

# RIISING TO THE CHALLENGE

*of a*

# NEW TOMORROW



## TABLE *of* CONTENTS

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President's Letter	1 - 3
Junior Achievement	4
MMG's Vision of Excellence Honored	5
2015 Featured Agency	6 - 7
MMG's Commitment to the Community	9
2015 Community Volunteer of the Year	11
Directors	13
Officers	15
Financial Statements	16 - 17

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## TO OUR POLICY HOLDERS, AGENTS, *and* ASSOCIATES

2015 was characterized as a year of progress and positioning with our team rising to the challenges of a rapidly evolving industry. Major strides were taken to initiate the rebuilding of our core technology platform in order to meet

the needs of the future. It was a banner year in the attraction of talent complementing our existing group of dynamic employees. Both Personal and Commercial Lines received focused attention culminating in the implementation of a new predictive model for Personal Auto and many market driven enhancements to our products. We completed a capital raise in December, which continued to strengthen a solid balance sheet. Finally, we were humbled and honored to be recognized with the National Company Award of Excellence by the Professional Independent Agents.

As an industry, another year of minimal catastrophic activity produced solid financial results. However, this dynamic was not as positive in certain regions of the U.S. For the second year in a row, severe winter weather negatively impacted most carriers in the Northeast and Mid-Atlantic. The month of February alone produced record snowfall and extended below average cold temperatures throughout MMG's footprint of operation. Once again, MMG's Claims Department maintained exceptional customer service levels through a time of great challenge. We are proud of their resilience and commitment. The loss activity for the first quarter did generate a small recovery from our catastrophe reinsurers, and over the last three quarters, loss experience returned to historical norms. As a result, we are pleased to report that even with such a tough start to the year,

we posted a 98.3% combined ratio, a small underwriting gain, and positive impact to our overall financial standing. Policyholder surplus ended the year at an all-time high of \$94.5 million. Written premium, driven by growth in Commercial Lines and needed rate increases in Personal Lines, ended at \$175 million, up 9.16%. Growth was across all lines of business and in all states. The investment markets continued to underperform. With a large percentage of our investments in bonds, the long-term impact of low interest rates does not provide the level of return we would like to see. As we look to the future, we expect a similar pattern, which will cause the need to produce lower combined ratios and more underwriting gain in order to maintain adequate returns on surplus.

### COMMITTED TO THE MMG UNIQUE OPTION

As I mentioned in the opening paragraph, 2015 was a transformative year in positioning MMG to continue to deliver on the components of what we feel is a unique option for our agents and policyholders amongst an ever-evolving industry landscape. As the consumer demands more from agency and company alike, we must adapt our model in order to respond. The consumer expectation of online accessibility and convenience has a steepening trend line, and we are ready to move in this exciting new direction. Talent is another area of increased need and attention. With people being central to the value proposition we provide and industry dynamics reflecting continued competitiveness, we have significantly increased our focus in this area. Finally, we are committed to refinement of our products in order to respond in a highly competitive marketplace. The following are highlights of our efforts in these three critical areas:





**Talent.** 2015 was a great year for MMG in regards to talent attraction. Many new hires were added throughout our organization, making us immediately stronger and building the depth needed to take the company successfully into the future. Marketing-oriented roles with Commercial Lines experience, Claims individuals with broad technical backgrounds, Information Technology professionals with project and vendor management skill sets, and a replacement for our Vice President, Director of Human Resources Lynn Lombard, who will retire this June after 45 years with MMG, are why we say 2015 was a banner year. Although we are far from done in regards to talent acquisition and development, we are excited about the team we are fielding, knowing we are stronger than we have ever been.

**Technology.** MMG Next, our future technology platform, received much attention during the year, culminating in project initiation in the 4th quarter. This long-term project will result in much more than a technology refresh, it will transform our business model to one that successfully competes in the changing world we all face. A complete rewrite of our policy, claims and billing systems, enhancements to our existing websites, and state-of-the-art data analytics will effectively move MMG into a more digital world. Interconnectivity with our agents, policyholders, and vendors will drive ease of doing business, transactional efficiency, and create an adaptable platform for creative solutions as we move the company to the next level.

**Product Commitment.** Although over the recent ten years the percentage of business we write in Commercial Lines has continued to grow to 36.8%, we remain committed to being a carrier of choice in both Personal and Commercial Lines. On the Personal Lines side, a major initiative occurred in 2015 as we introduced the second generation of our Personal Auto model. Many years in the making, this model is designed to attract business and respond to an evolving marketplace. As national auto trends continue to show increases in both severity and frequency of loss, this model will create an ability to respond and keep the book of business healthy. Also, with all of the work done on the homeowner line over the past five years, we are well

positioned to write portfolio accounts. On the Commercial front, growth and profitability continue to be strong. This past year was one of continued research and development of new products and niches as we continue with our strategy of enhancing our risk appetite. Commercial Lines is important to our overall strategy as a company, and we like our competitive position enabled by our high-tech, high-touch approach. A very challenging marketplace awaits; however, we are believers in offering human interaction and a technology platform that services an efficient transaction. An important component in accomplishing all of the above is continuing to build upon partnerships with our Agents who provide competitive advantages and second-to-none policyholder experiences.

As we look to 2016 and beyond, we are excited about what lies ahead. The affirmation exhibited by the recognition from PIA National, complemented by being selected Company of the Year by the Maine Independent Agents Association, gives us the confidence to aggressively push forward with our unique model. This past year has laid the groundwork for future success. Now with the positioning in place – it is time to execute. The MMG team stands ready to capitalize on all of this great work in 2015.

As always, we are fortunate to have the collaboration of many individuals and groups that drive the company's success. A motivated employee base that takes great pride in a job well done; a management team intent on striving to make themselves and the company better; a board of directors whose involvement, wisdom, and advice is so valuable in a changing world; and agency partners who work closely with us in providing their customers and policyholders with the very best representation. It truly is a winning combination and a design that we will continue to improve and enhance. 🌱

LARRY M. SHAW, CPCU  
PRESIDENT & CEO  
MMG INSURANCE




## JUNIOR ACHIEVEMENT

Since 1990, Junior Achievement of Maine's Business Hall of Fame has honored the state's most prominent leaders for their outstanding contributions to free enterprise and the promise of a better, stronger society.

As an inductee to the Junior Achievement of Maine Business Hall of Fame North for 2015, Larry Shaw joins a distinguished group of 76 men and women in the larger Junior Achievement of Maine Business Hall of Fame.

Junior Achievement of Maine is a non-profit organization dedicated to educating students in grades K-12 about entrepreneurship, financial literacy, and work readiness. JA empowers young people to own their economic success. In partnership with businesses and educators, JA brings the real world to Maine students, opening their minds to their potential and preparing them for the world of work. This year, JA will reach close to 11,000 Maine students and 10 million students worldwide in more than 115 countries.

MMG is proud to continue our long-standing financial and volunteer support of Junior Achievement. 

*"MMG Insurance recognizes the incredible asset we have in Larry Shaw. His vision and leadership have made a significant impact on our company's growth year after year. Junior Achievement couldn't have selected a better business leader in Maine for this honor."*

John H. Cashwell, Chairman of the Board  
MMG Insurance

## MMG'S VISION *of* EXCELLENCE HONORED



**National  
2015  
Company Award  
of Excellence**  
MMG Insurance

**2015 NATIONAL COMPANY OF THE YEAR**  
National Association of Professional Insurance Agents



**2015 COMPANY OF THE YEAR**  
Maine Insurance Agents Association



**2015 NAMED AMONG THE BEST  
PLACES TO WORK IN MAINE**  
Best Places to Work in ME Survey

**MAINE DEVELOPMENT FOUNDATION**

**2015 CHAMPION OF ATTRACTION,  
RETENTION AND ENGAGEMENT**  
Maine Development Foundation



## 2015 Featured Agency: FOY INSURANCE GROUP

MMG knows the value of committed, personal relationships – the kind of relationships that feel almost like family.

Without a doubt, Foy Insurance Group is a family business.

Jim, Mike, Jeff, Scott, Sara, Kate, and Lauren Foy are among sixty-plus staff members helping customers out of the agency's twelve locations in New Hampshire, Massachusetts, and Maine.

And more Foy's are on the way.

"I have two nieces and three nephews, and I would imagine that some of them will come into the business, too," says Agency Co-Owner Mike Foy.



Left to Right: Scott, Jeff, James & Mike Foy

James Foy, Mike's father, joined the venerable Elwell-Collishaw Agency in Exeter, New Hampshire, in 1968. He doubled the size of the agency within a year, made vice president, and acquired 50 percent ownership. Eleven years and several key acquisitions later, Jim purchased 100 percent of what became Foy Insurance Group.

Mike Foy recalls learning some of the sweet rewards of the insurance business from his father.

"On Sundays, we would go collect a premium, do an inspection, or visit with an insured. But we'd always end up at my great grandparents' house, and I ended up with a homemade apple pie. I still get an apple pie from a customer occasionally."

Mike recognizes the 'hands-on, personal touch' of providing insurance and stresses the balance between personal connections and technology as vital to the future of the independent agent insurance industry.

"If companies aren't careful, technology and automation may take over a lot of the insurance business and threaten the personal communication that customers tell us is critical."

Foy Insurance Group embraces the technology that translates to savings and convenience for their customers but puts extra effort in maintaining the personal touch that you'd expect from a family business.



"We have to, as an independent agency, work with technology while making relationships a priority to remain relevant and competitive. That's what's helped Foy Insurance and MMG grow to where they are today."

Foy calls working with family a "positive," recognizing its strengths and engaging relationships to reach out and support the communities in which all the Foy's work.

*"I have colleagues in other states that get appointments from MMG and say 'Wow, what a great company. I've gotten to know senior management, which I don't even get to see from carriers we've represented for fifty years.' This is something you don't often see from the large national carriers and sometimes even the large regionals."*

Mike Foy, Co-Owner  
Foy Insurance Group

"I see MMG as a family, too," says Foy, speaking of MMG Insurance and its choice to work solely with professional, independent agents from its regional offices in New Hampshire and Pennsylvania, and its headquarters in Presque Isle, Maine.

"Our organizations are very similar," added Foy. "We consider all of our employees an extension of our family and MMG shows just that through its agents."

"Honestly, we have the best personal relationship with MMG than with any other carrier we have in our organization." 🍁



## SERVICE AREA

MMG Insurance supports the Independent Agency distribution system throughout its five state operational footprint of Maine, New Hampshire, Pennsylvania, Vermont, and Virginia.



## MMG'S COMMITMENT *to the* COMMUNITY

### SPONSORED ORGANIZATIONS

In 2015 MMG continued its commitment to the communities we live and work in. We are proud to be involved with a wide range of community service organizations, educational programs, and important economic development initiatives. Additionally, MMG employees are involved in many other volunteer and fundraising activities to make our communities stronger. Organizations supported in 2015 include:


Wintergreen Arts Center	Catholic Charities Food Bank of New Hampshire
Aroostook Partnership	Junior Achievement
Mars Hill Mountain Challenge	Wellness Council of Maine
InVEST	Quoggy Jo Ski Center
Northern Maine Fair	Boy Scouts of America Katahdin Area Council
Maine Agri-Women	Bangor Humane Society
Good Shepherd Food Bank of Maine	Husson University; Brent Cross Scholarship
Second Harvest Food Bank of Lehigh Valley	American Red Cross
Big Rock Mountain	Boys & Girls Club of Greater Waterville
Greater Burlington YMCA	CompetitorME
WinterKids	TAMC Charities
Ride Aroostook	Beyond Limits
Federation of Virginia Food Banks	Aroostook Autism Support Group
Nordic Heritage Club	National MS Society
Maine Winter Sports Center	Project Graduation

### MMG'S CASUAL FOR A CAUSE

MMG's Casual for a Cause began in 2007. It's a fairly simple concept: dress down on a Friday and contribute a small donation to a good cause.

The idea originated in the Human Resources department as a way to encourage employee support of one another's endeavors outside the office. From its early beginnings, Casual for a Cause has become a popular program across MMG's corporate and regional offices.

The overwhelming popularity of Casual for a Cause with MMG staff members caused the program to grow from once a month to nearly every Friday. Employees have donated more than \$105,000 since its inception!

Employees suggest causes for the program based on their own experience and involvement in the community where they live. Past recipients have included families dealing with health concerns, local animal shelters and adoption centers, regional food banks, scout groups, even regional and national non-profits like the American Cancer Society and the New England Hemophilia Association. 

*"Casual for a Cause inspires us to come together and support families in need, events and organizations alike. It is amazing to see how collectively we can have such a big impact. It's a rewarding experience to all who participate. Plus, it's fun to look around and know we're all wearing jeans because we believe in supporting great causes."*

Terri H. Chandler, Lead Underwriter - Personal Lines  
MMG Insurance







## COMMUNITY VOLUNTEER *of the* YEAR: WILLIE WINSLOW

Senior Systems Engineer Willie Winslow has earned the honor as MMG’s 2015 Community Volunteer of the Year for his consistent support for several organizations helping to make Aroostook County a stronger place to live, work, and grow.

*“MMG has supported my work in the community and encourages all employees to volunteer with groups and causes they’re interested in. It’s a work environment, but it’s a family environment and it makes you honestly excited to come to work each day.”*

Willie Winslow, Senior Systems Engineer  
MMG Insurance

### **NORDIC HERITAGE SKI CLUB**

Willie volunteered on the organizing committee for the first and second World Cup Biathlons in Presque Isle, helping draw athletes and media from around the globe to the World Class sporting event in our backyard.

### **4-H**

Growing up, Willie was an active member of 4-H. When his children became members, he and his wife, Nancy, became leaders. They’ve now led the 4-H club for the last 12 years. Additionally, Willie serves on the 4-H Leaders Association.

### **GIRL SCOUTS OF MAINE**

Willie and his wife have helped distribute the annual deluge of Girl Scout Cookies in Aroostook County for 10 years, sorting the five trailer truckloads that arrive for every Girl Scout in the County – including the two Girl Scouts in their home, daughters Stephanie and Amanda.

### **CHAPMAN RIDGE RUNNERS SNOWMOBILE & ATV CLUB**

A year after getting married and moving into their first home, neighbors invited the Winslows to join the Chapman Ridge Runners Snowmobile & ATV Club. Willie’s now been a member of the Club for 25 years and on the Club’s Board of Directors for 24 years.

### **OTHER AFFILIATIONS**

Member of the Chapman Planning Board and the University of Maine Cooperative Extension’s Aroostook County Executive Committee. 🏠



Willie Winslow, MMG Community Volunteer of the Year







## BOARD *of* DIRECTORS



**Seated (left to right):** Jon J. Prescott; Jean M. Deighan; Larry M. Shaw; Donald W. Perkins, Jr.; Harold A. Dakin

**Standing (left to right):** Samuel W. Collins; Lisa M. Ventriss; Jay Y. McCrum; John H. Cashwell III; James E. Nevels; Dawn Hill; Michael D. MacPherson

**John H. Cashwell, Chairman**

Bangor, Maine  
President of JHC Consulting LLC  
Director Since 1997

**Michael D. MacPherson, Vice Chairman**

Presque Isle, Maine  
President/Owner of Just Value Associates PLLC  
Vice President/Owner of Future Security, Inc.  
Director Since 1997

**Larry M. Shaw, CPCU, President**

Presque Isle, Maine  
Chief Executive Officer of MMG Insurance  
Director Since 1995

**Samuel W. Collins**

Caribou, Maine  
President of S.W. Collins Company  
Director Since 2001

**Harold A. Dakin**

Londonderry, New Hampshire  
Retired Vice President of Dex Media  
Director Since 1998

**Jean M. Deighan**

Bangor, Maine  
Founder & Chief Executive Officer  
of Deighan Wealth Advisors  
Director Since 2014

**Dawn Hill, Esq.**

Cape Neddick, Maine  
Maine State Senator  
Director Since 1990

**Jay Y. McCrum**

Mars Hill, Maine  
President & CEO of McCrum Family Holdings  
Director Since 2005

**James E. Nevels**

Philadelphia, Pennsylvania  
Chairman/Founder of The Swarthmore Group  
Director Since 2014

**Donald W. Perkins, Jr.**

Cape Elizabeth, Maine  
President of Gulf of Maine Research Institute  
Director Since 2005

**Jon J. Prescott**

Houlton, Maine  
President & CEO of Katahdin Trust Company  
Director Since 2005

**Lisa M. Ventriss**

South Burlington, Vermont  
President of Vermont Business Roundtable  
Director Since 2000





## OFFICERS



**Seated (left to right):** Michael M. Young; Larry M. Shaw; Matthew R. McHatten; Stephen J. Gallant

**Standing (left to right):** Douglas R. Hazlett; Stacy L. Shaw; Corey A. Graham; Lynn M. Lombard; Timothy W. Vernon; Pamela G. Johnson

**Larry M. Shaw, CPCU**  
President & Chief Executive Officer

**Matthew R. McHatten**  
Executive Vice President,  
Chief Operating Officer, Secretary and Clerk

**Michael M. Young, CPA, CFE**  
Senior Vice President,  
Chief Financial Officer and Treasurer

**Stephen J. Gallant**  
Senior Vice President, External Operations

**Lynn M. Lombard**  
Vice President, Director of Human Resources

**Pamela G. Johnson, CPCU**  
Vice President, Commercial Lines Manager

**Timothy W. Vernon, SCLA**  
Vice President, Property Claims Manager

**Stacy L. Shaw**  
Vice President, Information Systems Manager

**Douglas R. Hazlett**  
Vice President, Product Management

**Corey A. Graham, AIC**  
Vice President, Casualty Claims Manager





## FINANCIAL STRENGTH: *Comparative Balance Sheet*

	12/31/15	12/31/14
<b>Admitted Assets</b>		
Total Admitted Assets	245,158,129	233,827,582
<b>Liabilities</b>		
Total Liabilities	150,678,352	143,664,788
Policyholders Surplus	94,479,777	90,162,794
Total Liabilities & Surplus	245,158,129	233,827,582

### TWO YEAR INCOME STATEMENT

	12/31/15	12/31/14
Underwriting Gain / (Loss)	253,972	(2,918,888)
Net Investment Income	4,667,413	5,469,804
Total Other Income	1,049,190	1,032,864
Net Income Before Income Taxes	5,970,575	3,583,780
Net Income	4,473,592	3,396,325
Change in Surplus	4,316,983	2,456,731
Surplus End of Period	94,479,777	90,162,794

## COMPARATIVE RESULTS

	Written Premium	Policyholder Surplus	Admitted Assets	Combined Ratio
2015	175,015,305	94,479,777	245,158,129	98.30%
2014	160,332,451	90,162,794	233,827,582	100.80%
2013	148,606,238	87,706,063	225,328,952	96.10%
2012	139,487,692	79,078,890	205,124,517	96.77%
2011	133,213,853	72,977,453	192,443,537	97.64%
2010	125,952,121	69,344,383	184,113,397	96.66%
2009	118,696,329	63,757,879	174,868,274	99.16%
2008	114,087,098	58,060,022	168,416,631	104.95%
2007	110,547,607	63,708,030	171,994,244	101.85%
2006	107,850,198	55,966,547	159,472,579	93.07%

Protecting your piece of the world®





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