

1. PLAN OF CONVERSION FOR GREEN COUNTY MUTUAL INSURANCE COMPANY

This Plan of Conversion from an insurance corporation organized under ch.612, Stats. to an insurance corporation organized under ch. 611, Stats., was adopted by the Board of Directors of Green County Mutual Insurance Company on November 7th, 2023.

Recitals

- A. GCMIC is an insurance corporation organized under ch.612, Stats., and
- B. GCMIC is currently authorized to operate in 10 counties in the State of Wisconsin; and
- C. GCMIC's Board of Directors has developed a long-range plan for the company that includes moderate increased growth, new products and expanded geographical area;

NOW, THEREFORE, the Plan of Conversion is adopted by the Board of Directors of GCMIC on the date set forth hereinabove.

1. REASONS AND PURPOSE OF THE CONVERSION.

a. To increase the availability of reinsurance.

As a 612 company in Wisconsin, per Wis. Admin.13.09(4)(a), we are required to obtain and maintain reinsurance with an Unlimited Aggregate cover. The availability of Unlimited Aggregate has decreased over the past year. By converting to a 611 Mutual in Wisconsin, 13.09(4)(a) will not apply to us and that will allow us more options to find compliant reinsurance coverage.

b. To improve the company's competitive market position to provide better opportunities for growth.

Competition has increased significantly in markets traditionally served by town mutual insurers. The number of companies willing to write coverages in rural areas has increased and many of these companies are able to offer products that town mutual companies cannot offer. Increasingly, town mutual companies operate at a significant competitive disadvantage with other insurers. Some of the new competitors are stock and mutual companies that are able to offer attractive packaged and specialized insurance coverages. GCMIC believes that it would be better able to compete if it could add Umbrella, Inland marine and perhaps, one day, Auto coverages to its current products. GCMIC does not request authorization to add any new products currently.

c. Expansion of Company Territory

The Company presently operates in a 10-county area. Conversion will allow GCMIC to expand into other Wisconsin counties. Expansion will help the Company to grow and to better serve the needs of its customers and agents. Accordingly, the Company requests the authority to write business statewide. The Company does not plan on developing a statewide marketing strategy currently.

d. To Achieve Greater Spread of Risk

The largest parts of the Company's insurance writings are in Green, Lafayette, and Dane Counties. Because the Company writes property insurance, the Company's profitability is susceptible to catastrophic losses caused by natural disasters. Conversion will permit GCMIC to expand its geographic spread of risk.

e. To Eliminate Assessability

GCMIC is presently a limited assessable town mutual. It is becoming increasingly difficult to sell assessable insurance policies in the competitive marketplace. The public and lending institutions are reluctant to accept assessable policies, thereby limiting GCMIC's opportunity for growth. GCMIC seeks authority to become a non-assessable insurer to increase the marketability of its policies and to better protect and serve its existing policyholders.

GCMIC's Surplus position as of year-end 2022 was \$3,232,790. As of September 1, 2023, the unaudited surplus amount (with all WRC common stock now valued at \$0.00), is \$2,806,343. Comparing the current Surplus to the current Written Premium of approximately \$2,254,140 gives us a gross Surplus to Premium of a strong 1.25 to 1. The company is currently reinsured through Wisconsin Reinsurance Corporation and will be reinsured with Guy Carpenter as of January 1, 2024.

f. To Improve Market Acceptability by Facilitating Financial Comparison

The financial statements used by town mutual insurers differ somewhat from the NAIC property and casualty financial statement. The Board believes that the competitive position of the Company is harmed by the inability to compare the Company's financial position with the financial position of other stock and mutual companies. Conversion would permit the Company to report its financial position in a manner that facilitates comparison with its competitors.

2. TERMS, CONDITIONS, PROCEDURES AND ESTIMATED EXPENSES OF IMPLEMENTING THE CONVERSION.

a. Terms and Conditions

The Company proposes to convert to an insurance corporation under ch. 611, Stats., with all the rights and restrictions that are placed on such a corporation. The Company proposes to operate in accordance with the Business Plan which has been adopted by the Board of Directors. See Section 7.

b. Procedures

By resolution of the Board of Directors, the Company submits this proposed Plan of Conversion to the Commissioner of Insurance. Upon approval of the Plan of Conversion by the Commissioner of Insurance, the Company expects to submit the Plan to its policyholders for their approval at a special meeting. The target effective date for conversion is January 1, 2024.

c. Estimated Expenses

No significant additional general operating expenses are anticipated to result from the conversion to a ch. 611 mutual insurance company. Expected one-time expenses include the costs for filing and recording the restated Articles of Incorporation, the costs of a special members' meeting, including duplication and mailing costs for notice to its members, and accounting and attorney's fees. The Company estimates that these costs will range between \$5,000 and \$7,000.

3. NAME OF THE CORPORATION

- a. The name of the corporation will be Green County Mutual Insurance Company

4. ARTICLES OF INCORPORATION AND BY-LAWS

- a. The proposed Restated Articles of Incorporation and Restated By-Laws for Green County Mutual Insurance Company are attached hereto. See Section 4