
Sentry Insurance a Mutual Company

Securities Act of 1933**Section 2(a)(1)**

September 22, 2020

Response of the Office of Chief Counsel**Division of Corporation Finance**

Re: Sentry Insurance a Mutual Company
Incoming letter dated September 18, 2020

Based on the facts presented, the Division will not recommend enforcement action to the Commission if, in reliance on your opinion of counsel that membership interests in SMHC are not securities within the meaning of the Securities Act or the Exchange Act, (i) the membership interests in SIAMCO of the policyholders of SIAMCO as of the effective date of the Reorganization are extinguished and replaced with membership interests in SMHC, and (ii) each person that owns, after the Effective Date, one or more policies of insurance issued, renewed or assumed after the Effective Date by SIC, or by a P&C Insurance Subsidiary, automatically receives a membership interest in SMHC, in each case without registration of the SMHC membership interests under the Securities Act or Exchange Act. Capitalized terms have the same meanings as defined in your letter.

In reaching this position, we particularly note that:

- the Reorganization will be effected under Wisconsin law permitting the formation of mutual insurance holding companies by mutual insurance companies;
- with the Reorganization, policyholders of SIAMCO, SIC, and the P&C Insurance Subsidiaries will automatically become members of SMHC;
- membership interests in SMHC will be substantially the same as membership interests in SIAMCO, will not be transferable and will be extinguished once a member is no longer a policyholder;
- SMHC will not pay dividends or make other distributions or payments of income or profits to members, except to policyholders of SIC in the event of a dissolution or demutualization or as otherwise approved by the Wisconsin Commissioner;
- the Reorganization is subject to approval by the Wisconsin Commissioner after notice to policyholders and a public hearing where policyholders will be entitled to appear;
- the Wisconsin Commissioner must approve the Reorganization after finding that it is fair and equitable to SIAMCO's policyholders; and
- SMHC will be subject to oversight by the Wisconsin Commissioner in its conduct toward members comparable to the oversight governing SIAMCO and its respective members.

This position is based on the representations made to the Division in your letter. Any different facts or conditions might require the Division to reach a different conclusion. Further, this response expresses the Division's position on enforcement action only and does not express any legal conclusion on the question presented.

Sincerely,

Lisa Krestynick
Special Counsel

Related Materials

- Incoming Letter

Modified: Sept. 22, 2020