

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

PROPOSED SUMMARY OF MERGER FOR NFMIC POLICYHOLDERS

Filed with the Wisconsin Office of the Commissioner of Insurance

September 26, 2023

NORTHERN FINNISH MUTUAL INSURANCE

Protecting peace of mind since 1914



Mt. Morris Mutual Insurance Company

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To: All Policyholders of Northern Finnish Mutual Insurance Company

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

Date: September 21, 2023

The Boards of Directors of Northern Finnish Mutual Insurance Company (NFMIC) and Mt. Morris Mutual Insurance Company (MMIC) have determined that it would be in the best interests of both companies to merge and recommends their respective members/policyholders vote to approve the Merger.

Please be advised, NFMIC's reinsurer, Wisconsin Reinsurance Corporation (WRC), was placed into rehabilitation by the Wisconsin Office of the Commissioner of Insurance (the Commissioner) 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, NFMIC was issued an order from the Commissioner on June 28, 2023. The Commissioner's order directed NFMIC to confirm its plans for obtaining reinsurance for 2024.

To comply with the order and limit the disruption to the NFMIC policyholders and members, the Board of Directors of NFMIC has elected to pursue a merger with MMIC (the Merger), after an intensive deliberation exploring alternatives. The major consideration in this analysis has been the best interest of the NFMIC policyholders.

MMIC is a mutual insurance company organized under Chapter 611 of Wisconsin Statutes that currently issues policies throughout Wisconsin. Mt. Morris Mutual is a financially sound company that maintains reinsurance coverage and has confirmed its ability to maintain reinsurance coverage post-merger, i.e., 2024.

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.

Below is a summary of the Plan of Merger and the effect of the Merger which is proposed to be on January 1, 2024:

- NFMIC policyholders will automatically become members and policyholders of MMIC. All property and assets owned by NFMIC will become the property of MMIC and all liabilities of NFMIC 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.
- 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. One NFMIC board member will serve on the board of MMIC starting February of 2024.
- To provide for the voice and best interests of the NFMIC policyholders as the transition occurs, the current Board of NFMIC will become an Advisory Board to the above elected MMIC board.
- The merged company will offer an agency agreement to each agent who has an appointment with NFMIC prior to the effective date of the merger and who does not already have an agency agreement in force with MMIC.
- No changes to the policies or premiums of NFMIC policyholders will occur immediately upon the consummation of the Merger. However, effective on the first renewal date of each NFMIC policy following the effective date of the Merger, policies will be rewritten using MMIC forms, rates, and underwriting guidelines.

A complete copy of the Agreement and Plan of Merger (and related exhibits) is available for your inspection and review at both the NFMIC and MMIC offices. Please contact the individuals identified below at either of the companies if you have any questions.

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