

**REPORT OF SPECIAL MEETING OF THE MEMBERS
FOR THE PURPOSE OF VOTING ON THE CONVERSION OF
MEDINA MUTUAL INSURANCE COMPANY
INTO SUGAR CREEK MUTUAL INSURANCE COMPANY
WHICH SHALL CONVERT INTO A
CHAPTER 611 MUTUAL INSURANCE CORPORATION**

December 19, 2023

Medina Mutual Insurance Company (“Medina”), hereby submits to the Office of the Commissioner of Insurance (the “OCI”) pursuant to Wis. Stat. § 612.23(5) this report of the Special Meeting of Members held on December 19, 2023 at 6:00 p.m. at the Marshall United Methodist Church at 318 William Street in Marshall, Wisconsin (the “Special Meeting”) to discuss and to vote on the proposed conversion (the “Conversion”) of Medina, together with Sugar Creek Mutual Insurance Company (“Sugar Creek”), each a separate town mutual insurance corporation organized under Chapter 612 of the Wisconsin Statutes, into a single mutual insurance corporation organized under Chapter 611 of Wisconsin Statutes whereby the existence of Medina shall thereupon cease and Sugar Creek shall continue as the surviving company under Chapter 611 of the Wisconsin Statutes (at times referred to herein as the “Converted Corporation”).

On November 17, 2023, the members of Medina were mailed (i) the Notice of the Special Meeting in the form attached hereto as Exhibit A (the “Member Notice”) and (ii) a summary of the Agreement and Plan of Conversion between Medina and Sugar Creek (which was approved by the Board of Directors of Medina on November 15, 2023 and by the OCI on December 6, 2023), and (iii) a policyholder resolution ballot for members to vote on the resolution authorizing the merger by mail (the “Mail Ballot”), (collectively, the “Conversion Materials”). The Member Notice instructed the members to review the Conversion Materials and attend the Special Meeting to vote on the Conversion in person.

At the Special Meeting, after the members of Medina reviewed the previously disseminated Conversion Materials and had the opportunity to ask questions of the respective designated representatives of Medina relating to the Conversion, the following resolution was adopted by the members of Medina:

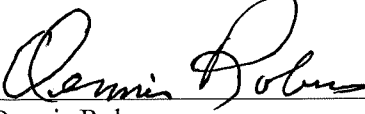
RESOLVED, that after review of the Summary of the Agreement and Plan of Conversion and/or the Agreement and Plan of Conversion (collectively, the “Conversion Documents”), and the ability to inquire of the Board of Directors of Medina regarding the same, the members of Medina hereby (i) adopt and approve, in all material respects, the Conversion pursuant to the Agreement and Plan of Conversion substantially in the form made available to the members, including the articles of incorporation and bylaws of Sugar Creek and the election of the proposed directors of the Board of Directors of the Converted Corporation as set forth in the Conversion Documents, and (ii) authorize its Board of Directors to take any and all remaining actions necessary to effectuate the Conversion.

1099 members of Medina were entitled to vote at the Special Meeting. Of the 135 members of Medina who voted on the resolution, 130 voted in favor of adoption and 5 members voted against adoption. Of the members voting in person, 7 voted in favor of adoption and 0 members voted against adoption. Of the members voting by Mail Ballot, 123 voted in favor of adoption and 5 members voted against adoption.

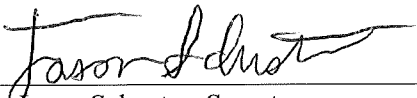
[Remainder of page intentionally left blank; signatures follow]

Dated this 19th day of December, 2023.

MEDINA MUTUAL INSURANCE COMPANY

By: 
Name: Dennis Robus
Title: President

Attest:


Name: Jason Schuster, Secretary

**EXHIBIT A
MEMBER NOTICE**

See attached.



November 17, 2023

TO: All Policyholders of Medina Mutual Insurance Company

RE: Notice of Special Policyholder Meeting – December 19, 2023 – Conversion to Chapter 611

NOTICE IS HEREBY GIVEN THAT a special meeting of the Medina Mutual Insurance Company (“Medina”) policyholders will be held on **December 19th, 2023 at 6:00 at Marshall United Methodist Church at 318 William Street in Marshall, Wisconsin**, to discuss and to vote on the proposed conversion (the “Conversion”) of Medina, together with Sugar Creek Mutual Insurance Company (“Sugar Creek”, and collectively with Medina, the “Constituent Corporations”), each a separate town mutual insurance corporation organized under Chapter 612 of the Wisconsin Statutes, into a single mutual insurance corporation organized under Chapter 611 of Wisconsin Statutes whereby the existence of Medina shall thereupon cease and Sugar Creek shall continue as the surviving company under Chapter 611 of the Wisconsin Statutes (at times referred to herein as the “Converted Corporation”) through consideration of the following resolution:

RESOLVED, that after review of the Summary of the Agreement and Plan of Conversion and/or the Agreement and Plan of Conversion (collectively, the “Conversion Documents”), and the ability to inquire of the Board of Directors of Medina regarding the same, the members of Medina hereby (i) adopt and approve, in all material respects, the Conversion pursuant to the Agreement and Plan of Conversion substantially in the form made available to the members, including the articles of incorporation and bylaws of Sugar Creek and the election of the proposed directors of the Board of Directors of the Converted Corporation as set forth in the Conversion Documents and (ii) authorize its Board of Directors to take any and all remaining actions necessary to effectuate the Conversion.

The Board of Directors of Medina approved the Conversion pursuant to the terms and conditions of the Agreement and Plan of Conversion on November 16, 2023. The Board now recommends that you vote “**YES**” on the policyholder resolution to approve the Conversion pursuant to the Agreement and Plan of Conversion. Members will also consider and vote upon any matters as may properly come before the meeting or any adjournments or postponements thereof.

All Medina policyholders have a right to vote on the Conversion under Wis. Stat. § 612.12. Policyholders must cast their vote in person at the special meeting or by mail. Enclosed with this correspondence is a Summary of the Plan of Conversion and Policyholder Resolution Ballot. **Please review these materials and (1) make plans to attend the Special Meeting on December 19, 2023, or (2) return the ballot Mail Ballot included with this notice no later than December 19, 2023, at 5:00 pm.**

The Agreement and Plan of Conversion was filed by the Constituent Corporations with the Office of the Commissioner of Insurance on November 16, 2023.

A complete copy of the Agreement and Plan of Conversion is available for your inspection, if you wish, during business hours at the Medina or Sugar Creek offices. You may also contact Manager Shawn Korth at (608) 655-4161 or Director Carla Buchanan at (608) 807-6301 or email at info@medinamutual.com if you prefer that we email or mail you the meeting materials or a paper copy of the Agreement and Plan of Conversion. Please call if you have any questions about the Conversion or the Special Meeting.

If you plan to vote by mail, please complete and return the enclosed Policyholder Resolution Ballot as soon as possible. Even if you return your vote by mail, we hope to still see you at the special meeting on December 19, 2023, at 6:00 at Marshall United Methodist Church. While not required, if you know you plan to attend the special meeting, it would be helpful for our planning purposes if you could RSVP by phone at (608) 655-4161 or email at info@medinamutual.com by December 12, 2023.

Please note, all mailed ballots must be returned by December 19, 2023, at 5:00 pm. Please be sure to return your ballot by mail (in the enclosed envelope) or email to info@medinamutual.com. You may also vote in person at the Special Meeting.

**CONVERSION OF
MEDINA MUTUAL INSURANCE COMPANY
INTO SUGAR CREEK MUTUAL INSURANCE COMPANY
WHICH SHALL CONVERT INTO A
CHAPTER 611 MUTUAL INSURANCE CORPORATION**

**DECEMBER 19, 2023, SPECIAL POLICYHOLDER MEETING –
POLICYHOLDER RESOLUTION MAIL BALLOT**

WHEREAS, Medina Mutual Insurance Company, a Wisconsin town mutual insurance corporation (“Medina”), desires to effectuate a conversion (the “Conversion”) with Sugar Creek Mutual Insurance Company, a Wisconsin town mutual insurance corporation (“Sugar Creek”, and collectively with Medina, the “Constituent Corporations”), in accordance with Section 612.23 of the Wisconsin Statutes and pursuant to that certain Agreement and Plan of Conversion, by and among Medina and Sugar Creek (the “Agreement and Plan of Conversion”), in the form made available to the members of Medina in connection with this special meeting of the members, whereby the Constituent Corporations shall convert from separate town mutual insurance corporations organized under Chapter 612 of the Wisconsin Statutes into a single mutual insurance corporation organized under Chapter 611 of the Wisconsin Statutes whereby the existence of Medina shall thereupon cease and Sugar Creek shall continue as the surviving company under Chapter 611 of the Wisconsin Statutes (at times referred to herein as the “Converted Corporation”).

RESOLVED, that after review of the Summary of the Agreement and Plan of Conversion and/or the Agreement and Plan of Conversion (collectively, the “Conversion Documents”), and the ability to inquire of the Board of Directors of Medina regarding the same, the members of Medina hereby (i) adopt and approve, in all material respects, the Conversion pursuant to the Agreement and Plan of Conversion substantially in the form made available to the members, including the articles of incorporation and bylaws of Sugar Creek and the election of the proposed directors of the Board of Directors of the Converted Corporation as set forth in the Conversion Documents, and (ii) authorize its Board of Directors to take any and all remaining actions necessary to effectuate the Conversion.

Should this policyholder resolution be approved?

(Select only one)

YES

NO

I plan to attend the Special Meeting and will vote in person.

Questions/Comments:

Medina Mutual Insurance Company Policy #: _____

Member: _____
(Print Name)

Member’s Signature: _____

Date: _____

NOTE: This ballot must be received by December 19, 2023, at 5:00 pm, for your vote to be counted. Ballots can be returned via email to info@medinamutual.com or via mail in the envelope enclosed. You may also attend the meeting and vote in person.

SUGAR CREEK MUTUAL INSURANCE COMPANY
and
MEDINA MUTUAL INSURANCE COMPANY

To: All Policyholders of Sugar Creek Mutual Insurance Company and Medina Mutual Insurance Company

Re: Summary of Proposed Joint Conversion into a Chapter 611 Mutual Insurance Company

Date: November 20, 2023

The Boards of Directors of Sugar Creek Mutual Insurance Company (“Sugar Creek”) and Medina Mutual Insurance Company (“Medina”, and together with Sugar Creek the “Constituent Corporations” and each a “Constituent Corporation”) have determined that it would be in the best interests of each company to combine their businesses and convert into a single mutual insurance corporation organized under Chapter 611 of Wisconsin Statutes (the “Conversion”).

To effectuate the Conversion, the Constituent Corporations have entered into an Agreement and Plan of Conversion, dated November 16, 2023 (the “Plan”), pursuant to which the Constituent Corporations shall convert from separate town mutual insurance corporations organized under Chapter 612 of the Wisconsin Statutes (a “Chapter 612 Corporation”) into a new single mutual insurance corporation organized under Chapter 611 of the Wisconsin Statutes (a “Chapter 611 Corporation”) whereby the separate existence of Medina (the “Non-Continuing Corporations”, and each a “Non-Continuing Corporation”) shall thereupon cease and Sugar Creek shall continue as the surviving company and a Chapter 611 Corporation (at times referred to herein as the “Converted Corporation”). The proposed effective date of the Conversion is January 1, 2024. This summary details the Plan and effects of the Conversion.

The Boards of Directors of the Constituent Corporations (collectively, the “Boards” and each a “Board”) have approved and adopted the Plan and the transactions contemplated thereby. The Conversion was filed with the Wisconsin Office of the Commissioner of Insurance (the “OCI” or the “Commissioner”) on November 16, 2023. Now, the policyholders of each Constituent Corporation must approve the Plan before it can take effect.

Current policyholders of each of the Constituent Corporations have a right to vote on the Conversion. The Boards recommend that their respective policyholders vote “**YES**” on the resolution to (i) adopt and approve, in all material respects, the Conversion pursuant to the Agreement, including (a) the proposed amended and restated articles of incorporation and bylaws of the Company, in the form presented in the Agreement and (b) the election of the proposed directors of the Board of Directors of the Company as set forth in Agreement and (ii) authorize its Board of Directors to take or to cause to be taken any and all remaining actions necessary to effectuate the Conversion.

If the Conversion is not approved by the policyholders of a Constituent Corporation, that corporation may be subject to additional regulatory orders or enforcement actions by the OCI, including potential cancellation of policies, liquidation, and/or dissolution. Therefore, approval of the Conversion by policyholders is essential for your current policy to remain in effect beyond December 31, 2023.

Please review this summary closely and plan to vote in person at the special meeting as referenced in the Notice of Special Meeting enclosed with this mailing.

Background for Conversion

The Constituent Corporations' current reinsurer, Wisconsin Reinsurance Corporation (“WRC”), was placed into rehabilitation by the OCI on June 21, 2023. The Constituent Corporations as Chapter 612 Corporations, are required by law to maintain certain reinsurance coverage. As current reinsurance policyholders of WRC, each of the Constituent Corporations was issued an order from the Commissioner on June 28, 2023 (the “OCI Order”). The OCI Order directed each Constituent Corporation to confirm its plans to obtain reinsurance for 2024 or otherwise maintain its certificate of authority to continue in business in 2024, including merger, conversion, or affiliation.

To comply with the OCI Order and limit the disruption to policyholders and members, the Boards have elected to jointly convert into a Chapter 611 Corporation, with Sugar Creek continuing as the surviving company and a Chapter 611 Corporation. Each Board considered various options to comply with the OCI Order and determined that the Conversion is in the best interests of their respective Constituent Corporation and policyholders. As discussed below, Sugar Creek has confirmed the ability to obtain sufficient reinsurance, allowing the Converted Corporation to satisfy the requirements of law and the Commissioner.

Parties to the Conversion

Wisconsin law allows multiple Chapter 612 Corporations to jointly convert into a single Chapter 611 Corporation. The history and operations of each of the Constituent Corporations is summarized below.

Sugar Creek is headquartered in Elkhorn, Wisconsin. It was organized as a town mutual insurance company on February 1, 1873, under the original name of the Farmers Mutual Fire Insurance Company of the Town of Sugar Creek. Over the years, Sugar Creek has grown and merged with several other town mutual insurance companies. As of 2022, the company has approximately 1,500 policies in force, premiums written of \$1.8 million, and surplus of \$8.7 million (approximately \$6.7 million excluding WRC stock owned by the company). Sugar Creek is currently authorized to operate in the following sixteen Wisconsin counties: Walworth, Rock, Jefferson, Dane, Racine, Kenosha, Waukesha, Green, Lafayette, Grant, Iowa, Sauk, Columbia, Dodge, Washington, and Ozaukee.

Medina is headquartered in Marshall, Wisconsin. It was organized on June 12, 1875, as the “Farmers Mutual Protection Fire Insurance Company” of the Towns of Medina, York, Sun Prairie and Deerfield. As of 2022, Medina has approximately 1,200 policies in force, premiums written of \$1,271,534 and surplus of \$2.0 million (approximately \$1.4 million excluding WRC stock). Medina is currently authorized to operate in the Wisconsin counties of Columbia, Crawford, Dane, Dodge, Grant, Green, Iowa, Jefferson, Lafayette, Richland, Rock, Sauk, and Walworth.

Reasons for and Purposes of the Conversion

The Constituent Corporations will convert to a Chapter 611 Corporation pursuant to the Plan adopted by the Boards as provided in Wis. Stat. § 612.23.

The reasons for and purposes of the Conversion include:

- *Access to Reinsurance.* Upon becoming a Chapter 611 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. Based on the Converted Corporation's surplus, it will no longer be subject to the OCI administrative requirement to maintain unlimited aggregate reinsurance. The Converted Corporation will obtain reinsurance for 2024 through the Guy Carpenter Regional Accounts Program (RAP) and the Property Facultative Facility.

- *Improved Competitive Position.* The Conversion will permit the Constituent Corporations to grow and improve their services and products to fulfill the expectations of their insurance customers based on the increased size and scale of operations. Better products and more sophisticated operations will improve the Constituent Corporations' retention of existing customers and their ability to attract new customers.
- *Expansion of the Company's territory.* The Conversion will allow the Converted Corporation to expand into other Wisconsin counties. Collectively, the Constituent Corporations currently write business in nineteen (19) counties. While there are no current plans for the Converted Corporation to write outside of the current nineteen (19) county territory at this point, the Conversion will allow it to do so in the future.
- *To achieve a greater spread of risk.* Expanding outside of the current authorized territory will allow for 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 in which it writes business and also offer additional insurance products which will allow for the Constituent Corporations to achieve a greater spread of risk.
- *To eliminate assessability of policyholders.* State law requires Chapter 612 Corporations to issue assessable policies meaning that a policyholder can be assessed in excess of the premium paid to the company. After the Conversion, the Converted Corporation will issue nonassessable policies.

The Plan of Conversion

Below is a summary of the material terms of the Plan and the effect of the Conversion, which is proposed to take effect on January 1, 2024 (the "Effective Date") (as defined below).

- *Name, Office Headquarters and Locations.* 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. Its principal office will be the current office of Sugar Creek in Elkhorn, Wisconsin. The Converted Corporation 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.
- *Mutual Membership.* All policyholders of Medina will automatically become members and policyholders of the Converted Corporation. Shortly after the Effective Date of the Conversion, each former member of the Medina will be sent a Certificate of Assumption and Endorsement formally confirming that their existing policy has been assumed by the Converted Corporation and that the policyholder is now a member of the Converted Corporation.
- *Operations and Business Plan.* 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, as reflected in the Business Plan attached as Exhibit B to the Plan.

- *Effect on Policies.* No changes to the policies or premiums now in effect for the policyholders of Medina will occur immediately upon the Effective Date. All of 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 Date or as soon as thereafter as permitted under applicable law.
- *Assets and Liabilities.* All assets and property owned by the Constituent Corporations will become the property of the Converted Corporation and all liabilities (including insurance policy liabilities) of the Constituent Corporations will become liabilities of the Converted Corporation.
- *Articles and Bylaws.* The articles of incorporation and bylaws for the Converted Corporation will reflect its status as a Chapter 611 Corporation. The articles of incorporation will specify that the Converted Corporation will issue nonassessable policies. A full copy of the Converted Corporation articles of incorporation and bylaws are available for your review upon request.
- *Board of Directors.* Pursuant to Wis. Stat. § 612.23(4), promptly following the approval of the Plan, the directors shall be promptly elected. The Plan proposes an initial thirteen (13) member board divided into three (3) classes of directors and comprised of eleven (11) directors presently serving on the Sugar Creek board and two (2) directors presently serving on the Medina board. The proposed Converted Corporation Board, in addition to the Constituent Corporation with which they are now associated, and the expiration of their term on the Converted Corporation Board will be as follows, subject to the approval of the Constituent Corporations’ policyholders:
 - Alex McQuillen (Sugar Creek) 2026
 - Bruce Vander Veen (Sugar Creek) 2024
 - David Kyle (Sugar Creek) 2024
 - Gene Lauderdale (Sugar Creek) 2026
 - Jerome Ketterhagen (Sugar Creek) 2025
 - Joseph Patla (Sugar Creek) 2024
 - Mark Wilson (Sugar Creek) 2026
 - Melinda Haak (Sugar Creek) 2025
 - Robert Agnew (Sugar Creek) 2025
 - Robert James (Sugar Creek) 2024
 - Robert Johnson (Sugar Creek) 2025
 - Joseph Hein (Medina) 2026
 - Jason Schuster (Medina) 2026

At each annual meeting of the policyholders of the Converted Corporation after the Effective Date of the Conversion, the policyholders will elect the directors to fill the positions of the directors whose terms expire, as provided in the Converted Corporation’s articles of incorporation and bylaws.

- *Officers.* The officers of Sugar Creek in office immediately prior to the Effective Date and listed below will continue to serve as the officers of the Converted Corporation, who shall serve

until the next annual meeting of the Converted Corporation Board or until their successors shall have been elected and shall qualify for office. Vacancies will be filled in the manner provided by the Converted Corporation's articles of incorporation and bylaws.

- President & CEO – Adam Reed
 - Chairman of the Board – Robert Agnew
 - Vice Chairman – Robert Janes
 - Secretary – Bruce Vander Veen
 - Treasurer – David Kyle
- *Management and Employees.* The current President/CEO of Sugar Creek will continue as the President/CEO of the Converted Corporation. The current General Manager of Medina will be offered employment with the Converted Corporation to assist with the implementation of the Conversion and will thereafter continue as an agent of the Converted Corporation. All current employees for Sugar Creek will be retained in similar employment roles.
 - *Agents.* The Converted Corporation will adopt the current Sugar Creek agency agreement as its standard agency agreement. The agency agreement will be offered to each agent who has an appointment with the other Constituent Corporations and who does not already have an agency agreement in force with Sugar Creek.

Differences between Chapter 611 Corporations and Chapter 612 Corporations

The following list summarizes some of the significant differences between being a Chapter 612 Corporation and a Chapter 611 Corporation:

- A Chapter 612 Corporation is required to have unlimited aggregate excess of loss reinsurance, which is intended to help mitigate the risk of certain other features of a Chapter 612 Corporation (as compared to a Chapter 611 Corporation): lower capital and financial requirements, limited filing requirements, no actuarial opinion requirements, geographic concentration and certain flexibility with respect to the services provided by its certified public accountant/auditor;
- Chapter 611 Corporations need to comply with compulsory and security surplus requirements mandated by law. In order to convert to a Chapter 611 Corporation, the company must have at least \$2.8 million in compulsory and security surplus. The Constituent Corporations project that the Converted Corporation will be able to comply with the surplus requirements upon Conversion and will have a surplus of \$8.5 Million.
- Chapter 611 Corporations also have to comply with mandated reinsurance requirements. Sugar Creek has confirmed that the Converted Corporation will be able to comply with the requirements of state law and the Commissioner relating to reinsurance requirements. Sugar Creek has verified its ability to obtain a satisfactory reinsurance policy from Guy Carpenter.
- Chapter 611 Corporations must have a qualified actuary opine on reserves annually, and must comply with all other requirements of Chapter 611, which include, but are not limited to, annual and quarterly reporting. These compliance requirements will impose additional administrative costs on the Company.
- Chapter 612 Corporations are limited to writing policies in no more than 16 counties. Chapter 611 Corporations typically are permitted to write policies statewide. Presently, the Constituent

Corporations write in a total of nineteen (19) counties. As a Chapter 611 Corporation, the Converted Corporation will be able to continue writing policies in each of the counties in which each of the Constituent Corporations operates prior to the Effective Date and will have the authority to write policies throughout the state of Wisconsin in the future.

- Chapter 612 Corporations must issue assessable policies (meaning a policyholder can be assessed in excess of the premium paid to the company). A Chapter 611 Corporation may issue assessable or nonassessable policies. In connection with the Conversion, the Converted Corporation will become a nonassessable mutual insurance company. This will allow the Converted Corporation to sell nonassessable insurance policies, which the Boards believe will make the Converted Corporation more competitive.

Additional Information

A complete copy of the Plan, Articles and Bylaws, and related materials are available for your inspection at the office of each Constituent Corporation. Please contact any of the individuals identified below if you have any questions or would like to review any of the documents referenced herein.

Sugar Creek Mutual Insurance Company

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Medina Mutual Insurance Company

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