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11-21-2025

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2023CV001310  
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November 21, 2025

**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 September 30, 2025.

Sincerely,

GODFREY & KAHN, S.C.

A handwritten signature in blue ink that reads "Anthony S. Baish". The signature is fluid and cursive, written over a light blue rectangular background.

Anthony S. Baish

ASB:sm

37506587.1

**FILED**  
**11-21-2025**  
**CIRCUIT COURT**  
**DANE COUNTY, WI**  
**2023CV001310**

**The WRC Group**  
**Income Statement**  
**9/30/2025**

	<b>WRC</b>	<b>1st Auto</b>
Premium Written	(64,517)	2,709
Assumed Losses Incurred	(3,456,136)	(1,915,269)
Ceded Losses Incurred	329,847	1,371,321
Change in Case Reserves	1,389,962	1,516,723
Change in Ceded Case Reserves	577,102	(3,249,393)
Change in Ceded Case Reserves - Intercompany	-	1,551,807
Loss Expenses Incurred	(180,843)	(79,269)
Other Underwriting Expenses	-	-
Assumed Losses - Interest Expense	(315,523)	(286,620)
<b>Underwriting Income/(Loss)</b>	<b>(1,720,108)</b>	<b>(1,087,991)</b>
Investment Income Earned	570,334	134,833
Net Realized Capital Gain/(Loss)	-	2,364
Miscellaneous Income	2,720	79,572
<b>Net Investment and Misc Income/(Loss)</b>	<b>573,054</b>	<b>216,769</b>
Guaranty Funds Admin Expenses	(167,252)	(799,500)
Noble Consulting Expense	(308,675)	(308,675)
Attorney Expense	(13,316)	(13,316)
Employee Expense	(839,858)	(1,229,550)
Facilities Expense	(141,579)	-
Software & Systems Expense	(289,019)	(511,392)
Finance Expense	(186,570)	(34,744)
Other Operating Expense	(14,593)	(29,679)
<b>Operating Expenses</b>	<b>(1,960,863)</b>	<b>(2,926,856)</b>
<b>Net Income (Loss)</b>	<b>(3,107,916)</b>	<b>(3,798,079)</b>

**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**  
**09/30/2025**

<b>Assets</b>	<b>WRC</b>	<b>1st Auto</b>
<b>Cash and Invested Assets</b>		
Cash	-	119,003
Segregated Funds for Court Approved Claims not yet Settled	2,397,849	-
Cash Equivalents	1,667,894	1,416,862
Bonds	13,580,060	4,016,186
Preferred Stock	292,120	-
Common Stock	2,604,294	-
Receivable for securities	11,772	-
Net Real Estate	3,369,215	-
<b>Total Cash and Invested Assets</b>	<b>23,923,204</b>	<b>5,552,051</b>
<b>Other Assets</b>		
Premium Receivable	96,928	-
Reins Loss/LAE Recoverable on Paid	24,713	21,046
Reins Loss/LAE Recoverable on Paid - Intercompany	15,907	2,344,055
Interest Expense Recoverable on Paid - Intercompany		163,644
Accounts Receivable - Other	1,000	-
<b>Total Other Assets</b>	<b>138,548</b>	<b>2,528,744</b>
<b>Total Assets</b>	<b>24,061,752</b>	<b>8,080,795</b>

<b>Liabilities &amp; Equity</b>	<b>WRC</b>	<b>1st Auto</b>
<b>Class 1 - Administrative Expenses</b>		
Guaranty Funds Admin Expenses	5,706	-
Liquidation Staffing - 2025 Budget	530,531	700,207
Facilities & Systems - 2025 Budget	166,110	189,427
<b>Total Class 1 Expenses</b>	<b>702,346</b>	<b>889,634</b>
<b>Class 3 - Loss Claims</b>		
Guaranty Fund Claims	2,172,185	5,485,109
Guaranty Fund Reserves	1,197,428	2,370,399
Less: Ceded Case Reserves	(167,425)	-
Less: Ceded Case Reserves - Intercompany	-	(1,393,329)
Policyholder Claims	3,315,974	515,534
Assumed Claims - Intercompany	2,286,133	15,907
Policyholder Reserves	2,553,343	745,000
Assumed Case Reserves - Intercompany	1,824,461	-
Less: Ceded Case Reserves	(612,108)	(431,132)
Federal Tax IRS	-	-
<b>Total Class 3 Expenses</b>	<b>12,569,990</b>	<b>7,307,488</b>
<b>Class 4 - Unearned Premium &amp; Deductible</b>		
Unearned Premium	1,879,456	442,810
Unearned Premium - Intercompany	12,922	-
Policyholder Deductible	30,540	15,412
<b>Total Class 4 Expenses</b>	<b>1,922,918</b>	<b>458,222</b>
<b>Class 5 - General Creditors</b>		
Commissions	-	25,434
General Creditors	78,771	280,217
Unpaid State/Local Taxes	2,911	-
<b>Total Class 5 Expenses</b>	<b>81,681</b>	<b>305,651</b>
<b>Class 6 - Judgements</b>	-	-
<b>Class 7 - Interest</b>		
Interest	465,187	286,081
Interest - Intercompany	161,444	-
<b>Total Class 7 Expenses</b>	<b>626,631</b>	<b>286,081</b>
<b>Class 8 - Late Filed</b>		
Late Filed Claims	5,267	37,366
Late Filed Claims - Intercompany	45,000	-
Deductible	7,350	34,537
Interest	491	539
Interest - Intercompany	2,200	-
<b>Total Class 8 Expenses</b>	<b>60,308</b>	<b>72,441</b>
<b>Class 9 - N/A</b>	-	-
<b>Class 10 - N/A</b>	-	-
<b>Class 11 - Stockholders</b>	-	-
<b>Total Liabilities</b>	<b>15,963,874</b>	<b>9,319,517</b>

**Policyholders' Surplus**

Policyholders' Surplus - Beginning	(835,919)	(5,440,643)
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)	(3,107,916)	(3,798,079)
<b>Total Policyholders' Surplus</b>	<b>8,097,878</b>	<b>(1,238,722)</b>
<b>Total Liabilities and Policyholders' Surplus</b>	<b>24,061,752</b>	<b>8,080,795</b>