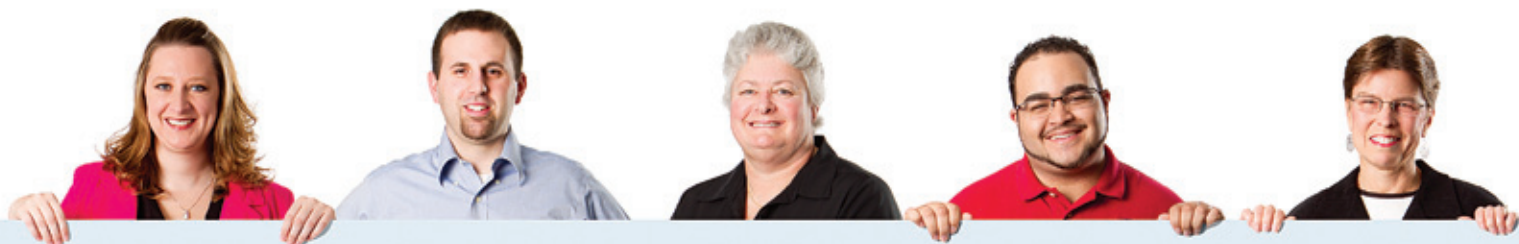




# WE ARE MAIN STREET AMERICA



2011 ANNUAL REPORT  
THE MAIN STREET AMERICA GROUP



**WE ARE**  
**MAIN STREET AMERICA**



# TABLE OF CONTENTS

MESSAGE FROM THE CHAIRMAN .....	2	WE ARE LISTENING .....	12
2011 FINANCIAL OVERVIEW .....	5	WE ARE CARING.....	14
WE ARE DELIVERING ON OUR PROMISE .....	6	CIRCLE OF EXCELLENCE .....	15
WE ARE A PARTNER .....	8	SENIOR MANAGEMENT .....	16
WE ARE NEW MARKETS.....	10	BOARD OF DIRECTORS .....	17
		2011 FINANCIAL RESULTS.....	18

## *introducing:*

### COVER (LEFT TO RIGHT):

**Elise Corrigan**, Information Technology, Keene, N.H.

**Doug Miller**, Bonds, Jacksonville, Fla.

**Hollie Carter**, State Filings, Jacksonville, Fla.

**Tammy Rosa**, Integrated Customer Solutions, Keene, N.H.

**Clint Davis**, Personal Lines Product, Indianapolis, Ind.

### INSIDE COVER (LEFT TO RIGHT):

**Melissa McMahon**, Claims, Auburn, Mass.

**Rick Stromgren**, Commercial Lines Product, Keene, N.H.

**Dawn Kober**, Field Operations, New England Region

**Luis Colon**, Administrative Services, Jacksonville, Fla.

**Nancy Watkins**, Financial Services, Keene, N.H.



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

**WE ARE MAIN STREET AMERICA:**



# MESSAGE FROM THE CHAIRMAN

Like all property/casualty companies, The Main Street America Group has faced a prolonged soft market and struggling economy over the past several years. However, during this challenging cycle, we have achieved exceptional financial results, outperforming the industry on an annual basis in several key measures including combined ratio, return on equity and surplus growth.

Main Street America's strong five-year performance from 2006-2010 earned us a spot on the prestigious 2011 Ward's 50 honor roll of top U.S. P&C companies. Our designation was based on generating five consecutive years of underwriting profit, increasing our surplus nearly 50 percent and averaging a return on equity of 12.5 percent.

We could not have sustained this level of success without the tireless efforts of our employees, who consistently deliver "The MSA Experience," and our valued independent agent-customers, who continue to place their customers' business with us. We greatly appreciate the hundreds of customers who have made us the No. 1 or No. 2 carrier in their agencies.

*"We are in business to take care  
of our policyholders when  
they suffer a loss."*

As Main Street America entered 2011, we were well-positioned to maintain our positive performance trend. Like the rest of the industry, our results were affected last year by the high volume of weather events that generated a record \$105 billion in U.S. catastrophe losses.

We are in business to take care of our policyholders when they suffer a loss. Our claims team did a tremendous job responding to 23 designated catastrophes and other storm losses throughout 2011, delivering on our promise.

Main Street America's 2011 combined ratio of 106.7, while better than the projected industry average of 109, was our highest since 2005. Our \$63 million in catastrophe losses significantly impacted our return on equity, but we still achieved a positive result of 2.7 percent. We also increased our surplus by \$5.6 million to \$775.3 million and generated investment returns of \$88.6 million, which helped us produce a net income of \$31.5 million. Our net written premium remained relatively flat at \$889.4 million.

Main Street America's profit leader in 2011 was commercial lines, achieving a 97.2 combined ratio despite the impact of storm losses, as well as 1.2 percent premium growth. Our top-performing region was the Northeast, which generated a 96.4 combined ratio and 2.3 percent premium growth. Our Northeast Region also was honored by the Independent Insurance Agents & Brokers of New York as the "Super Regional Commercial Carrier of the Year" in what is our largest state by premium volume.

Last September, we expanded our Midwest presence by forming an affiliation with Minnesota-domiciled Spring Valley Mutual Insurance Company, a 129-year-old writer of homeowners and farm owners insurance. We will be expanding Spring Valley's presence in 2012 by appointing many new agents throughout the state and plan to introduce our full suite of commercial products there this summer, including Main Line BOP. This comes on the heels of our 2011 introduction of these commercial products to our Grain Dealers Mutual customers in Indiana.

In 2012, Main Street America is primed to take advantage of a commercial market that is showing signs of firming. Our strategy includes continuing to aggressively market our wide array of Main Line BOP classes and introduce Main Line Auto, a tiered commercial auto product, which will enable us to be more price-competitive in this sector. In the spring, we will launch our commercial products and Main Street Station commercial lines processing system to our Grain Dealers Mutual customers in Oklahoma.

*continued on next page*

## WE ARE MAIN STREET AMERICA:

"Every day, I remind myself that our independent agent-customers have entrusted their customers to us. I try not to break that trust. I help reinforce that they made the right decision by providing quality and timely service." - Owen Stehle, Commercial Lines Underwriting Supervisor, Syracuse, N.Y.

# MESSAGE FROM THE CHAIRMAN

## CONTINUED

Our personal lines business was the most impacted by the 2011 catastrophe losses, resulting in a 119.7 combined ratio. During the year, we launched our Personal Auto MVP in Indiana. In 2012, we will be launching a remodeled Personal Auto MVP product in several states to improve profitability and competitiveness. Our revamped product will feature a streamlined multivariate pricing model, establishing consistency across our states.

We also plan to benefit from a firming homeowners market, taking advantage of pricing opportunities in many of our states. Additionally, we will strive to improve our Main Street Station personal lines processing system, making it as easy as possible for our customers to write business with us.

Main Street America's surety business just missed achieving profitability in 2011, finishing with a 100.2 combined ratio, a vast improvement over the prior year. Last fall, we created a national commercial surety accounts unit to take advantage of numerous opportunities in the large account sector. Our growth plan includes appointing many new surety agents across the country.

In 2012, we will also focus on growing our assumed reinsurance business. We will be non-renewing several unprofitable contracts and making enhancements to our pricing model and underwriting process.

As we enter our 89th year of serving the "Main Street" marketplace, Main Street America remains 100 percent committed to the independent agency channel as our only source of distribution. Recent studies validate that consumers still prefer to buy their insurance via their local agent versus other methods and we are taking steps to benefit from this approach.

Main Street America has a leading role in supporting the new Consumer Agent Portal (CAP), an online quoting and marketing system that will provide independent agents with extensive opportunities to gain personal lines market share versus direct writers and captive agents. Last year, we were one of six carriers that proudly stepped up to the plate to fund the development of CAP.

*"Main Street America has a leading role in supporting the new Consumer Agent Portal, an online quoting and marketing system that will provide independent agents with extensive opportunities to gain personal lines market share versus direct writers and captive agents."*

We also remain the industry's champion of Trusted Choice®, building upon our heritage as the first Trusted Choice carrier partner of the Independent Insurance Agents & Brokers of America's branding program, which was established in 2001. Since then, Trusted Choice has grown to 65 company partners and more than 22,000 independent insurance agencies and brokerage firms. We "live the brand" by co-branding everything we release in the marketplace as Main Street America/Trusted Choice.

In 2012, our strong financial standing has us well-positioned to benefit from a property/casualty market that is projected to improve, as well as continuing our investment in new products and technology to help our customers profitably grow their "Main Street" books of business with us. We are also very well-capitalized to actively seek growth opportunities in existing states and new states – via acquisitions, affiliations, partnerships and selective agency appointments – enabling us to further spread our risk and increase scale.

We will continue to serve our customers in a magnificent way this year and partner with them to profitably grow and achieve our financial goals in what we hope will be a better economic environment for everyone.



Tom Van Berkel  
Chairman, President and Chief Executive Officer

### WE ARE MAIN STREET AMERICA:

"I provide assistance to my co-workers with the focus of working together as a team toward one common goal. At the end of the day, I want to collectively accomplish something that will benefit our corporate strategy as a whole." – Bill Calhoun, Quality Assurance Engineer, Keene, N.H.

# 2011 FINANCIAL OVERVIEW

Catastrophe losses significantly impacted financial results throughout the property/casualty industry in 2011 and The Main Street America Group was not immune to these events.

## Our 2011 results included:

- Return on equity of 2.7 percent.
- Combined ratio of 106.7. A key factor in this disappointing result was \$63 million in catastrophe losses. It was the first time since 2005 that we did not achieve an underwriting profit.
- Surplus increase of \$5.6 million to \$775.3 million. Our premium-to-surplus ratio improved to 1.1 to 1.
- Net written premium of \$889.4 million, a slight decline from our \$889.8 million in 2010.
- Net income of \$31.5 million, driven by our strong investment results.
- Total assets remained above \$2.0 billion.
- "A" financial strength rating affirmed by A.M. Best, the P&C industry's premier rating agency, with a stable outlook. In its rating report, A.M. Best cited our "trend of positive operating profitability as a result of enhanced pricing systems and underwriting discipline." Additionally, A.M. Best upgraded our issuer credit ratings to "a+" from "a."

In a year of less than satisfactory results for the entire industry, we were extremely pleased to report a combined ratio of 97.2 in commercial lines. Our best-performing region was the Northeast, which generated a combined ratio of 96.4 and premium growth of 2.3 percent.

On a statutory basis, our investment portfolio returned \$88.6 million in 2011, exceeding our plan for the year by \$4.4 million. This favorable result was led by fixed income returns of \$78.6 million, outperforming our plan by \$9.5 million. Our portfolio was appropriately situated to benefit from the strong rally in mid- and long-duration bonds in 2011. We realized \$19.0 million in fixed income gains as certain fully valued bonds were sold in the process of satisfying weather-related claim payments.

Equity portfolio returns were unimpressive, generating only \$1.5 million, or \$4.6 million below our plan. High-yield bonds and private equity returns were nearly in line with our plan and helped boost the otherwise meager returns in our risk portfolio.

On a total return basis, the portfolio returned 9.1 percent versus the blended benchmark of 7.7 percent. All but one of our managers outperformed their respective benchmarks. The most notable outperformance came from our fixed income portfolio where our returns placed in the top 10 percent of all managers, while the benchmark itself performed better than 80 percent of all fixed income managers.

Equity indices also exceeded more than 80 percent of all equity manager returns in 2011. As has been the case for the last few years, beating the market in 2011 was an uncommon achievement for our actively managed investment portfolio.

For more details regarding our 2011 financial results, please see pages 18-20 of this annual report, as well as our Web site, [www.msagroup.com](http://www.msagroup.com).

## SURPLUS GROWTH (dollars in millions)




## KEY RESULT MEASUREMENTS (dollars in millions)

	2011	2010	2009
COMBINED RATIO	106.7	99.2	97.4
NET WRITTEN PREMIUM	\$889.4	\$889.7	\$815.5
RETURN ON SURPLUS AND EQUITY	2.7%	16.8%	18.2%
SURPLUS AND EQUITY	\$775.3	\$769.7	\$692.0
PREMIUM-TO-SURPLUS RATIO	1.1 to 1	1.2 to 1	1.2 to 1

## WE ARE MAIN STREET AMERICA:

"I try to picture myself as the customer. By keeping that in mind, I strive to treat our customers with the same level of superior customer service that I would expect."  
- Lorri Hoffman, Claim Specialist, Richmond, Va.



A photograph of two men in business suits standing on a blue metal staircase railing. The man on the left is wearing a dark grey double-breasted suit, a blue shirt, and a patterned tie. The man on the right is wearing a dark blue double-breasted suit, a white shirt, and a red patterned tie. They are both smiling and looking towards the camera. The background shows a concrete ceiling with exposed pipes and a hanging light fixture.

*Main Street America  
claims field unit manager  
Reese Griswold (left)  
and Michael Long,  
president and CEO at  
AXiA Insurance Services,  
Springfield, Mass.*

**WE ARE MAIN STREET AMERICA:**



# WE ARE DELIVERING ON OUR PROMISE



Main Street America insured  
Tony Esposito

Sitting in the dentist's chair sounded like an unpleasant way to spend the afternoon on June 1, 2011, but Tony Esposito soon realized his day was going to have a far worse outcome than a possible cavity.

"I was in my dentist's office when I heard a tornado touched down in Monson (Mass.)," explained Tony, an AXiA Insurance Services customer who has his homeowners' policy

written with Main Street America's NGM Insurance Company. "I looked at the hygienist and said, 'Wow, Monson is a pretty big town, I wonder where it hit?' I found out 20 minutes later in the parking lot that our house was one of the houses hit."

What Tony didn't realize at the time was his home had been completely leveled to its foundation and would be declared a total loss. Fortunately, Tony's 19-year-old stepson who was home at the time was unharmed, as were his wife and two young daughters who took shelter while at a nearby dance studio.

While Tony and other stunned Main Street America insureds in the Springfield, Mass., area began surveying the damage caused by a series of tornados, which are an extreme rarity in this part of the United States, our claim representatives contacted AXiA's customer service team as soon as they received word about the destructive storms.

Reese Griswold, Main Street America claims field unit manager based in Auburn, Mass., said, "When we saw this event unfold, we immediately reached out to AXiA's staff. We shared our personal cell phone numbers and e-mail addresses and stressed that when they needed help to contact us directly and we would jump right on it."

AXiA also sprung into action by implementing its emergency response plan, which included extending their hours and calling all hands on deck.

Michael Long, president and CEO at Springfield-based AXiA, said, "We batched claims and called them into our carriers in bunches wherever possible because we figured the phone lines to the insurance companies were going to be very busy. We collected all of the claim information because we didn't want to transfer our customers or burden them with having to make another phone call."

Reese concurred that AXiA acting as frontline support for the agency's impacted insureds helped expedite our company's claims handling process during this crisis situation.

"The AXiA staff was excellent," Reese exclaimed. "They made us aware of any issues and kept us abreast of all of the developments with each claim."

Two days after the tornado touched down, a Main Street America adjuster was already on-site to calculate the damage to the Esposito's home. Reconstruction began in November 2011 and because of an unseasonably mild winter, the project is ahead of schedule and the family is expected to move in to their new home by May 2012.

Tony said, "I hear horror stories from people who are dealing with other insurance companies but we have just been amazed with our experience. I have been recommending people to NGM! I cannot believe the level of service we have received and I have absolutely no complaints."

Tony also commented that Main Street America stays one step ahead and circumvents any potential issues by regularly checking in on the reconstruction project via phone.

*"I cannot believe the level of service we have received."*

Reese said, "We would rather know sooner than later if something isn't going correctly. We touch base to not only find out how the rebuilding process is going but also to make sure we stay in contact for whatever issues may arise."

Michael agreed that Main Street America's unwavering commitment to providing stellar service and serving our customers (independent insurance agents) and our customers' customers (insureds) better than anyone else is what differentiates us from other property/casualty carriers.

"Our growth with NGM is based on our belief in the company and its ability to deliver the services it promises within its contract with our agency," Michael concluded. "It's not just a top-down mentality but it's also bottom-up. Everybody believes they have an important service and product to deliver and they take it to heart."

## WE ARE MAIN STREET AMERICA:

"When providing training on our Main Street Station processing systems, I build the training examples to meet the specific needs of the customer."  
- Kristen Lawrence, Field Technical Trainer, Keene, N.H.



*(Left to right): Cordon Davis, senior vice president and manager of Gloucester Southside, Gloucester, Va.; Kenley Brame, Main Street America surety development specialist; Doug Favre, president of Lackey Saunders, Hampton, Va., and Gloucester Southside; Donna Wysong, Main Street America business development executive; and Jay McGlohn, vice president of Gloucester Southside.*

**WE ARE MAIN STREET AMERICA:**



# WE ARE A PARTNER

"The personal touch is very important when it comes to insurance," said Doug Favre, president of independent agencies Lackey Saunders and Gloucester Southside. "This is a business of relationships."

The importance of personal service is a key reason that Lackey Saunders, Hampton, Va., and Gloucester Southside, Gloucester, Va., have been sending business to The Main Street America Group for more than two decades.

"When I have a problem or need, Main Street America takes care of it," said Cordon Davis, senior vice president and manager of Gloucester Southside. "They have consistently provided great service."

Lackey Saunders and Gloucester Southside praise the responsiveness of our employees, receptivity of our underwriters and accessibility of our staff.

Carrier responsiveness is always essential to agents, but it is perhaps never as critical as with surety bonds.

"Sometimes, we don't get any advance notice that a bond is needed," said Cordon. "An attorney may call and say that he's at the courthouse and needs an estate bond right away. He may literally be sitting there waiting for the bond, so we need immediate turnaround. With Main Street America, nearly as soon as I get the application in, the bond is ready."

It is because of this high level of service that Cordon sends nearly all his customers' bond requests to Main Street America. In fact, bond orders from Gloucester Southside and Lackey Saunders to Main Street America surged 95 percent in 2011 over the previous year.

Behind Main Street America's responsiveness are employees such as Kenley Brame, surety development specialist. "I understand that timing is everything with certain bonds and will do whatever it takes to ensure my customers get what they need," she said.

Also contributing to our service excellence is behind-the-scenes teamwork throughout our organization. Take the partnership between Kenley and Donna Wysong, Main Street America business development executive in our property/casualty business.

When Donna plans a visit to Lackey Saunders or Gloucester Southside, she lets Kenley know. Donna alerts her when she identifies a new bond opportunity or if the agency needs help with the Main Street Station bonds processing system or a current bond account.

For her part, Kenley keeps Donna in the loop on any bond issues that come up with the agencies. And the two field representatives sometimes make agency visits together.

"Even though we work in different departments, we want the customer to feel that they are working with one company," Donna said. "Our goal is to provide seamless service."

A key element of Main Street America's superior services, according to Cordon and Doug, is the receptivity and flexibility of our underwriters.

"At some carriers, you speak to a processor instead of an underwriter and if a piece of business doesn't fit, then it's automatically denied," Cordon said. "But at Main Street America, you can talk to their underwriters directly. They will listen and try to work with us."

Jay McGlohn, vice president, Gloucester Southside, has found this to be true both in our bonds area and property/casualty side of our business.

*"A big part of the relationship between agent and carrier is trust."*

"Bert Saunders, our (Main Street America) commercial lines underwriter, tries very hard to write business we send to him," Jay said. "And while he doesn't always say 'yes,' he will review the eligibility guidelines and explain why he's saying 'no.'"

"A big part of the relationship between agent and carrier is trust," added Doug. "Our underwriter has to trust that we're going to provide him with a good risk. Main Street America has been consistent in that area from day one."

Lackey Saunders and Gloucester Southside also appreciate that Main Street America is a local carrier.

"Some underwriters don't know where Gloucester is and we never see them," Cordon said. "But, it's important that a carrier knows our market and Main Street America has that understanding."

## WE ARE MAIN STREET AMERICA:

"When working to resolve a problem, I respond quickly. If I have to involve another department, I don't just hand it off. I always follow through and make sure the issue was resolved satisfactorily and in a timely manner." - Jill Rose, Associate Application System Analyst, Keene, N.H.





*(Left to right): Henry Pippins, Main Street America Midwest Region president; Marty Dezelan, president of Dezelan Insurance Agency, Indianapolis, Ind.; Tiffany Daly, Main Street America business development executive; and Joe Dezelan, secretary/treasurer of Dezelan Insurance Agency.*

**WE ARE MAIN STREET AMERICA:**

"Anytime I'm speaking with a customer, I keep one thing in mind – 'How would I like to be treated?' And that's what I strive to deliver. That's 'The MSA Experience.'"  
– Chris Nazzaro, Commercial Lines Underwriter, Keene, N.H.

# WE ARE NEW MARKETS

The Main Street America Group's Grain Dealers Mutual Insurance Company and the Dezelan Insurance Agency have quite a storied history. In fact, their strong partnership dates back 85 years to 1927 when Grain Dealers founded the agency.

Fast forward to July 2010, just a few months after Grain Dealers became an affiliate of Main Street America, when the decision was made to sell the agency to the Dezelan family.

"We very much appreciated the way we were treated throughout the affiliation process," said agency president Marty Dezelan, who represents the third generation of family leadership at the agency. Marty's father, Joe, is its secretary/treasurer and still plays a key role at the agency's new location, which according to Marty, is at "one of the most vibrant corners in Indianapolis."

"We are grateful that Main Street America's management team saw value in our agency and were respectful of what we could bring to the table," Marty added. "By selling the agency to our family, they gave us the opportunity to keep doing what we were doing. It would have been very easy for them to sell us to another organization or just shut us down. Instead, Main Street America ensured our agency remained fully functional, keeping really good people employed. In turn, we have helped them get a strong foothold in Indiana."

While Dezelan actively writes with six different carriers, Main Street America accounts for more than 50 percent of its annual written premium. Over the past year, Dezelan, along with other Grain Dealers independent agents throughout the Hoosier State, received several new Main Street America products to sell to their customers, including Personal Auto MVP and Main Line BOP.

"Up until last summer, I had never placed a commercial policy with Grain Dealers. The introduction of Main Line BOP is nothing short of revolutionary and represents a great opportunity for our agency," Marty said.

Marty stressed that a key differentiator for Main Street America versus other carriers he represents is relationships.

"I can call (Grain Dealers business development executive) Tiffany Daly or (Main Street America Midwest Region president) Henry Pippins whenever I have an issue that needs to be addressed quickly," Marty said. "At one of my national carriers, I have no idea who the Midwest Region president is and am quite certain I can't just pick up the phone and call them."

Marty concluded, "Our relationship with Grain Dealers will always be extraordinary because of our long history. We certainly hope we can write a more robust book of business with them going forward."

## Main Street America Enters Minnesota

Last September, Main Street America expanded its Midwest operations into Minnesota by adding new affiliate Spring Valley Mutual Insurance Company, based in the southwest corner of the state.

The 129-year-old carrier, which currently writes homeowners and farm owners coverage through its network of independent agents, will begin to offer Main Street America's full suite of commercial products this summer, including Main Line BOP.

"Spring Valley Mutual provides Main Street America with a good foundation in Minnesota," said Henry Pippins, Main Street America Midwest Region president. "We expect great growth here spearheaded by Main Line BOP because there is such a broad range of 'Main Street' businesses throughout the state."

Henry and Spring Valley president Mike Soldan are actively pursuing these opportunities by making agency appointments in untapped markets, especially in central Minnesota and the Twin Cities.

"Our goal is to be among the top two or three carriers in every agency that represents us in Minnesota," Henry concluded.

## WE ARE MAIN STREET AMERICA:

"I try to be the best team player that I can be to support the entire bond team. I want everyone on our team to be in a position to provide excellent service."  
- Cheryl Britton, Senior Bond Assistant, Keene, N.H.



*Main Street America business management executive Judy Kavanaugh (left) and Linda Kruszka, president at Main Street Insurance Agency, Attica, N.Y.*



**WE ARE MAIN STREET AMERICA:**



# WE ARE LISTENING

It's a noisy world out there. Between your phone, TV, radio and computer, it is easy to feel like you are on message overload.

The Main Street America Group breaks through the clutter by providing multiple communications vehicles for our agent-customers to interact with us when it is convenient for them.

In the social media realm, Main Street America has established a strong presence on Facebook, Twitter and LinkedIn. Chief executive officer Tom Van Berkel regularly uses YouTube to communicate directly with our customers through quarterly videos where he discusses our company's financial results and other key initiatives.

"My customers have given me positive feedback about our quarterly CEO updates," said Judy Kavanaugh, a Main Street America business management executive in New York State who covers the Buffalo territory. "They really like the ability to watch them on-demand."

In addition to virtual communications, Main Street America continues to recognize the value of face-to-face interaction. Our Regional and National Agency Councils are designed to give our customers the ability to provide their feedback about our products and systems directly to senior executives.

Linda Kruszka, president at Main Street Insurance Agency, Attica, N.Y., served as the 2011 National Agency Council chair and feels the advantages of our Councils are tremendous.

"Open communication between us (agents) and the company is huge," Linda said. "We want to be profitable – and the only way we are going to be profitable is if the company is profitable."

Linda prepares for the meetings by working with Judy to solicit feedback from other regional agents via e-mail surveys. She also attends the Regional Agency Council meetings to learn more about pressing issues from her fellow Northeast Region agents.

Judy explained, "My job is to make sure we have a good sampling of the region's issues for Linda to take to the National Agency Council meeting. We need a good representation of the territory as well as the main topics that need to be addressed."

At each semiannual National Agency Council meeting, which is comprised of two agents from each of Main Street America's four regions, the members conduct a private caucus on the first day.

"After the caucus, I summarize the issues we have discussed," Linda said. "On the following day, I relay the main points to Main Street America's senior management team and then we open up the floor for conversation."

In addition to the agency council process, Main Street America executives have created a unique way to keep a pulse on the market by holding Listening Tour meetings throughout our regions. These "town hall" sessions feature our senior leadership team sitting on stools at the front of the room and answering questions directly posed by the attending agents. No topics are off limits.

"The Listening Tours are extremely well-received because of who is attending from our company," Judy said. "My customers have told me they have never seen the CEO of a company participate at this level. I truly think our Listening Tour format is unparalleled to any other regional or national carrier meetings with agents."

## Connect with Main Street America

**Facebook** – [www.facebook.com/MainStreetAmerica](http://www.facebook.com/MainStreetAmerica)

**Twitter** – <http://twitter.com/markfri09>

**YouTube** – <http://www.youtube.com/user/MRFMSAG>

**LinkedIn** – <http://www.linkedin.com/companies/1134232>

Since being appointed as a Main Street America agent in 2005, Linda thinks overall communication between Main Street America and its agency plant has grown and feedback mechanisms have improved. She also feels relationships she has developed over the years with our people are key to sustaining a successful partnership.

"Judy is my go-to person and she's always available," Linda explained. "Additionally, (Main Street America Northeast Region president) Mark Berger is a phone call away and he's always right there for me too. Because I've represented the company for several years, you really create a personal relationship with these people in addition to a working one."

Judy confirmed, "It's not a traditional customer-carrier relationship. It's more of a partnership. We are very much woven together in such a way that we really are a closely connected team of players."

## WE ARE MAIN STREET AMERICA:

"I listen carefully to my customers' requests to make sure I fully understand them, and then I act quickly to complete the requests."

– Sharon Trigiano, Mail Services Coordinator, Auburn, Mass.

# WE ARE CARING

## *NGM Charitable Foundation*

The Main Street America Group's NGM Charitable Foundation supports local nonprofit organizations focused on health and welfare, educational, cultural and civic needs. In 2011, the NGM Charitable Foundation donated nearly \$115,000 to worthwhile causes throughout the cities where Main Street America has offices. Nearly \$40,000 of this was the result of our employees' generosity, whose personal donations were matched by the Foundation.

## *United Way*

Main Street America remains a proud supporter of the nationwide United Way campaign. In 2011, we donated more than \$75,000 to support local United Way agencies in our markets. The campaign included both voluntary employee payroll deduction donations (matched by the company), as well as a live auction and online auction.

## *Companies with Heart*

For the fourth consecutive year, Main Street America has been honored for its philanthropic efforts by a leading business periodical. Jacksonville, Fla.-based 904 Magazine named our organization to its inaugural "Companies with Heart" honor roll in its February 2012 issue.

## *Holiday Toy Drive*

Main Street America annually conducts a holiday toy drive in its six office locations. Our 2011 holiday toy drive collected 525 toys to benefit Toys for Tots and Project Share in Keene, N.H.

## *Thanksgiving Food Drive*

During our annual Thanksgiving food drive, Main Street America employees donated nearly 1 ton of nonperishable goods to food banks where we have offices.

## *Employee Volunteer Day*

Each year, Main Street America provides every employee with a paid volunteer day, which enables them to spend the entire work day volunteering at a local nonprofit organization of their choosing. In Jacksonville, 20-plus employees used their volunteer day to prepare meals and complete special projects at the Sulzbacher Center, which provides comprehensive services for homeless individuals in Northeast Florida. Several of our Indianapolis employees also volunteered at Gleaners Food Bank of Indiana.

## *VSA Arts Festival*

In April, nearly 25 of our Jacksonville employees and their family members participated in the Cummer Museum of Art & Gardens' annual award-winning VSA Arts Festival, which hosts approximately 2,300 students with disabilities each year from the Exceptional Student Education departments of schools throughout Northeast Florida's five counties.



Karen Steele, Main Street America administrative services manager, assists students during a Woodland Acres Elementary School field trip held at Main Street America's Jacksonville, Fla., headquarters.

## *Education*

In partnership with the University of North Florida's College of Education and Human Services, Main Street America "adopted" Woodland Acres Elementary School in Jacksonville two years ago. In 2011, nearly 20 of our employees volunteered to tutor students at the elementary school. In addition, we held a school supply drive in late summer to kick off the new school year. We also hosted an on-site field trip for 60 fifth graders to expose them to the atmosphere of working at a locally based company, as well as planting the seeds for a potential career in the insurance field.

In Keene, we kicked off a new partnership with Keene High School's North Campus, a specialty school for "at-risk" youth. A group of Main Street America mentors held a cookout at a local park for the students, as well as went apple picking with them at a nearby orchard.

## *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 much-needed funding for training and resources to aid Coggin College undergraduate and graduate students in their employment preparation and job searches.

## **WE ARE MAIN STREET AMERICA:**

"I like to treat my customers like they are members of my family. This ensures their experience with me is pleasant and their issues are resolved quickly. Because of this, I have formed some great working relationships with my customers!" - Sara Leger, Book Transfer Coordinator, Keene, N.H.

# CIRCLE OF EXCELLENCE

## 2011 HONOREES



**JEN DAY**  
*Operations Supervisor*  
Integrated Customer Solutions  
Keene, N.H.



**JIM KELLY**  
*Product Manager*  
Commercial Lines Product  
Jacksonville, Fla.



**KRISTEN LAWRENCE**  
*Field Technical Trainer*  
Organizational Development  
and Training  
Keene, N.H.



**CONNIE LOPEZ**  
*Surety Development Executive*  
Bonds  
Midwest Region



**HEIDI SPORKA**  
*Business Analysis Manager*  
Information Technology  
Jacksonville, Fla.

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.

More than 200 employees have been inducted into the company's prestigious Circle of Excellence.

### WE ARE MAIN STREET AMERICA:

"Everything I do is done to ensure my customers – either internal or external – get the best possible service."

– Teresa Ward, Payment Reconciliation Processor, Indianapolis, Ind.





## SENIOR MANAGEMENT

*Standing left to right:*

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

**STEVE PEETERS**  
*Executive Vice President,  
 Insurance Operations and  
 Chief Operating Officer*

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

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

*Seated left to right:*

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

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

### **WE ARE MAIN STREET AMERICA:**

"I team with my customers to achieve our common goals – increasing opportunities on profitable business, growing their business with Main Street America and ultimately strengthening the value of their agencies." – *David Roshala, Business Management Executive, Northeast Region*



## BOARD OF DIRECTORS

*Left to right:*

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

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

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

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

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

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

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

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

R. CHRIS DOERR  
*Executive Vice President and  
Chief Financial Officer*  
Blue Cross and Blue Shield of Florida  
Jacksonville, Fla.

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

*Not Pictured:*  
PHILIP D. KOERNER  
*Former President and Chief Executive Officer*  
The Main Street America Group  
Jacksonville, Fla.

### WE ARE MAIN STREET AMERICA:

"In the (claims) litigation department, the suit process is always difficult for the insured. I assist our insureds by providing the customer service they deserve to better help them understand the process because this can be a very emotional time for them." – Amy Malo, Claim Specialist, Auburn, Mass.

# 2011 FINANCIAL RESULTS

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

	AS OF DECEMBER 31, 2011	AS OF DECEMBER 31, 2010
<b>ASSETS:</b>		
Investments:		
Tax-Exempt Bonds	\$ 493,566	\$ 510,996
Taxable Bonds	895,972	934,654
Common Stocks	129,439	117,053
Preferred Stocks	1,126	1,157
Cash and Equivalents	36,544	29,812
Other Investments	105,742	79,462
<b>Total Cash and Investments</b>	<b>1,662,388</b>	<b>1,673,134</b>
Agents Balances	218,310	220,754
Reinsurance Recoverables	7,464	7,846
Deferred Tax Asset	56,019	52,968
Other Assets	64,824	58,666
<b>Total Admitted Assets</b>	<b>\$ 2,009,005</b>	<b>\$ 2,013,368</b>
<b>LIABILITIES AND POLICYHOLDERS' SURPLUS:</b>		
Loss Reserves	\$ 309,550	\$ 301,658
Incurred But Not Reported	271,740	276,490
Unpaid Claims Expenses	104,081	104,034
Unearned Premiums	439,985	452,249
Expenses and Taxes Payable	33,452	48,561
Claim Checks Outstanding	25,799	18,006
Other Liabilities	49,057	42,708
<b>Total Liabilities</b>	<b>\$ 1,233,664</b>	<b>\$ 1,243,706</b>
<b>Policyholders' Surplus</b>	<b>\$ 775,341</b>	<b>\$ 769,662</b>
<b>Total Liabilities and Policyholders' Surplus</b>	<b>\$ 2,009,005</b>	<b>\$ 2,013,368</b>



# 2011 FINANCIAL RESULTS

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

	AS OF DECEMBER 31, 2011	AS OF DECEMBER 31, 2010
<b>STATEMENT OF OPERATIONS:</b>		
Net Premiums Written	\$ 889,413	\$ 889,752
Premiums Earned	901,677	873,961
Losses Incurred & ALAE	617,793	521,935
Claims Expenses	25,301	25,927
Commissions	166,943	176,694
Other Expenses	147,546	147,867
Total Underwriting Expenses	957,583	872,423
<b>Net Underwriting Gain (Loss)</b>	<b>(55,906)</b>	<b>1,538</b>
Net Investment Income	54,540	60,735
Realized Investment Gains	35,059	34,336
Other Income and Expenses	(2,709)	6,264
Income (Loss) Before Taxes	30,984	102,872
Income Taxes	(475)	19,405
<b>Net Income</b>	<b>\$ 31,459</b>	<b>\$ 83,467</b>
<b>STATEMENT OF SURPLUS:</b>		
Surplus, January 1	\$ 769,662	\$ 691,974
Change in Surplus:		
Grain Dealers Mutual Beginning Surplus	0	5,830
Capital Stock	0	0
Additional Paid in Capital	0	0
Net Income	31,459	83,467
Net Unrealized Gain from Investments	(8,962)	4,474
Change in Non-Admitted Assets	34,829	(15,568)
Change in Net Deferred Tax Asset	2,747	9,235
Dividends to Stockholders	(45,589)	(10,379)
Other Statutory Changes	(8,805)	630
Change in Surplus	5,679	77,688
<b>Surplus, December 31</b>	<b>\$ 775,341</b>	<b>\$ 769,662</b>

# 2011 FINANCIAL RESULTS

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

	AS OF DECEMBER 31, 2011	AS OF DECEMBER 31, 2010
<b>CASH FLOWS FROM</b>		
<b>UNDERWRITING ACTIVITIES:</b>		
Net Premium	\$ 886,800	\$ 892,326
Losses	(606,429)	(526,822)
Claims Expenses	(25,301)	(25,927)
Commissions	(175,733)	(175,332)
Other Expenses	(146,163)	(143,818)
<b>Net Cash Provided by Underwriting Activities</b>	<b>(66,825)</b>	<b>20,427</b>
Investment Income, Net of Expenses	71,826	72,340
Income Taxes	(1,882)	(18,935)
Capitalized Spending	(7,388)	(14,469)
Miscellaneous Transactions	33,973	22,036
Pension Contribution	(10,000)	0
<b>Net Cash Provided by Operating Activities</b>	<b>19,703</b>	<b>81,397</b>
Cash Flows from Investing Activities:		
Proceeds from Fixed Maturities Sold	701,971	736,804
Proceeds from Equity Securities Sold	64,623	97,084
Other Proceeds	(24,782)	(41,950)
Purchase of Fixed Maturities	(631,893)	(755,640)
Purchase of Equity Securities	(77,302)	(97,419)
<b>Net Cash Used in Investing Activities</b>	<b>32,618</b>	<b>(61,120)</b>
Cash Flows from Financing Activities:		
Dividends to Stockholders	(45,589)	(10,379)
<b>Net Cash Used in Financing Activities</b>	<b>(45,589)</b>	<b>(10,379)</b>
Net Change in Cash and Cash Equivalents	6,732	9,898
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>29,812</b>	<b>19,914</b>
<b>Cash and Cash Equivalents, End of Period</b>	<b>\$ 36,544</b>	<b>\$ 29,812</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, Minnesota, Mississippi, Nevada, New Mexico, 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 OFFICES

#### Minnesota

117 N. Broadway Street  
Spring Valley, MN 55975  
(877) 346-7369

#### 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



# THE MAIN STREET AMERICA GROUP

NGM INSURANCE COMPANY

OLD DOMINION INSURANCE COMPANY

MAIN STREET AMERICA ASSURANCE COMPANY

MSA INSURANCE COMPANY

GREAT LAKES CASUALTY INSURANCE COMPANY

GRAIN DEALERS MUTUAL INSURANCE COMPANY

SPRING VALLEY MUTUAL INSURANCE COMPANY

MAIN STREET AMERICA PROTECTION INSURANCE COMPANY



THE MAIN STREET AMERICA GROUP

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

