

**PLAN OF CONVERSION FOR
WISCONSIN RIVER MUTUAL INSURANCE COMPANY**

THIS PLAN OF CONVERSION (the “Plan”) of Wisconsin River Mutual Insurance Company, a Wisconsin town mutual insurance company (the “Company”) from a mutual insurance corporation organized under ch. 612, Wis. Stat. (“Ch. 612”), to a mutual insurance corporation organized under ch. 611, Wis. Stat. (“Ch. 611”), was adopted by the Board of Directors of the Company on August 23, 2023.

RECITALS

- A. The Company is a town mutual insurance corporation organized under Ch. 612 and authorized to do business in the counties of Juneau, Richland, Sauk, Columbia, Grant, Iowa, Dane, Green and Rock (the “Authorized Counties”);
- B. The Company currently 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”);
- C. As a result of the Rehabilitation Petition (as defined below), on June 28, 2023, the Wisconsin Office of the Commissioner of Insurance (the “Commissioner”) issued an order to the Company, notifying the Company that it will be at risk of no longer maintaining its certificate of authority and potentially being subject to insolvency proceedings unless such company took certain actions allowed under Wisconsin law and approved by the Commissioner to maintain the Company’s compliance with Wisconsin law and access to reinsurance, including, without limitation, merging with another company, converting into a Ch. 611 mutual insurance company, or entering an affiliation agreement (the “OCI Order”);
- D. Mt. Morris Mutual Insurance Company (“Mt. Morris”) is a Wisconsin mutual insurance company organized under Ch. 611 and is currently authorized to operate throughout the State of Wisconsin;
- E. The Company’s Board of Directors has developed a long-range plan for the Company that includes the affiliation of the Company with Mt. Morris (the “Affiliation”), for the primary purpose of having the ability to have appropriate reinsurance coverage, and with the related benefits of new, nonassessable products and the ability to expand geographic growth;
- F. In order to effectuate the Affiliation, the Company must convert from a town mutual insurance corporation under Ch. 612 to a mutual insurance corporation organized under Ch. 611 (the “Conversion”).

NOW, THEREFORE, the following Plan of Conversion is adopted by the Board of Directors of the Company as of the date first set forth above.

I. REASONS FOR AND PURPOSES OF THE CONVERSION.

- A. **To Affiliate with Mt. Morris, which will allow the Company to have**

appropriate reinsurance coverage and also access to the experience and expertise of Mt. Morris’s Management, Board of Directors and Operations staff.

The Company proposes to enter the Affiliation with Mt. Morris. In order to effectuate the Affiliation, the Company must first convert to a Chapter 611 mutual insurance company. This conversion is necessary for the Company to make the changes to its articles, bylaws, and board of directors to enter into the Affiliation Agreement. As part of the Affiliation, the Company will also enter into several other additional agreements allowing the Company to accomplish its goal of satisfying the OCI Order while continuing to execute its long-term plan of continuing to provide insurance coverage to its members.

Enabling the Company to have appropriate reinsurance coverage is a key purpose of the proposed Conversion and Affiliation. Effective January 1, 2024, Mt. Morris and the Company, along with two other affiliates of Mt. Morris (assuming those affiliations are approved) will enter into a reinsurance pooling agreement and a reinsurance allocation agreement (the “Reinsurance Agreements”).

In addition, the Company will, effective January 1, 2024, enter into a management agreement with Mt. Morris (the “Management Agreement”) pursuant to which the Company will have the ability to receive the following services from Mt. Morris: (i) reinsurance pricing and procurement; (ii) investment services; (iii) actuarial analysis; (iv) underwriting; (v) human resources services and employee benefits administration; (vi) policyholder services; (vii) legal services; (viii) corporate and tax accounting; (ix) record keeping and financial reporting; (x) information technology services; (xi) marketing; (xii) compliance and strategic planning; (xiii) premium collection and refunds; (xiv) claims management and settlement; and (xv) such other services as the parties mutually agree.

The Company’s management and Board of Directors believe that the expertise and experience of Mt. Morris’ management, Board of Directors, and operations staff will be very valuable to the Company, and will help the Company improve its own operations and financial condition and grow in a safe, prudent manner.

B. Improve the Company’s Competitive Market Position In Order to Provide Better Opportunities for Growth.

Competition is significant 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 are able to offer attractive packaged and specialized insurance coverages. Increasingly, town mutual companies operate at a significant competitive disadvantage with other insurers. The Conversion will permit the Company to grow and to improve its services and products so as to fulfill the expectations of its insurance customers. Better products will improve both the Company’s retention of existing customers and its ability to attract new customers.

C. Expansion of the Company’s Territory.

Conversion will allow the Company to expand into other Wisconsin counties. Expansion will help the Company to grow over time and to better serve the needs of its customers and agents. The Company currently writes business the Authorized

Counties. The Company's financial position, as an affiliate of Mt. Morris, is expected to be sufficient to allow it to write business statewide and the Company requests that its Certificate of Authority under Ch. 611 reflect statewide authority. However, for the immediate future, the Company has no present intent to begin writing policies outside of the Authorized Counties. *See* Business Plan, Tab 1.

D. To Achieve Greater Spread of Risk.

The Company's insurance writings are concentrated in the Authorized Counties. Because the Company primarily writes property and casualty insurance, the Company's profitability is susceptible to catastrophic losses caused by natural disasters. Conversion will permit the Company to expand its geographical area, allowing it to achieve a greater spread of risk.

E. To Eliminate Assessability.

The Company is an assessable town mutual. It is becoming increasingly difficult to sell assessable insurance policies in the competitive current marketplace. The Company requests that it be designated a nonassessable mutual company.

II. TERMS, CONDITIONS, PROCEDURES AND ESTIMATED EXPENSES OF IMPLEMENTING THE CONVERSION.

A. Terms and Conditions.

The Company proposes to convert to a mutual insurance corporation under Ch. 611 with all the rights and restrictions that are placed on such a corporation. The Company proposes to operate in accordance with the Business Plan that has been adopted by the Board of Directors. *See* Tab 1.

B. Procedures.

The Company's Board of Directors adopted this Plan of Conversion on August 23, 2023. By resolution of the Board of Directors, the Company submits this proposed Plan of Conversion to the Commissioner. The Plan must be approved by the Commissioner.

Upon approval of the Plan of Conversion by the Commissioner, the Company will submit the Plan and the Restated Articles of Incorporation and Restated Bylaws to its members for their approval. The Company intends to submit the Plan of Conversion to its members at a special meeting and to permit mail voting pursuant to Wis. Stat. § 612.12(4)(c).

C. Estimated Expenses.

No significant additional general operating expenses are anticipated to result from the Conversion. Expected one-time expenses include the costs for filing and recording the Restated Articles of Incorporation, duplication and mailing costs for notice to its members, and accounting and attorneys fees. The Company estimates that these costs will be approximately \$10,000.

III. NAME OF THE CORPORATION.

The Company will retain its name of Wisconsin River Mutual Insurance Company.

IV. ARTICLES OF INCORPORATION AND BYLAWS.

The proposed Restated Articles of Incorporation and Amended and Restated Bylaws for the Company are attached hereto, and are the same as referenced in Exhibits A and B to the Affiliation Agreement. *See* Tab 2.

Approved by the Company’s Board of Directors on August 23, 2023

Brian Gasser

Paul Dietmann

Keith Yanke

Richard Wipperfurth

Kimberly Adler

Ronald Bula

Paul Endres

Andy Jones

Gary Wipperfurth