

FILED
11-01-2023
CIRCUIT COURT
DANE COUNTY, WI
2023CV001310

STATE OF WISCONSIN : CIRCUIT COURT : DANE COUNTY

In the Matter of the Rehabilitation of:

Wisconsin Reinsurance Corporation and 1st Auto &
Casualty Insurance Company

Case No.
Case Code: 30703

**NOTICE OF VERIFIED PETITION AND
VERIFIED PETITION TO TERMINATE REHABILITATION AND
FOR ORDER FOR LIQUIDATION OF WISCONSIN REINSURANCE CORPORATION
AND 1ST AUTO & CASUALTY INSURANCE COMPANY**

TO: All Interested Parties

NOTICE

PLEASE TAKE NOTICE that the Petitioner, Nathan Houdek, Commissioner of Insurance of the State of Wisconsin (the “Commissioner”), brings this Verified Petition to Terminate Rehabilitation and for Order for Liquidation (the “Verified Petition”) before the Circuit Court for Dane County, the Hon. Stephen Ehlke, for hearing in the Dane County Courthouse, 215 South Hamilton Street, Madison, WI 53703-3285, on a date and at a time to be determined by the Court. Written objections to the Verified Petition and the proposed Order Terminating Rehabilitation and Order for Liquidation, along with supporting documentation, shall be filed with the Court and served on the Commissioner, by his attorneys, James A. Friedman and Zachary P. Bemis of Godfrey & Kahn, S.C., within 35 days of the date of the Petition. The Commissioner shall file and serve any responsive pleadings by no later than 50 days from the date of the Verified Petition.

VERIFIED PETITION

Nathan Houdek, Commissioner of Insurance of the State of Wisconsin (the “Commissioner”), hereby petitions the Court, pursuant to Wis. Stat. §§ 645.35(1) and 645.41, to

enter the proposed Order Terminating the Rehabilitation and for Liquidation of Wisconsin Reinsurance Corporation (“WRC”) and 1st Auto & Casualty Insurance Company (“1st Auto”).

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

REHABILITATION PETITION AND BACKGROUND

1. He is the duly appointed and confirmed Commissioner of Insurance of the State of Wisconsin, and he makes this Verified Petition, as he is authorized to do, pursuant to Wis. Stat. §§ 645.35(1) and 645.41.

2. WRC is a Wisconsin domestic, stock, property and casualty insurance company.

3. WRC is the successor to an unincorporated association of town mutual insurers initially organized in 1942 under the name Mutual Spread Loss Association (“MSLA”). MSLA served as a reinsurance mechanism whereby each member insurer ceded excess loss risks and participated in a pooled reinsurance assumption.

4. MSLA was dissolved and WRC was created as a mutual reinsurance company under the name of Mutual Spread Loss Reinsurance, Inc. (“MSLR”), effective December 15, 1972. Ownership and control of MSLR was exercised by its member town mutual insurers, and MSLR operated as a reinsurer of risks written by the member insurers.

5. Effective December 31, 1982, Wisconsin Town Mutual Reinsurance Company (“WTMRC”) was merged into MSLR. WTMRC was originally incorporated in November 1931, and at the time of its merger into MSLR, WTMRC was licensed as a town mutual reinsurer under Wis. Stat. ch. 612. The mutual reinsurer, MSLR, was the surviving entity following the 1982 merger. After the merger, MSLR changed its name to Wisconsin Reinsurance Corporation.

6. During 1990 and 1991, WRC demutualized and converted to a stock insurance company, pursuant to Wis. Stat. § 611.76. The policyholders were primarily town mutual

insurance companies that are subject to administrative restrictions regarding permitted investments in common stock assets. To enable the conversion of WRC from a mutual to a stock company, stock was issued to town mutual insurers. The conversion was effective January 1, 1991.

7. WRC distributed 309,655 shares of Class A common capital stock at \$14.98 per share upon the effective date of the conversion. WRC is currently owned by 73 small mutual insurers domiciled in Wisconsin, Iowa, Missouri, Illinois, and Arkansas. A small number of shares are owned by 294 natural persons who purchased personal umbrella liability policies from the company in the five years before the conversion.

8. In 1991, WRC obtained capital funds of \$6,395,000 through the sale of Series A convertible preferred stock to WRC common stock shareholders, and it used the proceeds to capitalize and incorporate 1st Auto as an insurance company subsidiary. In 1997, WRC obtained an additional \$3,225,000 of capital funds from the sale of Series B cumulative preferred stock to WRC common stock shareholders.

9. WRC is licensed in Wisconsin and Iowa and is recognized as an authorized reinsurer in South Dakota, North Dakota, Missouri, Illinois, and Arkansas. WRC's primary business is the reinsurance of property and nonproperty liability risks written on a direct basis by small mutual insurance companies. The reinsurance products written by the company include pro rata quota share, surplus share, and excess of loss contracts on both property and casualty risks, as well as aggregate excess and catastrophe coverages. WRC's lines of business include fire and allied lines, homeowners, farm owners, commercial property and liability, personal umbrella policies, and earthquake.

10. WRC is integral to the functioning of the town mutual insurance companies organized under Wis. Stat. ch. 612, to which it issues reinsurance coverage. Town mutuals are subject to specific reinsurance obligations, providing protection against the risk that a significant claim or series of claims could jeopardize the solvency of the town mutual. Presently, WRC reinsures 34 Wisconsin town mutuals, 5 converted town mutuals now organized under Wis. Stat. ch. 611, and 1 small insurer that reinsures Wisconsin town mutuals against assessments to policyholders that is organized under Wis. Stat. ch. 611. As such, WRC has systemic importance to the insurance industry in Wisconsin, particularly in the rural areas and small municipalities where town mutuals operate. Outside of Wisconsin, WRC reinsures farm, town, or county mutual insurance companies as follows: Arkansas (2), Illinois (4), Iowa (1), Missouri (13), and South Dakota (2).

11. 1st Auto is a Wisconsin domiciled property and casualty insurance company and a subsidiary of WRC. 1st Auto was organized in 1991, and it commenced business on September 25, 1991.

12. 1st Auto is licensed in Wisconsin, South Dakota, Arkansas, Iowa, Illinois, and Missouri. 1st Auto's primary business includes private passenger automobile liability and physical damage insurance, personal and farm umbrella and liability insurance, and commercial automobile liability and commercial automobile physical damage insurance. The products are primarily marketed to policyholders of town mutual insurers that are reinsured by WRC.

13. 1st Auto relies heavily on WRC for reinsurance, it does not have any employees, and all operating functions are performed by WRC pursuant to intercompany service agreements. A failure of WRC, therefore, almost certainly would result in a failure of 1st Auto.

14. WRC reported assets of \$63,756,054, liabilities of \$41,455,399, and a surplus of \$22,300,655 in its December 31, 2022, financial statements. During 2022, however, WRC's surplus declined \$21,011,955, or 48.5%.

15. After the issuance of the WRC December 31, 2022 financial statements, WRC's auditors issued a Notification of Adverse Financial Condition stating that a material misstatement to the financial statements was reported to the Office of the Commissioner of Insurance. The notification stated that WRC surplus was overstated by \$6,129,097 as 1st Auto's equity should have been non-admitted under Statutory Statements of Accounting Principle No. 97 due to substantial doubt about the entity's ability to continue as a going concern. Had this been reported in the financial statements, WRC would have reported surplus of \$16,171,558.

16. As it disclosed in its Annual Statement, "Losses to surplus in the last two years resulting from severe convective storm activity in the Midwest has raised substantial doubt about the [WRC's] ability to continue as a going concern within one year following the date of the financial statements."

17. Moreover, as a result of its financial condition, WRC anticipates losing its Directors and Officers insurance coverage.

18. 1st Auto reported assets of \$24,886,701, liabilities of \$18,57,604, and surplus of \$6,129,097 in its December 31, 2022 financial statements. During 2022, 1st Auto's surplus declined \$3,525,238, or 36.5%. In the first quarter of 2023, 1st Auto's surplus declined another \$1,538,855 resulting in surplus of \$4,590,242 as of March 31, 2023.

19. As reported in its Annual Statement, 1st Auto "relies on reinsurance arrangements with its Parent, Wisconsin Reinsurance Corporation (WRC), to partially support underwriting losses associated with its personal and commercial auto business. Continued underwriting losses

caused by increasing claims costs in recent years along with losses to WRC's surplus in the last two years resulting from severe convective storm activity in the Midwest has raised substantial doubt about the Company's ability to continue as a going concern within one year following the date of the financial statements."

20. WRC and 1st Auto's bank has indicated that it no longer is interested in having them as a client and has been talking to WRC and 1st Auto about moving their business elsewhere. WRC and 1st Auto have searched for other financial institutions but due to their financial troubles they have not been successful in finding an institution that is willing to take their business.

21. In light of its financial troubles, WRC has spent several months searching for investors or other financial partners that could potentially provide financial stability to it and to 1st Auto. As these efforts have not borne fruit, the Commissioner determined that rehabilitation was necessary and appropriate.

REHABILITATION PROCEEDING

22. The Commissioner petitioned this Court for an Order for Rehabilitation on May 23, 2023. Following notice to interested parties, the Court received no objections to the Petition. Accordingly, on June 21, 2023, the Court entered the Rehabilitation Order, placing WRC and 1st Auto into rehabilitation and appointing the Commissioner as rehabilitator of WRC and 1st Auto.

23. On July 11, 2023, the Commissioner filed a proposed Rehabilitation Plan ("Plan"). The Court received no objections to the Plan and, accordingly, on July 27, 2023, the Court entered an Order Approving Rehabilitation Plan.

24. Since the filing of the Rehabilitation Plan, the financial position of WRC and 1st Auto has continued to deteriorate. For the quarter ended June 30, 2023, WRC reported capital

and surplus of \$8,436,472, compared to \$17,634,258 for the quarter ended March 31, 2023, and \$22,300,655 for the quarter ended December 31, 2022.

25. Assets. As of June 30, 2023, WRC's total admitted assets were \$51,157,486.

26. Liabilities. As of June 30, 2023, WRC's total liabilities were \$42,721,014.

27. The Plan was intended to reform and revitalize WRC and 1st Auto through changes to each company's organizational structure and business plans, while limiting the overall disruption to the chapter 612 town mutuals (and, in turn, their policyholders) that rely on the Companies.

28. Pursuant to the Plan, WRC was: (i) to be repositioned from a reinsurer of chapter 612 town mutuals and other mutual companies to a direct writer of insurance policies and mutualized into a mutual insurance company to facilitate mergers of town mutuals electing to merge into the company; and (ii) to become the administrator of a reinsurance pool aggregating the risk of town mutuals electing to participate in the Pool.

29. On June 28, 2023, the Commissioner issued administrative orders to WRC's 34 current Wisconsin town mutual reinsurance policyholders and 4 mutual company reinsurance policyholders, directing the mutual companies to examine all options for maintaining compliance with law and obtaining reinsurance for 2024, including through merging into mutualized WRC or participating in the Pool (as provided in the Plan) or taking other actions such as finding alternative reinsurance coverage, merger, affiliation, conversion to a chapter 611 company, or dissolution. The administrative orders directed each mutual to communicate its preliminary intent to comply with the order by August 11, 2023, and to take formal action to accomplish that plan by September 1.

30. As of October 31, 2023, 38 companies that received administrative orders have informed the Commissioner of their plans for maintaining their compliance with the law. Those companies have taken a variety of approaches to maintain their compliance with the law on January 1, 2024, after the expiration of their current WRC reinsurance policies. However, zero companies have expressed a desire to participate in the Pool, and zero companies have expressed an intent to merge into a mutualized WRC.

31. Based on the lack of interest in the options presented in the Plan (i.e., merger into mutualized WRC or participation in the Pool), the Rehabilitator has determined that the Plan lacks sufficient scale to successfully reform and revitalize WRC.

a. *The Pool.* No Wisconsin or foreign insurance companies have formally expressed to the OCI an interest in the Pool.

b. *Merger into remutualized WRC.* No companies expressed an interest in merging into a remutualized WRC. The Plan proposed remutualizing WRC as a means to facilitate mergers of mutual companies into WRC. As part of the Plan, the current stockholders of WRC would have been issued surplus notes based on an independent valuation. As there will no longer be mergers into WRC, remutualization of WRC is no longer beneficial to the revitalization of WRC. Existing stockholders of WRC will retain their status as proprietary creditors of the company.

32. Despite the lack of interest from mutual companies in participating in the Plan options, the Commissioner expects that much of the potential disruption to the larger mutual insurance market in Wisconsin has been mitigated. All 38 mutual companies receiving an administrative order from the Commissioner have communicated to the Commissioner the

actions they have taken, or are taking, to continue to maintain their compliance with state law and continue to provide coverage to their policyholders beyond December 31, 2023.

33. Throughout the rehabilitation proceeding, the Rehabilitator also has had discussions with various entities concerning other possible transactions that potentially could provide financial stability for WRC and 1st Auto. On November 1, 2023, WRC Agency, Inc., a licensed insurance intermediary firm and wholly owned subsidiary of WRC, was sold for \$300,000. To date, no other discussions have resulted in a transaction. The Rehabilitator intends to continue seeking a potential transaction involving the sale of WRC and 1st Auto (either together or separately) for the remainder of the Rehabilitation and during the Liquidation.

GROUNDS FOR LIQUIDATION

34. The grounds for liquidation are as follows:

a. The Rehabilitator believes that further attempts to rehabilitate WRC and 1st Auto would be futile and would substantially increase the risk of loss to creditors, policyholders, and the public [Wis. Stat. § 645.35(1)];

b. WRC and 1st Auto are insolvent [Wis. Stat. § 645.41(2)];

c. WRC and 1st Auto are in such a condition that the further transaction of business would be hazardous, financially or otherwise, to their policyholders, their creditors, and the public [Wis. Stat. § 645.41(4)]; and

d. WRC and 1st Auto do not satisfy the requirements that would be applicable if they were seeking initial authorization to do an insurance business in this state [Wis. Stat. § 645.41(9)]; and

35. The liquidation of WRC and 1st Auto will maximize the recovery of, and be in the best interest of, creditors of WRC and 1st Auto.

36. Management of WRC and 1st Auto do not object to the Commissioner having jurisdiction over any insolvency proceeding.

THE LIQUIDATION PROCEEDING

37. The Commissioner will provide the following notices to interested parties within 10 days of the date of this Petition:

a. The Commissioner will publish legal notice in newspapers likely to apprise the public of this Petition. A true and correct copy of that notice is appended to this Petition as Exhibit A.

b. The Commissioner will provide notice to the current policyholders and appointed agents of 1st Auto informing them of the impact of the Liquidation Order on existing 1st Auto insurance policies. A true and correct copy of the notice to 1st Auto policyholders is appended to this Petition as Exhibit B. A true and correct copy of the notice to 1st Auto's appointed agents is appended to this Petition as Exhibit C.

c. The Commissioner will provide notice of the Petition to all Guaranty Associations, reinsurers, policyholders of WRC, and creditors. A true and correct copy of that notice is appended to this Petition as Exhibit D.

38. The Commissioner also will provide the following notices to interested parties, pursuant to Wis. Stat. § 645.47, within 10 days of the Effective Date of the Liquidation Order:

a. The Commissioner will publish legal notice in newspapers likely to apprise the public of the liquidation. A true and correct copy of that notice is appended to this Petition as Exhibit E.

b. The Commissioner will provide notice of the liquidation to all Guaranty Associations. A true and correct copy of the WRC notice is appended to this

Petition as Exhibit F. A true and correct copy of the 1st Auto notice is appended to this Petition as Exhibit G.

c. The Commissioner will provide notice of the liquidation to all of WRC's and 1st Auto's policyholders and creditors. A true and correct copy of WRC notice is appended to this Petition as Exhibit H. A true and correct copy of the 1st Auto notice is appended to this Petition as Exhibit I.

d. The Commissioner will provide notice of the liquidation to all of WRC's and 1st Auto's reinsurers. A true and correct copy of that notice is appended to this Petition as Exhibit J.

e. The Commissioner will provide notice of the liquidation and requirements of Wis. Stat. § 645.48 to all of WRC's and 1st Auto's appointed agents. A true and correct copy of that notice is appended to this Petition as Exhibit K.

39. Upon the Court's issuance of an Order for Liquidation with a finding of insolvency, the currently in force policies directly insured by WRC and 1st Auto will be continued for a period of 15 days from the date of entry of the liquidation order, unless previously cancelled, pursuant to Wis. Stat. § 645.43(1).

a. To limit disruption to WRC's current mutual company policyholders relying on WRC for coverage through the end of 2023, the Commissioner requests the Order of Liquidation for WRC be issued effective January 1, 2024.

b. The Commissioner requests the Order of Liquidation for 1st Auto be issued effective January 1, 2024.

40. The Commissioner will establish a policyholder website on the Wisconsin Office of the Commissioner of Insurance webpage.

41. The Commissioner will submit regular updates to the Court regarding the status of the liquidation, WRC's and 1st Auto's financial condition, and other relevant topics.

42. Based on this Petition, the Commissioner asks the Court for an Order for Liquidation of WRC and 1st Auto that provides as follows:

- a. Finds that the grounds for liquidation exist under Wis. Stat. § 645.41, and finds that WRC and 1st Auto are insolvent.
- b. Pursuant to Wis. Stat. § 645.35, terminates the Rehabilitation of WRC and 1st Auto.
- c. Pursuant to Wis. Stat. § 645.42, appoints Commissioner Nathan Houdek and his successors in office or any of his delegees as the Liquidator of WRC and 1st Auto.
- d. Pursuant to Wis. Stat. § 645.46(1), appoints Justin Schrader of Noble Consulting Services, Inc. as the Special Deputy Liquidator to act for the Commissioner overseeing the liquidation process. Mr. Schrader currently is serving as the Special Deputy Commissioner for purposes of overseeing the rehabilitation of WRC and 1st Auto. His background is more fully set forth in the Rehabilitation Petition.
- e. Pursuant to Wis. Stat. § 645.46(2), appoints Godfrey & Kahn, S.C. as outside legal counsel to the Commissioner as Liquidator of WRC and 1st Auto. Godfrey & Kahn currently is serving as outside legal counsel in the rehabilitation of WRC and 1st Auto.
- f. Pursuant to Wis. Stat. § 645.46(2), authorizes the Commissioner to engage the services of existing and additional professional consultants and experts,

including incurring fees and expenses that are reasonable and necessary, provided that any such contracts shall first be disclosed for approval by the Court.

g. Terminates the existing boards of directors of WRC and 1st Auto, and grants to the Liquidator all the powers of the boards, as well as the powers of the officers and managers, whose authority shall be suspended.

h. Authorizes the Commissioner to retain WRC and 1st Auto employees and delegate specific authority to them, subject to the Commissioner's or Special Deputy Liquidator's express permission and continued oversight.

i. Orders that the Commissioner and the Special Deputy Liquidator have all powers and protections set forth in Wis. Stat. ch. 645 for the liquidator of a Wisconsin domestic insurance company.

j. Sets a claims bar date for six months after the entry of the Order for Liquidation and directs the Liquidator to create and provide or make available proof of claim forms to all policyholders, claimants under WRC's and 1st Auto's policies, Guaranty Associations, appointed agents, and all other creditors.

k. Authorizes the Commissioner to coordinate and conduct business and administrative activities for WRC and 1st Auto, and grants the Commissioner and the Special Deputy Liquidator the authority to operate WRC and 1st Auto with the full power authorized under Wis. Stat. ch. 645.

l. Permanently enjoins and restrains all actions, claims, lawsuits, administrative or other proceedings against WRC and 1st Auto, the Commissioner as Liquidator of WRC and 1st Auto, his employees, the Special Deputy

Liquidator, and all consultants and experts they retain for the liquidation, except as otherwise provided in the Order.

m. Enjoins and restrains for 180 days after the entry of the Order for Liquidation all actions, claims, lawsuits, administrative or other proceedings in which WRC or 1st Auto are or are alleged to be obligated to defend a party pursuant to an insurance policy, bond, contract, or otherwise, or in which WRC and 1st Auto is named a party, pursuant to Wis. Stat. § 803.04(2).

n. Permanently enjoins and restrains all persons and entities from obtaining preferences, judgments, attachments, or other liens or making any levy against WRC's or 1st Auto's assets or any part thereof.

o. Orders that any and all actions taken, or not taken, by the Commissioner in this liquidation shall not be construed to be, nor be considered, a preference under Wis. Stat. § 645.54, or as that term is generally used in receivership and bankruptcy law.

p. Orders that the rights and liabilities of WRC and 1st Auto and its creditors, policyholders, shareholders, members, and all other persons interested in WRC's or 1st Auto's estate are fixed, as of the date the Petition was filed, except as otherwise provided in this Order or in Wis. Stat. ch. 645.

q. The effective date of the Order for Liquidation is January 1, 2024.

r. Orders such other terms, conditions, and relief as set forth in the proposed Order for Liquidation filed with this Petition, and such further terms, conditions, and relief as the Court may deem necessary.

WHEREFORE, the Petitioner requests that the Court enter the accompanying Order for Liquidation.

Dated at Madison, Wisconsin, this 1st day of November, 2023.

GODFREY & KAHN, S.C.
James A. Friedman
State Bar No.: 1020756
Zachary P. Bemis
State Bar No.: 1094291
P. O. Box 2719
Madison, WI 53701-2719
Tel: (608) 257-3911

Respectfully submitted,

GODFREY & KAHN, S.C.

By: Electronically signed by James A. Friedman
James A. Friedman
Zachary P. Bemis
Attorneys for Petitioner Nathan Houdek,
Commissioner of Insurance of the State of
Wisconsin

VERIFICATION

STATE OF WISCONSIN)
)
COUNTY OF DANE) ss.

NATHAN HOUDEK, being fully sworn on oath, deposes and states as follows:

- 1. I am the Commissioner of Insurance of the State of Wisconsin and verify the foregoing Petition to Terminate Rehabilitation and for Order for Liquidation of Wisconsin Reinsurance Corporation and 1st Auto & Casualty Insurance Company ("Petition") on its behalf.
2. I have read the Petition and, to the best of my knowledge, information and belief, it is true and correct.

[Handwritten signature of Nathan Houdek]
Nathan Houdek

Subscribed and sworn to before me
This 31st day of October, 2023

[Handwritten signature of Lauren U. Van Buren]
Print Name: Lauren U. Van Buren
Notary Public, State of Wisconsin
My Commission: Permanent



EXHIBIT A

LEGAL NOTICE**WISCONSIN REINSURANCE CORPORATION and
1st AUTO & CASUALTY INSURANCE COMPANY
PETITION FOR ORDER FOR LIQUIDATION FILED**

On November 1, 2023, the Wisconsin Office of Commissioner of Insurance (OCI) filed in the Dane County (WI) Circuit Court a Petition for Liquidation (Petition) with respect to Wisconsin Reinsurance Corporation (WRC) and its subsidiary, 1st Auto & Casualty Insurance Company (1st Auto). WRC and 1st Auto are Wisconsin domiciled stock property and casualty insurance companies, with their main administrative office at 2810 City View Drive, Madison, WI 53718. Since June 21, 2023, WRC and 1st Auto have been in rehabilitation. The Dane County Circuit Court will schedule a hearing on the Petition if necessary.

A copy of the Petition and other filings, frequently asked questions, and current information on the proposed liquidation of WRC and 1st Auto can be found on the OCI's website at oci.wi.gov/WRC.

The OCI petitioned for liquidation when it became apparent rehabilitation of WRC and 1st Auto was no longer feasible. The Petition asks the court to appoint Wisconsin Commissioner of Insurance, Nathan Houdek, and his successors in office, as Liquidator of WRC and 1st Auto, and Justin Schrader of Noble Consulting Services as Special Deputy Commissioner for the liquidation.

EXHIBIT B



Wisconsin Office of the
COMMISSIONER OF INSURANCE
FINANCIAL REGULATION

Tony Evers, Governor of Wisconsin
Nathan Houdek, Commissioner of Insurance

[●], 2023

Re: Notice of Petition for Liquidation of 1st Auto & Casualty Insurance Company and Termination of Coverage

Dear 1st Auto Policyholders:

This notice relates to your current insurance policy with 1st Auto & Casualty Insurance Company (“1st Auto”). Please read this notice carefully.

PETITION FOR LIQUIDATION

On November 1, 2023, the Wisconsin Office of Commissioner of Insurance (the “OCI”) filed in the Dane County Circuit Court in the state of Wisconsin a Petition for Liquidation (“Petition”) with respect to Wisconsin Reinsurance Corporation (“WRC”) and its subsidiary, 1st Auto. WRC and 1st Auto are Wisconsin domiciled stock property and casualty insurance companies, with their main administrative office at 2810 City View Drive, Madison, WI 53718. Since June 21, 2023, WRC and 1st Auto have been in rehabilitation. The Dane County Circuit Court will schedule a hearing, if necessary, on the Petition.

The proposed effective date of the liquidation order is January 1, 2024. A copy of the Petition and other filings, frequently asked questions, and current information on the proposed liquidation of WRC and 1st Auto can be found on the OCI’s website at oci.wi.gov/WRC.

The OCI petitioned for liquidation when it became apparent rehabilitation of WRC and 1st Auto was no longer feasible. The Petition asks the court to appoint Wisconsin Commissioner of Insurance, Nathan Houdek, and his successors in office, as Liquidator of WRC and 1st Auto, and Justin Schrader of Noble Consulting Services as Special Deputy Commissioner for the liquidation.

TERMINATION OF COVERAGE

The liquidation of 1st Auto will impact your insurance coverage under a policy issued by the company. We urge you to immediately seek replacement coverage as soon as possible. If you take no action and 1st Auto is placed into liquidation your coverage will be terminated.

Wisconsin residents may seek general information on auto and vehicle insurance from OCI’s website at <https://oci.wi.gov/Pages/Consumers/AutoInsurance.aspx>. Policyholders outside of Wisconsin may look up their State Department of Insurance at <https://content.naic.org/state-insurance-departments>.

The proposed effective date for the liquidation order is January 1, 2024. Pursuant to § 645.43(1), Wis. Stat., all insurance policies issued by 1st Auto of Madison, Wisconsin will be terminated based on the court order at the earliest of the following dates:

- (a) 15 days after the date of entry of the liquidation order, or
- (b) The normal date for the expiration of coverage; or
- (c) The date the insured has replaced the insurance coverage with equivalent insurance in another insurer; or
- (d) The date the Liquidator has affected a transfer of the policy obligation pursuant to §645.46(8), which ever time is less.

1st Auto & Casualty Insurance Company
Notice to 1st Auto Policyholders of Liquidation and Termination of Coverage
Page 2 of 2

Following the effective date of the liquidation order you will receive additional correspondence detailing the procedures for filing proofs of claims and potential coverage you may have through the insurance guaranty association in your state.

If you have any questions, please contact:

Justin Schrader
Special Deputy Rehabilitator
1st Auto & Casualty Insurance Company
2810 City View Drive
Madison, WI 53718
Telephone: (402) 617-9340
E-Mail: jschrader@noblecon.net

Sincerely,

Justin Schrader
Special Deputy Rehabilitator
1st Auto & Casualty Insurance Company

EXHIBIT C



Wisconsin Office of the
COMMISSIONER OF INSURANCE
FINANCIAL REGULATION

Tony Evers, Governor of Wisconsin
Nathan Houdek, Commissioner of Insurance

[●], 2023

Re: Notice of Petition for Liquidation of 1st Auto & Casualty Insurance Company and Termination of Coverage

Dear 1st Auto Appointed Agents:

You are receiving this notice based on your status as an insurance intermediary appointed by 1st Auto & Casualty Insurance Company (“1st Auto”). This notice relates to the currently in-force insurance policies your clients may have with 1st Auto. Please read this notice carefully.

PETITION FOR LIQUIDATION

On November 1, 2023, the Wisconsin Office of Commissioner of Insurance (the “OCI”) filed in the Dane County Circuit Court in the state of Wisconsin a Petition for Liquidation (“Petition”) with respect to Wisconsin Reinsurance Corporation (“WRC”) and its subsidiary, 1st Auto. WRC and 1st Auto are Wisconsin domiciled stock property and casualty insurance companies, with their main administrative office at 2810 City View Drive, Madison, WI 53718. Since June 21, 2023, WRC and 1st Auto have been in rehabilitation. The Dane County Circuit Court will schedule a hearing, if necessary, on the Petition.

The proposed effective date of the liquidation order is January 1, 2024. A copy of the Petition and other filings, frequently asked questions, and current information on the proposed liquidation of WRC and 1st Auto can be found on the OCI’s website at oci.wi.gov/WRC.

The OCI petitioned for liquidation when it became apparent rehabilitation of WRC and 1st Auto was no longer feasible. The Petition asks the court to appoint Wisconsin Commissioner of Insurance, Nathan Houdek, and his successors in office, as Liquidator of WRC and 1st Auto, and Justin Schrader of Noble Consulting Services as Special Deputy Commissioner for the liquidation.

Following the effective date of the liquidation order, you will receive additional notice of the liquidation based on your status as an agent of 1st Auto and potential creditor.

TERMINATION OF COVERAGE

The liquidation of 1st Auto will impact insurance coverage under a policy issued by the company. We urge you to contact your current clients with policies issued by 1st Auto immediately so they may seek replacement coverage as soon as possible. If no action is taken and 1st Auto is placed into liquidation coverage will be terminated as described below.

The proposed effective date for the liquidation order is January 1, 2024. Pursuant to § 645.43(1), Wis. Stat., all insurance policies issued by 1st Auto will be terminated based on the court order at the earliest of the following dates:

- (a) 15 days after the date of entry of the liquidation order, or
- (b) The normal date for the expiration of coverage; or
- (c) The date the insured has replaced the insurance coverage with equivalent insurance in another insurer; or
- (d) The date the Liquidator has affected a transfer of the policy obligation pursuant to §645.46(8), which ever time is less.

1st Auto & Casualty Insurance Company
Notice to 1st Auto Appointed Agents of Liquidation and Termination of Coverage
Page 2 of 2

Following the effective date of the liquidation order you will receive additional correspondence detailing the procedures for filing proofs of claims and potential coverage through the insurance guaranty association in your state.

YOUR DUTIES AS AN INDEPENDENT AGENT OF 1st AUTO

Please note, following the effective date of the liquidation order, pursuant to Wis. Stat. § 645.48, you may be required to provide written and oral notice of the liquidation order to each policyholder or other person named in any policy issued through you by 1st Auto.

You must provide written notice by first class mail to the last address contained in your records to each policyholder or other person named in any policy issued through you by 1st Auto if you have record of the address of the policyholder or other person. Policies are deemed issued through you if you have a property interest in the expiration of the policy or if you have had in your possession a copy of the declarations of the policy at any time during the life of the policy. You do not need to provide this notice if ownership of the declarations of the policy has been transferred to another agent. You also do not need to provide notice if, at the time of the entry of the liquidation order (which is anticipated to be January 1, 2024), a reinsurer or similar entity other than 1st Auto had assumed direct responsibility for the policy at issue.

Any written notice provided must include the name and address of 1st Auto in Liquidation, your name and address, and identification of the policy impaired. Any written notice provided must also describe the nature of the impairment of the policy under Wis. Stat. § 645.43 or be accompanied by a copy of the Policyholder Notice available at oci.wi.gov/WRC.

State law requires that you provide this notice as soon as practicable. You must also provide immediate oral notice, by telephone or otherwise, of the liquidation order and information contained in the written notice to any person receiving written notice, so far as practicable.

You will receive additional notice relating to these responsibilities following the effective date of the liquidation order.

If you have any questions, please contact:

Justin Schrader
Special Deputy Rehabilitator
1st Auto & Casualty Insurance Company
2810 City View Drive
Madison, WI 53718
Telephone: (402) 617-9340
E-Mail: jschrader@noblecon.net

Sincerely,

Justin Schrader
Special Deputy Rehabilitator
1st Auto & Casualty Insurance Company

EXHIBIT D

[POSTCARD NOTICE OF PETITION]

[●], 2023

Re: Notice of Petition for Liquidation of Wisconsin Reinsurance Corporation and 1st Auto & Casualty Insurance Company

On November 1, 2023, the Wisconsin Office of Commissioner of Insurance (OCI) filed in the Dane County (WI) Circuit Court a Petition for Liquidation (Petition) with respect to Wisconsin Reinsurance Corporation (WRC) and its subsidiary, 1st Auto & Casualty Insurance Company (1st Auto). WRC and 1st Auto are Wisconsin domiciled stock property and casualty insurance companies, with their main administrative office at 2810 City View Drive, Madison, WI 53718. Since June 21, 2023, WRC and 1st Auto have been in rehabilitation. The proposed effective date of the liquidation order is January 1, 2024. The Dane County Circuit Court will schedule a hearing on the Petition if necessary.

A copy of the Petition and other filings, frequently asked questions, and current information on the proposed liquidation of WRC and 1st Auto can be found on the OCI's website at oci.wi.gov/WRC.

The OCI petitioned for liquidation when it became apparent rehabilitation of WRC and 1st Auto was no longer feasible. The Petition asks the court to appoint Wisconsin Commissioner of Insurance, Nathan Houdek, and his successors in office, as Liquidator of WRC and 1st Auto, and Justin Schrader of Noble Consulting Services as Special Deputy Liquidator for the liquidation.

If you have any questions, please address them in writing to the Special Deputy Rehabilitator:

Justin Schrader
Special Deputy Rehabilitator
Wisconsin Reinsurance Company
1st Auto & Casualty Insurance Company
2810 City View Drive
Madison, WI 53718
Telephone: (402) 617-9340
E-Mail: jschrader@noblecon.net

Sincerely,

Justin Schrader
Special Deputy Rehabilitator
Wisconsin Reinsurance Corporation
1st Auto & Casualty Insurance Company

EXHIBIT E

LEGAL NOTICE**WISCONSIN REINSURANCE CORPORATION and
1st AUTO & CASUALTY INSURANCE COMPANY
PETITION FOR ORDER FOR LIQUIDATION FILED**

On [●], 2024, Wisconsin Reinsurance Corporation (WRC) and its subsidiary, 1st Auto & Casualty Insurance Company (1st Auto) were ordered to be liquidated by the Dane County Circuit Court, State of Wisconsin effective [●], 2024. WRC and 1st Auto are Wisconsin domiciled stock property and casualty insurance companies, with their main administrative office at 2810 City View Drive, Madison, WI 53718. The court appointed Wisconsin Commissioner of Insurance, Nathan Houdek, and his successors in office, and Justin Shrader as the Special Deputy Liquidator.

Pursuant to Wis. Stat. § 645.43, all insurance policies issued by WRC and 1st Auto will be terminated on the earliest of the following dates:

- (a) 15 days from the date of entry of the liquidation order, or
- (b) The normal date for the expiration of coverage; or
- (c) The date the person insured replaces the coverage with equivalent coverage in another insurer; or
- (d) Until the Liquidator has affected a transfer of the policy obligation pursuant to Wis. Stat. § 645.46(8), whichever time is less.

The Liquidation Order establishes a claims filing deadline of [●] for all potential claims against WRC and 1st Auto. A copy of the Liquidation Order and other filings, frequently asked questions, and current information on the Liquidation of WRC and 1st Auto can be found on the OCI's website at oci.wi.gov/WRC.

EXHIBIT F



Wisconsin Office of the
COMMISSIONER OF INSURANCE
FINANCIAL REGULATION

Tony Evers, Governor of Wisconsin
Nathan Houdek, Commissioner of Insurance

[●], 2024

NOTICE OF LIQUIDATION OF WISCONSIN REINSURANCE CORPORATION

TO: ADMINISTRATORS OF PROPERTY AND CASUALTY GUARANTY ASSOCIATIONS

LIQUIDATION ORDER

On [●], 2024, Wisconsin Reinsurance Corporation (“WRC”), a property and casualty insurer domiciled in Wisconsin that maintains its main administrative office at 2810 City View Drive Madison, WI 53718 and its statutory home office at 2810 City View Drive Madison, WI 53718, was placed in liquidation effective on [●], 2024 by order of Dane County Circuit Court, state of Wisconsin (the “Liquidation Order”).

PREVIOUS REGULATORY ACTION

WRC was placed into rehabilitation by order of the court on June 21, 2023.

LICENSED STATES

At the time of its liquidation, Wisconsin Reinsurance was licensed to do business in Wisconsin and Iowa and was recognized as an authorized reinsurer in South Dakota, North Dakota, Missouri, Illinois, and Arkansas.

LIQUIDATION

The Court appointed Wisconsin Commissioner of Insurance, Nathan Houdek, and his successors in office or any of their delegees as Liquidator, and Justin Schrader of Noble Consulting Services, Inc. as Special Deputy Liquidator for WRC.

LOCATION OF OPERATIONS & CONTACT INFORMATION

Justin Schrader
Special Deputy Liquidator
Wisconsin Reinsurance Corporation
2810 City View Drive
Madison, WI 53718
Telephone: (402) 617-9340
E-Mail: jschrader@noblecon.net

PRINCIPAL LINES OF INSURANCE

Prior to being placed into liquidation, WRC's primary business was the reinsurance of property and non-property liability risks written on a direct basis by small mutual insurance companies. The reinsurance products written by the company included pro rata quota share, surplus share, and excess of loss contracts on both property and casualty risks, as well as aggregate excess and catastrophe coverages. WRC's lines of business included fire and allied lines, homeowners, farm owners, commercial property and liability, personal umbrella policies, and earthquake.

All Guaranty Fund Managers
Notice of Liquidation of Wisconsin Reinsurance Corporation
Page 2 of 2

POLICY CANCELLATION

Pursuant to the Liquidation Order and Wisconsin Statute § 645.43, all in-force insurance policies issued by WRC will be terminated at the earliest of the following dates:

- (a) 15 days after the date of entry of the liquidation order, or
- (b) The normal date for the expiration of coverage; or
- (c) The date the person insured replaces the coverage with equivalent coverage in another insurer; or
- (d) Until the Liquidator has affected a transfer of the policy obligation pursuant to Wis. Stat. § 645.46(8), whichever time is less.

PROOF OF CLAIM FILING DEADLINE

The Proof of Claim filing deadline has been established as [●] (the "Bar Date"). A Guaranty Association Proof of Claim form is enclosed or can be accessed on the WRC liquidation website at oci.wi.gov/WRC and must be filed by the Bar Date. The Proof of Claim may be for an unstated amount since the loss values are unknown. Subsequent quarterly reporting to establish the amount of a Guaranty Association's claim will be expected.

STAY OF ALL ACTIONS AND PROCEEDINGS AGAINST WISCONSIN REINSURANCE AND ITS INSUREDS

The Liquidation Order stayed all pending actions and proceedings commenced against Wisconsin Reinsurance and its insureds.

The Liquidator urges each P&C Guaranty Association to provide notice to defense counsel on covered claims regarding the defense of such claims going forward. The P&C Guaranty Associations may wish to consider seeking a stay in their jurisdiction for any claims they believe would be appropriate for a stay.

Sincerely,

Justin Schrader
Special Deputy Liquidator
Wisconsin Reinsurance Corporation

EXHIBIT G



Wisconsin Office of the
COMMISSIONER OF INSURANCE
FINANCIAL REGULATION

Tony Evers, Governor of Wisconsin
Nathan Houdek, Commissioner of Insurance

[●, 2024]

**NOTICE OF LIQUIDATION OF
1st AUTO & CASUALTY INSURANCE COMPANY**

TO: ADMINISTRATORS OF PROPERTY AND CASUALTY GUARANTY ASSOCIATIONS

LIQUIDATION ORDER

On [●], 2024, 1st Auto & Casualty Insurance Company (“1st Auto”), a property and casualty insurer domiciled in Wisconsin that maintains its main administrative office at 2810 City View Drive Madison, WI 53718 and its statutory home office at 2810 City View Drive Madison, WI 53718, was placed in liquidation effective on [●], 2024 by order of Dane County Circuit Court, state of Wisconsin (the “Liquidation Order”).

The Court appointed Wisconsin Commissioner of Insurance, Nathan Houdek, and his successors in office or any of their delegees as Liquidator, and Justin Schrader of Noble Consulting Services, Inc. as Special Deputy Liquidator for 1st Auto.

PREVIOUS REGULATORY ACTION

1st Auto was placed into rehabilitation by order of the court on June 21, 2023.

LICENSED STATES

At the time of its liquidation, 1st Auto was licensed to do business in the following states: Wisconsin, South Dakota, Arkansas, Iowa, Illinois, and Missouri.

LOCATION OF OPERATIONS & CONTACT INFORMATION

Justin Schrader
Special Deputy Liquidator
1st Auto & Casualty Insurance Company
2810 City View Drive
Madison, WI 53718
Telephone: (402) 617-9340
E-Mail: jschrader@noblecon.net

PRINCIPAL LINES OF INSURANCE

Prior to being placed liquidation, 1st Auto’s primary business included private passenger automobile liability and physical damage insurance, personal and farm umbrella and liability insurance, and commercial automobile liability and commercial automobile physical damage insurance. The products were primarily marketed to policyholders of town mutual insurers that are reinsured by Wisconsin Reinsurance Corporation.

POLICY CANCELLATION

Pursuant to the Liquidation Order and Wis. Stat. § 645.43, all in-force insurance policies issued by 1st Auto will be terminated at the earliest of the following dates:

- (a) 15 days after the date of entry of the liquidation order, or
- (b) The normal date for the expiration of coverage; or

All Guaranty Fund Managers
Notice of Liquidation of 1st Auto & Casualty Insurance Company
Page 2 of 2

- (c) The date the person insured replaces the coverage with equivalent coverage in another insurer; or
- (d) Until the liquidator has effected a transfer of the policy obligation pursuant to Wis. Stat. § 645.46(8); whichever time is less.

PROOF OF CLAIM FILING DEADLINE

The Proof of Claim filing deadline has been established as [●] (the “Bar Date”). A Guaranty Association Proof of Claim form is enclosed or can be accessed on the 1st Auto liquidation website at oci.wi.gov/WRC and must be filed by the Bar Date. The Proof of Claim may be for an unstated amount since the loss values are unknown. Subsequent quarterly reporting to establish the amount of a Guaranty Association’s claim will be expected.

STAY OF ALL ACTIONS AND PROCEEDINGS AGAINST 1st AUTO AND ITS INSUREDS

The Liquidation Order stayed all pending actions and proceedings commenced against 1st Auto and its insureds.

The Liquidator urges each P&C Guaranty Association to provide notice to defense counsel on covered claims regarding the defense of such claims going forward. The P&C Guaranty Associations may wish to consider seeking a stay in their jurisdiction for any claims they believe would be appropriate for a stay.

Sincerely,

Justin Schrader
Special Deputy Liquidator
1st Auto & Casualty Insurance Company

EXHIBIT H



Wisconsin Office of the
COMMISSIONER OF INSURANCE
FINANCIAL REGULATION

Tony Evers, Governor of Wisconsin
Nathan Houdek, Commissioner of Insurance

[●], 2024

Re: Notice of Liquidation of Wisconsin Reinsurance Corporation and Termination of Coverage

Dear Policyholders and Potential Claimants:

On [●], 2024, Wisconsin Reinsurance Corporation (“WRC”), a Wisconsin domiciled property and casualty insurance company, was ordered to be liquidated by the Dane County Circuit Court, State of Wisconsin, effective on [●], 2024 (the “Liquidation Order”). WRC has been in rehabilitation since June 21, 2023, and the Office of the Commissioner of Insurance (the “OCI”) petitioned for the liquidation of WRC only after all other alternatives were thoroughly explored.

The Court appointed Wisconsin Commissioner of Insurance, Nathan Houdek, and his successors in office or any of their delegees, as Liquidator, and Noble Consulting Services, Inc. as Special Deputy Liquidator for WRC.

The liquidation of WRC impacts your insurance coverage under a policy issued by the company. The OCI is making every effort to minimize the financial loss and inconvenience you may experience due to the liquidation.

You are strongly urged to **read this letter carefully** and follow the procedures outlined. This letter will give you information on the treatment of your policy or claim in the liquidation. If you have any questions, please contact:

Justin Schrader
Special Deputy Liquidator
1st Auto & Casualty Insurance Company
2810 City View Drive
Madison, WI 53718
Telephone: (402) 617-9340
E-Mail: jschrader@noblecon.net

NOTICE TO POLICYHOLDERS OF IN-FORCE POLICIES

Policy Termination: The court entered the liquidation order on [●], 2024. Pursuant to Wis. Stat. § 645.43(1) and the Liquidation Order, all insurance policies issued by WRC will be terminated at the earliest of the following dates:

- (a) 15 days after date of entry of the liquidation order, or
- (b) The normal date for the expiration of coverage; or
- (c) The date the insured has replaced the insurance coverage with equivalent insurance in another insurer; or
- (d) The date the Liquidator has affected a transfer of the policy obligation pursuant to Wis. Stat. § 645.46(8), which ever time is less.

NOTICE TO POLICYHOLDERS, CREDITORS AND POTENTIAL CLAIMANTS

Filing Proof of Claim: All claimants and potential claimants who wish to share in the distribution of Wisconsin Reinsurance’s assets are required to file a Proof of Claim pursuant to Wis. Stat. § 645.62, with the Special Deputy Liquidator, c/o Wisconsin Reinsurance Corporation, Office of the Commissioner of Insurance, 125 South Webster St., Madison, WI 53703-3474. Proof of Claims can also be submitted by

Wisconsin Reinsurance Corporation
Notice to Policyholders and Claimants of Liquidation and Termination of Coverage
Page 2 of 2

fax at [●] or by email at jschrader@noblecon.net. The Proof of Claim must be postmarked or received on or before [●] (the "Bar Date"). Claims must be filed on a Proof of Claim form and according to instructions which may be obtained by writing to the above address. Forms may also be downloaded at oci.wi.gov/WRC.

If you fail to file a Proof of Claim your claim will not be considered for payment. You do not need to file a Proof of Claim if you have already filed a claim with WRC or have given notice to the company of a suit in accordance with the policy terms. You do not need to file a claim for return of unearned premium. Claims for unearned premium will be determined based on WRC's records.

Proofs of Claim received after the Bar Date may be relegated to a lower priority of payment.

If someone makes a claim against you for liability which is covered by a WRC, you should file a Proof of Claim with the Special Deputy Liquidator on your own behalf, regardless of whether the person making the claim against you files a claim.

P&C Insurance Guaranty Association Coverage: The Insurance Guaranty Association of your state may provide coverage of claims under policies issued by insurance companies in liquidation, subject to certain deductibles, limits, restrictions, and exclusions. Your state's Insurance Guaranty Association will determine the allowable amount and the extent of policy coverage for any eligible claim against WRC.

The Insurance Guaranty Association will be responsible for the administration of all property and casualty claims under policies covered by them, including direction of defense counsel. Your defense counsel may contact WRC at the above address in an urgent situation; otherwise, defense counsel will receive instructions directly from the applicable Insurance Guaranty Association at a later time.

You may find contact information for the Insurance Guaranty Association in your state through the National Conference on Insurance Guaranty Funds' website, www.ncigf.org.

Sincerely,

Justin Schrader
Special Deputy Liquidator
Wisconsin Reinsurance Corporation

EXHIBIT I



Wisconsin Office of the
COMMISSIONER OF INSURANCE
FINANCIAL REGULATION

Tony Evers, Governor of Wisconsin
Nathan Houdek, Commissioner of Insurance

[●], 2024

Re: Notice of Liquidation of 1st Auto & Casualty Insurance Company and Termination of Coverage

Dear Policyholders and Potential Claimants:

On [●], 2024, 1st Auto & Casualty Insurance Company ("1st Auto"), a Wisconsin domiciled property and casualty insurance company, was ordered to be liquidated by the Dane County Circuit Court, State of Wisconsin, effective on [●], 2024 (the "Liquidation Order"). 1st Auto has been in rehabilitation since June 21, 2023, and the Office of the Commissioner of Insurance (the "OCI") petitioned for the liquidation of 1st Auto only after all other alternatives were thoroughly explored.

The Court appointed Wisconsin Commissioner of Insurance, Nathan Houdek, and his successors in office or any of their delegees, as Liquidator, and Justin Schrader of Noble Consulting Services, Inc. as Special Deputy Liquidator for 1st Auto.

The liquidation of 1st Auto impacts your insurance coverage under a policy issued by the company. The OCI is making every effort to minimize the financial loss and inconvenience you may experience due to the liquidation.

You are strongly urged to **read this letter carefully** and follow the procedures outlined. This letter will give you information on the treatment of your policy or claim in the liquidation. If you have any questions, please contact:

Justin Schrader
Special Deputy Liquidator
1st Auto & Casualty Insurance Company
2810 City View Drive
Madison, WI 53718
Telephone: (402) 617-9340
E-Mail: jschrader@noblecon.net

NOTICE TO POLICYHOLDERS OF IN-FORCE POLICIES

Policy Termination: The court entered the liquidation order on [●], 2023. Pursuant to Wis. Stat. § 645.43(1) and the Liquidation Order, all insurance policies issued by 1st Auto will be terminated at the earliest of the following dates:

- (a) 15 days from the date of entry of the liquidation order, or
- (b) The normal date for the expiration of coverage; or
- (c) The date the insured has replaced the insurance coverage with equivalent insurance in another insurer; or
- (d) The date the Liquidator has affected a transfer of the policy obligation pursuant to Wis. Stat. § 645.46(8), which ever time is less.

We urge you to immediately seek replacement coverage if you have not already done so.

1st Auto & Casualty Insurance Company
Notice to Policyholders and Claimants of Liquidation and Termination of Coverage
Page 2 of 2

NOTICE TO POLICYHOLDERS, CREDITORS AND POTENTIAL CLAIMANTS

Filing Proof of Claim: All policyholders and potential claimants who wish to share in the distribution of 1st Auto's assets are required to file a Proof of Claim under Wis. Stat. § 645.62, with the Special Deputy Liquidator, c/o 1st Auto & Casualty Insurance Company, Office of the Commissioner of Insurance, 125 South Webster St., Madison, WI 53703-3474. Proof of Claims can also be submitted by fax at [●] or by email at jschrader@noblecon.net. The Proof of Claim must be postmarked or received on or before [●] (the "Bar Date").

Claims must be filed on a Proof of Claim form and according to instructions which may be obtained by writing to the above address. Forms may also be downloaded oci.wi.gov/WRC.

If you fail to file a Proof of Claim your claim will not be considered for payment. You do not need to file a Proof of Claim if you have already filed a claim with 1st Auto or have given notice to the company of a suit in accordance with the policy terms. You do not need to file a claim for return of unearned premium. Claims for unearned premium will be determined based on 1st Auto's records.

Proofs of Claim received after the Bar Date may be relegated to a lower priority of payment.

If someone makes a claim against you for liability which is covered by a 1st Auto policy, you should file a Proof of Claim with the Special Deputy Liquidator on your own behalf, regardless of whether the person making the claim against you files a claim.

P&C Insurance Guaranty Association Coverage: The Insurance Guaranty Association of your state may provide coverage of claims under policies issued by insurance companies in liquidation, subject to certain deductibles, limits, restrictions, and exclusions. Your state's Insurance Guaranty Association will determine the allowable amount and the extent of policy coverage for any eligible claim against 1st Auto.

The Insurance Guaranty Association will be responsible for the administration of all property and casualty claims under policies covered by them, including direction of defense counsel. Your defense counsel may contact 1st Auto at the above address in an urgent situation; otherwise, defense counsel will receive instructions directly from the applicable Insurance Guaranty Association at a later time.

You may find contact information for the Insurance Guaranty Association in your state through the National Conference on Insurance Guaranty Funds' website, www.ncigf.org.

Sincerely,

Justin Schrader
Special Deputy Liquidator
1st Auto & Casualty Insurance Company

EXHIBIT J



Wisconsin Office of the
COMMISSIONER OF INSURANCE
FINANCIAL REGULATION

Tony Evers, Governor of Wisconsin
Nathan Houdek, Commissioner of Insurance

[●], 2024

**NOTICE OF LIQUIDATION OF
WISCONSIN REINSURANCE CORPORATION and
1st AUTO & CASUALTY INSURANCE COMPANY**

**TO: REINSURERS OF WISCONSIN REINSURANCE CORPORATION AND 1st AUTO & CASUALTY
INSURANCE COMPANY**

LIQUIDATION ORDER

On [●], 2024, Wisconsin Reinsurance Corporation (WRC) and its subsidiary, 1st Auto & Casualty Insurance Company (1st Auto), a property and casualty insurer domiciled in Wisconsin that maintain their main administrative and statutory home offices at 2810 City View Drive, Madison, Wisconsin, was placed in liquidation effective on [●], 2024, by order of Dane County Circuit Court, State of Wisconsin.

LIQUIDATION

The Court appointed Wisconsin Commissioner of Insurance, Nathan Houdek, and his successors in office or as Liquidator, and Justin Schrader of Noble Consulting Services, Inc., as Special Deputy Liquidator for WRC and 1st Auto.

LOCATION OF OPERATIONS & CONTACT INFORMATION

Justin Schrader
Special Deputy Liquidator
Wisconsin Reinsurance Corporation
1st Auto & Casualty Company
2810 City View Drive
Madison, WI 53718
Telephone: (402) 617-9340
E-Mail: jschrader@noblecon.net

PRINCIPAL LINES OF INSURANCE

Prior to being placed into liquidation, WRC's primary business was the reinsurance of property and non-property liability risks written on a direct basis by small mutual insurance companies. The reinsurance products written by the company included pro rata quota share, surplus share, and excess of loss contracts on both property and casualty risks, as well as aggregate excess and catastrophe coverages. WRC's lines of business included fire and allied lines, homeowners, farm owners, commercial property and liability, personal umbrella policies, and earthquake.

Prior to being placed liquidation, 1st Auto's primary business included private passenger automobile liability and physical damage insurance, personal and farm umbrella and liability insurance, and commercial automobile liability and commercial automobile physical damage insurance. The products were primarily marketed to policyholders of town mutual insurers that are reinsured by WRC.

POLICY CANCELLATION

125 South Webster Street, P.O. Box 7873 | Madison, WI 53707-7873
p: 608-266-3585 | 1-800-236-8517 | f: 608-264-6237
ocifinancial@wisconsin.gov | oci.wi.gov

Notice of Liquidation of Wisconsin Reinsurance Corporation and 1st Auto & Casualty Insurance Company
[●], 2024

Page 2 of 2

The court entered the liquidation order on [●], 2023. Pursuant to Wis. Stat. § 645.43(1) and the Liquidation Order, all insurance policies issued by 1st Auto will be terminated at the earliest of the following dates:

- (a) 15 days from the date of entry of the liquidation order, or
- (b) The normal date for the expiration of coverage; or
- (c) The date the person insured replaces the insurance coverage with equivalent insurance in another insurer; or
- (d) Until the Liquidator has affected a transfer of the policy obligation pursuant to Wis. Stat. § 645.46(8), whichever time is less.

REINSURANCE COVERAGE

As a reinsurer of WRC, your liability to WRC and 1st Auto is not reduced as a result of the liquidation order. You are required under the Liquidation Order to make claim payments directly to the estate of WRC and 1st Auto pursuant to Wis. Stat. § 645.58 (1).

Sincerely,

Justin Schrader
Special Deputy Liquidator
Wisconsin Reinsurance Corporation and 1st Auto & Casualty
Insurance Company

EXHIBIT K



Wisconsin Office of the
COMMISSIONER OF INSURANCE
FINANCIAL REGULATION

Tony Evers, Governor of Wisconsin
Nathan Houdek, Commissioner of Insurance

[●], 2023

NOTICE OF LIQUIDATION OF 1ST AUTO & CASUALTY INSURANCE COMPANY

TO: APPOINTED INSURANCE AGENTS OF 1ST AUTO & CASUALTY INSURANCE COMPANY

This communication is to (1) provide you notice of the liquidation of 1st Auto & Casualty Insurance Company (“1st Auto”) as a potential creditor of the company and (2) inform you of your duties under Wisconsin law to communicate with policyholders and other beneficiaries of insurance policies issued through you and by 1st Auto regarding the liquidation.

LIQUIDATION ORDER

On [●], 2024, 1st Auto & Casualty Insurance Company (“1st Auto”), a property and casualty insurer domiciled in Wisconsin that maintains its main administrative office and statutory home office at 2810 City View Drive Madison, WI 53718 was placed in liquidation effective on [●], 2024 by order of Dane County Circuit Court, state of Wisconsin (the “Liquidation Order”).

The Court appointed Wisconsin Commissioner of Insurance, Nathan Houdek, and his successors in office or any of their delegees as Liquidator, and Justin Schrader of Noble Consulting Services, Inc. as Special Deputy Liquidator for 1st Auto.

PREVIOUS REGULATORY ACTION

On May 23, 2023, OCI petitioned for rehabilitation in an effort to improve 1st Auto’s financial position. On June 21, 2023, 1st Auto was placed into rehabilitation. On November 1, 2023, the OCI petitioned for liquidation because OCI determined that 1st Auto is about to be insolvent and any further attempt to rehabilitate 1st Auto would be futile.

LICENSED STATES

At the time of its liquidation, 1st Auto was licensed to do business in the following states: Wisconsin, South Dakota, Arkansas, Iowa, Illinois, and Missouri.

LOCATION OF OPERATIONS & CONTACT INFORMATION

Justin Schrader
Special Deputy Liquidator
1st Auto & Casualty Insurance Company
2810 City View Drive
Madison, WI 53718
Telephone: (402) 617-9340
E-Mail: jschrader@noblecon.net

PRINCIPAL LINES OF INSURANCE

1st Auto’s primary business includes private passenger automobile liability and physical damage insurance, personal and farm umbrella and liability insurance, and commercial automobile liability and commercial

Notice of Liquidation of 1st Auto & Casualty Insurance Company

[●], 2024

Page 2 of 3

automobile physical damage insurance. The products are primarily marketed to policyholders of town mutual insurers that are reinsured by Wisconsin Reinsurance Corporation.

POLICY CANCELLATION

Pursuant to the Liquidation Order and Wisconsin Statute § 645.43, all in-force insurance policies issued by 1st Auto will be terminated at the earliest of the following dates:

- (a) 15 days after the date of entry of the liquidation order, or
- (b) The normal date for the expiration of coverage; or
- (c) The date the person insured replaces the coverage with equivalent coverage in another insurer; or
- (d) Until the Liquidator has affected a transfer of the policy obligation pursuant to Wis. Stat. § 645.46(8), whichever time is less.

PROOF OF CLAIM FILING DEADLINE

All policyholders and potential claimants who wish to share in the distribution of 1st Auto's assets are required to file a Proof of Claim under Wis. Stat. § 645.62, with the Special Deputy Liquidator, c/o 1st Auto & Casualty Insurance Company, Office of the Commissioner of Insurance, 125 South Webster St. Madison, WI 53703-3474. Proof of Claims can also be submitted by fax at [●] or by email at jschrader@noblecon.net. The Proof of Claim must be postmarked or received on or before [●] (the "Bar Date").

Claims must be filed on a Proof of Claim form and according to instructions which may be obtained by writing to the above address. Forms may also be downloaded at oci.wi.gov/WRC.

If you fail to file a Proof of Claim your claim will not be considered for payment. You do not need to file a Proof of Claim if you have already filed a claim with 1st Auto or have given notice to the company of a suit in accordance with the policy terms. You do not need to file a claim for return of unearned premium. Claims for unearned premium will be determined based on 1st Auto's records.

Proofs of Claim received after the Bar Date may be relegated to a lower priority of payment.

If someone makes a claim against you for liability which is covered by a 1st Auto policy, you should file a Proof of Claim with the Special Deputy Liquidator on your own behalf, regardless of whether the person making the claim against you files a claim.

STAY OF ALL ACTIONS AND PROCEEDINGS AGAINST TIME INSURANCE COMPANY

The Liquidation Order permanently enjoined and restrained, with limited exceptions, all persons and entities from commencing or prosecuting any actions, claims, lawsuits, administrative or other proceedings against 1st Auto, the Commissioner as Liquidator of 1st Auto, the Special Deputy Liquidator, and their assistants, employees and the consultants and experts they retain for the liquidation.

YOUR DUTIES AS AN INDEPENDENT AGENT OF 1ST AUTO

Pursuant to Wis. Stat. § 645.48, you may be required to provide written and oral notice of the Liquidation Order to each policyholder or other person named in any policy issued through you by 1st Auto.

You must provide written notice by first class mail to the last address contained in your records to each policyholder or other person named in any policy issued through you by 1st Auto if you have record of the address of the policyholder or other person. Policies are deemed issued through you if you have a property interest in the expiration of the policy or if you have had in your possession a copy of the declarations of

Notice of Liquidation of 1st Auto & Casualty Insurance Company

[●], 2024

Page 3 of 3

the policy at any time during the life of the policy. You do not need to provide this notice if ownership of the declarations of the policy has been transferred to another agent. You also do not need to provide notice if, at the time of the entry of the Liquidation Order (●, 2024), a reinsurer or similar entity other than 1st Auto had assumed direct responsibility for the policy at issue.

Any written notice provided must include the name and address of 1st Auto in Liquidation, your name and address, and identification of the policy impaired. Any written notice provided must also describe the nature of the impairment of the policy under Wis. Stat. § 645.43 or be accompanied by a copy of the Policyholder Notice available at oci.wi.gov/WRC.

State law requires that you provide this notice as soon as practicable.

You must also provide immediate oral notice, by telephone or otherwise, of the Liquidation Order and information contained in the written notice to any person receiving written notice, so far as practicable.

Sincerely,

Justin Schrader
Special Deputy Liquidator
1st Auto & Casualty Insurance Company