

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 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) **October 27, 2011**

Donegal Group Inc.

(Exact name of registrant as specified in its charter)

DE
(State or other jurisdiction
of incorporation)

0-15341
(Commission File Number)

23-2424711
(IRS Employer Identification No.)

1195 RIVER RD MARIETTA, PA
(Address of principal executive offices)

17547
(Zip Code)

Registrant's telephone number, including area code: **717-426-1931**

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

On October 27, 2011 the Registrant issued a press release, a copy of which is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

Exhibit 99.1. Press release dated October 27, 2011

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Donegal Group Inc.

(Registrant)

October 27, 2011

/s/ **JEFFREY D. MILLER**

(Date)

Jeffrey D. Miller
Senior Vice President and Chief Financial Officer

Exhibit Index

99.1 Press release dated October 27, 2011

Donegal Group Inc. Announces Third Quarter 2011 Results

- Net income of \$820,000 for third quarter and \$1.3 million for first nine months of 2011 was driven by investment income, net realized investment gains and income tax benefit
- 14.0% increase in third quarter net written premiums to \$116.2 million reflected acquisition activity and organic growth, partially offset by weather loss-related reinsurance reinstatement premiums
- Statutory combined ratio¹ of 110.6% for third quarter and 106.2% for the first nine months of 2011
- 7.1% increase in quarterly investment income reflects benefit of acquisition growth
- Book value per share of \$15.19 at September 30, 2011 represents 2.2% increase over book value per share of \$14.86 at December 31, 2010

MARIETTA, Pa., Oct. 27, 2011 (GLOBE NEWSWIRE) -- **Donegal Group Inc.** (Nasdaq:DGICA) (Nasdaq: DGICB) today reported financial results for the third quarter and the first nine months of 2011.

Three Months Ended September 30, Nine Months Ended September 30,

| 2011 | 2010 | % Change | 2011 | 2010 | % Change |
|------|------|----------|------|------|----------|
|------|------|----------|------|------|----------|

(dollars in thousands, except per share amounts)

Income Statement Data

| | | | | | | |
|------------------------|------------|-----------|--------|------------|------------|--------|
| Net premiums earned | \$ 108,507 | \$ 94,949 | 14.3% | \$ 317,293 | \$ 279,323 | 13.6% |
| Investment income, net | 5,042 | 4,709 | 7.1% | 15,693 | 14,608 | 7.4% |
| Realized gains | 2,459 | 2,460 | 0.0% | 7,148 | 4,447 | 60.7% |
| Total revenues | 119,164 | 103,750 | 14.9% | 347,802 | 303,127 | 14.7% |
| Net income | 820 | 4,910 | -83.3% | 1,332 | 6,884 | -80.7% |

Per Share Data

| | | | | | | |
|----------------------|---------|------|--------|---------|------|--------|
| Net income – Class A | \$ 0.03 | 0.20 | -85.0% | \$ 0.05 | 0.28 | -82.1% |
| Net income – Class B | 0.03 | 0.18 | -83.3% | 0.05 | 0.25 | -80.0% |

Donald H. Nikolaus, President and Chief Executive Officer of Donegal Group Inc., noted, "Severe weather was once again a significant factor in the loss patterns the entire insurance industry experienced during the third quarter of 2011. We incurred \$6.2 million of losses, after reinsurance, from Hurricane Irene, Tropical Storm Lee and three Midwest-region catastrophe events, as well as an additional \$6.4 million of non-catastrophe weather-related losses. In total, those weather-related losses were nearly twice our prior-five-year average of \$6.8 million for third-quarter weather losses and exceeded the \$9.9 million in weather losses we incurred in the third quarter of 2010. The catastrophe losses also resulted in reinsurance reinstatement premiums of \$2.6 million for the third quarter of 2011."

Mr. Nikolaus continued, "We are disappointed that the continuation of unusual loss patterns during the third quarter across nearly all of our lines of business obscured the success of our efforts in achieving organic and acquisition growth. In light of those continuing loss patterns, we have requested, or are in the process of requesting, approval for additional premium rate increases in many jurisdictions. We also continue to implement strategies to improve underwriting profitability, including working closely with our independent agents to emphasize careful underwriting of both new and renewal business."

Mr. Nikolaus added, "Excluding the effect of weather-related losses, our current accident year loss ratio for the third quarter of 2011 increased compared to the non-weather loss ratio for the prior-year quarter. During that quarter, we experienced strong underwriting results in several of our casualty lines of business. Our review and analysis of the underlying losses leads us to believe the increase in non-weather losses reflects normal fluctuations in claim activity, as we did not identify any meaningful claim concentration by geography or other factors."

The Company's net income for the third quarter of 2011 included investment income of \$5.0 million, net realized investment gains of \$2.5 million and an income tax benefit of \$4.9 million. The third quarter tax benefit reflected in part an adjustment to the Company's projection of income tax expense for the first half of 2011. The Company recorded the income tax benefit based upon its loss before income tax and tax-exempt interest income earned for the first nine months of 2011. The Company expects to utilize this tax benefit as it generates taxable income in future periods.

Book value per share increased to \$15.19 at September 30, 2011, up from \$14.86 at year-end 2010. The Company attributes this increase to higher net after-tax unrealized gains within its available-for-sale fixed maturity investment portfolio. The Company repurchased 65,199 shares of Class A common stock during the third quarter of 2011, bringing repurchases during the first nine months of 2011 to 115,257 shares.

Insurance Operations

Donegal Group is an insurance holding company with insurance subsidiaries offering personal and commercial property and casualty lines of insurance in four Mid-Atlantic states (Delaware, Maryland, New York and Pennsylvania), three New England states (Maine, New Hampshire and Vermont), seven Southeastern states (Alabama, Georgia, North Carolina, South Carolina, Tennessee, Virginia and West Virginia) and eight Midwestern states (Indiana, Iowa, Michigan, Nebraska, Ohio, Oklahoma, South Dakota and Wisconsin). The insurance subsidiaries of Donegal Group conduct business together with Donegal Mutual Insurance Company as the Donegal Insurance Group.

Three Months Ended September 30,

| Excluding MICO Premiums | | Including MICO Premiums | | | |
|-------------------------|------|-------------------------|------|------|----------|
| 2011 | 2010 | % Change | 2011 | 2010 | % Change |

(dollars in thousands)

Net Premiums Written

Personal Lines:

| | | | | | | |
|----------------------|-----------|-----------|-------|-----------|-----------|------|
| Automobile | \$ 46,198 | \$ 45,033 | 2.6% | \$ 49,438 | \$ 45,033 | 9.8% |
| Homeowners | 22,494 | 23,754 | (5.3) | 24,430 | 23,754 | 2.8 |
| Other | 3,580 | 3,514 | 1.9 | 3,912 | 3,514 | 11.3 |
| Total personal lines | 72,272 | 72,301 | (0.0) | 77,780 | 72,301 | 7.6 |

Commercial Lines:

| | | | | | | |
|----------------------------|------------|------------|------|------------|------------|-------|
| Automobile | 9,875 | 8,855 | 11.5 | 10,909 | 8,855 | 23.2 |
| Workers' compensation | 10,101 | 8,243 | 22.5 | 12,362 | 8,243 | 50.0 |
| Commercial multi-peril | 12,141 | 11,473 | 5.8 | 13,616 | 11,473 | 18.7 |
| Other | 1,064 | 1,034 | 2.9 | 1,545 | 1,034 | 49.4 |
| Total commercial lines | 33,181 | 29,605 | 12.1 | 38,432 | 29,605 | 29.8 |
| Total net premiums written | \$ 105,453 | \$ 101,906 | 3.5% | \$ 116,212 | \$ 101,906 | 14.0% |

Net premiums written rose 14.0% in the third quarter of 2011, reflecting a 29.8% gain in commercial lines writings and a 7.6% increase in personal lines writings from the third quarter of 2010. The \$14.3 million increase in net premiums written for the third quarter of 2011 reflected:

- \$10.8 million, or 10.5% of total net premiums written for the third quarter, related to Michigan Insurance Company, or MICO, which the Company acquired effective December 1, 2010. The acquisition of MICO resulted in increases of \$5.3 million and \$5.5 million, respectively, in the Company's commercial and personal lines net premiums written for the third quarter.
- \$3.6 million in commercial lines premiums, excluding MICO premiums, representing 12.1% growth over commercial lines net premiums written in the third quarter of 2010.
- Personal lines premiums, excluding MICO premiums, did not change from the prior-year third quarter. A \$2.0 million increase in third-quarter reinsurance reinstatement premiums, which the Company's insurance subsidiaries were required to pay in order to reinstate their reinsurance coverage for the remainder of 2011, fully offset the benefit of higher premium rates.

Nine Months Ended September 30,

| Excluding MICO Premiums | | Including MICO Premiums | | | |
|-------------------------|------|-------------------------|------|------|----------|
| 2011 | 2010 | % Change | 2011 | 2010 | % Change |

(dollars in thousands)

Net Premiums Written

Personal Lines:

| | | | | | | |
|----------------------|------------|------------|-------|------------|------------|-------|
| Automobile | \$ 133,502 | \$ 129,703 | 2.9% | \$ 143,448 | \$ 129,703 | 10.6% |
| Homeowners | 61,728 | 62,876 | (1.8) | 67,306 | 62,876 | 7.0 |
| Other | 10,169 | 9,929 | 2.4 | 11,181 | 9,929 | 12.6 |
| Total personal lines | 205,399 | 202,508 | 1.4 | 221,935 | 202,508 | 9.6 |

Commercial Lines:

| | | | | | | |
|----------------------------|------------|------------|------|------------|------------|-------|
| Automobile | 30,666 | 28,220 | 8.7 | 34,013 | 28,220 | 20.5 |
| Workers' compensation | 32,492 | 27,101 | 19.9 | 40,913 | 27,101 | 51.0 |
| Commercial multi-peril | 39,423 | 36,538 | 7.9 | 44,543 | 36,538 | 21.9 |
| Other | 3,146 | 2,829 | 11.2 | 4,944 | 2,829 | 74.8 |
| Total commercial lines | 105,727 | 94,688 | 11.7 | 124,413 | 94,688 | 31.4 |
| Total net premiums written | \$ 311,126 | \$ 297,196 | 4.7% | \$ 346,348 | \$ 297,196 | 16.5% |

Mr. Nikolaus noted, "We are pleased with the continuation of our organic growth in commercial lines in spite of the challenging market conditions. Our focus on growing this segment of our business resulted in 31.4% growth in our commercial lines net premiums written for the first nine months of 2011."

| | <u>Three Months Ended September 30,</u> | | <u>Nine Months Ended September 30,</u> | |
|----------------------------------|---|-------------|--|-------------|
| | <u>2011</u> | <u>2010</u> | <u>2011</u> | <u>2010</u> |
| GAAP Combined Ratios | | | | |
| Loss ratio (non-weather) | 70.8% | 60.6% | 65.0% | 62.7% |
| Loss ratio (weather-related) | 11.6 | 10.4 | 12.8 | 10.3 |
| Expense ratio | 30.0 | 32.0 | 31.8 | 32.0 |
| Dividend ratio | 0.2 | 0.2 | 0.1 | 0.2 |
| Combined ratio | 112.6 | 103.2 | 109.7 | 105.2 |
| Statutory Combined Ratios | | | | |
| Commercial lines | 101.4% | 91.3% | 96.6% | 95.1% |
| Personal lines | 115.4 | 104.8 | 111.2 | 106.3 |
| Total lines | 110.6 | 100.7 | 106.2 | 102.8 |

GAAP underwriting ratios are calculated based on net premiums earned. The Company's net premiums earned increased 14.3% for the third quarter of 2011, reflecting growth in net premiums written during the past year. As a result of the effect of the MICO acquisition accounting, the Company's 2011 GAAP underwriting ratios do not compare directly to its prior-year ratios. The GAAP combined ratio was 112.6% for the third quarter of 2011, compared to 103.2% for the prior-year third quarter.

The GAAP acquisition accounting adjustments did not affect the comparability of the Company's statutory ratios. The Company's statutory combined ratio was 110.6% for the third quarter of 2011, compared to 100.7% for the third quarter of 2010. The Company's statutory loss ratio¹ was 82.4% for the third quarter of 2011, including 11.6 points of weather-related losses, compared to 71.0% for the third quarter of 2010 including 10.4 points of weather-related losses.

The Company's non-weather statutory loss ratio for the third quarter of 2011 rose by 10.2 percentage points compared to the prior-year third quarter, while the ratio for the first nine months of 2011 rose by 2.3 points compared to the prior-year first nine months. Fluctuations in the number of new large fire losses and personal and commercial automobile liability claims contributed to the increases. The Company did not experience any significant reserve development in either quarterly period, with approximately \$600,000 in adverse prior-accident-year reserve development in the third quarter of 2011 compared to approximately \$800,000 in favorable prior-accident-year reserve development in the third quarter of 2010.

The Company's statutory expense ratio¹ decreased slightly to 28.0% for the third quarter of 2011, compared to 29.4% for the third quarter of 2010, primarily due to reduced underwriting-based incentives as a result of lower underwriting profitability.

Investment Operations

Donegal Group's investment strategy is to generate an appropriate amount of after-tax income on its invested assets while minimizing credit risk through investment in high-quality securities. As a result, the Company has invested 86.9% of its consolidated investment portfolio in diversified, highly rated and marketable fixed-maturity securities as of September 30, 2011.

| | <u>As of September 30, 2011</u> | | <u>As of December 31, 2010</u> | |
|--|---------------------------------|---------------|--------------------------------|---------------|
| | <u>Amount</u> | <u>%</u> | <u>Amount</u> | <u>%</u> |
| (dollars in thousands) | | | | |
| Fixed maturities, at carrying value: | | | | |
| U.S. Treasury securities and obligations of U.S. | | | | |
| government corporations and agencies | \$ 58,963 | 7.5% | \$ 58,316 | 8.0% |
| Obligations of states and political subdivisions | 437,168 | 55.4 | 449,481 | 61.7 |
| Corporate securities | 67,585 | 8.6 | 70,342 | 9.7 |
| Residential mortgage-backed securities | <u>121,627</u> | <u>15.4</u> | <u>90,473</u> | <u>12.4</u> |
| Total fixed maturities | 685,343 | 86.9 | 668,612 | 91.8 |
| Equity securities, at fair value | 11,128 | 1.4 | 10,162 | 1.4 |
| Investments in affiliates | 31,867 | 4.0 | 8,992 | 1.2 |
| Short-term investments, at cost | <u>60,172</u> | <u>7.5</u> | <u>40,776</u> | <u>5.6</u> |
| Total investments | <u>\$ 788,510</u> | <u>100.0%</u> | <u>\$ 728,542</u> | <u>100.0%</u> |
| Average fixed-maturity yield | 2.8% | | 2.9% | |
| Average tax-equivalent fixed-maturity yield | 3.8% | | 4.0% | |
| Average fixed-maturity duration (years) | 4.4 | | 5.1 | |

Net investment income increased by 7.1% for third quarter of 2011, reflecting the benefit of the additional investments the Company received as part of its acquisition of MICO in December 2010. Net realized investment gains were \$2.5 million for the third quarters of 2011 and 2010. On an after-tax basis, net realized investment gains represented \$0.06 per share of Class A common stock for both quarterly periods. The Company had no impairments it considered to be other than temporary in its investment portfolio in the first nine months of 2011 or 2010.

As previously announced, the Company's board of directors declared cash dividends payable November 15, 2011 of \$.12 per share of Class A common stock and \$.1075 per share of Class B common stock to stockholders of record as of the close of business on November 1, 2011.

Conference Call

The Company will hold a conference call and webcast on Thursday, October 27, 2011, beginning at 11:00 A.M. Eastern Time. You may listen via the Internet by accessing the webcast link in the Investors area of the Company's web site at www.donegalgroup.com. A replay of the conference call will also be available via the Company's web site.

About the Company

Donegal Group is an insurance holding company. The Company's Class A and Class B common stock trade on NASDAQ under the symbols DGICA and DGICB, respectively. As an effective acquirer of small to medium-sized "main street" property and casualty insurers, Donegal Group has grown profitably for more than two decades. The Company continues to seek opportunities for growth while striving to achieve its longstanding goal of outperforming the industry in terms of service and profitability. The Donegal Insurance Group has an A.M. Best rating of A (Excellent).

Safe Harbor

The Company bases all statements contained in this release 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. You may identify forward-looking statements we make by our use of words such as "will," "expects," "intends," "plans," "anticipates," "believes," "seeks," "estimates" and similar expressions. Actual results could vary materially. Among the factors that could cause actual results to vary materially include: 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, 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 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. You should read the Company's Form 10-Q when filed with the Securities and Exchange Commission for further information with respect to the Company's quarterly and year-to-date financial results.

¹ Statutory combined ratio is a non-GAAP standard measurement of underwriting profitability that is based upon amounts determined under statutory accounting practices prescribed by state insurance regulators. The statutory combined ratio is the sum of the statutory loss ratio, which is the ratio of calendar-year incurred losses and loss expenses to premiums earned; the statutory expense ratio, which is the ratio of expenses incurred for net commissions, premium taxes and underwriting expenses to premiums written and the statutory dividend ratio, which is the ratio of dividends to policyholders to premiums earned. The statutory combined ratio does not reflect investment income, federal income taxes or other non-operating income or expense. A statutory combined ratio of less than 100% generally indicates underwriting profitability.

Donegal Group Inc.
Consolidated Statements of Income
(unaudited; in thousands, except share data)

| | <u>Quarter Ended September 30,</u> | |
|------------------------------------|------------------------------------|----------------|
| | <u>2011</u> | <u>2010</u> |
| Net premiums earned | \$ 108,507 | \$ 94,949 |
| Investment income, net of expenses | 5,042 | 4,709 |
| Net realized investment gains | 2,459 | 2,460 |
| Lease income | 241 | 232 |
| Installment payment fees | 1,889 | 1,400 |
| Other income | 1,027 | -- |
| Total revenues | <u>119,165</u> | <u>103,750</u> |
| Net losses and loss expenses | 89,412 | 67,402 |

| | | |
|--|----------------|---------------|
| Amortization of deferred acquisition costs | 17,282 | 16,388 |
| Other underwriting expenses | 15,287 | 14,019 |
| Policyholder dividends | 223 | 220 |
| Interest | 529 | 184 |
| Other expenses | 490 | 502 |
| Total expenses | <u>123,223</u> | <u>98,715</u> |

| | | |
|---|----------------|------------|
| (Loss) income before income tax (benefit) expense | (4,058) | 5,035 |
| Income tax (benefit) expense | <u>(4,878)</u> | <u>125</u> |

| | | |
|------------|---------------|-----------------|
| Net income | <u>\$ 820</u> | <u>\$ 4,910</u> |
|------------|---------------|-----------------|

Net income per common share:

| | | |
|-----------------------------|----------------|----------------|
| Class A - basic and diluted | <u>\$ 0.03</u> | <u>\$ 0.20</u> |
| Class B - basic and diluted | <u>\$ 0.03</u> | <u>\$ 0.18</u> |

Supplementary Financial Analysts' Data

Weighted-average number of shares outstanding:

| | | |
|-----------------------------|-------------------|-------------------|
| Class A - basic and diluted | <u>19,976,954</u> | <u>19,965,942</u> |
| Class B - basic and diluted | <u>5,576,775</u> | <u>5,576,775</u> |

| | | |
|----------------------|-------------------|-------------------|
| Net written premiums | <u>\$ 116,213</u> | <u>\$ 101,906</u> |
|----------------------|-------------------|-------------------|

| | | |
|--|-----------------|-----------------|
| Book value per common share at end of period | <u>\$ 15.19</u> | <u>\$ 15.46</u> |
|--|-----------------|-----------------|

Donegal Group Inc.
Consolidated Statements of Income
(unaudited; in thousands, except share data)

| | <u>Nine Months Ended September 30,</u> | |
|------------------------------------|--|----------------|
| | <u>2011</u> | <u>2010</u> |
| Net premiums earned | \$ 317,293 | \$ 279,323 |
| Investment income, net of expenses | 15,693 | 14,608 |
| Net realized investment gains | 7,148 | 4,447 |
| Lease income | 707 | 688 |
| Installment payment fees | 5,596 | 4,060 |
| Other income | <u>1,365</u> | <u>--</u> |
| Total revenues | <u>347,802</u> | <u>303,126</u> |

| | | |
|--|----------------|----------------|
| Net losses and loss expenses | 246,687 | 203,893 |
| Amortization of deferred acquisition costs | 50,902 | 48,549 |
| Other underwriting expenses | 49,826 | 40,835 |
| Policyholder dividends | 530 | 465 |
| Interest | 1,531 | 537 |
| Other expenses | <u>1,860</u> | <u>1,666</u> |
| Total expenses | <u>351,336</u> | <u>295,945</u> |

| | | |
|---|----------------|------------|
| (Loss) income before income tax (benefit) expense | (3,534) | 7,181 |
| Income tax (benefit) expense | <u>(4,866)</u> | <u>297</u> |

| | | |
|------------|-----------------|-----------------|
| Net income | <u>\$ 1,332</u> | <u>\$ 6,884</u> |
|------------|-----------------|-----------------|

Net income per common share:

| | | |
|-----------------------------|----------------|----------------|
| Class A - basic and diluted | <u>\$ 0.05</u> | <u>\$ 0.28</u> |
| Class B - basic and diluted | <u>\$ 0.05</u> | <u>\$ 0.25</u> |

Supplementary Financial Analysts' Data

| | | |
|--|-------------------|-------------------|
| Weighted-average number of shares outstanding: | | |
| Class A - basic and diluted | <u>20,005,149</u> | <u>19,950,170</u> |
| Class B - basic and diluted | <u>5,576,775</u> | <u>5,576,775</u> |
| Net written premiums | <u>\$ 346,348</u> | <u>\$ 297,196</u> |
| Book value per common share at end of period | <u>\$ 15.19</u> | <u>\$ 15.46</u> |

Donegal Group Inc.
Consolidated Balance Sheets
(in thousands)

| | September 30, <u>2011</u> | December 31, <u>2010</u> |
|---|------------------------------|-----------------------------|
| | (unaudited) | |
| ASSETS | | |
| Investments: | | |
| Fixed maturities: | | |
| Held to maturity, at amortized cost | \$ 59,707 | \$ 64,766 |
| Available for sale, at fair value | 625,636 | 603,846 |
| Equity securities, at fair value | 11,128 | 10,162 |
| Investments in affiliates | 31,867 | 8,992 |
| Short-term investments, at cost | <u>60,172</u> | <u>40,776</u> |
| Total investments | 788,510 | 728,542 |
| Cash | 12,910 | 16,342 |
| Premiums receivable | 105,836 | 96,468 |
| Reinsurance receivable | 196,792 | 173,837 |
| Deferred policy acquisition costs | 37,773 | 34,446 |
| Prepaid reinsurance premiums | 109,896 | 89,366 |
| Other assets | <u>33,004</u> | <u>35,619</u> |
| Total assets | <u>\$ 1,284,721</u> | <u>\$ 1,174,620</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Liabilities: | | |
| Losses and loss expenses | \$ 414,356 | \$ 383,319 |
| Unearned premiums | 346,857 | 297,272 |
| Accrued expenses | 19,696 | 21,287 |
| Borrowings under line of credit | 54,500 | 35,617 |
| Subordinated debentures | 20,465 | 20,465 |
| Other liabilities | <u>41,189</u> | <u>36,557</u> |
| Total liabilities | <u>897,063</u> | <u>794,517</u> |
| Stockholders' equity: | | |
| Class A common stock | 207 | 207 |
| Class B common stock | 56 | 56 |
| Additional paid-in capital | 170,275 | 167,094 |
| Accumulated other comprehensive income | 21,373 | 8,561 |
| Retained earnings | 206,477 | 213,435 |
| Treasury stock, at cost | <u>(10,730)</u> | <u>(9,250)</u> |
| Total stockholders' equity | <u>387,658</u> | <u>380,103</u> |
| Total liabilities and stockholders' equity | <u>\$ 1,284,721</u> | <u>\$ 1,174,620</u> |

CONTACT: Jeffrey D. Miller, Senior Vice President &
Chief Financial Officer
Phone: (717) 426-1931
E-mail: jeffmiller@donegalgroup.com