

# POWER IN NUMBERS

2010 Annual Report

THE MAIN STREET AMERICA GROUP







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THE MAIN STREET AMERICA GROUP

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Cindy Herrera, account manager at the Farmer-Leavitt Insurance Agency in Phoenix (above), served on Main Street America's commercial lines technology council. Read more on page 12 about how our customers, like Cindy, helped influence the enhancements we made to our Main Street Station policy processing systems.



Tom Van Berkel  
Chairman, President and CEO  
The Main Street America Group  
Jacksonville, Fla.

# MESSAGE FROM THE CHAIRMAN

The Main Street America Group performed exceptionally well in 2010. We reported a fifth straight year of underwriting profit, achieved healthy growth in premium and significantly strengthened our balance sheet despite a challenging pricing environment for the property/casualty industry and a continuing sluggish economy throughout the United States.

We remained focused on fulfilling key elements of our long-term strategy that include spreading risk through geographic diversification and taking steps to increase scale through additional distribution points in markets previously underserved. Additionally, we successfully implemented new commercial lines and personal lines products, as well as our Main Street Station policy processing systems, throughout many of our 27 states.

Main Street America's excellent 16.8 percent return on equity was the result of our underwriting profit (combined ratio of 99.2) and an investment return of \$105.1 million, just shy of our record \$105.5 million in 2009. We added \$78 million to surplus. In the two years since the financial markets' collapse of 2008, we have increased our surplus by \$162 million. Our premium to surplus ratio has decreased to 1.16:1.

As we maintained our underwriting and pricing discipline, we achieved substantial net premium growth of 9.1 percent to \$890 million, our largest percentage growth in net premium since 2003. New business increased 14.3 percent.

Commercial lines was once again our profit leader, recording a stellar 90.3 combined ratio. Our four regions also performed very well in 2010 with an overall combined ratio of 95.6. We enjoyed strong profitability in our New England, Southeast and Northeast Regions. While our new Midwest Region's combined ratio was impacted by severe storm activity in Oklahoma, the region did generate 29 percent premium growth. After several years of struggling to increase premium, New England led our established regions with a very healthy 5.8 percent growth rate.

We could not have achieved these excellent financial results without the strong support of our independent agent-customers and the tireless efforts of our employees who continued to take care of our customers in a magnificent way.

Throughout 2010, we achieved many accomplishments in our product areas. In commercial lines, our Main Line Business Owners Policy (BOP) and Main Street Station commercial lines policy processing system were deployed in five more states. Main Line BOP premium grew 34 percent year-over-year. In 2011, we will continue to focus on growing our 100 new BOP classes as well as traditional classes. We will also launch Main Line BOP in Florida and Indiana and begin development of our new multivariate commercial auto product.

In personal lines, we launched our new homeowners' multivariate product, Homeowners MVP, in three states. In 2011, we will focus on implementing a core upgrade of our Main Street Station personal lines system to help make it easier for our customers to write business with us.

*"We achieved substantial net premium growth of 9.1 percent to \$890 million, our largest percentage growth in net premium since 2003."*

Main Street America's surety business launched third-party functionality for our Main Street Station bonds processing system and increased our geographic diversification by acquiring the surety division of CAIC Holding Company in Texas, as well as appointing new agents in several other states.

Our claims team continued to deliver on its promise to respond quickly and fairly when our customers and policyholders needed us most. Our recently upgraded ClaimCenter system has improved the efficiency of our claims processing.

# MESSAGE FROM THE CHAIRMAN CONTINUED

We successfully integrated our new affiliate, Grain Dealers Mutual Insurance Company, and began selling Main Street America's commercial, personal and surety products through its network of independent agents. We also established Grain Dealers Mutual's office in Indianapolis, Ind., as our new Midwest Region headquarters. Our affiliation with Grain Dealers Mutual enabled us to enter two new states - Indiana and Mississippi - as well as increase our market share in several existing states including North Carolina, Oklahoma, Tennessee and Virginia.

Our business grew 30 percent in our three Western states - Arizona, Nevada and Utah - via our network of Leavitt Group agents that sell our full line of commercial products to their "Main Street" customers. We also increased our market share in Michigan, as we grew personal lines 33 percent via our expanding network of Great Lakes Casualty agents.

To ensure our customers have numerous forums to provide feedback to us, we conducted national and regional agency councils, commercial lines and personal lines technology councils, listening tour "town hall" meetings and an all-customer online survey. Not only did we listen to what our customers were telling us via these programs, but we took several actions based on their invaluable input.

Our customers repeatedly tell us that "The MSA Experience" - serving our customers (independent agents) and our customers' customers (insureds) better than anyone else - is Main Street America's key differentiator in the marketplace. Hundreds of our customers have made us No. 1 or No. 2 in their agencies. We thank them for partnering with us to achieve the level of success we had in 2010, especially as they faced significant challenges in their respective markets.

Main Street America remains 100 percent committed to our "Main Street" niche and the independent agency system as our sole distribution channel. As the founding company partner of Trusted Choice® in 2001, we continue to champion the consumer branding program of the Independent Insurance Agents & Brokers of America that has grown to more than 12,000 agent members and 58 company partners. Trusted Choice enables independent agents, who typically brand

themselves at the local level, to compete against direct writers and captive insurers with strong national brands backed by heavy marketing. The program also helps to reinforce the value independent agents provide to consumers that includes choice of carriers, customization of policies and advocacy support.

We "live the brand" by co-branding everything we distribute in the marketplace as The Main Street America Group and Trusted Choice. This includes our annual report, product and technology marketing materials, customer newsletters, trade show displays and our quarterly results videos broadcast on our YouTube channel.

*"Main Street America remains 100 percent committed to our 'Main Street' niche and the independent agency system as our sole distribution channel."*

Main Street America's 2010 performance positions us very well against the industry. Our strong financial position will enable us to invest in new products and new technology to help our customers continue to profitably grow their "Main Street" books of business with us. We are extremely well-capitalized, which will allow us to pursue a variety of expansion opportunities in both existing states and new states - including affiliations, acquisitions and partnerships - enabling us to further spread risk and increase scale.

We look forward to partnering with our customers in 2011 to profitably grow and achieve our financial goals in what we expect will be an improving economic environment for everyone.

# 2010

## FINANCIAL OVERVIEW

The Main Street America Group achieved several significant financial outcomes in 2010. We exceeded many of our goals and outperformed the property/casualty industry in numerous areas.

### Our 2010 Results Included:

- Return on equity of 16.8 percent.
- Combined ratio of 99.2, which will compare well against the industry and our peer companies' results. It was the fifth consecutive year that we produced a combined ratio under 100 and achieved an underwriting profit. Storm losses in Oklahoma that significantly impacted our new affiliate, Grain Dealers Mutual Insurance Company, added a full point to our combined ratio.
- Surplus increase of \$78 million, raising our total surplus to \$770 million. Our premium-to-surplus ratio also improved to 1.16:1.
- Net written premium of \$890 million, a 9.1 percent increase over 2009. This included \$21.4 million written by Grain Dealers Mutual. This was our largest annual increase in net written premium over the past five years.
- Net income of \$83.5 million, driven by our strong investment results and underwriting profit.
- Total assets surpassed \$2 billion.
- "A" rating affirmed by A.M. Best, the P&C industry's premier rating agency, with a stable outlook.

Our core personal and commercial lines businesses generated a combined ratio of 95.6 and produced \$38.6 million of underwriting income. We produced a combined ratio of 90.3 in commercial lines and each of our three largest regions recorded an overall underwriting profit.

On a statutory basis, our investments returned \$105.1 million in 2010, just missing Main Street America's 2009 record return of \$105.5 million. Overall, our investment portfolio returned 8.0 percent versus its blended benchmark of 6.8 percent. Excess returns were driven primarily from active manager outperformance and internal asset allocation decisions.

While bond market returns were below what we had expected, Main Street America's fixed income portfolio (representing 89 percent of our overall portfolio) generated returns that were \$12 million in excess of our 2010 goal. This favorable result is the byproduct of superior security selection by our managers and asset allocation decisions to underweight the weaker performing bond sectors.

Elsewhere, our private equity portfolio returned 34 percent in 2010. Finally, increased allocations to the high returning public equity and high yield bond markets enabled those asset classes to add \$6 million and \$1 million, respectively, in excess returns for the portfolio.

### SURPLUS GROWTH (dollars in millions)



### KEY RESULT MEASUREMENTS (dollars in millions)

	2010	2009	2008
COMBINED RATIO	99.2	97.4	94.9
NET WRITTEN PREMIUM	\$890	\$815	\$805
RETURN ON SURPLUS AND EQUITY	16.8%	18.2%	-6.2%
SURPLUS AND EQUITY	\$770	\$692	\$608
PREMIUM-TO-SURPLUS RATIO	1.16:1	1.18:1	1.33:1



*“Main Street America  
is always there.”*

Main Street America business development executive Angela Dunn (left) and Donna Canning, commercial lines account manager at Rogers & Gray Insurance Agency in Plymouth, Mass.

**336,472**

Number of customer service calls handled annually by Main Street America.

**5.2**

The value of our field representatives in assisting our customers to grow their agencies in 2010 (with a score of 6 being most satisfied).

Source: Main Street America 2010 Customer Survey

**4.5**

Overall policyholder satisfaction with Main Street America's claims handling process (with a score of 5 being extremely satisfied).

Source: Main Street America 2010 Policyholder Claims Survey

# PROVIDING SOLID SERVICE

Donna Canning, commercial lines account manager at Rogers & Gray Insurance Agency in Plymouth, Mass., was in a pinch. Donna had just received a pressing phone call from a large commercial lines insured who was buying a new vehicle for his business. Before the insured could finalize the purchase with the dealership, he needed a new commercial auto policy. That's when Donna sprang into action.

Donna had not yet used Main Street America's new commercial lines quoting and business submission system but needed to get a policy issued quickly for the insured. To make the process smoother for Donna, The Main Street America Group's customer service representatives were ready and willing to help her.

Operations specialist Cindy Bergeron, who has worked in Main Street America's customer service unit in Keene, N.H., for the past 12 years, assisted Donna in using our Main Street Station commercial lines processing system. Using a technology solution that enables Cindy to remotely view Donna's computer screen, Cindy quickly guided her through the new business submission and policy issuance process.

Cindy explained, "When a customer calls us and they are just not quite sure where to go on our new system, we can log on and shadow them. This enables us to see the system from their perspective and walk them through the process step-by-step."

At the end of the session, Donna issued the policy and sent the appropriate paperwork to the dealership before closing. Donna then phoned Main Street America commercial lines underwriting supervisor Ruth MacMurray and expressed how impressed she was with Cindy's ability to provide immediate assistance under a time crunch.

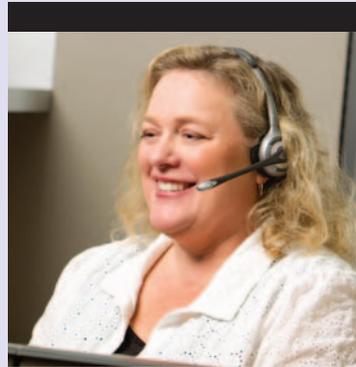
"It was very helpful to have someone on the other end who was able to walk me through the entire process," Donna said. "It was great that I didn't get a voicemail or an automated recording when I needed help the most."

While the customer service unit serves as Main Street America's frontline support for our agent-customers by answering nearly 337,000 calls annually, we also have competent underwriters and field marketing representatives to round out our service team.

Angela Dunn, a Main Street America business development executive in Massachusetts, is the field representative for

Rogers & Gray and feels it is the strong relationships our organization has developed with our customers that is a key differentiator in the marketplace.

"I am the face of Main Street America because I am physically in our customers' offices. However, the agency relationships definitely extend much deeper into underwriting and customer service as well," Angela said. "Our regional management and senior management teams are also very close with our customers and I think agents appreciate that management is out there and listening."



Cindy Bergeron, who works in Main Street America's customer service department, uses a technology solution to remotely view agent-customers' screens and guide them through the new business submission and policy issuance process.

Donna agrees that our company is willing to go the extra mile to ensure our customers' voices are heard.

"I think it's important to receive that face-to-face contact. It is beneficial because then the company knows where we are coming from and what our needs are," Donna emphasized. "When our marketing rep (from Main Street America) comes to visit, it makes our relationship a lot closer because we know someone is listening to us."

Angela added that it is not only the availability of our employees that makes a difference but their knowledge, experience and willingness to help are critical too.

"As far as service goes, that is a consistent theme I hear across many of my agencies," Angela said. "My customers constantly tell me they can rest assured that someone from Main Street America is always there and will always get back to them. Overall, I think that speaks volumes."

*“We understand the only reason we are in business is because of our agent-customers.”*



Ted Ostrander Jr., president of Lassiter Ware Insurance in Leesburg, Fla. (left), along with Main Street America business management executive Bill Shirkey.

**2,160**

Number of independent insurance agencies currently writing business with Main Street America.

**1929**

The year our oldest agent-customer, Mitchell Insurance of Southbury, Conn., was appointed by Main Street America.

**27**

Number of states Main Street America currently writes commercial lines and/or personal lines business in.

# LONG-TERM PARTNERSHIPS

A highly regarded independent agency established nearly 100 years ago in West Central Florida is rooted in long-standing partnerships with not only its insureds but also its markets.

Lassiter Ware Insurance, founded in 1912 and based in Leesburg, Fla., is an agency that believes in the value of solid relationships between an agency and its carriers, and how the two parties have to form a partnership to ensure their mutual success.

"I think it's really critical to build relationships with your carriers," explained Ted Ostrander Jr., Lassiter Ware Insurance president. "There's so much talk about 'partnerships.' I've been in this business 37 years and a lot of carriers are not your partners - but Old Dominion really is."

Partnership and mutual trust have been in the forefront throughout the long and prosperous relationship between Lassiter Ware and The Main Street America Group's Old Dominion Insurance Company.

When several employees from Peninsular Fire, a Jacksonville, Fla.-based insurance company (that no longer exists) formed Old Dominion in 1981, they placed faith in each other and the 40 agencies they hand-picked to begin writing business with them in this new entity.

Lassiter Ware was among Old Dominion's founding agencies and has been a leading customer of the Florida-based carrier from day one.

Bill Shirkey, a Main Street America business management executive in Florida and Old Dominion founding officer, explained, "We told our original 40 agencies that we knew they didn't need another company, and we understood they really didn't need an unrated, very financially limited carrier, but we asked them to join us and we'd make it work."

"Lassiter Ware was the first one to sign on and if it hadn't been for the Ted Ostrander's of the world, Old Dominion would have never gotten off the ground."

Ted said, "I can remember having conversations with Old Dominion's founders and they told us not to worry, they would do the right things and be right there with us through good and bad markets. We didn't even hesitate and we have never regretted representing them."

The early years at Old Dominion were tough, marked with numerous ownership changes and A.M. Best rating issues, but the start-up carrier endured.

"During our early days, we purchased A+ reinsurance and paid dearly for it but we wanted to ensure everyone was protected," Bill said. "Because of that, we never lost one of those key 40 agencies."

When Old Dominion was acquired by Main Street America in 1996, our company brought with it a strong financial rating from A.M. Best and new products and enhanced technology - but maintained an overall commitment to serving our customers and our customers' customers better than anyone else. Today, Old Dominion remains an "A" rated carrier and is ranked No. 1 in the Sunshine State by members of the Florida Association of Insurance Agents.

"Over the years, things have changed and the products have changed, but not dramatically, and I think that's a good thing," Ted commented. "We still know everyone right up the line. I remember when we crossed the million dollar mark, Tom (Van Berkel) picked up the phone and called to congratulate me. That's pretty cool when the president of the company calls to thank you for writing a million dollars with his company!"

Since that congratulatory phone call from Main Street America's chief executive officer, Lassiter Ware has continued to grow from its original \$50,000 annual premium level with Old Dominion to currently writing more than \$2.5 million per year. In addition, the agency has expanded to five office locations, spanning from Jacksonville to Tampa, Fla.

Bill concluded that through the years, Main Street America and Old Dominion have maintained our model of treating the independent agent as our customer - while other carriers have moved away from that philosophy.

"I think so many carriers think the only reason you're (the independent agent) in business is because of them, but we understand the only reason we are in business is because of our agent-customers," Bill said.



Mark Gibbons, president of Gibbons Insurance Agency in Boothwyn, Pa. (left), with Main Street America business management executive Terry Evert.

**12,305**

Number of bonds issued via Main Street Station for Bonds in 2010.

**50**

Number of pricing tiers for our Personal Auto MVP (multivariate program).

**102,600,000**

Dollar amount of total Main Line BOP production (through year-end 2010) since the product's debut in fall 2008.

# PRODUCTS BACKED BY SERVICE MAKE THE DIFFERENCE

The Main Street America Group generated well-above market premium growth in 2010, to a large extent spurred by strong sales of two of its newest products: Main Line Business Owners Policy (BOP) and Personal Auto MVP.

Both products represent significant improvements over the company's previous offerings, are very competitive in coverages and price, and have been very well-received by our independent agent-customers, particularly "Main Street" agencies like Gibbons Insurance in Boothwyn, Pa., located 15 miles southwest of Philadelphia.

"For a Main Street business owner, insurance is a major expense," said Mark Gibbons, president of Gibbons Insurance. "And in tough economic times like these, solid products like Main Street America's Main Line BOP make a difference."

The agency's writings of the product surged 26 percent in 2010 over the previous year.

"Main Line BOP has excellent coverages, so we don't have to add to the product, which keeps our customers' premiums lower. It also has great classes, which really shows Main Street America's broad appetite," Mark said.

Gibbons Insurance's market niche is small- to medium-sized businesses and much of their business is in construction, wholesale and retail.

"Because insurance is so important, business owners don't look at their coverage as a commodity," Mark said. "They want a relationship with their agency and their carrier, and responsiveness is essential."

He provides a solid example of how Main Line BOP fulfilled a need for one of his agency's new customers. A landscape contractor in Boothwyn bought a new truck and became frustrated with how long it was taking his insurance agent to get him commercial auto insurance. No longer willing to wait, and acting upon a referral, he contacted Mark. Mark wrote the policy with Main Street America quickly. The contractor was so pleased with the service from Mark and Main Street America that he recently renewed the policy.

"Responsiveness from our agency and Main Street America were keys to winning and retaining this account," said Mark.

He said that this high degree of responsiveness can be found throughout Main Street America's organization.

"(Northeast Region president) Mark Berger, (field representative) Terry Evert and the underwriting staff from Main Street America are very knowledgeable and always available. I know I can always count on Terry," Mark said.

Mark added that if he needs help determining the eligibility of a potential policyholder, Terry will help him evaluate the business.

*"...solid products like  
Main Street America's  
Main Line BOP make  
a difference."*

"Mark recently wanted another 'eyes and ears,' so I went to visit a local restaurant," Terry said. "It was a very good account - well-established with high visibility in the community - all the things you would want in a restaurant risk, so we wrote it with our Main Line BOP."

The relationship between Gibbons Insurance and Main Street America began about five years ago. The 47-year-old agency only represents a handful of carriers, so it selects them very carefully.

"It's not about rate," Mark said. "We look for product, stability and relationships. I like to be able to actually talk to someone at the carriers we represent. It's the only way we've ever done business. We've always been about relationships. That's why it's been such a good fit with Main Street America."



Field technical trainers Tracie Wilson (left) and Kristen Lawrence spearheaded Main Street America's commercial lines and personal lines agency technology councils, respectively.

**54,004**

Number of quotes submitted via Main Street Station for Commercial Lines in 2010.

**38**

Percentage increase in new auto business (on average) in 2010 vs. 2009 in states with Main Street Station for Personal Lines, Personal Auto MVP or a combination of both.

**68**

Percentage of Main Street America agent-customers who have issued at least one commercial surety bond through our Main Street Station bonds processing system.

# WORKING TOGETHER TO ENHANCE PROCESSING SYSTEMS

While providing agency distribution forces with easy-to-use policy processing systems is table stakes for property/casualty carriers, ongoing enhancement of these systems can be a key ingredient to sustaining profitable growth in a challenging marketplace.

Not only is The Main Street America Group fully committed to improving the functionality of its Main Street Station systems, but it has established a mechanism for providing the company with invaluable input from its agent-customers on what functionality can be improved.

*"We were not only listening, but making changes based on what they told us."*

"We established commercial lines and personal lines technology councils in the fall of 2009 to specifically focus on our two Main Street Station systems," said Main Street America field technical trainer Kristen Lawrence. "We wanted to make sure our customers were well-represented on these councils, so we selected CSRs (agency customer service representatives) who were regular users of the systems."

Main Street America field technical trainer Tracie Wilson said the charge of both councils was to improve workflow of the platforms.

"We wanted to make the systems more user-friendly and more intuitive, and we were able to accomplish this through the council process," Tracie said.

Among the CSRs who participated was Cindy Herrera, account manager at the Farmer-Leavitt Insurance Agency in Phoenix. Cindy, a member of the commercial lines council, said the process was a big success.

"It was amazing," Cindy said. "During our council meetings, Main Street America received input directly from the people who use their systems every day. They clearly understood that if their systems are difficult for their agents to use, they are not going to be utilized and therefore, they are not going to get the business.

"Main Street America's process enabled us to pinpoint the most critical areas that affect agency workflow. They weren't just focused on fixing the easy things."

Farmer-Leavitt is a full-lines agency that generated \$25 million in premium in 2010. Approximately 74 percent of its business is commercial lines and Main Street America ranks among its leading commercial markets.

"All of our carriers have processing systems and Main Street Station is as easy to use as most of them," Cindy said. She added that changing the flow of the screens was a big improvement that came as a result of Main Street America's technology council process.

"Having efficient systems like Main Street Station enables us to service our clients better," Cindy said. "We can turn around a quote in 15-20 minutes. It helps us handle twice the workload in the same amount of time."

Council members represented small and large agencies from all four of Main Street America's regions. The mix included long-time customers and newly appointed agents.

"It was interesting to hear all of our council members talk during the meetings," Kristen said. "They were giving each other advice on how to use the systems. They learned a lot from their peers just by participating."

Both councils met quarterly throughout 2010. Tracie said the key differentiator between Main Street America's technology councils and similar forums run by other carriers was actions taken by our company.

"Several of our council members had participated on technology councils with other carriers where they gave their feedback and nothing ever happened. They found our process to be very valuable because we were not only listening, but making changes based on what they told us," Tracie said.

43

YEARS

Cathy Mecheski  
Financial Services  
Keene, N.H.



43

YEARS

Sandy Holbrook  
Law  
Keene, N.H.



42

YEARS

Dave Hall  
Commercial Lines  
Syracuse, N.Y.



42

YEARS

Bonnie Miner  
Integrated Customer  
Solutions  
Keene, N.H.



42

YEARS

Jane Hutchins  
Corporate Actuarial  
Keene, N.H.



42

YEARS

Chris Niland  
Personal Lines  
Keene, N.H.



40

YEARS

Brenda Raven  
Claims  
Syracuse, N.Y.



40

YEARS

Karen Goodale  
Integrated Customer  
Solutions  
Keene, N.H.



# EMPOWERING OUR EMPLOYEES

The Main Street America Group not only invests in our technology, products and services – but also equips our employees with the necessary tools to provide “The MSA Experience” to our stakeholders.

With the ultimate goal of serving our customers (independent insurance agents) and customers’ customers (insureds) better than anyone else, Main Street America believes developing our employees is an ongoing and evolving process.

“Whether you are new to the property/casualty industry or a seasoned veteran, you will experience a very different environment here because we provide versatile opportunities that are not available within larger organizations,” said Toni Porterfield, Main Street America’s senior vice president of human resources. “Our employees have exposure to all levels of management, including the CEO, and our unique culture provides them with the opportunity to do their best work.”

Dave Hall, commercial lines underwriting manager of the company’s Northeast Region based in Syracuse, N.Y., began working at Main Street America in 1968 and is one of eight employees with 40 or more years of tenure at the super regional carrier. Dave said he has experienced firsthand the professional and personal development opportunities afforded by our organization.

“My first job was in the mailroom and then I moved into records, casualty rating and finally underwriting,” Dave said. “Main Street America has provided me with the ability to grow from a records clerk to a manager of commercial lines underwriting.”

Toni believes we have retained employees like Dave because of our organization’s stability, despite the economic and environmental turmoil we have faced.

“While many companies are cutting benefits like 401(k) matches, we continue to offer a competitive compensation and benefits package, including a short-term incentive program that rewards employees for their contributions to our profitable growth,” Toni explained. “By doing so, our employees are empowered to take pride in their work and are recognized for their great efforts.”

Main Street America also has several formal programs that recognize employees for demonstrating our core values of Ownership, Relationships and Service. In addition, our company provides in-house training and development, tuition reimbursement, and financial support for the acquisition of professional designations/credentials.

With the average employee tenure at 12 years, employees like Keene, N.H.-based Cathy Mecheski understand the benefits provided by Main Street America extend beyond the tangible.

*“It’s a great place to work.”*

<p><b>285</b> Number of recognition awards earned by our employees in 2010.</p>	<p><b>5,172</b> Number of professional designations/certificates or training courses completed by our employees in 2010.</p>	<p><b>12</b> Years of average employee tenure.</p>
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“I work with a fantastic group, we actually have fun,” exclaimed Cathy, a financial services executive assistant who has been with Main Street America since 1967. “If anyone asks me what it’s like to work here, I just tell them the same thing that I say when I welcome new employees – ‘It’s a great place to work!’”

Sandy Holbrook, legal support specialist in Keene who also joined Main Street America in 1967, said working in several different departments has enabled her to expand her knowledge base and continue to challenge herself.

“Throughout my career with Main Street America, I have seen many changes within the insurance industry, within corporate America and within our company,” Sandy said. “These changes have provided me with the opportunity to grow as a person, improve my skills and learn new ones, as well as interact with some very incredible professionals.”



Jacksonville, Fla.-based employees Andrea Walden, claim representative (left), and Michele Seymour, compensation and benefits manager, use their company-paid volunteer day to serve meals at the Clara White Mission.

317

Number of toys donated through our 2010 holiday toy drive.

1,653

Pounds of nonperishable goods donated through our 2010 Thanksgiving food drive.

25

Percentage of employees who made contributions to local nonprofit organizations that were matched by our NGM Charitable Foundation in 2010.

# IMPACTING OUR COMMUNITIES

## Companies That Care

For the third consecutive year, The Main Street America Group was selected as one of 30 “Companies That Care” by *Jacksonville Magazine*. The publication showcases the many ways local businesses are making Florida’s First Coast a better place to live.

## Employee Volunteer Day

Main Street America encourages our employees to be active citizens by providing each individual with a paid volunteer day (full day off from work) to use at the 501(c)(3) organization of their choosing. In 2010, many of our Jacksonville employees teamed together to spend the day at the city’s Clara White Mission where they served breakfast to the homeless and cleaned and organized a large storage warehouse.

## Holiday Toy Drive

We annually hold a companywide toy drive in December, which results in hundreds of new toys being donated by our employees to Toys for Tots, the nonprofit organization run by the U.S. Marine Corps. Main Street America was recently honored by the U.S. Marine Corps for its ongoing contributions to this highly successful nationwide program.

## Thanksgiving Food Drive

Through our annual Thanksgiving Food Drive, our employees donated nearly 1,700 pounds of nonperishable goods to food banks in communities where we have corporate and/or regional/field offices.

## UNF Endowment

Our five-year endowment to the University of North Florida’s Coggin College of Business supports the school’s new Main Street America Group Business Career Management Center. Our endowment provides many new resources to Coggin College business school students, including unique special events, targeted training and state-of-the-art Web-based resources to aid them in their employment preparation and job searches.

## United Way

Main Street America raised nearly \$90,000 via our annual companywide campaign to support local United Way agencies throughout our corporate and regional/field office markets. In addition to voluntary employee payroll deductions (matched by the company), our fundraising efforts included an online auction and an ice cream social.

## Woodland Acres Elementary School

In partnership with the University of North Florida’s College of Education and Human Services, The Main Street America Group “adopted” Woodland Acres Elementary School in Jacksonville. Our ongoing commitment to this Duval County public school includes many employees and family members tutoring students in the classroom throughout the school year. We also held two school supply drives in 2010, delivering truckloads of much-needed supplies to the school in January and August.



540

Hours donated through our paid volunteer day in 2010 by Main Street America employees, like business analyst Andrea Szanto (right).

## Community Service

Many of our employees pride themselves on being active citizens in our communities. Following are just a few highlights of their volunteer efforts:

**VSA Arts Festival** – Many of our Jacksonville employees participate in the Cummer Museum of Art & Gardens’ annual award-winning VSA Arts Festival, which hosts more than 2,000 students with disabilities every April from the Exceptional Student Education departments of schools throughout Northeast Florida’s five counties.

**Keene Pumpkin Festival** – Nearly 50 Keene employees helped local children apply pumpkin temporary tattoos, make creepy pipe cleaner spiders, and create spooky buttons at our harvest-themed pumpkin patch booth during the 20th Annual Keene Pumpkin Festival in October.

**American Lung Association’s Fight for Air Run/Walk** – The Main Street Striders, a group of Main Street America Jacksonville-based employees and their family members and friends, participate in this annual ALA event, raising much-needed funds to fight lung disease. The Main Street Striders annually rank among the top-generating fundraising teams.



## SENIOR MANAGEMENT

*Seated (left to right):*

**RON JAMES**  
*Vice President and  
Chief Information Officer*

**MIKE LANCASHIRE**  
*Vice President, Claims and  
Integrated Customer Solutions*

**BRUCE FOX**  
*Assistant Vice President,  
General Counsel and Secretary*

**STEVE PEETERS**  
*Senior Vice President,  
Product Operations*

*Standing (left to right):*

**TONI PORTERFIELD**  
*Senior Vice President,  
Human Resources*

**TOM VAN BERKEL**  
*Chairman, President and  
Chief Executive Officer*

**ED KUHL**  
*Executive Vice President,  
Chief Financial Officer and Treasurer*

**DOUG EDEN**  
*Senior Vice President,  
Field Operations*



## BOARD OF DIRECTORS

*Left to right:*

**TERRY L. BAXTER**  
Retired Executive  
Lyme, N.H.

**IDALENE F. KESNER**  
Associate Dean of Faculty  
and Research  
Indiana University Kelley  
School of Business  
Bloomington, Ind.

**DAVID FREEMAN**  
Adjunct Professor of Management  
Central Connecticut State University  
New Britain, Conn.

**JAMES E. MORELY JR.**  
Director  
Washington Advisory Group  
Washington, D.C.

**THOMAS M. VAN BERKEL**  
Chairman, President and  
Chief Executive Officer  
The Main Street America Group  
Jacksonville, Fla.

**K. THOMAS KEMP**  
Retired Executive  
Hanover, N.H.

**ALBERT H. ELFNER III**  
Retired Executive  
Boston, Mass.

**PHILIP D. KOERNER**  
Former President and  
Chief Executive Officer  
The Main Street America Group  
Jacksonville, Fla.

**JOHN A. DELANEY**  
President  
University of North Florida  
Jacksonville, Fla.

**COTTON M. CLEVELAND**  
President  
Mather Associates  
New London, N.H.

**WILLIAM D. GUNTER JR.**  
Chairman  
Rogers, Gunter, Vaughn Insurance Inc.  
Tallahassee, Fla.

# CIRCLE OF EXCELLENCE

## 2010 HONOREES



**CINDY BERGERON**  
*Operations Specialist  
Integrated Customer Solutions  
Keene, N.H.*



**THERESA BLAIN**  
*Claim Specialist  
Claims  
Auburn, Mass.*



**KIM BUYER**  
*Application System Analyst  
Information Technology  
Keene, N.H.*



**KATHY DONALD**  
*Personal Lines Development Analyst  
Personal Lines Product  
Jacksonville, Fla.*



**LAURIE ERTSGARD**  
*Senior Personal Lines Underwriter  
Personal Lines Product  
Keene, N.H.*



**BARB HECKER**  
*Human Resources Consultant  
Human Resources  
Keene, N.H.*



**DAWN KOBER**  
*Business Management Executive  
Field Operations  
Keene, N.H.*



**KATHY WILBER**  
*Senior Data Analyst  
Corporate Actuarial  
Keene, N.H.*

# 196

Number of Main Street America employees who have been inducted into the company's prestigious Circle of Excellence.

Established in 1985, The Main Street America Group's Circle of Excellence is an annual recognition program for our company's employees. Circle members are nominated by fellow employees and selected by the company's senior management team for their embodiment of the organization's core values of ownership, relationships and service.

# 2010

# FINANCIAL RESULTS

CONSOLIDATED STATUTORY-BASIS BALANCE SHEETS • UNAUDITED (\$'000)

	AS OF DECEMBER 31, 2010	AS OF DECEMBER 31, 2009
<b>ASSETS:</b>		
Investments:		
Tax-Exempt Bonds	\$ 510,996	\$ 389,031
Taxable Bonds	934,654	1,007,953
Common Stocks	117,053	98,351
Preferred Stocks	1,157	5,307
Cash and Equivalents	29,812	19,914
Other Investments	79,462	39,783
<b>Total Cash and Investments</b>	<b>1,673,134</b>	<b>1,560,339</b>
Agents Balances	220,754	225,786
Reinsurance Recoverables	7,846	2,989
Deferred Tax Asset	52,968	46,700
Other Assets	58,666	37,313
<b>Total Admitted Assets</b>	<b>\$ 2,013,368</b>	<b>\$ 1,873,126</b>
<b>LIABILITIES AND POLICYHOLDERS' SURPLUS:</b>		
Loss Reserves	\$ 301,658	290,161
Incurred But Not Reported	276,490	272,702
Unpaid Claims Expenses	104,034	105,128
Unearned Premiums	452,249	422,906
Expenses and Taxes Payable	48,561	41,261
Claim Checks Outstanding	18,006	19,316
Other Liabilities	42,708	29,678
<b>Total Liabilities</b>	<b>\$ 1,243,706</b>	<b>\$ 1,181,152</b>
<b>Policyholders' Surplus</b>	<b>\$ 769,662</b>	<b>\$ 691,974</b>
<b>Total Liabilities and Policyholders' Surplus</b>	<b>\$ 2,013,368</b>	<b>\$ 1,873,126</b>

# 2010

# FINANCIAL RESULTS

CONSOLIDATED STATUTORY-BASIS STATEMENTS OF OPERATIONS AND CHANGES IN SURPLUS • UNAUDITED (\$000)

	AS OF DECEMBER 31, 2010	AS OF DECEMBER 31, 2009
<b>STATEMENT OF OPERATIONS:</b>		
Net Premiums Written	\$ 889,752	\$ 815,500
Premiums Earned	873,961	803,703
Losses Incurred & ALAE	521,935	463,753
Claims Expenses	25,927	23,240
Commissions	176,694	158,652
Other Expenses	147,867	141,647
Total Underwriting Expenses	872,423	787,292
<b>Net Underwriting Gain (Loss)</b>	<b>1,538</b>	<b>16,411</b>
Net Investment Income	60,735	58,166
Realized Investment Gains	34,336	23,792
Other Income and Expenses	6,263	(473)
Income (Loss) Before Taxes	102,872	97,896
Income Taxes	19,405	8,404
<b>Net Income</b>	<b>\$ 83,467</b>	<b>\$ 89,492</b>
<b>STATEMENT OF SURPLUS:</b>		
Surplus, January 1	\$ 691,974	\$ 607,491
Change in Surplus:		
Grain Dealers Mutual Beginning Surplus	5,830	0
Capital Stock	0	0
Additional Paid in Capital	0	0
Net Income	83,467	89,492
Net Unrealized Gain from Investments	4,474	14,001
Change in Non-Admitted Assets	(15,568)	4,653
Change in Net Deferred Tax Asset	9,235	(13,917)
Dividends to Stockholders	(10,379)	(10,606)
Other Statutory Changes	629	861
Change in Surplus	77,688	84,483
<b>Surplus, December 31</b>	<b>\$ 769,662</b>	<b>\$ 691,974</b>

# 2010

# FINANCIAL RESULTS

CONSOLIDATED STATUTORY-BASIS STATEMENTS OF CASH FLOW • UNAUDITED (\$'000)

	AS OF DECEMBER 31, 2010	AS OF DECEMBER 31, 2009
<b>CASH FLOWS FROM</b>		
<b>UNDERWRITING ACTIVITIES:</b>		
Net Premium	\$ 892,326	\$ 806,875
Losses	(526,822)	(454,699)
Claims Expenses	(25,927)	(23,240)
Commissions	(175,332)	(158,187)
Other Expenses	(143,818)	(124,579)
<b>Net Cash Provided by Underwriting Activities</b>	<b>20,427</b>	<b>46,170</b>
Investment Income, Net of Expenses	72,340	69,805
Income Taxes	(18,935)	1,787
Capitalized Spending	(14,469)	(19,796)
Miscellaneous Transactions	22,034	(1,030)
Pension Contribution	0	(6,450)
<b>Net Cash Provided by Operating Activities</b>	<b>81,397</b>	<b>90,485</b>
Cash Flows from Investing Activities:		
Proceeds from Fixed Maturities Sold	736,804	832,069
Proceeds from Equity Securities Sold	97,084	18,587
Other (Purchases) Proceeds	(41,949)	7,024
Purchase of Fixed Maturities	(755,640)	(919,267)
Purchase of Equity Securities	(97,419)	(59,609)
<b>Net Cash Used in Investing Activities</b>	<b>(61,120)</b>	<b>(121,195)</b>
Cash Flows from Financing Activities:		
Dividends to Stockholders	(10,379)	(10,606)
<b>Net Cash Used in Financing Activities</b>	<b>(10,379)</b>	<b>(10,606)</b>
Net Change in Cash and Cash Equivalents	9,898	(41,316)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>19,914</b>	<b>61,230</b>
<b>Cash and Cash Equivalents, End of Period</b>	<b>\$ 29,812</b>	<b>\$ 19,914</b>



## OFFICE DIRECTORY

### CORPORATE HEADQUARTERS

4601 Touchton Road East  
Suite 3400  
Jacksonville, FL 32246  
(800) 207-0446

### REGIONAL OFFICES

#### Midwest Region

*Territory includes Arizona, Arkansas, Indiana, Michigan, Mississippi, Nevada, New Mexico, Ohio, Oklahoma, Tennessee, Utah*  
6201 Corporate Drive  
Indianapolis, IN 46278  
(800) 428-7081

#### New England Region

*Territory includes Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont*  
55 West Street  
Keene, NH 03431  
(800) 258-5310

#### Northeast Region

*Territory includes Delaware, Maryland, New York, Pennsylvania*  
220 Salina Meadows Parkway  
Suite 200  
Syracuse, NY 13212  
(800) 962-5515

#### Southeast Region

*Territory includes Florida, Georgia, North Carolina, South Carolina, Virginia*  
4601 Touchton Road East  
Suite 3300  
Jacksonville, FL 32246  
(800) 226-0875

### SATELLITE OFFICE

#### Virginia

5101 Cox Road  
Suite 100  
Glen Allen, VA 23060  
(800) 446-7649

### NATIONAL CLAIMS REPORTING CENTER

27B Midstate Drive  
Suite 100  
Auburn, MA 01501  
(877) 425-2467

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### THE MAIN STREET AMERICA GROUP

NGM Insurance Company  
Old Dominion Insurance Company  
Main Street America Assurance Company  
Great Lakes Casualty Insurance Company  
Grain Dealers Mutual Insurance Company  
MSA Insurance Company  
Main Street America Protection Insurance Company





THE MAIN STREET AMERICA GROUP

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



## RESULTS

20,427

CUSTOMERS

5,830

25,927

629

4,474

83,467

DEVELOPMENT

102,872

872,423

RELATIONSHIPS

540

7,846

83,467

161,120

305

5.2

97,084

769,662

GROWTH

9,898

4.5

336

4