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June 3, 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: Status Update on Liquidation of Wisconsin Reinsurance Corporation and 1st
Auto & Casualty Insurance Company | Case No. 2023-CV-1310

Dear Judge Ehlke:

I am writing to provide the Court an update on the status of the above-referenced matter.

As previously reported, the Commissioner of Insurance of the State of Wisconsin, Nathan Houdek, as Liquidator of Wisconsin Reinsurance Corporation and 1st Auto & Casualty Insurance Company (the "Liquidator"), acting through his Special Deputy Liquidator, his counsel, and other duly appointed persons, has received and evaluated hundreds of proofs of claims. Most claims have been evaluated, and the Liquidator has sent each claimant notice of the Liquidator's determination of the claim's classification and its allowance or denial. There were three objections to the Liquidator's claim determinations during this reporting period. As a result of the first objection, the Liquidator changed the claim determination from a Class 8 late-filed claim to a Class 3 timely filed claim. The Court overruled the second objection and upheld the Liquidator's Class 8 late-filed claim determination. The third objection resulted in a stipulation amending the initial determination and accepting the claim as a Class 3 claim.

The Liquidator also has paid some claims and administrative expenses, as and to the extent authorized by the Court's order of December 13, 2024.

The Liquidator intends to file an updated interim report on his evaluations of all proofs of claims – including 327 timely-filed claims and 28 late-filed claims in the Wisconsin Reinsurance liquidation, and 422 timely-filed claims and 33 late-filed claims in the 1st Auto liquidation – by the end of August 2026. That report also will detail the Liquidator's payment of claims and administrative expenses pursuant to the Court's December 13, 2024 Order.

The Liquidator continues efforts to collect all claims-paying resources, including efforts to sell assets of the liquidation estate. To date, all illiquid assets of the estate have been monetized, including real estate. The Court approved a real estate purchase agreement on August

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20, 2025. The transaction closed on December 9, 2025, with net proceeds of \$3,083,708.76 going to the WRC liquidation estate.

The Liquidator is currently negotiating commutation of unsettled Class 3 claims with various mutual insurance companies. These commutation agreements will be forwarded to the Court for approval at the appropriate time.

Looking ahead, the Liquidator anticipates the Court will need to address at least some or all of the following:

- Approval of the commutation agreements mentioned above;
- A plan of distribution of the estate assets; and
- Closure of the liquidation.

In addition, the Liquidator will file periodic financial statements and periodic reports regarding proofs of claims as required by statute.

Please let us know if the Court would like any other information regarding this matter.

Sincerely,

GODFREY & KAHN, S.C.



Anthony S. Baish

ASB:sm