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.

Oceanus Insurance Company, a Risk Retention Group,

Respondent.

Civil Action No. 2017-CP-40-05195

NOTICE OF FILING OF FINANCIAL STATEMENTS AS OF JUNE 30, 2019

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 June 30, 2019. Said financial statements are attached as Exhibit A to this filing.

Respectfully submitted,

August 13, 2019

s/ Geoffrey R. Bonham S.C. Bar No. 13058 Associate General Counsel S.C. Department of Insurance P.O. Box 100105 Columbia SC 29202-3105

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EXHIBIT A

Oceanus Insurance Company, Inc., a RRG in Liquidation Balance Sheet December 31, 2018 and June 30, 2019

	December 31, 2018	June 30, 2019
Assets		
Bonds	35,212,321	33,799,227
Cash and cash equivalents	1,352,721	4,564,110
Total cash and investments	36,565,042	38,363,337
Receivable from agents, insureds and others	757,180	448,063
Premium tax refund receivable	35,425	-
Miscellaneous receivable	110,468	109,968
Investment income accrued	301,744	291,845
Ceded reinsurance premiums receivable	1,346,335	1,346,335
Amounts recoverable from reinsurers - paid	1,093,566	1,093,566
Ceded loss and LAE reserves	7,050,206	7,050,206
Supersedeas bond receivable	1,430,067	-
Other	12,607	12,607
Total assets	48,702,640	48,715,927
Liabilities		
Loss and loss adjustment expense reserves	61,063,149	60,846,135
Other expenses	145,124	235,796
Premium refunds related to unearned premiums	6,277,830	6,277,830
Due under SC Code § 38-27-610	2,587,490	2,630,051
Total liabilities	70,073,593	69,989,812
Capital and Surplus (Deficit)		
Common stock and contributed surplus	8,899,731	8,899,731
Unassigned funds	(30,270,684)	(30,173,616)
Total policyholders surplus (deficit)	(21,370,953)	(21,273,885)
Total liabilities and surplus	48,702,640	48,715,927

Oceanus Insurance Company, Inc., a RRG in Liquidation Statement of Cash Receipts and Disbursements September 21, 2017 to June 30, 2019

	9-21 to 12-31		2019				
	2017	2018	1st Qtr	2nd Qtr	Total	ITD	
Beginning cash and cash equivalents	5,241,981	6,583,508	1,352,721	1,605,763	1,352,721	5,241,981	
Receipts							
Premiums	60,268	14,804	4,586	-	4,586	79,658	
Commissions and related items	-	251,353	20,434	964	21,398	272,751	
Deductible Recoveries	-	20,000	-	-	-	20,000	
Investment income	125,857	1,012,423	311,706	235,248	546,954	1,685,234	
Federal Tax Refund	6,987	-	-	-	· <u>-</u>	6,987	
Premium Tax Refunds	-	191,882	2,251	98,738	100,989	292,870	
Proceeds from investments, net	1,760,648	(4,311,940)	350,805	1,593,433	1,944,238	(607,053)	
Claims Bond proceeds	-	-	-	1,444,512	1,444,512	1,444,512	
Other	-	15,450	600	-	600	16,050	
Total receipts	1,953,760	(2,806,029)	690,382	3,372,895	4,063,277	3,211,008	
Disbursements							
Loss and loss adjustment expenses	47,096	528,077	33,867	23,660	57,527	632,700	
Salary and employee benefits	159,478	444,709	94,729	102,398	197,128	801,315	
Professional fees	156,666	165,883	56,021	42,426	98,447	420,997	
Legal fees	33,992	301,808	99,668	47,113	146,781	482,581	
Special Deputy Liquidator	45,292	676,414	89,790	128,492	218,282	939,989	
Rent, rent items and utilities	41,098	72,847	13,509	15,898	29,407	143,351	
EDP equipment, software and consulting	34,781	82,876	6,081	10,467	16,548	134,205	
Offices supplies, postage and printing	16,222	10,039	1,767	4,163	5,930	32,190	
Insurance	-	1,943	5,521	3,351	8,872	10,815	
Investment advisory and bank charges	33,603	139,003	36,084	36,553	72,637	245,243	
Publication costs	42,750	-	-	-	-	42,750	
Other	1,257	1,159	301	28	329	2,745	
Total disbursements	612,234	2,424,758	437,339	414,549	851,888	3,888,880	
Net cash flows	1,341,526	(5,230,787)	253,042	2,958,346	3,211,389	(677,872)	
Ending cash and cash equivalents	6,583,508	1,352,721	1,605,763	4,564,110	4,564,110	4,564,110	

Oceanus Insurance Company, Inc., a RRG in Liquidation Payments to Consultants and Other Professionals (A) September 21, 2017 to June 30, 2019

	9-21 to 12-31			2019			
	2017	2018	1st Qtr	2nd Qtr	Total	ITD	Comments
FitzGibbons and Company, Inc.	45,292	676,414	89,790	128,492	218,282	939,989	Special Deputy Liquidator
USA Risk Group, Inc.	50,000	37,521	-	=	-	87,521	Captive Manager
The HDH Group Inc.	41,446	15,123	-	-	-	56,569	MGU
South Carolina Department of Insurance	35,281	-	-	-	=	35,281	Confidential Supervision
Francine L. Semaya	24,203	202,186	70,788	17,940	88,728	315,118	Legal
Actuarial Solutions	13,744	-	-	-	-	13,744	Actuarial
Haynsworth Sinkler Boyd, P.A.	9,789	99,621	28,880	29,173	58,053	167,463	Legal
Financial Risk Analysts, LLC	7,838	-	-	-	-	7,838	Actuarial
Frederich Bingham	4,154	56,390	-	-	-	60,544	Consulting - Claims
Bauknight Pietras & Storm, PA	3,757	-	-	-	-	3,757	Tax Preparation
Plante & Moran, PLLC	-	8,000	-	-	-	8,000	Tax Preparation
Pension Systems, Inc.	446	1,824	446	696	1,142	3,412	401K Services
William Maldonado	-	20,363	1,350	1,600	2,950	23,313	Consulting
Shahriar Arfa-Zanganeh CPA, CFF	-	26,663	54,225	40,130	94,355	121,018	Accounting Services
	235,951	1,144,105	245,480	218,031	463,511	1,843,567	

⁽A) - Excludes LAE payments to various vendors.