

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 8-K**

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**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 22, 2011**

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**Donegal Group Inc.**

(Exact name of registrant as specified in its charter)

**DE**  
(State or other jurisdiction  
of incorporation)

**0-15341**  
(Commission File Number)

**23-2424711**  
(IRS Employer Identification No.)

**1195 RIVER RD MARIETTA, PA**  
(Address of principal executive offices)

**17547**  
(Zip Code)

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

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(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 8.01. Other Events.**

On March 22, 2011 the Registrant issued a press release, a copy of which is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

**Item 9.01. Financial Statements and Exhibits.**

Exhibit 99.1. Press release dated March 22, 2011

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**Donegal Group Inc.**

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(Registrant)

**March 22, 2011**

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(Date)

**/s/ JEFFREY D. MILLER**

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Jeffrey D. Miller  
*Senior Vice President and Chief Financial Officer*

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## **Exhibit Index**

99.1 Press release dated March 22, 2011

## Donegal Financial Services Corporation and Union National Financial Corporation Announce OTS Approval of Pending Merger

MARIETTA, Pa. and LANCASTER, Pa., March 22, 2011 (GLOBE NEWSWIRE) -- Donald H. Nikolaus, President of Donegal Financial Services Corporation ("DFSC"), and Mark D. Gainer, Chairman, President and Chief Executive Officer of Union National Financial Corporation ("UNNF") (OTCBB:UNNF), today jointly announced the receipt of the approval of the Office of Thrift Supervision ("OTS") to complete their pending merger. DFSC and UNNF have received all of the approvals or waivers required from the federal banking regulatory authorities; however, completion of the merger may not occur until the expiration of a 30-day comment period Pennsylvania law requires. The parties expect to complete the merger not later than the first week of May 2011.

Upon the completion of the merger, each share of UNNF common stock will become the right to receive 0.2134 share of Class A common stock of Donegal Group Inc. ("DGI") (Nasdaq:DGICA) and that amount of cash as equals \$8.25 less the value of 0.2134 share of DGI Class A common stock, based on the average closing price of DGI Class A common stock for the five trading days immediately preceding the effective date of the merger, but in no event less than \$5.05 per share in cash nor more than \$5.90 per share in cash. In practical terms, UNNF shareholders will receive merger consideration with a value of approximately \$8.25 per share of UNNF common stock provided DGI Class A common stock has an average closing price between \$11.00 and \$15.00 per share for the five trading days preceding the effective date of the merger.

Pursuant to the terms of the merger agreement, Province Bank FSB, which DFSC owns, and Union National Community Bank, which UNNF owns, will also merge. Upon completion of the merger, the merged bank will conduct its banking business through 13 branch offices in Lancaster County, Pennsylvania, under the name of "Union Community Bank."

DGI is an insurance holding company whose insurance subsidiaries, along with Donegal Mutual Insurance Company, are members of the Donegal Insurance Group, which conducts a property and casualty insurance business in 22 Mid-Atlantic, Midwestern, New England and Southern states. The Donegal Insurance Group has an A.M. Best rating of A (Excellent).

Province Bank FSB, which DFSC owns, has three branch offices and had approximately \$98.4 million in assets at December 31, 2010. Donegal Mutual and DGI founded DFSC and Province Bank in 2000 to provide more diversified financial services.

UNNF is a bank holding company whose principal subsidiary is Union National Community Bank, which has ten branch offices. UNNF had approximately \$447.0 million in assets and stockholders' equity of approximately \$28.0 million as of December 31, 2010. Union National Community Bank is a full service national bank that provides a wide range of services to individuals and small to medium-sized businesses in South Central Pennsylvania.

*We base all statements contained in this release that are not historic facts on our 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. Among the factors that could cause actual results to vary materially include: our ability to maintain profitable operations, the adequacy of our subsidiaries reserves for losses and loss adjustment expenses, business and economic conditions in the areas in which we operate, competition from various insurance and non-insurance businesses, terrorism, the availability and cost of reinsurance, legal and judicial developments, changes in regulatory requirements and other risks we describe from time to time in the periodic reports we file with the Securities and Exchange Commission. You should not place undue reliance on any such forward-looking statements. We disclaim any obligation to update such statements or to announce publicly the results of any revisions that we may make to any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements.*

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& Chief Executive Officer  
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