

**EMC INSURANCE GROUP INC.  
COMPENSATION COMMITTEE CHARTER**

The Board of Directors (the “Board”) of EMC Insurance Group Inc. (the “Company”) first adopted a resolution on July 8, 2004 constituting a Compensation Committee (the “Committee”) and adopting a Compensation Committee Charter. The Compensation Committee Charter has subsequently been revised and amended from time to time. The Board adopted this version of the Compensation Committee Charter (the “Charter”) on November 4, 2010.

**PURPOSE**

The purpose of the Company’s Compensation Committee is to assist the Board in discharging the Board’s responsibilities relating to compensation of the Company’s chief executive officer and senior executive officers. The term “compensation” as used in this Charter shall mean salaries, bonuses, perquisites, agreements to pay deferred compensation, and discretionary benefits such as stock options. In its review, evaluation and approval of total compensation packages for the Company’s chief and senior executive officers, the Committee shall also take into consideration payments to or under any employee pension, retirement, profit sharing, stock investment or similar plans that are broadly available to the employees of Employers Mutual Casualty Company.

**AUTHORITY**

The Committee shall evaluate and approve the compensation plans, policies, and programs of the Company with respect to the Company’s chief and senior executive officers. The Committee shall have the sole discretion to retain or obtain the advice of compensation consultants, legal counsel or other advisers (a “Consultant”). The Committee shall be directly responsible for the appointment, compensation and oversight of the work of the Consultant. The Company shall provide for appropriate funding of the Consultant(s), as determined by the Committee, for payment of reasonable compensation of the Consultant(s). The Committee shall also be entitled to full access to Employers Mutual Casualty Company employees, officers and directors and internal or external advisers or consultants.

Before hiring a Consultant, the Committee shall take into consideration the independence of such Consultant. The factors to be considered are set out in Appendix A attached hereto.

**COMPOSITION**

The Committee shall consist of at least three members of the Board of Directors. All members of the Committee shall be “independent directors” as such term is defined by the United States Securities and Exchange Commission and/or the National Association of Securities Dealers, Inc. (“NASD”). Additionally, no director of the Company may serve on the Committee

unless he or she (a) is a “non-employee director” under the qualifications set forth in Rule 16b-3 of the Securities Exchange Act of 1934 and (b) satisfies the requirements of an “outside director” for purposes of Section 162(m)(4)(C) of the Internal Revenue Code. The members shall be elected to the Committee by the Board annually or as necessary to fill vacancies in the interim. The Board shall annually designate one of the Committee members as chairperson. Committee members may be replaced by the Board.

## **MEETINGS**

The Committee will meet at least annually, with authority to convene additional meetings as circumstances require. All Committee members are expected to attend each meeting, in person or via teleconference. The Committee will invite members of Company management and other appropriate individuals, as necessary, to attend its meetings. Meetings of the Committee may occur jointly with, or certain matters may be reviewed and considered in consultation with, the Senior Executive Compensation and Stock Option Committee or the Employee Benefits Committee of the Board of Directors of Employers Mutual Casualty Company, provided, however, that any actions of the Committee shall be required to be taken independently of any actions taken by any committee of the Board of Directors of Employers Mutual Casualty Company, and all such actions of the Committee shall be reflected in the minutes of the Committee to be maintained in the permanent corporate records of the Company. All deliberations and voting of the Committee regarding the compensation of the chief executive officer shall occur outside the presence of the chief executive officer of the Company.

## **RESPONSIBILITIES**

1. The Committee shall annually review and approve those corporate goals and objectives which are relevant to the portion of the total compensation of the chief executive officer and senior executive officers of the Company that is tied to the achievement of such goals and objectives.

2. The Committee shall consider the total compensation package, including incentive compensation plans and equity-based plans, and the structure and award formulae and calculation and performance targets for all incentive compensation programs, for the chief executive officer and senior executive officers and how those elements (i) compare to peer companies, (ii) relate to the Company’s performance when compared to such peer companies, and (iii) further the objectives of the executive compensation program, as set forth in the Executive Compensation Policy adopted by the Committee on November 8, 2007 (as modified effective January 29, 2009 and as the same may be further revised from time to time). In its review of the various elements which make up the total compensation packages of the chief executive officer and the senior executive officers (and, to the extent information is available, other employees of Employers Mutual Casualty Company), the Committee shall conduct an annual review to assess any risks arising from the compensation policies and practices of Employers Mutual Casualty Company and the Company to determine whether such risks are reasonably likely to have a material adverse effect on the Company.

3. In conducting its activities, the Committee shall take into consideration any input and recommendations made by the Corporate Governance and Nominating Committee of the Board of Directors of Employers Mutual Casualty Company, which has been charged (i) with the responsibility of working with the chief executive officer and Human Resources personnel to identify individuals of high potential and (ii) with the duty of identifying such individuals (and their training needs and special circumstances, if any) to this Committee, so that this Committee may take such information into account in its deliberations and planning to provide adequate support and the necessary resources, incentives and compensation to retain those high potential individuals.

4. The Committee shall make regular reports to the Board regarding executive compensation, shall review and discuss with management the Compensation Discussion and Analysis (CD&A) report which is to be included in any proxy statement issued by the Company pursuant to the rules of the Securities and Exchange Commission ("SEC"), and shall include in any such proxy statement a report affirming that such review and discussions have taken place.

5. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. The Committee shall annually review its own performance.

6. The Committee shall review and make recommendations with respect to any proposed severance package which is to be offered to any senior executive of the Company who is a member of the Policy Committee of Employers Mutual Casualty Company, and it may, on its own initiative or upon a request from the Vice President-Human Resources and/or the Vice President and General Counsel of Employers Mutual Casualty Company, review and make recommendations with respect to a proposed severance package which might be offered to any other senior executive whose salary level and/or bonus had previously been recommended by the Committee.

7. The Committee shall perform such other duties and assume such other responsibilities, consistent with this Charter, (i) as may be delegated to the Committee by the Board or required under the provisions of any compensation or benefit plan maintained by the Company, or (ii) as may be established by the SEC or the NASD and which are deemed applicable to compensation committees of public companies.

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Recommended and approved by the Committee at a meeting held September 29, 2010.

Reviewed and approved by the Corporate Governance and Nominating Committee of the Board of Directors of Employers Mutual Casualty Company at a meeting held September 29, 2010.

Approved by the Company's Board of Directors at a meeting held November 4, 2010.

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Richard W. Hoffmann, Secretary  
EMC Insurance Group Inc.

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## **Appendix A**

### Independence Factors for Consultants

1. Whether the company that employs the Consultant has provided other services to the Company.
2. The amount of fees received from the Company by the company that employs the Consultant, as a percentage of the total revenue of that company.
3. The policies and procedures of the company that employs the Consultant that are designed to prevent conflicts of interest.
4. Whether the Consultant has a business or personal relationship with a member of the Committee.
5. Whether the Consultant owns Company stock.
6. [More may be established by the SEC - these are mandated to be included].