

**REPORT ON EXAMINATION AS TO THE CONDITION OF  
AMERIHEALTH INSURANCE COMPANY OF NEW JERSEY**

**CRANBURY, NEW JERSEY 08502**

**AS OF DECEMBER 31, 2021**

**N.A.I.C. GROUP CODE 936**

**N.A.I.C. COMPANY CODE 60061**

**FILED**  
**JUNE 20, 2023**  
**COMMISSIONER**  
**NEW JERSEY**  
**DEPARTMENT**  
**OF**  
**BANKING AND INSURANCE**

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**State of New Jersey**

PHILIP D. MURPHY  
*Governor*

DEPARTMENT OF BANKING AND INSURANCE  
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May 25, 2023

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

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:

**AmeriHealth Insurance Company of New Jersey**  
**CRANBURY, NJ 08512**  
**N.A.I.C. GROUP CODE 936**  
**N.A.I.C. COMPANY CODE 60061**

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

## **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.

The examination was made as of December 31, 2021, and addressed the five-year period from January 1, 2017, to December 31, 2021. During this five-year period under examination, the Company's assets increased from \$421,274,623 to \$732,579,258. Liabilities increased from \$294,644,996 to \$503,245,406 and its capital and surplus increased from \$126,629,627 to \$229,333,852.

The New Jersey Department of Banking and Insurance ("NJDOBI") conducted the examination in accordance with the 2021 edition of the National Association of Insurance Commissioners ("NAIC") Financial Condition Examiners Handbook (the "NAIC Handbook"). The NAIC Handbook requires NJDOBI to plan and perform the examination in order to evaluate the financial condition and identify prospective risks of the Company. To meet these objectives NJDOBI obtained information regarding the Company's corporate governance environment, identified and assessed inherent risks to which it is exposed and evaluated 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, "One of the increased benefits of the enhanced risk focused approach is to include ... consideration of other than financial risks that could impact the insurer's future solvency. By utilizing the enhanced approach, the examiner reviewed the "financial" and "enterprise" risks that existed at the examination "as of" date and will be positioned to assess "financial" and "enterprise" risks that extend or commence during the time the examination was conducted and "prospective" risks which are anticipated to arise or extend past the point of examination completion. Using this approach examiners will be better positioned to make recommendations for appropriate future supervisory plans (i.e., earlier statutory exams, limited-scope exams, key areas for financial analysts to monitor, etc.) for each insurer."

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**

The Company was incorporated on April 6, 1994, as a stock life insurance corporation under the laws of the State of New Jersey. The Certificate of Incorporation of "Independence Insurance Benefits Company" was approved by the Commissioner of Insurance on April 6, 1994, and was filed with the Burlington County Clerk on April 7, 1994, and the Department of Insurance on April 12, 1994. The kinds of insurance, reinsurance and annuities to be written by the corporation shall be "Life Insurance" as defined in Section 17B:17-3 of Subtitle 3 of Title 17B of the New Jersey Revised Statutes, "Health Insurance" as defined in Section 17B:17-4 of Subtitle 3, "Annuity Insurance" as defined in Section 17B:17-5 of Subtitle 3, "Reinsurance" as defined in and authorized by Sections 17B:18-62 and 17B:18-63 of Subtitle 3, "Extended Reinsurance" as defined in and authorized by Section 17B:18-65 of Subtitle 3, and such other insurance and reinsurance as may be permitted under the laws of the State of New Jersey to be written by an insurer authorized to do the kinds of business described in Sections 17B:17-3, 17B:17-4 and 17B:17-5 of Subtitle 3. Independent of any insurance or annuity contract, the Corporation may provide services of the kinds authorized for a domestic life insurance corporation by Section 17B:18-43 of Subtitle 3, subject to a provision of said Section, and such as may from time to time be authorized for domestic life, health and annuity insurers by the laws of New Jersey.

On December 6, 1994, the Company's Stock Certificate certified that Independence Blue Cross is the owner of all 306,000 authorized shares of "Independence Insurance Benefits Company" with a par value of five dollars (\$5.00) per share for a total authorized capital of one million five hundred and thirty thousand dollars (\$1,530,000).

The Company has not met the capital and surplus requirements for the lines of business as designated in their original Certificate of Incorporation of April 6, 1994, in accordance with N.J.S.A. 17B:18-41 which requires ... "that the whole amount of the capital stock as set forth in the certificate of incorporation and the required minimum surplus of the insurer has been paid in cash...". The Company only has enough surplus to cover writing the "Health Insurance" line of business and needs to eliminate life authority before it can receive final approval for their Certificate of Authority.

On March 9, 1995, the Company Amended and Restated their Certificate of Incorporation to meet the requirements of N.J.S.A. 17B:18-41. The amended Certificate of Incorporation was approved by the Commissioner of Insurance on March 9, 1995, and was filed with the Burlington County Clerk on April 5, 1995, and the Department of Insurance on April 6, 1995. The amended articles are as follow:

"ONE": the Company's name was changed from "Independence Insurance Benefits Company" to "AmeriHealth Insurance Company of New Jersey."

"THREE": the business of the Corporation shall be that of a stock health insurance corporation. The kind of insurance to be written by the Corporation shall be "Health Insurance" as defined in Section 17B:17-4 of Subtitle 3 and such other insurance and reinsurance as may be permitted under the laws of the State of New Jersey to be written by an insurer authorized to do the kinds of business described in Section 17B:17-4 of Subtitle 3.

"FOUR": the Corporation shall be a stock insurer. The amount of the capital stock of the Corporation shall be seven hundred thousand dollars (\$700,000) and shall be divided into one hundred forty thousand (140,000) shares of common stock, with each share having a par value of five dollars (\$5.00).

On March 9, 1995, the Company Amended and Restated their By-Laws which was approved by the Commissioner of Insurance on this date and was filed with the Department of Insurance on April 6, 1995. The amendment changed the Company's name from "Independence Insurance Benefits Company" to "AmeriHealth Insurance Company of New Jersey."

On March 9, 1995, the Company amended and reissued its Stock Certificate which certifies that Independence Blue Cross is the owner of all 140,000 authorized shares of AICNJ with a par value of five dollars (\$5.00) per share for a total authorized capital of seven hundred thousand dollars (\$700,000).

The New Jersey Commissioner of Insurance issued an original Certificate of Authority on June 16, 1995, which authorized the Company, AICNJ, to write "Health Insurance" as defined in Section 17B:17-4 of Subtitle 3. The Company commenced business on June 16, 1995.

On December 16, 1998, NJDOBI issued Order No. A98-156 which approved the transfer of ownership of AICNJ from Independence Blue Cross to AmeriHealth, Inc. This transaction involves an intra-system reorganization which has no effect on the ultimate control or ownership of AICNJ; thus, the Department exempted this transaction from the statutory filing and public hearing requirements of N.J.S.A. 17:27A-1 et. seq. in accordance with N.J.S.A. 17:27A-2f(2).

On December 31, 1998, the Company amended and reissued its Stock Certificate which certifies the change of

stock ownership from “Independence Blue Cross” to “AmeriHealth, Inc.” as the owner of all 140,000 authorized shares of AICNJ.

On August 23, 2004, the Company Amended and Restated their Certificate of Incorporation and it was approved by the Deputy Attorney General on August 23, 2004, and filed with the Burlington County Clerk and NJDOBI on October 13, 2004.

On July 1, 2014, pursuant to a Limited Liability Company Formation and Subscription Agreement, the Company and Cooper Health System ("Cooper") formed a new entity, AmeriHealth New Jersey, LLC (AmeriHealth NJ LLC) for the purpose of engaging in the business of health care services, insurance and administration for New Jersey domiciled subscribers. Please see forepart item titled Regulation of Insurance Holding Company Systems.

The principal office of the Corporation in the State of New Jersey, which shall be its registered office, is to be located at 8000 Midlantic Drive, Suite 333, Mt. Laurel, NJ 08054-1560, in the county of Camden, and the registered agent upon whom process may be served at that office is William Haggett.

### **STATUTORY DEPOSIT**

As of December 31, 2021, the Company in accordance with N.J.S.A. 17B:18-37(c) had a market value of \$119,196 for the New Jersey statutory deposit.

### **TERRITORY AND PLAN OF OPERATION**

The Company is a health insurer within the Independence Health Group Insurance Holding Company System writing Preferred Provider Organization and Comprehensive Medical insurance, marketed to individuals and large and small groups in the New Jersey commercial and Medicare supplement marketplaces. The Company is currently authorized in every New Jersey County to offer its products, both on and off New Jersey’s Federally Facilitated Marketplace until January 1, 2021, at which time the state of New Jersey took over operation of the exchange.

The Company’s corporate headquarters is located in Cranbury, New Jersey.

The Company is party to outside provider incentive agreements with Advocare Pediatric, Cooper, Atlantic Health System, RWJBarnabas Health, Hackensack Meridian Health and Virtua Health who provide certain services to and for the Company.

### **REINSURANCE**

The Company is currently a party to the following reinsurance agreements:

#### **Assumed Reinsurance**

##### **AmeriHealth HMO, Inc.**

##### **Quota Share**

On July 1, 2014, AmeriHealth HMO, Inc. (“AHHMO”), an affiliate, entered into a Reinsurance Agreement with the Company in which the Company will reinsure on an indemnity basis a one-hundred percent quota share of the included contracts. Per the terms of the reinsurance agreement, AHHMO will cede to the Company New Jersey gross premiums, claims incurred and all other expenses related with New Jersey domiciled groups and members.

##### **Point of Service**

The Company is also party to a reinsurance agreement with AHHMO, for self-referred covered services incurred under AHHMO's point of service plans sold to New Jersey Members.

### **United Concordia Dental Plans of Pennsylvania, Inc.**

On January 1, 2012, United Concordia Dental Plans of Pennsylvania, Inc. ("UCDPP") entered into a First Dollar 50% Quota Share Reinsurance Agreement with the Company. UCDPP will pay the Company, as reinsurance premium, Quota Share of the amount of Reinsurance Premiums calculated for all Policies for each Accounting Period. The Company will be responsible for the Quota Share of all Claims for each Accounting Period.

### **Ceded Reinsurance**

#### **United Concordia Dental Plans**

The Company has a reinsurance agreement with QCC Insurance Company, a wholly-owned subsidiary of Independence Health Group, Inc. ("IHG"), in which the Company cedes on an indemnity basis a one-hundred percent quota share of dental benefits for which third-party administration services are provided by UCDPP.

#### **State Exchange Programs – Reinsurance**

The Company is subject to a New Jersey state-wide reinsurance program imposed by NJDOBI. When annual claim costs incurred by the Company's qualified individual members exceed a specified attachment point, the Company is entitled to certain reimbursements from this program.

### **CORPORATE RECORDS**

A review of the minutes of the Board of Director' meetings had a quorum. The Board minutes also indicated that the Company's overall transactions and events were adequately supported and approved.

### **MANAGEMENT AND CONTROL**

The President and delegated officers under the guidance of the Board of Directors manage the business, property and affairs of the Company.

A listing of the Directors serving the Company at December 31, 2021, is as follows:

<u>Name</u>	<u>Principal Occupation</u>
Brian Lobley	IHG, Executive Vice President and Chief Operating Officer
Juan Alfonso Lopez, Jr.	IHG, Executive Vice President, Chief Financial Officer, & Treasurer
Richard Lamar Snyder, M.D.	IHG, Executive Vice President, Facilitated Health Networks and Chief Medical Officer

Michael Walsh Sullivan	IHG, Chief Sales Officer & President Commercial Markets
Paula June Sunshine	IHG, Senior Vice President and Chief Marketing Officer

The following officers have been elected and were serving the Company at December 31, 2021:

<u>Name</u>	<u>Principal Occupation</u>
Michael Walsh Sullivan	AICNJ, President & Chief Executive Officer
Juan Alfonso Lopez, Jr.	AICNJ, Executive Vice President, Chief Financial Officer, & Treasurer
Lilton Roosevelt Taliaferro, Jr., Esq.	AICNJ, Vice President & Corporate Secretary
Richard Lamar Snyder, M.D.	IHG, Executive Vice President, Facilitated Health Networks and Chief Medical Officer
Stephen Paul Fera	IHG, Executive Vice President, Public Affairs
Daphne Klausner	IHG, Senior Vice President and President of Government Markets
Michael A. Munoz	IHG, Senior Vice President and Market President
Ryan Jeffery Petrizzi	IHG, Vice President, Sales
G. Kenneth Robinson, III	IHG, Vice President, Tax
Paul L. Staudenmeier	IHG, Senior Vice President, Total Value Contracting and Reimbursement

## **REGULATION OF INSURANCE HOLDING COMPANY SYSTEMS**

AICNJ became part of an insurance holding company system on April 6, 1994, and received its Certificate of Authority from the State of New Jersey on June 16, 1995. Following the restructuring that is the subject of the Reorganization Approval Order, AICNJ is a wholly-owned subsidiary of AmeriHealth NJ LLC, a Delaware Limited Liability Company, and an indirect subsidiary of IHG.

### **Independence Health Group, Inc.**

On August 7, 2013, the Registrant's former ultimate parent, Independence Blue Cross ("IBC"), filed with the Pennsylvania Insurance Department a "Form A" application for approval to restructure its holding company system resulting in a change in control of IBC and other insurers ("Restructuring"). This Form A application, as amended, was approved by the Pennsylvania Insurance Department under its Decision and Order dated June 9, 2014 ("Reorganization Approval Order"). IBC also filed with NJDOBI a "Form A" application for approval of the change in control of AICNJ that would result from the Restructuring. That approval was issued under Order No. A 13-115 dated December 20, 2013, as thereafter amended and supplemented by Order No. A14-103, dated



February 27, 2014. The Restructuring closed on July 1, 2014. As a result, IHG replaced IBC in its capacity as an ultimate controlling person of AICNJ.

**Cooper Health System and/or Cooper Medical Services, Inc.**

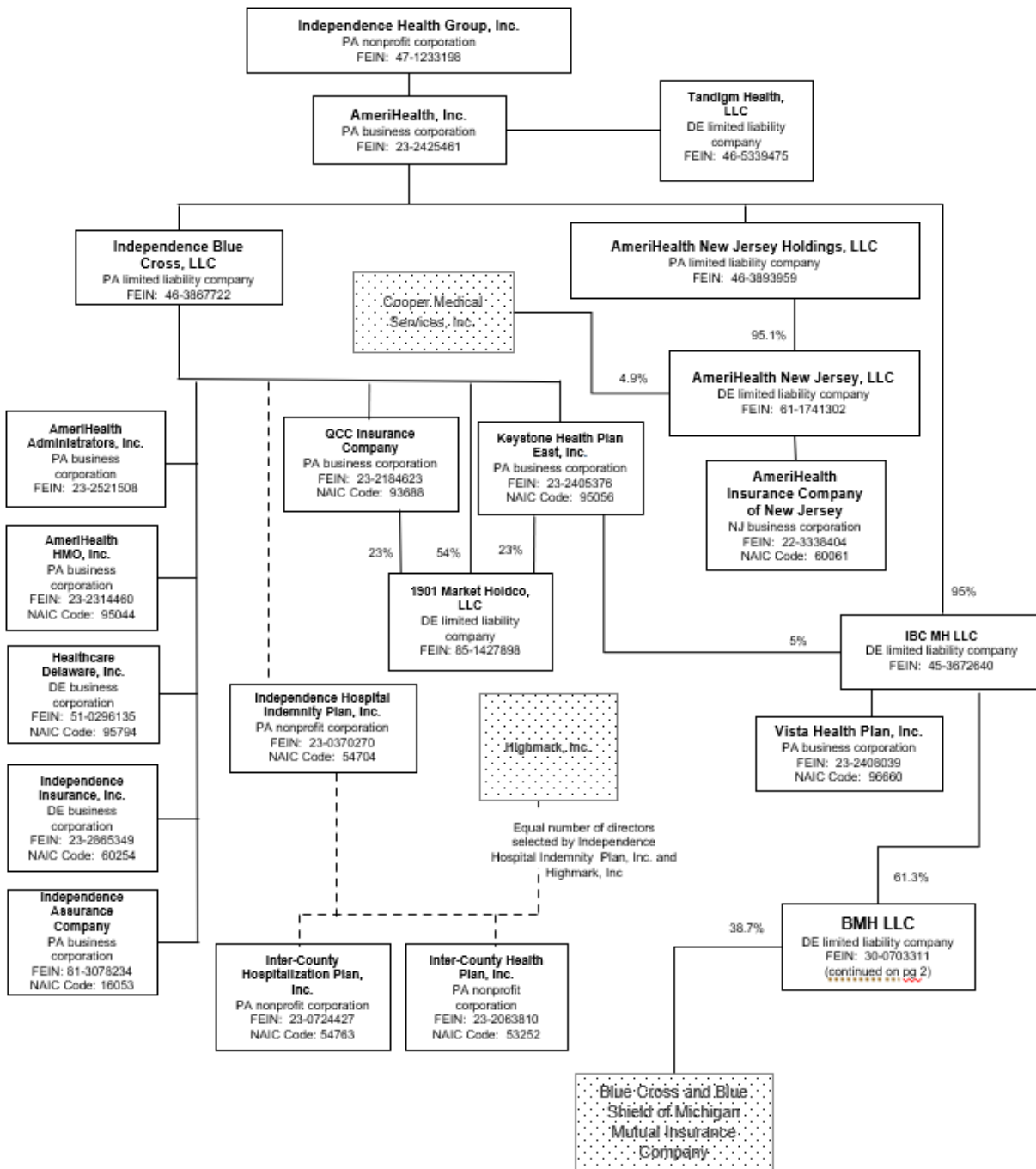
Cooper, a New Jersey non-profit corporation, through its wholly-owned subsidiary, Cooper Medical Services, Inc. ("CMSI" and collectively as "Cooper"), became an ultimate control person of AICNJ when CMSI purchased a 20% interest in the future earnings of AmeriHealth NJ LLC, AICNJ's immediate parent company. Cooper's acquisition of control was approved under NJDOBI Order No. A 13-113, dated November 18, 2013.

As part of the transaction, Cooper had the option to purchase an additional 4% interest in the future earnings of AmeriHealth NJ LLC in exchange for cash. Cooper did not exercise that option.

As a result of Cooper's election not to fund its share of capital calls made by AHNJ LLC, Cooper's interest in the future earnings of AmeriHealth NJ LLC was diluted to 7.6% as of March 1, 2017, and further reduced to 4.8% effective April 1, 2020.

On December 22, 2022, the Company executed a Redemption and Release Agreement with Cooper whereby the Company will redeem all of Cooper's membership interest in AICNJ in consideration of \$20 million. Effective December 31, 2022, Cooper has transferred and relinquished all of its interest in AICNJ and no longer has any rights or obligations as a member of AICNJ. As a result, Cooper's interest in future earnings were fully diluted effective December 31, 2022.

The organizational chart below depicts the direct and indirect ownership of companies within IHG's holding company system as of December 31, 2021. The organizational chart does not depict all entities contained within the holding company system due to the size and complexity of the business operations within the holding company system. The holding company system consists of various insurance and non-insurance entities.



## INTER-COMPANY AGREEMENTS / RELATED PARTY TRANSACTIONS

The Company had the following Inter-Company Agreements as of December 31, 2021:

### Second Amended and Restated Affiliate Credit Agreement

The Company is a participant in a previously approved Credit Agreement, as amended and restated, authorizing parties to enter into short-term loans with one another in order to cover short-term operating capital requirements in lieu of liquidating long term investments. In conjunction with the restructuring that is the subject of the Reorganization Approval Order, an amended and restated affiliate Credit Agreement was approved and became effective July 1, 2014.

### **Amended Pension Funding Agreement**

In 2007, the Company entered into a written agreement with other affiliates which memorialized an existing business practice regarding the funding mechanism for the employee pension fund. In conjunction with the restructuring that is the subject of the Reorganization Approval Order, a First Amended Pension Funding Agreement was approved and became effective July 1, 2014. Independence Blue Cross, LLC (IBC LLC), a second tier, wholly-owned subsidiary of the ultimate parent, IHG, has been selected by IHG as the affiliate that will sponsor the Pension Plan for its eligible employees and those eligible employees of IHG and the other affiliates that have subscribed to the Amended Pension Funding Agreement. The Amended Pension Funding Agreement provides the method and manner in which the pension plan is financed.

### **Master Administrative Services Agreement**

The Company is a party to a general administrative services agreement with other affiliates through which certain services are provided to one another at cost. In conjunction with the restructuring that is the subject of the Reorganization Approval Order, an updated Master Administrative Services Agreement was approved and became effective July 1, 2014. The agreement includes a cost-sharing agreement through which certain overhead expenses are paid by IBC LLC, and then allocated among participants according to each party's proportionate share.

### **First Amended Treasury Services Agreement**

The Company is a party to a treasury services agreement with IHG, IBC LLC and other IHG affiliates for the daily management and investment of the cash flows associated with the Company's business. In conjunction with the restructuring that is the subject of the Reorganization Approval Order, a First Amended Treasury Services Agreement was approved by NJDOBI and became effective July 1, 2014. IBC LLC manages the daily cash-flows of IHG, the Company, and other specified affiliates that have subscribed to the First Amended Treasury Services Agreement.

### **POLICY ON CONFLICT OF INTEREST**

The Company, through its ultimate parent, IHG, has adopted and maintains a written policy for an annual conflict of interest disclosure statement for directors, officers and employees of the Company.

Upon the review of the questionnaires for the period under examination, it was noted the Company did have its directors, officers and employees execute the conflict of interest questionnaires for the examination year ending December 31, 2021.

### **POLICY FORMS AND UNDERWRITING PRACTICES**

AICNJ underwrites health insurance within the State of New Jersey only.

The Company has submitted in their Small Employers Health Information Rate Filings for their standard plans and riders on the PPO/POS and CMM and non-standard riders in accordance with the Small Employer Health Benefits Act. These information rate filings were submitted in accordance with N.J.A.C. 11:21-9 et seq. which establishes informational rate filing requirements and procedures applicable to health benefit plans. The filings apply to all carriers issuing, renewing, reinstating or continuing health benefit plans to small employers pursuant to N.J.S.A. 17B:27A-17. Small Employers means any business which maintains 2 to 50 eligible employees within the State of New Jersey.

The Company has filed its “Certification of Compliance” forms with the NJDOBI for all examination years, certifying that its health benefit plans and forms are in compliance with the Small Employer Health Benefits Plans in accordance with the provisions of N.J.A.C. 11:21-4.2.

### **ADVERTISING AND SALES MATERIAL**

A review of the Company’s advertising and sales materials disclosed that the Company complies with N.J.S.A. 17:18-10 and that there were no material inconsistencies between the Company’s sales material and their policies.

### **TREATMENT OF POLICYHOLDERS**

The Company’s complaint handling procedures as well as its complaint logs were reviewed for the period under examination.

Upon review of the AICNJ’s complaint files, it was determined that the Company complies with N.J.S.A. 17:29B-4(10) which states: “This complaint log record shall indicate the total number of complaints, their classification by line of business, the nature of each complaint, the disposition of these complaints and the time it took to process each complaint.” The Company is also in compliance with N.J.S.A. 26:2J-12 which details the complaint system for every health maintenance organization.

### **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 was reviewed by INS Consulting, Inc. as part of the Pennsylvania Department of Insurance Examination. There were no exceptions noted or recommendations made.

The Company has made provisions for the succession of officers in its By-laws.

### **FINANCIAL STATEMENTS AND OTHER EXHIBITS**

- Exhibit A Balance Sheet as at December 31, 2021
- Exhibit B Summary of Revenue and Expenses for the Five-Year Period Ending December 31, 2021
- Exhibit C Capital and Surplus Account for the Five-Year Period Ending December 31, 2021

AMERIHEALTH INSURANCE COMPANY OF NEW JERSEY  
BALANCE SHEET AT DECEMBER 31, 2021

	Current Examination at 12/31/2021	Balance per Company at 12/31/2021	Examination Change	Note Number
<b><u>Assets</u></b>				
Bonds	\$423,384,436	\$423,384,436	\$0	1
Common stocks	160,600	160,600	0	
Cash and cash equivalents	128,999,461	128,999,461	0	
Investment income due and accrued	1,479,749	1,479,749	0	
Uncollected premiums and agents' balances in the course of collection	14,046,231	14,046,231	0	
Contracts subject to redetermination	2,121,429	2,121,429	0	
Amounts recoverable from reinsurers	79,603,409	79,603,409	0	
Funds held by or deposited with reinsured companies	17,240,330	17,240,330	0	
Other amounts receivable under reinsurance contracts	136,208	136,208	0	
Net deferred tax asset	21,567,808	21,567,808	0	
Guaranty funds receivable or on deposit	1,451,209	1,451,209	0	
Receivables from parent, subsidiaries and affiliates	5,558,360	5,558,360	0	
Health care and other amounts receivable	35,673,354	35,673,354	0	
Aggregate write-ins for other than invested assets	1,156,674	1,156,674	0	
Total Net Admitted Assets	<u>\$732,579,258</u>	<u>\$732,579,258</u>	<u>\$0</u>	
<b><u>Liabilities</u></b>				
Claims unpaid	\$138,204,902	\$138,204,902	\$0	2
Accrued medical incentive pool & bonus amounts	20,676,472	20,676,472	0	
Unpaid claims adjustment expenses	2,650,994	2,650,994	0	
Health Service Act	193,865,405	193,865,405	0	
Aggregate health claim reserves	100,000	100,000	0	
Premiums received in advance	25,506,107	25,506,107	0	
General expenses due or accrued	45,823,110	45,823,110	0	
Current federal and foreign income tax payable and interest thereon including \$16,910 on realized capital losses	2,872,268	2,872,268	0	
Amounts withheld or retained for the account of others	8,842,919	8,842,919	0	
Amounts due to parent, subsidiaries and affiliates	58,895,216	58,895,216	0	
Funds held under reinsurance treaties	431,644	431,644	0	
Aggregate write-ins for other liabilities	5,376,369	5,376,369	0	
Total liabilities	<u>\$503,245,406</u>	<u>\$503,245,406</u>	<u>\$0</u>	
<b><u>Capital and Surplus</u></b>				
Common Capital Stock	\$700,000	\$700,000	\$0	
Gross paid in and contributed surplus	237,672,497	237,672,497	0	
Unassigned funds (surplus)	(9,038,645)	(9,038,645)	0	
Total Capital and Surplus	<u>229,333,852</u>	<u>229,333,852</u>	0	3
Total Liabilities, Capital and Surplus	<u>\$732,579,258</u>	<u>\$732,579,258</u>	<u>\$0</u>	

**AMERIHEALTH INSURANCE COMPANY OF NEW JERSEY**  
**SUMMARY OF REVENUE AND EXPENSES FOR THE**  
**FIVE YEAR PERIOD ENDING DECEMBER 31, 2021**

<u>UNDERWRITING INCOME</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b><u>Revenues</u></b>					
Net Premiums Income	\$1,148,669,240	\$1,090,496,999	\$1,107,228,226	\$1,095,404,902	\$1,772,237,949
Change in unearned premium reserves	10,226,639	0	0	0	0
Total revenues	\$1,158,895,879	\$1,090,496,999	\$1,107,228,226	\$1,095,404,902	\$1,772,237,949
<b><u>Hospital and Medical</u></b>					
Hospital/Medical Benefits	\$748,058,625	\$641,695,738	\$625,560,648	\$533,376,585	\$555,951,149
Other Professional Services	845,251	692,655	3,619,485	3,532,150	3,985,562
Emergency Room & Out of Area	35,017,487	30,597,990	33,049,825	29,127,400	28,298,075
Prescription Drugs	155,251,632	146,714,381	169,214,694	148,948,327	129,947,473
Incentive pool, withhold adjustments and bonus amounts	12,315,153	8,904,863	2,573,035	3,756,931	6,447,633
Less: Net reinsurance recoveries	(22,621,703)	(29,912,512)	(57,888,322)	(118,976,457)	(140,199,826)
Total hospital and medical	\$974,109,851	\$858,518,139	\$891,906,009	\$837,717,850	\$864,829,718
Claims Adjustment Expenses	\$38,098,263	\$36,176,684	\$37,080,071	\$30,441,087	\$32,116,209
General Administrative Expenses	193,893,942	189,398,507	154,869,391	185,524,270	160,712,899
Total Underwriting Deductions	\$1,206,102,056	\$1,084,093,330	\$1,083,855,471	\$1,053,683,207	\$1,057,658,826
Net underwriting gain or (loss)	(\$47,206,177)	\$6,403,669	\$23,372,755	\$41,721,695	\$14,579,123
Net Investment Income Earned	8,602,636	10,191,687	11,295,637	9,310,720	2,854,543
Net Realized Capital Gains or (Losses)	(2,139,611)	1,144,165	286,240	(81,627)	15,966
Net Investment Gain or (Losses)	\$6,463,025	\$11,335,852	\$11,581,877	\$9,229,093	\$2,870,509
Net Income or (Loss) after Capital Gain Tax and Before All Other Federal Income Taxes	(\$40,743,152)	\$17,739,521	\$34,954,632	\$50,950,788	\$17,449,632
Federal and Foreign Income Taxes Incurred	9,307,775	24,196,054	0	0	138,800
Net Income (Loss)	(\$50,050,927)	(\$6,456,533)	\$34,954,632	\$50,950,788	\$17,310,832

**AmeriHealth Insurance Company of New Jersey**  
**CAPITAL AND SURPLUS ACCOUNT FOR**  
**THE FIVE YEAR PERIOD ENDING DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Net Income	(\$50,050,927)	(\$6,456,533)	\$34,954,632	\$50,950,788	\$17,310,832
Change in net unrealized capital gains (losses)	2,729,182	(2,905,948)	22,765	(12,602)	17,786
Change in net deferred income tax	18,442,562	(2,421,449)	(6,810,451)	(15,489,744)	(27,952,648)
Change in nonadmitted assets	(3,740,027)	87,671,018	(1,745,365)	6,076,628	52,113,727
Change in unauthorized and certified insurance	0	0	0	0	0
Dividends to stockholders	0	0	(50,000,000)	0	0
Aggregate write-ins for gains or (losses) in surplus	0	0	0	0	0
Net change in capital and surplus	<u>(\$32,619,210)</u>	<u>\$75,887,088</u>	<u>(\$23,578,419)</u>	<u>\$41,525,070</u>	<u>\$41,489,697</u>
Capital and Surplus Prior Reporting Period	<u>\$261,953,062</u>	<u>\$186,065,974</u>	<u>\$209,644,394</u>	<u>\$168,119,324</u>	<u>\$126,629,627</u>
Capital and Surplus End of Reporting Period	<u>\$229,333,852</u>	<u>\$261,953,062</u>	<u>\$186,065,975</u>	<u>\$209,644,394</u>	<u>\$168,119,324</u>

## **NOTES TO THE FINANCIAL STATEMENTS**

### **NOTE 1: BONDS**

At December 31, 2021, AICNJ reported an asset for bonds of \$423,384,436 which was accepted for purposes of this examination.

### **NOTE 2: CLAIMS UNPAID**

The Company reported \$138,204,902 of claims unpaid in its December 31, 2021, Annual Statement.

The actuarial review of Claims Unpaid for the Company was done by INS Consultants, Inc. (“INS”). This review was performed in connection with the risk-focused coordinated examination with the Pennsylvania Insurance Department of IHG as of December 31, 2021.

The claims unpaid liability is established for claims incurred on or before, but not paid as of December 31, 2021. This liability includes future claim payments for known claims and for incurred but unreported claims.

INS prepared independent estimates of the unpaid claim liabilities (“UCL”) as of December 31, 2021. For December 31, 2021, completion factors for the projection of ultimate claims were developed using historical payment patterns and actuarial judgment. Estimates were developed by subtracting the claims paid-to-date from the actuarial incurred estimates. The actuarial estimates, as determined by INS, indicate that the Company’s UCL is reasonable as of December 31, 2021. The Company’s premium deficiency reserve calculation was also reviewed and found to be reasonable as of December 31, 2021. Based on our review, INS concluded that the Company has made adequate provision for these liabilities. In addition, INS verified the liabilities comply with actuarial standards and the methodologies appeared reasonable.

INS reviewed the Company’s provisions for accrued retrospective premium and contracts subject to redetermination and the actuarial portions of amounts recoverable from reinsurers and health care and other amounts receivable. Based on our review, INS concluded that the Company held appropriate amounts for these assets. In addition, INS verified the assets comply with actuarial standards and the methodology appears reasonable.

INS’ Actuarial report was reviewed by the Health Actuarial Division of the Department.

### **NOTE 3: CAPITAL AND SURPLUS**

#### **Common Capital Stock**

At December 31, 2021, the capital stock of \$700,000 represents 140,000 shares of issued and outstanding capital stock with a par value of \$5 each which is owned 100% by AmeriHealth NJ, LLC, a subsidiary of AmeriHealth New Jersey Holdings, LLC, a Pennsylvania Limited Liability Company, and an indirect wholly-owned subsidiary of IHG.



**Gross Paid In and Contributed Surplus**

The Company reported gross paid in and contributed surplus in the amount of \$237,672,497 at December 31, 2021.

**Unassigned Funds (Surplus)**

The Company reported an amount for unassigned funds at December 31, 2021, of \$(9,038,645).

**CONCLUSION**

The courteous cooperation and assistance extended during the course of this examination by the officers of the Company and members of the office staff is hereby acknowledged.

Respectfully Submitted,

*Tony Riddick*

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Tony Riddick, CFE  
Examiner-In-Charge  
The INS Companies  
Representing the State of New Jersey  
Department of Banking and Insurance

Under the supervision of:

*Nancy Lee Chice*

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

**AFFIDAVIT**

I, Tony Riddick, 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 AICNJ, in accordance with the NAIC Handbook and New Jersey State Regulations.

Respectfully submitted,

**Tony Riddick**

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Tony Riddick, CFE  
Examiner-In-Charge  
The INS Companies  
Representing the State of New Jersey  
Department of Banking and Insurance

Under the supervision of:

*Nancy Lee Chice*

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

State of New Jersey  
County of Mercer

Subscribed and sworn to before me,

*Sheila M. Tkacs* on this  
*26<sup>th</sup>* day of *May*, 2023.

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*Sheila M. Tkacs*  
Notary Public of New Jersey

My commission expires: *July 2025*