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CLIENT/MATTER NUMBER
069251-0101

1933 Act Section 2(a)(1)
1934 Act Section 12(g)

September 18, 2020

VIA ELECTRONIC FILING

Office of Chief Counsel
Division of Corporation Finance
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

RE: Reorganization of Sentry Insurance a Mutual Company

Dear Sir/Madam:

We are counsel to the following affiliated companies in connection with a proposed Reorganization described in detail below:

- *Sentry Insurance a Mutual Company, a Wisconsin mutual insurance company ("SIAMCO")*;
- *Sentry Holdings, Inc., a Wisconsin business corporation ("SHI"), for the purpose of holding, immediately following the Reorganization, the shares of SIAMCO and the shares or membership interests of the following non-insurance companies that are currently subsidiaries of SIAMCO: Productivity Advantage, Inc., Sentry Aviation Services, Inc., Sentry Insurance Holding Company, Sentry Services, L.L.C., and WAULECO, Inc.;*
- *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, which are SIAMCO subsidiaries that collectively underwrite a wide variety of property and casualty insurance products, including commercial liability, property, private passenger and commercial auto, and workers' compensation (the "P&C Insurance Subsidiaries" and, together with SIC (as defined below), the "Sentry Member Companies"); as detailed below, the only SIAMCO wholly-owned subsidiary that underwrites P&C insurance that will not be a Sentry Member Company is Dairyland National Insurance Company ("DNIC"); and*

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- *Sentry Mutual Holding Company, a mutual insurance holding company to be organized under the laws of Wisconsin (“SMHC”), for the purpose of holding, immediately following the Reorganization, the shares of SHI and the membership interests of the following non-insurance companies that are currently direct or indirect subsidiaries of SIAMCO: John Parker Development, LLC, ACCIP Development, LLC, The Kostur Group, LLC and SentryWorld Real Estate, LLC.*

SIAMCO proposes to effect a conversion from a mutual insurance company to a stock insurance company to be renamed Sentry Insurance Company (“SIC”) under the provisions of Chapter 644 of the Wisconsin Statutes (the “MHC Act”), which provides for the restructuring of mutual insurance companies to stock insurance companies with a mutual insurance holding company as the ultimate parent (the “Reorganization”). We have attached a copy of the MHC Act as Exhibit A hereto.

Immediately following the Reorganization, the following entities that are currently subsidiaries or affiliates of SIAMCO will become subsidiaries or affiliates of SIC, but they will not be Sentry Member Companies: (i) three life insurer subsidiaries, which underwrite life insurance, annuities, and accident and health insurance (Parker Centennial Assurance Company, Sentry Life Insurance Company, and Sentry Life Insurance Company of New York); (ii) a number of ancillary subsidiaries and affiliates, which undertake insurance-related activities but are not insurance companies and do not have policyholders (Parker Services, L.L.C., Parker Stevens Agency, L.L.C., Point Insurance Agency, LLC, Sentry Equity Services, Inc., Sentry Investment Management, L.L.C., Sentry Lloyds of Texas AIF, LLC, and Florists’ Insurance Service, Inc., an ancillary entity affiliated by contract); (iii) four property and casualty insurance companies that are affiliated by contract with SIAMCO, but are not wholly-owned by SIAMCO and will not be wholly-owned by SIC (Dairyland County Mutual Insurance Company of Texas, Sentry Lloyds of Texas, Florists’ Mutual Insurance Company, and Florists’ Insurance Company); and (iv) DNIC, a wholly-owned property and casualty insurance company that distributes private label products through both independent agents and/or directly to the customer or other products offered through other distribution channels where the customer’s main affinity is not with Sentry.¹ As of the date that SIAMCO’s board of directors voted to approve the Reorganization in November 2019, DNIC had no policyholders and, to date, it has not written any business; thus, no current policyholder will lose his or her membership rights.

¹ We note that SIAMCO will potentially acquire, for nominal consideration, two additional property and casualty insurance companies that will not have any business. Like DNIC, they will offer private label products or products offered through other distribution channels where the customer’s main affinity is not with Sentry. Thus, if this potential acquisition were to occur, these entities would not be Sentry Member Companies. In any event, the only subsidiaries of SIAMCO for which relief is requested by this letter are Sentry Member Companies in existence as of the date of this letter.

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The preceding description of SIAMCO and its affiliates and subsidiaries is provided as context for the relief requested by this letter, which is limited to the P&C Insurance Subsidiaries, all of which exist as of the date of this letter, SIAMCO and SIC.

I. Request

We respectfully request confirmation that, based upon the facts and circumstance in this letter, the Staff of the Division of Corporation Finance (the “Staff”) will not recommend that the Securities and Exchange Commission (the “SEC”) take enforcement action if, in connection with the Reorganization, (i) the membership interests in SIAMCO of the policyholders of SIAMCO as of the effective date of the Reorganization (the “Effective Date”) are extinguished and replaced with membership interests in SMHC, and (ii) each person that owns, after the Effective Date, one or more policies of insurance issued, renewed or assumed after the Effective Date by SIC, or by a P&C Insurance Subsidiary, automatically receives a membership interest in SMHC, in each case without registration of the SMHC membership interests under the Securities Act of 1933, as amended (the “Securities Act”), or the Securities Exchange Act of 1934, as amended (the “Exchange Act”), based on our opinion expressed below that the SMHC membership interests will not constitute “securities” as defined in Section 2(a)(1) of the Securities Act or Section 3(a)(10) of the Exchange Act.

Accordingly, the only entities and policyholders that are the subject of this request for relief are policyholders of SIAMCO as of the Effective Date and persons that own, after the Effective Date, one or more policies of insurance issued, renewed or assumed after the Effective Date by SIC or by a P&C Insurance Subsidiary.

II. Background

SIAMCO is a mutual insurance company incorporated on August 1, 1913 under the laws of Wisconsin. SIAMCO’s current structure as a mutual insurance company limits SIAMCO’s ability to adapt quickly in a rapidly changing marketplace, including such considerations as:

- *SIAMCO’s ability to use stock subsidiaries for product and state expansion without diluting its mutuality.*

Due to state regulatory requirements, new products are often restricted from being sold by the same insurance company that is selling the current generation of products. Mutual insurance companies that wish to continue to sell their current generation of products while at the same time offering alternative products therefore often form stock insurance company subsidiaries to sell the new products. The policyholders of these companies are not eligible for membership in the mutual insurance company parent.

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- *SIAMCO's ability to pursue certain mergers and acquisitions.*

Mutual insurance companies cannot merge with or acquire another mutual insurance company without one of the two companies ceasing to exist as a separate insurance company. This prevents a mutual insurance company from merging with or acquiring another mutual insurance company in ways that allow for increased efficiencies while maintaining both companies' goodwill and the value of their respective brands. Additionally, mutual insurance companies have limited options to raise capital for possible mergers and acquisitions and cannot use stock as currency in acquisitions.

- *SIAMCO's access to capital.*

Mutual insurance companies have no stock that can be sold to raise capital to grow the enterprise. The only way for mutual insurance companies to raise capital is through profitable operations over time, through the sale of "surplus notes," which is a relatively expensive form of financing due to regulatory restrictions on repayments to the purchasers of the notes, or through the sale of stock of a "downstream holding company," which, as stock issued by a subsidiary of the mutual insurance company parent, does not reflect the valuation of the mutual insurance company.

- *SIAMCO's ability to acquire and expand ancillary or non-insurance subsidiaries.*

State regulatory requirements limit the extent to which insurance companies can invest in ancillary and non-insurance subsidiaries. With a mutual insurance company as the ultimate parent, the entire enterprise is limited by these investment restrictions.

The board of directors of SIAMCO believes that, in view of these considerations, the Reorganization will fortify SIAMCO's mutuality as well as enhance its ability to grow and respond to future needs, challenges and opportunities in the industry, including in particular by enhancing SIAMCO's ability to successfully address strategic challenges and opportunities identified by the board.

In SIAMCO's present mutual form, a policyholder of SIAMCO has rights both as an insured and as a member of SIAMCO. As an insured, a SIAMCO policyholder has contractual rights which entitle the insured to insurance coverage to the extent, in the amount, and on the terms specified in the insured's policy. The membership interests accompanying the insurance coverage consist generally of: (i) the right to vote at meetings of members, including the right to vote on the election of directors of SIAMCO and the right to vote on any plan of conversion, voluntary dissolution, amendment of the Articles of Incorporation of SIAMCO, or other matters that properly come before SIAMCO's members; and (ii) the right to participate in any distributions of surplus of SIAMCO in

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the event of a conversion of SIAMCO into a stock corporation without the simultaneous formation of a mutual holding company (also known as a “demutualization”) or a dissolution of SIAMCO.

The terms of SIAMCO insurance policies in force as of the Effective Date of the Reorganization will not be changed by the Reorganization (except that such policies will thereafter be coupled with a membership interest in SMHC rather than a membership interest in SIAMCO). Pursuant to SIAMCO’s Mutual Holding Company Plan, the legally operative document required under the MHC Act to effect a SMHC restructuring, a copy of which is attached hereto as Exhibit B (the “Plan”), SIAMCO will restructure to a mutual holding company structure in accordance with the MHC Act. Upon consummation of the Plan, SIAMCO will concurrently amend and restate its Articles of Incorporation and Bylaws to convert to a stock insurance company. The membership interests and contractual policyholder rights of SIAMCO’s policyholders will be separated; the membership interests of SIAMCO’s policyholders in SIAMCO will be extinguished and such membership interests will be replaced by membership interests in SMHC. The contractual rights of SIAMCO’s policyholders will remain with SIC. SIC will continue to be obligated to perform all contractual obligations of SIAMCO, including those under any SIAMCO insurance policies. All of the shares of stock of SIC will be issued to SHI and all the shares of stock of SHI will be issued to SMHC.

Additionally, pursuant to the Plan, the Articles of Incorporation of SMHC (attached hereto as Exhibit C) and the Bylaws of SMHC (attached hereto as Exhibit D), each owner of one or more policies of insurance issued, renewed or assumed after the Effective Date by any of the Sentry Member Companies (excluding certificates issued under master and group policies) will also receive a membership interest in SMHC without further act, commencing with the date any such policy is first in force. The Bylaws of SMHC also provide that the board of directors of SMHC may take action to designate additional direct and indirect insurance company subsidiaries of SMHC as additional Sentry Member Companies, in which case the board also may specify the timing of admission of policyholders of such additional Sentry Member Companies as members of SMHC.² As with the policyholders of SIAMCO at the Reorganization, the policyholders of the Sentry Member Companies will retain their contractual policyholder rights *vis a vis* such Sentry Member Companies, and member status in SMHC will be extended to such policyholders as a matter of law during such time as their policies remain in force. In these circumstances, policyholders of the P&C Insurance Subsidiaries will receive membership interests that they do not have under the current structure. This will impact existing members by diluting their voting power.³

² The relief requested by this letter is limited, however, to the P&C Insurance Subsidiaries, all of which exist as of the date of this letter, SIAMCO and SIC.

³ SIAMCO will disclose the prospective future dilution to SIAMCO policyholders who are eligible to vote on the Reorganization by including the following text in the policyholder information booklet: “After the MHC Conversion,

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Because of state regulatory requirements, new products are often restricted from being sold by the same insurance company that is selling the current generation of products. Mutual insurance companies that want to sell their current generation of products and also offer alternative products therefore often form stock insurance company subsidiaries to enable this approach. The policyholders of these stock insurance companies are not eligible for membership in the mutual insurance company parent organization. The result is that some policyholders in the insurance holding company system have mutual rights and some do not, only because of a regulatory system that requires policy issuance in a subsidiary company. Granting the P&C Insurance Subsidiaries membership rights in SMHC assures that SMHC will maintain its strong mutual base. The P&C Insurance Subsidiaries will collectively represent a significant portion of the property and casualty insurance business of SMHC and its affiliates.

Pursuant to the Plan, the Articles of Incorporation of SMHC and the Bylaws of SMHC, the membership interests in SIAMCO of the policyholders of SIAMCO as of the Effective Date will be extinguished and replaced with membership interests in SMHC, and each person that owns, after the Effective Date, one or more policies of insurance issued, renewed or assumed after the Effective Date by SIC or by a Sentry Member Company will automatically receive a membership interest in SMHC.⁴ The Sentry Member Companies are converted SIAMCO, which is SIC, and the P&C Insurance Subsidiaries. P&C Insurance Subsidiary policyholders will become members of SMHC after the Effective Date, rather than as of the Effective Date, in order to avoid any potential adverse tax impact to them or to SIAMCO that might arise from them receiving membership interests in SMHC in the Reorganization without having exchanged like-kind membership interests in SIAMCO. Because persons who own policies renewed by a Sentry Member Company will automatically become SMHC members, a person who owns a P&C Insurance Subsidiary policy on the Effective Date will become an SMHC member upon the renewal of that policy.

The extension of member status in SMHC to policyholders of the P&C Insurance Subsidiaries will give such policyholders the same voting rights as SIAMCO policyholders. Each member will have one vote with respect to all matters which are subject to a vote of the members. However, as described in more detail in Section IV.B below, since SMHC will not be authorized to pay dividends,⁵ and in light of the provisions of the MHC Act limiting the distribution of proceeds to

you will have a smaller percentage of the total voting power in the new mutual holding company than you had in SIAMCO immediately prior to the MHC Conversion, as a result of the inclusion of the DIC, MIC, PGIC, PPCIC, SCC, SSIC, and VIC policyholders as members of the mutual holding company. It should be noted that growth in SIAMCO's membership over time would also have a dilutive effect on voting power.”

⁴ See note 2 *supra*.

⁵ Rights to dividends and other distributions are distinguishable from rights in surplus. Wisconsin Statute § 644.02(m) defines “rights in surplus” after a mutual holding company restructuring as “any rights of a member of the mutual

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each member in the event of a demutualization or dissolution of SMHC to an amount equal to the amount of premiums paid to SIAMCO and/or SIC by such member, policyholders of the P&C Insurance Subsidiaries will not be entitled to any distributions of cash, stock or other property as a result of their member status in SMHC, except to the extent they had previously paid premiums to SIAMCO and/or SIC.

The conversion of SIAMCO from a mutual into a stock company under a mutual holding company structure will be completed when the Commissioner of Insurance for the State of Wisconsin (the “Wisconsin Commissioner”) issues a Certificate of Incorporation to SMHC and a new Certificate of Authority to SIC.

For the staff’s reference, in addition to the Articles of Incorporation and Bylaws of SMHC, we have also attached the Articles of Incorporation and Bylaws of SHI, as Exhibit E and Exhibit F, respectively.

III. MHC Act

Restructuring to a mutual holding company structure in Wisconsin is accomplished by complying with the requirements prescribed by Wis. Stat. § 644.02, et seq., of the MHC Act. Under these provisions of the MHC Act, a mutual insurance company is permitted to form a mutual holding company and convert to a stock insurance company that is a direct or indirect wholly-owned stock subsidiary of the mutual holding company. Wis. Stat. § 644.04(1). As a result of the Reorganization, the membership interests and contractual rights of the mutual insurance company’s policyholders are separated. The contractual rights of the mutual insurance company’s policyholders remain at the mutual insurance company, which converts into a stock insurance company and becomes a direct or indirect wholly-owned stock subsidiary of the mutual holding company. By operation of law, the membership interests of the policyholders in the converting mutual insurance company are extinguished and replaced with membership interests in the mutual holding company. Wis. Stat. § 644.04(1)(b).

In addition, Wis. Stat. § 644.07(10)(d) authorizes the articles of incorporation and bylaws of a mutual holding company to provide that a policyholder of any other insurance company that is or becomes a subsidiary of the mutual holding company may become a member of the mutual holding

holding company arising under its articles of incorporation or this chapter to the net worth of the mutual holding company in conversion proceedings ... or dissolution proceedings....” The Articles of Incorporation of SMHC state that SMHC members will have such rights in surplus as are provided for under Chapter 644 of the Wisconsin Statutes. Mutual holding company conversion proceedings or dissolution proceedings are not contemplated to occur after the Reorganization and would require the prior approval of the Wisconsin Commissioner. Wis. Stat. § 611.72.

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company, provided that no such person shall remain a mutual holding company member after such person ceases to be a policyholder of the subsidiary.

The MHC Act provides that a membership interest in a Wisconsin mutual holding company shall not constitute a “security” as defined in Wis. Stat. § 551.102(28). *See* Wis. Stat. § 644.22. Further, the Wisconsin Uniform Securities Law specifically excludes a membership interest in a Wisconsin mutual holding company from the definition of a “security.” *See* Wis. Stat. § 551.102(28)(g). A membership interest in a mutual holding company is not transferable or alienable in any manner whatsoever apart from the insurance policy giving rise to the membership interest. Wis. Stat. § 644.07(10)(e). Moreover, upon cancellation or expiration of the policy or policies by virtue of which the policyholder’s membership in the mutual holding company is derived, the policyholder’s membership in the mutual holding company will automatically cease. Wis. Stat. § 644.07(10)(d). In other words, a membership interest in the mutual holding company remains in force only so long as the individual remains a policyholder of the converted stock insurance company, or a subsidiary of the mutual holding company to the extent the mutual holding company’s articles and bylaws provide for such subsidiary’s policyholders’ membership in the mutual holding company in accordance with Wis. Stat. § 644.07(10)(d). When the converted stock insurance company, or a subsidiary of the mutual holding company which is so authorized by the mutual holding company’s articles and bylaws, issues additional policies, the holders of such policies automatically receive membership interests in the mutual holding company. *Id.* In this Reorganization, each holder of an insurance policy issued by a Sentry Member Company after the Effective Date will automatically become a member of SMHC upon issuance of the policy.⁶

In accordance with the MHC Act, at least 51% of the issued and outstanding voting stock of the converted stock insurance company must be owned at all times, directly or indirectly, by the mutual holding company or an intermediate stock holding company controlled by the mutual holding company, and at least 51% of the issued and outstanding voting stock of any intermediate stock holding company must be owned at all times by the mutual holding company. Wis. Stat. § 644.04(3)(b).

⁶ *See* note 2 *supra*.

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Any restructuring undertaken pursuant to the MHC Act is subject to the approval of the Wisconsin Commissioner. Wis. Stat. § 644.07(6)(a). Before approving a restructuring, the Wisconsin Commissioner (or a hearing examiner designated by the Wisconsin Commissioner) must conduct a public hearing at which policyholders and others may appear and be heard, as discussed in Section IV.A below. *Id.* The MHC Act requires the Wisconsin Commissioner to approve the Plan unless he or she finds that it: (i) violates the law; (ii) is not fair and equitable to SIAMCO's policyholders; or (iii) is contrary to the interests of policyholders or the public. Wis. Stat. § 644.07(7)(a). In considering the Plan, the Wisconsin Commissioner shall consider whether the Reorganization would be detrimental to (i) the safety and soundness of SIAMCO or (ii) the contractual rights and reasonable expectations of the policyholders. Wis. Stat. § 644.07(7)(b). The Wisconsin Commissioner may take into consideration any conclusions and recommendations on the subject of the restructuring published by recognized organizations of professional insurance actuaries. *Id.* Although the Wisconsin Commissioner may, by rule, establish standards applicable to a restructuring under the MHC Act (*id.*), no such rules or regulations have been promulgated to date.

The Wisconsin Commissioner will retain jurisdiction at all times over SMHC and SHI to assure that policyholders' interests are protected. Mutual holding companies are subject to an extensive regulatory scheme under Wisconsin law.

Mergers with or acquisitions of SMHC or SIC and, because it is part of an insurance holding company system, mergers with and acquisitions of SHI, will be subject to a level of regulation by the Wisconsin Commissioner that is substantially equivalent to the level of regulation applicable to SIAMCO as a Wisconsin domestic mutual insurance company. SMHC and SIC may not effect a consolidation or merger with any affiliated or unaffiliated company after the Reorganization without the approval of the Wisconsin Commissioner in accordance with Wis. Stat. §§ 644.27, 611.73(3) and 611.72(2). Similarly, a transaction in which the assets of SMHC or the stock or assets of SHI would be sold, whether structured as a merger, dissolution, liquidation, winding up, or otherwise, would be subject to prior approval by the Wisconsin Commissioner. Wis. Stat. § 611.72.

Likewise, a Wisconsin mutual holding company cannot convert to a stock corporation ("demutualize"), dissolve, liquidate, or wind-up without the approval of the Wisconsin Commissioner. Wis. Stat. §§ 611.76(7) and 644.28(2). In the event of a demutualization or a voluntary or involuntary dissolution, any surplus which remains after payment of the liabilities of SMHC must be distributed to the members of SMHC, subject to certain statutory requirements and restrictions as more particularly described in Section IV.B below, and any surplus remaining thereafter must be paid to the Wisconsin state treasury in accordance with Wis. Stat. §§ 644.25(2)(b)9, 644.28(5) and 645.72(4).

A mutual holding company may not pay dividends or otherwise make distributions to its members, other than upon dissolution, unless the articles of incorporation state that such distributions may be made. Wis. Stat. §§ 644.09(1) and 181.0202(1)(g). The Articles of

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Incorporation of SMHC do not authorize the payment of dividends or any other distributions to its members. In addition, as a condition of approving the Plan, the Wisconsin Commissioner will require SMHC to consent to a binding Stipulation and Order (the “Stipulation and Order”) which will provide, among other things, that no dividends may be paid, nor may any other distribution of income or profits be made, by SMHC to its members absent the prior approval of the Wisconsin Commissioner.⁷

⁷ Additional regulatory restrictions that will be consented to by SMHC pursuant to the Stipulation and Order will include the following, among others:

- (i) SMHC must inform the Wisconsin Commissioner within 30 days after the effective date of any pledge as collateral of the voting stock of SIC or any other insurance company in which SMHC has a majority interest such that foreclosure on the pledge would result in a change of control subject to the approval of the Wisconsin Commissioner;
- (ii) SMHC will be subject to regulation as a member of an “insurance holding company system” under Ch. Ins. 40, Wis. Adm. Code, which will subject SMHC to the requirement that certain transactions between SIC and SMHC or any other affiliate in the holding company system may not be entered into unless notice has been given to the Wisconsin Commissioner in writing at least 30 days in advance and the Wisconsin Commissioner has not disapproved such transaction within that period (the Wisconsin Commissioner may disapprove any such transaction if it would be contrary to the interests of insureds or the public);
- (iii) As a member of an insurance holding company system, SMHC will be subject to the registration and reporting requirements under Ch. Ins. 40, Wis. Admin. Code;
- (iv) SMHC will be deemed to be an “insurer” for purposes of the authority of the Wisconsin Commissioner under Ch. 645, Wis. Stat., in connection with any rehabilitation or liquidation proceedings;
- (v) SMHC and its subsidiaries will be subject to the authority of the Wisconsin Commissioner for examinations and annual financial and enterprise risk reporting requirements;
- (vi) Any changes to the articles of incorporation, bylaws, or capital structure of SMHC or SHI must be reported to the Wisconsin Commissioner;
- (vii) The board of directors of SMHC must meet the requirements applicable to Wisconsin domestic mutual insurance companies pursuant to Wis. Stat. §§ 611.51(2), (3), (5) and (8), with regard to the number and independence of directors;
- (viii) All dividends declared by SIC must be reported to the Wisconsin Commissioner at least 30 days prior to the payment date, and will be subject to prior approval of the Wisconsin Commissioner if they exceed certain size limits;
- (ix) For a period of 5 years after the date of the Stipulation and Order, SMHC must report to the Wisconsin Commissioner any material changes to its 5-year business plan as submitted to the Wisconsin Commissioner in its application for conversion at least 30 days prior to the effective date of such changes; changes that must be

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A mutual holding company, formed pursuant to Wis. Stat. § 644.02 *et seq.* of the MHC Act, is not authorized to transact the business of insurance, but is otherwise permitted to engage in business for any lawful purpose, provided it holds as a subsidiary at least one stock insurance company converted from a mutual insurance company. Wis. Stat. § 644.03(2)(a). As a Wisconsin domestic mutual insurance company, SIAMCO may engage, directly or through a subsidiary, in any lawful business; however, it is subject to certain limitations on the percentage of the total assets of the company that may be invested in non-insurance operations. Wis. Stat. §§ 611.12(2)(c), 610.21 and 610.26. Specifically: (i) no more than 10% of the mutual insurance company's assets may be invested in subsidiaries or direct operations that perform functions or provide services that are ancillary to its insurance operations; and (ii) no more than 10% of the mutual insurance company's assets or 50% of its capital and surplus, whichever is less, may be invested in subsidiaries or direct operations which are neither the business of insurance nor ancillary thereto. Wis. Stat. §§ 611.26(3)(a) and 611.26(4)(a). Also, the mutual insurance company may not invest in one or more subsidiaries to the extent that the insurer's capital and surplus with regard to policyholders will not be reasonable in relation to the insurer's outstanding liabilities or adequate to meet the insurer's financial needs. Wis. Stat. § 611.26(4)(b). The volume caps on the percentage of total assets invested in non-insurance operations under Wis. Stat. § 611.26 do not apply to a mutual holding company organized under Wisconsin law.

In addition to the foregoing, a Wisconsin mutual holding company is governed by the following statutory requirements:

- i. A mutual holding company may engage, directly or indirectly, in a business that is subject to regulation under another Wisconsin statute only if not prohibited by, and subject to all limitations of, the other statute. Wis. Stat. § 644.03(2)(b).
- ii. The proposed articles and bylaws of the mutual holding company must generally comply with the nonstock corporation laws of the State of Wisconsin. Wis. Stat. §§ 644.07(4)(a) and 644.09.
- iii. The Wisconsin Commissioner may, by rule, require that any action taken by the board of the mutual holding company regarding compensation of directors and officers of the mutual holding company be reported to the Wisconsin Commissioner within 30 days after the action is taken. Wis. Stat. § 644.19(3).

reported include any changes to the corporate purpose of SMHC and any changes to the projected stockholder dividends to be declared by SIC, including non-cash dividends; and

- (x) SMHC, SHI and SIC will be prohibited from conducting an initial sale of voting securities to a third party absent the prior approval of the Wisconsin Commissioner.

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iv. A mutual holding company may not be a party to a contract that has the effect of delegating to a person, to the substantial exclusion of the board, the authority to exercise any management control of the mutual holding company or of any of its major corporate functions. Wis. Stat. § 644.20.

v. A mutual holding company shall file such annual reports as may be prescribed by the Wisconsin Commissioner by rule. Wis. Stat. § 644.21.

Like SIAMCO, SMHC will have no authorized, issued or outstanding capital stock. The only means by which SMHC could issue capital stock would be for SMHC to undergo a demutualization, in which SMHC would be converted to a stock corporation, which would require advance approval by the Wisconsin Commissioner. There are no plans for SMHC to demutualize and issue capital stock after the Reorganization.

SHI is also subject to strict regulation of its issuance of voting stock. SHI is prohibited from issuing voting stock, other than the issuance of 100% of its outstanding stock to SMHC in the Reorganization, absent the prior approval of the Wisconsin Commissioner, which may include a public hearing, in which the Wisconsin Commissioner must determine whether the proposed offer and sale of stock is fair and equitable to policyholders. Wis. Stat. § 644.15(1)(b).

As described above, acquisitions of other companies and investments by SMHC and SHI in subsidiaries or otherwise are not subject to the same regulations as are applicable to a mutual insurance company under Chapter 620 of the Wisconsin Statutes (which establishes certain restrictions on investments by insurance companies). Nevertheless, investments by SIC and its affiliated insurance companies will continue to be subject to these restrictions, and distributions from SIC and its affiliated insurance companies to SMHC will also be subject to strict regulation (Wis. Stat. § 617.22), such that substantially all of the assets and business of the overall enterprise will be protected by the same degree of regulation with regard to acquisitions and investments before and after the Reorganization.

The business of the Sentry Member Companies will be regulated by the Wisconsin Commissioner after the Reorganization to the same extent that it was regulated prior to the Reorganization, including, without limitation, restrictions on mergers, acquisitions, investments, and business activities.

IV. The Reorganization

A. The Plan of Conversion

In accordance with the MHC Act, the board of directors of SIAMCO unanimously approved submission of the Plan and other required documents to the Wisconsin Commissioner on November

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14, 2019. Pursuant to the Plan, SIAMCO intends to reorganize into a mutual insurance holding company structure by, among other things: (i) forming SMHC as a mutual insurance holding company; and (ii) amending and restating the Articles of Incorporation of SIAMCO to convert SIAMCO to a stock insurance company and authorize the issuance of capital stock. SIAMCO submitted its proposed Plan and other documents to the Wisconsin Commissioner on November 20, 2019. Among the documents submitted to the Wisconsin Commissioner were these: (i) a notice of hearing; (ii) a notice of special meeting; (iii) a “frequently asked questions” document; (iv) a policyholder information booklet; and (v) a form of proxy to be distributed in connection with a special meeting of the members of SIAMCO who will be asked to approve the Plan. No substantive comments were received on the Plan from the Wisconsin Commissioner. The Plan is expected to be finalized and approved by the SIAMCO board of directors on September 23, 2020. The Plan and related materials are expected to be mailed to policyholders over a period of several days commencing on October 5, 2020. The public hearing on the Plan has been scheduled by the Wisconsin Commissioner for October 23, 2020, and the special meeting of members will be held on December 2, 2020, at which time policyholders will vote on the Reorganization.

The Plan will be deemed approved at that special meeting if it is approved, in person or by proxy, by not less than a majority of Resolution Date Members present and voting in person or by proxy at the special meeting and not less than two-thirds of Record Date Members present and voting in person or by proxy at the special meeting. The term “Record Date Members” refers to all those who were SIAMCO members on a record date established by SIAMCO’s board of directors to determine eligibility for voting on the Plan. “Resolution Date Members” means Record Date Members who also were SIAMCO members on the date when the SIAMCO board of directors took final action to approve the Plan. In accordance with the Articles of Incorporation and Bylaws of SIAMCO, Wis. Stat. § 644.07(8) and the Plan, only Record Date Members will be entitled to vote on the Plan. Policyholders of the P&C Insurance Subsidiaries are not entitled to vote on the Plan as they do not currently have any member status. Assuming approval of the Reorganization at the special meeting, the targeted effective date for the Reorganization is January 1, 2021.

Upon its Reorganization and conversion to a stock insurance company, SIAMCO will continue its corporate existence as SIC. All of the shares of stock of SIC will be owned by SHI, which, in turn, will be owned by SMHC. SMHC will thereafter be required by Wisconsin law to hold, directly or indirectly, at least 51% of the voting securities of SIC at all times.

SIC will retain all the liabilities and obligations of SIAMCO and continue to perform all of the contractual obligations of SIAMCO, including those under any insurance policies.

For the Staff’s convenience, please refer to the organizational structure charts attached hereto as Exhibit G-1 and Exhibit G-2 for a visual comparison of SIAMCO’s structure before and after the Reorganization.

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SIAMCO does not intend to issue certificates evidencing the membership interests in SMHC, nor does Wisconsin law require such issuance. Rather, a list of members will be kept on the books and records of SMHC.⁸

Pursuant to the Plan, SMHC and SHI will be organized under Wisconsin law. The business of SMHC and SHI and the proposed Articles of Incorporation and Bylaws of SMHC, as a mutual insurance holding company, and SHI, as a business corporation organized under Chapter 180 of the Wisconsin Statutes, differ in certain respects from those of SIAMCO, as a mutual insurance company. SMHC will be formed for the purpose of engaging in any lawful activity for which mutual insurance holding companies may be organized under the MHC Act and to own at all times, directly or indirectly, at least 51% of the voting stock of SIC, whereas SIAMCO was formed for the purpose of insuring its members against any and all hazards which are or in the future may be authorized or permitted for a mutual insurance company under Wisconsin law. SHI will be organized for any purpose permitted under Chapter 180 of the Wisconsin Statutes.

As indicated above, the public hearing conducted by the Wisconsin Commissioner to consider the plan has been scheduled to occur on October 23, 2020. Policyholders will be given due notice of the hearing and will be entitled to attend the public hearing and to comment. Thereafter, the Wisconsin Commissioner is expected to consider the Plan and, if it approves the Plan, issue a Final Decision and Order. As a condition of approving the Plan, the Wisconsin Commissioner will require that SMHC consent to the Stipulation and Order.

Assuming approval by the Wisconsin Commissioner, SIAMCO will hold a special meeting of its members on December 2, 2020, at which the members will vote in person or by proxy to approve the Reorganization. In accordance with Articles of Incorporation and Bylaws of SIAMCO, Wis. Stat. § 644.07(8) and the Plan, only Record Date Members will be entitled to vote on the Plan. The Plan will be deemed approved if not less than a majority of Resolution Date Members present and voting in person or by proxy at the special meeting, and not less than two-thirds of Record Date Members present and voting in person or by proxy at the special meeting, approve the Plan. Policyholders of the P&C Insurance Subsidiaries are not entitled to vote on the Plan as they do not currently have any member status. The targeted Effective Date for the Reorganization, subject to obtaining all regulatory and policyholder approvals and the satisfaction of the conditions to consummation of the Plan, is January 1, 2021.

⁸ A membership endorsement will be attached to each insurance policy issued by a Sentry Member Company. The membership endorsement will merely confirm that the policyholder is a member and will inform the policyholder of the date of the annual meeting of SMHC members. These membership endorsements will have no legal significance. Record ownership of membership interests will be maintained by SMHC.

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B. Effects of the Reorganization on Members and Policyholders

On the Effective Date of the Reorganization, the membership interests and the contract rights of SIAMCO's policyholders will be separated. By operation of law and the Articles of Incorporation and Bylaws of SMHC, policyholders' membership interests in SIAMCO will be extinguished and replaced with membership interests in SMHC. SIAMCO policyholders' contractual rights will remain with SIAMCO (which will become SIC).

Additionally, as provided in the Articles of Incorporation and the Bylaws of SMHC, each owner of one or more policies of insurance issued, renewed or assumed after the Effective Date by any of the Sentry Member Companies (excluding certificates issued under master and group policies) will automatically become a member of SMHC upon such issuance, renewal or assumption.⁹

Section 2.01 of SMHC's Bylaws describes the individuals who will be granted membership in SMHC as: (a) each person or entity that became a member in accordance with the Plan as of the Effective Date, and (b) each person or entity that owns one or more insurance policies that is issued, renewed, or assumed after the Effective Date (excluding certificates issued under a master or group policy) by a Sentry Member Company (which includes SIC and the P&C Insurance Subsidiaries).¹⁰

After the Effective Date, each new or renewing policyholder of each of the Sentry Member Companies will become a member of SMHC pursuant to the terms of the Plan. Section 2.8(b) of the Plan provides that each owner of one or more insurance policies "issued, renewed or assumed by a Sentry Member Company after the Effective Date, shall become a Member of SMHC without further act, and shall remain a Member so long as at least one (1) policy of insurance by virtue of which such Member status in SMHC is derived remains In Force." The Sentry Member Companies represent substantially all of the property and casualty insurance business conducted by SMHC and its affiliates.

Aside from the grant of membership interests described above, neither policyholders of SIAMCO nor of any P&C Insurance Subsidiary before the Reorganization nor members of SMHC after the Reorganization will receive shares of stock, cash, policy credits, or consideration or payment of any other kind attributable to the Reorganization.

Membership interests in SIAMCO prior to the Reorganization are not transferable separately from the underlying policy. As provided in Section 2.01 of the SMHC Bylaws, an SMHC member likewise will not be able to transfer such member's membership interest (or any right arising from

⁹ See note 2 *supra*.

¹⁰ *Ibid*.

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such interest) except in connection with a permitted transfer of the underlying policy through which the interest was derived (the “Related Policy”). An SMHC membership interest will automatically terminate upon the lapse or termination of the Related Policy. No SMHC member will be personally liable, as a member, for the debts, liabilities, or obligations of SMHC or subject to assessments of any kind. Wis. Stat. § 644.07(10)(f).

Pursuant to the Reorganization, SMHC will initially own all of the outstanding stock in SHI and, indirectly, SIC, its subsidiary. Given this ownership structure, SMHC will have ultimate voting control of SHI and its subsidiary, SIC.

After the Reorganization, the rights of SMHC members will include, as a matter of law:

- i. the right to elect the board of directors of SMHC (Wis. Stat. § 644.14);
- ii. the right to vote on such other matters as may come before the members of SMHC (Wis. Stat. § 611.42(2));
- iii. the right to receive distributions of cash, stock, or other property in the event of a demutualization of SMHC, *pro rata* according to the amount of premiums paid by such member to SIAMCO and/or SIC within the five years preceding such demutualization as a percentage of all premiums received by SIAMCO and SIC during such five-year period, and subject to a cap equal to the aggregate amount paid by such member to SIAMCO and/or SIC during such five year period, together with interest at the legal rate (Wis. Stat. § 644.25); and
- iv. the right to receive distributions of the residual assets, if any, of SMHC, in the event of its dissolution, but only up to the amount of cash or other assets such member would have been entitled to receive upon a dissolution of SIAMCO had the Reorganization not occurred. Wis. Stat. § 644.28(5).

The Articles of Incorporation of SMHC do not authorize SMHC to pay dividends or make other distributions or payments of income or profits to its members.¹¹ In addition, SMHC will enter into a Stipulation and Order with the Wisconsin Commissioner providing that SMHC will not be permitted to pay dividends or make other distributions or payments of income or profits to its members absent the Wisconsin Commissioner’s prior written consent.

As a result of the restrictions noted above regarding distributions to members of SMHC, no member of SMHC will be entitled to a distribution of any greater amount than such member could have received had the Reorganization not occurred. Persons who become members because they are policyholders of a Sentry Member Company will not be entitled to any distributions of cash, stock,

¹¹ See note 4 *supra*.

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or other things of value as a result of their member status. Their member rights will consist solely of the right to vote in the election of directors of SMHC and other matters submitted to a vote of the members.

The SMHC Articles of Incorporation provide that a member shall have only one vote, regardless of the number of policies or contracts of insurance held by that member. Members will be entitled to vote on the same matters as would have been subject to a vote of members of SIAMCO, including election of directors of SMHC, amendment of the Articles of Incorporation of SMHC (the requisite vote will be different), and demutualization or dissolution of SMHC. Members of SMHC will not have the right to elect the board of directors of SIC or SHI, to approve or disapprove changes in their Articles of Incorporation or to vote at their shareholder meetings. The board of directors of SMHC, representing the interests of its members, will exercise voting control over the election of directors of SHI and its subsidiaries, including SIC, and over other matters pertaining to the governance of those companies.

V. Summary of the Reorganization

The following summary of the Reorganization is provided as context for the relief requested by this letter, which is limited to the P&C Insurance Subsidiaries, all of which exist as of the date of this letter, SIAMCO and SIC.

The terms of the Reorganization can be summarized as follows: (1) the Reorganization will be undertaken in accordance with the MHC Act, which permits the restructuring of a mutual insurance company into a stock insurance company owned, directly or indirectly, by a mutual insurance holding company; (2) the voting rights of members of SMHC after the Reorganization, including those arising from Related Policies issued by SIAMCO or the Sentry Member Companies, will be substantially the same as the voting rights of SIAMCO's policyholders prior to the Reorganization; (3) on the Effective Date, SIAMCO members will automatically become SMHC members; (4) persons who own policies issued, renewed or assumed by a Sentry Member Company after the Effective Date will automatically become SMHC members; (5) the Reorganization is subject to the approval of the Wisconsin Commissioner after a public hearing scheduled to occur on October 23, 2020; (6) the Reorganization is subject to the approval of not less than a majority of Resolution Date Members and not less than two-thirds of Record Date Members present and voting in person or by proxy at a special meeting scheduled to occur on December 2, 2020; (7) SMHC will be subject to regulation by the Wisconsin Commissioner; and (8) SMHC will not make any distributions to its members except upon demutualization or dissolution, either of which would be subject to the prior approval of the Wisconsin Commissioner, and, in those events, persons who are

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members by virtue of policyholder status with a P&C Insurance Subsidiary would not be entitled to any distributions as a result of such member status.¹²

VI. Section 2(a)(1) of the Securities Act of 1933

Based upon the foregoing facts and the analysis set forth herein, it is our opinion that the grant of membership interests in SMHC to SIAMCO's policyholders and Sentry Member Company policyholders in connection with the Reorganization, whether arising on the Effective Date of the Reorganization in accordance with the Plan or arising from time to time after the Effective Date of the Reorganization by virtue of the issuance, renewal or assumption of an insurance policy by a Sentry Member Company, would not constitute the offer or sale of a "security" under Section 2(a)(1) of the Securities Act.

A. Definition of a "Security" Under Section 2(a)(1) of the Securities Act

Applying the test developed in *SEC v. W.J. Howey Co.*, 328 U.S. 293 (1946), and its progeny, it is our opinion that neither the grant of membership interests in SMHC to existing members of SIAMCO nor the grant of membership interests in SMHC from time to time after the Reorganization to new or renewing policyholders of Sentry Member Companies would constitute the offer or sale of a "security" as that term is defined in Section 2(a)(1) of the Securities Act.

The Staff has previously taken no-action positions on numerous occasions in the context of reorganization transactions similar to the Reorganization contemplated by SIAMCO. *See, e.g.*, Noridian Mutual Insurance Company d/b/a Blue Cross Blue Shield of North Dakota (publicly available October 24, 2018); MAG Mutual Insurance Company (publicly available June 21, 2017); Federal Life Insurance Company (Mutual) (publicly available August 31, 2015); Blue Cross and Blue Shield of Florida, Inc. (publicly available September 9, 2013) (the "BCBS Florida No-Action Letter"); Pan-American Life Insurance Company (publicly available December 28, 2006); Fidelity Life Association (publicly available October 18, 2006); Employers Insurance Company of Nevada, A Mutual Company (publicly available December 2, 2004); Millers Mutual Insurance Association (publicly available February 20, 2003); Milwaukee Mutual Insurance Company (publicly available January 30, 2003); Maine Mutual Fire Insurance Company (publicly available November 15, 2001); First Nonprofit Mutual Insurance Company (publicly available October 24, 2001); The Baltimore Life Insurance Company (publicly available December 11, 2000); Woodmen Accident and Life Company (publicly available December 28, 1999); American Republic Insurance Company (publicly available December 23, 1999); The Security Mutual Life Insurance Company of Lincoln, Nebraska (publicly available November 30, 1999); Trustmark Insurance Company (Mutual) (publicly available August 25, 1999); Mutual Trust Life Insurance Company (publicly available

¹² *See* note 4 *supra*.

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August 4, 1999); Mutual of Omaha Insurance Company (publicly available November 27, 1998); National Life Insurance Company (publicly available September 18, 1998); Principal Mutual Life Insurance Company (publicly available June 8, 1998); The Ohio National Life Insurance Company (publicly available June 5, 1998); Security Benefit Life Insurance Company (publicly available June 3, 1998); The Minnesota Mutual Life Insurance Company (publicly available May 21, 1998); Provident Mutual Life Insurance Company (publicly available April 7, 1998); FCCI Mutual Insurance Company (publicly available March 30, 1998); Ameritas Life Insurance Corp. (publicly available December 8, 1997); Acacia Mutual Life Insurance Company (publicly available June 27, 1997); Pacific Mutual Life Insurance Company (publicly available April 17, 1997); General American Life Insurance Company (publicly available February 20, 1997); and American Mutual Life Insurance Company (publicly available June 13, 1996). The MHC Act in particular, which has not changed in the interim, was the applicable regulation underlying the Staff's no-action letters to Jewelers Mutual Insurance Company (publicly available December 11, 2019) (the "Jewelers No-Action Letter"), Church Mutual Insurance Company (publicly available October 17, 2019) (the "Church No-Action Letter"), American Family Mutual Insurance Company (publicly available December 5, 2016) (the "AmFam No-Action Letter"), Milwaukee Mutual Insurance Company (publicly available January 30, 2003) (the "MMIC No-Action Letter") and Employers Insurance of Wausau A Mutual Company (publicly available June 14, 2001) (the "Wausau No-Action Letter").

Section 2(a)(1) of the Securities Act, as amended, defines a "security" as including:

any note, stock, treasury stock, security feature, security-based swap, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas, or other mineral rights, any put, call, straddle, option, or privilege on any security, certificate of deposit, or group or index of securities (including any interest therein or based on the value thereof), or any put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency, or, in general, any interest or instrument commonly known as a "security", or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing.

Although the term "membership interests" is not specifically included in the above definition, an unlisted interest, participation, or instrument may still be deemed a "security" if it falls within one of two general categories: an "investment contract" or an "interest or instrument commonly known as a 'security.'"

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Insurance policies, including their related membership interests, are generally not considered securities that are subject to registration under federal securities laws. Section 3(a)(8) of the Securities Act supports the view that registration is not necessary to protect policyholders in these circumstances. Section 3(a)(8) of the Securities Act exempts insurance policies from the registration requirements of the Securities Act if the policies are “issued . . . subject to the supervision of the insurance commissioner . . . of any State . . . of the United States. . . .” This section “makes clear what is already implied in the [Securities] [A]ct, namely, that insurance policies are not to be regarded as securities subject to the provisions of the [Securities] [A]ct.” H.R. Rep. No. 73-85, at 15 (1933).

The fact that more than one company is involved should not alter the analysis. Since no “specific consideration in return for a separable financial interest with the characteristics of a security” is paid for the membership interest (because only the Related Policy is purchased), this interest does not constitute a security. *International Brotherhood of Teamsters v. Daniel*, 439 U.S. 551, 559 (1979).

B. Membership Interests are not Investment Contracts

The Supreme Court set forth the criteria to determine the existence of an investment contract in *Howey*. Continuing the approach articulated earlier in *SEC v. C.M. Joiner Leasing Corp.*, 320 U.S. 344 (1943), the *Howey* test focuses on the economic realities of a transaction. An instrument or interest constitutes an investment contract if it: (1) involves an investment (2) in a common enterprise (3) with an expectation of profits (4) solely from the efforts of others. *See Howey*, 328 U.S. at 299.¹³ All elements of the *Howey* test must be met before an investment is deemed to constitute an “investment contract” and, therefore, a “security.” We understand that the SEC has stated that the second item, “in a common enterprise,” is not a separate element of the *Howey* test.¹⁴ The grant of membership interests in SMHC does not meet the first and third elements of the *Howey* test.

1. Investment

The first criterion under the *Howey* test, an investment, is not satisfied because the Reorganization does not require SIAMCO policyholders or Sentry Member Company policyholders to pay cash or any other property to acquire their membership interests in SMHC. An investment is

¹³ While the *Howey* test focused only on investment contracts, the Court subsequently applied the test more broadly. *See Landreth Timber Co. v. Landreth*, 471 U.S. 681, 691 n.5 (1985) (stating that the categories of investment contracts and instruments commonly known as a security are properly analyzed by applying the *Howey* test); *United Housing Foundation, Inc. v. Forman*, 421 U.S. 837, 852 (1975) (stating that the basic test for distinguishing a transaction involving a security and other commercial dealings is the *Howey* test).

¹⁴ *See In re Anthony H Barkate*, Exchange Act Release No. 34-49542, 82 S.E.C. Docket 2130 at n.13 (April 8, 2004).

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characterized by “an exchange of value,” most often a monetary contribution. *See Uselton v. Commercial Lovelace Motor Freight, Inc.*, 940 F.2d 564, 574-75 (10th Cir. 1991). The membership interests are not issued upon a simple monetary contribution; instead, membership interests automatically accompany, by operation of law and the SMHC Articles of Incorporation, the ownership of a Related Policy. The money paid by SIAMCO policyholders and Sentry Member Company policyholders is in the form of premiums with the intent to obtain insurance and not with any profit-making, profit-sharing or investment intent with respect to membership in SMHC. Indeed, at the time of issuance of the Related Policies, the membership interests have no value separate and apart from the insurance policies.

Also, the membership interests will not be marketed as investments. The selling efforts of SIAMCO and of the Sentry Member Companies focus and will continue to focus on insurance coverage. Additionally, current members have been and prospective members must be qualified and accepted as insureds by SIAMCO or a Sentry Member Company. Such qualification is an independent requirement that must be satisfied on the basis of objective insurance underwriting criteria. Finally, there is no basis for any current or prospective member to regard a membership interest in SIAMCO or a Sentry Member Company as an investment because such membership interests are and will be non-transferable.

2. Expectation of Profits

The third criterion of the *Howey* test, expectation of profits, is not satisfied because membership interests do not provide any distribution of profits. Membership interests only provide voting rights and other rights as may be provided under Wisconsin law, such as those occurring upon demutualization or dissolution. The Court defines “profits” under the *Howey* test as “capital appreciation resulting from the development of the initial investment . . . or a participation in earnings resulting from the use of investors’ funds.” *United Housing Foundation, Inc. v. Forman*, 421 U.S. at 852. On its face, voting rights and the opportunity to receive money only in the event of SMHC’s subsequent demutualization or dissolution do not satisfy the *Forman* “profit” definition.

In cases where investors are “attracted solely by the prospects of a return on their investment,” the securities laws apply. *Id.* In contrast, “when a purchaser is motivated by a desire to use or consume the item purchased . . . the securities laws do not apply.” *Id.* at 852-53. The economic reality of becoming an SMHC member is that the policyholder parts with money not for the purpose of reaping profits from the efforts of others, but for the purpose of purchasing insurance, a commodity for personal consumption. As indicated above, SMHC will not be permitted to make any direct payment of dividends, distributions, or any other distributions of income or profits to a member with respect to any mutual holding company membership interest, other than as directed or approved by the Wisconsin Commissioner in the context of a demutualization or dissolution. Even in such event, the policyholders of the P&C Insurance Subsidiaries have no expectation of receiving any distributions in respect of their membership deriving from insurance policies issued by the P&C

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Insurance Subsidiaries. A policyholder's expectation of accretion in value of his/her insurance policy depends solely upon the terms of the insurance contract itself. Furthermore, there is no potential to realize profit by transferring the membership interest to a third party because the membership rights are not assignable. SIAMCO has no plans or intentions for SMHC to demutualize or dissolve.

That SMHC is not subject to the limitations under Wis. Stat. § 611.26(4) on engaging directly or indirectly in business other than insurance, including the limitations on the amount invested in non-insurance businesses as a percentage of total assets, does not affect this analysis. SMHC members will have no expectation of sharing in any profits generated by SMHC and its subsidiaries, whether those profits derive from an insurance business or a non-insurance business, because, among other factors:

- i. SMHC will not be permitted to pay dividends or make any other payment of income or profits to members (except in the event of dissolution or demutualization, and then only with the prior consent of the Wisconsin Commissioner and subject to a cap equal to the amount of premiums paid to SIAMCO and/or SIC with interest at the legal rate, without regard to the value of the underlying enterprise);
- ii. SMHC members will not be able to sell, redeem, or otherwise receive value by transferring or otherwise disposing of their membership interests; and
- iii. A member's interest in SMHC will be cancelled without consideration by canceling or not renewing the member's policy issued by a Sentry Member Company.

That investments by SMHC will not be subject to the same restrictions on the amount invested in non-insurance operations as apply to SIAMCO is, therefore, not relevant to the question of whether SMHC members will have an expectation of profit. The Staff has taken a no-action position in other mutual holding company reorganizations in which the mutual holding company was similarly not subject to the limitations on investments or limitations on the conduct of non-insurance activities that applied to the mutual insurance company being converted in the reorganization. *See* BCBS Florida No-Action Letter and, with respect to the MHC Act, the Wausau No-Action Letter, the MMIC No-Action Letter, the AmFam No-Action Letter, the Church No-Action Letter and the Jewelers No-Action Letter.

In sum, the inability to receive dividends or other distributions of profits (except in limited circumstances such as a dissolution) or to sell a membership interest to a third party ensures that a policyowner will not be motivated "solely by the prospects of a return" on the membership interests. *United Housing Foundation, Inc. v. Forman*, 421 U.S. at 852 (citing *Howey*, 328 U.S. at 300).

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C. Membership Interests Are Not Securities Under *Reves*

In *Reves v. Ernst & Young*, 494 U.S. 56 (1990), the Court discussed four required considerations that are “the same factors that this Court has held apply in deciding whether a transaction involves a ‘security’”: (1) the transaction in which the interest was received must be reviewed to determine “the motivations that would prompt a reasonable seller and buyer to enter into it,” (2) the “plan of distribution” must be examined to determine “whether it is an instrument in which there is ‘common trading for speculation or investment,’” (3) the “reasonable expectations of the investing public” with respect to the interest should be examined, and (4) the existence of an alternative regulatory scheme that might reduce the risks associated with the interest alleged to constitute a security must exist, “thereby rendering application of the Securities Acts unnecessary.” *Id.* at 66-67. Under the four criteria set forth in *Reves* for determining whether an instrument is a security, a membership interest in SMHC will not constitute a security.

As to the first factor, the Court noted that “[i]f the seller’s purpose is to raise money for the general use of a business enterprise or to finance substantial investments and the buyer is interested primarily in the profit the note is expected to generate, the instrument is likely to be a ‘security.’” *Id.* at 66. This factor suggests that SMHC membership interests would not constitute securities because, as discussed above, a reasonable buyer would not purchase a Related Policy with an expectation of receiving a profit on account of the accompanying membership interest.

Further, the purpose of the Sentry Member Companies in collecting insurance premiums upon the issuance, renewal or assumption of Related Policies is not to raise money for the general use of a business enterprise or to finance investments, but rather to charge an adequate amount of premium to pay policy claims made under the Related Policies and the costs of administering those claims. The insurance premiums to be received for Related Policies will be received by the Sentry Member Companies, which will be indirect subsidiaries of SMHC (and whose ability to pay dividends is subject to statutory restrictions), and not by SMHC, and therefore will not be a means for SMHC to “raise money.”

As to the second factor, the membership interests cannot be freely traded or transferred apart from the accompanying Related Policy. They terminate upon lapse or surrender of the Related Policy, and they cannot be pledged or encumbered. Consequently, there cannot be common trading of the membership interest for speculation or investment.

As to the third factor, the Court noted that the marketing efforts employed in selling an alleged security are relevant to the expectations of the general public. *Id.* at 69. This third factor suggests that the SMHC membership interests would not constitute securities for several reasons. First, as noted earlier, the SMHC membership interests are an inseparable part of the Related Policies, which traditionally are not regarded as securities. Also as noted earlier, the SMHC membership interests will not be marketed to the general public as interests that would give rise to a

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profit expectancy. Sales efforts with respect to the Related Policies will focus on the insurance coverage. The potential for SMHC to invest in non-insurance business operations without being subject to the same volume limitations that currently apply to SIAMCO will not alter the fact that sales of the Related Policies will focus on the purchase of insurance coverage, without any mention of a profit expectancy, whether arising out of such non-insurance business operations or otherwise, or other investment motivation. Furthermore, no certificates will be issued with respect to the SMHC membership interests.¹⁵ Finally, the membership interests are not recognized as securities under Wisconsin law.

As to the fourth factor, since SMHC will be subject to extensive regulation by the Wisconsin Commissioner, this factor also supports the conclusion that the SMHC membership interests would not constitute securities. Notwithstanding that SMHC will not be subject to certain restrictions on investments in non-insurance operations that apply to a mutual insurance company, SMHC will be governed by a comprehensive regulatory scheme that will substantially reduce the risks associated with the SMHC membership interests. That regulatory scheme is substantially comparable to the regulatory requirements imposed on a Wisconsin domestic insurer, as detailed in Section III above. Some of the regulatory restrictions that will serve to reduce the risks associated with the SMHC membership interests include the following: (i) SMHC's Articles of Incorporation and Bylaws must be approved by the Wisconsin Commissioner; (ii) the Wisconsin Commissioner must hold a public hearing, which it has scheduled to occur on October 23, 2020, at which policyholders and other interested parties will be permitted to attend and be heard; (iii) as a condition to approving the Reorganization, the Wisconsin Commissioner must consider whether the Reorganization would be detrimental to the safety and soundness of SIAMCO or the contractual rights and reasonable expectations of the policyholders and must conclude that the Reorganization (including the grant of membership interests in SMHC to policyholders of both SIAMCO and the other Sentry Member Companies) will be fair and equitable to SIAMCO and its policyholders and not contrary to the interests of such policyholders or the public; (iv) following the Reorganization, the Wisconsin Commissioner will retain jurisdiction over SMHC; (v) SMHC may not enter into a merger, be acquired, demutualize or dissolve without the approval of the Wisconsin Commissioner or a court; (vi) SIC will be prohibited from issuing voting securities to a third party absent the prior approval of the Wisconsin Commissioner; and (vii) the payment of dividends or other distributions from SIC to SMHC or SHI will be restricted. Further, substantially all of the assets and business indirectly held and conducted by SMHC through its insurance company subsidiaries will remain subject to restrictions on acquisitions and investments that are the same as those applicable to SIAMCO.

We believe that the regulations to which SMHC will be subject pursuant to the Wisconsin Statutes and the Stipulation and Order will satisfy the fourth factor under *Reves* in that SMHC will be subject to an extensive regulatory scheme that will reduce the risks associated with the

¹⁵ See note 6 *supra*.

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membership interests in SMHC. The Staff has previously taken a no-action position with respect to other mutual insurance holding company reorganizations in which the mutual insurance holding company was subject to a regulatory scheme that did not restrict investments by the mutual insurance holding company in the same manner as the regulations applicable to the mutual insurance company. *See* the BCBS Florida No-Action Letter. In the Wausau No-Action Letter, the MMIC No-Action Letter, the AmFam No-Action Letter, the Church No-Action Letter and the Jewelers No-Action Letter, the Staff in each case took a no-action position on the reorganization of the mutual insurance company under the same statutorily-imposed regulatory scheme as will apply to the Reorganization of SIAMCO, noting that the mutual insurance holding company would be subject to oversight by the Wisconsin Commissioner comparable to the oversight governing the converted mutual insurance company and its members.

D. Intermediate Stock Holding Company

One of the primary purposes of the Reorganization is to enhance financial flexibility, thereby providing an avenue for expansion of operations of the SMHC group of companies. The Reorganization contemplates the formation of an intermediate stock holding company – SHI – to hold the stock of SIC and the stock or membership interests of Productivity Advantage, Inc., Sentry Aviation Services, Inc., Sentry Insurance Holding Company, Sentry Services, L.L.C. and WAULECO, Inc. We do not view the added flexibility resulting from the Reorganization, by itself or together with any other aspect of the Reorganization, including the formation of SHI, as creating an expectation of profit. This is because the SMHC members will not share in the profits of SMHC, SHI or SIC, or any of their subsidiaries. There are no current plans to offer shares of SHI or of any SHI subsidiary to the public, to other investors or in connection with acquisitions, although such activities may be undertaken in the future. Any determination to offer shares in the future would depend on numerous factors, including the then-current needs for additional capital to facilitate growth, relevant equity market conditions, the financial and business performance and prospects of the issuer and its subsidiaries, and compliance with regulatory requirements and approvals under Wisconsin law, including the receipt of prior approval of any initial sale of voting shares by the Wisconsin Commissioner and SMHC members. *See* Wis. Stat. § 644.15.

We note that, in accordance with the MHC Act, SMHC is required at all times to retain ownership of at least 51% of the outstanding voting shares of SHI, which must at all times retain ownership of at least 51% of the outstanding voting shares of SIC. *See* Wis. Stat. § 644.04(3)(b). SHI, as a subsidiary of SMHC, will remain subject to oversight by the Wisconsin Commissioner.

Based on the foregoing, we do not believe that the formation of SHI impacts the analysis of *Howey* or *Reves* described above as to whether the SMHC membership interests are securities under Section 2(a)(1) of the Securities Act. In the Church No-Action Letter and the Jewelers No-Action Letter, the Staff took a no-action position where an intermediate stock holding company was used in the same way under the same body of Wisconsin law.

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E. SMHC Membership Interests Granted to Policyholders of the P&C Insurance Subsidiaries

The SMHC membership interests granted to new and renewing policyholders of the P&C Insurance Subsidiaries after the Effective Date will carry the same rights and attributes as the SMHC membership interests granted to existing policyholders of SIAMCO on the Effective Date, except that, in the case of membership interests granted to P&C Insurance Subsidiary policyholders, there will be no entitlement to receive distributions as a result of such member status.¹⁶ In particular, SMHC membership interests granted to policyholders of the P&C Insurance Subsidiaries shall have the following attributes:

- Voting rights identical to other SMHC members (the right to elect the board of directors of SMHC and the right to vote on such other matters as may come before SMHC members at annual or special meetings of the members);
- As with SMHC membership interests granted to SIAMCO policyholders, the SMHC membership interests granted to policyholders of the P&C Insurance Subsidiaries will automatically be tied to *ownership* of a Related Policy and will automatically terminate upon lapse or surrender of the Related Policy;
- As with SMHC membership interests granted to SIAMCO policyholders, the SMHC membership interests granted to policyholders of the P&C Insurance Subsidiaries cannot be freely traded or transferred apart from the accompanying Related Policy, and such interests cannot be pledged or encumbered; and
- The SMHC membership interests granted to policyholders of the P&C Insurance Subsidiaries will be subject to the same level of regulation by the Wisconsin Commissioner as SMHC membership interests granted to SIAMCO policyholders. For example, SMHC's Articles of Incorporation, which authorize the grant of membership interests in SMHC to policyholders of the Sentry Member Companies after the Effective Date, must be approved by the Wisconsin Commissioner; the Wisconsin Commissioner must hold a public hearing at which policyholders and other interested parties will be permitted to attend and where the Wisconsin

¹⁶ The right to receive distributions of stock, cash, or other property in the event of a demutualization of SMHC is *pro rata* according to the amount of premiums paid by the member to SIAMCO within the five years preceding the demutualization and subject to a cap equal to the aggregate amount paid by such member to SIAMCO during such five-year period, together with interest at the legal rate. The right to receive distributions of the residual assets, if any, of SMHC, in the event of its dissolution, is limited to the maximum amount of distributions to which the policyholder would have been entitled had the Reorganization not occurred. In practical effect, this means that policyholders of the P&C Insurance Subsidiaries will not receive any economic rights as a result of their status as P&C Insurance Subsidiary policyholders and the attendant membership in SMHC.

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Commissioner must conclude that the Reorganization, including the grants of SMHC membership interests to policyholders of the P&C Insurance Subsidiaries, will be fair and equitable to SIAMCO and its policyholders and not contrary to the interests of such policyholders or the public; and, following the Reorganization, the Wisconsin Commissioner will retain jurisdiction over SMHC, and SMHC may not enter into a merger, be acquired, demutualize or dissolve without the approval of the Wisconsin Commissioner or a court.

In the Jewelers No-Action Letter, the Staff took a no-action position where membership interests with substantially the same attributes as those detailed above in a mutual holding company organized under Wisconsin law were issuable, on and after the effective date of the reorganization, to policyholders of a stock insurance company also organized under Wisconsin law.¹⁷

Only insurance policies issued, renewed or assumed by the P&C Insurance Subsidiaries (all of which exist as of the date of this letter) are covered by subpart (ii) of our request for relief in Section I above, along with policies issued, renewed or assumed by SIC (which is converted SIAMCO and can only be created on the Effective Date, not before the Effective Date), and in each case the policy must have been issued, renewed or assumed by such an entity after the Effective Date. Granting relief to future holders of policies issued, renewed or assumed by insurance company subsidiaries in existence at the date of the request for relief is supported by Staff no-action letter precedents. For example, in the AmFam No-Action Letter, the relief extended to “future policyholders of AFMIC and the Designated Subsidiaries,” the latter being defined as two particular insurance company subsidiaries of AFMIC in existence at the date of the incoming letter. Likewise, in the Jewelers No-Action Letter, the relief extended to “future policyholders of JMIC and JM Specialty,” the latter being an insurance company subsidiary of JMIC in existence at the date of the incoming letter.

Based on the foregoing, it is our opinion that the issuance of SMHC membership interests to policyholders of the P&C Insurance Subsidiaries does not impact the analysis of *Howey* or *Reves* described above, nor alter our opinion that the SMHC membership interests are not securities under Section 2(a)(1) of the Securities Act.

VII. Registration Pursuant to the Exchange Act

To be subject to registration pursuant to Section 12(g) of the Exchange Act, a person must issue “securities.” The definition of “security” in Section 3(a)(10) of the Exchange Act is in all pertinent respects identical to the definition of that term in Section 2(a)(1) of the Securities Act. *See*

¹⁷ The Bylaws of SMHC permit its board to designate direct and indirect subsidiaries of SMHC as Sentry Member Companies. The relief requested by this letter is limited, however, to the P&C Insurance Subsidiaries, all of which exist as of the date of this letter, SIAMCO and SIC. *See* note 2 *supra* and accompanying text.

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Landreth Timber Co., 471 U.S. at 686 n.1 (1985). Consequently, in accordance with the discussion of the Securities Act above, we are of the opinion that the SMHC membership interests are not “securities” within the meaning of the Exchange Act. Accordingly, it is our opinion that SMHC will not be subject to the registration requirements of Section 12(g) of the Exchange Act.

VIII. Conclusion

In consideration of the foregoing facts and our conclusions with respect to the application of the Securities Act and the Exchange Act, we request that the Staff advise us whether it would recommend to the SEC that no action be taken if the Reorganization and issuance of SMHC membership interests proceed as described above, without compliance with the registration requirements under the Securities Act and the Exchange Act, consistent with our opinion that such interests do not constitute “securities” as defined in Section 2(a)(1) of the Securities Act and Section 3(a)(10) of the Exchange Act. For the avoidance of doubt that might otherwise arise due to the complexity of the Reorganization, the only entities and policyholders that are the subject of this request for relief are policyholders of SIAMCO as of the Effective Date and persons that own, after the Effective Date, one or more policies of insurance issued, renewed or assumed after the Effective Date by SIC or by a P&C Insurance Subsidiary.

Because of the importance of the Reorganization to SIAMCO, we would appreciate hearing from the Staff at its earliest convenience. In the event that you anticipate formulating a response not consistent with any interpretation or position stated in this request, we would appreciate the opportunity to discuss the matter with the Staff prior to any final decision. If you should have any comments or would like additional information, please contact Patrick Daugherty at (312) 832-5178.

Very truly yours,

Foley & Lardner LLP

By: Patrick Daugherty
Patrick Daugherty

Exhibits

cc: Kip J. Kobussen, Esq.
Kevin G. Fitzgerald, Esq.

Exhibit A

CHAPTER 644

DOMESTIC MUTUAL INSURANCE HOLDING COMPANIES

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644.28 Voluntary dissolution of domestic mutual holding companies.
644.29 Involuntary dissolution of domestic mutual holding companies.

Cross-reference: See definitions in ss. 600.03, 610.01 and 628.02.

Cross-reference: See also ch. [Ins 40](#), Wis. adm. code.

SUBCHAPTER I

GENERAL PROVISIONS

644.02 Definitions. (1) In this chapter, unless the context otherwise requires:

(a) “Board” means the board of directors or board of trustees, as the case may be, of the converting insurance company.

(b) “Converted insurance company” means an insurance company that converted under this chapter from a mutual insurance company to a stock insurance company, or from a service insurance corporation to a mutual insurance company and then to a stock insurance company, and formed a mutual holding company.

(c) “Converted life insurance company” means a life insurance company that converted under this chapter from a mutual life insurance company to a stock insurance company and formed a mutual holding company.

(d) “Converting insurance company” means a domestic mutual insurance company or a domestic service insurance corporation undergoing restructuring under this chapter.

(e) “Dividend plan” means a plan to provide reasonable assurances as to the policyholder dividend scales of the participating individual policies and contracts of a converted insurance company in the life insurance business in force on the date specified in the dividend plan for which the insurer had an experience-based dividend scale payable in the year of the plan by creating any of the following:

1. Covenants of the converted insurance company or the mutual holding company, or both.

2. One or more closed blocks. Assets of the converted insurance company shall be allocated to the closed block in an amount that produces cash flows, together with anticipated revenues from the closed block business, expected to be sufficient to support the closed block business, including provision for payment of claims and those expenses and taxes specified in the dividend plan, and provision for continuation of the dividend scales in effect on the effective date of the restructuring under this chapter if the experience underlying such dividend scales continues. Any plan under this subdivision may provide for conditions under which the converted insurance company may cease to maintain any closed block and for the allocation of assets to that closed block.

3. A combination of subds. 1. and 2. or any other means of providing reasonable assurances that the commissioner approves.

(f) “Dividend scales” means the equitable apportionment of divisible surplus by the board.

(g) “Divisible surplus” means the annual distribution described in s. 632.62 (4) (b) as a payment made to policyholders as determined by the board.

(h) “Intermediate stock holding company” means a corporation that satisfies all of the following:

1. The corporation was incorporated under ch. 180.

2. At least 51 percent of the corporation's voting stock is held directly or indirectly by a mutual holding company.

3. The corporation holds directly or indirectly at least 51 percent of the voting stock of a converted insurance company.

(i) “Member” means any of the following:

1. For a converting mutual insurance company, a policyholder who, by the records of the converting insurance company and by its articles of incorporation and bylaws, is a holder of a membership interest in the converting insurance company.

2. For a converting service insurance corporation, a policyholder shown on the books and records of the converting insurance company on the effective date of the restructuring.

(j) “Membership interests” means the voting rights of a member arising under the statutes and the articles of incorporation and bylaws of the converting insurance company, including the right to vote for the board and the right to vote on any plan of conversion, voluntary dissolution or amendment of the articles of incorporation. On and after the effective date of the restructuring, “membership interests” means the voting rights of a member arising under the statutes and the articles of incorporation and bylaws of the mutual holding company, including the right to vote for the board and the right to vote on any plan of conversion, voluntary dissolution or amendment of the articles of incorporation. “Membership interests” does not include members' rights in surplus, if any.

(k) “Mutual holding company” means a mutual insurance holding company.

(L) “Policyholder” means the person identified in the records of the converting insurance company or the converted insurance company under s. 611.51 (9) (c).

(m) “Rights in surplus” means any rights of a member arising under the converting insurance company's articles of incorporation or ch. 611 to a return of the surplus in respect of policies or contracts of the converting insurance company that may exist with regard to the surplus not apportioned or declared by its board as divisible surplus, including rights of members to a distribution of such surplus in dissolution or conversion proceedings under ch. 611. On and after the effective date of the restructuring, “rights

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in surplus” means any rights of a member of the mutual holding company arising under its articles of incorporation or this chapter to the net worth of the mutual holding company, including rights of members of the mutual holding company to a distribution of any portion of the net worth of the mutual holding company in conversion proceedings under s. 644.25 or dissolution proceedings under s. 644.28 or 644.29. “Rights in surplus” shall not include any right to divisible surplus expressly conferred solely by the terms of an insurance policy or annuity contract.

(n) “Voting stock” means stock of any class or any ownership interest having voting power for the election of directors, trustees or management. All references to a specified percentage of voting stock shall mean stock having the specified percentage of the voting power for the election of directors, trustees or management, including stock having such power only by reason of the happening of a contingency.

(2) Except when inconsistent with the definitions given in this chapter, the definitions of ss. 600.03 and 610.01 apply to this chapter. In the provisions of chs. 181 and 611 that are made applicable to this chapter or incorporated into this chapter by reference, all of the following apply:

- (a) “Corporation” includes a mutual holding company formed under this chapter.
- (b) “Department” means the commissioner.
- (c) “Mutual” includes a mutual holding company.
- (d) “Nonassessable mutual” includes a mutual holding company.
- (e) “Policyholder” includes a member.
- (f) “This chapter” includes this chapter.

History: 1997 a. 227.

644.03 Scope and purposes. (1) SCOPE. This chapter applies to all mutual insurance holding companies organized under the laws of this state.

(2) PURPOSES. (a) The purposes of this chapter are to provide complete, self-contained procedures for the formation of mutual insurance holding companies. Subject to par. (b), a corporation organized as a mutual insurance holding company under this chapter may be organized for any lawful purpose and shall hold directly or indirectly as a subsidiary at least one stock insurance company converted from a mutual insurance company or from a service insurance corporation that converted to a mutual insurance company. A mutual holding company is not an insurer.

(b) A corporation organized as a mutual insurance holding company under this chapter may engage, directly or indirectly, in a business that is subject to regulation under another statute of this state only if not prohibited by, and subject to all limitations of, the other statute.

History: 1997 a. 227.

644.04 Restructuring. (1) On the effective date of a restructuring under this chapter, all of the following shall occur:

- (a) The converting insurance company shall become a domestic stock insurance company.
- (b) All membership interests and rights in surplus of the converting insurance company shall be extinguished and the members of the converting insurance company shall become members of the mutual holding company in accordance with this chapter and the articles of incorporation and bylaws of the mutual holding company.
- (c) All shares of the voting stock of the converting insurance company shall be acquired and retained by the mutual holding company or, if created, an intermediate stock holding company.
- (d) All of the shares of voting stock of any intermediate stock holding company shall be acquired and retained by the mutual holding company.

(2) Any intermediate stock holding company created at the time of the restructuring to hold the stock of the converting insurance company shall be incorporated under ch. 180 and may engage in any business or activity permitted by ch. 180.

(3) The converted insurance company, subject to s. 611.33, and any intermediate stock holding company may thereafter issue to 3rd parties debt securities, stock other than voting stock and, subject to s. 644.15, voting stock, so long as all of the following are true:

(a) No shares of stock representing more than 49 percent of the voting power of all issued and outstanding voting stock of either the converted insurance company or the intermediate stock holding company, if any, are issued to 3rd parties.

(b) At least 51 percent of the voting stock of the converted insurance company is at all times owned by the mutual holding company or by the intermediate stock holding company, at least 51 percent of whose voting stock is held by the mutual holding company, and such 51 percent interests in the converted insurance company and any intermediate stock holding company are not conveyed, transferred, assigned, pledged, subjected to a security interest or lien, placed in a voting trust, encumbered or otherwise hypothecated or alienated by the mutual holding company or by the intermediate stock holding company. Any conveyance, transfer, assignment, pledge, security interest, lien, placement in a voting trust, encumbrance, or hypothecation or alienation of, in or on the 51 percent of the voting shares of the converted insurance company or the intermediate stock holding company in violation of this paragraph shall be void in inverse chronological order of the date of such conveyance, transfer, assignment, pledge, security interest, lien, placement in a voting trust, encumbrance, hypothecation or alienation as to the shares necessary to constitute 51 percent of such voting stock.

(4) For purposes of the calculations under this section and under s. 644.13, any issued and outstanding securities of the converted insurance company or any intermediate stock holding company that are convertible into voting stock are considered to be issued and outstanding voting stock.

History: 1997 a. 227; 1999 a. 30.

644.05 General corporate powers and procedures.

(1) POWERS. Subject to s. 644.19 (2) and (3), s. 181.0302 (intro.), (1) to (15), (18) and (19) applies to mutual holding companies.

(2) EFFECT OF UNAUTHORIZED CORPORATE ACTS. Section 181.0304 applies to mutual holding companies, except that, for purposes of this subsection, “attorney general” used in s. 181.0304 (3) means “commissioner”.

(4) WAIVER OF NOTICE AND INFORMAL ACTION BY MEMBERS OR DIRECTORS. Sections 181.0704, 181.0706, 181.0821 and 181.0823 apply to mutual holding companies. For purposes of this subsection, “board” used in s. 181.0821 includes “committee of the board of a mutual holding company”.

History: 1997 a. 227; 1999 a. 30.

644.06 Registered agent for service of process. Sections 601.715, 601.72 (1) (a), (2) and (3) to (5) and 601.73 apply to mutual holding companies, except that, for purposes of this chapter, “authorized insurer” used in s. 601.715 means mutual holding company and “insurer” used in s. 601.72 (1) (a) and (2) means mutual holding company.

History: 1997 a. 227.

SUBCHAPTER II

MUTUAL INSURANCE HOLDING COMPANIES

644.07 Restructuring procedures. (1) FORMATION OF MUTUAL HOLDING COMPANY. (a) 1. A domestic mutual insurance company organized under ch. 611 may restructure by forming a mutual holding company in accordance with this section.

2. A domestic service insurance corporation organized under ch. 613 may restructure by simultaneously converting to a mutual

insurance company that is subject to ch. 611 and forming a mutual holding company in accordance with this section.

(b) The mutual holding company may use the word “mutual” in its name. The restructuring shall continue the corporate existence of the converting insurance company as a stock insurance company subsidiary of the mutual holding company or as a stock insurance company subsidiary of an intermediate stock holding company that is a subsidiary of the mutual holding company. The converted insurance company may continue to use the word “mutual” in its name if the name includes the abbreviation “SI” for stock insurer, or the words “stock insurer”.

(2) RESOLUTION OF THE BOARD. The board shall pass a resolution to the effect that restructuring is fair and equitable to policyholders. The resolution shall specify the reasons for and the purposes of the proposed restructuring, and explain the manner in which the restructuring is expected to benefit policyholders.

(3) ADOPTION OF PLAN. The board shall adopt a mutual holding company plan. The mutual holding company plan shall set forth the reasons for and the purposes of the proposed restructuring, explain how the restructuring is expected to benefit policyholders and provide for amending the converting insurance company’s articles of incorporation to give effect to the restructuring from a mutual, nonstock corporation into a stock corporation.

(4) SUBMISSION OF PLAN. The board shall submit the mutual holding company plan to the commissioner for approval, together with all of the following:

(a) The proposed articles and bylaws of the mutual holding company, which shall comply with s. 644.09, of the converted insurance company, which shall comply with s. 611.12, and of any intermediate stock holding company.

(b) So much of the following information pertaining to the mutual holding company as the commissioner reasonably requires:

1. The names and, for the preceding 10 years, all addresses and all occupations of all proposed directors and officers.
2. All agreements relating to the mutual holding company to which any proposed director or officer is a party.
3. The amount and sources of the funds available for organization expenses and initial operating expenses.
4. The proposed compensation of directors and officers.
5. The proposed capital.
6. A business plan of the mutual holding company for the first 5 years of operation.

(c) Such other relevant documents or information as the commissioner reasonably requires.

(5) PLAN CONTENTS. (a) The plan shall include all of the following:

1. A description of any plans for the initial sale of voting stock to 3rd parties by the converted insurance company or any intermediate stock holding company, or a statement that the converted insurance company or intermediate stock holding company has no current plans for the sale of voting stock.

2. A description of any plans for the transfer of assets and assumption of obligations, including any one or more subsidiaries of the converting insurance company, to the mutual holding company or to the intermediate stock holding company.

(b) 1. A plan for the initial sale of voting stock shall be adequately described under par. (a) 1. if it contains all of the following:

a. A statement of intent to conduct an initial sale of voting stock of the converted insurance company or of any intermediate stock holding company within a specified time after the effective date of the restructuring.

b. A description of the maximum percentage of the stock to be sold.

c. A description of the process to be used in offering the stock and setting the initial sale price for the stock.

d. A description of the rights of members to subscribe to the stock offering if the initial sale of voting stock by the converted insurance company or any intermediate stock holding company involves an initial public offering.

e. Such other information as may be prescribed by the commissioner.

2. No plan for the initial sale of voting stock that is approved by policyholders as part of the approval of a mutual holding company conversion plan under sub. (8) or by members as part of an approval under s. 644.15 shall be effective for more than the specified time under subd. 1. a. after the effective date of the restructuring or the date on which the plan is approved by members under s. 644.15 (1), whichever is applicable.

(5m) ADDITIONAL PLAN CONTENTS FOR SERVICE INSURANCE CORPORATIONS. If the converting insurance company is a service insurance corporation, in addition to satisfying the requirements under sub. (5), the plan shall state all of the following:

(a) That those persons who are policyholders of the converting service insurance corporation on the date of the resolution under sub. (2) and who remain policyholders on the record date established by the board for the vote under sub. (8) shall have the right to vote on the plan under sub. (8).

(b) That the members of the mutual holding company shall be those persons who are policyholders of the converting service insurance corporation on the effective date of the restructuring, and that thereafter membership shall be as provided in sub. (10) (d).

(c) Any other conditions that the commissioner may require relating to the company’s conversion from a service insurance corporation to a mutual holding company.

(6) HEARING. (a) The commissioner or a hearing examiner designated by the commissioner shall hold a hearing after receipt of a mutual holding company plan.

(b) 1. Notice of the hearing shall be mailed by the converting insurance company not more than 60 days and not less than 10 days before the scheduled date of the hearing to the last-known address of each person who was a policyholder of the converting insurance company on the date of the resolution under sub. (2), together with a copy of the mutual holding company plan, or a copy of a summary of the plan if the commissioner approves the summary, and any comment that the commissioner considers necessary for the adequate information of policyholders. Failure to mail notice to a policyholder does not invalidate a proceeding under this subsection if the commissioner determines that the converting insurance company has substantially complied with this subdivision and has attempted in good faith to mail notice to all policyholders entitled to notice.

2. The notice, the plan or a summary of the plan and any comments under subd. 1. shall also be mailed by the converting insurance company not more than 60 days and not less than 10 days before the scheduled date of the hearing to the commissioner of every jurisdiction in which the converting insurance company is authorized to do any business.

(c) In accordance with such hearing procedures as the commissioner or the designated hearing examiner may prescribe, any policyholder under par. (b) 1. and any commissioner under par. (b) 2. may present written or oral statements at the hearing and may present written statements within a period after the hearing specified by the commissioner or the hearing examiner. The commissioner shall take statements presented under this paragraph into consideration in making the determination under sub. (7).

(7) APPROVAL BY COMMISSIONER. (a) The commissioner shall approve the mutual holding company plan unless he or she finds that the plan violates the law, is not fair and equitable to policyholders or is contrary to the interests of policyholders or the public.

(b) In considering the plan, the commissioner shall consider whether the restructuring would be detrimental to the safety and soundness of the converting insurance company or the contractual

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rights and reasonable expectations of the persons who are policyholders on the effective date of the restructuring. The commissioner may take into consideration any conclusions and recommendations on the subject of restructuring published by recognized organizations of professional insurance actuaries. The commissioner may by rule establish standards applicable to a restructuring under this chapter.

(8) APPROVAL BY POLICYHOLDERS. After approval under sub. (7), the mutual holding company plan shall be submitted at any regular or special meeting of policyholders to a vote of the persons who were policyholders of the converting insurance company on the date of the resolution under sub. (2), and who remain policyholders on the record date established for the vote by the board. Voting shall be in accordance with the articles or bylaws of the converting insurance company, but in no event shall there be less than 20 days' advance notice of any meeting for a vote on approval of a mutual holding company plan, and in no event shall the required vote to approve the plan be less than a majority of those policyholders voting. Notice of such meeting shall be sent to the last-known address of each such policyholder and may be included with any notice sent under sub. (6) (b) 1. Only proxies specifically related to the mutual holding company plan may be used for a vote on approval under this subsection.

(9) AMENDMENT OR WITHDRAWAL. At any time before the effective date of the restructuring, the converting insurance company may, by resolution of its board, amend the mutual holding company plan or withdraw the mutual holding company plan. The commissioner shall determine whether any amendment made after the public hearing under sub. (6) changes the mutual holding company plan in a manner that is materially disadvantageous to any of the policyholders of the converting insurance company and, in such case, may require a further public hearing on the plan as amended. If an amendment that the commissioner determines is materially disadvantageous to any of the policyholders is made after the plan has been approved by the policyholders, the plan as amended shall be submitted for reconsideration by the policyholders.

(10) EFFECT OF RESTRUCTURING. (a) *Continuation of insurance corporation and commencement of existence of mutual holding company.* If the policyholders approve the mutual holding company plan under sub. (8), the commissioner shall issue a new certificate of authority to the converting insurance company and a certificate of incorporation to the mutual holding company. Upon issuance of the certificate of incorporation, the legal existence of the mutual holding company shall begin, its articles and bylaws shall become effective and its proposed directors and officers shall take office. The issuance of the certificate of incorporation shall be conclusive evidence of compliance with this section. On the effective date of the restructuring, the converting insurance company shall at once become a stock corporation and is no longer a mutual. The converted insurance company shall be considered to have been organized at the time that the converting insurance company was organized. Except as otherwise provided in the plan, the trustees, directors, officers, agents and employees of the converting insurance company shall continue in like capacity with the converted insurance company.

(b) *Continuation of rights and obligations.* The restructuring of the converting insurance company into a stock insurance company subsidiary of a mutual holding company or an intermediate stock holding company shall in no way annul, modify or change any of such insurer's existing suits, rights, contracts or liabilities, except with respect to the membership interests and rights in surplus, if any, in such insurer that are extinguished as provided in s. 644.04, and the corporate existence of the converting insurance company shall be continued in all respects. The converted insurance company, after restructuring, shall exercise all of the rights and powers and perform all of the duties conferred or imposed by law upon insurers writing the classes of insurance written by the converting insurance company before the effective date of the

restructuring, and shall retain the rights and contracts existing prior to restructuring, except with respect to the membership interests and rights in surplus that were extinguished.

(c) *Effective date.* The date upon which the commissioner issues the certificate of authority to the converted insurance company shall be the effective date of the restructuring unless a later time is designated in the mutual holding company plan.

(d) *Effect on policyholders.* A policyholder who has a membership interest in the converting insurance company on the effective date of the restructuring shall become a member of the mutual holding company. Policyholders of policies or contracts that are issued by a converted insurance company after the effective date of its conversion under this section shall become members of the mutual holding company in accordance with the articles of incorporation and bylaws of the mutual holding company and the applicable provisions of this chapter immediately upon issuance of the policy. The articles and bylaws of the mutual holding company may provide that a policyholder of any other insurance company that is or becomes a subsidiary of the mutual holding company may become a member of the mutual holding company. In no event shall a person remain a member after he or she ceases to be a policyholder.

(e) *Nontransferability of membership interests.* No member of a mutual holding company may transfer such member's membership interests in the mutual holding company or any right arising from such membership interests apart from the policy that gives rise to the membership interest.

(f) *Liability of member.* A member of a mutual holding company is not, by virtue of being a member, personally liable for the acts, debts, liabilities or obligations of the mutual holding company.

(10m) EFFECT ON SERVICE INSURANCE CORPORATION OF DISAPPROVAL OF PLAN. Notwithstanding sub. (1) (a) 2. and s. 644.02 (1) (b), if the converting insurance company is a service insurance corporation, and the commissioner disapproves the mutual holding company plan under sub. (7) or the policyholders disapprove the mutual holding company plan under sub. (8), the converting insurance company shall remain a service insurance corporation subject to ch. 613.

(11) EXPENSES. The converting insurance company may not pay compensation of any kind to any person in connection with the mutual holding company plan other than regular salaries to the company's personnel. This subsection does not prohibit the payment of reasonable fees and compensation to attorneys at law, accountants, financial advisers, actuaries or other consultants for services performed in the independent practice of their professions. 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.

History: 1997 a. 227.

644.08 Reservation of corporate name. Sections 181.0402 and 181.0403 (2), (3) and (3m) apply to mutual holding companies.

History: 1997 a. 227; 1999 a. 30.

644.09 Articles, amendments, bylaws and principal officers. (1) **ARTICLES.** Section 181.0202 applies to the articles of a mutual holding company, except that all of the following apply:

(a) The name of the mutual holding company shall include the word "mutual" and shall comply with s. 181.0401 (2) to (4).

(b) The articles shall include provisions for mutual bonds, if any are to be authorized, which shall conform to s. 611.33 (2).

(c) The purposes of the mutual holding company shall be limited to those permitted in this chapter.

(d) Subject to s. 644.07 (10) (d), the articles may specify those classes of persons who may be members of the mutual holding

company or may prescribe the procedure for establishing or removing restrictions on the classes of persons who may be members of the mutual holding company.

(2) **AMENDMENT OF ARTICLES.** A mutual holding company may amend its articles in the manner provided in ss. 181.1001, 181.1002 (1), 181.1003, 181.1005 and 181.1006, except that papers required by those sections to be filed with the department of financial institutions shall instead be filed with the commissioner. The articles may be amended in any desired respect, including substantial changes of its original purposes, except that no amendment may be made that is contrary to sub. (1). In addition to the requirements of s. 181.1005, the articles of amendment of a mutual holding company shall, if mail voting is used, state the number of members voting by mail and the number of such members voting for and against the amendment. No amendment may become effective until the articles of amendment have been filed with the commissioner. No amendment shall affect any existing cause of action in favor of or against such mutual holding company, any civil, criminal, administrative or investigatory proceeding to which the mutual holding company is a party or the existing rights of persons other than members. In the event that the corporate name is changed by amendment, no suit brought by or against such mutual holding company under its former name shall abate for that reason.

(3) **BYLAWS.** The bylaws of a mutual holding company shall comply with this chapter. A copy of the bylaws and any amendments to the bylaws shall be filed with the commissioner within 60 days after adoption. Subject to this subsection, ss. 181.0206, 181.0207 and 181.1021 apply to mutual holding companies.

(4) **PRINCIPAL OFFICERS.** Sections 181.0840 and 181.0841 apply to mutual holding companies.

History: 1997 a. 227; 1999 a. 30.

644.10 Acquisition, merger or consolidation as part of the plan. (1) The converting insurance company may propose to acquire, or to merge or consolidate with, one or more domestic or foreign insurers, or both, as part of a mutual holding company plan under s. 644.07. The commissioner shall approve the acquisition, merger or consolidation as part of the mutual holding company plan and shall approve the continued corporate existence of any domestic insurer that is a party to the plan under this section as a subsidiary of the mutual holding company or any intermediate stock holding company, if any of the following applies:

(a) In the case of a domestic stock corporation, no grounds for disapproval exist under s. 611.72 (3) (am).

(b) In the case of a domestic mutual, no grounds for disapproval exist under s. 611.73 (3) (a) and the domestic mutual has complied with s. 644.07 (2) to (8). The converting insurance company and any domestic mutual that the converting insurance company proposes to acquire, or merge or consolidate with, may adopt one plan. The commissioner may combine the hearings required under s. 644.07 (6) for the converting insurance company and any domestic mutual that is the subject of the acquisition by, or merger or consolidation with, the converting insurance company. Section 644.07 (9), (10) (b) to (f), and (11) applies to a domestic mutual acquired by, merged into, or consolidated with a converting insurance company under this section.

(2) Any foreign insurer acquired under a plan under this section may remain a foreign company after such acquisition and may be admitted to do business in this state if it meets the applicable requirements of ch. 618.

History: 1997 a. 227; 2013 a. 279.

644.11 Restructuring of domestic or foreign mutual with existing domestic mutual holding company.

(1) **DEFINITION.** In this section, “existing domestic mutual holding company” means a mutual holding company formed under this chapter.

(2) **DOMESTIC MUTUAL REORGANIZATION.** (a) *Merger with existing domestic mutual holding company.* A domestic mutual insurance company organized under ch. 611 may restructure by merging its policyholders’ membership interests into an existing domestic mutual holding company in accordance with this section and any rules promulgated by the commissioner. The restructuring shall continue the corporate existence of the converting insurance company as a stock insurance company subsidiary of the existing domestic mutual holding company or as a stock insurance company subsidiary of an intermediate stock holding company.

(b) *Procedures applicable to converting insurance company.* Sections 644.04 (3) and (4) and 644.07 (2) to (6), (8), (9), (10) (b) to (f), (10m) and (11) apply to a domestic mutual insurance company restructuring under this subsection.

(c) *Procedures applicable to existing domestic mutual holding company.* 1. The board of the existing domestic mutual holding company into which the converting insurance company’s policyholders’ membership interests are proposed to be merged under this subsection shall adopt a resolution approving the proposed plan of merger and directing that it be submitted to the commissioner for approval and to its members for a vote at a regular or special meeting. The existing domestic mutual holding company shall provide written notice of the meeting to each member in the manner provided under s. 644.07 (8) for notice to policyholders of a meeting for a vote on approval of a mutual holding company plan.

2. The commissioner may hold a hearing on the plan of merger prior to the meeting at which a vote of the members will be taken. A hearing under this subdivision may be combined with the hearing required under par. (b). The existing domestic mutual holding company shall provide written notice of the hearing to each member in the manner provided under s. 644.07 (6) (b) 1. for notice to policyholders of the hearing under s. 644.07 (6).

3. The commissioner shall approve the proposed plan of merger unless he or she finds that the plan is not fair and equitable to members or is contrary to the interests of members.

4. The proposed plan of merger shall be approved by the members of the existing domestic mutual holding company upon the affirmative vote of not less than a majority of those members voting in person or by proxy at the meeting required under subd. 1.

(d) *Commissioner issues new certificate of authority if approved.* If under par. (b) the policyholders of the converting insurance company approve the plan of restructuring and under par. (c) the members of the existing domestic mutual holding company approve the plan of merger, the commissioner shall issue a new certificate of authority to the converting insurance company. The issuance of the certificate of authority shall be conclusive evidence of compliance with this subsection.

(e) *Effect of restructuring.* On the effective date of the restructuring described in this subsection, all of the following shall occur:

1. The converting insurance company shall at once become a stock corporation organized and operating under ch. 611 and is no longer a mutual.

2. All membership interests and rights in surplus of the converting insurance company shall be extinguished and the members of the converting insurance company shall become members of the existing domestic mutual holding company in accordance with this chapter and the articles of incorporation and bylaws of the existing domestic mutual holding company.

3. All shares of the voting stock of the converting insurance company shall be acquired and retained by the existing domestic mutual holding company or any intermediate stock holding company, 51 percent or more of whose voting stock is owned by the existing domestic mutual holding company.

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4. The converted insurance company shall be considered to have been organized at the time that the converting insurance company was organized.

5. Except as otherwise provided in the plan, the trustees, directors, officers, agents and employees of the converting insurance company shall continue in like capacity with the converted insurance company.

(3) FOREIGN MUTUAL REORGANIZATION. A foreign mutual insurance company organized under the laws of any other state that, if a domestic corporation, would be organized under ch. 611 may restructure by merging its policyholders' membership interests into an existing domestic mutual holding company in accordance with rules promulgated by the commissioner and in compliance with the requirements of any other law or regulation that is applicable to the foreign mutual. The restructuring shall continue the corporate existence of the converting insurance company as a foreign stock insurance company subsidiary of the existing domestic mutual holding company or as a foreign stock insurance company subsidiary of an intermediate stock holding company. The restructuring foreign mutual insurance company may remain a foreign insurer after the restructuring and may be admitted to do business in this state if it meets the applicable requirements of ch. 618. A foreign mutual insurance company that is a party to the restructuring may at the same time redomesticate to this state by complying with the applicable requirements of this state and its state of domicile.

History: 1997 a. 227.

644.12 Transfers of a mutual holding company's place of domicile to this state. (1) A mutual holding company that is domiciled in another state and that desires to become a domestic mutual holding company may submit to the commissioner an application for a certificate of incorporation. The application shall comply with rules promulgated under sub. (2) and shall include or have attached any other relevant documents or information that the commissioner reasonably requires. Upon review of the application, the commissioner may issue a certificate of incorporation if the commissioner determines that all the following are satisfied:

(a) The applicant is in compliance with the provisions of this chapter that apply to domestic mutual holding companies.

(b) The directors and officers of the applicant are trustworthy and competent and collectively have the competence and experience to engage in the business proposed.

(c) The applicant's insurance company subsidiary that converted from a mutual has become a domestic insurer under s. 611.223.

(2) The commissioner shall by rule specify the required contents and form of an application under sub. (1). In determining the required contents, the commissioner shall consider the information and documents that will permit the commissioner to determine whether the requirements of sub. (1) (a) to (c) are satisfied.

History: 1997 a. 227.

644.13 Restrictions on ownership. (1) In this section:

(a) "Beneficial ownership", with respect to any voting stock, has the same meaning as provided by the rules administering section 16 of the Securities Exchange Act of 1934.

(b) "Offer" means any of the following:

1. An offer to buy or acquire voting stock, or an interest in voting stock, for value.

2. A solicitation of an offer to sell voting stock, or an interest in voting stock, for value.

3. A tender offer for voting stock, or an interest in voting stock, for value.

4. A request or invitation for tenders of voting stock, or an interest in voting stock, for value.

(2) (a) Before the date that is one year after the initial sale to 3rd parties in a public offering of voting stock of the converted insurance company or any intermediate stock holding company,

the directors, officers and other members of management of the mutual holding company, any intermediate stock holding company and the converted insurance company are prohibited from acquiring or offering to acquire, in any manner, the legal or beneficial ownership of any class of voting stock of the converted insurance company or intermediate stock holding company, except that this paragraph shall not in any way limit the rights of the directors, officers or other members of management to exercise subscription rights generally accorded to members of the mutual holding company.

(b) Except as otherwise provided by the commissioner by rule, beginning on the date that is one year after the initial sale to 3rd parties of voting stock of the converted insurance company or any intermediate stock holding company, the directors, officers and other members of management of the mutual holding company, any intermediate stock holding company and the converted insurance company may not do any of the following:

1. Acting individually, directly or indirectly acquire or offer to acquire, in any manner, the legal or beneficial ownership of more than 5 percent of any class of voting stock of the converted insurance company or intermediate stock holding company.

2. In the aggregate, directly or indirectly acquire or offer to acquire, in any manner, the legal or beneficial ownership of more than 10 percent of any class of voting stock of the converted insurance company or intermediate stock holding company.

(3) (a) In the event of any violation of sub. (2), or of any action which, if consummated, might constitute such a violation, all voting stock of any intermediate stock holding company or the converted insurance company that is acquired by any person in excess of the maximum amount permitted to be acquired by such person under sub. (2) shall be considered to be nonvoting stock of any such intermediate stock holding company or converted insurance company, as the case may be.

(b) In addition to the result specified in par. (a), the violation or action is subject to the enforcement procedures under s. 601.64.

History: 1997 a. 227.

644.14 Member rights. (1) **COMMUNICATION TO MEMBERS; MEMBER VOTING.** Subject to this section, ss. 611.41, 611.42 (1), (1e), (1m), (2), (3), (4) (a) and (5), 611.43 and 611.53 (2) apply to mutual holding companies.

(2) NOTICE OF REGULAR MEETINGS AND ELECTIONS. Notice of the time and place of regular meetings or elections may be given to a member by printing such time and place conspicuously on each policy under which the member derives a membership interest, or in such other reasonable manner as the commissioner approves or requires.

History: 1997 a. 227; 1999 a. 30.

644.15 Sale of voting stock; subscription rights; dividends. (1) (a) No solicitation for the initial sale to 3rd parties of the voting stock of the converted insurance company or any intermediate stock holding company may be made without the approval of the commissioner under s. 611.31 (2) and without the approval of the commissioner and the members of the mutual holding company as follows:

1. If the mutual holding company plan includes a plan for the initial sale of voting stock, such approval shall be given at the time that the mutual holding company plan is approved under s. 644.07 (7) and (8).

2. If the mutual holding company plan does not include a plan for the initial sale of voting stock of the converted insurance company or any intermediate stock holding company, the board of the converted insurance company or any intermediate stock holding company, following the procedures under s. 644.07 (2) to (8), may adopt a plan for the initial sale of voting stock to 3rd parties at any future date.

(b) Prior to every issue of voting stock of the converted insurance company and any intermediate stock holding company, the commissioner, in addition to the approval required under s. 611.31

(2), shall approve the price of the stock, or the procedure for setting and determining the price of the stock, as fair and equitable to the company issuing the stock.

(2) No initial public offering of voting stock of the converted insurance company or any intermediate stock holding company may be conducted unless the persons who were members of the mutual holding company at the time such offering was approved by resolution of the board are afforded subscription rights in conjunction with the stock offering.

(3) If the converted insurance company is a life insurance company, before any approval for the initial sale of voting stock is granted the commissioner shall find the dividend plan fair and equitable to policyholders.

(4) Dividends and other distributions to the shareholders of the converted insurance company or any intermediate stock holding company of a converted insurance company may not be made except in compliance with ss. 617.22 and 617.225.

History: 1997 a. 227.

644.16 Board of directors, committees and records.

(1) BOARD OF DIRECTORS. Subject to this section, ss. 181.0801 (1) and (2), 181.0802, 181.0811, 611.51 (2), (3), (5) and (8) and 611.53 (1) and (3) apply to mutual holding companies. Section 181.0824 applies to the board of a mutual holding company except as modified by s. 611.10. The board shall manage the business and affairs of the corporation and may not delegate its power or responsibility to do so, except to the extent authorized by ss. 181.0825 and 181.0841.

(2) COMMITTEES OF DIRECTORS. Section 181.0825 applies to mutual holding companies.

(3) RECORDS. (a) Section 611.51 (9) (am) and (b) applies to mutual holding companies.

(b) Any provision of this chapter or of the articles or bylaws of a mutual holding company that requires the keeping of records concerning the names and addresses of members entitled to vote shall be considered complied with by the keeping of a record of the names of policyholders of, and the names and addresses of insureds or persons paying premiums on the policies of, the converted insurance company. Any provision of this chapter or of the articles or bylaws of a mutual holding company that requires the mailing or sending of notices, reports, proposals, ballots or other materials to a member shall be considered complied with if such mailing is made to the insured or the person paying premiums on the policy of the converted insurance company, for delivery to the policyholder.

(4) DIRECTOR CONFLICTS OF INTEREST. Section 611.60 applies to mutual holding companies.

History: 1997 a. 227; 1999 a. 30.

644.17 Removal of officers. Sections 181.0843 and 181.0844 apply to mutual holding companies.

History: 1997 a. 227; 1999 a. 30.

644.18 Directors' and officers' liability and indemnification. (1) LIABILITY. Sections 181.0850 to 181.0855, except s. 181.0855 (2) (c), apply to mutual holding companies.

(2) INDEMNIFICATION. Sections 181.0871 to 181.0881 and 181.0889 apply to mutual holding companies.

(3) INSURANCE. Section 181.0883 applies to mutual holding companies.

(4) DERIVATIVE ACTIONS. Sections 181.0740 to 181.0747 apply to mutual holding companies.

History: 1997 a. 227; 1999 a. 30.

644.19 Executive compensation. (1) GENERAL. Section 611.63 (4) and (5) applies to mutual holding companies.

(2) APPROVAL BY MEMBERS. A benefit plan or amendment to a benefit plan that proposes to provide benefits in the form of stock or stock options of a converted insurance company or any intermediate stock holding company to the directors or officers of the

converted insurance company, intermediate stock holding company or mutual holding company may not take effect unless it is submitted to a vote of the members of the mutual holding company and approved by a majority of the members voting. Notice of a meeting at which a vote under this subsection will be taken shall be given in accordance with s. 644.14 (1) or (2).

(3) NOTICE TO COMMISSIONER. The commissioner may by rule require that any action taken by the board of a mutual holding company, or the board of any intermediate stock holding company, on any of the subjects specified in s. 181.0302 (11) to (14) be reported to the commissioner within 30 days after the action is taken.

History: 1997 a. 227; 1999 a. 30.

644.20 Management contract services. A mutual holding company may not be a party to a contract that has the effect of delegating to a person, to the substantial exclusion of the board, the authority to exercise any management control of the mutual holding company or of any of its major corporate functions.

History: 1997 a. 227.

644.21 Annual report of domestic mutual holding company. Each mutual holding company domiciled in this state shall file such annual report as may be prescribed by the commissioner by rule.

History: 1997 a. 227.

644.22 Securities regulation. A membership interest in a domestic mutual holding company shall not constitute a security, as defined in s. 551.102 (28).

History: 1997 a. 227; 2007 a. 196.

644.23 Authority to issue mutual bonds and contribution notes. Section 611.33 (2) (a), (b), (c) and (e) applies to mutual holding companies. In the event of dissolution under this chapter, unpaid amounts of principal and interest on contribution notes shall be subordinated to the payment of principal and interest on any mutual bonds issued by the mutual holding company at any time.

History: 1997 a. 227.

644.24 Subsequent restructuring. A mutual holding company, in conjunction with the converted insurance company and any intermediate stock holding company, may merge together and convert into a mutual insurance company if the requirements of ss. 611.72 and 611.75 are met and the members of the mutual holding company vote to approve the merger and conversion into a mutual insurance company.

History: 1997 a. 227.

644.25 Conversion of domestic mutual holding company into a stock corporation. (1) CONVERSION PERMITTED AND PROCEDURES. A mutual holding company formed by a converted insurance company under this chapter may convert into a stock corporation organized under ch. 180. Subject to this section, s. 611.76 (1) to (3) and (5) to (11) applies to mutual holding companies.

(2) PLAN OF CONVERSION. (a) In this subsection, "net premium" means gross premium less return premium and dividends paid.

(b) The board of a domestic mutual holding company may adopt a plan of conversion that specifies all of the following:

1. The number of shares proposed to be authorized for the new stock corporation, their par value and the price at which they will be offered to members, which price may not exceed 50 percent of the median equitable share of all members under subd. 2.

2. That each member who has been a policyholder of a converted insurance company and has paid premiums within 5 years prior to the resolution passed by the board related to the conversion under this section shall be entitled without additional payment to so much common stock of the new stock corporation as

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his or her equitable share of the value of the converting mutual holding company will purchase.

3. That each member's equitable share shall be determined by the ratio that the net premium paid by such member to the converted insurance company during the 5 years immediately preceding the resolution specified in subd. 2. bears to the total net premium received by the converted insurance company during the same period.

4. That, if a member's equitable share is sufficient only for the purchase of a fraction of a share of stock, the member shall have the option either to receive the value of the fractional share in cash or to purchase a full share by paying the balance in cash.

5. That, notwithstanding subds. 2. to 4., each member who was a policyholder of a converted life insurance company on the date of the resolution specified in subd. 2. or within 5 years prior to that date shall be entitled to an equitable share based on a formula that fairly reflects the policyholder's interest in the company and the policies and contracts issued by the company to the policyholder, and that takes into account premiums paid, cash surrender values, policy loans, reserves, surplus benefits payable and other relevant factors.

6. That a member's equitable share shall be provided to the member on a uniform basis approved by the commissioner in the form of common stock, cash, increased benefits or lower premiums or a combination of those forms.

7. The procedure for stock subscriptions, which shall include a written offer to each such member indicating his or her individual equitable share and the terms of subscription.

8. That no common stock under subd. 2. may be issued to persons other than the members under subd. 2. until all subscriptions by the members have been filled and that thereafter any new issue of stock for 5 years after the conversion shall first be offered to the persons who have become shareholders under subd. 2. in proportion to their interests under subd. 2.

9. That no member, other than a member who is a policyholder of a converted life insurance company, may receive a distribution of shares valued in excess of the amount to which he or she is entitled under s. 645.72 (4) (b). Any excess over that amount shall be distributed in shares to the state treasury for the benefit of the common school fund. After 5 years the shares may be sold by the treasurer at his or her discretion and the proceeds credited to the common school fund.

10. That, except with the approval of the commissioner, during the first 5 years after the conversion under this section the directors and officers of a mutual holding company with a converted life insurance company subsidiary and persons acting in concert with them may not, in the aggregate, acquire control over more than 5 percent of the common stock of the converted mutual holding company or any other corporation that acquires control of more than 5 percent of the common stock of the converted mutual holding company.

(3) AFTER CONVERSION. Upon the conversion of a mutual holding company under this section, this chapter no longer applies to the mutual holding company, any intermediate stock holding company or the converted insurance company.

History: 1997 a. 227.

644.26 Transfer of business or assets of mutual holding companies. (1) A sale, lease, exchange or other disposition of less than substantially all of the property and assets of a mutual holding company, and the mortgage or pledge of any or all property and assets of a mutual holding company, whether or not made in the usual and regular course of its affairs, may be made upon the terms and conditions authorized by the mutual holding company's board of directors. Unless otherwise provided by the articles of incorporation, consent of the members is not required for a sale, lease, exchange or other disposition of property, or for a mortgage or pledge of property, authorized under this subsection.

(2) A sale, lease, exchange or other disposition of all or substantially all of the property and assets of a mutual holding company may be made upon such terms and conditions as may be authorized in the following manner:

(a) If the articles of incorporation give members the right to vote on the sale, lease, exchange or other disposition of all or substantially all of the mutual holding company's property and assets, the board of directors shall adopt a resolution recommending the sale, lease, exchange or other disposition and directing that it be submitted to a vote at an annual or special meeting of the members. Written notice stating that the purpose, or one of the purposes, of the meeting is to consider the sale, lease, exchange or other disposition of all or substantially all of the property and assets of the mutual holding company shall be given to each member entitled to vote at the meeting, within the time and in the manner provided by this chapter for providing notice of member meetings. At the meeting, the members may authorize the sale, lease, exchange or other disposition and may authorize the board of directors to fix any or all of the terms and conditions of the sale, lease, exchange or other disposition. The authorization shall be by the affirmative vote of at least two-thirds of the members present or represented by proxy at the meeting. After the authorization by a vote of the members, the board of directors, nevertheless, in its discretion, may abandon the sale, lease, exchange or other disposition, subject to the rights of 3rd parties under any contracts relating thereto, without further action or approval by the members.

(b) If the articles of incorporation do not give members the right to vote on the sale, lease, exchange or other disposition of all or substantially all of a mutual holding company's property and assets, the sale, lease, exchange or other disposition may be authorized by the vote of the majority of the directors in office.

History: 1997 a. 227; 1999 a. 30.

644.27 Merger and consolidation of mutual holding companies. Section 611.73 applies to mutual holding companies.

History: 1997 a. 227.

644.28 Voluntary dissolution of domestic mutual holding companies. (1) PLAN OF DISSOLUTION. Subject to this section, ss. 181.1401 to 181.1407 apply to mutual holding companies.

(2) APPROVAL BY THE COMMISSIONER. (a) At least 60 days prior to the submission to members of any proposed voluntary dissolution of a mutual holding company under s. 181.1401, the plan shall be filed with the commissioner. The commissioner may require the submission of additional information relevant to the effect of the proposed dissolution on the solvency of the converted insurance company. The commissioner shall approve the dissolution unless, after a hearing, the commissioner finds that dissolution of the mutual holding company would cause the converted insurance company to become insolvent, would be unfair or inequitable to the members of the mutual holding company or would not be in the best interests of the policyholders of the converted insurance company or the public.

(b) The acquisition of the converted insurance company and any other insurance company owned directly or indirectly by a dissolving mutual holding company shall be subject to ss. 611.71 and 611.72 and ch. 617.

(3) REVOCATION OF VOLUNTARY DISSOLUTION. If the mutual holding company revokes the voluntary dissolution proceedings under s. 181.1404, a copy of the resolution revoking the voluntary dissolution proceedings adopted under s. 181.1404 shall be filed with the commissioner.

(4) FILING AND RECORDING ARTICLES OF DISSOLUTION AND EFFECT THEREOF. Upon approval by the commissioner under sub. (2) and by the members under s. 181.1401, the mutual holding company shall file articles of dissolution with the commissioner. When the articles are filed, the existence of the mutual holding

company shall cease, except for the purpose of suits, other proceedings and appropriate corporate action of members, directors and officers as provided in this chapter and in ss. 181.1401 to 181.1407. Upon the filing of the articles, the commissioner may issue a certificate of dissolution.

(5) DISTRIBUTION OF ASSETS. No distribution may be made to members of a mutual holding company in excess of the amounts to which they would be entitled under s. 645.72 (4) (b) had the converted insurance company not reorganized and formed a mutual holding company. Any excess over such amounts shall be paid into the state treasury to the credit of the common school

fund.

History: 1997 a. 227; 1999 a. 30.

644.29 Involuntary dissolution of domestic mutual holding companies. A mutual holding company may at any time during a voluntary dissolution under ss. 181.1401 to 181.1407 apply to the commissioner to have dissolution continued under the commissioner’s supervision. Any distribution to members shall be limited in the same manner as under s. 644.28 (5) and any excess over such amounts shall be paid into the state treasury to the credit of the common school fund.

History: 1997 a. 227; 1999 a. 30.

Exhibit B

MUTUAL HOLDING COMPANY PLAN

of

SENTRY INSURANCE A MUTUAL COMPANY

Under Chapter 644 of the

Wisconsin Insurance Code

Dated _____

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PREAMBLE

Sentry Insurance a Mutual Company, a Wisconsin mutual insurance company (“SIAMCO”) intends to restructure into a mutual insurance holding company structure pursuant to Chapter 644 of the Wisconsin Insurance Code (the “Restructuring”).

RECITALS

A. At a meeting duly called and held on [_____], the Board of Directors of SIAMCO (the “Board of Directors”) adopted certain resolutions attached hereto as Exhibit A (the “Adopting Resolutions”) which, among other things, (i) found that the Restructuring is fair and equitable to SIAMCO’s Policyholders and is expected to benefit SIAMCO and its Policyholders for the reasons set forth therein, (ii) adopted this Mutual Holding Company Plan, including all Exhibits attached hereto (“Plan”), (iii) directed that this Plan be submitted to the Wisconsin Commissioner for approval as provided in Wis. Stat. § 644.07(4), and (iv) subject to approval by the Wisconsin Commissioner, directed that this Plan be submitted for approval by the Members of SIAMCO, and that the proposed Second and Amended Restated Articles of Incorporation of Sentry Insurance Company (attached hereto as Exhibit B) (the “SIC Articles”) be submitted for approval by the Members of SIAMCO, as provided by Wis. Stat. § 644.07(8) and/or applicable provisions of the current Restated Articles of Incorporation of SIAMCO dated April 17, 1991, including any amendments thereto (the “SIAMCO Articles”), and the Bylaws of SIAMCO dated November 8, 2018 (the “SIAMCO Bylaws”).

B. For United States federal income tax purposes, it is intended that the transactions consummated pursuant to the Restructuring will qualify as non-recognition transactions under sections 368(a) and/or 351(a) of the Internal Revenue Code, respectively, and that this Plan will be, and is hereby, adopted as a plan of reorganization for purposes of the Internal Revenue Code.

ARTICLE 1 DEFINITIONS

As used in this Plan, the following words or phrases have the following meanings. The following definitions shall be equally applicable to both the singular and plural forms and to both genders of any of the terms herein defined:

“Adopting Resolutions” has the meaning set forth in the Recitals.

“Board of Directors” has the meaning set forth in the Recitals.

“Contract Rights” means a Policyholder’s right to receive the insurance coverage specified in the Policyholder’s Policy in accordance with the terms and provisions thereof.

“DIC” means Dairyland Insurance Company.

“Effective Date” means the date upon which the Restructuring becomes effective, which will be the date upon which the Wisconsin Commissioner issues a certificate of incorporation to SMHC.

“Foley & Lardner LLP” means the law firm of Foley & Lardner LLP.

“In Force” means, with respect to a Policy, issued and not cancelled or otherwise terminated. Whether a Policy is In Force is determined based on the records of the company that issued the Policy.

“Member” means a Policyholder who, by the records of SIAMCO or SMHC, and by their respective Articles of Incorporation and Bylaws, is a Member of SIAMCO or SMHC, as applicable.

“Membership Interest” means: (i) prior to the Effective Date, the voting rights of a Member arising under the Wisconsin Insurance Code and the SIAMCO Articles and SIAMCO Bylaws, including the right to vote on the election of directors and the right to vote on any plan of conversion, voluntary dissolution, or amendment of the Articles of Incorporation; and (ii) on and after the Effective Date, the voting rights of a Member arising under the Wisconsin Insurance Code and the Articles of Incorporation and Bylaws of SMHC, including the right to vote on the election of directors and the right to vote on any plan of conversion, voluntary dissolution, or amendment of the Articles of Incorporation. “Membership Interest” does not include any Members’ Rights in Surplus, if any.

“MIC” means Middlesex Insurance Company.

“PGIC” means Patriot General Insurance Company.

“Person” means a natural person, partnership, firm, association, corporation, joint-stock company, limited liability company, limited liability partnership, trust, government, government agency, state or political subdivision of a state, public or private corporation, board of directors, association, estate, trustee, or fiduciary, or any similar entity.

“Plan” has the meaning set forth in the Recitals.

“Policy” means an insurance policy or contract (other than a reinsurance contract), or any binder or a renewal certificate, but excluding certificates issued under a master or group policy, issued by SIAMCO (or, on and after the Effective Date, any Sentry Member Company) in the course of business.

“Policyholder” means a Person identified in the records of SIAMCO, SIC, and/or any other Sentry Member Company as the owner of one or more Policies issued by such company.

“PPCIC” means Peak Property and Casualty Insurance Corporation.

“Public Hearing” means the public hearing conducted by the Wisconsin Commissioner or a hearing examiner designated by the Wisconsin Commissioner regarding the Plan, pursuant to the provisions of Wis. Stat. § 644.07(6).

“Record Date” means the date established by the Board of Directors to determine which SIAMCO Members will be eligible to vote for approval of the Plan.

“Record Date Members” means Persons who are Members of SIAMCO on the Record Date.

“Resolution Date” means _____, the date the Board of Directors passed the Adopting Resolutions.

“Resolution Date Members” means Record Date Members who were also Members of SIAMCO on the Resolution Date.

“Restructuring” has the meaning set forth in the Preamble.

“Rights in Surplus” means: (i) prior to the Effective Date, any rights of a Member arising under the SIAMCO Articles or Chapter 611 of the Wisconsin Insurance Code to a return of the surplus in respect of Policies of SIAMCO, including rights of Members to a distribution of such surplus in dissolution or conversion proceedings under Chapter 611 of the Wisconsin Insurance Code; and (ii) on and after the Effective Date, any rights of a Member of SMHC arising under its Articles of Incorporation or Chapter 644 of the Wisconsin Insurance Code to the net worth of SMHC, including rights of Members of SMHC to a distribution of any portion of the net worth of SMHC in dissolution or conversion proceedings under Chapter 644 of the Wisconsin Insurance Code.

“SCC” means Sentry Casualty Company.

“Sentry Member Company” initially means the following companies: SIC, DIC, MIC, PGIC, PPIC, SCC, SSIC, and VIC. After the Effective Date, “Sentry Member Company” means such wholly owned subsidiaries of SMHC as may be designated from time to time by the Board of Directors of SMHC; provided, however, that SIC shall always be a Sentry Member Company.

“SIAMCO” has the meaning set forth in the Preamble.

“SIAMCO Articles” has the meaning set forth in the Recitals.

“SIAMCO Bylaws” has the meaning set forth in the Recitals.

“SIC” means Sentry Insurance Company.

“SIC Articles” has the meaning set forth in the Recitals.

“SIC Bylaws” means the proposed Amended and Restated Bylaws of SIC (attached hereto as Exhibit C) that will go into effect on the Effective Date of the Restructuring.

“SHI” means Sentry Holdings, Inc.

“SMHC” means Sentry Mutual Holding Company.

“Special Meeting” means the special meeting of Members of SIAMCO called for the purpose of approving this Plan.

“SSIC” means Sentry Select Insurance Company.

“VIC” means Viking Insurance Company of Wisconsin.

“Wisconsin Commissioner” means the Office of the Commissioner of Insurance for the State of Wisconsin.

“Wisconsin Insurance Code” means the insurance laws of the State of Wisconsin, codified in Chapters 600 to 655 of the Wisconsin Statutes, and all applicable regulations thereunder.

ARTICLE 2 THE RESTRUCTURING

2.1 Formation of SHI. On or before the Effective Date, SIAMCO shall incorporate SHI as a Wisconsin business corporation under Chapter 180 of the Wisconsin Statutes.

2.2 Formation of SMHC. Pursuant to Wis. Stat. § 644.07(10)(a), on the Effective Date, SMHC shall be incorporated as a Wisconsin mutual insurance holding company under Chapter 644 of the Wisconsin Insurance Code, as evidenced by the issuance of a certificate of incorporation by the Wisconsin Commissioner.

2.3 Preservation of Mutuality. As more particularly described in Section 2.4, on and after the Effective Date, the former Members of SIAMCO, together with the Policyholders of other Sentry Member Companies who or which have become Members as provided for herein and in the Articles of Incorporation of SMHC, will constitute 100% of the Members of SMHC, and SMHC will indirectly own 100% of the shares of voting stock of SIC. In this manner, the mutuality of SIAMCO is preserved.

2.4 The Restructuring. Effective as of 12:01 a.m. on the Effective Date, and in accordance with the terms of this Plan and Chapter 644 of the Wisconsin Insurance Code, the following will occur:

- (a) SIAMCO will become a Wisconsin stock insurance company;
- (b) All Membership Interests and Rights in Surplus of SIAMCO will be extinguished and the Members of SIAMCO will become Members of SMHC, with such rights and privileges, including Membership Interests and Rights in Surplus of SMHC, as are provided for pursuant to the Wisconsin Insurance Code and the Articles of Incorporation and Bylaws of SMHC;
- (c) SHI will be issued 100% of the initial shares of voting stock of SIC;
- (d) SMHC will be issued 100% of the initial shares of voting stock of SHI;
- (e) SIAMCO will transfer 100% of the limited liability company membership interests or shares of voting stock (as applicable) of the following SIAMCO subsidiaries to SHI: Sentry Services, L.L.C.; Productivity Advantage, Inc.; Sentry Aviation Services, Inc.; and WAULECO, Inc.; and

(f) SIAMCO will transfer 100% of the limited liability company membership interests of the following direct or indirect subsidiaries of SIAMCO to SHI, which will transfer such ownership interests to SMHC: John Parker Development, LLC; ACCIP Development, LLC; SentryWorld Real Estate, LLC; and The Kostur Group, LLC.

2.5 Corporate Existence of SIC. On the Effective Date, SIAMCO shall change its name to “Sentry Insurance Company.” SIC shall be considered to have been organized at the time that SIAMCO was organized. The Board of Directors will be deemed removed and replaced, without further action, by the initial Board of Directors of SIC identified in Exhibit H. Except as otherwise provided herein, the officers, agents, and employees of SIC shall continue in like capacity without regard to the Restructuring, subject to any and all existing rights and obligations of such parties and SIC pursuant to existing contracts and applicable law.

2.6 Continuation of Rights and Obligations. The Restructuring of SIAMCO into a stock insurance company subsidiary of SMHC shall in no way annul, modify or change any of SIAMCO’s existing suits, rights, property interests, contracts or liabilities. SIC shall exercise all of the rights and powers and perform all of the duties conferred or imposed by law upon insurers writing the classes of insurance written by SIAMCO before the Effective Date, and shall retain the rights and contracts existing prior to the Effective Date, except with respect to the Membership Interests and Rights in Surplus that are extinguished and replaced by Membership Interests and Rights in Surplus of SMHC, as provided in Paragraph 2.4(b).

2.7 Continuation of Policies. On and after the Effective Date, every Policy of SIAMCO which is In Force shall continue as a Policy of SIC, and all Contract Rights of all such Policies shall be and remain as they existed immediately prior to the Effective Date as Contract Rights of Policies of SIC, except with respect to the Membership Interests and Rights in Surplus that are extinguished and replaced by Membership Interests and Rights in Surplus of SMHC, as provided in Paragraph 2.4(b).

2.8 Members of SMHC.

(a) Each Person who is a Member of SIAMCO, as provided in the records of SIAMCO and in accordance with the SIAMCO Articles and the SIAMCO Bylaws, immediately prior to the Effective Date, shall become a Member of SMHC as of the Effective Date without further act, and shall remain a Member so long as at least one (1) policy of insurance by virtue of which such Member status in SMHC is derived remains In Force.

(b) Each Person who becomes the owner of one (1) or more Policies of insurance issued, renewed, or assumed by a Sentry Member Company after the Effective Date, shall become a Member of SMHC without further act, commencing on the date any such policy is first In Force, and shall remain a Member so long as at least one (1) policy of insurance by virtue of which such Member status in SMHC is derived remains In Force.

(c) Any Person who has become a Member of SMHC as described in Section 2.8(a) or (a), shall cease to be a Member, and all associated rights and privileges, including without limitation the Membership Interest and Rights in Surplus, if any, of such Member, shall cease, as of the date no policy of insurance by virtue of which such Member status is derived

remains In Force, whether as a result of lapse, expiration, nonrenewal, cancellation, termination, or novation of such policy.

2.9 Articles of Incorporation and Bylaws of SIC. On the Effective Date, the SIAMCO Articles shall, without further act or deed, be amended and restated as set forth in the SIC Articles attached hereto as Exhibit B. On the Effective Date, the SIAMCO Bylaws shall, without further act or deed, be amended and restated as set forth in the Bylaws attached hereto as Exhibit C.

2.10 Articles of Incorporation and Bylaws of SMHC. On the Effective Date, the Articles of Incorporation of SMHC shall be as set forth in the Articles of Incorporation attached hereto as Exhibit D. On the Effective Date, the Bylaws of SMHC shall be as set forth in the Bylaws attached hereto as Exhibit E.

2.11 Articles of Incorporation and Bylaws of SHI. On the Effective Date, the Articles of Incorporation of SHI shall be as set forth in the Articles of Incorporation attached hereto as Exhibit F. On the Effective Date, the Bylaws of SHI shall be as set forth in the Bylaws attached hereto as Exhibit G.

2.12 Sale of Voting Stock. The Board of Directors has no current plans for the sale of voting stock of SIC, SHI, or any other affiliated company to any third parties.

ARTICLE 3 ADOPTION BY THE BOARD OF DIRECTORS

3.1 Adoption by the Board of Directors. The Adopting Resolutions were approved by the Board of Directors at a meeting duly called and held on [_____, 20__].

ARTICLE 4 SUBMISSION TO, AND APPROVAL BY, THE WISCONSIN COMMISSIONER

4.1 Submission of the Plan. This Plan shall be submitted to the Wisconsin Commissioner for formal Public Hearing and approval. In addition to the Plan, SIAMCO will submit to the Wisconsin Commissioner, among other things, the following documents:

- (a) The proposed Articles of Incorporation and proposed Bylaws of SMHC;
- (b) The proposed Articles of Incorporation and proposed Bylaws of SHI;
- (c) The proposed SIC Articles and SIC Bylaws;
- (d) So much of the following information relative to SMHC as the Wisconsin Commissioner reasonably requires:
 - (1) The names and, for the preceding 10 years, all addresses and occupations of all proposed directors and officers;

(2) All agreements relating to SMHC to which any proposed director or officer is a party;

(3) The amount and sources of the funds available for organization expenses and initial operating expenses;

(4) The proposed compensation of directors and officers;

(5) The proposed capital; and

(6) A business plan of SMHC for the first five (5) years of operation.

4.2 Public Hearing. This Plan is subject to the approval of the Wisconsin Commissioner who, pursuant to Wis. Stat. § 644.07(6), must hold a Public Hearing on the Plan after receipt thereof.

4.3 Notice to Policyholders of Public Hearing. SIAMCO shall mail notice of the Public Hearing to the last-known address of each Person who was a Policyholder of SIAMCO on the Resolution Date as such appears on the records of SIAMCO. The notice shall be mailed not more than sixty (60) days and not less than ten (10) days before the scheduled date of the Public Hearing. The notice shall be accompanied by a copy of this Plan, and any comment that the Wisconsin Commissioner considers necessary for the adequate information of Policyholders. SIAMCO's failure to mail notice to a Policyholder as required by this Paragraph 4.3 will not invalidate a Public Hearing if the Wisconsin Commissioner determines that SIAMCO substantially complied with this Paragraph 4.3 and attempted in good faith to mail notice to all Policyholders entitled thereto.

4.4 Notice to Other Insurance Commissioners of Public Hearing. The notice, documents and/or comment(s) described in Paragraph 4.3 shall also be mailed to the insurance commissioner of every jurisdiction in which SIAMCO is authorized to do any business. The notice shall be mailed not more than sixty (60) days and not less than ten (10) days before the scheduled date of the Public Hearing.

4.5 Statements by Policyholders and Other Insurance Commissioners. In accordance with such hearing procedures as the Wisconsin Commissioner or the designated hearing examiner may prescribe, any Policyholder identified in Paragraph 4.3 and any insurance commissioner identified in Paragraph 4.4 may present written or oral statements at the Public Hearing and may present written statements within a period after the Public Hearing specified by the Wisconsin Commissioner or the hearing examiner. The Wisconsin Commissioner shall take statements so presented into consideration in making the determination to approve the Plan.

4.6 Approval by the Wisconsin Commissioner. The Wisconsin Commissioner shall approve the Plan unless he or she finds that the Plan violates the law, is not fair and equitable to Policyholders, or is contrary to the interests of Policyholders or the public.

4.7 Potential Stipulation and Order. The Wisconsin Commissioner may request that SIAMCO, SIC, SMHC, and/or SHI, among others, enter into a Stipulation and Order or other form of agreement(s) with the Wisconsin Commissioner containing various covenants

and/or undertakings binding upon such parties as a condition of the approval contemplated in Paragraph 4.6. The Board of Directors has authorized the Officers of SIAMCO to represent SIAMCO in all negotiations with the Wisconsin Commissioner related to his or her review and approval of the Plan and has further authorized the Officers of SIAMCO to negotiate and execute, on behalf of SIAMCO and, if necessary, SIC, SMHC, and/or SHI or any other affiliated company, any such Stipulation and Order or other form of agreement(s) with the Wisconsin Commissioner which, in the Officers' sole judgment and discretion, are reasonable and necessary to secure regulatory approval of the Plan.

ARTICLE 5 APPROVAL BY MEMBERS

5.1 Member Vote. After approval of this Plan by the Wisconsin Commissioner, the Plan shall be submitted at the Special Meeting to a vote of those Persons who are Members of SIAMCO on the Record Date. Voting on the Plan shall be in accordance with: (i) Wis. Stat. § 644.07(8); and (ii) the SIAMCO Articles and SIAMCO Bylaws. Wis. Stat. § 644.07(8) provides that voting on the Plan shall be in accordance with the SIAMCO Articles and SIAMCO Bylaws, but in no event shall the required vote to approve the Plan be less than a majority of those Resolution Date Members voting in person or by proxy. The SIAMCO Articles provide that an amendment to such Articles (which amendment is a component element of the Plan) must be approved by a vote of two-thirds of those Record Date Members voting at the Special Meeting. Therefore, the Plan will be deemed approved if: (i) not less than a majority of Resolution Date Members; and (ii) not less than two-thirds of Record Date Members, in both cases, of those present and voting in person or by proxy at the Special Meeting, approve the Plan. Only proxies specifically related to this Plan may be used for a vote on approval of the Plan.

5.2 Notice of Meeting of Policyholders. Notice of the Special Meeting must be mailed to each Record Date Member not less than thirty (30) days in advance of the Special Meeting. Notice of the Special Meeting shall be sent to the last-known address of each Record Date Member as such appears on the records of SIAMCO and may be included with any notice sent under Paragraph 4.3.

ARTICLE 6 CONDITIONS PRECEDENT TO RESTRUCTURING

6.1 Approval of Wisconsin Commissioner and Members. This Plan shall not become effective, and the Restructuring shall not be consummated, until the Plan has been approved as follows:

(a) This Plan (including the proposed SIC Articles and the SIC Bylaws, the proposed Articles of Incorporation and Bylaws of SHI, and the proposed Articles of Incorporation and Bylaws of SMHC) is approved by the Wisconsin Commissioner as set forth in Article 4; and

(b) This Plan is approved by the SIAMCO Members as set forth in Article 5.

6.2 Private Letter Ruling or Tax Opinion. This Plan shall not become effective, and the Restructuring shall not be consummated, until SIAMCO receives a private letter ruling

issued by the Internal Revenue Service and/or an opinion of Foley & Lardner LLP or other independent tax counsel to SIAMCO, in either case or in combination, substantially to the effect that:

(a) No Member will recognize taxable gain or loss in connection with the Restructuring; and

(b) Neither SMHC, SHI, nor SIAMCO will recognize taxable gain or loss in connection with the Restructuring.

6.3 No Action Letter or Securities Law Opinion. This Plan shall not become effective, and the Restructuring shall not be consummated, until SIAMCO receives either a “no action” letter from the Securities and Exchange Commission, and/or an opinion from Foley & Lardner LLP or other independent legal counsel in form and substance satisfactory to the duly authorized Officers of SIAMCO with respect to federal and state securities law matters.

6.4 Other Regulatory Approvals. This Plan shall not become effective, and the Restructuring shall not be consummated, until SIAMCO has received all other regulatory approvals that the duly authorized Officers of SIAMCO deem to be necessary or appropriate.

6.5 Issuance of Certificates. This Plan shall not become effective, and the Restructuring shall not be consummated, until the issuance by the Wisconsin Commissioner of a new certificate of authority for SIC and a certificate of incorporation for SMHC and the issuance by the Wisconsin Department of Financial Institutions of a certificate of incorporation for SHI.

ARTICLE 7 ADDITIONAL PROVISIONS

7.1 Directors and Officers. Upon Restructuring, the directors and officers of SMHC, SHI, and SIC shall be those individuals identified in Exhibit H hereto. The directors and officers of all other affiliated companies shall be the directors and officers of such companies serving immediately prior to the Effective Date, in each case until their successors have been duly elected and qualified.

7.2 Liability of Member. A Member of SMHC shall not, by virtue of being a Member, be personally liable for the acts, debts, liabilities, or obligations of SMHC.

7.3 Expenses. SIAMCO shall not pay compensation of any kind to any Person in connection with this Plan other than regular salaries to SIAMCO personnel. This Paragraph does not prohibit the payment of reasonable fees and compensation to attorneys at law, accountants, financial advisors, actuaries or other consultants for services performed in the independent practice of their professions. All expenses of the Restructuring, including any expenses incurred by the Wisconsin Commissioner and the prorated salaries of any involved office staff members of the Wisconsin Commissioner and payable by SIAMCO, shall be borne by SIAMCO.

7.4 Amendment or Withdrawal of Plan. At any time before the Effective Date, SIAMCO may, by resolution of the Board of Directors, amend or withdraw this Plan. The Wisconsin Commissioner shall determine whether any amendment made after the Public

Hearing identified in Paragraph 4.2 changes this Plan in a manner that is materially disadvantageous to the Policyholders of SIAMCO and, in such case, may require a further Public Hearing on the Plan as amended. If an amendment that the Wisconsin Commissioner determines is materially disadvantageous to any of the Policyholders of SIAMCO is made after the Plan has been approved by the SIAMCO Members, the Plan as amended shall be submitted for reconsideration by the SIAMCO Members. If the Board of Directors approves an amendment that is not determined by the Wisconsin Commissioner to be materially disadvantageous to the Policyholders of SIAMCO prior to the Effective Date, then this Plan, including any exhibits hereto, shall be deemed amended in accordance with such amendment without the necessity of a further Public Hearing on the Plan or the submission of the Plan for reconsideration by the SIAMCO Members.

7.5 Agreements Among Affiliates. SMHC and any of its subsidiaries or affiliates may enter into tax sharing agreements, management agreements, administrative or other service contracts, other cost-sharing arrangements, and similar agreements with another affiliate, subject to any required regulatory approval by the Wisconsin Commissioner pursuant to the Wisconsin Insurance Code.

7.6 Governing Law. The terms of this Plan shall be governed by and construed in accordance with the laws of the State of Wisconsin, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof.

7.7 Headings. Article and Paragraph headings contained in this Plan are used for convenience only, and shall not be considered in construing or interpreting any of the provisions hereof.

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IN WITNESS WHEREOF, Sentry Insurance a Mutual Company, by authority of its Board of Directors, has caused this Plan to be signed by its Chair of the Board and Chief Executive Officer/President, and attested to by its Corporate Secretary on [_____].

SENTRY INSURANCE A MUTUAL COMPANY

By: _____
Peter McPartland
Chair of the Board and Chief Executive Officer/President

ATTEST:

By: _____
Kip J. Kobussen
Vice President, General Counsel and Corporate Secretary

EXHIBIT A
ADOPTING RESOLUTIONS

EXHIBIT B
SIC ARTICLES

EXHIBIT C
SIC BYLAWS

EXHIBIT D
ARTICLES OF INCORPORATION OF SMHC

EXHIBIT E
BYLAWS OF SMHC

EXHIBIT F
ARTICLES OF INCORPORATION OF SHI

EXHIBIT G
BYLAWS OF SHI

EXHIBIT H
DIRECTORS AND OFFICERS OF SMHC, SHI, AND SIC

Exhibit C

ARTICLES OF INCORPORATION

OF

SENTRY MUTUAL HOLDING COMPANY (a Wisconsin Mutual Insurance Holding Company)

These Articles of Incorporation are executed for the purpose of forming a Wisconsin mutual insurance holding company pursuant to the authority and provisions of Chapters 644, 611, and 181 of the Wisconsin Statutes.

ARTICLE I NAME

The name of the Corporation is Sentry Mutual Holding Company.

ARTICLE II PRINCIPAL OFFICE, REGISTERED OFFICE, AND REGISTERED AGENT

The mailing and street address of the initial principal office of the Corporation is 1800 North Point Drive, Stevens Point, Wisconsin 54481. The address of the initial registered office of the Corporation is 301 South Bedford St., Suite 1, Madison, WI 53703. The name of the Corporation's initial registered agent at such address is CT Corporation System.

ARTICLE III INCORPORATOR

The name and address of the sole incorporator is Kip Kobussen, c/o Sentry Insurance Company, 1800 North Point Drive, Stevens Point, Wisconsin 54481.

ARTICLE IV PURPOSES

The purposes for which this Corporation is organized are to (a) engage in any lawful activity within the purposes for which mutual insurance holding companies may be organized under Chapter 644 of the Wisconsin Statutes, and (b) to own at all times, directly or indirectly, at least fifty-one percent (51%) of the voting stock of Sentry Insurance Company, the stock insurer into which Sentry Insurance a Mutual Company has been reorganized in accordance with the provisions of Chapter 644 of the Wisconsin Statutes and the Mutual Holding Company Plan filed with the Office of the Wisconsin Commissioner of Insurance (the "Plan").

ARTICLE V MEMBERS

Section 5.01 Members. Each person who was a member of Sentry Insurance a Mutual Company as of the effective date of the formation of the Corporation, and any other person, as

determined by the Board of Directors in accordance with the Corporation's Bylaws and the Plan, shall be a member of the Corporation ("Member").

Section 5.02 Cessation of Membership. Any person who became a Member of the Corporation as described in Section 5.01 shall cease to be a Member, and all associated rights and privileges, including without limitation the membership interest and rights in surplus of such Member, if any, shall cease, as of the date no policy of insurance by virtue of which such Member status is derived remains in force, whether as a result of lapse, expiration, nonrenewal, cancellation, termination, or novation of such policy.

Section 5.03 Rights in Surplus. The Members of the Corporation shall have such rights in surplus of the Corporation as are provided for under Chapter 644 of the Wisconsin Statutes, as amended from time to time, or any successor provisions of Wisconsin law.

ARTICLE VI **BOARD OF DIRECTORS**

The initial Board of Directors shall be those individuals named in the Plan. Thereafter, the Board of Directors shall be elected by the Members in accordance with the Bylaws of the Corporation.

IN WITNESS WHEREOF, these Articles of Incorporation are executed on behalf of Sentry Mutual Holding Company.

Date: January 1, 2021

Kip Kobussen, Sole Incorporator

Exhibit D

BYLAWS
OF
SENTRY MUTUAL HOLDING COMPANY
(a Wisconsin Mutual Insurance Holding Company)

Adopted: January 1, 2021

ARTICLE I
OFFICES

The principal office of the Company shall be in the City of Stevens Point, Portage County, Wisconsin, but the Company may also have offices at such other places as the Directors may from time to time designate or its business may require.

ARTICLE II
MEMBERS OF THE COMPANY

Section 2.01 Membership. The term “Member” shall mean, for purposes of these Bylaws and the Articles of Incorporation of the Company, each person and each entity which is deemed a Member of the Company pursuant to paragraph (a) or (b) of this Section 2.01.

(a) Each person who, and each entity which, became a Member of the Company in accordance with the Mutual Holding Company Plan pursuant to which the Company was formed as of the effective date of such formation (the “Inception Date”) shall remain a Member so long as at least one (1) policy of insurance, by virtue of which such membership in the Company is derived, remains in force.

(b) Each person who, and each entity which: (i) is not a Member pursuant to Section 2.01(a); and (ii) is the owner of one (1) or more policies of insurance issued, renewed, or assumed after the Inception Date (but excluding certificates issued under a master or group policy) by an insurance company that has been designated in accordance with these Bylaws or the Articles of Incorporation of the Company as a Sentry Member Company shall be a Member of the Company without further act, commencing with the date any such policy is first in force and continuing for so long as at least one (1) policy of insurance by virtue of which such membership in the Company is derived remains in force.

For purposes of these Bylaws, a corporation, limited liability company, partnership, or other entity which becomes a Member of the Company may authorize any person to represent it, and that person, as the Member’s representative will have all the rights of an individual Member. Until the Company has received written notice to the contrary from a corporation, limited liability company, partnership, or other entity, or until the Company has received written notice that some other person has been authorized to represent such an entity, the Company may assume that any officer, or other representative of such an entity purporting to act for the entity is

its duly authorized representative and is entitled to act and vote on its behalf. Whenever in these Bylaws the word “Member” is used, it will be deemed and construed to mean, according to the context, either the policyholder, whether individual, corporation, limited liability company, partnership, or other entity or the authorized representative of such an entity that is a policyholder. With respect to a bond or similar type contract or policy, “Member” will be deemed and construed to mean the applicant and/or principal.

Section 2.02 Cessation of Membership. Any person who, or entity which, has become a Member as described in Section 2.01(a) or Section 2.01(b) shall cease to be a Member, and all associated rights and privileges, including without limitation the Membership Interest and Rights in Surplus of such Member, if any, as provided under Chapter 644 of the Wisconsin Statutes, as amended from time to time, or any successor provision of Wisconsin law, shall cease, as of the date no policy of insurance by virtue of which such Member status is derived remains in force, whether as a result of lapse, expiration, nonrenewal, cancellation, termination, or novation of such policy.

Section 2.03 Restrictions. No Member may transfer any rights arising out of such Member’s status as a Member; provided, however, that such limitation shall not restrict the Member’s right to assign a policy that is otherwise permissible pursuant to the terms of such policy and the Company’s Bylaws.

Section 2.04 Sentry Member Companies. Initially, the designated Sentry Member Companies shall be 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. After the date hereof, the Board of Directors of the Company may take action to designate any direct or indirect subsidiary of the Company as an additional Sentry Member Company. Notwithstanding the provisions of Section 2.01(b), at the time it takes action to designate an additional Sentry Member Company, the Board of Directors may also specify the timing of admission of policyholders of such company as Members of the Company. For the avoidance of doubt: (a) once designated as a Sentry Member Company, such company shall retain such designation unless and until it is no longer a direct or indirect subsidiary of the Company; and (b) the Company may have subsidiaries that are not Sentry Member Companies.

Section 2.05 Annual Meetings. The Annual Meeting of the Members of the Company shall be held at its Home Office in the City of Stevens Point, Wisconsin, on the third Wednesday of April of each year, at 9:00 a.m., or at such other location to which the Members may adjourn. At the Annual Meeting of the Members, the Members shall elect Directors and transact such other business as shall lawfully come before them.

Section 2.06 Special Meetings. Special Meetings of the Members of the Company shall be held at such place in the City of Stevens Point, Wisconsin, and at such time as shall be specified in the notice thereof. Special Meetings shall be called by the Secretary when requested to do so by the Chief Executive Officer/President, a majority of the Board of Directors, or not less than twenty percent (20%) of the Members of the Company having filed with the Secretary,

not less than ninety (90) days before the proposed Special Meeting, a written request for a Special Meeting, stating the time, place and purpose of such meeting.

Section 2.07 Notice of Meetings. The notice of an Annual Meeting printed in any policy conferring membership in the Company shall constitute proper notice to the Member owning such policy of the time and place of the Annual Meetings. Notice of Annual Meetings may be given by any other means permitted under the Articles of Incorporation of the Company and the laws of the State of Wisconsin.

Notice of Special Meetings of the Members shall be given not less than fifteen (15) days in advance of such meeting, or such longer period as may be required by the Articles of Incorporation or applicable law, and in such manner consistent with applicable law and the Articles of Incorporation of the Company, as may be prescribed by resolution of the Board of Directors.

Unless otherwise specifically provided in the Company's Articles of Incorporation or in the laws of the State of Wisconsin, notice of a Special Meeting of the Members, or of an Annual Meeting that requires additional notification may be given by the Secretary (or any other authorized person): (a) by depositing in the United States Postal System in a sealed, postage prepaid envelope, a notice addressed to the last address of each Member appearing on the books of the Company, stating the time, place and purpose of such meeting, which notice shall be mailed not less than thirty (30) days before the date set for such meeting, (b) by the Secretary giving, or causing to be given, such notice of a Special Meeting or Annual Meeting by publishing it in a newspaper of general circulation in the State of Wisconsin and in such other newspapers, if any, as the Board of Directors may determine, at least thirty (30) days before the date set for such meeting, or by publishing it in the manner provided by the laws of the State of Wisconsin, (c) by electronic transmission (including without limitation email), stating the time, place and purpose of such meeting, which transmission shall not be sent less than thirty (30) days before the date set for such meeting or (d) as otherwise directed by the Board of Directors or Chief Executive Officer/President.

No oversight, error or omission in the giving of any notice shall invalidate any meeting of the Members, or any action or proceeding thereat, unless such error or omission was fraudulent or such oversight, error or omission affects at least five percent (5%) of the total Members of the Company, it being considered that notice to ninety-five percent (95%) of the Members will be sufficient notice to adequately protect all Members. Notice by mailing shall be considered complete when deposited in the United States Postal System, properly addressed and prepaid, and the affidavit of the Secretary (or the person authorized by the Secretary to deposit such notice) that the notice has been so deposited shall in the absence of fraud be conclusive evidence as to the giving of such notice. Notice provided by electronic transmission shall be considered complete when the transmission is made and the affidavit of the Secretary (or the person authorized by the Secretary to make the transmission) that the notice has been so transmitted shall in the absence of fraud be considered conclusive evidence as to the giving of such notice.

Section 2.08 Conduct of Meetings. The Chair of the Board of Directors or the Board of Directors shall set and approve the agenda for Members meetings. The Chair of the Board of Directors, or in the Chair of the Board of Directors' absence, the Lead Director, or in the Lead

Director's absence, the Secretary, shall call the meeting of the Members to order and shall act as chairperson of the meeting, and the Secretary of the Company shall act as Secretary of all meetings of the Members, but in the absence of the Secretary, or in the event the Secretary is acting as chairperson of the meeting, the presiding chairperson may appoint any other person to act as secretary of the meeting.

Section 2.09 Voting. The Company has one class of Members, all of which have equal voting rights. The "Membership Interest" of a Member consists of the right to vote for the election of Directors as provided in these Bylaws, the right to vote at an Annual or Special Meeting of the Members on any other matter submitted to a vote of the Members, and such other rights as provided by these Bylaws and by law. Each Member, present in person or presented by proxy, at any Annual or Special Meeting of the Members shall be entitled to cast one vote on each matter presented for membership consideration regardless of the number or type of policies owned by the Member. The policyholder of any group policy shall have but one vote regardless of the number of individuals insured or benefited thereunder. Two or more persons who qualify as policyholder under a single policy shall be deemed one Member for purposes of voting and collectively shall be entitled to one vote. Fractional voting shall not be permitted. When a Member is a minor, the vote shall be vested in the parent or legal guardian of the minor.

Section 2.10 Proxies. A Member may vote at any meeting of the Members in person or by proxy; however, no Member shall be entitled to vote at any such meeting by proxy unless such proxy be (a) in writing, signed by the Member and submitted to the Secretary, or (b) submitted to the Secretary (or other person authorized by the Secretary) by electronic transmission, in each case within forty-five (45) days of being executed. Proxies must be filed with and be in the possession of the Secretary at least fifteen (15) days prior to the date of an annual or special meeting of the Members in order to be effective for such meeting. Any proxy not filed in accordance with this Section shall not be valid. The Board of Directors shall have the power and authority to make rules establishing presumptions as to the validity and sufficiency of proxies.

A policyholder that is incapable of voting in person as a Member by virtue of not being a natural person may authorize, in writing (including by electronic transmission), any person to vote and act on its behalf at any meeting of the Members. Until the Company shall have received written notice to the contrary from such policyholder, the Company may conclusively assume that any officer, director, employee, partner, agent, or attorney-in-fact or other duly constituted official of such policyholder purporting to act for the policyholder is the duly authorized representative of such policyholder and entitled to vote and act on its behalf at any meeting of the Members.

Section 2.11 Quorum and Manner of Acting. At any meetings of the Members of the Company, two thousand (2,000) Members, present in person or represented by proxy, shall constitute a quorum for the transaction of business. In the event that such a quorum is not present at any meeting, a majority of those Members present may adjourn such meeting from time to time without notice, other than by announcement at the meeting, until a quorum is present. At any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting if it had been held at the time as originally fixed therefor.

Section 2.12 Record Date. The Board of Directors may fix a date for determination of record those Members who are entitled to notice of and to vote at meetings of Members, which date shall be not less than twenty (20) or more than ninety (90) days prior to such meeting.

Section 2.13 Waiver of Notice by Members. Whenever any notice is required to be given to any Member of the Company under the Articles of Incorporation or Bylaws or any provision of law, a waiver thereof in writing, signed at any time, whether before or after the time of meeting, by the Member entitled to such notice, shall be deemed equivalent to the giving of such notice; provided that such waiver in respect to any matter of which notice is required under any provision of law, shall contain the same information as would have been required to be included in such notice, except the time and place of meeting.

ARTICLE III **DIRECTORS**

Section 3.01 General Powers. The Board of Directors shall direct the management of the business and affairs of the Company and shall possess and exercise all powers as are necessary or incident to directors of a mutual insurance holding company.

Section 3.02 Number of Directors. The number of Directors constituting the entire Board of Directors shall not be less than nine (9) nor more than fifteen (15). Within these limits, the number of Directors shall be determined, from time to time, by resolution of the Directors.

Section 3.03 Tenure and Qualifications. Each Director shall be elected at the Annual Meeting. The Board of Directors shall be divided into three classes (Group I, Group II, and Group III) as nearly equal in size as possible, with the term of office of one such class expiring each year. Directors shall hold office for three years and until a successor shall have been elected, unless in the case of: (a) the death of the Director; or (b) the voluntary resignation of the Director; or (c) the involuntary removal of the Director by an affirmative vote of one-half (1/2) of the remaining Members of the Board of Directors, taken at a Regular Meeting, or a Special Meeting called for that purpose.

Section 3.04 Initial Directors. The initial Board of Directors shall be those individuals identified in the Plan and shall hold office until the next Annual Meeting at which the applicable Director's Group, as identified in the Plan, is subject to election. For the avoidance of doubt, the term of office of the Directors in Group III shall expire at the first Annual Meeting after the Inception Date and after their successors are elected and qualified; the term of office of the Directors in Group II shall expire at the second Annual Meeting after the Inception Date and after their successors are elected and qualified; and the term of office of the Directors in Group I shall expire at the third Annual Meeting after the Inception Date and after their successors are elected and qualified.

Section 3.05 Nomination of Directors. Except as otherwise provided in the next succeeding paragraph, all nominations of Directors shall be in writing, and no nomination shall be valid unless made by (a) the Board of Directors, or (b) not less than twenty percent (20%) of the Members in good standing and filed with the Secretary not less than sixty (60) days before the date specified in these Bylaws for the Annual Meeting of the Members of the Company,

which nomination shall specify the office to which the person is being nominated and the election at which the person is to be voted on. If, in the manner provided above, there are more persons nominated for Director than there are Directors to be elected, then not less than thirty (30) days before such Annual Meeting, the Secretary shall transmit notice thereof to each policyholder shown by the records of the Company at the close of business on the fortieth (40th) day immediately preceding the date of such meeting to be then a Member of this Company, which notice shall include the list of persons so nominated and indicate which persons, if any, are seeking re-nomination, a brief biography of each nominee, so far as such information may then be in the possession of the Secretary, and may include a form of proxy. The provisions of Article II, Section 2.07, of these Bylaws shall apply to such notice except to the extent they may be inconsistent with this Section 3.05.

In the case of the death or resignation or disability of any candidate nominated for the office of Director, the Members of the Company attending in person or by proxy the meeting of the Members of the Company at which is lawfully held the election for which such candidate was nominated may, by majority vote at such meeting, nominate a candidate in place of such deceased, resigned, or disabled candidate for the office of Director, and thereupon the person so nominated at such meeting shall be the candidate at such election in the place of such deceased, resigned or disabled person, and if the ballot for such election was prepared prior to such meeting, such ballot may be used at the election notwithstanding that the name of the deceased, resigned or disabled candidate appears thereon and every vote therein or thereby cast for the deceased, resigned or disabled candidate shall be deemed to have been cast, and shall be counted as having been cast, for the person nominated in his or her place as aforesaid.

Section 3.06 Election of Directors. No person shall be eligible for election by the Members as a Director of this Company unless such person has been previously nominated in accordance with the provisions contained in Section 3.05 of this Article.

Section 3.07 Regular and Special Meetings. Regular Meetings of the Board of Directors shall be held at the Company's principal office or at such other place as may be designated by the Chair of the Board of Directors. Such meetings shall be held at least quarterly at such times as the Directors shall prescribe. The Chair of the Board of Directors may call Special Meetings of the Directors and he or she shall call a Special Meeting of the Board of Directors when requested, in writing, by three (3) Directors. The Secretary shall give notice of all Special Meetings in the manner provided herein.

Section 3.08 Annual Meetings. The Annual Meeting of the Directors shall be scheduled following the Annual Meeting of the Members of the Company held pursuant to Section 2.05. At such meeting, the Directors shall elect Officers and standing committees. If for any reason the Annual Meeting of Directors is not held at the time designated, or if there is a failure to elect Officers and standing committees, such Officers and committees may be elected either at a Special Meeting called for such purpose or at the next Regular Meeting.

Section 3.09 Quorum and Manner of Acting. A majority of the Directors in office shall constitute a quorum for the transaction of business. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors,

unless the act of a greater number is required by law or by the Articles of Incorporation or these Bylaws.

Section 3.10 Notice; Waiver. Notice of each Special Meeting of the Board of Directors shall be given by written notice delivered in person, by facsimile, e-mail, or other form of wire or wireless communication, or by mail or private carrier, to each Director at his or her business address or at such other address as such Director shall have designated in writing filed with the Secretary, in each case not less than forty eight (48) hours prior to the meeting. The notice need not describe the purpose of the Special Meeting of the Board of Directors or the business to be transacted at such meeting. If delivered by facsimile or e-mail, such notice shall be deemed to be given when sent. If mailed, such notice shall be deemed to be given when deposited in the United States mail so addressed, with postage thereon prepaid. If notice is given by private carrier, such notice shall be deemed to be given when delivered to the private carrier. Whenever any notice whatever is required to be given to any Director of the Company under the Articles of Incorporation or these Bylaws or any provision of Wisconsin law, a waiver thereof in writing, signed at any time, whether before or after the date and time of meeting, by the Director entitled to such notice shall be deemed equivalent to the giving of such notice. A Director's attendance at or participation in a meeting waives any required notice to him or her of the meeting unless the Director at the beginning of the meeting or promptly upon his or her arrival objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

Section 3.11 Vacancies. Any vacancy occurring in the Board of Directors, including a vacancy created by an increase in the number of Directors, may be filled until the next succeeding annual election by the Members by the affirmative vote of a majority of the Directors then in office, though less than a quorum of the Board of Directors; provided, that in the case of a vacancy created by the removal of a Director by vote of the Members, the Members shall have the right to fill such vacancy.

Section 3.12 Compensation. A Director may receive such compensation for services as is determined by resolution of the Board of Directors. A Director may also serve the Company in any other capacity and receive compensation therefor.

Section 3.13 Presumption of Assent. A Director of the Company who is present at a meeting of the Board of Directors or a committee thereof of which he or she is a Member, at which action on any corporate matter is taken, shall be presumed to have assented to the action taken unless his or her written dissent to such action is filed with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Company immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

Section 3.14 Unanimous Consent without Meeting. Any action required or permitted by the Articles of Incorporation or Bylaws or any provision of law to be taken by the Board of Directors or any of its committees at a meeting or by resolution may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors then in office or, in the case of a committee, all of the voting Members of such committee.

Section 3.15 Electronic Meetings. Except as herein provided and notwithstanding any place set forth in the notice of the meeting or these Bylaws, Members of the Board of Directors (and any committees thereof created pursuant to Article IV hereof) may participate in Regular or Special Meetings by, or through the use of, any means of communication by which all participants may simultaneously hear each other, such as by conference telephone or other electronic device. If a meeting is conducted by such means, then at the commencement of such meeting the chairperson or committee chair, as applicable, shall inform the participating Directors that a meeting is taking place at which official business may be transacted. Any participant in a meeting by such means shall be deemed present in person at such meeting. Notwithstanding the foregoing, no action may be taken at any meeting held by such means on any particular matter which the chairperson or committee chair, as applicable, determines, in his or her sole discretion, to be inappropriate under the circumstances for action at a meeting held by such means.

ARTICLE IV **COMMITTEES**

Section 4.01 Committees of the Board of Directors. The Board of Directors, by resolution, may at any time elect, or may authorize the Chair of the Board of Directors to appoint, three (3) or more Directors to constitute a Committee of the Board of Directors, and may confer powers and impose duties upon any Committee as the Board of Directors may deem advisable, however, the Chair of the Board of Directors shall have sole authority to appoint the Committee Chairs of each Committee of the Board of Directors. Any such Committee shall make reports at times and in the form and manner as the Board of Directors may require. Directors shall serve on Committees at the pleasure of the Board of Directors, and shall serve until their appointment is removed or a successor is chosen. Pending the filling of any vacancy in any Committee, the remaining members of the Committee shall exercise its functions.

Section 4.02 Other Committees. The Board of Directors may, by resolution, establish other Committees as it may deem advisable and select the members of the Committees, or provide for their selection. The members of the Committees shall be Directors, Officers or employees of the Company. Each Committee shall have powers and perform duties as the Board of Directors may from time to time prescribe.

Section 4.03 Quorum. A majority of the Directors which constitute a Committee of the Board of Directors shall constitute a quorum for the transaction of business.

ARTICLE V **OFFICERS**

Section 5.01 Election. The Principal Officers of the Company shall be Chief Executive Officer/President, Secretary, and Treasurer, each of whom shall be elected by the Board of Directors. Additional officers may be elected by the Board of Directors, including without limitation one or more Assistant Treasurers and Assistant Secretaries (together with the Principal Officers, the "Officers"). The Board of Directors may also authorize any Officer to appoint one or more of such other Officers. The duties of the Officers shall be those enumerated herein and any further duties designated by the Board of Directors.

Section 5.02 Chair of the Board of Directors. The Chief Executive Officer/President shall be the Chair of the Board of Directors and shall, if present, preside at meetings of the Board of Directors and shall, in addition to the powers and duties expressly conferred or assigned by these Bylaws, have such other powers and duties as the Board of Directors may authorize and define by resolution from time to time, or as may be incident to the office of Chair of the Board of Directors. Notwithstanding the foregoing, the Board of Directors may elect a Chair of the Board of Directors other than the Chief Executive Officer/President. In the absence or inability of the Chair of the Board to act, the Lead Director shall preside at the meeting of the Members and the Board of Directors. Notwithstanding anything to the contrary contained in this Section 5.02, upon the retirement of the Chief Executive Officer/President, the Chair of the Board may, upon a majority vote of the Board, continue to serve as Chair of the Board for such term as the Board determines appropriate, provided that such term shall not exceed three (3) years, and the replacement Chief Executive Officer/President shall serve as a Director until such time as the Chair's term expires or the Chair resigns, at which time the replacement Chief Executive Officer/President shall automatically become Chair of the Board.

Section 5.03 Chief Executive Officer/President. The Chief Executive Officer/President shall exercise general administrative leadership and direction of the Company in conformity with actions and controls established and maintained by the Board of Directors. The Chief Executive Officer/President shall have the power and authority to execute on behalf of the Company any and all documents, contracts, instruments, or other papers to which the signature of the Company is to be attached; provided, however, a facsimile signature may be printed, engraved, or stamped on any approved document, contract, instrument or other papers of the Company.

Section 5.04 Succession. Should the Chief Executive Officer/President be absent or unable to act, the Lead Director shall have full power and authority to call an emergency Board Meeting at which the Board shall appoint an interim Chief Executive Officer/President, who shall be a current Officer of the Company. The Chief Executive Officer/President shall perform all duties of the Chief Executive Officer/President until such time as the Chief Executive Officer/President returns or the Board appoints a permanent successor Chief Executive Officer/President, whichever occurs first. In the event the Chief Executive Officer/President does not return within six (6) months after the appointment of the Interim Chief Executive Officer/President, the Board shall begin the process of evaluating and hiring a successor Chief Executive Officer/President.

Section 5.05 Secretary. The Secretary or an Assistant Secretary shall keep a record of the Minutes of the meetings of the Members and of the Board of Directors. He or she shall countersign all instruments and documents executed by the Company which the laws or Bylaws require to be so executed; affix to instrument and documents the seal of the Company; keep in proper books therefor the transactions of the Company; and perform such other duties as usually are incident to such office.

Section 5.06 Treasurer. The Treasurer or an Assistant Treasurer, subject to the control of the Board of Directors, shall collect, receive, and safely keep all moneys, funds, and securities of the Company, and attend to all its pecuniary affairs. He or she shall keep full and complete accounts and records of all his or her transactions, of sums owing to or by the Company, and all rents and profits in its behalf. The books of account and records shall at all reasonable times be

open to the inspection of the Members, and he or she shall furnish to the Members at their Annual Meeting and to the Directors, whenever requested by them, such statements and reports of the same as are necessary to a full exhibit of the financial condition of the Company.

Section 5.07 Authority of Officers to Enter Into Contracts. Any Officer, including any assistant Officer, is authorized to enter into any contract or execute or deliver any instrument, in the name of and on behalf of the Company, including, but not limited to, deeds, mortgages, leases, and instruments of assignment or pledge subject to any limitations that may be imposed from time to time by the Board of Directors or a Committee of the Board authorized to impose such limitations. When so executed, no other party to such instrument or any third party shall be required to make any inquiry into the authority of the signing Officer, Officers, agent or agents. The signature of the Chief Executive Officer/President, or one of the Vice Presidents, shall be affixed to all policies.

ARTICLE VI **RESIGNATION AND VACANCIES**

Any Director or member of any Committee established by, or pursuant to action of, the Board of Directors may resign by giving written notice to the Chair of the Board of Directors, the Chief Executive Officer/President, or the Secretary. Such resignation shall be effective when received, unless the notice specifies a later date. Vacancies in the Board of Directors shall be filled pursuant to the provisions of Article VI of the Articles of Incorporation. Vacancies in any Committee established by, or pursuant to, action of the Board of Directors, however occurring, may be filled by the Board of Directors or by the Chief Executive Officer/President.

Any Officer may resign by giving written notice to the Chair of the Board of Directors, the Chief Executive Officer/President, or the Secretary. Such resignation shall be effective when received. If the notice specifies a later effective date, the later effective date must be approved by the Chair of the Board of Directors. Vacancies in any principal office, however occurring, may be filled by the Board of Directors, and in any associate office, by the Board of Directors or the Chief Executive Officer/President.

The person chosen to fill any vacancy on the Board of Directors or of an Officer shall hold office for the unexpired balance of the term for which his predecessor was chosen, except as otherwise provided by law or by the Articles of Incorporation; provided, however, the remaining Directors or any Committee established by, or pursuant to, action of the Board of Directors may act notwithstanding any vacancy on the Board or Committee. All acts done by the Board of Directors or any Committee established by, or pursuant to, action of the Board of Directors, or by any Director or member of any such Committee, shall be as valid as if such Director or member of such Committee had been duly chosen and qualified, notwithstanding any defect in such election, appointment or qualification.

ARTICLE VII **FUNDS OF THE COMPANY**

Section 7.01 Dividends. The power to return, or cause to be returned, savings or dividends on policies is vested exclusively to the Board of Directors, and in the exercise of such

power, the Board of Directors may, within its sole discretion, determine whether, in what manner, and to what extent unabsorbed or unused premiums, savings, or dividends shall be distributed among the policyholders or any particular class or classes thereof.

Section 7.02 Deposits. All funds of the Company shall be deposited or invested in such depositories or in such securities as may be authorized from time to time by the Board of Directors or appropriate committee under authorization of the Board of Directors.

Section 7.03 Investments. All investments and deposits of funds of the Company shall be made and held in its corporate name, except that securities kept under a custodial agreement or trust arrangement with a bank or banking and trust company may be issued in the name of a nominee of such bank or banking and trust company and except that securities may be acquired, and held in bearer form.

Section 7.04 Loans. All loans contracted on behalf of the Company and all evidences of indebtedness that are issued in the name of that Company shall be under the authority of the resolution of the Board of Directors. Such authorization may be general or specific.

Section 7.05 Disbursements. All checks, drafts or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Company, shall be signed by such Officer or Officers, agent or agents of the Company and in such manner, including by means of facsimile signature, as shall from time to time be determined by or under authority of a resolution of the Board of Directors.

Section 7.06 Borrowing Prohibited. No Director or Officer of the Company shall borrow money from the Company, or receive any compensation for selling, aiding in the sale, or negotiating for the sale of any property belonging to the Company, or for negotiating any loan for or by the Company.

Section 7.07 Voting of Securities Owned by the Company. Subject always to the specific directions of the Board of Directors, (a) any shares or other securities issued by any other corporation and owned or controlled by this Company may be voted at any meeting of security holders of such other corporation by the Chair of the Board of Directors of this Company, or their designee, and (b) whenever, in the judgment of the Chair of the Board of Directors, it is desirable for this Company to execute a proxy or written consent in respect to any shares or other securities issued by any other corporation and owned by this Company by the Chair of the Board of Directors, or their designee, without necessity of any authorization by the Board of Directors, affixation of corporate seal, or countersignature or attestation by the Secretary or Assistant Secretary. Any person or persons designated in the manner above stated as the proxy or proxies of this Company shall have full right, power, and authority to vote the shares or other securities issued by such other corporation and owned by this Company the same as such shares or other securities might be voted by this Company.

Section 7.08 Dissolution of the Company. If, at any time, the Company shall be dissolved or cease to transact the business of insurance, then whatever shall remain in the way of assets, reserve funds or otherwise, after the full payment of all losses and expenses, shall be divided and distributed in accordance with the laws of the State of Wisconsin.

ARTICLE VIII
INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Company shall, to the fullest extent permitted or required by Section 644.18(2) and Sections 181.0871 to 181.0881 and 181.0889, inclusive, of the Wisconsin Statutes, including any amendments thereto (but in the case of any such amendment, only to the extent such amendment permits or requires the Company to provide broader indemnification rights than prior to such amendment), indemnify its Directors and Officers against any and all Liabilities, and advance any and all reasonable Expenses, incurred thereby in any Proceeding to which any such Director or Officer is a Party because he or she is or was a Director or Officer of the Company. The rights to indemnification granted hereunder shall not be deemed exclusive of any other rights to indemnification against Liabilities or the advancement of Expenses which a Director, Officer or employee may be entitled under any written agreement or resolution of the Board of Directors, vote of the Members, the Wisconsin Insurance Code or otherwise. The Company may, but shall not be required to, supplement the foregoing rights to indemnification against Liabilities and advancement of Expenses under this Article VIII by the purchase of insurance on behalf of any one or more of such Directors, Officers or employees, whether or not the Company would be obligated to indemnify or advance Expenses to such Director, Officer or employee under this Article VIII. All capitalized terms used in this Article VIII and not otherwise defined herein shall have the meaning set forth in Section 181.0871 of the Wisconsin Statutes.

ARTICLE IX
FISCAL YEAR

The fiscal year of the Company shall commence January first and terminate on December thirty first in each year.

ARTICLE X
AMENDMENTS

Section 10.01 Board of Directors. Bylaws may be amended at any Regular or Special Meeting of the Board of Directors by a vote of the majority of the entire Board of Directors.

Section 10.02 Members. Bylaws may be amended by the affirmative vote of a majority of the Members voting at an Annual or Special Meeting of the Members, providing such majority shall be equal to or more than one-fourth of the total Members of the Company.

Any amendment to the Bylaws proposed by a Member or Members must be accompanied by a statement of purpose for the proposed amendment; must be signed by not less than one hundred (100) Members; and, must be filed with the Secretary of the Company not less than one hundred and fifty (150) days prior to the date of the Annual or Special Meeting of the Members at which the proposed amendment is requested to be considered. The accompanying statement must also disclose any director, officer, owner, agent, or employee relationship the signatories have with any other insurance company or insurance-related entity. The Board of Directors may establish or cause to be established reasonable procedures to ensure compliance.

Whenever the Board of Directors determines that any of the Members proposing an amendment to the Bylaws has a conflict of interest with the Company, or whenever the Board of Directors determines that any proposed amendment to the Bylaws is frivolous or inappropriate, the Board of Directors may decline to present the proposed amendment for consideration at an Annual or Special Meeting.

Section 10.03 Implied. Any action taken or authorized by the Board of Directors, which would be inconsistent with the Bylaws then in effect but is taken or authorized by the affirmative vote of not less than the number of Directors required to amend the Bylaws so that the Bylaws would not be inconsistent with such action, shall be given the same effect as though the Bylaws had been amended or suspended to the extent and for so long, but only to the extent and for so long, as is necessary to permit the specific action so taken or authorized.

ARTICLE XI **ENFORCEABILITY**

If any Bylaw or any portion of a Bylaw is found by a court of competent jurisdiction to be inconsistent with the laws of the State of Wisconsin, the remaining Bylaws or the remaining portion of any Bylaw not otherwise inconsistent with the laws of the State of Wisconsin shall remain in full force and effect.

Exhibit E

ARTICLES OF INCORPORATION

OF

SENTRY HOLDINGS, INC. (a Wisconsin Business Corporation)

The undersigned, acting as the sole incorporator of a corporation organized under the Wisconsin Business Corporation Law, Chapter 180 of the Wisconsin Statutes, adopts the following Articles of Incorporation for such corporation.

ARTICLE I NAME

The name of the corporation is Sentry Holdings, Inc. (the “Corporation”).

ARTICLE II PURPOSE

The Corporation is organized for any purpose permitted under Chapter 180 of the Wisconsin Statutes.

ARTICLE III AUTHORIZED STOCK

The aggregate number of shares which the Corporation shall have authority to issue is [Ten Million (10,000,000)] shares of no par value, consisting of a single class designated as “Common Stock”.

ARTICLE IV REGISTERED OFFICE AND REGISTERED AGENT

The address of the initial registered office of the Corporation is 301 South Bedford St., Suite 1, Madison, WI 53703. The name of the Corporation’s initial registered agent at such address is CT Corporation System.

ARTICLE V ACTION BY SHAREHOLDERS WITHOUT A MEETING

Any action required or permitted to be taken at a meeting of the Corporation’s shareholders may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were

present and voted, and such consent or consents are delivered to the Corporation, all in conformance with Wisconsin law.

ARTICLE VI
INCORPORATOR

The name and address of the sole incorporator of the Corporation is Kip Kobussen, c/o Sentry Insurance Company, 1800 North Point Drive, Stevens Point, Wisconsin 54481.

Date: January 1, 2021

By: _____

Kip Kobussen, Sole Incorporator

Exhibit F

BYLAWS
OF
SENTRY HOLDINGS, INC.
(a Wisconsin Business Company)

Adopted: January 1, 2021

ARTICLE I
OFFICES

Section 1.01 Principal and Business Offices. The Corporation may have such principal and other business offices, either within or outside of the State of Wisconsin, as the Board of Directors may designate or as the business of the Corporation may require from time to time.

Section 1.02 Registered Office. The registered office of the Corporation that the Wisconsin Statutes require to be maintained in the State of Wisconsin may, but need not, be identical to the Corporation's principal office in the State of Wisconsin, and the address of the registered office may be changed from time to time by the Board of Directors or by the registered agent. The business office of the registered agent of the Corporation shall be identical to such registered office. The registered agent may be changed from time to time by the Board of Directors.

ARTICLE II
SHAREHOLDERS

Section 2.01 Annual Meeting. The annual meeting of the shareholders shall be held at such time as may be fixed by or under the authority of the Board of Directors or the President, for the purpose of electing Directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in the State of Wisconsin, such meeting shall be held on the next succeeding business day. If the election of Directors shall not be held on the day designated herein, or fixed as herein provided, for any annual meeting of the shareholders, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the shareholders as soon thereafter as is practicable.

Section 2.02 Special Meetings. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by the Wisconsin Statutes, may be called by the Board of Directors, the Chair of the Board or the President. The Corporation shall call a special meeting of shareholders in the event that the holders of at least twenty percent (20%) of all of the votes entitled to be cast on any issue proposed to be considered at the proposed special meeting sign, date and deliver to the Corporation one or more written demands for the meeting describing one or more purposes for which it is to be held. The Corporation shall give notice of such a special meeting within thirty (30) days after the date that the demand is delivered to the Corporation.

Section 2.03 Place of Meeting. The Board of Directors may designate any place, either within or outside of the State of Wisconsin, as the place of meeting for any annual or special meeting of shareholders. If no designation is made, the place of meeting shall be the principal office of the Corporation. Any meeting may be adjourned to reconvene at any place designated by vote of a majority of the shares represented thereat.

Section 2.04 Notice of Meeting. Written notice stating the date, time and place of any meeting of shareholders and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than sixty (60) days before the date of the meeting (unless a different time is provided by the Wisconsin Statutes or the Articles of Incorporation) either in person, by mail or other method of delivery or by electronic means, by or at the direction of the Chair of the Board, the President or the Secretary, to each shareholder of record entitled to vote at such meeting and to such other persons as required by the Wisconsin Statutes. If mailed, such notice shall be deemed to be effective when deposited in the United States mail, addressed to the shareholder at his or her address as it appears on the stock record books of the Corporation, with postage thereon prepaid. If notice is given by private carrier, such notice shall be deemed to be effective when delivered to the private carrier. If electronically transmitted, such notice shall be deemed to be effective when transmitted to the shareholder in a manner authorized by such shareholder. If an annual or special meeting of shareholders is adjourned to a different date, time or place, the Corporation shall not be required to give notice of the new date, time or place if the new date, time or place is announced at the meeting before adjournment; provided, however, that if a new record date for an adjourned meeting is or must be fixed, the Corporation shall give notice of the adjourned meeting to persons who are shareholders as of the new record date.

Section 2.05 Waiver of Notice. A shareholder may waive any notice required by the Wisconsin Statutes, the Articles of Incorporation or these Bylaws before or after the date and time stated in the notice. The waiver shall be in writing and signed by the shareholder entitled to the notice, contain the same information that would have been required in the notice under applicable provisions of the Wisconsin Statutes (except that the time and place of meeting need not be stated) and be delivered to the Corporation for inclusion in the corporate records. A shareholder's attendance at a meeting, in person or by proxy, waives objection to all of the following: (a) lack of notice or defective notice of the meeting, unless the shareholder at the beginning of the meeting or promptly upon arrival objects to holding the meeting or transacting business at the meeting; and (b) if the meeting is a special meeting, consideration of a particular matter at the meeting that is not within the purpose described in the meeting notice, unless the shareholder objects to considering the matter when it is presented.

Section 2.06 Fixing the Record Date. The Board of Directors may fix in advance a date as the record date for the purpose of determining shareholders entitled to notice of and to vote at any meeting of shareholders, shareholders entitled to demand a special meeting as contemplated by Section 2.02 hereof, shareholders entitled to take any other action, or shareholders for any other purpose. Such record date shall be not less than twenty (20) nor more than seventy (70) days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. If no record date is fixed by the Board of

Directors or by the Wisconsin Statutes for the determination of shareholders entitled to notice of and to vote at a meeting of shareholders, the record date shall be the close of business on the day before the first notice is given to shareholders. If no record date is fixed by the Board of Directors or by the Wisconsin Statutes for the determination of shareholders entitled to demand a special meeting as contemplated by Section 2.02 hereof, the record date shall be the date that the first shareholder signs the demand. Except as provided by the Wisconsin Statutes for a court-ordered adjournment, a determination of shareholders entitled to notice of and to vote at a meeting of shareholders is effective for any adjournment of such meeting unless the Board of Directors fixes a new record date, which it shall do if the meeting is adjourned to a date more than one hundred twenty (120) days after the date fixed for the original meeting. The record date for determining shareholders entitled to a distribution (other than a distribution involving a purchase, redemption or other acquisition of the Corporation's shares) or a share dividend is the date on which the Board of Directors authorized the distribution or share dividend, as the case may be, unless the Board of Directors fixes a different record date.

Section 2.07 Shareholders' List for Meetings. After a record date for a special or annual meeting of shareholders has been fixed, the Corporation shall prepare a list of the names of all of the shareholders entitled to notice of the meeting. The list shall be arranged by class or series of shares, if any, and show the address of and number of shares held by each shareholder. Such list shall be available for inspection by any shareholder, beginning two (2) business days after notice of the meeting is given for which the list was prepared and continuing to the date of the meeting, at the Corporation's principal office or at a place identified in the meeting notice in the city where the meeting will be held. A shareholder or his or her agent may, on written demand, inspect and, subject to the limitations imposed by the Wisconsin Statutes, copy the list, during regular business hours and at his or her expense, during the period that it is available for inspection pursuant to this Section. The Corporation shall make the shareholders' list available at the meeting, and any shareholder or his or her agent or attorney may inspect the list at any time during the meeting or any adjournment thereof. Refusal or failure to prepare or make available the shareholders' list shall not affect the validity of any action taken at a meeting of shareholders.

Section 2.08 Quorum and Voting Requirements. Shares entitled to vote as a separate voting group may take action on a matter at a meeting only if a quorum of those shares exists with respect to that matter. If the Corporation has only one class of stock outstanding, such class shall constitute a separate voting group for purposes of this Section. Except as otherwise provided in the Articles of Incorporation or the Wisconsin Statutes, a majority of the votes entitled to be cast on the matter shall constitute a quorum of the voting group for action on that matter. Once a share is represented for any purpose at a meeting, other than for the purpose of objecting to holding the meeting or transacting business at the meeting, it is considered present for purposes of determining whether a quorum exists for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set for the adjourned meeting. If a quorum exists, except in the case of the election of Directors, action on a matter shall be approved if the votes cast within the voting group favoring the action exceed the votes cast opposing the action, unless the Articles of Incorporation or the Wisconsin Statutes requires a greater number of affirmative votes. Unless otherwise provided in these Bylaws or the Articles of Incorporation, each Director

shall be elected by a plurality of the votes cast by the shares entitled to vote in the election of Directors at a meeting at which a quorum is present. Though less than a quorum of the outstanding votes of a voting group are represented at a meeting, a majority of the votes so represented may adjourn the meeting from time to time without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2.09 Conduct of Meetings. The Board of Directors may adopt by resolution such rules and regulations for the conduct of the meeting of the shareholders as it shall deem appropriate. At every meeting of the shareholders, the Chair of the Board, or in his or her absence or inability to act, the President, or, in his or her absence or inability to act, the person whom the Chair of the Board or, in his or her absence or inability to act, the President, shall appoint, shall act as chairperson of, and preside at, the meeting. The Secretary or, in his or her absence or inability to act, the person whom the chairperson of the meeting shall appoint as secretary of the meeting, shall act as secretary of the meeting and keep the minutes thereof.

Section 2.10 Proxies. At all meetings of shareholders, a shareholder may vote his or her shares in person or by proxy. A shareholder may appoint a proxy to vote or otherwise act for the shareholder by signing an appointment form, either personally or by his or her attorney-in-fact, or by transmitting or authorizing the transmission of an electronic transmission of the appointment to the person who will be appointed as proxy or to a proxy solicitation firm, proxy support service organization, or like agent authorized to receive the transmission by the person who will be appointed as proxy. Every electronic transmission shall contain, or be accompanied by, information that can be used to reasonably determine that the shareholder transmitted or authorized the transmission of the electronic transmission. Any person charged with determining whether a shareholder transmitted or authorized the transmission of the electronic transmission shall specify the information upon which the determination is made. An appointment of a proxy is effective when received by the Secretary or other Officer or agent of the Corporation authorized to tabulate votes. Proxies must be transmitted or filed with and be in the hands of the Secretary at least five (5) days prior to the date of any annual or special meeting of the shareholders and any proxy not so filed shall not be voted.

Section 2.11 Voting of Shares. Except as provided in the Articles of Incorporation or in the Wisconsin Statutes, each outstanding share, regardless of class, is entitled to one vote on each matter voted on at a meeting of shareholders.

Section 2.12 Action Without a Meeting. Any action required or permitted by the Articles of Incorporation or these Bylaws or any provision of the Wisconsin Statutes to be taken at a meeting of the shareholders may be taken without a meeting and without action by the Board of Directors if a written consent or consents, describing the action so taken, is signed by at least two thirds of all of the shareholders entitled to vote with respect to the subject matter thereof or such lesser number of shareholders as is permitted in the Articles of Incorporation and delivered to the Corporation for inclusion in the corporate records.

Section 2.13 Acceptance of Instruments Showing Shareholder Action. If the name signed on a vote, consent, waiver or proxy appointment corresponds to the name of a shareholder, the Corporation, if acting in good faith, may accept the vote, consent, waiver or proxy appointment and give it effect as the act of a shareholder. If the name signed on a vote, consent, waiver or proxy appointment does not correspond to the name of a shareholder, the Corporation, if acting in good faith, may accept the vote, consent, waiver or proxy appointment and give it effect as the act of the shareholder if any of the following apply:

(a) The shareholder is an entity and the name signed purports to be that of an officer or agent of the entity.

(b) The name purports to be that of a personal representative, administrator, executor, guardian or conservator representing the shareholder and, if the Corporation requests, evidence of fiduciary status acceptable to the Corporation is presented with respect to the vote, consent, waiver or proxy appointment.

(c) The name signed purports to be that of a receiver or trustee in bankruptcy of the shareholder and, if the Corporation requests, evidence of this status acceptable to the Corporation is presented with respect to the vote, consent, waiver or proxy appointment.

(d) The name signed purports to be that of a pledgee, beneficial owner, or attorney in fact of the shareholder and, if the Corporation requests, evidence acceptable to the Corporation of the signatory's authority to sign for the shareholder is presented with respect to the vote, consent, waiver or proxy appointment.

(e) Two (2) or more persons are the shareholders as co-tenants or fiduciaries and the name signed purports to be the name of at least one of the co-owners and the person signing appears to be acting on behalf of all co-owners.

The Corporation may reject a vote, consent, waiver or proxy appointment if the Secretary or other Officer or agent of the Corporation who is authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the shareholder.

ARTICLE III **DIRECTORS**

Section 3.01 General Powers and Number. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. The number of Directors of the Corporation shall be designated annually prior to the annual meeting of the shareholders by resolution of the Board of Directors, but shall not be less than the number required by the Wisconsin Statutes, nor more than fifteen (15).

Section 3.02 Tenure and Qualifications. Unless otherwise designated at the time of election, each Director shall hold office until the next annual meeting of shareholders and until his or her successor shall have been elected and, if necessary, qualified, or until there is a decrease in the number of Directors which takes effect after the expiration of his or her term, or until his or her prior death, resignation or removal. A Director may be removed by the shareholders only at a meeting called for the purpose of removing the Director, and the meeting notice shall state that the purpose, or one of the purposes, of the meeting is removal of the Director. A Director may be removed from office with or without cause if the number of votes cast to remove the Director exceeds the number of votes cast not to remove such Director. A Director may resign at any time by delivering written notice which complies with the Wisconsin Statutes to the Board of Directors, to the President (in his or her capacity as chairperson of the Board of Directors in the absence of the Chair of the Board) or to the Corporation. A Director's resignation is effective when the notice is delivered unless the notice specifies a later effective date. Directors need not be residents of the State of Wisconsin or shareholders of the Corporation.

Section 3.03 Regular Meetings. A regular meeting of the Board of Directors shall be held without other notice than this Bylaw immediately after the annual meeting of shareholders and each adjourned session thereof. The place of such regular meeting shall be the same as the place of the meeting of shareholders which precedes it, or such other suitable place as may be announced at such meeting of shareholders. The Board of Directors shall approve the date, time and place, either within or outside of the State of Wisconsin, for the holding of additional regular meetings of the Board of Directors without other notice than such approval.

Section 3.04 Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the Chair of the Board, the President, Secretary or any two (2) directors. The Chair of the Board, the President or the Secretary may fix any place, either within or outside of the State of Wisconsin, as the place for holding any special meeting of the Board of Directors, and if no other place is fixed the place of the meeting shall be the principal office of the Corporation in the State of Wisconsin.

Section 3.05 Notice; Waiver. Notice of each special meeting of the Board of Directors shall be given by written notice delivered or communicated in person, by mail or other method of delivery, or by any electronic means, to each Director at his or her business address or at such other address as such Director shall have designated in writing filed with the Secretary, in each case not less than twenty-four (24) hours prior to the meeting. The notice need not describe the purpose of the special meeting of the Board of Directors or the business to be transacted at such meeting. If mailed, such notice shall be deemed to be effective when deposited in the United States mail so addressed, with postage thereon prepaid. If notice is given by private carrier, such notice shall be deemed to be effective when delivered to the private carrier. If electronically transmitted, such notice shall be deemed to be effective when transmitted to the Director. Whenever any notice is required to be given to any Director of the Corporation under the Articles of Incorporation or these Bylaws or any provision of the Wisconsin Statutes, a waiver thereof in writing, signed at any time, whether before or after the date and time of meeting, by the Director entitled to such notice shall be deemed equivalent to the giving of such notice. The Corporation shall retain

any such waiver as part of the permanent corporate records. A Director's attendance at or participation in a meeting waives any required notice to him or her of the meeting unless the Director at the beginning of the meeting or promptly upon his or her arrival objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

Section 3.06 Quorum. Except as otherwise provided by the Wisconsin Statutes or by the Articles of Incorporation or these Bylaws, a majority of the number of Directors then in office shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. Except as otherwise provided by the Wisconsin Statutes or by the Articles of Incorporation or by these Bylaws, a quorum of any committee of the Board of Directors created pursuant to Article IV hereof shall consist of a majority of the number of Directors appointed to serve on the committee. A majority of the Directors present (though less than such quorum) may adjourn any meeting of the Board of Directors or any committee thereof, as the case may be, from time to time without further notice.

Section 3.07 Manner of Acting. The affirmative vote of a majority of the Directors present at a meeting of the Board of Directors or a committee thereof at which a quorum is present shall be the act of the Board of Directors or such committee, as the case may be, unless the Wisconsin Statutes, the Articles of Incorporation or these Bylaws require the vote of a greater number of Directors.

Section 3.08 Conduct of Meetings. The Chair of the Board, and in his or her absence the President, and in their absence, any director chosen by the Directors present, shall call meetings of the Board of Directors to order and shall act as chairperson of the meeting. The Secretary of the Corporation shall act as secretary of all meetings of the Board of Directors, but in the absence of the Secretary, the individual responsible for acting as chair of the meeting may appoint any other person present to act as secretary of the meeting. Minutes of any regular or special meeting of the Board of Directors shall be prepared and distributed to each Director. Such minutes shall be deemed the property of the Corporation and, in case a Director shall resign, fail of reelection, or in any other way vacate his or her position, such minutes shall be returned to the Secretary.

Section 3.09 Vacancies. Except as provided below, any vacancy occurring in the Board of Directors, including a vacancy resulting from an increase in the number of Directors, may be filled by any of the following: (a) the shareholders; (b) the Board of Directors; or (c) if the Directors remaining in office constitute fewer than a quorum of the Board of Directors, the Directors, by the affirmative vote of a majority of all Directors remaining in office. If the vacant office was held by a Director elected by a voting group of shareholders, only the holders of shares of that voting group may vote to fill the vacancy if it is filled by the shareholders, and only the remaining Directors elected by that voting group may vote to fill the vacancy if it is filled by the Directors. A vacancy that will occur at a specific later date, because of a resignation effective at a later date or otherwise, may be filled before the vacancy occurs, but the new Director may not take office until the vacancy occurs.

Section 3.10 Compensation. Directors who are salaried employees of the Corporation or any of its affiliates shall not be paid compensation for service as a director of the

Corporation. The Board of Directors, by affirmative vote of a majority of Directors, then in office, and irrespective of any personal interest of any of its members, may establish reasonable compensation for any other Directors for services to the Corporation as Directors, or may delegate such authority to an appropriate committee. The Board of Directors also shall have authority to provide for or delegate authority to an appropriate committee to provide for reasonable pensions, disability or death benefits, and other benefits or payments to employees and to their estates, families, dependents or beneficiaries on account of prior services rendered by such employees to the Corporation.

Section 3.11 Presumption of Assent. A Director who is present at a meeting of the Board of Directors or any committee thereof when corporate action is taken assents to the action taken unless any of the following occurs: (a) the Director objects at the beginning of the meeting or promptly upon his or her arrival to holding the meeting or transacting business at the meeting; (b) the Director dissents or abstains from an action taken and minutes of the meeting are prepared that show the Director's dissent or abstention from the action taken; (c) the Director delivers written notice that complies with the Wisconsin Statutes of his or her dissent or abstention to the individual responsible for acting as chair of the meeting pursuant to Section 3.08 of these Bylaws before its adjournment or to the Corporation immediately after adjournment of the meeting; or (d) the Director dissents or abstains from an action taken, minutes of the meeting are prepared that fail to show the Director's dissent or abstention from the action taken and the Director delivers to the Corporation a written notice of that failure promptly after receiving the minutes. Such right of dissent or abstention shall not apply to a Director who votes in favor of the action taken.

Section 3.12 Electronic Meetings. Except as herein provided and notwithstanding any place set forth in the notice of the meeting or these Bylaws, members of the Board of Directors (and any committees thereof created pursuant to Article IV hereof) may participate in regular or special meetings by, or through the use of, any means of communication by which all participants may simultaneously hear each other, such as by conference telephone. If a meeting is conducted by such means, then at the commencement of such meeting the individual responsible for acting as chair of the meeting pursuant to Section 3.08 of these Bylaws (or, for a committee meeting, the chair of the committee) shall inform the participating Directors that a meeting is taking place at which official business may be transacted. Any participant in a meeting by such means shall be deemed present in person at such meeting. Notwithstanding the foregoing, no action may be taken at any meeting held by such means on any particular matter which the individual responsible for acting as chair of the meeting pursuant to Section 3.08 of these Bylaws (or, for a committee meeting, the chair of the committee) determines, in his or her sole discretion, to be inappropriate under the circumstances for action at a meeting held by such means. Such determination shall be made and announced in advance of such meeting.

Section 3.13 Action without Meeting. Any action required or permitted by the Wisconsin Statutes to be taken at a meeting of the Board of Directors or a committee thereof created pursuant to Article IV hereof may be taken without a meeting if the action is taken by all members of the Board or of the committee. The action shall be evidenced by one or more written consents describing the action taken, signed by each Director or

committee member and retained by the Corporation. Such action shall be effective when the last Director or committee member signs the consent, unless the consent specifies a different effective date.

ARTICLE IV

COMMITTEES

Section 4.01 Committees. The Board of Directors by resolution adopted by the affirmative vote of a majority of all of the directors then in office may create one or more committees, appoint members of the Board of Directors to serve on the committees and designate other members of the Board of Directors to serve as alternates. Each committee shall have three (3) or more members who shall, unless otherwise provided by the Board of Directors, serve at the pleasure of the Board of Directors. A committee may be authorized to exercise the authority of the Board of Directors, except that a committee may not do any of the following: (a) approve or recommend to shareholders for approval any action or matter expressly required by the Wisconsin Statutes to be submitted to shareholders for approval; or (b) adopt, amend, or repeal any Bylaw of the Corporation. Unless otherwise provided by the Board of Directors in creating the committee, a committee may employ counsel, accountants and other consultants to assist it in the exercise of its authority. Each such committee shall fix its own rules governing the conduct of its activities and shall make such reports to the Board of Directors of its activities as the Board of Directors may request.

ARTICLE V **OFFICERS**

Section 5.01 Principal Officers. The principal officers of the Corporation shall be the President, Secretary, and Treasurer, each of whom shall be elected by the Board of Directors. Additional officers may be elected by the Board of Directors, including without limitation one or more Vice Presidents, Assistant Treasurers and Assistant Secretaries (together with the Principal Officers, the "Officers"). The Board of Directors may also authorize any Officer to appoint one or more of such other Officers. The duties of the Officers shall be those enumerated herein and any further duties designated by the Board of Directors. Any two or more offices may, at the direction of the Board of Directors, be held by the same person; provided, however, that the principal offices shall be held by at least three (3) separate individuals.

Section 5.02 Election and Term of Office. The Officers of the Corporation to be elected by the Board of Directors shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting .of the shareholders. If the election of Officers shall not be held at such meeting, such election shall be held as soon thereafter as is practicable. Each Officer shall hold office until his or her successor shall have been duly elected or until his or her prior death, resignation or removal.

Section 5.03 Removal. The Board of Directors may remove any Officer and, unless restricted by the Board of Directors or these Bylaws, an Officer may remove any Officer or assistant Officer appointed by that Officer, at any time, with or without cause and

notwithstanding the contract rights, if any, of the Officer removed. The appointment of an Officer does not of itself create contract rights.

Section 5.04 Resignation. An Officer may resign at any time by delivering notice to the Corporation that complies with the Wisconsin Statutes. The resignation shall be effective when the notice is delivered, unless the notice specifies a later effective date and the Corporation accepts the later effective date.

Section 5.05 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, shall be filled by the Board of Directors, or by the appointing Officer, for the unexpired portion of the term. If a resignation of an Officer is effective at a later date as contemplated by Section 5.04 of this Article, the Board of Directors may fill the pending vacancy before the effective date if the Board provides that the successor may not take office until the effective date.

Section 5.06 President. The President shall be the principal executive officer of the Corporation and, subject to the direction of the Board of Directors, shall in general supervise and control all of the business and affairs of the Corporation. The President shall preside at all meetings of the shareholders and of the Board of Directors when the Chair of the Board is absent. He or she shall have authority, subject to such rules as may be prescribed by the Board of Directors, to appoint such agents and employees of the Corporation as he or she shall deem necessary, to prescribe their powers, duties and compensation, and to delegate authority to them. Such agents and employees shall hold office at the discretion of the President. He or she shall have authority to sign, execute and acknowledge, on behalf of the Corporation, all deeds, mortgages, bonds, stock certificates, contracts, leases, reports and all other documents or instruments necessary or proper to be executed in the course of the Corporation's regular business, or which shall be authorized by resolution of the Board of Directors; and, except as otherwise provided by law or the Board of Directors, he or she may authorize any other officer or agent of the Corporation to sign, execute and acknowledge such documents or instruments in his or her place and stead. In general he or she shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 5.07 Secretary. The Secretary shall: (a) keep minutes of the meetings of the shareholders and of the Board of Directors (and of committees thereof) in one or more books provided for that purpose (including records of actions taken by the shareholders or the Board of Directors (or committees thereof) without a meeting); (b) see that all notices are duly given in accordance with the provisions of the Articles of Incorporation, these Bylaws or as required by the Wisconsin Statutes; (c) be custodian of the corporate records and of the seal of the Corporation and see that the seal of the Corporation is affixed to all documents the execution of which on behalf of the Corporation under its seal is duly authorized; (d) maintain a record of the shareholders of the Corporation, in a form that permits preparation of a list of the names and addresses of all shareholders, by class or series of shares and showing the number and class or series of shares held by each shareholder; (e) sign, with the Chair of the Board or the President, certificates for shares of the Corporation, the issuance of which shall have been authorized by resolution of the Board of Directors; (f) have general charge of the stock transfer books of the Corporation; and (g) in general perform all duties incident to the office of Secretary and have such other duties and exercise such

authority as from time to time may be delegated or assigned by the President or by the Board of Directors. In the absence of the President or in the event of the President's death, inability or refusal to act, or in the event for any reason it shall be impracticable for the President to act personally, the Secretary shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President.

Section 5.08 Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the Corporation; (b) maintain appropriate accounting records; (c) receive and give receipts for moneys due and payable to the Corporation from any source whatsoever, and deposit all such moneys in the name of the Corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Section 6.04; and (d) in general perform all of the duties incident to the office of Treasurer and have such other duties and exercise such other authority as from time to time may be delegated or assigned by the President or by the Board of Directors. In the absence of the President and the Secretary or in the event of both the President's and the Secretary's death, inability or refusal to act, or in the event for any reason it shall be impracticable for both the President and the Secretary to act personally, the Treasurer shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President.

Section 5.09 Other Assistants and Acting Officers. The Board of Directors shall have the power to appoint, or to authorize any duly appointed Officer of the Corporation to appoint, any person to act as assistant to any Officer, or as agent for the Corporation in his or her stead, or to perform the duties of such Officer whenever for any reason it is impracticable for such Officer to act personally, and such assistant or acting Officer or other agent so appointed by the Board of Directors or an authorized Officer shall have the power to perform all the duties of the office to which he or she is so appointed to be an assistant, or as to which he or she is so appointed to act, except as such power may be otherwise defined or restricted by the Board of Directors or the appointing Officer.

ARTICLE VI **FUNDS OF THE CORPORATION**

Section 6.01 Deposits. All funds of the Corporation shall be deposited or invested in such depositories or in such securities as may be authorized from time to time by the Board of Directors, or such other appropriate committee under authorization of the Board of Directors.

Section 6.02 Investments. All investments and deposits of funds of the Corporation shall be made and held in its corporate name, except that securities kept under a custodial agreement or trust arrangement with a bank or banking and trust company may be issued in the name of a nominee of such bank or banking and trust company and except that securities may be acquired and held in bearer form.

Section 6.03 Loans. All loans contracted on behalf of the Corporation and all evidences of indebtedness that are issued in the name of the Corporation shall be under the authority of the resolution of the Board of Directors. Such authorization may be general or specific.

Section 6.04 Contracts. The Board of Directors may authorize any officer, officers, agent or agents to enter into any contract or execute or deliver any instrument in the name of and on behalf of the Corporation. Such authorization may be general or specific. In the absence of other designation, all deeds, mortgages and instruments of assignment or pledge made by the Corporation shall be executed in the name of the Corporation by the President, and in his or her absence the Secretary and also by the Secretary (if he or she has not signed in place of the President), an Assistant Secretary, the Treasurer or an Assistant Treasurer; the Secretary or an Assistant Secretary, when necessary or required, shall affix the corporate seal, if any, thereto; and when so executed no other party to such instrument or any third party shall be required to make any inquiry into the authority of the signing Officer or Officers.

Section 6.05 Disbursements. All checks, drafts or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Corporation, shall be signed by such Officer or Officers, agent or agents of the Corporation and in such manner, including by means of facsimile signature, as shall from time to time be determined by or under authority of a resolution of the Board of Directors.

Section 6.06 Borrowing Prohibited. No Director or Officer of the Corporation shall borrow money from the Corporation, or receive any compensation for selling, aiding in the sale, or negotiating for the sale of any property belonging to the Corporation, or for negotiating any loan for or by the Corporation.

Section 6.07 Voting of Securities Owned by this Corporation. Subject always to the specific directions of the Board of Directors, (a) any shares or other securities issued by any other corporation and owned or controlled by this Corporation may be voted at any meeting of security holders of such other corporation by the President of this Corporation if he or she be present, or in his or her absence by the Secretary of this Corporation, or in their absence by the Treasurer of this Corporation, and (b) whenever, in the judgment of the President, or in his or her absence, the Secretary, or in their absence by the Treasurer, it is desirable for this Corporation to execute a proxy or written consent in respect to any shares or other securities issued by any other corporation and owned by this Corporation, such proxy or consent shall be executed in the name of this Corporation by the President, Secretary or Treasurer of this Corporation, without necessity of any authorization by the Board of Directors, affixation of corporate seal, if any, or countersignature or attestation by another officer. Any person or persons designated in the manner above stated as the proxy or proxies of this Corporation shall have full right, power, and authority to vote the shares or other securities issued by such other corporation and owned by this Corporation the same as such shares or other securities might be voted by this Corporation.

ARTICLE VII **CERTIFICATES FOR SHARES; TRANSFER OF SHARES**

Section 7.01 Certificates for Shares. Certificates representing shares of the Corporation shall be in such form, consistent with the Wisconsin Statutes, as shall be determined by the Board of Directors. Such certificates shall be signed by the Chair of the Board or the President and by the Secretary or an Assistant Secretary. All certificates for shares shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on

the stock transfer books of the Corporation. All certificates surrendered to the Corporation for transfer shall be cancelled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and canceled, except as provided in Section 7.06 of this Article.

Section 7.02 Facsimile Signatures and Seal. The seal of the Corporation, if any, on any certificates for shares may be a facsimile. The signature of the Chair of the Board or the President and the Secretary or Assistant Secretary upon a certificate may be facsimiles if the certificate is manually signed on behalf of a transfer agent, or a registrar, other than the Corporation itself or an employee of the Corporation.

Section 7.03 Signature by Former Officers. The validity of a share certificate is not affected if a person who signed the certificate (either manually or in facsimile) no longer holds office when the certificate is issued.

Section 7.04 Transfer of Shares. Prior to due presentment of a certificate for shares for registration of transfer, the Corporation may treat the registered owner of such shares as the person exclusively entitled to vote, to receive notifications and otherwise to have and exercise all the rights and power of an owner. Where a certificate for shares is presented to the Corporation with a request to register for transfer, the Corporation shall not be liable to the owner or any other person suffering loss as a result of such registration of transfer if (a) there were on or with the certificate the necessary endorsements, and (b) the Corporation had no duty to inquire into adverse claims or has discharged any such duty. The Corporation may require reasonable assurance that such endorsements are genuine and effective and compliance with such other regulations as may be prescribed by or under the authority of the Board of Directors.

Section 7.05 Restrictions on Transfer. The face or reverse side of each certificate representing shares shall bear a conspicuous notation of any restriction imposed by the Corporation upon the transfer of such shares.

Section 7.06 Lost, Destroyed or Stolen Certificates. Where the owner claims that certificates for shares have been lost, destroyed or wrongfully taken, a new certificate shall be issued in place thereof if the owner (a) so requests before the Corporation has notice that such shares have been acquired by a bona fide purchaser, (b) files with the Corporation a sufficient indemnity bond if required by the Board of Directors or any principal Officer, and (c) satisfies such other reasonable requirements as may be prescribed by or under the authority of the Board of Directors.

Section 7.07 Consideration for Shares. The Board of Directors may authorize shares to be issued for consideration consisting of any tangible or intangible property or benefit to the Corporation, including cash, promissory notes, services performed, contracts for services to be performed or other securities of the Corporation. Before the Corporation issues shares, the Board of Directors shall determine that the consideration received or to be received for the shares to be issued is adequate. In the absence of a resolution adopted by the Board of Directors expressly determining that the consideration received or to be received is adequate, approval by the Board of Directors of the issuance of the shares shall be deemed to constitute such a determination. The determination of the Board of Directors is conclusive insofar as the

adequacy of consideration for the issuance of shares relates to whether the shares are validly issued, fully paid and nonassessable. The Corporation may place in escrow shares issued in whole or in part for a contract for future services or benefits, a promissory note, or other property to be issued in the future, or make other arrangements to restrict the transfer of the shares, and may credit distributions in respect of the shares against their purchase price, until the services are performed, the benefits or property are received or the promissory note is paid. If the services are not performed, the benefits or property are not received or the promissory note is not paid, the Corporation may cancel, in whole or in part, the shares escrowed or restricted and the distributions credited.

Section 7.08 Stock Regulations. The Board of Directors shall have the power and authority to make all such further rules and regulations not inconsistent with law as it may deem expedient concerning the issue, transfer and registration of shares of the Corporation.

ARTICLE VIII **INDEMNIFICATION**

Section 8.01 Indemnification of Directors and Officers. The Corporation shall, to the fullest extent permitted or required by Sections 180.0850 to 180.0859, inclusive, of the Wisconsin Statutes, including any amendments thereto (but in the case of any such amendment, only to the extent such amendment permits or requires the Corporation to provide broader indemnification rights than prior to such amendment), indemnify its Directors and Officers against any and all Liabilities, and advance any and all reasonable Expenses, incurred thereby in any Proceeding to which any such Director or Officer is a Party because he or she is or was a Director or Officer of the Corporation.

Section 8.02 Indemnification of Employees. The Corporation shall also indemnify an employee who is not a Director or Officer of the Corporation, to the extent that the employee has been successful on the merits or otherwise in defense of a proceeding, for all Expenses incurred in the Proceeding if the employee was a party because he or she is or was an employee of the Corporation.

Section 8.03 Indemnification not Exclusive. The rights to indemnification granted hereunder shall not be deemed exclusive of any other rights to indemnification against Liabilities or the advancement of Expenses which a Director, Officer or employee may be entitled under any written agreement or resolution of the Board of Directors, vote of the shareholders, the Wisconsin Statutes or otherwise.

Section 8.04 Insurance. The Corporation may, but shall not be required to, supplement the foregoing rights to indemnification against Liabilities and advancement of Expenses under this Article by the purchase of insurance on behalf of any one or more of such Directors, Officers or employees, whether or not the Corporation would be obligated to indemnify or advance Expenses to such Director, Officer or employee under this Section. All capitalized terms used in this Article and not otherwise defined herein shall have the meaning set forth in Section 180.0850 of the Wisconsin Statutes.

ARTICLE IX
GENERAL

Section 9.01 Corporate Seal. The Board of Directors may provide for a corporate seal for the Corporation.

Section 9.02 Fiscal Year. The fiscal year of the Corporation shall begin on the first day of January and end on the last day of December each year.

ARTICLE X
AMENDMENTS

Section 10.01 By Vote of Directors. These Bylaws may be amended by vote of a majority of the Directors present at any meeting of the Board of Directors at which a quorum is in attendance.

Section 10.02 By Vote of Shareholders. These Bylaws may be amended by vote of three-fourths (3/4) of the shareholders entitled to vote present at any meeting of the shareholders at which a quorum is in attendance.

Section 10.03 Implied Amendments. Any action taken or authorized by the shareholders or by the Board of Directors, which would be inconsistent with the Bylaws then in effect but which is taken or authorized by the affirmative vote of not less than the number of shares or the number of Directors required to amend the Bylaws so that the Bylaws would be consistent with such action, shall be given the same effect as though the Bylaws had been amended or suspended to the extent and for so long, but only to the extent and for so long, as is necessary to permit the specific action so taken or authorized.

Exhibit G-1

Sentry Group

May 2020

Holding Company Report

All subsidiaries are 100% owned except as noted

----- Denotes affiliation

- Life Insurance Underwriting Companies
- P&C Insurance Underwriting Companies
- Insurance Ancillary Subsidiaries and Affiliates
- Non-Insurance Subsidiaries and Affiliates

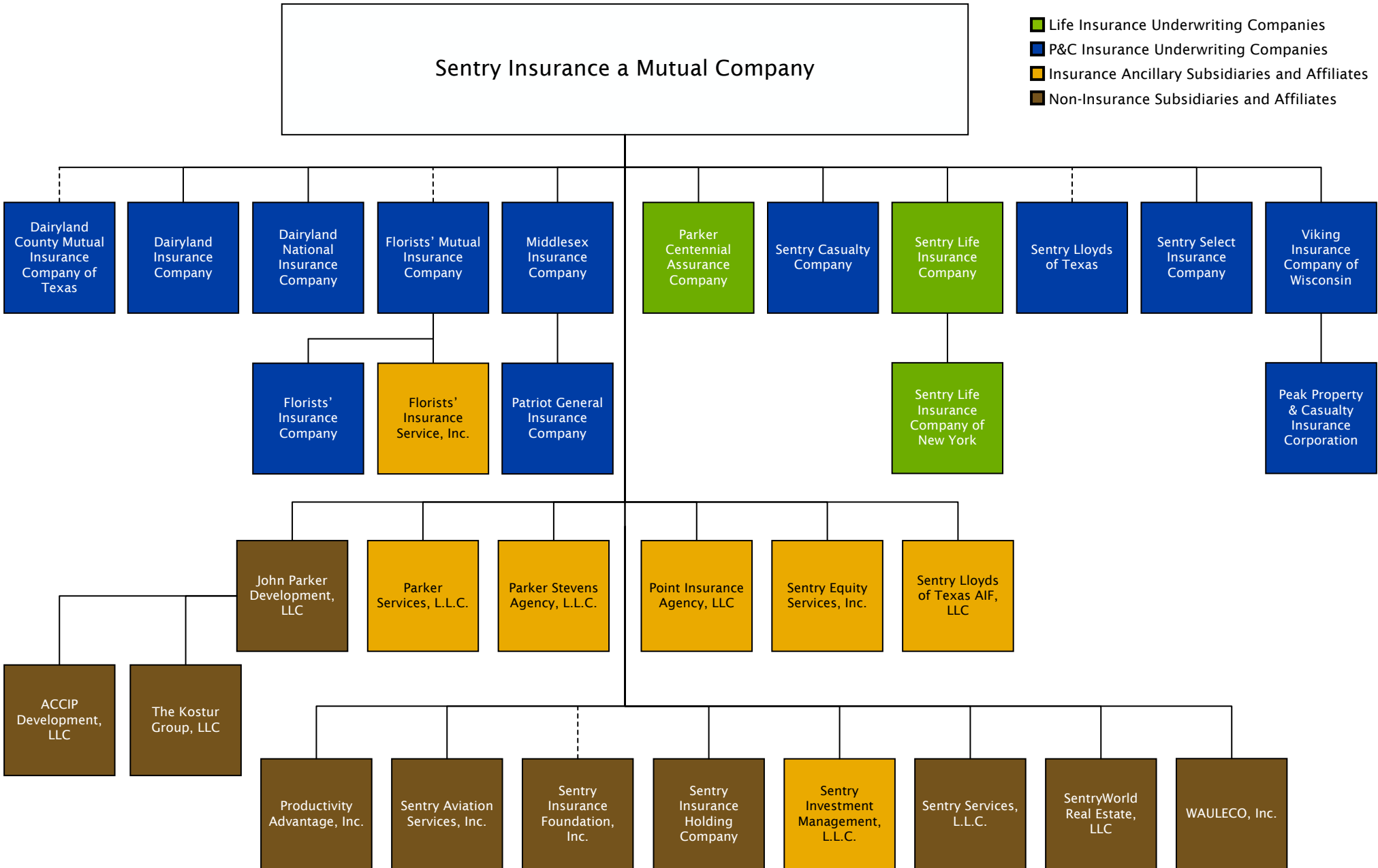


Exhibit G-2

Sentry Mutual Holding Company

Sentry Insurance Foundation, Inc.
39-1037370
WI

Sentry Holdings, Inc.

ACCIP Development, LLC
84-2529479
DE

John Parker Development, LLC
45-3645679
WI

SentryWorld Real Estate, LLC
84-4595951
WI

The Kostur Group, LLC
84-2176054
DE

Sentry Insurance Company
39-0333950
24988 WI

Productivity Advantage, Inc.
46-3787100
WI

Sentry Aviation Services, Inc.
39-1348618
WI

Sentry Insurance Holding Company
37-0985304
DE

Sentry Services, L.L.C.
39-1269745
WI

WAULECO, Inc.
39-0677680
WI

Parker Services, L.L.C.
39-1956269
WI

Parker Stevens Agency, L.L.C.
39-2041981
WI

Point Insurance Agency, L.L.C.
46-0931097
WI

Sentry Equity Services, Inc.
39-1126614
DE

Sentry Investment Management, L.L.C.
39-1126714
DE

Sentry Lloyds of Texas AIF, LLC
82-4078642
TX

Parker Centennial Assurance Company
31-0835312
71099 WI

Sentry Life Insurance Company
39-6040276
68810 WI

Sentry Life Insurance Company of New York
16-0919109
68829 NY

Dairyland Insurance Company
39-1047310
21164 WI

Dairyland National Insurance Company
84-2381769
WI

Sentry Casualty Company
88-0119246
28460 WI

Sentry Select Insurance Company
36-2674180
21180 WI

Middlesex Insurance Company
04-1619070
23434 WI

Patriot General Insurance Company
04-2434763
23442 WI

Viking Insurance Company of Wisconsin
39-1150917
13137 WI

Peak Property & Casualty Insurance Company
56-1478865
18139 WI

Dairyland County Mutual Insurance Company of Texas
74-1405122
26441 TX

Sentry Lloyds of Texas
36-6779513
43370 TX

Florists' Mutual Insurance Company
37-0277830
13978 IL

Florists' Insurance Company
37-1015625
33278 IL

Florists' Insurance Service, Inc.
37-6051222
52410 IL

- Life Insurance Underwriting Companies
- P&C Insurance Underwriting Companies
- Insurance Ancillary Subsidiaries and Affiliates
- Non-Insurance Subsidiaries and Affiliates