

Report of the Examination of
Wisconsin Mutual Insurance Company
Madison, Wisconsin
As of December 31, 2022

TABLE OF CONTENTS

	Page
I. INTRODUCTION	1
II. HISTORY AND PLAN OF OPERATION.....	3
III. MANAGEMENT AND CONTROL.....	5
IV. REINSURANCE	7
V. FINANCIAL DATA	11
VI. SUMMARY OF EXAMINATION RESULTS.....	20
VII. CONCLUSION	24
VIII. SUMMARY OF COMMENTS AND RECOMMENDATIONS	25
IX. ACKNOWLEDGMENT	26



March 5, 2024

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:

WISCONSIN MUTUAL INSURANCE COMPANY
Madison, Wisconsin

and this report is respectfully submitted.

I. INTRODUCTION

The previous examination of Wisconsin Mutual Insurance Company (the company) was conducted in 2018 as of December 31, 2017. The current examination covered the intervening period ending December 31, 2022, 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

Wisconsin Mutual Insurance Company (the company) was organized in 1903 as Wisconsin Tornado, Cyclone or Hurricane Mutual Association. An amendment to the articles of incorporation, as of September 16, 1976, changed the name to Wisconsin Mutual Insurance Company. The company has been the acquiring party in several mergers during its history. The company absorbed all assets and assumed all liabilities of the following companies:

- Capital Mutual Insurance Company, effective January 1, 1982
- Wisconsin State Mutual Insurance Company, effective December 1, 1982
- Baraboo Mutual Fire Insurance Company, effective December 31, 1998
- Hamburg-Stark Mutual Insurance Company, effective September 30, 2009
- Waukesha County Mutual Insurance Company, effective January 1, 2011

The major products marketed by the company are private passenger auto, homeowners and farmowners multiple peril, and auto physical damage. The major products are marketed through 1,462 independent agents who represent over 133 agencies.

In 2022, the company wrote direct premium in the following states:

Wisconsin	\$89,575,366	97.6%
Minnesota	<u>2,246,139</u>	<u>2.4</u>
Total	<u>\$91,821,505</u>	<u>100.0%</u>

The following table is a summary of the net insurance premiums written by the company in 2022. 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
Fire	\$ 1,171,107	\$0	\$ 166,948	\$ 1,004,159
Allied lines	351,139		50,331	300,808
Farmowners multiple peril	8,924,571		799,482	8,125,089
Homeowners multiple peril	25,837,541		2,392,324	23,445,217
Commercial multiple peril (non-liability portion)	4,086,198		486,423	3,599,775
Commercial multiple peril (liability portion)	1,483,910		18,384	1,465,526
Inland marine	1,151,472		144,086	1,007,386
Other liability – occurrence	874,000		749,508	124,492
Private passenger auto no-fault (personal injury protection)	121,997		2,509	119,488
Other private passenger auto liability	21,977,531		441,535	21,535,996
Other commercial auto liability	393,095		8,179	384,916
Private passenger auto physical damage	25,162,262		905,313	24,256,949
Commercial auto physical damage	<u>286,682</u>	<u>—</u>	<u>9,344</u>	<u>277,338</u>
Total All Lines	<u>\$91,821,505</u>	<u>\$0</u>	<u>\$6,174,366</u>	<u>\$85,647,139</u>

III. MANAGEMENT AND CONTROL

Board of Directors

The board of directors consists of nine members. Three directors are elected annually to serve a three-year term. Officers are elected at the board's annual meeting.

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

Name	Principal Occupation	Term Expires
Holly Merry Casavant Fitchburg, Wisconsin	Vice President & Secretary Wisconsin Mutual Insurance Company	2024
Kellye Jo Golden Verona, Wisconsin	President Wisconsin Mutual Insurance Company	2025
Daniel Andrew Keyes Madison, Wisconsin	Chairman of the Board/Retired President Wisconsin Mutual Insurance Company	2026
Donald Edward Payne MacLeish Waunakee, Wisconsin	Retired Executive VP/Director Northern Capital Management	2024
Chad Thomas Price Spring Green, Wisconsin	Agent/Owner Pletzer Insurance	2025
Kelly Ann Ritchie Cobb, Wisconsin	Senior VP Employee Services Land's End	2026
Francis Phillip Schaecher Verona, Wisconsin	Retired Senior Vice President Land's End	2025
Anthony James Skubal Madison, Wisconsin	Retired Treasurer Wisconsin Mutual Insurance Company	2024
Arthur August Stauffacher Madison, Wisconsin	CPA/Consultant	2026

Officers of the Company

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

Name	Office
Kellye Jo Golden	President
Holly Merry Casavant	Vice President & Secretary
Ryan Strohm	CFO & Treasurer

Committees of the Board

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

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

Audit Committee

Arthur August Stauffacher, Chair

Donald Edward Payne MacLeish

Kelly Ann Ritchie

Francis Phillip Schaecher

Anthony James Skubal

IV. REINSURANCE

The company's reinsurance portfolio and strategy at the time of the examination report 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

The company's reinsurance portfolio consists of nonaffiliated ceding contracts. The significant contracts are described in detail by contract type as follows:

1. Type: Property Catastrophe Excess of Loss
Reinsurers: Intermediary – AON

First Excess Layer

<u>Reinsurer</u>	<u>Participation</u>
Allied World Insurance Company	15.0%
Everest Reinsurance Company	10.0%
Hannover Rück SE	0.3%
Odyssey Reinsurance Company	10.0%
QBE Reinsurance Corporation	5.0%
R+V Versicherung AG	32.5%
Renaissance Reinsurance U.S. Inc.	6.0%
Shelter Mutual Insurance Company	9.0%
Swiss Reinsurance America Corporation <i>Through Aon UK Limited</i>	4.7%
Lloyd's Underwriters - Various	7.5%

Second Excess Layer

<u>Reinsurer</u>	<u>Participation</u>
Allied World Insurance Company	7.5%
Everest Reinsurance Company	10.0%
Hannover Rück SE	0.3%
Korean Reinsurance Company	1.5%
Odyssey Reinsurance Company	10.0%
Partner Reinsurance Company Ltd.	2.0%
PICC Reinsurance Company Limited	2.2%
R+V Versicherung AG	32.5%
Shelter Mutual Insurance Company	9.0%
Swiss Reinsurance America Corporation	10.0%
Arch Reinsurance Ltd. <i>Through Aon UK Limited</i>	10.0%
Companies Per Signing Pages	5.0%

Third Excess Layer

<u>Reinsurer</u>	<u>Participation</u>
Hannover Rück SE	0.3%
Everest Reinsurance Company	10.0%
Korean Reinsurance Company	4.0%
Odyssey Reinsurance Company	10.0%
Partner Reinsurance Company Ltd.	2.0%
PICC Reinsurance Company Limited	3.0%
R+V Versicherung AG	35.0%
Renaissance Reinsurance U.S. Inc.	6.0%
Shelter Mutual Insurance Company	10.0%
Swiss Reinsurance America Corporation <i>Through Aon UK Limited</i>	10.0%
Lloyd's Underwriters - Various	5.0%
Companies Per Signing Pages	4.7%

Scope: All policies classified by the company as property, including the property portions of multiple peril and automobile policies.

Retention:

	First Excess	Second Excess	Third Excess
Company's Retention	\$5,000,000	\$10,000,000	\$20,000,000
Reinsurer's Per Occurrence Limit	\$5,000,000	\$10,000,000	\$20,000,000
Reinsurer's Term Limit	\$10,000,000	\$20,000,000	\$40,000,000

Coverage: The reinsurers will indemnify the company for any loss or losses occurring during the term of this contract between company retentions and reinsurers' limit.

Effective date: January 1, 2024

Termination: January 1, 2025, or by special termination

2. Type: Excess of Loss – Casualty Business & Excess of Loss (Per Risk) & Property

Reinsurer: General Reinsurance Corporation

Scope: New and renewal casualty business & property business

Retention/Coverage: Casualty Business
Retention: \$400,000

First Excess Cover: \$100,000
Second Excess Cover: \$500,000
Third Excess Cover: \$1,000,000

The liability of the reinsurer shall not exceed \$2,000,000 under the Third Excess Cover with respect to all net loss arising out of all occurrences taking place during each agreement year.

Property Business

Retention: \$400,000

First Excess Cover: \$100,000

Second Excess Cover: \$500,000

Third Excess Cover: \$1,000,000

The liability of the reinsurer shall not exceed with respect to each risk:

- (a) \$300,000 under the First Excess Cover nor \$1,000,000 under the Second Excess Cover nor \$2,000,000 under the Third Excess Cover with respect to all net loss on all risks involved in one occurrence.
- (b) \$2,000,000 under the Third Excess Cover with respect to all net loss on all risks involved in all occurrences (including terrorism occurrences) taking place during each agreement year.
- (c) \$300,000 under the First Excess Cover nor \$1,000,000 under the Second Excess Cover nor \$2,000,000 under the Third Excess Cover with respect to all net loss arising out of all loss or damage directly or indirectly arising out of, caused by, or resulting from all terrorism occurrences taking place during each agreement.

Combination Cover: The reinsurer shall pay to the company the amount of net loss in excess of a company retention of \$400,000 with respect to such occurrence, but not exceeding the limit of liability of the reinsurer of \$400,000.

Effective date: January 1, 2024

Termination: Either party may terminate this Exhibit at any time by sending to the other, by certified mail to its principal office, a notice stating the time and date when, not less than 90 days after the date of mailing of such notice, termination shall be effective.

3. Type: Quota Share and Excess of Loss – Personal Umbrella and Farm Personal Umbrella Business

Reinsurer: General Reinsurance Corporation

Scope: Personal Umbrella and Farm Personal Umbrella Business

Retention: 5% of the first \$1,000,000 for each occurrence

Coverage: 95% of the first \$1,000,000 each occurrence; and 100% of the difference, if any, between the policy limit and the first \$1,000,000 each occurrence. In addition, the reinsurer shall pay a share of the adjustment expense incurred under the terms of the personal umbrella policy and a share of declaratory judgment expense proportionate to the reinsurer's share of net loss.

Effective date: January 1, 2019

- Termination: Shall continue in force until terminated. Either party may terminate this Exhibit by sending to the other, by certified mail to its principal office, a notice stating the time and date when, not less than 90 days after the date of mailing of such notice, termination shall be effective.
4. Type: Quota Share and Excess of Loss—Commercial Umbrella
- Reinsurer: General Reinsurance Corporation
- Scope: Shall apply to insurance which is classified by the company as commercial umbrella
- Retention: 5% of the first \$1,000,000 each occurrence. \$1,000,000 aggregate (where applicable)
- Coverage: 95% of the first \$1,000,000 each occurrence; and 100% of the difference, if any, between the policy limit and the first \$1,000,000 each occurrence/\$1,000,000 aggregate (where applicable)
- Effective date: January 1, 2019
- Termination: Shall continue in force until terminated. Either party may terminate this Exhibit by sending to the other, by certified mail to its principal office, a notice stating the time and date when, not less than 90 days after the date of mailing of such notice, termination shall be effective.
5. Type: Property Facultative
- Reinsurer: General Reinsurance Corporation
- Scope: Property business written by the company except those lines specifically excluded on risks located in the State of Wisconsin
- Retention: \$2,000,000
- Coverage: Limit of liability of the reinsurer is \$3,000,000
- Effective date: January 1, 2019
- Termination: Shall continue in force until terminated. This agreement may be terminated by either party sending to the other, by certified mail to its principal office, a notice stating the time and date when, not less than 90 days after the date of mailing of such notice, termination shall be effective.

In addition to the reinsurance coverages described above, the company has a Personal Cyber Protection Quota Share Reinsurance Contract and a Farm Cyber Protection Quota Share Reinsurance Contract reinsured by the Houston Casualty Company. The agreements have been in effect since 2020. In both agreements, the reinsurer agrees to reinsure 80% of the liabilities accruing under the contract with a combined aggregate limit of \$25,000.

V. FINANCIAL DATA

The following financial statements reflect the financial condition of the company as reported to the commissioner of insurance in the December 31, 2022, annual statement. Also included in this section are schedules that reflect the growth of the company and the compulsory and security surplus calculation.

Wisconsin Mutual Insurance Company
Assets
As of December 31, 2022

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$176,635,107	\$	\$176,635,107
Stocks:			
Preferred stocks	247,441		247,441
Common stocks	19,007,726		19,007,726
Real estate:			
Occupied by the company	983,208		983,208
Cash, cash equivalents, and short-term investments	(2,979,748)		(2,979,748)
Investment income due and accrued	881,061		881,061
Premiums and considerations:			
Uncollected premiums and agents' balances in course of collection	635,030		635,030
Deferred premiums, agents' balances, and installments booked but deferred and not yet due	9,988,378		9,988,378
Reinsurance:			
Amounts recoverable from reinsurers	715,866		715,866
Current federal and foreign income tax recoverable and interest thereon	640,635		640,635
Net deferred tax asset	1,190,795		1,190,795
Furniture and equipment, including health care delivery assets	280,028	280,028	0
Prepaid expenses	109,160	109,160	0
State income tax recoverable	254,103		254,103
Miscellaneous receivables	19,417	3,215	16,202
Total Assets	\$208,608,206	\$392,403	\$208,215,803

Wisconsin Mutual Insurance Company
Liabilities, Surplus, and Other Funds
As of December 31, 2022

Losses		\$ 29,491,890
Reinsurance payable on paid loss and loss adjustment expenses		
Loss adjustment expenses		5,396,485
Commissions payable, contingent commissions, and other similar charges		3,109,414
Other expenses (excluding taxes, licenses, and fees)		423,558
Taxes, licenses, and fees (excluding federal and foreign income taxes)		269,682
Unearned premiums		35,159,394
Advance premium		1,493,483
Ceded reinsurance premiums payable (net of ceding commissions)		949,923
Remittances and items not allocated		75,664
Write-ins for liabilities:		
Excheat liability		839,043
Covid-19 premium refund liability		<u>100,900</u>
Total Liabilities		<u>\$ 77,309,436</u>
Unassigned funds (surplus)	<u>\$130,906,367</u>	
Surplus as Regards Policyholders		<u>130,906,367</u>
Total Liabilities and Surplus		<u>\$208,215,803</u>

Wisconsin Mutual Insurance Company
Summary of Operations
For the Year 2022

Underwriting Income		
Premiums earned		\$82,914,077
Deductions:		
Losses incurred	\$64,465,897	
Loss adjustment expenses incurred	4,474,053	
Other underwriting expenses incurred	<u>18,561,612</u>	
Total underwriting deductions		<u>87,501,562</u>
Net underwriting gain (loss)		(4,587,485)
Investment Income		
Net investment income earned	2,226,477	
Net realized capital gains (losses)	<u>993,590</u>	
Net investment gain (loss)		3,220,067
Other Income		
Finance and service charges not included in premiums	390,693	
Write-ins for miscellaneous income:		
Gain/loss on disposal of assets	27,735	
Miscellaneous income	<u>8,188</u>	
Total other income		<u>426,616</u>
Net income (loss) after dividends to policyholders but before federal and foreign income taxes		(940,802)
Federal and foreign income taxes incurred		<u>(313,442)</u>
Net Income (Loss)		<u>\$ (627,360)</u>

Wisconsin Mutual Insurance Company
Cash Flow
For the Year 2022

Premiums collected net of reinsurance		\$84,564,673
Net investment income		3,601,999
Miscellaneous income		<u>426,616</u>
Total		88,593,288
Benefit and loss-related payments	\$64,239,178	
Commissions, expenses paid, and aggregate write-ins for deductions	24,347,501	
Federal and foreign income taxes paid (recovered)	<u>325,000</u>	
Total deductions		<u>88,911,679</u>
Net cash from operations		(318,391)
Proceeds from investments sold, matured, or repaid:		
Bonds	\$40,970,317	
Stocks	2,412,541	
Net gains (losses) on cash, cash equivalents, and short-term investments	<u>26,382</u>	
Miscellaneous proceeds		
Total investment proceeds	43,409,240	
Cost of investments acquired (long- term only):		
Bonds	46,340,929	
Stocks	1,917,829	
Miscellaneous applications	<u>80,568</u>	
Total investments acquired	<u>48,339,326</u>	
Net cash from investments		(4,930,086)
Cash from financing and miscellaneous sources:		
Other cash provided (applied)	<u>(265,812)</u>	
Net cash from financing and miscellaneous sources		<u>(265,812)</u>
Reconciliation:		
Net Change in Cash, Cash Equivalents, and Short-Term Investments		(5,514,290)
Cash, cash equivalents, and short-term investments:		
Beginning of year		<u>2,534,541</u>
End of Year		<u>\$(2,979,749)</u>

**Wisconsin Mutual Insurance Company
Compulsory and Security Surplus Calculation
December 31, 2022**

Assets		\$208,215,803
Less invested assets in excess of limitations		625,330
Less liabilities		<u>77,309,436</u>
Adjusted surplus		130,281,037
Annual premium:		
Lines other than accident and health	\$85,647,139	
Factor	<u>20%</u>	
Compulsory surplus (subject to a minimum of \$2 million)		<u>17,129,428</u>
Compulsory Surplus Excess (Deficit)		<u>\$113,151,609</u>
Adjusted surplus (from above)		\$130,281,037
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>23,638,611</u>
Security Surplus Excess (Deficit)		<u>\$106,642,426</u>

**Wisconsin Mutual Insurance Company
Analysis of Surplus
For the Five-Year Period Ending December 31, 2022**

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

	2022	2021	2020	2019	2018
Surplus, beginning of year	\$135,896,223	\$124,635,207	\$110,871,660	\$101,309,792	\$ 92,479,281
Net income	(627,360)	8,891,402	11,040,985	8,425,726	8,572,496
Change in net unrealized capital gains/losses	(4,443,459)	2,181,064	1,981,743	2,299,202	(920,825)
Change in net deferred income tax	211,337	85,484	(948)	(51,781)	(390,370)
Change in nonadmitted assets	(130,374)	103,066	1,291,860	(1,111,280)	(147,779)
Pension Adjustment Transition Pension Liability			(550,092)		
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>1,716,989</u>
Surplus, End of Year	<u>\$130,906,367</u>	<u>\$135,896,223</u>	<u>\$ 124,635,207</u>	<u>\$110,871,660</u>	<u>\$101,309,792</u>

Growth of Wisconsin Mutual Insurance Company

Year	Admitted Assets	Liabilities	Surplus as Regards Policyholders	Net Income
2022	\$208,215,803	\$77,309,436	\$130,906,367	\$ (627,360)
2021	210,765,363	74,869,140	135,896,223	8,891,402
2020	194,771,491	70,136,284	124,635,207	11,040,985
2019	179,842,310	68,970,650	110,871,660	8,425,726
2018	169,544,295	68,234,503	101,309,792	8,572,496
2017	160,607,001	68,127,718	92,479,281	7,327,299

Year	Gross Premium Written	Net Premium Written	Premium Earned	Loss and LAE Ratio	Expense Ratio	Combined Ratio
2022	\$91,821,505	\$85,647,139	\$82,914,077	83.1%	21.2%	104.3%
2021	87,101,127	82,354,308	81,370,001	71.8	23.2	95.0
2020	84,142,054	80,173,616	79,174,320	64.8	24.1	88.9
2019	83,640,570	79,795,695	79,113,632	69.5	21.9	91.4
2018	83,205,538	79,745,773	78,949,481	67.9	22.5	90.4
2017	79,835,204	76,108,742	74,486,842	67.6	22.5	90.1

The company has had steady growth since 2017. During that time, the company's gross premiums written increased by \$11,986,301, and net premiums written increased by \$8,427,235. The company's expense ratio has stayed relatively steady over the last six years ranging between 21.2% and 24.1%. The company's loss and LAE ratio historically has ranged between 64.8% and 67.9% but has trended upward in 2021 and 2022. The company's loss and LAE ratio peaked in the year under examination which contributed to its only combined ratio above 100% in at least the last six years. This unusual result was due to the following headwinds afflicting the property and casualty industry: 1) Increased frequency of catastrophe events leading to increasing reinsurance costs and decreasing reinsurance availability; and 2) An industry-wide increase in claims frequency and severity particularly on automobile business.

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, 2022, is accepted.

VI. SUMMARY OF EXAMINATION RESULTS

Compliance with Prior Examination Report Recommendations

There were 10 specific recommendations in the previous examination report. The actions taken by the company as a result of the recommendations were as follows:

1. Custodial Agreement—It is recommended that the company amend its custodial agreement to include all specific language prescribed in the NAIC *Financial Condition Examiners Handbook*.

Action—Compliance.

2. Reinsurance Intermediary-Broker Agreement—It is recommended that the company update its reinsurance intermediary-broker agreement to include all applicable language to satisfy s. Ins 47.03, Wis. Adm. Code.

Action—Compliance.

3. Foreign Investment Limitation—It is recommended that the company implement procedures to ensure that its invested assets comply with the foreign investment limitation set forth in s. Ins 6.20 (8)(k), Wis. Adm. Code. If at any time the company's invested assets exceed this limit, the company shall adjust its compulsory and security surplus calculation in accordance with s. 620.21, Wis. Stat.

Action—Compliance.

4. Unclaimed Property—It is recommended that the company report its unclaimed property to the State of Wisconsin in accordance with ch. 177, Wis. Stat.

Action—Compliance.

5. Unclaimed Property—It is further recommended that the company develop a formal written escheat policy. The policy should address: (1) the company's procedures relating to stale-dated checks (sufficient to ensure compliance with ch. 177, Wis. Stat.); and (2) the establishment and maintenance of an escheat liability account (to hold stale-dated checks outstanding for over one year).

Action—Compliance.

6. Conflict of Interest—It is recommended that the company amend Article VI, Section V of its Bylaws to require that the president be recused from any decisions in which he or she has a real or potential conflict of interest, and that the board (or a committee thereof) shall be authorized in such situations to carry out this authority.

Action—Compliance.

7. Conflict of Interest—It is further recommended that the company amend its Code of Conduct to: (1) provide examples of situations that could create a conflict of interest, such as hiring or contracting decisions that benefit the personal or financial interests of the director, officer, or employee directly (or indirectly through a related party); and (2) require that directors, officers, and employees recuse themselves from any decisions or votes on any matters in which they have a conflict of interest (or the appearance thereof), in accordance with s. 611.60 (2), Wis. Stat.

Action—Compliance.

8. Business Continuity Plan—It is recommended that the company develop a Business Continuity Plan based on a Business Impact Analysis or Risk Assessment that identifies all critical business functions and supporting systems. The plan should consider the business disruptions from third parties (if the company outsources critical operations to third parties). The business continuity plan should be written and should include a step-by-step framework that is easily accessible and executable in an emergency situation.

Action—Partial Compliance.

9. Business Continuity Plan—It is further recommended that the company update and test its Business Continuity Plan under different scenarios, such as business operation disruptions from blackouts, catastrophes, or third-party service providers, and that the testing results are reviewed by senior management and the board of directors.

Action—Compliance.

10. User Access Review—It is recommended that the company conduct periodic user access reviews.

Action—Partial Compliance.

Summary of Current Examination Results

This section contains comments and elaboration on those areas where adverse findings were noted or where unusual situations existed. Comment on the remaining areas of the company's operations is contained in the examination work papers.

Conflict of Interest Statements

The company requires directors, officers, and persons in a position of responsible employment to disclose any material interest or affiliation of any kind that is in conflict with the official duties of their position.

Examination testing revealed that: (1) At least one Conflict of Interest Disclosure Statement failed to indicate "Yes" or "No" as to whether the individual had a conflict of interest that was likely to conflict with their official duties, and (2) One director failed to complete a Conflict of Interest Disclosure Statement for two years during the examination period.

It is recommended that the Company take corrective action to ensure that all officers, directors, and all other applicable employees accurately complete a Conflict of Interest Disclosure Statement annually, in accordance with the expectations set forth in the March 1989 Conflict of Interest Directive of the Commissioner of Insurance.

Business Continuity Plan

In the previous exam, it was recommended that the company develop a Business Continuity Plan ("BCP") that is based on a Business Impact Analysis (BIA) or risk assessment, and that identifies all critical business functions and supporting systems. The plan should consider the business disruptions from third parties (if the company outsources critical operations to third parties). The business continuity plan should be written and should include a step-by-step framework that is easily accessible and executable in an emergency.

While examination testing revealed that the company does have a Disaster Recovery Plan (DRP) that contains many aspects of a BCP as recommended on the prior exam, it does not include a BIA or risk assessment. It is again recommended that the company incorporate a Business Impact Analysis into its Disaster Recovery Plan, to better understand critical threats facing the company and to best determine recovery point and recovery time objectives.

IT Management Comment Letter

Additional IT findings were provided to the company in the form of an IT Management Comment Letter. It is recommended that the company comply with all findings delineated in the IT Management Comment Letter.

VII. CONCLUSION

Wisconsin Mutual Insurance Company reported admitted assets of \$208,215,803, liabilities of \$77,309,436, and policyholders' surplus of \$130,906,367, as of December 31, 2022. The company reported a net loss of (\$627,360) as of December 31, 2022.

The major products marketed by the company are private passenger auto, homeowners and farmowners multiple peril, and auto physical damage. The company is licensed to write business in both Wisconsin and Minnesota. Wisconsin business represents 97.6% of the total premium written.

There were no adjustments to surplus and there were no reclassifications of account balances as a result of the examination. The company was found to be in compliance with eight prior examination recommendations and was found to be in partial compliance with two prior examination recommendations. The current examination resulted in three recommendations.

VIII. SUMMARY OF COMMENTS AND RECOMMENDATIONS

1. Page 22 - Conflict of Interest Statements—It is recommended that the company take corrective action to ensure that all officers, directors, and all other applicable employees accurately complete a Conflict of Interest Disclosure Statement annually, in accordance with the expectations set forth in the March 1989 Conflict of Interest Directive of the Commissioner of Insurance.
2. Page 22 - Business Continuity Plan— It is again recommended that the company incorporate a Business Impact Analysis into its Disaster Recovery Plan, to better understand critical threats facing the company and to best determine recovery point and recovery time objectives.
3. Page 23 - IT Management Comment Letter— It is recommended that the company comply with all findings delineated in the IT Management Comment Letter.

IX. 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
Cole Besteman	Insurance Financial Examiner
Michael Herman	Insurance Financial Examiner
Adam Donovan, CISSP	IT Specialist
Kongmeng Yang, AFE	Quality Control Specialist
Jerry DeArmond, CFE	Reserve Specialist

Respectfully submitted,

A handwritten signature in black ink that reads "Mike Miller". The signature is written in a cursive, flowing style.

Mike Miller, CFE
Examiner-in-Charge