

**MERGER OF**  
**RACINE COUNTY MUTUAL INSURANCE COMPANY**  
**WITH AND INTO**  
**MT. MORRIS MUTUAL INSURANCE COMPANY**

**PROPOSED POLICYHOLDER SUMMARY OF MERGER**

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

**September 6, 2023**

**[Joint Logo/Letterhead]**

To: All Policyholders of Racine County Mutual Insurance Company

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

Date: September [●], 2023

The Boards of Directors of Racine County Mutual Insurance Company (“RCMIC”) and Mt. Morris Mutual Insurance Company (“MMIC”) have determined that it would be in the best interests of both companies to merge and the companies have entered into an Agreement and Plan of Merger (the “Plan of Merger”).

RCMIC’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, RCMIC was issued an order from the Commissioner on June 28, 2023. The Commissioner’s order directed RCMIC 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 RCMIC policyholders and members, the Board of Directors of RCMIC has elected to pursue a merger with MMIC (the “Merger”).

MMIC is a mutual insurance company organized under Chapter 611 of Wisconsin Statutes that currently issues policies throughout Wisconsin. MMIC was formed in 1876. MMIC is the surviving company of several mergers over the last 50 years.

Advantages to the policyholders of MMIC 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, MMIC 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 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. The Board of Directors of each company recommends that their respective members vote to approve the Merger.

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

- RCMIC policyholders will automatically become members and policyholders of MMIC. All property owned by RCMIC will become the property of MMIC and all liabilities of RCMIC will become liabilities of MMIC. Each former member of RCMIC will be sent a Certificate of Assumption formally confirming that status.

- All property owned by RCMIC will become the property of MMIC and all liabilities (including insurance policy liabilities) of RCMIC 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.
- Upon the effective date of the Merger, 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.
- The officers of MMIC in office immediately prior to the effective date 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 RCMIC prior to the effective date of the merger and who does not already have an agency agreement in force with MMIC.
- The merged company will offer employment to all employees of RCMIC with substantially similar roles and salaries to their roles and salaries immediately prior to the Merger, subject to satisfactory job performance to MMIC, participation in training relating MMIC's business processes and servicing MMIC's other line(s) of business.
- Business will be transacted from MMIC's current headquarters in Coloma, Wisconsin. The merged company anticipates that it will continue to maintain an office in Franksville, Wisconsin.
- No changes to the policies or premiums of RCMIC policyholders will occur immediately upon the consummation of the Merger. However, effective on the first renewal or anniversary or date of each RCMIC 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 at both the RCMIC and MMIC 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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**Mt. Morris Mutual Insurance Company**

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