

STATE OF NEW JERSEY  
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF THE ACQUISITION	)	
OF CONTROL OF DENTAQUEST OF	)	
NEW JERSEY, LLC BY	)	ORDER APPROVING
SUN LIFE FINANCIAL INC.,	)	ACQUISITION
SUN LIFE GLOBAL INVESTMENTS INC.,	)	
SUN LIFE ASSURANCE COMPANY OF	)	
CANADA, SUN LIFE 2007-1 FINANCING	)	
CORP., SUN LIFE (BERMUDA) FINANCE	)	
NO. 2 LLC, SUN LIFE (LUXEMBOURG)	)	
FINANCE NO. 1 SARL, SUN LIFE	)	
(LUXEMBOURG) FINANCE NO. 2 SARL,	)	
SUN LIFE ASSURANCE COMPANY OF	)	
CANADA-U.S. OPERATIONS	)	
HOLDINGS, INC. AND DQ ACQUISITION	)	
CORP.	)	

I have read the Hearing Officer’s report dated May 24, 2022 regarding the above-captioned matter, and I concur with the recommendation contained therein. Accordingly, pursuant to N.J.S.A. 17:27A-2, I hereby approve the proposal of Sun Life Financial Inc., Sun Life Global Investments Inc., Sun Life Assurance Company of Canada, Sun Life 2007-1 Financing Corp., Sun Life (Bermuda) Finance No. 2 LLC, Sun Life (Luxembourg) Finance No. 1 SARL, Sun Life (Luxembourg) Finance No. 2 SARL, Sun Life Assurance Company of Canada-U.S. Operations Holdings, Inc. and DQ Acquisition Corp. (collectively the “Applicants”) to acquire control of DentaQuest of New Jersey, LLC (“DentaQuest” or “the Domestic Insurer”) subject to the following conditions:

1. DentaQuest shall continue to comply with the requirements of N.J.S.A. 17:48H-1 to -35; N.J.S.A. 17:27A-1 to -14; N.J.A.C. 11:22-4.1 to -4.14 and N.J.A.C. 11:2-39A.1 to -39A.15; including submission of Quarterly and Annual Financial Statements and an annual Risk-Based Capital Report, and consents to application of proceedings pursuant to Life and Health Insurers Rehabilitation and Liquidation Act, N.J.S.A. 17B:32-31 to -92 if the financial condition warrants institution of delinquency proceedings in this State.

2. **NO USE OF NEW JERSEY FUNDS FOR ACQUISITION.** Upon consummation of the transaction, Applicants shall: (a) **Assets:** not dispose of or otherwise use assets of DentaQuest and/or any other subsidiaries of DentaQuest, if any, that are licensed, authorized or certified by the New Jersey Department of Banking and Insurance (“Department”) to transact business in New Jersey for the purpose of repaying any debt incurred, to finance the transaction, use no part of the assets of DentaQuest, to pay, reimburse, or otherwise fund both the cash financing portion of the transaction and the debt related to the financing of the transaction except, with respect to this clause as approved or otherwise permitted by the relevant agency with regulatory authority; (b) **Costs:** not pass onto DentaQuest, or New Jersey insureds any acquisition costs or other consideration, including without limitation executive compensation paid to or accrued for the benefit of any executive officers of Applicants in connection with, or triggered by, the transaction; (c) **Rates:** not seek premium rate increases applicable to New Jersey insureds that are intended to be used, or are used, to pay for the cost of the transaction. Applicants shall take steps to ensure that premiums and cost-sharing obligations payable (including copayments and deductibles) by New Jersey insureds for products offered by Applicants’ Insurers in NJ, if any, shall not increase as a result of costs incurred in financing, analyzing and/or consummating the proposed acquisition of control (“Acquisition Costs”). (Such Acquisition Costs include, but are not limited to, attorneys’ and

investment bankers' fees, loan expenses, travel expenses, due diligence expenses, execution compensation expenses, of any form, and expenses related to current or future acquisitions by DentaQuest or Applicants); (d) No Dividends: refrain from declaring and/or paying any dividends (ordinary or extraordinary), without the express prior approval of the Commissioner of Banking and Insurance ("Commissioner") for a period of three (3) years from the consummation of the transaction. Applicants shall not make DentaQuest declare or pay dividends, make other distributions of cash or property or in any other way upstream any funds or property to their shareholders or any shareholders of Applicants in New Jersey, if any, without the express prior approval of the Commissioner for a period of three (3) years.

3. MAINTAIN RBC. For a period of five (5) years from the consummation of the transaction, Applicants shall cause DentaQuest to maintain a minimum Authorized Control Level, Risk-Based Capital (RBC) level of 300% or higher at all times.

4. MAINTAIN PRODUCTS, SERVICES AREA, NETWORKS. Applicants agree that, for a period of three (3) years from consummation of the transaction: DentaQuest and Applicants shall use reasonable efforts to maintain its current networks of providers without material changes, except to the extent such changes are otherwise approved by the Department or required by the Centers for Medicare and Medicaid Services, if applicable. Nothing herein shall preclude the Applicant's Insurers in New Jersey from offering new products with different networks or from entering new markets in New Jersey, such as the individual and small employer markets.

5. NEW JERSEY BUSINESS. The Applicants shall be committed to having DentaQuest seek opportunities to write new business in New Jersey. DentaQuest will maintain their existing service levels and will not reduce current staffing levels within this State, if any, for a minimum of three (3) years from the consummation of the transaction.

6. NO MATERIAL CHANGE TO BUSINESS. Upon the consummation of the transaction, the Applicants, by way of any representative on the board of Directors of DentaQuest it designates, shall refrain from the following: (i) liquidating DentaQuest; (ii) selling any material portion of the assets of the DentaQuest; (iii) merging DentaQuest with any other person or persons; or (iv) making any other material change (not disclosed in the Form A Statement of Change in Control and Exhibits or those effected in the ordinary course of business) with regard to business, corporate structure, management or general plan of operations of DentaQuest, all without the express prior approval of the Commissioner.

Applicants represent that, other than as described in Item 5 of the Form A Statement, Applicants currently do not have, nor do the Applicants currently contemplate, any plans or proposals to liquidate DentaQuest, sell any of DentaQuest's assets, merge or consolidate DentaQuest with any person or persons, cause DentaQuest to declare a dividend or any other distribution, or make any other material change in the DentaQuest's business operations or corporate structure or management.

7. CYBERSECURITY. Applicants and DentaQuest shall provide the Department with confidential access to its cybersecurity plan for review as a part of state examination pursuant to N.J.S.A. 17:27A-5 and N.J.S.A. 17:27A-6. The parties shall provide notice to the Department when and if a cybersecurity breach takes place and shall work with the Department to protect New Jersey policyholders if they are affected. The parties shall take no action to oppose regulation and/or legislation regarding cybersecurity, the same as or substantially similar to, the Insurance Data Security Model Law adopted by the National Association of Insurance Commissioners ("NAIC"). The parties shall commit to serving as a resource to the Department and providing constructive input and expertise to the Department with respect thereto.

8. COMPLIANCE WITH OTHER NEW JERSEY REGULATIONS. DentaQuest and the Applicants' Insurers in New Jersey shall fully comply with New Jersey formulary regulations at N.J.A.C. 11:22–5.9, which includes a prohibition on closed formularies, and the regulations governing the Individual Health Coverage Program (“IHC”) and Small Employer Health Benefits Program (“SEH”), as applicable.

9. TAX SHARING AGREEMENTS TO BE FILED. Any Tax Sharing Agreements shall be filed as agreements between or among affiliates requiring regulatory approval prior to implementation pursuant to N.J.S.A. 17:27A- 4 and shall comply with N.J.S.A. 17:27A -1 et seq. and implementing regulations set forth at N.J.A.C. 11:1–35.7, N.J.A.C. 11:1–35.10.

10. NO PUSH-DOWN OF GOODWILL FROM DENTAQUEST OR APPLICANTS. The Applicants and DentaQuest shall not use any form of push-down accounting methods that result in the transfer or allocation of any of DentaQuest or Applicants' goodwill, including goodwill related to this acquisition.

11. NEW JERSEY INSURANCE HOLDING COMPANY SYSTEMS ACT. The Applicants shall provide regulatory information to the Department in accordance with New Jersey Insurance Holding Company Systems Act N.J.S.A. 17:27A–1 et seq., annually and upon occurrence, including but not limited to, any development in ownership interests such that any person or entity possesses via in singular or aggregation of interests control as defined in N.J.S.A 17:27A–1. Failure to comply with New Jersey's Insurance Holding Company Systems Act shall result in appropriate action by the Department including but not limited to the placing of the insurer under an order of supervision in accordance with N.J.S.A. 17:51A–1 et seq., as determined.

Applicants shall provide the Department with the names and titles of those individuals who will be responsible for filing an amended Insurance Holding Company System Annual Registration Statement pursuant to N.J.S.A. 17:27A-1 to -14 and N.J.A.C. 11:1-35.1 to 35.14.

12. **CORPORATE RECORDS.** DentaQuest shall continue to maintain its books and records in a manner consistent with pre-acquisition practices and shall make all such items available for inspection by the Commissioner at any time. Following the acquisition, the Applicants shall direct their representatives on the board of directors of the Domestic Insurer to use reasonable efforts or if required to vote to cause the Domestic Insurer to continue to maintain its books and records in their current approved locations by the Department.

13. Applicants shall assume DentaQuest's debt and it shall not be the responsibility of the DentaQuest to service such debt. All debt, if any, of DentaQuest will be paid in full at the time of the transaction.

14. Applicants and DentaQuest will comply with all provisions of the Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008, 42 U.S.C. 18031(j), and all regulations and guidance issued thereunder including 45 C.F.R. Parts 146 and 147 and 45 C.F.R. 156.115(a)(3) as well as all New Jersey laws relating to mental health and substance use disorder benefits, including but not limited to P.L. 2019, c.58, P.L. 2017, c.28, and P.L. 2009, c.115., as applicable.

15. Applicants represent that, none of the individuals who will exercise control subsequent to this acquisition, directly or indirectly, over DentaQuest, or its subsidiaries have been found guilty of, or have pleaded guilty or nolo contendere to, a felony or a misdemeanor, other than a civil traffic offense that would disqualify them from exercising control.

16. ANNUAL AUDITED FINANCIAL STATEMENTS. Beginning with the year ended December 31, 2022, the respective parties agree to file annually the following on a confidential basis with the Department:

(a) DentaQuest of New Jersey, LLC annual audited financial statement in accordance with NAIC guidelines;

(b) DentaQuest Group, Inc. annual audited financial statement within 90 days after fiscal year end, unless otherwise extended by the Department upon request. DentaQuest's Financial statements are required to be in accordance with United States generally accepted accounting principles or a comparable standard as approved by the Department;

(c) Ultimate controlling Entity of DentaQuest per New Jersey Insurance Holding Company Systems Act N.J.S.A. 17:27A-1 et seq. annual audited financial statement within 90 days after fiscal year end unless otherwise extended by the Department upon request. The Department understands that financial statements for the ultimate controlling entity are currently prepared in IFRS format.

17. CONSUMMATION OF ACQUISITION OF CONTROL. The Applicants shall provide the Department with written confirmation of the consummation of the acquisition of control by the end of the month in which the acquisition takes place no later than 90 days after approval of this Form A filing. The Applicants shall provide the Department with written details of the final purchase price after all adjustments used to complete the acquisition.

If the proposed acquisition is not consummated within ninety (90) days of the date of this Order and the Applicants intend to consummate the proposed acquisition, the Applicants shall submit to the Commissioner a statement requesting an extension and shall include (i) the reason

for the Applicants' inability to consummate the proposed acquisition; (ii) any material changes in the information contained in the Form A filing; and (iii) the current financial statements of the Applicants and DentaQuest. Any and all extensions shall be with the written approval of the Commissioner.

18. Applicants represent they have or will have obtained all the required regulatory approvals in connection with the Form A filing. Approval of the Form A filing does not constitute approval or acceptance of any transactions or agreements which are either implicitly or explicitly disclosed in the Form A filing.

May 24, 2022

Date



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Marlene Caride  
Commissioner

JR2022 DentaQuest NJ/SunLife Acquisition Order/Orders