

**REPORT ON EXAMINATION AS TO THE CONDITION OF**

**CARECORE NJ, LLC**

**dba eviCore healthcare NJ ODS**

**BLUFFTON, SOUTH CAROLINA 29910**

**AS OF DECEMBER 31, 2023**

**GROUP CODE 0901**

**NAIC COMPANY CODE 10144**

FILED

June 16, 2025

Commissioner

New Jersey Department

Of

Banking and Insurance

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**State of New Jersey**  
**DEPARTMENT OF BANKING AND INSURANCE**  
**DIVISION OF INSURANCE**  
**OFFICE OF SOLVENCY REGULATION**  
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PHIL MURPHY  
*Governor*

TAHESHA L. WAY  
*Lt. Governor*

JUSTIN ZIMMERMAN  
*Commissioner*

May 15, 2025

Honorable Justin Zimmerman  
Commissioner of Banking and Insurance  
State of New Jersey  
20 West State Street  
P.O. Box 325  
Trenton, New Jersey 08625

Commissioner:

In accordance with the authority vested in you by the Revised Statutes of New Jersey, an examination has been made of the assets and liabilities, method of conducting business and other affairs of the:

**CARECORE NJ, L.C.C.**  
**DBA EVICORE HEALTHCARE NJ ODS**  
**400 BUCKWALTER PLACE BLVD**  
**BLUFFTON, SOUTH CAROLINA 29910**  
**GROUP CODE 901**  
**NAIC COMPANY CODE 10144**

A domestic insurer duly authorized to transact the business of insurance in the State of New Jersey. Hereinafter, CareCore NJ, LLC will be referred to in this report as the "Company", or "CCNJ".

## **SCOPE OF EXAMINATION**

The New Jersey Department of Banking and Insurance, hereinafter referred to as “NJDOBI”, has performed a full scope risk focused examination of CCNJ. This risk focused examination was called by the Commissioner of Banking and Insurance of the State of New Jersey in accordance with N.J.S.A. 17:48H-17 to evaluate the business, affairs and operations of CCNJ.

The examination took place concurrently with the other affiliated companies of The Cigna Group, which was led by the Connecticut Insurance Department.

The examination was made as of December 31, 2023 and addressed the five-year period from December 31, 2018, the date of the last examination. During this five-year period under examination, the Company’s assets increased from \$30,419,821 to \$75,081,858. Liabilities increased from \$22,499,968 to \$54,703,123, and surplus to policyholders increased from \$7,919,853 to \$20,378,735.

CCNJ is classified by the NJDOBI as an Organized Delivery System in accordance with, and the conduct of this examination will be governed by, the statutes and regulations of the State of New Jersey.

NJDOBI conducted the examination in accordance with the 2024 edition of the National Association of Insurance Commissioners (“NAIC”) Financial Condition Examiners Handbook (the “NAIC Handbook”). The NAIC Handbook requires that NJDOBI plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company. In order to meet these objectives, NJDOBI obtained information regarding the Company’s corporate governance environment, identified and assessed inherent risks to which it is exposed, and evaluated its system of internal controls and procedures used to mitigate those risks identified. The examination also included assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management’s compliance with Statutory Accounting Principles, and annual statement instructions when applicable to domestic state regulations.

All accounts and activities of the Company were considered in accordance with the risk focused examination process. The examination report only addresses regulatory information revealed by the examination process in accordance with the NAIC Handbook. All other financial matters were reviewed and determined not to be material for discussion within this report.

## **HISTORY AND KIND OF BUSINESS**

The Company commenced operations on March 1, 2005 to provide utilization management of outpatient diagnostic imaging under risk contracts covering New Jersey Health Plan enrollees. CCNJ is a wholly-owned subsidiary of eviCore healthcare MSI, LLC dba eviCore healthcare (eviCore MSI or Parent), a Tennessee limited liability company that provides specialty health benefit utilization management to health benefit companies throughout the United States. The Parent provides operating and administrative functions for CCNJ under an Administration Services Agreement whereby the Company is provided the use of personnel, facilities and equipment by the Parent.

The Company has entered into risk provider contracts with both Cigna Health Corporation and New Jersey Horizon health providers (Horizon Health Services Inc. and Horizon Healthcare of NJ, Inc.) to provide diagnostic imaging services to subscribers of these plans. The Company formerly had a risk contract with Health Net of New Jersey which was terminated on December 31, 2009 and with Aetna Health, Inc. which was terminated on December 1, 2016.

On December 18, 2018, the NJDOBI issued Consent Order No. A18-118 approving the conversion of the Company pursuant to N.J.A.C 11:22-4.3(b)(l) from a licensed Organized Delivery System (LODS) to a certified ODS (CODS), subject to the continued compliance with the requirements of certain stated provisions of the New Jersey Administrative Code applicable to a LODS.

## **TERRITORY AND PLAN OF OPERATION**

CCNJ's business relies on its Parent to market and produce business. Business is produced through a direct sales approach and utilizes direct trade organizations rather than advertising. The Company targets large health insurance carriers and relies on the number of subscribers within each of the Company's provider plans. As mentioned previously, the Company has provider plans with Cigna and BCBS NJ Horizon health providers.

All of the Company's books and records are located at the Company's main office at 730 Cool Springs Blvd, Franklin, TN. The registered agent upon whom process may be served is Corporation Service Company, West Trenton, New Jersey 08628.

## **CORPORATE RECORDS**

The Company does not maintain a set of corporate Bylaws. However, the Company does abide by a business charter through its initial operating agreement (an agreement established during the formation of CCNJ). There have been no changes to the Company's original Certificate of Incorporation dated March 8, 2004.

It was noted the Company did not maintain any board minutes for 2019 through 2023, and annual meetings were held via phone conference. Written Consents in lieu of meetings are prepared by CCNJ as needed and were provided to the examiner.

## **MANAGEMENT AND CONTROL**

### **Directors**

The Company is organized as a limited liability company and is member managed by eviCore healthcare MSI, LLC. John Joseph Arlotta left the Company on April 1, 2021; there are currently no directors. However, it remains member managed by eviCore healthcare MSI.

### **Officers:**

Officers serving the Company as of December 31, 2023 were as follows:

<u>Name</u>	<u>Office</u>
David J. Smith	CEO
Scott R. Lambert	Treasurer

N.J.S.A. 17:27A-4d(3) states, “Not less than one-third of the domestic insurer, and not less than one-third of the members of each committee of the board of directors of any 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. At least one such person shall be included in any quorum for the transaction of business at any meeting of the board of directors or any committee thereof.”

N.J.S.A. 17:27A-4d(4) states, “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 or 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, 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.”

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), as its ultimate parent, Cigna, meets the requirements of this statute.

All transactions and actions taken by the officers of the Company on its behalf are ratified by the Board of Directors and by the Company shareholders at the Annual Shareholders Meeting.

## **REINSURANCE AND RETENTION**

The Company did not have any reinsurance contracts in place as of December 31, 2023.

## **REGULATION OF INSURANCE HOLDING COMPANY SYSTEMS**

The Company is a member of a holding company system as defined within N.J.S.A. 17:27A-1. The Company is a wholly-owned subsidiary of eviCore healthcare MSI, LLC dba eviCore healthcare (eviCore MSI), whose immediate parent is MedSolutions Holdings, Inc. (MedSolutions Holdings), an indirect wholly-owned subsidiary of Evernorth Health Inc., a wholly-owned subsidiary of Cigna Holding Company which is ultimately controlled by The Cigna Group. The “Ultimate Controlling Person” is The Cigna Group.

On December 15, 2017, Express Scripts Holding Company (Express Scripts), a publicly traded Delaware corporation, acquired, through a series of mergers, 100% of the outstanding ownership interests of eviCore healthcare. Express Scripts provides integrated pharmacy benefit management services, including network-pharmacy claims processing, home delivery pharmacy care, specialty pharmacy care, specialty benefit management, benefit-design consultation, drug utilization review, formulary management, and medical and drug data analysis services.

On December 20, 2018, The Cigna Group, a publicly traded Delaware corporation, acquired Express Scripts through a series of mergers.

The following is a partial organization chart which illustrates the interrelationships of CCNJ's related companies within the holding company system as of December 31, 2023:

The Cigna Group (Delaware Corporation and Ultimate Parent)  
Cigna Holding Company  
Evernorth Health Inc.  
eviCore 1, LLC  
MedSolutions Holdings, Inc.  
eviCore healthcare MSI, LLC  
**CareCore NJ dba eviCore healthcare NJ**

The Cigna Group is a public traded company on the New York Exchange and is subjected to Security Exchange Commission Filings.

## **INTER-COMPANY AGREEMENTS**

At December 31, 2023, the Company participated in various inter-company related party agreements. These agreements included the following:

### Administrative Services Agreement

Effective January 1, 2016, the Company and CareCore National (CCN), now eviCore MSI, entered into an Administrative Services Agreement whereby CCN agrees to provide the overall supervision and administration of CCNJ and will inform CCNJ of all policy matters and other major decisions of CCNJ. Services provided under the Agreement include the following:

- Complaint handling of all grievances and disputes
- Accounting and Financial Services
- Provider Contract Administration
- Administration of Member Eligibility Process
- Utilization & Review of Quality and Assurance Services
- Supplies
- Marketing
- Filings required of CCNJ
- Professional and Other services such as payroll and legal services

In exchange for the services provided, CCN is entitled to an administrative fee based upon the rate per member per month of each of the Company's risk contractual providers. An amended and restated agreement was non-disapproved by NJDOBI to go into effect on January 1, 2023.

### Capital and Surplus Agreement

In December 2018, the Company entered into a Capital and Surplus Guaranty Agreement with Cigna whereby Cigna absolutely and unconditionally guarantees that if the Company should fail to satisfy any net worth, minimum capital and surplus requirements, including risk-based capital requirements (above a Company-action level), Cigna would contribute to the Company the funds

necessary or take the steps necessary for the regulated subsidiary to satisfy such requirements.

#### Mutual License Agreement

On September 7, 2018, the Company's indirect parent, CCN, entered a certain mutual license agreement with Express Scripts Strategic Development, Inc., pursuant to which CCN and Express Scripts Strategic Development, Inc. mutually provided licenses for each entity to access and utilize the other's respective intellectual property.

#### Tax Sharing Agreement

The Company is a party to Cigna's Consolidated Federal Income Tax Sharing Agreement. The Tax Sharing Agreement sets forth the method of allocation of Cigna's federal income taxes to its wholly-owned domestic subsidiaries, including the Company. The Tax Sharing Agreement provides for immediate reimbursement to companies with net operating losses to the extent that their losses are used to reduce consolidated taxable income, while those companies with current taxable income as calculated under federal separate return provisions are liable for payments determined as if they had each filed a separate return. However, current credit is given for any foreign tax credit, operating loss or investment tax credit carryovers actually used in the current consolidated return.

### **POLICY ON CONFLICT OF INTEREST**

The Company has a Code of Ethics and Principles of Conduct guarding the integrity and decisions of its employees, officers and directors. All employees, officers and directors are to attest to the Company's Code of Ethics statements and Principles of Conduct on an annual basis. They are also required to answer a list of disclosure questions which would reveal potential conflict of interests. Additionally, the Company has adopted a Policy of No Retaliation which protects the reporting of any potential conflicts or the participation in any conflict investigation.

A review of the Company's Policy statement and disclosure forms did not note any issues or conflicts.

### **FIDELITY BOND AND OTHER INSURANCE COVERAGES**

The Company is a named insured on The Cigna Group's financial institution bond which is underwritten by National Union Fire Insurance Company of Pittsburgh, Pa. The fidelity bond provides The Cigna Group with fidelity coverage up to an aggregate limit of liability of \$15,000,000 per the underwriters' single loss limit with respect to each insuring clause, for the bond period of April 30, 2023 through April 30, 2024. The amount of fidelity coverage carried on this policy meets the suggested minimum amount of fidelity coverage as measured on the Company using the NAIC's formula and exposure index. The Cigna Group also maintained other insurance coverages on an individual or consolidated basis.

### **ACCOUNTS AND RECORDS**

The Company's books and accounts are maintained on the Microsoft Great Plains 2015 software package. The general ledger is one of several modules used. The system functions in a client-server Citrix environment using Windows 2008 R2 Enterprise and SQL Server 2012.



Revenue is earned on a capitation basis and is directly paid by the contracted health care providers. Revenue paid is posted directly into the general ledger.

Loss and loss information is processed on MC400, the Company's own proprietary system. The System runs on IBM's I O/S 7.4 connecting to the IBM I in a client server environment using a mix of Windows 10 & Windows 2019 Server clients.

The Company utilizes the independent actuary services of PricewaterhouseCoopers ("PwC"), a multinational professional services firm to review the Company's actuarial reserves and sign CCNJ's actuarial opinion. An independent accounting of the Company's financials is also conducted by PwC.

### **TREATMENT OF POLICYHOLDERS AND CLAIMANTS**

In accordance with N.J.S.A. 17:48D-12, the Company is to maintain records of all written complaints of enrollees and maintain procedures for the resolution of those complaints. The Company did not have any complaints to date, and therefore did not have any records of complaints. However, it is recommended the Company maintain a record of all written complaints of enrollees if received in accordance with N.J.S.A. 17:48D-12.

### **CONTINUITY OF OPERATIONS**

A business continuity plan is necessary to help ensure the Company can adequately recover from a system failure or business interruption in a timely fashion and without the loss of significant data. Management should assess how the Company's reputation and financial status would be impacted in the event of a major processing disruption, and based on this assessment it should develop an appropriate continuity plan that would help to ensure the Company's daily operational data is retrievable.

The Cigna Group's comprehensive Business Continuity Plan ("Plan") was reviewed by the IT examination team on a group basis. The IT review noted the Plan was tested at least annually, and no major concerns were noted.

## **FINANCIAL STATEMENTS AND EXHIBITS**

Exhibit A – Comparative Statement of Assets, Liabilities, Surplus and Other Funds at December 31, 2023

Exhibit B – Statement of Revenue and Expenses for the Five-Year Period Ending December 31, 2023

Exhibit C – Capital and Surplus Account for the Five-Year Period Ending December 31, 2023

**CARECORE NJ, LLC**  
**Comparative Statement of Assets, Liabilities, Surplus and Other Funds**  
**At December 31, 2023**

<b>Admitted Assets</b>	<b>Current Examination at 12/31/23</b>	<b>Balance Per Company at 12/31/23</b>	<b>Examination Change</b>	<b>Note Number</b>
Bonds	\$ 8,033,544	\$ 8,033,544	\$0	1
Cash and Short-term Investments	66,788,850	66,788,850	0	
Receivables for Securities	0	0	0	
Investment Income Due and Accrued	259,464	259,464	0	
Uncollected Premiums and Agents' Balances In Course	0	0	0	
Accrued Retrospective Premiums	0	0	0	
Amounts Recoverable from Reinsurers	0	0	0	
Amounts Receivable Relating to Uninsured Plans	0	0	0	
Current Federal and Foreign Income Tax Recoverable a	0	0	0	
Net Deferred Tax Asset	0	0	0	
Health Care and Other Amounts Receivable	0	0	0	
Total Admitted Assets	<u>\$ 75,081,858</u>	<u>\$ 75,081,858</u>	<u>\$0</u>	
<b>Liabilities</b>				
Claims Unpaid	\$ 22,117,302	\$ 22,117,302	\$0	2
Unpaid Claims Adjustment Expenses	277,207	277,207	0	2
Premiums Received in Advance	0	0	0	
General Expenses Due or Accrued	0	0	0	
Ceded Reinsurance Premiums Payable	0	0	0	
Current Federal and Foreign Income Taxes	1,398,271	1,398,271	0	
Payable to Parent, Subsidiaries and Affiliates	519,875	519,875	0	
Aggregate Write-ins for Other Liabilities	30,390,468	30,390,468	0	
Total Liabilities	<u>\$ 54,703,123</u>	<u>\$ 54,703,123</u>	<u>\$0</u>	
<b>Surplus and Other Funds</b>				
Common Capital Stock	\$ -	\$ -	\$0	
Gross Paid In and Contributed Surplus	12,682,851	12,682,851	0	
Unassigned Funds (Surplus)	7,695,884	7,695,884	0	
Total Capital and Surplus	<u>\$ 20,378,735</u>	<u>\$ 20,378,735</u>	<u>\$0</u>	3
Total Liabilities, Capital and Surplus	<u>\$ 75,081,858</u>	<u>\$ 75,081,858</u>	<u>\$0</u>	

**CARECORE NJ, LLC**  
**Statement of Revenue and Expenses**  
**For the Five-Year Period Ended December 31, 2023**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Premiums Earned	\$ 326,354,980	\$ 325,347,839	\$ 320,120,836	\$ 192,032,288	\$ 125,390,626
Deductions:					
Total Medical and Hospital Expenses	\$ 302,247,892	\$ 297,460,855	\$ 297,669,720	\$ 161,867,121	\$ 114,586,249
Claims Adjustment Expenses	\$ 12,513,398	\$ 19,546,717	\$ 18,507,065	\$ 11,011,983	\$ 7,129,908
General Administrative Expenses	\$ 8,651,004	\$ 12,989,854	\$ 13,409,701	\$ 8,284,778	\$ 5,410,155
Net Underwriting Gain/Loss	\$ 2,942,686	\$ (4,649,587)	\$ (9,465,650)	\$ 10,868,408	\$ (1,735,686)
Net Investment Gains	\$ 4,030,525	\$ 645,124	\$ 4,037	\$ 46,102	\$ 236,564
Federal and Foreign Income Taxes Incurred	\$ 1,398,271	\$ (813,231)	\$ (1,855,153)	\$ 2,328,033	\$ (311,678)
Net Income (Loss)	<u>\$ 5,574,940</u>	<u>\$ (3,191,232)</u>	<u>\$ (7,606,460)</u>	<u>\$ 8,586,475</u>	<u>\$ (1,187,444)</u>

**CARECORE NJ, LLC**  
**Capital and Surplus Account**  
**For the Five-Year Period Ended December 31, 2023**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Capital and Surplus, Prior Year	\$ 14,678,795	\$ 11,745,023	\$ 14,948,148	\$ 6,736,673	\$ 7,938,328
Net Income	\$ 5,574,940	\$ (3,191,232)	\$ (7,606,460)	\$ 8,586,475	\$ (1,187,444)
Change in Net Deferred Income Tax	0	0	(194,906)	114,736	65,959
Change in Nonadmitted Assets	125,000	125,000	319,906	(489,736)	(80,170)
Surplus adjustments Paid in		6,000,004	4,278,335	0	0
Dividends to Stockholders	0	0	0	0	0
Aggregate Write-ins for Losses in Surplus	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Capital and Surplus	<u>\$ 5,699,940</u>	<u>\$ 2,933,772</u>	<u>\$ (3,203,125)</u>	<u>\$ 8,211,475</u>	<u>\$ (1,201,655)</u>
Capital and Surplus, Current Year	<u><u>\$ 20,378,735</u></u>	<u><u>\$ 14,678,795</u></u>	<u><u>\$ 11,745,023</u></u>	<u><u>\$ 14,948,148</u></u>	<u><u>\$ 6,736,673</u></u>

## **NOTES TO FINANCIAL STATEMENTS**

### **Note 1 – Bonds**

In 2023, the NJDOBI performed a review of the Company's year-end 2022 financial statement to assess the continued need of the permitted practice the Company used. The NJDOBI declined to extend the permitted practice. As such, it was decided that the Company should only calculate restricted assets on deposit based on Net Premium Revenue rather than the Net Premium Revenue and Withholding amount. As of year-end 2023, the Company did not meet deposit requirements and since has increased the bond to cover the deposit requirement. On February 26, 2024, a new bond was issued in the amount of \$37,000,000 to cover the deposit requirement.

### **Note 2 - Unpaid Claim and Claim Adjustment Expenses**

The Company reported unpaid claims and claims adjustment expenses totaling \$22,394,509 which were accepted for examination report purposes. Unpaid Claims and Claim Adjustment Expenses were actuarially reviewed on a group basis by the lead actuary, Tricia Matson FSA, MAAA, of Risk and Regulatory Consulting, LLC. The examination actuary determined that the reserves on a group basis were within the actuarially determined range. The Life and Health Actuarial Unit of the NJDOBI, Office of Solvency Regulation performed a review and evaluation of the outstanding gross and net loss and loss adjustment expense reserves. This review determined the year-end loss provisions established by the Company were reasonably stated.

### **Note 3 – Capital and Surplus**

The Company reported total capital and surplus in the amount of \$20,378,735 at December 31, 2023. The Company had unassigned funds (surplus) of \$7,695,884 and Gross paid-in and contributed surplus of \$12,682,851. The Company was determined to be in compliance with the minimum capital and surplus requirements of the State of New Jersey at December 31, 2023.

## **SUMMARY OF EXAMINATION RECOMMENDATIONS**

There were no recommendations.

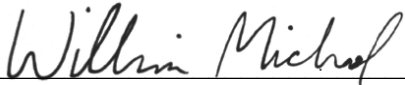
## **SUBSEQUENT EVENTS**

There were no significant subsequent events which would have a material impact on the financial condition of the Company.


## **CONCLUSION**

The courteous cooperation extended to the examination staff by the officers and employees of the Company is acknowledged and appreciated.

Respectfully Submitted,

  
\_\_\_\_\_  
William Michael, CFE  
Risk and Regulatory Consulting, LLC  
Examiner-In-Charge  
Representing the State of New Jersey

Under the supervision of,

  
\_\_\_\_\_  
Nancy Lee Chice, CFE  
CFE Reviewer – Supervising Examiner  
New Jersey Department of Banking and Insurance  
Office of Solvency Regulation

**CERTIFICATION**

The undersigned hereby, do solemnly swear that the foregoing report of examination hereby represented to be a full and true statement of the condition and affairs of the subject insurer as of December 31, 2023 to the best of my knowledge and belief.

Respectfully Submitted,

William Michael

William Michael, CFE  
Risk and Regulatory Consulting, LLC  
Examiner-In-Charge  
Representing the State of New Jersey

Under the supervision of,

Nancy Lee Chice

Nancy Lee Chice, CFE  
CFE Reviewer – Supervising Examiner  
New Jersey Department of Banking and Insurance  
Office of Solvency Regulation

State of New Jersey  
County of Mercer

Subscribed and sworn to before me, on this 14th day of May 2025.

Sheila M. Klaus  
Notary Public of New Jersey

My commission expires: July 2025