

In the Matter of the Acquisition of Control of
Sheboygan Falls Mutual Insurance Company
by Donegal Mutual Insurance Company

NOTICE OF HEARING

Case No. 07-C30859

Petitioners.

*** PREHEARING CONFERENCE DATE: May 18, 2007, at 10:00 a.m. (C.D.S.T.)
IS SCHEDULED

PLACE: Office of the Commissioner of Insurance
125 South Webster Street
Madison, Wisconsin 53703

*** HEARING IS SCHEDULED

DATE: May 18, 2007, at 10:05 a.m. (C.D.S.T.)

PLACE: Office of the Commissioner of Insurance
125 South Webster Street
Madison, Wisconsin 53703

Exh #	8
Date	5/18/2007
Case	07-C30859
Ins. Comm.	

PLEASE READ CAREFULLY

A class 1 hearing under s. 611.72 and chs. 227 and 617, Wis. Stat., will be held before Roger A. Peterson, duly appointed hearing examiner, at the time and place stated above, to be continued at any time and place the hearing examiner considers necessary, to consider the matters set forth in this Notice of Hearing.

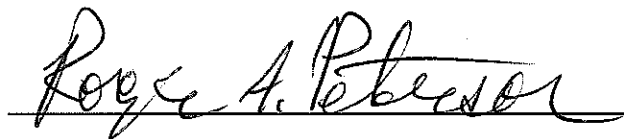
The issues to be considered are as follows:

- (1) The plan for the acquisition of control of Sheboygan Falls Mutual Insurance Company by Donegal Mutual Insurance Company (the "plan").
- (2) The names, addresses, and interrelationships of all affiliates and principals of the Petitioners at the time of the filing and after the request is granted if the plan is approved.
- (3) Whether or not, under s. 611.73, Wis. Stat.:
 - (a) The plan would violate the law or be contrary to the interests of the insureds of Sheboygan Falls Mutual Insurance Company, a participating domestic corporation, or of the Wisconsin insureds of any participating nondomestic corporation.
 - (b) After the acquisition of control, Sheboygan Falls Mutual Insurance Company would be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which it is presently licensed.

- (c) The effect of the acquisition of control would be to create a monopoly or substantially to lessen competition in insurance in Wisconsin.
- (d) The merger is likely to jeopardize the financial stability of Sheboygan Falls Mutual Insurance Company or to prejudice the interests of its Wisconsin policyholders.
- (e) Any plans or proposals which the acquiring party has to liquidate the domestic stock insurance corporation or its parent insurance holding corporation, sell its assets, or consolidate or merge it with any person, or make any other material change in its business or corporate structure or management are fair and reasonable to policyholders of the domestic stock insurance corporation or in the public interest.
- (f) The competence and integrity of the persons who would control the operation of the domestic stock insurance corporation or its parent insurance holding corporation are such that it would be in the interest of the policyholders of the corporation and of the public to permit the acquisition of control.

(4) Whether the Petitioners have complied with the filing requirements of s. Ins 40.02, Wis. Adm. Code.

Dated at Madison, Wisconsin, this 14th day of May, 2007.

A handwritten signature in black ink, reading "Roger A. Peterson". The signature is written in a cursive style and is positioned above a horizontal line.

Roger A. Peterson, Director
Bureau of Financial Analysis & Examinations

OFFICE OF THE COMMISSIONER OF INSURANCE (OCI)

STATE OF WISCONSIN

In the Matter of the Acquisition of Control
of Sheboygan Falls Mutual Insurance Company
by Donegal Mutual Insurance Company,

WAIVER
Case No. 07-C30859

Petitioner.

WAIVER OF NOTICE

Sheboygan Falls Mutual Insurance Company hereby waives the right to a minimum ten-day notice of hearing, and consents to the proceeding scheduled on May 18, 2007.

Dated this 15th day of May, 2007.

Exh #	<u>801</u>
Date	<u>5/18/2007</u>
Case	<u>07-C30859</u>
Ins. Comm.	

Sheboygan Falls Mutual Insurance Company

By their duly authorized [legal] representative:



Connie O'Connell
Partner
Parrett & O'Connell, LLP

Attest:



Noreen Parrett
Partner
Parrett & O'Connell, LLP

In the Matter of the Acquisition of Control
of Sheboygan Falls Mutual Insurance
Company by Donegal Mutual Insurance Company,

WAIVER

Case No. 07-C30859

Petitioner.

WAIVER OF NOTICE

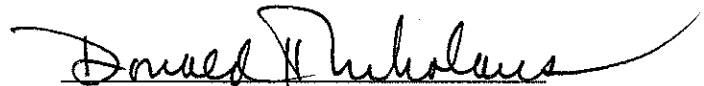
The Petitioner, Donegal Mutual Insurance Company, hereby waives the right to a minimum ten-day notice of hearing, and consents to the proceeding scheduled on May 18, 2007.

Dated this 15th day of May, 2007.

Exh #	<u>8.2</u>
Date	<u>5/18/2007</u>
Case	<u>07-C30859</u>
Ins. Comm.	

Donegal Mutual Insurance Company

By its duly authorized representative:



Donald H. Nikolaus, President
and Chief Executive Officer of
Donegal Mutual Insurance Company

Attest:



Sheri O. Smith, Secretary of
Donegal Mutual Insurance Company