

**MERGER OF**  
**SPRING GROVE MUTUAL INSURANCE COMPANY**  
**WITH AND INTO**  
**LA PRAIRIE MUTUAL INSURANCE COMPANY**

**PROPOSED POLICYHOLDER SUMMARY OF MERGER**

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

**October 16, 2023**

[Joint Logo/Letterhead]

To: All Policyholders of La Prairie Mutual Insurance Company and Spring Grove Mutual Insurance Company

Re: Summary of Proposed Merger of Spring Grove Mutual Insurance Company with and into La Prairie Mutual Insurance Company

Date: October [●], 2023

The Boards of Directors of Spring Grove Mutual Insurance Company (“SGMIC”) and La Prairie Mutual Insurance Company (“LPMIC”) have determined that it would be in the best interests of both companies to merge pursuant to which the companies have entered into an Agreement and Plan of Merger (the “Plan of Merger”).

SGMIC’s reinsurer, Wisconsin Reinsurance Corporation (“WRC”), was placed into rehabilitation by the Wisconsin Office of the Commissioner of Insurance (the “Commissioner” or “OCI”) 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, SGMIC was issued an order from the Commissioner on June 28, 2023 (the “OCI Order”). The OCI Order directed SGMIC to confirm its plans to obtain reinsurance for 2024 or otherwise maintain its certificate of authority to continue business in 2024.

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

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.

As further described below, the Merger will result in SGMIC members becoming mutual members of LPMIC, a Chapter 612 town mutual insurance company. We expect that the Surviving Corporation (as defined below) will have reinsurance in 2024, and to be stronger, larger, and more competitive than each company alone, without any impact to the policyholders’ insurance.

**Please note if the policyholders do not approve the Merger of a company and SGMIC is unable to comply with the OCI Order, SGMIC 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 SGMIC to maintain their current insurance policies in effect beyond December 31, 2023.**

Below is a summary of the Plan of Merger and the effect of the Merger which is proposed to be effective on January 1, 2024 (the “Effective Date”):

- SGMIC policyholders will become members of LPMIC, and SGMIC will cease to exist as a separate corporation. LPMIC, as the surviving merged company, shall be renamed La Prairie Grove Mutual Insurance Company (“La Prairie Grove” or the “Surviving Corporation”). The parties recognize each company’s long history of service (approximately 150 years for each company) to their respective communities. To reflect that shared commitment and history, the parties have decided to choose a new name that reflects both of them.
- Each former member of SGMIC will be sent a Certificate of Assumption formally confirming their status as a member and policyholder of La Prairie Grove. Each member of LPMIC will be sent a Name Change Endorsement formally recognizing the company’s new name.
- Your policyholder rights as a member of La Prairie Grove after the Merger will continue to be governed by Chapter 612 of the Wisconsin Statutes (which govern town mutual insurance companies). This means that after the Merger, you will continue to have the right to vote for the Surviving Corporation’s Board of Directors, as well as to vote on “big” corporate decisions, such as future mergers and conversions.
- All of the assets, rights, privileges, and business of SGMIC, of every character and description, including all real property, all policies of insurance, all debts due on whatever account, premiums and assessments payable from members, all rights to bring any suit or action and all and every other interest of, or belonging to or due to SGMIC, shall accrue to, be merged into and become the absolute property of the Surviving Corporation.
- La Prairie Grove, shall assume all liabilities and obligations of SGMIC, including insurance policy liabilities. Each current SGMIC policyholder’s contract rights will be unaffected by the Merger. In other words, current SGMIC policyholders will continue as policyholders of La Prairie Grove, continuing to enjoy all contractual rights as they currently exist under their respective SGMIC insurance policies.
- As a Chapter 612 town mutual insurance company, the Surviving Corporation may only write insurance policies in up to 16 counties. The Surviving Corporation will continue servicing, renewing, and writing new policies in the Wisconsin counties of Dane, Grant, Green, Iowa, Jefferson, Lafayette, Rock and Walworth.

Upon the effective date, the Surviving Corporation will have a board comprised of nine (9) members: six (6) of LPMIC’s current directors will continue to serve on the board of the Surviving Corporation, along with three (3) of SGMIC’s current directors. At each annual meeting of the policyholders of the Surviving Corporation after the Effective Date, the policyholders will elect the directors to fill the positions of the directors whose terms expire, in accordance with the Surviving Corporation’s articles of incorporation and bylaws. Immediately after the Merger, the Board of Directors will be made up of the following individuals (those marked “\*” are former directors of LPMIC prior to the Merger):

<u>Name</u>	<u>Current Affiliation</u>	<u>Term Expires</u>
James V. Huisheere	La Prairie	2024
Michael Doubleday	La Prairie	2024
Patrick Mullooly	La Prairie	2025
David DeLong	La Prairie	2026
Robert Gunn	La Prairie	2026
Julianne Burns	La Prairie	2026
Nikolaus Faessler*	Spring Grove	2025
Glenn Marais*	Spring Grove	2025
Dennis Miller*	Spring Grove	2024

- The officers of La Prairie Grove will be: President James V. Huisheere; Vice President Nikolaus Faessler; and Secretary and Treasurer Robert Gunn. These officers shall serve until the next annual meeting of the Board of Directors of the Surviving Corporation or until their successors shall have been elected and shall qualify for office.
- LPMIC will undergo some staffing changes in connection with the Merger. Georgia Weis, the current Secretary/Treasurer and manager of LPMIC, will become the Chief Executive Officer (CEO) of La Prairie Grove. Laura Shell, the Secretary/Treasurer and manager of SGMIC, will become the Chief Operations Officer (COO) of La Prairie Grove. Brianna Hicks will transition to La Prairie Grove as an administrative assistant and the current employees of LPMIC will continue in their current roles with La Prairie Grove.
- The Surviving Corporation will offer LPMIC's current agency agreement to each agent who has an appointment with SGMIC prior to the effective date of the merger and who does not already have an agency agreement in force with LPMIC.
- Business will be transacted from LPMIC's current headquarters in Janesville, Wisconsin. The Surviving Corporation currently intends to continue operations at the current SGMIC office located in Brodhead, Wisconsin. This could change if at some point if the board of the Surviving Corporation determines it is no longer necessary to maintain such office, and it is fiscally responsible to close that location.
- Various changes to the LPMIC's articles of incorporation and bylaws are also proposed as part of the Plan of Merger, including changes related to the authorized territory of the Surviving Corporation and LPMIC's name change to La Prairie Grove. Copies of the proposed documents and the Plan of Merger are available for your review upon request.
- The Surviving Corporation will adopt the policy forms, rates, deductibles, and underwriting guidelines of LPMIC. No changes to the policies or premiums of SGMIC policyholders will occur immediately upon the consummation of the Merger. However, effective on the first renewal or anniversary date of each SGMIC policy following the Effective Date, policies will be rewritten using LPMIC forms, rates, and underwriting guidelines.

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

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