



DATE: December 1, 2022

TO: Amy J. Malm
Mark McNabb

FROM: Christopher Martin

SUBJECT: The Proposed Merger of Luck Mutual Insurance Company and Barron Mutual Insurance Company with and into Eagle Point 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:

Ron Staples
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Chippewa Falls, WI 54729
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Exhibit(s)

<u>Exhibit:</u>	<u>Description:</u>
Ex. 1	The executed resolution of the Eagle Point Board of Directors approving the Agreement and Plan of Merger with Barron
Ex. 2	The executed resolution of the Eagle Point Board of Directors approving the Agreement and Plan of Merger with Luck
Ex. 3	The executed resolution of the Barron Board of Directors approving the Agreement and Plan of Merger with Eagle Point Mutual
Ex. 4	The executed resolution of the Luck Board of Directors approving the Agreement and Plan of Merger with Eagle Point Mutual
Ex. 5	The Certificate of Assumption that Barron and Luck proposes to send to all their policyholders after the effective date of the merger
Ex. 6	Unaudited financial statements for Barron and Luck as of September 30, 2022
Ex. 7	A proposed Notice of Special Policyholder Meeting and a proposed Agreement and Plan of Merger to be sent to Barron and Luck policyholders
Ex. 8	Proposed policyholder resolutions approving the merger.

Executive Summary

On November 17, 2022, Ron Staples, President of Eagle Point Mutual Insurance Company (“Eagle Point”), a 611 mutual insurer, filed a statement on behalf of the Applicants, Luck Mutual Insurance Company (“Luck”), and Barron Mutual Insurance Company (“Barron”), both 612 town mutual insurers, to merge the two town mutuals into Eagle Point. After the merger, Luck and Barron will cease to exist, and the surviving entity would be Eagle Point.

Identity and Background of the Domestic Insurers

Identity of the Insurers:

Eagle Point Mutual Insurance Company

23 West Central Street
Chippewa Falls, WI 54729

Luck Mutual Insurance Company

400 Main Street South
Luck, WI 54853-0437

Barron Mutual Insurance Company

437 East Division Street
Barron, WI 54812

Background of the Insurers:

Eagle Point Mutual Insurance Company

Eagle Point is a Wisconsin domestic mutual insurance company and was incorporated on 06/07/1879. The company is licensed for automobile, fire, inland marine and other property insurance, and liability and incidental medical expense insurance (other than automobile).

Luck Mutual Insurance Company

Luck is a Wisconsin domestic town mutual insurance company and was incorporated on 08/27/1881. Luck is currently authorized to do business in Pierce, Polk, St. Croix, Washburn, Douglas, Dunn, Eau Claire, Barron, Burnett, and Chippewa County.

Barron Mutual Insurance Company

Barron is a Wisconsin domestic town mutual insurance company and was incorporated in 04/18/1891. The company is currently authorized to do business in Polk, Rusk, Sawyer, Washburn, Dunn, Barron, Bayfield, and Burnett County.

Proposed Executive Officers and Directors of Eagle Point

<u>Name</u>	<u>Title</u>	<u>Term Expires:</u>
Leslie Danielson	Chairman of the Board	June 2025
Michael Ruff	Vice Chairman of the Board	June 2023
Gary Krumenauer	Secretary Treasurer	June 2023
Stephen Meinen	Director	June 2024
Duron Bergeson	Director	June 2025
Ray Klisch	Director	June 2024
Todd Meinen	Director	June 2024

Carsten Ellison
Gary Frisle

Director
Director

June 2025
June 2023

Proposed Eagle Point Board – Barron Division Advisory Council

Name

Charlie Nelson
Nancy Kasper
Victor Bekkum
Terry L. Wirth
Jeff Jackson
Kenneth George
Steve A. Thoe

The Barron Division Advisory Council is a limited term, 24 months from the effective date of the merger, advisory group consisting of seven of the current members of the Barron board of directors. After the 24 months expire, the council will cease to exist. The council members will serve a 24 month term and will be compensated as shown in Exhibit E to the plan of merger. The President of the surviving entity, Eagle Point, will meet with the council quarterly for the purposes of updating the council on the financial and business status of the company.

Nature, Source, and Consideration

Pursuant to the plans of merger filed between Eagle Point and Luck and Eagle Point and Barron, Luck and Barron will be merged into Eagle Point, with the surviving entity being Eagle Point. Subject to the appropriate approvals and a vote held by the members of the Insurers, the effective date of the transaction is expected to be January 1, 2023.

The estimated expenses related to the merger of Eagle Point and Luck and Eagle Point and Barron are \$15,000 each. In the event that the merger is unsuccessful, the two insurers involved in each merger 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, Eagle Point, also include the continued employment of Luck and Barron Employees and Appointment of Luck and Barron current agents.

Luck and Barron employees will continue to work out of their respective offices and will be eligible for benefits as listed in Exhibit F to the Plan of Merger. Current agents in good standing with Luck and Barron will become appointed agents of Eagle Point as of the effective date.

Prior to the effective date of the merger Luck and Barron will each individually purchase, and Eagle Point will keep in effect for three years after the merger, an extended reporting period option for the combined insurance company liability and directors and officers liability policy for \$3,000,000 of coverage.

On November 15, 2022, the Eagle Point board adopted a resolution to expand the writing territory of company to all counties in Wisconsin. This will also be effective January 1, 2023.

Articles and Bylaws of the surviving corporation will be those as provided by Eagle Point in Exhibit A and Exhibit B to the Plan of Merger.

The financial statements of the Domestic Insurers are confidential. OCI reviews these financials as part of the review process.

The s. 612.22 Wis. Stats. Standard

Section 612.22 Wis. Stats. incorporates the information gathering requirements of s. 612.02(4) (the application requirements for a certificate of authority) while directing the Commissioner to answer three broad questions contained in s. 612.22(3)(a).

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 Eagle Point, Luck and Barron. 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.