
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): August 1, 2007

HARLEYSVILLE GROUP INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

0-14697
(Commission File Number)

51-0241172
(I.R.S. Employer
Identification No.)

355 Maple Avenue, Harleysville, PA 19438-2297
(Address of principal executive offices) (Zip Code)

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

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)
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ITEM 5.02. DEPARTURE OF CERTAIN DIRECTORS OR CERTAIN OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF CERTAIN OFFICERS; COMPENSATORY ARRANGEMENTS OF CERTAIN OFFICERS.

On August 1, 2007, Harleysville Group Inc. (the “Company”) announced the election, by the Company’s board of directors, of two new independent directors, Barbara Austell and William Gray. Ms. Austell and Mr. Gray were elected to fill vacancies on the Company’s board of directors. Ms. Austell was elected as a Class A director, with a term to expire in 2010, and Mr. Gray was elected as a Class B director, with a term to expire in 2009.

Ms. Austell served as senior vice president of finance and treasurer of ARAMARK Corporation from 1996 to 2004. Prior to that, she was with J.P. Morgan & Co., Inc. for 21 years, most recently as managing director—investment banking. She currently serves on the boards of Williams College, where she chairs the Campus Life Committee; the Mann Center for the Performing Arts, where she chairs the Finance Committee; and The Pennsylvania Ballet. She also has served on the boards of directors of Spectrum Healthcare Services, Inc. and the Mid-Atlantic Regional Advisory Board for FM Global. She is a graduate of Williams College in Williamstown, Mass.

Mr. Gray is co-chief executive officer of Ogilvy North America, the largest unit of the Ogilvy & Mather Worldwide agency network, and a subsidiary of WPP Group, the international marketing services organization. Prior to being named to his current position in 2005, he served as president of the organization’s New York office for eight years. He has been associated with Ogilvy & Mather since 1978. Mr. Gray is chairman of the board of the American Red Cross of Greater New York, a post he was appointed to in 2002. He also serves as a trustee of the New York Public Library, and Century Shares Trust and Century Shares Small Cap Fund. In addition, he serves on the Ad Council, the National Advertising Review Board and the Wakeman Boys.

ITEM 8.01. OTHER EVENTS.

Also, on August 1, 2007, the Company announced that its board of directors had approved a 32 percent increase in the Company’s regular quarterly cash dividend to \$0.25 per share from \$0.19 per share. The first such dividend will be paid on September 28, 2007 to stockholders of record on September 14, 2007.

The Company further announced that, on the same date, its board of directors had authorized a new share repurchase program pursuant to which the Company may repurchase up to an additional 1.6 million shares of its outstanding common stock. The Company may make purchases in the open market or in privately negotiated transactions. The Company’s board of directors also authorized the Company to make purchases under a Rule 10b5-1 trading plan, which permits the Company to repurchase its common stock during times when it would not otherwise be in the market due to self-imposed trading blackout periods or possible possession of nonpublic information. The share repurchase program will remain in place for a maximum term of two years.

A copy of the press release announcing the dividend increase and the share repurchase program is provided as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

<u>Number</u>	<u>Description</u>
99.1	Press Release issued August 1, 2007

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

August 7, 2007

/s/ Robert A. Kauffman

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

For Release: Immediately

Contact: Randy Buckwalter rbuckwalter@harleystvillegroup.com

Phone: 215.256.5288 (office) 267.718.3766 (cell)

HARLEYSVILLE GROUP INC. INCREASES QUARTERLY DIVIDEND BY 32 PERCENT; AUTHORIZES ADDITIONAL SHARE REPURCHASE PROGRAM

HARLEYSVILLE, PA—August 1, 2007—The Board of Directors of Harleystville Group Inc. (NASDAQ: HGIC) has approved a 32 percent increase of the company’s regular quarterly cash dividend to \$0.25 per share from \$0.19 per share. The dividend is payable September 28, 2007, to shareholders of record on September 14, 2007. This marks the 85th consecutive quarter Harleystville Group has paid a dividend since the company went public in 1986, and brings the annual dividend rate to \$1.00 per share.

At the same time, the Board today authorized the company to repurchase up to an additional 1.6 million shares, or approximately 5 percent, of its outstanding common stock through an open market purchase program.

“This significant dividend increase—in conjunction with the completion of the share repurchase program we announced in June and the announcement today of an additional stock buyback—clearly illustrates our confidence in the strength of the company’s financial condition, our considerable potential for future profitable growth and our ongoing commitment to managing our strong capital position effectively for the benefit of our stakeholders,” said Michael L. Browne, Harleystville Group’s president and chief executive officer. “We’re proud of the fact that during our 21 years as a public company we’ve paid our shareholders a dividend every quarter and our dividend has increased every year—both of which are indicative of the long-term strength and stability of the Harleystville organization.”

The board authorized Harleystville Group to make purchases for a two-year period in the open market or in privately negotiated transactions. Additionally, the board authorized Harleystville Group to make purchases under the terms of a Rule 10b5-1 trading plan, which allows the company to purchase its shares at times when it ordinarily would not be in the market because of self-imposed trading blackout periods, such as the time preceding its quarterly earnings releases. The company will repurchase shares from Harleystville Mutual Insurance Company, which owns 53 percent of Harleystville Group’s stock, at fair market value terms on the date of purchase and from the public float in amounts that are proportional to the respective ownership percentages of Harleystville Mutual and the public float as of the authorization date. The timing and terms will be based on market conditions, and will be conducted in accordance with the applicable rules of the Securities and Exchange Commission. The shares acquired will be held for investment purposes.

(more)

Harleysville Group increases quarterly dividend; authorizes additional share repurchase program

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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 Mutual Insurance Company owns 53 percent of Harleysville Group Inc. (NASDAQ: HGIC), a publicly traded holding company for nine regional property/casualty insurance companies collectively rated A- (Excellent) by A.M. Best Company. Harleysville Group is a member of the NASDAQ Global Select Market, which represents the top third of all NASDAQ-listed 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, 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 eastern and midwestern states. Further information can be found on the company's Web site at www.harleysvillegroup.com.

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