

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): May 31, 2000

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: (717) 426-1931

N/A

(Former name or former address, if changed since last report)

Item 5. Other Events.

Since September 29, 1986, the Registrant's wholly owned subsidiary, Atlantic States Insurance Company ("Atlantic States"), has been a party to a Proportional Reinsurance Agreement (the "Agreement") with Donegal Mutual Insurance Company ("Donegal Mutual") pursuant to which Atlantic States and Donegal Mutual participate in an intercompany underwriting pool. Under the Agreement, Atlantic States cedes to Donegal Mutual the premiums, losses and loss expenses from all of its property and casualty insurance business and assumes from Donegal Mutual a specified portion of the pooled business, which also includes substantially all of Donegal Mutual's property and casualty insurance business. From October 1, 1986 through September 30, 1988, Atlantic States assumed 35% of the pooled business written or in force on or after October 1, 1986. From October 1, 1988 through December 31, 1992, Atlantic States assumed 50% of the pooled business written or in force on or after October 1, 1988. From January 1, 1993 through December 31, 1995, Atlantic States assumed 60% of the pooled business written or in force on or after January 1, 1993. From January 1, 1996 through June 30, 2000, Atlantic States assumed 65% of the pooled business written or in force after January 1, 1996.

On April 20, 2000, Atlantic States and Donegal Mutual entered into an amendment (the "Amendment") to the Agreement, subject to the receipt of approval from the Insurance Department of the Commonwealth of Pennsylvania, pursuant to which, effective as of July 1, 2000, Atlantic States will assume 70% of the pooled business written or in force on or after July 1, 2000. For further information, reference is made to the Amendment, a copy of which is filed as Exhibit 99.1 hereto.

Item 7. Financial Statements and Exhibits.

(a) Financial statements of business acquired:

Not applicable.

(b) Pro forma financial information:

Not applicable.

(c) Exhibits:

99.1 Amendment IV dated as of April 20, 2000 to Proportional Reinsurance Agreement 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/ Donald H. Nikolaus

Donald H. Nikolaus, President
and Chief Executive Officer

Date: June 19, 2000

EXHIBIT INDEX

Exhibit No.	Description of Exhibit
99.1	Amendment IV dated as of April 20, 2000 to Proportional Reinsurance Agreement between Donegal Mutual Insurance Company and Atlantic States Insurance Company

AMENDMENT IV
TO
PROPORTIONAL REINSURANCE AGREEMENT

THIS AMENDMENT IV, dated as of April 20, 2000 (the "Amendment") to the Proportional Reinsurance Agreement (the "Agreement") dated as of September 29, 1986, as amended October 1, 1988, July 16, 1992 and December 21, 1995, 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 existing under the laws of the Commonwealth of Pennsylvania ("Atlantic States").

W I T N E S S E T H

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, subject to approval thereof by the Coordinating Committees of the Board of Directors of Donegal Mutual and DGI; and

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

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	30%
Atlantic States Insurance Company	70%"

2. Effective Date of the Amendment. The Amendment shall be effective as to the parties on July 1, 2000.

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]

DONEGAL MUTUAL INSURANCE COMPANY

Attest: /s/ Ralph G. Spontak

By: /s/ Donald H. Nikolaus

Donald H. Nikolaus, President

[SEAL]

ATLANTIC STATES INSURANCE COMPANY

Attest: /s/ Ralph G. Spontak

By: /s/ Donald H. Nikolaus

Donald H. Nikolaus, President