

**MERGER OF
CLARNO MUTUAL INSURANCE COMPANY
WITH AND INTO
MT. MORRIS MUTUAL INSURANCE COMPANY**

REPORT OF SPECIAL MEETING OF THE MEMBERS - CMIC

Filed with the Wisconsin Office of the Commissioner of Insurance

December 19th 2023

**REPORT OF SPECIAL MEETING OF THE MEMBERS
FOR THE PURPOSE OF VOTING ON THE MERGER OF
CLARNO MUTUAL INSURANCE COMPANY
INTO
MT. MORRIS MUTUAL INSURANCE COMPANY**

December 19th 2023

Clarno Mutual Insurance Company (“CMIC”) submits to the Office of the Commissioner of Insurance (the “OCI”) pursuant to Wis. Stat. § 612.22(6) this report of the Special Meeting of Members held on December 19, 2023, at 5:00 p.m. at the First National Bank Community Room, 1625 10th Street, Monroe WI 53566, Wisconsin to discuss and to vote on the proposed merger (the “Merger”) of CMIC with and into Mt. Morris Mutual Insurance Company (“MMIC”) (the “Special Meeting”).

On November 16th, 2023, the members of CMIC were mailed (i) the Notice of the Special Meeting in the form attached hereto as Exhibit A (the “Member Notice”), (ii) a summary of the Plan of Merger between CMIC and MMIC (which was approved by the Board of Directors of CMIC on October 26, 2023 and by the OCI on November 16, 2023), (collectively, the “Merger Materials”), and (iii) a policyholder resolution ballot for members to vote on the resolution authorizing the merger by mail (the “Mail Ballot”), (collectively, the “Merger Materials”). The Member Notice instructed the members to review the Merger Materials and return their Policyholder Resolution Ballot to the address provided in the Member Notice by December 18, 2023, or to appear at the Special Meeting and vote in person.

At the Special Meeting, and following the members of CMIC review of the Merger Materials and the opportunity to ask questions of the respective designated representatives of CMIC and MMIC relating to the Merger, the following resolution was adopted by the members of CMIC:

RESOLVED, that after review of the Summary of the Plan of Merger and/or the Agreement and Plan of Merger of CMIC with and into MMIC, and the ability to inquire of the Board of Directors regarding the same, the members of CMIC hereby adopt and approve in all material respects the Merger pursuant to the Agreement and Plan of Merger and authorize its Board of Directors to take any remaining actions necessary to effectuate the Merger.

639 members of CMIC were entitled to vote at the Special Meeting. Of the 216 members of CMIC who voted on the resolution, 212 voted in favor of adoption and 4 members voted against adoption. Of the members voting in person, 7 voted in favor of adoption and 0 members voted against adoption. Of the members voting by Mail Ballot, 205 voted in favor of adoption and 4 members voted against adoption.

[Remainder of the page left blank intentionally; Signatures follow]

Dated this 19th day of December, 2023.

CLARNO MUTUAL
INSURANCE COMPANY

By: Harvey Mandel
Harvey Mandel, President

Attest:

Michelle Steinmann
Name: Michelle Steinmann, Secretary/Treasurer

**EXHIBIT A
MEMBER NOTICE**

See attached.



November 15, 2023

TO: All Policyholders of Clarno Mutual Insurance Company

RE: Notice of Special Policyholder Meeting – December 19, 2023 – Merger with Mt. Morris Mutual Insurance Company

NOTICE IS HEREBY GIVEN THAT a Special Meeting of the Clarno Mutual Insurance Company (“CMIC”) policyholders will be held on December 19, 2023, at 5:00 p.m. at the First National Bank Community Room, 1625 10th Street, Monroe WI 53566, to discuss and to vote on the proposed merger (the “Merger”) of CMIC into Mt. Morris Mutual Insurance Company (“MMIC”) through consideration of the following resolution:

RESOLVED, that after review of the Summary of the Plan of Merger and/or the Agreement and Plan of Merger of CMIC with and into MMIC, and the ability to inquire of the Board of Directors regarding the same, the members of CMIC hereby adopt and approve in all material respects the Merger pursuant to the Agreement and Plan of Merger and authorize its Board of Directors to take any remaining actions necessary to effectuate the Merger.

The Board of Directors of CMIC recommends that you vote “YES” on the policyholder resolution to approve the Agreement and Plan of Merger. Please review the Summary and enclosed material carefully. **Failure to approve the Merger may result in the termination of your CMIC insurance policy.**

All CMIC policyholders have a right to vote on the Merger under Wis. Stat. § 612.12. Policyholders may cast their vote in person at the Special Meeting or by completing and returning the enclosed Policyholder Resolution Ballot.

Enclosed with this correspondence is a Summary of the Plan of Merger and Policyholder Resolution Ballot. **Please review these materials and return this ballot as instructed below no later than 5:00 p.m. on December 19, 2023.**

The Agreement and Plan of Merger was filed by both companies with the Office of the Commissioner of Insurance on November 14, 2023. Pursuant to Wisconsin law, the parties obtained the Commissioner’s approval of the Agreement and Plan of Merger prior to it being submitted to a vote of the policyholders.

A complete copy of the Agreement and Plan of Merger is available for your inspection, if you wish, during business hours at the office of CMIC or MMIC. You may also contact us by phone at (608) 325-1303 or email at denise@clarnomutualinsurance.com if you prefer that we email or mail you the meeting materials or a paper copy of the Agreement and Plan of Merger. Please call if you have any questions about the Merger or the Special Meeting.

Your vote is important. Even if you plan to attend the Special Meeting, please complete and return the enclosed Policyholder Resolution Ballot as soon as possible. We hope to see you on December 19, 2023, at 5:00 p.m. at the First National Bank Community Room, 1625 10th Street, Monroe WI 53566.

Please note, all mailed ballots must be returned by 5:00 p.m. on December 19, 2023. Please be sure to return your ballot by mail (in the enclosed envelope) or email to denise@clarnomutualinsurance.com. You may also vote in person at the Special Meeting.

By Order of the Board of Directors

A handwritten signature in black ink that reads 'Michelle Steinmann'.

Michelle Steinmann, Secretary

Monroe, Wisconsin November 15, 2023

**MERGER OF
CLARNO MUTUAL INSURANCE COMPANY
WITH AND INTO
MT. MORRIS MUTUAL INSURANCE COMPANY**

**DECEMBER 19, 2023, SPECIAL POLICYHOLDER MEETING –
POLICYHOLDER RESOLUTION MAIL BALLOT**

WHEREAS, Clarno Mutual Insurance Company, a Wisconsin town mutual insurance corporation (“CMIC”), desires to effectuate a merger (the “Merger”) with and into Mt. Morris Mutual Insurance Company, a Wisconsin mutual insurance corporation (“MMIC”), in accordance with Section 612.22 of the Wisconsin Statutes and pursuant to the Agreement and Plan of Merger, by and between CMIC and MMIC (the “Agreement and Plan of Merger”), in the form presented to the members of CMIC in connection with this special meeting of the members, whereby the separate existence of CMIC shall cease and MMIC shall continue as the surviving company.

RESOLVED, that after review of the Summary of the Plan of Merger and/or the Agreement and Plan of Merger of CMIC with and into MMIC, and the ability to inquire of the Board of Directors regarding the same, the members of CMIC hereby adopt and approve in all material respects the Merger pursuant to the Agreement and Plan of Merger and authorize its Board of Directors to take any remaining actions necessary to effectuate the Merger.

Should this policyholder resolution be approved?

(Select only one)

YES

NO

I plan to attend the Special Meeting and will vote in person.

Questions/Comments:

Clarno Mutual Insurance Company Policy #: _____

Member: _____
(Print Name)

Member’s Signature: _____

Date: _____

NOTE: This ballot must be received by 5:00 p.m. on December 19, 2023, for your vote to be counted. Ballots can be returned via email to denise@clarnomutualinsurance or via mail in the envelope enclosed. You may also attend the meeting and vote in person.



To: All Policyholders of Clarno Mutual Insurance Company

Re: Summary of Proposed Merger with and into Mt. Morris Mutual Insurance Company

Date: November 15, 2023

The Boards of Directors of Clarno Mutual Insurance Company (“CMIC”) and Mt. Morris Mutual Insurance Company (“MMIC”) have determined that it would be in the best interests of both companies to merge pursuant to which the companies have entered into an Agreement and Plan of Merger (the “Plan of Merger”).

CMIC’s reinsurer, Wisconsin Reinsurance Corporation (“WRC”), was placed into rehabilitation by the Wisconsin Office of the Commissioner of Insurance (the “Commissioner” or “OCI”) on June 21, 2023. Town mutuals organized under Chapter 612 of Wisconsin Statutes are required by law to maintain certain reinsurance coverage. As a current reinsurance policyholder of WRC, CMIC was issued an order from the Commissioner on June 28, 2023 (the “OCI Order”). The OCI Order directed CMIC to confirm its plans to obtain reinsurance for 2024 or otherwise maintain its certificate of authority to continue business in 2024.

In order to comply with the OCI Order and limit the disruption to the CMIC policyholders and members, the Board of Directors of CMIC has elected to pursue a merger with MMIC (the “Merger”).

MMIC is a mutual insurance company organized under Chapter 611 of Wisconsin Statutes that currently issues policies throughout Wisconsin. MMIC was formed in 1876. MMIC is the surviving company of several mergers over the last 50 years.

Advantages to the policyholders of MMIC include less dependence on the limited number of reinsurers issuing coverage to Chapter 612 town mutuals, an improved spread of risk throughout the state, access to a broader range of insurance products, and no longer being subject to policyholder assessments. Additionally, MMIC policyholders will continue to be insured by a mutual insurance company.

After the Board of Directors of each company voted and determined that the Merger is fair and equitable to each company and their respective policyholders, the Plan of Merger was filed by the companies with the Commissioner, which must approve the Merger prior to it being submitted to a vote of the companies’ policyholders. The Commissioner has approved the merger, and the companies are now ready to seek policyholder approval. The Board of Directors of each company recommends that their respective members vote to approve the Merger.

Please note if the policyholders of CMIC do not approve the Merger and CMIC is unable to comply with the OCI Order, CMIC may be subject to additional regulatory orders or enforcement actions by the OCI, including potential liquidation, dissolution, and/or cancellation of policies. Therefore, approval of the Merger by policyholders is crucial for policyholders of CMIC to maintain their current insurance policies in effect beyond December 31, 2023.

Below is a summary of the Plan of Merger and the effect of the Merger which is proposed to be effective on January 1, 2024 (the “Effective Date”):

- CMIC policyholders will automatically become members and policyholders of MMIC. All property owned by CMIC will become the property of MMIC and all liabilities of CMIC will become liabilities of MMIC. Each former member of CMIC will be sent a Certificate of Assumption formally confirming that status.
- All property owned by CMIC will become the property of MMIC and all liabilities (including insurance policy liabilities) of CMIC will become liabilities of MMIC.
- As a Chapter 611 mutual insurance company, MMIC may write policies throughout the state of Wisconsin; the merged company will continue to be a Chapter 611 mutual insurance company writing policies throughout Wisconsin.
- Upon the effective date of the Merger, the merged company will have a board of ten (10) members divided into three (3) classes. At each annual meeting of the policyholders of MMIC 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 the merged company’s articles of incorporation and bylaws.
- The officers of MMIC in office immediately prior to the Effective Time will continue to serve as the officers of the merged company, who shall serve until the next annual meeting of the Board of Directors of the merged company or until their successors shall have been elected and shall qualify for office.
- The merged company will offer its current agency agreement to each agent who has an appointment with CMIC prior to the effective date of the merger and who does not already have an agency agreement in force with MMIC.
- The merged company will offer employment to all employees of CMIC with substantially similar roles and salaries to their roles and salaries immediately prior to the Merger, subject to satisfactory job performance to MMIC, participation in training relating MMIC’s business processes and servicing MMIC’s other line(s) of business.
- Business will be transacted from MMIC’s current headquarters in Coloma, Wisconsin.
- No changes to the policies or premiums of CMIC policyholders will occur immediately upon the consummation of the Merger. However, effective on the first renewal date of each CMIC policy following the effective date of the Merger, policies will be rewritten using MMIC forms, rates, and underwriting guidelines. Each former member of CMIC will be sent a Certificate of Assumption formally confirming their status as a member and policyholder of MMIC.

A complete copy of the Plan of Merger (and related exhibits) is available for your inspection at both the MMIC and CMIC offices. Please contact the individuals identified below if you have any questions or would like to review a complete copy of the Plan of Merger.

Clarno Mutual Insurance Company

Michelle Steinmann, Secretary

1922 10 St.

Monroe, WI 53566

(608) 325-1303

denise@clarnomutualinsurance.com

Mt. Morris Mutual Insurance Company

Connie Weber, Secretary

N 12 11 Cty Rd B

Coloma, WI 54930

(715) 228-5541

agdan@mtmorrisins.com