

WISCONSIN INSURANCE SECURITY FUND

FINANCIAL STATEMENTS

December 31, 2015 and 2014



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WISCONSIN INSURANCE SECURITY FUND

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December 31, 2015 and 2014

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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 financial statements, which are comprised of the statements of assets and fund balances arising from cash transactions of Wisconsin Insurance Security Fund (the Fund) as of December 31, 2015 and 2014, and the related statements of revenue collected and expenses paid and changes in fund balances for the years then ended.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion, except for the items marked “unaudited” for which we express no opinion.

Opinion

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, 2015 and 2014, and its revenue collected, expenses paid, and changes in fund balances for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Strohm Ballweg, LLP

Madison, Wisconsin
January 29, 2016

WISCONSIN INSURANCE SECURITY FUND
STATEMENTS OF ASSETS AND FUND BALANCES ARISING FROM CASH TRANSACTIONS
December 31, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 1,775,133	\$ 1,748,351
Certificates of deposit	13,197,845	8,900,833
Bonds	12,464,798	15,386,004
Other assets	40,249	14,050
Total assets	27,478,025	26,049,238
Commitments and contingencies (see Notes 10 through 16)	-	-
FUND BALANCES ARISING FROM CASH TRANSACTIONS	\$ 27,478,025	\$ 26,049,238

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, 2015 and 2014

	Liquidations/Rehabilitations											
	Property and Casualty		Life/Annuity				Disability		Administration Account		Fund Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014		
REVENUE COLLECTED												
Assessments received	\$ -	\$ -	\$ -	\$ -	\$ 1,981,473	\$ -	\$ 462,350	\$ -	\$ 2,443,823	\$ -		
Liquidation distributions	2,399,842	1,805,105	77,415	1,939	16,064	62,234	-	-	2,493,321	1,869,278		
Interest and other income	217,937	234,073	55,881	56,505	18,759	2,525	6,265	9,862	298,842	302,965		
Premium income	-	-	526	443	68,197	84,437	-	-	68,723	84,880		
Total revenue collected	2,617,779	2,039,178	133,822	58,887	2,084,493	149,196	468,615	9,862	5,304,709	2,257,123		
EXPENSES PAID												
Claims	1,716,908	2,979,513	46,019	20,682	311,257	245,350	-	-	2,074,184	3,245,545		
Claim adjustment expenses	463,358	278,095	-	-	4,620	4,445	-	-	467,978	282,540		
Other expenses	75,722	41,751	13,518	14,770	48,196	53,659	5,809	-	143,245	110,180		
Allocated expenses	582,309	542,927	49,369	67,552	118,941	81,155	439,896	280,519	1,190,515	972,153		
Assessment refund	-	-	-	-	-	-	-	-	-	-		
Total expenses paid	2,838,297	3,842,286	108,906	103,004	483,014	384,609	445,705	280,519	3,875,922	4,610,418		
Excess (deficit) of revenue collected over expenses paid	(220,518)	(1,803,108)	24,916	(44,117)	1,601,479	(235,413)	22,910	(270,657)	1,428,787	(2,353,295)		
Fund balance, beginning of year	21,343,518	23,146,626	4,158,283	4,202,400	173,475	408,888	373,962	644,619	26,049,238	28,402,533		
Fund balance, end of year	<u>\$ 21,123,000</u>	<u>\$ 21,343,518</u>	<u>\$ 4,183,199</u>	<u>\$ 4,158,283</u>	<u>\$ 1,774,954</u>	<u>\$ 173,475</u>	<u>\$ 396,872</u>	<u>\$ 373,962</u>	<u>\$ 27,478,025</u>	<u>\$ 26,049,238</u>		

See 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 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 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 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.

The investments of the Fund are managed at the direction of the Board 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.

The Fund is authorized to levy two different types of assessments. Administrative assessments are authorized by the Board on a prorated or nonprorated 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.

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 expenditures are recognized when paid rather than when incurred except for certain expenditures for capital items. Consequently, items such as assessments receivable from insurers; amounts due from large net worth insureds; amounts payable on life/annuity liquidation agreements, unpaid claims, and 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. As of December 31, 2015, the Fund has a line of credit for \$25 million with Johnson Bank. Investments consist solely of certificates of deposit, U.S. government agency notes, and municipal bonds that are carried at cost.

The cost and fair value of bonds at December 31, 2015 and 2014, are as follows:

	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
2015				
Municipal	\$ 377,026	\$ 74	\$ 9,383	\$ 367,717
U.S. Government Agency	<u>12,087,772</u>	<u>-</u>	<u>482,344</u>	<u>11,605,428</u>
	<u>\$ 12,464,798</u>	<u>\$ 74</u>	<u>\$ 491,727</u>	<u>\$ 11,973,145</u>
2014				
U.S. Government Agency	<u>\$ 15,386,004</u>	<u>\$ -</u>	<u>\$ 845,242</u>	<u>\$ 14,540,762</u>
	<u>\$ 15,386,004</u>	<u>\$ -</u>	<u>\$ 845,242</u>	<u>\$ 14,540,762</u>

Note 2 ~ Summary of Significant Accounting Policies (Continued)

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, 2015, by contractual maturity, are presented in the following table:

	Cost	Fair Value
Due after one year through five years	\$ 1,310,479	\$ 1,296,363
Due after five years through ten years	3,614,358	3,489,978
Due after ten years	7,539,961	7,186,804
	\$ 12,464,798	\$ 11,973,145

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. One additional expense that will be allocated to each liquidation starting in 2016 is the cost of the CMFTS (claims) system. The remaining cost of the CMFTS system, approximately \$200,000, will be paid in 2016, and then the entire amount (approximately \$430,000) will be allocated and recouped over five 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.

Subsequent Events. Subsequent events were evaluated through January 29, 2016, 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 to collect assessments of approximately \$161,000,000 per the latest available data (2014).

In September 2015, the Board rescinded the \$4,000,000 remaining uncalled portion of the \$10,000,000 2002 Reliance insolvency assessment authorization.

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 to collect assessments of approximately \$46,000,000 (life) and \$57,000,000 (allocated annuity) per the latest available data (2014).

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. Including the last called portion of the authorized assessment in 2012, the Board has authorized collection of \$13,800,000 on the life account and \$42,950,000 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 an assessment is authorized. The original premium data is obtained from a data survey prepared by the National Organization of Life and Health Guaranty Associations. The Fund has an annual capacity to collect assessments of approximately \$85,000,000 per the latest available data (2014). In 2014, the Board authorized a \$3,000,000 assessment on the National States insolvency and the collection of \$2,000,000. This assessment is grandfathered under an assessment calculated based on the average premium for the three years preceding the liquidation. The remaining \$1,000,000 will be collected based on the development of the National States estate.

The Fund collected a \$350 per member administrative assessment in 2015, which totaled \$462,350.

The Fund has an annual capacity to collect assessments of approximately \$89,000,000 in the HMO account per the latest available data (2014). HMOs are required to prepay one percent of this assessment capacity and the Office of the Commissioner of Insurance 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 6 ~ Liquidation Distributions – Property and Casualty

During 2015 and 2014, the Fund received distributions or early access payments of \$2,399,842 and \$1,805,105, respectively, from Property and Casualty liquidations. The following is a breakdown of the amounts received in 2015:

Liquidation (State)	Amount	Description
Atlantic Mutual (NY)	\$ 38,163	Early access distribution
ICM (NY)	211,375	Early access distribution
HHH America (CA)	(558,027)	Clawback
Fremont (CA)	427,172	Early access distribution
American Mutual (MA)	168,706	Early access distribution
Lumbermans (IL)	69,217	Administrative expenses
Home (NH)	335,251	Early access distribution, administrative expenses, defense expenses
Integrity (NJ)	170,157	Final distribution
Reliance (PA)	1,328,856	Administrative expense, early access distribution
Ins. Corp of NY (NY)	89,275	2 nd dividend distribution
Imperial Casualty (OK)	62,117	Early access distribution
Others	57,580	
Total	<u>\$ 2,399,842</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 7 ~ Liquidation Distributions – Life/Annuity

During 2015 and 2014, the Fund received distributions of assets of \$77,415 and \$1,939, respectively, from Life/Annuity estates. The following is a breakdown of the amounts received in 2015:

Liquidation (State)	Amount	Description
Lincoln Memorial (TX)	<u>\$ 77,415</u>	Litigation recovery distribution
Total	<u>\$ 77,415</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 8 ~ Liquidation Distributions – Disability

During 2015 and 2014, the Fund received distributions of assets of \$16,064 and \$62,234, respectively, from Disability estates.

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 ~ 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 \$25,000,000, 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, 2015 and 2014, the Fund has received reimbursement from net worth insureds totaling \$426,203 and \$708,886, 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, 2015 and 2014, the Fund estimated the unpaid claims and claim adjustment expenses to be approximately \$27,500,000 (unaudited) and \$33,000,000 (unaudited), respectively. These amounts are estimates and the ultimate settlements may vary from the amounts indicated. These amounts will be offset by future liquidation distributions received from receivers and assessments received from insurers.

Liquidations with amounts included in this liability are American Mutual, Atlantic Mutual, Carriers, Casualty Reciprocal, Centennial, Fremont Indemnity, Home, Ideal Mutual, Imperial Casualty, Insurance Corp of NY, Integrity, Intercontinental, Iowa National, Legion, Midland, Reliance, Shelby, Lumbermans Mutual, ICM, Reinsurance Company of America, Ullico Casualty, and Freestone.

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 valuations, experience of assumed blocks of business, and other variables.

Insolvencies with liabilities include only Executive Life and Lincoln Memorial Life. As of December 31, 2015 and 2014, estimates of the liability to the Fund are approximately \$450,000 (unaudited) and \$600,000 (unaudited), respectively. These amounts will be offset by future distributions received from receivers and assessments received from insurers.

Note 12 ~ Net Ultimate Liabilities – Disability

Insolvencies with liabilities include only National States and SeeChange. The estimated liability for the disability insolvency account is less than \$1,500,000 (unaudited) and \$1,800,000 (unaudited) as of December 31, 2015 and 2014, respectively. These amounts will be offset by future distributions received from receivers and assessments received from insurers.

Note 13 ~ Estate Closings

Numerous estates, including American Mutual, ICM, Ideal Mutual, and Mission are in the process of being closed. The HIH and Integrity estates closed in 2015. After these closings, the estates will make no future distributions, and the Fund will be liable for all remaining claim payments. Carriers, Iowa National, and Transit Casualty, 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 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 plan is currently funded at a level that approximates the estimated benefits. The expenses related to this plan were \$43,248 and \$39,936 for the years ended December 31, 2015 and 2014, respectively.

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 12-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 expenses related to this plan were \$18,798 and \$11,687 for the years ended December 31, 2015 and 2014, respectively.

Note 15 ~ 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 from the insurers for the respective liquidations.

Note 16 ~ Lease Commitment

The Fund leases office space under a rental agreement, which expires May 31, 2019. Future minimum payments on the noncancelable lease as of December 31, 2015, are as follows:

<u>Years Ending December 31,</u>	
2016	\$ 42,328
2017	42,328
2018	42,328
2019	<u>17,637</u>
	<u>\$ 144,621</u>



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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
January 29, 2016

WISCONSIN INSURANCE SECURITY FUND

REVENUE COLLECTED AND EXPENSES PAID

For the Year Ended December 31, 2015

WISCONSIN INSURANCE SECURITY FUND
REVENUE COLLECTED AND EXPENSES PAID BY LIQUIDATION – PROPERTY AND CASUALTY LIQUIDATIONS/REHABILITATIONS
For the Year Ended December 31, 2015

Company (State-Year of Liquidation)	Assessments Received	Liquidation Distributions	Interest & Other Income	Claims	Claim Adjustment Expenses	Other Expenses	Allocated Expenses	Assessment Refunds	Transfers	Change in Fund Balance
American Mutual (MA-1989)	\$ -	\$ 168,706	\$ 65,236	\$ (208,717)	\$ (117,993)	\$ -	\$ (45,078)	\$ -	\$ -	\$ (137,846)
Atlantic Mutual (NY-2011)	-	38,164	(4,990)	(859)	(77)	(1,400)	(8,099)	-	-	22,739
Carriers (IA-1986)	-	-	25,756	(30,264)	-	-	(4,710)	-	-	(9,218)
Casualty Reciprocal (MO-2004)	-	-	(22,433)	(157,198)	(5,079)	(2,300)	(14,964)	-	-	(201,974)
Centennial (NY-2011)	-	11,416	(3,481)	(29,195)	(15,689)	-	(7,622)	-	-	(44,571)
Freestone (DE-2014)	-	-	(5,279)	(187,407)	(190,515)	(18,893)	(97,324)	-	-	(499,418)
Fremont Indemnity (CA-2003)	-	427,172	48,387	(346,410)	(20,628)	(18,500)	(53,926)	-	11,583,562	11,619,657
HIH America (CA-2001)	-	(558,027)	15,525	-	-	-	(6,467)	-	-	(548,969)
Home (NH-2003)	-	335,251	15,317	(73,748)	(51,268)	(7,200)	(33,018)	-	3,299,665	3,484,999
ICM (NY-2013)	-	211,376	(1,411)	-	(5,502)	-	(10,864)	-	-	193,599
Ideal Mutual (NY-1985)	-	-	60,960	(30,264)	(1,147)	-	(6,223)	-	-	23,326
Imperial Casualty (OK-2010)	-	62,117	(3,276)	(34,010)	(376)	-	(10,986)	-	-	13,469
Insurance Corp (NY-2010)	-	89,275	(14,658)	(21,127)	(2,162)	-	(10,317)	-	-	41,011
Intercontinental (IL-1990)	-	-	(3,512)	(33,587)	(707)	-	(5,946)	-	-	(43,752)
Iowa National (IA-1985)	-	-	9,084	(177,685)	(12,563)	-	(27,296)	-	2,483,432	2,274,972
Legion (PA-2003)	-	-	(29,357)	(12,276)	(2,325)	(1,329)	(10,027)	-	-	(55,314)
Lumbermans (IL-2013)	-	69,217	(14,124)	(269,601)	(7,721)	(19,600)	(117,055)	-	-	(358,884)
Midland (NY-1986)	-	-	11,242	-	-	-	(4,019)	-	-	7,223
Red Rock (OK-2014)	-	-	(680)	-	-	-	(6,841)	-	-	(7,521)
Reliance (PA-2001)	-	1,328,856	38,663	(16,662)	(410)	(900)	(32,128)	-	-	1,317,419
Reinsurance Corp (IL-2011)	-	-	(737)	-	-	-	(4,914)	-	-	(5,651)
Shelby (TX-2006)	-	-	7,002	(45,889)	(2,155)	-	(14,054)	-	-	(55,096)
Statewide (IL-2004)	-	-	(219)	-	-	-	(1,140)	-	-	(1,359)
Transit Casualty (MO-1985)	-	-	34,652	-	-	-	(364)	-	-	34,288
Ullico (DE-2013)	-	-	(6,055)	(26,225)	(24,150)	(5,600)	(38,536)	-	-	(100,566)
Villanova (PA-2003)	-	-	(3,675)	-	-	-	(993)	-	-	(4,668)
Other liquidations	-	216,319	-	(15,784)	(2,891)	-	(9,398)	-	(17,366,659)	(17,178,413)
Totals	\$ -	\$ 2,399,842	\$ 217,937	\$ (1,716,908)	\$ (463,358)	\$ (75,722)	\$ (582,309)	\$ -	\$ -	\$ (220,518)

WISCONSIN INSURANCE SECURITY FUND
REVENUE COLLECTED AND EXPENSES PAID BY LIQUIDATION – LIFE/ANNUITY LIQUIDATIONS/REHABILITATIONS
For the Year Ended December 31, 2015

Company (State-Year of Liquidation)	Assessments Received	Liquidation Distributions	Interest & Other Income	Premium Income	Claims	Claim Adjustment Expenses	Other Expenses	Allocated Expenses	Assessment Refunds	Transfers	Change in Fund Balance
Executive Life (CA-1991)	\$ -	\$ -	\$ 13,108	\$ -	\$ (10,499)	\$ -	\$ (985)	\$ -	\$ -	\$ -	\$ 1,624
Guaranty Security Life (FL-1992)	-	-	16,551	-	-	-	-	-	-	-	16,551
Lincoln Memorial Life (TX-2008)	-	77,415	(4,135)	526	(35,520)	-	(12,087)	(46,757)	-	-	(20,558)
London Pacific Life (NC-2004)	-	-	24,572	-	-	-	(26)	-	-	-	24,546
National States (MO-2010)	-	-	(3,890)	-	-	-	-	(2,612)	-	-	(6,502)
Summit National Life (PA-1994)	-	-	9,675	-	-	-	-	-	-	-	9,675
Other liquidations	-	-	-	-	-	-	(420)	-	-	-	(420)
Totals	\$ -	\$ 77,415	\$ 55,881	\$ 526	\$ (46,019)	\$ -	\$ (13,518)	\$ (49,369)	\$ -	\$ -	\$ 24,916

WISCONSIN INSURANCE SECURITY FUND
REVENUE COLLECTED AND EXPENSES PAID BY LIQUIDATION – DISABILITY LIQUIDATIONS/REHABILITATIONS
For the Year Ended December 31, 2015

Company (State-Year of Liquidation)	Assessments Received	Liquidation Distributions	Interest & Other Income	Premium Income	Claims	Claim Adjustment Expenses	Other Expenses	Allocated Expenses	Assessment Refunds	Transfers	Change in Fund Balance
Legion (PA-2003)	\$ -	\$ -	\$ 21,478	\$ -	\$ -	\$ -	\$ (31)	\$ -	\$ -	\$ -	\$ 21,447
National States (MO-2010)	1,981,473	-	(1,218)	68,197	(218,978)	-	(20,328)	(65,874)	-	215,803	1,959,075
SeeChange Health (CA)	-	-	-	-	(92,279)	-	(536)	(11,663)	-	-	(104,478)
Reliance (PA-2001)	-	16,064	(1,382)	-	-	-	(4)	(270)	-	-	14,408
Villanova (PA-2003)	-	-	(119)	-	-	-	-	-	-	-	(119)
Other liquidations	-	-	-	-	-	(4,620)	(27,297)	(41,134)	-	(215,803)	(288,854)
Totals	\$ 1,981,473	\$ 16,064	\$ 18,759	\$ 68,197	\$ (311,257)	\$ (4,620)	\$ (48,196)	\$ (118,941)	\$ -	\$ -	\$ 1,601,479

WISCONSIN INSURANCE SECURITY FUND

REVENUE COLLECTED AND EXPENSES PAID

Inception to December 31, 2015
(Unaudited)

WISCONSIN INSURANCE SECURITY FUND
REVENUE COLLECTED AND EXPENSES PAID
Inception to December 31, 2015 (Unaudited)

	Liquidations/Rehabilitations			Administration Account	Fund Total	
	Property and Casualty	Life/ Annuity	Disability			Total
REVENUE COLLECTED						
Assessments received	\$ 71,620,777	\$ 84,168,928	\$ 19,113,513	\$ 174,903,218	\$ 4,725,934	\$ 179,629,152
Liquidation distributions	91,973,520	15,285,429	71,881,440	179,140,389	43,819	179,184,208
Interest & other income	17,616,928	13,083,720	3,311,458	34,012,106	505,040	34,517,146
Premium income	-	800,907	635,716	1,436,623	-	1,436,623
	<u>181,211,225</u>	<u>113,338,984</u>	<u>94,942,127</u>	<u>389,492,336</u>	<u>5,274,793</u>	<u>394,767,129</u>
EXPENSES PAID						
Claims	104,659,821	99,032,035	67,948,937	271,640,793	-	271,640,793
Claim adjustment expenses	21,799,882	307,458	5,870,052	27,977,392	-	27,977,392
Other expenses	1,919,457	3,604,494	4,802,316	10,326,267	5,809	10,332,076
Allocated expenses	9,477,097	2,132,540	1,493,032	13,102,669	4,666,296	17,768,965
Assessment refunds	22,231,968	4,079,258	13,052,836	39,364,062	-	39,364,062
Furniture and equipment	-	-	-	-	205,816	205,816
	<u>160,088,225</u>	<u>109,155,785</u>	<u>93,167,173</u>	<u>362,411,183</u>	<u>4,877,921</u>	<u>367,289,104</u>
Excess of revenue collected over expenses paid	21,123,000	4,183,199	1,774,954	27,081,153	396,872	27,478,025
Temporary transfers (to) from other funds	-	-	-	-	-	-
Fund balance, December 31, 2015	<u>\$ 21,123,000</u>	<u>\$ 4,183,199</u>	<u>\$ 1,774,954</u>	<u>\$ 27,081,153</u>	<u>\$ 396,872</u>	<u>\$ 27,478,025</u>

WISCONSIN INSURANCE SECURITY FUND

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

Inception to December 31, 2015 (Unaudited)

Company (State)	Assessments Received	Liquidation Distributions	Interest & Other Income	Claims	Claim Adjustment Expenses	Other Expenses	Allocated Expenses	Assessment Refunds	Transfers	Fund Balance
American Mutual (MA)	\$ 10,992,823	\$ 8,194,965	\$ 1,507,225	\$ (12,134,375)	\$ (2,620,720)	\$ (17,350)	\$ (642,272)	\$ -	\$ -	\$ 5,280,296
Atlantic Mutual (NY)	-	38,164	(20,967)	(128,596)	(161,803)	(10,658)	(98,289)	-	-	(382,149)
Carriers (IA)	2,977,600	3,318,148	1,678,549	(3,619,203)	(456,786)	(1,759)	(218,182)	(1,470,783)	(112,936)	2,094,648
Casualty Reciprocal (MO)	-	1,059,829	(419,879)	(1,983,137)	(274,371)	(79,311)	(232,615)	-	-	(1,929,484)
Centennial (NY)	-	11,416	(14,835)	(137,560)	(66,337)	(6,617)	(90,930)	-	-	(304,863)
Freestone (DE)	-	-	(5,493)	(292,810)	(205,636)	(19,471)	(115,430)	-	-	(638,840)
Fremont Indemnity (CA)	-	7,504,545	(903,019)	(9,898,026)	(1,194,050)	(509,136)	(1,185,243)	-	11,583,562	5,398,633
HIH America (CA)	1,489,072	945,419	356,807	(1,350,308)	(207,649)	(6,360)	(169,785)	-	-	1,057,196
Home (NH)	-	3,100,971	(215,398)	(3,465,301)	(307,373)	(197,948)	(498,464)	-	3,299,665	1,716,152
ICM (NY)	-	211,376	(1,766)	(108,000)	(7,288)	-	(41,365)	-	-	52,957
Ideal Mutual(NY)	11,881,371	5,378,022	2,560,882	(9,001,220)	(3,639,058)	(7,681)	(191,687)	(1,999,976)	-	4,980,653
Imperial Casualty (OK)	-	62,117	(31,291)	(310,379)	(30,164)	(4,753)	(63,236)	-	-	(377,706)
Insurance Corp (NY)	-	223,187	(43,653)	(1,290,937)	(29,655)	(5,287)	(35,437)	-	-	(1,181,782)
Intercontinental (IL)	2,002,428	1,029,452	168,751	(2,648,953)	(472,365)	(84)	(386,263)	-	-	(307,034)
Iowa National (IA)	3,467,452	11,421,237	1,789,833	(14,469,888)	(1,589,114)	(2,150)	(694,596)	(1,467,151)	2,483,432	939,055
Legion (PA)	-	4,247,596	(1,066,750)	(4,217,741)	(627,965)	(106,505)	(538,105)	-	-	(2,309,470)
Lumbermans (IL-2913)	-	232,981	(28,059)	(1,011,034)	(61,533)	(54,897)	(350,035)	-	-	(1,272,577)
Midland (NY)	3,469,977	973,579	788,867	(3,251,613)	(839,915)	(4,364)	(217,223)	-	-	919,308
Reinsurance Corp (IL)	-	16,108	(5,806)	(37,058)	(51,389)	(3,881)	(26,662)	-	-	(108,688)
Red Rock (OK)	-	-	(685)	-	(786)	(468)	(9,755)	-	-	(11,694)
Reliance (PA)	5,955,794	10,751,023	830,703	(9,258,491)	(2,020,879)	(671,438)	(1,342,192)	-	-	4,244,520
Shelby (TX)	-	1,512,853	16,333	(809,831)	(44,491)	(10,778)	(120,700)	-	-	543,386
Statewide (IL)	-	182,480	(13,798)	(108,546)	(34,602)	(10,245)	(33,413)	-	-	(18,124)
Transit Casualty (MO)	2,977,186	3,317,856	671,476	(3,632,004)	(408,089)	-	(84,885)	-	-	2,841,540
Ullica Casualty (DE)	-	-	(10,241)	(257,145)	(78,198)	(23,800)	(163,288)	-	-	(532,672)
Villanova (PA)	-	456,162	(108,418)	(55,000)	(324,295)	(31,484)	(238,485)	-	-	(301,520)
Other liquidations Closed	5,349,692	6,364,628	2,563,838	(4,812,308)	(2,569,443)	(16,588)	(523,232)	(2,315,906)	(3,314,512)	726,169
	<u>21,057,382</u>	<u>21,419,406</u>	<u>7,573,722</u>	<u>(16,370,357)</u>	<u>(3,475,928)</u>	<u>(116,444)</u>	<u>(1,165,328)</u>	<u>(14,978,152)</u>	<u>(13,939,211)</u>	<u>5,090</u>
Totals	\$ 71,620,777	\$ 91,973,520	\$ 17,616,928	\$ (104,659,821)	\$ (21,799,882)	\$ (1,919,457)	\$ (9,477,097)	\$ (22,231,968)	\$ -	\$ 21,123,000

WISCONSIN INSURANCE SECURITY FUND
REVENUE COLLECTED AND EXPENSES PAID BY LIQUIDATION – LIFE/ANNUITY LIQUIDATIONS/REHABILITATIONS
Inception to December 31, 2015 (Unaudited)

Company (State)	Assessments Received	Liquidation Distributions	Interest & Other Income	Premium Income	Claims	Claim Adjustment Expenses	Other Expenses	Allocated Expenses	Assessment Refunds	Transfers	Fund Balance
Executive Life (CA)	\$ 56,016,639	\$ 3,457,651	\$ 11,117,629	\$ 125,790	\$ (67,356,973)	\$ (270,454)	\$ (1,332,836)	\$ (688,959)	\$ 318	\$ -	\$ 1,068,805
Guaranty Security Life (FL)	1,790,522	628,314	633,459	-	(1,612,577)	(175)	(73,152)	(41,437)	-	32,163	1,357,117
Lincoln Memorial Life (TX)	-	363,223	(34,488)	3,829	(301,064)	(3,162)	(90,636)	(306,837)	-	-	(369,135)
London Pacific Life (NC)	5,999,210	4,639,050	(54,226)	-	(8,888,847)	(427)	(130,267)	(188,193)	-	638,418	2,014,718
National States (MO)	-	-	(28,681)	671,288	(703,227)	(213)	(71,104)	(189,460)	-	-	(321,397)
Summit National Life (PA)	449,819	512,247	277,613	-	(501,244)	(314)	(11,478)	(19,392)	-	86,113	793,364
Other liquidations Closed	-	-	(9,614)	-	-	(1,268)	(149,713)	(199,274)	-	-	(359,869)
	<u>19,912,738</u>	<u>5,684,944</u>	<u>1,182,028</u>	<u>-</u>	<u>(19,668,103)</u>	<u>(31,445)</u>	<u>(1,745,308)</u>	<u>(498,988)</u>	<u>(4,079,576)</u>	<u>(756,694)</u>	<u>(404)</u>
Totals	<u>\$ 84,168,928</u>	<u>\$ 15,285,429</u>	<u>\$ 13,083,720</u>	<u>\$ 800,907</u>	<u>\$ (99,032,035)</u>	<u>\$ (307,458)</u>	<u>\$ (3,604,494)</u>	<u>\$ (2,132,540)</u>	<u>\$ (4,079,258)</u>	<u>\$ -</u>	<u>\$ 4,183,199</u>

WISCONSIN INSURANCE SECURITY FUND
REVENUE COLLECTED AND EXPENSES PAID BY LIQUIDATION – DISABILITY LIQUIDATIONS/REHABILITATIONS
Inception to December 31, 2015 (Unaudited)

Company (State)	Assessments Received	Liquidation Distributions	Interest & Other Income	Premium Income	Claims	Claim Adjustment Expenses	Other Expenses	Allocated Expenses	Assessment Refunds	Transfers	Fund Balance
American Chambers (OH)	\$ 299,870	\$ 261,897	\$ (34,493)	\$ -	\$ (43,612)	\$ (4,035)	\$ (10,980)	\$ (228,403)	\$ -	\$ -	\$ 240,244
American Integrity (PA)	149,798	302,840	46,364	-	(316,398)	(20,147)	(30,360)	(56,565)	-	(75,803)	(271)
Centennial Life (KS)	-	516,197	(35,053)	-	(185,589)	(743)	(18,495)	(338,492)	-	-	(62,175)
Consumers United (DE)	149,798	41,529	18,961	37,693	(137,850)	(11,122)	(59,108)	(72,711)	-	139,358	106,548
Legion (PA)	2,149,115	1,383,679	169,373	-	(1,872,317)	-	(7,050)	(61,463)	-	-	1,761,337
National States (MO)	1,981,473	-	(93,275)	598,023	(1,886,029)	-	(148,967)	(341,281)	-	215,803	325,747
SeeChange Health Ins (CA)	-	-	-	-	(92,279)	-	(536)	(11,663)	-	-	(104,478)
Reliance (PA)	-	49,085	(22,814)	-	(73,339)	-	(8,695)	(41,601)	-	-	(97,364)
Villanova (PA)	-	-	(2,008)	-	-	-	(1,491)	(6,284)	-	-	(9,783)
Other liquidations Closed	-	19,706	(8,441)	-	(51,571)	(15,982)	(204,798)	(305,838)	-	182,266	(384,658)
	<u>14,383,459</u>	<u>69,306,507</u>	<u>3,272,844</u>	<u>-</u>	<u>(63,289,953)</u>	<u>(5,818,023)</u>	<u>(4,311,836)</u>	<u>(28,731)</u>	<u>(13,052,836)</u>	<u>(461,624)</u>	<u>(193)</u>
Totals	<u>\$ 19,113,513</u>	<u>\$ 71,881,440</u>	<u>\$ 3,311,458</u>	<u>\$ 635,716</u>	<u>\$ (67,948,937)</u>	<u>\$ (5,870,052)</u>	<u>\$ (4,802,316)</u>	<u>\$ (1,493,032)</u>	<u>\$ (13,052,836)</u>	<u>\$ -</u>	<u>\$ 1,774,954</u>