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FOR IMMEDIATE RELEASE

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A.M. Best Removes From Under Review and Upgrades Credit Ratings of Mountain States Commercial Insurance Company and Mountain States Indemnity Company

OLDWICK, N.J., May 26, 2017—A.M. Best has removed from under review with positive implications and upgraded the Financial Strength Ratings to A (Excellent) from B++ (Good) and the Long-Term Issuer Credit Ratings to “a” from “bbb+” of **Mountain States Commercial Insurance Company** (Mountain States Commercial) and **Mountain States Indemnity Company** (Mountain States Indemnity). The outlooks assigned to these Credit Ratings (ratings) are stable. Both companies are domiciled in Albuquerque, NM.

These rating actions follow the May 25, 2017, merger of Mountain States Mutual Casualty Company with and into **Donegal Mutual Insurance Company** (Donegal Mutual), which resulted in Donegal Mutual’s acquisition of Mountain States Commercial and Mountain States Indemnity and the implementation of a 100% quota share reinsurance contract whereby Donegal Mutual reinsures 100% of Mountain State Commercial’s and Mountain States Indemnity’s premiums, losses and expenses. Donegal Mutual is the lead member of **Donegal Insurance Group**, which also includes the insurance subsidiaries of the publicly traded holding company, **Donegal Group Inc.** [NASDAQ: DGICA and DGICB]. The ratings of Donegal Insurance Group and its members, and Donegal Group Inc. are unaffected as a result of this acquisition.

This press release relates to Credit Ratings that have been published on A.M. Best’s website. For all rating information relating to the release and pertinent disclosures, including details of the office

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responsible for issuing each of the individual ratings referenced in this release, please see A.M. Best's [Recent Rating Activity](#) web page. For additional information regarding the use and limitations of Credit Rating opinions, please view [Understanding Best's Credit Ratings](#). For information on the proper media use of Best's Credit Ratings and A.M. Best press releases, please view [Guide for Media - Proper Use of Best's Credit Ratings and A.M. Best Rating Action Press Releases](#).

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