

**ARTICLES OF MERGER OF
NEZ PERCE FARMERS' COUNTY MUTUAL FIRE INSURANCE COMPANY
AND
IDAHO FARMERS COUNTY MUTUAL FIRE INSURANCE COMPANY**

03 AUG 29 AM 10:11
SECRETARY OF STATE
STATE OF IDAHO

I.

The Agreement and Plan of merger (hereinafter "Plan of Merger") attached hereto as Exhibit "A" and incorporated herein by reference, has been approved by the Board of Directors and by the policyholders of Idaho Farmers County Mutual Fire Insurance Company, the merged insurer, and has been approved by the Board of Directors and by the policyholders of Nez Perce Farmers' County Mutual Fire Insurance Company, the surviving insurer.

II.

(a) The Agreement and Plan of Merger was approved by the Board of Directors of Nez Perce Farmers' County Mutual Fire Insurance Company at its home office in Kendrick, Idaho on the 5th day of August, 2003.

(b) The Agreement and Plan of Merger was approved by the Board of Directors of Idaho Farmers County Mutual Fire Insurance Company at its home office in Cottonwood, Idaho on the 9th day of May, 2003.

III.

The surviving mutual insurer in this merger is Nez Perce Farmers' County Mutual Fire Insurance Company, a mutual insurer organized under the laws of the State of Idaho. Idaho Farmers County Mutual Fire Insurance Company is fully merged into the surviving insurer. Said surviving mutual insurance company is authorized to engage in the business of insurance in Idaho.

IV.

Pursuant to *Idaho Code* Section 30-1-73 and *Idaho Code* Section 41-2857, *et. seq.*, the surviving mutual insurance company shall be continued under the name of Nez Perce Farmers' County Mutual Fire Insurance Company (hereinafter referred to as "surviving insurer").

V.

The affirmative vote of two-thirds of all votes cast by policyholders present or represented by written proxy of the Idaho Farmers County Mutual Fire Insurance Company policyholders is required to adopt the Plan of Merger. There are 368 outstanding policies of Idaho Farmers County Mutual Fire Insurance Company and each policyholder is entitled to one

ARTICLES OF MERGER OF NEZ PERCE FARMERS'
COUNTY MUTUAL FIRE INSURANCE COMPANY - 1

IDAHO SECRETARY OF STATE
08/29/2003 05:00
CK: 16755 CT: 1116 BH: 699872
1 @ 30.00 = 30.00 AMEND PROF # 2

C8189

vote. The policyholders meeting was held at 1:00 p.m. on the 23rd day of May, 2003, at the home office of Idaho Farmers County Mutual Fire Insurance Company, Cottonwood, Idaho, pursuant to notice. On the date of the Idaho Farmers County Mutual Fire Insurance Company policyholders meeting, there were 114 policyholders present and entitled to vote either in person or by written proxy and the plan of merger was adopted by a vote of 104 for and 10 against, said affirmative vote being ninety-one percent (91%) of the policyholders voting thereon.

The affirmative vote of two-thirds of all votes cast by policyholders present or represented by written proxy of the Nez Perce Farmers' County Mutual Fire Insurance Company policyholders is required to adopt the Plan of Merger. There are 309 outstanding policies of Nez Perce Farmers' County Mutual Fire Insurance Company and each policyholder is entitled to one vote. The policyholders meeting was held at 5:00 p.m. on the 13th day of June, 2003, at the home office of Nez Perce Farmers' County Mutual Fire Insurance Company, Kendrick, Idaho, pursuant to notice. On the date of the Nez Perce Farmers' County Mutual Fire Insurance Company policyholders meeting, there were 54 policyholders present and entitled to vote either in person or by written proxy and the plan of merger was adopted by a vote of 51 for and 3 against, said affirmative vote being ninety-four percent (94%) of the policyholders voting thereon.

VI.

The Directors of the Surviving insurer, Nez Perce Farmers' County Mutual Fire Insurance Company are and shall be the following:

Clarence Riggers
President

Doris V. Pettichord

Dennis Burgess
Vice President

Ralph Sprute

Rita L. Blewett
Secretary/Treasurer

Ralph G. Terhaar

Douglas H. Ashburn

Larry H. Wemhoff

Maurice L. Heier

Roger J. Wemhoff

F. Joe Larson

William H. White

Bart Nuxoll

Yvonne "Jean" White

VII.

The merger shall be effective upon the approval of the Plan and Agreement of Merger by the Director of Insurance of the State of Idaho and the filing of these Articles of Merger as required by the laws of Idaho.

VIII.

No changes are to be made at this time in the Articles of Incorporation of the surviving insurer.


IN WITNESS WHEREOF, the parties have hereto caused this instrument to be executed and attested by their respective duly authorized officers on the day and year set forth by the attestation set out below.

IDAHO FARMERS COUNTY MUTUAL FIRE INSURANCE COMPANY
SIGNED THIS 21st DAY OF AUGUST, 2003.

BY: 

PRESIDENT

ATTEST:

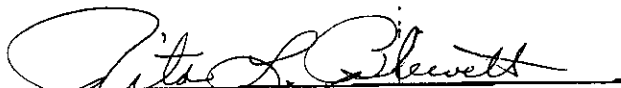

SECRETARY
(SEAL)

NEZ PERCE FARMERS' COUNTY MUTUAL FIRE INSURANCE COMPANY
SIGNED THIS 26 DAY OF AUGUST, 2003.

BY: 

PRESIDENT

ATTEST:

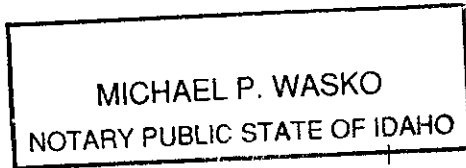

SECRETARY
(SEAL)

STATE OF IDAHO)

: ss.

County of Idaho)

On this 21st day of August, 2003, before me Michael P. Wasko, a notary public, in and for said State, personally appeared **RALPH TERHAAR** and **CATHERINE M. BROSS**, known or identified to me (or proved to me on the oath of _____) to be the PRESIDENT and SECRETARY, of the corporation that executed the instrument or the persons who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.



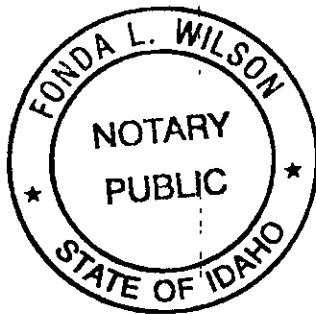
Michael P. Wasko
Notary Public in and for the State of Idaho
residing at Nezperce therein.
My Commission Expires: 7/9/04

STATE OF IDAHO)

: ss.

County of Nez Perce)

On this 26 day of August, 2003, before me Fonda L. Wilson, a notary public, in and for said State, personally appeared **CLARENCE RIGGERS** and **RITA L. BLEWETT**, known or identified to me (or proved to me on the oath of _____) to be the PRESIDENT and SECRETARY, of the corporation that executed the instrument or the persons who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.



Fonda L. Wilson
Notary Public in and for the State of Idaho
residing at Genesee therein.
My Commission Expires: 2-15-05

EXHIBIT "A"

PLAN OF MERGER

Section I

File Assumption by Merger Certificate with Idaho Insurance Department (copy attached).

Section II

Each policy holder of Idaho Farmers' County will be furnished with an Assumption by Merger Certificate.

Section III

The Idaho Farmers' County policyholders will be serviced by agents/directors similar as before, as requested by Idaho Farmers' County Board of Directors.

Nez Perce Farmers' County Mutual will manually operate from a log of all policyholders of Idaho Farmers' County showing name, coverage, due dates, etc., as each policy comes due for renewal, it will be given a new number and placed in Nez Perce Farmers' County regular data processing system. We believe this procedure will insure that all Idaho Farmers' County policyholders will receive prompt and fair service.

Section IV

All existing insurance policies issued by Idaho Farmers' which are for commercial coverages that Nez Perce Farmers' does not write will be cancelled effective prior to the effective date of the merger. All existing insurance policies issued by Idaho Farmers' which provide coverages at an amount in excess of \$175,000.00 shall be cancelled effective prior to the effective date of the merger. All existing insurance policies issued by Idaho Farmers' which may have been issued for insurable assets which are substantially under insured shall be cancelled effective prior to the effective date of the merger.

Section V

All remaining Idaho Farmers' policyholders (exclusive of the policyholders whose policies are cancelled in Section IV above), by Assumption Certificate will be accepted by Nez Perce Farmers' County Mutual as written. We will anticipate that the servicing agency will inspect and rewrite risk at policy renewal date or at policyholder request prior to renewal date.

Section VI

Prior to approval of the merger by the Idaho Department of Insurance, Nez Perce Farmers' County Mutual Fire Insurance Company will examine the books of Idaho Farmers' County Mutual Fire Insurance Company, review the claims register, and make current claims inquiry of Idaho Farmers' reinsurance carrier, all for the purpose of satisfying Nez Perce Farmers' County Mutual Fire Insurance Company, in its discretion and determination that the merger transaction is beneficial to Nez Perce Farmers' County Mutual Fire Insurance Company policyholders.

Section VII

Upon completion of merger considerations, all assets of Idaho Farmers' County Mutual Fire Insurance Company will be transferred to Nez Perce Farmers' County Mutual Fire Insurance Company.

LAWRENCE G. WASDEN
ATTORNEY GENERAL

03 AUG 29 AM 10:11

SECRETARY OF STATE
STATE OF IDAHO

Margaret P. White
Deputy Attorney General
Idaho Department of Insurance
700 West State Street
P.O. Box 83720
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Fax : (208) 334-4298
ISB # 2173

COPY

Attorneys for Department of Insurance

BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE

STATE OF IDAHO

In the Matter of:)	
)	
THE MERGER OF)	
NEZ PERCE FARMERS' COUNTY MUTUAL)	ORDER ADOPTING FINDINGS
FIRE INSURANCE COMPANY, Kendrick,)	OF FACT AND CONCLUSIONS
Idaho, AND)	OF LAW
)	
IDAHO FARMERS' COUNTY MUTUAL)	Docket No. 2225
FIRE INSURANCE COMPANY,)	
Cottonwood, Idaho)	
_____)	

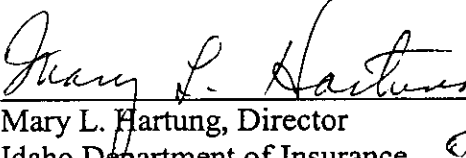
The Director of the Idaho Department of Insurance, having reviewed the Articles of Merger and Plan of Merger filed by and for Nez Perce Farmers' County Mutual fire Insurance Company and Idaho Farmers' Mutual Fire Insurance Company pursuant to Idaho Code § 41-2857 and the attached Proposed Findings of Fact and Conclusions of

Nez Perce Farmers'/ Idaho Farmers' County Mutual Fire Ins. Co. Merger
Order Adopting Findings of Fact and Conclusions of Law #2225
(8-26-03 mpw)

Law and Recommended Order prepared by the Hearing Officer, hereby issues the following order:

1. The findings of fact and conclusions of law set forth in the Hearing Officer's Proposed Findings of Fact and conclusions of Law are hereby adopted as the Director's Findings of Fact and conclusions of Law and are incorporated by reference herein.
2. Based upon such findings and conclusions, the terms, conditions and procedures of the Plan of Merger (Plan) are hereby determined to be fair, equitable and free from fraud with respect to Nez Perce Farmers' County Mutual Fire Insurance Company, Kendrick, Idaho, AND Idaho Farmers' County Mutual Fire Insurance Company, Cottonwood, Idaho, its members and former members, and such terms, conditions and procedures of the Plan are hereby approved pursuant to Idaho Code § 41-2857.

Dated this 26th day of August, 2003 to become effective the 29th day of August, 2003.


Mary L. Hartung, Director
Idaho Department of Insurance