

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 21, 2006

HARLEYSVILLE GROUP INC.

(Exact name of registrant as specified in its charter)

Delaware ----- (State or other jurisdiction of incorporation)	0-14697 ----- (Commission File Number)	51-0241172 ----- (IRS Employer Identification No.)
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355 Maple Avenue, Harleysville, Pennsylvania ----- (Address of principal executive offices)	19438 ----- (Zip Code)
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(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-4c)

ITEM 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT.

Following is a description of compensation arrangements that were approved by the Board of Directors of Harleysville Group Inc. (the "Company"), upon recommendation of the Compensation and Personnel Development Committee of the Company's Board of Directors (the "Committee").

Establishment of Incentive Award Opportunities under the 2006 Senior Management Incentive Compensation Plan

On February 21, 2006, the Committee approved incentive award opportunities for 2006 for the Senior Management Incentive Compensation Plan ("2006 Bonus Plan"). The 2006 Bonus Plan establishes target bonuses that are a percentage of base salary paid in 2006 while in an eligible position. The target bonuses are 50% and 35% of base salary for the CEO and other executive officers, respectively.

Forty percent of the target award is based on the Company's combined ratio, 30 percent is based on the Company's operating return on equity, and 30 percent is based on performance of individual objectives.

The 2006 Bonus Plan provides for actual bonuses ranging from 0% to 200% of the target bonuses depending upon the extent to which corporate and individual objectives are attained. For bonuses to be paid, the Company must achieve a minimum operating return on equity. Payment of the bonuses, if any, is expected to be made in March 2007.

Long Term Incentive Award Opportunities

Also on February 21, 2006, the Committee decided that it would not establish target awards under the Company's Long Term Incentive Compensation Plan for the three-year performance period commencing in 2006. The Committee intends to provide long-term incentive compensation to executives in the form of stock options and restricted stock under an Amended and Restated Equity Incentive Plan that will be presented for shareholder approval at the Company's Annual Meeting on April 26, 2006. The Committee intends to grant stock options and restricted stock to executives following the Company's 2006 Annual Meeting.

Revisions to Non-Qualified Deferred Compensation Plan

On February 22, 2006, upon recommendation of the Committee, the Board approved amendments to the Company's Non-Qualified Deferred Compensation Plan (the "Plan"). The Plan was amended to change the provisions regarding payment of benefits and the definition of retirement and some minor changes to the definition of unforeseeable emergency, to comply with the requirements of Internal Revenue Code section 409A.

Change in Control Agreements

On February 21, 2006, the Committee approved Change in Control agreements between the Company and each of the following Section 16 reporting officers: Allen Becker, Senior Vice President and Chief Actuary, Deborah A. Neuscheler, Senior Vice President - Performance Excellence and Kevin Toth, Senior Vice President - Claims. The Change in Control Agreements have the same terms that are described in Item 1.01 of the Company's Report on Form 8-K originally filed with the Securities and Exchange Commission on January 6, 2005, and the form of which is attached thereto as Exhibit 10.1 and incorporated herein by reference.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

(c) Exhibits

- Exhibit 10.1 Harleysville Group Inc. Non-Qualified Deferred Compensation Plan Amended and Restated as of January 1, 2006.
- Exhibit 10.2 Form of Change in Control Agreement (incorporated herein by reference to Exhibit 10.1 to the Company's Report on Form 8-K filed on January 6, 2005).

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 27, 2006

/s/Robert A. Kauffman

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

EXHIBIT INDEX

Exhibit No.	Description
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Exhibit 10.1	Harleysville Group Inc. Non-Qualified Deferred Compensation Plan Amended and Restated as of January 1, 2006.
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HARLEYSVILLE GROUP INC.

NON-QUALIFIED DEFERRED COMPENSATION PLAN

AMENDED AND RESTATED AS OF JANUARY 1, 2006

ARTICLE I - PURPOSES

Harleysville Group Inc. (the "Company") sponsors two cash incentive plans for senior management (the Long Term Incentive Plan and the Senior Management Incentive Plan), a Non-Qualified Salary Deferral Arrangement, and an Non-Qualified Excess Contribution and Match Program for executives whose benefits under the Harleysville Retirement Savings Plan ("Retirement Plan") are affected by federal tax law. The two incentive plans and the salary deferral plan permit employees eligible for those plans, if such employees are part of a select group of management or highly compensated employees, to defer the receipt of such compensation. The excess contribution and match plan provides a deferred company contribution and match if an employee, who is part of a select group of management or highly compensated employee, is prevented by the 401(a) compensation limits and discrimination tests, or 401(k) and 401(m) discrimination tests from obtaining a full company contribution or match in the Company's qualified Retirement Plan. This Non-Qualified Deferred Compensation Plan is intended to provide an administratively convenient arrangement with consistent rules whereby participants in these plans can: 1) defer compensation that would otherwise be available under the Company's Senior Management Incentive Plan, Long Term Incentive Plan, and Non-Qualified Salary Deferral Arrangement, and, 2) achieve earnings commensurate with the employee's investment risk tolerance on compensation deferred, and, where applicable, amounts credited to an employee under the Company's Non-Qualified Excess Contribution and Match Program. This Plan is intended to be made a part of each such plan and incorporated by reference in each such plan. It is further intended that this Plan be unfunded for tax purposes and for purposes of Title I of E.R.I.S.A. This Plan replaces any and all previous non-qualified unfunded deferred compensation plan or arrangements of Company for certain management employees of Company.

ARTICLE II - ADMINISTRATION

The responsibility for the implementation and administration of this Plan is delegated to the Committee which shall be the Harleysville Retirement Savings Plan Administrative Committee. The Committee shall interpret the Plan and establish the rules and regulations governing its administration. Any decision or action made or taken by the Committee, arising out of or in connection with the construction, administration, interpretation and effect of the Plan and of its rules and regulations, shall be conclusive and binding upon all employees who have sub-accounts established hereunder ("Participants") and any person claiming through or under any Participant, unless otherwise determined by the Board of Directors of Company.

ARTICLE III - EFFECTIVE DATE

The Plan was effective January 1, 1994, was amended and restated November 17, 1999 and amended and restated as of January 1, 2006.

ARTICLE IV - PARTICIPATION

An Officer in paygrade 20 or over may be a Participant in the Plan. All members of management entitled to benefit under a Non-Qualified Excess Contribution and Match Program shall also be Participants in this Plan. To defer compensation, each employee must indicate in writing that he or she wishes to participate prior to December 31 of the Calendar Year preceding the Calendar Year in which the compensation to be deferred is earned or paid, whichever occurs first, unless a Participant becomes eligible for a plan for the first time, in which case he or she has 30 days after initial notice of eligibility for a plan to elect to become a Participant. The Committee shall prepare appropriate forms and may amend them from time to time as it finds appropriate. Upon becoming eligible to be a participant in a plan, a prospective Participant shall receive a copy of this Plan and the pertinent forms.

ARTICLE V - AMOUNT AND TIMING OF DEFERRALS

A Participant may specify any amount of compensation from salary or bonus payment to be deferred. If salary is deferred, the amount so specified shall be deferred pro-rata throughout the specified Calendar Year and, for all deferrals, may not be changed during the year by the Participant.

ARTICLE VI - PARTICIPANT ACCOUNTS

(A) Cash equal to any amount deferred or contributed pursuant hereto shall be set aside by Company and delivered by Company to Fidelity Institutional Retirement Services Company ("Fidelity") for investment in the Fidelity family of mutual funds or in a self-directed brokerage account through Fidelity Brokerage. The amounts so delivered and earnings thereon ("Amounts"), nevertheless, shall remain part of the general assets of the Company and said Amounts shall be held by Fidelity in the name of Company which shall retain full title to them and be owner and beneficiary thereof. The Amounts shall not be considered as held in trust for Participants and Company has only a contractual obligation to make payment of the Amounts credited to a Participant when due. The Amounts are subject to the claims of general creditors of the Company and a Participant is only an unsecured general creditor with regard to any Amounts. The Company is responsible for payment of any taxes due on the Amounts and Company will include all the income, deductions and credits pertaining to the Amounts in computing its taxable income and financial statements.

(B) Amounts credited to each Participant shall be placed into a sub-account for each Participant by Fidelity and shall be invested by the Participant in the Fidelity Mutual Fund(s) that the Committee has selected to offer or individual securities through the Fidelity Brokerage and in such increments as permitted from time to time under rules promulgated by Fidelity relating to institutional retirement investments. It is anticipated (but not guaranteed) that the mutual fund selections and investment rules of this Plan will generally follow those applicable to Company's Retirement Plan. A Participant shall bear all investment risk and sub-account balances for Participants shall reflect investment gains and losses. All Participants will receive the current Plan rules on investing, which may be changed by the Committee from time to time and which shall be incorporated by reference and be considered an integral part hereof, provided that such rules shall not be inconsistent with this Plan. No participant shall select Harleysville Group Inc. securities as an investment under the self-directed brokerage account option.

(C) All sub-accounts shall be valued every business day by Fidelity. The value as determined by Fidelity shall be final and binding on the Company and Participants and their beneficiaries.

(D) Loans are not available from the sub-accounts.

(E) Balances in existing deferral accounts as of December 31, 1993 will be transferred to this Plan.

ARTICLE VII - PAYMENT OF BENEFITS

Any Amounts shall be credited to the sub-account established for each Participant by the Company and shall not be paid to the Participant until said Participant dies, ceases employment having attained the age of 55 and 10 Years of Service or 62 and 5 Years of Service under the Retirement Plan ("Retirement"), becomes permanently and totally disabled, or otherwise terminates employment with the Company. At said time, the amounts credited to the Participant's Sub-Account will be paid or will commence to be paid to the Participant by July 31st of the next year following termination of employment in accordance with the following chart, but in no event sooner than six months after termination of employment, except that in the case of termination of employment for other than Retirement, death, or disability any amount payable shall be payable six months after termination in a lump sum:

<u>Participant's Total Sub-Account Balance at Beginning of Distribution</u>	<u>Payout Period</u>
Under \$50,000	Lump Sum
\$50,000 to \$200,000	5 Annual Installments
\$200,000 to \$500,000	10 Annual Installments
\$500,000 to \$1,000,000	15 Annual Installments
over \$1,000,000	20 Annual Installments

This schedule shall apply to all funds in the sub-account regardless of when amounts were deferred. Notwithstanding the foregoing, each Participant upon first becoming eligible for the Plan (or within 30 days after the November 17, 1999 Amendment and Restatement) may elect on a one-time irrevocable basis (1) to have the commencement of a payout period delayed for 5 years and/or (2) to have balances that are scheduled to be paid out over 5 or more years to be paid out over any other payout period included in the above chart. For 30 days after November 17, 1999, Participants may also elect to retain the payout schedule in effect on November 16, 1999. Annual Installments shall be equal to the figure developed by dividing the cash value of the sub-account on the January valuation day each year (chosen by the Committee) by the number of years left in the payout period. The Company may, from time to time, adjust the balance levels that trigger the Payout Periods to reflect inflation. In the case of a lump sum payment, any reasonable valuation date selected by the Company shall be binding on the Participant.

Notwithstanding the foregoing, payouts for all Participants, once commenced, shall continue in accordance with the payout schedule in existence at commencement of the payout period.

Payments shall be made by Company (not by Fidelity) and are subject to all applicable withholding and related taxes.

In the event of a Participant's death prior to full payment of his or her sub-account, payment will thereafter be made in accordance with the applicable Payout Period to the Participant's beneficiary or contingent beneficiary or, if no beneficiary of the Participant is then living, then to the Participant's estate in a lump sum. A Participant's beneficiary and contingent beneficiary shall be that person or persons named by the Participant to be such in the most recent written beneficiary designation executed by the Participant. In the event a Participant becomes disabled, or, is judged incompetent, or in the judgment of the Committee, unqualified to manage his or her affairs, the Committee may direct that payment to any amounts due be made to the legal guardian of such Participant or, if none has been appointed, to his or her spouse or adult child or any other person or any institution who is caring for such Participant; and any payment so made shall to the extent thereof fully release and discharge the Committee and the Company from any further liability to the Participant.

Notwithstanding the foregoing, the Committee may accelerate distribution of funds to a Participant in the event of an unforeseeable emergency, which shall be defined as only:

1. a severe financial hardship to the Participant caused by an illness or accident of the Participant, the Participant's spouse or a dependent of the Participant (as defined in Code Section 152(a));
2. a loss of the Participant's property due to casualty; or
3. other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the Participant's control.

Distribution may not be made to the extent the unforeseeable emergency may be relieved through reimbursement or compensation from insurance or otherwise by liquidation of Participant's assets (to the extent such liquidation would not itself cause severe financial hardship), or by cessation of deferrals under the Plan. College tuition or the costs of purchasing a home are not considered unforeseeable emergencies.

The amount withdrawn as a result of a financial hardship must be limited to the amount reasonably needed to satisfy the emergency.

The valuation of the Amounts on account of hardship shall be made as of the day the Committee approves the hardship withdrawal.

Payments for any reason shall be drawn pro-rata from the mutual funds in which a Participant has invested his or her Amounts. For the purposes of this paragraph, a self-directed brokerage account shall be considered a single mutual fund.

In the event of a "Change in Control", as defined in Section 409A of the Internal Revenue Code, a Participant will receive immediately, in cash or in kind, the full amount of the balance of his or her accounts.

ARTICLE VIII - AMENDMENT AND TERMINATION

The Company reserves the right to modify, amend, alter or terminate this Plan at any time and in any way. If the Plan is terminated, all Amounts credited to a Participant will be immediately distributed, in cash or in kind, to such Participant.

ARTICLE IX - BINDING ARRANGEMENT

This Plan shall be binding upon and inure to the benefit of the Company, its successors, and each participant and his or her heirs, executors, administrators and legal representatives.

ARTICLE X - PROHIBITION OF ALIENATION

Any Amounts may not be voluntarily or involuntarily assigned, anticipated, or alienated by the Participant and shall not be subject to attachment, levy or encumbrance by a creditor of a Participant. The right of the Participant to a sub-account shall be not greater than the right of any unsecured general creditor of the Company.

ARTICLE XI - GOVERNING LAW

The place of administration of this Plan shall be conclusively deemed to be within the Commonwealth of Pennsylvania and the validity, construction, interpretation, administration and effect of this Plan, and any of its rules and regulations, and the rights of any and all persons having or claiming to have an interest herein or hereunder, shall be governed by, and determined exclusively and solely in accordance with the laws of the Commonwealth of Pennsylvania, unless pre-empted by the laws of the Federal Government.

ARTICLE XII - COSTS OF THE PLAN

The expenses incurred in administering this Plan, including any Committee fees, taxes payable on earnings in the sub-accounts prior to distribution, fees payable to Fidelity, any charges by the Company's independent auditors, legal fees or any other costs, shall be borne by the Company and shall not be charged against the credits in each sub-account, except that any fees for the self-directed brokerage account shall be paid by a Participant from funds within his or her account or otherwise and all commissions payable for activity in a self-directed brokerage account will be assessed against that account.

ARTICLE XIII - NO EMPLOYMENT CONTRACT

Neither the establishment of this Plan nor any action taken hereunder shall be construed as giving any Participant any right to be retained in the employ of the Company, and all Participants shall remain subject to discharge to the same extent as if the Plan had never been adopted.

TO RECORD THE ADOPTION OF THIS PLAN, THE COMPANY HAS CAUSED ITS AUTHORIZED OFFICERS TO AFFIX THE CORPORATE NAME AND SEAL HERETO THIS 24TH DAY OF FEBRUARY, 2006.

HARLEYSVILLE GROUP INC.

By: /s/ Michael L. Browne

Michael L. Browne
President and Chief Executive

Officer

ATTEST:

/s/ Robert A. Kauffman

Robert A. Kauffman, Secretary