

FILED

11-12-2024

833 EAST MICHIGAN STREET, SUITE 1800
MILWAUKEE, WISCONSIN 53202-5615

CIRCUIT COURT

DANE COUNTY, WI

TEL • 414.273.3500 FAX • 414.273.5198

2023CV001310

WWW • GKLA.W.COM

GODFREY & KAHN

Direct: 608-284-2617

November 12, 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 September 30, 2024.

Sincerely,
GODFREY & KAHN, S.C.



James A. Friedman

JAF:sm

32092942.1

The WRC Group
Balance Sheet
9/30/2024

Assets	WRC	1st Auto
Cash and Invested Assets		
Cash	9,981,279	949,607
Cash Equivalents	1,613,607	2,564,370
Bonds	13,815,591	4,397,812
Preferred Stock	322,430	-
Common Stock	2,662,491	-
Receivable for securities	(703)	-
Net Real Estate	3,476,581	-
Total Cash and Invested Assets	31,871,276	7,911,789
Other Assets		
Premium Receivable	277,533	64,029
Reins Loss/LAE Recoverable on Pairs	(51,634)	180,608
Reins Loss/LAE Recoverable on Pairs - Intercompany	25,649	2,570,537
Bank Security Deposit	50,000	-
Accounts Receivable - Other	-	-
Cash Surrender Value - Life Insurance	187,719	-
Total Other Assets	489,267	2,815,175
Total Assets	32,360,542	10,726,963

Liabilities & Equity	WRC	1st Auto
Class 1 - Administrative Expenses		
Guaranty Funds Admin Expenses	271,390	820,882
Liquidation Staffing - 2024 Budget	1,626,579	2,138,798
Facilities & Systems - 2024 Budget	553,219	736,701
Total Class 1 Expenses	2,451,188	3,696,381
Class 3 - Loss Claims		
Guaranty Fund Claims	2,287,554	2,915,358
Guaranty Fund Reserves	2,315,492	5,237,684
Less: Ceded Case Reserves	(1,540,063)	(396,151)
Less: Ceded Case Reserves - Intercompany	-	(3,599,293)
Policyholder Claims	4,159,856	292,136
Assumed Claims - Intercompany	2,570,537	25,649
Policyholder Reserves	3,326,212	1,405,000
Assumed Case Reserves - Intercompany	4,668,367	-
Less: Ceded Case Reserves	(1,019,309)	(1,069,074)
Federal Tax IRS	-	-
Total Class 3 Expenses	16,768,646	4,811,308
Class 4 - WI Unearned Premium & Deductible		
Unearned Premium	1,892,378	445,896
Total Class 4 Expenses	1,892,378	445,896
Class 5 - General Creditors		
Commissions	-	113,808
General Creditors	78,771	206,602
Unpaid State/Local Taxes	2,911	-
Total Class 5 Expenses	81,681	320,410
Class 6 - Judgements		
	-	-
Class 7 - Interest		
	-	-
Class 8 - Late Filed		
Late Filed Claims	-	-
Deductible	-	1,388
Total Class 8 Expenses	-	1,388
Class 9 - N/A		
	-	-
Class 10 - N/A		
	-	-
Class 11 - Stockholders		
	-	-
Total Liabilities	21,193,893	9,275,384
Policyholders' Surplus		
Policyholders' Surplus - Beginning	5,810,834	(728,711)
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)	(6,685,898)	(5,819,710)
Total Policyholders' Surplus	11,166,649	1,451,579
Total Liabilities and Policyholders' Surplus	32,360,542	10,726,963

The WRC Group
Income Statement
9/30/2024

	WRC	1st Auto
Premium Written	(2,394,138)	(1,238,597)
Assumed Losses Incurred	(7,551,845)	(2,606,405)
Ceded Losses Incurred	1,355,715	1,849,079
Change in Case Reserves	4,194,714	(276,576)
Change in Ceded Case Reserves	(280,162)	123,470
Change in Ceded Case Reserves - Intercompany	-	427,099
Loss Expenses Incurred	(109,480)	(48,837)
Other Underwriting Expenses	567,422	128,091
Underwriting Income/(Loss)	(4,217,774)	(1,642,676)
Investment Income Earned	520,463	153,757
Net Realized Capital Gain/(Loss)	98,741	(14,902)
Miscellaneous Income	10,345	(2,004)
Net Investment and Misc Income/(Loss)	629,549	136,851
Guaranty Funds Admin Expenses	(271,390)	(820,882)
Noble Consulting Expense	(407,695)	(407,695)
Attorney Expense	(36,340)	(61,486)
Employee Expense	(1,408,600)	(1,836,021)
Facilities Expense	(129,703)	-
Software & Systems Expense	(543,851)	(561,178)
Finance Expense	(111,666)	(211,081)
Other Operating Expense	(188,428)	(415,543)
Operating Expenses	(3,097,673)	(4,313,885)
Net Income (Loss)	(6,685,898)	(5,819,710)

Expense Note: Operating and administrative expenses are generally allocated evenly between WRC and 1st Auto. Employee related expenses are allocated based on headcount.