

WISCONSIN INSURANCE SECURITY FUND

Assessment information for Insurers

IMPORTANT NOTICE

The \$8.5 million Life and Annuity Account assessment on annuity premium only **authorized** for Colorado Banker Life Insurance was **called and invoiced** between December 2-4, 2024, after the effective date of the liquidation order.

This assessment:

- Uses the 2022 base year (total assessable premium of \$6,087,408,650) because it was authorized in April 2024 contingent on the effective date of the liquidation order.
- Will be delivered by e-mail to each companies reported contact since all companies have reported electronic contacts.
- Invoices will be sent on December 2nd.
- Payment is due January 15, 2025.

Assessment Appeal Rights: If a company wishes to appeal the assessment it must pay by the due date the full amount shown on the invoice under protest and send separate notice of appeal identifying the company or companies including company NAIC number(s) that states your specific objection to this assessment. Appeal communications should be sent to:

Wisconsin Insurance Security Fund
2820 Walton Commons Lane Suite 135
Madison, WI 53718-6797.

The appeal must be sent to us within 30 days of the date of the invoice.

SCHEDULED FUTURE ASSESSMENTS

1. 2025 Administrative Assessment - \$700/company will be invoiced by February 17, 2025.
2. \$3 Million Life and Annuity Account Assessment will be invoiced by May 1, 2025

Administrative Account Assessments

- The Fund makes administrative assessments **in the odd numbered years**.
- The Board **authorized a \$700/company administrative assessment** composed of prorated amounts for 2024 (\$150), 2025 (\$270) and 2026 (\$280).
- The **next administrative assessment is projected to be invoiced in the middle of Q1 2025**.

Insolvency Account Assessments

Property Casualty (Other Insurance) Account

- There are currently no plans to make another assessment in 2024 or the first half of 2025.
- There are no authorized or uncalled assessments.

Life & Annuity Account

(Note: The life and annuity accounts merged in 2024, the assessment bases remain separate. This account will now use the year prior to authorization for its assessment base)

- The Colorado Bankers Life liquidation is effective 11/30/2024.
- WISF will be responsible for continuing \$11 million in life insurance policies and the account currently has a \$976,000 life deficit from Lincoln Memorial Life and Time Insurance.
- **At the December meeting, the Board authorized a \$3 million life and annuity account assessment on life premium only using the 2023 base year with an assessable premium of \$2,785,223,184. It will need to be called as early as 1Q 2025.**
- **An approved \$8.5 million annuity assessment that was authorized by the Board in April contingent on entry of the final liquidation order has now been invoiced (12/2/2024). The base year is 2022 with a total assessable premium of \$6,087,408,650. Payment is due on 1/15/2025.**

Disability (includes Health) Account

- There are currently no plans to make an assessment in 2024 or the first half of 2025.
- There are no authorized, or uncalled assessments:

HMO Account

- There are no active insolvencies in this account.
- There are no authorized, or uncalled assessments.

Assessment Premium Reporting and Exemption Claims

- Insurers writing life, annuity, accident and health or HMO coverage should utilize the NOLHGA Assessment Data Survey reconciliation with the annual financial statement to report exempt premium (i.e., Medicare, Medicaid and FEHBP).
- Insurers writing property casualty or other covered lines of business who have an exempt premium that appears on their annual financial statement should contact the Security Fund for instructions on how to file for a premium exemption.

NOTICE: The Security Fund Annual Report is no longer mailed to insurers. The last annual report is available on our **website** (<https://www.wilifega.org/>) under the ***Additional Info*** tab. Other years are available upon request. The document entitled ***Assessment Information for Insurers*** is also available under that tab and is regularly updated.

Guidance for Statutory Reserving

- Each December, the Fund produces a summary of projected liabilities and account balances by insolvency account to assist companies in their statutory accounting reserve determinations. Since this year involved substantial changes to the Fund's liabilities we have accelerated the production of this report.
- The 2024 YE SAAP Report (issued 11/12/2024) is on the next two pages.
- If you have questions on this report, please send your contact information to Wisconsin@wisf-madison.org or contact Executive Director Allan Patek at 608-268-4068.

Wisconsin Insurance Security Fund

2024 YE Estimated Liabilities for Statutory Accounting

Account	Active Insolvencies	Active Insolvencies w/Open Estates	Current Assessment Base (2023)	Current Account Balance	Current Projected Future Liabilities	Net Account Position
Property & Casualty	25	25	\$ 13,140,389,211	\$ 20,585,806	\$ 29,379,028	\$ (8,793,222)
Life & Annuity -Life	4	2	\$ 2,785,223,184	\$ (976,005)	\$ 2,250,265	\$ (3,226,270)
Life & Annuity - Annuity	2	1	\$ 7,007,345,377	\$ 5,519,112	\$ 21,621,255	\$ (16,102,143)
Disability (Health)	4	3	\$ 6,177,168,715	\$ 11,049,927	\$ 10,998,151	\$ 51,776
HMO	0	0	<u>\$ 5,656,858,773</u>	\$ -	\$ -	\$ -
Fund (all accounts)				\$ 36,178,840	\$ 64,248,699	\$ (28,069,859)

Life & Annuity, P&C, Disability and HMO accounts all use the year prior (or most recent available) to assessment authorization as the base year.

All amounts indicated for future liabilities are estimates and are subject to change.

1. The timing of assessments is determined, and will be dependent upon, by the cash flow needs of the Fund related to insolvency estates.
2. The amount assessed may be reduced by distributions from open liquidation estates, investment income and premium revenue. New this year, the P&C projected liabilities reflects the beneficial effect of net worth recoveries.
3. The Fund can't predict whether future insolvencies will occur that require assessments.

NOTE: In order to produce this report earlier, the Fund adjusted the current balances and future liabilities to reflect projected changes in the last month of 2024.

Produced 12-6-2024

Wisconsin Insurance Security Fund

Column Descriptions

Active Insolvencies include all liquidations where the Fund continues to maintain estate level tracking and has projected liabilities. Open estates range widely with the oldest remaining P&C estates dating from 1985, oldest life estate is from 1981 and disability account estate is from 2010.

Active Open Estates includes only estates when the liquidation estate is also still open. This is significant because in many cases the bar dates have not been set and administrative costs are reimbursed and estate distribution continue.

Current Assessment Base shows the preliminary assessment base for the most current year. The Life, Annuity and Disability account information comes from the annual statement reconciliation and NOLHGA Assessment Data Survey (results usually available by September 30th). P&C and HMO account information comes from the annual statements through OCI (results usually available by June 1st)

Current Account Balance shows the funds currently held in each account for all liquidation estates. These funds are receipts (assessments, early access, estate distributions, premium, recoveries and investment income) after all expenses (claims, adjustment costs and allocated administrative expenses) have been subtracted.

Current Projected Future Liabilities includes claims and claims adjustment reserves, but does not include allocated administrative expenses. The Fund annually allocates between 70 - 80% of its approximately \$1,241,000 annual administrative budget through a time/effort based allocation formula.

For additional information or clarification, contact the Fund's Executive Director Allan Patek

11/1/2024