

March 27, 2020

Commissioner Mark V. Afable  
Wisconsin Insurance Department  
125 S. Webster St.  
Madison, WI 53703

2020 APR -6 AM 9:45

RECEIVED  
WISCONSIN COMMISSIONER  
OF INSURANCE

Subject: Proposed Consolidation of Not-for-Profits  
Western Fraternal Life (WFL) - an Iowa Corp.  
& National Mutual Benefit Society (a Wisconsin Corp.)

Dear Commissioner Afable:

We are writing requesting your advice in handling our serious concerns about the proposed consolidation of these two companies being advanced by both company's CEOs for quick approvals. We feel this is a move to eliminate a representative form of governing for our not-for-profit fraternal insurance company which has existed for the past 120 years.

Western Fraternal Life is a not-for-profit fraternal benefit society owned by the members. Voting on corporate issues is through members electing delegates to conventions (one delegate per each 100 members) every four years; at conventions delegates elect directors and the president. Between conventions members discuss relevant issues with their respective directors. It is a representative form of governing system.

1. WFL members were first advised of a proposed Consolidation in two letters from the two respective CEOs/Presidents dated 2-24-20 mailed to members with a copy of the Agreement of Merger dated 1-24-20 and were told NMB directors had already approved. NMB does not have member representation in decision making but instead rests all decision making in their directors exclusively; nevertheless NMB maintains it is a not-for-profit. The proposed consolidation states the new organization will have a total of eight directors plus the CEO and President.

2. WFL's seven directors voted on the proposed consolidation with majority approval in January 2020. (WFL delegates, as yet, have NOT approved). Discussion meetings were then to be held face-to-face with all WFL delegates and members and WFL President and NMB CEO prior to voting dates of April 25-May 26, 2020 by WFL delegates. Only one meeting was held face-to-face in Michigan before the Coronavirus National Emergency. The remaining scheduled meeting(s) were canceled and are now to be held by teleconference or similar venue depending upon the individual delegate's internet capability, if any. Many WFL members feel this is inadequate for proper representation and requested that voting be tabled until the National Emergency guidelines have been lifted. On an issue of such consequence to our company, we have been told NO and that voting will be held as scheduled.

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3. The proposed Articles of Incorporation and Bylaws of the new "Consolidated Society" appear that the "representative form of governing" will not exist and that the directors will have full control over all decisions without oversight by the members and members will have no voting rights. It states a member can nominate someone for director but the procedure is extremely complicated and thus in essence prohibitive. The existing new Board of Directors will have control over nominating replacement directors but do not have the authority to remove the CEO or President. There are no checks and balances to protect the members in this "new" organization.

4. Some WFL members feel there was a high possibility WFL's seven directors were encouraged to approve the consolidation by an assurance of substantially increased compensation for the four directors who will "transition" to the "new" Corp. (Note: NMB's Form 990 filed publicly with the IRS shows NMB's current directors received compensation ranging from \$48-50,000.00 each in 2018.) WFL's directors currently receive far less compensation.

We are seeking your advice on how we should proceed. Is it possible for Wisconsin's Insurance Office to initiate a temporary hold or delay of this proposed consolidation and WFL delegate voting due to the National Emergency and meeting requirements?

We know our request and questions come at a difficult time, but if at all possible, your attention to this proposed consolidation on our behalf will be highly appreciated.

Sincerely,



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