



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Scott Walker, Governor
Theodore K. Nickel, Commissioner

Wisconsin.gov

125 South Webster Street • P.O. Box 7873
Madison, Wisconsin 53707-7873
Phone: (608) 266-3585 • Fax: (608) 266-9935
E-Mail: ociinformation@wisconsin.gov
Web Address: oci.wi.gov

Exh # 11
Date 31 JULY 2018
Case 18-C42636
Ins. Comm.

DATE: July 27, 2018
TO: Amy J. Malm
FROM: Michael A. Mancusi-Ungaro
Steven J. Junior

SUBJECT: Plan for the Merger of Main Street America Group Mutual Holdings, Inc. with and into American Family Insurance Mutual Holding Company (Case No. 18-C42636)

DESCRIPTION OF THE TRANSACTION

Overview

American Family Insurance Mutual Holding Company filed a Form A, "Statement Regarding the Acquisition of Control of or Merger with a Domestic Insurer", dated May 25, 2018 and that was received by Wisconsin's Office of the Commissioner of Insurance on that same date.

Under the Agreement and Plan of Merger (hereinafter also "Merger Agreement") between American Family Insurance Mutual Holding Company (hereinafter also "AFI MHC") and Main Street America Group Mutual Holdings, Inc. (hereinafter also "MSA Holdings") dated May 3, 2018, Main Street America Group Mutual Holdings, Inc. would merge with and into American Family Insurance Mutual Holding Company, with the latter corporation surviving. The merger shall become effective at 12:01 a.m., Central Time, on the date that Articles of Merger are filed with the Wisconsin Commissioner of Insurance pursuant to ss. 181.1105, 611.73, and 644.27, Wis. Stat., or such other later date or time as AFI MHC and MSA Holdings may agree and specify in the Articles of Merger (the "Effective Time"). The parties have expressed a preference to close the transaction on or before October 31, 2018.

Each membership interest in MSA Holdings prior to the Effective Time shall be converted to a membership interest in AFI MHC. The merger shall not affect any membership rights of any member of AFI MHC prior to the Effective Time, and immediately following the Effective Time, each member of AFI MHC will possess identical member rights and privileges subject to applicable law. The proposed merger is subject to, among other things, receipt of all regulatory approvals, including but not limited to Florida, Wisconsin, Indiana, Minnesota, and South Carolina, and receipt of approval from the respective Members of MSA Holdings and AFI MHC.

At the Effective Time, AFI MHC's Articles of Incorporation shall be amended and restated in their entirety in accordance with Exhibit A of the Merger Agreement.

Upon completion of the Proposed Merger, the Board of Directors of AFI MHC will be comprised of those persons who were directors of AFI MHC immediately prior to the Effective Time, plus two individuals who were directors of MSA Holdings immediately prior to the Effective Time.

For a period commencing on the Effective Time and ending on the third anniversary of the Effective Time, there shall be an Advisory Board, which shall be governed by and act in accordance with the Advisory Board Charter attached as Exhibit C to the Merger Agreement. The Advisory Board will consult with and provide advice to the Board of Directors of AFI MHC and senior members of management with respect to the business and operations of the then-former subsidiaries of MSA Holdings and their integration with the

business and operations of the other subsidiaries of AFI MHC. The Advisory Board shall not have the authority to approve, initiate, or disapprove any actions on behalf of any entity and their recommendations are strictly advisory.

Scope of Wisconsin's Regulatory Concern

The issues to be considered are as follows:

(1) The plan for the merger of Main Street America Group Mutual Holdings, Inc. with and into American Family Insurance Mutual Holding Company, including the acquisition of control by American Family Insurance Mutual Holding Company of insurers owned by or affiliated with Main Street America Group Mutual Holdings, Inc. (the "plan").

(2) The names, addresses, and interrelationships of all affiliates and principals of the Petitioners at the time of the filing and after the request is granted if the plan is approved.

(3) Whether or not, under ss. 644.27, Wis.Stat., and s. Ins 40.02 (b) 2, Wis. Adm. Code:

- (a) The plan would violate the law or be contrary to the interests of the insureds of any participating domestic corporation or of the Wisconsin insureds of any participating nondomestic corporation.
- (b) After the acquisition of control, the participating domestic insurance corporations would be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which each is presently licensed.
- (c) The effect of the acquisition of control would be to create a monopoly or substantially to lessen competition in insurance in Wisconsin.
- (d) The merger is likely to jeopardize the financial stability of any participating domestic stock insurance corporations or to prejudice the interests of their respective Wisconsin policyholders.
- (e) Any plans or proposals which the acquiring party has to liquidate any participating domestic stock insurance corporations or their parent insurance holding corporation, sell their assets, or consolidate or merge them with any person, or make any other material change in their business or corporate structure or management, are fair and reasonable to policyholders of the participating domestic stock insurance corporations or in the public interest.
- (f) The competence and integrity of the persons who would control the operation of the participating domestic stock insurance corporations or their parent insurance holding corporation are such that it would be in the interest of the policyholders of the participating domestic insurance corporations and of the public to permit the acquisition of control.

(4) Whether the Petitioners have complied with the filing requirements of s. Ins 40.02, Wis. Adm. Code.

## SUMMARY OF DOCUMENTATION

### Merger Agreement

The specific terms and conditions governing the Proposed Merger are set forth in the Merger Agreement. The material terms of the Merger Agreement are summarized as follows:

- Immediately following the Effective Time of the Proposed Merger as defined in the Agreement (the "Effective Time")<sup>1</sup>, each membership interest in MSA Holdings prior to the Effective Time will be converted into and become a membership interest in AFI MHC as the Surviving Corporation. The merger will not affect the membership rights of any member of AFI MHC prior to the Effective Time, and immediately following the Effective Time, each member of the Surviving Corporation will possess identical member rights and privileges in each case subject to applicable law including, without limitation, administrative orders or other conditions or requirements (if any) issued or imposed by the Wisconsin Office of the Commissioner of Insurance and/or the Florida Office of Insurance Regulation in connection with their review and potential approval of the Proposed Merger.
- As of the Effective Time, AFI MHC as the Surviving Corporation shall have all of the rights, privileges, immunities and powers, and shall be subject to all of the duties, obligations, and liabilities granted or imposed by applicable law. The Surviving Corporation shall thereupon and thereafter possess all the rights, privileges, immunities, powers and franchises of a public as well as of a private nature of each of the Parties; and all property, real, personal, and mixed, and all debts due on whatever account, including subscriptions to shares, assessments payable from members or policyholders, and all other choses in action and all and every other interest of, or belonging to or due to, each of the Parties shall be deemed to be transferred to and vested in the Surviving Corporation without further act or deed; and the title to any real estate, or any interest therein, under applicable law vested in any of such Parties shall not revert or be in any way impaired by reason of the Proposed Merger. The Surviving Corporation shall thenceforth be responsible and liable for all the liabilities and obligations of the Parties; any claim existing or action or proceeding pending by or against any of the Parties may be prosecuted to judgment as if the Proposed Merger had not taken place, or the Surviving Corporation may be substituted in its place; neither the rights of creditors nor any liens upon the property of any of the Parties shall be impaired by the Proposed Merger, but such liens shall be limited to the property upon which there were liens immediately prior to the time of the Proposed Merger, unless otherwise provided in the Agreement.
- At the Effective Time, by virtue of the Proposed Merger and without any additional action on the part of AFI MHC, MSA Holdings, or the Members of either of the foregoing, the articles of incorporation of AFI MHC as the Surviving Corporation shall be amended and restated in their entirety in the form attached as Exhibit A to the Merger Agreement (the "Surviving Articles").
- At the Effective Time, the bylaws of AFI MHC shall continue as the Bylaws of the Surviving Corporation until thereafter amended in accordance with the provisions thereof and applicable law.
- Upon completion of the Proposed Merger, the Board of Directors of the Surviving Corporation will be comprised of those persons who were directors of AFI MHC immediately prior to the Effective

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<sup>1</sup> The Merger shall become effective at 12:01 a.m. Central Time on the date that Articles of Merger are filed with the Wisconsin Office of the Commissioner of Insurance pursuant to Sections 644.27, 611.73, and 181.1105, Wis. Stat., or such other later date or time as AFI MHC and MSA Holdings may agree and specify in the Articles of Merger (the "Effective Time").

Time, plus two individuals who were directors of MSA Holdings immediately prior to the Effective Time (the "MSA Designees"). One of the MSA Designees will be Thomas M. Van Berkel ("Van Berkel") in his capacity as the Chief Executive Officer of MSA Holdings immediately prior to the Effective Time. The other MSA Designee will be an individual who was a nonemployee director of MSA Holdings immediately prior to the Effective Time, to be selected by the Board of Directors of AFI MHC from among a panel of two or more candidates identified by mutual agreement of the Parties.

- All of the current individuals on the boards of directors of all of the MSA Group Companies downstream of MSA Holdings, including the boards of directors for the various insurance companies within the MSA Holdings organization, will resign their respective positions on such boards in connection with the closing of the Proposed Merger.
- For a period commencing at the Effective Time and ending on the third anniversary of the Effective Time (the "Advisory Board Term"), there shall be established an advisory board (the "Advisory Board") initially comprised of the persons (other than the MSA Designees to the board of the Surviving Corporation) who currently serve as directors of MSA Holdings and paid for their service accordingly. The Advisory Board shall be governed by and act in accordance with the Advisory Board Charter. The Advisory Board shall consult with and provide advice to the Board of Directors of the Surviving Corporation, AFI Management, and MSA Group Management with respect to the business and operations of the MSA Subsidiaries and their integration with the business and operations of the other Subsidiaries of the Surviving Corporation. The Advisory Board shall not have the authority to approve, initiate, or disapprove any actions on behalf of any entity, and neither the Board of Directors of the Surviving Corporation, AFI Management, nor MSA Group Management shall be under any obligation to accept any recommendations of the Advisory Board. Further, during the Advisory Board Term, the Advisory Board shall have the authority to enforce, waive, or modify the provisions of the Merger Agreement that survive the Effective Time pursuant to Section 6.7 of the Merger Agreement, summarized below. The authority granted thereunder may only be exercised by the collective action of the Advisory Board, acting in accordance with the Advisory Board Charter. No member of the Advisory Board, acting in his or her individual capacity, is granted any authority thereunder.
- For a period of not less than five years after the Effective Time, the Surviving Corporation will not take any action to prevent MSA Group Management from maintaining and continuing to use the trademarks and brands associated with the products and services of the MSA Subsidiaries immediately prior to the Effective Time.
- For a period of not less than five years after the Effective Time, NGM Insurance Company (an MSA Group Company) ("NGM") will continue to operate out of its Jacksonville, Florida and Keene, New Hampshire offices provided, however, that, within such five year period, MSA Group Management will be entitled to exercise its business judgment to make such changes to the size or location of such offices as it deems necessary and appropriate, based upon business needs.
- For a period of three years after the Effective Time, the Surviving Corporation will not cause any of the MSA Subsidiaries to cease operations in any of their office locations in existence at the Effective Time, unless, prior to such cessation of operations, AFI Management has provided MSA Group Management with the business justification for such change, and given MSA Group Management the opportunity to discuss with AFI Management any concerns or objections to such change.
- Except as set forth in Section 6.7.4(ii) of the Merger Agreement, for a period of three (3) years after the Effective Time, the Surviving Corporation will not take any unilateral action which prohibits the MSA Subsidiaries from continuing to generally offer employment on substantially

similar terms to the full-time, permanent employees of the MSA Subsidiaries who are employed at the Effective Time and have been employed continuously thereafter.

- After the Effective Time, MSA Group Management and representatives of the Surviving Corporation will conduct periodic joint operational reviews to identify and achieve organizational efficiencies in management of the operations of the Surviving Corporation and all of its Subsidiaries and Affiliates, to identify opportunities for employees of the MSA Subsidiaries to advance and move into new positions, and to design an incentive compensation plan for employees of the MSA Subsidiaries that aligns employee performance with desired strategic objectives.
- After the Effective Time, the Surviving Corporation will use commercially reasonable efforts to have the MSA Insurance Company Subsidiaries included in the Surviving Corporation's A.M. Best ratings group and its National Association of Insurance Commissioners group number including in such efforts, if and as necessary, the establishment of a quota share reinsurance or reinsurance pooling arrangement among one or more MSA Group Insurance Companies and one or more AFI Insurance Company Subsidiaries.
- For a period of five years after the Effective Time, the Surviving Corporation will not seek to effect a transaction resulting in a sale or other transfer to a third party of substantially all of the assets of NGM or Main Street America Group, Inc., or a sale or other transfer to a third party of more than fifty percent of the voting stock of NGM or Main Street America Group, Inc.
- For a period of five years after the Effective Time, MSA Group Management and representatives of the Surviving Corporation will conduct periodic joint operational reviews to identify any opportunities to strengthen the Surviving Corporation by adding to or reducing business operations conducted by the MSA Group Companies. Any sale or other transfer to a third party of substantially all of the assets or sale or other transfer to a third party of more than fifty percent of the voting stock of one or more of the MSA Group Companies, shall be as jointly determined by MSA Group Management and AFI Management, based on the outcome of joint operational reviews and subject to the ultimate authority of the Board of Directors of AFI MHC.
- Provided that: (i) there is no material change in applicable Laws, regulations, or circumstances outside the Surviving Corporation's control affecting the programs described in subsections (A) or (B) below, and (ii) the programs described in subsections (A) and (B) below are adequately funded and comply with all applicable Laws and regulations, then for not less than ten (10) years after the Effective Time the Surviving Corporation will: (A) allow the MSA Subsidiaries to continue to fund their qualified and non-qualified pension plans in accordance with the policies in place prior to the Effective Time, and in compliance with ERISA; and (B) allow the MSA Subsidiaries to continue to support and preserve their deferred compensation program. In the event the Surviving Corporation determines that a material change in applicable Laws, regulations, or circumstances outside of the Surviving Corporation's control is affecting any of the programs described in subsections (A) and (B) above during such ten (10) year period, changes may be made to the such programs only to the extent comparable changes are made to comparably affected programs of the Surviving Corporation.
- The Parties intend for the Proposed Merger to qualify as a tax-free reorganization under Section 368(a) of the Code, and will use commercially reasonable efforts to cause the Proposed Merger to so qualify and will obtain legal opinions to this effect from their respective outside legal counsel.
- The Parties agree that MSA Holdings shall engage an independent actuarial firm, selected by mutual agreement of the Parties, to provide an actuarial opinion regarding the sufficiency of the reserves held by the MSA Group Insurance Companies. Such actuarial opinion shall be required

to be delivered prior to the Effective Time, and to set forth a range quantifying such reserves. Prior to the Effective Time, MSA Holdings shall cause the MSA Group Companies to take action to establish their reserves in an amount not less than the midpoint in such range.

- The Merger Agreement contains representations and warranties by the parties, and imposes certain pre-closing covenants on the parties, in each case that are either customary for mergers of this nature or otherwise suitable for this particular Proposed Merger.
- The closing of the Proposed Merger is subject to closing conditions that are either customary for mergers of this nature or otherwise suitable for this particular Proposed Merger, including, without limitation, conditions relating to the receipt of regulatory and corporate approvals, the accuracy at the Effective Time of certain representations and warranties made in the Merger Agreement, compliance with pre-closing covenants, the absence of any Material Adverse Effect (as that term is defined in the Merger Agreement), and the delivery of certain closing deliverables.

#### Additional Sources of Information Reviewed

In addition to the Form A and the Agreement and Plan of Merger, our review and conclusions were informed by the following documents, among others:

1. Disclosure Schedules to the Agreement and Plan of Merger between American Family Insurance Mutual Holding Company and Main Street America Group Mutual Holdings, Inc. dated May 3, 2018
2. Pre- and Post-Merger Organizational Charts for the holding company system led by American Family Insurance Mutual Holding Company
3. 3-Year Financial Projections
4. Recent years' consolidated financial statements for American Family Insurance Mutual Holding Company and American Family Mutual Insurance Company S.I.
5. Biographical Affidavits for Thomas M. Van Berkel, Edward J. Kuhl, Bruce R. Fox, Dean P. Dorman, Thomas T. Frazier, Amy J. Frederick, Daniel J. Gaynor, Robert T. Hetzel, Jr., Jeffrey B. Kusch, Michael D. Lancashire, David S. Medvidofsky, Darryl J. Osman, Janet M. Root, and John A. Thompson, Jr.
6. Draft Joint Member Information Booklet
7. American Family Mutual Holding Company's Exhibit of Frequently Asked Questions received by the OCI on July 11, 2018
8. Form of company representation letter from Main Street America Group Mutual Holdings, Inc. to Greenberg Traurig, P.A., and Foley & Lardner LLP, relating to tax opinions
9. Form of tax opinion from Greenberg Traurig P.A. to Main Street America Group Mutual Holdings, Inc.
10. Form of company representation letter from American Family Insurance Mutual Holding Company to Foley & Lardner LLP and Greenberg Traurig, P.A., relating to tax opinions
11. Form of tax opinion from Foley & Lardner LLP to American Family Insurance Mutual Holding Company
12. Early Termination Letter from the U.S. Federal Trade Commission to Foley & Lardner LLP dated June 12, 2018
13. Mutual Nondisclosure Agreement effective as of October 20, 2017 between American Family Insurance Mutual Holding Company and Main Street America Group Mutual Holdings, Inc.
14. Employment Agreements by and between NGM Insurance Company and each of Thomas M. Van Berkel, Jeffrey B. Kusch, Steven Berry, Christopher L. Cox, Tiffany Daly, David Randle, and Jonathan Spacher.
15. Comments from counsel for AFI MHC concerning the draft Case Recommendation Memo and List of Exhibits.

## **OBSERVATIONS BASED ON REVIEW OF DOCUMENTS**

### Format and Informational Sufficiency of the Filing and its Supplements

The Form A filing was prepared in a format that complies with s. Ins 40.02, Wis. Adm. Code. The information contained in the filing and in the supplementary information obtained by OCI in connection with review of this filing is sufficient for OCI to make a decision concerning the proposed plan.

### Legality and Fairness of the Proposed Plan

Our review of the Form A encompassed the Agreement and Plan of Merger, together with the additional information described in the section of this memorandum captioned, "Additional Sources of Information Reviewed". This review disclosed no basis for denial of the Form A on a point of law.

As previously noted, each membership interest in MSA Holdings prior to the Effective Time shall be converted to a membership interest in AFI MHC. The merger shall not affect any membership rights of any member of AFI MHC prior to the Effective Time, and immediately following the Effective Time, each member of AFI MHC will possess identical member rights and privileges subject to applicable law.

I can find no basis on which the proposed acquisition, as disclosed in the Form A and its supplementary filings, should not be regarded as reasonable and fair to each participating insurer and to each participating insurer's policyholders, within the scope of Wisconsin's regulatory concern.

### Satisfaction of Licensing Requirements Maintained

The merger according to the plan indicated in the Form A would have no effect on the ability of any participating insurer to maintain its existing license to write the lines of insurance for which it is presently licensed.

### Effect on Competition within the Wisconsin Insurance Marketplace

American Family Insurance Mutual Holding Company and Main Street America Group Mutual Holdings, Inc. are mutual holding companies, not insurers. Neither company writes insurance business for its own account. Instead, each mutual holding company has insurance subsidiaries that are engaged in the insurance business.

Of the eight insurers owned by or affiliated with Main Street America Group Mutual Holdings, Inc., only Austin Mutual Insurance Company, NGM Insurance Company, and Main Street America Protection Insurance Company are licensed in Wisconsin. Of these three, only Austin Mutual Insurance Company and NGM Insurance Company wrote business in Wisconsin in 2017. In 2017, Austin Mutual Insurance Company and NGM Insurance Company wrote \$8,294,430 and \$90,774, respectively, in Wisconsin. With such limited premium volume, the effect of the plan of merger will not be to create a monopoly or substantially to lessen competition in any type or line of insurance in Wisconsin.

### Future Plans following the Merger

Following the Proposed Merger, AFI MHC as the Surviving Corporation may review the corporate structure of the combined organization and may undertake various internal processes to re-position the MSA Group Companies within the organizational chart of the Surviving Corporation so as to preserve the ratings of the MSA Group Companies, maximize organizational flexibility and facilitate the efficient deployment of capital within the combined organization.

AFI MHC as the Surviving Corporation has no present plans or proposals to cause any of the MSA Group Companies or any of the AFI MHC Affiliated Companies to declare an extraordinary dividend, liquidate, sell their assets, or merge or consolidate with any other person or entity, or otherwise make any material changes to their current business plans as a result of, or in connection with, the Proposed Merger.

Competence and Integrity of Prospective Management

A review of the confidential biographical affidavits for the officers and directors of American Family Insurance Mutual Holding Company and Main Street America Group Mutual Holdings, Inc. did not raise any concerns. Therefore, the competence and integrity of the persons who would control the operation of American Family Insurance Mutual Holding Company are such that it is in the interest of the policyholders of this insurer and of the public to permit the proposed plan. Following the merger the board of directors and officers of American Family Insurance Mutual Holding Company will be as follows:

Following the proposed merger, the board of directors will consist of the following persons:

<b>Name and Residence</b>	<b>Principal Occupation</b>
Jack C. Salzwedel Middleton, Wisconsin	Chairman and Chief Executive Officer American Family Insurance Mutual Holding Company
Kathleen S. Barclay Cincinnati, Ohio	Retired Senior Vice President The Kroger Company
Christine M. Cumming Brooklyn, New York	Retired First Vice President and Chief Operating Officer Federal Reserve Bank of New York
Londa L. Dewey Madison, Wisconsin	President QTI Management Services, Inc. d/b/a QTI Group
Fabian Fondriest Concord, Massachusetts	President and Chief Executive Officer Homesite Group Incorporated
Leslie A. Howard Madison, Wisconsin	Senior Advisor to the Chief Executive Officer United Way Worldwide
Ted D. Kellner Mequon, Wisconsin	Chief Executive Officer T&M Partners; The Kelben Foundation
Rakesh Khurana Newton, Massachusetts	Dean Harvard College
Michael M. Knetter Mequon, Wisconsin	President and Chief Executive Officer University of Wisconsin Foundation
R. Scott Malmgren Palm Harbor, Florida	Retired Senior Partner Deloitte & Touche (Chicago office)
Eliot G. Protsch Naples, Florida	President Wapsie Investment & Advisory, LLC
Paul S. Shain Verona, Wisconsin	President and Chief Executive Officer Singlewire Software, LLC



Dimitri L. Stockton Palm Harbor, Florida	Special Advisor to the Chairman Retired Senior Vice President General Electric Company
Thomas M. Teft Palm Harbor, Florida	Retired President, Neuromodulation Medtronic, Inc.
Thomas M. Van Berkel Jacksonville Beach, Florida	Chairman, President and Chief Executive Officer Main Street America Group Mutual Holdings, Inc. and all of its affiliated companies
William B. Westrate Sun Prairie, Wisconsin	President American Family Insurance Mutual Holding Company
Thomas J. Zimbrick Madison, Wisconsin	Chief Executive Officer and Director Zimbrick, Inc.

Note: An additional director will be selected from among the directors and officers of Main Street America Group Mutual Holdings, Inc. subject to an ongoing selection process between the parties, which includes, among other matters, utilization of American Family Insurance Mutual Holding Company's existing corporate governance nomination process and procedures.

Officers are appointed to serve at the pleasure of the board of directors. Following the proposed merger, the officers will consist of the following persons:

<b>Name</b>	<b>Office</b>
Jack C. Salzwedel	Chairman and Chief Executive Officer
Daniel J. Kelly	Chief Financial Officer and Treasurer
David C. Holman	Chief Strategy Officer and Secretary
William B. Westrate	President
Jessica J. Stauffacher	Chief Operating Officer – American Family Agency
Kristin R. Kirkconnell	Chief Information Officer
Mark V. Afable	Vice President and Chief Legal Officer
Gerry W. Benusa	Vice President and Chief Sales Officer
Peter C. Gunder	Vice President and Chief Business Development Officer
David A. Graham	Vice President and Chief Investment Officer
Telisa L. Yancy	Chief Marketing Officer
Christopher R. Listau	President, Commercial Farm/Ranch
Mary Anne Theilen	President, Personal Lines
Richard M. Steffen	President, Life
Ann F. Wenzel	Assistant Secretary
Troy P. Van Beek	Assistant Treasurer
Mary D. Vang	Assistant Treasurer

#### **SUMMARY OF OBSERVATIONS**

1. The Form A filing was prepared in a format that complies with s. Ins 40.02, Wis. Adm. Code. The information contained in the Form A filing is sufficient to the transaction.
2. The plan of merger by and between American Family Insurance Mutual Holding Company and Main Street America Group Mutual Holdings, Inc. would not violate the law or be contrary to the interests of

any participating domestic insurer or their respective policyholders or the Wisconsin policyholders of any participating nondomestic insurer.

3. After the merger, none of the participating Wisconsin domestic insurers will experience a change that would cause any of them to become unable to satisfy the requirements for the issuance of a license to write the lines of insurance for which they are presently licensed.
4. The effect of this transaction will not be to create a monopoly or substantially to lessen competition in any type or line of insurance in Wisconsin.
5. The financial condition of Main Street America Group Mutual Holdings, Inc. and its subsidiaries and affiliates are unlikely to jeopardize the financial stability of American Family Insurance Mutual Holding Company or to prejudice the interests of the policyholders of any participating Wisconsin domestic insurers.
6. The plan does not result in a change in control for any participating Wisconsin domestic insurer, apart from a change in the composition of the policyholder-owners that indirectly own and ultimately govern these insurance corporations and the addition of two directors to the board of directors of American Family Insurance Mutual Holding Company. There are no plans or proposals to liquidate any Wisconsin domestic insurer, to sell any of their respective assets (other than investment portfolio transactions in the ordinary course of business), to consolidate or merge any of them with any other person, or to make any other material change in their respective businesses, corporate structures, or managements other than described in the plan of merger.
7. The competence and integrity of the persons who would control the operation of American Family Insurance Mutual Holding Company are such that it is in the interest of the policyholders of this insurer and of the public to permit the proposed plan.

#### **RECOMMENDATION**

The plan for the merger of Main Street America Group Mutual Holdings, Inc. with and into American Family Insurance Mutual Holding Company, including the acquisition of control by American Family Insurance Mutual Holding Company of insurers owned by or affiliated with Main Street America Group Mutual Holdings, Inc., should be approved, subject to the following conditions subsequent:

- a) American Family Insurance Mutual Holding Company shall conduct a membership vote concerning the proposed merger.
- b) American Family Insurance Mutual Holding Company shall ensure that voting procedures with respect to the Plan are in accordance with a voting protocol filed with the Wisconsin Commissioner of Insurance. American Family Insurance Mutual Holding Company shall retain the services of a tabulation agent to assist it in the receipt, custody, safeguarding, verification and tabulation of proxy forms and ballots.
- c) Until the Plan is consummated, the OCI shall have the right to alter, suspend, or withdraw its approval should any material interim development warrant such action.
- d) American Family Insurance Mutual Holding Company and its successors in interest shall comply with the Plan as approved by the Commissioner herein.
- e) The Plan may not be amended without the prior written consent of the Commissioner.