REPORT ON EXAMINATION AS TO THE CONDITION OF

LIBERTY DENTAL PLAN ORGANIZATION OF NEW JERSEY, INC.

TUSTIN, CALIFORNIA 92782

AT DECEMBER 31, 2024

NAIC COMPANY CODE 16372

NAIC GROUP CODE 4692

FILED

June 25, 2026

COMMISSIONER

NEW JERSEY DEPARTMENT

OF

BANKING AND INSURANCE

Table of Contents

State of New Jersey
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MIKIE SHERRILL
Governor

DR. DALE G. CALDWELL
Lt. Governor

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 Revised Statutes of New Jersey, an examination has been made of the assets and liabilities, method of conducting business and other affairs of the:

LIBERTY Dental Plan Organization of New Jersey, Inc.
1730 Flight Way Suite 125
Tustin, CA 92782
NAIC Company Code 16372
NAIC Group Code 4692

a dental plan organization duly authorized to transact business in the State of New Jersey, and hereafter referred to in this report as "LDPONJ" 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 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 the Company, 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 LDPONJ.

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 organized under its current name on February 21, 2018, through a Certificate of Incorporation filed on the same date with the New Jersey Department of the Treasury for the purpose of engaging in the business of dental healthcare administration. The Certificate gave the Company the authority to issue 10,000 shares of common stock with a par value of $0.001 per share in accordance 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. All the outstanding common stock shares are 100% owned by **LIBERTY Dental Plan Corporation** ("Parent" or "LDPC"), a for-profit dental benefits corporation domiciled in Delaware. The Company has no external business partners or sponsors.

The Company was created to acquire the book of business from its sister company, LDPNJ, which was originally organized as a Dental Plan Organization ("DPO"). On March 2016, LDPNJ began to enter into several Medicaid contracts, which, over the course of the following years, far exceeded the limitations of a DPO license. This prompted the NJDOBI to compel LDPNJ 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 May 31, 2018, the Company received a Certificate of Authority from the Department granting it permission to operate as a licensed DPO in the state of New Jersey. Simultaneously on the same date, the NJDOBI issued an ODS license to LDPNJ paving the way for the Company to begin business operations on July 1, 2018. On September 1, 2018, after the resolution of contracting and operational issues, the small commercial membership that was being carried by LDPNJ was finally transferred to LDPONJ. 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 is authorized to operate as a DPO to provide managed care dental services within the confines of the state of New Jersey as permitted by and subject to N.J.S.A. 17:48D-1 et seq. The Company administers a small block of commercial dental business with two groups and 214 members at the end of 2020. At year-end 2023 and 2022, the Company had 235 and 266 members, respectively.

The following are the total direct written premiums ("DWP") produced during the examination period:

Year	Total DWP	% Change
2024	$19,812	-10.01%
2023	$22,016	-7.92%
2022	$23,909	2.03%
2021	$23,433	-16.64%
2020	$28,111	---

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.

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 $50,000, in compliance with N.J.A.C. 11:10-1.8(a). 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:

<u>Intercompany Services Agreement</u>

Effective October 6, 2020, this agreement is between the Company and LDPC, whereby LDPC agrees to provide support services to LDPONJ 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 $1.10. 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. LDPNJ 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, LDPNJ, 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.

MANAGEMENT AND CONTROL

Board of Directors

The Company's by-laws specify that the Board of Directors ("the Board") shall consist of not less than one (1) person. The directors elected at each annual meeting of shareholders shall hold office for one year, or until their successors are elected and qualified.

It is noted that the Company, as a DPO meeting minimum qualifying standards, is exempt from the corporate governance provisions of N.J.S.A. 17:27A-4d, especially paragraphs 3 and 4 concerning the makeup of its corporate board.

A review of the corporate roster of listed members confirmed that Steve Sohn served as the sole member of the Board at December 31, 2024. There were no committees appointed during the examination period. However, by written constant action taken on January 30, 2026, the Company retroactively appointed Project Freedom Holdings, LLC's Audit and Compliance Committee as the Company's Audit Committee. The Board's location for all correspondence and meetings is the LDPONJ administrative office in Irvine, California.

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 "during the first week of the month of March of each year". Other than in 2023, the annual meetings of shareholders were not held during the first week of March. 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 the Company comply with its by-laws in the future.

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

	Balance Per Examination 12/31/24		Balance Per Company 12/31/24		Examination Change		Note
Assets							
Cash and Short-Term Investments	$	133,112	$	133,112	$	-	
Investment Income Due and Accrued		731		731			
Uncollected Premiums		1,160		1,160		-	
Current Federal Income Tax Recoverable		539		539		-	
Net Deferred Tax Asset		1,024		1,024			
Receivable from Parent, Subs and Affiliates		1,507		1,507		-	
Total Net Admitted Assets	**$**	**138,073**	**$**	**138,073**	**$**	**-**	
Liabilities							
Claims Unpaid	$	3,917	$	3,917	$	-	1
Premiums Received in Advance		1,598		1,598			
General Expenses Due or Accrued		1,793		1,793		-	
Total Liabilities	**$**	**7,308**	**$**	**7,308**	**$**	**-**	
Surplus							
Common Capital Stock	$	1	$	1	$	-	
Gross Paid-in and Contributed Surplus		124,999		124,999		-	
Unassigned Funds (Surplus)		5,765		5,765		-	
Total Capital and Surplus	**$**	**130,765**	**$**	**130,765**	**$**	**-**	2
Total Liabilities and Surplus	**$**	**138,073**	**$**	**138,073**	**$**	**-**	

EXHIBIT-B: Statement of Operating Results

For the Four-Year Period Ended December 31, 2024

	2024	2023	2022	2021
Revenues				
Risk Revenue	$ 19,812	$ 22,016	$ 23,909	$ 23,433
Total Revenues	19,812	22,016	23,909	23,433
Deductions				
Hospital and Medical	15,850	15,915	19,127	18,746
General Administrative Expenses	4,922	14,023	3,339	4,105
Total Underwriting Deductions	20,772	29,938	22,466	22,851
Net Underwriting Gain/(Loss)	**$ (960)**	**$ (7,922)**	**$ 1,443**	**$ 582**
Investment Income				
Net Investment Income Earned	2,488	1,823	310	21
Net Income Before Income Taxes	**$ 1,528**	**$ (6,099)**	**$ 1,753**	**$ 603**
Federal and Foreign Income Taxes Incurred	64	-	368	127
Net Income	**$ 1,464**	**$ (6,099)**	**$ 1,385**	**$ 476**

EXHIBIT-C: Capital and Surplus Account

For the Four-Year Period Ended December 31, 2024

	2024	2023	2022	2021
Net Income	$ 1,464	$ (6,099)	$ 1,385	$ 476
Other Surplus Gains/(Losses)				
Change in Net Deferred Income Tax	(256)	1,282	-	-
Total Other Surplus Gains	**$ (256)**	**$ 1,282**	**$ -**	**$ -**
Change in Surplus as Regards Policyholders for the Year	1,208	(4,817)	1,385	476
Surplus as Regards Policyholders December 31, Previous Year	129,557	134,374	132,989	132,513
Surplus as Regards Policyholders December 31, Current Year	**$ 130,765**	**$ 129,557**	**$ 134,374**	**$ 132,989**

NOTES TO THE FINANCIAL STATEMENTS

Note 1 - Claims Unpaid

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 2 - 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. No dividends were paid by the Company during the examination period.

Gross Paid-in and Contributed Surplus

No capital contributions were made during the examination period. The balance under this account has, therefore, remained unchanged since the last exam.

Unassigned Funds

Total Unassigned Funds, as per the current examination review, amounted to $5,765, which is $1,748 less than the amount reported in the last examination, reflecting a decrease of roughly 23%. The cumulative changes in surplus and other funds during the four-year examination period are reflected and summarized below:

Policyholder Surplus, December 31, 2020 ……..…….......		$ 132,513
Net Cumulative Income …………………………………..		(2,774)
Change in Net Deferred Income Tax ………………………	1,026	
Surplus Adjustments: Examination Change ……………….	-0-	
Net Adjustments During Four-Year Period ……..……….		1,026
Policyholder Surplus, December 31, 2024 ………………		$ 130,765

In compliance with N.J.A.C. 11:10-1.8(a)3, the Company meets the statutorily required minimum capital and surplus benchmark of $100,000, with an excess of $30,765 remaining surplus.

EXAMINATION REPORT RECOMMENDATIONS

Affiliated Parties – Page 4

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.

Corporate Records – Page 6

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 ORGANIZATION 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.

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

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

NOTARY PUBLIC STATE OF NEW JERSEY