DONEGAL GROUP INC

Form 4 July 10, 2006

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

SECURITIES

OMB 3235-0287 Number:

Check this box if no longer STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

January 31, Expires: 2005

OMB APPROVAL

subject to Section 16. Form 4 or Form 5

Estimated average burden hours per response... 0.5

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, obligations Section 17(a) of the Public Utility Holding Company Act of 1935 or Section may continue.

30(h) of the Investment Company Act of 1940 See Instruction

1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person * 5. Relationship of Reporting Person(s) to 2. Issuer Name and Ticker or Trading NIKOLAUS DONALD H Issuer Symbol DONEGAL GROUP INC [DGICA] (Check all applicable) (Last) (First) (Middle) 3. Date of Earliest Transaction (Month/Day/Year) _X__ Director 10% Owner X_ Officer (give title Other (specify 1195 RIVER ROAD, P.O. BOX 302 07/03/2006 below) President & CEO (Street) 4. If Amendment, Date Original 6. Individual or Joint/Group Filing(Check Filed(Month/Day/Year) Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting

MARIETTA, PA 17547

| (City) | (State) | (Zip) Tab | le I - Non- | Derivative | Secu | rities Acqu | ired, Disposed of | or Beneficial | ly Owned |
|--------------------------------------|---|---|---|---|--------|--------------|--|---|---|
| 1.Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired on(A) or Disposed of (D) (Instr. 3, 4 and 5) | | | 5. Amount of Securities Beneficially Owned Following Reported | 6. Ownership Form: Direct (D) or Indirect (I) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
| C1 A | | | Code V | Amount | or (D) | Price | Transaction(s) (Instr. 3 and 4) | (Instr. 4) | |
| Class A Common Stock (1) | 07/03/2006 | | J V | 1,515 | A | \$ 15.447 | 278,265.076 | D | |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of SEC 1474 information contained in this form are not (9-02)required to respond unless the form displays a currently valid OMB control number.

Person

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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| 1. Title of Derivative | 2. Conversion | 3. Transaction Date (Month/Day/Year) | | 4. | 5. orNumber | 6. Date Exerc Expiration Da | | 7. Title Amou | | 8. Price of Derivative | 9. Nu Deriv |
|------------------------|--|--------------------------------------|---|-----------------|---|--------------------------------|--------------------|------------------|--|------------------------|---|
| Security (Instr. 3) | or Exercise Price of Derivative Security | (Monun Day/ Year) | execution Date, if any (Month/Day/Year) | Code (Instr. 8) | of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | (Month/Day/ | | Under Securi | lying | Security (Instr. 5) | Secur Bene Owne Follo Repo Trans (Instr |
| | | | | Code V | (A) (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares | | |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | | | | | |
|--|---------------|-----------|-----------------|-------|--|--|--|--|
| .r. g | Director | 10% Owner | Officer | Other | | | | |
| NIKOLAUS DONALD H 1195 RIVER ROAD P.O. BOX 302 MARIETTA, PA 17547 | X | | President & CEO | | | | | |

Signatures

Donald H.
Nikolaus

**Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Employee Stock Purchase Plan

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

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