

DATE:____June 17, 2020

TO:____Amy J. Malm
____Elena Vetrina

FROM:____Steven J. Junior

SUBJECT:_In the Matter of the Mutual Holding Company Restructuring of Sentry Insurance a Mutual Company (Case No. 20-C43622)

SITUATION

Introduction

On November 20, 2019, Sentry Insurance a Mutual Company (hereinafter also, “Petitioner” or the “company”) filed an application (the “Application”) to restructure to a mutual holding company and a stock insurance company pursuant to ch. 644, Wis. Stat. The application was transmitted under cover of a letter by Kevin G. Fitzgerald, Foley & Lardner LLP.

The final form of the Policyholders Information Booklet was approved on **[date], 2020**. Approval of the final form of the Policyholders Information Booklet was required by s. 644.07(6)(b), Wis. Stat. However, approval of the form does not constitute approval of the Application or the plan it was filed to support.

Subject Matter for Consideration

The subject matter for consideration is whether the plan to restructure Sentry Insurance a Mutual Company from a mutual insurance corporation into a mutual holding company and a stock insurance company pursuant to ch. 644.07, Wis. Stat., should be approved.

Section 644.07(7), Wis. Stat., requires the Commissioner of Insurance to approve the mutual holding company plan unless:

- (a) The plan would violate the law or be contrary to the interest of the insureds of Sentry Insurance a Mutual Company, the converting domestic corporation, or of the Wisconsin insureds of any participating nondomestic corporation.
- (b) The plan would be unfair or inequitable to the policyholders of Sentry Insurance a Mutual Company.
- (c) The plan would be contrary to the interests of policyholders or the public.
- (d) The restructuring proposed by the plan would be detrimental to the safety and soundness of the converting insurance company, Sentry Insurance a Mutual Company, or to the contractual rights and reasonable expectations of its policyholders on the effective date of the restructuring.

The Office of the Commissioner of Insurance’s review is limited to evaluating the plan to make certain that it meets the standards of the statutes. In performing its duties, the Office of the Commissioner of

Insurance (hereinafter also, the "OCI") does not have the authority to substitute its judgement for that of the Board of Directors of Sentry Insurance a Mutual Company and to direct them to pursue an alternate business strategy. If the OCI approves the Application, the ultimate decision about the future organization of Sentry Insurance a Mutual Company will be made, as it should be, by the policyholders of the company at a special meeting.

DESCRIPTION OF THE MUTUAL HOLDING COMPANY PLAN

Overview

Insurers face increased competition from holding company systems directed by banks, mutual fund management companies and retail brokerage firms as part of a trend of deregulation and consolidation of the insurance and financial services industries. The enactment of mutual holding company laws in many states across the country, including Wisconsin, can be viewed as an integral part of this trend. State legislatures as well as the federal government have recognized that it is desirable for mutual insurance companies to have additional options to diversify and compete in global financial services, while preserving their mutual form of organization. The Wisconsin Statutes establish a procedure whereby a mutual insurance company may convert into a stock company owned by a non-insurance mutual holding company, after approval by the mutual insurance company's board of directors, the OCI, and the mutual insurance company's policyholders. This procedure for restructuring under a mutual holding company plan provides an additional means for mutual insurance companies to achieve a more flexible capital structure, while preserving a mutual form of organization.

Sequence of Events

The plan of restructuring could be viewed as involving a ~~six-step~~seven-step sequence of events. Each of these steps is briefly summarized as follows.

1. [The Company establishes the Record Date and Resolution Date at a Special Meeting of the Board of Directors on or about September 23, 2020.](#)
2. ~~1-~~The Policyholder Information Booklet is mailed to all policyholders of Sentry Insurance a Mutual Company via U.S. Mail on or about ~~[date]~~October 7, 2020.
3. ~~2-~~The pre-hearing on the class 1 contested case administrative hearing on the restructuring of Sentry Insurance a Mutual Company into a mutual holding company and a stock insurance corporation is held in Madison, Wisconsin on ~~[date]~~November 13, 2020.
4. ~~3-~~The class 1 contested case administrative hearing and public hearing on the restructuring of Sentry Insurance a Mutual Company into a mutual holding company and a stock insurance corporation are held in Madison, Wisconsin on ~~[date]~~November 20, 2020.
5. ~~4-~~A special meeting of Sentry Insurance a Mutual Company's policyholders is held to vote upon the mutual holding company plan on ~~[date]~~December 2, 2020.
6. ~~5-~~On or before the January 1, 2021, Sentry Insurance a Mutual Company shall incorporate Sentry Holdings, Inc. as a Wisconsin business corporation under Chapter 180 of the Wisconsin Statutes.
7. ~~6-~~The following transactions are to occur simultaneously at 12:01 a.m. on January 1, 2021, if Sentry Insurance a Mutual Company's policyholders and the OCI approve:

- a. Sentry Insurance a Mutual Company sponsors the formation of Sentry Mutual Holding Company pursuant to ~~Wis. Stat.~~s. 644.07(10)(a), Wis. Stat., as evidenced by the issuance of a certificate of incorporation by the OCI, and, if it had not done so previously, Sentry Holdings, Inc.
- b. Wisconsin's Office of the Commissioner of Insurance issues an amended certificate of authority in recognition of Sentry Insurance a Mutual Company's restructuring to a stock insurance corporation and change of name to Sentry Insurance Company.
- c. Sentry Mutual Holding Company is issued 100% of the initial voting common shares of Sentry Holdings, Inc., and Sentry Holdings, Inc. is issued 100% of the initial voting common shares of Sentry Insurance Company, ~~but immediately contributes such shares to a newly formed intermediate holding company, Sentry Holdings, Inc.~~
- d. Sentry Holdings, Inc. becomes a direct wholly owned subsidiary of Sentry Mutual Holding Company and Sentry Insurance Company becomes a direct wholly owned ~~second tier~~ subsidiary of Sentry Holdings, Inc.
- e. Policyholders ~~with equity rights in~~who are members of Sentry Insurance a Mutual Company on the effective date of the restructuring become members of Sentry Mutual Holding Company. ~~Simultaneously, membership~~Membership in Sentry Mutual Holding Company shall also be granted to ~~the~~ policyholders of issued new and renewal policies after the effective date of the restructuring by the following property and casualty insurance company subsidiaries of Sentry Insurance Company: Dairyland Insurance Company, Middlesex Insurance Company, Patriot General Insurance Company, Peak Property and Casualty Insurance Corporation, Sentry Casualty Company, Sentry Select Insurance Company, and Viking Insurance Company of Wisconsin.
- f. All equity rights of Sentry Insurance a Mutual Company's policyholders in the company are extinguished and replaced with equity rights in Sentry Mutual Holding Company.
- g. Sentry Insurance Company transfers 100% of the limited liability company membership interests or shares of voting stock, as applicable, of the following subsidiaries to Sentry Holdings, Inc.: Sentry Services, L.L.C.; Productivity Advantage, Inc.; Sentry Aviation Services, Inc., and WAULECO, Inc.
- h. Sentry Insurance Company transfers 100% of the limited liability company membership interests of the following direct or indirect subsidiaries to Sentry Holdings, Inc., which immediately transfers such ownership interests to Sentry Mutual Holding Company: John Parker Development, LLC; ACCIP Development, LLC; SentryWorld Real Estate, LLC; and The Kostur Group, LLC.

Principal Documents to Effectuate the Restructuring of Sentry Insurance a Mutual Company

The following documents are relevant to the process to effectuate the restructuring of Sentry Insurance a Mutual Company from a mutual insurance company into a mutual holding company and stock insurance company:

1. Mutual Holding Company Plan filed November 20, 2019
2. Exhibit A to Mutual Holding Company Plan filed November 20, 2019 – Resolution of the Board of Directors of Sentry Insurance a Mutual Company dated November 14, 2019, approving the Mutual Holding Company Plan and Related Transactions
3. Exhibit B to Mutual Holding Company Plan filed November 20, 2019 – Second Amended and Restated Articles of Incorporation of Sentry Insurance Company
4. Exhibit C to Mutual Holding Company Plan filed November 20, 2019 – Amended and Restated Bylaws of Sentry Insurance Company
5. Exhibit D to Mutual Holding Company Plan ~~dated~~ filed November 20, 2019 – Articles of Incorporation of Sentry Mutual Holding Company
6. Exhibit E to Mutual Holding Company Plan filed November 20, 2019 – Bylaws of Sentry Mutual Holding Company
7. Exhibit F to Mutual Holding Company Plan filed November 20, 2019 – Articles of Incorporation of Sentry Holdings, Inc.

8. Exhibit G to Mutual Holding Company Plan filed November 20, 2019 – Bylaws of Sentry Holdings, Inc.
9. Exhibit H to Mutual Holding Company Plan filed November 20, 2019 – Proposed Directors and Officers of Sentry Mutual Holding Company, Sentry Holdings, Inc., and Sentry Insurance Company
10. Proposed Directors and Officers of Sentry Mutual Holding Company
11. Amount and Source of Funds Available for Organization and Initial Operating Expenses of Sentry Mutual Holding Company
12. Proposed Compensation of Directors and Officers of Sentry Mutual Holding Company
13. Proposed Capital of Sentry Mutual Holding Company
14. Five-Year Business Plan of Sentry Mutual Holding Company
15. Agreements with Proposed Directors and Officers of Sentry Mutual Holding Company, including form of Indemnification Agreement
16. Form of Policyholder Information Booklet
17. Letter to the Policyholders of Sentry Insurance a Mutual Company from its Chairman of the Board, President and Chief Executive Officer
18. Proxy Form
19. Procedures for the Conduct of Voting on Sentry Insurance a Mutual Company's Proposed Conversion to a Mutual Holding Company Structure
20. Administrative Services Agreement to be effective January 1, 2021 by and among Sentry Insurance Company, Sentry Mutual Holding Company, and Sentry Holdings, Inc.
21. E-mail from Kevin G. Fitzgerald, Foley & Lardner LLP, to Richard B. Wicka, Steven J. Junior, Michael A. Mancusi-Ungaro, and Elena Vetrina, OCI, dated May 12, 2020, transmitting certain updates to the Mutual Holding Company Plan and Related Transactions
22. Mutual Holding Company Plan, as updated May 12, 2020
23. Redlined Mutual Holding Company Plan, comparing update of May 12, 2020 to the version filed on November 20, 2019
24. Bylaws of Sentry Mutual Holding Company, as updated May 12, 2020
25. Redlined Bylaws of Sentry Mutual Holding Company, comparing update of May 12, 2020 to the version filed on November 20, 2019
26. Policyholder Information Booklet, as updated May 12, 2020
27. Redlined Policyholder Information Booklet, comparing update of May 12, 2020 to the version filed on November 20, 2019
28. Proxy Form, as updated May 12, 2020
29. Redlined Proxy Form, comparing update of May 12, 2020 to the version filed on November 20, 2019
30. ~~Tax~~[Private letter ruling issued by the Internal Revenue Service or tax](#) opinion from Foley & Lardner LLP, substantially to the effect that (a) the members of ~~SECURA INSURANCE, A~~[Sentry Insurance a](#) Mutual Company will not recognize taxable gain or loss in connection with the mutual holding company restructuring, and (b) neither ~~SECURA Insurance~~[Sentry](#) Mutual Holding Company, ~~SECURA~~[Sentry](#) Holdings, Inc., nor ~~SECURA INSURANCE, A~~[Sentry Insurance a](#) Mutual Company will recognize taxable gain or loss in connection with the mutual holding company restructuring
31. [A no action letter from the Securities and Exchange Commission or securities](#) opinion from Foley & Lardner LLP in form and substance satisfactory to the Board of Directors with respect to federal and state securities law matters

In addition to the foregoing written documents and communications, there were meetings with representatives of the company and their outside counsel, Foley & Lardner LLP, on August 9, 2019 and February 19, 2020 and various telephone conversations with legal representatives of the company to which I was party.

OBSERVATIONS BASED ON REVIEW OF DOCUMENTS AND ON INQUIRIES

Format and Informational Sufficiency of the Filing and its Supplements

The filing was prepared in a format that complies with s. 644.07, Wis. Statutes. The information contained in the filing and in the supplementary information obtained by OCI in connection with review of this filing is sufficient for OCI to make a decision concerning the proposed plan of restructuring.

Satisfaction of Licensing Requirements Maintained

After the restructuring, Sentry Insurance a Mutual Company, the converting Wisconsin domestic insurer, will be able to satisfy the requirements for the issuance of a license to write the lines of insurance for which it is presently licensed. No other insurer licensed in Wisconsin will have its license affected in consequence of the proposed restructuring of Sentry Insurance a Mutual Company.

Financial Soundness of the Restructuring Plan

Sentry Mutual Holding Company will incur expenses for organizational, corporate governance, legal, and regulatory purposes, but its primary business will be that associated with its role as the sole shareholder of Sentry Holdings, Inc. In addition, Sentry Mutual Holding Company will be the sole member of ACCIP Development, LLC; John Parker Development, LLC, ~~Sentry World~~[SentryWorld](#) Real Estate, LLC, and The Kostur Group, LLC. It is anticipated that Sentry Insurance a Mutual Company will provide Sentry Mutual Holding Company with \$40 million in cash, cash equivalents, and perhaps invested assets, in addition to its investment interests in ACCIP Development, LLC; John Parker Development, LLC, ~~Sentry World~~[SentryWorld](#) Real Estate, LLC, and The Kostur Group, LLC.

Sentry Holdings, Inc. will conduct no business operations other than those associated with its role as the sole shareholder of Sentry Insurance Company, Productivity Advantage, Inc., Sentry Aviation Services, Inc., Sentry Services, L.L.C., and WAULECO, Inc. It is anticipated that Sentry Insurance a Mutual Company will provide Sentry Mutual Holding Company with its investment interests in Productivity Advantage, Inc., Sentry Aviation Services, Inc., Sentry Services, L.L.C., and WAULECO, Inc. Any near-term post-conversion cash needs of Sentry Holdings, Inc. are expected to be funded by Sentry Mutual Holding Company out of the \$40 million provided by Sentry Insurance a Mutual Company.

In the future, regular annual dividends from Sentry Insurance a Mutual Company would be expected to fund the expenses of Sentry Mutual Holding Company and Sentry Holdings, Inc. Based on Sentry Insurance a Mutual Company's long-term history of profitability, it is reasonable to anticipate that most such dividends would be within the bounds of ordinary dividend limits.

No material liabilities are anticipated for the mutual holding company and its ongoing business expenses are expected to be paid through receipt of ordinary dividends from time to time from funds originating from Sentry Insurance Company. For this reason, at least in the near term, the consolidated financial position of Sentry Mutual Holding Company after the consummation of the restructuring plan will not differ materially from the pre-conversion policyholders' surplus of ~~its indirectly wholly owned stock subsidiary,~~ Sentry Insurance a Mutual Company. The near-term financial impact of the restructuring plan is limited to the expenses associated with the restructuring itself. Such expenses include fees and compensation to attorneys, accountants, and other technical advisers. While such expenses were not insignificant, they were met without detriment to the company's financial soundness. While intangible and difficult to quantify, board and management ~~preoccupation with~~[attention to](#) the restructuring plan has likely placed some amount of burden on the company.

Pursuant to s. 644.07(11), Wis. Stat., "All expenses of the restructuring, including the expenses incurred by the commissioner and the prorated salaries of any involved office staff members of the office of the commissioner of insurance, shall be borne by the converting insurance company". While these expenses have not been fully computed and invoiced, it is expected that total reimbursement to the Office of the Commissioner of Insurance will amount to less than \$20,000.

The restructuring of Sentry Insurance a Mutual Company does not appear to significantly impact its financial soundness for better or worse on a short-term basis. If Sentry Mutual Holding Company were to engage in any affiliations, acquisitions, and capital raising initiatives made possible by a mutual holding company structure, the proposed transaction potentially could allow the mutual holding company to obtain better terms than if Sentry Insurance a Mutual Company did not undertake these transactions.

Effect on Competition within the Wisconsin Insurance Marketplace

The mutual holding company restructuring of Sentry Insurance a Mutual Company does not, by itself, result in any change in the market share that it holds in the types and lines of insurance it is presently writing. The restructuring also does not, by itself, result in any change in the manner in which underwriting and pricing is performed, or the executive direction of operations. Accordingly, the effect of the mutual holding company restructuring will not be to create a monopoly or substantially to lessen competition in any type or line of insurance in Wisconsin.

Future Plans following the Restructuring

Sentry Insurance a Mutual Company is a Wisconsin mutual insurance company with its headquarters in Stevens Point, Wisconsin. The company was organized under Wisconsin law in 1904 as Hardware Mutual Casualty Company, by members of the Wisconsin Retail Hardware Association, now the Midwest Hardware Association, to provide insurance for its members in the hardware industry. It adopted its present name in 1971. Sentry Insurance a Mutual Company is a multi-line insurer offering a broad range of products including auto, commercial auto, earthquake, flood, workers' compensation, general liability, and commercial property. The company is licensed in all 50 states, as well as the District of Columbia, Puerto Rico and Canada. As of December 31, 2019, Sentry Insurance a Mutual Company had capital and surplus of [\\$5,966,790,097](#).

In the Application, the Board of Directors clearly expresses its belief that, in order to be strong and competitive in the property casualty insurance industry of the future, a company will need to have structural, financial, and strategic flexibility to respond quickly and decisively to an ever increasing pace of change. These changes include new underwriting methodologies, new sources of data and sophisticated data analytics, new technologies to prevent or mitigate losses and claims, and new distribution channels, among others. In their view, Sentry Insurance a Mutual Company's current structure as a mutual insurance company limits its ability to adapt quickly in a rapidly changing marketplace. The Board of Directors believes that the mutual holding company restructuring is desirable at the present time and will enhance the ability to grow and respond to future needs, challenges, and opportunities in a rapidly changing insurance industry, while preserving mutuality and the ability to operate with a focus on the long-term interests of policyholders. Specifically, the Board of Directors believes the new mutual holding company structure will benefit Sentry Insurance a Mutual Company and its policyholders by:

- giving the company the opportunity to pursue product and state expansion through subsidiary companies while maintaining and enhancing its mutuality;
- enhancing the company's ability to pursue mergers with and acquisitions of other mutual and stock insurance companies;
- giving the company enhanced access to capital and other forms of financing; and
- enhancing the company's ability to acquire and grow ancillary or non-insurance businesses.

~~the~~The proposed mutual holding company restructuring does not involve any changes to the existing workforce, operations, or office locations of Sentry Insurance a Mutual Company and its subsidiaries, and the Board of Directors has no plans to make any such changes after the mutual holding company restructuring. Sentry Insurance a Mutual Company does not have any plans to issue stock in any entity after the proposed mutual holding company restructuring is completed.

Chapter 644 of the Wisconsin Statutes allows membership in a mutual holding company to be extended to all insurers in which the mutual holding company owns a 51% or greater ownership interest. This allows extension of mutuality throughout the entire combined organization in a way that is not possible when the ultimate controlling person of an insurance holding company system is a mutual insurance company. In the latter instance, only the policyholders of the mutual insurance company itself can fully benefit from mutuality, even though the policyholders of stock subsidiaries also contribute to the financial experience of the enterprise as a whole. As part of the mutual holding company restructuring, the Board of Directors of Sentry Insurance a Mutual Company has decided to avail itself of the opportunity to extend membership in Sentry Mutual Holding Company to the policyholders, who are issued new or renewal policies after January 1, 2021, of most of Sentry Insurance a Mutual Company's property and casualty subsidiaries. In addition to the policyholders of the converted Sentry Insurance a Mutual Company, all policyholders, who are issued new or renewal policies after January 1, 2021, of the following Sentry Insurance a Mutual Company subsidiaries which currently offer property and casualty insurance products will become members of the mutual holding company: Dairyland Insurance Company, Middlesex Insurance Company, Patriot General Insurance Company, Peak Property and Casualty Insurance Corporation, Sentry Casualty Company, Sentry Select Insurance Company, and Viking Insurance Company of Wisconsin. ~~Any~~The Board of Directors currently expects that any future policyholders of Dairyland National Insurance Company and other companies that the holding company system may acquire for the purpose of promoting the growth of affinity business opportunities will not be included among the companies that confer membership in Sentry Mutual Holding Company by virtue of being a policyholder.

The Board of Directors will have the authority to grant member status to the policyholders of other subsidiaries of the mutual holding company in the future. Additionally, all members of any other mutual holding company with which the mutual holding company may merge will automatically become members of the mutual holding company.

From this description, it would seem that Sentry Insurance a Mutual Company does not intend anything that one could construe as disruptive to the positive expectations of its policyholders or that would conflict with the public interest.

Legality and Fairness of the Proposed Plan

My review of the Mutual Holding Company Plan encompassed all of the documents contained within the Application that were listed earlier in this memorandum. This review discloses no basis for denial of the Application on a point of law.

A form of voluntary stipulation and order was developed, which contains certain conditions for the OCI's approval of the mutual holding company restructuring. The board of directors and principal officers for Sentry Insurance a Mutual Company agreed to this voluntary stipulation and order.

Subject to the Petitioner's agreement to this voluntary stipulation and order, which is attached to this memorandum, I can find no basis to conclude that the Mutual Holding Company Plan would be contrary to the interests of the insureds of Sentry Insurance a Mutual Company or of the public. Subject to the stipulation and order, I can find no basis to believe that the Mutual Holding Company Plan will be unfair or inequitable to the policyholders of Sentry Insurance a Mutual Company with respect to their membership interests or rights in surplus.

Change in Control

The restructuring of Sentry Insurance a Mutual Company would result in a change in control of post-conversion Sentry Insurance Company, because the Mutual Holding Company Plan proposes to create two corporations in the succession of control of the restructured Sentry Insurance a Mutual

Company. Following the mutual holding company restructuring, Sentry Mutual Holding Company will become the ultimate controlling person of its holding company system and Sentry Holdings, Inc. will become the immediate parent of Sentry Insurance Company.

Competence and Integrity of Prospective Management

The restructuring of Sentry Insurance a Mutual Company results in the current Board of Directors becoming the Board of Directors of Sentry Mutual Holding Company, while the Boards of Directors of Sentry Holdings, Inc. and Sentry Insurance Company will be composed of company officers. The principal officers of Sentry Insurance a Mutual Company will serve in comparable roles, though with some difference in corporate titles, at each of Sentry Mutual Holding Company, Sentry Holdings, Inc., and Sentry Insurance Company. However, the composition of the directors and officers exercising control and supervision of the holding company system is not changing, so the competence and integrity of the directors and management remains intact and unchanged. It is reasonable to believe that the members of the board of directors of Sentry Mutual Holding Company will supervise the Sentry holding company system with same degree of care and diligence as has been the case with Sentry Insurance a Mutual Company.

Sentry Insurance a Mutual Company's current Chairman of the Board, President and Chief Executive Officer; Vice President and Chief Actuary; Vice President, General Counsel and Corporate Secretary; and Vice President and Treasurer, respectively, will serve in the same or substantially identical roles in each of Sentry Mutual Holding Company, Sentry Holdings, Inc., and Sentry Insurance Company. It is reasonable to believe that these principal officers will continue to exercise the same degree of care and diligence in their additional offices as has been the case with the offices they hold presently with Sentry Insurance a Mutual Company.

The competence and integrity of the persons who will guide the affairs of Sentry Insurance a Mutual Company after the restructuring are such that it will be in the interest of the policyholders and the public to permit the restructuring, including the formation of a mutual holding company.

Summary of Observations

1. The filing was prepared in a format that complies with s. 644.07, Wis. Stat. The information contained in the filing and in the supplementary information obtained by the OCI in connection with review of this filing is sufficient for the OCI to make a decision concerning the proposed plan of restructuring.
2. The plan will not violate the law or be contrary to the interest of the insureds of Sentry Insurance a Mutual Company or of the public.
3. The plan will not be unfair or inequitable to the policyholders of Sentry Insurance a Mutual Company with respect to their membership interests or rights in surplus.
4. The restructuring proposed by the plan would not be detrimental to the safety and soundness of the converting insurance company, Sentry Insurance a Mutual Company, or to the contractual rights and reasonable expectations of its policyholders on the effective date of the restructuring.
5. The legal name of the stock insurance company successor in interest to Sentry Insurance a Mutual Company will be Sentry Insurance Company.
6. After the restructuring, Sentry Insurance Company will be able to satisfy the requirements for the issuance of a license to write the lines of insurance for which it is presently licensed.

7. The effect of the restructuring will not be to create a monopoly or substantially to lessen competition in any type or line of insurance in Wisconsin.
8. The Petitioner has no plans or proposals to liquidate Sentry Insurance a Mutual Company following its conversion to a stock insurance company, to sell its assets (other than investment portfolio transactions in the ordinary course of business), to consolidate or merge it with any other person, or to make any other material change in its business, corporate structure, or management other than described in the plan.
9. The competence and integrity of the persons who will control the operation of the restructured domestic stock insurance corporation, Sentry Insurance Company, and other entities in the succession of ownership control of Sentry Insurance Company, are such that it will be in the interest of the policyholders and the public to permit the restructuring, including the formation of a mutual holding company.

RECOMMENDATION

I recommend that the request for approval of the plan of restructuring, including the formation of a mutual holding company, should be approved, subject to the following conditions:

- a. Petitioner consents to an order issued by the Commissioner under s. 601.41, Wis. Stat., which shall, at a minimum require that the MHC Plan be implemented in accordance with its terms and the Stipulation and Order in Case No. 20-C43622.
- b. Sentry Mutual Holding Company and Sentry Holdings, Inc. shall consent to the same Stipulation and Order to which the Petitioner consents pursuant to Section 16(a) of this Proposed Order.
- c. Sentry Insurance a Mutual Company and its successors in interest shall ensure that voting procedures with respect to the MHC Plan are in accordance with the voting protocol filed with the Commissioner on ~~May 8~~November 20, 20202019, or such other voting protocols as may be approved by the Commissioner. Sentry Insurance a Mutual Company shall retain the services of a proxy agent to assist it in the receipt, custody, safeguarding, verification and tabulation of proxy forms.
- d. Until the MHC Plan is consummated, the Commissioner shall have the right to alter, suspend or withdraw its approval should any material interim development warrant such action.
- e. Sentry Insurance a Mutual Company and its successors in interest shall comply with the MHC Plan as approved by the Commissioner herein.
- f. The MHC Plan may not be amended without the prior written consent of the Commissioner.

Summary report:	
Litera® Change-Pro for Word 10.9.0.460 Document comparison done on 7/10/2020 5:01:30 PM	
Style name: Melissa	
Intelligent Table Comparison: Active	
Original filename: Sentry MHC Case Recommendation Memo 20-C43622 ECopy.docx	
Modified filename: Sentry MHC Case Recommendation Memo.docx	
Changes:	
Add	40
Delete	35
Move From	1
Move To	1
Table Insert	0
Table Delete	0
Table moves to	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	77