

**STATE OF NORTH DAKOTA**  
**BEFORE THE COMMISSIONER OF INSURANCE**

In re the Matter of the Proposed Merger            )  
Of Home Mutual Insurance Company with        )  
And into Family Mutual Insurance Company    )

**FINDINGS OF FACT, CONCLUSIONS OF  
LAW, AND ORDER**

FILE NO. CO-22-856

**INTRODUCTION**

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

B. Pursuant to notice, a hearing as required by North Dakota Century Code § 26.1-07-04 was convened at 1:00 p.m. on Tuesday, November 29, 2022, in the Coteau 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 Commissioner of Insurance for the State of North Dakota. 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 Family Mutual; Janel B. Fredericksen, partner with the Smith & Strege Ltd. law firm in Wahpeton, North Dakota on behalf of Home Mutual (via Zoom); Matt Fischer, Chief Examiner and Division Director of Company Licensing and Examinations for the Department; Rod Warner, General Manager of Family Mutual; and Dorothy Dockter, Manager of Home Mutual.

D. Oral testimony was presented at the hearing. Rod Warner testified on behalf of Family Mutual. Dorothy Dockter testified on behalf of Home Mutual. Matt Fischer testified on behalf of the Department. Documentary evidence was also presented by Family Mutual.

E. The Hearing Officer, after having reviewed the testimony presented at the hearing, exhibits 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. Home Mutual and Family Mutual are both North Dakota county mutual insurance companies duly organized pursuant to North Dakota Century Code § 26.1-13.

2. Family 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, Divide, Eddy, Emmons, Foster, Grand Forks, Griggs, Kidder, LaMoure, Logan, McHenry, McIntosh, McKenzie, McLean, Mercer, Morton, Mountrail, Nelson, Pembina, Pierce, Ramsey, Ransom, Richland, Rolette, Sargent, Stark, Steele, Stutsman, Towner, Traill, Walsh, Ward, Wells, and Williams. Family Mutual has approximately 2000 policyholders.

3. Home Mutual has a Certificate of Authority in North Dakota to write property and casualty lines of insurances in the following counties: Barnes, Cass, Dickey, Foster, Grand Forks, Griggs LaMoure, Logan, McIntosh, Ransom, Richland, Sargent, Steele, Stutsman, and Traill.

4. Home Mutual and Family Mutual have engaged in discussions related to merging the two county mutuals since 2017. In 2022, the two county mutuals negotiated an Agreement and Plan of Merger (“Plan of Merger”) detailing the specific terms and conditions of a merger.

5. On August 31, 2022, at a meeting duly called for the purpose of reviewing and adopting the Plan of Merger, the Board of Directors of Home Mutual voted unanimously to approve the Plan of Merger.

6. On September 15th, 2022, at a meeting duly called for the purpose of reviewing and adopting the Plan of Merger, the Board of Directors of Family 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 Home Mutual on September 14, 2022. A Notice of Special Meeting was also published in the Wahpeton Daily News on September 15, 2022. On September 22, 2022, the Special Meeting was held in Wahpeton, North Dakota for the purposes of amending the bylaws of Home Mutual and approving the Plan of Merger. At this meeting, a majority of the policy holders of Home 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 Family Mutual on October 4, 2022. On October 24, 2022, the Special Meeting of the policyholders of Family Mutual was held in Bismarck, North Dakota for the purpose of approving the Plan of Merger. At this meeting, the policy holders of Family Mutual did unanimously vote to approve the Plan of Merger.

9. The Plan of Merger provides that the merger of Home Mutual with and into Family 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, 2023, or the date of filing with the North Dakota Secretary of State.

10. The Plan of Merger provides that the existing policies of Home Mutual will be assumed by Family Mutual; Family Mutual’s agency agreement will be offered to existing Home Mutual agents who do not

already have an agency agreement in force with Family 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 an equal number of directors from Home Mutual and Family Mutual; that the officers of Family 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 Family Mutual. The home office of Home Mutual in Wahpeton, North Dakota will remain open.

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 Home Mutual shall accrue to Family Mutual without reversion or impairment.

12. A merger between Home Mutual and Family Mutual will help preserve the integrity of the county mutual system, secure financial condition of the policyholders of Home Mutual, spread risk of loss to a greater geographical area, and help to manage reinsurance costs.

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

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

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

16. 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.

17. 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**

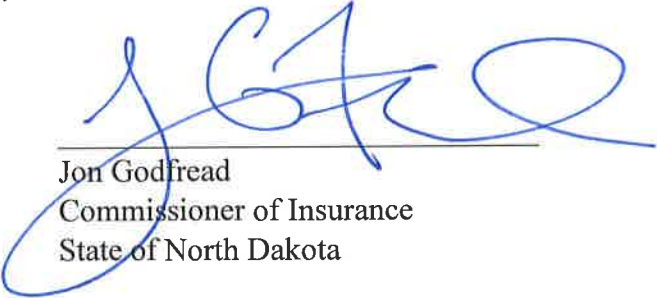
1. The Commissioner of Insurance has jurisdiction over the Petition and parties of this proceeding as authorized under North Dakota Century Code § 26.1-07.

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 policy holders of both companies were given the opportunity to appear before the Commissioner of Insurance to be heard as provided by North Dakota Century Code § 26.1-07-06.
5. The proposed merger is equitable to the policyholders of Home Mutual and Family 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 Home Mutual or Family 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 Family Mutual or prejudice the interests of Home Mutual's former policyholders.
9. The competence, experience and integrity of the directors and executive officers of Family Mutual are such that it is in the interests of the policyholders and of the public to permit the merger to occur.
10. The Commissioner has determined that no reasonable objection exists to the proposed merger and that the interests of Home Mutual and Family Mutual policyholders have been adequately protected as required by North Dakota Century Code § 26.1-07-05.1.
11. Family Mutual has paid the appropriate filing fees.

ORDER

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

Dated this 17<sup>th</sup> of January 2023

  
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Jon Godfread  
Commissioner of Insurance  
State of North Dakota