

MEADOWBROOK INSURANCE GROUP INC

Form 424B2

July 09, 2007

Table of Contents

The information in this prospectus is not complete and may be changed. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. We may not sell these securities until the registration statement is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JULY 9, 2007

**Filed Pursuant to Rule 424(b)(2)
Registration No. 333-143244**

**PRELIMINARY PROSPECTUS SUPPLEMENT
(To Prospectus Dated June 12, 2007)**

7,250,000 Shares

Common Stock

We are offering 5,500,000 shares of common stock and our chairman, Merton J. Segal, his spouse Beverly Segal and a trust established for her benefit (collectively, Mr. Segal) are collectively offering 1,750,000 shares of common stock. We will not receive any proceeds from sales of our common stock by Mr. Segal.

Our common stock is traded on the New York Stock Exchange under the symbol MIG. On July 6, 2007, the closing price of our common stock as reported on the New York Stock Exchange was \$10.96 per share of common stock.

Investing in our common stock involves a high degree of risk. You should carefully consider the information under the heading Risk Factors beginning on page S-9 of this prospectus supplement and page 3 of the accompanying prospectus before buying shares of our common stock.

	Per Share	Total
Public offering price		
Underwriting discounts and commissions*		
Proceeds, before expenses, to us		
Proceeds, before expenses, to the selling shareholder		

* See Underwriting on page S-74 for a description of the underwriters' compensation.

To the extent that the underwriters sell more than 7,250,000 shares of common stock, we have granted the underwriters an option for a period of 30 days to purchase up to 1,087,500 additional shares of our common stock at the public offering price, less the underwriting discount.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

We expect the shares of our common stock will be ready for delivery to purchasers on or about .

KeyBanc Capital Markets

Friedman Billings Ramsey

**Ferris, Baker Watts
Incorporated**

The date of this prospectus supplement is .

TABLE OF CONTENTS

Prospectus Supplement

	Page
<u>ABOUT THIS PROSPECTUS SUPPLEMENT</u>	S-ii
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	S-ii
<u>INCORPORATION OF INFORMATION BY REFERENCE</u>	S-iii
<u>PROSPECTUS SUPPLEMENT SUMMARY</u>	S-1
<u>THE OFFERING</u>	S-8
<u>RISK FACTORS</u>	S-9
<u>SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS</u>	S-16
<u>USE OF PROCEEDS</u>	S-17
<u>DIVIDEND POLICY</u>	S-17
<u>CAPITALIZATION</u>	S-18
<u>PRICE RANGE OF COMMON STOCK</u>	S-19
<u>SELECTED CONSOLIDATED FINANCIAL INFORMATION</u>	S-20
<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	S-22
<u>BUSINESS</u>	S-50
<u>SELLING AND PRINCIPAL SHAREHOLDERS</u>	S-71
<u>UNDERWRITING</u>	S-74
<u>LEGAL MATTERS</u>	S-76
<u>EXPERTS</u>	S-76
<u>INDEX TO FINANCIAL STATEMENTS</u>	F-1

Prospectus

	Page
ABOUT THIS PROSPECTUS	1
WHERE YOU CAN FIND MORE INFORMATION	1
INCORPORATION OF INFORMATION BY REFERENCE	1
SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS	2
RISK FACTORS	3
USE OF PROCEEDS	3
OVERVIEW OF MEADOWBROOK	3
SELLING SHAREHOLDERS	12
PLAN OF DISTRIBUTION	14
LEGAL MATTERS	15
EXPERTS	15

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement is a supplement to the accompanying prospectus that is also a part of this document. This prospectus supplement and the accompanying prospectus are part of a Registration Statement on Form S-3 that we filed with the Securities and Exchange Commission, or the SEC, on May 24, 2007 using a shelf registration process (the Shelf Registration Statement). In this prospectus supplement, we provide you with specific information about the terms of this offering and certain other information. Both this prospectus supplement and the accompanying prospectus include important information about us, our common stock and other information you should know before investing in our common stock. This prospectus supplement and the accompanying prospectus also incorporate by reference important business and financial information about us that is not included in or delivered with these documents. You should read both this prospectus supplement and the accompanying prospectus, as well as the additional information described under the heading "Where You Can Find More Information" below and on page 3 of the accompanying prospectus before investing in our common stock. This prospectus supplement adds, updates and changes information contained in the accompanying prospectus and the information incorporated by reference. To the extent that any statement that we make or incorporate by reference in this prospectus supplement is inconsistent with the statements made in the accompanying prospectus or the information incorporated by reference herein or therein, the statements made or incorporated by reference in the accompanying prospectus are deemed modified or superseded by the statements made or incorporated by reference in this prospectus supplement.

You should rely only on the information contained in this prospectus supplement and the accompanying prospectus. We have not authorized any other person to provide you with information that is different from that contained in this prospectus supplement and the accompanying prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. We are offering to sell and seeking offers to buy these securities only in jurisdictions where offers and sales are permitted. You should assume the information contained in this prospectus and any prospectus supplement is accurate only as of the date of this prospectus or such prospectus supplement relating to the offering, respectively, regardless of the time of delivery of this prospectus supplement or the accompanying prospectus or any sale of common stock. Our business, financial condition, results of operations and prospects may have changed since that date.

WHERE YOU CAN FIND MORE INFORMATION

We have filed the Shelf Registration Statement with the SEC with respect to the common stock offered for sale by us pursuant to this prospectus supplement and accompanying prospectus. This prospectus supplement and the accompanying prospectus, filed as part of the Shelf Registration Statement, do not contain all of the information set forth in the Shelf Registration Statement and its exhibits and schedules, portions of which have been omitted as permitted by the rules and regulations of the SEC. For further information about us and the common stock, we refer you to the Shelf Registration Statement and to its exhibits and schedules. Statements in this prospectus supplement and the accompanying prospectus about the contents of any contract, agreement or other document are not necessarily complete and, in each instance, we refer you to the copy of such contract, agreement or document filed or incorporated by reference as an exhibit to the Shelf Registration Statement, with each such statement being qualified in all respects by reference to the document to which it refers. Anyone may inspect the Shelf Registration Statement and its exhibits and schedules without charge at the public reference facilities maintained by the SEC in Washington, D.C. (100 F Street NE, Room 1580, Washington, D.C. 20549). Copies of such materials can be obtained from the SEC's public reference section at prescribed rates. You may obtain information on the operation of the public reference rooms by calling the SEC at (800) SEC-0330 or on the SEC website located at <http://www.sec.gov>.

Information about us is also available at our website at <http://www.meadowbrook.com>. However, the information on our website is not a part of this prospectus supplement or the accompanying prospectus.

S-ii

Table of Contents

INCORPORATION OF INFORMATION BY REFERENCE

The SEC allows us to incorporate by reference the information we file with them. This means that we may disclose information to you by referring you to other documents we have filed with the SEC. The information that we incorporate by reference is an important part of this prospectus supplement and information that we later file with the SEC will automatically update and, where applicable, supersede the information in this prospectus supplement or incorporated by reference in this prospectus supplement.

We incorporate by reference in this prospectus supplement all the documents listed below and any filings Meadowbrook Insurance Group, Inc. makes with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus supplement and before all the shares of common stock offered by this prospectus supplement have been sold or de-registered:

the annual report on Form 10-K for the fiscal year ended December 31, 2006;

the proxy statement in connection with the 2007 Annual Meeting of Shareholders;

the quarterly report on Form 10-Q for the period ended March 31, 2007;

the current reports on Form 8-K filed on April 4, 2007, April 12, 2007, April 18, 2007, May 7, 2007 and May 11, 2007 and the current report on Form 8-K filed on July 9, 2007 (other than the portions furnished pursuant to Item 7.01 of Form 8-K);

the description of our common stock contained in a registration statement on Form 8-A dated September 14, 1995 filed under the Exchange Act and any amendments or reports filed with the SEC for the purpose of updating such description; and

the description of our preferred share purchase rights contained in a registration statement on Form 8-A dated October 12, 1999 filed under the Exchange Act and any amendments or reports filed with the SEC for the purpose of updating such description.

You may send a written request or call us to obtain without charge a copy of the documents incorporated by reference in this prospectus supplement. We will not send exhibits to these documents unless we specifically incorporated the exhibits by reference in this prospectus supplement. Make your request by calling or writing to:

Holly Moltane
Director of External Financial Reporting
Meadowbrook Insurance Group, Inc.
26255 American Drive
Southfield, Michigan 48034-5178
(248) 204-8590
hmoltane@meadowbrook.com

S-iii

Table of Contents

PROSPECTUS SUPPLEMENT SUMMARY

This summary may not contain all of the information that may be important to you. You should read the entire prospectus supplement, including the financial statements and related notes and other financial data included or incorporated by reference in this prospectus supplement, before making an investment decision. Investors should carefully consider the information set forth under Risk Factors beginning on page S-9 of this prospectus supplement and page 3 of the accompanying prospectus. In addition, some statements include forward-looking statements that involve risk and uncertainties. See Special Note on Forward-Looking Statements on page S-16.

As used in this prospectus supplement, we, us, our and Meadowbrook Insurance Group, Inc. mean Meadowbrook Insurance Group, Inc. and our subsidiaries, unless the context indicates otherwise.

MEADOWBROOK INSURANCE GROUP, INC.

Overview

We are a specialty risk management organization offering a full range of insurance products and services, focused on niche and specialty program business, which we believe is under served by the standard insurance market. Program business refers to an aggregation of individually underwritten risks that have some unique characteristic and are distributed through a select group of focused general agencies, retail agencies and program administrators. We perform the majority of underwriting and claims services associated with these programs. We also provide property and casualty insurance coverage and services through programs and alternative risk management solutions for agents, professional and trade associations, public entities and small to medium-sized insureds.

We operate in the specialty insurance market, which differs significantly from the standard market. In the standard market, insurance rates and forms are highly regulated, with largely uniform products and coverages, and companies tend to compete for customers on the basis of price and distribute their products through a large number of independent agents. In contrast, our specialty market provides coverage for unique, homogenous or hard-to-place risks that may not easily fit the underwriting criteria of standard carriers. Our products and services are generally distributed through a select group of focused general agencies, retail agencies and program administrators. Policies or risks written in the specialty insurance market usually cover insureds engaged in similar, but highly specialized activities that are not often recognized as a program by standard insurers or involve insurance products or classes of insureds that are often overlooked by large admitted carriers.

We pursue niche-focused underwriting in areas that tend to exhibit a reduced level of competition. This focus has allowed us to improve underwriting results through controlled and disciplined growth with long-term program partners. Furthermore, our fee-based and commission income operations generate a stream of consistent revenue, which helps to offset the potential volatility generally associated with underwriting operations.

We have a disciplined management team and culture of accountability, which we believe has helped us to effectively manage our capital. Since our last public offering in 2002, we have established a strong track record of success in deploying capital. Since 2002, we have increased our revenues from \$197.8 million to \$318.2 million in 2006, representing a compound annual growth rate of 12.6%; earnings per share have grown from \$0.08 in 2002 to \$0.75 in 2006; and book value per share increased from \$4.98 at December 31, 2002 to \$6.93 at December 31, 2006. This financial performance was achieved, in part, by reducing our combined ratio from 108.6% in 2002 to 96.8% in 2006.

Recent Developments

In April 2007, A.M. Best Company (A.M. Best) upgraded the financial strength rating of our insurance subsidiaries to A- (Excellent) from B++ (Very Good). A.M. Best maintains a letter scale rating system ranging from A++ (Superior) to F (In Liquidation), and an A- rating is the fourth highest rating on a scale of sixteen used by A.M. Best. A.M. Best ratings are directed toward the concerns of policyholders and insurance agencies and are not intended for the protection of investors or as a recommendation to buy, hold or sell securities. However, ratings have become an increasingly important factor in establishing the competitive position of insurance

S-1

Table of Contents

companies. The rating reflects Meadowbrook's strong operating profitability generated through continued underwriting and operating improvements, solid capitalization, and Meadowbrook's recognized expertise in the specialty program business market and alternative risk market. With the upgrade, we believe we are well positioned to attract additional high quality underwriting prospects from new and existing insurance programs which we would not have been able to access with our previous B++ rating. With the addition of these new insurance clients, we should be able to further leverage fixed costs. In addition, we will be able to eliminate the use of a non-affiliated A rated insurance carrier to issue policies that require an A.M. Best rating of A. In 2006, the premium associated with these policies was \$72.6 million and the associated policy issuance fee (front fee) was \$4.0 million. We expect that elimination of these fees will produce approximately a 1.5 percentage point improvement in the combined ratio, which will be realized over a 12-24 month period as policies renew. As these policies renew, we will be able to issue the policies directly from one of our insurance company subsidiaries and eliminate the front fee as the premium is earned.

On April 16, 2007, we acquired the business of U.S. Specialty Underwriters, Inc. (USSU). Based in Cleveland, Ohio, USSU is a specialty program manager that produces fee-based income by underwriting excess workers' compensation coverage for a select group of insurance companies. In 2006, USSU produced \$54.0 million of premiums and \$8.5 million in net commissions through a nationwide network of agents who provide services to self-insured entities. USSU focuses on self-insureds within the healthcare industry, as well as universities and public schools in twenty-nine states. This acquisition provides growth to our fee-based operations and complements our existing public entity excess workers' compensation program.

Operations

For the year ending December 31, 2006, our revenue was derived from over \$700 million in annual gross premiums under management. For this period, nearly fifty percent of these premiums were underwritten within our insurance company operations; the remainder represents premiums under management within our fee-for-service and agency operations. Our specialty risk management operations and agency operations are supported by our full-service back office processing capabilities, which provide every function necessary to a risk management organization.

- (1) Figures are for the year ending December 31, 2006
- (2) Under GAAP, intercompany fees are fees paid by our insurance company subsidiaries for risk management services and are eliminated upon consolidation

Specialty Risk Management Operations

Our specialty risk management operations, which include insurance company specialty programs and fee-for-service specialty programs, focus on specialty or niche insurance business. We provide services and coverages tailored to meet specific requirements of defined client groups and their members. We generate business through

Table of Contents

independent program administrators, general agencies and wholesale and retail agents, collectively referred to as producers. We generate revenue from the services and coverages from our specialty risk management operations within seven categories: net earned premiums, management fees, claims fees, loss control fees, reinsurance placement fees, investment income and net realized gains (losses). Our specialty risk management operations generated total revenues of \$306.5 million, \$294.5 million and \$261.8 million for the years ending December 31, 2006, 2005 and 2004, respectively.

For over thirty years, we have specialized in providing risk management solutions for our clients. By forming risk-sharing partnerships, we align our financial objectives with our clients. Our products and services provide small to medium-sized client groups with access to more sophisticated risk management techniques previously available only to larger corporations. This enables our clients to control insurance costs and potentially turn risk management into a profit center. When our clients place their capital at risk, they are motivated to reduce exposure and share in the underwriting profits and investment income derived from their risk management plan. This commitment fosters a longer-term relationship.

Insurance Company Specialty Programs

Our insurance company specialty programs concentrate on underwriting specialty property and casualty insurance programs designed for niche classes of business such as trade/professional groups and associations. We provide various types of property and casualty insurance coverage, including workers' compensation, commercial multiple peril, general liability, professional liability, commercial auto liability and inland marine. While we have a focus on workers' compensation and commercial package policies, we seek to achieve a balance among our lines of business. Our program insureds are generally small to medium-sized businesses and professionals. Representative industries include public entities, retail, professional services, trucking, contractors, agricultural, manufacturing and high-tech. Typically, our insurance programs operate on a regional or state-specific basis, and our producers are local or regional insurance agents who possess expertise in their specialty areas of concentration. While these producers sell policies for us as well as for other insurance companies, we seek to be the producer's preferred source of coverage on the specific programs we have established, and in some cases we have an exclusive relationship or right of first refusal on the program. We seek to avoid geographic concentration of risks through our underwriting process that might unexpectedly create exposure to natural or man-made catastrophic events, and to mitigate such losses through the purchase of reinsurance.

Fee-For-Service Specialty Programs

Our fee-for-service specialty programs generate significant revenues. We provide risk management services for these programs in return for fees or commissions. These services include risk management consulting and administration, claims administration and handling, loss control and prevention, and reinsurance placement. The fees we receive are either a fixed amount or based on a percentage of premium or claim count. Representative fee-for-service specialty programs include self-insured workers' compensation funds and public entity pools and trusts. We also provide complete back office services for other insurance companies. We assume no underwriting risk from these programs and therefore do not need to allocate substantial capital to generate ongoing revenue. Our fee-for-service specialty programs generated net fee revenue of \$30.4 million, \$26.8 million and \$32.1 million for the years ending December 31, 2006, 2005 and 2004, respectively.

Agency Operations

Our agency operations specialize in commercial, group life/accident & health, as well as personal insurance product solutions and produce policies for more than fifty major regional, national and international unaffiliated insurance carriers. Our agency operations have grown to be one of the largest agencies in Michigan and, through acquisitions,

have expanded into California and Florida. Our Michigan-based retail insurance agency operations are consistently ranked as a leading business insurance agency in Michigan and the United States. Our agency operations generated net commissions of \$12.3 million, \$11.3 million and \$9.8 million for the years ending December 31, 2006, 2005 and 2004, respectively.

S-3

Table of Contents**Summary Historical Data**

As previously indicated, earnings per share have grown from \$0.08 per share in 2002 to \$0.75 per share in 2006 and book value per share has increased from \$4.98 at December 31, 2002 to \$6.93 at December 31, 2006. This financial performance was achieved, in part, by reducing our combined ratio from 108.6% in 2002 to 96.8% in 2006. Our return on beginning equity improved by ten percentage points over the same period.

	As of and for the Years Ending December 31,					As of and for the Quarters Ending March 31,	
	2002	2003	2004	2005	2006	2006	2007
	(In thousands, except per share and ratio data)						
Income Statement Data:							
Gross Written Premiums	\$ 183,637	\$ 253,280	\$ 313,493	\$ 332,209	\$ 330,872	\$ 89,010	\$ 89,504
Gross Commissions and Fees	63,180(1)	81,101(1)	88,585(1)(2)	86,670	91,167	23,564	23,998
Revenues							
Net Earned Premiums	145,383	151,205	214,493	249,959	254,920	63,124	65,204
Net Commissions and Fees	37,581(1)	45,291(1)	40,535(1)(2)	35,916	41,172	11,289	11,551
Net Investment Income	13,958	13,484	14,911	17,975	22,075	5,239	6,156
Total Revenues	197,787	210,803	270,278	304,017	318,236	79,645	82,905
Total Expenses	195,240	194,525	249,904	278,351	286,731	71,182	72,846
Net Income	1,650	10,099	14,061	17,910	22,034	5,625	6,923
Earnings per Share (Diluted)	\$ 0.08	\$ 0.35	\$ 0.48	\$ 0.60	\$ 0.75	\$ 0.19	\$ 0.23
Balance Sheet Data:							
Total Assets	674,839	692,266	801,696	901,344	969,000	925,518	1,009,352
Shareholders' Equity	147,395	155,113	167,510	177,365	201,693	180,947	207,379
Book Value per Share	\$ 4.98	\$ 5.34	\$ 5.76	\$ 6.19	\$ 6.93	\$ 6.28	\$ 7.02
Other Data:							
Combined Ratio	108.6%	104.4%	101.4%	98.7%	96.8%	96.2%	96.3%
Return on Beginning Equity	2.1%	6.9%	9.1%	10.7%	12.4%	12.7%	13.7%

(1) Both gross and net commissions and fees include fee revenue associated with two limited duration contracts with the state of Missouri. For the years 2002, 2003, and 2004, gross and net commissions and fees included \$748,000, \$14.5 million, and \$8.3 million, respectively, in fee revenue related to these contracts.

(2) In the third quarter of 2004, we accelerated the recognition of \$3.5 million in revenue from the two limited duration contracts with the state of Missouri.

Competitive Advantages

Flexible Business Model

We have the ability to selectively increase or decrease the underwriting exposure or amount of risk we retain based upon insurance market conditions and our own underwriting and capital management criteria. We offer a full spectrum of products and services to our clients for a fee. These services include risk management services, policy issuance, reinsurance placement and traditional insurance underwriting. This flexible model allows us to better manage underwriting cycles by offsetting lower premium volume with higher fee income when appropriate, or by reducing our reinsurance attachment point.

S-4

Table of Contents

Balanced Revenue Sources

Our diverse sources of revenue reduce earnings volatility and provide more flexibility to manage through the property and casualty insurance market cycles. Our revenues are derived from three principal sources:

Our targeted specialty programs generate insurance premiums and investment income. We focus on specific underwriting niches in smaller average premium accounts, which tend to be less subject to price competition.

Revenue generated from managed service fees allows us to provide our back office insurance service expertise to self-insured groups, public entity pools, trusts and other insurance companies, thus leveraging our resources over a larger customer base.

Agency commissions received from non-affiliated insurance carriers provide revenues which are not tied to the same geographic markets or class of business as those in our risk taking programs and create greater diversification.

These various revenue sources allow us to remain disciplined through the more competitive underwriting market cycles with the ability to leverage our infrastructure to generate fee and commission revenue, as well as target specific local or regional markets that are less competitive.

Specialty Niche Focus

We have expertise in insuring and providing risk management services to agents, professional and trade associations and small to medium-sized commercial businesses. We focus on specialty program business with unique characteristics in under served markets. These programs require specialized underwriting expertise and industry knowledge that we have accumulated since our inception over fifty years ago. We believe our range of products, specialized market knowledge and successful history serving these programs leads to enhanced client loyalty, program retention and increased shareholder value.

Comprehensive Program Controls

Unlike many other specialty insurers that work with program administrators, our organizational controls over our business enable us to monitor and identify further opportunities and quickly and efficiently react to any changes. To maintain these controls, we:

Perform the vast majority of our own underwriting which produces more consistent data and a better understanding of the risks we insure

Manage substantially all of our own claims which keeps us in tune with how losses develop and produces greater reliability and predictability in the reserving process, and an overall better result

Perform regular audits of our branch offices and program partners which allows us to ensure consistency in the application of our underwriting and claims handling standards

Maintain all data on our information systems which gives us more timely access to information in order to identify strengths and weaknesses in our programs and recognize and respond quickly to changes in the market

Perform monthly reviews of premium and losses on all programs which enables us to regularly evaluate pricing adequacy, reserve position and adherence to our underwriting guidelines

Execute a multi-disciplinary due diligence process which allows representatives from all significant disciplines within our company (*e.g.*, actuarial, underwriting, claims, legal, finance and systems) to ensure that new programs are designed to meet our return on equity goals and are adequately structured to promote success

Utilize a web-based processing system which makes it easier for producers to do business with us and helps reduce costs and improve control over underwriting

S-5

Table of Contents

Our focus on underwriting controls as well as improved risk selection, adequate pricing, and expense initiatives have resulted in an improvement in our combined ratio from 108.6% in 2002 to 96.8% in 2006.

Successful Integration of Acquisitions

Part of our strategy is to pursue acquisitions that generate value significantly faster than we can create organically. Over the last ten years, we acquired six businesses which have contributed approximately \$12.2 million to our net income in 2006. Through these acquisitions, we have added a number of talented insurance professionals to our team and have realized synergies such as revenue growth, improved claims and loss control services and expansion of our geographic presence.

Long-Term Relationships

We serve our small and medium-sized agencies and insureds by providing specialized market knowledge, a diverse product offering and superior customer service. We believe our dedicated focus on these specialty products and markets has made us a preferred choice as risk manager or insurer among our potential client base. Our full range of products and services allow us to adapt to our clients' changing needs. Our customized solutions and risk sharing opportunities align the financial interests of our partners with ours and create partner loyalty as well as barriers to entry.

Experienced Management Team

Our senior management team has an average of 28 years of experience and broad industry expertise. Our management team has fostered a working environment that focuses on communicating current information and strategies with a strong commitment to integrity, training, innovation and respect. Since our 2002 offering, the senior management team has effectively deployed and managed the Company's capital, and achieved an A.M. Best rating increase from B+ to A-. The ratings upgrade was obtained while significantly growing revenues and increasing return on beginning equity from 2.1% in 2002 to 12.4% in 2006.

Strategy

We plan to pursue profitable growth and favorable returns on equity through the following strategies:

Focus on Profitability

We intend to continue to focus on underwriting discipline and profitability. Specifically, we target a 95% combined ratio and annual growth in net income of 15-20%. We endeavor to select risks prudently, capitalize upon our A.M. Best rating upgrade to eliminate the majority of our policy issuance fees that we pay to unaffiliated carriers, use our flexible business model to manage through underwriting cycles, expand margins on fee based business, realize economies of scale and continue to seek opportunities to decrease expenses.

Grow Our Revenue Sources Organically

We plan to grow our revenues organically through the addition of new members to our existing programs, through implementing new insurance and managed programs and by adding new agency clients. Additionally, we act as underwriting managers for non-affiliated insurance companies on small workers' compensation and other lines of business. Where and when it is appropriate, we may have the opportunity to convert some premiums from managed programs to risk-bearing programs.

Leverage Our Diverse Distribution Channels

We generate business through a select number of independent program administrators, general agencies and wholesale and retail agents. These producers sell policies for us as well as for other insurance companies. However, we seek to be the preferred source of coverage on the specific programs we have established with the producer and in some cases we have an exclusive relationship or right of first refusal on the program. We intend to continue seeking producers with specialized knowledge of the programs they control and a history of profitable business. We

S-6

Table of Contents

also intend to continue distributing our products and services through a diversified array of producers to find the most attractive program opportunities and insulate our business from disruptions in any particular channel.

Continue Risk Sharing and Alignment with Our Partners

We plan on continuing to align our interests with those of our agents and customers through customized risk sharing arrangements including captives, rent-a-captives, profit-based commissions and dividend plans, among other things. We believe these arrangements enhance partner loyalty and create a stable, long term program.

Maintain Our Regional Program Focus

We plan to maintain our local and regional focus, as we believe it is a platform that allows us to grow our business and expand our margins. Our regional offices throughout the country perform underwriting, claims handling and loss control services, subject to comprehensive program controls. Our regional presence produces a higher level of service for the agents and customers with whom we do business and provides us with local market knowledge, which we believe provides an important advantage when developing market strategies, tailoring products to the needs of different regions and capitalizing on opportunities in each region.

Pursue Acquisitions on a Selective Basis

We plan to continue to pursue opportunities to acquire program managers, agencies and specialty books of business with a demonstrated history of profitable underwriting. We expect to continue targeting local and regional agencies or administrators that control profitable programs, with proven management teams that will continue to grow their business as part of our team. We expect acquisitions to be an important part of our strategy in the future.

Continue to Develop Scalable Technology

Our technology department has developed effective, customized analytical tools that we believe significantly enhance our ability to write profitable business and cost-effectively administer claims. In addition, these tools allow all internal systems to be connected. We intend to continue making investments in advanced and reliable technology infrastructure.

Challenges

Our business is subject to a number of risks discussed in the **Risk Factors** section and elsewhere in this prospectus supplement and the accompanying prospectus. In particular, the following considerations may offset our competitive advantages or have a negative effect on our business strategy and could cause a decrease in the price of our common stock and result in a loss of a portion or all of your investment:

If our estimates of reserves for losses and loss adjustment expenses are not adequate, we will have to increase our reserves, which would result in reductions in net income, retained earnings, statutory surplus and liquidity.

If our financial strength ratings are reduced, we may be adversely impacted.

Market conditions may cause our reinsurance to be more costly or unavailable, we may be required to bear increased risks or reduce the level of our underwriting commitments.

We are subject to credit risk with respect to the obligations of our reinsurers and risk-sharing partners. The inability of our reinsurers or risk-sharing partners to meet their obligations could adversely affect our

profitability.

We may face competitive pressures in our business that could adversely affect our profitability.

Our results may fluctuate due to many factors, including cyclical periods of price competition and excess capacity (known as a soft market) followed by periods of high premium rates and reduced underwriting capacity (known as a hard market).

For a further discussion of these and other risks, see Risk Factors.

Our principal executive offices are located at 26255 American Drive, Southfield, Michigan 48034-5178 and our telephone number is (248) 358-1100.

S-7

Table of Contents

THE OFFERING

Common stock we are offering 5,500,000 shares

Common stock offered by the selling shareholders 1,750,000 shares

Total 7,250,000 shares

Common stock outstanding after the offering 36,030,387 shares

Use of proceeds We estimate that our net proceeds from this offering, after payment of underwriting discounts and the expenses of the offering, will be approximately \$56.9 million, assuming no exercise of the underwriters option to acquire additional shares. We plan to use the net proceeds of the offering to temporarily reduce the outstanding balance of \$22.0 million on our bank line of credit, to support organic growth of our underwriting business, to fund potential select acquisitions, and for other general corporate purposes.

We will not receive any of the proceeds from the sale of shares by the selling shareholders.

Risk factors See Risk Factors beginning on page S-9 of this prospectus supplement and page 3 of the accompanying prospectus and other information included in this prospectus supplement for a discussion of risks you should consider before deciding to invest in our common stock.

New York Stock Exchange Symbol MIG

We calculated the outstanding shares after the offering assuming the underwriters do not exercise their option to purchase an additional 1,087,500 shares and based on the number of shares outstanding as of July 6, 2007, excluding:

174,200 shares reserved for issuance on the exercise of options granted under our existing stock option plan at an average option exercise price of \$11.53 per share; and

778,790 additional shares available for future issuance under our equity incentive plans.

Unless otherwise stated, all figures in this prospectus supplement assume no exercise of the underwriters option to acquire additional shares.

Table of Contents

RISK FACTORS

An investment in our common stock involves a number of risks. You should carefully consider the following information about these risks, together with the other information contained in this prospectus supplement and the accompanying prospectus as well as in our Annual Report on Form 10-K for the year ended December 31, 2006, which is incorporated herein by reference, before investing in our common stock. Additional risks not presently known to us, or that we currently deem immaterial, may also impair our business or results of operations. Any of the risks described could result in a significant or material adverse effect on our financial condition or results of operations, and a corresponding decline in the market price of our common stock. You could lose all or part of your investment.

This prospectus supplement and accompanying prospectus also contain forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of certain factors, including the risks described below and elsewhere in this prospectus supplement and the accompanying prospectus. See Special Note on Forward-Looking Statements.

If our estimates of reserves for losses and loss adjustment expenses are not adequate, we will have to increase our reserves, which would result in reductions in net income, retained earnings, statutory surplus, and liquidity.

We establish reserves for losses and expenses related to the adjustment of losses for the insurance policies we write. We determine the amount of these reserves based on our best estimate and judgment of the losses and costs we will incur on existing insurance policies. Star Insurance Company (Star), Savers Property and Casualty Insurance Company (Savers), Williamsburg National Insurance Company (Williamsburg) and Ameritrust Insurance Corporation (Ameritrust), and together with Star, Savers and Williamsburg, the Insurance Company Subsidiaries) obtain an annual statement of opinion from an independent actuarial firm on these reserves. While we believe our reserves are adequate, we base these reserves on assumptions about past and future events. The following factors could have a substantial impact on our future loss experience:

the amounts of claims settlements and awards

legislative activity

changes in inflation and economic conditions

Actual losses and the costs we incur related to the adjustment of losses under insurance policies could exceed, perhaps substantially, the amount of reserves we establish. When we increase reserves, our net income for the period will decrease by a corresponding amount. An increase in reserves may also require us to write off a portion of our deferred acquisition costs asset, which would cause a further reduction of net income in that period.

If our financial strength ratings are reduced, we may be adversely impacted.

Insurance companies are subject to financial strength ratings produced by external rating agencies. Higher ratings generally indicate greater financial stability and a stronger ability to pay claims. Ratings are assigned by rating agencies to insurers based upon factors they believe are important to policyholders. Ratings are not recommendations to buy, hold, or sell our securities.

Our ability to write business is most influenced by our rating from A.M. Best. A.M. Best ratings are designed to assess an insurer's financial strength and ability to meet continuing obligations to policyholders. Currently, our financial strength rating from A.M. Best is A- (Excellent) for our Insurance Company Subsidiaries. There can be no assurance that A.M. Best will not change its rating in the future. A rating downgrade from A.M. Best could materially adversely affect the business we write and our results of operations.

If market conditions cause our reinsurance to be more costly or unavailable, we may be required to bear increased risks or reduce the level of our underwriting commitments.

As part of our overall risk and capacity management strategy, we purchase reinsurance for significant amounts of risk underwritten by our Insurance Company Subsidiaries, especially for the excess-of-loss and severity risks. Market conditions beyond our control determine the availability and cost of the reinsurance we purchase, which

Table of Contents

may affect the level of our business and profitability. Our reinsurance facilities are generally subject to annual renewal. We may be unable to maintain our current reinsurance facilities or to obtain other reinsurance in adequate amounts and at favorable rates. Increases in the cost of reinsurance would adversely affect our profitability. In addition, if we are unable to renew our expiring facilities or to obtain new reinsurance on favorable terms, either our net exposure to risk would increase or, if we are unwilling to bear an increase in net risk exposures, we would have to reduce the amount of risk we underwrite.

We are subject to credit risk with respect to the obligations of our reinsurers and risk-sharing partners. The inability of our reinsurers or risk-sharing partners to meet their obligations could adversely affect our profitability.

Our Insurance Company Subsidiaries cede insurance to other insurers under pro rata and excess-of-loss contracts. These reinsurance arrangements diversify our business and reduce our exposure to large losses or from hazards of an unusual nature. We transfer some of the risk we have assumed to reinsurance companies in exchange for a portion of the premium we receive in connection with the risk. Although reinsurance makes the reinsurer liable to us to the extent the risk is transferred, the ceding of insurance does not discharge us of our primary liability to our policyholder. If all or any of the reinsuring companies fail to pay or pay on a timely basis, we would be liable for such defaulted amounts. Therefore, we are subject to credit risk with respect to the obligations of our reinsurers. If our reinsurers fail to pay us or fail to pay on a timely basis, our financial results and financial condition could be adversely affected. In order to minimize our exposure to significant losses from reinsurer insolvencies, we evaluate the financial condition of our reinsurers and monitor the economic characteristics of the reinsurers on an ongoing basis. As of December 31, 2006, our reinsurance recoverables on paid and unpaid losses was \$202.7 million. (See Reinsurance Considerations that Impact Us on page S-61.)

In addition, with our risk-sharing programs, we are subject to credit risk with respect to the payment of claims by our clients' captive, rent-a-captive, large deductible programs and indemnification agreements, as well as on the portion of risk either ceded to captives or retained by our clients. The capitalization and creditworthiness of prospective risk-sharing partners is one of the factors we consider upon entering into and renewing risk-sharing programs. Generally, we collateralize balances due from our risk-sharing partners through funds withheld trusts or stand-by letters of credit issued by highly rated banks. No assurance can be given regarding the future ability of any of our risk-sharing partners to meet their obligations. The inability of our risk-sharing partners to meet their obligations could adversely affect our profitability.

We face competitive pressures in our business that could cause our revenues to decline and adversely affect our profitability.

We compete with a large number of other companies in our selected lines of business. We and our agents compete, and will continue to compete, with major United States, foreign and other regional insurers, as well as mutual companies, specialty insurance companies, underwriting agencies and diversified financial services companies. Many of our competitors have greater financial and marketing resources than we do. Our profitability could be adversely affected if we lose business or any of our agents to competitors offering similar or better products at or below our prices.

A number of new, proposed or potential legislative or industry developments could further increase competition in our industry. These developments include:

the formation of new insurers and an influx of new capital in the marketplace as existing companies attempt to expand their business as a result of better pricing and/or terms

programs in which state-sponsored entities provide property insurance in catastrophe-prone areas or other alternative market types of coverage

changing practices created by the internet, which has increased competition within the insurance business

These developments could make the property and casualty insurance marketplace more competitive by increasing the supply of insurance capacity. In that event, the current trend toward a softer market could be accelerated and may negatively influence our ability to maintain or increase rates. Accordingly, these developments could have an adverse effect on our business, financial condition and results of operations.

S-10

Table of Contents

Our results may fluctuate as a result of many factors, including cyclical changes in the insurance industry.

The results of companies in the property and casualty insurance industry historically have been subject to significant fluctuations and uncertainties. Our industry's profitability can be affected by:

rising levels of actual costs that are not known by companies at the time they price their products

volatile and unpredictable developments, including man-made, weather-related and other natural catastrophes or terrorist attacks

changes in loss reserves resulting from the general claims and legal environments as different types of claims arise and judicial interpretations relating to the scope of insurer's liability develop

fluctuations in interest rates, inflationary pressures and other changes in the investment environment, which affect returns on invested assets and may impact the ultimate payout of losses

increases in medical costs beyond historic or expected annual inflationary levels

The demand for property and casualty insurance can also vary significantly, rising as the overall level of economic activity increases and falling as that activity decreases. The property and casualty insurance industry historically is cyclical in nature, with periods of reduced underwriting capacity and favorable premium rates alternating with periods of excess underwriting capacity and flat or falling premium rates. These fluctuations in demand and supply could produce underwriting results that would have a negative impact on our financial condition and results of operations.

Negative developments within the workers' compensation insurance industry may adversely affect our financial condition and results of operations.

Although we engage in other businesses, approximately 34% of our premium was attributable to workers' compensation insurance for the trailing twelve months ended March 31, 2007. As a result, negative developments within the economic, competitive or regulatory conditions affecting the workers' compensation insurance industry may have an adverse effect on our financial condition and results of operations. For example, if legislators in one of our larger markets, such as Florida, Nevada, or Massachusetts, were to enact legislation to increase the scope or amount of benefits for employees under workers' compensation insurance policies without related premium increases or loss control measures, this could negatively affect the workers' compensation insurance industry. In some states, workers' compensation insurance premium rates are determined by regulation, and changes in mandated rates could reduce our profitability. Negative developments within the workers' compensation insurance industry could have a greater effect on us than on more diversified insurance companies with more diversified lines of insurance.

The failure of any of the loss limitation methods we employ could have a material adverse effect on our results of operations and financial condition.

We seek to limit our loss exposure by writing a number of our insurance and reinsurance contracts on an excess-of-loss basis. Excess-of-loss insurance and reinsurance indemnifies the insured against losses in excess of a specified amount. In addition, we limit program size for each client and purchase third-party reinsurance for our own account. In the case of our assumed proportional reinsurance treaties, we seek per occurrence limitations or loss and loss expense ratio caps to limit the impact of losses ceded by the client. In proportional reinsurance, the reinsurer shares a proportional part of the premiums and losses of the reinsured. We also seek to limit our loss exposure by geographic diversification. Various provisions of our policies, such as limitations or exclusions from coverage or choice of forum negotiated to limit our risks, may not be enforceable in the manner we intend. As a result, one or

more catastrophic or other events could result in claims that substantially exceed our expectations, which could have an adverse effect on our results of operations or financial condition.

Because our investment portfolio consists primarily of fixed income securities, our investment income could suffer as a result of fluctuations in interest rates and market conditions.

We currently maintain and intend to continue to maintain an investment portfolio consisting primarily of fixed income securities. The fair value of these securities fluctuates depending on changes in interest rates. Generally, the

S-11

Table of Contents

fair market value of these investments increases or decreases in an inverse relationship with changes in interest rates, while net investment income earned by us from future investments in fixed income securities will generally increase or decrease with interest rates. Changes in interest rates may result in fluctuations in the income derived from, and the valuation of, our fixed income investments, which could have an adverse effect on our financial condition and results of operations.

In addition, our investment portfolio includes mortgage-backed securities. As of March 31, 2007, mortgage-backed securities constituted approximately 20.5% of our invested assets. As with other fixed income investments, the fair market value of these securities fluctuates depending on market and other general economic conditions and the interest rate environment. Changes in interest rates can expose us to prepayment risks on these investments. When interest rates fall, mortgage-backed securities are prepaid more quickly than expected and the holder must reinvest the proceeds at lower interest rates. Our mortgage-backed securities currently consist of securities with features that reduce the risk of prepayment, but there is no guarantee that we will not invest in other mortgage-backed securities that lack this protection. In periods of increasing interest rates, mortgage-backed securities are prepaid more slowly, which may require us to receive interest payments that are below the prevailing interest rates for longer than expected.

We could be forced to sell investments to meet our liquidity requirements.

We believe we maintain adequate amounts of cash and short-term investments to pay claims, and do not expect to have to sell securities prematurely for such purposes. We may, however, decide to sell securities as a result of changes in interest rates, credit quality, the rate or repayment or other similar factors. A significant increase in market interest rates could result in a situation in which we are required to sell securities at depressed prices to fund payments to our insureds. Since we carry debt securities at fair value, we expect these securities would be sold with no material impact on our net equity, although it could result in net realized losses. If these securities are sold, future net investment income may be reduced if we are unable to reinvest in securities with similar yields.

Because we are heavily regulated by the states in which we operate, we may be limited in the way we operate.

We are subject to extensive supervision and regulation in the states in which we operate. The supervision and regulation relate to numerous aspects of our business and financial condition. The primary purpose of the supervision and regulation is to maintain compliance with insurance regulations and to protect policyholders and not our shareholders. The extent of regulation varies, but generally is governed by state statutes. These statutes delegate regulatory, supervisory and administrative authority to state insurance departments. This system of regulation covers, among other things:

- standards of solvency, including risk-based capital measurements
- restrictions on the nature, quality and concentration of investments
- restrictions on the types of terms that we can include in the insurance policies we offer
- required methods of accounting
- required reserves for unearned premiums, losses and other purposes
- permissible underwriting and claims settlement practices
- potential assessments for the provision of funds necessary for the settlement of covered claims under certain insurance policies provided by impaired, insolvent or failed insurance companies

The regulations of the state insurance departments may affect the cost or demand for our products and may impede us from obtaining rate increases or taking other actions we might wish to take to increase our profitability. Furthermore, we may be unable to maintain all required licenses and approvals and our business may not fully comply with the wide variety of applicable laws and regulations or the relevant authority's interpretation of the laws and regulations. Also, regulatory authorities have relatively broad discretion to grant, renew or revoke licenses and approvals. If we do not have the requisite licenses and approvals or do not comply with applicable regulatory

S-12

Table of Contents

requirements, the insurance regulatory authorities could stop or temporarily suspend us from conducting some or all of our activities or monetarily penalize us.

Also, the insurance industry has recently become the focus of increased scrutiny by regulatory authorities relating to the placement of insurance, as well as claims handling by insurers in the wake of recent hurricane losses. Some states have adopted new disclosure requirements relating to the placement of insurance business, while other states are considering what additional regulatory oversight might be required with regard to claims handling activities of insurers. It is difficult to predict the outcome of these regulatory activities, whether they will expand into other areas of the business not yet contemplated, whether activities and practices currently thought of to be lawful will be characterized as unlawful and what form of additional or new regulations may be finally adopted and what impact, if any, such increase regulatory actions may have on our business. We have received general industry-wide requests for information from a few state insurance departments regarding compensation with insurance agents. We responded to these inquires. Subsequent to our responses, we have not received any further inquiries or comments from the state insurance departments.

Our reliance on producers subjects us to their credit risk.

With respect to our agency billed premiums generated by our Insurance Company Subsidiaries, producers collect premiums from the policyholders and forward them to us. In certain jurisdictions, when the insured pays premium for these policies to producers for payment, the premium might be considered to have been paid under applicable insurance laws and the insured will no longer be liable to us for those amounts, whether or not we have actually received the premium from the producer. Consequently, we assume a degree of credit risk associated with producers. Although producers' failures to remit premiums to us have not caused a material adverse impact on us to date, there may be instances where producers collect premium but do not remit it to us and we may be required under applicable law to provide the coverage set forth in the policy despite the actual collection of the premium by us. Because the possibility of these events is dependent in large part upon the financial condition and internal operations of our producers, we may not be able to quantify any potential exposure presented by the risk. If we are unable to collect premium from our producers in the future, our financial condition and results of operations could be materially and adversely affected.

Provisions of the Michigan Business Corporation Act, our articles of incorporation and other corporate governing documents and the insurance laws of Michigan, Missouri, California and Florida may discourage takeover attempts.

The Michigan Business Corporation Act contains anti-takeover provisions. Chapters 7A (the Fair Price Act) and 7B (the Control Share Act) of the Business Corporation Act apply to us and may have an anti-takeover effect and may delay, defer or prevent a tender offer or takeover attempt that a shareholder might consider in their best interest, including those attempts that might result in shareholders receiving a premium over market price for their shares.

The Fair Price Act provides that a supermajority vote of 90 percent of the shareholders and no less than two-thirds of the votes of non interested shareholders must approve a business combination. The Fair Price Act defines a business combination to encompass any merger, consolidation, share exchange, sale of assets, stock issue, liquidation, or reclassification of securities involving an interested shareholder or certain affiliates. An interested shareholder is generally any person who owns ten percent or more of the outstanding voting shares of the company. An affiliate is a person who directly or indirectly controls, is controlled by, or is under common control with, a specified person. The supermajority vote required by the Fair Price Act does not apply to business combinations that satisfy certain conditions. These conditions include, among others: (i) the purchase price to be paid for the shares of the company in the business combination must be at least equal to the highest of either (a) the market value of the shares or (b) the highest per share price paid by the interested shareholder within the preceding two-year period or in the transaction in

which the shareholder became an interested shareholder, whichever is higher; and (ii) once becoming an interested shareholder, the person may not become the beneficial owner of any additional shares of the company except as part of the transaction which resulted in the interested shareholder becoming an interested shareholder or by virtue of proportionate stock splits or stock dividends.

S-13

Table of Contents

The Control Share Act establishes procedures governing control share acquisitions of large public Michigan corporations. A control share acquisition is defined as an acquisition of shares by an acquiror which, when combined with other shares held by that person or entity, would give the acquiror voting power, alone or as part of a group, at or above any of the following thresholds: 20 percent, 33 1/3 percent or 50 percent. Under the Control Share Act, an acquiror may not vote control shares unless the company's disinterested shareholders (defined to exclude the acquiring person, officers of the target company, and directors of the target company who are also employees of the company) vote to confer voting rights on the control shares. The Control Share Act does not affect the voting rights of shares owned by an acquiring person prior to the control share acquisition. The Control Share Act entitles corporations to redeem control shares from the acquiring person under certain circumstances. In other cases, the Control Share Act confers dissenters' right upon all of the corporation's shareholders except the acquiring person.

Our articles of incorporation allow our Board of Directors to issue one or more classes or series of preferred stock with voting rights, preferences and other privileges as the Board of Directors may determine. Also, we have adopted a shareholder rights plan which if triggered would significantly dilute the stock ownership percentage of anyone who acquires more than fifteen percent of our shares without the approval of our Board of Directors. The existence of our shareholder rights plan and the possible issuance of preferred shares could adversely affect the holders of our common stock and could prevent, delay or defer a change of control.

We are also subject to the laws of various states, such as Michigan, Missouri, California, and Florida, governing insurance holding companies. Under these laws, a person generally must obtain the applicable Insurance Department's approval to acquire, directly or indirectly, five to ten percent or more of the outstanding voting securities of our Insurance Company Subsidiaries. An Insurance Department's determination of whether to approve an acquisition would be based on a variety of factors, including an evaluation of the acquirer's financial stability, the competence of its management, and whether competition in that state would be reduced. These laws may prevent, delay or defer a change of control of us or our Insurance Company Subsidiaries.

Most states assess our Insurance Company Subsidiaries to provide funds for failing insurance companies and those assessments could be material.

Our Insurance Company Subsidiaries are subject to assessments in most states where we are licensed for the provision of funds necessary for the settlement of covered claims under certain policies provided by impaired, insolvent or failed insurance companies. Maximum contributions required by law in any one year vary by state, and have historically been less than one percent of annual premiums written. We cannot predict with certainty the amount of future assessments. Significant assessments could have a material adverse effect on our financial condition and results of operations.

We may require additional capital in the future, which may not be available or may only be available on unfavorable terms.

Our future capital requirements depend on many factors, including our ability to write new business successfully and to establish premium rates and reserves at levels sufficient to cover losses. To the extent that our present capital is insufficient to meet future operating requirements and/or cover losses, we may need to raise additional funds through financings. Based on our current operating plan, we believe our capital growth strategy, together with the proceeds of this offering, will support our operations without the need to raise additional capital. However, we cannot provide any assurance in that regard, since many factors will affect our capital needs and their amount and timing, including our growth and profitability, our claims experience, and the availability of reinsurance, as well as possible acquisition opportunities, market disruptions and other unforeseeable developments. If we had to raise additional capital, equity or debt financing may not be available or, may be on terms that are not favorable to us. In the case of equity financings, dilution to our shareholders could result, and in any case such securities may have rights, preferences and

privileges that are senior to those of the shares offered hereby. If we cannot obtain adequate capital on favorable terms or at all, our business, operating results and financial condition could be adversely affected.

S-14

Table of Contents

We have broad discretion in the use of the net proceeds from an offering and may not use them effectively.

Our management will have broad discretion in the application of the net proceeds from this offering and could spend the proceeds in ways that do not necessarily improve our results of operations or enhance the value of our common stock. The failure by our management to apply these proceeds effectively could result in financial losses that could have a material adverse effect on our business and cause the price of our common stock to decline.

Our performance is dependent on the continued services and performance of our senior management and other key personnel.

The success of our business is dependent on our ability to retain and motivate our senior management and key management personnel. The loss of the services of any of our executive officers or other key employees could have a material adverse effect on our business, financial condition, and results of operations. We have existing employment or severance agreements with Merton J. Segal, Robert S. Cubbin, Michael G. Costello, Karen M. Spaun, Stephen Belden, Robert C. Spring, Archie S. McIntyre, and Kenn R. Allen. We maintain a key person life insurance policy on Robert S. Cubbin, our President and CEO.

Our future success also will depend on our ability to attract, train, motivate and retain other highly skilled technical, managerial, marketing, and customer service personnel. Competition for these employees is intense and we may not be able to successfully attract, integrate or retain sufficiently qualified personnel. In addition, our future success depends on our ability to attract, retain and motivate our agents and other producers. Our failure to attract and retain the necessary personnel and producers could have a material adverse effect on our business, financial condition, and results of operations.

We rely on our information technology and telecommunications systems to conduct our business.

Our business is dependent upon the uninterrupted functioning of our information technology and telecommunication systems. We rely upon our systems, as well as the systems of our vendors, to underwrite and process our business, make claim payments, provide customer service, provide policy administration services, such as endorsements, cancellations and premium collections, comply with insurance regulatory requirements and perform actuarial and other analytical functions necessary for pricing and product development. Our operations are dependent upon our ability to timely and efficiently process our business and protect our information and telecommunications systems from physical loss, telecommunications failure or other similar catastrophic events, as well as from security breaches. While we have implemented business contingency plans and other reasonable and appropriate internal controls to protect our systems from interruption, loss or security breaches, a sustained business interruption or system failure could adversely impact our ability to process our business, provide customer service, pay claims in a timely manner or perform other necessary business functions. Likewise, a security breach of our computer systems could also interrupt or damage our operations or harm our reputation in the event confidential customer information is disclosed to third parties. Either of these circumstances could have a material adverse effect upon our financial condition, operations or reputation.

Managing technology initiatives and obtaining the efficiencies anticipated with technology implementation may present significant challenges.

While technological enhancements and initiatives can streamline several business processes and ultimately reduce the costs of operations, these initiatives can present short-term costs and implementation risks. Projections of associated costs, implementation timelines, and the benefits of those results may be inaccurate and such inaccuracies could increase over time. In addition, there are risks associated with not achieving the anticipated efficiencies from technology implementation that could impact our results of operations.

Table of Contents

SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS

Some of the information in this prospectus supplement and the prospectus and the documents incorporated by reference in this prospectus supplement and the prospectus may contain forward-looking statements. These statements can be identified by the use of forward-looking phrases such as will, may, are expected to, is anticipated, estimate, target, forecast, plan, should, projected, intends to, or other similar words. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected, such as:

changes in the business environment in which we operate, including inflation and interest rates;

availability, terms and collectibility of reinsurance;

changes in taxes, laws and governmental regulations;

competitive product and pricing activity;

managing growth profitably;

catastrophe losses including those from future terrorist activity;

the cyclical nature of the property and casualty industry;

product demand;

claims development and the process of estimating reserves;

the ability of our reinsurers to pay reinsurance recoverables owed to us;

investment results;

changes in the ratings assigned to us by ratings agencies;

uncertainty as to reinsurance coverage for terrorist acts; and

availability of dividends from our insurance company subsidiaries.

We have described these and other risks under Risk Factors. You should keep in mind these risk factors and other cautionary statements in this prospectus supplement when considering forward-looking statements.

Except as required by law, we undertake no obligation to update or revise our forward-looking statements, whether as a result of new information, future events or otherwise.

Table of Contents

USE OF PROCEEDS

Based on an assumed public offering price of \$10.96 per share (the closing price of our common stock on the New York Stock Exchange on July 6, 2007), we estimate that we will receive approximately \$56.9 million in net proceeds from this offering after deducting underwriting discounts and commissions and our estimated expenses for this offering of approximately \$3.4 million. If the underwriters' option to purchase additional shares of common stock is exercised in full, we estimate that our net proceeds will be approximately \$68.2 million. We plan to use the net proceeds of the offering to temporarily reduce the outstanding balance of \$22.0 million on our bank line of credit, to support organic growth of our underwriting business, to fund potential select acquisitions, and for other general corporate purposes.

As of the date of this prospectus supplement, we cannot specify with certainty all of the particular uses for the net proceeds to us from this offering. Accordingly, we will retain broad discretion over the use of these proceeds. Pending the use of the net proceeds, we intend to invest the net proceeds in a variety of capital preservation investments, including short-term, interest-bearing, and investment-grade securities.

DIVIDEND POLICY

While we have paid dividends in the past, we have not in the past five years paid dividends on our common stock. Our Board of Directors considers whether or not a dividend will be declared based on a variety of factors, including but not limited to our cashflow, liquidity needs, results of operations and financial condition. As a holding company, we are dependent upon dividends and other permitted payments from our subsidiaries to pay any cash dividend. Our regulated subsidiaries' ability to pay dividends to us is limited by government regulations. See *Business Regulations that Impact Us* on page S-66.

Table of Contents**CAPITALIZATION**

The following table shows our capitalization at March 31, 2007, and as adjusted to give effect to (i) our acquisition of the business of USSU on April 16, 2007 and (ii) the sale of the common stock offered by this prospectus supplement based upon an assumed public offering price of \$10.96 per share (the closing price of our common stock on the New York Stock Exchange on July 6, 2007) and after deducting underwriting discounts and commissions and estimated offering expenses of approximately \$3.4 million.

		As Adjusted for Stock Issued in USSU Acquisition (In thousands)		As Adjusted for Stock Issued in this Offering
	Actual			
Revolving Debt	\$ 10,400	\$	23,060	\$ 0
Debentures	55,930		55,930	55,930
Total Debt	\$ 66,330	\$	78,990	\$ 55,930
Common stock, \$0.01 par value; authorized 75,000,000(1) shares, 29,539,236 (actual), 30,447,171 shares (as adjusted for the USSU acquisition) and 36,030,387 (as adjusted for this offering) issued and outstanding	295		304	359
Additional paid-in capital	125,265		135,256	192,072
Retained earnings	83,205		83,205	83,205
Note receivable from officer	(871)		(871)	(871)
Accumulated other comprehensive income	(515)		(515)	(515)
Total shareholders equity	\$ 207,379	\$	217,379	\$ 274,250
Total Capitalization	\$ 273,709	\$	296,369	\$ 330,180

(1) We amended our Articles of Incorporation on May 14, 2007 to increase the number of authorized shares of common stock from 50,000,000 to 75,000,000.

Table of Contents**PRICE RANGE OF COMMON STOCK**

Our common stock is traded on the New York Stock Exchange under the symbol MIG. The following table shows the high and low prices of our common stock as reported by the NYSE and our dividends declared for each fiscal period shown.

	High	Low	Dividend
2005			
First quarter	\$ 5.89	\$ 4.98	
Second quarter	5.53	5.02	
Third quarter	5.72	5.05	
Fourth quarter	6.77	5.31	

	High	Low	Dividend
2006			
First quarter	\$ 7.00	\$ 5.63	
Second quarter	8.91	6.68	
Third quarter	11.83	8.32	
Fourth quarter	12.48	8.78	

	High	Low	Dividend
2007			
First quarter	\$ 11.68	\$ 9.10	
Second quarter	12.45	9.94	
Third quarter (through July 6, 2007)	11.57	10.87	

On July 6, 2007, the last reported sale price of our common stock on the New York Stock Exchange was \$10.96 per share. As of July 6, 2007, there were 247 holders of record of our common stock.

Table of Contents**SELECTED CONSOLIDATED FINANCIAL INFORMATION**

The following tables set forth our selected historical consolidated financial and operating information for the periods ended and as of the dates indicated. The selected consolidated income statement data for the years ended December 31, 2006 and 2005 and the balance sheet data as of December 31, 2006 and 2005 are derived from our audited financial statements included elsewhere in this prospectus supplement, which have been audited by Ernst & Young LLP, an independent registered public accounting firm. The selected consolidated income statement data for the year ended December 31, 2004 are derived from our audited financial statements included elsewhere in this prospectus supplement, which have been prepared in accordance with GAAP and have been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm. The selected consolidated income statement data for the years ended December 31, 2003 and 2002 and the balance sheet data as of December 31, 2004, 2003, and 2002 are derived for our audited financial statements, which have been prepared in accordance with GAAP and have been audited by PricewaterhouseCoopers LLP. The selected unaudited consolidated income statement data for the three months ended March 31, 2007 and 2006 and the balance sheet data as of March 31, 2007 and 2006 are derived from our unaudited financial statements included elsewhere in this prospectus supplement, which have been prepared in accordance with GAAP. The selected unaudited consolidated financial statements include all adjustments, other than normal recurring adjustments, which we consider necessary for a fair presentation of our financial position, results of operations and cash flows for the interim periods presented. These historical results are not necessarily indicative of results to be expected from any future period.

You should read the following selected consolidated financial information together with the other information contained in this prospectus supplement, including the section captioned "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and related notes included elsewhere in this prospectus supplement.

	2002	For the Years Ending December 31,				For the Quarters Ending March 31,	
		2003	2004	2005	2006	2006	2007
		(In thousands, except per share and ratio data)					
		(Unaudited)					
Income Statement Data:							
Gross written premiums	\$ 83,637	\$ 253,280	\$ 313,493	\$ 332,209	\$ 330,872	\$ 89,010	\$ 89,504
Net written premiums	139,795	189,827	233,961	258,134	262,668	69,381	71,972
Net earned premiums	\$ 145,383	\$ 151,205	\$ 214,493	\$ 249,959	\$ 254,920	\$ 63,124	\$ 65,204
Net commissions and fees	37,581	45,291	40,535	35,916	41,172	11,289	11,551
Net investment income	13,958	13,484	14,911	17,975	22,075	5,239	6,156

Net realized gains (losses)	666	823	339	167	69	(7)	(6)
Gain on sale of subsidiary	199						