

VISION IN ACTION:

*FAST FORWARD*



**Main St.**

THE MAIN STREET AMERICA GROUP / ANNUAL REPORT 2007

THE MAIN STREET  
AMERICA GROUP

ANNUAL REPORT 2007

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Mike Adcock, president of Adcock-Adcock Insurance Agency Inc., Tampa, Fla., is Main Street America's Jacksonville Region council chair and a member of the company's national agency council. Learn more about Adcock-Adcock on page 13.



## MESSAGE FROM THE CHAIRMAN

In our recent annual reports and in my conversations with many of our customers, I have shared our company's success in delivering key initiatives of our long-range plan. I am very pleased to report this success continued in 2007. In fact, we exceeded our profit objectives by achieving some of the best financial results in our company's 84-year history.

These financial results included \$88.2 million in net income, the most we have ever earned and nearly 20 percent more than our 2006 record net income; a return on equity of 17.8 percent, nearly five percentage points above our annual plan and four percentage points ahead of 2007 industry forecasts; and a combined ratio of 95.8, the lowest at The Main Street America Group in decades. Our strong financial position led to A.M. Best affirming our "A" ("Excellent") rating.

Our solid 2007 performance was spearheaded by a 93.7 combined ratio in commercial lines. Our surety business was also a great success story, achieving 13.5 percent premium growth and a 90.8 combined ratio. Just a few years ago, our bond operation's combined ratio was much higher, leading to focused initiatives to restore this segment to profitability. We also successfully delivered on our plan to improve our underlying personal lines business and positioned it for future good results.

We could not have achieved our financial success in 2007 without the tireless efforts of our employees and our customers – independent insurance agents. Our employees continued to deliver *The MSA Experience* – our sustainable advantage in the marketplace – by serving our customers, and our customers' customers (policyholders), better than anyone else. In turn, our customers enabled us to sustain profitable growth despite fiercely competitive markets by positioning us as the No. 1 or No. 2 carrier in a majority of their offices.

Despite what has been called a "soft" pricing market, we remain focused on gaining the scale necessary to continue our profitable growth. Our industry position remains strong as we continue to emphasize solid insurance fundamentals, a strong balance sheet and investments in our future.

*continued on page 4*

"WE COULD NOT HAVE ACHIEVED  
OUR FINANCIAL SUCCESS  
WITHOUT THE TIRELESS EFFORTS  
OF OUR EMPLOYEES AND OUR  
CUSTOMERS – INDEPENDENT  
INSURANCE AGENTS."



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



## MESSAGE FROM THE CHAIRMAN

*continued from page 2*

Our 2007 accomplishments in personal lines included the successful launch of our multivariate personal auto product, *Personal Auto MVP*, in six states. MVP is a robust rating program that features billions of price points and additional rating tiers – this enables us to attract many more insureds through better alignment of rates and exposures.

In 2008, we will be launching MVP in nine additional states, enabling us to build an even larger foothold with our customers in the personal auto market. We will also be introducing our new *Main Street Station* platform for personal lines. This will position us in the top tier for our customers relative to ease of use.

In commercial lines during 2008, we are planning to enhance our product mix by launching new business owners' policy (BOP), contractors and commercial auto products. Similar to our personal lines business, we will continue to stay within our Main Street niche. However, by offering a broader range of commercial products and price points, we will appeal to more policyholders than ever before.

From a claims standpoint, our ClaimCenter platform, which we launched in 2006, now supports all of our property, liability and auto claims and will begin to process workers' compensation claims during first quarter 2008.

We remain 100 percent committed to our Main Street market and the independent agency system as our sole distribution channel. We also continue to be an industry-leading advocate of Trusted Choice®, the unique branding program of the Independent Insurance Agents & Brokers of America. Not only were we the first carrier to join Trusted Choice when it was established in 2001, but in 2007 we became the first carrier to run Trusted Choice localized TV advertising with our campaign in the Keene, N.H., market. Trusted Choice brings great value to the consumer and we encourage all independent agents and carriers to join this initiative.

Our franchise continues to grow. In late 2007, we introduced our *Main Street America Masters Club*, a special recognition trip to be held in early 2009 for our customers who generate the very best performance with our company throughout 2008. Our customers are the "best of the best" and we are committed to reward their performance as such.

We have many new and exciting initiatives underway that I look forward to highlighting in our future annual reports. Most of all, though, we remain singularly focused on exceeding our customers' expectations in 2008 and beyond.



Tom Van Berkel  
Chairman, President and CEO

"...WE REMAIN SINGULARLY FOCUSED  
ON EXCEEDING OUR CUSTOMERS'  
EXPECTATIONS IN 2008 AND BEYOND."

# 2007 FINANCIAL OVERVIEW

For the second consecutive year, The Main Street America Group has generated strong financial results. We achieved several significant financial milestones in 2007, including:

- \$88.2 million of net income, leading to a 17.8 percent return on equity, 2 percent higher than our 2006 return on equity of 15.8 percent.
- Combined ratio of 95.8, lower than our 2006 combined ratio of 96.3.
- Surplus and equity grew to \$619.6 million.
- "A" ("Excellent") rating affirmed by A.M. Best, the P&C industry's premier rating agency.

Additionally in 2007, our investment results exceeded plan by \$8.4 million despite extremely volatile financial markets, and our investments in federal tax credits added another \$4.2 million to our company's bottom line. Our prudent investment strategy helped us avoid the fallout from the subprime mortgage crisis.

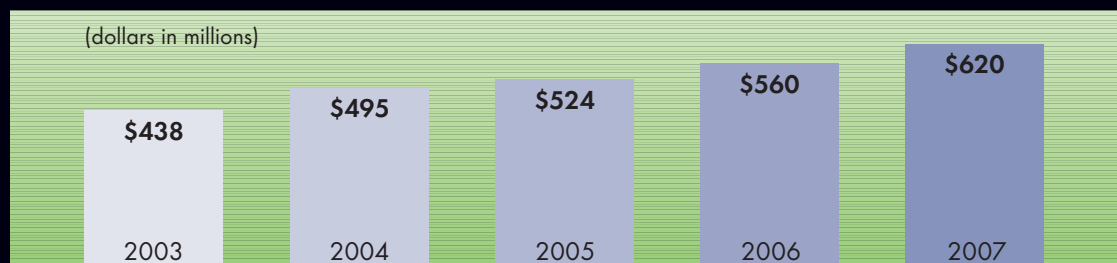
Our equity returns were \$1.0 million above plan, and our 7.5 percent total return enabled us to beat our overall benchmark, the Russell 3000 Index, by 2.4 percent. Six of our seven managers beat their individual style benchmarks.

Our direct written premium grew only 1 percent, to \$851 million, in 2007. This was in line with relatively flat industry growth rates, but much lower than we had planned. Our premium shortfall reflects the abrupt and significant price softening that overtook the P&C market in 2007, but we remain steadfast in our resolve to write business only at prices that will produce profits.

We finished 2007 with a loss ratio 3.2 points below plan, 1.3 points lower than 2006, and we strengthened our total loss reserves by \$61.1 million. While we had several storms impact our regions throughout 2007, we benefited from the second consecutive year of no "major" catastrophes affecting our markets during the hurricane season.

## SURPLUS GROWTH

(dollars in millions)



For more details regarding our 2007 financial results, please see pages 21-23 of this annual report, as well as our Web site, [msagroup.com](http://msagroup.com).

## KEY RESULT MEASUREMENTS

(dollars in millions)

	2007	2006
Net Written Premium	\$851	\$843
Combined Ratio	95.8	96.3
Return on Surplus and Equity	17.8%	15.8%
Surplus and Equity	\$620	\$560
Premium to Surplus Ratio	1.35:1	1.5:1





Ceree Harden (center), chairman and CEO of Harden & Associates, Jacksonville, Fla., and chair of Main Street America's national agency council, meets with Gregg Effner (left), Main Street America's assistant vice president, distribution management, and Doug Eden, Main Street America's senior vice president, field operations.

# COUNCILS STRENGTHEN RELATIONSHIPS WITH OUR CUSTOMERS

To engage a formalized process that provides structure, consistency and opportunity for continuous input from our customers at a regional and national level, The Main Street America Group re-established a national agency council, as well as agency and CSR councils in each of its four regions, in 2007.

"Our councils are a long-term approach to develop stronger relationships and to utilize our customers to help us better serve them and their customers," said Doug Eden, Main Street America's senior vice president, field operations.



Henry Pippins, vice president, commercial lines, addresses national agency council members at the inaugural meeting.

The newly comprised national council, consisting of the eight chairs and vice chairs of our regional councils, held a very successful inaugural meeting last October in Jacksonville. The meeting was led by national chair Ceree Harden, chairman and CEO, Harden & Associates, Jacksonville, Fla., and vice chair Bob Bizak, executive vice president, Rogers & Gray, South Dennis, Mass. Several Main Street America executives also participated.

"Every successful business desires candid, unfettered feedback from their customers because the only way you can get better is to understand your market," Ceree Harden said. "The council process is a tribute to Main Street America's leadership because they believe it is important enough to ask for customer feedback to continually improve their operation."

"Our kickoff meeting was terrific," said Bob Bizak. "It was very candid and led to a great exchange of ideas and recommendations."

Marty Bramhall, president and CEO of Bramhall & Hitchen, Newark, Del., and Richmond Region chair, added that networking with other national council members led to new business for his agency and an exchange of ideas on workflow issues.

"The give and take at our council meetings is strong," said Tom Minkler, president of Clark-Mortenson, Keene, N.H., and New England region chair. "Main Street America listens to us and takes actions based on our recommendations."

## NATIONAL AGENCY COUNCIL

Ceree Harden – Harden & Associates  
Jacksonville, Fla.  
**National Chair**

Bob Bizak – Rogers & Gray  
South Dennis, Mass.  
**National Vice Chair**

Mike Adcock –  
Adcock-Adcock Insurance Agency Inc.  
Tampa, Fla.  
**Jacksonville Region Chair**

Rex Templeton Sr. – Morris & Templeton  
Insurance Agency  
Savannah, Ga.  
**Jacksonville Region Vice Chair**

Tom Minkler – Clark-Mortenson Agency  
Keene, N.H.  
**New England Region Chair**

Ned Blais – Blais Insurance  
Lincoln, R.I.  
**New England Region Vice Chair**

Alan DeForest – DeForest Group  
Kingston, N.Y.  
**Syracuse Region Chair**

Bob Miller – Combined  
Financial Services Inc.  
Angola, N.Y.  
**Syracuse Region Vice Chair**

Marty Bramhall – Bramhall  
& Hitchen Insurance  
Newark, Del.  
**Richmond Region Chair**

Mike Funkhouser – Haun-Magruder Inc.  
Woodstock, Va.  
**Richmond Region Vice Chair**



## CUSTOMER PROFILES



Tom Minkler, president,  
Clark-Mortenson Agency

## CLARK-MORTENSON AGENCY

Keene, N.H.

**Founded:** 1877

**Year Appointed Main Street America Customer:** 1989

**2007 Premium Volume:** \$36 million

**Agency Principal:** Tom Minkler

**Marketplace:** Western New Hampshire, Eastern Vermont

**Number of Offices:** 8

**Number of Employees:** 55

### Agency's Niche:

"Our market is primarily small towns and rural areas," said Tom Minkler, agency president. "The largest market we serve is Keene (population: 22,000). Our mix of business is 45 percent commercial lines, 45 percent personal lines and 10 percent financial services and employee benefits."

### Partnering with The Main Street America Group:

"Over the last few years, Main Street America has helped us build a brand for our agency, both externally and internally," Tom said. "Main Street has always been a proactive partner in trying to learn more about our business. They have helped us grow as a business, not just as an agency, which is very important to our success."



*Bob Miller, president,  
Combined Financial Services*

## COMBINED FINANCIAL SERVICES INC. Angola, N.Y.

**Founded:** 1985

**Year Appointed Main Street America Customer:** 1987

**2007 Premium Volume:** \$140 million

**Agency Principal:** Bob Miller

**Marketplace:** Rural and semi-suburban New York State communities from Syracuse west to the Pennsylvania state line.

**Number of Offices:** 26

**Number of Employees:** 170

### **Agency's Niche:**

"We tend to be generalists and write many different kinds of personal and commercial insurance," said Bob Miller, agency president. "We write a large number of small businesses and contractors, as well as several larger municipalities, fire departments and school districts. We also provide financial services."

### **Partnering with The Main Street America Group:**

"We feel Main Street America presents us with a stable personal lines market, as well as a stable commercial lines market for our small-to-medium size business customers," Bob said. "This matches up extremely well with what we do every day in serving our customers."

Bob added, "The stability of the company, its upper management and the consistency of market were high on our list of reasons to represent Main Street America 20 years ago and why we are continuing to profitably grow with them today."



*Marty Bramhall, president  
and CEO, Bramhall & Hitchen,  
meets with Denise Kozel,  
agency vice president, in front  
of their office building in  
Newark, Del.*

## BRAMHALL & HITCHEN INSURANCE Newark, Del.

**Founded:** 1963

**Year Appointed Main Street America Customer:** 2001

**2007 Premium Volume:** \$15 million

**Agency Principals:** Marty Bramhall and Denise Kozel

**Marketplace:** Delaware, Southeastern Pennsylvania, Southern New Jersey, Northern Maryland

**Number of Offices:** 1

**Number of Employees:** 19

### **Agency's Niche:**

"Our current mix is 70 percent commercial lines, 30 percent personal lines, although our goal is to get to 50/50 which will give us more stability in this soft market," said Marty Bramhall, agency president and CEO. "Our agency also features certified workers' compensation advisors and certified workers' compensation specialists, one of only two agencies in Delaware with this expertise, which is a good way to differentiate ourselves in the marketplace."

### **Partnering with The Main Street America Group:**

"Main Street America's underwriters are excellent. They do a fantastic job and our people have great relationships with them," said Denise Kozel, agency vice president. Marty added, "At Main Street America's national council meeting last fall, the unanimous opinion of council members was the quality of their people differentiates them in the market."





*Judy Kavanaugh, Main Street America field representative, meets with Bob Miller, president of Combined Financial Services, at the agency's Angola, N.Y., office.*

# OUR CUSTOMERS EXPERIENCE 'THE MSA EXPERIENCE'

In today's challenging P&C marketplace, companies must differentiate themselves. The Main Street America Group's sustainable competitive advantage remains rooted in *The MSA Experience*. It is not the "what" we do, but the "how" we do it that distinguishes us from our competition.

This experience is created by our people. It is reinforced and strengthened through our interactions with our customers. Our differentiation increases our franchise value, increasing prosperity for our customers and providing financial security for our policyholders. And our customers get to experience the difference between how they are treated by us versus other carriers they represent.

"What differentiates Main Street America is the position they take on their independent agents," said Ceree Harden, chairman and CEO, Harden & Associates, Jacksonville, Fla. "They define us as customers. That is a clear and compelling strength. We are treated differently by Main Street America because we are considered a 'customer,' not just a 'distributor.'"

"Main Street America gets it when it comes to dealing with independent agents," said Tom Minkler, president, Clark-Mortenson, Keene, N.H. "This is a significant differentiator and it is starting to resonate with independent agents throughout our industry. Also, Main Street America clearly knows who they are; they don't try to be something they are not. They clearly know their Main Street niche. That is pretty rare in today's marketplace."

"THE CONSISTENCY MAIN STREET AMERICA PROVIDES TO US IN BOTH HARD AND SOFT MARKETS IS A SIGNIFICANT DIFFERENTIATOR."

— BOB MILLER, COMBINED FINANCIAL SERVICES INC.

Bob Miller, president of Combined Financial Services Inc., Angola, N.Y., said, "The consistency Main Street America provides to us in both hard and soft markets is a significant differentiator." He added, "We have a long-term and strong relationship with their regional leadership and also have had access to upper management and are encouraged to contact them as needed. This has led to an excellent comfort level which certainly enhances the opportunity to grow our relationship."

Main Street America's market differentiators also include our WOW! claims services, helping restore the quality of life for our insureds who suffer a loss; new products such as *Personal Auto MVP*, a multivariate rating program with billions of price points; and our new *Main Street Station* platforms for commercial lines, personal lines and bonds, making it easier for our customers to do business with us.

"For our small business unit, Main Street America's new commercial platform will be critical because it is all about efficiency in generating small business," said Bob Bizak, executive vice president, Rogers & Gray, South Dennis, Mass.

"Bonds is a market we want to grow and Main Street America's new bonds platform will help us accomplish this," Tom Minkler said. "Not only does Main Street America have more bonds expertise than other carriers we represent, but their new platform clearly distinguishes them from the others. Enabling us to expedite our transaction process is very beneficial."

"WE ARE TREATED DIFFERENTLY BY MAIN STREET AMERICA BECAUSE WE ARE CONSIDERED A 'CUSTOMER,' NOT JUST A 'DISTRIBUTOR.'"

— CERE HARTEN, HARDEN & ASSOCIATES



## CUSTOMER PROFILES



*Ceree Harden, chairman and CEO,  
Harden & Associates*

## HARDEN & ASSOCIATES

*Jacksonville, Fla.*

**Founded:** 1953

**Year Appointed Main Street America Customer:** 2006

**2007 Premium Volume:** \$300 million

**Agency Principal:** Ceree Harden

**Marketplace:** Northeast Florida, Tampa Bay

**Number of Offices:** 3

**Number of Employees:** 130

### Agency's Niche:

"Our market mix is 60 percent commercial insurance, 35 percent employee benefits and 5 percent personal insurance," said Ceree Harden, agency chairman and CEO. "Our client base is predominantly companies domiciled in Northeast Florida. However, many of our commercial clients also have national and global operations. We also have a unique market niche in health care. In fact, we do business with almost all of the major health care systems based in Northeast Florida and a good number outside of this region."

### Partnering with The Main Street America Group:

"As a result of our successful college recruiting program to add new agency producers, we have dedicated significantly more resources to small business markets, recognizing new job growth is coming for entrepreneurial businesses," Ceree said. "It made perfect sense for us to partner with Main Street America, a company based in Jacksonville that focuses on this market niche. Main Street America is our 'go to' player for small business."



(from left to right): Pam Mellott, Adcock-Adcock personal lines manager, meets with the agency's commercial lines manager, Susan Karlen, and agency president Mike Adcock outside their Tampa, Fla., office.

## ADCOCK-ADCOCK INSURANCE AGENCY INC. Tampa, Fla.

**Founded:** 1953

**Year Appointed Main Street America Customer:** 1999

**2007 Premium Volume:** \$40 million

**Agency Principal:** Mike Adcock

**Marketplace:** West Central Florida

**Number of Offices:** 1

**Number of Employees:** 43

### Agency's Niche:

"We write 67 percent commercial lines and 33 percent personal lines," said Mike Adcock, agency president. "I feel we are the most aggressive agency in West Central Florida in the small-to-medium commercial lines sector and we have the ability to compete and excel in this market."

### Partnering with The Main Street America Group:

"When we began to grow our business in the late '90s, we assessed several carriers to determine who would be the best fit for our agency," Mike said. "We wanted to find a company whose goals were parallel to ours, as well as forward-thinking and strong financially. Main Street America was our number one draft pick. The decision has proven to be a great move for both organizations. Since we began our partnership, Main Street America has exceeded our expectations."



(from left to right): Rogers & Gray chief executive officer Chuck Robinson and executive vice president Bob Bizak meet with Main Street America field representative Judi McCarthy at the agency's South Dennis, Mass., headquarters.

## ROGERS & GRAY South Dennis, Mass.

**Founded:** 1906

**Year Appointed Main Street America Customer:** 2004

**2007 Premium Volume:** \$105 million

**Agency Principal:** Chuck Robinson

**Marketplace:** Cape Cod, South Shore (suburban Boston)

**Number of Offices:** 8

**Number of Employees:** 90

### Agency's Niche:

"Cape Cod is very provincial, meaning our customers will not travel to another town to buy their insurance products. They only want to shop in their own communities. This is why we have five locations on the Cape," said Bob Bizak, agency executive vice president. "Our business mix is one-third commercial lines, one-third personal lines and one-third financial services/employee benefits." The agency also has three locations off the Cape in the South Shore area.

### Partnering with The Main Street America Group:

"Up until now, we have only written commercial lines with Main Street America and have had great success in this market," Bob said. "But with managed competition coming to the Massachusetts personal auto market in April 2008, we see it as a major opportunity to grow our business with Main Street America. We are very optimistic about this."





*Michael Gottlieb, senior finance major at the University of North Florida (UNF), Jacksonville, participates in a mock job interview at the Coggin College of Business Career Management Center. Main Street America's endowment will help support the Center.*

# OUR VISION TO HELP OUR COMMUNITIES

At The Main Street America Group, we believe it is not only important to serve our customers, and our customers' customers, better than anyone else – but it is also vital to serve our local communities through our various charitable efforts.

In 2007, the NGM Charitable Foundation – which makes corporate distributions and matches employee donations – provided approximately \$137,000 to non-profit organizations throughout our markets.

In addition, Main Street America continued to be a proud supporter of the annual nationwide United Way campaign. Through the Foundation and our employee contributions, we donated nearly \$100,000 in 2007 to support United Way agencies in Auburn, Jacksonville, Keene, New York City, Richmond and Syracuse.

Highlights of our other 2007 community involvement included:

## **UNF Business Career Management Center**

Main Street America agreed to sponsor the University of North Florida's (UNF) Coggin College of Business Career Management Center. The endowment will provide many new resources to the Center, including unique special events, targeted training and state-of-the-art Web-based subscription resources to aid students in their employment preparation and job searches. Our senior management team will also contribute to the Center by serving as guest speakers at business school classes and conducting mock job interviews with students.

## **Caddyshack Charity Golf Tournament**

For the third consecutive year, we sponsored the annual Murray Bros. Caddyshack Charity Golf Tournament. The 2007 tournament raised more than \$250,000 for the St. Vincent's Foundation Mobile Outreach Ministry, which delivers free school and summer program physicals for children throughout Northeast Florida, as well as immunizations, hearing and vision screenings, X-rays, cardiac care and blood work to those in need. The event, held at the World Golf Village in St. Augustine, Fla., is hosted by Academy Award®-nominated actor Bill Murray and his brothers and has raised more than \$840,000 for St. Vincent's during the last three years.

## **Keene Pumpkin Fest**

Little "ghouls" and "goblins" received sweet treats from 68 Keene-based employees at the 17th Annual Keene Pumpkin Fest. Our pumpkin patch booth also included stations for children to make harvest-themed arts and crafts projects. To prepare for the "frightful" event, Main Street America employees delivered pumpkins to local schools, where they were carved and then displayed alongside more than 25,000 other jack-o'-lanterns during the festival.

## **Make-A-Wish Foundation®**

Several Syracuse-based Main Street America employees and their family members participated in Walk for Wishes, an event to raise funds for the Make-A-Wish Foundation® of Central New York. With the support of their coworkers, the group raised nearly \$1,000 to help grant the wishes of children with life-threatening medical conditions.

## **Eddy Scholarship Fund**

We established a scholarship fund in memory of former company executive Jeanne Eddy and her husband Bill at Merrimack College, the Eddys' alma mater in North Andover, Mass. The scholarship will begin in 2008. Jeanne, who retired from Main Street America in late 2005 as executive vice president of corporate strategic support services, and Bill, a retired electrical engineer who held positions with NASA/Goddard Space Flight Center and Hughes STX, died alongside each other when their sightseeing plane crashed in the mountains near Ketchikan, Alaska, on July 24, 2007.

## **VSA Arts of Florida Festival**

During the VSA Arts of Florida Festival, a dozen Jacksonville-based Main Street America employees gave their time to make a difference in the lives of area children with disabilities. The festival, held at the beautiful Cummer Museum of Art & Gardens along the St. Johns River in the Riverside section of Jacksonville, provides North Florida children the opportunity to work with volunteers to create "make-and-take" art projects, such as collage masks, clay cylinders and paintings.

*continued on page 16*





Rev. Larry Riley, volunteer coordinator at the Second Harvest Food Bank of Northeast Florida, stocks shelves at its Jacksonville, Fla., facility. In preparation for Thanksgiving 2007, Main Street America provided more than 1,600 pounds of non-perishable items to food banks in our communities.

## OUR VISION TO HELP OUR COMMUNITIES

*continued from page 15*

### COMPANYWIDE DRIVES

For the second consecutive year, Main Street America also held two companywide charity drives during the fall holiday season:

#### **Thanksgiving Food Drive**

Through our Thanksgiving food drive, company employees provided 1,657 pounds for food banks in the communities where we work and live – an increase of more than 100 pounds from the amount we donated in 2006!

Five local food banks received our generous donations:

- Worcester (Mass.) County Food Bank, *Auburn office*
- Second Harvest Food Bank of Northeast Florida, *Jacksonville office*
- The Community Kitchen, *Keene office*
- Central Virginia Food Bank, *Richmond office*
- The Food Bank of Central New York, *Syracuse office*

#### **Holiday Toy Drive**

To increase the impact of our annual December toy drive, all of the collected toys were donated to Toys for Tots – the non-profit organization founded by the U.S. Marine Corps. Our employees donated 328 new toys to make the holidays brighter for hundreds of children throughout our communities.





*Tom Minkler, president of Clark-Mortenson, Keene, N.H., meets with Steve Berry, Main Street America New England region president and field representative Beth Dame at the agency's Main Street office in downtown Keene, N.H.*

## VALUE OF TRUSTED CHOICE® IS GROWING

As consumers across America continue to seek the best ways to shop for property-casualty insurance products and services for their homes and small businesses, they are turning to independent agents who are members of Trusted Choice®.

Trusted Choice, the global branding program of the Independent Insurance Agents & Brokers of America (Big "I"), now boasts more than 10,000 agent members and 46 company partners. The Main Street America Group is the founding company partner of Trusted Choice.

Tom Minkler, president of the Clark-Mortenson Agency, Keene, N.H., and a strong supporter of Trusted Choice, praises the leadership role Main Street America has played in promoting the brand.

"There is no better champion of Trusted Choice than Main Street America," he said. "It is very apparent from Tom Van Berkel's level as CEO, and from everyone else at Main Street America, they deeply value the Trusted Choice brand."

All Trusted Choice agencies agree to adhere to a Pledge of Performance, designed to assure quality service that enables them to offer consumers competitive pricing via multiple carriers, a broad choice of products and valuable advocacy.

The Big "I" has supported Trusted Choice with fully integrated marketing programs, including extensive national cable television advertising. In 2007, Main Street America became the first company partner to run localized Trusted Choice TV advertising when it conducted a two-month campaign in the Keene, N.H., market with a 30-second spot featuring Tom Van Berkel. This included airing on the final 60 regular season games of the World Champion Boston Red Sox, as well as prime-time programming on major cable news outlets.



## SENIOR MANAGEMENT

(from left to right)

**Ed Kuhl**, executive vice president,  
chief financial officer, treasurer

**Susan Mack**, senior vice president,  
general counsel, secretary

**Mike Lancashire**, vice president, claims

**Toni Porterfield**, senior vice president, human resources

**Ed Lotkowski**, vice president, chief actuary

**Doug Eden**, senior vice president, field operations

**Tom Van Berkel**, chairman, president and  
chief executive officer

**Bill Anderson**, senior vice president,  
insurance operations



## CIRCLE OF EXCELLENCE



Nancy Finnegan



Sue Fortini



Dan Palmisano



Jane Powers



Teena Wasik



Jin Yang



Jan Zinn

*Seven Main Street America employees have been inducted into the organization's prestigious Circle of Excellence.*

2007 honorees:

**Nancy Finnegan**, field marketing representative, New England Region

**Sue Fortini**, bond clerical supervisor/underwriting specialist, Keene, N.H.

**Dan Palmisano**, PC systems specialist, information technology, Jacksonville, Fla.

**Jane Powers**, lead business systems analyst, information technology, Keene, N.H.

**Teena Wasik**, senior commercial team underwriter, Jacksonville Region

**Jin Yang**, data warehouse project manager, information technology, Keene, N.H.

**Jan Zinn**, claims data coordinator, corporate claims, Jacksonville, Fla.

*Established in 1985, the 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. There are nearly 140 active Main Street America Circle of Excellence members.*



## BOARD OF DIRECTORS

(from left to right)

**M. Lewis Temares, Ph.D.**, vice president of information technology/chief information officer and dean of college of engineering, University of Miami, Coral Gables, Fla.

**Terry L. Baxter**, retired executive, Lyme, N.H.

**Barbara D. Stewart**, president, Stewart Economics Inc., Atlanta, Ga.

**John A. Delaney**, president, University of North Florida, Jacksonville, Fla.

**K. Thomas Kemp**, retired executive, Hanover, N.H.

**James E. Morley Jr.**, director, Washington Advisory Group, Washington, D.C.

**Thomas M. Van Berkel**, chairman, president and CEO, The Main Street America Group, Jacksonville, Fla.

**Albert H. Elfner III**, retired executive, Boston, Mass.

**William D. Gunter Jr.**, chairman and CEO, Rogers, Gunter, Vaughn Insurance Inc., Tallahassee, Fla.

**Cotton M. Cleveland**, president, Mather Associates, New London, N.H.

**Philip D. Koerner**, former president and CEO, The Main Street America Group, Jacksonville, Fla.

**David Freeman**, president and CEO, Lydall Inc., Manchester, Conn.



## 2007 FINANCIAL RESULTS

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

	As of December 31, 2007	As of December 31, 2006
<b>ASSETS:</b>		
Investments:		
Tax-Exempt Bonds	\$ 271,361	\$ 178,547
Taxable Bonds	813,925	819,474
Common Stocks	313,279	273,205
Preferred Stocks	16,644	22,398
Cash and Equivalents	38,701	26,313
Other Investments	20,946	21,497
<b>Total Cash and Investments</b>	<b>1,474,856</b>	<b>1,341,433</b>
Agents Balances	235,878	224,268
Reinsurance Recoverables	4,118	7,976
Deferred Tax Asset	29,318	31,603
Other Assets	50,490	35,524
<b>Total Admitted Assets</b>	<b>\$ 1,794,660</b>	<b>\$ 1,640,804</b>
<b>LIABILITIES AND SURPLUS:</b>		
Loss Reserves	287,293	292,156
IBNR	247,450	191,739
Unpaid Claims Expenses	99,573	89,293
Unearned Premiums	417,284	410,454
Expenses and Taxes Payable	48,550	44,714
Claim Checks Outstanding	17,191	24,555
Other Liabilities	57,752	27,582
<b>Total Liabilities</b>	<b>1,175,093</b>	<b>1,080,494</b>
Common Equity	484,568	425,310
Preferred Stock	70,000	70,000
Surplus Notes	30,000	30,000
Trust Preferred Securities	35,000	35,000
<b>Total Surplus</b>	<b>619,568</b>	<b>560,310</b>
<b>Total Liabilities and Surplus</b>	<b>\$ 1,794,660</b>	<b>\$ 1,640,804</b>

## 2007 FINANCIAL RESULTS

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

	As of December 31, 2007	As of December 31, 2006
<b>STATEMENT OF OPERATIONS:</b>		
Net Premiums Written	\$ 839,198	\$ 829,736
Premiums Earned	832,368	815,137
Losses Incurred & ALAE	476,304	476,673
Claims Expenses	25,030	25,194
Commissions	162,261	161,224
Other Expenses	137,056	127,511
Total Underwriting Expenses	800,650	790,601
<b>Net Underwriting Gain (Loss)</b>	<b>31,718</b>	<b>24,536</b>
Net Investment Income	47,343	47,665
Realized Investment Gains	29,461	24,696
Other Income and Expenses	6,835	4,850
Income (Loss) Before Taxes	115,357	101,748
Income Taxes	27,203	28,004
<b>Net Income</b>	<b>\$ 88,154</b>	<b>\$ 73,744</b>
<b>STATEMENT OF SURPLUS:</b>		
Surplus, January 1	\$ 560,310	\$ 524,310
Change in Surplus:		
Capital Stock	0	5,000
Additional Paid in Capital	0	30,000
Net Income	88,154	73,744
Net Unrealized Gain from Investments	(3,914)	13,796
Change in Non-Admitted Assets	(12,610)	(3,795)
Change in Net Deferred Tax Asset	(2,285)	(11,009)
Dividends to Stockholders	(12,465)	(71,762)
Other Statutory Changes	2,377	25
Change in Surplus	59,258	36,000
<b>Surplus, December 31,</b>	<b>\$ 619,568</b>	<b>\$ 560,310</b>



## 2007 FINANCIAL RESULTS

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

	As of December 31, 2007	As of December 31, 2006
<b>Cash Flows From Underwriting Activities:</b>		
Net Premium	\$ 815,086	\$ 803,402
Losses	(418,683)	(432,984)
Claims Expenses	(25,030)	(25,194)
Commissions	(162,515)	(157,444)
Other Expenses	(122,988)	(110,150)
<b>Net Cash Provided By Underwriting Activities:</b>	<b>85,871</b>	<b>77,629</b>
Investment Income, Net of Expenses	58,242	56,526
Income Taxes	(30,338)	(20,093)
Capitalized Spending	(16,703)	(7,329)
Miscellaneous Transactions	13,136	5,025
Pension Contribution	(6,000)	(6,000)
<b>Net Cash Provided By Operating Activities:</b>	<b>104,209</b>	<b>105,758</b>
Cash Flows From Investing Activities:		
Proceeds from Fixed Maturities Sold	289,802	307,138
Proceeds from Equity Securities Sold	186,380	170,431
Other Proceeds	3,516	(3,162)
Purchase of Fixed Maturities	(378,967)	(361,886)
Purchase of Equity Securities	(210,087)	(179,498)
<b>Net Cash Used in Investing Activities:</b>	<b>(109,356)</b>	<b>(66,976)</b>
Cash Flows From Financing Activities:		
Proceeds from Trust Preferred Securities Sold	30,000	35,000
Dividends to Stockholders	(12,465)	(71,762)
<b>Net Cash Used in Financing Activities:</b>	<b>17,535</b>	<b>(36,762)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>12,389</b>	<b>2,020</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>26,313</b>	<b>24,293</b>
<b>Cash and Cash Equivalents, End of Period</b>	<b>\$ 38,701</b>	<b>\$ 26,313</b>



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#### Syracuse Region

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