

STATE OF WISCONSIN

CIRCUIT COURT

DANE COUNTY

In the Matter of the Rehabilitation of:

Wisconsin Reinsurance Corporation and 1st Auto &
Casualty Insurance Company
c/o: Office of the Commissioner of Insurance
125 South Webster Street
Madison, WI 53703

Case No. 2023CV1310

Case Code: 30703

BY: The Wisconsin Insurance Security Fund
2820 Walton Commons West
Suite 135
Madison, WI 53718-6797

ORDER FOR PERMANENT INJUNCTIONS

Application having been made by Allan Patek, on behalf of the Wisconsin Insurance Security Fund (the "WISF"), the Court makes the following findings, conclusions, and order:

FINDINGS AND CONCLUSIONS

1. Allan Patek is the Executive Director of WISF.
2. Wisconsin Reinsurance Corporation ("WRC") and its wholly owned subsidiary, 1st Auto & Casualty Insurance Company ("1st Auto") are Wisconsin domestic, stock, property and casualty insurance companies that were licensed to do business in Wisconsin and have carried out insurance businesses in Wisconsin before the commencement of the current rehabilitation and liquidation proceedings.

3. On January 2, 2024, upon the 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 asserted by Nathan Houdek, Commissioner of Insurance of the State of Wisconsin (“Commissioner”), this Court entered an Order Terminating Rehabilitation and Order for Liquidation with Finding of Insolvency, effective January 1, 2024 (Dkt. No. 22, “Liquidation Order”), placing WRC and 1st Auto into liquidation and appointing Commissioner Houdek as Liquidator of WRC and 1st Auto.

4. The Liquidation Order is a final order of liquidation.

5. WISF is empowered to apply to this Court for injunctive and related relief under Wis. Stat. § 646.15, and chapters 645 and 646.

6. Various actions at law, suits in equity, special proceedings, administrative proceedings, and other proceedings involving WRC, 1st Auto or their affiliates or successors in interest and/or pertaining to insureds or policyholders of WRC and 1st Auto who are residents of Wisconsin were pending at the time of entry of the Liquidation Order, have been filed or commenced since the filing of that Order, or are now threatened or contemplated to be filed or commenced.

7. Such actions and proceedings constitute or will constitute interference with WISF or with its administrative proceedings, the institution or further prosecution of actions or proceedings involving WRC and/or 1st Auto or in which WISF is obligated to defend a party, the obtaining of a preference, judgment, garnishment, or lien against WRC, 1st Auto, or their assets, or other action that might prejudice the rights of WRC and/or 1st Auto policyholders or insureds or the administration of the liquidation or WISF proceedings in the above-captioned matter.

8. This Court has exclusive jurisdiction regarding any such action, suit, or proceeding that involves or is related to WRC and 1st Auto, their insureds or policyholders, and WISF and, subject to the terms of the following Order, all of the above-described actions, suits, and proceedings pursued or commenced on or after the date of this Order in any other court or other tribunal of this state or any other state are in violation of Wis. Stat. § 646.15, and related provisions of chapters 645 and 646.

ORDER

WHEREFORE, IT IS HEREBY ORDERED THAT:

1. All persons or entities, including governmental entities, asserting claims or issues relating to policies issued by WRC and 1st Auto and/or pertaining to insureds or policyholders of WRC and 1st Auto residing in Wisconsin be and hereby are enjoined and restrained from asserting, instituting, or further prosecuting any suit, action, or proceeding in any agency or commission or in any state or commonwealth or federal court located in this state or elsewhere in which WRC and/or 1st Auto is a party or in which WRC and/or 1st Auto have or are claimed to have a duty to defend a party or that would otherwise interfere with the Liquidator appointed under the Liquidation Order or with WISF or with their proceedings or would prejudice the rights of WRC and/or 1st Auto insureds or policyholders; provided, however, that such suits, actions, or proceedings may be resumed if WISF states in writing that the specific suit, action, or proceeding in question is deemed not to interfere with the Liquidator appointed under the Liquidation Order or with WISF or with their proceedings.

2. All persons or entities, including governmental entities, asserting claims or issues relating to policies issued by WRC and 1st Auto and/or pertaining to insureds or policyholders of WRC and 1st Auto residing in Wisconsin be and hereby are enjoined and restrained from asserting, instituting, or further prosecuting any claim, counterclaim, cross-claim, or cause of

action in this state or elsewhere against WISF relating to WRC and/or 1st Auto, except insofar as such claims, counterclaims, cross-claims, or causes of action are brought within the proceedings of WISF or the proceedings of this Court.

3. Any person or entity violating the terms of this Order shall be deemed to be in violation of Wis. Stat. § 646.15, and shall be subject to the sanctions imposed by Wis. Stat. § 601.64, and by further order of this Court under such statutes may be fined not more than \$5,000 or imprisoned not more than four years and six months, or both; or may be subject to a forfeiture of \$1,000 for each violation, with each day of the violation constituting a separate offense.

4. Pursuant to Wis. Stat. § 646.15(1)(b), and subject to § 646.32, this Court shall retain jurisdiction over all matters that in any way involve or are related to or are incidental to the conservation or rehabilitation or liquidation of WRC and 1st Auto and the authority, powers, obligations, or rights of WISF as they relate to determining coverage, eligibility, benefits, or assessment issues under Wis. Stat. chapters 645 and 646, for the purpose of granting such other and further relief, statutory interpretations, or declaratory relief in these proceedings as may be necessary and proper under the provisions of Wis. Stat. chapters 645 and 646, and related law.