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February 4, 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 December 31, 2025.

Sincerely,

GODFREY & KAHN, S.C.

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

Anthony S. Baish

ASB:sm

37861522.1

The WRC Group
Income Statement
12/31/2025

	WRC	1st Auto
Premium Written	(51,111)	2,709
Assumed Losses Incurred	(3,562,895)	(2,447,931)
Ceded Losses Incurred	349,592	1,776,245
Change in Case Reserves	787,185	2,836,518
Change in Ceded Case Reserves	1,079,859	(4,700,035)
Change in Ceded Case Reserves - Intercompany	-	2,277,128
Loss Expenses Incurred	(318,775)	(150,059)
Other Underwriting Expenses	-	-
Assumed Losses - Interest Expense	(480,443)	(363,411)
Underwriting Income/(Loss)	(2,196,589)	(768,836)
Investment Income Earned	764,800	170,726
Net Realized Capital Gain/(Loss)	-	3,209
Miscellaneous Income	(26,455)	109,941
Net Investment and Misc Income/(Loss)	738,345	283,876
Guaranty Funds Admin Expenses	(167,252)	(977,991)
Noble Consulting Expense	(409,800)	(409,800)
Attorney Expense	(19,132)	(19,132)
Employee Expense	(1,227,606)	(1,442,615)
Facilities Expense	(177,836)	-
Software & Systems Expense	(345,941)	(582,032)
Finance Expense	(316,825)	(52,749)
Other Operating Expense	(259,852)	(79,467)
Operating Expenses	(2,924,244)	(3,563,786)
Net Income (Loss)	(4,382,488)	(4,048,746)

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
12/31/2025

Assets	WRC	1st Auto
Cash and Invested Assets		
Cash	-	156,396
Segregated Funds for Court Approved Claims not yet Settled	2,447,860	-
Cash Equivalents	4,324,231	1,511,943
Bonds	13,472,992	3,468,626
Preferred Stock	284,280	-
Common Stock	2,546,098	-
Receivable for securities	11,772	-
Net Real Estate	-	-
Total Cash and Invested Assets	23,087,232	5,136,965
Other Assets		
Premium Receivable	96,928	-
Reins Loss/LAE Recoverable on Paid	228,313	33,730
Reins Loss/LAE Recoverable on Paid - Intercompany	3,187	2,736,259
Interest Expense Recoverable on Paid - Intercompany		194,013
Accounts Receivable - Other	1,000	-
Total Other Assets	329,429	2,964,003
Total Assets	23,416,661	8,100,967

Liabilities & Equity	WRC	1st Auto
Class 1 - Administrative Expenses		
Guaranty Funds Admin Expenses	-	118,306
Liquidation Staffing - 2026 Budget	1,253,174	1,457,860
Other Operating Expenses - 2026 Budget	334,684	290,400
Total Class 1 Expenses	1,587,857	1,866,566
Class 3 - Loss Claims		
Guaranty Fund Claims	2,243,955	6,102,450
Guaranty Fund Reserves	1,249,503	2,073,241
Less: Ceded Case Reserves	(315,469)	-
Less: Ceded Case Reserves - Intercompany	-	(1,099,140)
Policyholder Claims	3,531,121	515,534
Assumed Claims - Intercompany	2,678,337	3,187
Policyholder Reserves	3,829,367	-
Assumed Case Reserves - Intercompany	1,099,140	-
Less: Ceded Case Reserves	(966,821)	-
Federal Tax IRS	-	-
Total Class 3 Expenses	13,349,133	7,595,272
Class 4 - Unearned Premium & Deductible		
Unearned Premium	1,879,456	442,810
Unearned Premium - Intercompany	12,922	-
Policyholder Deductible	31,331	15,412
Total Class 4 Expenses	1,923,709	458,222
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	599,596	362,788
Interest - Intercompany	191,263	-
Total Class 7 Expenses	790,859	362,788
Class 8 - Late Filed		
Late Filed Claims	5,267	43,554
Late Filed Claims - Intercompany	45,000	-
Deductible	7,700	34,537
Interest	633	623
Interest - Intercompany	2,750	-
Total Class 8 Expenses	61,350	78,714
Class 9 - N/A		
	-	-
Class 10 - N/A		
	-	-
Class 11 - Stockholders		
	-	-
Total Liabilities	17,794,589	10,667,213

Policyholders' Surplus

Policyholders' Surplus - Beginning	(2,037,153)	(6,517,499)
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)	(4,382,488)	(4,048,746)
Total Policyholders' Surplus	<u>5,622,072</u>	<u>(2,566,245)</u>
Total Liabilities and Policyholders' Surplus	<u>23,416,661</u>	<u>8,100,967</u>