

MIDSOUTH MUTUAL INSURANCE COMPANY

MEMBER INFORMATION STATEMENT AND NOTICE

for

SPECIAL MEETING OF MEMBERS

to be held on May 31, 2024

INTRODUCTION

This member information statement and notice is being given by the board of directors of MidSouth Mutual Insurance Company, a Tennessee mutual insurance company ("MidSouth Mutual"), in connection with its demutualization and acquisition to be voted at the special meeting of members of MidSouth Mutual that is to be held on May 31, 2024 at the company's offices located at 214 Centerview, Suite 350, Brentwood, Williamson County, Tennessee 37027 and accessible virtually via a link on MidSouth Mutual web site (the "Special Meeting").

The board of directors has called the Special Meeting to vote on a proposal to approve a plan of conversion to demutualize MidSouth Mutual (the "Plan of Conversion"), a related amendment of MidSouth Mutual's articles of incorporation, and an acquisition of the converted MidSouth Mutual by Florida Citrus Business & Industries Fund ("FCBI"). The Plan of Conversion provides for MidSouth Mutual to be converted from a mutual insurance company to a stock insurance company that will be named "MidSouth Insurance Company". A copy of the Plan of Conversion is attached as Exhibit 1. A copy of the Stock Purchase Agreement is attached as Exhibit 2.

Anyone who owns a policy or policies of insurance with MidSouth Mutual is a member of MidSouth Mutual until the termination or non-renewal of such policy or policies.

The board of directors has set November 30, 2023 (the "Record Date") as the record date for determination of members entitled to notice of, and to vote at, the Special Meeting (and any postponements or adjournments thereof) and to receive consideration as contemplated in the Plan of Conversion. Only members of MidSouth Mutual as of the Record Date are entitled to notice of, and to vote at, the Special Meeting (and any postponements or adjournments thereof). The date of this member information statement is March 29, 2024 and this member information statement and its exhibits are being mailed to persons who are members of MidSouth Mutual as of the Record Date.

In order to close the transactions contemplated by the Plan of Conversion, the Plan of Conversion must be approved by the vote of at least two-thirds of the members that are cast at the Special Meeting. Each member as of the Record Date is entitled to cast one vote at the Special Meeting, and may vote in person only per the bylaws of MidSouth Mutual.

The consummation of the transactions contemplated by the Plan of Conversion is subject to approval by the members of MidSouth Mutual and by the Tennessee Department of Commerce and Insurance.

The proposed demutualization of MidSouth Mutual and the other transactions contemplated by the Plan of Conversion are more fully described in this member information statement. You are strongly encouraged to read it, and its exhibits, in their entirety and consider them carefully.

**QUESTIONS AND ANSWERS RELATING TO THE SPECIAL MEETING
AND THE PLAN OF CONVERSION**

Why has this member information statement been sent to me?

This member information statement has been sent to all members of MidSouth Mutual as of the Record Date. Because MidSouth Mutual is a mutual insurance company, every owner of an insurance policy issued by MidSouth Mutual as of that date is a member of MidSouth Mutual and, as such, has certain voting rights in his, her or its capacity as a member, including the right to vote on a proposed demutualization of the company.

The board of directors of MidSouth Mutual has approved a Plan of Conversion that would, among other things, demutualize MidSouth Mutual. That Plan of Conversion is being submitted to the members of MidSouth Mutual for their approval, since the closing under it cannot occur unless (among other things) the Plan of Conversion is duly approved by the members of MidSouth Mutual.

A Special Meeting of the members of MidSouth Mutual has been called so that the members of MidSouth Mutual can vote on the Plan of Conversion and the related amendment to MidSouth Mutual's articles of incorporation. This member information statement and the accompanying proxy materials have been sent to you to solicit your vote in favor of approving the Plan of Conversion, the related amendment to MidSouth Mutual's articles of incorporation and the acquisition of MidSouth Mutual by FCBI.

What are the transactions contemplated by the Plan of Conversion?

The Plan of Conversion contemplates the following transactions:

- MidSouth Mutual would be demutualized. This means that MidSouth Mutual would be converted from a mutual insurance company to a stock insurance company that would be called "MidSouth Insurance Company".
- A recently formed stock holding company, called "MidSouth Holding Company", would become the sole stockholder of MidSouth Insurance Company.
- MidSouth Holding Company would issue shares of its capital stock to members pro rata based on the amount of premium they have paid to MidSouth Mutual, according to the Plan of Conversion.
- An acquisition of MidSouth Insurance Company from MidSouth Holding Company by FCBI.

These transactions are collectively referred to in this member information statement as the "Demutualization Transactions". These transactions are described more fully below under the heading "Description of Demutualization Transactions".

How will the transactions contemplated by the Plan of Conversion and Stock Purchase Agreement affect me?

If the Demutualization Transactions occur, members of MidSouth Mutual as of the Record Date will receive consideration in the form of shares of MidSouth Holding, and MidSouth Holding would receive payment

for the Acquisition of MidSouth Mutual. This is described more fully below under the heading "Description of Consideration to Members".

Additionally, because MidSouth Mutual would be demutualized, policyholders would no longer have voting rights (such as the right to elect directors of the insurance company). A description of the changes in the policyholders' rights that would result from the company's demutualization is set forth below under the heading "Description of Changes in Policyholders' Rights".

Policies of insurance issued by MidSouth Mutual that are in force at the time of closing of the Demutualization Transactions would remain in full force and effect. MidSouth Mutual does not expect that the Demutualization Transactions will have any negative impact on the company's financial strength ratings nor on its ability to pay claims and policy benefits.

Why does MidSouth Mutual want to demutualize?

The board of directors of MidSouth Mutual has determined that demutualization is in the company's best interests for several reasons, including:

- rewarding members for their loyalty to the company;
- modernizing the company's governance structure;
- enabling the issuance of stock in order to facilitate the acquisition of MidSouth Mutual; and
- strengthening the company to continue insurance underwriting business.

These reasons are explained more fully below under the heading "Background to the Proposed Demutualization of MidSouth Mutual - Reasons for the Proposed Demutualization".

Will the closing of the Demutualization Transactions affect my insurance policy?

The closing of the Demutualization Transactions will not, in and of itself, affect any of the insurance policies issued by MidSouth Mutual, except that policyholders will cease to have voting rights and the right to share in the surplus of the mutual company, as described more fully below under the heading "Description of Changes in Policyholders' Rights." In all other respects, the insurance policies issued by MidSouth Mutual would remain in full force and effect.

Who will own the insurance company after it demutualizes?

If the Demutualization Transactions close, MidSouth Insurance Company (the stock company into which MidSouth Mutual would convert) will become a wholly-owned subsidiary of MidSouth Holding Company, a newly-organized corporation.

MidSouth Holding Company, in turn, would be owned by those members issued shares per the Plan of Conversion. After the Demutualization Transactions close, pursuant to the Stock Purchase Agreement, FCBI will purchase from MidSouth Holding all of the shares of MidSouth Insurance Company in a cash transaction. This is described more fully below under the heading "Description of Stock Purchase of MidSouth Insurance Company".

Have the Demutualization Transactions been approved by the relevant government agency?

Yes. On March 22, 2024, the Tennessee Department of Commerce and Insurance approved:

- the Plan of Conversion; and,

The Tennessee Department of Commerce and Insurance was required by Tennessee law to approve the Plan of Conversion if it found that the Plan of Conversion does not prejudice the interests of the members, is fair and equitable, and complies with the applicable statute. Please note, however, that the Tennessee Department of Commerce and Insurance's approval of the Plan of Conversion should not be taken as constituting the endorsement of the Demutualization Transactions by the Tennessee Department of Commerce and Insurance.

On February 27, 2024, FCBI filed a Form A and on December 11, 2023 MidSouth Mutual filed the original version of the Plan of Conversion with the Tennessee Department of Commerce and Insurance for its approval. By letter dated February 5, 2024, the Tennessee Department of Commerce and Insurance provided a list of additional items necessary to the review of the filing of the original Plan of Conversion and the related documents.

On February 26 and 27, 2024, MidSouth Mutual provided the department with the additional items requested. By letter dated March 5, 2024, the Tennessee Department of Commerce and Insurance provided an additional list of items necessary to the review of the filing of the original Plan of Conversion and the related documents. On March 6 and 15, 2024, MidSouth Mutual provided the department with the additional items requested.

Subsequently, on March 22, 2024, the Tennessee Department of Commerce and Insurance approved the Plan of Conversion.

What vote of the members will be required to approve the Plan of Conversion?

Under Tennessee law, the Plan of Conversion may be effected only if it is approved by the affirmative vote of at least two-thirds of the members that are cast at a meeting at which a quorum is present that is called to consider and vote upon the Plan of Conversion.

MidSouth Mutual's bylaws provide that ten percent (10%) of the membership of MidSouth Mutual or a number of members equal to the number of directors of the Corporation, whichever is less, constitutes a quorum for action on any matter.

The board of directors has called the Special Meeting to occur on May 31, 2024 to consider and vote on the Plan of Conversion. Only members as of the Record Date will be entitled to notice of, and to vote at, the Special Meeting.

Will the Demutualization Transactions require any other votes by the members at the Special Meeting?

Yes. Under Tennessee law, the Plan of Conversion may be effected only if, at the Special Meeting called to approve the Plan of Conversion, the amendment of MidSouth Mutual's articles of incorporation in the

form attached hereto as Exhibit 3 is approved by the affirmative vote, in present or electronically, of at least two-thirds of the members that are cast at that meeting.

Can I cast my vote at the Special Meeting by submitting a proxy?

No. You can only participate in the Special Meeting by voting in person or by voting virtually/electronically. The bylaws of MidSouth Mutual do not allow for votes to be cast by proxy.

Where can I get financial information about MidSouth Mutual?

A copy of MidSouth Mutual's unaudited, annual statement for the fiscal years ended December 31, 2023 and December 31, 2022 is attached to this member information statement as Exhibit 4.

How does MidSouth Mutual's board of directors recommend I vote?

MidSouth Mutual's board of directors recommends that you vote "FOR" the proposal to approve the Plan of Conversion and "FOR" the proposal to amend MidSouth Mutual's articles of incorporation and "FOR" the acquisition proposed in the Stock Purchase Agreement.

Do I have to vote to approve the Plan of Conversion in order to receive consideration?

No. If the Plan of Conversion is duly approved and the Demutualization Transactions close, all members of MidSouth Mutual as of the Record Date will receive shares in MidSouth Holding whether they voted "FOR" approval of the Plan of Conversion, "AGAINST" approval, or did not vote at all.

Will I have the right to subscribe for shares of capital stock of MidSouth Holding Company?

No. The proposed demutualization of MidSouth Mutual has not been structured to distribute the share of MidSouth Holding pro rata among the members of MidSouth Mutual based on premiums members have paid to MidSouth Mutual, which means that members of MidSouth Mutual do not, in their capacity as such, have the right to subscribe for any stock and no additional stock is being offered in demutualization other than the shares of MidSouth Holding being distributed to the members.

Where can I ask more questions about the transactions described in this member information statement?

You may contact James Carbine, President of MidSouth Mutual, at jcarbine@carbinecompany.com.

You may also review documentation related to this transaction at the following link: Plan of conversion: <https://tinyurl.com/2yya25u8>; and Stock Purchase Agreement: <https://tinyurl.com/5n8tp8jv>

BACKGROUND TO DEMUTUALIZATION

Description of Demutualization

A mutual insurance company is structured differently and operated differently than a stock insurance company. The chart that follows contrasts the general characteristics of mutual insurance companies as compared to demutualized stock insurance companies. The chart also illustrates how the rights of policyholders differ in the two structures.

	Mutual Insurance Companies	Demutualized Stock Insurance Companies
Disposition of proceeds of a liquidation of the company	Upon liquidation of a mutual insurance company, the remaining proceeds (after satisfaction of liabilities, claims and PGCCs) would be distributed to the members.	The holding company, as the sole stockholder of the company, will have the right to receive the remaining proceeds (after satisfaction of liabilities and claims). If the holding company were liquidated, its shareholders would have the right to receive the remaining proceeds (after satisfaction of the holding company's liabilities and claims).
Voting interests	Members have the right to vote on matters submitted to them. Each member has one vote.	Only shareholders have the right to vote. A shareholder generally has one vote per share.
Transferability of membership or ownership interests	Not transferable separately from the underlying policy. Membership interests end when policy expires or is terminated.	Ownership of the stock of the demutualized company is not related to the status of any insurance policy.
Existence or shareholders	Company has members but no shareholders.	Companies have both shareholders (of the insurance company and the holding company) and policyholders (of the insurance company).
Dividends	Payable to members if and as declared by the board of directors, and subject to restrictions as provided by law.	Payable to stockholders of insurance company and/or policyholders by insurance company if and as declared by the board of directors, and subject to restrictions as provided by law. Payable to stockholders of holding company by holding company; however holding company has no plans to make a dividend in connection with this transaction.
Ability to conduct capital transactions	Limited - can only raise capital through borrowing or through sale of subsidiary stock or assets.	Insurance Company has increased ability to raise capital-by selling stock and other financial instruments-and can use stock and other financial instruments to pay for acquisitions. Holding company was created to own the insurance company to facilitate this transaction.

Ability to provide employees with stock-based compensation	Not possible.	The company may provide employees stock-based compensation such as stock grants and stock options.
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Discussion of the Principal Characteristics of MidSouth Mutual, and Your Rights as a Policyholder, Before and After Demutualization

Membership interests will be exchanged for shares of MidSouth Holding. Policyholders of MidSouth Mutual have membership interests in MidSouth Mutual. Membership interests include the right to vote on matters submitted to members (such as the election of directors), the right to share in the surplus of the company, and the right to receive consideration upon demutualization.

Upon the demutualization of MidSouth Mutual as contemplated under the Plan of Conversion, all of the membership interests of all members will cease to exist and, in exchange, the members will receive shares of MidSouth Holding as set forth in the Plan of Conversion. No member will have to pay for or give up their policy in order to receive these shares of MidSouth Holding. The compensation is described more fully below under the heading "Description of Consideration to Members".

Potential for competing interests between shareholders and policyholders. A mutual insurance company is generally operated for the benefit of its policyholders, who are its members. After demutualization, the company will be owned by MidSouth Holding Company and immediately sold to FCBI under the Stock Purchase Agreement. MidSouth Holding Company, in turn, will be owned by the former members of MidSouth Mutual and MidSouth Mutual will receive the proceeds from the sale MidSouth Mutual after the demutualization.

Some policyholders may be concerned that their interests and those of the shareholders of MidSouth Holding Company might not be the same after demutualization. In particular, shareholders may be more interested in financial performance as it relates to the value of their investment in the stock, while policyholders may be more interested in financial performance as it relates to the ability of their insurance company to pay claims and as it affects the cost of insurance. MidSouth Mutual believes that both policyholders and shareholders will benefit from business opportunities that the proposed demutualization will make possible because of increased access to the financial markets, enhanced financial flexibility and improved ability to attract and retain suitable employees. MidSouth Mutual believes that it will be able to effectively address the competing interests of shareholders and policyholders.

Further, the purchaser of MidSouth Mutual after the demutualization, FCBI, is a workers compensation fund located in the state of Florida that has been in operation for 42 years and offers enhanced financial stability and policyholder services for the continued operation of MidSouth Mutual.

Policy benefits. The closing of the Demutualization Transactions will not, in and of itself, affect any of the insurance policies issued by MidSouth Mutual, except that policyholders will cease to have voting rights and other membership rights. In all other respects, the insurance policies issued by MidSouth Mutual would remain in full force and effect.

Right of Board of Directors to Amend or Withdraw the Plan of Conversion

Under Tennessee law, before the Plan of Conversion has been approved by the Tennessee Department of Commerce and Insurance, it may be amended by the affirmative vote of at least two-thirds of the directors of MidSouth Mutual; provided, however, that any such amendment also shall be subject to approval by the Tennessee Department of Commerce and Insurance. Once the Plan of Conversion is approved by the Commissioner and the members at the special meeting, Tennessee insurance law does not provide for a procedure to amend the Plan of Conversion.

The Plan of Conversion may be terminated at any time before the closing of the Demutualization Transactions by the affirmative vote of at least two-thirds of the directors of MidSouth Mutual then in office.

BACKGROUND TO THE DEMUTUALIZATION TRANSACTIONS

Description of MidSouth Mutual

MidSouth Mutual Insurance Company was organized under the laws of the State of Tennessee on February 21, 2006, under the name Road Contractors Mutual Insurance Company (RCMIC). RCMIC received a certificate of authority to operate as a Tennessee domiciled property and casualty insurance company effective December 20, 2006.

RCMIC entered into transactions with Tennessee Road Builders Association Self-Insured Trust (TRBA-SIT), including an Assignment and Assumption Agreement which assigned to RCMIC as successor fiduciary the TRBA-SIT permanent guarantee capital certificates and the direct obligations of TRBA-SIT and the assessment rights against members of the Pool under the Indemnity Agreement between TRBA-SIT and its members. A Self-Insurance Loss Portfolio Transfer (LPT) agreement was entered into which provided transfer of insurance liabilities from TRBA-SIT to RCMIC.

Home Builders Mutual Insurance Company (HBMIC) issued a permanent guarantee capital certificate to the Home Builders Association of Tennessee Self-Insured Trust (HBAT-SIT). HBMIC changed its name to MidSouth Mutual Insurance Company (Old MSMIC). Old MSMIC and HBAT-SIT entered into an LPT providing for the transfer of insurance liabilities from HBAT-SIT to Old MSMIC.

On December 30, 2014, the members of Old MSMIC acquired control of RCMIC pursuant to and in accordance with a Master Transaction Agreement (MTA) approved by the TDCI on December 23, 2014. In connection with this transaction, RCMIC was renamed MidSouth Mutual Insurance Company (MMIC) and Old MSMIC's name was changed to Old MidSouth, Inc. and its insurance company certificate of authority was surrendered.

Since its organization, Midsouth Mutual has been organized according to the mutual principle. For the reasons described in Section 11.C, the Board of Directors of Midsouth Mutual has determined that it is in the best interest of the company and its members to convert into a stock insurance corporation as part of a sponsored demutualization.

Background to the Proposed Demutualization

MidSouth Mutual's board of directors met several times in 2023 and 2024 to discuss the general strategic plan of the company. The board identified its objectives as including the following:

- rewarding members for their loyalty to the company;
- modernizing the company's governance structure;
- enabling the issuance of stock in order to facilitate the acquisition of MidSouth Mutual; and
- strengthening the company to continue insurance underwriting business.

On January 7, 2023, the Board of MidSouth Mutual entered into a letter of intent with FCBI to investigate the potential opportunity to demutualize the Company in conjunction with entering into a Letter of Intent with a potential buyer that meets the necessary requirements for the purpose of demutualization and approval by the Commissioner of the Tennessee Department of Commerce and Insurance.

On August 10, 2023, the Board of Directors entered into the Stock Purchase Agreement with FCBI. The terms of the Stock Purchase Agreement require MidSouth Mutual to demutualize and convert to a for-profit stock insurance company, for 100% of the issued and outstanding shares of MidSouth Mutual to go to MidSouth Holdings, a for profit stock holding company, and for the members of MidSouth Mutual to receive 100% of the shares of MidSouth Holding. The Stock Purchase Agreement then requires MidSouth Holding to transfer 100% of the shares of MidSouth Mutual to FCBI in exchange for a cash payment.

Reasons for the Proposed Demutualization

MidSouth Mutual's board of directors believes that the proposed demutualization and acquisition and the Demutualization Transactions are the most appropriate and effective means of enabling the company to achieve the objectives designated by the board.

- Rewarding members for their loyalty to the company. As described more fully below under the heading "Description of Consideration to Members", the shares of MidSouth Holding that members of MidSouth Mutual would receive upon the closing of the Demutualization Transactions would depend, in part, upon the number of years that the member's policy had remained in force and the amount of premium the paid. This permits MidSouth Mutual to reward members for their loyalty to the company by maintaining their policies. The members will then own 100% of MidSouth Holding and it is anticipated that after the acquisition, and after repayment of the permanent guarantee capital certificates, MidSouth Holding will receive approximately \$2 million dollars. It is contemplated that after the demutualization and acquisition, MidSouth Holding will distribute the proceeds of the sale to its shareholders.

Also Prior to the closing, and only after the Department has approved the Plan of Conversion, the Stock Purchase Agreement, it is contemplated that MidSouth Mutual may need to request a policyholder dividend to be made on the closing date. The policyholder dividend would be made to the pre-closing date membership of MidSouth Mutual. There will be a dividend request filed with the Department for approval of this policyholder dividend. It is anticipated

that the methodology for this dividend will be substantially similar to prior policyholder dividend requests from MidSouth Mutual.

- Modernizing the company's governance structure. The board of directors of MidSouth Mutual believes that it is in the company's interest to align the interests of its constituents with the growth and success of the company, and that organization as a stock corporation is a more appropriate structure to accomplish this goal than organization as a mutual company.

The authority to elect directors and make certain other decisions with respect to a Tennessee mutual insurance company such as MidSouth Mutual lies with its members (*i.e.*, its policyholders). But each member is entitled to cast one vote-regardless of the type of policy or the amount of coverage-with respect to a matter that is submitted to the members for approval, which means that there is no particular relationship between a particular member's commercial relationship with the company and the weight of that member's vote. By way of contrast, in the case of a stock corporation, each stockholder is entitled to cast one vote per share, which means that a stockholder who wishes to enjoy a greater degree of control over the corporation can do so by acquiring more shares. The board of directors believes that it is in the company's interest to adopt a governance structure where the voting power of a constituent of the company is more closely aligned to that constituent's economic interest in the company, as represented by that constituent's investment in the company to acquire shares.

- Enabling the issuance of stock in order to facilitate the acquisition of MidSouth Mutual. A mutual company cannot issue stock. A stock corporation, on the other hand, can issue shares of its stock and other financial instruments. Among the reasons that a stock corporation may issue shares of stock or other financial instruments are:
 - To sell the shares to investors to raise capital for the company;
 - To be acquired by another company; and
 - To incentivize employees through the issuance of stock grants, stock options and other similar equity compensation strategies, because those strategies can give the employees who receive those grants the opportunity to share in the economic benefits of the growth of the company. This can help the company attract and retain suitable employees.
- Strengthening the company to continue insurance underwriting business. While MidSouth Mutual is in a stable position from a financial point of view (see MidSouth Mutual's unaudited, condensed comparative annual statement for the fiscal years ended December 31, 2021 and December 31, 2022, a copy of which are attached to this member information statement as Exhibit 4), MidSouth Mutual is a small company with no employees and depends on third party service providers to assist with its operations. MidSouth Mutual's personnel and business systems are adequate to continue to maintain the existing insurance policies and their renewals in full force and effect, but MidSouth Mutual does not presently have sufficient personnel and infrastructure to enable it to grow into a stronger, more competitive insurance company. MidSouth Mutual's board of directors believes that demutualizing the company would permit the company to implement steps to attract

purchasers to help strengthen its financial position and competitiveness and to retain suitable personnel and to develop appropriate infrastructure to assist the company in increasing its assets and new business.

In considering the Demutualization Transactions, the board considered MidSouth Mutual's current financial condition and future prospects, and considered the advice of its legal and financial advisors. The board thoroughly reviewed its available strategic alternatives and concluded that the approach outlined in the Plan of Conversion and Stock Purchase Agreement were the most attractive alternative from a strategic, financial and operational point of view.

The board of directors believes that the Demutualization Transactions do not prejudice the interests of the members of MidSouth Mutual, are fair and equitable, and are consistent with the purposes and intent of Tennessee insurance laws regarding demutualization.

DESCRIPTION OF CONSIDERATION TO MEMBERS

Description of Consideration to Members

All Eligible Members as of the Record Date and any additional members added between the Record Date and the closing date are entitled to the compensation described in this Plan if the Conversion is effectuated. The compensation for the Eligible Members and any additional members added between the Record Date and the closing date shall be in the form of shares in MidSouth Holding. Each Eligible Member and any additional members added between the Record Date and the closing date shall receive shares of MidSouth Holdings in proportion to each Eligible Member's or any additional member's percentage of the total premium paid to MidSouth Mutual from December 13, 2012 to the closing of Conversion divided by MidSouth Mutual's value as determined by the independent valuation such that each Eligible Member indirectly owns the Converted Insurance Company in proportion to the total amount of premiums each Eligible Member or additional member paid to MidSouth Mutual from December 13, 2012 to the closing of Conversion. The formula to calculate each Eligible Member's or any additional member's amount of stock in MidSouth Holdings shall be:

$$\frac{\text{Total Premium}}{\text{Value of Midsouth Mutual}} \times 10,000 = \text{Number of Shares (Rounded to the Nearest Whole Number)}$$

Total Premium shall mean Eligible Member's or any additional member's total premium paid to MidSouth Mutual from December 13, 2012 to the closing of Conversion.

Value of MidSouth Mutual shall mean MidSouth Mutual's value as determined by the independent valuation.

Number of Shares shall mean the number of shares of MidSouth Holding each Eligible Member or any additional member receives.

This allocation method results in Eligible Members or any additional members owning Midsouth Holding in proportion to the amount of premiums they have paid to MidSouth Mutual since December 13, 2012 to the closing date. This allocation method is fair and reasonable as it gives indirect ownership of the Converted Insurance Company to the Eligible Members or any additional members in proportion to the

premiums the Eligible Members or any additional members have paid to MidSouth Mutual before the Conversion. December 13, 2012 was chosen as the date by which to measure Total Premium, because that is the date of formation of Old MSMIC and that is the date that MidSouth Mutual has used in determining premium dividend distributions to its members. MidSouth Mutual wants to maintain consistency in its distribution methodology throughout the Conversion. The end result is that the Eligible Members or any additional members will receive pro rata ownership of MidSouth Holding and indirect pro rata ownership of MidSouth Mutual since MidSouth Holding will receive 100% of the issued and outstanding stock of the Converted Insurance Company.

It is contemplated that after the Acquisition, MidSouth Holdings will distribute the remaining proceeds from the Acquisition to the Eligible Members.

Effect on Policies Purchased After Adoption of Plan by the Board of Directors

MidSouth Mutual does intend to issue new insurance policies to new members prior to the closing under the Plan of Conversion. Consequently, MidSouth Mutual will issue any policies to new members after the date that the Plan of Conversion was adopted by its board of directors and before the closing of the Demutualization Transactions. Those new members, referred to as any additional members above, are also eligible to participate in the demutualization and receive shares of MidSouth Holding.

Pursuant to T.C.A. § 56-19-125(b)(10), all members whose policies are issued after November 30, 2023, the record date selected by the Board when adopting the proposed Plan of Conversion, and before the effective date of the plan are hereby provided written notice of the plan of conversion.

Further, pursuant to T.C.A. § 56-19-125(b)(10), all members whose policies are issued after November 30, 2023, the record date selected by the Board when adopting the proposed Plan of Conversion, and before the effective date of the plan have the right to rescind that policy as provided in subdivision T.C.A. § 56-19-125(b)(10)(B) within forty-five (45) days after the effective date of the plan.

Additionally, any member entitled to receive the notice described in T.C.A. § 56-19-125(b)(10) shall be entitled to rescind the member's policy and receive a full refund of any amounts paid for the policy or contract within ten (10) days after the receipt of the notice.

However, all members whose policies are issued after November 30, 2023, the record date selected by the Board when adopting the proposed Plan of Conversion was adopted by the Board, and before the effective date of the plan shall receive consideration as described above if they do not rescind their policy and receive a full refund.

DESCRIPTION OF DEMUTUALIZATION TRANSACTIONS

The closing of all of the Demutualization Transactions will occur simultaneously. The Demutualization Transactions are described below:

The Board of Directors of MidSouth Mutual by approving this plan, will approve a series of transactions that will convert MidSouth Mutual into a stock corporation, all of the capital stock of which would be held by a newly-organized stock holding corporation to be called MidSouth Holding Company ("MidSouth Holding") and all of the capital stock of the stock of MidSouth Holding, in turn, would be distributed to the Eligible Members of MidSouth Mutual (the "Conversion") In a separate but related simultaneous transaction, FCBI will purchase 100% of the MidSouth Mutual shares from MidSouth Holding ("the Acquisition") and MidSouth Holding will use the proceeds of the sale to retire all of the outstanding permanent guarantee capital certificates. It is contemplated that after the Acquisition, MidSouth Holding will then distribute all remaining funds to the Eligible Members. The term "Converted Insurance Company", as used in this Plan, means the stock insurance company into which MidSouth Mutual will be converted upon the Conversion, which will be called "MidSouth Insurance Company."

To accomplish the Conversion, the following steps will occur:

1. Creation of Holding Company MidSouth Holding Company ("MidSouth Holding") has been organized as a Tennessee stock corporation for the purpose of becoming the holding company of the Converted Insurance Company. The articles of incorporation of MidSouth Holding have been filed with the Tennessee Secretary of State, but MidSouth Holding has not yet and prior to the closing of the Conversion will not have issued stock, elected any directors or officers, or engaged in any business activities. The Articles of Incorporation of MidSouth Holding are attached hereto as Exhibit A, and the Bylaws of MidSouth Holding are attached hereto as Exhibit B. Upon the Conversion, all individuals who are then directors of MidSouth Mutual will also become directors of MidSouth Holding in addition to continuing to serve as directors of the Converted Insurance Company.
3. Amendment to Articles of Incorporation. On the Effective Date, the Plan of Conversion with Amended Charter Articles of Incorporation of MidSouth Mutual as a for-profit corporation will be filed in the form attached hereto as Exhibit C to reflect the conversion of the MidSouth Mutual into a for profit stock corporation, which will include a company name change to "MidSouth Insurance Company." MidSouth Mutual is concurrently formally requesting that the Department approve "MidSouth Insurance Company" as the intended name of the converted insurance company.
4. Issuance of Converted Insurance Company's Capital Stock. On the Effective Date, the Converted Insurance Company will issue to MidSouth Holding one million (1,000,000) of the Converted Insurance Company's capital stock, which will constitute all of the issued and outstanding shares of capital stock of the Converted Insurance Company with the result that the Converted Insurance Company will become a wholly-owned subsidiary of MidSouth Holding. Those authorized and outstanding shares will have a par value of \$1.00 per share. The Converted Insurance Company will record the proceeds of that issuance of the Converted Insurance Company's capital stock as follows: \$1,000,000 as paid-in capital (i.e., 1,000,000 shares times \$1.00 par value per share), with the result that the statutory minimum amounts of capital and of paid-in and contributed surplus for the Converted Insurance Company's lines will have been satisfied.

5. Consideration. On the Effective Date, in consideration, MidSouth Holding will issue shares of MidSouth Holding to each Eligible Member of MidSouth Mutual in the amount and proportion described above, which shares shall have no par value.

The Conversion is subject to provisions of the State malpractice insurance companies becoming state stock malpractice insurance companies law, T.C.A. § 56-19-125 (the "Conversion Act"), the Tennessee Business Corporation Act, other applicable Tennessee laws, and the regulations of the Tennessee Department of Commerce and Insurance ("Department"). This Plan and the transactions contemplated hereby are further subject to the approval of the Department. Additionally, the Plan must be approved by the affirmative vote of at least two-thirds of the votes cast at a meeting of Eligible Members of MidSouth Mutual called for the purpose of considering and voting upon the Plan as described in Section VII below.

Effective Date. The effective date of the Conversion (the "Effective Date") will be the date that the Amended Articles of Incorporation are filed in the office of the Tennessee Secretary of State or such later date as may be specified in the Amended Articles of Incorporation. On the Effective Date, the corporate existence of MidSouth Mutual will continue as the Converted Insurance Company. MidSouth Mutual seeks to file the Amended Articles of Incorporation, and therefore close the Conversion, as promptly as practical after the Plan has been duly approved by the Department and by the Eligible Members.

DESCRIPTION OF CHANGES IN POLICYHOLDERS RIGHTS

MidSouth Mutual is a Tennessee mutual insurance company. The policyholders' current rights in their capacity as members of the company are set forth in MidSouth Mutual's charter and bylaws, and under the Tennessee Nonprofit Corporation Act. From and after the closing of the Demutualization Transactions, policyholders of MidSouth Insurance Company (the stock insurance company into which MidSouth Mutual will be converted) will no longer be members of the company and will therefore no longer enjoy those rights. This section summarizes the material changes in rights that the policyholders of MidSouth Mutual will experience upon the closing of the Demutualization Transactions.

Voting rights.

Policyholders in their capacity as members of a mutual insurance company have the right to vote on certain matters, such as electing the company's board of directors and approving certain fundamental transactions such as a demutualization, a merger, a liquidation of the company or a sale of all or substantially all assets. Once the company demutualizes and becomes a stock corporation, those voting rights are enjoyed by the company's stockholders rather than its policyholders.

Dividends.

The board of directors of a mutual insurance company has the right to cause the company to declare and pay dividends (subject to restrictions under applicable law), which are then paid to the policyholders in their capacity as members. Once the company demutualizes and becomes a stock corporation, dividends may be payable to stockholders and/or policyholders if and as declared by the board of directors, and subject to restrictions as provided by law.

Excess of liquidation proceeds over liabilities.

Tennessee law provides that upon the voluntary dissolution of a mutual insurance company that is not a life insurance company, after discharging or making adequate provision for the company's liabilities, the assets are distributable to the members. This contrasts with the right of stockholders of a stock corporation, who generally have the right to share in the distribution of the assets of a liquidating corporation that remain after discharging or making adequate provision for the discharge of all of the corporation's liabilities.

DESCRIPTION OF CHANGES IN GOVERNANCE

Upon the closing of the Demutualization Transactions, the articles of incorporation and bylaws of MidSouth Mutual will be amended in order to reflect its conversion into a stock insurance company. The following table summarizes the key changes in the governance of MidSouth Mutual:

	MidSouth Mutual Insurance Company (before dosing)	MidSouth Insurance Company (after closing)
Authorization of Stock	None.	1,000,000 shares of capital stock authorized, all of which will be issued to MidSouth Holding Company.
Election of Directors	Election by members of MidSouth Mutual (1 vote per member)	Election by MidSouth Holding Company, which will be the company's sole stockholder immediately before the sale takes place pursuant to the Stock Purchase Agreement. Election by FCBI after transaction closes.
Initial Makeup of Board of Directors	James Carbine, Don Chambers, Tonya Jones, Robert Hutcheson, Daryl McCubbin, Steven Wright, Tim Neal, Susan Ritter	No change. The incumbent board members will continue to serve until the expiration of their terms, or until their death, resignation or removal. These individuals will also be the initial board members of MidSouth Holding Company.
Initial Officers	James Carbine, President	No change. The incumbent officers will continue to serve until the expiration of their terms, or until their death, resignation or removal. These individuals will also be the initial officers of MidSouth Holding Company.

Board members' term of office	Three years. The board is divided into three classes with overlapping terms of office so that approximately one-third of the board members are subject to election every year.	No change.
Qualification	MidSouth Mutual's bylaws provide that all directors shall be employees, officers or directors of members of the MidSouth Mutual.	Director's do not have to be employees, officers or directors of members of the MidSouth Mutual
Holding company	None	MidSouth Holding Company will be the company's sole stockholder only until the completion of the acquisition in the Stock Purchase Agreement. After the acquisition, FCBI will be the sole stockholder. The stockholders of MidSouth Holding Company will elect the directors of MidSouth Holding Company, having one vote per share. The bylaws of MidSouth Holding Company will be substantially similar to those of the converted insurance company. The boards of directors of both companies will consist of the same individuals.

RECOMMENDATION OF THE BOARD OF DIRECTORS

On November 30, 2023, the board of directors of MidSouth Mutual unanimously approved and adopted the Plan of Conversion. **The board of directors of MidSouth Mutual recommends that you vote:**

"FOR" the adoption of the Plan of Conversion; and

"FOR" the related amendment of MidSouth Mutual's articles of incorporation.

"FOR" approval of the Stock Purchase Agreement.