

MERGER OF
DUPONT MUTUAL Insurance Company
WITH AND INTO
MAPLE VALLEY MUTUAL INSURANCE COMPANY

PROPOSED POLICYHOLDER SUMMARY OF MERGER

Filed with the Wisconsin Office of the Commissioner of Insurance

November 10, 2023

[Joint Logo/Letterhead]

To: All Policyholders of Dupont Mutual Insurance Company

Re: Summary of Proposed Merger of Dupont Mutual Insurance Company with and into Maple Valley Mutual Insurance Company

Date: November [●], 2023

The Boards of Directors of Dupont Mutual Insurance Company (“DMIC”) and Maple Valley Mutual Insurance Company (“MVMIC”) 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”).

DMIC’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, DMIC was issued an order from the Commissioner on June 28, 2023 (the “OCI Order”). The OCI Order directed DMIC to confirm its plans to obtain reinsurance for 2024 or otherwise maintain its certificate of authority to continue business in 2024.

Since receiving the OCI Order, the DMIC Board of Directors explored multiple options to secure reinsurance and continue as a town mutual insurance corporation. Unfortunately, after exhausting all options, DMIC was unable to secure reinsurance for 2024. Therefore, in order to comply with the OCI Order and limit the disruption to the DMIC policyholders, the Board of Directors of DMIC has elected to pursue a merger with MVMIC (the “Merger”).

Advantages to the policyholders of DMIC 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, DMIC policyholders will continue to be insured by a mutual insurance company.

The Board of Directors of each company voted and determined that the Merger is fair and equitable to each company and their respective policyholders, and the companies are now ready to seek policyholder approval. The Board of Directors of DMIC recommends that its members vote to approve the Merger.

Please note if the policyholders do not approve the Merger and DMIC is unable to comply with the OCI Order, DMIC 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 DMIC to maintain their current insurance policies in effect beyond December 31, 2023. Please make plans to vote on the Merger in person at the Special Meeting or by mail.

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”). After the Effective Date, the following is proposed to take place:

- DMIC will cease to exist as a separate corporation and its policyholders will become members of MVMIC and each former member of DMIC will be sent a Certificate of Assumption formally confirming that status.
- All of the assets, rights, privileges, and business of DMIC, of every character and description, will become the property of MVMIC and all liabilities of DMIC (including insurance policy liabilities) will become liabilities of MVMIC.
- *Please note*, pursuant to the Plan of Merger and upon the effective date of the Merger (i.e., January 1, 2024), all current DMIC policies will be endorsed to include an endorsement substantially similar to the MVMIC *Exclusion for Cosmetic Damage Caused by Wind and Hail to Exterior and Outdoor Property* endorsement (the “Exclusion Endorsement”) enclosed with this summary as a sample. Policyholders are free to seek alternative coverage from another insurance company and cancel their current policy at any time.
- As a Chapter 611 mutual insurance company, MVMIC may write policies throughout the state of Wisconsin and, after the Effective Date, the merged company will continue to be a Chapter 611 mutual insurance company writing policies throughout Wisconsin.
- The merged company will adopt the policy forms, rates, deductibles, and underwriting guidelines of MVMIC and on the first renewal or anniversary date of each DMIC policy following the Effective Date, policies will be rewritten using MVMIC forms, rates, and underwriting guidelines. No changes to the policies or premiums of DMIC policyholders will occur immediately upon the consummation of the Merger, except with respect to the Exclusion Endorsement which shall modify each DMIC insurance policy as of the Effective Date.
- The merged company will continue to be managed by the current directors and officers of MVMIC listed below. At each annual meeting of the policyholders of MVMIC after the Effective Date, the policyholders will elect the directors to fill the positions of the directors whose terms expire, as provided in the merged company’s articles and bylaws. The parties have agreed that after the Effective Date, additional directors from DMIC will be appointed to serve on the board of the merged company.

| <u>Name</u> | <u>Term Expires</u> |
|------------------|---------------------|
| Adam Dubois | 2026 |
| Chad Schuettpelz | 2025 |
| Dana Koutnik | 2025 |
| Dale Mohr | 2026 |
| Duan Magnin | 2024 |
| James Kugel | 2026 |
| Linda Sinkula | 2024 |
| Michael Alsteen | 2025 |

Name
Chad Schuettpelz
Duan Magnin
James Kugel

Position
President/Treasurer
Chairman of the Board
Vice Chairman/Secretary

- The merged company will offer MVMIC's current agency agreement to each agent who has an appointment with DMIC prior to the effective date of the merger and who does not already have an agency agreement in force with MVMIC.
- The merged company will offer employment to all employees of DMIC with substantially similar roles and salaries to their roles and salaries immediately prior to the Merger, subject to satisfactory job performance to MVMIC, participation in training relating to MVMIC's business processes and servicing MVMIC's other line(s) of business.
- Business will be transacted from MVMIC's current headquarters in Lena, Wisconsin. The merged company currently intends to continue operations at the current DMIC office located in Marion, Wisconsin. This could change if at some point the Board of Directors of the merged company determines it is no longer necessary to maintain such office, and it is fiscally responsible to close such location.

A complete copy of the Plan of Merger (and related exhibits) is available for your inspection at both the MVMIC and DMIC 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.

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