



2015

ANNUAL REPORT



COMMITMENT TO OUR CUSTOMERS

THE MAIN STREET AMERICA GROUP



Main Street America's impactful partnership with Woodland Acres Elementary School in Jacksonville, Fla., is one of the highlights of our company's commitment to our communities. Please read our feature story on pages 12-13 to learn more.

TABLE OF CONTENTS

A Message from the Chairman	2
2015 Financial Highlights	4
2015 Trusted Choice® Highlights	5
EMS Group and NGM: Partnering to Serve Western New York in a Magnificent Way	6
Montana Central Insurance and Austin Mutual: 25 Years of Sustained Success in the West	8
MSA Service Center Enables Customers to Retain Clients and Write New Business	10
Commitment to Our 'Main Street' Communities	12
SAN Group and NGM: Dedicated to Supporting Growth of Independent Agencies in New England	14
Wallace Welch & Willingham and Old Dominion: Poised for Growth in Florida	16
Senn Dunn Insurance: Driving Quality Business and Tremendous Growth for Main Street America's Surety Operations	18
Litaker Insurance and NGM: Strong Partnership Leads to 'Historic' Growth	20
Senior Management	22
Board of Directors	23
Circle of Excellence	24
2015 Financial Results	25
Office Directory	28



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

A Message FROM THE CHAIRMAN

When 2015 began with repeated major weather events in The Main Street America Group's northern states, we realized it would be an uphill battle to achieve our financial plans during the course of the year. In fact, this weather activity produced the most winter storm losses in our company's 92-year history.

However, we stayed on course by remaining a stable and consistent market for our independent agent-customers – while maintaining our underwriting and pricing discipline – and finished strong.

We generated an underwriting profit, achieving a 99.8 combined ratio. We exceeded our goal for return on equity with 7.9 percent and increased our surplus by nearly \$60 million to \$1.07 billion. Our strong investment returns helped us achieve net income of \$91.4 million, our best ever. Please see our "2015 Financial Highlights" summary on page 4 for more details about our corporate results.

While our net premium growth was relatively flat across the board, pricing and product improvements in personal lines strengthened our competitive position and generated substantial new business growth in many of our New England, Northeast and Western states. Additionally, we had good results with our new Main Street Protection Auto program in our first two launch states – South Carolina and Virginia. We will introduce this comprehensive personal auto product in six more states during 2016.

Our commercial lines operations performed very well, generating a 94.2 combined ratio. In 2016, we will continue to implement our new cyber risk coverage, as well as our expanded workers' compensation program. Our Austin Mutual commercial agribusiness unit had another very strong year and our bonds operation generated an 89.7 combined ratio, its fourth consecutive year of underwriting profit.

For the 12th time in the last 13 years, our Northeast Region generated an underwriting profit, with a 99.2 combined ratio. We also had another strong year in our Florida Region, which achieved a stellar 83.1 combined ratio.

Main Street America's claims and customer service functions, as well as our MSA Service Center, continued to provide superior

service to our customers and their customers. At our Agency Councils and Listening Tours held throughout 2015, Main Street America's customers consistently rated our claims and customer service teams very highly.

Main Street America remains an industry leader in championing the independent agency distribution channel. As the founding company partner of Trusted Choice® in 2001, we continue to co-brand via every possible touchpoint in the marketplace, ranging from product marketing to community activities to videos on our company's YouTube channel.

As one of the six carriers which seeded development of the TrustedChoice.com agent referral platform, we clearly understand that independent agents need a strong online presence in order to compete with direct writers and captive carriers to gain market share. Please see the "2015 Trusted Choice Highlights" summary on page 5, which showcases how TrustedChoice.com is driving quality business to participating agencies.


Our 2015 Annual Report, *Commitment to Our Customers*, is filled with a variety of stories which illustrate how we are

partnering with our agent-customers to achieve success throughout our "Main Street" niche. I would like to thank our dedicated employees for continually instilling our company's core values of ownership, relationships and service and helping us deliver "The MSA Experience" to all of our customers year after year. And, I would also like to thank our customers for their trust in continuing to place their insureds' business with us.

As we embark upon our 93rd year of serving the "Main Street" marketplace, our strong capital position leaves us very well-positioned to invest in our people, new products, enhanced technology and competitive pricing. We will continue to serve our customers in an exceptional way and partner with them to profitably grow and achieve our mutual 2016 financial goals.



Tom Van Berkel
Chairman, President and Chief Executive Officer

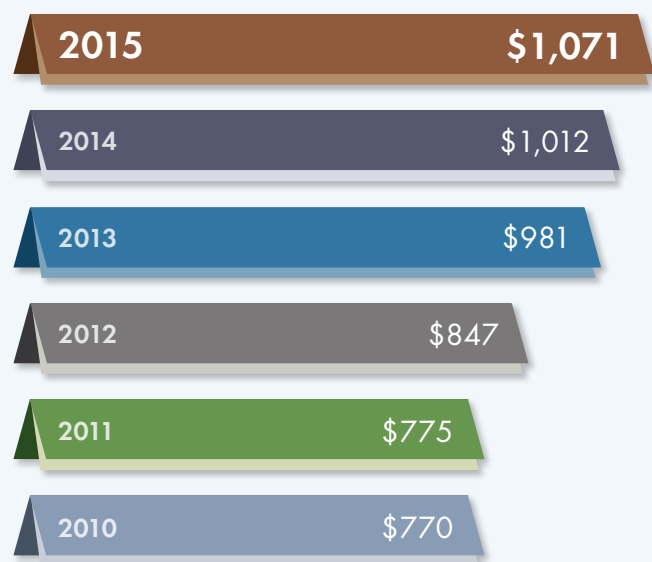


"We strengthened
our competitive position
and generated
substantial new
business growth."

2015

FINANCIAL HIGHLIGHTS

SURPLUS GROWTH (dollars in millions)



KEY RESULT MEASUREMENTS (dollars in millions)

	2015	2014	2013	2012	2011	2010
COMBINED RATIO	99.8	103.7	100.6	99.9	106.7	99.2
NET WRITTEN PREMIUM	\$967.6	\$968.6	\$1,001	\$978.2	\$889.4	\$889.7
RETURN ON EQUITY	7.9%	5.1%	11.1%	11.9%	2.7%	16.8%
SURPLUS	\$1,071	\$1,012	\$981	\$847	\$775	\$770
PREMIUM-TO-SURPLUS RATIO	.9 to 1	.96 to 1	1 to 1	1.2 to 1	1.1 to 1	1.2 to 1

For more details about Main Street America's 2015 financial results, see pages 25–27.

PREMIUM

- Net premiums written were \$967.6 million, essentially matching 2014's premium volume of \$968.6 million.

COMBINED RATIO

- Combined ratio decreased to 99.8 from 103.7, yielding an underwriting gain of just under \$3 million compared to a loss of \$31.5 million in 2014.
- Loss ratio decreased by 3.2 percent and the expense ratio decreased by 0.7 percent versus 2014 results.

INVESTMENTS

- Investment returns measured on a statutory basis were \$74.1 million.
- Overall performance of Main Street America's portfolio of 1.87 percent exceeded our blended benchmark of 0.79 percent, providing excess returns of \$20.9 million.
- Company's best-performing asset class was municipal bonds which represented 27 percent of the portfolio.

INCOME AND SURPLUS

- Net income totaled \$91.4 million compared to \$37.9 million in 2014. This represents the highest level of net income the company has ever reported.
- Statutory comprehensive income was \$66.7 million and resulted in a return on equity of 7.9 percent.
- Total surplus increased by just under \$60 million to \$1.071 billion after exceeding \$1 billion for the first time in 2014.
- Premium to surplus ratio declined to .9 to 1.
- Total assets grew to \$2.42 billion.

FINANCIAL RATINGS

- A.M. Best affirmed The Main Street America Group's "A" (Excellent) Financial Strength Rating with a Stable Outlook, as well as the company's "a+" Issuer Credit Rating.

2015

TRUSTED CHOICE® HIGHLIGHTS

As Trusted Choice® marked its 15th anniversary of operations in 2015, the brand franchise became stronger than ever and continued to favorably position the independent agency system against other distribution channels, while driving new business to independent agents across the United States.

One of its keys to success was the substantial growth of the TrustedChoice.com referral website. In 2015, the consumer-facing portal generated over 3 million visitors (nearly 70 percent year-over-year growth) and more than 75,000 insurance buyer connections to independent agents (166 percent growth).

Also last year, TrustedChoice.com launched its proprietary search platform, Appetite Engine. The Appetite Engine enables independent agents to target the exact type of insurance risks they can and want to write.

The Main Street America Group was a founder of this robust site, being one of six property/casualty carriers that funded its development when the concept was created by the Independent Insurance Agents & Brokers of America (Big "I") in 2011.

"Connecting insurance buyers with the right independent agent creates a better customer experience," said TrustedChoice.com chief executive officer Chip Bacciocco. "Every insurance buyer's experience is unique, with their own specific insurance needs. By considering these unique needs, our site can quickly suggest a group of local independent agents who are best-suited to serve that specific buyer."



Big "I" president and CEO Bob Rusbuldt addresses Main Street America employees at our Keene, N.H., office.

Bob Rusbuldt, Big "I" president and chief executive officer, added, "Independent agents participating on TrustedChoice.com are typically closing referrals 40 percent of the time. This means over 30,000 new insurance buyers bought their insurance from independent agents in 2015 because of TrustedChoice.com. That's a huge impact."

Main Street America customer Archie Litaker, president of Litaker Insurance, Charlotte, N.C., is a leading advocate of the Trusted Choice brand and TrustedChoice.com.

"We believe Trusted Choice provides independent agents with a powerful marketing tool," Archie said. "Through our membership, we are able to take advantage of national marketing campaigns, website search engine optimization and TrustedChoice.com, where consumers can easily search for either personal or commercial insurance products and the lead is directly forwarded to the nearest agency. As a participating agent, you can then reach out within seconds of that consumer requesting a quote, contact that consumer, get additional information and generate a proposal. We benefit quite a bit from this referral site."

TRUSTEDCHOICE.COM BY THE NUMBERS IN 2015





At the Stahlka Agency's office in Williamsville, N.Y., are (left to right) standing: Kathy Carocci, Main Street America senior commercial lines underwriter; Shawn Berg, vice president and sales manager, Stahlka Agency; Paul Barrone, president, Emerling Agency; and Judy Jack, Main Street America business development executive; and (left to right) seated: Mark Stahlka, president, Stahlka Agency; and Joe Floss, president, Floss Agency.

EMS Group and NGM: PARTNERING TO SERVE WESTERN NEW YORK IN A MAGNIFICENT WAY

When an independent insurance agency can boast about double-digit premium growth year after year, there are several key factors driving this very positive trend which far exceeds the industry norm.

Among them are a diverse product mix, an effective marketing approach, an exceptional level of customer service and a strong carrier partner who works in tandem with the agency every step of the way to achieve success.

That's the case with the EMS Group – which consists of three agencies in Western New York: Emerling Agency LLC in Clarence, Stahlka Agency in Williamsville, and Floss Agency Inc. in Amherst – and their extremely profitable partnership with The Main Street America Group's NGM Insurance Company.

"A super-regional like NGM is much more conducive to our business model versus national carriers or smaller regionals," said Paul Barone, president of the Emerling Agency. "NGM's marketing and underwriting approach is second to none."

Mark Stahlka, president of the Stahlka Agency, added, "NGM is at the top of the table. Their locally based support team of (business development executive) Judy Jack and (senior commercial lines underwriter) Kathy Carocci shows that they care about our agency. We have constant interaction with them. In fact, Judy is the most proactive marketing representative of any carrier we work with. They clearly want us to be successful and we always know they've got our back. They are rooting for us to achieve success."

NGM offers its Main Line Business Owners Policy, contractors, commercial auto and workers' compensation programs, as well as its personal auto, homeowners and umbrella products, to EMS Group's customers.

Judy emphasized that effective two-way communication is the key to this successful partnership.

"Our communication with EMS Group is unparalleled to any other organization I work with," she said. "We think outside the box and find solutions for them."

Joe Floss, president of the Floss Agency, said ease of doing business with NGM is another key factor why this relationship continues to prosper.

"Our staff is always looking for the easiest path to place business, so policy quoting and processing needs to be a key differentiator. NGM is clearly ahead of the curve in this area," he said.

Shawn Berg, vice president and sales manager at the Stahlka Agency, added, "NGM's speed of response and consistency is exceptional," he said. "Also, their willingness to listen to us and occasionally reverse their position based on new information we present to them. It's amazing. I have never seen that from any other carrier during my 20 years in the industry."

Paul said employees at the Emerling Agency are asked to rate their carriers every year in categories that range from claims handling and marketing support to underwriting and technology and NGM always ranks among its top markets. The agency also surveys its

commercial and personal clients every year and NGM ranks highly with them as well.

"We have been representing NGM for 21 years. This is a very deep-rooted relationship," Paul said.

Like any independent agency, members of the EMS Group have their challenges in the marketplace. One of the ways they differentiate themselves from the competition is by getting actively involved in their local communities. This includes sponsoring Little League teams and civic organizations.

Being part of a group of local agencies also helps in talent acquisition, a significant issue within the insurance industry.

"Our economies of scale enable us to attract better employees," Mark said. "As a group, we can offer our employees a more comprehensive package than we could individually. Marketing as the EMS Group enhances the way we are perceived in the marketplace."

"They clearly want us to be successful and we always know they've got our back. They are rooting for us to achieve success."



Along the banks of the historic Blackfoot River in Bonner, Mont., are (left to right) Bryan Porch, Montana Central Insurance co-owner; Stacy Juelfs, Main Street America Western Region sales director; Brad Porch, Montana Central co-owner; and Ryan Kuntz, Main Street America business development executive.

Montana Central Insurance and Austin Mutual: 25 YEARS OF SUSTAINED SUCCESS IN THE WEST

Making “house calls” is certainly not a standard marketing approach for most independent insurance agencies, but that strategy works very effectively for Montana Central Insurance in Missoula, Mont., a scenic town of 70,000 off of Interstate 90 on the western edge of the state.

It is not that unusual for Montana Central’s agency co-owners, brothers Brad and Bryan Porch, to travel hundreds of miles to visit a long-time customer at their ranch. Even their 87-year-old father, Bob Porch, who founded the agency in 1966, often accompanies his sons on these visits.

“My dad is a firm believer that ranchers need a day with their insurance agent,” Bryan said. “Many of these customers are around his age so they would rather see him than us when we visit.”

Montana Central’s dedication to providing this exceptional level of customer service to their insureds is one of the many reasons why the agency’s long-term partnership with The Main Street America Group’s Austin Mutual Insurance Company is so successful. In 2016, this strong partnership will be celebrating 25 years of sustained success.

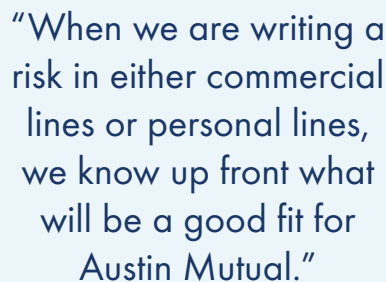
“Brad and Bryan manage the agency with a very hands-on approach and they treat Austin Mutual policyholders in a way seldom seen anywhere in the industry today,” said Ryan Kuntz, Main Street America’s business development executive who supports Montana Central. “This is one of the many reasons why they annually rank amongst our top agents in Montana.”

As a result of various acquisitions they have made of smaller agencies in Missoula, Montana Central has several customers that have been insured by Austin Mutual for 40 years or longer.

“Austin Mutual’s culture is just like ours,” Brad said. “They have a humanistic approach to serving their clientele. Whether it’s their underwriters, marketing representatives, claim reps or management, they are all like family to us. This goes far beyond just a good business relationship. That’s what sets Austin Mutual apart from other carriers.”

The strong bond between the two organizations carries over to the high volume of quality business they write with Austin Mutual, which represents approximately 35 percent of the agency’s annual premium.

“When we are writing a risk in either commercial lines or personal lines, we know up front what will be a good fit for Austin Mutual,” Bryan said. Among the many Austin Mutual products Montana Central sells to its customers are business owners’ policies for “Main Street” businesses, contractors’ coverage and home/auto packages.



“When we are writing a risk in either commercial lines or personal lines, we know up front what will be a good fit for Austin Mutual.”

Montana Central’s high level of service also translates to a stellar retention rate of 90 percent.

“Our retention is so good because of the friendships we have developed with long-term clients,” Brad said. “Word of mouth is our biggest source of referrals.”

The relationships “The Porch Boys” have with their customers is just the beginning of how well-regarded they are in their local community. Walk into any steakhouse or diner in the area and there is a good chance everybody there knows them well. It’s like being in the company of celebrities!

If operating a highly successful insurance agency isn’t enough for Brad and Bryan, then there’s basketball season. Bryan has been a high school basketball referee for 32 years and a college ref for 22 years, while Brad has been a high school official for 24 years. Additionally, they have coached high school football and are licensed to judge professional boxing and mixed martial arts matches.

“We are firm believers in how important it is for local businesses to get involved in their communities,” Bryan said.

This is another key reason why the cultures of Montana Central and Austin Mutual are such a great match and why this relationship continues to prosper.

Sitting inside the Berkshire Insurance Group's historic headquarters in Pittsfield, Mass., a building constructed in 1832, are Joel Heller, operations manager of the MSA Service Center and Main Street America's customer service department, and Julie Ryan, Berkshire's vice president of operations.



MSA Service Center Enables Customers to RETAIN CLIENTS AND WRITE NEW BUSINESS

A partnership based on mutual respect and shared organizational values of ownership, relationships and service highlights The Main Street America Group's strong relationship with the Berkshire Insurance Group, one of our MSA Service Center's largest customers.

Based in Pittsfield, Mass., Berkshire Insurance Group services clients in Western New England and Northeast states through its 11 office locations. The agency, an affiliate of Berkshire Bank, writes a full line of personal and commercial lines property/casualty coverages for entities such as contractors, manufacturers, nonprofit organizations and schools, and has consistently experienced steady growth with 2015 premium volume of \$61 million.

"We place 100 percent of our NGM Insurance Company personal lines book with the MSA Service Center and all of our NGM commercial lines accounts under \$10,000 in premium," said Julie Ryan, Berkshire Insurance's vice president of operations. "They have done a wonderful job supporting our customers since we came onboard in 2012."

Established in 2005, the MSA Service Center, Main Street America's policyholder-service operation located at our Keene, N.H., office, saves hundreds of Main Street America's agent-customers time and money by handling routine administrative duties, such as processing renewals and endorsements, completing certificates of insurance, fielding general requests for information, as well as identifying cross-selling opportunities. This enables customers to focus on writing new business, retention and other customer-centric activities, while being assured their policyholders are receiving superb service.

In 2015, the MSA Service Center fielded more than 66,000 calls from insureds and handled over 37,000 requests for certificates of insurance. Its licensed representatives also handed off 2,100 upsell and cross-sell opportunities to agent-customers.

"Our mission is to always do the right thing for the customer, especially since we are an extension of the agency," said Joel Heller, operations manager of the MSA Service Center and Main Street America's customer service department. "We make it a seamless experience for the insured. We hold our licensed professionals to the highest standards and treat every customer like our own."

Julie added, "Unlike other carrier's service centers, they understand Massachusetts; for example, how to handle a registry issue. We have experienced multiple issues with other service centers. And Main Street America is not complacent and they are always thinking outside the box. Allowing the MSA Service Center to come in and actually upgrade and cross-sell to our customers obviously speaks to the confidence we have in them."

Joel stressed, "Our partnership with Berkshire works because we have open and honest communication with staff throughout their organization. Our ability to work together toward common goals allows both organizations to benefit from the relationship."

"Going into the MSA Service Center was a big step for us since we have our own in-house service center for policy processing and quoting," Julie stated. "It has been an excellent experience. Our customers benefit from the extended hours of the Service Center, easy access for endorsement processing and quick response time for requests for certificates. If there is ever a problem, a supervisor is quick to respond to resolve the issue."

"We consider Main Street America to be a true partner of ours, not only on the Service Center side but also as one of our valued carriers. They provide the products and services our clients need in today's competitive marketplace."

"Allowing the MSA Service Center to come in and actually upgrade and cross-sell our customers obviously speaks to the confidence we have in them."

Commitment to Our 'MAIN STREET' COMMUNITIES

In 2015, The Main Street America Group and its employees supported nearly 200 nonprofit organizations, reaffirming our commitment to making a positive impact in the communities where we live and work.

UNITED WAY

Main Street America is a strong supporter of the annual nationwide United Way campaign. In 2015, we donated nearly \$70,000 to local United Way agencies (combined employee payroll deductions and company matches). Our local office fundraising events included bake sales and gift-basket raffles. Our annual live auction event in Jacksonville featured items donated by Main Street America's company officers, as well as celebrity auctioneer Cole Pepper of the Jacksonville Armada FC who inspired the participants to reach a record level of donations.

HONORARIUM PROGRAM

Our newly established honorarium program provided much-needed funding to a local nonprofit in each of our office markets. In total, our NGM Charitable Foundation donated \$28,000 to eight organizations during the holiday season.

COMPANIES WITH HEART

For the eighth consecutive year, Main Street America was honored for its philanthropic efforts by a leading business periodical. Jacksonville's 904 Magazine recognized our organization as one of its "Companies with Heart."

HOLIDAY FOOD AND TOY DRIVES

Main Street America annually conducts "holiday season" food and toy drives at all of our office locations. In 2015, our employees donated nearly 1 ton of goods to eight local food banks. During the 2015 holiday toy drive, our employees donated nearly 600 toys to benefit the U.S. Marine Corps' Toys for Tots global campaign; Project Share, which supports children in the Monadnock Valley area of Southwest New Hampshire; and the Children's Hospital of Minnesota in the Twin Cities area.

HIGHER EDUCATION

Through the NGM Charitable Foundation, Main Street America has established a \$25,000 scholarship program at the University of North Florida (UNF) to fund educational opportunities for students enrolled in the College of Education and Human Services. Kristen Saunders, a senior majoring in special education, was the 2015 recipient of the annual Main Street America Endowed Urban Education Scholarship. This is the second consecutive year Kristin was awarded Main Street America's UNF scholarship.

PRIMARY AND SECONDARY EDUCATION

As part of UNF's Urban Professional Development Schools program, Main Street America continued its partnership with Woodland Acres Elementary School. In 2015, a dedicated team of our Jacksonville employees volunteered to tutor students once a month at the Arlington-area elementary school.

In addition to onsite tutoring at the school, our year-round support of Woodland Acres also includes several other impactful activities including a fifth-grade field trip to Main Street America's corporate headquarters, a summer reading book drive and book fair, and a back-to-school supplies campaign.

In Keene, we continued our partnership with the Keene High School North Campus, a specialty school for "at-risk" youth. More than 100 of our employees volunteered as student mentors and participated in several on-campus and off-campus enrichment activities.

SCOUT DAY AT THE SYMPHONY

Main Street America sponsored the Jacksonville Symphony Orchestra's annual "Scout Day at the Symphony." The 2015 event featured a special family concert and honored members of the Boy Scouts of America North Florida Council and the Girl Scouts of Gateway Council.

SPECIAL PROGRAMS

Main Street America supported numerous special projects in 2015 at the local and regional levels. Highlights included:

- **FACES Food Pantry, Farmville, Va.** – We donated 50 Main Street America backpacks to FACES so they could fill the backpacks each weekend to ensure disadvantaged school children in the area have enough food to eat at home over the weekend.
- **Park Theatre, Jaffrey, N.H.** – We supported the rebuilding of the historic Park Theatre in the Monadnock Region of New Hampshire.
- **Step Up for Students, Jacksonville, Fla.** – We continued our support of this program which provides scholarships for children with financial or special needs throughout the state of Florida. Since 2013, our contributions have funded 192 scholarships.
- **Make-A-Wish of Central New York, East Syracuse, N.Y.** – We provided support to enable Make-A-Wish to grant wishes to children with life-threatening medical conditions.



In 2015, The Main Street America Group implemented a holiday season honorarium program, which provided much-needed funding for local nonprofits in each of our eight office markets, strengthened its partnership with Woodland Acres Elementary School and continued our employee volunteerism program with Habitat for Humanity.

NGM CHARITABLE FOUNDATION AND AUSTIN MUTUAL FOUNDATION

Main Street America's NGM Charitable Foundation supports local nonprofit organizations across the United States focused on health and welfare, educational, cultural and civic needs. In 2015, the Foundation donated nearly \$140,000 to worthwhile causes throughout the eight metropolitan areas where Main Street America has offices. This included the Foundation's matching of employees' personal donations.

The Austin Mutual Foundation, the nonprofit entity of Main Street America's Austin Mutual Insurance Company, donated more than \$55,000 to charitable causes in 2015. The Foundation's giving strategy supports educational and community outreach programs, disease research and awareness groups and other worthwhile causes in Midwest, Southwest and Pacific Northwest states.

EMPLOYEE VOLUNTEER ACTIVITIES

Main Street America annually provides each company employee with a paid volunteer day, which enables them to spend an entire day (or two half days) volunteering at a nonprofit organization of their choice. In Jacksonville, a team of our employees used their volunteer day to support Beaches Habitat for Humanity, a nonprofit that builds and promotes high-quality, affordable housing which enhances neighborhoods and improves the quality of lives for individuals and families.

We also had a group of employees and their family members volunteer at the 21st annual VSA (Very Special Arts) Festival at Jacksonville's Cummer Museum of Art & Gardens. The volunteers provided hands-on art experiences for more than 2,300 Northeast Florida public school students with disabilities.



Outside SAN Group's historic headquarters in Hampton, N.H., are (left to right): Steve Berry, president of The Main Street America Group's New England Region; Jeff Holmes, SAN vice president of agency operations and services; Matt Masiello, SAN president and CEO; Kara Milair, Main Street America New England Region sales director; and Frank Waters, SAN's chief operating officer.

SAN Group and NGM: DEDICATED TO SUPPORTING GROWTH OF INDEPENDENT AGENCIES IN NEW ENGLAND

It only seems natural that an independent agency in Keene, N.H., where The Main Street America Group's NGM Insurance Company was founded in 1923, would spark the creation of a network of independent agencies across New England and the Northeast. It has experienced tremendous growth as a result of its strong relationships with customers and commitment to providing products and services that meet the needs of local consumers.

"The Satellite Agency Network Group Inc. (SAN) was formed in 1983 as a division of Masiello Insurance Agency with the goal of assisting in the creation, growth and retention of local independent agencies," said Matt Masiello, SAN Group president and CEO, whose father Jim has represented NGM Insurance Company for more than 50 years. "Over the last few years, we have really focused on assisting independent agencies develop community-based business and NGM has been a key resource in helping us do that."

Matt believes NGM's products, ease of doing business and franchise value are key elements of its successful partnership with the SAN Group.

"NGM has excellent programs for many classes of business," Matt added. "The artisan policy is outstanding and includes many well-thought-out coverages which are critical to the business operations of today's small contractor. Flexible payment options are also a key selling point and, of course, brand strength helps to reassure our clients."

"Consumers need a company that understands their needs and responds to the everyday challenges of navigating insurance coverages and billing concerns. NGM provides the tools for them to clearly understand their products and services."

Appointed by NGM in 2007, the Hampton, N.H.-based organization, which is comprised of 350 independent agencies across eight states, has experienced excellent annual growth in all lines, especially small

commercial, averaging \$33 million of net premium growth a year for the last five years.

"SAN Group is one of our top-three regional customers and we have worked diligently with each other over the past few years to achieve profitable growth," said Steve Berry, president of Main Street America's New England Region. "They continue to grow significantly throughout our New England states, and even into parts of New York and Northwestern Pennsylvania (states within Main Street America's Northeast Region)."

Matt also emphasized SAN Group's relationships with NGM's staff members, as well as our underwriting flexibility, are key drivers of the profitable partnership.

"Having local underwriters in the marketplace who understand and focus on our key business is a tremendous benefit," he said. "Some companies struggle with tapping into the value of local agents and shy away from certain classes of business."

We value our relationships with our NGM underwriters and marketing representatives. Their communication with our team has allowed us to build an environment of trust and respect, which has been beneficial to writing quality business."

Steve added, "A critical part of our relationship has been working closely together to identify areas where we can be profitable and achieve long-term success."

As both companies look toward the future, Matt believes the synergy between people and products will positively impact future growth.

"With our focus on small commercial and personal lines, coupled with the strength of our relationships, we believe we are very well-positioned for mutual growth with NGM," Matt stated. "Everybody is clamoring for small business and NGM owns the small business marketplace. You could say it's their sweet spot."

"We value our relationships with our NGM underwriters and marketing representatives and their communication with our team has allowed us to build an environment of trust and respect which has been beneficial to writing quality business."

Inside the picturesque lobby of Wallace Welch & Willingham's five-story office building in downtown St. Petersburg, Fla., are (left to right): Shelly Kersch, Main Street America senior commercial lines underwriter; David Pilkington, agency executive vice president and large commercial lines sales manager; Keith Gramling, agency president; Susan Moran, Main Street America business development executive; Scott Gramling, agency CEO; Christina Morris, agency small business division manager; and Jonathan Hammond, the agency's chief operating officer.



Wallace Welch & Willingham and Old Dominion: POISED FOR GROWTH IN FLORIDA

When Keith Gramling joined Wallace Welch & Willingham in 1985, he never imagined he would one day ascend to become the St. Petersburg, Fla.-based agency's largest shareholder and president.

Fast-forward 30 years and Keith is extremely proud of the agency's success and cites a steadfast commitment to serving clients and relationships with carrier partners such as The Main Street America Group's Old Dominion Insurance Company as key factors in their growth.

"Old Dominion fills a critical void for us in Florida's small commercial marketplace by writing risks many other carriers aren't willing to write because of profit exposure or class of business," said Keith. "Our clients are fortunate to have comprehensive business owners' coverage through Old Dominion that includes all perils of risk, including wind. In fact, because of Old Dominion's commitment to the Florida retail market, we have been able to bring former clients back to the agency."

The agency, founded in 1925, offers commercial and personal insurance, employee group benefits coverage and life insurance, and is one of the largest insurer's of marine risks in Florida. Property and casualty premium accounts for nearly 70 percent of its annual volume.

Appointed in 2011, Wallace Welch & Willingham has experienced steady growth with Old Dominion, but it has accelerated during the last 24 months.

"The agency had a breakout year with us in 2015 when their written premium nearly doubled from the prior year," said Susan Moran, Main Street America's business development executive assigned to the agency, which was recognized by *Insurance Journal* in 2015 as one of the best agencies to work for in the Southeast.

Susan added, "The account that made its mark was a pediatric office group, where we worked to combine several policies into one account, significantly increasing coverage while successfully competing on the premium."

According to Keith, the dedication of Old Dominion's marketing and underwriting teams, and the time they devote to training agency staff, has significantly contributed to the successful partnership.

"Our growth with Old Dominion has been expedited by the commitment of Susan and (senior commercial lines underwriter)

Shelly Kersch and their entire Florida Region team," Keith stated. "Susan visits with us regularly and Shelly always answers our calls or returns a call promptly. They always have an open ear as far as outside-the-box thinking. We are very pleased with the organic growth we are experiencing with this team in our corner."

"Keith and his team know we are committed to help them do whatever it takes to be a successful partner with our company," Shelly said. "Their confidence in us grows with every new account we can help them write."

Susan added, "The strong relationships we have developed throughout their agency – from the marketing team and small business group to many producers, managers and executive leadership – have really made for a successful partnership."

Keith concluded, "Our former CEO, John Welch, was fond of saying 'Take care of the customer and the dollars will follow.' And we obviously believe in that. As we look to grow and face challenges in the years ahead, it will be important to have a partner like Old Dominion who shares our belief in taking care of customers."



"Because of
Old Dominion's
commitment to the
Florida retail market,
we have been able
to bring former clients
back to the agency."

Outside Senn Dunn Insurance's headquarters in Greensboro, N.C., are (left to right): Keith MacLean, Main Street America regional bond manager; Connie Lopez, Main Street America surety development executive; and Senn Dunn representatives Tim Templeton, president and chief operating officer; Anne Baker, account manager, business insurance; Jamie Lowery, consultant, business insurance and bonds; and Chavonne Hill, bond specialist, business insurance.



Senn Dunn Insurance:

DRIVING QUALITY BUSINESS AND TREMENDOUS GROWTH

FOR MAIN STREET AMERICA'S SURETY OPERATIONS

Since The Main Street America Group appointed Senn Dunn Insurance in 2012 as a bonds agent, it has been quite a successful journey for the two insurance organizations.

In fact, during this four-year timespan, Senn Dunn's annual written premium with Main Street America has increased an astounding 900 percent and they have become one of the company's top-producing bonds customers and its second largest contract surety writer.

"Senn Dunn is the consummate team player," said Connie Lopez, Main Street America surety development executive, who oversees the relationship. "We share genuine levels of gratitude and esteem for each other. They have become an exceptionally valuable partner with our bonds organization."

Connie cited several key reasons why Senn Dunn has ascended to the top tier of Main Street America's bonds agent-customers.

"In addition to Senn Dunn's expertise, their diligence and devotion to their clients allows them to provide the first critical layer of underwriting. They utilize these critical skills in a position of significant responsibility," she said.

Senn Dunn's history dates back to 1927. As their business grew during the years, they also expanded their market presence to become the largest insurance agency in the Carolinas with five locations. In 2014, the Greensboro, N.C.-based organization joined Marsh & McLennan Agency LLC (MMA), the 12th largest insurance broker in the United States with \$900 million in annual revenue.

Senn Dunn's product mix is 50 percent commercial lines, 40 percent employee benefits and 10 percent personal lines. They consider Main Street America their "go-to" market for contract surety bonds while their commercial surety business with us is also growing steadily.

"We have had great success with Main Street America because of their ability to think outside the box," said Jamie Lowrey, business insurance and bonds consultant at Senn Dunn. "They have grown into one of our largest surety writers."

Jamie stressed that the strong relationships Senn Dunn's bonds team has with Main Street America's service team members plays

a key role in the tremendous success of the partnership. In addition to Connie, the Main Street America team includes regional bond manager Keith MacLean and account management executive Mark Miller.

Senn Dunn executive vice president Russ Bell said, "We have access to a lot of different surety writers but Main Street America is very unique. With many other carriers, you see the 'ivory tower' approach, meaning you never get to meet with members of their executive team. With Main Street America, we have met with every level of their bonds department numerous times. They know us well and we know them well."


Jamie indicated another key differentiator with Main Street America is they collaborate with the agency on key client accounts.

"They are willing to meet with us at our client's office. They want to know what's going on with this particular customer and what they can do to ensure we achieve our objectives," Jamie said.

Financial strength is also a critical component of this partnership.

"Financial stability is very important when it comes to who we place our customers' business with," Russ said. "Not only is Main Street America financially strong, but they can write larger bonds for our customers when we need them to."

Connie concluded, "With Senn Dunn, we are working with a partner that practices surety at the highest level. They are solution-driven for their customers just like Main Street America is. It's an ideal match."



"We have had
great success with
Main Street America
because of their
ability to think
outside the box."

Standing in front of Litaker Insurance's office in Charlotte, N.C., are (left to right) Main Street America business development executive Lindsay Moran; agency vice presidents Justin Litaker and Hans Litaker; producer Hunter Litaker; agency president Archie Litaker; and Main Street America senior commercial lines underwriter Vivi Anderson.



Litaker Insurance and NGM:

STRONG PARTNERSHIP

LEADS TO 'HISTORIC' GROWTH

A strong partnership between The Main Street America Group and one of our valued North Carolina independent agent-customers was one of the key drivers of success for our company's Southeast Region in 2015.

In fact, Main Street America's partnership with Litaker Insurance, located in Charlotte, N.C., led to historic growth for the fourth-generation agency last year. The 83-year-old agency has steadily grown every year since Main Street America appointed them in 2012.

"Our focus every day is taking care of our clients and we do a very good job of that," said Archie Litaker, the agency's president and grandson of Charles Litaker, who started the business in 1933. Today, Archie's sons, Justin and Hunter, lead the agency's sales operation.

"We offer personally tailored coverages and target small- to medium-sized businesses such as contractors, distributors, homeowners' associations, doctors and dentists, and restaurants – most types of businesses you would find on 'Main Street USA,'" Archie added. He said approximately 60 percent of the agency's premium volume is commercial – including business owners, workers' compensation and commercial auto – and 40 percent is personal lines.

Litaker Insurance has seen great success with Main Street America's Main Line Business Owners Policy (Main Line BOP) program.

"Main Street America very quickly became a frontrunner for us for small business coverages," Archie said. "The Main Line BOP rolled out around the time we were appointed with them. The coverages are extensive, pricing is competitive and the program includes things we could not get in a business owners' policy with other carriers. As a result, for the types of businesses which qualify, Main Street America is our number one go-to carrier for small business coverages. About 50 percent of our new business policies are placed with Main Street America."

Archie's hands-on approach is another reason why the agency has been so successful.

"Archie is very involved with his customers and he has quickly formed meaningful relationships with our service team to learn our appetite and processes," said Lindsay Moran, one of Main Street America's North Carolina business development executives. "He and his sons are very familiar with our product guide, target classes and quoting system and together we are finding ways to meet their customers' needs."

Service is another key component of the profitable partnership between Litaker and Main Street America.

"Main Street America
is our number one
go-to carrier for small
business coverages."

"To be profitable, there must be an ease of doing business and we have that with Main Street America. It's not only their processing systems but with their people," Archie said. Archie has been a member of Main Street America's Southeast Region Agency Council for the last two years, which has enabled him to provide direct feedback to our company's senior management and regional management teams.

"The Agency Council is a great example of how Main Street America supports independent agents. They solicit feedback from their agents, review it and always follow up with a reasonable response. Whether it's a claim concern or product enhancement suggestion, Main Street America listens. I have seen them implement positive changes because of the suggestions we made at our Council meetings."

Lindsay added, "We have clear expectations of one another. Archie looks for every avenue for growth within our appetite while expecting the highest level of communication among our team. This reinforces our partnership."

"Main Street America is not simply a vendor or someone we just do business with," Archie stressed. "If an agent has a choice between companies with a similar product, price and service, they will go with the company they feel is a true partner to them – and Main Street America is a true partner to our agency."



SENIOR MANAGEMENT

Standing left to right:

Jeff Kusch

*Senior Vice President,
Field Operations*

Dave Medvidofsky

*Vice President,
Human Resources*

Tom Van Berkel

*Chairman,
President
and Chief Executive Officer*

Bruce Fox

*Vice President,
General Counsel
and Secretary*

Seated left to right:

Ed Kuhl

*Executive Vice President,
Chief Financial Officer
and Treasurer*

Amy Frederick

*Vice President,
Information Technology and
Chief Information Officer*



BOARD OF DIRECTORS

Left to right:

William D. Gunter Jr.

Chairman

*Rogers, Gunter, Vaughn Insurance Inc.
Tallahassee, Fla.*

David Freeman

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

Terry L. Baxter

*Retired Executive
Lyme, N.H.*

Albert H. Elfner III

*Retired Executive
Boston, Mass.*

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.*

John A. Delaney

*President
University of North Florida
Jacksonville, Fla.*

Idalene F. Kesner

*Dean, Frank P. Popoff
Chair of Strategic Management,
Professor of Management
Indiana University
Kelley School of Business
Bloomington, Ind.*

Eric S. Elliott

*Retired Executive
Eagan, Minn.*

James E. Morley Jr.

*Director
Washington Advisory Group
Washington, D.C.*

R. Chris Doerr

*Retired Executive
Jacksonville, Fla.*

Circle of Excellence

2015 HONOREES

Seven employees have been inducted into the 30th anniversary class of The Main Street America Group's prestigious Circle of Excellence.

Established in 1985, Main Street America's Circle of Excellence is an annual recognition program for our company's employees. Circle of Excellence 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.



SUSAN BULLOCK
Claim Specialist
Claims Operations
Richmond



SHELLY KERSCH
Senior Underwriter
Commercial Lines Product
Florida Region/Jacksonville



RENEE HERNESS
Business Development
Executive
Field Operations
Northeast Region/Pennsylvania



DEBBIE MARTIN
Agency Service
Representative
Integrated Customer Solutions
Keene



DOUG MILLER
Supervisor, Bonds
Sales and Services
Bonds Product
Jacksonville



PHOEBE SANDEL
Senior Underwriter
Agribusiness Operations
Omaha



DEREK SANDLAND
Security and Controls
and Compliance Manager
Information Technology
Jacksonville

2015 FINANCIAL RESULTS

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

	AS OF DECEMBER 31, 2015	AS OF DECEMBER 31, 2014
ASSETS:		
Investments:		
Tax-Exempt Bonds	\$ 477,484	\$ 473,332
Taxable Bonds	1,075,331	1,073,542
Common Stocks	244,883	190,313
Preferred Stocks	231	424
Cash and Equivalents	48,817	47,098
Other Investments	177,474	194,251
Total Cash and Investments	2,024,220	1,978,962
Agents' Balances	222,910	232,680
Reinsurance Recoverables	9,041	4,352
Deferred Tax Asset	94,759	82,738
Other Assets	69,573	62,797
Total Admitted Assets	\$ 2,420,503	\$ 2,361,529
LIABILITIES AND		
POLICYHOLDERS' SURPLUS:		
Loss Reserves	\$ 388,937	\$ 367,926
IBNR	248,458	258,462
Unpaid Claims Expenses	117,616	117,692
Unearned Premiums	461,789	467,004
Expenses and Taxes Payable	34,265	36,419
Claim Checks Outstanding	25,865	25,606
Other Liabilities	72,146	76,415
Total Liabilities	\$ 1,349,076	\$ 1,349,524
Policyholders' Surplus	\$ 1,071,427	\$ 1,012,005
Total Liabilities and Policyholders' Surplus	\$ 2,420,503	\$ 2,361,529

2015 FINANCIAL RESULTS

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

	AS OF DECEMBER 31, 2015	AS OF DECEMBER 31, 2014
STATEMENT OF OPERATIONS:		
Net Premiums Written	\$ 967,592	\$ 968,563
Premiums Earned	972,786	982,255
Losses Incurred & ALAE	606,973	643,924
Claims Expenses	26,586	26,577
Commissions	175,607	179,270
Other Expenses	160,879	164,024
Total Underwriting Expenses	970,045	1,013,795
Net Underwriting Gain (Loss)	2,741	(31,540)
Net Investment Income	47,412	48,459
Realized Investment Gains	39,066	18,549
Other Income and Expenses	9,007	4,824
Income (Loss) Before Taxes	98,226	40,292
Income Taxes	6,799	2,393
Net Income	\$ 91,427	\$ 37,898
STATEMENT OF SURPLUS:		
Surplus, January 1	\$ 1,012,005	\$ 981,291
Net Income	91,427	37,898
Net Unrealized Gain from Investments	(31,477)	2,724
Change in Non-Admitted Assets	7,981	(1,695)
Change in Net Deferred Tax Asset	11,610	6,028
Dividends to Stockholders	(8,515)	(8,476)
Other Changes	(11,604)	(5,765)
Change in Surplus	59,422	30,714
Surplus, December 31	\$ 1,071,427	\$ 1,012,005

2015 FINANCIAL RESULTS

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

	AS OF DECEMBER 31, 2015	AS OF DECEMBER 31, 2014
CASH FLOWS FROM UNDERWRITING ACTIVITIES		
Net Premium	\$ 967,738	\$ 973,182
Losses	(600,472)	(609,624)
Claims Expenses	(26,586)	(26,577)
Commissions	(174,112)	(182,248)
Other Expenses	(169,426)	(161,284)
Net Cash Provided By Underwriting Activities:	(2,858)	(6,552)
Investment Income, net of expenses	63,152	66,709
Income Taxes	(4,598)	(5,655)
Capitalized Spending	1,563	3,651
Miscellaneous Transactions	(2,671)	(23,179)
Net Cash Provided By Operating Activities:	54,588	34,973
Cash Flows From Investing Activities:		
Proceeds from Fixed Maturities Sold	676,948	707,108
Proceeds from Equity Securities Sold	42,878	55,187
Other Proceeds	37,443	(25,362)
Purchase of Fixed Maturities	(672,478)	(705,513)
Purchase of Equity Securities	(113,145)	(82,422)
Net Cash Used in Investing Activities:	(28,354)	(51,002)
Cash Flows From Financing Activities:		
Borrowing Activities	(16,000)	15,000
Dividends to Stockholders	(8,515)	(8,476)
Net Cash Used in Financing Activities:	(24,515)	6,524
Net Change in Cash and Cash Equivalents	1,719	(9,505)
Cash and Cash Equivalents, Beginning of Year	47,098	56,603
Cash and Cash Equivalents, End of Period	\$ 48,817	\$ 47,098



OFFICE DIRECTORY

CORPORATE

HEADQUARTERS

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

REGIONAL OFFICES

Florida Region

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

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

Western Region

*Territory includes Arizona,
Idaho, Illinois, Indiana,
Iowa, Kansas, Michigan,
Minnesota, Missouri, Montana,
Nebraska, Nevada, North
Dakota, Oklahoma, Oregon,
South Dakota, Utah,
Washington, Wisconsin*
15490 101st Ave. North
Maple Grove, MN 55369
(800) 328-4628

SATELLITE OFFICES

Indiana

6325 Digital Way
Suite 101
Indianapolis, IN 46278
(800) 428-7081

Virginia

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

NATIONAL CLAIMS CENTER

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

AGRIBUSINESS OPERATIONS

3905 S. 148th St.
Suite 100
Omaha, NE 68144
(800) 642-8572

THE MAIN STREET AMERICA GROUP

NGM INSURANCE COMPANY

OLD DOMINION INSURANCE COMPANY

AUSTIN MUTUAL INSURANCE COMPANY

GRAIN DEALERS MUTUAL INSURANCE COMPANY

MAIN STREET AMERICA ASSURANCE COMPANY

GREAT LAKES CASUALTY INSURANCE COMPANY

MSA INSURANCE COMPANY

SPRING VALLEY MUTUAL INSURANCE COMPANY

MAIN STREET AMERICA PROTECTION INSURANCE COMPANY



THE MAIN STREET AMERICA GROUP

www.msagroup.com

