

REPORT ON EXAMINATION AS TO THE CONDITION OF

METLIFE HEALTH PLANS, INC.

BRIDGEWATER, NEW JERSEY

AS OF DECEMBER 31, 2023

NAIC GROUP CODE 241

NAIC COMPANY CODE 14170

FILED

June 17, 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

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May 28, 2025

Honorable Justin Zimmerman
Commissioner of Banking and Insurance
State of New Jersey
20 West State Street
Trenton, New Jersey 08625-0325

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:

METLIFE HEALTH PLANS, INC.
BRIDGEWATER, NEW JERSEY
NAIC GROUP CODE 241
NAIC COMPANY CODE 14170

Is a domestic insurer duly authorized to transact the business of insurance in the State of New Jersey. Hereinafter, the MetLife Health Plans, Inc. will be referred to in this report as the "Company".

SCOPE OF EXAMINATION

The New Jersey Department of Banking and Insurance (“NJDOBI”) conducted a risk-focused examination of the Company. The examination was made as of December 31, 2023, and addressed the five-year period from January 1, 2019, to December 31, 2023.

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 N.J.S.A. Section 17:23-22 of the New Jersey Revised Statutes.

The examination was performed as a coordinated group examination concurrently with the following companies by state, name and NAIC code:

New York	Metropolitan Life Insurance Company - NAIC #65978
Arizona	Superior Vision Insurance, Inc. - NAIC #60188
Delaware	Delaware American Life Insurance Company - NAIC #62634
Delaware	American Life Insurance Company - NAIC #60690
Nebraska	Metropolitan Tower Life Insurance Company - NAIC #97136
California	Safehealth Life Insurance Company - NAIC #79014
New Jersey	MetLife Health Plans, Inc. - NAIC #14170
New Jersey	Superior Vision of NJ Inc - NAIC #14189
Texas	SafeGuard Health Plans, Inc. - NAIC #95051
Texas	Block Vision of TX Inc. - NAIC #95387
South Carolina	MetLife Reinsurance Company of Charleston - NAIC #13626
Vermont	MetLife Reinsurance Company of Vermont - NAIC #13092

NJDOBI conducted the examination in accordance with the National Association of Insurance Commissioners (“NAIC”) Financial Condition Examiners Handbook (the “NAIC Handbook”). The NAIC Handbook requires that NJDOBI plan and performs 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.

The NJDOBI examiners were responsible for identifying significant deviations from New Jersey laws and regulations. Additional substantive procedures were performed where deemed necessary.

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 in this report.

HISTORY AND KIND OF BUSINESS

The Company was organized in the State of Delaware (“Delaware”) as a general business corporation and is domiciled and licensed by the NJDOBI as a dental plan organization (“DPO”). The Company is a wholly-owned subsidiary of SafeGuard Health Enterprises, Inc. (the “Parent”), a Delaware corporation. The Parent, in turn, is a wholly-owned subsidiary of MetLife, Inc. (“MetLife”), also a Delaware corporation. The Company was incorporated on 09/09/96 and commenced business in NJ on 12/19/11.

TERRITORY AND PLAN OF OPERATION

The Company provides managed dental care plans exclusively in NJ. The Company's statutory home office is located at 501 Route 22, Bridgewater, New Jersey 08807. The main administrative office is located at 18210 Crane Nest Drive, Tampa, Florida 33647. The registered agent upon whom process may be served is Corporation Service Company located at Princeton South Corporate Ctr., Suite 160, 100 Charles Ewing Blvd, Ewing, New Jersey.

MANAGEMENT AND CONTROL

The business, property and affairs of the Company are under the direction of its management and its Board Members.

Directors

The Company's by-laws specify that the business, property and affairs shall be managed by a Board of Directors (hereafter "the Board") consisting of no less than the minimum number of members allowed under the laws of the State of New Jersey. The office of each director is held until the annual meeting of the shareholders and until a successor has been elected and qualified, or until the death, resignation or removal of the director.

The duly elected members of the Board serving at December 31, 2023, were as follows:

Brenden Patrick Cavanaugh	Chief Financial Officer, Dental/Vision and Group FP&A, US Group Benefits at MetLife
Christopher Todd Swanker	Chief Executive Officer of Access Dental Services
Heather Bertellotti Phelps	Senior Vice President & Chief Financial Officer, Group Benefits MetLife
Donna Lynn Carr	Senior Vice President, Group Service & Operations, MetLife

N.J.S.A. 17:27A-4d(3) states as follows: “Not less than one-third of the directors of a 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 as follows: “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 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 and any internal audit, nominating candidates for director for election by shareholders or policyholders, evaluating the performance of officers deemed to be the principal officers of the insurer and recommending to the board of directors the selections and compensation, including bonuses or other special payments, of the principal officer.”

N.J.S.A. 17:27A-4d(5) states as follows: “The provisions of paragraphs (3) and (4) of this subsection 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 is in compliance with N.J.S.A. 17:27A-4d(5), as the ultimate controlling entity maintains an Audit Committee which perform the designated responsibilities as outlined in N.J.S.A. 17:27A-4d(4), and the committee is made up of outside directors.

Officers

The by-laws stipulate that the principal officers of the Company shall be a Chief Executive Officer, a President, a Treasurer, and a Secretary. Any two or more offices may be held by the same person, except the Secretary and Chief Executive Officer shall not be the same person.

The elected principal officers of the Company serving at December 31, 2023, were as follows:

Christopher Todd Swanker	President
Anthony Joseph Tobia	Vice President and Chief Financial Officer
Kelli Jean Buford	Secretary
Charles Patrick Connery	Vice President and Treasurer

CONFLICT OF INTEREST

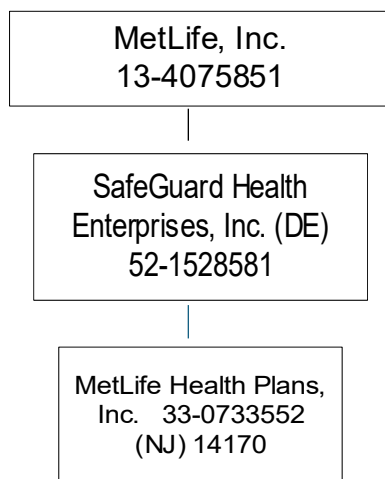
The examiner has verified the existence of a Business Code of Conduct, which includes a Conflict of Interest policy, requiring disclosures be made when a director, employee or independent contractor acting on behalf of the Company sees a conflict between his or her personal interests and that of the Company. Business or personal conflicts of interest, and even those that appear to arise, are disclosed to the General Counsel for review. The Chief Compliance Officer will oversee the review of all potential conflicts of interest reported. In some instances, disclosure may not be enough, and the Company may require that the conduct

be stopped, or that actions taken be reversed where possible. The Chief Compliance Officer, who is appointed by the Board, has overall responsibility for the Company's integrity and compliance program, including the Business Code of Conduct.

REGULATION OF INSURANCE HOLDING COMPANY SYSTEMS

The Company is a member of a holding company system as defined under N.J.S.A. 17:27A-1 and is thus subject to registration requirements defined in N.J.S.A. 17:27A-3. MetLife, the ultimate Parent, filed registration statements on behalf of its subsidiaries for years 2020 through and 2023 in compliance with the stated statute.

Below is an abridged organizational chart illustrating the interrelationship of the companies within the holding company system as of December 31, 2023.



CORPORATE RECORDS

The minutes of the Board, Stockholders and Audit Committee were reviewed during the period of examination and found to be in accordance with the By-laws. The review indicated corporate transactions were adequately presented and approved.

AGREEMENT WITH AFFILIATES

The Company is a party to the following affiliated agreements in force at December 31, 2023:

Master Services Facilities Agreement (“MSFA”)

The Company is a party to the MSFA with an affiliated services entity, MetLife Services and Solutions, LLC (“MSS”). The MSS MSFA provides for personnel, facilities and equipment to be

made available and for a broad range of services to be rendered, principally by MSS. The Company's Parent has also been a joined party to the MSFA. This permits MSS to charge the Parent an aggregate amount under the MSFA, allowing the Parent to allocate these charges among its entities, including the Company.

The MSS MSFA is an enterprise service agreement. Under this agreement, generally personnel, facilities, equipment and services may be requested by the Company as deemed necessary for its business operations. Under the MSS MSFA, MSS further agrees to make available employee participation in employee benefit plans for which MetLife Group, Inc., the principal US employer entity for the Parent, or Metropolitan Life Insurance Company ("MLIC") is the plan sponsor or obligor. The MSS MSFA involves cost allocation arrangements under which the Company pays for all expenses, direct and indirect, reasonably and equitably determined to be attributable to the personnel, facilities, equipment, services and employee benefit plan participation provided (subject to a transfer pricing mark-up as required). These expenses include, but are not limited to, compensation payable to enterprise employees performing services, such as salary, cash bonuses, stock-based compensation under MetLife incentive plans and expenses attributable to pension and post-retirement benefit plans benefiting such employees.

The Company is a party to an Investment Management Agreement ("IMA") with MetLife Investment Management, LLC ("MIM"). The MIM IMA provides for investment-related services to be rendered by MIM. The MIM IMA and the Parent service agreements are enterprise service agreements. Under these agreements, generally, services, facilities and equipment may be requested by the Company as deemed to be necessary for its business and investment operations. Under the MIM IMA, the Company is charged a market-based fee. The existing service agreement with the Parent is a cost allocation arrangement, under which the Company pays the provider for all expenses, direct and indirect, reasonably, and equitably determined to be attributable to the services, facilities and equipment provided. These expenses include, but are not limited to, compensation payable to enterprise employees performing services on behalf of the Company, such as salary, cash bonuses, stock-based compensation under MetLife incentive plans and expenses attributable to pension and post-retirement benefit plans benefiting such employees.

In addition, the Company has entered into an agreement with its affiliate, MLIC, which documents the parties' roles and responsibilities related to the provision of dental benefit plans to shared employer group customers in New Jersey (the "Plans"). Under the business arrangement, MLIC has generally agreed to make commission payments to all brokers who sell the Plans, and brokers shall accordingly charge MLIC for those commissions. The Company shall recognize a portion of the premiums received each month, based on the premium rates in its approved rate filings. The Company and MLIC agree that the remaining amount of premium received each month will be assigned to MLIC in order to cover MLIC's contractual obligations with employer groups and other administrative expenses and obligations, including broker commissions.

Tax Sharing Agreement

The Company joins with its Parent, MetLife and its includable affiliates in filing a consolidated Federal income tax return pursuant to an Agreement to Apportion Consolidated Federal Income Tax Liability and Benefits of Consolidated Returns dated as of June 24, 1986 (the "Tax Agreement"). Under the Tax Agreement, current Federal income tax expense (benefit) is computed

on a separate return basis and provides that members shall make payments to (receive reimbursement from) MetLife to the extent that their income (losses and other credits) contributes to (reduces) the consolidated Federal income tax expense. The consolidating companies are reimbursed for net operating losses or other tax attributes they have generated when utilized in the consolidated return.

REINSURANCE

The Company does not have assumed or ceded reinsurance.

TREATMENT OF POLICYHOLDERS AND CLAIMANTS

The Company's complaint handling procedures as well as its complaint logs were reviewed for the years 2019 through 2023. The review of these complaint logs determined that the Company was in compliance with N.J.S.A. 17:29B-4(10) which states: "This record shall indicate the total number of complaints, their classification by line of business, the nature of each complaint, the disposition of these complaints and the time it took to process each complaint."

CONTINUITY OF OPERATIONS

On a group basis, the Company maintains a formal disaster recovery and business continuity ("DR/BC") plan that covers all aspects of its business at a department/functional level. The DR/BC plan includes off-site storage and related agreements, alternate processing sites, emergency access to logical and physical assets, and storage/backup of data in order to insure the continued operation of the Company in the case of an adverse occurrence. Contingency plans are developed in accordance with contractual, legal, regulatory, and best practices on an ongoing basis and tested several times a year. Changes and updates are made as a result of DR/BC plan testing and after any major change to the computing environment or physical locations. The Company's comprehensive Business Continuity Plan was reviewed as part of the coordinated examination. There were no exceptions noted or recommendations made.

ACCOUNTS AND RECORDS

The general ledger system was tested and in 2023 general ledger amounts were reconciled to the annual statement without major exceptions. Financial information in conjunction with the verification of assets and the determination of liabilities was made available in detail and summary form. All of the Company's books and records are maintained at its administrative office located in Tampa, Florida.

STATUTORY DEPOSIT

As of December 31, 2023, the Company had on deposit with the State of New Jersey, its domiciliary state, cash a TD Bank deposit sweep income holding account in the amount of \$2 and US. Treasury Note, 3% due July 31, 2025 in the amount of \$100,000, 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.

FINANCIAL STATEMENTS AND OTHER EXHIBITS

Exhibit A - Balance Sheet as of December 31, 2023

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

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

Balance Sheet
as of December 31, 2023
Exhibit A

					Balance per <u>Examination</u>	Balance per <u>Company</u>	Examination <u>Change</u>	Note <u>Number</u>
<u>Assets</u>								
Bonds					283,518	283,518	0	1
Cash and cash equivalents					1,747,086	1,747,086	0	1
Investment due and accrued					1,943	1,943	0	
Premiums and considerations								
Uncollected premiums and agents balances in course of collection					58,224	58,224	0	
Net deferred tax asset					17,478	17,478	0	
Total Admitted Assets					2,108,249	2,108,249	0	
<u>Liabilities, surplus and other funds</u>								
Claims unpaid					5,057	5,057	0	2
Unpaid claims adjustment expenses					961	961	0	2
Premiums received in advance					6,448	6,448	0	
Current federal and foreign income tax payable					7,846	7,846	0	
Amounts due to parent, subsidiaries and affiliates					<u>9,064</u>	<u>9,064</u>	0	
Total Liabilities					29,376	29,376	0	
<u>Liabilities, surplus and other funds</u>								
Common capital stock					0	0		
Gross paid-in and contributed surplus					2,000,000	2,000,000	0	
Unassigned funds					78,873	78,873	0	
Surplus as regards policyholders					<u>2,078,873</u>	<u>2,078,873</u>	0	3
Total liabilities, surplus and other funds					2,108,249	2,108,249	0	

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

	2023	2022	2021	2020	2019
Net premium income	438,944	376,647	559,243	341,922	352,320
Change in unearned premium reserves	(4,840)	17,470	(14,864)	7,123	3,710
Total revenues	434,104	394,117	544,379	349,045	356,030
Other professional services	349,074	318,042	435,503	279,236	289,263
Claims adjustment expenses	18,291	10,841	12,643	4,227	6,653
General administration expenses	91,728	73,229	81,931	59,802	54,877
Total Underwriting deductions	459,093	402,112	530,077	343,265	350,793
Net realized capital gains (losses)		(6,992)			
Net Underwriting gain (loss)	(24,989)	(7,995)	14,302	5,780	5,237
Net Investment gains	76,168	14,063	19,447	28,228	40,847
Net income after capital gains tax and before federal income tax	51,179	6,068	33,749	34,008	46,084
Federal income taxes incurred	10,802	4,201	7,623	8,151	9,285
Net income	40,377	1,867	26,126	25,857	36,799

Capital and Surplus Account
For the Five-Year Examination Period
December 31, 2023
Exhibit C

					<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Surplus as regards policyholders, prior year					2,092,863	2,099,869	2,069,874	2,041,053	2,007,637
Net income					40,377	1,867	26,126	25,857	36,799
Change in net deferred income tax					14,713	3,549	(505)	(2,276)	415
Change in non-admitted assets					(69,080)	(12,422)	4,374	8,885	(3,798)
Aggregate write-ins for gains or losses								<u>(3,645)</u>	
Change in surplus in regards of surplus					<u>(13,990)</u>	<u>(7,006)</u>	29,995	<u>28,821</u>	<u>33,416</u>
Surplus as regards policyholders, current year					2,078,873	2,092,863	2,099,869	2,069,874	2,041,053

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: CASH

The Company had bonds and cash balance of \$283,518 and \$1,747,086, respectively as of December 31, 2023.

NOTE 2: UNPAID CLAIMS, ADJUSTMENT EXPENSES and AGGREGATE HEALTH POLICY RESERVES

At December 31, 2023, the Company reported Unpaid claims, Unpaid claims Adjustment expense of \$5,057 and \$961 respectively. The actuarial review of the Loss and Loss Adjustment Expenses Reserves was performed in conjunction with the coordinated exam. The Life and Health Actuarial Division of the NJDOBI reviewed the analysis prepared by Lewis & Ellis, LLC and concurred with their findings.

NOTE 3: SURPLUS AS REGARDS POLICYHOLDERS

The Company reported surplus as regards to policyholders at December 31, 2023 of \$2,078,873 which consisted of gross paid in and contributed surplus of \$2,000,000 and unassigned funds balance of \$78,873.

SUMMARY OF EXAMINATION RECOMMENDATIONS

There were no recommendations.

SUBSEQUENT EVENTS

Subsequent to the examination date, no significant subsequent events occurred.

CONCLUSION

The undersigned hereby certifies that an examination has been made of the Company and the foregoing report is true to the best of my knowledge and belief. The courteous assistance and cooperation of the Company's officers and employees is acknowledged.

Respectfully Submitted,

Lori Ruggiero

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

Nancy Lee Chice

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

EXAMINER'S AFFIDAVIT

MetLife Health Plans, Inc.

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, 2023, to the best of knowledge and belief.

Respectfully submitted,

Lori Ruggiero

Lori Ruggiero, CFE
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 Examination
New Jersey Department of Banking and Insurance

State of New Jersey
County of Mercer

Subscribed and sworn to before me, Sheila M. Tkacs on this 28th day of May, 2025.

Sheila M. Tkacs

Notary Public of New Jersey

My commission expires: July 2025