

MERGER OF
YORKVILLE & MT. PLEASANT MUTUAL INSURANCE COMPANY
INTO
MUTUAL OF WAUSAU INSURANCE CORPORATION
PROPOSED POLICYHOLDER SUMMARY OF MERGER
SUBMITTED TO THE WISCONSIN OFFICE OF
THE COMMISSIONER OF INSURANCE ON JULY 17, 2023



To: All Policyholders of Yorkville & Mt. Pleasant Mutual Insurance Company

Re: Summary of Proposed Merger into Mutual of Wausau Insurance Corporation

Date: July 27, 2023

The Boards of Directors of YMPMIC and Mutual of Wausau Insurance Corporation (“Mutual of Wausau”) have determined that it would be in the best interests of both companies to merge and the companies have entered in an Agreement and Plan of Merger (the “Plan of Merger”).

YMPMIC’s reinsurer, Wisconsin Reinsurance Corporation (“WRC”), was placed into Rehabilitation by the Wisconsin Office of the Commissioner of Insurance (the “Commissioner”) on June 21, 2023. As a town mutual organized under Chapter 612 of Wisconsin Statutes, YMPMIC is required by law to maintain certain reinsurance coverage. As a current reinsurance policyholder of WRC, YMPMIC received an order from the Commissioner on June 28, 2023. The Commissioner’s order directed YMPMIC to confirm its plans for obtaining reinsurance for 2024 or otherwise maintaining its certificate of authority to continue in business in 2024.

In order to comply with the order and limit the disruption to you as a YMPMIC policyholder and member, the Board of Directors of YMPMIC has elected to pursue a merger with Mutual of Wausau (the “Merger”).

Mutual of Wausau is a mutual insurance company organized under Chapter 611 of Wisconsin Statutes that currently issues policies throughout Wisconsin. Mutual of Wausau’s history dates back to 1875 and was formed through the merger of Stettin Mutual Fire and Wausau Mutual Insurance Company in 1998. In 2011, Mutual of Wausau converted to a Chapter 611 Wisconsin domestic mutual insurance company, allowing the company to offering more types of insurance and to expand the area that it serves to the entire state of Wisconsin. Since 2011, Mutual of Wausau has engaged in a variety of mergers and affiliations to expand its reach in the state of Wisconsin to continue protecting the mutual interest of the company’s policyholder members.

Mutual of Wausau is a financially sound company that maintains reinsurance coverage and has confirmed its ability to maintain reinsurance coverage post-merger. Advantages to the policyholders of YMPMIC include less dependence on the limited number of reinsurers issuing coverage to Chapter 612 town mutuals, an improved spread of risk throughout the state, having access to a broader range of insurance products, and no longer being subject to policyholder assessments. Additionally, YMPMIC policyholders will continue to be insured by a mutual insurance company.

The Board of Directors has determined that the Merger is fair and equitable to the policyholders of YMPMIC, and has recommended that YMPMIC members vote to approve the Merger.

The Plan of Merger has been approved by the State of Wisconsin Office of the Commissioner of Insurance. We are now asking for the approval of YMPMIC policyholders. The Plan of Merger is summarized below.

Mutual of Wausau is larger than YMPMIC and will be the surviving entity of the Merger. YMPMIC will merge into Mutual of Wausau, effective on the closing date. The anticipated closing date of the Merger is December 31, 2023. YMPMIC is currently authorized to write policies in the counties of Kenosha, Milwaukee, Racine, Walworth, and Waukesha. As a Chapter 611 mutual insurance company, Mutual of Wausau may write policies throughout the state of Wisconsin; the surviving entity will continue to be a Chapter 611 mutual insurance company writing policies throughout Wisconsin.

Post-merger, Mutual of Wausau will continue to be managed by the current directors and officers of Mutual of Wausau. Todd Lentz will continue to serve as President and CEO of the merged company. Lisa Johnson, the current Manager of YMPMIC, will be offered employment with Mutual of Wausau with job duties relating to servicing the assumed policies of former members of YMPMIC.

No changes will be made to the current Mutual of Wausau Board of Directors relating to the merger. As of the effective date of the merger, the Board of Directors of the merged company will continue to be the current board of Mutual of Wausau. At each annual meeting of the policyholders of Mutual of Wausau after the effective date of the merger, the policyholders will elect the directors to fill the positions of the directors whose terms expire, as provided in Mutual of Wausau's current articles and bylaws.

The articles and bylaws of the merged company will continue to be those of Mutual of Wausau. No changes to the current Mutual of Wausau Articles of Incorporation and Bylaws will occur as a result of the Merger. Copies of the proposed documents and the Merger Agreement are available for your review.

On the effective date of the merger, all YMPMIC policyholders will automatically become members and policyholders of Mutual of Wausau. All property owned by YMPMIC will become the property of Mutual of Wausau and all liabilities of YMPMIC will become liabilities of Mutual of Wausau. Each former member of YMPMIC will be sent a Certificate of Assumption formally confirming that status.

No changes to the policies or premiums of YMPMIC policyholders will occur immediately upon the consummation of the Merger. However, effective on the first renewal date of each YMPMIC policy following the effective date of the Merger, policies will be rewritten using Mutual of Wausau forms, rates, and underwriting guidelines.

Business will be transacted from Mutual of Wausau's current office space in Wausau, Wisconsin. Post-merger, Mutual of Wausau will continue operations at the current YMPMIC

office located at 901 Main Street in Union Grove as an extended service location of Mutual of Wausau for a minimum of one year and evaluate the need to continue use of the location. In the event continued use of the office in Union Grove becomes unnecessary, staff would have the option to work remotely.

A complete copy of the Agreement and Plan of Merger (and related exhibits) is available for your inspection at both the YMPMIC and Mutual of Wausau offices. Please contact Lisa Johnson, YMPMIC Manager, at (262) 878-5300 if you have any questions or if you would like to review a complete copy of the Plan of Merger.

**Yorkville & Mt. Pleasant Mutual
Insurance Company**

David W. Moyer
President
901 Main Street
Union Grove, WI 53182
(262) 878-5300

**Mutual of Wausau Insurance
Corporation**

Todd Lentz
President & CEO
3910 Stewart Avenue
Wausau, WI 54402
(715) 842-0686

29484604.4