

**MERGER OF
FARMERS TOWN MUTUAL INSURANCE COMPANY
INTO
ARLINGTON MUTUAL INSURANCE COMPANY**

PROPOSED POLICYHOLDER SUMMARY OF MERGER

September 29, 2022

[Letterhead/logos of Companies]

To: All Policyholders of Arlington Mutual Insurance Company & Farmers Town Mutual Insurance Company

Re: Summary of Proposed Merger

Date: October __, 2022

The Boards of Directors of Arlington Mutual Insurance Company (“Arlington Mutual”) and Farmers Town Mutual Insurance Company (“Farmers Town Mutual”) have determined that it would be in the best interests of both companies to merge and the companies have entered in an Agreement and Plan of Merger (the “Plan of Merger”).

Farmers Town Mutual was recently placed under an order limiting operations (the “Order”) by the Wisconsin Office of the Commissioner of Insurance (the “Commissioner”) based on the expiration of Farmers Town Mutual’s state mandated reinsurance. The effect of the Order was to require Farmers Town Mutual to procure a new reinsurance policy, pursue a merger, or face dissolution. Farmers Town Mutual has elected to pursue a merger with Arlington Mutual.

Arlington Mutual is a financially sound company that maintains the required reinsurance coverage and has confirmed its ability to maintain reinsurance coverage post-merger. Advantages to the policyholders of both companies include an improved spread of risk, reduced total operating expenses, and less dependence on reinsurance since larger premium volume will allow higher retentions. Advantages to the current policyholders of Farmers Town Mutual include the continued availability of coverage through a town mutual insurer.

The Plan of Merger has been approved by the State of Wisconsin Office of the Commissioner of Insurance. We are now asking for the approval of our policyholders. The Plan of Merger is summarized below.

Arlington Mutual is larger than Farmers Town Mutual. Farmers Town Mutual will merge into Arlington Mutual, effective January 1, 2023. Farmers Town Mutual is currently authorized to write policies in one county that overlaps with Arlington Mutual’s authorized territory (Sauk) and eight counties in which Arlington is not currently authorized (Adams, Clark, Jackson, Juneau, La Crosse, Monroe, Richland, and Vernon). Following the merger, Arlington Mutual will continue to be authorized in all of the Farmers Town Mutual authorized territory except for Clark and Richland, in addition to its current territory of Columbia, Dane, Dodge, Fond du Lac, Grant, Green Lake, Iowa, Lafayette, Marquette and Sauk Counties.

Teri Krysa, the current Manager of Arlington Mutual will continue to serve in that capacity. Michael Haight, the current Manager of Farmers Town Mutual, will be offered employment with Arlington Mutual with job duties relating to servicing the assumed policies of former members of Farmers Town Mutual. Kurt Breunig will continue to serve as President of the merged company.

No changes will be made to the Arlington Mutual Board of Directors relating to the merger. As of the effective date of the merger, the Board of Directors of the merged company will continue to be Kurt Breunig, Jerry Traut, Stephen Elmer, Kim Bauer, Ronald Lovick, Trent Schuster, Rosanne Cheeseman, Jake Gaitan and Mark Raymond. At each annual meeting of the policyholders of Arlington Mutual after the effective date of the merger, the policyholders will elect the directors to fill the positions of the directors whose terms expire.

Various changes to the Arlington Mutual Articles of Incorporation and Bylaws are also proposed as part of the Plan of Merger. Copies of the proposed documents are included for your review.

Business will be transacted from Arlington Mutual's current office space in Arlington, Wisconsin. The merged company anticipates that it will continue to maintain an office at 203 Main Street in Arlington. Post-merger, Arlington anticipates maintaining the current Farmers Town Mutual office in Wilton, WI.

On the effective date of the merger, all property owned by Farmers Town Mutual will become the property of Arlington Mutual and all liabilities of Farmers Town Mutual will become liabilities of Arlington Mutual. All Farmers Town Mutual policyholders will automatically become members and policyholders of Arlington Mutual. Each member of Farmers Town Mutual will be sent a Certificate of Assumption formally confirming that status.

Effective on the first renewal date of each Farmers Town Mutual policy following the effective date of the merger, Farmers Town Mutual policies will be rewritten using Arlington Mutual forms, rates, and underwriting guidelines.

A complete copy of the Agreement and Plan of Merger is available for your inspection at both the Arlington Mutual and Farmers Town Mutual offices. Please contact Teri Krysa (Arlington Mutual Manager) at (608) 635-4754 or Michael Haight (Farmers Town Mutual Manger) at (608) 435-6901 if you have any questions or if you would like to review a complete copy of the Plan of Merger.

**Arlington Mutual
Insurance Company**

Kurt Breunig
President
203 Main Street
Arlington, WI 53911
Telephone: (608) 635-4754

**Farmers Town Mutual
Insurance Company**

Phil Flock
President
400 East Street, Suite 105
Wilton, WI 54670
Telephone: (608) 435-6901