



DATE: November 22, 2023

TO: Amy J. Malm  
Mark McNabb

FROM: Christopher Martin

SUBJECT: The Proposed Joint Conversion of Ashland County Town Insurance Company, Darlington Mutual Insurance Company, Liberty Mutual Fire Insurance Company, Price County Town Mutual Insurance Company, River Falls Mutual Insurance Company, Stockholm Town Mutual Insurance Company, and River Valley Mutual Insurance Company into a Chapter 611 mutual insurance company

The purpose of this Memo is to summarize the results of OCI's analysis with respect to the above-referenced filing performed in accordance with the competitive standard criterion set-forth in ch. 611 and ch. 612, Wisconsin Statutes and Ins. 40.02 Wis. Adm. Code.

**Form A Filing Contact(s)**

**Primary Contact:**

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**Exhibit(s)**

<b><u>Exhibit:</u></b>	<b><u>Description:</u></b>
1.	A certified resolution of the River Valley Board of Directors approving the Conversion
2.	A written consent of the Ashland County Board of Directors approving the Conversion
3.	A written consent of the Darlington Mutual Board of Directors approving the Conversion
4.	A certified resolution of the Liberty Mutual Fire Board of Directors approving the Conversion
5.	A written consent of the Price County Board of Directors approving the Conversion
6.	A written consent of the River Falls Board of Directors approving the Conversion
7.	A certified resolution of the Stockholm Town Mutual Board of Directors approving the Conversion
8.	Redacted and unredacted versions of the executed Agreement and Plan of Conversion, including the following exhibits:
8a.	Projected Surplus
8b.	Business Plan
8c.	The Articles of Incorporation of River Valley
8d.	The Bylaws of Newco River Valley
8e1.	The form of Certificate of Assumption which River Valley proposes to send to all Ashland County policyholders after the effective time of the Conversion
8e2.	The form of Certificate of Assumption which River Valley proposes to send to all Price County policyholders after the effective time of the Conversion
8e3.	The form of Certificate of Assumption which River Valley proposes to send to all River Falls policyholders after the effective time of the Conversion

- 8e4. The form of Certificate of Assumption which River Valley proposes to send to all Stockholm Town Mutual policyholders after the effective time of the Conversion
- 8e5. The form of Certificate of Assumption which River Valley proposes to send to all Darlington Mutual policyholders after the effective time of the Conversion
- 8e6. The form of Certificate of Assumption which River Valley proposes to send to all Liberty Mutual Fire policyholders after the effective time of the Conversion
- 8f. A listing of the proposed directors and officers of River Valley after the effective time of the Conversion
- 9. A proposed summary of the Conversion to be sent to the Constituent Corporations policyholders with the applicable Notice of Special Policyholder Meeting
- 10. The following River Valley related documents:
  - 10a. The most recent year end annual statement for River Valley
  - 10b. The unaudited 2023 second quarter financial statements for River Valley
  - 10c. A proposed Notice of Special Policyholder Meeting to be sent to River Valley policyholders
  - 10d. The proposed policyholder resolution ballot to be presented at the special meeting of the policyholders
  - 10e. The proposed report of policyholder votes to be submitted to the OCI following the Special Meeting
- 11. The following Ashland County related documents:
  - 11a. The most recent year end annual statement for Ashland County
  - 11b. The unaudited 2023 second quarter financial statements for Ashland County
  - 11c. A proposed Notice of Special Policyholder Meeting to be sent to Ashland County policyholders
  - 11d. The proposed policyholder resolution ballot to be presented at the special meeting of the policyholders
  - 11e. The proposed report of policyholder votes to be submitted to the OCI following the Special Meeting
- 12. The following Darlington Mutual related documents:
  - 12a. The most recent year end annual statement for Darlington Mutual
  - 12b. The most recent monthly financial statements for Darlington Mutual
  - 12c. A proposed Notice of Special Policyholder Meeting to be sent to Darlington Mutual policyholders
  - 12d. The proposed policyholder resolution ballot to be presented in person at the special meeting and to the policyholders via mail pursuant to Wis. Stat s.612.12(4)(c)
  - 12e. The proposed report of policyholder votes to be submitted to the OCI following the Special Meeting
- 13. The following Liberty Mutal Fire related documents:
  - 13a. The most recent year end annual statement for Liberty Mutal Fire
  - 13b. The most recent monthly unaudited financial statements for Liberty Mutal Fire
  - 13c. A proposed Notice of Special Policyholder Meeting to be sent to Liberty Mutal Fire policyholders
  - 13d. The proposed policyholder resolution ballot to be presented in person at the special meeting and to the policyholders via mail pursuant to Wis. Stat s.612.12(4)(c)
  - 13e. The proposed report of policyholder votes to be submitted to the OCI following the Special Meeting
- 14. The following Price County related documents:
  - 14a. The most recent year end annual statement for Price County
  - 14b. The most recent unaudited June financial statements for Price County
  - 14c. A proposed Notice of Special Policyholder Meeting to be sent to Price County policyholders
  - 14d. The proposed policyholder resolution ballot to be presented at the special meeting of the policyholders
  - 14e. The proposed report of policyholder votes to be submitted to the OCI following the Special Meeting
- 15. The following River Falls related documents:

- 15a. The most recent year end annual statement for River Falls
- 15b. The most recent unaudited 2023 second quarter financial statements for River Falls
- 15c. A proposed Notice of Special Policyholder Meeting to be sent to River Falls policyholders
- 15d. The proposed policyholder resolution ballot to be presented at the special meeting of the policyholders
- 15e. The proposed report of policyholder votes to be submitted to the OCI following the Special Meeting
- 16. The following Stockholm Town Mutual related documents:
  - 16a. The most recent year end annual statement for Stockholm Town Mutual
  - 16b. The unaudited June financial statements for Stockholm Town Mutual
  - 16c. A proposed Notice of Special Policyholder Meeting to be sent to Stockholm Town Mutual policyholders
  - 16d. The proposed policyholder resolution ballot to be presented in person at the special meeting and to the policyholders via mail pursuant to Wis. Stat s.612.12(4)(c)
  - 16e. The proposed report of policyholder votes to be submitted to the OCI following the Special Meeting
- 17. Biographical Affidavits for each of the directors and officers of River Valley
- 18. Proposed compensation of directors and officers of River Valley
- 19. Financial projections for River Valley

<b>Executive Summary</b>
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On November 2, 2023, River Valley Mutual Insurance Company (“RVMIC”), a 612 town mutual insurer, filed a statement pursuant to s. 612.23 Wis. Stat. on behalf of the Company, Ashland County Town Insurance Company (“Ashland County”), Darlington Mutual Insurance Company (“Darlington Mutual”), Liberty Mutual Fire Insurance Company (“Liberty Mutual Fire”), Price County Town Mutual Insurance Company (“Price County”), River Falls Mutual Insurance Company (“River Falls”), Stockholm Town Mutual Insurance Company (“Stockholm Town Mutual”), each 612 town mutual insurance companies, seeking to jointly convert to a 611 mutual insurer, with the resulting name being River Valley Mutual Insurance Company.

<b>Identity and Background of the Domestic Insurer(s)</b>
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**Identity of the Insurer(s):**

**River Valley Mutual Insurance Company**  
 PO Box 646  
 Whitehall, WI 54773

**Ashland County Town Insurance Company**  
 305 S 5<sup>th</sup> St  
 Butternut, WI 54514

**Darlington Mutual Insurance Company**  
 116 E Louisa St  
 Darlington, WI 53530

**Liberty Mutual Fire Insurance Company**  
 11524 Kluckhorn St  
 Stitzer, WI 53825

**Price County Town Mutual Insurance Company**  
 213 N Lake Ave  
 Phillips, WI 54555

**River Falls Mutual Insurance Company**

218 N Main St  
River Falls, WI 54022

**Stockholm Town Mutual Insurance Company**

W12121 Hwy 35  
Stockholm, WI 54769

**Background of the Insurer(s):**

**River Valley Mutual Insurance Company**

RVMIC is a Wisconsin domestic town mutual insurance company and was incorporated on 01/03/1871. The company is licensed to write Property and Nonproperty insurance and is currently authorized to do business in Monroe, Pepin, Pierce, Rusk, St. Croix, Trempealeau, Vernon, La Crosse, Dunn, Eau Claire, Jackson, Barron, Buffalo, Chippewa, Clark, and Juneau County.

**Ashland County Town Insurance Company**

Ashland County is a Wisconsin domestic town mutual insurance company and was incorporated on 08/01/1901. The company is licensed to write Property and Nonproperty insurance and is currently authorized to do business in Price, Sawyer, Douglas, Iron, Ashland, and Bayfield County.

**Darlington Mutual Insurance Company**

Darlington Mutual is a Wisconsin domestic town mutual insurance company and was incorporated on 05/18/1875. The company is licensed to write Property and Nonproperty insurance and is currently authorized to do business in Richland, Rock, Sauk, Vernon, Lafayette, Monroe, Crawford, Dane, Grant, Green, Iowa, Jefferson, Juneau, and Columbia County.

**Liberty Mutual Fire Insurance Company**

Liberty Mutual Fire is a Wisconsin domestic town mutual insurance company and was incorporated on 01/01/1872. The company is licensed to write Property and Nonproperty insurance and is currently authorized to do business in Richland, Sauk, Vernon, Lacrosse, Lafayette, Monroe, Crawford, Grant, Green, Iowa, and Juneau County.

**Price County Town Mutual Insurance Company**

Price County is a Wisconsin domestic town mutual insurance company and was incorporated on 05/01/1901. The company is licensed to write Property and Nonproperty insurance and is currently authorized to do business in Oneida, Price, Rusk, Sawyer, Taylor, Vilas, Lincoln, and Ashland County.

**River Falls Mutual Insurance Company**

River Falls is a Wisconsin domestic town mutual insurance company and was incorporated on 07/01/1876. The company is licensed to write Property and Nonproperty insurance and is currently authorized to do business in Pepin, Pierce, St. Croix, Dunn, Barron, Polk, Chippewa, Clark, Eau Claire, and Taylor County.

**Stockholm Town Mutual Insurance Company**

Stockholm Town Mutual is a Wisconsin domestic town mutual insurance company and was incorporated on 01/01/1872. The company is licensed to write Property and Nonproperty insurance and is currently authorized to do business in Pepin, Pierce, St. Croix, Dunn, Eau Claire, and Buffalo County.

**Proposed Executive Officers and Directors of RVMIC:**

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Term Expires:</u></b>
Daniel Lilla*	Director, Chairperson	2024
Dean Boehne*	Director	2024
Mark Denk*	Director	2024

Donald Tuescher*	Director	2024
Allen Bohac*	Director	2025
Donald Hartung*	Director, Vice Chairperson	2025
Melvin Berg*	Director	2025
Timothy Wiff*	Director	2025
Daniel Sitz*	Director	2026
Leonard Schmidt	Director	2026
Robert Scharlau*	Director	2026
William Weiss, Jr.*	Director	2026
Daniel Swenson*	Director	2026
Paul Rosenow*	President, CEO	
Brent Olsen*	Executive Vice President, Chief Operating Officer	
Victoria Rotering*	Secretary	
Sara Leffingwell*	Treasurer	

Note: \* following an individual's name indicates that the biographical affidavit was provided for the individual and there are no outstanding significant concerns after OCI review.

### **Nature, Source, and Consideration**

Pursuant to the plans of conversion, filed by RVMIC and subject to the requirements in s. 612.23 Wis. Stat., RVMIC intends to convert from a chapter 612 mutual insurer to a chapter 611 mutual insurer. The company has provided the following reasons and purposes for the conversion plan as required by statute. The conversion plan states that the conversion to 611 will improve the company's competitive market position by allowing it to expand the company's territory beyond the 16 county limit that 612 mutual insurers must follow. The conversion also is requesting that it be a nonassessable mutual company, as it notes that assessable insurance policies are becoming increasingly difficult to sell. The conversion and related affiliation, subject to the appropriate approvals and policyholder vote, expect that the effective date of the will be 1/1/2024.

The estimated expenses related to the conversion are approximately \$100,000. No consideration will be transferred as this is a conversion.

### **The Applicant's Future Plans**

As this is a conversion application, the company does not intend to make significant changes to its operations, other than those expected when converting from a 612 town mutual to a 611 mutual and those changes associated with the combination of a number of different companies.

RVMIC has requested the ability to write (2)(a) Fire, inland marine and other property insurance and (2)(d) Liability and incidental medical expense (other than automobile) insurance after converting to a 611 mutual. These lines would replace the Property and Nonproperty business that they currently write as a 612 town mutual. As a 611 they will also expand their writing territory from the current counties to the entire state.

The converted company will offer employment to all employees of non-continuing corporations with substantially similar roles as salaries as immediately prior to the effective time of the transaction. The name of the converted company will be River Valley Mutual Insurance Company.

The primary office location will be that of River Valley. With the exception of Stockholm Town Mutual, which will close its office, all other non-continuing corporations will maintain their current offices until the board of directors determines it is no longer necessary to maintain the locations.

Articles and Bylaws of the converted corporation will be those as provided by RVMIC as amended for the conversion.

## **The s. 612.23 Wis. Stats. Standard**

**(1)** Conversion plan. The board of each participating town mutual shall adopt the same plan of conversion by resolution stating:

- (a)** The reasons for and the purposes of the proposed action;
- (b)** The proposed terms, conditions and procedures for and estimated expenses of implementing the conversion;
- (c)** The proposed name of the corporation; and
- (d)** The proposed articles and bylaws.

**(2)** Approval by commissioner. The town mutuals shall file with the commissioner for approval the plan together with so much of the information under s. 611.13 (2) as the commissioner reasonably requires. The commissioner shall approve the plan unless the commissioner finds, after a hearing, that it would be contrary to the law, that the new mutual would not satisfy the requirements for a certificate of authority under s. 611.20 or that the plan would be contrary to the interests of insureds or of the public.

**(3)** Approval by members. After being approved by the commissioner, the plan shall be submitted to the members of each town mutual for their approval.

**(4)** Election of directors. A plan of conversion shall contain a provision for prompt election of directors if the plan goes into effect. If the plan is approved by the members of each town mutual, directors shall be elected promptly.

**(5)** Reports to commissioner. Each town mutual shall file with the commissioner a copy of the resolution adopted under sub. (3), stating the number of members entitled to vote, the number of members voting and the number of votes cast in favor of the plan, stating separately in each case the mail votes and the votes cast in person. Any election of directors under sub. (4) shall also be reported to the commissioner.

**(6)** Certificate of authority. If the requirements of the law are met, the commissioner shall issue a certificate of authority to the new mutual. Thereupon the nonsurviving town mutuals shall cease their legal existence, the corporate existence of any new mutual shall begin, and the directors elected under sub. (4) shall take office. The new mutual shall have all the assets and be liable for all of the obligations of each of the participating town mutuals. The commissioner may grant a period not exceeding one year for adjustment to the requirements of ch. 611, specifying the extent to which particular provisions of ch. 611 shall not apply.

## **Conclusion**

After reviewing the information provided by the Company, the OCI believes that approving this conversion is in the best interest of the policyholders of RVMIC, Ashland County, Darlington Mutual, Liberty Mutual Fire, Price County, River Falls, and Stockholm Town Mutual. It is the OCI's opinion that the plan cannot be said to be contrary to the law because it provides the necessary information required by statute, the converted entity would be able to satisfy the requirement for a certificate of authority, and the plan would not be contrary to the interest of the insureds or the public. Therefore, the transaction should be approved.

After the transaction closes the converted mutual, River Valley Mutual Insurance Company, as stated in the stipulation and order, will be authorized to write (2)(a) Fire, inland marine and other property insurance, (2)(d) Liability and incidental medical expense (other than automobile), and (2)(e) automobile insurance (only on an excess basis in conjunction with an umbrella excess liability program) insurance business in all counties throughout the state as a chapter 611 mutual insurance company.