

**CONVERSION**

**of**

**MEDINA MUTUAL INSURANCE COMPANY,  
a Chapter 612 mutual insurance company,**

**with and into**

**SUGAR CREEK MUTUAL INSURANCE COMPANY,  
a Chapter 612 mutual insurance company,**

**which shall convert into**

**SUGAR CREEK MUTUAL INSURANCE COMPANY,  
a Chapter 611 mutual insurance company**

**REDACTED AGREEMENT AND PLAN OF CONVERSION**

*Filed with the Wisconsin Office of the Commissioner of Insurance*

**November 16, 2023**

**AGREEMENT AND PLAN OF CONVERSION**  
**AMONG**  
**SUGAR CREEK MUTUAL INSURANCE COMPANY**  
**AND**  
**MEDINA MUTUAL INSURANCE COMPANY**

THIS AGREEMENT AND PLAN OF CONVERSION (this “Agreement”) is made and entered into as of the 16<sup>th</sup> day of November, 2023 (the “Signing Date”), by and among **SUGAR CREEK MUTUAL INSURANCE COMPANY**, a Wisconsin town mutual insurance corporation with its place of business at 17 West Walworth Street, Elkhorn, Walworth County, Wisconsin (“Sugar Creek”) and **MEDINA MUTUAL INSURANCE COMPANY**, a Wisconsin town mutual insurance corporation with its place of business at 500 Plaza Drive, Marshall, Dane County Wisconsin (“Medina”, together with Sugar Creek is collectively referred to herein as the “Constituent Corporations” and each a “Constituent Corporation”).

**RECITALS**

A. The Constituent Corporations are each solvent town mutual insurance corporations organized and existing under Chapter 612 of the Wisconsin Statutes (“Chapter 612”) (together with Chapter 611 of the Wisconsin Statutes (“Chapter 611”), collectively, the “Wisconsin Insurance Law”) and are duly authorized and licensed to transact the business of insurance within the State of Wisconsin.

B. The Constituent Corporations are authorized to do insurance business in all or part of the same counties or contiguous counties, with (i) Sugar Creek authorized in Walworth, Rock, Jefferson, Dane, Racine, Kenosha, Waukesha, Green, Lafayette, Grant, Iowa, Sauk, Columbia, Dodge, Washington, and Ozaukee Counties and (ii) Medina authorized in Columbia, Crawford, Dane, Dodge, Grant, Green, Iowa, Jefferson, Lafayette, Richland, Rock, Sauk, and Walworth Counties.

C. Each Constituent Corporation has statutorily and administratively required reinsurance coverage pursuant to Wis. Stat. § 612.33 and Wis. Admin. Code § INS 13.09 from Wisconsin Reinsurance Corporation, a property and casualty reinsurance company whose clients are mutual insurance companies located in Wisconsin, Arkansas, Illinois, Iowa, Missouri, and South Dakota (“WRC”).

D. On June 28, 2023, as a result of the Rehabilitation Petition (as defined below), the Commissioner issued orders to each Chapter 612 town mutual insurance corporation with WRC coverage in 2023, including the Constituent Corporations, notifying them that they will be at risk of no longer maintaining their certificates of authority and potentially being subject to insolvency proceedings unless they took certain actions allowed under Wisconsin law and approved by the Commissioner (as defined below), including, without limitation, converting into a Chapter 611 mutual corporation (the “OCI Orders”).

E. The Board of Directors of the Constituent Corporations (i) have developed a long-range plan that includes slow, increased growth, new nonassessable insurance products, continued availability of reinsurance and expanded geographical area, (ii) have determined that converting into a single mutual insurance corporation under Chapter 611 (the “Conversion”) is necessary to achieve its long-range plan for the Converted Corporation (as defined below), and (iii) at duly convened meetings, have each adopted a resolution approving the Conversion and this Agreement, copies of which were submitted to each Board of Directors for consideration, and determined that it is advisable and in the best interests of their respective Constituent Corporation and the members of each Constituent Corporation to convert into a single mutual insurance corporation under Chapter 611 pursuant to the terms and conditions set forth in this Agreement, the provisions set forth in Wis. Stat. § 612.23, and in a manner approved by the Commissioner.

F. Each of the Constituent Corporations is fully informed as to the financial operations and conditions of the other as reflected in each Constituent Corporation’s most recent financial statements.

G. The Constituent Corporations desire to proceed with the Conversion and together submit this Agreement to the Commissioner for the Commissioner’s approval and, unless otherwise directed by the Commissioner, to submit the issue to the members of the Constituent Corporations for their respective approvals.

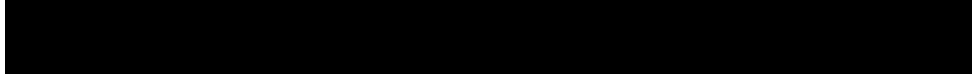
### **AGREEMENT**

NOW, THEREFORE, in consideration of the above recitals and the mutual agreements and covenants set forth herein, the Constituent Corporations agree to the following terms, conditions and agreements for the Conversion and the procedure for carrying the same into force and effect as follows:

1. **Conversion.** In accordance with the provisions of this Agreement and the Wisconsin Insurance Law, at the Effective Time, the Constituent Corporations shall convert from separate town mutual insurance corporations under Chapter 612 into a single mutual insurance corporation under Chapter 611 whereby the separate existence of Medina (the “Non-Continuing Corporation”) shall thereupon cease and Sugar Creek shall continue as the surviving company under Chapter 611 (at times referred to herein as the “Converted Corporation”) and operate in accordance with the terms and conditions set forth in this Agreement.

[REDACTED]

[REDACTED]



(b) Reasons for and Purposes of the Conversion.

- (i) *For the continued availability of reinsurance.* Each of the Constituent Corporations is currently reinsured by WRC. The OCI determined that WRC has become or is about to become insolvent as defined under Wis. Stat. § 645.41 (2) and, consequently, in May 2023, the OCI filed a petition (the “Rehabilitation Petition”) with the Dane County Circuit Court to place WRC into rehabilitation. On June 21, 2023, WRC was placed into Rehabilitation pursuant to a court order. On July 27, 2023, the Rehabilitation Court approved a plan for the rehabilitation of WRC filed by the Commissioner (the “Rehabilitation Plan”).

To reform and revitalize WRC, under the Rehabilitation Plan, WRC will no longer individually issue reinsurance policies in the same manner it previously had and, thus, the Constituent Corporations are at risk of no longer maintaining their certificates of authority and potentially being subject to insolvency proceedings.

On or around June 28, 2023, the Commissioner issued the OCI Orders to each of the Constituent Corporations. The OCI Orders directed the Constituent Corporations to examine all options to maintain their certificate of authority and compliance with Wisconsin law, including obtaining reinsurance from another qualified reinsurer or other structural changes to maintain their compliance with Wisconsin law (e.g., merge with another company that has sufficient reinsurance coverage, convert to a Chapter 611 mutual insurance corporation, or dissolve).

The Constituent Corporations have chosen, pursuant to the terms of this Agreement, to convert to a Chapter 611 mutual insurance corporation. Upon becoming a Chapter 611 mutual insurance corporation, the Converted Corporation will no longer be subject to the requirements of Wis. Stat. § 612.33 and Wis. Admin. Code § INS 13.09 and will have additional flexibility to obtain reinsurance, subject to the requirements of the OCI.

Sugar Creek has confirmed that the Converted Corporation will be able to obtain reinsurance coverage for 2024 that will satisfy the requirements of the OCI, as detailed in the business plan attached hereto as Exhibit B (the “Business Plan”).

- (ii) *To improve the Converted Corporation’s competitive market position in order 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 farm coverage has increased and many of these companies are able to offer products that town mutual companies cannot offer. Some of the new competitors are stock and mutual companies that can offer attractive packaged and specialized insurance coverages due to their greater size and scope of operations. Increasingly, town mutual companies operate at a significant competitive disadvantage with other insurers.

The Conversion will permit the Converted Corporation to grow and improve its services and products to fulfill the expectations of their insurance customers based on the increased size and scale of operations. New products (such as umbrella coverage) and more sophisticated operations will improve the Constituent Corporations' retention of existing customers and their ability to attract new customers. The Constituent Corporations anticipate achieving economies of scale and operational efficiencies by combining into a single Chapter 611 mutual insurance company while retaining the Converted Corporation's identity as a Wisconsin mutual insurance company.

- (iii) *Expansion of the Constituent Corporations' territory.* The Conversion will allow the Constituent Corporations to expand into other Wisconsin counties. Expansion will help the Constituent Corporations to grow and to better serve the needs of its customers and agents. Under Chapter 612, town mutual corporations can only write business in a maximum of sixteen (16) counties. Collectively, the Constituent Corporations currently write business in nineteen (19) counties. As a Chapter 611 mutual insurance company, the Converted Corporation will be able to write business statewide. However, in the immediate future, the Constituent Corporations plan for the Converted Corporation to continue to operate in the existing nineteen (19) county territory of the Constituent Corporations as set forth in the Business Plan.
- (iv) *To achieve a greater spread of risk.* In their separate existence, each Constituent Corporation's profitability is susceptible to catastrophic losses caused by natural disasters because they primarily write property insurance. The Conversion will permit the Converted Corporation to expand the geographical area from what the Constituent Corporations currently write business, which will allow for the Constituent Corporations to achieve a greater spread of risk.
- (v) *To eliminate policyholder assessability.* The Constituent Corporations are assessable town mutuals. The Constituent Corporations believe that they will increase their competitiveness if

they are able to sell nonassessable insurance policies. The Converted Corporation will have sufficient surplus for nonassessable status and will request that it be designated a nonassessable mutual company.

(c) Terms, Conditions, and Procedures for Implementing the Conversion.

- (i) The Constituent Corporations propose converting to a single mutual insurance corporation under Chapter 611, with all the rights and restrictions that are placed on such mutual insurance corporation and proposes to operate in accordance with the terms of this Agreement and the Business Plan, each of which has been adopted by the respective Board of Directors of each Constituent Corporation.
- (ii) Sugar Creek will be the surviving entity after the Conversion and, thus, the Converted Corporation will generally continue the use of Sugar Creek's existing procedures, systems, rates, forms, products, marketing materials, and other related items, including those items filed with the OCI.
- (iii) The Board of Directors of each Constituent Corporation has adopted this Agreement at duly convened meetings for such purpose. By resolution of the Board of Directors of each Constituent Corporation, the Constituent Corporations will submit this Agreement to the Commissioner. Upon the approval of this Agreement by the Commissioner, the Constituent Corporations will submit this Agreement, the Surviving Articles (as defined below), Surviving Bylaws (as defined below), and the proposed directors for the Converted Corporation to their respective members for their approval.

(d) Estimated Expenses for Implementing the Conversions. The Constituent Corporations anticipate increased initial operating expenses relating to the Conversion, including systems integration, policy renewals, marketing materials, consultant expenses, and similar expenses relating to the Conversion. The Constituent Corporations also anticipate increased general operating expenses relating to financial accounting and reporting obligations applicable to Chapter 611 mutual insurance corporations. The estimated one-time expenses of implementing the Conversion are approximately One Hundred Thousand Dollars (\$100,000.00) (which shall be borne by the Converted Corporation). In the event, the Conversion is not successfully completed, any cost of the Conversion shall be borne equally among the Constituent Corporations.

2. **Closing; Effective Time; Closing Deliverables.**

(a) Closing Date. The closing of the Conversion (the "Closing") shall take place on January 1, 2024, or as soon as practicable after satisfaction of, to the extent permitted hereunder, waiver of all applicable conditions set forth herein or at such other

time and place as the Constituent Corporations shall mutually agree. The date upon which the Closing occurs is referred to herein as the “Closing Date”.

(b) Effective Time. The effective time and date of the Conversion shall be 12:01 AM on the Closing Date (the “Effective Time”).

(c) Closing Deliverables. At or prior to the Closing, each of the Constituent Corporations shall deliver to the other Constituent Corporations and/or the Commissioner, duly executed by or on behalf of the applicable Constituent Corporation, as appropriate:

- (i) a certificate dated the Closing Date signed by an appropriate officer of such Constituent Corporation certifying as of the Closing Date (A) that none of the covenants in Section 7 have been violated, (B) the incumbency of the officers of such Constituent Corporation immediately prior to the Closing Date; (C) the due adoption and text of the resolutions of the Board of Directors of such Constituent Corporation approving and authorizing this Agreement, the Conversion, and all other documents and transactions contemplated hereby; and (D) the due adoption and text of the consent of the members of such Constituent Corporation approving and authorizing this Agreement, the Conversion, and all other documents and transactions contemplated hereby;
- (ii) Proof of filing with the Commissioner a report regarding consent of the members of such Constituent Corporation approving and authorizing this Agreement, the Conversion, and all other documents and transactions contemplated hereby in accordance with Wis. Stat. §§ 612.23(4) and 612.23(6); and
- (iii) Such other instruments, certificates, affidavits, consents, or other documents reasonably requested by the other Constituent Corporations and/or the Commissioner which are reasonably necessary to carry out the Conversion contemplated by this Agreement and to comply with the terms hereof.

### 3. Effect of Conversion.

(a) Name. The Converted Corporation shall not undergo a name change and shall retain the name “Sugar Creek Mutual Insurance Company” upon the effectuation of the Conversion.

(b) Principal Office. The Converted Corporation shall have its principal place of business at the current principal place of business of Sugar Creek, located at 17 West Walworth Street, Elkhorn, Wisconsin 53121.

(c) Authorized Territories. At the Effective Time, the Converted Corporation shall be authorized to transact such business as is now authorized by the OCI for each of the

Constituent Corporations or as may hereafter be authorized by the OCI for the Converted Corporation throughout the state of Wisconsin.

(d) Articles of Incorporation. The articles of incorporation of the Converted Corporation shall be the articles of incorporation of Sugar Creek, as amended and restated and attached hereto as Exhibit C (the “Surviving Articles”).

(e) Bylaws. The bylaws of the Converted Corporation shall be the bylaws of Sugar Creek, as amended and restated and attached hereto as Exhibit D (the “Surviving Bylaws”).

(f) Directors. The directors of the Converted Corporation and their terms of office as of the Closing Date, as proposed in this Agreement and subject to the election by the members of the Constituent Corporations as provided by Wis. Stat. § 612.23(4), are listed in Exhibit F attached hereto and made a part of this Agreement. If at the Effective Time, a vacancy shall exist on the Board of Directors of the Converted Corporation, such vacancy may thereafter be filled in the manner provided by the Surviving Articles or Surviving Bylaws, as applicable. When vacancies arise in the future on the Board of Directors of the Converted Corporation, the names of former directors of any of the Constituent Corporations may be given to the nominating committee of the Converted Corporation’s Board of Directors for consideration.

(g) Officers. The officers of the Converted Corporation and their terms of office shall be those persons named in Exhibit F attached hereto and made a part of this Agreement, who shall serve until the next annual meeting of the Board of Directors of the Converted Corporation or until their successors shall have been elected and shall qualify for office. If at the Effective Time a vacancy shall exist in any of the offices of the Converted Corporation, such vacancy may thereafter be filled in the manner provided by the Surviving Articles or Surviving Bylaws, as applicable.

(h) Title to Property. At the Effective Time, title to all property owned by each of the Constituent Corporations shall be vested in the Converted Corporation without reversion or impairment. All of the assets, rights, privileges, immunities, and franchises, whether of public or private nature, interests, properties, and business of each of the Constituent Corporations, of every character and description, including all real property, all policies of insurance, all debts due on whatever account, premiums and assessments payable from members, all rights to bring any suit or action and all and every other interest of, or belonging to or due to each of the Constituent Corporations, shall accrue to and become the absolute property of the Converted Corporation.

(i) Instruments of Transfer. The officers of Medina shall, as of the Effective Time, execute and deliver any deeds, titles, bills of sale or other instruments in writing as may otherwise be necessary to transfer, assign and convey to the Converted Corporation all of Medina’s assets, rights, interests and properties, including contracts of insurance, reinsurance agreements and agency contracts.



(j) Members and Policyholders. At the Effective Time, the members of Medina shall automatically become members and policyholders of the Converted Corporation and the members of Sugar creek shall continue as members and policyholders of the Converted Corporation. All premiums and assessments paid by the members of each respective Constituent Corporation shall be deemed to have been paid to the Converted Corporation for the purpose of determining the value of each member's equitable share of the value of the Converted Corporation.

(k) Assumed Liabilities. At the Effective Time, the Converted Corporation shall assume all liabilities and obligations of Medina, including all policies of insurance. The Converted Corporation shall thenceforth be responsible and liable for all of the liabilities and obligations of each of the Constituent Corporations hereto, and any claim existing or action pending by or against any of the Constituent Corporations may be prosecuted to judgment as if the Conversion had not taken place or, if the claim or action is against Medina, the Converted Corporation may be substituted in Medina's place. Neither the rights of creditors nor liens upon the property of any of the Constituent Corporations shall be impaired by the Conversion, but such liens shall be limited to the property upon which there were liens immediately prior to the Closing Date.

4. **Additional Matters.**

(a) Agents. The parties agree that the Converted Corporation will adopt the current Sugar Creek agency agreement and offer its current agency agreement to each agent who has an appointment with any of the Constituent Corporations as of the date of this Agreement.

(b) Employee Matters.

(i) The Converted Corporation shall offer employment to the current general manager of Medina for a period of time necessary to assist in the implementation of the Conversion with a substantially similar salary and benefits as in effect as of the Signing Date, subject to the Converted Corporation's standard onboarding procedures agreed to by the Board of Directors of each Constituent Corporation prior to the Closing.

(ii) All employees of the Converted Corporation will be considered employees hired "at will," subject to the Converted Corporation's standard job performance evaluation and discipline practices agreed to by the Board of Directors of each of the Constituent Corporations prior to the Closing, and nothing in this Agreement is intended to be, nor shall be interpreted as, an employment contract for any employee.

(c) Office Locations. The Converted Corporation's principal office will be the current office of Sugar Creek in Elkhorn, Wisconsin and it will maintain the current office of Medina in Marshall, Wisconsin as an additional office location to service policyholders

in that area of the state until such time as the board of the Converted Corporation determines the additional location is no longer necessary or prudent.

(d) **Interim Period Policy Procedures.** During the Interim Period (as defined below) the Constituent Corporations shall continue to do all of the following in the ordinary course of business in a manner consistent with their past practices: (i) adjust claims, (ii) pay claims, (iii) issue disbursements, (iv) underwrite new policies, and (v) renew existing policies, including sending renewal notices for policies scheduled to renew within sixty (60) days of the Effective Time; *provided*, that Medina shall provide Sugar Creek with a weekly report of all such activities; and, provided further, that Sugar Creek may direct the Medina to no longer engage in such activity without the prior written consent of Sugar Creek (such consent not to be unreasonably withheld, conditioned or delayed).

(e) **Rating and Underwriting In-Force Business.** In accordance with Section 5 of this Agreement, the Converted Corporation will, as soon as practicable following the Effective Time, send all Medina policyholders with policies that are in force on at the Effective Time a Certificate of Assumption on a form approved by the Commissioner. All of the Medina's policies will be rewritten using the current forms, rates and underwriting rules of Sugar Creek on the first renewal or anniversary date of each such policy following the Effective Time or as soon as practicable or permissible under applicable law.

5. **Certificate of Assumption.** As soon after the Effective Time as is practicable, the Converted Corporation shall send to the members of Medina notice of the Conversion and the Converted Corporation's assumption of each Medina policy in the form of a Certificate of Assumption and Endorsement which shall be substantially the same as Exhibit E attached to and made a part of this Agreement.

6. **Assessments Prior to Effective Time.** Assessments, if any are necessary, levied for losses and expenses incurred prior to the Closing Date on policies issued by the Constituent Corporations shall be levied only against the members of the respective Constituent Corporation.

7. **Prohibited Transactions.**

(a) Between the Signing Date and the Effective Time (the "Interim Period"), the Constituent Corporations agree that except as otherwise expressly contemplated by any other provision of this Agreement or the prior written unanimous consent of the other Constituent Corporations (such consent not to be unreasonably withheld, conditioned or delayed), each Constituent Corporation shall (i) use commercially reasonable efforts to conduct its operations only in the ordinary course of business consistent with past practice, (ii) maintain its properties and other assets in good working condition (normal wear and tear excepted), (iii) use commercially reasonable efforts to maintain its business, employees, customers, assets, and operations as an ongoing concern in accordance with past practice, and (iv) not take any action (or omit to take any action) that would constitute a Material Adverse Change (as defined below) on such Constituent Corporation. By way of example and not in limitation of the foregoing, no Constituent Corporation will during the Interim Period:

- (i) Fail to (A) keep in full force and effect all insurance policies covering the Constituent Corporation and (B) notify its insurance carrier of any claims made or asserted, or threatened to be made or asserted if such notice is required to ensure coverage by such insurance carrier;
- (ii) Amend its respective articles of incorporation or bylaws, except as provided in this Agreement;
- (iii) Form any subsidiary or acquire any equity interest or other interest in any other entity;
- (iv) Materially change any of its methods of accounting or accounting practices in any respect;
- (v) Amend or terminate any material contract;
- (vi) Fail to keep in full force and effect, and without restriction, all permits, including all state certificates of authority necessary to conduct its business in the ordinary course;
- (vii) Incur any obligation or liability (absolute or contingent), except current liabilities incurred, and obligations under contracts entered into, in the ordinary course of business;
- (viii) Discharge or satisfy any lien or encumbrance or pay any obligation or liability other than current liabilities in the ordinary course of business;
- (ix) Make any dividend or other payment or distribution to its members, except for dividends required under policies of insurance in the ordinary course of business;
- (x) Mortgage, pledge, create a security interest in, or subject to a lien or other encumbrance, any of its assets, tangible or intangible;
- (xi) Sell or transfer any of its tangible assets or cancel any debts or claims except in the ordinary course of business;
- (xii) Sell, assign, or transfer any trademark, trade name, patent or other intangible assets;
- (xiii) Waive any right of any substantial value; or
- (xiv) Enter into any transaction other than in the ordinary course of business.

(b) Medina agrees that except as otherwise expressly contemplated by any other provision of this Agreement or the prior written unanimous consent of Sugar Creek (such consent not to be unreasonably withheld, conditioned or delayed), it shall not sell any of its stock or investments during the Interim Period.

(c) Exclusive Negotiations. From the Signing Date until the earlier of the Effective Time or the termination of this Agreement, each Constituent Corporation will not and will not permit any of its officers, directors, brokers, or agents to, directly or indirectly, initiate, solicit, encourage, or otherwise facilitate any inquiries or the making of any proposal or offer with respect to a merger, reorganization, consolidation, or similar transaction involving any purchase of the assets of or demutualization or conversion of such Constituent Corporation, other than in connection with the Conversion, nor provide any confidential information or data to, or have any discussions with, any entity or representative of any entity relating to such an alternative proposal. Each Constituent Corporation will promptly notify the other Constituent Corporations if any alternative proposal is received by it, or if any discussions or negotiations are sought in connection with an alternative proposal.

8. **Access to Information.**

(a) From the Signing Date until the earlier of the Effective Time or the termination of this Agreement, subject to any applicable contractual restrictions and applicable legal privileges, and to the extent applicable law would not thereby be violated, each Constituent Corporation will:

- (i) Give the other Constituent Corporations and their authorized representatives full access to the respective offices, properties, books, and records of such Constituent Corporation upon reasonable prior notice and during normal business hours (including the copying of such materials as may reasonably be requested); and
- (ii) Furnish each other Constituent Corporation and its counsel, financial advisors, auditors, and other authorized representatives such financial and operating data and other information relating to the business of such Constituent Corporation as such other Constituent Corporation may reasonably request.

(b) No investigation made by any other Constituent Corporation or its respective representatives shall affect the representation and warranties of any other Constituent Corporation hereunder or the liability of any other Constituent Corporation with respect thereto.

9. **Mutual Representations and Warranties.** Each of the Constituent Corporations hereby represents and warrants to the other Constituent Corporation as to the matters in this Section 9, unless a representation and warranty specify that it is only being made specifically by one or more of the Constituent Corporations. All of the representations and warranties set forth in this Section 9 shall be made as of the Signing Date and as of the Effective Time (except in the case of

representations and warranties that are made as of a specified date, in which case such representations and warranties will be true and correct as of such specified date).

(a) That it is a town mutual insurance corporation duly authorized and validly existing under the laws of the State of Wisconsin and has the corporate power to own or lease its properties and to carry on its business as now being conducted.

(b) The copies of its articles of incorporation and bylaws made available to the other Constituent Corporations are true, correct and complete copies of such documents in effect immediately prior to the Effective Time and it is not in violation of any of the provisions of its articles of incorporation or bylaws.

(c) That it is not, and immediately prior to the Effective Time will not be in default under its articles of incorporation or bylaws, or in default under any indenture or under any material agreement or other material instrument to which it is a party or by which it or any of its properties is bound or to which it is subject.

(d) That the balance sheet and statements of income and surplus delivered to the other Constituent Corporations fairly present, in accordance with Wisconsin Statutes governing town mutual accounting, the financial condition and results of its operations as of the dates and for the periods indicated.

(e) That there has been no Material Adverse Change in its financial condition from the date the balance sheet and statements of income and surplus were delivered to the other Constituent Corporations until the Effective Time.

(f) That there is no action, suit, or proceeding pending against it involving the possibility of any judgment, order, injunction, or decree which might result in any Material Adverse Change in its business, operations, properties or assets or the condition, financial or otherwise, or which would impair its ability to enter into this Agreement and consummate the Conversion, except the OCI Orders.

(g) That its Board of Directors has adopted resolutions (i) approving this Agreement and the documents and transactions contemplated hereby, (ii) authorizing the execution and delivery of this Agreement, (iii) directing that this Agreement be submitted to a vote of its members taken separately at a duly held meeting called for the purpose of considering and acting upon this Agreement.

(h) That it has the full power and authority to enter into this Agreement and, upon appropriate consent of its members in accordance with applicable law, subject to obtaining all required regulatory approvals, to consummate the transactions contemplated hereby.

(i) That this Agreement has been duly executed by such Constituent Corporation and constitutes the valid and legally binding obligation of such Constituent Corporation, enforceable against such Constituent Corporation in accordance with its terms, subject to bankruptcy, receivership, insolvency, reorganization, moratorium or

similar laws affecting or relating to creditors' rights generally and subject to general principles of equity.

(j) That, subject to the receipt of all consents and approvals contemplated by this Agreement, the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby or the fulfillment of and compliance with the terms and provisions hereof, will not (i) violate any judicial, administrative or arbitral order, writ, award, judgment, injunction or decree involving such Constituent Corporation, (ii) conflict with the terms, conditions or provisions of the articles of incorporation or bylaws of such Constituent Corporation, (iii) conflict with, result in a breach of, constitute a default under or accelerate or permit the acceleration of the performance required by, any indenture or any material agreement or other material instrument to which such Constituent Corporation is bound, (iv) result in the creation of any lien, charge or encumbrance upon any of the assets of either company under any such agreement or instrument, or (v) terminate or give any party thereto the right to terminate any such indenture, agreement or instrument.

(k) That no consent of any third party to any indenture of any material agreement or other material instrument to which such Constituent Corporation is a party is required in connection with this Agreement and the transactions contemplated hereby.

(l) Sugar Creek represents and warrants that it has good marketable title to the office building owned by Sugar Creek and located at 17 West Walworth Street, Elkhorn, Wisconsin and that such property is free of all mortgages, liens, charges and encumbrances of any nature whatsoever, other than (i) liens for taxes connected to the property not yet due and payable and (ii) such minor liens, charges and encumbrances as, in the aggregate, do not and would not if asserted have a material adverse effect on the assets, properties, business, financial condition or results of Sugar Creek's operations.

(m) Medina represents and warrants that it has good marketable title to the office building owned by Medina and located at 500 Plaza Drive in Marshall, Wisconsin and that such property is free of all mortgages, liens, charges and encumbrances of any nature whatsoever, other than (i) liens for taxes connected to the property not yet due and payable and (ii) such minor liens, charges and encumbrances as, in the aggregate, do not and would not, if asserted, have a material adverse effect on the assets, properties, business, financial condition or results of Medina's operations.

(n) Medina represents and warrants that it has heretofore delivered to Sugar Creek all employment contracts, contracts for the purchase or lease of tangible property, real or personal, and any other contracts creating executory obligations on its part beyond the Closing Date which may not be canceled on notice of thirty (30) days or less, and that it will not incur any new executory obligations, without the approval of the other corporation during the Interim Period.

10. **Representations and Warranties; Updated Information.** From the Signing Date until the earlier of the Effective Time or the termination of this Agreement, each Constituent Corporation shall, after having obtained knowledge thereof, promptly disclose in writing to the other Constituent Corporations any matter arising after the Signing Date that, if existing, occurring

or known at the Closing Date would render inaccurate any of the representations or warranties of such Constituent Corporation contained in this Agreement (each, a “Representation and Warranty Notice”). The other Constituent Corporations may terminate this Agreement in accordance with Section 16(a)(ii)(C) in the event of any such disclosure. Notwithstanding the foregoing, a Constituent Corporation’s disclosure pursuant to this Section 11 shall not automatically be deemed a breach giving rise to the right to terminate pursuant to Section 16(a)(ii)(B).

11. **Continuing Authority of Officers.** On the Closing Date, the separate existence of the Medina shall cease. However, the authority of the present officers of Medina shall continue for the limited purpose of executing and delivering all necessary documents to affect the terms of this Agreement. The officers of Medina shall execute and deliver any deeds, titles, bills of sale or other instruments in writing as may otherwise be necessary to transfer, assign, and convey to the Converted Corporation all of Medina’s assets, rights, interests, and properties, including without limitation contracts of insurance, reinsurance agreements, and agency contracts.

12. **Regulatory Approvals.**

(a) Subject to the terms and conditions of this Agreement, each Constituent Corporation will use its best efforts to take, or cause to be taken, all actions reasonably necessary or advisable under applicable law to consummate the Conversion, including (i) making or causing to be made the filings required by law with respect to the Conversion as promptly as is practicable, (ii) complying, as promptly as is reasonably practicable, with any requests received from a governmental body by such Constituent Corporation with respect to the Conversion, and (iii) resolving any formal or informal objections of any governmental body with respect to any such filings or the Conversion.

(b) The Constituent Corporations covenant and agree that if any required regulatory approval to consummate the Conversion is denied or not obtained, the Constituent Corporations will each use their best efforts to work together to restructure the Conversion to achieve or acquire all required regulatory approvals, it being agreed that in all such instances the benefits sought to be delivered by the Constituent Corporations from the Conversion, financial or otherwise, will not change as a result of such restructuring.

(c) Until the earlier of the Effective Time or the termination of this Agreement, each Constituent Corporation shall promptly notify the other Constituent Corporations of any communication it receives from any governmental body relating to the regulatory consents, registrations, approvals, permits and authorizations that are the subject of this Section 12 and shall permit the other Constituent Corporations to review in advance any proposed communication by such Constituent Corporation to any governmental body in connection therewith. No Constituent Corporation shall agree to participate in any meeting with any governmental body in respect of any such matter unless it consults with the other Constituent Corporations in advance and, to the extent permitted by such governmental body, gives the other Constituent Corporations the opportunity to attend and participate at such meeting. The Constituent Corporations will coordinate and cooperate fully with each other in exchanging such information and providing such assistance any other Constituent Corporation may reasonably request in connection with the matters set forth in this Section 12. The Constituent Corporations will provide each other with copies of all

correspondence, filings, or communications between them or any of their representatives, on the one hand, and any governmental body or members of its staff, on the other hand, with respect to the foregoing.

13. **Member Approval.** Unless otherwise directed by the Commissioner, upon approval of this Agreement by the Commissioner, this Agreement shall be submitted to a vote at a meeting of the members of each of the Constituent Corporations to be held on a date and at a time and place to be determined by the Constituent Corporations. Notice of such meeting, if such notice is required by law or the Constituent Corporations' respective articles of incorporation or bylaws, stating the place, day and hour of the meeting and the purpose for which it is called, shall be given by each Constituent Corporation to its members in a manner acceptable pursuant to law and to each Constituent Corporation's articles of incorporation and bylaws. Each Constituent Corporation specifically authorizes the use of mail ballots as permitted by applicable law. Each Constituent Corporation agrees to use its good faith effort to obtain all necessary approvals.

14. **Notices of Certain Events.** From the Signing Date until the earlier of the Effective Time or the termination of this Agreement, each Constituent Corporation will notify Sugar Creek of any of the following:

(a) Any notice or other communication it receives from any source alleging that the consent of another person or entity is or may be required in connection with the Conversion;

(b) Any notice or communication it receives from any governmental or regulatory agency or authority relating to the Conversion;

(c) Any actions, suits claims, investigations, or proceedings commenced or, to the knowledge of such Constituent Corporation, threatened against, relating to, involving, or otherwise affecting such Constituent Corporation that if the same had been pending on the Signing Date would have been required to have been disclosed pursuant to such Constituent Corporation's representations and warranties or that related to the consummation of the Conversion; and

(d) Any breach of a representation or warranty of the notifying Constituent Corporation that could reasonably be expected to constitute a Material Adverse Change on the consummation of the Conversion.

15. **Conditions Precedent to Closing.** Each Constituent Corporation's obligation to consummate the Conversion and close the transactions contemplated by this Agreement shall be subject to the satisfaction of each of the following conditions on or prior to the Effective Time by the other Constituent Corporations, unless any such condition is specifically waived unanimously in writing by the other Constituent Corporations in whole or in part at or prior to the Closing:

(i) Each Constituent Corporation shall have duly executed and delivered all documents, instruments, and certificates required to be executed and delivered by it pursuant to the provisions of this Agreement;



- (ii) Each Constituent Corporation shall have performed or complied with each and all of the obligations, covenants, agreements, and conditions required to be performed or complied with by it on or prior to the Closing Date, except where the failure to do so has not had or would not reasonably be expected to constitute a Material Adverse Change on the Constituent Corporations' ability to consummate the Conversion;
- (iii) Each Constituent Corporation shall have received all necessary approvals regarding its execution of this Agreement and the consummation of the transactions contemplated hereunder, including without limitation all approvals required from its Board of Directors and members;
- (iv) There shall have been no Material Adverse Change in the business, results of operations, prospects, condition (financial or otherwise) or assets of each Constituent Corporation;
- (v) Each Constituent Corporation shall have made all filings or recordings with the Commissioner as required under the Wisconsin Insurance Law; and
- (vi) The Constituent Corporations shall have received final Commissioner approval of the Conversion, this Agreement, and all other documents and transactions contemplated hereby, pursuant to which, upon the Effective Time, the Commissioner will deliver a certificate of authority to the Converted Corporation.

16. **Termination of this Agreement.**

(a) This Agreement may be terminated and the Conversion abandoned at any time prior to the Closing Date:

- (i) By mutual consent of the Boards of Directors of each of the Constituent Corporations;
- (ii) By the Board of Directors of a Constituent Corporation (with respect only to such Constituent Corporation) if:
  - (A) the Conversion is not approved by the Commissioner and, subject to Section 12(b), the parties cannot reasonably restructure the Conversion to achieve or acquire all required regulatory approvals where the benefits sought to be delivered by the Constituent Corporations from the Conversion, financial or otherwise, will not change as a result of such restructuring;
  - (B) and, unless otherwise directed by the Commissioner, by the requisite number of members of a Constituent Corporation

before December 31, 2023, or such later date as the Board of Directors of the Constituent Corporations shall unanimously agree;

- (C) any other Constituent Corporation (1) has engaged in any of the prohibited actions described under Section 7 of this Agreement, (2) shall have materially violated any of the representations or warranties contained herein or (3) an event or development shall have taken place after the date hereof which materially and adversely affects the business, operations, or properties of such other corporation; or
- (D) Such Constituent Corporation receives a Representation and Warranty Notice.

(b) In the event of the termination of this Agreement under Section 16(a)(ii), written notice thereof shall be given by the terminating Constituent Corporation to the other Constituent Corporations specifying the provision hereof under which such termination is made. In the event of the termination of this Agreement pursuant to Section 16(a)(i), this Agreement shall be terminated and become void and have no effect, without any liability or obligation on the part of either Constituent Corporation; provided, however, that nothing herein shall relieve any Constituent Corporation of any liability for material breach of this Agreement or fraud, as the case may be, prior to termination of this Agreement.

(c) If one of the Medina members fail to approve the Conversion, Sugar Creek may, with written notice to Medina, terminate this Agreement with respect to Medina as if it was never a party hereto and proceed with the Conversion independently pursuant to the terms and conditions set forth in this Agreement. Upon such notice, (1) all references to the “Constituent Corporations”, a “Constituent Corporation”, the “Non-Continuing Corporations” or a “Non-Continuing Corporation”, as applicable, herein shall no longer apply to Medina, (2) Medina shall bear its own fees and expenses incurred with respect to the transactions contemplated by this Agreement and reimburse Sugar Creek for fifty percent (50%) of the total expenses incurred by Sugar Creek in the preparation of this Agreement and planning for the Conversion and (3) this Agreement, with respect to Medina, shall be of no further force and effect, except that Sections §§17(i)-17(m) shall survive any termination of this Agreement pursuant to this Section 16(a)(ii)(A);

## 17. General Provisions.

(a) Authority to Effect Conversion. The officers and directors of each Constituent Corporation are hereby authorized to take such other action as may be necessary and required to comply with the requirements of the Wisconsin Insurance Law, or as may be required by the Commissioner to effectuate the Conversion.

(b) Entire Agreement. This Agreement, including any exhibits referred to herein and attached hereto, shall constitute the entire agreement between the Constituent

Corporations and supersedes all previous agreements and understandings, oral or written, with respect thereto.

(c) Binding Effect. This Agreement applies to, is binding upon, is enforceable against, and inures to the benefit of each Constituent Corporation and their respective successors and permitted assigns.

(d) Severability. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

(e) Modifications, Amendments and Waivers. At any time prior to the Closing Date, the parties hereto may, by written agreement, (i) extend the time for the performance of any of the obligations or other acts of the parties hereto, (ii) waive any inaccuracies in the representations and warranties contained in this Agreement or in any document delivered pursuant hereto, (iii) waive compliance with any of the covenants or agreements contained in this Agreement, or (vi) make any other modification of this Agreement approved by the respective Boards of Directors of the parties hereto. This Agreement shall not be altered or otherwise amended except pursuant to an instrument in writing executed and delivered on behalf of each of the parties hereto.

(f) Assignment. Neither this Agreement nor any rights or obligations hereunder may be assigned or otherwise transferred, in whole or in part, by any Constituent Corporation without the prior written unanimous consent of the other Constituent Corporations.

(g) Headings; Gender and Number. The section and other headings contained in this Agreement and in the exhibits and schedules to this Agreement are included for the purpose of convenient reference only and shall not restrict, amplify, modify, or otherwise affect in any way the meaning or interpretation of this Agreement or the exhibits and schedules hereto. All references to the neuter gender shall include the feminine or masculine gender and vice versa, where applicable, and all references to the singular shall include the plural and vice versa, where applicable.

(h) Interpretation. Each Constituent Corporation has jointly participated in the negotiation and drafting of this Agreement. In the event of any ambiguity or if a question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Constituent Corporation and no presumptions or burdens of proof shall arise favoring either Constituent Corporation by virtue of the authorship of any of the provisions of this Agreement.

(i) No Third Party Benefit. This Agreement is intended for the exclusive benefit of the Constituent Corporations and their respective heirs, successors and assigns, and nothing contained in this Agreement shall be construed as creating any rights or benefits in or to any third party.

(j) Notices. All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient, if not, then on the next business day, (iii) five days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) one day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All notices to a party shall be sent to the party's address set forth below or at such other address(es) as such party may designate in writing to the other party hereto.

**If to Sugar Creek:** Sugar Creek Mutual Insurance Company  
17 West Walworth Street  
Elkhorn, WI 53121  
Attn: Adam Reed, President & CEO  
Email: areed@sugarcreekmutual.com

**If to Medina:** Medina Mutual Insurance Corporation  
500 Plaza Drive  
Marshall, WI 53559  
Attn: Shawn Korth, General Manager  
Email: skorth@medinamutual.com

(k) Governing Law. This Agreement is governed by and construed in accordance with the laws of the State of Wisconsin.

(l) Counterparts; Electronic Delivery. This Agreement may be executed and delivered by facsimile, portable document form (.pdf) or other electronic signature pages, which shall be deemed originals, and in any number of counterparts, which shall have the same effect as if the signatures on the counterparts were a single copy of this Agreement.

(m) Role of G&K. This Agreement has been drafted by Godfrey & Kahn, S.C. ("G&K") as counsel for Sugar Creek. The parties hereto acknowledge and agree that: (i) G&K has not represented any other party other than Sugar Creek in any way in connection with this Agreement; and (ii) the parties have been advised to seek the advice of independent legal counsel and has had the opportunity to do so.

## 18. Definitions.

(a) "Material Adverse Change" means any event, circumstance, or condition that is, or would reasonably be expected to become, individually or in the aggregate, materially adverse to: (i) the business, results of operations, condition, or assets of (i) any Constituent Corporation and/or its subsidiaries, as applicable (in each case, taken as a whole); or (ii) the ability of any Constituent Corporation to timely perform its obligations under this Agreement or timely consummate the transactions contemplated by this Agreement.

(b) “Commissioner” or “OCI” means the State of Wisconsin Office of the Commissioner of Insurance.

*[Signature Page Follows]*

IN WITNESS WHEREOF, the parties to this Agreement have caused it to be executed as of the date and year first above written.

SUGAR CREEK MUTUAL INSURANCE COMPANY

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name: Adam Reed

Title: President & CEO

Attest:

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name: Bruce Vander Veen

Title: Secretary

MEDINA MUTUAL INSURANCE COMPANY

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name: Dennis Robus

Title: President

Attest:

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name: Jason Schuster

Title: Secretary

**Exhibit A**

**PROJECTED SURPLUS**

**[Not attached to this redacted version.]**

**Exhibit B**

**BUSINESS PLAN**

**[Not attached to this redacted version.]**



**Exhibit C**

**SURVIVING ARTICLES**

See attached.

**Exhibit D**

**SURVIVING BYLAWS**

See attached.

**Exhibit E**

**CERTIFICATE OF ASSUMPTION**

See attached.

**SUGAR CREEK MUTUAL INSURANCE COMPANY**

17 West Walworth Street  
Elkhorn, WI, 53121

**CERTIFICATE OF ASSUMPTION AND ENDORSEMENT**

Insured: \_\_\_\_\_  
Policy Number: \_\_\_\_\_

On January 1, 2024, Medina Mutual Insurance Company, a former Wisconsin Chapter 612 town mutual insurance corporation ("Medina"), converted along with Sugar Creek Mutual Insurance Company, a former Wisconsin Chapter 612 town mutual insurance corporation ("Sugar Creek"), into a single mutual insurance corporation under Chapter 611 of the Wisconsin Statutes ("Chapter 611") whereby the separate existence of Medina ceased and Sugar Creek continued as the surviving company under Chapter 611 (the "Converted Corporation").

Effective 12:01 a.m. on January 1, 2024, the Converted Corporation assumed all of the rights and obligations under the above-identified policy issued by Medina in accordance with the terms and conditions of the policy. Effective January 1, 2024, and for as long as the above-identified policy is in force, the holder thereof shall be a member of the Converted Corporation and shall be entitled to vote in person at the annual meeting of the Converted Corporation. The annual meeting is held in Elkhorn, Wisconsin, at the Sugar Creek Town Hall, on the third Monday in March of each year at 1:30 p.m., or at such other time as shall be designated by the Board of Directors of the Converted Corporation and fixed and stated in the notice thereof.

In all other respects, the terms and conditions of the above-identified policy remain unchanged.

Questions regarding this endorsement should be directed to:

Adam Reed, President & CEO  
Sugar Creek Mutual Insurance Company  
17 West Walworth Street  
Elkhorn, Wisconsin 53121  
Telephone: (262) 723-3244  
Email: areed@sugarcreekmutual.com

IN WITNESS WHEREOF, Sugar Creek Mutual Insurance Company has caused this Certificate of Assumption and Endorsement to be executed this \_\_\_\_\_ day of \_\_\_\_\_, 2024.

\_\_\_\_\_  
Adam Reed, President/CEO

**THIS CERTIFICATE FORMS A PART OF YOUR  
POLICY AND SHOULD BE ATTACHED THERETO**

**Exhibit F**

**CONVERTED CORPORATION  
PROPOSED DIRECTORS AND OFFICERS**

**Directors**

Proposed directors, current Constituent Corporation affiliation, proposed terms are:

- Alex McQuillen 2026
- Bruce Vander Veen 2024
- David Kyle 2024
- Gene Lauderdale 2026
- Jerome Ketterhagen 2025
- Joseph Patla 2024
- Mark Wilson 2026
- Melinda Haak 2025
- Robert Agnew 2025
- Robert Janes 2024
- Robert Johnson 2025
- Joseph Hein (Medina) 2026
- Jason Schuster (Medina) 2026

**Officers**

Officers are elected annually to serve until the next annual meeting. Proposed officers are:

Chairman of the Board	Robert Agnew
Vice Chairman	Robert Janes
President & CEO	Adam Reed
Secretary	Bruce Vander Veen
Treasurer	David Kyle