

Registration No. 333-_____

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-8
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

DONEGAL GROUP INC.

(Exact name of registrant as specified in its charter)

Delaware

23-2424711

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer Identification No.)

1195 River Road
Marietta, Pennsylvania

17547

(Address of Principal Executive Offices)

(Zip Code)

DONEGAL GROUP INC.
AMENDED AND RESTATED 1996 EQUITY INCENTIVE PLAN FOR DIRECTORS

(Full title of the plan)

Donald H. Nikolaus
President and Chief Executive Officer
Donegal Group Inc.
1195 River Road
Marietta, Pennsylvania 17547

(Name and address of agent for service)

(717) 426-1931

(Telephone number, including area code,
of agent for service)

Copy to:
Kathleen M. Shay, Esquire
Duane, Morris & Heckscher LLP
One Liberty Place
Philadelphia, PA 19103-7396

CALCULATION OF REGISTRATION FEE

Title of securities to be registered	Amount to be registered (1)	Proposed maximum offering price per share(2)	Proposed maximum aggregate offering price(2)	Amount of registration fee
Common Stock, par value \$1.00	107,200 shares	\$17.00	\$1,822,400	\$538

(1) This registration statement also registers such additional shares as may be required to be issued under the Donegal Group Inc. Amended and Restated 1996 Equity Incentive Plan for Directors (the "Plan") in the event of a stock dividend, reverse stock split, split-up, reclassification and/or other similar event.

(2) Pursuant to paragraph (h) of Rule 457, the proposed maximum offering price per share and the proposed maximum aggregate offering price have been computed on the basis of the average of the high and low sales prices of the Common Stock of the Company on the Nasdaq National Market on August 6, 1998.

Introductory Statement Pursuant to General Instruction E to Form S-8

The shares being registered hereunder constitute an additional 107,200 shares of Common Stock of Donegal Group Inc. (the "Company") reserved for issuance under the Company's Amended and Restated 1996 Equity Incentive Plan for Directors (the "Plan"). The 90,000 shares of the Company's Common Stock previously reserved for issuance under the Plan were registered under the Securities Act of 1933 on Registration Statement No. 333-26693 on Form S-8. The number of shares reserved for issuance under the Plan and registered under Registration Statement No. 333-26693 were increased to 119,600 shares pursuant to Rule 416(a) under the Securities Act of 1933 by reason of a four-for-three stock split, effected in the form of a 33 1/3% stock dividend, paid on the Company's Common Stock in July 1997 and were increased to 159,466 shares pursuant to Rule 416(a) under the Securities Act of 1933 by reason of a four-for-three stock split, effected in the form of a 33 1/3% stock dividend, paid on the Company's Common Stock in June 1998. Pursuant to General Instruction E to Form S-8, with respect to the registration of additional securities hereunder for issuance under the Plan, the contents of the Company's Registration Statement No. 333-26693 are incorporated herein by reference.

PART II

INFORMATION REQUIRED IN REGISTRATION STATEMENT

Item 5. Interests of Named Experts and Counsel.

The consolidated financial statements and schedules of Donegal Group Inc. as of December 31, 1997 and 1996, and for each of the years in the three-year period ended December 31, 1997, have been incorporated by reference herein in reliance upon the report of KPMG Peat Marwick LLP, independent certified public accountants, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

The validity of the issuance of the shares of Common Stock registered hereby will be passed upon for the Company by Duane, Morris & Heckscher LLP, Philadelphia, Pennsylvania. As of June 30, 1998, partners of Duane, Morris & Heckscher LLP and its affiliates beneficially owned 14,442 shares of the Company's outstanding Common Stock. As of June 30, 1998, Donegal Mutual Insurance Company, a Pennsylvania mutual insurance company, was the holder of 4,724,499 shares of the Company's outstanding Common Stock, or approximately 58.2% of the Company's outstanding Common Stock. Frederick W. Dreher, a partner of Duane, Morris & Heckscher LLP, is a director of Donegal Mutual Insurance Company.

Item 8. Exhibits.

- (4) Donegal Group Inc. Amended and Restated 1996 Equity Incentive Plan for Directors (incorporated herein by reference to Exhibit (10)(G) in the Company's Form 10-K Report for the year ended December 31, 1997).
- (5) Opinion of Duane, Morris & Heckscher LLP.
- (23)(A) Consent of Duane, Morris & Heckscher LLP (included in its opinion filed as Exhibit 5).
- (23)(B) Consent of KPMG Peat Marwick LLP.
- (24) Power of Attorney (included on the signature pages hereto).

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Marietta, Pennsylvania on August 10, 1998.

DONEGAL GROUP INC.

By: /s/ Donald H. Nikolaus

Donald H. Nikolaus, President

Know all men by these presents, that each person whose signature appears below constitutes and appoints Donald H. Nikolaus and Ralph G. Spontak, and each or either of them, as such person's true and lawful attorneys-in-fact and agents, with full power of substitution, for such person, and in such person's name, place and stead, in any and all capacities to sign any or all amendments or post-effective amendments to this Registration Statement, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as such person might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them or their substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed below by the following persons in the capacities and on the date indicated.

Signature -----	Title -----	Date -----
/s/ C. Edwin Ireland ----- C. Edwin Ireland	Chairman of the Board and a Director	August 10, 1998
/s/ Donald H. Nikolaus ----- Donald H. Nikolaus	President and a Director (principal executive officer)	August 10, 1998
/s/ Ralph G. Spontak ----- Ralph G. Spontak	Senior Vice President, Chief Financial Officer and Secretary (principal financial and accounting officer)	August 10, 1998

Signature -----	Title -----	Date -----
/s/ Patricia A. Gilmartin ----- Patricia A. Gilmartin	Director	August 10, 1998
/s/ Philip H. Glatfelter, II ----- Philip H. Glatfelter, II	Director	August 10, 1998
----- R. Richard Sherbahn	Director	August , 1998
/s/ Thomas J. Finley, Jr. ----- Thomas J. Finley, Jr.	Director	August 10, 1998
----- Robert S. Bolinger	Director	August , 1998

EXHIBIT INDEX
(Pursuant to Item 601 of Regulation S-K)

Exhibit No. -----	Exhibit -----	Reference -----
(4)	Donegal Group Inc. Amended and Restated 1996 Equity Incentive Plan for Directors.	*
(5)	Opinion of Duane, Morris & Heckscher LLP.	Filed herewith
(23)(A)	Consent of Duane, Morris & Heckscher LLP (included in its opinion filed as Exhibit 5).	
(23)(B)	Consent of KPMG Peat Marwick LLP.	Filed herewith
(24)	Power of Attorney (see page II-2 of this Registration Statement).	

* Such exhibit is hereby incorporated by reference to Exhibit (10)(G) in the Company's Form 10-K Report for the year ended December 31, 1997.

EXHIBIT (5)

[Duane, Morris & Heckscher LLP Letterhead]

August 10, 1998

The Board of Directors of
Donegal Group Inc.
1195 River Road
Marietta, PA 17547

Ladies and Gentlemen:

We have acted as counsel to Donegal Group Inc. (the "Company") in connection with the preparation and filing with the Securities and Exchange Commission under the Securities Act of 1933, as amended, of a registration statement on Form S-8 (the "Registration Statement") relating to the offer and sale by the Company of up to 107,200 shares (the "Shares") of Common Stock, \$1.00 par value, of the Company, pursuant to the Company's Amended and Restated 1996 Equity Incentive Plan for Directors (the "Plan").

As counsel to the Company, we have supervised all corporate proceedings in connection with the preparation and filing of the Registration Statement. We have also examined the Company's Certificate of Incorporation and By-laws, as amended to date, the corporate minutes and other proceedings and the records relating to the authorization, sale and issuance of the Shares, and such other documents and matters of law as we have deemed necessary or appropriate in order to render this opinion.

Based upon the foregoing, it is our opinion that each of the Shares, when issued in accordance with the terms and conditions of the Plan and of any option granted thereunder, will be duly authorized, legally and validly issued and outstanding, fully paid and nonassessable.

We hereby consent to the use of this opinion in the Registration Statement, and we further consent to the reference to our name under the caption "Interests of Named Experts and Counsel" in the Registration Statement.

Sincerely,

DUANE, MORRIS & HECKSCHER LLP

EXHIBIT (23)(B)

The Board of Directors
Donegal Group Inc.

We consent to the use of our reports incorporated herein by reference and the reference to our firm under the heading "Interests of Named Experts and Counsel" in the registration statement.

August 7, 1998