

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 21, 2004

Donegal Group Inc.

(Exact name of registrant as specified in its charter)

Delaware	0-15341	23-2424711
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(State or other jurisdiction of incorporation)	(Commission file number)	(IRS employer identification no.)

1195 River Road, Marietta, Pennsylvania	17547
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(Address of principal executive offices)	(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 19, 2004

Item 12. Results of Operations and Financial Condition.

On April 19, 2004, the Company issued a press release regarding the Company's financial results for its first quarter ended March 31, 2004. 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 21, 2004

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 19, 2004 issued by the Company.

DONEGAL GROUP INC. ANNOUNCES FIRST QUARTER RESULTS

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

For Immediate Release

MARIETTA, Pennsylvania, April 19, 2004 - Donegal Group Inc. (Nasdaq: DGICA and DGICB) today reported net income for the quarter ended March 31, 2004 of \$11,732,306, or \$.87 per share on a diluted basis, which includes an extraordinary gain of \$5,445,670, or \$.40 per share on a diluted basis, related to an acquisition. Net income before the extraordinary gain was \$6,286,636, or \$.47 per share on a diluted basis, for the first quarter of 2004 compared to \$3,844,432, or \$.41 per share on a diluted basis, for the quarter ended March 31, 2003.

The Company's results continue to benefit from excellent underwriting results, with the Company posting a combined ratio of 92.7% for the first quarter of 2004 compared to a combined ratio of 97.2% for the comparable period in 2003.

The extraordinary gain of \$5,445,670 resulted from GAAP purchase accounting for unallocated negative goodwill from the Le Mars Insurance Company acquisition completed in early January. The acquisitions of Le Mars Insurance Company, The Peninsula Insurance Company and Peninsula Indemnity Company were effective January 1, 2004.

The Company's fully diluted shares outstanding during the first quarter of 2004 increased to 13,508,530 compared to 9,330,855 in the first quarter of 2003, due primarily to the Company's successful follow on stock offering that was completed in November, 2003.

Revenues for the first quarter of 2004 were \$68,001,661, an increase of 30.3% over a year earlier, with premiums earned for the first quarter of \$62,699,478, a 30.8% increase over the first quarter of 2003. Premiums earned in the first quarter, excluding premiums earned by the companies acquired in January, increased \$3.3 million, or 7.0%, to \$51,282,376. The lower interest rate environment continues to impact investment income, which increased 12.3% to \$3,780,017 for the first quarter of 2004 compared to \$3,364,518 for the first quarter of 2003. Service fees for the first quarter of 2004 were \$833,897, an increase of 35.8% over the first quarter of 2003 total of \$614,033.

The Company's loss ratio for the first quarter of 2004 improved to 64.4% compared to 66.5% for the first quarter of 2003, benefiting from continued pricing improvements and from a relative absence of severe weather in the first quarter of 2004. The Company's expense ratio improved to 27.7% for the first quarter of 2004 compared to 30.2% for the first quarter of 2003. The Company's workers' compensation policy dividend ratio increased slightly from 0.5% in the first quarter of 2003 to 0.6% in the first quarter of 2004.

" The profitable results of the newly acquired companies, coupled with a continuation of the excellent underwriting results by our core companies and a relatively normal weather period, has resulted in a combined ratio that is as low as the Company has ever achieved," stated Donald H. Nikolaus, President and Chief Executive Officer of Donegal Group Inc. "The rate increases taken over the past few years, coupled with our continued dedication to sound underwriting principles and our ongoing expense control, have all contributed to a winning formula," stated Nikolaus.

These strong results helped the Company increase its book value per common share 5.6% to \$17.20 per share as of March 31, 2004 compared to \$16.29 at December 31, 2003.

The Company announced last week that its Board of Directors approved an increase in the Company's quarterly cash dividend payable May 15, 2004 to \$.12 per share of Class A Common Stock and \$.105 per share of Class B Common Stock.

The Company will hold a conference call on Monday April 19, 2004, beginning at 11:00 A. M. Eastern Time. You may participate in the conference call by calling 1-800-901-5241 (Passcode 10035503). An instant replay of the conference call will be available until April 26, 2004, by calling 1-888-286-8010 (Passcode 16040001).

Donegal Group Inc. is a property and casualty insurance holding company whose insurance subsidiaries offer personal and commercial lines of insurance to businesses and individuals in six Mid-Atlantic states (Connecticut, Delaware, Maryland, New Hampshire, New York and Pennsylvania), eight Southeastern states (Alabama, Georgia, Louisiana, North Carolina, South Carolina, Tennessee, Virginia and West Virginia) and five Midwestern states (Iowa, Nebraska, Ohio, Oklahoma and South Dakota).

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 could vary materially. Among 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 adjustment expenses, business and economic conditions in the Company's primary operating areas, competition from various insurance and non-insurance businesses, terrorism, legal and judicial developments, changes in regulatory requirements and other risks that are described from time to time in the periodic reports that the Company files with the Securities and Exchange Commission. Undue reliance should not be placed on any such forward-looking statements.

(Tables Follow)

Quarter Ended March 31

	2004	2003
Net premiums earned	\$ 62,699,881	\$47,928,881
Investment income, net of investment expenses	3,780,017	3,364,518
Realized investment gains (losses)	468,443	(130,480)
Total revenues	68,001,661	52,185,419
Net income before extraordinary item	\$6,286,636	\$3,844,432
Net income after extraordinary item	\$11,732,306	\$3,844,432
Net income per common share before extraordinary item		
Basic	\$ 0.49	\$ 0.42
Diluted	\$ 0.47	\$ 0.41
Net income per common share after extraordinary item		
Basic	\$ 0.91	\$ 0.42
Diluted	\$ 0.87	\$ 0.41

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

Quarter Ended March 31

	2004	2003
Net premiums earned	\$ 62,700	\$ 47,929
Investment income, net of investment expenses	3,780	3,364
Realized investment gains (losses)	468	(131)
Lease income	220	203
Service fees	834	614
Other income	-	206
Total revenues	68,002	52,185
Losses and loss expenses	40,371	31,850
Amortization of deferred policy acquisition costs	8,345	7,442
Other underwriting expenses	9,058	7,023
Other expenses	583	331
Dividends	368	242
Interest	338	215
Total expenses	59,063	47,103
Income before income taxes and extraordinary item	8,939	5,082
Income tax expense	2,652	1,238
Net income before extraordinary item	6,287	3,844
Extraordinary item	5,445	-

Net income after extraordinary item	\$ 11,732	\$ 3,844
	-----	-----
Net income per common share before extraordinary item		
Basic	\$ 0.49	\$ 0.42
	-----	-----
Diluted	\$ 0.47	\$ 0.41
	-----	-----
Net income per common share after extraordinary item		
Basic	\$ 0.91	\$ 0.42
	-----	-----
Diluted	\$ 0.87	\$ 0.41
	-----	-----
Supplementary Financial Analysts' Data		
Weighted average number of shares outstanding		
Basic	12,889,823	9,210,402
	-----	-----
Diluted	13,508,530	9,330,855
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Net written premiums	\$ 68,416	\$ 50,340
	-----	-----
Book value per common share	\$ 17.20	\$ 14.9

Consolidated Balance Sheet
(unaudited; in thousands)

	March 31, 2004 -----	December 31, 2003 -----
ASSETS		
Investments:		
Fixed Maturities:		
Held to maturity, at amortized cost	\$ 170,752	\$ 113,051
Available for sale, at fair value	221,666	198,433
Equity securities, at fair value	39,250	31,448
Short-term investments, at cost, which approximates fair value	55,386	78,344
	-----	-----
Total investments	487,054	421,276
Cash	6,549	5,909
Premiums in course of collection	40,962	29,017
Reinsurance receivable	92,109	81,009
Accrued investment income	4,188	3,752
Deferred policy acquisition costs	18,513	16,224
Prepaid reinsurance premiums	35,609	30,692
Property and equipment, net	5,580	4,152
Deferred income taxes	9,894	7,032
Other assets	2,560	2,973
	-----	-----
Total assets	\$ 703,018 =====	\$ 602,036 =====
 LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Unpaid losses and loss settlement expenses	\$ 256,451	\$ 217,914
Unearned premiums	162,433	134,028
Accounts payable and accrued expenses	8,746	7,770
Debt	25,774	25,774
Due to affiliates	12,984	904
Other liabilities	12,029	6,997
	-----	-----
Total liabilities	478,417	393,387
Shareholders' equity:		
Preferred stock		
Class A common stock	100	99
Class B common stock	31	30
Additional paid-in capital	126,163	122,745
Accumulated other comprehensive income	6,147	5,291
Retained earnings	93,052	81,376
Treasury stock, at cost	(892)	(892)
	-----	-----
Total shareholders' equity	224,601	208,649
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Total liabilities and shareholders' equity	\$ 703,018 =====	\$ 602,036 =====