



DATE: September 23, 2022

TO: Amy J. Malm  
Mark McNabb

FROM: Christopher Martin

SUBJECT: The Proposed Merger of Holland Mutual Fire Insurance Company with and into Theresa Mutual 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)**

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**Exhibit(s)**

<b><u>Exhibit:</u></b>	<b><u>Description:</u></b>
Ex. 1	The certified resolution of the Theresa Mutual Board of Directors approving the Agreement and Plan of Merger (the "Plan").
Ex. 2	The certified resolution of the Holland Mutual Board of Directors approving the Plan.
Ex. 3	A copy of the Plan executed by both companies and with the following exhibits:
Ex. 3a	The proposed Amended and Restated Articles of Incorporation of Theresa Mutual.
Ex. 3b	The proposed Bylaws of Theresa Mutual.
Ex. 3c	The Certificate of Assumption which Theresa Mutual proposes to send to all Holland Mutual policyholders after the effective date of the merger.
Ex. 3d	A listing of Theresa Mutual's proposed directors and officers as of the effective date of the merger.
Ex. 4	A proposed Notice of Special Policyholder Meeting
Ex. 5	A proposed summary of the Plan to be sent to Theresa Mutual and Holland Mutual policyholders with the notice of meeting.
Ex. 6	Proposed policyholder resolutions approving the merger.

## **Executive Summary**

On September 16, 2022, Transaction Counsel Zachary Bemis filed a statement on behalf of the Applicants, Theresa Mutual Insurance Company (“Theresa Mutual”) and Holland Mutual Fire Insurance Company (“Holland Mutual”), to merge the two town mutuals. After the merger, Holland Mutual will cease to exist, and the surviving entity would be Theresa Mutual.

## **Identity and Background of the Domestic Insurers**

### **Identity of the Insurers:**

#### **Theresa Mutual Insurance Company**

107 West Rock River Street  
Theresa, WI 53091

#### **Holland Mutual Fire Insurance Company**

265 S Main Street  
Cedar Grove, WI 53013

### **Background of the Insurers:**

#### **Theresa Mutual Insurance Company**

Theresa Mutual is authorized to conduct business in Columbia, Dodge, Fond du Lac, Green Lake, Marquette, Ozaukee, Sheboygan, Washington, and Winnebago County

#### **Holland Mutual Fire Insurance Company**

Holland Mutual is authorized to conduct business in Manitowoc, Ozaukee, Sheboygan, and Washington County

### **Proposed Executive Officers and Directors of Sugar Creek**

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Term Expires:</u></b>
Tracy Kinyon	Director, President	2025
Rodney Justman	Director, Vice President	2025
Robert Belling	Director, Manager, Secretary	2024
Ralph Pribnow	Director, Treasurer	2023
Jerome Feucht	Director	2024
Steven Ries	Director	2024
Arthur Serwe	Director	2025
Pete Bonack	Director	2023
Gary Zastrow	Director	2023
Stanley Lammers	Director	2025
Kari De Smith	Director	2023

The proposed directors above, who will serve as directors of the surviving entity, come from the current directors of Theresa Mutual and Holland Mutual. Nine directors will come from Theresa and two directors from Holland Mutual.

The directors serve an annual term and elections will be held at each annual meeting subsequent to the transaction.

### **Nature, Source, and Consideration**

Pursuant to the Plan filed as Exhibit 3, Holland Mutual will be merged into Theresa Mutual, with the surviving entity being Theresa Mutual. 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 January 1, 2023.

The estimated expenses related to the merger are \$10,000. In the event that the merger is unsuccessful, the insurers will split the cost equally. No consideration will be transferred to either party as part of this merger.

### **The Applicant's Future Plans**

Besides combining operations and combining assets and liabilities under one structure, the Applicant's future plans provide for Robert Belling, the current Manager of Theresa Mutual, to continue to be employed by the surviving entity. Additionally, the surviving entity will offer Ernie Commons, Holland Mutual's current Manager, a position with job duties relating to servicing the assumed policies of former members of Holland Mutual. Part-time employees will be offered part-time employment with the surviving company. The Applicants will offer agency agreements to each agent who currently has an appointment with Holland Mutual.

Articles and Bylaws of the surviving corporation will be those as provided by the company in exhibit 3a and 3b.

The financial statements of the Domestic Insurers are confidential. OCI reviews these financials as part of the review process.

### **The s. 612.21 Wis. Stats. Standard**

Section 612.21 Wis. Stats incorporates the information gathering requirements of s. 612.02(4) (the application requirements for a town mutual certificate of authority) while directing the Commissioner to answer three broad questions contained in s. 612.21(3).

1. Is the Plan contrary to the law; or,
2. That the surviving or new corporation would not satisfy the requires 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 Theresa Mutual and Holland Mutual. 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.