

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

November 10, 2023

Northern Finnish Mutual Insurance Company (“NFMIC”) 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 November 9, 2023, at 6:00 p.m. at The Gathering Barn, 50467 State Hwy 13, Ashland, Wisconsin to discuss and to vote on the proposed merger (the “Merger”) of NFMIC with and into Mt. Morris Mutual Insurance Company (“MMIC”) (the “Special Meeting”).

On October 10, 2023, the members of NFMIC were mailed (i) the Notice of the Special Meeting in the form attached hereto as Exhibit A (the “Member Notice”), and (ii) a summary of the Plan of Merger between NFMIC and MMIC (which was approved by the Board of Directors of NFMIC on September 21, 2023, and by the OCI on October 6, 2023), (collectively, the “Merger Materials”). The Member Notice instructed the members to review the Merger materials and appear at the Special Meeting and vote in person.

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

RESOLVED, that after review of the Summary of the Plan of Merger and/or the Agreement and Plan of Merger of NFMIC with and into MMIC, and the ability to inquire of the Board of Directors regarding the same, the members of NFMIC 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.

730 members of NFMIC were entitled to vote at the Special Meeting. Of the 115 members of NFMIC who voted on the resolution, 112 voted in favor of adoption and 3 members vote against adoption. Of the members voting in person, 23 members voted in favor of adoption and 1 member voted against adoption. Of the members voting by Mail Ballot, 89 members voted in favor of adoption and 2 members voted against adoption.

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

Dated this 10 day of November 2023.

NORTHERN FINNISH MUTUAL
INSURANCE COMPANY

By: Janice Penn
Janice Penn, President

Attest:

Barbara Bell
Name: Barbara Bell, Secretary/Treasurer

**EXHIBIT A
MEMBER NOTICE**

See attached.

NORTHERN FINNISH MUTUAL INSURANCE

Protecting peace of mind since 1914



Mt. Morris Mutual Insurance Company

NI211 County Road B
Coloma, WI 54930
Telephone: 715-228-5541
Fax: 715-228-5543 * Claims Fax: 715-228-5548
www.mtmorrisins.com

To: All Policyholders of Northern Finnish Mutual Insurance Company
Re: Notice of Special Policyholder Meeting & Summary of Proposed Merger with & into Mt. Morris Mutual Ins.
Date: October 9, 2023

NOTICE IS HEREBY GIVEN THAT a Special Meeting of Northern Finnish Mutual Insurance Company ("NFMIC") policyholders will be held on November 9, 2023, at 6:00 p.m. at The Gathering Barn, 50467 State Hwy 13, Ashland, Wisconsin, to discuss and to vote on the proposed merger of NFMIC into Mt. Morris Mutual Insurance Company ("MMIC") (the "Merger") 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 NFMIC with and into MMIC, and the ability to inquire of the Board of Directors regarding the same, the members of NFMIC 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 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.

All NFMIC policyholders have the right to vote on the Merger under Wis. Stat. 612.12. Policyholders may cast their vote in person at the Special Meeting or by mail. Your vote is important. We hope to see you on November 9, 2023, at 6:00 p.m. at The Gathering Barn, 50467 State Hwy 13, Ashland, Wisconsin.

Northern Finnish Mutual Insurance Company

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Mt. Morris Mutual Insurance Company

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NORTHERN FINNISH MUTUAL INSURANCE



Protecting peace of mind since 1914

41396 State Hwy 13 Marengo, WI 54855

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Phone 715.278.3944

Special Meeting of the Policyholders November 9, 2023

*The Gathering Barn
50467 State Hwy 13
Asland WI 54806*

*5:00 Food & 6:00 p.m. Meeting
Attendees will receive a \$20 Midland Card
Grand Prize Drawing \$200*

THE END OF AN ERA... *Our identity is with our policyholders.*

Since our 108th Annual Policyholder meeting, your board and manager have been faced with unexpected challenges. Late June we were notified by the Office of the Insurance Commissioner (OCI) that our reinsurance provider, Wisconsin Reinsurance Company (WRC) was being placed into "rehabilitation". This came about as WRC, like many reinsurance companies globally, experienced an increase in losses secondary to the increase in extreme weather events. WRC reached a point the OCI recognized would not allow them to continue as in the past.

All the Town Mutuals in Wisconsin were impacted by this OCI order. Northern Finnish Mutual stands as one of the financially strongest Mutuals in Wisconsin. Much of this has been a result of good management, great policyholders, lower losses, and a strong surplus. Despite being in good standing, we are among many smaller Town Mutuals with no place to purchase new reinsurance because of NFM's size. The reinsurance market is such that many of the small Mutuals have had to face two options. Merge or close the doors.

Since the OCI notification, your board has endeavored to analyze the merger options that would foremost serve the NFM policyholders' best interests. At this point your Board is recommending a merger with Mt. Morris Mutual. The details are enclosed, and the next step is for policyholders to vote on the matter, thus the special meeting.

Over our 108-year history there has been a cooperative relationship we have valued, known and trusted. While there will be a name change, that relationship will not change, but rather build a...



NEW BEGINNING...

When approved, the merger will take place on January 1, 2024. Until then all remains the same. The merger discussions resulted in agreements that are intended to make this as seamless as possible for you.

The Marengo office will remain open for the servicing of policyholders. You will be able to receive the attention you have come to expect, through the office and your agents, the same as before.

While there may be changes upon your policy renewal date as policies are moved into the Mt. Morris program, you will be served by those who have been working for you. We will be here to address any questions you may have related to your policy.

One NFM Board member will be added to the Mt. Morris Board shortly after the new year and the balance of your NFM elected board members who wish to continue will be appointed to an advisory board. The intent is to ensure that your voice and the needs of the Town Mutual policyholders along the South Shore of Lake Superior are represented.

Please join your Board at the Special Meeting and vote to remain a part of the Town Mutual industry that has served rural Wisconsin residents with honor and in a trusting relationship, the cooperative way of neighbor helping neighbor.

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

**NOVEMBER 9, 2023, SPECIAL POLICYHOLDER MEETING –
POLICYHOLDER RESOLUTION MAIL BALLOT**

WHEREAS, Northern Finnish Mutual Insurance Company, a Wisconsin town mutual insurance corporation (“NFMIC”), 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 NFMIC and MMIC (the “Agreement and Plan of Merger”), in the form presented to the members of NFMIC in connection with this special meeting of the members, whereby the separate existence of NFMIC 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 NFMIC with and into MMIC, and the ability to inquire of the Board of Directors regarding the same, the members of NFMIC 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

Northern Finnish Mutual Insurance Company Policy #: _____

Member (Named Insured): _____
(Print Name)

Member’s Signature: _____

Should this policyholder resolution be approved?

(Select only one)

YES

NO

Northern Finnish Mutual Insurance Company Policy #: _____

Member (Named Insured): _____
(Print Name)

Member’s Signature: _____

NOTE: This ballot must be received in the NFMIC office by November 8, 2023, for your vote to be counted. Ballots can be returned via email to kbeach@northernfinnishmutual.com or via mail in the envelope enclosed. Alternatively, you may attend the meeting and vote in person.