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05-31-2024

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MILWAUKEE, WISCONSIN 53202-5615  
DANE COUNTY, WI  
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2023CV001310  
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**GODFREY & KAHN**

Direct: 608-284-2617

May 31, 2024

**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

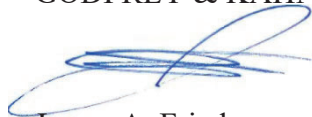
RE: Wisconsin Reinsurance Corporation and 1st Auto & Casualty Insurance  
Company  
Case No. 2023-CV-1310

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 March 31, 2024.

Sincerely,

GODFREY &amp; KAHN, S.C.



James A. Friedman

JAF:sm

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**FILED**  
**05-31-2024**  
**CIRCUIT COURT**  
**DANE COUNTY, WI**  
**2023CV001310**

**The WRC Group**  
**Income Statement**  
**3/31/2024**

	<b>WRC</b>	<b>1st Auto</b>
Premium Written	(1,041,763)	(1,230,639)
Assumed Losses Incurred	(1,214,076)	(19,585)
Change in Case Reserves	2,458,663	563,933
Ceded Losses Incurred	362,556	355,940
Change in Ceded Case Reserves	(136,117)	292,390
Ceded Case Reserves - Intercompany		(287,937)
Loss Expenses Incurred	35,155	(7,425)
Other Underwriting Expenses	293,976	127,578
<b>Underwriting Income/(Loss)</b>	<b>758,395</b>	<b>(205,745)</b>
Investment Income Earned	177,598	75,094
Net Capital Gain/(Loss)	-	(16,891)
Miscellaneous Income	2,741	112
<b>Net Investment and Misc Income/(Loss)</b>	<b>180,339</b>	<b>58,315</b>
Guaranty Funds Admin Expenses	(29,122)	(66,661)
Noble Consulting Expense	-	-
Attorney Expense	(17,002)	(17,002)
Employee Expense	(733,322)	(644,999)
Facilities Expense	(51,001)	-
Software & Systems Expense	(272,773)	(331,713)
Finance Expense	(47,465)	(229,827)
Other Operating Expense	(90,128)	(68,179)
<b>Operating Expenses</b>	<b>(1,240,813)</b>	<b>(1,358,381)</b>
<b>Net Income (Loss)</b>	<b>(302,079)</b>	<b>(1,505,811)</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**  
**3/31/2024**

Assets	WRC	1st Auto
<b>Cash and Invested Assets</b>		
Cash	8,585,678	1,929,863
Cash Equivalents	1,029,541	1,998,000
Bonds	13,506,266	4,739,430
Preferred Stock	315,530	-
Common Stock	2,742,852	-
Receivable for Securities	17,447	-
Net Real Estate (Book Value)	3,530,494	-
<b>Total Cash and Invested Assets</b>	<b>29,727,809</b>	<b>8,667,294</b>
<b>Other Assets</b>		
Premium Receivable	747,609	141,895
Reins Loss/LAE Recoverable on Pairs	773,229	425,494
Reins Loss/LAE Recoverable on Pairs - Intercompany	-	1,563,205
Bank Security Deposit	50,000	-
Accounts Receivable - Other	105,618	-
Cash Surrender Value - Life Insurance	187,719	-
<b>Total Other Assets</b>	<b>1,864,175</b>	<b>2,130,595</b>
<b>Total Assets</b>	<b>31,591,984</b>	<b>10,797,889</b>
<b>Liabilities &amp; Policyholders' Surplus</b>		
<b>Class 1 - Administrative Expenses</b>		
Guaranty Funds Admin Expenses	29,122	66,661
Liquidation Staffing - 2024 Budget	1,676,670	2,152,970
Facilities and Systems - 2024 Budget	515,678	767,415
<b>Total Class 1 Expenses</b>	<b>2,221,470</b>	<b>2,987,046</b>
<b>Class 3 - Loss Claims</b>		
Guaranty Fund Claims	670,813	283,735
Guaranty Fund Reserves	3,751,724	5,802,175
Less: Ceded Case Reserves	(566,961)	(565,072)
Less: Ceded Case Reserves - Intercompany	-	(3,953,331)
Policyholder Claims	824,888	-
Assumed Claims - Intercompany	1,563,205	-
Policyholder Reserves	4,341,066	-
Assumed Case Reserves - Intercompany	3,953,331	-
Less: Ceded Case Reserves	(1,253,449)	-
Federal Tax IRS	-	-
<b>Total Class 3 Expenses</b>	<b>13,284,617</b>	<b>1,567,506</b>
<b>Class 4 - Unearned Premium &amp; Deductible</b>		
Unearned Premium	44,157	462,938
<b>Total Class 4 Expenses</b>	<b>44,157</b>	<b>462,938</b>
<b>Class 5 - General Creditors</b>		
Commissions	-	-
General Creditors	23,882	13,700
Unpaid State/Local Taxes	-	-
<b>Total Class 5 Expenses</b>	<b>23,882</b>	<b>13,700</b>

Class 6 - Judgements	-	-
Class 7 - Interest	-	-
Class 8 - Late Filed	-	-
Class 9 - N/A	-	-
Class 10 - N/A	-	-
Class 11 - Stockholders	-	-
<b>Total Liabilities</b>	<b>15,574,127</b>	<b>5,031,191</b>
<b>Policyholders' Surplus</b>		
Policyholders' Surplus - Beginning	4,278,223	(727,491)
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)	(302,079)	(1,505,811)
<b>Total Policyholders' Surplus</b>	<b>16,017,857</b>	<b>5,766,698</b>
<b>Total Liabilities and Policyholders' Surplus</b>	<b>31,591,984</b>	<b>10,797,889</b>

**AR Guaranty Fund Note:** As of 5/29/24, no information has been received from the Arkansas Guaranty Fund.