

[Letterhead/logos of Companies]

To: All Policyholders of Sugar Creek Mutual Insurance Company and Southeast Mutual Insurance Company

Re: Summary of Proposed Merger

Date: July 20, 2022

The Boards of Directors of Sugar Creek Mutual Insurance Company (“Sugar Creek Mutual”) and Southeast Mutual Insurance Company (“Southeast 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”). Both companies are financially sound. Advantages to the policyholders include an improved spread of risk, reduced total operating expenses, and less dependence on reinsurance since larger premium volume will allow higher retentions.

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

Sugar Creek Mutual is larger than Southeast Mutual. Southeast will merge into Sugar Creek Mutual, effective January 1, 2023. Southeast Mutual is currently authorized to write policies in four counties that overlap with Sugar Creek’s authorized territory: Racine, Kenosha, Walworth, and Waukesha Counties. Following the merger, Sugar Creek Mutual will continue to operate in Walworth, Rock, Jefferson, Dane, Racine, Kenosha, Waukesha, Green, Lafayette, Grant, Iowa, Sauk, Columbia, Dodge, Washington, and Ozaukee Counties.

Adam Reed, the current President & CEO of Sugar Creek will continue to serve in that capacity. Robin Kasuboski, the current General Manager of Southeast Mutual, will work for Sugar Creek Mutual as General Manager with job duties relating to servicing the assumed policies of former members of Southeast. Robert Agnew will serve as Chairman of the merged company. The Board of Directors will be expanded to include twelve directors, including three directors who currently serve on the Southeast Mutual Board of Directors.

As of the effective date of the merger, the Board of Directors of the merged company will be Gene Lauderdale, Alex McQuillen, Donald Schmaling, Robert Janes, David Kyle, Bruce VanderVeen, Robert Agnew, Melinda Haak, Robert Johnson, Mark Wilson, Joe Patla, and Jerry Ketterhagen. At each annual meeting of the policyholders of Sugar Creek Mutual after the effective date of the merger, the policyholders will elect the directors to fill the positions of the directors whose terms expire.

Business will be transacted from Sugar Creek Mutual’s current office space in Elkhorn, Wisconsin. On the effective date of the merger, all property owned by Southeast Mutual will become the property of Sugar Creek Mutual and all liabilities of Southeast Mutual will become liabilities of Sugar Creek Mutual. All Southeast Mutual policyholders will automatically become members and policyholders of Sugar Creek Mutual. Each member of Southeast Mutual will be sent a Certificate of Assumption formally confirming that status.

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

A complete copy of the Agreement and Plan of Merger is available for your inspection at both the Sugar Creek Mutual and Southeast Mutual Offices. Please contact either of the following individuals if you have any questions or if you would like to review a complete copy of the Plan.

Sugar Creek Mutual Insurance Company

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Southeast Mutual Insurance Company

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