



DATE: December 4, 2023

TO: Amy J. Malm
Mark McNabb

FROM: Christopher Martin

SUBJECT: The Proposed Merger of Ellington Mutual Insurance Company with and into Homestead Mutual Insurance Company

The purpose of this memo is to summarize the results of OCI's analysis with respect to the above-referenced filing performed in accordance with the competitive standard criterion set-forth in ch. 611, Wisconsin Statutes and Ins. 40.02 Wis. Adm. Code.

Form A Filing Contact(s)

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Exhibit(s)

<u>Exhibit:</u>	<u>Description:</u>
Ex. 1	A certified resolution of the HMIC Board of Directors approving the Merger
Ex. 2	A certified resolution of the EMIC Board of Directors approving the Merger
Ex. 3	The executed agreement and plan of merger, including the following exhibits:
Ex. 3a	The current articles of incorporation of HMIC which will be the articles of incorporation of the surviving entity
Ex. 3b	The current bylaws of HMIC which will be the bylaws of the surviving entity
Ex. 3c	The form of Certificate of Assumption which HMIC proposes to send to all EMIC policyholders after the effective time of the merger
Ex. 3d	A listing of directors and officers of the surviving entity
Ex. 4	The most recent year end annual statement for EMIC
Ex. 5	The most recent monthly unaudited financial statements for EMIC
Ex. 6	The most recent year end annual statement for HMIC
Ex. 7	The most recent monthly unaudited statement for HMIC

Executive Summary

On November 9, 2023, Ellington Mutual Insurance Company (EMIC), a 611 mutual insurer, filed a statement on behalf of the Applicants. EMIC along with Homestead Mutual Insurance Company (HMIC), a 611 mutual insurer, intend that EMIC will merge with and into HMIC. After the merger, in accordance with the agreement and plan of merger, EMIC will cease to exist, and the surviving entity would be HMIC.

Identity and Background of the Domestic Insurers

Identity of the Insurers:

Ellington Mutual Insurance Company

310 North Olk Street
Hortonville, WI 54944

Homestead Mutual Insurance Company

5291 County Rd II
Larsen, WI 54947

Background of the Insurers:

Ellington Mutual Insurance Company

Ellington is a Wisconsin domestic Ch. 611 mutual insurance company. The company is licensed for automobile insurance, fire, inland marine and other property insurance, and liability and incidental medical expense insurance (other than automobile)

Homestead Mutual Insurance Company

HMIC is a Wisconsin domestic Ch. 611 mutual insurance company and was incorporated on 06/25/1873. The company is licensed to write automobile, fire, inland marine and other property insurance, and liability and incidental medical expense insurance (other than automobile) business in 45 counties.

Proposed Executive Officers and Directors of Homestead:

<u>Name</u>	<u>Title</u>
Todd Lentz	Director, Chairman
Jessica VanderPloeg	Director, Secretary/Treasurer
Michael Moore	Director, Vice Chairman
Tyrrel Wirkus	Director
Wendy Van Der Geist	Director
Mike Mehlberg	Director
Jennifer Bauer	Director
Matt Mikkelson	Director
Sean Sarver	Director
Darren Reoh	President and Chief Executive Officer

Nature, Source, and Consideration

Pursuant to the plans of merger, filed between EMIC and HMIC, EMIC will be merged into HMIC, with the surviving entity being HMIC. Subject to the appropriate approvals, the effective date of the transaction is expected to be December 31, 2023.

The estimated expenses related to the merger of EMIC and HMIC are approximately \$20,000. In the event that the merger is unsuccessful, the two insurers will split the cost equally. No consideration will be transferred to any party as part of this merger.

The Applicant's Future Plans

Besides combining operations and combining assets and liabilities under one structure, the future plans of the surviving entity, HMIC, also include that all employees of EMIC will also be offered employment with similar roles and salaries as prior to the merger.

After the closing date the current EMIC office location will continue operations for a period of time.

The Articles and Bylaws of the surviving corporation will be those as provided by HMIC in Exhibit A and Exhibit B to the merger agreement.

The s. 611.73 Wis. Stats. Standard

Section 611.73 Wis. Stats. incorporates the information gathering requirements of s. 611.20 (the application requirements for a certificate of authority) while directing the Commissioner to answer two broad questions contained in s. 611.73(3)(a).

1. Is the Plan contrary to the law
2. Is the plan contrary to the interest of the insureds any participating corporation or the Wisconsin insureds of any participating nondomestic corporation

Conclusion

It is the OCI's opinion that the plan cannot be said to be contrary to the law because it provides the necessary information required by statute, the surviving entity would be able to satisfy the requirement for a certificate of authority, and the plan would not be contrary to the interest of the insureds or the public. Therefore, the transaction should be approved.

After the transaction closes the surviving entity, HMIC, will continue to be authorized to operate in its current counties.