/return characteristics.

The Committee shall:

- a. approve and monitor investment policies for Group and Mutual and their subsidiaries, and the Group Pension Plan for which its members act as trustees;
 - b. review investment policy violations and approve corrective actions;
 - c. review investment asset allocation;
 - d. review investment strategy;
 - e. review and ratify securities transactions of Mutual, Group and their subsidiaries as well as those of the Group Pension Plan;
 - f. provide advice and counsel to management on the defined benefit pension plan's long term investment return assumptions; and
 - g. review tax planning and compliance proposals.
3. The Committee shall also oversee the operational, insurance, environmental and asset risks identified on the Companies' enterprise risk inventory and plan that fall within the Committee's responsibility.
 4. In addition to the foregoing, the Committee shall:
 - a. annually conduct a review of the Committee's performance; and
 - b. regularly report on the Committee's activities to the Boards of Directors.

E. Staff Support

The Committee shall be supported in its duties by the Chief Investment Officer of the Companies.