

*Increasing*  
VISIBILITY



THE MAIN STREET AMERICA GROUP  
2009 ANNUAL REPORT

## TABLE OF CONTENTS



**1**  
VISIBILITY



**3**  
MESSAGE FROM  
THE CHAIRMAN



**5**  
2009 FINANCIAL  
OVERVIEW



**7**  
CLOSE TO THE  
CUSTOMER



**8**  
NEW PRODUCTS AND  
PLATFORMS DELIVER  
PROFITABLE RESULTS



**11**  
A RECIPE  
FOR SUCCESS



**12**  
RESPONSIVENESS  
AND RELATIONSHIPS  
SET US APART



**15**  
FULL STEAM AHEAD



**17**  
CIRCLE OF  
EXCELLENCE



**19**  
A COMPANY  
THAT CARES



**20**  
SENIOR  
MANAGEMENT



**21**  
BOARD OF  
DIRECTORS



**22**  
2009 FINANCIAL  
RESULTS

# VISIBILITY

(vi-zə-'bi-lə-tē) n : the degree of clearness or clarity

The Main Street America Group  
maintains a laser focus on providing  
“The MSA Experience.”

This degree of clarity is achieved through  
never losing sight of our ultimate goal:

**serving our customers and  
our customers' customers  
better than anyone else.**





TOM VAN BERKEL  
*Chairman, President and CEO*  
The Main Street America Group  
Jacksonville, Fla.

## MESSAGE FROM THE CHAIRMAN

In 2009, The Main Street America Group continued our trend of positive performance. We remained focused on sustaining profitability and maintained our underwriting discipline despite significant pricing pressures and an overall weak economy.

We also fulfilled key elements of our long-range plan, spreading risk through geographic diversification and taking steps to increase scale through additional distribution points. Furthermore, we successfully implemented new products and policy processing platforms throughout many of our 24 states.

Our spectacular 18.2 percent return on equity was driven primarily by a profitable combined ratio of 97.4 and an investment gain of \$105.5 million, the largest single-year increase in our 86-year history. We significantly strengthened our balance sheet by adding \$84.5 million to surplus.

Our commercial lines business, which accounts for 55 percent of our company's net written premium of \$815 million, achieved a 92.5 combined ratio. Three of our five regions also recorded results that were noteworthy in 2009, with the Jacksonville Region posting an 84.9 combined ratio, the Syracuse Region a 94.4 and our Midwest Region a 92.7.

While we fell short of our total premium plan for the year, our net growth was 1.3 percent. We are encouraged that new business growth increased 13.4 percent and our regional teams were able to report overall growth in the final months of 2009.

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

*"We could not have achieved these excellent financial results without the strong support of our customers and the tireless efforts of our employees."*

During the year, we experienced many accomplishments in our product areas. We launched our new Main Line Business Owners Policy (BOP) in conjunction with our Main Street Station commercial lines policy processing platform in 14 states, including three new Western states, and experienced a significant year-over-year spike in new BOP premium in 11 existing states. We plan to launch Main Line BOP and Main Street Station in several additional states during 2010.

In personal lines, our Personal Auto MVP multivariate product performed well in the 12 states where it has been rolled out over the past three years. We also continued to make it as easy as possible for our customers to write personal lines business with us via our Main Street Station personal lines policy processing system, which has been implemented in 11 states.

We increased our market share in Delaware by acquiring Westfield Insurance's personal lines book in the state. We will continue to launch Personal Auto MVP and Main Street Station in additional states throughout 2010 while also introducing our new Homeowners MVP multivariate product in eight states.

We also generated \$84.4 million in written premium through reinsurance operations and program business – a nearly 100 percent increase over 2008. This was fueled by our successful partnerships with select independent agents in Oklahoma and Texas.

In our surety business, more than 15,000 transactions have been generated directly by our customers at their desktops via our Main Street Station system where bonds can be simply processed in just a matter of minutes. We are continuing to expand our market share in this sector and recently acquired CAIC Holdings Company's surety business in Texas.

Our claims team continued to deliver on its promise to respond quickly and fairly when our customers and policyholders needed us most. We recently enhanced our ClaimCenter system which will make our claims processing more efficient than ever.

In our initial entry into the Midwest, we successfully integrated our Great Lakes Casualty Insurance Company following our acquisition of this Michigan-domiciled carrier in fourth quarter 2008. In Michigan, we introduced our Personal Auto MVP and commercial products to our new distribution force of independent agents, the vast majority of whom were the former owners of Great Lakes Casualty.

*continued on next page*

## MESSAGE FROM THE CHAIRMAN CONTINUED

We also had a very successful first year in our three new Western states – Arizona, Nevada, Utah – via our partnership with the Leavitt Group, whose independent agents distributed our commercial products to their “Main Street” small business customers.

*“Our strong financial standing 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.”*

In late November, we closed our affiliation with Indiana-domiciled Grain Dealers Mutual Insurance Company. We will benefit from the strength of Grain Dealers’ 108-year-old franchise as we enter Indiana and Mississippi in 2010, as well as increase our market share in several existing states including North Carolina, Oklahoma and Tennessee.

We will also establish Indianapolis as our new Midwest Region headquarters as part of a regional realignment. The realignment, consisting of four regions, will enable us to incorporate new and overlapping Main Street America/Grain Dealers Mutual states efficiently. It will also help us improve the aggregation of states with similar demographic and industry issues within the same region.

Our initiative to grow our volume of distribution points was not limited to our new markets. We appointed more than 100 new independent agents in our core Eastern Seaboard states. We also conducted a series of Listening Tours in many of these states. At these town hall meetings, our long-time customers were able to openly

provide feedback to members of our senior management and regional management teams. We expediently initiated several actions based on our customers’ invaluable comments. More Listening Tours are planned throughout 2010.

We also initiated Agency Technology Councils for commercial lines and personal lines to let our customers candidly provide their feedback about the functionality of our Main Street Station policy processing systems and identify areas for enhancement.

Our customers repeatedly tell us that “The MSA Experience” – taking care of our customers and our customers’ customers 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 and helping us to achieve the level of success we had in 2009, especially as they faced significant challenges in their respective markets.

As the founding company partner of Trusted Choice® in 2001, we continue to champion the national branding program of the Independent Insurance Agents & Brokers of America, which has grown to more than 10,500 agent members and 53 company partners. Trusted Choice enables independent agents, who typically brand themselves at the local level, to compete

against other insurance companies with alternative distribution systems and strong national brands. The program also helps to reinforce that independent agents provide consumers with expertise and choice, and act as their trusted advisor. Everything we distribute in the marketplace is co-branded as The Main Street America Group and Trusted Choice – from our annual report to our product marketing materials to our quarterly results videos that are broadcast via our YouTube channel.

Our 2009 performance positions us very well against the industry. Our strong financial standing 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 continue spreading risk and increasing scale.

We look forward to partnering with our customers in 2010 to profitably grow and achieve our financial goals in what we hope will be a more stable economy for our customers and their customers alike.



Tom Van Berkel

*Chairman, President and  
Chief Executive Officer*



# 2009 FINANCIAL OVERVIEW

The Main Street America Group achieved several significant financial outcomes in 2009 following a very challenging economic environment that had greatly impacted our 2008 results. We exceeded our goals and outperformed the property-casualty industry in a number of areas.

## OUR 2009 RESULTS INCLUDED:

- Return on equity of 18.2 percent versus our 2008 return on equity of -6.2 percent.
- Combined ratio of 97.4, which will stand up well against the industry and our peer company results. It was the fourth consecutive year we had achieved an underwriting profit and the sixth year out of the last seven where we recorded a combined ratio under 100. We fell short of our 97.0 goal mainly due to the impact of lower-than-planned premiums on our expense ratio.
- Surplus increase of \$84.5 million to raise our total surplus to \$692 million. This followed a surplus decline of \$12.5 million in 2008. Our premium-to-surplus ratio also improved to 1.18:1.

- Net income gain of \$74.4 million to \$89.5 million, an 83 percent increase.
- “A” rating affirmed by A.M. Best, the P&C industry’s premier rating agency, with a stable outlook.

We had the best investment year in our history, gaining \$105.5 million. Our 2009 investment statutory return exceeded our plan by \$28.5 million.

*We exceeded our goals and outperformed the property-casualty industry in a number of areas.*

Overall, our investment portfolio returned just under 14 percent versus its blended benchmark of 8.7 percent. Fixed income securities (92 percent of our portfolio) returned 13.1 percent, and equities and high yield investments (8 percent of our portfolio) returned 30.1 percent.

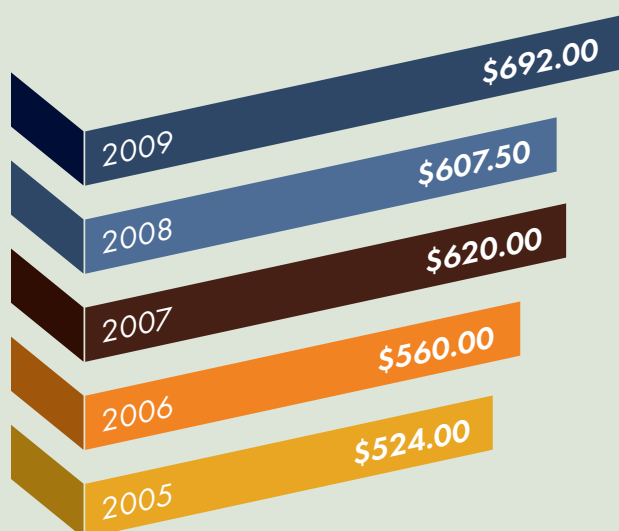
Our asset allocation decisions contributed greatly to the strong investment results as we recognized \$21 million in municipal bond gains. After significantly reducing our equity portfolio in 2008, we gradually began to rebuild it during 2009. The equity investments we made in 2009 returned just under 43 percent and new private equity returned slightly over 40 percent.

Our net written premium increased 1.3 percent to \$815 million, which was below our plan but slightly better than the industry that is projected to report its third straight year of decline. Our premium shortfall reflects significant price softening in the commercial lines market, but we remained steadfast in our resolve to write business only at prices that will produce profits.

We finished 2009 with a loss ratio slightly better than we expected, but 1.2 points above 2008. Our loss reserve position remains very strong.

For more details regarding our 2009 financial results, please see pages 22-24 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)

	2009	2008	2007
COMBINED RATIO	97.4	94.9	95.8
NET WRITTEN PREMIUM	\$815	\$805	\$851
RETURN ON SURPLUS AND EQUITY	18.2%	-6.2%	17.8%
SURPLUS AND EQUITY	\$692.0	\$607.5	\$620.0
PREMIUM-TO-SURPLUS RATIO	1.18:1	1.33:1	1.35:1



Victor Jowers, vice president of Upchurch & Jowers Insurance Agency (left), chats with Dennis Rockwell, Main Street America business development executive, outside the agency's Camden, S.C., office.

## 2009 NATIONAL AGENCY COUNCIL MEMBERS

Chair **Bob Bizak** of Rogers & Gray, Plymouth, Mass.

Vice Chair **Victor Jowers** of Upchurch & Jowers Insurance Agency, Camden, S.C.

**Cheryl Belair** of The Insurance Source, Keene, N.H.

**Ned Blais** of Blais Insurance, Lincoln, R.I.

**Greg Eve** of Eve Insurance Agency, Flint, Mich.

**Mike Funkhouser** of Haun-Magruder Inc., Woodstock, Va.

**Scott Johnson** of Creative Insurance Solutions, Fuquay-Varina, N.C.

**Tom Lynch** of Plastridge Group, Delray Beach, Fla.

**Bob Miller** of Combined Financial Services Inc., Angola, N.Y.

**Mike Skeele** of Skeele Agency/Select Agencies Group, Manlius, N.Y.

**Tom Stuit** of Berends Hendricks Stuit Insurance Agency Inc., Grandville, Mich.

**Rex Templeton Sr.** of Morris & Templeton Insurance Agency, Savannah, Ga.



*Increasing Visibility:*

# RELATIONSHIPS

## CLOSE TO THE CUSTOMER

Maintaining close relationships with our customers involves not only talking the talk but also walking the walk.

To illustrate our commitment to listening and responding to our customers' needs, The Main Street America Group has established several feedback mechanisms, including our Regional and National Agency Councils, Listening Tours and Agency Technology Councils.

"We created the council process as a way to obtain feedback from a broad geographic perspective on how we are doing with meeting our deliverables and communicating with our customers, as well as a way to further build face-to-face relationships," explained Doug Eden, Main Street America's senior vice president, field operations.

*"Main Street America really does listen and has the ability to respond because top management participates in the meetings."*  
– Victor Jowers

Victor Jowers, vice president of Upchurch & Jowers Insurance Agency, Camden, S.C., is the National Agency Council incoming 2010 chair and feels the program's structure lends to its effectiveness.

"One of the keys is the fact that Main Street America really does listen and has the ability to respond because top management participates in the meetings," Victor said.

Both the national and regional meetings are held bi-annually, with the national meeting consisting of representatives from each of the four regions. The sessions begin with Council members holding a private caucus to address pressing issues. Afterward, the Council chair presents a summary of the caucus discussion to Main Street America's senior executives.

Doug added, "The feedback has been very positive about the commitment from our senior management team. At many companies, the home office senior team typically only attends the national meeting but not the regional meetings. With our leadership team attending the regional meetings as well, it really demonstrates our commitment as a locally focused company."

While our revamped agency council program has been in place since 2007, our Listening Tours debuted in 2009. These unscripted town hall sessions feature our senior executives sitting on stools at the front of the room fielding questions from our customers. A total of 15 Listening Tours were held in seven states in 2009.

"We are one of the few companies that conduct meetings in this forum – where we speak directly with our customers without a formal PowerPoint presentation," Doug said. "We not only explain our strengths,

but also address the areas we can improve upon. Our customers have told us they appreciate the candor."

Another new customer feedback program introduced in 2009 is our Agency Technology Councils, which were created at the recommendation of the National Agency Council. Dedicated councils meet quarterly for both personal lines and commercial lines and are comprised of producers from all of our regions who are proficient on our software programs.

"We hosted our inaugural Agency Technology Council meetings in the fall of 2009 and are already using members' feedback to make our Main Street Station platform user interfaces more robust," Doug said.

Doug explained all of these customer-focused initiatives have been successful because they facilitate open dialogue and our customers are comfortable sharing their thoughts and feelings directly with us.

"The bottom line is we have developed very trusting, strong relationships with our customers," he said.

Victor agreed Main Street America's relationships with our customers differentiates us from other carriers.

"One of the first things that attracted us to Main Street America was the basic philosophy of the handshake (a key component of Main Street America's logo)," Victor said. "That relationship is extremely important and one we value very much."

*Increasing Visibility:*

# MARKETPLACE

NEW PRODUCTS AND PLATFORMS  
DELIVER PROFITABLE RESULTS

Ease of doing business. These four words describe what most independent agencies require in order to place their customer with a carrier.

In 2009, The Main Street America Group tackled this need head-on by not only providing new products and services but also introducing state-of-the-art technology solutions, including the 16-state rollout of Main Street Station for Commercial Lines, our new commercial lines quoting and policy issuance system.



Steve Wilson, president of the Alpena Agency, Alpena, Mich., (left), meets with the agency's vice president, Peter Wilson.

"It's a point-and-click system," said Kristin Caporale, commercial lines marketing representative at Mackintire Insurance Agency, Westborough, Mass., who also participated in the Main Street Station for Commercial Lines pilot. "Everything is right on the system. The underwriting guidelines are there, the class codes are there. Because it's faster, the policies are released faster."

Accompanying the rollout of our robust new policy processing system was the introduction of Main Line BOP in 14 states. The new business owners policy offers broader eligibility, very competitive pricing and a wide array of coverages and options, including the addition of four new programs – restaurants, condo associations, garages and light manufacturing – to the existing six.

"We have almost always had double-digit growth with Main Street America," said Bob Mackintire, president of the Mackintire Insurance Agency. "But I think we really kicked it into overdrive when Main Line BOP came out."

And the numbers speak for themselves. In 2009, the volume of commercial lines new business policies written by the Mackintire Agency with Main Street America nearly doubled from 46 to 86, with Main Line BOP accounting for more than half of these new policies.

Business is also hopping on the personal lines side with the launch of our new personal lines quoting and policy issuance systems in eight states.

Prior to the introduction of the system in Michigan, customers printed and mailed ACORD applications to our underwriters for processing. Those "manual processing" days are a thing of the past.

"The system has improved their ease of doing business tremendously because before it was all paper," said Steve Wilson, president of the Alpena Agency, Alpena, Mich. "It also seamlessly works with our comparative raters."

In addition to receiving a new system, Michigan customers were also given access to our Personal Auto MVP predictive modeling product in May 2009, as well as our full line of commercial lines products in July 2009.

"One of the most exciting things about writing business with Main Street America is that not everybody else in the state represents them," Steve stressed. "It's a fresh company with new products and that adds a lot of value because they are not on every corner."

Bob echoed Steve's sentiments about how doing business with Main Street America differs from other carriers.

"We were lucky to get the system and product first," he said. "With the national carriers, Massachusetts is usually last with getting the new products and technology. So that's an advantage of working with a regional carrier."





# SOLUTIONS

Bob Mackintire, president of Mackintire Insurance Agency, Westborough, Mass., works with commercial lines marketing representative Kristin Caporale to quote and submit business via Main Street Station for Commercial Lines.





# COMMITMENT

Firehouse Subs co-founders Robin (far left standing) and Chris Sorensen (far right seated) meet at their Baymeadows Road restaurant in Jacksonville, Fla., with (left to right) Megan Humphreys, Main Street America commercial lines underwriting supervisor; Mary Rawlins, Firehouse Subs controller; and Ceree Harden, chairman and CEO of independent insurance agency Harden in Jacksonville.

# *Increasing Visibility:* SERVICE

## A RECIPE FOR SUCCESS

Firehouse Subs, Harden and The Main Street America Group are all in the service business. And that's not all we have in common; our cultures fit together like a fireman's glove. It's this harmony of cultures, a commitment to service and an understanding of each other's business that makes our partnership so successful.

Firehouse Subs, a Jacksonville, Fla.-based "fast casual" chain of restaurants, was created on a model of service. Founders Chris and Robin Sorensen are former Jacksonville firemen who spent years sharing meals with their firehouse colleagues while protecting the public as first responders.

"Firehouse Subs was created from our love of cooking and fellowship, and our passion for serving our community," Robin said.

The growth of Firehouse Subs has been phenomenal; they have expanded from one restaurant in Jacksonville in 1994 to 377 locations today in 19 states. As the chain grew, it needed an insurance advisor with the experience and expertise to meet its changing needs.

Robin and Ceree Harden, chairman and CEO of independent insurance agency Harden, met at sea on an outing for local business leaders on the aircraft carrier USS John F. Kennedy at its last deployment in Jacksonville. Over dinner in the mess hall, Ceree asked Robin to consider Harden to handle its insurance.

Like Firehouse Subs, Harden is homegrown; the Jacksonville-based agency has served the Florida small business community for more

than half a century. It has been a Main Street America customer since 2006.

"We had a lot in common; we are both Jacksonville natives, we knew the Sorensen family and we share a heritage of firefighting. We are also both entrepreneurs with growing businesses," said Ceree. "We talked about the challenges of growth and how Harden could add value as they took their enterprise to the next level of success.

"We built a plan to support Firehouse Subs' enterprise objectives and it became clear that Main Street America would be a perfect fit," Ceree continued. "Main Street America's market niche is small businesses like Firehouse's franchises; they were willing and able to support their geographic expansion and were very responsive to Firehouse's unique objectives. They built a dedicated team to service Firehouse's most important needs."

All of Firehouse's coverage is written through Main Street America's Old Dominion Insurance Company.

"We love working with Main Street America," said Mary Rawlins, corporate controller for Firehouse Subs. "They provide us with dedicated billing, underwriting and claims staff that are available to meet our needs and the needs of our franchisees. Service is what they're all about.

"We highly recommend that all of our franchisees partner with Harden and Main Street America to fulfill their insurance needs. There are so many aspects to setting up a business. Harden knows our business model, our core values and our challenges.



Our franchisees can contact our insurance agency and ensure they get all the coverages they need. And we know if they get their policy from Main Street America, they will get the best possible service and support."

While excellent customer service is a key reason for doing business with Main Street America, it is also reassuring to Firehouse Subs that we share a commitment to the community and help our policyholders make a difference.

The Sorensen brothers founded the Firehouse Subs Public Safety Foundation in 2005 to give back to their roots and provide public safety entities life-saving equipment, funding and support. More than 100 communities have been impacted and \$2 million has been donated to police and fire departments in need throughout the company's markets.

"In addition to Main Street America's impressive corporate giving track record, they generously donated to the Firehouse Subs Public Safety Foundation to help us serve those who save lives. For that, we are sincerely appreciative as it's further evidence of their commitment to being such a valued business partner," said Mary.



*Increasing Visibility:*

# SERVICE

RESPONSIVENESS AND RELATIONSHIPS  
SET US APART

“Main Street America is your best friend,” Kay Baker, customer service representative at the James S. Sullivan Agency in Williamson, N.Y., recently told her customer who had just been in a car accident. “They will take care of everything.”

*“CSRs often have a favorite insurance company. Mine is Main Street America. They’re always there for me.”*

– Kay Baker

And so we did. Kay’s customer was shaken from her accident. She could not sleep at night. Money was a concern. She lived in a rural area and the last thing she needed was a car that was not drivable. But when Main Street America’s claims Customer Care Unit received the first notice of loss, they quickly swung into action. Our adjuster had the car appraised. Our claims representative paid the medical bills. And when the customer’s car was being repaired, all rental expenses were covered.

Throughout the claims process, Kay was a valued consultant and soothing presence, connecting her customer to the claims employees responsible for handling her loss and helping her complete the necessary paperwork.

When the car’s damage had been inspected and repaired, we sent Kay’s customer a \$7,700 check. She was so pleased with the service from Main Street America and the Sullivan Agency that she sent Kay a bouquet of flowers.

Then there was the time that a distraught man walked into Kay’s office saying he had just hit a deer with his car and he did not know what to do. The Sullivan Agency participates in our Immediate Customer Service Program, so Kay handed him a claims check on the spot.

“He was quite happy when he walked out of my office,” she said.

For Kay, these claim resolutions reflect the overall responsive service she has received from Main Street America for the past 30 years.

“CSRs often have a favorite insurance company. Mine is Main Street America. They’re always there for me. We have a great working relationship. I like that when I call the underwriting office, I just say, ‘It’s me, again,’ and they immediately know who it is.”

The responsiveness of claims and underwriting extends to our field force.

“Main Street America does things the old fashioned way – face-to-face,” said Jim Sullivan, president of the agency. “LeeAnn VanParys, our Main Street America field rep, visits our office regularly. When something comes up, she gets right on it.”

Kay added, “I really appreciate it when LeeAnn comes to my office. She updates us on what is new with the company, and helps us with underwriting and claims issues. Because of our relationship, it makes me want to do more for Main Street America.”

Jim said it is this focus on personal relationships and responsiveness that sets Main Street America apart from its competitors and why we are among the Sullivan Agency’s top three carriers.

It is also why our partnership has endured. Jim assumed management of the agency from his father in 1974, growing it from one office to 17 throughout Central Western New York State. Through the acquisition of one of these offices in 1980, he began representing Main Street America.

“From the beginning of our relationship, I have been impressed with Main Street America’s commitment to its agents,” Jim said. “When the carrier refers to its agents as customers, it tells me that they view the agency relationship as important. In this day and age where insurers experiment with alternative marketing schemes, to have a company so rock solid behind its agency force is very reassuring.”





Jim Sullivan, president of James S. Sullivan Agency (far right), has been a Main Street America customer for 30 years. In the background, Kay Baker, a customer service representative at the agency's Williamson, N.Y., office (standing), meets with LeeAnn VanParys, Main Street America business management executive.

*"From the beginning of our relationship, I have been impressed with Main Street America's commitment to its agents. When the carrier refers to its agents as customers, it tells me that they view the agency relationship as important." – Jim Sullivan*





# OPPORTUNITY

Stephen Delgado, Main Street America business management executive (left), meets with Lloyd Koty, president of Koty-Leavitt Insurance Agency, Tucson, Ariz.

## *Increasing Visibility:*

# GROWTH

## FULL STEAM AHEAD

### PARTNERING WITH LEAVITT IN WESTERN STATES

When The Main Street America Group appointed independent agency network the Leavitt Group to be its exclusive representative in three new Western states – Arizona, Utah and Nevada – it envisioned great opportunities to profitability grow our company's premium in several new markets including Las Vegas, Phoenix, Salt Lake City and Tucson.

*"Our partnership works so well because we are a 'Main Street' writer of business and a perfect fit with Main Street America's niche." – Lloyd Koty*

This partnership is off to a great start as our 40 new Leavitt customers generated nearly \$6 million in new premium in 2009, distributing Main Street America's full line of commercial products to its customers, including our new Main Line BOP as well as commercial auto, workers' compensation and umbrella products.

"I put a high value on being appointed as an exclusive Main Street America agent in the Tucson market," said Lloyd Koty, principal of Koty-Leavitt Insurance. "Over all of the years I have done business, I have never had a relationship with a carrier that is exclusive. I view this as a significant competitive advantage and it is something I want to foster, grow and reward."

Koty-Leavitt was one of the drivers of our Western success as it generated approximately \$1.8 million in Main Street America business in its first year of representing us, the most of any Arizona customer. Koty-Leavitt, incorporated in 1990 but with roots dating back to 1940, has 50 employees in its Tucson office and positions itself a generalist agency. It is one of Tucson's largest independent agencies and wrote approximately \$35 million in premium last year – 85 percent commercial lines, 15 percent personal lines.

"We wrote four times as much new business with Main Street America in 2009 as with any other carrier we represent. Our goal is to have Main Street America get a look at every account that fits what they write, since what they write is the majority of the standard lines business that we write."

Main Street America also feels the relationship is working well and will continue to prosper.

"We are very pleased with our 2009 results in the Western states and look forward to profitably growing our book of business with our Leavitt customers in 2010 and beyond," said Doug Eden, Main Street America's senior vice president of field operations.

### SUCCESSFUL INTEGRATION OF GREAT LAKES CASUALTY IN MICHIGAN

Significant results were generated during the first full year with Great Lakes Casualty Insurance Company operating as a Main Street America company. Acquiring this Michigan-domiciled carrier, in the fourth quarter of 2008, marked our initial entry into the Midwest.

Profitability was the No. 1 priority for Great Lakes Casualty in 2009 and it delivered in a big way. The carrier recorded a 92.7 combined ratio. This profitable result was driven by the restructuring of its book of business through the introduction of insurance scoring, improved claims management and favorable loss severity.

In May, we introduced our Personal Auto MVP multivariate product and in July, we rolled out our full line of commercial products, including Main Line BOP. We also provided our Michigan customers with our Main Street Station commercial lines policy processing system and our Main Street Connection personal lines system.

In mid-2010, our Michigan customers will begin to sell Main Street America homeowners coverage to their customers with our new Homeowners MVP. This will be the first group of Main Street America agents who will be able to offer this unique product that improves segmentation through a sophisticated multivariate pricing approach.

*continued on next page*



*Increasing Visibility:*

# GROWTH

FULL STEAM AHEAD

CONTINUED FROM PAGE 15

## MIDWEST EXPANSION WITH GRAIN DEALERS MUTUAL

We continued to grow our Midwest presence by forming an affiliation with Indianapolis-based Grain Dealers Mutual Insurance Company that closed in November 2009. This will enable us to enter two new states in 2010 – Indiana and Mississippi – as well as to expand operations in our shared states North Carolina, Oklahoma and Tennessee.

*Grain Dealers has a strong franchise and will maintain its 108-year-old brand name.*

Grain Dealers, founded in 1902, has a strong franchise and will maintain its brand name.

A key component of the affiliation is Grain Dealers will pool its premium, losses and underwriting expenses with other Main Street America companies. Over time, Grain Dealers will gain access to our products, technology and infrastructure. We are providing management oversight to Grain Dealers.



Charlie McGill, Main Street America business development executive (left), meets with Jay Byrnes, president of the Byrnes Agency in Dayville, Conn.

## FOR THE LONG HAUL

Babe Ruth hit his 500th career home run, the first Academy Awards ceremony took place and JCPenney became a national retailer. The year was 1929 and despite the crash of financial markets worldwide, some lucrative business deals were still being made, including a new partnership between The Main Street America Group and our longest appointed agency that still represents us today.

Jay Byrnes, president of the Byrnes Agency in Dayville, Conn., said since his grandfather founded the agency, much has changed about the way other carriers do business. However, one thing has remained constant with Main Street America – our focus on maintaining strong relationships.

“We are a long-standing agency with a long tradition,” Jay said. “And part of that tradition and success is because of our relationship with Main Street America.”

Charlie McGill, Main Street America’s field marketing representative in Connecticut, has served as the Byrnes Agency’s company rep for more than 20 years. He agrees the 80-year partnership has remained solid because of our commitment to the independent insurance agent and our ability to work closely with our customers.

“Time and time again, customers reference the reason they do business with us is because of our people,” Charlie said.

Jay added, “We’ve always had this relationship – it is multi-generational here, as well as multi-generational there. So it’s engrained upon us that Main Street America has always been an important part of our agency.”

# CIRCLE OF EXCELLENCE

## 2009 HONOREES:

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



**SUE BAILLARGEON**  
Claims Training Manager  
Organizational Development  
and Training  
Keene, N.H.



**DORIS BARR**  
Senior Personal Lines  
Underwriter  
Personal Lines Product  
Syracuse, N.Y.



**JIM COHEN**  
Business Development  
Executive  
Field Operations  
Syracuse, N.Y.



**JENNIFER FRANKLIN**  
Manager, Claims Field Unit  
Claims  
Jacksonville, Fla.



**DIANE ROYER**  
Manager,  
Platform Development  
Personal Lines Product  
Jacksonville, Fla.



**GREG SHANNON**  
Commercial Lines Product Manager  
Commercial Lines Product  
Jacksonville, Fla.



**VICKI VESELY**  
Manager, Claims System  
and Administration  
Claims  
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. There are nearly 150 active Circle of Excellence members.





In Keene, N.H., Main Street America senior personal lines underwriter Beth Healey spends her volunteer day working with children at the local YMCA.

## VOLUNTEER DAY

Main Street America encourages our employees to be active citizens by providing each individual with a paid volunteer day to use each year. In 2009, a total of 90 employees gave the gift of time to the 501(c)(3) organization of their choosing.



*Increasing Visibility:*

# COMMUNITY

A  COMPANY THAT CARES

The Main Street America Group continues to increase our visibility in the community by being named one of 30 “Companies That Care” by *Jacksonville Magazine* for the second consecutive year. The publication annually features profiles of community-minded businesses and recognizes them for their philanthropic efforts.

Through the New Hampshire Community Development Finance Authority, we donated \$200,000 to the Keene Family YMCA capital campaign, as well as \$100,000 to the historic Park Theater in Jaffrey, N.H. Also in 2009, our NGM Charitable Foundation, which makes corporate donations and matches employee donations, provided more than \$150,000 to non-profit organizations throughout our communities.

#### UNITED WAY

Through both employee contributions and a company match through our Foundation, we donated more than \$106,000 to support local United Way agencies in Auburn, Mass.; Grand Rapids, Mich.; Jacksonville, Fla.; Keene, N.H.; New York City; Richmond, Va.; and Syracuse, N.Y.

#### HOLIDAY TOY DRIVE

Our annual companywide holiday toy drive put smiles on the faces of needy children by collecting nearly 350 toys for Toys for Tots, a non-profit organization run by the U.S. Marine Corps.

#### THANKSGIVING FOOD DRIVE

Through our annual companywide Thanksgiving food drive, Main Street America employees once again stepped up to the plate by generously donating more than 1 ton of non-perishable goods to food banks in our communities.

#### KEENE PUMPKIN FESTIVAL

During the 19th Annual Keene Pumpkin Festival, more than 50 of our Keene employees helped area children apply pumpkin temporary tattoos and construct lollipop ghosts at our harvest-themed pumpkin patch booth.

#### UNF BUSINESS MANAGEMENT CAREER CENTER

Main Street America continued to support the University of North Florida’s (UNF) Coggin College of Business Career Management Center via its five-year endowment. The Center provides training and resources to aid students in their employment preparation and job searches.

#### LOCAL SCHOOL INVOLVEMENT

Main Street America, in conjunction with UNF’s College of Education, helped support Pine Estates Elementary School and Woodland Acres Elementary School. Our commitment to the two Duval County, Fla., public schools included several Main Street America employees and their family members volunteering to tutor students in the classroom. A school supply drive was also held for Pine Estates, resulting in the donation of nine large boxes stuffed with much-needed supplies.

#### VSA ARTS FESTIVAL

Several Jacksonville-based employees and their family members volunteered for the 14th annual VSA (Very Special Arts) Arts Festival at the Cummer Museum of Art & Gardens. The volunteers worked hands-on with approximately 2,400 Duval County public school children with disabilities to create unique and beautiful works of art.

#### EDDY SCHOLARSHIP FUND

We awarded the \$5,000 Jeanne and William Eddy Memorial Scholarship to Merrimack College junior Nadia Kolb. The scholarship for the North Andover, Mass., university is funded by the NGM Charitable Foundation and was established in honor of Jeanne, a former Main Street America senior executive, and her husband Bill. The Eddys, who were both graduates of Merrimack, passed away together in a tragic plane accident in Alaska in June 2007.







## SENIOR MANAGEMENT

### *Seated (left to right):*

**HENRY PIPPINS**  
*Vice President, Commercial Lines*

**BONNY PARKER**  
*Vice President, Personal Lines*

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

**ED LOTKOWSKI**  
*Vice President and Chief Actuary*

**MIKE LANCASHIRE**  
*Vice President, Claims*

### *Standing (left to right):*

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

**SUSAN MACK**  
*Senior Vice President,  
General Counsel and Secretary*

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

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

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



## BOARD OF DIRECTORS

*Left to right:*

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

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

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

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

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

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

**BARBARA D. STEWART**  
President, Stewart Economics  
Atlanta, Ga.

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

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

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

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



# 2009 FINANCIAL RESULTS

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

	AS OF DECEMBER 31, 2009	AS OF DECEMBER 31, 2008
<b>ASSETS:</b>		
Investments:		
Tax-Exempt Bonds	\$ 389,031	\$ 482,998
Taxable Bonds	1,007,953	797,526
Common Stocks	98,351	39,741
Preferred Stocks	5,307	17,352
Cash and Equivalents	19,914	61,230
Other Investments	39,783	31,490
<b>Total Cash and Investments</b>	<b>1,560,339</b>	<b>1,430,337</b>
Agents Balances	225,786	222,878
Reinsurance Recoverables	2,989	5,479
Deferred Tax Asset	46,700	45,393
Other Assets	37,313	65,141
<b>Total Admitted Assets</b>	<b>\$ 1,873,126</b>	<b>\$ 1,769,229</b>
<b>LIABILITIES AND POLICYHOLDERS' SURPLUS:</b>		
Loss Reserves	\$ 290,161	\$ 287,043
IBNR	272,702	271,426
Unpaid Claims Expenses	105,128	102,302
Unearned Premiums	422,906	411,109
Expenses and Taxes Payable	41,261	30,911
Claim Checks Outstanding	19,316	19,972
Other Liabilities	29,678	38,974
<b>Total Liabilities</b>	<b>\$ 1,181,152</b>	<b>\$ 1,161,73</b>
<b>Policyholders' Surplus</b>	<b>\$ 691,974</b>	<b>\$ 607,491</b>
<b>Total Liabilities and Policyholders' Surplus</b>	<b>\$ 1,873,126</b>	<b>\$ 1,769,229</b>

# 2009

## FINANCIAL RESULTS

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

	AS OF DECEMBER 31, 2009	AS OF DECEMBER 31, 2008
<b>STATEMENT OF OPERATIONS:</b>		
Net Premiums Written	\$ 815,500	\$ 805,023
Premiums Earned	803,703	812,569
Losses Incurred & ALAE	463,753	459,470
Claims Expenses	23,240	22,985
Commissions	158,652	152,224
Other Expenses	141,647	134,272
Total Underwriting Expenses	787,292	768,951
<b>Net Underwriting Gain (Loss)</b>	<b>16,411</b>	<b>43,618</b>
Net Investment Income	58,166	51,743
Realized Investment Gains	23,792	(83,798)
Other Income and Expenses	(473)	4,000
Income (Loss) Before Taxes	97,896	15,564
Income Taxes	8,404	460
<b>Net Income</b>	<b>\$ 89,492</b>	<b>\$ 15,103</b>
<b>STATEMENT OF SURPLUS:</b>		
Surplus, January 1	\$ 607,491	\$ 619,568
Change in Surplus:		
Capital Stock	0	0
Additional Paid in Capital	0	34,519
Net Income	89,492	15,103
Net Unrealized Gain from Investments	14,001	(71,054)
Change in Non-Admitted Assets	4,653	179
Change in Net Deferred Tax Asset	(13,917)	32,379
Dividends to Stockholders	(10,606)	(11,318)
Other Statutory Changes	861	(11,885)
Change in Surplus	84,483	(12,076)
<b>Surplus, December 31</b>	<b>\$ 691,974</b>	<b>\$ 607,491</b>



# 2009

## FINANCIAL RESULTS

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

	AS OF DECEMBER 31, 2009	AS OF DECEMBER 31, 2008
<b>CASH FLOWS FROM UNDERWRITING ACTIVITIES:</b>		
Net Premium	\$ 806,875	\$ 815,653
Losses	(454,699)	(431,594)
Claims Expenses	(23,240)	(22,985)
Commissions	(158,187)	(156,559)
Other Expenses	(124,579)	(122,664)
<b>Net Cash Provided By Underwriting Activities</b>	<b>46,170</b>	<b>81,851</b>
Investment Income, Net of Expenses	69,805	61,884
Income Taxes	1,787	(10,408)
Capitalized Spending	(19,796)	11,863
Miscellaneous Transactions	(1,030)	2,521
Pension Contribution	(6,450)	(12,500)
<b>Net Cash Provided By Operating Activities</b>	<b>90,485</b>	<b>135,210</b>
Cash Flows From Investing Activities:		
Proceeds from Fixed Maturities Sold	832,069	445,462
Proceeds from Equity Securities Sold	18,587	365,805
Other Proceeds	7,024	(26,950)
Purchase of Fixed Maturities	(919,267)	(642,017)
Purchase of Equity Securities	(59,609)	(243,663)
<b>Net Cash Used in Investing Activities</b>	<b>(121,195)</b>	<b>(101,363)</b>
Cash Flows From Financing Activities:		
Dividends to Stockholders	(10,606)	(11,318)
<b>Net Cash Used in Financing Activities</b>	<b>(10,606)</b>	<b>(11,318)</b>
Net Change in Cash and Cash Equivalents	(41,316)	22,529
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>61,230</b>	<b>38,701</b>
<b>Cash and Cash Equivalents, End of Period</b>	<b>\$ 19,914</b>	<b>\$ 61,230</b>

## OFFICE DIRECTORY

### CORPORATE HEADQUARTERS

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

### REGIONAL OFFICES

#### Southeast Region

*Territory includes Florida, Georgia,  
North Carolina, South Carolina,  
Virginia*

4601 Touchton Road East  
Suite 3300  
Jacksonville, FL 32246  
(800) 226-0875

#### Midwest Region

*Territory includes Arizona, Arkansas,  
Indiana, Michigan, Mississippi,  
New Mexico, Oklahoma,  
Tennessee, Nevada, 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

### SATELLITE OFFICES

#### Grand Rapids

2959 Lucerne Drive SE  
Suite 220  
Grand Rapids, MI 49546  
(800) 957-2212

### Greensboro

2301 W Meadowview Road  
Suite 100  
Greensboro, NC 27407  
(800) 334-0260

### Richmond

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

### CLAIMS LAW OFFICE

27B Midstate Drive  
Suite 100  
Auburn, MA 01501  
(866) 290-7435

### 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







THE MAIN STREET AMERICA GROUP



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