
**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): November 6, 2014

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 8.01. Other Events.

Gregory M. Shepard (“Shepard”) delivered a letter dated October 6, 2014 (the “Shepard Letter”) jointly addressed to the Board of Directors of Donegal Group Inc. (“DGI”) and the Board of Directors of Donegal Mutual Insurance Company (“Donegal Mutual” and, collectively, the “Boards”). The text of the Shepard Letter was set forth in Amendment No. 27 to Shepard’s Schedule 13D filed with the Securities and Exchange Commission on October 6, 2014.

In the Shepard Letter, Shepard proposed that representatives of the Boards contact Shepard in writing so that Shepard could provide the Boards with contact information for an unnamed “very large and very profitable U.S. based publicly traded property and casualty group that operates on an international basis with a successful history of completing numerous acquisitions” and that is “interested in discussing with [the Boards] various business alternatives including a potential strategic transaction with both [Donegal Mutual and DGI].” Shepard further expressed his availability to meet with the Boards to explain why Shepard believes discussions with this interested party would be in the best interests of Donegal Mutual, DGI and their various constituencies.

In a letter dated October 30, 2014, Donegal Mutual advised Shepard that the Donegal Mutual Board of Directors, after reviewing the Shepard Letter, unanimously determined that it is not in the best interests of Donegal Mutual, its policyholders and its other constituencies for Donegal Mutual to enter into confidential discussions with the interested party to which Shepard referred in the Shepard Letter or to meet with Shepard for the purpose of evaluating the merits of such discussions. Donegal Mutual reported this response in the Schedule 13D/A Donegal Mutual filed with the Securities and Exchange Commission on October 30, 2014.

By letter dated November 6, 2014, John J. Lyons, the Chairman of the Special Committee of the DGI Board of Directors, responded to the Shepard Letter on behalf of the DGI Board of Directors. We attach a copy of the November 6, 2014 letter from Mr. Lyons to Shepard as Exhibit 99.1 to this Form 8-K report, which DGI incorporates by reference into this Form 8-K report.

Item 9.01. Financial Statements and Exhibits.

<u>Exhibit No.</u>	<u>Exhibit Description</u>
99.1	Letter dated November 6, 2014 from John J. Lyons, Chairman, Donegal Group Inc. Special Committee, to Gregory M. Shepard.

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, Executive Vice
President and Chief Financial Officer

Date: November 7, 2014



1195 River Road
P.O. Box 302
Marietta, PA 17547-0302
(717) 426-1931
www.donegalgroup.com

November 6, 2014

By Federal Express

Gregory Shepard
7028 Portmarnock Place
Bradenton, Florida 34202

Re: Response to Letter dated October 6, 2014

Dear Mr. Shepard:

The purpose of this letter is to respond on behalf of the Special Committee (the "Special Committee") of the Board of Directors of Donegal Group Inc. ("DGI") to your letter of October 6, 2014 to the Boards of Directors of DGI and Donegal Mutual Insurance Company ("Donegal Mutual"). I serve as Chairman of the Special Committee.

As Kevin G. Burke, Acting Chief Executive Officer of Donegal Mutual, communicated to you in a letter dated October 30, 2014, the Donegal Mutual Board of Directors, after reviewing your October 6, 2014 letter, "unanimously determined that it is not in the best interests of Donegal Mutual, its policyholders and its other constituencies for Donegal Mutual to enter into confidential discussions with the interested party to which you referred in your letter or to meet with you for the purpose of evaluating the merits of such discussions."

From the inception of DGI in 1986, Donegal Mutual has held majority voting control of DGI through its ownership of DGI's Class A common stock and Class B common stock. Therefore, the DGI Board of Directors has asked me to inform you that, in light of Donegal Mutual's response to you and consistent with our strategy to maximize stockholder value as reflected in our publicly available reports filed with the SEC, DGI believes entering into confidential discussions with the interested party to which you referred in your letter would be unproductive for all parties.

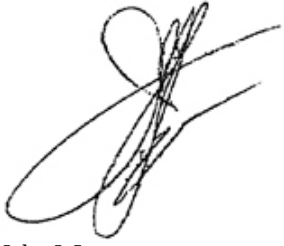
We remind you that, in my letter to you dated July 9, 2014 in response to your June 18, 2014 letter to the DGI and Donegal Mutual Boards, the Special Committee previously expressed its willingness to meet with you and that you did not respond to the Special Committee's offer.

Nevertheless, on behalf of the DGI Board of Directors and in response to your invitation to the DGI Board of Directors, the Special Committee remains willing to meet with you at a mutually convenient time at the Philadelphia offices of Ballard Spahr LLP, counsel to the Special Committee, to receive any information you wish to provide to the Special Committee. Because Donegal Mutual has expressed its commitment to its continued operation as an independent mutual company and because the Special Committee is offering to meet with you only on behalf of the DGI Board of Directors, you should not misconstrue this offer to meet with you as evidencing any interest on the part of DGI or Donegal Mutual in pursuing an acquisition of DGI and/or Donegal Mutual.

Gregory Shepard
November 6, 2014
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If you would like to arrange such a meeting, please contact David Pittinsky at (215) 864-8117.

Very truly yours,

A handwritten signature in black ink, appearing to read 'John J. Lyons'. The signature is stylized with a large loop at the top and several overlapping strokes below.

John J. Lyons
Chairman, Donegal Group Inc.
Special Committee

cc: Victor Peterson, Esquire