

EXAMINATION REPORT
OF
MDADVANTAGE INSURANCE COMPANY OF NEW JERSEY
LAWRENCEVILLE, NEW JERSEY 08648
AS OF
DECEMBER 31, 2024
NAIC COMPANY CODE 11498

FILED

11 IN 05 2026

**COMMISSIONER
NJ DEPT OF BANKING & 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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Governor

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SUSAN OCHS
Acting Commissioner

TEL (609) 292-7272
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May 5, 2026

Honorable Susan Ochs
Acting Commissioner
Department of Banking and Insurance
State of New Jersey
20 West State Street
P.O. Box 325
Trenton, New Jersey 08625

Acting 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:

MDADVANTAGE INSURANCE COMPANY OF NEW JERSEY
LAWRENCEVILLE, NEW JERSEY 08648
NAIC COMPANY CODE 11498

a domestic insurer duly authorized to transact the business of insurance in the State of New Jersey. Hereinafter, MDAdvantage Insurance Company of New Jersey will be referred to in this report as the "Company".

SCOPE OF THE EXAMINATION

This risk-focused examination was called by the Commissioner of Banking and Insurance of the State of New Jersey pursuant to the authority granted by Section 17:23-22 of the New Jersey Revised Statutes.

This examination was performed as a single state examination and covers the period January 1, 2020 to December 31, 2024, with a review of such prior and subsequent transactions as deemed necessary.

The New Jersey Department of Banking and Insurance (“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 NJDOBI to plan and perform the examination in order to evaluate the financial condition and identify prospective risks of the Company. 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 the Company’s system of internal controls and procedures used to mitigate identified risks. 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.

According to the NAIC Handbook, “One of the increased benefits of the enhanced risk focused approach is to include ... consideration of other than financial risks that could impact the insurer’s future solvency. By utilizing the enhanced approach, the examiner reviewed the “financial” and “enterprise” risks that existed at the examination “as of” date and will be positioned to assess “financial” and “enterprise” risks that extend or commence during the time the examination was conducted and “prospective” risks which are anticipated to arise or extend past the point of examination completion. Using this approach examiners will be better positioned to make recommendations for appropriate future supervisory plans (i.e., earlier statutory exams, limited-scope exams, key areas for financial analysts to monitor, etc.) for each insurer.”

All accounts and activities of the Company were considered in accordance with the risk-focused examination process and NJDOBI.

HISTORY AND KIND OF BUSINESS

The Company is a New Jersey domestic stock insurance company, licensed as a property and casualty insurance company. The Company was incorporated on August 14, 2002, under the laws of the State of New Jersey, as MIIX Advantage Insurance Company of New Jersey. Effective August 1, 2004, the Company’s name was changed to MDAdvantage Insurance Company of New Jersey. The Company was a wholly owned subsidiary of MDAdvantage Holdings, MDH a privately held New Jersey corporation.

On January 1, 2023, the Company was acquired by MAGMUTUAL Insurance Company (“MMIC”) via the acquisition of all of the Company’s stock pursuant to an Amended and Restated Stock Purchase Agreement dated November 21, 2022. The Company is maintained in the MAG Mutual Holding Company (“MMHC”) insurance holding company system as a separate, wholly-owned subsidiary of MMIC.

The ultimate controlling person of the Registrant, MMHC, is a Georgia-domiciled mutual insurance holding company, which was incorporated effective as of August 31, 2017, and formed under O.C.G.A. 33-13A-3 pursuant to the Plan of Reorganization.

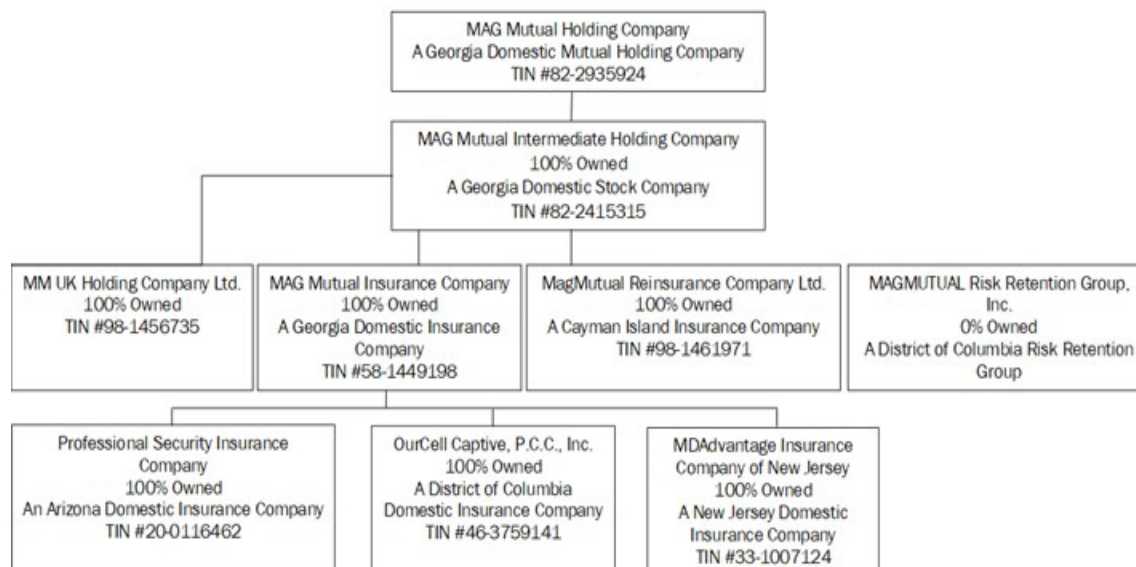
The Company paid a \$95,000,000 extraordinary dividend on December 30, 2022 to MDH in conjunction with the sale of the Company by MDH to MMIC. The dividend was approved by the NJDOBI as required in N.J.S.A. 17:27 A-4.

The merger of the Company with and into MMIC was approved by the NJDOBI on December 23, 2025 via Order No. A25-10, subject to the condition that MMIC would maintain a risk based capital level of 300% or higher for the next two years, and MDA will surrender its New Jersey certificate of authority and continue its business under MMIC as a foreign insurer licensed in New Jersey. The Department of Treasury approved the merger on March 30, 2026. As a result, the Company merged with and into its parent company MMIC effective 1 April 2026.

PARENT, SUBSIDIARIES AND AFFILIATES

The Company's organizational structure makes it a member of an insurance holding company system as defined in N.J.S.A. 17:27A-1, and as such it has filed a holding company registration statement with the Department in compliance with N.J.S.A. 17:27A-3. The following is an organizational chart as of December 31, 2025.

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



INTERCOMPANY AGREEMENTS

The following inter-company agreements were in effect during the period of the examination:

Cost Sharing Agreement

The Company entered into a cost-sharing agreement with MMIC effective January 1, 2023. This agreement establishes the cost-sharing arrangement for certain facilities and services which MMIC provides to MDAIC during the calendar year. The NJDOBI approved the agreement on December 18, 2022, and has a copy of the agreement on file. The Georgia Office of Commissioner of Insurance also approved the cost-sharing agreement Form D filing on January 20, 2023.

Tax Allocation Agreement

This Mag Mutual Tax Allocation Agreement (Agreement) is made effective as of the first day of each consolidated return year beginning January 1, 2023 by and between, MMHC a Georgia corporation, MMIHC, a Georgia corporation, MMIC, a Georgia corporation, OURCell Captive, P.C.C., Inc. (“OURCELL”), a District of Columbia Captive Insurance Company, Professional Security Insurance Company (“PSIC”), an Arizona corporation, West Virginia Mutual Insurance Company (“WVMIC”), a West Virginia corporation, the Company, and MagMutual Reinsurance Company, Ltd. (“MMRe”), a Cayman Island company.

TERRITORY AND PLAN OF OPERATION

The Company writes medical professional liability (“MPL”) coverage in the states of Connecticut, Delaware, New Jersey, and Pennsylvania. The Company is also licensed as an insurer in the District of Columbia and the states of Maryland, Massachusetts, Rhode Island, Virginia, and West Virginia. The Company is a New Jersey domestic property and casualty insurance company authorized to write the types of insurance specified in paragraph "e" of N.J.S.A. 17:17-1, i.e., medical malpractice and associated premises liability insurance. The Company has provided modified claims-made (PPP), occurrence and traditional claims-made malpractice insurance to licensed physicians, surgeons, podiatrists and dentists who have at least 51% or more of their practice in participating states.

The Company's statutory home and main administration office is located at 2564 US Highway 1 Lawrenceville, NJ 08648. The registered agent upon whom process may be served is. CT Corporation System, 820 Bear Tavern Road, West Trenton, NJ 08628.

REINSURANCE

On January 1, 2023, the Company entered into an intercompany pooling agreement with its Parent, MMIC. The Company cedes liabilities to include reserves for unearned premiums, outstanding losses, and loss expenses (including unreported losses), incurred policyholder dividends, and all underwriting and administrative expenses but shall not include intercompany balances, liabilities for corporate taxes including federal and state taxes, or liabilities incurred in connection with their respective investment transactions. The liabilities reinsured by MMIC are reduced by a ceding commission allowance equal to 25% of direct written premiums. At the end of each quarter, the commission allowance is adjusted to equal all underwriting expenses incurred, excluding income taxes, charitable contributions, and all other strictly corporate expenses. The Company's participation in the pool is 0%.

MANAGEMENT AND CONTROL

Board of Directors

The affairs of the Company are managed, and its corporate powers are exercised by the Board of Directors. A meeting of shareholders shall be held each year for the election of Directors at such time and place as the Board shall determine. All the Board members are senior officers of the Company. Officers and Directors as of December 31, 2024 are as follows:

Directors	Title/ Board Committee member
Neil Edward Shepherd Morrell	Chief Executive Officer and member of each board committee
Victor Daniel Lopez, FCAS, MAAA	Treasurer
Edmund Elliott Lynch	President
William Steele Kanich, M.D. J.D.	Secretary and member of each board committee

Committees

The current board committees are held at the MMHC level and consist of the following: Audit and Risk, Finance, Culture Compensation and Benefits, Optimal Outcomes and Nominating. Neil Edward Shepherd Morrell and William Steele Kanich, M.D. J.D are members of each committee. Each of these committees maintains its own charter. The charters set forth the purposes, goals and responsibilities of the committees and, in certain cases, qualifications for committee membership, procedures for committee member appointment, committee structure and operations and committee reporting to the Board. The charters also provide that each committee will annually evaluate its performance.

Officers

The Company's by-laws indicate that officers are to be chosen annually by the Board and shall consist of a Chairman of the Board, a Chief Executive Officer, a President, a Secretary and a Treasurer. Additionally, the Chairman may appoint one or more Vice Presidents, Assistant Secretaries and Assistant Treasurers.

CORPORATE RECORDS

A review of the minutes of the meetings of the Stockholders, Directors and Committees indicates that the Directors adequately approve and support Company transactions and events.

CONFLICT OF INTEREST

The Company has established procedures for the reporting of conflicts of interest by directors, officers and key employees. Directors, officers and key employees are required to complete Conflict of Interest Statements on an annual basis. Additionally, the directors, officers and key employees stipulate that they will notify management immediately if a potential conflict arises in the interim. No exceptions were noted during the examination review.

FIDELITY BOND AND OTHER INSURANCE COVERAGES

The Company’s ultimate parent, MMHC carries Fidelity Bond coverage with licensed carriers. The amount of the Bond meets the recommendation amount suggested by the NAIC

Financial Condition Handbook. The Company also maintains the appropriate amounts of other insurance coverages, such as workers compensation, umbrella, cyber, directors and officers, etc.

Other insurance includes D&O Liability, Professional Liability, Fiduciary Liability and Employment Practices Liability.

TREATMENT OF POLICYHOLDERS

The review of the Company's complaint log indicated that the Company maintains its complaint log in accordance with N.J.S.A. 17:29B-4(10). No complaints were received by the Company during the examination period.

POLICY FORMS AND UNDERWRITING PRACTICES

Inspection of copies of policy forms in use determined these forms were approved by the NJDOBI in accordance with N.J.A.C. 11:21-4.2.

ACCOUNTS AND RECORDS

The Workday General Ledger serves as the Company's central system of record for capturing, storing, and reporting all financial transactions. The platform supports real-time accounting, multidimensional reporting, and global compliance within a unified cloud-based environment, eliminating the need for traditional batch processing or separate financial subsystems. The system is utilized by both Finance and Finance Operations personnel to record and monitor the Company's financial activities.

For premium and loss processing, the Company uses eOASIS, a Property & Casualty insurance core operational platform provided by Sapiens. This system supports policy administration, claims processing, financial transactions, and operational workflows. Internally, eOASIS functions as the system of record for the Company's insurance operational data, including policy and claims activity.

For investment management, the Company utilizes a third-party asset manager through MAGMutual to invest in investment-grade fixed income securities.

Pursuant to N.J.A.C. 11:2-26.4 an annual audit was performed by the CPA firm Johnson Lambert and an audited financial CPA report was filed with the Commissioner of the NJDOBI. The report contains a synopsis of the major audit activities and results in the corporate area. The auditors issued an unqualified opinion and no areas of major concern were reported.

INFORMATION SYSTEMS CONTROL REVIEW

Based on the Information Technology (IT) examination, the overall risk mitigation strategies/controls related to the information systems identified for the Company have been determined to be Effective.

The Company maintains a disaster recovery and business continuity program. The plan has processes required to restore critical systems and functions in the event of a disaster to continue its business operations whether at home office or remotely.

In the opinion of the IT examiners, there are no IT-related examination report comments or recommendations.

FINANCIAL STATEMENTS AND OTHER EXHIBITS

Exhibit A – Balance Sheet as of December 31, 2024

Exhibit B – Underwriting and Investment Exhibit for the five-year
Period Ended December 31, 2024

Exhibit C – Capital and Surplus Account for the Five-year Period
Ended December 31, 2024

BALANCE SHEET AS OF DECEMBER 31, 2024

Exhibit A

Asset:	Balance per <u>Company</u> 12/31/2024	Balance per <u>Examination</u> 12/31/2024	<u>Note</u>
Bonds	\$31,169,969	\$31,169,969	1
Cash & short-term investments	8,930,540	8,930,540	
Investment income due and accrued	122,761	122,761	
Uncollected premiums and agents' balances	2,194,209	2,194,209	
Deferred premiums, agents' balances and installments booked but deferred and not yet due	7,630,162	7,630,162	
Amounts recoverable from reinsurers	14,080,854	14,080,854	
Current federal and foreign income tax recoverable	2,058,955	2,058,955	
Net deferred tax asset	1,228,182	1,228,182	
Receivable from parent, subsidiaries or affiliates	81,404	81,404	
Aggregate write-ins	<u>20,407</u>	<u>20,407</u>	
Total Assets	<u>\$67,517,443</u>	<u>\$67,517,443</u>	
 <u>Liabilities:</u>			
Commissions payable, contingent commissions	\$ 47,862	\$47,862	
Other expenses	335,262	335,262	
Taxes, licenses and fees	9,188	9,188	
Advance premium	1,187,660	1,187,660	
Ceded reinsurance premiums payable	16,760,168	16,760,168	
Payable to parent, subsidiaries and affiliates	<u>619,598</u>	<u>615,598</u>	
Total liabilities	<u>\$18,959,738</u>	<u>\$18,959,738</u>	
Common capital stock	\$1,000,000	\$1,000,000	2
Unassigned funds	<u>47,557,705</u>	<u>47,557,705</u>	
Surplus as regards policyholders	<u>48,557,705</u>	<u>48,557,705</u>	<u>2</u>
TOTALS	<u>\$67,517,443</u>	<u>\$67,517,443</u>	

UNDERWRITING AND INVESTMENT EXHIBIT
FIVE YEARS ENDED DECEMBER 31, 2024

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Exhibit B</u> <u>2024</u>
<u>UNDERWRITING INCOME</u>					
Premiums earned	\$30,598,342	\$30,708,760	\$30,654,116	\$ 0	\$ 0
Deductions:					
Losses incurred	16,138,000	21,036,455	20,152,578	0	0
Loss adjustment expenses incurred	6,834,792	5,143,187	7,712,341		
Other underwriting expenses incurred	10,569,120	11,358,081	<u>10,131,260</u>	<u>1,094,271</u>	<u>510,893</u>
Total underwriting deductions	<u>\$33,521,912</u>	<u>\$37,537,723</u>	<u>\$ 37,966,199</u>	<u>\$1,094,271</u>	<u>\$510,893</u>
Net underwriting gain or (loss)	<u>\$(2,943,970)</u>	<u>\$(6,828,963)</u>	<u>\$(7,342,083)</u>	<u>(1,094,271)</u>	<u>\$510,893</u>
<u>INVESTMENT INCOME</u>					
Net investment income earned	\$7,074,577	\$6,659,339	\$5,768,002	\$3,169,382	\$734,134
Net realized capital gains or (losses)	<u>1,414,765</u>	<u>1,482,966</u>	<u>(17,838,173)</u>	<u>(12,648,457)</u>	<u>(578,926)</u>
Net investment gain or (loss)	\$8,489,342	\$8,142,306	\$(12,070,171)	\$(9,479,075)	\$155,208
<u>OTHER INCOME</u>					
Net gain (loss) from agents' or premium balances	(30,437)	(24,243)	(111,086)	0	0
Finance and service charges	77,974	100,616	131,350	159,384	27,080
Miscellaneous Income	<u>64,524</u>	<u>692,266</u>	<u>(5,067)</u>	<u>(14,127)</u>	<u>1,992</u>
Total Other Income	<u>\$112,061</u>	<u>\$768,639</u>	<u>\$15,197</u>	<u>\$145,257</u>	<u>\$ 29,072</u>
Net income before dividends to policyholders and before federal and foreign income taxes	\$5,657,833	\$2,081,981	\$(19,356,057)	\$(10,428,089)	\$(326,613)
Dividends to policyholders	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net income after dividends to policyholders but before federal and foreign income taxes	\$5,657,833	\$2,081,981	\$(19,357,057)	\$(10,428,089)	\$(326,613)
Federal and foreign income taxes incurred	<u>1,103,267</u>	<u>158,6875</u>	<u>(1,759)</u>	<u>(3,263,412)</u>	<u>(963,473)</u>
<u>NET INCOME</u>	<u>\$4,554,566</u>	<u>\$1,923,306</u>	<u>\$(19,395,298)</u>	<u>\$(7,164,677)</u>	<u>\$(636,860)</u>

CAPITAL AND SURPLUS ACCOUNT
FIVE YEARS ENDED DECEMBER 31, 2024

Exhibit C

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Surplus as regards policyholders: December 31, prior year	\$165,025,785	\$168,575,096	\$171,081,938	\$54,370,557	\$48,425,727
Net income	4,554,566	1,923,306	(19,395,298)	(7,164,677)	636,860
Change in unrealized capital gains (losses)	(165,878)	963,930	(1,303,255)	586,889	39
Change in net deferred income tax	173,823	17,492	3,440,629	(3,369,627)	(809,325)
Change in nonadmitted assets	(263,513)	244,529	(3,938,289)	4,002,585	304,403
Paid in Surplus	(800,000)	(600,000)	(600,000)	(39,053,550)	
Aggregate write-ins for gains and losses				<u>39,053,550</u>	<u>0</u>
Dividends to stockholders			(95,000,000)		
Increase or (decrease) in surplus as regards policyholders	<u>\$3,549,311</u>	<u>\$2,506,842</u>	<u>\$(116,711,381)</u>	<u>\$(5,944,830)</u>	<u>\$131,977</u>
Surplus as regards policyholders: December 31, current year	<u>\$168,575,096</u>	<u>\$171,081,938</u>	<u>\$54,370,557</u>	<u>\$48,425,727</u>	<u>\$ 48,557,704</u>

NOTES TO THE FINANCIAL STATEMENTS

Note 1 – BONDS

The Company reported an admitted asset for bonds of \$31,169,969 at December 31, 2024. The Company did not have any investment in preferred or common stock at December 31, 2024. These amounts will be accepted as stated by this examination.

Note 2 – LOSSES

At December 31, 2024, the Company reported a net liability for Losses and Loss Adjustment Expenses of \$0 and \$0, respectively. The actuarial review of the Loss and Loss Adjustment Expenses Reserves was performed in conjunction with the coordinated exam. The Property and Casualty Actuarial Division of the Department reviewed the Report on the Actuarial Examination.

Note 3 – CAPITAL AND SURPLUS

This examination determined total capital and surplus to be in the amount of \$xxx which agrees with the amount reported by the Company at December 31, 2024, as summarized:

Common Capital Stock	\$ 1,000,000
Unassigned Funds (Surplus)	<u>47,557,705</u>
Total	\$67,517,443

The Company's stock is comprised of 200,000 shares (authorized and outstanding) with a \$5.00 par value per share.

The Company was determined to be in compliance with the statutory minimum capital and surplus requirements specified by N.J.S.A. 17:17-1 at December 31, 2024.

It was determined that the Company received no capital contributions during the current examination period.

The examination resulted in no material findings affecting the Company's surplus as stated.

SUBSEQUENT EVENTS

The merger of the Company with and into MMIC was approved by the NJDOBI on December 23, 2025 via Order No. A25-10, subject to the condition that MMIC would maintain a risk based capital level of 300% or higher for the next two years, and MDA will surrender its New Jersey certificate of authority and continue its business under MMIC as a foreign insurer licensed in New Jersey. The Department of Treasury approved the merger on March 30, 2026. As a result, the Company merged with and into its parent company MMIC effective 1 April 2026.

SUMMARY OF EXAMINATION RECOMMENDATIONS

There were no recommendations.

CONCLUSION

The undersigned hereby certifies that an examination has been made of MDAdvantage Insurance Company of New Jersey here and the foregoing report is true to the best of my knowledge and belief.

Respectfully submitted,

Lori Ruggiero

Lori Ruggiero

Lori Ruggiero, CFE, CIE, MCM
Examiner-in-Charge
The NOVO Consulting Group, LLC
Representing the State of New Jersey Department of
Banking and Insurance

Under the supervision of:

Nancy Lee Chice

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

NOTARIZATION

MDAdvantage Insurance Company of New Jersey

I, Lori Ruggiero, 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,

Lori Ruggiero

Lori Ruggiero, CFE, CIE, MCM
Examiner-in-Charge
The NOVO Consulting Group, LLC
Representing the State of New Jersey Department of
Banking and Insurance

Under the supervision of:

Nancy Lee Chice

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, Margaret M. Greco, on
this 6 day of May, 2026.



Notary Public of New Jersey
My commission expires: 3/17/29

