

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.

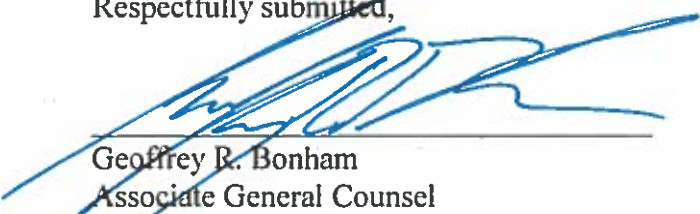
Civil Action No. 2014-CP-40-5987

**NOTICE OF FILING OF  
FINANCIAL STATEMENTS AS OF  
DECEMBER 31, 2016**

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, 2016. Said financial statements are attached as Exhibit A to this filing.

Respectfully submitted,

March 2, 2017

  
Geoffrey R. Bonham  
Associate General Counsel  
S.C. Department of Insurance

P.O. Box 100105  
Columbia SC 29202-3105

Capitol Center  
1201 Main Street, Suite 1000  
Columbia SC 29201

Telephone: 803-737-6200  
Fax: 803-737-6229  
Email: [gbonham@doi.sc.gov](mailto:gbonham@doi.sc.gov)

One of the Attorneys for Petitioner

**First Keystone Risk Retention Group, Inc. in Liquidation**  
**Report of Assets and Liabilities**  
**December 31, 2015 and 2016**

	<u>December 31,</u> <u>2015</u>	<u>December 31,</u> <u>2016</u>
<b>Assets</b>		
Bonds	1,049,036	799,819
Bonds pledged to secure LOCs	-	-
Common stocks	-	-
Cash and cash equivalents	<u>3,232,267</u>	<u>2,980,133</u>
<b>Total cash and investments</b>	<b>4,281,303</b>	<b>3,779,952</b>
Uncollected premiums	598,057	596,313
Receivable from affiliates	400,000	400,000
Allowance for doubtful accounts	<u>(998,057)</u>	<u>(996,313)</u>
<b>Net receivables</b>	<b>-</b>	<b>-</b>
Investment income accrued	7,592	8,541
Prepaid expenses	-	-
Furniture and equipment	10,621	4,692
Other	8,854	8,854
<b>Total assets</b>	<b><u>4,308,370</u></b>	<b><u>3,802,039</u></b>
<b>Liabilities</b>		
Loss and loss adjustment expense reserves	8,956,478	8,711,264
Other expenses	569,296	572,281
Taxes, licenses, and fees	73,941	79,773
Other	3,976	3,976
Due to SCDOI	<u>280,538</u>	<u>283,161</u>
<b>Total liabilities</b>	<b>9,884,229</b>	<b>9,650,455</b>
<b>Capital and Surplus (Deficit)</b>		
Common stock and contributed surplus	8,812,987	8,812,986
Unassigned funds	<u>(14,388,846)</u>	<u>(14,661,402)</u>
<b>Total policyholders surplus (deficit)</b>	<b>(5,575,859)</b>	<b>(5,848,416)</b>
<b>Total liabilities and surplus</b>	<b><u>4,308,370</u></b>	<b><u>3,802,039</u></b>

**Exhibit A**

First Keystone Risk Retention Group, Inc. in Liquidation  
Statement of Cash Receipts and Disbursements  
October 21, 2014 to December 31, 2016

	2014 (a)		2015		2016			ITD
	10-21 to 12-31	1-1 to 12-31	1-1 to 12-31	1-1 to 12-31	1st Qtr	2nd Qtr	3rd Qtr	
Beginning cash and cash equivalents	1,957,655	1,658,456	3,232,267	3,414,736	3,270,800	3,103,072	3,232,267	1,957,655
<b>Receipts</b>								
Premiums	17,549	-	-	1,744	-	-	-	1,744
Investment income	4,125	41,288	11,048	4,176	9,456	5,170	29,850	75,263
Other	1,060	3,701	18,891	247	-	-	19,138	23,899
Checks voided (issued prior to liquidation)	94,207	-	-	-	-	-	-	94,207
Proceeds from investments, net (b)	-	2,434,548	250,000	-	-	-	250,000	2,684,548
<b>Total receipts</b>	<u>116,941</u>	<u>2,479,537</u>	<u>279,939</u>	<u>6,167</u>	<u>9,456</u>	<u>5,170</u>	<u>300,732</u>	<u>2,897,210</u>
<b>Disbursements</b>								
Loss adjustment expenses	107,304	110,123	45,937	55,434	83,100	67,620	252,091	469,518
Salary and employee benefits	239,923	255,579	10,934	10,247	10,171	16,209	47,561	543,063
Professional fees	10,391	47,761	2,980	2,902	800	6,688	13,370	71,522
Special Deputy Liquidator	-	398,441	24,691	72,074	73,970	27,602	198,337	596,778
Rent, rent items and utilities	29,864	66,047	8,238	7,945	7,301	7,336	30,820	126,731
Offices supplies, postage and printing	18,655	12,791	2,110	841	1,197	2,029	6,177	37,623
Insurance	-	6,493	1,950	-	-	-	1,950	8,443
Bank charges	7,543	3,983	630	660	645	625	2,560	14,086
Other	2,460	4,508	-	-	-	-	-	6,968
<b>Total disbursements</b>	<u>416,140</u>	<u>905,726</u>	<u>97,470</u>	<u>150,103</u>	<u>177,184</u>	<u>128,109</u>	<u>552,866</u>	<u>1,874,732</u>
<b>Net cash flows</b>	<u>(299,199)</u>	<u>1,573,811</u>	<u>182,469</u>	<u>(143,936)</u>	<u>(167,728)</u>	<u>(122,939)</u>	<u>(252,134)</u>	<u>1,022,478</u>
<b>Ending cash and cash equivalents</b>	<u>1,658,456</u>	<u>3,232,267</u>	<u>3,414,736</u>	<u>3,270,800</u>	<u>3,103,072</u>	<u>2,980,133</u>	<u>2,980,133</u>	<u>2,980,133</u>

(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.