Best's Rating Report

THE MAIN STREET AMERICA GROUP

NGM Insurance Company • Old Dominion Insurance Company
Main Street America Assurance Company • MSA Insurance Company
Great Lakes Casualty Insurance Company

MAIN STREET AMERICA GROUP MUTUAL HOLDINGS, INC.

MAIN STREET AMERICA GROUP **A**

Jacksonville, Florida

Financial Strength Rating
A M BEST
A Excellent

A

Back to Top

Best's Rating Report

Back to Top

Ultimate Parent: Main Street America Grp Mut Hldgs, Inc.
MAIN STREET AMERICA GROUP MUTUAL HOLDINGS, INC.

4601 Touchton Road East, Suite 3400, Jacksonville, FL 32246
Web: www.ngminsurance.com

AMB#: 51272
Ultimate Parent#: 51272

CORPORATE OVERVIEW

Main Street America Group Mutual Holdings is a Florida-domiciled holding company that owns 94.2% of MSA Group, Inc. and intermediate holding company that consists of five operating insurance companies and includes Main Street America Group Mutual Holdings, Inc., a Florida mutual insurance holding company, that was established October 27, 2005. Main Street America Group Mutual Holdings, Inc., owns 94.2% of Main Street America Group, Inc. (MSAG), a Florida stock intermediate holding company. The remaining shares are owned by the White Mountains Insurance Group (4.9%) and Newco Financial Holdings (0.9%).

MSAG in turn owns 100% of NGM Insurance Company (NGM), a Florida stock insurance company which previously was National Grange Mutual Insurance Company (NGM), a Florida mutual insurance company. NGM owns 100% of the outstanding stock of Main Street America Financial Corporation (MSAFC) which in turn owns 100% of MSA Insurance Company, MSA Information Systems and Services Corp., Main Street America Holdings, Inc. (MSAH), and Old Dominion Insurance Company, Main Street America Assurance Company, Main Street America Capital Corporation and Great Lakes Casualty Insurance Company and Main Street Protection Ins. Company.

CORPORATE STRUCTURE

AMB#	COMPANY NAME	DOMICILE	% OWN
51272	*Main Street Amer Grp Mut Hldgs*	FL	
51271	*Main Street America Group Inc*	FL	94.20
00678	NGM Insurance Company	FL	100.00
50352	*Main Street America Fin Corp*	NH	100.00
12080	Great Lakes Casualty Ins Co	MI	100.00
50353	*Main Street America Holdings*	NH	100.00
00526	Main Street America Assur Co	FL	100.00
02822	Old Dominion Insurance Co	FL	100.00
13849	Main Street America Protection	FL	100.00
13037	MSA Insurance Company	SC	100.00

Best's Rating Report

Back to Top

MAIN STREET AMERICA GROUP

4601 Touchton Road East, Suite 3400, Jacksonville, FL 32246
Web: www.msagroup.com
Tel: 800-207-0446 **Fax: 904-380-7244**
AMB#: 18355

BEST'S FINANCIAL STRENGTH RATING

Based on our opinion of the group's Financial Strength, it is assigned a Best's Financial Strength Rating of A (Excellent). The group's Financial Size Category is Class X.

RATING UNIT MEMBERS

Main Street America Group (AMB# 18355):

AMB#	COMPANY	BEST'S FSR	
00678	NGM Insurance Company	A	g
12080	Great Lakes Casualty Ins Co	A	r
13037	MSA Insurance Company	A	r
00526	Main Street America Assur Co	A	r
02822	Old Dominion Insurance Co	A	r

RATING RATIONALE

Rating Rationale: The rating reflects Main Street America Group's excellent risk-adjusted capitalization, trend of favorable operating performance, diversified product offerings and established regional market presence along the East Coast. These positive factors are derived from the group's focused marketing and branding strategies, disciplined underwriting philosophy and pricing segmentation. Main Street America's products are distributed exclusively through independent agents and include small commercial and personal lines of business. The rating also considers the financial flexibility afforded by its mutual holding company, Main Street America Group Mutual Holdings, Inc.

Somewhat offsetting these positive rating factors are Main Street's high underwriting leverage ratio as compared to the composite measure, susceptibility to weather-related losses, and trend of fluctuating reserve development. The group's operating performance is susceptible to weather-related losses due to its geographic concentration in the Northeast and coastal exposure from Florida to Maine. However, the group implemented a risk mitigation program to reduce coastal exposures while maintaining extensive reinsurance. Future capital generation will be slowed due to the payment of dividends upstream to MSA Group, Inc., in order to fulfill the trust preferred note interest and preferred stock dividend requirements. Additionally, regulatory changes and increased competition in Massachusetts will challenge the group's operating performance and ability to maintain market share.

Main Street America Group's rating is based on the consolidated financial results of its wholly owned, fully reinsured subsidiaries, Main Street America Assurance Company, MSA Insurance Company, NGM Insurance Company, Old Dominion Insurance Company, Main Street America Protection Insurance Company, and Great Lakes Casualty Insurance Company.

Best's Financial Strength Rating: A **Outlook: Stable**

FIVE YEAR RATING HISTORY

Date	Best's FSR	Date	Best's FSR
02/13/09	A	11/16/05	A
01/29/08	A	11/22/04	A
01/24/07	A	05/11/04	A

KEY FINANCIAL INDICATORS ($000)

	Statutory Data					
Period Ending	Direct Premiums Written	Net Premiums Written	Pretax Operating Income	Net Income	Total Admitted Assets	Policy-holders' Surplus
2004	770,371	765,241	39,873	37,878	1,420,729	481,340
2005	813,428	808,360	19,600	21,342	1,550,051	508,221
2006	854,285	838,630	76,633	73,755	1,664,332	564,419
2007	861,064	846,335	97,369	115,241	1,843,947	623,306
2008	816,480	809,276	101,373	-1,862	1,809,501	607,491

	Profitability			Leverage			Liquidity	
Period Ending	Comb. Ratio	Inv. Yield (%)	Pretax ROR (%)	NA Inv Lev	NPW to PHS	Net Lev.	Overall Liq. (%)	Oper. Cash-flow (%)
2004	99.5	3.9	5.4	40.2	1.6	3.5	151.3	115.0
2005	102.1	3.6	2.5	41.1	1.6	3.6	148.8	115.3
2006	96.6	3.7	9.3	51.5	1.5	3.4	151.4	114.5
2007	96.1	4.5	11.6	48.7	1.4	3.3	151.2	118.2
2008	95.2	3.8	12.4	11.0	1.3	3.3	150.7	114.9
5-Yr	97.8	3.9	8.4	…	…	…	…	…

(*) Data reflected within all tables of this report has been compiled through the A.M. Best Consolidation of statutory filings. Within several financial tables of this report, this group is compared against the Commercial Casualty Composite.

BUSINESS REVIEW

Main Street America Group offers insurance products and services through five primary insurance companies. The five companies provide personal and commercial coverages that are sold through independent agents. Over 40% of MSAG's business writings are in New York and Massachusetts. Personal automobile coverages comprise approximately 30% of premium volume. Approximately 20% of the personal automobile premium is in Massachusetts. Commercial multiple peril represents 29% of net premiums, commercial automobile liability 13% and homeowners 12% account for most of the remaining writings of the group.

2008 BUSINESS PRODUCTION AND PROFITABILITY ($000)

	Premiums Written		% of Total	Pure Loss	Loss & LAE
Product Line	Direct	Net	NPW	Ratio	Res.
Com'l MultiPeril	253,949	236,089	29.2	44.3	249,543
Priv Pass Auto Liab	126,265	143,988	17.8	65.1	141,340
Auto Physical	108,629	117,263	14.5	59.7	6,983
Homeowners	115,604	109,749	13.6	62.2	28,736
Comm'l Auto Liab	82,431	86,606	10.7	48.9	77,905
Workers' Comp	65,886	65,099	8.0	52.8	120,458
Surety	20,159	18,138	2.2	7.3	5,379
Oth Liab Occur	16,638	16,364	2.0	48.9	24,937
Allied Lines	17,844	4,816	0.6	41.4	1,923
All Other	9,074	11,163	1.4	19.8	3,567
Totals	816,480	809,276	100.0	52.8	660,772

Geographical breakdown of direct premium writings ($000): New York, $217,882 (26.7%); Massachusetts, $117,744 (14.4%); Florida, $103,388 (12.7%); Connecticut, $71,951 (8.8%); North Carolina, $42,500 (5.2%); Virginia, $42,118 (5.2%); Pennsylvania, $40,937 (5.0%); 22 other jurisdictions, $179,960 (22.0%).

FINANCIAL PERFORMANCE

Overall Earnings: The group's growing five-year pre-tax operating income resulted from increased underwriting income, policy issuance fees and increased net investment income. Although five-year average pre-tax returns on revenue and surplus lagged the composite, returns improved during the period due to controlled policy growth and rate increases. In two of the five prior years, the group's underwriting performance was affected by weather-related property losses which are characteristic of property business written in the New England and southern states and higher than anticipated loss costs in the commercial lines of business.

PROFITABILITY ANALYSIS

	Company				Industry Composite			
Period Ending	Pretax ROR (%)	Return on PHS	Comb. Ratio	Oper. Ratio	Pretax ROR (%)	Return on PHS	Comb. Ratio	Oper. Ratio
2004	5.4	10.9	99.5	93.9	5.8	12.3	104.6	92.7
2005	2.5	5.1	102.1	96.7	8.2	7.9	105.0	90.9
2006	9.3	12.6	96.6	90.9	19.2	19.1	94.4	79.5
2007	11.6	21.2	96.1	88.6	20.9	15.4	94.6	78.3
2008	12.4	-4.6	95.2	88.3	16.8	-1.4	99.0	83.4
5 -Yr	8.4	8.9	97.8	91.6	14.3	10.5	99.4	84.8

Best's Rating Report

Back to Top

Underwriting Income: Earlier in the five-year period, rate increases and increased commercial business drove significant premium growth; however, as competitive market conditions emerged, premium growth slowed and turned negative in the most recent year. MSA Group's combined ratio fluctuated over this period, but compared favorably to the five-year average composite ratio. As a result of adherence to strict underwriting practices, improved loss control, reserve strengthening, exposure management and utilization of pricing tiers, MSA Group produced its largest underwriting profit in the last ten years in 2008.

Underwriting losses in 2004-5 resulted from poor automobile experience and weather-related losses that primarily affected the group's property book of business. With over 50% of the group's premium writings in New York, Massachusetts and Florida, underwriting results were impacted by frequent and severe winter storms and hurricanes. In 2005, the group experienced $15.6 million of net losses in Florida due to hurricane Wilma. However, an effective catastrophe management program, combined with an adequate reinsurance program, mitigated the potential impact of catastrophe losses. Over the five-year period, increased earned premiums from higher rates and improvements in claim processes contributed to the company's favorable loss ratio which was better than the composite.

UNDERWRITING EXPERIENCE

Period Ending	Net Undrw Income ($000)	Loss Ratios: Pure Loss	LAE	Loss & LAE	Expense Ratios: Net Comm.	Other Exp.	Total Exp.	Div. Pol.	Comb. Ratio
2004	-5,733	56.9	11.8	68.7	19.4	11.4	30.8	…	99.5
2005	-23,645	59.1	12.7	71.8	18.7	11.6	30.4	…	102.1
2006	22,930	54.1	11.1	65.2	19.3	12.1	31.4	…	96.6
2007	30,870	53.0	10.3	63.3	19.3	13.5	32.8	…	96.1
2008	41,683	52.8	10.2	63.0	18.9	13.4	32.2	…	95.2
5-Yr	…	55.1	11.2	66.3	19.1	12.4	31.5	…	97.8

Investment Income: The group's net investment income during the five-year period was generated primarily from its high quality bond holdings. Investment yields gradually declined over the five-year period as interest rates dropped which caused the five-year average yield to be lower than the composite. The bond portfolio represents 86% of the group's invested assets and was comprised of 54% tax-preferred, 42% corporates and the remainder in governments. The bond portfolio's average maturity approximates 8 years with a duration of 5 years that approximates the liability tail of its loss reserves.

Prior to 2008, the level of invested assets increased primarily due to appreciation of its common stock portfolio which represented approximately 20% of invested assets during the period. Total return on invested assets was supplemented by capital gains. However, due to the economic downturn in 2008, the company sold almost all of its stock portfolio by year-end and reported investment losses of approximately $111 million.

INVESTMENT INCOME ANALYSIS ($000)

Period Ending	Company: Net Inv. Income	Realized Capital Gains	Unrealized Capital Gains	Inv. Inc. Growth (%)	Inv. Yield (%)	Total Return (%)	Industry Composite: Inv. Inc. Growth (%)	Inv. Yield (%)
2004	40,648	10,615	11,281	14.6	3.9	6.1	0.9	4.5
2005	42,484	7,997	3,935	4.5	3.6	4.7	20.0	4.9
2006	46,970	12,373	-6,264	10.6	3.7	4.1	9.8	4.9
2007	62,573	40,663	10,641	33.2	4.5	8.3	9.8	5.0
2008	56,552	-84,041	-26,691	-9.6	3.8	-3.5	-5.1	4.8
5-Yr	…	…	…	9.2	3.9	3.6	6.4	4.8

INVESTMENT PORTFOLIO ANALYSIS

Asset Class	2008 Inv. Assets ($000)	% of Invested Assets: 2008	2007	Annual % Change
Long-term bonds	1,280,524	85.8	72.5	17.2
Stocks	54,979	3.7	19.6	-81.4
Affiliated Investments	44,747	3.0	3.8	-22.0
Other Inv Assets	112,507	7.5	4.0	84.4
Total	1,492,756	100.0	100.0	-0.9

2008 BOND PORTFOLIO ANALYSIS

Asset Class	% of Total Bonds	Mkt. Val to Stmt Val (%)	Avg. Maturity (Yrs)	Class 1-2 (%)	Class 3-6 (%)	Struc. Secur. (%)	Struc. Secur. (% of PHS)
Governments	3.9	5.0	3.9	100.0	…	…	…
Other	54.0	1.7	9.2	100.0	…	9.5	11.4
Corporates	42.1	-11.3	7.3	97.5	2.5	46.0	42.7
Total all bonds	100.0	-3.7	8.2	98.9	1.1	24.5	54.1

CAPITALIZATION

Capital Generation: Prior to 2008, Main Street America Group's capital growth during the five-year period was achieved primarily through increased net investment income, capital gains and capital infusions. Although underwriting losses restricted the group's capital generation earlier in the period, over the last three years strong underwriting gains contributed to the growth in surplus. In 2008, investment losses contributed to the overall decline in policyholders' surplus.

Net negative capital contributions during the latest five-year period include $30.3 million of dividends paid to MSAG Inc., an upstream holding company, for debt service on trust preferred notes and dividends on cumulative preferred stock issued in 2006 to finance the buyout of the 50% equity interest that White Mountains Insurance Group owned in Main Street America Holdings, Inc., in exchange for a 4.9% interest MSAG Inc. In 2005, the group received a $5 million contribution to capitalize MSA Insurance Company. Surplus notes were issued by NGM Insurance Company earlier in the period totaling $30 million, which augmented the internal generation of capital. In 2008, NGM received a $34.5 million capital contribution from MSAG Inc.

CAPITAL GENERATION ANALYSIS ($000)

Period Ending	Source of Surplus Growth: Pretax Operating Income	Total Inv. Gains	Net Contrib. Capital	Other, Net of Tax	Change in PHS	PHS Growth (%)
2004	39,873	21,897	510	-5,189	57,091	13.5
2005	19,600	11,933	5,618	-10,270	26,881	5.6
2006	76,633	6,109	-1,781	-24,763	56,198	11.1
2007	97,369	51,304	-52,315	-37,470	58,887	10.4
2008	101,373	-110,732	23,201	-29,657	-15,815	-2.5
5-Yr	334,848	-19,490	-24,766	-107,349	183,242	…

Overall Capitalization: Main Street America Group's current rating level is supported by Best's Capital Adequacy Ratio (BCAR) that reflects its excellent capitalization. The group's capital adequacy is derived from its modest credit, investment and underwriting risk tempered by the adverse reserve development over the past five years. Capitalization is insulated from catastrophic losses through a comprehensive reinsurance program and management of its coastal exposures.

NGM Insurance Company issued a $30 million in surplus notes during the period that enhanced the group's overall capitalization. In 2005, the group contributed $5.3 million to capitalize MSA Insurance Company, domiciled in South Carolina. In 2007 the group contributed $10 million to capitalize Main Street America Protection Insurance Company. In October 2008, the group contributed $10 million to increase the capitalization in Great Lakes Casualty Insurance Company. The establishment of Main Street America Group (MSAG) enhanced the group's overall financial flexibility and access to capital markets. In late 2008, MSAG contributed $34.5 million as paid in capital to NGM Insurance Company.

QUALITY OF SURPLUS ($000)

Period Ending	Year-End PHS	% of PHS: Cap. Stock/ Contrib. Cap.	Other	Unassigned Surplus	Dividend Requirements: Stock-holder Divs	Div. To POI (%)	Div. To Net Inc. (%)
2004	481,340	13.7	6.4	79.8	…	…	…
2005	508,221	14.2	6.0	79.8	…	…	…
2006	564,419	8.4	5.3	86.3	-26,799	35.0	36.3
2007	623,306	7.6	4.8	87.6	-52,465	53.9	45.5
2008	607,491	12.3	4.9	82.8	-11,318	11.2	-99.9

Best's Rating Report

LEVERAGE ANALYSIS

Period Ending	Company: NPW to PHS	Company: Res. to PHS	Company: Net Lev.	Company: Gross Lev.	Industry Composite: NPW to PHS	Industry Composite: Res. to PHS	Industry Composite: Net Lev.	Industry Composite: Gross Lev.
2004	1.6	0.9	3.5	3.8	1.1	1.8	3.9	5.2
2005	1.6	1.0	3.6	3.9	1.0	1.8	3.7	4.9
2006	1.5	1.0	3.4	3.6	0.9	1.6	3.3	4.3
2007	1.4	1.0	3.3	3.5	0.8	1.5	3.0	3.9
2008	1.3	1.1	3.3	3.5	0.9	1.6	3.3	4.3

Current BCAR: 235.2

PREMIUM COMPOSITION & GROWTH ANALYSIS

Period Ending	DPW ($000)	DPW (% Chg)	GPW ($000)	GPW (% Chg)	NPW ($000)	NPW (% Chg)	NPE ($000)	NPE (% Chg)
2004	770,371	8.6	813,125	6.2	765,241	6.3	733,817	9.9
2005	813,428	5.6	861,289	5.9	808,360	5.6	785,156	7.0
2006	854,285	5.0	896,270	4.1	838,630	3.7	823,331	4.9
2007	861,064	0.8	915,857	2.2	846,335	0.9	840,163	2.0
2008	816,480	-5.2	871,860	-4.8	809,276	-4.4	817,039	-2.8
5-Yr CAGR	…	2.8	…	2.6	…	2.4	…	4.1
5-Yr Chg	…	15.1	…	13.8	…	12.4	…	22.4

Reserve Quality: Prior to 2000, Main Street America Group maintained favorable loss reserve development. However in 2000, adverse development on both a calendar and accident year basis began to emerge. Management increased reserves for accident years 2000 to 2003 in the workers' compensation and commercial multi-peril and commercial auto lines of business. Salvage and subrogation are included in the reserves. In 2003 claim file and reserve audits were conducted and claim processes revised as a result of the continued adverse reserve development in the commercial business. Beginning in 2003 and continuing through 2005, higher case and IBNR reserves were established. Over the recent two accident years, the group reported reserve redundancies. According to A.M. Best's estimates, MSA ranks among the 180 insurers in the nation with an exposure to ongoing asbestos and environmental (E&A) claims. However, based on the most recent annual statement Footnote 33 disclosure data, MSA's A&E loss reserve impact on the combined ratio is less than 1%.

LOSS & ALAE RESERVE DEVELOP.: CALENDAR YEAR ($000)

Calendar Year	Orig. Loss Reserves	Developed Reserves Thru '08	Develop. to Orig. (%)	Develop. to PHS (%)	Develop. to NPE (%)	Unpaid Reserves @12/08	Unpaid Res. to Develop. (%)
2003	387,029	470,686	21.6	19.7	70.5	54,093	11.5
2004	441,975	521,810	18.1	16.6	71.1	81,479	15.6
2005	517,788	555,633	7.3	7.4	70.7	129,412	23.3
2006	562,777	558,908	-0.7	-0.7	67.9	214,724	38.4
2007	624,010	600,181	-3.8	-3.8	71.4	375,970	62.6
2008	644,574	644,574	…	…	78.9	644,574	100.0

LOSS & ALAE RESERVE DEVELOP.: ACCIDENT YEAR ($000)

Accident Year	Orig. Loss Reserves	Developed Reserves Thru '08	Develop. to Orig. (%)	Unpaid Reserves @12/08	Acc. Yr Loss Ratio	Acc. Yr Comb Ratio
2003	188,878	229,388	21.4	17,774	72.3	104.1
2004	223,439	230,795	3.3	27,386	68.8	99.6
2005	249,710	257,040	2.9	47,933	65.9	96.3
2006	272,821	230,499	-15.5	85,312	59.5	90.9
2007	291,031	260,208	-10.6	161,246	60.3	93.1
2008	268,604	268,604	…	268,604	64.9	97.2

ASBESTOS & ENVIRONMENTAL (A&E) RESERVE ANALYSIS

Year	Company: Net A&E Reserve ($000)	Company: Reserve Reten-tion (%)	Company: Net IBNR Mix (%)	Company: Survival Ratio (3 yr)	Company: Comb Ratio Impact (1 yr)	Company: Comb Ratio Impact (3 yr)	Industry Composite: Survival Ratio (3 yr)	Industry Composite: Comb Ratio Impact (1 yr)	Industry Composite: Comb Ratio Impact (3 yr)
2004	3,725	100.0	53.7	…	-0.1	…	…	1.4	…
2005	3,676	100.0	54.4	…	0.1	…	…	1.0	…
2006	2,495	99.9	24.1	4.6	-0.1	0.0	8.0	0.5	1.0
2007	2,679	100.0	…	4.2	0.1	0.0	8.5	0.7	0.7
2008	2,589	100.0	22.8	4.7	0.0	0.0	7.4	0.3	0.5

Reinsurance Utilization: MSA Group maintains modest reinsurance utilization as it consistently retained over 90% of its premiums and liabilities. MSA Group's ratio of ceded reinsurance relative to its surplus declined during the latest five-year period and compares favorably to the composite. The group's utilizes a diverse mix of domestic reinsurers, as well as foreign broker market reinsurers to provide catastrophic reinsurance to mitigate the impact of weather-related losses, primarily hurricanes and winter storms. Reinsurance is primarily utilized on an excess of loss basis for property, casualty and catastrophe exposures. This coverage reduces the net, after-tax probable maximum loss (PML) from a 100-year hurricane event to less than 10% of reported policyholders' surplus.

CEDED REINSURANCE ANALYSIS ($000)

Period Ending	Company: Ceded Reins. Total	Company: Bus. Ret. (%)	Company: Reins. Recov. to PHS (%)	Company: Ceded Reins. to PHS (%)	Industry Composite: Bus. Ret. (%)	Industry Composite: Reins. Recov. to PHS (%)	Industry Composite: Ceded Reins. to PHS (%)
2004	147,153	94.1	20.6	30.6	81.1	92.1	127.8
2005	134,841	93.9	16.1	26.5	81.9	92.0	124.2
2006	122,767	93.6	11.5	21.8	81.2	73.4	101.7
2007	126,935	92.4	9.2	20.4	82.5	64.4	90.1
2008	117,633	92.8	9.1	19.4	82.6	72.3	101.0

2008 REINSURANCE RECOVERABLES ($000)

	Paid & Unpaid Losses	IBNR	Unearned Premiums	Other Recov*	Total Reins Recov
US Affiliates	46,322	57,841	93,521	…	197,684
US Insurers	16,933	10,301	1,005	-418	27,821
Pools/Associations	5,697	5,689	8,779	…	20,165
Other Non-US	3,679	3,384	…	…	7,063
Total (ex US Affils)	26,309	19,374	9,784	-418	55,049
Grand Total	72,631	77,215	103,305	-418	252,733

* Includes Commissions less Funds Withheld

INVESTMENT LEVERAGE ANALYSIS (% OF PHS)

Period Ending	Company: Class 3-6 Bonds	Company: Real Estate/ Mtg.	Company: Other Invested Assets	Company: Common Stocks	Company: Non-Affil. Inv. Lev.	Company: Affil. Inv.	Industry Composite: Class 3-6 Bonds	Industry Composite: Common Stocks
2004	1.6	0.7	1.4	36.5	40.2	9.8	7.0	16.5
2005	2.0	0.6	1.4	37.1	41.1	8.2	7.1	15.7
2006	1.5	0.3	1.3	48.4	51.5	4.3	6.2	16.4
2007	2.3	0.3	1.2	44.9	48.7	9.2	5.8	15.3
2008	2.4	0.3	1.8	6.5	11.0	7.4	5.2	9.7

LIQUIDITY

MSA Group's quick, current and overall liquidity measures compared favorably to the composite during the latest five year period. Overall liquidity was consistently maintained as current assets outpaced growth in current liabilities due to steady underwriting and operating cash flows. Current invested assets include government agencies and corporate bonds with maturities greater than one year. During the period, strong premium and policy count growth contributed to positive underwriting cash flows. Further, the establishment of the group's holding company structure in the period provided additional liquidity and financial flexibility through access to capital markets.

LIQUIDITY ANALYSIS

Period Ending	Company: Quick Liq. (%)	Company: Current Liq. (%)	Company: Overall Liq. (%)	Company: Gross Agents Bal. to PHS (%)	Industry Composite: Quick Liq. (%)	Industry Composite: Current Liq. (%)	Industry Composite: Overall Liq. (%)	Industry Composite: Gross Agents Bal. to PHS (%)
2004	24.9	116.4	151.3	9.0	22.3	99.6	136.4	13.8
2005	24.4	117.3	148.8	9.1	20.6	102.3	137.9	11.9
2006	31.1	122.6	151.4	10.1	23.5	108.8	141.7	11.9
2007	29.1	118.7	151.2	10.4	21.7	111.2	145.2	10.1
2008	15.1	120.5	150.7	9.7	19.1	104.5	141.1	12.0

Back to Top

Best's Rating Report

Back to Top

CASH FLOW ANALYSIS ($000)

	Company					Industry Composite	
Period Ending	Underw Cash Flow	Oper. Cash Flow	Net Cash Flow	Underw Cash Flow (%)	Oper. Cash Flow (%)	Underw Cash Flow (%)	Oper. Cash Flow (%)
2004	71,811	104,431	-13,477	110.5	115.0	125.3	135.4
2005	72,666	112,996	32,396	110.0	115.3	114.8	128.4
2006	70,068	111,266	1,259	109.4	114.5	113.3	126.1
2007	87,765	138,484	13,344	111.9	118.2	112.0	122.6
2008	60,898	115,056	21,488	108.0	114.9	100.7	112.4

HISTORY

The lead company of the group was organized in March 1923 under the laws of New Hampshire as the National Grange Mutual Liability Company and began business in July 1923 sponsored by the executive officers of the National Grange of the Patrons of Husbandry. All outstanding policy liability of a former companion carrier, National Grange Fire Insurance Company (formed in 1935), was reinsured into the company on December 31, 1958. The corporate title was revised to National Grange Mutual Insurance Company on January 1, 1959. The National Grange Mutual Insurance Company was renamed as NGM Insurance Company in August 2005.

In 1985, MSA Information Systems and Services Corporation was formed as a subsidiary specializing in automated insurance processing services for the insurance industry. In 1986, due to barriers in establishing multi-tier rate structure within a single entity, the company formed Presidential Property and Casualty Insurance Company to write preferred business. In 1987, the name of this company was changed to Main Street America Assurance Company.

In December 1990, the downstream holding company, Main Street America Financial Corporation, acquired 82% of the outstanding common shares of Guilderland Reinsurance Company, the entity created by the demutualization of Guilderland Mutual Reinsurance Company of Delmar, New York. In 1999, Guilderland Reinsurance Company was sold to Excess Reinsurance Company.

Main Street America Group was initiated in 1986 with the creation of the Main Street America Financial Corporation (MSAFC), which is wholly owned by the NGM Insurance Company (NGM). On January 31, 1996, Mutual Assurance Company (MACO), a Pennsylvania-domiciled property and casualty insurer, merged into National Grange Mutual Insurance Company. All policies written by MACO were assumed into National Grange Mutual. As a result of this merger, the Main Street America Group also acquired three additional stock property and casualty insurance companies (Green Tree Insurance Company, American Loyalty Insurance Company, and Old Dominion Insurance Company). Green Tree Insurance Company and American Loyalty Insurance Company were sold to non-affiliated groups.

In December 1994, the company formed Main Street America Holdings, Inc. (MSAH), and transferred ownership of Main Street America Assurance Company to it from Main Street America Financial Corporation. Also in December 1994, the White Mountains Insurance Group invested $25,000,000 into Main Street America Holdings for a 33% equity ownership. In 1998, Main Street America Financial Corporation reduced the percentage of its holdings in MSAH to 50%, due to an additional investment by White Mountains, which increased its equity ownership in MSAH to 50%. Control of the holding company remained with NGM through a tie-breaking vote authority, until 2008.

During 2005, following the redomestication of National Grange Mutual Insurance Company and its affiliates Main Street America Assurance Company to Florida, National Grange Mutual Insurance Company converted to a mutual insurance holding company structure. Under the Plan of Reorganization approved by the Florida Office of Insurance Regulation, National Grange Mutual Insurance Company converted to a stock insurance company renamed NGM Insurance Company (NGM). NGM issued 100% of its common stock to Main Street Group Mutual Holdings, Inc. (Mutual Holdings), a newly organized Florida mutual insurance holding company, which immediately contributed all of its shares of NGM to Main Street America Group, Inc. (MSAGI), a newly organized Florida intermediated holding company, in consideration for issuance of 100 percent of MSAGI's outstanding common stock to Mutual Holdings. The policyholders of NGM, including those Florida policyholders whose policies were transferred to and assumed by MSA Insurance Company as a result of the reorganization, own all of the membership interests of Mutual Holdings. As of the end of 2008 the insurance operations of Main Street America Group consisted of NGM Insurance Company, Main Street America Assurance Company, Old Dominion Insurance Company, MSA Insurance Company, Main Street America Protection Insurance Company, Great Lakes Casualty Insurance Company, and the non-insurance operations consist of Main Street America Group Mutual Holdings, Inc., Main Street America Group, Inc., Main Street America Financial Corp., Main Street America Holdings, Inc., Main Street America Capital Corp. and MSA Information Systems and Services Corp.

During 2006, MSAH paid a $70 million cash dividend to White Mountains and MSAGI issued $70 million of 9% non-voting, cumulative perpetual preferred stock and 4.9% of its common stock in exchange for 100% of White Mountains' common stock in MSAH. Mutual Holdings controlling ownership interest in MSAGI was 95.1% as a result of the transaction.

In October 2008, Main Street America Financial Corp. acquired all of the outstanding stock of Great Lakes Casualty in exchange for cash, shares in one of the company's intermediate holding companies, and a return of shares of stock of Newco Financial Holdings Inc.

MANAGEMENT

Administration of the group's affairs is under the direction of Mr. Thomas M. Van Berkel, president and chief executive officer. Mr. Van Berkel has been with Main Street America Group since 1990.

NGM Insurance Company maintains management agreements with its subsidiaries to provide personnel, administrative services, facilities supplies and equipment necessary to conduct their operations.

REINSURANCE

For the 2009 treaty reinsurance program, casualty/umbrella losses are protected by an excess of loss reinsurance treaty providing recovery of $10.65 million excess of $1.35 million. In addition, a Workers Compensation catastrophe treaty provides coverage for $12.5 million excess of $12.5 million. All property losses are protected by an excess of loss per risk treaty affording coverage of $4,000,000 excess of $1,000,000. In addition, the company maintains property catastrophe reinsurance, affording protection of 95% of $330 million in excess of $20 million. Aggregate catastrophe coverage is provided for $17.5 million excess of $7.5 million. Additionally, for the state of Florida, there is "drop-down" coverage on the first layer of 95% of $5 million excess of $15 million. Fidelity and surety reinsurance is carried as: for 100% of $6.5 million excess of $1,000,000 on contract surety; 100% of $7.25 million excess of $250,000 on commercial surety; 100% of $2.75 million excess of $250,000 on fidelity. Boiler and machinery coverage, which has been added to most business owners policies, is reinsured 100%. As part of the sale of Guilderland Reinsurance Company in 1999, the group remains a 100% reinsurer to Guilderland for accidents incurred prior to July 1998.

CONSOLIDATED BALANCE SHEET

(at December 31, 2008)

ADMITTED ASSETS ($000)

	12/31/08	12/31/07	'08%	'07%
Bonds	1,280,524	1,092,911	70.8	59.3
Preferred stock	15,250	15,519	0.8	0.8
Common stock	39,729	279,715	2.2	15.2
Cash & short-term invest	61,156	39,668	3.4	2.2
Real estate, offices	5,894	5,425	0.3	0.3
Other non-affil inv asset	37,540	10,320	2.1	0.6
Investments in affiliates	38,853	51,949	2.1	2.8
Total invested assets	1,478,946	1,495,507	81.7	81.1
Premium balances	223,642	237,253	12.4	12.9
Accrued interest	13,810	11,024	0.8	0.6
All other assets	93,103	100,163	5.1	5.4
Total assets	1,809,501	1,843,947	100.0	100.0

Best's Rating Report

LIABILITIES & SURPLUS ($000)

	12/31/08	12/31/07	'08%	'07%
Loss & LAE reserves	660,772	638,563	36.5	34.6
Unearned premiums	411,109	418,872	22.7	22.7
Conditional reserve funds	1,418	921	0.1	0.0
All other liabilities	128,711	162,286	7.1	8.8
Total liabilities	1,202,009	1,220,641	66.4	66.2
Surplus notes	30,000	30,000	1.7	1.6
Total policyholders' surplus	607,491	623,306	33.6	33.8
Total liabilities & surplus	1,809,501	1,843,947	100.0	100.0

CONSOLIDATED SUMMARY OF 2008 OPERATIONS ($000)

Statement of Income	12/31/08	Funds Provided from Operations	12/31/08
Premiums earned	817,039	Premiums collected	824,281
		Benefit & loss related pmts	
Losses incurred	431,349		411,995
LAE incurred	83,159		
Undrw expenses incurred		LAE & undrw expenses paid	
	260,848		351,389
Net underwriting income	41,683	Undrw cash flow	60,898
Net investment income	56,552	Investment income	59,919
Other income/expense	3,138	Other income/expense	3,138
		Pre-tax cash operations	
Pre-tax oper income	101,373		123,955
Realized capital gains	-84,041		
Income taxes incurred	19,194	Income taxes pd (recov)	8,899
Net income	-1,862	Net oper cash flow	115,056

Why is this *Best's® Rating Report* important to you?

A Rating Report from the A.M. Best Company represents an independent opinion from the leading provider of insurer ratings of a company's financial strength and ability to meet its obligations to policyholders.

The A.M. Best Company is the oldest, most experienced rating agency in the world and has been reporting on the financial condition of insurance companies since 1899. The Financial Strength Rating **opinion** addresses the relative ability of an insurer to meet its ongoing insurance policy and contract obligations. The rating is not assigned to specific insurance policies or contracts and does not address any other risk, including, but not limited to, an insurer's claims-payment policies or procedures; the ability of the insurer to dispute or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder. A Financial Strength Rating is **not a recommendation** to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser.

The company information appearing in this pamphlet is an extract from the complete company report prepared by the A.M. Best Company.

A Best's Rating is assigned after an extensive quantitative and qualitative valuation of a company's financial strength, operating performance and market profile.

Best's Ratings are assigned according to the following scale:

Secure Best's Ratings

A++ and A+ . . . . . Superior
A and A- . . . . . Excellent
B++ and B+ . . . . . Good

Vulnerable Best's Ratings

B and B- . . . . . Fair
C++ and C+ . . . . . Marginal
C and C- . . . . . Weak
D . . . . . Poor
E . . . . . Under Regulatory Supervision
F . . . . . In Liquidation
S . . . . . Rating Suspended

For the latest **Best's Financial Strength Ratings** and *AMB Credit Reports* visit the A.M. Best web site at **www.ambest.com**. You may also obtain *AMB Credit Reports* by calling our Customer Service department at +1-908-439-2200, ext. 5742. To expedite your request, please provide the company's identification number (AMB #).

Back to Top