

**Merger of**  
**CALEDONIA MUTUAL FIRE INSURANCE COMPANY**  
**and**  
**COLUMBUS MUTUAL TOWN INSURANCE COMPANY**  
**with and into**  
**CENTRAL WISCONSIN MUTUAL INSURANCE COMPANY**  
**PROPOSED POLICYHOLDER SUMMARY OF MERGER**

*Filed with the Wisconsin Office of the Commissioner of Insurance*  
*August 25, 2023*

**[Joint Logo/Letterhead]**

To: All Policyholders of Central Wisconsin Mutual Insurance Company, Caledonia Mutual Fire Insurance Company, and Columbus Mutual Town Insurance Company

Re: Summary of Proposed Merger

Date: [●], 2023

The Boards of Directors of Central Wisconsin Mutual Insurance Company (“Central Wisconsin”), Caledonia Mutual Fire Insurance Company (“Caledonia”) and Columbus Mutual Town Insurance Company (“Columbus”), have determined that it would be in the best interests of each of the companies to merge and the companies have entered in an Agreement and Plan of Merger (the “Plan of Merger”) to that effect.

Caledonia’s and Columbus’ reinsurer, Wisconsin Reinsurance Corporation (“WRC”), was placed into Rehabilitation by the Wisconsin Office of the Commissioner of Insurance (the “Commissioner”) on June 21, 2023. Town mutuals organized under Chapter 612 of Wisconsin Statutes, required by law to maintain certain reinsurance coverage. As a current reinsurance policyholder of WRC, Caledonia and Columbus were issued an order from the Commissioner on June 28, 2023 (the “OCI Order”). The OCI Order directed Caledonia and Columbus to confirm its plans for obtaining reinsurance for 2024 or otherwise maintaining its certificate of authority to continue in business in 2024.

In order to comply with the OCI Order and limit the disruption to the Caledonia and Columbus policyholders and members, the Board of Directors of Caledonia and Columbus have each elected to pursue a merger with and into Central Wisconsin (the “Merger”).

Central Wisconsin is a town mutual insurance company headquartered in Waupun, Wisconsin. The company was founded on March 13, 1874 under the original name of Waupun Farmer’s Mutual Insurance Company. Central Wisconsin is the surviving company of several mergers over the last 50 years, but continues to maintain its local character as town mutual insurance company, operated under the supervision of a board of directors elected by the company’s policyholders.

Advantages of the Merger to the policyholders of all of the companies include that Central Wisconsin is a financially sound company that maintains the required reinsurance coverage and has confirmed its ability to maintain reinsurance coverage post-Merger and the policyholders of Caledonia and Columbus will continue to be insured by a town mutual insurance company. Additionally, all current agents of Caledonia and Columbus will be appointed by Central Wisconsin, allowing policyholders to continue working with their current agent.

After the Board of Directors of each company voted and determined that the Merger is fair and equitable to each company and their respective policyholders, the Plan of Merger was filed by the companies with the Office of the Commissioner of Insurance (the “OCI”), which must approve

the merger prior to it being submitted to a vote of the companies' policyholders. The OCI has approved the merger and the companies are now ready to seek policyholder approval. The Board of Directors of each company recommends that their respective members vote to approve the Merger.

**Please note, if the Merger is not approved by the policyholders of a company and Columbus and/or Caledonia and the companies are unable to comply with the OCI Order, then Columbus and/or Caledonia may be subject to additional regulatory orders or enforcement actions by the OCI, including potentially liquidation, dissolution, and/or cancellation of policies. Therefore, approval of the Merger by policyholders is crucial for policyholders of Columbus and Caledonia to maintain their current insurance policies in effect beyond December 31, 2023.**

Below is a summary of the Plan of Merger and the effect of the Merger, which is proposed to take effect on January 1, 2024:

- Caledonia's and Columbus' policyholders will become members of Central Wisconsin and Caledonia and Columbus will cease to exist as separate corporations. Central Wisconsin, as the surviving merged company, shall have all the assets and be liable for all of the obligations (including insurance policyholder obligations) of each of the participating companies. Each former member of Caledonia and Columbus will be sent a Certificate of Assumption formally confirming that status.
- All property owned by Caledonia and Columbus will become the property of Central Wisconsin and all liabilities (including insurance policy liabilities) of Caledonia and Columbus will become liabilities of Central Wisconsin.
- As a Chapter 612 town mutual insurance company, the merged company may only write insurance policies in up to 16 counties. The merged company will continue to continue servicing, renewing, and writing new policies in the counties of Adams, Columbia, Dane, Dodge, Fond Du Lac, Grant, Green Lake, Iowa, Jefferson, Marquette, Richland, Sheboygan, Sauk, Washington, Waushara, Winnebago. [The merged company has received authorization from the OCI to continue servicing and renewing existing policies, but will not be authorized to issue new policies to policyholders, in the counties of Crawford, Green, Lafayette, Waukesha and Vernon.]<sup>1</sup> [Beginning with the first renewal date after January 1, 2024, the merged company will begin issuing nonrenewal notices to the approximately 38 policyholders of Columbus and Central Wisconsin in the counties of Crawford, Green, Lafayette, Waukesha and Vernon. However, the merged company will assist any policyholders that are nonrenewed with obtaining replacement coverage.]<sup>2</sup>

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<sup>1</sup>**Note to OCI:** Bracketed language is to be included if the request to the OCI is approved.

<sup>2</sup>**Note to OCI:** Bracketed language is to be included if the request to the OCI is denied.

- Upon the effective date, the merged company will have a board comprised of eleven (11) members: Central Wisconsin's current directors will continue to serve on the board of the merged company, along with Mr. Nathan Pollnow and Mr. David Zabel of Columbus and Mr. Jeff Miller of Caledonia. Eventually, the merged company expects to return a nine (9) member board. Kevin Beske will continue to serve as President the merged company. At each annual meeting of the policyholders of Central Wisconsin 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 Central Wisconsin's articles of incorporations and bylaws.
- The merged company will offer its current agency agreement to each agent who has an appointment with either Caledonia or Columbus prior to the effective date of the merger and who does not already have an agency agreement in force with Central Wisconsin.
- Central Wisconsin will offer employment to all employees of Caledonia and Columbus with substantially similar roles and salaries to their roles and salaries immediately prior to the Merger, subject to satisfactory job performance to Central Wisconsin, participation in training relating Central Wisconsin's business processes and servicing Central Wisconsin's other line(s) of business.
- Business will be transacted from Central Wisconsin's current office space in Waupun, Wisconsin. The merged company anticipates that it will continue to maintain an office in Beaver Dam until October 2024 when the current lease expires.
- Various changes to the Central Wisconsin articles of incorporation and bylaws are also proposed as part of the Plan of Merger, including specifically changes related to the authorized territory of the merged company and the board of directors (as described above). Copies of the proposed documents and the Merger Agreement are available for your review upon request.
- No changes to the policies or premiums of the companies' policyholders will occur immediately upon the consummation of the Merger. Upon the next policy renewal date following January 1, 2024 (or as soon thereafter as practicable), the current policyholders of Caledonia and Columbus will be renewed onto the policies, rates, and underwriting criteria of Central Wisconsin.

A complete copy of the Plan of Merger (and related exhibits) is available for your inspection at the Caledonia, Columbus and Central Wisconsin offices. Please contact the individuals identified below at any of the companies if you have any questions or if you would like to review a complete copy of the Plan of Merger.

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