

**REPORT ON EXAMINATION AS TO THE CONDITION OF
HIGH POINT PREFERRED INSURANCE COMPANY**

WOODBIDGE, NJ 07095

AS OF DECEMBER 31, 2024

NAIC GROUP CODE 1227

NAIC COMPANY CODE 28959

FILED

MAY 27 2026

**COMMISSIONER
NJ DEPT OF BANKING & INSURANCE**

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DIVISION OF INSURANCE
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MIKIE SHERRILL
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DR. DALE G. CALDWELL
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SUSAN OCHS
Acting Commissioner

May 19, 2026

Honorable Susan Ochs
Acting Commissioner
Department of Banking and Insurance
State of New Jersey
20 West State Street
Trenton, New Jersey 08625-0325

Acting Commissioner:

In accordance with the authority vested in you by the Revised Statutes of New Jersey, a financial examination has been made of the financial condition and affairs of:

HIGH POINT PREFERRED INSURANCE COMPANY
581 MAIN STREET, SUITE 400
WOODBIDGE, NJ 07095
NAIC GROUP CODE 1227
NAIC COMPANY CODE 28959

a domestic insurer duly authorized to transact the business of insurance in the State of New Jersey and hereinafter referred to in this report as the "Company" or "HPP."

SCOPE OF EXAMINATION

This risk-focused examination was called by the Commissioner of the New Jersey Department of Banking and Insurance (“Department”) pursuant to the authority granted by N.J.S.A. Section 17:23- 22.

The examination was made as of December 31, 2024, and addressed the five-year period from January 1, 2020, to December 31, 2024, including any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination. During this period, the Company reported admitted assets increased by \$95,517,662 to \$428,534,172 from \$333,016,510, liabilities increased by \$120,939,713 to \$273,823,308 from \$152,883,595, and capital and surplus decreased by \$25,422,051 to \$154,710,864 from \$180,132,915.

The examination was conducted in accordance with the standards and procedures established by the National Association of Insurance Commissioners (“NAIC”) and prescribed by the current NAIC *Financial Condition Examiners Handbook* (the “Handbook”). The Handbook requires that we plan and perform the examination 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. An examination also includes identifying and evaluating significant risks that could cause an insurer’s surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process as defined in the Handbook. This included assessing significant estimates made by management and evaluating management’s compliance with Statements of Statutory Accounting Principles (“SSAP”). The examination does not attest to the fair presentation of the financial statements included herein.

This examination report includes significant findings of fact and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Company.

The Certified Public Accounting firm of PricewaterhouseCoopers, LLP (“PwC”) provided an unqualified audit opinion on the fair presentation of the Company's year-end financial statements based on Statutory Accounting Principles for the reporting year period ending December 31, 2024. Relevant work performed by PwC during its annual audit of the Company was reviewed during the examination and incorporated into the examination work papers whenever feasible to facilitate efficiencies. Certain PwC work papers were utilized in determining the scope and areas of emphasis in conducting the examination.

COMPLIANCE WITH PRIOR REPORT ON EXAMINATION RECOMMENDATIONS

There were no comments and recommendations in the Company’s prior report on examination as of December 31, 2019.

HISTORY

The Company was originally incorporated as The Prudential Property and Casualty Insurance Company of New Jersey (“PRUPAC-NJ”) under the laws of the State of New Jersey on November 15, 1985, and commenced business October 21, 1987.

The Articles of Incorporation were amended on December 16, 1985. This amendment changed the authorized capital stock of the Company to \$2,000,000 divided into 400 shares of common stock having a par value of \$5,000 per share.

On June 17, 1994, the authorized capital stock of the Company was changed to \$4,200,000 divided into 400 shares of common stock having a par value of \$10,500 per share. The Articles of Incorporation were again amended on December 10, 1996. This amendment changed the principal office of the corporation from South Plainfield, New Jersey, to Holmdel, New Jersey.

In October 1997, The Prudential Insurance Company of America (“Prudential”) submitted a feasibility study to the Department. This plan was approved in November 1997. The plan called for the formation of two new PRUPAC-NJ subsidiary companies, The Prudential Commercial Insurance Company of New Jersey (“PRUCOM-NJ”) and The Prudential General Insurance Company of New Jersey (“PRUGEN-NJ”). PRUCOM-NJ wrote automobile risks for select long-term automobile customers of PRUPAC-NJ who met select company criteria. PRUGEN-NJ wrote automobile risks that did not meet PRUPAC-NJ automobile guidelines. The kinds of insurance transferred to PRUGEN-NJ and PRUCOM-NJ were the kinds specified in paragraphs “b” and “e” of N.J.S.A. 17:17-1.

PRUPAC-NJ was authorized to transact the kinds of business specified in Paragraphs “a”, “b”, “d”, “e”, “f”, “g”, “i”, “j”, “k”, “l”, “m”, “n”, “o-1”, “o-2”, and “o-3” of N.J.S.A. 17:17-1, except that authority granted under paragraph “d” to write bodily injury or death by accident, upon the health of a person, was specifically excluded.

On November 1, 2003, PRUPAC-NJ and its subsidiaries were sold to Palisades Safety and Insurance Association (the “Association” or “PSIA”). At that time, PRUPAC-NJ was renamed High Point Preferred Insurance Company and it was issued a new Certificate of Authority, authorizing HPP to transact the kinds of business specified in paragraphs “a”, “b”, “e”, “f”, “g”, “i”, “j”, “k”, “l”, “m”, and “o” of N.J.S.A. 17:17-1 et. seq. PRUGEN-NJ and PRUCOM-NJ were renamed High Point Property and Casualty Insurance Company (“HPC”) and High Point Safety and Insurance Company (“HPS”), respectively, remaining wholly owned subsidiaries of HPP.

On November 2, 2004, the Company’s Certificate of Incorporation was amended to reflect the change of location of the principal office in the State of New Jersey to Red Bank, New Jersey. This amendment was approved by the New Jersey Deputy Attorney General on April 12, 2005, filed with the Monmouth County Clerk on August 16, 2005, and filed with the Department on August 16, 2005.

On October 25, 2005, Twin Lights Insurance Company (“TLI”) was incorporated as a stock insurance company, as a wholly owned subsidiary of HPP.

On January 1, 2007, the Company acquired Lancer Casualty Company from Lancer Financial Group, Inc. and was renamed Teachers Auto Insurance Company of New Jersey (“TAI”).

Effective January 1, 2011, the holding company group under PSIA was reorganized by PSIA contributing 100% of the issued and outstanding stock of HPP to affiliate, HPC, resulting in HPP becoming a wholly owned subsidiary of HPC; as well as ownership of HPS, TAI and TLI transferring from HPP to HPC.

On July 1, 2011, 100% of the issued and outstanding stock of Palisades Property and Casualty Insurance Company (“PPC”) was distributed to HPP from PSIA. As a result of the 2011 restructuring moves, the Palisades Auto Group, an operating and reporting subgroup, was formed and comprised of PSIA, Palisades Insurance Company (“PIC”), HPC, HPS, TAI and TLI. The Palisades Auto Group’s operations are automobile insurance focused.

On August 1, 2018, the Company purchased from Mid-Century Insurance Company all of the issued and outstanding stock of 21st Century Security Insurance Company, a property and casualty insurance company. 21st Century Security Insurance Company was later renamed AtHome Insurance Company (“AtHome”). HPP, PPC and AtHome collectively comprise the High Point Home Group, an operating and reporting subgroup of the Association. The High Point Home Group’s operations are homeowners insurance focused.

On January 31, 2019, the Company's Certificate of Incorporation was amended to reflect the change of location of the principal office in the State of New Jersey to Woodbridge, New Jersey. This amendment was approved by the New Jersey Deputy Attorney General on April 3, 2019, filed with the Middlesex County Clerk on April 18, 2019, and filed with the Department on April 18, 2019.

TERRITORY AND PLAN OF OPERATIONS

HPP is a property and casualty stock insurance company licensed in the States of New Jersey and Pennsylvania and authorized to transact various property and casualty lines of business. The business written by the Company consists primarily of homeowner, dwelling fire, and personal umbrella business in New Jersey and Pennsylvania. HPP maintains a closed book of homeowner, dwelling fire, and personal umbrella policies that were originally written by Prudential agents. No new business has been written in New Jersey since 2004 for homeowner or dwelling fire and since 2021 for personal umbrella.

The Company does not have any employees. The Association's Attorney-in-Fact, Plymouth Rock Management Company of New Jersey ("PRNJ"), provides underwriting, marketing, product management and other administrative services on behalf of the Company, as discussed in the "Inter-company Agreements" section of this report. Investment services are contractually provided by SRB Corporation ("SRB"), an upstream affiliate of PRNJ. Custodial investment services are provided by The Northern Trust Company. Information technology services are provided by Shared Technology Services Group LLC, an affiliate of PRNJ.

The Company maintains its statutory home office and main administrative office where it conducts its business operations from at 581 Main Street, Suite 400, Woodbridge, NJ 07095-1144. This location furthermore serves as the primary location of the Company's accounting books and records. The registered agent upon whom process may be served is the Company and may be contacted at 581 Main Street, Suite 400, Woodbridge, NJ 07095-1144.

REINSURANCE

As of December 31, 2024, the Company and affiliates had the following reinsurance in effect:

Homeowner and Misc Property (excludes HPP New Jersey Business)

Per Risk Excess of Loss

Policy Limit: \$4 million

Treaty Retention: \$3 million

Treaty Limit: 100% of \$1 million excess of \$3 million per risk with maximum of \$2 million per occurrence and \$4 million per year (NJ & New England combined)

Homeowner and Misc Property (Home excludes HPP New Jersey Business)

Facultative Per Risk Excess of Loss

Policy Limit: Maximum limit offered

Treaty Retention: \$4 million

Treaty Limit: 100% of coverage A, B, C, D at a maximum of \$4 million in excess of \$4 million

Homeowner and Misc Property (HPP New Jersey Business)

Facultative Per Risk Excess of Loss

Policy Limit: Maximum limit offered

Treaty Retention: \$2 million

Treaty Limit: 100% of coverage A, B, C, D in excess of \$2 million

Auto, Homeowner, and Misc Property

Catastrophe Excess of Loss - Internal Layer 1

Treaty Retention: \$5 million per each group – Palisades Auto Group and High Point Home Group, as well as for insurance company affiliate groups of PRNJ

Treaty Retention, effective January 1, 2025: \$10 million per group

Treaty Limit: \$40 million less applicable retentions; PSIA assumed 45% of any loss in this layer as of December 31, 2024

Catastrophe Excess of Loss - Internal Layer 2

Treaty Retention: \$40 million

Treaty Limit: \$53 million excess of \$40 million; PSIA assumed 38.75% of any loss in this layer as of December 31, 2024

Catastrophe Excess of Loss – Upper Layers

Treaty Retention: \$93 million

Treaty Limit: \$847 million excess of \$93 million

Personal Umbrella

Quota Share

Policy Limit: Maximum limit offered - \$5 million

Treaty Retention: Either 10% of first \$1 million or 20% of entire loss

Treaty Limit: Either 90% of the first \$1 million and 100% of the excess up to \$5 million or 80% of entire loss

Commercial Auto Facultative Program

Excess of Loss on Individual Ceded Risks

Policy Limit: \$1.5 million

Treaty Retention: \$500,000 up to \$1,000,000, varies by risk

Treaty Limit: up to \$1 million excess of \$500,000 per risk

Intercompany Reinsurance:

Under the terms of a Quota Share Reinsurance Agreement, as amended, PSIA assumes all of the direct business, net of external reinsurance that inures to the benefit of the contract and involuntary pools and associations, written by PPC, PIC, HPC, HPP, TAI, TLI, and Rider Insurance Company (“Rider”), with the exception of: (i) PIC, wherein PSIA assumes 80% of PIC’s direct business written in the states of Connecticut and New York, net of external reinsurance that inures to the benefit of the contract and involuntary pools and associations; and (ii) homeowners business written by PPC and homeowners and personal umbrella business written by HPP. PSIA guarantees the collection of all external reinsurance.

Under a separate treaty, HPP assumes 100% of the business written by PPC and AtHome. HPP assumes all of the direct business, net of cessions to involuntary pools and associations, written by PPC, with the exception of direct business written in the State of New York, wherein HPP assumes 80% of PPC’s direct business, net of cessions to involuntary pools and associations. HPP guarantees the collection of all external reinsurance. The agreement covers business written or renewed by AtHome, subsequent to August 1, 2018.

The Company also assumes 100% of the renters endorsement underwriting activity of HPC, TAI, PIC and PSIA.

CORPORATE RECORDS

The Company’s by-laws stipulate that the annual meeting of the stockholders shall be held at the time and at the place determined by the Board of Directors (the “Board”). The Board shall consist of not less than three or more than twelve Directors. Special meetings of the Directors may be held at any time or any place designated in the

call of the meeting.

A review of the minutes of the Board meetings noted that all meetings were well attended. The Board minutes also indicated that the Company's overall transactions and events were adequately supported and approved.

MANAGEMENT AND CONTROL

The business, property and affairs of the Company are managed by the President and the delegated officers under the guidance and direction of the Board.

The following were Directors of the Company as of December 31, 2024:

<u>Name</u>	<u>Principal Occupation</u>
Adam E. Van Loon	Interim President and Interim CEO of PRNJ
Richard E. Eisenberg	Partner and Attorney, Eisenberg Tanchum & Levy LLP
Steven N. Klein	Partner and Managing Director, First Infrastructure, Inc.

Effective February 17, 2025, Stephen G. Kalinsky replaced Adam E. Van Loon on the Board of Directors.

The Company is required to comply with the provisions of N.J.S.A. 17:27A-4d(3), which states that "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."

The Company was determined to be in compliance with the provisions of N.J.S.A. 17:27A-4d(3) as of the examination date, as the Board consists of three members of which two are considered outside directors.

Committees

The following Audit Committee Members were appointed and serving at December 31, 2024:

<u>Name</u>	<u>Position</u>
Richard D. Eisenberg	Independent Director (<i>Chairman</i>)
Steven N. Klein	Independent Director

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 of 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, including bonuses or other special payments, of the principal officers."

The Company was determined to be in compliance with the provisions of N.J.S.A. 17:27A-4d(4) as of the examination date, as the Audit Committee is comprised solely of two independent, outside directors who performed the functions indicated in this statute.

Officers

The officers of the Company perform duties as designated by the Company's bylaws with respect to the offices they hold, or as otherwise indicated by the Board of Directors. The president, treasurer, and secretary shall be elected annually by the directors at their first meeting following the annual meeting of the stockholders. Other officers, if any, may be elected by the Board of Directors at this meeting or at any other time. Any two or more offices may be held by the same person, but no officer shall execute, acknowledge, or verify any instrument in more than one capacity, if such instrument is required by law or by the by-laws to be executed, acknowledged, or verified by two or more officers. Any officer may be required by the directors to give bond for the faithful performance of his duties to the corporation in such amount and with such sureties as the directors may determine.

The following officers were elected and serving the Company at December 31, 2024:

<u>Name</u>	<u>Title</u>
Adam E. Van Loon	Interim Chairman of the Board and Interim President
Robert H. Easton	Secretary
Vito A. Nigro	Treasurer
Bonnie Banahan	Assistant Secretary

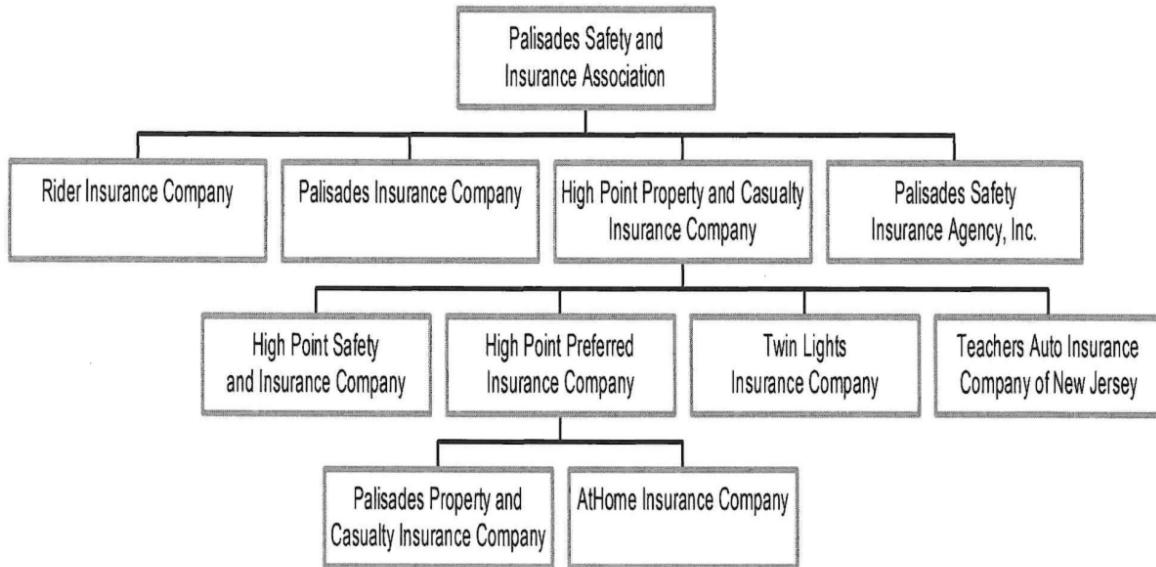
Effective February 17, 2025, Stephen G. Kalinsky replaced Adam E. Van Loon as President and Chairman of the Board.

N.J.S.A. 17:27A-4d(5) states, “The provisions of paragraphs (3) and (4) of this subsection d. 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 satisfies the requirements of N.J.S.A. 17:27A-4d(5).

REGULATION OF INSURANCE HOLDING COMPANY SYSTEMS

The Company is subject to Insurance Holding Company Systems Act and is a member of an insurance holding company system as defined by N.J.S.A. 17:27A-1. A review of the holding company registration statement indicated that the Company was in compliance with N.J.S.A. 17:27A-3, Sections a-j, requiring registration of those insurers that qualify as determined by N.J.S.A. 17:27A-1. A holding company system organizational chart as of December 31, 2024 follows:



INTER-COMPANY AGREEMENTS / RELATED PARTY TRANSACTIONS

Inter-Company Agreements

The Company was a named party to the following affiliated agreements at the examination date:

Consolidated Federal Income Tax Liability Allocation Agreement:

Effective November 1, 2003, the Company joined PSIA and affiliates in its consolidated tax agreement. Under the terms of this agreement, the amount of federal income taxes payable by each party to the agreement shall be equal to the amount of tax liability allocable to it as determined in accordance with the provisions of Treasury Regulation 1.1552-1(a)(2). The method of allocation among companies is subject to a written agreement effective November 1, 2003, which has been approved by the Department. Taxes are allocated based on the separate return calculations of each company, with current credit for net losses utilized as part of the consolidated return. Inter-company tax balances are settled quarterly through the payable to or receivable from accounts after the tax filing is made in October of each year.

Services Agreement:

The Company entered into a services agreement with PRNJ and PSIA on November 1, 2003. Under the terms of this agreement, PRNJ provides various administrative services to the Company in exchange for a management fee equal to 12.5% of written premium authorized by the Association and its subscribers. The services provided include payroll, accounting and tax preparation, human resources, voucher processing and bill payment, appointment and termination of general servicing agents, investigation and defense of claims, policy issuance and administration, marketing development, and other services associated with the production and administration of policies of insurance. The fees paid by the Company to PRNJ are subject to SSAP No. 25 and are required to be paid on an arm’s-length basis, and be fair and reasonable to the Company.

Operating Services Agreement:

Effective January 1, 2009, PSIA entered into an operating services agreement with affiliates. The operating services to be provided by PSIA on behalf of the affiliates, including the Company, include the following:

- Payment of claims arising from any HPP policy of insurance. The Company shall retain the ultimate responsibility for all adjustments and claims payments made on its behalf.

- Collection of premiums and payment of premium refunds on behalf of the Company, provided such premiums shall be held in a fiduciary capacity, and further provided that all such net premiums shall be accounted for, pursuant to accounting procedures approved by the Company.
- Payment of commissions, fees, assessments, governmental examination expenses, and other general and administrative expenses on behalf of the Company.
- Payment and collection of external reinsurance amounts on behalf of the Company, provided such amounts shall be held in fiduciary capacity, and further provided that all such amounts shall be accounted for, pursuant to accounting procedures approved by the Company.

There is no fee charged to any party subject to this Agreement. The Companies shall reimburse PSIA for actual costs and expenses paid by PSIA on behalf of the Companies and reimbursement will be within 45 days of the close of each quarter.

Limited Agency Agreement:

Effective January 1, 2009, the Company on behalf of itself and HPC, HPS, TAI, and, as of March 1, 2014, PIC (collectively “HP Insurance”), appointed High Point Brokerage Company, Inc. (“HP Broker”) as their insurance agent. The agreement authorizes HP Broker to solicit, accept and bind risk in respect to private passenger automobile and umbrella policies written and serviced as new and renewal business. It also authorizes HP Broker to handle the production, servicing, and administration of certain private passenger automobile, umbrella and homeowner policies defined as “non-aligned” business, which are policies that are not assigned to a current or former broker with Prudential Insurance Agency, LLC. HP Broker must promptly notify HP Insurance in writing of all risks that have been written or bound and notify HP Insurance if HP Broker receives notice of any claims, suits or losses on these policies. Commissions are based on the commission rate in effect on the effective date of the policy, and commission refunds will be at the same rate originally paid.

Quota Share Reinsurance Agreements (Special Treaties):

Effective May 1, 2012, a 100% Quota Share Reinsurance Agreement (Special Treaty), as amended, was entered into by PSIA (Reinsurer) and PPC, PIC, HPC, HPP, TAI, and TLI. Rider was subsequently added to this agreement in 2019. Please see “Reinsurance” section of this report for additional details.

Effective October 1, 2008 and August 1, 2018, HPP entered into quota share agreements with PPC and AtHome, respectively, whereby PPC and AtHome cede 100% of non-New York business and 80% of New York business written or renewed to the Company. Please see “Reinsurance” section of this report for additional details

Effective March 1, 2017, HPP entered into a 100% quota share reinsurance agreement with PSIA, PIC, HPC and TAI to assume renters policies written or renewed by the ceding companies on or after the effective date of this agreement. Please see “Reinsurance” section of this report for additional details.

Investment Services Agreement:

Effective November 1, 2003, the Company entered into an investment services agreement with SRB, an affiliate of PRNJ, to provide a broad spectrum of investment services, including development of investment objectives, development of investment policies and guidelines, selection of investment managers, investment and management of assets, measurement and evaluation of investment performance, accounting oversight, cash management of banking relationships, creation and management of a custodial relationship, administrative support, and investment advice.

Amended and Restated Intercompany Cash Management Agreement:

Effective January 1, 2022, the Company was added to the amended and restated intercompany cash management agreement by and among the Plymouth Rock Group of Companies that PRNJ is affiliated with, as approved by the Department on December 6, 2021. Under the terms of the agreement, each participating entity is permitted to borrow cash from SRB to cover short-term cash shortfalls or for other purposes and to lend certain excess cash to

SRB for the purpose of earning interest.

Catastrophe Reinsurance (Affiliated):

Effective July 1, 2024, the Company entered into a retention layer catastrophe reinsurance agreement between affiliated companies and their subsidiaries. Please see “Reinsurance” section of this report for additional details.

Additional Related Party Transactions

In 2023, the Company received a dividend in the amount of \$860,000 from its subsidiary, AtHome. The Department approved this dividend request on September 19, 2023.

In 2023, the Company made a capital contribution in the amount of \$16,000,000 to its subsidiary, PPC. The Department approved this capital contribution request on September 19, 2023.

In 2023, the Company made two capital contributions in the amounts of \$860,000 and \$800,000 to its subsidiary, AtHome. The Department approved these capital contribution requests on September 19, 2023.

POLICY ON CONFLICT OF INTEREST

On an annual basis the Company’s officers and directors attest to an affirmation of ethical standards and a disclosure of possible activities which could construe as a possible conflict of interest.

The examination team reviewed all Conflict of Interest statements executed by officers and directors for the period under examination, noting that there were no apparent or potential conflicts of interest.

ACCOUNTS AND RECORDS

The Company’s general ledger and financial reporting activities are handled through a cloud-based Software-as-a-Service (“SaaS”) platform.

For managing insurance premiums and policy administration, HPP utilizes a system supporting the end-to-end lifecycle of insurance policies, including issuance, premium calculation, renewals, and customer data management.

The Company’s loss and claims management function is supported by a system that facilitates the intake, adjudication, and resolution of insurance claims.

Investment activities of HPP are managed through a SaaS-based investment and fund management platform, enabling oversight of HPP’s investment portfolio and offering tools for accounting, performance tracking, and regulatory reporting.

CONTINUITY OF OPERATIONS

The Company’s bylaws provide for the election of directors and the appointment of officers to fill any vacancies caused by death, resignation, disqualification, or removal by the Board. The Company has a disaster recovery plan that was reviewed in the course of the coordinated examination IT review. No material findings were noted.

FINANCIAL STATEMENT EXHIBITS

Exhibit A: Statement of Assets, Liabilities, Surplus and Other Funds at December 31, 2024..... 12

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Exhibit C: Capital and Surplus Account for the Five-Year Period ending December 31, 2024 14

Exhibit A - Statement of Assets, Liabilities, Surplus and Other Funds at December 31, 2024

Admitted Assets	Current Examination at 12/31/2024	Balance per Company at 12/31/2024	Examination Change	Note Number
Bonds	\$ 183,407,695	\$ 183,407,695	\$ -	1
Stocks:				
Common stocks	170,309,594	170,309,594	-	
Cash, cash equivalents and short-term investments	20,724,366	20,724,366	-	
Other invested assets	169,440	169,440	-	
Investment income due and accrued	2,185,940	2,185,940	-	
Premiums and considerations:				
Uncollected premiums and agents' balances in the course of collection	363,332	363,332	-	
Deferred premiums, agents' balances and installments booked but deferred and not yet due	32,931,859	32,931,859	-	
Current federal and foreign income tax recoverable and interest thereon	2,860,696	2,860,696	-	
Receivables from parent, subsidiaries and affiliates	12,580,673	12,580,673	-	
Aggregate write-ins for other than invested assets	3,000,578	3,000,578	-	
Total net admitted assets	\$ 428,534,172	\$ 428,534,172	\$ -	
Liabilities				
Losses	\$ 77,571,129	\$ 77,571,129	\$ -	2
Reinsurance payable on paid losses and loss adjustment expenses	21,268,905	21,268,905	-	
Loss adjustment expenses	16,246,598	16,246,598	-	2
Commissions payable, contingent commissions and other similar charges	2,150,361	2,150,361	-	
Other expenses	1,669,815	1,669,815	-	
Taxes, licenses and fees	427,256	427,256	-	
Net deferred tax liability	57,121	57,121	-	
Unearned premiums	132,728,982	132,728,982	-	
Advance premium	2,162,332	2,162,332	-	
Ceded reinsurance premiums payable	583,232	583,232	-	
Remittances and items not allocated	(2,940,973)	(2,940,973)	-	
Payable to parent, subsidiaries and affiliates	17,138,674	17,138,674	-	
Aggregate write-ins for liabilities	4,759,875	4,759,875	-	
Total liabilities	273,823,308	273,823,308	-	
Surplus and Other Funds				
Common capital stock	4,200,000	4,200,000	-	3
Gross paid in and contributed surplus	89,754,459	89,754,459	-	3
Unassigned funds (surplus)	60,756,405	60,756,405	-	3
Total surplus as regards policyholders	154,710,864	154,710,864	-	
Total liabilities and surplus as regards policyholders	\$ 428,534,172	\$ 428,534,172	\$ -	

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

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Underwriting Income:					
Premiums earned	\$ 152,525,768	\$ 179,374,380	\$ 191,214,344	\$ 190,467,413	\$ 189,261,948
Deductions:					
Losses incurred	76,055,272	112,007,349	115,970,421	121,552,260	112,211,263
Loss adjustment expenses incurred	13,949,663	23,034,535	26,921,224	24,440,281	26,987,100
Other underwriting expenses incurred	57,843,073	65,492,067	67,784,088	68,043,481	66,203,927
Total underwriting deductions	<u>147,848,008</u>	<u>200,533,951</u>	<u>210,675,733</u>	<u>214,036,022</u>	<u>205,402,290</u>
Net underwriting gain (loss)	4,677,760	(21,159,571)	(19,461,389)	(23,568,609)	(16,140,342)
Investment Income:					
Net investment income earned	4,548,033	4,528,674	4,439,252	7,483,218	7,531,452
Net realized capital gains (losses) less capital gains tax	1,803,749	4,980,654	(2,279,209)	1,592,961	(4,915,067)
Net investment gain (loss)	<u>6,351,782</u>	<u>9,509,328</u>	<u>2,160,043</u>	<u>9,076,179</u>	<u>2,616,385</u>
Other Income:					
Net gain (loss) from agents' or premium balances charged off	(139,234)	(264,523)	(569,960)	(693,584)	(770,835)
Finance and service charges not included in premiums	-	(33,358)	323,750	313,200	299,907
Aggregate write-ins for miscellaneous income	77,679	145,162	204,356	183,267	(2,675)
Total other income	<u>(61,555)</u>	<u>(152,719)</u>	<u>(41,854)</u>	<u>(197,117)</u>	<u>(473,603)</u>
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	10,967,987	(11,802,962)	(17,343,200)	(14,689,547)	(13,997,560)
Dividends to policyholders	-	-	-	-	-
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	10,967,987	(11,802,962)	(17,343,200)	(14,689,547)	(13,997,560)
Federal and foreign income taxes incurred	2,464,083	(3,177,568)	(3,364,477)	(3,772,256)	(1,569,023)
Net income (loss)	<u>\$ 8,503,904</u>	<u>\$ (8,625,394)</u>	<u>\$ (13,978,723)</u>	<u>\$ (10,917,291)</u>	<u>\$ (12,428,537)</u>

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

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Surplus as regards policyholders, December 31 prior year	\$ 180,132,915	\$ 182,540,621	\$ 192,064,652	\$ 160,797,496	\$ 155,797,957
Net income	8,503,904	(8,625,394)	(13,978,723)	(10,917,291)	(12,428,537)
Change in net unrealized capital gains or (losses) less capital gains tax	(6,732,427)	17,782,464	(17,355,851)	3,756,537	10,321,343
Change in net deferred income tax	721,748	532,735	(85,188)	(38,574)	536,223
Change in nonadmitted assets	(58,519)	(161,774)	138,606	(813,238)	483,878
Change in provision for reinsurance	(27,000)	(4,000)	14,000	17,000	
Aggregate write-ins for gains and losses in surplus	-	-	-	2,996,027	-
Change in surplus as regards policyholders for the year	<u>2,407,706</u>	<u>9,524,031</u>	<u>(31,267,156)</u>	<u>(4,999,539)</u>	<u>(1,087,093)</u>
Surplus as regards policyholders, December 31 current year	<u>\$ 182,540,621</u>	<u>\$ 192,064,652</u>	<u>\$ 160,797,496</u>	<u>\$ 155,797,957</u>	<u>\$ 154,710,864</u>

NOTES TO THE FINANCIAL STATEMENTS

There were no changes made to the assets, liabilities or surplus balances reported by the Company for the year ended December 31, 2024. The surplus as regards policyholders, which totaled \$154,710,864 as of the examination date, was determined to be reasonably stated and in compliance with N.J.S.A 17:17-1 et seq.

Note 1 – Bonds

At December 31, 2024, a bond reported by the Company with a book value totaling \$196,802 and fair value of \$192,534 was on deposit with and subject to the Department’s control, in accordance with N.J.S.A. 17:20-1c.

Note 2 - Unpaid Losses and Loss Adjustment Expenses

No adjustments to reserves or surplus were indicated as a result of the actuarial portion of the examination. The assumptions used were generally found to be appropriate. The actuarial examination was limited to providing substantive reviews of the actuarial items on page 3 of the December 31, 2024 Annual Statement.

Summarized below are the recorded estimates which were included in our review:

Losses	\$77,571,129
Loss adjustment expenses	<u>16,246,598</u>
Total	<u>\$93,817,727</u>

The loss and loss adjustment expense reserves, including Incurred but Not Reported (“IBNR”), as reported by the Company, were deemed to be reasonable in light of the liabilities they support and, as attested to in the Statement of Actuarial Opinion, materially in compliance with the Statutes of the State of New Jersey. This examination conclusion is not a guarantee that the reserves will be adequate under every scenario of future experience; the results reached in this analysis are dependent on the assumptions used. Realized results may vary as actual experience differs from the assumptions. The Property and Casualty Actuarial Division of the Department reviewed the Report on the Actuarial Examination.

Note 3 – Capital and Surplus

The Company reported total capital and surplus in the amount of \$154,710,864 at December 31, 2024, as summarized:

The Company has 400 shares of \$10,500 par value of common stock authorized, issued and outstanding at December 31, 2024 and totaling \$4,200,000. Common stock of the Company is 100% owned by HPC.

At December 31, 2024, the Company had gross paid in and contributed surplus of \$89,754,459.

At December 31, 2024, the Company had unassigned funds (surplus) of \$60,756,405.

The Company was determined to be in compliance with the minimum capital and surplus requirements of the State of New Jersey at December 31, 2024.

SUMMARY OF EXAMINATION RECOMMENDATIONS

There were no comments and/or recommendations deemed necessary for purposes of this examination report.

SUBSEQUENT EVENTS

Effective February 17, 2025, Stephen G. Kalinsky replaced Adam E. Van Loon as President and Chairman of the Board and as a member of the Board of Directors.

CONCLUSION

The examination of High Point Preferred Insurance Company as of December 31, 2024, was conducted under the supervision of the State of New Jersey, Department of Banking and Insurance, by the undersigned.

The courteous assistance and cooperation extended during the course of the examination by management of the Company and members of the staff are hereby acknowledged.

Respectfully submitted,



Andy Jennings, CFE, ARM
Examiner-In-Charge
Risk & Regulatory Consulting, LLC
Representing the New Jersey Department of Banking and Insurance

Under the Supervision of,



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

AFFIDAVIT

I, Andy Jennings, 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 High Point Preferred Insurance Company as of December 31, 2024 to the best of my information, knowledge and belief.

Respectfully submitted,



Andy Jennings, CFE, ARM
Examiner-In-Charge
Risk & Regulatory Consulting, LLC

Under the supervision of,



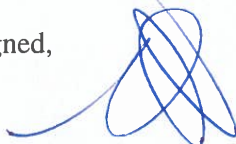
Nancy Lee Chice, CFE
CFE Reviewer, Supervising Examiner
New Jersey Department of Banking and Insurance

State of New Jersey
County of Mercer

Subscribed and sworn to before me,
On this 20th day of May, 2026



Signed,



Notary Public of the State of New Jersey
My commission expires on:

