

EXHIBIT C

**SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20459**

SCHEDULE 13D

**Under the Securities Exchange Act of 1934
(Amendment No.1)***

DONEGAL GROUP INC.

(Name of Issuer)

**Class A Common Stock
Class B Common Stock
(Title of Class of Securities)**

**Class A: 257701201
Class B: 257701300
(CUSIP Number of Class of Securities)**

**Gregory M. Shepard
7028 Portmarnock Place
Bradenton, FL 34202
(309) 310-1331**

(Name, address and telephone number of persons
authorized to receive notices and communications
on behalf of person(s) filing statement)

**December 9, 2010
(Date of Event which Requires Filing of this Statement)**

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(b)(3) or (4), check the following box .

Class A CUSIP No. 257701201 and Class B CUSIP No. 257701300

1. NAME OF REPORTING PERSON

S.S. OR I.R.S. IDENTIFICATION NOS. OF REPORTING PERSON

Gregory M. Shepard

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a)
(b)

3. SEC USE ONLY

4. SOURCE OF FUNDS

PF

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

6. CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

7. SOLE VOTING POWER

NUMBER OF SHARES
BENEFICIALLY
OWNED BY EACH
REPORTING PERSON WITH

Class A 3,251,000; Class B 373,366

8. SHARED VOTING POWER

-0-

9. SOLE DISPOSITIVE POWER

Class A 3,251,000; Class B 373,366

10. SHARED DISPOSITIVE POWER

-0-

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

Class A 3,251,000; Class B 373,366

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

Class A 16.26%; Class B 6.70%

14. TYPE OF REPORTING PERSON

IN

SCHEDULE 13D**ITEM 1. SECURITY AND ISSUER.**

The Schedule 13D filed with the Securities and Exchange Commission on July 12, 2010 (the "Initial 13D") by the Filing Person with respect to the Class A Shares and Class B Shares of Donegal Group Inc., a Delaware corporation (the "Issuer"), is hereby amended to furnish the additional information set forth herein. All capitalized terms contained herein but not otherwise defined shall have the meanings ascribed to such terms in the Initial 13D.

ITEM 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.**ITEM 3 OF THE INITIAL 13D IS HEREBY AMENDED TO ADD THE FOLLOWING:**

The aggregate purchase price of 111,000 Class A Shares and 13,366 Class B Shares purchased by the Filing Person since the Initial 13D was \$1,283,519 for Class A Shares and \$227,261 for Class B Shares, respectively (including commissions). The source of funding for the purchase of these Shares was personal funds.

ITEM 4. PURPOSE OF TRANSACTIONS.**ITEM 4 OF THE INITIAL 13D IS HEREBY AMENDED TO ADD THE FOLLOWING:**

The Issuer is an insurance holding company for seven wholly owned subsidiary property and casualty insurers domiciled in Iowa, Maryland, Michigan, Pennsylvania, Virginia and Wisconsin. The Issuer's control of its subsidiary insurers has been obtained over a period of years, as follows: Atlantic States Insurance Company (Pennsylvania domiciled) 1986; Southern Insurance Company of Virginia (Virginia domiciled), 1988; Pennisula Insurance Company and Pennisula Indemnity Company (both Maryland domiciled), 2004; Le Mars insurance Company (Iowa domiciled) 2004; Sheboygan Falls Insurance Company (Wisconsin domiciled), 2008; and Michigan Insurance Company (Michigan domiciled), 2010.

Recognizing that the acquisition of 10% or more of the outstanding capital stock of an insurer or its holding company creates a rebuttable presumption of a change in control under the applicable insurance statutes and regulations, the Filing Person filed a Disclaimer of Control filing with the Pennsylvania Department of Insurance on February 9, 2006, requesting approval to purchase up to 14.99% of the Issuer's aggregate voting securities. The Filing Person's Disclaimer of Control filing maintained that

allowing him to purchase up to 14.99% of the Issuer's aggregate voting securities would not amount to control since Donegal Mutual Insurance Company ("Donegal Mutual") had the right to vote approximately 62% of the aggregate voting power of the Class A Shares and the Class B Shares of the Issuer. On February 16, 2006, the Filing Person received approval of his Disclaimer of Control filing from the Pennsylvania Department of Insurance.

Subsequently, the Filing Person filed Disclaimer of Control filings with the 3 other state insurance departments where at the time the Issuer had domiciled subsidiary insurance companies, i.e., the Iowa Insurance Division, the Maryland Insurance Administration, and the Virginia Bureau of Insurance, requesting approval to purchase up to 14.99% of the Issuer's aggregate voting securities. Approval from the insurance commissioners of Maryland and Virginia was received in the second quarter of 2007. In the first quarter of 2009, the Iowa Insurance Division denied the Filing Person's Disclaimer of Control filing, stating that he needed to file a Form A to obtain approval to purchase up to 14.99% of the Issuer's aggregate voting securities. The Filing Person at the time declined to file a Form A in Iowa.

On December 9, 2010, the Filing Person withdrew his Disclaimer of Control filings with: the Pennsylvania Department of Insurance (attached as Exhibit 7.4); the Iowa Insurance Division (attached as Exhibit 7.5); Maryland Insurance Administration (attached as Exhibit 7.6); and the Virginia Bureau of Insurance (attached as Exhibit 7.7).

The Filing Person does not presently intend to seek control of the Issuer and has no present plans or proposals to cause the Issuer to declare an extraordinary dividend, to liquidate the Issuer, to sell its assets or to merge or consolidate it with any person or entity or to make any other material change in its investment policy, business, corporate structure, or management.

The Filing Person, however, reserves the right to explore all options to increase shareholder value. The Filing Person may submit suggestions, proposals or comments to the management of the Issuer, from time to time regarding the business and operations of the Issuer and the maximization of shareholder value.

The Filing Person reserves the right, from time to time and at any time, and subject to all federal and state regulatory requirements, to acquire additional shares and/or other equity, debt, notes, instruments or other securities of the Issuer or its subsidiaries (collectively "Securities") in the open market or otherwise. The Filing Person reserves the right to dispose of any or all of his Securities in the open market or otherwise, at any time and from time to time, and to engage in any hedging or similar transactions with respect to the Securities.

Subject to all federal and state regulatory requirements, the Filing Person may also seek to participate in, and to influence the outcome of, any proxy solicitation and any bidding process involving the Issuer.

ITEM 5. INTEREST IN SECURITIES OF THE ISSUER.

ITEMS 5 (a) AND 5 (b) OF THE INITIAL 13D ARE HEREBY AMENDED AND RESTATED IN THEIR ENTIRETY AS FOLLOWS:

- a) As of the close of business on December 9, 2010, the Filing Person may be deemed to beneficially own, in the aggregate, 3,251,000 Class A Shares and 373,366 Class B Shares, representing approximately 16.26% and 6.70%, respectively, of the Issuer's outstanding Class A Shares and Class B Shares (based upon the 19,994,226 Class A Shares and 5,576,775 Class B Shares stated to be outstanding as of October 31, 2010 by the Issuer in the Issuer's Form 10-Q, filed with the Securities and Exchange Commission on November 9, 2010).
- b) The Filing Person has sole voting power and sole dispositive power with respect to 3,251,000 Class A Shares and 373,366 Class B Shares. The Filing Person has voting power in the aggregate equal to approximately 9.2%.

ITEM 5 (c) OF THE INITIAL 13D IS HEREBY AMENDED TO ADD THE FOLLOWING:

- c) The following table sets forth all purchases with respect to Class A Shares and Class B Shares effected during the past sixty (60) days by the Filing Person. All such transactions were effected in the open market, and the table excludes commissions paid.

<u>Date</u>	<u>Purchase Price Per Share</u>	<u># of Class B Shares Purchased</u>	<u>Amount Paid</u>
10/20/10	16.4000	283	4,644.03
10/21/10	17.0104	419	7,131.55
11/09/10	17.0000	161	2,738.61
11/19/10	17.2868	495	8,561.92
12/07/10	17.2614	692	11,951.81

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS.

- 7.4 December 9, 2010 Letter from Filing Person to the Pennsylvania Department of Insurance
- 7.5 December 9, 2010 Letter from Filing Person to the Iowa Insurance Division
- 7.6 December 9, 2010 Letter from Filing Person to the Maryland Insurance Administration
- 7.7 December 9, 2010 Letter from Filing Person to the Virginia Bureau of Insurance

SIGNATURE

After reasonable inquiry and to the best of his knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

DATED: December 10, 2010

/s/ Gregory M. Shepard
Gregory M. Shepard

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- 7.4 December 9, 2010 Letter from Filing Person to the Pennsylvania Department of Insurance
- 7.5 December 9, 2010 Letter from Filing Person to the Iowa Insurance Division
- 7.6 December 9, 2010 Letter from Filing Person to the Maryland Insurance Administration
- 7.7 December 9, 2010 Letter from Filing Person to the Virginia Bureau of Insurance

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- 7.4 December 9, 2010 Letter from Filing Person to the Pennsylvania Department of Insurance
- 7.5 December 9, 2010 Letter from Filing Person to the Iowa Insurance Division
- 7.6 December 9, 2010 Letter from Filing Person to the Maryland Insurance Administration
- 7.7 December 9, 2010 Letter from Filing Person to the Virginia Bureau of Insurance

**RILEY BENNETT
& EGLOFF, LLP**

ATTORNEYS AT LAW

Answers, Advice and Advocacy

J. MARK MCKINZIE
Direct Fax: (317) 955-7156
E-mail: mmckinzie@rbelaw.com

December 9, 2010

VIA EMAIL AND U.S MAIL

Mr. Stephen J. Johnson, CPA
Deputy Insurance Commissioner
Commonwealth of Pennsylvania
Insurance Department
1345 Strawberry Square
Harrisburg, Pennsylvania 17120
stjohnson@state.pa.us

Re: Donegal Group, Inc., and its subsidiaries
Donegal Mutual Insurance Company &
Atlantic States Insurance Company
Withdrawal of Disclaimer of Control Filing with the
Pennsylvania Department of Insurance

Dear Mr. Johnson:

In follow-up to your telephone call to me last week, on behalf of my client, Gregory M. Shepard, this letter will also acknowledge your correspondence of October 28, 2010. I specifically acknowledge your referenced prior correspondence from the Department of February 16, 2006, wherein the Department issued a letter recognizing Mr. Shepard's Disclaimer of Control filing. I also acknowledge your correspondence to me of May 15, 2006 (as supplemented by your letter of September 10, 2007) bringing to my attention the requirement of Mr. Shepard notifying the Pennsylvania Insurance Department and complying with applicable Pennsylvania law prior to taking any actions as enumerated within Section 1402(a)(1) of the Pennsylvania Insurance Holding Companies Act.

As we discussed, I have consulted with my client, Mr. Shepard, with a view toward reviewing and updating Mr. Shepard's indicated share ownership as of July 12, 2010 indicated in his Schedule 13(D) filed with the Securities and Exchange Commission, a copy of which was supplied to the Pennsylvania Insurance Department. Updated through today, November 30, 2010, Mr. Shepard individually owns 3,251,000.00 Class A and 373,366.00 Class B shares representing 16.3% of the outstanding Class A common shares and 6.7% of the outstanding Class B common shares of the Donegal Group's ("DGI") outstanding shares as of the information available through September 30, 2010 as per the issuer's most recent 10K filing filed with the Securities and Exchange Commission on November 9, 2010. Mr. Shepard's Class A and Class B common shares have been and continue to be acquired in open market transactions. At this level, Mr. Shepard's total combined votes of the Class A

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Mr. Stephen J. Johnson, CPA
December 9, 2010
Page 2

and Class B shares of DGI are 9.2% of the combined voting power of the issued and outstanding shares of Class A and Class B DGI common stock, well under the 14.99% approved by the Pennsylvania Insurance Department.

Mr. Johnson, as you are aware, even if Mr. Shepard were to acquire up to 14.99% of DGI's combined voting securities as allowed and approved by the Pennsylvania Insurance Department, he would still not have the power to influence or control DGI. Donegal Mutual Insurance Company, ("Donegal Mutual") solely controls DGI and its wholly owned Pennsylvania subsidiary, Atlantic States Insurance Company, which it has owned since 1986, through its voting power of 66.4% of the outstanding voting securities.

Notwithstanding the above, this letter will also serve to notify the Pennsylvania Insurance Department of Mr. Shepard's withdrawal of his previously filed Disclaimer of Control which was approved by the Department as set forth above. Please know that with his withdrawal of his Disclaimer of Control, Mr. Shepard does not presently intend to seek control of DGI and has no present plans or proposals to cause the company to declare an extraordinary dividend, to liquidate the company, to sell its assets or merge or consolidate it with any person or entity or to make any other material change in its investment policy, business, corporate structure, or management. Mr. Shepard would not be empowered to do any of the foregoing even if he were to acquire up to 14.99% of DGI's combined voting securities as conditionally allowed by this Department.

Please do not hesitate to call me if you have any questions on any of the above. My direct dial is (317) 955-7116.

Sincerely,

RILEY BENNETT & EGLOFF, LLP



J. Mark McKinzie,
on behalf of Gregory M. Shepard

**RILEY BENNETT
& EGLOFF, LLP**

ATTORNEYS AT LAW

Answers, Advice and Advocacy

J. MARK MCKINZIE
Direct Fax: (317) 955-7156
E-mail: mmckinzie@rbelaw.com

December 9, 2010

VIA EMAIL AND U.S. MAIL

Mr. James N. Armstrong, CPA, CFE
Deputy Commissioner and Chief Examiner
Iowa Insurance Division
330 Maple Street
Des Moines, Iowa 50319-0065
jim.armstrong@iid.iowa.gov

Re: Donegal Group Inc., and its subsidiary
Le Mars Insurance Group
Withdrawal of Disclaimer of Control Filing with the
Iowa Bureau of Insurance

Dear Mr. Armstrong:

As you know, in the first quarter of 2009, the Iowa Insurance Division denied my client, Gregory M. Shepard's, Disclaimer of Control filing stating that Mr. Shepard would need to file a Form A filing to obtain an approval to purchase up to 14.99% of Donegal Group Inc.'s ("DGI") aggregate voting securities (an increase of 5% from 9.99%). Mr. Shepard at that time declined to file a Form A filing in Iowa.

As you have been previously been informed, on July 12, 2010, Mr. Shepard filed a Schedule 13(D) with the Securities and Exchange Commission reporting his ownership at that time, a copy of which was provided to you. This letter is to advise you of Mr. Shepard's updated individual ownership in DGI. As of today, November 30, 2010, as per the issuer's most recent 10K filing filed with the Securities and Exchange Commission on November 9, 2010, Mr. Shepard owns 3,251,000 Class A shares and 373,366 Class B shares representing 16.3% of the outstanding Class A common shares and 6.7% of the outstanding Class B common shares of DGI. Mr. Shepard's Class A and Class B shares were acquired in open market transactions and together comprise a total voting interest of 9.2% of the combined voting power of the issued and outstanding shares of Class A and Class B DGI common stock. (As a practical matter, Donegal Mutual Insurance Company, a Pennsylvania property and casualty insurance company ("Donegal Mutual"), individually and solely controls DGI and its wholly owned Iowa subsidiary, Le Mars Insurance Company, which it has owned since 2004, through its voting power of 66.4% of the outstanding voting securities.)

Please know that Mr. Shepard has no present plans to file an additional Disclaimer of Control Filing or to file a Form A filing in Iowa. Mr. Shepard does not presently intend to seek control of DGI and has no present plans or proposals to cause

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Mr. James N. Armstrong, CPA, CFE

December 9, 2010

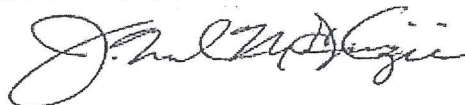
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the company to declare an extraordinary dividend, to liquidate the company, to sell its assets or merge or consolidate it with any person or entity or to make any other material change in its investment policy, business, corporate structure, or management. As you know, given Donegal Mutual's holdings of DGI's voting securities, Mr. Shepard would not be empowered to do any of the foregoing even if his previously filed Disclaimer of Control Filing had been approved by the Iowa Insurance Division and he had acquired up to 14.99% of DGI's combined voting securities.

If you should have any questions, please do not hesitate to contact me. My direct dial is (317) 955-7116.

Sincerely,

RILEY BENNETT & EGLOFF, LLP



J. Mark McKinzie,
on behalf of Gregory M. Shepard

**RILEY BENNETT
& EGLOFF, LLP**

ATTORNEYS AT LAW

Answers, Advice and Advocacy

J. MARK MCKINZIE
Direct Fax: (317) 955-7156
E-mail: mmckinzie@rbelaw.com

December 9, 2010

VIA U.S. MAIL

Ms. Elizabeth P. Sammis, Ph.D.,
Acting Maryland Insurance Commissioner
Maryland Insurance Administration
525 St. Paul Place
Baltimore, Maryland 21202-2272

Re: Donegal Group, Inc., and its subsidiaries
Peninsula Insurance Company and
Peninsula Indemnity Company
Withdrawal of Disclaimer of Control Filing with the
Maryland Insurance Administration

Dear Ms. Sammis:

This letter is in follow-up to the recently filed Schedule 13(D) with the Securities and Exchange Commission in which Mr. Shepard represented his share ownership as of July 12, 2010 in keeping with the conditional requirement contained in Mr. Schott's correspondence of June 11, 2007, allowing Mr. Shepard the flexibility to acquire up to 14.99% of the combined voting securities of Donegal Group Inc. ("DGI"). One of the purposes of this letter is to update you on Mr. Shepard's current holdings level, which as you know from the Schedule 13(D) filing on July 12, 2010, a copy of which was sent to the Maryland Insurance Administration, Mr. Shepard had at that time exceeded the 8% threshold referenced in the second bullet point on page 2 of Mr. Schott's letter of June 11, 2007 approving Mr. Shepard's Disclaimer of Control.

Please consider this letter as written representation updating Mr. Shepard's share ownership through today, November 30, 2010. Mr. Shepard now individually owns 3,251,000 Class A and 373,366 Class B shares representing 16.3% of the outstanding Class A common shares and 6.7% of the outstanding Class B common shares of DGI, as of the information available through September 30, 2010, as per the issuer's most recent 10K filing filed with the Securities and Exchange Commission on November 9, 2010. Mr. Shepard's Class A and Class B shares were acquired in open market transactions and together comprise a total voting interest of 9.2% of the combined voting power of the issued and outstanding shares of Class A and Class B DGI common stock. At this level Mr. Shepard's total combined voting interest remains well below the 14.99% approved by the Maryland Insurance Administration.

Though Mr. Shepard has honored the conditional terms contained in the June 11, 2007 approval of Mr. Shepard's Disclaimer of Control filing, please consider

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Ms. Elizabeth P. Sammis, Ph.D.

December 9, 2010

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this letter as a request to withdraw Mr. Shepard's previously filed Disclaimer of Control. (As a practical matter, Donegal Mutual Insurance Company, a Pennsylvania property and casualty insurance company ("Donegal Mutual"), individually and solely controls DGI and its wholly owned Maryland subsidiaries, Peninsula Insurance Company and Peninsula Indemnity Company, which it has owned since 2004, through its voting power of 66.4% of the outstanding voting securities.)

Please know that with his withdrawal of his Disclaimer of Control Filing, Mr. Shepard does not presently intend to seek control of DGI and has no present plans or proposals to cause the company to declare an extraordinary dividend, to liquidate the company, to sell its assets or merge or consolidate it with any person or entity or to make any other material change in its investment policy, business, corporate structure, or management. Mr. Shepard would not be empowered to do any of the foregoing even if he were to acquire up to 14.99% of DGI's combined voting securities as conditionally allowed by the Maryland Insurance Administration.

Please do not hesitate to contact me if you have any questions. My direct dial is (317) 955-7116.

Sincerely,

RILEY BENNETT & EGLOFF, LLP



J. Mark McKinzie,
on behalf of Gregory M. Shepard

**RILEY BENNETT
& EGLOFF, LLP**

ATTORNEYS AT LAW

Answers, Advice and Advocacy

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December 9, 2010

VIA EMAIL AND U.S. MAIL

Mr. Gregory T. Chew, CPCU, AIAF
Supervisor
Domestic Financial Analysis Section
P.O. Box 1157
Richmond, Virginia 23218
Gregory.Chew@scc.virginia.gov

Re: Gregory M. Shepard, Donegal Group, Inc. and its subsidiary, Southern Insurance Company of Virginia
Withdrawal of Disclaimer of Control Filing with the Virginia Bureau of Insurance

Dear Mr. Chew:

It was good to visit on the phone with you last week. I hope you and your family enjoyed the Thanksgiving Holiday. This letter is in follow-up to our telephone conversation and in response to your correspondence of October 27, 2010. In that correspondence you referenced my client, Mr. Gregory M. Shepard, filing a Schedule 13(D) with the Securities and Exchange Commission representing his ownership of Class A shares and Class B shares of Donegal Group Inc ("DGI") as of July 12, 2010. A copy of the 13(D) filing accompanied my correspondence of July 21, 2010 to the Bureau of Insurance, addressed to Deputy Commissioner, Douglas C. Stolte.

As we discussed, I have reviewed and updated Mr. Shepard's share ownership current through today, November 30, 2010. Mr. Shepard now individually owns 3,251,000 Class A and 373,366 Class B shares representing 16.3% of the outstanding Class A common shares and 6.7% of the outstanding Class B common shares of DGI, as of the information available through September 30, 2010, as per the issuer's most recent 10K filing. Mr. Shepard's Class A and Class B shares were acquired in open market transactions and together comprise a total voting interest of 9.2% of the combined voting power of the issued and outstanding shares of Class A and Class B DGI common stock.

Additionally, I have again reviewed Deputy Commissioner, Doug Stolte's, May 9, 2007 Disclaimer Acceptance Agreement and believe Mr. Shepard to be in compliance with its requirements. Mr. Shepard's level of total voting interest remains well below the 14.99% total combined voting interest of the Class A and Class B outstanding shares of DGI, the threshold allowed by the Bureau of Insurance's acceptance of Mr. Shepard's Disclaimer of Control as of May 9, 2007. My letter of July 21, 2010,

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Mr. Gregory T. Chew, CPCU, AIAF
December 9, 2010
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confirmed Mr. Shepard's Schedule 13(D) Securities and Exchange Commission filing as of July 12, 2010, which showed that he had exceeded the 8% threshold referenced in subparagraph (e) of Mr. Stolte's letter of May 9, 2007 approving Mr. Shepard's Disclaimer of Control. Please consider this letter as written representation updating his share ownership as previously indicated.

Though Mr. Shepard has honored the conditional terms contained in the May 9, 2007 Disclaimer Acceptance Agreement, please consider this letter as a request to withdraw Mr. Shepard's previously filed Disclaimer of Affiliation. (As a practical matter, Donegal Mutual Insurance Company, a Pennsylvania property and casualty insurance company ("Donegal Mutual"), individually and solely controls DGI and its wholly owned Virginia subsidiary, Southern Insurance Company of Virginia which it has owned since 1988, through its voting power of 66.4% of the outstanding voting securities.)

Please know that with his withdrawal of his Disclaimer of Affiliation, Mr. Shepard does not presently intend to seek control of DGI and has no present plans or proposals to cause the company to declare an extraordinary dividend, to liquidate the company, to sell its assets or merge or consolidate it with any person or entity or to make any other material change in its investment policy, business, corporate structure, or management. Mr. Shepard would not be empowered to do any of the foregoing even if he were to acquire up to 14.99% of DGI's combined voting securities as conditionally allowed by this Bureau.

Please do not hesitate to contact me if you have any questions. My direct dial is (317) 955-7116.

Sincerely,

RILEY BENNETT & EGLOFF, LLP



J. Mark McKinzie,
on behalf of Gregory M. Shepard