

**REPORT ON EXAMINATION AS TO THE CONDITION OF
PALISADES PROPERTY AND CASUALTY INSURANCE COMPANY**

WOODBIDGE, NJ 07095

AS OF DECEMBER 31, 2024

NAIC GROUP CODE 1227

NAIC COMPANY CODE 10100

FILED

MAY 27 2026

**COMMISSIONER
NJ DEPT OF BANKING & INSURANCE**

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DEPARTMENT OF BANKING AND INSURANCE
DIVISION OF INSURANCE
OFFICE OF SOLVENCY REGULATION
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May 19, 2026

Honorable Susan Ochs
Acting Commissioner
Department of Banking and Insurance
State of New Jersey
20 West State Street
Trenton, New Jersey 08625

Acting Commissioner:

In accordance with the authority vested in you by the Revised Statutes of New Jersey, a financial examination has been made of the financial condition and affairs of:

PALISADES PROPERTY AND CASUALTY INSURANCE COMPANY
581 MAIN STREET, SUITE 400
WOODBRIIDGE, NJ 07095
NAIC GROUP CODE 1227
NAIC COMPANY CODE 10100

a domestic insurer duly authorized to transact the business of insurance in the State of New Jersey and hereinafter referred to in this report as the "Company" or "PPC."

SCOPE OF EXAMINATION

This risk-focused examination was called by the Commissioner of the New Jersey Department of Banking and Insurance (“Department”) pursuant to the authority granted by N.J.S.A. Section 17:23-22.

The examination was made as of December 31, 2024, and addressed the five-year period from January 1, 2020, to December 31, 2024, including any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination. During this period, the Company reported admitted assets increased by \$39,147,413 to \$92,845,466 from \$53,698,053, liabilities increased by \$19,249,594 to \$27,849,854 from \$8,600,260, and capital and surplus increased by \$19,897,819 to \$64,995,612 from \$45,097,793.

The examination was conducted in accordance with the standards and procedures established by the National Association of Insurance Commissioners (“NAIC”) and prescribed by the current NAIC *Financial Condition Examiners Handbook* (the “Handbook”). The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer’s surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process as defined in the Handbook. This included assessing significant estimates made by management and evaluating management’s compliance with Statements of Statutory Accounting Principles (“SSAP”). The examination does not attest to the fair presentation of the financial statements included herein.

This examination report includes significant findings of fact and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Company.

The Certified Public Accounting firm of PricewaterhouseCoopers, LLP (“PwC”) provided an unqualified audit opinion on the fair presentation of the Company’s year-end financial statements based on Statutory Accounting Principles for the reporting year period ending December 31, 2024. Relevant work performed by PwC during its annual audit of the Company was reviewed during the examination and incorporated into the examination work papers whenever feasible to facilitate efficiencies. Certain PwC work papers were utilized in determining the scope and areas of emphasis in conducting the examination.

COMPLIANCE WITH PRIOR REPORT ON EXAMINATION RECOMMENDATIONS

There were no comments and recommendations in the Company’s prior report on examination as of December 31, 2019.

HISTORY

The Company, formerly known as Proformance Insurance Company (“Proformance”), is a wholly owned stock property and casualty insurance company organized under New Jersey Statutes Annotated 17:17-1 et. seq. The Company was incorporated on September 26, 1994, and commenced business on December 12, 1994. The initial capitalization consisted of \$3,200,000 representing 1,500,000 common shares with a par value of \$1.20 per share, and additional paid-in and contributed surplus of \$1,400,000. All authorized shares are issued and outstanding.

On August 19, 1987, the Company’s former shareholder, National Atlantic Holdings Corporation (“National

Atlantic”), approved and amended the Certificate of Incorporation to include additional lines of insurance to be transacted, change the par value of authorized shares of the capital stock from \$1.20 per share to \$2.10 per share, and to reflect a change in the location of the principal office. This amended Certificate of Incorporation was filed with the Deputy Attorney General of New Jersey on October 20, 1997, and filed with the Department on November 25, 1997.

The Company’s sole shareholder, National Atlantic, approved and amended the Certificate of Incorporation to delete certain lines of insurance to be transacted and to change the par value of authorized shares of the capital stock from \$2.10 per share to \$1.20 per share. This amended Certificate of Incorporation was filed with the Deputy Attorney General of New Jersey on September 13, 2001, and filed with the Department on October 25, 2001.

On January 18, 2006, National Atlantic approved and amended the Certificate of Incorporation to include an additional line of insurance to be transacted and to provide for a change in the par value of the authorized shares of the capital stock from \$1.20 per share to \$1.34 per share. This amended Certificate of Incorporation was filed with the Deputy Attorney General of New Jersey on January 30, 2006, and filed with the Department on March 2, 2006.

On August 1, 2008, Palisades Safety and Insurance Association (“PSIA” or the “Association”) purchased 100% of the outstanding stock of National Atlantic, the parent company of Proformance, and renamed the Company as Palisades Property and Casualty Insurance Company. Niagara Atlantic Holdings Corporation (“Niagara”), a New York domiciled noninsurance company, and Mayfair Reinsurance Company Limited (“Mayfair”), a dormant Bermuda domiciled company, both subsidiaries of National Atlantic, were distributed to the Company. The remaining net assets of National Atlantic and two of its subsidiaries, Riverview Professional Services, Inc. and National Atlantic Financial Corporation, were distributed to the Company and a certificate of dissolution was filed.

On August 1, 2008, the Company's Board of Directors approved and amended the Certificate of Incorporation, which changed the name of the Company to Palisades Property and Casualty Insurance Company; changed the location of the principal office of the corporation to 200 Connell Drive, Berkeley Heights, NJ; and changed the number of shares and par value of the common capital stock to read as follows: “The amount of capital stock of the corporation shall be two million two hundred thousand dollars (\$2,200,000) divided into four hundred and forty (440) shares of common stock having a par value of five thousand dollars (\$5,000) per share.” This amended Certificate of Incorporation was filed with the Deputy Attorney General of New Jersey on August 6, 2008, and filed with the Department on August 15, 2008.

On August 1, 2008, the Commissioner of the Department issued a Certificate of Authority to the Company, authorizing it to transact the kinds of business specified in paragraphs "a", "b", "e", "j" and "o" of N.J.S.A. 17:17-1 et. seq.

On September 16, 2008, the Department granted approval to PSIA and Palisades Insurance Company (“PIC”) to become the replacement carriers for a portion of the private passenger automobile policies of the Company at renewal. Together, PIC and PSIA assumed approximately 5,000 New Jersey private passenger automobile policies at renewal.

Effective July 1, 2011, due to a reorganization within the holding company group, the Company amended its Stock Certificate to reflect that affiliate, High Point Preferred Insurance Company (“HPP”), now owned 100% of the issued and outstanding stock of the Company. HPP is a wholly owned subsidiary of High Point Property and Casualty Insurance Company, which is a wholly owned subsidiary of PSIA. Together, HPP and the Company comprised the High Point Home Group, an operating and reporting subgroup of PSIA, focused on homeowners insurance, while other affiliates and PSIA comprised the Palisades Auto Group, which focused on automobile insurance.

On January 19, 2016, Mayfair was sold to The Plymouth Rock Company Incorporated.

On August 1, 2018, HPP acquired 21st Century Security Insurance Company, which was renamed to AtHome Insurance Company (“AtHome”). AtHome was added as the third member of the High Point Home Group.

On December 14, 2018, the Company’s Certificate of Incorporation was amended to reflect the change of location of the principal office in the State of New Jersey to Woodbridge, New Jersey, and additionally authorized the Company to transact the kinds of business specified in paragraphs (f), (k) and (o-2) of N.J.S.A. 17:17-1 et seq., and increased the common stock to 560 shares (par value \$5,000 per share). This amendment was approved by the New Jersey Deputy Attorney General on December 19, 2018, filed with the Middlesex County Clerk on December 21, 2018, and filed with the Department on December 21, 2018.

On October 5, 2023, Niagara was dissolved.

TERRITORY AND PLAN OF OPERATIONS

The Company is a property and casualty stock insurance company licensed in the States of New Jersey, New York and Pennsylvania and authorized to transact various property and casualty lines of business. The Company is currently writing primarily homeowners multiple peril in all licensed states, which includes HO4-Renters and HO6-Condominium dwelling policies, HO3 renewal policies, and personal umbrella policies. Business written by the Company is ceded to HPP under the terms of a 100% Quota Share Reinsurance Agreement, except direct business written in New York, which is ceded at 80%.

The Company does not have any employees. The Association’s Attorney-in-Fact, Plymouth Rock Management Company of New Jersey (“PRNJ”), provides underwriting, marketing, product management and other administrative services on behalf of the Company, as discussed in the “Inter-company Agreements” section of this report. Investment services are contractually provided by SRB Corporation (“SRB”), an upstream affiliate of PRNJ. Custodial investment services are provided by The Northern Trust Company. Information technology services are provided by Shared Technology Services Group LLC, an affiliate of PRNJ.

The Company maintains its statutory home office and main administrative office where it conducts its business operations from at 581 Main Street, Suite 400, Woodbridge, NJ 07095-1144. This location furthermore serves as the primary location of the Company’s accounting books and records. The registered agent upon whom process may be served is the Company and may be contacted at 581 Main Street, Suite 400, Woodbridge, NJ 07095-1144.

REINSURANCE

As of December 31, 2024, the Company and affiliates had the following reinsurance in effect:

Homeowner and Misc Property (excludes HPP New Jersey Business)

Per Risk Excess of Loss

Policy Limit: \$4 million

Treaty Retention: \$3 million

Treaty Limit: 100% of \$1 million excess of \$3 million per risk with maximum of \$2 million per occurrence and \$4 million per year (NJ & New England combined)

Homeowner and Misc Property (Home excludes HPP New Jersey Business)

Facultative Per Risk Excess of Loss

Policy Limit: Maximum limit offered

Treaty Retention: \$4 million

Treaty Limit: 100% of coverage A, B, C, D at a maximum of \$4 million in excess of \$4 million

Homeowner and Misc Property (HPP New Jersey Business)

Facultative Per Risk Excess of Loss

Policy Limit: Maximum limit offered

Treaty Retention: \$2 million

Treaty Limit: 100% of coverage A, B, C, D in excess of \$2 million

Auto, Homeowner, and Misc Property

Catastrophe Excess of Loss - Internal Layer 1

Treaty Retention: \$5 million per each group – Palisades Auto Group and High Point Home Group, as well as for insurance company affiliate groups of PRNJ

Treaty Retention, effective January 1, 2025: \$10 million per group

Treaty Limit: \$40 million less applicable retentions; PSIA assumed 45% of any loss in this layer as of December 31, 2024

Catastrophe Excess of Loss - Internal Layer 2

Treaty Retention: \$40 million

Treaty Limit: \$53 million excess of \$40 million; PSIA assumed 38.75% of any loss in this layer as of December 31, 2024

Catastrophe Excess of Loss – Upper Layers

Treaty Retention: \$93 million

Treaty Limit: \$847 million excess of \$93 million

Personal Umbrella

Quota Share

Policy Limit: Maximum limit offered - \$5 million

Treaty Retention: Either 10% of first \$1 million or 20% of entire loss

Treaty Limit: Either 90% of the first \$1 million and 100% of the excess up to \$5 million or 80% of entire loss

Commercial Auto Facultative Program

Excess of Loss on Individual Ceded Risks

Policy Limit: \$1.5 million

Treaty Retention: \$500,000 up to \$1,000,000, varies by risk

Treaty Limit: up to \$1 million excess of \$500,000 per risk

Intercompany Reinsurance:

Under the terms of a Quota Share Reinsurance Agreement, as amended, PSIA assumes 100% of the direct private personal auto, commercial auto and other liability business written net of external reinsurance that inures to the benefit of the contract and involuntary pools and associations written by the Company, PIC, High Point Property and Casualty Insurance Company (“HPC”), HPP, Teachers Auto Insurance Company of New Jersey (“TAI”), Twin Lights Insurance Company (“TLI”), and Rider Insurance Company (“Rider”) with the exception of: (i) PIC, wherein PSIA assumes 80% of PIC’s direct business written in the states of Connecticut and New York, net of external reinsurance that inures to the benefit of the contract and involuntary pools and associations; and (ii) homeowners business written by PPC and homeowners and personal umbrella business written by HPP. PSIA guarantees the collection of all external reinsurance.

Under a separate treaty, HPP assumes 100% of the homeowners business written by PPC. HPP assumes all of the direct business, net of cessions to involuntary pools and associations, written by PPC, with the exception of direct business written in the State of New York, wherein HPP assumes 80% of PPC’s direct business, net of cessions to involuntary pools and associations. HPP guarantees the collection of all external reinsurance.

CORPORATE RECORDS

The Company's bylaws stipulate that the annual meeting of the stockholders shall be held at the time and at the place determined by the Board of Directors (the "Board"). The Board shall consist of not less than three or more than twelve Directors. Special meetings of the Directors may be held at any time or any place designated in the call of the meeting.

A review of the minutes of the Board meetings noted that all meetings were well attended. The Board minutes also indicated that the Company's overall transactions and events were adequately supported and approved.

MANAGEMENT AND CONTROL

The business, property and affairs of the Company are managed by the President and the delegated officers under the guidance and direction of the Board.

The following were the Directors of the Company as of December 31, 2024:

<u>Name</u>	<u>Principal Occupation</u>
Andrew J. Leeds	Vice President, Property, PRNJ
Richard E. Eisenberg	Partner and Attorney, Eisenberg Tanchum & Levy LLP
Steven N. Klein	Partner and Managing Director, First Infrastructure, Inc.

The Company is required to comply with the provisions of N.J.S.A. 17:27A-4d(3), which states that "not less than one-third of the directors of a domestic insurer shall be persons who are not officers or employees of that insurer or of any entity controlling, controlled by, or under common control with, that insurer and who are not beneficial owners of a controlling interest in the voting securities of that insurer or any such entity."

The Company was determined to be in compliance with the provisions of N.J.S.A. 17:27A-4d(3) as of the examination date, as the Board consists of three members of which two are considered outside directors.

Committees

The following Audit Committee Members were appointed and serving at December 31, 2024:

<u>Name</u>	<u>Position</u>
Richard D. Eisenberg	Independent Director (<i>Chairman</i>)
Steven N. Klein	Independent Director

The Company is required to comply with the provisions of N.J.S.A. 17:27A-4d(4), which states that "the board of directors of a domestic insurer shall establish one or more committees comprised solely of directors who are not officers or employees of the insurer or of any entity controlling, controlled by, or under common control with, the insurer and who are not beneficial owners of a controlling interest in the voting securities of the insurer of any such entity. The committee shall be responsible for recommending the selection of independent certified public accountants, reviewing the insurer's financial condition, the scope and results of the independent audit and any internal audit, nominating candidates for director for election by shareholders or policyholders, evaluating the performance of officers deemed to be principal officers of the insurer and recommending to the board of directors the selection and compensation, including bonuses or other special payments, of the principal officers."

The Company was determined to be in compliance with the provisions of N.J.S.A. 17:27A-4d(4) as of the examination date, as the Audit Committee is comprised solely of two independent, outside directors who performed the functions indicated in this statute.

Officers

The officers of the Company perform duties as designated by the Company's bylaws with respect to the offices they hold, or as otherwise indicated by the Board. The president, treasurer, and secretary shall be elected annually by the directors at their first meeting following the annual meeting of the stockholders. Other officers, if any, may be elected by the Board at this meeting or at any other time. Any two or more offices may be held by the same person, but no officer shall execute, acknowledge, or verify any instrument in more than one capacity, if such instrument is required by law or by the bylaws to be executed, acknowledged, or verified by two or more officers. Any officer may be required by the directors to give bond for the faithful performance of his duties to the corporation in such amount and with such sureties as the directors may determine.

The following officers were elected and serving the Company at December 31, 2024:

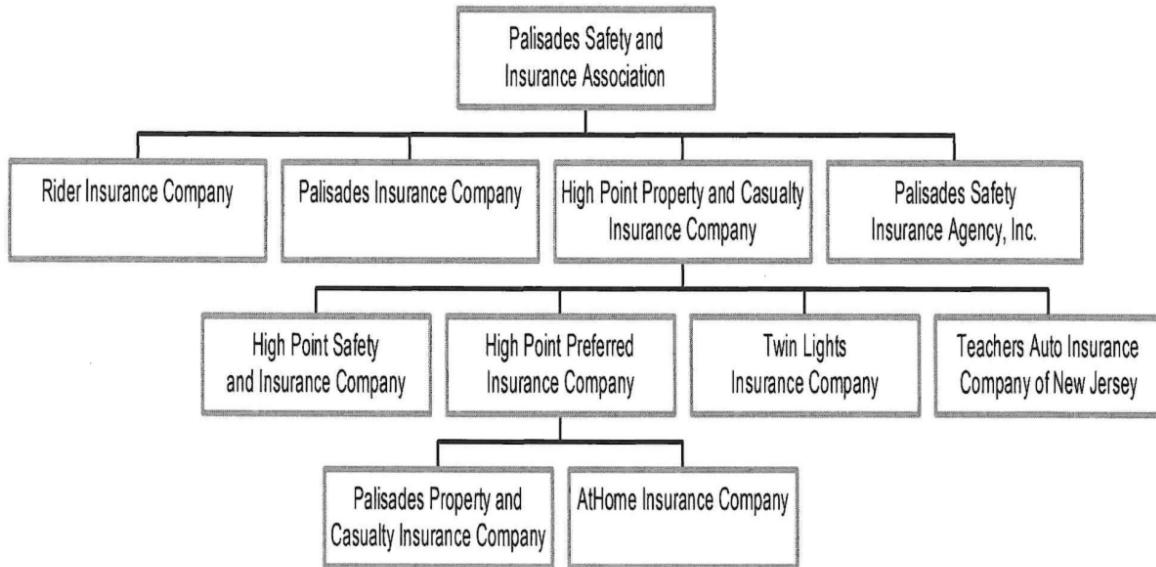
<u>Name</u>	<u>Title</u>
Andrew J. Leeds	Chairman of the Board, President and Chief Executive Officer
Robert H. Easton	Secretary
Vito A. Nigro	Treasurer
Bonnie Banahan	Assistant Secretary

N.J.S.A. 17:27A-4d(5) states, “The provisions of paragraphs (3) and (4) of this subsection d. shall not apply to a domestic insurer if the person controlling the insurer is an entity having a board of directors and committees thereof that substantially meet the requirements of those paragraphs.”

The Company satisfies the requirements of N.J.S.A. 17:27A-4d(5).

REGULATION OF INSURANCE HOLDING COMPANY SYSTEMS

The Company is subject to Insurance Holding Company Systems Act and is a member of an insurance holding company system as defined by N.J.S.A. 17:27A-1. A review of the holding company registration statement indicated that the Company was in compliance with N.J.S.A. 17:27A-3, Sections a-j, requiring registration of those insurers that qualify as determined by N.J.S.A. 17:27A-1. A holding company system organizational chart as of December 31, 2024 follows:



INTER-COMPANY AGREEMENTS / RELATED PARTY TRANSACTIONS

Inter-Company Agreements

The Company was a named party to the following affiliated agreements at the examination date:

Consolidated Federal Income Tax Liability Allocation Agreement:

Effective August 1, 2008, the Company joined PSIA and affiliates in its consolidated tax agreement. Under the terms of this agreement, the amount of federal income taxes payable by each party to the agreement shall be equal to the amount of tax liability allocable to it as determined in accordance with the provisions of Treasury Regulation 1.1552-1(a)(2). The method of allocation among companies is subject to a written agreement effective November 1, 2003, which has been approved by the Department. Taxes are allocated based on the separate return calculations of each Company, with current credit for net losses utilized as part of the consolidated return. Inter-company tax balances are settled quarterly through the payable to or receivable from accounts after the tax filing is made in October of each year.

Services Agreement:

Effective August 1, 2008, the Company entered into a services agreement with the PRNJ and PSIA. Under the terms of this agreement, PRNJ provides various administrative services to the Company in exchange for a management fee equal to 12.5% of written premium authorized by the Association and its subscribers. The services provided include payroll, accounting and tax preparation, human resources, voucher processing and bill payment, appointment and termination of general servicing agents, investigation and defense of claims, policy issuance and administration, marketing development, and other services associated with the production and administration of policies of insurance. The fees paid by the Company to PRNJ are subject to SSAP No. 25 and are required to be paid on an arm’s-length basis, and be fair and reasonable to the Company.

Operating Services Agreement:

Effective August 1, 2011, the Company entered into an operating services agreement with PSIA. The operating services to be provided by PSIA on behalf of the Company includes the following:

- Payment of claims arising from any PPC policy of insurance. The Company shall retain the ultimate responsibility for all adjustments and claims payments made on its behalf.

- Collection of premiums and payment of premium refunds on behalf of the Company, provided such premiums shall be held in a fiduciary capacity, and further provided that all such net premiums shall be accounted for, pursuant to accounting procedures approved by the Company.
- Payment of commissions, fees, assessments, governmental examination expenses, and other general and administrative expenses on behalf of the Company.
- Payment and collection of external reinsurance amounts on behalf of the Company, provided such amounts shall be held in fiduciary capacity, and further provided that all such amounts shall be accounted for, pursuant to accounting procedures approved by the Company.

There is no fee charged to any party subject to this agreement. The Company must reimburse PSIA for actual costs and expenses paid by PSIA on behalf of the Company, and reimbursement must be within 45 days of the close of each quarter.

Quota Share Reinsurance Agreements (Special Treaties):

Effective May 1, 2012, a 100% Quota Share Reinsurance Agreement (Special Treaty), as amended, was entered into by PSIA (Reinsurer) and PPC, PIC, HPC, HPP, TAI, and TLI. Please see “Reinsurance” section of this report for additional details.

Effective October 1, 2008 and as amended, the Company entered into a reinsurance agreement with HPP, whereby the Company cedes 100% of non-New York business and 80% of New York business written or renewed by the Company on or after the effective date.

Investment Services Agreement:

Effective August 1, 2008, the Company entered into an investment services agreement with SRB, an affiliate of PRNJ, to provide a broad spectrum of investment services, including development of investment objectives, development of investment policies and guidelines, selection of investment managers, investment and management of assets, measurement and evaluation of investment performance, accounting oversight, cash management of banking relationships, creation and management of a custodial relationship, administrative support, and investment advice.

Amended and Restated Intercompany Cash Management Agreement:

Effective January 1, 2022, the Company was added to the amended and restated intercompany cash management agreement by and among the Plymouth Rock Group of Companies that PRNJ is affiliated with, as approved by the Department on December 6, 2021. Under the terms of the agreement, each participating entity is permitted to borrow cash from SRB to cover short-term cash shortfalls or for other purposes and to lend certain excess cash to SRB for the purpose of earning interest.

Catastrophe Reinsurance (Affiliated):

Effective July 1, 2024, the Company entered into a retention layer catastrophe reinsurance agreement between affiliated companies and their subsidiaries. Please see “Reinsurance” section of this report for additional details.

Additional Related Party Transactions

During 2023, the Company received a capital contribution in the amount of \$16,000,000 from its parent, HPP. The Department approved this capital contribution request on September 19, 2023.

POLICY ON CONFLICT OF INTEREST

On an annual basis the Company’s officers and directors attest to an affirmation of ethical standards and a disclosure of possible activities that could construe as a possible conflict of interest.

The examination team reviewed all Conflict of Interest statements executed by officers and directors for the period under examination, noting that there were no apparent or potential conflicts of interest.

ACCOUNTS AND RECORDS

The Company's general ledger and financial reporting activities are handled through a cloud-based Software-as-a-Service ("SaaS") platform.

For managing insurance premiums and policy administration, PPC utilizes a system supporting the end-to-end lifecycle of insurance policies, including issuance, premium calculation, renewals, and customer data management.

The Company's loss and claims management function is supported by a system that facilitates the intake, adjudication, and resolution of insurance claims.

Investment activities of PPC are managed through a SaaS-based investment and fund management platform, enabling oversight of the Company's investment portfolio and offering tools for accounting, performance tracking, and regulatory reporting.

CONTINUITY OF OPERATIONS

The Company's bylaws provide for the election of directors and the appointment of officers to fill any vacancies caused by death, resignation, disqualification, or removal by the Board. The Company has a disaster recovery plan that was reviewed in the course of the coordinated examination IT review. No material findings were noted.

FINANCIAL STATEMENT EXHIBITS

Exhibit A: Statement of Assets, Liabilities, Surplus and Other Funds at December 31, 2024..... 12

Exhibit B: Summary of Revenue and Expenses for the Five-Year Period ending December 31, 2024 13

Exhibit C: Capital and Surplus Account for the Five-Year Period ending December 31, 2024 14

Exhibit A - Statement of Assets, Liabilities, Surplus and Other Funds at December 31, 2024

Admitted Assets	Current Examination at 12/31/2024	Balance per Company at 12/31/2024	Examination Change	Note Number
Bonds	\$ 27,823,747	\$ 27,823,747	\$ -	1
Stocks:				
Common stocks	27,507,861	27,507,861	-	
Cash, cash equivalents and short-term investments	764,627	764,627	-	
Investment income due and accrued	335,531	335,531	-	
Premiums and considerations:				
Uncollected premiums and agents' balances in the course of collection	1,034,239	1,034,239	-	
Deferred premiums, agents' balances and installments booked but deferred and not yet due	14,833,371	14,833,371	-	
Receivables from parent, subsidiaries and affiliates	18,972,537	18,972,537	-	
Aggregate write-ins for other than invested assets	<u>1,573,553</u>	<u>1,573,553</u>	<u>-</u>	
Total net admitted assets	<u>\$ 92,845,466</u>	<u>\$ 92,845,466</u>	<u>\$ -</u>	
Liabilities				
Losses	\$ 3,162,154	\$ 3,162,154	\$ -	2
Loss adjustment expenses	559,354	559,354	-	2
Current federal and foreign income taxes	289,466	289,466	-	
Net deferred tax liability	1,296,099	1,296,099	-	
Unearned premiums	6,124,156	6,124,156	-	
Advance premium	3,933,258	3,933,258	-	
Ceded reinsurance premiums payable	<u>12,485,367</u>	<u>12,485,367</u>	<u>-</u>	
Total liabilities	<u>27,849,854</u>	<u>27,849,854</u>	<u>-</u>	
Surplus and Other Funds				
Common capital stock	2,800,000	2,800,000	-	3
Gross paid in and contributed surplus	48,979,545	48,979,545	-	3
Unassigned funds (surplus)	<u>13,216,067</u>	<u>13,216,067</u>	<u>-</u>	3
Total surplus as regards policyholders	<u>64,995,612</u>	<u>64,995,612</u>	<u>-</u>	
Total liabilities and surplus as regards policyholders	<u>\$ 92,845,466</u>	<u>\$ 92,845,466</u>	<u>\$ -</u>	

Exhibit B - Summary of Revenue and Expenses for the Five-Year Period Ending December 31, 2024

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Underwriting Income:					
Premiums earned	\$ 2,369,482	\$ 6,558,744	\$ 7,976,187	\$ 8,897,365	\$ 8,358,788
Deductions:					
Losses incurred	1,482,805	3,875,510	4,228,555	6,140,483	4,779,294
Loss adjustment expenses incurred	139,994	652,572	860,859	1,011,135	846,754
Other underwriting expenses incurred	1,420,736	2,233,909	2,407,895	2,803,672	3,183,965
Total underwriting deductions	<u>3,043,535</u>	<u>6,761,991</u>	<u>7,497,309</u>	<u>9,955,290</u>	<u>8,810,013</u>
Net underwriting gain or (loss)	(674,053)	(203,247)	478,878	(1,057,925)	(451,225)
Investment Income:					
Net investment income earned	716,435	632,189	667,759	1,467,405	2,093,490
Net realized capital gains (losses) less capital gains tax	413,912	769,911	(840,283)	1,065,222	(312,784)
Net investment gain (loss)	<u>1,130,347</u>	<u>1,402,100</u>	<u>(172,524)</u>	<u>2,532,627</u>	<u>1,780,706</u>
Other Income:					
Net gain (loss) from agents' or premium balances charged off	(3,454)	(10,377)	(39,553)	(39,224)	(34,378)
Finance and service charges not included in premiums	11,613	33,355	39,818	39,102	40,010
Aggregate write-ins for miscellaneous income	63,552	85,950	42,682	32,851	3,372
Total other income	<u>71,711</u>	<u>108,928</u>	<u>42,947</u>	<u>32,729</u>	<u>9,004</u>
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	528,005	1,307,781	349,301	1,507,431	1,338,485
Dividends to policyholders	-	-	-	-	-
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	528,005	1,307,781	349,301	1,507,431	1,338,485
Federal and foreign income taxes incurred	63,136	154,278	246,764	(51,373)	375,584
Net income	<u>\$ 464,869</u>	<u>\$ 1,153,503</u>	<u>\$ 102,537</u>	<u>\$ 1,558,804</u>	<u>\$ 962,901</u>

Exhibit C - Capital and Surplus Account for the Five-Year Period Ending December 31, 2024

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Surplus as regards policyholders, December 31 prior year	\$ 45,097,793	\$ 44,526,097	\$ 47,747,093	\$ 45,711,031	\$ 62,070,012
Net income	464,869	1,153,503	102,537	1,558,804	962,901
Change in net unrealized capital gains or (losses) less					
capital gains tax	(1,473,167)	2,290,842	(2,127,949)	(260,168)	1,749,295
Change in net deferred income tax	138,456	148,760	36,581	(143,136)	8,008
Change in nonadmitted assets	(301,854)	(372,109)	(47,231)	121,551	205,396
Change in provision for reinsurance	-				
Capital changes:					
Paid in	-	-	-	-	-
Surplus adjustments:					
Paid in	-	-	-	16,000,000	-
Dividends to stockholders	-	-	-	-	-
Aggregate write-ins for gains and losses in surplus	600,000	-	-	(918,071)	-
Change in surplus as regards policyholders for the year	<u>(571,696)</u>	<u>3,220,996</u>	<u>(2,036,062)</u>	<u>16,358,980</u>	<u>2,925,600</u>
Surplus as regards policyholders, December 31 current year	<u>\$ 44,526,097</u>	<u>\$ 47,747,093</u>	<u>\$ 45,711,031</u>	<u>\$ 62,070,012</u>	<u>\$ 64,995,612</u>

NOTES TO THE FINANCIAL STATEMENTS

There were no changes made to the assets, liabilities or surplus balances reported by the Company for the year ended December 31, 2024. The surplus as regards policyholders, which totaled \$64,995,612 as of the examination date, was determined to be reasonably stated and in compliance with N.J.S.A. 17:17-1 et seq.

Note 1 – Bonds

At December 31, 2024, a bond reported by the Company with a book value of \$639,606 and fair value of \$625,736 was on deposit with and subject to the Department’s control, in accordance with N.J.S.A. 17:20-1c.

Note 2 - Unpaid Losses and Loss Adjustment Expenses

No adjustments to reserves or surplus were indicated as a result of the actuarial portion of the examination. The assumptions used were generally found to be appropriate. The actuarial examination was limited to providing substantive reviews of the actuarial items on page 3 of the December 31, 2024 Annual Statement.

Summarized below are the recorded estimates which were included in our review:

Losses	\$3,162,154
Loss adjustment expenses	<u>559,354</u>
Total	<u>\$3,721,508</u>

The loss and loss adjustment expense reserves, including Incurred but Not Reported (“IBNR”), as reported by the Company, were deemed to be reasonable in light of the liabilities they support and, as attested to in the Statement of Actuarial Opinion, materially in compliance with the Statutes of the State of New Jersey. This examination conclusion is not a guarantee that the reserves will be adequate under every scenario of future experience; the results reached in this analysis are dependent on the assumptions used. Realized results may vary as actual experience differs from the assumptions. The Property and Casualty Actuarial Division of the Department reviewed the Report on the Actuarial Examination.

Note 3 – Capital and Surplus

The Company reported total capital and surplus in the amount of \$64,995,612 at December 31, 2024, as summarized:

The Company has 560 shares of \$5,000 par value of common stock authorized, issued and outstanding at December 31, 2024 and totaling \$2,800,000. Common stock of the Company is 100% owned by HPP.

At December 31, 2024, the Company had gross paid in and contributed surplus of \$48,979,545.

At December 31, 2024, the Company had unassigned funds (surplus) of \$13,216,067.

The Company was determined to be in compliance with the minimum capital and surplus requirements of the State of New Jersey at December 31, 2024.

SUMMARY OF EXAMINATION RECOMMENDATIONS

There were no comments and/or recommendations deemed necessary for purposes of this examination report.

CONCLUSION

The examination of Palisades Property and Casualty Insurance Company as of December 31, 2024, was conducted under the supervision of the State of New Jersey, Department of Banking and Insurance, by the undersigned.

The courteous assistance and cooperation extended during the course of the examination by management of the Company and members of the staff are hereby acknowledged.

Respectfully submitted,



Andy Jennings, CFE, ARM
Examiner-In-Charge
Risk & Regulatory Consulting, LLC
Representing the New Jersey Department of Banking and Insurance

Under the Supervision of,



Nancy Lee Chice, CFE
CFE Reviewer, Supervising Examiner
New Jersey Department of Banking and Insurance

AFFIDAVIT

I, Andy Jennings, do solemnly swear that the foregoing report of examination is hereby represented to be a full and true statement of the condition and affairs of Palisades Property and Casualty Insurance Company as of December 31, 2024 to the best of my information, knowledge and belief.

Respectfully submitted,



Andy Jennings, CFE, ARM
Examiner-In-Charge
Risk & Regulatory Consulting, LLC

Under the supervision of,



Nancy Lee Chice, CFE
CFE Reviewer, Supervising Examiner
New Jersey Department of Banking and Insurance

State of New Jersey
County of Mercer

Subscribed and sworn to before me,
On this 20th day of May, 2026

Signed,



Notary Public of the State of New Jersey
My commission expires on:

