

**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,

Civil Action No. 2014-CP-40-5987

Petitioner,

**NOTICE OF FILING OF  
FINANCIAL STATEMENTS AS OF  
DECEMBER 31, 2018**

vs.

First Keystone Risk Retention Group, Inc.,

Respondent.

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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, 2018. Said financial statements are attached as Exhibit A to this filing.

Respectfully submitted,

March 6, 2019

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One of the Attorneys for Petitioner

**First Keystone Risk Retention Group, Inc. in Liquidation**  
**Report of Assets and Liabilities**  
**December 31, 2017 and 2018**

	December 31,	
	<u>2017</u>	<u>2018</u>
<b>Assets</b>		
Bonds	250,960	-
Bonds pledged to secure LOCs	-	-
Common stocks	-	-
Cash and cash equivalents	<u>3,004,236</u>	<u>3,099,326</u>
Total cash and investments	3,255,196	3,099,326
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	7,868	4,983
Furniture and equipment	1,880	-
Other	<u>602</u>	<u>602</u>
<b>Total assets</b>	<b><u><u>3,265,546</u></u></b>	<b><u><u>3,104,911</u></u></b>
<b>Liabilities</b>		
Loss and loss adjustment expense reserves	8,413,967	8,364,405
Other expenses	564,286	539,242
Taxes, licenses, and fees	79,773	79,773
Other	3,976	3,976
Due to SCDOI	<u>284,857</u>	<u>287,021</u>
<b>Total liabilities</b>	<b><u><u>9,346,859</u></u></b>	<b><u><u>9,274,417</u></u></b>
<b>Capital and Surplus (Deficit)</b>		
Common stock and contributed surplus	8,812,986	8,812,986
Unassigned funds	<u>(14,894,299)</u>	<u>(14,982,492)</u>
<b>Total policyholders surplus (deficit)</b>	<b><u><u>(6,081,313)</u></u></b>	<b><u><u>(6,169,506)</u></u></b>
<b>Total liabilities and surplus</b>	<b><u><u>3,265,546</u></u></b>	<b><u><u>3,104,911</u></u></b>

**First Keystone Risk Retention Group, Inc. in Liquidation**  
**Statement of Cash Receipts and Disbursements**  
**October 21, 2014 to December 31, 2018**

	<b>2014 (a)</b>					
	<b>10-21 to 12-31</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>ITD</b>
<b>Beginning cash and cash equivalents</b>	1,957,655	1,658,456	3,232,267	2,980,133	3,004,236	1,957,655
<b>Receipts</b>						
Premiums	17,549	-	1,744	-	-	19,293
Investment income	4,125	41,288	29,850	33,456	49,131	157,850
Other	1,060	3,701	19,138	-	230	24,129
Checks voided (issued prior to liquidation)	94,207	-	-	-	-	94,207
Proceeds from investments, net (b)	-	2,434,548	250,000	550,000	247,750	3,482,298
<b>Total receipts</b>	<u>116,941</u>	<u>2,479,537</u>	<u>300,732</u>	<u>583,456</u>	<u>297,111</u>	<u>3,777,777</u>
<b>Disbursements</b>						
Loss adjustment expenses	107,304	110,123	252,091	280,633	58,185	808,336
Salary and employee benefits	239,923	255,579	47,561	67,055	34,316	644,434
Professional fees	10,391	47,761	13,370	10,725	7,589	89,836
Special Deputy Liquidator	-	398,441	198,337	157,917	72,749	827,444
Rent, rent items and utilities	29,864	66,047	30,820	29,103	21,921	177,755
Offices supplies, postage and printing	18,655	12,791	6,177	9,279	2,479	49,381
Insurance	-	6,493	1,950	2,047	2,112	12,602
Bank charges	7,543	3,983	2,560	2,540	2,540	19,166
Other	2,460	4,508	-	54	131	7,153
<b>Total disbursements</b>	<u>416,140</u>	<u>905,726</u>	<u>552,866</u>	<u>559,353</u>	<u>202,021</u>	<u>2,636,106</u>
<b>Net cash flows</b>	<u>(299,199)</u>	<u>1,573,811</u>	<u>(252,134)</u>	<u>24,103</u>	<u>95,090</u>	<u>1,141,671</u>
<b>Ending cash and cash equivalents</b>	<u><u>1,658,456</u></u>	<u><u>3,232,267</u></u>	<u><u>2,980,133</u></u>	<u><u>3,004,236</u></u>	<u><u>3,099,326</u></u>	<u><u>3,099,326</u></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.