

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 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): April 16, 2003

Donegal Group Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other
jurisdiction of
incorporation)

0-15341

(Commission file number)

23-2424711

(IRS employer
identification no.)

1195 River Road, Marietta, Pennsylvania

(Address of principal executive offices)

17547

(Zip code)

Registrant's telephone number, including area code: (888) 877-0600

N/A

(Former name or former address, if changed since last report)

Item 7. Financial Statements and Exhibits.

(c) Exhibits.

The following exhibit is filed herewith:

Exhibit No.	Description
99.1	Press release issued by Donegal Group Inc. (the "Company") dated April 15, 2003

Item 12. Results of Operations and Financial Condition.

On April 15, 2003, the Company issued a press release regarding the Company's financial results for its first quarter ended March 31, 2003. The press release is attached as Exhibit 99.1 to this Form 8-K Current Report. The information in this report shall not be deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934 or incorporated by reference in any filing under the Securities Act of 1933.

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.

DONEGAL GROUP INC.

Date: April 16, 2003

By: /s/ Ralph G. Spontak

Ralph G. Spontak, Senior Vice President,
Chief Financial Officer and Secretary

EXHIBIT INDEX

Exhibit
Number

Description

99.1

Press release dated April 15, 2003 issued by the
Company.

Ralph G. Spontak
Senior Vice President and Chief Financial Officer
Phone (717) 426-1931
Fax (717) 426-7009

For Immediate Release

MARIETTA, Pennsylvania, April 16, 2003 - Donegal Group Inc. (Nasdaq: DGICA and DGICB) today reported its operating results for the quarter ended March 31, 2003.

The Company continued its strong underwriting results during the first quarter of 2003 with the Company posting net income of \$3,844,432, or \$.41 per share on a diluted basis, compared to \$2,180,716, or \$.24 per share on a diluted basis, in the first quarter of 2002.

The Company's combined ratio for the first quarter of 2003 was a strong 97.2%, compared to 101.8% for the first quarter of 2002. The Company's loss ratio for the first quarter 2003 improved to 66.5% compared to 68.9% for the first quarter of 2002, despite the impact of a more severe winter in the Northeast during the first quarter of 2003. The Company's expense ratio improved to 30.2% for the first quarter of 2003 compared to 31.9% for the first quarter of 2002. The Company's workers' compensation policy dividend ratio decreased from 1.0% in the first quarter of 2002 to 0.5% in the first quarter of 2003 due to the implementation of more stringent qualification requirements.

"Despite the effects of more severe weather in the Northeast this winter, the Company was able to continue its string of very strong underwriting quarters" stated Donald H. Nikolaus, President and Chief Executive Officer of Donegal Group Inc. "The rate increases taken over the past two years, coupled with our rededication to underwriting principles and our ongoing expense control initiative have made it possible to absorb moderate weather-related events while still generating an annualized return on equity of over 11% in the first quarter" stated Nikolaus.

Operating income, which excludes after tax realized investment gains (losses) of (\$84,812) in 2003 and \$83,673 in 2002, for the first quarter of 2003 was \$3,929,244, or \$.42 per share on a diluted basis, compared to \$2,097,043, or \$.23 per share on a diluted basis, for the first quarter of 2002. These strong results helped the Company increase its book value per common share to \$14.91 as of March 31, 2003.

Revenues for the first quarter of 2003 were \$52,185,419, an increase of 4.3% over a year earlier, with premiums earned for the first quarter of \$47,928,881, a 5.4% increase over the first quarter of 2002. The lower interest rate environment impacted investment income which was down 9.8% to \$3,364,518 compared to \$3,730,304 for the first quarter of 2002 despite an increase in average invested assets. The annualized average return on investments was 4.0% for the first quarter of 2003 compared to 4.9% for the first quarter of 2002. Service fees for the first quarter were \$614,033, an increase of 15.9% over the year earlier total of \$529,742, reflecting increases in premium installment plan service fees.

The Company will hold a conference call on Wednesday April 16, 2003, beginning at 11:00 A. M. Eastern Time. You may participate in the conference call by calling 1-800-915-4836. An instant replay of the conference call will be available until April 23, 2003, by calling 1-800-428-6051 (Passcode I. D. # 289227).

All statements contained in this release that are not historic facts are based on current expectations. Such statements are forward-looking (as defined in the Private Securities Litigation Reform Act of 1995) in nature and involve a number of risks and uncertainties. Actual results may vary materially. The factors that could cause actual results to vary materially include: The ability of the Company to maintain profitable operations, the adequacy of the Company's reserves for losses and loss adjusting expenses, business and economic conditions in the Company's primary operating areas, competition from various insurance and non-insurance businesses, the effects of terrorism, changes in regulatory requirements, and other risks that may be described from time to time in the reports the Company files with the Securities and Exchange Commission. Undue reliance should not be placed on any such forward-looking statements.

Donegal Group Inc. is a regional property-casualty insurance holding company doing business in 14 Mid-Atlantic and Southern states through its insurance subsidiaries Atlantic States Insurance Company and Southern Insurance Company of Virginia.

(Tables Follow)

Quarter Ended March 31

	2003	2002
Net premiums earned	\$47,928,881	\$45,452,260
Investment income, net of investment expenses	3,364,518	3,730,304
Realized investment gains (losses)	(130,480)	126,778
Total revenues	52,185,419	50,034,046
Net income	\$3,844,432	\$2,180,716
Net income per common share		
Basic	\$ 0.42	\$ 0.24
Diluted	\$ 0.41	\$ 0.24

Consolidated Statements of Income
(unaudited; in thousands, except per share data)

Quarter Ended March 31

	2003	2002
Net premiums earned	\$ 47,929	\$ 45,452
Investment income, net of investment expenses	3,364	3,730
Realized investment gains (losses)	(131)	127
Lease income	203	195
Service fees	614	530
Other income	206	-
Total revenues	\$ 52,185	\$ 50,034
Losses and loss expenses	31,850	31,298
Amortization of deferred policy acquisition costs	7,442	7,385
Other underwriting expenses	7,023	7,112
Other expenses	331	502
Dividends	242	466
Interest	215	325
Total expenses	47,103	47,088

Income before income taxes	5,082	2,946
Income tax expense	1,238	765
	-----	-----
Net income	\$ 3,844	\$ 2,181
	-----	-----
Net income per common share		
Basic	\$ 0.42	\$ 0.24
	-----	-----
Diluted	\$ 0.41	\$ 0.24
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Supplementary Financial Analysts' Data

Weighted average number of shares outstanding		
Basic	9,210,402	9,030,160
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Diluted	9,330,855	9,124,525
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Net written premiums	\$ 50,340	\$ 48,315
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Book value per common share	\$ 14.91	\$ 13.51
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Consolidated Balance Sheet
(unaudited; in thousands)

	March 31, 2003 -----	December 31, 2002 -----
ASSETS		
Investments:		
Fixed Maturities:		
Held to maturity, at amortized cost	\$ 91,675	\$ 86,702
Available for sale, at fair value	195,274	194,732
Equity securities, at fair value	23,550	21,836
Short-term investments, at cost, which approximates fair value	32,107	29,029
Total investments	342,606	332,299
Cash	4,924	1,125
Premiums in course of collection	27,725	26,287
Reinsurance receivable	77,539	83,207
Accrued investment income	3,579	3,815
Deferred policy acquisition costs	14,736	14,567
Prepaid reinsurance premiums	29,307	27,854
Property and equipment, net	4,250	4,430
Deferred income taxes	7,276	6,956
Other assets	1,612	678
Total assets	\$ 513,554 =====	\$ 501,218 =====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Unpaid losses and loss settlement expenses	\$ 210,708	\$ 210,692
Unearned premiums	124,867	121,002
Accounts payable and accrued expenses	6,152	6,584
Debt	19,800	19,800
Due to affiliates	4,441	4,080
Other liabilities	9,974	5,877
Total liabilities	375,942	368,035
Shareholders' equity:		
Preferred stock		
Class A common stock	63	63
Class B common stock	30	30
Additional paid-in capital	61,254	60,652
Accumulated other comprehensive Income	4,896	4,912
Retained earnings	72,261	68,418
Treasury stock, at cost	(892)	(892)
Total shareholders' equity	137,612	133,183
Total liabilities and shareholders' equity	\$ 513,554 =====	\$ 501,218 =====