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Corporate & Financial Regulation

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Pennsylvania  
Insurance Department

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May 14, 2013

VIA E MAIL AND FIRST CLASS MAIL

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Re: **Form A Statement Dated March 20, 2013 Regarding the Acquisition of Control of Atlantic States Insurance Company, a Pennsylvania insurance company and wholly owned subsidiary of Donegal Group Inc., by Gregory Mark Shepard (the "Form A Statement")**

Dear Mr. Peterson:

We have carefully considered your letter dated May 8, 2013 concerning Donegal Group Inc.'s ("DGI") ongoing request for copies of Exhibits H-M of the Form A Statement that Mr. Shepard has filed with the Pennsylvania Insurance Department (the "Department") and Mr. Shepard's request for confidential treatment of those exhibits and other documents he has either furnished or promised to furnish to the Department.

DGI believes that it is entitled to receive true, correct and complete copies of the above documents as a matter of law and without restriction and, therefore, must decline your proposal. First, 40 P.S. § 991.1402(a)(1) requires that Mr. Shepard send the Form A Statement to DGI, which statutory requirement extends to all the exhibits filed with the Form A Statement. In fact, 40 P.S. § 991.1402(a)(1) expressly requires the copy of the Form A Statement sent to the insurer to "contain [ ] the information required by this section" without any exceptions or redactions. Second, Mr. Shepard has not furnished DGI with the basis upon which he seeks confidential treatment of the withheld documents. Third, Mr. Shepard's financial statement exhibits contain essential information that the public, policyholders and DGI have a right to review in order to submit comments to the Department for its review and consideration of the Form A Statement pursuant to 40 P.S. § 991.1402(f)(1)(iii)-(vii). Moreover, the provisions of 31 Pa. Code § 25.12(c) do not apply to Mr. Shepard's Form A Statement and the exhibits thereto because Mr. Shepard as an individual is the person seeking to acquire Class B shares of DGI and submitting the Form A Statement to the Department for its approval pursuant to 40 P.S. § 991.1401 et seq. On the one hand, Mr. Shepard cannot pursue his acquisition of DGI's Class B shares, and, on the

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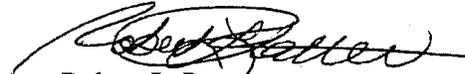
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other hand, seek to shield the filed financial statements from the eyes of the public, policyholders and DGI.

Therefore, DGI reiterates its outstanding requests for Exhibits H-M and the other documents Mr. Shepard has provided or may provide in the future to the Department in connection with the Form A Statement that have not been made available previously to the public, policyholders and DGI.

Sincerely,



Robert L. Pratter

RLP/lmb

cc: Jodi Frantz, Esq.