



DATE: September 1, 2023

TO: Amy J. Malm  
Mark McNabb

FROM: Christopher Martin

SUBJECT: The Proposed Merger of Columbus Mutual Town Insurance Company and Caledonia Mutual Fire Insurance Company with and into Central Wisconsin 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:**

Zachary P. Bemis  
Godfrey & Kahn, S.C.  
One East Main Street, Suite 500  
Madison, WI 53703  
(608) 284-2224  
zbemis@gklaw.com

**Exhibit(s)**

| <b><u>Exhibit:</u></b> | <b><u>Description:</u></b>   |
|------------------------|--|
| Ex. 1                  | A certified resolution of the Columbus Board of Directors approving the Merger and establishing a tentative date for the special meeting of policyholders  |
| Ex. 2                  | A certified resolution of the Caledonia Board of Directors approving the Merger and establishing a tentative date for the special meeting of policyholders |
| Ex. 3                  | A certified resolution of the CWMIC 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 Second Amended and Restated Articles of Incorporation of CWMIC which will be the articles of incorporation of the surviving entity                     |
| Ex. 4b                 | The Second Amended and Restated Bylaws of CWMIC which will be the bylaws of the surviving entity   |
| Ex. 4c1                | The form of the Certificate of Assumption which CWMIC proposes to send to all Caledonia policyholders after the effective time of the Merger               |
| Ex. 4c2                | The form of the Certificate of Assumption which CWMIC proposes to send to all Columbus 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 Columbus related documents:
- Ex. 6a The most recent year-end annual statement for Columbus
- Ex. 6b The most recent monthly unaudited financial statements for Columbus
- Ex. 6c A proposed Notice of Special Policyholder Meeting to be sent to the Columbus policyholders
- Ex. 6d The proposed policyholder resolution ballots to be presented at the Special Meeting and to policyholders via mail pursuant to Wis. Stat 612.12(a)(c)
- Ex. 6e The proposed report of policyholder vote to be submitted to the OCI following the Special Meeting
- Ex. 7 The following Caledonia related documents:
- Ex. 7a The most recent year-end annual statement for Caledonia
- Ex. 7b The most recent quarterly unaudited financial statements for Caledonia
- Ex. 7c A proposed Notice of Special Policyholder Meeting to be sent to the Caledonia policyholders
- Ex. 7d The proposed policyholder resolution ballots to be presented at the Special Meeting and to policyholders via mail pursuant to Wis. Stat 612.12(a)(c)
- Ex. 7e The proposed report of policyholder vote to be submitted to the OCI following the Special Meeting
- Ex. 8 The following CWMIC related documents:
- Ex. 8a The most recent year-end annual statement for CWMIC
- Ex. 8b The most recent monthly unaudited financial statements for CWMIC
- Ex. 8c A proposed Notice of Special Policyholder Meeting to be sent to the CWMIC policyholders
- Ex. 8d The proposed policyholder resolution ballots to be presented at the Special Meeting and to policyholders via mail pursuant to Wis. Stat 612.12(a)(c)
- Ex. 8e The proposed report of policyholder vote to be submitted to the OCI following the Special Meeting

## **Executive Summary**

On August 25, 2023, Central Wisconsin Mutual Insurance Company ("CWMIC"), a 612 town mutual insurer, filed a statement on behalf of the Applicants. Columbus Town Mutual Insurance Company ("Columbus") and Caledonia Mutual Fire Insurance Company ("Caledonia"), both 612 town mutual insurers, along with CWMIC, intend that Columbus and Caledonia will merge with and into CWMIC. After the merger, in accordance with the agreement and plan of merger, Columbus and Caledonia will cease to exist, and the surviving entity would be CWMIC.

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

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

#### **Columbus Mutual Town Insurance Company**

205 S University Ave, Ste 1  
Beaver Dam, WI 53916

#### **Caledonia Mutual Fire Insurance Company**

N5725 Highway 78  
Portage, WI 53901

#### **Central Wisconsin Mutual Insurance Company**

918 W Main Street  
Waupun, WI 53963

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

#### **Columbus Mutual Town Insurance Company**

Columbus is a Wisconsin domestic town mutual insurance company and was incorporated on 08/02/1873. The company is licensed to write Property and Nonproperty insurance and is currently authorized to do business in Richland, Sauk, Vernon, Washington, Waukesha, Lafayette, Columbia, Crawford, Dane, Dodge, Fond Du Lac, Grant, Green, Green Lake, Iowa, and Jefferson County.

#### **Caledonia Mutual Fire Insurance Company**

Caledonia is a Wisconsin domestic town mutual insurance company and was incorporated on 08/01/1873. The company is licensed to write Property and Nonproperty insurance and is currently authorized to do business in Sauk, Marquette, and Columbia County.

#### **Central Wisconsin Mutual Insurance Company**

CWMIC is a Wisconsin domestic town mutual insurance company and was incorporated on 06/01/1874. The company is licensed to write Property and Nonproperty insurance and is currently authorized to do business in Sheboygan, Washington, Waukesha, Waushara, Winnebago, Marquette, Columbia, Dodge, Fond Du Lac, Green Lake, Jefferson, Adams, Dane, and Sauk County.

### **Proposed Executive Officers and Directors of CWMIC:**

| <b><u>Name</u></b> | <b><u>Title</u></b>         | <b><u>Term Expires:</u></b> |
|--------------------|-----------------------------|-----------------------------|
| Kevin Beske        | Director and President      | 2027                        |
| Tom Alsum          | Director and Vice President | 2026                        |
| Heather Tessmann   | Director and Secretary      | 2026                        |
| Brian Floeter      | Director and Treasurer      | 2027                        |
| Shelly Wiersma     | Director                    | 2027                        |
| Anthony Brossard   | Director                    | 2026                        |
| Steven Redeker     | Director                    | 2026                        |
| Carlton Kastorff   | Director                    | 2025                        |
| Nathan Pollnow     | Director                    | 2025                        |
| David Zabel        | Director                    | 2025                        |
| Jeff Miller        | Director                    | 2025                        |

As of the Effective Time, as defined in the Agreement and Plan of Merger, the surviving corporation's board of directors will have eleven directors comprised of nine directors from CWMIC, two directors from Columbus, and one director from Caledonia.

Officers are elected annually at each annual meeting.

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

Pursuant to the plans of merger, filed between Columbus, Caledonia, and CWMIC, Columbus and Caledonia will be merged into CWMIC, with the surviving entity being CWMIC. 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.

The estimated expenses related to the merger of Columbus, Caledonia, and CWMIC are approximately \$20,000. 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, CWMIC, also include that CWMIC will offer agency agreements to each agent who had appointments with Columbus and Caledonia as of the date of the merger agreement and who does not already have an agency agreement with CWMIC.

CWMIC shall offer employment to all employees of Columbus and Caledonia with similar roles and salaries as they currently hold.

After the closing date, the principal place of business will be the current offices of CWMIC. The Caledonia office space will cease formal activities as of the Effective Time. The Columbus office lease will be maintained until at least the expiration of the current lease term.

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

## **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 Columbus, Caledonia, and CWMIC. 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, CWMIC, will be authorized to do business in Adams, Columbia, Dane, Dodge, Fond Du Lac, Grant, Green Lake, Iowa, Jefferson, Marquette, Richland, Sheboygan, Sauk, Washington, Waushara, and Winnebago County.

As of the date of this recommendation letter, OCI is considering a formal request from CWMIC to allow the merged surviving company to continue renewing existing policy in the Legacy Territory, defined as Crawford, Green, Lafayette, Waukesha, and Vernon County. If granted, the OCI will require certain

conditions that will include making a filing for conversion to a ch. 611 mutual no later than June 30, 2024, with an effective date no later than January 1, 2025. OCI's decision on this matter will be determined separately from the approval of the proposed merger.