



Wisconsin Insurance Security Fund

Sent via e-mail to nathan.houdek@wisconsin.gov

April 26, 2024

Nathan Houdek, Commissioner
Office of the Commissioner of Insurance
State of Wisconsin
P. O. Box 7873
Madison, WI 53707-7873

Re: Wisconsin Insurance Security Fund 2023 Annual Financial Report Submission under INS 11.02 (3)

Dear Commissioner Houdek:

The Wisconsin Insurance Security Fund (the Fund) Board of Directors retained the certified public accounting firm Strohm Ballweg LLP to conduct a financial audit of the Fund. At its April 10, 2024, meeting, the Security Fund Board received and reviewed the report with lead audit partner Gary Strohm. We now submit the approved 2023 audit report.

Attached to this letter is the complete audit document including the communication letter, representation letter and financial statements. Although not part of the audit document, we have included the inception-to-date reports that are prepared by the Fund based on the most recent audited financials.

We would also like to report these highlights from the Security Fund's 2023 activities:

- Covered one new insolvency Arrowood Indemnity Company that triggered Fund coverage.
- Prepared, in collaboration with your office, for the liquidation of Wisconsin Reinsurance Corporation and 1st Auto and Casualty.
- Prepared for the closing of 10 liquidation estates in which the Fund has liabilities.
- Completed a disaster recovery test of the Fund's computer system as part of Fund's ongoing security and business continuity planning.

- Continued to provide services to the Indiana Insurance Guaranty Association and the Oklahoma Property Casualty Insurance Guaranty Association under mutual assistance agreements.

The Security Fund has the following active liquidation estates, claims/policies, and financial exposure by statutory account:

Activity by Fund Account

Fund Account	Active Liquidations	Active Claims & Continued Policies	Projected Net Future Liabilities
Property-Casualty (Other)	22	140 claims	\$17,567,839
Life	2	10 policies	\$33,505
Annuity	1	Assumption reconciliation obligations	\$70,300
Disability (Health)	3	37 claims 284 policies	\$12,929,000
HMO	0	0	\$0

Due to record transfer delays, neither claims nor liabilities for Arrowood Indemnity Company are included. At the end of 2023, preliquidation planning was underway for four insurers that are in rehabilitation.

This communication is the Security Fund’s formal submission of the audit to your office as required under INS 11.02 (3) of the Wisconsin Administrative Code. This report will be posted including the audited 2023 financial statement on the Fund’s website. Notice of this posting was given to all insurer subject to assessment in all assessment notices since 2017. The Fund complies with the requirements of INS 11.02 (2) through these notifications and the posting of the report on its website.

We appreciate the generous support of your staff provides to the Security Fund in fulfilling its statutory mission.

Sincerely,



Allan Patek
Executive Director

Enclosures (2)



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



WISCONSIN INSURANCE SECURITY FUND AUDIT COMMUNICATIONS LETTER

We have audited the financial statements of Wisconsin Insurance Security Fund (the Fund) as of and for the year ended December 31, 2023, and we have issued our report thereon dated March 7, 2024. Professional standards require that we advise you of certain matters related to our audit.

1. Our Responsibility in Relation to the Financial Statement Audit

- ▶ Form and express an opinion. As communicated in our engagement letter dated August 1, 2023, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight, are presented fairly, in all material respects, in conformity with the modified cash basis of accounting. Our audit of the financial statements does not relieve you or management of your respective responsibilities.
- ▶ Properly plan and perform the audit. Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of the Fund's system of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's system of internal control over financial reporting. Accordingly, as part of our audit, we considered the system of internal control of the Fund solely for the purpose of determining our audit procedures and not to provide any assurance concerning the Fund's system of internal control.
- ▶ Communicate significant matters to you. We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

**WISCONSIN INSURANCE SECURITY FUND
AUDIT COMMUNICATIONS LETTER**

<p>2. Audit Opinion</p>	<div style="text-align: center;">  <p>The Opinion</p> <p>The Fund <i>received a “clean” unmodified opinion</i> on a modified cash basis of accounting.</p>  <p>Supplementary Information</p> <p>In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.</p> </div>
<p>3. Other Items Issued by Strohm Ballweg</p>	<p>We issued the <i>following standard, required items</i> at the conclusion of our audit in addition to the audit opinion:</p> <ul style="list-style-type: none"> ▶ This letter, which includes the audit related communications our audit standards require, along with other highlights from the audit ▶ An opinion on the supplementary information, as previously discussed
<p>4. Misstatements</p>	<p>For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management and governance. Further, professional standards require us to communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole.</p> <ul style="list-style-type: none"> ▶ There were <i>no corrected misstatements</i> and the audited financial statements match the filed Annual Statement. ▶ There were <i>no uncorrected misstatements</i> that could, in our judgment, either individually or in the aggregate, have a significant effect on the Fund’s financial statements.
<p>5. Audit Engagement Team</p>	<p>Gary Strohm is the engagement partner and is responsible for supervising the audit engagement and signing the audit opinion. This is Gary’s second year serving as the engagement partner with respect to the most recent partner rotation.</p>
<p>6. Difficulties and Disagreements</p>	<ul style="list-style-type: none"> ▶ We encountered <i>no significant difficulties</i> in dealing with management in performing and completing the audit. ▶ There were <i>no significant disagreements</i> during the course of the audit. For purposes of this letter, a disagreement with management is a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Fund’s financial statements or the auditor’s report.

WISCONSIN INSURANCE SECURITY FUND
AUDIT COMMUNICATIONS LETTER

<p>7. Significant Accounting Policies</p>	<p>Management has the responsibility to select and use appropriate accounting policies.</p> <ul style="list-style-type: none"> ▶ A summary of the significant accounting policies adopted by the Fund is included in Note 2 to the financial statements. ▶ There has been no initial selection of significant accounting policies or changes in accounting policies during 2023. ▶ No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions, or (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. ▶ All significant transactions have been recognized in the financial statements in the proper period.
<p>8. Significant Audit Risks and Additional Audit Focus Areas</p>	<p>The following are audit areas we considered to be significant audit risks for this year's audit:</p> <ul style="list-style-type: none"> ▶ Lack of segregation of duties surrounding cash and investment balances ▶ Management override of controls <p>Additional audit focus areas:</p> <ul style="list-style-type: none"> ▶ Cash and investment balances due to balance sheet makeup ▶ Cash receipts and disbursements ▶ Claim transactions and activity ▶ Documentation of the system of internal control, including information technology, due to limited personnel
<p>Other Communications</p>	
<p>Planned Scope, Timing of the Audit, and Significant Risks</p>	<p>We conducted our audit consistent with the planned scope, timing, and significant risks previously communicated to you, which included discussions of:</p> <ul style="list-style-type: none"> ▶ Our audit engagement team and planned audit timing ▶ Our audit focus and key areas, based on significant risks identified ▶ The Board of Directors' views about the risks of fraud ▶ Specific concerns or focus areas from the Board of Directors ▶ Auditor independence

**WISCONSIN INSURANCE SECURITY FUND
AUDIT COMMUNICATIONS LETTER**

Compliance with all Ethics Requirements Regarding Independence	The engagement team; others in our firm, as appropriate; and our firm have complied with all relevant ethical requirements regarding independence.
Other Audit Communications	<ul style="list-style-type: none"> ▶ In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no such consultations with other accountants regarding these types of audit and accounting matters. ▶ In the normal course of our professional association with the Fund, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Fund, and business plans and strategies that may affect the risk of material misstatement. None of the matters discussed resulted in a condition to our retention as the Fund's auditors.
Representations Requested from Management	We have requested certain representations from management, which are included in the attached management representation letter.
Other Items	<p>It was noted during the audit that, although adequate detective controls are in place surrounding the check issuance process, there is an opportunity to strengthen preventative controls. Similar to prior years, we recommend that the Fund consider restricting the use of the check stamp to only the Executive Director of the Fund.</p> <p>We also noted that though the Fund implemented a more rigorous internal procedure surrounding the Executive Director's wire transfer capabilities, the ability to process a wire transfer without the involvement of a secondary user is likely still present as the banks have no contractual obligation to adhere to the Fund's internal procedure.</p> <p>In regard to the recommendations above, we believe these are best practices.</p>

We thank the staff of the Fund for the cooperation extended to us during the audit. This letter is intended solely for the information and use of management and the Board of Directors of the Fund and is not intended to be, and should not be, used by anyone other than these specified parties.

Strohm Ballweg, LLP

Madison, Wisconsin
March 7, 2024



WISCONSIN INSURANCE SECURITY FUND

March 7, 2024

Strohm Ballweg, LLP
9701 Brader Way, Suite 301
Middleton, Wisconsin 53562

We are providing this letter in connection with your audits of the statements of assets and fund balances – modified cash basis of Wisconsin Insurance Security Fund (the Fund) as of December 31, 2023 and 2022, and the related statements of revenue, expenses, and changes in fund balances – modified cash basis for the years then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the statutory financial position and results of operations of the Fund on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of March 7, 2024, the following representations made to you during your audits.

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated August 1, 2023, including our responsibility for the preparation and fair presentation of the financial statements.
2. The financial statements referred to above are presented in conformity with the modified cash basis of accounting as described in Note 2 of the financial statements.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

4. We have made available to you all information that is relevant to the preparation and fair presentation of the financial statements, including but not limited to the following:
 - a. Financial records and related data.
 - b. Minutes of the meetings of directors and committees of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.
 - c. Unrestricted access to persons within the Fund from whom you determined it necessary to obtain audit evidence.
5. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
6. We acknowledge our responsibility for the design, implementation, and maintenance of internal controls to prevent and detect fraud.
7. We have no knowledge of any fraud or suspected fraud affecting the Fund involving management, employees who have significant roles in internal control, or others where the fraud could have a material effect on the financial statements.
8. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
9. We have no knowledge of any allegations of fraud or suspected fraud affecting the Fund's financial statements communicated by employees, former employees, analysts, regulators, or others.
10. The Fund has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
11. The Fund has the intent and ability to hold any depressed securities for a period of time sufficient to recover the cost basis.
12. The following have been properly recorded or disclosed in the financial statements:
 - a. All significant estimates known to management. Significant estimates are estimates at the balance sheet date which could change materially within the next year. The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable. For any insignificant accounting estimates not recognized or disclosed in the financial statements, we determined it is appropriate to exclude after considering the appropriate recognition and disclosure criteria.

- b. The estimated fair value of investments.
 - c. Pension plans attributable to employee services rendered through December 31, 2023.
 - d. Estimated liabilities for future claim payments.
 - e. Information related to any estate closings.
 - f. Leases and material amounts of rental obligations.
 - g. Material amounts of contractual obligations for the purchase of real property, equipment, other assets, or intangibles.
13. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. We have considered all relevant information of which we were aware.
14. There are no:
- a. Violations or possible violations of laws or regulations whose effect should be considered for disclosure in the financial statements.
 - b. Material agreements to repurchase assets previously sold.
 - c. Financial instruments with off-balance sheet market or credit risk.
 - d. Related-party transfers, leasing arrangements, or guarantees.
 - e. Derivative financial instruments.
 - f. Guarantees, whether written or oral, under which the Fund is contingently liable.
 - g. Security agreements in effect under the Uniform Commercial Code.
 - h. Uncertain tax positions.
 - i. Cybersecurity incidents that we have not previously disclosed to you.
 - j. Material concentrations, including concentrations of credit risk. Concentrations refer to volumes of business, revenues, or markets for which events could occur which would significantly disrupt finances within the next year.

15. The Fund is not subject to federal or state income tax.
16. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with *FASB Accounting Standards Codification 450*.
17. We have complied with all state statutes concerning operations and financial statement reporting.
18. The Fund has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral.
19. We acknowledge our responsibility for presenting the supplementary information, which accompanies the financial statements, in accordance with the modified cash basis of accounting, and we believe the supplementary information, including its form and content, is fairly presented in accordance with the modified cash basis of accounting. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
20. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
21. We have not consulted with other accountants regarding auditing and accounting matters.
22. No events have occurred subsequent to December 31, 2023, and through the date of this letter that would require disclosure in the financial statements.
23. During the course of your audits you may have accumulated records that support audit documentation. Accordingly, copies of such records in your possession are no longer needed by us.
24. In regards to the non-attest service (assisting in the preparation of the audited financial statements) performed by you, we have:
 - a. Assumed all management responsibilities.
 - b. Designated an individual with suitable skill, knowledge, or experience to oversee the service.
 - c. Evaluated the adequacy and results of the service performed.

- d. Accepted responsibility for the results of the service.
- e. Ensured that the Fund's data and records are complete and we have received sufficient information to oversee the service.

WISCONSIN INSURANCE SECURITY FUND



Allan Patek

Executive Director



Theresa Wedekind
Associate Director

WISCONSIN INSURANCE SECURITY FUND
FINANCIAL STATEMENTS – MODIFIED CASH BASIS
December 31, 2023 and 2022



WISCONSIN INSURANCE SECURITY FUND
TABLE OF CONTENTS
December 31, 2023 and 2022

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS	1
FINANCIAL STATEMENTS	
Statements of assets and fund balances – modified cash basis	3
Statements of revenue, expenses, and changes in fund balances – modified cash basis	4
Notes to the financial statements – modified cash basis	5
INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2023	13
Revenue and expenses by liquidation – modified cash basis:	
Property and casualty liquidations/rehabilitations	14
Life and annuity liquidations/rehabilitations	15
Disability liquidations/rehabilitations	16



INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

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

Opinions

We have audited the accompanying financial statements of Wisconsin Insurance Security Fund (the Fund), which are comprised of the statements of assets and fund balances – modified cash basis as of December 31, 2023 and 2022, and the related statements of revenue, expenses, and changes in fund balances – modified cash basis for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and fund balances of the Fund as of December 31, 2023 and 2022, and its revenue, expenses, and changes in fund balances for the years then ended, in accordance with the modified cash basis of accounting as described in Note 2 to the financial statements.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 2 to the financial statements; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Strohm Ballweg, LLP

Madison, Wisconsin
March 7, 2024

WISCONSIN INSURANCE SECURITY FUND
STATEMENTS OF ASSETS AND FUND BALANCES – MODIFIED CASH BASIS
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 8,212,898	\$ 1,087,291
Certificates of deposit	17,125,567	23,142,873
Bonds	9,443,601	11,949,239
Bond mutual fund	<u>993,939</u>	<u>993,939</u>
Total assets	35,776,005	37,173,342
Commitments and contingencies (see notes 11 through 18)	<u>-</u>	<u>-</u>
FUND BALANCES	<u>\$ 35,776,005</u>	<u>\$ 37,173,342</u>

See Notes to the Financial Statements.

WISCONSIN INSURANCE SECURITY FUND
STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN FUND BALANCES – MODIFIED CASH BASIS
For the Years Ended December 31, 2023 and 2022

	Liquidations/Rehabilitations											
	Property and Casualty		Life and Annuity				Disability		Administration Account		Fund Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
REVENUE												
Assessments received	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,999,416	\$ 691,000	\$ 350	\$ 691,000	\$ 9,999,766		
Liquidation distributions	915,221	347,759	-	-	154,575	-	-	-	1,069,796	347,759		
Interest income and net realized gains (losses)	322,028	173,412	85,125	41,199	233,099	95,210	3,227	(183)	643,479	309,638		
Premium income	-	-	300	275	403,557	504,275	-	-	403,857	504,550		
Total revenue	<u>1,237,249</u>	<u>521,171</u>	<u>85,425</u>	<u>41,474</u>	<u>791,231</u>	<u>10,598,901</u>	<u>694,227</u>	<u>167</u>	<u>2,808,132</u>	<u>11,161,713</u>		
EXPENSES												
Claims	1,148,451	835,082	15,426	21,280	1,602,089	1,389,690	-	-	2,765,966	2,246,052		
Claim adjustment expenses	123,883	80,814	-	-	-	-	-	-	123,883	80,814		
Other expenses	46,426	49,519	24,805	34,261	38,657	79,278	-	-	109,888	163,058		
Administrative expenses	440,697	447,365	90,168	75,173	259,550	306,710	419,302	355,267	1,209,717	1,184,515		
Total expenses	<u>1,759,457</u>	<u>1,412,780</u>	<u>130,399</u>	<u>130,714</u>	<u>1,900,296</u>	<u>1,775,678</u>	<u>419,302</u>	<u>355,267</u>	<u>4,209,454</u>	<u>3,674,439</u>		
Changes in fund balances	(522,208)	(891,609)	(44,974)	(89,240)	(1,109,065)	8,823,223	274,925	(355,100)	(1,401,322)	7,487,274		
Fund balance, beginning of year	19,849,406	20,741,015	4,434,080	4,523,320	13,075,660	4,241,966	(185,804)	169,296	37,173,342	29,675,597		
Prior year adjustment	-	-	-	-	3,985	10,471	-	-	3,985	10,471		
Fund balance, end of year	<u>\$ 19,327,198</u>	<u>\$ 19,849,406</u>	<u>\$ 4,389,106</u>	<u>\$ 4,434,080</u>	<u>\$ 11,970,580</u>	<u>\$ 13,075,660</u>	<u>\$ 89,121</u>	<u>\$ (185,804)</u>	<u>\$ 35,776,005</u>	<u>\$ 37,173,342</u>		

See Notes to the 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 the Wisconsin Statutes, Chapter 646, since amended. The Fund includes direct licensed insurers 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 the Fund's 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 14 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.

Chapter 646 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 (HMO) insurer; one for HMO 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, the Board of the Fund may make short-term asset transfers from one account to another.

The Fund is authorized to levy two different types of assessments. Administrative assessments are authorized by the Board on a prorated or non-prorated basis to meet administrative costs and other expenses whether or not related to the liquidation or rehabilitation of a particular insurer. The other type of assessment is a premium assessment where the Board periodically authorizes assessments of insurers within each account delineated in the statute for covered insurance policies to fund the cost of claims and continuation of coverage for policyholders as defined in the statutes.

Note 1 ~ Organization (Continued)

The Fund files a proof of claim in each liquidation estate for administration expenses and claim payments. If the liquidator determines that there are sufficient assets, a liquidation distribution may be made to the Fund. These distributions may be either in the form of early access distributions or final distributions when the liquidated estate is closed, or both. The Fund also has premium income from policyholders and contract holders of insolvent member insurers, which is recognized when received.

Subsequent Events. Subsequent events were evaluated through March 7, 2024, which is the date the financial statements were available to be issued.

Note 2 ~ Summary of Significant Accounting Policies

Basis of Presentation. The Fund prepares its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis, revenues are recognized when collected rather than when earned, and expenditures are recognized when paid rather than when incurred. Modifications to the cash basis of accounting include recording investment balances. Consequently, items such as assessments receivable from insurers, amounts due from large net worth insureds, amounts payable on life and annuity liquidation 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 of certificates of deposit, municipal bonds, U.S. Treasury notes, U.S. government agency notes, and a bond mutual fund, all of which are classified as held-to-maturity and are carried at cost.

Note 3 ~ Investments

The cost and fair value of bonds and the bond mutual fund at December 31, 2023 and 2022, were as follows:

	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
<u>2023</u>				
U.S. Treasury	\$ 4,186,361	\$ 6,572	\$ (183,849)	\$ 4,009,084
U.S. government agency	3,466,516	5,512	(61,685)	3,410,343
Municipal	<u>1,790,724</u>	<u>17,280</u>	<u>(14,904)</u>	<u>1,793,100</u>
	9,443,601	29,364	(260,438)	9,212,527
Bond mutual fund	<u>993,939</u>	<u>4,031</u>	<u>-</u>	<u>997,970</u>
Total	<u>\$ 10,437,540</u>	<u>\$ 33,395</u>	<u>\$ (260,438)</u>	<u>\$ 10,210,497</u>

WISCONSIN INSURANCE SECURITY FUND
NOTES TO THE FINANCIAL STATEMENTS – MODIFIED CASH BASIS
December 31, 2023 and 2022

Note 3 ~ Investments (Continued)

	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
<u>2022</u>				
U.S. Treasury	\$ 5,581,632	\$ 8,545	\$ (323,573)	\$ 5,266,604
U.S. government agency	4,575,969	-	(194,530)	4,381,439
Municipal	<u>1,791,638</u>	<u>-</u>	<u>(38,604)</u>	<u>1,753,034</u>
	11,949,239	8,545	(556,707)	11,401,077
Bond mutual fund	<u>993,939</u>	<u>-</u>	<u>(4,880)</u>	<u>989,059</u>
Total	<u>\$ 12,943,178</u>	<u>\$ 8,545</u>	<u>\$ (561,587)</u>	<u>\$ 12,390,136</u>

The Fund uses a provider of market data and analytics to estimate the fair value of each bond.

The cost and fair value of bonds at December 31, 2023, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties:

	<u>Cost</u>	<u>Fair Value</u>
Due within one year	\$ 2,353,228	\$ 2,335,507
Due after one year through five years	6,885,373	6,676,419
Due after five years through ten years	<u>205,000</u>	<u>200,601</u>
	<u>\$ 9,443,601</u>	<u>\$ 9,212,527</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. An additional expense was allocated to each disability liquidation starting in the first quarter of 2019 relating to the installation costs of the FIMMAS (claims) system. The total cost of the FIMMAS system, approximately \$51,000, was paid in 2017 and 2018, and was allocated evenly over the following 5 years.

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

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.

Note 4 ~ 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 OCI). The Fund has an annual capacity to collect assessments of approximately \$242,426,000 (unaudited) per the latest available data (2022).

Note 5 ~ Assessments – Life and 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 3 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 (NOLHGA) in cooperation with the National Association of Insurance Commissioners.

The Fund has an annual capacity to collect assessments of approximately \$56,671,000 (life, unaudited) and \$120,732,000 (annuity, unaudited) per the latest available data (2022).

Note 6 ~ Assessments – Disability and HMO

Approved 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 an assessment is authorized. The original premium data is obtained from a data survey prepared by NOLHGA. The Fund has an annual capacity to collect disability account assessments of approximately \$120,732,000 (unaudited) per the latest available data (2022).

The Fund has an annual capacity to collect assessments of approximately \$117,919,000 (unaudited) in the HMO account per the latest available data (2022). The original premium data is obtained from a data survey prepared by NOLHGA and a report from the OCI. HMOs are required to prepay 1 percent of this assessment capacity, and the OCI currently holds deposits exceeding 50 percent of assessment capacity. Assessments for the HMO account would be calculated based on the premium for the year preceding the authorization of assessment. The Fund has never levied or called an assessment in the HMO account.

Note 7 ~ Assessments – Administration

Chapter 646 of the Wisconsin Statutes allows the Fund to levy an administrative assessment of up to \$500 per year on all covered companies. The Fund collected a \$500 administrative assessment per member in 2023, which totaled \$691,000. The annual capacity to collect administrative assessments is approximately \$682,000 (unaudited, 2022).

Note 8 ~ Liquidation Distributions – Property and Casualty

During 2023 and 2022, the Fund received distributions or early access payments of \$915,221 and \$347,759, respectively, from property and casualty liquidations. The following is a breakdown of the amounts received in 2023:

Liquidation	Amount	Description
CastlePoint National	\$ 137,152	Class 2
Highlands	116,732	Class 2
HH Insurance Ltd	3,828	Final distribution
Home	52,495	Assigned claim distribution
Home	28,362	Class 1 – Admin
Home	1,368	Class 1 – ALAE
Home	131,336	Class 1 – Loss
Ins Corp of New York	307,598	Final distribution
Lumbermens Mutual	27,193	Administrative expenses
Lumbermens Mutual	6,900	Early access
Millers First Ins Co	25,133	Administrative expenses
Northwestern National Ins Co	69,052	Final distribution
Reins Corp of America	8,072	Early access
Total	<u>\$ 915,221</u>	

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

Note 9 ~ Liquidation Distributions – Life and Annuity

During 2023 and 2022, the Fund received no distributions of assets from life and annuity estates.

Note 10 ~ Liquidation Distributions – Disability

During 2023 and 2022, the Fund received distributions of assets of \$154,575 and \$0, respectively, from disability estates. The following is a breakdown of the amounts received in 2023:

Liquidation	Amount	Description
Penn Treaty	\$ 52,521	Early access
Penn Treaty	<u>102,054</u>	Early access
Total	<u>\$ 154,575</u>	

Note 11 ~ Other Recoveries

Chapter 646 of the Wisconsin Statutes limits the Fund's obligations to named insureds with a large net worth. If the net worth of a named insured is greater than \$25,000,000, the Fund is not ultimately financially responsible for the claims unless the aggregate claims exceed 10 percent of the insured's net worth. For the years ended December 31, 2023 and 2022, the Fund has received reimbursement from large net worth insureds totaling \$77,849 and \$94,532, respectively. The Fund also received reimbursement from the Worker's Compensation Reinsurance Association totaling \$24,875 and \$19,706 in 2023 and 2022, respectively. The Fund also receives reimbursement from the Workers Compensation Supplemental Benefit Fund (Supplemental Benefit Fund). In 2023, the Supplemental Benefit Fund made reimbursements for claim years 2011 – 2022 to the Fund totaling \$4,053. In 2022, the Supplemental Benefit Fund made reimbursements for claim years 2010 – 2021 to the Fund totaling \$398,500. These recoveries are netted against claims and claim adjustment expenses paid within the financial statements. The Fund has outstanding claims for supplemental benefits paid from 2022 to 2023.

Note 12 ~ Estimated Unpaid Claims and Claim Adjustment Expenses – Property and Casualty

As of December 31, 2023 and 2022, the Fund estimated unpaid claims and claim adjustment expenses to be approximately \$21,247,000 (unaudited) and \$26,809,414 (unaudited), respectively. These amounts are estimates and the ultimate settlements will vary from the amounts indicated. These amounts will be offset by future liquidation distributions received from receivers, supplemental benefit reimbursements from the state of Wisconsin, and assessments received from insurers.

Liquidations with amounts included in this estimated liability are Affirmative Insurance Company, American Country, American Mutual, Arrowood, Atlantic Mutual, Bedivere Insurance Company, Carriers, Casualty Reciprocal, Freestone, Fremont Indemnity, Gateway, Highlands, Home, Imperial Casualty, Insurance Corporation of New York, Iowa National, Lumbermans Underwriting Alliance, Lumbermans Mutual Group, Millers First Insurance Company, Northwestern National Insurance Company, Reliance, and Ullico Casualty.

Note 13 ~ Net Ultimate Liabilities – Life and Annuity

The Fund may receive revised liability estimates for insurers currently in liquidation. These liability amounts are subject to change due to fluctuating interest rates, asset valuations, experience of assumed blocks of business, and other variables.

Insolvencies with estimated liabilities include only Executive Life, Lincoln Memorial Life, and Time Insurance Company. As of December 31, 2023 and 2022, estimates of the liability to the Fund were approximately \$103,805 (unaudited) and \$109,850 (unaudited), respectively. These amounts will be offset by future distributions received from receivers and assessments received from insurers.

Note 14 ~ Net Ultimate Liabilities – Disability

Insolvencies with liabilities include National States, Penn Treaty, and Time Insurance Company. The estimated current value of the liability for the disability insolvency account was approximately \$12,929,000 (unaudited) and \$14,527,000 (unaudited) as of December 31, 2023 and 2022, respectively. These amounts will be offset by future distributions received from receivers and assessments received from insurers.

Note 15 ~ Estate Closings

Numerous estates, including American Mutual, Casualty Reciprocal, Executive Life, Ideal Mutual, Imperial Casualty, Midland, National States, Shelby, and Red Rock, 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 and expense payments. Carriers, Fremont Indemnity, ICM, Iowa National, Intercontinental, Legion, Northwestern National Insurance Company, Penn Treaty, Reliance, and Villanova, previously closed estates, are not expected to make any future distributions to the Fund.

Note 16 ~ Retirement Plans

The Fund is a participating employer in the Pension Plan for Insurance Organizations (PPIO), which is a qualified non-contributory defined benefit pension plan covering substantially all employees of the Fund. 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 Fund closed pension plan participation to new employees hired after December 31, 2016. The plan is currently funded at a level that approximates the estimated benefits. The expenses related to this plan were \$9,504 for the years ended December 31, 2023 and 2022. The PPIO plan was frozen in early 2020 with respect to benefits accrued to employees.

The Fund also has a defined contribution plan pursuant to Section 401(k) of the Internal Revenue Code that covers all employees who work at least a 1-month period. The Fund, at its discretion, matches employee contributions up to a maximum of 75 percent of the first 6 percent of compensation. The Fund also provided for a discretionary payment up to 7 percent of compensation for all employees since the pension plan was frozen in 2020. The expenses related to this plan were \$59,469 and \$55,422 for the years ended December 31, 2023 and 2022, respectively.

Note 17 ~ Litigation

The Fund is involved in legal proceedings, claims, and liquidations arising in the ordinary course of business. This includes 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 claims paid and loss adjustment expenses paid. 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 of the insurers for the respective liquidations.

Note 18 ~ Commitments

The Fund leases office space under a rental agreement with an extension that will expire May 31, 2026. Future minimum payments on the noncancelable lease as of December 31, 2023, are as follows:

<u>Years Ending December 31,</u>	
2024	\$ 35,326
2025	35,760
2026	<u>14,900</u>
	<u>\$ 85,986</u>

The Fund is a member of the Insurance Guaranty Association Purchasing Group (IGAPG) Claims Management and Financial Tracking System (CMFTS) subgroup. CMFTS allocates its expenses, which includes the contract with Insurity to host and support the ClaimsXpress software through an assessment. CMFTS members can only opt-out of the group without penalty in alignment with the contract renewal. The Fund, as a member, is subject to an assessment. CMFTS expenses are assessed based on a formula that allocates certain expenses equally among the 11 member associations and other expenses proportionally based on a rolling 3-year average of assessable premium. The current Insurity contract extension for hosting and support of ClaimsXpress runs through April 30, 2025, with an additional 5-year extension option. CMFTS has not exercised this option. The CMFTS expense allocations are dependent on the size of the total group budget, relative assessable premium among members, and overall membership size. The current projection for the Fund's share of the CMFTS activities, including ClaimsXpress hosting and support, are the following:

<u>Years Ending December 31,</u>	
2024	\$ 88,939
2025	<u>53,014</u>
	<u>\$ 141,953</u>



INDEPENDENT AUDITOR'S REPORT ON THE
SUPPLEMENTARY INFORMATION

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

Our audit was conducted 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. The supplementary information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Strohm Ballweg, LLP

Madison, Wisconsin
March 7, 2024

WISCONSIN INSURANCE SECURITY FUND

REVENUE AND EXPENSES BY LIQUIDATION – PROPERTY AND CASUALTY LIQUIDATIONS/REHABILITATIONS – MODIFIED CASH BASIS

For the Year Ended December 31, 2023

Company (State-Year of Liquidation)	Assessments Received	Liquidation Distributions	Interest Income and Net Realized Gain (Loss)	Claims	Claim Adjustment Expenses	Other Expenses	Allocated Admin Expenses	Assessment Refunds	Transfers	Change in Fund Balance
Affirmative Ins Co (IL-2016)	\$ -	\$ -	\$ (2,836)	\$ (24,987)	\$ (121)	\$ -	\$ (7,116)	\$ -	\$ -	\$ (35,060)
American Country (IL-2020)	-	-	(8,519)	-	-	-	(7,843)	-	851,134	834,772
American Mutual (MA-1989)	-	-	73,349	(113,318)	(26,251)	-	(44,284)	-	-	(110,504)
Atlantic Mutual (NY-2011)	-	-	(147)	-	-	-	(9,127)	-	-	(9,274)
Bedivere Ins Co (PA-2021)	-	-	(4,569)	(23,757)	(4,775)	(1,861)	(47,534)	-	-	(82,496)
CastlePoint National (CA-2017)	-	137,152	(13,060)	-	-	-	(3,128)	-	1,347,413	1,468,377
Casualty Reciprocal (MO-2004)	-	-	(372)	-	(58,346)	-	(8,872)	-	50,032	(17,558)
Centennial Ins (NY-2011)	-	-	(97)	-	-	-	(2,941)	-	-	(3,038)
Freestone (DE-2014)	-	-	(12,958)	-	-	(202)	(8,876)	-	1,398,386	1,376,350
Fremont Indemnity (CA-2003)	-	-	81,749	(209,065)	(25,208)	-	(29,377)	-	-	(181,901)
Gateway (IL-2020)	-	-	(8,519)	(350,000)	(2,898)	(240)	(29,756)	-	1,748,386	1,356,973
Highlands (TX-2021)	-	116,732	349	-	-	(2,193)	(67,009)	-	-	47,879
Home (NH-2003)	-	213,561	16,443	(88,785)	(1,978)	150	(26,908)	-	-	112,483
Ideal Mutual (NY-1985)	-	-	-	-	-	-	(1,260)	-	-	(1,260)
Imperial Casualty (OK-2010)	-	-	(970)	-	(2,357)	(337)	(11,851)	-	-	(15,515)
Insurance Corp (NY-2010)	-	307,598	3,807	(5,086)	(188)	-	(8,662)	-	-	297,469
Iowa National (IA-1985)	-	-	15,563	(34,788)	(900)	-	(6,350)	-	-	(26,475)
Lumbermans Underwriting Alliance (LUA) (MO-2016)	-	-	(10,869)	(138,083)	(1,827)	-	(11,760)	-	1,095,850	933,311
Lumbermans (IL-2013)	-	34,093	(597)	(76,143)	1,656	265	(32,344)	-	103,181	30,111
Millers First Ins Co (IL-2017)	-	25,133	(3,424)	(26,412)	(49)	-	(5,915)	-	-	(10,667)
Northwestern National Ins Co (WI-2019)	-	69,052	(2,336)	(21,425)	(450)	-	(17,363)	-	-	27,478
Reliance (PA-2001)	-	-	137,616	-	-	-	(12,621)	-	-	124,995
Ullico Casualty (DE-2013)	-	-	(385)	(2,822)	(55)	(202)	(7,164)	-	-	(10,628)
WRC (WI-2024)	-	-	-	-	-	(41,611)	(20,473)	-	-	(62,084)
1 st Auto (WI-2024)	-	-	-	-	-	-	(6,509)	-	-	(6,509)
Composite	-	11,900	62,810	(33,780)	(136)	(195)	(5,654)	-	(6,594,382)	(6,559,437)
Totals	\$ -	\$ 915,221	\$ 322,028	\$ (1,148,451)	\$ (123,883)	\$ (46,426)	\$ (440,697)	\$ -	\$ -	\$ (522,208)

WISCONSIN INSURANCE SECURITY FUND
REVENUE AND EXPENSES BY LIQUIDATION – LIFE AND ANNUITY LIQUIDATIONS/REHABILITATIONS – MODIFIED CASH BASIS
For the Year Ended December 31, 2023

Company (State-Year of Liquidation)	Assessments Received	Liquidation Distributions	Interest Income and Net Realized Gain (Loss)	Premium Income	Claims	Claim Adjustment Expenses	Other Expenses	Allocated Admin Expenses	Assessment Refunds	Transfers	Change in Fund Balance
Executive Life (CA-1991)	\$ -	\$ -	\$ 27,517	\$ -	\$ (6,396)	\$ -	\$ (859)	\$ (5,210)	\$ -	\$ -	\$ 15,052
Lincoln Memorial Life (TX-2008)	-	-	(11,936)	-	(9,030)	-	(176)	(5,321)	-	-	(26,463)
London Pacific Life (NC-2004)	-	-	69,544	-	-	-	-	-	-	-	69,544
National States	-	-	-	-	-	-	-	(5,354)	-	-	(5,354)
Time Insurance Company (WI-2022)	-	-	-	300	-	-	(13,035)	(27,773)	-	-	(40,508)
Composite	-	-	-	-	-	-	(10,735)	(46,510)	-	-	(57,245)
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,125</u>	<u>\$ 300</u>	<u>\$ (15,426)</u>	<u>\$ -</u>	<u>\$ (24,805)</u>	<u>\$ (90,168)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (44,974)</u>

WISCONSIN INSURANCE SECURITY FUND
REVENUE AND EXPENSES BY LIQUIDATION – DISABILITY LIQUIDATIONS/REHABILITATIONS – MODIFIED CASH BASIS
For the Year Ended December 31, 2023

Company (State-Year of Liquidation)	Assessments Received	Liquidation Distributions	Interest Income and Net Realized Gain (Loss)	Premium Income	Claims	Claim Adjustment Expenses	Other Expenses	Allocated Admin Expenses	Assessment Refunds	Transfers	Change in Fund Balance
National States (MO-2010)	\$ -	\$ -	\$ 37,883	\$ (21,105)	\$ (85,075)	\$ -	\$ -	\$ (29,548)	\$ -	\$ -	\$ (97,845)
Penn Treaty (PA-2017)	-	154,575	195,216	424,602	(1,516,714)	-	(4,246)	(182,602)	-	-	(929,169)
Time Insurance Company (WI-2022)	-	-	-	60	(300)	-	(28,456)	(29,437)	-	-	(58,133)
Composite	-	-	-	-	-	-	(5,955)	(17,963)	-	-	(23,918)
Totals	<u>\$ -</u>	<u>\$ 154,575</u>	<u>\$ 233,099</u>	<u>\$ 403,557</u>	<u>\$ (1,602,089)</u>	<u>\$ -</u>	<u>\$ (38,657)</u>	<u>\$ (259,550)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,109,065)</u>



Wisconsin Insurance Security Fund

**Inception-to-Date Financials
by Security Fund Account**

Prepared by Security Fund Staff

12/31/2023

Wisconsin Insurance Security Fund
Statement of Revenue, Expenses, and Fund Balances
Inception to Date as of Dec 31, 2023

	<u>Property & Casualty</u>	<u>Life & Annuity</u>	<u>Disability</u>	<u>Insolvency Total</u>	<u>Administration Account</u>	<u>Fund Total</u>	<u>Percentage Of Class</u>
Revenue Collected							
Assessments Received	49,388,809	80,089,670	22,935,057	152,413,537	6,548,250	158,961,787	38.5%
Liquidation Distributions	104,909,927	15,766,763	74,832,990	195,509,680	43,819	195,553,499	47.4%
Interest Income	19,970,850	13,640,446	4,102,261	37,713,557	448,378	38,161,935	9.2%
Premium Income	(31,097)	801,866	5,071,678	5,842,446		11,684,893	2.8%
Other Income					14,319,152	14,319,152	3.5%
Total Revenue Collected	174,238,489	110,298,744	106,941,986	391,479,220	21,359,598	412,838,819	
Expenses Paid							
Assessment Refund Paid							
Claims	115,724,048	99,260,752	80,057,215	295,042,015		295,042,015	78.2%
Claim Adjustment Expenses	23,548,402	307,457	5,870,623	29,726,482		29,726,482	7.9%
Other Expenses	15,609,906	6,341,429	9,034,131	30,985,467	5,809	30,991,276	8.2%
Administrative Expense					21,296,124	21,296,124	5.6%
Total Expenses Paid	154,882,356	105,909,639	94,961,969	355,753,964	21,301,933	377,055,897	
Excess (deficit) of revenue collected over expenses paid	19,356,134	4,389,106	11,980,017	35,725,256	57,665	35,782,922	
Fund Balance Beginning of Year							
Transfer between account							
Current Fund Balance	19,356,134	4,389,106	11,980,017	35,725,256	57,665	35,782,922	

Wisconsin Insurance Security Fund
Statement of Revenue Collected and Expenses Paid
Inception to Date as of Dec 31, 2023

Property Casualty Liquidations

	<u>Assessments</u> <u>Received/Paid</u>	<u>Liquidation</u> <u>Distributions</u>	<u>Interest</u> <u>Income</u>	<u>Premium &</u> <u>Other</u>	<u>Claims</u> <u>Paid</u>	<u>Expenses</u> <u>Paid</u>	<u>Transfers</u>	<u>Change in</u> <u>Fund</u>	<u>Current</u> <u>Fund Balance</u>
Affirmative Ins Co		80,231	(10,152)		(169,152)	(72,451)		(171,524)	(171,524)
American Country			(18,032)		(738,036)	(99,597)	851,134	(4,531)	(4,531)
American Mutual	10,992,823	8,363,671	2,045,644		(13,543,831)	(3,868,428)		3,989,879	3,989,879
Atlantic Mutual		55,316	(50,648)		(84,166)	(256,008)		(335,506)	(12,259)
Bedivere Ins Co (PA)			(6,335)		(74,897)	(197,438)		(278,671)	(278,671)
Castlepoint National		296,356	(109,790)		(829,562)	(570,281)	1,347,413	134,136	134,136
Casualty Reciprocal		2,466,448	(496,342)		(1,916,640)	(750,147)	50,032	(646,649)	(15,925)
Centennial Ins (NY)		11,416	(78,752)		(423,228)	(479,304)		(969,868)	(6,822)
Freestone (DE)		120,156	(140,120)		(882,141)	(730,981)	1,398,386	(234,700)	52,254
Fremont Indemnity		8,234,687	(313,730)		(11,719,948)	(3,365,827)		(7,164,818)	4,418,744
Gateway			(21,168)		(1,405,115)	(329,072)	1,748,386	(6,969)	(6,969)
Guarantee Ins Co			(170)			(7,059)		(7,229)	(7,229)
Home (NH)		3,034,216	(74,378)		(3,971,088)	(1,245,782)		(2,257,033)	1,042,632
Highlands		116,732	349			(156,936)		(39,855)	(39,855)
Imperial Casualty		443,134	(80,280)		(436,683)	(241,217)		(315,045)	(59,024)
Insurance Corp		1,354,627	(107,016)		(1,375,370)	(145,578)		(273,337)	303,306
Iowa National (IA)	2,000,301	11,421,237	1,896,210		(14,531,529)	(2,426,941)		(1,640,721)	842,711
LUA (MO)		796,973	(95,469)		(1,508,021)	(346,073)	1,095,850	(56,740)	(56,740)
Lumbermens (IL)		1,164,192	(176,361)		(1,590,934)	(1,080,993)	103,181	(1,580,915)	(6,076)
Millers First Ins Co		73,984	(10,849)		(179,408)	(72,794)		(189,066)	(189,066)
Northwestern		69,052	(7,516)		9,332	(160,120)		(89,253)	(89,253)
Reliance (PA)	5,955,794	13,811,118	1,614,679	(31,097)	(9,521,907)	(4,211,359)		7,617,229	7,617,229
Ullico Casualty (DE)		342,088	(93,551)		(683,066)	(390,145)		(824,675)	(26,402)
WRC						(62,085)		(62,085)	(62,085)
1st Auto						(6,509)		(6,509)	(6,509)
Composite	30,439,891	52,654,295	16,304,624		(50,148,659)	(17,884,987)	(6,594,382)	24,770,782	1,994,376
Total Property	49,388,809	104,909,927	19,970,850	(31,097)	(115,724,048)	(39,158,113)		19,356,329	19,356,329

Wisconsin Insurance Security Fund
Statement of Revenue Collected and Expenses Paid
Inception to date as of Dec 31, 2023

Life Annuity Liquidations/Rehabilitations

	<u>Assessment Received/Pai</u>	<u>Liquidation Distribution</u>	<u>Interest Income</u>	<u>Premium & Other</u>	<u>Claims Paid</u>	<u>Expenses Paid</u>	<u>Change in Fund</u>	<u>Current Fund</u>
Executive Life (CA)	56,016,957	3,828,594	11,292,087	125,790	(67,383,361)	(2,362,293)	1,517,774	1,517,774
Lincoln Memorial Life (TX)		473,614	(108,997)	4,213	(492,869)	(542,369)	(666,409)	(666,409)
London Pacific Life (NC)	5,999,210	4,639,050	377,351		(8,888,847)	(403,598)	1,723,167	3,851,733
Time				575	(10,000)	(143,260)	(152,685)	(152,685)
Composite	18,073,503	6,825,505	2,080,004	671,288	(22,485,675)	(3,197,188)	1,967,437	(161,130)
Total Life Annuity	80,089,670	15,766,763	13,640,446	801,866	(99,260,752)	(6,648,707)	4,389,285	4,389,285

Wisconsin Insurance Security Fund
Statement of Revenue Collected and Expenses Paid
Inception to date as of Dec 31, 2023

Disability Liquidation/Rehabilitation

	<u>Assessment Received/Pai</u>	<u>Liquidation Distributions</u>	<u>Interest Income</u>	<u>Premium & Other</u>	<u>Claims Paid</u>	<u>Expenses Paid</u>	<u>Change in Fund</u>	<u>Current Fund</u>
National	2,477,852	254,166	(20,593)	818,735	(2,941,226)	(961,065)	(372,131)	2,030,907
Penn Treaty	16,378,002	2,180,677	552,648	4,214,909	(11,052,686)	(2,021,926)	10,251,625	10,251,625
SHIP						(189,223)	(189,223)	(189,223)
Time				341	(300)	(334,550)	(334,509)	(334,509)
Composite	4,079,203	72,398,147	3,570,206	37,693	(66,063,003)	(11,397,990)	2,624,255	221,217
<hr/>								
Total	22,935,057	74,832,990	4,102,261	5,071,678	(80,057,215)	(14,904,754)	11,980,017	11,980,017