

In the Matter of:

**The Mutual Holding
Company Plan of West
Bend Mutual Insurance
Company**

PROPOSED DECISION

Petitioner.

OCI Case No. 23-C45278

Amy J. Malm, Hearing Examiner, Presiding

APPEARANCES

**For the Office of the
Commissioner of Insurance:**

Mark McNabb, Company Licensing and Analytics Supervisor
Christopher Martin, Domestic Licensing Specialist
125 South Webster Street
Madison, WI 53703

For the Petitioner:

Morgan J. Tilleman
Foley & Lardner LLP
777 East Wisconsin Ave
Milwaukee, WI 53202
414-297-5871

Other appearances:

Public commentors

PRELIMINARY

Pursuant to a Notice of Hearing dated October 9, 2023, a hearing was held by teleconference on or about 11:00 a.m. on November 8, 2023, to determine whether the Petitioners' application for approval of the plan for acquisition of control should be granted. Based on the record, the Hearing Examiner makes the following:

PROPOSED FINDINGS OF FACT

(1) West Bend Mutual Insurance Company, a Wisconsin Mutual Property and Casualty insurer organized and domiciled in Wisconsin, located at 1900 S. 18th Ave., West Bend, WI 53095.

(2) The Petitioner prepared and made representations in support of the MHC Plan.

(3) The Petitioner filed the MHC Plan with the Office of the Commissioner of Insurance. The MHC plan includes, among other things, the formation of a Wisconsin domiciled mutual holding company to be known as West Bend Mutual Holding Company and a Wisconsin domiciled business corporation to be known as WBM Corporation. After the MHC Plan is effectuated, West Bend Mutual Insurance Company will convert to a stock insurance corporation and be renamed West Bend Insurance Company, with West Bend Mutual holding 100% of the shares of WBM Corporation and WBM Corporation owning 100% of the shares of West Bend Insurance Company.

(4) The Petitioner was served with a Notice of Hearing dated October 9, 2023.

(5) The Petitioners fulfilled the filing requirements of s. 644.07, Wis. Stat.

(6) The MHC Plan will not violate the law or be contrary to the interests of the insureds of West Bend Mutual Insurance Company or of the public.

(7) The MHC plan will not be unfair or inequitable to the policyholders of West Bend Mutual Insurance Company, or to the contractual rights and reasonable expectations of its policyholders on the effective date of the restructuring.

(8) The MHC Plan would not be detrimental to the safety or soundness of the converting insurance company, West Bend Mutual Insurance Company, or to the contractual rights and reasonable expectations of its policyholders on the effective date of restructuring.

(9) After implementation of the MHC Plan, West Bend Insurance Company, will be able to satisfy the requirements for the issuance of a license to write the lines of insurance for which it is presently licensed.

(10) The effect of the MHC Plan will not be to create a monopoly or substantially to lessen competition in any type or line of insurance in Wisconsin.

(11) There are no plans or proposals to liquidate the Petitioner following conversion to a domestic stock insurance corporation, to sell its assets

(other than investment portfolio transactions in the ordinary course of business), or to consolidate or merge it with any person or make any other material change in its business or corporate structure other than as described in the plan and policyholder information that was approved by the Commissioner and distributed to the policyholders.

(12) The competence and integrity of the persons who will control the operation of the domestic insurers, West Bend Insurance Company, its immediate parent, and its parent mutual holding company, are such that it will be in the interest of the policyholders and the public to permit the restructuring, including the formation of a mutual holding company.

PROPOSED CONCLUSION OF LAW

(13) The proposed findings of fact set forth above establish that the requirements of chs. 227, 644, and 617, Wis. Stat., have been satisfied and approval of the MHC plan should be granted.

(14) With the addition of certain conditions, the MHC Plan does not violate the law, and is not unfair or inequitable to policyholders with respect to their membership interests, rights in surplus, or otherwise, nor is it contrary to the interests of policyholders or the public. The MHC plan is neither detrimental to the safety and soundness of the insurer nor the contractual rights and reasonable expectations of the persons who are policyholders, nor to the public interest.

PROPOSED ORDER

NOW, THEREFORE, based upon the findings of fact and conclusion of law, I hereby recommend that:

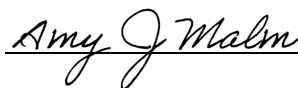
(15) The Petitioners' request for approval of the MHC plan, including the formation of a mutual holding company, should be approved subject to the following conditions:

- a. Petitioner consents to an order issued by the Commissioner under s. 601.41, Wis. Stat., which shall, at a minimum require that the MHC Plan be implemented in accordance with its terms and the Stipulation and Order in Case No. 23-C45278.
- b. West Bend Mutual Holding Company and WBM Corporation. shall consent to the same Stipulation and Order to which the

Petitioner consents pursuant to Section 15(a) of this Proposed Order.

- c. West Bend Mutual Insurance Company and its successors in interest shall ensure that voting procedures with respect to the MHC Plan are in accordance with the voting protocol filed with the Commissioner on May 5, 2023, or such other voting protocols as may be approved by the Commissioner. West Bend Mutual Insurance Company shall retain the services of a proxy agent to assist it in the receipt, custody, safeguarding, verification and tabulation of proxy forms.
- d. Until the MHC Plan is consummated, the Commissioner shall have the right to alter, suspend or withdraw its approval should any material interim development warrant such action.
- e. West Bend Mutual Insurance Company and its successors in interest shall comply with the MHC Plan as approved by the Commissioner herein.
- f. The MHC Plan may not be amended without the prior written consent of the Commissioner.
- g. Within 30 days following receipt by its Board of Directors, West Bend Mutual Insurance Company or its successors in interest shall file the tax opinion from Foley & Lardner LLP, substantially to the effect that (a) the members of West Bend Mutual Insurance Company will not recognize taxable gain or loss in connection with the mutual holding company restructuring, and (b) neither West Bend Mutual Holding Company, WBM Corporation, nor West Bend Insurance Company will recognize taxable gain or loss in connection with the mutual holding company restructuring.

Dated at Madison, Wisconsin, this 7th day of December, 2023.



Amy J. Malm
Hearing Examiner