

**PROPOSED POLICYHOLDER
SUMMARY OF THE MERGER**

MERGER OF
FALL CREEK MUTUAL INSURANCE COMPANY
WITH AND INTO
MUTUAL OF WAUSAU INSURANCE CORPORATION

PROPOSED POLICYHOLDER SUMMARY OF MERGER

Filed with the Wisconsin Office of the Commissioner of Insurance

September 14, 2023

[Joint Logo/Letterhead]

To: All Policyholders of Fall Creek Mutual Insurance Company

Re: Summary of Proposed Merger with and into Mutual of Wausau Insurance Company

Date: September 29, 2023

The Boards of Directors of Fall Creek Mutual Insurance Company (“FCMIC”) and Mutual of Wausau Insurance Corporation (“MWIC”) have determined that it would be in the best interests of both companies to merge pursuant to which the companies have entered into an Agreement and Plan of Merger (the “Plan of Merger”).

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

In order to comply with the OCI Order and limit the disruption to the FCMIC policyholders and members, the Board of Directors of FCMIC has elected to pursue a merger with MWIC (the “Merger”).

MWIC is a mutual insurance company organized under Chapter 611 of Wisconsin Statutes that currently issues policies throughout Wisconsin. MWIC’s history dates back to 1875 and was formed through the merger of Stettin Mutual Fire and Wausau Mutual Insurance Company in 1998. In 2011, MWIC converted to a Chapter 611 Wisconsin domestic mutual insurance company, allowing the company to offer more types of insurance and expand the area it serves to the entire state of Wisconsin. Since 2011, MWIC has engaged in various mergers and affiliations to expand its reach in Wisconsin and to continue protecting the mutual interest of MWIC’s policyholder members.

MWIC is a Chapter 611 mutual insurance company authorized to write throughout the state of Wisconsin, is larger than FCMIC, and will be the surviving entity of the Merger (the “Surviving Corporation”). Currently, MWIC has approximately 20,000 policyholders in Wisconsin. FCMIC is currently authorized to write policies in Barron, Buffalo, Clark, Chippewa, Dunn, Eau Claire, Jackson and Trempealeau counties and has approximately 1,100 policyholders.

Advantages to the policyholders of FCMIC include less dependence on the limited number of reinsurers issuing coverage to Chapter 612 town mutuals, an improved spread of risk throughout the state, access to a broader range of insurance products, and no longer being subject to policyholder assessments. MWIC is a financially sound company that maintains reinsurance

coverage and has confirmed its ability to maintain reinsurance coverage post-Merger. Additionally, FCMIC policyholders will continue to be insured by a mutual insurance company.

The Board of Directors of each company voted and determined that the Merger is fair and equitable to each company and their respective policyholders. On September 13, 2023, the Plan of Merger was filed by the companies with the OCI, which must approve the Merger prior to it being submitted to a vote of the policyholders. The Commissioner has approved the Merger and the companies are now ready to seek policyholder approval. **The Board of Directors of FCMIC recommends that the members and policyholders vote to approve the Merger.**

Below is a summary of the Plan of Merger and the effect of the Merger which, if approved, would take effect December 31, 2023 (the “Effective Date”):

- Upon the Effective Date of the Merger, (i) FCMIC’s policyholders will become members of MWIC, (ii) FCMIC will cease to exist as a separate corporation, and (iii) MWIC, as the surviving corporation, shall have all the assets and be liable for all of the obligations (including insurance policyholder obligations) of each of the participating corporations. Each current member of FCMIC will be sent a Certificate of Assumption and Endorsement formally confirming that MWIC has assumed their policy.
- All property owned by FCMIC will become the property of MWIC, and all liabilities of FCMIC (including insurance policy liabilities) will become liabilities of MWIC.
- As a Chapter 611 mutual insurance company, MWIC may write policies throughout the state of Wisconsin; the Surviving Corporation will continue to be a Chapter 611 mutual insurance company writing policies throughout Wisconsin.
- Upon the Effective Date, the Surviving Corporation will continue to be managed by the current board of directors and officers of MWIC. Todd Lentz will continue serving as the Surviving Corporation's President and CEO. At each annual meeting of the policyholders of MWIC after the Effective Date, the policyholders will elect the directors to fill the positions of the directors whose terms expire, as provided in MWIC’s articles and bylaws.
- The articles and bylaws of the Surviving Corporation will continue to be those of MWIC. No changes to the current MWIC Articles of Incorporation and Bylaws will occur as a result of the Merger. Copies of the Articles and Bylaws and the Merger Agreement are available for your review upon request.
- The current manager of FCMIC, Jane Sather, will be offered full-time employment with MWIC with the title “Manager – FCMIC division”. All non-management employees of FCMIC will be offered employment with substantially similar roles and salaries.
- No changes to the policies or premiums of FCMIC policyholders will occur immediately upon the consummation of the Merger. However, effective on the first renewal or anniversary date of each FCMIC policy following the Effective Date, policies will be rewritten using MWIC forms, rates, and underwriting guidelines.

- Post-Merger, business will be transacted from MWIC's current headquarters in Wausau, Wisconsin. The Surviving Corporation will evaluate the best use of the FCMIC office location as an extended service location.

A complete copy of the Agreement and Plan of Merger, Articles of Incorporation of MWIC and Bylaws of MWIC is available for your inspection at both the FCMIC and MWIC offices. Please contact the individuals identified below if you would like to review these documents or have any questions.

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