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Pennsylvania  
Insurance Department

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September 17, 2013

**VIA E MAIL AND FIRST CLASS MAIL**

Stephen J. Johnson, Deputy Insurance Commissioner  
Commonwealth of Pennsylvania  
1345 Strawberry Square  
13th Floor  
Harrisburg, PA 17120

**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")**

Dear Mr. Johnson:

As you know, in addition to the Form A that Gregory Mark Shepard ("Shepard") has filed with Pennsylvania, Iowa, Maryland, Michigan, Wisconsin and Virginia, on April 29, 2013 Shepard filed with the Federal Reserve Bank of Philadelphia ("FRBP") a Notification pursuant to the Change in Bank Control Act of 1978 and Section 238.33 of Regulation LL seeking FRBP approval to acquire up to 24.38% of Donegal Group Inc. Class B Shares. As you also know, Shepard may not acquire additional Class B Shares without approval of the Form A by the Pennsylvania Insurance Department and the five other state insurance regulators noted above and approval of the Notification by the FRBP.

The FRBP had twice before extended the review period of the Notification. On September 11, 2013, the FRBP again extended its review period by a further 45 days. We have enclosed for your information a copy of the redacted letter dated September 11, 2013 from the FRBP to J. Victor Peterson, Esquire to this effect.

Respectfully submitted,

  
Robert L. Pratter

RLP/lmb  
Enclosure

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Stephen J. Johnson, Deputy Insurance Commissioner  
September 17, 2013  
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cc: Robert E. Brackbill, Jr.  
Jodi Frantz, Esquire  
J. Victor Peterson, Esquire

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September 11, 2013

Vic Peterson, Esq.  
Lathrop & Gage LLP  
155 N. Wacker, Suite 30501  
Chicago, IL 60606

Re: Notification by Gregory M. Shepard, Bradenton, FL, to acquire up to 24.38% of the Class B voting shares and thereby acquire control of Donegal Group Inc. ("Donegal"), Marietta, PA, and indirectly acquire Union Community Bank FSB ("UCB"), Lancaster, PA, pursuant to the Change in Bank Control Act of 1978 and Section 238.33 of Regulation LL.

Dear Mr. Peterson:

This refers to the above-captioned filing received by this Reserve Bank on April 29, 2013, and acknowledged for processing on May 6, 2013. By your letter dated July 24, 2013, processing of the subject notice was suspended for 45 days following the expiration of the initial 30 day extension period. [REDACTED] of the CIBC Act provides that the processing time for such notice may be further extended an additional 45 days [REDACTED]

This is to notify you that the processing period for the above-captioned notification is being extended an additional 45 days [REDACTED]. If you have any questions regarding this matter, please contact Bill Lenney at 215-574-6074.

Very truly yours,



H. Robert Tillman  
Assistant Vice President

cc: Board of Governors