

FILED
05-02-2024
CIRCUIT COURT
DANE COUNTY, WI
2023CV001310

STATE OF WISCONSIN : CIRCUIT COURT : DANE COUNTY
BRANCH 15

In the Matter of the Liquidation of:

Wisconsin Reinsurance Corporation and 1st Auto &
Casualty Insurance Company

Case No. 2023CV1310

Case Code: 30703

NOTICE OF MOTION AND MOTION TO APPROVE COMMUTATION

TO: All Interested Parties

NOTICE

PLEASE TAKE NOTICE that the Commissioner of Insurance of the State of Wisconsin, Nathan Houdek, as Liquidator of Wisconsin Reinsurance Corporation and 1st Auto & Casualty Insurance Company (the “Commissioner” or the “Liquidator”), brings this Motion to Approve Commutation (the “Motion”) for hearing, if necessary, before the Circuit Court for Dane County, in the Dane County Courthouse, 215 S. Hamilton Street, Madison, WI 53703-3285, on a date and at a time to be determined by the Court. Objections to the Motion, along with supporting documentation, shall be filed with the Court and served on the Liquidator, by his attorneys, James A. Friedman, Zachary P. Bemis, and Anthony S. Baish of Godfrey & Kahn, S.C., and any other party who has filed an appearance in this action, within 14 days of the filing of the Motion.

MOTION

The Commissioner, as Liquidator of Wisconsin Reinsurance Corporation (“WRC”) and 1st Auto & Casualty Insurance Company (“1st Auto” and collectively, the “Companies”), hereby moves the Court, pursuant to Wis. Stat. § 645.46 and Chapter 645 generally, to enter an Order approving the May 1, 2024 Commutation Agreement and Release (the “Commutation

Agreement”) between the Liquidator and Employers Mutual Casualty Company (“EMC”). A true and correct copy of the Commutation Agreement is attached hereto as Exhibit A. As grounds for this Motion, the Commissioner states as follows:

1. WRC and EMC entered into various reinsurance agreements whereby EMC committed to reinsure certain risks insured or reinsured by WRC (the “Reinsurance Agreements”).

2. The Liquidator, on behalf of the Companies, and EMC have entered into the Commutation Agreement applying to any and all Reinsurance Agreements ever entered into between WRC and EMC before the effective date of the Commutation Agreement, terminating all such Reinsurance Agreements.

3. Pursuant to the Commutation Agreement, EMC has offered to pay, and the Liquidator has agreed to accept in full satisfaction of all past, present and future obligations and liabilities under the Reinsurance Agreements, the sum of set forth in Exhibit A (the “Commutation Amount”).

4. The Commutation Agreement provides that the parties will fully and finally settle and commute their respective past, present, and future obligations and liabilities known and unknown under the Reinsurance Agreements, regardless of whether the ultimate payments under the Reinsurance Agreements would be more than or less than the Commutation Amount.

5. By its terms, the Commutation Agreement is of no force or effect unless and until it is approved by this Court.

6. The Commutation Agreement requires that the parties thereto keep the terms of the agreement confidential, and further requires that the Commutation Agreement be filed under seal.

7. The Liquidator has reviewed the Commutation Agreement and performed extensive due diligence concerning the proposed commutation. Based on that review, the Liquidator has determined that it would be in the best interest of the Companies' policyholders and the public for the Liquidator to enter into the Commutation Agreement.

8. Pursuant to Wis. Stat. § 645.46(6), the Liquidator may "perform any other acts necessary or expedient to collect, preserve, or protect its assets." Pursuant to Wis. Stat. § 645.46(11)(a), the Liquidator may enter into such contracts as are "necessary to carry out the order to liquidate." The Liquidator believes that the Commutation Agreement constitutes such an act and is necessary in his efforts to liquidate the Companies.

NOW, THEREFORE, for the reasons stated above and based on the entire record in this action, the Liquidator asks the Court to enter an order approving the Commutation Agreement.

Dated at Madison, Wisconsin this 2nd day of May, 2024.

Respectfully submitted,

GODFREY & KAHN, S.C.

By: Electronically signed by James A. Friedman

James A. Friedman
State Bar No. 1020756
Zachary P. Bemis
State Bar No. 1094291
Anthony S. Baish
State Bar No. 1031577

*Attorneys for Petitioner Nathan Houdek,
Commissioner of Insurance of the State of
Wisconsin*

One East Main Street, Suite 500
P.O. Box 2719
Madison, WI 53701-2719
Phone: 608-257-3911
Fax: 608-257-0609
jfriedman@gklaw.com
zbemis@gklaw.com
tbaish@gklaw.com

31108867.1

EXHIBIT A

[FILED UNDER SEAL]