

**First Quarter 2022  
Investor Presentation  
April 28, 2022**



**Kevin G. Burke**

*President and Chief Executive Officer*

**Jeffrey D. Miller**

*Executive Vice President and Chief Financial Officer*

We base all statements contained in this presentation that are not historic facts on our current expectations. Such statements are forward-looking in nature (as defined in the Private Securities Litigation Reform Act of 1995) and necessarily involve risks and uncertainties. Forward-looking statements we make may be identified by our use of words such as “will,” “expect,” “intend,” “plan,” “anticipate,” “believe,” “seek,” “estimate” and similar expressions. Our actual results could vary materially from our forward-looking statements. The factors that could cause our actual results to vary materially from the forward-looking statements we have previously made include, but are not limited to, prolonged economic challenges resulting from the COVID-19 pandemic, adverse litigation and other trends that could increase our loss costs (including labor shortages and escalating medical, automobile and property repair costs), adverse and catastrophic weather events, our ability to maintain profitable operations (including our ability to underwrite risks effectively and charge adequate premium rates), the adequacy of the loss and loss expense reserves of our insurance subsidiaries, the availability and successful operation of the information technology systems our insurance subsidiaries utilize, the successful development of new information technology systems to allow our insurance subsidiaries to compete effectively, business and economic conditions in the areas in which we and our insurance subsidiaries operate, interest rates, competition from various insurance and other financial businesses, terrorism, the availability and cost of reinsurance, legal and judicial developments including those related to COVID-19 business interruption coverage exclusions, changes in regulatory requirements, our ability to attract and retain independent insurance agents, changes in our A.M. Best rating and the other risks that we describe from time to time in our filings with the Securities and Exchange Commission. We disclaim any obligation to update such statements or to announce publicly the results of any revisions that we may make to any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements.

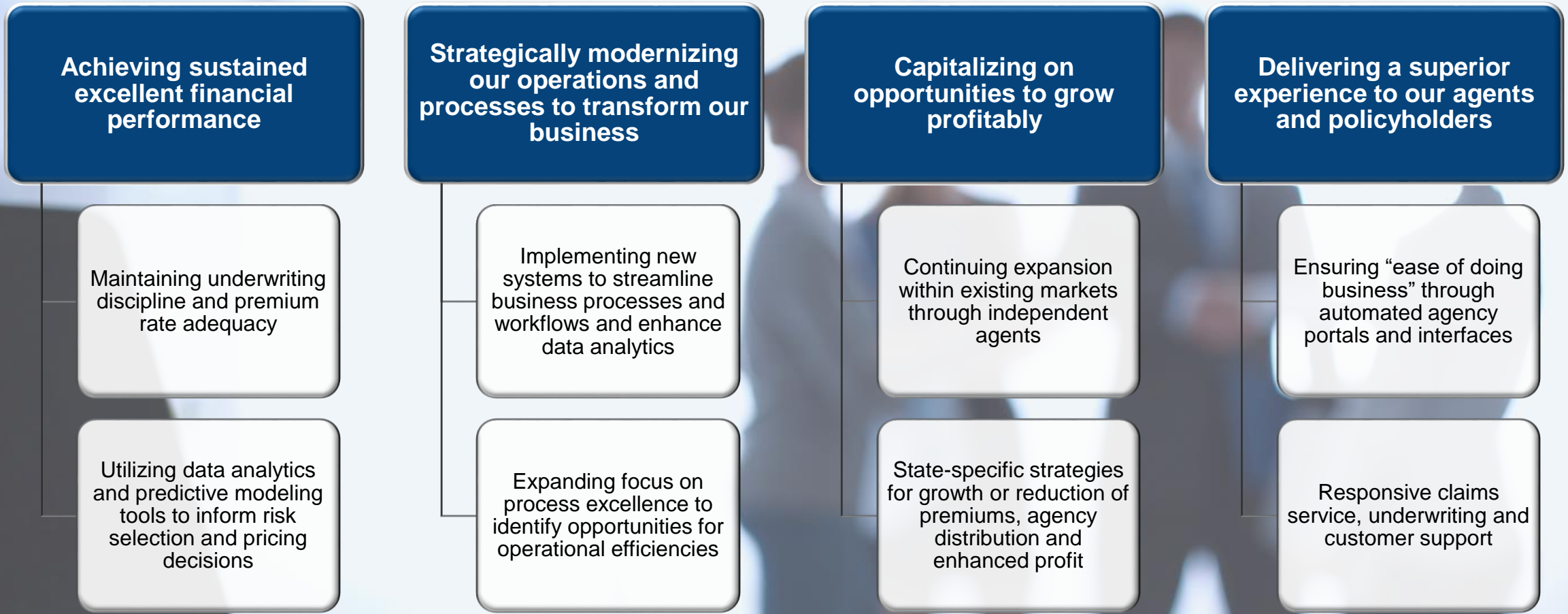
Reconciliations of non-GAAP data are included in the financial supplement section of this presentation.

Donegal Group Inc. is an insurance holding company whose insurance subsidiaries and affiliates offer commercial and personal lines of property and casualty insurance to businesses and individuals in 24 Mid-Atlantic, Midwestern, New England, Southern and Southwestern states through approximately 2,300 independent insurance agencies.

The Company offers full lines of commercial products (approx. 62% of 2021 NPW) and personal products (approx. 38% of 2021 NPW), including commercial multi-peril, automobile, homeowners, workers' compensation and other coverages.

A large, curved brick sign for Donegal Mutual Insurance Company. The sign is made of red brick with a central panel of light-colored stone or concrete. The words "DONEGAL MUTUAL" are engraved in the top line, and "INSURANCE COMPANY" is engraved in the bottom line. The sign is set in a landscaped area with green grass, dark mulch, and a paved road in the background.

DONEGAL MUTUAL  
INSURANCE COMPANY



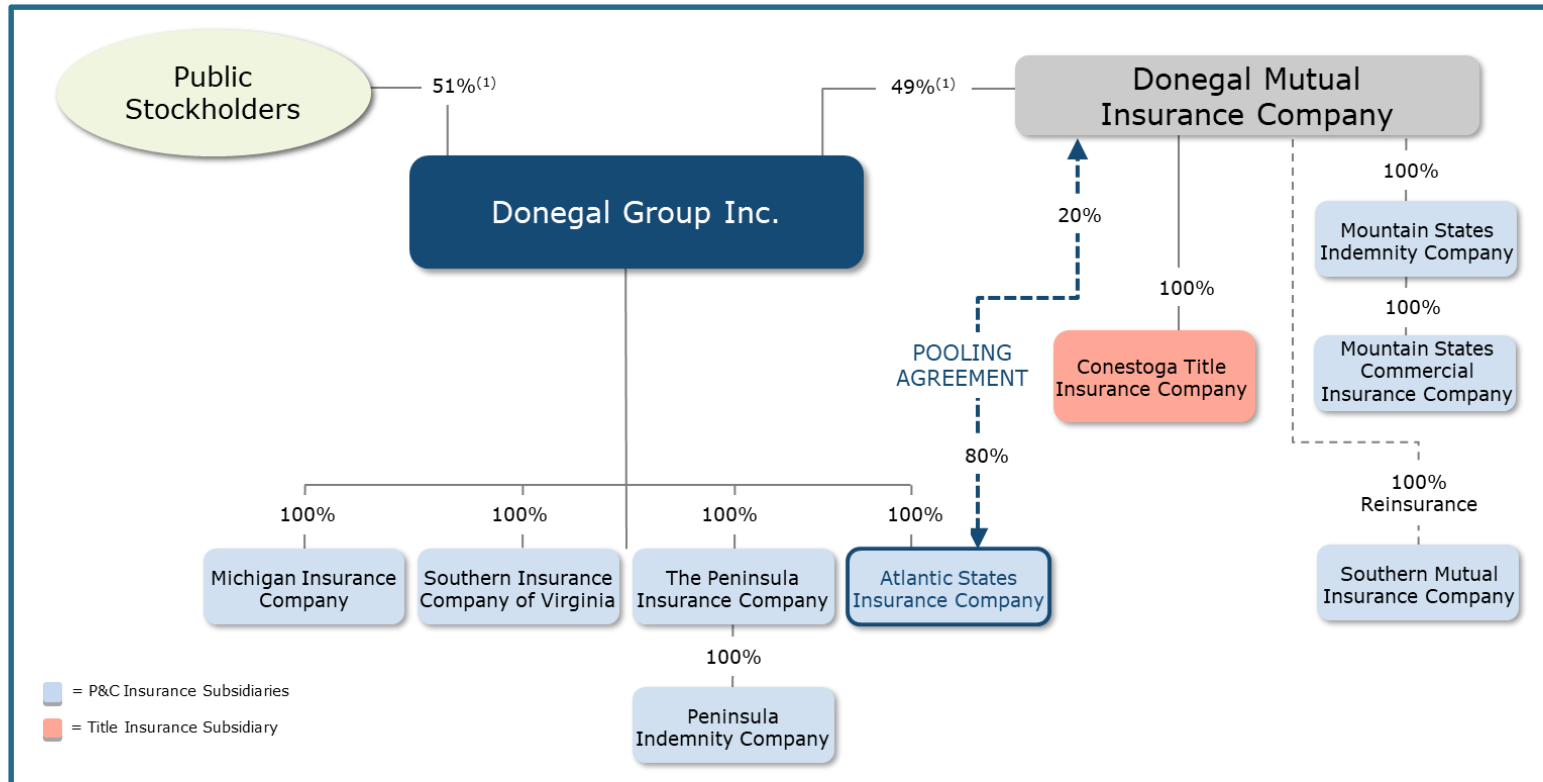
**Continued shift to a higher proportion of commercial lines**

# Significant Benefits to Shareholders from Mutual Relationship

- **Pooling agreement** fosters an **environment of continuity** and maintains **superior employee relations** in which the business can grow.
- Shared combined business plan to **enhance market penetration** and **underwriting profitability**.
- Product offerings are **complementary**, offering a **broad range of products** that expands our ability to service accounts.

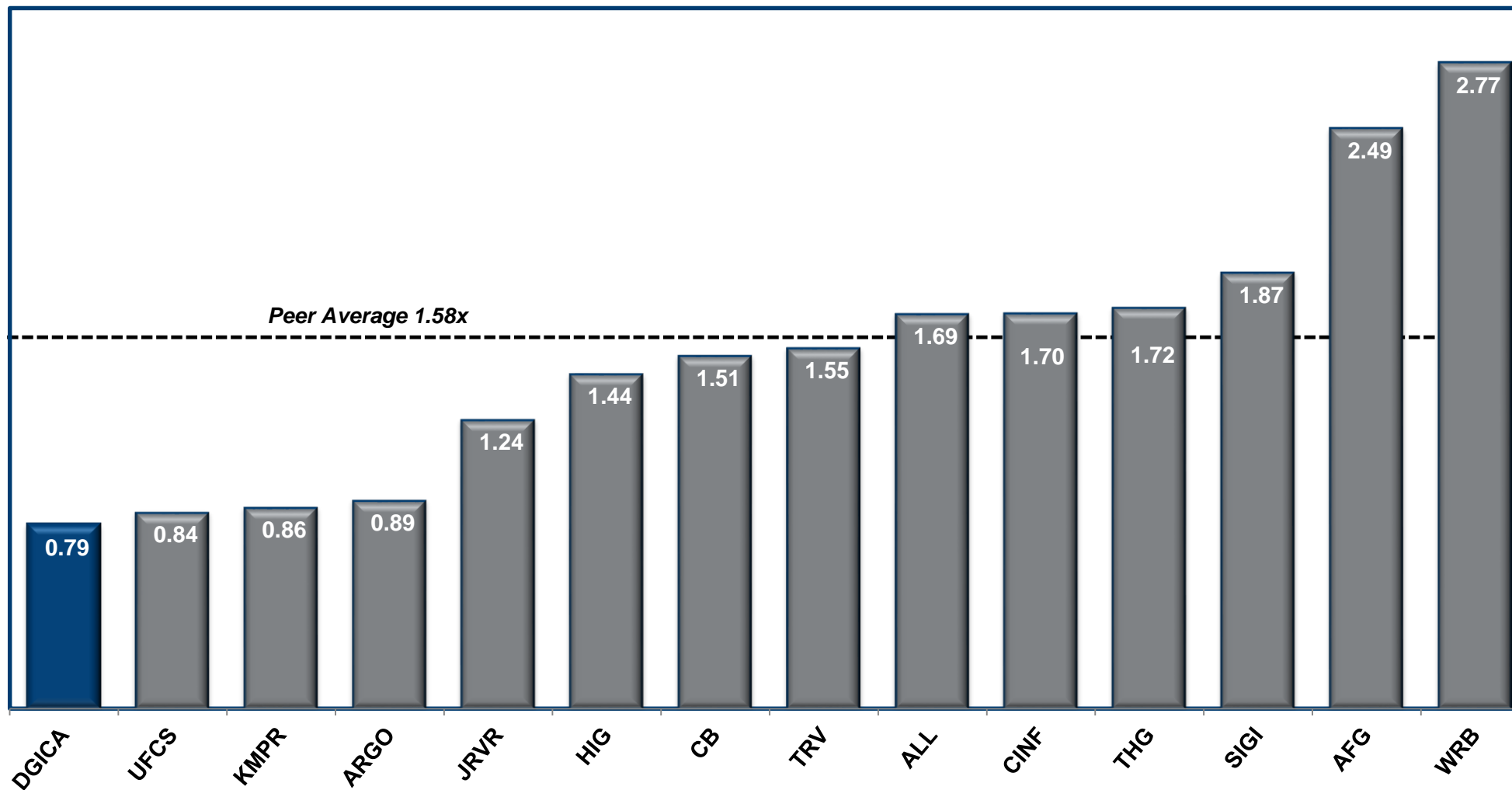


Rated A (Excellent)  
by A.M. Best



<sup>1</sup>Because of the different relative voting power of Class A common stock, public stockholders hold approximately 30% if the aggregate voting power of the combined classes. Donegal Mutual holds approximately 70% of the aggregate voting power of the combined class.

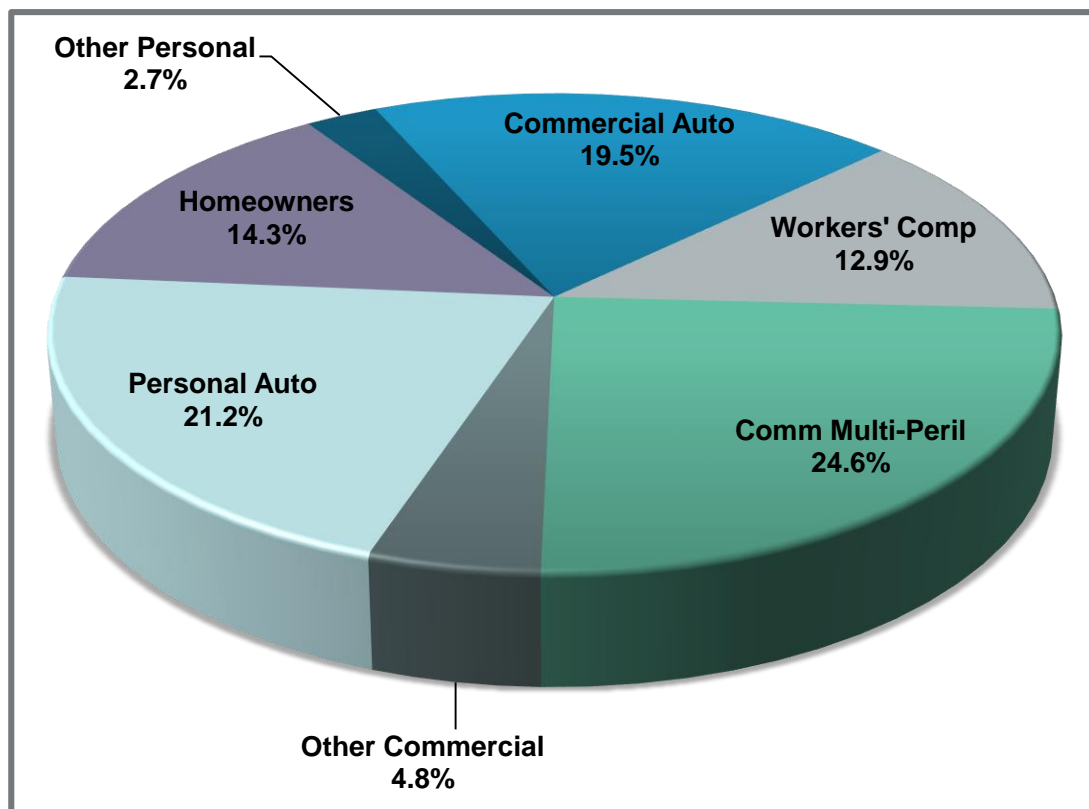
## Price-to-Book Multiple



DGICA: Price as of 4/18/2022 and Book Value as of 3/31/2022

Peer Data Source: FactSet; Price as of 4/18/2022 and Book Value as of 12/31/2021

## Net Premiums Written by Line of Business Year Ended December 31, 2021



### Commercial Lines

- Commercial Auto
- Commercial Multi-Peril
- Workers' Comp
- Other Commercial

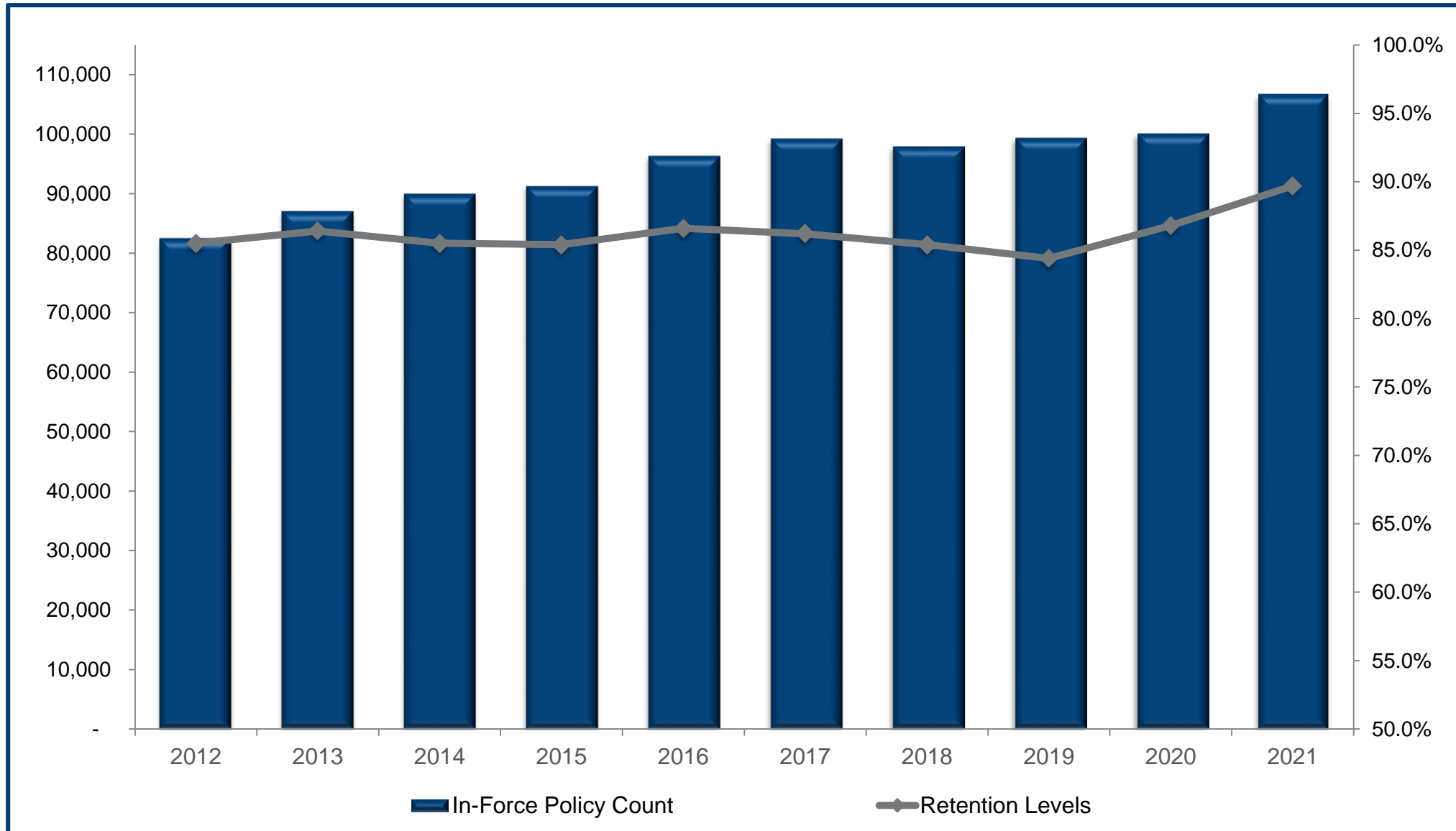
62% of NPW

### Personal Lines

- Personal Automobile
- Homeowners
- Other Personal

38% of NPW

# Continued Growth in Commercial Lines





## Solid Retention

### Net Premiums Earned

**\$199.2M**

**6.4%**  
vs. Q1'21

## Underwriting Results

### Loss Ratio

**59.2%**

**4.5 pts**  
vs. Q1'21

### Expense Ratio

**35.8%**

**(1.7 pts)**  
vs. Q1'21

## Diversified Investment Portfolio

### Net Investment Income

**\$7.9M**

**4.6%**  
vs. Q1'21

### Investment Yield

**2.5%**

**No Change**  
vs. Q1'21

*Percentage change is reflective of Better/(Worse)*

***Underwriting results reflect continued net favorable development of reserves for losses incurred in prior accident years and lower-than-average weather-related loss activity***

<i>(dollars in thousands, except per share data)</i>	Q1'22	Q1'21	Change
<b>Net Premiums Written</b>	\$218,442	\$215,862	1.2%
<b>Net Premiums Earned</b>	\$199,249	\$187,252	6.4%
<b>Loss Ratio</b>	59.2%	63.7%	4.5 pts
<i>Weather</i>	4.0%	3.7%	(0.3 pts)
<i>Prior Accident Year Development Adverse/(Favorable)</i>	(8.3)%	(4.4)%	3.9 pts
<i>Large Fire Losses</i>	4.8%	5.5%	0.7 pts
<b>Expense Ratio</b>	35.8%	34.1%	(1.7 pts)
<b><u>Dividend Ratio</u></b>	<u>0.8%</u>	<u>0.7%</u>	<u>(0.1 pt)</u>
<b>Combined Ratio</b>	95.8%	98.5%	2.7 pts
<b>Net Investment Income</b>	\$7,859	\$7,511	4.6%
<b>Net Income</b>	\$13,145	\$10,530	24.8%
<b>Per Share – Class A (Diluted)</b>	\$0.43	\$0.35	22.9%
<b>Book Value</b>	\$16.72	\$17.29	(3.3%)

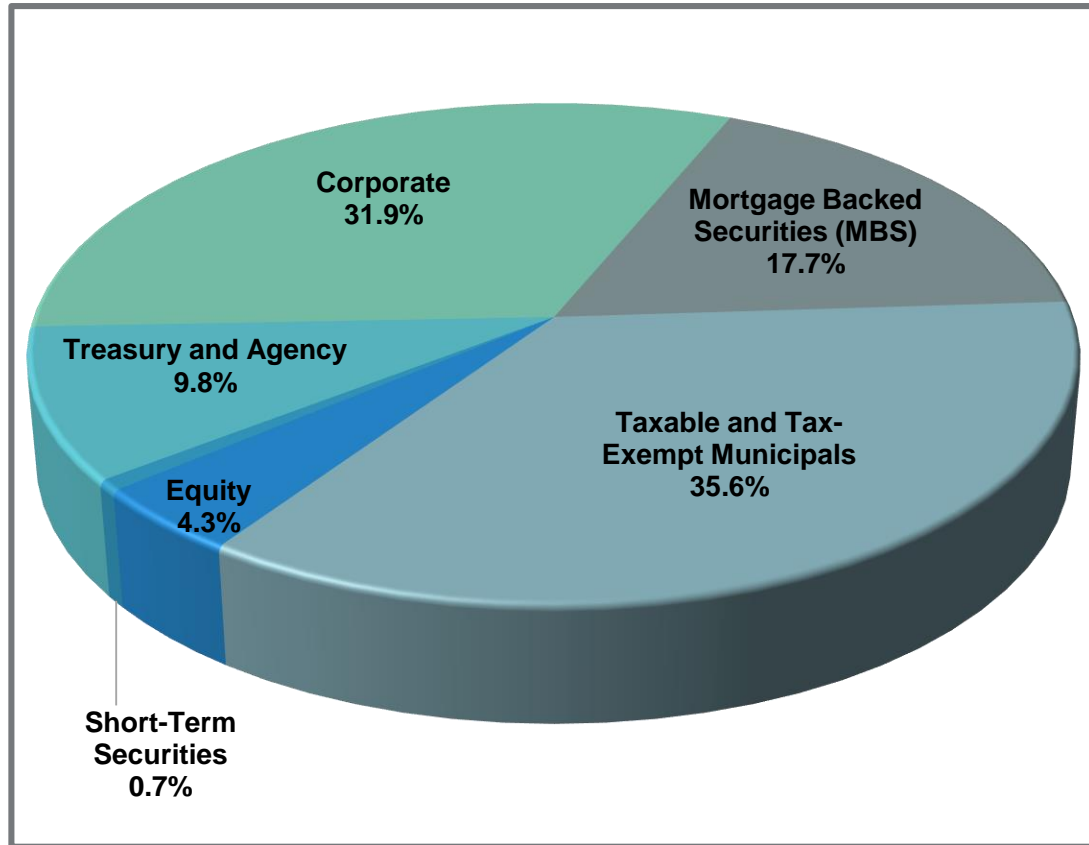
- Strong premium retention and solid Q1'22 renewal rate increases of 8.2% in Commercial Lines (excluding Workers' Comp)
- Modest increases in new business from new product launch and renewal rate increases of 5.9% in legacy accounts to maintain a profitable book of business in Personal Lines

(\$ in millions)	Net Premiums Written			Statutory Combined Ratio		
	Q1'22	Q1'21	Change Better/(Worse)	Q1'22	Q1'21	Change Better/(Worse)
<b>Commercial Lines - Total</b>	\$146.8	\$144.4	1.7%	93.5%	99.3%	5.8 pts
<b>Automobile</b>	\$48.6	\$47.2	2.9%	89.1%	102.3%	13.2 pts
<b>Workers' Compensation</b>	\$32.9	\$34.9	(5.8)%	97.0%	95.4%	(1.6 pts)
<b>Commercial Multi-peril</b>	\$54.2	\$51.8	4.6%	99.7%	107.7%	8.0 pts
<b>Other</b>	\$11.1	\$10.5	6.3%	72.4%	60.1%	(12.3 pts)
<b>Personal Lines - Total</b>	\$71.6	\$71.4	0.3%	94.8%	92.6%	(2.2 pts)
<b>Automobile</b>	\$42.2	\$43.0	(1.8)%	93.5%	93.4%	(0.1 pt)
<b>Homeowners</b>	\$23.5	\$22.7	3.6%	108.0%	94.7%	(13.3 pts)
<b>Other</b>	\$5.9	\$5.7	2.1%	43.8%	76.9%	33.1 pts
<b>Total Lines</b>	\$218.4	\$215.9	1.2%	94.1%	96.5%	2.4 pts

Certain components may not foot due to rounding.

## \$1.3 Billion in Invested Assets

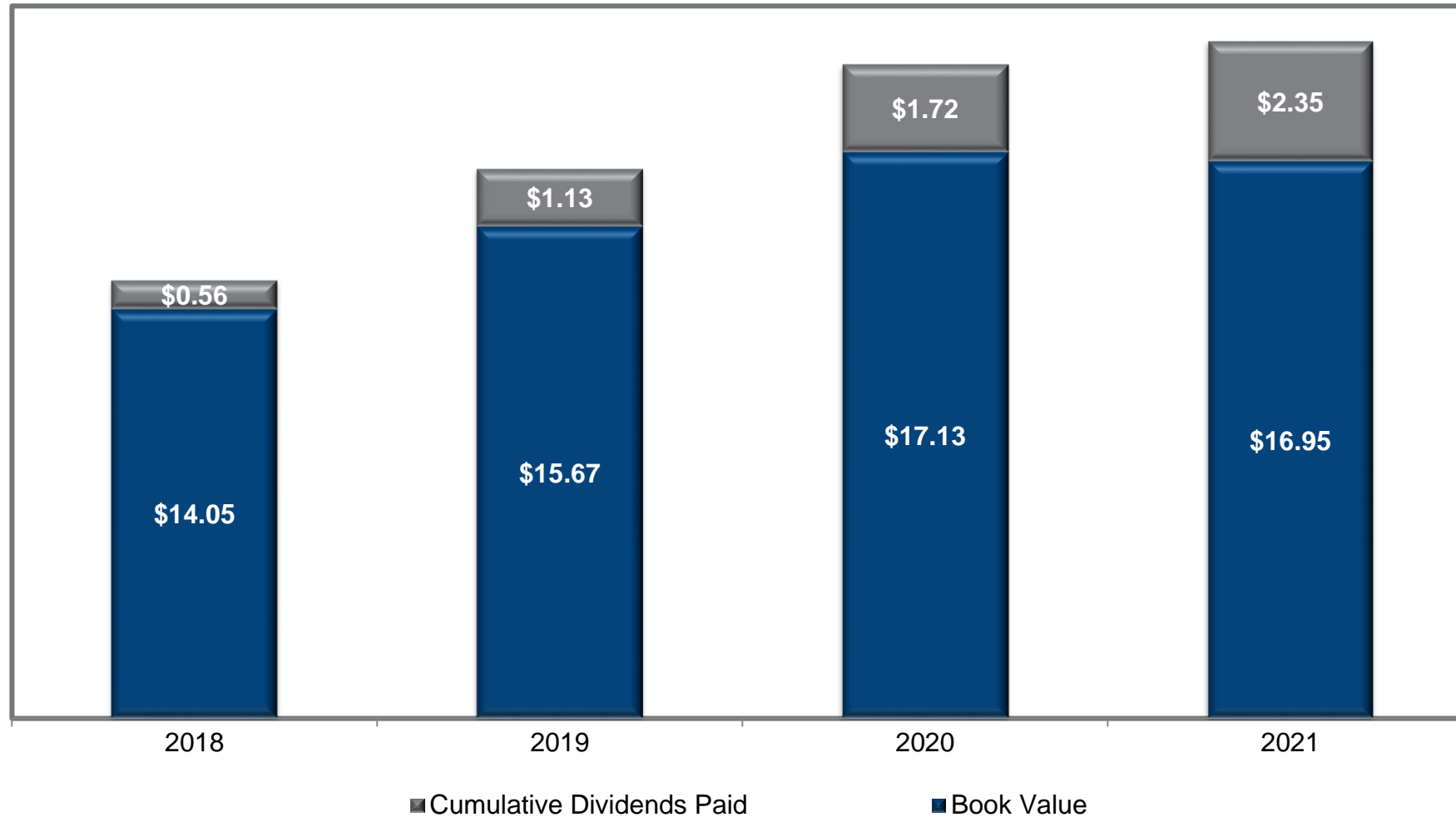
As of March 31, 2022



- Investment portfolio emphasizes on high-quality fixed-income securities
- “Laddering” structure provides additional measure of liquidity
- Added assets to mortgage-backed portfolio for less exposure in a volatile market
- Reinvestment rate exceeds rate received on maturing assets

# Increasing Stockholder Value Over Time

Strategic corporate initiatives implemented beginning in 2018 continue to drive operating improvements



- Well-established regional insurance group with a **diverse book of business** including both commercial and personal lines
- Continuing the shift in our mix of business with **emphasis on commercial lines** while **strategically stabilizing personal lines** to maintain a **profitable book of business** that will **increase stockholder value** over time
- Focusing on achieving sustained excellent **financial performance**, modernizing our operations and processes to **transform our business**, capitalizing on opportunities to **grow profitably** and delivering a **superior experience to our agents and policyholders**
- Maintaining our highly responsive service levels as a key underlying force that contributes to solid growth in our **commercial lines of business**



## Investor Relations Contact

Karin Daly

Vice President, The Equity Group

Phone: (212) 836-9623

[kdaly@equityny.com](mailto:kdaly@equityny.com)

## Transfer Agent

Computershare Trust Company, N.A.

P.O. Box 505000

Louisville, KY 40233

Phone: 800-317-4445

[www.computershare.com](http://www.computershare.com)

We prepare our consolidated financial statements on the basis of GAAP. Our insurance subsidiaries also prepare financial statements based on statutory accounting principles state insurance regulators prescribe or permit (“SAP”). In addition to using GAAP-based performance measurements, we also utilize certain non-GAAP financial measures that we believe provide value in managing our business and for comparison to the financial results of our peers. These non-GAAP measures are net premiums written, operating income or loss and statutory combined ratio.

Net premiums written and operating income or loss are non-GAAP financial measures investors in insurance companies commonly use. We define net premiums written as the amount of full-term premiums our insurance subsidiaries record for policies effective within a given period less premiums our insurance subsidiaries cede to reinsurers. We define operating income or loss as net income or loss excluding after-tax net investment gains or losses, after-tax restructuring charges and other significant non-recurring items. Because our calculation of operating income or loss may differ from similar measures other companies use, investors should exercise caution when comparing our measure of operating income or loss to the measure of other companies.



## Reconciliation of net premiums earned to net premiums written:

	Three Months Ended March 31,		
	2022	2021	% Change
	(dollars in thousands)		
<b>Reconciliation of Net Premiums Earned to Net Premiums Written</b>			
Net premiums earned	\$ 199,249	\$ 187,252	6.4%
Change in net unearned premiums	19,193	28,610	-32.9
Net premiums written	<u>\$ 218,442</u>	<u>\$ 215,862</u>	<u>1.2%</u>

## Reconciliation of net income to operating income:

	Three Months Ended March 31,		
	2022	2021	% Change
	(dollars in thousands, except per share amounts)		
<b>Reconciliation of Net Income to Non-GAAP Operating Income</b>			
Net income	\$ 13,145	\$ 10,530	24.8%
Investment losses (gains) (after tax)	60	(1,951)	NM
Non-GAAP operating income	<u>\$ 13,205</u>	<u>\$ 8,579</u>	<u>53.9%</u>
<b>Per Share Reconciliation of Net Income to Non-GAAP Operating Income</b>			
Net income – Class A (diluted)	\$ 0.43	\$ 0.35	22.9%
Investment losses (gains) (after tax)	-	(0.06)	NM
Non-GAAP operating income – Class A	<u>\$ 0.43</u>	<u>\$ 0.29</u>	<u>48.3%</u>
Net income – Class B	\$ 0.39	\$ 0.32	21.9%
Investment losses (gains) (after tax)	-	(0.06)	NM
Non-GAAP operating income – Class B	<u>\$ 0.39</u>	<u>\$ 0.26</u>	<u>50.0%</u>

NM = Not meaningful