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**SUSAN OCHS, ACTING COMMISSIONER
OF THE NEW JERSEY DEPARTMENT OF
BANKING AND INSURANCE,**

PLAINTIFF,

v.

**NEW JERSEY PHYSICIANS UNITED
RECIPROCAL EXCHANGE,**

DEFENDANT.

**SUPERIOR COURT OF NEW JERSEY
MERCER COUNTY
CHANCERY DIVISION**

DOCKET NO.: MER-C-26-

CERTIFICATION OF DAVID WOLF

I, David Wolf, being of full age, do of my own personal knowledge hereby certify and say in lieu of affidavit pursuant to R. 1:4-4(b):

1. I am the Acting Assistant Commissioner of the New Jersey Department of Banking and Insurance (“Department”). As Acting Assistant Commissioner, I oversee the Office of Solvency Regulation for the Department, which monitors and oversees the financial condition of all insurance entities transacting business in New Jersey. I have personal knowledge of the facts set forth herein. I make this Certification in support of the Verified Complaint of Plaintiff,

Commissioner of the New Jersey Department of Banking and Insurance (“Commissioner”), to place New Jersey Physicians United Reciprocal Exchange (“NJ PURE” or “Company”) into liquidation.

2. NJ PURE was organized pursuant to N.J.S.A. 17:50-1 et. seq. by Reciprocal Attorney-In-Fact, Inc. (“RAF”), as Attorney-in-Fact (“AIF”), as a reciprocal insurance exchange licensed to exchange medical malpractice insurance in the State of New Jersey.

3. On October 1, 2002, the Department granted RAF, the Attorney-in-Fact for the subscribers of the Company, the preliminary authority to solicit powers of attorney and applications for medical malpractice inter-insurance contracts in the State of New Jersey in accordance with N.J.S.A. 17:50-10.

4. On December 23, 2002, the Commissioner issued an initial Certificate of Authority pursuant to N.J.S.A. 17:50-11 to NJ PURE to engage in the kinds of business authorized by paragraph “e” of N.J.S.A. 17:17-1 et seq., limited to medical malpractice insurance.

5. On January 1, 2003, NJ PURE commenced business and is authorized to do business in New Jersey only, with its principal office located at 13 Roszel Road, Suite C 222, Princeton, NJ 08540.

6. On February 14, 2023, the Company filed a withdrawal request with the Department to withdraw from writing medical malpractice insurance in the State. The Company sent non-renewal notices 60 days in advance for policies being nonrenewed beginning effective November 30, 2023. As of December 31, 2025, NJ PURE had no policies in force.

7. On July 1, 2024, NJ PURE notified the Department that their total adjusted capital was \$4.767 million compared to \$4.102 million of required capital, which was equal to a 116.2% risk-based capital (“RBC”) ratio, resulting in a regulatory action level event.

8. On July 7, 2024, pursuant to N.J.A.C. 11:2-39.5(b)(1), the Department required NJ PURE to prepare and submit a RBC Plan by August 15, 2024 as defined by N.J.A.C. 11:2-39.2, which contains all of the elements specified at N.J.A.C. 11:2-39.4(b) including, but not limited to: (1) identifying the conditions which contribute to the regulatory action level event; and (2) setting forth corrective actions which the insurer intends to take that are reasonably expected to result in the elimination of the regulatory action level event.

9. On August 15, 2024, NJ PURE submitted a plan which they stated would result in the regulatory action level event being resolved by December 31, 2024, and allow for a solvent and orderly run-off of its remaining obligations, post withdrawal of the business.

10. On March 3, 2025, NJ PURE notified the Department that their total adjusted capital was \$2.177 million compared to \$2.222 million of required capital, which was equal to 98.0% RBC ratio, resulting in an authorized control level event. Further, the \$2.177 million was slightly above the minimum surplus of \$2 million required pursuant to N.J.S.A. 17:50-5.

11. On April 24, 2025, pursuant to N.J.A.C. 11:2-39.6(b)(1) and N.J.A.C. 11:2-39.5, the Department required NJ PURE to prepare and submit a Revised RBC Plan by June 9, 2025 as defined by N.J.A.C. 11:2-39.2 which contains all of the elements specified at N.J.A.C. 11:2-39.4(b), including, but not limited to: (1) identifying the conditions which contribute to the authorized control level event; and (2) setting forth corrective actions which the insurer intends to

take that are reasonably expected to result in the elimination of the authorized control level event. The Department also requested that NJ PURE provide a status report on actions being taken to ensure the company maintained minimum surplus of \$2 million required pursuant to N.J.S.A. 17:50-5.

12. On June 9, 2025, NJ PURE submitted a status report and a plan which stated the withdrawal from the New Jersey market was fully complete by the end of 2024, and the Company would remain solvent as it ran-off its remaining obligations. They projected surplus at year end 2025 to be \$2.4 million.

13. On November 4, 2025, NJ PURE reported its surplus as of September 30, 2025, to be \$2,038,211.

14. On March 2, 2026, NJ PURE filed its 2025 annual financial statement and related filings. Without warning to the Department, NJ PURE reported a decrease in surplus of \$13 million, which immediately made them insolvent and subjected them to mandatory control level. Reported surplus as of December 31, 2025 was (\$10.834) million.

15. Over the course of four weeks, the Department worked with the Company to determine the causes of the significant decrease in surplus, which the Company reported as being due to significant adverse claims development.

16. On March 3, 2026, NJ PURE indicated that, based on the independent actuary's analyses, assumptions and opinion related to ultimate loss selections, the required reserves significantly increased. The Company stated that "Given the Company's run-off status and limited capital position, management is not in a position to challenge the reasonableness of the actuary's selected ultimate loss projections. However, management continues to evaluate

operational alternatives, including the potential engagement of internal counsel and paralegal resources to defend remaining claims where appropriate, utilizing available admitted assets for legal expense management. If efforts are fruitful, we believe the remaining claims could potentially settle for nominal amounts now that our public financial statements indicate their efforts may not yield a significant financial windfall.”

17. On March 16, 2026, NJ PURE’s independent actuary, SGRisk, LLC, stated the Actuarial Point Estimate of reserves to be \$18.869 million on net basis and \$23.771 million on a gross basis, versus NJ PURE’s management reported amounts of \$16.195 million and \$20.033 million, meaning losses could likely be even higher than reported.

18. On March 27, 2026, NJ PURE provided additional information to the Department from SGRisk, LLC to support their actuarial estimates.

19. On March 27, 2026, the Department wrote to Mr. Eric Poe in his capacity of Acting President of NJ PURE and CEO of RAF. The Department requested that Mr. Poe inform the Department as to whether the subscribers, if any, and/or RAF, intend to provide any advances to the surplus of NJ PURE given that it no longer meets the surplus requirements under N.J.S.A. 17:50-5.

20. On April 1, 2026, Mr. Poe stated that he “...asked our external accounting firm and they confirmed RAF currently has approximately \$88,000 in cash/money market funds without counting any pending outstanding bills. Pursuant to our obligations under the liquidity test, we will advance all such funds to the exchange.”

21. On April 2, 2026, the Department wrote to Mr. Poe again and stated that based on the most recent financial filings as of December 31, 2025, NJ PURE's surplus is (\$10.83

million) versus \$2 million of required surplus. After the \$88,000 payment, that still leaves a deficit of (\$12.74 million). The Department asked Mr. Poe to advise the Department whether the subscribers and/or RAF will provide additional surplus sufficient to meet the required minimum surplus pursuant to N.J.S.A. 17:50-5, or whether the Department should proceed to next steps.

22. On April 7, 2026, Mr. Poe responded and stated “We will attempt to determine if the subscribers will provide additional surplus contributions sufficient to meet the required minimum surplus required by N.J.S.A. 17:50-5. We will do this by contacting each subscriber in writing and informing them of our statutory deficiency. This letter will be sent out in the next four business days along with an FAQ and video email explaining the need for additional surplus in detail. We intend to determine if this surplus deficiency can be met within 30 days of receiving this letter. If you have any further questions, please let me know.”

23. On April 9, 2026, the Department wrote to Mr. Poe again and stated that NJ PURE’s liabilities, required reserves, and required surplus exceed its assets by \$12,833,674. With regard to subscribers, the Department indicated that RAF's Power of Attorney document indicates RAF and NJ PURE would not be able to seek additional surplus contributions from subscribers (Section 3), and these policies are non-assessable (Section 2). That continues to result in NJ PURE having a deficit of \$12.74 million. The Department advised Mr. Poe that, over the next 30 days, RAF and NJ PURE retain the right to initiate outreach to potential funding sources. However, please be aware that you cannot legally compel former subscribers to provide funds, nor can you represent that the Department requires it of them in any way. As a result, the Department is hereby providing notice that NJ PURE is insolvent. Pursuant to N.J.S.A. 17:50-5 and N.J.S.A. 17:30C-1 et seq., the Department will initiate liquidation proceedings within Superior Court in 30 days (May

11, 2026), unless RAF and NJ PURE consent to liquidation of NJ PURE and we can then begin the process sooner. The Department requested that RAF and NJ PURE indicate whether they consent to the liquidation proceedings.

24. After receiving the April 9, 2026 communication from the Department, NJ PURE posted an Urgent Policyholder Notice on its website indicating that NJ PURE is insolvent and required capital of \$12.8 million to prevent the insolvency. The communication offered NJ PURE policyholders to contribute in order to raise the \$12.8 million. If interested, the policyholder was required to pledge an amount of \$9,240 by May 1, 2026. If enough funds were pledged, the funding of the pledged amount was due on May 8, 2026. The communication included an eleven (11) minute video message from Mr. Poe, a pledge form, FAQs, and a copy of the Department's April 9, 2026 communication. See <https://www.njpure.com/pledge.aspx>

25. On May 6, 2026, the Department wrote to Mr. Poe indicating the Department will initiate liquidation proceedings in Superior Court absent the provision of additional surplus required to prevent NJ PURE's insolvency. The Department provided an Order for RAF and NJ PURE to sign that would consent to having the Department petition the court for an Order to be entered: (a) declaring NJ PURE to be insolvent; (b) directing the Commissioner to liquidate NJ PURE; and (c) permanently enjoining all persons and entities from pursuing litigation against NJ PURE or from interfering with the Department's efforts to liquidate NJ PURE. If RAF and NJ PURE consented, the Department required authorized person(s) from RAF and NJ PURE to sign the Consent Order and return it to the Department on Friday May 8, 2026.

26. On May 7, 2026, Mr. Poe wrote to the Department indicating that, "As recently as yesterday, RAF has been engaged in discussions with a well-capitalized multi-billion-

dollar insurance organization regarding a potential transaction. This transaction, combined with pledges by subscribers to raise capital towards the goal of preventing insolvency, could provide either the necessary capital infusion and/or appropriate reinsurance support required to satisfy statutory solvency requirements....RAF on behalf of the subscribers respectfully request that the Department refrain from filing a liquidation petition at this time and instead permit a temporary 45-day period, through June 21, 2026, to allow this prospective transaction and reserve evaluation process to proceed.” Mr. Poe indicated that, “This request explains why RAF on behalf of the subscribers of NJ PURE are not prepared to execute the proposed Consent Order at this time. We respectfully submit that granting this limited extension could potentially avoid liquidation altogether...if, at the conclusion of the requested period of 45 days, we are unable to secure the necessary capital or reinsurance support to satisfy statutory solvency requirements, RAF would thereafter be willing to execute an appropriate consent order in order to avoid unnecessary litigation regarding the initiation of liquidation proceedings.”

27. On May 8, 2026, the Department wrote to Mr. Poe indicating the Department is permitted to provide limited additional time before advancing with a liquidation if there exists a "reasonable expectation" that a company will resolve its financial situation in that time period. In this case, resolution means NJ PURE would meet and maintain the minimum reserves and surplus requirements pursuant to N.J.S.A. 17:50-5 and be above the mandatory control RBC level while the business continues to run off. In order for NJ PURE to demonstrate that this "reasonable expectation" is warranted, the Department requires the following by 5 p.m. on Friday, May 15th: 1. Details of the potential transaction, including: the name of the “multi-billion-dollar insurance organization” (“Suitor Organization”), description of the transaction,

amount and type of the commitment, and anticipated timing for funding of the transaction. 2. Written confirmation directly from the Suitor Organization that they are engaged in a good faith due diligence process of NJ PURE, and that process has a reasonable expectation of resulting in a transaction like the one described in point #1. 3. A direct discussion between the Department and the Suitor Organization. 4. Written updates to the Department every week (by 12 noon on Fridays) relating to the progress of the transaction. 5. A pre-approved Consent Order that RAF and NJ PURE have committed to sign at the end of the 45 days if the transaction is not completed. 6. Filing of NJ PURE's Q1 2026 statutory financial statements, as required. RAF and NJ PURE need to confirm acceptance of the above terms by 9 a.m. on Monday, May 11th. If so, the Department will grant an extension of 45 days (until June 24th). Otherwise, the liquidation proceedings will proceed.”

28. On May 11, 2026, Mr. Poe wrote to the Department indicating that “Due to the limited response time provided by your office (9:00 a.m. this morning), and given the size and complexity of the organization with which we are currently engaged in discussions, I am unable at this time to confirm that your stated conditions can be fully satisfied by the other party. While the parties have exchanged Non-Disclosure Agreements, the authorizations necessary for the other organization to satisfy your listed requirements remain under active deliberation. One of the more significant challenges relates to your request for full transaction details, including the precise financial commitments of each party, while the parties are still conducting due diligence and evaluating the structure of the proposed transaction. These terms may fluctuate throughout the discussions. Please note, we are fully aware of the statutory financial requirements necessary to maintain solvency therefore the potential transaction terms would be anticipated to meet those

needs. As you can imagine, however, there remain several material issues that must still be explored, analyzed, and formulated before any definitive commitments or transaction structure can be finalized. RAF hopes to be in a position within the next several days to determine whether the conditions set forth by your office are capable of being satisfied. At this time, I do not anticipate that process taking more than three days.”

29. On May 11, 2026, the Department granted three additional days for Mr. Poe to confirm acceptance of the conditions set forth in the May 8, 2026 communication from the Department. The Department reiterated that it is “...permitted to provide additional time if there exists a ‘reasonable expectation’ that a company will resolve its financial situation in that time period.” See ¶27 above.

30. On May 13, 2026, Mr. Poe wrote to the Department indicating that, “Due to time constraints, it appears that the other potential investment party has declined to proceed further with due diligence. At this time, it does not appear that RAF has any remaining potential avenues for additional capital. In addition, the RAF Board has been unable to reach a consensus resolution authorizing execution of the proposed Consent Order. As a result, I do not have authorization to execute the Consent Order on behalf of RAF.”

NJ PURE IS INSOLVENT

31. N.J.S.A. 17:30C-1 defines “insolvency” to mean that an insurer’s assets are less than the total of its liabilities, required reserves and capital stock.

32. On March 2, 2026, NJ PURE filed its December 31, 2025 financial statements with the Department, which stated its liabilities and required reserves of \$16,740,562, plus \$2,000,000 of required surplus, are greater than its assets of \$5,906,888.

33. Consequently, NJ PURE's liabilities, required reserves, and required surplus exceed its assets by \$12,833,674. Accordingly, NJ PURE is insolvent as defined by statute and the court should enter a declaration of insolvency.

NJ PURE IS IN A HAZARDOUS FINANCIAL CONDITION

34. The provisions of N.J.A.C. 11:2-27, a subchapter entitled "DETERMINATION OF INSURERS IN A HAZARDOUS FINANCIAL CONDITION," provide a list of factors that the Commissioner shall consider in determining whether an insurer is in a hazardous financial condition.

35. N.J.A.C. 11:2-27.3(a) sets forth 34 factors that shall be considered "either singly or in a combination of two or more, in determining whether an insurer is in a hazardous financial condition."

36. A finding by the Commissioner that an insurer is in a hazardous financial condition constitutes grounds for liquidation under N.J.S.A. 17:30C-8 and N.J.S.A. 17:30C-6(f).

37. N.J.A.C. 11:2-27.3(a)(1) provides that the Commissioner may consider an adverse finding by the Commissioner reported in financial condition reports, audit reports, and actuarial opinions, reports or summaries to constitute a hazardous financial condition.

38. Based on financial condition reports submitted to the Department, NJ PURE's surplus as regards policyholders was (\$10,833,674) as of December 31, 2025.

39. Based on these adverse findings by the Commissioner as to NJ PURE's negative surplus, the Commissioner has determined that NJ PURE is in a hazardous financial condition under N.J.A.C. 11:2-27.3(a)(1).

40. N.J.A.C. 11:2-27.3(a)(4) provides that the Commissioner may determine an insurer to be in a hazardous financial condition upon a finding by the Commissioner that the insurer's asset portfolio "is not of sufficient value, liquidity, or diversity to assure the [insurer's] ability to meet its outstanding obligations as they mature."

41. Based on financial condition reports submitted to the Department, as of December 31, 2025, NJ PURE had total cash on hand of \$1,510,716, bonds of \$4,074,874, and total potential cash receivables of \$316,523, for a total of \$5,902,113 in available assets. Underwriting expenses for 2025 exceeded \$12 million. Any available assets will likely be extinguished within several months. Accordingly, NJ PURE's asset portfolio is inadequate to meet its outstanding obligations.

42. Based on these findings by the Commissioner regarding NJ PURE's asset portfolio, the Commissioner has determined that NJ PURE is in a hazardous financial condition under N.J.A.C. 11:2-27.3(a)(4).

43. N.J.A.C. 11:2-27.3(a)(7) permits the Commissioner to determine an insurer is in a hazardous financial condition upon a finding by the Commissioner that the insurer's operating loss in the last twelve-month period or any shorter period of time, excluding net capital gains, is greater than 20 percent of such insurer's remaining surplus as regards policyholders in excess of the minimum required.

44. Based on financial condition reports submitted to the Department, as of December 31, 2025, NJ PURE had negative net income of \$(13,018,447) and capital losses of (\$299,667). Thus, NJ PURE's operating loss of (\$12,718,780) for the year ending December 31, 2025, is greater than 20 percent of its remaining surplus.

45. Based on these findings by the Commissioner regarding NJ PURE's operating loss, excluding net capital gains, the Commissioner has determined that NJ PURE is in a hazardous financial condition under N.J.A.C. 11:2-27.3(a)(7).

46. N.J.A.C. 11:2-27.3(a)(17) permits the Commissioner to determine that an insurer is in a hazardous financial condition upon a finding by the Commissioner that the insurer has experienced or will experience in the foreseeable future cash flow or liquidity problems.

47. As discussed above, NJ PURE's cash position has significantly deteriorated such that it is expected to run out of cash to pay claims in the very near future. In addition, RAF has confirmed that the subscribers and RAF do not intend to provide any advances to the surplus of NJ PURE, and that NJ PURE no longer meets the surplus requirements under N.J.S.A. 17:50-5.

48. Based on these findings by the Commissioner as to NJ PURE's cash flow, the Commissioner has determined that NJ PURE is in a hazardous financial condition under N.J.A.C. 11:2-27.3(a)(17).

49. N.J.A.C. 11:2-27.3(a)(20) permits the Commissioner to determine that an insurer is in a hazardous financial condition upon a finding by the Commissioner that the insurer does not possess the minimum capital and surplus required to be maintained by law.

50. Under N.J.S.A. 17:17-6 and N.J.S.A. 17:50-5, NJ PURE is required to maintain a minimum surplus of \$2,000,000.

51. Based on financial condition reports submitted to the Department, as of December 31, 2025, NJ PURE had surplus of (\$10,833,674). Thus, NJ PURE's surplus is \$12,833,674 less than the minimum required by law. In addition, RAF has confirmed that the

subscribers and RAF do not intend to provide any advances to the surplus of NJ PURE and that NJ PURE no longer meets the surplus requirements under N.J.S.A. 17:50-5.

52. Based on these findings by the Commissioner as to NJ PURE's failure to maintain the minimum capital and surplus, the Commissioner has determined that NJ PURE is in a hazardous financial condition under N.J.A.C. 11:2-27.3(a)(20).

53. One of the tools used by the Department in monitoring the solvency of insurers is analysis of an insurer's RBC pursuant to N.J.A.C. 11:2-39.1 to -39.14. RBC analysis can result in various event level actions to be taken by an insurer or the Department with respect to solvency regulation.

54. Based on financial condition reports submitted to the Department, NJ PURE's reported RBC ratio was negative (1,373.6%) as of December 31, 2025. The negative RBC ratio is a mandatory control level event pursuant to N.J.A.C. 11:2-39.7(a). Under N.J.A.C. 11:2-39.7(b)(2), the Commissioner is required to take such actions as are necessary to place NJ PURE under regulatory control pursuant to N.J.S.A. 17:30C-1 et seq.

55. Pursuant to N.J.S.A. 17:50-5, if it appears that the amount of funds required in this section has not been accumulated, then the subscribers, or the attorney for them, shall immediately advance such sums as are needed to comply with the provisions of this section, and the funds so advanced shall not be treated as a liability at the exchange, and shall not be withdrawn except with the approval of the chief insurance officer of the State wherein the exchange is domiciled, and such advances shall be repaid only out of the surplus, over and above the minimum required by this section. If the subscribers, or their attorney for them, shall fail to advance sums necessary for the maintenance of such minimum reserves and surplus, within thirty days after

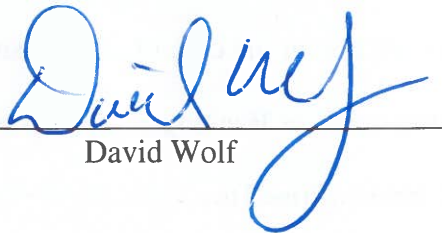
receipt of notice from the Commissioner of Banking and Insurance so to do, then said Commissioner of Banking and Insurance shall take charge of and liquidate such exchange in the manner provided by law in the case of other insurers; and in the case of an exchange of another State said Commissioner of Banking and Insurance may revoke its license to transact business in this State. RAF has confirmed that the subscribers and RAF do not intend to provide any advances to the surplus of NJ PURE and that NJ PURE no longer meets the surplus requirements under N.J.S.A. 17:50-5.

THE NEED TO PLACE NJ PURE INTO LIQUIDATION

56. For the above reasons, the Commissioner has determined that it is necessary and appropriate to place NJ PURE into liquidation pursuant to N.J.S.A. 17:30C-1 et seq. in order to protect its subscribers, creditors and the public at large.

57. Accordingly, the Commissioner has determined that NJ PURE must be placed into liquidation pursuant to N.J.S.A. 17:30C-9(b)(1) as soon as possible in order to limit the duration of any claim payment interruptions due to NJ PURE's significantly deteriorated cash position, and that its certificate of authority be revoked pursuant to N.J.S.A. 17:50-11.

I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.


David Wolf

Dated: May 15, 2026