



DATE: October 23, 2023

TO: Amy J. Malm
Mark McNabb

FROM: Christopher Martin

SUBJECT: The Proposed Conversion of Wisconsin River 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)

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Exhibit(s)

<u>Exhibit:</u>	<u>Description:</u>
Ex. 1	Conversion Plan
Ex. 2	List of Directors and Officers
Ex. 3	Biographical Affidavits for the Directors and Officers
Ex. 4	Affiliation Agreement to take place after the conversion
Ex. 5	Proposed Compensation of Directors and Officers
Ex. 6	Business Plan
Ex. 7	Financial projections
Ex. 8	Board Resolution Adopting the Conversion Plan
Ex. 9	Summary of the Conversion Plan
Ex. 10	Policyholder Meeting Announcement
Ex. 11	Proposed Report of Policyholder Vote
Ex. 12	Most Recent Year End Financial Statements

Executive Summary

On September 9, 2023, Wisconsin River Mutual Insurance Company ("WRMIC"), 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. The company intends to first convert, in accordance with the conversion plan, and then affiliate with Mt. Morris Mutual Insurance Company ("MMIC").

Identity and Background of the Domestic Insurer(s)**Identity of the Insurer(s):****Wisconsin River Mutual Insurance Company**

431 Water Street, Suite 115
Prairie Du Sac, WI 53578

Background of the Insurer(s):**Wisconsin River Mutual Insurance Company**

WRMIC is a Wisconsin domestic town mutual insurance company and was incorporated on 11/25/1873. The company is licensed to write Property and Nonproperty insurance and is currently authorized to do business in Richland, Sauk, Columbia, Dane, Grant, Iowa, Juneau, Rock, and Green Counties.

Proposed Executive Officers and Directors of WRMIC:

<u>Name</u>	<u>Title</u>	<u>Term Expires:</u>
Daniel Fenske*	Director, Chairman, President, CEO	2026
Greg Gonnering*	Director, Vice Chairman	2025
Connie Weber*	Director	2026
Danielle Loeffler*	Director	2024
Blake Frederick*	Director	2024
Paul Dietman*	Director, Secretary	2026
Paul Endres*	Director	2024
Richard Wipperfurth*	Director, Treasurer	2025
Brian Gasser*	Director	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 WRMIC and subject to the requirements in s. 612.23 Wis. Stat., WRMIC intends to convert from a chapter 612 mutual insurer to a chapter 611 mutual insurer. The company has provided the following reasons and purposes for the conversion plan as required by statute. As the company intends to affiliate with MMIC, the company is required to be a 611 mutual insurance company. The conversion plan also 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 conversion 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 and those changes associated with the subsequently planned affiliation with MMIC.

WRMIC 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 employees or location were discussed as part of the conversion. The name of the converted company will be Bloomington Farmers Mutual Insurance Company.

Articles and Bylaws of the converted corporation will be those as provided by WRMIC as amended for the conversion.

The OCI reviewed the affiliation filing in conjunction with the conversion and documented the review of the affiliation separately.

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 the Company, the OCI believes that approving this conversion is in the best interest of the policyholders of WRMIC. 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, Wisconsin River 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.