



DATE: September 18, 2023

TO: Amy J. Malm
Mark McNabb

FROM: Christopher Martin

SUBJECT: In the Matter of the Mutual Holding Company Restructuring of West Bend Mutual Insurance Company, a Mutual Company, in accordance with 644.07, Wis. Stat.

Filing Contact(s)

Primary Contact:

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Exhibit(s)

<u>Exhibit:</u>	<u>Description:</u>
Ex 1	Mutual Holding Company Plan
Ex 1a	Exhibit A – Adopting Resolution of the West Bend Board of Directors
Ex 1b	Exhibit B – Amended and Restated Articles of Incorporation of Converted West Bend
Ex 1c	Exhibit C - Amended and Restated Bylaws of Converted West Bend
Ex 1d	Exhibit D – Articles of Incorporation of West Bend MHC
Ex 1e	Exhibit E – Bylaws of West Bend MHC
Ex 1f	Exhibit F – Articles of Incorporation of WBM Corporation
Ex 1g	Exhibit G – Bylaws of WBM Corporation
Ex 1h	Exhibit H – Directors and Officers of West Bend MHC, Converted West Bend, and WBM Corporation
Ex 2	Names and Principal Occupations of Proposed Directors and Officers of West Bend MHC – Biographical Affidavits [CONFIDENTIAL]
Ex 3	Agreements Relating to West Bend MHC to Which any Proposed Officer or Director is a Party
Ex 4	Amounts and Sources of Funds Available for Organization Expenses and Initial Operating Expenses of West Bend MHC
Ex 5	Proposed Compensation of Directors and Officers of West Bend MHC
Ex 6	Proposed Capital of West Bend MHC
Ex 7	Five Year Business Plan of West Bend MHC [CONFIDENTIAL]
Ex 8	Policyholder Information Booklet
Ex 9	Form of Letter from Chief Executive Officer of West Bend to Policyholders
Ex 10	Form of Notice of Special Meeting of West Bend Members
Ex 11	Form of Notice of Public Hearing
Ex 12	Frequently Asked Questions
Ex 13	Form of Proxy
Ex 14	Form of Voting Procedures

Executive Summary

On June 2, 2023, West Bend Mutual Insurance Company (“WBMIC”), filed a proposed plan for a mutual holding company restructuring. As described in the filing, the effect of the restructuring will cause the following to occur:

1. Formation of WBM Corporation (“WBMC”)
2. Formation of West Bend Mutual Holding Company (“WB MHC”)
3. Conversion of WBMIC to West Bend Insurance Company (“WBIC”), a stock insurance company
4. WB MHC will be issued 100% of the shares of voting stock of WBMC
5. WBMC will be issued 100% of the shares of voting stock of WBIC

State law allows for a mutual insurance company to convert to a stock insurance company by placing the mutual policyholders’ ownership rights in a mutual holding company that then becomes the direct or indirect owner of the newly converted stock insurance company. This transaction needs to be filed with, and approved by OCI, before it can be completed.

Overview of MHC Restructuring

The Wisconsin Statutes establish a procedure whereby a mutual insurance company may convert into a stock company owned by a non-insurance mutual holding company, after approval by the mutual insurance company’s board of directors, the OCI, and the mutual insurance company’s policyholders. This procedure for restructuring under a mutual holding company plan provides an additional means for mutual insurance companies to achieve a more flexible capital structure, while preserving a mutual form of organization.

The Office of the Commissioner of Insurance’s review is limited to evaluating the plan to make certain that it meets the standards of the statutes. In performing its duties, the Office of the Commissioner of Insurance does not have the authority to substitute its judgement for that of the Board of Directors of WBMIC, a mutual company and to direct them to pursue an alternate business strategy. If the OCI approves the application, the ultimate decision about the future organization of WBMIC, will be made by the policyholders of the company at a special meeting.

Directors and Officers

Proposed Directors and Executive Officers of WB MHC

<u>Name</u>	<u>Title</u>
James R. Bolton*	Director
Kathleen M. Creighton*	Director
Curt S. Culver*	Director
Susan M. Kreh*	Director
Elizabeth R. Neuhoff*	Director
Douglas G. Reuhl*	Director
Kenneth P. Riesch*	Director
James H. Schloemer*	Director
Richard G. Searer*	Director
Jay. R Sekelsky*	Director
Kevin A. Steiner*	Director, Chief Executive Officer
Julie M. Van Cleave*	Director
Robert J. Jacques*	President
Heather A. Dunn*	Treasurer

Christopher C. Zwygart*	Secretary
David A. Ertmer*	Chief Operating Officer
Michael J. Faley*	Senior Vice President – Human Resources and Administration
Richard R. Fox*	Senior Vice President – Chief Actuary and Chief Risk Officer
Murali Natarajan*	Senior Vice President – Chief Information Officer
James J. Schwalen*	Senior Vice President – Personal Lines and Marketing
Kelly D. Tighe*	Senior Vice President – Sales
Derek L. Tyus*	Senior Vice President – Chief Investment Officer

Proposed Directors and Executive Officers of WBMC

<u>Name</u>	<u>Title</u>
Heather A. Dunn*	Director, Treasurer
David A. Ertmer*	Director
Richard R. Fox*	Director
Robert J. Jacques*	Director, President
Christopher C. Zwygart*	Director, Secretary

Proposed Directors and Executive Officers of WBIC

<u>Name</u>	<u>Title</u>
Heather A. Dunn*	Director, Treasurer
David A. Ertmer*	Director
Richard R. Fox*	Director
Robert J. Jacques*	Director, President
Christopher C. Zwygart*	Director, Secretary

Note: * following an individual's name indicates that the biographical affidavit was provided for the individual and there are no outstanding significant concerns after OCI review.

Restructuring Plan

Sequence of Events:

1. On December 13, 2022, the Board of Directors of West Bend adopted resolutions applicable to the restructuring and attached as Exhibit A to the Mutual Holding Company Plan
2. WBMIC submitted a paper copy of the Mutual Holding Company Plan application to OCI for review.
3. OCI reviewed the application and found that it complies with 644.07(7) Wis. Stat.
4. A public administrative hearing will be held regarding the mutual holding company restructuring.
5. A special meeting of the mutual company's policyholders will be held to vote on the mutual holding company plan.

If the vote passes the following steps will take place:

6. West Bend Mutual Holding Company, a mutual company will be formed.
7. WBM Corporation, a stock company, will be formed.
8. West Bend Mutual Insurance Company will be converted to West Bend Insurance Company, a stock insurance company.
9. WB MHC will be issued 100% of the voting shares of WBMC and WBMC will be issued 100% of the voting shares of WBIC

Restructuring Plan:

Amount and Source of Funding

Under the proposed MHC Plan, WB MHC will own 100% of the stock of WBMC and will thereby indirectly own 100% of the stock of WBIC, the converted West Bend Mutual Insurance Company. WB MHC will conduct no business operations other than those associated with its role as the sole shareholder of WBMC and as the ultimate parent of the affiliated group of companies. It is expected that WB MHC will incur only minimal expenses, primarily for organizational, corporate governance, and legal/regulatory purposes. WB MHC may receive ordinary dividends from WBMC, and indirectly WBIC, in order to cover these operating expenses. WB MHC will also enter into a Professional and Administrative Services Agreement with WBIC and other affiliates, which were submitted with the filing for the OCI's review and approval, pursuant to which each party (including WB MHC) will pay the expenses incurred by WBIC in providing intercompany services in the ordinary course of business.

Effect of the Restructuring Plan

The effects of the restructuring would be those as laid out in the sequence of events and amount and source of funding sections above. It should also be noted that the restructuring and creation of a mutual holding company does not in any way modify or change the rights of the current members. On and after the effective date of the restructuring every in force policy shall continue as a policy of WBIC. Through the restructuring, those members with in force policies will become members of WB MHC automatically.

Section 644.07(7)

Section 644.07(7), Wis. Stat., requires the Commissioner of Insurance to approve the mutual holding company plan unless:

- (a) ...he or she finds that the plan violates the law, is not fair and equitable to policyholders or is contrary to the interests of policyholders or the public.
- (b) In considering the plan, the commissioner shall consider whether the restructuring would be detrimental to the safety and soundness of the converting insurance company or the contractual rights and reasonable expectations of the persons who are policyholders on the effective date of the restructuring. The commissioner may take into consideration any conclusions and recommendations on the subject of restructuring published by recognized organizations of professional insurance actuaries. The commissioner may by rule establish standards applicable to a restructuring under this chapter.

OCI Approval

The filing was prepared in a format that complies with s. 644.07, Wis. Statutes. The information contained in the filing and in the supplementary information obtained by OCI in connection with review of this filing is sufficient for OCI to make a decision concerning the proposed plan of restructuring. As the review did not find that the plan would violate the law, would be unfair or inequitable to policyholders, would be contrary to the policyholders or public interest, or would be detrimental to the safety and soundness of the converting insurance company or the contractual rights and reasonable expectations of the persons who are policyholders on the effective date, I recommend that the request for approval of the plan of restructuring, including the formation of a mutual holding company, should be approved.