



DATE: October 9, 2023

TO: Amy J. Malm
Mark McNabb

FROM: Christopher Martin

SUBJECT: The Proposed Merger of All-Star/Newark Mutual Insurance Company with and into Franklin Farmers 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. 612.21, Wisconsin Statutes and Ins. 40.02 Wis. Adm. Code.

Form A Filing Contact(s)

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Exhibit(s)

<u>Exhibit:</u>	<u>Description:</u>
Ex. 1	Transmittal Letter
Ex. 2	A certified resolution of the FFMIC Board of Directors approving the Merger and establishing a tentative date for the special meeting of policyholders
Ex. 3	A certified resolution of the ASNMIC Board of Directors approving the Merger and establishing a tentative date for the special meeting of policyholders
Ex. 4	The executed Agreement and Plan of Merger, including the following exhibits:
Ex. 4a	The Articles of Incorporation of Riverside
Ex. 4b	The bylaws of Riverside which will be the bylaws of the surviving entity
Ex. 4c	The form of Certificate of Assumption which Riverside proposes to send to all FFMIC policyholders after the effective time of the merger
Ex. 4d	A listing of the directors and officers of the surviving entity
Ex. 5	A proposed summary of the merger to be sent to the Constituent Corporations' policyholders with the applicable Notice of Special Policyholder Meeting
Ex. 6	The following FFMIC related documents:

- Ex. 6a The most recent year end annual statement for FFMIC
- Ex. 6b The most recent monthly unaudited financial statements for FFMIC
- Ex. 6c A proposed Notice of Special Policyholder Meeting to be sent to the FFMIC policyholders
- Ex. 6d The proposed policyholder resolution ballots to be presented (i) in person at the special meeting and (ii) to policyholders via mail pursuant to Wis. Stat. 612.12(a)(c)
- Ex. 6e The proposed report of policyholder votes to be submitted to the OCI following the special meeting
- Ex. 7 The following ASNMIC related documents
- Ex. 7a The most recent year end annual statement for ASNMIC
- Ex. 7b The most recent monthly unaudited financial statements for ASNMIC
- Ex. 7c A proposed Notice of Special Policyholder Meeting to be sent to the ASNMIC policyholders
- Ex. 7d The proposed policyholder resolution ballots to be presented (i) in person at the special meeting and (ii) to policyholders via mail pursuant to Wis. Stat. 612.12(a)(c)
- Ex. 7e The proposed report of policyholder votes to be submitted to the OCI following the special meeting

Executive Summary

On September 15, 2023, All-Star/Newark Mutual Insurance Company (“ASNMIC”), a 612 town mutual insurer, filed a statement on behalf of the Applicants. Franklin Farmers Mutual Insurance Company (“FFMIC”), a 612 town mutual insurer, along with ASNMIC, intend that ASNMIC will merge with and into FFMIC. After the merger, in accordance with the agreement and plan of merger, ASNMIC will cease to exist, and the surviving entity would be FFMIC, who will change its name to Riverside Mutual Insurance Company (“Riverside”).

Identity and Background of the Domestic Insurers

Identity of the Insurers:

All-Star/Newark Mutual Insurance Company

1101 1st Center Avenue
Brodhead, WI 53520

Franklin Farmers Mutual Insurance Company

146 West Jefferson St
Spring Green, WI 53588

Background of the Insurers:

All-Star/Newark Mutual Insurance Company

ASNMIC is a Wisconsin domestic town mutual insurance company and was incorporated on 02/25/1882. The company is licensed to write Property and Nonproperty insurance and is currently authorized to do

business in Richland, Rock, Sauk, Vernon, Walworth, Lafayette, Crawford, Dane, Dodge, Grant, Green, Iowa, Jefferson, Juneau, Adams, and Columbia County.

Franklin Farmers Mutual Insurance Company

FFMIC is a Wisconsin domestic town mutual insurance company and was incorporated on 01/16/1877. The company is licensed to write Property and Nonproperty insurance and is currently authorized to do business in Monroe, Richland, Sauk, Vernon, Lafayette, Columbia, Crawford, Dane, Grant, Green, Iowa, Juneau, Adams, Dodge, Jefferson, and La Crosse County.

Proposed Executive Officers and Directors of Franklin Farmers Mutual Insurance Company

<u>Name</u>	<u>Title</u>	<u>Term Expires:</u>
Dwayne Hiltbrand	Director, Chairman	2026
Robert Menke	Director, Vice Chairman	2026
Tyler Wilkinson	Director, Treasurer	2026
Gary Hefty	Director	2025
Karen Johnson	Director	2024
Melvin Frank	Director, Secretary	2025
Ed Chitwood	Director	2024
Peggy Sue Langer	President and CEO	

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

Nature, Source, and Consideration

Pursuant to the plans of merger, filed between ASNMIC and FFMIC, ASNMIC will be merged into FFMIC, with the surviving entity being FFMIC. Subject to the appropriate approvals and a vote held by the members of the Insurers, the effective time of the transaction is 12:01 am on January 1, 2024. As part of the plan of merger, FFMIC as the surviving corporation will change its name to Riverside Mutual Insurance Company.

The estimated expenses related to the merger of ASNMIC and FFMIC are approximately \$15,000. In the event that the merger is unsuccessful, the 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, FFMIC, also include that FFMIC will offer agency agreements to each agent who had appointments with ASNMIC as of the date of the merger agreement.

FFMIC shall offer employment to all employees of ASNMIC with similar roles and salaries as they currently hold.

After the closing date, the principal place of business will be the current offices of FFMIC. The ASNMIC office space will be maintained at its current location until such time as the board of directors determine that a satellite office is no longer necessary.

Articles and Bylaws of the surviving corporation will be those as provided by FFMIC in Exhibit A and Exhibit B to the merger agreement, under the new name Riverside.

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 ASNMIC and FFMIC. 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, FFMIC, will be authorized to do business in Adams, Columbia, Crawford, Dane, Grant, Green, Iowa, Jefferson, Juneau, Lafayette, Monroe, Richland, Rock, Sauk, Walworth, and Vernon County.