

BEFORE THE INSURANCE COMMISSIONER AND THE ATTORNEY GENERAL OF
THE STATE OF IOWA

In re the application of VALLEY MUTUAL)	FINDING OF FACT, CONCLUSIONS OF LAW, AND ORDER (Iowa Code §§ 521.5 & 521.8)
INSURANCE ASSOCIATION)	
for approval of a Plan of Merger)	
with HARRISON MUTUAL INSURANCE)	
ASSOCIATION)	
)	

I. INTRODUCTION

Pursuant to Iowa Code sections 521.5 and 521.8 (2013), on December 31, 2014 the undersigned Commission heard an application for approval of a Plan of Merger between VALLEY MUTUAL INSURANCE ASSOCIATION (“Valley Mutual”)¹ of Atlantic, Iowa, an Iowa domiciled state mutual insurance association and HARRISON MUTUAL INSURANCE ASSOCIATION (“Harrison Mutual”) of Logan, Iowa, an Iowa domiciled county mutual insurance association.

The Commission reviewed the Plan of Merger to be effective on the later of January 1, 2015, or the date the Commission approves the Plan of Merger. If the Plan of Merger is approved, Harrison Mutual will merge with and into Valley Mutual. Upon completion of the merger, Valley Mutual will be the surviving corporation and Harrison Mutual will cease to exist.²

The Commission notes that Valley Mutual and Harrison Mutual are licensees in good standing with the Iowa Insurance Division (“Division”), and have current financial statements on file with the Division.

II. JURISDICTION

The Commission has jurisdiction over this proceeding under Iowa Code sections 521.2, 521.3, 521.4, 521.5, and 521.8 (2013).

¹ On December 31, 2014, the Division approved Valley Mutual Insurance Association’s conversion to a state mutual insurance association organized under Iowa Code chapter 518A with an effective date of January 1, 2015.

² This transaction will not result in a change of control of Valley Mutual Insurance Association.

III. FINDINGS OF FACT

Iowa Code section 521.8 (2013) permits the Commission to approve the proposed Plan of Merger if it is satisfied that the interests of the affected policyholders are properly protected and no reasonable objection to the Plan of Merger exists.

The Plan of Merger provides that Harrison Mutual will merge with and into Valley Mutual on the later of January 1, 2015 or the date the Commission approves the Plan of Merger. The merged entity will do business as Valley Mutual Insurance Association. All policies issued by Harrison Mutual which are outstanding on the effective date of the Plan of Merger will be assumed by Valley Mutual. Valley Mutual will, post-merger, possess the combined assets, liabilities and obligations held by Harrison Mutual and Valley Mutual prior to the merger. Upon completion of the Plan of Merger, Valley Mutual will be the surviving corporation and Harrison Mutual will be merged into it, thereby ceasing to exist.

The Commission finds that the interests of Harrison Mutual's and Valley Mutual's policyholders are properly protected under the Plan of Merger. The Commission further finds that no reasonable objection for approval of the Plan of Merger exists.

IV. CONCLUSIONS OF LAW

The legislature has vested discretion in the Commission not only to make factual findings, but also to interpret and apply the law. Iowa Code sections 521.3 and 521.8 permit the Commission to approve a Plan of Merger if it determines that the applicant demonstrates the two criteria listed within section 521.8 to the satisfaction of the Commission.

The Commission concludes, upon substantial evidence, that the Plan of Merger between Harrison Mutual and Valley Mutual meet the two requirements of Iowa Code section 521.8, and should be approved.

ORDER

IT IS THEREFORE ORDERED that:

Valley Mutual Insurance Association's application for approval of its Plan of Merger with Harrison Mutual Insurance Association is **APPROVED**.

This Order shall be considered final agency action for the purposes of Iowa Code chapter 17A (2013). Any action challenging this Order shall comply with the requirements of Iowa Code chapter 17A.

Any application for rehearing shall comply with the requirements of Iowa Code chapter 17A.

Dated this 31st day of December, 2014.

NICK GERHART
Iowa Insurance Commissioner

THOMAS J. MILLER
Iowa Attorney General

_____/s/_____
By: JAMES N. ARMSTRONG
Deputy Commissioner of Insurance

_____/s/_____
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