

**[Jewelers Mutual Insurance Company Logo]**

**POLICYHOLDER  
INFORMATION  
BOOKLET**

**Date: [\_\_\_\_\_], 2019**

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**JEWELERS MUTUAL INSURANCE COMPANY**  
**24 Jewelers Park Drive**  
**Neenah, Wisconsin 54956**

**Notice of Special Meeting of Members**  
**To be held on [\_\_\_\_\_], 2019**

**TO MEMBERS OF JEWELERS MUTUAL INSURANCE COMPANY:**

**NOTICE IS HEREBY GIVEN THAT** a Special Meeting of Members of Jewelers Mutual Insurance Company (“JMIC” or the “Company”) will be held at the Company’s headquarters at 24 Jewelers Park Drive, Neenah, Wisconsin, on [\_\_\_\_\_], 2019 at [\_\_\_\_\_] Central Time (the “Special Meeting”), for the following purpose:

To consider and vote upon a proposal to approve the Mutual Holding Company Plan of Jewelers Mutual Insurance Company (the “Plan”) and the transactions contemplated thereby, including the amendment and restatement of the Articles of Incorporation of the Company.

The full text of the Plan and the proposed Amended and Restated Articles of Incorporation of the Company, together with all exhibits to the Plan, are included in the Policyholder Information Booklet which accompanies this Notice. The Members will also consider and vote upon any matters as may properly come before the meeting, or any adjournments or postponements thereof.

**THE BOARD OF DIRECTORS OF JMIC HAS UNANIMOUSLY APPROVED THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREBY AND BELIEVES THAT THE MUTUAL HOLDING COMPANY CONVERSION TRANSACTION PROVIDED FOR IN THE PLAN IS FAIR AND EQUITABLE TO THE POLICYHOLDERS OF JMIC AND WILL BENEFIT JMIC AND ITS POLICYHOLDERS. THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE MEMBERS OF JMIC VOTE FOR APPROVAL OF THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREBY.**

Under Wisconsin law, the Wisconsin Commissioner of Insurance (the “Wisconsin Commissioner”) must approve the Plan before it can take effect. Wisconsin law further provides that the Wisconsin Commissioner shall approve the Plan unless the Wisconsin Commissioner finds that the Plan violates the law, is not fair and equitable to policyholders, or is contrary to the interests of policyholders or the public. **Any such approval by the Wisconsin Commissioner is neither an endorsement of the Plan nor a recommendation to vote in favor of the Plan.**

Your vote must be cast in person at the Special Meeting or by a duly appointed proxy, in accordance with the instructions which accompany this Notice.

***To Cast Your Vote by Proxy:** To appoint a proxy to vote on your behalf at the Special Meeting, please complete, sign, and return the enclosed proxy form. If you received the proxy form electronically because of your choice to accept e-delivery from JMIC, then please follow the instructions for e-submission of your proxy vote [in the electronic notice you received](#). If you*

received your policyholder information packet in the mail, please return your proxy [form](#) in the postage-paid envelope provided [or follow the instructions on the proxy form for e-submission of your proxy vote](#).

**To Vote in Person:** You may vote in person at the Special Meeting. Submitting a proxy will not prevent a Member from attending the Special Meeting and voting in person. If you attend the Special Meeting and cast your vote in person, any proxy you previously submitted will be invalidated.

**YOUR VOTE IS IMPORTANT. IF YOU DO NOT PLAN TO ATTEND THE SPECIAL MEETING, PLEASE COMPLETE AND RETURN (ELECTRONICALLY OR USING THE POSTAGE-PAID ENVELOPE PROVIDED) THE PROXY FORM AS SOON AS POSSIBLE.**

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU CAST YOUR VOTE “FOR” THE PROPOSAL TO APPROVE THE PLAN.**

Proxies must be received no later than [\_\_\_\_\_] on [\_\_\_\_\_] , 2019 in order to be voted at the Special Meeting.

By Order of the Board of Directors

/s/ \_\_\_\_\_  
[Name], [Title]

Neenah, Wisconsin  
[\_\_\_\_\_] , 2019

**[INSERT OCI NOTICE OF HEARING]**

## FREQUENTLY ASKED QUESTIONS

Below are brief answers to frequently asked questions about the proposed mutual insurance holding company (also referred to as a “mutual holding company” or “MHC”) conversion (the “MHC Conversion”) of Jewelers Mutual Insurance Company (“JMIC” or the “Company”). You should carefully review the more detailed discussion about the proposed MHC Conversion that follows in the Policyholder Information Statement, which qualifies all of the information presented in these brief answers.

### **1. What is the change being proposed for JMIC?**

The Board of Directors of JMIC is proposing that JMIC change its organizational structure from a mutual insurance company to a mutual holding company-owned stock insurance company. Under this structure, JMIC would convert to a stock insurer, to be re-named Jewelers Mutual Insurance Company, SI (“Converted JMIC”), and would become an indirect wholly-owned subsidiary of the newly-organized mutual holding company. JMIC policyholders, who are currently the members of JMIC, would no longer be members of JMIC but would instead become members of the new mutual holding company, with comparable member rights. There would be no change in JMIC’s insurance policies (except that they would confer membership in the mutual holding company rather than JMIC), and those policies would remain obligations of Converted JMIC as a stock insurance company. The MHC Conversion would take place in accordance with the Mutual Holding Company Plan (the “Plan”) which has been unanimously approved by JMIC’s Board of Directors and which you and the other policyholders of JMIC are being asked to approve at the Special Meeting of Members (the “Special Meeting”), of which you are being notified in the attached Notice of Special Meeting of Members.

### **2. What is a mutual insurance holding company? Have other mutual insurance companies adopted this form of organization?**

A mutual insurance holding company is a legal entity organized under state law to serve as the parent company (*i.e.*, the controlling shareholder) of an insurance company that has been converted from a mutual company to a stock company. In the mid-1990s, laws enabling the mutual insurance holding company structure began to appear in various states as a means for a mutual insurance company to address certain disadvantages of the mutual insurance company organizational form by converting to a stock company, while still preserving policyholder ownership and control of the enterprise. Mutual insurance holding companies were first made available under Wisconsin law in 1997. More than half of the state insurance codes now include mutual holding company laws, and many insurance companies have chosen to restructure as mutual holding companies. See also “**THE MHC CONVERSION TRANSACTION—The Mutual Insurance Holding Company Organizational Form**” on pages 5 and 6 of the Policyholder Information Statement.

### **3. How will the proposed MHC Conversion benefit JMIC and its policyholders?**

JMIC’s Board of Directors believes that the MHC Conversion of JMIC is desirable to enhance JMIC’s ability to grow and respond to future needs, challenges, and opportunities in a rapidly changing insurance industry, while preserving mutuality and the ability to operate with a focus on the long-term interests of policyholders.

Specifically, the Board of Directors believes the new mutual holding company structure will benefit JMIC and its policyholders by (i) enhancing the Company's ability to acquire and grow ancillary or non-insurance businesses, (ii) giving the Company the opportunity to pursue product and state expansion through subsidiary companies while maintaining its mutuality, (iii) enhancing the Company's ability to pursue mergers with and acquisitions of other mutual insurance companies, and (iv) giving the Company enhanced access to capital and other forms of financing. See also "**THE MHC CONVERSION TRANSACTION—Benefits of Conversion to a Mutual Holding Company Structure**" on pages 10 through 12 of the Policy Information Statement.

**4. Will the proposed MHC Conversion affect the terms of my insurance policy with JMIC?**

No. All insurance policies issued by JMIC will continue as obligations of Converted JMIC as a stock insurance company after the MHC Conversion. Your rights under your existing insurance policy, including your coverage, claims payments, premiums, and policy benefits, will not be changed as a result of the MHC Conversion. See also the information presented under the heading "Member Rights" in the table found on pages 17 and 18 of the Policyholder Information Statement.

**5. What are my current rights as a policyholder of JMIC, and how would the proposed MHC Conversion affect those rights?**

As a policyholder of JMIC, you have two types of interest in JMIC: (i) contract rights arising from your insurance policy with JMIC and (ii) voting rights and rights in surplus arising from your status as a member of JMIC.

Your contract rights will not be affected in any way by the proposed MHC Conversion. Your insurance policy with JMIC will become a contractual obligation of Converted JMIC and there will be no changes to your insurance coverage, claims payments, premiums, or policy benefits as a result of the MHC Conversion.

On the effective date of the MHC Conversion, you will cease being a member of JMIC and you will instead become a member of the new mutual holding company. You will be entitled to voting rights and rights to participate in distributions of surplus by the mutual holding company which are comparable to the rights that you now have in JMIC. See also "**THE MHC CONVERSION TRANSACTION—Effects of the MHC Conversion—*Effect on Contract Rights and Voting Rights/Rights in Surplus of JMIC Members/Policyholders***" on pages 15 through 18 of the Policyholder Information Statement.

As described in FAQ #4, the MHC Conversion will also result in all policyholders of JM Specialty Insurance Company ("JM Specialty"), an indirect wholly-owned subsidiary of JMIC, becoming members of the new mutual holding company. The addition of JM Specialty policyholders as members of the new mutual holding company will result in the dilution of the aggregate voting control held by JMIC's members. [Although JM Specialty is not currently writing insurance policies, it will start doing so in 2019.] This makes it difficult to estimate the amount of the dilution policyholders of JMIC will experience, but over time, JM Specialty is expected to grow, particularly with respect to the offering of personal insurance policies.

**6. Will anyone other than current JMIC policyholders be members of the new mutual holding company?**

Yes. All policyholders of JM Specialty will become members of the mutual holding company, along with the policyholders of JMIC. JM Specialty is a newly-formed stock property and casualty insurance company established to write insurance policies in the individual market, [although it has not written any policies as of the date of this Policyholder Information Booklet]. It is estimated that, of the total number of members of the mutual holding company immediately after the MHC Conversion, approximately [ ]% will be persons who were JMIC policyholders immediately before the MHC Conversion, and approximately [ ]% (based on an assumed January 1, 2020, effective date for the MHC Conversion and the admission of the policyholders of JM Specialty on the effective date) will be persons who were JM Specialty policyholders, and not JMIC policyholders, immediately before the MHC Conversion.

The Board of Directors will have the authority to grant member status to the policyholders of other stock insurance subsidiaries of the mutual holding company in the future.

**7. How will the inclusion of policyholders of JM Specialty as members of the mutual holding company affect my voting rights?**

After the MHC Conversion, you will have a smaller percentage of the total voting power in the new mutual holding company than you had in JMIC immediately prior to the MHC Conversion as a result of the inclusion of the JM Specialty policyholders as members of the mutual holding company. Please note that growth in JMIC’s membership over time would also have a dilutive effect on voting power.

Your voting rights as a member of JMIC generally consist of the right to cast one vote on any matter which is subject to a vote of the members, including the right to vote for the election of directors, any proposed conversion of the Company from a mutual company to a stock company while simultaneously creating a mutual holding company as a parent, any proposed conversion of the Company to a stock company *without* simultaneously creating a mutual holding company as a parent (also known as “demutualization”), voluntary dissolution of the Company, or amendment of the articles of incorporation.

After the MHC Conversion, each member of the new mutual holding company will have substantially these same voting rights, except with respect to the dilution of voting control as discussed in FAQ #4. Each policyholder of Converted JMIC or JM Specialty will have the same mutual holding company member voting rights.

**8. How will the inclusion of policyholders of JM Specialty as members of the mutual holding company affect my rights in surplus?**

The inclusion of policyholders of JM Specialty as members of the mutual holding company will not have a material effect on your rights in surplus. See “**THE MHC CONVERSION TRANSACTION—Effects of the MHC Conversion—Effect on Contract Rights and Voting Rights/Rights in Surplus of JMIC Members/Policyholders**” on pages 15 through 18 of the Policyholder Information Statement.

**9. Has JMIC’s Board of Directors approved the proposed MHC Conversion, and does it have a recommendation for policyholders on voting?**

After careful consideration and thorough deliberation in a series of meetings over a lengthy period, the JMIC Board of Directors has unanimously approved the Plan and the transactions contemplated thereby. Accordingly, the JMIC Board of Directors unanimously recommends that policyholders vote FOR the Plan at the Special Meeting. See also “**THE MHC CONVERSION TRANSACTION—Recommendation of Board of Directors**” on pages 14 and 15 of the Policyholder Information Statement.

**10. Did the Board consider any alternatives to the MHC Conversion?**

The Board of Directors considered, but rejected, other structural alternatives to the proposed MHC Conversion, including demutualization of JMIC. The Board of Directors determined not to pursue any of these alternatives and has no plans to do so following the MHC Conversion. In addition, the proposed MHC Conversion does not involve any changes to the existing workforce, operations, or office locations of JMIC and its subsidiaries, and the Board of Directors has no plans to make any such changes after the MHC Conversion. See also “**THE MHC CONVERSION TRANSACTION—Consideration of Alternatives**” on pages 13 and 14 of the Policyholder Information Statement.

**11. Will JMIC be regulated differently if the MHC Conversion is completed?**

JMIC is currently regulated by the Office of the Commissioner of Insurance for the State of Wisconsin (the “Wisconsin Commissioner”). After the MHC Conversion, Converted JMIC will continue to be regulated by the Wisconsin Commissioner. In addition, the mutual holding company will be subject to the Wisconsin Commissioner’s oversight. Certain anticipated differences between the current regulation of JMIC and the future regulation of the mutual holding company are described under the heading “**REGULATION**” on pages 30 and 31 of the Policyholder Information Statement.

**12. Does JMIC plan to issue stock in any entity following the proposed MHC Conversion?**

JMIC does not have any plans to issue stock in any entity after the proposed MHC Conversion is completed. In any event, an initial sale of voting stock would require the prior approval of the Wisconsin Commissioner and the members of the new mutual holding company.

**13. Will the proposed MHC Conversion result in any changes in the compensation of JMIC’s directors or officers?**

No. The proposed MHC Conversion will not result in any changes in the compensation of JMIC’s directors and officers.

**14. Will any JMIC director or officer receive any stock or stock options as a result of the MHC Conversion?**

No. JMIC’s directors and officers will not receive any stock or stock options in Converted JMIC, the new intermediate stock holding company (discussed in the Policyholder Information Statement) or any other entity.

**15. Are there any potential disadvantages or risks in adopting the proposed mutual holding company structure?**

There are potential disadvantages and risks associated with the proposed MHC Conversion that are discussed in greater detail under the heading “**THE MHC CONVERSION TRANSACTION—Effects of the MHC Conversion—Special Considerations and Risk Factors**” on pages 24 through 28 of the Policyholder Information Statement.

**16. What approvals are required before JMIC can complete the proposed MHC Conversion?**

The Plan must be approved by the Wisconsin Commissioner. Additionally, the Plan must be approved by the vote of the lesser of (i) two-thirds of the members present and voting in person or by proxy at a meeting of the members or (ii) a majority of the voting power held by the members. See also “**CONDITIONS TO CLOSING OF MHC CONVERSION**” on pages 29 and 30 of the Policyholder Information Statement.

**17. If I vote at the Special Meeting by proxy, will the proxies have authority to vote on any matter other than the approval of the MHC Conversion?**

The proxies will have authority to vote only on those matters which are germane to the purpose of the Special Meeting as stated in the Notice of Special Meeting. For example, in addition to casting votes “For” and “Against” the approval of the Plan, the proxies would have authority to vote on any proposal to adjourn the Special Meeting and reconvene at a later date.

**18. When will the proposed MHC Conversion be completed, if all conditions are satisfied?**

Provided the Plan has been approved by the Wisconsin Commissioner and by the vote of the lesser of (i) two-thirds of the members present and voting in person or by proxy at a meeting of the members or (ii) a majority of the voting power held by the members, it is expected that the MHC Conversion will be completed in the first quarter of 2020.

**19. How can I vote on the Plan?**

JMIC policyholders are being asked to vote on the Plan at the Special Meeting to be held at [\_\_\_\_\_] local time on [\_\_\_\_\_] , 2019 at the Company’s offices at 24 Jewelers Park Drive, Neenah, Wisconsin. Your vote must be cast in person at the Special Meeting, or by a duly appointed proxy.

To cast your vote by proxy:

*Please complete and return the proxy [form](#) we sent you. If you received the proxy form electronically because of your choice to accept e-delivery from JMIC, then please follow the instructions for e-submission of your proxy vote [in the electronic notice that you received](#); if you received your policyholder information packet in the mail, please return your proxy in the postage-paid envelope provided [or follow the instructions on the proxy form for e-submission of your proxy vote](#).*

In lieu of appointing a proxy, you may vote in person at the Special Meeting.

Submitting a proxy will not prevent a member from attending the Special Meeting and voting in person. If you attend the Special Meeting and vote in person, any previously submitted proxy will not be counted.

Proxies must be received no later than [\_\_\_\_\_] on [\_\_\_\_\_], 2019 in order to be voted at the Special Meeting.

**20. What should I do if I have other questions about the proposed MHC Conversion?**

If your question is not answered in these Frequently Asked Questions, the Policyholder Information Statement or the additional available information described in the Policyholder Information Statement, please visit our website [(www.jewelersmutual.com/mhc)] or contact [\_\_\_\_\_] at [PHONE] or [EMAIL].

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**POLICYHOLDER INFORMATION STATEMENT**  
**RELATING TO THE**  
**PROPOSED MUTUAL HOLDING COMPANY PLAN**  
**OF**  
**JEWELERS MUTUAL INSURANCE COMPANY**

**Dated [\_\_\_\_\_], 2019**

No Person has been authorized to give any information or to make any representations other than, or inconsistent with, those contained in this Policyholder Information Statement, with all Exhibits hereto, in connection with the Mutual Holding Company Plan referenced herein, and any such information or representation, if given or made, must not be relied upon as having been authorized by Jewelers Mutual Insurance Company (“JMIC”) or any other Person representing JMIC. The delivery of this Policyholder Information Statement shall not under any circumstances create an implication that there have not been any changes in the affairs of JMIC since the date hereof or that the information herein is correct as of any time subsequent to its date.

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## INTRODUCTION

This Policyholder Information Statement is being provided to Policyholders of JEWELERS MUTUAL INSURANCE COMPANY (“JMIC” or the “Company”) in connection with the Special Meeting of Members of JMIC to be held on [\_\_\_\_], 2019 at [\_\_\_\_] local time, at the Company’s offices at 24 Jewelers Park Drive, Neenah, Wisconsin 54956 (the “Special Meeting”), and any adjournment thereof, at which the Members of JMIC will be asked to vote on the proposal to change the structure of JMIC from its current form as a mutual insurance company to that of a stock insurance company indirectly owned and controlled by a mutual insurance holding company organized under Chapter 644 of the Wisconsin Insurance Code (the “MHC Conversion”). Capitalized terms used in this Policyholder Information Statement are defined where first used herein or under the heading “**CERTAIN DEFINITIONS**” on pages 33 and 34 of this Policyholder Information Statement.

The proposal described herein is based upon a Mutual Holding Company Plan (the “Plan”) unanimously approved by the Board of Directors of JMIC (the “Board”) on [\_\_\_\_] 2019, a copy of which is attached hereto as **Exhibit A**, together with all exhibits thereto which are attached hereto as **Exhibit B** through **Exhibit I**. Prior to the vote of the Members of JMIC at the Special Meeting, the Plan will be the subject of a Public Hearing conducted by the Office of the Commissioner of Insurance for the State of Wisconsin (the “Wisconsin Commissioner”) on [\_\_\_\_], 2019. The Plan will not take effect unless and until it has first been approved by order of the Wisconsin Commissioner after the Public Hearing and then by the requisite number of the Members of JMIC, and until certain other conditions described under the heading “**CONDITIONS TO CLOSING OF MHC CONVERSION**” on pages 29 and 30 of this Policyholder Information Statement have been satisfied.

## ADDITIONAL AVAILABLE INFORMATION

JMIC is a mutual insurer of jewelry retailers, wholesalers, and manufacturers, as well as of personal jewelry, domiciled in the State of Wisconsin and licensed to do business in the entire United States and in Canada. JMIC is subject to the laws and regulations of the State of Wisconsin applicable to insurance companies and, accordingly, files annual and quarterly financial reports (“Annual Statements” and “Quarterly Statements”) prepared in accordance with statutory accounting principles and other information with the Wisconsin Commissioner.

In connection with obtaining approval of the Plan from the Wisconsin Commissioner, JMIC filed the Plan, together with all exhibits thereto and other related documents (collectively, the “Filing”), with the Wisconsin Commissioner pursuant to Chapter 644 of the Wisconsin Insurance Code. Policyholders of JMIC may inspect and obtain copies of the Filing, as well as the financial reports and other information filed by JMIC with the Wisconsin Commissioner, during normal business hours at the offices of JMIC located at 24 Jewelers Park Drive, Neenah, Wisconsin 54956. Members of the public may inspect and make copies of the Filing, as well as the financial reports and certain other information filed by JMIC with the Wisconsin Commissioner, during normal business hours at the offices of the Wisconsin Commissioner located at 125 South Webster Street, Madison, Wisconsin 53703. Portions of the Filing are also available on the website maintained by the Wisconsin Commissioner at <https://oci.wi.gov/Pages/Companies/MrgrsAcquConvRedom.aspx#Restructurings> (click on the

[“Jewelers Mutual Insurance Company to a Mutual Holding Company and Stock Insurance Company”] hyperlink).

Any Policyholder who has questions about the Policyholder Information Statement, the Plan, or the Filing in general may visit our website [(www.jewelersmutual.com/mhc)] or contact [\_\_\_\_\_] at [PHONE] or [EMAIL].

#### **INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE**

JMIC’s Annual Statements for the years ended December 31, 2017, 2016, and 2015, as filed by JMIC with the Wisconsin Commissioner, and any Quarterly Statements filed by JMIC with the Wisconsin Commissioner during 2018, are incorporated by reference in this Policyholder Information Statement.

Statements contained in this Policyholder Information Statement, or in any document incorporated herein by reference, as to the contents of any contract or other documents referred to herein, are not necessarily complete, and in each instance where reference is made to the copy of such contract or other document filed as an exhibit to the Filing or such other document, each such statement is qualified in all respects by such reference. For the purposes of this Policyholder Information Statement, the documents referred to herein and therein, including the Exhibits, the Annual and Quarterly Statements and the other financial reports and the Filing, are deemed incorporated by reference in their entirety.

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*This Policyholder Information Statement has been approved for distribution to Eligible Members of JMIC by the Wisconsin Commissioner in accordance with Section 644.07(6)(b) of the Wisconsin Insurance Code. The Wisconsin Commissioner does not make a recommendation for or against the proposal set forth in this Policyholder Information Statement or the Plan, and no such recommendation should be inferred from the Wisconsin Commissioner's approval of this Policyholder Information Statement.*

## **STATUS OF THE PLAN**

The Board unanimously approved the Plan on [\_\_\_\_\_] 2019, and directed that it be submitted for approval by the Wisconsin Commissioner and the Members of JMIC. The Plan will be the subject of a Public Hearing conducted by the Wisconsin Commissioner on [\_\_\_\_\_] 2019, and if approved by the Wisconsin Commissioner, will be submitted for approval by the Members of JMIC at the Special Meeting. At any time prior to the Effective Date, the Board will have the discretion to amend or withdraw the Plan. Any amendment to the Plan, including its exhibits, would be subject to review by the Wisconsin Commissioner. If the Wisconsin Commissioner determines that the changes are materially disadvantageous to the Policyholders of JMIC, then the changes may be subject to an additional Public Hearing conducted by the Wisconsin Commissioner and will be subject to a separate approval by the Members of JMIC. If the Wisconsin Commissioner does not determine that the changes are materially disadvantageous to the Policyholders of JMIC, then neither an additional Public Hearing nor a separate approval by the Members of JMIC will be required. The Plan will not become effective until all of the closing conditions are satisfied; these closing conditions are summarized below under the heading “**CONDITIONS TO CLOSING OF MHC CONVERSION**” on pages 29 and 30 of this Policyholder Information Statement.

## **THE MHC CONVERSION TRANSACTION**

### **The Mutual Insurance Holding Company Organizational Form**

A mutual insurance holding company (also referred to herein as a “mutual holding company” or “MHC”) is a legal entity organized under state law to serve as the parent company (*i.e.*, the controlling shareholder) of an insurance company that has been converted from a mutual company to a stock company. In the mid-1990s, laws enabling the mutual insurance holding company structure began to appear in various states as a means for a mutual insurance company to address certain disadvantages of the mutual insurance company organizational form by converting to a stock company, while still preserving policyholder ownership and control of the enterprise. Prior to the adoption of mutual holding company laws, the only means for a mutual insurance company to gain the flexibility and competitive advantages of a stock company was to “demutualize,” *i.e.*, convert from a mutual company to a stock company owned up to 100% by outside investors. Mutual insurance holding companies were first made available under Wisconsin law in 1997. In December of 1998, the Mutual Holding Company Working Group of the Financial Condition Subcommittee of the National Association of Insurance Commissioners issued a comprehensive “white paper” discussing the rationale for the mutual holding company form of organization as compared to existing alternatives, comparing existing state laws, and setting forth certain recommendations for future state regulation of mutual holding companies, among other topics. Subsequent to the issuance of this white paper, a number of additional states passed laws providing for the formation of mutual holding companies. Today, more than half of

the state insurance codes now include mutual holding company laws, and increasing numbers of insurance companies have chosen to restructure as mutual holding companies.

### **Description of the MHC Conversion Transaction**

On or before the Effective Date, JMIC will form a new Wisconsin mutual holding company known as Jewelers Mutual Holding Company (“JM MHC”). It will also form a new intermediate stock holding company known as JM New Holdings, Inc. (“JM New Holdings”), a direct wholly-owned subsidiary of JM MHC, to hold Converted JMIC (defined below) as well as certain other subsidiaries of JMIC, as described below.

On the Effective Date, JMIC will convert to, and continue its corporate existence as, Jewelers Mutual Insurance Company, SI, a Wisconsin stock insurance company (“Converted JMIC”). Converted JMIC will become a direct wholly-owned subsidiary of JM New Holdings. The Voting Rights and Rights in Surplus of JMIC Policyholders will be extinguished in exchange for Voting Rights and Rights in Surplus in JM MHC. Also on the Effective Date (i) the ownership of JM Insurance Services, LLC, and JM Facets, LLC, direct wholly-owned subsidiaries of JMIC, will transfer to JM New Holdings, and (ii) the ownership of JM Care Plan, Inc., JM Specialty Insurance Company (“JM Specialty”) and JM Care Plan Services, Inc., direct wholly-owned subsidiaries of JM Holdings, Inc., a direct wholly-owned subsidiary of JMIC, will transfer to Converted JMIC. JM Holdings, Inc., will be dissolved.

In addition, all Policyholders of JM Specialty will immediately become Members of JM MHC in accordance with the Articles of Incorporation and Bylaws of JM MHC and the Wisconsin Insurance Code. The Board of Directors of JM MHC will have the authority to grant Member status in JM MHC to the Policyholders of other stock insurance company subsidiaries of JM MHC in the future.

A summary of the effect of the MHC Conversion on Voting Rights and Rights in Surplus of JMIC Members is found under the heading “**THE MHC CONVERSION TRANSACTION—Effects of the MHC Conversion—*Effect On Contract Rights and Voting Rights/Rights in Surplus of JMIC Members/Policyholders***” on pages 15 through 18 of this Policyholder Information Statement.

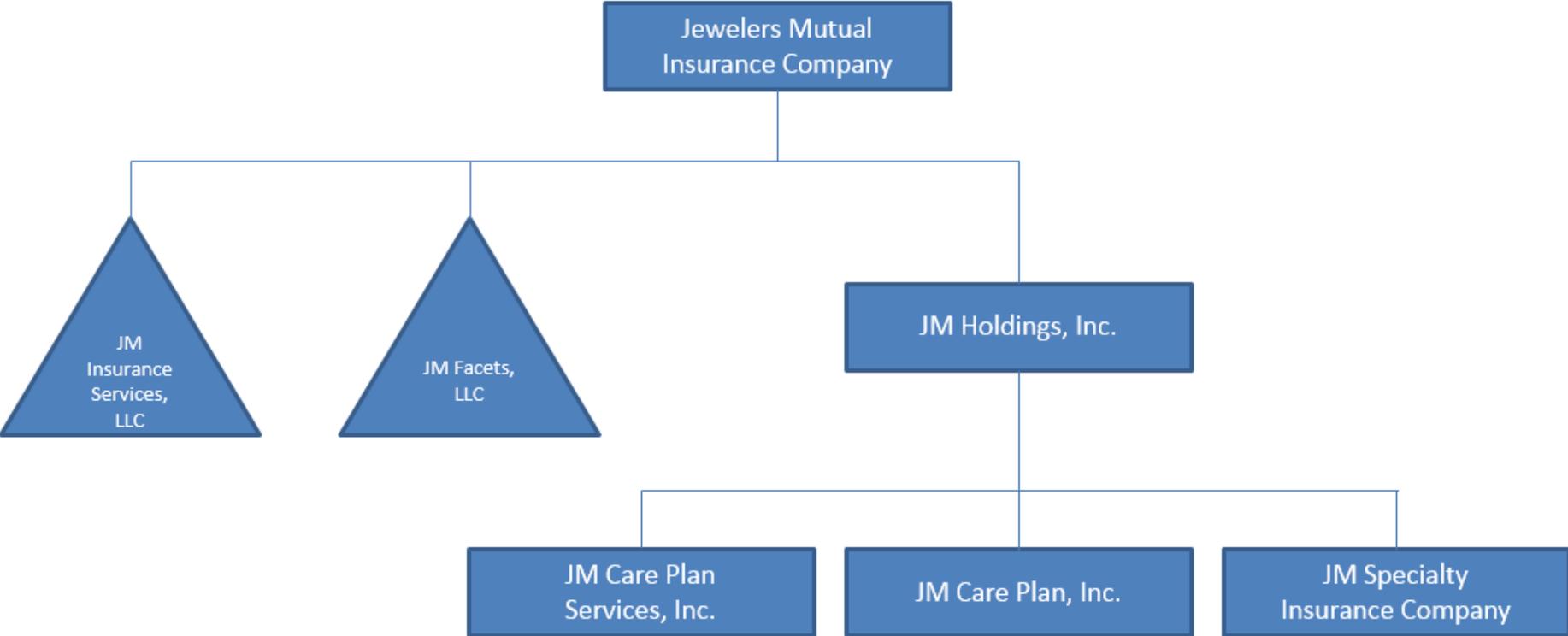
On the Effective Date, JM MHC will be issued 100% of the initial shares of voting stock of Converted JMIC, and will then make a contribution of cash and all of the shares of voting stock of Converted JMIC to JM New Holdings in exchange for 100% of JM New Holdings’ shares.

As a result of the MHC Conversion, Converted JMIC will exist as a stock insurance company, 100% of the voting stock of which is indirectly owned by JM MHC, which will be 100% owned and controlled by the Policyholders of Converted JMIC and JM Specialty.

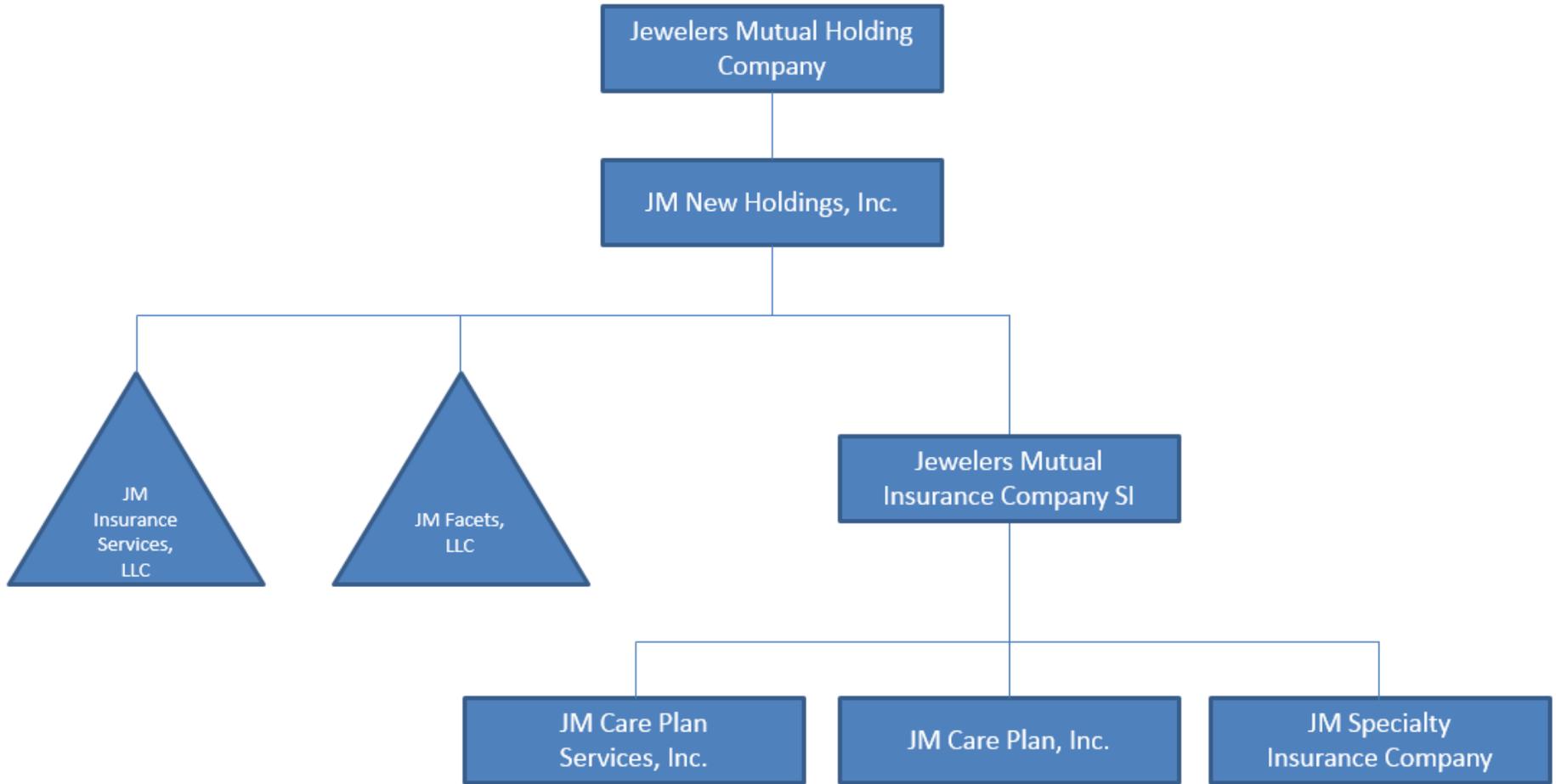
The following diagrams illustrate JMIC’s organizational structure before and after consummation of the MHC Conversion contemplated by the Plan:

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**Before the MHC Conversion**



**After the MHC Conversion**



## **Background of Jewelers Mutual Insurance Company and Affiliates and Subsidiaries**

JMIC is a Wisconsin mutual insurance company with its headquarters in Neenah, Wisconsin.

In 1913, 115 jewelry business owners gathered at the annual Wisconsin Jewelers Association meeting to address a shared problem: they could not find adequate insurance coverage for their businesses because of the highly flammable materials they used. Other insurance companies had determined the risk was too great, so the jewelers banded together to support each other. The Jewelers Mutual Limited Fire Insurance Company—today, Jewelers Mutual Insurance Company—was chartered as a direct result of this meeting.

Today, JMIC offers a broad range of products including commercial insurance for retailers large and small, wholesalers, manufacturers, custom designers, and appraisers. JMIC provides personal jewelry insurance to individuals to help them protect the cherished memories their jewelry represents. As a result of its exceptional performance and financial strength in serving its members, the Company has achieved 31 consecutive A+ Superior Ratings from A.M. Best Company, and consistent recognition as a Ward's 50® company.

JMIC's group of subsidiary companies today includes JM Holdings, Inc., a non-operational holding company; JM Specialty Insurance Company, a stock insurance company; JM Insurance Services, LLC, an insurance agency that complements the critical services provided by the Company's independent agents; JM Care Plan, Inc., and JM Care Plan Services, Inc., which facilitate jewelers' sale of service contracts covering jewelry purchases; and JM Facets, LLC, which offers ancillary products and services to support the Company's core insurance operations.

### **Strategic Challenges Facing JMIC**

The Board wants to ensure JMIC has structural, financial and strategic flexibility to remain strong and competitive. The insurance industry is changing at an ever-increasing pace, and successful companies must be positioned to respond quickly and act decisively in the face of challenges and opportunities. Changes in underwriting, new and evolving technology, and increased access to sophisticated data and analytics are driving business and reinventing the way insurers do business. JMIC's current structure limits the Company's ability to respond and capitalize on the rapidly changing marketplace. Considerations include the following:

- *The Company's ability to acquire and expand ancillary or non-insurance subsidiaries.*

State regulatory requirements limit the extent to which insurance companies can invest in ancillary and non-insurance subsidiaries. When a mutual insurance company is the ultimate parent, the entire family of companies is limited by these investment restrictions.

- *The Company's ability to pursue product and state expansion through subsidiary companies without diluting its mutuality.*

Due to state regulatory requirements, new products are often restricted from being sold by the same insurance company that is selling the current generation of products. Insurance companies that want to sell their current generation of products and offer alternative products often form stock insurance company subsidiaries to enable this

approach. The policyholders of these companies are not eligible for membership in the mutual insurance company parent organization.

- *The Company's ability to pursue mergers and acquisitions.*

Mutual insurers cannot merge with or acquire other mutual insurers without one of the two insurers ceasing to exist. This prevents a mutual company from merging with or acquiring other mutual insurers in ways that allow for increased efficiencies and preservation of both organizations' goodwill and brand value. Further, mutual insurers have limited options to raise capital for possible mergers and acquisitions, and they cannot use stock as currency in acquisitions.

## **Benefits of Conversion to a Mutual Holding Company Structure**

The Board has determined that the proposed MHC Conversion will benefit the Company and its Policyholders, including in the following ways:

### ***Ability to Acquire and Grow Ancillary or Non-Insurance Subsidiaries***

Regulatory restrictions place limits on the extent to which insurance companies can invest in ancillary and non-insurance subsidiaries. Many insurance companies are increasingly focusing on investments in synergistic non-insurance businesses and technologies to provide critical support and enhancements to their insurance operations. The benefit of the mutual holding company structure with the inclusion of an intermediate stock holding company is that the intermediate stock holding company is well suited to acquire and grow ancillary or non-insurance entities as subsidiaries of the intermediate stock holding company, without being subjected to the regulatory restrictions that could limit JMIC's ability to take advantage of certain strategic opportunities. For example, JM New Holdings will be better positioned to invest in or acquire non-insurance subsidiaries that can provide important customer benefits, such as enhanced shipping and logistics services. Note that any distribution of funds or the provision of any other form of financial support from Converted JMIC to JM New Holdings for purposes of such investments, or for other purposes, that falls within the definition of an "extraordinary dividend" under the Wisconsin Insurance Code will be subject to the requirement that the Wisconsin Commissioner be notified not less than 30 days prior to such distribution and not have disapproved the distribution within such time. In addition, the claims-paying ability of Converted JMIC, after taking into account the effects of any such distributions or financial support, will be subject to ongoing regulatory scrutiny and independent review by industry rating agencies.

### ***Use of Stock Subsidiaries for Product and State Expansion While Maintaining Mutuality***

In order to grow and stay competitive, property and casualty insurance companies must continually redesign their products to keep up with new developments in underwriting methodology and delivery of benefits to policyholders. Due to state regulatory requirements, new products are sometimes prohibited from being sold by the same insurance company that is selling the current generation of products. Mutual insurance companies are therefore compelled to form stock insurance company subsidiaries to sell the new products. The Policyholders of these companies are not eligible for membership in the mutual company parent.

As a mutual insurance company, JMIC focuses on the interests of its Policyholders, the owners of the Company. JMIC believes that its success as an insurance enterprise stems in large part from this ability to focus its business operations and objectives from the perspective of the Policyholder. As such, JMIC wishes to preserve its “mutuality” as much as possible while still being able to compete against stock insurance companies.

Wisconsin law permits the admission of Policyholders of downstream stock insurance companies as members of a mutual holding company. Under the current Wisconsin Insurance Code, these Policyholders are not entitled to share in any distributions upon any demutualization or dissolution of the mutual holding company, except to the extent they have paid premiums to the converted mutual insurance company within the five years preceding such an event. However, they do have the same rights as other mutual holding company members to vote on the election of directors, the amendment of the articles of incorporation, and certain other major decisions. This enables JMIC to continue to expand its product offerings and improved underwriting methodologies through newly formed stock subsidiaries. As an added benefit, Policyholders who are insured by JM Specialty, or any other downstream stock insurance company subsidiary whose Policyholder(s) receive Member status in JM MHC from the MHC Board of Directors, will have the opportunity to participate in the shared governance benefits of mutuality.

### ***Mergers and Acquisitions***

JMIC cannot acquire or merge with other mutual insurers without one of the two mutual entities ceasing to exist as a separate insurer. As a result, the valuable “brand” recognition and goodwill of the mutual insurer that ceases to exist is effectively a lost or diminished asset. By contrast, an insurance enterprise structured as a mutual holding company at the top of the organizational chart has a broader range of options for pursuing mergers and acquisitions in a manner that may preserve the separate identity, brand recognition and goodwill of the insurer or other entity being acquired. For example, a mutual holding company can acquire stock companies as subsidiaries. Alternatively, a mutual holding company can acquire mutual insurers through sponsored conversions, whereby the mutual insurance company being acquired undergoes its own mutual holding company conversion in which the Policyholders of the mutual insurance company being acquired cease being members of that mutual insurance company and instead become members of the acquiring mutual holding company, and the mutual insurance company undergoing the sponsored conversion becomes a stock insurance company owned by the acquiring mutual holding company. In addition, two existing mutual holding companies can merge, without affecting the unique identity of any downstream insurance companies in either organization. These options are not available to JMIC in its current mutual insurance company structure.

Because the MHC Conversion includes the formation of an intermediate stock holding company as well as a stock insurance company, JM MHC will have multiple options available to raise capital for merger and acquisition purposes through public or private markets, and to use stock of the stock companies as currency in acquisitions.

### ***Access to Capital***

Mutual insurance companies have no stock which can be sold to raise capital to grow the enterprise. The only way for mutual insurance companies to raise capital is through profitable operations over time, through the sale of “surplus notes,” which is a relatively expensive form of

financing due to regulatory restrictions on repayments to the purchasers of the notes, or through the sale of stock of a “downstream holding company” which, as stock issued by a subsidiary of the mutual insurance company parent, does not reflect the valuation of the mutual company. Once a mutual insurance company has been converted to a stock company through a mutual holding company conversion, voting or nonvoting stock or debt securities issued by the former mutual company, or by an intermediate stock holding company, can be sold through an initial public offering, giving the company access to the public capital markets, or sold to private investors. The mutual holding company must still retain a majority of voting shares in the intermediate stock holding company or the former mutual company, as the case may be, thereby preserving mutuality.

Note that the access to capital provided through an intermediate stock holding company or the former mutual company is subject to the requirement of obtaining regulatory and mutual holding company member approval for the initial sale of voting stock. The Plan that is being submitted for approval by the Wisconsin Commissioner and the Members of JMIC at this time does not provide for the sale of voting stock, and there is no plan for the sale of stock or debt securities of any kind. However, circumstances may arise where the availability of such financing may be a benefit to the Company. An initial sale of voting stock to provide such financing would be subject to the receipt of approvals as described in this paragraph.

### **Protections Provided to Policyholders**

The Plan affords the following protections to Policyholders:

- *Continuation of Policy Rights.* The benefits and rights of Policyholders under their Policies will not be reduced or altered in any way by the adoption of the Plan. Premiums required to be paid as specified in all Policies will not be increased or otherwise changed by the MHC Conversion.
- *Business Operations Unchanged.* The MHC Conversion will not result in any material changes to the business operations of JMIC.
- *Continuation of Indirect Voting Control of JMIC.* JM MHC will, on the Effective Date, indirectly own 100% of the voting stock of Converted JMIC. In addition to requiring the approval of both the Wisconsin Commissioner and the Members of JM MHC, any sale of voting stock of Converted JMIC to outside investors would be subject to the requirement that JM MHC must at all times directly or indirectly own not less than 51% of such voting stock. As a result of this majority ownership interest, Members of JM MHC, who will have voting control over JM MHC, will have indirect voting control over Converted JMIC.
- *No Sales of Voting Stock without Additional Approvals.* The Plan does not provide for any sale of voting stock of Converted JMIC or JM New Holdings. As a result, no such voting stock may be sold to investors unless there is a subsequent approval by the Wisconsin Commissioner and the Members of JM MHC of the terms of such offering. JMIC has no plans to request approval for a sale of voting stock.
- *Voting Rights/Rights in Surplus.* The MHC Conversion will result in JMIC Policyholders becoming Members of JM MHC with associated rights, including: (i) the right to vote at annual meetings of JM MHC for the election of directors of JM MHC and on such other

matters as may be presented to Members of JM MHC, from time to time; (ii) the right to receive distributions from JM MHC in the unlikely event of its dissolution or liquidation; and (iii) the right to receive payment in the form of stock, cash, policy credits or other kinds of consideration if JM MHC were ever to demutualize, which is not now contemplated.

## **Consideration of Alternatives**

The principal alternatives to the MHC Conversion are for JMIC to either (i) preserve the status quo and remain a mutual insurance company, or (ii) undergo a demutualization.

### ***Preserving the Status Quo***

While JMIC's current structure provides the benefits of mutuality to its current Members and allows for organic growth through insurance operations, as described above in this Policyholder Information Statement, continuing to operate as a mutual insurance company imposes limits upon JMIC's ability to respond to significant opportunities for strategic growth. The Board has concluded that, in the future, it will be increasingly important to have the structural, financial and strategic flexibility to respond quickly and decisively to changes in the marketplace, both in terms of pursuing potential acquisition activity and in terms of making investments in new technology, new distribution channels, and synergistic non-insurance businesses. The Board believes that if JMIC remains in its current structure as a mutual insurance company, these limitations will prevent JMIC from realizing its full potential as compared to competitors who are not similarly restricted.

### ***Demutualization***

A demutualization would convert JMIC from a mutual insurance company into a stock insurance company without simultaneously creating a mutual holding company as a parent. In essence, JMIC would transition from a company owned by its Policyholders to one that is owned by shareholders. There would be certain benefits of a demutualization to JMIC and/or its Members, such as the following:

- Policyholders, as Members of JMIC, would receive cash, stock or other consideration in exchange for their Voting Rights and Rights in Surplus in JMIC.
- Stock of the demutualized company could be used by the demutualized company as acquisition currency.
- The value of JMIC's stock after a demutualization might be higher than it would be after reorganizing to a mutual holding company structure, insofar as, under Wisconsin law, the mutual holding company will always have to own, directly or indirectly, at least 51% of the shares of Converted JMIC (or JM New Holdings, as the case may be). Investors may place a lower value on the stock of Converted JMIC (or JM New Holdings, as the case may be) as a result of their inability to acquire a controlling interest in the entity.

However, the Board has concluded that maintaining the "mutuality" of JMIC in some form is important in order to preserve the Company's focus on the best interests of the Policyholders. In addition, the Board deems it important that JMIC retain and enhance its ability to merge with, acquire, or affiliate with other mutual entities, particularly in ways that preserve

the separate insurance operations and “brands” of such organizations, including JMIC. Demutualization is inconsistent with both of these goals, as it would terminate JMIC’s existence as a “mutual” organization ultimately owned by its Policyholders, and would eliminate JMIC’s practical ability to merge with other mutual insurers (other than through a sponsored demutualization, which can be a difficult process and a relatively inefficient use of acquisition capital), thus limiting the number and types of strategic acquisition opportunities available to JMIC. Other potential disadvantages of demutualization as an alternative to the mutual holding company structure include the following:

- Demutualization would not eliminate the regulatory restrictions that place limits on the extent to which JMIC can invest in ancillary and non-insurance subsidiaries.
- Demutualization would subject the Company to the future demands of investors focused on short term market performance, rather than the Company’s current focus on long term objectives benefitting current and future Policyholders.
- Under the proposed MHC Conversion, ultimate voting control of the enterprise remains with the Policyholders of JMIC together with the Policyholders of JM Specialty. Under a demutualization, Members of JMIC who acquire shares of stock in exchange for their Voting Rights and Rights in Surplus would continue to have voting rights in the demutualized company, but other Persons besides Members could acquire sufficient shares of stock to become the controlling shareholders.
- Historically, demutualizations are more difficult to structure, more time consuming, and more expensive than mutual holding company reorganizations.
- Demutualization may be an inefficient way to raise capital. In a demutualization under Wisconsin law, JMIC would be required to distribute cash, stock or other forms of consideration to current and former (within the five years preceding the demutualization) Policyholders in exchange for their Voting Rights and Rights in Surplus in JMIC, with an aggregate value up to 100% of all premiums paid by such Policyholders, together with interest at the legal rate, compounded annually. While this could be viewed as a benefit to those Policyholders who paid premiums to JMIC within the five years preceding the demutualization, the actual value of the distributed stock could be substantially depressed if there is no public trading market established for the stock, and/or if the demand to sell the stock significantly exceeds the demand to purchase.

### **Recommendation of Board of Directors**

On [\_\_\_\_], 2019, the Board unanimously adopted the Plan and approved the transactions contemplated thereby. The Board is submitting the Plan to a vote of the Eligible Members after careful review and consideration, including advice from the Company’s outside legal counsel. The Board believes that the MHC Conversion is fair and equitable to JMIC Policyholders, and the Board expects that the MHC Conversion will benefit JMIC Policyholders.

As required by Chapter 644 of the Wisconsin Insurance Code, the Company has submitted the Plan to the Wisconsin Commissioner for review and approval. The Wisconsin Commissioner will conduct and preside over a public hearing on the plan on [\_\_\_\_], 2019, as further described under the heading “**SPECIAL MEETING OF MEMBERS**” on page 28 of this Policyholder Information Statement.

The Wisconsin Commissioner may request that JMIC, Converted JMIC, JM New Holdings and/or JM MHC enter into a Stipulation and Order or other agreement(s) with the Wisconsin Commissioner containing various covenants and/or undertakings binding upon such parties as a condition to the approval of the Plan. The Board has authorized the officers of JMIC to represent JMIC in all negotiations with the Wisconsin Commissioner related to the review and approval of the Plan and has further authorized the officers of JMIC to negotiate and execute, on behalf of JMIC and, if necessary, Converted JMIC, JM New Holdings and/or JM MHC, any such Stipulation and Order or other agreement(s) with the Wisconsin Commissioner which, in the officers' sole judgment and discretion, are reasonable and necessary to secure the Wisconsin Commissioner's approval of the Plan; should any proposed changes to the Plan as a result of such negotiations be deemed by the officers of JMIC to be material, however, then the officers of JMIC will so notify the Wisconsin Commissioner and seek the Board's approval of such changes as a condition of final agreement to such changes.

**THE BOARD OF DIRECTORS OF JMIC UNANIMOUSLY RECOMMENDS THAT ELIGIBLE MEMBERS OF JMIC VOTE "FOR" APPROVAL OF THE PLAN AT THE SPECIAL MEETING.**

### **Effects of the MHC Conversion**

The MHC Conversion will have the following effects upon JMIC and its Members/Policyholders:

#### ***Operations and Business of JMIC***

The MHC Conversion will not result in any material changes in JMIC's existing insurance operations or its services to Policyholders, except that such operations and services will in the future be conducted or provided by a mutual holding company-owned stock insurance company rather than a mutual insurance company. In addition, the MHC Conversion of JMIC into a stock insurance company will in no way annul, modify or change any of JMIC's existing suits, rights, property interests, contracts, or liabilities, except with respect to the extinguishment and replacement of Members' Voting Rights/Rights in Surplus as described below. Converted JMIC will exercise all of the rights and powers, and perform all of the duties, conferred or imposed by law upon insurers writing the types of insurance written by JMIC before the Effective Date, except with respect to the extinguishment and replacement of Members' Voting Rights/Rights in Surplus as described below.

#### ***Effect on Contract Rights and Voting Rights/Rights in Surplus of JMIC Members/Policyholders***

Currently, Members of JMIC have both contract rights as Policyholders of the Company and Voting Rights/Rights in Surplus as Members of the Company. Upon the MHC Conversion, a Member's contract rights and Voting Rights/Rights in Surplus will effectively be separated, as further explained and illustrated below.

The principal contract right of Policyholders is the right to receive the type and amount of insurance coverage specified in a Policyholder's Policy (or Policies) in accordance with the terms and provisions thereof. On the Effective Date, the contract rights of a Policyholder will continue to flow between such Policyholder and Converted JMIC. Every Policy that has been issued by JMIC which is in force on the Effective Date will remain in force at the Effective Date

and continue as a Policy of Converted JMIC. The premiums currently required to be paid as specified in the Policies will not be increased or otherwise changed as a result of the MHC Conversion.

The Voting Rights/Rights in Surplus of Members of JMIC can be summarized as follows:

*Voting Rights:*

- The right to elect the directors of JMIC;
- The right to approve or disapprove proposed changes in the JMIC Articles of Incorporation; and
- The right to vote (or grant proxies to vote) on any plan of conversion, voluntary dissolution or such other matters as may come before the Members at an annual or special meeting of JMIC's Members.

*Rights in Surplus:*

- The right to receive a *pro rata* share (based on premiums paid to JMIC within the past five years) of cash, stock, or such other consideration as is approved by the Wisconsin Commissioner in the event of the demutualization of JMIC (which would require approval by the Board, the Members of JMIC, and the Wisconsin Commissioner); and
- The right to share in any distribution of, or to receive consideration based upon, the assets of JMIC remaining after satisfaction of all third party obligations (including obligations to Policyholders under insurance contracts in force), in the event of JMIC's ultimate voluntary or involuntary dissolution (*i.e.*, if JMIC were to become insolvent or go out of business) (which would likewise require approval by the Board and the Members of JMIC, in the case of a voluntary dissolution, and the Wisconsin Commissioner).

As a matter of law, distributions to a Member of JMIC in the case of either a demutualization or dissolution would be capped at the amount of premiums such Member has paid to JMIC, together with interest at the legal rate compounded annually. Any excess over this amount would be required to be distributed according to the provisions of Chapter 611 of the Wisconsin Insurance Code.

On the Effective Date, the foregoing Voting Rights/Rights in Surplus of Members of JMIC will be replaced with Voting Rights/Rights in Surplus as Members of JM MHC. Members will not receive any cash, stock or other consideration in exchange for their Voting Rights/Rights in Surplus in JMIC. Rather, the Members' Voting Rights/Rights in Surplus in JMIC will be extinguished and replaced with Voting Rights/Rights in Surplus in JM MHC, as summarized in the chart below under the heading "After MHC Conversion." Also on the Effective Date, the Policyholders of JM Specialty will become Members of JM MHC. Under current Wisconsin law, those who are JM Specialty Policyholders on or after the Effective Date will have Voting Rights, but they will have no Rights in Surplus, as Members of JM MHC, by virtue of being JM Specialty Policyholders.

Holders of Policies issued by Converted JMIC or JM Specialty on or after the Effective Date will automatically become Members of JM MHC.

The contract rights and Voting Rights/Rights in Surplus of the then-current Members of JMIC and JM MHC, respectively, before and after the MHC Conversion, are summarized in the table below:

<b>Contract Rights</b>		<b>Before MHC Conversion</b>	<b>After MHC Conversion</b>
	<i>Right to insurance coverage</i>	Insurance coverage is provided by Policies which are obligations of JMIC.	Policy obligations to provide insurance coverage continue unchanged for JMIC Policyholders, who are now Policyholders of Converted JMIC. Converted JMIC is the same company as JMIC except that it is reorganized as a stock insurance company. The Plan will not increase premiums, decrease policy benefits or alter policy obligations.
<b>Member Rights</b>		<b>Before MHC Conversion</b>	<b>After MHC Conversion</b>
<b>Voting Rights</b>	<i>Right to vote for election of directors and on other corporate matters</i>	Each JMIC Member is entitled to one vote on all matters subject to Member vote. Only Policyholders of JMIC are Members of JMIC.	Each JM MHC Member is entitled to one vote on all matters subject to Member vote. All Policyholders of Converted JMIC and JM Specialty are Members of JM MHC.
<b>Rights in Surplus<sup>1</sup></b>	<i>In the event of a dissolution or liquidation</i>	Any surplus remaining after payment of all liabilities of JMIC will be distributed according to a plan of dissolution approved by the Members, but in no event will a Member be entitled to receive assets with a value in excess of the value of all insurance premiums paid by such Member to JMIC, together with interest on such amounts at the legal rate compounded annually. Any amount in excess of amounts payable to the Members must be paid to the Wisconsin State Treasury to the credit of the Common School Fund.	Any surplus remaining after payment of all liabilities of JM MHC will be distributed according to a plan of dissolution approved by the Members, but in no event will a Member be entitled to receive assets with a value in excess of the value of all insurance premiums paid by such Member to JMIC/Converted JMIC, together with interest on such amounts at the legal rate compounded annually. Any amount in excess of amounts payable to the Members must be paid to the Wisconsin State Treasury to the credit of the Common School Fund. Policyholders of JM Specialty have no Rights in Surplus, as Members of JM MHC, by virtue of being JM Specialty

<sup>1</sup> The proposed Articles of Incorporation of JM MHC provide that the Members of JM MHC shall have such Rights in Surplus of JM MHC as are provided for under the Wisconsin Insurance Code.

			Policyholders.
	<i>In the event of a reorganization to a stock insurer (also called a demutualization)</i>	Persons who have been Policyholders of JMIC at some time during the 5 years prior to demutualization are entitled to receive, without additional payment, her or his proportional share of stock in the reorganized stock insurer (or cash or other assets), determined by the net premium such Person paid to JMIC over such five-year period, as a percentage of all net premiums received by JMIC over the same period, capped at the value of all insurance premiums paid by such Person to JMIC, together with interest on such amounts at the legal rate compounded annually. Any amount in excess of amounts payable to the Members must be paid to the Wisconsin State Treasury to the credit of the Common School Fund.	Persons who have been Policyholders of JMIC/Converted JMIC at some time during the 5 years prior to demutualization are entitled to receive, without additional payment, her or his proportional share of stock in the reorganized mutual holding company (or cash or other assets), determined by the net premium such Person paid to JMIC/Converted JMIC over such five-year period, as a percentage of all net premiums received by JMIC/Converted JMIC over the same period, capped at the value of all insurance premiums paid by such Person to JMIC/Converted JMIC, together with interest on such amounts at the legal rate, compounded annually. Any amount in excess of amounts payable to the Members must be paid to the Wisconsin State Treasury to the credit of the Common School Fund. Policyholders of JM Specialty have no Rights in Surplus, as Members of JM MHC, by virtue of being JM Specialty Policyholders.

***Directors and Executive Officers***

On the Effective Date (i) the Board of Directors of JM MHC will consist of the same directors that comprise the Board of Directors of JMIC immediately prior to the Effective Date, (ii) the Principal Officers of JM MHC will be the same individuals serving in those positions for JMIC immediately prior to the Effective Date, (iii) the Board of Directors of Converted JMIC will consist of the key executives in charge of the operations of Converted JMIC, (iv) the Principal Officers of Converted JMIC will be the same individuals serving as the Principal Officers of JM MHC, (v) the Board of Directors of JM New Holdings will consist of the key executives in charge of the operations of JM New Holdings, and (vi) the Principal Officers of JM New Holdings will be the same individuals serving as the Principal Officers of JM MHC. For more information regarding the proposed directors and executive officers of JM MHC, Converted JMIC and JM New Holdings, see “**DIRECTORS AND OFFICERS OF JEWELERS MUTUAL HOLDING COMPANY, JM NEW HOLDINGS, INC., AND JEWELERS MUTUAL INSURANCE COMPANY, SI**” attached hereto as **Exhibit I**.

## *Corporate Governance*

JMIC is not authorized, as a mutual insurance company, to issue capital stock and, therefore, has no shareholders. Instead, JMIC operates under the direction of its Board, which is elected by the Members of JMIC.

After the MHC Conversion, Converted JMIC will operate under the direction of its Board of Directors and all voting rights, including the election of the Board of Directors of Converted JMIC, will be vested exclusively in the holder(s) of its outstanding voting stock, specifically JM New Holdings. All of the voting rights of JM New Holdings, in turn, will be vested exclusively in the holder(s) of its outstanding voting stock, specifically JM MHC. Accordingly, JM MHC, as sole shareholder of JM New Holdings, will have indirect voting control over the outcome of all matters presented to the shareholders of Converted JMIC for resolution by vote, including the election of the Board of Directors for Converted JMIC. JM MHC will operate under the direction of its Board of Directors. All voting rights, including the election of the Board of Directors of JM MHC, will be vested exclusively in the Members of JM MHC, *i.e.*, the Policyholders of Converted JMIC and JM Specialty. These Members will be entitled to vote on all matters requiring action by the Members, including the election of the directors of JM MHC.

### *Comparison of Articles of Incorporation and Bylaws of JM MHC with Current Articles of Incorporation and Bylaws of JMIC*

JM MHC will be organized as a mutual holding company under Chapter 644 of the Wisconsin Insurance Code. The proposed Articles of Incorporation of JM MHC (the “Proposed JM MHC Articles”) and the proposed Bylaws of JM MHC (the “Proposed JM MHC Bylaws”) are attached to this Policyholder Information Statement as **Exhibits E and F**, respectively, and are incorporated herein by reference. You are encouraged to read the Proposed JM MHC Articles and Proposed JM MHC Bylaws in their entirety.

Certain provisions of the Proposed JM MHC Articles and Proposed JM MHC Bylaws are summarized below. This summary is not complete, and does not identify all provisions that may, under certain circumstances, be material, and is subject in all respects to the Wisconsin Insurance Code and the entirety of the Proposed JM MHC Articles and Proposed JM MHC Bylaws.

#### Purpose

JM MHC is formed for the purpose of owning, at all times, directly or indirectly, at least fifty-one percent (51%) of the voting stock of Converted JMIC and engaging in all lawful activities permitted to mutual holding companies under Wisconsin law. JM MHC will not be engaged in the business of insurance. By contrast, JMIC is a mutual insurance company formed for the purpose of insuring its Members against all hazards authorized or permitted for a mutual insurance company.

#### Membership

Every Policyholder of JMIC and JM Specialty will become a Member of JM MHC on the Effective Date. The Board of Directors of JM MHC is also authorized to admit Policyholders of additional stock insurance company subsidiaries of JM MHC as future Members of JM MHC. Each Member of JM MHC will have one vote on all matters subject to a Member vote, including the election of directors of JM MHC. Each Member of JM MHC who was previously a

Policyholder of JMIC will also have certain Rights in Surplus, but only to the extent such Members have paid premiums to JMIC and/or Converted JMIC within the past five years. Further discussion of JM MHC Members' Rights in Surplus is found under the heading "**THE MHC CONVERSION TRANSACTION--Effects of the MHC Conversion--Effect on Contract Rights and Voting Rights/Rights in Surplus of JMIC Members/Policyholders**" on pages 15 through 18 of this Policyholder Information Statement.

#### Board of Directors

Pursuant to the Current JMIC Bylaws, JMIC is governed by a Board of Directors that must include no fewer than seven and no more than thirteen individuals who serve staggered terms to ensure continuity in Board service. There are currently twelve individuals serving on JMIC's Board. Pursuant to the Current JMIC Bylaws, nominations for the Board may be made either by the Board or by at least 1% of the Members. The provisions with respect to the Board of Directors in the Proposed JM MHC Bylaws are substantially similar to the provisions in the Current JMIC Bylaws, except that the Proposed JM MHC Bylaws provide that the Board of Directors must include no fewer than the minimum number of directors required under Wisconsin law, with the exact number to be designated annually.

#### Officers

The Proposed JM MHC Bylaws authorize the election by JM MHC's Board of Directors of corporate officers, including Chief Executive Officer, President, one or more Vice Presidents, Secretary and Chief Financial Officer/Treasurer. The provisions with respect to officers in the Proposed JM MHC Bylaws are substantially similar to those in the Current JMIC Bylaws.

#### Member Meetings

The Proposed JM MHC Articles and the Proposed JM MHC Bylaws provide for annual and special meetings of the Members of JM MHC. The Current JMIC Bylaws also provide for annual and special meetings of the Members of JMIC. The provisions of the Proposed JM MHC Bylaws for the calling of special meetings of Members of JM MHC are substantially similar to those provisions in the Current JMIC Bylaws.

#### Dividends

The Proposed JM MHC Articles do not provide authority for JM MHC to pay dividends to Members of JM MHC. The Current JMIC Articles likewise do not provide authority for JMIC to pay dividends to Members of JMIC (JMIC is nevertheless permitted to pay dividends to holders of an insurance Policy in accordance with the Wisconsin Insurance Code Wis. Stat. § 631.51).

#### Amendment of Articles of Incorporation and Bylaws

Both the Current JMIC Articles and the Proposed JM MHC Articles can be amended by the vote of the lesser of (i) two-thirds of the Members present and voting in person or by proxy at a meeting of the Members or (ii) a majority of the voting power held by the Members.

Both the Current JMIC Bylaws and the Proposed JM MHC Bylaws can be amended (i) by a vote of three-quarters of the Members voting at a regular or special meeting of the Members

or (ii) by a vote of two-thirds of the directors of JM MHC voting at any regular or special meeting of the Board of Directors.

### ***Comparison of Articles of Incorporation and Bylaws of Converted JMIC with Current Articles of Incorporation and Bylaws of JMIC***

Converted JMIC will be organized as a stock insurance corporation under Chapter 611 of the Wisconsin Insurance Code. The proposed Amended and Restated Articles of Incorporation of Converted JMIC (the “Proposed Converted JMIC Articles”) and proposed Amended and Restated Bylaws of Converted JMIC (the “Proposed Converted JMIC Bylaws”) are attached to this Policyholder Information Statement as **Exhibits C and D**, respectively. You are encouraged to read the Proposed Converted JMIC Articles and Proposed Converted JMIC Bylaws in their entirety.

Certain provisions of the Proposed Converted JMIC Articles and Proposed Converted JMIC Bylaws are summarized below. This summary is not complete, and does not identify all provisions that may, under certain circumstances, be material, and is subject in all respects to the Wisconsin Statutes and the entirety of the Proposed Converted JMIC Articles and the Proposed Converted JMIC Bylaws.

#### Purpose

Converted JMIC is being converted into a stock insurance corporation to continue the existence of JMIC after the consummation of the MHC Conversion, and, like JMIC, will have the purpose of insuring its Policyholders against all hazards authorized or permitted for an insurance company by Wisconsin law. After the Effective Date, Converted JMIC will be a direct, wholly-owned subsidiary of JM New Holdings, which in turn will be a direct, wholly-owned subsidiary of JM MHC. As such, JM MHC Members will indirectly control Converted JMIC through the right to elect the directors of JM MHC, which in turn has the right to elect the directors of JM New Holdings, which in turn has the right to elect the directors of Converted JMIC. Converted JMIC will continue the insurance business currently conducted by JMIC. Pursuant to the Plan, JM Insurance Services, LLC and JM Facets, LLC, currently subsidiaries of JMIC, will be transferred to JM New Holdings. In addition, the ownership of JM Care Plan, Inc., JM Specialty and JM Care Plan Services, Inc., direct wholly-owned subsidiaries of JM Holdings, Inc., a direct wholly-owned subsidiary of JMIC, will transfer to Converted JMIC. JM Holdings, Inc. will be dissolved.

#### Membership; Ability to Issue Stock

Because JMIC is a mutual insurance company, it is not authorized by Wisconsin law to issue any stock or other equity securities. Its Members are the Policyholders of JMIC. Each JMIC Member is entitled to one vote regardless of the number of JMIC Policies she or he owns. By contrast, Converted JMIC will be authorized by the Proposed Converted JMIC Articles to issue stock, and will not have any members. Each share of common stock will confer one vote per share for purposes of each matter voted on at a meeting of Converted JMIC shareholders. JM MHC must at all times directly or indirectly own not less than 51% of the voting stock of JM New Holdings.

#### Election of the Board of Directors and Voting Generally

Under the Proposed Converted JMIC Bylaws, each share of common stock of Converted JMIC will confer one vote for the election of directors and all other matters subject to a vote of Converted JMIC shareholders. Accordingly, the number of shares of common stock held by a shareholder of Converted JMIC will determine the relative voting power of that shareholder. By contrast, under the Current JMIC Bylaws, each Policyholder is entitled to one vote for the election of directors and all other matters subject to a vote of JMIC Members, regardless of the number of Policies such Policyholder owns.

#### Quorum at Meetings of Members/Shareholders

The Current JMIC Bylaws provide that a quorum at all meetings of Members consists of at least ten Members present and voting in person or by proxy. Under the Proposed Converted JMIC Bylaws, holders of a majority of votes entitled to be cast on a matter by a voting class shall constitute a quorum with respect to that class and that matter. Note that the Proposed Converted JMIC Articles provide for only one voting class of stock, the common stock, so holders of a majority of the shares of common stock present in person or by proxy will constitute a quorum.

#### Amendment of Articles of Incorporation and Bylaws

The Current JMIC Articles can be amended by the vote of the lesser of (i) two-thirds of the members present and voting in person or by proxy at a meeting of the members or (ii) a majority of the voting power held by the members. The Proposed Converted JMIC Articles can be amended in certain respects (as permitted by Chapter 611 of the Wisconsin Insurance Code) by a majority of the Converted JMIC Board of Directors without shareholder approval, and in all respects by majority vote of the shareholders of Converted JMIC.

The Current JMIC Bylaws can be amended (i) by a vote of three-fourths of the Members voting at an annual or special meeting of Members or (ii) by the directors of JMIC at any regular or special meeting of the Board by a vote of two-thirds of the entire Board. The Proposed Converted JMIC Bylaws can be amended by (i) by a vote of three-fourths of the shareholders entitled to vote present at any meeting of the shareholders at which a quorum is present or (ii) by a vote of two-thirds of the directors present at any meeting of the Board of Directors at which a quorum is present.

#### ***Summary of Articles of Incorporation and Bylaws of JM New Holdings***

JM New Holdings will be organized as a stock corporation under Chapter 180 of the Wisconsin Statutes. The proposed Articles of Incorporation of JM New Holdings (the “Proposed JM New Holdings Articles”) and the proposed Bylaws of JM New Holdings (the “Proposed JM New Holdings Bylaws”) are attached to this Policyholder Information Statement as **Exhibits G and H**, respectively, and are incorporated herein by reference. You are encouraged to read the Proposed JM New Holdings Articles and Proposed JM New Holdings Bylaws in their entirety.

Certain provisions of the Proposed JM New Holdings Articles and the Proposed JM New Holdings Bylaws are summarized below. This summary is not complete, and does not identify all provisions that may, under certain circumstances, be material, and is subject in all respects to the Wisconsin Statutes and the entirety of the Proposed JM New Holdings Articles and the Proposed JM New Holdings Bylaws.

#### Purpose

JM New Holdings is being formed as a Wisconsin business corporation in order to hold the subsidiaries of JM MHC pursuant to the Plan. After the Effective Date, JM New Holdings will be a direct, wholly-owned subsidiary of JM MHC. As such, JM MHC Members will indirectly control JM New Holdings through the right to elect the Board of Directors of JM MHC, which in turn has the right to elect the Board of Directors of JM New Holdings. JM New Holdings will not be engaged in the insurance business, but it will directly own Converted JMHC and will directly and indirectly own certain other subsidiaries of JM MHC, including insurance subsidiaries.

#### Ability to Issue Stock

JM New Holdings will be authorized by the Proposed JM New Holdings Articles to issue stock. Each share of common stock will confer one vote per share on matters subject to a vote of JM New Holdings shareholders. JM MHC must at all times directly or indirectly own not less than 51% of the voting stock of JM New Holdings.

#### Election of the Board of Directors and Voting Generally

Under the Proposed JM New Holdings Bylaws, each share of common stock of JM New Holdings will confer one vote for the election of directors and all other matters subject to a vote of JM New Holdings shareholders. Accordingly, the number of shares of common stock held by a shareholder of JM New Holdings will determine the relative voting power of that shareholder.

#### Quorum at Meetings of Shareholders

Under the Proposed JM New Holdings Bylaws, a majority of the votes of a class of stock entitled to be cast on a matter shall constitute a quorum of the voting group for action on that matter. Note that the Proposed JM New Holdings Articles provide for only one voting class of stock, the common stock, so a majority of the votes of common stock holders entitled to be cast on a matter will constitute a quorum.

#### Amendment of Articles of Incorporation and Bylaws

The Proposed JM New Holdings Articles can be amended in certain respects (as permitted by Chapter 180 of the Wisconsin Statutes) by the JM New Holdings Board of Directors, and in all respects by majority vote of the shareholders of JM New Holdings.

The Proposed JM New Holdings Bylaws can be amended (i) by a vote of three-fourths of the shareholders entitled to vote present at any meeting of the shareholders at which a quorum is present or (ii) by a vote of two-thirds of the directors present at any meeting of the Board of Directors at which a quorum is present.

#### ***Federal Tax Consequences***

This Policyholder Information Statement does not purport to describe any tax consequences that may be relevant to a Member or to JMHC. For example, it does not discuss federal estate tax or excise tax considerations, or state, local and foreign tax considerations. Additionally, the Internal Revenue Code of 1986, as amended, regulations promulgated by the U.S. Treasury Department, and judicial and administrative rulings and decisions are all subject to change, possibly with retroactive effect. *Accordingly, each Member is urged to consult his or her*

*own tax advisor regarding the specific tax consequences of the MHC Conversion that may be applicable.*

The consummation of the MHC Conversion is subject to the condition that JMIC obtain an opinion of Godfrey & Kahn S.C. or other independent tax counsel to JMIC substantially to the effect that neither JMIC, JM New Holdings, JM MHC, JMIC nor JM Specialty's Policyholders will recognize gain or loss for U.S. federal income tax purposes in connection with the MHC Conversion. It is anticipated that such legal opinion will reflect the following:

On the Effective Date, Voting Rights/Rights in Surplus in JMIC currently held by JMIC Members will be extinguished and such former JMIC Members will automatically receive Voting Rights/Rights in Surplus in JM MHC. Such Policyholders' contract rights and obligations under their Policies will remain with Converted JMIC. The terms and provisions of JMIC Policies in force at the Effective Date will not be changed.

The extinguishment of Members' Voting Rights/Rights in Surplus in JMIC in exchange for a grant of Voting Rights/Rights in Surplus in JM MHC pursuant to the Plan is anticipated to qualify as a non-recognition transfer under the Code, meaning that Members will not recognize any gain or loss for U.S. federal income tax purposes. The tax basis of the Voting Rights/Rights in Surplus in JM MHC received by Members whose JMIC Voting Rights/Rights in Surplus are extinguished will be zero.

On the Effective Date, the Policyholders of JM Specialty will automatically receive Member rights and privileges as described in the chart on pages 17 and 18 of this Policyholder Information Statement. Such Policyholders' contract rights and obligations under the Policies will remain with JM Specialty. The terms and provisions of such Policies in force at the Effective Date will not be changed.

The grant of Member status in JM MHC to the Policyholders of JM Specialty is not anticipated to result in the recognition of gain or loss for U.S. federal income tax purposes, based on the fact that the rights and privileges granted to such Policyholders will not be considered to have value for U.S. federal income tax purposes.

### ***Federal Securities Law Consequences***

The consummation of the MHC Conversion is subject to the condition that JMIC obtain either a "no action" letter from the Securities and Exchange Commission relating to matters pertaining to the Securities Act of 1933 and the Securities Exchange Act of 1934, each as amended, or an opinion of Godfrey & Kahn S.C. or other independent legal counsel to JMIC in form and substance satisfactory to the Board with respect to federal and state securities law matters.

### ***Special Considerations and Risk Factors***

In addition to the benefits of the mutual holding company structure and the pros and cons of the alternatives discussed above, you should consider the following risks and special considerations in connection with the proposed MHC Conversion:

- *No Distribution of Cash or Stock.* No cash consideration or stock will be distributed to the JMIC Members in the MHC Conversion, as would occur if JMIC were to

demutualize. In the case of a conversion to a mutual holding company structure, Members of the mutual insurance company receive non-transferable Voting Rights and Rights in Surplus in the mutual holding company. In a demutualization, members receive cash or stock consideration upon the extinguishment of their Voting Rights and Rights in Surplus.

- *Potential for Increased Debt.* After the MHC Conversion, Converted JMIC and JM New Holdings could issue debt in amounts greater than JMIC would be permitted to issue if JMIC were to remain a mutual insurance company, so it might be possible for the Jewelers Mutual group of companies to become financially leveraged to a greater extent than is now possible for JMIC.
- *Benefits May Not Be Achieved.* It is possible that any or all of the anticipated benefits of the mutual holding company structure may never be achieved.
- *Risks Associated with Growth.* There can be no assurance that JMIC will grow more efficiently and cost-effectively as part of a mutual holding company structure than it would if it remained a mutual insurance company. Moreover, faster growth can mean greater risks - for example, if liabilities are assumed in the acquisition of other companies or books of business.
- *Risks Associated with Investments in/Operation of Non-Insurance Subsidiaries.* JMIC's Board, officers, and other management employees have a track record of profitable operation of a variety of insurance and related companies. JMIC's management has more limited experience in the operation of non-insurance businesses. Further, such non-insurance businesses are not likely to be subject to the same degree of government regulation and scrutiny by independent risk analysts and rating agencies as are insurance companies, and therefore may be subject to greater risk of operating at a loss. Profitable investment in and/or operation of such non-insurance businesses will be somewhat dependent upon the recruitment and retention of executives and managers who have relevant experience and knowledge.
- *Acquisitions May Not Be Forthcoming.* JM MHC may not take advantage of the expanded opportunity to make acquisitions, or acquisition opportunities may be limited.
- *Restrictions on Movement of Funds.* The ability of JM MHC to engage in certain transactions may depend in part upon its ability to receive sufficient funds from Converted JMIC and/or JM New Holdings in the form of shareholder dividends or asset transfers, and there are regulatory limitations on such dividends and asset transfers.
- *Risks of Litigation.* Some mutual insurance companies that have reorganized or proposed to reorganize to a mutual holding company structure have been sued by Persons alleging, among other things, that the mutual holding company structure, although expressly authorized by statute, is unfair to Policyholders. The Board has concluded that the MHC Conversion is fair and equitable to JMIC Policyholders and that implementing the MHC Conversion is in the best interests of JMIC and its Policyholders. In addition, the MHC Conversion cannot proceed without the Wisconsin Commissioner's agreement with the Board's determination. However, there can be no assurance that litigation, if brought, would not entail significant cost, divert the efforts and resources of Company management, and/or delay or impede consummation of the MHC Conversion.

- *Dilution of Share Value.* Although JMIC has no plans to sell any stock to third parties, if shares of stock of Converted JMIC and/or JM New Holdings were ever approved for sale by the Wisconsin Commissioner and the JM MHC Members in the future and were sold at a per share price less than the per share book value of such shares of stock, then the per share book value of shares owned by JM MHC would be reduced, and the book value of JM MHC Members' indirect aggregate ownership percentage in Converted JMIC or JM New Holdings, as the case may be, would be diluted.
- *Dilution of Voting Rights.* It is currently anticipated that the MHC Conversion will immediately result in the dilution of the ultimate voting control held by JMIC's Members as a result of the admission of Policyholders of JM Specialty as Members of JM MHC. However, because JM Specialty [is not currently writing insurance policies], it is difficult to estimate the amount of the dilution Policyholders of JMIC will experience at the time of the MHC Conversion. Thereafter, further dilution could occur, more quickly than it would have solely as a result of sales of new Policies by JMIC or JM Specialty, if the JM MHC Board of Directors takes action to admit Policyholders of any future stock insurance company subsidiaries as Members of JM MHC, or if the Board of Directors of JM MHC proposes, and the Wisconsin Commissioner and the Members approve, a sale of voting stock of JM New Holdings or Converted JMIC.
- *Potential Conflicts among JM MHC Members.* JM MHC Members who are admitted as Members as a result of their status as Policyholders of JM Specialty may have certain conflicts with the interests of JM MHC Members who are admitted as Members as a result of their status as JMIC Policyholders, in light of the different equitable shares in the proceeds of a demutualization or dissolution of JM MHC to which each such Member would be entitled and their status as Policyholders of different companies. For example, Members who are not (and who have not, within the past five years, been) JMIC Policyholders may be less likely to vote in favor of any future proposed demutualization in which they would have no entitlement to an equitable share of any distributions of cash or stock. Additionally, such Members may exercise their Voting Rights to elect individuals to the Board of Directors of JM MHC who they deem likely to manage the overall enterprise in a manner favorable to the interests of Members who are not Policyholders of Converted JMIC. Over time, as more Policies are sold by JM Specialty, and/or if the Board of Directors of JM MHC admits the Policyholders of any additional stock insurance company subsidiaries as Members of JM MHC, Policyholders of Converted JMIC could come to represent a minority of the voting power of JM MHC.
- *Transfer of Assets Out of Converted JMIC.* The mutual holding company structure creates an opportunity for the future realignment of subsidiaries of Converted JMIC, and the distribution of the outstanding stock or other equity interests of such subsidiaries, as well as other assets, out of Converted JMIC to one or more affiliates which are not directly or indirectly owned by Converted JMIC. Any such distribution which involves assets with a value such that it qualifies as an "extraordinary" dividend or distribution meeting certain thresholds set forth in the Wisconsin Insurance Code would be subject to the prior approval of the Wisconsin Commissioner. The Plan calls for a transfer of 100% of the stock of JM Insurance Services, LLC, and JM Facets, LLC, from JMIC to JM New Holdings. A transfer of ownership of additional Converted JMIC subsidiary companies to JM MHC or JM New Holdings, or any future distribution of cash or other assets of Converted JMIC to JM MHC or JM New Holdings, could result in a reduction of

Converted JMIC's assets and earnings (although Converted JMIC will be required to maintain sufficient assets to meet all obligations to Policyholders following the MHC Conversion).

- *Certain Assets May Not Be Available to Satisfy Policyholder Claims.* Assets held by JM MHC and/or JM New Holdings, whether as a result of distributions of such assets from Converted JMIC to JM MHC or JM New Holdings (which distributions would be subject to regulatory limitations on the payment of dividends or other distributions to shareholders of a Wisconsin stock insurance company) or the accumulation of such assets through the profitable operations of other subsidiaries of JM MHC, may not be available to pay claims of Converted JMIC Policyholders. This could, in turn, under certain extreme circumstances, contribute to pressure for Converted JMIC to increase premiums in order to pay claims, or an inability of Converted JMIC to pay claims as they come due.
- *Potential Conflicts between Interests of Members and Possible Future Shareholders.* The current duties and obligations of the Board are to act in the best interests of JMIC and its Members, who are the Policyholders of JMIC. After the MHC Conversion, the duties and obligations of the Board of Directors of JM MHC will be to act in the best interests of JM MHC and its Members. There may be conflicts among the interests of the Members of JM MHC in connection with certain types of transactions. Furthermore, if Converted JMIC or JM New Holdings were to undertake an initial public offering or other issuance of stock, the obligations and duties of the Board of Directors of the issuer of such stock would extend to outside investors in addition to the majority shareholder of such issuer (*i.e.*, JM New Holdings, in the case of Converted JMIC, and JM MHC, in the case of JM New Holdings). Accordingly, there would be the potential for the development of conflicting interests between the Members of JM MHC and the minority shareholders of Converted JMIC or JM New Holdings (collectively, the "Shareholders"). One potential conflict would be between the interests of the Members of JM MHC in receiving insurance with the greatest possible value and the interests of Shareholders in receiving the highest return on their investment. Additionally, there may be conflicts over how the growth of, and profit from, the business should be apportioned between growing the enterprise and distributions to the Shareholders. These conflicts could be exacerbated if incentive stock or options were awarded to the officers or directors of such companies.
- *Market Conditions.* Any future decision to issue capital stock or debt securities would depend upon, among other factors, the then-current needs of the enterprise for additional capital, then-prevailing market conditions, the financial performance and business prospects of the enterprise, and the interests of the Members of JM MHC. There can be no assurance as to if, when, or on what terms any such capital raising efforts would take place.
- *No Fairness Opinion from an Investment Banker.* In connection with its approval of the Plan, the Board did not seek a fairness opinion of an investment banker. No opinion was deemed necessary in this case because, among other reasons, (i) no sale of stock to outside investors is being undertaken or is presently contemplated, (ii) any initial stock offering would require the approval of the Wisconsin Commissioner and the JM MHC Members, and (iii) the Plan is generally similar to plans for forming mutual holding companies which have been approved and adopted in Wisconsin and other states.

- *Uncertain Regulatory Environment.* Certain activities that are regulated by the Wisconsin Commissioner under the present structure may not be regulated, or may be regulated differently, under the mutual holding company structure. Uncertainty in this area is heightened by the fact that there have been only three Wisconsin mutual insurance companies that have completed a mutual holding company conversion in Wisconsin, one of which is no longer domiciled in Wisconsin.
- *Absence of Implementing Regulations.* The Wisconsin Insurance Code provides that the Wisconsin Commissioner may issue regulations to implement the mutual holding company laws set forth in Chapter 644 of the Wisconsin Insurance Code and establish applicable procedures thereunder. Although no regulations or procedures have been promulgated to date, the Wisconsin Commissioner may at some future point propose and/or promulgate regulations or procedures that may adversely affect JM MHC and/or its Members. Converted JMIC Policyholders will receive Voting Rights/Rights in Surplus in JM MHC that may be subject to different insurance regulatory oversight from that of an insurance company. There can be no assurances that any regulations adopted by the Wisconsin Commissioner will not affect the future operations of JM MHC.
- *Differences in Insolvency Laws.* A Wisconsin mutual insurer, such as JMIC, is subject to the jurisdiction of the Wisconsin Commissioner in the event of the insolvency of the Company. While it is not clear, a Wisconsin mutual holding company may be under the jurisdiction of the federal bankruptcy laws. There can be no assurance that federal bankruptcy laws will not reduce the priority (if any) of the claims of Policyholders of JMIC, or preempt Wisconsin law and/or make it difficult for the Wisconsin Commissioner to recover assets of the mutual holding company for the benefit of the Policyholders of Converted JMIC.

The Board has concluded that these special considerations and possible disadvantages/risks are outweighed by the potential benefits of the MHC Conversion for the reasons discussed above.

## **SPECIAL MEETING OF MEMBERS**

### **Date, Time and Place**

This Policyholder Information Statement is being furnished to Eligible Members of JMIC in connection with the solicitation of proxies by the Board for use at the Special Meeting to be held on [\_\_\_\_\_], 2019 at [\_\_\_\_\_], Central Time, at the Company's offices at 24 Jewelers Park Drive, Neenah, Wisconsin 54956. See the **NOTICE OF SPECIAL MEETING OF MEMBERS** included with this Policyholder Information Statement for more details.

### **Matters to be Considered**

At the Special Meeting, Eligible Members will be asked to consider and vote upon the proposal to approve the Plan and the transactions contemplated thereby, including the amendment and restatement of the Restated Articles of Incorporation of the Company in the form of the Amended and Restated Articles of Incorporation of Converted JMIC.

### **Eligibility to Vote; Voting; Proxies**

If you are an Eligible Member, you will be entitled to one vote regarding the Plan. Each Eligible Member will be entitled to vote either by ballot cast in person at the Special Meeting, or by proxy. Without regard to whether you are receiving these materials, if you are not an Eligible Member, you will not be entitled to vote at the Special Meeting, by ballot cast in person or by proxy. The Plan will be deemed approved if it is approved by the vote of the lesser of (i) two-thirds of the Members present and voting in person or by proxy at the Special Meeting or (ii) a majority of the voting power held by the Members. Proxies must be received before [\_\_\_\_\_] on [\_\_\_\_\_] , 2019 in order to be counted. The Special Meeting requires a quorum of at least ten Eligible Members present in person. Any proxy given pursuant to this solicitation may be revoked by the Eligible Member at any time prior to the voting thereof on the matter to be considered at the Special Meeting by filing with the Secretary of JMIC a written revocation. Attendance at the Special Meeting will constitute a revocation of an Eligible Member's proxy.

## **CONDITIONS TO CLOSING OF MHC CONVERSION**

The consummation of the MHC Conversion is subject to the prior satisfaction of several conditions, as described below.

### **Approval of Wisconsin Commissioner and Receipt of Other Regulatory Approvals**

As required by the Plan and the Wisconsin Insurance Code, the Plan must be approved by the Wisconsin Commissioner. Any other required regulatory approvals must also be received.

### **Approval of Eligible Members of JMIC**

As required by the Plan, the Wisconsin Insurance Code, and applicable provisions of the Current JMIC Articles and Current JMIC Bylaws, the Plan and the transactions contemplated thereby must be approved by the vote of the lesser of (i) two-thirds of the Members present and voting in person or by proxy at the Special Meeting or (ii) a majority of the voting power held by the Members.

### **Receipt of Tax Opinion**

JMIC must receive an opinion of Godfrey & Kahn S.C. or other independent tax counsel to JMIC substantially to the effect that:

- No Policyholders of JMIC or JM Specialty will recognize taxable gain or loss in connection with the MHC Conversion; and
- Neither JM MHC, JM New Holdings nor JMIC will recognize taxable gain or loss in connection with the MHC Conversion.

### **U.S. Federal Securities Matters**

JMIC must receive either a "no action" letter from the Securities and Exchange Commission relating to matters pertaining to the Securities Act of 1933 and the Securities Exchange Act of 1934, each as amended, or an opinion of Godfrey & Kahn S.C. or other independent legal counsel to JMIC in form and substance satisfactory to the Board with respect to federal and state securities law matters.

### **Issuance of New Certificates**

The Wisconsin Commissioner must issue a new certificate of authority to Converted JMIC and a certificate of incorporation to JM MHC.

### **Amendment or Withdrawal of the Plan**

At any time prior to the Effective Date, the Board may amend the Plan or any related documents. If an amendment to the Plan is made after the approval of the Plan at the Special Meeting, and if the Wisconsin Commissioner determines that such amendment is materially disadvantageous to any of JMIC's Policyholders, the amended Plan must be submitted for reconsideration by the Policyholders. If the amendment is made after the Public Hearing, and the Wisconsin Commissioner determines that the amendment is materially disadvantageous to any Policyholder of JMIC, the Wisconsin Commissioner may require a further Public Hearing on the Plan. The Board also may withdraw the Plan at any time prior to the Effective Date, notwithstanding prior approval thereof by JMIC's Policyholders or the Wisconsin Commissioner, or both.

### **REGULATION**

JMIC is licensed to transact the business of insurance in, and is therefore subject to regulation and supervision by the insurance regulatory agencies of, Wisconsin and all other insurance regulators in the United States and Canada. The degree of regulation and supervision varies by jurisdiction, but Wisconsin and the other jurisdictions with regulatory authority over JMIC have similar laws and regulations governing the financial health of insurers, including standards for solvency, required reserves, reinsurance, capital adequacy, and the business conduct and sales operations of insurers.

After consummation of the MHC Conversion, Converted JMIC will continue to be subject to the same degree of insurance regulation and supervision in each of the states or provinces where JMIC is currently licensed to transact the business of insurance, except that Converted JMIC will be regulated as a stock insurance company whereas JMIC is currently regulated as a mutual insurance company. Additionally, certain provisions of Chapter 644 of the Wisconsin Insurance Code will apply to Converted JMIC that do not currently apply to JMIC.

As a Wisconsin mutual holding company, JM MHC will be subject to regulation by the Wisconsin Commissioner. Generally, the Wisconsin Commissioner will have power over JM MHC to ensure that the interests of the Policyholders of Converted JMIC and any other insurance company subsidiaries of JM MHC are protected. The Wisconsin Insurance Code regulates mutual holding companies in a number of ways, including the following:

- Requiring JM MHC to at all times maintain direct or indirect ownership and control of at least 51% of the outstanding shares of Converted JMIC's voting stock;
- Allowing JM MHC to make substantive amendments to its Articles of Incorporation only with approval by not less than a majority of votes cast by JM MHC's Members;
- Requiring JM MHC to file with the Wisconsin Commissioner, within 60 days after adoption, a copy of its Bylaws and any subsequent amendments to its Bylaws;
- Prohibiting JM MHC from engaging in the business of insurance (other than through insurance company subsidiaries, including Converted JMIC);

- Prohibiting JM MHC from entering into any contract or agreement that has the effect of delegating to any Person, to the substantial exclusion of JM MHC’s Board of Directors, the authority to exercise management and control of JM MHC or any of its major corporate functions;
- Prohibiting JM MHC from dissolving, liquidating or otherwise winding up without the prior approval of the Wisconsin Commissioner or a court having jurisdiction over such matters;
- Prohibiting the demutualization of JM MHC except with approval by not less than a majority of votes cast by JM MHC’s Members and prior written approval from the Wisconsin Commissioner; and
- Prohibiting the merger of JM MHC with any other mutual holding company except with approval from the Wisconsin Commissioner.

### **SELECTED FINANCIAL INFORMATION**

The selected financial information set out below for JMHC for each of the three years ended December 31, 2018, 2017, and 2016<sup>2</sup> is derived from audited annual statutory financial statements of JMHC and its consolidated subsidiaries. This selected financial information is presented on a statutory basis in conformity with statutory accounting practices (“SAP”) described or permitted by the Wisconsin Commissioner, which is a comprehensive basis of accounting different from generally accepted accounting principles (“GAAP”). This financial information should be read in conjunction with the audited statutory financial statements on file with the Wisconsin Commissioner of Insurance.

Because the financial statements of JM MHC after consummation of the MHC Conversion, prepared on either a GAAP or SAP basis, will not differ materially from the financial statements of Converted JMHC on a GAAP or SAP basis, respectively, no pro forma financial information for JM MHC is presented in this Policyholder Information Statement.

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<sup>2</sup> Note: 2018 numbers to be included once they are available.

**Jewelers Mutual Insurance Company**  
**Consolidated Statutory Financial Highlights**

(000's omitted)	Year Ended December 31,		
	2018 <sup>3</sup>	2017	2016
Premiums earned		187,900	173,226
Losses & loss adjustment expenses incurred		80,393	83,861
Other underwriting expenses		82,300	77,329
Net underwriting income		25,207	12,036
Net investment income		6,840	6,740
Net realized capital gains		2,644	316
Other income		841	862
Dividends to policyholders			(1,456)
Income before taxes		35,532	18,498
Income tax expense		12,010	6,841
Net income		23,522	11,657
Total admitted assets		442,431	397,809
Total liabilities		159,936	150,501
Total policyholders' surplus		282,495	247,308

<sup>3</sup> Note: 2018 numbers to be included once they are available.

## CERTAIN DEFINITIONS

The following are definitions of certain terms used in this Policyholder Information Statement. These definitions are qualified in their entirety by the definitions of such terms in the Plan, a copy of which is attached hereto as **Exhibit A**. These definitions shall be equally applicable to both the singular and plural forms of any of the terms herein defined.

“Current JMIC Articles” means the current Restated Articles of Incorporation of JMIC in effect prior to the Effective Date.

“Current JMIC Bylaws” means the current Amended and Restated Bylaws of JMIC in effect prior to the Effective Date.

“Effective Date” means the date upon which the MHC Conversion becomes effective, which will be the date upon which the Wisconsin Commissioner issues the certificate of authority to Converted JMIC and a certificate of incorporation to JM MHC.

“Eligible Member” means any Policyholder with one or more JMIC Policies in force on both the Resolution Date and the Record Date, as shown on JMIC’s records.

“Member” means a Policyholder who, by the records of JMIC and by the articles of incorporation and bylaws of JMIC and JM MHC, as applicable, is a member of JMIC or JM MHC, as applicable. “Member” also includes Policyholders of JM Specialty on and after the Effective Date.

“Person” means an individual, partnership, firm, association, corporation, joint-stock company, limited liability company, limited liability partnership, trust, government, government agency, state or political subdivision of a state, public or private corporation, board of directors, association, estate, trustee, or fiduciary, or any similar entity.

“Policy” means an insurance policy or contract (other than a reinsurance contract), including any fidelity bond or any surety bond, or any binder or a renewal certificate issued by an insurer and not cancelled or otherwise terminated.

“Policyholder” means, with respect to an insurer, the Person identified in the declarations of the Policy and/or the records of such insurer as the holder of a Policy.

“Public Hearing” means the public hearing conducted by the Wisconsin Commissioner or a hearing examiner designated by the Wisconsin Commissioner and regarding the Plan, pursuant to the provisions of Section 644.07(6) of the Wisconsin Insurance Code.

“Record Date” means [\_\_\_\_\_], 2019, the date established by the Board to determine Eligible Members entitled to vote at the Special Meeting of Members.

“Resolution Date” means [\_\_\_\_\_], 2019, the date the Board passed the resolution to the effect that the final form of the Plan and the transactions contemplated thereby are fair and equitable to JMIC Policyholders and expected to benefit JMIC Policyholders, and are approved by the Board.

“Rights in Surplus” means any rights of a Member of JMIC arising under the Current JMIC Articles or Chapter 611 of the Wisconsin Insurance Code to a return of the surplus in

respect of Policies of JMHC that may exist with regard to the surplus not apportioned or declared by the Board as divisible surplus, including rights of Members to a distribution of such surplus in dissolution or conversion proceedings under Chapter 611 of the Wisconsin Insurance Code. On and after the Effective Date, “Rights in Surplus” means any rights of a Member of JM MHC arising under its articles of incorporation or Chapter 644 of the Wisconsin Insurance Code to the net worth of JM MHC, including rights of Members of JM MHC to a distribution of any portion of the net worth of JM MHC in dissolution or conversion proceedings under Chapter 644 of the Wisconsin Insurance Code. “Rights in Surplus” shall not include any right to divisible surplus expressly conferred solely by the terms of an insurance policy.

“Voting Rights” means the voting rights of a Member of JMHC arising under the Wisconsin Insurance Code and the articles of incorporation and bylaws of JMHC, including the right to vote for the Board and the right to vote on any plan of conversion, voluntary dissolution or amendment of the articles of incorporation. On and after the Effective Date, “Voting Rights” means the voting rights of a Member of JM MHC arising under the Wisconsin Insurance Code and the articles of incorporation and bylaws of JM MHC, including the right to vote for the Board of Directors of JM MHC and the right to vote on any plan of conversion, voluntary dissolution or amendment of the articles of incorporation. “Voting Rights” does not include Rights in Surplus, if any. Note that the term “Voting Rights” as used herein is equivalent to the defined term “Membership Interests” as defined in Chapter 644 of the Wisconsin Insurance Code.

“Wisconsin Insurance Code” means the insurance laws of the State of Wisconsin, codified in Chapters 600 to 655 of the Wisconsin Statutes, and all applicable regulations.

**Exhibit A**

**MUTUAL HOLDING COMPANY PLAN**

**of**

**JEWELERS MUTUAL INSURANCE COMPANY**

**Under Chapter 644 of the**

**Wisconsin Insurance Code**

**Dated [\_\_\_\_\_], 2019**

**Exhibit B**  
**JEWELERS MUTUAL INSURANCE COMPANY**  
**ADOPTING RESOLUTIONS**

**Exhibit C**  
**AMENDED AND RESTATED**  
**ARTICLES OF INCORPORATION**  
**OF**  
**JEWELERS MUTUAL INSURANCE COMPANY, SI**  
**(A Wisconsin Stock Insurance Corporation)**

**Exhibit D**  
**AMENDED AND RESTATED**  
**BYLAWS**  
**OF**  
**JEWELERS MUTUAL INSURANCE COMPANY, SI**  
**(A Wisconsin Stock Insurance Corporation)**

**Exhibit E**  
**ARTICLES OF INCORPORATION**  
**OF**  
**JEWELERS MUTUAL HOLDING COMPANY**  
**(a Wisconsin Mutual Insurance Holding Company)**

**Exhibit F**  
**BYLAWS OF**  
**JEWELERS MUTUAL HOLDING COMPANY**  
**(a Wisconsin Mutual Insurance Holding Company)**

**Exhibit G**  
**ARTICLES OF INCORPORATION**  
**OF**  
**JM NEW HOLDINGS, INC.**

**Exhibit H**  
**BYLAWS OF**  
**JM NEW HOLDINGS, INC.**

**Exhibit I**  
**DIRECTORS AND OFFICERS OF JEWELERS MUTUAL HOLDING COMPANY,  
JM NEW HOLDINGS, INC. AND JEWELERS MUTUAL INSURANCE COMPANY, SI**



<b>Summary report:</b>	
<b>Litera® Change-Pro for Word 10.5.0.0 Document comparison done on 4/10/2019 1:17:09 PM</b>	
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<b>Intelligent Table Comparison:</b> Active	
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<u>Table moves to</u>	0
<del>Table moves from</del>	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
<b>Total Changes:</b>	<b>7</b>