

WISCONSIN INSURANCE SECURITY FUND

FINANCIAL STATEMENTS

December 31, 2016 and 2015



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WISCONSIN INSURANCE SECURITY FUND

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December 31, 2016 and 2015

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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, 2016 and 2015, 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.



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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, 2016 and 2015, and its revenue collected, expenses paid, and changes in fund balances for the years then ended, in accordance with the cash basis of accounting as described in Note 2.

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
February 4, 2017

WISCONSIN INSURANCE SECURITY FUND
STATEMENTS OF ASSETS AND FUND BALANCES ARISING FROM CASH TRANSACTIONS
December 31, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 3,321,559	\$ 1,775,133
Certificates of deposit	11,816,572	13,197,845
Bonds	10,226,642	12,464,798
Other assets	13,901	40,249
	25,378,674	27,478,025
Total assets		
Commitments and contingencies (see Notes 10 through 16)	-	-
FUND BALANCES ARISING FROM CASH TRANSACTIONS	<u>\$ 25,378,674</u>	<u>\$ 27,478,025</u>

See Notes to Financial Statements.

WISCONSIN INSURANCE SECURITY FUND
STATEMENTS OF REVENUE COLLECTED AND EXPENSES PAID AND CHANGES IN FUND BALANCES
For the Years Ended December 31, 2016 and 2015

	Liquidations/Rehabilitations						Administration Account		Fund Total	
	Property and Casualty		Life/Annuity		Disability		2016	2015	2016	2015
	2016	2015	2016	2015	2016	2015				
REVENUE COLLECTED										
Assessments received	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,981,473	\$ -	\$ 462,350	\$ -	\$ 2,443,823
Liquidation distributions	1,489,268	2,399,842	357,903	77,415	-	16,064	-	-	1,847,170	2,493,321
Interest and other income	329,786	217,937	73,496	55,881	22,278	18,759	4,792	6,265	430,352	298,842
Premium income	-	-	382	526	66,792	68,197	-	-	67,174	68,723
Total revenue collected	1,819,054	2,617,779	431,781	133,822	89,070	2,084,493	4,792	468,615	2,344,696	5,304,709
EXPENSES PAID										
Claims	2,766,393	1,716,908	45,679	46,019	229,434	311,257	-	-	3,041,506	2,074,184
Claim adjustment expenses	246,701	463,358	-	-	-	4,620	-	-	246,700	467,978
Other expenses	10,208	75,722	6,439	13,518	84,962	48,196	5,809	5,809	107,418	143,245
Allocated expenses	619,282	582,309	62,051	49,369	97,755	118,941	277,156	439,896	1,056,244	1,190,515
Assessment refund	-	-	-	-	-	-	-	-	-	-
Total expenses paid	3,642,584	2,838,297	114,169	108,906	412,151	483,014	282,965	445,705	4,451,868	3,875,922
Excess (deficit) of revenue collected over expenses paid	(1,823,530)	(220,518)	317,612	24,916	(323,081)	1,601,479	(278,173)	22,910	(2,107,172)	1,428,787
Fund balance, beginning of year	21,123,000	21,343,518	4,183,199	4,158,283	1,774,954	173,475	396,872	373,962	27,478,025	26,049,238
Prior year adjustment	-	-	-	-	-	-	7,821	-	7,821	-
Fund balance, end of year	\$ 19,299,470	\$ 21,123,000	\$ 4,500,811	\$ 4,183,199	\$ 1,451,873	\$ 1,774,954	\$ 126,520	\$ 396,872	\$ 25,378,674	\$ 27,478,025

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 (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 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. 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, 2016 and 2015, were as follows:

	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
2016				
Municipal	\$ 1,783,213	\$ 73	\$ (50,949)	\$ 1,732,337
U.S. Government Agency	<u>8,443,429</u>	<u>3,605</u>	<u>(226,783)</u>	<u>8,220,251</u>
	<u>\$ 10,226,642</u>	<u>\$ 3,678</u>	<u>\$ (277,732)</u>	<u>\$ 9,952,588</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>

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, 2016, by contractual maturity, are presented in the following table:

	Cost	Fair Value
Due within one year	\$ 1,247,273	\$ 1,249,673
Due after one year through five years	3,512,484	3,448,659
Due after five years through ten years	3,967,395	3,823,071
Due after ten years	1,499,490	1,431,185
	\$ 10,226,642	\$ 9,952,588

Line of Credit. As of December 31, 2016, the Fund has a line of credit for \$25 million with Johnson Bank. No draws were made on the line of credit in 2016 or 2015.

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 was allocated to each liquidation starting in the fourth quarter of 2016 was the cost of the CMFTS (claims) system. The total cost of the CMFTS system, approximately \$320,000, was paid in 2015 and 2016, and 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 February 4, 2017, 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 \$166,000,000 (unaudited) per the latest available data (2015).

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 \$47,000,000 (life, unaudited) and \$78,000,000 (annuity, unaudited) per the latest available data (2015).

Executive Life. In September 2016, the board rescinded all outstanding assessments for the life and allocated annuity accounts for the Executive Life Insurance Company (ELIC) in liquidation.

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 \$104,000,000 (unaudited) per the latest available data (2015). A \$3,000,000 assessment for the National States insolvency was made in 2014 and \$1,000,000 of that assessment remains uncalled. This assessment is grandfathered under an assessment calculated based on the average premium for the three years preceding the liquidation.

The Fund did not collect an administrative assessment in 2016, but has an annual capacity to collect assessments of approximately \$460,000.

The Fund has an annual capacity to collect assessments of approximately \$93,000,000 (unaudited) in the HMO account per the latest available data (2015). 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 2016 and 2015, the Fund received distributions or early access payments of \$1,489,268 and \$2,399,842, respectively, from Property and Casualty liquidations. The following is a breakdown of the amounts received in 2016:

Liquidation (State)	Amount	Description
Casualty Reciprocal Exchange (MO)	\$ 819,530	Early access distribution
Shelby (TX)	299,227	Early access distribution
HIH America (CA)	15,468	Final estate distribution
U.S. Capitol (MD)	122	Early access distribution
American Mutual (MA)	168,706	Early access distribution
Lumbermans (IL)	88,902	Administrative expenses, early access distribution
Home (NH)	2,803	Defense expenses
Home (NH)	(431,215)	Clawback
Statewide (IL)	8,586	Administrative expense, early access distribution
Ins. Corp of NY (NY)	457,463	Early access distribution
Imperial Casualty (OK)	28,888	Early access distribution
Reliance (PA)	30,788	Administrative expenses
Total	<u>\$ 1,489,268</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 2016 and 2015, the Fund received distributions of assets of \$357,903 and \$77,415, respectively, from Life/Annuity estates. The following is a breakdown of the amounts received in 2016:

Liquidation (State)	Amount	Description
Lincoln Memorial (TX)	\$ 6,064	Litigation and restitution recovery
Executive Life/Aurora	41,996	Assumption agreement reconciliation
Executive Life/NOLHGA	<u>309,843</u>	Account value increment distribution
Total	<u>\$ 357,903</u>	

Note 8 ~ Liquidation Distributions – Disability

During 2016 and 2015, the Fund received distributions of assets of \$0 and \$16,064, respectively, from Disability estates.

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, 2016 and 2015, the Fund has received reimbursement from large net worth insureds totaling \$493,340 and \$426,203, 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, 2016 and 2015, the Fund estimated the unpaid claims and claim adjustment expenses to be approximately \$24,500,000 (unaudited) and \$27,500,000 (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 Affirmative, American Mutual, Atlantic Mutual, Carriers, Casualty Reciprocal, Centennial, Freestone, Fremont Indemnity, Home, ICM, Ideal Mutual, Imperial Casualty, Insurance Corp of NY, Integrity, Intercontinental, Iowa National, Legion, Lumbermans Underwriting, Lumbermans Mutual, Midland, Reinsurance Co. of America, Reliance, Shelby, and Ullico Casualty.

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, 2016 and 2015, estimates of the liability to the Fund are approximately \$375,000 (unaudited) and \$450,000 (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 are approximately \$1,200,000 (unaudited) and \$1,500,000 (unaudited) as of December 31, 2016 and 2015, 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, Casualty Reciprocal, ICM, Ideal Mutual, Legion, Mission, Reliance, and Villanova, are in the process of being closed. The Statewide and US Capitol estates closed in 2016. After these closings, the estates will make no future distributions, and the Fund will be liable for all remaining claim payments. Carriers, Integrity, 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 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 \$22,116 and \$43,248 for the years ended December 31, 2016 and 2015, 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 \$17,459 and \$18,798 for the years ended December 31, 2016 and 2015, 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, 2016, are as follows:

<u>Years Ending December 31,</u>	
2017	\$ 42,328
2018	42,328
2019	<u>17,637</u>
	<u>\$ 102,293</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
February 4, 2017

WISCONSIN INSURANCE SECURITY FUND

REVENUE COLLECTED AND EXPENSES PAID

For the Year Ended December 31, 2016

WISCONSIN INSURANCE SECURITY FUND

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

For the Year Ended December 31, 2016

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
Affirmative Ins Co (IL-2016)	\$ -	\$ -	\$ (157)	\$ (20,914)	\$ (26)	\$ -	\$ (10,328)	\$ -	\$ -	\$ (31,425)
American Mutual (MA-1989)	-	168,706	78,557	(922,986)	(73,428)	-	(48,222)	-	-	(797,373)
Atlantic Mutual (NY-2011)	-	-	(5,717)	59,432	75,752	-	(11,024)	-	-	118,443
Carriers (IA-1986)	-	-	34,060	(34,397)	-	-	(5,062)	-	-	(5,399)
Casualty Reciprocal (MO-2004)	-	819,530	(20,399)	(36,627)	(179)	-	(19,553)	-	-	742,772
Centennial Ins (NY-2011)	-	-	(5,415)	(32,462)	(23,696)	-	(10,463)	-	-	(72,036)
Freestone (DE-2014)	-	-	(12,796)	(104,139)	(107,061)	(3,506)	(88,106)	-	-	(315,608)
Fremont Indemnity (CA-2003)	-	-	85,910	(278,799)	(10,569)	-	(41,117)	-	-	(244,575)
HIH America (CA-2001)	-	15,468	17,342	-	-	-	(16,634)	-	-	16,176
Home (NH-2003)	-	(428,414)	26,318	(108,906)	61,944	-	(31,708)	-	-	(480,766)
ICM (NY-2013)	-	-	360	-	-	-	(5,085)	-	-	(4,725)
Ideal Mutual (NY-1985)	-	-	81,289	(34,397)	(1,052)	-	(10,693)	-	-	35,147
Imperial Casualty (OK-2010)	-	28,888	(6,266)	(52,405)	(23,003)	-	(13,276)	-	-	(66,062)
Insurance Corp (NY-2010)	-	457,463	(17,430)	(16,261)	(1,470)	-	(11,401)	-	-	410,901
Intercontinental (IL-1990)	-	-	(5,041)	840	(82)	-	(5,274)	-	-	(9,557)
Iowa National (IA-1985)	-	-	14,751	(61,557)	(5,307)	-	(29,943)	-	-	(82,056)
Legion (PA-2003)	-	-	(30,412)	(12,738)	1,469	(1,347)	(31,107)	-	-	(74,135)
Lumbermans Under. All. (MO-2016)	-	-	(3,211)	(612,604)	(43,833)	(1,435)	(45,850)	-	-	(706,933)
Lumbermens (IL-2013)	-	88,902	(22,493)	(182,694)	(60,645)	(1,400)	(100,038)	-	-	(278,368)
Midland (NY-1986)	-	-	15,051	-	-	-	(2,338)	-	-	12,713
Red Rock (OK-2014)	-	-	(622)	-	-	-	-	-	-	(622)
Reinsurance Corp (IL-2011)	-	-	(1,405)	-	-	-	(7,146)	-	-	(8,551)
Reliance (PA-2001)	-	30,789	65,780	(33,850)	(5,027)	(1,085)	(29,215)	-	-	27,392
Shelby (TX-2006)	-	299,227	12,716	(39,982)	(6,112)	-	(13,954)	-	-	251,895
Statewide (IL-2004)	-	8,586	(244)	-	-	-	(2,751)	-	-	5,591
Transit Casualty (MO-1985)	-	-	46,566	-	-	-	-	-	-	46,566
Ullico Casualty (DE-2013)	-	-	(12,309)	(239,320)	(19,405)	(1,435)	(18,485)	-	-	(290,954)
Villanova (PA-2003)	-	-	(4,997)	-	-	-	(1,845)	-	-	(6,842)
Other liquidations	-	123	-	(1,627)	(4,971)	-	(8,664)	-	-	(15,139)
Totals	\$ -	\$ 1,489,268	\$ 329,786	\$ (2,766,393)	\$ (246,701)	\$ (10,208)	\$ (619,282)	\$ -	\$ -	\$ (1,823,530)

WISCONSIN INSURANCE SECURITY FUND
REVENUE COLLECTED AND EXPENSES PAID BY LIQUIDATION – LIFE/ANNUITY LIQUIDATIONS/REHABILITATIONS
For the Year Ended December 31, 2016

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)	\$ -	\$ 351,839	\$ 17,827	\$ -	\$ (6,263)	\$ -	\$ (1,817)	\$ (14,554)	\$ -	\$ -	\$ 347,032
Lincoln Memorial Life (TX-2008)	-	6,064	(6,358)	382	(39,416)	-	(4,336)	(21,800)	-	-	(65,464)
London Pacific Life (NC-2004)	-	-	36,826	-	-	-	-	(10,511)	-	1,490,148	1,516,463
National States (MO-2010)	-	-	(4,419)	-	-	-	-	-	-	325,603	321,184
Other liquidations	-	-	29,620	-	-	-	(286)	(9,102)	-	(1,815,751)	(1,795,519)
Closed liquidations	-	-	-	-	-	-	-	(6,084)	-	-	(6,084)
Totals	<u>\$ -</u>	<u>\$ 357,903</u>	<u>\$ 73,496</u>	<u>\$ 382</u>	<u>\$ (45,679)</u>	<u>\$ -</u>	<u>\$ (6,439)</u>	<u>\$ (62,051)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 317,612</u>

WISCONSIN INSURANCE SECURITY FUND
REVENUE COLLECTED AND EXPENSES PAID BY LIQUIDATION – DISABILITY LIQUIDATIONS/REHABILITATIONS
For the Year Ended December 31, 2016

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)	\$ -	\$ -	\$ 21,075	\$ -	\$ -	\$ -	\$ (425)	\$ (2,655)	\$ -	\$ -	\$ 17,995
National States (MO-2010)	-	-	3,537	66,792	(229,338)	-	(24,552)	(50,022)	-	-	(233,584)
SeeChange Health (CA-2015)	-	-	(1,033)	-	(96)	-	(100)	(5,084)	-	-	(6,313)
Reliance (PA-2001)	-	-	(1,166)	-	-	-	(14)	-	-	-	(1,180)
Villanova (PA-2003)	-	-	(135)	-	-	-	-	(3,686)	-	-	(3,820)
Other liquidations	-	-	-	-	-	-	(59,871)	(36,308)	-	-	(96,179)
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,278</u>	<u>\$ 66,792</u>	<u>\$ (229,434)</u>	<u>\$ -</u>	<u>\$ (84,962)</u>	<u>\$ (97,755)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (323,081)</u>

WISCONSIN INSURANCE SECURITY FUND

REVENUE COLLECTED AND EXPENSES PAID

Inception to December 31, 2016
(Unaudited)

WISCONSIN INSURANCE SECURITY FUND
REVENUE COLLECTED AND EXPENSES PAID
Inception to December 31, 2016 (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	93,462,788	15,643,332	71,881,440	180,987,560	43,819	181,031,379
Interest and other income	17,946,714	13,157,216	3,333,736	34,437,666	509,832	34,947,498
Premium income	-	801,289	702,508	1,503,797	-	1,503,797
	<u>183,030,279</u>	<u>113,770,765</u>	<u>95,031,197</u>	<u>391,832,241</u>	<u>5,279,585</u>	<u>397,111,826</u>
Total revenue collected						
EXPENSES PAID						
Claims	107,426,214	99,077,714	68,178,371	274,682,299	-	274,682,299
Claim adjustment expenses	22,046,583	307,458	5,870,052	28,224,093	-	28,224,093
Other expenses	1,929,665	3,610,933	4,887,278	10,427,876	11,618	10,439,494
Allocated expenses	10,096,379	2,194,591	1,590,787	13,881,757	4,943,452	18,825,209
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>163,730,809</u>	<u>109,269,954</u>	<u>93,579,324</u>	<u>366,580,087</u>	<u>5,160,886</u>	<u>371,740,973</u>
Total expenses paid						
Excess of revenue collected over expenses paid	19,299,470	4,500,811	1,451,873	25,252,154	118,699	25,370,853
Temporary transfers (to) from other funds	-	-	-	-	7,821	7,821
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,821</u>	<u>7,821</u>
Fund balance, December 31, 2016	<u>\$ 19,299,470</u>	<u>\$ 4,500,811</u>	<u>\$ 1,451,873</u>	<u>\$ 25,252,154</u>	<u>\$ 126,520</u>	<u>\$ 25,378,674</u>

WISCONSIN INSURANCE SECURITY FUND

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

Inception to December 31, 2016 (Unaudited)

Company (State)	Assessments Received	Liquidation Distributions	Interest & Other Income	Claims	Claim Adjustment Expenses	Other Expenses	Allocated Expenses	Assessment Refunds	Transfers	Fund Balance
Affirmative (IL)	\$ -	\$ -	\$ (157)	\$ (20,914)	\$ (26)	\$ -	\$ (10,328)	\$ -	\$ -	\$ (31,425)
American Mutual (MA)	10,992,823	8,363,671	1,585,782	(13,057,360)	(2,694,147)	(17,350)	(690,494)	-	-	4,482,925
Atlantic Mutual (NY)	-	38,164	(26,684)	(69,164)	(86,051)	(10,658)	(109,313)	-	-	(263,706)
Carriers (IA)	2,977,600	3,318,148	1,712,609	(3,653,599)	(456,786)	(1,759)	(223,244)	(1,470,783)	(112,936)	2,089,250
Casualty Reciprocal (MO)	-	1,879,359	(440,278)	(2,019,764)	(274,550)	(79,311)	(252,168)	-	-	(1,186,712)
Centennial (NY)	-	11,416	(20,250)	(170,022)	(90,033)	(6,617)	(101,393)	-	-	(376,899)
Freestone (DE)	-	-	(18,289)	(396,949)	(312,697)	(22,976)	(203,536)	-	-	(954,447)
Fremont Indemnity (CA)	-	7,504,545	(817,109)	(10,176,825)	(1,204,619)	(509,136)	(1,226,360)	-	11,583,562	5,154,058
HIH America (CA)	1,489,072	960,887	374,150	(1,350,308)	(207,649)	(6,360)	(186,419)	-	-	1,073,373
Home (NH)	-	2,672,557	(189,080)	(3,574,207)	(245,430)	(197,948)	(530,172)	-	3,299,665	1,235,385
ICM (NY)	-	211,376	(1,405)	(108,000)	(7,288)	-	(46,450)	-	-	48,233
Ideal Mutual(NY)	11,881,371	5,378,022	2,642,171	(9,035,617)	(3,640,111)	(7,681)	(202,380)	(1,999,976)	-	5,015,799
Imperial Casualty (OK)	-	91,005	(37,556)	(361,894)	(53,167)	(4,753)	(76,512)	-	-	(442,877)
Insurance Corp (NY)	-	680,650	(61,083)	(1,307,197)	(31,107)	(5,287)	(46,838)	-	-	(770,862)
Intercontinental (IL)	2,002,428	1,029,452	163,710	(2,647,129)	(472,446)	(84)	(391,537)	-	-	(315,606)
Iowa National (IA)	3,467,452	11,421,237	1,804,585	(14,531,445)	(1,594,420)	(2,150)	(724,539)	(1,467,151)	2,483,432	857,001
Legion (PA)	-	4,247,596	(1,097,162)	(4,230,479)	(626,496)	(107,853)	(569,212)	-	-	(2,383,606)
Lumbermens (IL)	-	321,883	(50,553)	(1,193,728)	(122,059)	(56,297)	(450,073)	-	-	(1,550,827)
Lumbermans Under. All. (MO)	-	-	(3,211)	(612,604)	(43,833)	(1,435)	(45,850)	-	-	(706,933)
Midland (NY)	3,469,977	973,579	803,918	(3,251,613)	(839,915)	(4,364)	(219,561)	-	-	932,021
Reinsurance Corp (IL)	-	16,108	(7,211)	(37,058)	(51,389)	(3,881)	(33,808)	-	-	(117,239)
Red Rock (OK)	-	-	(1,307)	-	(786)	(468)	(9,755)	-	-	(12,316)
Reliance (PA)	5,955,794	10,781,811	896,484	(9,292,341)	(2,025,907)	(672,523)	(1,371,407)	-	-	4,271,911
Shelby (TX)	-	1,812,080	29,049	(849,814)	(50,603)	(10,778)	(134,654)	-	-	795,280
Statewide (IL)	-	191,066	(14,042)	(108,546)	(34,602)	(10,245)	(36,164)	-	-	(12,533)
Transit Casualty (MO)	2,977,186	3,317,856	718,042	(3,632,004)	(408,089)	-	(84,885)	-	-	2,888,106
Ullica Casualty (DE)	-	-	(22,551)	(496,466)	(97,603)	(25,235)	(181,773)	-	-	(823,628)
Villanova (PA)	-	456,162	(113,415)	(55,000)	(324,295)	(31,484)	(240,330)	-	-	(308,362)
Other liquidations	5,349,692	6,364,749	2,563,833	(4,815,813)	(2,574,681)	(16,587)	(527,334)	(2,315,906)	(3,314,512)	713,441
Closed liquidations	21,057,382	21,419,408	7,573,724	(16,370,354)	(3,475,797)	(116,445)	(1,169,890)	(14,978,152)	(13,939,211)	665
Totals	\$ 71,620,777	\$ 93,462,787	\$ 17,946,714	\$ (107,426,214)	\$ (22,046,582)	\$ (1,929,665)	\$ (10,096,379)	\$ (22,231,968)	\$ -	\$ 19,299,470

WISCONSIN INSURANCE SECURITY FUND
REVENUE COLLECTED AND EXPENSES PAID BY LIQUIDATION – LIFE/ANNUITY LIQUIDATIONS/REHABILITATIONS
Inception to December 31, 2016 (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	\$ 3,809,490	\$ 11,135,456	\$ 125,790	\$ (67,363,236)	\$ (269,137)	\$ (1,334,654)	\$ (703,513)	\$ 318	\$ -	\$ 1,417,153
Lincoln Memorial Life (TX)	-	369,287	(40,845)	4,213	(340,479)	(553)	(94,972)	(328,637)	-	-	(431,986)
London Pacific Life (NC)	5,999,210	4,639,050	(17,400)	-	(8,888,847)	(156)	(130,267)	(198,704)	-	638,418	2,041,304
National States (MO)	-	-	(33,100)	671,286	(703,227)	-	(71,104)	(189,460)	-	-	(325,605)
Other liquidations	2,240,341	1,140,562	931,077	-	(2,113,821)	(292)	(234,609)	(269,205)	-	118,276	1,812,329
Closed liquidations	<u>19,912,738</u>	<u>5,684,943</u>	<u>1,182,028</u>	<u>-</u>	<u>(19,668,104)</u>	<u>(37,320)</u>	<u>(1,745,327)</u>	<u>(505,072)</u>	<u>(4,079,576)</u>	<u>(756,694)</u>	<u>(12,384)</u>
Totals	<u>\$ 84,168,928</u>	<u>\$ 15,643,332</u>	<u>\$ 13,157,216</u>	<u>\$ 801,289</u>	<u>\$ (99,077,714)</u>	<u>\$ (307,458)</u>	<u>\$ (3,610,933)</u>	<u>\$ (2,194,591)</u>	<u>\$ (4,079,258)</u>	<u>\$ -</u>	<u>\$ 4,500,811</u>

WISCONSIN INSURANCE SECURITY FUND
REVENUE COLLECTED AND EXPENSES PAID BY LIQUIDATION – DISABILITY LIQUIDATIONS/REHABILITATIONS
 Inception to December 31, 2016 (Unaudited)

<u>Company (State)</u>	<u>Assessments Received</u>	<u>Liquidation Distributions</u>	<u>Interest & Other Income</u>	<u>Premium Income</u>	<u>Claims</u>	<u>Claim Adjustment Expenses</u>	<u>Other Expenses</u>	<u>Allocated Expenses</u>	<u>Assessment Refunds</u>	<u>Transfers</u>	<u>Fund Balance</u>
Legion (PA)	\$ 2,149,115	\$ 1,383,679	\$ 190,448	\$ -	\$ (1,872,317)	\$ -	\$ (7,475)	\$ (64,118)	\$ -	\$ -	\$ 1,779,332
National States (MO)	1,981,473	-	(89,739)	664,815	(2,115,367)	-	(170,125)	(391,303)	-	215,803	95,557
SeeChange Health Ins (CA)	-	-	(1,033)	-	(92,374)	-	(17,383)	-	-	-	(110,790)
Reliance (PA)	-	49,085	(23,980)	-	(73,339)	-	(8,709)	(41,601)	-	-	(98,544)
Villanova (PA)	-	-	(2,143)	-	-	-	(1,491)	(9,970)	-	-	(13,604)
Other liquidations	599,465	1,142,169	(12,661)	37,693	(735,019)	(52,028)	(387,201)	(1,038,317)	-	-	(445,899)
Closed liquidations	<u>14,383,460</u>	<u>69,306,507</u>	<u>3,272,844</u>	<u>-</u>	<u>(63,289,955)</u>	<u>(5,818,024)</u>	<u>(4,294,894)</u>	<u>(45,478)</u>	<u>(13,052,836)</u>	<u>(215,803)</u>	<u>245,821</u>
Totals	<u>\$ 19,113,513</u>	<u>\$ 71,881,440</u>	<u>\$ 3,333,736</u>	<u>\$ 702,508</u>	<u>\$ (68,178,371)</u>	<u>\$ (5,870,052)</u>	<u>\$ (4,887,278)</u>	<u>\$ (1,590,787)</u>	<u>\$ (13,052,836)</u>	<u>\$ -</u>	<u>\$ 1,451,873</u>