

2013

A YEAR OF MILESTONES

THE MAIN STREET AMERICA GROUP

ANNUAL REPORT

90
YEARS

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

A MESSAGE FROM: THE CHAIRMAN

The Main Street America Group achieved many significant organizational milestones in 2013.

We began the year with a companywide celebration of our 90th anniversary, which is a tremendous accomplishment for any property-casualty company. Since our founding in 1923 in Keene, N.H., when we began to provide auto liability insurance to members of the Grange Fraternity, we have proudly served the “Main Street” marketplace exclusively through independent agents. We remain steadfastly committed to this system as our sole distribution channel.

“For the first time in our rich history, we generated more than \$1 billion in written premium.”

For the first time in our rich history, we generated more than \$1 billion in written premium, growing 2.3 percent. This was our seventh consecutive year of premium growth. Equally important, during this period, we have consistently outperformed the industry in many key financial measures by maintaining our underwriting and pricing discipline.

We could not achieve this level of long-term success without the tireless efforts of our employees, who consistently deliver “The MSA Experience,” and the partnership of our agent-customers, who continue to place their trust with us to serve their insureds.

Main Street America also significantly strengthened its balance sheet last year, increasing surplus by \$134 million to \$981 million, a 16 percent gain over 2012, while our total assets grew to more than \$2.3 billion.

For the third consecutive year, we were selected to the prestigious Ward’s 50, ranking us among the top 2 percent of best-performing property/casualty carriers for sustained strong financial performance from 2008 through 2012. Ward’s metrics include assessing the combined ratio, return on equity, surplus growth, premium growth and leverage ratio of more than 3,000 U.S.-based insurance carriers.

While we fell short of achieving an underwriting profit in 2013, finishing with a 100.6 combined ratio, we had another outstanding year of investment results, generating a statutory return of \$100.6 million. This helped us achieve an 11.1 percent return on equity.

At a more local level, for the 11th consecutive year, Main Street America’s Northeast Region achieved an underwriting profit, generating a 93.9 combined ratio. This was one of the measures which garnered this operation with our Region of the Year honors. Our Southeast Region also had a profitable year with a 95.7 combined ratio, spearheaded by a very strong performance in Florida.

We also continued to further spread our risk and increase scale via geographic diversification in the Western U.S. This included the launch of our commercial products to our new customers in South Dakota, Oregon and Wisconsin.

Main Street America’s commercial lines business, which accounts for 55 percent of the company’s total premium, had another strong year, achieving a 93.5 combined ratio and nearly 8 percent growth. An improving economy helped spur growth in many of our targeted classes of business. We also began to implement significant changes to our Main Line Business Owners Policy (BOP), enabling our customers to target more profitable segments of business. Additionally, we continued the rollout of our enhanced tiered commercial auto product, which is now available in 26 states and generating good results.

In 2014, our focus will be improving profitability in our BOP and workers’ compensation lines, while driving premium growth in commercial auto and contractors. We also plan to introduce a tiered workers’ compensation product during the second half of the year.

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A MESSAGE FROM: THE CHAIRMAN CONTINUED

Our surety operations also had an excellent performance last year, generating a 93.3 combined ratio and 13 percent growth. Our contract and commercial surety lines both grew as our national accounts business gained significant traction. In 2014, we will continue to focus on improving underwriting quality and increasing scale by targeting additional multiline agents, especially in our new Western Region states.

Main Street America's personal lines business faced numerous challenges in 2013, including a high loss ratio, and ended the year with a 108.6 combined ratio and declining premium. In 2014, personal lines will continue to focus on multiple profitability actions and cross-sell opportunities to grow premium. This includes implementing a simplified personal auto pricing model in several of our states. We will also make it easier and quicker for our customers to write business with us by making improvements to our Main Street Station personal lines platform.

Our assumed reinsurance operations also had a challenging year in 2013, finishing with a 106.3 combined ratio. We continued to focus on reducing our loss ratio and eliminating unprofitable business. Further profitability actions will be at the forefront in 2014.

Main Street America's claims and customer service functions continued to provide superior service to our customers and their insureds over the past year. This includes our MSA Service Center, which supports many of our customers' agencies with commercial lines and personal lines back office functions so agency personnel can focus on sales. At our regional agency council meetings, as well as on our agency surveys, Main Street America's customers consistently give our claims and customer teams very high marks.

Main Street America remained a leader in 2013 championing the independent agency system. 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 quarterly results videos on our company's YouTube channel.

As one of six carriers which invested in the development of the new Consumer Agent Portal (CAP), we saw the need for independent agents to have a strong online presence in order to compete with direct writers and captives to gain personal lines market share. CAP rolled out in a dozen states in 2013 and is building upon the TrustedChoice.com platform to drive new business to our channel.

"We saw the need for independent agents to have a strong online presence in order to compete with direct writers and captives to gain personal lines market share."

As we embark upon our 91st year of serving the "Main Street" marketplace, our strong capital position will enable us to invest in new products and enhanced technology. This will help our customers profitably grow their Main Street America books of business in a pricing environment that is favorable for both commercial lines and personal lines, as well as an improving economy in many of our states. We will also continue to actively seek growth opportunities in existing states and new states – via acquisitions, affiliations, partnerships and strategic agency appointments – enabling us to further spread our risk and increase scale.

We will continue to serve our customers in a magnificent way and partner with them to profitably grow and achieve our mutual 2014 financial goals.



Tom Van Berkel
Chairman, President and Chief Executive Officer

2013 FINANCIAL HIGHLIGHTS

PREMIUM GROWTH

- Net premiums written surpassed \$1 billion, growing \$22.5 million (2.3 percent).

COMBINED RATIO

- Combined ratio increased from 99.9 in 2012 to 100.6 in 2013.
- Loss ratio improved by 1.2 percent but expense ratio increased by 1.9 percent.
- Favorable combined ratios below 95 were achieved by bonds, commercial lines, and our Northeast and Southeast regions.

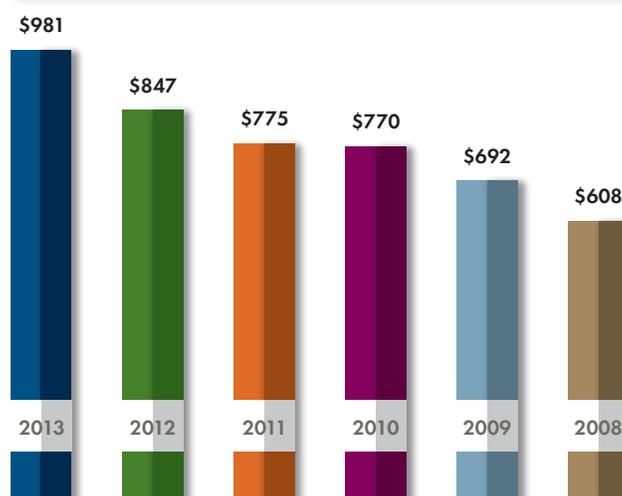
INVESTMENTS

- Investment returns measured on a statutory basis increased \$17.4 million year over year (20.9 percent).
- Equity returns were \$15.4 million higher than 2012 with the returns of 31.7 percent exceeding our blended market benchmark.
- Increased returns from convertibles and high yield bonds also contributed to the favorable investment result.

SURPLUS AND EQUITY

- Net income increased slightly to \$57.1 million versus \$56.7 million in 2012 (0.7 percent gain).
- Comprehensive income was \$78.1 million, an increase of 7.1 percent over 2012, and resulted in a return on surplus and equity of 11.1 percent.
- Total surplus increased \$134.4 million (15.9 percent) to \$981.3 million.
- Premium to surplus ratio declined to 1.02 to 1.
- Total assets grew to \$2.3 billion.

SURPLUS GROWTH (dollars in millions)



KEY RESULT MEASUREMENTS (dollars in millions)

	2013	2012	2011	2010	2009
COMBINED RATIO	100.6	99.9	106.7	99.2	97.4
NET WRITTEN PREMIUM	\$1,001	\$978.2	\$889.4	\$889.7	\$815.0
RETURN ON SURPLUS AND EQUITY	11.1%	11.9%	2.7%	16.8%	18.2%
SURPLUS AND EQUITY	\$981.3	\$846.9	\$775.3	\$769.7	\$692.0
PREMIUM-TO-SURPLUS RATIO	1 to 1	1.2 to 1	1.1 to 1	1.2 to 1	1.2 to 1

For more details about Main Street America's 2013 financial results, please turn to pages 21 - 23.



(left to right) Steve Berry, president of The Main Street America Group's New England Region; John Taylor, president of Blackmer Insurance Agency, Shelburne, Mass.; and Dawn Kober, Main Street America business management executive.

MILESTONE: 80 YEARS AND COUNTING FOR AGENCY/CARRIER'S WINNING FORMULA

When Ralph Edward Blackmer, founder of Blackmer Insurance Agency, and Richard C. Carrick, secretary-treasurer of National Grange Mutual Liability Company, signed an agreement on May 3, 1934, little did they know that 80 years later, NGM would remain the Shelburne, Mass., agency's No. 1 market.

"Mr. Blackmer worked on a local farm and was a Grange Fraternity member," said current Blackmer Agency president John Taylor. "When he established the agency, he wanted to partner with an insurance carrier who understood the needs of Grange members. It was a natural fit for us and NGM."

"National Grange was always our lead company," added John's father, Gordon Taylor, who was the agency's president until he turned over day-to-day operations to his son and daughter-in-law, Sherry, in 1993. "We have always had strong ties with National Grange," he continued. "Most years, we achieved a pretty good profit for them. We did well for the company and they did well for us."

Ralph decided to enter the insurance business because "I needed the money," he was once quoted as saying. It was during the midst of the Great Depression and his farming business was very slow. So he established the new agency in his farmhouse, just a couple of miles from where it is located today. Blackmer primarily focused on insuring local farms.

"When other insurance companies would not insure farms for more than \$6,000, NGM would insure for more."

"When other insurance companies would not insure farms for more than \$6,000, NGM would insure for more," Ralph commented when asked why the special bond formed between the two organizations.

"NGM's underwriters always bent over backwards for our agency," added Gordon.

The Blackmer/NGM relationship was so strong over the years that Ralph was once labeled as a "Superagent" in NGM's customer newsletter. He also won a national vocal quartet contest that NGM conducted for its agents.

Nearly 30 percent of Blackmer's business today is written with NGM. Volume in 2013 was approximately \$1.1 million. Eighty percent is currently personal lines, but John stressed the agency seeks to grow its commercial business with NGM.

As the partnership thrives in its eighth decade, John said the quality of NGM's people and "chemistry" remains the key elements for success.

"They have good people, honest people and they have always provided us with a consistent relationship," John said. "We have always felt loyal to NGM and they are loyal to us."

"Our common goal is to provide consistent service which leads to consistent success."

He added, "Blackmer and NGM have very similar personalities. NGM is not a flashy company and we are not a flashy agency. Our common goal is to provide consistent service which leads to consistent success."

Gordon concluded, "When you talk about an 80-year partnership like ours and NGM, it makes a strong statement that everybody involved has done something right."



(left to right) Dave Randle, Main Street America business management executive; Mark Berset, enterprise CEO at Comegys Insurance Agency, St. Petersburg, Fla.; Linda Comegys Berset, president at Comegys Insurance; and Derek Berset, vice president at Comegys Insurance.

MILESTONE: PARTNERING FOR 32 YEARS OF SUSTAINED SUCCESS

There's usually an interesting twist to how a very successful long-term business relationship began. In the case of The Main Street America Group's Old Dominion Insurance Company and Comegys Insurance Agency of St. Petersburg, Fla., how this 32-year success story started should be labeled as a "classic."

"It was 1982 and I hadn't been in the insurance business that long," said Comegys enterprise CEO Mark Berset. "A friend of mine suggested I contact Old Dominion to pursue a contract with them. The name sounded like they had been around a long time. So we reached an agreement and began our relationship. Little did I know Old Dominion was actually a newly established carrier that had just incorporated in Florida (in 1981)."

It proved to be a very wise decision by Mark and Old Dominion as the partnership has been reaping great rewards for both organizations ever since. Achieving double-digit premium growth and loss ratios in the 30s is the norm for Comegys' Old Dominion business. In 2013, the agency grew its Old Dominion commercial book nearly 14 percent while writing almost \$4 million in premium. Old Dominion is its No. 1 commercial market.

In addition to Mark, who joined the agency in 1974, the Comegys' management team includes his wife, Linda, the agency's president who joined the business in 1981, and their son Derek, the agency's vice president who joined the organization in 2004.

"Solid relationships like the one they have with Old Dominion have helped make Comegys an industry leader."

Comegys was established in 1939 by Linda's parents, Frank and Arletta, just a mile from their current location in historic downtown St. Petersburg.

"When the agency opened, they sold life insurance, cemetery plots and property/casualty," Linda said. Today, Comegys sells full lines of personal and commercial products and ranks as the 73rd largest privately owned independent agency in the United States with annual volume of \$280 million. Solid relationships like the one they have with Old Dominion have helped make Comegys an industry leader.

"Old Dominion and Main Street America have always had top quality people from their management team to the claims department to underwriting," Mark said. "I wouldn't hesitate to pick up the phone to call their regional president, our field sales representative or an underwriter to discuss an issue."

Mark added, "Mutual trust also plays a key role in our successful partnership. Old Dominion trusts us without question and we trust them without question."

Linda said consistency is another key ingredient of this successful relationship.

"No matter what the market is, they are there to help us."

"Old Dominion always intends to provide us with a market," she said. "They are always competitive within reason. No matter what the market is, they are there to help us."

Derek added, "Stability is also very important. Old Dominion's support team of (senior commercial lines underwriter) Karlene Simmons and (field sales representative) Dave Randle have been helping us to profitably grow for a long time. It's very disruptive when carriers change their personnel. Old Dominion's turnover is minimal, which is a big plus for us."

ESTABLISHING MILESTONES IN OUR COMMUNITIES

In 2013, The Main Street America Group and our employees gave back to the communities where we work and live in a variety of ways:

NGM CHARITABLE FOUNDATION

Main Street America's NGM Charitable Foundation supports local nonprofit organizations focused on health and welfare, educational, cultural and civic needs. In 2013, the Foundation donated \$135,000 to worthwhile causes throughout the cities where Main Street America has offices. Nearly \$50,000 of this much-needed support was the result of our employees' generosity, whose personal donations were matched dollar-for-dollar by the Foundation.

UNITED WAY

Main Street America is a strong supporter of the annual nationwide United Way campaign. In 2013, we donated nearly \$60,000 to local United Way agencies (combined employee donations and company matches). Our local office fundraising events included a chili cook-off and a live auction of items donated by Main Street America company officers.

COMPANIES WITH HEART

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

HOLIDAY FOOD AND TOY DRIVES

Main Street America annually conducts year-end "holiday season" food drives and toy drives at our office locations. In 2013, our employees donated nearly 2 tons of goods to local food banks. During the 2013 holiday toy drive, our employees donated several hundred toys to benefit the U.S. Marine Corps' Toys for Tots global campaign and Project Share (which supports children in the Monadnock Valley area of Southwest New Hampshire).

EMPLOYEE VOLUNTEER ACTIVITIES

Main Street America annually provides each company employee with a paid volunteer day, which enables them to spend an entire work day (or two half days) volunteering at a local nonprofit organization of their choosing. In Jacksonville, a team of our employees used their volunteer day at Second Harvest of Northeast Florida where they stocked shelves and assisted in other necessary tasks to support the food bank which serves 17 counties through more than 450 agencies across North Florida.

We also had a large group of employees and their family members volunteer at the 19th annual VSA (Very Special Arts) Festival at the Cummer Museum of Art & Gardens. The volunteers worked hands-on with more than 2,500 Northeast Florida public school students with disabilities to create beautiful works of art.

HIGHER EDUCATION

At the University of North Florida (UNF), we established The Main Street America Group Urban Education Scholarship, which will be awarded annually to an education major. Anne Cook, a senior majoring in elementary education, was the recipient of the inaugural scholarship. Through our NGM Charitable Foundation, we have established a \$25,000 foundation at UNF to fund future scholarships for students enrolled in the school's College of Education and Human Services (COEHS).

At Keene State College, we donated \$5,000 to support the school's new Technology, Design and Safety (TDS) Center. The TDS Center will be used for undergraduate and graduate programs focused on safety and occupational health applied sciences, architecture, and sustainable product design and innovation.



For the third consecutive year, Main Street America hosted a field trip at its corporate headquarters for the entire 5th grade class of Woodland Acres Elementary School.

PRIMARY AND SECONDARY EDUCATION

In conjunction with COEHS, Main Street America continued its year-round partnership with Woodland Acres Elementary School in Duval County, Fla. In 2013, more than 20 of our Jacksonville employees volunteered to tutor students once a month at the Arlington-area elementary school. Our other activities included:

- Conducting a supply drive to help teachers and students kick off the school year and a summer reading book drive for primary grade students. All supplies were donated by our employees.
- Hosting an annual field trip at our corporate headquarters for the entire Woodland Acres fifth grade class to show them what it's like to work at a company in Jacksonville, as well as introduce them to a potential career in the insurance field when they graduate college.
- Holding a book fair at the end of the school year for all primary grade students (K-2) so each child could take a book home for summer reading. Hundreds of books were donated by our employees.
- Funding the launch of a community outreach program, which is focused on getting parents more involved in their children's education.

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



MILESTONE: PROVIDING A STABLE MARKET TO 'MAIN STREET' DECADE AFTER DECADE

Located across the street from the Metro-North Train Station in the Hawthorne, N.Y., business district, McCarthy Insurance has the look and feel of "Main Street," especially with its classic awnings and front steps.

The agency has been serving its personal lines and commercial lines Main Street insureds in suburban Westchester County, N.Y., since 1930 and The Main Street America Group's NGM Insurance Company has played a key role in its success.

The partnership started in 1982 when agency principal William McCarthy appointed NGM.

"My father's barometer for adding a new carrier was how it responded to the needs of their assigned risk business in New York State. National Grange stood out as a leader in this area," said current agency principal Bill McCarthy. "NGM went from being our agency's smallest carrier to our No. 1 market for the past 15 years."

"The McCarthy Agency's book is preferred business. They write very good quality risks for us."

"The McCarthy Agency's book is preferred business. They write very good quality risks for us," said Anne Bastian, Main Street America's business management executive who supports the agency.

Bill said there are two key areas where Main Street America differentiates itself from other carriers.

"Where some carriers jump in and out of segments of business, Main Street America remains focused on its market sector," he said. "Additionally, they are a stalwart backer of the independent agency system. Other carriers have used multiple distribution methods over the years, but Main Street America has never wavered from the independent agent as its only distribution source."

"Other carriers have used multiple distribution methods over the years, but Main Street America has never wavered from the independent agent as its only distribution source."

McCarthy Insurance currently writes about 60 percent commercial lines and Bill expects that sector to continue to grow.

"I believe the trend of commercial lines growth will continue, assuming the economy can recover and our partner carriers maintain their appetite and competitiveness," he said.

Bill said the other hot trend which will help McCarthy Insurance sustain profitable growth is engagement of the latest technology.

"Technology has enabled us to grow our business and communicate better with our clients," he said. "We have implemented an agency management system that is cloud-based. It provides us with better data redundancy, a greater sense of security, and the ability to work remotely and serve our clients 24/7/365."

Bill added the agency has also upgraded its website to make it more user-friendly and also plans to engage social media to drive new business.



(left to right) Grayden Rubottom, principal of Creative Insurance Marketing Company, Tigard, Ore.; and Mike Walker, Main Street America business management executive.

MILESTONE: GROWING OUR FOOTPRINT IN THE PACIFIC NORTHWEST

As The Main Street America Group continues to spread risk and increase scale via its geographic diversification strategy, it couldn't have picked a better spot to grow its footprint than Oregon.

The super-regional's Austin Mutual Insurance Company affiliate already had a strong presence in this picturesque Pacific Northwest state, so it was logical that Oregon would be one of three Western Region states (along with Wisconsin and South Dakota) that received Main Street America's Main Line Business Owners Policy and other new commercial products in 2013.

Selling both Main Street America and Austin Mutual products enabled our Oregon agency plant to generate very solid results in 2013. Leading the way was Creative Insurance Marketing Company (CIMCO), an independent agency based in the Portland suburb of Tigard.

CIMCO has a rich history with Austin Mutual that dates back to 1994. Led by agency principal Grayden Rubottom, CIMCO established a significant milestone in 2013 by generating \$1.1 million of premium with Austin Mutual, the first time the agency has broken the \$1 million threshold with any of its markets. That was a substantial \$250,000 increase over 2012 sales.

"Austin Mutual is our 'go-to' carrier and currently represents about 45 percent of our entire book," Grayden said. He established CIMCO in 1987 and focuses heavily on commercial lines (nearly 85 percent of total volume).

Grayden said Austin Mutual's affiliation with Main Street America has spearheaded significant profitable growth for his agency.

"It was the key to our success last year," Grayden said. "It allowed us to maintain an 'A' rated carrier for our existing Austin Mutual book of business, as well as provide us with the ability to attract new business when a solid rating is a necessity. Our customers rely on us to insure them with financially strong carriers and it's very comforting when they know that's what we've done for them."

Grayden stressed a key driver of the successful partnership between CIMCO and Austin Mutual has been the level of relationships.

"The relationships we have developed with Austin Mutual's people are a unique part of our overall success with them," Grayden said. "This starts with trust and integrity, which I believe are the principal building blocks in any successful agent/carrier relationship. Their willingness to follow up on an agency's ideas for improving current products or adding new product lines is a real bonus. Knowing they have an agency that is selective in placing profitable business enhances our mutual relationship."

"The relationships we have developed with Austin Mutual's people are a unique part of our overall success with them."

CIMCO's Main Street America/Austin Mutual support team includes field representative Mike Walker, and commercial lines underwriters Kay Nordling and Kristi Rinehart.

"Working with the same field representatives and underwriters day in and day out makes our job incredibly easy versus other carriers that have a lot of personnel changes. Our relationship with Austin Mutual is like a close-knit family, which is one of the reasons why I wanted to join the company's regional agency council in 2014," Grayden said.

He expects new products such as Main Street America's Main Line BOP to be a driver of continued profitable growth for CIMCO.

"Our customers will benefit from Main Line BOP's strong menu of eligible classes of business and comprehensive policy forms and we will benefit from Main Street America's willingness to expand new classes or programs," Grayden concluded.



TRUSTED CHOICE®

ESTABLISHES MILESTONES, GROWS BRAND WITH ENHANCED ONLINE PRESENCE

When the new TrustedChoice.com website launched in June 2013, it was “game on” for independent agents to compete head-to-head with direct writers and captive agents for personal lines business via the online channel.

As 75 percent of personal insurance consumers research online when shopping for insurance, leaders of the independent agency system knew they had to change the paradigm to stop the trend of shrinking market share. They sought out partners who would help support this approach and The Main Street America Group was one of six charter carriers which stepped forward to provide the necessary funding to make the Consumer Agent Portal (CAP) a reality.

“Today’s agents need to do business the way consumers want to do business and TrustedChoice.com provides agencies with an instantaneous presence on the internet.”

“The status quo in personal lines is no longer acceptable for independent agencies,” said Bob Rusboldt, president and chief executive officer of the Independent Insurance Agents & Brokers of America (Big “I”). “Today’s agents need to do business the way consumers want to do business and TrustedChoice.com provides agencies with an instantaneous presence on the internet.”

“This gives us a chance to win locally by competing nationally,” added long-time Main Street America customer Tom Minkler, president of Clark-Mortensen Insurance & Financial Services in Keene, N.H., and chairman of the Big “I.” “It’s a way to gain business for our own agencies, while joining other agents in a cause to recapture national market share. The opportunity is unlimited.”

To build upon the value of the Trusted Choice® brand, it was a natural decision to make TrustedChoice.com the online home of CAP. And what a great decision it was. Traffic to the site is up 800 percent year-over-year and Google ranks it amongst the top hits when consumers are “Googling” for information about insurance.

The enhanced web presence is helping to increase the value of Trusted Choice in the marketplace. Since Main Street America became the founding company partner of Trusted Choice when the brand was established in 2001, it has grown to 70 company partners and more than 25,000 independent insurance agencies and financial services firms.

“Engaging TrustedChoice.com to host CAP was the right way to go,” said Mark Berset, enterprise CEO of Comegys Insurance Agency in St. Petersburg, Fla. “Trusted Choice is a strong brand and the online portal will get the attention of consumers who like to shop for insurance online while providing us with more opportunities to grow our business.”

“It will enhance our visibility to online customers and make it easier for consumers to understand the value of working with an independent agent,” said Grayden Rubottom, principal of Creative Insurance Marketing Company (CIMCO) in Tigard, Oregon.

Consumers in a growing number of states have two options when they visit TrustedChoice.com. They can use the agency locator to find local Trusted Choice agents or they can get real-time personal lines quotes from multiple carriers, including Main Street America, as well as information about local Trusted Choice agencies which represent these carriers. Then, they can connect with the agency of their choice to write the policy and provide ongoing service.

Bill McCarthy, principal of McCarthy Insurance in Hawthorne, N.Y., said the larger trend of consumers shopping for insurance online will provide many opportunities for independent agents to reinforce their value.

“The personal lines market has shifted,” Bill said. “The advent of shopping insurance online has opened the insurance market to many more players, providing many more options for the insured to consider. Unfortunately, many insureds are trusting obscure websites to gather insurance knowledge before making their purchase, and many times, they are ill-informed. The result is an insurance plan which is woefully inadequate for their true need.”

“We know our customers well because we are active in the community. And they want to do business with us because they are comfortable talking to us about their insurance needs.”

Bill continued, “The challenge for the insurer and the retail agent is to reassure prospective clients that the optimal way to buy the proper insurance coverage is through a professional advisor, not a quirky cartoon character. With other channels, the insured loses the ability to learn about insurance and to make an informed decision. Only a professional insurance advisor can offer that knowledge to the consumer.”

Bill added, “Price is king with personal insurance, but we need to find more ways to market our products and services via social media and other avenues, such as the new TrustedChoice.com., that will be appealing to the current marketplace, particularly with clients in a younger age bracket.”

Linda Comegys Berset, president of Comegys Insurance, said no other insurance distribution system can ever replace the value of working with a Trusted Choice independent agent.

“Most Trusted Choice agents have been in this industry a long time,” Linda said. “Not only are we good business people, but we are good community leaders. We know our customers well because we are active in the community. And they want to do business with us because they are comfortable talking to us about their insurance needs.”

Comegys’ vice president Derek Berset added, “We are always looking to find the best coverage at the best price for our insureds.”

Grayden said nothing can surpass what the independent agent can provide insureds.

“The independent agent offers the best of all worlds to consumers,” he said. “Unlike other distribution systems, independent agents are able to provide multiple carriers and quotes to their customers, as well as the ability to provide markets for most any exposure.”



Comegys Insurance Agency’s enterprise CEO Mark Berset and president Linda Comegys Berset.



Creative Insurance Marketing Company principal Grayden Rubottom.



McCarthy Insurance’s head of personal lines Tom Milliot (left) and agency principal Bill McCarthy.



SENIOR MANAGEMENT

Left to right:

JEFF KUSCH

*President,
Austin Mutual Insurance Company
and Western Region*

STEVE PEETERS

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

TONI PORTERFIELD

*Senior Vice President,
Human Resources*

DOUG EDEN

*Senior Vice President,
Field Operations*

TOM VAN BERKEL

*Chairman, President and
Chief Executive Officer*

BRUCE FOX

*Vice President,
General Counsel
and Secretary*

ED KUHL

*Executive Vice President,
Chief Financial Officer
and Treasurer*



BOARD OF DIRECTORS

Left to right:

WILLIAM D. GUNTER JR.

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

IDALENE F. KESNER

Dean
Indiana University
Kelley School of Business
Bloomington, Ind.

TERRY L. BAXTER

Retired Executive
Lyme, N.H.

DAVID FREEMAN

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

JAMES E. MORLEY JR.

Director
Washington Advisory Group
Washington, D.C.

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.

ERIC S. ELLIOTT

President and Chief Executive Officer
Prime Therapeutics LLC
Eagan, Minn.

ALBERT H. ELFNER III

Retired Executive
Boston, Mass.

R. CHRIS DOERR

Retired Executive
Jacksonville, Fla.

CIRCLE OF EXCELLENCE



HOLLIE CARTER
Compliance Analyst
State Filings
Jacksonville



GORDON KENDALL
Manager
Business Technology
Keene



DIANE MINI
Systems Team Lead
Information Technology
Keene

2013 HONOREES

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

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.

Nearly 250 employees have been inducted into Main Street America's prestigious Circle of Excellence.



DEBRA MORSE
Senior Underwriter
Commercial Lines Product
Syracuse



NICHOLE PELKEY
Operations Supervisor
Integrated Customer Solutions
Keene



BRIT TURNER
*Manager, Corporate Planning
and Analysis*
Financial Services
Jacksonville

2013 FINANCIAL RESULTS

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

	AS OF DECEMBER 31, 2013	AS OF DECEMBER 31, 2012
ASSETS:		
Investments:		
Tax-Exempt Bonds	\$ 602,138	\$ 508,148
Taxable Bonds	947,095	948,194
Common Stocks	149,434	111,147
Preferred Stocks	701	732
Cash and Equivalents	56,603	35,440
Other Investments	155,728	110,643
Total Cash and Investments	1,911,700	1,714,304
Agents' Balances	238,398	244,280
Reinsurance Recoverables	9,118	6,885
Deferred Tax Asset	82,656	73,852
Other Assets	64,340	65,493
Total Admitted Assets	\$ 2,306,212	\$ 2,104,814
LIABILITIES AND		
POLICYHOLDERS' SURPLUS:		
Loss Reserves	349,100	315,233
IBNR	252,953	254,989
Unpaid Claims Expenses	114,873	105,960
Unearned Premiums	480,696	473,051
Expenses and Taxes Payable	42,808	37,044
Claim Checks Outstanding	23,225	24,813
Other Liabilities	61,265	46,829
Total Liabilities	\$ 1,324,920	\$ 1,257,919
Policyholders' Surplus	\$ 981,291	\$ 846,896
Total Liabilities and Policyholders' Surplus	\$ 2,306,212	\$ 2,104,814

2013 FINANCIAL RESULTS

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

	AS OF DECEMBER 31, 2013	AS OF DECEMBER 31, 2012
STATEMENT OF OPERATIONS:		
Net Premiums Written	\$ 1,000,720	\$ 978,226
Premiums Earned	1,010,599	948,486
Losses Incurred & ALAE	638,185	610,250
Claims Expenses	27,388	25,034
Commissions	185,782	183,228
Other Expenses	161,634	140,079
Total Underwriting Expenses	1,012,990	958,591
Net Underwriting Gain (Loss)	(2,391)	(10,104)
Net Investment Income	51,412	50,722
Realized Investment Gains	9,247	16,568
Other Income and Expenses	3,634	2,609
Income (Loss) Before Taxes	61,902	59,794
Income Taxes	4,799	3,101
Net Income	\$57,103	\$56,694
STATEMENT OF SURPLUS:		
Surplus, January 1	\$ 846,896	\$ 775,341
Change in Surplus:		
Net Income	57,103	56,694
Net Unrealized Gain from Investments	27,923	6,349
Change in Non-Admitted Assets	46,691	(7,554)
Change in Net Deferred Tax Asset	1,075	17,744
Dividends to Stockholders	(9,204)	(10,961)
Other Changes	10,807	9,283
Change in Surplus	134,395	71,555
Surplus, December 31	\$981,291	\$846,896

2013 FINANCIAL RESULTS

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

	AS OF DECEMBER 31, 2013	AS OF DECEMBER 31, 2012
CASH FLOWS FROM UNDERWRITING ACTIVITIES		
Net Premium	\$ 1,022,688	\$ 945,188
Losses	(637,293)	(620,461)
Claims Expenses	(27,388)	(25,034)
Commissions	(183,500)	(183,332)
Other Expenses	(158,985)	(122,426)
Net Cash Provided By Underwriting Activities:	15,522	(6,065)
Investment Income, net of expenses	68,693	66,793
Income Taxes	(4,847)	(1,970)
Capitalized Spending	24,379	(6,927)
Miscellaneous Transactions	(10,100)	(4,758)
Pension Contribution	(3,000)	(7,300)
Net Cash Provided By Operating Activities:	90,647	39,772
Cash Flows From Investing Activities:		
Proceeds from Fixed Maturities Sold	556,651	630,971
Proceeds from Equity Securities Sold	44,153	92,360
Other Proceeds	(26,593)	(11,665)
Purchase of Fixed Maturities	(586,072)	(680,566)
Purchase of Equity Securities	(48,420)	(61,015)
Net Cash Used in Investing Activities:	(60,280)	(29,915)
Cash Flows From Financing Activities:		
Dividends to Stockholders	(9,204)	(10,961)
Net Cash Used in Financing Activities:	(9,204)	(10,961)
Net Change in Cash and Cash Equivalents	21,164	(1,104)
Cash and Cash Equivalents, Beginning of Year	35,440	36,544
Cash and Cash Equivalents, End of Period	\$ 56,603	\$ 35,440

OFFICE DIRECTORY

CORPORATE

HEADQUARTERS

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

REGIONAL OFFICES

New England Region

*Territory includes Connecticut,
Maine, Massachusetts,
New Hampshire,
Rhode Island, Vermont*
55 West Street
Keene, NH 03431
(800) 258-5310

Northeast Region

*Territory includes Delaware,
Maryland, New York,
Pennsylvania*
220 Salina Meadows Parkway
Suite 200
Syracuse, NY 13212
(800) 962-5515

Southeast Region

*Territory includes Florida,
Georgia, 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 Avenue North
Maple Grove, MN 55369
(800) 328-4628

SATELLITE OFFICES

Indiana

6201 Corporate Drive
Indianapolis, IN 46278
(800) 428-7081

Minnesota

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

Nebraska

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

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

COMMERCIAL SURETY

New Jersey

17 Woodport Road
Suite 2B
Sparta, NJ 07871
(973) 729-1006





THE MAIN STREET AMERICA GROUP

NGM INSURANCE COMPANY

OLD DOMINION INSURANCE COMPANY

MAIN STREET AMERICA ASSURANCE COMPANY

MSA INSURANCE COMPANY

GREAT LAKES CASUALTY INSURANCE COMPANY

GRAIN DEALERS MUTUAL INSURANCE COMPANY

SPRING VALLEY MUTUAL INSURANCE COMPANY

MAIN STREET AMERICA PROTECTION INSURANCE COMPANY

AUSTIN MUTUAL INSURANCE COMPANY



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