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07-31-2026

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2023CV001310
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July 31, 2026

VIA ELECTRONIC FILING

Hon. Stephen E. Ehlke
Dane County Circuit Court
7th Floor, Courtroom 7D - Branch 15
215 S. Hamilton Street
Madison, WI 53703-3285

RE: Wisconsin Reinsurance Corporation and 1st Auto & Casualty Insurance
Company
Case No. 2023-CV-1310

Dear Judge Ehlke:

We are filing with this letter the quarterly financial statements of Wisconsin Reinsurance Corporation and 1st Auto & Casualty Insurance Company as of June 30, 2026.

Sincerely,

GODFREY & KAHN, S.C.

A handwritten signature in blue ink that reads "Anthony S. Baish".

Anthony S. Baish

ASB:sm

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CIRCUIT COURT
DANE COUNTY, WI
2023CV001310

The WRC Group
Income Statement
6/30/2026

	WRC	1st Auto
Premium Written	2,420	-
Assumed Losses Incurred	(4,921,722)	(469,134)
Ceded Losses Incurred	528,159	99,260
Change in Case Reserves	4,676,165	111,355
Change in Ceded Case Reserves	(1,282,290)	21,056
Change in Ceded Case Reserves - Intercompany	-	(26,664)
Loss Expenses Incurred	(318,966)	(58,272)
Other Underwriting Expenses	-	-
Assumed Losses - Interest Expense	(286,121)	(165,824)
Underwriting Income/(Loss)	(1,602,355)	(488,223)
Investment Income Earned	398,889	64,990
Net Realized Capital Gain/(Loss)	-	1,361
Miscellaneous Income	153	62,973
Net Investment and Misc Income/(Loss)	399,042	129,324
Guaranty Funds Admin Expenses	(23,993)	(253,955)
Noble Consulting Expense	(150,200)	(150,200)
Attorney Expense	(7,633)	(7,633)
Employee Expense	(386,210)	(441,960)
Facilities Expense	(6,716)	-
Software & Systems Expense	(110,830)	(101,190)
Finance Expense	(67,252)	(29,117)
Other Operating Expense	(3,160)	(11,875)
Operating Expenses	(755,994)	(995,930)
Net Income (Loss)	(1,959,307)	(1,354,829)

Expense Note: Operating and administrative expenses are generally allocated evenly between WRC and 1st Auto. Employee related expenses are allocated based on headcount.

The WRC Group
Balance Sheet
6/30/2026

Assets	WRC	1st Auto
Cash and Invested Assets		
Cash	-	108,187
Segregated Funds for Court Approved Claims not yet Settled	823,308	-
Cash Equivalents	6,154,172	1,435,322
Bonds	12,269,888	3,180,532
Preferred Stock	270,480	-
Common Stock	2,462,440	-
Receivable for securities	11,772	-
Total Cash and Invested Assets	21,992,061	4,724,040
Other Assets		
Premium Receivable	96,786	-
Reins Loss/LAE Recoverable on Paid	606,251	16,475
Reins Loss/LAE Recoverable on Paid - Intercompany	3,969	2,487,780
Interest Expense Recoverable on Paid - Intercompany		256,944
Accounts Receivable - Other	1,000	-
Total Other Assets	708,006	2,761,199
Total Assets	22,700,067	7,485,239

Liabilities & Equity	WRC	1st Auto
Class 1 - Administrative Expenses		
Guaranty Funds Admin Expenses	6,911	121,007
Liquidation Staffing - Budgeted	911,251	1,050,451
Other Operating Expenses - Budgeted	273,764	243,601
Total Class 1 Expenses	1,191,925	1,415,059
Class 3 - Loss Claims		
Guaranty Fund Claims	2,481,129	6,536,117
Guaranty Fund Reserves	-	1,685,091
Less: Ceded Case Reserves	-	-
Less: Ceded Case Reserves - Intercompany	-	(1,125,804)
Policyholder Claims	5,996,407	616,905
Assumed Claims - Intercompany	2,429,608	3,969
Policyholder Reserves	520,812	-
Assumed Case Reserves - Intercompany	1,125,804	-
Less: Ceded Case Reserves	-	-
Federal Tax IRS	-	-
Total Class 3 Expenses	12,553,760	7,716,277
Class 4 - Unearned Premium & Deductible		
Unearned Premium	1,879,456	439,363
Unearned Premium - Intercompany	12,922	-
Policyholder Deductible	31,331	15,412
Total Class 4 Expenses	1,923,709	454,775
Class 5 - General Creditors		
Commissions	-	25,434
General Creditors	78,771	280,217
Unpaid State/Local Taxes	2,911	-
Total Class 5 Expenses	81,681	305,651
Class 6 - Judgements	-	-
Class 7 - Interest		
Interest	822,527	528,440
Interest - Intercompany	253,094	-
Total Class 7 Expenses	1,075,621	528,440
Class 8 - Late Filed		
Late Filed Claims	386,626	44,743
Late Filed Claims - Intercompany	45,250	-
Deductible	7,700	34,537
Interest	892	796
Interest - Intercompany	3,850	-
Total Class 8 Expenses	444,318	80,076
Class 9 - N/A	-	-
Class 10 - N/A	-	-
Class 11 - Stockholders	-	-
Total Liabilities	17,271,015	10,500,278

Policyholders' Surplus

Policyholders' Surplus - Beginning	(4,653,354)	(9,660,210)
Common Capital Stock	418,365	7,000,000
Preferred Capital Stock	4,607	-
Additional Paid in Capital	13,230,300	1,000,000
Treasury Stock	(1,611,559)	-
Net Income (Loss)	(1,959,307)	(1,354,829)
Total Policyholders' Surplus	5,429,052	(3,015,039)
Total Liabilities and Policyholders' Surplus	22,700,067	7,485,239