

There When it Matters Most.



DONEGAL[®]

GROUP INC.

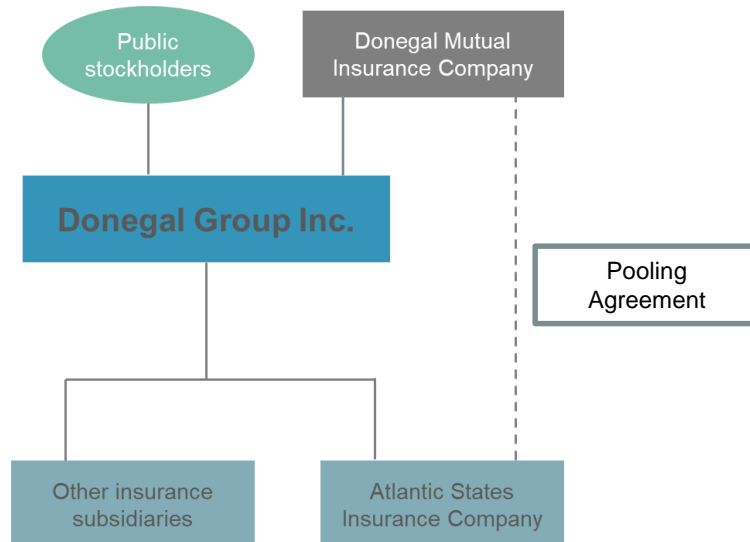
NASDAQ: DGICA/DGICB
www.donegalgroup.com

The Company bases all statements made in this presentation that are not historic facts on its current expectations. These statements are forward-looking in nature (as defined in the Private Securities Litigation Reform Act of 1995) and involve a number of risks and uncertainties. Actual results could vary materially. Factors that could cause actual results to vary materially include: adverse and catastrophic weather events, the Company's ability to maintain profitable operations, the adequacy of the loss and loss expense reserves of the Company's insurance subsidiaries, business and economic conditions in the areas in which the Company operates, interest rates, competition from various insurance and other financial businesses, acts of terrorism, the availability and cost of reinsurance, legal and judicial developments, changes in regulatory requirements, the Company's ability to integrate and manage successfully the insurance companies it may acquire from time to time and other risks the Company describes from time to time in the periodic reports it files with the Securities and Exchange Commission. You should not place undue reliance on any such forward-looking statements. The Company disclaims any obligation to update such statements or to announce publicly the results of any revisions that it may make to any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements.

Reconciliations of non-GAAP data are included in the Company's news releases regarding quarterly financial results, available on the Company's website at investors.donegalgroup.com.

Donegal Group Inc. is an insurance holding company offering property and casualty insurance in 20 states.

The Company offers full lines of personal products (~45% of total) and commercial products (~55% of total), including, commercial multi-peril, automobile, homeowners, workers' compensation, and other coverages.



(Detailed organizational chart included in Supplemental Information – see page 22)

NASDAQ: DGICA/DGICB

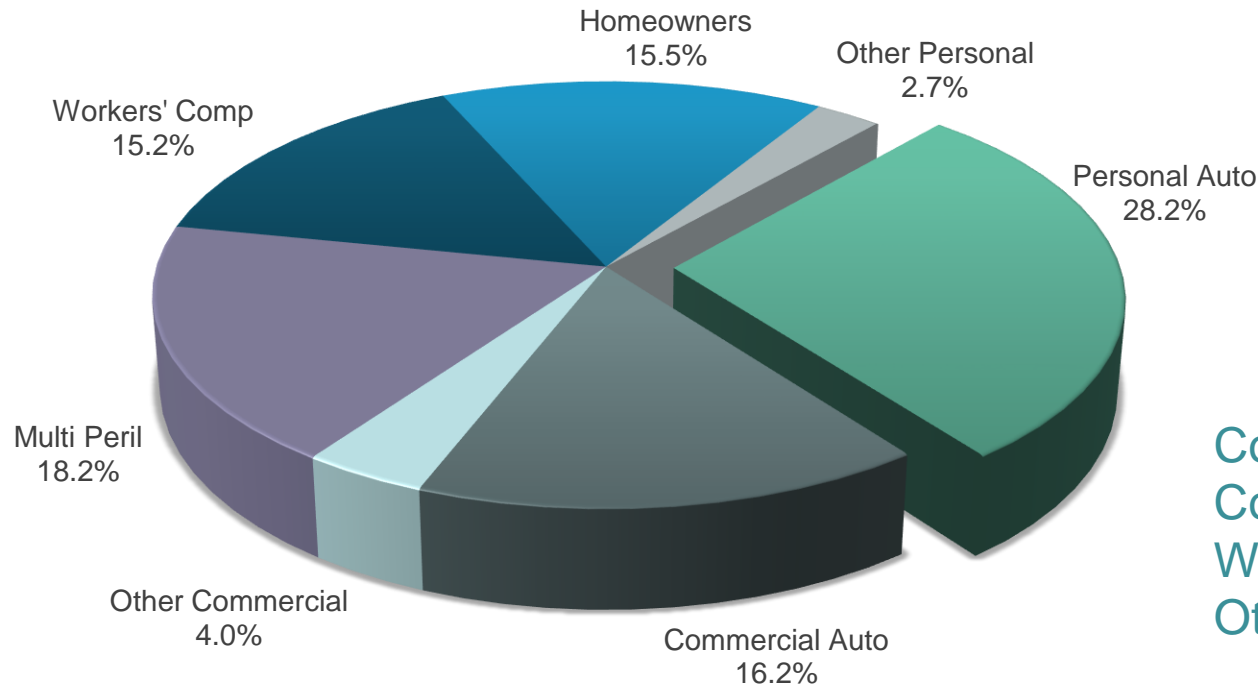
Corporate Headquarters	Marietta, Pennsylvania
DGICA Share Description	23.1 million shares outstanding (Voting rights 0.1:1)
DGICB Share Description	5.6 million shares outstanding (Voting rights 1:1)

	At 9/30/2019	At 12/31/2018
Cash and Investments	\$1.1 billion	\$1.0 billion
Total Assets	\$1.9 billion	\$1.8 billion
Total Shareholders' Equity	\$442.6 million	\$398.9 million
Book Value Per Outstanding Common Share	\$15.46	\$14.05
DGICA Annual Dividend Per Share	\$0.58	\$0.57

Current Figures (DGICA) At 12/31/2019

Stock Price	\$14.82
52 Week Range	\$12.42 - \$15.43
Price to 9/30/19 Book Value	0.96

Net Written Premiums for First Nine Months of 2019 by Line of Business



Personal Auto
Homeowners
Other Personal

Personal lines = 46.4% of NWP
Renewal Premium
Increases Averaged 6%

Commercial Auto
Comm Multi-Peril
Workers' Comp
Other Commercial

Commercial lines = 53.6% of NWP
Renewal Premium
Increases Averaged 2%
(9% for Commercial Auto)

Solid Organic Growth in Commercial Lines

Sale of Banking Operations

Net Income Improvement

Net income of \$33.0 million, or \$1.17 per diluted Class A share, for the first nine months of 2019, compared to a net loss of \$17.8 million, or 64 cents per Class A share, for the first nine months of 2018

Improving Combined Ratio Due to Improved Pricing and Emphasis on Commercial Lines

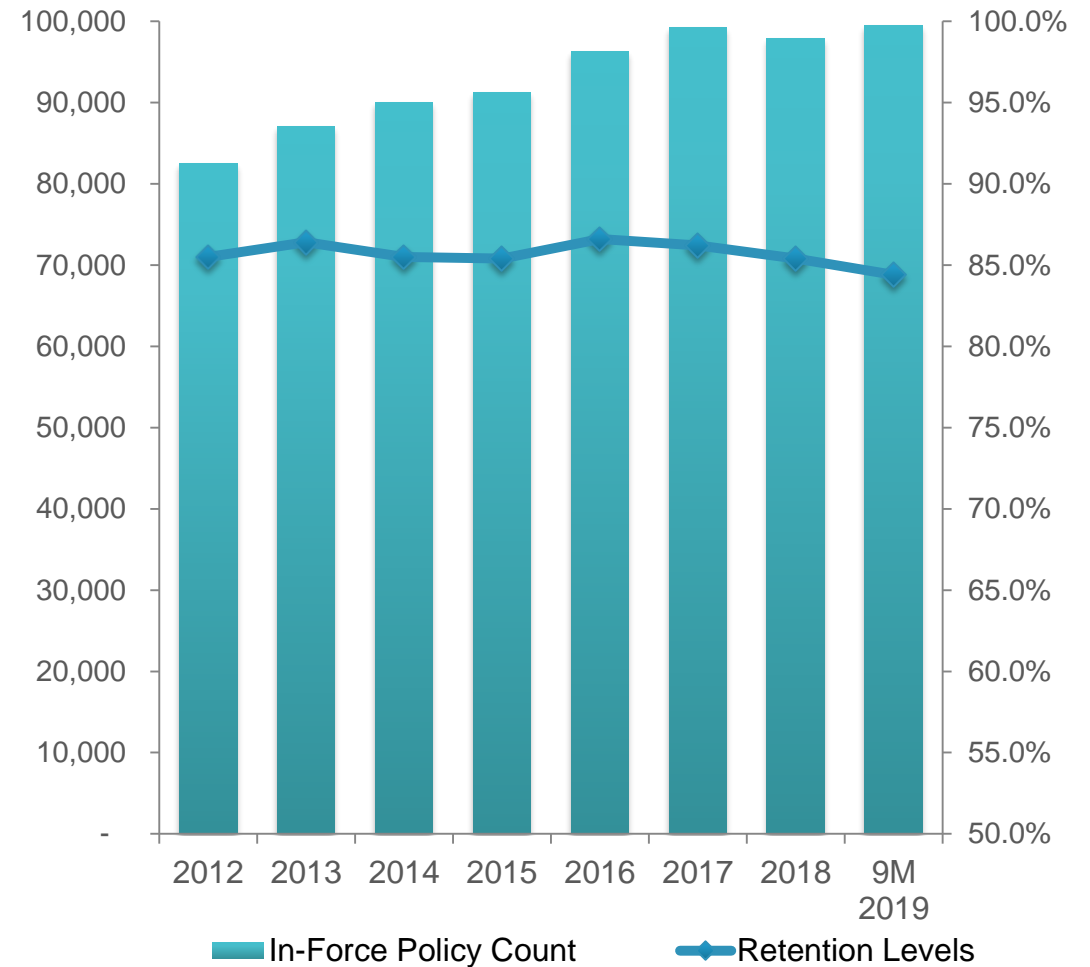
Combined ratio of 100.7% for the first nine months of 2019, compared to 109.9% for the first nine months of 2018

Growth in Book Value

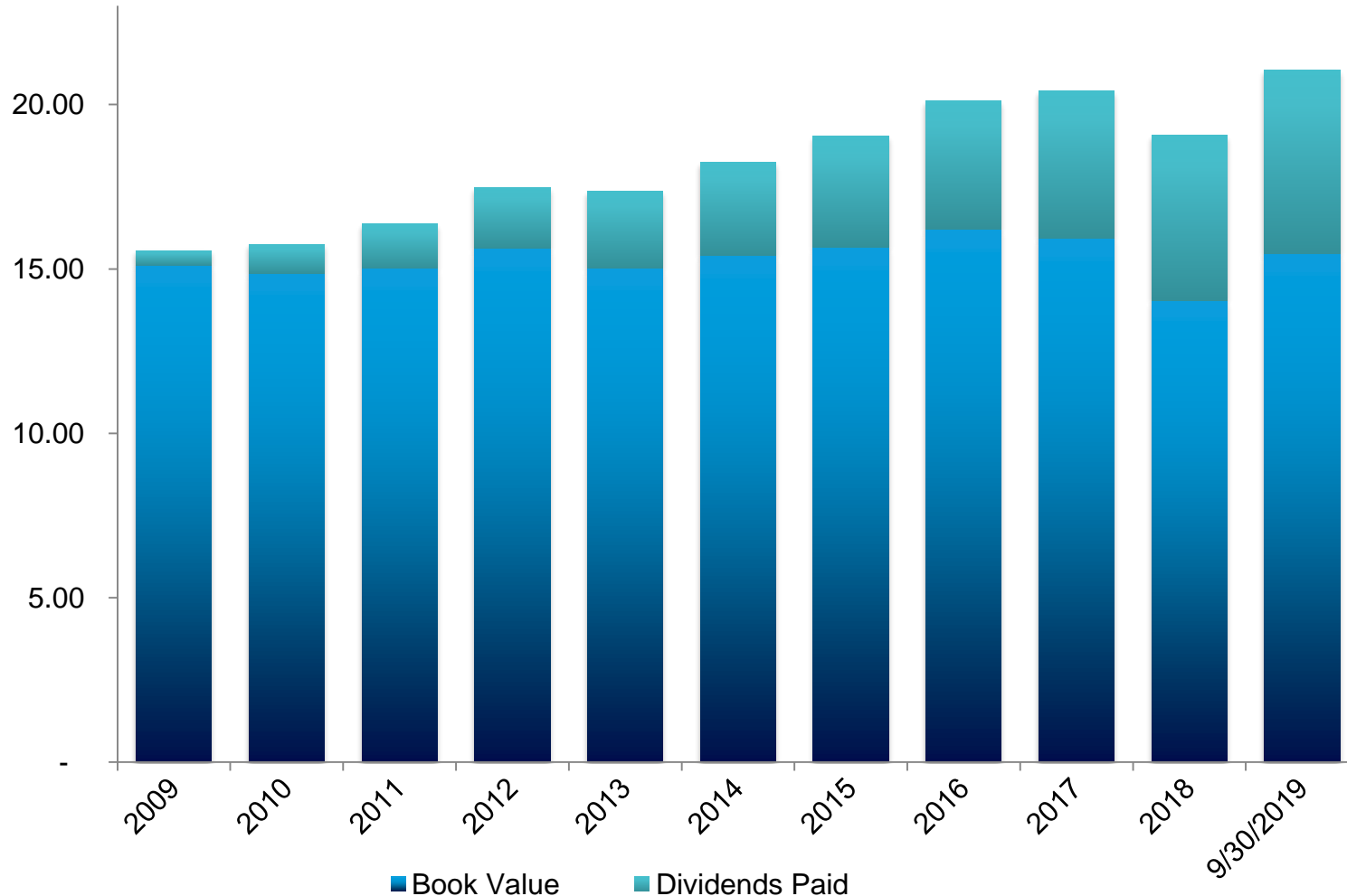
Book value per share of \$15.46 at September 30, 2019, compared to \$14.05 at year-end 2018

95.8% Commercial Lines Statutory Combined Ratio for the First Nine Months of 2019

- ✓ Expand core Donegal products across regions
- ✓ Growth focus on accounts with premiums in \$10,000 to \$150,000 range
- ✓ Expand appetite within classes and lines already written:
 - Agency development
 - Add related classes
 - Appropriately use reinsurance
- ✓ Disciplined underwriting:
 - Expand use of predictive modeling
 - Large account reviews
 - Loss control



Book Value Plus Cumulative Dividends

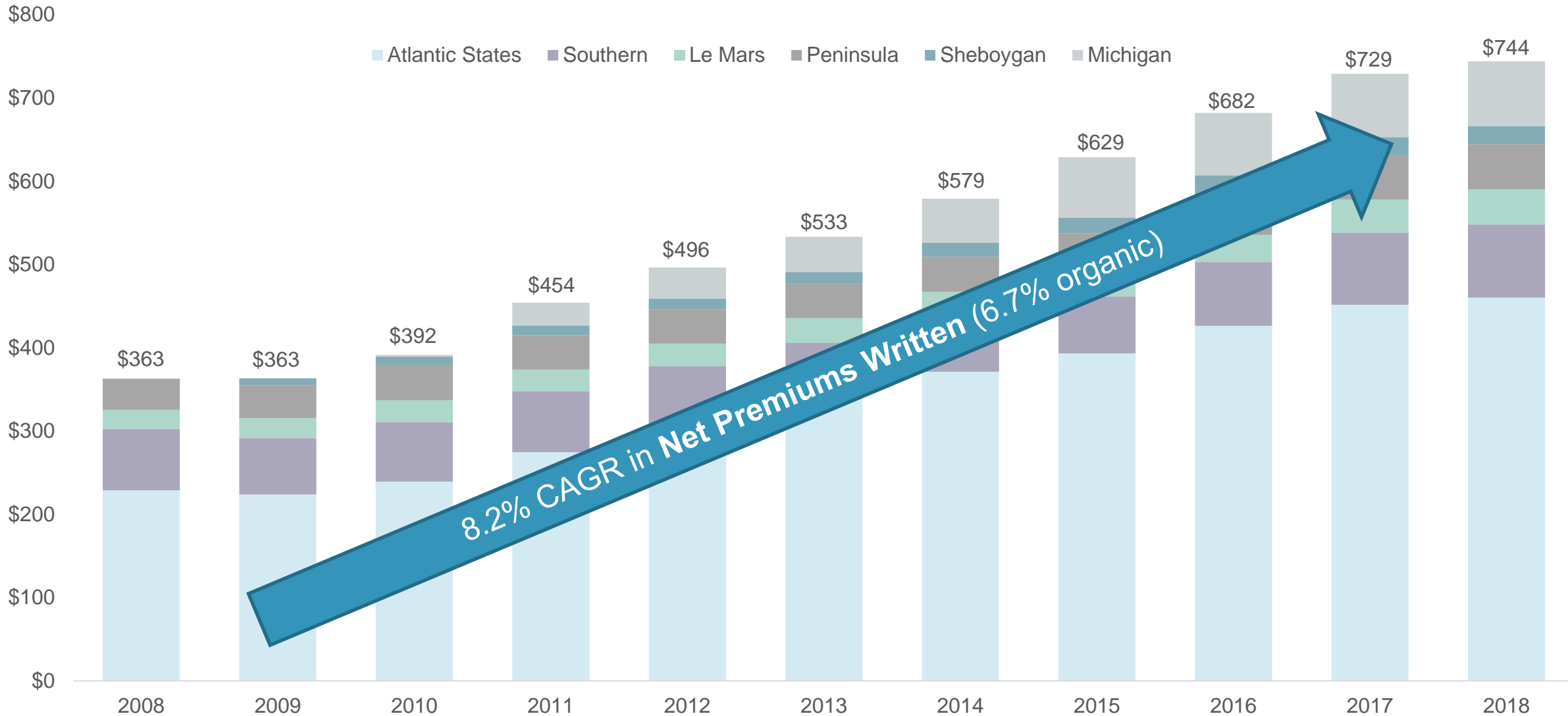


- Rated A (Excellent) by A.M. Best
 - Debt-to-cash/investments of approximately 4%
 - Premium-to-surplus of approximately 1.9-to-1
- Dividend yield of 3.8% for Class A shares

Donegal: Where We've Been and *Where We're Going*

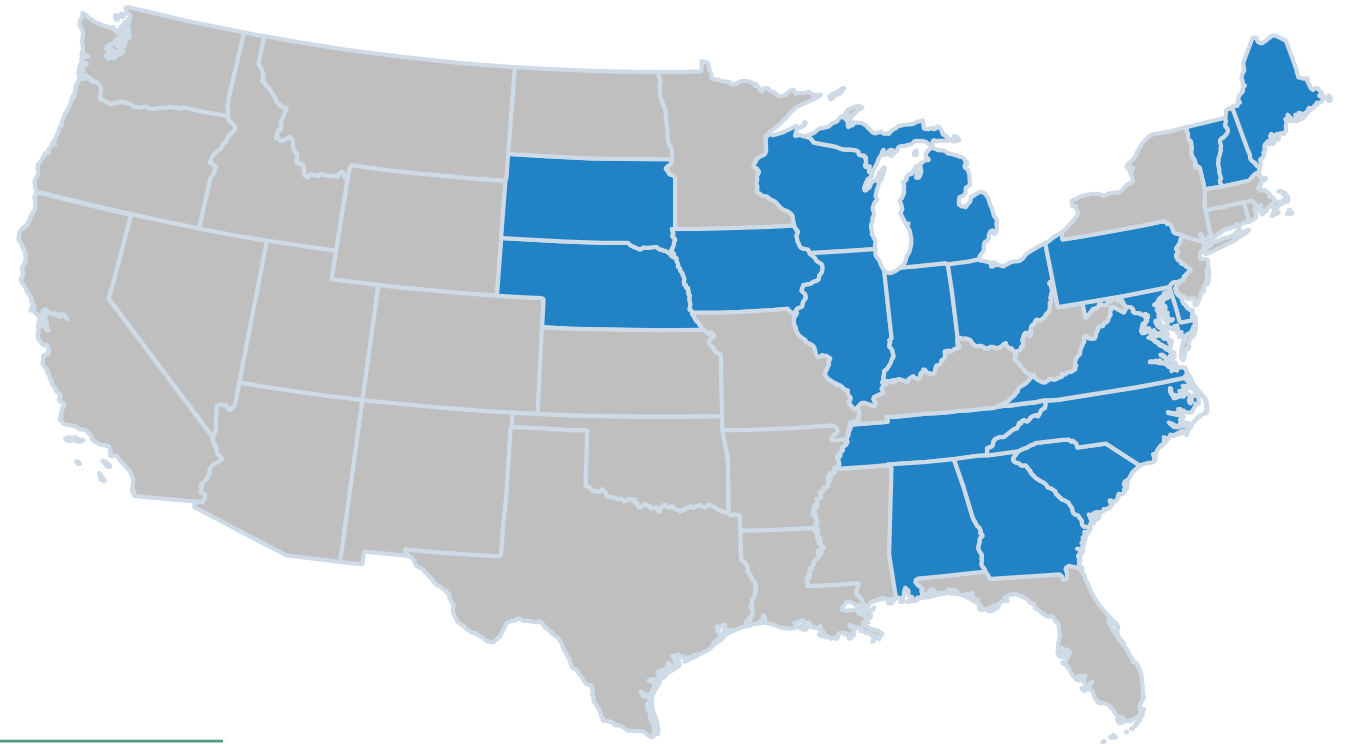


USD in millions



8.2% CAGR in Net Premiums Written (6.7% organic)

Net premiums written of **\$744.0 million** for the full year 2018, **across 20 states** in four operating regions – an increase of 2% compared to 2017



10 M&A transactions since 1988

Acquisition Criteria

- Serving attractive geography
- Favorable regulatory, legislative and judicial environments
- Similar personal/commercial business mix
- Premium volume up to \$100 million

Ongoing Objectives

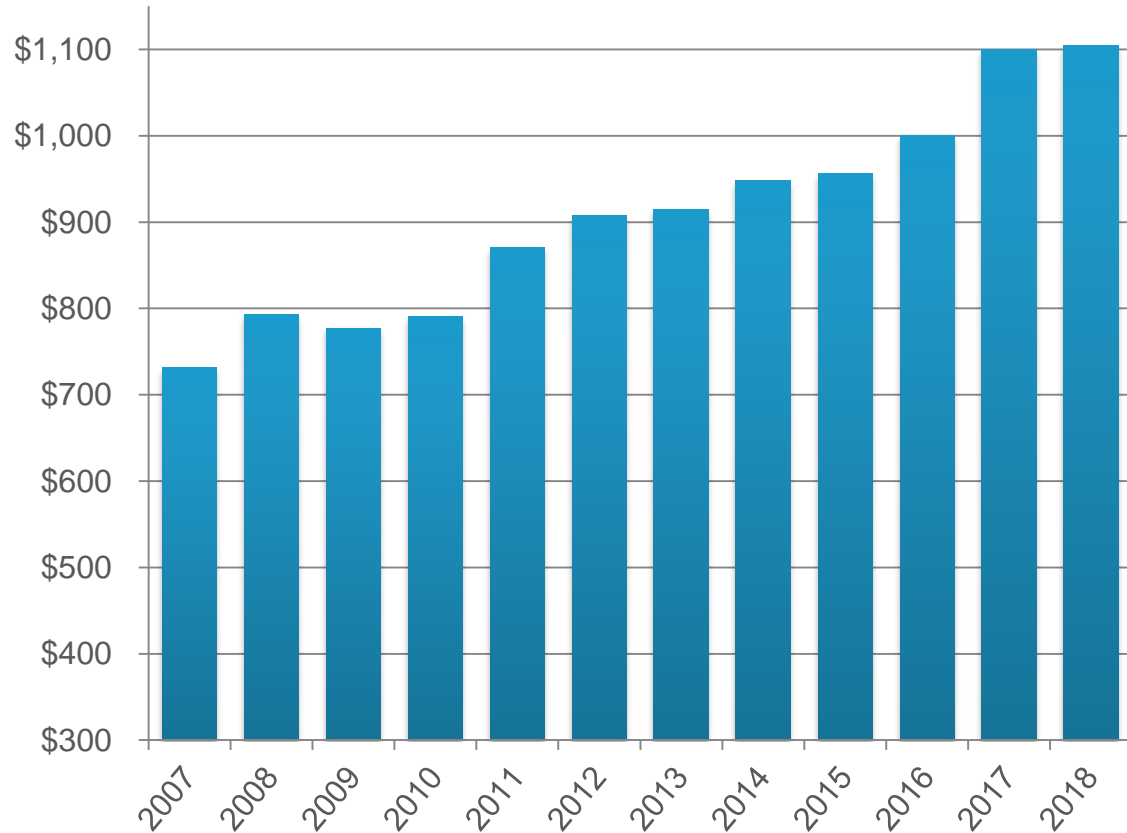
- Achieve top-three ranking within appointed agencies in lines of business we write
- Cultivate relationships with existing agencies to move writings to next premium tier
- Leverage “regional” advantages and maintain personal relationships as agencies grow and consolidate

Continuing Focus on Commercial Lines Growth

- Emphasize expanded commercial lines products and capabilities in current agencies
- Appoint commercial lines-focused agencies to expand distribution in key geographies
- Strengthen relationships with agencies appointed in recent years

Direct Premiums per Employee

(USD in 000s)



- Current infrastructure can support premium growth
- Premiums per employee rising due to technology systems
- Claims system allows more rapid and efficient claims handling
- Mutual affiliation provides opportunities for operational and expense synergies
- Expense ratio of 32.9% and 31.6%, for full year 2017 and 2018, respectively

- Sustain pricing discipline and conservative underwriting
- Manage exposure to catastrophe/unusual weather events
- Link employee incentive compensation directly to underwriting performance
- Focus on rate adequacy and pricing segmentation
- Coordinated underwriting across all regions
- Increased utilization of data and analytics across the enterprise



Entering the Southwest

- In May 2017, Donegal Mutual completed the merger of Mountain States Mutual Casualty Company with and into Donegal Mutual. Donegal Mutual and its two insurance subsidiaries conduct business as the Mountain States Insurance Group in the Southwestern region.

Mountain States Insurance Group. . .

- is based in Albuquerque, New Mexico;
- offers commercial insurance products in New Mexico, Colorado, Texas and Utah.

A Future Growth Opportunity*

- The transaction represents a continuation of the acquisition strategy DGI and Donegal Mutual have shared over the past 30 years.



* DGI was not a party to the merger and receives no current financial benefit from the activities of the Mountain States Insurance Group.

Completed sale to Northwest Bancshares, Inc. in March 2019



DGI received proceeds valued at **\$55.5 million**

Realized gain of **\$12.7 million** recorded on sale

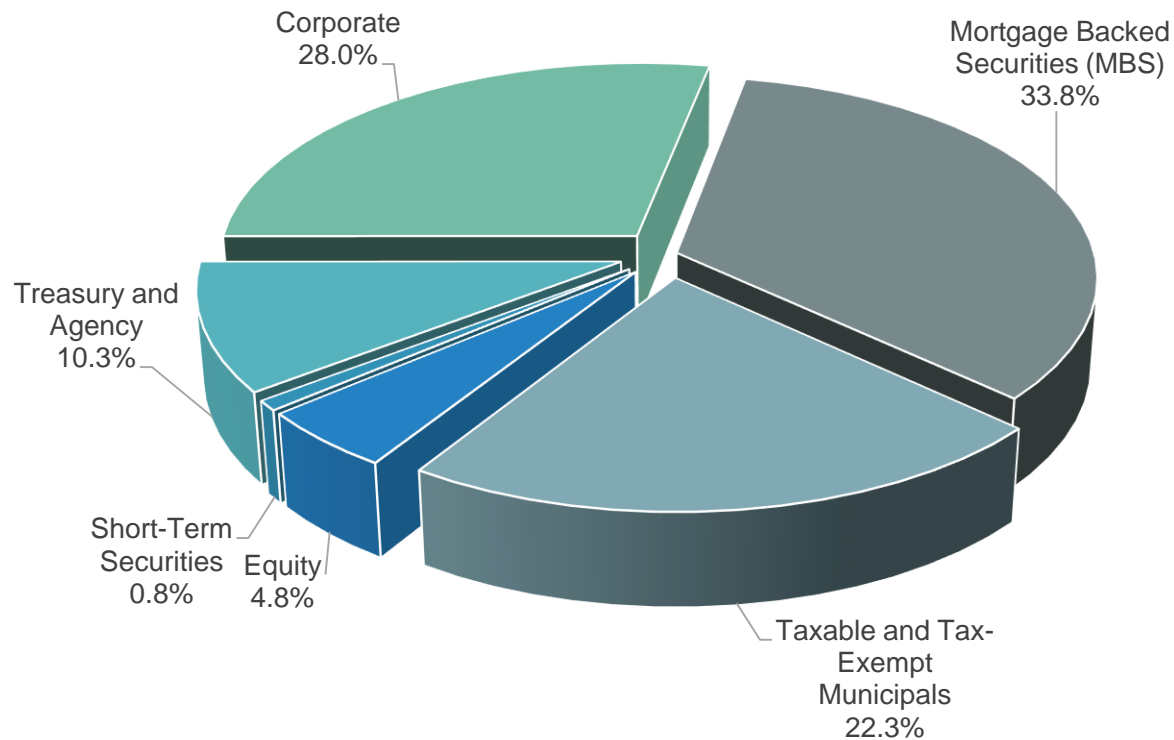
Utilization of Proceeds

- Repaid \$25.0 million of line of credit borrowings
- Contributed \$17.0 million to bolster capital of subsidiaries
- Utilized \$12.0 million to pay 2019 quarterly stockholder dividends

Sale represented culmination of successful strategy that began in 2000

Exit from banking allows full attention to insurance operations

\$1.1 Billion in Invested Assets
(at September 30, 2019)

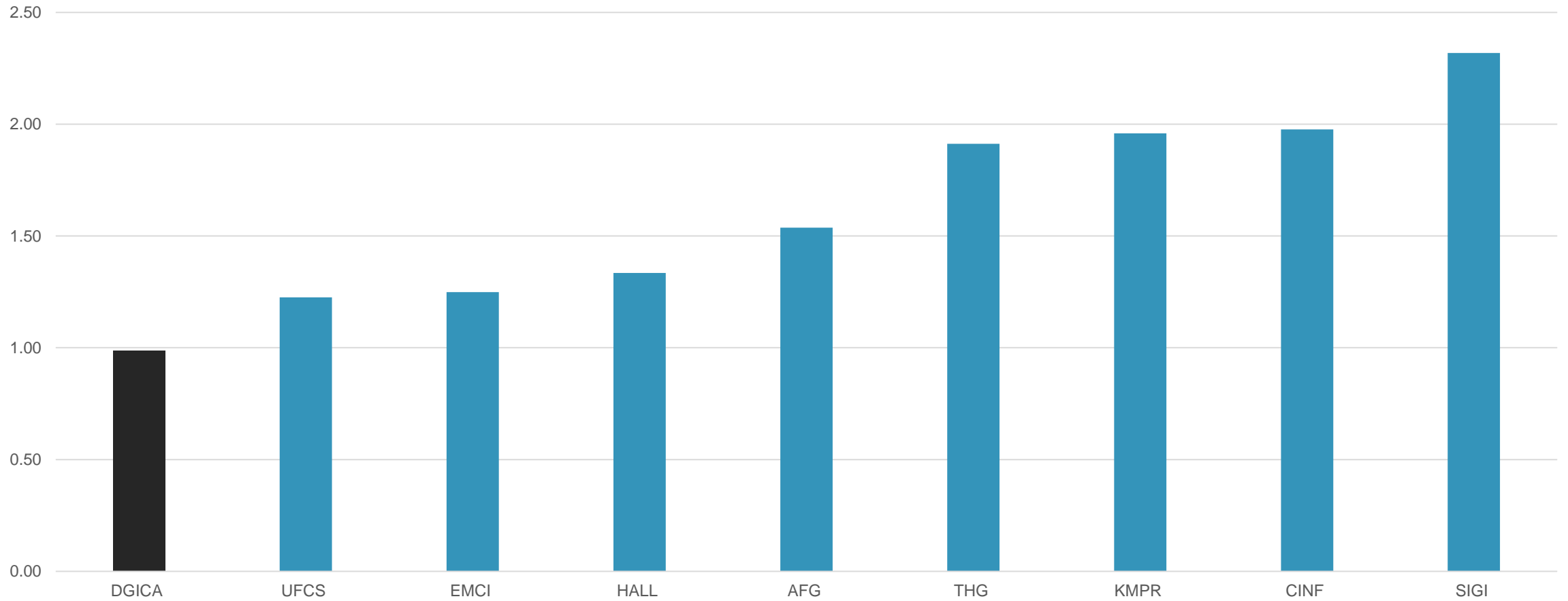


- 94.4% of portfolio invested in fixed maturities
 - Effective duration = 4.1 years
 - Tax equivalent yield = 2.9%
- Emphasis on quality
- Liquidity managed through laddering

- Improve financial performance
- Leverage technology to transform the business
- Strategically modernize business to achieve operational excellence
- Compete effectively to enhance market position
- Grow profitably in commercial lines



Price to Tangible Book Value



- Well-established regional insurance carrier with a diverse book of business of both personal and commercial lines
- Emphasis on margin improvement
- Strength of brand and proven business strategies provide competitive advantages that enables the Company to deliver higher returns over time



Analyst Coverage

KBW
Boenning & Scattergood
Dowling & Partners

Contact Information

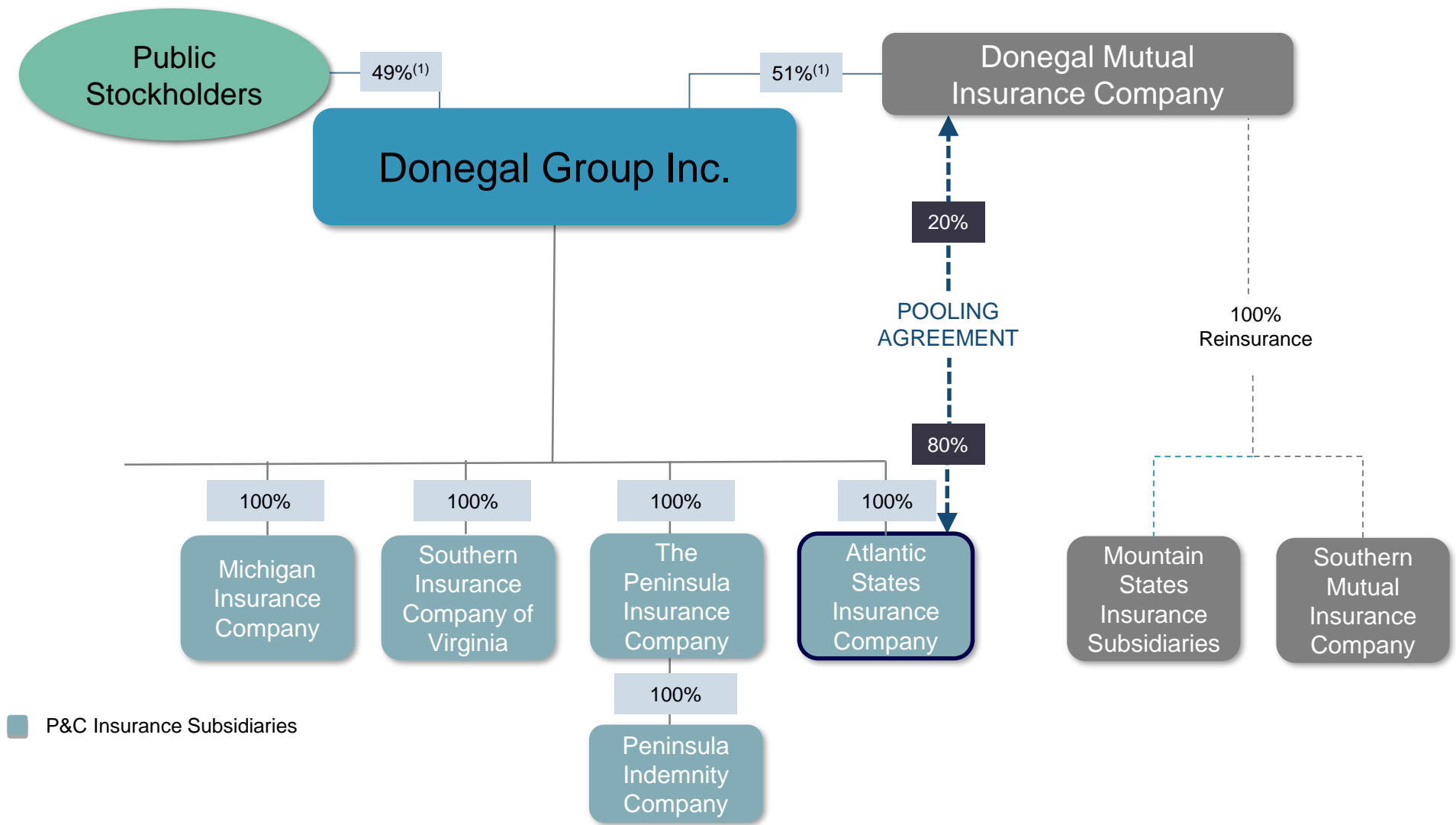
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Top 25 Holders

1	Donegal Mutual Insurance Co	9,851,025
2	Dimensional Fund Advisors LP	1,799,007
3	BlackRock Inc	932,520
4	Kennedy Capital Management Inc	914,807
5	Old Republic International Corp	664,500
6	Renaissance Technologies LLC	602,019
7	Vanguard Group Inc/The	479,887
8	Philadelphia Trust Co/The	453,125
9	CWA Asset Management Group LLC	341,902
10	Wells Fargo & Co	317,937
11	Bridgeway Capital Management Inc	277,000
12	DePrince Race & Zollo Inc	263,215
13	Logan Capital Management Inc	223,703
14	State Street Corp	217,875
15	Lititz Mutual Insurance Co	200,001
16	Geode Capital Management LLC	188,037
17	Northern Trust Corp	146,834
18	Janney Montgomery Scott LLC	122,066
19	BANK OF NEW YORK MELLON CORP/THE	78,379
20	Prudential Financial Inc	75,248
21	Martingale Asset Management LP	71,016
22	Charles Schwab Corp/The	69,254
23	Old Republic Insurance Co	65,000
24	Franklin Mutual Insurance Co	64,448
25	Teachers Insurance & Annuity Assoc	52,029

SUPPLEMENTAL INFORMATION



(1) Because of the different relative voting power of the Company's Class A common stock and Class B common stock, public stockholders hold approximately 28% of the aggregate voting power of the Class A common stock and the Class B common stock. Donegal Mutual holds approximately 72% of the aggregate voting power of the Class A common stock and the Class B common stock.

	Le Mars	Peninsula	Sheboygan	Southern Mutual	Michigan
Year Acquired	2004	2004	2008	2009	2010
Company Type	Mutual	Stock	Mutual	Mutual	Stock
Primary Product Line	Personal	Niche	Personal	Personal	Pers./Comm.
Geographic Focus	Midwest	Mid-Atlantic	Wisconsin	Georgia/ South Carolina	Michigan
Transaction Type	Demutualization	Purchase	Demutualization	Surplus Note	Purchase
Net Premiums Acquired	\$20 million	\$34 million	\$8 million	\$11 million	\$27 million*

* Michigan's direct premiums written were \$105 million in 2010

NET PREMIUMS WRITTEN BY LINE OF BUSINESS (last 4 years by quarter)

(USD in millions)	Q3 19	Q2 19	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18	Q4 17	Q3 17	Q2 17	Q1 17	Q4 16	Q3 16	Q2 16	Q1 16
Personal lines:															
Automobile	\$52.0	\$56.2	\$56.0	\$55.4	\$62.5	\$66.5	\$64.9	\$61.4	\$66.9	\$65.7	\$61.3	\$55.9	\$59.8	\$59.0	\$55.0
Homeowners	32.5	32.7	25.0	27.6	34.6	35.1	26.6	29.9	34.2	35.3	25.6	29.4	34.2	33.4	25.9
Other	4.9	5.5	5.2	5.5	5.6	5.1	4.8	4.8	4.8	5.4	4.7	4.7	4.7	5.3	4.4
Total personal lines	89.4	94.3	86.2	88.5	102.7	106.7	96.3	96.1	105.9	106.4	91.6	90.0	98.7	97.7	85.3
Commercial lines:															
Automobile	28.7	31.2	34.3	24.8	25.3	27.9	30.3	23.4	23.2	25.9	26.8	20.6	21.2	23.1	22.9
Workers' compensation	25.9	29.0	33.4	24.3	25.0	26.6	33.1	23.9	24.8	27.7	33.5	24.9	24.3	28.2	31.0
Commercial multi-peril	32.7	35.5	37.8	27.5	28.1	29.7	32.2	26.0	26.4	28.0	30.0	24.2	25.4	26.6	28.5
Other	7.2	7.7	8.1	3.2	3.4	5.1	3.4	2.0	2.2	2.8	2.6	2.1	2.3	2.6	2.4
Total commercial lines	94.6	103.5	113.7	79.8	81.8	89.3	99.0	75.3	76.6	84.4	92.9	71.8	73.2	80.5	84.8
Total net premiums written	183.9	\$197.8	\$199.9	\$168.3	184.5	\$196.0	\$195.3	\$171.4	\$182.5	\$190.8	\$184.5	\$161.8	\$171.9	\$178.2	\$170.1

(in percentages)	Q3 19	Q2 19	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18	Q4 17	Q3 17	Q2 17	Q1 17	Q4 16	Q3 16	Q2 16	Q1 16
Statutory combined ratios:															
Personal lines	103.9	108.5	97.8	118.9	111.4	110.3	116.1	109.3	107.5	114.1	104.0	107.5	103.6	100.2	95.6
Commercial lines	97.9	92.9	96.4	101.3	97.5	97.5	119.8	98.8	86.9	92.8	94.4	91.9	94.3	88.5	88.0
Total lines	100.8	100.7	97.1	110.7	105.2	104.5	117.6	104.6	98.2	104.5	99.6	100.4	99.5	95.0	92.1
GAAP combined ratios (total lines):															
Loss ratio (non-weather)	61.6	60.7	60.4	70.3	63.7	63.6	78.6	69.0	54.2	61.6	59.3	62.8	59.6	56.8	55.9
Loss ratio (weather-related)	7.3	9.0	5.1	6.7	11.3	9.5	7.5	3.0	10.3	11.5	8.4	4.3	7.0	6.9	4.4
Expense ratio	30.5	31.3	32.6	32.5	29.6	31.8	32.5	31.9	34.3	32.6	33.2	32.4	33.5	32.8	33.2
Dividend ratio	1.2	1.0	1.2	1.0	0.6	0.7	0.7	0.9	0.8	0.7	0.5	1.0	0.7	0.5	0.5
Combined ratio	100.6	102.0	99.3	110.5	105.2	105.6	119.3	104.8	99.6	106.4	101.4	100.5	100.8	97.0	94.0
GAAP supplemental ratios:															
Fire losses greater than \$50,000	4.1	3.3	3.5	2.5	2.5	3.6	5.3	4.3	4.4	4.3	3.5	4.4	4.0	2.3	3.7
Development on prior year loss reserves	(0.5)	(1.5)	(2.1)	3.6	1.4	-	14.7	-	(1.9)	3.3	1.5	0.5	(1.0)	2.3	-