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Item 1.01 Entry into a Material Definitive Agreement.

Effective August 15, 2005, Direct General Corporation ("Direct") entered into an employment agreement (the "Agreement") with J. Todd Hagely, Direct's newly appointed Chief Financial Officer. The term of the Agreement is for five years. We will pay Mr. Hagely an annual base salary of at least \$180,000, plus a discretionary bonus as may be determined by the Compensation Committee of Direct's Board of Directors, in its sole discretion, based on his performance, our business and financial condition, operating results achieved and other factors the Compensation Committee may deem appropriate. In addition, Direct issued to Mr. Hagely an option to purchase 20,000 shares of common stock at an exercise price of \$18.06 per share. The option becomes exercisable annually in five equal installments beginning on August 15, 2006.

We may terminate Mr. Hagely's employment for cause, including (a) failure or refusal to materially perform his duties under the Agreement; (b) failure or refusal to follow material lawful directions of the Board of Directors, Chief Executive Office or President; (c) dishonest conduct; (d) conviction of any felony; or (e) conviction of any misdemeanor involving moral turpitude. In addition, either party to the Agreement may terminate the agreement at any time without cause. However, if we terminate the Agreement other than for cause, Mr. Hagely will be entitled to continue receiving his salary and benefits for six months. Mr. Hagely has agreed not to compete with us or solicit our employees for a period of one year following certain events of termination.

Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.

On August 15, 2005, the Board of Directors of Direct appointed J. Todd Hagely as Senior Vice President and Chief Financial Officer of Direct General Corporation. Barry D. Elkins, who previously held the positions, was appointed as Direct's Senior Vice President - Business Strategies and Development. The Direct Board believes that Mr. Elkins devoting substantially all of his focus on corporate growth and development and Mr. Hagely assuming the responsibilities of Chief Financial Officer will help support and strengthen the management and leadership of Direct.

Mr. Hagely, 41, has over eighteen years of financial and insurance experience, including in the areas of financial reporting, insurance regulation, reinsurance, and other operational aspects of an insurance organization. He has served as the Company's Vice President - Finance and Treasurer since February 2001 and will continue his responsibilities as Treasurer. Prior to his service as Vice President - Finance and Treasurer, he served as the Company's Assistant Vice President - Insurance Accounting and Tax. Prior to joining the Direct General Group, Mr. Hagely was the Assistant Controller of Anthem Casualty Insurance Group from July 1995 until December 1997. His prior experience also includes employment with Coopers & Lybrand, LLP, a public accounting firm. Mr. Hagely is a Certified Public Accountant and a graduate of Miami University with a B.S. in Business Administration.

Item 7.01 Regulation FD Disclosure.

On August 15, 2005, we issued a press release announcing the appointment of J. Todd Hagely as a Senior Vice President and our Chief Financial Officer. A copy of the press release is attached to this Current Report on Form

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8-K as Exhibit 99.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits.

The following exhibit is filed herewith and made a part hereof:

Exhibit No. -----	Description -----
99 --	Press Release dated August 15, 2005

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: August 16, 2005

DIRECT GENERAL CORPORATION

By: /s/ Ronald F. Wilson

Ronald F. Wilson
Secretary