

**STATE OF VERMONT
DEPARTMENT OF FINANCIAL REGULATION**

IN RE: CONVERSION OF GRANITE)
MUTUAL INSURANCE COMPANY)
)
) Docket No. 23-21-I
)
)
)

**ORDER APPROVING THE CONVERSION OF GRANITE MUTUAL INSURANCE
COMPANY TO A STOCK INSURANCE COMPANY PURSUANT TO 8 V.S.A. §3423**

WHEREAS, 8 V.S.A. §3423 provides that a mutual insurer may be converted into a stock insurer upon the approval of the Commissioner (the “Commissioner”) of the Vermont Department of Financial Regulation (the “DFR”) following a hearing thereon of which notice was given to all of the mutual insurer’s eligible members;

WHEREAS, on August 24, 2023, Granite Mutual Insurance Company’s (“GMIC”) board of directors unanimously approved the GMIC’s plan of conversion (the “Plan”) and recommended that the Plan be approved and adopted by GMIC’s members.

WHEREAS, on September 1, 2023, GMIC submitted the Plan to the DFR;

WHEREAS, on September 29, 2023, GMIC submitted a petition to the DFR requesting that the Commissioner (i) hold a public hearing on the Plan, and (ii) approve the amendments to GMIC’s articles of incorporation and bylaws required in connection with its conversion to a stock insurance company (the “Petition”);

WHEREAS, on or about November 9, 2023, the Commissioner issued a Notice of Hearing (the “Notice of Hearing”) noting that a public hearing to consider the Plan would be held on November 28, 2023 at 10:00 a.m. via Microsoft Teams teleconference (the “Hearing”);

WHEREAS, the Notice of Hearing was provided to GMIC’s members and published in the Burlington Free Press on November 9, 2023;

WHEREAS, on November 16, 2023, GMIC held a meeting of its members at which the members unanimously approved the conversion as set forth in the Plan;

WHEREAS, the DFR received testimony from William Cahill, GMIC’s secretary, at the Hearing attesting to the Plan’s satisfaction of all of the requirements of 8 V.S.A. §3423;

WHEREAS, attorney J. Zaw Win of Downs Rachlin Martin PLLC spoke in favor of the Plan; and

WHEREAS, no members of the public or representative of any other entity provided comment or testimony at the Hearing;

NOW THEREFORE, the Commissioner makes findings and ORDERS as follows:

FINDINGS

1. Pursuant to 8 V.S.A. §3423, the Commissioner shall approve the conversion of GMIC to a stock insurance company if, among other things, the terms and conditions of the Plan are fair and equitable, the Plan has been approved by not less than three-fourths of each of GMIC's board or directors and its members, and GMIC's management has not sought to limit the members of GMIC so as to secure an unfair advantage.
2. The Hearing was duly noticed and conducted in accordance with the applicable laws and regulations of the State of Vermont.
3. Having considered the Plan, the Petition, the proposed amended and restated articles of incorporation and bylaws submitted by GMIC, the testimony received at the Hearing, and the applicable law, the Commissioner finds that the Plan satisfies the requirements of 8 V.S.A. §3423.

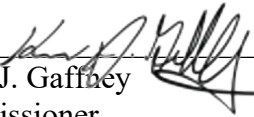
ORDER

NOW, THEREFORE, based on the above findings, the Commissioner ORDERS as follows:

1. Pursuant to 8 V.S.A. §3423, the Plan is approved in its entirety and GMIC is authorized to convert into a stock insurance company, effective January 1, 2024, and to take any other steps set forth in the Plan.
2. The proposed amendments to GMIC's articles and bylaws are hereby approved and GMIC is authorized to file the amended articles of incorporation with the Vermont Secretary of State to be effective January 1, 2024. Concurrently, and as a result of these amendments, GMIC's name will change to "Granite Security Insurance Company."
3. GMIC shall have until December 31, 2023 to increase its surplus to the amount required by 8 V.S.A. §3309 and the letter, dated July 25, 2005, allowing GMIC to maintain a lower surplus shall be deemed withdrawn as of that date.

4. GMIC shall be authorized to terminate its affiliation agreement with Vermont Mutual Insurance Company (“VMIC”), dated January 1, 2005, since, following the conversion, GMIC will be a subsidiary of VMIC. The termination of the Affiliation Agreement shall not change certain aspects of the relationship between VMIC and GMIC such as, but not limited to, the Pooling Agreement originally executed pursuant to the Affiliation Agreement and amended from time to time.

ENTERED at Montpelier, Vermont, this 12 day of December, 2023



Kevin J. Gaffney
Commissioner
Vermont Department of Financial Regulation