

STATE OF NORTH DAKOTA
BEFORE THE INSURANCE COMMISSIONER

In re the Matter of the Proposed Merger of)	FINDINGS OF FACT, CONCLUSIONS OF
Griggs Nelson Mutual Insurance Company)	LAW, AND ORDER
With And into Walsh County Mutual Insurance)	FILE NO. CO-23-882
Company)	

INTRODUCTION

A. Griggs Nelson Mutual Insurance Company (“Griggs Nelson Mutual”) and Walsh County Mutual Insurance Company (“Walsh County Mutual”), both domestic mutual insurance companies organized in the State of North Dakota pursuant to Chapt. 26.1-13 of the North Dakota Century Code, filed a Petition seeking approval from the North Dakota Insurance Department (the “Department”) to merge Griggs Nelson Mutual with and into Walsh County Mutual.

B. Pursuant to notice, a hearing as required by North Dakota Century Code § 26.1-07-04 was convened at 10:00 a.m. on Thursday, December 7, 2023, in the Sakakawea Room of the North Dakota State Capitol, located at 600 East Boulevard Avenue, Bismarck, North Dakota.

C. The public hearing was held before Jon Godfread, Hearing Officer and North Dakota Insurance Commissioner. Present and appearing at the hearing were Helene J. Herauf, legal counsel for the Department; Blaine T. Johnson, partner with the Crowley Fleck PLLP law firm in Bismarck, North Dakota on behalf of Walsh County Mutual; Janel B. Fredericksen, partner with the Smith & Stregge Ltd. law firm in Wahpeton, North Dakota on behalf of Griggs Nelson Mutual (via Reliable Electronic Means); Matt Fischer, Chief Examiner and Division Director of Company Licensing and Examinations for the Department; Brad Schanilec, Manager of Walsh County Mutual; and Paula Schuh, Manager of Griggs Nelson Mutual.

D. Oral testimony was presented at the hearing. Brad Schanilec testified on behalf of Walsh County Mutual. Paula Schuh testified on behalf of Griggs Nelson Mutual. Matt Fischer testified on behalf of the Department.

E. The North Dakota Insurance Commissioner and Hearing Officer, after having reviewed the testimony presented at the hearing and after having considered and reviewed all of the pleadings and materials on file herein, hereby makes the following Findings of Fact, Conclusions of Law and Order.

FINDINGS OF FACT

1. Griggs Nelson Mutual and Walsh County Mutual are both North Dakota county mutual insurance companies duly organized pursuant to North Dakota Century Code Chapt. 26.1-13.
2. Walsh County Mutual has a Certificate of Authority in North Dakota to write property and casualty lines of insurances in the following counties: Barnes, Benson, Bottineau, Burleigh, Cass, Cavalier, Dickey, Eddy, Emmons, Foster, Grand Forks, Griggs, Kidder, LaMoure, Logan, McHenry, McIntosh, McLean, Nelson, Pembina, Pierce, Ramsey, Ransom, Richland, Sargent, Sheridan, Steele, Stutsman, Towner, Traill, Walsh, and Wells. Walsh County Mutual has approximately 2350 policyholders.
3. Griggs Nelson Mutual has a Certificate of Authority in North Dakota to write property and casualty lines of insurances in the following counties: Barnes, Benson, Burleigh, Cass, Cavalier, Dickey, Eddy, Emmons, Foster, Grand Forks, Griggs, Kidder, LaMoure, Logan, McHenry, McIntosh, Nelson, Pembina, Pierce, Ramsey, Ransom, Richland, Rolette, Sargent, Sheridan, Steele, Stutsman, Towner, Traill, Walsh, and Wells. Griggs Nelson Mutual has approximately 500 policyholders.
4. Griggs Nelson Mutual was notified that Grinnell Mutual Reinsurance Company would not renew the reinsurance contract with Griggs Nelson Mutual for 2024. Subsequent to this notification, Griggs Nelson Mutual and Walsh County Mutual negotiated an Agreement and Plan of Merger (“Plan of Merger”) detailing the specific terms and conditions of a merger.
5. On August 31, 2023, at a meeting duly called for the purpose of reviewing and adopting the Plan of Merger, the Board of Directors of Griggs Nelson Mutual voted unanimously to approve the Plan of Merger.
6. On August 30, 2023, at a meeting duly called for the purpose of reviewing and adopting the Plan of Merger, the Board of Directors of Walsh County Mutual voted unanimously to approve the Plan of Merger.
7. Notice of Special Meeting of Policyholders called for the purpose of approving the Plan of Merger was mailed to all policyholders of Griggs Nelson Mutual on August 15, 2023. On August 31, 2023, the Special Meeting was held in Cooperstown, North Dakota for the purpose approving the Plan of Merger. At this meeting, a majority of the policy holders of Griggs Nelson Mutual did affirmatively vote to approve the Plan of Merger.
8. Notice of Special Meeting of Policyholders called for the purpose of approving the Plan of Merger was mailed to all policyholders of Walsh County Mutual on August 2, 2023. On August 30, 2023, the Special Meeting of the policyholders of Walsh County Mutual was held in Minto, North Dakota for the purpose of approving the Plan of Merger. At this meeting, the policy holders of Walsh County Mutual did unanimously vote to approve the Plan of Merger.

9. The Plan of Merger provides that the merger of Griggs Nelson Mutual with and into Walsh County Mutual shall be subject to the issuance of an Order by the Insurance Commissioner of the State of North Dakota, and approval by a majority of the policyholders of each merging company present and voting at a special meeting of such members called to consider the adoption of the Plan of Merger. The effective date of the merger shall be the later of January 1, 2024, or the date of filing with the North Dakota Secretary of State.

10. The Plan of Merger provides that the existing policies of Griggs Nelson Mutual will be assumed by Walsh County Mutual; Walsh County Mutual's agency agreement will be offered to existing Griggs Nelson Mutual agents who do not already have an agency agreement in force with Walsh County Mutual; the surviving company will retain the same level of staff positions following the merger unless reduced through retirement or voluntary resignations or at a discretion of a majority of the Board of Directors; that the Board of Directors of the surviving company will be initially comprised of the directors from Walsh County Mutual; that the officers of Walsh County Mutual shall continue to serve in their representative capacities and the surviving company will continue to offer the same lines of insurance following the merger as in the past. The surviving company will adopt the underwriting standards and rates of Walsh County Mutual. The home office of Griggs Nelson Mutual in McVille, North Dakota will be surrendered and the property vacated unless otherwise determined to be necessary by the Board of Directors of the surviving company.

11. The Plan of Merger also provides that as of the effective date of this merger, title or right to all property (real, personal and mixed) owned or possessed by Griggs Nelson Mutual shall accrue to Walsh County Mutual without reversion or impairment.

12. Griggs Nelson Mutual provided notice of the public hearing to each of its policyholders by depositing such notice in the U.S. Mail in a sealed envelope with postage prepaid on November 16, 2023 as required by the Order dated November 13, 2023 issued by North Dakota Insurance Department Commissioner.

13. Pursuant to N.D.C.C. §26.1-07-04, the Insurance Commissioner caused the Notice and Order of Hearing to be published in five newspapers including a daily newspaper published at the state capital. By agreement between Walsh County Mutual, Griggs Nelson Mutual, and the Insurance Commissioner the deadline for publication was reduced to one day prior to the hearing.

14. Matt Fischer testified that the Department received all necessary documents in which to review and evaluate the merger and deemed the petition complete. Mr. Fischer further testified that in his opinion Walsh County Mutual will be able to satisfy the requirements for the issuance of a certificate of authority to write the lines of insurance for which it is presently licensed. Mr. Fischer further testified that Walsh

County Mutual has an experienced team leading it and nothing indicating that a merger would be against the interest of the policyholders or the public.

15. This merger will not substantially lessen competition in insurance in North Dakota or tend to create a monopoly in this State.

16. This merger is not against the interest of the policyholders or of the public.

17. No officer of a company petitioning for the right to consolidate or to reinsure and an officer or employee of the state has received any compensation or gratuity, either directly or indirectly, for aiding, promoting, or in any manner assisting in the consolidation or reinsurance.

18. No objections to the proposed Merger were offered at the hearing. No member of the public appeared at the hearing to offer support or opposition. No written comments were received by the Department.

CONCLUSIONS OF LAW

1. The North Dakota Insurance Commissioner has jurisdiction over the Petition and parties of this proceeding as authorized under North Dakota Century Code Chapt. 26.1-07.

2. The Petition setting for the terms and conditions of the merger and all necessary materials were properly filed in accordance with North Dakota Century Code § 26.1-07-02.

3. The notice requirements of North Dakota Century Code § 26.1-07-04 were met.

4. The policyholders of both companies were given the opportunity to appear before the North Dakota Insurance Commissioner to be heard as provided by North Dakota Century Code § 26.1-07-06.

5. The proposed merger is equitable to the policyholders of Griggs Nelson Mutual and Walsh County Mutual as required by North Dakota Century Code § 26.1-07-05.1(1).

6. The proposed merger will not materially reduce the financial security of the policyholders of Griggs Nelson Mutual or Walsh County Mutual as required by North Dakota Century Code § 26.1-07-05.1(2).

7. The merger would not have the effect of substantially lessening competition in insurance in North Dakota or tend to create a monopoly in North Dakota.

8. The merger will not jeopardize the financial stability of Walsh County Mutual or prejudice the interests of Griggs Nelson Mutual's former policyholders.

9. The competence, experience and integrity of the directors and executive officers of Walsh County are such that it is in the interests of the policyholders and of the public to permit the merger to occur.

10. The Insurance Commissioner has determined that no reasonable objection exists to the proposed merger and that the interests of Griggs Nelson Mutual and Walsh County Mutual policyholders have been adequately protected as required by North Dakota Century Code § 26.1-07-05.1.

ORDER

THEREFORE, IT IS HEREBY ORDERED, based on the foregoing Findings of Fact and Conclusions of Law, the Petition for the merger of Griggs Nelson Mutual Insurance Company and Walsh County Mutual Insurance Company be hereby **APPROVED**.

Dated this 14th of December 2023


Jon Godfread
Commissioner
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