

KINGSTONE COMPANIES, INC.
Form 8-K/A
November 17, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K/A
AMENDMENT NO. 3

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report: June 30, 2009
(Date of earliest event reported)

KINGSTONE COMPANIES, INC.
(formerly DCAP Group, Inc.)
(Exact Name of Registrant as Specified in Charter)

Delaware (State or Other Jurisdiction of Incorporation)	0-1665 (Commission File No.)	36-2476480 (IRS Employer Identification Number)
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1158 Broadway, Hewlett, 11557
NY
(Address of Principal(Z i p
Executive Offices) Code)

Registrant's telephone number, including area code: (516) 374-7600

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.01. Completion of Acquisition or Disposition of Assets.

As previously reported in a Current Report on Form 8-K for an event dated June 30, 2009 (the "Form 8-K"), Kingstone Companies, Inc. (formerly DCAP Group, Inc.) (the "Company" or "Kingstone") completed the acquisition of Commercial Mutual Insurance Company ("CMIC") (renamed Kingstone Insurance Company) on July 1, 2009 pursuant to the conversion of CMIC from an advance premium cooperative to a stock property and casualty insurance company. This Amendment No. 3 on Form 8-K/A amends and supplements the Form 8-K, as amended, to include pro forma financial information.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired.

The financial statements required by Item 9.01(a) of Form 8-K were included in Amendment No. 2 on Form 8-K/A filed on November 13, 2009.

(b) Pro Forma Financial Information.

The following unaudited condensed consolidated pro forma financial information required by Item 9.01(b) of Form 8-K is included:

- (i) Selected Pro Forma Consolidated Financial Information
- (ii) Unaudited Condensed Consolidated Pro Forma Balance Sheets of the Company as of December 31, 2008 and June 30, 2009
- (iii) Unaudited Condensed Consolidated Pro Forma Statements of Income of the Company for the year ended December 31, 2008 and the six months ended June 30, 2009
- (iv) Notes to Unaudited Condensed Consolidated Pro Forma Financial Statements

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

KINGSTONE COMPANIES, INC.

November 17, 2009

By: /s/ Barry B. Goldstein
Barry B. Goldstein
President

SELECTED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

Effective July 1, 2009, Commercial Mutual Insurance Company ("CMIC") converted (demutualized) from an advance premium cooperative insurance company to a domestic stock property and casualty insurance company. Upon the effectiveness of the conversion, CMIC's name was changed to Kingstone Insurance Company ("KICO"). As of June 30, 2009, Kingstone held two surplus notes issued by CMIC in the aggregate principal amount of \$3,750,000. Previously accrued and unpaid interest on the notes as of June 30, 2009 was approximately \$2,246,000. Pursuant to the plan of conversion, Kingstone acquired a 100% equity interest in KICO in consideration of the exchange of the \$3,750,000 principal amount of surplus notes of CMIC. In addition, Kingstone forgave all accrued and unpaid interest of \$2,246,000 on the surplus notes as of the date of conversion.

The following unaudited condensed consolidated pro forma financial information consolidates the historical consolidated statements of income and consolidated balance sheet of Kingstone and the historical consolidated statements of income and consolidated balance sheet of KICO. These historical financial statements were prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The unaudited condensed consolidated pro forma financial information has been prepared using the assumptions described in the notes thereto.

The unaudited condensed consolidated pro forma financial information below should be read in conjunction with the notes thereto and the historical consolidated financial statements of Kingstone included in its Annual Report on Form 10-K for the year ended December 31, 2008 and Quarterly Report on Form 10-Q for the six months ended June 30, 2009. This unaudited condensed consolidated pro forma financial information is presented for informational purposes only and is not necessarily indicative of the financial position or results of operations of the consolidated company that would have actually occurred had the acquisition been effective during the periods presented or of the future financial position or future results of operations of the consolidated company. The consolidated financial information as of June 30, 2009 and December 31, 2008 and for the periods presented may have been different had the companies actually been consolidated as of that date or during those periods due to, among other factors, possible revenue enhancements, expense efficiencies and integration costs. Additionally, as discussed in Note 1, the actual allocation of the purchase price to the acquired assets and liabilities may vary materially from the assumptions used in preparing the unaudited condensed consolidated pro forma financial information.

KINGSTONE COMPANIES, INC.

UNAUDITED CONDENSED CONSOLIDATED PRO FORMA BALANCE SHEET

June 30, 2009

	Historical Kingstone As Reported (1)	CMIC	Pro Forma Acquisition Adjustments	Notes	Pro Forma Consolidated
Assets					
Short term investments	\$ -	\$ 811,738	\$ -		\$ 811,738
Fixed maturity securities, available for sale, at fair value	-	9,266,253	-		9,266,253
Equity securities, available-for-sale, at fair value	-	1,823,045	-		1,823,045
Total investments	-	11,901,036	-		11,901,036
Cash and cash equivalents	167,835	1,327,057	-		1,494,892
Investment income receivable	-	70,216	-		70,216
Premiums receivable, net of provision for uncollectible amounts	-	4,418,094	-		4,418,094
Receivables - reinsurance contracts	-	1,137,832	-		1,137,832
Reinsurance receivables, net of provision for uncollectible amounts	-	20,049,199	-		20,049,199
Accounts receivable, net	70,017	-	-		70,017
Notes receivable-CMIC	5,996,461	-	(5,996,461)	A	-
Investment in subsidiary	-	-	5,996,461	A	-
			5,401,860	C	
			(11,398,321)	F	
Notes receivable-sale of business	1,104,499	-	-		1,104,499
Deferred acquisition costs	-	2,665,802	-		2,665,802
Deferred income taxes	26,000	475,782	-		501,782
Intangible assets	-	-	4,850,000	E	4,850,000
Property and equipment, net of accumulated depreciation	74,829	1,369,570	288,923	D	1,733,322
Equities in pools and associations	-	191,136	-		191,136
Other assets	23,412	340,855	-		364,267
Assets of discontinued operations	6,837	-	-		6,837
Total assets	\$ 7,469,890	\$ 43,946,579	\$ (857,538)		\$ 50,558,931

(1) Certain amounts from Kingstone's historical consolidated financial statements have been reclassified to conform to the CMIC presentation.

KINGSTONE COMPANIES, INC.

UNAUDITED CONDENSED CONSOLIDATED PRO FORMA BALANCE SHEET (CONTINUED)

June 30, 2009

	Historical Kingstone As Reported (1)	CMIC	Pro Forma Acquisition Adjustments	Notes	Pro Forma Consolidated
Liabilities					
Loss and loss adjustment expenses	\$ -	\$ 16,191,784	\$ -		\$ 16,191,784
Unearned premium	-	13,879,374	-		13,879,374
Reinsurance balances payable	-	2,005,590	-		2,005,590
Deferred ceding commission revenue	-	2,700,376	-		2,700,376
Accounts payable, accrued liabilities and other liabilities	683,411	1,157,829	-		1,841,240
Deferred income taxes	-	-	1,747,234	K	1,747,234
Other liabilities	-	4,994	-		4,994
Notes payable	547,141	-	-		547,141
Surplus notes payable	-	5,996,461	(5,996,461)	A	-
Mandatorily redeemable preferred stock	1,299,231	-	-		1,299,231
Liabilities of discontinued operations	79,163	-	-		79,163
Total liabilities	2,608,946	41,936,408	(4,249,227)		40,296,127
Stockholders' Equity					
Common stock	37,888	-	1,500,000	A	37,888
			(1,500,000)	F	
Capital in excess of par	11,976,022	-	4,496,461	A	11,976,022
			2,010,171	B	
			288,923	D	
			4,850,000	E	
			(1,747,234)	K	
			(9,898,321)	F	
Retained earnings	(5,932,584)	-	5,401,860	C	(530,724)
Policyholders' surplus	-	2,010,171	(2,010,171)	B	-
	6,081,326	2,010,171	3,391,689		11,483,186
Treasury stock	(1,220,382)	-	-		(1,220,382)
Total stockholders' equity	4,860,944	2,010,171	3,391,689		10,262,804
Total liabilities and stockholders' equity	\$ 7,469,890	\$ 43,946,579	\$ (857,538)		\$ 50,558,931

KINGSTONE COMPANIES, INC.

UNAUDITED CONDENSED CONSOLIDATED PRO FORMA BALANCE SHEET

December 31, 2008

	Historical		Pro Forma Adjustments			Notes	Pro Forma Consolidated
	Kingstone As Reported (1)	CMIC	Previously Reported (2)	Previously Reported (3)	Acquisition Adjustments		
Assets							
Short term investments	\$ -	\$ 1,213,460	\$ -	\$ -	\$ -		\$ 1,213,460
Fixed maturity securities, available for sale, at fair value	-	7,597,123	-	-	-		7,597,123
Equity securities, available-for-sale, at fair value	-	903,717	-	-	-		903,717
Total investments	-	9,714,300	-	-	-		9,714,300
Cash and cash equivalents	142,949	5,248,159	417,718	(20,000)	-		5,788,826
Investment income receivable	-	59,120	-	-	-		59,120
Premiums receivable, net of provision for uncollectible amounts	-	4,143,669	-	-	-		4,143,669
Receivables - reinsurance contracts	-	355,370	-	-	-		355,370
Reinsurance receivables, net of provision for uncollectible amounts	-	17,722,546	-	-	-		17,722,546
Accounts receivable, net	201,787	-	-	(134,522)	-		67,265
Notes receivable-CMIC	5,935,704	-	-	-	(5,935,704)	A	-
Investment in subsidiary	-	-	-	-	5,935,704 4,779,996 (10,715,700)	A C F	-
Notes receivable-sale of	-	-	-	200,000	-		200,000

business							
Deferred acquisition costs	-	2,498,700	-	-	-		2,498,700
Deferred income taxes	-	899,266	-	-	-		899,266
Intangible assets	-	-	-	-	4,850,000	E	4,850,000
Property and equipment, net of accumulated depreciation	90,493	1,414,871	-	(7,876)	288,923	D	1,786,411
Equities in pools and associations	-	194,912	-	-	-		194,912
Other assets	136,553	230,857	-	(106,674)	-		260,736
Assets of discontinued operations	2,913,147	-	(1,847,013)	-	-		1,066,134
Total assets	\$ 9,420,633	\$ 42,481,770	\$ (1,429,295)	\$ (69,072)	\$ (796,781)		\$ 49,607,255

(1) Certain amounts from Kingstone's historical consolidated financial statements have been reclassified to conform to the CMIC presentation.

(2) On April 22, 2009, Kingstone filed a Current Report on Form 8-K disclosing the sale of substantially all of the assets of Barry Scott Agency, Inc. and DCAP Accurate, Inc. (collectively, "Seller"), wholly-owned subsidiaries of the Company. Seller operated the Company's 16 New York State retail business locations.

(3) On May 12, 2009, Kingstone filed a Current Report on Form 8-K disclosing the sale of all of the outstanding stock of the subsidiaries that operated the Company's DCAP franchise business.

KINGSTONE COMPANIES, INC.
UNAUDITED CONDENSED CONSOLIDATED PRO FORMA BALANCE SHEET
December 31, 2008

Historical

Pro Forma Adjustments