

Report of the Examination of
WEA Property & Casualty Insurance Company
Madison, Wisconsin
As of December 31, 2021

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October 24, 2022

Honorable Nathan D. Houdek
Commissioner of Insurance
State of Wisconsin
125 South Webster Street
Madison, Wisconsin 53703

Commissioner:

In accordance with your instructions, a compliance examination has been made of the affairs and financial condition of:

WEA PROPERTY & CASUALTY INSURANCE COMPANY
Madison, Wisconsin

and this report is respectfully submitted.

I. INTRODUCTION

The previous examination of WEA Property & Casualty Insurance Company (the Company) was conducted in 2017 as of December 31, 2016. The current examination covered the intervening period ending December 31, 2021 and included a review of such subsequent transactions as deemed necessary to complete the examination.

The examination was conducted using a risk-focused approach in accordance with the National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook. This approach sets forth guidance for planning and performing the examination of an insurance company to evaluate the financial condition, assess corporate governance, identify current and prospective risks (including those that might materially affect the financial condition, either currently or prospectively), and evaluate system controls and procedures used to mitigate those risks.

All accounts and activities of the company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with statutory accounting principles, annual statement instructions, and Wisconsin laws and regulations. The examination does not attest to the fair presentation

of the financial statements included herein. If during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately at the end of the "Financial Data" section in the area captioned "Reconciliation of Surplus per Examination."

Emphasis was placed on those areas of the company's operations accorded a high priority by the examiner-in-charge when planning the examination. Special attention was given to the action taken by the company to satisfy the recommendations and comments made in the previous examination report.

The company is annually audited by an independent public accounting firm as prescribed by s. Ins 50.05, Wis. Adm. Code. An integral part of this compliance examination was the review of the independent accountant's work papers. Based on the results of the review of these work papers, alternative or additional examination steps deemed necessary for the completion of this examination were performed. The examination work papers contain documentation concerning the alternative or additional examination steps performed during the examination.

II. HISTORY AND PLAN OF OPERATION

The Company was organized in 1993 under Chapter 611 of the Wisconsin Statutes. The Company is a wholly owned subsidiary of WEA Member Benefit Trust (WMBT). The ultimate controlling entity is WEA Inc. (an entity set up to hold property for the Wisconsin Education Association Council (WEAC), with both WEA Inc. and WEAC being under common management).

The Company was established to write personal lines insurance for Wisconsin Education Association Council union members and other qualified Wisconsin public school employees in the kindergarten through 12th grade (K-12) market. The Company has underwritten homeowners, inland marine, and personal auto coverages since 1994, and personal umbrella coverage since 2003, and writes exclusively in Wisconsin. WMBT and its affiliates offer financial products, which are marketed in conjunction with the Company's products. Operations of the group are highly integrated, as described in Section IV. Affiliated Companies section of this report.

In 2015, the WEA Inc. Board of Directors approved an amendment to the WMBT trust agreement to expand eligibility for WMBT products (including the Company's products), which are marketed under the "Member Benefits" brand. While the Company remains primarily focused on the educators market, a portion of existing business is written for non-educators market.

The following table is a summary of the net insurance premiums written by the company in 2021. The growth of the company is discussed in the "Financial Data" section of this report.

Line of Business	Direct Premium	Reinsurance Assumed	Reinsurance Ceded	Net Premium
Homeowners multiple peril	\$ 6,754,263	\$0	\$1,305,772	\$ 5,448,491
Inland marine	182,243	0	13,978	168,265
Other liability – occurrence	640,780	0	609,802	30,978
Private passenger auto liability	5,477,634	0	914,209	4,563,425
Auto physical damage	<u>4,939,027</u>	<u>0</u>	<u>157,214</u>	<u>4,781,813</u>
Total All Lines	<u>\$17,993,946</u>	<u>\$0</u>	<u>\$3,000,975</u>	<u>\$14,992,971</u>

III. MANAGEMENT AND CONTROL

Board of Directors

The board of directors consists of seven members. Six directors are elected for a three-year term at the annual meeting of the Company's sole shareholder, WMBT. The seventh director is appointed annually by the WEAC President to serve as their designee on the board. Elected directors are elected in such a way that two positions are up for re-election each year. Principal Officers of the Company are elected annually by the board of directors at the first board meeting held subsequent to the annual meeting of the shareholders. The board of directors is the same for all entities within the holding group.

Currently, the board of directors consisted of the following persons:

Name and Residence	Principal Occupation	Term Expires
Suzanne Brown Muscodia, Wisconsin	Retired Teacher	May 2023
Peggy Wirtz-Olsen * Sun Prairie, Wisconsin	Teacher, WEAC President	May 2025
Nathan Ugoretz Wauwatosa, Wisconsin	Teacher, WEAC Secretary-Treasurer	May 2025
Robert Lehmann Sussex, Wisconsin	Retired Teacher	May 2025
Ronald Martin Eau Claire, Wisconsin	Teacher, NEA Executive Committee Member	May 2024
Patrick McGrath Port Edwards, Wisconsin	Retired Teacher, Elected Judge – Port Edwards	May 2023
Elaine Stelter Eau Claire, Wisconsin	Retired Teacher	May 2024

* Individual is appointed by the WEAC President.

Officers of the Company

The officers serving at the time of this examination are as follows:

Name	Office
David Kijek	President and Chief Executive Officer

Name	Office
Rhonda Scheel	Treasurer and Chief Financial Officer
James Polcyn	Vice President of Insurance Services
Kristina Schiller	Corporate Secretary
Pranav Shah *	General Counsel
Bob Phillips *	Vice President of Sales & Marketing

* Individual is not an officer of the Company; however, services were performed on behalf of the Company in this individual's capacity as an officer of the parent company, WEA Member Benefit Trust.

Committees of the Board

The company's bylaws allow for the formation of certain committees by the board of directors.

Each committee is a "committee of the whole" (i.e., all members of the board serve on the committee).

The committees at the time of the examination are listed below:

Executive Committee

Suzanne Brown, Chair
Peggy Wirtz-Olsen
Nathan Ugoretz
Robert Lehmann
Ronald Martin
Patrick McGrath
Elaine Stelter

Audit Committee

Suzanne Brown, Chair
Peggy Wirtz-Olsen
Nathan Ugoretz
Robert Lehmann
Ronald Martin
Patrick McGrath
Elaine Stelter

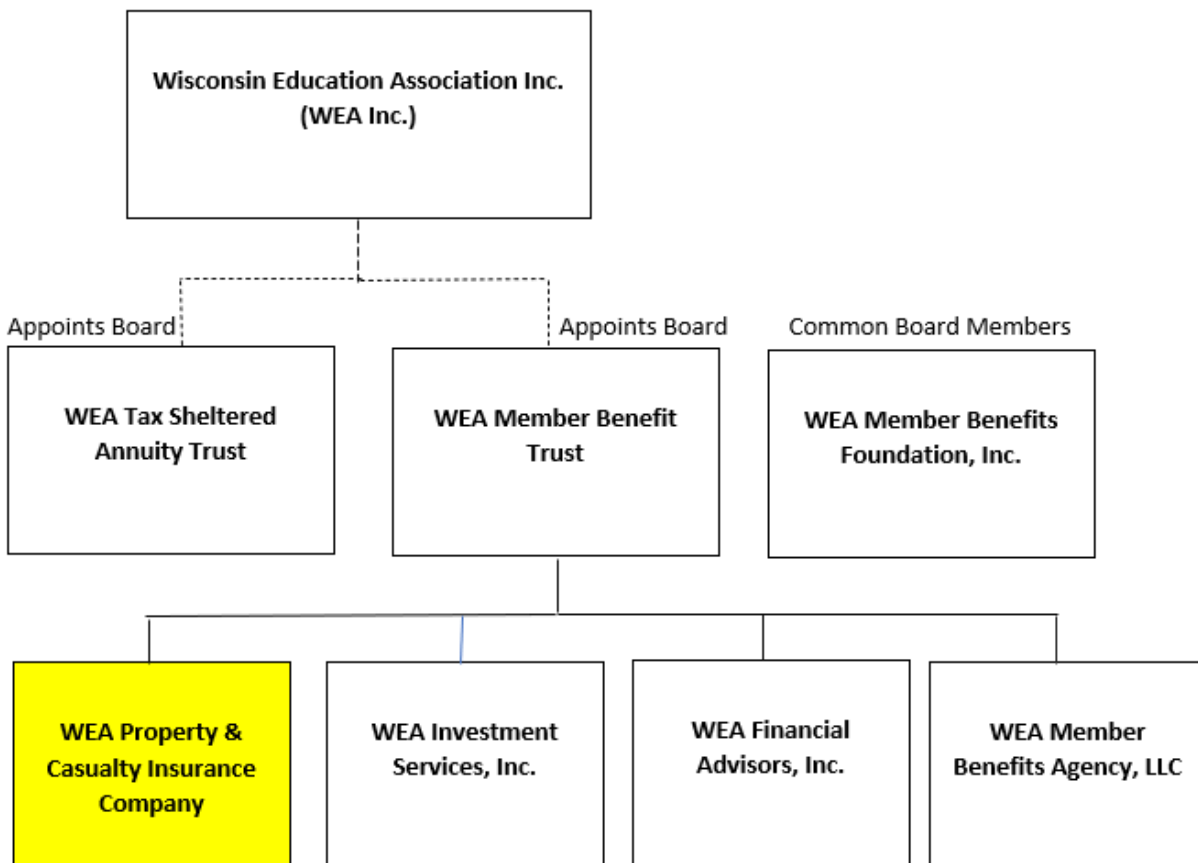
Compensation Committee

Suzanne Brown, Chair
Peggy Wirtz-Olsen
Nathan Ugoretz
Robert Lehmann
Ronald Martin
Patrick McGrath
Elaine Stelter

IV. AFFILIATED COMPANIES

WEA Property & Casualty Insurance Company is a member of a holding company system and is the sole insurer within the holding group. The Company is a wholly owned subsidiary of WMBT, WMBT, along with its wholly owned subsidiaries and the WEA Tax Sheltered Annuity Trust, operate under a common management umbrella that integrates the marketing and operations of the group under the “WEA Member Benefits” brand. The organizational chart below depicts the relationships among the affiliates in the holding group. A brief description of the significant affiliates follows the organizational chart.

**Organizational Chart
As of December 31, 2021**



WEA Inc.

WEA Inc. is a Wisconsin not-for-profit corporation that was established by a special act of the Wisconsin Legislature. Its principal functions are to own real estate and other investments for Wisconsin Education Association Council (an unincorporated labor organization) as well as appoint the trustees of the WEA Tax Sheltered Annuity Trust and the WEA Member Benefit Trust.

WEA Tax Sheltered Annuity Trust (WEA TSAT)

WEA TSAT was established in 1978 to facilitate the investment of funds under Section 403(b) for qualified teachers and school district employees (including retirees). As of December 31, 2021, the audited financial statements of WEA TSAT reported assets \$18,953,569, liabilities of \$2,454,589 and trust equity of \$16,948,980. Operations for 2021 produced an increase in trust equity of \$721,552.

WEA Member Benefit Trust (WMBT or the Trust)

The Trust was established in 1972 for the purpose of providing various insurance and financial benefits (including an IRA program) for WEAC members and qualified school district employees (including retirees). As of December 31, 2021, the audited financial statements of WMBT (including subsidiaries) reported assets of \$9,256,098, liabilities of \$508,054, and trust equity of \$8,748,044. Operations for 2021 produced net income of \$756,402.

WEA Investment Services, Inc. (WEA IS)

WEA IS was established in 2003 for the purpose of facilitating mutual fund trading on behalf of its related entities. As of December 31, 2021, the audited financial statements of WEA IS (included in the WMBT audit report) reported assets of \$126,346, liabilities of \$23,987, and equity of \$102,359. Operations for 2021 produced a net loss of \$155.

WEA Financial Advisors, Inc. (WEA FA)

WEA FA was established in 2007 for the purpose of providing retirement income and investment advice for qualified WEAC members and school district employees. As of December 31, 2021, the audited financial statements of WEA FA (included in the WMBT audit report) reported assets of \$171,482, liabilities of \$713,816, and equity of negative \$542,334. Operations for 2021 produced a net loss of \$179.

WEA Member Benefit Agency, LLC (WEA MBA)

WEA MBA was formed as a single member LLC to facilitate insurance brokering between unaffiliated insurers and the Trust's members. The LLC has no assets, liabilities, or income.

WEA Member Benefits Foundation, Inc.

WEA Member Benefit Foundation, Inc., established in 2019, is a 501(c)(3) organization, whose mission is to support public schools, public school educators, and the communities they serve.

Agreements with Affiliates

The Company employs all staff for the WEA Member Benefit group; services are allocated to each entity in accordance with the "Member Benefits Intercompany Allocation Agreement" discussed below.

Member Benefits Intercompany Allocation Agreement

Effective December 8, 2017, the Company entered into a Member Benefits Intercompany Allocation Agreement ("Agreement") with other members of the group. The Agreement outlines the provisions for allocating expenses between the Company, WEA TSAT, WMBT, WEA FA, and WEA IS. Per the Agreement, all shared expenses are to be apportioned to the entity incurring the expense as if the expense had been paid solely by the incurring entity.

Shared expenses that cannot be directly allocated are to be allocated based on pertinent cost factors such as employee count, square foot, employee time studies, etc. Each entity is required to make monthly payments equal to 1/12 of the estimated annual allocated expense. Within 60 days following each calendar year-end, a calculation of all shared expenses will be made prior to the final payment of all balances due to accurately reflect the services used by each entity.

V. REINSURANCE

The Company's reinsurance portfolio and strategy at the time of the examination are described below. A list of the companies that have a significant amount of reinsurance in force at the time of the examination follows. The contracts contained proper insolvency provisions.

Nonaffiliated Ceding Contracts

1. Type: Quota Share and Excess of Loss
Reinsurer: General Reinsurance Corporation
Scope: Personal Umbrella
Retention: 5% of the first \$1,000,000 (5% of \$500,000 for policies with \$500,000 limit) each occurrence
Coverage: 95% of the first \$1,000,000 (95% of \$500,000 for policies with \$500,000 limit) each occurrence and 100% of the difference between the policy limit and the first \$1,000,000 each occurrence. The limit of liability of the Company with respect to any one policy should not exceed \$2,000,000 each occurrence. Policies with limits over \$3,000,000 are subject to special acceptance by the reinsurer.

However, if the Company retention exceeds \$150,000 in total for all net loss under all umbrella policies becoming effective during any one annual period, the reinsurer shall pay to the Company 100% of the amount of such net loss in excess of \$150,000.

Effective date: January 1, 2007
Termination: Termination is on a run-off basis. To terminate the contract, either party is required to submit 90 days prior written notice.
2. Type: Excess of Loss Reinsurance
Reinsurer: General Reinsurance Corporation
Scope: Personal Automobile, Other Liability, and Personal Property
Retention: Liability and Property: \$150,000
Coverage: Liability and Property: Covers losses and loss adjustment expenses. The reinsurer's limit of liability for losses in excess of policy limits and extra contractual obligations is \$3,000,000. In the case of events involving both covered property and liability risks, net losses in excess of the company retention of \$150,000 are covered to a limit of \$150,000. This combination cover limit is in addition to the limit of liability under the separate liability and property coverage limits. There is a separate annual aggregate limit of \$1,800,000 under the first excess cover and \$1,000,000 under the second excess cover for loss or damage related to Terrorism Occurrences. However, loss and damage resulting from Terrorism Occurrences that involves (i) pathogenic chemical or biological substances, however caused; (ii) nuclear reaction or radiation, or

radioactive contamination, however, caused; or (iii) any other cause or event resulting from (i) and (ii) are not covered under this policy.

	First Excess	Second Excess
Liability limit	\$850,000	\$1,000,000
Property limit	850,000	1,000,000
Property aggregate limit on all risks involved in one occurrence	1,800,000	1,000,000

Effective date: November 1, 2021

Termination: Liability and property portions are continuous and require 90 days prior written notice by either party to cancel.

3. Type: Excess of Loss Reinsurance (CAT) per Occurrence

Reinsurer: General Reinsurance Corporation

Scope: Catastrophe portion covers homeowner's and automobile physical damage, with stated exclusions.

Retention: Property Catastrophe: \$600,000

Coverage: Property Catastrophe: Property catastrophe coverage provides for one automatic reinstatement with the same limit of liability of the reinsurer as shown below.

	First Excess	Second Excess	Third Excess
Coverage	100%	100%	100%
Coverage Limit	\$400,000	\$1,650,000	\$4,500,000

Effective date: January 1, 2022

Termination: Property catastrophe coverage is written year to year and expires on December 31, 2022, unless renewed. Termination is on a run-off basis.

VI. FINANCIAL DATA

The following financial statements reflect the financial condition of the company as reported to the commissioner of insurance in the December 31, 2021, annual statement. Adjustments made as a result of the examination are noted at the end of this section in the area captioned "Reconciliation of Surplus per Examination." Also included in this section are schedules that reflect the growth of the company, NAIC Insurance Regulatory Information System (IRIS) ratio results for the period under examination, and the compulsory and security surplus calculation.

WEA Property & Casualty Insurance Company
Assets
As of December 31, 2021

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$14,991,924	\$	\$14,991,924
Stocks:			
Common stocks	1,139,991		1,139,991
Cash, cash equivalents, and short-term investments	717,318		717,318
Receivables for securities	592		592
Investment income due and accrued	78,358		78,358
Uncollected premiums and agents' balances in course of collection	25,795		25,795
Deferred premiums, agents' balances, and installments booked but deferred and not yet due	5,141,304		5,141,304
Reinsurance:			
Amounts recoverable from reinsurers	16,582		16,582
Current federal and foreign income tax recoverable and interest thereon	305,455		305,455
Net deferred tax asset	680,200	183,200	497,000
Electronic data processing equipment and software	50,795	69	50,726
Receivable from parent, subsidiaries, and affiliates	1,069,065		1,069,065
Write-ins for other than invested assets:			
<i>Prepaid Expenses</i>	210,387	210,387	
<i>Other Assets</i>	25,198	25,198	
<i>State income tax recoverable</i>	<u>106,979</u>	<u> </u>	<u>106,979</u>
Total Assets	<u>\$24,559,941</u>	<u>\$418,853</u>	<u>\$24,141,088</u>

WEA Property & Casualty Insurance Company
Liabilities, Surplus, and Other Funds
As of December 31, 2021

Losses		\$ 5,075,073
Loss adjustment expenses		715,000
Other expenses (excluding taxes, licenses, and fees)		3,289,239
Taxes, licenses, and fees (excluding federal and foreign income taxes)		128
Unearned premiums		7,443,735
Advance premium		176,142
Ceded reinsurance premiums payable (net of ceding commissions)		316,094
Amounts withheld or retained by company for account of others		<u>500,078</u>
Total Liabilities		17,515,489
Common capital stock	\$ 700	
Gross paid in and contributed surplus	4,229,800	
Unassigned funds (surplus)	<u>2,395,098</u>	
Surplus as Regards Policyholders		<u>6,625,598</u>
Total Liabilities and Surplus		<u>\$24,141,088</u>

WEA Property & Casualty Insurance Company
Summary of Operations
For the Year 2021

Underwriting Income		
Premiums earned		\$14,826,166
Deductions:		
Losses incurred	\$10,264,091	
Loss adjustment expenses incurred	1,081,176	
Other underwriting expenses incurred	<u>4,032,103</u>	
Total underwriting deductions		<u>15,377,370</u>
Net underwriting gain (loss)		(551,203)
Investment Income		
Net investment income earned	293,010	
Net realized capital gains (losses)	<u>(20,402)</u>	
Net investment gain (loss)		272,608
Other Income		
Net gain (loss) from agents' or premium balances charged off	(21,036)	
Write-ins for miscellaneous income:		
Miscellaneous income	<u>15,881</u>	
Total other income		<u>(5,155)</u>
Net income (loss) after dividends to policyholders but before federal and foreign income taxes		(283,751)
Federal and foreign income taxes incurred		<u>(45,101)</u>
Net Income (Loss)		<u>\$ (238,650)</u>

WEA Property & Casualty Insurance Company
Cash Flow
For the Year 2021

Premiums collected net of reinsurance		\$14,783,510
Net investment income		346,061
Miscellaneous income		<u>15,881</u>
Total		15,145,452
Benefit- and loss-related payments	\$9,646,082	
Commissions, expenses paid, and aggregate write-ins for deductions	5,417,727	
Federal and foreign income taxes paid (recovered)	<u>(9,670)</u>	
Total deductions		<u>15,054,139</u>
Net cash from operations		91,313
Proceeds from investments sold, matured, or repaid:		
Bonds	\$2,746,707	
Miscellaneous proceeds	<u>5,919</u>	
Total investment proceeds		2,752,626
Cost of investments acquired (long- term only):		
Bonds	3,015,504	
Stocks	639,326	
Miscellaneous applications	<u>1,483</u>	
Total investments acquired		<u>3,656,313</u>
Net cash from investments		(903,687)
Cash from financing and miscellaneous sources:		
Other cash provided (applied)		<u>119,274</u>
Reconciliation:		
Net Change in Cash, Cash Equivalents, and Short-Term Investments		(693,100)
Cash, cash equivalents, and short-term investments:		
Beginning of year		<u>1,410,418</u>
End of Year		<u>\$ 717,318</u>

**WEA Property & Casualty Insurance Company
Compulsory and Security Surplus Calculation
December 31, 2021**

Assets		\$24,141,088
Less liabilities		<u>17,515,489</u>
Adjusted surplus		6,625,599
Annual premium:		
Lines other than accident and health	\$14,992,971	
Factor	<u>20%</u>	
Compulsory surplus (subject to a minimum of \$2 million)		<u>2,998,594</u>
Compulsory Surplus Excess (Deficit)		<u>\$ 3,627,005</u>
Adjusted surplus (from above)		\$ 6,625,599
Security surplus (140% of compulsory surplus, factor reduced 1% for each \$33 million in premium written in excess of \$10 million, with a minimum factor of 110%)		<u>4,198,032</u>
Security Surplus Excess (Deficit)		<u>\$ 2,427,567</u>

**WEA Property & Casualty Insurance Company
Analysis of Surplus
For the 5-Year Period Ending December 31, 2021**

The following schedule details items affecting surplus during the period under examination as reported by the company in its filed annual statements:

	2021	2020	2019	2018	2017
Surplus, beginning of year	\$6,713,140	\$5,988,623	\$5,479,082	\$5,228,864	\$5,972,327
Net income	(238,650)	631,598	(488,082)	282,339	(114,195)
Change in net unrealized capital gains/losses	141,365	49,206	58,644	(13,338)	25,991
Change in net deferred income tax	(26,300)	32,500	34,000	33,000	(392,000)
Change in nonadmitted assets	36,043	11,213	(95,021)	(51,783)	136,741
Change in surplus notes					(400,000)
Surplus adjustments:					
Paid in	_____	_____	1,000,000	_____	_____
Surplus, End of Year	<u>\$6,625,598</u>	<u>\$6,713,140</u>	<u>\$5,988,623</u>	<u>\$5,479,082</u>	<u>\$5,228,864</u>

**WEA Property & Casualty Insurance Company
Insurance Regulatory Information System
For the 5-Year Period Ending December 31, 2021**

The company's NAIC Insurance Regulatory Information System (IRIS) results for the period under examination are summarized below. Unusual IRIS results are denoted with asterisks and discussed below the table.

Ratio	2021	2020	2019	2018	2017
#1 Gross Premium to Surplus	272%	257%	284%	290%	285%
#2 Net Premium to Surplus	226	216	235	245	238
#3 Change in Net Premiums Written	3	3	5	8	3
#4 Surplus Aid to Surplus	5	4	4	4	4
#5 Two-Year Overall Operating Ratio	98	97	99	99	98
#6 Investment Yield	1.8 *	2.2	2.5	2.3	2.2 *
#7 Gross Change in Surplus	-1	12	9	5	-12 *
#8 Change in Adjusted Surplus	-1	12	-9	5	-6
#9 Liabilities to Liquid Assets	73	70	69	73	73
#10 Agents' Balances to Surplus	0	1	0	0	0
#11 One-Year Reserve Development to Surplus	1	6	4	2	-5
#12 Two-Year Reserve Development to Surplus	7	15	7	-2	-19
#13 Estimated Current Reserve Deficiency to Surplus	-4	12	12	0	-15

Ratio No. 6 measures the Company's return on investment. The low investment yields for 2017 and 2021 are primarily due to the Company's conservative investment portfolio, accompanied by a low interest rate environment.

Ratio No. 7 measures the gross change in the policyholders' surplus of the Company. The exceptional value for 2017 is primarily due to the Company paying the remaining \$400,000 on the surplus note issued to the WEA Insurance Trust, as well as a large change in net deferred income tax due to the 2017 Tax Cuts and Jobs Act which changed the future federal income tax rate for corporations.

Growth of WEA Property & Casualty Insurance Company

Year	Admitted Assets	Liabilities	Surplus as Regards Policyholders	Net Income
2021	\$24,141,088	\$17,515,489	\$6,625,598	\$(238,650)
2020	23,319,483	16,606,343	6,713,140	631,598
2019	21,137,282	15,148,659	5,988,623	(488,082)
2018	20,498,965	15,019,883	5,479,082	282,339
2017	19,565,785	14,336,921	5,228,864	(114,195)
2016	19,322,444	13,350,117	5,972,327	168,091

Year	Gross Premium Written	Net Premium Written	Premium Earned	Loss and LAE Ratio	Expense Ratio	Combined Ratio
2021	\$17,993,946	\$14,992,971	\$14,826,166	76.5%	26.9%	103.4%
2020	17,256,805	14,492,277	14,303,460	65.0	31.3	96.3
2019	16,985,063	14,087,255	13,587,625	76.2	29.3	105.5
2018	15,865,505	13,415,649	12,967,593	68.3	29.9	98.2
2017	14,876,484	12,439,575	12,186,896	71.4	31.3	102.7
2016	14,257,648	12,057,154	11,654,449	65.1	33.6	98.7

During the period under examination, the Company's total admitted assets increased by 24.94% (to \$24.14 million) and its total liabilities increased by 31.20% (to \$17.52 million). This change led to a net increase in total policyholders' surplus of 10.94% (to \$6.63 million) over the period under examination. The Company posted mixed results for net income with net losses in 2017, 2019, and 2021. The high net income of 2020 was primarily attributable to a \$921,000 (or 10%) decrease in net losses

incurred, due to a calm year for weather, as well as a large reduction in miles driven during the COVID-19 pandemic, and a \$716,000 (or 5%) increase in net premiums earned.

Gross and Net Premiums Written both had a positive trend over the period under examination, increasing by 26.21% and 24.35%, respectively. The Company has historically posted a strong and consistent Expense ratio for its size; however, the Loss and LAE ratio fluctuated over the examination period, with the highest values contributing to both the elevated Combined ratio and the net losses in 2017, 2019, and 2021. The high Loss and LAE ratios are primarily attributed to the auto liability and auto physical damage lines of business (both business lines having loss ratios exceeding the industry average since 2018).

Reconciliation of Surplus per Examination

No adjustments were made to surplus as a result of the examination. The amount of surplus reported by the company as of December 31, 2021, is accepted.

VII. SUMMARY OF EXAMINATION RESULTS

Compliance with Prior Examination Report Recommendations

There were two specific comments and recommendations in the previous examination report. Comments and recommendations contained in the last examination report and actions taken by the company are as follows:

1. **Business Continuity Plan**—It is recommended that the Company update and test its BCP under different scenarios (such as business operation disruptions from blackout, catastrophes, or third-party service providers), and that the testing results be reviewed (and any updates approved) by Senior Management and the Board of Directors (who are ultimately responsible for oversight of the Company).

Action—Compliance.

2. **Other Recommendations**—It is recommended that the Company strengthen its IT control environment as specifically described in the management letter dated February 13, 2018.

Action—Compliance.

Summary of Current Examination Results

There were no significant findings as a result of the examination.

VIII. CONCLUSION

WEA Property & Casualty Insurance Company was organized in 1993 under Chapter 611 of the Wisconsin Statutes. The Company is a wholly owned subsidiary of the WEA Member Benefit Trust, which is controlled by WEA, Inc. (which appoints WMBT's board members).

The Company currently underwrites personal, auto, homeowners, inland marine, and umbrella lines for WEAC members, qualified school district employees, and Educators Credit Union employees. The Company is licensed, and writes exclusively, in the state of Wisconsin.

During the period under examination, the Company's policyholders' surplus increased by 10.94% (to \$6.63 million). Over the same period, the Company posted mixed results for net income, with net losses in 2017, 2019, and 2021. Gross and Net Premiums Written both had a positive trend over the period under examination, increasing by 26.21% and 24.35%, respectively.

The prior examination resulted in two recommendations (the Company has complied with both recommendations). The current examination resulted in no recommendations and no adjustments to surplus.

IX. SUMMARY OF COMMENTS AND RECOMMENDATIONS

There were no recommendations made as a result of this examination.

X. ACKNOWLEDGMENT

The courtesy and cooperation extended by the officers and employees of the company during the course of the examination are acknowledged.

In addition to the undersigned, the following representatives of the Office of the Commissioner of Insurance, State of Wisconsin, participated in the examination:

Name	Title
Pierce Varney	Insurance Financial Examiner
Adam Donovan, CISSP	Financial Technology Specialist
Kongmeng Yang	Quality Control Specialist
Jerry DeArmond, CFE	Reserve Specialist

Respectfully submitted,



Jeff Boyd
Examiner-in-Charge