
**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): March 4, 2013

Donegal Group Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

0-15341
(Commission
file number)

23-02424711
(I.R.S. employer
identification no.)

**1195 River Road, Marietta,
Pennsylvania**
(Address of principal executive offices)

17547
(Zip code)

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

Not Applicable

(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))
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Item 7.01. Regulation FD Disclosure.

Beginning on March 4, 2013, our officers will present to various investors and analysts the information attached to this Current Report on Form 8-K as Exhibit 99.1. We incorporate by reference the material information included in our presentation to those investors and analysts in Exhibit 99.1 in this Current Report on Form 8-K.

The information in this Current Report on Form 8-K, including the information in Exhibit 99.1, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or the Exchange Act, or incorporated by reference in any filing under the Securities Act of 1933, as amended, or in any filing under the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.

<u>Exhibit No.</u>	<u>Exhibit Description</u>
99.1	Investor Presentation.

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.

By: /s/ Jeffrey D. Miller
Jeffrey D. Miller, Senior Vice
President and Chief Financial Officer

Date: March 4, 2013

Effective Consolidator of “Main Street” Property and Casualty Insurers

Investor Meetings
March 2013



Forward-Looking Statements

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: 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, adverse and catastrophic weather events, 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.

Reconciliations of non-GAAP data are available in the Investors section of the Company's website at www.donegalgroup.com in the Company's news releases regarding quarterly financial results.

Snapshot: NASDAQ:DGICA/DGICB

- Insurance holding company with mutual affiliate
 - Class A dividend yield of 3.5%
 - Class A shares have 1/10 vote; Class B shares have one vote
- Regional property and casualty insurance group
 - 22 Mid-Atlantic, Midwestern, New England and Southern states
 - Distribution force of approximately 2,500 independent agencies
 - \$496 million in 2012 net written premiums, up 9.3% from 2011 (*\$673 million in agency direct written premiums for insurance group**)
 - Completed ten M&A transactions since 1988
- Rated A (Excellent) by A.M. Best
 - Debt-to-capital of approximately 18%

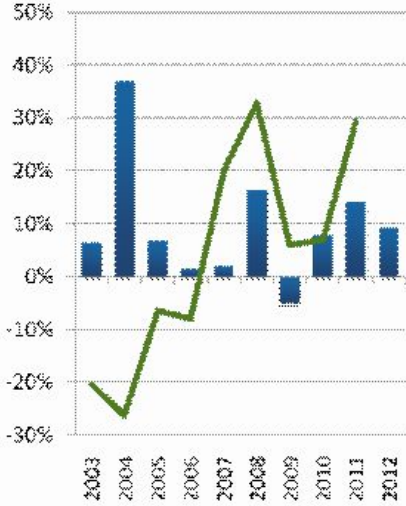
* Includes Donegal Mutual Insurance Company and Southern Mutual Insurance Company

Objective: Outperform Industry

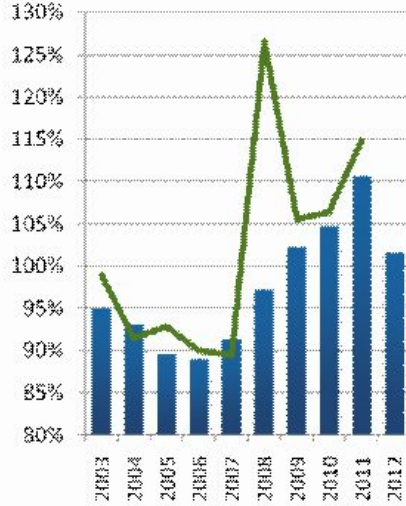
Service, Profitability and Book Value Growth

Change in Net Written Premium

DGI CAGR: 10% Index CAGR: 4% DGI Avg: 97% Index Avg: 102%

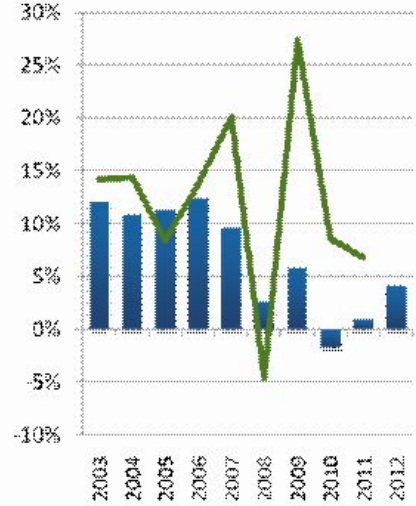


GAAP Combined Ratio



Change in Book Value

DGI CAGR: 7% Index CAGR: NA



■ Donegal Group — SNLSmallCapU.S.InsuranceIndex(average)-2012datanot yet available

2012: Strong Growth and Improved Operating EPS* of 73¢ vs. 30¢ Loss in 2011

- 9.3% increase in net written premiums
- 99.8% statutory combined ratio
- 91.2% commercial lines and 105.0% personal lines statutory combined ratios
- Book value per share at \$15.63 vs. \$15.01 at year-end 2011



Additional details are available in the Investors section of our website.
(www.DonegalGroup.com)

Achieve Objectives By Implementing Plan

Continue to pursue consolidation opportunities

Complement with organic growth and diversification

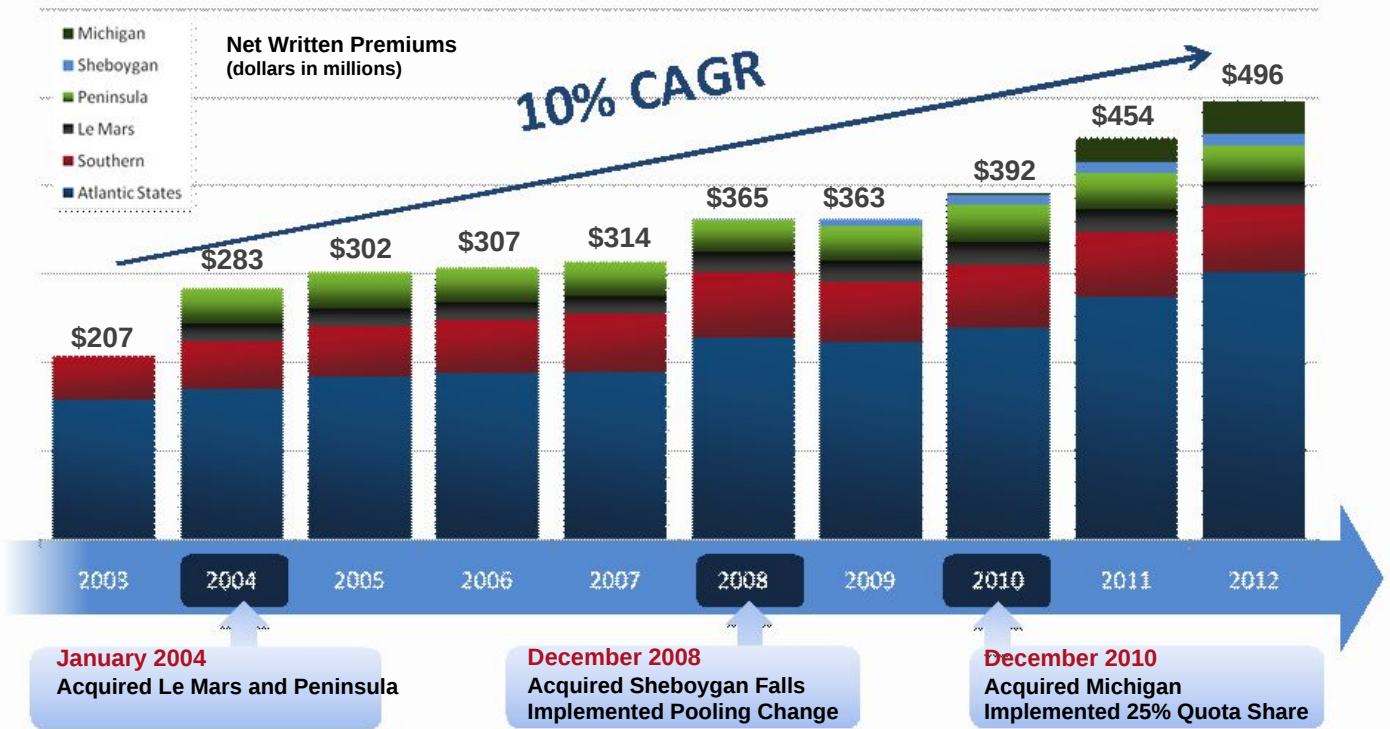
Translate into book value growth

Acquisition Strategy Drives Geographic Expansion

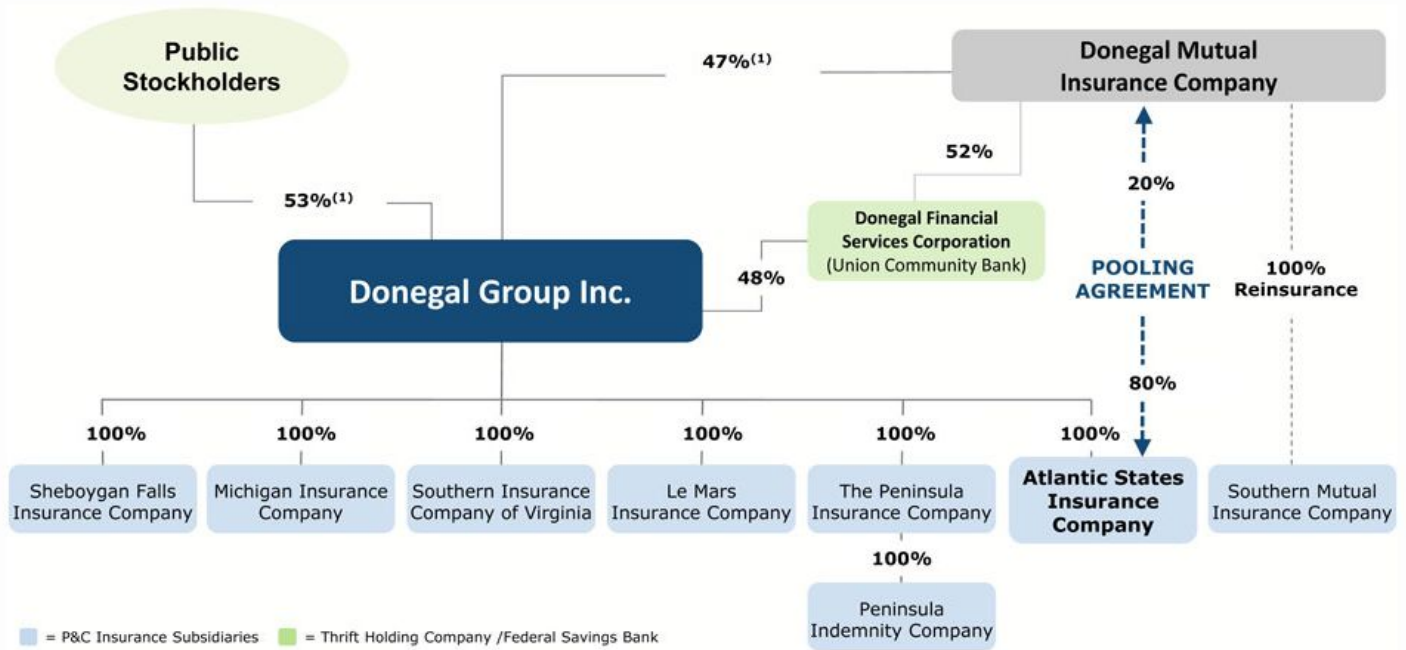
- 10 M&A transactions since 1988
 - Experienced consolidation team
- Acquisition criteria:
 - Serving attractive geography
 - Favorable regulatory, legislative and judicial environments
 - Similar personal/commercial business mix
 - Premium volume up to \$100million



Acquisitions Have Made Meaningful Contribution to Long-term Growth



Structure Provides Flexibility and Capacity



(1) Because of the different relative voting power of Class A common stock and Class B common stock, public stockholders hold approximately 34% of the aggregate voting power of the combined classes, and Donegal Mutual holds approximately 66% of the aggregate voting power of the combined classes.

Southern Mutual Insurance Company *Affiliation with Donegal Mutual – 2009*

- Donegal Mutual surplus note investment of \$2.5 million
- \$16.8 million in 2012 direct written premiums
- 100% quota share reinsurance with Donegal Mutual
 - SMIC cedes underwriting results to Donegal Mutual
 - Donegal Mutual includes business in pooling agreement with Atlantic States (80% of SMIC business to Donegal Group)
- Expanded market presence in Georgia and South Carolina
- Serves as model for mutual-to-mutual affiliations

Michigan Insurance: Attractive Franchise

Acquired December 2010

- Potential for increased premium contribution
- Track record of profitability
- Provided entry into new state as part of Midwest expansion strategy
 - Capable management team
 - Quality agency distribution system
 - Diversified mix of business

(Dollars in millions)	2010 (under prior owner)	2011	2012	2013
Direct written premiums	\$105	\$108	\$111	\$115**
External quota share	75%	50%	40%	30%
Ceded to Donegal Mutual*	N/A	25%	25%	25%
Retained by MICO	25%	25%	35%	45%
Included in DGI NPW	N/A	\$46	\$57	\$68**
Statutory combined ratio	97%	95%	94%	N/A

* Premiums ceded to Donegal Mutual are included in pooling agreement with Atlantic States (80% to DGI)

** Projected based on estimated 2013 growth rate

Achieve Objectives By Implementing Plan

Continue to pursue consolidation opportunities

**Complement with organic growth and
diversification**

Translate into book value growth

Organic Growth Initiatives Emphasize Agent Relationships

- Ongoing objectives:
 - Achieve top three ranking within appointed agencies in lines of business we write
 - Leverage “regional” advantages and maintain personal relationships as agencies grow and consolidate
- Continuing focus on commercial lines growth in 2013:
 - 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

Best-In-Class Technology and Agent Support

Personal Lines

- Donegal offers state-of-the-art quoting and underwriting capabilities



**Service
Center**

Commercial Lines

- Donegal offers web-based underwriting system with automated rating and underwriting



ImageRight

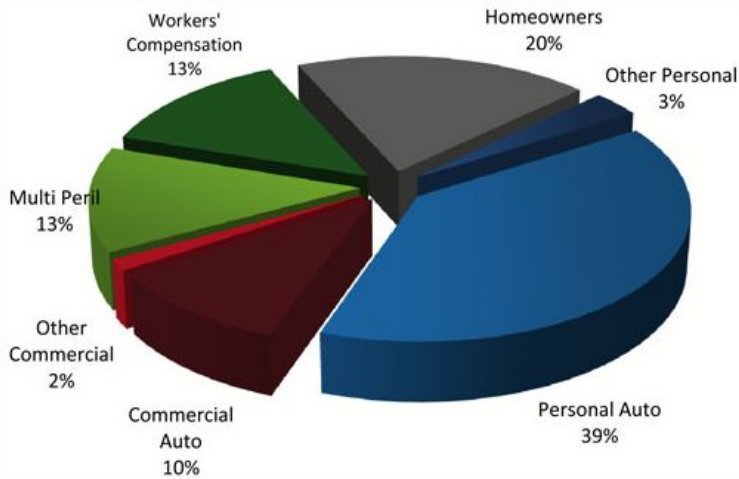
ClaimCenter



**Call
Center**

Remain Focused on Underwriting to Best Leverage Rate Increases

Net Written Premiums by Line of Business (December 31, 2012)



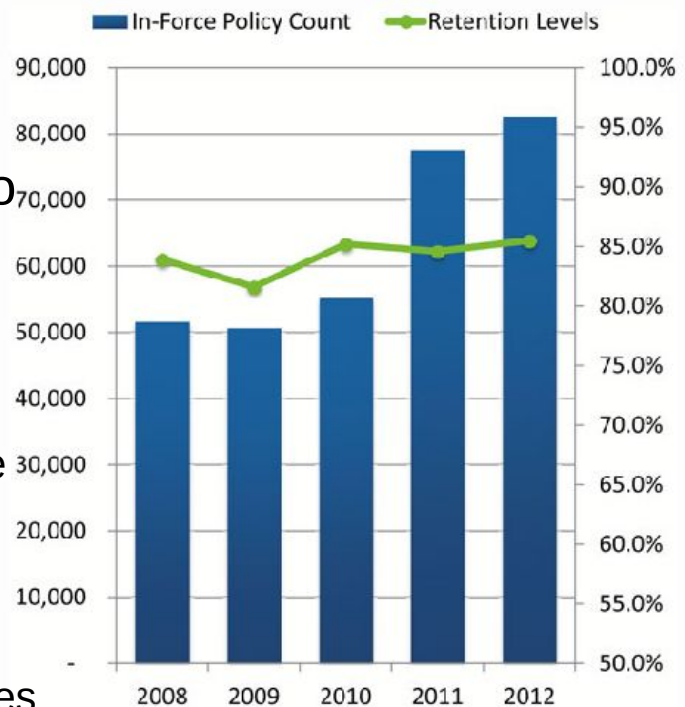
- Commercial lines currently 38% of NWP
 - Commercial lines renewal premiums increased approximately 5-8% in 2012
 - 2012 expansion partially due to exposure growth
- Personal lines currently 62% of NWP
 - Multiple rate increases implemented in 2012 will increase premium in 2013
 - Minimal exposure growth other than MICO premiums retained

Employ Sophisticated Actuarial Tools

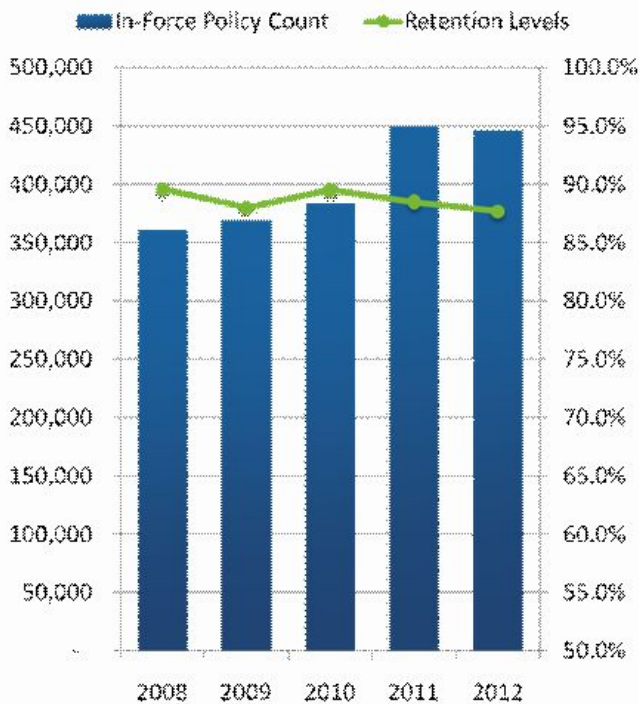
- Predictive modeling tools enhance our ability to appropriately price our products
 - Sophisticated predictive modeling algorithms for pricing/tiering risks
 - Territorial segmentation and analysis of environmental factors that affect loss experience
 - Exploring tools that allow consideration of vehicle-specific data in pricing
- External information sources allow us to develop price optimization strategies
- Formal schedule of regular rate adequacy reviews for all lines of business, including GLM analysis on claim costs and agency performance
- Currently evaluating usage-based insurance tools

Emphasize Commercial Lines Growth

- Introduce core Donegal products in new regions
- Growth focus on accounts with premiums in \$10,000 to \$75,000 range
- Expand appetite within classes and lines already written
 - Add related classes
 - Appropriately use reinsurance
- Apply underwriting controls
 - Production underwriters
 - Large account reviews
 - Loss control processes
 - Manage catastrophe exposures



Leverage Personal Lines



- Acquired companies weighted to personal lines
- Focus on the preferred and superior risk markets
- Rate increases in virtually every jurisdiction
- New and renewal inspection and renewal re-tiering
- Seek geographic spread of risk
- Balance portfolio (auto/home)

Achieve Objectives By Implementing Plan

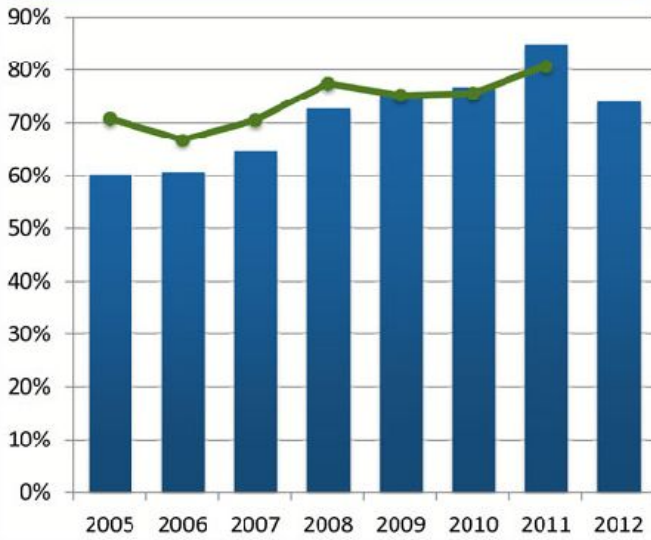
Continue to pursue consolidation opportunities

Complement with organic growth and diversification

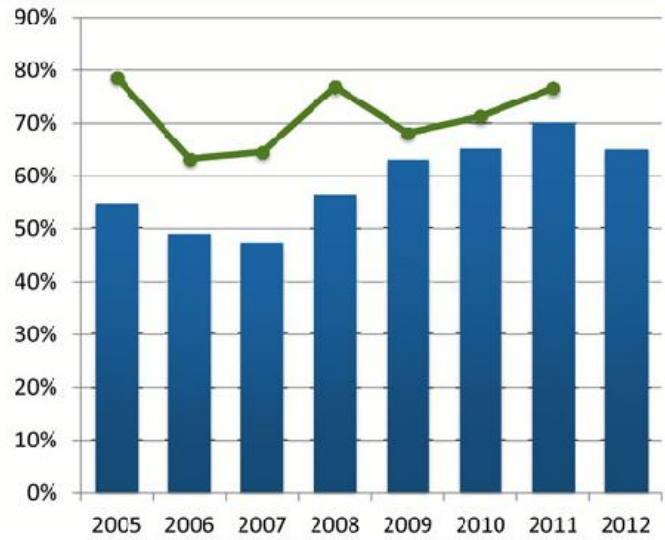
Translate into book value growth

Build on Healthy Insurance Operations

Personal Lines Loss Ratio



Commercial Lines Loss Ratio



Donegal Insurance Group (SNL P&C Group) SNL P&C Industry (Aggregate) – 2012 data not yet available

Focus on Underwriting Profitability

- Sustain pricing discipline and conservative underwriting
- Manage exposure to catastrophe/unusual weather events
 - Purchase reinsurance coverage in excess of a one-in-200 year event
- Link employee compensation directly to underwriting performance
- Focus on rate adequacy and pricing sophistication
- Leverage centralized oversight of regional underwriting
- Emphasize IT-based programs such as automated decision trees and predictive modeling

Maintain Reserve Adequacy

- Reserves at \$251 million at year-end 2012
 - Midpoint of actuarial range
 - Reported redundant reserves in seven out of past 10 years
 - Conservative reinsurance program limits volatility
- Emphasis on faster claims settlements for reduced longer-term exposures

Established Reserves at Year-end

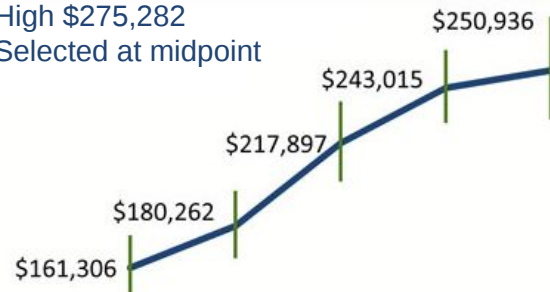
(dollars in thousands, net of reinsurance)

Reserve Range at 12/31/2012

Low \$228,720

High \$275,282

Selected at midpoint



Development (Favorable)

\$2,684	\$9,823	(\$2,885)	(\$168)	\$7,596
1.5%	6.1%	(1.6%)	--	3.1%

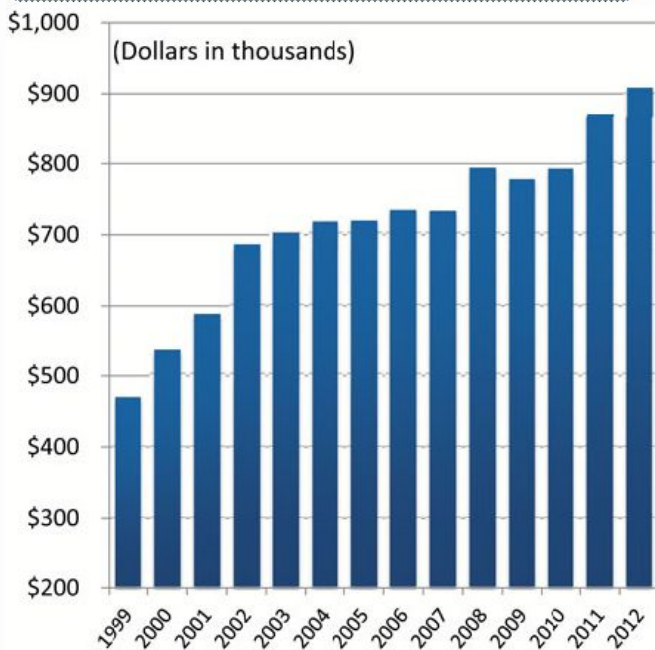
2008	2009	2010	2011	2012
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Values shown are selected reserves

Vertical bars represent actuarial ranges

Drive Increased Efficiency with Automation

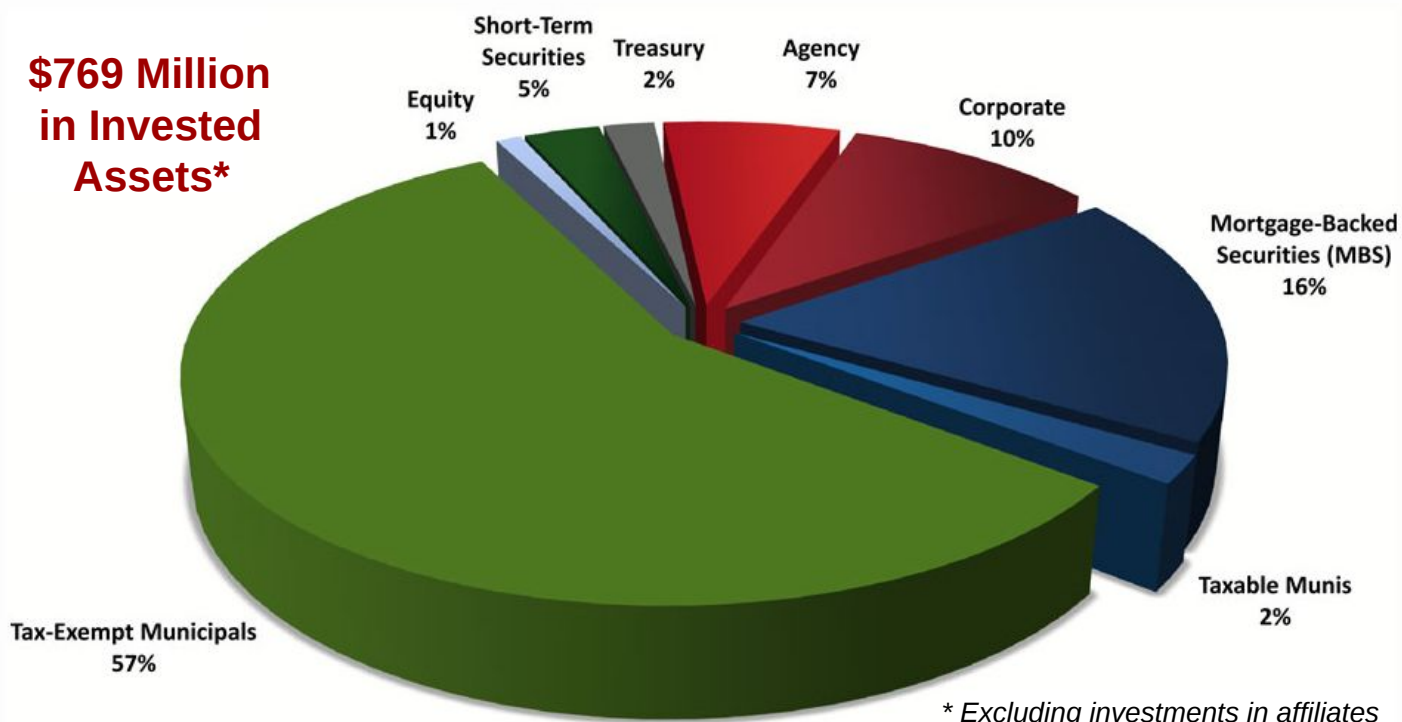
Direct Premiums per Employee



- Current infrastructure can support premium growth
- Premiums per employee rising due to underwriting systems
- Claims system allows more rapid and efficient claims handling
- Mutual structure provides opportunities for operational and expense synergies
- Statutory expense ratio of 29.3% for 2012 vs. 29.0% for 2011

Maintain Conservative Investment Mix

**\$769 Million
in Invested
Assets***



* Excluding investments in affiliates
(as of December 31, 2012)

Conservative Investment Approach

- 91.3% of portfolio invested in fixed maturities at year-end 2012
 - 59%/41% tax-exempt to taxable mix
- Emphasis on quality
 - 86% AA-rated or better
 - 98% A-rated or better
- No exposure to euro debt, sub-prime, CDO or Alt-A
- Effective duration = 4.8 years
- Tax equivalent yield = 3.5%
- Liquidity managed through laddering

Bank Investment = 5% of Invested Assets

- Union Community Bank
 - Serves Lancaster County (location of Donegal headquarters)
- Expanded to 13 branches via acquisition in May 2011
 - Added scale to banking operation
 - Enhanced value of historic bank investment
 - Increased potential for bottom-line contribution
- DGI owns approximately 48% of bank holding company
 - 52% owned by Donegal Mutual
- Union Community Bank is financially strong and profitable

Union Community Bank is Financially Strong and Profitable

- Healthy 2012 results:
 - \$509.8million in assets at year-end 2012
 - \$9.8 million in net income, up from \$4.8 million in 2011
- Excellent capital ratios at year-end 2012:

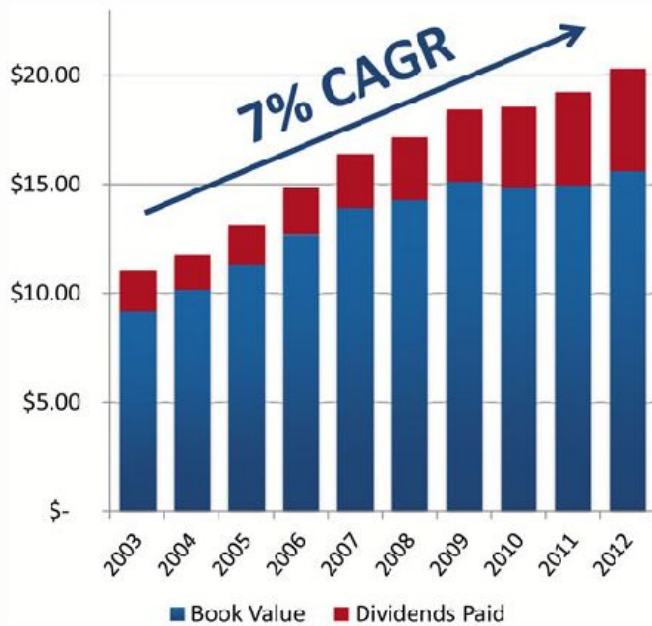
Tier 1 capital to average total assets	15.05%
Tier 1 capital to risk-weighted assets	21.14%
Risk-based capital to risk-weighted assets	23.18%

Outperform Industry in Service, Profitability and Book Value Growth

Continue to pursue consolidation opportunities
Complement with organic growth and diversification
Translate into book value growth

Strong Capital + Solid Plan to Drive Results

Book Value Plus Cumulative Dividends



Rated A (Excellent) by A.M. Best

- Debt-to-capital of approximately 19%
- Premium-to-surplus of approximately 1.4-to-1
- Dividend yield of 3.5% for Class A shares
- Repurchased 272,000 Class A shares under current authorization since 2009

Effective Consolidator of “Main Street” Property and Casualty Insurers

- Continue to pursue consolidation opportunities
 - 10% CAGR in net written premiums since 2002 driven by contribution from transactions
- Complement with organic growth and diversification
 - Strong agency relationships set stage for expansion of commercial lines book
- Translate into book value growth
 - Leveraging strong capital position and solid plan

Supplemental Information



History of Contributing Transactions

Company	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	Affiliation	Purchase
Net Premiums Acquired	\$20 million	\$34 million	\$8 million	\$11 million	\$27 million*
Acquisition Price	\$4 million	\$24 million	\$4 million	N/A	\$42 million
Avg. Growth Rate**	4%	3%	13%	N/A	N/A
Avg. Combined Ratio**	93%	93%	106%	106%	95%

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

** Since acquisition

Net Premiums Written by Line of Business

(in millions)	Q412	Q312	Q212	Q112	Q411	Q311	Q211	Q111
Personal lines:								
Automobile	\$45.6	\$51.4	\$50.2	\$48.0	\$44.6	\$49.5	\$47.7	\$46.3
Homeowners	22.3	27.6	27.0	20.2	22.3	24.4	23.4	19.4
Other	4.0	4.2	4.2	3.7	3.8	3.9	3.9	3.4
Total personal lines	71.9	83.1	81.4	71.9	70.7	77.8	75.0	69.1
Commercial lines:								
Automobile	12.0	12.5	14.0	12.9	10.6	10.9	11.8	11.3
Workers' compensation	14.3	16.1	16.3	18.6	11.0	12.4	13.6	15.0
Commercial multi-peril	14.7	15.9	17.4	16.4	13.4	13.6	15.7	15.2
Other	1.8	1.7	2.0	1.5	2.0	1.5	1.8	1.5
Total commercial lines	42.8	46.2	49.7	49.4	37.0	38.4	42.9	43.1
Total net premiums written	\$114.7	\$129.3	\$131.1	\$121.3	\$107.7	\$116.2	\$117.9	\$112.2

Combined Ratio Analyses

(percents)	Q4 12	Q3 12	Q2 12	Q1 12	Q4 11	Q3 11	Q2 11	Q1 11
Stat Combined Ratios:								
Personal lines	108.9	101.3	108.4	101.6	116.7	115.4	116.7	101.8
Commercial lines	88.5	91.4	95.1	88.8	105.5	101.4	93.9	94.3
Total lines	101.2	97.6	103.5	96.9	112.8	110.5	108.7	99.1
GAAP Combined Ratios (total lines):								
Loss ratio (non-weather)	68.2	58.6	63.8	62.3	71.6	70.8	60.7	63.2
Loss ratio (weather-related)	3.9	9.3	9.6	4.5	10.6	11.6	19.5	7.2
Expense ratio	29.3	31.4	31.9	32.4	30.5	30.0	32.1	33.2
Dividend ratio	0.3	0.3	0.1	0.2	0.5	0.2	0.1	0.2
Combined ratio	101.7	99.6	105.4	99.4	113.2	112.6	112.4	103.8
GAAP Supplemental Ratios:								
Fire losses greater than \$50,000	5.5	5.5	5.9	2.9	6.0	7.5	2.3	4.1
Development (savings) on prior year loss reserves	1.6	2.4	1.9	0.4	2.2	(0.5)	(1.5)	(1.5)

Effective Consolidator of “Main Street” Property and Casualty Insurers

For Further Information:

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Website: www.donegalgroup.com

