

**MERGER OF**  
**NORTHEASTERN MUTUAL INSURANCE COMPANY**  
**WITH AND INTO**  
**HOMESTEAD MUTUAL INSURANCE COMPANY**

**PROPOSED POLICYHOLDER SUMMARY OF MERGER**

*Filed with the Wisconsin Office of the Commissioner of Insurance*

**November 6, 2023**

**[Joint Logo/Letterhead]**

To: All Policyholders of Northeastern Mutual Insurance Company

Re: Summary of Proposed Merger with and into Homestead Mutual Insurance Company

Date: November [ ], 2023

The Boards of Directors of Northeastern Mutual Insurance Company (“NMIC”) and Homestead Mutual Insurance Company (“HMIC”) have determined that it would be in the best interests of both companies to merge pursuant to an Agreement and Plan of Merger (the “Plan of Merger”), which the companies have entered into.

NMIC’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, NMIC was issued an order from the Commissioner on June 28, 2023. The Commissioner’s order directed NMIC to confirm its plans for obtaining reinsurance for 2024 or otherwise maintaining its certificate of authority to continue in business in 2024.

In order to comply with the order and limit the disruption to the NMIC policyholders and members, the Board of Directors of NMIC has elected to pursue a merger with HMIC (the “Merger”).

HMIC is a mutual insurance company organized under Chapter 611 of Wisconsin Statutes that currently issues policies throughout Wisconsin. HMIC was formed in 1873. HMIC is the surviving company of several mergers over the last 50 years. HMIC is also an affiliate of Mutual of Wausau Insurance Corporation.

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

After the Board of Directors of each company voted and determined that the Merger was 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. The Board of Directors of each company recommends that their respective members vote to approve the Merger.

**Please note, if the Merger is not approved by the policyholders of NMIC and NMIC is unable to comply with the OCI Order, then NMIC 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 NMIC to maintain their current insurance policies in effect beyond December 31, 2023. Please make plans to attend the Special Meeting on December 16, 2023, at 9:00 a.m.**

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

- NMIC policyholders will automatically become members and policyholders of HMIC. All property owned by NMIC will become the property of HMIC and all liabilities of NMIC will become liabilities of HMIC. After the Merger becomes effective, each former member of NMIC will be sent a Certificate of Assumption formally confirming that status.
- All property owned by NMIC will become the property of HMIC and all liabilities (including insurance policy liabilities) of NMIC will become liabilities of HMIC.
- As a Chapter 611 mutual insurance company, HMIC 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.
- Upon the effective date of the Merger, the merged company will have a board of nine (9) members. At each annual meeting of the policyholders of HMIC 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. A copy of the articles of incorporation and bylaws are available for your review upon request.
- The officers of HMIC in office immediately prior to the effective date of the Merger will continue to serve as the officers of the merged company, who shall serve until the next annual meeting of the Board of Directors of the merged company or until their successors shall have been elected and shall qualify for office.
- The merged company will offer its current agency agreement to each agent who has an appointment with NMIC prior to the effective date of the merger and who does not already have an agency agreement in force with HMIC.
- The merged company will offer employment to all employees of NMIC with substantially similar roles and salaries to their roles and salaries immediately prior to the Merger, subject to HMIC's standard onboarding procedures, job performance evaluation and discipline practices.
- Business will be transacted from HMIC's current headquarters in Larsen, Wisconsin. The office located at 515 First St in Algoma, WI will remain open as a service location.
- No changes to the policies or premiums of NMIC policyholders will occur immediately upon the consummation of the Merger. However, effective on the first renewal or anniversary date of each NMIC policy following the effective date of the Merger, policies will be rewritten using HMIC forms, rates, and underwriting guidelines.

*[Remainder of page intentionally left blank; contact information follows]*

A complete copy of the Agreement and Plan of Merger (and related exhibits) is available for your inspection at both the NMIC and HMIC offices. Please contact the individuals identified below at any of the companies if you have any questions or if you would like to review a complete copy of the Plan of Merger.

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