



DATE: September 4, 2023
TO: Amy J. Malm
Mark McNabb
FROM: Christopher Martin
SUBJECT: The Proposed Merger of New Hope Mutual Insurance Company with and into Seneca, Sigel 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)

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Exhibit(s)

<u>Exhibit:</u>	<u>Description:</u>
Ex. 1	Transmittal Letter
Ex. 2	A certified resolution of the SSMIC Board of Directors approving the Merger and establishing a tentative date for the special meeting of policyholders
Ex. 3	A certified resolution of the NMHIC 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 First Amended and Restated Articles of Incorporation of SSMIC which will be the articles of incorporation of the surviving entity
Ex. 4b	The current bylaws of SSMIC which will be the bylaws of the surviving entity
Ex. 4c	The form of Certificate of Assumption which SSMIC proposes to send to all NHMIC 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 SSMIC related documents:

- Ex. 6a The most recent year end annual statement for SSMIC
- Ex. 6b The most recent year end unaudited financial statements for SSMIC
- Ex. 6c The most recent monthly unaudited financial statements for SSMIC
- Ex. 6d A proposed Notice of Special Policyholder Meeting to be sent to the SSMIC policyholders
- Ex. 6e The proposed policyholder resolution ballots to be presented (i) in person at the special meeting and (ii) to policyholders via mail pursuant to Wis. Stat. 612.12(4)(c)
- Ex. 6f The proposed report of policyholder votes to be submitted to the OCI following the special meeting
- Ex. 7 The following NHMIC related documents
- Ex. 7a The most recent year end annual statement for NHMIC
- Ex. 7b The most recent year end unaudited financial statements for NHMIC
- Ex. 7c The most recent monthly unaudited financial statements for NHMIC
- Ex. 7d A proposed Notice of Special Policyholder Meeting to be sent to the NHMIC policyholders
- Ex. 7e The proposed policyholder resolution ballots to be presented (i) in person at the special meeting and (ii) to policyholders via mail pursuant to Wis. Stat. 612.12(4)(c)
- Ex. 7f The proposed report of policyholder votes to be submitted to the OCI following the special meeting

Note that OCI changed the exhibit name of 6e and 7e for the purpose of this memorandum to correct the Wis. Stat. reference. Please see the transmittal letter for the original document names.

Executive Summary

On August 28, 2023, New Hope Mutual Insurance Company (“NHMIC”), a 612 town mutual insurer, filed a statement on behalf of the Applicants. Seneca, Sigel Mutual Insurance Company (“SSMIC”), a 612 town mutual insurer, along with NHMIC, intend that NHMIC will merge with and into SSMIC. After the merger, in accordance with the agreement and plan of merger, NHMIC will cease to exist, and the surviving entity would be SSMIC.

Identity and Background of the Domestic Insurers

Identity of the Insurers:

New Hope Mutual Insurance Company

N11311 Cty Hwy P
Iola, WI 54945

Seneca, Sigel Mutual Insurance Company

6541 Cameron Ave
Vesper, WI 54489

Background of the Insurers:

New Hope Mutual Insurance Company

NHMIC is a Wisconsin domestic town mutual insurance company and was incorporated on 01/28/1887. The company is licensed to write Property and Nonproperty insurance and is currently authorized to do business in Portage, Shawano, Waupaca, Waushara, Wood, and Marathon County.

Seneca, Sigel Mutual Insurance Company

SSMIC is a Wisconsin domestic town mutual insurance company and was incorporated on 04/12/1891. The company is licensed to write Property and Nonproperty insurance and is currently authorized to do business in Oneida, Portage, Taylor, Waupaca, Wood, Langlade, Lincoln, Marathon, Juneau, Adams, Chippewa, Clark, Marquette, Sauk, and Columbia County.

Proposed Executive Officers and Directors of Seneca, Sigel Mutual Insurance Company

<u>Name</u>	<u>Title</u>	<u>Term Expires:</u>
Carol Tomfohrde	Director, Secretary, and Treasurer	2025
Dale Pagels	Director	2025
Loren Scheunemann	Director	2025
Harvey Peterson	Director and President	2026
Steve Redmond	Director	2026
Paul Mueske	Director	2026
Ron Kremer	Director and Vice President	2024
Tom Bauer	Director	2024
Melissa Mattheis	Director	2024
Dean Onan	Director	2026
Diane Trost	Director	2026

The officers serve an annual term and elections will be held at each annual meeting subsequent to the transaction.

Nature, Source, and Consideration

Pursuant to the plans of merger, filed between NHMIC and SSMIC, NHMIC will be merged into SSMIC, with the surviving entity being SSMIC. 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 NHMIC and SSMIC 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, SSMIC, also include that SSMIC will offer agency agreements to each agent who had appointments with NHMIC as of the date of the merger agreement.

SSMIC shall offer employment to all employees of NHMIC with similar roles and salaries as they currently hold.

After the closing date, the principal place of business will be the current offices of SSMIC. The NHMIC office space will be maintained at its current location.

Articles and Bylaws of the surviving corporation will be those as provided by NHMIC 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 NHMIC and SSMIC. 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, SSMIC, will be authorized to do business in Adams, Chippewa, Clark, Columbia, Juneau, Langlade, Lincoln, Marquette, Marathon, Oneida, Portage, Sauk, Shawano, Taylor, Waupaca, and Wood County.