COMMONWEALTH OF MASSACHUSETTS
Office of Consumer Affairs and Business Regulation
DIVISION OF INSURANCE
One Federal Street, Suite 700 • Boston, MA 02110
(617) 521-7794 • (877) 563-4467 • www.mass.gov/doi

MAURA T. HEALEY
GOVERNOR

KIMBERLEY DRISCOLL
LIEUTENANT GOVERNOR

ERIC PALEY
SECRETARY

LAYLA R. D'EMILIA
UNDERSECRETARY

MICHAEL T. CALJOUW
COMMISSIONER

In the Matter of the Proposed Reorganizations of Merrimack Mutual Fire Insurance Company and Cambridge Mutual Fire Insurance Company

Docket No. F2025-01

Decision and Order

I. Introduction

The Merrimack Mutual Fire Insurance Company, a Massachusetts domestic mutual insurance company ("Merrimack"), and the Cambridge Mutual Fire Insurance Company, a Massachusetts domestic mutual insurance company ("Cambridge") (collectively the "Applicants" or "Companies"), submitted a plan to reorganize each mutual insurance company as a domestic stock insurance company, for the acquisition of those issuance companies by intermediate holding companies[1] owned by mutual holding companies[2] including the transfer of membership interests, and to subsequently merge the resulting entities into The Andover Companies, Inc., a newly-formed Massachusetts mutual holding company, pursuant to M.G.L. c. 175, §§ 19F et seq. and 19S.

The plan was first submitted to the Division of Insurance ("Division") for review in February 2025. The Commissioner of Insurance ("Commissioner") appointed a Working Group consisting of Division staff and consultants to examine and make recommendations on the plan

[1] The Merrimack Insurance Intermediate Holding Company and the Cambridge Insurance Intermediate Holding Company
[2] The Andover Companies, Inc. and Cambridge Mutual Insurance Holding Company

components, and appointed Jean F. Farrington, Esq. and Matthew A. Taylor, Esq. as Presiding Officers for the required hearing on the transactions. Following the Working Group review the Applicants, on July 21, 2025, submitted the final version of their plan of reorganization. On August 5, 2025, the Applicants and the Working Group submitted a joint motion asking for approval of the materials that they proposed to send to their policyholders to describe the reorganization plan and merger agreements, their plan for distributing those materials, and the procedures for policyholder voting on the reorganization plans. On August 11, 2025, we issued an order allowing each of the requests. On August 12, a hearing notice was issued setting October 21, 2025, as the date for a public hearing to be held virtually using TEAMS, a digital meeting program. The Notice was posted on the Division's website and sent to the Applicants to publish and to distribute to their policyholders as required by applicable Massachusetts law and regulation.

The Commissioner conducts hearings to consider the reasons and purposes for proposed reorganizations, the fairness of the terms and conditions of the reorganization plans, and whether the reorganizations are in the best interests of the Applicants, fair and equitable to the Applicants' policyholders, and not detrimental to the insuring public. Section 19S(b) of M.G.L. Chapter 175 requires the Commissioner to consider the fairness of the terms and conditions of the merger agreement between the mutual holding companies and the intermediate stock holding companies, whether the interests of the members of each domestic mutual holding company that is a party to the agreement are protected, and whether the proposed merger or consolidation is in the public interest.

The hearing took place as scheduled on October 21, 2025. Morgan J, Tilleman, Esq, of Foley & Lardner represented the Andover Companies and Margaret Barao, Esq., was present for the Division. Five witnesses testified: Charles DeGrande, Kevin Ouelette and Amy DiPerna for the Applicants, and J. David Leslie, Esq. and Dana Rudmose, members of the Working Group, for the Division.

II. Summary of Testimony

Charles DiGrande

Mr. DiGrande is the Applicants' President and Chief Executive Officer. He first began working for them as an assistant underwriter in 1993, becoming Vice President of Underwriting in 2017, President in 2020, and CEO in 2021. He has been involved in discussions about these reorganizations and mergers since they began in 2023 and thereafter in the preparation of the plans and merger documents. Also participating in those discussions were other senior management and staff, the legal team, and outside counsel.

Summarizing the current status of the Applicants, he testified that both are mutual insurers domiciled in Massachusetts, part of a family of companies known as the Andover Companies that are headquartered in Andover, MA. In 1955, Merrimack became the majority owner of a subsidiary, Bay State Insurance Company. Members of the group offer a wide range of personal lines products, such as homeowners' insurance, and business insurance products that they distribute through a network of independent agents. The Applicants are licensed to conduct business in the six New England states, Illinois, New Jersey and New York.

Mr. DiGrande testified that the boards of directors and management of each company regularly evaluate its strategic position with the goal of positioning it as a competitive and strong insurer that can meet the needs of its customers in a rapidly changing environment. Those changes include new underwriting methodologies in the property and casualty sector of the industry, new data sources, new tools with which to analyze and plan based on that data, new technologies that may help prevent or mitigate loss claims and protect their policyholders, and new methods to expand distribution channels for insurance products. The directors determined that to remain strong and competitive in the industry they need to have the structural, financial, and strategic flexibility to respond quickly and decisively to changing circumstances.

The directors further concluded that the Applicants' current organizational structures limit their flexibility and inhibits their ability to grow and diversify their business through acquisitions or investments, particularly with other mutual insurers. Mr. DiGrande pointed out that if two mutual insurers decide to improve operating efficiencies through a merger, only one name will survive, potentially losing the value of the other's good will, licenses and brands. He noted as well that mutual insurers have limited options for raising capital for possible mergers or

acquisitions because they cannot use stock as “currency” for acquisitions. Similarly, the Applicants are subject to investment restrictions limiting their ability to invest in ancillary or non-insurance subsidiaries; in contrast their competitors that are formed as stock companies and may participate in such transactions through upstream stock holding companies.

Mr. Grande also noted that before electing to adopt this reorganization and merger strategy, the Applicants considered options that included remaining mutual insurance companies and undergoing full demutualization. In light of their determination that continuing to operate as mutual insurance companies would place the Applicants at a disadvantage in the marketplace and restrict their ability to grow strategically, the Applicants concluded that remaining as mutual insurance companies would prevent them from reaching their full potentials, particularly compared to insurers that are not organized as mutual companies. Similarly, a full demutualization, absent the creation of the new mutual holding company, would have deprived the policyholders of their ownership interests in the companies, and shifted that ownership to stockholders.

Mr. DiGrande testified that neither of the Applicants has any current or anticipated need for additional capital. He pointed out that as mutual insurers they cannot issue stock to raise capital and that the options are more limited than those available to stock insurers or mutual holding companies. In contrast, a mutual holding company has a broader range of options for pursuing acquisitions that preserve the separate identity, licenses, brands and goodwill of the acquired insurers. It also presents multiple options for raising capital for acquisition purposes that are not now available to the Applicants but will be available to them after the proposed reorganizations and the proposed merger. Addressing the effect of exercising these potential opportunities on the Applicants policyholders, Mr. DiGrande testified that the proposed reorganizations and mergers will not reduce or alter the policy rights and benefits that those policyholders now enjoy, continuing the same coverage, premiums and other contract terms. Policyholders will retain their effective voting control over the enterprise through ownership and control of the surviving mutual holding company. He commented as well that the proposed reorganizations will have no income tax consequences to the participants to these transactions or to their policyholders.

Further, Mr. Grande stated, the Applicants' corporate governance is not expected to change after the proposed transactions; the policyholders will own the mutual holding company and ultimate governance will shift to the mutual holding company's Boards of Directors. The same directors who are now members of the Applicants' Boards will become members of the Board of Directors of each mutual holding company. In addition, the Applicants' officers will continue in their roles with the new mutual holding companies. Mr. Grande further opined that the proposed mergers would allow Andover to streamline and simplify its organizational structure, improve efficiency of its governance and administrative processes and allocate costs associated with product development, administration and technology across all blocks of business.

Kevin J. Ouelette

Mr. Ouelette has been the vice-president, secretary and general counsel for the Applicants since he joined the companies in December 2020. He has been involved since 2023 in discussions about reorganization and deeply and directly involved in preparing the current merger plan for the Applicants, the Merger Agreement and related documents. He participated in a management support role for the Applicants' Board of Directors' meetings, in extensive discussions with senior management and others in both organizations, and with outside counsel.

Mr. Ouelette next summarized the mechanics of the multistep reorganization. On the effective date of reorganization, Merrimack and Cambridge will each form new intermediate stock holding companies to be named Merrimack Insurance Intermediate Holding Company and Cambridge Insurance Intermediate Holding Company respectively. Then two other companies will be incorporated as Massachusetts companies, The Andover Companies, Inc., and Cambridge Mutual Insurance Holding Company. Then Merrimack and Cambridge will convert to stock issuance companies. Their membership interests, consisting of voting and equity rights, will be extinguished; Merrimack members will become members of the Andover Companies, Inc. and Cambridge members will become members of the Cambridge Mutual Insurance Holding Company. Then the mutual holding companies will be issued 100% of the shares of their respective intermediate holding companies, and the intermediate holding companies will be issued 100% of the shares of their respective stock issuance companies. As a final segment of this step of the transaction, the mutual holding companies will then be capitalized by their

respective stock issuance companies. [3]The Applicants' charters and by-laws will be amended and restated as set out in Exhibits B, C, D and E to the Plans filed with the Division. Mr. Ouelette testified that the reorganizations will in no way annul, modify or change any of the Applicants existing suits, rights, property interests, contracts or liabilities.

Mr. Ouelette then reviewed the mechanics of the proposed mergers. Upon completion of the Applicants' reorganizations to mutual holding company structures, their respective Boards of Directors will vote on merger agreements. Pursuant to the Merger Agreement, The Cambridge Mutual Insurance Holding Company will merge with and into the Andover Companies, Inc. with the Andover Companies, Inc. as the surviving entity, and simultaneously Cambridge Intermediate Holding Company will merge with and into Merrimack Intermediate Holding Company, with Merrimack Intermediate Holding Company as the surviving entity. Finally, the Membership Interests in the Cambridge Mutual Insurance Holding Company will be extinguished and replaced with Membership Interests in the Andover Companies, Inc.[4]

Mr. Ouelette testified to the benefits to the Applicants of these transactions. He noted that the Andover Companies ("Andover") operate under a unique structure in which the Applicants and Bay State share common management and operate under a pooling arrangement. The drawbacks of this arrangement, he observed, are that it can be cumbersome and less than optimal for structural efficiency and tax planning and creates inefficiencies and redundancies in governance and administrative processes. It also prevents Andover from realizing the full economic value of the affiliation because it limits capital and strategic flexibility. The mergers will allow Andover to operate under a single holding company structure with a unified Board and management, enhance access to capital markets and improve capital management.

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[3] The end result of this conversion step of the merger will be two mutual holding companies: 1) The Andover Companies, Inc., a mutual holding company with a membership identical to that of The Merrimack Mutual Fire Insurance Company, that owns 100% of the Merrimack Insurance Intermediate Holding Company, which owns 100% of the converted stock issuance company The Merrimack Mutual Fire Insurance Company; and 2) Cambridge Mutual Insurance Holding Company, a mutual holding company with a membership identical to that of Cambridge Mutual Fire Insurance Company, that owns 100% of the Cambridge Insurance Intermediate Holding Company, which owns 100% of the converted stock issuance company Cambridge Mutual Fire Insurance Company.

[4] At the end of this step of the merger the resulting organization will be as follows: The Andover Companies, Inc., a mutual holding company with a membership identical to the combined membership of The Merrimack Mutual Fire Insurance Company and Cambridge Mutual Fire Insurance Company, that owns 100% of the Merrimack Insurance Intermediate Holding Company, which owns 100% of both converted stock issuance companies, The Merrimack Mutual Fire Insurance Company and the Cambridge Mutual Fire Insurance Company.

With respect to the first benefit, he noted that after the mergers the Andover Board of Directors will be the same people who are members of the Applicants' Boards of Directors immediately prior to the effective date of the reorganizations. In addition, the Andover executive officers will be the same individuals filling those positions for Merrimack and Cambridge immediately before that same effective date. By aligning the legal structure with the existing operating structure, the mergers will offer a means for attaining greater scale. Addressing the second benefit, he commented that although Andover neither currently requires, nor expects to need in the future, access to capital markets, the mergers will provide enhanced access to them, potentially through issuing equity and/or debt securities. He pointed out that both Applicants are well-capitalized but that merger into a combined structure will have a larger premium and capital base as well as greater diversification. Further, Mr. Ouelette explained, the mergers will allow Andover flexibility to transfer capital and other assets to it and its subsidiary stock holding companies in order to achieve the most efficient and effective utilization of resources. He reiterated that currently Andover is not contemplating any such plans.

Mr. Ouelette then reviewed the procedures that the companies are following to complete the reorganizations and mergers. On February 11, 2025, the Applicants' Boards of Directors adopted the Plans. They then, on April 13, filed those Plans, together with the Merger Agreement and other documents required under the mutual holding company statutes with the Division. Subsequently, those documents were revised to address the Division's comments. On July 21, 2025, the Boards ratified and adopted the modified Plans and on August 1, 2025, resubmitted them to the Division. In order to be adopted, each Plan and Merger Agreement must be approved by a vote of 2/3 of the eligible members, i.e. policyholders of the company, present at an annual or special meeting held for the purpose of voting. Those members must be present in person or by proxy. The Applicants' Boards called such special meetings for November 20, 2025.

Next, Mr. Ouelette addressed statutory and regulatory requirements that the Applicants must meet to notify eligible policyholders of the proposed transactions. First, eligible policyholders were defined as persons whose names appeared as members of the company on July 21, 2025, the date the Boards finally approved the Plan. In compliance with the requirement to provide at least 60 days of the Special Meeting, between August 21 and 22 a Plan and Merger Agreement Notice was sent to each eligible policyholder at their last known address; it included

information on the Special Meeting of Policyholders, the hearing at the Division, and a copy of a Policyholder Information Booklet approved by the Commissioner. Each Companies' mailing also included a proxy card and a letter from the Company CEO, also preapproved. In advance of the hearing at the Division, the Companies also, as required by statute, gave notice by publishing the hearing notice in selected newspapers.

Summarizing the steps that the Companies will take following the Special Meetings, Mr. Ouelette noted that the appropriate officers of each Applicant will provide affidavits or certificates addressing the results of the member votes. Once the Commissioner consents to the reorganization plans, the Companies will request new certificates of authority and approval of new charters for filing with the Secretary of the Commonwealth. The Merger Agreement must be approved by the Boards of Directors, executed by the officers of each holding company and filed with the Division for approval.

Mr. Ouelette then addressed each of the specific findings that the Commissioner must make before approving the Plans. In his opinion, the reorganizations are in the best interests of the Companies for the reasons expressed by him and Mr. DiGrande, increased ability to pursue mergers and acquisitions, to acquire and grow ancillary and non-insurance subsidiaries, and have more flexible access to capital. He next stated his belief that the plans are fair and equitable to the Applicants' policyholders because neither the reorganization plans nor the Merger Agreement will change their current membership benefits. Third, each Plan must enhance the operations of the reorganizing insurer; Mr. Ouelette again noted that the transactions at issue will enlarge the range of operations available to the Companies. Fourth, the Plan must not substantially lessen competition in any line of insurance. Mr. Ouelette observed that the Companies' current business will continue under the same management after the Plans and mergers are completed.

The fifth statutory requirement addresses the minimal amounts for paid in capital stock and net surplus. Mr. Ouelette affirmed that, as of June 30. 2025, Cambridge had capital and surplus in excess of $927 million and Merrimack had capital and surplus in excess of $1.9 billion, and that both amounts substantially exceed the required statutory minimum. Finally, the Plans must comply with all statutory requirements set out in M.G.L. c. 175, §§19F through 19W. In Mr. Ouelette's opinion the Companies have carefully complied with all statutory requirements

and corporate procedures applicable to the proposed reorganizations and mergers and will continue to do so.

Mr. Ouelette additionally reviewed findings that, under Massachusetts law, the Commissioner may consider in connection with their approval of the Merger Agreement. Addressing the first finding, in his opinion the terms and conditions of that Agreement are fair and equitable because upon consummation the contract rights of the Companies' policyholders will be unchanged. Second, in his view the Agreement protects the interests of the members of each mutual holding company that is a party to the agreement. Noting his earlier testimony concerning problems with the Applicants current structure, he stated his belief that the Agreement will help by aligning Andover's governance and management at the enterprise level, enhancing its access to capital markets and allowing for better capital management. The third consideration is whether the proposed mergers are in the public interest. Mr. Ouelette pointed out that single holding company structure will create a more efficient entity that will improve the Companies' insurance offerings to the benefit of the public. The mergers will allow Andover to streamline its operations and enhance decision making. They will improve the financial strength and stability of the combined companies and improve Andover's ability to raise additional capital.

Amy L. DiPerna

Ms. DiPerna began working for the Companies in 2010 and has been their Vice President and Treasurer since 2019. Since 2023 she has been directly involved in preparing the reorganization and agreement and merger plans for each Company. Testifying on the financial impact of those plans on the Companies, she stated that as of December 31, 2024, Merrimack had capital and surplus in excess of $1.8 billion and approximately $2.7 billion in net admitted assets, and Cambridge had capital and surplus in excess of $890 million and approximately $1.5 billion in net admitted assets. In addition, as of June 30, 2025, Merrimack had capital and surplus in excess of $1.9 billion while Cambridge had capital and surplus in excess of $927 million. She noted as well that the Andover Companies are one of the largest and longest-standing mutual insurance groups in the Northeast. Historically, since 1940, the Companies have been rated "A" (Excellent) or higher by A.M. Best, with a stable outlook.

Ms. DiPerna testified that at this time the Companies have the financial strength to meet their present and future obligations to their policyholders, employees, and creditors and do not need additional capital. The plans do not provide for any sale of stock (whether voting or non-voting) or the issuance of any debt securities to any outside investors, and the Companies have no plans for any such securities offering in the future.

Further, she stated the proposed reorganizations and mergers are not expected to negatively impact Merrimack's or Cambridge's financial strength, as shown in the final financial projections that the Companies provided to the Division. On the contrary, the Companies and their Boards of Directors believe that the proposed reorganizations and mergers will help the Companies grow profitably and further strengthen their financial condition in the future. Additionally, if unexpected future events placed significant stress on Merrimack's or Cambridge's financial strength, the Companies would be better positioned to raise additional capital after reorganizing into a mutual holding company structure. Accordingly, Ms. DiPerna concluded that the proposed reorganizations and mergers will have a positive effect on the financial strength of both Merrimack and Cambridge.

In Ms. DiPerna's opinion, from a financial perspective, the proposed reorganizations and mergers are fair and equitable to the Companies' policyholders. She agreed that, as Mr. DiGrande and Mr. Ouelette had stated, the proposed reorganizations and mergers will have absolutely no impact on the insurance coverage the Companies provide to their policyholders, other than the fact that it will be provided by a stock, rather than a mutual, insurer. The insurance and other benefits provided, and the premiums charged, to the Companies' policyholders will not change as a result of the reorganizations or mergers. Ms. DiPerna again opined that the proposed reorganizations and mergers will strengthen the Companies' financial position, and outcome that is not only fair and equitable to their policyholders, but also to their advantage.

Addressing another statutory requirement, that the proposed reorganizations and mergers not be contrary to the interests of the Companies' policyholders/members or of the general public, Ms. DiPerna affirmed that, from a financial perspective, the proposed reorganizations or mergers will have no negative impact on the interests of the Companies' policyholders, members, or the general public, She pointed out that the proposed reorganizations and mergers will not adversely affect the financial strength of the Companies, and neither Merrimack nor Cambridge

anticipates that its A.M. Best rating will change or be placed under review with negative implications as a result of the proposed reorganizations and subsequent mergers. She reiterated that the proposed reorganizations and mergers are good for the strength and security of the Companies and are accordingly in the best interests of the Companies' policyholders, members, and the general public.

J. David Leslie

Attorney Leslie is a shareholder in the law firm of Davis, Malm and D'Agostine, P.C; his practice, since 1974, has focused on representing insurance regulators in complex matters. In March 2025, the Division of Insurance retained him to participate in the Working Group convened to examine the proposed transactions that are the subject of this hearing and prepare recommendations. After summarizing the Applicants' sequence of proposed transactions, he listed the application materials that were initially submitted on April 13, 2025, for review by the Working Group. According to Mr. Leslie, the Working Group thereafter began an extensive review of those materials and the transactions. That review included evaluating the Applicants' financial statements and financial projections, consulting with their counsel and reviewing the actions of their management and directors.

As testified by Mr. Leslie, the Working Group provided Applicants' counsel with comments and suggested revisions to the Application Materials in June and July 2025; the Applicants incorporated those revisions and submitted updated versions of the Application Materials to the Commissioner. The Working Group also worked with the Applicants to develop rules governing the procedures for the conduct of voting by their members at the special meetings that would be held to consider and vote on the proposed Plans of Reorganization and the Merger Agreements. The final versions of the Application Materials and the Voting Rules were submitted to the Commissioner on August 5, 2025. The Working Group and the Applicants also submitted a joint motion for orders setting a hearing date and, approving proposed mailing materials and Voting Rules; on August 11, 2025, the Presiding Officers assigned to this matter issued an order setting October 21 as the hearing date and approving those rules. The Commissioner executed the hearing notice on August 12. According to Mr. Leslie, the Applicants have demonstrated to the Working Group that the Hearing Notice was published as required by 211 CMR 144.05 and the August 11 Order.

As stated by Mr. Leslie, based on its review, it is the opinion of the Working Group that the Application Materials comply with the statutory content requirements for the reorganization of each of the Applicants and those required for the merger of the two newly formed mutual holding companies, Cambridge Mutual and the Andover Companies, Inc. It also the Working Group's opinion that the participants to the merger have complied with the procedures in the mutual holding company statute and applicable regulations that require specific support for the proposed transactions that address the substantive criteria required for the Commissioner's approval under M.G.L. c. 175, §§ 19H and 19S. Specifically, Attorney Leslie testified that the Working Group found that:

1. The proposed transactions are in the best interests of the Applicants and will enhance their operations. If consummated, they are expected to provide them with greater operating flexibility while maintaining mutuality, improve their access to capital and other forms of financing, increase their ability to pursue growth through mergers and acquisitions and increase competitiveness by enhancing efficiency, management and financial flexibility. Further, in reaching these decisions, the Applicants considered available alternatives.

2. The proposed transactions are fair and equitable to the Applicants' policyholders as a class and minimize any potential adverse effects. The reorganizations and mergers will not affect their rights and obligations under their current policies. The evidence also suggests that these transactions will not harm the Applicants' financial condition and will have no significant effect on their corporate governance. The membership interests that Applicants' members will receive in the Andover Companies are an adequate substitute for their membership interests in the Applicants and are not anticipated to have any adverse or securities consequences for them. The Applicants have also agreed to financial reporting conditions that will further protect policyholder interests.

3. The proposed transactions will not substantially lessen competition in any line of insurance business. The reorganized companies will continue to engage in their current lines of business. Further, they are already affiliates under the same management.

4. When completed, the reorganizations provide for the Applicants' paid-in capital stock to be in an amount at least equal to the minimum paid in capital stock and the net surplus required of a new domestic stock insurer upon authorization to transact like insurance business.

The Working Group, based on its review of the Applicants' financial statements and financial projections opines that this requirement has been satisfied, further noting that they are very well capitalized and that the proposed transactions will not have a negative effect on that.

5. The proposed transactions comply with M.G.L. c. 175, §§ 19F to 19W. In the Working Group's opinion, the proposed transactions comply with all applicable provisions of the Mutual Holding Company law.

In conclusion, on behalf of the Working Group, Mr. Leslie recommended that an order enter approving the Applicants' reorganization plans and the proposed Merger Agreement, subject to the financial reporting conditions agreed to between the Working Group and the participants to those documents.

Mark Noller

Mr. Noller is a principal in the consulting firm Rudmose & Noller Advisors, LLC ("RNA"), which provides consulting services to state regulators in the United States. He is a Certified Public Accountant with 40 years of experience performing audits, statutory financial examinations, and financial analyses of insurance companies, including insurance company corporate restructurings, mergers and acquisitions. He has previously testified on behalf of the Division in public hearings on other proposed transactions.

He testified that this year he, as an advisor to the Division, and his business partner, Dana Rudmose, were asked to participate on a Working Group to review the application for reorganization of the Applicants. In particular, RNA was asked to conduct specific agreed-upon procedures related to the supervision of the Applicants processes for determination of eligible members and the rules governing the procedures for the conduct of member voting in accordance with Chapter 175, § 19H (e). He testified that RNA's specific tasks included the following:1) assessment of Andover's procedures to ensure that they were properly designed to allow all eligible members to vote; 2) meet with the Applicants' management to assess their processes and procedures for preparing listings of eligible members in accordance with the approved voting procedures; 3) met with Applicants' management to assess audit procedures to validate the listing of eligible members as accurate and complete as of the adoption date, reviewed the testing conducted by the Applicants' internal audit staff; 4) met with the Applicants' management and their vendor, Equiniti Trust Company LLC ("Equiniti") to assess procedures for printing,

assembly, mailing, and managing returned mail, and verified reconciliations of eligible member listings and data to ensure that all member materials have been produced and mailed. After completing these tasks, RNA concluded that 1) the voting procedures were properly designed to ensure that all eligible members have the opportunity to vote; 2) that the listings of eligible members were properly determined in accordance with the voting procedures; 3) that the audit testing was sufficient and reliable to validate the accuracy and completeness of the listing of eligible members; and 4) that these procedures were sufficiently designed to ensure that eligible members received their member materials. In conclusion, Mr. Noller testified that after testing, the Applicants' procedures for voting, identification of eligible members, printing, assembly and mailing of proxy materials to eligible members appeared reasonable and sufficient with no exceptions identified.

III. Analysis

A domestic mutual insurance company may be reorganized as a domestic stock insurance company if it satisfies the requirements of M.G.L. c. 175, §19F through §19W, inclusive. The Commissioner shall approve the reorganization if, after the hearing required by c. 175 §19H(c), they find that: 1) the proposed reorganization is in the best interests of the reorganizing insurer; 2) the plan is fair and equitable to the reorganized insurer's policyholders; 3) the plan provides for the enhancement of the operations of the reorganizing insurer; 4) the plan will not substantially lessen competition in any line of insurance business; 5) the plan, when completed, provides for the reorganized insurer's paid in capital stock to be in an amount at least equal to the minimum paid in capital stock and the net surplus required of a new domestic stock insurer upon its initial authorization to transact like kinds of insurance; and 6) the plan complies with the requirements of sections 19F to 19W, inclusive.[5] Each of those conditions will be addressed in turn.

A. The Reorganization Must be in the Best Interest of the Insurer

Charles DiGrande and Kevin Ouelette, on behalf of the Applicants, testified that the proposed reorganization was in the best interest of the insurer. The transaction would allow the Companies to maintain mutuality while preserving their boards, management and operations, provide greater operating flexibility with the ability to pursue acquisitions, affiliation

[5] M.G.L. c.175 §19H(d)

opportunities and strategic alliances and to raise capital through stock sales. David Leslie testified that the Working Group found no evidence that the reorganization would not be in the best interests of the insurer. For these reasons, we find that the proposed reorganization meets the first requirement of M.G.L. c.175, §19H(d).

B. The Reorganization Must be Fair and Equitable to the Policyholders

Charles DiGrande, Kevin Ouelette, and Amy DiPerna, on behalf of the Applicants, testified that the proposed reorganization would maintain the benefits and premiums of policy holders. Additionally, the mutual holding company will be mandated to hold controlling voting interests in the company, preserving the voting control of policy holders. David Leslie testified that the Working Group found no evidence that the proposed reorganization, if implemented, would not be fair and equitable to the Applicants' policyholders. He also testified that Applicants have also agreed to financial reporting conditions that will further protect policyholder interests. For these reasons, we find that the proposed reorganization meets the second requirement of M.G.L. c.175, §19H(d).

C. The Reorganization Must Enhance the Operations of the Insurer

Charles DiGrande, Kevin Ouelette, and Amy DiPerna, on behalf of the Applicants, testified that the proposed reorganization would enhance the operations of the companies. They stated that the proposed reorganization would allow the company to raise additional capital and enhance the efficiency of its management and insurance operations. David Leslie testified that the Working Group found no evidence that the transactions incorporated in the plan, if implemented, would not enhance the Applicants' operations. For these reasons, we find that the proposed reorganization meets the third requirement of M.G.L. c.175 §19H(d).

D. The Reorganization Must Not Substantially Lessen Competition in Any Line of Insurance Business

Kevin Ouelette, on behalf of the Applicants, testified that the proposed reorganization would not substantially lessen competition in any line of insurance. David Leslie testified that the Working Group had found no evidence that the transactions incorporated in the plan, if implemented, would not substantially lessen competition in any line of insurance. For these reasons, we find that the proposed reorganization meets the fourth requirement of M.G.L. c.175 §19H(d).

E. The Reorganization Must Provide for the Necessary Paid-in Capital and Surplus

Kevin Ouelette and Amy DiPerna, on behalf of the Applicants, testified that the proposed reorganization would not decrease the Applicants' capital stock, which already exceeds statutory requirements. David Leslie testified that the Working Group found no evidence that the transactions incorporated in the plan, if implemented, would result in insufficient paid-in capital. For these reasons, we find that the proposed reorganization meets the fifth requirement of M.G.L. c.175 §19H(d).

F. The Reorganization Must Comply with §§19F-19W, Inclusive

Kevin Ouelette, on behalf of the Applicants, testified that a vote had been scheduled to approve the proposed plan per the requirements of the above sections. Additionally, he testified that continuing to use the Applicants' name would not be deceptive to the public and should be allowed under §19N. David Leslie testified that the Working Group found no evidence that the transactions were not in compliance with the requirements of §§19F-19W. For these reasons, we find that the proposed reorganization meets the final requirement of M.G.L. c.175 §19H(d).

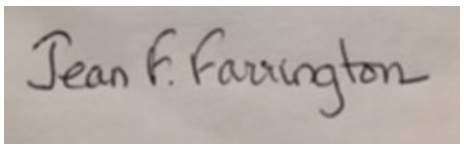
IV. Conclusion

In conducting the hearing required by M.G.L. c.175 §19H(c), we examined the factors enumerated in M.G.L. c.175 §19H(d). We conclude that the proposed transaction meets the requirements for approval under §19H(d). Accordingly, the proposed transaction is **Approved**.

SO ORDERED December 18, 2025.

Matthew Taylor

Matthew Taylor, Esq.
Hearing Officer



Jean Farrington, Esq.
Hearing Officer

AFFIRMED

Michael T. Caljouw
Commissioner of Insurance

Dated: December 18, 2025