



DATE: June 27, 2023

TO: Amy J. Malm  
Mark McNabb

FROM: Christopher Martin

SUBJECT: The Proposed Merger of Marcellon-Courtland-Springvale Mutual Insurance Company with and into Mt. Morris 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)

#### Primary Contact:

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### Exhibit(s)

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

- Ex. 7            A proposed summary of the Merger to be sent to the Marcellon policyholders with the Notice of Special Policyholder Meeting
- Ex. 8            Proposed policyholder resolution ballots

**Executive Summary**

On June 23, 2023, Marcellon-Courtland-Springvale Mutual Insurance Company (“Marcellon”), a 612 town mutual insurer, filed a statement on behalf of the Applicants. Marcellon along with Mt. Morris Mutual Insurance Company (“Mt. Morris”), a 611 mutual insurer, intend that Marcellon will merge with and into Mt. Morris. After the merger, in accordance with the agreement and plan of merger, Marcellon will cease to exist, and the surviving entity would be Mt. Morris.

**Identity and Background of the Domestic Insurers**

**Identity of the Insurers:**

**Marcellon-Courtland-Springvale Mutual Insurance Company**

144 N Main Street  
Pardeeville, WI 53954

**Mt. Morris Mutual Insurance Company**

N 1211 Cty Rd B  
Coloma, WI 54930

**Background of the Insurers:**

**Marcellon-Courtland-Springvale Mutual Insurance Company**

Marcellon is a Wisconsin domestic town mutual insurance company and was incorporated on 06/01/1889. The company is licensed to write Property and Nonproperty insurance and is currently authorized to do business in Adams, Columbia, Dane, Dodge, Fond Du Lac, Green lake, Jefferson, Marquette, and Sauk counties.

**Mt. Morris Mutual Insurance Company**

Mt. Morris is a Wisconsin domestic mutual insurance company and was incorporated on 01/27/1876. The company is licensed to write (2)(a) Fire, inland marine, and other property insurance, (2)(d) Liability and incidental medical expense insurance (other than automobile), (2)(e) Automobile and aircraft insurance, and (2)(n) Miscellaneous. As a 611 mutual insurer, Mt. Morris is authorized to do business in all counties.

**Proposed Executive Officers and Directors of Mt. Morris:**

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Term Expires:</u></b>
Raymond Hutchinson	Director	2024
Robert Zimpel	Director	2024
Bob Benot	Director	2024
Jeffrey Nichols	Director	2025
Robert Ebben	Director, Chairman	2025
Greg Walker	Director	2025
Glenn Thalacker	Director, Vice Chairman	2026
Daniel Fenske	Director, Treasurer, President, and CEO	2026
Connie Weber	Director, Secretary, VP Operations	2026
Danielle Loeffler	VP Policy Services	
Cathy Atkinson	VP Claims	

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

Pursuant to the plans of merger, filed between Marcellon and Mt. Morris, Marcellon will be merged into Mt. Morris, with the surviving entity being Mt. Morris. 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 September 1, 2023, and no later than December 31, 2023.

The estimated expenses related to the merger of Marcellon and Mt. Morris 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, Mt. Morris, also include the continued employment of all Marcellon employees and appointment of Marcellon's current agents.

Current Marcellon and Mt. Morris employees will continue to work out of their respective offices, with the primary office being that of Mt. Morris. Current agents in good standing with Marcellon will become appointed agents of Mt. Morris as of the effective date.

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

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

### **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 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 Marcellon and Mt. Morris. 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, Mt. Morris, will continue to be authorized in all counties throughout the state.