

WISCONSIN INSURANCE SECURITY FUND

FINANCIAL REPORT

December 31, 2010

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To the Board of Directors
Wisconsin Insurance Security Fund
Madison, Wisconsin

We have audited the accompanying statements of assets and fund balances arising from cash transactions of the Wisconsin Insurance Security Fund (the Fund) as of December 31, 2010 and 2009, and the related statements of revenue collected and expenses paid and changes in fund balances for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

As described more fully in Note 2 to the financial statements, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and fund balances arising from cash transactions of the Fund as of December 31, 2010 and 2009, and its revenue collected and expenses paid for the years then ended, on the basis of accounting described in Note 2.

Strohm Ballweg, LLP

Madison, Wisconsin
February 21, 2011

WISCONSIN INSURANCE SECURITY FUND

STATEMENTS OF ASSETS AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and cash equivalents	\$ 5,101,376	\$ 10,047,376
Certificates of deposit	7,157,075	8,224,111
U.S. government agencies	18,882,018	13,749,615
Other assets	5,805	49,148
	<hr/>	<hr/>
Total assets	31,146,274	32,070,250
Commitments and contingencies (see Notes 10 through 15)	<hr/>	<hr/>
	-	-
FUND BALANCES ARISING FROM CASH TRANSACTIONS	<u>\$ 31,146,274</u>	<u>\$ 32,070,250</u>

See Notes to Financial Statements.

WISCONSIN INSURANCE SECURITY FUND

STATEMENTS OF REVENUE COLLECTED AND EXPENSES PAID AND CHANGES IN FUND BALANCES

For the Years Ended December 31, 2010 and 2009

	Liquidations/Rehabilitations									
	Property and Casualty		Life/Annuity		Disability		Administration Account		Fund Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
REVENUE COLLECTED										
Assessments received	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 269,600	\$ -	\$ 269,600
Liquidation distributions	3,386,051	1,951,339	77,067	-	335,309	222,156	-	-	3,798,427	2,173,495
Interest and other income	365,946	585,125	162,496	317,861	20,208	16,187	11,584	13,751	560,234	932,924
Premium income	-	-	589	657	2,396	2,396	-	-	2,985	3,053
Total revenue collected	3,751,997	2,536,464	240,152	318,518	357,913	240,739	11,584	283,351	4,361,646	3,379,072
EXPENSES PAID										
Claims	2,616,894	1,998,892	1,269,071	1,339,905	114,249	-	-	-	4,000,214	3,338,797
Claim adjustment expenses	289,997	219,859	-	-	-	-	-	-	289,997	219,859
Other expenses	74,011	21,451	80,977	87,380	69,509	12,368	-	-	224,497	121,199
Allocated expenses	389,985	452,322	102,320	132,718	88,195	17,619	190,414	86,567	770,914	689,226
Assessment refund paid	-	-	-	-	-	-	-	-	-	-
Total expenses paid	3,370,887	2,692,524	1,452,368	1,560,003	271,953	29,987	190,414	86,567	5,285,622	4,369,081
Excess (deficit) of revenue collected over expenses paid	381,110	(156,060)	(1,212,216)	(1,241,485)	85,960	210,752	(178,830)	196,784	(923,976)	(990,009)
Fund balance, beginning of year	20,692,853	20,848,913	9,743,500	10,984,985	999,499	788,747	634,398	437,614	32,070,250	33,060,259
Fund balance, end of year	<u>\$ 21,073,963</u>	<u>\$ 20,692,853</u>	<u>\$ 8,531,284</u>	<u>\$ 9,743,500</u>	<u>\$ 1,085,459</u>	<u>\$ 999,499</u>	<u>\$ 455,568</u>	<u>\$ 634,398</u>	<u>\$ 31,146,274</u>	<u>\$ 32,070,250</u>

See Notes to Financial Statements.

WISCONSIN INSURANCE SECURITY FUND

NOTES TO FINANCIAL STATEMENTS

Note 1 ~ Organization

The Wisconsin Insurance Security Fund (the Fund), a Wisconsin non-profit entity, was organized in 1969 pursuant to provisions of Wisconsin Statutes, Chapter 646, since amended. The Fund includes every direct licensed insurer authorized to do business in Wisconsin with limited additions and exceptions. Also, as outlined in Chapter 646, certain lines of business written in Wisconsin are excluded from Fund coverage.

The main purposes of the Fund are:

- a. To maintain public confidence in the promises of insurers by providing a mechanism for protecting insureds from excessive delay and loss in the event of liquidation of insurers and by assessing the cost of such protection among insurers; and
- b. To provide, where appropriate, for the continuation of protection under policies and supplemental contracts of life insurance, disability insurance, and annuities.

The Fund is administered by a Board of Directors (the Board) which consists of 13 members. The attorney general, the state treasurer, and the commissioner of insurance are members with full voting rights. Other members are chosen from representatives of insurers subject to Chapter 646 under procedures approved by the Commissioner of Insurance.

The investments of the Fund are handled at the direction of the Board. Investments are held on an interim basis and are utilized to pay claims and expenses or to make refunds of assessments to insurers.

Chapter 646 of the Wisconsin Statutes creates six segregated accounts: one for life insurance; one for allocated annuities; one for disability insurance other than policies issued or covered by a health maintenance organization insurer; one for health maintenance organization insurers; one for all other kinds of insurance subject to this chapter (namely, property and casualty); and an administration account.

The Fund operates with three full-time employees and two part-time employees. Consultants, third-party administrators, and temporary employees are utilized as necessary. Administrative expenses incurred in connection with actual liquidations are allocated to the appropriate account. Non-allocated expenses remain in the administration account.

Per Chapter 646 of the Wisconsin Statutes, the Board of the Fund may temporarily transfer assets from one account to another.

Note 2 ~ Summary of Significant Accounting Policies

Basis of Presentation. The Fund prepares its financial statements on the basis of cash receipts and disbursements. Under this basis, revenues are recognized when collected rather than when earned and certain expenditures are recognized when paid rather than when incurred. Consequently, items such as assessments receivable from insurers, amounts due from large net worth insureds, amounts payable on life/annuity rehabilitation agreements, unpaid claims, unpaid claim adjustment expenses, and amounts due for services rendered are not included in the financial statements.

Cash and Investments. Cash and cash equivalents include variable interest rate accounts that can be withdrawn on demand and money market funds. The Fund has on deposit in a financial institution balances in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC). The Fund does not believe it is exposed to any significant credit risk on the uninsured amounts. Investments consist solely of certificates of deposit and federal agency notes that are carried at cost. The Fund has the intent and ability to hold investments until their maturity.

The cost and fair value of federal agency notes at December 31, 2010, are as follows:

	2010			Fair Value
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	
U.S. Government agencies	\$ 18,882,018	\$ 126,280	\$ 559,353	\$ 18,448,944
Total	<u>\$ 18,882,018</u>	<u>\$ 126,280</u>	<u>\$ 559,353</u>	<u>\$ 18,448,944</u>

The cost and fair value of federal agency notes at December 31, 2010, by contractual maturity, are presented in the following table:

	Cost	Fair Value
Due after one year through five years	\$ -	\$ -
Due after five years through ten years	7,505,048	7,461,506
Due after ten years	<u>11,376,970</u>	<u>10,987,438</u>
	<u>\$ 18,882,018</u>	<u>\$ 18,448,944</u>

Allocation of Expenses. A significant portion of the expenses paid in the administration account are incurred on behalf of liquidation estates. The Fund's personnel report time spent on specific liquidation matters, which forms the basis for the quarterly allocation of expenses from the administration account to each liquidation account. During 2010 and 2009, \$389,985 and \$452,322 of the administration account expenses were allocated to the property and casualty liquidation account, respectively. Also, \$102,320 and \$132,718 were allocated to the life and annuity account and \$88,195 and \$17,619 were allocated to the disability account, respectively.

Allocation of Interest Income. Interest income received is allocated to specific insolvencies based on the fund balances.

Note 2 ~ Summary of Significant Accounting Policies (Continued)

Income Tax. The Fund is a tax exempt organization under the provisions of Section 501(c)(6) of the Internal Revenue Code. The Fund is also exempt from Wisconsin income taxation.

Subsequent Events. Subsequent events were evaluated through February 21, 2011, which is the date the financial statements were available to be issued.

Note 3 ~ Assessments Property and Casualty

Approved assessments are calculated as a percentage of premiums written in Wisconsin by each insurer in the classes protected by the account for the year preceding the year in which the Board authorized the assessment. The original premium data is obtained from the Office of the Commissioner of Insurance. The Fund has an annual capacity of assessment collection of approximately \$132 million per the latest available data (2009).

In 2002, the Board of Directors authorized a \$10,000,000 assessment on the Reliance insolvency. Through 2009, the Board authorized collection of \$6,000,000. No additional assessments were authorized or called in 2010 and 2009.

Note 4 ~ Assessments Life/Annuity

Approved assessments are calculated as a percentage of the average annual premiums written in Wisconsin by each insurer in the classes protected by the account for the three years preceding the year of the entry of the order of liquidation. The original premium data is obtained from a data survey prepared by the National Organization of Life and Health Guaranty Associations on behalf of the National Association of Insurance Commissioners.

The Fund has an annual capacity of assessment collection of approximately \$41,000,000 (life) and \$63,000,000 (allocated annuity) per the latest available data (2009).

There were no life/annuity assessments authorized or called in 2010 and 2009.

Executive Life. The approved total assessments on Executive Life Insurance Company (ELIC) in liquidation are \$17,000,000 for the life account and \$44,000,000 for the allocated annuity account. Through 2010, the Board has authorized collection of \$13,800,000 on the life account and \$36,450,000 on the allocated annuity account.

Note 5 ~ Assessments Disability/Administration/HMO

Assessments for the disability account are calculated as a percentage of premiums written in Wisconsin by each insurer in the classes protected by the account for the year preceding the year in which the Board authorized the assessment. The original premium data is obtained from the National Organization of Life and Health Guaranty Associations. The Fund has an annual capacity of assessment collection of approximately \$110,000,000 per the latest available data (2009).

Note 5 ~ Assessments Disability/Administration/HMO (Continued)

No assessment was levied or called in the disability account in 2010 and 2009.

The Board approved a \$200 per member administration assessment in 2009. All amounts were collected as of December 31, 2009. No assessment was levied or called in the administration account in 2010.

The Fund has never levied or called an assessment in the HMO account.

Note 6 ~ Liquidation Distributions – Property and Casualty

During 2010 and 2009, the Fund received distributions or early access payments of \$3,386,051 and \$1,951,339, respectively, from Property and Casualty liquidations. The following is a breakdown of the amounts received in 2010:

<u>Liquidation (State)</u>	<u>Amount</u>	<u>Description</u>
Commercial Comp (CA)	\$ 130,337	100% of claims & ALAE reported less previous distributions
Credit General (OH)	178,336	100% of Class I expenses through 12/31/09 less previous distributions
Home (NH)	480,671	100% of Class I expenses reported through 12/31/08 & 100% of Class II expenses through 9/30/09 less previous distributions
Legion (PA)	539,192	100% of allowed expenses and 17% of Class IV claims paid through 12/31/09 less previous distributions
Midland (NY)	191,270	20% of claims & ALAE reported through 12/31/01 less previous distributions
Phico (PA)	124,224	100% of Class A expenses and 50% of Class B expenses through 12/31/09 less previous distributions
Reliance (PA)	1,411,602	Fifth early access distribution
Transit Casualty (MO)	227,988	84% of allowed expenses of Class III claims paid less previous distributions
Union Indemnity (NY)	67,373	25% of allowed expenses paid less previous distributions
Villanova (PA)	26,992	100% of allowed expenses and 42.6% of Class IV claims paid through 12/31/09 less previous distributions
Others	8,066	
Total	<u>\$ 3,386,051</u>	

For distributions received prior to an estate closing, the liquidator retains the ability to require a return of funds from a guaranty fund for reallocation in the final distribution of the estate.

Note 7 ~ Liquidation Distributions – Life/Annuity

During 2010 and 2009, the Fund received distributions of assets of \$77,067 and \$0, respectively, from Life/Annuity estates. The following is a breakdown of the amounts received in 2010:

<u>Liquidation (State)</u>	<u>Amount</u>	<u>Description</u>
Executive Life (CA)	\$ 7,933	Proportionate share of \$270,000 distribution
Lincoln Memorial (TX)	67,855	Proportionate share of a \$9.5M early access distribution
Others	<u>1,279</u>	
Total	<u>\$ 77,067</u>	

For distributions received prior to an estate closing, the liquidator retains the ability to require a return of funds from a guaranty fund for reallocation in the final distribution of the estate.

Note 8 ~ Liquidation Distributions – Disability

During 2010 and 2009, the Fund received distributions of assets of \$335,309 and \$222,156, respectively, from Disability estates. The following is a breakdown of the amounts received in 2010:

<u>Liquidation (State)</u>	<u>Amount</u>	<u>Description</u>
American Chambers (OH)	\$ 215,658	Proportionate share of a \$12.8M distribution
Legion (PA)	141,530	65% of claims & ALAE reported less previous distributions
Reliance (PA)	<u>(21,879)</u>	Clawback of early access distributions
Total	<u>\$ 335,309</u>	

For distributions received prior to an estate closing, the liquidator retains the ability to require a return of funds from a guaranty fund for reallocation in the final distribution of the estate.

Note 9 ~ Other Recoveries

Chapter 646 of the Wisconsin Statutes limits the Fund's obligations to named insureds with large net worths. If the net worth of a named insured is greater than \$10,000,000 (increased to \$25,000,000 by statute in 2010), the Fund is not ultimately financially responsible for the claims unless the aggregate claims exceeds 10 percent of the insured's net worth. For the years ended December 31, 2010 and 2009, the Fund has received reimbursement from net worth insureds totaling \$655,059 and \$387,657, respectively. These recoveries are netted against claims and claim adjustment expenses paid within the financial statements.

Note 10 ~ Estimated Unpaid Claims and Claim Adjustment Expenses – Property and Casualty

As of December 31, 2010 and 2009, the Fund estimated the unpaid claims and claim adjustment expenses to be approximately \$41,000,000 (unaudited) and \$40,000,000 (unaudited), respectively. These amounts are estimates and the ultimate settlements may vary from the amounts indicated. These amounts will be offset by future distributions received from receivers and assessments received from insurers.

Liquidations with amounts included in the liability are American Mutual, American Universal, Carriers, Casualty Reciprocal, Commercial Compensation, Credit General, Fremont Indemnity, HIH America, Home, Ideal Mutual, Imperial Casualty, Insurance Corp of NY, Integrity, Intercontinental, Iowa National, Legion, Midland, Mission Companies, Phico, Reliance, Shelby, Transit Casualty, Union Indemnity, and Villanova.

Note 11 ~ Net Ultimate Liabilities – Life/Annuity

The Fund has received revised notices during the year on estimated liabilities for insurers currently in liquidation. These liability amounts are subject to change due to fluctuating interest rates, asset valuation, experience of assumed blocks of business, and other variables.

Insolvencies with liabilities include only Executive Life, Lincoln Memorial Life, and National States Life. As of December 31, 2010 and 2009, estimates of the liability to the Fund are approximately \$15,000,000 (unaudited) and \$14,000,000 (unaudited), respectively. These amounts will be offset by future distributions received from receivers and assessments received from insurers.

Note 12 ~ Net Ultimate Liabilities – Disability

The estimated liability for the disability insolvency account is less than \$1,000,000 (unaudited) and \$100,000 (unaudited) as of December 31, 2010 and 2009, respectively. This amount will be offset by future distributions received from receivers and assessments received from insurers.

Note 13 ~ Estate Closings

Numerous estates, including American Eagle, American Mutual, Transit Casualty, Mission, Intercontinental, Integrity, and United Community are in the process of being closed. After these closings, the estates will make no future distributions, and the Fund will be liable for all remaining claim payments. Carriers and Iowa National, previously closed estates, are not expected to make any future distributions to the Fund. However, the Fund continues to have expense activity subsequent to the closure of these estates.

Note 14 ~ Retirement Plans

The Fund sponsors a qualified non-contributory defined benefit pension plan covering substantially all employees. After meeting certain qualifications, an employee acquires a vested right to future benefits. The benefits payable under the plan are generally determined on the basis of an employee's length of employment and career average salary. The plan is currently funded at a level that approximates the estimated benefits. The expense related to this plan was \$29,544 and \$2,400 for the years ended December 31, 2010 and 2009, respectively.

The Fund also has a defined contribution plan pursuant to Section 401(k) of the Internal Revenue Code which covers all employees who work at least a 12-month period. The Company, at its discretion, matches employee contributions up to a maximum of 75 percent of the first 6 percent of compensation. The expense related to this plan was \$16,244 and \$14,585 for the years ended December 31, 2010 and 2009, respectively.

Note 15 ~ Litigation

The Fund is involved in legal proceedings, claims, and liquidations arising in the ordinary course of business, including pending or threatened litigation with respect to various loss claims under insurance policies issued by insurers in liquidation and numerous pending claims against liquidators for reimbursement of loss claims paid and loss adjustment expenses. The resolution of these matters cannot be predicted at this time. Any liability that would arise out of litigation would be recovered by the Fund through assessments from the insurers for the respective liquidations.



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**INDEPENDENT AUDITOR'S REPORT ON THE
SUPPLEMENTARY INFORMATION**

To the Board of Directors
Wisconsin Insurance Security Fund
Madison, Wisconsin

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for that portion marked "unaudited" for which we express no opinion, has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Strohm Ballweg, LLP

Madison, Wisconsin
February 21, 2011

WISCONSIN INSURANCE SECURITY FUND

REVENUE COLLECTED AND EXPENSES PAID

For the Year Ended December 31, 2010

WISCONSIN INSURANCE SECURITY FUND

REVENUE COLLECTED AND EXPENSES PAID BY LIQUIDATION – PROPERTY AND CASUALTY LIQUIDATIONS/REHABILITATIONS

For the Year Ended December 31, 2010

Company (State-Year of Liquidation)	Assessments Received	Liquidation Distributions	Interest & Other Income	Claims	Claim Adjustment Expenses	Other Expenses	Allocated Expenses	Refund of Assessments	Transfers	Change in Fund Balance
American Eagle (TX-1997)	\$ -	\$ -	\$ 50,328	\$ -	\$ -	\$ -	\$ (2,610)	\$ -	\$ -	\$ 47,718
American Mutual (MA-1989)	-	-	44,302	(249,669)	(48,113)	(1,671)	(20,332)	-	-	(275,483)
Carriers (IA-1986)	-	-	35,938	(18,096)	-	(373)	(3,110)	-	-	14,359
Casualty Reciprocal (MO-2004)	-	-	(27,914)	(47,662)	25,901	(1,300)	(17,083)	-	-	(68,058)
Commercial Comp (CA-2000)	-	130,337	(5,733)	-	-	-	(735)	-	-	123,869
Credit General (OH-2001)	-	178,336	10,652	(14,571)	(4,239)	(1,150)	(4,822)	-	-	164,206
Fremont Indemnity (CA-2003)	-	-	(68,660)	(910,262)	(124,563)	(36,562)	(96,234)	-	-	(1,236,281)
HIH America (CA-2001)	-	-	26,332	-	(1,674)	-	(6,386)	-	-	18,272
Home (NH-2003)	-	480,671	(12,617)	(639,724)	(32,801)	(14,400)	(23,907)	-	-	(242,778)
Ideal Mutual (NY-1985)	-	-	67,414	(10,348)	(300)	-	(4,387)	-	-	52,379
Imperial Casualty (OK-2010)	-	-	(775)	(52,691)	(8,285)	(1,953)	(18,088)	-	-	(81,792)
Insurance Corp (NY-2010)	-	-	(377)	(100,375)	(6,707)	(2,487)	(4,565)	-	-	(114,511)
Integrity (NJ-1987)	-	-	58,963	(9,641)	(897)	-	(4,729)	-	-	43,696
Intercontinental (IL-1990)	-	-	(993)	(28,341)	(237)	-	(2,870)	-	-	(32,441)
Iowa National (IA-1985)	-	-	(1,602)	(222,285)	(31,638)	(85)	(8,580)	-	-	(264,190)
Legion (PA-2003)	-	539,192	(62,044)	(73,228)	(22,372)	(2,856)	(41,705)	-	-	336,987
Midland (NY-1986)	-	191,270	8,512	-	-	(1,989)	(868)	-	-	196,925
Mission Groups (CA-1987)	-	-	151,828	-	(248)	-	(7,231)	-	-	144,349
Phico (PA-2002)	-	124,224	(6,565)	-	5,984	(22)	(4,498)	-	-	119,123
Reliance (PA-2001)	-	1,411,602	59,282	(111,704)	(42,962)	(6,588)	(77,692)	-	-	1,231,938
Shelby (TX-2006)	-	7,916	1,076	(108,351)	(1,730)	-	(12,001)	-	-	(113,090)
Statewide (IL-2004)	-	150	(225)	-	9	-	(200)	-	-	(266)
Transit Casualty (MO-1985)	-	227,988	42,624	-	-	-	(1,785)	-	-	268,827
Villanova (PA-2003)	-	26,992	(7,329)	-	5,175	(686)	(17,341)	-	-	6,811
Other	-	67,373	3,529	(19,946)	(300)	(1,889)	(8,226)	-	-	40,541
Totals	\$ -	\$ 3,386,051	\$ 365,946	\$ (2,616,894)	\$ (289,997)	\$ (74,011)	\$ (389,985)	\$ -	\$ -	\$ 381,110

WISCONSIN INSURANCE SECURITY FUND

REVENUE COLLECTED AND EXPENSES PAID BY LIQUIDATION – LIFE/ANNUITY LIQUIDATIONS/REHABILITATIONS

For the Year Ended December 31, 2010

Company (State-Year of Liquidation)	Assessments Received	Liquidation Distributions	Interest & Other Income	Premium Income	Claims	Claim Adjustment Expenses	Other Expenses	Allocated Expenses	Refund of Assessments	Transfers	Change in Fund Balance
Executive Life (CA-1991)	\$ -	\$ 7,933	\$ 123,524	\$ -	\$ (1,195,916)	\$ -	\$ (20,661)	\$ (18,565)	\$ -	\$ -	\$ (1,103,685)
Guaranty Security Life (FL-1992)	-	-	21,783	-	-	-	(130)	(1,386)	-	-	20,267
Lincoln Memorial Life (TX-2008)	-	67,855	(3,579)	589	(38,611)	-	(11,944)	(35,648)	-	-	(21,338)
London Pacific Life (NC-2004)	-	-	10,307	-	-	-	(1,608)	(613)	-	1,279	9,365
National States (MO-2010)	-	-	(91)	-	(34,544)	-	(496)	-	-	-	(35,131)
Summit National Life (PA-1994)	-	-	12,658	-	-	-	-	(806)	-	-	11,852
Other	-	1,279	(2,106)	-	-	-	(46,138)	(45,302)	-	(1,279)	(93,546)
Totals	<u>\$ -</u>	<u>\$ 77,067</u>	<u>\$ 162,496</u>	<u>\$ 589</u>	<u>\$ (1,269,071)</u>	<u>\$ -</u>	<u>\$ (80,977)</u>	<u>\$ (102,320)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,212,216)</u>

WISCONSIN INSURANCE SECURITY FUND

REVENUE COLLECTED AND EXPENSES PAID BY LIQUIDATION – DISABILITY LIQUIDATIONS/REHABILITATIONS

For the Year Ended December 31, 2010

Company (State-Year of Liquidation)	Assessments Received	Liquidation Distributions	Interest & Other Income	Premium Income	Claims	Claim Adjustment Expenses	Other Expenses	Allocated Expenses	Transfers	Change in Fund Balance
American Chambers (OH-2000)	\$ -	\$ 215,658	\$ 2,336	\$ -	\$ -	\$ -	\$ (21)	\$ (2,647)	\$ -	\$ 215,326
American Integrity (PA-1993)	-	-	3,335	-	-	-	(3)	-	-	3,332
Centennial Life (KS-1998)	-	-	(1,048)	-	-	-	(6)	-	-	(1,054)
Consumers United (DE-1994)	-	-	2,567	2,396	-	-	(437)	(647)	-	3,879
Legion (PA-2003)	-	141,530	16,101	-	-	-	(40)	-	-	157,591
National States (MO-2010)	-	-	(533)	-	(114,249)	-	(35,270)	(55,201)	-	(205,253)
Reliance (PA-2001)	-	(21,879)	(1,641)	-	-	-	(21)	(2,437)	-	(25,978)
Villanova (PA-2003)	-	-	(151)	-	-	-	-	-	-	(151)
Other	-	-	(758)	-	-	-	(33,711)	(27,263)	-	(61,732)
Totals	<u>\$ -</u>	<u>\$ 335,309</u>	<u>\$ 20,208</u>	<u>\$ 2,396</u>	<u>\$ (114,249)</u>	<u>\$ -</u>	<u>\$ (69,509)</u>	<u>\$ (88,195)</u>	<u>\$ -</u>	<u>\$ 85,960</u>

WISCONSIN INSURANCE SECURITY FUND

REVENUE COLLECTED AND EXPENSES PAID

Inception to December 31, 2010
(Unaudited)

WISCONSIN INSURANCE SECURITY FUND

REVENUE COLLECTED AND EXPENSES PAID Inception to December 31, 2010 (Unaudited)

	Liquidations/Rehabilitations			Administration Account	Fund Total	
	Property and Casualty	Life/ Annuity	Disability			Total
REVENUE COLLECTED						
Assessments received	\$ 71,620,777	\$ 77,671,085	\$ 17,132,040	\$ 166,423,902	\$ 3,726,384	\$ 170,150,286
Liquidation distributions	79,415,976	13,716,242	71,253,708	164,385,926	43,819	164,429,745
Interest & other income	15,384,309	12,495,131	3,233,117	31,112,557	356,364	31,468,921
Premium income	-	127,036	30,704	157,740	-	157,740
	<u>166,421,062</u>	<u>104,009,494</u>	<u>91,649,569</u>	<u>362,080,125</u>	<u>4,126,567</u>	<u>366,206,692</u>
EXPENSES PAID						
Claims	94,239,399	86,084,627	66,054,276	246,378,302	-	246,378,302
Claim adjustment expenses	20,142,108	301,030	5,851,402	26,294,540	-	26,294,540
Other expenses	1,635,875	3,418,667	4,575,617	9,630,159	-	9,630,159
Allocated expenses	7,097,749	1,594,628	1,029,979	9,722,356	3,465,550	13,187,906
Assessment refund paid	22,231,968	4,079,258	13,052,836	39,364,062	-	39,364,062
Furniture and equipment	-	-	-	-	205,449	205,449
	<u>145,347,099</u>	<u>95,478,210</u>	<u>90,564,110</u>	<u>331,389,419</u>	<u>3,670,999</u>	<u>335,060,418</u>
Excess of revenue collected over expenses paid	21,073,963	8,531,284	1,085,459	30,690,706	455,568	31,146,274
Temporary transfers (to) from other fund	-	-	-	-	-	-
Fund balance, December 31, 2010	<u>\$ 21,073,963</u>	<u>\$ 8,531,284</u>	<u>\$ 1,085,459</u>	<u>\$ 30,690,706</u>	<u>\$ 455,568</u>	<u>\$ 31,146,274</u>

WISCONSIN INSURANCE SECURITY FUND

REVENUE COLLECTED AND EXPENSES PAID BY LIQUIDATION – PROPERTY AND CASUALTY LIQUIDATIONS/REHABILITATIONS

Inception to December 31, 2010 (Unaudited)

Company (State)	Assessments Received	Liquidation Distributions	Interest & Other Income	Claims	Claim Adjustment Expenses	Other Expenses	Allocated Expenses	Refund of Assessments	Transfers	Fund Balance
American Eagle (TX)	\$ 2,999,905	\$ 725,191	\$ 654,104	\$ (1,058,437)	\$ (311,531)	\$ (6,362)	\$ (163,515)	\$ -	\$ -	\$ 2,839,355
American Mutual (MA)	10,992,823	4,243,907	989,245	(11,136,857)	(2,297,839)	(8,764)	(456,413)	-	-	2,326,102
Carriers (IA)	2,977,600	3,318,148	1,464,610	(3,500,271)	(456,786)	(1,127)	(204,377)	(1,470,783)	(112,936)	2,014,078
Casualty Reciprocal (MO)	-	462,581	(242,429)	(1,401,631)	(187,383)	(69,713)	(162,428)	-	-	(1,601,003)
Commercial Comp (CA)	-	316,960	(91,424)	(291,500)	(50,883)	212	(95,809)	-	-	(212,444)
Credit General (OH)	1,985,432	178,336	85,203	(1,136,319)	(196,473)	(27,993)	(164,991)	-	-	723,195
Fremont Indemnity (CA)	-	6,023,763	(474,670)	(7,615,780)	(1,009,016)	(441,496)	(862,845)	-	-	(4,380,044)
HIH America (CA)	1,489,072	1,503,446	201,358	(1,350,308)	(205,062)	(6,360)	(150,737)	-	-	1,481,409
Home (NH)	-	2,699,388	(104,688)	(2,819,893)	(190,683)	(164,155)	(358,186)	-	-	(938,217)
Ideal Mutual(NY)	11,881,371	4,510,270	2,104,001	(8,897,784)	(3,634,078)	(5,155)	(166,387)	(1,999,976)	-	3,792,262
Imperial Casualty (OK)	-	-	(775)	(52,691)	(8,285)	(1,953)	(18,088)	-	-	(81,792)
Insurance Corp (NY)	-	-	(377)	(100,375)	(6,707)	(2,487)	(4,565)	-	-	(114,511)
Integrity (NJ)	3,994,386	3,741,311	1,611,533	(3,152,407)	(1,731,915)	(1,950)	(159,351)	(983,583)	-	3,318,024
Intercontinental (IL)	2,002,428	1,029,452	185,441	(2,459,684)	(462,156)	(84)	(369,035)	-	-	(73,638)
Iowa National (IA)	3,467,452	11,421,237	1,848,986	(13,407,279)	(1,519,539)	(747)	(592,756)	(1,467,151)	-	(249,797)
Legion (PA)	-	2,810,011	(775,636)	(3,813,993)	(632,405)	(95,424)	(457,258)	-	-	(2,964,705)
Midland (NY)	3,469,977	765,079	708,840	(3,251,613)	(839,915)	(3,408)	(206,269)	-	-	642,691
Mission Groups (CA)	9,962,593	13,255,397	3,409,671	(7,741,973)	(1,927,866)	-	(445,940)	(7,947,057)	-	8,564,825
Phico (PA)	-	555,524	(98,093)	(331,536)	(189,457)	(82,237)	(183,087)	-	-	(328,886)
Reliance (PA)	5,955,794	9,806,407	471,618	(8,930,248)	(1,862,642)	(658,623)	(1,078,656)	-	-	3,703,650
Shelby (TX)	-	686,769	(4,731)	(580,657)	(35,306)	(7,173)	(75,800)	-	-	(16,898)
Statewide (IL)	-	177,335	(12,303)	(108,546)	(34,602)	(9,505)	(24,802)	-	-	(12,423)
Transit Casualty (MO)	2,977,186	3,265,798	395,577	(3,632,004)	(408,089)	-	(79,398)	-	-	2,519,070
Villanova (PA)	-	318,703	(71,406)	(55,000)	(324,838)	(31,484)	(224,998)	-	-	(389,023)
Other	1,355,306	1,762,893	619,816	(1,602,024)	(817,593)	(9,887)	(328,811)	(1,332,323)	865,306	512,683
Closed	6,109,452	5,838,070	2,510,838	(5,810,589)	(801,059)	-	(63,247)	(7,031,095)	(752,370)	-
Totals	<u>\$ 71,620,777</u>	<u>\$ 79,415,976</u>	<u>\$ 15,384,309</u>	<u>\$ (94,239,399)</u>	<u>\$ (20,142,108)</u>	<u>\$ (1,635,875)</u>	<u>\$ (7,097,749)</u>	<u>\$ (22,231,968)</u>	<u>\$ -</u>	<u>\$ 21,073,963</u>

WISCONSIN INSURANCE SECURITY FUND

REVENUE COLLECTED AND EXPENSES PAID BY LIQUIDATION – LIFE/ANNUITY LIQUIDATIONS/REHABILITATIONS

Inception to December 31, 2010 (Unaudited)

Company (State)	Assessments Received	Liquidation Distributions	Interest & Other Income	Premium Income	Claims	Claim Adjustment Expenses	Other Expenses	Allocated Expenses	Refund of Assessments	Transfers	Fund Balance
Executive Life (CA)	\$ 49,518,796	\$ 3,457,652	\$ 10,857,774	\$ 125,790	\$ (55,266,817)	\$ (269,137)	\$ (1,276,623)	\$ (591,265)	\$ 318	\$ -	\$ 6,556,488
Guaranty Security Life (FL)	1,790,522	628,314	500,298	-	(1,612,577)	(51)	(72,978)	(37,036)	-	32,163	1,228,655
Lincoln Memorial Life (TX)	-	67,855	(8,017)	1,246	(112,496)	-	(47,504)	(128,465)	-	-	(227,381)
London Pacific Life (NC)	5,999,210	3,370,514	(227,027)	-	(8,888,847)	(156)	(129,987)	(179,601)	-	637,379	581,485
National States (MO)	-	-	(91)	-	(34,544)	-	(496)	-	-	-	(35,131)
Summit National Life (PA)	449,819	512,247	199,781	-	(501,244)	(241)	(11,478)	(16,756)	-	81,869	713,997
Other	-	-	(9,614)	-	-	-	(134,698)	(142,517)	-	-	(286,829)
Closed	<u>19,912,738</u>	<u>5,679,660</u>	<u>1,182,027</u>	<u>-</u>	<u>(19,668,102)</u>	<u>(31,445)</u>	<u>(1,744,903)</u>	<u>(498,988)</u>	<u>(4,079,576)</u>	<u>(751,411)</u>	<u>-</u>
Totals	<u>\$ 77,671,085</u>	<u>\$ 13,716,242</u>	<u>\$ 12,495,131</u>	<u>\$ 127,036</u>	<u>\$ (86,084,627)</u>	<u>\$ (301,030)</u>	<u>\$ (3,418,667)</u>	<u>\$ (1,594,628)</u>	<u>\$ (4,079,258)</u>	<u>\$ -</u>	<u>\$ 8,531,284</u>

WISCONSIN INSURANCE SECURITY FUND

REVENUE COLLECTED AND EXPENSES PAID BY LIQUIDATION – DISABILITY LIQUIDATIONS/REHABILITATIONS

Inception to December 31, 2010 (Unaudited)

Company (State)	Assessments Received	Liquidation Distributions	Interest & Other Income	Premium Income	Claims	Claim Adjustment Expenses	Other Expenses	Allocated Expenses	Refund of Assessments	Transfers	Fund Balance
American Chambers (OH)	\$ 299,870	\$ 215,658	\$ (54,227)	\$ -	\$ (43,612)	\$ (4,035)	\$ (10,811)	\$ (225,953)	\$ -	\$ -	\$ 176,890
American Integrity (PA)	149,798	293,476	27,767	-	(316,397)	(20,147)	(30,346)	(55,929)	-	140,000	188,222
Centennial Life (KS)	-	512,709	(29,409)	-	(185,589)	(743)	(18,487)	(337,646)	-	-	(59,165)
Consumers United (DE)	149,798	39,681	6,484	30,704	(107,248)	(6,152)	(58,883)	(48,340)	-	139,358	145,402
Legion (PA)	2,149,115	837,306	26,975	-	(1,872,317)	-	(6,828)	(59,007)	-	-	1,075,244
National States (MO)	-	-	(533)	-	(114,249)	-	(35,270)	(55,201)	-	-	(205,253)
Reliance (PA)	-	33,021	(11,484)	-	(73,339)	-	(8,604)	(40,520)	-	-	(100,926)
Villanova (PA)	-	-	(1,053)	-	-	-	(1,491)	(5,984)	-	-	(8,528)
Other	-	15,350	(4,248)	-	(51,571)	(2,302)	(93,252)	(172,670)	-	182,266	(126,427)
Closed	14,383,459	69,306,507	3,272,845	-	(63,289,954)	(5,818,023)	(4,311,645)	(28,729)	(13,052,836)	(461,624)	-
Totals	<u>\$ 17,132,040</u>	<u>\$ 71,253,708</u>	<u>\$ 3,233,117</u>	<u>\$ 30,704</u>	<u>\$ (66,054,276)</u>	<u>\$ (5,851,402)</u>	<u>\$ (4,575,617)</u>	<u>\$ (1,029,979)</u>	<u>\$ (13,052,836)</u>	<u>\$ -</u>	<u>\$ 1,085,459</u>