

MERGER OF
MARCELLON-COURTLAND-SPRINGVALE MUTUAL INSURANCE COMPANY
INTO
MT. MORRIS MUTUAL INSURANCE COMPANY
PROPOSED POLICYHOLDER SUMMARY OF MERGER
SUBMITTED JUNE 23, 2023

[Letterhead/logo of MCSMIC/Mt. Morris]

To: All Policyholders of Marcellon-Courtland-Springvale Mutual Insurance Company

Re: Summary of Proposed Merger into Mt. Morris Mutual Insurance Company

Date: [●], 2023

The Boards of Directors of Marcellon-Courtland-Springvale Mutual Insurance Company (“MCSMIC”) and Mt. Morris Mutual Insurance Company (“Mt. Morris 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 of Merger”).

MCSMIC’s reinsurer, Wisconsin Reinsurance Corporation (“WRC”), was placed into Rehabilitation by the Wisconsin Office of the Commissioner of Insurance (the “Commissioner”) on June [●], 2023. As a town mutual organized under Chapter 612 of Wisconsin Statute, MCSMIC is required by law to maintain certain reinsurance coverage. Based in part on the uncertainty surrounding the ability of WRC to reinsure MCSMIC in 2024, the Board of Directors of MCSMIC has elected to pursue a merger with Mt. Morris Mutual (the “Merger”).

Mt. Morris Mutual is a mutual insurance company organized under Chapter 611 of Wisconsin Statutes that currently issues policies throughout Wisconsin. Founded in 1875 as a town mutual insurance company named “Mt. Morris Norwegian Mutual Fire Insurance Company”, the company completed a series of mergers with other town mutual insurance companies in the 1980s and 1990s. In 1997, Mt. Morris Mutual reorganized as a Chapter 611 mutual insurance company and began writing business statewide.

Mt. Morris Mutual is a financially sound company that maintains reinsurance coverage and has confirmed its ability to maintain reinsurance coverage post-merger. Advantages to the policyholders of MCSMIC include less dependence on the limited number of reinsurers issuing coverage to Chapter 612 town mutuals, an improved spread of risk throughout the state, having access to a broader range of insurance products (including personal and commercial auto insurance), and no longer being potentially subject to policyholder assessments. Additionally, MCSMIC policyholders will continue to be insured by a mutual insurance company.

The Boards of Directors have determined that the Merger is fair and equitable to the policyholders of MCSMIC and Mt. Morris Mutual, and has recommended that MCSMIC members vote to approve the Merger.

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

Mt. Morris Mutual is larger than MCSMIC and will be the surviving entity of the Merger. MCSMIC will merge into Mt. Morris Mutual, effective on the closing date. The anticipated closing date of the Merger is September 1, 2023. MCSMIC is currently authorized to write policies in the counties of Adams, Columbia, Dane, Dodge, Fond Du Lac, Green Lake, Marquette, and Sauk. As a Chapter 611 mutual insurance company, Mt. Morris Mutual may write policies throughout the state of Wisconsin; the surviving entity will continue to be a Chapter 611 mutual insurance company writing policies throughout Wisconsin.

Post-merger, Mt. Morris Mutual will continue to be managed by the current directors and officers of Mt. Morris Mutual. Tammy Cutsforth, the current Manager of MCSMIC, will be offered employment with Mt. Morris Mutual with job duties relating to servicing the assumed policies of former members of MCSMIC. Daniels Fenske will continue to serve as President and CEO of the merged company.

No changes will be made to the current Mt. Morris Mutual Board of Directors relating to the merger. As of the effective date of the merger, the Board of Directors of the merged company will continue to be the current board of Mt. Morris Mutual. At each annual meeting of the policyholders of Mt. Morris Mutual after the effective date of the merger, the policyholders will elect the directors to fill the positions of the directors whose terms expire, as provided in Mt. Morris Mutual's current articles and bylaws.

The articles and bylaws of the merged company will continue to be those of Mt. Morris Mutual. No changes to the Mt. Morris Mutual Articles of Incorporation and Bylaws as a result of the Merger. Copies of the proposed documents and the Merger Agreement are available for your review.

On the effective date of the merger, all property owned by MCSMIC will become the property of Mt. Morris Mutual and all liabilities of MCSMIC will become liabilities of Mt. Morris Mutual. All MCSMIC policyholders will automatically become members and policyholders of Mt. Morris Mutual. Each former member of MCSMIC will be sent a Certificate of Assumption formally confirming that status.

No changes to the policies or premiums of MCSMIC policyholders will occur immediately upon the consummation of the Merger. However, effective on the first renewal date of each MCSMIC policy following the effective date of the Merger, MCSMIC policies will be rewritten using Mt. Morris Mutual forms, rates, and underwriting guidelines.

Business will be transacted from Mt. Morris Mutual's current office space in Coloma, Wisconsin. Post-merger, the merged company will continue to maintain the current MCSMIC office located at 144 N. Main Street in Pardeeville, Wisconsin.

A complete copy of the Agreement and Plan of Merger (and related exhibits) is available for your inspection at both the MCSMIC and Mt. Morris Mutual offices. Please contact Tammy Cutsforth, MCSMIC Manager, at (608) 617-2829 or mar.court.spring.mic@gmail.com if you have any questions or if you would like to review a complete copy of the Plan of Merger.

**Marcellon-Courtland-Springvale Mutual
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