REPORT ON EXAMINATION AS TO THE CONDITION OF

PARTNERS INSURANCE COMPANY OF NEW JERSEY, INC.

CHERRY HILL, NEW JERSEY 08002

AS OF DECEMBER 31, 2024

NAIC GROUP CODE 5041

NAIC COMPANY CODE 17603

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State of New Jersey
DEPARTMENT OF BANKING AND INSURANCE
DIVISION OF INSURANCE
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MIKIE SHERRILL
Governor

DALE G. CALDWELL
Lt. Governor

SUSAN OCHS
Acting Commissioner

May 28, 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:

PARTNERS INSURANCE COMPANY OF NEW JERSEY, INC.
CHERRY HILL, NEW JERSEY 08002
NAIC GROUP CODE 5041
NAIC COMPANY CODE 17603

a domestic insurer duly authorized to transact the business of insurance in the State of New Jersey. Hereinafter, Partners Insurance Company of New Jersey, Inc will be referred to in this report as the "Company" or "PIC-NJ".

SCOPE OF 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 ("N.J.S.A.").

The examination was made as of December 31, 2024, and addressed the period from November 1, 2023, to December 31, 2024. During this period under examination, the Company's assets increased from $0 to $4,804,785. Liabilities increased from $0 to $2,432,446 and its surplus in regard to policyholders increased from $3 to $2,372,339. We participated in a coordinated multistate examination of the Thomas Jefferson University Group ("TJU"), with the state of Pennsylvania serving as the lead state. Other affiliated insurance companies examinations conducted concurrently with this examination were as follows:

Company	Domiciliary State
Health Partners Plans, Inc.	Pennsylvania
Partners Insurance Company, Inc.	Pennsylvania

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 the NJDOBI to plan and perform the examination in order to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company and evaluate system controls and procedures used to mitigate those risks. To meet these objectives the 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, the risk-focused surveillance process provides effective procedures to monitor and assess the solvency of insurers on a continuing basis. The risk-focused surveillance process is embedded in the planning activities and throughout each phase of the risk-focused surveillance process discussed in detail within the Handbook. The revised approach consists of a structured methodology designed to establish a forward-looking view of an insurer's risk profile and the quality of its risk management practices. This approach permits a direct and specific focus on the areas of greatest risk to an insurer. Through this approach, state insurance regulators can be more proactive and better positioned to identify and respond to any serious threat to the stability of the insurance company from any current or emerging risks. This regulatory approach will benefit all participants in the insurance marketplace.

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 incorporated on November 28, 2023 as a stock health insurance corporation. An organizing meeting of the Company's Board of Directors ("Board") was held on February 6, 2024, for the Company to operate as a Preferred Provider Organization ("PPO") domiciled and licensed as a life and health insurer in New Jersey. The Board authorized share issuance of 140,000 shares of the Company's common stock, with a $5 par value, to Jefferson Partners Holding, LLC ("JPH") as a capital contribution of $700,000. Additionally, JPH made a surplus contribution of $3,900,000.

The Company's statutory home office is 500 Marlboro Avenue, Cherry Hill, New Jersey, 08002 and the registered agent upon whom process may be served is designated as c/o C T Corporation System, 820 Bear Tavern Road, West Trenton, New Jersey 08628. The Company's main administrative office is located at 500 Marlboro Avenue, Cherry Hill, New Jersey, 08002.

The Company began writing comprehensive health insurance in January 2025 pursuant to an approved contract with the Centers for Medicare and Medicaid Services, offering Medicare Advantage PPO products providing for the provision of physical, pharmaceutical, and behavioral health benefits primarily to adults 65 and older residing in seven New Jersey counties.

STATUTORY DEPOSIT

As of December 31, 2024, the Company maintains a $100,000 certificate of deposit from TD Bank with the Commissioner of Banking and Insurance of the State of New Jersey for the benefit and security of all policyholders of the Company.

TERRITORY AND PLAN OF OPERATION

PIC-NJ is only licensed to operate in the State of New Jersey.

According to its Certificate of Authority ("COA"), the Company is authorized to write the lines of business specified under N.J.S.A. 17B:18-1. As of December 31, 2024, the Company was authorized to write in the following lines of business: Accident and Health, Medicare Advantage only in the following counties: Atlantic, Burlington, Camden, Cumberland, Gloucester, Mercer and Salem. The Company's COA was amended in April of 2026 to include authority for Cape May County retroactive to January 1, 2025. Despite such retroactive approval, no coverages were provided in Cape May in 2025; 2026 is the first plan year for which coverages are being provided in the county.

The Company was not providing any insurance coverages as of December 31, 2024; 2025 was the first year for which the Company offered coverages.

As of the examination date, PIC-NJ reported only the administrative office location in the state.

CORPORATE RECORDS

The Company's Bylaws stipulate that the annual meeting of the shareholders of the Company for the election of Directors shall be held on a date and time as shall be designated by the Board. The review of the Board minutes did not disclose any materially adverse findings. The examiners noted that the proceedings at each meeting were conducted in compliance with the Company's State Charter and Bylaws.

The Company's adherence to its Certificate of Incorporation and Bylaws was validated without exception.

MANAGEMENT AND CONTROL

The business, property and affairs of PIC-NJ shall be conducted and managed under the guidance of the Company's Board.

Directors

In accordance with the Company's Bylaws, each director is elected by the shareholders at its annual meeting. The Bylaws also indicate the number of directors of the Company shall be fixed from time to time exclusively by the Board pursuant to a resolution adopted by a majority of the Board but shall not be less than seven (7). Not less than one-third of the directors shall be persons who are not officers or employees of the Company or any entity controlling, controlled by or under common control with the Company and who are not beneficial owners of a controlling interest in the voting securities of the Company or such entity. The president of the Company shall be a director.

A listing of the seven (7) directors serving as of December 31, 2024, with their principal occupation is presented below:

Name	Principal Occupation
Thomas James Marchozzi	Chief Financial Officer, Thomas Jefferson University ("TJU")
Cristina Guadagni Cavalieri	EVP & Chief Legal Officer, TJU
Ramona Lynn Rogers-Windsor	Retired
Matthew Levitties	Versa Capital, Managing Director
Timothy Patrick O'Rourke	Help at Home, President
Denise Marie Napier	President, Health Partners Plans, Inc. ("HPP")
Joseph Gerald Cacchione	Chief Executive Officer, TJU

The Company is required to comply with the provisions of N.J.S.A. 17:27A-4d (3) which states, "not less than one-third of the directors of a 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." However, in accordance with N.J.S.A. 17:27A-4d (5), the provisions of paragraph (3) shall not apply to a domestic insurer if the person controlling the insurer is an entity having a Board that substantially meet the requirements of this paragraph. The Company is in compliance with N.J.S.A. 17:27A-4d (5), as the ultimate controlling entity, TJU, maintains a Board of which eight (8) of the 12 members are considered outside directors.

Committees

As of December 31, 2024, the following non-affiliated individuals served on the PIC-NJ Audit, Nominating, and Compensation Committees:

Matthew Levitties
Tim O'Rourke
Ramona Rogers-Windsor

The Company is required to comply with the provisions of N.J.S.A. 17:27A-4d (4) which states that, "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 of 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 principal officers of the insurer and recommending to the Board of Directors the selection and compensation of the principal officers." However, in accordance with N.J.S.A. 17:27A-4d (5), the provisions of paragraph (4) shall not apply to a domestic insurer if the person controlling the insurer is an entity having one (1) or more committees that substantially meets the requirements of this paragraph. The Company is in compliance with N.J.S.A. 17:27A-4d (4), as the ultimate controlling entity, TJU, maintains an Audit Committee and Corporate Governance committee which perform the designated responsibilities, and these committees are made up of outside directors.

Officers

In accordance with the Bylaws, officers of the Company shall perform the duties as prescribed within the Bylaws or as determined by the Board. Officers of the Company shall include a chief executive officer, a president, a secretary and a treasurer and other officers as may be determined by the Board. The Treasurer may also be the president or secretary.

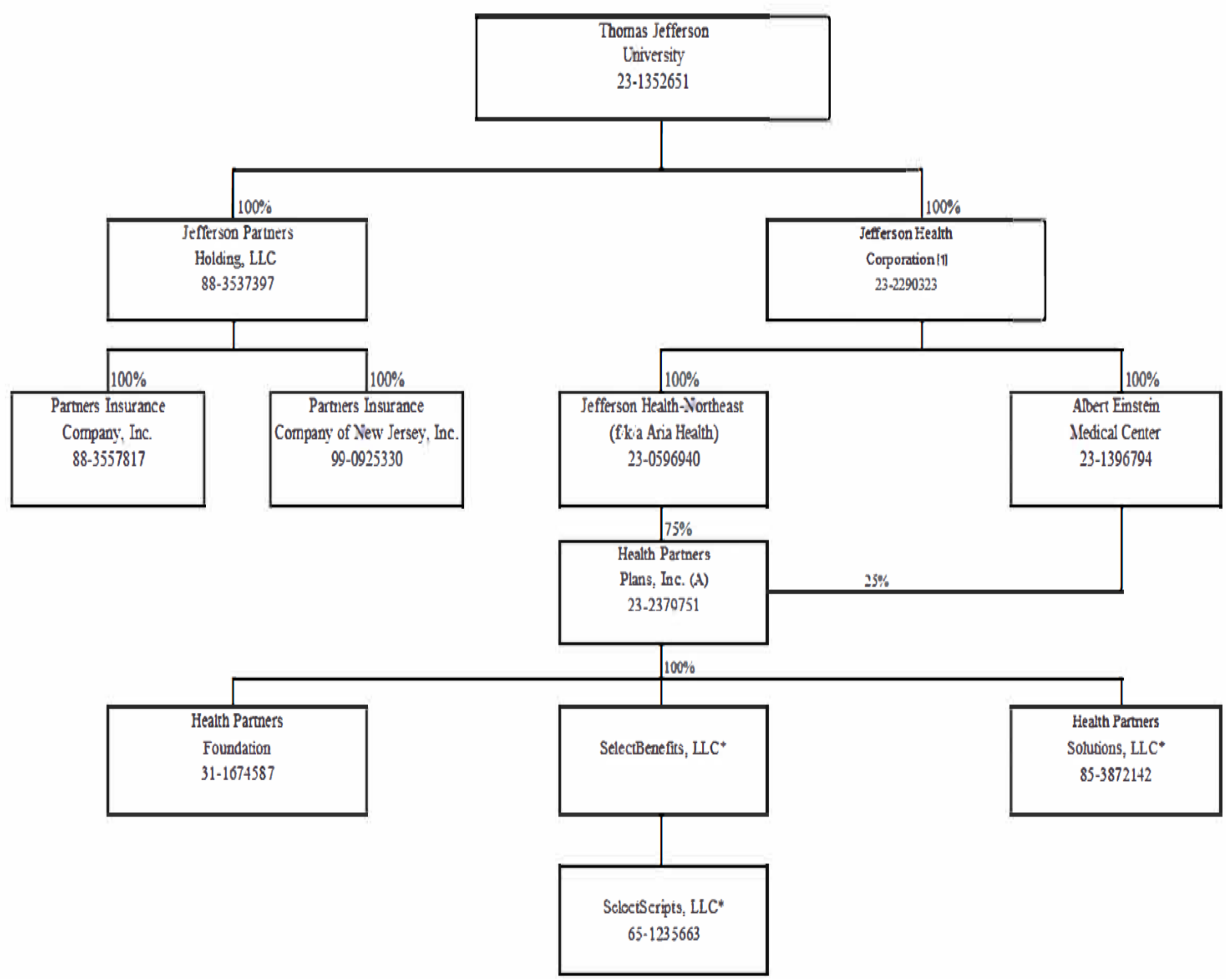
Officers serving the Company as of December 31, 2024, are as follows:

Name	Office
Joseph G. Cacchione	Chief Executive Officer
Denise Marie Napier	President
Cristina Guadagni Cavalieri	Secretary
Thomas James Marchozzi	Treasurer

REGULATION OF INSURANCE HOLDING COMPANY SYSTEMS

The Company is a member of an insurance holding company system as defined in N.J.S.A. 17:27A-1 and is subject to the registration requirements of N.J.S.A. 17:27A-3. The Company is owned 100% by JPH, a Delaware limited liability company. TJU holds 100% of the membership interests in and is the sole member of JPH. TJU is the ultimate controlling person of JPH and the Company. It was determined by this examination that the Company filed holding company registration statements in compliance with N.J.S.A. 17:27A-3.

The Company’s partial organizational chart as of December 31, 2024, is as follows:



INTERCOMPANY AGREEMENTS

As of December 31, 2024, the Company participated in the following inter-company related agreement. The Agreement is as follows:

Management Services Agreement

Effective January 1, 2024, the Company entered into a Management Services Agreement with Health Partners Plans, Inc. ("HPP"). Under this agreement, HPP is obligated to provide the following services: executive personnel, utilization management, care management, quality assurance, network of primary care, specialty, institutional, ancillary services, pharmacy and other providers, credentialing, claims administration, reporting, information management system, marketing, member services including complaint and grievance processes, enrollment and disenrollment, deposit and disbursement of funds, investment management services, accounting records and reports, annual operating budget, and directors and officers liability insurance and other insurance. The Company is obligated to reimburse HPP for an administrative fee and all third-party costs and expenses incurred with the development and operation of PIC-NJ. The administrative fee shall be the sum of direct costs and overhead. This agreement shall automatically renew on a year-to-year basis after the initial term unless either party shall provide notice of the non-renewal to the other not less than six months prior to the expiration of the initial term or renewal term.

POLICY ON CONFLICT OF INTEREST

The Company participates in the HPP's Conflicts of Interest Policy, which addresses all Health Plan officers, employees, and members of the workforce perform duties in compliance with the applicable policies, laws and regulations of the organization. This policy guides reporting and managing conflicts of interest with definitions, procedures, violations and annual attestation.

Officers' and directors' executed Conflict of Interest statements were reviewed for the period under examination noting no apparent or potential conflicts of interest.

FIDELITY BOND AND OTHER INSURANCE COVERAGES

The Company is a named insured on a financial institution bond which is underwritten by the AXIS Insurance Company. The fidelity bond provides fidelity coverage up to an aggregate limit of liability of $10,000,000 per the underwriters' single loss limit with respect to each insuring clause, for the bond period of July 1, 2024, through July 1, 2025. This amount of fidelity coverage meets the suggested minimum as measured using the NAIC's formula and exposure index.

The Company, through TJU and HPP, maintains coverage designed to protect its assets from losses emerging from various risks of conducting business including the following:

Managed Care Errors & Omissions
Business Automobile Liability

Commercial General Liability
Workers Compensation
Crime
Primary Directors and Officers Liability
Fiduciary Liability
Network Privacy & Security Liability (Cyber)

ACCOUNTS AND RECORDS

The Company uses the following accounting systems in the preparation of its financial statements:

General Ledger System

The Company uses HPP's Sage General Ledger system to manage accounting operations and serves as the central repository for HPP's financial data to perform monthly closing and financial reporting. The system permits both GAAP and statutory reporting. Furthermore, the Company's general ledger system interacts with the Sage accounts payable module and Adaptive budget system module. The general ledger is used to accumulate and post necessary closing journal entries and expense transactions used to generate a trial balance, prepare financial statements and analyze financial and operational performance.

The Company will use the following systems in the preparation of its future financial statements:

Claims Processing and Reserving Systems

The claims payment system used by HPP Health Edge is HealthRules Payer (HRP). This system is used to process provider claims submissions for member medical claims. Additionally, it generates capitation payments to capitated providers, based on monthly membership that each provider has a capitated service agreement. Paid claims data is stored in HPP's data warehouse to be used for medical reporting purposes and actuarial reserve calculations.

Premium Processing System

Member premiums will be recorded based on monthly billing generated from HPP's Health Edge integrated Healthcare operating system. This system will be used for member billings and provider claim payments.

Investments Reporting System

The Company's Investments will be managed by Morgan Stanley - Graystone Institutional Consulting for the custodianship account of First State Trust. The Company will utilize Clearwater Analytics LLC to obtain the monthly transaction history of investment activity and generate a monthly report used to generate journal entries for recording the monthly investment activity. Clearwater Analytics LLC will also prepare the statutory Schedule D reports for the quarterly and annual statutory financial statement filings.

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 comprehensive Business Continuity Plan ("BCP") was reviewed by the IT examination team on a Group basis. This review noted the BCP was tested regularly and no major concerns were noted.

FINANCIAL STATEMENTS AND OTHER EXHIBITS

Exhibit A - Balance Sheet as of December 31, 2024

Exhibit B - Summary of Revenue and Expenses for the Year Ending December 31, 2024

Exhibit C - Capital and Surplus Account for the Year Ending December 31, 2024

EXHIBIT A

PARTNERS INSURANCE COMPANY OF NEW JERSEY
BALANCE SHEET AT DECEMBER 31, 2024

	Current Examination at 12/31/2024	Balance per Company at 12/31/2024	Examination Change	Note Number
Assets				
Cash	$4,799,877	$4,799,877	$0	
Investment income due and accrued	3,388	3,388		
Uncollected Premiums In Course of Collection	1,520	1,520	0	
Total Admitted Assets	$4,804,785	$4,804,785	$0	
Liabilities				
Aggregate Health Policy Reserves	$2,430,926	$2,430,926	$0	1
Deferred Pharmacy	1,520	1,520	0	
Total Liabilities	$2,432,446	$2,432,446	$0	
Surplus and Other Funds				
Common Capital Stock	$700,000	$700,000	$0	
Gross Paid In and Contributed Surplus	3,900,000	3,900,000	0	
Unassigned Funds (Surplus)	(2,227,661)	(2,227,661)	0	
Surplus as Regards Policyholders	$2,372,339	$2,372,339	$0	2
Total Liabilities, Surplus and Other Funds	$4,804,785	$4,804,785	$0	

EXHIBIT B

PARTNERS INSURANCE COMPANY OF NEW JERSEY
STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDING DECEMBER 31, 2024

	2024
Member months	0
Net Premium Income	$0
Deductions:	
Hospital and Medical Benefits	0
Total	$0
Increase in Reserves for Life and Accident and Contracts	2,430,926
Net Underwriting Gain or (Loss)	($2,430,926)
INVESTMENT INCOME	
Net Investment Income Earned	203,265
Net Investment Gain or (Loss)	$203,265
Net Income or (Loss) Before Federal Income Taxes	($2,227,661)
Federal Income Taxes Incurred	0
Net Income (Loss)	($2,227,661)

EXHIBIT C

PARTNERS INSURANCE COMPANY OF NEW JERSEY, INC.
CAPITAL AND SURPLUS ACCOUNT
FOR THE YEAR ENDING DECEMBER 31, 2024

	2024
Total capital and surplus	
December 31, Previous Year	$0
Net Income	(2,227,661)
Capital Changes: Paid In	700,000
Surplus Adjustments: Paid In	3,900,000
Change in capital and surplus for the year	2,372,339
Total capital and surplus	
December 31, Current Year	$2,372,339

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: AGGREGATE HEALTH POLICY RESERVES

As of December 31, 2024, the Company recorded premium deficiency reserves in Aggregate Health Policy Reserves of $2,430,926. This was a result of the Company's evaluation of its Medicare PPO book of business for 2025. The premium deficiency reserve was recorded in December 2024 for the approximately 700 members enrolled.

NOTE 2: SURPLUS AS REGARDS POLICYHOLDERS

The Company reported surplus as of December 31, 2024, of $1,672,339 which is below the minimum statutory requirement of $2,800,000 per N.J.S.A. 17B:18-68.

SUMMARY OF EXAMINATION RECOMMENDATIONS

The following was identified as a recommendation deemed necessary for purposes of this examination report.

Surplus

As of the examination date, the Company did not maintain minimum statutory surplus. See Note to the Financial Statements – Note 2: Surplus as Regards Policyholders. According to N.J.S.A. 17B:18-68, the Company must have surplus of at least $2,800,000. The Company reported surplus of $1,672,339. In March 2025, PIC-NJ's direct Parent, JPH, contributed $3,500,000 of additional surplus, bringing the Company into compliance with its minimum statutory surplus requirement.

At December 31, 2025, the Company reported surplus of $2,194,528, which was below the minimum statutory surplus required by N.J.S.A. 17B:18-68. In May 2026, JPH contributed $2,000,000 of additional surplus, bringing the Company into compliance with its minimum statutory surplus requirement.

It is recommended that the Company maintain the minimum statutory required by N.J.S.A. 17B:18-68.

CONCLUSION
The undersigned hereby certifies that an examination has been made of PIC-NJ, and the foregoing report is true to the best of my knowledge and belief.

Respectfully Submitted,

Brian H Sewell

Brian H Sewell, CFE
Examiner-in-charge
Noble Consulting Services Inc.
Representing the State of New Jersey
Department of Banking and Insurance

Under the supervision of,

Nancy Lee Chice

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

AFFIDAVIT

I, Brian H. Sewell, the undersigned, hereby certify that the foregoing Report of Examination accurately discloses, to the best of my knowledge, all material and relevant information related to the financial condition of Partners Insurance Company of New Jersey, Inc. in accordance with the NAIC Handbook and New Jersey State Regulations.

Respectfully Submitted,

Brian H Sewell

Brian H Sewell, CFE
Examiner-in-charge
Noble Consulting Services Inc.
Representing the State of New Jersey
Department of Banking and Insurance

Under the supervision of,

Nancy Lee Chice

Nancy Lee Chice, CFE Reviewer
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 29th
day of May, 2026.

Notary Public of New Jersey

My commission expires: 3/17/2029

MARGARET M. GRECO
NOTARY
My Comm. Expires
March 17, 2029
No. 2162740
PUBLIC
STATE OF NEW JERSEY