

MEADOWBROOK INSURANCE GROUP INC

Form DEF 14A

April 06, 2010

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. )

Filed by the Registrant   
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**Meadowbrook Insurance Group, Inc.**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
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1) Title of each class of securities to which transaction applies:

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1) Amount Previously Paid:

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2) Form, Schedule or Registration Statement No.:

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3) Filing Party:

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4) Date Filed:

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**MEADOWBROOK INSURANCE GROUP, INC.**

**26255 American Drive  
Southfield, Michigan 48034  
(248) 358-1100**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

Date: May 18, 2010  
Time: 2:00 p.m., EST  
Place: Meadowbrook Insurance Group

26255 American Drive  
Southfield, Michigan 48034

We invite you to attend the Meadowbrook Insurance Group, Inc. Annual Meeting of Shareholders to:

1. Elect three directors for a three-year term expiring in 2013, or until the election and qualification of their successors;
2. Ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm; and
3. Transact any other business that is properly submitted before the Annual Meeting or any adjournments of the Annual Meeting.

The record date for the Annual Meeting is March 19, 2010. Only shareholders of record at the close of business on that date are entitled to vote at the Annual Meeting. This notice was mailed only to those shareholders.

A proxy statement, a proxy card and the Company's 2009 Annual Report are enclosed. Whether you plan to attend the meeting or not, whether you own a few or many shares of stock, the Board of Directors urges you to vote promptly. You may vote by completing, signing, dating and returning the enclosed proxy card in the enclosed envelope.

By Order of the Board of Directors,

Michael G. Costello  
Secretary

Southfield, Michigan  
Dated: April 13, 2010

**IF YOU DO NOT EXPECT TO ATTEND THE MEETING  
PLEASE COMPLETE, DATE AND SIGN THE ENCLOSED PROXY CARD  
AND RETURN IT PROMPTLY IN THE POSTAGE-PAID ENVELOPE.**

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**MEADOWBROOK INSURANCE GROUP, INC.**

**PROXY STATEMENT**

**GENERAL**

This Proxy Statement, Proxy Card and Annual Report for the year ended December 31, 2009 are being mailed to the shareholders of Meadowbrook Insurance Group, Inc. ( Meadowbrook or the Company ) on or about April 13, 2010 in connection with the solicitation of proxies by the Board of Directors of Meadowbrook. The proxies will be voted upon at the Annual Meeting of Shareholders of Meadowbrook to be held on Tuesday, May 18, 2010, at 2:00 p.m. E.S.T. at the Company's headquarters located at 26255 American Drive, Southfield, Michigan.

**Important Notice Regarding the Availability of Proxy Material for the Shareholder Meeting to Be Held on May 18, 2010:**

**This Notice and Proxy Statement and our 2009 Annual Report to Shareholders, which includes the Annual Report on Form 10-K, may be viewed and downloaded from the Company's website at [www.meadowbrook.com](http://www.meadowbrook.com),**

**QUESTIONS AND ANSWERS**

**1. What is a proxy?**

A proxy is a procedure which enables you, as a shareholder, to authorize someone else to cast your vote for you. The Board of Directors of the Company is soliciting your proxy, and asking you to authorize Robert S. Cubbin, President and Chief Executive Officer, Karen M. Spaun, Senior Vice President and Chief Financial Officer, or Michael G. Costello, Senior Vice President, General Counsel and Secretary of the Company, to cast your vote at the 2010 Annual Meeting. You may, of course, cast your vote in person or abstain from voting, if you so choose. The term proxy is also used to refer to the person who is authorized by you to vote for you.

**2. What is a proxy statement and a proxy card?**

A proxy statement is the document the United States Securities and Exchange Commission (the SEC) requires to explain the matters on which you are asked to vote. A proxy card is the form by which you may authorize someone else, and in this case, Mr. Cubbin, Ms. Spaun or Mr. Costello to cast your vote for you. This proxy statement and proxy card with respect to the Company's 2010 Annual Meeting were mailed on or about April 13, 2010 to all shareholders entitled to vote at the Annual Meeting.

**3. Who is entitled to vote?**

Only holders of shares of the Company's common stock at the close of business on March 19, 2010 (the Record Date) are entitled to vote at the Annual Meeting. Each shareholder of record has one vote for each share of common stock for each matter presented for a vote.

**4. What will I vote on at the Annual Meeting?**

At the Annual Meeting, shareholders will vote upon:

- (i) Election of three directors for a three-year term expiring in 2013, or until the election and qualification of their successors;
- (ii) Ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm; and
- (iii) Transaction of any other business that is properly submitted before the Annual Meeting or any adjournments of the Annual Meeting.

**5. How does the Board of Directors recommend I vote on the proposals?**

The Board of Directors recommends a vote FOR each proposal.

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**6. How can I vote?**

You can vote in person or by proxy. To vote by proxy, complete, sign, date and return the enclosed proxy card in the enclosed envelope. If you returned your signed proxy card to the Company before the Annual Meeting, the persons named as proxies on the card will vote your shares as you direct. Shares represented by proxies that are marked **WITHHELD** to vote for all three nominees for director, or for any individual nominee(s) for election as director(s) and which are not otherwise marked **FOR** the other nominees will not be counted in determining whether a plurality vote has been received for the election of directors. Similarly, shares represented by proxies, which are marked **ABSTAIN** on the proposals to ratify the appointment of Ernst & Young LLP as independent registered public accounting firm for the Company in 2010 will not be counted in determining whether the requisite vote has been received for such proposal. **IF YOU WISH TO VOTE IN THE MANNER THE BOARD OF DIRECTORS RECOMMENDS, IT IS NOT NECESSARY TO SPECIFY YOUR CHOICE ON THE PROXY CARD. SIMPLY SIGN, DATE AND RETURN THE PROXY CARD IN THE ENCLOSED ENVELOPE.** You may revoke a proxy at any time before the proxy is voted by:

- (i) Providing written notice of revocation to the Secretary of the Company at the address shown on the Notice of Annual Meeting of Shareholders on the first page of this statement;
- (ii) Submitting another proxy that is properly signed and dated later; or
- (iii) Voting in person at the meeting (but only if the shares are registered in the Company's records in your name and not in the name of a broker, dealer, bank or other third party).

**7. Is my vote confidential?**

Yes, your vote is confidential. Only the inspectors of election and certain employees associated with processing proxy cards and counting the votes have access to your proxy card. All comments received will be forwarded to management on an anonymous basis unless you request that your name be disclosed.

**8. What is a quorum?**

There were 54,901,542 shares of the Company's common stock outstanding on the Record Date. A majority of the outstanding shares, or 27,450,772 shares, present or represented by proxy, constitutes a quorum. A quorum must exist to conduct business at the Annual Meeting. Abstentions and broker non-votes are counted as votes present for purposes of determining whether there is a quorum. A broker non-vote is a proxy a broker submits that does not indicate a vote for the proposal, because the broker does not have discretionary voting authority and the broker did not receive instructions as to how to vote on the proposal.

**9. How does voting work?**

If a quorum exists at the Annual Meeting, a plurality vote, being the greatest number, of the shares voted, although not a majority is required to elect the three nominees for director. The three nominees receiving the highest number of votes will be elected. If a quorum is present, the affirmative vote by the holders of a majority of the votes cast in person or by proxy is required to ratify the appointment of Ernst & Young LLP as the independent registered public accounting firm of the Company for 2010. Abstentions and broker non-votes are not votes cast. Therefore, an abstention and a broker non-vote will have no effect on the proposals to elect the three nominees for director and ratify the appointment of Ernst & Young LLP as the independent registered public accounting firm for the Company in 2010.



The Company will vote properly executed proxies it receives prior to the Annual Meeting in the way you direct. If you do not specify instructions, the shares represented by proxies will be voted FOR the nominees for director and FOR the ratification of Ernst & Young LLP as the Company's independent registered public accounting firm for the Company in 2010. No other proposals are currently scheduled to be presented at the meeting.

**10. Who pays for the costs of the Annual Meeting?**

The Company pays the cost of preparing and printing the proxy statement, proxy card and soliciting proxies. The Company will solicit proxies primarily by mail, but also may solicit proxies personally and by telephone,

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facsimile or other means. Officers and regular employees of the Company and its subsidiaries also may solicit proxies, but will receive no additional compensation for doing so, nor will their efforts result in more than a minimal cost to the Company. The Company also will reimburse banks, brokerage houses and other custodians, nominees and fiduciaries for their out-of-pocket expenses for forwarding solicitation material to beneficial owners of the Company's common stock.

**11. What other information is available about Meadowbrook Insurance Group, Inc.?**

The Company maintains a corporate website, [www.meadowbrook.com](http://www.meadowbrook.com), where the Company makes available, free of charge, copies of its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and any amendments to those reports, as soon as reasonably practicable after they are filed. In addition, the Company maintains the charters of its Governance and Nominating Committee, the Compensation Committee, the Audit Committee, the Risk Management and Finance Committee and the Investment Committee of the Board of Directors on its website, as well as the Company's Corporate Governance Guidelines, Code of Conduct, and Business Conduct Policy. Printed copies of the above are available, free of charge, to any shareholder who requests this information.

**12. When are stockholder proposals for the 2011 Annual Meeting due?**

All shareholder proposals to be considered for inclusion in next year's proxy statement under SEC Rule 14a-8 must be submitted in writing to the Secretary of the Company at the address shown on the Notice of Annual Meeting of Shareholders on the first page of this booklet by December 14, 2010.

For any proposal that is not submitted for inclusion in next year's proxy statement but instead is sought to be presented directly at next year's annual meeting, SEC rules permit management to vote proxies in its discretion if (a) the Company receives notice of the proposal before the close of business on February 25, 2011 and advises shareholders in next year's proxy statement about the nature of the matter and how management intends to vote on such matter, or (b) does not receive notice of the proposal prior to the close of business on February 25, 2011.

The Company reserves the right to reject, rule out of order, or take other appropriate action with respect to any proposal that does not comply with these and other applicable requirements.

**THE FIRST PROPOSAL ON WHICH YOU ARE VOTING  
THE ELECTION OF THREE DIRECTORS**

The Company's Board of Directors is divided into three classes with each class of directors elected to a three-year term of office. At each annual meeting of shareholders, the shareholders elect one class of directors for a three-year term to succeed the class of directors whose term of office expires at that meeting.

This year you are voting on three candidates for director. The Company's Board of Directors, acting upon the recommendation of its Governance and Nominating Committee, has nominated: Merton J. Segal, David K. Page and Herbert Tyner as directors with terms expiring in 2013. Each nominee currently serves as a director, has consented to their nomination and has agreed to serve as a director, if elected. Mr. Joseph S. Dresner has decided to retire from the Board of Directors; and therefore, will not be seeking re-election.

If any of the nominees are unable to stand for election, the Company may vote the shares to elect a substitute nominee, who is nominated by the Board, or the number of directors to be elected at the Annual Meeting may be reduced.

**The Company's Board recommends a vote FOR each of the nominees.**



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**INFORMATION ABOUT THE NOMINEES, THE INCUMBENT DIRECTORS AND  
OTHER EXECUTIVE OFFICERS**

The following is information about the nominees for election as a director, each of the directors whose term of office will continue after the meeting, and the other executive officers of the Company. The information is as of the record date of March 19, 2010.

**Nominee Directors-Terms Expiring in 2013**

*Merton J. Segal*, age 81, graduated from the University of Michigan in 1950 with a Bachelor of Arts degree. After a short career as a realtor and mortgage broker, he founded Meadowbrook Insurance Group as an insurance agency in 1955. Mr. Segal transformed the Company from a small privately held insurance agency into a full service, publicly traded risk management organization, which now operates 7 insurance companies in all 50 states. Mr. Segal served as Chairman and Chief Executive Officer of the Company from 1955 to 2002. Currently, he serves as a non-executive Chairman of the Board. Mr. Segal obtained his Charter Property Casualty Underwriter Certification in 1967 and has maintained a variety of insurance licenses over the last 50 years. Mr. Segal has received a number of awards over the years, including Michigan Entrepreneur of the Year in 1996 and the Jeffrey W. Barry of Walsh College Education and Service Award in 2006. In addition to these awards, Mr. Segal has served over the years on a number of Michigan foundations, commissions and board of directors.

Mr. Segal has extensive insurance, marketing, management, accounting, investment, underwriting, reinsurance and claims experience. The Board of Directors believes this experience makes him an excellent director of the Company.

*David K. Page*, age 76, graduated with honors from both Dartmouth College in 1955 and Harvard Law School in 1958. He was an editor of the Harvard law Review. In 1958-59, Mr. Page was a Fulbright Scholar studying companies law at the London School of Economics. Mr. Page began his legal career at the Detroit, Michigan, law firm of Honigman Miller Schwartz and Cohn, LLP ( Honigman ). He was named partner in 1966 and has focused his practice on corporate transactions, including corporate governance, financing, mergers and acquisitions, sales, public offerings, private placements and estate planning. Mr. Page has served on Honigman's Board of Directors and Executive Committee and as past chairman of its Corporate Department and Management Committee. He is a member of the State Bar of Michigan and the American Bar Association. In addition to his legal experience, Mr. Page has served as a director, and sometimes, officer of several publicly held companies. He currently serves on the Board of Directors of Keyco Bond Fund, Inc. Mr. Page is active in civic affairs and is, or has been, a director of many non-profit organizations, several of which he served as chairman or vice chairman. Mr. Page has been a director of the Company since 2000, is Chairman of the Risk Management and Finance Committee and is a member of the Investment Committee and Compensation Committee.

Mr. Page has significant legal, accounting, management, business, insurance, corporate governance and financing experience. The Board of Directors believes Mr. Page's experience makes him an excellent director of the Company.

*Herbert Tyner*, age 79, obtained his undergraduate degree in business administration in 1951 and his Masters in Business Administration in 1952 from Ohio State University. From 1953 to 1954, Mr. Tyner worked for Detroit Bank and Trust Company. From 1955 to the present, Mr. Tyner has owned and served as the Chief Executive Officer of Hartman & Tyner, which is a Detroit-based real estate developer of land, apartment developments and other real estate developments in Michigan and Florida. Mr. Tyner has been a member of the Apartment Association of Michigan and Building Industry Association since 1954. Mr. Tyner has been a director of the Company since 1985 and is member of the Compensation Committee and the Governance & Nominating Committee of the Company's Board of Directors. Aside from his professional memberships, Mr. Tyner also serves on the Board of Trustees of Beaumont Hospital and

has formerly served on other boards of directors of other privately owned companies.

Mr. Tyner has significant business, management, accounting and investment experience. The Board of Directors believes Mr. Tyner's experience makes him an excellent director of the Company.

*Joseph S. Dresner*, age 84, has been a director of the Company since 1985 and is the Chairman of the Investment Committee of the Company's Board of Directors. Mr. Dresner founded, owned and operated Highland

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Companies, where he currently serves as Chairman. Highland Companies is a Detroit-area based developer and manager of commercial, industrial and residential properties. Mr. Dresner will retire on April 30, 2010 from the Board of Directors and not seek re-election in 2010.

### **Incumbent Directors-Terms Expiring in 2012**

*Robert S. Cubbin*, age 52, obtained his undergraduate degree in psychology from Wayne State University in 1980 and obtained his law degree from the Detroit College of Law in 1983. Mr. Cubbin began his legal career in 1983 as an associate at the Detroit, Michigan law firm of Plunkett Cooney, where he specialized in insurance defense and coverage litigation, as well as insurance regulatory and captive formation matters. In 1987, Mr. Cubbin joined the Company as Vice President and General Counsel, where he was primarily responsible for all legal and regulatory affairs relating to the Company. He was promoted to Executive Vice President in 1996 where he was responsible for legal, regulatory and claims, and was appointed to President and Chief Operating Officer in 1999, where he was primarily responsible for all operational functions within the Company. Mr. Cubbin has been a director of the Company since 1995 and in May 2002, he was appointed as the Company's President and Chief Executive Officer. Mr. Cubbin is a member of the Risk Management and Finance Committee and the Investment Committee of the Company's Board of Directors and serves as Chairman of the Board of Directors of the following subsidiaries of the Company: Star Insurance Company; Savers Property & Casualty Insurance Company; Williamsburg National Insurance Company; Ameritrust Insurance Corporation; Century Surety Company and ProCentury Insurance Company. Mr. Cubbin is also the President of Meadowbrook, Inc. (Meadowbrook). Outside the Company, Mr. Cubbin serves on the Board of Directors and Audit and Compensation Committees of the Board of Directors for Citizens Republic Bancorp, Inc., a Michigan bank holding company. In addition, he is a member of the Board of Directors of Business Leaders for Michigan, a private, non-profit executive leadership organization dedicated to enhancing economic growth in Michigan.

Mr. Cubbin has extensive legal, insurance, management, accounting, actuarial, investment, underwriting, reinsurance and claims experience. The Board of Directors believes his experience makes him an excellent director of the Company.

*Robert F. Fix*, age 63, obtained his undergraduate degree in economics in 1969 from Michigan State University and his PhD in economics from Iowa State University in 1973. From 1972 to 1976, Mr. Fix taught finance and economics at Iowa State University. From 1979 to 1981, Mr. Fix was an Assistant Vice President Portfolio Manager for the Federal Home Loan Bank of Indianapolis. From 1981 to 1983, Mr. Fix served as President and Chief Operating Officer of the First Indianapolis Corporation and later served as Vice President Investment Officer for American Fletcher National Bank from 1984 to 1987. From 1987 to 2001, Mr. Fix served as President and Chief Executive Officer of First Bank Richmond, N.A. From 1988 to 2006, Mr. Fix was President of Richmond Mutual Bancorporation, Inc. where he currently serves as Vice Chairman. Mr. Fix has served as Vice Chairman of Richmond Mutual Bancorporation, Inc.'s primary subsidiary, First Bank Richmond, N.A since 2002. Mr. Fix served as Chairman of the Board of American Trust F.S.B., also a subsidiary of First Mutual Bancorporation, Inc. Before the merger with the Company, Mr. Fix served as a director of ProCentury Corporation (ProCentury) since October 2000. He was elected to the Company's Board of Directors on October 31, 2008 and is a member of the Audit Committee and Governance & Nominating Committee of the Company's Board of Directors. Mr. Fix served on the Indiana Bankers Association Board of Directors and was Chairman from 2002 to 2003. He was formerly Chairman of the Audit Committee for the Federal Home Loan Bank Board of Directors of Indianapolis and is currently a member of the Board of Directors of ProAlliance Corporation and Chairman of its Audit Committee.

Mr. Fix has significant banking, financing, accounting, investment and insurance experience. He formerly served upon the Board of Directors of ProCentury, so he is familiar with the excess and surplus lines business. The Board of Directors believes Mr. Fix's experience makes him an excellent director of the Company.

*Hugh W. Greenberg*, age 79, obtained his undergraduate degree in economics from the University of Michigan in 1951. After working in the automotive supply business, Mr. Greenberg formed Detroit Gage & Tool Company, where he served as President and Chief Executive Officer from 1961 to 2002. From 2002 to the present, Mr. Greenberg has served as Chairman of Data Net Quality Systems, an automotive software company specializing in logistics. Mr. Greenberg has been a director of the Company since 1985 and is Chairman of the Governance &

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Nominating Committee, as well as a member of the Risk Management and Finance Committee and the Compensation Committee, of the Company's Board of Directors. In addition, Mr. Greenberg has served on several boards of directors for several Michigan foundations and other non-profit organizations.

Mr. Greenberg possesses significant business, management, accounting and investment experience. Having served on the Company's Board of Directors since 1985, Mr. Greenberg also possesses a significant amount of institutional knowledge about the Company and its business operations. The Board of Directors believes Mr. Greenberg's experience makes him an excellent director of the Company.

*Florine Mark*, age 77, is the President and Chief Executive Officer of The WW Group, Inc., which is the leading United States franchise holder of Weight Watchers International. Ms. Mark has significant experience in owning, managing and operating her own business and developing it into one of the largest franchises in the United States. Ms. Mark has been a director of the Company since 1996 and is a member of the Governance & Nominating Committee and the Investment Committee of the Company's Board of Directors. Over the years, Ms. Mark has been a member of several boards of directors. Currently, she serves on the Citizens Bank, Advisory Board-Southeastern Michigan, Business Leaders for Michigan, English Gardens, The Governors Council on Physical Fitness, Health and Sports, Harvard University's Kennedy School of Government, Women's Leadership Board, and the Wayne State University College of Education/School of Business Administration Advisory Board. Ms. Mark has been inducted into the National Management Association Hall of Fame and received the Entrepreneur Visionary Award from the Women's Business Center in Washington, D.C. Ms. Mark has received several awards and recognitions based upon her contributions to business and for supporting a variety of charitable causes.

Ms. Mark possesses significant marketing, business, management and investment experience. The Board of Directors believes Ms. Mark's experience makes her an excellent director of the Company.

## **Incumbent Directors    Terms Expiring in 2011**

*Robert H. Naftaly*, age 72, obtained his undergraduate degree in accounting from Walsh College in 1959. Mr. Naftaly obtained his Certified Public Accountant Certification in 1961. Mr. Naftaly began his employment with Geller, Naftaly, Herbach and Shapiro from 1961 to 1983. He served as Director of the State of Michigan Department of Management and Budget from 1983 to 1987 and was a Vice President with Detroit Edison from 1987 to 1988. Mr. Naftaly served as Chief Operating Officer for Blue Cross Blue Shield of Michigan from 1988 to 2002. Mr. Naftaly is currently a member of the Michigan Association of Certified Public Accountants and the American Institute of Certified Public Accountants. He has been a director of the Company since 2002, is the Chairman of the Compensation Committee, and is a member of the Risk Management and Finance Committee and the Governance & Nominating Committee of the Company's Board of Directors. Mr. Naftaly serves on the Board of Directors and on the Audit and Compensation Committees of the Board of Directors for Sun Communities, Inc., a publicly traded company that operates manufactured home communities. Mr. Naftaly serves on the Board of Directors of Walsh Business College and several other Michigan charitable entities or foundations.

Mr. Naftaly has significant accounting, audit, insurance and management experience. The Board of Directors believes Mr. Naftaly's experience makes him an excellent director of the Company.

*Robert W. Sturgis*, age 68, obtained an undergraduate degree in mathematics from the University of Maine in 1964. In 1968, Mr. Sturgis became a fellow in the Casualty Actuarial Society. In 1970, he became a member of the American Academy of Actuaries. From 1964 to 1979, Mr. Sturgis was an actuary with Aetna Insurance Company. From 1979 to 1986, Mr. Sturgis served as a principal and director of Tillinghast and from 1986 to 1995 he was a principal and director of Tillinghast-Towers Perrin, a global management and actuarial consulting firm. Mr. Sturgis retired as a director and principal of Tillinghast-Towers Perrin in 1995. Aside from his membership in the Casualty Actuarial



Society and the American Academy of Actuaries, Mr. Sturgis also served on the Actuarial Board for Counseling and Discipline from 1965 to 2002. Mr. Sturgis has been a director of the Company since 2000 and is a member of the Audit and Risk Management and Finance Committee of the Company's Board of Directors. He has served on the board of directors of several non-profit and charitable organizations.

Mr. Sturgis possesses significant actuarial, insurance and management experience. The Board of Directors believes that Mr. Sturgis' experience makes him an excellent director of the Company.

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*Bruce E. Thal*, age 78, graduated from the University of Michigan in 1952 with an undergraduate degree in business administration. Mr. Thal obtained a Certified Public Accountant Certification in 1955. He began his accounting career in 1954 and was a partner with Sillman, Kleiman & Thal from 1957 to 1968. He later joined J.K. Lasser & Company from 1968 to 1972. Thereafter, he joined Touche Ross & Company (now know as Deloitte & Touche LLP) where he was a partner until he retired in 1995. Mr. Thal has been a member of the American Association of Certified Public Accountants since 1956, as well as the American Institute of Certified Public Accountants. Mr. Thal has been a director of the Company since 1995, is Chairman of the Audit Committee and a member of the Investment Committee and the Risk Management and Finance Committee of the Company's Board of Directors.

Mr. Thal possesses significant accounting, audit, insurance and investment experience and has 15 years of service on the Company's Board of Directors. The Board of Directors believes Mr. Thal's experience makes him an excellent director for the Company.

*Jeffrey A. Maffett*, age 61, graduated in 1971 from Defiance College with an undergraduate degree in Business Administration. Shortly after graduation Mr. Maffett joined the management training program with Fifth Third Bank in Cincinnati, OH. Later he was employed at Eaton National Bank and Trust Co. as President and Chief Executive Officer from 1987 to 2003. Currently, Mr. Maffett serves as President and Chairman of Colonial Banc Corp. as well as Founder, Chairman and Chief Executive Officer of Oculina Banc Corp.

As an organizing director, Mr. Maffett ultimately served as President of the Community Bankers Association of Ohio and served a term on the Community Bank Board of the Federal Reserve Bank of Cleveland. Before the merger, Mr. Maffett had been a director at ProCentury since October 2000, and was appointed to the Company's Board on October 31, 2008, where he serves on the Audit Committee and Investment Committee. Mr. Maffett has served on various civic and charitable foundation boards. Mr. Maffett is a director of ProAlliance Corporation, an Ohio based insurance holding company.

Mr. Maffett has significant banking, insurance, investment and accounting experience. He previously served on ProCentury's Board of Directors, so he is familiar with the excess and surplus lines business. The Board of Directors believes Mr. Maffett's experience makes him an excellent director of the Company.

## **Other Executive Officers**

*Karen M. Spaun*, age 45, was appointed Chief Financial Officer in 2003 and has served as Senior Vice President of the Company since 2002. She also serves as Director and Vice President of the Insurance Company Subsidiaries, as well as Meadowbrook. In addition, she serves as Treasurer of Meadowbrook. Ms. Spaun joined the Company in 1998 as Director of Investor Relations. In 1997, Ms. Spaun served as Controller of CoverX, an excess and surplus lines company. From 1993 to 1997, she served as Director of Financial Accounting at Citizens Insurance Company, a member of the former Allmerica Financial Corporation. Ms. Spaun previously held financial and accounting positions in public companies and the former Coopers & Lybrand public accounting firm.

*Michael G. Costello*, age 49, was appointed Senior Vice President, General Counsel and Secretary of the Company in 1999. Mr. Costello also serves as Senior Vice President, General Counsel, and Secretary of the Insurance Company Subsidiaries, as well as Meadowbrook. Mr. Costello joined the Company in 1993 as Vice President and Assistant General Counsel. Mr. Costello was formerly a shareholder with Plunkett & Cooney, P.C., a Michigan law firm specializing in insurance law. Mr. Costello obtained undergraduate degree from Marquette University in 1982 and his law degree in 1985 from University of Detroit Mercy School of Law ( UDM ). He is a member of the Federation of Defense & Corporate Counsel, Association of Corporate Counsel and the Society of Corporate Secretaries & Governance Professionals. He serves as President and Director of the ACC Michigan Chapter Foundation and is a Director of the UDM Alumni Board of Directors, where he formerly served as President. Mr. Costello is a former

Director of the Oakland County Bar Foundation and is a member of the State Bar of Michigan and Oakland County Bar Association.

*Stephen A. Belden*, age 54, is Senior Vice President and Chief Actuary for the Company. Mr. Belden joined the Company in 2003. He previously served as Chief Actuary for Zurich North American Construction from 1995 to 2003. From 1990 to 1995, Mr. Belden worked with Orion Capital Companies as Assistant Vice President and

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Actuary. In addition, Mr. Belden's experience includes serving as a consultant with Tillinghast and with Touche, Ross and Company and as an Actuarial Officer for the St. Paul Companies. He started his career in 1977 with Aetna Life and Casualty Insurance Company, where he served in various positions in the Actuarial Department. Mr. Belden holds the designations of both Fellow Casualty Actuarial Society and CPCU.

*Christopher J. Timm*, age 53, previously served as a senior officer of ProCentury, prior to the Company's merger. Mr. Timm is an Executive Vice President of the Company. In addition, Mr. Timm serves as a Director and President of Century and PIC. Previously, Mr. Timm was an owner and President of Environmental & Commercial Insurance Agency, Inc., a managing underwriting agency, prior to its sale in 1998.

*Robert Christopher Spring*, age 56, is Senior Vice President of Business Operations and Chief Informational Officer. He was formerly the President of the Company's TPA Associates Division, which was acquired by the Company in 1999. Mr. Spring co-founded TPA Associates in 1993. He served as Executive Vice President of TPA from 1993 through 2000. He previously served as Assistant Vice President with American Mutual Insurance Companies from 1987 through 1989. From 1989 through 1993, Mr. Spring worked with Towers Perrin as a risk management consultant. He began his career in 1977 with Signature Group, an Illinois insurance company.

*Archie S. McIntyre*, age 44, is Senior Vice President of Business Development for the Company. In addition, Mr. McIntyre serves as a Director for the Insurance Company Subsidiaries. Mr. McIntyre joined the Company in 1986. From 1986 to 1988, Mr. McIntyre held various positions in the agency, marketing and finance divisions of the Company. From 1988 to 1996, Mr. McIntyre was a manager for the Company's public entity division. In 1996, Mr. McIntyre was named Vice President managing the Company's Alabama Branch office. In 1999, Mr. McIntyre was appointed to manage the Company's Business Development Department, which includes strategic planning, marketing, acquisitions, new business due diligence and implementation, and corporate communications. Mr. McIntyre graduated from the University of Michigan-Dearborn and holds an Associate in Risk Management designation.

*Kenn R. Allen*, age 61, is Senior Vice President of the Company and President of the Meadowbrook Insurance Agency and also serves as a Director and Vice President for Star, Savers, Williamsburg and Ameritrust. Mr. Allen has served as President of the Meadowbrook Insurance Agency since 1986. Prior to joining the Company, Mr. Allen held many positions at Republic Hogg Robinson, which was later acquired by Wells Fargo, where he was a Regional Senior Vice President for its self-funded groups/associations, self-insureds and property/casualty business. Mr. Allen is a graduate of the University of Cincinnati and Henry Ford College. His credentials include Certified Insurance Counselor and Certified Hazard Control Manager.

*Joseph E. Mattingly*, age 50, became Senior Vice President-Insurance Operations of the Company in 2007. Mr. Mattingly also serves as a Director of the Insurance Company Subsidiaries and is President of Star, Savers, Ameritrust, and Williamsburg. In addition, he also serves as Director of Meadowbrook. He is responsible for corporate underwriting, claims, loss control, premium audit, reinsurance, business development, and information services. Mr. Mattingly joined the Company in 2003. He served as branch manager for the Company's office in Overland Park, Kansas from 2004 until November 2006. From 1997 to 2003, he held the position of Vice President with One Beacon Insurance. Prior to 1997, Mr. Mattingly held various positions at Great American Insurance and The Hartford Insurance Group. Mr. Mattingly is a graduate of the University of Missouri.

*James M. Mahoney*, age 59, became Senior Vice President - Field Operations of the Company in 2007. In addition, Mr. Mahoney also serves as a Director of the Insurance Company Subsidiaries. He is responsible for management of the Company's branch operations. Mr. Mahoney joined the Company in 2000. He served as branch manager for the Company's office in Andover, Massachusetts from 2000 through 2006. From 1978 to 1995, he held various positions, including New England Regional Executive, Northeast Zone Executive, and Corporate Vice President - Field Operations, at The Hanover Insurance Company. In 1995, Mr. Mahoney joined the Lumber Insurance Group as Senior

Vice President. Mr. Mahoney is a graduate of Merrimack College and holds a CPCU designation.

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**CORPORATE GOVERNANCE**

**Board Matters**

In 2009, the Board of Directors met five times and the Committees of the Board held sixteen additional meetings. During 2009, each of the directors, with the exception of Joseph S. Dresner, attended (in the aggregate) at least 75% of the total number of meetings of the Board of Directors and the total number of meetings held by all the Committees of the Board upon which he/she served.

It is the policy of the Board of Directors to encourage attendance by its members at all meetings of the Board and Committees of the Board. Eight of the twelve members of the Board of Directors attended the 2009 Annual Meeting.

**Board Leadership Structure and Risk Management Oversight**

The Board of Directors has adopted governance guidelines to assist with fulfilling its duties and responsibilities to the Company and its shareholders. These guidelines are intended to ensure the Board of Directors has the necessary authority and procedures in place to review and evaluate the Company's business operations, make decisions that are independent of the Company's management, and align the Company's directors and management interests with those of the Company's shareholders. While the Company's bylaws do not require a separation of the Chairman of the Board and Chief Executive Officer positions, these positions are currently held by different people. The Company believes that separation of these two positions provides for appropriate oversight and review of management performance. In addition, it allows for an independent and objective assessment of agenda items to be considered at board or committee meetings. The Company has not selected a lead director; however, the Chairman of the Risk Management and Finance Committee has been appointed to chair all executive sessions of the Board of Directors. The Board of Directors has a practice of conducting executive sessions at each of the regularly scheduled Board and Committee meeting. The Board of Directors conducts executive sessions with the Chief Executive Officer. Also, the Board of Directors, along with the Audit Committee, conducts executive sessions with the Company's Chief Financial Officer, Chief Actuary, Director of Internal Audit and General Counsel.

The Board of Directors is responsible for oversight of the Company's risk management process. The Board of Directors has delegated to the Risk Management and Finance Committee the primary function of managing the risk management process and under the oversight of the Board of Directors. While the Risk Management and Finance Committee has the primary responsibility, several of the other committees of the Board of Directors also have the role in the process as outlined by each of their respective charters. The Risk Management and Finance Committee, with assistance from the Audit Committee, is responsible for reviewing, assessing and monitoring the significant risks or exposures to the Company and assuring that management has implemented the appropriate monitors to control such risks, as well as minimize the Company's exposure to such risks. The Risk Management and Finance Committee is authorized to retain, if necessary, risk management consultants to assist the Board of Directors in this process. The Investment Committee is responsible for developing an investment policy that ensures the Company's investment portfolio is aligned with the risk profile of the Company. The Compensation Committee is responsible for adopting compensation policies that increase shareholder value, avoid undue risk taking by the Company, appropriately rewards executives and employees for performance and assures that the Company's compensation policies and practices are adequately disclosed to the public. The Governance and Nominating Committee is responsible for overseeing matters relating to the nomination, selection and evaluation of its directors, reviewing and approving any related-party transactions, as well as assuring that the Company has an effective corporate governance policy, which complies with the current rules of the New York Stock Exchange and SEC.

**Independence Determination**

The Board of Directors has determined that Messrs. Dresner, Greenberg, Naftaly, Page, Sturgis, Thal, Tyner, Fix, Maffett and Ms. Mark are independent, in accordance with the New York Stock Exchange's independence standards, as modified or supplemented, and these directors have no other relationship that would impair such independence.

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### **Executive Sessions**

Executive sessions of non-management directors were held at each regularly scheduled meeting of the Board of Directors, as well as at each meeting of the Audit Committee, Governance and Nominating Committee, Risk Management and Finance Committee, Audit Committee and Compensation Committee. Executive sessions are presided over by the Chairman of each Committee with the Chairman of the Risk Management and Finance Committee presiding over the executive sessions of the Board of Directors.

### **Committees of the Board of Directors**

The Board of Directors has established Corporate Governance Guidelines. Also, the Board of Directors has established an Audit Committee, Compensation Committee, Risk Management and Finance Committee, Investment Committee and Governance and Nominating Committee. Each Committee of the Board of Directors has adopted a Committee Charter. A current copy of each Committee's Charter is available on the Company's website at [www.meadowbrook.com](http://www.meadowbrook.com).

### **Audit Committee**

The Audit Committee is responsible for reviewing the services of the Company's independent registered public accounting firm and actuaries, consults with the accountants and actuaries, reviews the financial statements and loss reserves of the Company and internal controls of the Company and monitors the Internal Audit Department of the Company. The Audit Committee also assists the Risk Management and Finance Committee with developing and implementing policies that govern how the Company identifies, evaluates, monitors and minimizes risk. The Audit Committee members are: Bruce E. Thal (Chairman), Robert F. Fix, Robert H. Naftaly, Jeffrey A. Maffett, and Robert W. Sturgis. The members of the Audit Committee satisfy the independence and experience requirements established by the New York Stock Exchange. In addition, the Board of Directors has determined that Bruce E. Thal qualifies as a financial expert, as defined by the SEC. The Audit Committee met four times in 2009. Refer to the **Audit Committee Report** below for details of the Committee's proceedings during 2009.

### **Compensation Committee**

The Compensation Committee is responsible for assuring that our named executives are appropriately compensated in relation to their duties, responsibilities and performance and that executive compensation plans are aligned with long-term shareholder value and are designed so as to avoid undue risk to the Company. The Compensation Committee's Charter authorizes the Compensation Committee to review and approve the goals and objectives for the Chief Executive Officer, evaluate his performance and approve his compensation. The Compensation Committee recommends to the Board of Directors the base salary levels, bonuses and equity compensation for the Chief Executive Officer. In addition, the Compensation Committee approves the guidelines to determine salary levels, bonuses and equity compensation for other executive officers and managers of the Company. The Compensation Committee reviews and makes recommendations with respect to the Company's compensation plans and is responsible for administering any equity awards under the Company's 2002 Amended and Restated Stock Option Plan, the 2009 Equity Compensation Plan and the Long Term Incentive Plan. The members of the Compensation Committee satisfy the independence requirements established by the New York Stock Exchange. The Compensation Committee has authority to directly retain outside consultants of its selection to assist with the development of the Company's compensation and benefits programs. In 2009, the Compensation Committee did not retain any outside consultant to review the Company's compensation plans.

The Compensation Committee members are Robert H. Naftaly (Chairman), Hugh W. Greenberg, David K. Page, and Herbert Tyner. The Compensation Committee met two times in 2009. The **Compensation Committee Report** is set



forth later in this proxy statement.

**Risk Management and Finance Committee**

The Risk Management and Finance Committee is responsible for assisting the Board of Directors with its oversight of risk management, financial, capital, lending, litigation, acquisitions, loss reserves and other strategic matters relating to the business of the Company. The Risk Management and Finance Committee monitors the

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significant risks and exposures of the Company and assures that management adopts appropriate mitigating controls to avoid or reduce the Company's exposures to such risks. Members of the Risk and Finance Committee are David K. Page (Chairman), Hugh W. Greenberg, Robert W. Sturgis, Robert H. Naftaly, Bruce E. Thal, Merton J. Segal and Robert S. Cubbin. The Risk Management and Finance Committee met four times in 2009.

## **Investment Committee**

The Investment Committee reviews and approves the Company's Investment Policy Guidelines, investment transactions of the Company, oversees the Company's outside investment manager, and monitors investment performance and adherence to the Company's Investment Policy Guidelines so as to ensure the investment portfolio is aligned with the Company's risk profile. The Investment Committee members are Joseph S. Dresner (Chairman), Robert S. Cubbin, Jeffrey A. Maffett, Florine Mark, David K. Page, Merton J. Segal and Bruce E. Thal. The Investment Committee met four times in 2009.

## **Governance and Nominating Committee**

The Governance and Nominating Committee reviews the criteria for the selection of senior executives and directors of the Company. The Governance and Nominating Committee reviews the performance of the directors and recommends directors for election to the Board. The Governance and Nominating Committee monitors compliance with the Company's Code of Conduct and other corporate governance policies. The Governance and Nominating Committee also reviews and approves any related-party transactions involving the Company and its directors and officers. The Governance and Nominating Committee members are Hugh W. Greenberg (Chairman), Robert F. Fix, Florine Mark, and Herbert Tyner. The Governance and Nominating Committee met two times in 2009.

The Charter for the Governance and Nominating Committee is available to shareholders on the Company's website, at [www.meadowbrook.com](http://www.meadowbrook.com). Each member of the Governance and Nominating Committee is independent as defined in the New York Stock Exchange's independence standards, as those standards have been modified or supplemented, and these Directors have no other relationship that would impair their independence.

The Governance and Nominating Committee will consider director candidates recommended by shareholders. Such recommendations must be made pursuant to timely notice in writing to:

Meadowbrook Insurance Group, Inc.  
26255 American Drive  
Southfield, Michigan 48034-2438  
Attention: Governance and Nominating Committee

The Governance and Nominating Committee has not established specific minimum qualifications or skills for directors to possess. The Governance and Nominating Committee uses a subjective process for identifying and evaluating nominees for director, based upon the information available to members of the Governance and Nominating Committee and the current needs of the Company. While the Governance and Nominating Committee does consider diversity as one of several criteria for eligibility, the Company has not adopted a formal diversity policy. The Governance and Nominating Committee does not believe there would be any difference in the manner in which it evaluates nominees based on whether the nominee is recommended by a shareholder or director. Historically, nominees have been the existing directors or persons with significant management, insurance, accounting, actuarial, legal, banking, investment or business experience.

## **Code of Conduct**

The Company has adopted a Code of Conduct that applies to all of its employees, officers and directors, including its principal executive officer, principal financial officer, chief accounting officer or persons performing similar functions. Annually, the Company reviews the Code of Conduct for any amendments, which thereafter would be reviewed and approved by the Governance and Nominating Committee and the Board of Directors. No changes were made in 2009.

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The Company's Code of Conduct contains written standards that are intended to deter wrongdoing and promote:

Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

Full, fair, accurate, timely, and understandable disclosures in reports and documents that we file with, or submit to, the SEC and in other public communications we make;

Compliance with applicable governmental laws, rules and regulations;

Prompt internal reporting of violations of the Code of Conduct to an appropriate person; and

Accountability for adherence to the Code of Conduct.

In addition, the Company has a Whistleblower Policy, which allows employees to anonymously report unethical or illegal conduct on the part of employees. All reports are investigated by the Compliance Officer and reported to the Audit Committee of the Board of Directors for further action.

The Company has also posted the Code of Conduct on its website at [www.meadowbrook.com](http://www.meadowbrook.com). The Company will provide a copy of the Code of Conduct to any person, without charge and upon request. Requests for a copy of the Code of Conduct, Corporate Governance Guidelines or Committee Charters should be made to the Secretary of the Company at 26255 American Drive, Southfield, Michigan 48034. The Company intends to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to, or a waiver from, a provision of our Code of Conduct that applies to our principal executive officer, principal financial officer, controller or persons performing similar functions and that relates to any element of the code definition enumerated in SEC, Regulation S-K, Item 406(b) by posting such information on our website at [www.meadowbrook.com](http://www.meadowbrook.com) within four business days following the date of the amendment or waiver. To date, no such waivers have been made.

## **Compensation Committee Interlocks and Insider Participation**

No member of the Compensation Committee is a current or former employee of the Company or any of its subsidiaries. No member of the Compensation Committee had any relationship with the Company, which would have required disclosure in this Proxy Statement under the caption **Certain Relationships and Related Party Transactions**. No executive officer of the Company served on the Compensation Committee or as a director of any other entity whose executive officer(s) served on the Company's Compensation Committee or Board of Directors.

## **Shareholder Communications with Directors**

Any shareholder may communicate directly with the Board of Directors, or with any one or more individual members of the Board. A shareholder wishing to do so, should address the communication to Board of Directors or to one or more individual members of the Board and submit the communication to the Company at the address of the Company noted on the first page of this Notice of Meeting and Proxy Statement. All such communications received by the Company and addressed to the Board of Directors will be forwarded to the Chairman of the Board, or to the individual member or members of the Board, if addressed to them.

All of these communications will be reviewed by our Secretary to filter out communications that are not appropriate, specifically, spam or communications offering to buy or sell products or services. The Secretary will forward all remaining communications to the appropriate directors.

Any interested party may communicate with our non-management directors by writing to:

Meadowbrook Insurance Group, Inc.  
26255 American Drive  
Southfield, Michigan 48034  
Attention: Independent Directors

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**COMPENSATION OF DIRECTORS**

**Director Compensation**

The following table provides information regarding compensation paid to the individuals who served as non-employee directors of the Company during the year ended December 31, 2009:

				<b>Change in Pension Value and Nonqualified</b>	
<b>Fees Earned</b>			<b>Non Equity Incentive Plan</b>	<b>Deferred</b>	<b>All</b>
<b>or Paid in Cash</b>	<b>Stock Awards</b>	<b>Option Awards</b>	<b>Compensation</b>	<b>Compensation</b>	<b>Other</b>