MEADOWBROOK INSURANCE GROUP INC
Form DEF 14A
April 16, 2012

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

SCHEDULE 14A
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

Proxy Statement pursuant to Section 14(a) of the
Securities Exchange Act of 1934

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

Check the appropriate box:

o	Preliminary Proxy Statement
o	Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
x	Definitive Proxy Statement
o	Definitive Additional Materials
o	Soliciting Material Under Rule 14a-12

MEADOWBROOK INSURANCE GROUP, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):
x No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

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1) Amount previously paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

MEADOWBROOK INSURANCE GROUP, INC.
26255 American Drive
Southfield, Michigan 48034
(248) 358-1100

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Date:	May 17, 2012
Time:	2:00 p.m., EST
Place:	Meadowbrook Insurance Group, Inc. 26255 American Drive Southfield, Michigan 48034

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

1. Elect four directors for a three-year term expiring in 2015, 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;

3. Consider an advisory vote on the Company's 2011 executive compensation; and

4. 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 21, 2012. 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 2011 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 16, 2012

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.

MEADOWBROOK INSURANCE GROUP, INC.

PROXY STATEMENT

GENERAL

This Proxy Statement, Proxy Card and Annual Report for the year ended December 31, 2011 are being mailed to the shareholders of Meadowbrook Insurance Group, Inc. ("Meadowbrook" or the "Company") on or about April 16, 2012 in connection with the solicitation of proxies by the Board of Directors of the Company. The proxies will be voted upon at the Annual Meeting of Shareholders of the Company to be held on Thursday, May 17, 2012, 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 17, 2012:

This Notice and Proxy Statement and our 2011 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

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 2012 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 are 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 2012 Annual Meeting were mailed on or about April 16, 2012 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 21, 2012 (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:

1. Election of four directors for a three-year term expiring in 2015, or until the election and qualification of their successors;

2. Ratification of the appointment of Ernst & Young LLP as the Company’s independent registered public accounting firm;

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3. An advisory vote on the Company's 2011 executive compensation; and

4. 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.

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 four 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 2 and 3 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 50,630,811 shares of the Company's common stock outstanding on the Record Date. A majority of the outstanding shares, or 25,315,406 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 four nominees for director. The four 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 approve proposals 2 and 3. Abstentions and broker non-votes are not votes cast. Therefore, an abstention and a broker non-vote will have no effect on the proposal to elect the four nominees for director or to approve proposals 2 and 3.

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 approval of proposals 2 and 3. 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, 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, 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 and the Capital Strategy and Acquisition Committee of the Board of Directors on its website, as well as the Company's Board Governance Guidelines, Code of Conduct and Business Ethics 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 2013 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 17, 2012.

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 March 1, 2013 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 March 1, 2013.

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.

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THE FIRST PROPOSAL ON WHICH YOU ARE VOTING
THE ELECTION OF FOUR 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 four candidates for director. The Company's Board of Directors, acting upon the recommendation of its Governance and Nominating Committee, has nominated: Robert S. Cubbin, Robert F. Fix, Florine Mark and Hugh W. Greenberg as directors with terms expiring in 2015. Each nominee currently serves as a director, has consented to their nomination and has agreed to serve as a director, if elected.

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.

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 21, 2012.

Nominee Directors –Terms Expiring in 2015

Robert S. Cubbin, age 54, 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 serves as Chairman of the Board of Directors and President of the following subsidiaries of the Company: Star Insurance Company; Savers Property & Casualty Insurance Company; Williamsburg National Insurance Company; Ameritrust Insurance Corporation. He is Chairman of the Board of Directors of 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 for Citizens Republic Bancorp, Inc., a Michigan bank holding company. He also serves as Chairman of the Audit Committee and is a member of the Compensation Committee of the Board of Directors for Citizen's Republic Bancorp, Inc. 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 65, 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 and Vice Chairman of Richmond Mutual Bancorporation, Inc. Mr. Fix formerly served as Vice Chairman of First Bank Richmond, N.A. and as Chairman of the Board of American Trust F.S.B., which are subsidiaries 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 Capital Strategy and Acquisition Committee. He formerly served on the Governance and Nominating Committee. 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 of the Board of Directors for the Federal Home Loan Bank 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 experienced 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 81, 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 DataNet Quality Systems, a developer of software systems for manufacturing. Mr. Greenberg has been a director of the Company since 1985 and is Chairman of the Governance & Nominating Committee and is a member of the Compensation Committee. In addition, Mr. Greenberg has served on several boards of directors for several Michigan foundations and other non-profit organizations.

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

Florine Mark, age 79, 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 Compensation Committee. 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, The Community Foundation, English Gardens, The Detroit Economic Club, The Governor’s Council on Physical Fitness, Health and Sports, The Henry Ford Health System, Art Van Furniture, 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.

Incumbant Directors – Terms Expiring in 2014

Robert H. Naftaly, age 74, 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 first served as Chief Financial Officer, and later 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 Audit Committee and the Capital Strategy and Acquisition Committee. Mr. Naftaly serves on the Board of Directors and on the Audit and Compensation Committees of the Board of Directors for Sun Committees, Inc., a publicly traded company that operates manufactured home communities. He serves as Chairman of the UAW Retiree Medical Benefits Committee, which administers the UAW Voluntary Employees Beneficiary Association (VEBA) Trust Fund and is a Director of Talmer Bank, a privately owned bank with offices in the Midwest. 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 70, 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 Committee and the Capital Strategy and Acquisition Committee. He has served on the board of directors of several non-profit and charitable organizations.

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

Bruce E. Thal, age 80, 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 1952 as a junior accountant and later became a partner with Sillman, Kleiman & Thal from 1957 to 1968. He later joined J.K. Lasser & Company from 1968 to 1978. Thereafter, he joined Touche Ross & Company (now known 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 is a member of the Governance and Nominating Committee.

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

Jeffrey A. Maffett, age 63, 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 the Governance and Nominating 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 has experience with the excess and surplus lines business. The Board of Directors believes Mr. Maffett's experience makes him an excellent director of the Company.

Incumbent Directors –Terms Expiring in 2013

Merton J. Segal, age 83, 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 and is a member of the Capital Strategy and Acquisition Committee. Mr. Segal obtained his Chartered Property Casualty Underwriters ("CPCU") 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. Mr. Segal was elected to the Michigan Insurance Hall of Fame in 2010. 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 78, 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 a member of the Compensation Committee and is the Chairman of the Capital Strategy and Acquisition 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 81, 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 a member of the Compensation Committee and the Governance & Nominating Committee. 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.

Other Executive Officers

Karen M. Spaun, age 47, 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. Ms. Spaun graduated from Ohio University in 1986 with a Bachelor of Business Administration, with a concentration in accounting and was a member of Beta Gamma Sigma.

Christopher J. Timm, age 55, 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 where he is primarily responsible for the Company's excess and surplus lines business. Previously, Mr. Timm was an owner and President of Environmental & Commercial Insurance Agency, Inc., a managing underwriting agency, prior to its sale in 1997.

Michael G. Costello, age 51, 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 Director for the Insurance Institute of Michigan where he also serves on the Executive Committee of the Board of Directors. 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 former Director of the UDM Alumni Board of Directors, where he also 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.

James M. Mahoney, age 61, 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 graduated from Merrimack College in 1973 with a Bachelor of Arts degree in History and earned a CPCU designation in 1989.

Archie S. McIntyre, age 47, is Senior Vice President of Business Development for the Company. In addition, Mr. McIntyre serves as a Director for the Insurance Company Subsidiaries. He 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, he 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 in 1987 with a Bachelor of Science degree in Economics. He also holds an Associate in Risk Management designation.

Stephen A. Belden, age 56, 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 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 graduated from Rensselaer Polytechnic Institute with a Bachelor of Science degree in 1977. He holds the designations of both Fellow Casualty Actuarial Society and CPCU.

Robert Christopher Spring, age 58, 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. Mr. Spring graduated from Southern Illinois University in 1975 with a Bachelor of Science degree from the College of Human Resources.

Kenn R. Allen, age 63 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 of their property/casualty, self-funded and self-insured divisions. 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.

CORPORATE GOVERNANCE

Board Matters

In 2011, the Board of Directors met fourteen times and the Committees of the Board held fifteen additional meetings. During 2011, each of the directors 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. Seven of the eleven members of the Board of Directors attended the 2011 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 formerly 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, David K. Page has been appointed to chair 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 meetings. The Board of Directors conducts executive sessions with the Chief Executive Officer, along with other executive officers as it deems appropriate and necessary. Also, the Audit Committee conducts executive sessions with the Company's Chief Financial Officer, Chief Actuary, Director of Corporate Audit and General Counsel.

The Board of Directors is responsible for oversight of the Company's risk management process. Each quarter, the Board of Directors receives an updated risk assessment, as well as an enterprise risk management report with respect to the Company's approach to the management of significant risks, including monitoring and mitigation efforts, where applicable. Management is responsible to identify, assess, and manage the risks relating to the Company's strategy and business objectives. These efforts, along with the Board of Directors' oversight, are reviewed and discussed at each regular board meeting. The Board of Directors is authorized to retain, if necessary, risk management consultants to assist the Board of Directors in this process. While the Board of Directors has the primary responsibility, other committees of the Board of Directors also have the role in the process as outlined by each of their respective Charters. The Board of Directors with assistance of the Audit Committee is responsible for reviewing, assessing and monitoring the significant risks or exposures in the accounting and financial reporting areas of the Company and assuring that management has implemented the appropriate monitors to control such risks, as well as minimize the Company's risk exposure. The Compensation Committee is responsible for adopting compensation policies that increase shareholder value, avoid undue risk taking by the Company, appropriately reward executives and employees for performance and assure 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. The Capital Strategy & Acquisition Committee is responsible for the Company's caital strategy, mergers and acquisitions and developing an investment policy that ensures the Company's investment portfolio is aligned with the risk profile of the Company.

Independence Determination

The Board of Directors has determined that Messrs. 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.

Executive Sessions

Executive sessions of non-management directors were held at 5 of the 8 regularly scheduled meetings of the Board of Directors, as well as all but 1 meeting of the Audit, Governance and Nominating, Compensation and Capital Strategy and Acquisition Committees. Executive sessions are presided over by the Chairman of each Committee, with David K. Page presiding over the executive sessions of the Board of Directors.

Committees of the Board of Directors

The Board of Directors has established Board Governance Guidelines. Also, the Board of Directors has established an Audit, Compensation, Governance, Nominating and Capital Strategy and Acquisition Committees of the Board. These Committees of the Board of Directors have adopted a Committee Charter. The Charters for the Audit, Compensation, Governance and Nominating and Capital Strategy and Acquisition Committees are available on the Company's website at www.meadowbrook.com.

Audit Committee

The Audit Committee is responsible for reviewing the services of the Company's independent registered public accounting firm and third-party 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 Corporate Audit Department of the Company. The Audit Committee also assists the Board of Directors 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 Chairman, Bruce E. Thal, qualifies as a "financial expert," as defined by the SEC. The Audit Committee met four times in 2011. The Audit Committee Report is set forth later in this proxy statement.

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 or her performance and approve his or their 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. All 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 2011, the Compensation Committee retained Pay Governance to review and assess the Company's compensation policies and plans. The Compensation Committee members are Robert H. Naftaly (Chairman), Hugh W. Greenberg, David K. Page, Herbert Tyner and Florine Mark. The Compensation Committee met six times in 2011. The Compensation Committee Report is set forth later in this proxy statement.

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 Business Ethics Policy, as well as 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), Jeffrey A. Maffett, Florine Mark, Herbert Tyner and Bruce Thal. The Governance and Nominating Committee met three times in 2011.

The Charter for the Governance and Nominating Committee is available to shareholders on the Company's website, at 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.

Capital Strategy and Acquisition Committee

The Capital Strategy and Acquisition Committee is responsible for assisting the Board of Directors with its oversight of the Company's capital structure and strategies, financing alternatives and relationships, mergers, acquisitions and divestitures and investment policy. The Committee was formed in 2011 and met three times in 2011. The members of the Committee are David K. Page (Chairman), Robert W. Sturgis, Robert H. Naftaly, Merton J. Segal and Robert F. Fix.

Code of Conduct

The Company has adopted a Code of Conduct and Business Ethics Policy (the "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 it for any amendments, which thereafter would be reviewed and approved by the Governance and Nominating Committee and the Board of Directors. No revisions were made in 2011.

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;
- Accountability for adherence to the Code of Conduct; and
- Whistleblower Policy.

The Company has also posted the Code of Conduct on its website at 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, Board 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 within four business days following the date of the amendment or waiver. To date, no such waivers have been made.

Whistleblower Policy

In addition, the Company has a Whistleblower Policy, which allows employees to anonymously report suspected unethical or illegal conduct on the part of employees. Employees have access to a 24 hour a day service, 7 days a week where they can report legal or ethical concerns, including, without limitation, concerns about accounting, internal controls or other audit matters. Individuals may choose to remain anonymous to the extent allowed by law. The Company prohibits retaliatory actions against anyone, who in good faith, avails themselves of the anonymous reporting service. The Company’s Whistleblower line is serviced by a third-party vendor of the Company. All reports are sent to the Audit Committee Chairperson and investigated by the Compliance Officer, who reports the results of the investigation to the Audit Committee of the Board of Directors for further action.

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

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, 2011:

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Robert F. Fix	75,000	15,000	-	-	-	-	90,000
Hugh W. Greenberg	78,500	15,000	-	-	-	-	93,500
Jeffrey A. Maffett	67,500	15,000	-	-	-	-	82,500
Florine Mark	63,000	15,000	-	-	-	-	78,000
Robert H. Naftaly	89,500	15,000	-	-	-	-	104,500
David K. Page	78,500	15,000	-	-	-	-	93,500
Merton J. Segal	63,000	15,000	-	-	-	124,500 (1)	202,500
Robert W. Sturgis	70,500	15,000	-	-	-	-	85,500
Bruce E. Thal	82,500	15,000	-	-	-	-	97,500
Herbert Tyner	73,500	15,000	-	-	-	-	88,500

(1) Compensation includes fees paid to Mr. Segal under his Consulting Agreement, as described in Certain Relationships and Related Party Transactions. Mr. Segal's Consulting Agreement expired on September 30, 2011 and was not extended.

a. Director Compensation

In general, it has been the practice of the Company to set pay for directors based upon market median levels, considering the total number of directors, cost implications and other general considerations. In the past, the Company has compensated directors solely in cash largely. However, in 2011 the Company included shares of Company stock as a part of each director's retainer.

For 2011, the Company paid outside directors a retainer of 1,500 shares of the Company stock and $45,000 in cash. Meetings fees for board and committee meetings are $1,500 per meeting. In addition, the Chairperson of the Compensation Committee received a retainer of $10,000, the Chairperson of the Audit Committee received a retainer of $15,000 and the Chairperson of the Governance and Nominating and Capital Strategy and Acquisition Committees received a retainer of $5,000

b. Director Stock Ownership Guidelines

The Company has adopted a formal policy that directors shall acquire (within a 5 year period) and own shares in the Company equal to at least 3x their annual board retainer.

The Compensation Committee approved each of the above actions, which were ratified and approved by the Board of Directors.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth as of the Record Date the beneficial ownership of the Company's common stock by: (i) each person known by the Company to beneficially own five percent or more of such shares, (ii) each nominee and incumbent director, (iii) each person named in the Summary Compensation Table, and (iv) all nominees and incumbent directors and Executive Officers as a group, together with their respective percentage ownership of the outstanding shares. Unless otherwise indicated, each individual has sole investment and voting power with respect to such shares.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)		Percent of Class	
Directors and Executive Officers				
Kenn R. Allen (Executive Officer)	69,013		*	
Stephen A. Belden (Executive Officer)	34,011		*	
Michael G. Costello (Executive Officer)	61,708		*	
Robert S. Cubbin (Executive Officer and Director)	436,446		*	
James M. Mahoney (Executive Officer)	66,986		*	
Archie S. McIntyre (Executive Officer)	84,217		*	
Karen M. Spaun (Executive Officer)	93,853		*	
Robert C. Spring (Executive Officer)	18,317		*	
Christopher J. Timm (Executive Officer)	358,493		*	
Robert F. Fix (Director)	53,000	(2)	*	
Hugh W. Greenberg (Director)	112,012	(3)	*	
Jeffrey A. Maffett (Director)	275,190	(4)	*	
Florine Mark (Director)	23,000	(5)	*	
Robert H. Naftaly (Director)	53,000		*	
David K. Page (Director)	177,000	(6)	*	
Merton J. Segal (Chairman of the Board)	994,844	(7)	2.0	%
Robert W. Sturgis (Director)	31,340		*	
Bruce E. Thal (Director)	189,000	(8)	*	
Herbert Tyner (Director)	189,377	(9)	*	
All Directors and Executive Officers as a group	3,320,807		6.6	%
5% Beneficial Owners (excluding Directors and Executive Officers)				
BlackRock, Inc	4,545,918	(10)	9.0	%
Dimensional Fund Advisors, Inc.	4,492,263	(11)	8.9	%
Goldman Sachs Asset Management	4,279,546	(12)	8.4	%
Royce & Associates	3,210,071	(13)	6.3	%
Vanguard Group	2,687,518	(14)	5.3	%
All Directors, Executive Officers and 5% Beneficial Owners	22,536,123		44.5	%

* Less than 1%.

(1) Address is 26255 American Drive, Southfield, Michigan 48034.

(2) Includes 12,500 shares held by Mr. Fix's spouse.

(3) Includes 112,012 shares held by a family Trust established by Mr. Greenberg.

(4) Includes 121,065 shares held by Colonial Banc Corp. Mr. Maffett is Chairman of the Board and may be deemed to share beneficial ownership of these shares. Also, includes 700 shares owned by the Colonial Banc Corp. Profit Sharing Plan and 1,187 shares owned by Mr. Maffett's spouse.

(5) These shares are held in trust by Ms. Mark.

(6) Includes 24,000 shares held by Mr. Page's spouse, who holds them as custodian for Mr. Page's grandchildren.

(7) Includes 991,844 shares held in a trust by Mr. Segal's spouse.

(8) Includes 26,000 shares held in trust by Mr. Thal's spouse and 67,000 shares held in trust by Mr. Thal. Also includes 54,000 shares in a partnership.

(9) Includes 136,377 shares held by Hartman & Tyner, Inc. Mr. Tyner is President and is greater than 10% stockholder of Hartman & Tyner, Inc. Mr. Tyner may be deemed to share beneficial ownership of these shares.

(10) Address is 40 East 52nd Street, New York, NY 10022. Based on the Schedule 13G filed with the SEC dated February 10, 2012, BlackRock, Inc. held sole voting power and sole dispositive power of 4,545,918 shares.

(11) Address is Palisades West, Building One, 6300 Bee Cave Road, Austin, TX 78746. Based on a Schedule 13G filed with the SEC dated February 14, 2012, Dimensional Fund Advisors, Inc. held sole voting power of 4,404,877 and sole dispositive power of 4,492,263 shares.

(12) Address is 200 West Street, New York, NY 10282. Based on Schedule 13G filed with the SEC dated February 10, 2012, Goldman Sachs Asset Management held shared voting power of 4,110,910 and shared dispositive power of 4,279,546 shares.

(13) Address is 745 Fifth Avenue, New York, NY 10151. Based on the Schedule 13G filed with the SEC dated January 19, 2012, Royce & Associates held sole voting power and sole dispositive power of 3,210,071 shares.

(14) Address 100 Vanguard Blvd., Malvern, PA 19355. Based on the Schedule 13G filed with the SEC dated February 9, 2012, The Vanguard Group held sole voting power of 84,262 and sole dispositive power of 2,603,256.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires that the Company's directors, executive officers and persons who own more than ten percent of a registered class of the Company's equity securities, to file reports of ownership and any subsequent changes in ownership with the SEC within prescribed time limits. The Company believes that, for the reporting period January 1, 2011 to December 31, 2011, all executive officers, directors, and ten percent or more shareholders complied with the reporting requirements under Section 16(a).

COMPENSATION OF EXECUTIVE OFFICERS

Compensation Discussion and Analysis

The compensation discussion and analysis set forth below provides an explanation of the Company's compensation programs, including the objectives of such programs and the rationale for each element of compensation, for our named executive officers, which includes our President & Chief Executive Officer, Robert S. Cubbin, our Senior Vice President - Chief Financial Officer, Karen M. Spaun, and our other three most highly compensated executive officers, Executive Vice President, Christopher J. Timm, our Senior Vice President - General Counsel & Secretary, Michael G. Costello and our Senior Vice President – Field Operations, James M. Mahoney. This section also describes the actions and decisions of the Compensation Committee of the Company's Board of Directors, as well as our Board of Directors as they relate to our 2011 compensation decisions. The discussion is divided into the following sections:

I. Executive Summary

II. Compensation Objectives

III. Role of Compensation Committee, Compensation Consultant and Management

IV. Elements of Total Compensation

V. Factors Considered When Determining Total Compensation

VI. 2011 Compensation Decisions

I. Executive Summary

The objectives and major elements of the Company's executive compensation program did not materially change from 2010 to 2011. While the Company regularly reviews our compensation programs, we believe in a compensation program and philosophy that creates long-term shareholder value, as well as effectively attracts, motivates and rewards performance, and promotes retention of senior management . The Company continues to provide our named executive officers with total annual compensation that includes three principal elements: base salary, performance-based annual cash incentive awards, and long-term equity-based incentive awards. The Company also provides our executives with severance and health and welfare benefits. The Company compensation program continues to emphasize performance-based pay. A significant portion of each executive's total annual compensation is at risk and is dependent upon the Company's achievement of specific, measurable performance goals. The Company's performance-based pay is designed to align our executive officers' interests with those of our shareholders and is intended to promote the creation of shareholder value, without encouraging excessive risk-taking. In addition, our equity program rewards long-term stock performance.

The 2011 pay decisions are commensurate with our review of market competitive practices and our performance results for incentive periods ending in 2011. A summary of the pay actions is presented below; additional details about the pay plans and analysis of decisions are presented in the subsequent sections.

- The named executive officers received market-based salary increase (prior to 2011, base salaries were last adjusted in 2009).
- No Annual Bonus Plan awards were paid since our performance was below specified financial goals.
- No Long-Term Incentive Plan performance awards were paid since our financial performance for 2009 to 2011was below the specified goals.

- The named executive officers received grants of restricted stock awards (ranging from 2,500 to 2,000 shares to each respective officer) that vest 20% immediately upon award with the balance vesting over four years.

Our 2011 annual bonus plan included several financial, performance, as well as operational goals and objectives. While the Company met several of its performance and operational goals and objectives, the Company did not achieve its goals for net operating income, net operating income per share, return on beginning equity and targeted combined ratio. Specifically, our earnings per share net operating income was $0.78, which was below the target of $1.02; net operating income was $40.9 million, which was below the target of $54.2 million; return on beginning equity was 8.0%, which was below the target of 9.9% and our combined ratio was 99.7%, which was above our target of 96.6%. On the other hand, the Company achieved certain of its performance and operational goals and objectives. Namely, the Company's gross leverage ratio was 2.3 to 1 and the net leverage ratio was 2.0 to 1, which were within the gross leverage target of 3 to 1 and the net leverage target of 2.5 to 1; net investment income was $54.5 million, which was just slightly below the target of $55.3 million; gross written premium was $904.0 million, which was above the target of $903.2 million; net earned premium was $746.6 million, which was above the target of $730.7 million and net commissions and fees were $32.1 million, which were above the target of $31.0 million.

In further evaluating the Company's performance, the Compensation Committee also considered several other operational achievements that were critical to the Company's success in 2011. Namely, the continued integration of ProCentury Corporation has enabled the Company to develop synergistic opportunities for the Company across lines of business and helped maintain the Company as a significant excess and surplus company in the marketplace. The Compensation Committee also acknowledged the Company's launch of several new programs, products and initiatives, which are expected to contribute to the Company's gross written premium and revenue expectations for 2011 and beyond. The Company also further developed its product offerings by expanding its aviation, marine, products and umbrella capabilities. Finally, the Company completed its new general ledger project and made substantial progress on other information technology projects. The Compensation Committee also considered the fact that the Company maintained its compliance with Section 404 of the Sarbanes-Oxley Act of 2002 and has begun to integrate an enterprise risk management process within the Company's operations. A more detailed discussion of the 2011 decisions is included under 2011 Compensation Decisions – Annual Bonus.

II. Compensation Objectives

Our compensation policy for the Company's named executive officers is similar to that of other similar executives and is intended to promote, attract and retain a talented pool of management, encourage continued performance and attainment of corporate and personal goals, as well as, further promote our success by aligning the executive officers' financial interests with long-term shareholder value.

We believe these objectives are accomplished by providing our executives with a competitive mix of short and long-term compensation, by rewarding excellent performance, and by linking a significant portion of each officer's compensation to specific, measurable performance goals.

III. Role of Compensation Committee, Compensation Consultant and Management

Compensation Committee

The Compensation Committee of the Board is, among other things, authorized by its Committee Charter (the "Charter") to assure that the Company's management is appropriately compensated in relation to their duties, responsibilities, performance and that executive compensation plans are aligned with long-term shareholder value and do not expose the Company to undue risk. The Charter authorizes the Compensation Committee to review the budget of the Company, as well as the annual performance goals and objectives for the Company, Chief Executive Officer and its executive officers, evaluate the Chief Executive Officer's performance in relation to the goals and objectives and approve his compensation (base salary, annual bonus, long-term incentive or other equity awards). The Compensation Committee is responsible for reviewing recommendations made by the Chief Executive Officer relating to the compensation of the principal executive officers who report to the Chief Executive Officer. In addition, the Compensation Committee is responsible for the administration of our annual bonus plan, long term incentive plan, as described below, as well as other equity-based compensation. Finally, the Compensation Committee is authorized to periodically review our compensation philosophy relating to salaries, bonuses, long-term incentives and other equity-based compensation paid to our senior management so as to assure the Company remains competitive with similar companies in the insurance industry. The Compensation Committee is authorized by its Charter to retain a compensation consultant to assist the Compensation Committee with the performance of its duties.

Compensation Consultant

The Compensation Committee has retained Pay Governance as its independent compensation consultant. Pay Governance advises the Compensation Committee with regard to the general competitive landscape and trends in compensation and executive and director compensation matters, including (i) competitive market-based salary and incentive compensation for executive officers, as well as for director compensation, (ii) incentive plan design, (iii) performance metrics, (iv) peer group selection, and (v) updates on best practices and trends in executive and director compensation. Pay Governance periodically attends meetings of the Compensation Committee and participates in the Committee's executive sessions, as well. Pay Governance is directly accountable to the Compensation Committee and the Committee reviews all fees paid to Pay Governance for such compensation advice.

Role of the CEO in Determining Executive Compensation

While the Compensation Committee has the responsibility to approve and monitor all compensation for our named executive officers, our CEO also plays an important role in determining executive compensation. At the Compensation Committee's request, our CEO assists the Compensation Committee by providing his evaluation of the performance of the executive officers who report directly to him, and recommends compensation levels for such officers.

Officer Stock Ownership Guidelines

In 2011, the Company adopted the following stock ownership guidelines for the officers listed: (i) CEO- 5x times his or her salary; (ii) 3x - times salary for both the Chief Financial Officer and General Counsel; and (iii) 2x times for all other executive officers.

The Compensation Committee approved and the Board of Directors ratified the actions of the Compensation Committee relating to salary, annual bonus awards, restricted stock awards and stock ownership guidelines.

IV. Elements of Total Compensation

The table below summarizes the elements of our total compensation program.

Compensation Element	Key Features
Base Salary	Base salary is designed to provide a level of assured cash compensation sufficient, together with performance based incentives, to motivate executives to perform at a consistently high level. Base salary is established based on various criteria consisting of level of responsibility, corporate performance, personal contribution to our success, experience, expertise and market data for our competitors in the insurance industry. Generally, we believe executive base salaries should be set within the competitive range of salaries for executives in similar positions at comparable companies. For an experienced, consistent performing executive, the Committee has established as a general guideline plus or minus ten percent of the market median for similar positions. Generally, base salaries are reviewed in conjunction with an independent review performed by our compensation consultant, which for the last several years has been every other year. Merit increases or adjustments are awarded based on such review and the achievement of corporate and individual performance objectives.
Annual Bonus Plan	The Company’s Annual Bonus Plan, which provides performance-based cash bonuses, has been adopted to incentivize our executive officers and other members of management to achieve our corporate performance objectives. Criteria for determining the named executive officers’ annual incentive bonus includes achievement of corporate financial performance goals and objectives, corporate operational performance, personal contribution to our success, and individual performance. The Annual Bonus Plan is funded based upon the achievement of growth in net after-tax earnings from one year to the next with amounts allocated to executives as determined in the discretion of the Compensation Committee and the Board of Directors, which primarily considers individual and team performance. Each year, the Compensation Committee and our Board of Directors establish a new target based upon prior year performance and the forecasted performance levels anticipated for the following year. If the minimum threshold is met, the Annual Bonus Plan is funded from 0% up to a maximum cap of 120% of the targeted bonus pool. The amount of the bonus pool is established by aggregating the individual targets for each participant, which is a percentage of the employee’s salary. An employee’s actual award may be above or below his or her target based upon achievement of corporate performance objectives and the employee's individual performance for the year. The target awards for the named executive officers are reviewed and established by the Compensation Committee as a part of our competitive benchmarking study, which is performed by the Company’s compensation consultant. The remaining target awards for other members of management are reviewed and approved by the Compensation Committee. At the end of the year, the Compensation Committee and the Board of Directors review our performance in relation to the pre-determined performance targets and then finalize the total bonus pool available to pay cash bonuses to the executive officers and the management team based upon achievement of our corporate goals and individual performance. Ultimately, all targets, as well as actual awards are reviewed and approved by

the Compensation Committee and the Board of Directors. See VI. 2011 Compensation Decisions below for a discussion of our 2011 annual bonuses plan decisions.

Compensation Element	Key Features
Long Term Incentive Plan	The Company provides the opportunity for our named executive officers and other executives to earn a long-term incentive award under our Long Term Incentive Plan (the "LTIP"). The LTIP is intended to provide an incentive to management to improve performance over a three-year period, thereby increasing long-term shareholder value. The LTIP payouts are based upon a target for an average three-year return on beginning equity and growth in net operating income; discretion including individual performance is not applied in determining LTIP payouts. One-half of any LTIP award is paid in cash and one-half is paid in common stock. The cash portion of the award is paid in three annual installments, with the first payment being paid as of March 1 of the year following of the performance period. The remaining two payments are paid by March 1 of the subsequent two years. Any unpaid portion of a cash award is subject to forfeiture if the participant voluntarily leaves, or is discharged for cause. The stock portion of the award is issued as a stock award under the terms and conditions of our 2002 Amended and Restated Stock Option Plan or 2009 Equity Compensation Plan as of the end of the performance period. The number of shares of common stock earned is based upon the closing stock price at the beginning of the performance period. A participant's target is established by the Committee as a part of our competitive benchmarking study, which is performed by the Company's compensation consultant. The Compensation Committee and the Board approve the target award. A participant's targeted award, which is a percentage of his or her salary, is established at the beginning of the three-year performance period. The Chief Executive Officer and the executive officers awards are capped at 160% of their respective salaries. All actual awards under the LTIP are reviewed and approved by the Compensation Committee and the Board of Directors before distribution. In 2009, the Company established the 2009 - 2011 LTIP (the "2009 LTIP") based upon a newly established target for an average three-year return on beginning equity and growth in net operating income. Participants were not eligible for any awards under the 2009 LTIP until December 31, 2011, which was the end of the performance period. See VI. 2011 Compensation Decisions below for a discussion of our 2009 LTIP.
Stock Options and Restricted Stock	In addition to the above, the Company's variable compensation plans also provide for the granting of stock options or stock awards under our 2002 Amended and Restated Stock Options Plan and the 2009 Equity Compensation Plan, which are intended to further the interests of our shareholders by attracting, retaining, and motivating key management. The plans provide for the grant of stock options (which may be nonqualified options or incentive stock options for tax purposes) and restricted stock awards. The Compensation Committee is authorized to determine the terms and conditions of all restricted stock awards and option grants, subject to the limitations that the option price per share may not be less than the fair market value of a share of common stock on the date of grant and the term of an option may not be longer than ten years. Payment of the option price may be made in any manner specified by the Compensation Committee (which may include payment in cash or common stock or by "cashless exercise"). Since 2003, the

Company has chosen not to issue any stock options.

Compensation Element	Key Features
	The Compensation Committee has authorized the use of stock awards to the named executive officers and certain other member of executive management. Issuance of stock awards is in the discretion of the Committee and Board of Directors. To be eligible, the Company must achieve its targeted growth in after-tax-earnings on a year over year basis, as well as substantially meet it corporate goals and objectives for the year. Issuance of stock awards is in the sole discretion of the Compensation Committee. Awards vest over a 4 year period and are subject to forfeiture in the event of a voluntary termination or a termination for cause. The Company's use of stock awards is the result of competitive benchmarking studies completed by our compensation consultants in 2010 which determined that our equity compensation plans target awards for our named executive officers and certain other members of executive management were well below the market median for such positions. Use of stock awards was recommended by the compensation consultant to assure our equity plans remained competitive, while providing a separate retention-focused incentive to supplement LTIP awards and achieve other Company objectives. All stock awards are reviewed and approved by the Compensation Committee and the Board of Directors. See VI. 2011 Compensation Decisions below for a discussion of our 2011 restricted stock awards.
Retirement Benefits	The Company provides retirement benefits to our named executive officers to encourage retirement savings in a tax-efficient manner and encourage retention. Retirement benefits are provided under our 401(k) Profit Sharing Plan covering all eligible employees and through our Executive Nonqualified Excess Plan (the "Excess Plan").
	Our 401(k) Profit Sharing Plan provides for immediate vesting of benefits for participant contributions. The Company's matching of contributions commences 6 months after a participant starts with the Company. The Company may, but is not required to, contribute 50% of an employee's contribution up to 6% of the employee's salary, subject to maximum contribution of $7,350.
	The Company's Executive Nonqualified Excess Plan is intended to be a nonqualified deferred compensation plan. The Executive Nonqualified Excess Plan allows eligible employees, including the named executive officers, to defer receipt of current compensation in order to save for retirement and other needs, as provided for in the Executive Nonqualified Excess Plan. Deferred amounts are credited with earnings or losses based on the rate of return of funds selected by the participants in the plan. The Executive Nonqualified Excess Plan is intended to be an unfunded plan maintained primarily for the purpose of providing deferred compensation benefits for eligible employees. The Company does not make contributions to participants' accounts under the Executive Nonqualified Excess Plan. Participants may defer up to 100% of salary and bonus payments. Distributions are made in either a lump sum or installments over a period not to exceed five years as chosen by the executive at the time of the deferral.
Health & Welfare Benefits	The Company provides market competitive health and welfare benefits to executives and their dependents to promote healthy living. Health and welfare benefits, including medical, dental, vision, life and disability coverage, are available to all employees.

Severance	The Company has severance arrangements with our Chief Executive Officer, the named executive officers and other executive officers, which are provided through their employment agreements, the terms of which are described in detail in this proxy statement. The purpose of our severance arrangements is to provide a measure of financial security in the event an executive's employment is terminated without cause and to encourage retention and dedication by our named executive officers.

Compensation Element	Key Features
Executive Perquisites	The Company provides the opportunity for our named executive officers to receive certain perquisites, such as automobile allowances and reimbursement for club membership dues. In addition, our named executive officers, as well as other employees, may occasionally receive tickets to sporting events or entertainment for personal use if the tickets are not needed for business use, for which we do not incur incremental costs. These benefits are provided as an additional incentive for our executives and to remain competitive within the marketplace for such talent. These perquisites are described in the Summary Compensation Table in this proxy statement.

V. Factors Considered When Determining Total Compensation

Meadowbrook Peer Group Compensation — our Starting Point. When making compensation decisions, we review the target compensation of our CEO and other named executive officers relative to the target compensation of similarly-situated executives among insurance companies. This practice is often referred to as “benchmarking.” We believe benchmarks are helpful and provide an initial point of reference. Although we also use the other factors set forth below in reviewing compensation, competitive benchmarking is a starting point in our evaluation of total executive compensation.

The Compensation Committee is provided market-based data compiled by its independent compensation consultant and our human resources department. This comparative information provides a basis for the evaluation of the target compensation provided to our named executive officers. The Compensation Committee then reviews the market-based data together with each officer’s job responsibilities and individual performance, internal pay equity, and performance against pre-established targets in making compensation decisions.

The Compensation Committee generally sets total compensation targets for our executives, including base salary, performance-based annual incentives, and long-term equity awards, within a competitive range (plus or minus ten percent) of the market median for the position. However, because comparative data is just one of several inputs that are used in determining executive officer compensation, pay may vary from the targeted level (generally, market median) based on various factors, including:

- the level of achievement of our pre-established performance goals,
- our performance against our peer group,
- individual performance,
- scope or change in job responsibilities,
- competitive pressures for that position within the industry,
- internal equity considerations, and
- the executive’s industry experience and tenure.

The Company may also have deviated from the above guidelines in limited circumstances, which have included when an employee was hired at a higher compensation level because of market conditions, the employee has assumed greater responsibilities than originally anticipated or the employee was hired as a part of an acquisition and an inherited employment agreement had previously established that employee's compensation.

Meadowbrook's Peer Group. The Compensation Committee reviews Meadowbrook's peer group to ensure that the companies selected are appropriate. The peer group is used to review executive officer and director compensation. Regarding executive officer compensation, the peer group is used to benchmark CEO pay level and executive pay plan practices, such as, annual and long-term incentive plan design. Market pay benchmarking for the CEO and other executive officer positions relative to comparably-sized insurance companies is also conducted by the Company's compensation consultant using various applicable published compensation surveys. The list below presents the peer group used by the Compensation Committee for CEO pay comparisons and reviewing incentive plan designs. All of the peer group companies were included within the review. The peer group consisted of twenty companies, comprising companies similar in size and revenue to the Company.

AmTrust Financial Services, Inc.	Infinity Property & Casualty
Argo Group International, Ltd.	Mercer Insurance Group, Inc.
CNA Surety Group	Navigators Group, Inc.
Donegal Group, Inc.	One Beacon Insurance Group, Ltd.
EMC Insurance Group, Inc.	ProAssurance Group, Inc.
Employers Holdings, Inc.	RLI Corp.
First Mercury Financial Corp.	Safety Insurance Group
Hallmark Financial Services, Inc.	Selective Insurance Group
Harleysville Group, Inc.	State Auto Financial Corp.
HCC Insurance Holdings, Inc.	Tower Group, Inc.

Internal Pay Equity. We also believe that our executive compensation program must be internally consistent in order to motivate our employees as a whole to create shareholder value. We are committed to internal pay equity and our Compensation Committee monitors, on an annual basis, the relationship between the compensation of our named executive officers, other management levels and the compensation of our non-managerial employees.

VI. 2011 Compensation Decisions

Base Salary

In 2011, the Compensation Committee retained a compensation consultant to analyze our executive's compensation. Based upon a review of the Company's Peer Group, as well as the duties and responsibilities of the named executive officers, the compensation consultant recommended increases to the salaries of the named executive officers. In addition to the recommendations made by the Company's compensation consultant, the Committee noted that the Company had achieved the substantial majority of its 2010 financial, performance and operational goals and objectives and it had been two years since salaries were increased. For these reasons, in February 2011 the Committee approved a salary increase of $50,000 to Robert S. Cubbin, a $10,000 salary increase to Christopher J. Timm, a $23,000 salary increase to Karen M. Spaun and Michael G. Costello and a $25,000 salary increase to James M. Mahoney.

Annual Bonuses

In February 2011, the Board of Directors, upon the recommendation of the Compensation Committee, established target bonus awards based as a percentage of salary for each named executive officer. Mr. Cubbin's target was 80%, while the target was 50% for Ms. Spaun, Mr. Timm, Mr. Costello and Mr. Mahoney. The Committee is responsible for evaluating the performance of the Chief Executive Officer, while the Chief Executive Officer evaluates the individual performance of the other named executive officers and provides individual recommendations to the Committee with respect each named executive officer's award.

For 2011, the Company established nine performance targets for the Company, which were used to assess the performance of the Chief Executive Officer, as well as each of the named executive officers. Generally, the goals and objectives are guidelines with the exception of net operating income. The Company's flexible business model provides diversification in revenue sources to manage through various cycles of the insurance market, while maintaining a focus on underwriting discipline and net operating profits as opposed to top-line growth. The performance goals included financial, operational and entity-wide control objectives. The financial objective included a minimum target for earnings per share net operating income of not less than $1.06 in order to be eligible to earn 100% or more of the targeted bonus.

The following table illustrates the performance targets for 2011, along with the actual results:

2011 Performance Targets	Target Goals:	Actual Results:
Return on beginning equity	9.9%	8.0%
Earnings per share net operating income	$1.02	$0.78
Combined ratio (or less)	96.6%	99.7%
Net operating income	$54.2 million	$40.9 million
Gross written premium	$903.2 million	$904.0 million
Net earned premium	$730.7 million	$747.6 million
Gross written premium and net written premium leverage ratios (should not exceed)	Gross: 3 to1 Net: 2.5 to1	Gross: 2.3 to1 Net: 2.0 to1
Net investment income	$55.3 million	$54.5 million
Net commissions and fees	$31.0 million	$32.1 million

In addition to these performance objectives, the Company established other operational goals, which included implementation of a limited number of new programs, development of new insurance products and implementation of certain information technology initiatives, consideration of strategic acquisitions and continued integration of ProCentury. Further, the entity-wide control objectives included continuance of our enterprise risk management process and risk assessment policy, maintenance of the internal controls over financial reporting and continued compliance with the Sarbanes-Oxley Act of 2002.

In February 2012, the Compensation Committee determined that the Company had substantially achieved its targeted goals for gross written premium, net earned premium, leverage ratios, net investment income and net commissions and fees, as well as substantially achieved its operational goals relating to capital strategy, acquisitions, implementation of new programs, development and implementation of additional products, the Sarbanes-Oxley Act of 2002, enterprise risk management and IT project implementation. However, the Company did not meet its targeted goals for return on beginning equity, earnings per share on net operating income, combined ratio and net operating income. Since the Company did not meet these 4 targeted goals, the Committee determined that the annual bonus pool for 2011 would not be funded. Consequently, no annual bonuses were paid to Robert S. Cubbin, Christopher J. Timm, Karen S. Spaun, Michael G. Costello and James M. Mahoney for 2011. This determination was made by the Committee and approved by the Board of Directors in February, 2012.

Long Term Incentive Plan

On February 13, 2009, the Compensation Committee and the Board of Directors approved the targets for the 2009 LTIP performance period. The target award for Robert S. Cubbin was seventy percent (70%) of base salary, fifty percent (50%) for Karen M. Spaun, Christopher J. Timm and Michael G. Costello and thirty-five percent (35%) for James M. Mahoney. The performance period ended on December 31, 2011. Because the Company did not meet the performance target for the 2009 LTIP, the Committee determined that it would not pay the 2009 LTIP. Consequently, no LTIP awards were paid to Robert S. Cubbin, Christopher J. Timm, Karen M. Spaun, Michael G. Costello and James M. Mahoney. This determination was made by the Committee and approved by the Board of Directors in February 2012.

Stock Options and Restricted Stock Awards

The Compensation Committee noted that equity compensation for the CEO and the other named executive officers was well below the market median. This was based upon a competitive market assessment originally conducted in 2008 by the Company's prior compensation consultant and updated in 2010 by its current compensation consultant. This assessment determined the existing LTIP award opportunities were well below the market median for the CEO and the other named executive officers. The consultant recommended either increasing the named executive officer's target LTIP award opportunity or the use of restricted stock awards. The Committee decided that it was appropriate to use restricted stock awards that would vest 20% on the date of the grant and the remaining 80% over a 4 year period. The stock award would be subject to forfeiture in the event of voluntary resignation or a termination for "cause" as defined in the named executive officer's employment agreement. Awards, if any, would be within the sole discretion of the Committee and would be primarily based upon achieving the targeted growth in after-tax-earnings to qualify for the annual bonus plan, substantial achievement of the corporate goals and objectives of the Company for the year and achievement of any individual goals for the named executive officer.

In February 2011, the Compensation Committee determined that the Company primarily achieved targeted growth in after-tax-earnings in order to qualify for the granting of stock awards for fiscal year 2010. The Committee also determined that the Company substantially met its corporate goals and objectives for the 2010 year and that the individual performance of the CEO and (upon recommendation of the CEO) the individual performance of the named executive officers warranted the issuance of the following stock awards: Robert S. Cubbin – 2,500 shares; Karen M. Spaun, Christopher J. Timm and Michel G. Costello – 2,500 shares and James M. Mahoney – 2,000, respectively. In February, 2012, the Company did not meet substantially all of its 2011 performance targets; and therefore, the Committee issued no stock awards to Mr. Cubbin, Ms. Spaun, as well as Messrs. Timm, Costello and Mahoney. This decision was approved by the Board of Directors in February, 2012.

Changes to the LTIP for 2012

The Company provides the opportunity for our named executive officers and other executives to earn a long-term incentive award under the LTIP. The LTIP is intended to provide an incentive to management to improve performance of the Company, thereby increasing long-term shareholder value. In 2012, the Company established a new LTIP for 2012. Participants are not eligible for any award under the 2012 LTIP, until after the end of the performance period, which is December 31, 2012. The Compensation Committee and the Board of Directors authorized changes to the 2012 Plan effective January 1, 2012. The LTIP now has both a performance and service component. Seventy percent (70%) of a participant's award opportunity is based upon achieving targets for return on beginning equity, margin over after-tax book yield, combined ratio, net operating income, earnings per share, tangible book value, leverage ratios and maintenance our AM Best rating. The remaining thirty percent (30%) is based upon a service of the participant during the performance period. All awards are paid in stock. If the performance targets are achieved, twenty percent (20%) of a participant's award would vest and paid by March 1 of the year following the end of the performance period with the remaining eighty percent (80%) vesting over the next four years. Any unvested award is subject to forfeiture if the participant voluntarily leaves, or is discharged for cause. The award would be issued under the terms and conditions of our 2002 Amended and Restated Stock Option Plan or 2009 Equity Compensation Plan. The number of shares of common stock is based upon the closing stock price on the date the LTIP is approved by the Committee and Board of Directors. An executive's target award, which is a percentage of his or her salary, is established at the beginning of the performance period. The Chief Executive Officer and the executive officers are capped at 160% of their respective salaries. All actual awards under the LTIP are reviewed and approved by the Committee and the Board of Directors before distribution. Each executive's target was established by the Committee as a part of our competitive market-based study, which was performed by the Company's compensation consultant.

The Committee's recommendations were ratified and approved by the Board of Directors in February, 2012.

Summary Compensation Table

The following table sets forth information concerning the compensation of the Company's Chief Executive Officer, Chief Financial Officer and the three most highly compensated Executive Officers, other than the Chief Executive Officer and Chief Financial Officer, whose total annual salary and bonus exceeded $100,000 and includes all compensation paid to such officers during 2011:

Name and Principal Position	Year	Salary ($)	Bonus ($) (1)	Stock Awards ($) (2)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($) (3)	Change in