

FORM A
STATEMENT REGARDING
THE ACQUISITION OF
CONTROL OF OR MERGER WITH
A DOMESTIC INSURER

Michigan Insurance Company
Name of Domestic Insurer

BY

Donegal Group Inc.
Name of Acquiring Person (Applicant)

Filed with the Insurance Department of the State of Michigan
(State of domicile of insurer being acquired)

Dated: July 28, 2010

Name, Title, Address and Telephone Number of Individual to Whom Notices and
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TO THE COMMISSIONER OF INSURANCE OF THE STATE OF MICHIGAN:

This Statement Regarding the Acquisition of Control of or Merger with a Domestic Insurer (this "Statement") seeks approval of the Commissioner of Insurance of the State of Michigan (the "Commissioner") pursuant to the requirements of Section 1311 of the Michigan Insurance Code of 1956, as amended (the "Code") for the following two transactions:

- the acquisition of control of Michigan Insurance Company ("MICO") by means of the merger (the "Merger") of DGI Acquisition Corp., a wholly owned subsidiary ("Merger Sub") of Donegal Group Inc. ("DGI"), with and into MICO in accordance with the terms and conditions of an Agreement and Plan of Merger dated as of July 15, 2010 (the "Merger Agreement") among MICO, Merger Sub, DGI and West Bend Mutual Insurance Company ("WBM"). DGI includes a copy of the Merger Agreement as Exhibit 1 to this Statement. Upon the consummation of the merger, DGI will become the owner of all of the outstanding capital stock of MICO; and
- the purchase by Donegal Mutual Insurance Company ("DMIC"), which owns 66.2% of the voting power in DGI, of a \$5.0 million surplus note (the "Note") issued by MICO that is currently owned by WBM pursuant to the terms and conditions of a Surplus Note Purchase Agreement dated July 15, 2010 (the "Note Purchase Agreement") between DMIC and WBM. DGI includes a copy of the Note Purchase Agreement as Exhibit 2 to this Statement. WBM owns 83.6% of the outstanding capital stock of MICO.

ITEM 1. INSURER AND METHOD OF ACQUISITION

State the name and address of the domestic insurer to which this application relates and a brief description of how control is to be acquired.

This Statement relates to the proposed acquisition by DGI of control of MICO. The address of the principal executive offices of MICO is 1700 East Beltline, N.E., Suite 100, Grand Rapids, Michigan 49525. MICO's telephone number is (616) 447-3600.

DGI will acquire control of MICO because, upon the completion of the merger of Merger Sub, which is wholly owned by DGI, with and into MICO, the outstanding shares of capital stock of MICO will, pursuant to the Merger Agreement and by operation of law, be converted into and become the right to receive cash, and the shares of Merger Sub will, pursuant to the Merger Agreement and by operation of law, be converted into and become all of the outstanding capital stock of MICO. MICO will thereby become a wholly owned subsidiary of DGI.

Subject to the prior approval of the Commissioner and satisfaction or waiver of the other closing conditions set forth in the Merger Agreement, DMIC and DGI will enter into the following transactions with MICO and WBM:

- Simultaneously with the closing of the Merger, DMIC will purchase from WBM, for the principal amount thereof plus accrued but unpaid interest to the date of purchase, the Note issued by MICO in the principal amount of \$5,000,000. DGI includes a copy of the Note as Exhibit 3 to this Statement.
- Upon the closing of the Merger (the "Closing"), MICO's board of directors will consist of eight designees of DGI (Donald H. Nikolaus, Dennis J. Bixenman, Frederick W. Dreher, Philip H. Glatfelter, II, Kevin M. Kraft, Sr., Jon S. Mahan, R. Richard Sherbahn and Richard D. Wampler, II and Ermil L. Adamson who has recently become the President of MICO). All of the DGI designees are currently directors of DMIC or DGI. DGI includes as Exhibit 4 to this Statement copies of the NAIC Biographical Affidavit of each DGI designee as currently filed with the Insurance Department of the Commonwealth of Pennsylvania.
- Upon the Closing, DMIC, DGI and the DGI Insurance Subsidiaries will include MICO as a party to an Amended and Restated Services Allocation Agreement dated as of October 15, 2009 (the "Services Agreement") among DMIC, DGI and DGI's six insurance company subsidiaries (the "DGI Insurance Subsidiaries"). Pursuant to the Services Agreement, DMIC will provide MICO with services or provide employees to MICO to perform the services listed below. Exhibit A to the Services Agreement provides specific but not exclusive guidelines that demonstrate how DMIC calculates, allocates and settles balances due for services. DGI includes as Exhibit 5 to this Statement a copy of the Services Agreement.
- DMIC, DGI and the DGI Insurance Subsidiaries may amend the Services Agreement from time to time by mutual agreement. DMIC will provide MICO with the following services pursuant to the Services Agreement: underwriting, claims, reinsurance, investments, information technology, personnel and professional services, financial reporting, tax administration, accounting services, policyholder services, internal audit and compliance services, actuarial services and marketing, sales and advertising services, which are the same as the services DMIC provides to the DGI Insurance Subsidiaries.

- Each party to the Services Agreement agrees to indemnify the other parties to the Services Agreement in connection with the services performed under the Services Agreement under certain circumstances.
- The Services Agreement has a term that initially expires on December 31, 2015. The term automatically extends on each December 31 for one year so that at all times the Services Agreement has a then current term of five years, except that the Services Agreement may be terminated at any time prior to its then contractual termination date in any of the following events, subject to receipt of any necessary insurance regulatory filings or approvals:
 - By DMIC, upon 180 days prior written notice to DGI, if a Change of Control of DGI, as defined in the Services Agreement, occurs;
 - By DGI or the DGI Insurance Subsidiaries, upon 30 days prior written notice to DMIC, if DMIC becomes insolvent or becomes subject to any voluntary or involuntary conservatorship, receivership, reorganization, liquidation or bankruptcy case or proceeding; or
 - By DMIC, DGI and the DGI Insurance Subsidiaries at any time by mutual written agreement.
- The Services Agreement defines "Change of Control" as (i) the acquisition of shares of DGI by any "person" or "group," as such terms are used in Rule 13d-3 under the Securities Exchange Act of 1934 (the "Exchange Act") as now or hereafter amended, in a transaction or series of transactions that result in such person or group directly or indirectly becoming the beneficial owner of 25% or more of the voting power of DGI's common stock after November 1, 2009, (ii) the consummation of a merger or other business combination after which the holders of 100% of the voting common stock of DGI before the consummation of the merger or other business combination do not collectively own 60% or more of such voting common stock of the entity surviving such merger or other business combination, (iii) the sale, lease, exchange or other transfer in a transaction or series of transactions of all or substantially all of the assets of DGI, but excluding therefrom the sale and reinvestment of the investment portfolio of

DGI and the DGI Insurance Subsidiaries or (iv) as the result of or in connection with any cash tender offer or exchange offer, merger or other business combination, sale of assets or contested election of directors or any combination of the foregoing transactions specified in clauses (i), (ii), (iii) and (iv), each, a "Transaction," the persons who constituted a majority of the members of the board of directors of DGI on November 1, 2009 and persons whose election as members of the board of directors of DGI was approved by such members then still in office or whose election was previously so approved after November 1, 2009 but before the occurrence of the event that constitutes a Change of Control, no longer constitute such a majority of the members of the board of directors of DGI then in office. A Transaction will be deemed to constitute a Change in Control only upon the consummation of the Transaction.

- MICO has entered into employment agreements (the "Employment Agreements") with Patrick H. Roeser as Vice President and Chief Financial Officer, Ermil L. Adamson as Vice President (subsequently appointed as President), David B. Johnson as Vice President, Kerri R. McNees as Vice President and Michelle A. Zimmerman as Vice President that will become effective upon the Closing. The purpose of the Employment Agreements is to assure MICO and DGI of the continued services of such officers. DGI includes a sample of the form of Employment Agreement MICO has entered into with each of Patrick H. Roeser, Ermil L. Adamson, David B. Johnson, Kerri R. McNees and Michelle A. Zimmerman as Exhibit 6 to this Statement.
- Upon the Closing, MICO will enter into a quota share reinsurance agreement (the "Quota Share Agreement") with DMIC pursuant to which MICO will cede 25% of its future business to DMIC, and DMIC will pay to MICO a ceding commission in an amount equal to 33% of such premiums for the first year of the term of the Quota Share Agreement. The purpose of the Quota Share Agreement is to provide MICO with financial support. DGI includes the proposed form of the Quota Share Agreement as Exhibit 7 to this Statement.
- Immediately prior to the Closing, DGI and WBM have agreed to enter into an Escrow Agreement with M&T Bank as the escrow agent. The purpose of the Escrow Agreement is to provide for the deposit of an amount, equal to the Purchase Price Escrow Amount, which is equal to 10% of the Preliminary Merger Consideration, to secure any portion of

the Preliminary Purchase Price that becomes returnable to DGI if the Final Merger Consideration, as determined pursuant to the Merger Agreement, is less than the Preliminary Merger Consideration and to provide a source for the payment to DGI of any claims of the parties for indemnification under Section 10 of the Merger Agreement. The Escrow Agreement will be in the form of Appendix D to the Merger Agreement.

- Upon the Closing, WBM and MICO will enter into a Trust Agreement with M&T Bank as the Trustee. WBM has agreed as of the Closing Date to deposit in trust pursuant to the Trust Agreement that amount as is sufficient to secure the payment of MICO's unearned premiums and unpaid loss and loss adjustment expenses that WBM has agreed to assume as of the Closing Date pursuant to the WBM Reinsurance Agreements. The Trust Agreement will be in the form of Appendix E to the Merger Agreement.

ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANT

- (a) *State the name and address of the applicant seeking to acquire control over the insurer.*

The name of the applicant is Donegal Group Inc. The address of DGI's principal executive offices is 1195 River Road, Marietta, Pennsylvania 17547.

- (b) *If the applicant is not an individual, state the nature of its business operations for the past five years or for such lesser period as such person and any predecessors thereof shall have been in existence. Briefly describe the business intended to be done by the applicant and the applicant's subsidiaries.*

The principal business activity of DMIC, which began business in 1889, and DGI, which commenced business in 1986, and the DGI Insurance Subsidiaries, is property and casualty insurance. DMIC and the DGI Insurance Subsidiaries underwrite a broad line of personal and commercial coverages, consisting primarily of private passenger and commercial automobile, homeowners, commercial multi-peril, workers' compensation and other lines of business in 20 Mid-Atlantic, Midwestern, New England and Southeastern states as the Donegal Insurance Group. Neither DMIC nor any of the DGI Insurance Subsidiaries has ever been admitted in Michigan.

At June 30, 2010, the Donegal Insurance Group had assets of \$1.1 billion and surplus of \$508.2 million. For the year ended December 31, 2009, the Donegal Insurance Group had total net written premium of \$426.7 million. For the six months ended June 30, 2010, the Donegal Insurance Group had total net written premium of \$226.7 million. The Donegal Insurance Group has an A.M. Best rating of A, and has received the Ward's Top 50 award for the last six years.

In the mid-1980s, DMIC, like a number of other mutual property and casualty insurance companies, recognized the need to develop additional sources of capital and surplus in order to remain competitive, have the capacity to expand its business and assure its long-term viability. DMIC, again like a number of other mutual property and casualty insurance companies, determined to implement a downstream holding company structure as a strategic response. Thus, in 1986, DMIC formed DGI as a downstream holding company, initially wholly owned by DMIC, and caused DGI to form a wholly owned insurance subsidiary named Atlantic States Insurance Company ("ASIC").

As part of the implementation of the downstream holding company structure, DMIC and ASIC entered into a form of reinsurance agreement known as a pooling agreement in 1986. Under this pooling agreement, DMIC and ASIC each cede substantially all of their respective premiums, losses and expenses to an underwriting pool. Then ASIC and DMIC each receive an allocation of those premiums, losses and expenses from the pool. Under the pool, DMIC and ASIC do not allocate all of the standard risk gradients to one company. Therefore, the underwriting profitability of the business written directly by DMIC and ASIC will vary. However, the underwriting pool homogenizes the risk characteristics of all business DMIC and ASIC write directly and each of DMIC and ASIC share the underwriting results in proportion to their respective participation in the underwriting pool.

The consideration for DMIC's entry into the pooling agreement was DMIC's ownership of all of DGI's outstanding common stock initially and the expectation that DMIC's surplus would increase over time as the value of its ownership interest in DGI increased. From December 31, 1986 to June 30, 2010, DMIC's surplus has increased from \$21.5 million to \$171.2 million.

Since 1986, DGI has completed three public offerings. A major purpose of these offerings was to raise additional capital for ASIC and the other DGI Insurance Subsidiaries and to fund acquisitions. As the capital of ASIC grew, its underwriting capacity increased significantly. Thus, as originally planned in the 1980s, ASIC has had access to the capital necessary to support a significant increase in the amount and percentage of the business ASIC assumes from the pool. Over the years, the participation of ASIC has increased from a 35% allocation in 1986 to an 80% allocation since March 1, 2008.

DGI currently has six insurance company subsidiaries. DMIC controls another insurance company under an agreement pursuant to which DMIC has nominated, and that company's policyholders elected seven DMIC-designated persons to that company's 12-member board of directors. The DGI Insurance Subsidiaries and DMIC have interrelated operations. While each company maintains its separate corporate existence, the DGI Insurance Subsidiaries and DMIC conduct business together as the Donegal Insurance Group. As such, DMIC and the DGI Insurance Subsidiaries have the same business philosophy, the same management, the same employees and the same facilities and offer the same types of insurance products.

The risk profiles of the business DMIC and the DGI Insurance Subsidiaries write have historically been, and will continue to be, substantially similar. The same executive management and underwriting personnel administer products, classes of business underwritten, pricing practices and underwriting standards of DMIC and the DGI Insurance Subsidiaries. In addition, as the Donegal Insurance Group, DMIC and the DGI Insurance Subsidiaries have a business plan to achieve market penetration and underwriting profitability objectives. The products DMIC and the DGI Insurance Subsidiaries offer are generally complementary, thereby allowing the Donegal Insurance Group to offer a broader range of products to a given market and to expand the Donegal Insurance Group's ability to service an entire personal lines or commercial lines account. Distinctions within the products of DMIC and the DGI Insurance Subsidiaries generally relate to specific risk profiles targeted within similar classes of business, such as preferred tier compared to standard tier products.

DGI and the DGI Insurance Subsidiaries believe their relationships with DMIC provide DGI and the DGI Insurance Subsidiaries with a number of competitive advantages, including the following:

- the facilitation of stable management, consistent underwriting discipline, external growth and long-term profitability;
- the creation of operational and expense synergies from the combination of resources and operations of DMIC and the DGI Insurance Subsidiaries;
- the enhancement of opportunities to expand by acquisition because of the ability of DMIC to affiliate with and, over time, acquire control of other mutual insurance companies and thereafter demutualize them and sell them to DGI or engage in a 100% quota share reinsurance transaction with the other mutual insurance company;
- the production of more stable and uniform underwriting results over extended periods of time than any of the companies could achieve without the relationship between DMIC and the DGI Insurance Subsidiaries; and
- the provision to ASIC of a significantly larger underwriting capacity because of the underwriting pool.

For further information regarding the business conducted by DMIC and DGI, reference is made to DGI's 2008 and 2009 Annual Reports to Stockholders which DGI includes as Exhibits 8 and 9 to this Statement, DGI's proxy statements for its April 16, 2009 and April 15, 2010 annual meetings of stockholders which DGI includes as Exhibits 10 and 11 to this Statement, DGI's Form 10-K Annual Reports for the years ended December 31, 2008

and December 31, 2009 as filed with the Securities and Exchange Commission (the "SEC") which DGI includes as Exhibits 12 and 13 to this Statement, DMIC's Insurance Holding Company System Annual Registration Statement for the years ended December 31, 2008 and December 31, 2009 as filed with the Insurance Department of the Commonwealth of Pennsylvania which DGI includes as Exhibits 14 and 15 to this Statement, and Amendment No. 17 to DMIC's Schedule 13D as filed with the SEC which DGI has included as Exhibit 16 to this Statement.

The strategy of DMIC and DGI is to seek growth both internally and through affiliations and acquisitions. Since 1984, DMIC and DGI have completed the following affiliations with and acquisitions of property and casualty insurance companies:

| <u>Company Acquired</u> | <u>State of Domicile</u> | <u>Year Control Acquired</u> |
|--|--------------------------|------------------------------|
| Southern Mutual Insurance Company ("Southern Mutual") | Virginia | 1984 |
| Pioneer Mutual Insurance Company ("Pioneer Ohio") | Ohio | 1992 |
| Delaware Mutual Insurance Company ("Delaware Atlantic") | Delaware | 1993 |
| Pioneer Mutual Insurance Company ("Pioneer New York") | New York | 1995 |
| Southern Heritage Insurance Company ("Southern Heritage") | Georgia | 1998 |
| Le Mars Mutual Insurance Company of Iowa ("Le Mars") | Iowa | 2002 |
| Peninsula Insurance Group ("Peninsula") | Maryland | 2004 |
| Sheboygan Falls Mutual Insurance Company ("Sheboygan") | Wisconsin | 2007 |
| Southern Mutual Insurance Company* ("Southern Mutual") | Georgia | 2009 |

* DMIC maintains control of Southern Mutual because seven of DMIC's designees serve as members of Southern Mutual's 12-person board of directors.

In the case of Delaware Atlantic, Pioneer Ohio, Pioneer New York and Le Mars, each of the acquired companies was, at the time DMIC first acquired control, a mutual property and casualty insurance company operating at a competitive disadvantage, at a substantial loss and under regulatory scrutiny and with notice from A.M. Best that it was contemplating a rating reduction for the company. Each acquisition had, as its first step, a transaction in which DMIC made a surplus note investment, entered into a services agreement and DMIC's designees became a majority of the insurer's board of directors. The next step, in each case, was the demutualization of the insurer, the acquisition by DMIC of all of the capital stock of the demutualized company and an additional surplus investment by DMIC. The final step, in each case, as the insurer achieved consistent profitability, was the sale of the insurer by DMIC to DGI, which as a publicly-traded Nasdaq Global Select Market issuer, has access to public sources of capital to foster growth and maintain surplus adequacy. In each of these transactions, DMIC worked proactively with the domiciliary insurance regulatory authorities.

The acquisition of Sheboygan arose from different circumstances. In December 2006, the board of directors of Sheboygan recognized that smaller mutual property and casualty insurance companies can often best serve their long-term interests and the long-term interests of their policyholders by affiliating with a larger insurance company in order to mitigate the risks that can adversely impact smaller mutual property and casualty insurance companies. These risks include a declining premium base, an inability to raise capital, difficulty in affording the information technology needed to compete against larger companies, elevated expense ratios, a less diversified investment portfolio and the impact of adverse weather conditions on companies that have geographically concentrated market areas. At the time DMIC and Sheboygan executed a surplus note purchase agreement, the parties contemplated that DMIC would eventually sponsor the demutualization of Sheboygan, and the parties completed that demutualization on December 1, 2008.

In August 2008, DMIC acquired all of the outstanding capital stock of Conestoga Title Insurance Company, a Pennsylvania-domiciled title insurance company with its headquarters in Lancaster, Pennsylvania.

In September 2009, DMIC entered into a Surplus Note Purchase Agreement upon the closing of which DMIC would acquire control of Southern Mutual, a Georgia-domiciled property and casualty insurer since 1856. Upon approval by the Insurance Commissioner of the State of Georgia, effective as of November 1, 2009, DMIC purchased a \$2.5 million surplus note issued by Southern Mutual, entered into a 100% quota share reinsurance agreement pursuant to which DMIC assumed all of Southern Mutual's premiums on and after November 1, 2009 and seven persons designated by DMIC have been elected as members of Southern Mutual's 12-person board of directors.

Upon completion of the merger of Merger Sub with and into MICO, MICO will operate as a wholly owned subsidiary of DGI.

The DMIC and DGI acquisitions of property and casualty insurance companies have in all cases resulted in significant increases in the acquired insurer's direct written premiums and substantially enhanced surplus. For example, the surplus of Le Mars at December 31, 2001, the year prior to DMIC's acquisition of control, was \$7 million. Le Mars' surplus at June 30, 2010 was \$26.3 million. DMIC and DGI also believe their acquisition history demonstrates their ability to increase the profitability of smaller insurance companies while preserving the local presence, local marketing, local underwriting, local claims adjusting and local employment of the insurer of which DMIC has acquired control.

Assuming the Commissioner approves DGI's acquisition of control of MICO, DGI's expectation is that MICO will become more profitable and represent the Donegal Insurance Group in Michigan.

As of July 1, 2010, DMIC owned 41.9% of the outstanding Class A Common Stock (one-tenth of one vote per share) of DGI and approximately 75.0% of the outstanding Class B Common Stock of DGI (one vote per share), thereby providing DMIC with 66.2% of the voting power in DGI. Management of DMIC and DGI and the boards of directors of DMIC and DGI collectively own beneficially an additional 5.2% of the voting power in DGI. As of that date, approximately 1,150 record holders held the remainder of DGI's outstanding Class A common stock and approximately 450 record holders held the remainder of DGI's outstanding Class B common stock. The Class A common stock and the Class B common stock of DGI trade on the Nasdaq Global Select market under the symbols "DGICA" and "DGICB," respectively. Except as disclosed in the organization chart in this Item 2 and other subsidiaries that are not material in the aggregate, DMIC does not control, is not controlled by and is not under common control with any other person.

DGI owns approximately 48%, and DMIC owns approximately 52%, of Donegal Financial Services Corporation ("DFSC"), the holding company for Province Bank FSB, a federal savings bank headquartered in Marietta, Pennsylvania, the deposits of which are insured by the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation. At June 30, 2010, Province Bank had assets of approximately \$103.4 million and stockholders equity of approximately \$18.0 million. On April 19, 2010, DFSC agreed to acquire by merger Union National Financial Corporation and its wholly owned subsidiary, Union National Community Bank, a national bank with approximately \$500 million in assets and shareholders equity of approximately \$31.7 million at March 31, 2010. DGI expects this merger to close in the third quarter of 2010.

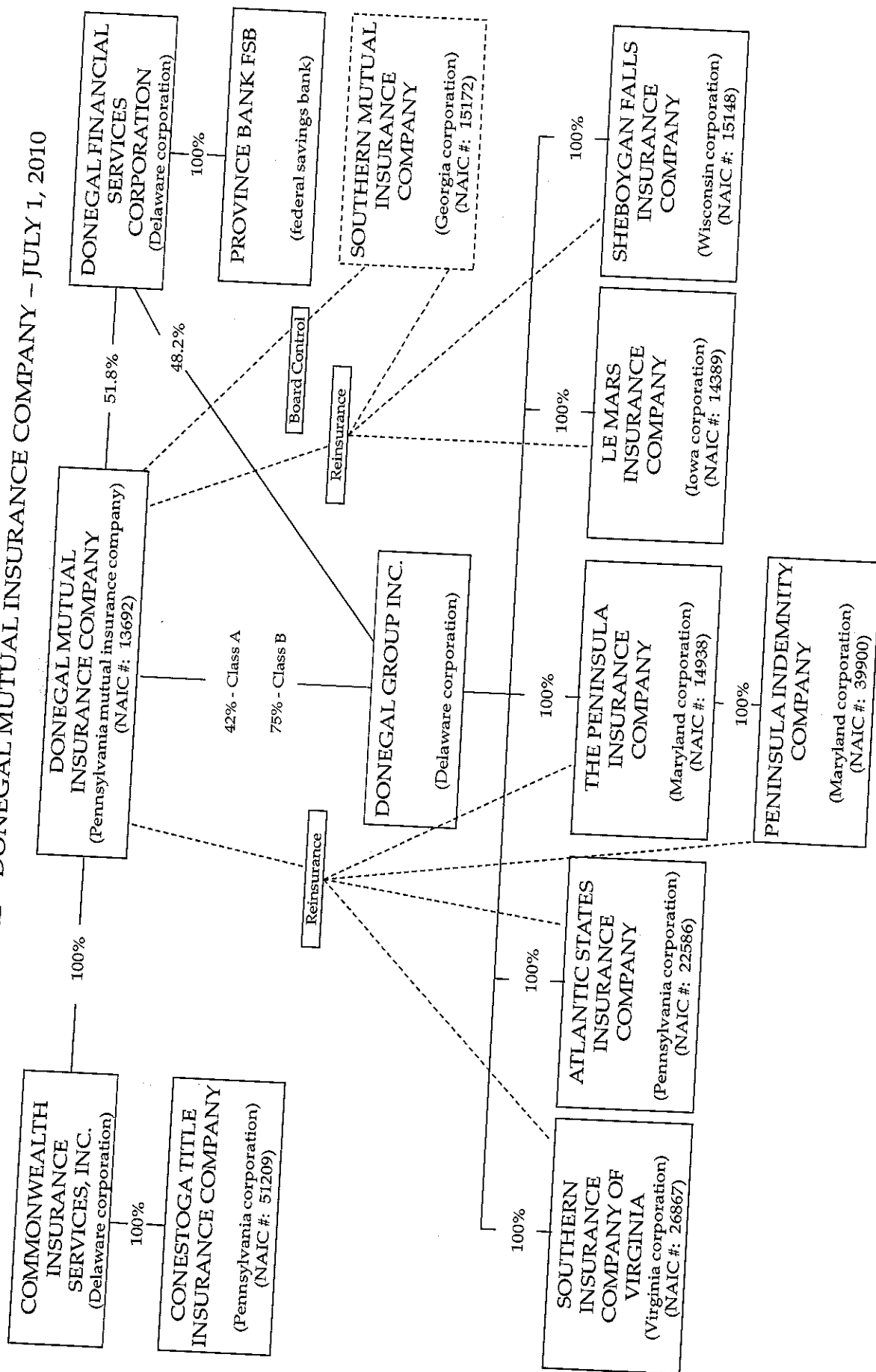
(c) *Furnish a chart or listing clearly presenting the identities of the interrelationships among the applicant and all affiliates of the applicant, including the ultimate controlling person(s). No affiliate need be identified if its total assets are equal to less than 1/2 of 1% of the total assets of the ultimate controlling person affiliated with the applicant. Indicate in such chart or listing the percentage of voting securities of each such person which is owned or controlled by the applicant or by any other such person. If control of any person is maintained other than by the ownership or control of*

voting securities, indicate the basis of such control. As to each person specified in such chart or listing indicate the type of organization (e.g., corporation, trust, partnership) primary business (e.g., holding company, insurance agency, manufacturer and the state or other jurisdiction of domicile. If court proceedings involving a reorganization or liquidation are pending with respect to any such person, indicate which person, and set forth the title of the court, nature of proceedings and the date when commenced.

A chart presenting the identities of and interrelationships among DMIC, DGI, the DGI Insurance Subsidiaries and Southern Mutual appears on the next page of this Statement. The NAIC number of DMIC, each DGI Insurance Subsidiary and of Southern Mutual is also included.

No court proceedings involving a reorganization or liquidation are pending with respect to DMIC, DGI, ASIC, Southern, Le Mars, Peninsula, Sheboygan or Southern Mutual.

CORPORATE STRUCTURE - DONEGAL MUTUAL INSURANCE COMPANY - JULY 1, 2010



ITEM 3.

IDENTITY AND BACKGROUND OF INDIVIDUALS ASSOCIATED WITH THE APPLICANT

State the following with respect to (1) the applicant if she or he is an individual, (2) if the applicant is not an individual, all persons who are, or who have been selected to be, directors, executive officers (or others who perform or will perform functions appropriate to those positions) or owners of 10% or more of the voting securities of the applicant if the applicant or (3) in all instances where individuals will be the direct or indirect source of funding for the acquisition.

(a) *Name and business address;*

(b) *Present principal business activity, occupation or employment including position and office held and the name, principal business and address of any corporation or other organization in which such employment is carried on;*

(c) *All occupations, positions, offices or employment during the last 5 years, giving the starting and ending dates of each and the name, principal business and address of any business corporation or other organization in which each such occupation, position, office or employment was carried on; if any such occupation, position, office or employment required licensing by or registration with any federal, state or municipal government agency, indicate such fact, the current status of such licensing or registration and an explanation of any surrender, revocation, suspension or disciplinary proceedings in connection therewith;*

(d) *Whether or not such person has ever been convicted in a criminal proceeding (excluding minor traffic violations) during the last ten years and, if so, give the date, nature of conviction, name and location of court and penalty imposed or other disposition of the case. Whether or not such person has had any civil judgments against the person resulting in \$25,000 or more in civil fines or penalties or injunctive or other equitable relief.*

(e) *Upon the request of the Commissioner, individuals shall provide fingerprint cards pursuant to Section 249c for state, multi-state and federal criminal history record checks.*

Not requested.

The names of the directors and executive officers of DMIC and DGI, and the business address of each is set forth below.

Unless otherwise indicated below, the business address of all such persons is Donegal Mutual Insurance Company, 1195 River Road, Marietta, Pennsylvania 17547. None of such persons has been convicted in a criminal proceeding (excluding minor traffic violations) during the past ten years, nor has any such person had any civil judgment outstanding against him or her resulting in \$25,000 or more in civil fines or penalties or injunctive or other equitable relief.

Directors of DMIC:

| <u>Name and Address</u> | <u>Position with DMIC</u> | <u>Principal Occupation for Past Ten Years</u> |
|---|-------------------------------|---|
| Scott A. Berlucchi 17 Lansing Street Auburn, NY 13021 | Director | President and Chief Executive Officer of Auburn Memorial Hospital, Auburn, New York from 2007 to present; President and Chief Executive Officer of Elk Regional Health System from August 2004 to 2007; Chief Executive Officer, Lancaster Urological Group, Inc., from 2003 to 2004; President and Chief Executive Officer of Susquehanna Division of Lancaster General Hospital from 1995 to 2003; Director of DMIC since 2006. |
| Dennis J. Bixenman P.O. Box 9400 Sioux City, IA 51102 | Director | Senior Consultant, Williams & Company, a consulting firm, for more than the past 10 years; Director of DMIC since 2006. |
| Michael K. Callahan 30 Wynwood Drive Mountville, PA 17554 | Director | Chief Executive Officer of Benchmark Construction Company, Inc. for more than the past five years. Director of DMIC since 2009. |
| Frederick W. Dreher 30 South 17 th Street Philadelphia, PA 19103 | Director | Partner, Duane Morris LLP, attorneys, since 1970; Director of DMIC since 1996. |

| <u>Name and Address</u> | <u>Position with DMIC</u> | <u>Principal Occupation for Past Ten Years</u> |
|--|--|---|
| Patricia A. Gilmartin 1295 River Road Marietta, PA 17547 | Director | Employee of Donegal Insurance Agency since 1969, which has no affiliation with DMIC or DGI, except that Donegal Insurance Agency receives insurance commissions in the ordinary course of business from DMIC and from the DGI Insurance Subsidiaries in accordance with DMIC's and such subsidiaries' standard commission schedules and agency contracts; Director of DGI since 1986 and of DMIC since 1979. Mrs. Gilmartin is licensed as an insurance agent, and in good standing, with the Insurance Department of the Commonwealth of Pennsylvania. |
| Philip H. Glatfelter, II | Chairman of the Board and a Director | Retired since 1989; Vice President of Meridian Bank, a position held for more than five years, until 1989; Director of DMIC since 1981, Vice Chairman of DMIC from 1991 to 2001 and Chairman of DMIC since 2001; Chairman of the Board of DGI since 2001 and a Director of DGI since 1986. |
| Cyril J. Greenya | Senior Vice President, Chief Underwriting Officer and a Director | Senior Vice President and Chief Underwriting Officer of DMIC and DGI since 2005; Senior Vice President, Underwriting of DMIC from 1997 to 2005; Vice President, Commercial Underwriting of DMIC from 1992 to 1997; Manager, Commercial Underwriting of DMIC from 1983 to 1992; Director of DMIC since 2006. |

| <u>Name and Address</u> | <u>Position with DMIC</u> | <u>Principal Occupation for Past Ten Years</u> |
|--|---|--|
| Jack L. Hess 3992 Hempland Road Lancaster, PA 17601 | Director | Certified public accountant who has been practicing in Lancaster, Pennsylvania for more than 20 years. Director of DMIC since 2009. |
| John E. Hiestand 11 West High Street Maytown, PA 17550 | Director | Self-employed provider of insurance administrative services since 1996; Director of DMIC since 1983. |
| Kevin M. Kraft, Sr. 519 Walnut Street Columbia, PA 17512 | Director | President, Clyde W. Kraft Funeral Home, Inc.; Director of DMIC since 2003. |
| Donald H. Nikolaus | President, Chief Executive Officer and a Director | Director of DMIC since 1972 and of DGI since 1986; President and Chief Executive Officer of DMIC since 1981 and of DGI since 1986; also a partner in the law firm of Nikolaus & Hohenadel since 1972. |
| R. Richard Sherbahn 2173 Embassy Drive Lancaster, PA 17603 | Director | Owner and operator of Sherbahn Associates, Inc., a life insurance and financial planning firm, since 1974; Director of DMIC since 1967 and of DGI since 1986. Mr. Sherbahn is licensed as an insurance agent, and in good standing, with the Insurance Department of the Commonwealth of Pennsylvania. |

Executive Officers of DMIC (to the extent not listed above as Directors):

| <u>Name and Address</u> | <u>Position with DMIC</u> | <u>Principal Occupation for Past Ten Years</u> |
|-------------------------|---|--|
| Jeffrey D. Miller | Senior Vice President and Chief Financial Officer | Senior Vice President and Chief Financial Officer of DMIC and of DGI since 2005; Vice President and Controller of DMIC and of DGI from 2000 to 2005; Controller of DMIC and of DGI from 1995 to 2000. |
| Robert G. Shenk | Senior Vice President, Claims | Senior Vice President, Claims of DMIC since 1997; Vice President, Claims of DMIC from 1992 to 1997; Manager, Casualty Claims of DMIC from 1985 to 1992. |
| Daniel J. Wagner | Senior Vice President and Treasurer | Senior Vice President and Treasurer of DMIC and of DGI since 2005; Vice President and Treasurer of DMIC and of DGI from 2000 to 2005; Treasurer of DMIC and of DGI from 1993 to 2005; Controller of DMIC and of DGI from 1988 to 1995. |

The board of directors of DGI consists of Robert S. Bolinger, Philip A. Garcia, Patricia A. Gilmartin, Philip H. Glatfelter, II, John J. Lyons, Jon S. Mahan, S. Trezevant Moore, Jr., Donald H. Nikolaus, Richard S. Sherbahn and Richard D. Wampler, II. All of these individuals have been directors of DGI since the formation of DGI in 1986, except for Mr. Lyons who has been a director of DGI since 2001, Mr. Mahan, who has been a director of DGI since 2006, Mr. Moore, who has been a director of DGI since 2006, and Mr. Wampler, who has been a director of DGI since 2004.

Mr. Bolinger retired in 2001 as Chairman and Chief Executive Officer of Susquehanna Bancshares, a position he had held since 1982.

Mr. Garcia, who has served as a member of DGI's board of directors since December 2009, served as Executive Vice President and Chief Financial Officer of Erie Indemnity Company, or Erie, from 1981 to 2009 when he elected to take early retirement. Erie is the 21st largest property and casualty insurance company in the United States. Mr. Garcia is a certified public accountant. He has served as a member of the board of directors

of Hamot Medical Center in Erie, Pennsylvania since 2000 and served as Chairman of its board of directors from 2005 to 2008.

The biographical data for Ms. Gilmartin appears earlier in this Statement.

The biographical data for Mr. Glatfelter appears earlier in this Statement.

Mr. Lyons was President and Chief Executive Officer of Keefe Managers, LLC, a manager of private investment funds, from February 1999 to June 2007, when Mr. Lyons retired. Since January 2008, Mr. Lyons has managed Keefe Ventures, LLC, a private investment fund.

Mr. Mahan has been a Managing Director in the Investment Banking Division of Stifel Nicolaus Company, Incorporated since 2005 when Stifel Nicolaus acquired Legg Mason Wood Walker, Incorporated. Mr. Mahan joined Legg Mason Wood Walker, Incorporated in 1996 and served as a principal from 2001 to 2004.

Mr. Moore became a senior consultant to the Federal National Mortgage Association in 2010. From May 2008 to March 2009, he was a consultant to a medical malpractice insurance company. Mr. Moore was an executive officer of Luminent Mortgage Capital, Inc., a publicly held real estate investment trust from 2005 to 2007.

The biographical data for Mr. Nikolaus appears earlier in this Statement.

The biographical data for Mr. Sherbahn appears earlier in this Statement.

Mr. Wampler is a certified public accountant and was a principal of Brown Schultz Sheridan & Fritz, a public accounting firm, a position Mr. Wampler held from 1998 until he retired in 2005. For 28 years prior thereto, Mr. Wampler was a partner in the accounting firm of KPMG LLP.

All of the executive officers and directors of DMIC and DGI are citizens of the United States of America. Neither DMIC nor DGI nor any of their respective executive officers or directors has, during the last ten years, been convicted in a criminal proceeding other than minor traffic violations. Neither DMIC nor DGI nor any of their respective executive officers or directors has, during the last five years, been subject to any judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal securities or state securities or insurance laws or finding a violation with respect to any civil proceeding of a judicial or administrative body of competent jurisdiction.

Because DMIC is a mutual insurance company, it has no voting securities and therefore there is no person or entity that owns 10% or more of the voting securities of DMIC. With the exception of DMIC, no person or entity owns 10% or more of the voting securities of DGI.

ITEM 4. NATURE, SOURCE AND AMOUNT OF CONSIDERATION

(a) *Describe the nature, source and amount of funds or other consideration used or to be used in effecting the merger or other acquisition of control. Describe any transaction where funds were or are to be obtained for such purposes, including any pledge of the insurer's stock or pledge of the stock of any of its subsidiaries or affiliates. If any part of the same is represented or is to be represented by funds or other considerations borrowed or otherwise obtained for the purpose of acquiring, holding or trading securities, furnish a description of the transaction, the names of the parties thereto, the relationship, if any, between the borrower and the lender, the amounts borrowed or to be borrowed, and copies of all agreements, promissory notes and security arrangements relating thereto.*

The merger consideration to be paid by DGI is cash in an amount equal to 122% of the Final Book Value of MICO determined as provided in the merger agreement. DGI will contribute the consideration to Merger Sub that it will derive from a combination of its existing internally generated funds and draws under its unsecured line of credit with M&T Bank. No assets of MICO or DGI will be pledged, hypothecated or otherwise made subject to any lien or security interest to collateralize DGI indebtedness to M&T Bank.

(b) *Explain the criteria used in determining the nature and amount of such consideration.*

The terms of the Merger Agreement, the Note, the Services Agreement, the Employment Agreements, the Quota Share Agreement, the Trust Agreement and the Escrow Agreement were determined by arms' length negotiations between DGI, on the one hand, MICO and WBM, on the other hand, each of whom had independent counsel, and such other studies and analysis as DGI, MICO and WBM considered relevant.

(c) *If the source of the consideration is a loan made in the lender's ordinary course of business and if the applicant wishes to identity of the lender to remain confidential, it must specifically request that the identity be kept confidential.*

Not applicable.

ITEM 5. APPLICANT'S FUTURE PLANS FOR THE INSURER

(a) *Describe any plans or proposals which the applicant may have to declare a dividend, whether or not extraordinary, to liquidate such insurer, to sell its assets to or to merge it with any person or persons or to make any other material change in its business operations or corporate structure or management.*

(1) DGI has no current plans or proposals for MICO to declare an extraordinary dividend, to liquidate MICO, to sell its assets, to merge it with any person or persons or to make any other material change in the business, operations, corporate structure or management of MICO, except as set forth below.

Upon the consummation of the Merger:

- Eight current members of the boards of directors of DMIC and DGI will become the members of the board of directors of MICO along with Ermil L. Adamson, the President of MICO.
- DMIC will provide services to MICO pursuant to the terms of the Services Agreement for the purpose of assisting MICO in reducing its expense ratio and to provide advice and assistance to the officers and employees of MICO in connection with the conduct of the operations of MICO and to achieve certain centralized administrative efficiencies in conjunction with DGI's Insurance Subsidiaries.
- MICO has entered into Employment Agreements, effective as of the Closing Date of the Merger, with three-year terms with its five senior executive officers, Patrick H. Roeser, Ermil L. Adamson, David B. Johnson, Kerri R. McNees and Michelle A. Zimmerman, all of whom will continue to hold their current respective positions as senior executive officers of MICO after the Closing Date. The purpose of the Employment Agreements is to assure DGI of the continued availability of these long-term executive officers of MICO and to assure such executive officers of the continuation of their employment by MICO.
- DMIC and MICO will enter into the Quota Share Agreement for the purpose of enabling MICO to have appropriate levels of surplus.

MICO will retain its current reinsurance program, including participation in WBM's reinsurance program, through December 31, 2010. DMIC and DGI will work with MICO to reduce MICO's reinsurance costs, and may, but has no obligation to, provide certain layers of reinsurance to MICO.

(2) DGI believes that its acquisition of control of MICO will be in the best interests of MICO and the constituencies MICO serves. The benefits to the policyholders of MICO will include the preservation of local management over MICO's marketing, underwriting and claims adjustment processes and the enhancement of MICO's policyholder and agent services through the affiliation of MICO with an insurance organization that maintains higher levels of technology, has access to the public capital markets and can benefit from economies of scale. DGI further believes that the public interests of the citizens of Michigan will be served by DGI's acquisition of control of MICO because DGI will maintain the facilities of MICO in Grand Rapids, Michigan for not less than five years, will maintain significant employment in Michigan and will assist in the improvement of the ability of MICO to remain competitive in the property and casualty insurance markets in Michigan.

(b) *Provide a 5-year business plan which describes the types of business to be written by the insurer, marketing plan, projected direct, assumed ceded and net written premiums by line, pro-forma statutory balance sheets and income statements. Also, describe proposed changes to the insurer's reinsurance program (if any), amount, timing and type of capital contributions (if any), proposed changes to the insurers directors and executive officers, and compliance plan with the books and records in Michigan requirement in Section 515(o).*

DGI does not anticipate that it will cause MICO to make material changes in the types of business MICO writes, MICO's current marketing plan or the approximate current amounts of MICO's direct, assumed, ceded and net written premiums. DGI includes as Exhibit 19 to this Statement pro forma statutory balance sheets and income statements on an estimated basis for each of the five years following 2010.

Upon the Closing, MICO will terminate its 75% quota share reinsurance agreement with WBM on a run-off basis. WBM has agreed to enter into the Trust Agreement, pursuant to which WBM will deposit in trust with M&T Bank that amount of cash or eligible securities as is sufficient to secure the payment of MICO's unearned premiums and unpaid loss and loss adjustment expenses that WBM has agreed to assume as of the Closing Date pursuant to the WBM Reinsurance Agreements. As of the Closing Date, MICO will enter into a Quota Share Agreement with DMIC in substantially the form of Exhibit M to this Agreement, pursuant to which MICO will cede 25% of its future business to DMIC. Prior to the Closing Date, DMIC will file an application for admission as a licensed property and casualty insurer in the State of Michigan. Also as of the Closing Date, MICO will enter into a quota share reinsurance agreement with third-party reinsurers, pursuant to which MICO will cede 50% of its future business to such reinsurers. DGI requires third party reinsurers providing reinsurance to DGI's Insurance Subsidiaries to have an A.M. Best rating of A- (Excellent) or better or, with respect to foreign reinsurers, have a financial condition that, in the opinion of the management of DGI, is equivalent to a company with at least an A- rating from A.M. Best.

MICO intends to maintain its currently in effect excess of loss, facultative and property catastrophe reinsurance programs and its participation in WBM's currently in effect excess of loss and property catastrophe reinsurance programs through December 31, 2010. Effective January 1, 2011, DGI intends to assist MICO in obtaining similar excess of loss, facultative and property catastrophe reinsurance coverage on a standalone company basis or to add MICO to DGI's reinsurance programs to achieve economies of scale.

Following the decision of WBM to seek to sell its interest in MICO, Kurt W. Fuller, the long-term President of MICO, determined to resign from his position with MICO. Mr. Fuller made this determination solely for personal reasons and has not indicated to MICO that he has accepted other employment. Mr. Fuller resigned effective July 20, 2010.

The board of directors of MICO has appointed Ermil L. Adamson to serve as President and Chief Executive Officer of MICO. Mr. Adamson and the other senior executive officers of MICO serving as of the Closing Date will continue to serve in their respective positions pursuant to employment agreements between each such executive officer and MICO dated July 15, 2010 and effective upon the Closing Date.

MICO will maintain at its principal office in Grand Rapids, Michigan, original copies of such original books and records as Section 5256 of the Michigan Insurance Code requires.

MICO currently maintains adequate capital and surplus to support its net premium volume and business operations. Therefore, DGI does not currently anticipate the need for any further capital contributions to MICO. As described previously in this Statement, DMIC will purchase the Note that MICO has issued to WBM on the same terms and conditions currently in effect for the Note.

Following the Closing Date and pursuant to the Services Agreement previously described in this Statement, DMIC will perform the accounting and financial reporting activities that WBM currently performs for MICO. MICO will comply with the "books and records in Michigan" requirements of Section 5256 of the Michigan Insurance Code by maintaining MICO's principal financial records, actuarial and investment analyses, reinsurance contracts and board minutes in its Grand Rapids, Michigan office.

DMIC and the DGI Insurance Subsidiaries maintain an excellent financial condition and have a group A.M. Best rating of A (Excellent).

ITEM 6. VOTING SECURITIES TO BE ACQUIRED

State the number of shares of the insurer's voting securities which the applicant, its affiliates and any person listed in Item 3 plan to acquire, and the terms of the offer, request, invitation, agreement or acquisition, and a statement as to the method by which the fairness of the proposal was arrived at.

Upon consummation of the merger, all of the currently outstanding shares of MICO common stock will be converted in the aggregate to receive cash in an amount equal to 122% of the Final Book Value of MICO as determined as provided in the Merger Agreement and the outstanding shares of Merger Sub will be converted into and become shares of common stock of MICO as the surviving corporation in the Merger, all of which will be owned by DGI.

ITEM 7. OWNERSHIP OF VOTING SECURITIES

State the amount of each class of any voting security of the insurer which is beneficially owned or concerning which there is a right to acquire beneficial ownership by the applicant, its affiliates or any person listed in Item 3.

None, except as otherwise provided in the Merger Agreement.

ITEM 8. CONTRACTS, ARRANGEMENTS OR UNDERSTANDINGS WITH RESPECT TO VOTING SECURITIES OF THE INSURER

Give a full description of any contracts, arrangements or understandings with respect to any voting security of the insurer in which the applicant, its affiliates or any person listed in Item 3 is involved, including but not limited to, transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or guarantees of profits, division of losses or profits, or the giving or withholding of proxies. Such description shall identify the persons with whom such contracts, arrangements or understandings have been entered into.

Not applicable.

ITEM 9. RECENT PURCHASES OF VOTING SECURITIES

Describe any purchases of any voting securities of the insurer by the applicant, its affiliates or any person listed in Item 3 during the 12 calendar months preceding the filing of this Statement. Include in such description the dates of purchase, the names of the purchasers and the consideration paid or agreed to be paid therefor. State whether any such shares so purchased are hypothetical.

None.

ITEM 10. RECENT RECOMMENDATIONS TO PURCHASE

Describe any recommendations to purchase any voting security of the insurer made by the applicant, its affiliates or any person listed in Item 3, or by anyone based upon interviews or at the suggestion of the applicant, its affiliates or any person listed in Item 3 during the 12 calendar months preceding the filing of this Statement.

Not applicable.

ITEM 11. AGREEMENTS WITH BROKER-DEALERS

Describe the terms of any agreement, contract or understanding made with any broker-dealer as to solicitation of voting securities of the insurer for tender and the amount of any fees, commissions or other compensation to be paid to broker-dealers with regard thereto.

Not applicable to DMIC or DGI. WBM retained the firm of Keefe, Bruyette & Woods, Inc. to assist it in the disposition of MICO.

ITEM 12. FINANCIAL STATEMENTS AND EXHIBITS

(a) *Financial statements and exhibits shall be attached to this Statement as an appendix, but list under this item the financial statements and exhibits so attached.*

(b) *The financial statements shall include the audited annual financial statements of the persons (both corporate and individual) identified in Item 2(c), including individuals who are applying to the ultimate controlling person, for the preceding five fiscal years (or for such lesser period as such applicant and its affiliates and any predecessors thereof shall have been in existence), and similar information from the end of such person's last fiscal year as of a date not earlier than 90 days prior to the filing of the statements. The statements shall be prepared on either an individual basis or, unless the Commissioner otherwise requires, on a consolidated basis if consolidated statements are prepared in the usual course of business. The consolidated financial statements shall include the consolidating work sheets.*

The annual financial statements of the applicant corporate entity shall be accompanied by the certificate of an independent public accountant to the effect that such statements present fairly the financial positions of the applicant and the results of its operations for the year then ended, in conformity with generally accepted accounting principles or with requirements of insurance or other accounting principles prescribed or permitted under law. If the applicant is an insurer which is actively engaged in the business of insurance, the financial statements need not be certified provided they are based on the Annual Statement of the person filed with the insurance department of the person's domiciliary state and are in accordance with the requirements of insurance or other accounting principles prescribed or permitted under the law and regulations of the state.

1. Exhibits:

- (1) Agreement and Plan of Merger dated as of July 15, 2010 between Michigan Insurance Company, West Bend Mutual Insurance Company, Donegal Group Inc. and DGI Acquisition Corp.
- (2) Surplus Note Purchase Agreement dated as of July 15, 2010 between Donegal Mutual Insurance Company and West Bend Mutual Insurance Company.

- (3) Copy of Surplus Note of Michigan Insurance Company to be purchased by Donegal Mutual Insurance Company from West Bend Mutual Insurance Company.
- (4) Copies of the NAIC Biographical Affidavits of the designees of Donegal Group Inc. for election to the board of directors of Michigan Insurance Company.
- (5) Amended and Restated Services and Allocation Agreement among Donegal Mutual Insurance Company, Donegal Group Inc. and the Donegal Group Inc. Insurance Subsidiaries.
- (6) Form of Employment Agreements between Michigan Insurance Company and each of Patrick H. Roeser, Ermil L. Adamson, David B. Johnson, Kerri R. McNees and Michelle A. Zimmerman.
- (7) Proposed form of Quota Share Reinsurance Agreement between Michigan Insurance Company and Donegal Mutual Insurance Company.
- (8) 2008 Annual Report to Stockholders of Donegal Group Inc.
- (9) 2009 Annual Report to Stockholders of Donegal Group Inc.
- (10) Proxy Statement of Donegal Group Inc. for its 2009 Annual Meeting of Stockholders.
- (11) Proxy Statement of Donegal Group Inc. for its 2010 Annual Meeting of Stockholders.
- (12) Form 10-K Annual Report of Donegal Group Inc. for the year ended December 31, 2008 as filed with the Securities and Exchange Commission (without exhibits).
- (13) Form 10-K Annual Report of Donegal Group Inc. for the year ended December 31, 2009 as filed with the Securities and Exchange Commission (without exhibits).
- (14) Insurance Holding Company System Annual Registration Statement of Donegal Mutual Insurance Company for the year ended December 31, 2008 as filed with the Insurance Department of the Commonwealth of Pennsylvania.
- (15) Insurance Holding Company System Annual Registration Statement of Donegal Mutual Insurance Company for the year ended December 31,

2009 as filed with the Insurance Department of the Commonwealth of Pennsylvania.

- (16) Amendment No. 16 to Schedule 13D/A of Donegal Mutual Insurance Company dated July 1, 2009.
- (17) 2008 Annual Statement of Michigan Insurance Company as filed with the Office of Financial and Insurance Regulation of the State of Michigan.
- (18) 2009 Annual Statement of Michigan Insurance Company as filed with the Office of Financial and Insurance Regulation of the State of Michigan.
- (19) Pro Forma Balance Sheets and Pro Forma Statements of Income for the five years ending December 31, 2015.

2. *Financial Statements:*

Donegal Group Inc. files herewith the following Annual Statements.

- (1) Annual Report to Stockholders of Donegal Group Inc. for the year ended December 31, 2005.
- (2) Annual Report to Stockholders of Donegal Group Inc. for the year ended December 31, 2006.
- (3) Annual Report to Stockholders of Donegal Group Inc. for the year ended December 31, 2007.
- (4) Annual Report to Stockholders of Donegal Group Inc. for the year ended December 31, 2008, incorporated by reference to Exhibit 8.
- (5) Annual Report to Stockholders of Donegal Group Inc. for the year ended December 31, 2009, incorporated by reference to Exhibit 9.

(c) *File as exhibits copies of all tender offers, requests or invitations for, tenders of, exchange offers for, and agreements to acquire or exchange any voting securities of the insurer and (if distributed) of additional soliciting material relating thereto, any proposed employment, consultation, advisory, managing general agent, controlling producer, or management contracts concerning the insurer, annual reports and proxy statements to the stockholders of the insurer and the applicant for the last two fiscal years, and any additional documents or papers required for the Form A form and instructions Section 4 and 6.*

None.

ITEM 13. SIGNATURE AND CERTIFICATION

Signature and certification required as follows:

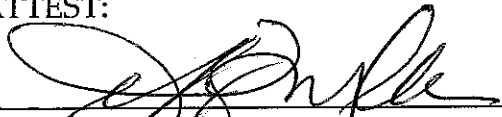
SIGNATURE

Pursuant to the requirements of Section 1311 of the Michigan Insurance Code of 1956, as amended, Donegal Group Inc. has caused this application to be duly signed on its behalf in the Town of Marietta and Commonwealth of Pennsylvania on the 28th day of July, 2010.

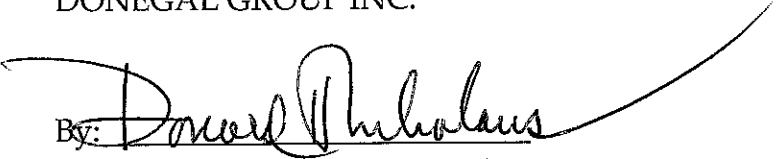
(SEAL)

DONEGAL GROUP INC.

ATTEST:

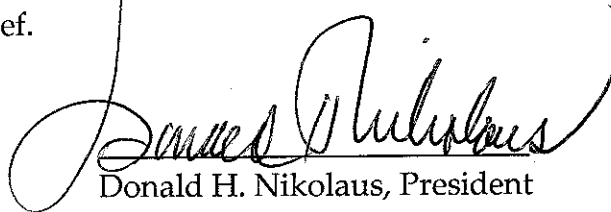

Jeffrey D. Miller, Senior Vice
President and Chief Financial Officer

By:


Donald H. Nikolaus, President
and Chief Executive Officer

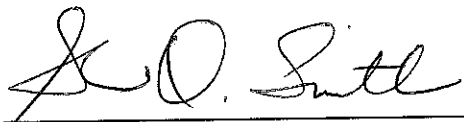
CERTIFICATION

The undersigned deposes and says that she or he has duly executed the attached application dated July 28, 2010, for and on behalf of Donegal Group Inc.; that he is the President and Chief Executive Officer of such company, and that she or he is authorized to execute and file such instrument. Deponent further says that he is familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of his knowledge, information and belief.


Donald H. Nikolaus, President
and Chief Executive Officer

COMMONWEALTH OF PENNSYLVANIA:
COUNTY OF LANCASTER:

Subscribed and sworn to this 28th day of July, 2010.



Sheri O. Smith

Notary Public

My commission expires on: January 10, 2013

