



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Scott Walker, Governor
Theodore K. Nickel, Commissioner

Wisconsin.gov

August 15, 2016

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MS ANN ROSS
ATTORNEY
FOLEY & LARDNER LLP
150 EAST GILMAN ST SUITE 5000
MADISON WI 53703 1482

Re: American Family Mutual Insurance Company
Mutual Holding Company Plan

Dear Ms. Ross:

The State of Wisconsin Office of the Commissioner of Insurance ("OCI") has completed a review of American Family's August 3, 2016 response to OCI's July 14, 2016 follow-up letter. Our review identified certain items requiring additional follow-up, or which remain outstanding from OCI's July 14th letter, as indicated below. **To ensure that the review process continues to move forward expeditiously, please provide the following information at your earliest convenience:**

1. Pro Forma Financial Statements:

- a) Please discuss: Do the pro forma consolidated financial statements for American Family Mutual Insurance Company, S.I. include all property and casualty subsidiaries? If not, please identify the excluded subsidiaries.
- b) Please provide the actual and projected premium writings of AFMIC, AFIC, ASICO and ASICW for 2015 – 2020 (please respond using the chart provided as Attachment A).
- c) Please provide the number of actual and projected policies in-force for AFMIC, AFIC, ASICO and ASICW for 2015 – 2020 (please respond using the chart provided as Attachment B).

2. Newly Admitted Members: In response to OCI's July 14, 2016 follow-up letter item #14, the Applicant stated that ASICW is primarily engaged in the business of assumed reinsurance, and that this is the reason why ASICW's policyholders will not be granted membership interests. However, review of ASICW's 2015 financial statement indicates that 58.5% of ASICW's gross premiums were direct (only 41.5% were assumed). In addition, ASICW's direct writings for 2015 (\$232.3M) far exceeded ASICO's direct writings for 2015 (\$32.9M). In light of the fact that ASICW's direct premiums far exceed direct premiums written by ASICO, please explain the rationale as to why ASICO's policyholders will be granted membership interests, but not ASICW's policyholders.

3. Private Letter Ruling or Tax Opinion (7/14/16 Letter - #11): The filing states that the Plan shall not become effective, and the restructuring shall not be consummated, until AFMIC receives a private letter ruling issued by the IRS, or an opinion of Foley & Lardner LLP or other independent tax counsel to AFMIC, in either case or in combination, substantially to the effect that: (a) Neither the members nor the newly admitted members will recognize taxable gain or loss in connection with the restructuring, and (b) Neither AFI MHC, AmFam Holdings, Inc., nor AFMIC will recognize taxable gain or loss in connection with the restructuring. Please provide a copy of this Private Letter Ruling (or Tax Opinion) (when available).

4. Securities Law Opinion (7/14/16 Letter - #12): The filing states that the Plan shall not become effective, and the restructuring shall not be consummated, until AFMIC receives a "no action" letter from the SEC, or an opinion from Foley & Lardner LLP or other independent legal counsel in form and substance satisfactory to the duly authorized officers of AFMIC with respect to federal and state securities law matters. Please provide a copy of this Securities Law Opinion (when available).
5. Other Regulatory Approvals (7/14/16 Letter - #13): The filing states that the Plan shall not become effective, and the restructuring shall not be consummated, until AFMIC has received all other regulatory approvals that the duly authorized officers of AFMIC deem to be necessary or appropriate. Please discuss the 'other regulatory approvals' deemed necessary or appropriate by AFMIC, and provide a copy of the other regulatory approval letters (when available).
6. Electronic Filing (7/14/16 Letter - #19): Please provide an electronic copy of the complete filing on a flash drive for posting to OCI's public website. [Note: If there are portions of the filing for which confidential treatment is being requested, please provide an electronic file with the complete public (redacted) version of the filing for posting to OCI's public website, and a separate electronic file with the confidential portions of the filing, along with a cover letter identifying the portions of the filing for which confidentiality is being requested, the legal basis for the request for confidentiality, and the name and contact information of the Applicant's attorney (in the event there is a Freedom of Information Act request for the confidentially-designated materials).]

This request is being made pursuant to OCI's authority under ss. 601.42 and 601.43, Wis.Stats. All confidential, non-public information produced in response to this request will be held confidentially by OCI pursuant to s. 601.465, Wis.Stat.

Please mail all requested information to my attention at the address listed at the top of this letterhead (or alternatively, you can email scanned copies to kristin.forsberg@wisconsin.gov). Please feel free to call me at (608) 266-9896 should you have any questions.

Sincerely,



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Bureau of Financial Analysis and Examinations
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