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**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): February 11, 2008**

**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 1.01. Entry into a Material Definitive Agreement.

On February 11, 2008, Atlantic States Insurance Company, our largest subsidiary, entered into an amendment to the intercompany pooling agreement between it and Donegal Mutual Insurance Company, which will become effective on March 1, 2008. We received regulatory approval of the amendment on February 11, 2008. The amendment increases Atlantic States Insurance Company's share of the intercompany pool from 70% to 80% effective March 1, 2008.

We refer you to our Form 8-K report filed with the Securities and Exchange Commission on January 30, 2008, which we incorporate herein by reference.

Item 9.01. Financial Statements and Exhibits.

<u>Exhibit No.</u>	<u>Exhibit Description</u>
10.1	Amendment V to Proportional Reinsurance Agreement, dated as of February 11, 2008 between Donegal Mutual Insurance Company and Atlantic States Insurance Company.

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: February 13, 2008

AMENDMENT V  
TO  
PROPORTIONAL REINSURANCE AGREEMENT

THIS AMENDMENT V, dated as of February 11, 2008 (the "Amendment") to the Proportional Reinsurance Agreement (the "Agreement") dated as of September 29, 1986, as previously amended on October 1, 1988, July 16, 1992, December 21, 1995 and April 20, 2000, between DONEGAL MUTUAL INSURANCE COMPANY, a mutual casualty insurance company organized and existing under the laws of the Commonwealth of Pennsylvania ("Donegal Mutual") and ATLANTIC STATES INSURANCE COMPANY, a stock casualty insurance company incorporated and existing under the laws of the Commonwealth of Pennsylvania ("Atlantic States") and all of whose capital stock is owned by Donegal Group Inc., a Delaware corporation ("DGI").

WITNESSETH:

WHEREAS, the Coordinating Committee of the Boards of Directors of Donegal Mutual and DGI has determined that the Amendment is fair and equitable to Donegal Mutual and its policyholders and to DGI and its stockholders;

WHEREAS, a committee comprised solely of independent members of the Board of Directors of Donegal Mutual, with the advice of independent legal counsel, has determined that the Amendment is fair to and in the best interests of Donegal Mutual and its policyholders and recommended that the Board of Directors of Donegal Mutual approve the Amendment;

WHEREAS, a committee comprised solely of independent members of the Board of Directors of DGI, with the advice of independent legal counsel, has determined that the Amendment is fair to and in the best interests of DGI and its stockholders and recommended that the Board of Directors of DGI cause the Board of Directors of Atlantic States to approve the Amendment;

WHEREAS, Donegal Mutual's Board of Directors has received the opinion of Keefe, Bruyette and Woods, Inc., an independent investment banking firm, to the effect that the Amendment is fair to Donegal Mutual and its policyholders from a financial point of view; and

WHEREAS, the Boards of Directors of Donegal Mutual and Atlantic States believe the Amendment is in the best interests of Donegal Mutual and Atlantic States and have approved the Amendment.

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NOW, THEREFORE, the parties hereto, in consideration of their mutual covenants and agreements contained herein and in the Agreement and intending to be legally bound hereby, covenant and agree as follows:

1. Amendment of Exhibit I to the Agreement. Exhibit I to the Agreement is hereby amended and restated so that, as amended and restated, said Exhibit to the Agreement shall read in its entirety as follows:

“EXHIBIT I  
PROPORTIONAL REINSURANCE AGREEMENT

Corporate Pool Participant	Pool Participation
Donegal Mutual Insurance Company	20%
Atlantic States Insurance Company	80%

2. Effective Date of the Amendment. The Amendment shall be effective as to the parties at 12:01 a.m., on March 1, 2008.

3. Ratification of Remainder of the Agreement. Except for the amendment to Exhibit I to the Agreement as set forth in Section 1 of this Amendment, all of the terms and provisions of the Agreement are hereby ratified and confirmed and shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto, by their officers thereunto duly authorized, have executed this Amendment as of the date and year first above written.

[SEAL]

/s/ Sheri O. Smith  
Sheri O. Smith,  
Secretary

DONEGAL MUTUAL INSURANCE COMPANY

By: /s/ Donald H. Nikolaus  
Donald H. Nikolaus,  
President and Chief Executive Officer

[SEAL]

/s/ Daniel J. Wagner  
Daniel J. Wagner,  
Senior Vice President and Treasurer

ATLANTIC STATES INSURANCE COMPANY

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