

III. FINDINGS OF FACT

Iowa Code section 521.8 (2011) 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.

Under the Plan of Merger, the separate existence of Farmers Mutual Moville will cease and it will merge with and into Farmers Mutual Hull with Farmers Mutual Hull being the surviving entity.

The Plan of Merger provides that on the effective date of the merger (July 1, 2012), Farmers Mutual Moville's existing members' rights and interests in Farmers Mutual Moville shall be transferred to Farmers Mutual Hull and the members shall have member rights and interests in Farmers Mutual Hull. The merger will not result in any change in the rights or privileges of current members of Farmers Mutual Hull.

All policies issued by Farmers Mutual Moville before the effective date of the merger shall remain in effect and all policy (contractual) rights shall remain the same.

The Merger Agreement has been authorized and approved by the boards of directors of both Farmers Mutual Moville and Farmers Mutual Hull. Farmers Mutual Moville's members voted to approve the merger during a special policyholder member meeting on January 25, 2012.

The Commission finds that the respective interests of Farmers Mutual Moville and Farmers Mutual Hull policyholders are properly protected under the Plan of Merger. The Commission further finds that no reasonable objection to 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 521.5 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 Farmers Mutual Merville and Farmers Mutual Hull meets the two requirements of Iowa Code section 521.8, and should be approved.

ORDER

IT IS THEREFORE ORDERED that the Plan of Merger is **APPROVED** subject to the following conditions:

1. Agreements submitted to the Commission in support of the application herein shall not be amended without the prior written approval of the Iowa Insurance Commissioner, Susan E. Voss or her successor ("the Commissioner").
2. The Merville real estate shall not be sold without the prior written approval of the Commissioner. Additionally, any new lease or renewal of the lease disclosed in the filing, shall be submitted for the prior written approval of the Commissioner;
3. Farmers Mutual Merville shall not modify its service fee/contingent commission plan that has been in place for the previous five years prior to consummation of the merger.
4. From the date of this Order to the effective date of the merger, Farmers Mutual Merville shall submit any expense or series of expenses over \$500 for approval by the Commissioner prior to payment.
5. On or before August 30, 2012, a final statutory financial statement of Farmers Mutual Merville shall be filed with the Commissioner as of June 30, 2012.

This Order shall be considered final agency action for the purposes of Iowa Code chapter 17A (2011). 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 27th day of June 2012.

SUSAN E. VOSS
Iowa Insurance Commissioner

THOMAS J. MILLER
Iowa Attorney General

/s/

/s/

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