



DATE: November 29, 2023

TO: Amy J. Malm  
Mark McNabb

FROM: Christopher Martin

SUBJECT: The Proposed Conversion of Theresa 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:**

Zachary P. Bemis  
Godfrey & Kahn, S.C.  
One East Main Street, Suite 500  
Madison, WI 53703  
(608) 284-2224  
zbemis@gklaw.com

### Exhibit(s)

<b><u>Exhibit:</u></b>	<b><u>Description:</u></b>
Ex. 1	A certified resolution of the Theresa Board of Directors approving the Conversion and establishing a tentative date for the special meeting of policyholders
Ex. 2	Redacted and unredacted versions of the executed Plan of Conversion, including the following exhibits:
Ex. 2a	Projected Surplus
Ex. 2b	Business Plan
Ex. 2c	The Articles of Incorporation of Theresa
Ex. 2d	The Bylaws of Theresa
Ex. 2e	A listing of the directors and officers of Theresa after the Conversion
Ex. 3	A proposed summary of the Conversion to be sent to the Theresa policyholders with the applicable Notice of Special Policyholder Meeting
Ex. 4	A proposed Notice of Special Policyholder Meeting to be sent to the Theresa policyholders
Ex. 5	The proposed policyholder resolution ballot to be presented at the Special Meeting

- Ex. 6 The proposed report of policyholder vote to be submitted to the OCI following the Special Meeting
- Ex. 7 Biographical Affidavits for each of the directors and officers of Theresa post-conversion
- Ex. 8 Proposed compensation of directors and officers of Theresa post-conversion
- Ex. 9 Financial projections of Theresa post-conversion
- Ex. 10 The most recent year end annual statement for Theresa
- Ex. 11 The most recent unaudited income statement for Theresa

### **Executive Summary**

On November 3, 2023, Theresa Mutual Insurance Company (Theresa), a 612 town mutual insurer, filed a statement pursuant to s. 612.23 Wis. Stat. on behalf of the Company seeking to convert to a 611 mutual insurer.

### **Identity and Background of the Domestic Insurer(s)**

#### **Identity of the Insurer(s):**

#### **Theresa Mutual Insurance Company**

109 W Rock River St  
Theresa, WI 53091

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

#### **Theresa Mutual Insurance Company**

Theresa is a Wisconsin domestic town mutual insurance company and was incorporated on 01/07/1879. The company is licensed to write Property and Nonproperty insurance and is currently authorized to do business in Ozaukee, Sheboygan, Washington, Winnebago, Marquette, Dodge, Fond Du Lac, Green Lake, Columbia, and Manitowoc County.

#### **Proposed Executive Officers and Directors of Theresa:**

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Term Expires:</u></b>
Arthur Serwe	Director	2025
Gary Zastrow*	Director	2026
Jerome Feucht*	Director	2024
Kari DeSmith*	Director	2026
Peter Bonack*	Director	2026
Stanley Lammers*	Director	2026
Steven Ries*	Director	2024
Ralph Pribnow*	Director, Treasurer	2026
Robert Belling*	Director, Secretary	2024
Rodney Justman*	Director, Vice President	2025
Tracy Kinyon*	Director, President	2025

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 Theresa and subject to the requirements in s. 612.23 Wis. Stat., Theresa intends to convert from chapter 612 town mutual insurers 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 company 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 \$10,000. 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.

Theresa, as the converted company, 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.

No changes to Theresa employees or location were discussed as part of the conversion. The name of the converted company will be Theresa Mutual Insurance Company.

The Articles and Bylaws of the converted corporation will be those as provided by Theresa 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 Theresa, the OCI believes that approving this conversion is in the best interest of the policyholders. 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, Theresa 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.