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News Release

For Release: Immediately
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Harleysville Insurance earns A.M. Best financial strength rating upgrade to A (Excellent); rating agency cites ‘excellent and improving risk-adjusted capitalization, solid operating performance and regional market franchise’

HARLEYSVILLE, PA—APRIL 27, 2010—Harleysville Insurance announced today that the A.M. Best Company has upgraded the financial strength ratings of its property and casualty operations to A from A-. At the same time, A.M. Best upgraded the rating of Harleysville Life Insurance Company to A- from B++. All Harleysville ratings have a stable outlook.

In a news release announcing its decision to upgrade Harleysville’s financial strength ratings, A.M. Best cited the company’s “excellent and improving risk-adjusted capitalization, solid operating performance and regional market franchise.” A.M. Best also noted, “Harleysville’s focus on underwriting discipline, growing use of sophisticated predictive analytic modeling tools, prudent management of catastrophe exposures, well established agency relationships, strong name recognition and stable market presence are all contributing drivers to the group’s improvement in earnings and overall capitalization levels.”

“This upgrade from A.M. Best validates the successful execution of our strategy to focus on the basics of our business—underwriting, claims, service and productivity—in order to write our agents’ best business and generate long-term profitability,” observed Michael L. Browne, Harleysville’s president and chief executive officer. “It is an especially meaningful achievement when we consider the challenging market conditions and economic uncertainties that face the insurance industry today.

“Through the outstanding efforts of our employees and the steadfast support of our agency partners, we have successfully transformed our company,” Browne continued. “Our agency relationships continue to present us with significant opportunities to grow our business profitably. Armed with a strong balance sheet and an enhanced technology and product platform, Harleysville is well-positioned to be a top-performing super-regional insurance company.”

Commenting on the A.M. Best rating upgrade to A- for Harleysville Life Insurance, Browne noted: “This change in the rating of our life operation is particularly important to our group life sales and our larger agencies. We are pleased that A.M. Best has upgraded Harleysville Life to the ‘Excellent’ financial strength rating category.”

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Page two

Harleysville Insurance is a leading super-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. As a Trusted Choice[®] company partner, Harleysville distributes its products exclusively through a network of independent agents primarily across 32 states. Harleysville is ranked #7 in the most recent *InformationWeek* 500, the publication's annual listing of the most innovative information technology organizations in the U.S., and has been included on the list in each of the last four years. Harleysville Mutual Insurance Company owns approximately 53 percent of Harleysville Group Inc. (NASDAQ: HGIC), a publicly traded holding company for eight regional property/casualty insurance companies collectively rated A (Excellent) by A.M. Best Company. Harleysville Group is listed on the NASDAQ Global Select Market, which is comprised of the top third of all NASDAQ member companies and has the highest initial listing standards of any exchange in the world based on financial and liquidity requirements. Further information can be found on the company's website at www.harleysvillegroup.com.

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