

**Karen O. Moury**

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October 28, 2014

**VIA E-FILING**

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor  
Harrisburg, PA 17120

Re: Petition of Rasier-PA LLC for Issuance of Emergency Order  
Docket No. P-2014-2449881

Dear Secretary Chiavetta:

On behalf of Rasier-PA LLC, a wholly owned subsidiary of Uber Technologies, Inc., I have enclosed for electronic filing an Amended Petition for Issuance of Emergency Order. The only purpose of the amended filing is to correct minor typographical errors in paragraphs 1, 5 and 14. No substantive revisions have been made.

In addition, we are serving courtesy copies of this Amended Petition for Issuance of Emergency Order on the parties in the pending application proceedings of Rasier-PA at Docket Nos. A-2014-2416127 and A-2014-2424608.

If you have any questions, please feel free to contact me.

Sincerely,



Karen O. Moury

KOM/tlg  
Enclosure

cc: Certificate of Service



right to relief is clear, the need for relief is immediate, the injury would be irreparable if relief is not granted and the relief requested is not injurious to the public interest. 52 Pa. Code §§ 3.1-3.2.

4. The clear and present danger standard for an emergency order is satisfied in this situation because KRRG will not be able to pay any insurance claims arising from accidents involving hundreds of affected taxicab companies throughout Pennsylvania.

5. The Commission's insurance regulations are intended to protect the public in the event of bodily injury or property damage. In light of KRRG's present inability to pay claims, the public is not protected. Therefore, there is a clear right to relief, the need for relief is immediate, the injury is irreparable and the relief is necessary and proper to protect the public interest.

## **II. BACKGROUND**

6. On October 21, 2014, at the request of the South Carolina Department of Insurance, the Court of Common Pleas for the Fifth Judicial Circuit in Richland County, South Carolina, issued an Order Commencing Liquidation Proceedings and Granting an Injunction and Automatic Stay of Proceedings ("Liquidation Order") against KRRG. The Liquidation Order, which is attached as Exhibit A, shows that KRRG has negative capital and surplus in the amount of over \$3 million. Moreover, the Liquidation Order indicates that KRRG did not contest that grounds exist for liquidation under South Carolina state laws. Further, the Liquidation Order provides for termination of insurance coverage under KRRG policies within thirty days.

7. KRRG is the insurance company that has filed Form E Certificates of Insurance for hundreds of taxicab companies and other motor carriers currently providing transportation services to the public throughout Pennsylvania.

8. On October 22, 2014, the Philadelphia Parking Authority communicated with taxicab and limousine companies under its jurisdiction that it was voiding KRRG certificates of insurance as of October 24, 2014 at 5:00 p.m. due to the Liquidation Order demonstrating that the KRRG insurance on file fails to provide satisfactory and adequate protection for the public.

9. No similar measures have been taken by the Commission to ensure the protection of the riding public who may sustain bodily injury or property damage as a result of an accident involving an affected taxicab company. It is critical that the Commission act immediately to require the affected taxicab companies to replace their KRRG insurance policies with coverage from new insurance companies that are liquid, can pay claims and are rated A- (Excellent) or better by A.M. Best.

10. The complete financial collapse of KRRG, the impending termination of insurance coverage under its policies, and most notably, the lack of funds to pay any claims of the public arising from bodily injury or property damage sustained in an accident involving the affected taxicab companies creates a situation which presents a clear and present danger to life or property, warranting the issuance of an emergency order.

11. KRRG is not the first recent failure of a risk retention group ("RRG") focused on taxicab and limousine companies in Pennsylvania. Ocean RRG ("Ocean"), a District of Columbia-domiciled RRG, failed on September 6, 2013, causing similar harm to the public. The ensuing liquidation of Ocean provides a clear roadmap for the anticipated harms to claimants against KRRG.

12. Over 90% of Ocean's 2013 premium was written in Pennsylvania to taxis and limo operators regulated by the Commission and the Philadelphia Parking Authority. As of October 23, 2014 there are currently 630 open claims being made against Ocean. According to

the Liquidator's Third Status Report, which is attached as Exhibit B, all claims and all suits involving Ocean RRG have been stayed through December 9, 2014, over 15 months from the date of the liquidation order. The receiver of Ocean has gathered assets of less than 50% of the value of claims received by the bar date. Persons injured by taxis and limos insured by Ocean are suffering from extreme delays in payment and are almost certain to receive less than the statutory minimum payments. Claimants are also deprived of their rights to recovery under the usual statute of limitations. Claimants against Ocean must have submitted claims by January 31, 2014 in order to participate in the liquidation process. Claimants making a claim after this date are barred from recovery after that date despite having a much longer period under Pennsylvania's statute of limitations. Third parties injured by taxis and limos that are insured by KRRG policies are likely to face the same hardship as those injured by insureds of Ocean RRG.

13. Insurers should either be rated A- (Excellent) or better by A.M. Best. A.M. Best's Financial Strength Rating is an independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations. It is based on a comprehensive quantitative and qualitative evaluation of a company's balance sheet strength, operating performance and business profile. Major insurance brokers such as Marsh, AON, and Willis do not transact in insurance from carriers rated less than A-. If the Commission finds that there is limited availability of insurance for motor carriers in the state it should mandate a minimum rating of B+ (Good). All carriers with ratings of "B" or lower are considered "Vulnerable" by A.M. Best. See <http://www.ambest.com/ratings/guide.asp> for details of their rating methodology.

14. KRRG and Oceans are not the only thinly capitalized RRGs that insure motor carriers in Pennsylvania. Pinelands Insurance Company RRG ("Pinelands"), another District of

Columbia-domiciled RRG, is also a significant writer of insurance for taxis and limos in Pennsylvania. Pinelands' quarterly report is attached as Exhibit C. Like KRRG, it is thinly capitalized with only \$665,000 in surplus as respects policyholders under District of Columbia accounting standards and negative surplus under the National Association of Insurance Commissioners accounting standards for insurers. Neither KRRG nor Pinelands are rated by A.M. Best most likely because their ratings would be so low as to be damaging to their ability to sell policies if attention were drawn to their poor financial strength. There is a high likelihood that Pinelands will see a similar fate as KRRG within the next year and similarly put the public at risk. The Commission should not wait for a liquidation order as claims arising from injury prior to the liquidation date are also subject to delay in payment and payment for less than the full value of claims. Instead, the Commission should adopt a rule that establishes minimum financial strength requirements for insurers that insure motor carriers in Pennsylvania.

15. Many of the affected taxicab companies are currently protesting Rasier-PA's experimental services application to provide ridesharing services between points in Pennsylvania ("Statewide Application"), which is pending before the Commission at Docket No. A-2014-2424608. In protesting Rasier-PA's Statewide Application, these same taxicab companies have challenged the adequacy of Rasier-PA's liability insurance policies and made liability insurance a primary issue of inquiry during the proceeding, resulting in a delay in adjudicating the Statewide Application.

16. In fact, however, Rasier-PA's commercial automobile insurance carrier, James River Insurance Company ("James River"), is rated A.M. Best, which is regarded as the premier provider of credit ratings of insurance companies, as A- or Excellent, with the financial size

category of IX, which indicates a policy holder surplus of \$250,000,000 to \$500,000,000. With respect to James River's future ratings, the outlook indicated by A.M. Best is positive.<sup>1</sup>

17. Moreover, Rasier-PA provides liability insurance coverage in the amount of \$1 million from the time the driver receives and accepts a ride request through the completion of transportation services,<sup>2</sup> which is nearly 30 times the amount of coverage that is provided by taxicab companies pursuant the Commission's regulations at 52 Pa. Code § 32.11.

### III. APPLICABLE LEGAL STANDARDS

18. The Commission's regulations governing emergency relief require the existence of an emergency, which is defined as "a situation which presents a clear and present danger to life or property." 52 Pa. Code § 3.1 The Commission has found that the threat of depletion of natural gas in unusually cold conditions presented a clear and present danger to life or property, warranting emergency relief in the form of a waiver of tariff charges for over-deliveries. *Petition of National Fuel Gas for Emergency Order Granting a Temporary Waiver of Certain Tariff Rules Related to Transportation Service*, Docket Nos. P-961022 and P-961021 (March 19, 1996) ("*National Fuel Gas Emergency Order*").

19. To prevail in a petition for emergency relief, it is necessary for the petitioner to demonstrate that the right to relief is clear, the need for relief is immediate, the injury would be irreparable if relief is not granted and the relief is not injurious to the public interest. 52 Pa. Code § 3.2.

### IV. ARGUMENT

20. It is beyond dispute that KRRG cannot currently pay any claims arising from bodily injury or property damage which are sustained in an accident involving the hundreds of

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<sup>1</sup> Rasier-MB in Statewide Application, at p. 28; N.T. 513-514.

<sup>2</sup> Form E Certificate of Insurance filed by James River at Docket No. A-2014-2424608.

taxicab companies insured by KRRG. This situation presents a clear and present danger to life or property and warrants the issuance of an emergency order. As the public is completely unprotected in the event of bodily injury or property damage, this situation is as compelling as the factors that led to issuance of the *National Fuel Gas Emergency Order*.

21. Further, Rasier-PA's right to relief is clear. In considering whether the right to relief is clear, the Commission need only determine that the claim raises substantial legal questions. *See Level 3 Communications, LLC v. Marianna & Scenery Hill Telephone Company*, Docket No. C-2002811 (Order entered August 8, 2002, at p. 8). KRRG's financial collapse and inability to pay claims is a matter of public record. No doubt can possibly exist that the Commission is obligated to take action to ensure that taxicab companies providing transportation services to the public throughout Pennsylvania are adequately covered by liability insurance. 66 Pa.C.S. § 512.<sup>3</sup>

22. In addition, Rasier-PA has demonstrated a need for immediate relief. KRRG is being liquidated, coverage under its insurance policies is being terminated, and it has negative capital and surplus, meaning that it has no funds available to pay claims of the public related to bodily injury or property damage sustained in an accident involving the affected taxicab companies.

23. Moreover, Rasier-PA has shown that irreparable harm will result if emergency relief is not granted. Given the complete financial collapse of KRRG, a major insurer of hundreds of taxicab companies providing transportation services to the public throughout Pennsylvania, claims arising from bodily injury or property damage will not be compensated.

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<sup>3</sup> In recently granting emergency relief against Uber Technologies, Inc., the Commission expressed concerns about insurance, stating that "[W]e have no measure of whether riders using the Uber service are protected by adequate insurance coverage." *Petition of Bureau of Investigation and Enforcement for Interim Emergency Order*, Docket No. P-2014-2426846 (Order adopted July 24, 2014, at p. 21).

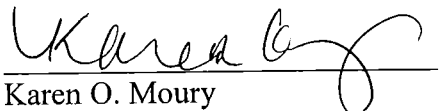
Financial harm, alone, is sufficient to support a finding of irreparable harm when the complained of activity is unlawful. *See Pa. PUC v. Israel*, 52 A.2d 347 (Pa. 1947). It is unlawful for these taxicab companies to continue operating without adequate insurance protection in place for the public. 66 Pa.C.S. § 512.

24. Finally, the requested relief will not be injurious to the public interest. To the contrary, the requested relief is necessary, proper and in the public interest so that the public will be adequately protected by liability insurance coverage in the event of an accident involving the affected taxicab companies, which results in bodily injury or property damage.

**V. CONCLUSION**

WHEREFORE, on the basis of the foregoing, Rasier-PA LLC requests that the Commission issue an Emergency Order requiring the affected motor carriers to cease providing transportation service to the public until such time as they replace the First Keystone Risk Retention Group policies with adequate liability insurance coverage.

Respectfully submitted,

  
Karen O. Moury  
Buchanan Ingersoll & Rooney PC  
409 North Second Street  
Suite 500  
Harrisburg, PA 17101  
(717) 237-4820

Dated October 28, 2014

*Attorneys for Rasier-PA LLC*



# EXHIBIT A

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.

C.A. No. 2014-CP-40-5987

**ORDER COMMENCING  
LIQUIDATION PROCEEDINGS  
& GRANTING AN INJUNCTION  
& AUTOMATIC STAY OF  
PROCEEDINGS**

RICHLAND COUNTY  
CLERK OF COURT  
MAY 12 2014  
PM 12:38

This matter comes before me pursuant to the South Carolina Insurers Rehabilitation and Liquidation Act, S.C. Code Ann. §§ 38-27-10 *et seq.* Petitioner seeks an order appointing him as Liquidator of First Keystone Risk Retention Group, Inc., (Respondent). The Court, having reviewed the file and otherwise being fully informed in the premises, finds:

1. This Court has jurisdiction of the subject matter and is the proper venue for this proceeding pursuant to S.C. Code Ann. § 38-27-60(b), (c) & (f) & -310 (2002).
2. Petitioner is the duly appointed Director for the State of South Carolina Department of Insurance with such powers, duties and responsibilities as are prescribed under the insurance laws of this State to that agency's director for company licensing, delinquency and receivership matters, and is specifically authorized to file a petition for liquidation pursuant to § 38-27-360 (2002).
3. The Department has regulatory jurisdiction over the Respondent pursuant to, *inter alia*, Chapters 3, 87 and 90 of Title 38 of the South Carolina Code of Laws 1976, as amended.

4. Respondent is a South Carolina industrial insured captive (stock) insurance company formed as a Risk Retention Group and organized and licensed under the provisions of S.C. Code Ann. §§ 38-90-10 *et seq.* It is not publicly traded.

5. The Department granted to Respondent a license to transact business on September 24, 2003, subject to the stipulations set forth in a letter also September 24, 2003.

6. According to the licensing stipulation letter, Respondent's license is conditional on the company maintaining capital and surplus in excess of \$2.4 million.

7. Respondent's corporate headquarters are located at 4421 Aramingo Avenue, Philadelphia, Pennsylvania 19124-4101.

8. Respondent is registered to write commercial transportation liability insurance in Pennsylvania, Maryland, New Jersey, Delaware, Virginia, North Carolina, Georgia and Massachusetts.

9. In or about the autumn of 2011, Respondent retained the services of Towers Watson to perform certain actuarial services, including determination of annual losses and loss adjustment expenses (LAE).

10. On or about September 24, 2014, as a result of its review of Respondent's loss data as of June 30, 2014, Towers Watson made a substantial upward adjustment to Respondent's reserves, increasing ultimate losses and LAE cost reserves by more than \$2 million.

11. A Summary of Respondent's loss and LAE reserves as of June 30, 2014 prepared by Towers Watson indicates a "central," or midpoint, of \$8,977,284.

12. Application of this midpoint to the Company's reported capital and surplus at June 30, 2014 results in a restatement of Respondent's capital and surplus of only \$195,645, or well under the stipulated minimum of \$2.4 million.

13. Moreover, with Respondent in such a hazardous financial condition as to require that it immediately cease and desist from writing any new business, Respondent's Net Deferred Tax Asset is now unrecoverable and Deferred Acquisition costs must be expensed, resulting in adjustments bringing Respondent's total capital and surplus to (\$3,046,237), *i.e.*, *negative* \$3,046,237, as illustrated in the summary below:

<b>Capital and Surplus as Reported in \$</b>		<b>2,421,980</b>
<i>Adjustments in \$:</i>		
<i>Reported Loss and LAE Reserves</i>	6,750,949	
<i>Towers Watson Midpoint Estimate of Reserves</i>	8,977,284	
<b>Change in Reserves (\$):</b>	<b>2,226,335</b>	<b>(2,226,335)</b>
<b>Adjusted Capital and Surplus in \$</b>		<b>195,645</b>
<i>Write Off of Other Assets (\$):</i>		
<i>Net Deferred Tax Asset</i>	2,314,305	
<i>Deferred Acquisition Costs</i>	927,577	
<b>Total Other Asset Write-Offs (\$):</b>	<b>3,241,882</b>	<b>(3,241,882)</b>
<b>Total Adjusted Capital and Surplus in \$</b>		<b>(3,046,237)</b>

14. S.C. Code Ann. § 38-27-360 (2012) sets forth the grounds upon which an insurer may be placed into liquidation, including but not limited to when the insurer is in a condition in which the further transaction of business would be hazardous, financially or otherwise, to its policyholders, creditors, or the public and/or when the insurer is insolvent. Pursuant to this section of the Code, the Director may apply by petition to the Circuit Court for an Order authorizing him to liquidate Respondent.

15. Respondent, its board of directors and officers, deny any and all inferences of wrongdoing, including but not limited to mismanagement, breaches of fiduciary duty, negligence, misrepresentation, unjust enrichment, fraud, and any other duty owed by the Respondent and/or its board of directors and officers.

16. Respondent, having been served with a copy of the Petition pursuant to S.C. Code Ann. § 38-27-60 (2012) and other applicable law, does not contest that grounds exist for liquidation under Chapter 27 of Title 38, as set forth above, and waives hearing; and, so as to avoid any prejudice to the interests of policyholders, creditors and the public, it does not wish to contest the Petition nor does it object to the immediate entry of an Order of the Court granting the relief sought by Petitioner therein, provided that, in waiving its right to a hearing and not objecting to the immediate entry of this Order, neither Respondent nor its officers and directors shall be deemed to have waived any other rights or defenses to any actions or causes of action, whether they be brought by the Petitioner herein or any third party, arising in any way from the allegations of the Petition or the findings and consequences of this Order.

**IT IS THEREFORE ORDERED THAT:**

1. PURSUANT TO S.C. Code Ann. § 38-27-370 (2002), Petitioner and his successors in

office are appointed Liquidator of Respondent.

2. PURSUANT TO S.C. Code Ann. § 38-27-370(B) (2002), the rights and liabilities of the insurer and its creditors, policyholders, shareholders, members, and other persons interested in its estate become fixed as of the date of entry of this Order of liquidation, except as provided in S.C. Code Ann. §§ 38-27-380 and 38-27-560 (2002); and, any claim excepted under this provision and Section 38-27-370(B) shall be governed by Sections 38-27-380 and 38-27-560, as applicable.

3. PURSUANT TO S.C. Code Ann. § 38-27-380(a) & (b) (2002):

a. All policies in effect on the date of the entry of this Order continue in force only for the lesser of:

(1) A period of thirty days from the date of entry of the liquidation order;

(2) The expiration of the policy coverage;

(3) The date when the insured has replaced the insurance coverage with equivalent insurance in another insurer or otherwise terminated the policy; or

(4) The Liquidator has effected a transfer of the policy obligation pursuant to item (8) of subsection (a) of Section 38-27-400.

b Pursuant to S.C. Code Ann. §§ 38-27-350, 370(a), 370 & -380(b) (2002), this Order of liquidation terminates coverages at the time specified in subparagraph a. above and S.C. Code Ann. § 38-27-380(a) (2002) for purposes of any other statute.

c. Nothing in this Order or the Petition seeking this Order shall be construed to invalidate a termination of a policy by the Liquidator, in accordance with the terms of the contract and applicable law, completed prior to the date of the entry of this Order.

4. PURSUANT TO S.C. Code Ann. § 38-27-400(a) (2002), Petitioner and his

successors shall have all the powers and responsibilities set forth under that section to assist him or his designee as Liquidator, including but not limited to:

- a. To appoint a special deputy to act for him and to determine the special deputy's reasonable compensation, who shall have all powers of the Liquidator granted by this section and who serves at the pleasure of the Liquidator.
- b. To employ employees and agents, legal counsel, actuaries, accountants, appraisers, consultants, and other personnel he considers necessary to assist in the liquidation.
- c. To fix the reasonable compensation of employees and agents, legal counsel, actuaries, accountants, appraisers, and consultants with the court's approval.
- d. To pay reasonable compensation to persons appointed and to defray from the funds or assets of the insurer all expenses of taking possession of, conserving, conducting, liquidating, disposing of, or otherwise dealing with the business and property of the insurer. In the event that the property of the insurer does not contain sufficient cash or liquid assets to defray the costs incurred, the Director may advance the costs so incurred out of any appropriation for the maintenance of the insurance department. Any amounts so advanced for expenses of administration must be repaid to the Director for the use of the insurance department out of the first available monies of the insurer.
- e. To hold hearings, to subpoena witnesses to compel their attendance, to administer oaths, to examine any person under oath, and to compel any person to subscribe to his testimony after it has been correctly reduced to writing and, in connection therewith, to require the production of any books, papers, records, or other documents which she considers relevant to the inquiry.

f. To collect all debts and monies due and claims belonging to the insurer, wherever located, and, for this purpose:

(i) To institute timely action in other jurisdictions in order to forestall garnishment and attachment proceedings against the debts.

(ii) To do other acts necessary or expedient to collect, conserve, or protect its assets or property, including the power to sell, compound, compromise, or assign debts for purposes of collection upon terms and conditions she considers best.

(iii) To pursue any creditor's remedies available to enforce his claims.

g. To conduct public and private sales of the property of the insurer.

h. To use assets of the estate of an insurer under a liquidation order to transfer policy obligations to a solvent assuming insurer, if the transfer can be arranged without prejudice to applicable priorities under S.C. Code Ann. § 38-27-610 (2002).

i. To acquire, hypothecate, encumber, lease, improve, sell, transfer, abandon, or otherwise dispose of or deal with any property of the insurer at its market value or upon terms and conditions that are fair and reasonable. He also has power to execute, acknowledge, and deliver any and all deeds, assignments, releases, and other instruments necessary or proper to effectuate any sale of property or other transaction in connection with the liquidation.

j. To borrow money on the security of the insurer's assets or without security and to execute and deliver all documents necessary to that transaction for the purpose of facilitating the liquidation.

k. To enter into contracts necessary to carry out the order to liquidate, and to affirm or disavow any contracts to which the insurer is a party.

l. To continue to prosecute and to institute in the name of the insurer or in his own name any and all suits and other legal proceedings, in this State or elsewhere, and to abandon the prosecution of claims she considers unprofitable to pursue further. If the insurer is dissolved under Section 38-27-390, he has the power to apply to any court in this State or elsewhere for leave to substitute himself for the insurer as plaintiff.

m. To prosecute any action which may exist in behalf of the creditors, members, policyholders, or shareholders of the insurer against any officer of the insurer or any other person.

n. To remove any or all records and property of the insurer to the offices of the Department or to any other place convenient for the purposes of efficient and orderly execution of the liquidation.,

o. To deposit in one or more banks in this State sums required for meeting current administration expenses and dividend distributions.

p. To invest all sums not currently needed, unless the court orders otherwise.

q. To file any necessary documents for recording in the office of any recorder of deeds or record office in this State or elsewhere where property of the insurer is located.

r. To assert all defenses available to the insurer as against third persons, including statutes of limitation, statutes of fraud, and the defense of usury. A waiver of any

defense by the insurer after a petition in liquidation has been filed does not bind the liquidator.

s. To exercise and enforce all the rights, remedies, and powers of any creditor, shareholder, policyholder, or member, including any power to avoid any transfer or lien that may be given by the general law and that is not included with S.C. Code Ann. §§ 38-27-450 through 38-27-470 (2002).

t. To intervene in any proceeding wherever instituted that might lead to the appointment of a receiver or trustee and to act as the receiver or trustee whenever the appointment is offered.

u. To enter into agreements with any receiver or commissioner of any other state relating to the rehabilitation, liquidation, conservation, or dissolution of Respondent of an insurer where Respondent is doing business in both states.

v. To exercise all powers now held or hereafter conferred upon receivers by the laws of this State not inconsistent with applicable law.

w. To audit the books and records of agents of the insurer insofar as those records relate to the business activities of the insurer.

x. Notwithstanding the powers of the Liquidator as enumerated above and granted pursuant to Section 38-27-400, the Liquidator is not obligated to defend claims or to continue to defend claims after the entry of a liquidation order.

5. PURSUANT TO S.C. Code Ann. § 38-27-400(b) (2002), the enumeration in this Order of the powers and authority of the Liquidator may not be construed as a limitation upon him; nor shall it exclude in any manner his right to do other acts not herein specifically enumerated, or

otherwise provided for, that may be necessary or appropriate for the accomplishment of or in aid of the purpose of liquidation.

6. PURSUANT TO S.C. Code Ann. § 38-27-410, -540 & -550 (2002), the Liquidator shall provide Notice of this Order, prescribe the form of a Proof of Claim to be used by all claimants and shall set the date for submission of claims, or Bar Date, after which date no claim will be allowed except as provided in Section 38-27-540.

7. Upon filing by the Liquidator with the office of the Secretary of State a certified true copy of the Liquidation Order, Respondent is dissolved in accordance with S.C. Code Ann. § 38-27-390 (2002).

8. Respondent is hereby officially declared insolvent as defined by S.C. Code Ann. § 38-27-50(10) (2002)

9. Petitioner's designation of Michael J. FitzGibbons of FitzGibbons and Company, Inc., 8300 N. Hayden Rd., Suite A100, Scottsdale, Arizona 85258, as a consultant to the Liquidator and as Special Deputy Liquidator, in this matter, with such reasonable compensation as determined by the Liquidator pursuant to Section 38-27-400(a)(1) is hereby expressly approved, and said Special Deputy Liquidator shall have all powers of the Liquidator granted by Section 38-27-400 and shall serve at the pleasure of the Liquidator.

10. Neither Respondent nor its directors or officers shall be deemed to have waived any rights or defenses to any actions or causes of action, whether they be brought by the Petitioner herein or any third party, arising in any way from the allegations of the Petition or the findings and consequences of this Order, and neither shall Respondent, its officers or directors be deemed to have acknowledged any wrongdoing, including but not limited to mismanagement, breaches of fiduciary

duty, negligence, misrepresentation, unjust enrichment, fraud, or any other duty owed by the Respondent or them.

### **NOTICE OF AUTOMATIC STAY**

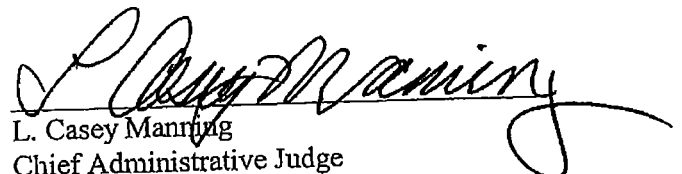
Notice is hereby given that pursuant to S.C. Code Ann. § 38-27-70 (2002), the Court grants an automatic stay applicable to all persons and proceedings, other than the Liquidator, which shall be permanent and survive the entry of the Order and which prohibits:

- (1) The transaction of further business;
- (2) The transfer of property;
- (3) Interference with the Liquidator or with a proceeding under Chapter 27 of Title 38 of the South Carolina Code;
- (4) Waste of Respondent's assets;
- (5) Dissipation and transfer of bank accounts;
- (6) The institution or further prosecution of any actions or proceedings;
- (7) The obtaining of preferences, judgments, attachments, garnishments, or liens against Respondent, its assets, or its policyholders;
- (8) The levying of execution against Respondent, its assets, or its policyholders;
- (9) The making of any sale or deed for nonpayment of taxes or assessments that would lessen the value of the assets of Respondent;
- (10) The withholding from the Liquidator of books, accounts, documents, or other records relating to the business of Respondent; or

(11) Any other threatened or contemplated action that might lessen the value of Respondent's assets or prejudice the rights of policyholders, creditors, or shareholders, or the administration of any proceeding under Chapter 27 of Title 38 of the South Carolina Code.

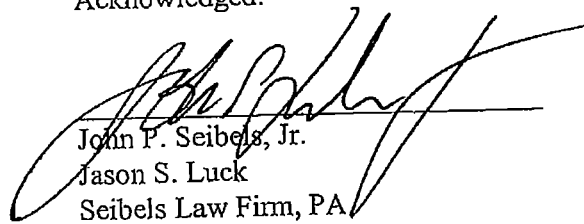
This Court retains jurisdiction of this cause for the purpose of granting such other and further relief as from time to time may be necessary and appropriate.

**AND IT IS SO ORDERED.**

  
L. Casey Manning  
Chief Administrative Judge  
Fifth Judicial Circuit

This 21 day of October, 2014  
Columbia, South Carolina

Acknowledged:

  
John F. Seibels, Jr.  
Jason S. Luck  
Seibels Law Firm, PA  
127 King Street, Suite 100  
Charleston, SC 29401  
Attorneys for Respondent

## EXHIBIT B

IN THE SUPERIOR COURT FOR THE DISTRICT OF COLUMBIA  
Civil Division

DISTRICT OF COLUMBIA,  
a Municipal Corporation,

Petitioner,

v.

OCEAN RISK RETENTION GROUP,  
INC.

Respondent.

Civil Action No.: 13-6110 2

Judge: Wright

Calendar No.: 15

Next Event: Status 4/7/15 at 9:30 am

**PRAECIPE**  
**NOTICE OF FILING OF LIQUIDATOR'S THIRD STATUS REPORT**

The District of Columbia, at the request of and on behalf of Chester A. McPherson, Acting Commissioner of the District of Columbia Department of Insurance, Securities and Banking, as Liquidator of Ocean Risk Retention Group, Inc. ("Ocean"), and his Special Deputy Liquidator, Robert H. Myers, Jr., by and through the Office of the Attorney General for the District of Columbia, files the attached Liquidator's Third Status Report.

Respectfully Submitted,

IRVIN B. NATHAN  
Attorney General for the District of Columbia

ELLEN A. EFROS  
Deputy Attorney General  
Public Interest Division

/s/Stephane J. Latour  
STEPHANE J. LATOUR  
Chief, Civil Enforcement Section

/s/E. Louise R. Phillips  
E. LOUISE R. PHILLIPS  
Assistant Attorney General

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[louise.phillips@dc.gov](mailto:louise.phillips@dc.gov)

**CERTIFICATE OF SERVICE**

I hereby certify that on this 23<sup>rd</sup> day of October, 2014, a copy of the foregoing was filed  
and served by email or CaseFileXpress upon:

Chester A. McPherson, Liquidator  
c/o Stephanie Schmelz  
DISB, Office of the General Counsel  
810 First St., NE, Suite 701  
Washington, D.C. 20002  
[Stephanie.Schmelz@dc.gov](mailto:Stephanie.Schmelz@dc.gov)

Robert H. Myers Jr.  
Special Deputy Liquidator  
for Ocean Risk Retention Group, Inc.  
Morris, Manning & Martin, LLC  
1401 Eye Street, N.W.  
Washington, D.C. 20005  
[rhm@mmlaw.com](mailto:rhm@mmlaw.com)

**/s/ E. Louise R. Phillips**  
E. LOUISE R. PHILLIPS  
Assistant Attorney General

**SUPERIOR COURT OF THE DISTRICT OF COLUMBIA  
CIVIL DIVISION**

DISTRICT OF COLUMBIA,  
a Municipal Corporation,

Petitioner,

v.

OCEAN RISK RETENTION GROUP,  
INC.

Respondent.

Civil Action No.: 2013 CA 006110 2  
Judge: Wright  
Calendar No.: 15  
Next Event: April 7, 2015 Status  
Conference

**LIQUIDATOR'S THIRD STATUS REPORT**

Chester A. McPherson, Acting Commissioner of the Department of Insurance, Securities and Banking ("DISB"), as Liquidator of Ocean Risk Retention Group, Inc. ("Ocean"), by and through Robert H. Myers, Jr. as Special Deputy to the Liquidator, respectfully submits this status report. This report provides an update on the status of Ocean's liquidation, supplementing the First Status Report filed on September 20, 2013 and the Second Status Report filed on April 3, 2014.

**I. BACKGROUND AND PROCEDURAL HISTORY**

Ocean is a captive insurer organized and licensed under the laws of the District of Columbia. Ocean operated in New Jersey and Pennsylvania as a commercial liability risk retention group, offering liability insurance to taxi owner-operators and taxi fleet owners. On September 6, 2013, this Court entered an Order of Liquidation for Ocean (the "Liquidation Order"), appointing the Commissioner as Ocean's Liquidator pursuant to D.C. Official Code § 31-1316 (2012 Repl.). On September 24, 2013, the Court approved Mr. Myers' appointment

as Special Deputy to the Liquidator and granted the Liquidator's requested stay of, among other things, "any litigation against Ocean [and . . .] any litigation against Policyholders of Ocean in cases in which Ocean may have a duty to defend or indemnify its Policyholders." On December 9, 2013, this Court issued the requested Supplementary Order Clarifying September 24, 2013 Order Staying and Enjoining All Litigation, explaining that the prior order does not stay, enjoin, or otherwise interfere with actions where Ocean as a plaintiff and/or claimant seeks to recover assets including, but not limited to, subrogation actions.

With the court's approval, GB Group, LLC ("GB Group") is handling claims administration during Ocean's liquidation. The court also approved the use of Rovner, Zimmerman & Nash, PC ("Rovner") to pursue subrogation claims on Ocean's behalf.

## **II. CLAIM STATUS AND OTHER LEGAL PROCEEDINGS**

There are over 630 pending claims under policies issued by Ocean being handled by GB Group. Pursuant to the Court's Stay Orders, all litigation against Ocean's policyholders has been stayed through December 9, 2014, as have all cases in which Ocean may have a duty to defend or indemnify its policyholders.

The Stay Orders do not impede Ocean's ability to pursue subrogation claims, however, and the Liquidator, through outside counsel, has continued to pursue such claims on Ocean's behalf. As reported in the Second Status Report, Rovner recovered over \$26,935 (after deducting its court-approved contingent fee) for the liquidation estate. On May 14, 2014, Rovner withdrew as Ocean's counsel and the Liquidator retained the Maneri Law Firm as substitute counsel. The Liquidator has submitted a motion for approval of the Maneri Law Firm's retention, on substantially the same terms as the Rovner firm. The Maneri Law Firm

assumed responsibility for approximately 53 subrogation cases previously handled by Rovner. To date, the Maneri Law Firm has recovered \$1,794.46 for Ocean.

The Liquidator has continued to monitor the lawsuit described in the Second Status Report, *Penn. Ins. Ass'n, Inc. v. Campisano*, Dec. Term 2013, No. 001303 (Phila. County Ct. of Common Pleas), removed to federal court and now pending as *Penn. Ins. Ass'n, Inc. v. Campisano*, Civil Action No. 2:14-cv-00759-CDJ (E.D. Pa.). Ocean is not named as a defendant, nor have there been any demands against Ocean's assets in connection with this litigation. There are pending motions to dismiss this action on various grounds including, among other things, the failure to state a claim upon which relief can be granted; the failure to join Ocean as an indispensable party (but whose joinder is "not feasible" in light of this Court's Stay Orders); and the plaintiffs' claim for damages based on unreturned premiums is not ripe because Ocean has not yet distributed its remaining assets and therefore it is unclear what unearned premiums will be returned. The motions to dismiss are fully briefed. The Liquidator will continue to monitor this litigation for any developments that may affect Ocean directly.

In addition, the Special Deputy, with the assistance of independent accountants, prepared and filed Ocean's 2013 federal income tax returns.

### **III. PROOF OF CLAIM PROCESS**

The First and Second Status Reports detailed the Special Deputy's efforts to notify policyholders and known creditors of Ocean's liquidation and of the January 31, 2014 deadline for filing proof of claims. As noted in the Second Status Report, the Special Deputy received over 630 proofs of claims, mostly from policyholders and persons with claims against policyholders (collectively, "policyholder claims"), but also some general creditor and other miscellaneous claims. Many of the proofs of claims are contingent, may not be provable and

may not be covered by any Ocean insurance policy. Other claims have been made but not in the proper form and long past the bar date.

The Special Deputy and GB Group recently completed the valuation of policyholder claims. On October 6, 2014, a letter was forwarded to each claimant, which set forth a valuation of the proof of claim, whether it was accepted or denied, and the procedures for appealing the determination. The Special Deputy values the approved policyholder claims at \$6,146,779.76, as of October 2014. This valuation amount excludes demands from legal providers, bad faith claimants and policy holders requesting premium refund. The amount also excludes a state claim for taxes, vendors and other general creditors, and late-filed claims.

#### **IV. STAY ORDER ENFORCEMENT**

Over the past several months, the Special Deputy has received a near daily flow of telephone calls and written requests for information from claimants and their counsel in Pennsylvania and New Jersey where Ocean operated.

The Stay Orders have been a particular source of confusion. After explaining the application of the Stay Orders to numerous counsel and court personnel, who in many instances contested the application of the Stay, the Special Deputy researched, prepared and mailed to all counsel of record in Pennsylvania a letter which substantively described the state and federal law supporting the application of the Stay.

In New Jersey, the Special Deputy had to take a different approach. Under New Jersey law, the New Jersey Property and Liability Insurance Association (“NJPLIGA”) is charged with the responsibility of facilitating the administration of a liquidation. Because Ocean is a risk retention group, which by federal law is prohibited from participating in a state guaranty fund, *see* 15 USC § 3902 (a)(2), the Special Deputy, after numerous conversations with New Jersey

state officials, prepared a Verified Complaint for an Order to Show Cause with Temporary Restraints Pursuant to Rule 4:52 as to Why an Order Staying and Enjoining All Litigation Against Petitioner and its Policyholders Should Not Be Entered. With this Court's approval, the Special Deputy retained William Megna as local New Jersey counsel who, on June 17, 2014, filed the complaint in the Mercer County Chancery Division of the Superior Court of New Jersey. A copy of the complaint is available on DISB's website at <http://disb.dc.gov/node/872812>. On July 17, 2014, the New Jersey Superior Court issued a Civil Action Order to Show Cause with Temporary Restraints Pursuant to Rule 4:52, and scheduled a hearing for September 26, 2014. The Order is available on DISB's website at <http://disb.dc.gov/node/872792>. No opposition was filed to the Liquidator's requested relief and, on September 30, 2014, the New Jersey Superior Court entered a final order. The New Jersey Superior Court's Civil Action Order Staying and Enjoining All Litigation Pursuant to Rule 4:52 is available on DISB's website at <http://disb.dc.gov/node/910482>.

The Special Deputy recently received a motion to modify the New Jersey court's stay order in connection with *Shende v. Roy*, pending in Middlesex County in the Superior Court of New Jersey. The Special Deputy currently is reviewing and preparing a response to that motion.

#### **V. ACCOUNTING, ASSETS, AND ADMINISTRATIVE EXPENSES**

Pursuant to the Liquidation Order and D.C. Official Code § 31-1319 (2012 Repl.), the title of all of Ocean's accounts has been transferred to the Commissioner as Liquidator. As detailed in the Second Status Report, the Liquidator marshalled and consolidated Ocean's liquid assets into a single premium money market account at the Bank of Georgetown. As further detailed in Exhibit 1, income received by the Liquidator included both proceeds from subrogation claims and interest on existing funds.

As of September 30, 2014, the Ocean account balance at the Bank of Georgetown is \$2,684,438.05. Exhibit 1 is a cumulative accounting of Ocean's current assets; the entries not previously provided to the Court (as Exhibit 2 to the Second Status Report) are in bold.

As shown on the attached accounting, to date the Liquidator has made court-approved distributions for Class 1 administrative expenses to Morris Manning totaling \$41,960.74 for services in September and October 2013. GB Group has been paid \$135,742.26 for its services from October 2013 through August 2014, in accord with the court-approved fee schedule. In addition, Megna has been paid its court-approved \$1,000 flat fee, plus nominal expenses. Morris Manning has incurred an additional \$223,305.27 in fees and expenses for services from November 1, 2013 through August 31, 2014; these fees have not been paid pending the court's approval of the invoices recently submitted to it.

## **VI. FUTURE ACTIONS**

Further pursuit of assets will continue. As noted above, the Special Deputy has obtained and consolidated into a single account at the Bank of Georgetown all cash assets of which he currently is aware. However, even though diligent attempts have been made, not all information about accounting and receivables has been received yet. The Special Deputy and others acting on the Liquidator's behalf will continue to pursue all relevant financial information. When all assets have been received and accounted for, the Liquidator will be in a position to petition the Court for approval of a distribution schedule to claimants.

October \_\_, 2014

Respectfully Submitted,

\_\_\_\_\_/s/  
Robert H. Myers, Jr.

ROBERT H. MYERS, JR.  
Special Deputy to the Liquidator  
Morris, Manning & Martin, LLP  
1401 Eye Street NW, Suite 600  
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(f) 202-408-5146  
rmyers@mmmlaw.com

Special Deputy to the Liquidator for Ocean Risk  
Retention Group, Inc.

cc: Stephanie Schmelz, Esq.  
Dana Sheppard, Esq.  
Louise R. Phillips, Esq.

## Ocean RRG Accounting

Date Posted	Credit	Debit	Balance	Purpose
<b>Bank of Georgetown Premium Money Market Acct. Ending 6255</b>				
10/15/13				Account opened
10/17/13	\$408,227.64		\$408,227.64	Check from closed Wells Fargo account ending 9518
10/17/13/	\$2,024.00		\$410,251.64	Check 5883 – Settlement distribution - ORRG v. New Jersey One Taxi & Limo, LLC, Docket # MER-L-000120-12
10/24/13		\$52.83	\$410,198.81	Check order
10/25/13	\$321,277.46		\$731,476.27	Check 732828 – from closed Provident/Cetera Investments acct ending 3371
10/31/13	\$103.60		\$731,579.87	Credit Interest
11/08/13	\$4,810.15		\$736,390.02	Check 5891 – Roman of NJ Net Distribution (matter 5-1203-0713)
11/12/13		\$30,000.00	\$706,390.02	Check 1026 - GB Group Initial Service Fee
11/30/13	\$264.94		\$706,654.96	Interest Credit
12/11/13	\$5,451.00		\$712,105.96	IRS Refund
12/20/13		\$2,000.00	\$710,105.96	Check 1051 – Provident Bank – LOC ending 2049
12/20/13		\$3,000.00	\$707,105.96	Check 1052 – Provident Bank – LOC ending 0328
12/31/13	\$11,870.00		\$718,975.96	Check 5895 - \$5184.00 J&H Cab Co Distribution and Check 5893 - \$6686.00 – Fraga, LLC t/a Metro Taxi Distribution
12/31/13	\$270.91		\$719,246.87	Interest Credit
1/8/14		\$21,782.79	\$697,464.08	Check 1053 – Morris, Manning & Martin, LLP
1/8/14		\$20,177.95	\$677,286.13	Check 1054 – Morris, Manning & Martin, LLP
1/15/14	\$117,859.05		\$795,145.18	Check from PNC Bank Sky Claims LLC account
1/28/14		\$16,750.00	\$778,395.18	Check 1055 – GB Group, LLC
1/31/14	\$286.37		\$778,681.55	Interest Credit
2/18/14		\$12,375.00	\$766,306.55	Check 1057 – GB Group, LLC
2/18/14		\$7,125.00	\$759,181.55	Check 1058 – GB Group, LLC
2/28/14	\$266.18		\$759,447.73	Interest Credit
3/4/14		\$15,000.00	\$744,447.73	Check 1059 – DC Treasurer – Premium Tax
3/10/14		\$17.00	\$744,430.73	Check 1060 – PNC Bank – Document Copies
3/12/14		\$8,000.00	\$736,430.73	Check 1061 – GB Group, LLC
3/18/14		\$12,375.00	\$724,055.73	Check 1062 – GB Group, LLC

<b>Date Posted</b>	<b>Credit</b>	<b>Debit</b>	<b>Balance</b>	<b>Purpose</b>
3/27/14	\$3,434.00		\$727,489.73	Check 5906 - Kamal Jit, Inc. Distribution
3/27/14	\$2,000,000.00		\$2,727,489.73	Collection on outstanding letters of credit - Wire Transfer - From Fulton Bank of New Jersey
3/31/14	\$404.52		\$2,727,894.25	Interest Credit
4/16/14	\$3,150.00		\$2,731,044.25	Check 5935 – Hoda A. Shaker Distribution
4/16/14	\$1,647.00		\$2,732,691.25	Distribution check
4/30/14	\$1,009.85		\$2,733,701.10	Interest Credit
5/2/14		\$12,375.00	\$2,721,326.10	Check 1064 – GB Group, LLC
5/5/14		\$4,720.30	\$2,716,605.80	Check 1065 – GB Group, LLC
5/8/14	\$350.00		\$2,716,955.80	Check 5938 – Hoda A. Shaker Distribution
5/19/14		\$3,500.00	\$2,713,455.80	Check 1066 – GB Group, LLC
5/19/14		\$2,375.00	\$2,711,080.80	Check 1067 – GB Group, LLC
5/31/14	\$1,037.83		\$2,712,118.63	Interest Credit
6/11/14		\$10,481.75	\$2,701,636.88	Check 1068 – GB Group, LLC
6/30/14	\$1,000.54		\$2,702,637.42	Interest Credit
7/21/14		\$4,089.31	\$2,698,548.11	Check 1069 – GB Group, LLC
7/31/14	\$1,032.39		\$2,699,580.50	Interest Credit
8/27/14	\$1,444.46		\$2,701,024.96	Check 85119 - \$700.00 Hoda A. Shaker Distribution and Check 5570 - \$744.46 – Ocean v. Budget Leasing Corp Distribution
8/27/14		\$1,430.03	\$2,699,594.93	Check 1071 – Megna Law Firm
8/30/14	\$1,031.78		\$2,700,626.71	Interest Credit
9/2/14		\$8,075.90	\$2,692,550.81	Check 1070 – GB Group, LLC
9/4/14		\$811.72	\$2,691,739.09	Check 1072 – Washington Times – Publication of NJ Order
9/4/14		\$4,612.61	\$2,687,126.48	Check 1073 – Legal Intelligencer (Philadelphia) – Publication of NJ Order
9/4/14		\$103.55	\$2,687,022.93	Check 1074 – New Jersey Law Journal – Publication of NJ Order
9/9/14		\$78.41	\$2,686,944.52	Check 1075 – Megna Law Firm
9/17/14		\$3,500.00	\$2,683,444.52	Check 1076 – GB Group, LLC
9/30/14	\$993.53		\$2,684,438.05	Interest Credit
<b>Total</b>				
9/30/14			\$2,684,438.05	

## EXHIBIT C



# QUARTERLY STATEMENT

As of June 30, 2014  
of the Condition and Affairs of the

## PINELANDS INSURANCE COMPANY RISK RETENTION GROUP, INC.

NAIC Group Code.....  
(Current Period) (Prior Period)  
Organized under the Laws of DISTRICT OF COLUMBIA  
Incorporated/Organized..... November 1, 2004  
Statutory Home Office  
Main Administrative Office  
Mail Address  
Primary Location of Books and Records  
Internet Web Site Address  
Statutory Statement Contact

NAIC Company Code..... 12198  
State of Domicile or Port of Entry DISTRICT OF COLUMBIA  
Commenced Business..... November 8, 2004  
2233 WISCONSIN AVENUE, N.W., SUITE 310..... WASHINGTON ..... DC ..... US ..... 20007  
(Street and Number) (City or Town, State, Country and Zip Code)  
2233 WISCONSIN AVENUE, N.W., SUITE 310..... WASHINGTON ..... DC ..... US ..... 20007800-226-0793  
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)  
1605 MAIN STREET, SUITE 800..... SARASOTA ..... FL ..... US ..... 34236  
(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)  
2233 WISCONSIN AVENUE, N.W., SUITE 310..... WASHINGTON ..... DC ..... US ..... 20007800-226-0793  
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)  
N/A  
ANDREW CARLTON  
(Name)  
ACARLTON@RISKSERVCS.COM  
(E-Mail Address)  
800-226-0793  
(Area Code) (Telephone Number) (Extension)  
800-963-7276  
(Fax Number)

### OFFICERS

Name	Title	Name	Title
1. RONALD PAUL HAMBRECHT	PRESIDENT/CHAIRMAN	2. RONALD PAUL HAMBRECHT JR.	VICE-CHAIRMAN/TREASURER/SECRETARY
3.		4.	

### OTHER

### DIRECTORS OR TRUSTEES

RONALD PAUL HAMBRECHT      RONALD PAUL HAMBRECHT JR.

State of.....  
County of.....

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

_____ (Signature) RONALD PAUL HAMBRECHT 1. (Printed Name) PRESIDENT/CHAIRMAN _____ (Title)	_____ (Signature) RONALD PAUL HAMBRECHT JR. 2. (Printed Name) VICE-CHAIRMAN/TREASURER/SECRETARY _____ (Title)	_____ (Signature) 3. (Printed Name) _____ (Title)
--	---	---

Subscribed and sworn to before me  
This \_\_\_\_\_ day of \_\_\_\_\_

a. Is this an original filing? Yes [ X ] No [ ]  
b. If no: 1. State the amendment number \_\_\_\_\_  
2. Date filed \_\_\_\_\_  
3. Number of pages attached \_\_\_\_\_

**ASSETS**

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds.....			0	
2. Stocks:				
2.1 Preferred stocks.....			0	
2.2 Common stocks.....			0	
3. Mortgage loans on real estate:				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate:				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$.....240,926), cash equivalents (\$.....0) and short-term investments (\$.....0).....	240,926		240,926	578,328
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives.....			0	
8. Other invested assets.....			0	
9. Receivables for securities.....			0	
10. Securities lending reinvested collateral assets.....			0	
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	240,926	0	240,926	578,328
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....			0	
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	638,184		638,184	762,425
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....			0	
15.3 Accrued retrospective premiums.....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	271,907		271,907	29,185
16.2 Funds held by or deposited with reinsured companies.....			0	
16.3 Other amounts receivable under reinsurance contracts.....			0	
17. Amounts receivable relating to uninsured plans.....			0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0	
18.2 Net deferred tax asset.....	111,955		111,955	482,325
19. Guaranty funds receivable or on deposit.....			0	
20. Electronic data processing equipment and software.....			0	
21. Furniture and equipment, including health care delivery assets (\$.....0).....			0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....			0	
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other than invested assets.....	2,545,324	0	2,545,324	3,283,361
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	3,808,296	0	3,808,296	5,135,624
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. Total (Lines 26 and 27).....	3,808,296	0	3,808,296	5,135,624

**DETAILS OF WRITE-INS**

1101.....			0	
1102.....			0	
1103.....			0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	0	0	0	0
2501. LETTERS OF CREDIT.....	1,220,000		1,220,000	1,220,000
2502. DEFERRED EXPENSES.....	182,648		182,648	270,699
2503. DEDUCTIBLE RECOVERABLE.....	18,444		18,444	18,444
2598. Summary of remaining write-ins for Line 25 from overflow page.....	1,124,234	0	1,124,234	1,774,218
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	2,545,324	0	2,545,324	3,283,361

Statement for June 30, 2014 of the **PINELANDS INSURANCE COMPANY RISK RETENTION GROUP, INC.**  
**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Statement Date	2 December 31 Prior Year
1. Losses (current accident year \$.....209,838).....	1,451,324	1,515,077
2. Reinsurance payable on paid losses and loss adjustment expenses.....		
3. Loss adjustment expenses.....	132,920	292,156
4. Commissions payable, contingent commissions and other similar charges.....		
5. Other expenses (excluding taxes, licenses and fees).....	35,898	131,377
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	188,244	196,758
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....		
7.2 Net deferred tax liability.....		
8. Borrowed money \$.....0 and interest thereon \$.....0.....		
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$.....1,420,574 and including warranty reserves of \$.....0 and accrued accident and health experience rating refunds including \$.....0 for medical loss ratio rebate per the Public Health Service Act.....)	608,818	902,327
10. Advance premium.....		
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....		182,592
13. Funds held by company under reinsurance treaties.....		
14. Amounts withheld or retained by company for account of others.....		
15. Remittances and items not allocated.....		
16. Provision for reinsurance (including \$.....0 certified).....		
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....		
20. Derivatives.....		
21. Payable for securities.....		
22. Payable for securities lending.....		
23. Liability for amounts held under uninsured plans.....		
24. Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	736,088	1,220,646
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	3,153,292	4,440,933
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	3,153,292	4,440,933
29. Aggregate write-ins for special surplus funds.....	0	0
30. Common capital stock.....	1,087,197	947,197
31. Preferred capital stock.....		
32. Aggregate write-ins for other than special surplus funds.....	0	0
33. Surplus notes.....	200,000	200,000
34. Gross paid in and contributed surplus.....	1,900,796	1,690,796
35. Unassigned funds (surplus).....	(2,532,989)	(2,143,302)
36. Less treasury stock, at cost:		
36.1 .....0.000 shares common (value included in Line 30 \$.....0).....		
36.2 .....0.000 shares preferred (value included in Line 31 \$.....0).....		
37. Surplus as regards policyholders (Lines 29 to 35, less 36).....	655,004	694,691
38. Totals (Page 2, Line 28, Col. 3).....	3,808,296	5,135,624

**DETAILS OF WRITE-INS**

2501. DEFERRED CEDING COMMISSION.....	362,246	536,883
2502. CEDING COMMISSION ADJUSTMENT PAYABLE.....	373,842	683,763
2503. ....		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	736,088	1,220,646
2901. ....		
2902. ....		
2903. ....		
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....	0	0
3201. ....		
3202. ....		
3203. ....		
3298. Summary of remaining write-ins for Line 32 from overflow page.....	0	0
3299. Totals (Lines 3201 thru 3203 plus 3298) (Line 32 above).....	0	0

**STATEMENT OF INCOME**

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
<b>UNDERWRITING INCOME</b>			
1. Premiums earned:			
1.1 Direct..... (written \$.....1,389,693).....	2,368,057	1,907,223	4,044,149
1.2 Assumed..... (written \$.....0).....			
1.3 Ceded..... (written \$.....972,785).....	1,657,640	1,335,056	2,830,904
1.4 Net..... (written \$.....416,908).....	710,417	572,167	1,213,245
<b>DEDUCTIONS:</b>			
2. Losses incurred (current accident year \$.....221,586):			
2.1 Direct.....	1,559,843	1,039,014	4,589,600
2.2 Assumed.....			
2.3 Ceded.....	1,098,002	694,696	3,218,270
2.4 Net.....	461,841	344,318	1,371,330
3. Loss adjustment expenses incurred.....	153,219	129,949	412,558
4. Other underwriting expenses incurred.....	113,850	61,778	80,924
5. Aggregate write-ins for underwriting deductions.....	0	0	0
6. Total underwriting deductions (Lines 2 through 5).....	728,910	536,045	1,864,812
7. Net income of protected cells.....			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7).....	(18,493)	36,122	(651,667)
<b>INVESTMENT INCOME</b>			
9. Net investment income earned.....	(822)	(1,451)	(2,462)
10. Net realized capital gains (losses) less capital gains tax of \$.....0.....			
11. Net investment gain (loss) (Lines 9 + 10).....	(822)	(1,451)	(2,462)
<b>OTHER INCOME</b>			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....0).....	0		
13. Finance and service charges not included in premiums.....	0	0	0
14. Aggregate write-ins for miscellaneous income.....	0	0	0
15. Total other income (Lines 12 through 14).....	0	0	0
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	(19,315)	34,670	(654,029)
17. Dividends to policyholders.....			
18. Net income after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17).....	(19,315)	34,670	(654,029)
19. Federal and foreign income taxes incurred.....	370,372	11,795	177,634
20. Net income (Line 18 minus Line 19) (to Line 22).....	(389,687)	22,875	(831,663)
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
21. Surplus as regards policyholders, December 31 prior year.....	694,692	946,356	946,356
22. Net income (from Line 20).....	(389,687)	22,875	(831,663)
23. Net transfers (to) from Protected Cell accounts.....			
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....0.....			
25. Change in net unrealized foreign exchange capital gain (loss).....			
26. Change in net deferred income tax.....			
27. Change in nonadmitted assets.....			
28. Change in provision for reinsurance.....			
29. Change in surplus notes.....			
30. Surplus (contributed to) withdrawn from protected cells.....			
31. Cumulative effect of changes in accounting principles.....			
32. Capital changes:			
32.1 Paid in.....	140,000		232,000
32.2 Transferred from surplus (Stock Dividend).....			
32.3 Transferred to surplus.....			
33. Surplus adjustments:			
33.1 Paid in.....	210,000		348,000
33.2 Transferred to capital (Stock Dividend).....			
33.3 Transferred from capital.....			
34. Net remittances from or (to) Home Office.....			
35. Dividends to stockholders.....			
36. Change in treasury stock.....			
37. Aggregate write-ins for gains and losses in surplus.....	0	0	0
38. Change in surplus as regards policyholders (Lines 22 through 37).....	(39,688)	22,875	(251,664)
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38).....	655,004	969,231	694,692
<b>DETAILS OF WRITE-INS</b>			
0501.....			
0502.....			
0503.....			
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	0	0
1401.....			
1402.....			
1403.....			
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	0	0	0
3701.....			
3702.....			
3703.....			
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....	0	0	0

**CASH FLOW**

	1 Current Year to Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>CASH FROM OPERATIONS</b>			
1. Premiums collected net of reinsurance.....	358,557	223,010	490,679
2. Net investment income.....	(822)	(1,451)	(2,462)
3. Miscellaneous income.....			
4. Total (Lines 1 through 3).....	357,735	221,558	488,217
5. Benefit and loss related payments.....	514,839	(62,190)	429,794
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			
7. Commissions, expenses paid and aggregate write-ins for deductions.....	530,298	(78,899)	499,698
8. Dividends paid to policyholders.....			
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....			
10. Total (Lines 5 through 9).....	1,045,137	(141,089)	929,492
11. Net cash from operations (Line 4 minus Line 10).....	(687,402)	362,647	(441,276)
<b>CASH FROM INVESTMENTS</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds.....			
12.2 Stocks.....			
12.3 Mortgage loans.....			
12.4 Real estate.....			
12.5 Other invested assets.....			
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....			
12.7 Miscellaneous proceeds.....			
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	0	0	0
13. Cost of investments acquired (long-term only):			
13.1 Bonds.....			
13.2 Stocks.....			
13.3 Mortgage loans.....			
13.4 Real estate.....			
13.5 Other invested assets.....			
13.6 Miscellaneous applications.....			
13.7 Total investments acquired (Lines 13.1 to 13.6).....	0	0	0
14. Net increase or (decrease) in contract loans and premium notes.....			
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....	0	0	0
<b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes.....			
16.2 Capital and paid in surplus, less treasury stock.....	350,000		580,000
16.3 Borrowed funds.....			
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....			
16.5 Dividends to stockholders.....			
16.6 Other cash provided (applied).....			
17. Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6).....	350,000	0	580,000
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	(337,402)	362,647	138,724
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	578,328	439,605	439,605
19.2 End of period (Line 18 plus Line 19.1).....	240,926	802,252	578,328

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001		
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**NOTES TO FINANCIAL STATEMENTS****Note 1 – Summary of Significant Accounting Policies****A. Accounting Practices**

The accompanying financial statements of Pinelands Insurance Company Risk Retention Group, Inc. (the Company) have been prepared in conformity with the National Association of Insurance Commissioners (NAIC) Accounting Practices and Procedures Manual subject to any deviations prescribed or permitted by the District of Columbia Department of Insurance, Securities and Banking.

The District of Columbia Insurance Law requires that captive insurance companies domiciled in the District of Columbia prepare financial statements using Generally Accepted Accounting Principles (GAAP) and as such the accompanying financial statements have been prepared on that basis.

Reconciliations of net income and policyholders' surplus between the amounts reported in the accompanying financial statements (DC basis) and the NAIC SAP basis are as follows:

Description	State	2014	2013
1. Net Income, state basis	DC	\$ (389,687)	\$ (831,664)
2. Effect of state prescribed practices		-	-
3. Effect of state permitted practices			
Change in deferred acquisition costs	DC	(130,847)	1,455
Change in prepaid expenses	DC	(88,053)	68,594
Change in deferred ceding commission	DC	174,638	(136,044)
Change in deferred tax asset	DC	(370,370)	(177,633)
4. Net income, NAIC SAP basis		\$ 24,945	\$ (588,036)

Description	State	2014	2013
5. Policyholders' surplus, state basis	DC	\$ 655,004	\$ 694,691
6. Effect of state prescribed practices		-	-
7. Effect of state permitted practices			
Deferred policy acquisition costs	DC	234,797	365,644
Deferred ceding commissions	DC	(362,246)	(536,884)
Letter of Credit	DC	1,220,000	1,220,000
Prepaid expenses	DC	182,646	270,699
Non-admitted deferred tax asset	DC	19,077	43,258
8. Policyholders' Surplus, NAIC SAP basis		\$ (639,270)	\$ (668,026)

**B. Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in these financial statements and notes. Actual results could differ from these estimates.

**C. Accounting Policies**

No significant change.

**Note 2 – Accounting Changes and Correction of Errors**

Not applicable.

**Note 3 – Business Combinations and Goodwill**

Not applicable.

**Note 4 – Discontinued Operations**

Not applicable.

**Note 5 – Investments**

Not applicable.

**Note 6 – Joint Ventures, Partnerships and Limited Liability Companies**

Not applicable.

**Note 7 – Investment Income**

No significant change.

**Note 8 – Derivative Instruments**

Not applicable.

**Note 9 – Income Taxes**

No significant change.

**Note 10 – Information Concerning Parent, Subsidiaries and Affiliates**

No significant change.

**Note 11 – Debt**

Not applicable.

**Note 12 – Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and other Postretirement Benefit Plans**

Not applicable.

**Note 13 – Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations**

No significant change.

**Note 14 – Contingencies**

Not applicable.

**Note 15 – Leases**

Not applicable.

**Note 16 – Information about Financial Instruments with Off-Balance Sheet Risk and with Concentrations of Credit Risk**

Not applicable.

**Note 17 – Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

Not applicable.

**Note 18 – Gain or Loss from Uninsured Plans and the Uninsured Portion of Partially Insured Plans**

Not applicable.

**Note 19 – Direct Premium Written/Produced by Managing General Agents / Third Party Administrators**

Not applicable.

**Note 20 – Fair Value Measurements**

Not applicable.

**Note 21 – Other Items**

Not applicable.

**Note 22 – Events Subsequent**

No Significant change.

**Note 23 – Reinsurance**

No Significant change.

**Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination**

Not applicable.

**Note 25 – Changes in Incurred Losses and Loss Adjustment Expenses**

Current year changes in estimates of the costs of prior year losses and loss adjustment expenses (LAE) affect the current year Statement of Income. Increases in those estimates increase current year expenses and are referred to as unfavorable development or prior year reserve shortages. Decreases in those estimates decrease current year expense and are referred to as favorable development or prior year reserve redundancies. Current year losses and LAE reflected on the Statement of Income of \$615,061 were higher by \$190,836 due to unfavorable development of prior year estimates. This unfavorable development was approximately 11% of the prior year reserves for unpaid losses and LAE reflected on the Balance Sheet of \$1,807,233.

The first two columns in the chart below reflect by line of business the expense on the Statement of Income and what that expense would have been without prior year development. The third column is the difference between the first two columns and reflects the unfavorable development of \$190,836. Recent development trends are also taken into account in evaluating the overall adequacy of the reserves. The last two columns reconcile losses and the defense and cost containment (DCC) portion of LAE and the adjusting and other (AO) portion of LAE.

Schedule P Lines of Business	Losses and LAE Incurred - Statement of Income	2014 AY Losses and LAE	Prior Year Loss and LAE Shortage (Redundancy)	Loss and DCC Shortage (Redundancy)	AO Shortage (Redundancy)
Auto liability commercial	\$ 615,061	\$ 424,225	\$ 190,836	\$ 190,836	-
Totals	\$ 615,061	\$ 424,225	\$ 190,836	\$ 190,836	\$ -

**Note 26 – Intercompany Pooling Arrangements**

Not applicable.

**Note 27 – Structured Settlements**

Not applicable.

**Note 28 – Health Care Receivables**

Not applicable.

**Note 29 – Participating Accident and Health Policies**

Not applicable.

**Note 30 – Premium Deficiency Reserves**

Not applicable.

**Note 31 – High Deductibles**

Not applicable.

**Note 32 – Discounting of Liabilities for Unpaid Losses and Unpaid Loss Adjustment Expenses**  
Not applicable.

**Note 33 – Asbestos and Environmental Reserves**  
Not applicable.

**Note 34 – Subscriber Savings Accounts**  
Not applicable

**Note 35 – Multiple Peril Crop Insurance**  
Not applicable.

**Note 36 – Financial Guaranty Insurance**  
Not applicable

**GENERAL INTERROGATORIES**  
**PART 1 - COMMON INTERROGATORIES - GENERAL**

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [ ] No [X]
- 1.2 If yes, has the report been filed with the domiciliary state? Yes [ ] No [ ]
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of Incorporation, or deed of settlement of the reporting entity? Yes [ ] No [X]
- 2.2 If yes, date of change: \_\_\_\_\_
- 3.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? If yes, complete Schedule Y, Parts 1 and 1A. Yes [X] No [ ]
- 3.2 Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [ ] No [X]
- 3.3 If the response to 3.2 is yes, provide a brief description of those changes.  
\_\_\_\_\_

- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]
- 4.2 If yes, provide name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? If yes, attach an explanation. Yes [ ] No [X] N/A [ ]
- \_\_\_\_\_

- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. .....12/31/2013.....
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. .....12/31/2008.....
- 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). .....4/28/2010.....

6.4 By what department or departments?  
DC Department of Insurance, Securities & Banking

- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [ ] No [ ] N/A [X]
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [ ] N/A [ ]
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [X]
- 7.2 If yes, give full information:  
\_\_\_\_\_

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [ ] No [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.  
\_\_\_\_\_

- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [ ] No [X]

8.4 If the response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency (i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)) and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC

- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No [ ]
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.

9.11 If the response to 9.1 is No, please explain:  
\_\_\_\_\_

- 9.2 Has the code of ethics for senior managers been amended? Yes [ ] No [X]

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).  
\_\_\_\_\_

- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [X]

**GENERAL INTERROGATORIES**  
**PART 1 - COMMON INTERROGATORIES - GENERAL**

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

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**PART 1 - FINANCIAL**

- 10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ ] No [X]
- 10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: .....

**PART 1 - INVESTMENT**

- 11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [ ] No [X]
- 11.2 If yes, give full and complete information relating thereto:

---

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$.....0
13. Amount of real estate and mortgages held in short-term investments: \$.....0
- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [ ] No [X]
- 14.2 If yes, please complete the following:

	1 Prior Year-End		2 Current Quarter	
	Book/Adjusted Carrying Value		Book/Adjusted Carrying Value	
14.21 Bonds.....	\$	.....0	\$	.....0
14.22 Preferred Stock.....	\$	.....0	\$	.....0
14.23 Common Stock.....	\$	.....0	\$	.....0
14.24 Short-Term Investments.....	\$	.....0	\$	.....0
14.25 Mortgage Loans on Real Estate.....	\$	.....0	\$	.....0
14.26 All Other.....	\$	.....0	\$	.....0
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$	.....0	\$	.....0
14.28 Total Investment in Parent Included in Lines 14.21 to 14.26 above.....	\$	.....0	\$	.....0

- 15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [ ] No [X]
- 15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [ ] No [ ]  
If no, attach a description with this statement.

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16. For the reporting entity's security lending program, state the amount of the following as of current statement date:
- 16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: \$.....0
- 16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: \$.....0
- 16.3 Total payable for securities lending reported on the liability page: \$.....0
17. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]

17.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1		2	
Name of Custodian(s)		Custodian Address	

17.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation.

1	2	3
Name(s)	Location(s)	Complete Explanation(s)

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? Yes [ ] No [X]

17.4 If yes, give full and complete information relating thereto:

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason

17.5 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1	2	3
Central Registration Depository	Name(s)	Address

**PART 1 - INVESTMENT**

18.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes  No

18.2 If no, list exceptions:

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**GENERAL INTERROGATORIES (continued)**

**PART 2**

**PROPERTY & CASUALTY INTERROGATORIES**

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change? Yes [ ] No [ ] N/A [X]  
 If yes, attach an explanation.

2. Has the reporting entity reinsured any risk with any other reporting entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured? Yes [ ] No [X]  
 If yes, attach an explanation.

3.1 Have any of the reporting entity's primary reinsurance contracts been canceled? Yes [ ] No [X]

3.2 If yes, give full and complete information thereto:

4.1 Are any of the liabilities for unpaid losses and loss adjustment expenses other than certain workers' compensation tabular reserves (see Annual Statement Instructions pertaining to disclosure of discounting for definition of "tabular reserves,") discounted at a rate of interest greater than zero? Yes [ ] No [X]

4.2 If yes, complete the following schedule:

1 Line of Business	2 Maximum Interest	3 Disc. Rate	Total Discount				Discount Taken During Period			
			4 Unpaid Losses	5 Unpaid LAE	6 IBNR	7 Total	8 Unpaid Losses	9 Unpaid LAE	10 IBNR	11 Total
						.0				.0
<b>Total</b>	.XXX	.XXX	.0	.0	.0	.0	.0	.0	.0	.0

5. Operating Percentages:

5.1 A&H loss percent 0.0 %

5.2 A&H cost containment percent 0.0 %

5.3 A&H expense percent excluding cost containment expenses 0.0 %

6.1 Do you act as a custodian for health savings accounts? Yes [ ] No [X]

6.2 If yes, please provide the amount of custodial funds held as of the reporting date. 0

6.3 Do you act as an administrator for health savings accounts? Yes [ ] No [X]

6.4 If yes, please provide the amount of funds administered as of the reporting date. 0

**SCHEDULE F - CEDED REINSURANCE**

Showing All New Reinsurers - Current Year to Date

1 NAIC Company Code	2 ID Number	3 Name of Reinsurer	4 Domiciliary Jurisdiction	5 Type of Reinsurer	6 Certified Reinsurer Rating (1 through 6)	7 Effective Date of Certified Reinsurer Rating
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**NONE**

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

Current Year to Date - Allocated by States and Territories

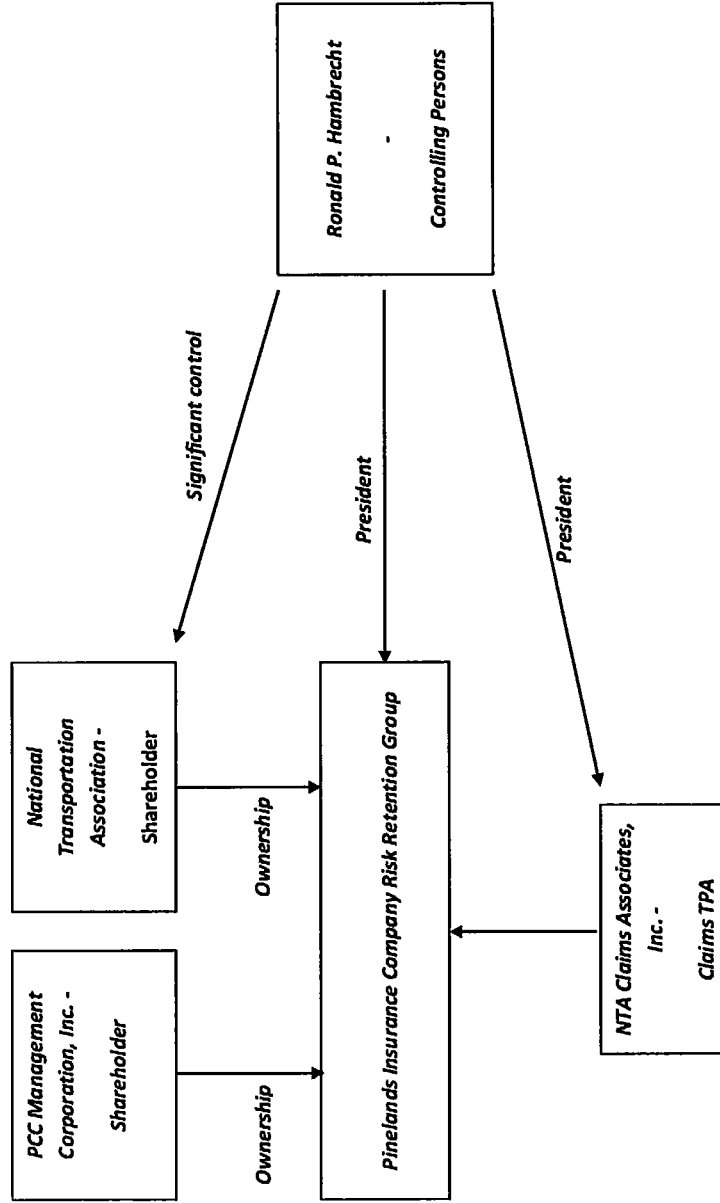
States, Etc.	1 Active Status	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2 Current Year to Date	3 Prior Year to Date	4 Current Year to Date	5 Prior Year to Date	6 Current Year to Date	7 Prior Year to Date
1. Alabama.....AL	N						
2. Alaska.....AK	N						
3. Arizona.....AZ	N						
4. Arkansas.....AR	N						
5. California.....CA	N						
6. Colorado.....CO	N						
7. Connecticut.....CT	N						
8. Delaware.....DE	R					1,705	12,987
9. District of Columbia.....DC	L						
10. Florida.....FL	N						
11. Georgia.....GA	N						
12. Hawaii.....HI	N						
13. Idaho.....ID	N						
14. Illinois.....IL	N						
15. Indiana.....IN	N						
16. Iowa.....IA	N						
17. Kansas.....KS	N						
18. Kentucky.....KY	N						
19. Louisiana.....LA	N						
20. Maine.....ME	N						
21. Maryland.....MD	N						
22. Massachusetts.....MA	N						
23. Michigan.....MI	N						
24. Minnesota.....MN	N						
25. Mississippi.....MS	N						
26. Missouri.....MO	N						
27. Montana.....MT	N						
28. Nebraska.....NE	N						
29. Nevada.....NV	N						
30. New Hampshire.....NH	N						
31. New Jersey.....NJ	R	596,274	713,629	1,145,030	309,628	2,635,366	1,890,935
32. New Mexico.....NM	N						
33. New York.....NY	N						
34. North Carolina.....NC	N						
35. North Dakota.....ND	N						
36. Ohio.....OH	N						
37. Oklahoma.....OK	N						
38. Oregon.....OR	N						
39. Pennsylvania.....PA	R	793,419	1,056,337	583,779	796,196	2,200,674	1,680,790
40. Rhode Island.....RI	N						
41. South Carolina.....SC	N						
42. South Dakota.....SD	N						
43. Tennessee.....TN	N						
44. Texas.....TX	N						
45. Utah.....UT	N						
46. Vermont.....VT	N						
47. Virginia.....VA	N						
48. Washington.....WA	N						
49. West Virginia.....WV	N						
50. Wisconsin.....WI	N						
51. Wyoming.....WY	N						
52. American Samoa.....AS	N						
53. Guam.....GU	N						
54. Puerto Rico.....PR	N						
55. US Virgin Islands.....VI	N						
56. Northern Mariana Islands.....MP	N						
57. Canada.....CAN	N						
58. Aggregate Other Alien.....OT	XXX	0	0	0	0	0	0
59. Totals.....(a)	1	1,389,693	1,769,966	1,728,809	1,105,824	4,837,745	3,584,712

**DETAILS OF WRITE-INS**

58001.....	XXX						
58002.....	XXX						
58003.....	XXX						
58998. Summary of remaining write-ins for Line 58 from overflow page.....	XXX	0	0	0	0	0	0
58999. Totals (Lines 58001 thru 58003+ Line 58998) (Line 58 above).....	XXX	0	0	0	0	0	0

(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer;  
 (E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to write business in the state.  
 (a) Insert the number of L responses except for Canada and Other Alien.

**SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**  
PART 1 – ORGANIZATIONAL CHART



Statement for June 30, 2014 of the **PINELANDS INSURANCE COMPANY RISK RETENTION GROUP, INC.**

**SCHEDULE Y**

**PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM**

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Company Code	Federal ID Number	Federal PSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Name of Parent, Subsidiaries or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity/Person)	Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/Person(s)	
Members														
			214684289				Ronald P. Hambrecht, PCC Management Corporation, Inc.	FL	UJP	Ronald P. Hambrecht	Ownership	40.000		
		12198	20-1828016				National Transportation Association	NJ	UJP	Ronald P. Hambrecht	Ownership	75.000		
			20-5838290				Pinelands Insurance Company Risk Retention Group, Inc.	DC		National Transportation Association	Management	100.000		
							NTA Claims Associates, Inc.	NJ	NIA	Ronald P. Hambrecht	Ownership			

Asterisk Explanation

**NONE**

Statement for June 30, 2014 of the **PINELANDS INSURANCE COMPANY RISK RETENTION GROUP, INC.**  
**PART 1 - LOSS EXPERIENCE**

Lines of Business	Current Year to Date			4 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire.....				.00
2. Allied lines.....				.00
3. Farmowners multiple peril.....				.00
4. Homeowners multiple peril.....				.00
5. Commercial multiple peril.....				.00
6. Mortgage guaranty.....				.00
8. Ocean marine.....				.00
9. Inland marine.....				.00
10. Financial guaranty.....				.00
11.1. Medical professional liability - occurrence.....				.00
11.2. Medical professional liability - claims-made.....				.00
12. Earthquake.....				.00
13. Group accident and health.....				.00
14. Credit accident and health.....				.00
15. Other accident and health.....				.00
16. Workers' compensation.....				.00
17.1 Other liability-occurrence.....				.00
17.2 Other liability-claims made.....				.00
17.3 Excess workers' compensation.....				.00
18.1 Products liability-occurrence.....				.00
18.2 Products liability-claims made.....				.00
19.1, 19.2 Private passenger auto liability.....				.00
19.3, 19.4 Commercial auto liability.....	2,368,057	1,559,843	65.9	54.5
21. Auto physical damage.....				.00
22. Aircraft (all perils).....				.00
23. Fidelity.....				.00
24. Surety.....				.00
26. Burglary and theft.....				.00
27. Boiler and machinery.....				.00
28. Credit.....				.00
29. International.....				.00
30. Warranty.....				.00
31. Reinsurance-nonproportional assumed property.....	.XXX	.XXX	.XXX	.XXX
32. Reinsurance-nonproportional assumed liability.....	.XXX	.XXX	.XXX	.XXX
33. Reinsurance-nonproportional assumed financial lines.....	.XXX	.XXX	.XXX	.XXX
34. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0
35. Totals.....	2,368,057	1,559,843	65.9	54.5
<b>DETAILS OF WRITE-INS</b>				
3401.....				.00
3402.....				.00
3403.....				.00
3498. Sum. of remaining write-ins for Line 34 from overflow page.....	.0	.0	.00	.XXX
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34).....	.0	.0	.00	.00

**PART 2 - DIRECT PREMIUMS WRITTEN**

Lines of Business	1	2	3
	Current Quarter	Current Year to Date	Prior Year Year to Date
1. Fire.....			
2. Allied lines.....			
3. Farmowners multiple peril.....			
4. Homeowners multiple peril.....			
5. Commercial multiple peril.....			
6. Mortgage guaranty.....			
8. Ocean marine.....			
9. Inland marine.....			
10. Financial guaranty.....			
11.1. Medical professional liability - occurrence.....			
11.2. Medical professional liability - claims made.....			
12. Earthquake.....			
13. Group accident and health.....			
14. Credit accident and health.....			
15. Other accident and health.....			
16. Workers' compensation.....			
17.1 Other liability-occurrence.....			
17.2 Other liability-claims made.....			
17.3 Excess workers' compensation.....			
18.1 Products liability-occurrence.....			
18.2 Products liability-claims made.....			
19.1 19.2 Private passenger auto liability.....			
19.3 19.4 Commercial auto liability.....		525,430	1,389,693
21. Auto physical damage.....			1,769,966
22. Aircraft (all perils).....			
23. Fidelity.....			
24. Surety.....			
26. Burglary and theft.....			
27. Boiler and machinery.....			
28. Credit.....			
29. International.....			
30. Warranty.....			
31. Reinsurance-nonproportional assumed property.....	.XXX	.XXX	.XXX
32. Reinsurance-nonproportional assumed liability.....	.XXX	.XXX	.XXX
33. Reinsurance-nonproportional assumed financial lines.....	.XXX	.XXX	.XXX
34. Aggregate write-ins for other lines of business.....	.0	.0	.0
35. Totals.....	525,430	1,389,693	1,769,966
<b>DETAILS OF WRITE-INS</b>			
3401.....			
3402.....			
3403.....			
3498. Sum. of remaining write-ins for Line 34 from overflow page.....	.0	.0	.0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34).....	.0	.0	.0



Statement for June 30, 2014 of the **PINELANDS INSURANCE COMPANY RISK RETENTION GROUP, INC.**  
**SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES**

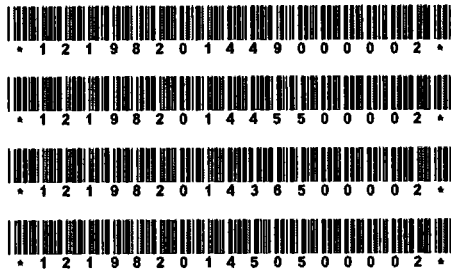
The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

	<b>Response</b>
1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?	<u>NO</u>
2. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed with this statement?	<u>NO</u>
3. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	<u>NO</u>
4. Will the Director and Officer Supplement be filed with the state of domicile and the NAIC with this statement?	<u>NO</u>

**Explanation:**

- 1.
- 2.
- 3.
- 4.

**Bar Code:**



Statement for June 30, 2014 of the **PINELANDS INSURANCE COMPANY RISK RETENTION GROUP, INC.**  
**Overflow Page for Write-Ins**

**Additional Write-Ins for Assets:**

	Current Statement Date			4 December 31, Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
2504. DEFERRED POLICY ACQUISITION COSTS.....	234,797		234,797	365,644
2505. OTHER RECEIVABLES.....			0	344,811
2506. CAPITAL RECEIVABLE.....			0	380,000
2507. CEDING COMMISSION ADJUSTMENT RECOVERABLE.....	656,649		656,649	683,763
2508. RECEIVABLE FROM NTA.....	232,788		232,788	
2597. Summary of remaining write-ins for Line 25.....	1,124,234	0	1,124,234	1,774,218

**Sch. A-Verification**

**NONE**

**Sch. B-Verification**

**NONE**

**Sch. BA-Verification**

**NONE**

**Sch. D-Verification**

**NONE**

**Sch. D-Pt 1B**

**NONE**

**Sch. DA-Pt 1**

**NONE**

**Sch. DA-Verification**

**NONE**

**Sch. DB-Pt A-Verification**

**NONE**

**Sch. DB-Pt B-Verification**

**NONE**

**Sch. DB-Pt C-Sn 1**

**NONE**

**Sch. DB-Pt C-Sn 2**

**NONE**

**Sch. DB-Verification**

**NONE**

**Sch. E-Verification**

**NONE**

**Sch. A-Pt 2**

**NONE**

**Sch. A-Pt 3**

**NONE**

**Sch. B-Pt 2**

**NONE**

**Sch. B-Pt 3**

**NONE**

**Sch. BA-Pt 2**

**NONE**

**Sch. BA-Pt 3**

**NONE**

**Sch. D-Pt 3**

**NONE**

**Sch. D-Pt 4  
NONE**

**Sch. DB-Pt A-Sn 1  
NONE**

**Sch. DB-Pt A-Sn 1-Footer A  
NONE**

**Sch. DB-Pt A-Sn 1-Footer B  
NONE**

**Sch. DB-Pt B-Sn 1  
NONE**

**Sch. DB-Pt B-Sn 1-Footer A  
NONE**

**Sch. DB-Pt B-Sn 1-Footer B  
NONE**

**Sch. DB-Pt B-Sn 1B-Broker List  
NONE**

**Sch. DB-Pt D-Sn 1  
NONE**

**Sch. DB-Pt D-Sn 2  
NONE**

**Sch. DL-Pt. 1  
NONE**

**Sch. DL-Pt. 2  
NONE**

**SCHEDULE E - PART 1 - CASH**

Month End Depository Balances

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	6 Book Balance at End of Each Month During Current Quarter			9 *
					6 First Month	7 Second Month	8 Third Month	
<b>Open Depositories</b>								
Bank of America - Premium	Washington, D.C.	0.030	20		76,641	10,877	355,858	XXX
Bank of America - Operating	Washington, D.C.				13,504	10,800	432	XXX
TD Bank - Claims	Cherry Hill, NJ				11,908	8,880	(115,364)	XXX
0199999. Total Open Depositories	XXX	XXX	20	0	102,052	28,138	240,926	XXX
0399999. Total Cash on Deposit	XXX	XXX	20	0	102,052	28,138	240,926	XXX
0599999. Total Cash	XXX	XXX	20	0	102,052	28,138	240,926	XXX

Statement for June 30, 2014 of the **PINELANDS INSURANCE COMPANY RISK RETENTION GROUP, INC.**  
**SCHEDULE E - PART 2 - CASH EQUIVALENTS**

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Current Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
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**NONE**

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Rasier-PA for Issuance of                   :           Docket No. P-2014-2449881  
Emergency Order

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the parties, listed below, in accordance with the requirements of § 1.54 (relating to service by a party).

**Via Email and First-Class Mail**

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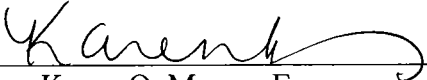
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Dated this 28<sup>th</sup> day of October, 2014.

  
\_\_\_\_\_  
Karen O. Moury, Esq.