

**CONVERSION OF
WISCONSIN RIVER MUTUAL INSURANCE COMPANY
PROPOSED POLICYHOLDER SUMMARY OF CONVERSION
FILED WITH THE WISCONSIN OFFICE OF
THE COMMISSIONER OF INSURANCE ON [●], 2023**

[Wisconsin River Letterhead]

To: All Policyholders of Wisconsin River Mutual Insurance Company
Re: Summary of Proposed Conversion and Affiliation with Mt. Morris Mutual Insurance Company
Date: [●], 2023

The Boards of Directors of Wisconsin River Mutual Insurance Company a Wisconsin town mutual insurance company (“Wisconsin River” or the “Company”) and Mt. Morris Mutual Insurance Company, a mutual insurance company headquartered in Coloma, Wisconsin, (“Mt. Morris”) have determined that it would be in the best interests of both companies to enter into an Affiliation Agreement (the “Affiliation”). To effectuate the Affiliation, Wisconsin River must first convert to a mutual insurance corporation organized under Chapter 611 of Wisconsin Statutes (the “Conversion”).

This Summary relates to the proposed Conversion pursuant to a Plan of Conversion adopted by the Board, dated as of August 23, 2023 (the “Plan”) for the purpose of consummating the affiliation with Mt. Morris. The proposed effective date of the Conversion and Affiliation is January 1, 2024.

Effective upon the consummation of the Conversion, the Company’s organizational documents will be amended to be in the forms attached to this Summary (the “Amended Organizational Documents”) and the Board of Directors will be comprised of a majority of Mt. Morris designees. Wisconsin River and Mt. Morris will also be entering an Affiliation Agreement formalizing the relationship between the parties and providing that the Board of Wisconsin River will be comprised of a majority of Mt. Morris designees. Along with the Affiliation Agreement, the parties will enter into a Management Agreement and Reinsurance Pooling and Allocation Agreements (the “Transaction Agreements”).

Current policyholders of Wisconsin River have a right to vote on the Conversion. This Summary is furnished by and on behalf of the Board of Directors of the Company (the “Board”), in connection the special meeting of members of the Company (the “Special Meeting”) to be held on ~~October 24~~December 12, 2023, at 6:30 p.m., Central Time, at the 6:8 Building in Prairie du Sac, WI.

On August 23, 2023, the Board of the Company approved and adopted the Plan and the transactions contemplated thereby. **The Board of the Company recommends that you vote (i) “FOR” the proposal to approve the Plan, including the Amended Organizational Documents; (ii) FOR the election of the new Board of Directors effective as of the closing of the Transaction and (iii) “FOR” the proposal to adjourn the Special Meeting, if necessary or appropriate. The Board knows of no other matters at this time that may be properly brought before the Special Meeting.**

Background for Conversion

Wisconsin River’s current reinsurer, Wisconsin Reinsurance Corporation (“WRC”), was placed into rehabilitation by the Wisconsin Office of the Commissioner of Insurance (the “Commissioner”) on June 21, 2023. Town mutuals organized under Chapter 612 of Wisconsin Statutes are required by law to maintain certain reinsurance coverage. As a current reinsurance policyholder of WRC, Wisconsin River was issued an order from the Commissioner on June 28, 2023 (the “OCI Order”). The Commissioner’s order directed Wisconsin River to confirm its plans for obtaining reinsurance for 2024 or otherwise maintaining its certificate of authority to continue in business in 2024.

In order to comply with the OCI Order and limit the disruption to the Wisconsin River policyholders and members, the Board has elected to pursue the Affiliation with Mt. Morris. The Board considered a

variety of options to comply with the OCI Order. Eventually, the Board determined that an affiliation with Mt. Morris, which would require a conversion of the Company to a Chapter 611 mutual insurance company, is in the best interests of the Company and its policyholders. As discussed below, under the Affiliation Contracts, not only will the Company gain the benefits of qualifying reinsurance, but also the expertise and experience of Mt. Morris' directors, management and operations staff.

Mt. Morris is a mutual insurance company organized under Chapter 611 of Wisconsin Statutes that is headquartered in Coloma, Wisconsin and currently issues policies throughout Wisconsin. Mt. Morris was formed in 1876. MMIC is the surviving company of several mergers over the last 50 years. Mt. Morris has continually expanded the lines of business written as well as providing expanded coverage, Mt. Morris was one of the first companies to provide Replacement Cost Coverage for irrigation systems and provide Equipment Breakdown Coverage to farms. In 2008, the Company broadened its lines of business to include personal and commercial auto insurance.

Conversion to Chapter 611 Mutual

Conversion to a Chapter 611 mutual is necessary for Wisconsin River to affiliate with Mt. Morris and maintain its compliance with applicable law. However, there are significant differences between being a Chapter 612 mutual insurance company and a Chapter 611 mutual insurance company.

- A Chapter 612 town mutual is required to have unlimited aggregate excess of loss reinsurance, which is intended to help mitigate the risk of certain other features of a 612 (as compared to a Chapter 611 insurance company): 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 CPA/auditor.
- Chapter 611 mutual insurance companies need to comply with compulsory and security surplus requirements mandated by law. The Company currently expects that it will be able to comply with the surplus requirements upon conversion.
- Chapter 611 mutual insurance companies also have to comply with mandated reinsurance requirements. The Company currently expects that, through the reinsurance pooling and allocation agreements with Mt. Morris and the other affiliates, it will be able to comply with the mandated reinsurance requirements.
- Chapter 611 mutuals must have a qualified actuary opinion on reserves annually, and must comply with all other ch. 611, Wis. Stat., requirements, which includes but is not limited to annual and quarterly reporting. These requirements will impose additional compliance costs on the Company.
- Chapter 612 mutuals are limited to writing policies in no more than 16 counties. Chapter 611 mutuals typically are permitted to write policies statewide.
- Chapter 612 town mutuals must issue assessable policies (meaning a policyholder can be assessed in excess of the premium paid to the company). A Chapter 611 mutual may issue assessable or nonassessable policies. In connection with the Conversion, the Company will become a nonassessable mutual insurance company. This will allow the Company to sell nonassessable insurance policies, which the Board believes will make the Company more competitive.

The Plan of Conversion

The Company will convert to a mutual insurance corporation organized under Chapter 611 pursuant to the Plan adopted by the Board as provided in Wis. Stat. § 612.23. Under the Plan, if approved, the Company will convert to a mutual insurance corporation under Chapter 611, Wis. Stats., with all the rights and restrictions that are placed on such a corporation (some of which are described earlier in this Information Statement). The Company will continue to operate under its current name, and will be governed by Chapter 611 and the Amended Organizational Documents. A Chapter 612 town mutual cannot affiliate with another mutual insurance company, so conversion to a Chapter 611 mutual insurance corporation is required in order to consummate the Affiliation.

The Plan identifies the reasons for and purposes of the Conversion:

- 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.
- Improve the Company's competitive market position in order to provide better opportunities for growth. 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.
- Expansion of the Company's territory. While the Company does not intend to write outside of its current territory at this point, the Conversion will allow it to do so in the future.
- To achieve greater spread of risk. Expanding outside of the current authorized territory will allow for a greater spread of risk.
- To eliminate assessability of policyholders. After the Conversion, the Company will issue nonassessable policies.

The Plan also identifies the Company's business plan following the Transaction and as an affiliate of Mt. Morris.

After the Conversion, the Company will remain a separate mutual insurance company, and you will remain a member of the Company with the same voting rights and contract rights as a policyholder of the Company as you have now. Following the Transaction, you will continue to be insured by the Company pursuant to the terms of your insurance policy or policies with the Company and the terms of your insurance policy or policies, including your contractual obligation to pay premiums and your contractual rights to indemnity and defense, as applicable, will not be expanded, diminished or altered in any way.

Amended Organizational Documents

Through the Conversion, and to effectuate the Affiliation with Mt. Morris, the Company will also adopt the Amended and Restated Articles and Amended and Restated Bylaws.

The Amended Articles of Incorporation ("Amended Articles") will reflect the Company's status as a Chapter 611 mutual and include several provisions that differ from the Company's current Articles of Incorporation.

Below is a summary of certain key terms of the Amended Bylaws, including provisions related to the Board of Directors. A full copy of the Amended Bylaws is attached as Annex C.

- Quorum and Voting. At any meeting of the Members, ten (10) Members entitled to vote on the issue and present in person shall constitute a quorum for all purposes, unless the representation of a larger number shall be required by law or by the Amended Articles. Unless otherwise provided in the Amended Bylaws or in the Amended Articles, if a quorum is present, the affirmative vote of the majority of the Members represented at the meeting in person and entitled to vote on the subject matter shall be the act of the Members.
- Proxies. Members are entitled to vote at any meeting in person or through another person appointed in writing as a proxy by the Member or the Member's duly authorized attorney-in-fact.
- Board of Directors. The board consists of 9 Directors. To effectuate the Affiliation, the Board of Directors will be controlled by directors designated by Mt. Morris. An individual may only be elected to the Board after being nominated as follows: (i) 5 of the Directors shall be "Mt. Morris Directors" who are nominated by the then-incumbent Mt. Morris Directors by majority vote and 4 of the Directors shall be "Wisconsin River Directors" who are nominated by the then-incumbent Company Directors by majority vote. The Chairman and Vice-Chairman of the Board will be chosen from the Mt. Morris Directors.
- Majority Votes. Except as otherwise provided by law, the Amended Articles or the Amended Bylaws (i) a majority of the number of Directors then in office shall constitute a quorum for the transaction of affairs and business of the Company; and (ii) the act of a majority of Directors present at a meeting at which a quorum is present shall be the act of the Board.
- Mergers. For five years from the effective date of the Affiliation, the unanimous approval of the Board is required for the approval of any merger or transaction that would result in the Company ceasing to transact insurance business in Wisconsin, including a merger of the Company into Mt. Morris. Additionally, if the Company's surplus to direct written premium ratio falls below the certain thresholds and the Company cannot take correction action then the Company will be merged into Mt. Morris as soon as possible.
- Officers. The principal officers shall consist of the President/CEO, one or more Vice Presidents who may be designated Executive Vice President, and a Secretary/Treasurer. One person may hold two or more offices, except that the offices of President/CEO and Secretary/Treasurer and the offices of President/CEO and Vice President shall not be held by the same person. The Secretary and Treasurer positions will be chosen from the Wisconsin River Directors.

Initial Board of Directors

Pursuant to Wis. Stat. § 612.23(4), promptly following the approval of the Plan, the directors shall be promptly elected. As provided in the Plan, and to effectuate the Affiliation, the members will be asked to approve the following individuals to serve as the Board of Directors of the Company, effective January 1, 2024:

- Daniel Fenske
- Greg Gonnering

- Connie Weber
- Danielle Loeffler
- Blake Frederick
- Brian Gasser
- Paul Dietmann
- Paul Endres
- Richard Wipperfurth

As described above, after the Effective Date, an individual may only be elected to the Board after being nominated as follows: (i) 5 of the Directors shall be “Mt. Morris Directors” who are nominated by the then-incumbent Mt. Morris Directors by majority vote and 4 of the Directors shall be “Wisconsin River Directors” who are nominated by the then-incumbent Company Directors by majority vote.

Affiliation Agreement and Affiliation Contracts

The primary goal of the Conversion is for the Company to be able to enter into the Affiliation Agreement with Mt. Morris. While not directly subject to Company member approval (other than as it relates to the Amended Organizational Documents and Initial Board of Directors), a summary of the Affiliation Agreement, Reinsurance Pooling Agreement, Reinsurance Allocation Agreement, and Management Agreement is provided below.

- The Affiliation Agreement. Subject to the terms and conditions of the Affiliation Agreement and other Affiliation Contracts, on January 1, 2024, the Company and Mt. Morris will affiliate their respective insurance businesses and make effective the Affiliation Contracts and the Amended Organizational Documents. The Company’s Board of Directors will be comprised of a majority of directors appointed by Mt. Morris.
- Reinsurance Agreements. The Pooling Agreement and Reinsurance Allocation Agreement between Mt. Morris and each of the proposed affiliates – Wisconsin River Mutual Insurance Company, ~~Bloomington Farmers Mutual Insurance Company, Wisconsin River Mutual Insurance Company,~~ and Mt. Pleasant-Perry Middleton Mutual Insurance Company and Reedsburg Westfield Mutual Insurance Company (which itself will be the survivor of the consolidation of Baraboo Mutual Insurance Company with and into Reedsburg Westfield Mutual on or around the closing date of the Conversion of the Company) (together, the “Affiliates”) ensures the Company will have access to the reinsurance it needs under Wisconsin law and is the principal reason why the Board believes the proposed affiliation with Mt. Morris is in the best interests of the Company and its members.
 - The Reinsurance Pooling Agreement provides that Mt. Morris and the Affiliates will pool their respective insurance operations to provide a more efficient and economical method of operating the insurance business engaged in by the Parties; to achieve more uniform underwriting results; and to spread, stabilize and share their underwritings by creating a risk-sharing pool for their contracted policies of insurance and all Losses and Loss Adjusting Expenses incurred thereunder.

