

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

ORDER GRANTING MOTION TO APPROVE CERTAIN DISBURSEMENTS

Having reviewed the Motion to Approve Early Certain Disbursements (the “Motion”) by Nathan Houdek, the Commissioner of Insurance of the State of Wisconsin, as Liquidator of Wisconsin Reinsurance Corporation and 1st Auto & Casualty Insurance Company (the “Liquidator”), Wis. Stat. § 645.72, chapter 645 in general, and all other applicable laws, and having found that sufficient grounds and good cause exist for the relief requested by the Liquidator, including that it is in the best interests of the policyholders of Wisconsin Reinsurance Corporation and 1st Auto & Casualty Insurance Company and the public,

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. With respect to Wisconsin Reinsurance Corporation (“WRC”), the Liquidator may disburse funds as follows:
 - a. The Liquidator may pay immediately all currently outstanding class one administrative expenses, including guaranty fund expenses in accordance with the terms of the early access agreement between the Liquidator and the guaranty fund.
 - b. The Liquidator is authorized to pay all future class one administrative expenses as they are incurred, including guaranty fund expenses in accordance

with the terms of the early access agreement between the Liquidator and the guaranty fund.

c. With respect to claims that (i) the Liquidator has determined qualify as class three claims under Wis. Stat. § 645.68, (ii) the Liquidator has determined are allowable in whole or in part, and (iii) seek compensation for actual payment of underlying loss claims, the Liquidator may pay immediately fifty percent (50%) of the allowable amount of each such claim, provided such payments total no more than \$3,361,966.66.

d. With respect to claims that (i) the Liquidator has determined qualify as class three claims under Wis. Stat. § 645.68, (ii) the Liquidator has determined are allowable in whole or in part, and (iii) represent a reserve for estimated or anticipated future payment of underlying loss claims (“Reserve Claims”):

i. The Liquidator may segregate available funds in an amount equal to fifty percent (50%) of the total Reserve Claims, or \$3,268,422.01.

ii. As loss claims underlying the Reserve Claims are paid and become actual, the Liquidator is authorized to pay the claimant fifty percent (50%) of its actual loss.

iii. In the event the Liquidator makes a payment under Paragraph 1(d)(ii) and the amount of the actual loss is less than the amount of the particular Reserve Claim associated with the actual loss, the Liquidator shall reduce the amount of segregated funds under Paragraph 1(d)(i) by fifty percent (50%) of the amount of the Reserve Claim.

iv. In the event the Liquidator makes a payment under Paragraph 1(d)(ii) and the amount of the actual loss is greater than the amount of the particular Reserve Claim associated with the actual loss, the Liquidator shall increase the amount of segregated funds under Paragraph 1(d)(i) to an amount equal to fifty percent (50%) of the total remaining Reserve Claims whose underlying loss claims have not yet been paid and become actual.

2. With respect to 1st Auto Insurance Company (“1st Auto”), the Liquidator may disburse funds as follows:

- a. The Liquidator may pay immediately all currently outstanding class one administrative expenses, including guaranty fund expenses in accordance with the terms of the early access agreement between the Liquidator and each respective guaranty fund.
- b. The Liquidator is authorized to pay all future class one administrative expenses as they are incurred, including guaranty fund expenses in accordance with the terms of the early access agreement between the Liquidator and each respective guaranty fund.

IT IS SO ORDERED.

Prepared by:

GODFREY & KAHN, S.C.
One East Main Street, Suite 500
P. O. Box 2719
Madison, WI 53701-2719
Tel: (608) 257-3911

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

32173369.1

PROPOSED