

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): October 15, 2003

Donegal Group Inc.

(Exact name of registrant as specified in its charter)

Delaware

0-15341

23-2424711

(State or other jurisdiction
of incorporation)

(Commission file number)

(IRS employer
identification no.)

1195 River Road, Marietta, Pennsylvania

17547

(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 October 15, 2003

Item 12. Results of Operations and Financial Condition.

On October 15, 2003, the Company issued a press release regarding the Company's financial results for its second quarter ended September 30, 2003. 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: October 17, 2003

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 October 15, 2003 issued by the
Company.

DONEGAL GROUP INC. ANNOUNCES EARNINGS FOR THIRD QUARTER

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

For Immediate Release

MARIETTA, Pennsylvania, October 15, 2003 - Donegal Group Inc. (Nasdaq: DGICA and DGICB) today reported its results of operations for the quarter and nine months ended September 30, 2003.

The Company reported net income of \$4,001,385, or \$.40 per share on a diluted basis, compared to \$3,015,676, or \$.33 per share on a diluted basis, in the third quarter of 2002. These results were achieved despite property claims from Hurricane Isabel that totaled \$1 million, net of reinsurance, and reduced net income by \$650,000, or \$.07 per share on a diluted basis, for the quarter ended September 30, 2003.

The Company's excellent underwriting results continued through the third quarter of this year with a combined ratio for the third quarter of 96.8%, compared to 99.5% for the third quarter of 2002. The Company's loss ratio showed improvement from a year earlier to 65.9% for the third quarter of 2003 compared to 69.3% for the third quarter of 2002 despite the hurricane related losses that added approximately 2 percentage points to the third quarter 2003 loss ratio.

The strong results helped the Company increase its book value per common share to \$15.69 as of September 30, 2003.

"Our third quarter underwriting results were solid despite Hurricane Isabel hitting our primary operating area", stated

Donald H. Nikolaus, President and Chief Executive Officer of Donegal Group. Mr. Nikolaus further stated that "the underwriting discipline to restrict catastrophe exposures, combined with our reinsurance programs, have limited the financial impact of a major weather event just as they were designed to do."

Net income was \$13,114,770, or \$1.37 per share on a diluted basis, for the first nine months of 2003, compared to \$8,375,226, or \$.91 per share on a diluted basis for the first nine months of 2002. The Company's net income for the first three quarters of 2003 exceeded its net income for all of 2002. The Company's combined ratio for the nine months ended September 30, 2003 was 95.4%, compared to 100.2% for the nine months ended September 30, 2002, with all major lines of business showing improvement over the prior year.

Revenues for the third quarter of 2003 were \$54,285,753, an increase of 6.3% over a year earlier, with net premiums earned for the third quarter of \$49,719,584, also a 6.3% increase over the third quarter of 2002. The lower interest rate environment impacted investment income which decreased 8.2% to \$3,326,603 compared to \$3,623,262 for the third quarter of 2002 despite an increase in average invested assets.

The Company will hold a conference call and webcast on Wednesday October 15, beginning at 11:00 A. M. Eastern Time. You may participate in the conference call by calling 1-800-299-7635 (International 617-786-2901) Passcode I. D. 13708300. An instant replay of the conference call will be available for 10 days by calling 1-888-286-8010 (Passcode I. D. 40638284).

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 may vary materially. 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 adjusting expenses, business and economic conditions in the Company's primary operating areas, competition from various insurance and non-insurance businesses, changes in regulatory requirements, weather events and other risks that may be described from time to time in the reports Donegal files with the Securities and Exchange Commission. Undue reliance should not be placed on any such forward-looking statements.

Donegal Group Inc. is a regional property-casualty insurance holding company doing business in 14 Mid-Atlantic and Southern states through its insurance subsidiaries, Atlantic States Insurance Company and Southern Insurance Company of Virginia.

(Tables Follow)

Third Quarter Ended

	September 30, 2003	September 30, 2002
Net premiums earned	\$49,719,584	\$46,792,748
Investment income, net of investment expenses	3,326,603	3,623,262
Realized investment gains (losses)	408,873	(201,190)
Total revenues	54,285,753	51,085,417
Net income	\$4,001,385	\$3,015,676
Net income per common share		
Basic	\$ 0.43	\$ 0.33
Diluted	\$ 0.40	\$ 0.33

Nine Months Ended

	September 30, 2003	September 30, 2002
Net premiums earned	\$146,082,154	\$138,355,520
Investment income, net of investment expenses	10,006,831	11,063,848
Realized investment gains (losses)	494,763	(13,931)
Total revenues	159,297,990	151,856,266
Net income	\$ 13,114,770	\$ 8,375,226
Net income per common share		
Basic	\$ 1.42	\$ 0.92
Diluted	\$ 1.37	\$ 0.91

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

	Third Quarter Ended	
	September 30, 2003	September 30, 2002
Net premiums earned	\$ 49,720	\$ 46,793
Investment income, net of investment expenses	3,326	3,623
Realized investment gains (losses)	409	(201)
Lease income	215	201
Service charge income	616	670
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Total revenues	54,286	51,086
	-----	-----
Losses and loss expenses	32,760	32,424
Amortization of deferred policy acquisition costs	7,874	7,365
Other underwriting expenses	7,239	6,512
Other expenses	310	159
Policyholder dividends	242	280
Interest	358	249
	---	---
Total expenses	48,783	46,989
	-----	-----
Income before income taxes	5,503	4,097
Income tax expense	1,502	1,081
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Net income	\$ 4,001	\$ 3,016
	=====	=====
Net income per common share		
Basic	\$ 0.43	\$ 0.33
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Diluted	\$ 0.40	\$ 0.33
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Supplementary Financial Analysts' Data		
Weighted average number of shares outstanding		
Basic	9,315,339	9,098,935
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Diluted	9,905,492	9,197,933
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Net written premiums	\$ 53,009	\$ 48,831
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Book value per common share	\$ 15.69	\$ 14.37
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Nine Months Ended

	September 30, 2003	September 30, 2002
Net premiums earned	\$146,082	\$138,355
Investment income, net of investment expenses	10,007	11,064
Realized investment gains (losses)	495	(14)
Lease income	629	590
Service charge income	1,879	1,861
Other Income	206	-
	-----	-----
	159,298	151,856
	-----	-----
Total revenues		
Losses and loss expenses	94,268	95,857
Amortization of deferred policy acquisition costs	22,861	22,095
Other underwriting expenses	21,532	19,813
Other expenses	985	872
Policyholder dividends	711	852
Interest	880	870
	-----	-----
Total expenses	141,237	140,359
	-----	-----
Income before income taxes	18,061	11,497
Income tax expense	4,946	3,122
	-----	-----
Net income	\$ 13,115	\$ 8,375
	=====	=====
Net income per common share		
Basic	\$ 1.42	\$ 0.92
	-----	-----
Diluted	\$ 1.37	\$ 0.91
	-----	-----

Supplementary Financial Analysts' Data

Net written premiums	\$ 156,533	\$ 148,798
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Weighted average number of shares outstanding		
Basic	9,265,308	9,063,109
	-----	-----
Diluted	9,590,809	9,166,314
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Consolidated Balance Sheet
(unaudited; in thousands, except share data)

	September 30, 2003	December 31, 2002
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ASSETS		
Investments:		
Fixed Maturities:		
Held to maturity, at amortized cost	\$ 113,746	\$ 86,702
Available for sale, at fair value	178,898	194,732
Equity securities, at fair value	24,956	21,836
Short-term investments, at cost, which approximates fair value	40,720	29,029
	-----	-----
Total investments	358,320	332,299
Cash	4,953	1,125
Premiums in course of collection	28,618	26,287
Reinsurance receivable	82,776	83,207
Accrued investment income	3,553	3,815
Deferred policy acquisition costs	16,223	14,567
Prepaid reinsurance premiums	31,930	27,854
Property and equipment, net	4,194	4,430
Deferred income taxes	7,102	6,956
Other assets	3,929	678
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Total assets	\$ 541,598	\$ 501,218
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Unpaid losses and loss Adjustment expenses	\$ 216,653	\$ 210,692
Unearned premiums	135,530	121,002
Accounts payable and accrued expenses	6,668	6,584
Debt	27,800	19,800
Due to affiliates	4,441	
		4,080
Other liabilities	4,107	5,877
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Total liabilities	395,199	368,035

Stockholders' Equity

Preferred stock \$1.00 par value;
authorized 2,000,000 shares,
none issued

Class A common stock, \$.01 par
value, authorized 30,000,000
shares, issued 6,403,342 and
6,269,093 shares and
outstanding 6,321,818 and
6,187,569 shares

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63

Class B common stock, \$.01 par
value authorized 10,000,000
shares, issued 3,051,811 and
3,024,742 shares and
outstanding 3,011,049 and
2,983,980 shares

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Additional paid-in capital

63,288

60,652

Accumulated other comprehensive
Income

5,328

4,912

Retained earnings

78,580

68,418

Treasury stock, at cost

(892)

(892)

Total stockholders' equity

146,399

133,183

Total liabilities and stockholders' equity

\$ 541,598
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\$ 501,218
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