

**CHARTER
OF THE INTER-COMPANY COMMITTEES OF
THE BOARDS OF DIRECTORS OF
EMC INSURANCE GROUP INC.
AND
EMPLOYERS MUTUAL CASUALTY COMPANY**

PURPOSE

The purpose of the Inter-Company Committee of the Board of Directors of EMC Insurance Group Inc. (the "Group Committee") and the Inter-Company Committee of the Board of Directors of Employers Mutual Casualty Company (the "Employers Mutual Committee" and, together with the Group Committee, the "Committees") is to review each material contract, transaction or other matter (referred to herein as a "Material Transaction") between EMC Insurance Group Inc. or any of its direct or indirect wholly-owned subsidiaries or affiliates (collectively, "Group") and Employers Mutual Casualty Company or any of its direct and indirect wholly-owned subsidiaries or affiliates (collectively, "Employers Mutual") to assure fairness for all parties participating in such Material Transaction.

AUTHORITY

The Group Committee shall have and shall exercise the delegated authority of the Board of Directors of EMC Insurance Group Inc. to review and approve a Material Transaction on behalf of EMC Insurance Group Inc. The Employers Mutual Committee shall have and shall exercise the delegated authority of the Board of Directors of Employers Mutual Casualty Company to review and approve a Material Transaction on behalf of Employers Mutual Casualty Company. Each Committee shall have such authority to require information and action from Group and Employers Mutual as it deems necessary to carry out its purpose. Either Committee may retain independent consultants to assist it in evaluating any Material Transaction. The Committees shall have the authority to meet in joint session to hear presentations from management regarding a Material Transaction, to engage in discussions concerning a Material Transaction and to vote on approval of a Material Transaction. At the request of any member of either Committee, such Committee shall meet separately for any purpose related to review of a Material Transaction, including for presentations from management, discussions with advisors, discussions among the Committee members or voting.

COMPOSITION

The Group Committee shall be comprised of three members of the Board of Directors of EMC Insurance Group Inc., each of whom shall be deemed to be "independent directors" as defined by the rules of the National Association of Securities Dealers, Inc. The Employers Mutual Committee shall be composed of three members of the Board of Directors of Employers Mutual Casualty Company, each of whom shall be neither employees of Employers Mutual Casualty Company nor members of the Board of Directors of EMC Insurance Group Inc.

FUNCTION

The Committees shall review and either approve or disapprove any Material Transaction involving actual or potential conflicts of interest between Group and Employers Mutual. Whenever any Material Transaction between Group and Employers Mutual is proposed (including any new Material Transaction, any material changes to any prior Material Transaction between Group and Employers Mutual and/or the occurrence of any issue that presents an actual or potential conflict of interest between Group and Employers Mutual), such proposed Material Transaction (or resolution of a pending issue) shall (i) be submitted to each Committee for appropriate review and any necessary development, and (ii) then be voted on by each Committee. If, and only if, (a) all three members of the Group Committee conclude that such Material Transaction (or issue resolution) is fair and reasonable to Group and its stockholders and (b) all three members of the Employers Mutual Committee conclude that such Material Transaction (or issue resolution) is fair and reasonable to Employers Mutual and its policyholders, will the Material Transaction (or issue resolution) be deemed approved, or the conflict issue resolved.

RESPONSIBILITIES

In reviewing any Material Transaction between Group and Employers Mutual, the Committees must ensure with regard to the Material Transaction that:

1. The terms are fair and reasonable for all parties;
2. The charges and/or fees for any services performed are reasonable for all parties; and
3. An insurer's policyholders' surplus after the Material Transaction is reasonable in relation to the insurer's outstanding liabilities and adequate to meet its financial needs.

In particular, without limiting its authority or responsibility, the Committees shall review the following Material Transactions:

- A. Changes to the EMC Insurance Companies' Reinsurance Pooling Agreement between Employers Mutual Casualty Company and certain of its affiliated companies, as amended;
- B. Changes to the Quota Share Reinsurance Contract between Employers Mutual Casualty Company and EMC Reinsurance Company;
- C. Any loans between Group and Employers Mutual; and
- D. Any service agreements between Group and Employers Mutual where a fee is paid by one company to another.

