



DATE: July 6, 2022

TO: Amy J. Malm
Mark McNabb

FROM: Christopher Martin

SUBJECT: The Proposed Merger of Berry & Roxbury Mutual Insurance Company into Merrimac Lodi 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 s. 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	The certified resolution of Merrimac Lodi Board of Directors approving the Agreement and Plan of Merger (the "Plan").
Ex. 2	The certified resolution of the Berry & Roxbury Board of Directors approving the Plan.
Ex. 3	A copy of the Plan executed by both companies and with the following exhibits.
Ex. 3a	The proposed Amended and Restated Articles of Incorporation of Wisconsin River.
Ex. 3b	The proposed Amended and Restated Bylaws of Wisconsin River. Proposed amendments of Wisconsin River.
Ex. 3c	The Certificate of Assumption which Wisconsin River proposes to send to all Union policyholders after the effective date of the merger.
Ex. 3d	A listing of Wisconsin River's proposed directors and officers as of the effective date of the merger.
Ex. 4	Unaudited financial statements for Berry & Roxbury as of April 30, 2022 and for Merrimac Lodi as of April 30, 2022.

- Ex. 5 A proposed Notice of Special Policyholder Meeting and a proposed summary of the agreement and Plan of Merger to be sent to Merrimac Lodi and Berry & Roxbury policyholders with notice of meeting.
- Ex. 6 Proposed policyholder resolutions approving the merger.

Executive Summary

On June 3, 2022, Transaction Counsel Zachary Bemis filed a statement on behalf of the Applicants, Berry & Roxbury Mutual Insurance Company (“Berry & Roxbury”) and Merrimac Lodi Mutual Insurance Company (“Merrimac Lodi”), to merge the two town mutuals. After the merger, the surviving entity would be renamed to Wisconsin River Mutual Insurance Company (“Wisconsin River”).

Identity and Background of the Domestic Insurers

Identity of the Insurers:

Berry & Roxbury Mutual Insurance Company

4766 Hwy KP
Cross Plains, WI 53528

Merrimac Lodi Mutual Insurance Company

431 Water St., Ste 115
Prairie du Sac, WI 53578

Background of the Insurers:

Berry & Roxbury Mutual Insurance Company

Per Berry & Roxbury’s company website: “Berry & Roxbury Mutual Insurance Company of Cross Plains started in 1873 when a small group of farmers in Berry Township decided to pool their resources to take care of each other in time of loss from fire or wind. In 1876, residents from Berry and Roxbury township met at Schneyer’s Hall in Marxville to form the Berry and Roxbury Mutual Farmers Insurance Company. The company had 234 policyholders insured for fire and lightning that first year, and the first policies were written in both German and English. According to company by-laws, anyone with at least \$200 in property could be a member.”

Berry & Roxbury is a member of the Wisconsin Reinsurance Corporation of Madison and is authorized to do business in Sauk, Dane, Iowa, Columbia, Rock, and Green County.

Merrimac Lodi Mutual Insurance Company

Per Merrimac Lodi’s company website: “Merrimac Mutual Insurance Company was established on November 25, 1873, and Lodi Mutual Fire Insurance was established on March 28, 1877. For over 130 years the company’s business was conducted out of the homes of the Secretary. On October 1, 2008, the two companies merged under the name of Merrimac Lodi Mutual Insurance Company and are now renting office space in Prairie du Sac, WI. The company has two full-time employees- General Manager and Administrative Assistant and they currently write business in Columbia, Grant, Sauk, Dane, Iowa, Richland, and Juneau counties.”

“...These community-founded companies were organized and continue to operate under the supervision of a Board of Directors of local community members. Today Merrimac Lodi Mutual Insurance provides coverage for homeowners, farm owners, extended coverage, personal auto, mobile homeowners,

dwelling packages, inland marine, watercraft, personal umbrella, commercial package policies, general liability, business owners, and commercial property.”

Proposed Executive Officers and Directors of Wisconsin River

<u>Name</u>	<u>Title</u>	<u>Term Expires:</u>
Keith Yanke	Director , Secretary	2023
Paul Dietmann	Director, Vice-Chairman	2023
Paul Endres	Director	2023
Ronald Bula	Director, Treasurer	2024
Kimberly Adler	Director	2024
Andy Jones	Director	2024
Brian Gasser	Director , Chairman	2025
Pam Shaw	Director	2025
Richard Wipperfurth	Director	2025
Peter Wolf	Director (Emeritus)	2026
Gary Wipperfurth	Director (Emeritus)	2026

The proposed directors above, who will serve as directors of the surviving entity, come from the current directors of Berry & Roxbury and Merrimac Lodi. Seven directors will come from Merrimac Lodi and two directors from Berry & Roxbury. Additionally, two Director Emeritus from Berry & Roxbury will serve one three-year term. After this three-year term the board will continue with nine directors.

The Executive Officers serve an annual term and elections will be held at each annual meeting subsequent to the transaction.

Nature, Source, and Consideration

Pursuant to the Plan filed as Exhibit 3, Berry & Roxbury will be merged into Merrimac Lodi, and renamed to Wisconsin River. Subject to the appropriate approvals and a vote held by the members of the Insurers, the effective date of the transaction is expected to be January 1, 2023.

The estimated expenses related to the merger are \$5,000. In the event that the merger is unsuccessful, the insurers will split the cost equally. No consideration will be transferred to either party as part of this merger.

The Applicant's Future Plans

Besides combining operations and combining assets and liabilities under one structure, the future plans of the Applicant's future plans provide for the two full time employees of Merrimac Lodi to continue to be employed by Wisconsin River. Additionally, the Applicants expect to enter into agency agreements with four agents currently appointed by Berry & Roxbury.

Articles and Bylaws of the surviving corporation will be those as provided by the company in exhibit 3b.

The financial statements of the Domestic Insurers are confidential. OCI reviews these financials as part of the review process.

The s. 612.21 Wis. Stats. Standard

Section 612.21 Wis. Stats incorporates the information gathering requirements of s. 612.02(4) (the application requirements for a town mutual certificate of authority) while directing the Commissioner to answer three broad questions contained in s. 612.21(3).

1. Is the Plan contrary to the law; or,
2. That the surviving or new corporation would not satisfy the requires for a certificate of authority under s. 612.02 (6); or
3. That the plan would be contrary to the interest of the insureds or the public.

Conclusion

After reviewing the information provided by the Applicants, the OCI believes that approving this merger is in the best interest of the policyholders of Berry & Roxbury and Merrimac Lodi. 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 surviving 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.