

FIVE-YEAR BUSINESS PLAN

The following sets forth a business plan for MIHC's first five (5) years of operation, submitted pursuant to Wis. Stat. § 644.07(4)(b)(6).

As a mutual holding company, MIHC will conduct no business operations other than those associated with its role as the sole or majority shareholder of Converted MMIC. Accordingly, as its required business plan, MIHC submits a 5-year business plan for MMIC/Converted MMIC.

MMIC's/Converted MMIC's Summary of Financial Projection Assumptions

Income Statement

MMIC/Converted MMIC participates in a pooling reinsurance arrangement with two affiliated companies. Business acquired by the participants is pooled and the combined premiums, losses and certain expenses are prorated to the pool participants based on their percentage participation in the pool. MMIC's/Converted MMIC's pooling percentage is 40% for business prior to October 1, 1995 and 5% for business subsequent to that date. Due to this arrangement, there is still old pool (business prior to 10/1/95) activity that affects MMIC/Converted MMIC and therefore must be considered when reviewing the Company's results.

Direct and net written premiums are expected to grow at an annual rate of 5%.

Loss ratios are expected to decrease as old pool losses runoff.

Other expenses should decrease as our business practices become more efficient.

Balance Sheet

Bonds and short-term investments together represent the total amount of bonds invested. Reduction of bonds over time is from the use of funds to pay loss reserves and operating expenses.

Cash held is projected to be between \$1.0 million to \$2.0 million.

All other assets are assumed to remain constant over the projected years.

Losses and LAE reserves replicate historical runoff understanding the old pool reserves are decreasing at a faster rate than the growth of the new pool reserves.

Unearned premium reserve reflects the change in UPR as projected on the income statement.

Other liabilities gradually decrease as payments for postretirement other than pensions are paid off.

Surplus change represents net income or loss plus the change in the real estate valuation reserve.