



DATE: October 9, 2023

TO: Amy J. Malm  
Mark McNabb

FROM: Christopher Martin

SUBJECT: The Proposed Merger of Fall Creek Insurance Company with and into Mutual of Wausau 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 s. 612.21, Wisconsin Statutes and Ins. 40.02 Wis. Adm. Code.

### **Form A Filing Contact(s)**

#### **Primary Contact:**

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### **Exhibit(s)**

<b><u>Exhibit:</u></b>	<b><u>Description:</u></b>
Ex. 1	A certified resolution of the MWIC Board of Directors approving the Merger
Ex. 2	A certified resolution of the FCMIC Board of Directors approving the Merger and establishing a tentative date for the special meeting of policyholders
Ex. 3	The executed agreement and plan of merger, including the following exhibits:
Ex. 3a	The current articles of incorporation of MWIC which will be the articles of incorporation of the surviving entity
Ex. 3b	The current bylaws of MWIC which will be the bylaws of the surviving entity
Ex. 3c	The form of Certificate of Assumption which MWIC proposes to send to all FCMIC policyholders after the effective time of the merger
Ex. 3d	A listing of directors and officers of the surviving entity
Ex. 4	A proposed summary of the Merger to be sent to FCMIC policyholders with the FCMIC Notice of Special Policyholder Meeting
Ex. 5	The following MWIC related documents:
Ex. 5a	The most recent year end annual statement for MWIC

- Ex. 5b The most recent monthly unaudited statement for MWIC
- Ex. 6 The following FCMIC related documents
- Ex. 6a The most recent year end annual statement for FCMIC
- Ex. 6b The most recent monthly unaudited financial statements for FCMIC
- Ex. 6c A proposed notice of special policyholder meeting to be sent to the FCMIC policyholders
- Ex. 6d The proposed policyholder resolution ballots to be presented in person at the special meeting
- Ex. 6e The proposed report of policyholder votes to be submitted to the OCI following the special meeting
- Ex. 6f An additional policyholder communication sent by FCMIC to policyholders

## **Executive Summary**

On September 14, 2023, Fall Creek Mutual Insurance Company (“FCMIC”), a 612 town mutual insurer, filed a statement on behalf of the Applicants. FCMIC along with Mutual of Wausau Insurance Company (“MWIC”), a 611 mutual insurer, intend that FCMIC will merge with and into MWIC. After the merger, in accordance with the agreement and plan of merger, FCMIC will cease to exist, and the surviving entity would be MWIC.

## **Identity and Background of the Domestic Insurers**

### **Identity of the Insurers:**

**Fall Creek Mutual Insurance Company**  
140 South State Street  
Fall Creek, WI 54742

**Mutual of Wausau Insurance Company**  
3910 W Stewart Avenue  
Wausau, WI 54402

### **Background of the Insurers:**

#### **Fall Creek Mutual Insurance Company**

FCMIC is a Wisconsin domestic town mutual insurance company and was incorporated on 01/18/1875. The company is licensed to write Property and Nonproperty insurance and is currently authorized to do business in Trempealeau, Dunn, Eau Claire, Jackson, Barron, Buffalo, Chippewa, and Clark County.

#### **Mutual of Wausau Insurance Company**

MWIC is a Wisconsin domestic Ch. 611 mutual insurance company and was incorporated on 01/01/1998. The company is licensed to write automobile, fire, inland marine and other property insurance, liability and incidental medical expense insurance (other than automobile), and Miscellaneous insurance business in all counties.

**Proposed Executive Officers and Directors of Mutual of Wausau:**

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Term Expires:</u></b>
Jon Petroskey	Director, Chairman of the Board of Directors	2025
Charlie Lang	Director, Vice Chairman of the Board of Directors	2024
Bruce Bartell	Director, Secretary/Treasurer	2026
Bill Rauen	Director	2025
Todd Toppen	Director	2024
Faye Zernicke	Director	2024
Alfred Nakhla	Director	2025
Mark Ellenbecker	Director	2026
Greg Nowicki	Director	2026
Todd Lentz	President and Chief Executive Officer	
Jessica VanderPloeg	VP – Operations	
Sean Sarver	VP – Claims	
Michael Moore	VP – Underwriting	

**Nature, Source, and Consideration**

Pursuant to the plans of merger, filed between FCMIC and MWIC, FCMIC will be merged into MWIC, with the surviving entity being MWIC. Subject to the appropriate approvals and a vote held by the members of the FCMIC, the effective date of the transaction is expected to be December 31, 2023.

The estimated expenses related to the merger of FCMIC and MWIC 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, MWIC, also include that Jane Sather will be offered the position of Manager – Fall Creek Division. Non-management employees will also be offered employment with similar roles and salaries.

After the closing date, MWIC will evaluate the best use of the current FCMIC office location as an extended services location.

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

**The s. 612.22 Wis. Stats. Standard**

Section 612.22 Wis. Stats. incorporates the information gathering requirements of s. 612.02(4) (the application requirements for a certificate of authority) while directing the Commissioner to answer three broad questions contained in s. 612.22(3).

1. Is the Plan contrary to the law; or,
2. That the surviving or new corporation would not satisfy the requires for a certificate of authority under s. 612.02 (6); or
3. That the plan would be contrary to the interest of the insureds or the public.

## **Conclusion**

After reviewing the information provided by the Applicants, the OCI believes that approving this merger is in the best interest of the policyholders of FCMIC and MWIC. 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, MWIC, will continue to be authorized in all counties throughout the state.