REPORT ON EXAMINATION AS TO THE CONDITION OF

LIBERTY DENTAL PLAN OF NEW JERSEY, INC.

TUSTIN, CALIFORNIA 92782

AT DECEMBER 31, 2024

NAIC COMPANY CODE 11159

NAIC GROUP CODE 4692

FILED

June 25, 2026

COMMISSIONER

NEW JERSEY DEPARTMENT

OF

BANKING AND INSURANCE

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Lt. Governor

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SUSAN OCHS
Acting Commissioner

June 11, 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 provisions of N.J.S.A. 17:48H-17, an examination has been made of the assets and liabilities, method of conducting business and other affairs of the:

LIBERTY Dental Plan of New Jersey, Inc.
1730 Flight Way Suite 125
Tustin, CA 92782
NAIC Company Code 11159
NAIC Group Code 4692

an organized delivery system authorized to transact business in the State of New Jersey, and hereafter referred to in this report as "LDPNJ" or "Company."

SCOPE OF EXAMINATION

This comprehensive financial condition examination was called by the Commissioner of the New Jersey Department of Banking and Insurance (hereafter "NJDOBI" or "the Department") pursuant to the authority granted by Section 17:23-22 of the New Jersey Annotated Revised Statutes.

The examination was conducted using a risk-focused examination approach and covered the four-year period from January 1, 2021, to December 31, 2024, including material transactions and/or significant events occurring subsequent to the examination date. The examination followed procedures formulated by the National Association of Insurance Commissioners ("NAIC") as permitted by the Department.

The examination of the Company was conducted concurrently with the examination of five affiliates in the LIBERTY Dental Group ("LDG" or "the Group"). These were LIBERTY Dental Plan of Nevada, Inc., LIBERTY Dental Plan of Maryland, Inc., LIBERTY Dental Plan of Missouri, Inc., LIBERTY Dental Plan Organization of New Jersey, Inc. and LIBERTY Dental Plan of Virginia, Inc. The Nevada Division of Insurance ("NVDOI"), assisted by **Lewis & Ellis, Inc. ("L&E")**, acted in the capacity of the Lead State for the coordinated exam. Work performed by the lead state was reviewed and relied upon where deemed appropriate. For risks and areas specific to LDPNJ, not covered by the lead state, the Department was assisted by another team of L&E examiners. L&E actuary who performed work for the lead state was also engaged by the Department to do supplemental reviews specific to LDPNJ.

In determining the emphasis to be placed on specific accounts, consideration was given to the Company's accounting methods, the nature and size of each balance sheet account, their relative importance to solvency, analytical review results, and the annual audit work performed by the Company's certified public accountants. The account emphases encompassed the following overall objectives:

- Analysis of business risk activities deemed to have a great impact on the Company's overall operations, including deviations from statutory accounting practices that affect solvency assessment.

- Identification of significant deviations from New Jersey insurance laws, regulations and directives.

- Compliance with the guidelines outlined in the 2024 edition of the NAIC Financial Condition Examiners Handbook ("NAIC Handbook"), NAIC Annual Statement Instructions, NAIC accreditation/codification standards, Statements of Statutory Accounting Principles ("SSAP"), and NJDOBI policies and procedures.

- Assessment of the Company's surplus and that it is not materially misstated.

- Provision of a foundation for a profile of the Company's operations, risks and results to be utilized by regulatory authorities.

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

COMPANY HISTORY

The Company was incorporated under the laws of the State of New Jersey on May 28, 1978, as "**Unity DPO, Inc.**" for the purpose of engaging in the business of dental healthcare administration.

On September 1, 2012, the Company was acquired by **LIBERTY Dental Plan Corporation** ("Parent" or "LDPC"), dental benefits corporation domiciled in Delaware.

On April 2, 2013, the Certificate of Incorporation was amended to change the name of the Company to "**LIBERTY Dental Plan of New Jersey, Inc.**" and restate the number of total voting capital stock as 10,000 shares of common stock with a par value of $0.001 per share, in compliance with N.J.S.A. 17:17-8, which requires the issuance of all the authorized shares of a stock company incorporated in the state of New Jersey. The amendment was filed with and accepted by the New Jersey Department of Treasury on April 15, 2013. The NJDOBI approved the name change on July 8, 2013, and reissued a Certificate of Authority authorizing the Company, as of the date of approval, to operate as a Dental Plan Organization ("DPO") under its new name pursuant to N.J.S.A. 17:48D-1 et seq.

On March 1, 2016, the Company entered into a Medicaid contract with WellCare of New Jersey, which fell outside the nature and scope of what normally constitutes a DPO transaction. Over the course of the next two years, the Company contracted with two additional carriers and continued to expand its Medicaid business, which promoted significant increases in Medicaid memberships during fiscal years 2017 and 2018. This prompted the NJDOBI to compel the Company to obtain licensure as an Organized Delivery System ("ODS") since these contracts required the application of a different set of laws and regulations. This also required the creation of a new entity to cover the leftover DPO business.

On February 21, 2018, a new company was created to handle the DPO business and given the name "**LIBERTY Dental Plan Organization of New Jersey, Inc.**" On May 31, 2018, the Company received a Certificate of Authority, filed with the Department, granting it permission to operate as a licensed ODS in the state of New Jersey as specified in N.J.S.A. 17:48H-1 et seq. Concurrently, the Company relinquished its DPO license and moved all of the DPO commercial membership to the newly formed affiliated entity on September 1, 2018. The two companies began to submit separate Financial Statements with the filing of the September 30, 2018, Quarterly Statement.

On January 3, 2023, Project Freedom Parent, Inc., a Delaware corporation ("PF, Inc."), acquired LDPC and its subsidiaries. PF, Inc. is wholly owned by an intermediate parent, Project Freedom holdings, Inc., a Delaware corporation ("PFH, Inc."), which is wholly owned by the ultimate parent, Project Freedom Holdings, LLC, a Delaware limited liability company ("PFH, LLC") (collectively, the "Project Freedom Companies"). The Project Freedom Companies were formed for the sole purpose of facilitating the acquisition of LDPC and its subsidiaries.

TERRITORY AND PLAN OF OPERATION

The Company only writes in the state of New Jersey offering one product line, i.e., Dental only. The Company administers blocks of Medicaid and Medicare business and contracts with WellCare, Amerigroup, and Aetna to provide managed dental services for their members.

The Company's ODS license limits it to providing only a supplemental network for dental services. Its provider network may only be used to supplement the network of a carrier whose provider network is subject to and otherwise complies in all respects with New Jersey's network adequacy requirements. The Company's provider network does not comply with the New Jersey's network adequacy requirements in N.J.A.C. 11 :24-6.1 et seq. or N.J.A.C. 11:24A-4.10, and thus it is not eligible to provide a full network of providers for any healthcare services. Due to these limits, the Company's marketing strategy is to promote its extensive expertise in dental benefits administration to other payors.

The Company's statutory home and main administrative office is located at 1730 Flight Way, Suite 125 Commerce, Suite 125, Tustin, California 92782. The registered agent upon whom process may be served is **C T Corporation System** located at 820 Bear Tavern Road, West Trenton, New Jersey 08628.

POLICY FORMS AND UNDERWRITING PRACTICES

The Company has detailed underwriting guidelines for all categories of dental coverage, including individual, government, and commercial groups. As an ODS, the Company does not utilize policy forms or produce premiums through standard rates. Income is generated in the form of risk revenue, which is derived from managed care contracts with authorized HMOs. Under these agreements, the Company receives monthly payments based on the number of each payor's participants, regardless of services performed by the Company for the participants. Risk revenue is recorded in the period in which the other carriers' enrollees are entitled to receive dental care services. Such revenues are subject to retroactive adjustments, which are reflected at year-end for the current year's operation.

The following are the total risk revenue produced for each year of the examination period:

Year	Risk Revenue	% Change
2024	$74,481,766	-8.57%
2023	$81,459,614	2.64%
2022	$79,365,239	5.86%
2021	$74,975,245	39.61%
2020	53,704,019	

The Department determines the actuarially sound rates that the Company pays the plans, and such rates include a dental component that is based on the dental claims data that the health plans file with the state. The Company provides the health plans with its encounter data and the health plans in turn provide their dental cost data to the state.

STATUTORY DEPOSIT

As of December 31, 2024, the Company had on deposit with the State of New Jersey, its domiciliary state, cash and securities with a total par value of $10,685,000, in compliance with N.J.A.C. 11:22-4.8(e). This deposit is held for the benefit and security of the Company's policyholders.

HOLDING COMPANY SYSTEM

Affiliated Parties

The Company is a member of a holding company system as defined by N.J.S.A. 17:27A-1. The Company is a wholly owned subsidiary of LDPC, which is owned Project Freedom Parent, Inc., which in turn is wholly owned by Project Freedom Holdings, Inc., which is wholly owned by Project Freedom Holdings, LLC. The Company does not have subsidiaries of its own. PFH LLC is a special purpose vehicle created specifically for acquisition of the Liberty Group. PFH LLC is owned by WCAS Associates (45.495%), Elevance Health, Inc. (40.44%) and Amir Neshat (14.06%). The Company’s filed registration statements for years 2023 and 2024 were not in compliance with N.J.S.A. 17:27A-3 in that the Holding Company Statements failed to include required disclosures. Specifically, the filing omitted information related to: “all management agreements, service contracts and all cost-sharing arrangements” (Item 5 (e) of Form B), and “consolidated tax allocation agreements” (Item 5 (h) of Form B). It is recommended that the company comply with N.J.S.A. 17:27A-3 in the future.

The following shows all affiliated entities within the holding company system as of December 31, 2024. Bolded companies are the focus of the present examination showing the line of ownership down to LDPNJ.

- Project Freedom Holdings, LLC
  - Project Freedom Holdings, Inc.
    - Project Freedom Parent, Inc.
      - LIBERTY Dental Plan Corporation
        - LIBERTY Dental Plan of Nevada, Inc.
        - LIBERTY Dental Plan Organization of New Jersey, Inc.
        - **LIBERTY Dental Plan of New Jersey, Inc.**
        - LIBERTY Dental Plan East LLC
          - LIBERTY Dental New York IPA, LLC
        - LIBERTY Dental Plan of Florida, Inc.
        - LIBERTY Benefit Administrators, Inc.
        - LIBERTY Dental Plan of Missouri, Inc.
        - LIBERTY Dental Plan of California, Inc.

LIBERTY Dental Plan of New York, Inc.
LIBERTY Dental Plan of Texas, Inc. (LDP-TX)
    LIBERTY Dental, P.A. (LDP-TX – Attorney-in-Fact)
LIBERTY Dental Plan of the Southeast, Inc.
LIBERTY Dental Plan of Oklahoma, Inc.
LIBERTY Dental and Vision, Inc.
LIBERTY Dental Plan Reinsurance, Ltd.
LIBERTY Dental Plan of Arkansas, Inc.
LIBERTY Dental Plan of Maryland, Inc.
LIBERTY Dental Plan of Virginia, Inc.

INTER-COMPANY AGREEMENTS

The Company is a party to the following affiliated agreements in force at December 31, 2024:

Intercompany Services Agreement

Effective October 6, 2020, this agreement is between the Company and LDPC, whereby the Parent agrees to provide support services to LDPNJ including but not limited to marketing, administration, information technology, member services, provider relations, network management, regulatory compliance management, corporate development, bookkeeping and financial reporting. In return the Company agrees to pay LDPC a monthly fee based on the number of the Company's enrollees for such month (PMPM). Effective October 1, 2023, the first amendment to the agreement changed a monthly PMPM fee from $0.35 to $1.97. The amendment was non-disapproved by the NJ DOBI on February 16, 2024. The non-disapproval was contingent based on the agreement remaining a no profit motive on the part of LDPC, and undergo annual reconciliation to actual expenses incurred by LDPC related to New Jersey business only. LIBERTY Dental Plan Organization of New Jersey is also a party to the agreement. The examiners found that certain expenses were not necessarily specific to New Jersey business based on the supporting information provided by the Company and/or lack thereof. The findings have been referred to the Department's Analysis Unit for further review. The Department's Analysis Unit will engage the Company to determine whether any retroactive adjustments should be made (including the reconciliation for 2025). The Department has also requested that the Company's external auditor review the allocation of expenses to NJ and provide their opinion as the Department's Analysis and Company continue to engage on this matter.

Tax Allocation Agreement

Effective May 18, 2018, this agreement is between the Company, LIBERTY Dental Plan Organization of New Jersey, and LDPC, whereby LDPC files a consolidated federal income tax return on behalf of itself and its subsidiaries. Each member pays or receives amounts based on its federal income tax liability or benefit calculated on a separate-return basis. It provides for the manner of calculation and the amounts/timing of the payments between the parties as well as other related matters in connection with the filing of consolidated federal income tax returns.

Line of Credit Agreement

Effective July 1, 2018, this agreement is between the Company and LDPC, whereby LDPC will provide the Company with up to $10 million for liquidity requirements and fully satisfy its contractual obligations at any given time. There was no outstanding balance under this agreement at December 31, 2024.

MANAGEMENT AND CONTROL

Board of Directors

It was noted, during the review of the Company's management structure, that LDPNJ does not meet the provisions of N.J.S.A. 17:27A-4d(3), which require that at least one-third of the membership of a domestic insurer's Board of Directors ("Board") be made up of "persons who are not officers or employees of that insurer or 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 December 31, 2024, LDPNJ's Board consisted of one member, Steve Sohn, who served as Vice President and Secretary of the Company.

Additionally, it was further noted that the Company has not established a functional committee comprised solely of *outside directors* who are charged with, as per the specifications of N.J.S.A. 17:27A-4d(4), "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 can be relieved of these requirements under paragraph (5) of N.J.S.A. 17:27A-4d, which stipulates that the above statutory provisions shall not apply if an insurer is controlled by an entity having a board of directors and committees thereof that substantially meet the requirements of paragraphs (3) and (4). However, upon evaluating the Parent's own management structure, examiners found the Parent to be also in violation of these same provisions since its Board of Directors and Audit Committee were not compliant with the independent membership requirements.

On December 21, 2021, the Company filed a waiver with the NJDOBI requesting an exemption from the requirements set forth in paragraphs (3) and (4) of N.J.S.A. 17:27A-4d pursuant to paragraph (6) of the same statute. The waiver was conditionally approved on February 14, 2022, for calendar year 2022 and remains in effect subject to the Company’s provision of evidence of its continued exemption eligibility.

No additional waiver applications were filed with the NJDOBI for reporting years 2023 or 2024. Therefore, as of December 31, 2024, the Company is not in compliance with the governance requirements of N.J.S.A. 17:27A-4d(3) and N.J.S.A. 17:27A-4d(4). It is recommended that the Company comply with N.J.S.A. 17:27A-4d(3) and N.J.S.A. 17:27A-4d(4) in the future.

Officers

The by-laws call for the election or appointment of a President, a Treasurer, a Secretary, and if desired, one or more Vice Presidents, and such other officers as the Board shall deem necessary or desirable. One person may hold two or more offices.

The elected principal officers of the Company serving at December 31, 2024, were as follows:

Name	Officer
Vacant	President
Steve Sohn	Vice President, Secretary
Maja Karabeg	Chief Financial Officer and Treasurer

While the position of President is required by the by-laws, it was vacant at December 31, 2024. The by-laws allow the Vice Present to temporarily serve as the President. As such, Stee Sohn was deemed to be in that role at December 31, 2024.

The Company reports the Treasurer as Chief Financial Officer in its statutory financial statements.

Subsequent to the year-end 2024, on February 28, 2025, Scott Towers was appointed as President, CEO, and Director of the Company.

CORPORATE RECORDS

The by-laws require that an annual meeting of shareholders is held the 3rd day of the month of April of each year. None of the annual meetings of shareholders were held on April 3rd. As such the Company was not in compliance with its own by-laws. The by-laws stipulate that the Board shall have a regular meeting, following the annual shareholders' meeting, for the purpose of electing officers and transacting such other business as may come before the meeting. Special meetings may be called by the President or any other director. The officers of the Company were elected by the shareholder (LDPC) through written consent of Steve Sohn, acting in his capacity as the sole director of the Board of subsidiaries. As such the Company was not in compliance with its own by-laws. It is recommended that the Company comply with its own Bylaws.

A review of the corporate minutes indicated that Steve Sohn, acting in his capacity as the sole director of the Board, declared and authorized six different payments of dividends to LDPC during 2021 – 2023 time period. No other Company-specific actions were taken.

The Audit Committee of LDPC was appointed to serve on behalf of the Company through 2022. Post acquisition, effective April 19, 2023, the Audit and Compliance Committee of Project Freedom Holdings, LLC was designated to serve as the Audit and Compliance Committee of the Company. The Committee appointed independent auditors, reviewed the independent CPA audit report, presented risk and compliance reports, among other activities.

POLICY ON CONFLICTS OF INTEREST

The examiner has verified the existence of a Code of Conduct, which includes a Conflict of Interest ("COI") policy, requiring disclosures be made when a director, employee or other representative acting on behalf of the Company sees a conflict between his or her personal interests and that of

LDPC and any of its subsidiaries. Officers and directors fill out forms attesting to not having potential or actual COIs. These forms are reviewed by the Regulatory Compliance Committee at the parent company level, which has overall responsibility for the Company's integrity and compliance program, including the Code of Conduct and resolution of COIs.

The Company provided completed COI forms applicable to year 2024. A review of these forms revealed that all officers completed these forms and attested to not having any conflicts whatsoever.

FIDELITY BOND COVERAGE

The Company maintains fidelity bond coverage in its own name on its officers and employees, in an amount of $100,000 with $5,000 retention in compliance with N.J.S.A. 17:48H-21. This coverage is deemed adequate to satisfy the suggested minimum amounts as required by N.J.A.C. 11:22-4.8(h).

Other management insurance coverages included the following:

Medical Malpractice Liability
Primary Managed Care Errors Omissions
Commercial Package Liability
General Liability
Business Auto Liability
Workers' Compensation
Directors and Officers Liability
Fiduciary Liability
Cyber Liability
Umbrella Liability
Excess Liability

ACCOUNTS AND RECORDS

The Company shares in a centralized IT operation, which delivers a common control framework, people, processes, and technology for processing financial transactions. The Company's business is processed electronically on a networked infrastructure.

The Company's book of accounts is maintained on the Sage 300 accounting system. The Company's general ledger was reviewed and reconciled to the 2024 annual statement. Financial information in conjunction with the verification of assets and the determination of liabilities was made available in detail and summary form. All the Company's books and records are maintained at its administrative office located in Tustin, California.

The Company has Health Solutions Plus (HSP) operating system, which houses membership information, capitation, and claims. Claims reserves are calculated and recorded every month as part of the monthly close cycle. The reserves are calculated by the controller, then reviewed by the chief financial officer. The IBNR models are subject to an annual review by an independent actuary.

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, develop an appropriate continuity plan that would help to ensure the Company can adequately recover from a system failure or business disruption in a timely fashion.

The Company's Disaster Recovery Plan was reviewed by the Group's IT examiner.

The Company has made provisions for the succession of officers in its By-laws.

FINANCIAL STATEMENTS

Financial Exhibits have been prepared based on the annual statutory financial statements filed by the Company with the NJDOBI. These are summarized below and furnished fully in the next three pages.

Exhibit-A	Statement of Financial Position as of December 31, 2024
Exhibit-B	Statement of Operating Results for the Four-Year Period ended December 31, 2024
Exhibit-C	Capital and Surplus Account for the Four-Year Period ended December 31, 2024

EXHIBIT-A: Statement of Financial Position

As of December 31, 2024

	Per Examination 12/31/24	Per Company 12/31/24	Examination Change	Note
Assets				
Bonds	$ 1,050,000	$ 1,050,000	$ -	
Cash and Short Term Investments	20,410,603	20,410,603	-	
Investment Income Due and Accrued	197,810	197,810	-	
Uncollected Premiums	10,069	10,069	-	
Receivables from Parent, Subs, and Affiliates	65,244	65,244	-	
Health Care and Other Amounts Receivable	338,000	338,000	-	
Total Net Admitted Assets	**$ 22,071,726**	**$ 22,071,726**	**$ -**	
Liabilities				
Claims Unpaid	$ 3,967,361	$ 3,967,361	$ -	1
Unpaid Claims Adjustment Expenses	85,102	85,102	-	1
Aggregate Health Policy Reserves	5,660,334	5,660,334	-	
General Expenses Due or Accrued	2,895,872	2,895,872	-	
Liability for Amts held under Uninsured Plans	3,000	3,000	-	
Aggregate Write-Ins for Other Liabilities	402,487	402,487	-	
Total Liabilities	**$ 13,014,156**	**$ 13,014,156**	**$ -**	
Surplus				
Common Capital Stock	$ 1	$ 1	$ -	
Gross Paid-in and Contributed Surplus	9,759,054	9,759,054	-	
Unassigned Funds	(701,485)	(701,485)	-	
Surplus as Regards Policyholders	**$ 9,057,570**	**$ 9,057,570**	**$ -**	2
Total Liabilities and Surplus	**$ 22,071,726**	**$ 22,071,726**	**$ -**	

EXHIBIT-B: Statement of Operating Results

For the Four-Year Period Ended December 31, 2024

	2024	2023	2022	2021
Revenues				
Risk Revenue	$ 74,481,766	$ 81,459,614	$ 79,365,239	$ 74,975,245
Aggregate Write-Ins	13,034	78,825	62,431	55,808
Total Revenues	74,494,800	81,538,439	79,427,670	75,031,053
Deductions				
Hospital and Medical	67,601,983	68,717,911	64,088,695	58,555,126
Claims Adjustment Expenses	2,179,711	1,832,656	1,791,131	1,456,014
General Administrative Expenses	11,031,408	2,310,563	1,903,409	2,025,550
Increase in Reserves	5,660,334	-	-	-
Total Underwriting Deductions	86,473,436	72,861,130	67,783,235	62,036,690
Net Underwriting Gain/(Loss)	**$ (11,978,636)**	**$ 8,677,309**	**$ 11,644,435**	**$ 12,994,363**
Investment Income				
Net Investment Income Earned	813,730	419,051	92,653	56,469
Net Income Before Income Taxes	**$ (11,164,906)**	**$ 9,096,360**	**$ 11,737,088**	**$ 13,050,832**
Federal and Foreign Income Taxes Incurred	-	1,908,611	2,463,227	2,739,050
Net Income	**$ (11,164,906)**	**$ 7,187,749**	**$ 9,273,861**	**$ 10,311,782**

EXHIBIT-C: Capital and Surplus Account

For the Four-Year Period Ended December 31, 2024

	2024	2023	2022	2021
Net Income	$ (11,164,906)	$ 7,187,749	$ 9,274,161	$ 10,311,782
Other Surplus Gains/(Losses)				
Change in Net Deferred Income Tax	3,195,647	-	1,625	(1,625)
Change in Nonadmitted Assets	(3,368,093)	-	-	-
Surplus Adjustments: Paid-in	5,010,000	-	-	-
Dividends to Stockholders	-	(8,000,000)	(5,000,000)	(13,000,000)
Aggr Write-ins for Gains in Surplus	-	121	1	-
Total Other Surplus Gains	**$ 4,837,554**	**$ (7,999,879)**	**$ (4,998,374)**	**$ (13,001,625)**
Change in Surplus as Regards Policyholders for the Year	(6,327,352)	(812,130)	4,275,787	(2,689,843)
Surplus as Regards Policyholders December 31, Previous Year	15,384,922	16,197,052	11,921,265	14,611,108
Surplus as Regards Policyholders December 31, Current Year	**$ 9,057,570**	**$ 15,384,922**	**$ 16,197,052**	**$ 11,921,265**

NOTES TO THE FINANCIAL STATEMENTS

Note 1 – Bonds and Cash

The company reported an admitted asset for Bond of $1,050,000 and Cash of $20,410,663 at December 31, 2024. The Company did not have any investment in preferred or common stock at December 31, 2024.

Note 2 - Claims Unpaid and Unpaid Claims Adjustment Expenses

The policy reserves and related actuarial items were calculated and reviewed by Lewis & Ellis' consulting actuary. The actuary Joshua W. Axene of Axene Health Partners, LLC, issued a statement of actuarial opinion, which relied on information supplied by LDPNJ, and concluded that the loss reserves established by the Company were reasonable and adequately stated.

Note 3 - Capital and Surplus

Common Capital Stock

The outstanding stock of the Company at December 31, 2024, amounted to 10,000 authorized shares of common stock with 1,000 shares issued with a par value of $0.001 per share for a total capital of $1.00. The Company has no preferred stock authorized. The Company paid dividends in 2023, 2022, and 2021 totaling $26,000,000, which were approved by the Department.

Gross Paid-in and Contributed Surplus

The balance under this account increased $10,000 since the last examination. The Company paid an extraordinary dividend of $5,000,000 to its parent in 2022 and received $5,010,000 back as a capital contribution in 2024. The extraordinary dividend was treated as return-of-capital distribution and was part of the dividend payments made during the exam as discussed in the previous section.

Unassigned Funds

Total Unassigned Funds, as per the current examination review, amounted to $(701,485), which is $5,563,538 less than the amount reported in the last examination, reflecting a decrease of roughly 114%. The cumulative changes in surplus and other funds during the four-year examination period are reflected and summarized below:

Policyholder Surplus, December 31, 2020 ……...…….…..		$ 14,611,108
Net Cumulative Income ………………………………….		15,608,786
Change in Net Deferred Income Tax …………………….	3,195,647	
Change in Nonadmitted Assets …………………………..	(3,368,093)	
Paid-in Capital ………………………………………....	5,010,000	
Dividends to Stockholders ……………………………….	(26,000,000)	
Aggregate Write-ins for Gains in Surplus ……………….	122	
Surplus Adjustments: Examination Change ……………..	-0-	
Net Adjustments During Four-Year Period ……...……..		(21,162,324)
Policyholder Surplus, December 31, 2024 …………….		$9,057,570

In compliance with N.J.A.C. 11:22-4.8(a), the Company meets the statutorily required minimum capital and surplus benchmark of $5,408,159, an excess of $3,649,411 remaining in surplus.

EXAMINATION REPORT RECOMMENDATIONS

Affiliated Parties – Page 5

It is recommended that the Company prepare and submit amended Form B that includes accurate and complete information in accordance with N.J.S.A. 17:27A-3 and the NAIC Insurance Holding Company System Model Regulation (Form B instructions). At a minimum, the disclosures should include, where applicable, a brief description of each agreement, the purpose of the agreement, the basis and terms for compensation, the allocation of expenses among parties, and the identification of all parties to the agreement.

Intercompany Services Agreement – Page 5

It is recommended that the Company consults the Department's Analysis Unit and ensure compliance with its ISA, including but not limited to: the required annual reconciliation; the non-LDPC cost pools included in the cost basis; the non-New Jersey and one-time LDPC costs included in the cost basis; the direct charges in addition to the allocated costs, and any lack of documentation of the on-site reviews, to support compliance with the ISA.

Board of Directors – Page 6

It is recommended that the Company comply with N.J.S.A. 17:27A-4d(3) and N.J.S.A. 17:27A-4d(4). Specifically, the Company should either:

1. Reconstitute its Board of Directors to ensure that at least one-third of its members are independent, as defined under N.J.S.A. 17:27A-4d(3), and establish a functional committee comprised solely of outside directors to perform the responsibilities outlined in N.J.S.A. 17:27A-4d(4); or
2. Submit a new waiver application to the New Jersey Department of Banking and Insurance (NJDOBI) pursuant to N.J.S.A. 17:27A-4d(6), providing supporting documentation that demonstrates the Company's continued eligibility for such exemption.

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It is recommended that the Company operate its business in accordance with the adopted by-laws as relates to annual shareholder meetings, and election of officers and other business by the Board, or amend its by-laws to allow for current governance practices.

CONCLUSION

The statutory condition examination was conducted remotely by the undersigned with the assistance of the NJDOBI field and office staff.

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

Respectfully submitted,

Katerina Bolbas, CFE
Examiner-In-Charge
Lewis & Ellis

Under the supervision of:

Nancy Lee Chice

Nancy Lee Chice, CFE
CFE Reviewer – Supervising Examiner

LIBERTY DENTAL PLAN OF NEW JERSEY, INC.

NOTARIZATION

I, Katerina Bolbas, 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 the subject insurer as of December 31, 2024, to the best of my information, knowledge, and belief.

Respectfully submitted,

Katerina Bolbas, CFE
Examiner-in-Charge
Representing the NJ Department of Banking and Insurance

Under the supervision of:

Nancy Lee Chice

Nancy Lee Chice, CFE
CFE Reviewer – Supervising Examiner
NJ Department of Banking and Insurance

State of New Jersey
County of Mercer

Subscribed and sworn to before me, Keena Jones
on this 12 day of June, 2026.

KEENA R JONES
NOTARY PUBLIC
STATE OF NEW JERSEY
ID #2401258
MY COMMISSION EXPIRES OCT. 13, 2030

Notary Public of the State of New Jersey
My commission expires: 10/13/30