



DATE: July 26, 2023

TO: Amy J. Malm
Mark McNabb

FROM: Christopher Martin

SUBJECT: The Proposed Merger of Yorkville and Mt. Pleasant Mutual Insurance Company with and into Mutual of Wausau Insurance Company

The purpose of this Memo is to summarize the results of OCI's analysis with respect to the above-referenced filing performed in accordance with the competitive standard criterion set-forth in s. 612, Wisconsin Statutes and Ins. 40.02 Wis. Adm. Code.

Form A Filing Contact(s)

Primary Contact:

Zachary P. Bemis
Godfrey & Kahn, S.C.
One East Main Street, Suite 500
Madison, WI 53703
(608) 284-2224
zbemis@gklaw.com

Exhibit(s)

<u>Exhibit:</u>	<u>Description:</u>
Ex. 1	A certified resolution of the YMPMIC Board of Directors approving the Merger and establishing a tentative date for the special meeting of policyholders.
Ex. 2	A certified resolution of the MWIC Board of Directors approving the Merger.
Ex. 3	The executed agreement and plan of merger, including the following exhibits:
Ex. 3a	The current articles of incorporation of MWIC which will be the articles of incorporation of the surviving entity.
Ex. 3b	Amended and restated bylaws of MWIC which will be the bylaws of the surviving entity.
Ex. 3c	The form of Certificate of Assumption which MWIC proposes to send to all YMPMIC policyholders after the effective date of the merger.
Ex. 3d	A listing of MWIC's current directors and officers which will be the directors and officers of the surviving entity.
Ex. 4	Unaudited financial statements for YMPMIC as of March 31, 2023
Ex. 5	MWIC's quarterly statement for the quarter ended March 31, 2023
Ex. 6	A proposed Notice of Special Policyholder Meeting to be sent to YMPMIC policyholders with the notice of special policyholder meeting.

- Ex. 8 Proposed policyholder resolution ballots
- Ex. 9 Additional statement from the YMPMIC Board of Directors to be sent to the YMPMIC policyholders regarding the merger.

Executive Summary

On July 17, 2023, Mutual of Wausau Insurance Company (“MWIC”), a 611 mutual insurer, filed a statement on behalf of the Applicants. MWIC along with Yorkville and Mt. Pleasant Insurance Company (“YMPMIC”), a 612 town mutual insurer, intend that YMPMIC will merge with and into MWIC. After the merger, in accordance with the agreement and plan of merger, YMPMIC will cease to exist, and the surviving entity would be MWIC.

Identity and Background of the Domestic Insurers

Identity of the Insurers:

Yorkville and Mt. Pleasant Mutual Insurance Company

901 Main Street
Union Grove, WI 53182

Mutual of Wausau Insurance Company

3910 Stewart Ave
Wausau, WI 54402

Background of the Insurers:

Yorkville and Mt. Pleasant Mutual Insurance Company

YMPMIC is a Wisconsin domestic town mutual insurance company and was incorporated on 06/17/1874. The company is licensed to write property and nonproperty insurance and is currently authorized to do business in Racine, Walworth, Waukesha, Milwaukee, and Kenosha counties.

Mutual of Wausau Insurance Company

MWIC is a Wisconsin domestic Ch. 611 mutual insurance company and was incorporated on 01/01/1998. The company is licensed to write automobile, fire, inland marine and other property insurance, liability and incidental medical expense insurance (other than automobile), and Miscellaneous insurance.

Proposed Executive Officers and Directors of MWIC:

<u>Name</u>	<u>Title</u>	<u>Term Expires:</u>
Jon Petroskey	Director, Chairman of the Board of Directors	2025
Charlie Lang	Director, Vice Chairman of the Board of Directors	2024
Bruce Bartell	Director, Secretary/Treasurer	2026
Bill Rauen	Director	2025
Todd Toppen	Director	2024
Faye Zernicke	Director	2024
Alfred Nakhla	Director	2025
Mark Ellenbecker	Director	2026
Greg Nowicki	Director	2026
Todd Lentz	President and Chief Executive Officer	
Jessica VanderPloeg	VP – Operations	
Sean Sarver	VP – Claims	
Michael Moore	VP – Underwriting	

Nature, Source, and Consideration

Pursuant to the plans of merger, filed between YMPMIC and WMIC, YMPMIC will be merged into MWIC, with the surviving entity being MWIC. Subject to the appropriate approvals and a vote held by the members of the Insurers, the effective date of the transaction is expected to be December 31, 2023.

The estimated expenses related to the merger of YMPMIC and MWIC are approximately \$20,000. In the event that the merger is unsuccessful, the two insurers will split the cost equally. No consideration will be transferred to any party as part of this merger.

The Applicant's Future Plans

Besides combining operations and combining assets and liabilities under one structure, the future plans of the surviving entity, MWIC, also include the continued employment of YMPMIC's current manager, with the title "Manager – Yorkville and Mt. Pleasant division" and offers of employment to all non-management employees. Additionally, MWIC will offer its current agency agreement to all current agents of YMPMIC.

The YMPMIC office in Union Grove will continue to maintain operations for at least one year following the closing date.

Articles and Bylaws of the surviving corporation will be those as provided by MWIC in Exhibit A and Exhibit B to the merger agreement.

The s. 612.22 Wis. Stats. Standard

Section 612.22 Wis. Stats. incorporates the information gathering requirements of s. 612.02(4) (the application requirements for a certificate of authority) while directing the Commissioner to answer three broad questions contained in s. 612.22(3).

1. Is the Plan contrary to the law; or,
2. That the surviving or new corporation would not satisfy the requirements for a certificate of authority under s. 612.02 (6); or
3. That the plan would be contrary to the interest of the insureds or the public.

Conclusion

After reviewing the information provided by the Applicants, the OCI believes that approving this merger is in the best interest of the policyholders of YMPMIC and MWIC. It is the OCI's opinion that the plan cannot be said to be contrary to the law because it provides the necessary information required by statute, the surviving entity would be able to satisfy the requirement for a certificate of authority, and the plan would not be contrary to the interest of the insureds or the public. Therefore, the transaction should be approved.

After the transaction closes the surviving entity, MWIC, will continue to be authorized in all counties throughout the state.