
**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): September 2, 2014

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 September 3, 2014, 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, Executive Vice
President and Chief Financial Officer

Date: September 2, 2014

Pursuing Effective Business Strategy in Regional Insurance Markets

Investor
Presentation
September 2014



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.

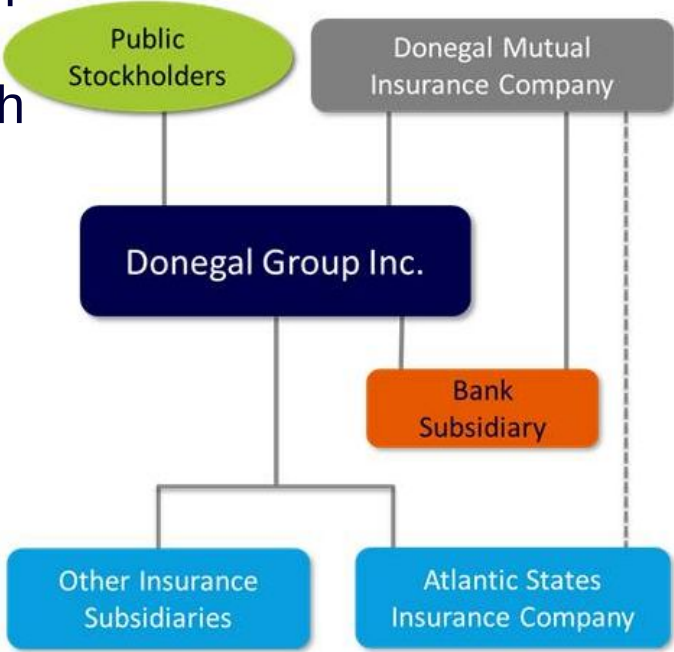
Reconciliations of non-GAAP data are included in the Company's news releases regarding quarterly financial results, available on the Company's website at investors.donegalgroup.com.

Insurance Holding Company With Mutual Affiliate

- Regional property and casualty insurance group
 - 22 Mid-Atlantic, Midwestern, New England and Southern states
 - Distribution force of approximately 2,600 independent agencies
 - Completed 10 M&A transactions since 1988
- Interrelated operations and pooling agreement with Donegal Mutual since inception in 1986
- DGICA and DGICB trade on NASDAQ exchange
 - DGICA dividend yield of 3.3%
 - DGICA shares have 1/10 vote; DGICB shares have one vote

Structure Provides Stability to Pursue Successful Long-Term Business Strategy

- Outperform industry in service, profitability and book value growth
- Drive revenues with organic growth and opportunistic transactions
- Focus on margin enhancements and investment contributions



(Detailed organizational chart included in Supplemental Information – see page 29)

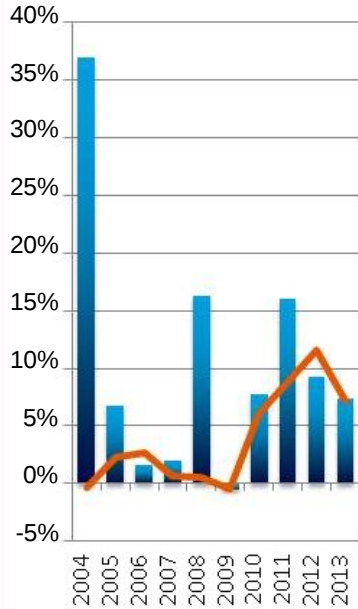


Objective: Outperform Industry

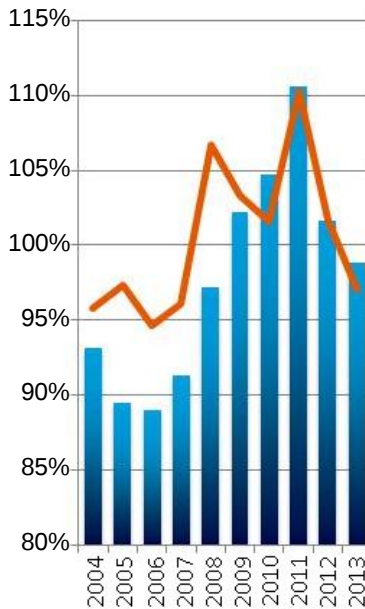
Service, Profitability and Book Value Growth

Change in Net Written Premium

DGI CAGR: 10% Peer CAGR: 4% DGI Avg: 98% Peer Avg: 100%



GAAP Combined Ratio



Change in Book Value

DGI CAGR: 2% Peer CAGR: 4%



■ Donegal Group — Peer Group*

* Peer Group consists of CIN, EMCI, HMN, THG, SIGI, STFC, UFCS (Source: Bloomberg)



2013: Strong Growth and Profitability

Operating EPS* of ~~96¢~~ 73¢ in 2012

- 7.4% increase in net written premiums
 - Driven by strong commercial lines growth
- 97.4% statutory combined ratio
 - Q3 and Q4 combined ratios of 96.0% and 95.4% were lowest for any period in past five years
 - Measurable progress from rate increases and underwriting initiatives
 - Weather losses and large fire losses below prior year level
- Book value per share at \$15.02 vs. \$15.63 at year-end 2012
 - Interest-rate-driven mark-to-market adjustments



Additional details are available at investors.donegalgroup.com

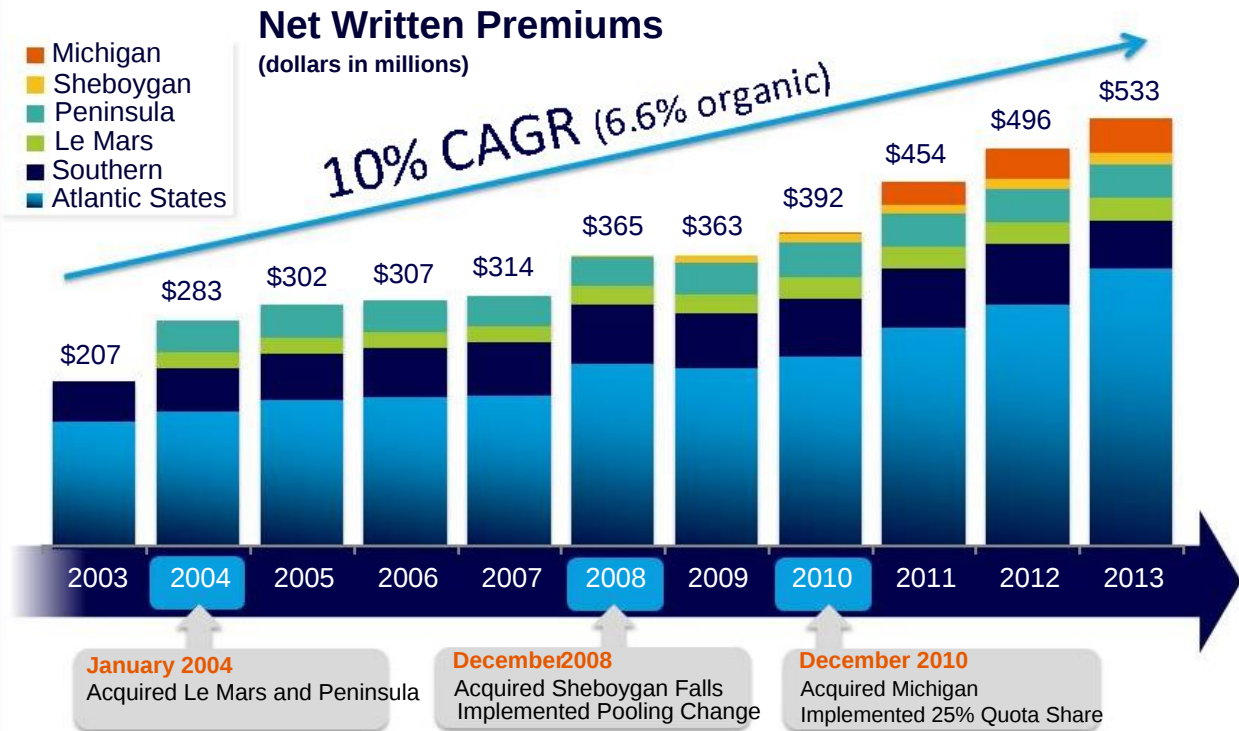
** Reconciliations and definitions of non-GAAP data also are available on our website*



1H14: Favorable Core Underwriting Results Despite Weather and Other Loss Activity

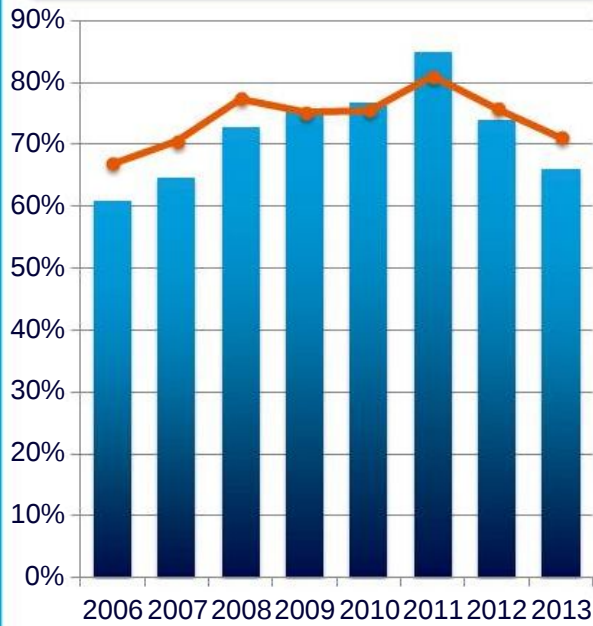
- 8.4% increase in net written premiums
 - Driven by rate increases and 13.4% commercial lines growth
- 102.7% statutory combined ratio
 - Improvements in homeowners and casualty loss ratios
 - \$26.9 million weather-related losses far exceeded previous five-year first-half average of \$18.8 million
 - \$19.4 million in large fire losses also above average
- Book value per share at \$15.25 compared with \$15.02 at year-end 2013

Drive Revenues with Organic Growth and Opportunistic Transactions

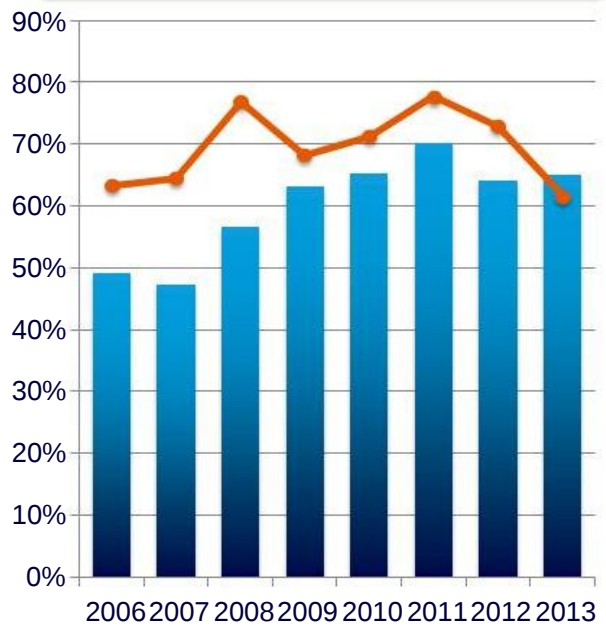


Focus on Underwriting Profitability to Enhance Margins

Personal Lines Loss Ratio



Commercial Lines Loss Ratio



■ Donegal Insurance Group (SNL P&C Group)
 —●— SNL P&C Industry (Aggregate)



Achieve Book Value Growth By Implementing Plan

**Pursue quality premium growth and enhance
underwriting profitability**

Support insurance operations with conservative
investment strategy

Maintain Multi-faceted Regional Growth Strategy

- \$533 million in 2013 net written premiums across 22 states in four operating regions
 - \$720 million in direct written premiums for insurancegroup*
- 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 \$100million



* Includes Donegal Mutual Insurance Company and Southern Mutual Insurance Company

DONEGAL
GROUP INC.

Example: Michigan Insurance Company

- Attractive franchise acquired in 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)	2014	2013	2012	2011	2010 (under prior owner)
Direct written premiums	\$116**	\$112	\$111	\$108	\$105
External quota share	20%	30%	40%	50%	75%
Ceded to Donegal Mutual*	25%	25%	25%	25%	N/A
Retained by MICO	55%	45%	35%	25%	25%
Included in DGI NPW	\$74**	\$62	\$57	\$46	N/A
Statutory combined ratio	N/A	99%	94%	95%	97%

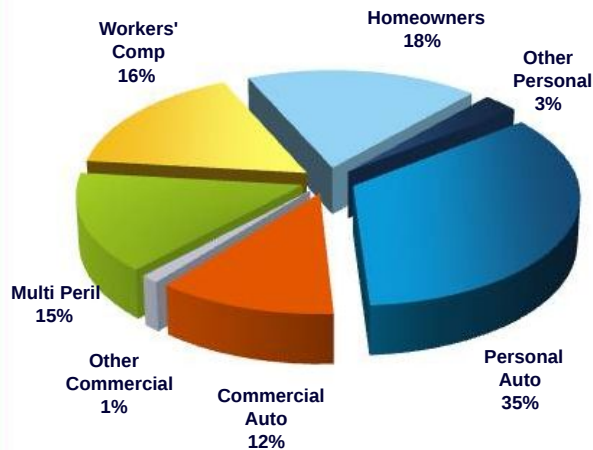
* Premiums ceded to Donegal Mutual are included in pooling agreement with Atlantic States (80% to DGI)

** Projected based on estimated 2014 growth rate



Continue Strategic Efforts to Balance Business Mix

Net Written Premiums by Line of Business
(June 30, 2014)



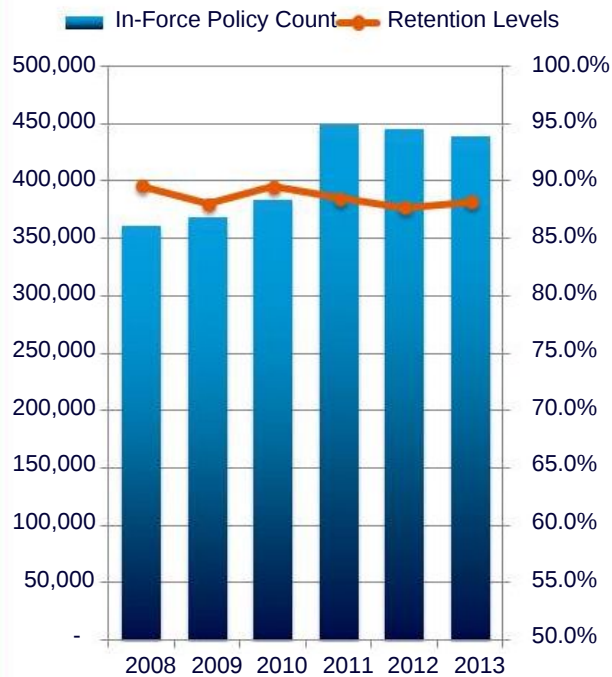
- Commercial lines = 44% of NWP in 1H 2014
 - Commercial lines renewal premiums increases in 5-7% range
 - Ongoing emphasis on new business growth in all regions
- Personal lines = 56% of NWP in 1H 2014
 - Rate increases in 3-8% range
 - Modest exposure growth in addition to MICO premiums retained

Emphasize Growth in Commercial Lines

- 95.7% statutory combined ratio for 2013
- 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
- Disciplined underwriting:
 - Large account reviews
 - Loss control



Focus on Personal Lines Profitability



- 98.8% statutory combined ratio for 2013
- Focus on the preferred and superior risk markets
- Underwriting initiatives:
 - Rate increases in virtually every jurisdiction
 - New and renewal inspections
 - Seek geographic spread of risk
 - Balance portfolio (auto/home)

Organic Growth Centered on Relationships with ~2,600 Independent Agencies

- Ongoing objectives:
 - Achieve top three ranking within appointed agencies in lines of business we write
 - Cultivate relationships with existing agencies to expand writings
 - 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

Support Agents with Best-In-Class Technology



Call
Center

ClaimCenter



Mobile App

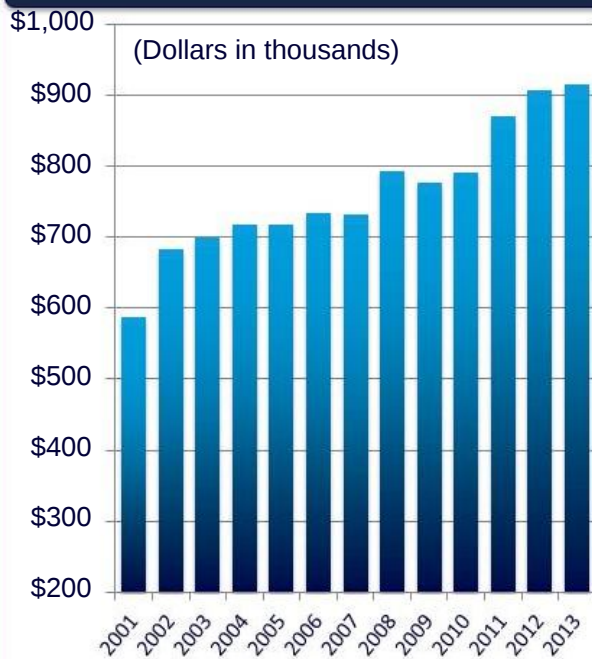
Service
Center

ImageRight



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 affiliation provides opportunities for operational and expense synergies
 - Statutory expense ratio of 30.2% for 2013 vs. 29.3% for 2012

Enhance Underwriting Profitability to Improve Operating Margins

- Sustain pricing discipline and conservative underwriting
- Manage exposure to catastrophe/unusual weather events
 - Reinsurance coverage in excess of a 250-year event
- Link employee incentive 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

Employ Sophisticated Pricing and 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
- Telematics/usage-based insurance initiatives

Maintain Emphasis on Reserve Adequacy

- Reserves at \$266 million at year-end 2013
 - Midpoint of actuarial range
 - Conservative reinsurance program limits volatility
- Emphasis on faster claims settlements to reduce longer-term exposures
- 2013 development of \$10million within targeted range

Established Reserves at Year-end

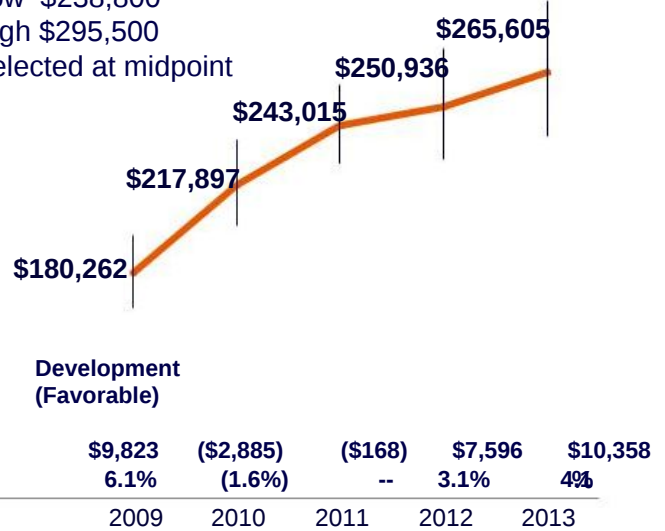
(dollars in thousands, net of reinsurance)

Reserve Range at 12/31/2013

Low \$238,800

High \$295,500

Selected at midpoint



Development (Favorable)

\$9,823	(\$2,885)	(\$168)	\$7,596	\$10,358
6.1%	(1.6%)	--	3.1%	4%
2009	2010	2011	2012	2013

Values shown are selected reserves

Vertical bars represent actuarial ranges



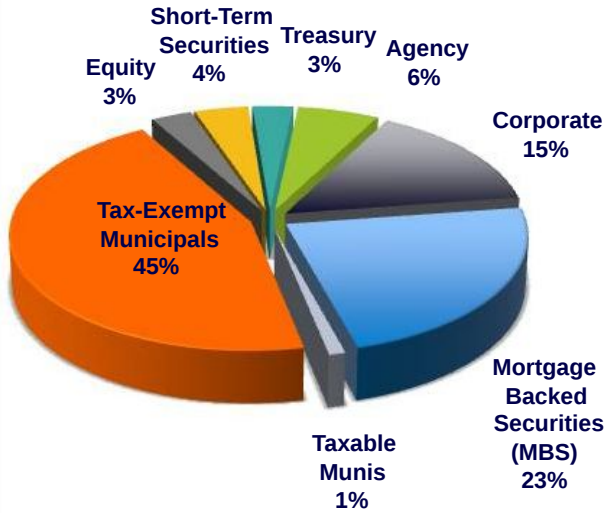
Achieve Book Value Growth By Implementing Plan

Pursue quality premium growth and enhance
underwriting profitability

**Support insurance operations with conservative
investment strategy**

Maintain Conservative Investment Mix

\$781 Million in Invested Assets*
(as of June 30, 2014)



- 89% of portfolio invested in fixed maturities at June 30, 2014
 - Effective duration = 4.7 years
 - Tax equivalent yield = 3.1%
- Emphasis on quality
 - 74% AA-rated or better
 - 93% A-rated or better
- Liquidity managed through laddering

Donegal Financial Services Corporation

Bank Investment = 5% of Invested Assets

- DFSC owns 100% of Union Community Bank
 - Serves Lancaster County (location of Donegal headquarters)
- Expanded to 13 branches via acquisition in 2011
 - Added scale to banking operation
 - Enhanced value of historic bank investment
 - Increased potential for bottom-line contribution
- DGI owns approximately 48% of DFSC
 - 52% owned by Donegal Mutual
- Union Community Bank is financially strong and profitable

Union Community Bank

(48% owned by Donegal Group Inc.)

- 2013 financial results:
 - \$513million in assets at year-end 2013
 - \$6.3 million in 2013 net income
- Excellent capital ratios at June 30, 2014:

Tier 1 capital to average total assets	16.01%
Tier 1 capital to risk-weighted assets	24.77%
Risk-based capital to risk-weighted assets	27.06%

Review: Long-Term Business Strategy for Growth and Success

- Maximize benefits of regional business approach
- Outperform industry in service, profitability and book value growth
- Drive revenues with organic growth and opportunistic transactions
- Focus on margin enhancements and investment contributions

Strong Capital + Solid Plan to Drive Results

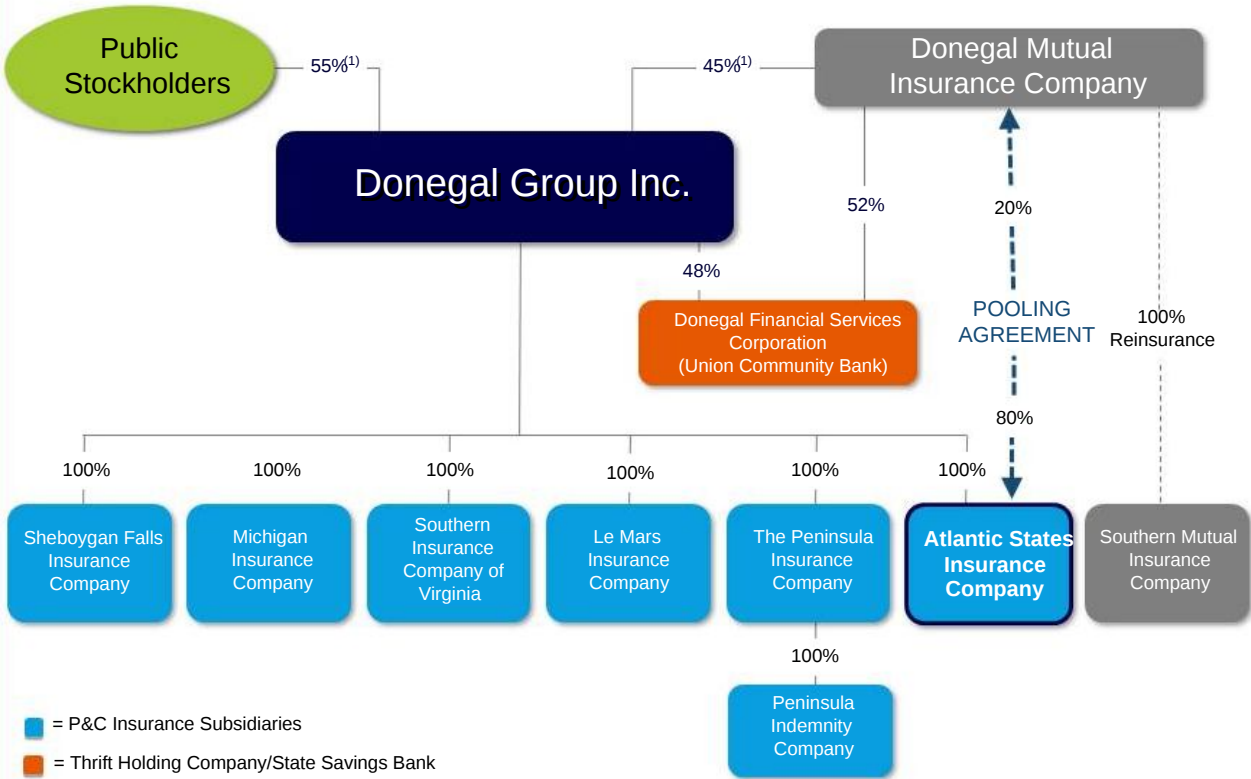
Book Value Plus Cumulative Dividends



- Rated A (Excellent) by A.M. Best
 - Debt-to-capital of approximately 16%
 - Premium-to-surplus of approximately 1.6-to-1
- Dividend yield of 3.3% for Class A shares
 - 3% increase in April 2014
- Authorization for repurchase of up to 500,000 shares of Class A common stock

Supplemental Information

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 35% of the aggregate voting power of the combined classes, and Donegal Mutual holds approximately 65% of the aggregate voting power of the combined classes.



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**	5%	3%	13%	N/A	16%
Avg. Combined Ratio**	93%	94%	103%	N/A	96%

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

** Since acquisition



Net Premiums Written by Line of Business

(in millions)	Q2 14	Q1 14	Q4 13	Q3 13	Q2 13	Q1 13	Q4 12	Q3 12
Personal lines:								
Automobile	\$52.0	\$50.5	\$46.7	\$50.9	\$50.2	\$48.6	\$45.6	\$51.4
Homeowners	31.1	22.9	25.7	29.8	29.1	21.9	22.3	27.6
Other	4.6	3.8	4.0	4.2	4.3	3.4	4.0	4.2
Total personal lines	87.7	77.2	76.4	84.8	83.6	73.8	71.9	83.1
Commercial lines:								
Automobile	17.5	17.3	13.0	14.0	15.7	15.5	12.0	12.5
Workers' compensation	22.4	26.6	16.3	18.3	19.7	23.2	14.3	16.1
Commercial multi-peril	21.7	22.1	16.8	18.0	20.0	19.7	14.7	15.9
Other	2.1	1.4	1.3	1.4	1.6	0.3	1.8	1.7
Total commercial lines	63.7	67.4	47.4	51.8	57.0	58.6	42.8	46.2
Total net premiums written	\$151.4	\$144.6	\$123.8	\$136.6	\$140.6	\$132.5	\$114.7	\$129.3

Combined Ratio Analyses

(percent)	Q2 14	Q1 14	Q4 13	Q3 13	Q2 13	Q1 13	Q4 12	Q3 12
Stat combined ratios:								
Personal lines	99.5	102.7	99.3	97.9	100.2	98.1	108.9	101.3
Commercial lines	105.8	104.3	89.4	93.0	101.4	98.4	88.5	91.4
Total lines	102.1	103.2	95.4	96.0	100.6	98.0	101.2	97.6
GAAP combined ratios (total lines):								
Loss ratio (non-weather)	63.2	61.7	59.1	57.8	63.1	64.1	68.2	58.6
Loss ratio (weather-related)	8.5	11.4	3.5	7.2	7.4	4.5	3.9	9.3
Expense ratio	31.9	31.3	31.9	32.3	32.3	30.7	29.3	31.4
Dividend ratio	0.4	0.3	0.4	0.3	0.3	0.4	0.3	0.3
Combined ratio	104.0	104.7	94.9	97.6	103.1	99.7	101.7	99.6
GAAP supplemental ratios:								
Fire losses greater than \$50,000	6.8	7.6	4.8	2.4	4.4	6.5	5.5	5.5
Development on prior year loss reserves	4.4	-0.3	0.1	2.4	3.7	1.5	1.6	2.4