

REPORT ON EXAMINATION AS TO THE CONDITION OF

SUPERIOR VISION OF NEW JERSEY, INC.

EWING, NEW JERSEY

AS OF DECEMBER 31, 2023

NAIC GROUP CODE 241

NAIC COMPANY CODE 14189

FILED

JUN 26 2025

**COMMISSIONER
NJ DEPT OF BANKING & 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:

SUPERIOR VISION OF NEW JERSEY, INC.
EWING, NEW JERSEY
NAIC GROUP CODE 241NAIC COMPANY CODE 14189

a domestic insurer duly authorized to transact the business of insurance in the State of New Jersey. Hereinafter, the Superior Vision of New Jersey, 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 four-year period from January 1, 2020, 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:

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

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 is a for-profit stock corporation licensed in 2006 to operate as a single service health maintenance organization (“HMO”) and is a licensed organized delivery system (“ODS”) in the State of New Jersey. The Company is a wholly-owned subsidiary of Superior Vision Benefit Management, Inc. (“SVBM”) and its indirect parent company is Versant Health Consolidations Corp. (VHCC). Versant Health Holdco, Inc. (“VHHI”), a Delaware corporation, is the indirect parent of SVBM. Effective December 30, 2020, MetLife, Inc. acquired VHHI’s direct parent, Versant Health, Inc., thereby making MetLife, Inc. the ultimate parent of the Company.

The Company’s risk revenue is derived from managed care contracts with Primary HMOs or an insurance company of a fixed fee per-member-per-month. The Company reimburses its contracted providers on a fee-for-service basis for covered services rendered to eligible members enrolled through the Primary HMO or an insurance company, and bears the risk that the cost and utilization of eye care services may exceed the

fixed capitation payments received. The Company writes only routine business and has no at-risk medical management or surgical business in New Jersey.

The Company's capital is comprised of 1,000 shares of common stock authorized of which 100 shares are issued and outstanding at \$.01 per share to its parent SVBM. The Company has no preferred stock issued or outstanding. The Company paid an extraordinary stock dividend to its parent SVBM in the amount of \$7,000,000 during 2022. This dividend was approved by the Department. The filing was made pursuant to N.J.S.A. 17:27A-4 and supplemented per N.J.A.C. 11:1-35.10.

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 \$1,165,811, 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.

TERRITORY AND PLAN OF OPERATIONS

The Company is authorized to operate as a licensed ODS in the state of New Jersey as specified in N.J.S.A. 17:48H-1 et seq. An ODS is an entity organized for the purpose of facilitating the delivery of some or all the health benefits under a health insurance contract. The Company is solely licensed and only writes in the state of New Jersey offering one product line, i.e., Vision only. The Company provides management of eye care services (including medical/surgical eye care services) for Medicare Advantage HMO. SVNJ also manages wellness vision benefits (eye exam and eyewear) for Medicare Advantage, Medicaid and commercial carriers.

As an ODS, the Company does not produce premiums through standard rates. Income is generated in the form of risk revenue, representing capitation fees. The Company's risk revenue is derived from managed care contracts with Primary HMOs or an insurance company based on a fixed fee per member-per-month. The Company reimburses its contracted providers on a fee-for-service basis for covered services rendered to eligible members enrolled through the Primary HMO or an insurance company and bears the risk that the cost and utilization of eye care services may exceed the fixed capitation payments received. The Company writes only routine business and has no "at risk" medical management or surgical business in New Jersey.

Office Location

The Company's statutory home office is located at Princeton South Corporate Ctr., Suite 160, 100 Charles Ewing Blvd, Ewing, New Jersey 08628. The main administrative office, which is the parent company's home office, is located at 500 Jordan Road, Troy, New York 12180. 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 08628.

TREATMENT OF POLICYHOLDERS

The review of the Company's complaint log indicated that the Company is compliant with N.J.S.A. 17B:30 13.2.

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.

CORPORATE RECORDS

The minutes of the Board of Directors, 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.

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:

Todd Brian Katz	Executive Vice President MetLife
Bradd M. Chignoli	Executive Vice President MetLife
Heather Bertellotti Phelps	Senior Vice President MetLife

The Company's by-laws call for the establishment of an audit committee consisting of two or more directors. The following are members of the audit committee as of December 31, 2023:

Heather Bertellotti Phelps

Senior Vice President & Chief Financial
Officer, Group Benefits MetLife

Michael Kane

Vice President Head, Operational Risk
Management MetLife

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:

Meredith Ryan-Reid

Chief Executive Officer and President

Kimberly Ann Davis

Treasurer and Chief Financial Officer

Bruce Owen Tavel

Secretary and Senior Vice President

Lorena Jelks

Licensing Compliance Officer

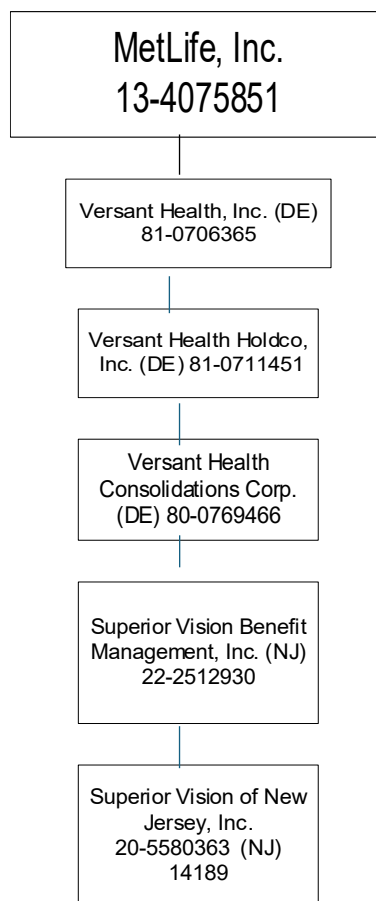
REINSURANCE

The Company does not have assumed or ceded reinsurance.

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.

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



AGREEMENT WITH AFFILIATES

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

Master Services and Facilities Agreement

The Company is party to a Master Services and Facilities Agreement (“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 intermediate parent, Versant Health Consolidations Corp. (“Consolidations”), has also been joined as a party to the MSFA. This permits MSS to charge Consolidations an aggregate amount under the MSFA, and for Consolidations then to allocate these charges among the Versant entities, including the Company. In addition, it permits the Company to provide any services and facilities to Consolidations on a collective basis, for further charging to non-Versant entities.

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 enterprise, or Metropolitan Life Insurance Company 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.

Cost Allocation Agreement

The contract governs the method of allocation between the Company and its parent SVBM regarding the salary and related expenses incurred with respect to shared employee and administrative services. Effective April 1, 2013, SVBM agreed to provide support services to the Company including accounting, human resources, payroll administration, information systems, regulatory and compliance, marketing, corporate development and management oversight. In return, the Company agreed to pay SVBM an amount equal to the percentage of the actual service and overhead expenses on an annualized basis.

Network Access Agreement

Effective April 1, 2013, SVBM agreed to provide the Company with access to SVBM's network of licensed optometrists, ophthalmologists and opticians and to secure the participation of all eligible providers, to provide services to members enrolled through the Company's carrier clients. SVBM further agreed to provide such services as are reasonably necessary to support the effective administration of such networks, to include provider relations, provider education, provider contract maintenance, provider data base maintenance and record keeping services.

Tax Sharing Agreement

The contract governs the allocation and settlement of a consolidated federal income tax liability among the parties of the Versant subgroup based upon their individual tax liabilities as if each party filed a return on a stand-alone basis. Under the terms of the agreement, Versant Health Corp is to prepare and file a consolidated federal income tax return that includes the Company and its affiliates.

ACCOUNTS AND RECORDS

Versant Health, Inc. maintains the accounts and records of its subsidiaries, including the Company, and provides all processing of revenue and expenses. Versant conducts business with approximately 8,000 Group Plans and 70 Health Plans (primarily Medicare and Medicaid customers) and is responsible for payment of the claims for covered services rendered to eligible members. Claims expense is recognized in the period in which enrolled members receive services and includes the actual claims paid and estimates of claims payable.

Versant's account books are maintained on the NetSuite Financials accounting system. 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 the Company's books and records are maintained at its administrative office located in 500 Jordan Road, Troy, New York 12180.

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 compliant 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

The Company, on a group basis through Versant, 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/BCP plan includes off-site storage and related agreements, alternate processing sites, emergency access to logical and physical assets, and storage/backup of data 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.

FINANCIAL STATEMENTS AND OTHER EXHIBITS

Exhibit A Balance Sheet as of December 31, 2023

Exhibit B Summary of Operations for the Four-Year Period Ending December 31, 2023

Exhibit C Capital and Surplus Account for the Four-Year Period 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>
Assets								
Cash and cash equivalents					\$3,236,322	\$3,236,322		1
Premiums and considerations								
Uncollected premiums and agents balances in course of collection					357,000	357,000		
Receivable from parent, subsidiaries and affiliates					4,926	4,926		
Net deferred tax asset					37,509	37,509		
Total Admitted Assets					\$3,635,757	\$3,635,757		
Liabilities, surplus and other funds								
Claims unpaid					\$145,994	\$145,994		2
Unpaid claims adjustment expenses					3,650	3,650		2
Aggregate health policy reserves					77,988	77,988		2
General expenses					12,000	12,000		
Current federal and foreign income tax payable					57,386	57,386		
Amounts due parent, subsidiaries and affiliates					181,473	181,473		
Aggregate write-ins for liabilities					868,858	868,858		
Total Liabilities					\$1,347,349	\$1,347,349		
Liabilities, surplus and other funds								
Common capital stock								
Gross paid-in and contributed surplus					\$130,000	\$130,000		
Unassigned funds					2,158,408	2,158,408		
Surplus as regards policyholders					\$2,288,408	<u>\$2,288,408</u>		3
Total liabilities, surplus and other funds					\$3,635,757	\$3,635,757		

Statement of Revenue and Expenses
For the Four-Year Period Ended December 31, 2023
Exhibit B

				<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Risk Revenue				6,302,455	7,075,178	7,745,467	8,199,270
Less:							
Other professional services				4,060,706	3,447,741	3,625,713	4,202,283
Claims administrative expenses				170,724	227,911	100,337	205,247
General administrative expenses				1,897,977	2,546,188	1,253,028	1,808,820
Total Underwriting deductions				6,129,407	6,221,569	4,979,078	6,216,350
Net Underwriting gain				173,048	853,609	2,766,388	1,982,920
Net Investment income earned				100,512	49,377	686	1,275
Aggregate write-ins for other income and expenses						(963)	
Net income after capital gains tax and before federal income tax				273,560	902,986	2,766,112	1,984,195
Federal income tax				71,312	147,871	537,752	373,379
Net income				202,248	755,115	2,228,360	1,610,816

Capital and Surplus Account
For the Four-Year Period
Ended December 31, 2023
Exhibit C

					<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Surplus as regards policyholders, prior year					2,225,858	8,502,686	6,203,723	5,042,328
Net income					202,248	755,115	2,228,360	1,610,816
Change in net unrealized capital gains or (losses)								
Change in net deferred income tax					37,056	(45,867)	(70,003)	53,424
Change in non-admitted assets					(176,754)		125,844	(254,049)
Cumulative effect in accounting principles								
Dividends to stockholders						(7,000,000)		
Aggregate write-ins for gains or losses						13,924	14,762	<u>(248,796)</u>
Change in surplus in regards of surplus					62,550	(6,276,827)	2,298,963	<u>1,161,395</u>
Surplus as regards policyholders, current year					2,288,408	2,225,858	8,502,686	6,203,723

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: CASH

The Company had a cash balance of \$3,236,322 as of December 31, 2023. The Company did not have any investment in bonds and preferred or common stock.

NOTE 2: UNPAID CLAIMS, ADJUSTMENT EXPENSES and AGGREGATE HEALTHPOLICY RESERVES

At December 31, 2023, the Company reported Unpaid claims, Adjustment expenses and Aggregate health policy reserves of \$145,994, \$3,650 and \$77,988 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 \$2,288,408 which consisted of gross paid in and contributed surplus of \$130,000 and unassigned funds balance of \$2,158,408.

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

Superior Vision of New Jersey, 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