

STATE OF SOUTH CAROLINA
RICHLAND COUNTY

IN THE COURT OF COMMON PLEAS
FIFTH JUDICIAL CIRCUIT

Raymond G. Farmer, as Director of the South
Carolina Department of Insurance,

Petitioner,

vs.

First Keystone Risk Retention Group, Inc.,

Respondent.

Civil Action No. 2014-CP-40-5987

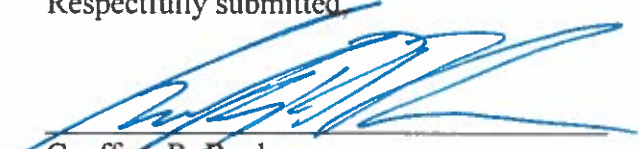
NOTICE OF FILING OF
FINANCIAL STATEMENTS AS OF
DECEMBER 31, 2017

RICHLAND COUNTY
FILED
FEB 15 PM 3:38
JANETTE W. MCBRIDE
C.C.P. & G.S.

Pursuant to the South Carolina Insurers Rehabilitation and Liquidation Act, S.C. Code Ann. 38-27-10 *et seq.*, the Liquidator of First Keystone Risk Retention Group Inc. in Liquidation (First Keystone) hereby files the financial statements of First Keystone as of December 31, 2017. Said financial statements are attached as Exhibit A to this filing.

Respectfully submitted,

February 15, 2018


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First Keystone Risk Retention Group, Inc. in Liquidation
Report of Assets and Liabilities
December 31, 2016 and 2017

	December 31,	
	<u>2016</u>	<u>2017</u>
Assets		
Bonds	799,819	250,960
Bonds pledged to secure LOCs	-	-
Common stocks	-	-
Cash and cash equivalents	<u>2,980,133</u>	<u>3,004,236</u>
Total cash and investments	3,779,952	3,255,196
Uncollected premiums	596,313	596,313
Receivable from affiliates	400,000	400,000
Allowance for doubtful accounts	<u>(996,313)</u>	<u>(996,313)</u>
Net receivables	-	-
Investment income accrued	8,541	7,868
Furniture and equipment	4,692	1,880
Other	8,854	602
Total assets	<u>3,802,039</u>	<u>3,265,546</u>
 Liabilities		
Loss and loss adjustment expense reserves	8,711,264	8,413,967
Other expenses	572,281	564,286
Taxes, licenses, and fees	79,773	79,773
Other	3,976	3,976
Due to SCDOI	<u>283,161</u>	<u>284,857</u>
Total liabilities	9,650,455	9,346,859
 Capital and Surplus (Deficit)		
Common stock and contributed surplus	8,812,986	8,812,986
Unassigned funds	<u>(14,661,402)</u>	<u>(14,894,299)</u>
Total policyholders surplus (deficit)	(5,848,416)	(6,081,313)
Total liabilities and surplus	<u>3,802,039</u>	<u>3,265,546</u>

First Keystone Risk Retention Group, Inc. in Liquidation
Statement of Cash Receipts and Disbursements
October 21, 2014 to December 31, 2017

	2014 (a)	2015		2016		2017			ITD	
	10-21 to 12-31	1-1 to 12-31	1-1 to 12-31	1-1 to 12-31	1-1 to 12-31	1st Qtr	2nd Qtr	3rd Qtr		4th Qtr
Beginning cash and cash equivalents	1,957,655	1,658,456	3,232,267	2,980,133	2,827,110	2,909,749	2,875,270	2,980,133	2,980,133	1,957,655
Receipts										
Premiums	17,549	-	1,744	-	-	-	-	-	-	-
Investment income	4,125	41,288	29,850	13,660	4,857	8,803	6,136	33,456	33,456	19,293
Other	1,060	3,701	19,138	-	-	-	-	-	-	108,719
Checks voided (issued prior to liquidation)	94,207	-	-	-	-	-	-	-	-	23,899
Proceeds from investments, net (b)	-	2,434,548	250,000	-	250,000	100,000	200,000	550,000	550,000	94,207
Total receipts	116,941	2,479,537	300,732	13,660	254,857	108,803	206,136	583,456	583,456	3,480,666
Disbursements										
Loss adjustment expenses	107,304	110,123	252,091	72,873	96,840	70,107	40,813	280,633	40,813	750,151
Salary and employee benefits	239,923	255,579	47,561	17,436	14,156	19,393	16,070	67,055	16,070	610,118
Professional fees	10,391	47,761	13,370	1,243	5,800	1,950	1,732	10,725	1,732	82,247
Special Deputy Liquidator	-	398,441	198,337	63,386	44,913	41,980	7,638	157,917	7,638	754,695
Rent, rent items and utilities	29,864	66,047	30,820	7,457	7,230	7,398	7,018	29,103	7,018	155,834
Offices supplies, postage and printing	18,655	12,791	6,177	1,616	2,644	1,775	3,244	9,279	3,244	46,902
Insurance	-	6,493	1,950	2,047	-	-	-	2,047	-	10,490
Bank charges	7,543	3,983	2,560	625	635	625	655	2,540	655	16,626
Other	2,460	4,508	-	-	-	54	-	54	-	7,022
Total disbursements	416,140	905,726	552,866	166,683	172,218	143,282	77,170	559,353	77,170	2,434,085
Net cash flows	(299,199)	1,573,811	(252,134)	(153,023)	82,639	(34,479)	128,966	24,103	24,103	1,046,581
Ending cash and cash equivalents	1,658,456	3,232,267	2,980,133	2,827,110	2,909,749	2,875,270	3,004,236	3,004,236	3,004,236	3,004,236

(a) Order of Liquidation signed on October 21, 2014. 2014 numbers from October 21, 2014 to December 31, 2014 only.
(b) Cost of investments acquired netted with Proceeds from investments.