

FILED
12-30-2020
CIRCUIT COURT
DANE COUNTY, WI
2019CV001209

STATE OF WISCONSIN

CIRCUIT COURT

DANE COUNTY

In the Matter of the Liquidation
of Northwestern National Insurance Company
of Milwaukee, Wisconsin

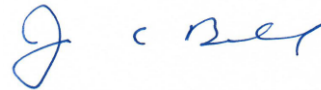
Case No. 2019CV001209

Code No. 30703

AMENDED SEPTEMBER 30, 2020 FINANCIAL STATEMENT OF THE
LIQUIDATION OF NORTHWESTERN NATIONAL INSURANCE COMPANY OF
MILWAUKEE (“NNIC”)

Dated: December 29, 2020

St. Marie Boll, LLC,
Attorneys for the Commissioner of
Insurance of the State of Wisconsin,
as Liquidator of NNIC



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**FINANCIAL STATEMENT OF THE LIQUIDATION OF NORTHWESTERN
NATIONAL INSURANCE COMPANY OF MILWAUKEE AS OF SEPTEMBER 30, 2020**

Prepared by:

**The Wisconsin Office of the Commissioner of Insurance as the
Court-Appointed Liquidator of Northwestern National Insurance Company of Milwaukee**

Dated: December 29, 2020

Disclaimer: *This Financial Statement prepared by the court-appointed Liquidator of Northwestern National Insurance Company (“NNIC”), updates the Court on the financial status of NNIC as of September 30, 2020.*

This financial report may not be relied upon for any purpose other than to obtain information about the status of the Liquidation Proceedings generally. Nothing contained herein will constitute an admission of any fact or of any liability by any party with regard to any claim or litigation, including, but not limited to, any proceedings involving the Liquidation or any other party, or any proceeding with respect to any legal effects of the Liquidator or the NNIC accounts.

The Liquidator does not make any warranty, express or implied as to the accuracy or completeness of the information contained herein.

Northwestern National Insurance Company
Statement of Admitted Assets, Liabilities & Policyholders' Surplus
September 30, 2020

ADMITTED ASSETS

	CURRENT YEAR MONTH END	PRIOR YEAR YEAR END
CASH & INVESTMENTS:		
Cash	2,071,582	2,188,505
Restricted Cash	1,226,811	1,208,901
Escrowed Court Funds	760,590	760,590
Bonds	1,879,117	2,059,542
Investment in Compass Insurance Company	-	5,861,841
Total Cash & Investments	\$ 5,938,100	\$ 12,079,379
Accrued Investment Income	22,053	23,255
Reinsurance Recoverable on Paid Losses	7,117	179,877
Premium Receivables	-	4,336
Recoverable on Unpaid Case Loss Reserves	\$ 5,000,000	\$ 4,000,000
TOTAL ADMITTED ASSETS	\$ 10,967,271	\$ 16,286,847

LIABILITIES & POLICYHOLDERS' SURPLUS

LIABILITIES:		
Distribution Class 1 - Unpaid LAE Reserves	328,949	489,158
Distribution Class 1 - Unpaid Admin Expenses (P&C)	1,314,613	572,310
Distribution Class 1 - Unpaid Admin Expenses (Life and Health)	1,242,651	-
Distribution Class 3 - Unpaid Case Loss Reserves (P&C)	9,014,143	7,404,489
Distribution Class 3 - Unpaid Case Loss Reserves (Life and Health)	5,316,762	-
Distribution Class 3 - Unpaid GA Paid Losses (P&C)	1,590,582	715,726
Distribution Class 3 - Unpaid GA Paid Losses (Life and Health)	1,051,050	-
Distribution Class 4 - Unearned Premiums	123,688	123,688
Distribution Class 5 - Other claimant liabilities	5,364,460	9,271,246
Distribution Class 5 - Unpaid Case Loss Reserves - Compass Assumed Business	-	46,630
Funds Held	1,500,256	1,964,889
Total Liabilities	\$ 26,847,155	\$ 20,588,137
SURPLUS:		
Policyholders' Surplus (Deficit) - Beginning	(4,301,290)	(174,985)
Change in Compass Ins Co	3,701,102	(28,824)
Year-to-Date Net Income (Loss)	(15,279,697)	(4,097,481)
Total Policyholders' Surplus (Deficit) - Ending	\$ (15,879,884)	\$ (4,301,290)
TOTAL LIABILITIES & POLICYHOLDERS' SURPLUS (DEFICIT)	\$ 10,967,271	\$ 16,286,847

Northwestern National Insurance Company
Statement of Operations
September 30, 2020

	<u>2020 Year-to- Date</u>	<u>2019 Year-to- Date</u>
NET PREMIUMS EARNED:		
Total Gross Premiums	-	113,276
Total Premium Ceded	-	-
Total Change in Net Unearned Premium	-	1,832
Total Net Premiums Earned	<u>\$ -</u>	<u>\$ 115,108</u>
NET LOSSES AND LAE INCURRED:		
Net Losses Paid - P&C	744,374	995,209
Net Losses Paid - Life and Health	1,051,050	-
Change in Unpaid Losses and IBNR - P&C	609,654	(4,824,651)
Change in Unpaid Losses and IBNR - Life and Health	5,316,762	-
Net LAE Paid	-	230,476
Change in Unpaid LAE and LAE IBNR - P&C	(160,209)	(2,026,611)
Total Net Losses and LAE Incurred	<u>\$ 7,561,631</u>	<u>\$ (5,625,577)</u>
OPERATING EXPENSES:		
Salaries and Wages	29,808	58,839
Travel and Meetings	5,637	9,856
Rent	30,560	80,907
Software and Equipment	5,338	17,190
Office Costs	458,680	159,555
Legal and Consulting Fees	458,259	387,506
Claims System Fees	-	129,921
Records Management	-	44,677
Service Fees	1,587,594	845,858
Distribution Class 5 - Adjustment to other Claimant Liabilities	(3,906,786)	9,220,629
Investment Funds seized by the State	-	2,529,942
Change in Premium Deficiency Reserve	-	(3,815,260)
Other Expenses (Income)	(470,961)	27,166
Total Operating Expenses	<u>\$ (1,801,872)</u>	<u>\$ 9,696,786</u>
UNDERWRITING GAIN (LOSS)	<u>\$ (5,759,759)</u>	<u>\$ (3,956,100)</u>
INVESTMENT & OTHER INCOME:		
Interest Income	43,006	187,535
Realized Gain (Loss) on Investments	(9,562,944)	(328,915)
Total Investment & Other Income (Loss)	<u>\$ (9,519,938)</u>	<u>\$ (141,381)</u>
NET INCOME (LOSS)	<u>\$ (15,279,697)</u>	<u>\$ (4,097,481)</u>