



DATE: September 20, 2023

TO: Amy J. Malm  
Mark McNabb

FROM: Christopher Martin

SUBJECT: The Proposed Merger of Racine County 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, Wisconsin Statutes and Ins. 40.02 Wis. Adm. Code.

### **Form A Filing Contact(s)**

#### **Primary Contact:**

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### **Exhibit(s)**

<b><u>Exhibit:</u></b>	<b><u>Description:</u></b>
Ex. 1	Transmittal Letter
Ex. 2	A certified resolution of the MMIC Board of Directors approving the Merger.
Ex. 3	A certified resolution of the RCMIC 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 current articles of incorporation of MMIC which will be the articles of incorporation of the surviving entity.
Ex. 4b	The current bylaws of MMIC which will be the bylaws of the surviving entity.
Ex. 4c	The form of Certificate of Assumption which MMIC proposes to send to all RCMIC 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 RCMIC policyholders with RCMIC Notice of Special Policyholder Meeting
Ex. 6	The following MMIC related documents:

- Ex. 6a The most recent year end annual statement for MMIC
- Ex. 6b The most recent quarterly statement for MMIC
- Ex. 7 The following RCMIC related documents
- Ex. 7a The most recent year end annual statement for RCMIC
- Ex. 7b The most recent monthly unaudited financial statements for RCMIC
- Ex. 7c A proposed Notice of Special Policyholder Meeting to be sent to the RCMIC policyholders
- Ex. 7d 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(a)(c)
- Ex. 7e The proposed report of policyholder votes to be submitted to the OCI following the special meeting

### **Executive Summary**

On September 6, 2023, Racine County Mutual Insurance Company (“RCMIC”), a 612 town mutual insurer, filed a statement on behalf of the Applicants. RCMIC along with Mt. Morris Mutual Insurance Company (“Mt. Morris”), a 611 mutual insurer, intend that RCMIC will merge with and into Mt. Morris. After the merger, in accordance with the agreement and plan of merger, RCMIC will cease to exist, and the surviving entity would be Mt. Morris.

### **Identity and Background of the Domestic Insurers**

#### **Identity of the Insurers:**

##### **Racine County Mutual Insurance Company**

10502 Northwestern Ave  
Franksville, WI 53126

##### **Mt. Morris Mutual Insurance Company**

N 1211 Cty Rd B  
Coloma, WI 54930

#### **Background of the Insurers:**

##### **Racine County Mutual Insurance Company**

RCMIC is a Wisconsin domestic town mutual insurance company and was incorporated on 01/01/1873. The company is licensed to write Property and Nonproperty insurance and is currently authorized to do business in Ozaukee, Racine, Rock, Walworth, Washington, Waukesha, Milwaukee, Jefferson, and Kenosha 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:**

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Term Expires:</u></b>
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	

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 RCMIC and MMIC, RCMIC will be merged into MMIC, with the surviving entity being MMIC. Subject to the appropriate approvals and a vote held by the members of the Insurers, the closing date is 12/31/2023 and the effective time of the transaction is 12:01 am on January 1, 2024.

The estimated expenses related to the merger of RCMIC and MMIC 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, MMIC, also include that MMIC will offer agency agreements to each agent who had appointments with RCMIC as of the date of the merger agreement.

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

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

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.

<b>Conclusion</b>
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After reviewing the information provided by the Applicants, the OCI believes that approving this merger is in the best interest of the policyholders of RCMIC 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, as a 611 mutual insurer, will be authorized to do business in all counties.