

CONVERSION
of
THERESA MUTUAL INSURANCE COMPANY
from a
CHAPTER 612 TOWN MUTUAL INSURANCE COMPANY
into a
CHAPTER 611 MUTUAL INSURANCE COMPANY

REDACTED PLAN OF CONVERSION

Filed with the Wisconsin Office of the Commissioner of Insurance

NOVEMBER 3, 2023

**PLAN OF CONVERSION
OF
THERESA MUTUAL INSURANCE COMPANY**

THIS PLAN OF CONVERSION (this “Plan”) of Theresa Mutual Insurance Company, a Wisconsin town mutual insurance corporation with its place of business at 109 W Rock River Street, Theresa, Dodge County, WI 53091 (the “Company”), from a town mutual insurance corporation under Chapter 612 of the Wisconsin Statutes (“Chapter 612”) to a mutual insurance corporation under Chapter 611 of the Wisconsin Statutes (“Chapter 611”), together with Chapter 612, collectively, the “Wisconsin Insurance Law”) pursuant to Wis. Stat. § 612.23 was adopted by the Board of Directors of the Company on September 14, 2023.

RECITALS

A. The Company is a solvent town mutual insurance corporation organized and existing under Chapter 612 and is duly authorized and licensed to transact the business of insurance within the State of Wisconsin.

B. The Company is authorized to do insurance business in the Wisconsin counties of Dodge, Columbia, Fond du Lac, Green Lake, Manitowoc, Marquette, Ozaukee, Sheboygan, Washington and Winnebago.

C. The Company 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 (“WRC”) which was placed into liquidation by the State of Wisconsin Commissioner of Insurance (the “Commissioner” or “OCI”) on June 21, 2023 pursuant an order of rehabilitation issued by the Dane County Circuit Court (the “Rehabilitation Order”).

D. On June 28, 2023, as a result of the Rehabilitation Order, the Commissioner issued orders to each Chapter 612 town mutual insurance corporation with WRC coverage in 2023, including the Company, 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 including, without limitation, converting into a Chapter 611 mutual insurance corporation (the “OCI Order”).

E. The Board of Directors of the Company (i) has developed a long-range plan that includes slow, increased growth, new nonassessable insurance products, continued availability of reinsurance and expanded geographical area, (ii) has determined that converting into a mutual insurance corporation under Chapter 611 (the “Conversion”) is necessary to achieve its long-range plan for the Company, and (iii) at a duly convened meeting, determined that it is advisable and in the best interests of the Company and its members to convert into a mutual insurance corporation under Chapter 611 pursuant to this Plan, the provisions set forth in Wis. Stat. § 612.23, and in a manner approved by the Commissioner, and have adopted a resolution approving the same.

F. The Company desires to proceed with the Conversion and submit this Plan to the Commissioner for the Commissioner's approval and, unless otherwise directed by the Commissioner, to submit the issue to the members of the Company for their approval.

PLAN

1. **Conversion.** In accordance with the provisions of this Plan and the Wisconsin Insurance Law, at the Effective Time (as defined below), the Company shall convert from a town mutual insurance corporation under Chapter 612 into a mutual insurance corporation under Chapter 611 (the "Converted Company") in accordance with this Plan.

[REDACTED]



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

- (i) The Company proposes converting to a 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 Plan and the Business Plan, each of which has been adopted by resolution by the Board of Directors of the Company.
- (ii) The Company will submit this Plan to the Commissioner and upon the approval of this Plan by the Commissioner, the Company will submit this Plan, the 611 Articles (as defined below) and 611 Bylaws (as defined below) to its members for their approval.

(d) Estimated Expenses for Implementing the Conversions. The Company anticipates 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, including consultant expenses, special meeting expenses, and operational expenses are approximately Ten Thousand Dollars (\$10,000.00).

(e) Effective Time. The effective time and date of the Conversion shall be 12:01 AM on January 1, 2024 (the “Effective Time”).

2. Effect of Conversion.

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

(b) Authorized Territories. At the Effective Time, the Converted Company shall be authorized to transact such business throughout the state of Wisconsin.

(c) Articles of Incorporation. The articles of incorporation of the Converted Company shall be the articles of incorporation of the Company, as amended and restated (if applicable) and attached hereto as Exhibit C (the “611 Articles”).

(d) Bylaws. The bylaws of the Company shall be the bylaws of the Converted Company, as amended and restated (if applicable) and attached hereto as Exhibit D (the “611 Bylaws”).

(e) Directors. The directors of the Converted Company and their terms of office as of the Effective Time, as proposed in this Plan of Conversion and subject to the election by the members of the Company as provided by Wis. Stat. § 612.23(4), are listed in Exhibit E attached hereto and made a part of this Plan. If at the Effective Time, a vacancy shall exist on the Board of Directors of the Converted Company, such vacancy may thereafter be filled in the manner provided by the 611 Articles or 611 Bylaws, as applicable.

(f) Officers. The officers of the Converted Company and their terms of office shall be those persons named in Exhibit E attached hereto and made a part of this Plan, who shall serve until the next annual meeting of the Board of Directors of the Converted Company 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 Company, such vacancy may thereafter be filled in the manner provided by the 611 Articles or 611 Bylaws, as applicable.

3. **Member Approval.** Unless otherwise directed by the Commissioner, upon approval of this Plan by the Commissioner, this Plan shall be submitted to a vote at a meeting of the members of each of the Company to be held on a date and at a time and place to be determined by the Company. Notice of such meeting, if such notice is required by law or the Company’s 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 the Company to its members in a manner acceptable pursuant to law and to the Company’s articles of incorporation and bylaws. The Company specifically authorizes the use of mail ballots as permitted by Wis. Stat. §612.12.

[Remainder of page intentionally left blank; attachments follow]

Exhibit A

PROJECTED SURPLUS

See attached.

Exhibit B

BUSINESS PLAN

See attached.

Exhibit C

611 ARTICLES

See attached.

Exhibit D

611 BYLAWS

See attached.

Exhibit E
COMPANY
PROPOSED DIRECTORS AND OFFICERS

Directors

Proposed directors and its terms are:

| <u>Name</u> | <u>Term Expires</u> |
|-----------------|---------------------|
| Arthur Serwe | 2025 |
| Gary Zastrow | 2026 |
| Jerome Feucht | 2024 |
| Kari De Smith | 2026 |
| Peter Bonack | 2026 |
| Stanley Lammers | 2026 |
| Steven Ries | 2024 |
| Ralph Pribnow | 2026 |
| Robert Belling | 2024 |
| Rodney Justman | 2025 |
| Tracy Kinyon | 2025 |

Officers

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

| | |
|----------------|----------------|
| President | Tracy Kinyon |
| Vice President | Rodney Justman |
| Secretary | Robert Belling |
| Treasurer | Ralph Pribnow |