A stylized map of the United States is centered on a dark blue background. The map is surrounded by numerous concentric circles of varying sizes, some overlapping, which suggest a concept of expansion or growth. The background is a light green color with a pattern of white, irregular, maze-like lines. The text is positioned to the left of the map.

VISION IN ACTION:

***EXPANDING BOUNDARIES***

**THE MAIN STREET AMERICA GROUP**  
**2008 ANNUAL REPORT**



## TABLE OF CONTENTS

- 2** Message from the Chairman
- 5** 2008 Financial Overview
- 6** Customers Rave About New Bond System
- 8** Customer Profiles
- 10** Delivering on our Promise
- 12** Opportunities Abound in New States
- 14** Customer Profiles
- 16** Strongly Supporting our Communities
- 18** Senior Management
- 19** Strength of Trusted Choice® Brand
- 20** Board of Directors
- 21** Circle of Excellence
- 22** 2008 Financial Results



*(left to right) Insurance Market principal Jim Hartstein, agency president Matt Parker, agency principal Stephen Hartstein, Main Street America Richmond Region president Joe Meholic, Main Street America business development executive Candi Shoupe and agency principal John Downes meet outside the agency's headquarters in Laurel, Del. To learn more about The Insurance Market and some of our other customers, profiles begin on page 8.*

**"WE ENDED  
THE YEAR  
EXTREMELY  
WELL-CAPITALIZED  
WITH A  
VERY STRONG  
BALANCE SHEET."**

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



2008 was an exciting year for The Main Street America Group as we expanded into six new states, introduced our new business owners' product and began to implement three new policy processing platforms.

We also achieved a 94.9 combined ratio – among the lowest we have ever recorded – due to strong underwriting results in four of our profit centers: commercial lines (89.4), surety (85.5), Jacksonville Region (81.6) and Syracuse

## Message from the Chairman

Region (93.4). While we did not achieve our corporate premium growth target, we continued to focus on profit over growth as we maintained our underwriting and pricing discipline. We ended the year extremely well-capitalized with a very strong balance sheet.

In personal lines, our overall new business production exceeded our annual plan, in aggregate, across all nine states where we have implemented *Personal Auto MVP*. We also introduced our new quoting and policy issuance system, *Main Street Station for Personal Lines*, in Maine, Virginia and Georgia, and will continue to roll out *MVP* and our new platform to other states throughout 2009. We also have initiated a program to review homeowner valuations.

Additionally, we closed a transaction with Westfield Insurance to assume its Delaware personal lines book in 2009. This should double our current market share in a state that has been historically profitable for us.

In commercial lines, we launched our new business owners' product, *Main Line BOP*, and a new policy processing system,

*Main Street Station for Commercial Lines*, in Pennsylvania. *Main Line BOP* features much broader eligibility than our previous BOP, with 106 new classes for a total of nearly 500. This will enable our customers to better serve their "Main Street" small business customers. We will continue to implement the new BOP and new platform throughout our other states in 2009.

Our surety business benefitted from the successful rollout of *Main Street Station for Bonds*. The ease of doing business provided by our new processing system, which has been labeled "the best bond issuance system in the business" by several of our customers, helped this unit achieve its 17 percent growth goal in commercial surety.

In claims, we continued to deliver on our promise to respond quickly and fairly. This was displayed most recently following a significant New England ice storm in December. We also introduced the *Priority Choice* direct repair program that provides insureds with a variety of choices for getting their autos repaired following an accident, as well as "concierge" service for rental car pick-up and delivery.

A key element of our long-range plan is geographic diversification. We made progress on this strategy in several areas during 2008. We completed the acquisition of Great Lakes Casualty Insurance Company in Grand Rapids, Mich. Great Lakes, founded by a network of Michigan independent agents in 1997, is a personal auto carrier with strong brand value throughout the state.

In 2008, we began offering our surety products in Michigan. In 2009, we plan to introduce our *Personal Auto MVP* multivariate pricing product via our nearly 100 Michigan agent-customers, followed by commercial and homeowners' products. Michigan will also be our catalyst to expand into other Midwest states.

*continued on page 4*

continued from page 3

In the Western U.S., we formed a partnership with the Leavitt Group, one of the largest independent agency networks in the country, enabling us to begin selling our commercial products in Arizona, Nevada and Utah. These states are demographically growing markets that present us with opportunities to profitably grow our book. We also have a dedicated field sales representative and commercial lines underwriter housed within the territory to help build this business.

**“WE ARE VERY WELL-POSITIONED TO TAKE ADVANTAGE OF WHAT IS PROJECTED TO BE A HARDENING MARKET IN 2009.”**

Additionally, we developed partnerships in Oklahoma and Texas, which contributed to our total of \$42.4 million in written premium from our voluntary assumed reinsurance business, a 35 percent increase over 2007. In 2008, we began providing reinsurance for homeowners' coverage in these two states and in 2009, we will continue our geographic diversification by selectively writing property insurance in Texas, and personal auto and umbrella insurance in Oklahoma.

While we have moved into six new states in regions beyond our traditional East Coast markets, our plans to operate a strong, regionally focused company remain unchanged. We are achieving our strategic goals of profit and scale through an increased geographic breadth of distribution partners. We are also methodically increasing our distribution points in existing states.

We could not have achieved success in 2008 without the strong support of our customers and the tireless efforts of our employees. Hundreds of our customers have made us No. 1 or No. 2 in their agencies and we thank them for their continued business as they face a difficult economic environment in a cycle-driven insurance market.

Main Street America remains 100 percent committed to the independent agency system as our sole distribution channel and we also continue to champion Trusted Choice®, the national branding program of the Independent Insurance Agents & Brokers of America.

In 2008, we enhanced our efforts to promote the value of Trusted Choice by co-branding all of our marketing materials and relaying key messages throughout our customer communications. We also co-sponsored a Trusted Choice television ad campaign spearheaded by the Independent Insurance Agents of Rhode Island.

Trusted Choice enables independent agents, who typically brand themselves at a local level, to compete against other insurance companies with alternative distribution systems that have strong national brands. It also helps to reinforce that independent agents provide consumers with expertise and choice, and act as their trusted advisor.

We are very well-positioned to take advantage of what is projected to be a hardening market in 2009. Our strong financial standing combined with our market expansion, our customer relationships and the continued rollout of *Main Line BOP*, *Personal Auto MVP* and the *Main Street Station* platforms, will enable us to profitably grow our business and achieve our 2009 financial goals.

We strive to take care of our customers, and our customers' customers, better than anyone else and will continue to serve them in a spectacular way by delivering "The MSA Experience" throughout 2009.



**Tom Van Berkel**  
Chairman, President and Chief Executive Officer

# 2008 Financial Overview

The economic downturn in 2008 significantly impacted the property-casualty industry and The Main Street America Group was not immune to this. Yet, we still achieved a financial milestone and outperformed the industry in several areas.

Our investment results fell well below expectations, as we sustained a \$96 million loss. Our poor results generally mirrored those with similar portfolios, in what became the worst investment year for the financial markets since 1931. Late in 2008, in response to excessive volatility in the capital markets, we significantly reduced our exposure to equities in favor of high-quality fixed income instruments. Our fixed income portfolio remained solid throughout the year with very few permanent impairments in value.

## OUR RESULTS INCLUDED:

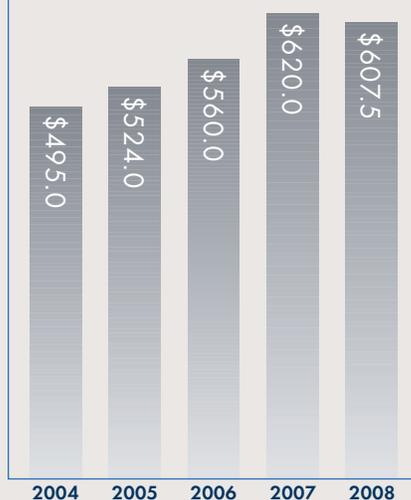
- Combined ratio of 94.9, lower than our 2007 combined ratio of 95.8, leading to a \$43.6 million underwriting profit, the largest in our 85-year history.
- Surplus and equity decreased by 1.9 percent to \$607.5 million, compared to the average industry decline that is expected to reach double digits. Despite our surplus decrease, our premium-to-surplus ratio held steady at 1.33 to 1.
- "A" (Excellent) rating affirmed by A.M. Best, the P&C industry's premier rating agency, with a stable outlook.

Our net written premium declined 4.1 percent to \$805 million, well below our plan. This was in line with industry growth trends that also declined for the second straight year. Our premium shortfall reflects the significant price softening in the commercial lines market, but we remained steadfast in our resolve to write business only at prices that will produce profits.

We finished 2008 with a loss ratio 2.7 points below plan, 0.7 points lower than 2007, and we strengthened our total loss reserves by \$26.5 million. While we had several storms impact our regions throughout 2008, including a multi-state ice storm in December, we benefitted from the third consecutive year of no "major" catastrophes impacting our markets during the hurricane season.

## SURPLUS GROWTH

(DOLLARS IN MILLIONS)



## KEY RESULT MEASUREMENTS

(DOLLARS IN MILLIONS)

	2006	2007	2008
COMBINED RATIO	96.3	95.8	94.9
NET WRITTEN PREMIUM	\$843	\$851	\$805
RETURN ON SURPLUS AND EQUITY	15.8%	17.8%	-6.2%
SURPLUS AND EQUITY	\$560.0	\$620.0	\$607.5
PREMIUM TO SURPLUS RATIO	1.5:1	1.35:1	1.33:1

For more details regarding our 2008 financial results, please see pages 21-23 of this annual report, as well as our Web site, [www.msagroup.com](http://www.msagroup.com).

*Main Street America  
account management  
executive Mike Harjula  
meets with bonds  
manager Louise Beaumont  
of the Cross Agency in  
Bangor, Maine.*



Being invisible in the transaction is a key ingredient of The Main Street America Group's strategy to make it as easy as possible for our customers to write business with us. We have delivered in a big way with our new surety processing system, *Main Street Station for Bonds*.

"What's great about Main Street America's system is that even for an occasional user within our agency, it is simple to use because it walks you through all of the steps and asks the user the right questions," said Mike Foy, president of Foy Insurance in Exeter, N.H.

He said that processing speed is one of the system's critical success factors.

"We generate a lot of probate bonds for attorneys and they tend to be last-minute creatures. They need fast service and we can deliver quickly because of Main Street America's efficient system," Mike said.

Louise noted, "Other systems ask you for a bunch of codes, which makes it so much harder to process the bond. With Main Street's system, you sign on right away. You indicate the type of bond you are looking for and you can process it by its proper name. The entire process is very clear and concise, and it's fast. You can't get any easier than that."

She added that since bond pricing and products are similar amongst carriers, service is what wins business and *Main Street Station for Bonds* is a significant differentiator in the marketplace.

"Main Street America has competitors playing catch-up," Mike said. "I have tried a couple of other automated bond systems and encountered several problems. Main Street America got it right with their new system."

## Main Street Station for Bonds Earns Accolades

from our Customers



*Foy Insurance president Mike Foy and Main Street America agency development specialist Martha Silander.*

"*Main Street Station* has helped us spur growth in our bonds business," said Louise Beaumont, bonds manager at Cross Insurance in Bangor, Maine, who uses the system every day. "Their processing system helps us serve our clients better. This enables us to develop better relationships with our customers and generate referrals for new business."

The state-of-the-art system was developed in-house by our information technology department in collaboration with our bonds unit and launched in early 2008. It generated nearly 4,000 bonds in its first year while helping us achieve 17 percent growth in our commercial surety business.

*Main Street Station for Bonds* enables our customers to electronically order and process miscellaneous surety, license, permit, probate, court and fidelity bonds, as well as execute renewals, endorsements, billing and cancellations – all within a few minutes per transaction. The system also features a library of more than 4,000 forms and a robust search tool.



# Customer Profiles



Knoll Insurance president John Knoll and Main Street America business management executive Terry Evert.

## KNOLL INSURANCE AGENCY INC.

New Cumberland, Pa.

**Founded:** 2005

**Year Appointed Main Street America Customer:** 2003  
(via another agency prior to formation of Knoll Insurance Agency)

**2008 Premium Volume:** \$6.6 million

**Agency Principal:** John Knoll

**Marketplace:** Central and Eastern Pennsylvania  
(includes Harrisburg and suburban Philadelphia markets)

**Number of Offices:** 2

**Number of Employees:** 18

**Agency's Niche:** "We write 92 percent commercial lines and 8 percent personal lines, plus \$1 million of health insurance," said agency president John Knoll. Their largest sector is contractors.

### What Differentiates Main Street America in Your Agency?

"Since 2006, Main Street America has moved from being our No. 3 carrier to No. 1," John said. In 2008, the agency's business with Main Street America increased 22.2 percent.

John added, "What differentiates Main Street America is their people. A few years ago, (Main Street America Syracuse Region president) Mark Berger helped me hire a new sales person. These are the types of things you do not forget and spurs the kind of growth we have experienced with Main Street."

The agency has also had great success with Main Street America's new business owners' product, *Main Line BOP*.

"During our first month of selling *Main Line BOP*, 75 percent of what we wrote was in the new classes," John said. "These are the classes our customers need. It is a great program."



(left to right) Insurance Market principals Stephen Hartstein, Jim Hartstein and John Downes in the lobby of their Laurel, Del., headquarters, which used to be a U.S. Post Office.



Hamby & Aloisio principals Vic Aloisio Jr. (left) and Vic Hamby.

## THE INSURANCE MARKET

Laurel, Del.

**Founded:** 1900

**Year Appointed Main Street America Customer:** 1991

**2008 Premium Volume:** \$20 million

**Agency Principals:** John Downes, Jim Hartstein and Stephen Hartstein

**Marketplace:** Sussex County, Del.

**Number of Offices:** 5

**Number of Employees:** 35

**Agency's Niche:** "Our property-casualty mix is 60 percent commercial lines and 40 percent personal lines," said agency principal Jim Hartstein. "We generate an additional 20 percent in business from financial services, focusing on life insurance, health insurance and investments. Being very active in this market makes us unique. We put an emphasis on writing all lines of business. This is very beneficial for retention purposes."

### What Differentiates Main Street America in Your Agency?

"Main Street America has been our No. 1 carrier for the past five years," said agency principal Stephen Hartstein. "Key differentiators are the quality of their sales staff and their underwriters. We have great relationships with all of them."

"Main Street America does a fantastic job in claims. There is a lot of satisfaction from our customers," said agency principal John Downes. "We never hear any complaints about their claims handling, which is a very good thing."

## HAMBY & ALOISIO INC.

Atlanta, Ga.

**Founded:** 1972

**Year Appointed Main Street America Customer:** 1993

**2008 Premium Volume:** \$65.5 million

**Agency Principals:** Victor Aloisio Sr., Vic Aloisio Jr., Charles Hamby, Robert Hamby and Vic Hamby

**Marketplace:** Metro Atlanta

**Number of Offices:** 1

**Number of Employees:** 67

**Agency's Niche:** "We write 60 percent commercial lines, 20 percent personal lines and 12 percent surety," said agency principal Vic Hamby. "We are also the largest writer of non-profit agencies in the state of Georgia."

### What Differentiates Main Street America in Your Agency?

"Main Street America understands who we are and what we do and they understand who our customer is," Vic Hamby said. "Their broad product line, from surety to personal lines to commercial lines, is competitive, rock solid and viewed with a healthy dose of common sense."

"Whenever we need them, whether it is clarification of an underwriting issue to administration to claims, they are there for us and our customers. Main Street America offers it all: integrity, trust, financial stability and honor. A lot of companies talk the talk, but Main Street America walks the walk. The growth of our Main Street America book has been phenomenal and they are well on their way to the top spots within our placement strategy."

Additional customer profiles are located on pages 14-15.



# Helping Main Street America's Insureds Quickly Recover from a Major Ice Storm

When a devastating ice storm knocked out power to more than 1 million residents throughout New England and upstate New York in mid-December, The Main Street America Group was well-prepared to immediately help its many insureds and agent-customers who were impacted by the largest ice storm to hit the region in nearly a decade.

"Driving down the road, it looked like a tornado came through the area followed by a thick blanket of ice," said Main Street America Customer Care Unit manager Peg Charette, who experienced the damage first-hand because the storm also affected her and many of our company's claims employees who live in central Massachusetts.

*Richmond Region employees JoAnn Verdolino (left) and Lynne Smith were among the many teams of Main Street America claims personnel who worked with our policyholders following the New England ice storm.*

"We could really feel empathy for our policyholders because we were going through what they were going through," Peg said. "Several of us were without power ourselves, but we were still coming into the office every day to handle the large volume of claims from this storm."



# Delivering on our Promise

She added that we follow a series of standard procedures when a catastrophe (CAT) of this magnitude strikes.

According to John Walsh, Main Street America's field director responsible for overseeing the settlement of claims from this storm, we received more than 1,600 claims, totaling nearly \$4.6 million in losses.

John said the common types of claims we received included power losses with accompanying spoilage, trees fallen down on homes and cars, and flooding as a result of sump pumps failing or shutting down.

Claims employees from our Auburn, Mass., Claims Reporting Center and regional operations in Jacksonville, Fla., and Richmond, Va., were all involved in handling the losses. Many worked seven days a week to keep up with the high volume of claims.

"We also had adjusters on the ground within 24 hours in the hardest hit areas in Massachusetts and New York State, working the larger structural claims," John said.

"Our CAT process enabled us to react quickly and settle claims expediently," he added.

"When a severe storm like this strikes and impacts so many of our policyholders, it is essential that we flawlessly deliver our WOW! claims service," said Main Street America claims vice president Mike Lancashire. "Our goal is to get our customers restored quickly and let them know we are there for them when they need us. In this CAT event, we fulfilled our commitment to serve our customers and our customers' customers better than any other else."



**A** Customer Care Unit manager Peg Charette and field director John Walsh led Main Street America's ice storm response.



Employees in our Auburn Claims Reporting Center who handled ice storm claims included:

**B** (left to right) Terriann Krasinskas, Valerie Sabo, Reese Griswold, Jilma Valdes and Christopher Dorr.



**C** (left to right) Deborah Barnes (seated), Noemi Ortiz, Kevin Boden, Danielle Cronin and Harlan Stone.



**D** (left to right) Donna Burroughs, James Baker and Kathy Buduo.



**E** Jacksonville Region employees who processed ice storm claims included (left to right) Joe Pessina, Andrea Walden, John Cribbs and Jason Hartman.



*Main Street America business management executive Stephen Delgado (left) meets with Leavitt Group senior executive Rod Leavitt outside the agency's Las Vegas office. The Leavitt Group is representing Main Street America in Arizona, Nevada and Utah.*

For the Michigan independent agents who established Great Lakes Casualty Insurance Company in 1997, The Main Street America Group's acquisition of the Grand Rapids-based personal auto carrier in 2008 was like a dream come true.

"This is the kind of day we have been waiting for," said an excited Greg Eve, vice president of Eve Insurance in Flint, Mich. His father was one of Great Lakes' founders. "We always hoped that someday, a well-established carrier would come into our state and make Great Lakes a full-line company," Greg said.

Greg, who is also a member of our new Midwest Region Agency Council, is pleased that the first new product we will bring to the Michigan market in 2009 is *Personal Auto MVP*.

"Main Street America has created a good multivariate auto product that has been very successful in its other states. We can't wait to offer it to our customers," he said.

Greg also noted that Main Street America's strong financial standing will be important for his customers.

Steve added that Main Street America's broad product mix will enable his agency to round more accounts.

"Our key is to write everything for our customers with the same company," he said. "Not only will we be able to offer our clients a full slate of personal lines products via the Great Lakes brand, but we will now have the capability to offer our customers Main Street America's commercial lines and surety products. That is a big deal for us."

### OUR NEW WESTERN STATES

Main Street America's new partnership with the Leavitt Group, one of the largest independent insurance brokerages in the United States, will enable us to sell our products via a network of agents in Arizona, Nevada and Utah. Our commercial products are now available to Leavitt's customers, including the recently launched new business owners' product, *Main Line BOP*. Leavitt is also using our new policy processing system, *Main Street Station for Commercial Lines*.

"Our goal is to be a good partner and give Main Street America a strong foothold in a new territory for them – the Western U.S.," said Rod Leavitt, president of the Leavitt Agency in Las Vegas and a member of the Leavitt Group board of directors. "We have added a stable, reputable company for our agents to offer to their customers."

Rod said the Leavitt agents are thrilled that Main Street America is not appointing other agents in these three states.

"We find this type of relationship very attractive and it adds a lot of franchise value," Rod said. He added that Main Street America's decision to place a full-time underwriter in Leavitt's Las Vegas office, as well as having a locally based sales representative, is very positive.

"It shows how committed they are to building business in this region with our organization," he said.

# Opportunities Abound

for Main Street America in Michigan, Western States



"The 'A' rating from A.M. Best is a beautiful thing," he said. "Consumers want to place their insurance with companies that are financially sound."

Steve Wilson, president of the Alpena Agency in Alpena, Mich., said that Main Street America's distribution strategy will benefit his organization.

"I like Main Street America's market approach because they don't have an agency representing them on every corner," said Steve, who is also a member of the Midwest Region Agency Council. "We will be able to sell a company that not everybody else has. Main Street America is very agency-focused. They partner with their agents and help them reach their goals to grow profitably."



# Customer Profiles



Foy Insurance president Mike Foy.

## FOY INSURANCE GROUP

Exeter, N.H.

**Founded:** 1893

**Year Appointed Main Street America Customer:** 1971

**2008 Premium Volume:** \$75 million

**Agency Principals:** Jeff Foy, Mike Foy and Scott Foy

**Marketplace:** New Hampshire, Massachusetts, Maine

**Number of Offices:** 13

**Number of Employees:** 100

**Agency's Niche:** "We are a generalist and specialize in writing personal lines and 'Main Street' business," said agency president Mike Foy. "Our breakdown is 65 percent personal lines (including 10 percent life/health) and 35 percent commercial lines. We also write approximately \$100,000 of miscellaneous surety, 98 percent of this with Main Street America on its new *Main Street Station for Bonds* processing system."

### **What Differentiates Main Street America in Your Agency?**

"The reason why Main Street America is our No. 1 carrier is the quality of their people," Mike said. "Over the years, we have learned that regional carriers have better people than the national carriers. They understand our markets better. They live and work in our markets. They are there for us when we need them. And that is why a company like Main Street America becomes a 'go-to' carrier in our agency."



Main Street America business development executive Brian Mahoney (standing) meets with Insurance Store principals (left to right) Dennis Collis, Joe Billions and Ted Carpenter.



Main Street America Midwest Region president Keith Fry (left) and Berends Hendricks Stuit principal Tom Stuit. Tom is the chair of Main Street America's new Midwest Region Agency Council.

## THE INSURANCE STORE

Marietta, Ga.

**Founded:** 1956

**Year Appointed Main Street America Customer:** 2007

**2008 Premium Volume:** \$23.2 million

**Agency Principals:** Joe Billions, Ted Carpenter and Dennis Collis

**Marketplace:** Metro Atlanta

**Number of Offices:** 1

**Number of Employees:** 20

**Agency's Niche:** "We are a generalist. We do a large amount of construction-related and technology risk coverage in the small-to-middle market arena," said agency principal Dennis Collis.

### What Differentiates Main Street America in Your Agency?

"We began to represent Main Street America because of our affiliation with Shared Agency Services (a group of 50-plus independent agencies throughout Georgia)," Dennis said. "Main Street America's philosophy is one of partnership and professionalism. Their sales and underwriting teams are very accessible, helpful and knowledgeable. Their products are competitively priced and make it easy for us to meet our customers' needs.

"Our growth rate with Main Street America is one of the highest in our agency and we expect them to continue to move toward our top tier. They are becoming one of our 'go-to' companies."

## BERENDS HENDRICKS STUIT INSURANCE AGENCY INC.

Grandville, Mich.

**Founded:** 1939

**Year Appointed Main Street America Customer:** 2008

**2008 Premium Volume:** \$66 million

**Agency Principal:** Tom Stuit

**Marketplace:** Western Michigan

**Number of Offices:** 3

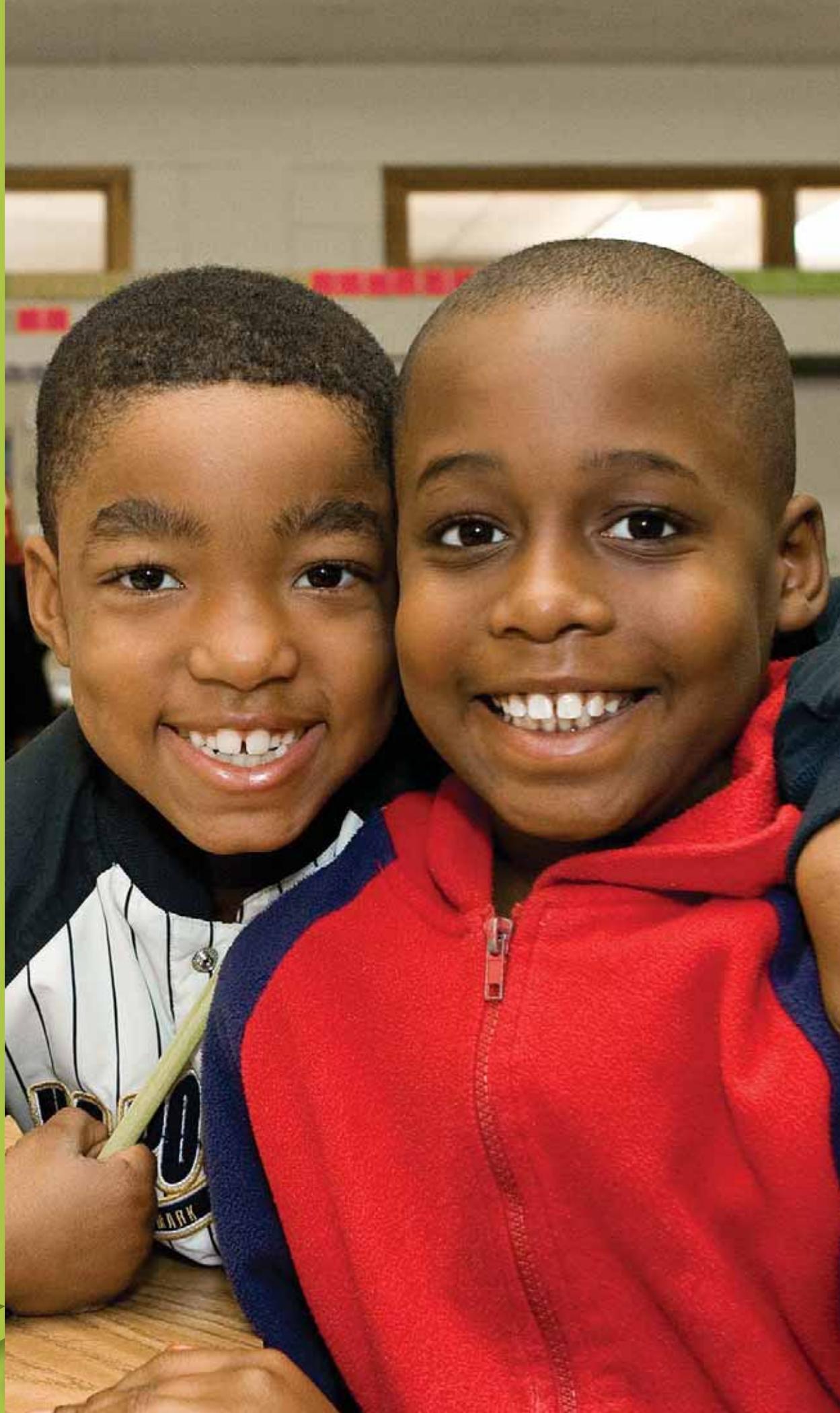
**Number of Employees:** 100

**Agency's Niche:** "Our property-casualty mix is approximately 30 percent personal lines and 70 percent commercial lines. An additional 30 percent of revenue is generated from our employee benefits practice. We focus a lot on account rounding," said agency principal Tom Stuit. "We also have some unique niche programs that include insuring large public gardens and arboretums around the country, as well as several human services organizations such as Head Start programs."

### What Differentiates Main Street America in Your Agency?

"Having an 'A' rated, super regional carrier enter our market with sound underwriting practices, creative product design and excellent leadership is very significant for us," Tom said. "Also, Main Street America's multivariate products, like *Personal Auto MVP*, will be a key differentiator since the ability to do variable rating and analysis will help us grow our business."

*Main Street America has "adopted" Pine Estates Elementary School and will provide tutoring and other support to the students at the Duval County, Fla., public school. Among those students are second graders Godwyn Williams (left) and Treshawn James.*



Throughout 2008, The Main Street America Group and its employees continued to support the communities where we work and live through various charitable causes. We were honored by *Jacksonville Magazine* as one of the “Companies That Care” for our wide range of philanthropic efforts.

Our NGM Charitable Foundation, which makes corporate distributions and matches employee donations, provided more than \$165,000 to non-profit organizations throughout our markets.

## Strongly Supporting our Communities

We also continued to be a proud supporter of the annual nationwide United Way campaign. We donated more than \$106,000 to support local United Way agencies in Auburn, Mass.; Jacksonville, Fla.; Keene, N.H.; New York City; Richmond, Va., and Syracuse, N.Y. This included employee contributions and a company match through our Foundation.

We initiated an Employee Volunteer Day, enabling every one of our employees to spend an entire work day volunteering at a local non-profit organization of their choosing.

### HIGHLIGHTS OF OUR OTHER 2008 COMMUNITY ACTIVITIES INCLUDED:

#### Eddy Scholarship Fund

We awarded the Jeanne and William Eddy Scholarship to Merrimack College senior Megan Curran. The \$6,650 scholarship for the 2008-09 school year, which includes contributions from our employees and our Foundation, was created in honor of Jeanne, a former Main Street America executive and her husband Bill, who passed away together in a tragic plane accident in Alaska in July 2007. The Eddys both graduated from Merrimack.

#### Keene Pumpkin Festival

More than 80 of our Keene employees coordinated our pumpkin patch for little ghouls and goblins who attended the 18th annual festival. Our pumpkin patch offers children an opportunity to create pumpkin and harvest-themed “make-it-and-take-it” projects.

#### VSA Arts Festival

Several of our Jacksonville employees gave their time to make a difference in the lives of area children with disabilities. More than 2,300 local students attended this annual event at the beautiful Cummer Museum of Art & Gardens, located along the St. Johns River.

#### Thanksgiving Food Drive

Our annual companywide food drive collected more than 1 ton of non-perishable goods that we donated to food banks in our communities. The generosity of our employees enabled us to increase our donation by more than 30 percent compared to our 2007 drive.

#### Holiday Toy Drive

Our annual companywide drive collected nearly 400 toys that we donated to Toys for Tots, the non-profit organization run by the U.S. Marine Corps.

#### UNF Business Management Career Center

Our endowment to the University of North Florida’s Coggin College of Business provides business students with targeted training and Web-based subscription resources to aid them in their employment preparation and job searches.

#### American Lung Association

*The Main Street Striders*, a team composed of several of our employees and their family members, participated in the seventh annual American Lung Association’s Blow the Whistle on Asthma Walk that was hosted at our corporate headquarters in Jacksonville. Our team ranked as the third-highest fundraising group in the event, raising more than \$3,000 to support life-saving asthma education programs, research and advocacy. The *Striders* also participated in the Florida O2 Green Walk and raised more than \$1,300 to help prevent lung disease and promote lung health in Northeast Florida.

#### Caddyshack Charity Golf Tournament

For the fourth consecutive year, we sponsored this annual fundraiser for the St. Vincent’s Mobile Outreach Ministry, which provides free health care services to local children and families in need. During the last four years, this fun-filled event – hosted by actor Bill Murray and his brothers – has raised nearly \$1 million for St. Vincent’s.



## SENIOR MANAGEMENT

*Seated (left to right):*

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

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

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

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

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

*Standing (left to right):*

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

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

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

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

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

Main Street America  
senior vice president  
of field operations  
Doug Eden discusses our  
company's commitment to  
Trusted Choice® at the  
Big "I" National Board  
Meeting in Rancho  
Mirage, Calif.



- Providing continuous access to the insured's products and their agent.
- Stressing mandatory continuing education for agency staff members.

"We are the face in front of the promise and we are trusted advisors to our clients," Vic said. The benefits Vic highlights reinforce the components of the Trusted Choice Pledge of Performance to which member agents must adhere.

Main Street America has been in the national forefront of "Living the Brand" by co-branding all of its internal and external communications vehicles with the Trusted Choice logo and incorporating brand messaging into many of its customer communications. This builds upon the penetration of Trusted Choice's national marketing campaign that includes:

- Television advertising on major cable networks such as CNN, HLN, Fox News and The Weather Channel.
- Tagable radio ads that can be used by agents in their local markets.
- Monthly print ads in leading periodicals, such as *Smart Money*.

This all leads to growing market share for Trusted Choice agents.

"As consumers become more aware of the branding and what it means to them, we look for affiliation with Trusted Choice to help set us apart in the marketplace," said Dennis Collis, a principal at The Insurance Store, a Main Street America customer in Marietta, Ga.

# Trusted Choice® Brand Stronger than Ever

With nearly 10,400 independent agencies and 53 company partners on board, including founding company partner The Main Street America Group, the Trusted Choice® brand is resonating well with consumers across the United States.

"The Trusted Choice brand is priceless," said Vic Hamby, a principal at Hamby & Aloisio Inc., a Main Street America customer in Atlanta. Vic stated that Trusted Choice, the national branding program of the Independent Insurance Agents & Brokers of America established in 2001, represents everything that an independent agent should stand for:

- Working closely with the insured.
- Assisting with claims.
- Helping to solve problems.
- Explaining coverages.
- Promptly answering calls and e-mail while addressing requests for service.
- Treating the insured with respect and courtesy.
- Conducting business in an ethical and responsible manner.



## BOARD OF DIRECTORS

*(from left to right)*

**M. LEWIS TEMARES, PH.D.**  
*Vice President of Information Technology/Chief Information Officer and Dean of College of Engineering University of Miami, Coral Gables, Fla.*

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

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

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

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

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

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

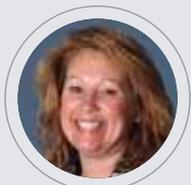
**ALBERT H. ELFNER III**  
*Retired Executive, Boston, Mass.*

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

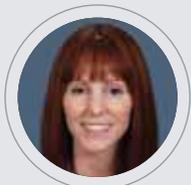
**COTTON M. CLEVELAND**  
*President, Mather Associates, New London, N.H.*

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

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



THERESA BEAUREGARD



JULIA DEVINE



BRIAN FANCHER



LINGMIN JIANG



DOUG LEHR



PAUL MAESTRI



NANCY MURDOUGH



MELANIE YOUNG

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

# Circle of Excellence

OUR 2008 HONOREES ARE:

**THERESA BEAUREGARD**

*Senior Business Systems Analyst,  
Information Technology, Keene, N.H.*

**JULIA DEVINE**

*Supervisor, Commercial Lines Product,  
Jacksonville, Fla.*

**BRIAN FANCHER**

*Senior Commercial Lines Team  
Underwriter, Syracuse, N.Y.*

**LINGMIN JIANG**

*Actuarial Analyst, Corporate Actuarial,  
Jacksonville, Fla.*

**DOUG LEHR, MANAGER**

*Bonds Quality Assurance, Keene, N.H.*

**PAUL MAESTRI**

*Manager, Claims Field Unit,  
Syracuse, N.Y.*

**NANCY MURDOUGH**

*State Filings Specialist, Law,  
Jacksonville, Fla.*

**MELANIE YOUNG**

*Technical Lead, Policy Processing,  
Integrated Customer Solutions,  
Keene, N.H.*

Established in 1985, The Main Street America Group's Circle of Excellence is an annual recognition program for our company's employees. Circle members are nominated by fellow employees and selected by the company's senior management team for their embodiment of the organization's core values of ownership, relationships and service. There are nearly 150 active Circle of Excellence members.

# 2008

## FINANCIAL RESULTS

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

	AS OF DECEMBER 31, 2008	AS OF DECEMBER 31, 2007
<b>ASSETS:</b>		
Investments:		
Tax-Exempt Bonds	\$ 482,998	\$ 271,361
Taxable Bonds	797,526	813,925
Common Stocks	39,741	313,279
Preferred Stocks	17,352	16,644
Cash and Equivalents	61,230	38,701
Other Investments	31,490	20,946
<b>Total Cash and Investments</b>	<b>1,430,337</b>	<b>1,474,856</b>
Agents Balances	222,878	235,878
Reinsurance Recoverables	5,479	4,118
Deferred Tax Asset	45,393	29,318
Other Assets	65,141	50,490
<b>Total Admitted Assets</b>	<b>\$ 1,769,229</b>	<b>\$ 1,794,660</b>
<b>LIABILITIES AND SURPLUS:</b>		
Loss Reserves	\$ 287,043	\$ 287,293
IBNR	271,426	247,450
Unpaid Claims Expenses	102,302	99,573
Unearned Premiums	411,109	417,284
Expenses and Taxes Payable	30,911	48,550
Claim Checks Outstanding	19,972	17,191
Other Liabilities	38,974	57,752
<b>Total Liabilities</b>	<b>\$ 1,161,737</b>	<b>\$ 1,175,093</b>
<b>Policyholders' Surplus</b>	<b>\$ 607,491</b>	<b>\$ 619,568</b>
<b>Total Liabilities and Surplus</b>	<b>\$ 1,769,229</b>	<b>\$ 1,794,660</b>

# 2008

## FINANCIAL RESULTS

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

	AS OF DECEMBER 31, 2008	AS OF DECEMBER 31, 2007
<b>STATEMENT OF OPERATIONS:</b>		
Net Premiums Written	\$ 805,023	\$ 839,198
Premiums Earned	812,569	832,368
Losses Incurred & ALAE	459,470	476,304
Claims Expenses	22,985	25,030
Commissions	152,224	162,261
Other Expenses	134,272	137,056
Total Underwriting Expenses	768,951	800,650
<b>Net Underwriting Gain (Loss)</b>	<b>43,618</b>	<b>31,718</b>
Net Investment Income	51,743	47,343
Realized Investment Gains (Losses)	(83,798)	29,461
Other Income and Expenses	4,000	6,835
Income (Loss) Before Taxes	15,564	115,357
Income Taxes	460	27,203
<b>Net Income</b>	<b>\$ 15,103</b>	<b>\$ 88,154</b>
<b>STATEMENT OF SURPLUS:</b>		
Surplus, January 1	\$ 619,568	\$ 560,310
Change in Surplus:		
Capital Stock	0	0
Additional Paid in Capital	34,519	0
Net Income	15,103	88,154
Net Unrealized Gain (Loss) from Investments	(71,054)	(3,914)
Change in Non-Admitted Assets	179	(12,610)
Change in Net Deferred Tax Asset	32,379	(2,285)
Dividends to Stockholders	(11,318)	(12,465)
Other Statutory Changes	(11,885)	2,377
Change in Surplus	(12,076)	59,258
<b>Surplus, December 31,</b>	<b>\$ 607,491</b>	<b>\$ 619,568</b>

# 2008

## FINANCIAL RESULTS

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

	AS OF DECEMBER 31, 2008	AS OF DECEMBER 31, 2007
<b>CASH FLOWS FROM UNDERWRITING ACTIVITIES</b>		
Net Premium	\$ 815,653	\$ 815,086
Losses	(431,594)	(418,683)
Claims Expenses	(22,985)	(25,030)
Commissions	(156,559)	(162,515)
Other Expenses	(122,664)	(122,988)
<b>Net Cash Provided By Underwriting Activities:</b>	<b>81,851</b>	<b>85,871</b>
Investment Income, net of expenses	61,884	58,242
Income Taxes	(10,408)	(30,338)
Capitalized Spending	11,863	(16,703)
Miscellaneous Transactions	2,521	13,136
Pension Contribution	(12,500)	(6,000)
<b>Net Cash Provided By Operating Activities</b>	<b>135,210</b>	<b>104,209</b>
Cash Flows From Investing Activities:		
Proceeds from Fixed Maturities Sold	445,462	289,802
Proceeds from Equity Securities Sold	365,805	186,380
Other Proceeds	(26,950)	3,516
Purchase of Fixed Maturities	(642,017)	(378,967)
Purchase of Equity Securities	(243,663)	(210,087)
<b>Net Cash Used in Investing Activities:</b>	<b>(101,363)</b>	<b>(109,356)</b>
Cash Flows From Financing Activities:		
Proceeds from Trust Preferred Securities Sold	0	30,000
Dividends to Stockholders	(11,318)	(12,465)
<b>Net Cash Used in Financing Activities:</b>	<b>(11,318)</b>	<b>17,535</b>
Net Change in Cash and Cash Equivalents	22,529	12,389
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>38,701</b>	<b>26,313</b>
<b>Cash and Cash Equivalents, End of Period</b>	<b>\$ 61,230</b>	<b>\$ 38,701</b>

## OFFICE DIRECTORY

### **CORPORATE HEADQUARTERS**

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

### **REGIONAL OFFICES**

#### **Jacksonville Region**

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

#### **Midwest Region**

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

#### **New England Region**

55 West Street  
Keene, NH 03431  
(800) 258-5310

#### **Richmond Region**

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

#### **Syracuse Region**

220 Salina Meadows  
Suite 200  
Syracuse, NY 13212  
(800) 962-5515

### **CLAIMS REPORTING CENTER**

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

### **CLAIMS LAW OFFICES**

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

60 East 42nd Street  
Suite 601  
New York, NY 10165  
(212) 972-0592





## 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

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

