

REPORT ON EXAMINATION AS TO THE CONDITION OF

RIDER INSURANCE COMPANY

WOODBIDGE, NEW JERSEY

AS OF DECEMBER 31, 2019

NAIC GROUP CODE 1227

NAIC COMPANY CODE 34509

FILED

JUNE 23, 2021

COMMISSIONER

DEPARTMENT

OF

BANKING AND INSURANCE

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State of New Jersey

DEPARTMENT OF BANKING AND INSURANCE
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June 15, 2021

Honorable Marlene Caride
Commissioner of Banking and Insurance
State of New Jersey
20 West State Street
Trenton, New Jersey 08625

Commissioner:

In compliance with your instructions and pursuant to the Revised Statutes of the State of New Jersey, an examination has been made of the financial condition and affairs of:

RIDER INSURANCE COMPANY
WOODBRIIDGE, NJ 07095
NAIC GROUP CODE 1227
NAIC COMPANY CODE 34509

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

SCOPE OF EXAMINATION

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

The examination was made as of December 31, 2019, and addressed Palisades Safety and Insurance Association’s (“PSIA”) acquisition of Rider Insurance Company (“Rider”), effective as of October 17, 2019. As of December 31, 2019, Rider reported assets of \$25,580,656, liabilities of \$21,256,631 and surplus of \$4,324,025

The examination was conducted in accordance with the standards and procedures established by the National Association of Insurance Commissioners (“NAIC”) Financial Condition (E) Committee and prescribed by the current NAIC *Financial Condition 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. This may include assessing significant estimates made by management and evaluating management’s compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company’s financial statements.

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 (“CPA”) 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, 2019. 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 have been incorporated into the work papers of the examiners and have been 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 Rider’s prior report on examination as of December 31, 2017.

HISTORY

Rider was incorporated on May 25, 1977, to write auto liability and auto physical damage lines of business and began doing business on June 3, 1977. The Company issued 120,000 shares with a par value of \$10 per share. The Certificate of Incorporation was filed with NJDOBI on May 31, 1977. Initial capital of \$300,000 was raised to \$1,200,000 divided into 120,000 shares of ten dollars (\$10) each by amending the Certificate of Incorporation on November 30, 1994, which was filed with NJDOBI on December 22, 1994. A capital increase examination was performed on June 30, 1995.

The Certificate of Authority dated June 3, 1977, permitted the Company to transact the kinds of insurance specified in paragraphs “b” and “e” of the New Jersey Revised Statute 17:17-1. Authority under paragraph “e” to write worker’s compensation and employer’s liability is specifically excluded.

By a second amendment to the Certificate of Incorporation dated May 7, 2002, and filed with NJDOBI on January 22, 2004, the Company moved its principal place of business from 1360 Morris Avenue, Union, New Jersey 07083 to 120 Mountain Avenue, Springfield, New Jersey 07081.

An amendment to the Certificate of Incorporation dated June 5, 2006, and filed with NJDOBI on July 28, 2006, increased the number of outstanding shares issued to 160,000 and decreased the par value of the capital stock from \$10 per share to \$7.50 per share. Gross paid-in and contributed surplus increased from \$400,000 to \$550,000 from the issuance of this 33 1/3% stock dividend. Unassigned surplus decreased \$400,000 as a result of this transaction.

An amendment to the Certificate of Incorporation dated May 17, 2007, and filed with NJDOBI on August 3, 2007, increased the number of outstanding shares issued to 240,000 and decreased the amount of par value of capital stock from \$7.50 per share to \$5.00 per share. Gross paid and contributed surplus increased \$600,000 to \$1,150,000 from the issuance of this 50% stock dividend. Unassigned surplus decreased \$600,000 as a result of this transaction.

An amendment to the Certificate of Incorporation dated December 8, 2011, and filed with NJDOBI on June 26, 2013, increased the number of outstanding shares to 510,000 resulting in authorized capital stock of \$2,550,000. As a result of this 112.5% stock dividend, unassigned funds decreased \$1,350,000. Gross paid in surplus remained at \$1,150,000.

On January 2, 2020, 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 January 10, 2020, filed with the Middlesex County Clerk on January 24, 2020, and filed with NJDOBI on January 24, 2020.

Rider wrote business in Delaware, Indiana, Maryland, Michigan, New Jersey, Ohio, Pennsylvania, Virginia and West Virginia. The Company withdrew its license from West Virginia, stopped writing new business as of June 15, 2016, and issuing non-renewals policies effective August 1, 2016.

On October 17, 2019, PSIA purchased all of the issued and outstanding shares of stock of the Company.

The principal office location of the Palisades Group of Companies is at 581 Main Street, Suite 400, Woodbridge, New Jersey 07095-1144, and the registered agent upon whom process may be served is the Company.

STATUTORY DEPOSIT

As of December 31, 2019, Rider, in accordance with N.J.S.A. 17:20-1c., had a market value of \$686,300 for the New Jersey statutory deposit.

TERRITORY AND PLAN OF OPERATIONS

Rider is a domestic property and casualty stock insurance company that is licensed in Delaware, Indiana, Maryland, Michigan, New Jersey, Ohio, Pennsylvania, Virginia and Texas to transact the following lines of business: Homeowners, Flood, Earthquake, Commercial Auto, Auto, and Aircraft. The Company transacts bodily injury and property damage liability for motorcycles, motorized bicycles and minibikes with various limits per occurrence and per policy through direct and agency channels. Although the Company is currently licensed in nine (9) states, the Company plans to continue to write only in New Jersey and Pennsylvania prospectively with the business in six (6) states being transferred to other unaffiliated insurance companies. (There is no active business in Texas.)

Effective October 17, 2019, concurrent with PSIA's acquisition of the Company, Rider entered into a quota share reinsurance agreement with PSIA whereby 100% of the inforce premiums, outstanding losses, outstanding loss adjustment expenses and underwriting expenses of the Company are ceded to PSIA. The Company does not currently assume any business.

Plymouth Rock Management Company of New Jersey ("PRNJ") provides underwriting, marketing, product management and other administrative services on behalf of the Company. Investment services are contractually provided by SRB Corporation, an affiliate of PRNJ. Custodial investment services are provided by The Northern Trust Company. Information Technology Services are provided by STG Corporation, an affiliate of PRNJ.

Rider conducts its business operations from its main administrative office at 581 Main Street, Suite 400, Woodbridge, NJ, 07095-1144, which serves as the primary location of the Company's accounting books and records.

REINSURANCE

At December 31, 2019, Rider had the following reinsurance in effect:

Intercompany Reinsurance:

Under the terms of a Quota Share Reinsurance Agreement, as amended, PSIA assumes 100% of the direct business net of external reinsurance that inures to the benefit of the contract and

involuntary pools and associations written by Palisades Property and Casualty Insurance Company (“PPCIC”), Palisades Insurance Company (“PIC”), High Point Property and Casualty Insurance Company, High Point Preferred Insurance Company (“HPP”), Teachers Auto Insurance Company of New Jersey, Twin Lights Insurance Company and 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 PPCIC and homeowners and personal umbrella business written by HPP. PSIA guarantees the collection of all external reinsurance.

Effective October 17, 2019, PSIA’s 100% Quota Share Reinsurance Agreement (Special Treaty) was amended to include Rider.

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 one nor more than ten 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 Rider 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, 2019:

<u>Name</u>	<u>Principal Occupation</u>
Gerald I. Wilson	President and CEO, PRNJ
Richard D. Eisenberg	Lawyer, Partner - Eisenberg Tanchum & Levy, LLP
Steven N. Klein	Partner and Managing Director, First Infrastructure Inc.

Rider 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.”

Rider 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 of Directors consists of three members, of which two are considered outside directors.

Committees

The Audit Committee (the “Committee”) Charter indicates that the size of the Committee is set from time to time by the Board, but will always consist of at least two directors, and the members of the Committee shall be appointed annually by the Board who may replace Committee members at any time. At least one member of the Committee shall be an “audit committee financial expert” as determined by the Board. The Committee shall meet at least two times per year, and shall meet periodically with management, the internal auditors and the independent auditor in separate executive sessions. The Committee shall report directly and regularly to the Board and review any issues that arise with respect to the quality or integrity of Rider’s financial statements; Rider’s compliance with legal or regulatory requirements; and the retention, termination, and performance of the independent auditors.

The following Audit Committee members were appointed and serving at December 31, 2019:

<u>Name</u>	<u>Position</u>
Richard D. Eisenberg	Independent Director
Steven N. Klein	Independent Director

Rider 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.”

Rider 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 Rider perform duties as designated by Rider’s by-laws with respect to the offices they hold, or as otherwise indicated by the Board. 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 at this meeting or at any other time. Any two or more offices may be held by the same person.

The following officers were elected and serving the Company at December 31, 2019:

<u>Name</u>	<u>Title</u>
Gerald I. Wilson	President and Chairman of the Board
Yogesh S. Deshmukh	Treasurer
Harry M. Baumgartner	Secretary
Vito A. Nigro	Assistant Treasurer
Bonnie Banahan	Assistant Secretary

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.”

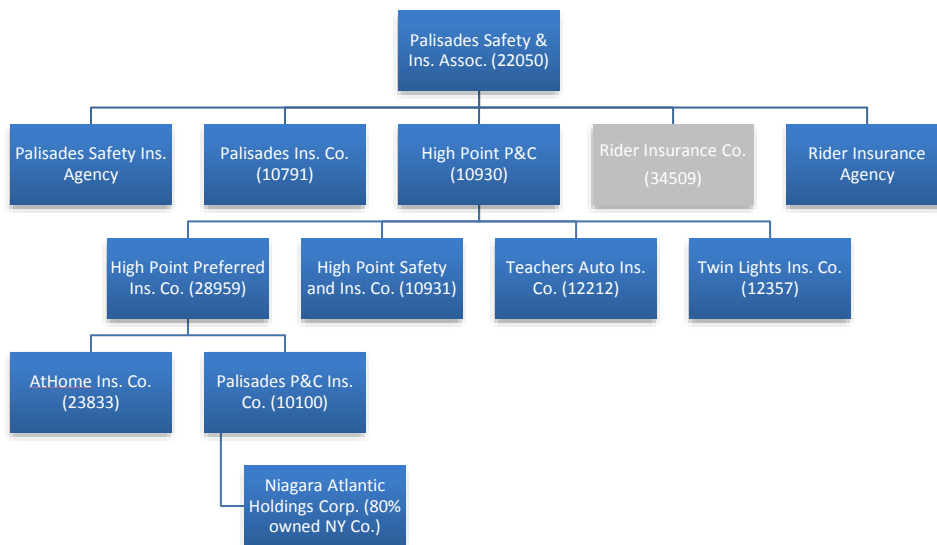
Rider satisfies the requirements of N.J.S.A. 17:27A-4d(5).

REGULATION OF INSURANCE HOLDING COMPANY SYSTEMS

Rider 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 Rider was in compliance with N.J.S.A. 17:27A-3, Sections a-j, requiring registration of those insurers who qualify as determined by N.J.S.A. 17:27A-1.

A holding company system organizational chart as of December 31, 2019 follows:



INTER-COMPANY AGREEMENTS / RELATED PARTY TRANSACTIONS

Inter-Company Agreements

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

Consolidated Federal Income Tax Liability Allocation Agreement:

Effective November 9, 1999, PSIA and affiliates entered into a consolidated tax agreement. Effective October 17, 2019, the agreement was amended to include Rider. 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 NJDOBI. 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:

Rider entered into a service agreement with PRNJ and PSIA, effective December 17, 2019. Under the terms of this agreement, various administrative services are provided to Rider in exchange for a management fee equal to 12.5% of written premium. 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.

Operating Services Agreement:

Effective December 17, 2019, Rider entered into an operating services agreement with PSIA. The operating services to be provided by PSIA on behalf of Rider include the following:

- Payment of claims arising from any of Rider's policies of insurance. Rider shall retain the ultimate responsibility for all adjustment and claims payments made on their behalf.
- Collection of premiums and payment of premium refunds on behalf of Rider, 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 Rider.
- Payment of commissions, fees, assessments, governmental examination expenses, and other general and administrative expenses on behalf of Rider.
- Payment and collection of external reinsurance amounts on behalf of Rider, 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 Rider.

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

100% Quota Share Reinsurance Agreement (Special Treaty):

Effective October 17, 2019, PSIA's 100% Quota Share Reinsurance Agreement (Special Treaty) was amended to include Rider. Please see "Reinsurance" section of this report for additional details.

Investment Services Agreement:

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

Related Party Transactions

During this examination period, PSIA paid off surplus notes of \$3,000,000 million, this was set off by receiving \$2,400,000 million of stock redemption upon the transfer of the real-estate (the building) to Rider's previous owners. The difference is \$600,000, which was added to Rider's equity (Gross paid in under the attached liabilities page) to be \$4,750,000.

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.

INFORMATION SYSTEMS

Information systems were reviewed at the Group level. The IT examination team's procedures considered a customized range of IT risks contained within the NAIC Exhibit C Part 2 Work Program, focusing on both IT governance and IT operational controls. Overall, the IT examination team concluded that IT General Controls (ITGCs) are *Effective*. IT review conclusions were based on inquiry, inspection of documentation, observation, independent research and a review of third-party work papers. The IT examination team's conclusion regarding control strength was discussed with, and accepted by, the Examiner-in-Charge at the conclusion of the IT review.

CONTINUITY OF OPERATIONS

Rider's by-laws 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.

Rider 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, 2019 14

Exhibit B: Summary of Revenue and Expenses for the
Year ended December 31, 2019.....15

Exhibit C: Capital and Surplus Account for the
Year ended December 31, 2019.....16

Exhibit A

Statement of Assets, Liabilities, Surplus and Other Funds at December 31, 2019

Admitted Assets	Current Examination at 12/31/2019	Balance per Company at 12/31/2019	Examination Change	Note Number
Bonds	\$ 7,018,346	\$ 7,018,346	\$ -	1
Stocks				
Preferred	131,072	131,072	-	
Common	1,245,916	1,245,916	-	
Cash, cash equivalents and short-term investments	15,555,363	15,555,363	-	
Receivable for securities	24	24	-	
Investment income due and accrued	59,135	59,135	-	
Uncollected premiums and agents' balances in the course of collection	(307,969)	(307,969)	-	
Amount recoverable from reinsurers	1,752,561	1,752,561	-	
Current federal and foreign income tax recoverable and interest thereon	115,964	115,964	-	
Electronic data processing equipment and software	4,763	4,763	-	
Furniture and equipment	325	325	-	
Receivable from parent, subsidiaries and affiliates	5,156	5,156	-	
	<u>\$ 25,580,656</u>	<u>\$ 25,580,656</u>	<u>\$ -</u>	
Liabilities				
Losses	\$ -	\$ -	\$ -	2
Loss adjustment expenses	-	-	-	2
Other expenses	525,408	525,408	-	
Ceded reinsurance premiums payable	636,602	636,602	-	
Payable to parent, subsidiaries and affiliates	20,094,621	20,094,621	-	
	<u>21,256,631</u>	<u>21,256,631</u>	<u>-</u>	
Surplus and Other Funds				
Common capital stock	\$ 2,550,000	\$ 2,550,000	\$ -	3
Gross paid in and contributed surplus	4,750,000	4,750,000	-	3
Unassigned funds (surplus)	(2,975,975)	(2,975,975)	-	3
	<u>4,324,025</u>	<u>4,324,025</u>	<u>-</u>	
Total Capital and Surplus	<u>4,324,025</u>	<u>4,324,025</u>	<u>-</u>	
Total liabilities and surplus as regards policyholders	<u>\$ 25,580,656</u>	<u>\$ 25,580,656</u>	<u>\$ -</u>	

Summary of Revenue and Expenses for Year Ended December 31, 2019

	<u>2019</u>
Total Revenue:	
Premiums earned	<u>\$ 15,874,350</u>
Expenses:	
Losses Incurred	\$ 7,968,493
Loss Adjustment expenses incurred	505,439
Other underwriting expenses incurred	12,279,373
Aggregate write-ins for underwriting deductions	-
Total Underwriting deductions	<u>20,753,305</u>
Net underwriting gain (loss)	(4,878,955)
Investment Income:	
Net investment income earned	242,875
Net realized capital gains or loss (less capital gains tax)	<u>8,741</u>
Net Investment gain (loss)	251,616
Other Income:	
Net gain (Loss) from agents' or premium balance charge off	\$ -
Finance and service charges not included in premiums	292,181
Aggregate write-ins for miscellaneous income	256,298
Total other Income	<u>548,479</u>
Net Income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	<u>(4,078,860)</u>
Dividends to policyholders	-
Net Income after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	(4,078,860)
Federal and foreign income taxes incurred	<u>(118,287)</u>
Net Income	<u><u>\$ (3,960,573)</u></u>

Capital and Surplus Account for the Year Ended December 31, 2019

	<u>2019</u>
Surplus as regards policyholders, December 31 prior year	\$ 8,262,306
Net income	(3,960,573)
Change in net unrealized capital gains (losses)	622,572
Change in net deferred income tax	268,246
Change in non-admitted assets	1,531,473
Change in provision for reinsurance	
Change in Surplus Notes	(3,000,000)
Capital changes:	
Paid in	-
Surplus adjustments:	
Paid in	600,000
Dividends to stockholders	-
Aggregate write-ins for gains and losses in surplus	-
Net change in capital and surplus for the year	<u>(3,938,282)</u>
Capital and surplus, December 31, current year	<u><u>\$ 4,324,024</u></u>

NOTES TO THE FINANCIAL STATEMENTS

There were no changes made to the assets, liabilities or surplus balances reported by Rider for the year ended December 31, 2019. The surplus as regards policyholders, which totaled \$4,324,025 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

Bonds totaling \$686,300 in par value were held as statutory deposits by the NJDOBI on behalf of the Company in accordance with N.J.S.A. 17:20-1c.

Note 2 - Unpaid Losses and Loss Adjustment Expenses

The Company's reported liabilities at December 31, 2019, for unpaid losses and unpaid loss adjustment expenses, net of reinsurance, amounted to \$0 and \$0, respectively. 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 appropriately conservative.

The examination team collaborated with the actuaries to conduct all of the reviews of internal controls and risk analysis.

The aggregate net amounts reported by the Company met or exceeded the statutory minimums of the State of New Jersey. The claims reserves and policy 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 materially in compliance with the Statutes of the State of New Jersey. This examination conclusion is not a guarantee that the reserves and any supporting assets 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.

Note 3 – Capital and Surplus

The Company reported total capital and surplus in the amount of \$4,324,025 at December 31, 2019, as summarized:

The Company has 510,000 shares of \$5 par value of common stock authorized, issued and outstanding at December 31, 2019. Common Stock of the Company is 100% owned by PSIA.

During this examination period, the Company received a capital infusion from PSIA of \$600,000 for year ending December 31, 2019. These capital contributions were verified as part of this examination bringing the total gross paid in and contributed surplus to \$4,750,000 at December 31, 2019.

During 2020, the Company received a capital contribution from PSIA of \$3,500,000. These capital contributions were verified as part of this examination's subsequent event bringing total gross paid in and contributed surplus to \$8,250,000.

At December 31, 2019, the Company had unassigned funds (surplus) of \$(2,975,975).

The Company was determined to be in compliance with the minimum capital and surplus requirements of the State of New Jersey at December 31, 2019.

SUMMARY OF EXAMINATION RECOMMENDATIONS

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

COMMITMENTS AND CONTINGENCIES

Palisades Group and its subsidiaries (including the Company, and collectively known as “Palisades”) are routinely involved in numerous claims, lawsuits, regulatory audits, investigations and other legal matters arising, for the most part, in the ordinary course of managing a property and casualty business. Palisades believes that the legal actions, regulatory matters, proceedings and investigations currently pending against it should not have a material adverse effect on Palisades results of operations, financial condition or liquidity based upon current knowledge and taking into consideration current accruals. Disputed tax matters arising from audits by the Internal Revenue Service (“IRS”) or other state and foreign jurisdictions, including those resulting in litigation, are accounted for under the NAIC’s accounting guidance for tax loss contingencies.

SUBSEQUENT EVENTS

During 2020, PSIA made a capital contribution to Rider in the amount of \$3,500,000.

On March 11, 2020, the outbreak of a novel strain of coronavirus, COVID-19, was declared a pandemic by the World Health Organization. The extent of the pandemic’s impact on the Company’s operational and financial performance cannot be predicted and will depend on various factors, such as the duration and spread of the outbreak, regulatory developments, and the impact on the financial markets. Due to the uncertainty of the pandemic, it is not feasible to assess the impact at this time.

CONCLUSION

A regular statutory financial condition examination was conducted by the undersigned with the assistance of examiners of the New Jersey Department of Banking and Insurance examination staff.

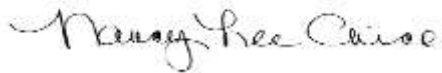
The examination was conducted remotely. The courteous assistance and cooperation of the Company's management is acknowledged.

Respectfully submitted,



Alex Quasnitschka, CFE
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

Rider Insurance Company.

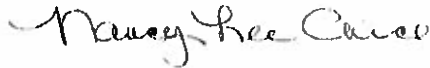
The undersigned hereby certifies that an examination has been made of Rider Insurance Company and the foregoing report is true to the best of my knowledge and belief.

Respectfully submitted,



Alex Quasnitschka, CFE
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

State of New Jersey
County of Mercer

Subscribed and sworn to before me, on this 28th day of May, 2021.



Notary Public of New Jersey

My commission expires: July 2025