



DATE: October 24, 2023

TO: Amy J. Malm
Mark McNabb

FROM: Christopher Martin

SUBJECT: The Proposed Merger of Spring Grove Mutual Insurance Company with and into La Prairie 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. 612.21, 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 LPMIC Board of Directors approving the Merger
Ex. 3	A certified resolution of the SGMIC 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 Articles of Incorporation of incorporation of LPMIC which will be the articles of incorporation of the surviving entity
Ex. 4b	The bylaws of LPMIC which will be the bylaws of the surviving entity
Ex. 4c	The form of Certificate of Assumption which LPMIC proposes to send to all SGMIC 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 LPMIC related documents:

- Ex. 6a The most recent year end annual statement for LPMIC
- Ex. 6b The most recent quarterly unaudited financial statements for LPMIC
- Ex. 6c A proposed Notice of Special Policyholder Meeting to be sent to the LPMIC policyholders
- Ex. 6d 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. 6e The proposed report of policyholder votes to be submitted to the OCI following the special meeting
- Ex. 7 The following SGMIC related documents
- Ex. 7a The most recent year end annual statement for SGMIC
- Ex. 7b The most recent monthly unaudited financial statements for SGMIC
- Ex. 7c A proposed Notice of Special Policyholder Meeting to be sent to the SGMIC 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 October 16, 2023, Spring Grove Mutual Insurance Company (“SGMIC”), a 612 town mutual insurer, filed a statement on behalf of the Applicants. La Prairie Mutual Insurance Company (“LPMIC”), a 612 town mutual insurer, along with SGMIC, intend that SGMIC will merge with and into LPMIC. After the merger, in accordance with the agreement and plan of merger, SGMIC will cease to exist, and the surviving entity would be LPMIC, who will change its name to La Prairie Grove Mutual Insurance Company (“LPGMIC”).

Identity and Background of the Domestic Insurers

Identity of the Insurers:

Spring Grove Mutual Insurance Company

1105 W Second Avenue
Brodhead, WI 53520

La Prairie Mutual Insurance Company

460 S Randall Ave
Janesville, WI 53545

Background of the Insurers:

Spring Grove Mutual Insurance Company

SGMIC is a Wisconsin domestic town mutual insurance company and was incorporated on 01/06/1875. The company is licensed to write Property and Nonproperty insurance and is currently authorized to do business in Rock, Iowa, Walworth, Jefferson, Grant, Lafayette, Dane, and Green County.

La Prairie Mutual Insurance Company

LPMIC is a Wisconsin domestic town mutual insurance company and was incorporated on 07/03/1873. The company is licensed to write Property and Nonproperty insurance and is currently authorized to do business in Rock, Walworth, Dane, Green, and Jefferson County.

Proposed Executive Officers and Directors of La Prairie Mutual Insurance Company

<u>Name</u>	<u>Title</u>	<u>Term Expires:</u>
James Huisheere	Director, President	2024
Michael Doubleday	Director	2024
Patrick Mullooly	Director	2025
David DeLong	Director	2026
Robert Gunn	Director, Secretary, Treasurer	2026
Julianne Burns	Director	2026
Nikolaus Faessler	Director, Vice President	2025
Glenn Marais	Director	2025
Dennis Miller	Director	2024
Georgia Weis	Chief Executive Officer	
Laura Shell	Chief Operations Officer	

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 SGMIC and LPMIC, SGMIC will be merged into LPMIC, with the surviving entity being LPMIC. 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. As part of the plan of merger, LPMIC as the surviving corporation will change its name to La Prairie Grove Mutual Insurance Company.

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

LPMIC shall offer employment to Briana Hicks as an administrative assistant and Laura Shell as the Chief Operating Officer.

After the closing date, the principal place of business will be the current offices of LPMIC. The SGMIC office space will be maintained at its current location until such time as the board of directors determine that a satellite office is no longer necessary.

Articles and Bylaws of the surviving corporation will be those as provided by LPMIC in Exhibit A and Exhibit B to the merger agreement, under the new name La Prairie Grove.

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 SGMIC and LPMIC. 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, LPMIC, will be authorized to do business in Dane, Grant, Green, Iowa, Jefferson, Lafayette, Rock, and Walworth County.