

**Medley, Peter**

**From:** Medley, Peter  
**Sent:** Friday, April 20, 2007 4:03 PM  
**To:** 'Ross, Anne E.'  
**Subject:** RE: Status of Donegal Mutual/SFMIC Form A Filing

|            |                   |
|------------|-------------------|
| Exh #      | <u>7</u>          |
| Date       | <u>5/18/2007</u>  |
| Case       | <u>07-C-30859</u> |
| Ins. Comm. |                   |

Anne –

In general, Donegal's responses were reasonable and helpful.

Regarding the Contribution Note, we agree that Donegal should edit the form of the Note as in item #34. We will accept the remainder of the Note as drafted.

In item #39, Donegal appears to say that of Donegal's officers, Mr. Nikolaus would likely become an officer of SFMIC. #39 further states that some additional officers of Donegal would also become officers of SFMIC, but none of these persons or offices are named. #60 says there will be no new SFMIC officers at the time of the affiliation except for Mr. Nikolaus. Can Donegal provide more specific information on this topic?

Regarding the arbitration paragraphs discussed in #43 and #52, my preference would be for those to be deleted. As Donegal stated in its response to #43, Donegal has not had occasion to use an arbitration process with its many affiliates in over 27 years, which appears to support my observation that it is very unlikely that an arbitration would occur while Donegal is in control of SFMIC.

I agree that a hearing date by April 30 is unlikely, however we will work on the hearing documents and we will advise you when we are ready to schedule a hearing.

---

**From:** Ross, Anne E. [mailto:ARoss@foley.com]  
**Sent:** Thursday, April 19, 2007 2:39 PM  
**To:** Medley, Peter  
**Subject:** RE: Status of Donegal Mutual/SFMIC Form A Filing

Thanks for making contact, Peter.

Anne E. Ross

Foley & Lardner LLP  
 150 E. Gilman  
 Madison, WI 53703  
 (608) 258 4218  
 Fax: (608) 258 4258  
 aross@foley.com

**From:** Medley, Peter [mailto:Peter.Medley@oci.state.wi.us]  
**Sent:** Thursday, April 19, 2007 1:26 PM  
**To:** Ross, Anne E.  
**Subject:** RE: Status of Donegal Mutual/SFMIC Form A Filing

Anne -

I am sorry, I have had full days of meetings on Wed & Thurs, I will reply to you on Friday.

---

**From:** Ross, Anne E. [mailto:ARoss@foley.com]  
**Sent:** Tuesday, April 17, 2007 6:10 PM  
**To:** Peter.Medley@oci.state.wi.us  
**Cc:** roger.peterson@oci.state.wi.us; guenther.ruch@oci.state.wi.us; donnikolaus@donegalgroup.com; fwdreher@duanemorris.com; coconnell@parrettoconnell.com  
**Subject:** Status of Donegal Mutual/SFMIC Form A Filing

Peter--Could you please provide a status report on this filing? We had hoped to hear from you last week per your last e mail to Fred Dreher. As you know, the parties' original goal was to close on a transaction on April 30. It appears that is probably no longer feasible, but we would like to try to stay as close to that timetable as possible. If the OCI staff has any remaining questions about the future plans for SFMIC or concerns about the terms of the transaction, we would appreciate an opportunity to address them and move forward.

We look forward to hearing from you at your earliest convenience.

Anne E. Ross

Foley & Lardner LLP  
150 E. Gilman  
Madison, WI 53703  
(608) 258 4218  
Fax: (608) 258 4258  
aross@foley.com

The preceding email message may be confidential or protected by the attorney-client privilege. It is not intended for transmission to, or receipt by, any unauthorized persons. If you have received this message in error, please (i) do not read it, (ii) reply to the sender that you received the message in error, and (iii) erase or destroy the message. Legal advice contained in the preceding message is solely for the benefit of the Foley & Lardner LLP client(s) represented by the Firm in the particular matter that is the subject of this message, and may not be relied upon by any other party.

Internal Revenue Service regulations require that certain types of written advice include a disclaimer. To the extent the preceding message contains advice relating to a Federal tax issue, unless expressly stated otherwise the advice is not intended or written to be used, and it cannot be

used by the recipient or any other taxpayer, for the purpose of avoiding Federal tax penalties, and was not written to support the promotion or marketing of any transaction or matter discussed herein.

The preceding email message may be confidential or protected by the attorney-client privilege. It is not intended for transmission to, or receipt by, any unauthorized persons. If you have received this message in error, please (i) do not read it, (ii) reply to the sender that you received the message in error, and (iii) erase or destroy the message. Legal advice contained in the preceding message is solely for the benefit of the Foley & Lardner LLP client(s) represented by the Firm in the particular matter that is the subject of this message, and may not be relied upon by any other party.

Internal Revenue Service regulations require that certain types of written advice include a disclaimer. To the extent the preceding message contains advice relating to a Federal tax issue, unless expressly stated otherwise the advice is not intended or written to be used, and it cannot be used by the recipient or any other taxpayer, for the purpose of avoiding Federal tax penalties, and was not written to support the promotion or marketing of any transaction or matter discussed herein.