

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): July 18, 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 July 18, 2003

Item 12. Results of Operations and Financial Condition.

On July 18, 2003, the Company issued a press release regarding the Company's financial results for its second quarter ended June 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: July 18, 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 July 18, 2003 issued by the Company.

DONEGAL GROUP INC. ANNOUNCES RECORD EARNINGS FOR SECOND QUARTER

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

For Immediate Release

MARIETTA, Pennsylvania, July 18, 2003 - Donegal Group Inc. (Nasdaq: DGICA and DGICB) today reported record operating results for the quarter and six months ended June 30, 2003.

The Company's excellent underwriting results continued through the second quarter of this year with the Company posting record quarterly net income of \$5,268,953, or \$.56 per share on a diluted basis, compared to \$3,178,834, or \$.35 per share on a diluted basis, in the second quarter of 2002.

The Company's combined ratio continued to improve from the strong results posted for the first quarter ending up the second quarter at an exceptional 92.3%, compared to 99.3% for the second quarter of 2002. The Company's loss ratio was an outstanding 61.2% for the second quarter 2003 compared to 69.7% for the second quarter of 2002, with both commercial and personal lines showing improvement. The Company's expense ratio increased slightly, due to higher underwriting based incentives, resulting in a ratio of 30.6% for the second quarter of 2003 compared to 29.4% for the second quarter of 2002. The Company's workers' compensation policy dividend ratio increased slightly from 0.2% in the second quarter of 2002 to 0.5% in the second quarter of 2003.

The strong operational results helped the Company increase its book value per common share to \$15.49 as of June 30, 2003.

"We are delighted that our expense control and underwriting efforts have resulted in improvements in the results of both our personal and commercial lines", stated Donald H. Nikolaus, President and Chief Executive Officer of Donegal Group, "and even more pleased those improvements have resulted in our annualized return on equity improving to 13 percent through the first half of this year."

Net income of \$9,113,385, or \$.97 per share on a diluted basis, for the first six months of 2003 represented the highest first half earnings in the Company's history, compared to \$5,359,550, or \$.59 per share on a diluted basis for the first six months of 2002. The Company's combined ratio for the six months ended June 30, 2003 was 94.7%, compared to 100.5% for the six months ended June 30, 2002, with all major lines of business showing improvement over the prior year.

Revenues for the second quarter of 2003 were \$52,826,818, an increase of 4.1% over a year earlier, with premiums earned for the second quarter of \$48,433,689, a 5.0% increase over the second quarter of 2002. The lower interest rate environment impacted investment income which was down 10.6% to \$3,315,710 compared to \$3,710,282 for the second quarter of 2002 despite an increase in average invested assets.

Yesterday the Company's Board of Directors declared a regular quarterly cash dividend of 11 cents per share of Class A Common Stock and 10 cents per share of Class B Common Stock payable August 15, 2003 to shareholders of record as of the close of business on August 1, 2003.

The Company will hold a conference call and webcast on Friday July 18, 2003, beginning at 11:00 A. M. Eastern Time. You may participate in the conference call by calling 1-800-901-5213 (International 617-786-2962) Passcode I. D. 53873373. An instant replay of the conference call will be available for 10 days by calling 1-888-286-8010 (Passcode I. D. 71251761).

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 reserve 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, and other risks that may be described from time to time in the reports Donegal is required to file 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)

Second Quarter Ended

	June 30, 2003	June 30, 2002
Net premiums earned	\$48,433,689	\$46,110,512
Investment income, net of expenses	3,315,710	3,710,282
Realized investment gains	216,370	60,481
Total revenues	52,826,818	50,736,803
Net income	\$5,268,953	\$3,178,834
Net income per common share		
Basic	\$ 0.57	\$ 0.35
Diluted	\$ 0.56	\$ 0.35

Six Months Ended

	June 30, 2003	June 30, 2002
Net premiums earned	\$ 96,362,570	\$ 91,562,772
Investment income, net of expenses	6,680,228	7,440,586
Realized investment gains	85,890	187,259
Total revenues	105,012,237	100,770,849
Net income	\$9,113,385	\$ 5,359,550
Net income per common share		
Basic	\$ 0.99	\$ 0.59
Diluted	\$ 0.97	\$ 0.59

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

	Second Quarter Ended	
	June 30, 2003	June 30, 2002
Net premiums earned	\$ 48,434	\$ 46,111
Investment income, net of investment expenses	3,316	3,710
Realized investment gains	216	61
Lease income	211	194
Service charge income	650	661
	-----	-----
Total revenues	52,827	50,737
	-----	-----
Losses and loss expenses	29,658	32,136
Amortization of deferred policy acquisition costs	7,545	7,345
Other underwriting expenses	7,269	6,189
Other expenses	345	211
Dividends	228	105
Interest	307	296
	-----	-----
Total expenses	45,352	46,282
	-----	-----
Income before income taxes	7,475	4,455
Income tax expense	2,206	1,276
	-----	-----
Net income	\$ 5,269	\$ 3,179
	=====	=====
Net income per common share		
Basic	\$ 0.57	\$ 0.35
	-----	-----
Diluted	\$ 0.56	\$ 0.35
	-----	-----
Supplementary Financial Analysts' Data		
Weighted average number of shares outstanding		
Basic	9,269,029	9,059,477
	-----	-----
Diluted	9,424,050	9,175,729
	-----	-----
Net written premiums	\$ 53,184	\$ 51,652
	-----	-----
Book value per common share	\$ 15.49	\$ 13.94
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Six Months Ended

	June 30, 2003	June 30, 2002
Net premiums earned	\$ 96,363	\$ 91,563
Investment income, net of investment expenses	6,680	7,626
Realized investment gains	86	187
Lease income	413	389
Service charge income	1,264	1,191
Other Income	206	-
	-----	-----
	105,012	100,956
	-----	-----
Total revenues		
Losses and loss expenses	61,509	63,434
Amortization of deferred policy acquisition costs	14,987	14,730
Other underwriting expenses	14,292	13,515
Other expenses	675	714
Dividends	469	571
Interest	522	621
	-----	-----
Total expenses	92,454	93,585
	-----	-----
Income before income taxes	12,558	7,371
Income tax expense	3,445	2,024
	-----	-----
Net income	\$ 9,113	\$ 5,347
	=====	=====
Net income per common share		
Basic	\$ 0.99	\$ 0.59
	-----	-----
Diluted	\$ 0.97	\$ 0.58
	-----	-----

Supplementary Financial Analysts' Data

Net written premiums	\$ 103,524	\$ 99,967
	-----	-----
Weighted average number of shares outstanding		
Basic	9,239,878	9,044,899
	-----	-----
Diluted	9,377,614	9,150,208
	-----	-----

Consolidated Balance Sheet
(unaudited; in thousands, except share data)

	June 30, 2003	December 31, 2002
	-----	-----
ASSETS		
Investments:		
Fixed Maturities:		
Held to maturity, at amortized		
cost	\$ 106,781	\$ 86,702
Available for sale, at fair value	186,685	194,732
Equity securities, at fair value	22,638	21,836
Short-term investments, at		
cost, which approximates fair		
value	45,352	29,029
	-----	-----
Total investments	361,456	332,299
Cash	2,326	1,125
Premiums in course of collection	29,154	26,287
Reinsurance receivable	78,865	83,207
Accrued investment income	3,598	3,815
Deferred policy acquisition costs	15,521	14,567
Prepaid reinsurance premiums	31,803	27,854
Property and equipment, net	4,264	4,430
Deferred income taxes	6,511	6,956
Other assets	2,935	678
	-----	-----
Total assets	\$ 536,433	\$ 501,218
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Unpaid losses and loss		
settlement expenses	\$ 209,650	\$ 210,692
Unearned premiums	132,113	121,002
Accounts payable and accrued expenses	6,195	6,584
Debt	12,800	19,800
Due to affiliates	4,441	4,080
Other liabilities	12,362	5,877
Subordinate Debt	15,000	0
	-----	-----
Total liabilities	392,561	368,035

Shareholders' Equity

Preferred stock \$1 par value;
authorized 2,000,000 shares,
none issued

Class A common stock, \$.01 par
Value, Authorized 30,000,000
shares, issued 6,369,829 and
6,269,093 shares and
outstanding 6,288,305 and
6,187,569 shares Class B common stock,
\$.01 par Value Authorized 10,000,000
shares, issued 3,037,549 and
3,024,742 shares and outstanding
2,996,787 and 2,983,980 shares

	64	63
Additional paid-in capital	62,748	60,652
Accumulated other comprehensive income	6,322	4,912
Retained earnings	75,600	68,418
Treasury stock, at cost	(892)	(892)
	-----	-----
Total stockholders' equity	143,872	133,183
	-----	-----
Total liabilities and shareholders' equity	\$ 536,433	\$ 501,218
	=====	=====