



DATE: October 6, 2023

TO: Amy J. Malm
Mark McNabb

FROM: Christopher Martin

SUBJECT: The Proposed Merger of Northern Finnish Mutual Insurance Company with and into Mt. Morris 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. 612.22, 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	A certified resolution of the MMIC Board of Directors approving the Merger
Ex. 2	A certified resolution of the NFMIC Board of Directors approving the Merger and establishing a tentative date for the special meeting of policyholders.
Ex. 3	The executed agreement and plan of merger, including the following exhibits:
Ex. 3a	The current articles of incorporation of MMIC which will be the articles of incorporation of the surviving entity
Ex. 3b	The current bylaws of MMIC which will be the bylaws of the surviving entity
Ex. 3c	The form of Certificate of Assumption which MMIC proposes to send to all NFMIC policyholders after the effective time of the merger
Ex. 3d	A listing of directors and officers of the surviving entity
Ex. 4	A proposed summary of the Merger to be sent to the NFMIC policyholders with the NFMIC Notice of Special Policyholder Meeting
Ex. 5	The following MMIC related documents:
Ex. 5a	The most recent year end annual statement for MMIC
Ex. 5b	The most recent monthly unaudited financial statements for MMIC
Ex. 6	The following NFMIC related documents:
Ex. 6a	The most recent year end annual statement for NFMIC
Ex. 6b	The most recent monthly unaudited financial statements for NFMIC
Ex. 6c	A proposed Notice of Special Policyholder Meeting to be sent to NFMIC policyholders
Ex. 6d	The proposed policyholder resolution mail ballot
Ex. 6e	The proposed policyholder resolution to be presented in person at the special meeting
Ex. 6f	The proposed report of policyholder votes to be submitted to the OCI following the special meeting

Executive Summary

On September 26, 2023, Northern Finnish Mutual Insurance Company (“NFMIC”), a 612 town mutual insurer, filed a statement on behalf of the Applicants. NFMIC along with Mt. Morris Mutual Insurance Company (“MMIC”), a 611 mutual insurer, intend that NFMIC will merge with and into MMIC. After the merger, in accordance with the agreement and plan of merger, NFMIC will cease to exist, and the surviving entity would be MMIC.

Identity and Background of the Domestic Insurers

Identity of the Insurers:

Northern Finnish Mutual Insurance Company

41396 St Hwy 13
Marengo, WI 54855

Mt. Morris Mutual Insurance Company

N 1211 Cty Rd B
Coloma, WI 54930

Background of the Insurers:

Northern Finnish Mutual Insurance Company

NFMIC is a Wisconsin domestic town mutual insurance company and was incorporated on 11/14/1914. The company is currently licensed to write Property and Nonproperty insurance and is currently authorized to do business in Douglas, Iron, Ashland, and Bayfield County.

Mt. Morris Mutual Insurance Company

Mt. Morris is a Wisconsin domestic mutual insurance company and was incorporated on 01/27/1876. The Company is licensed to write (2)(a) Fire, inland marine, and other property insurance, (2)(d) Liability and incidental medical expense insurance (other than automobile), (2)(e) Automobile and aircraft insurance, and (2)(n) Miscellaneous. As a 611 mutual insurer, Mt. Morris is authorized to do business in all counties.

Proposed Executive Officers and Directors of Mt. Morris:

<u>Name</u>	<u>Title</u>	<u>Term Expires:</u>
Raymond Hutchinson	Director	2024
Robert Zimpel	Director	2024
Bob Benot	Director	2024
Jeffrey Nichols	Director	2025
Robert Ebben	Director, Chairman	2025
Greg Walker	Director	2025
Glenn Thalacker	Director, Vice Chairman	2026
Daniel Fenske	Director, Treasurer, President, and CEO	2026
Connie Weber	Director, Secretary, VP Operations	2026
Chris Leker	Director	2026
Danielle Loeffler	VP Policy Services	
Cathy Atkinson	VP Claims	

Nature, Source, and Consideration

Pursuant to the plans of merger, filed between NFMIC and MMIC, NFMIC will be merged into MMIC, with the surviving entity being MMIC. Subject to the appropriate approvals and a vote held by the members of

NFMIC, the effective date of the transaction is expected to be no later than December 31, 2023, with the effective time being 12:01am on January 1, 2024.

The estimated expenses related to the merger of NFMIC and MMIC are approximately \$20,000. In the event that the merger is unsuccessful, the two 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, MMIC, also include that MMIC will offer employment to all employees of NFMIC with substantially similar roles and salaries. Additionally, MMIC will offer its current agency agreement to each agent who has an appointment with NFMIC.

After the closing date, the operations of the surviving company will continue operation at the current NFMIC office.

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

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).

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 NFMIC and MMIC. 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, MMIC, will continue to be authorized in all counties throughout the state.