

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

In re the application of IOWA RIVER)	
MUTUAL INSURANCE ASSOCIATION)	FINDING OF FACT,
f/k/a HARDIN COUNTY MUTUAL)	CONCLUSIONS OF LAW,
INSURANCE ASSOCIATION)	AND ORDER
for approval of a Plan of Merger)	
with IOWA VALLEY MUTUAL)	(Iowa Code sections 521.5 & 521.8)
INSURANCE ASSOCIATION)	
)	

I. INTRODUCTION

Pursuant to Iowa Code sections 521.5 and 521.8 (2011), on December 24, 2012, the undersigned Commission heard an application for approval of a Plan of Merger between IOWA RIVER MUTUAL INSURANCE ASSOCIATION (“IRMIA”)¹ of Eldora, Iowa, an Iowa domiciled state mutual insurance association organized under Iowa Code chapter 518A and IOWA VALLEY MUTUAL INSURANCE ASSOCIATION (“Iowa Valley Mutual”) of Albion, Iowa, an Iowa domiciled county mutual insurance association organized under Iowa Code chapter 518. Both IRMIA and Iowa Valley Mutual are licensees in good standing with the Iowa Insurance Division (“Division”), and have current financial statements on file with the Division.

If the Plan of Merger is approved, Iowa Valley Mutual will merge with and into IRMIA effective January 1, 2013. Upon the effective date of the merger, IRMIA will be the surviving corporation and Iowa Valley Mutual will cease to exist².

¹ On December 24, 2012, the Division approved Hardin County Mutual Insurance Association’s conversion to a state mutual insurance association organized under Iowa Code chapter 518A and a name change to Iowa River Mutual Insurance Association with both transactions having effective dates of January 1, 2013.

² This Transaction will not result in a change of control of Iowa River Mutual Insurance Association (IRMIA).

II. JURISDICTION

The Commission has jurisdiction over this proceeding under Iowa Code sections 521.2, 521.3, 521.4, 521.5, and 521.8 (2011).

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 Iowa Valley Mutual will cease and it will merge with and into IRMIA with IRMIA being the surviving entity.

The Plan of Merger provides that on the effective date of the merger (January 1, 2013), Iowa Valley Mutual existing members' rights and interests in Iowa Valley Mutual shall be transferred to IRMIA and the members shall have member rights and interests in IRMIA. The merger will not result in any change in the rights or privileges of current members of IRMIA.

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

The Plan of Merger has been authorized and approved by the boards of directors of both Iowa Valley Mutual and IRMIA. Iowa Valley Mutual's members voted to approve the merger during a special policyholder member meeting on November 9, 2012. IRMIA's members voted to approve the merger during a special policyholder meeting on September 27, 2012.

The Commission finds that the interests of Iowa Valley Mutual and IRMIA 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 Iowa Valley Mutual and IRMIA meets the two requirements of Iowa Code section 521.8, and should be approved.

ORDER

IT IS THEREFORE ORDERED that:

Iowa River Mutual Insurance Association's application for approval of its Plan of Merger with Iowa Valley Mutual Insurance Association is **APPROVED effective January 1, 2013**, 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 ("Commissioner").
2. From the date of this Order to the effective date of the merger, Iowa Valley Mutual Insurance Association shall submit any expenses or series of expenses over \$500 for approval by the Commissioner prior to payment.
3. On or before March 1, 2013, Iowa Valley Mutual Insurance Association's annual statement as of December 31, 2012, shall be filed with the Commissioner.
4. On or before March 1, 2013, Hardin County Mutual Insurance Association's annual statement as of December 31, 2012 (prior to the Iowa Code section 518A conversion and merger with Iowa Valley Mutual), shall be filed with the Commissioner.

5. Iowa Valley Mutual Insurance Association real estate shall not be sold without the prior written approval of the Commissioner.
6. Any new lease or renewal of the lease disclosed in the filing by Iowa Valley Mutual Insurance Association shall be done at fair market value.
7. Agents of Iowa Valley Mutual Insurance Association shall continue to operate according to the previously agreed upon reduced commission schedule commencing on January 1, 2010 and ending January 1, 2016.

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.

Dated this 24th day of December 2012.

SUSAN E. VOSS
Iowa Insurance Commissioner

THOMAS J. MILLER
Iowa Attorney General

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

_____/s/_____
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