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 AGREEMENTS

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 Agreements (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 a series of commutation and release agreements (collectively, the "Commutation Agreements") between, on the one hand, the Liquidator, on behalf of WRC, and, on the other hand: (i) certain mutual insurance companies with open claims; (ii) 1st Auto; and (iii) the Wisconsin Insurance Security Fund (the "WISF"), which provides coverage of reinsurance obligations to certain Wisconsin mutual insurance companies. The mutual insurance companies, 1st Auto, and the WISF shall be referred to hereafter as a "Mutual." A complete list of the Mutuals that entered into a Commutation Agreement subject to this Motion is attached hereto as Schedule A.

As grounds for this Motion, the Commissioner states as follows:

1. WRC and each Mutual entered into various reinsurance agreements whereby WRC committed to reinsure certain risks and losses insured by the Mutual, including risks associated with claims the Mutual submitted to the Liquidator in this liquidation (the "Claims").

2. The precise extent of WRC's obligations under the subject reinsurance agreements is presently unknown, as each Claim represents a Mutual's good faith estimate of its reinsured risk. In the absence of the Commutation Agreements, final resolution of the Claims could be delayed for years, pending resolution of litigation underlying the Claims. Such delay would compromise the interests of other claimants, not only because payment on their claims could be similarly delayed, but also because ongoing Class 1 administrative costs would reduce available claims-paying resources.

3. The Liquidator, on behalf of WRC, and each Mutual have entered into a Commutation Agreement for the purpose of fully satisfying all Claims, thereby facilitating the

timely closure of the liquidation and avoiding future Class 1 administrative costs that could otherwise deplete available claims-paying resources.

4. Pursuant to the Commutation Agreements, the Liquidator has offered to pay, and the Mutual has agreed to accept in full satisfaction of all past, present and future obligations and liabilities related to the Claims, the sum set forth in each Commutation Agreement. The Liquidator's payment obligations under each Commutation Agreement were negotiated at arms' length in good faith with each Mutual.[1]

5. The Liquidator's total payment obligations under all the Commutation Agreements, collectively, is $4,289,805.02. Each of the Claims is a Class 3 claim under Wis. Stat. § 645.68. The Liquidator is confident that the WRC liquidation estate has sufficient resources to pay all Class 3 claims in full, such that the payments under the Commutation Agreements would not adversely impact the payment of other Class 3 claims or claims of lower priority.

6. Each 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, related to the Claims.

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

8. Each Commutation Agreement requires that the parties thereto keep the terms of the agreement confidential, and further requires that the Liquidator's Motion be filed under seal.

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[1] In the case of 1st Auto, the payment amounts were based on the company's standard claim review and reserve practices.

Each Commutation Agreement therefore has been filed under seal as an exhibit hereto, bearing exhibit numbers set forth in Schedule A.

9. The Liquidator has reviewed each 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 each Commutation Agreement.

10. 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 Agreements constitute such acts and are 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 Agreements.

Dated at Madison, Wisconsin this 26th day of August, 2026.

Respectfully submitted,

GODFREY & KAHN, S.C.

By: *Electronically signed by Anthony S. Baish*
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SCHEDULE A

"Mutual"	Exhibit No.
Maple Valley Mutual Insurance Company	A
Mutual of Wausau Insurance Corporation	B
Bunceton Mutual Insurance Company	C
Farmers Mutual Insurance Company of Linn County	D
Frontier-Mt. Carroll Mutual Insurance Comapny	E
Farmers & Laborers Cooperative Insurance Association of Audrain County	F
Wisconsin Insurance Security Fund	G
1st Auto & Casualty Insurance Company	H