

**Procedures for the Conduct of Voting on  
SECURA Insurance, a Mutual Company’s Proposal  
to Convert to a Mutual Holding Company Structure**

**I. Introduction**

In connection with the proposed conversion of SECURA Insurance, a Mutual Company (“SECURA”), to a Wisconsin stock insurance company in a mutual holding company structure (the “Conversion Transaction”), pursuant to the Mutual Holding Company Plan (the “Plan”) adopted by the Board of Directors of SECURA (the “Board”) as of [●], the Officers of SECURA, acting upon direction and authority conferred by the Board, have adopted and approved certain rules and procedures for the conduct of voting by policyholders (collectively, the “Voting Procedures”) to approve or disapprove the Plan and the transactions contemplated thereby, including the amendment and restatement of the Articles of Incorporation of SECURA in the form of the Third Amended and Restated Articles of Incorporation (the “Amended and Restated Articles”) of SECURA Insurance Company (“Converted SECURA”). The Voting Procedures were adopted consistent with: Sections 611.42(1), (1m), (2) and (3), 611.51(6), and 644.07(8) of the Wisconsin Insurance Code; Sections 181.0707, 181.0724, 181.0727 and 181.0841 of the Wisconsin Nonstock Corporation Law; Article VI of the current Second Amended and Restated Articles of Incorporation of SECURA (the “Current SECURA Articles”); and Article II of the current Second Amended and Restated Bylaws of SECURA (the “Current SECURA Bylaws”).

**II. Background**

**A. Submission of Plan to Policyholders**

Section 644.07(8) of the Wisconsin Insurance Code states, in relevant part, that “the mutual holding company plan shall be submitted at any regular or special meeting of policyholders to a vote of the persons who were policyholders of the converting insurance company on the date of the resolution under sub. (2) and who remain policyholders on the record date established for the vote by the board.” Section 644.07(8) also provides that “[v]oting shall be in accordance with the articles or bylaws of the converting insurance company ... and in no event shall the required vote to approve the plan be less than a majority of those policyholders voting... [and] [o]nly proxies specifically related to the mutual holding company plan may be used for a vote on approval under this subsection.”

**B. Eligibility of Policyholders to Vote**

1. Section 611.42(2) of the Wisconsin Insurance Code states, in relevant part, that “[p]olicyholders in all mutuals have the right to vote on conversion, voluntary dissolution, amendment of the articles, and the election of all directors except public directors appointed under s. 611.53(1).”
2. Section 611.42(3) of the Wisconsin Insurance Code states, in relevant part, “[t]he articles or bylaws shall contain rules governing voting eligibility consistent with sub. (2) and voting procedures.”

3. Article III, Section 2, of the Current SECURA Articles states, in relevant part: “Every person, corporation, association or partnership as provided and defined in the Bylaws shall be a member and have one vote.”
4. Article II, Section 1, of the Current SECURA Bylaws states, in relevant part: “All persons, firms and corporations that become policyholders of the corporation with all premiums paid in full shall be members of the corporation, but only so long as they remain policyholders, and such members shall be entitled to all the privileges of membership. For purposes of these Bylaws, a policyholder of the corporation shall mean the individual or entity shown as the first named insured on a policy of insurance issued by the corporation.”

**C. Voting by Proxy and Acceptance of Proxies**

1. Section 611.425(2)(a) states that “[u]nless the articles of incorporation or bylaws prohibit or limit proxy voting, a policyholder may appoint another person as proxy to vote or otherwise act for the policyholder at a meeting of policyholders...”
2. Article II, Section 7, of the Current SECURA Bylaws states: “At all meetings of members, a member entitled to vote may vote in person, or by proxy executed in writing by the member or his/her duly authorized attorney-in-fact, provided that such proxy is filed with the Secretary of the corporation no later than 7 days prior to the date of the meeting.”
3. Section 611.51(6) states that “[t]he board shall manage the business and affairs of the corporation and may not delegate its power or responsibility to do so, except to the extent authorized by ss. 180.0841, 181.0841, 611.56 and 611.67.”
4. Section 181.0841 states that “[e]ach officer or agent has the authority and shall perform the duties set forth in the bylaws or, to the extent consistent with the bylaws, the duties and authority prescribed in a resolution of the board or by direction of an officer authorized by the board to prescribe the duties and authority of other officers.”
5. The Board has authorized certain officers of SECURA to solicit and vote proxies for the Special Meeting (as defined below) pursuant to a vote at a meeting on [●].
6. Section 181.0724(6) states that “[s]ubject to s. 181.0727 and any express limitation on the proxy’s authority appearing on the face of the appointment form, a corporation is entitled to accept the proxy’s vote or other action as that of the member making the appointment.”
7. Section 181.0727(1) states that “[i]f the name signed on a vote, consent, waiver, or proxy appointment corresponds to the name of a member, the

corporation if acting in good faith is entitled to accept the vote, consent, waiver, or proxy appointment and give it effect as the act of the member.” *See* Section VI.F and Exhibit A for procedures used to determine whether signatures correspond to the name of a member.

8. Section 181.0727(2) states that “[i]f the name signed on a vote, consent, waiver, or proxy appointment does not correspond to the record name of a member, the corporation if acting in good faith is nevertheless entitled to accept the vote, consent, waiver, or proxy appointment and give it effect as the act of the member if any of the following conditions exists: (a) [t]he member is an entity and the name signed purports to be that of an officer or agent of the entity[;] (b) [t]he name signed purports to be that of an attorney-in-fact of the member and if the corporation requests, evidence acceptable to the corporation of the signatory’s authority to sign for the member has been presented with respect to the vote, consent, waiver, or proxy appointment[;] (c) [t]wo or more persons hold the membership as cotenants or fiduciaries and the name signed purports to be the name of at least one of the coholders and the person signing appears to be acting on behalf of all of the coholders.”

#### **D. Authority of Board of Directors to Fix Record Date**

1. Section 611.42(1m) of the Wisconsin Insurance Code adopts and applies Section 181.0707 of the Wisconsin Nonstock Corporation Law to mutual insurance companies such as SECURA.
2. Section 181.0707(1) states, in relevant part, that “[t]he bylaws of a corporation may fix or provide the manner of fixing a date as the record date for determining the members entitled to notice of a members’ meeting. If the bylaws do not fix or provide for fixing such a record date, the board may fix a future date as such a record date.”
3. Section 181.0707(2) states, in relevant part, that “[t]he bylaws of a corporation may fix or provide the manner of fixing a date as the record date for determining the members entitled to vote at a members’ meeting. If the bylaws do not fix or provide for fixing such a record date, the board may fix a future date as such a record date.”
4. Article II, Section 9 of the Current SECURA Bylaws states, in relevant part: “For the purpose of determining the members of the corporation entitled to notice of an annual or special meeting of the members or to vote or take any other action, the Board of Directors may fix in advance a date as the record date. Such record date shall be not less than twenty (20) nor more than ninety (90) days prior to the date on which the particular action requiring such determination of members is to be taken.” *See* Section III.B for details regarding the Resolution Date and Record Date for the Special Meeting.

## **E. Amending Articles of Incorporation**

1. Article VI of the Current SECURA Articles states, in relevant part: “The Articles of Incorporation may be amended as provided in the Wisconsin Insurance Code or at any special meeting called for that purpose or at any annual meeting, provided that a statement of the nature of the proposed amendment is included in the notice of special or annual meeting. At such special or annual meeting, an amendment or restatement shall be adopted upon receiving two-thirds of the votes entitled to be cast by the members present or represented by proxy at such meeting.”
2. Section 181.1003(1) states, in relevant part, that “[u]nless this chapter, the articles of incorporation or the bylaws require a greater vote or voting by class, an amendment to a corporation’s articles of incorporation to be adopted must be approved by all of the following:
  - (b) Except as provided in s. 181.1002 (1), the members by two-thirds of the votes cast or a majority of the voting power, whichever is less.”

## **III. Determination of Policyholders Entitled to Notice of the Special Meeting and to Vote on the Plan**

### **A. Special Meeting**

The Special Meeting of Policyholders to vote on the Plan will be held on [●] (the “Special Meeting”).

### **B. Resolution Date and Record Date**

Through a written consent action effective [●] (the “Resolution Date”), the Board adopted the Plan in final form and established [●] as the record date (the “Record Date”) for purposes of policyholder notice of the Special Meeting and voting on the Plan.

### **C. Voting Groups**

Two conceptually different groups of SECURA policyholders are eligible to receive notice of, and to vote at, the Special Meeting. First, for purposes of Section 644.07(8) of the Wisconsin Insurance Code, those policyholders of SECURA who were policyholders on both the Resolution Date and the Record Date are entitled to vote on the Plan (the “Insurance Law Voting Group”). Second, for purposes of the Current SECURA Articles and Current SECURA Bylaws, those policyholders of SECURA who were policyholders on the Record Date are entitled to vote on the Plan (the “Corporate Law Voting Group”).

Because the Resolution Date and the Record Date are identical ([●]), the eligibility requirements for inclusion in the Insurance Law Voting Group and the Corporate Law Voting Group are identical. Accordingly, a policyholder of SECURA is a

member of each voting group and is therefore eligible to receive notice of the Special Meeting and to vote on the Plan, if as of close of business on [●], the policyholder was listed on the records of SECURA as a policyholder of one or more in-force policies issued by SECURA. All such policyholders are referred to herein as “Eligible Members”; where more than one insured is named in a policy, all those named shall collectively constitute one “Eligible Member”.

#### **IV. Quorum and Voting Thresholds for Approval of the Plan**

##### **A. Quorum Threshold**

The Plan must be approved by the Eligible Members present and voting at a policyholder meeting where the requisite quorum is present. Under Article II, Section 6 of the Current SECURA Bylaws, the quorum requirement is met if ten (10) SECURA policyholders eligible to vote at the Special Meeting are present in person or represented by proxy.

##### **B. Voting Threshold**

Pursuant to Section 644.07(8) of the Wisconsin Insurance Code, a Plan of Conversion will be approved by a vote of the members in accordance with the Current SECURA Articles, but in any event shall be subject to approval of not less than a majority of the Eligible Members present and voting at the Special Meeting (either in person or by valid proxy). There is no supermajority voting requirement for approval of the Plan, as such, in the Current SECURA Articles. However, pursuant to the Current SECURA Articles, an amendment to the Articles will be approved if two-thirds of the Eligible Members present and voting at the Special Meeting (either in person or by valid proxy) vote in favor of such amendment. *See* Paragraph II.E above. Because the approval and adoption of the Amended and Restated Articles is effected through the approval and adoption of the Plan, the two-thirds voting threshold will be required to approve the Plan.

#### **V. Notice of the Special Meeting**

##### **A. Regulatory Approval of Notice and Informational Materials**

SECURA previously filed with the Wisconsin Office of the Commissioner of Insurance (“OCI” or the “Commissioner”) a proposed Notice of Special Meeting (the “Notice”), along with various informational and other documents relating to the Conversion Transaction (the “Policyholder Information Booklet”), for the Commissioner’s approval. The form of the Notice and other informational materials were approved by the Commissioner on [●].

##### **B. Mailing of Notice and Informational Materials**

On [●], SECURA will commence transmitting the Notice and Policyholder Information Booklet to the Eligible Members of SECURA. Pursuant to Wis. Stat. § 644.07(6)(b)(2), a separate, more limited mailing will be sent to the insurance

commissioner or similar authority of every jurisdiction in which SECURA is authorized to do business in the United States and Canada, in every case as required by law. The relevant insurance commissioners or similar authorities are entitled to notice of the Public Hearing but are not entitled to notice of, or to vote at, the Special Meeting.

The transmittal to the Eligible Members consists of the following materials:

1. Notice of the Public Hearing.
2. Letter from SECURA's Chairperson of the Board.
3. Notice of the Special Meeting.
4. Policyholder Information Booklet.
5. The Plan and certain Exhibits thereto.
6. Proxy Card.
7. Postage-paid return envelope.

The mailing will be sent to the last-known mailing address of each Eligible Member (*i.e.*, the address that appears on the membership records of SECURA) via first class mail with postage thereon prepaid.

**C. Mailing Agent**

SECURA will use [●] (the "Mailing Agent") to conduct the transmittal to the Eligible Members. The Mailing Agent's facility from which the transmittal will be done is located at [●].

**D. Replacement Mailings**

In cases where an Eligible Member notifies SECURA that such Eligible Member did not receive, is missing parts of, or needs replacements of particular items provided to Eligible Members, SECURA will so notify the Mailing Agent, and such mailing or missing material will be resent by the Mailing Agent at no charge to the Eligible Member via first class mail.

**E. List of Eligible Members**

SECURA derived the list of Eligible Members and their addresses from automated systems. Although some procedures unique to this mailing were employed to produce this list, the automated systems are generally designed to maintain and produce information relative to the policyholders of SECURA and are used in billing and/or policy production. SECURA has a high degree of confidence in the accuracy of these records because they are used in the ordinary course of business

to bill customers and/or provide legally binding contracts, and SECURA has been successful in these activities.

## **VI. Receipt, Custody, Safeguarding, Verification and Tabulation of Proxy Forms**

The receipt, custody, safeguarding, verification and tabulation of the votes by proxy will follow the guidelines and procedures set forth in this paragraph IV.

### **A. Proxy Agent**

SECURA has retained [●] (the “Proxy Agent”) to act on behalf of the Secretary of the Corporation in the receipt, custody, safeguarding, verification and tabulation of proxy forms. Receipt by the Proxy Agent will be deemed to be receipt by the Secretary for purposes of Article II, Section 7 of the Current SECURA Bylaws.

### **B. Forms**

SECURA will supply each Eligible Member with one proxy form appointing a proxy to vote on behalf of such Eligible Member on approval of the Plan.

### **C. One Vote per Eligible Member**

Each Eligible Member shall be entitled to one (1) vote on the Plan, regardless of the number of SECURA policies owned by an Eligible Member. As discussed above and in Article II, Section 1 of the Current SECURA Bylaws, if an Eligible Member is listed on the records of SECURA as a policyholder of an in-force policy issued by SECURA, and if such policy names more than one insured, the individual or entity shown as the first named insured on such policy shall constitute the Eligible Member for purposes of voting on the Plan, and SECURA is entitled to rely on a vote received by the Company from such first named insured as evidence of the action as the Eligible Member.

### **D. Receipt of Proxies**

#### **1. Proxies by Mail:**

Physical proxies may be returned by mail in a postage-paid return envelope (provided in the notice package to policyholders) to a specifically designated and unique post office box in [●] maintained by the Proxy Agent. To facilitate supervision of all incoming mail, it is anticipated that this will be the only post office box used for the return of physical proxies. The Proxy Agent will collect incoming proxy envelopes from the post office as often as necessary to handle the volume of the returns, but in any case at least daily.

SECURA will advise all locations and personnel that receive physical correspondence from SECURA policyholders to forward to SECURA’s

corporate offices in Neenah, Wisconsin any proxies received by mail at such locations. Such proxies will then promptly be forwarded to the Proxy Agent.

2. **Deadline for Proxies:**

In accordance with Article II, Section 7 of the Current SECURA Bylaws, all proxies must be received by the Proxy Agent at least seven (7) days prior to the date of the Special Meeting in order to be valid and effective.

**E. Custody and Safeguarding of Proxies**

All physical proxies shall be held and safeguarded in a locked room by the Proxy Agent or its designee at its offices in [●]. Electronic records of proxies shall be maintained by the Proxy Agent or its designee on secure computer systems operated by and under the control of the Proxy Agent.

**F. Verification and Tabulation of Proxies**

1. **Establishing and Confirming Voting Eligibility:**

a. For purposes of confirming eligibility to vote as an Eligible Member, SECURA will create a database containing a list of SECURA's policyholders as of close of business on the Record Date (the "Eligible Member Database"). Using the Eligible Member Database, the Mailing Agent will print a bar code and a unique identifying number on each proxy card that identifies the policyholder as an Eligible Member and which will enable the Proxy Agent to confirm as part of the recording process that the proxy is submitted by an Eligible Member. For proxies counted manually, the Proxy Agent will manually check the name of the policyholder against the Eligible Member Database to confirm that the proxy is submitted by an Eligible Member.

b. Each policyholder (whether a natural person or an entity) of an in-force policy issued by SECURA shall be entitled to one vote, regardless of the number of policies owned by such policyholder. If an in-force policy issued by SECURA names more than one insured, all those named shall collectively constitute the "policyholder" with respect to such policy, and shall collectively be entitled to one vote.

2. **Valid and Invalid Proxies**

a. Prior to recording an Eligible Member's voting instructions submitted via proxy, the Proxy Agent will determine whether such Eligible Member's proxy is Valid (as defined below), or Invalid (as defined below).

- b. The validity of proxies will be determined based on the following criteria:
  - (i) Proxies must have no more than one box “FOR” or “AGAINST” checked to be Valid.
  - (ii) If no preference for the vote on the Plan is indicated, the proxy is Valid and is a vote “FOR” the item(s) for which no preference was indicated.
  - (iii) If both boxes are checked, the entire proxy is Invalid.

Additional criteria for determining the validity of proxies are set forth in Exhibit A. Proxies determined to be valid in accordance with this paragraph VI.F.2 and Exhibit A are referred to herein as “Valid.” All other proxies are referred to herein as “Invalid.”

- c. Only Valid proxies will be counted as a vote “FOR” or “AGAINST” any particular item and included in the total vote count. Invalid proxies will not be counted as a vote “FOR” or “AGAINST” any particular item and will not be included in the total vote count.
- d. If a policyholder executes more than one proxy, the following rules apply to determine which proxy prevails:
  - (i) The proxy with the latest execution date shall prevail.
  - (ii) The date of receipt of the proxy, based on the records of the Proxy Agent, will be deemed to be the date of execution of the proxy.

### 3. Processing of Proxies

- a. The envelopes, proxies and any other material contained in the envelopes will be processed and the proxies tabulated by the Proxy Agent on a daily basis, to the extent feasible.
- b. The Proxy Agent will open all proxy envelopes by machine. Proxies with attached or enclosed correspondence will be separated from their attachments or enclosures manually. The Proxy Agent will forward the correspondence to SECURA. If otherwise Valid, the Proxy Agent will electronically record these proxies as provided in paragraph VI.F.4.
- c. In addition to the requirements for validity set forth in paragraph VI.F.2, the Proxy Agent will follow the guidelines set forth in Exhibit A to determine whether a proxy received by mail is Valid or Invalid.

4. Recording of Proxies

- a. The Proxy Agent will record all Valid proxies received in a secure electronic system created and maintained by the Proxy Agent for that purpose.
- b. The electronic system will prevent the acceptance and counting of duplicate proxies from the same Eligible Member, and permit the Proxy Agent to produce the information required under paragraph VI.F.5.

5. Voting in Person (By Ballot) at the Special Meeting

If an Eligible Member attends the Special Meeting in person and submits a properly completed ballot, any proxy previously submitted by such Eligible Member shall be deemed an Invalid Proxy. The Secretary of the Corporation shall establish criteria for the determination of whether a ballot has been properly completed which are substantially the same as the criteria used for determining whether a proxy is Valid.

6. Tabulation of Ballots and Proxies

Prior to the close of the Special Meeting, except as otherwise permitted or directed by the Commissioner, the Proxy Agent will make information on the policyholder vote available to SECURA as follows:

- a. Current data on the total number of Valid votes received, and the percentage of Valid votes voted “FOR” and “AGAINST” adoption of the Plan.
- b. Information on the receipt of a policyholder’s proxy used to respond to a particular policyholder’s inquiry as to whether the policyholder’s proxy has been received.
- c. Such other information as SECURA may request.

**G. Certification of Vote and Issuance of Certificate of Authority**

1. As promptly as practicable after the close of the Special Meeting, the Proxy Agent shall provide to SECURA a certificate as to the accuracy of the vote count.
2. After the Special Meeting, SECURA shall deliver an affidavit to the Commissioner as to the results of the Special Meeting. If the Plan was approved by the requisite vote and the affidavit is acceptable to the Commissioner, the Commissioner will issue a certificate of authority to Converted SECURA effective on the date of the Special Meeting or such later effective date for the Conversion Transaction approved by the

policyholders. The affidavit shall include, at a minimum, the following information:

- a. The date of the Special Meeting.
- b. The number of Eligible Members.
- c. The number of policyholder information packets returned as undeliverable.
- d. The total number of Valid votes cast in person or by proxy.
- e. The tabulation of Valid votes “FOR” and “AGAINST” the Plan, and upon any other matter voted upon at the Special Meeting.

**VII. Solicitation of Votes**

Votes “FOR” the approval of the Plan may be solicited by representatives (including directors and officers) of SECURA, and by the Proxy Agent, in person or by mail, telephone, facsimile, e-mail or other means of communication.

\* \* \* \* \*

These Voting Procedures are Adopted and Approved on \_\_\_\_\_, 2020.

\_\_\_\_\_  
David D. Gross, President & CEO

Attest:

\_\_\_\_\_  
Daniel P. Ferris, Secretary

## EXHIBIT A: PROXY ACCEPTANCE GUIDELINES

The following are guidelines that will be employed in determining which proxies are Valid or Invalid for tabulation purposes. The intent of these guidelines is to favor giving validity to the proxies and intent of the policyholder where discernible. Where a matter is not covered by these guidelines, the Proxy Agent shall generally favor validity rather than invalidity of the proxies.

- I. In addition to the criteria specified in paragraph VI.F.2 of the Voting Procedures, the validity of proxies will be determined based on the following criteria:
  - A. Physical proxies must be signed by the policyholder, or by the first named insured in the case of a single policy with more than one named insured.
    1. If there is no signature, the proxy is Invalid.
    2. A proxy is not Invalid merely because the signature is hand printed or written in pencil, or because it bears a rubber stamped or facsimile signature or because the signature appears on the proxy other than on the indicated signature line.
    3. A proxy is not Invalid merely because the signature is illegible. A member can use any character, symbol, figure, or designation and adopt it as a signature. The Proxy Agent shall use reasonable judgment to determine the presence of a signature, and if a signature is present, it shall be presumed valid and authentic.
    4. If any signed Proxy is challenged, the following criteria will also be used to determine the validity of such Proxy:
      - a. Initials or abbreviations may be used for first and middle names, names may be used for the first and middle initials, and first and middle names or initials may be added to or omitted without affecting the validity of the proxy. Furthermore, if the manner in which a policyholder signed the proxy card constitutes a slight change or variation in spelling from, but is phonetically similar to, the manner in which his or her name appears on the records of SECURA, the Proxy Agent may ignore such variation at its discretion.
      - b. Where a woman signs her married name to a proxy, and the policy is issued in her birth name, the proxy is presumptively Valid if the name used as the signature allows identification to be made of the signer from SECURA's records.
      - c. Titles such as Mr., Mrs., Ms. or Dr. may be added or omitted without affecting the validity of the proxy.

- d. The addition or omission of Jr. or Sr. or Roman or Arabic numerals after a signature will not affect the validity of the proxy. The substitution after a signature of Jr. for Sr. or Sr. for Jr. or Roman or Arabic numerals which are different from those appearing on the records of SECURA will render a proxy Invalid.
- B. If the policyholder is a corporation, the name signed on the proxy must purport to be that of an officer of the corporation. If the policyholder is any other legal entity other than a corporation, the name signed on the proxy must purport to be that of an officer, manager, member, partner, attorney-in-fact or other agent of the entity
  1. A proxy so signed on behalf of a corporation is presumptively Valid in the absence of express written notice given to the Secretary of SECURA of the designation of some other person by the board of directors or the by-laws of the entity to execute proxies on behalf of the entity. A proxy so signed on behalf of any other legal entity other than a corporation is presumptively Valid in the absence of evidence of lack of authority of such person to act.
  2. If the policyholder's name has been repeated as part of the signature, the official capacity of the signer need not be indicated.
  3. No corporate seal, attestation, or copy of bylaws, or resolution conferring authority is necessary.
  4. Where the name appears on the face of the proxy, failure to repeat such name as part of the signature will not invalidate the proxy, so long as the title or other capacity or source of authority of the signer has been indicated.
  5. A proxy signed merely in the name of the policyholder, but without the signature of an individual purporting to act on behalf of the policyholder, is Invalid.
- II. The addition of an address different from that appearing on the records of SECURA shall not affect the validity of a proxy.
- III. Proxies need not be dated to be Valid.
- IV. Eligible Members may authorize individuals other than the designated employees of SECURA to cast their votes by proxy; however, only proxies that meet these proxy acceptance guidelines will be considered Valid.
- V. If any proxies are damaged during the mailing, opening or recording process such that they cannot be read electronically, the Proxy Agent will attempt to repair those proxies manually so that they can be read electronically. Proxies that are deemed not repairable shall still be Valid and shall be counted manually by the Proxy Agent if the name of the policyholder, corresponding signature and voting preferences are sufficiently legible and the proxy otherwise meets the criteria contained in paragraph I. All other damaged proxies are Invalid.

