

**STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
INSURANCE DIVISION**

BEFORE THE DIRECTOR
OF THE DEPARTMENT OF CONSUMER AND BUSINESS SERVICES

In the Matter of the Proposed Plan of Conversion and)	Findings and Order
Reorganization of Mutual of Enumclaw Insurance)	
Company, Enumclaw, Washington)	Case No. INS14-12-003

INTRODUCTION

Mutual of Enumclaw Insurance Company (“MOE” or “the Company”) is currently a Washington mutual insurance company established in 1898, which has no authorized capital stock. It was authorized to transact property, casualty (excluding workers’ compensation), marine and transportation and surety lines of business in Oregon on May 15, 1952. Enumclaw Property and Casualty Insurance Company (“EPC”), a wholly owned subsidiary of MOE, is currently a Washington stock insurance company established in 2001. EPC was authorized to transact property, casualty (excluding workers’ compensation), marine and transportation and surety lines of business in Oregon on September 16, 2002. MOE proposes to reorganize itself pursuant to the provisions of (i) ORS 731.363 and ORS 732.015-175 and (ii) ORS 732.600-630 by:

- (A) Reincorporating itself and EPC as Oregon domestic insurers,
- (B) Forming an Oregon mutual insurance holding company (the “Mutual Holding Company”),
- (C) Converting MOE from an incorporated Oregon mutual insurer into an

incorporated Oregon stock insurer, with its name remaining “Mutual of Enumclaw Insurance Company,” and

- (D) Having MOE and EPC each become wholly owned direct or indirect subsidiaries of the Mutual Holding Company.

The foregoing actions along with the related steps described herein are collectively referred to as the “MHC Conversion.” Capitalized terms that are not defined in this Order have the respective meanings assigned thereto in the Plan (as defined below).

I. Declaratory Ruling

Prior to MOE submitting the Plan of Conversion and Reorganization described in Part III below (the “Plan”), the Oregon Insurance Commissioner (“Commissioner” or “Director”) issued a Declaratory Ruling on September 19, 2014, concluding that MOE and EPC can comply with the provisions of ORS 732.600 to 732.614 by undertaking the reorganization through a single transaction, including obtaining member approval for both elements of the reorganization simultaneously, notwithstanding that MOE will not be an Oregon domestic insurer until the filing and acceptance of the necessary redomestication documents with the Division.

Additionally, the ruling concluded that MOE and EPC can comply with the home office requirements of ORS 732.245 by agreeing to make certain information available to the Division at MOE's and EPC's statutory home office in Oregon or, at the Division's discretion, after consultation with the Company, by paying for the costs of any inspection at the Company's regional home office in Enumclaw, Washington.

II. STATUTORY STANDARDS

1. A domestic mutual property and casualty insurance company seeking to reorganize under ORS 732.600 to 732.630 is required, by action of its board of directors, to adopt a plan of reorganization that is consistent with the provisions of the statutes. ORS 732.606(1)

2. Pursuant to ORS 732.610, a plan of reorganization must include: (1) A statement of the reasons for the proposed action. (2) A description of how the plan will be carried out. (3) A description of all significant terms of the reorganization. (4) A description of the overall effect of the plan on policies issued by the converting mutual insurer. (5) A statement of the manner and method by which membership interests in the converting mutual insurer will be extinguished and merged into the mutual holding company. (6) The record date for determining whether a member of the converting mutual insurer is an eligible member. (7) The proposed effective date of the reorganization. (8) The proposed amendments to or restatement of the articles of incorporation or bylaws of the converting mutual insurer and the proposed articles of incorporation and bylaws of the mutual holding company organized pursuant to the plan. (9) Except as otherwise provided in ORS 732.612, the valuation of the converting mutual insurer immediately before the effective date of the conversion. (10) A description of the significant terms of any offering of shares of capital stock or other securities of an issuer. (11) The intention, if any, that a director or officer of the converting mutual insurer or mutual holding company may, within the six-month period following the effective date of the reorganization, purchase or acquire shares of capital stock or other securities to be issued pursuant to the plan. (12) A provision that the policies in force on the effective date of reorganization will remain in force under the terms of those policies.

3. Pursuant to ORS 732.612(10) and 732.618(1), upon the effective date of a reorganization involving the organization of a mutual holding company, the membership interests of all members of the converting mutual insurer, whether or not such members are eligible members, shall be extinguished and merged into the mutual holding company. Consequently, the members of the converting mutual insurer shall become members of the mutual holding company, and the membership interests of the members of the converting mutual insurer shall become membership interests in the mutual holding company.

4. Pursuant to ORS 732.618(2), the articles of incorporation of the mutual holding company shall be filed with the director and shall become effective at the time specified in the plan.

5. Pursuant to ORS 732.618(3)(a) and 732.618(4), upon the effective date of a reorganization involving the organization of a mutual holding company, all outstanding shares of capital stock of the converted stock insurer must be issued to the mutual holding company. The mutual holding company shall own at all times after the effective date of the reorganization a majority of the outstanding shares of voting capital stock of the converted stock insurer and a majority of the total value of all outstanding shares of capital stock of the converted stock insurer. Subject to the requirement of share ownership by the mutual holding company, shares of capital stock may be sold or otherwise transferred by the mutual holding company.

6. Pursuant to ORS 732.618(6), after the effective date of the reorganization, the mutual holding company must at all times have the direct or indirect power to cast at least a majority of the votes for the election of the directors of the converted stock insurer.

7. Pursuant to ORS 732.626(1), the Director shall review a plan of reorganization submitted and, upon review, approve or conditionally approve the plan if the Director finds that: (a) The applicable provisions of ORS 732.600 to 732.630 and other applicable provisions of law have been fully met. (b) The plan protects the rights of the policyholders. (c) The plan will be fair and equitable to the members, and the plan will not prejudice the interests of the members. (d) The allocation of consideration among the eligible members is fair and equitable. (e) The converted stock insurer will have capital and surplus, or any combination thereof, that is required of a domestic stock insurer on initial authorization to transact like kinds of insurance, and otherwise will be able to satisfy the requirements of this state for transacting its insurance business. (f) The plan will not substantially reduce the security of the policyholders and the service to be rendered to the policyholders. (g) If a mutual holding company is organized, the financial condition of the mutual holding company will not jeopardize the financial condition of the converted stock insurer. (h) The financial condition of the converting mutual insurer will not be jeopardized by the conversion or reorganization, and the conversion or reorganization will not jeopardize the financial stability of the mutual holding company or any subsidiary thereof. (i) The competence, experience and integrity of those persons who will control the operation of the converted stock insurer are not contrary to the interests of the policyholders of the converted stock insurer and of the public. (j) The implementation of the plan will protect the interests of the insurance-buying public. (k) The activity is not subject to other material and reasonable objections. (L) All modifications required by the Director have been made.

8. Pursuant to 732.626(5), within sixty (60) days after receiving a completed filing and all other information required by the Director, the Director is authorized to hold a public hearing for the purposes of receiving any comment on whether the plan should be approved and on any other matter relating to the reorganization.

9. Pursuant to ORS 732.606(5), after approval by the Director, a plan of reorganization must be approved by two-thirds or more (unless the articles or bylaws require a greater number) of the eligible members of the mutual insurer voting on the plan.

III. Plan of Conversion and Reorganization

1. The Plan was adopted and approved by the Board of Trustees of MOE, on September 30, 2014. Supplemental information was submitted until the filing was deemed complete on April 17, 2015.
2. The Plan states the principle purposes of the conversion and reorganization are to enhance the Company's strategic flexibility and the overall mutuality of its Members by creating a corporate structure that enables the Company and its affiliates under the Mutual Holding Company to issue a wider variety of mutual policies; to facilitate the Company's goal of remaining an effective and competitive mutual insurer in the future; and preserving the Company's existing Members' mutual interests, including their right to vote on matters affecting the Mutual Holding Company and to receive distributions, if any, made by the Mutual Holding Company.
3. On the Effective Date, the Mutual Holding Company shall be incorporated as an Oregon mutual corporation and (i) the Members of MOE shall become Members of the Mutual Holding Company, (ii) the Membership Interests in MOE shall become

Membership Interests in the Mutual Holding Company and (iii) all Membership Interests in MOE shall be extinguished. As of the Effective Date, EPC shall remain a stock subsidiary of MOE and no stock policyholder of EPC shall become a Member of the Mutual Holding Company.

4. On the Effective Date, MOE shall be converted into a stock insurance company authorized to issue capital stock and shall retain its corporate name of "Mutual of Enumclaw Insurance Company." All of the initial shares of the capital stock of MOE shall be issued to the Mutual Holding Company on the Effective Date.
5. Upon consummation of the Plan, MOE's corporate existence shall continue as a stock insurance company. The conversion does not annul, modify or change any existing license or other authority or any of the existing civil actions, rights, contracts or liabilities of the Company. All property, debts and choses in action and every other interest belonging to the Company before the conversion shall be retained by the Company without further action needed. On and after the Effective Date, MOE shall (i) exercise all rights and powers and perform all duties conferred or imposed by law upon insurers writing the classes of insurance written by MOE, (ii) retain the rights and contracts of MOE existing immediately before the MHC Conversion and shall be subject to all obligations and liabilities of MOE existing immediately before the MHC Conversion, subject to the terms of the Plan.
6. On the Effective Date, the articles of incorporation and bylaws of MOE shall, without further act or deed other than the filing of such articles of incorporation with the Director, be restated substantially in the form attached to the Plan.
7. On and after the MHC Conversion, every policy which is in force on the Effective

Date shall continue in force under the terms of those policies, except that all voting and other membership rights under mutual policies shall be converted as contemplated by 3 above. On and after the Effective Date, no Member of the Mutual Holding Company shall be personally liable for the acts, debts, liabilities or obligations of the Mutual Holding Company merely by reason of being a Member and no assessment of any kind may be imposed upon a Member of the Mutual Holding Company merely by reason of being a Member.

8. On the Effective Date, all of the shares of the common stock of MOE shall be issued to the Mutual Holding Company. Under this structure, the Mutual Holding Company will at all times retain direct or indirect ownership and control of at least a majority of the outstanding shares of the common stock of the Company. As of the Effective Date, MOE shall retain all of the issued and outstanding shares of common stock of EPC, and EPC shall remain a stock insurance subsidiary of MOE.
9. After the MHC Conversion, persons who become mutual policyholders of MOE or any other subsidiary of the Mutual Holding Company that issues mutual insurance policies, including EPC, shall be granted Membership Interests in the Mutual Holding Company.
10. There is no current plan to issue shares of MOE or EPC to the public, any director or officer of the Mutual Holding Company or MOE or to any other Persons, outside of the above noted future mutual policyholders.
11. The Plan is subject to approval by the Eligible Members. After the Plan has been approved by the Director, the Company intends to hold a meeting of the Eligible Members (the "Members Meeting") during which Eligible Members shall be

entitled to vote on the proposal to approve the Plan. Approval of the Plan is subject to the affirmative vote of more than two-thirds of the votes cast by Eligible Members at the Members Meeting, provided that a quorum is present. Each mutual policy represents a Membership Interest in the Company, and each Eligible Member shall be entitled to cast one vote regardless of the number of Policies held by such Eligible Member. Eligible Members may vote in person or by proxy. The Eligible Members shall also be requested to approve the Company's redomestication to Oregon, approval of which is also subject to the affirmative vote of more than two-thirds of the votes cast by Eligible Members at the Member's Meeting, provided that a quorum is present.

12. The Members Meeting shall be held not less than thirty (30) nor more than fifty (50) days from the date notice of the Members Meeting is given. Notice of the Members Meeting shall be given to each Eligible Member at the Eligible Member's address as shown on the Company's records not later than forty-five (45) days following the date of this Order.
13. The notice of the Members Meeting shall contain, among other things, the information and notices required under the provisions of the MHC Conversion Law and by the Director and shall be accompanied by a form of proxy permitting the Eligible Members to vote FOR or AGAINST the Plan. The provision of the MHC Conversion Law authorizing or permitting the Company to convert to a stock company shall be set forth in the notice of the Members Meeting and a summary of the transaction and procedures to be followed in the MHC Conversion shall be provided in clear and explicit language. Approval by the Eligible Members of the

Plan shall constitute approval by the Eligible Members of the governing documents for the Mutual Holding Company and MOE that are attached to the Plan; provided that MOE will also seek specific approval of the amended and restated articles of MOE as part of the Members Meeting in order to satisfy the requirements of Washington law.

14. Upon satisfaction of all conditions as provided in 11 and 12, above, MOE shall file the Mutual Holding Company's articles of incorporation and the amended and restated articles of incorporation of MOE and EPC with the Division. In addition, MOE shall file with the Division a copy of the minutes of the Members Meeting together with a copy of the bylaws of the Mutual Holding Company and the amended and restated bylaws of each of MOE and EPC. The Plan shall become effective on the Effective Date as provided for therein. In no event shall the Effective Date occur prior to the date that the Company has been approved by the Division as an Oregon domestic insurer.
15. The Plan shall not become effective unless the Plan has been approved by the Eligible Members, and the Plan, including the exhibits thereto, the form of notice to Eligible Members and the form of proxy have each been approved by the Director.
16. MOE has conducted due diligence regarding the tax and securities implications arising from the MHC Conversion, including consulting with the Company's external tax advisors and legal advisors regarding the MHC Conversion. In conducting such due diligence, MOE is not aware of any material adverse tax or securities law implications of the MHC Conversion on the Company or the Members. While no adverse impacts have been identified, the Company does

anticipate that it will realize material tax savings from the redomestication as a result of the elimination of certain Oregon retaliatory taxes.

17. The Washington Office of the Insurance Commissioner informed the Company in a letter dated November 5, 2014, that the hearing requirements of RCW 48.07.210 that normally apply when a domestic insurer seeks to transfer its domicile to another state do not apply in this case to the Company or EPC, by virtue of the provision in Section 313(a)(1) of the Gramm-Leach Bliley Act. Upon approval of the MHC Conversion by the Oregon Commissioner, the Washington Office of the Insurance Commissioner will await documents to authorize both companies as foreign insurers in Washington.
18. The name of the Company after the conversion will remain, “Mutual of Enumclaw Insurance Company.” While the Company will technically become a stock insurer following completion of the MHC Conversion, the Company plans to continue to issue only mutual policies. All such mutual policies will provide for membership in the Mutual Holding Company. As such, the continued use of the term “Mutual” in the name of the Company will remain an accurate description of its actual operations and will not be deceptive or misleading.
19. The Company has confirmed to the Division that only the Company and EPC will be included in the MHC Conversion. Each other direct or indirect subsidiary of the Company will continue to remain a stock insurance company organized under the laws of its existing jurisdiction of formation. Each of the Company’s other subsidiaries have been established to offer specialized products and, while the Company believes strongly in the concept of mutuality, the Company has

determined that at least for the time being the types of policies offered by these subsidiaries will not be converted to mutual policies.

IV. Public Hearing and Record

1. On December 3, 2014, the Division sent a notice of public hearing via an email to the Property and Casualty Insurance Issues subscribers. The notice set forth the date, time, place, and purpose of the public hearing.
2. MOE, the Oregon Insurance Division, and the Washington Office of the Insurance Commissioner posted the notice of public hearing on their respective websites.
3. In addition, MOE published notice of the date, time, place, and purpose of the public hearing in the Tacoma News Tribune, Seattle Times, Portland Oregonian, Idaho Statesman, Salt Lake Tribune, and Arizona Republic.
4. The public hearing was held on December 15, 2014, in the offices of Davis Wright Tremaine LLP, 1201 Third Avenue, Suite 2200, Seattle, Washington.

Commissioner Cali opened the hearing at 6:00 P.M., explaining that the purpose of the hearing was to hear an explanation of the Plan by MOE and to learn how the Plan would affect policyholders, Members, and others. The Commissioner also indicated that she would hear any comments from members of the public wanting to speak regarding the Plan. Following the Commissioner's introductions, each of the following presentations was made:

- Eric Nelson, President and Chief Executive Officer of MOE, outlined reasons why MOE was interested in converting and reorganizing MOE. The primary reasons for the conversion and reorganization would be to allow each MOE and EPC policyholder to have a vote for the Board of

Trustees that oversee the Company, to share in any dividends that might be declared, and to receive some portion of policyholder surplus should the Company be sold or liquidated.

- Michael Caughey, Independent Legal Counsel for MOE, gave a presentation that included, among other topics: the current organization of MOE and descriptions of the Plan, the redomestication process, the conversion process, and the effect of conversion on Members and policyholders.
- Brian Fjeldhiem, Financial Analyst in the Financial Regulation Section of the Oregon Insurance Division, discussed the redomestication process and the status of MOE and EPC redomestication to Oregon from Washington.
- Russell Latham, Chief Examiner and Manager of the Financial Regulation Section of the Oregon Insurance Division, discussed the factors that the Commissioner must consider in approving the proposed conversion and reorganization pursuant to ORS 732.626(1).

Following the above presentations, the Commissioner asked for any public comments. There was one individual who expressed concern about the lack of easy access to the Plan and the length of time for the comment period to provide input to the Commissioner. The Commissioner addressed these two items by allowing electronic access to the Plan, upon request, and extending the comment period from 5:00 P.M. on December 22, 2014, to 5:00 P.M. on December 29, 2014. There were other comments raised that will be addressed below in the Findings portion of this order.

FINDINGS

- (a) **The applicable provisions of ORS 732.600 to 732.630, and other applicable provisions of law, have been fully met.**

The Plan, dated September 30, 2014, contains the specific elements required by ORS 732.610. A statement of reasons is set forth in the Preamble to the Plan. All significant terms are defined and the Plan describes, in detail, how the reorganization will be carried out. The Plan states that reorganization will not change premiums or policy terms or reduce MOE's obligations to its policyholders. All policies in force on the Effective Date will remain in force under the terms of the policies. The Plan establishes a record date of April 1, 2015, and the Effective Date will occur promptly following the Member meeting being held on June 8, 2015, but in no event prior to the completion of the conditions provided for in the Plan. In no event may the Effective Date be sooner than 30 days after the date of this order. Included as exhibits to the Plan are the form of articles of incorporation and bylaws of the Mutual Holding Company, amended and restated articles of incorporation and bylaws of MOE. Upon the Effective Date, all outstanding shares of MOE will be issued to the Mutual Holding Company as part of the reorganization. The Plan was adopted by the MOE Board of Trustees. The Plan was submitted to the Commissioner, together with (a) the form of notice of the Members Meeting, including an information statement describing the MHC Conversion Law and the Plan; (b) the form of any proxies to be solicited from the Eligible Members; (c) such other information as requested by the Director.

Notice of the public hearing was provided by public notice to Members, policyholders, and the public. A public hearing was conducted on December 15, 2014, in accordance with ORS 732.526 and 732.626(5).

(b) The plan protects the rights of policyholders.

The rights of mutual policyholders of the Company will be unaffected by the MHC Conversion other than the shift in their membership rights from the Company to the Mutual Holding Company. The Plan specifically provides every policy which is in force on the Effective Date shall continue in force under the terms of those policies, except that all voting and other membership rights under mutual policies shall be converted to membership rights in the Mutual Holding Company. The Plan also will not change premiums, policy terms or any other policy obligations of the Company or EPC to their policyholders except that the MHC Conversion will allow EPC to begin issuing mutual policies to its policyholders. This will expand the benefits of mutuality to a larger number of policyholders and will assist the Company and EPC in implementing their long-term commitment to the mutual structure.

(c) The plan will be fair and equitable to members, and the plan will not prejudice their interests.

Under the Plan, each Member will retain in full his or her existing membership interests at the Mutual Holding Company level and no additional ownership interests (other than those that may be issued in the future under new mutual insurance policies) are being offered or issued by the Company. The former Members of the Company will retain the right to vote on the election of directors, amendments to the articles of incorporation of the Mutual Holding Company, and

significant transactions such as mergers or the sale of all or substantially all of the assets of the Mutual Holding Company or the demutualization or dissolution of the Mutual Holding Company. The Members will also retain their rights to participate in any distribution in the event of demutualization or liquidation of the Mutual Holding Company. There is no intermediate stock holding company being created in the MHC Conversion, and no plans for other non-policyholder investors, including any officers or directors of the Company, to acquire any direct or indirect interest in the Company or EPC in connection with carrying out the MHC Conversion. Any future plans that would include forming an intermediate stock holding company or non-policyholder investors, including any officers or directors of the Company, to acquire any direct or indirect interest in the Company or EPC would require the approval of the Commissioner pursuant to ORS 732.521(1).

(d) The allocation of consideration among the eligible Members is fair and equitable.

As noted in item (c) above, each Member will receive the same membership interest in the Mutual Holding Company that they previously had in the Company. The Company believes that this is the most fair and equitable form of allocation possible. This transaction does not involve a demutualization that will result in MOE surplus being distributed to its Members.

(e) The converted stock insurer will have capital or surplus, or any combination thereof, that is required of a domestic stock insurer on initial authorization to transact like kinds of insurance, and otherwise will be able to satisfy the requirements of this state for transacting its insurance business.

The Company and EPC are currently authorized to engage in insurance business in Oregon and will continue to offer the same lines of insurance immediately

following the MHC Conversion and their capital requirements should not change as a result of the MHC Conversion. No surplus or capital of either entity will be distributed or otherwise transferred out of either entity pursuant to the Plan. Following the MHC Conversion the financial condition of each entity will be identical to its financial condition immediately prior to the MHC Conversion. MOE reported total surplus as of December 31, 2014, and December 31, 2013, totaling \$302,923,437 and \$286,879,139, respectively. EPC reported total capital and surplus as of December 31, 2014, and December 31, 2013, totaling \$7,848,271 and \$7,760,210, respectively. The latest financial examination of MOE and EPC was conducted by the Washington Office of the Insurance Commissioner as of December 31, 2013. The latest Washington financial examination reports were made available for Division review to confirm the current financial condition of the Company and EPC.

(f) The plan will not substantially reduce the security of the policyholders and the service to be rendered to the policyholders.

The Plan does not provide for any change in the financial condition of either the Company or EPC (see (e) above), nor does it provide for any change in the services to be provided by either entity other than the offering of mutual policy benefits to a wider range of policyholders. The financial conditions, management and operation of the Company and EPC will not be changed in any material manner by the Plan other than for the insertion of the Mutual Holding Company into the organization structure and the addition of new Oregon resident directors. MOE, EPC, and the Mutual Holding Company will not assume any liabilities or potential liabilities as a result of the MHC Conversion. Management compensation will not change as of

result of the MHC Conversion. Any change in management compensation will be through the normal course of business and, where required, subject to approval by the Board of Directors. The Company and EPC will continue to maintain their principal offices in Enumclaw, Washington, subject to compliance with the terms and conditions of the declaratory ruling previously issued to the Company and EPC as described above. The MHC Conversion will result in reduced retaliatory taxes due to the State of Oregon.

- (g) **If a stock holding company or mutual holding company is organized, the financial condition of the stock holding company, the mutual holding company or any subsidiary thereof will not jeopardize the financial stability of the converted stock insurer.**

It is not contemplated that the Mutual Holding Company will engage in any activity other than acting as a holding company for the interests in the Company and any other direct or indirect subsidiaries (including EPC) that may exist from time to time. The bylaws for the Company and EPC will each provide that any distributions or dividends upon their capital stock must be permissible under applicable Oregon law, including all relevant statutory accounting principles and OAR 836-027-0170. The Mutual Holding Company will also continue to be wholly owned by its Members and upon completion of the MHC Conversion there will not be any third-party investors seeking to potentially change the Company's historically limited dividend practices. Accordingly, the addition of the Mutual Holding Company pursuant to the Plan will not jeopardize the financial condition of the Company or EPC.

- (h) **The financial condition of the converting mutual insurer will not be jeopardized by the conversion or reorganization, and the conversion or reorganization will not jeopardize the financial stability of the stock holding**

company, the mutual holding company or any subsidiary thereof.

It is not contemplated that the financial condition of MOE will be jeopardized by the conversion or reorganization, and the conversion or reorganization will not jeopardize the financial stability of the Mutual Holding Company or any subsidiary thereof.

- (i) **The competence, experience and integrity of those persons who will control the operation of the converted stock insurer are not contrary to the interests of policyholders of the converted stock insurer and of the public in allowing the plan to proceed.**

The Plan provides that, other than for the addition of Oregon resident directors required by Oregon law, the directors and officers of the Company and EPC will remain the same immediately following the MHC Conversion. The additional Oregon resident directors will constitute a minority of the board of directors of each entity and will not represent a change in control of either board. The Company believes that the current officers and directors of the Company and EPC have historically demonstrated competency, experience and integrity. Accordingly, the Plan of Reorganization and the MHC Conversion will not result in any material change in the persons who will control the operation of the Company or EPC.

- (j) **Implementation of the plan will protect the interests of the insurance-buying public.**

The Plan is intended to enable the Company to offer more policyholders the benefits of mutuality as described in Response 1 above. Additionally, by allowing the Mutual Holding Company to form new subsidiaries that would be part of the common holding company structure, the Company and its affiliates may issue a wider range of products, as such products could be issued on a mutual policy basis

consistent with the Company's strong belief in preserving its mutual structure. The insurance-buying public would be served by the increased availability of any such products in the future.

(k) The activity is not subject to other material and reasonable objections.

There are no other material and reasonable objections.

ORDER

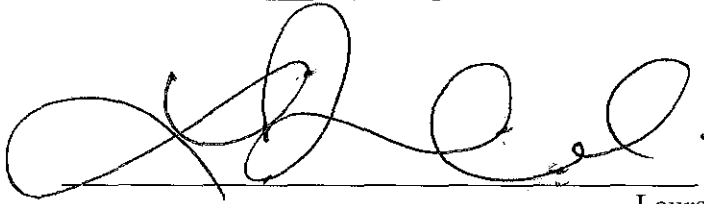
IT IS HEREBY ORDERED that the Plan of Conversion and Reorganization of Mutual of Enumclaw Insurance Company and Enumclaw Property and Casualty Insurance Company dated September 30, 2014, is approved. The Effective Date shall occur upon the completion of the items listed below.

IT IS FURTHER ORDERED that the foregoing approval is subject to the following conditions:

- a. Two-thirds or more of the Eligible Mutual of Enumclaw members voting on the Plan approve the Plan.
- b. The articles of incorporation of the Mutual Holding Company and the amended and restated articles of incorporation of each of MOE and EPC have been filed with and accepted by the Division.

IT IS FURTHER ORDERED that the transfer of ownership of MOE to Mutual Holding Company in connection with the MHC Conversion does not constitute a change of control and is not a transaction contemplated within the purpose of ORS 732.521(1). The proposed MHC Conversion thereby meets the requirements for exemption from the provisions of ORS 732.521(1) pursuant to ORS 732.521(2)(b).

DATED this 27 day of April, 2015.

A handwritten signature in black ink, consisting of several loops and flourishes, positioned above a horizontal line.

Laura N. Cali
Insurance Commissioner

NOTICE

Pursuant to ORS 732.528 (6), any insurer or other party to the proposed activity, including the insurer proposed to be acquired, within 60 days after receipt of a notice of approval or disapproval, may appeal the final order of the director as provided in ORS 183.310 to 183.550. For purposes of the judicial review the specifications required to be set forth in the written notice from the director will be deemed the findings of fact and conclusions of law of the department.