

**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. 2017-CP-40-05195

Petitioner,

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

vs.

Oceanus Insurance Company, a Risk
Retention Group,

Respondent.

Pursuant to the South Carolina Insurers Rehabilitation and Liquidation Act, S.C. Code Ann. §§ 38-27-10 *et seq.*, the Liquidator of Oceanus Insurance Company, a Risk Retention Group in Liquidation (Oceanus) hereby files the financial statements of Oceanus 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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EXHIBIT A

Oceanus Insurance Company, Inc., a RRG in Liquidation Balance Sheet December 31, 2017 and 2018

	December 31,	
	2017	2018
Assets		
Bonds	31,435,949	35,212,321
Cash and cash equivalents	6,583,508	1,352,721
Total cash and investments	<u>38,019,457</u>	<u>36,565,042</u>
Receivable from agents, insureds and others	668,501	757,180
Premium tax refund receivable	215,520	35,425
Miscellaneous receivable	125,305	110,468
Investment income accrued	284,904	301,744
Ceded reinsurance premiums receivable	375,712	1,346,335
Amounts recoverable from reinsurers - paid	1,093,566	1,093,566
Ceded loss and LAE reserves	8,851,770	7,050,206
Supersedeas bond receivable	-	1,430,067
Furniture and equipment	20,106	-
Other	12,607	12,607
Total assets	<u>49,667,448</u>	<u>48,702,640</u>
Liabilities		
Loss and loss adjustment expense reserves	62,234,096	61,063,149
Other expenses	184,618	145,124
Premium refunds related to unearned premiums	5,768,360	6,277,830
Due under SC Code § 38-27-610	2,585,204	2,587,490
Total liabilities	<u>70,772,278</u>	<u>70,073,593</u>
Capital and Surplus (Deficit)		
Common stock and contributed surplus	8,899,731	8,899,731
Unassigned funds	(30,004,561)	(30,270,684)
Total policyholders surplus (deficit)	<u>(21,104,830)</u>	<u>(21,370,953)</u>
Total liabilities and surplus	<u>49,667,448</u>	<u>48,702,640</u>

Oceanus Insurance Company, Inc., a RRG in Liquidation
Statement of Cash Receipts and Disbursements
September 21, 2017 to December 31, 2018

	2017	2018				Total	ITD
	9-21 to 12-31	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr		
Beginning cash and cash equivalents	5,241,981	6,583,508	4,279,628	2,752,065	2,135,892	6,583,508	5,241,981
Receipts							
Premiums	60,268	-	-	-	14,804	14,804	75,072
Commissions and related items	-	-	-	-	251,353	251,353	251,353
Deductible Recoveries	-	-	-	-	20,000	20,000	20,000
Investment income	125,857	292,466	188,646	300,516	230,794	1,012,423	1,138,280
Federal Tax Refund	6,987	-	-	-	-	-	6,987
Premium Tax Refunds	-	-	136,227	18,180	37,475	191,882	191,882
Proceeds from investments, net	1,760,648	(1,709,698)	(1,243,027)	(430,739)	(928,476)	(4,311,940)	(2,551,291)
Other	-	2,850	6,400	2,200	4,000	15,450	15,450
Total receipts	1,953,760	(1,414,382)	(911,754)	(109,842)	(370,051)	(2,806,029)	(852,269)
Disbursements							
Loss and loss adjustment expenses	47,096	112,115	188,986	116,236	110,741	528,077	575,173
Salary and employee benefits	159,478	172,021	96,680	87,896	88,113	444,709	604,187
Professional fees	156,666	100,517	24,900	8,758	31,709	165,883	322,550
Legal fees	33,992	53,680	65,855	123,363	58,910	301,808	335,800
Special Deputy Liquidator	45,292	344,849	171,278	94,786	65,501	676,414	721,707
Rent, rent items and utilities	41,098	39,490	9,160	12,942	11,254	72,847	113,944
EDP equipment, software and consulting	34,781	29,615	19,345	24,721	9,195	82,876	117,657
Offices supplies, postage and printing	16,222	3,995	2,573	1,480	1,991	10,039	26,260
Insurance	-	-	1,943	-	-	1,943	1,943
Investment advisory and bank charges	33,603	32,712	34,598	36,041	35,652	139,003	172,606
Publication costs	42,750	-	-	-	-	-	42,750
Other	1,257	505	491	108	55	1,159	2,416
Total disbursements	612,234	889,498	615,808	506,332	413,120	2,424,758	3,036,992
Net cash flows	1,341,526	(2,303,880)	(1,527,563)	(616,173)	(783,171)	(5,230,787)	(3,889,261)
Ending cash and cash equivalents	6,583,508	4,279,628	2,752,065	2,135,892	1,352,721	1,352,721	1,352,721

Oceanus Insurance Company, Inc., a RRG in Liquidation
Payments to Consultants and Other Professionals (A)
September 21, 2017 to December 31, 2018

	2017	2018					ITD	Comments
	9-21 to 12-31	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD		
FitzGibbons and Company, Inc.	45,292	344,849	171,278	94,786	65,501	676,414	721,707	Special Deputy Liquidator
USA Risk Group, Inc.	50,000	30,000	5,362	2,159	-	37,521	87,521	Captive Manager
The HDH Group Inc.	41,446	15,123	-	-	-	15,123	56,569	MGU
South Carolina Department of Insurance	35,281	-	-	-	-	-	35,281	Confidential Supervision
Francine L. Semaya	24,203	40,115	32,470	85,337	44,264	202,186	226,390	Legal
Actuarial Solutions	13,744	-	-	-	-	-	13,744	Actuarial
Haynsworth Sinkler Boyd, P.A.	9,789	13,564	33,385	38,026	14,646	99,621	109,410	Legal
Financial Risk Analysts, LLC	7,838	-	-	-	-	-	7,838	Actuarial
Frederich Bingham	4,154	51,749	4,642	-	-	56,390	60,544	Consulting - Claims
Bauknight Pietras & Storm, PA	3,757	-	-	-	-	-	3,757	Tax Preparation
Plante & Moran, PLLC	-	-	8,000	-	-	8,000	8,000	Tax Preparation
Pension Systems, Inc.	446	446	446	486	446	1,824	2,270	401K Services
William Maldonado	-	3,200	6,450	6,113	4,600	20,363	20,363	Consulting
Shahriar Arfa-Zanganeh CPA, CFF	-	-	-	-	26,663	26,663	26,663	Accounting Services
Total	235,951	499,046	262,032	226,907	156,120	1,144,105	1,380,056	

(A) - Excludes LAE payments to various vendors.